IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) OR (2) LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum (the "**Offering Memorandum**") following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Company or the Managers (each as defined in the Offering Memorandum) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE OFFER SHARES (AS DEFINED IN THE OFFERING MEMORANDUM) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE OFFER SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING MEMORANDUM OR THIS TRANSMISSION IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE OFFER SHARES DESCRIBED IN THE OFFERING MEMORANDUM.

For persons in member states of the European Economic Area (the "**EEA**") other than Sweden (each a "**Relevant State**"), the Offering Memorandum and the offering when made are only addressed to, and directed at, persons who are "qualified investors" within the meaning of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") ("**Qualified Investors**"). In any Relevant State, the attached Offering Memorandum is directed only at Qualified Investors and must not be acted on or relied on by persons who are not Qualified Investors. Any investment or investment activity to which the attached Offering Memorandum relates is available in any Relevant State only to Qualified Investors, and will be engaged in only with such persons.

For persons in the United Kingdom, the Offering Memorandum and the offering when made are only addressed to, and directed at, persons who are "qualified investors" within the meaning of the Prospectus Regulation, as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) fall within Article 49(2)(a) to (d) of the Order; or (iii) are otherwise persons to whom it may otherwise lawfully be communicated (all such persons being referred to as "**Relevant Persons**"). In the United Kingdom, the attached Offering Memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the attached Offering Memorandum relates is available in the United Kingdom only to Relevant Persons, and will be engaged in only with such persons.

Confirmation of your representation: In order to be eligible to view the attached Offering Memorandum or make an investment decision with respect to the securities being offered, prospective investors must be either (1) Qualified Institutional Buyers ("**QIBs**") (within the meaning of Rule 144A under the U.S. Securities Act ("**Rule 144A**")) or (2) located outside the United States. The Offering Memorandum is being sent to you at your request, and by accessing the Offering Memorandum, you shall be deemed to have represented to the Company, the Selling Shareholders (as defined in the Offering Memorandum) and the Managers that:

(1) either (a) you and any customers you represent are QIBs or (b) you and any customers you represent are outside of the United States and the electronic mail address that you have provided and to which this e-mail has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia;

(2) if you are in the United Kingdom, you are a Relevant Person;

(3) if you are in a Relevant State, you are a Qualified Investor;

(4) the securities acquired by you in the offering have not been acquired on a non- discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may constitute or give rise to an offer of any securities to the public other than their offer or resale in any Relevant State to Qualified Investors;

(5) if you are outside the United States, the United Kingdom and EEA (and the electronic mail addresses that you gave us and to which this communication has been delivered are not located in such jurisdictions) you are a person (a) into whose possession the attached Offering Memorandum may lawfully be delivered and (b) entitled to invest in the Offer Shares, in accordance with the laws of the jurisdiction in which you are located;

(6) you consent to delivery of the Offering Memorandum by electronic transmission; and

(7) you agree to the terms and conditions, and disclaimers, herein.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person.

The Offering Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Managers, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version.

RUSTA®

Invitation to acquire shares in Rusta AB (publ)

Sole Global Coordinator and Joint Bookrunner

Carnegie

Joint Bookrunners

DNB Markets

SEB

IMPORTANT INFORMATION

This Offering Memorandum (the "**Offering Memorandum**") has been prepared in connection with the admission to trading of the shares of Rusta AB (publ), reg. no 556280-2115, on Nasdaq Stockholm and the offering of shares in Rusta AB (publ) to the general public in Sweden as well as to institutional investors in Sweden and abroad in connection therewith (the "**Offering**"). In this Offering Memorandum, the terms the "**Company**", the "**Group**" and "**Rusta**" all refer to Rusta AB (publ), the group in which Rusta AB (publ) is the parent company or Rusta AB (publ)'s subsidiaries, depending on the context.

Carnegie Investment Bank AB (publ) ("**Carnegie**" or the "**Sole Global Coordinator**") is acting as sole global coordinator and joint bookrunner in connection with the Offering. DNB Markets, a part of DNB Bank ASA, Sweden Branch ("**DNB**") and Skandinaviska Enskilda Banken AB (publ) ("**SEB**") are acting as joint bookrunners (the "**Joint Bookrunners**") in connection with the Offering. Carnegie, DNB and SEB are jointly referred to as the "**Managers**". For further definitions of these and other terms in the Offering Memorandum, see section "*Definitions and glossary*".

The Offering Memorandum has been prepared in both Swedish and English language versions. The Swedish language version is further referred to as the "**Swedish Prospectus**". The Swedish Prospectus has been approved by the Swedish Financial Supervisory Authority (the "**SFSA**") as competent authority in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**"). The SFSA only approves the Swedish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as an endorsement of the Company, nor should it be considered as an endorsement of the quality of the securities that are the subject of the Swedish Prospectus and this Offering Memorandum. Investors should make their own assessment as to the suitability of investing in the securities. The Offering and this Offering Memorandum are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or this Offering Memorandum.

Important information to investors in certain jurisdictions

The shares in the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or with a securities regulatory authority of any state or other jurisdiction in the United States of America (the "**United States**"), for offer or sale as part of their distribution and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. The Offering consists of (a) a public offer to the general public in Sweden and (b) private placements to institutional investors in various jurisdictions, including a private placement in the United States to "qualified institutional buyers" ("**QIBs**") as defined in and in reliance on Rule 144A under the U.S. Securities Act ("**Rule 144A**") or pursuant to another available exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act. Any offer and sale in the United States will be made solely by affiliates of the Managers who are broker-dealers registered under the U.S. Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). All offers or sales outside the United States will be made in compliance with Regulation S ("**Regulation S**") under the U.S. Securities Act. The Offering is not and will not be directed to the general public in any country other than Sweden nor directed at such persons whose participation requires additional prospectuses, registrations or measures other than those prescribed by Swedish law. In particular, the Offering is not directed at persons resident in the United States, Australia, Canada, Japan, Hong Kong, New Zealand, South Africa or Switzerland. The shares in the Offering have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Offering or confirmed the accuracy or determined the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence under the laws of the United States. Prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the shares, and are hereby notified that sellers of shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act. See further section "*Selling restrictions and transfer restrictions*".

Within the European Economic Area ("**EEA**"), no public offering of securities is made in any other countries than Sweden. In other member states of the EEA where the Prospectus Regulation is directly applicable or where the member states have implemented the Prospectus Regulation in its national legislation, any offer of securities may only be made in accordance with an applicable exemption under the Prospectus Regulation and/or in accordance with an applicable exemption under a relevant national implementation measure. In other member states of the EEA where the Prospectus Regulation is not directly applicable or where such member states have not implemented the Prospectus Regulation in its national legislation, any offer of securities may only be made in accordance with an applicable exemption under national law.

In the United Kingdom, the Offering is addressed to, and directed only at, qualified investors (within the meaning of the Prospectus Regulation, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons who have professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) other persons to whom this document may otherwise lawfully be communicated (all such persons referred to in (i), (ii) and (iii) together being referred to as "**relevant persons**"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons in the United Kingdom and will be engaged in only with such persons.

The Managers will not regard any other person (whether or not a recipient of this Offering Memorandum) as a client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for the giving of advice in relation to the Offering or any transaction, matter or arrangement referred to in this Offering Memorandum.

Stabilisation

Carnegie may, in connection with the Offering, act as stabilisation manager and thereby engage in transactions that stabilise, maintain or otherwise affect the price of the Company's shares (including at a level higher than the one that would otherwise prevail in the open market) for a period of up to 30 days from the first day of trading in the shares on Nasdaq Stockholm. Such stabilising measures may be carried out on Nasdaq Stockholm, in the over-the-counter market or otherwise. Carnegie is not required to engage in any of these activities and therefore there can be no assurances that these activities will be undertaken. If any such activities are undertaken, Carnegie may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above.

Stabilisation, if undertaken, may be discontinued at any time without prior notice. In no event will stabilising transactions be effected at levels above the price in the Offering. Not later than by the end of the seventh trading day after stabilisation transactions have been undertaken, the stabilisation manager shall disclose that stabilisation transactions have been undertaken in accordance with Article 5(4) in Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation). The stabilisation manager will make public whether or not stabilisation was undertaken, the date on which stabilisation commenced, the date on which stabilisation last occurred and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out. For more information on stabilisation, see section "*Legal considerations and supplementary information – Stabilisation*".

Industry and market data

This Offering Memorandum includes industry and market data pertaining to the Group's business and markets in which the Group operates.

The information concerning market growth and size as well as the Group's market position in relation to the competitors specified in this Offering Memorandum are the views of the Company, informed by multiple sources, including an analysis that has been commissioned by Rusta and conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR and the third-party market report commissioned by Rusta in 2023 made by Roland Berger in February/March 2023 (the "**Strategic Market Study**"). References to the Strategic Market Study should always be read in the context of the time of its preparation and circumstances that may have arisen after its preparation. Roland Berger exclusively prepared the Strategic Market Study and accepts no responsibility for the accuracy of this Offering Memorandum or any part of it. The Strategic Market Study is up to date as of its original publication. Roland Berger has not taken any action to update the Strategic Market Study, nor is Roland Berger obliged to do so. None of the Company's available information have been verified by independent sources, which may have had estimates or views of industry-related information that differ from those of the Company. Market and business information may include estimates concerning future market trends and other forward-looking statements.

Business and market data are inherently subject to uncertainty and do not necessarily reflect actual market conditions. The value of comparisons of statistics for different markets is limited for various reasons. Among such reasons are that markets may have been defined differently and that information may have been gathered by different methods and on the basis of different assumptions. Information provided from third parties has been accurately reproduced, and, as far as the Company is aware and is able to ascertain from such information, no facts have been omitted which would render the information provided inaccurate or misleading.

The Offering Memorandum includes, in section "*Risk factors*", a description of risk factors which are considered to be material for the Company's business and future development. Prospective investors should make an independent evaluation, with or without help from advisers, of the risks associated with an investment in the securities.

Forward-looking statements and presentation of financial information

This Offering Memorandum contains various forward-looking statements which reflect the Company's current view on future events and anticipated financial and operational performance. Further, except as expressly stated in this Offering Memorandum, no financial information has been audited or reviewed by the Company's auditor. Certain figures in this Offering Memorandum have been subject to rounding adjustments. Accordingly, the sum of the numbers in a column in certain tables may not conform exactly to the total figure given for that column. For more information, see section "*Presentation of financial and other information*".

Important information regarding the potential sale of allotted shares

Notifications about allotment to the public in Sweden will be made through distribution of contract notes expected to be distributed on or about 19 October 2023. Institutional investors are expected to receive notification of allotment on or about 19 October 2023 in particular order, whereupon contract notes will be dispatched. After payments for the allocated shares have been processed by the Managers, the duly paid shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to the acquirers of shares means that these acquirers will not have shares available in the specified securities depository account or the securities account until 23 October 2023 at the earliest. Trading in the Company's shares on Nasdaq Stockholm is expected to commence on or about 19 October 2023. Accordingly, if shares are not available in an acquirer's securities account or securities depository account until 23 October 2023 at the earliest, the acquirer may not be able to sell these shares on the stock exchange as from the time trading in the shares commences, but only when the shares are available in the securities account or the securities depository account.

Contents

The Offering in brief

Price Range	SEK 43–50 per share
Application period for the general public in Sweden	10–18 October 2023
Application period for institutional investors	10–18 October 2023
First day of trading on Nasdaq Stockholm	19 October 2023
Settlement date	23 October 2023

Other information

ISIN code	SE0020848356
Trading symbol (ticker) on Nasdaq Stockholm	RUSTA
LEI code	549300V512S3QMRNO618

Financial calendar

Interim report for the period 1 August 2023–31 October 2023	20 December 2023
Interim report for the period 1 November 2023–31 January 2024	15 March 2024

Summary

INTRODUCTION AND WARNINGS

Introduction and warnings

This summary should be read as an introduction to the Offering Memorandum. Any decision to invest in the securities should be based on a consideration of the Offering Memorandum as a whole by the investor. The investor could lose all or part of the invested capital.

Where a claim relating to the information contained in the Offering Memorandum is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Offering Memorandum before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled the summary including any translation hereof, but only when the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Offering Memorandum, or where it does not provide, when read together with the other parts of the Offering Memorandum, key information in order to aid investors when considering whether to invest in the securities.

Issuer information

The issuer of the securities is Rusta AB (publ), reg. no 556280-2115. The Company's postal address is Box 5064, SE-194 05 Upplands Väsby, Sweden and its LEI code is 549300V512S3QMRNO618. The ISIN code for the shares is SE0020848356.

Information on Selling Shareholders

Aforber Invest AB (reg. no 559399-7330), Öngal i Uppsala invest AB (reg. no 559411-9066), The OneLife Company S.A. (reg. no B34402), Aktiebolaget Företagsledare Rego (reg. no 556170-4585), Göran Westerberg, Cerix AB (reg. no 559147-3961), Mats Malmberg, Jozef Khasho, Sofie Malmunger, Linda Estenthal, Annica Nyström, Per Wennerström, Andreas Bertilsköld, Anna Bergstedt, Annika Holm Sundström and Viswakumar Ananthakrishnan are Selling Shareholders.

Aforber Invest AB's address is Marövägen 25, SE-182 49 Enebyberg, Sweden and its LEI code is 636700EWU00OHG1XKN12. Öngal i Uppsala invest AB's address is Holmgångsvägen 5 B, SE-754 40 Uppsala, Sweden and its LEI code is 636700XOLWUT-N77GZZ84. The OneLife Company S.A.'s address is 38, Parc d'Activités de Capellen, L-8308 Capellen, Luxembourg and its LEI code is 213800S5I8AHISIGZE12. Aktiebolaget Företagsledare Rego's address is Holländargatan 26A, SE-113 59 Stockholm, Sweden and its LEI code is 9845002E39ED9D5ABE23. Göran Westerberg's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Cerix AB's address is Gevärsgatan 22, SE-262 62 Ängelholm, Sweden and its LEI code is 6367002C0D5D2QOV7387. Mats Malmberg's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Jozef Khasho's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Sofie Malmunger's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Linda Estenthal's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Annica Nyström's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Per Wennerström's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Andreas Bertilsköld's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Anna Bergstedt's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Annika Holm Sundström's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Viswakumar Ananthakrishnan's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden.

Competent authority

The Swedish Prospectus has been approved by the SFSA on 9 October 2023. The SFSA's visiting address is Brunnsgatan 3, SE-111 38 Stockholm, Sweden and its postal address is Box 7821, SE-103 97 Stockholm, Sweden. The SFSA's telephone number is +46 (0)8-408 980 00 and its website is www.fi.se.

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Issuer information

Issuer of the securities is Rusta AB (publ), reg. no 556280-2115. The Company is a Swedish public limited liability company (Sw. *publikt aktiebolag*) founded in Sweden under Swedish law. The Company's operations are governed by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*). The Company's LEI code is 549300V512S3QMRNO618.

Principal activities

Rusta is a leading company in the variety hard discount markets in Sweden, Norway and Finland.[1] Rusta has a wide multi-geographic presence with a network of 203[2] stores across Sweden, Norway, Finland and Germany, complemented by its online sales channel, Rusta Online, in Sweden and Finland.

1) According to the third-party market report commissioned by Rusta in 2023 made by Roland Berger in February/March 2023, Rusta had, as of 2021, the third largest market share, estimated to 14 per cent, in the combined variety hard discount market in Sweden, Norway and Finland.
2) As of the date of this Offering Memorandum.

Rusta's customer promise is to be a modern variety hard discount retailer making it easy to renew and refill at home at surprisingly low prices. Rusta combines an offering consisting of a wide and curated product assortment of everyday products that cover many frequent customer needs and wants in one visit at the lowest prices among comparable products[1] with a convenient and positive in-store shopping experience. Rusta's product assortment includes products for the customer's home, day-to-day necessities, seasonal products and products for an active lifestyle, and can be divided into the following five product categories: Home Decoration, Consumables, Seasonal Products, Leisure and Do-It-Yourself ("**DIY**").

Major shareholders
The tables below set forth the Company's ownership structure immediately prior to the Offering as well as immediately after the completion of the Offering assuming that the Overallotment Option is not exercised and immediately after the completion of the Offering assuming that the Overallotment Option is exercised in full. The information in the tables below is based on the assumption that the Offering is fully subscribed.

Ownership structure immediately prior to the Offering

As of the date of this Offering Memorandum, the Company is not, directly or indirectly, controlled by any individual shareholder but Aforber Invest AB and Öngal i Uppsala invest AB have, by controlling 40.9 per cent each of the votes in the Company, a substantial influence over matters that are subject to approval by the shareholders of the Company and may thus exercise control over the Company. This is however limited by the provisions in the Swedish Companies Act and that the Company, following the Offering, will comply with the corporate governance rules applicable to the Company that are set out in the Code, in order to ensure that control of the Company is not abused.

Except as stated in the table below, there are no persons or legal entities owning five per cent or more of all shares and votes in the Company immediately before the Offering.

Shareholder	Number of shares and votes	Percentage of shares and votes (%)
Aforber Invest AB[1)]	62,012,100	40.9 %
Öngal i Uppsala invest AB[2)]	62,012,100	40.9 %
The OneLife Company S.A.[3)]	14,700,000	9.7 %
Other current shareholders	13,068,600	8.6 %
Total	**151,792,800**	**100 %**

1) Aforber Invest AB is controlled by the Forsgren family (Anders Forsgren and Victor Forsgren are board members in the Company).
2) Öngal i Uppsala invest AB is controlled by the Forssell family (Björn Forssell is a board member in the Company).
3) Sven Olof Kulldorff through capital insurance.

Ownership structure immediately after the completion of the Offering (assuming that the Overallotment Option is not exercised)

Shareholder	Number of shares and votes	Percentage of shares and votes (%)
Aforber Invest AB[1)]	43,408,470	28.6%
Öngal i Uppsala invest AB[2)]	43,408,470	28.6%
The OneLife Company S.A.[3)]	10,290,000	6.8%
Other current shareholders	9,148,020	6.0%
Other investors in the Offering	45,537,840	30.0%
Total	**151,792,800**	**100 %**

1) Aforber Invest AB is controlled by the Forsgren family (Anders Forsgren and Victor Forsgren are board members in the Company).
2) Öngal i Uppsala invest AB is controlled by the Forssell family (Björn Forssell is a board member in the Company).
3) Sven Olof Kulldorff through capital insurance.

Ownership structure immediately after the completion of the Offering (assuming that the Overallotment Option is exercised in full)

Shareholder	Number of shares and votes	Percentage of shares and votes (%)
Aforber Invest AB[1)]	40,617,926	26.8%
Öngal i Uppsala invest AB[2)]	40,617,926	26.8%
The OneLife Company S.A.[3)]	9,628,500	6.3%
Other current shareholders	8,559,933	5.6%
Other investors in the Offering	52,368,515	34.5%
Total	**151,792,800**	**100 %**

1) Aforber Invest AB is controlled by the Forsgren family (Anders Forsgren and Victor Forsgren are board members in the Company).
2) Öngal i Uppsala invest AB is controlled by the Forssell family (Björn Forssell is a board member in the Company).
3) Sven Olof Kulldorff through capital insurance.

1) Based on a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Nordic Variety Hard Discount Market and the German discount market. Source: The Strategic Market Study.

Board members and senior executives
The Company's board of directors consists of Erik Haegerstrand (chair), Anders Forsgren, Ann-Sofi Danielsson, Björn Forssell, Claes Eriksson, Maria Edsman and Victor Forsgren.

The Company's senior executives are Göran Westerberg (Chief Executive Officer), Sofie Malmunger (Chief Financial Officer), Jozef Khasho (Chief Sales Officer), Linda Estenthal (Chief Marketing Officer), Annica Nyström (Chief Range Officer), Anna Bergstedt (Chief Supply Chain Officer), Per Wennerström (Chief Business Development Officer), Viswakumar Ananthakrishnan (Chief Purchasing Officer) and Annika Holm Sundström (Chief HR Officer).

Auditor
Öhrlings PricewaterhouseCoopers AB ("**PwC**") is the Company's auditor. Cesar Moré, authorised public accountant and member of FAR (the professional institute for authorised public accountants in Sweden), is the auditor in charge. The auditor's office address is Torsgatan 21, SE-113 97 Stockholm, Sweden.

What is the key financial information regarding the issuer?
Key financial information in summary

Selected income statement items

	Audited			*Unaudited*	
	1 May–30 April			1 May–31 July	
(MSEK, unless otherwise stated)	**2022/2023**	**2021/2022**	**2020/2021**	**2023**	**2022**
Net sales	10,202.3	9,490.2	8,632.8	2,958.7	2,652.9
Operating profit	518.2	814.0	628.3	296.3	218.7
Net profit/loss for the period attributable to the parent company's shareholders	261.4	615.3	401.2	189.1	144.9
Operating profit margin (EBIT margin), %[1]	5.1 %	8.6 %	7.3 %	10.0 %	8.2 %
Earnings per share before and after dilution, SEK[2]	1.7	4.1	2.7	1.2	1.0

1) Operating profit margin (EBIT margin) is an unaudited alternative performance measure that is not defined under IFRS.
2) Re-calculated based on the share split (300:1) that the Company carried out in September 2023.

Selected balance sheet items

	Audited			*Unaudited*	
	30 April			31 July	
(MSEK)	**2023**	**2022**	**2021**	**2023**	**2022**
Total assets	8,854.8	8,186.7	6,958.5	9,070.7	8,048.6
Total equity	1,274.8	1,262.1	988.5	1,508.8	1,392.5
Net debt[1]	5,719.6	4,748.6	4,397.9	5,168.3	4,416.0

1) Net debt is an unaudited alternative performance measure that is not defined under IFRS.

Selected cash flow statement items

	Audited			*Unaudited*	
	1 May–30 April			1 May–31 July	
(MSEK)	**2022/2023**	**2021/2022**	**2020/2021**	**2023**	**2022**
Cash flow from operating activities	1,006.8	624.9	744.8	763.5	388.0
Cash flow from investing activities	–172.4	607.2	–387.5	–30.9	–22.3
Cash flow from financing activities	–825.8	–1,129.8	–356.9	–520.8	–354.2

What are the key risks that are specific to the issuer?
Material risks that are specific to the issuer
Material risks that are specific to the issuer and its business include, *inter alia*, the following risk factors:

Rusta operates in competitive markets and any failure to remain competitive would adversely affect its business and profitability
Rusta's success in remaining competitive in the variety hard discount markets in which it operates is based on a number of factors, including, among others, pricing and quality of products, product assortment, store locations, customer experience, convenience of shopping, brand image, advertising as well as Rusta's ability to effectively anticipate, identify and adapt to changing trends in customer demand and preference. If Rusta is less successful than its competitors with regards to, for example, any of the these factors, it could have a material adverse effect on Rusta's competitiveness and, as a result, Rusta may lose its market shares and its sales development may be lower than expected.

Rusta's operating profit and profitability are subject to risks related to general economic conditions and consumer behaviour
Rusta primarily derives its net sales and profitability from consumers in Sweden, Norway, Finland and Germany. As a result, Rusta's net sales and profitability are to a significant extent impacted by consumer behaviour in the mentioned markets. The markets, in turn, are influenced by many factors, such as general economic conditions and consumer perception of current and future general economic conditions, changes in levels of private consumer spending, inflation and deflation, employment rates and interest rates as well as consumer preferences, purchasing power and financial situation. Many of these factors are beyond Rusta's control and can have a significant negative impact on Rusta's net sales.

Rusta's ability to attract customers depends in significant part on the strength of its brand and Rusta may not be able to maintain the reputation of its brand
Rusta's reputation could be jeopardised for many reasons, for example if its customers believe Rusta has failed to meet customer expectations on product quality and safety, if products are not available in stores on time or if Rusta fails to maintain its brand recognition and low-price position. In addition, Rusta's brand could suffer reputational damage due to environmental, social and corporate governance related factors, for example if Rusta fails to maintain high ethical, social and environmental standards for its operations, or adverse publicity regarding Rusta's responses to any such concerns. Any negative impact on Rusta's brand could have a material adverse effect on Rusta's business, financial position and operating profit.

Rusta's advertising and marketing programmes may not be effective in generating sufficient levels of customer awareness and driving in-store traffic
Because of the effects advertising and marketing can have on Rusta's in-store traffic and sales volumes, Rusta's future growth and profitability will depend in large part upon the success and efficiency of Rusta's advertising and marketing programmes and Rusta's advertising and marketing expenditures may fail to increase net sales, sufficient levels of brand or product awareness or in-store traffic among Rusta's customers. Moreover, unsuccessful marketing campaigns may also result in lower levels of in-store traffic and sales than anticipated, which in turn can result in lower net sales than anticipated, liquidity issues, lower gross margins and lower than expected returns on Rusta's marketing investments.

Rusta's business is subject to seasonality
Rusta tailors its marketing campaigns based on seasonal periods to attract customers year-around. However, Rusta's net sales, operating profit and cash flows are subject to seasonal peaks and, historically, Rusta's most important peak selling periods have been the summer holidays and around Christmas. If Rusta fails to correctly analyse the market preconditions and anticipate customer demand in its marketing campaigns and/or fails to purchase a suitable quantity of products in advance of a peak selling period, it may not have an adequate supply of products to satisfy customer demand, which may result in a loss of sales. Further, Rusta's net sales are sensitive to periods of abnormal, severe or unseasonal weather conditions. Rusta may see a reduction of sales during periods of inclement weather due to reduced in-store traffic. Abnormal or unseasonal weather conditions, such as unfavourable snow conditions or the absence of snow in the winter months, could also adversely impact customer demand for certain products.

Rusta is dependent on its logistics and distribution infrastructure
Rusta has a fulfilment centre in Norrköping, Sweden, which serves as the central hub for distribution and delivery of Rusta's products to its stores. If the fulfilment centre was to be damaged, destroyed or closed for any reason, Rusta would face significant setbacks in its ability to store, process and distribute its products on a timely and cost-efficient basis, or at all. Furthermore, Rusta relies on third-party transport providers to deliver products by trucks, train and ships. Should the transport providers terminate their contracts with Rusta, there can be no assurance that Rusta would be able to find new providers on commercially acceptable terms and within the timeframe necessary to prevent disruptions in the delivery of goods.

Rusta's business is dependent upon its ability to manage its supply chain and inventory efficiently
Rusta's success depends on its ability to efficiently manage its inventory levels and product flows in order to sufficiently meet its customers' demands without accumulating excessive inventory levels. Excessive inventory levels may lead to additional costs of storage and, therefore, holding too many products in inventory would adversely affect Rusta's financial position, operating profit and net working capital.

Rusta is subject to risks of finding and maintaining relationships with suppliers that meet Rusta's manufacturing and product quality requirements and are able to produce and/or deliver products to Rusta in a timely manner
Rusta does not own or operate any manufacturing facilities and relies upon the timely receipt of good quality products from third-party suppliers. Although Rusta is not dependent upon any individual supplier, Rusta's business is dependent on Rusta's ability to find suppliers that meet its manufacturing and product quality requirements. A large portion of Rusta's products are sourced from suppliers located outside of Sweden, primarily in China, and, therefore, Rusta also faces a variety of risks generally associated with doing business in foreign markets and with foreign entities. In the past few years, in some regions where Rusta's suppliers are located and from where Rusta sources products, including China, geopolitical conditions have changed for the worse and been subject to negative changes. This could raise the cost of doing business in such countries and, in turn, force Rusta to raise prices of the products sold to its customers in order to compensate for the higher manufacturing costs.

Rusta's profitability is dependent upon purchase and delivery terms
In order to be able to sell its products at attractive, yet profitable, prices, Rusta needs to have favourable pricing terms in its purchase agreements. If Rusta's purchasing costs increases, the prices that Rusta can set for sales to its customers may be affected. There can be no assurance that Rusta in the future can, or chooses to, pass on any such increased costs to the customers, which can result in lower gross margins. In addition, even if Rusta is able to and chooses to pass on such increased cost to the customers, it could have a negative impact on the perceived price image of Rusta, which in turn could result in reduced in-store traffic and thereby have a negative impact on Rusta's sales and operating profit. This is also applicable to Rusta's ability to enter into beneficial delivery agreements. To the extent Rusta is required to locate new suppliers or is unable to successfully negotiate new agreements with existing suppliers, Rusta's costs may increase as a result of increased or additional sourcing costs or changes in payment terms from suppliers and Rusta may not be able to or choose to pass such costs on to customers, which could have a material adverse effect on Rusta's business, financial position and operating profit.

Fluctuations in foreign exchange rates could have a material adverse effect on Rusta's business, financial position and operating profit
Rusta is exposed to foreign exchange rate risks from its purchases as a result of sourcing its products in different currencies and conducting sales in different currencies. Currency risk refers to the risk that fair values or future cash flows may fluctuate due to changes in foreign exchange rates. Changes in foreign exchange rates can increase the cost of products purchased from suppliers in currencies other than SEK and Rusta may not be able to, or may choose not to, pass all such costs on to its customers and, as a result, fluctuations in foreign exchange rates could have a material adverse effect on Rusta's business, financial position and operating profit.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

Securities that are offered and admitted to trading on Nasdaq Stockholm
Shares in Rusta AB (publ), reg. no 556280-2115. The ISIN code for the shares is SE0020848356. All shares in the Company are denominated in SEK, each with a quotient value of approximately SEK 0.03.

Total number of shares in the Company
As of the date of this Offering Memorandum, there are a total of 151,792,800 shares in the Company.

Rights associated with the securities
Each share entitles the holder to one vote at general meetings. Shareholders are entitled to vote for the full number of shares that they hold. In the event of an increase of the Company's share capital through a cash issue or a set-off issue, where new shares are issued, the shareholders shall have preferential rights to new shares in relation to the previous holding (primary preferential rights). If the Company decides to issue warrants or convertibles through a cash issue or a set-off issue, the shareholders have preferential rights to subscribe for warrants as if the issue concerned the shares that may be subscribed for by exercise of the warrants and preferential rights to subscribe for convertibles as if the issue concerned the shares that the convertibles may be converted to, respectively. The Company's articles of association contains no provisions limiting the Company's possibilities to resolve on issuances of new shares, warrants or convertibles with deviation from the shareholders' preferential rights. All shares carry equal rights to dividends as well as to assets and any surplus in the event of a liquidation of the Company. The shares are not subject to any transfer limitations.

Dividend policy
Rusta aims to distribute 30–50 per cent of net profit for each financial year as dividends, taking into account the Company's financial position.

Where will the securities be traded?

Admission to trading
On 20 September 2023, Nasdaq Stockholm's listing committee assessed that the Company meets the applicable listing requirements. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm subject to certain conditions, including that the Company submits such application and fulfils the distribution requirement for its shares.

What are the key risks that are specific to the securities?

Material risks that are specific to the securities
Material risks that are specific to the shares in the Company include, *inter alia*, the following risk factors:

The shares may trade below the Offering Price, the market price of the shares may be volatile and investors can lose all of or parts of their investments
The market price of the shares may become subject to substantial fluctuations due to a changed conception on the stock market regarding the shares and following various circumstances and events beyond Rusta's control, such as amendments to applicable laws and other rules affecting Rusta's business, results and development. Furthermore, it is uncertain whether an active and liquid market for trading in the shares will develop and there is consequently a risk that shareholders will not be able to divest their shares.

Future expected or actual sales of Rusta's shares can affect the market price of the shares
Sales of large quantities of shares by, for example, Rusta's board members or senior executives after the expiration of the respective lock-up periods, or the expectation that such sales may occur, could cause the price of Rusta's shares to decline.

Rusta's ability to pay dividends in the future may be limited and is dependent on multiple factors
The occurrence and amount of any future dividends to Rusta's shareholders depend upon a number of factors, such as future net sales, financial position, cash flows, working capital requirements, investment costs and other factors. The board of directors of Rusta may be of the opinion that Rusta does not have sufficient distributable funds to resolve on any dividends, or that the entire profit for a certain financial year shall be invested in growth initiatives, and may therefore propose that the general meeting does not resolve upon any dividends.

Future issues of shares or other instruments may dilute existing shareholders' holdings and have an adverse impact on the market price of the shares
If Rusta would issue any shares or other securities, convertible or exchangeable into shares, it could, if carried out with deviation from the shareholders' preferential rights, dilute the economic and voting-related rights for existing shareholders and may also have an adverse effect on the market price of the shares in Rusta. However, a dilution of existing shareholders' holding could also occur in relation to a rights issue, for example due to restrictions pursuant to the securities legislation in their respective countries, which may prevent them from participating in such rights issues or which otherwise make participation in such rights issues difficult or limited.

Currency exchange differences may have an adverse effect on the value of shareholdings or dividends
The shares in Rusta will be quoted in SEK only, and any future dividends will be paid in SEK. In case SEK depreciates against foreign currencies, shareholders outside Sweden may experience adverse effects on the value of their shareholding in Rusta and any distributed dividends. In addition, such investors might face transaction costs when exchanging SEK into another currency.

KEY INFORMATION ON THE OFFERING OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON NASDAQ STOCKHOLM

Under which conditions and timetable can I invest in this security?

The Offering's forms and conditions

The Offering: The Offering includes up to 45,537,840 existing shares (excluding the Overallotment Option, as defined below) in Rusta offered by the Selling Shareholders. The Offering is divided into two parts: (a) an offering to the general public in Sweden and (b) an offering to institutional investors in Sweden and abroad.

Overallotment Option: The Selling Shareholders will grant the Managers an overallotment option, which entails that the Managers may, within 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm, request to acquire up to 6,830,675 additional existing shares from the Selling Shareholders (corresponding to approximately 15 per cent of all shares in the Offering) at a price corresponding to the Offering Price. The Overallotment Option may only be exercised to cover any overallotment in connection with the Offering.

Offering Price: The final price per share in the Offering (the "**Offering Price**") is expected to be set within the range of SEK 43–50 (the "**Price Range**"). The Price Range has been set by the Selling Shareholders in consultation with the Sole Global Coordinator, based on a number of factors, including discussions with institutional investors. The Offering Price to the general public will not exceed SEK 50 per share. The final Offering Price will be determined by the Selling Shareholders in consultation with the Sole Global Coordinator and is expected to be announced through a press release on or about 19 October 2023.

Expected timetable of the Offering

Application period for the general public in Sweden	10–18 October 2023
Application period for institutional investors	10–18 October 2023
Announcement of the Offering Price	19 October 2023
Expected first day of trading in the Company's share on Nasdaq Stockholm	19 October 2023
Settlement date	23 October 2023

Costs for the admission to trading
The Company's costs for the admission to trading of the Company's shares on Nasdaq Stockholm, including payment to advisers and other estimated transaction costs, are estimated to amount to approximately SEK 45.6 million (of which SEK 34.8 million are included in the Company's accounts up to and including 31 July 2023). No commission will be payable in connection with the Offering.

Admission to trading
The shares will be traded on Nasdaq Stockholm. The ticker for the shares will be RUSTA.

Who is the offeror and/or the person asking for admission to trading?

Issuer

The issuer of the securities is Rusta AB (publ), reg. no 556280-2115. The Company's board of directors has its registered office in Upplands Väsby, Sweden. The Company is a Swedish public limited liability company founded in Sweden under Swedish law. The Company's operations are governed by the Swedish Companies Act. The Company's LEI code is 549300V512S3QMRNO618.

Selling Shareholders

Aforber Invest AB is a Swedish limited liability company founded in Sweden under Swedish law. The board of directors has its registered office in Danderyd, Sweden. The company's operations are governed by the Swedish Companies Act.

Öngal i Uppsala invest AB is a Swedish limited liability company founded in Sweden under Swedish law. The board of directors has its registered office in Uppsala, Sweden. The company's operations are governed by the Swedish Companies Act.

The OneLife Company S.A. is a Luxembourg *société anonyme* founded in Luxembourg under the laws of Luxembourg. The board of directors has its registered office in Capellen, Luxembourg. The company's operations are governed by the laws of Luxembourg.

Aktiebolaget Företagsledare Rego is a Swedish limited liability company founded in Sweden under Swedish law. The board of directors has its registered office in Stockholm, Sweden. The company's operations are governed by the Swedish Companies Act.

Göran Westerberg is a Swedish natural person.

Cerix AB is a Swedish limited liability company founded in Sweden under Swedish law. The board of directors has its registered office in Ängelholm, Sweden. The company's operations are governed by the Swedish Companies Act.

Mats Malmberg is a Swedish natural person.

Jozef Khasho is a Swedish natural person.

Sofie Malmunger is a Swedish natural person.

Linda Estenthal is a Swedish natural person.

Annica Nyström is a Swedish natural person.

Per Wennerström is a Swedish natural person.

Andreas Bertilsköld is a Swedish natural person.

Anna Bergstedt is a Swedish natural person.

Annika Holm Sundström is a Swedish natural person.

Viswakumar Ananthakrishnan is a Swedish natural person.

Why is this Offering Memorandum being produced?

Background and reasons

Rusta's board of directors and majority shareholders, supported by the group management, have made the assessment that a listing of the Company's shares on Nasdaq Stockholm is a natural step in the Company's development and its journey towards becoming the leading and most trusted low-price retailer in Europe. The shift in operational leadership from the founders to an external CEO, gradual involvement of the next generation's representatives and recruitment of an external chair of the board of directors have all been key steps in a professionalisation process of the Company aimed at supporting the future development of the Company, while ensuring that the benefits of a family-owned business with long-term engagement from the founders is maintained. Furthermore, it is the opinion of the board of directors that the listing of the Company's shares on Nasdaq Stockholm will further increase the general awareness of the Company, which will improve the Company's ability to attract and retain key employees, partners and customers as well as provide access to Swedish and international capital markets. The Offering will only comprise existing shares that are offered by the Selling Shareholders and the Company will not receive any proceeds in connection with the Offering.

Interests and conflict of interests

The Managers provide certain services to the Company and the Selling Shareholders in connection with the Offering, for which they will receive customary remuneration. The total remuneration will be dependent on the success of the Offering. The Managers have in the ordinary course of business, from time to time, provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company and the Selling Shareholders. In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve the Company's securities and instruments.

Risk factors

An investment in the shares of Rusta is associated with risks. Prior to any investment decision, it is important to carefully analyse the risk factors considered to be material in relation to Rusta and the future development of Rusta's shares, such as risks related to Rusta's business and industry, legal risks, financial risks, risks related to the shares and the admission to trading of Rusta's shares on Nasdaq Stockholm. The risk factors which as of the date of this Offering Memorandum are deemed material to Rusta and the shares are described below. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their negative outcome. In each sub-section, the risk factors currently deemed the most material are presented first, but otherwise the risk factors are not ranked in any specific order of importance. The description of the risk factors below is based on information available and estimates made on the date of this Offering Memorandum.

Risks relating to the Company's business and industry

Rusta operates in competitive markets and any failure to remain competitive would adversely affect Rusta's business and profitability

The variety hard discount markets in the countries in which Rusta operates, *i.e.*, Sweden, Norway, Finland and Germany, are competitive. As a variety hard discount retailer offering a wide assortment of products, which can be divided into the product categories Home Decoration, Consumables, Seasonal Products, Leisure and Do It Yourself ("**DIY**"), Rusta competes with, in addition to other variety hard discount retailers, variety soft discount retailers and other retailers with overlapping product offerings, among others. Rusta may also face additional competitive pressure in its geographic markets from new entrants in the future, in particular if major international companies enter Rusta's geographic markets and succeed in gaining substantial market shares. It is therefore important for Rusta to continuously monitor the markets in which it operates and adjust its promotional activities and pricing strategies in response to changing market conditions, and any failure to do so could have material adverse effects on Rusta's business, financial position and operating profit as a result of Rusta not being able to remain competitive.

Rusta's success in remaining competitive in the variety hard discount markets in which it operates is based on a number of factors, including, among others, pricing and quality of products, product assortment, store locations, customer experience, convenience of shopping, brand image, advertising as well as Rusta's ability to effectively anticipate, identify and adapt to changing trends in customer demand and preference. If Rusta is less successful than its competitors in anticipating and identifying changing trends or if Rusta misjudges the market and pricing for its products, it could have an adverse effect on Rusta's brand recognition and perceived price image among consumers. As a result thereof, Rusta may also lose its market shares and its sales development may be lower than expected. Any of these factors could have a material adverse effect on Rusta's business, financial position and operating profit.

Even if Rusta effectively reacts to changing market conditions, there can be no assurance that Rusta will be able to compete successfully with its current or potential future competitors. Certain of Rusta's competitors may be able to secure more favourable store locations, may have greater financial resources, purchase economies of scale and lower cost bases. Further, certain of Rusta's competitors may be able to offer more convenient shopping experiences for customers (such as more convenient store locations and/or stronger online sales channels) and lower prices, which could provide them with a competitive advantage in relation to Rusta. In addition, as a result of the evolution of e-commerce, Rusta is also exposed to competition from online-based businesses that may be able to offer customers a more convenient shopping experience than Rusta through their online sales channels and by offering well-developed and efficient home delivery services, which could increase the competitive pressure on Rusta or provide such online-based businesses with a competitive advantage over Rusta. The variety hard discount markets in the countries in which Rusta operates could also undergo consolidation and Rusta's competitors could merge or form strategic partnerships with each other, which could increase competition in Rusta's markets if current and/or new competitors formed through mergers or strategic partnerships were to gain or leverage any of the above-mentioned competitive advantages through such mergers or partnerships. Historically, strategic partnerships between competitors of Rusta have not had any material adverse effects on Rusta's net sales, operating profit or competitive position. However, there can be no assurance that any future strategic partnerships, mergers or other collaborations between Rusta's current or future competitors would not have adverse effects on Rusta's competitiveness, net sales or operating profit. For example, Tokmanni (a Finnish discount retailer and competitor to Rusta) announced in a press release on 7 July 2023 that it had entered into an agreement to acquire Dollarstore (a Swedish discount retailer and competitor to Rusta) and in a press release on 1 August 2023 that the acquisition had been completed. As of the date of this Offering Memorandum, it is still too early to predict whether the acquisition will have any adverse effects on Rusta's competitiveness, net sales or profitability as a result of, for example, any future synergy effects achieved through the acquisition.

Actions taken by Rusta's competitors, such as aggressive pricing strategies, as well as actions taken by Rusta to maintain its competitiveness as a variety hard discount retailer and the perceived price image of its products and brand recognition, have created, and will continue to create, pressure on Rusta's pricing strategy and market position, net sales growth, gross margin and profitability. In the event that a competitor or several competitors with greater financial resources than Rusta were to implement such measures over an extended period, it could have a material negative effect on Rusta's long-term sales, gross margin and profitability. If competitors are able to gain and leverage competitive advantages, or if Rusta were to face any of the types of competitive pressures mentioned above or otherwise, Rusta's net sales, gross margin, profitability and market shares may decline, which could have a material adverse effect on Rusta's business, financial position and operating profit.

Rusta's operating profit and financial position are subject to risks related to general economic conditions and consumer behaviour

Rusta operates in the variety hard discount markets in Sweden, Norway, Finland and Germany and conducts its sales through physical stores in these countries as well as through its online sales channel (which is currently available in Sweden and Finland). All of Rusta's physical stores are located in Sweden, Norway, Finland and Germany. Consequently, Rusta primarily derives its net sales and profitability from consumers in these geographic markets. For the financial year 2022/2023, the Sweden segment accounted for 58.9 per cent of Rusta's net sales, the Norway segment accounted for 21.3 per cent of Rusta's net sales and the Other markets segment[1] accounted for 19.8 per cent of Rusta's net sales. Rusta's net sales and profitability are therefore to a significant extent impacted by consumer behaviour in the Swedish, Norwegian, Finnish and German retail markets, which, in turn, is influenced by many factors, including factors beyond Rusta's control, such as general economic conditions and consumer perception of current and future general economic conditions, changes in levels of private consumer spending, inflation and deflation, employment rates and interest rates as well as consumer preferences, purchasing power and financial situation.

During 2022 and 2023, the global economy has been negatively affected by an increasing inflation in large parts of the world. Further, energy prices and fuel prices have increased, in particular in Europe, as a result of the reduced gas deliveries from Russia to European countries due to the strained political situation between Russia and the EU. If households' disposable incomes and employment rates are further negatively affected in the future for a prolonged period of time due to, for example, high inflation, high interest rates or high costs for energy and fuel, it may lead to recessions on certain markets or globally. Recessions or economic downturns can have a negative effect on consumers' purchasing power and the demand for Rusta's products (especially products that have high prices relative to other parts of Rusta's assortment, such as trampolines, swimming pools and garden furniture as well as other consumer durables and products that are not frequent need products, such as curtains, carpets and DIY products) and result in decreasing in-store traffic and sales and, consequently, have a negative effect on Rusta's gross margin, financial position and results, particularly in the short to medium term. For example, Rusta's net sales in the financial years 2022/2023, 2021/2022 and 2020/2021 were SEK 10,202.3 million, SEK 9,490.2 million and SEK 8,632.8 million, respectively, whereas Rusta's gross margin[2] in the financial year 2022/2023 was 41.0 per cent, compared to 42.3 per cent and 42.1 per cent in the financial years 2021/2022 and 2020/2021, respectively, where the decrease in gross margin in the financial year 2022/2023 is partly explained by higher costs of goods sold due to, among other things, increased inflation leading to increased purchase prices and SEK (which is Rusta's reporting currency) weakening in relation to, for example, USD. In order to maintain the perception

1) The Other markets segment includes sales from physical stores in Finland and Germany, sales from Rusta's online sales channel, Rusta Online, as well as from Happy Angler, which is an independent business unit within Rusta, with its own brand, sales channel and supply chain, acquired through the acquisition of the Finnish discount retailer Hong Kong in 2018.
2) Gross margin is an unaudited alternative performance measure that is not defined under IFRS. For more information about alternative performance measures, including definitions and the reason for why they are used, see section "*Selected historical financial information – Definitions and reconciliations of alternative performance measures*".

among consumers of Rusta as a variety hard discount retailer with low prices, Rusta has chosen to have a cautious approach to price increases to compensate for higher costs of goods sold, which, as indicated above, had an adverse effect on Rusta's gross margin during the financial year 2022/2023 and may continue to have an adverse effect on Rusta's gross margin if Rusta's costs of goods sold increases in the future and Rusta continues to have this approach. If Rusta were to pass on such costs, partly or fully, on to its customers to compensate for increased costs of goods sold and to increase its gross margin, it could have an adverse effect on the perception of Rusta as a variety hard discount retailer with low prices and, in turn, have an adverse effect on Rusta's brand as well as result in a loss of customers and a decrease of Rusta's net sales, in particular in times where the consumers' purchasing power is generally lower due to the reasons described above or otherwise. Further, weak general economic conditions and reduced purchasing power among consumers may have an adverse impact on the general retail markets or the variety hard discount markets in Sweden, Norway, Finland and Germany. Should the general retail markets generally, or the variety hard discount markets specifically, in Rusta's geographic markets show negative development for prolonged periods of time, or should a stall in growth of the variety hard discount markets materialise, due to continued weak general economic conditions, reduced purchasing power among consumers or otherwise, Rusta's net sales may be materially adversely affected and Rusta may have to postpone, reduce or forego investments intended to generate growth, including its current plans for the opening of new stores and refurbishing of existing stores (see further the risk factor "*Rusta may face challenges in relation to the opening of new stores*"), or close existing stores.

Further, changes in consumer behaviour and the growing importance of online shopping as a part of consumers' purchasing process may, in the long term, lead to Rusta having to re-evaluate its strategy with respect to its online sales channel. As of the date of this Offering Memorandum, Rusta's online sales channel mainly serves as a complement to its physical stores and includes approximately 30 per cent of Rusta's product assortment. If Rusta, as a result of changes in consumer behaviour, decides to increase its online assortment in order to maintain its competitiveness and to include products in its online assortment that are not as profitable when sold online as compared to the existing online assortment, such as consumables, it could have an adverse effect on Rusta's operating profit and gross margin. There is also a risk that Rusta fails to maintain and/or expand its customer base if Rusta's online sales channel in the future does not meet current or new customers' expectations as regards product offering and shopping convenience, which could have a negative effect on Rusta's net sales and operating profit.

A large share of Rusta's stores are located in areas to which many customers travel by car, for example commercial parks located outside of city centres. If consumers to a greater extent refrain from travelling by car, for example due to increased fuel prices, environmental considerations or increased regulation of vehicular traffic, it could have a negative effect on Rusta's customer traffic and, in turn, on Rusta's business, financial position and operating profit.

Rusta's ability to attract customers depends in significant part on the strength of its brand and Rusta may not be able to maintain the reputation of its brand

Rusta's success is dependent on the continued favourable public perception of its brand. Rusta's ability to maintain its brand recognition and awareness among existing and potential customers and maintain its reputation and the value associated with the Rusta name is critical to Rusta's operations as well as Rusta's ability to obtain and retain customers and recruit and retain personnel. However, Rusta's reputation could be jeopardised for many reasons, for example if its customers believe Rusta has failed to meet customer expectations on product quality and safety, if products are not available in stores on time or if Rusta fails to maintain its brand recognition and low-price position. In the course of the ordinary business, Rusta recalls products from time to time due to different types of safety or quality defects. Although individual product recalls do not, in general, have a material adverse effect on Rusta, Rusta could, if it were to be forced to repeatedly recall products due to safety or quality defects, or if the defects were notably severe, become subject to negative publicity, which, in turn, could have an adverse effect on Rusta's brand and its net sales. Any events or negative allegations affecting Rusta's brand or reoccurring negative publicity about product quality or safety or product recalls may reduce demand for Rusta's products and consumers' willingness to shop at Rusta's stores.

In addition, Rusta's brand could suffer reputational damage due to environmental, social and corporate governance ("**ESG**") related factors (see also the risk factor "*Rusta is subject to risks related to sustainability*"). For example, a failure by Rusta to maintain high ethical, social and environmental standards for its operations, or adverse publicity regarding Rusta's responses to any such concerns, could also jeopardise its reputation.

A large portion of Rusta's products are produced in Asia (primarily China) and by sourcing origin, Asia accounted for 36.7 per cent of Rusta's costs of goods sold in the financial year 2022/2023 and a slightly larger share of Rusta's net sales. Although Rusta has local presence in several of the Asian countries where Rusta's products are produced through its sourcing offices and requires its suppliers and partners in these countries to adhere to Rusta's code of conduct and conducts controls aimed at ensuring such adherence, Rusta may fail in detecting or preventing potential issues associated with low manufacturing costs at some producers. Despite the measures taken by Rusta to achieve high ethical, social and environmental standards for its operations and product sourcing, such as requiring suppliers to adhere to Rusta's code of conduct as well as carrying out announced and unannounced site visits, it cannot be ruled out that Rusta or members of its supply chain may become subject to allegations of failure to maintain acceptable labour practices or to comply with applicable laws, including in relation to fraud, bribery or corruption, resulting from its sourcing of products in foreign markets (see also the risk factors "*Rusta is subject to risks related to sustainability*" and "*Failure by Rusta, its employees and third parties to abide by laws and regulations designed to prevent bribery and corruption could result in Rusta being subject to fines and other negative consequences*").

There can be no assurance that Rusta, its sourcing team and local sourcing offices will be able to detect or prevent violations of Rusta's code of conduct or applicable laws or regulations regarding, among other things, product and environmental requirements, or that Rusta's suppliers will operate in compliance with the applicable laws and accepted ethical and labour practices. Any negative impact on Rusta's brand, including as a result of the failure of Rusta or its business partners to comply with applicable laws, rules and regulations, or the loss of customers resulting from Rusta's failure to maintain the reputation of its brand, could have a material adverse effect on Rusta's business, financial position and operating profit.

Rusta's advertising and marketing programmes may not be effective in generating sufficient levels of customer awareness and driving in-store traffic

As stated in the risk factor "*Rusta's ability to attract customers depends in significant part on the strength of its brand and Rusta may not be able to maintain the reputation of its brand*", Rusta's success is dependent on the continued favourable public perception of its brand. Rusta relies on various advertising methods (such as weekly direct marketing leaflets, Club Rusta, TV and radio adverts, Rusta Magazine, social media and print ads as well as in-store marketing) to promote and increase awareness of its brand, attract and retain its customers, increase awareness of its product offering and prices as well as to drive in-store traffic, increase frequency of customer visits and sales volumes. The weekly direct marketing leaflets constitute one of Rusta's main advertising methods. Accordingly, any issues relating to the printing or distribution of such leaflets, such as increased costs for the production and distribution thereof or difficulties finding suppliers who can print the leaflets as society becomes increasingly digitised, could have material adverse effects on Rusta's marketing and result in increased marketing costs for Rusta or negative effects on Rusta's net sales.

Because of the effects advertising and marketing can have on Rusta's in-store traffic and sales volumes, Rusta's future growth and profitability will depend in large part upon the success and efficiency of Rusta's advertising and marketing programmes, both in the geographic markets where Rusta is more established, such as Sweden and Norway, and in its other geographic markets, Germany and Finland, where Rusta's brand is not as strong and recognised and where Rusta is more dependent on the success of its efforts to increase its market penetration. In order for the advertising and marketing programmes to be successful, Rusta must manage advertising and marketing costs efficiently in order to maintain acceptable operating margins and return on Rusta's marketing investments as well as to convert customer awareness into in-store traffic and increased sales volumes. For the financial years 2022/2023, 2021/2022 and 2020/2021, Rusta's marketing costs as a percentage of net sales were 3.5 per cent, 3.5 per cent and 3.4 per cent, respectively.

Rusta's advertising and marketing expenditures may fail to generate increased net sales, sufficient levels of brand or product awareness or in-store traffic among Rusta's customers. In particular, unsuccessful seasonal marketing campaigns with respect to seasonal products may result in lower sales during the seasonal periods, which have historically contributed significantly to Rusta's net sales and gross margin. Rusta's marketing largely follows a clear seasonal pattern, whereby campaigns for the spring, summer, autumn and winter in general are preliminary planned up to nine months and finalised up to six months in advance of being rolled out. As the seasonal sales historically have contributed significantly to Rusta's net sales and gross margin, it is particularly important that Rusta is able to correctly analyse the marketing preconditions and anticipate customer demand in order to increase in-store traffic, increase frequency of customer visits and increased sales volumes with its marketing campaigns and to avoid potential losses of sales resulting from failed seasonal marketing campaigns (see also the risk factor "*Rusta's business is subject to seasonality*"). Moreover, unsuccessful marketing campaigns may also result in lower levels of in-store traffic and sales than anticipated, which may consequently also lead to decreased add-on sales and sales of complementary products, and/or in Rusta accumulating excessive inventory levels, which can result in lower net sales than anticipated, liquidity issues, lower gross margins and lower than expected returns on Rusta's marketing investments. There is also a risk that Rusta misjudges customer demand for certain products marketed through its campaigns and thereby orders insufficient volumes of such products in relation to customer demand, which could result in a shortage of marketed products and disappointment among customers and consequently have a negative impact on Rusta's reputation among customers as well as result in lower net sales than could otherwise have been achieved.

Rusta may also fail to manage its advertising and marketing expenditures on a cost-efficient basis. In addition, certain competitors of Rusta may have substantially larger marketing budgets, which may provide them with a competitive advantage over Rusta (see also the risk factor "*Rusta operates in competitive markets and any failure to remain competitive would adversely affect its business and profitability*"). If Rusta's advertising and marketing programmes prove to be inefficient, if Rusta is unable to manage its advertising and marketing costs on a cost-efficient basis or if Rusta does not receive the expected return on its marketing investments, Rusta may fail to generate sufficient levels of customer awareness or in-store traffic, which could have a material adverse effect on Rusta's business, net sales, financial position and operating profit.

Rusta's business is subject to seasonality

Rusta's business is subject to seasonality, which increases the importance of efficient supply chain management and marketing campaigns. Rusta tailors its marketing campaigns based on seasonal periods to attract customers year-around. However, Rusta's net sales, results of operations and cash flows are subject to seasonal peaks. Historically, Rusta's most important peak selling periods have been the summer holidays (April–July) and Christmas (November–December). Accordingly, Rusta's net sales and gross profit have historically been highest in the first quarter of Rusta's financial year (May–July) and in the third quarter of Rusta's financial year (November–January) as a result of summer holiday and Christmas sales. These seasonal factors have resulted in significant fluctuations in net working capital within the financial year. If Rusta fails to correctly analyse the market preconditions and anticipate customer demand in its marketing campaigns and/or fails to purchase a suitable quantity of products in advance of a peak selling period, it may not have an adequate supply of products to satisfy customer demand, which may result in a loss of sales, including as a result of any negative impact on its brand and perceived image among customers, and, therefore, could have a material adverse effect on Rusta's business, financial position and operating profit.

Further, Rusta's net sales are sensitive to periods of abnormal, severe or unseasonal weather conditions. Rusta may see a reduction of sales during periods of inclement weather due to reduced in-store traffic. Abnormal or unseasonal weather conditions, such as unfavourable snow conditions or the absence of snow in the winter months, could also adversely impact customer demand for certain products. Prolonged unseasonal weather or temporarily severe weather conditions, particularly during Rusta's peak selling periods, could have a material adverse effect on Rusta's business, financial position, operating profit and cash flows.

Furthermore, if sales during these peak selling periods are weaker than estimated, it could leave Rusta with a substantial amount of unsold seasonal products for which there is low or no customer demand outside the relevant peak selling period. In such an event, Rusta may be forced to rely on price reductions to dispose of excess or slow-moving inventory or record an obsolescence provision for unsold inventory, which could decrease Rusta's gross margin. If these events occur in the future, it could have a material adverse effect on Rusta's business, financial position, operating profit and cash flows.

Rusta is dependent on its logistics and distribution infrastructure

Rusta has a fulfilment centre in Norrköping, Sweden, which serves as the central hub for distribution and delivery of Rusta's products to its stores. Rusta only has limited warehouse space in its stores and, accordingly, the Norrköping fulfilment centre is material for the continuous operations of Rusta. As at 30 April 2023, Rusta's balance sheet included SEK 2,593.1 million of inventory of which SEK 1,334.8 million was stored in the Norrköping fulfilment centre. If the Norrköping fulfilment centre were to be damaged, destroyed or forced to be closed for any reason, including, among others, automatic system failures, fires, water damages or natural disasters, or if the stock and/or equipment in the fulfilment centre were to be significantly damaged, for example due to forklift or shelf accidents or infestations, Rusta would face significant setbacks in its ability to store, process and distribute its products on a timely and cost-efficient basis, or at all, which would have a material adverse effect on Rusta's business, financial position and operating profit. While Rusta holds property and business interruption insurance in amounts that Rusta believes to be appropriate, and Rusta believes that it maintains adequate insurance for its headquarters and fulfilment centre, there can be no assurance that such insurance will fully cover losses resulting from business interruption or the destruction and/or loss of buildings (see further the risk factor "*Rusta's insurance coverage may not cover all potential losses and there is no guarantee that Rusta will be able to retain its current insurance coverage at a reasonable cost or at all*").

The success of Rusta's stores depends on the timely delivery of products to and from the Norrköping fulfilment centre. Rusta relies on third-party transport providers to deliver products by trucks, train and ships. If the transport providers were to terminate their contracts with Rusta, there can be no assurance that Rusta would be able to find new providers on commercially acceptable terms and within the timeframe necessary to prevent disruptions in the delivery of products. Should timely deliveries of products to and from the Norrköping fulfilment centre be disrupted or delayed for any reason, Rusta could suffer from significantly reduced net sales and harm to its brand. In particular, delivery problems with respect to seasonal products may result in lower sales during the seasonal periods, which have historically contributed significantly to Rusta's net sales and gross margin. For example, during the COVID-19 pandemic, Rusta experienced issues related to the transportation of certain of its products from Asia due to disturbances in the supply chain as a result of the general shortage of containers and ships at the time, and in order to secure the delivery of its products (primarily products for the Christmas season) in 2021, Rusta rented a ship to deliver the products to Sweden. If any similar or other disturbances were to occur in the future, the delivery of Rusta's products could be significantly delayed and Rusta could be forced to take extraordinary actions to secure the delivery of its products, which, in turn, could result in additional costs for Rusta.

Further, a significant number of employees of transport providers are members of different unions. Accordingly, third-party transport providers may announce strikes or other collective actions, which can result in disruptions or delays in product deliveries for Rusta. For example, during the spring in 2016, a labour dispute arose between a trade union branch and the port operating company managing the operations at the Port of Gothenburg in Sweden. The dispute led to industrial actions in the form of strikes on several different occasions as well as a lockout. As many of Rusta's products that were sourced from other parts of the world were delivered to the Port of Gothenburg at the time for further distribution to Rusta's fulfilment centre, Rusta was negatively affected by the dispute and experienced disruptions and delays in product deliveries.

Delays and other deviations from contracted standards may rise from various factors, including disruption to shipping infrastructure due to, for example, capacity shortages, infrastructure projects, problems crossing national borders, sabotage, labour disputes, accidents or natural disasters as well as problems with vehicles and with the loading or unloading of the products being shipped. Moreover, Rusta may have reason to terminate relationships with transport providers if, for example, they are unable to meet Rusta's requirements and expectations on collaboration partners. In the event of such occurrences, Rusta could experience difficulties finding alternative suppliers or transport providers in a timely manner and on commercially acceptable terms, as well as be prevented from obtaining compensation for additional costs incurred or from finding alternative suppliers that can uphold the requisite quality.

Any of the factors described above could have a material adverse effect on Rusta's business, net sales, financial position and operating profit.

Rusta's business is dependent upon its ability to manage its supply chain and inventory efficiently

Rusta's gross margin and net working capital are affected by its supply chain and inventory management, which is centrally managed from Rusta's headquarters in Upplands Väsby, Sweden and from its fulfilment centre in Norrköping. Rusta's success depends on its ability to efficiently manage its inventory levels and product flows in order to sufficiently meet its customers' demands without accumulating excessive inventory levels. Excessive inventory levels may lead to additional costs of storage and, therefore, holding too many products in inventory would adversely affect Rusta's financial position, results of operations and net working capital. Particularly, with respect to Rusta's products that are sourced from outside of Sweden, the lead times between ordering and delivery make it even more important to accurately predict, and more difficult to meet, the demand for products. Rusta must order products in anticipation of customer demand and Rusta's orders may not match actual customer demand. Customer preferences may also change before Rusta sells the products in its stores. For the financial years 2022/2023, 2021/2022 and 2020/2021, Rusta's carrying amount of inventory included an obsolescence provision for obsolete and slow-moving products of SEK 89.4 million, SEK 78.8 million and SEK 25.6 million, respectively. Any failure to manage Rusta's supply chain efficiently may have a material adverse effect on Rusta's business, financial position, operating profit and cash flows.

Rusta is subject to risks of finding and maintaining relationships with suppliers that meet Rusta's manufacturing and product quality requirements and are able to produce and/or deliver products to Rusta in a timely manner

Rusta does not own or operate any manufacturing facilities and relies upon the timely receipt of good quality products from third-party suppliers. Rusta sources its products from a diverse group of product suppliers across a broad geographic range. For the financial year 2022/2023, Rusta's top 20 suppliers accounted for approximately 30 per cent of Rusta's costs of sold goods. Although Rusta is not dependent upon any individual supplier, Rusta's business is dependent on Rusta's ability to find suppliers that meet its manufacturing and product quality requirements. Rusta believes that this is particularly important in respect of its private label products that are mainly sourced from countries with low manufacturing costs. If a producer or supplier fails to meet Rusta's manufacturing and product quality requirements or is unable to produce and/or deliver products to Rusta in a timely manner, whether due to operational difficulties or otherwise, and if Rusta is unable to find alternative suppliers to provide substitute products, Rusta may not be able to deliver products meeting its quality standards to its stores or respond to changes in customer demand in a timely manner, or at all, which could have a material adverse effect on Rusta's business, financial position, profit and cash flows. For example, as a result of local restrictions due to the COVID-19 pandemic in 2020 and 2021, Rusta was not able to carry out site visits at some of its suppliers in China. During this period, Rusta experienced a decrease in the quality of certain products produced by these suppliers, which, in turn, resulted in a temporary increase in the number of products returned to Rusta by customers due to quality defects.

For the financial year 2022/2023, 57.2 per cent of Rusta's costs of goods sold were attributable to products sourced from suppliers located outside of Sweden, primarily in China, and, therefore, Rusta also faces a variety of risks generally associated with doing business in foreign markets and with foreign entities. Rusta's private label products are primarily sourced from Asian countries with low manufacturing costs. Such countries may have different market conditions and may in certain cases have significantly lower levels of political and financial stability and more legal/regulatory uncertainty than countries with higher manufacturing costs, which may lead to limited transparency and predictability. These factors could lead to uncertainty in connection with the negotiation and implementation of agreements with suppliers and unexpected changes in regulatory frameworks, such as introduction of export restrictions. In the past few years, in some regions where Rusta's suppliers are located and from where Rusta sources products, including China, geopolitical conditions have changed for the worse and been subject to negative changes with increased protectionism and greater focus on national security measures. These changes have been implemented through new legislation, among other actions. Such changes may result in reduced transparency and predictability as well as have a negative impact on Rusta's ability to purchase products from suppliers in such countries. For example, increased scrutiny and protectionism could hinder Rusta's suppliers from obtaining necessary approvals and licenses from state agencies to manufacture and sell the products Rusta purchases, which may raise the cost of doing business in the affected markets and could lead to higher manufacturing costs and suppliers being forced to raise prices, thereby adversely affecting Rusta's profitability and/or Rusta's low-price position if Rusta choses, or is forced, to raise prices of the products sold to its customers in order to compensate for the higher manufacturing costs. Moreover, Rusta could be denied all access to suppliers in certain countries as a result of geopolitical conditions beyond Rusta's control, or choose to cease using suppliers in countries that have become less profitable as a result of actions driven by increased protectionism. Similar effects could arise from Rusta being subject to changing product safety or other requirements that affect the manufacturing processes for Rusta's products and that require Rusta's suppliers to use different manufacturing processes for the products sold to Rusta than for other actors. This could reduce choice for Rusta, leading to capacity limitations with suppliers, as well as increased purchase prices and reduced product quality for the products sold to Rusta as a result of a weakened negotiating position, which could adversely impact Rusta's sales and profitability.

The flow of products from foreign manufacturers and suppliers may be interrupted due to, among other things, the imposition of additional trade law provisions or regulations and additional duties, tariffs and other charges on imports and exports, foreign currency fluctuations, natural disasters, war or acts of terrorism, restrictions on the transfer of funds, the financial instability or bankruptcy of manufacturers and significant labour disputes. For example, certain of Rusta's suppliers in China were forced to reduce their capacity during certain periods in the end of 2021 and beginning of 2022 due to local energy saving restrictions. As a result thereof, Rusta received lower volumes of certain of its private label products than anticipated and, consequently, could not sell as many of the relevant products as it otherwise could have sold.

All of the above-mentioned factors could have an adverse effect on Rusta's ability to distribute sufficient quantities of products to its stores, which could have a material adverse effect on Rusta's business, net sales, financial position and profit.

Rusta's profitability is dependent upon purchase and delivery terms

Rusta's purchases of well-known brand products from external suppliers ("**A-brand products**") are based on framework agreements with manufacturers of A-brand products, primarily governing purchase prices, discounts, product deliveries and marketing efforts. The terms of Rusta's framework agreements remain in effect until terminated by either party by three months written notice and Rusta does not commit to minimum or maximum purchasing requirements in order to reduce costs and delivery times. Rusta's sourcing of its private label products is based on supply agreements entered into directly with suppliers, primarily governing production and delivery of a specific amount of products during an agreed period. Although Rusta retains the flexibility to order various volumes and assortments of products, and sources products from a broad network of suppliers, there can be no assurance that Rusta will be able to renew its agreements with suppliers on acceptable or comparable terms in the future. To the extent Rusta is required to locate new suppliers or is unable to successfully negotiate new agreements with existing suppliers, Rusta's costs may increase as a result of increased sourcing costs or changes in payment terms from suppliers and Rusta may not be able to or choose to pass such costs on to customers, which could have a material adverse effect on Rusta's business, financial position and profit.

In order to be able to sell its products at attractive, yet profitable, prices, Rusta needs to have favourable pricing terms in its purchase agreements. The manufacturing costs for the products can also vary as a result of price fluctuations for material and processes as well as for the labour used in manufacturing. Such fluctuations indirectly affect purchase prices for Rusta and thereby the prices that Rusta can set for sales to its customers. For example, the prices of certain raw materials used in many of Rusta's products, such as crude oil, as well as labour costs and shipping costs from Asia have increased significantly during recent years and resulted in higher production and shipping costs for many of the products sold by Rusta. There can be no assurance that Rusta in the future can, or chooses to, pass on any such increased costs to the customers, which can result in lower gross margins for Rusta. In addition, even if Rusta is able to and chooses to pass on such increased cost to the customers, it could have a negative impact on the perceived price image of Rusta, which in turn could result in reduced in-store traffic and thereby have a negative impact on Rusta's sales and operating profit.

Rusta's net sales are mainly attributable to sales from its physical stores and Rusta is dependent on keeping its stores open

For the financial year 2022/2023, 98.4 per cent of Rusta's net sales were attributable to sales from Rusta's physical stores while 1.6[1] per cent of Rusta's net sales were attributable to sales from Rusta's online sales channel, which serves as a complement to Rusta's physical stores. As the vast majority of Rusta's net sales are attributable to sales from its physical stores, Rusta is dependent on keeping its stores open for business year-around. Accordingly, if Rusta would be forced to close several stores during a longer period, for example due to natural disasters, war outbreaks or any regional epidemic or global pandemic, it could have material adverse effects on Rusta's ability to conduct its operations. For example, the COVID-19 pandemic led to Rusta being forced to temporarily close a number of stores in Norway and Germany for certain periods during 2020 and 2021 due to, among other things, the implementation of measures to mitigate the effects of the pandemic, such as prohibitions on visiting physical stores and requirements to temporarily close physical stores where cases of COVID-19 were identified among store employees. In addition, if Rusta for any reason would be forced to close certain stores, Rusta could still be obligated to pay for leasing of store premises under its leasing contracts and to pay salaries to the employees working in such stores.

Accordingly, if Rusta, for whatever reason, would be forced to close several stores during a longer period of time, it could have a material adverse effect on Rusta's business, net sales, profitability and operating profit.

Rusta may face challenges in relation to the opening of new stores

As of the date of this Offering Memorandum, Rusta has 203 stores in Sweden, Norway, Finland and Germany. Since the end of the financial year 2019/2020 and up to and including the date of this Offering Memorandum, Rusta has opened 42 new stores, out of which 21 stores have been opened in Sweden and Norway, where Rusta has the largest number of stores, and 21 stores have been opened in Finland and Germany. Although Rusta's store network has a broad geographic coverage in Sweden, Norway and Finland, Rusta's continued growth is dependent on both increasing net sales in existing stores and opening profitable new or relocated stores. Rusta has a track record of having a high degree of profitable stores in Sweden and Norway (in the financial year 2022/2023, all stores in Sweden and Norway included in the like-for-like estate[2] were profitable[3]), but there can be no assurance that new stores opened by Rusta in these geographic markets will be profitable. Further, Rusta has not been active in Germany and Finland (where Rusta opened its first stores in 2017 and 2018[4], respectively) for as long as it has been in Sweden and Norway (where Rusta opened its first stores in 1986

1) Including net sales generated by the independent business unit Happy Angler, amounting to SEK 56.1 million in the financial year 2022/2023.
2) The like-for-like estate comprises all stores across the store network that have been open during the entire period and the entire comparable period, thus excluding stores opened during the periods compared.
3) Profitable means that the stores had a positive store contribution margin.
4) Through the acquisition of the Finnish discount retailer Hong Kong in 2018.

and 2014, respectively), and there can be no assurance that the expansion of Rusta's store network in these countries will turn out to be profitable (in the financial year 2022/2023, approximately 85 per cent of the stores in Germany and Finland included in the like-for-like estate were profitable[1]), in particular in Germany where Rusta has fewer stores and believes the competition to be greater than in its other geographic markets where Rusta is more well-established.

Rusta's ability to open and operate profitable new stores depends on a number of factors, some of which are beyond Rusta's control. These factors include, among others, Rusta's ability to:

- recruit, train and retain an expanded workforce of store managers and other personnel;
- manage competitive, marketing, distribution and other challenges encountered in connection with the opening of new stores and expansion of Rusta's operations;
- supply new stores with inventory and products for sale in a timely manner and at a low cost;
- successfully integrate new stores into existing operations, including IT system integration;
- gather and analyse demographic and market data regarding catchment areas;
- find suitable locations for stores;
- negotiate and maintain acceptable lease terms;
- generate sufficient levels of cash to support the expansion;
- achieve and maintain brand awareness in the relevant market; and
- identify and satisfy the product preferences and other preferences of the customers.

Should Rusta not be successful in efficiently meeting such challenges it could adversely affect Rusta's ability to successfully open and operate new stores in a timely and cost-efficient manner. There is also a risk that new stores might fail to reach the net sales or profitability levels comparable to those of Rusta's existing stores within the time periods estimated or at all. Although Rusta has not historically been forced to close any of its greenfield stores[2] due to lack of profitability, there can be no assurance that new stores will, or that existing stores will continue to, meet the expected financial targets or be able to sustain acceptable levels of profit over time. If Rusta in the future would be forced or choose to close and/or relocate several stores, Rusta's business could be adversely affected and Rusta could incur significant additional costs associated with, for example, the closing of stores. In addition, the risk that new or relocated stores divert or adversely impact net sales from existing stores may increase as a result of additional stores being opened.

Further, Rusta makes and relies on certain estimates as to profitability, market conditions and other metrics, such as white space analysis where modelling is based on a number of metrics used to assess potential locations for opening new stores and their fit with Rusta's long-term plans for expansions, including the performance of Rusta's existing store network, its logistics and distribution infrastructure, demographic factors and competitive aspects such as neighbouring stores and consumer traffic. Such estimates may prove to be incorrect or may be based on assumptions that prove to be incorrect and actual developments may differ significantly from expectations, which could result in a longer period before a new or relocated store becomes profitable or generates a positive return on investment, if at all.

In addition, increased inflation has resulted in difficulties in finding store premises to lease at a cost that is commercially acceptable to Rusta. This, in addition to increased competition for store premises to lease, may lead to Rusta experiencing difficulties in connection with finding premises for new stores to lease on terms that are commercially acceptable to Rusta, which, in turn, can result in Rusta not being able to open new stores as planned and, accordingly, have an adverse effect on Rusta's growth prospects. In addition, higher costs associated with leasing store premises, as a result of inflation or otherwise, would have a negative effect on Rusta's profit.

There can be no assurance as to Rusta's ability to open new stores, or whether such stores will be profitable, and any failure in Rusta's ability to open profitable new stores could have a material adverse effect on Rusta's business, financial position, operating profit and growth.

Rusta's business operations could be adversely affected by problems related to Rusta's IT systems

Rusta uses multiple IT systems in various parts of its operations. IT systems for accounting, financial reporting, budgeting and human resources are used within the framework of operational and financial control. Marketing is largely produced, communicated and analysed using IT systems, including the processing of sensitive

1) Profitable means that the stores had a positive store contribution margin.
2) Rusta had a temporary store in Stockholm, which was open during the period March 2019–August 2022 in a premise due to be renovated in September 2022 based on a temporary lease agreement and three Hong Kong stores were closed in connection with the acquisition and integration of the Finnish discount retailer Hong Kong in 2018.

personal data of Rusta's customers. IT systems are also of critical importance for Rusta's sales platform, where they are used for Rusta's online development system, business system and inventory management, as well as for the overall management of Rusta's logistics and distribution infrastructure. For example, parts of Rusta's fulfilment centre in Norrköping are automated and any disturbances in the IT systems relating to the fulfilment centre can have severe effects in relation to Rusta's distribution chain and the timely delivery of products to Rusta's stores. Reliable IT systems are therefore a critical component of Rusta's operations.

The functionality of Rusta's IT systems is dependent on the faultless operation of the hardware and software used, the services provided by third parties as well as the user interface to manual elements of the processes included in Rusta's operations. Problems with hardware, such as computer and network components, may arise due to, for example, manufacturing defects, accidents, wear and tear and overloading as well as cyber-attacks, hacking attacks and other forms of sabotage, which can be difficult to predict and prevent. Rusta also has limited control over the functionality of the services provided by third parties, such as cloud storage, network services and maintenance which, *inter alia*, may cease to function if third-party suppliers' hardware and software stop working. Defects in other interface elements of Rusta's operations may arise from factors such as mistakes made by Rusta's employees when managing IT systems. Rusta endeavours to incorporate redundancy into its IT systems to reduce the risk that deficiencies in individual components have more comprehensive consequences for the entire IT infrastructure but there can be no assurance that such measures will have the intended effect. Problems could also arise as a result of planned actions, such as upgrades and maintenance, which may be difficult to implement since Rusta's operations require continuous function of its IT systems regardless of the time of day, year-around.

Should Rusta's IT systems cease to function appropriately, those parts of Rusta's operations that depend on the IT systems could be adversely impacted. Problems with IT systems that are used for operational and financial control could, *inter alia*, lead to Rusta being prevented from documenting, following up and controlling the development of its operations or from complying with applicable accounting and reporting rules. Problems affecting Rusta's marketing and processing of customer data could lead to Rusta's marketing activities becoming ineffective as well as to material reputational damage and claims both from authorities and other law enforcement agencies if, *inter alia*, personal data is processed contrary to applicable regulations or becomes accessible by unauthorised external parties. Rusta could also be prevented from conducting operations in its stores insofar as point-of-sale systems or other support systems stopped working other than for a very short period or to a limited extent. Such incidents could also have an adverse impact on customer confidence and customer willingness in sharing information with Rusta, which could make it difficult for Rusta to adapt its marketing and sales strategy to its customers' preferences and could thus lead to a reduction in sales and lower profitability. Even if these problems arise as a result of shortcomings at third-party suppliers or faults attributable to hardware or software for which Rusta's suppliers are liable, a risk remains that Rusta will be unable to receive compensation for the adverse effects caused by such problems. Rusta could also be prevented from locating and implementing alternative systems or suppliers in time and on commercially acceptable terms and from finding alternative suppliers that can uphold the requisite quality and satisfy the needs for seamless integration.

The realisation of any of the aforementioned risks could have a material adverse effect on Rusta's business, financial position and operating profit.

Rusta is subject to risks associated with leasing substantial amounts of space

In accordance with its strategy to lease, rather than own, its premises, Rusta leases its headquarter, fulfilment centre and, as of the date of this Offering Memorandum, all of its existing stores. Rusta leases store premises from third parties under lease agreements with initial lease terms ranging from five to ten years. As of 30 April 2023, Rusta had an average remaining lease term (including notice period) of approximately six years for Rusta's property agreements. The lease term for Rusta's headquarters and fulfilment centre expires in September 2036 and October 2041, respectively. The majority of Rusta's lease agreements provide for annual price rate adjustments based on the consumer price index or variable costs linked to the respective store's net sales. Accordingly, increased inflation effects Rusta's leasing costs and if the inflation levels on Rusta's geographic markets were to further increase, it would have a negative impact on Rusta's profit.

Rusta's ability to maintain and renew its existing lease agreements and to enter into new lease agreements on favourable terms or at all depends on many factors that are not within Rusta's control, such as general economic conditions, conditions in the local real estate market, competition for desirable properties, the terms of any renewal options and Rusta's relationship with current or prospective landlords. In the future, Rusta may not be able to negotiate favourable lease terms and any inability to do so may cause Rusta's leasing costs to be higher in future years or may force Rusta to close or relocate stores and Rusta may not be able to establish new stores to replace those that have been closed. In addition, Rusta's ability to find and lease suitable locations for new stores may, *inter alia*, depend upon its ability to obtain certain consents on satisfactory terms from local authorities and Rusta may not be able to obtain such consents. For example, in Germany and Norway there are certain restrictions as regards the opening of stores that exceed a certain size and that have a certain size of sales areas for consumables, and to open stores that meet these criteria, Rusta must obtain consents from certain local authorities. Furthermore, to the extent Rusta decides to close or relocate existing stores in the future, Rusta may be committed to perform its obligations under the applicable lease, including, among others, paying for the leased store premise for the remaining balance of the lease term. If Rusta is unable to terminate or renew existing leases, sublease the unnecessary leased space or lease suitable alternative locations, or enter into leases for new stores on favourable terms, Rusta's growth and profitability may be negatively impacted, which could have a material adverse effect on Rusta's business, financial position and operating profit.

Rusta could be adversely affected if it fails to recruit or retain members of the group management and key employees

Rusta's operational success depends on the experience and expertise of its group management and other key employees. The loss of the services of any of Rusta's key employees could have a material adverse effect on Rusta's business and prospects, as Rusta may not be able to find suitable individuals to replace such employees on a timely basis, without incurring increased costs or at all. Rusta believes that its future success will depend greatly on its continued ability to recruit and retain highly skilled and qualified employees, including those who have expertise in project management and can easily adapt to changes in the operating environment. There is a high level of competition for the experienced and skilled personnel in the retail market. To the extent that Rusta is unable to meet or satisfy its staffing requirements or efficiently manage its employees' working capacity, Rusta's growth and profitability may be impaired, which could have a material adverse effect on Rusta's business, financial position and operating profit.

The store employee turnover rate in the retail market is generally high and excessive store employee turnover could result in higher employee costs for Rusta

Rusta believes that its success depends in part upon its ability to attract, motivate and retain a sufficient number of store managers and store employees, who understand and appreciate Rusta's corporate culture, customers and products. The store employee turnover rate in the retail market is generally high, and excessive store employee turnover generally results in higher employee costs associated with recruiting, hiring, retaining and training new store employees. Any such failure to meet staffing needs or any material increases in employee turnover rates could result in higher employee costs and may force Rusta to pay higher salaries in order to attract or retain store managers in particular.

Part-time employees comprise a significant share of Rusta's employees and Rusta relies on such employees to adequately staff its stores, particularly during busy selling periods. There can be no assurance that there will be sufficient sources of suitable part-time employees to meet Rusta's demand. Any failure to meet the staffing needs could also result in understaffing, which could adversely affect Rusta's performance and brand. Any of these factors could have a material adverse effect on Rusta's business, financial position and operating profit.

Rusta's insurance coverage may not cover all potential losses and there is no guarantee that Rusta will be able to retain its current insurance coverage at a reasonable cost or at all

Rusta has insurance coverage pertaining to general damage, property, business interruption, customer accidents, marine cargo, travel as well as liability coverage for the board of directors and senior executives pertaining to their responsibilities, designed to cover deficiencies in Rusta's products and other claims or losses, which Rusta believes is sufficient and in accordance with industry practices. Nonetheless, Rusta could be subject to claims or losses that are above and beyond Rusta's insurance or claims or losses that are not covered by it. The coverage that Rusta receives through the insurances can also be limited due to, for instance, amount limitations and requirements for excess payment. In addition, Rusta may be subject to claims or losses that, even if they are encompassed by Rusta's insurance cover, lead to a rise in Rusta's insurance premiums. It can also be difficult and time-consuming to receive reimbursement from insurance companies concerning losses that are covered by Rusta's insurances and it is not certain that Rusta could receive the entire lost amount from the insurance company. There is thus a risk that Rusta's insurance coverage does not cover all potential losses, regardless of the cause. Furthermore, there can be no assurance that Rusta will be able to find or maintain liability insurance in the future on acceptable terms and conditions or at all.

Inadequate insurance coverage or significant increases in Rusta's insurance premiums could lead to financial losses or increased operating expenses, which could have a material adverse effect on Rusta's profitability and financial position.

Rusta relies on payment solutions from third-party suppliers

As of the date of this Offering Memorandum, Rusta offers various payment solutions through third-parties that are customised to the customers' behaviour and preferences, both at stores and in connection with sales through Rusta Online. The payment methods offered by Rusta comprise payment with credit cards and debit cards as well as cash payment through online bank services from third parties. All payment services are provided by external service providers, including Klarna, which also offers payment services such as partial payment, delayed payment and invoicing for purchases that are made through Rusta's online sales channel. The payment solutions offered by Rusta entail risks attributable to disruptions in payment processes, which, if they are realised, could have a negative impact on customer confidence and satisfaction. Since payment is an integral part of the overall impression of the purchase experience, the functionality of payment solutions will affect the customer experience. Rusta's reputation could therefore be adversely affected if the payment solutions fail to meet the customers' expectations.

The payment methods offered by Rusta, and that are provided by external service providers, could become subject to regulations, cyber-attacks and/or fraud from third parties. Rusta is also exposed to risks attributable to unauthorised or incorrectly placed orders or payments and fraud. For certain payment solutions, Rusta also pays a commission or other fees that could increase gradually over time and result in higher operating expenses. There is a risk that the redeeming banks stop paying the receivables, increase the period of payment or demand pre-payment from Rusta. According to Rusta's current payment terms, Rusta receives payment from the credit-card companies and Klarna within a limited number of days from the customer transaction. Any negative changes in respect of payment terms could lengthen the period during which Rusta is subject to the risk that customers who have already received their products do not pay. This could adversely affect Rusta's liquidity.

There is also a risk that suppliers of payment solutions terminate their agreements with Rusta or refuse to renew them on terms and conditions that are acceptable to Rusta or at all, which could lead to Rusta being forced to enter into agreements with other suppliers whose solutions or terms and conditions could be less suitable to Rusta's requirements. In addition, Rusta could be unable to commission other suppliers of payment solutions who offer similar terms and conditions within a reasonable time frame. If any of the aforementioned risks would materialise, this could adversely impact Rusta's business, financial position and cash flows.

Rusta is subject to risks related to workplace accidents

The operations carried out in Rusta's stores and the Norrköping fulfilment centre may require employees to engage in physically demanding tasks involving, among other things, heavy lifting (such as stocking shelves or handling inventory) or other monotonous tasks (such as operating cash registers or performing repetitive motions for extended periods). Rusta's operations also involve the use of certain heavy equipment and machinery, such as forklift trucks, which could result in workplace accidents and, consequently, personal injuries and damages to inventory and work equipment if, for example, the driver loses control of the forklift, collides, overturns or otherwise does not use the forklift in the correct way. In addition, Rusta faces the risk of robberies, thefts or other security threats directed at its stores, which can jeopardise the safety of employees and have a detrimental impact on the employees' well-being.

The effectiveness of Rusta's safety initiatives heavily relies on proper employee training. Inadequate training, lack of adherence to safety protocols or employee negligence may increase the risk of accidents and despite implementing safety protocols and compliance measures, accidents can still occur, leading to injuries or illnesses among employees. During the financial year 2022/2023, Rusta was involved in a total of approximately 400 workplace accidents in the fulfilment centre and its stores resulting in minor personal injuries.

If workplace accidents occurs, it can, in addition to resulting in personal injuries and damages to inventory and work equipment, lead to Rusta becoming the subject of legal claims, claims for damages and negative publicity, which could, in turn, have a negative effect on Rusta's reputation and Rusta's ability to attract and retain employees and customers as well as on Rusta's business and operating profit.

Legal and regulatory risks

Non-compliance with rules applicable to Rusta's operations and products may result in penalties or harm the perception of Rusta held by its suppliers and customers

In its operations, Rusta must comply with various national regulations, union rules and international regulations, including regulations concerning taxation, marketing, labour force, the environment, importation of goods and product safety. Certain parts of Rusta's operations, including the importation of goods to Sweden, Norway, Finland and Germany and labelling of packaging, also require registration and approval by authorities.

Rusta's ability to comply with applicable regulations is dependent on several factors, including the regulations' complexity, how quickly the regulations can be changed, the clarity with which the regulations are communicated and Rusta's ability to correctly analyse and adapt to the regulations. To ensure that products comply with applicable regulations, Rusta has an internal function consisting of a central quality management team in Sweden and local sourcing offices in Asia that work with testing, verifying and documenting the products' quality and that they satisfy the requirements placed by Rusta. The meaning of the regulations may also be changed and new registrations or approvals may be required due to changed interpretations, which may be more difficult to uncover and assess due to insufficient communication from the relevant authorities. For Rusta to be able to implement necessary registrations and obtain necessary approvals, it is necessary for Rusta to know that the registrations and approvals are required, and that Rusta is able to satisfy the requirements placed for registration or approval. Due to the complexity associated with compliance and obtaining necessary registrations or approvals, a risk remains that Rusta may fail to comply with applicable regulations and fail to receive necessary approvals.

The effects of an actual or alleged failure to comply with applicable regulations vary depending on, *inter alia*, the regulations' meaning, the nature of the infringement, available sanctions and Rusta's ability to defend itself and to otherwise deal with potential consequences or requirements resulting from the alleged or actual infringement. Incorrect payment of taxes could, for example, lead to tax penalties, while deficiencies in sold products that lead to personal or property damage could lead to product liability, a ban on sales and demands for recalls. In addition to the direct effects of an actual or alleged compliance violation in the form of sanctions, Rusta's reputation could also be adversely impacted. For example, suppliers may be unwilling to sell products to Rusta to avoid being associated with Rusta and customers could choose not to buy from Rusta to demonstrate that they distance themselves from the compliance violations committed or alleged to have been committed by Rusta. Viewed as a whole, inadequate compliance or an inability to implement necessary registrations or obtain necessary approvals could thus have a material adverse effect on Rusta's business, net sales and financial position.

The internal governance documents, procedures, processes and evaluation methods used by Rusta to manage its operations and to assess and manage risks may prove insufficient

Rusta relies on a number of internal governance documents, including policies, procedures, manuals and other types of handbooks, processes and evaluation methods, to assess and manage risks, to ensure that Rusta's values and desired ways of conducting business are followed throughout its organisation as well as to ensure compliance with applicable laws, rules and regulations, including those that will be applicable to Rusta following the admission to trading of Rusta's shares on Nasdaq Stockholm, such as the Market Abuse Regulation (Regulation (EU) 596/2014). These governance documents are a feature of Rusta's framework for internal control. Rusta has, among other things, implemented internal governance documents that cover, *inter alia*, external communication, financial reporting, regulatory and legal compliance and sourcing.

There is no guarantee that Rusta's internal governance documents, procedures, processes and evaluation methods will facilitate efficient management of all types of risks, including risks that Rusta fails to identify or predict. There is also a risk that Rusta's operations are not conducted in accordance with internal governance documents, including codes of conduct, or that Rusta fails to correctly quantify identified risks. If Rusta is unable to successfully comply with effective internal governance documents, procedures, processes and evaluation methods for assessing and managing risks and if Rusta's employees conduct themselves in a manner that does not correspond to the level of business ethics and integrity that Rusta has pledged to uphold, as a result of policies and procedures not being complied with, not being available or updated, or for any other reason, it could result in inefficiency in Rusta's operations and prevent implementation of Rusta's strategy throughout the organisation. Such a development could prevent Rusta from achieving its targets and have a material adverse effect on Rusta's reputation.

Efficient internal governance and controls are necessary for Rusta's ability to provide reliable financial statements, to ensure compliance with internal and external regulations and for preventing fraud. There can be no assurance that Rusta will be able to manage corporate functions and internal risks or identify areas requiring improvement in an efficient manner in its corporate governance and internal controls. In addition, Rusta's financial and operating policies and controls could prove to be insufficient, which could lead to inadequate compliance with Rusta's internal governance documents and thereby to Rusta incurring costs for inadequate compliance, the cost of sanctions and damage to Rusta's reputation, which may not be covered by insurance policies or compensated for in any other manner. If Rusta does not maintain reliable internal governance and controls, this could have a material negative effect on Rusta's monitoring of critical business activities as well as on Rusta's profitability and reputation.

Rusta is subject to risks related to sustainability

Rusta's ability to conduct long-term profitable operations is dependent on Rusta succeeding in addressing and managing the sustainability-related risks to which Rusta is subject. Rusta's sourcing of products from developing and low manufacturing cost countries such as China, India and Vietnam results in, for example, Rusta being subject to risks as regards sustainability factors related to social, product related and environmental aspects such as human rights, working conditions, product quality and environmental issues as well as issues relating to bribery and corruption.

The general living and working conditions in the countries in which Rusta's private label products are manufactured can also involve a greater risk of one or more of Rusta's suppliers acting in violation of Rusta's code of conduct. If a supplier fails to meet the requirements set out in the code of conduct, there is a risk of adverse publicity and reputational damage to Rusta, despite Rusta choosing to discontinue its relationship with the supplier. In many developing and low manufacturing cost countries, there is also generally a greater risk of violations of laws and regulations regarding sustainability factors related to social, product-related and environmental aspects, such as human rights, working conditions, product quality and environmental issues as well as issues relating to bribery and corruption. Such violations could result in fines or other criminal or administrative sanctions or civil law claims and have a material adverse impact on Rusta's reputation, business and operating profit. Violations that are committed by, or allegations of such violations that are brought against, suppliers or other external parties with whom Rusta has a commercial relationship may risk leading to adverse publicity, which can damage Rusta's reputation, even if Rusta is not involved in such incidents.

Rusta's business impacts the environment, among other things through the use of various natural resources (raw materials) such as crude oil, aluminium and rubber as well as electricity, fuel, chemicals and water during the production process and in conjunction with goods transports. Rusta is thus obliged, among other things, to apply and comply with the REACH Regulation (EC) 1907/2006, which imposes requirements concerning, for example, registration of chemical substances, prohibitions and other restrictions regarding chemical substances, requirements of permits for particularly hazardous substances as well as regulations regarding provision of information to customers. As a consequence, Rusta's code of conduct includes an undertaking for its suppliers to comply with the requirements imposed by the REACH Regulation in the form of prohibitions and restrictions regarding the use of chemicals in the manufacture of Rusta's products. However, there is a risk that such and other environmental-related requirements and regulations will not be complied with by Rusta's suppliers and that such violations will lead to prohibitions on sales, product recalls, environmental fines and, in the case of serious regulatory violations, indictment for environmental offences. Rusta's environmental footprint thus risks resulting in significant costs, adverse publicity and reputational damage.

If Rusta fails in complying with applicable consumer protection laws, Rusta's compliance costs may increase and in the event of compliance deficiencies, Rusta may become subject to significant fines

Rusta is primarily marketing its products to consumers, which means that Rusta is subject to applicable consumer protection legislation regarding marketing and price information, such as Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market (the "**Unfair Business-to-Consumer Commercial Practices Directive**") and Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights (the "**Consumer Rights Directive**") (both recently amended by Directive (EU) 2019/2161 of the European Parliament and of the Council of 27 November 2019 amending Council Directive 93/13/EEC and Directives 98/6/EC, 2005/29/EC and 2011/83/EU of the European Parliament and of the Council as regards the better enforcement and modernisation of Union consumer protection rules) as implemented in EU member states. The recently amended Consumer Rights Directive now imposes more severe sanctions, including administrative fines up to 4 per cent of the Group's total turnover in the event of prohibited practices. Among such prohibited practices are the use of general terms and conditions that are prohibited (*e.g.*, invalid limitation of liability). Other prohibited practices include non-compliance with certain duties of providing information to consumers (*e.g.*, a failure to confirm a distance selling contract on a permanent data carrier), non-compliance with agreed delivery periods and the failure to confirm receipt of a revocation. In addition, infringement of the Unfair Business-to-Consumer Commercial Practices Directive "blacklist" items (*i.e.*, anti-consumer commercial practices which are always impermissible), such as greenwashing, aggressive practices, such as persistent solicitation and misleading commercial practices such as advertising with price reduction if the full price was charged only for an unduly short period of time. Should Rusta's processes or systems concerning consumer protection matters be deemed not to ensure compliance with applicable consumer protection laws, Rusta could become subject to fines and legal actions, which could have a material adverse effect on Rusta's reputation and profitability.

If Rusta fails in complying with applicable data protection regulations, Rusta's compliance costs may increase and in the event of compliance deficiencies, Rusta may become subject to significant fines and liable for damages

Rusta processes personal data primarily relating to customers, employees, suppliers and job candidates, which means that Rusta is subject to applicable privacy legislation regarding the collection and processing of such personal data, such as the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (the "**GDPR**") and the Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (the ePrivacy Directive) as implemented in EU member states (together with the GDPR, the "**Applicable Data Protection Laws**"). Pursuant to the continuous changes in the regulatory landscape of the Applicable Data Protection Laws and the growing body of case law, Rusta is also subject to changes and uncertainty with respect to transfers of personal data from the EU/EEA to third countries, such as the invalidation of the European Union - U.S. Privacy Shield by the Court of Justice of the European Union. This may be applicable in situations when Rusta uses services of third-party suppliers that may be established outside the EU/EEA, for example in the United States. The Applicable Data Protection Laws impose a strict data protection compliance regime, including administrative fines up to the higher end of EUR 20 million, or 4 per cent of the Group's total turnover. As an illustrative example, 4 per cent of the Group's total turnover equalled approximately SEK 408.1 million during the financial year 2022/2023. In addition to this, Rusta may also be liable to pay damages to individuals in the event of an infringement of the GDPR.

Rusta may in the future be involved in legal proceedings or subject to product liability claims that could have a material adverse effect on its business, financial position and operating profit

Lawsuits, claims and proceedings have from time to time been, and may in the future be, asserted against Rusta, including those involving, among others, product quality, product safety and trademark infringement. These and any future legal proceedings may be costly, divert management attention and may result in reputational damage for Rusta. Although Rusta is not currently subject to any material legal proceedings, an unfavourable outcome in any proceedings that may arise in the future could have a material adverse effect on Rusta's business, financial position and operating profit.

Rusta may be subject to product liability claims from customers or penalties from government agencies relating to products that are recalled, defective or otherwise harmful. The products that Rusta sells may be or become defective in a variety of ways, and parties may bring claims against Rusta as the retailer of such products. Rusta's insurance coverage may not be adequate to cover every claim that could be asserted against it and any claims brought against Rusta (whether successful or not) could significantly damage its reputation and the customers' confidence in Rusta's products, which could have a material adverse effect on Rusta's net sales and operating profit.

Failure by Rusta, its employees and third parties to abide by laws and regulations designed to prevent bribery and corruption could result in Rusta being subject to fines and other negative consequences

Rusta is subject to a multitude of regulations designed to prevent corruption and bribery. Actual or alleged breaches of applicable laws, regulations or contractual undertakings could lead to significant claims for damages against Rusta and also damage Rusta's reputation or give rise to a loss of business opportunities in the markets where Rusta conducts its business.

Rusta has implemented policies, including an external code of conduct setting out, among other things, eight principles related to health and safety, labour standards and wages, environmental hazards and business ethics that must be signed by suppliers of private label products in connection with the commissioning by Rusta of a new supplier. Rusta has also developed training and compliance programmes designed to ensure that employees refrain from accepting any form of bribes and has implemented an internal code of conduct, setting out internal principles for the Rusta organisation relating to labour practices, safety awareness, business ethics, sustainability, communication and conflicts of interest. The internal code of conduct is appended to all of Rusta's employment contracts to inform employees about Rusta's desired ways of working as well as regulations concerning, among other things, bribery, sanctions and money laundering. However, Rusta is subject to a multitude of different requirements in several different jurisdictions and is to a great extent dependent on its business partners, specifically its suppliers. Consequently, there is no guarantee that Rusta's existing measures to prevent bribery and corruption will be effective. For example, historically, Rusta has in a few instances had suspicions of irregularities relating to certain employees in Asia being unduly influenced (or attempted to be unduly influenced) by suppliers (or potential suppliers), which would constitute breaches of Rusta's policies and external code of conduct. In these instances, Rusta has acted in accordance with its internal routines and policies as well as taken relevant measures against the individuals and suppliers (or the potential suppliers) concerned. Both active and passive engagement in bribery or corruption (or even the suspicion of such behaviour) by an employee could seriously damage Rusta's reputation.

As described in the risk factor "*Non-compliance with rules applicable to Rusta's operations and products may result in penalties or harm the perception of Rusta held by its suppliers and customers*", Rusta is dependent on certain registrations with and approvals from authorities. Rusta's employees, including employees in the purchasing function, could contravene Rusta's processes and policies aimed at countering corruption and bribery, as well as applicable laws for countering corruption and bribery, to obtain necessary registrations or approvals and thus secure perceived personal benefits through better work-related results.

Actions that contravene applicable regulations for counteracting corruption and bribery could lead to regulatory or penal sanctions, the cancellation or exclusion of Rusta's possibility to achieve certain approvals or other penalties imposed on employees, third parties and/or Rusta, which could have a material adverse effect on Rusta's reputation, net sales and profitability.

Rusta is subject to tax risks and Rusta's current tax situation may be subject to negative changes

Rusta is subject to income taxation in Sweden, Norway, Finland and Germany. During the financial years 2022/2023, 2021/2022 and 2020/2021, respectively, Rusta's reported tax expenses (as it affected the profit for the period) amounted to SEK 79.3 million, SEK 55.9 million and SEK 102.5 million, respectively.

If Rusta makes errors in its tax management, it could lead to additional tax expenses for Rusta and to tax surcharges, which may have a negative impact on Rusta's profits. Further, there is a risk that tax authorities do not agree with Rusta's perception and interpretation of laws, tax treaties, regulations and practices. Rusta's current tax situation may therefore be subject to negative change. In addition, Rusta can be subject to retroactive adjustments that may have a negative impact on Rusta's previously estimated tax. This may have an adverse effect on Rusta's business, financial position and results. It is not possible to predict whether Rusta will be subject to any new or changed tax regulations, or if Rusta's perception and interpretation of such new or changed regulations will be correct. In addition, in the event of further geographic expansion, Rusta may become exposed to additional tax regulations in new jurisdictions, which may lead to increased compliance costs and increased tax rates. Any failure in compliance can, *inter alia*, lead to the payment of additional taxes and/or fees, which may have an adverse effect on Rusta's business, financial position and results.

Rusta is subject to the risk of labour disputes and adverse employee relations

Rusta is subject to the risk of labour disputes and adverse employee relations. In Rusta's core markets, many employees are represented by labour unions under several collective bargaining agreements. In addition, organisations collectively representing Rusta and other employers in its industry may not be able to renegotiate satisfactory collective bargaining agreements when they expire. Collective bargaining agreements that apply to a large number of Rusta's employees have been subject to negotiations and will be subject to additional negotiations in the future, and there is no guarantee that the results of such negotiations would not be adverse to Rusta and its business. In addition, existing collective bargaining agreements of Rusta may not prevent a strike or other industrial action at any of its markets in the future.

If such labour disputes or other adverse employee relations, including strikes and other industrial actions, or problems with the labour unions or collective bargaining agreements, occur, it could have a material adverse effect on Rusta's business through, for example, decreased sales, postponed establishment of new stores and negative publicity. If the labour disputes would be long-lasting, it could have a material adverse effect on Rusta's operating profit.

Changes in applicable laws and regulations could adversely affect Rusta's business, financial position and operating profit

Rusta is required to comply with a wide range of laws and regulations, including, for example, data protection laws, product liability laws, environmental regulations, tax legislation and legislation governing what type of materials that are allowed to be used in Rusta's products.

Rusta will also be required to comply with various other laws and regulations following the admission to trading of its shares on Nasdaq Stockholm including, for example, (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the "**Taxonomy Regulation**"). The Taxonomy Regulation is, *inter alia*, setting forth certain criteria in order to determine whether a business is sustainable from an environmental perspective, which will affect Rusta in the preparation of its future annual financial reports.

New legislation and regulations, or changes to existing legislation and regulations or the application thereof, could result in additional costs of operating Rusta's business or ensuring compliance and have an adverse effect on Rusta's ability to conduct its operations as currently conducted, for example, with regard to the use of customer data collected through Club Rusta for marketing purposes. Further, frequent or unexpected changes in legislation could result in Rusta failing to comply with such legislation, which could result in regulatory fines, negative publicity and/or Rusta not being able to provide its complete range of products. In addition, changes in Rusta's business or offerings may, intentionally or unintentionally, require that additional legislation or regulation must be considered or that certain legislation or regulation becomes applicable to additional parts of Rusta's operations. This may entail transition costs for Rusta, which may affect Rusta's business.

Risks relating to the Group's financial situation

Fluctuations in foreign exchange rates could have a material adverse effect on Rusta's business, financial position and operating profit

Rusta is exposed to foreign exchange rate risks from its purchases as a result of sourcing its products in different currencies and conducting sales in different currencies (depending on geographic market). Currency risk refers to the risk that fair values or future cash flows may fluctuate due to changes in foreign exchange rates. The exposure to currency risk is mainly derived from payment flows in foreign currency, so-called transaction exposure, and from the translation of balance sheet items in foreign currency and translation of income statements and balance sheets of foreign subsidiaries into the reporting currency of the Group, so-called balance exposure. Changes in foreign exchange rates can increase the cost of products purchased from suppliers in currencies other than SEK and Rusta may not be able to, or may choose not to, pass all such costs on to its customers. The most significant foreign currencies for Rusta is USD, EUR and NOK. As a percentage of Rusta's costs of goods sold in the financial year 2022/2023, approximately 30.5 per cent of Rusta's product purchases were made in USD, 12.5 per cent in EUR and 0.7 per cent in NOK. With SEK depreciating against USD in 2022 and 2023, the costs of products purchased by Rusta in USD have increased. Rusta partly hedges its foreign currency exposure to USD by entering into forward exchanges. Although Rusta engages in foreign exchange hedging transactions, there can be no assurance that these actions will adequately protect Rusta's operating profit from the effects of exchange rate fluctuations. In addition, Rusta's hedging transactions may reduce any benefit that it might otherwise achieve as a result of favourable movements in SEK against USD. As a result, fluctuations in foreign exchange rates could have a material adverse effect on Rusta's business, financial position and operating profit.

Rusta's actual operating profit may differ materially from the financial targets and dividend policy included in this Offering Memorandum

The financial targets and dividend policy adopted by the board of directors and set forth in this Offering Memorandum are Rusta's medium-term targets as regards net sales growth, profitability and dividends. Rusta's financial targets and dividend policy constitute forward-looking information that is subject to considerable uncertainty. The financial targets and the dividend policy are based upon a number of assumptions relating to, among others, the development of Rusta's industry, business, operating profit and financial condition. Rusta's business, operating profit and financial condition, and the development of the industry and the macroeconomic environment in which Rusta operates, may differ materially from, and be more negative than, those assumed by Rusta when preparing its financial targets and dividend policy. As a result, Rusta's ability to reach these financial targets, and its ability to pay dividends, is subject to uncertainties and contingencies, some of which are beyond Rusta's control, and no assurance can be given that Rusta will be able to reach its financial targets, that Rusta will be able to pay dividends in accordance with its dividend policy, or at all, or that Rusta's financial condition or profit will not be materially different from Rusta's financial targets. As a result, Rusta's actual net sales, operating profit or financial position may vary materially from these targets and investors should not place undue reliance on them.

Rusta is exposed to liquidity risks

As of 31 July 2023, Rusta's available liquidity (including available cash) amounted to SEK 393.7 million. If Rusta's sales deviates negatively from Rusta's expectations, Rusta could be left with a large inventory, meaning that the timing of the outflow of cash for the purchase of products is not consistent with the timing of inflows of cash and cash equivalents attributable to sales, resulting in a liquidity risk. Rusta's ability to sell its products could be negatively affected by, among other things, seasonality variations, changes in consumer behaviours or technical issues. Furthermore, Rusta's operations are subject to seasonality, which affects Rusta's net sales, profit and cash flow. Historically, this has resulted in significant fluctuations in Rusta's net working capital and access to cash or cash equivalents during the Company's financial year. As part of the ordinary course of Rusta's business, the Company manages fluctuations as regards the access to cash or cash equivalents resulting from these seasonality effects by utilising available credit facilities (for additional information on Rusta's Credit Facility Agreement, see section "*Legal considerations and supplementary information – Other agreements – Revolving Credit Facility Agreement*"). Rusta is subject to certain restrictive and financial covenants under the Credit Facility Agreement, *inter alia*, as regards the ratio between EBITDA and net finance charges, between net debt and EBITDA as well as between equity and total assets. If Rusta fails to comply with these financial covenants in the future, there is a risk that Rusta is forced to repay outstanding loans immediately. Any claims for immediate or early repayment may affect Rusta's liquidity and increase the need of additional financing, which could have a material adverse effect on the Company's liquidity and financial position.

There is also a liquidity risk attributable to business growth and the need to improve, upgrade and invest in technology and infrastructure to manage increased sales volumes and complexity in operations. Rusta's liquidity situation is also affected by the credit terms offered by its suppliers. If Rusta's suppliers give Rusta a shorter payment period, this may adversely affect Rusta's liquidity.

Should any of the liquidity risks above materialise, it could have an adverse effect on Rusta's liquidity, cash flows and financial position.

Impairments of right-of-use assets may have a material adverse effect on Rusta's financial position and operating profit

Rusta leases its headquarters, fulfilment centre and, as of the date of this Offering Memorandum, all of its existing stores pursuant to lease agreements. In accordance with IFRS 16 Leases, lease liabilities and right-of-use assets are calculated for the agreements that are classified as lease agreements. As of 30 April 2023, the Group's non-current and current lease liabilities amounted to SEK 5,464.6 million and its right-of-use assets amounted to SEK 5,114.7 million.

The right-of-use asset is initially valued at the acquisition value, which comprises the lease liability's initial value in addition to leasing fees paid on or prior to the date it enters into force and any initial direct expenses. The right-of-use assets are depreciated in a linear fashion from the date the agreement enters into force until the earlier of the end date of the asset's period of use and the end of the leasing period, which for the Group is normally the end of the leasing period.

In accordance with IFRS 16, the Group analyses the carrying amounts for right-of-use assets at each balance sheet date to determine whether there is any indication that the assets have decreased in value. Such indications could, for example, be significant adverse changes to market conditions where the Company conducts business that have occurred or are expected to occur in the near future or that the forecasts for future cash flows or operating profit prepared by the Company's management indicate a significant decrease compared to previous budgets or forecasts. If the right-of-use assets' value is deemed to have decreased, the impairment is recognised as a cost in the income statement.

Although Rusta has not previously made any depreciations of right-of-use assets and Rusta considers the assessments and assumptions that form the basis of the valuations of the right-of-use assets to be reasonable, the Company's assessments and assumptions may prove to be inaccurate. Therefore, there is a risk that the Company needs to make impairments on right-of-use assets in the future, which could result in impairment costs and thus have an adverse effect on Rusta's financial position and operating profit.

Risks relating to the Offering and the shares

The shares may trade below the Offering Price, the market price of the shares may be volatile and investors can lose all of or parts of their investments

The shares may trade below the Offering Price, the market price of the shares may be volatile and investors can lose all of or parts of their investments. It is uncertain whether an active and liquid market for trading in the shares will develop and there is consequently a risk that shareholders will not be able to divest their shares. The market price of the shares may become subject to substantial fluctuations due to a changed conception on the stock market regarding the shares and following various circumstances and events beyond Rusta's control, such as amendments to applicable laws and other rules affecting Rusta's business, results and development. From time to time, the stock market may display substantial fluctuations in price and transaction volume, which are not related to Rusta's business or future prospects. In addition, the result and prospects of Rusta may from time to time not reach the expectations from the stock market, analysts and investors. One or more of these factors could result in Rusta's share price falling to a level below the acquisition price resulting in a loss for the investor when divesting the shares. This constitutes a significant risk for individual investors.

Future expected or actual sales of Rusta's shares can affect the market price of the shares

The market price of Rusta's shares could decline if there are, or is expected to be, substantial sales of Rusta's shares, in particular sales by major shareholders, or by Rusta's board members or senior executives.

Shareholders in Rusta as well as Rusta's board members and senior executives have undertaken, with certain exceptions and during a certain period of time following the Offering, not to sell their shares or in any other way enter into transactions with similar effect without prior written consent from Carnegie on behalf of the Managers (so-called lock-up agreements). However, following expiry of the relevant lock-up periods, such persons will be free to sell their shares in Rusta. Sales of large quantities of shares by shareholders after the expiration of the respective lock-up periods, or the expectation that such sales may occur, could cause the price of Rusta's shares to decline.

Rusta's ability to pay dividends in the future may be limited and is dependent on multiple factors

Rusta's board of directors has adopted a dividend policy according to which Rusta aims to distribute 30–50 per cent of net profit for each financial year as dividends, taking into account the Company's financial position (see section "*Dividends and dividend policy*").

Those investors who acquire shares in Rusta in the Offering will be entitled to any dividends resolved upon after the admission to trading of Rusta's shares on Nasdaq Stockholm. The occurrence and amount of any future dividends to Rusta's shareholders will, however, depend upon a number of factors, such as future net sales, financial position, cash flows, working capital requirements, investment costs and other factors. The board of directors of Rusta may be of the opinion that Rusta does not have sufficient distributable funds to resolve on any dividends, or that the entire profit for a certain financial year shall be invested in growth initiatives, and may therefore propose that the general meeting does not resolve upon any dividends. If no dividends are distributed, any return on investment for an investor depends on the future development of the market price of the share.

Future issues of shares or other instruments may dilute existing shareholders' holdings and have an adverse impact on the market price of the shares

If Rusta is not able to meet its financing needs, for example ahead of growth initiatives, through new indebtedness or cash flows from the operating business, Rusta may instead need to raise capital through, for example, issuances of new shares. Any issuance of shares or other securities, convertible or exchangeable into shares, would, if carried out with deviation from the shareholders' preferential rights, dilute the economic and voting-related rights for existing shareholders and may also have an adverse effect on the market price of the shares in Rusta. As the timing and terms of any future issues will depend on Rusta's situation and the general market conditions at that time, Rusta cannot predict or estimate the amount, timing or other terms of any such future issues. Rusta's shareholders thus bear the risk of any future issues that can negatively affect the price of Rusta's share and/or dilute their holdings in Rusta.

If Rusta henceforth issues new shares or other share-related securities, shareholders have, as a general rule, preferential rights to subscribe for the new securities proportionally to their existing holdings. Shareholders in certain jurisdictions may, however, be subject to restrictions pursuant to the securities legislation in their respective countries, which prevent them from participating in such rights issues or which otherwise make participation in such rights issues difficult or limited. For example, shareholders in the United States may be unable to exercise any such preferential rights unless the securities and subscription rights have been registered under the U.S. Securities Act or unless an exemption from the registration requirements under the U.S. Securities Act is applicable. Shareholders in other jurisdictions outside of Sweden may be similarly affected if the securities or subscription rights have not been registered with, or approved by, the relevant authorities in such jurisdictions. Rusta is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside of Sweden and doing so may be impractical and costly. To the extent that Rusta's shareholders in jurisdictions outside of Sweden are not able to exercise their rights to subscribe for new securities in any future rights issues, their holdings in Rusta will be diluted.

Currency exchange differences may have an adverse effect on the value of shareholdings or dividends

The shares in Rusta will be quoted in SEK only, and any future dividends will be paid in SEK. In case SEK depreciates against foreign currencies, shareholders outside Sweden may experience adverse effects on the value of their shareholding in Rusta and any distributed dividends. In addition, such investors might face transaction costs when exchanging SEK into another currency.

Rusta's major shareholders may exercise a significant influence over the Group

Following the completion of the Offering, Rusta's major shareholders Aforber Invest AB and Öngal i Uppsala invest AB will, in aggregate, hold approximately 53,5 per cent of the total number of shares and votes in Rusta (assuming that the Offering is fully subscribed and that the Overallotment Option is exercised in full). Aforber Invest AB and Öngal i Uppsala invest AB will, therefore, continue to have a significant influence in matters concerning Rusta that are referred to the Company's shareholders for approval, for example elections of board members, amendments to the articles of association, issues of shares, dividends, any material transactions and other corporate measures and, accordingly, in matters related to Rusta's corporate governance and operations.

The interests of Rusta's major shareholders may deviate from, or conflict with, the interests of Rusta or Rusta's shareholders, and Rusta's major shareholders may exercise their influence over Rusta in a way that is not in line with the interests of Rusta's other shareholders.

The rights of Rusta's shareholders may differ from the rights typically offered to shareholders of a United States or a U.K. domestic company

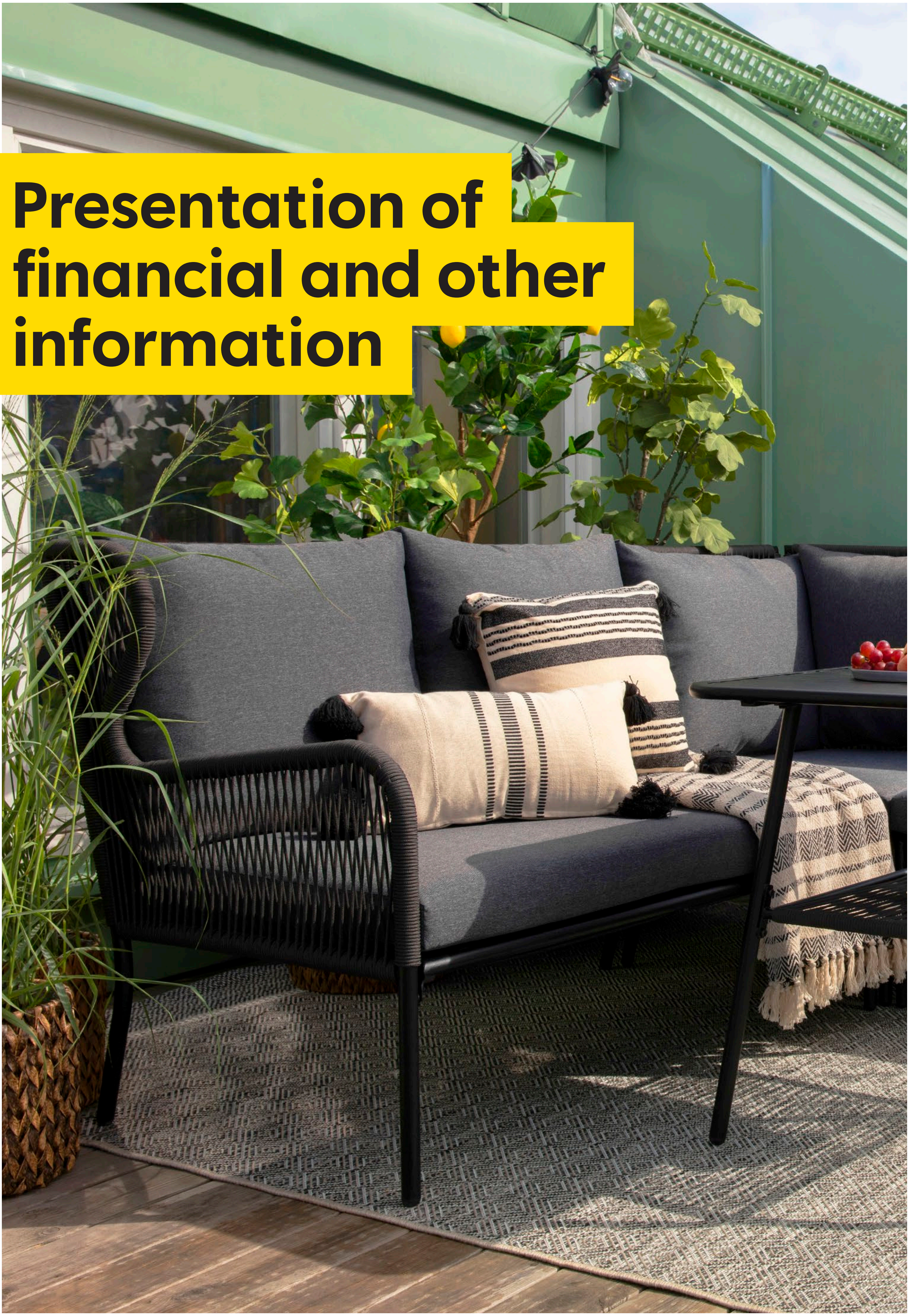
Under Swedish corporate law, shareholders enjoy rights and protections that may differ from the rights and protections typically provided to shareholders of a United States or a U.K. domestic company and to some extent the protections afforded to shareholders may be lower than the protections typically offered to shareholders of a United States or a U.K. domestic company. For example, under Swedish corporate law, it may be difficult, and dependent on the fulfilment of certain narrow requirements for a shareholder to receive access to Rusta's corporate records, to enforce a right of Rusta or claims on behalf of Rusta in case Rusta fails to enforce such rights themselves. Additionally, distribution of dividends from Swedish companies to foreign companies and individuals can be subject to non-refundable withholding tax, and not all receiving countries allow for deduction (see section "*Certain tax considerations in Sweden – Swedish tax consequences for shareholders with limited tax liability in Sweden*" for a more detailed description of the withholding tax). Also, the rights as a creditor may not be as strong under Swedish insolvency law as under United States law, U.K. law or other insolvency law, and consequently creditors may recover less in the event that Rusta is subject to insolvency compared to a similar case including a United States or a U.K. debtor.

Claims of United States civil liabilities may not be enforceable against Rusta

Rusta is incorporated under Swedish law. The members of Rusta's board of directors and group management are non-residents of the United States, and a substantial portion of Rusta's assets and the assets of such persons are located outside the United States. As a result, it may not be possible to serve process on such persons or Rusta in the United States or to enforce judgments obtained in United States courts against them or Rusta based on civil liability provisions of the securities laws of the United States.

The United States and Sweden do not currently have a treaty providing for recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon United States securities laws, would not automatically be recognised or enforceable in Sweden. In addition, uncertainty exists as to whether the courts in Sweden would entertain original actions brought in Sweden against Rusta or Rusta's board of directors or group management predicated upon the securities laws of the United States or any state in the United States. Any final and conclusive monetary judgment for a definite sum obtained against Rusta in United States courts would not be automatically recognised. Instead, new proceedings would need to be initiated before the competent court in Sweden. However, a judgment obtained in the United States may still have a strong evidentiary weight in Swedish proceedings, depending on the circumstances and the assessment of the court. If a Swedish court gives judgment for the sum payable under a United States judgment, the Swedish judgment will be enforceable by methods generally available for this purpose. These methods generally permit the Swedish Enforcement Authority (Sw. *Kronofogden*) discretion to prescribe the manner of enforcement. As a result, United States investors may not be able to enforce against Rusta or Rusta's board of directors or senior executives any judgments obtained in the United States courts in civil and commercial matters, including judgments under the United States federal securities laws.

Presentation of financial and other information



Presentation of financial and other information

Historical financial information

This Offering Memorandum contains:

- Rusta's audited consolidated financial statements of Rusta AB (publ) and its subsidiaries for the financial years 2020/2021, 2021/2022 and 2022/2023, which have been prepared in accordance with IFRS, as adopted by the EU, and audited by PwC in accordance with the audit report included on pages F-38–F-39 in section "*Historical financial information*".
- Rusta's unaudited consolidated financial statements of Rusta AB (publ) and its subsidiaries for the period 1 May–31 July 2023, which have been prepared in accordance with IAS 34 – Interim Financial Reporting and reviewed by PwC in accordance with the review report included on page F-9 in section "*Historical financial information*".

Apart from the historical financial information on pages F-10–F-37 and F-2–F-8, respectively, in section "*Historical financial information*" in this Offering Memorandum, no information in this Offering Memorandum has been audited or reviewed by the Company's auditor. For information concerning Rusta's significant accounting policies, see note 2 on pages F-14–F-19 in section "*Historical financial information*".

Alternative performance measures

In this Offering Memorandum, the Company presents certain key performance metrics, including certain key performance metrics and ratios that are not measures of financial performance or financial position defined under IFRS (so-called alternative performance measures). The alternative performance measures presented in this Offering Memorandum are not recognised measures of financial performance under IFRS, but measures used by the Company to monitor the performance of the Company's underlying business and operations. Alternative performance measures should not be viewed as substitutes for income statement, balance sheet or cash flow items computed in accordance with IFRS. The alternative performance measures do not necessarily indicate whether cash flows will be sufficient or available to meet the Company's cash requirements and may not be indicative of the Company's historical results, nor are such metrics meant to be predictive of the Company's future results. For further information on the Company's use of alternative performance measures and reconciliation of the alternative performance measures, see section "*Selected historical financial information – Key performance metrics*".

Rounding off

Certain figures in this Offering Memorandum, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances (i) the sum or percentage change of such numbers may not conform exactly to the total figure given and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. This is, for example, the case when financial information is presented in thousands, millions or billions, which primarily occurs in sections "*Selected historical financial information", "Operating and financial review*", "*Capitalisation and net indebtedness*" and "*Historical financial information*".

Currency

In this Offering Memorandum, all references to: (i) "**SEK**" are to the lawful currency of Sweden, "**KSEK**" indicate thousands of SEK and "**MSEK**" indicate millions of SEK, (ii) "**EUR**" are to Euro, the single currency of the member states of the EU participating in the European Monetary Union having adopted the Euro as its lawful currency, "**KEUR**" indicate thousands of EUR and "**MEUR**" indicate millions of EUR, (iii) "**USD**" are to the lawful currency of the United States, "**KUSD**" indicate thousands of USD and "**MUSD**" indicate millions of USD, (iv) "**NOK**" are to the lawful currency of Norway, "**KNOK**" indicate thousands of NOK and "**MNOK**" indicate millions of NOK, (v) "**GBP**" are to the lawful currency of the United Kingdom, "**KGBP**" indicate thousands of GBP and "**MGBP**" indicate millions of GBP, (vi) "**CNY**" are to the lawful currency of China, "**KCNY**" indicate thousands of CNY and "**MCNY**" indicate millions of CNY, and (vii) "**INR**" are to the lawful currency of India, "**KINR**" indicate thousands of INR and "**MINR**" indicate millions of INR.

Intellectual property

Rusta owns or has the rights to certain intellectual property used within its business. Rusta uses rights associated with such intellectual property to the extent permitted by applicable laws in effect.

Each trademark, trade name or service brand mentioned in this Offering Memorandum that does not relate to Rusta belongs to the holder of such trademarks, trade names and service brands. The trademarks, trade names and copyrights mentioned in this Offering Memorandum are presented without the symbol ™ solely for the sake of convenience.

Forward-looking statements

This Offering Memorandum contains various forward-looking statements which reflect Rusta's current view on future events as well as anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. The words "may", "shall", "expect", "believe", "estimates", "anticipates", "plans", "calculates", "prepares", "intends", "predicts", "attempts", "could", or, in each case, their negative or similar expressions or comparable terminology, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in this Offering Memorandum, including in sections "*Summary*", "*Risk factors*", "*Market overview*", "*Business description*", "*Operating and financial review*" and "*Dividends and dividend policy*" and include, *inter alia*, statements relating to:

- Rusta's strategy, outlook and growth prospects;
- Rusta's plans and targets for future products;
- Rusta's planned investments and future expansion;
- Rusta's operational and financial targets;
- general economic development and trends on the markets in which Rusta operates;
- the liquidity, capital resources and investments of Rusta;
- the competitive environment on the markets in which Rusta operates; and
- the impact of changes in regulations that Rusta is subject to.

Although Rusta believes that the expectations reflected in these forward-looking statements are reasonable, there are no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates that are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors, including, *inter alia*:

- positive or negative changes in economic conditions in the markets in which Rusta operates or in other markets that impact Rusta's operations;
- inability to manage the growth of Rusta;
- inability to maintain and develop Rusta's IT systems or data storage, including the security of the product offering, or to anticipate, manage or adopt technological advances within the industry of Rusta;
- inability to maintain IT security or protect Rusta's data storage;
- reliance on the senior executives and trained employees of Rusta; and
- failure to comply with applicable laws, regulation and codes of practice or changes to the regulatory environment in which Rusta operates.

Forward-looking statements speak only as of the date of this Offering Memorandum. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein. Rusta and the Selling Shareholders expressly undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or other regulations.

Certain terms used in the Offering Memorandum

For definitions of certain terms used in this Offering Memorandum as well as a glossary of other terms used in this Offering Memorandum, see section "*Definitions and glossary*".

Invitation to acquire shares in Rusta AB (publ)

Pursuant to the terms and conditions set out in this Offering Memorandum, investors are invited to acquire up to 45,537,840 existing shares in Rusta (excluding the Overallotment Option, as defined below) offered by the Selling Shareholders.

The price per share in the Offering will be determined through a book-building process. The final price per share in the Offering (the "**Offering Price**") will be set within the price range of SEK 43–50 (the "**Price Range**") by the Selling Shareholders in consultation with the Sole Global Coordinator. The Offering Price is expected to be announced through a press release around 19 October 2023.

To cover any overallotments in connection with the Offering, the Selling Shareholders will grant the Managers an option to acquire up to 6,830,675 additional existing shares from the Selling Shareholders (corresponding to approximately 15 per cent of the number of shares in the Offering) at the Offering Price (the "**Overallotment Option**"). The Overallotment Option may be exercised, in full or in part, during a period of 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm. If the Managers exercise the Overallotment Option in full, the Offering will comprise of up to 52,368,515 shares (corresponding to approximately 34.5 per cent of the total number of shares in the Company).

Based on the Price Range of SEK 43–50, the total value of the Offering amounts to approximately SEK 1,958–2,277 million (approximately SEK 2,252–2,618 million if the Managers exercise the Overallotment Option in full).

9 October 2023

The Selling Shareholders

Background and reasons

Rusta was founded in Uppsala, Sweden, in 1986 by Anders Forsgren and Bengt-Olov Forssell based on an idea born in 1979 during Forsgren's and Forssell's research studies at Uppsala University. Forsgren and Forssell created a retail concept where customers could shop everyday use products at the best possible prices. Anders and Bengt-Olov wanted to challenge the existing large retailers by combining the benefits of a wholesaler, importer and retailer into one concept, thereby being able to provide customers with good quality products at low prices. In 1986, the first Rusta store was opened in Gävle, Sweden, and as of the date of this Offering Memorandum, Rusta has 203 stores across Sweden, Norway, Finland and Germany.

Rusta's long-term vision is to make Rusta the leading and most trusted low-price retailer in Europe (see further under section "*Business description – Long-term vision*"). The Company's customer promise is to be a modern variety hard discount retailer, making it easy to renew and refill at home at surprisingly low prices. Rusta combines an offering of a wide and curated product assortment of everyday products with good quality that cover many frequent customer needs and wants at the lowest prices among comparable products[1] with a convenient and positive in-store shopping experience. Rusta had approximately 40 million customer transactions in the financial year 2022/2023, and approximately 79 per cent of individuals in Sweden aged 16–80 shopped at Rusta at least once in 2022.[2] Rusta's business model is based on a high degree of control over the value chain and efficient operations. With centralised product development, direct sourcing without intermediaries, large purchase volumes, efficient logistics and a fully controlled distribution network, Rusta aims to offer good quality products covering frequent needs and wants at low prices.

As of 30 April 2023, Rusta had 4,181 employees. In the financial year 2022/2023, Rusta generated SEK 10,202.3 million in net sales, and over the last three financial years, Rusta has had an average LFL growth[3] of 4.9 per cent and an average adjusted net profit margin[4] of 4.1 per cent (calculated based on the average LFL growth and adjusted net profit margin for the financial years 2022/2023, 2021/2022 and 2020/2021).

Rusta considers itself to be well-positioned for continued LFL and store network growth based on its well-invested operational platform comprising one common store concept, a multi-market store network, scalable IT systems, an efficient central fulfilment centre as well as an experienced management team and a product sourcing organisation that enables a high degree of control over the entire value chain. Rusta's long-term growth strategy focuses on four primary themes: (i) maintaining a low-price position and a differentiated assortment, (ii) continued organic and LFL growth, (iii) continued low-risk expansion of the store network and (iv) further increasing efficiency across the Company's value chain.

Rusta's core market is the variety hard discount markets in Sweden, Norway, Finland and Germany, comprising variety hard discount retailers with broad assortments with varying product category exposure and few stock keeping units ("**SKU**") per product category combined with hard discount prices. Between 2018 and 2022, the variety hard discount markets in Sweden, Norway and Finland are estimated to have grown from a total of SEK 48 billion to a total of SEK 67 billion, corresponding to a compound annual growth rate ("**CAGR**") of 8.9 percent. In 2021, Rusta had a market share of 14 per cent in the combined variety hard discount market in Sweden, Norway and Finland.[5] The expected growth in the variety hard discount markets in Sweden, Norway and Finland is expected to be driven by several underlying factors related to changing consumer behaviour and general economic conditions, which are expected to lead to increased price consciousness among consumers, shopping polarisation and increased appeal of discount retailers.[6]

1) Based on a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Nordic Variety Hard Discount Market and the German discount market, see further section "*Business description – Business overview – Rusta's product assortment*". Source: The Strategic Market Study.
2) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
3) LFL growth is an unaudited alternative performance measure that is not defined under IFRS. For more information about alternative performance measures, including definitions and the reason for why they are used, see section "*Selected historical financial information – Definitions and reconciliations of alternative performance measures*".
4) Adjusted net profit margin is an unaudited alternative performance measure that is not defined under IFRS. For more information about alternative performance measures, including definitions and the reason for why they are used, see section "*Selected historical financial information – Definitions and reconciliations of alternative performance measures*".
5) Source: The Strategic Market Study.
6) Source: The Strategic Market Study.

Rusta's board of directors and majority shareholders, supported by the group management, have made the assessment that a listing of the Company's shares on Nasdaq Stockholm is a natural step in the Company's development and its journey towards becoming the leading and most trusted low-price retailer in Europe. The shift in operational leadership from the founders to an external CEO, gradual involvement of the next generation's representatives and recruitment of an external chair of the board of directors have all been key steps in a professionalisation process of Rusta aimed at supporting the future development of the Company, while ensuring that the benefits of a family-owned business with long-term engagement from the founders is maintained. Furthermore, it is the opinion of the board of directors that the listing of the Company's shares on Nasdaq Stockholm will further increase the general awareness of the Company, which will improve Rusta's ability to attract and retain key employees, partners and customers as well as provide access to Swedish and international capital markets.

The Offering will solely consist of existing shares offered by the Selling Shareholders and the Company will not receive any proceeds from the Offering. In addition, the majority shareholders will retain a significant part of their respective shareholdings and will remain as committed shareholders after the completion of the Offering. The Company funds its own profitable growth and will not raise any funds in connection with the listing of its shares on Nasdaq Stockholm and the Offering. The Offering will therefore not result in any dilution of the number of shares and votes in the Company.

The board of directors of the Company is responsible for the contents in this Offering Memorandum. To the best of the board of directors' knowledge, the information contained in the Offering Memorandum is in accordance with the facts and the Offering Memorandum makes no omission likely to affect its import.

9 October 2023

Rusta AB (publ)

The board of directors

Terms and conditions

The Offering

The Offering comprises of a maximum of 45,537,840 shares (excluding the Overallotment Option) in Rusta offered by the Selling Shareholders. The Offering is divided into two parts:

(i) An offering to the general public in Sweden.[1)]

(ii) An offering to institutional investors in Sweden and abroad.[2)]

The outcome of the Offering is expected to be announced through a press release around 19 October 2023.

Overallotment Option

The Selling Shareholders will grant the Managers an overallotment option, which entails that the Managers may, within 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm, request to acquire up to 6,830,675 additional existing shares from the Selling Shareholders (corresponding to approximately 15 per cent of all shares in the Offering) at a price corresponding to the Offering Price. The Overallotment Option may only be exercised to cover any overallotment in connection with the Offering.

Distribution of shares

The distribution of shares between the two parts of the Offering will be based on demand. Distribution will be determined by the Selling Shareholders in consultation with the Sole Global Coordinator.

Book-building procedure

Institutional investors will be given the opportunity to participate in the Offering in a form of a book-building procedure, by submitting expression of interest. The book-building procedure commences on 10 October and runs until 18 October 2023.

The book-building procedure for institutional investors may be cancelled earlier or extended. Announcement of such cancellation or any extension will be made public through a press release before the end of the book-building period. For further information, see section "– *The Offering to institutional investors*" below.

Offering Price

The final Offering Price will be determined through the above-mentioned book-building procedure and is expected to be determined within the Price Range of SEK 43 to SEK 50 per share. The Price Range has been determined by the Selling Shareholders in consultation with the Sole Global Coordinator, based on a number of factors, including discussions with institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation and estimates regarding the Company's business opportunities and future profitability. The Offering Price to the public will not exceed SEK 50 per share. No commission will be charged. The final Offering Price will be determined by the Selling Shareholders in consultation with the Sole Global Coordinator and will be made public through a press release around 19 October 2023.

Application

The Offering to the general public in Sweden

Applications from the general public for the acquisition of shares must be made between 10 October 2023 and 18 October 2023 and relate to a minimum of 150 shares and a maximum of 21,000[3)] shares, in even lots of 10 shares.

Late application, as well as incomplete or incorrectly completed application form, may be disregarded. No additions or changes may be made to the text printed on the application form. Only one application per investor may be made. If more than one application is made, then Carnegie, Nordnet and Avanza reserves the right to only consider the first application received. Note that the application is binding. The Selling Shareholders, in consultation with the Sole Global Coordinator, reserves the right to extend the application period. Notification of such an extension will be given in a press release prior to the end of the application period.

Legal Entity Identifier (LEI) is a global identification code for legal entities that is mandatory for securities transactions. Registration for an LEI code must take place in ample time prior to application since this code must be stated on the application. More information about LEI requirements is available on the SFSA's website, www.fi.se. To be entitled to participate in the Offering and be allotted shares, legal entities must hold and state their LEI number.

1) To the public includes private individuals and legal entities in Sweden who register for the acquisition of a maximum of 21,000 shares.
2) Institutional investors include private individuals and legal entities who register for the acquisition of a maximum of 21,000 shares.
3) Persons who applies to acquire more than 21,000 shares must contact Carnegie, DNB and SEB in accordance with what is set out in section "– *Application – The Offering to institutional investors*" below.

National ID or National Client Identifier (NCI-number) is a global identification code for individuals that is mandatory for securities transactions. If you only have Swedish citizenship, your NCI number consists of the designation "SE" followed by your social security number. If you have several or something other than Swedish citizenship, your NCI number can be another type of number. For more information on how to obtain NCI numbers, please contact your local bank. Remember to find out your NCI number in good time as the number must be stated on the application.

Anyone wishing to use accounts with specific rules for securities transactions, such as endowment insurance (Sw. *kapitalförsäkring*), for the acquisition of shares in the Offering must clear with the bank or institution that provides their insurance if this is possible.

Applications of acquisition of shares must be made in accordance with instructions given below for each bank respectively. The Offering Memorandum is available on the Company's website (investors.rusta.com), Carnegie's website (www.carnegie.se) and Nordnet's website (www.nordnet.se).

Applications via Carnegie

Applicants applying to acquire shares through Carnegie must have a securities depository account or investment savings account (Sw. *investeringssparkonto*) with Carnegie.

For customers with an investment savings account with Carnegie, Carnegie will, if the application results in allotment, acquire the corresponding number of shares in the Offering for further sale to the customer at the Offering Price. The application may be submitted by contacting their advisor at Carnegie. If the applicant does not have an advisor, the applicant may contact Carnegie Private Banking.

Applications via Nordnet

Nordnet clients in Sweden can apply through Nordnet's webservice. Application to acquire shares is made via Nordnet's webservice and can be submitted from and including 10 October 2023 up to and including 15:00 (CEST) on 18 October 2023. To ensure that they do not lose their right to any allotment, Nordnet customers must have sufficient funds available in their account from 15:00 (CEST) on 18 October 2023 until the settlement date, which is expected to be 23 October 2023. Full details of how to become a Nordnet customer and the application procedure via Nordnet are available on www.nordnet.se. For customers that have an investment savings account at Nordnet, should an application result in allotment, Nordnet will purchase the equivalent number of shares in the Offering and resell the shares to the customer at a price corresponding to the price in the Offering.

Applications via Avanza

Persons applying to acquire shares through Avanza must hold a securities depository account or ISK at Avanza. Persons who do not hold a securities depository account at Avanza must open such account prior to submission of the application form. Opening a securities depositary account or ISK at Avanza is free of charge and takes approximately three minutes.

Depository account customers with Avanza can apply to acquire shares via Avanza's internet service. Applications via Avanza can be submitted from 10 October 2023 to and including 3:00 p.m. on 18 October 2023. To ensure that they do not lose their right to any allotment, Avanza depository account customers must have sufficient funds available in their depository account from 3:00 p.m. on 18 October 2023 until the settlement date, which is expected to be 23 October 2023. Full details of the application procedure via Avanza are available on Avanza's website (www.avanza.se).

The Offering to institutional investors

The application period for institutional investors in Sweden and abroad will take place during the period 10–18 October 2023. The Selling Shareholders, in consultation with the Sole Global Coordinator, reserve the right to shorten or extend the application period for the Offering to institutional investors. Announcement of such an extension will be made public by the Company through a press release. Expressions of interest from institutional investors in Sweden and abroad are to be submitted to Carnegie, DNB or SEB in accordance with certain instructions.

Employees

Employees of the Company who wish to acquire shares shall follow specific instructions from the Company.

Allotment

Decisions on allotment of shares will be made by the Selling Shareholders, in consultation with the Sole Global Coordinator, whereby the objective will be to achieve a strong institutional ownership base and a wide spread of shares among the general public in order to facilitate a regular and liquid trading of the Company's shares on Nasdaq Stockholm.

The Offering to the general public in Sweden

Allotment of shares does not depend on when the application is submitted during the application period. In the event of oversubscription, allotment may not take place or take place with a lower number of shares than the application refers to, whereby the allotment may take place in whole or partly by random selection. Application by certain customers at Carnegie, DNB and SEB may be given special considerations. In addition, employees, and certain closely related parties to the Company, as well as customers of Carnegie, DNB and SEB may be considered separately at allocation. Allocation of shares may also be made to employees of Carnegie, DNB, SEB, Avanza and Nordnet, however, without these being prioritized. In such a case, the allotment will take place in accordance with the Swedish Securities Market Association's (Sw. *Föreningen Svensk Värdepappersmarknad*) rules and the SFSA's regulations.

The Offering to institutional investors

Decision on allotment of shares within the framework of the Offering to institutional investors, as mentioned above, will be made with the aim for the Company to have a strong institutional ownership base. Distribution among the institutional investors who have submitted their expressions of interest is entirely discretionary.

Information on allotment and payment

The Offering to the general public in Sweden

The final allocation of shares is expected to take place around 19 October 2023. As soon as possible thereafter, a contract note will be sent out to those who have received allotment of shares in the Offering. Those who have not been allotted shares will not be notified. Full payment for allotted shares must be paid in cash not later than 23 October 2023 according to instructions on the contract note sent out.

Application received by Carnegie

Those who applied via Carnegie can receive information on allotment through their advisor or customer manager from 09:00 (CEST) on 19 October 2023. Funds for payment are to be available in the stated securities depository account or investment savings account on 19 October 2023.

Applications received by Nordnet

Clients who have applied through Nordnet's webservice will receive information about allotment by the allotted number of shares being booked against payment of funds in the specific account, which is expected on or about 19 October 2023. Note that funds for payment of allotted shares are to be available from 15:00 (CEST) on 18 October 2023 up to and including the settlement date which is expected to be on 23 October 2023.

Applications received by Avanza

Those who applied via Avanza's internet service will receive information on allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or about 9:00 a.m. on 19 October 2023. For Avanza customers, funds for allotted shares will be drawn not later than the settlement date of 23 October 2023. Note that funds for the payment of allotted shares are to be available from 3:00 p.m. on 18 October 2023 to and including 23 October 2023.

The Offering to institutional investors

Institutional investors are expected to receive information regarding allotment in particular order on or about 19 October 2023, after which contract notes will be sent. Full payment for allotted shares must be made in accordance with the contract note and against the delivery of shares not later than 23 October 2023.

Insufficient or incorrect payment

If full payment is not made in due time, allotted shares may be transferred to another party. If the selling price for such a sale were to be less than the Offering Price, the individual who was originally allotted these shares may have to pay the difference.

Registration and recognition of allotted and paid shares

Registration of allotted and paid shares with Euroclear Sweden, for both institutional investors and the general public, is expected to take place on or about 23 October 2023, after which Euroclear Sweden will distribute a notice stating the number of shares in the Company that have been registered in the recipient's securities account or service account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the respective nominee.

Admission to trading on Nasdaq Stockholm

Nasdaq Stockholm's listing committee has on 20 September 2023 resolved that the Company fulfils Nasdaq Stockholm's listing requirements. Nasdaq Stockholm will approve an application to admit the Company's shares to trading on Nasdaq Stockholm, subject to customary conditions, including that the Company submits such an application and fulfilment of the distribution requirement. It is expected that trading in the Company's shares will commence on or about 19 October 2023. This means that trading will commence before the shares have been transferred to the investors' securities accounts, service accounts, securities depository accounts or investment savings accounts and, in certain cases, before a contract note has been received, for further information see section "*Important information regarding the potential sale of allotted shares*".

This also means that trading will commence before the terms and conditions for completion of the Offering have been met. The trading will be conditional on this and if the Offering is not completed, any delivered shares shall be returned, and any payments shall be refunded.

The ticker for the Company's shares on Nasdaq Stockholm will be RUSTA.

Stabilisation

In connection with the Offering, Carnegie may carry out transactions intended to stabilise the market price of the Company's shares on a level that is higher than which might otherwise have prevailed in the market. Such stabilisation transactions may be carried out on Nasdaq Stockholm, OTC-markets or in other ways, and may be carried out at any time during the period beginning on the first day of trading in the share on Nasdaq Stockholm and ending not later than 30 calendar days thereafter. For further information, see section "*Legal considerations and supplementary information – Stabilisation*".

Announcement of the outcome of the Offering

The final outcome of the Offering is expected to be announced through a press release that will be available on the Company's website (investors.rusta.com) on or about 19 October 2023.

Right to dividend

The shares offered carry a right to dividends for the first time on the record date for dividends occurring immediately after the admission to trading of the Company's shares on Nasdaq Stockholm. Any dividend is paid after a decision by the general meeting. Payment will be administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the respective nominee. Right to receive dividend is limited to shareholders registered in the shareholder register maintained by Euroclear Sweden on the record date for dividend determined by the general meeting. For further information, see section "*Share capital and ownership structure*". For deductions for Swedish preliminary tax, see section "*Certain tax considerations in Sweden*".

Terms and conditions for completion of the Offering

The Offering is conditional on the Company, the Selling Shareholders and the Managers executing a placing agreement (the "**Placing Agreement**"), which is expected to take place on or about 19 October 2023. Further, the Offering is conditional on that the interest in the Offering, according to the Company and the Selling Shareholders, in consultation with the Sole Global Coordinator, is sufficient to enable trading in the share, certain terms of the Placing Agreement being fulfilled, and the Placing Agreement not being terminated. The Placing Agreement stipulates that the Managers' undertaking to procure purchasers of shares in the Offering is conditional on, *inter alia*, the Company's representations and warranties being true and correct and no events having occurred that have a material adverse effect on the Company or the market conditions. The Managers reserve the right to terminate the Placing Agreement until the settlement day of 23 October 2023 if any material adverse event occur, if any actual or alleged breach of the Company's representation and warranties or if some of the other conditions pursuant to the Placing Agreement are not fulfilled. If the above-mentioned conditions are not fulfilled and if the Managers terminate the Placing Agreement, the Offering may be terminated. In such cases, neither delivery nor payment will be carried out under the Offering. Under the Placing Agreement, the Company will undertake to indemnify the Managers against certain claims under certain conditions.

Important information regarding the potential sale of allotted shares

Notification of allotment for shareholders whose holdings are nominee-registered is made in accordance with the respective nominee's routines. Notification of allotment to the general public in Sweden who have applied to acquire shares in the Offering via a registration form will be made via a contract note, which is expected to take place around 19 October 2023. After payment for allotted shares has been received by Carnegie, Nordnet and Avanza, duly paid shares will be transferred to a securities account, service account or securities depository, as designated by the investor. The time required for sending contract notes, transferring payment, and transferring acquired shares to investors means that these investors will not have acquired shares available on such designated securities account, service account or securities depository until 23 October 2023, or a few days later.

Trading in the Company's shares on Nasdaq Stockholm is expected to take place around 19 October 2023. The fact that the shares are not available on the investor's securities account, service account or securities depository until at the earliest on 23 October 2023 may mean that the investor is not able to sell the shares on Nasdaq Stockholm from the day the trade in the shares has commenced, but only when the shares are available in the securities account, the service account, or the securities depository. The investor may, from and including 19 October 2023, be notified of the allotment. See further under section "*– Information on allotment and payment – The Offering to the general public in Sweden*" above.

Information about the processing of personal data

Carnegie

Parties who apply to subscribe for shares will submit personal data to Carnegie. Personal data that is submitted to Carnegie, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the Offering, is processed by Carnegie, as controller of the personal data, for the administration and execution of the offer. Processing of personal data also takes place to enable Carnegie to comply with its statutory duties.

Personal data may for a defined purpose – in observance of bank secrecy rules – occasionally be disclosed to other companies within the Carnegie Group or to undertakings which co-operate with Carnegie, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases Carnegie is also under a statutory duty to provide information, *e.g.*, to the Swedish Financial Supervisory Authority and the Swedish Tax Agency. You may read more about how the bank processes personal data at https://www.carnegie.se/en/personaldata/.

DNB

Investors acquiring shares in the Offering could be submitting personal data to DNB. Personal data submitted to DNB will be processed in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from sources other than the customary may also be processed. The personal data may also be processed in the data systems of companies or organisations with which DNB cooperates. Information pertaining to the treatment of personal information can be obtained from DNB, who also accepts requests from any correction of personal information. Address details may be obtained by DNB through an automatic process executed by Euroclear Sweden. Further information on how DNB processes personal data is available on DNB's website (www.dnb.se/se/sv/global/allmanna-villkor.html#Personuppgifter).

SEB

Those who acquire shares in the Offering will provide personal data to SEB. Personal data submitted to SEB will be processed in computer systems to the extent required to provide services and administer customer arrangements. Personal data that has been obtained from sources other than the customer may be processed. Personal data may also be processed in computer systems of companies or organizations with which SEB cooperates. Information regarding the processing of personal data is provided by SEB's office, which also receives requests for corrections of personal data. Address information may be collected from SEB through an automatic process provided by Euroclear Sweden.

Nordnet

In connection with acquiring shares in the Offering through Nordnet's online service personal data may be submitted to Nordnet. Personal data submitted to Nordnet will be processed and stored in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from other than the customer in question may also be processed. The personal data may also be processed in the data systems of companies or organizations with which Nordnet cooperates. All relevant personal data will be deleted when the customer relationship ends, in accordance with applicable law. Information on processing of personal data is provided by Nordnet, which also accepts requests for correction of personal data. For further information on how Nordnet processes and stores personal data, please contact Nordnet's customer service, email: info@nordnet.se.

Avanza

Avanza processes its customers' personal data in accordance with current personal data legislations. Personal data submitted to Avanza will be processed in data systems to the extent required to provide services and manage customer arrangements. Personal data obtained from sources other than the applicant may also be processed. The personal data may also be processed in the data systems of companies or organisations with whom Avanza cooperates. More information can be found on Avanza's website (www.avanza.se).

Other information

The fact that Carnegie, DNB and SEB are Joint Bookrunners, does not mean that either of the banks, respectively, considers applicants for the Offering (the "**Acquirer**") as customers of the bank. The Acquirer is considered a customer only if each bank respectively, have provided advisory services regarding the investment to the Acquirer or have otherwise contacted the Acquirer about the investment or if the Acquirer has registered via the respective bank's office or Internet bank. The consequence that the banks, respectively, do not consider the Acquirer to be a customer, the investment will not be subject to the rules regarding investor protection stipulated in the Swedish Securities Market Act (2007:528) (Sw. *lagen om värdepappersmarknaden*). This means, *inter alia*, that neither a so called client classification nor the suitability assessment will be applied regarding the investment. Accordingly, the Acquirer is responsible for ensuring that it has sufficient experience and knowledge to understand the risks associated with the investment.

Information to distributors

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("**MiFID II**"), (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) Chapter 5 of the Swedish Financial Supervisory Authority's regulations regarding investment services and activities (FFFS 2017:2) (jointly referred to below as "**MiFID II's product governance requirements**"), and with no liability to pay damages for claims that may rest with a "manufacturer" (in accordance with MiFID II's product governance requirements) that may otherwise be relevant, the Company shares have been subject to a product approval process whereby the target market for the Company shares comprises (i) retail clients, and (ii) investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II ("**the target market**"). Notwithstanding the assessment of the target market, distributors are to note the following: the value of the Company shares may decline and it is not certain that investors will recover all or portions of the amount invested; the Company's shares offer no guaranteed income and no protection of capital; and an investment in the Company shares is suitable only for investors who do not require a guaranteed income or protection of capital, who (either themselves or together with an appropriate financial advisor or other type of advisor) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The assessment of the target market does not impact the requirements in the contractual, statutory, regulatory or sales restrictions in relation to the Offering.

The assessment of the target market is not to be considered to be: (a) an assessment of suitability and appropriateness under MiFID II; or (b) a recommendation to any investors or group of investors to invest in, procure or take any other action regarding shares in the Company.

Each distributor is responsible performing their own assessment of the target market regarding the Company's shares and for deciding on suitable channels of distribution.

Market overview

Market overview

In this section, Rusta makes certain statements regarding the markets in which the Group currently operates, expected growth in such markets as well as regarding Rusta's competitive and market position. The information is based on Rusta's estimates and/or analyses relying on multiple sources, including an analysis that has been commissioned by Rusta and conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR and the third-party market report commissioned by Rusta in 2023 made by Roland Berger in February/March 2023 (the "**Strategic Market Study**"). It should be noted that the Strategic Market Study and market estimates presented in this Offering Memorandum are based on information available in February/March 2023.[1] Between the preparation of the Strategic Market Study and the publication of this Offering Memorandum, there have been economic and general developments that may not be reflected in the Strategic Market Study. Therefore, references to the Strategic Market Study should always be read in the context of the time of its preparation and circumstances that may have arisen after its preparation. The information on the market and the competitive situation is based on historical data as well as assumptions, estimates and methods that the Company believes to be reasonable. The information has been accurately reproduced and as far as Rusta is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, Rusta has not independently verified the information and therefore, its accuracy and completeness cannot be guaranteed. Rusta's competitors or other third parties may define their markets and market positions differently than Rusta, and may also define operations and performance measures in a manner that prevents comparison with the information presented by Rusta in this Offering Memorandum.

Market overview

Rusta's addressable market

Rusta's current addressable market is the discount markets in Sweden, Norway, Finland and Germany. The discount markets in Sweden, Norway and Finland[2] can be divided into (i) variety hard discount markets, comprising variety hard discount stores offering a broad product assortment with few SKUs per product category at hard discount prices (jointly, the "**Nordic Variety Hard Discount Market**"), and (ii) adjacent markets, which include variety assortment companies with soft discount prices, higher degrees of assortment depth and higher levels of in-store services and/or companies with a degree of variety store aspects, such as partially overlapping discount retailers where parts of the product assortment have a variety focus and hypermarkets (*i.e.*, large grocery stores), where food is typically the core product category but which have variety assortment elements, with hard or soft discount prices (jointly, the "**Nordic Adjacent Market**"). The product ranges in the discount markets in Sweden, Norway and Finland include, *inter alia*, product categories such as home decoration, DIY, consumables, seasonal, leisure, electric tools and accessories, car and boat accessories and canned food. In Sweden, Norway and Finland, the discount markets include, among others, well-known retailers such as Biltema, Dollarstore, Europris, Jula, Puuilo, Tokmanni and ÖoB in the Nordic Variety Hard Discount Market and, among others, Clas Ohlson, IKEA and Lidl in the Nordic Adjacent Market.[3]

In 2022, the discount markets in Sweden, Norway and Finland combined had an estimated value of SEK 153 billion, corresponding to an estimated 7.7 per cent penetration of the combined Swedish, Norwegian and Finnish retail markets with an estimated value of SEK 1,984 billion, whereas the discount market in Germany

1) Tokmanni announced in a press release on 7 July 2023 that it had entered into an agreement to acquire Dollarstore, and in a press release on 1 August 2023 that the acquisition had been completed. Consequently, the market data presented in this Offering Memorandum refers to the market conditions prior to the acquisition.
2) For a discussion concerning the German discount market, see section "– *Overview of the German Discount Market*" below.
3) Source: The Strategic Market Study.

had an estimated value of SEK 510–640 billion, corresponding to an estimated 8–10 per cent penetration of the German retail market.[1)]

During 2018–2022, the combined discount markets in Sweden, Norway and Finland are estimated to have grown from SEK 115 billion to SEK 153 billion, corresponding to a CAGR of 7.3 per cent, as compared to the combined retail markets in Sweden, Norway and Finland which are estimated to have grown from SEK 1,652 billion to SEK 1,984 billion in the same period, corresponding to a CAGR of 4.7 per cent.[2)]

The Nordic Variety Hard Discount Market (Rusta's current core market)

Rusta's current core market is the Nordic Variety Hard Discount Market. Variety hard discount retailers in the Nordic Variety Hard Discount Market typically emphasise low prices as a main competitive factor, have a limited number of SKUs per product category and offer limited additional services in-store to reduce costs. In addition, variety hard discount retailers are typically located in commercial parks.[3)]

The Nordic Variety Hard Discount Market was estimated to SEK 67 billion in 2022, corresponding to an estimated 3.4 per cent penetration of the combined retail market in Sweden, Norway and Finland. Between 2018 and 2022, the Nordic Variety Hard Discount Market is estimated to have grown from SEK 48 billion to SEK 67 billion, corresponding to a CAGR of 8.9 per cent, indicating a faster growth compared to both the Nordic Adjacent Market, which is estimated to have grown from SEK 67 billion to SEK 86 billion, corresponding to a CAGR of 6.2 per cent, and the combined retail market in Sweden, Norway and Finland, which is estimated to have grown from SEK 1,652 billion to SEK 1,984 billion, corresponding to a CAGR of 4.7 per cent.[4)]

Market development

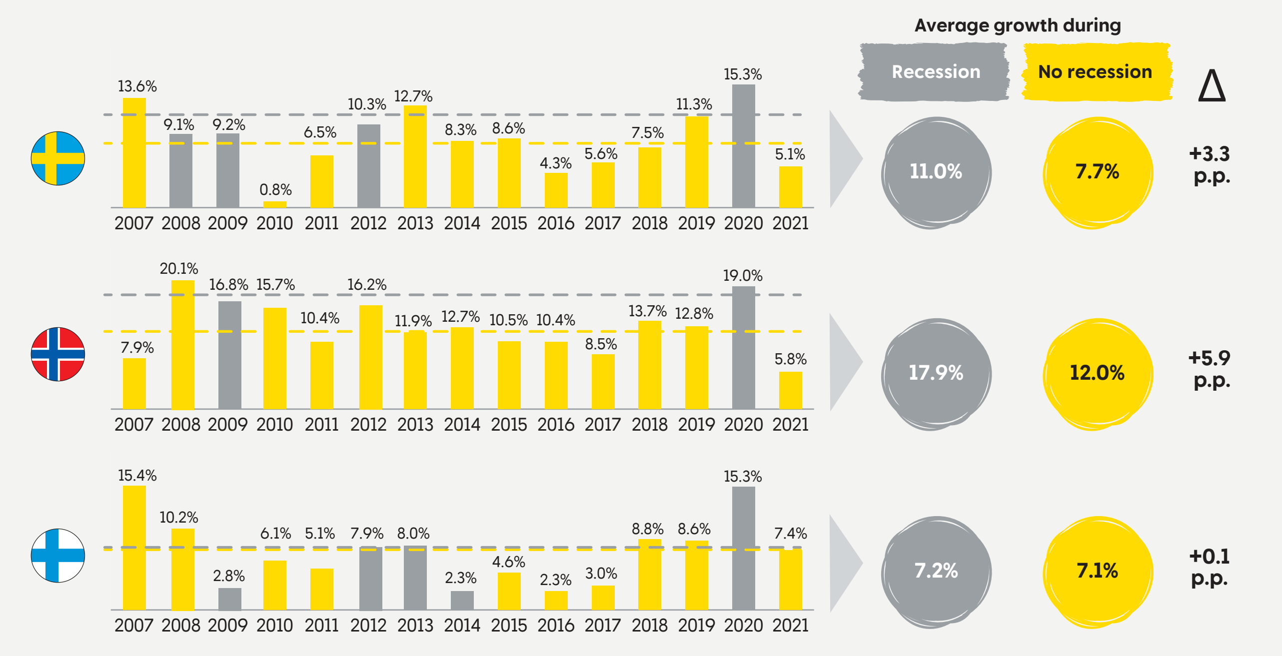
Resilient market with solid historical growth

The Nordic Variety Hard Discount Market has historically experienced solid growth and a higher growth rate than the combined retail market in Sweden, Norway and Finland. During 2018–2022, the variety hard discount markets in Sweden, Norway and Finland are estimated to have grown from SEK 21 billion to SEK 29 billion, from SEK 14 billion to SEK 20 billion and from SEK 13 billion to SEK 18 billion, respectively, as compared to the retail markets in Sweden, Norway and Finland, which are estimated to have grown from SEK 782 billion to SEK 922 billion, from SEK 491 billion to SEK 599 billion and from SEK 379 billion to SEK 463 billion, respectively.[5)] Accordingly, the Swedish, Norwegian and Finnish variety hard discount markets are estimated to have grown by a CAGR of 8.9 per cent, 9.0 per cent and 8.5 per cent, respectively, while the retail markets in Sweden, Norway and Finland are estimated to have grown by a CAGR of 4.2 per cent, 5.1 per cent and 5.1 per cent, respectively, during the same period.[6)]

In addition, the Nordic Variety Hard Discount Market has been resilient over time and has experienced growth regardless of the prevailing economic conditions. During the period 2007–2021, the estimated average market growth of the variety hard discount markets in Sweden, Norway and Finland during recessions[7)] has been 11.0 per cent, 17.9 per cent and 7.2 per cent[8)], respectively, while the estimated average market growth of variety hard discount markets in Sweden, Norway and Finland during periods of economic growth[9)], has been 7.7 per cent, 12.0 per cent and 7.1 per cent, respectively.[10)]

1) Source: The Strategic Market Study.
2) Source: The Strategic Market Study.
3) Source: The Strategic Market Study.
4) Source: The Strategic Market Study.
5) Source: The Strategic Market Study.
6) Source: The Strategic Market Study.
7) Recessions defined as periods of decreased gross domestic product in Sweden (during 2008–2009, 2012 and 2020), Norway (during 2009 and 2020) and Finland (during 2009, 2012–2014 and 2020).
8) Source: The Strategic Market Study.
9) Periods of economic growth defined as periods where the gross domestic product has not decreased in Sweden (during 2007, 2010–2011, 2013–2019 and 2021), Norway (during 2007–2008, 2010–2019 and 2021) and Finland (during 2007–2008, 2010–2011, 2015–2019 and 2021).
10) Source: The Strategic Market Study.

Core market growth per year during recession and not



Source: The Strategic Market Study.

The estimated average growth of the variety hard discount markets in Sweden, Norway and Finland has been 3.3 percentage points, 5.9 percentage points and 0.1 percentage points higher during periods of recession as compared to periods of economic growth, respectively.[1] Accordingly, the Nordic Variety Hard Discount Market has historically been boosted in periods of recession, thus displaying the resilience of Rusta's core market.

Core market with low penetration and strong growth prospects

In 2022, the value of the Nordic Variety Hard Discount Market was estimated to be SEK 67 billion, with SEK 29 billion representing the Swedish variety hard discount market, SEK 20 billion representing the Norwegian variety hard discount market and SEK 18 billion representing the Finnish variety hard discount market, while the estimated value of the combined retail market in these countries was SEK 1,984 billion, with SEK 922 billion representing the retail market in Sweden, SEK 599 billion representing the retail market in Norway and SEK 463 billion representing the retail market in Finland, respectively.[2] Accordingly, the variety hard discount markets in Sweden, Norway and Finland represented an estimated penetration rate of 3.2 per cent, 3.4 per cent and 3.8 per cent, respectively, in relation to the retail markets in these countries in 2022.[3] In addition, the penetration levels in the Swedish, Norwegian and Finnish variety hard discount markets are low compared to, for example, the U.S. variety hard discount market where the penetration of the retail market in 2022 was estimated to at least 9.0 per cent.[4] In addition, the average store growth within the variety hard discount markets in Sweden, Norway and Finland during the period 2017–2021 was 6.1 per cent, 4.1 per cent and 5.7 per cent, respectively, which compares to the U.S. variety hard discount market where the average store growth during the same period was approximately 3 per cent.[5]

1) Source: The Strategic Market Study.
2) Source: The Strategic Market Study.
3) Source: The Strategic Market Study.
4) Source: The Strategic Market Study.
5) Source: The Strategic Market Study.

During the period 2018–2022, the Nordic Variety Hard Discount Market is estimated to have grown by a CAGR of 8.9 per cent, which compares to the combined retail market in Sweden, Norway and Finland, which is estimated to have grown by a CAGR of 4.7 per cent.[1)] The low estimated penetration rate of 3.4 per cent of the Nordic Variety Hard Discount Market[2)] in relation to the combined retail market in Sweden, Norway and Finland as of 2022 is expected to support further growth of the Nordic Variety Hard Discount Market. In addition, the discount segment is more profitable than other market segments within the retail market, such as electronics, apparel, food, beauty and pet accessories. Based on a selection of companies within these market segments, the average EBIT margin within these market segments was 12 per cent in the discount segment, 8 per cent within pet segment, 6 per cent within the beauty segment, 6 per cent within the food segment, 3 per cent within the apparel segment and 2 per cent within the electronics segment.[3)] The Nordic Variety Hard Discount Market is expected to grow by an estimated CAGR of 8.4 per cent between 2022 and 2026, as a result of an expected boost from worsened general economic conditions and increased inflation rates as well as positive underlying market growth drivers (see further section "– *Structural trends favouring discount retailers*" below), which can be compared to the Nordic Adjacent Market which is expected to grow by a CAGR of 3.4 per cent during the same period.[4)]

Structural trends favouring discount retailers

The expected growth of the Nordic Variety Hard Discount Market is driven by several underlying factors related to changing consumer behaviour and general economic conditions, which are expected to lead to increased price consciousness among consumers, shopping polarisation and appeal of discount retailers.[5)]

Increasing price consciousness of consumers

In the short-term, during the period 2022–2024, the increased costs of living as a result of increased inflation, increased interest rates and weak development of disposable income is expected to increase the price consciousness of consumers. The real disposable income per capita in 2022 decreased by 1.1 per cent and 1.2 per cent in Sweden and Finland, respectively, and per household by 2.5 per cent in Norway compared to 2021.[6)] In 2023, the real disposable income per capita is expected to decrease by 1.4 per cent in Sweden and to increase by 0.9 per cent in Finland, whereas the real disposable income per household is expected to decrease by 2.8 per cent in Norway.[7)] The adverse development of the real disposable income among consumers in recent years is believed to have provided a basis for the structural shift in consumer behaviour and has laid a new foundation for the retail environment, which, together with increased inflation and interest rates, have caused consumers to rethink their purchasing behaviour and has instilled increased cost consciousness among consumers. The generally weak development of the real disposable income in these countries is expected to continue to increase the cost consciousness of consumers. This is expected to increase in-store traffic among discount retailers in the Nordic Variety Hard Discount Market, thereby compensating for the increased cost consciousness among consumers. In addition, the customers switching to discount retailers due to increased cost consciousness, thus increasing the in-store traffic among discount retailers, are expected to continue to shop at discount retailers when economic conditions improve.[8)] Along with the worsened general economic conditions described above, Rusta expects the increased transparency in the retail sector, driven by accessibility of information through the internet, which offers consumers more efficient tools to gather information and compare prices between retailers, to further increase consumers' price consciousness and their ability to identify the best prices available.

1) Source: The Strategic Market Study.
2) Source: The Strategic Market Study.
3) Based on public records within each market segments. The market segment electronics include Dustin (annual and sustainability report, September 1, 2021–August 31, 2022) and Komplett (annual and sustainability report, 2022). The market segment apparel includes Boozt (annual and sustainability report, 2022), H&M (annual and sustainability report, 2022) and Zalando (annual report, 2022). The market segment food includes Axfood (annual and sustainability report, 2022) and Kesko (annual report, 2022). The market segment beauty includes Matas (annual report, 2022/2023) and Lyko (annual and sustainability report, 2022). The market segment pet includes Musti (annual report, 2022). The market segment discount includes Europris (annual report, 2022), Puuilo (financial statements release, 2022), Tokmanni (year-end report, 2022), Pepco (annual report and consolidated financial statements, September 2022), Action (3i Action Capital Markets Seminar, March 23, 2023), Dollarama (consolidated financial statements, January 29, 2023 and January 30, 2022), Five Below (annual report, 2022), Ollie's Bargain Outlet (annual report, 2022) and B&M (preliminary results announcement, financial year 2023).
4) Source: The Strategic Market Study.
5) Source: The Strategic Market Study.
6) Source: The Strategic Market Study.
7) Source: The Strategic Market Study.
8) Source: The Strategic Market Study.

Shopping polarisation

During the period 2022–2027, the shopping polarisation among consumers is expected to increase. While the variety hard discount segment has historically mainly targeted less affluent consumers, it has over time won over a significantly wider group of consumers. More affluent consumers are changing their purchasing behaviour to purchase higher-end products in particular product categories more than before and to take advantage of low price offerings in other categories in order to compensate for the increased spending on high-end products, at the expense of brands and retailers with mid-market prices. Also, once consumers switch to discount retailers, they tend to stick with their choice over time rather than trading back up when economic conditions improve. Many of the customers that are expected to switch to discount retailers between 2022 and 2024 are also expected to continue to shop at discount retailers when economic conditions improve, thus limiting the risk of potential reversion among consumers when general economic conditions improve.[1)]

Increasing appeal of discount concepts

During the period 2022–2027, the acceptance of discount retailers among consumers is expected to increase as a result of consumers to a larger extent seeking solutions to their needs that have the lowest possible prices and, in particular, the optimal price to quality ratio.[2)] This is also expected to increase consumers' acceptance and tendency to opt for private label products of discount retailers with a high price to quality ratio, where the value added by a brand is typically perceived to be of less importance than the pricing of the products.[3)]

In addition, the abovementioned general economic conditions and the shopping polarisation are expected to lead to commercial parks located outside city centres, where variety hard discount retailers are particularly well-represented and where customers can fulfil many of their needs and wants in one visit, growing at the expense of more centrally located city centre retailers, thus positively affecting the growth of the Nordic Variety Hard Discount Market.[4)] In the Company's assessment, this is further supported by the increasing importance of convenience of shopping, which is driven by people living increasingly busy lives and therefore to a larger extent focusing on minimising the number of store visits and time spent in stores, which benefits companies with convenient shopping formats that offer a wide assortment meeting many customer needs in several product categories in one visit.

Competitive landscape in the Nordics

Overview

With its product assortment, Rusta competes in five product categories: Home Decoration, Consumables, Seasonal Products, Leisure and DIY. Rusta's competitive landscape in the discount markets in Sweden, Norway and Finland can be segmented into (i) competitors within the variety hard discount market and (ii) a broader group of adjacent competitors. Rusta's key competitor groups include hard discount variety assortment retailers with a concept similar to that of Rusta, offering a broad product assortment with limited depth and a high share of private label products, and soft discount variety assortment retailers with higher degrees of assortment depth, higher service levels in-store and soft discount prices, meaning that the role of the price represents a smaller part of the value proposition of soft discount variety assortment retailers compared to variety hard discount retailers. In addition to hard and soft discount variety assortment retailers, Rusta also competes with partially overlapping hard discount retailers where parts of the product assortment have a variety and low price point focus and partially overlapping soft discount retailers where only parts of the product assortment have a variety focus, but with soft discount prices. Lastly, hard discount hypermarkets (*i.e.*, large grocery stores), where food is typically the core product category, but with variety assortment elements and low prices, and soft discount hypermarkets where food is typically the core product category, but with variety assortment elements and soft discount prices, also compete with Rusta in some product categories.[5)]

Accordingly, Rusta's main competitors within the Nordic Variety Hard Discount Market are, by varying degrees and depending on product assortments, the variety hard discount retailers Biltema (in Sweden, Norway and Finland), Dollarstore (in Sweden)[6)], Europris (in Norway), Jula (in Sweden, Norway and Finland), Puuilo (in Finland), Tokmanni (in Finland)[7)] and ÖoB (in Sweden).[8)] Within the partially overlapping Nordic Adjacent Market, comprising hard and soft discount retailers and hard and soft discount hypermarkets, the Company also partially competes with retailers such as Clas Ohlson (in Sweden, Norway and Finland) and IKEA (in Sweden, Norway and Finland), as well as hypermarkets such as Lidl (in Sweden and Finland), Prisma (in Finland) and OBS (in Norway).[9)]

1) Source: The Strategic Market Study.
2) Source: The Strategic Market Study.
3) Source: The Strategic Market Study.
4) Source: The Strategic Market Study.
5) Source: The Strategic Market Study.
6) Tokmanni announced in a press release on 7 July 2023 that it had entered into an agreement to acquire Dollarstore, and in a press release on 1 August 2023 that the acquisition had been completed.
7) Tokmanni announced in a press release on 7 July 2023 that it had entered into an agreement to acquire Dollarstore, and in a press release on 1 August 2023 that the acquisition had been completed.
8) Source: The Strategic Market Study.
9) Source: The Strategic Market Study.

RUSTA	✔	✔	✔
Europris		✔	
Tokmanni[1]			✔
ÖoB	✔		
Dollarstore	✔		
Biltema	✔	✔	✔
Clas Ohlson	✔	✔	✔
Jula	✔	✔	✔
Puuilo			✔
IKEA *For reference*	✔	✔	✔

Rusta has a broad geographic presence compared to many of its peers.

1) Tokmanni announced in a press release on 7 July 2023 that it had entered into an agreement to acquire Dollarstore, and in a press release on 1 August 2023 that the acquisition had been completed. The information in the table above refers to the conditions prior to the acquisition.

Source: The Strategic Market Study.

Within the Nordic Variety Hard Discount Market, Rusta had an estimated market share of 14 per cent in 2021, an increase of 2 percentage points since 2017, meaning that Rusta has improved its market position from a top five position in 2017 to a top three position in 2021, while being the only retailer within the top six variety hard discount retailers in the Nordic Variety Hard Discount Market that has gained market share during the period.[1] During the same period, the combined market share of the other top five variety hard discount retailers within the Nordic Variety Hard Discount Market decreased from 68 per cent to 64 per cent.[2] According to a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Nordic Variety Hard Discount Market, comparable products among the peers included in the price benchmark were, on average, priced approximately 17 per cent higher than the Rusta products included in the price benchmark,[3] which Rusta believes to be the most important differentiator in the Nordic Variety Hard Discount Market. The corresponding figure including the Nordic Adjacent Market[4] amounted to 24 per cent.[5]

Sweden

In 2022, the Swedish discount market had an estimated value of SEK 53 billion, of which SEK 29 billion was represented by the Swedish variety hard discount market.[6] During 2018–2022, the Swedish variety hard discount market is estimated to have grown by a CAGR of 8.9 per cent, from SEK 21 billion in 2018 to SEK 29 billion in 2022.[7] The growth is estimated to have been driven by, among other factors, a growing DIY trend and an increased focus on home decoration among consumers, which was emphasised during 2019–2020 as a result of the COVID-19 pandemic when more time was spent in the home and the growth resulting from the growing DIY trend and increased focus on home decoration was particularly strong. Between 2022 and 2026, the Swedish variety hard discount market is expected to grow from SEK 29 billion to SEK 42 billion, representing a CAGR of 9.3 per cent, whereas the Swedish adjacent market is expected to grow from SEK 24 billion to SEK 27 billion, representing a CAGR of 3.0 per cent during the same period.[8] Rusta's key competitors in Sweden include Biltema, Dollarstore[9], Jula and ÖoB, among others.[10] According to a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Swedish variety hard discount market, comparable products among the peers included in the price benchmark were, on average, priced approximately 18 per cent higher than the Rusta products included in the price benchmark.[11] In addition, based on the same selection of comparable products, comparable products from Amazon included in the price benchmark were, on average, priced approximately 45 per cent higher than the Rusta products included in the price benchmark.[12] Set out below is an overview of Rusta's key competitors in Sweden.

1) Source: The Strategic Market Study.
2) Source: The Strategic Market Study.
3) Based on a selection of 20 products across Rusta's product categories with comparable counterparts of similar quality from Biltema (Sweden, Norway, Finland), Dollarstore (Sweden), Europris (Norway), Jula (Sweden, Norway), Puuilo (Finland), Tokmanni (Finland) and ÖoB (Sweden).
Source: The Strategic Market Study.
4) *I.e.*, also including Clas Ohlson (Sweden, Norway, Finland), IKEA (Sweden, Norway, Finland), OBS (Norway) and Prisma (Finland).
5) Source: The Strategic Market Study.
6) Source: The Strategic Market Study.
7) Source: The Strategic Market Study.
8) Source: The Strategic Market Study.
9) Tokmanni announced in a press release on 7 July 2023 that it had entered into an agreement to acquire Dollarstore, and in a press release on 1 August 2023 that the acquisition had been completed.
10) Source: The Strategic Market Study.
11) Based on a selection of 20 products across Rusta's product categories with comparable counterparts of similar quality from Biltema, Dollarstore, Jula and ÖoB. The corresponding figure including the Swedish adjacent market (*i.e.*, also including Clas Ohlson and IKEA) amounted to 21 per cent.
Source: The Strategic Market Study.
12) Source: The Strategic Market Study.

Company	Sales 21A (SEKbn)	HQ	# Stores in Sweden[1]	Share female shoppers	Assortment range					
					Consumables	Home decor.	Gardening	DIY	Leisure	Food
RUSTA	6	🇸🇪	109[2]	1 ~53%[3]	2 ✔	✔	✔	~	✔	✘
Biltema	7	🇸🇪	~59	~30%	~	~	✔	✔	✔	✘
Jula	6	🇸🇪	~62	~30%	~	~	✔	✔	✔	✘
Clas Ohlson	4	🇸🇪	~96	~30%	~	✔	~	✔	✔	✘
ÖoB	4	🇸🇪	~92	~48%	✔	✔	✔	~	✔	~
Dollarstore[4]	4	🇸🇪	~126	~43%	✔	✔	✘	✘	✔	✘

1 **Rusta has a higher share of female shoppers**

2 **Rusta has different category focus compared to the competitors**

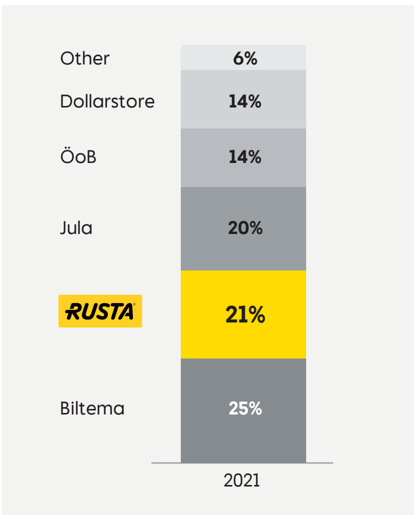
Core market
Adjacent market
✔ Strong presence/offering
~ Some presence/offering
✘ No presence/offering

1) Based on information in the latest publicly available financial reports for competitors as of the date of the Strategic Market Study.
2) As of 30 April 2023.
3) In Sweden in 2022. Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
4) Tokmanni announced in a press release on 7 July 2023 that it had entered into an agreement to acquire Dollarstore, and in a press release on 1 August 2023 that the acquisition had been completed. The information in the table above refers to the conditions prior to the acquisition.

Source: The Strategic Market Study.

Rusta's market share of the Swedish variety hard discount market in 2021 was estimated to 20.8 per cent, meaning Rusta has established itself as the second largest variety hard discount retailer in Sweden after Biltema based on net sales.[1]

Relative market share of Core market



Source: The Strategic Market Study.

1) Source: The Strategic Market Study.

Norway

In 2022, the Norwegian discount market had an estimated value of SEK 39 billion, of which SEK 20 billion was represented by the Norwegian variety hard discount market.[1] During 2018–2022, the Norwegian variety hard discount market is estimated to have grown by a CAGR of 9.0 per cent from SEK 14 billion in 2018 to SEK 20 billion in 2022,[2] which, similarly to Sweden, has been driven by a growing DIY trend and increased focus on home decoration among consumers, which was further increased as a result of the COVID-19 pandemic, as well as temporarily closed borders due to the COVID-19 pandemic, which reduced border trade by Norwegian consumers in other countries. Between 2022 and 2026, the Norwegian variety hard discount market is expected to grow from SEK 20 billion to SEK 27 billion, representing a CAGR of 7.7 per cent, whereas the Norwegian adjacent market is expected to grow from SEK 19 billion to SEK 22 billion, representing a CAGR of 3.3 per cent during the same period.[3] Rusta's key competitors in Norway include Biltema, Europris and Jula, among others.[4] According to a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Norwegian variety hard discount market, comparable products among the peers included in the price benchmark were, on average, priced approximately 23 per cent higher than the Rusta products included in the price benchmark.[5] Set out below is an overview of Rusta's key competitors in Norway.

1) Source: The Strategic Market Study.
2) Source: The Strategic Market Study.
3) Source: The Strategic Market Study.
4) Source: The Strategic Market Study.
5) Based on a selection of 20 products across Rusta's product categories with comparable counterparts of similar quality from Biltema, Europris and Jula. The corresponding figure including the Norwegian adjacent market (*i.e.*, also including Clas Ohlson, IKEA and OBS) amounted to 26 per cent. Source: The Strategic Market Study.

Company	Sales 21A (SEKbn)	HQ	# Stores in Norway[1)]	Share female shoppers	Assortment range: Consumables	Home decor.	Garden-ing	DIY	Leisure	Food
RUSTA	2	🇸🇪	44[2)]	1 ~54%[3)]	2 ✔	✔	✔	~	✔	1 ✘
Obs	// 60	🇳🇴	~31	~60%	~	✔	✔	✔	✔	✔
Europris	9	🇳🇴	~270	~40%	✔	✔	✔	✔	✔	✘
Biltema	5	🇸🇪	~67	~30%	~	~	✔	✔	✔	✘
Clas Ohlson	4	🇸🇪	~92	~30%	~	✔	~	✔	✔	✘
Jula	3	🇸🇪	~37	~30%	~	~	✔	✔	✔	✘

1 **Rusta combines non-food focus and large share of female shoppers**

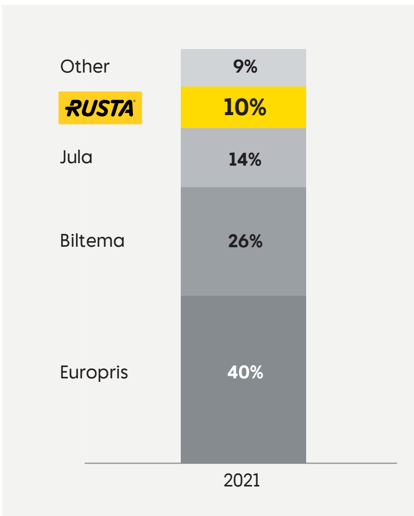
2 **Strong position in consumables, strengthening low price position and driving customer traffic**

- ☐ Core market
- ☐ Adjacent market
- ✔ Strong presence/offering
- ~ Some presence/offering
- ✘ No presence/offering

1) Based on information in the latest publicly available financial reports for competitors as of the date of the Strategic Market Study.
2) As of 30 April 2023.
3) In Norway in 2022. Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
Source: The Strategic Market Study.

Rusta's market share of the Norwegian variety hard discount market in 2021 was estimated to 10.2 per cent, meaning that Rusta has established itself as a top four variety hard discount retailer in Norway.[1)]

Relative market share of Core market



Source: The Strategic Market Study.

1) Source: The Strategic Market Study.

Finland

In 2022, the Finnish discount market had an estimated value of SEK 61 billion, of which SEK 18 billion was represented by the Finnish variety hard discount market.[1] During 2018–2022, the Finnish variety hard discount market is estimated to have grown by a CAGR of 8.5 per cent, from SEK 13 billion in 2018 to SEK 18 billion in 2022.[2] Between 2022 and 2026, the Finnish variety hard discount market is expected to grow from SEK 18 billion to SEK 24 billion, representing a CAGR of 7.7 per cent, whereas the Finnish adjacent market is expected to grow from SEK 43 billion to SEK 49 billion, representing a CAGR of 3.6 per cent during the same period.[3] Rusta's key competitors in Finland include Biltema, Puuilo, Tokmanni[4] and Jula, among others.[5] According to a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Finnish variety hard discount market, comparable products among the peers included in the price benchmark were, on average, priced approximately 12 per cent higher than the Rusta products included in the price benchmark.[6] Set out below is an overview of Rusta's key competitors in Finland.

Company	Sales 21A (SEKbn)	HQ	# Stores in Finland[1]	Share female shoppers	Assortment range: Consumables	Home decor.	Gardening	DIY	Leisure	Food
RUSTA	N/A	🇸🇪	40[2]	1 ~52%[3]	✔	✔	✔	~	2 ✔	✘
Prisma	38	🇫🇮	~83	~70%	✔	✔	~	~	✔	✔
Tokmanni[4]	12	🇫🇮	~196	~70%	✔	✔	~	~	✔	✔
Puuilo	3	🇫🇮	~30	~30%	~	~	✔	✔	✔	✘
Clas Ohlson	1	🇸🇪	~40	~30%	~	✔	~	✔	✔	✘
Biltema	1	🇸🇪	~17	~30%	~	~	~	✔	✔	✘
Jula	N/A	🇸🇪	~1	~20%	~	~	✔	✔	✔	✘

1 **Only non-food retailer with a high share of female shoppers**

2 **Strong offering in garden, home decoration and consumables relative to peers**

Core market
Adjacent market
✔ Strong presence/offering
~ Some presence/offering
✘ No presence/offering

1) Based on information in the latest publicly available financial reports for competitors as of the date of the Strategic Market Study.
2) As of 30 April 2023.
3) In Finland in 2022. Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
4) Tokmanni announced in a press release on 7 July 2023 that it had entered into an agreement to acquire Dollarstore, and in a press release on 1 August 2023 that the acquisition had been completed. The information in the table above refers to the conditions prior to the acquisition.

Source: The Strategic Market Study.

1) Source: The Strategic Market Study.
2) Source: The Strategic Market Study.
3) Source: The Strategic Market Study.
4) Tokmanni in a press release on 7 July 2023 that it had entered into an agreement to acquire Dollarstore, and in a press release on 1 August 2023 that the acquisition had been completed.
5) Source: The Strategic Market Study.
6) Based on a selection of 20 products across Rusta's product categories with comparable counterparts of similar quality from Biltema, Puuilo and Tokmanni. The corresponding figure including the Finnish adjacent market (*i.e.*, also including Clas Ohlson, IKEA and Prisma) amounted to 25 per cent. Source: The Strategic Market Study.

Rusta's market share of the Finnish variety hard discount market in 2021 was estimated to 8.0 per cent, meaning that Rusta, through the acquisition of Hong Kong in 2018, has established itself as a top three in variety hard discount retailer in Finland.[1]

Overview of the German discount market

In 2022, the discount market in Germany, consisting of (i) discount retailers (with a concept and offering similar to that of Rusta in terms of assortment and price position) and (ii) hard discount food retailers (where non-food revenue is counted towards the value of the German discount market), had an estimated value of SEK 510–640 billion, corresponding to an estimated 8–10 per cent penetration in relation to the German retail market.[2]

The German discount market is characterised by a large non-food product presence offered by food retailers, which have a significant foothold in Germany: approximately 15 per cent of food retailers' ranges typically consist of products that compete with Rusta's product assortment.[3] In addition, German consumers in all income brackets have a clear discount preference and German consumers are generally more focused on quality to price ratio rather than the brand of any given products.[4]

Rusta's key competitors in Germany include Aldi, Lidl, Rossmann, TEDi and Action, among others.[5] Similarly to Rusta's other geographic markets, Rusta is also a price leader in Germany. According to a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the German discount market, comparable products among the peers included in the price benchmark were, on average, priced approximately 23 per cent higher than the Rusta products included in the price benchmark.[6] Set out below is an overview of Rusta's key competitors in Germany.

				Assortment range					
Company	**Sales 21A (SEKbn)**	**HQ**	**# Stores in Germany[1]**	**Consumables**	**Home decor.**	**Gardening**	**DIY**	**Leisure**	**Food**
RUSTA	N/A	🇸🇪	8[2] (1)	✔	✔	✔	~	✔	✗
Aldi	306	🇩🇪	~4 186	✔	✔	~	~	~	✔
Lidl	297	🇩🇪	~3 242	~	✔	✔	~	✔	✔
Rossmann	74	🇩🇪	~2 231	✔	~	✗	✗	~	~
TEDi	19	🇩🇪	~1 650	✔	✔	~	~	~	✗
Action	10	🇳🇱	~435	✔	✔	~	✔	✔	~ (2)
ThomasPhilipps	6	🇩🇪	~250	✗	✔	~	~	✗	✗

(1) **Unique assortment range relative to peers**

(2) **Action is the closest peer to Rusta in Germany, however Rusta less focused on €1–2 price points that Action focuses on across its markets**

✔ Strong presence/offering
~ Some presence/offering
✗ No presence/offering

1) Based on information in the latest publicly available financial reports for competitors as of the date of the Strategic Market Study.
2) As of 30 April 2023.
Source: The Strategic Market Study.

1) Source: The Strategic Market Study.
2) Source: The Strategic Market Study.
3) Source: The Strategic Market Study.
4) Source: The Strategic Market Study.
5) Source: The Strategic Market Study.
6) Based on a selection of 20 products across Rusta's product categories with comparable counterparts of similar quality from Lidl, Rossmann, TEDi, Aldi, Action and Mäc-Geiz. Source: The Strategic Market Study.

Business description

Business description

Rusta in brief

Rusta is a leading company in the Nordic Variety Hard Discount Market.[1] Rusta's customer promise is to be a modern variety hard discount retailer making it easy to renew and refill at home at surprisingly low prices. Rusta combines an offering of a wide and curated product assortment of everyday products, with good quality that cover many frequent customer needs and wants at the lowest prices among comparable products[2], with a convenient and positive in-store shopping experience.

Rusta has a wide multi-geographic presence with a network of 203[3] stores across Sweden, Norway, Finland and Germany, complemented by its online sales channel, Rusta Online, in Sweden and Finland. Through its one common store concept used across its store network,[4] Rusta offers its customers a wide and curated assortment of products, which consisted of approximately 6,000 active SKUs as of 30 April 2023. The product assortment is aimed at covering many frequent needs and wants in one store visit with products for the customer's home, day-to-day necessities, seasonal products and products for an active lifestyle. The product assortment can be divided into the following five product categories: Home Decoration, Consumables, Seasonal Products, Leisure and DIY. Rusta's product assortment is focused on high volume products with high sales per SKU and combines a high share of private label products that are unique to Rusta with recognisable A-brand products from leading manufacturers. Private label products accounted for 64.4 per cent of Rusta's net sales in the financial year 2022/2023. By offering a high share of private label products as well as recognisable A-brand products, Rusta is able to combine the margin driving characteristics of private label products while also benefitting from the in-store traffic driving abilities of A-brand products that are widely recognised by customers.

Rusta's continued success in delivering on its customer promise is dependent on the perceived image of Rusta as a trusted leader with low prices and good quality. Supported by a pricing and product assortment strategy focused on low prices and high volume products and one common store concept aimed at ensuring a positive customer experience, Rusta believes it is able to ensure that Rusta has a relevant offering to a broad customer group as well as to maintain and enhance its perception among consumers as a discount retailer with low prices and good quality. Rusta believes that its success in ensuring a relevant offering to a broad customer group is demonstrated by its growing customer base. According to an analysis commissioned by Rusta, the number of Rusta customers has grown from approximately 5.9 million in 2020 to approximately 6.3 million in 2022[5] and the number of customer transactions processed by Rusta has increased from approximately 36 million in the financial year 2020/2021 to approximately 40 million in the financial year 2022/2023. Further, Rusta's customers in Sweden are divided fairly evenly regardless of age group, stage of life and gender (see further section "*– Business overview – Rusta's customers*" below)[6] and according to an analysis commissioned by Rusta, approximately 79 per cent of individuals in Sweden aged 16–80 shopped at Rusta at least once in 2022.[7] Together, these factors strengthen Rusta's belief that the Company has an offering that is relevant to a broad customer group and that it is well-positioned to deliver on its customer promise in its geographic markets.

In order to deliver on its customer promise, Rusta employs a business model based on having a high degree of control over the value chain, which in turn is enabled by utilising centralised product development, direct sourcing without intermediaries, large order volumes, an efficient logistics and distribution infrastructure and a marketing strategy integrated with the value chain. Rusta's product development is based on identified customer needs and demands, commercial potential for Rusta and compliance with Rusta's business model. This means that Rusta's sourcing model, logistics and distribution infrastructure as well as its marketing strategy and marketing platform are considered in every step of Rusta's product development process.

1) As of 2021, Rusta had the third largest market share, estimated to 14 per cent, in the Nordic Variety Hard Discount Market. Source: The Strategic Market Study.
2) Based on a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Nordic Variety Hard Discount Market and the German discount market, see further section "*Business overview – Rusta's product assortment*". Source: The Strategic Market Study.
3) As of the date of this Offering Memorandum.
4) As a result of the acquisition of the Finnish discount retailer Hong Kong in 2018, certain Rusta stores in Finland have additional outdoor sales areas focused on gardening products in addition to the regular Rusta store concept.
5) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
6) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
7) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.

By employing a direct sourcing model and by focusing on large order volumes from its suppliers, Rusta is able to develop and maintain long-term relationships with its suppliers, which enables Rusta to leverage large order volumes to achieve attractive purchase prices and thereby to offer its customers a curated assortment of products with good quality at low prices. Through its strategically located and well-invested central fulfilment centre, which is supported by automated forecasting, ordering and replenishment systems that seek to optimise the distribution operations and inventory levels, Rusta ensures a high degree of control over its logistics and cost efficient distribution of products from the fulfilment centre to its store network. In addition, the strategic geographic location of the fulfilment centre in relation to Rusta's store network enables fast store replenishments, with a one-day lead time for replenishment of approximately 64 per cent of the stores as of 31 July 2023. Rusta's marketing platform is an integrated part of its value chain. Through its multi-marketing touchpoints, consisting of weekly direct marketing leaflets, Rusta's membership loyalty programme, Club Rusta, TV and radio adverts, Rusta Magazine, social media and print ads, Rusta applies its campaign-driven marketing approach to acquire new customers as well as to drive in-store traffic, customer loyalty, frequency of customer visits and brand awareness.

Rusta believes that the wide and curated assortment and the strong perceived price image among customers have helped Rusta to increase its market share in a growing Nordic Variety Hard Discount Market. During the period 2017–2021, Rusta's market share on the Nordic Variety Hard Discount Market has increased from 12 per cent to 14 per cent.[1] In the financial years 2020/2021, 2021/2022 and 2022/2023, Rusta has increased its net sales every financial year and has generated net sales of SEK 8,632.8 million, SEK 9,490.2 million and 10,202.3 million, respectively, corresponding to a CAGR of 8.7 per cent during the period. In the financial years 2020/2021, 2021/2022 and 2022/2023, Rusta's LFL growth amounted to 7.0 per cent, 5.1 per cent and 2.5 per cent, respectively. During the financial year 2022/2023, Rusta's adjusted EBITA[2] amounted to SEK 543.9 million, corresponding to an adjusted EBITA margin[3] of 5.3 per cent. For the period 1 May – 31 July 2023, Rusta reported net sales of SEK 2,958.7 million and a LFL growth of 6.5 per cent. During the same period, Rusta's adjusted EBITA amounted to SEK 318.4 million, corresponding to an adjusted EBITA margin of 10.8 per cent.

Rusta's operations are centrally managed from its headquarters in Upplands Väsby, Sweden. As of 30 April 2023, Rusta had 4,181 employees, with 330 working at Rusta's headquarters, 453 at Rusta's fulfilment centre in Norrköping, Sweden, and 3,305 across Rusta's store network. Rusta has local sales organisations in each of the geographic markets in which Rusta operates as well as local sourcing offices across Asia. As of 30 April 2023, Rusta had 862 employees, 738 employees and 154 employees in its local sales organisations in Norway, Finland and Germany, respectively, and had 65 employees, 16 employees and 12 employees in its local sourcing offices in China, India and Vietnam, respectively.

Historical development

Rusta was founded in Uppsala, Sweden, in 1986 by Anders Forsgren and Bengt-Olov Forssell based on an idea born in 1979 during Forsgren's and Forssell's research studies at Uppsala University. Forsgren and Forssell created a retail concept where customers could shop everyday use products at the best possible prices. Anders and Bengt-Olov wanted to challenge the existing large retailers by combining the benefits of a wholesaler, importer and retailer into one concept, thereby being able to provide customers with good quality products at low prices. In 1986, the first Rusta store was opened in Gävle, Sweden, and since then, Rusta has expanded its store network to over 200 stores across Sweden, Norway, Finland and Germany.[4]

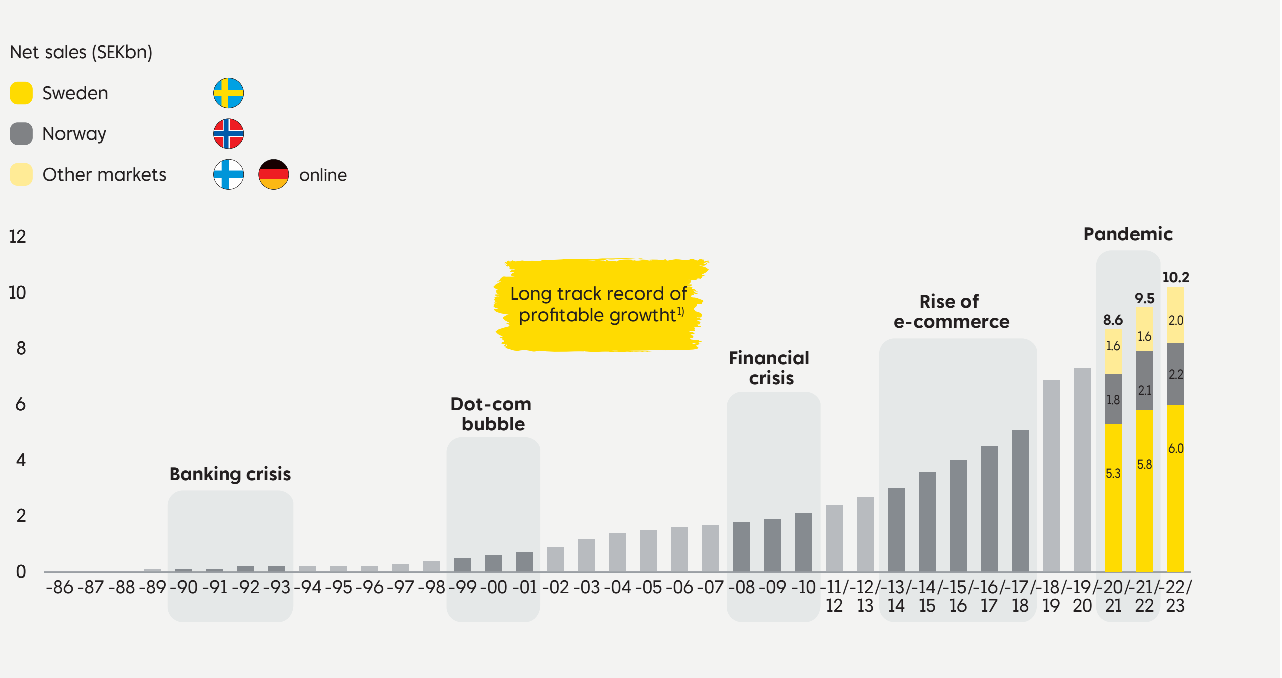
In 2010, Rusta's one common store concept was first introduced. The store concept has since been continuously improved through a number of initiatives aimed at improving the in-store customer shopping experience, which has enabled Rusta to position itself as a more modern variety hard discount retailer by implementing a clear in-store customer route and by ensuring a tidy, well-lit and uniform store appearance. In 2012, Rusta appointed an external CEO, thereby driving the transition away from being a founder-led company. Since then, Rusta has achieved a number of milestones on its journey to achieve its long-term vision of becoming the leading and most trusted variety hard discount retailer in Europe. Such milestones include geographic expansion through the opening of its first stores in Norway and Germany, its acquisition and turnaround of the Finnish discount retailer Hong Kong, the launch of Club Rusta and Rusta Online as well as reaching annual net sales exceeding SEK 10 billion.[5]

1) Source: The Strategic Market Study.
2) Adjusted EBITA is an unaudited alternative performance measure that is not defined under IFRS. For more information about alternative performance measures, including definitions and the reason for why they are used, see section "*Selected historical financial information – Definitions and reconciliations of alternative performance measures*".
3) Adjusted EBITA margin is an unaudited alternative performance measure that is not defined under IFRS. For more information about alternative performance measures, including definitions and the reason for why they are used, see section "*Selected historical financial information – Definitions and reconciliations of alternative performance measures*".
4) As of the date of this Offering Memorandum, Rusta has 203 stores.
5) Rusta's net sales in the financial year 2022/2023 was SEK 10,202.3 million.

Key milestones

- **1986:** Rusta is founded by Anders Forsgren and Bengt-Olov Forssell.
- **1986:** The first Rusta store is opened in Gävle, Sweden.
- **1987:** Rusta implements a direct sourcing model through the opening of its first central fulfilment centre in Gävle.
- **1990:** Rusta achieves a milestone of 10 stores with approximately 70 employees.
- **1995:** Rusta begins sourcing products directly from manufacturers in China.
- **1996:** Rusta opens its first local sourcing office in Hangzhou, China.
- **1999:** Rusta opens its first store in the Stockholm region.
- **1999:** Rusta's first televised advertisement is launched.
- **2010:** Rusta's one common store concept is first introduced.
- **2012:** Rusta transitions away from being a founder-led company and appoints an external CEO.
- **2013:** Rusta opens its local sourcing office in India.
- **2014:** Rusta implements a new business administration system and consolidates the systems used in the organisation at the time.
- **2014:** The first Rusta store outside of Sweden is opened in Norway.
- **2015:** The Norrköping central fulfilment centre is opened.
- **2015:** Rusta opens its local sourcing office in Vietnam.
- **2016:** Rusta's membership club, Club Rusta, is launched.
- **2017:** Rusta reaches the milestone 100 stores.
- **2017:** The first Rusta store in Germany is opened.
- **2018:** Rusta acquires the Finnish discount retailer Hong Kong.
- **2019:** One of Rusta's founders, Bengt-Olov Forssell, passes away.
- **2020:** Rusta Online is launched and Hong Kong stores are renovated and rebranded as Rusta stores.
- **2021:** The third planned expansion of the Norrköping fulfilment centre is completed.
- **2023:** Rusta reaches annual net sales of over SEK 10 billion, over 200 stores across Sweden, Norway, Finland and Germany and more than 5 million members in Club Rusta.

Profitable growth during +35 years under family ownership



1) Rusta has been profitable for 36 out of 38 financial years since its foundation in 1986 (based on operating profit).

Strengths and competitive advantages

Rusta believes it has the following strengths and competitive advantages, which have contributed to its positive development in recent years and which are expected to enable Rusta to realise its strategy and reach its medium term financial targets.

Resilient and structurally growing Nordic Variety Hard Discount Market

The Nordic Variety Hard Discount Market is resilient, as is evidenced by the fact that economic downturns historically have had a limited impact on the growth of the variety hard discount markets in the Nordic countries in which Rusta operates (*i.e.*, Sweden, Norway and Finland).[1] During the period 2007–2021, the estimated average growth of the variety hard discount markets in Sweden, Norway and Finland during the periods of recession[2] experienced was 11.0 per cent, 17.9 per cent and 7.2 per cent, respectively,[3] compared to the periods of economic growth[4] where the estimated average growth was 7.7 per cent, 12.0 per cent and 7.1 per cent, respectively[5], thus indicating that the Nordic Variety Hard Discount Market has been performing well during recessions.

The Nordic Variety Hard Discount Market was estimated to amount to SEK 67 billion in 2022, accounting for 3.4 per cent of the estimated combined retail market of SEK 1,984 billion in Sweden, Norway and Finland in 2022.[6] In recent years, the Nordic Variety Hard Discount Market has outperformed the combined retail market in Sweden, Norway and Finland. The Nordic Variety Hard Discount Market is estimated to have grown by a CAGR of 8.9 per cent during the period 2018–2022, while the combined retail market in Sweden, Norway and Finland is estimated to have grown by a CAGR of 4.7 per cent during the same period.[7]

The resilience and growth of the Nordic Variety Hard Discount Market is a result of several structural consumer trends in the general retail market. These include increasing consumer polarisation, resulting in consumers increasingly opting for low price or premium brands at the expense of brands with mid-market prices, increasing price consciousness among consumers driven by weakened general economic conditions, for instance increasing inflation rates, increasing the costs of living, thus affecting the disposable income among consumers, as well as an increasing appeal of discount concepts. These factors have generated a higher growth rate of the discount markets in Sweden, Norway and Finland compared to the general retail markets in these countries.[8] In addition, customers switching to discount retailers as a result of these structural trends are expected to continue to shop at discount retailers when economic conditions improve.[9] Based on these structural market trends, Rusta believes that the current levels of market penetration of the Nordic Variety Hard Discount Market in relation to the general retail markets in Sweden, Norway and Finland leave significant room for growth for the Nordic Variety Hard Discount Market. In Sweden, Norway and Finland, the estimated penetration of the variety hard discount markets in relation to the retail markets in these countries in 2022 was 3.2 per cent, 3.4 per cent and 3.8 per cent, respectively, and the Nordic Variety Hard Discount Market is expected to continue to grow by an estimated CAGR of 8.4 per cent between 2022 and 2026.[10] In addition, the penetration levels of the Swedish, Norwegian and Finnish variety hard discount markets are low compared to, for example, the U.S. variety hard discount market where the penetration of the retail market in 2022 was estimated to at least 9.0 per cent,[11] which Rusta believes to be an indicator of future growth potential in the Swedish, Norwegian and Finnish variety hard discount markets.

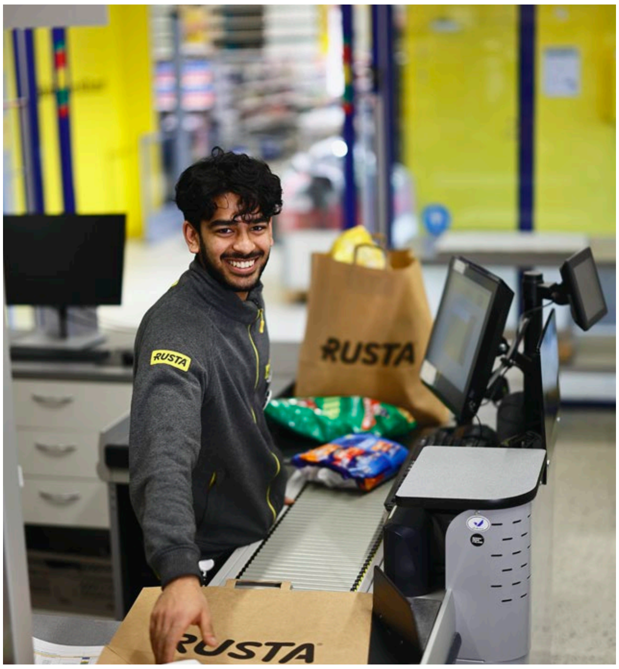
Attractive market position in the Nordics enabled by price leadership and differentiated product assortment

Rusta has a leading and attractive market position within the Nordic Variety Hard Discount Market. During the period 2017–2021, the Nordic Variety Hard Discount Market is estimated to have grown from SEK 43 billion to SEK 66 billion, corresponding to a CAGR of 11.0 per cent,[12] while Rusta's net sales increased with a CAGR of 17 per cent during the financial years 2017/2018–2021/2022. In addition, during the period 2017–2021, Rusta's estimated market share of the Nordic Variety Hard Discount Market increased by 2 percentage points, from 12 per cent to 14 per cent.[13] In other words, Rusta has outperformed its core market in terms of growth and simultaneously succeeded in increasing its market share in a growing market during the period.[14]

1) Source: The Strategic Market Study.
2) Recessions defined as periods of decreased gross domestic product in Sweden (during 2008–2009, 2012 and 2020), Norway (during 2009 and 2020) and Finland (during 2009, 2012–2014 and 2020).
3) Source: The Strategic Market Study.
4) Periods of economic growth defined as periods where the gross domestic product has not decreased in Sweden (during 2007, 2010–2011, 2013–2019 and 2021), Norway (during 2007–2008, 2010–2019 and 2021) and Finland (during 2007–2008, 2010–2011, 2015–2019 and 2021).
5) Source: The Strategic Market Study.
6) Source: The Strategic Market Study.
7) Source: The Strategic Market Study.
8) Source: The Strategic Market Study.
9) Source: The Strategic Market Study.
10) Source: The Strategic Market Study.
11) Source: The Strategic Market Study.
12) Source: The Strategic Market Study.
13) Source: The Strategic Market Study.
14) Source: The Strategic Market Study.

Rusta attributes its attractive market position and ability to gain market share in a growing, but competitive, Nordic Variety Hard Discount Market in large part to its low-price position and differentiated assortment of high volume products combining private label products and well-recognised A-brand products. Rusta's wide and curated product assortment as well as the prices of Rusta's products are essential to Rusta's ability to compete in the Nordic Variety Hard Discount Market and thereby Rusta's ability to deliver on its customer promise while remaining profitable. This is enabled by ensuring that new products are complementary to the existing assortment and are compatible with Rusta's sourcing model and its logistics and distribution infrastructure, while also taking into account price elasticity and the desired price position compared to Rusta's competitors. According to a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Nordic Variety Hard Discount Market, comparable products among the peers included in the price benchmark were, on average, priced approximately 17 per cent higher than the Rusta products included in the price benchmark,[1] which Rusta believes to be the most important differentiator in the Nordic Variety Hard Discount Market. The corresponding figure including the Nordic Adjacent Market[2] amounted to 24 per cent.[3]

Rusta's pricing strategy aims to protect and strengthen Rusta's low-price position, both in absolute terms in relation to its competitors and as perceived by consumers. To further enhance its low-price position, Rusta strives to offer the lowest comparable prices in the market, in particular on items with high price elasticity and which are bought frequently. In each of the geographic markets in which it operates, Rusta continuously monitors and carries out price comparisons against its main competitors on products that Rusta considers to be particularly important to the perceived price image of Rusta. Rusta believes that monitoring and carrying out price comparisons with respect to products of which customers have a good price perception and which are typically bought often, such as consumables, enable Rusta to react swiftly to changes in the market and its competitors' pricing strategies with respect to the products monitored as well as to maintain its position as a price leader in the Nordic Variety Hard Discount Market. Rusta's pricing strategy also includes competitive pricing of products that are deemed by Rusta to be particularly powerful in driving in-store traffic, for example shampoo and other consumables as well as deck wood flooring, garden furniture and other products for outdoor use in the months leading up to the summer season and, among others, Christmas lights in the months leading up to the Christmas season. Enabling Rusta to offer such products at attractive campaign prices is also a key part of Rusta's product development process.



Rusta further believes that its market position is supported by Rusta's differentiated product assortment. Rusta combines a high share of private label products unique to Rusta with recognisable A-brand products and offers its customers a differentiated range of high volume products covering many frequent needs and wants with respect to renewal and refilling at home. In addition to its year-around assortment, Rusta has a wide seasonal assortment shifting with the seasons aimed at further driving in-store traffic during seasonal periods. Through its seasonal assortment, Rusta also aims to ensure that customers have a reason to visit Rusta's stores and that they can discover new products year-around. Rusta's product assortment is aimed at providing products with commercial potential that are relevant to a broad customer group, and driving in-store traffic by providing a wide and differentiated assortment of products at low prices, thereby building average basket sizes, while ensuring that the products offered are well-suited for Rusta's value chain in terms of logistics, distribution and marketing.

1) Based on a selection of 20 products across Rusta's product categories with comparable counterparts of similar quality from Biltema (Sweden, Norway, Finland), Dollarstore (Sweden), Europris (Norway), Jula (Sweden, Norway), Puuilo (Finland), Tokmanni (Finland) and ÖoB (Sweden). Source: The Strategic Market Study.
2) *I.e.*, also including Clas Ohlson (Sweden, Norway, Finland), IKEA (Sweden, Norway, Finland), OBS (Norway) and Prisma (Finland).
3) Source: The Strategic Market Study.

Rusta is able to offer a differentiated product assortment of high volume products with high sales per SKU by constantly evaluating its assortment and limiting range depth, thus actively focusing on improving the functional width of its assortment to cover more frequent needs and wants as well as by offering products that complement the other parts of its product assortment while removing products with overlapping functionality. Large volumes on a limited number of SKUs allow Rusta to leverage large purchase orders to suppliers to achieve attractive purchasing terms, which in turn enables Rusta to maintain its low prices and market position.

Profitable business model

Agile and focused offering of volume products

Rusta has a wide and curated product assortment consisting of approximately 6,000 active SKUs[1]. The product assortment can be divided into five product categories: Home Decoration, Consumables, Seasonal Products, Leisure and DIY, and is aimed at offering customers an assortment covering many frequent needs and wants when they wish to renew or refill at home, regardless of season. Further, Rusta aims to have an assortment with broad functional width comprised of profitable high volume products. In addition to its year-around assortment, Rusta has a wide seasonal assortment shifting with seasons aimed at further driving in-store traffic during seasonal periods while ensuring seasonal relevance year-around. These factors allow Rusta to adapt its product promotions in response to changing customer demand.

Rusta's product assortment can also be divided into two principle categories: private label products, which are developed in-house and unique to Rusta, and A-brand products. During the financial year 2022/2023, 64.4 per cent of Rusta's net sales were generated through sales of Rusta's private label products. By developing products in-house and having a large part of its net sales deriving from private label products developed by Rusta, the Company is able to combine competitive pricing, good margins and a high degree of quality control. In addition, it allows Rusta to tailor its offering to long-term changing customer trends and market conditions, while also providing a high degree of control over featured products in its stores and its marketing materials in the short-term.

Rusta believes that its private label product offering is an essential part of its strategy to maintain its low-price position. By constantly evaluating its product assortment and by limiting its range depth, thus removing or replacing low volume products and products with overlapping functionality, Rusta aims to ensure a broad functional width of its product assortment while also focusing on high volume private label products, which have higher margins compared to A-brand products. This enables Rusta to leverage large order volumes when negotiating with its suppliers to achieve attractive purchasing terms and to increase the efficiency of shipping and distribution of products, which in turn enables Rusta to sell its products at lower prices while remaining profitable.

In addition to its curated assortment of private label products, Rusta offers recognisable A-brand products aimed at driving in-store traffic and generating additional sales. A-brand products are particularly prominent in the product category Consumables. By offering both private label products and A-brand products, Rusta is able to combine the margin driving characteristics of private label products and the in-store traffic driving abilities of A-brand products. In 2021, Rusta's average net sales per SKU was approximately SEK 1.6 million,[2] which is approximately four times more than the average of the discount retailers that Rusta considers to be some of its main competitors in the Nordic countries in which Rusta operates in 2021[3].

Direct sourcing with a high degree of control

Rusta utilises a direct sourcing model with a high degree of control over the sourcing of its private label products. Rusta designs its private label products in-house, with its sourcing, logistics and marketing set-up taken into account in every step of the product development. Rusta's product development is based on three key components: (i) identified customer needs and demands, (ii) commercial potential for Rusta and (iii) compliance with Rusta's business model. Meeting customer needs and demands, meaning that products are developed based on what the customer wants while also being relevant to a broad customer group is a key factor in having a customer-focused assortment. Each product developed should also have a clear purpose and be able to meet the lowest prices on comparable products offered by Rusta's competitors while remaining profitable, thus show commercial potential for Rusta. In addition, all of Rusta's products must be developed with Rusta's entire business model and value chain in mind, meaning that Rusta's sourcing, logistics and distribution infrastructure, quality and sustainability requirements as well as its sales and marketing strategy are considered throughout the product development process. By designing its private label products in-house with these components in mind, Rusta is able to secure a high degree of control and optimise the efficiency of its sourcing.

1) As of 30 April 2023.
2) Excluding spare parts and SKUs with sales amounting to less than SEK 1,000 during the last 12 months.
3) Competitors represented by Puuilo, OBS, Clas Ohlson, Normal, ÖoB, Dollarstore, Europris, Tokmanni, Biltema and Jula.
Source: The Strategic Market Study.

As part of its sourcing strategy, Rusta focuses on developing and maintaining long-term relationships with its suppliers and on increasing order volumes with suppliers used, thereby cutting the tail of smaller suppliers. By doing so, Rusta is able to leverage large order volumes to achieve better purchasing terms and utilise its long-term relationships with suppliers to increase the efficiency in its sourcing process, which results in lower costs associated with Rusta's sourcing. Rusta also strives to ensure a broad geographic supplier base in order to avoid being dependent on suppliers from a certain country or area. As a result, Rusta has a diversified supplier base and does not rely on any single supplier for its sourcing. In the financial year 2022/2023, the top 20 suppliers used by Rusta accounted for approximately 30 per cent of Rusta's costs of goods sold. To further reduce the purchasing prices, Rusta exposes its suppliers to competition by having them compete on tenders for the production of products, where Rusta's high order volumes makes being a supplier to Rusta an attractive opportunity for suppliers. The tender process is also used to ensure the quality of products sourced, by Rusta evaluating the suppliers based on their responses to tenders before production begins, as well as continuously during the production process as needed.

Rusta sources its products from Asia, Sweden and other European countries. In the financial year 2022/2023, products sourced from Asia, Sweden and other European countries[1)] accounted for 36.7 per cent, 42.9 per cent and 20.4 per cent, respectively, of Rusta's total costs of goods sold, which amounted to SEK 6,015.8 million. By utilising a direct sourcing model and limiting the number of suppliers used, Rusta is able to better control and monitor that suppliers meet the quality and sustainability requirements placed on Rusta's suppliers and the products sourced. To assist its sourcing operations managed from its headquarters in Sweden and supported by its local sourcing team in Finland, Rusta also uses local sourcing offices in China[2)], India[3)] and Vietnam[4)] (the products sourced from the local sourcing offices in these countries accounted for 29.2 per cent, 5.7 per cent and 1.8 per cent, respectively, of Rusta's costs of goods sold in the financial year 2022/2023). These local sourcing offices are a key part in enabling Rusta to build closer relationships with its suppliers, thereby facilitating an efficient sourcing process and lower costs associated with sourcing, and in strengthening Rusta's control over its sourcing, *inter alia* by facilitating implementation of announced and unannounced visits to supplier facilities and sampling of products produced.

1) Other European countries also include costs of goods sold originating from the rest of the world (excluding Asia and Sweden).
2) Sourcing from the sourcing office in China includes costs of goods sold originating from China, Taiwan and Hong Kong.
3) Sourcing from the sourcing office in India includes costs of goods sold originating from India, Pakistan and Bangladesh.
4) Sourcing from the sourcing office in Vietnam includes costs of goods sold originating from Vietnam and Singapore.

Sustainability as an inherent part of Rusta's business model

Rusta considers sustainability to be an inherent part of its business model and Rusta's long-term vision in terms of sustainability is to be the most sustainable low-price company within the variety hard discount markets in which the Company operates. Further, Rusta believes sustainability to be an increasingly important metric that consumers base their purchase decisions on, particularly in the long-term, both in terms of the individual products purchased and retailers chosen to purchase from. Rusta's sustainability strategy is based on four key areas of sustainability: Products, Social, Environment and Economic, in which Rusta aims to achieve long-term improvements.

- **Products**: Rusta believes that sustainable products are essential to its efforts to create and increase trust among customers. To do so, Rusta needs to be able to offer its customers safe, durable and fully functional products with good quality while maintaining low prices. Rusta believes that by actively working to maintain and increase quality in its product assortment, by designing products to last longer that can also be repaired, reused and recycled as well as by decreasing the share of products returned by customers due to defects, the sustainability of its product assortment and customer offering is increased. Between the financial year 2011/2012 and the financial year 2021/2022, Rusta has managed to decrease the share of products returned by customers due to defects from approximately 0.37 per cent, to approximately 0.05 per cent, of the products sold.
- **Social**: Rusta's social sustainability efforts are based on its external code of conduct, setting out eight principles related to health and safety, labour standards and wages, environmental hazards and business ethics, to which a Rusta supplier must adhere in order to be used as a supplier by Rusta. In addition to these basic minimum requirements, Rusta's code of conduct also contains several requirements concerning good working conditions, health and safety regulations, business ethics and environmental regulations, along with protection of animals and threatened species. Rusta continuously monitors that the code of conduct is always being adhered to by suppliers of Rusta's private label products, and suppliers are rated by Rusta based on how well they comply with the code of conduct. Adhering to the code of conduct also includes a requirement that employees of Rusta's local sourcing offices have the right to, at any time, make announced or unannounced visits to all suppliers producing private label products for Rusta. Based on its code of conduct, Rusta works actively for the respect and protection of human rights and to continuously improve the performance of Rusta and its suppliers of private label products in relation to the goals set out in its code of conduct.
- **Environment**: Rusta develops its private label products with environmental sustainability in mind and is committed to care for the planet. Rusta works together with its suppliers to continuously improve its environmental performance. The environmental performance of all potential suppliers of Rusta is screened and evaluated before the suppliers are approved to produce products for the Company. Rusta also aims to increase the share of recycled materials used in its private label products and discloses the share of recycled materials in all of its private label products, both with respect to the products themselves and the product packaging. For example, Rusta increased the share of recycled materials used in the product categories Home Decoration, DIY and Leisure by approximately 25 percentage points, 45 percentage points and 15 percentage points, respectively, between the financial years 2020/2021 and 2021/2022.
- **Economic**: By having a structured approach to its sustainability work, Rusta's key focus areas Products, Social and Environment together pave the way for a sustainable business, which offers Rusta's customers value for money while enabling Rusta to see past short-term profits to reach long-term sustainability objectives and to grow its business with partners and suppliers that prioritise sustainability, thus also enabling an economically sustainable business.

Efficient marketing and high loyalty

For the purpose of driving in-store traffic and frequency of visits while simultaneously building its brand, Rusta has developed an efficient multi-channel marketing platform, which is used to promote Rusta's products and brand across a number of channels, including weekly direct marketing leaflets, Club Rusta, TV and radio adverts, Rusta Magazine, social media and print ads.

Rusta's marketing is largely campaign driven with weekly campaigns optimised to drive in-store traffic and frequency of visits by customers. Based on its continuous evaluation of the success and efficiency of its marketing campaigns, Rusta has developed a marketing process that is integrated with its business model and supply chain, allowing Rusta to push products that are particularly efficient in driving in-store traffic.

Rusta's peak selling periods are typically the months leading up to and including the summer holidays (April–July) and the months leading up to Christmas (November–December) and as a result, Rusta's net sales and gross profits have historically been at their highest in the first quarter (May–July) and the third quarter (November–January) of Rusta's financial year. Rusta attributes this in large part to its product assortment with a strong seasonal offering that makes Rusta an attractive shopping destination particularly during seasonal periods, which is further supported by Rusta's campaign driven marketing. Rusta's marketing campaigns follow a clear

seasonal pattern and use seasonal themes to promote different products depending on the season with the aim of further driving in-store traffic and sales of both seasonal products and year-around products as well as add-on sales. For example, in the financial year 2022/2023, the share of customer transactions containing campaign products was approximately 48 per cent, whereas the share of the average basket size represented by campaign products was approximately 27 per cent, displaying Rusta's success in utilising its marketing campaigns to drive in-store traffic while also increasing add-on sales.

In 2016, Rusta launched its membership loyalty club, Club Rusta, offering members, among other things, membership prices for campaign products and customised campaign offers. In turn, Club Rusta allows Rusta to promote its brand and products towards many of its customers in an efficient and cost effective manner. Since its launch, Club Rusta has grown rapidly and as of 30 April 2023, Rusta had approximately 4.97 million individual Club Rusta members in Sweden, Norway, Finland and Germany. Club Rusta members accounted for 79.0 per cent of Rusta's net sales of SEK 10,202.3 million during the financial year 2022/2023 based on the weighted average of Sweden, Norway, Finland and Germany.

Well-invested and cost efficient operational platform

Rusta has a well-invested and cost efficient operational platform, with a uniform store concept, a multi-market store network, scalable IT systems, an efficient central fulfilment centre and an experienced management team, without any current needs for significant investments in the coming years. Rusta has made significant investments in recent years to develop its value chain, including by investing in developing its IT platform, fulfilment centre and logistics and distribution infrastructure.

Rusta's supply chain is centred around a well-invested centralised fulfilment centre in Norrköping, which facilitates a high degree of control over its logistics and cost efficient distribution of products from Norrköping to Rusta's stores. The Norrköping fulfilment centre was opened in 2015 and has been gradually expanded to its current capacity with a total area of approximately 196,000 square meters of storage space, which Rusta expects will cover the Company's storage needs for the next ten years. The logistics structure is supported by efficient automated forecasting, ordering and replenishment systems as well as automated high-bay storage. The Norrköping fulfilment centre is strategically located in close proximity of the Norrköping harbour, which is a deep sea harbour, where many of Rusta's products shipped by sea arrive, facilitating efficient distribution of Rusta's products to its fulfilment centre for further distribution to its store network. The fulfilment centre's strategic geographic location in relation to Rusta's store network enables fast store replenishments, with a lead time for replenishment of one day in approximately 64 per cent of Rusta's stores and up to three days for the remaining stores across Rusta's store network as of 31 July 2023. In addition, the size and location of the fulfilment centre also allows Rusta to store unsold high-margin products that are characterised by low trend risk if needed, thereby reducing the need to rely on price reductions to dispose of excess or slow-moving products as a result of weaker than estimated sales during, for example, seasonal periods.

In addition, in connection with entering the Norwegian market in 2014, Rusta made focused investments in its IT systems to support the development of its supply chain, including a consolidation of the systems used across the organisation. Following these investments into its IT systems, Rusta has a modern automated forecasting, ordering and replenishment system with an integrated solution for assortment, pricing and campaigns, which Rusta believes to have a favourable effect on its operations by improving the on-shelf availability of products and supporting high inventory turnover rates.

Profitable one common store concept

In 2010, Rusta first introduced its one common store concept with a controlled store flow and customer route, which has since been continuously improved through a number of initiatives aimed at improving the in-store customer shopping experience, thereby supporting Rusta's efforts to position itself as a modern variety hard discount retailer. Rusta's store concept is aimed at governing the customer shopping experience by controlling and optimising store flow and the customer route as well as by making shopping at Rusta a convenient and positive experience. The one common store concept is also intended to ensure that the store concept is familiar to customers and that Rusta's stores have a clear and ordered layout as well as uniform product displays with clear lighting. In addition, having one common store concept is essential to Rusta's efforts to create a more unified and recognised brand image among consumers and to simplify Rusta's operations in terms of logistics, store replenishment and the expansion of its store network.

Rusta continuously monitors the performance and profitability of its stores. In Sweden and Norway, where Rusta is the most well-established as a result of successful long-term marketing efforts and having been established for a longer period compared to its other geographic markets (*i.e.*, Finland and Germany), 100 per cent of the stores included in the like-for-like estate were profitable[1] in the financial year 2022/2023, whereas approximately 85 per cent of the stores included in the like-for-like estate in Finland and Germany were profitable[2] in the financial year 2022/2023. The average store contribution margin for the Swedish and the Norwegian like-for-like estate was 22.9 per cent and 21.0 per cent, respectively, while the corresponding combined figure for the Finnish and German like-for-like estate was 9.9 per cent during the financial year 2022/2023.[3]

Rusta's one store concept and strategy for the opening of new stores has historically been efficient in ensuring fast payback of investments made to open new stores. As of 30 April 2023, Rusta had a store network consisting of 201 stores, with 109 stores in Sweden, 44 stores in Norway, 40 stores in Finland and 8 stores in Germany. In the financial years 2020/2021, 2021/2022 and 2022/2023, 11, 15 and 14[4] new Rusta stores were opened, respectively. The average capital expenditure per new store opened in the financial years 2020/2021 and 2021/2022 was SEK 4 million, whereas the average payback period for the investments made in connection with establishing the stores opened during the financial years 2020/2021 and 2021/2022 was approximately 0.9 years.[5]

Track record of driving profitable growth across markets

Due to its profitable business model with a wide and curated product assortment, its strong market position in a resilient and growing market and its well-invested operational platform and sourcing structure, Rusta has been able to exhibit a solid track record of profitable growth and cash generation.

In the financial year 2022/2023, Rusta's total net sales amounted to SEK 10,202.3 million, with a CAGR of 8.7 per cent since the financial year 2020/2021. The LFL growth for each of the financial years 2020/2021, 2021/2022, 2022/2023 was 7.0 per cent, 5.1 per cent and 2.5 per cent, respectively. During the same periods, Rusta had a gross margin of 42.1 per cent, 42.3 per cent and 41.0 per cent, respectively. Despite the fact that Rusta has invested in the perceived price image of Rusta's products by limiting price increases on its products to compensate for higher costs of sold goods due to increased inflation rates as a result of external factors in 2022 and 2023, such as the effects of the COVID-19 pandemic and geopolitical instability following the Russian invasion of Ukraine, Rusta had an adjusted EBITA of SEK 593.9 million, SEK 714.8 million and SEK

1) Profitable means that the stores had a positive store contribution margin.
2) Profitable means that the stores had a positive store contribution margin.
3) Average store contribution margin refers to the net profit of Rusta's like-for-like estate excluding allocated central costs in relation to the net sales for the like-for-like estate per segment.
4) During the financial year 2022/2023, Rusta closed a temporary store in Stockholm, which was open during the period March 2019–August 2022.
5) Average payback period defined as investment associated with establishing the store (including store interior but excluding working capital) relative to store contribution margin.

543.9 million and an adjusted EBITA margin of 6.9 per cent, 7.5 per cent and 5.3 per cent in the financial years 2020/2021, 2021/2022 and 2022/2023, respectively. During the same periods, Rusta's adjusted net profit[1] amounted to SEK 365.3 million, SEK 514.6 million and SEK 281.8 million, respectively.

Rusta's positive net sales development also applies to each of the Company's segments. Rusta's net sales increased from SEK 5,323.9 million to SEK 6,006.9 million in the Sweden segment, from SEK 1,750.3 million to SEK 2,177.6 million in the Norway segment and from SEK 1,559.0 million to SEK 2,017.5 million in the Other markets segment[2] between the financial year 2020/2021 and the financial year 2022/2023, representing a CAGR of 6.2 per cent, 11.5 per cent and 13.8 per cent, in the Sweden segment, the Norway segment and the Other markets segment, respectively, during the period.

In light of the factors described above in section "*– Strengths and competitive advantages*", the Company considers Rusta to be well-positioned for continued growth compared to both comparable single-market discount retailers and multi-market discount retailers. In addition to its ability to drive growth historically, Rusta also considers itself to have more room for future growth compared to comparable single-market discount retailers. Further, Rusta has a track record of performing well compared to comparable multi-market companies. Rusta's average LFL growth during the past five years as of 30 April 2023 amounted to 5 per cent,[3] which compares to the median of the average LFL growth during the same period of 5 per cent among comparable single-market discount retailers such as Dollar Tree (U.S.), Walmart (U.S.), Dollar General (U.S.), Tokmanni (Finland) and Europris (Norway) during the past five years and the median of 4 per cent among comparable multi-market companies such as Clas Ohlson (Sweden, Finland and Norway), Pepco (Eastern Europe), B&M (United Kingdom and France) and Action (Southern Europe).[4]

Long-term vision

Rusta's long-term vision is to make Rusta the leading and most trusted low-price retailer in Europe. Rusta's long-term vision is centred around what Rusta can offer its customers and Rusta aims to achieve its long-term vision through a combination of, among other things, protecting and strengthening its low-price position by offering its customers the lowest prices on comparable products while ensuring an attractive and positive customer shopping experience, building trust among its customers by focusing on quality and sustainability in the management of its product assortment and expanding its store network in a controlled and profitable manner.

Growth strategy

Rusta considers itself to be well-positioned for continued LFL and store network growth based on its well-invested operational platform comprising one common store concept, a multi-market store network, scalable IT systems, an efficient central fulfilment centre as well as an experienced management team and a product sourcing organisation that enables a high degree of control over the entire value chain. Rusta's long-term growth strategy focuses on four primary themes: (i) maintaining a low-price position and a differentiated assortment, (ii) continued organic and LFL growth, (iii) continued low-risk expansion of the store network and (iv) further increasing efficiency across the value chain.

Maintaining a low-price position and a differentiated assortment

Rusta aims to maintain its low-price position and differentiated assortment by continuously evaluating and developing its product assortment with the aim of limiting the depth of its product assortment by removing or replacing products with overlapping functionality or low sales per SKU and instead focus on high volume products unique to Rusta with high sales per SKU that drive sales and gross profit per square meter of store space. This, in turn, will allow Rusta to continue leveraging large order volumes to achieve low purchase prices and thereby increased margins while maintaining its low-price position.

By utilising a deliberate product development process, Rusta aims to improve the functional width of its product assortment. Accordingly, Rusta strives to develop products that cover more frequent needs and wants as well as products that are complementary to its existing product assortment to further strengthen its differentiated assortment and to promote add-on sales, which Rusta believes will drive increased average basket sizes. Rusta also strives to further increase the share of private label products within the A-brand dominated product category Consumables, which Rusta intends to accomplish by leveraging its ability to provide good quality

1) Adjusted net profit is an unaudited alternative performance measure that is not defined under IFRS. For more information about alternative performance measures, including definitions and the reason for why they are used, see section "*Selected historical financial information – Definitions and reconciliations of alternative performance measures*".
2) Including sales from physical stores in Finland and Germany, sales from Rusta's online sales channel, Rusta Online, as well as sales from Happy Angler. Happy Angler is an independent business unit within Rusta, with its own brand, sales channel and supply chain, acquired through the acquisition of the Finnish discount retailer Hong Kong in 2018.
3) Based on a five year average for the Sweden and Norway segments as well as data for two years for the Other markets segment to ensure comparability as Finland was entered through the acquisition of Hong Kong in 2018.
4) Based on reported LFL growth (or equivalent measurements) from annual reports published by each of the companies referred to.

products at low prices to build customer trust in order to increase customers' willingness to buy Rusta's private label products within the product category Consumables. Going forward, Rusta also strives to further increase its focus on ensuring low prices while retaining quality through increased efficiency in its product development and sourcing processes.

Rusta has a multi-market focus throughout its organisation, with an assortment optimised with products that work across all its markets, unified packaging and instruction manuals and one product range across all markets.[1)] Rusta also sees further potential in utilising the local Rusta sales organisations in each of the countries in which Rusta operates to ensure competitive pricing across all of its geographic markets by using local pricing of its products. This also enables Rusta to optimise its prices to enhance its low-price position on each geographic market while ensuring sustainable margins.

Continued organic and LFL growth

Rusta considers a continued organic and LFL growth to be a key component in driving its future growth. Rusta's organic growth is largely driven by LFL growth in its existing store network, which in turn is primarily impacted by in-store traffic and average basket sizes as well as store network growth (see section "– *Continued low-risk expansion of the store network*" below). In the financial years 2020/2021, 2021/2022 and 2022/2023, Rusta's LFL growth was 7.0 per cent, 5.1 per cent and 2.5 per cent, respectively.

Rusta focuses on two primary factors to enable continued organic and LFL growth: (i) its marketing strategy aimed at growing its customer base, driving in-store traffic and frequency of visits and increasing average basket sizes as well as (ii) maintaining and enhancing its position as a leading variety hard discount retailer that provides reliable products with good quality, thereby increasing customers' trust in the Rusta brand over time. Rusta's average net sales per square meter of store space for stores that have been open for 1–3 years was SEK 22 thousand, whereas the corresponding figure for stores that have been open for more than nine years was SEK 34 thousand, in the financial year 2022/2023, which further supports Rusta's confidence in its strategy to increase its organic and LFL growth by focusing on its marketing strategy and by building customer trust and recognition over time as store locations mature.

1) As a result of the acquisition of the Finnish discount retailer Hong Kong in 2018, certain Rusta stores in Finland have additional outdoor sales areas focused on gardening products in addition to the regular Rusta store concept.

To further drive its organic growth, Rusta also works to continuously improve the profitability of its existing stores across its store network. This is achieved by investing in the refurbishment of older stores for the purpose of, among other things, optimising the store flow and customer routes in order to improve the customer shopping experience while driving an increase of average basket sizes. Rusta's ambition is that each store shall be renovated, on average, every five years (to the extent deemed appropriate). As the stores that Rusta decides to refurbish remain open throughout the refurbishment process, the impact on sales of individual stores during the refurbishment process is limited. On average, refurbished stores show an increase in LFL growth of 2 percentage points one year after refurbishment.

With approximately 4.97 million Club Rusta members as of 30 April 2023, Rusta has also identified an opportunity to increase its organic and LFL growth by scaling up its efforts in relation to Club Rusta. By increasing individual marketing towards customers, making it more attractive to become a Club Rusta member through simplified sign-up procedures and clearer benefits as well as by leveraging data collected through Club Rusta, the Company believes it can further drive its organic and LFL growth by providing more Club Rusta members with better and more relevant product offerings tailored to their personal needs and purchase history. Further, Rusta expects that the data from Club Rusta can be used to an even greater extent in the future, for example by creating offers based on where an individual Club Rusta member is in the average customer lifecycle with the aim of moving members upwards in member cohorts and using predictive scoring to predict which members are the most likely to buy certain products at specific times, thereby aiming to increase the relevance of its marketing through Club Rusta and drive conversion to purchases.

Continued low-risk expansion of the store network

As a result of its historical ability to drive organic and LFL growth, Rusta has opted for a low-risk approach to expanding its store network. Rusta has a capital allocation strategy, under which the capital is allocated to the most profitable initiatives, which supports Rusta in its efforts to ensure that individual stores reach their full potential in terms of profitability. Rusta prioritises location and execution when opening up new stores over the speed of expansion. Before investing in expansions of the store network, Rusta carefully evaluates potential new store locations based on a number of metrics in order to assess the location and the fit with Rusta's long-term plans for expansion. Such assessments are an important part of Rusta's expansion strategy, as Rusta makes long-term commitments to the local markets in which Rusta decides to open up new stores.

As of 30 April 2023, Rusta had a store network of 201 stores, with 109 stores in Sweden, 44 stores in Norway, 40 stores in Finland and 8 stores in Germany. With the exception for a temporary store in Stockholm, which was open during the period March 2019–August 2022, Rusta has not closed any greenfield stores.[1)] During the financial years 2020/2021–2022/2023, Rusta opened 11 stores, 9 stores, 15 stores and 5 stores in Sweden, Norway, Finland and Germany, respectively, representing a total increase across its store network of 39 stores, or 24.1 per cent.[2)] Rusta sees ample room to grow its existing store network within all its geographies as a result of its competitive position and the resilience and expected growth of the variety hard discount markets in the geographies in which the Company operates. As of 31 July 2023, Rusta had a shortlist consisting of approximately 150 locations identified as particularly attractive for new stores, approximately 40–60 planned store openings over the next three years and 24 signed[3)] or approved[4)] locations for new store openings.

Rusta's strategy of controlled, low-risk expansion is further supported by Rusta's well-invested and scalable operational platform, which includes scalable and integrated IT systems, a well-invested fulfilment centre geared for scale-up and efficient sourcing and logistics and distribution infrastructures, thus enabling well-organised roll-outs of new stores. By leveraging its local cost bases within the markets in which Rusta operates, the Company intends to further expand its store network to facilitate increased sales volumes per SKU, which in turn will increase the economics of scale in Rusta's operations. Rusta's current business plan does not include growth through acquisitions. However, if the right opportunity should present itself, an acquisition may be considered.

Further increasing efficiency across the value chain

Rusta believes that further increasing efficiency across the value chain will be a key factor in enabling future growth. Rusta strives to optimise its supplier base by focusing on developing and maintaining long-term relationships with its top suppliers. By doing so, Rusta believes it will be able to further leverage its strong negotiation position with its suppliers to drive lower costs by increasing order volumes from and increasing

1) Rusta's temporary store in Stockholm was located in a premise due to be renovated starting in September 2022 based on a temporary lease agreement. Three Hong Kong stores were also closed in connection with the acquisition and integration of the Finnish discount retailer Hong Kong in 2018.
2) As a result of the temporary store in Stockholm that was open during the period March 2019–August 2022 having closed.
3) "Signed" means that lease agreements have been signed with landlords.
4) "Approved" means that the board of directors of Rusta has approved the location and the principal terms that have been negotiated with the prospective landlords.

the efficiency of its top suppliers. Rusta also intends to cut the tail of smaller suppliers that represent a limited or small part of Rusta's order volumes. Rusta also aims to further diversify its supplier base based on geography to lower the risk of becoming dependent on suppliers in a certain country or area. In addition, Rusta has also identified potential for increasing profitability by continuously evaluating and working to improve the efficiency in its value chain in order to reduce costs associated with transportation and delivery of products to and from its fulfilment centre, for example by working together with its suppliers to identify where improvements in production and packaging can be made to support efficient warehousing and transportation.

Since its opening in 2015, Rusta's central fulfilment centre in Norrköping has been gradually expanded to its current capacity, with the last phase of expansion completed in 2021. While Rusta believes its fulfilment centre to be well-invested and, according to Rusta's current business plan, capable of supporting approximately ten years of expected growth with its current capacity, Rusta has identified optimisation of its fulfilment centre as a factor driving continued profitability. By shifting focus from completing the expansion of the fulfilment centre towards further optimisation through initiatives aimed at developing its supply chain software platform, automation in the fulfilment centre and efficient distribution of products from the fulfilment centre in addition to striving for large volumes per SKU, Rusta believes it can achieve higher filling rates and increased inventory turnover rates.

Financial targets and dividend policy

Rusta's board of directors has adopted certain medium-term financial targets and a dividend policy, which are presented below. Rusta's financial targets and dividend policy set forth below constitute forward-looking statements that are subject to considerable uncertainty. The financial targets and the dividend policy are based upon a number of assumptions relating to, among others, the development of Rusta's industry, business, profit and financial condition. Rusta's business, operating profit and financial condition, and the development of the industry and the macroeconomic environment in which Rusta operates, may differ materially from, and be more negative than, those assumed by Rusta when preparing the financial targets and dividend policy set out below. As a result, Rusta's ability to reach its financial targets and dividend policy is subject to uncertainties and contingencies, some of which are beyond Rusta's control, and no assurance can be given that Rusta will be able to reach these targets or that Rusta's financial condition or operating profit will not be materially different from the financial targets.

Net sales growth

Rusta targets an annual average organic[1] net sales growth around 8.0 per cent in the medium-term, with an annual average LFL growth above 3.0 per cent.

Profitability

Rusta targets an EBITA margin of around 8.0 per cent in the medium-term, with earnings per share to outgrow net sales and EBITA as a result of scalability in the business model.[2]

Dividend policy

Rusta aims to distribute 30–50 per cent of net profit for each financial year as dividends, taking into account the Company's financial position.

Rusta's customer promise

Rusta's customer promise is to be a modern variety hard discount retailer making it easy to renew and refill at home at surprisingly low prices.

Rusta combines an offering consisting of a wide and curated product assortment of everyday products that cover many frequent customer needs and wants in one visit at the lowest prices among comparable products[3] with a convenient and positive in-store shopping experience.

Rusta's product assortment consists of approximately 6,000 active SKUs[4], comprising both private label products unique to Rusta and recognisable A-brand products. To ensure it delivers on its customer promise, Rusta continuously strives to develop and renew its assortment and combines a year-around assortment with seasonal offerings to create an engaging assortment for its customers year-around.

Rusta's continued success in delivering on its customer promise is dependent on the perceived image of Rusta as a trusted company in the variety hard discount market with low prices and good quality. Rusta believes that by having a pricing and product assortment strategy focused on low prices and high volume products, which in turn allow Rusta to leverage large purchase orders with suppliers to attain attractive purchasing terms for products with good quality, Rusta is able to maintain and enhance its perception among consumers as a discount retailer with low prices and good quality.

1) Excluding acquisitions.
2) Scalability of the business model refers to margin increase as a result of organic sales growth and higher efficiency, which increases net sales more than costs.
3) Based on a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Nordic Variety Hard Discount Market and the German discount market, see further section "*Business description – Rusta's product assortment*" below. Source: The Strategic Market Study.
4) As of 30 April 2023.

In order to ensure a convenient and positive shopping experience, Rusta has implemented one common store concept throughout its store network. The one common store concept helps Rusta to provide its customers with a familiar and recognisable store concept with a clear store layout that simplifies the shopping experience and enables optimisation of the store flow and the customer route to drive sales by ensuring customers perceive as much of Rusta's product assortment as possible, while also helping customers to find the products they seek.

Rusta's segments

Overview

Rusta's business is divided into three segments: Sweden, Norway and Other markets. The Sweden segment includes sales in physical stores in Sweden, the Norway segment includes sales in physical stores in Norway and the Other markets segment includes sales in physical stores in Finland and Germany as well as online sales through Rusta Online (which is currently available in Sweden and Finland) and through Happy Angler[1].

The Sweden segment

Rusta's largest segment based on net sales and number of stores is the Sweden segment, which accounted for SEK 6,006.9 million, or 58.9 per cent, of Rusta's net sales in the financial year 2022/2023 across 109 stores. Rusta's EBITA excl. IFRS 16[2] for the Sweden segment was SEK 985.1 million and its EBITA excl. IFRS 16 in relation to net sales for the Sweden segment was 16.4 per cent in the financial year 2022/2023.

In 2022, the estimated value of the Swedish variety hard discount market was SEK 29 billion, with the estimated value of the Swedish adjacent market amounting to SEK 24 billion, together representing an estimated discount market of SEK 53 billion, which indicates a penetration of the estimated Swedish discount market of 5.8 per cent and the estimated Swedish variety hard discount market of 3.2 per cent in relation to the estimated SEK 922 billion retail market in Sweden in 2022.[3] The Swedish variety hard discount market is expected to grow by SEK 13 billion, representing a CAGR of 9.3 per cent, between 2022 and 2026, as compared to the Swedish adjacent market which is expected to grow by SEK 3 billion, representing a CAGR of approximately 3.0 per cent, between 2022 and 2026.[4] Rusta's main competitors in the Swedish variety hard discount market include Biltema, Dollarstore, Jula and ÖoB, among others, and Rusta's relative market share of the Swedish variety hard discount market amounted is estimated to have amounted to 20.8 per cent in 2021.[5]

In Sweden, 100 per cent of the stores included in the LFL estate were profitable[6] in the financial year 2022/2023 and the average store contribution margin for Swedish stores included in Rusta's like-for-like estate was 22.9 per cent.[7] Although Sweden is Rusta's largest segment in terms of number of stores, Rusta believes there is significant room for continued profitable expansion of its store network in Sweden. As of 31 July 2023, Rusta had a shortlist consisting of approximately 60 identified locations considered to be particularly attractive to open stores in, comprised of locations in both large and small cities across Sweden, as well as 9 signed[8] or approved[9] new locations.

Rusta estimates that the number of resident individuals within a certain catchment area required to open new profitable stores in Sweden has decreased (from approximately 30,000, required ten years ago, to approximately 15,000 as of the date of this Offering Memorandum). Rusta believes that this is a result of the increasing penetration of the variety hard discount market in relation to the total retail market in Sweden over time, which, in turn, is a result of consumers increased trust in discount retailers. As a result, Rusta sees an opportunity to reach more than one million additional customers in Sweden though establishing Rusta stores in new locations across Sweden.

The Norway segment

Rusta's second largest segment based on net sales and number of stores is the Norway segment, which accounted for SEK 2,177.6 million, or 21.3 per cent, of Rusta's net sales in the financial year 2022/2023 across 44 stores. Rusta's EBITA excl. IFRS 16 for the Norway segment was SEK 256.9 million and its EBITA excl. IFRS 16 in relation to net sales for the Norway segment was 11.8 per cent in the financial year 2022/2023.

1) Happy Angler is an independent business unit within Rusta, with its own brand, sales channel and supply chain, which was acquired through the acquisition of the Finnish discount retailer Hong Kong in 2018.
2) EBITA excl. IFRS 16 is an unaudited alternative performance measure that is not defined under IFRS. For more information about alternative performance measures, including definitions and the reason for why they are used, see section "*Selected historical financial information – Definitions and reconciliations of alternative performance measures*".
3) Source: The Strategic Market Study.
4) Source: The Strategic Market Study.
5) Source: The Strategic Market Study.
6) Profitable means that the stores had a positive store contribution margin.
7) Average store contribution margin refers to the net profit of Rusta's like-for-like estate excluding allocated central costs in relation to the net sales for the like-for-like estate in the Sweden segment.
8) "Signed" means that lease agreements have been signed with landlords.
9) "Approved" means that the board of directors of Rusta has approved the location and the principal terms that have been negotiated with the prospective landlords.

In 2022, the estimated value of the Norwegian variety hard discount market was SEK 20 billion, with the estimated value of the Norwegian adjacent market amounting to SEK 19 billion. Together this represent an estimated discount market of SEK 39 billion, indicating a penetration of the estimated Norwegian discount market of 6.6 per cent and the estimated Norwegian variety hard discount market of 3.4 per cent in relation to the estimated SEK 599 billion retail market in Norway in 2022.[1] The Norwegian variety hard discount market is expected to grow by SEK 7 billion, representing a CAGR of 7.7 per cent, between 2022 and 2026, as compared to the Norwegian adjacent market which is expected to grow by SEK 3 billion, representing a CAGR of 3.3 per cent, between 2022 and 2026.[2] Rusta's main competitors in the Norwegian variety hard discount market include Biltema, Europris and Jula, among others. Rusta's relative market share of the Norwegian variety hard discount market is estimated to have amounted to 10.2 per cent in 2021.[3]

Similar to Sweden, 100 per cent of the stores in Norway included in the like-for-like estate were profitable[4] in the financial year 2022/2023 and the average store contribution margin for Norwegian stores included in Rusta's like-for-like estate was 21.0 per cent.[5] Rusta believes that new profitable stores could be opened in many areas of Norway and as of 31 July 2023, Rusta had a shortlist consisting of approximately 40 identified locations considered to be particularly attractive to open stores in as well as 10 signed[6] or approved[7] new locations. As a result of outskirts of Norwegian cities being largely populated, smaller towns are also considered by Rusta to provide attractive opportunities for opening new stores in Norway.

The Other markets segment

Rusta's third segment, Other markets, comprises sales in Finland and Germany as well as online sales through Rusta Online (which is currently available in Sweden and Finland) and through Happy Angler[8]. The Other markets segment accounted for SEK 2,017.5 million, or 19.8 per cent, of Rusta's net sales in the financial year 2022/2023 across 40 stores in Finland, 8 stores in Germany, Rusta Online and Happy Angler. Rusta's EBITA excl. IFRS 16 for the Other markets segment was SEK –50.2 million and its EBITA excl. IFRS 16 in relation to net sales for the Other markets segment was –2.5 per cent in the financial year 2022/2023. In Other markets, approximately 85 per cent of the stores in Finland and Germany included in the like-for-like estate were profitable[9] in the financial year 2022/2023 and the average store contribution margin for Finnish and German stores included in Rusta's like-for-like estate was 9.9 per cent.[10]

Finland

In 2022, the estimated value of the Finnish variety hard discount market was SEK 18 billion, with the estimated value of the Finnish adjacent market amounting to SEK 43 billion. Together this represent an estimated Finnish discount market of SEK 61 billion, indicating a penetration of 13.1 per cent and the estimated Finnish variety hard discount market of 3.8 per cent in relation to the estimated SEK 463 billion retail market in Finland in 2022.[11] The Finnish variety hard discount market is expected to grow by SEK 6 billion, representing a CAGR of 7.7 per cent, between 2022 and 2026, as compared to the Finnish adjacent market which is expected to grow by SEK 6 billion, representing a CAGR of 3.6 per cent, between 2022 and 2026.[12] Rusta's main competitors in the Finnish variety hard discount market include Biltema, Puuilo and Tokmanni, among others.[13]

Rusta entered Finland through its strategic acquisition of the Finnish discount retailer Hong Kong in 2018, which provided Rusta with access to the Finnish market and a network of 28 stores in favourable locations. Through a methodical integration of Hong Kong, Rusta replaced Hong Kong inventory and assortment with Rusta products, closed four existing Hong Kong stores that were not considered suitable for the Rusta concept, opened one new store and renovated and rebranded the remaining stores in the Hong Kong store network during 2019 and 2020. Since then, Rusta has expanded the store network in Finland by 15 additional stores. Following the successful integration of Hong Kong, Rusta believes it has a network of stores in strategically important locations and sees significant potential for future growth as the

1) Source: The Strategic Market Study.
2) Source: The Strategic Market Study.
3) Source: The Strategic Market Study.
4) Profitable means that the stores had a positive store contribution margin.
5) Average store contribution margin refers to the net profit of Rusta's like-for-like estate excluding allocated central costs in relation to the net sales for the like-for-like estate in the Norway segment.
6) "Signed" means that lease agreements have been signed with landlords.
7) "Approved" means that the board of directors of Rusta has approved the location and the principal terms that have been negotiated with the prospective landlords.
8) Happy Angler is an independent business unit within Rusta with its own brand, sales channel and supply chain, which was acquired through the acquisition of the Finnish discount retailer Hong Kong in 2018.
9) Profitable means that the stores had a positive store contribution margin.
10) Average store contribution margin refers to the net profit of Rusta's like-for-like estate excluding allocated central costs in relation to the net sales for the like-for-like estate in the Other markets segment.
11) Source: The Strategic Market Study.
12) Source: The Strategic Market Study.
13) Source: The Strategic Market Study.

Rusta store network and brand matures in Finland over time. As of 31 July 2023, Rusta had a shortlist consisting of approximately 20 identified locations in Finland considered to be particularly attractive to open stores in as well as 2 signed[1)] or approved[2)] new locations across Finland.

Through its acquisition of Hong Kong in 2018, Rusta also acquired the online pure fishing store Happy Angler. Happy Angler is an independent business unit within Rusta with its own brand, sales channel and supply chain, which is managed separately from Rusta and provides its customers with a vast offering of high-quality reseller brands, such as Hummingbird, Shimano, Berkley and Garmin, as well as private label brands. As of 28 February 2023, Happy Angler sold products to almost 40 countries. In the financial year 2021/2022, Happy Angler's net sales amounted to SEK 56.1 million, corresponding to approximately 0.5 per cent of Rusta's net sales.

Germany

In 2022, the estimated value of the discount market in Germany was SEK 510–640 billion, indicating a penetration of the German discount market of 8–10 per cent in relation to the retail market in Germany.[3)] The German discount market is characterised by a clear discount preference among consumers in all income brackets, by consumers that are more focused on the quality to price ratio of products rather than specific brands and by a large presence of food retailers with parts of their ranges consisting of products that compete with Rusta's product assortment.[4)] Rusta's main competitors in Germany include Action, Aldi, Lidl and Rossmann, among others.[5)]

Rusta entered Germany in 2017 through the opening of two stores in Schwentinental and Lübeck. Rusta has opted for a low-risk approach to its expansion in Germany and as of 30 April 2023, Rusta had eight stores in its German store network. As of 31 July 2023, Rusta had a shortlist consisting of approximately 30 identified locations in Germany considered to be particularly attractive to open stores in as well as 3 signed[6)] or approved[7)] new locations across Germany. In building its strategy for entering Germany, Rusta has identified three primary success-factors; (i) targeting small- and middle-sized cities and locations where low costs associated with leasing store premises can be combined with high customer traffic, (ii) focusing on competitive pricing and campaigns tailored for the German market as well as (iii) having high perseverance and focusing on establishing its brand over time.

While Rusta's continued success is not contingent on expansion in Germany, Rusta considers the German market to present an attractive long-term opportunity for expansion and growth as a result of the size and characteristics of the German discount market. Further, as Rusta considers the German market to be one of the most challenging markets in Europe to penetrate as a new market entrant, Rusta believes that a successful low-risk expansion in Germany would indicate that Rusta's concept works well and, in the long-term, may enable expansion into other parts of continental Europe.

Rusta Online

Rusta has a complementary online sales channel, Rusta Online, which is currently available in Sweden and Finland. Rusta Online was introduced in 2020 to increase Rusta's accessibility for new and existing customers, expanding the reach of its marketing efforts as well as ensuring that information on its low prices, product

1) "Signed" means that lease agreements have been signed with landlords.
2) "Approved" means that the board of directors of Rusta has approved the location and the principal terms that have been negotiated with the prospective landlords.
3) Source: The Strategic Market Study.
4) Source: The Strategic Market Study.
5) Source: The Strategic Market Study.
6) "Signed" means that lease agreements have been signed with landlords.
7) "Approved" means that the board of directors of Rusta has approved the location and the principal terms that have been negotiated with the prospective landlords.

assortment and in-store availability of products are easily accessible to its customers. Rusta focuses on a stepwise expansion of Rusta Online with controlled investments and a profitability in line with or higher than for its store network. As of 30 April 2023, Rusta Online included approximately 30 per cent of Rusta's in-store product assortment. The assortment online is selected based on the products' fit with the online purchasing model. This means that customers shall be comfortable buying the products online without seeing them in-store, that it shall be convenient and provide added value for customers to be able to buy the products online and that the products shall fit with Rusta's logistics and distribution set-up. In addition, the products must be considered profitable enough when sold online.

Rusta Online offers home delivery, delivery to post office or delivery to the nearest Rusta store. The average order value per customer transaction during the financial year 2022/2023 amounted to approximately SEK 1,300 for Rusta Online. For the financial year 2022/2023, Rusta Online accounted for SEK 108.0 million, or 1.1 per cent, of Rusta's net sales and a contribution margin of 11 per cent.[1)] In the financial year 2022/2023, Rusta Online had approximately 90,000 customers, representing an increase of approximately 60,000 customers, or approximately 190 per cent, compared to the financial year 2020/2021.

Business overview

Rusta's customers

Rusta believes that it has a broad and diversified customer base, which Rusta believes to be a result of its ability to deliver on its customer promise. By having a customer promise based on a combination of low prices, good quality and a positive shopping experience, where everyday products that cover many frequent customer needs and wants in one visit is offered at low prices, Rusta is well-positioned to appeal to a broad customer base. According to an analysis commissioned by Rusta, the Company had approximately 5.9 million, 5.9 million and 6.3 million customers in Sweden in 2020, 2021 and 2022, respectively.[2)] In the financial years 2020/2021, 2021/2022 and 2022/2023, the number of customer transactions processed by Rusta was approximately 36 million, approximately 38 million and approximately 40 million, respectively.

Rusta's efforts in promoting its brand and value proposition have been successful in terms of penetration and brand awareness. In 2022, the share of the population aged 16–80 in Sweden, Norway and Finland having shopped at Rusta at least once during the year amounted to 79 per cent, 76 per cent and 68 per cent, respectively[3)], while the share of the population aged 16–80 in Sweden, Norway and Finland that knew about the Rusta brand was 98 per cent, 92 per cent and 84 per cent, respectively.[4)]

Customer base

Rusta believes that the Company's offering is relevant to a broad customer group, which is demonstrated by Rusta's diversified customer base in Sweden. Rusta's Swedish customer base during 2022, split by age group was 22 per cent for ages 16–34, 23 per cent for ages 35–49, 27 per cent for ages 50–64 and 28 per cent for ages 65–80. The split by civil status was 12 per cent for young adults, 18 per cent for single households, 12 per cent for couples without children, 27 per cent for couples with children, 22 per cent for retirees and 8 per cent young persons.[5)] Further, the split of Rusta's Swedish customer base by gender during 2022 was 53 per cent female and 47 per cent male.[6)] Rusta believes that a large part of its broad customer appeal and the Company's diversified customer base is a result of the Company's ability to deliver on its customer promise. As a further testimony to Rusta's ability to deliver on its customer promise, 79 per cent of individuals in Sweden aged 16–80 shopped at Rusta at least once during 2022, representing an increase of 18 percentage points since 2006 when the corresponding figure was 61 per cent and an increase of 10 percentage points since 2014 when the corresponding figure was 69 per cent.[7)] In addition, 18 per cent, 29 per cent and 32 per cent of individuals in Sweden aged 16–80 have made more than one visit to a Rusta store per month, approximately one visit to a Rusta store per quarter and approximately one visit to a Rusta store per year, respectively, in 2022.[8)]

Rusta believes that the Company's ability to offer products at low prices with good quality is appreciated among its customers. For example, in Sweden, Rusta has between 2012 and 2022 experienced an increase of approximately 29 percentage points in terms of the customer perception of Rusta's price worthiness,

1) Average store contribution margin refers to the net profit of Rusta Online excluding allocated central costs in relation to the net sales for Rusta Online.
2) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
3) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
4) Source: The Strategic Market Study.
5) The percentages presented have been subject to rounding and, accordingly, do not sum to 100 per cent. Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
6) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
7) The percentage increases are calculated based on the number of Rusta customers in 2022 according to an analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR and the size of the Swedish population aged 15–79 in 2006 (7.1 million) and in 2014 (7.6 million), respectively, according to Statistics Sweden.
8) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.

17 percentage points as to whether Rusta offers an inspiring shopping experience and 30 percentage points as to whether Rusta has good enough quality,[1] which Rusta believes to be an indicator of its customers' recognition of Rusta's work to strengthen its position and variety hard discount concept.

Customer shopping patterns

In the financial years 2020/2021, 2021/2022 and 2022/2023, Rusta has experienced an increase in its number of customer transactions per financial year from approximately 36 million, to approximately 38 million, to approximately 40 million. The number of customer transactions processed by Rusta per year have accordingly increased by a CAGR of approximately 6.3 per cent during the period, which Rusta believes indicates a growth in in-store traffic generation.

In addition to the increasing number of customer transactions, Rusta also sees a trend of increasing average basket sizes among customers across its segments Sweden, Norway and Other markets over time. Rusta believes that this is a result of Rusta's ability to combine a wide and curated product assortment with successful marketing campaigns that drive sales of both the marketed products and add-on sales of other products. In the last three financial years, the average basket size per customer has increased by a CAGR of 2.1 per cent, 5.3 per cent and 1.3 per cent in the Sweden segment, the Norway segment and the Other markets segment, respectively. In the financial year 2022/2023, Rusta's average basket size per customer amounted to SEK 252.

Further, the frequency of store visits among Rusta's customers in Sweden has increased between 2006 and 2022.[2] During the period, the number of customers that visited a Rusta store more than once per month and approximately once per quarter increased by a CAGR of approximately 7 per cent and 3 per cent, respectively, whereas the number of customers that visited a Rusta store approximately once per year remained relatively flat, thus indicating that the group of Rusta's most frequent customers is growing the most.[3] This compares to the growth in the estimated number of customers per year between 2006 and 2022, which has increased by a CAGR of approximately 2.4 per cent.[4] Further, Rusta believes that the Company's growth party is driven by an increasing number of customers visiting Rusta frequently. According to an analysis commissioned by Rusta, the group of customers who visited Rusta frequently[5] constituted approximately 23 per cent of Rusta's customer base in 2022, corresponding to a CAGR of approximately 9 per cent during the period 2012–2022, while the group of customers who visited Rusta sporadically[6] constituted approximately 37 per cent of Rusta's customer base in 2022, corresponding to a CAGR of approximately 4 per cent during the period 2012–2022.[7] Accordingly, the group of customers that visit Rusta frequently has grown most during the period. Among its most frequent customers, Rusta also believes that its offering is particularly popular among female customers. This is also supported by an analysis commissioned by Rusta, according to which 62 per cent of customers that visited Rusta's stores at least once per month during 2022 were women,[8] while the corresponding share for Rusta's Nordic competitors was 49 per cent[9] and the share for Action, for example, was 62 per cent[10].

Club Rusta

Members of Rusta's loyalty club, Club Rusta, are considered by the Company to constitute its core customer base. Rusta's loyalty club, which was launched in 2016 and rebranded as Club Rusta in 2018, has grown steadily since its launch. Through Club Rusta, Rusta offers its customers membership prices on campaign products, a 365-day return policy, early access to certain campaigns and customised campaign offers. During May 2023, the number of Club Rusta members passed the 5 million mark and as of 31 July 2023, Club Rusta had 5.1 million members. As of 30 April 2018, Club Rusta had approximately 1.2 million members and as of 30 April 2023, Club Rusta had approximately 4.97 million members, accounting for 79.0 per cent of Rusta's net sales for the financial year 2022/2023 based on the weighted average of Sweden, Norway, Finland and Germany. The group of most frequent customers is also growing the most in terms of Club Rusta members. As of 30 April 2023, 22 per cent of Rusta Club members in Sweden and Norway had visited a Rusta store 11–20 times, and 22 per cent of the Rusta Club members in Sweden and Norway had visited a Rusta store more than 20 times, in the financial year 2022/2023. In addition, these two customer groups have also grown between the financial year 2018/2019 and the financial year 2022/2023 with a CAGR of 19 per cent and 24 per cent, respectively, in

1) Based on surveys conducted in March – August in 2012 and 2022, respectively, answered by 3,310 individuals in Sweden aged 16–80, answering whether they agree with the statements "Is Rusta a priceworthy company" (2022) / "Rusta offers good value for money" (2012), and "Rusta offers an inspiring shopping experience" and the question "Does Rusta have good enough quality?". Source: The Strategic Market Study.
2) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
3) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
4) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
5) Frequent customers are defined as customers that have visited Rusta more than once per month in 2022.
6) Sporadic customers are defined as customers that have visited Rusta once per quarter in 2022.
7) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
8) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.
9) Source: The Strategic Market Study.
10) Source: Calculated based on an average of information for the Dutch, Belgian, French, German, Austrian, Polish, Czech and Italian markets presented at 3i Action Capital Markets Seminar 23 March 2023.

Sweden and Norway and have been Club Rusta member for an average of 4.3 and 4.8 years, respectively. Accordingly, the most frequent Rusta customers in Sweden and Norway have been members of Club Rusta for a longer period.

Rusta can analyse data from Club Rusta and obtain an in-depth understanding of customer behaviour and needs. Rusta can also identify profitable groups of customers for its different product categories and thus provide relevant and targeted marketing as well as collect feedback about initiatives that are aimed at improving customer experience based on, for example, shopping patterns, customer behaviour, average basket size and frequency of visits among Club Rusta members. Rusta believes that targeted marketing and Rusta's initiatives to enhance customer experience through Club Rusta can drive in-store traffic and thereby generate increased net sales. Data from Club Rusta is also used to improve the relevance of Rusta's communication with its customers, which Rusta believes drives increased customer commitment and loyalty towards Rusta among Club Rusta members.

Rusta's product assortment

Rusta's product assortment is based on low prices and good quality. The idea behind its product assortment is to make it easy to renew and refill at home at low prices by providing everyday products that cover many frequent customer needs and wants in one visit. Rusta has a wide and curated product assortment consisting of approximately 6,000 active SKUs[1] that can be divided in the following five product categories:

- **Home Decoration**: The Home Decoration category consists of products aimed at renewing and refilling at home; from small furniture, lighting, rugs and other textiles to kitchen-wear, table-wear and other decoration.
- **Consumables**: The Consumables category is focused on everyday needs, such as beauty products, cleaning articles and disposables as well as food and beverages, mainly consisting of snacks and fitness as well as health related snacks and products.
- **Seasonal Products**: The Seasonal Products category features products such as Christmas decorations, gardening products and summer holiday items, with shifting focus over the seasons.
- **Leisure**: The Leisure category is aimed at fitness products for the home, travel gear, smart accessories as well as products for pets, such as food, snacks and accessories.
- **DIY**: The DIY category is aimed at home-improvements and comprises products such as paint, flooring and wallpaper as well as tools, equipment and other practical products making it easy to renew at home.

1) As of 30 April 2023.

Rusta's assortment consists of a stable low trend risk and year-around assortment with profitable high-margin products with consistent customer demand throughout the year as well as a customer traffic driving seasonal assortment that shifts with seasons and is centred around holidays, occasions and seasonal activities, with a particular focus on products associated with the Christmas season and summer activities. By combining a stable year-around assortment and seasonal offerings with an ability to identify and cater to changing customer demand, Rusta believes itself to have an agile and dynamic assortment that allows Rusta to adapt which products are promoted and featured in-store depending on changing market conditions, whether as a result of changing customer demand, general economic factors, weather conditions or otherwise.

Rusta's product assortment can also be divided into two principal categories: private label products that are developed in-house and unique to Rusta and recognisable A-brand products from well-known manufacturers, such as Ajax, Cloetta, Head & Shoulders, Lambi, L'Oréal and Vanish. Rusta actively manages the mix of private label products and A-brand products with the aim of optimising the assortment so that it is relevant to a broad customer group, and adapts its A-brand product assortment based on customer preferences in the geographic markets where Rusta operates. Private label products typically have higher margins than A-brand products and by offering both private label products and A-brand products, Rusta is able to combine the higher-margin characteristics of private label products facilitated by lower sourcing and production costs while also getting the in-store traffic driving benefits of leading A-brand products while maintaining low prices in each of the two categories.

In addition to its private label and A-brand product assortment, Rusta occasionally purchases stock lots. Stock lots are products that Rusta can purchase at a significant discount from stock lot dealers, for example as a result of A-brand owners having excess inventory or previous models of a certain product to dispose of. This often allows Rusta to offer such products at attractive prices. Stock lots are used by Rusta in marketing campaigns and have similar in-store traffic driving and add-on sales benefits as the A-brand products that Rusta sells.

As a share of its net sales, Rusta's private label products accounted for 64.4 per cent in the financial year 2022/2023 and as a share of its net sales per product category, Rusta's private label products accounted for approximately 97.7 per cent in the Leisure category, approximately 96.9 per cent in the Home Decoration category, approximately 91.2 per cent of the products the Seasonal Products category, approximately 88.1 per cent of the products in the DIY category and approximately 8.2 per cent of the products in the Consumables category. Rusta aims to increase the share of private label products within the Consumables category by leveraging its ability to provide good quality products at low prices to build customer trust, which Rusta believes will enable it to introduce additional private label products in the Consumables category.

Rusta's product assortment strategy is centred around having a customer-focused assortment based on low prices and trust. Rusta uses data collected through Club Rusta, surveys and competitor research in order to gain a deeper understanding of markets for various product categories and to assist Rusta in its efforts to fulfil its customer promise. In order to be able to provide customers a product assortment that is relevant to a broad customer group with quality products, thus ensuring a strong low-price image among its customers, Rusta's product assortment is focused on high volume products. By constantly evaluating its product assortment and focusing its efforts towards high volume products with high sales per SKU and proven profitability while removing products with low volumes and products with overlapping functionality, Rusta strives to continuously improve its product assortment and to identify areas of potential growth. In addition, the focus on profitable volume products enables Rusta to leverage large order volumes when negotiating with its suppliers, which in turn facilitates lower product purchase prices for Rusta and lower prices for Rusta's customers. Further, Rusta believes that its assortment, consisting of products at low prices, strengthens the Company's resilience in relation to economic conditions and thus changing purchasing power among consumers. For example, products with prices below SEK 200 accounted for approximately 66 per cent of Rusta's sales in the financial year 2022/2023, corresponding to an increase for this group of products since the financial year 2021/2022 of approximately 8 per cent, while products in the price range SEK 200–999 and products with prices above SEK 999 accounted for approximately 25 per cent and 9 per cent, respectively of Rusta's sales in the financial year 2022/2023, corresponding to an increase since the financial year 2021/2022 of approximately 9 per cent and a decrease of approximately 1 per cent, respectively, for these groups of products.

Rusta believes that its ability to maintain low prices is a key aspect to achieve Rusta's long-term vision to be the leading and most trusted variety hard discount retailer in Europe. According to a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Nordic Variety Hard Discount Market and the German discount market, comparable products among the peers included in the price benchmark were, on average, priced approximately 19 per cent higher than the Rusta products included in the price benchmark.[1] Rusta believes that this is a result of its efforts to continuously improve its product assortment and deliver on its customer promise.

Rusta's operations

Product development

Rusta's product development is essential to the success of Rusta's business and is central to the strategy to offer its customers a wide and curated product assortment at low prices. Rusta's product development strategy is based on three key components: (i) customer needs and demands, (ii) commercial potential for Rusta and (iii) compliance with Rusta's business model.

- **Customer needs and demands**: The first principle guiding Rusta's product assortment development is identifying customer needs and demands. Accordingly, products are developed based on what the customer wants while also taking into account the need for a product offering that is relevant to a broad customer group.

1) Based on a selection of 20 products across Rusta's product categories with comparable counterparts of similar quality from Biltema (Sweden, Norway, Finland), Dollarstore (Sweden), Europris (Norway), Jula (Sweden, Norway), Puuilo (Finland), Tokmanni (Finland) and ÖoB (Sweden) in the Nordic Variety Hard Discount Market and Lidl, Rossmann, TEDi, Aldi, Action and Mäc-Geiz in the German discount market. The corresponding figure including the Nordic Adjacent Market (*i.e.*, also including Clas Ohlson (Sweden, Norway, Finland), IKEA (Sweden, Norway, Finland), OBS (Norway) and Prisma (Finland)) amounted to 24 per cent. Source: The Strategic Market Study.

- **Commercial potential**: Once a product idea has been identified based on customer needs and demands, Rusta needs to ensure that the product has a clear commercial potential, meaning that each product must have a clear purpose in Rusta's product assortment and have the potential to drive large volumes of sales. In addition, the products need to be able to meet the lowest price on comparable products while remaining profitable for Rusta.
- **Compliance with Rusta's business model**: In order to meet the lowest prices on comparable products while remaining profitable, products must be developed with Rusta's business model in mind, meaning that the entire value chain is taken into account when developing products. By considering Rusta's sourcing, logistics and distribution model as well as the requirements placed by Rusta on quality and sustainability for its products, all while tailoring the products to Rusta's marketing strategy, Rusta is able to have a high degree of control over, and optimise the efficiency of, its product development and thereby its business model. In turn, this enables Rusta to source large volumes of products from its suppliers in a logistically efficient manner, with product and packaging dimensions designed to optimise utilisation in transport, which is leveraged to ensure low purchase and transport prices. As a result, Rusta is able to maintain low prices for its products, which contributes to an increase in the in-store traffic and increase the average basket sizes while remaining profitable.

In addition, Rusta constantly evaluates and works to improve its existing business practises and products to be able to continuously improve its product development and assortment with the aim of staying one step ahead of its competitors at all times.

Sourcing and suppliers

Rusta utilises a direct sourcing model with a large degree of control over the sourcing of its own products. Rusta designs its private label products in-house, with its sourcing, logistics, marketing and sales set-up taken into account in every step of the product development. By designing its private label products in-house, Rusta is able to remain in control over and optimise the efficiency of its sourcing model.

Rusta has a diversified supplier base and does not rely on any single supplier for its sourcing. In the financial year 2022/2023, the top 20 suppliers used by Rusta accounted for approximately 30 per cent of Rusta's costs of goods sold. Rusta's sourcing operations are managed through its headquarters in Upplands Väsby, with support from the local sourcing team in Finland and local sourcing offices in China, India and Vietnam.

Through dedicated sourcing teams, Rusta sources products both directly through suppliers and through manufacturers providing A-brand products.

Rusta's purchases of A-brand products are based on framework agreements with manufacturers of A-brand products, primarily governing purchase prices, discounts, product deliveries and marketing efforts. Rusta continuously aims to improve its framework agreements with manufacturers of A-brand products to ensure it can provide an attractive customer offering of recognisable A-brand products. The terms of Rusta's framework agreements remain in effect until terminated by either party by three months written notice. Rusta aims to limit the extent to which the Company enters into long-term framework agreements, unless it is considered to be favourable for Rusta in each specific case, and does not commit to minimum or maximum purchasing requirements in order to reduce costs and delivery times.

Rusta's sourcing of its private label products is based on supply agreements entered into directly with suppliers, primarily governing production and delivery of a specific amount of products during an agreed period. By utilising supply agreements specific to each product sourced directly from suppliers, Rusta aims to maintain its flexibility and bargaining power towards suppliers. In addition, all suppliers producing private label products for Rusta must sign and adhere to Rusta's code of conduct, which, *inter alia*, sets out non-negotiable principles concerning health and safety, labour standards and wages, environmental hazards as well as business ethics and imposes a requirement that Rusta representatives are entitled to make announced and unannounced visits to supplier production facilities.

Maintaining a diversified supplier base is a key factor for Rusta's supplier strategy to drive margins by keeping the costs associated with its sourcing low, while ensuring product quality and adherence to Rusta's ethical and sustainability related requirements on suppliers. To reduce purchasing prices and attain attractive purchasing terms, Rusta often exposes suppliers to competition by having suppliers compete on tenders for the production of Rusta's private label products, where Rusta's high order volumes of each sourced product makes being a Rusta supplier an attractive opportunity for suppliers. Rusta's tender processes can be divided into two principle types of processes: bidding processes and longer sourcing projects. Bidding processes are typically used where Rusta is searching for a supplier for an individual product with certain specified qualities and invites suppliers to compete for the production of such products, whereas longer sourcing projects typically are used where Rusta has identified benefits of sourcing a group of products or certain product categories that have common elements or are based on similar components. Rusta's longer sourcing projects can be divided into the following principal steps:

- specifying product information and specification, including dimensions, materials, colours, packaging and user manuals/assembly instructions;
- identifying potential suppliers;
- tender process, where invitations to tender are prepared and sent to potential suppliers, and where responses, including sample products and packaging alternatives are reviewed;
- shortlist of suppliers created;
- contract and price negotiations; and
- continuous evaluation of supplier during production phase, with random sampling and follow-ups by local sourcing offices.

Rusta sources its products from Asia, Sweden and other European countries. In the financial year 2022/2023, products sourced from Asia, Sweden and other European countries[1] accounted for 36.7 per cent, 42.9 per cent and 20.4 per cent, respectively, of Rusta's total costs of goods sold, which amounted to SEK 6,015.8 million. Through its direct sourcing model, and by limiting the amount of suppliers used, Rusta ensures a high degree of control and is able to monitor that suppliers meet the quality and sustainability requirements placed on Rusta's suppliers and the products sourced. Rusta attributes a large part of the success of its direct sourcing model to its local sourcing offices in China[2], India[3] and Vietnam[4] (the products sourced from which accounted for 29.2 per cent, 5.7 per cent and 1.8 per cent, respectively, of Rusta's costs of sold goods, in the financial year 2022/2023), which enable Rusta to build closer relationships with its suppliers. Developing and maintaining close relationships with its suppliers through its sourcing offices facilitates an efficient sourcing process and thereby lower costs associated with sourcing, while also strengthening Rusta's control over the sourcing by, for example, providing opportunities for both announced and unannounced visits to supplier facilities and sampling of products produced.

In addition to the sourcing team at its headquarters in Upplands Väsby, which works with, among other things, product development, product specifications and questions related to legal and regulatory requirements placed on products, Rusta also has a quality control team based at the fulfilment centre in Norrköping, Sweden, where the products and their packaging are regularly tested and where reviews of the products delivered to the fulfilment centre and to be sold in Rusta's stores are carried out. Rusta also utilises its local sourcing offices to regularly visit production sites in Europe and Asia and carry out inspections as well as to carry out compliance and quality testing on supplier facilities and products based on the quality and sustainability requirements placed on suppliers.

Inventory management, logistics and distribution

Rusta's inventory management is based on its inventory management system, which is supported by automated forecasting, ordering and replenishment systems that monitor and track the store and fulfilment centre inventory levels. Through these systems, Rusta seeks to optimise its distribution operations and inventory levels in both the Norrköping fulfilment centre and in its stores based on information on products sold and by ensuring accuracy in the quantities of products delivered and that products are delivered in a timely manner to the stores. Together, these systems improve the on-shelf availability and supports inventory turnover rates by taking into account the anticipated demand for products and inventory levels in each of Rusta's stores and the fulfilment centre.

Rusta's logistics and distribution infrastructure is centred around its fulfilment centre in Norrköping, Sweden, managing inbound deliveries from suppliers as well as outbound distribution of products to Rusta's store network and online purchases made through Rusta Online. The fulfilment centre was opened in 2015 and has since gradually been expanded to its current capacity with a total area of approximately 196,000 square meters of storage space. The location of the Norrköping fulfilment centre was chosen due to its strategically favourable geographic location in relation to Rusta's store network and the incoming flow of goods through the Norrköping harbour where many of Rusta's products shipped by sea arrive. The fulfilment centre's strategic location enables fast store replenishments, with a lead time for replenishment of one day in approximately 64 per cent of Rusta's stores and up to three days for the remaining stores as of 31 July 2023. As a result of the size of the fulfilment centre, Rusta is also able to store unsold products if needed. This is primarily utilised to store such unsold high-margin products that are characterised by low trend risk, thereby reducing the need to rely on price reductions to dispose of excess or slow-moving products as a result of weaker than estimated sales during, for example, seasonal periods. Rusta considers its fulfilment centre to be well-invested and capable of supporting

1) Other European countries also includes costs of goods sold originating from the rest of the world (excluding Asia and Sweden).
2) Sourcing from the sourcing office in China includes costs of goods sold originating from China, Taiwan and Hong Kong.
3) Sourcing from the sourcing office in India includes costs of goods sold originating from India, Pakistan and Bangladesh.
4) Sourcing from the sourcing office in Vietnam includes costs of goods sold originating from Vietnam and Singapore.

approximately ten years of expected growth with its current capacity. Rusta has since the completion of the planned expansion of the fulfilment centre in 2021[1] shifted its focus towards optimisation of the fulfilment centre through initiatives such as further developing its supply chain software platform, the levels of automation in the fulfilment centre as well as the efficiency of distribution of products from the fulfilment centre to stores. Through these initiatives, Rusta believes it can achieve higher filling rates, higher inventory turnover rates and increased sales in-store.

Rusta relies on third-party transport providers to deliver products to and from its fulfilment centre by trucks, train and ships. In order to retain flexibility and increase its negotiating power, Rusta uses a diversified base of third-party transport providers to distribute products from the fulfilment centre to Rusta's stores across its network. This provides Rusta with a high degree of control over the distribution process and allows Rusta to achieve attractive terms for the distribution of products from its fulfilment centre to its stores.

Marketing

For the purpose of driving in-store traffic and frequency of visits while simultaneously building its brand, Rusta has developed centralised marketing operations that utilises a multi-channel marketing platform to promote Rusta's products and brand across a number of channels.

Rusta believes that its centralised marketing strategy enables it to increase the efficiency of its marketing through consistent promotional and marketing efforts in relation to Rusta's product assortment and store concept, while simultaneously reducing risks associated with not being able to maintain its brand recognition and reputation among customers. Rusta's marketing strategy is primarily campaign driven, with weekly campaigns optimised to drive in-store traffic and frequency of visits by the customers. By continuously evaluating and analysing its campaigns based on their ability to achieve Rusta's marketing strategy, the share of customers with campaign promoted products included in their shopping baskets and how well they drive add-on sales and sales of other complementary products, Rusta has developed a marketing process integrated with its business model and supply chain, which allows Rusta to push products with an ability to drive in-store traffic, add-on sales and sales of other complementary products.

For the financial years 2022/2023, 2021/2022 and 2020/2021, Rusta's marketing costs as a share of net sales amounted to 3.5 per cent, 3.5 per cent and 3.4 per cent, respectively. Rusta's primary marketing channel is its weekly campaign leaflet, which accounted for approximately 50 per cent of Rusta's marketing costs during the financial year 2022/2023. The weekly campaign leaflet is distributed to approximately 3.9 million homes[2] each week and displays campaigns optimised to drive in-store traffic and frequency of visits among the customers. Rusta also utilises TV and radio adverts, its inspiration magazine, the Rusta Magazine, social media and print ads to further promote campaigns, thereby aiming to drive in-store traffic as well as to promote its brand and brand awareness in the long-term. In addition, Rusta uses its website and online offering to expand the reach of its marketing efforts as well as to ensure that information on Rusta's low prices, Rusta's product assortment and the in-store availability of products is available to its customers. During the financial year 2022/2023, approximately 20 per cent of Rusta's marketing costs were attributable to Rusta's digital channels (including Club Rusta, which accounted for approximately 3 per cent of Rusta's marketing costs during the financial year 2022/2023). In all of its marketing efforts, Rusta tailors the marketing and its contents to reflect and promote campaigns and relevant seasonal offerings with the purpose of bringing forward product categories and groups of products that may interest Rusta's customers.

Through its membership loyalty club, Club Rusta, the Company can analyse data and obtain an in-depth understanding of customer behaviour and needs. Rusta can also identify profitable groups of customers and thus provide targeted and tailored marketing based on shopping patterns, customer behaviour, average basket sizes and frequency of visits. Rusta believes that targeted and tailored marketing through Club Rusta can drive in-store traffic and thereby generate additional sales.

Through its marketing efforts, Rusta has established itself as a household brand in Sweden. In 2022, 98 per cent of Swedes knew about Rusta[3] and according to an analysis commissioned by the Company, 79 per cent of individuals aged 16–80 in Sweden shopped at Rusta at least once during 2022.[4]

1) Rusta's expansion investments in the financial year 2020/2021 include investments in the fulfilment centre of approximately SEK 300 million, see further section "*Operating and financial review – Liquidity and capital resources – Investments*".
2) As of 30 April 2023.
3) Source: The Strategic Market Study.
4) Source: Analysis conducted by OMD Annalect based on data from ORVESTO Konsument 2022:HELÅR.

Stores network and store concept

In 2010, Rusta first introduced its one common store concept with a controlled store flow and customer route, which has since been developed and refined through a number of initiatives aimed at improving the in-store shopping experience. Rusta's one store concept, which is used throughout Rusta's store network[1], is aimed at governing and improving the customer shopping experience by controlling and optimising store flow and the customer route as well as making shopping at Rusta a convenient and positive experience as a result of a familiar store concept with a clear and ordered layout as well as uniform product displays with clear lighting. The single and uniform store concept is also essential to Rusta's efforts to create a more unified and recognised brand and to simplify Rusta's operations in terms of logistics, distribution of products to stores and expansion of the store network.

Rusta's uniform store concept features forced path store layouts, which control store flow and provide the customers with a more complete view of the stores while highlighting Rusta's wide product assortment. The stores are organised by departments and placement of products have been compiled in each department in order for customers to perceive as much of Rusta's product assortment as possible, while also simplifying finding the products that customers are looking for. In addition, Rusta modifies parts of its stores during the course of the year to adapt the layout of the seasonal areas depending on the relevant season, which further helps Rusta to promote its product assortment and to ensure customers have a reason to visit its stores year-around.

Rusta's stores are operated based on centrally designed scalable and joint store concept as well as the logistics and distribution infrastructure that allows Rusta to establish new stores in a cost efficient and low-risk manner. Rusta's one store concept and strategy for opening new stores has been efficient in ensuring fast payback of investments made to open new stores. During the financial years 2020/2021, 2021/2022 and 2022/2023, 11 new Rusta stores, 15 new Rusta stores and 14 new Rusta stores were opened, respectively.

The average capital expenditure per new store opened in the financial years 2020/2021 and 2021/2022 was SEK 4 million, whereas the average payback period for the investments associated with establishing the stores opened during the financial years 2019/2020, 2020/2021 and 2021/2022 was approximately 1.0 years, 0.8 years and 0.9 years, respectively.[2]

Rusta continuously monitors the performance and profitability of its stores. In Sweden and Norway, 100 per cent of the stores included in the like-for-like estate were profitable[3] in the financial year 2022/2023, whereas approximately 85 per cent of the stores included in the like-for-like estate in Finland and Germany were profitable[4] in the financial year 2022/2023. The average store contribution margin for Swedish and Norwegian stores included in Rusta's like-for-like estate was 22.9 per cent and 21.0 per cent, respectively, while the corresponding figure combined for Finnish and German stores was 9.9 per cent, during the financial year 2022/2023.[5] Further, Rusta's ability to optimise its stores to drive sales is reflected in the average net sales per square meter of store space, which in 2021 was approximately SEK 24 thousand.[6] Compared to the average of its peers, this represents approximately 48 per cent higher net sales per square meter of store space during 2021.[7] Further, among Rusta's stores included in the like-for-like estate the average net sales was SEK 54 million per store (with an average store area of 1,900 square meters), and the average contribution margin was 20.5 per cent per store, in the financial year 2022/2023[8].

Rusta aims to offer a positive shopping experience for its customers. In addition to implementing a common store concept across its store network with a clear customer flow through its different store departments aimed at increasing add-on sales and inspiring customers to make shopping at Rusta a convenient and positive experience, Rusta has implemented a number of procedures and initiatives focused on enhancing customer satisfaction. For example, Rusta has implemented routines aimed at ensuring orderliness and cleanliness through a tidy, well-lit and uniform appearance of its stores while ensuring on-shelf availability of its products and satisfactory customer service.

1) As a result of the acquisition of the Finnish discount retailer Hong Kong in 2018, certain Rusta stores in Finland have additional outdoor sales areas focused on gardening products in addition to the regular Rusta store concept.
2) Average payback period defined as investment associated with establishing the store (including store interior but excluding working capital) relative to store contribution margin.
3) Profitable means that the stores had a positive store contribution margin.
4) Profitable means that the stores had a positive store contribution margin.
5) Average store contribution margin refers to the net profit of Rusta's like-for-like estate excluding allocated central costs in relation to the net sales for the like-for-like estate per segment.
6) Source: The Strategic Market Study.
7) Source: The Strategic Market Study. Peers include Biltema, Dollarstore, Europris, Jula, Puuilo, Tokmanni and ÖoB.
8) Average store contribution margin refers to the net profit of Rusta's like-for-like estates excluding allocated central costs in relation to the net sales for the like-for-like estate.

Store network expansion

Rusta's group management and expansion committee continuously monitors and analyses Rusta's expansion potential beyond the existing store network through a white space analysis where modelling is based on a number of metrics used to assess potential locations for opening new stores and their fit with Rusta's long-term plans for expansions, including the performance of Rusta's existing store network, its logistics and distribution infrastructure, demographic factors and competitive aspects such as neighbouring stores and consumer traffic in the area. In addition, Rusta prepares net sales and profitability targets and projections for new stores for each of the geographic markets in which Rusta operates based on market-specific factors as well as on how well-established Rusta is in the geographic market in question. These targets are updated and renewed yearly. In order for a new store to be opened, the net sales and profitability projections of the potential new store must meet the targets set for the market in question. Such assessments, targets and projections are an important part of Rusta's expansion strategy, as Rusta typically makes long-term commitments to the local markets in which it decides to open up new stores. Rusta has a capital allocation strategy under which the capital is allocated to the most profitable initiatives, that supports Rusta to realise the full potential of the individual stores in terms of profitability. Rusta prioritises finding the right location and properly executing its strategy for the opening of new stores over the speed of its expansion.

As of 30 April 2023, Rusta had a store network of 201 stores, with 109 stores in Sweden, 44 stores in Norway, 40 stores in Finland and 8 stores in Germany. With the exception of a temporary store in Stockholm, which was open during the period March 2019–August 2022, Rusta has not closed any greenfield stores.[1] Since the financial year 2020/2021 up to and including the financial year 2022/2023, Rusta has opened 6 stores, 7 stores, 11 stores and 4 stores in Sweden, Norway, Finland and Germany, respectively, representing a total increase across its store network of 28 stores, or 16.2 per cent. In the table below, the number of stores per quarter and geographic market during financial years 2020/2021, 2021/2022 and 2022/2023 is presented.

	2020/2021			
	31 July 2020	**31 October 2020**	**31 January 2021**	**30 April 2021**
Sweden	99	100	100	103
Norway	36	37	37	37
Finland	25	28	28	29
Germany	3	4	4	4
Total	**163**	**169**	**169**	**173**
	2021/2022			
	31 July 2021	**31 October 2021**	**31 January 2022**	**30 April 2022**
Sweden	103	106	106	108
Norway	39	40	40	40
Finland	30	32	32	34
Germany	4	6	6	6
Total	**176**	**184**	**184**	**188**
	2022/2023			
	31 July 2022	**31 October 2022**	**31 January 2023**	**30 April 2023**
Sweden	109	108[1]	108	109
Norway	40	42	42	44
Finland	35	38	39	40
Germany	6	6	6	8
Total	**190**	**194**	**195**	**201**

1) Rusta had a temporary store in Stockholm, which was open during the period March 2019–August 2022 in a premise due to be renovated in September 2022 based on a temporary lease agreement.

1) Rusta's temporary store in Stockholm was located in a premise due to be renovated starting in September 2022 based on a temporary lease agreement. Three Hong Kong stores were also closed in connection with the acquisition and integration of the Finnish discount retailer Hong Kong in 2018.

In light of Rusta's competitive position and the resilience and expected growth of the variety hard discount markets in the geographies in which the Company operates, Rusta sees ample room to grow its existing store network in all its markets. As of 31 July 2023, Rusta had a shortlist consisting of approximately 150 locations identified as particularly attractive for new stores, approximately 40–60 planned store openings over the next three years and 24 signed[1)] or approved[2)] locations for new store openings.

Rusta's strategy of controlled, low-risk expansion is further supported by Rusta's well-invested and scalable operational platform, including its scalable and integrated IT infrastructure, a well-invested fulfilment centre and its efficient sourcing, logistics and distribution infrastructure, which together enable well-organised roll-outs of new stores. By leveraging its local cost base, Rusta believes it will be able to further expand its store network to facilitate increased sales volumes per SKU, which in turn will increase the economics of scale in Rusta's operations.

Sustainability

Rusta recognises its responsibility to ensure that Rusta's operations are conducted responsibly and sustainably and considers sustainability as an inherent part of its business model. Rusta has as a long-term goal of being the most sustainable low-price company within the variety hard discount markets in which Rusta operates. Rusta endeavours to achieve its goal by having a structured and target based approach to its sustainability work and therefore bases its sustainability strategy on four key areas of sustainability, Products, Social, Environment and Economic, where Rusta aims to achieve long-term improvement. Since 2017, Rusta has also worked actively and in a structured manner to adapt its sustainability efforts to the UN's 17 sustainable development goals. Rusta has identified 11 goals in relation to which the Company considers its impact to be the greatest and which Rusta therefore puts particular focus on within its sustainability work.

Rusta's 11 prioritised UN sustainable development goals (goals 3, 5, 10, 12–13 and 15–16).

Products

In order to create and increase trust among customers, Rusta needs to be able to offer safe, durable and fully functional products with good quality while maintaining low prices. Rusta believes that that the sustainability of its product assortment and customer offering increase by Rusta actively working to maintain and increase quality in its product assortment and by designing products to last longer that can also be repaired, reused and recycled. In turn, these factors decrease the share of products returned by customers due to defects. In the financial year 2011/2012, the share of products returned by customer due to defects was approximately 0.37 per cent of the Rusta products sold, whereas the corresponding figure for the financial year 2021/2022 was approximately 0.05 per cent of the products sold. Rusta considers the decreasing share of returned products to be a clear indicator that its sustainability and quality efforts in relation to its products are generating the desired results. Rusta's target is to reduce the number of products that are returned due to defects by 15 per cent annually and, by 2025, 50 per cent of all plastic used in the Company's products shall be made from renewable sources or from recycled materials.

In addition, Rusta strives to ensure that its suppliers continuously work towards improving the quality of its produced products. To achieve this, Rusta employs a Supplier Quality Evaluation tool designed as a scoring structure in which the suppliers' quality systems are benchmarked on the scale poor, average, good and high. Rusta's quality specialists support the Company's suppliers with training while working to motivate and encourage them to pursue further progress in its production quality efforts. Rusta's goal is to increase the share of suppliers rated as good or higher to 69 per cent in the financial year 2023/2024.

1) "Signed" means that lease agreements have been signed with landlords.
2) "Approved" means that the board of directors of Rusta has approved the location and the principal terms that have been negotiated with the prospective landlords.

Social

Rusta has developed a code of conduct, which incorporates the ten principles of the UN Global Compact, to assist Rusta in meeting its responsibilities in relation to, among other things, human rights and working conditions. The code of conduct sets out eight principles to which a supplier must adhere in order to be used as a supplier by Rusta and since 2008, all suppliers of Rusta's private label products must annually sign the code of conduct. The eight principles are:

- critical health and safety hazards need to be prevented;
- no child labour;
- voluntary labour only;
- critical environmental hazards to be prevented;
- good business ethics shall be practiced;
- all employees must have an employment contract;
- wage equal to or exceeding the legal minimum level; and
- access to drinking water and toilets must be ensured.

In addition to these minimum requirements, Rusta's code of conduct also contains several requirements concerning good working conditions, health and safety regulations, business ethics and environmental matters, along with protection of animals and threatened species. Rusta employees continuously monitor and control that Rusta's code of conduct is being adhered to by its suppliers and suppliers are rated by Rusta based on how well they comply with the code of conduct on the scale poor, average, good and high. Adhering to the code of conduct also includes a requirement that Rusta's local sourcing employees have the right to, at any time, make announced and unannounced visits to all suppliers producing products for Rusta. By working based on its code of conduct, Rusta works actively for the respect and protection of human rights and to continuously improve its performance in relation to its code of conduct. With respect to the social requirements laid out in the code of conduct, Rusta's goal is to increase the share of suppliers rated at the level "good" or higher to 85 per cent in the financial year 2023/2024.

Environment

Rusta also develops its products with environmental sustainability in mind with a strong commitment to care for the planet. Rusta works together with its suppliers to continuously improve its environmental performance and the environmental performance of all potential suppliers of Rusta is screened and evaluated before the suppliers are approved to produce products for Rusta. In addition to Rusta's non-negotiable requirement that all critical environmental hazards are eliminated or handled in a sustainable manner, Rusta rates its

suppliers based on the following areas: wastewater, electricity consumption, direct fuel consumption, waste management and emissions (non-greenhouse gases) on the scale poor, average, good and high. Through its work with its suppliers, Rusta aims to increase the share of suppliers rated at the level "good" or higher to 50 per cent in the financial year 2023/2024.

Rusta also works to promote recycling and discloses the share of recycled materials in all of its private label products, both with respect to the products themselves and the consumer packaging. Between the financial year 2020/2021 and 2021/2022, Rusta increased the share of recycled materials used in the product categories Home Decoration, DIY and Leisure by approximately 25 percentage points, 45 percentage points and 15 percentage points, respectively. In addition, Rusta aims to reduce the amount of virgin plastic in both products and consumer packaging as well as to only use raw materials that are legally harvested as well as certified and non-hazardous chemicals for its products. In the financial year 2022/2023, Rusta reduced the amount of virgin plastic in its products and consumer packaging by 532 tonnes in total. As a part of Rusta's environmental sustainability efforts, the Company also aims to provide at least 25 per cent of the Company's product assortment completely without consumer packaging by 2026.

With respect to greenhouse gases, Rusta strives towards reducing the CO2 emissions associated with transporting the Company's products by at least 3 per cent annually through the utilisation of alternative transport modes and fuels as well as to, by 2045, achieve climate neutrality according to the Greenhouse Gas Protocols' scope 1, 2 and 3.

Economic

Through a structured approach to its sustainability work, Rusta's key focus areas Products, Social and Environment together pave the way for a sustainable business, which offers Rusta's customers value for money. Rusta also sees past short-term profits to reach its long-term sustainability objectives. In addition, Rusta continues to develop its business with partners and suppliers that prioritise sustainability, thus also enabling an economically sustainable business.

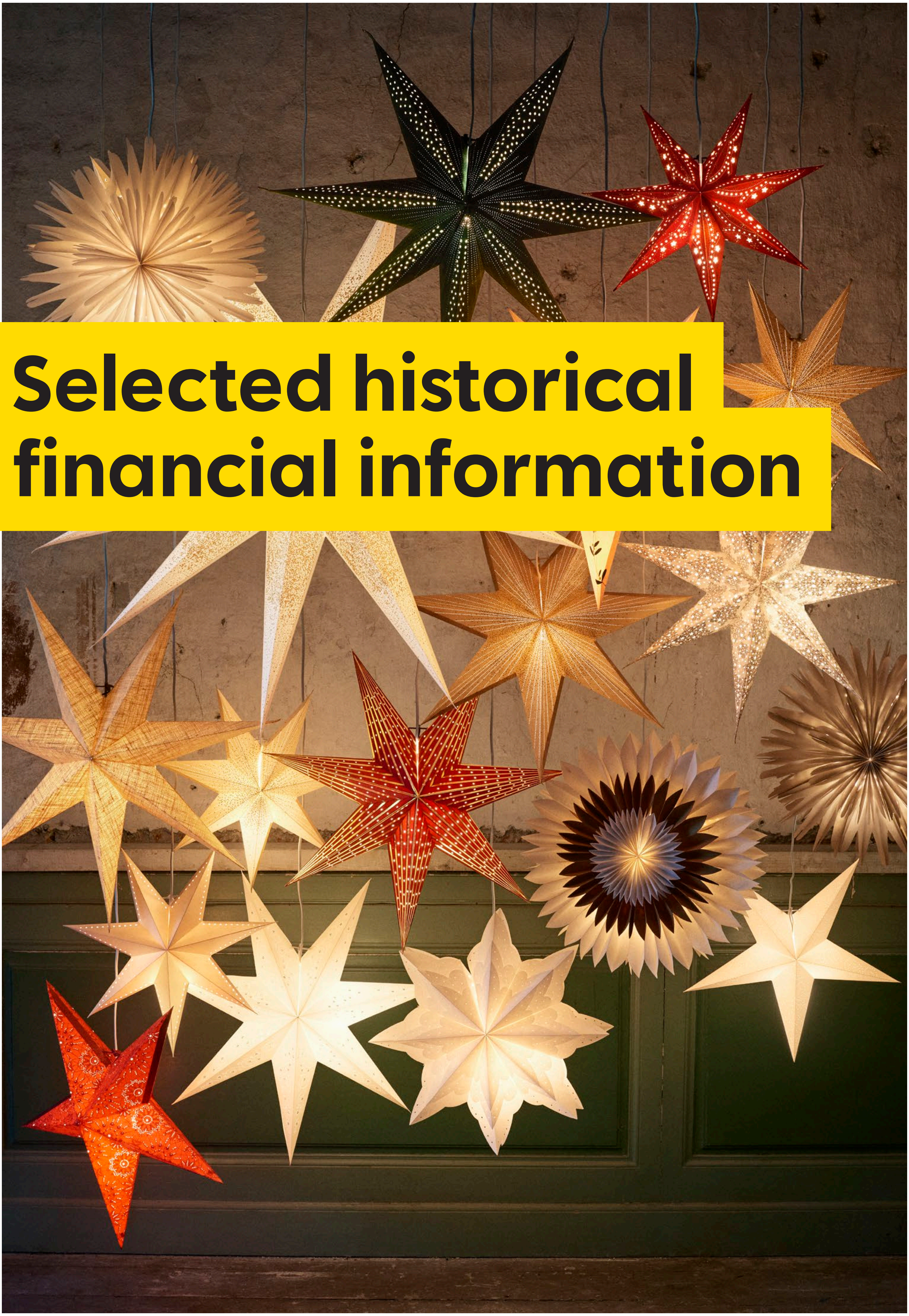
Rusta's organisation

Rusta believes that its employees are a key factor in Rusta's success as a business. Rusta's senior executives have extensive experience from the retail sector and a majority of the senior executives have been with Rusta for more than ten years. In addition, approximately 65 per cent of store managers have held their positions as store managers for more than five years, which Rusta considers a strength that contributes to its unique corporate culture. Rusta's values are an integral part of Rusta's organisation and are represented by the key words simplicity, courage, commitment and togetherness.

Rusta's operations are centrally managed from its headquarters in Upplands Väsby, Sweden. As of 30 April 2023, Rusta had 4,181 employees, with 330 employees working at Rusta's headquarters, 453 employees at Rusta's fulfilment centre in Norrköping, Sweden, and 3,305 employees across Rusta's store network. Rusta has local sales organisations in each of the geographic markets in which it operates as well as local sourcing offices across Asia. As of 30 April 2023, Rusta had 862 employees, 738 employees and 154 employees in its local sales organisations in Norway, Finland and Germany, respectively, and had 65 employees, 16 employees and 12 employees in its local sourcing offices in China, India and Vietnam, respectively. As of 30 April 2023, approximately 64 per cent of Rusta's employees were females, and the corresponding figures for leadership roles and the senior executives were approximately 54 per cent and 56 per cent, respectively.

Rusta's staffing needs fluctuate during the year as a result of the seasonality of Rusta's business and general consumer demand. To address these fluctuations, Rusta hires additional employees on part-time contracts on a seasonal basis during peak selling periods, the majority of whom are sales personnel employed throughout Rusta's store network.

Selected historical financial information



Selected historical financial information

The selected historical financial information presented in this Offering Memorandum for the financial years 2022/2023, 2021/2022 and 2020/2021 has been derived from Rusta's audited consolidated financial statements for each financial year included in section "*Historical financial information*", which have been audited by PwC (see section "*Historical financial information – Auditor's report on historical financial statements for the financial years 2022/2023, 2021/2022 and 2020/2021*"). The selected historical consolidated financial information presented in this Offering Memorandum for the periods 1 May – 31 July 2023 and 1 May – 31 July 2022 has been derived from Rusta's unaudited consolidated financial statements for the period 1 May – 31 July 2023 included in section "*Historical financial information*", which has been reviewed by PwC (see section "*Historical financial information – Auditor's review report*").

Rusta's audited consolidated financial statements for the financial years 2022/2023, 2021/2022 and 2020/2021 have been prepared in accordance with IFRS, as adopted by the EU. Rusta's unaudited consolidated financial statements for the period 1 May – 31 July 2023 has been prepared in accordance with IAS 34 – Interim Financial Reporting. Except as expressly stated in this Offering Memorandum, no financial information has been audited or reviewed by Rusta's auditor.

In this Offering Memorandum, Rusta also presents certain key performance metrics, including certain key performance metrics and ratios that are not measures of financial performance or financial position defined under IFRS (alternative performance measures). The alternative performance measures presented in this Offering Memorandum are not recognised measures of financial performance under IFRS, but measures used by the Company to monitor the performance of the Company's underlying business and operations. Alternative performance measures should not be viewed as substitutes for income statement, balance sheet or cash flow items computed in accordance with IFRS. The alternative performance measures do not necessarily indicate whether the cash flows will be sufficient or available to meet the Company's cash requirements and may not be indicative of the Company's historical operating results, nor are such metrics meant to be predictive of the Company's future results. For further information on the Company's uses of alternative performance measures and reconciliation of the alternative performance measures, see section "*– Definitions and reconciliations of alternative performance measures*" below.

The following information should be read in conjunction with sections "*Operating and financial review*", "*Capitalisation and net indebtedness*" and "*Historical financial information*".

Selected information from the Group's income statement

	Unaudited		*Audited*		
	1 May – 31 July		**1 May – 30 April**		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Net sales	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
Cost of goods sold	–1,694.0	–1,572.5	–6,015.8	–5,478.0	–4,995.1
Gross profit	**1,264.6**	**1,080.4**	**4,186.5**	**4,012.2**	**3,637.7**
Sales expenses	–903.5	–799.5	–3,414.4	–3,065.4	–2,801.8
Administrative expenses	–104.5	–63.7	–297.5	–283.1	–272.0
Other operating income	68.8	47.4	216.2	297.4	189.4
Other operating expenses	–29.1	–45.9	–172.6	–147.1	–125.0
Operating profit	**296.3**	**218.7**	**518.2**	**814.0**	**628.3**
Finance income	2.0	0.0	1.4	0.4	0.6
Finance expenses	–57.6	–38.4	–179.0	–143.3	–125.2
Profit/loss before tax	**240.7**	**180.2**	**340.7**	**671.1**	**503.7**
Income tax expense	–51.6	–35.4	–79.3	–55.9	–102.5
Net profit/loss for the period	**189.1**	**144.9**	**261.4**	**615.3**	**401.2**
Profit per share					
Profit per share, basic, SEK[1)]	1.2	1.0	1.7	4.1	2.7
Profit per share, diluted, SEK[1)]	1.0	1.0	1.7	4.1	2.7

1) Re-calculated based on the share split (300:1) that the Company carried out in September 2023.

Selected information from the Group's statement of comprehensive income

	Unaudited		*Audited*		
	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Net profit/loss for the period	**189.1**	**144.9**	**261.4**	**615.3**	**401.2**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange rate differences from translation of foreign subsidiaries	29.7	2.1	–36.4	4.2	2.4
Cash flow hedges, net after tax	15.1	–15.3	–60.4	53.8	–14.5
Other comprehensive income for the period, net after tax	**44.8**	**–13.1**	**–96.8**	**58.0**	**–12.1**
Total comprehensive income	**233.9**	**131.8**	**164.5**	**673.3**	**389.0**
Attributable to:					
Parent company's shareholders	233.9	131.8	164.5	673.3	389.1
Non-controlling interest	–	–	–	–	–

Selected information from the Group's statement of financial position

	Unaudited		*Audited*		
	31 July		30 April		
(MSEK)	2023	2022	2022/2023	2021/2022	2020/2021
ASSETS					
Non-current assets					
Intangible assets					
Capitalised development expenses	62.3	69.0	62.0	68.1	57.4
Trademarks	6.1	15.8	7.9	17.3	24.6
Goodwill	116.0	103.8	113.2	102.4	102.4
Property, plant and equipment					
Buildings and land	–	–	–	–	18.3
Right-of-use assets	5,145.5	4,078.4	5,114.7	4,202.0	3,882.4
Tangible assets under construction	–	–	–	–	389.3
Property, plant and equipment	469.6	426.1	473.3	439.9	409.7
Financial assets					
Other financial assets	0.0	0.0	0.0	0.0	0.0
Deferred tax receivables	188.9	192.0	199.2	188.1	104.0
Total non-current assets	**5,988.4**	**4,885.2**	**5,970.3**	**5,017.8**	**4,988.0**
Current assets					
Inventories	2,566.1	2,844.5	2,593.1	2,814.7	1,802.1
Accounts receivable	16.2	18.5	26.8	20.9	24.0
Other current receivables	37.1	37.9	40.1	38.0	31.3
Prepaid expenses and accrued income	69.3	81.4	42.3	125.5	47.1
Cash and cash equivalents	393.7	181.2	182.2	169.7	66.0
TOTAL ASSETS	**9,070.7**	**8,048.6**	**8,854.8**	**8,186.7**	**6,958.5**
EQUITY AND LIABILITIES					
Equity attributable to the parent company's shareholders					
Share capital (151,792,800 shares, quota value approximately SEK 0.03)	5.1	5.1	5.1	5.1	5.1
Other contributed capital	0.9	0.9	0.9	0.9	0.9
Reserves	–8.8	30.1	–53.6	43.2	–14.8
Retained earnings including profit/loss for the period	1,511.6	1,356.5	1,322.5	1,212.9	997.4
Total, equity	**1,508.8**	**1,392.5**	**1,274.8**	**1,262.1**	**988.5**
Non-current liabilities					
Deferred tax liabilities	117.9	122.8	115.4	127.5	83.5
Liabilities to credit institutions	46.5	61.9	51.4	61.5	272.9
Lease liabilities	4,641.0	3,714.4	4,616.2	3,717.4	3,274.8
Other non-current liabilities	72.1	93.4	70.4	92.8	116.2
Current liabilities					
Liabilities to credit institutions	2.8	124.6	385.9	331.0	296.5
Lease liabilities	871.7	696.3	848.4	808.4	619.6
Trade payables	861.5	714.3	635.5	689.0	462.2
Liabilities to parent company	–	219.0	–	222.4	17.4
Current tax liabilities	33.6	76.1	15.5	64.0	24.6
Provisions	22.6	21.4	22.3	21.4	20.5
Other current liabilities	273.4	244.5	189.4	189.8	186.5
Accrued expenses and deferred income	618.7	567.3	629.7	599.5	595.1
Total liabilities	**7,561.9**	**6,656.1**	**7,580.0**	**6,924.7**	**5,969.9**
TOTAL EQUITY AND LIABILITIES	**9,070.7**	**8,048.6**	**8,854.8**	**8,186.7**	**6,958.5**

Selected information from the Group's statement of cash flows

	Unaudited		*Audited*		
	1 May – 31 July		**1 May – 30 April**		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Cash flow from operating activities					
Operating profit	296.3	218.7	518.2	814.0	628.3
Adjustments for non-cash items:					
Depreciation, amortisation and impairment losses	228.4	196.6	837.2	737.4	684.3
Capital gain/loss from divestment/disposal of fixed assets	–	–	0.7	–106.6	–
Currency conversions	0.5	–3.7	8.4	–0.6	3.5
Provisions	0.4	–0.1	0.8	0.9	10.4
Interest received	2.0	0.0	1.4	0.4	0.6
Interest paid	–57.6	–38.4	–179.0	–143.3	–125.2
Paid income tax	–20.7	–31.8	–139.6	–58.0	–120.7
Cash flow from operating activities before changes in working capital	**449.3**	**341.3**	**1,048.1**	**1,244.1**	**1,081.1**
Cash flow from changes in working capital					
Increase/decrease in inventories	50.6	–27.5	235.0	–1,002.5	–81.1
Increase/decrease in operating receivables	–15.3	46.7	68.1	–25.4	6.3
Increase/decrease in operating liabilities	279.0	27.5	–344.4	408.6	–261.5
Cash flow from operating activities	**763.5**	**388.0**	**1,006.8**	**624.9**	**744.8**
Investing activities					
Investments in intangible assets	–3.6	–2.7	–11.6	–26.4	–10.7
Investments in tangible assets	–27.3	–19.6	–160.9	–230.6	–468.3
Divested tangible assets	–	–	–	–	91.6
Paid contingent consideration	–	–	–	–21.2	–
Divestments of subsidiaries	–	–	–	885.3	–
Cash flow from investing activities	**–30.9**	**–22.3**	**–172.4**	**607.2**	**–387.5**
Financing activities					
Repurchases of options	–	–	–	–	–35.5
New issues incl. related costs	–	–	–	–	8.1
Change in the overdraft facility	–361.2	–5.4	179.9	–158.8	285.0
Re-payment of loans	–2.8	–204.4	–215.5	–11.9	–109.1
Re-payment of lease liabilities	–156.8	–144.4	–638.4	–559.4	–505.3
Dividends to shareholders	–	–	–151.8	–399.8	–
Cash flow from financing activities	**–520.8**	**–354.2**	**–825.8**	**–1,129.8**	**–356.9**
Cash flow for the period	**211.8**	**11.5**	**8.6**	**102.2**	**0.5**
Cash and cash equivalents at the beginning of the period	**182.2**	**169.7**	**169.7**	**66.0**	**62.8**
Exchange difference in cash and cash equivalents	–0.3	0.0	3.9	1.5	2.7
Cash and cash equivalents at the end of the period	**393.7**	**181.2**	**182.2**	**169.7**	**66.0**

Key performance metrics

(MSEK, unless otherwise stated)	*Unaudited* 1 May – 31 July 2023	2022	*Unaudited* 1 May – 30 April 2022/2023	2021/2022	2020/2021
Net sales growth, %	11.5%	3.0%	7.5%	9.9%	17.0%
Currency effect, %	0.5%	1.3%	1.3%	−0.6%	−8.6%
LFL growth, %	6.5%	−2.8%	2.5%	5.1%	7.0%
Net sales growth excl. currency effects, %	11.0%	1.8%	6.2%	10.5%	25.6%
Gross profit	1,264.6	1,080.4	4,186.5	4,012.2	3,637.7
Gross margin, %	42.7%	40.7%	41.0%	42.3%	42.1%
Operating profit (EBIT)	296.3	218.7	518.2	814.0	628.3
EBITA	298.3	220.5	529.1	821.1	635.6
EBITA excl. IFRS 16	258.5	193.2	403.5	729.2	566.5
Adjusted EBITA	318.4	220.5	543.9	714.8	593.9
Operating profit margin (EBIT margin), %	10.0%	8.2%	5.1%	8.6%	7.3%
EBITA margin, %	10.1%	8.3%	5.2%	8.7%	7.4%
Adjusted EBITA margin, %	10.8%	8.3%	5.3%	7.5%	6.9%
EBITDA	524.7	415.3	1,355.4	1,551.4	1,312.6
EBITDA excl. IFRS 16	298.8	229.5	558.6	858.6	690.4
EBITDA margin, %	17.7%	15.7%	13.3%	16.3%	15.2%
Adjusted EBITDA	544.8	415.3	1,370.2	1,445.0	1,270.9
Adjusted EBITDA excl. IFRS 16	318.9	229.5	573.4	752.2	648.7
Adjusted EBITDA margin, %	18.4%	15.7%	13.4%	15.2%	14.7%
Adjusted net profit	207.1	146.7	281.8	514.6	365.3
Adjusted net profit margin, %	7.0%	5.5%	2.8%	5.4%	4.2%
Cash flow from operating activities / adjusted EBITDA, (multiple)	1.4x	0.9x	0.7x	0.4x	0.6x
Net working capital	935.0	1,456.1	1,247.8	1,520.9	660.7
Net debt	5,168.3	4,416.0	5,719.6	4,748.6	4,397.9
Net debt excl. IFRS 16	−344.5	5.3	255.1	222.8	503.5
Net debt excl. IFRS 16 / EBITDA excl. IFRS 16, R12, (multiple)	−0.55x	0.01x	0.46x	0.26x	0.73x
Net debt excl. IFRS 16 / adjusted EBITDA excl. IFRS 16, R12, (multiple)	−0.52x	0.01x	0.44x	0.30x	0.78x
Maintenance investments	8.4	7.8	42.1	53.0	34.9
Strategic investments	10.0	5.5	23.2	20.9	86.2
Expansion investments	12.5	9.0	107.2	183.1	357.8
Equity ratio, %	16.6%	17.3%	14.4%	15.4%	14.2%
Equity ratio excl. IFRS 16, %	42.4%	38.3%	37.6%	34.5%	32.3%
Return on equity, %	20.3%	28.7%	20.5%	48.8%	40.6%

Definitions and reconciliations of alternative performance measures

The alternative performance measures presented below are not recognised measures of financial results or financial position under IFRS, but measures used by the Company to monitor the performance of the Company's underlying business and operations. The Company presents these alternative performance measures in this Offering Memorandum because the Company considers them to be important supplemental information for investors in order to review Rusta's performance and position as well as to facilitate comparison with similar companies. As not all companies calculate these measures in the same way, they are not always comparable with those used by other companies. These measures should therefore not be regarded as replacing measures that are defined in accordance with IFRS.

Definitions

Alternative performance measure	Definition	Reason for use
Net sales growth, %	Growth in net sales. Net sales in current period divided by net sales in the comparative period.	To analyse the Group's total net sales growth in order to compare it against competitors and the market as a whole.
Currency effect, %	The increase/decrease in profit/loss line items for the period attributable to the effects of exchange rate fluctuations divided by profit/loss line items in the comparative period re-calculated to the foreign exchange rate applicable for the comparative period.	To analyse the Group's underlying growth attributable to changes in exchange rates.
LFL growth, %	Change in comparable sales between the current and comparative periods, where comparable sales are sales in comparable stores that have been operational throughout the entire current and comparative period. For a store to be classified as comparable, it must have been open for a full financial year.	Tracks the development in net sales over time in stores that have been operational during the entire current period and the comparative period, existing stores. The measure makes it possible to analyse the net sales growth for all existing stores in the Group.
Net sales growth excl. currency effects, %	Net sales growth adjusted for currency effects.	To monitor the Group's underlying growth in net sales.
LFL growth excl. currency effects, %[1)]	LFL growth adjusted for currency effects.	Tracks the LFL growth in existing stores excluding currency effects.
Items affecting comparability	Income and expense items recognised separately as a result of their nature and their amounts. All included items are bigger and significant during certain periods, or non-existent in other periods.	Items affecting comparability is used by the management to explain trends in historical earnings. Separate recognition and specification of items affecting comparability allows readers of the financial reports to understand and evaluate the adjustments made by the management when the adjusted earnings are reported. Taking into account items that affect comparability increases the comparability of data and thereby enhances understanding of the Group's financial development.
Gross profit	Net sales less the cost of goods sold including the inbound cost of the goods.	To analyse the profit from sales. The Group's gross profit shows what is left to finance other costs once the goods are sold.
Gross margin, %	Gross profit divided by net sales.	To analyse the profit from sales. The Group's gross margin shows the profitability after the cost for merchandise including take-home cost has been incurred, which allows for the comparison of the average gross margin for sold merchandise over time.
Operating profit (EBIT)	Earnings before financial items and taxes.	Indicates the Company's profit or loss generated from ongoing operations independent of capital and tax structures.

1) The alternative performance measure LFL growth excl. currency effects is only reported for the segments.

Alternative performance measure	Definition	Reason for use
EBITA	Operating profit before amortisation of intangible assets arising in connection with business acquisitions.	Provides an overarching picture of the profit generated in the operational business before amortisation of intangible assets arising from business combinations.
EBITA excl. IFRS 16	Operating profit before amortisation of intangible assets arising in connection with business acquisitions adjusted for the effects of IFRS 16. The effects of IFRS 16 on EBITA is that the total cost for leases is reported as operating expense, which differs from the consolidated statement of profit/loss where the interest component is included in net financial items.	Provides a profit measure reflecting EBITA before the effects of IFRS 16 accounting.
Adjusted EBITA	EBITA excluding items affecting comparability.	Provides a comparable profit measure which is more closely reflecting the underlying EBITA of the business over time.
Operating profit margin (EBIT margin), %	Operating profit (EBIT) divided by net sales.	Provides a measure of profitability generated from ongoing operations independent of capital and tax structures.
EBITA margin, %	EBITA divided by net sales.	Provides an overarching picture of the profitability generated in the operational business before amortisation of intangible assets arising from business combinations.
Adjusted EBITA margin, %	EBITA excluding items affecting comparability divided by net sales.	Provides a more comparable profitability measure which is more closely reflecting the underlying EBITA margin of the business over time.
EBITDA	Earnings before tax, financial items, depreciation and amortisation.	Provides a profit measure which more closely represents the cash surplus generated from operations.
EBITDA excl. IFRS 16	EBITDA excluding the effects of IFRS 16. The effects of IFRS16 on EBITDA is that the total cost for leases is reported as operating expense, which differs from the consolidated statement of profit/loss where the interest component is included in net financial items.	Provides a profit measure reflecting EBITDA before the effects of IFRS 16 accounting.
EBITDA margin, %	EBITDA divided by net sales.	Provides a measure of profitability which more closely represents the cash surplus generated from operations.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	Provides a more comparable profit measure which is more closely reflecting the underlying EBITDA of the business over time.
Adjusted EBITDA excl. IFRS 16	EBITDA excl. IFRS 16 excluding items affecting comparability.	Provides a more comparable profit measure reflecting EBITDA before the effects of IFRS 16.
Adjusted EBITDA margin, %	EBITDA excluding items affecting comparability divided by net sales.	Provides a measure of the Group's underlying results generated in the operational business before depreciation and amortisation excluding items affecting comparablility, which enables comparisons of the underlying operational profitability.
Adjusted net profit/loss	Profit/loss after tax excluding items affecting comparability after tax and depreciation and amortisation of intangible assets arising in connection with business acquisitions after tax.	Adjusted net profit provides a comparable measure of the net profits generated by the business, reflecting all underlying costs incurred during operations over time.

Alternative performance measure	Definition	Reason for use
Adjusted net profit/loss margin, %	Adjusted net profit/loss divided by net sales.	Adjusted net profit margin provides a comparable net profitability measure reflecting all underlying costs incurred during operations as a share of sales over time.
Cash flow from operating activities / adjusted EBITDA, (multiple)	Cash flow from operating activities divided with EBITDA excluding items affecting comparability.	Provides an overview of the underlying cash generation for the Group.
Net working capital	Current assets less current liabilities.	Provides an overview of the short-term tied-up capital of the Group.
Net debt	Total current and long-term interest-bearing liabilities less cash and cash equivalents.	This measure provides an overview of the Group's total indebtedness and indication of upcoming payment obligations.
Net debt excl. IFRS 16	Sum of short-term and long-term interest-bearing debt excluding leasing liabilities recorded in accordance with IFRS 16 and less cash and cash equivalents.	This measure provides an overview of the Group's financial indebtedness and indication of upcoming financial payment obligations.
Net debt excl. IFRS 16 / EBITDA excl. IFRS 16, R12, (multiple)	Net debt excl. IFRS 16 divided with EBITDA excl. IFRS 16 for the last twelve months.	Describes the Group's capacity to repay its interest-bearing debt excluding leasing liabilities. This is used to analyse the financial leverage excluding leasing liabilities and the impact of IFRS 16 on EBITDA.
Net debt excl. IFRS 16 / adjusted EBITDA excl. IFRS 16, R12, (multiple)	Net debt excl. IFRS 16 divided with adjusted EBITDA excl. IFRS 16 for the last twelve months.	Describe the Group's capacity to repay its interest-bearing debt excluding leasing liabilities. This is used to analyse the financial leverage excluding leasing liabilities and before items affecting comparability and the impact of IFRS 16.
Maintenance investments	Investments in existing stores or IT systems. Calculated as the difference between total investments and the sum of Investments in new stores and Strategic investments.	This key ratio describes the Group's ongoing need for investment in the operational business.
Strategic investments	Investments attributable to strategic initiatives including, but not limited, to expansion of central warehouse and investments in new IT systems. Investments associated with the relocation of a warehouse are classified as strategic investments.	This key ratio provides a picture of investments made in strategic initiatives.
Expansion investments	Investments in establishing new stores or new channels.	This key ratio provides a picture of the investments made for expanding the store network.
Equity/assets ratio, %	Total equity divided by total assets.	Describes the Group's long-term ability to make payments.
Equity/assets ratio excl. IFRS 16, %	Total equity divided by total assets less leasing liabilities recorded in accordance with IFRS 16. Right-of-use assets recorded in accordance with IFRS 16 are included in total assets and not adjusted for.	Describes the Group's long-term ability to make payment adjusted for leasing liabilities recorded in accordance with IFRS 16.
Return on equity, %	Profit for the last twelve months in relation to shareholder's equity.	Measure of profitability in relation to the carrying amount of equity. Shows how investments are used to generate increased income.

Reconciliations of alternative performance measures not defined in accordance with IFRS

For the Group

Net sales growth, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Net sales current period	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
Net sales previous period	2,652.9	2,575.2	9,490.2	8,632.8	7,379.8
Net sales growth, %	**11.5%**	**3.0%**	**7.5%**	**9.9%**	**17.0%**

Currency effect, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Net sales current period	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
Net sales current period adjusted for currency effects	2,945.9	2,620.3	10,081.9	9,541.1	9,270.3
Currency effect	**12.8**	**32.6**	**120.4**	**–51.0**	**–637.5**
Net sales previous period	2,652.9	2,575.2	9,490.2	8,632.8	7,379.8
Currency effect, %	**0.5%**	**1.3%**	**1.3%**	**–0.6%**	**–8.6%**

LFL growth, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
LFL sales in the previous period	2,563.8	2,492.4	9,010.7	8,128.9	6,159.2
LFL sales in the current period	2,730.5	2,422.6	9,236.0	8,543.5	6,590.4
LFL growth, %	**6.5%**	**–2.8%**	**2.5%**	**5.1%**	**7.0%**

Net sales growth excl. currency effects, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Net sales growth, %	11.5%	3.0%	7.5%	9.9%	17.0%
Currency effect, %	–0.5%	–1.3%	–1.3%	0.6%	8.6%
Net sales growth excl. currency effects, %	**11.0%**	**1.8%**	**6.2%**	**10.5%**	**25.6%**

Gross profit

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Net sales	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
Cost of goods sold	–1,694.0	–1,572.5	–6,015.8	–5,478.0	–4,995.1
Gross profit	**1,264.6**	**1,080.4**	**4,186.5**	**4,012.2**	**3,637.7**

Gross margin, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Gross profit	1,264.6	1,080.4	4,186.5	4,012.2	3,637.7
Net sales	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
Gross margin, %	**42.7%**	**40.7%**	**41.0%**	**42.3%**	**42.1%**

Operating profit (EBIT)

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Operating profit	296.3	218.7	518.2	814.0	628.3
Operating profit (EBIT)	**296.3**	**218.7**	**518.2**	**814.0**	**628.3**

EBITA

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Operating profit (EBIT)	296.3	218.7	518.2	814.0	628.3
Amortisation of acquisition-related assets	2.0	1.8	10.9	7.1	7.3
EBITA	**298.3**	**220.5**	**529.1**	**821.1**	**635.6**

EBITA excl. IFRS 16

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
EBITA	298.3	220.5	529.1	821.1	635.6
Less lease expenses (IFRS 16)	–39.8	–27.3	–125.6	–91.9	–69.1
EBITA excl. IFRS 16	**258.5**	**193.2**	**403.5**	**729.2**	**566.5**

Adjusted EBITA

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
EBITA	298.3	220.5	529.1	821.1	635.6
Items affecting comparability	20.0	–	14.8	–106.4	–41.7
whereof expenses related to preparation for initial public offering (IPO)	*20.0*	–	*14.8*	–	–
whereof sale of subsidiaries	–	–	–	*–106.4*	–
whereof reversal of provision for contingent payments	–	–	–	–	*–41.7*
Adjusted EBITA	**318.4**	**220.5**	**543.9**	**714.8**	**593.9**

Operating profit margin (EBIT margin), %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Operating profit (EBIT)	296.3	218.7	518.2	814.0	628.3
Net sales	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
Operating profit margin (EBIT margin), %	**10.0%**	**8.2%**	**5.1%**	**8.6%**	**7.3%**

EBITA margin, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
EBITA	298.3	220.5	529.1	821.1	635.6
Net sales	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
EBITA margin, %	**10.1%**	**8.3%**	**5.2%**	**8.7%**	**7.4%**

Adjusted EBITA margin, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Adjusted EBITA	318.4	220.5	543.9	714.8	593.9
Net sales	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
Adjusted EBITA margin, %	**10.8%**	**8.3%**	**5.3%**	**7.5%**	**6.9%**

EBITDA

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Operating profit (EBIT)	296.3	218.7	518.2	814.0	628.3
Depreciation and amortisation	228.4	196.6	837.2	737.4	684.3
EBITDA	**524.7**	**415.3**	**1,355.4**	**1,551.4**	**1,312.6**

EBITDA excl. IFRS 16

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
EBITDA	524.7	415.3	1,355.4	1,551.4	1,312.6
Less lease expenses (IFRS 16)	–225.9	–185.7	–796.8	–692.8	–622.2
EBITDA excl. IFRS 16	**298.8**	**229.5**	**558.6**	**858.6**	**690.4**

EBITDA margin, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
EBITDA	524.7	415.3	1,355.4	1,551.4	1,312.6
Net sales	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
EBITDA margin, %	**17.7%**	**15.7%**	**13.3%**	**16.3%**	**15.2%**

Adjusted EBITDA

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
EBITDA	524.7	415.3	1,355.4	1,551.4	1,312.6
Items affecting comparability	20.0	–	14.8	–106.4	–41.7
whereof expenses related to preparation for initial public offering (IPO)	*20.0*	–	*14.8*	–	–
whereof sale of subsidiaries	–	–	–	*–106.4*	–
whereof reversal of provision for contingent payments	–	–	–	–	*–41.7*
Adjusted EBITDA	**544.8**	**415.3**	**1,370.2**	**1,445.0**	**1,270.9**

Adjusted EBITDA excl. IFRS 16

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Adjusted EBITDA	544.8	415.3	1,370.2	1,445.0	1,270.9
Less lease expenses (IFRS 16)	–225.9	–185.7	–796.8	–692.8	–622.2
Adjusted EBITDA excl. IFRS 16	**318.9**	**229.5**	**573.4**	**752.2**	**648.7**

Adjusted EBITDA margin, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Adjusted EBITDA	544.8	415.3	1,370.2	1,445.0	1,270.9
Net sales	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
Adjusted EBITDA margin, %	**18.4%**	**15.7%**	**13.4%**	**15.2%**	**14.7%**

Adjusted net profit

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Profit for the period	189.1	144.9	261.4	615.3	401.2
Amortisation of acquisition-related assets	2.0	1.8	10.9	7.1	7.3
Items affecting comparability	**20.0**	**–**	**14.8**	**–106.4**	**–41.7**
of which expenses related to preparation for initial public offering (IPO)	*20.0*	–	*14.8*	–	–
of which sale of subsidiaries	–	–	–	*–106.4*	–
of which reversal of reserve for contingent payments	–	–	–	–	*–41.7*
Tax on adjustment items	–4.1	–	–5.3	–1.5	–1.5
Adjusted net profit	**207.1**	**146.7**	**281.8**	**514.6**	**365.3**

Adjusted net profit margin, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Adjusted net profit	207.1	146.7	281.8	514.6	365.3
Net sales	2,958.7	2,652.9	10,202.3	9,490.2	8,632.8
Adjusted net profit margin, %	**7.0%**	**5.5%**	**2.8%**	**5.4%**	**4.2%**

Cash flow from operating activities / adjusted EBITDA (multiple)

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Cash flow from operating activities	763.5	388.0	1,006.8	624.9	744.8
Adjusted EBITDA	544.8	415.3	1,370.2	1,445.0	1,270.9
Cash flow from operating activities / adjusted EBITDA, (multiple)	**1.4x**	**0.9x**	**0.7x**	**0.4x**	**0.6x**

Net working capital

	31 July		30 April		
(MSEK)	**2023**	**2022**	**2023**	**2022**	**2021**
Inventory	2,566.1	2,844.5	2,593.1	2,814.7	1,802.1
Trade receivables	16.2	18.5	26.8	20.9	24.0
Other current receivables	37.1	37.9	40.1	38.0	31.3
Prepaid expenses and accrued income	69.3	81.4	42.3	125.5	47.1
Trade payables	–861.5	–714.3	–635.5	–689.0	–462.2
Other current liabilities	–273.4	–244.5	–189.4	–189.8	–186.5
Accrued expenses and deferred income	–618.7	–567.3	–629.7	–599.5	–595.1
Net working capital	**935.0**	**1,456.1**	**1,247.8**	**1,520.9**	**660.7**

Net debt

	31 July		30 April		
(MSEK)	**2023**	**2022**	**2023**	**2022**	**2021**
Liabilities to credit institutions, non-current	46.5	61.9	51.4	61.5	272.9
Lease liabilities, non-current	4,641.0	3,714.4	4,616.2	3,717.4	3,274.8
Liabilities to credit institutions, current	2.8	124.6	385.9	331.0	296.5
Lease liabilities, current	871.7	696.3	848.4	808.4	619.6
Cash and cash equivalents	–393.7	–181.2	–182.2	–169.7	–66.0
Net debt	**5,168.3**	**4,416.0**	**5,719.6**	**4,748.6**	**4,397.9**

Net debt excl. IFRS 16

	31 July		30 April		
(MSEK)	2023	2022	2023	2022	2021
Liabilities to credit institutions, non-current	46.5	61.9	51.4	61.5	272.9
Liabilities to credit institutions, current	2.8	124.6	385.9	331.0	296.5
Cash and cash equivalents	–393.7	–181.2	–182.2	–169.7	–66.0
Net debt excl. IFRS 16	**–344.5**	**5.3**	**255.1**	**222.8**	**503.5**

Net debt excl. IFRS 16 / EBITDA excl. IFRS 16, R12, (multiple)

	31 July		30 April		
(MSEK)	2023	2022	2023	2022	2021
Net debt excl. IFRS 16	–344.5	5.3	255.1	222.8	503.5
EBITDA excl. IFRS 16, R12	627.8	677.6	558.6	858.6	690.4
Net debt excl. IFRS 16 / EBITDA excl. IFRS 16, R12, (multiple)	**–0.55x**	**0.01x**	**0.46x**	**0.26x**	**0.73x**

Net debt excl. IFRS 16 / adjusted EBITDA excl. IFRS 16, R12, (multiple)

	31 July		30 April		
(MSEK)	2023	2022	2023	2022	2021
Net debt excl. IFRS 16	–344.5	5.3	255.1	222.8	503.5
Adjusted EBITDA excl. IFRS 16, R12	662.7	571.2	573.4	752.2	648.7
Net debt excl. IFRS16 / adjusted EBITDA excl. IFRS 16, R12, (multiple)	**–0.52x**	**0.01x**	**0.44x**	**0.30x**	**0.78x**

Equity ratio, %

	31 July		30 April		
(MSEK, unless otherwise stated)	2023	2022	2023	2022	2021
Total equity	1,508.8	1,392.5	1,274.8	1,262.1	988.5
Total assets	9,070.7	8,048.6	8,854.8	8,186.7	6,958.5
Equity ratio, %	**16.6%**	**17.3%**	**14.4%**	**15.4%**	**14.2%**

Equity ratio excl. IFRS 16, %

	31 July		30 April		
(MSEK, unless otherwise stated)	2023	2022	2023	2022	2021
Total equity	1,508.8	1,392.5	1,274.8	1,262.1	988.5
Total assets	9,070.7	8,048.6	8,854.8	8,186.7	6,958.5
Less lease liabilities	–5,512.8	–4,410.7	–5,464.6	–4,525.8	–3,894.4
Equity ratio excl. IFRS 16, %	**42.4%**	**38.3%**	**37.6%**	**34.5%**	**32.3%**

Return on equity, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	2023	2022	2022/2023	2021/2022	2020/2021
Profit/loss for the period, R12	305.6	399.0	261.4	615.3	401.2
Total equity	1,508.8	1,392.5	1,274.8	1,262.1	988.5
Return on equity, %	**20.3%**	**28.7%**	**20.5%**	**48.8%**	**40.6%**

For the segments

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Net sales per segment					
Sweden	1,665.7	1,576.2	6,006.9	5,759.0	5,323.9
Norway	590.9	517.4	2,177.6	2,088.0	1,750.3
Other markets	702.1	559.3	2,017.5	1,643.2	1,559.0
Total net sales	**2,958.7**	**2,652.9**	**10,202.3**	**9,490.2**	**8,632.8**
Sweden	315.2	302.0	985.1	1,159.8	1,020.7
as a percentage of net sales	*18.9%*	*19.2%*	*16.4%*	*20.1%*	*19.2%*
Norway	79.0	73.3	256.9	281.9	158.9
as a percentage of net sales	*13.4%*	*14.2%*	*11.8%*	*13.5%*	*9.1%*
Other markets	29.5	19.2	–50.2	–1.1	23.1
as a percentage of net sales	*4.2%*	*3.4%*	*–2.5%*	*–0.1%*	*1.5%*
EBITA excl. IFRS 16 for the segments	**423.7**	**394.5**	**1,191.9**	**1,440.6**	**1,202.7**
Central functions	–165.2	–201.3	–788.4	–711.4	–636.2
EBITA excl. IFRS 16	**258.5**	**193.2**	**403.5**	**729.2**	**566.5**
Group adjustments relating to IFRS 16	39.8	27.3	125.6	91.9	69.1
EBITA	**298.3**	**220.5**	**529.1**	**821.1**	**635.6**
EBITA margin, %	*10.1%*	*8.3%*	*5.2%*	*8.7%*	*7.4%*
Amortisation of acquisition-related assets, not allocated by segment	–2.0	–1.8	–10.9	–7.1	–7.3
EBIT	**296.3**	**218.7**	**518.2**	**814.0**	**628.3**
EBIT margin, %	*10.0%*	*8.2%*	*5.1%*	*8.6%*	*7.3%*
Net financial items	–55.6	–38.4	–177.5	–142.9	–124.6
Profit/loss before tax	**240.7**	**180.2**	**340.7**	**671.1**	**503.7**

LFL growth excl. currency effects, Sweden, % and net sales growth excl. currency effects, Sweden, %

	1 May – 31 July		1 May – 30 April		
(MSEK, unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Sweden					
LFL sales in the comparative period	1,563.5	1,533.2	5,672.6	5,271.8	4,826.8
LFL sales in the current period	1,647.6	1,520.8	5,797.4	5,543.8	5,047.4
LFL growth excl. currency effects, Sweden, %	**5.4%**	**–0.8%**	**2.2%**	**5.2%**	**4.6%**
Net sales growth, %	5.7%	2.5%	4.3%	8.2%	8.0%
Currency effect, %	–	–	–	–	–
Net sales growth excl. currency effects, Sweden, %	**5.7%**	**2.5%**	**4.3%**	**8.2%**	**8.0%**

LFL growth excl. currency effects, Norway, % and net sales growth excl. currency effects, Norway, %

	1 May – 31 July		1 May – 30 April		
(MNOK unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Norway					
LFL sales in the comparative period	495.5	541.2	1,960.8	1,744.3	1,183.5
LFL sales in the current period	564.4	466.8	1,907.8	1,864.4	1,536.9
LFL growth excl. currency effects, Norway, %	**13.9%**	**–13.7%**	**–2.7%**	**6.9%**	**29.9%**
Net sales growth, %	14.2%	–7.5%	4.3%	19.3%	27.8%
Currency effect, %	7.2%	–3.5%	–2.9%	–5.7%	–12.6%
Net sales growth excl. currency effects, Norway, %	**21.4%**	**–11.0%**	**1.4%**	**13.6%**	**15.2%**

LFL growth excl. currency effects, Other markets, % and net sales growth excl. currency effects, Other markets, %

	1 May – 31 July		1 May – 30 April		
(MEUR unless otherwise stated)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Other markets					
LFL sales in the comparative period	46.2	40.9	132.1	112.4	90.0
LFL sales in the current period	46.2	39.6	133.7	108.6	105.6
LFL growth excl. currency effects, Other markets, %	**–0.0%**	**–3.0%**	**1.2%**	**–3.5%**	**17.3%**
Net sales growth, %	25.5%	17.1%	22.8%	5.4%	44.0%
Currency effect, %	–10.6%	–5.6%	–5.5%	6.6%	–6.5%
Net sales growth excl. currency effects, Other markets, %	**15.0%**	**11.5%**	**17.3%**	**12.0%**	**37.5%**

Selected quarterly financial information

The board of directors and senior executives of Rusta believe that the information provided below is of material importance to investors.

Financial year 2020/2021

Key performance metrics per quarter for the Group

(MSEK unless otherwise stated)	2020/2021 1 May 2020– 31 July 2020	 1 August 2020– 31 October 2020	 1 November 2020– 31 January 2021	 1 February 2021– 30 April 2021
Net sales	**2,412.3**	**1,868.8**	**2,530.1**	**1,821.5**
Cost of goods sold	–1,433.6	–1,053.8	–1,422.1	–1,085.6
Gross profit	**978.6**	**815.0**	**1,108.1**	**736.0**
Sales expenses	–669.5	–675.3	–737.3	–719.7
Administrative expenses	–73.3	–48.0	–73.9	–76.8
Other operating income	54.4	16.3	35.3	83.4
Other operating expenses	–21.6	–41.4	–22.2	–39.7
Operating expenses	**–710.0**	**–748.4**	**–798.2**	**–752.8**
Operating profit (EBIT)	**268.6**	**66.7**	**309.9**	**–16.9**
Adjusted EBITDA				
Operating profit (EBIT)	268.6	66.7	309.9	–16.9
Depreciation and amortisation	172.5	161.8	169.4	180.6
Items affecting comparability	–	–	–	–41.7
Adjusted EBITDA	**441.1**	**228.4**	**479.2**	**122.1**
Adjusted EBITA				
Operating profit (EBIT)	268.6	66.7	309.9	–16.9
Items affecting comparability	–	–	–	–41.7
Adjustments for amortisation of acquisition-related assets	1.8	1.8	1.9	1.8
Adjusted EBITA	**270.4**	**68.5**	**311.7**	**–56.8**
Adjusted EBITA margin, %	11.2 %	3.7 %	12.3 %	–3.1 %
EBITA	**270.4**	**68.5**	**311.7**	**–15.1**
EBITA margin, %	11.2 %	3.7 %	12.3 %	–0.8 %

Selected quarterly information regarding the Group's financial position

(MSEK)	2020/2021 31 July 2020	 31 October 2020	 31 January 2021	 30 April 2021
Inventory	1,573.7	1,710.7	1,571.5	1,802.1
Trade receivables	19.7	28.8	35.4	24.0
Other current receivables	20.9	29.3	24.1	31.3
Prepaid expenses and accrued income	56.2	26.1	55.1	47.1
Trade payables	–508.0	–424.6	–358.5	–462.2
Other current liabilities	–480.8	–342.1	–269.2	–186.5
Accrued expenses and deferred income	–557.8	–507.4	–554.7	–595.1
Net working capital	**124.1**	**520.9**	**503.7**	**660.7**
Liabilities to credit institutions	133.0	623.0	391.9	569.5
Lease liabilities	3,752.5	3,590.6	3,752.5	3,894.4
Cash and cash equivalents	–51.8	–94.8	–115.6	–66.0
Net debt	**3,833.7**	**4,118.8**	**4,028.8**	**4,397.9**

Financial year 2021/2022

Key performance metrics per quarter for the Group

(MSEK unless otherwise stated)	2021/2022 1 May 2021– 31 July 2021	 1 August 2021– 31 October 2021	 1 November 2021– 31 January 2022	 1 February 2022– 30 April 2022
Net sales	**2,575.2**	**2,091.6**	**2,789.2**	**2,034.1**
Cost of goods sold	–1,393.5	–1,228.1	–1,604.2	–1,252.2
Gross profit	**1,181.7**	**863.5**	**1,185.1**	**781.9**
Sales expenses	–723.2	–731.9	–817.3	–793.1
Administrative expenses	–65.4	–61.6	–70.7	–85.4
Other operating income	17.7	26.9	155.0	97.8
Other operating expenses	–17.0	–21.9	–55.7	–52.4
Operating expenses	**–787.8**	**–788.5**	**–788.7**	**–833.1**
Operating profit (EBIT)	**393.9**	**74.9**	**396.3**	**–51.2**
Adjusted EBITDA				
Operating profit (EBIT)	393.9	74.9	396.3	–51.2
Depreciation and amortisation	172.5	202.1	172.7	190.1
Items affecting comparability	–	–	–106.4	–
Adjusted EBITDA	**566.4**	**277.0**	**462.7**	**138.9**
Adjusted EBITA				
Operating profit (EBIT)	393.9	74.9	396.3	–51.2
Items affecting comparability	–	–	–106.4	–
Adjustments for amortisation of acquisition-related assets	1.8	1.7	1.8	1.8
Adjusted EBITA	**395.7**	**76.7**	**291.8**	**–49.4**
Adjusted EBITA margin, %	15.4 %	3.7 %	10.5 %	–2.4 %
EBITA	**395.7**	**76.7**	**398.1**	**–49.4**
EBITA margin, %	15.4 %	3.7 %	14.3 %	–2.4 %

Selected quarterly information regarding the Group's financial position

(MSEK)	2021/2022 31 July 2021	 31 October 2021	 31 January 2022	 30 April 2022
Inventory	1,687.0	2,194.6	2,152.4	2,814.7
Trade receivables	22.9	21.4	9.2	20.9
Other current receivables	34.6	35.3	29.8	38.0
Prepaid expenses and accrued income	83.5	69.0	146.5	125.5
Trade payables	–356.0	–1,449.4	–211.7	–689.0
Other current liabilities	–243.2	–169.8	–229.1	–189.8
Accrued expenses and deferred income	–558.8	–573.6	–581.4	–599.5
Net working capital	**670.0**	**127.6**	**1,315.7**	**1,520.9**
Liabilities to credit institutions	267.5	–171.1	–125.8	392.5
Lease liabilities	3,925.7	3,819.0	4,584.7	4,525.8
Cash and cash equivalents	–81.6	–193.2	–45.6	–169.7
Net debt	**4,111.6**	**3,454.6**	**4,413.3**	**4,748.6**

Financial year 2022/2023

Key performance metrics per quarter for the Group

(MSEK)	2022/2023 1 May 2022– 31 July 2022	 1 August 2022– 31 October 2022	 1 November 2022– 31 January 2023	 1 February 2023– 30 April 2023
Net sales	**2,652.9**	**2,309.1**	**3,035.8**	**2,204.5**
Cost of goods sold	–1,572.5	–1,367.5	–1,774.8	–1,301.0
Gross profit	**1,080.4**	**941.6**	**1,261.0**	**903.5**
Sales expenses	–799.5	–823.6	–926.2	–864.9
Administrative expenses	–63.7	–80.3	–73.1	–80.4
Other operating income	47.4	81.9	61.2	25.7
Other operating expenses	–45.9	–55.2	–30.9	–40.6
Operating expenses	**–861.7**	**–877.2**	**–969.1**	**–960.3**
Operating profit (EBIT)	**218.7**	**64.4**	**292.0**	**–56.8**
Adjusted EBITDA				
Operating profit (EBIT)	218.7	64.4	292.0	–56.8
Depreciation and amortisation	196.6	205.5	207.1	227.9
Items affecting comparability	–	2.3	9.0	3.5
Adjusted EBITDA	**415.3**	**272.3**	**508.0**	**174.5**
Adjusted EBITA				
Operating profit (EBIT)	218.7	64.4	292.0	–56.8
Items affecting comparability	–	2.3	9.0	3.5
Adjustments for amortisation of acquisition-related assets	1.8	1.9	1.9	5.2
Adjusted EBITA	**220.5**	**68.6**	**302.9**	**–48.2**
Adjusted EBITA margin, %	8.3 %	3.0 %	10.0 %	–2.2 %
EBITA	**220.5**	**66.3**	**293.9**	**–51.6**
EBITA margin, %	8.3 %	2.9 %	9.7 %	–2.3 %

Selected quarterly information regarding the Group's financial position

(MSEK)	2022/2023 31 July 2022	 31 October 2022	 31 January 2023	 30 April 2023
Inventory	2,844.5	3,077.5	2,739.6	2,593.1
Trade receivables	18.5	11.7	12.1	26.8
Other current receivables	37.9	40.5	36.6	40.1
Prepaid expenses and accrued income	81.4	79.1	38.9	42.3
Trade payables	–714.3	–804.9	–527.2	–635.5
Other current liabilities	–244.5	–176.1	–244.4	–189.4
Accrued expenses and deferred income	–567.3	–541.6	–598.0	–629.7
Net working capital	**1,456.1**	**1,686.3**	**1,457.6**	**1,247.8**
Liabilities to credit institutions	186.5	589.8	361.4	437.3
Lease liabilities	4,410.7	4,498.4	4,949.4	5,464.6
Cash and cash equivalents	–181.2	–132.0	–119.4	–182.2
Net debt	**4,416.0**	**4,956.2**	**5,191.5**	**5,719.6**

Operating and financial review

The information in this section should be read together with sections "*Selected historical financial information*" and "*Historical financial information*".

This section may contain forward-looking statements. Such statements are subject to risks, uncertainties and other factors, including those set forth in section "*Risk factors*", which could cause Rusta's future operating profit, financial position or cash flows to differ materially from the operating profit, the financial position or the cash flows expressed or implied in such forward-looking statements. See section "*Presentation of financial and other information – Forward-looking statements*" for a discussion of risks associated with reliance on forward-looking statements.

Overview

Rusta is a leading company in the Nordic Variety Hard Discount Market.[1)] Rusta's customer promise is to be a modern variety hard discount retailer making it easy to renew and refill at home at surprisingly low prices. Rusta combines an offering of a wide and curated product assortment of everyday products with good quality that cover many frequent customer needs and wants at the lowest prices among comparable products[2)] with a convenient and positive in-store shopping experience.

Rusta has a wide multi-geographic presence with 203[3)] stores across Sweden, Norway, Finland and Germany, complemented by its online sales channel, Rusta Online, in Sweden and Finland. Through its one common store concept used across its store network,[4)] Rusta offers its customers a wide and curated assortment of products, which consisted of approximately 6,000 active SKUs as of 30 April 2023. The product assortment is aimed at covering many frequent needs and wants in one store visit with products for the customer's home, day-to-day necessities, seasonal products and products for an active lifestyle. The product assortment can be divided into the following five product categories: Home Decoration, Consumables, Seasonal Products, Leisure and DIY. Rusta's product assortment is focused on high volume products with high sales per SKU and combines a high share of private label products that are unique to Rusta with recognisable A-brand products from leading manufacturers. Private label products accounted for 64.4 per cent of Rusta's net sales in the financial year 2022/2023. By offering a high share of private label products as well as recognisable A-brand products, Rusta is able to combine the margin driving characteristics of private label products while also benefitting from the in-store traffic driving abilities of A-brand products that are widely recognised by customers. For additional information, see section "*Business description – Rusta in brief*".

Segment reporting

Rusta governs and accounts for its operations based on three segments: (i) Sweden, (ii) Norway and (iii) Other markets, where the Sweden segment includes sales in physical stores in Sweden, the Norway segment includes sales in physical stores in Norway and the Other markets segment includes sales in physical stores in Finland and Germany and sales through Rusta Online (which is currently available in Sweden and Finland) and through Happy Angler[5)].

Net sales, profitability and growth vary among the three segments, with the highest net sales and profitability in the Sweden segment and the Norway segment and the strongest relative growth in the Other markets segment. The difference in net sales, profitability and growth between Rusta's three segments is driven by market-specific factors, such as differences in market position, sales volumes and pricing as well as company-specific factors, including the number of years in which Rusta has been active within the specific market and brand awareness in each such market. For further information

1) In 2021, Rusta had the third largest market share, estimated to 14 per cent, in the Nordic Variety Hard Discount Market. Source: The Strategic Market Study.
2) Based on a price benchmark carried out during February/March 2023 of a selection of 20 products across Rusta's product categories compared to the average prices of comparable products from Rusta's peers in the Nordic Variety Hard Discount Market and the German discount market, see further section "*Business description – Business overview – Rusta's product assortment*". Source: The Strategic Market Study.
3) As of the date of this Offering Memorandum.
4) As a result of the acquisition of the Finnish discount retailer Hong Kong in 2018, certain Rusta stores in Finland have additional outdoor sales areas focused on gardening products in addition to the regular Rusta store concept.
5) Happy Angler is an independent business unit within Rusta, with its own brand, sales channel and supply chain, which was acquired by Rusta through the acquisition of the Finnish discount retailer Hong Kong in 2018.

about the market and operations of each segment, see sections "*Market overview*" and "*Business overview – Rusta's segments*".

A majority of Rusta's net sales derives from its sales in Sweden. In the financial year 2022/2023 and the period 1 May – 31 July 2023, the Sweden segment accounted for 58.9 per cent and 56.3 per cent of Rusta's total net sales, respectively, which compares with the financial year 2021/2022 and the period 1 May – 31 July 2022 when the corresponding figures were 60.7 per cent and 59.4 per cent of Rusta's total net sales, respectively. In Sweden, where the Company has been active since it was founded in 1986, Rusta's brand, offering and ability to deliver on its customer promise are well-established through its 109[1] stores. These factors have enabled the Company to benefit from economies of scale and increased profitability over time. The EBITA excl. IFRS 16 in relation to the net sales for the Sweden segment decreased by 3.7 percentage points, from 20.1 per cent for in the financial year 2021/2022 to 16.4 per cent for the financial year 2022/2023, mainly as a result of increased inflation and increased freight costs, in combination with the fact that Rusta has elected to invest in the perceived price image of Rusta's products by limiting price increases on its products. During the period 1 May – 31 July 2023, EBITA excl. IFRS 16 decreased in relation to net sales for the Sweden segment by 0.2 percentage points, from 19.2 per cent during the period 1 May – 31 July 2022, to 18.9 per cent during the period 1 May – 31 July 2023, primarily due to continued effects of high inflation.

Rusta's operations in Norway were established in 2014 and have reported positive annual sales growth and positive development of profitability from the outset. In the financial year 2022/2023 and the period 1 May–31 July 2023, the Norway segment accounted for 21.3 per cent and 20.0 per cent of Rusta's total net sales, respectively, which compares with the financial year 2021/2022 and the period 1 May – 31 July 2022 when the corresponding figures were 22.0 per cent and 19.5 per cent of Rusta's total net sales, respectively. Rusta has been profitable in Norway since 2018 and, as a result, Rusta has become more established in the Norwegian variety hard discount market, within which consumer behaviour, in Rusta's experience, is similar to the consumer behaviour in the Sweden segment, Rusta has, over time, experienced a growth in profitability in the Norway segment similar to the profitability growth experienced in the Sweden segment. Rusta's EBITA excl. IFRS 16 in relation to the net sales for the Norway segment decreased by 1.7 percentage points, from 13.5 per cent for in the financial year 2021/2022 to 11.8 per cent for the financial year 2022/2023, mainly as a result of increased inflation and increased freight costs, in combination with the fact that Rusta has elected to invest in the perceived price image of Rusta's products by limiting price increases on its products. During the period 1 May – 31 July 2023, EBITA excl. IFRS 16 decreased in relation to net sales for the Norway segment by 0.8 percentage points, from 14.2 per cent during the period 1 May – 31 July 2022, to 13.4 per cent during the period 1 May – 31 July 2023, which was primarily due to continued effects of high inflation for the segment Norway as well.

Rusta's segment Other markets comprises operations in Finland and Germany as well as online sales through Rusta Online (which is currently available in Sweden and Finland) and through Happy Angler[2]. Through its strategic acquisition of the Finnish discount retailer Hong Kong, Rusta established its presence in the Finnish market in 2018. Rusta has integrated 25 stores from the Hong Kong acquisition into its existing value chain by rebuilding and rebranding the stores and has since the acquisition opened 15 new Rusta stores in Finland.[3] As a result, Rusta to a large extent focuses its efforts in Finland on developing the brand awareness among consumers and building its position as a leading variety hard discount retailer in Finland with the aim of becoming more established and increase profitability in Finland as the Rusta brand becomes more established, which the Company believes will increase its sales of private label products, which have higher margins. Rusta entered Germany by opening two stores in Lübeck and Schwentinental in 2017. Since then, Rusta has focused on a controlled expansion of its store network across Germany. As of 30 April 2023, Rusta had eight stores in Germany, and primarily focuses its efforts on ensuring competitive pricing in order to build brand awareness and its position as a low price discount retailer, which Rusta believes will drive increased net sales and profitability. In 2020, Rusta introduced its online sales channel, Rusta Online, which as of the date of this Offering Memorandum is available to customers in Sweden and Finland, as a complement to its existing store network. Since the launch, Rusta has increased its online customers from approximately 31,000 in the financial year 2020/2021 to approximately 90,000 in the financial year 2022/2023. In the financial year 2022/2023 and the period 1 May – 31 July 2023, the Other markets segment accounted for 19.8 per cent and 23.7 per cent of Rusta's total net sales, respectively, which compares with the financial year 2021/2022 and the period 1 May – 31 July 2022 when the corresponding figures were 17.3 per cent and 21.1 per cent of Rusta's total net sales, respectively. Rusta's EBITA excl. IFRS 16 in relation to the net sales for the Other markets segment decreased by 2.4 percentage points, from −0.1 per cent for in the financial year 2021/2022 to −2.5 per cent for the financial year 2022/2023, which, also for the segment Other markets,

1) As of 30 April 2023.
2) Happy Angler is an independent business unit within Rusta with its own brand, sales channel and supply chain, which was acquired by Rusta through the acquisition of the Finnish discount retailer Hong Kong in 2018.
3) As of 30 April 2023.

mainly was a result of increased inflation and increased freight costs in combination with the fact that Rusta has elected to invest in the perceived price image of Rusta's products by limiting price increases on its products. During the period 1 May – 31 July 2023, EBITA excl. IFRS 16 increased in relation to net sales for the Other markets segment by 0.8 percentage points, from 3.4 per cent during the period 1 May – 31 July 2022, to 4.2 per cent during the period 1 May – 31 July 2023 primarily due to good cost control despite increased employee costs and continued effects of high inflation.

Key factors affecting the Company's result and financial position

The Group's result and financial position have been affected in the financial years 2020/2021, 2021/2022 and 2022/2023, and are expected to continue to be affected, by certain principal factors and developments relating to the Group's business, in particular the following:

- net sales development;
- product categories and product assortment;
- seasonality;
- general economic and market conditions;
- sourcing;
- shipping and logistics;
- operating expenses and leasing commitments;
- net working capital development; and
- foreign exchange exposure.

Prospective investors should also read sections "*Risk factors*", "*Market overview*" and "*Business description*" for further information relating to factors that could materially affect, directly or indirectly, Rusta's business, financial condition and profit in the future.

Net sales development

LFL growth

LFL growth of its stores is an important metric as tracking existing stores' ability to increase net sales has a significant impact on Rusta's net sales and operating profit. Rusta tracks its LFL growth based on the net sales development of its like-for-like estate, which is defined as stores that have been operational throughout the entire current and comparative period. For a store to be classified as comparable, it must have been open for a full financial year.

Rusta's net sales in the financial years 2020/2021, 2021/2022 and 2022/2023 were SEK 8,632.8 million, SEK 9,490.2 million and SEK 10,202.3 million, respectively, representing a CAGR of 8.7 per cent during the period, and its LFL growth was 7.0 per cent, 5.1 per cent and 2.5 per cent, respectively, representing an average LFL growth of 4.9 per cent during the period. The LFL growth for the financial year 2022/2023 contributed to Rusta's net sales growth by 31.6 per cent.

Rusta's LFL growth is primarily impacted by changes in in-store traffic, frequency of customer visits and average basket sizes of customers, both in terms of value and number of items included in the baskets.

In-store traffic is affected by a number of factors, including Rusta's marketing efforts and the success of promotional campaign offerings in attracting new and existing customers to visit stores as well as increasing the frequency of visits. The in-store traffic is also affected by overall consumer demand, the seasonality of consumer shopping behaviour and Rusta's ability to create customer trust through its brand positioning and product assortment development efforts. Rusta aims to drive in-store traffic by optimising its marketing campaigns to drive traffic and frequency of store visits and by integrating its product development with its marketing efforts to ensure that Rusta can offer its customers a wide and curated assortment at low prices. In addition, seasonal products and thereto related marketing campaigns also act as customer traffic drivers during relevant seasonal periods (in addition to their margin-driving abilities). Rusta strives to continue increasing its in-store traffic by using various strategies and tools, including campaign offerings promoting products related to its highest selling products that are meant to drive sales of related products as well as drive sales of its highest selling products. The objective is typically to attract customer attention to groups of related products by setting attractive prices during campaigns. For example, in the financial year 2022/2023, the share of customer transactions containing campaign products was approximately 48 per cent, whereas the share of the average basket size represented by campaign products was approximately 27 per cent, indicating Rusta's success in utilising its marketing campaigns to drive traffic while also increasing sales of other, related products. For the financial years 2020/2021, 2021/2022 and 2022/2023, the number of customer transactions processed by Rusta was approximately 36 million, approximately 38 million and approximately 40 million, respectively, representing a CAGR of approximately 6.3 per cent, which Rusta believes to be largely driven by its successful marketing campaign efforts, in addition to its successful roll-out of new stores across its store network. Further, the average sales per square meter in Rusta's stores typically increase over time as stores become more established in their local markets. The average net sales per square meter of store space for stores that have been open for 1–3 years was SEK 22 thousand, whereas the corresponding figure for stores that had been open for more than nine years was SEK 34 thousand in the financial year 2022/2023, which Rusta believes to be a result of the success of its long-term marketing efforts to drive in-store traffic, increase brand awareness and becoming more established in local markets.

The average basket size among Rusta's customers is impacted both by the number of products purchased and the price of the products purchased. Rusta utilises several tools to increase the number of products in each basket, including its campaign offerings, the management of its store flow as well as the usage of shelf ends, high traffic areas in stores and in-store placement of products in a way that increases the exposure towards customers in order to drive customers' impulse purchases and awareness of the items offered in stores. In order to increase the average value of its customers' baskets, Rusta primarily relies on promoting its more expensive products, both through its marketing campaigns and by utilising the store flow to encourage purchases of its more expensive products by strategically showcasing such products. For the financial years 2020/2021, 2021/2022 and 2022/2023, the average basket size per customer has increased by a CAGR of 2.1 per cent, 5.3 per cent and 1.3 per cent in the Sweden segment, the Norway segment and the Other markets segment, respectively.

New and refurbished stores

New store openings across Rusta's store network has been a primary driver of Rusta's net sales growth during the last three financial years and historically, and are expected to continue to affect Rusta's net sales and profitability significantly going forward. New stores drive net sales growth by increasing sales and by expanding Rusta's potential customer base by servicing new catchment areas across Rusta's geographic markets. As of 30 April 2021, 30 April 2022 and 30 April 2023, the number of stores in Rusta's store network was 173 stores, 188 stores and 201 stores, respectively, with the number of stores in Sweden having increased by 6 stores, from 103 stores to 109 stores, the number of stores in Norway having increased by 7 stores, from 37 stores to 44 stores, and the number of stores in Finland together with Germany having increased by a total of 15 stores, from a total of 33 stores to a total of 48 stores, during the period, corresponding to an increase in the number of stores of approximately 5.8 per cent, 18.9 per cent and 45.5 per cent in Sweden, Norway and Finland together with Germany, respectively. For the financial year 2022/2023, Rusta's new stores contributed to Rusta's net sales growth by 67.9 per cent.

Rusta monitors the performance of its stores on the basis of a number of performance metrics, including profitability, store contribution margin, sales per square meter and payback time on investment. Rusta utilises internal benchmarks for each performance metric, taking into account in which geographic market the store is located and prevailing economic and market conditions such as costs associated with the leasing of store premises, and utilises these metrics and performance comparisons in determining the success of the store network and strategy for its store network growth. When selecting locations for new stores, Rusta adheres to a capital allocation strategy, under which the most profitable initiatives are prioritised, and evaluates the business case for each new store site with a focus on profitability, store contribution margin and payback time on investment. Rusta has a disciplined, efficient and standardised process for the opening of new stores that enables it to open several stores annually without negatively affecting its business operations. The Company utilises a specialised team responsible for building and opening new stores based on the common Rusta store concept, from adaption of its leased store spaces and handling fixtures and fittings to product display. In addition, Rusta prepares net sales and profitability targets and projections for new stores for the geographic markets in which Rusta operates based on market-specific factors as well as how well-established Rusta is in the geographic market in question, which forms the basis for decisions to open new stores. In the financial year 2022/2023, the share of profitable[1] Rusta stores in Rusta's like-for-like estate in Sweden and Norway was 100 per cent, and the corresponding figure for Finland together with Germany was 85 per cent. Further, the average payback period for new stores was 0.8 years and 0.9 years for stores opened in the financial years 2020/2021 and 2021/2022, respectively. While Rusta's approach to the opening of new stores has proven successful, Rusta also actively focuses on continuously improving the profitability of its existing stores. This is achieved by investing in the refurbishment of older stores for the purpose of, among other things, optimising the store flow in order to improve the shopping experience while driving increases of sales and average basket sizes, thereby aiming to improve the stores' profitability and contribution margin. Rusta estimates that the average payback period for refurbished stores is approximately three months.

In addition, Rusta continuously reviews and analyses Rusta's possibilities to expand its current store network. In assessing the demand and development potential of new stores, Rusta utilises the abovementioned metrics as well as research data concerning markets and demographics derived from external sources. As of 31 July 2023, Rusta had a shortlist consisting of approximately 150 locations identified as particularly attractive for stores, approximately 40–60 planned store openings over the next three years and 24 signed[2] or approved[3] locations for new store openings.

1) Profitable means that the stores had a positive store contribution margin.
2) "Signed" means that lease agreements have been signed with landlords.
3) "Approved" means that the board of directors of Rusta has approved the location and the principal terms that have been negotiated with the prospective landlords.

Product categories and product assortment

Rusta's net sales and gross margin are to a large extent affected by the Company's category management and its product assortment as Rusta's products and product categories are characterised by various pricing and margin profiles. In order to ensure that its product range is competitive, both in terms of assortment and prices, meets customer expectation, supports inventory turnover and improves profitability, Rusta puts a great deal of focus on management and optimisation of its product categories and product assortment. As of 30 April 2023, Rusta had a wide assortment of approximately 6,000 active SKUs that can be divided into five product categories; Home Decoration, Consumables, Seasonal Products, Leisure and DIY, combining both private label products that are unique to Rusta and recognisable A-brand products.

Rusta's product assortment strategy is based on offering its customers a wide and curated assortment of products that cover many frequent customer needs and wants with low prices. Rusta actively works with its category management to optimise its product assortment and through its category management process, Rusta continuously evaluates its product assortment and strives to adapt its assortment to meet customer needs with profitable high volume products with high sales per SKU. This is achieved by offering a curated assortment of private label and A-brand products, focused on having a wide product range while limiting range depth, thereby cutting low volume products and products with overlapping functionality. For example, Rusta's average net sales per SKU[1] in 2021 was approximately SEK 1.6 million, which is approximately four times more than the average of the discount retailers that Rusta considers to be some of its main competitors in the Nordic countries in which Rusta operates in 2021.[2] Rusta attributes this competitive advantage to its strategic focus on high volume products, aimed at ensuring that its assortment is optimised to increase its margins by utilising large order volumes to drive low purchase prices, allowing Rusta to offer products with low prices and facilitating increased sales per SKU.

Rusta also continuously strives to develop and increase the share of private label products in its product assortment. As a share of its net sales, Rusta's private label products accounted for 64.4 per cent in the financial year 2022/2023. While Rusta considers A-brand products, particularly in the Consumables product category, to be an important driver of in-store traffic and sales while simultaneously helping Rusta's private label products to be associated with products known by customers to be of high quality, the gross margins for Rusta's private label products are higher than for its A-brand products. The higher gross margins are a result of lower costs for sourcing its private label products as compared to A-brand products. Rusta has identified that further focus on increasing the share of private label products in the Consumables category provides a potential to improve its gross margin. Rusta aims to achieve this by prioritising product development of everyday products that are frequently used and purchased by customers to be able to introduce ranges of private label products within the Consumables category with lower prices and better margins than A-brand products while also utilising campaign marketing, in-store marketing and in-store high traffic areas to promote such products.

Seasonality

Rusta's business is subject to seasonality, which impacts Rusta's net sales, profit and cash flows and has resulted in significant fluctuations in Rusta's net working capital over the financial year (see further section "– *Net working capital development*" below). Historically, Rusta's peak selling periods have been the months leading up to and including the summer holidays (April–July) and Christmas (November–December) and as a result, Rusta's net sales and gross profits have historically been the highest in the first quarter (May–July) and third quarter (November–January) and generally the lowest in the fourth quarter (February–April). In the financial year 2022/2023, 26.0 per cent, 22.6 per cent, 29.8 per cent and 21.6 per cent of Rusta's net sales were generated in the first, second, third and fourth quarter, respectively. However, if sales during Rusta's peak selling periods are weaker than estimated, as a result of poor weather conditions, general economic conditions or otherwise, it could leave the Company with substantial amounts of unsold seasonal products. While Rusta, as a result of a spacious central fulfilment centre, is well equipped to store unsold seasonal high-margin products that are characterised by low trend risk for coming seasons, Rusta may be forced to rely in part on price reductions to dispose of excess or slow-moving products in such an event, or record an obsolescence provision for unsold inventory, which can decrease Rusta's gross margin. In addition, Rusta may lose add-on sales effects on non-seasonal products as a result of sales of its seasonal products being lower than expected.

General economic and market conditions

General economic conditions affect Rusta's customers' purchasing power and spending behaviour and, as a result, the overall demand for Rusta's products. Although Rusta's business has historically been resilient regardless of economic cycles, its net sales and profitability are dependent on its customers' purchase power. In addition, Rusta's net sales derive from customers in northern

1) Excluding spare parts and SKUs with sales amounting to less than SEK 1,000 during the last 12 months.
2) These competitors are Biltema, Clas Ohlson, Dollarstore, Europris, Jula, Normal, OBS, Puuilo, Tokmanni and ÖoB. Source: The Strategic Market Study.

Europe and, therefore, Rusta's operating profit is particularly affected by general economic and market conditions affecting consumer behaviour in northern Europe.

In 2020 and 2021, Rusta's operating profit were affected by the COVID-19 pandemic and the global economic slowdown in the first half of 2020. For example, Rusta was forced to temporarily close certain stores throughout its store network, particularly in Norway and in Germany, for certain periods in 2020 and 2021 due to the implementation of local measures to mitigate the effects of the pandemic. The closing of border between Sweden and Norway also affected sales in certain stores in Sweden near the Norwegian border, which had a negative effect on Rusta's net sales and profitability. The pandemic also had a negative effect on Rusta's supply chain, in particular with respect to the sourcing and shipping of products from Asia as a result of shortages in raw materials and access to containers as well as reduced availability of maritime freight following the temporary closure of Asian ports, causing delays in the delivery of products to Rusta's fulfilment centre and, in turn, to its stores as well as price increases for shipping and manufacturing of products (see further section "– *Shipping and logistics*" below). However, during the second half of 2020 and 2021, Rusta's net sales increased as a result of increased levels of consumer spending in the variety hard discount markets as well as a growing home improvement trend, which burgeoned over the course of the COVID-19 pandemic, and an increased focus on consumables and home decoration among consumers.

During 2022 and the beginning of 2023, the general economic conditions, particularly in Europe, were negatively affected by increasing inflation and increasing energy and fuel prices as a result of the reduced gas deliveries from Russia to European countries due to the strained relationship between Russia and the EU. Although the weak general economic conditions during 2022 and the beginning of 2023 have had limited effects on Rusta's net sales, the Company's margins have been negatively affected as a result of, among other things, increased purchase prices, shipping costs and negative currency development as well as its customers' tendency to reduce their number of purchases of products in higher price segments, which are generally more profitable for Rusta, in combination with Rusta electing to invest in the perceived price image of Rusta's products by limiting price increases on its products to compensate for higher costs of sold goods, higher freight costs and negative exchange rate developments. Rusta's net sales in the financial years 2020/2021, 2021/2022 and 2022/2023 were SEK 8,632.8 million, SEK 9,490.2 million and SEK 10,202.3 million, respectively, representing a CAGR of 8.7 per cent, whereas its adjusted EBITA during the same periods was SEK 593.9 million, SEK 714.8 million and SEK 543.9 million, respectively, representing an adjusted EBITA margin of 6.9 per cent, 7.5 per cent and 5.3 per cent, respectively.

Sourcing

Rusta's sourcing is a fundamental part in Rusta's efforts to offer a wide and curated product assortment with good quality at low prices. Rusta's ability to leverage large order volumes to achieve favourable purchasing terms from its suppliers and thereby reduce its costs of sold goods has an effect both on the Company's product assortment and gross margin. Rusta has a dedicated sourcing team managed from its headquarters in Upplands Väsby and supported by its local sourcing offices. Rusta's historically high gross margin is, in part, based on the competence and success of its sourcing team in ensuring an efficient sourcing process. Rusta's sourcing strategy includes a direct sourcing model with a high degree of control over the sourcing of its private label products, which is enabled by designing private label products in-house while taking into account its sourcing model. Rusta sources products directly from suppliers and leverages large order volumes, which enables Rusta to achieve attractive purchasing prices, thereby enabling it to offer low prices with sustained margins. In recent years, Rusta has focused its efforts in relation to its sourcing strategy on further increasing efficiency, which has had a positive effect on its gross margin.

Shipping and logistics

As a result of Rusta's strategy to source products directly from its suppliers, Rusta's gross margin and profitability are impacted significantly by the costs of shipping products from suppliers to its fulfilment centre for further distribution to its store network. Rusta sources a significant part of its products from Asian suppliers and as a share of costs of goods sold, suppliers in Asia accounted for 36.7 per cent in the financial year 2022/2023. As a result of having developed relationships with large transport providers through its local sourcing offices in Asia, Rusta has historically been able to secure favourable prices below the Shanghai index for freight prices per twenty-foot equivalent unit for the shipping of products by sea under agreements typically extending for 6 months. However, as a result of the COVID-19 pandemic, which caused a general shortage of available container space and reduced shipments from Asia, the prices for shipping by sea increased significantly during the financial year 2021/2022, which impacted Rusta's gross margin negatively during the financial year 2022/2023 as shipping costs are recognised as costs of sold goods in the period when the products shipped are sold by Rusta. As a result, Rusta's gross margin in the financial years 2020/2021, 2021/2022 and 2022/2023, was effected negatively and amounted to 42.1 per cent, 42.3 per cent and 41.0 per cent, respectively, despite the increase in net sales experienced during the period. Rusta has, however, experienced a significant decrease in the costs associated with shipping products by sea during the financial year 2022/2023.

Operating expenses and leasing commitments

Rusta's operating expenses primarily include employee salaries, employee benefits expenses, costs associated with the leasing of store premises and costs of distribution of products from the fulfilment to the store network, all of which increase with the increasing number of stores in Rusta's store network. The number of stores in Rusta's store network has increased from 173 stores in the financial year 2020/2021, to 188 stores in the financial year 2021/2022, to 201 stores in the financial year 2022/2023. As a share of its net sales, Rusta's operating expenses[1)] amounted to 35.6 per cent, 35.3 per cent and 36.4 per cent in the financial years 2020/2021, 2021/2022 and 2022/2023.

Rusta's operating expenses are affected by its employee salaries, which, among other things, increase with the growing number of stores in Rusta's store network and by Rusta's ability to efficiently staff its stores. The Company closely monitors the staffing needs and productivity across its stores in order to ensure that it has sufficient levels of sales in relation to the number of hours worked by its employees in its stores. In addition to increased costs for employee salaries, Rusta's employee benefits expenses also increase as a result of the expansion of Rusta's store network. The number of employees increased from 3,661 employees as of 30 April 2021, to 3,996 employees as of 30 April 2022, to 4,181 employees as of 30 April 2023. Rusta's employee salaries and benefits expenses are largely fixed for its employees working at its headquarter in Upplands Väsby and its fulfilment centre in Norrköping, but are to some extent variable for employees in its stores and fulfilment centre as a result of increased requirements for additional employees in the stores and fulfilment centre during seasonal peak selling periods.

Rusta operates out of leased properties, including its headquarters, its fulfilment centre and all of its stores. The Company leases its store premises from third parties under lease agreements with initial lease periods from five to ten years, with an average lease term of eight years and the average remaining lease term (including notice period) being approximately six years as of 30 April 2023. Rusta's lease terms for its headquarters and its fulfilment centre expire in September 2036 and October 2041, respectively. Rusta actively seeks to have long lease terms, as the Company believes its sales in stores increase over time as a result of its stores becoming more established in its locations. The majority of Rusta's lease agreements provide for annual price adjustments based on the consumer price index or variable rental costs linked to the respective store's net sales. Accordingly, inflation indirectly affects Rusta's results negatively as increased inflation and increased costs associated with the leasing of properties have an impact on EBIT for each of Rusta's segments as a result of Rusta not allocating the effects of IFRS 16 Leasing to its segments.

Rusta manages its inventory at its central fulfilment centre in Norrköping, through which a clear majority of Rusta's products are processed and distributed to Rusta's store network. Rusta uses third-party transport providers that operate networks of trucks to distribute products from the fulfilment centre to Rusta's stores. Rusta has historically been able to negotiate favourable terms for the distribution of its products to its stores. However, as Rusta's store network has expanded, its costs related to the distribution of products to its store network has increased, and as a result of increasing fuel prices during the financial year 2022/2023, Rusta has experienced additional increases in costs related to the distribution of products to its store network.

Net working capital development

Development of Rusta's net working capital provides an indication of Rusta's liquidity and has an indirect effect on its profit. The net working capital is affected by, among other factors, supply chain management, the seasonality of Rusta's business, Rusta's inventory as well as receivables and payables. As of 30 April 2021, 30 April 2022 and 30 April 2023, Rusta's net working capital amounted to SEK 660.7 million, SEK 1,520.9 million and SEK 1,247.8 million, respectively.

Rusta's supply chain management, which is primarily managed from Rusta's headquarters in Upplands Väsby, has an effect on the Company's net working capital and Rusta's success is dependent on its ability to efficiently manage its product flows and inventory levels in order to meet customer expectations and demand. Rusta focuses on continuous development of the end-to-end supply chain from its suppliers to its customers, which is supported by automated forecasting, ordering and replenishment systems that monitors and tracks store and fulfilment centre inventory levels, thus facilitating optimal inventory and net working capital levels. Rusta's ability to optimise the flow of products through its supply chain as well as its logistics and distribution infrastructure in an efficient manner has an effect on Rusta's operating costs.

As a result of the seasonality of Rusta's business, with peak selling periods during the months leading up to and including the summer holidays (April–July) and Christmas (November–December), Rusta's net working capital fluctuates over the financial year, with significant increases in net working capital needs in the second

1) Comprising selling expenses and administrative expenses, see further section "– *Description of principal income statement line items*" below.

quarter (August–October) and fourth (February–April) quarter. In the second quarter, Rusta typically purchases large quantities of products in the period leading up to the Christmas season and therefore utilises significant amount of cash from its operations to pay for the products. In the fourth quarter, the net working capital needs are typically driven by lower net sales as compared to the Christmas season and by the purchasing of large quantities of products in preparation of the summer season. As a part of Rusta's ordinary course of business, Rusta finances its net working capital needs during the second and fourth quarters by using available credit facilities which Rusta subsequently pays down during the first and third quarters (see further section "*Legal considerations and supplementary information – Other agreements – Revolving Credit Facility Agreement*").

If Rusta's sales during peak selling periods are weaker than expected, it could leave the Company with substantial amounts of unsold products, which can effect Rusta's net working capital negatively as a result of the Company having to rely in part on price reductions to dispose of excess products or record an obsolescence provision for unsold inventory. However, as a result of Rusta's product assortment generally being characterised by low trend risk, Rusta is able to store unsold products for coming seasons, which limits the risk of having to record obsolescence provisions for unsold inventory and reduces net working capital requirements for coming seasons, which, in turn, limits the negative effects on Rusta's net working capital.

In addition, Rusta's net working capital may be affected by general economic and market conditions, such as increased fuel and energy prices driven by, among other things, reduced gas deliveries from Russia to European countries due to the strained relationship between Russia and the EU, which can result in increased costs for electricity and shipping.

Foreign exchange exposure

Rusta has financial flows in several currencies while its consolidated accounts are prepared in SEK. This means that Rusta is continuously exposed to currency-related transaction risks and translation effects. Exchange rates between SEK and the currencies to which Rusta is exposed have fluctuated in recent years and may fluctuate in the future. Fluctuations in foreign exchange rates, particularly the exchange rates between USD and SEK and between EUR and SEK, may have an impact on Rusta's profit as Rusta's reporting currency is SEK. As a percentage of Rusta's costs of goods sold in the financial year 2022/2023, approximately 30.5 per cent of Rusta's product purchases were made in USD whereas 12.5 per cent of Rusta's product purchases were made in EUR and 0.7 per cent of Rusta's product purchases were made in NOK. With SEK depreciating against the USD in 2022 and 2023, the costs for products purchased by Rusta in USD have increased. Rusta partially hedges its foreign currency exposure to USD by entering into forward exchanges, while its foreign currency exposure to EUR is partly naturally hedged as Rusta sells products in EUR in Finland and Germany. In accordance with its finance policy, Rusta hedges an amount equal to at least 40 per cent of its purchases in USD for an average length of nine months. Historically, the durations of Rusta's forward contracts have provided sufficient time for Rusta to adapt its business, for example by increasing prices, renegotiating contracts with suppliers or seeking out new suppliers, to offset changes in foreign exchange rates.

Rusta's translation exposure pertains to its subsidiaries in Norway, Finland and Germany, which give rise to translation exposure in NOK and EUR as Rusta sells products in NOK and EUR and the subsidiaries' financial statements are translated into SEK.

Description of principal income statement line items

Net sales

Rusta mainly generates its net sales from sales of products to consumers through its physical stores and through its online sales channel. Sales proceeds are recognised with deducted VAT, returns and discounts as net sales in the consolidated statement of profit or loss. Sales take place in Sweden, Norway, Finland and Germany. Net sales are recognised in connection with the sale to the customer in stores or the delivery to the customer when goods are sold online.

Costs of goods sold

Costs of goods sold includes the cost for products purchased from suppliers, including inbound freight costs from suppliers to Rusta's fulfilment centre, customs, chemicals tax, obsolescence and shortfalls. Cost of goods sold also includes delivery costs for products sold online. Inventories are recognised at the lower of cost or net realisable value less deduction for obsolescence. Costs are calculated using weighted average cost. The net realisable value is the estimated sales price in operating activities less expected costs for handling and selling.

Gross profit

Gross profit is net sales less costs of goods sold.

Sales expenses

Sales expenses include all expenses associated with selling products, including purchase of products (excluding cost of goods sold), fulfilment centre costs, distribution costs from warehouse to stores as well as selling products in stores and online. This includes personnel costs such as salaries, pensions, social security contributions and benefits, lease costs and depreciations, amortisations of trademarks, depreciations for intangible and tangible assets related to sourcing offices, stores and online sales.

Administrative expenses

Administrative expenses include all expenses associated with Rusta's finance, HR, controlling, IT and other central Group functions at Rusta's headquarters. This includes personnel costs such as salaries, pensions, social security contributions and benefits, depreciations for intangible and tangible assets related to Group systems or functions.

Other operating income

Other operating income includes marketing compensation from suppliers, foreign exchange rate gains and other miscellaneous operating income.

Other operating expenses

Other operating expenses include foreign exchange rate losses.

Operating profit

Operating profit represents earnings before interest and taxes, and measures the Company's net sales less costs of goods sold, sales expenses, administrative expenses and other operating expenses and including other operating income.

Finance income

Finance income includes interest income.

Finance expenses

Finance expenses include interest costs, including interest cost components related to leasing.

Profit/loss before tax

Profit/loss before tax comprises the Company's operating profit and finance income less finance expenses.

Income tax expense

Income tax expense includes current tax and deferred tax. Tax is recognised in profit or loss statement except to the extent that it is attributable to a business combination, or items recognised directly in equity or other comprehensive income.

Net profit/loss for the period

Net profit for the period comprises the Company's operating profit and finance income less finance expenses and income tax expense.

Comparison between the periods 1 May – 31 July 2023 and 1 May–31 July 2022

Net sales

Net sales increased by SEK 305.8 million, or 11.5 per cent, to SEK 2,958.7 million for the period 1 May – 31 July 2023, from SEK 2,652.9 million for the corresponding period in 2022. This increase was primarily due to a positive development of LFL growth in all segments and positive foreign exchange effects.

Costs of goods sold

Costs of goods sold decreased by SEK 121.5 million, or 7.7 per cent, to SEK 1,694.0 million for the period 1 May – 31 July 2023, from SEK 1,572.5 million for the corresponding period in 2022. This decrease was primarily due to decreased freight costs compared to the corresponding period in 2022.

Gross profit

Gross profit increased by SEK 184.2 million, or 17.1 per cent, to SEK 1,264.6 million for the period 1 May – 31 July 2023, from SEK 1,080.4 million for the corresponding period in 2022. This increase was primarily due to increased net sales and decreased costs of goods sold as described above. Rusta's gross margin increased by 2.0 percentage points to 42.7 per cent for the period 1 May – 31 July 2023, from 40.7 per cent for the corresponding period in 2022, as a result of decreased freight costs and optimised pricing that strengthened the gross margin.

Sales expenses

Sales expenses increased by SEK 104.0 million, or 13.0 per cent, to SEK 903.5 million for the period 1 May – 31 July 2023, from SEK 799.5 million for the corresponding period in 2022. This increase was primarily due to increased inflation in combination with the opening of 14 new stores compared to the corresponding period in 2022, with increased employee costs and costs for distribution from the fulfilment centre to Rusta's stores as well as costs associated with the fulfilment centre, including staff, maintenance and operations.

Administrative expenses

Administrative expenses increased by SEK 40.8 million, or 64.0 per cent, to SEK 104.5 million for the period 1 May – 31 July 2023, from SEK 63.7 million for the corresponding period in 2022. This increase was partly due to the increase of the number of stores in Rusta's store network compared to the corresponding period in 2022, partly due to costs associated with the admission to trading of the Company's shares on Nasdaq Stockholm.

Other operating income

Other operating income increased by SEK 21.4 million, or 45.2 per cent, to SEK 68.8 million for the period 1 May – 31 July 2023, from SEK 47.4 million for the corresponding period in 2022. This increase was primarily due to received electricity support and positive foreign exchange effects.

Other operating expenses

Other operating expenses decreased by SEK 16.8 million, or 36.6 per cent, to SEK 29.1 million for the period 1 May – 31 July 2023, from SEK 45.9 million for the corresponding period in 2022. This decrease was primarily due to less negative foreign exchange effects.

Operating profit

Operating profit increased by SEK 77.6 million, or 35.5 per cent, to SEK 296.3 million for the period 1 May – 31 July 2023, from SEK 218.7 million for the corresponding period in 2022. This increase was primarily due to the increase of the gross profit as a result of the factors stated above, which was partly off-set by increased sales expenses and administrative costs.

Finance income

Finance income increased by SEK 2.0 million, to SEK 2.0 million for the period 1 May – 31 July 2023, from SEK 0.0 million for the corresponding period in 2022. This increase was primarily due to received interest that increased as a result of rising interest rates.

Finance expenses

Finance expenses increased by SEK 19.1 million, or 49.8 per cent, to SEK 57.6 million for the period 1 May – 31 July 2023, from SEK 38.4 million for the corresponding period in 2022. This increase was primarily due to increased interest costs attributable to lease liabilities as a result of additional stores in the store network and higher lease liabilities compared to the corresponding period in 2022.

Profit/loss before tax

Profit before tax increased by SEK 60.5 million, or 33.6 per cent, to SEK 240.7 million for the period 1 May – 31 July 2023, from SEK 180.2 million for the corresponding period in 2022. This increase was due to an improved operating profit.

Income tax expense

Income tax expense increased by SEK 16.2 million, or 45.9 per cent, to SEK 51.6 million for the period 1 May – 31 July 2023, from SEK 35.4 million for the corresponding period in 2022. This increase was primarily due to the increase of the profit before tax.

Net profit/loss for the period

Net profit for the period increased by SEK 44.3 million, or 30.5 per cent, to SEK 189.1 million for the period 1 May – 31 July 2023, from SEK 144.9 million for the corresponding period in 2022.

Comparison between the financial year 2022/2023 and the financial year 2021/2022

Net sales

Net sales increased by SEK 712.2 million, or 7.5 per cent, to SEK 10,202.3 million for the financial year 2022/2023, from SEK 9,490.2 million for the financial year 2021/2022. This increase was primarily driven by the opening of 14 new stores across Rusta's store network and positive LFL growth in all segments as well as significant net sales growth in the Other markets segment compared to the weaker net sales growth in the financial year 2021/2022 in the wake of the COVID-19 pandemic.

Costs of goods sold

Costs of goods sold increased by SEK 537.8 million, or 9.8 per cent, to SEK 6,015.8 million for the financial year 2022/2023, from SEK 5,478.0 million for the financial year 2021/2022. The increase in costs of goods sold was primarily a consequence of the increase in net sales described above in combination with increased purchase costs as a result of increasing inflation rates, significantly increased shipping costs in the second half of 2021 and 2022 due to the general shortage of containers which primarily affected the costs of goods sold in the financial year 2022/2023 when the products shipped in 2022 were sold by Rusta as well as of negative foreign exchange effects as a result of SEK depreciating against USD, primarily with respect to products sourced from Asia.

Gross profit

Gross profit increased by SEK 174.3 million, or 4.3 per cent, to SEK 4,186.5 million for the financial year 2022/2023, from SEK 4,012.2 million for the financial year 2021/2022. This increase was primarily a result of the increased net sales due to positive LFL growth and the opening of new stores during the period. Rusta's gross margin decreased by 1.3 percentage points to 41.0 per cent for the financial year 2022/2023, from 42.3 per cent for the financial year 2021/2022, primarily as a result of the significantly increased shipping costs for products sourced from Asia described above.

Sales expenses
Sales expenses increased by SEK 348.9 million, or 11.4 per cent, to SEK 3,414.4 million for the financial year 2022/2023, from SEK 3,065.4 million for the financial year 2021/2022. This increase was partially a result of the opening of 14 new stores across Rusta's store network, with increasing costs for personnel and costs for distribution from the fulfilment centre to Rusta's stores as well as costs associated with its fulfilment centre, including personnel, maintenance and operations. In addition, lease costs increased as a result of increased inflation levels and marketing expenses increased as a result of an increase in paper prices, which affected the costs associated with Rusta's direct marketing leaflets.

Administrative expenses
Administrative expenses increased by SEK 14.5 million, or 5.1 per cent, to SEK 297.5 million for the financial year 2022/2023, from SEK 283.1 million for the financial year 2021/2022. This increase was primarily due to the increase in the number of stores across Rusta's store network during the period.

Other operating income
Other operating income decreased by SEK 81.2 million, or 27.3 per cent, to SEK 216.2 million for the financial year 2022/2023, from SEK 297.4 million for the financial year 2021/2022. The decrease compared to the financial year 2021/2022 was primarily a result of the sale of the subsidiary Rusta F4 Construction AB during 2021, which positively affected other operating income in the financial year 2021/2022, partly off-set by increasing positive foreign exchange effects.

Other operating expenses
Other operating expenses increased by SEK 25.5 million, or 17.3 per cent, to SEK 172.6 million for the financial year 2022/2023, from SEK 147.1 million for the financial year 2021/2022. This increase was primarily due to negative foreign exchange effects.

Operating profit
Operating profit decreased by SEK 295.8 million, or 36.3 per cent, to SEK 518.2 million for the financial year 2022/2023, from SEK 814.0 million for the financial year 2021/2022. This decrease was primarily a result of increased expenses as described above, which were primarily driven by higher inflation rates.

Finance income
Finance income increased by SEK 1.0 million, or 257.8 per cent, to SEK 1.4 million for the financial year 2022/2023, from SEK 0.4 million for the financial year 2021/2022. This increase was primarily a result of increased deposit interest rates.

Finance expenses
Finance expenses increased by SEK 35.7 million, or 24.9 per cent, to SEK 179.0 million for the financial year 2022/2023, from SEK 143.3 million for the financial year 2021/2022. This increase was primarily due to increased interest costs related to leasing of store premises as a result of the opening of 14 new stores as well as increased inflation.

Profit/loss before tax
Profit before tax decreased by SEK 330.5 million, or 49.2 per cent, to SEK 340.7 million for the financial year 2022/2023, from SEK 671.1 million for the financial year 2021/2022. This decrease was primarily due to a lower operating profit.

Income tax expense
Income tax expense increased by SEK 23.4 million, or 41.9 per cent, to SEK 79.3 million for the financial year 2022/2023, from SEK 55.9 million for the financial year 2021/2022. This increase was partly related to a renewed assessment of the possibility to capitalise loss carry forwards in Finland and partly related to the Company having a lower income tax expense for the financial year 2021/2022 as a result of the other operating income from the sale of the subsidiary Rusta F4 Construction AB on a tax-free basis.

Net profit/loss for the period
Net profit for the period decreased by SEK 353.9 million, or 57.5 per cent, to SEK 261.4 million for the financial year 2022/2023, from SEK 615.3 million for the financial year 2021/2022.

Comparison between the financial year 2021/2022 and the financial year 2020/2021

Net sales
Net sales increased by SEK 857.4 million, or 9.9 per cent, to SEK 9,490.2 million for the financial year 2021/2022, from SEK 8,632.8 million for the financial year 2020/2021. This increase was primarily due to a combination of a positive LFL growth resulting from increased in-store traffic, increased frequency of customer visits and increased average basket sizes in Sweden and Norway, which was partially off-set by a decrease of net sales in Other markets primarily driven by the shifting of the product assortment from old Hong Kong products to Rusta products following the integration of Hong Kong as well as refurbishments of existing stores and the opening of 15 new stores during the period across Rusta's geographic markets.

Cost of goods sold
Cost of goods sold increased by SEK 482.9 million, or 9.7 per cent, to SEK 5,478.0 million for the financial year 2021/2022, from SEK 4,995.1 million for the financial year 2020/2021. This increase was primarily a result of the increase in net sales described above as well as increased purchase and shipping costs, primarily with respect to products sourced from Asia.

Gross profit
Gross profit increased by SEK 374.5 million, or 10.3 per cent, to SEK 4,012.2 million for the financial year 2021/2022, from SEK 3,637.7 million for the financial year 2020/2021. This increase was primarily due to the increased net sales resulting from a positive LFL growth and the opening of new stores during the period. Rusta's gross margin increased by 0.2 percentage points to 42.3 per cent for the financial year 2021/2022, from 42.1 per cent for the financial year 2020/2021, as a result of the higher than average sales growth of high-margin products in the Home Decoration and Leisure product categories, partly offset by increased purchase and shipping costs for products sourced from Asia.

Sales expenses
Sales expenses increased by SEK 263.6 million, or 9.4 per cent, to SEK 3,065.4 million for the financial year 2021/2022, from SEK 2,801.8 million for the financial year 2020/2021. This increase was primarily a result of the opening of 15 new stores across Rusta's store network, with increasing costs for personnel and costs for distribution from the fulfilment centre to Rusta's stores as well as costs associated with its fulfilment centre, including personnel, maintenance and operations.

Administrative expenses
Administrative expenses increased by SEK 11.1 million, or 4.1 per cent, to SEK 283.1 million for the financial year 2021/2022, from SEK 272.0 million for the financial year 2020/2021. This increase was primarily due to an increased number of employees at Rusta's headquarters as well as increased costs related to IT and system applications, which were driven by the increase in the number of stores across Rusta's store network during the period.

Other operating income
Other operating income increased by SEK 108.0 million, or 57.0 per cent, to SEK 297.4 million for the financial year 2021/2022, from SEK 189.4 million for the financial year 2020/2021. This increase was primarily due to positive foreign exchange effects as well as the sale of the subsidiary Rusta F4 Construction AB, which positively affected other operating income by SEK 106.4 million.

Other operating expenses
Other operating expenses increased by SEK 22.1 million, or 17.7 per cent, to SEK 147.1 million for the financial year 2021/2022, from SEK 125.0 million for the financial year 2020/2021. This increase was primarily due to negative foreign exchange effects.

Operating profit
Operating profit increased by SEK 185.7 million, or 29.6 per cent, to SEK 814.0 million for the financial year 2021/2022, from SEK 628.3 million for the financial year 2020/2021. This increase was primarily due to the increase in gross profit following the reasons stated above, partly offset by increased sales expenses and administrative expenses.

Finance income
Finance income decreased by SEK 0.2 million, or 36.7 per cent, to SEK 0.4 million for the financial year 2021/2022, from SEK 0.6 million for the financial year 2020/2021. This decrease was primarily due to a decrease in interest income related to receivables from the Company's previous parent company Fasetten AB.

Finance expenses
Finance expenses increased by SEK 18.0 million, or 14.4 per cent, to SEK 143.3 million for the financial year 2021/2022, from SEK 125.2 million for the financial year 2020/2021. This increase was primarily driven by increased interest costs related to leasing of store premises and as a result of the opening of 15 new stores.

Profit/loss before tax
Profit before tax increased by SEK 167.4 million, or 33.2 per cent, to SEK 671.1 million for the financial year 2021/2022, from SEK 503.7 million for the financial year 2020/2021. This increase was a result of an improved operating profit.

Income tax expense
Income tax expense decreased by SEK 46.7 million, or 45.5 per cent, to SEK 55.9 million for the financial year 2021/2022, from SEK 102.5 million for the financial year 2020/2021. This decrease was primarily due to the sale of the subsidiary Rusta F4 Construction AB at a tax-free basis, which had a positive effect on the effective tax rate.

Net profit/loss for the period
Net profit for the period increased by SEK 214.1 million, or 53.4 per cent, to SEK 615.3 million for the financial year 2021/2022, from SEK 401.2 million for the financial year 2020/2021.

Liquidity and capital resources

Overview

Rusta's cash requirements primarily consist of funding operating expenses, working capital, capital expenditures in connection with opening new stores and refurbishing existing stores, servicing debt, payment of dividends and taxes. Rusta's principal sources of liquidity have been and are expected to continue to be cash flows from operating activities and periodically drawing on its revolving credit facility (see section "*Legal considerations and supplementary information – Other agreements – Revolving Credit Facility Agreement*"). As of 31 July 2023, Rusta had SEK 393.7 million in cash and cash equivalents and unutilised bank facilities (under the previous credit facility agreement, which has been replaced by the Credit Facility Agreement) of SEK 800.0 million. The majority of Rusta's cash or cash equivalents are held in the currencies SEK, NOK and EUR, while a minority is held in USD, GBP, CNY and INR. Rusta hedges an amount equal to at least 40 per cent of its purchases in USD by entering into forward exchanges. For further information regarding Rusta's use of financial instruments for hedging purposes, see section "*– Key factors affecting the Company's result and financial position – Foreign exchange exposure*" above and note 4 on pages F-19–F-23 in section *"Historical financial information*".

Working capital statement

In the opinion of Rusta, the working capital available to the Group is at the date of this Offering Memorandum sufficient for its present requirements and for the twelve months following the date of this Offering Memorandum.

Cash flow analysis

The following table presents the primary components of the Group's cash flows for the periods 1 May – 31 July 2023 and 1 May – 31 July 2022 as well as for the financial years 2022/2023, 2021/2022 and 2020/2021.

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Cash flow from operating activities	763.5	388.0	1,006.8	624.9	744.8
Cash flow from investing activities	–30.9	–22.3	–172.4	607.2	–387.5
Cash flow from financing activities	–520.8	–354.2	–825.8	–1,129.8	–356.9
Cash flow for the period	**211.8**	**11.5**	**8.6**	**102.2**	**0.5**
Cash and cash equivalents at the end of the period	**393.7**	**181.2**	**182.2**	**169.7**	**66.0**

Cash flow from operating activities

Rusta's cash flow from operating activities for the period 1 May – 31 July 2023 amounted to SEK 763.5 million, corresponding to an increase of SEK 375.5 million, or 96.8 per cent, compared to the period 1 May – 31 July 2022, primarily as a result of changes in the working capital related to increased trade payables associated with product purchases in view of seasonal periods compared to the corresponding period in 2022 when Rusta had a larger share of seasonal assortment in stock.

The cash flow from operating activities increased by SEK 382.0 million, or 61.1 per cent, to SEK 1,006.8 million in the financial year 2022/2023 from SEK 624.9 million in the financial year 2021/2022. This increase was primarily due to decreased inventory levels compared to the financial year 2021/2022 as a result of improved inventory turnover rates.

The cash flow from operating activities decreased by SEK 119.9 million, or 16.1 per cent, to SEK 624.9 million in the financial year 2021/2022 from SEK 744.8 million in the financial year 2020/2021. This decrease was primarily a result of increasing inventory levels due to delayed product deliveries as a consequence of the COVID-19 pandemic for which purchase orders were made in financial year 2020/2021, partly off-set by increased operating profit.

Cash flow from investing activities

Rusta's cash flow from investing activities for the period 1 May – 31 July 2023 amounted to SEK –30.9 million, corresponding to a decrease of SEK 8.7 million, or 38.9 per cent, compared to the period 1 May – 31 July 2022, primarily as a result of investments in new stores having been made since the corresponding period in 2022, which, as a result of an increased number of stores in the store network compared to the corresponding period in 2022, has led to increased strategic investments associated with relocating stores, existing stores in the store network and the fulfilment centre.

The cash flow from investing activities decreased by SEK 779.6 million, or 128.4 per cent, to SEK –172.4 million in the financial year 2022/2023 from SEK 607.2 million in the financial year 2021/2022. This decrease was primarily a result of Rusta's levels of investments returning to normal levels following the divestment of its fulfilment centre in the financial year 2021/2022.

The cash flow from investing activities increased by SEK 994.6 million, or 256.7 per cent, to SEK 607.2 million in the financial year 2021/2022 from SEK –387.5 million in the financial year 2020/2021. This increase was primarily a result of making significant investments in the construction of the fulfilment centre during the financial year 2020/2021, which was divested in the financial year 2021/2022, resulting in a positive effect of SEK 885.3 million on Rusta's cash flow in the financial year 2021/2022.

Cash flow from financing activities

Rusta's cash flow from financing activities for the period 1 May – 31 July 2023 amounted to SEK –520.8 million, corresponding to a decrease of SEK 166.6 million, or 47.0 per cent, compared to the period 1 May – 31 July 2022, primarily as a result of changes to the utilisation of the overdraft facility under Rusta's previous credit facility agreement (which has been replaced by the Credit Facility Agreement).

The cash flow from financing activities increased by SEK 304.0 million, or 26.9 per cent, to SEK –825.8 million in the financial year 2022/2023 from SEK –1,129.8 million in the financial year 2021/2022. This increase was primarily due to decreased dividends to shareholders, partly off-set by amortisation of long-term loans.

The cash flow from financing activities decreased by SEK 773.0 million, or 216.6 per cent, to SEK –1,129.8 million in the financial year 2021/2022 from SEK –356.9 million in the financial year 2020/2021. This decrease was primarily due to increased dividends to shareholders in the financial year 2021/2022 compared to the financial year 2020/2021 as a result of not distributing any dividends for the financial year 2020/2021 which was decided as a consequence of the uncertainty caused by the COVID-19 pandemic.

Investments

Rusta categorises its investments into the three following categories:

(a) **Maintenance investments:** Refer to investments related to continuous maintenance of the Group's operating activities.

(b) **Strategic investments:** Refer to investments related to strategic initiatives, such as rebuilding and redesigning of stores and investments in IT systems to support Rusta's strategic plans.

(c) **Expansion investments:** Refer to investments related to opening of new stores.

Rusta's maintentance investments, strategic investments and expansion investments are recorded as part of the cash-flow from investing activities in the Company's financial statements (see section "– *Cash flow analysis*" above). The following table presents Rusta's investments for the periods 1 May – 31 July 2023 and 1 May – 31 July 2022 as well as for the financial years 2022/2023, 2021/2022 and 2020/2021.

	1 May – 31 July		1 May – 30 April		
(MSEK)	**2023**	**2022**	**2022/2023**	**2021/2022**	**2020/2021**
Maintenance investments	8.4	7.8	42.1	53.0	34.9
Strategic investments	10.0	5.5	23.2	20.9	86.2
Expansion investments	12.5	9.0	107.2	183.1	357.8
Total investments	**30.9**	**22.3**	**172.4**	**257.0**	**479.0**

In the period 1 May – 31 July 2023, Rusta's investments mainly comprised (i) maintenance investments related to existing stores and the fulfilment centre, (ii) strategic investments related to new stores and the fulfilment centre and (iii) expansion investments related to new stores. In the period 1 May – 31 July 2022, Rusta's investments mainly comprised (i) maintenance investments related to existing stores, (ii) strategic investments related to IT systems and (iii) expansion investments related to new stores.

In the financial year 2022/2023, Rusta's investments mainly comprised (i) maintenance investments related to continuous maintenance of its store network, fulfilment centre and headquarters, (ii) strategic investments related to continuous development of the online platform, IT applications and store concept and (iii) expansion investments related to the opening of 14 new stores across its store network.

In the financial year 2021/2022, Rusta's investments mainly comprised (i) maintenance investments related to continuous maintenance of its store network, fulfilment centre and headquarters, (ii) strategic investments related to continuous development of its online platform, IT applications and store concept and (iii) expansion investments related to the opening of 15 new stores across its store network.

In the financial year 2020/2021, Rusta's investments mainly comprised (i) maintenance investments relating to continuous maintenance of its store network and headquarters, (ii) strategic investments related to the rebranding of the Finnish store network acquired through the acquisition of the Finnish discount retailer Hong Kong in 2018 and (iii) expansion investments related to the Norrköping fulfilment centre and the opening of 11 new stores across its store network.

As of the date of this Offering Memorandum, Rusta does not have any significant ongoing investments and has not made any firm commitments to make any such investments. Within the ordinary course of business, the Company opens new stores from time to time. As of 31 July 2023, the estimated total investment amount related to planned stores openings[1)] amounted to approximately SEK 72 million.

Indebtedness

As a result of the seasonality of Rusta's business, with peak selling periods during the months leading up to and including the summer holidays (April–July) and Christmas (November–December), Rusta's net working capital fluctuates over the financial year, with significant increases in net working capital needs in the second quarter (August–October) and fourth (February–April) quarter. In the second quarter, Rusta typically purchases large quantities of products in the period leading up to the Christmas season and therefore utilises significant amount of cash from its operations to pay for the products. In the fourth quarter, the net working capital needs are typically driven by lower net sales as compared to the Christmas season and by the purchasing of large quantities of products in preparation of the summer season. As a part of Rusta's ordinary course of business, Rusta finances its net working capital needs during the second and fourth quarters by using available credit facilities which Rusta subsequently pays down during the first and third quarters. During the financial years 2020/2021, 2021/2022 and 2022/2023 as well as the period 1 May–31 July 2023, Rusta's peak level of borrowings under the previous credit facility agreement (which has been replaced by the Credit Facility Agreement) amounted to SEK –637.9 million in March 2021.

For information on Rusta's net indebtedness as of 31 July 2023, see section "*Capitalisation and net indebtedness – Net indebtedness*".

Quantative and qualitative accounting of financial risk management

Rusta's operations are to varying degrees affected by a number of financial risks and uncertainties, including market risks. For more information regarding the Company's financial risk management, see note 4 on page F-19–F-23 in section "*Historical financial information*".

Significant accounting principles

For information on Rusta's significant accounting principles, see note 2 on pages F-14-F-19 in section "*Historical financial information*".

The most significant trends since 31 July 2023

Rusta's operations are affected by a number of different trends and developments in the markets in which Rusta operates. For further information on the trends and developments that, in Rusta's assessment, are the most significant trends and developments up until the date of this Offering Memorandum, see sections "*Market overview – Market development*" and "*Operating and financial review – Key factors affecting the Company's result and financial position*".

Significant changes in Rusta's financial position or results after 31 July 2023

After 31 July 2023 and up until the date of this Offering Memorandum, no significant changes in Rusta's financial position or results have occurred.

1) Planned store openings refer to 18 planned stores for which lease agreements have been signed with landlords.

Capitalisation and net indebtedness

The tables in this section describe the Company's capitalisation and net indebtedness at group level as of 31 July 2023. See section "*Share capital and ownership structure*" for further information about the Company's share capital and shares. The tables in this section should be read together with the information set out in sections "*Selected historical financial information*" and "*Operating and financial review*".

Capitalisation

The Company's capitalisation as of 31 July 2023 is presented in the table below. The capitalisation table only includes interest-bearing debt that is specified in the net debtedness table below.

(MSEK)	31 July 2023
Total current debt[1] (including current portion of non-current debt)	**874.5**
Guaranteed	871.7
Secured	–
Unguaranteed/unsecured	2.8
Total non-current debt[2] (excluding current portion of non-current debt)	**4,687.5**
Guaranteed	4,641.0
Secured	–
Unguaranteed/unsecured	46.5
Shareholder equity	
Share capital	5.1
Legal reserves	0.9
Other reserves[3]	1,502.8
Total	**7,070.8**

1) Of interest-bearing current debt, SEK 871.7 million refer to lease liabilities pursuant to IFRS 16 where a lease guarantee exists.
2) Of interest-bearing non-current debt, SEK 4,641.0 million refer to lease liabilities pursuant to IFRS 16 where a lease guarantee exists.
3) Other reserves include reserves as well as retained earnings including the profit/loss for the period 1 May–31 July 2023.

Net indebtedness

The Company's net indebtedness as of 31 July 2023 is presented in the table below.

(MSEK)	31 July 2023
(A) Cash	393.7
(B) Cash equivalents	–
(C) Other current financial assets	–
(D) Liquidity (A) + (B) + (C)	**393.7**
(E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[1]	871.7
(F) Current portion of non-current financial debt	2.8
(G) Current financial indebtedness (E) + (F)	**874.5**
(H) Net current financial indebtedness (G) - (D)	**480.8**
(I) Non-current financial debt (excluding current portion and debt instruments)[2]	4,687.5
(J) Debt instruments	–
(K) Non-current trade and other payables	–
(L) Non-current financial indebtedness (I) + (J) + (K)	**4,687.5**
(M) Total financial indebtedness (H) + (L)	**5,168.3[3]**

1) Refers in its entirety to current lease liabilities.
2) Of non-current financial debt, SEK 4,641.0 million refer to lease liabilities pursuant to IFRS 16.
3) As of 31 July 2023, Rusta had an overdraft facility of SEK 800.0 million which, as of 31 July 2023, was unexercised in its entirety. The Group had pledged security of SEK 615.0 million related to the overdraft facility as of 31 July 2023. The previous overdraft facility has been replaced by the credit facility under the Credit Facility Agreement (including security provided under the Credit Facility Agreement). For more information on the Credit Facility Agreement, see section "*Legal considerations and supplementary information – Other agreements – Revolving Credit Facility Agreement*".

Indirect indebtedness and contingent liabilities

As of 30 April 2023, Rusta's contingent liabilities amounted to SEK 142.6 million, see note 36 on page F-36 in section "*Historical financial information*". As of 31 July 2023, Rusta's contingent liabilities amounted to SEK 151.1 million. The difference between the amount as of 30 April 2023 and the amount as of 31 July 2023 is attributable to re-calculation as a result of currency effects in respect of the underlying contingent liabilities.

As of 31 July 2023, the Group had signed agreements for premises where access is expected to take place within the coming three financial years. The Group's leasing commitments under these agreements amount to a nominal amount of SEK 560.3 million.

Board of directors, senior executives and auditor

Board of directors

According to the Company's articles of association, the board of directors shall consist of not less than three and not more than eight members, without deputy members. The board of directors currently consists of seven members, without deputy members, appointed for the period until the end of the annual general meeting 2024.

The table below presents the members of the board of directors, their position, the year of their initial election as well as whether they are considered to be independent in relation to the Company, the Company's senior executives and the Company's major shareholders.

			Independent in relation to	
Board member	**Position**	**Board member in the Company since**	**The Company and the senior executives**	**The Company's major shareholders[1)]**
Erik Haegerstrand	Chair of the board of directors	2022	Yes	Yes
Anders Forsgren	Board member	1986	No	No
Ann-Sofi Danielsson	Board member	2022	Yes	Yes
Björn Forssell	Board member	2019	No	No
Claes Eriksson	Board member	2009	Yes	Yes
Maria Edsman	Board member	2016	Yes	Yes
Victor Forsgren	Board member	2022	No	No

1) Major shareholders are defined as shareholders controlling, directly or indirectly, ten per cent or more of the shares or votes in the Company.

Erik Haegerstrand

Chair of the board of directors since 2022. Member of the board of directors' audit committee.

Born: 1959.

Principal education: M.Sc., Business and Economics, Stockholm University.

Other current positions outside the Group: CEO and chair of the board of directors of Bonnier Group Aktiebolag as well as positions in several companies within the Bonnier group. Board member of Polykemi Aktiebolag and Polykemi Holding AB. Deputy board member of SolveBIT AB.

Previous positions outside the Group (during the last five years): Several positions within the Bonnier group. Board member of Dun & Bradstreet AB and Dun & Bradstreet Europe Holding AB.

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): –

Independence pursuant to the Swedish Corporate Governance Code: Independent in relation to the Company, the Company's senior executives and the Company's major shareholders.

Anders Forsgren

Board member since 1986. Member of the board of directors' expansion committee.

Born: 1952.

Principal education: Bachelor of Business Administration and Research Studies in Marketing and Distribution, Uppsala University.

Other current positions outside the Group: CEO and board member of Fasetten AB and Fasetten Holding AB. Board member of Aforber AB, Aforber Förvaltning AB, Aforber Invest AB and Business Challenge AB. Proprietor of Mercatus.

Previous positions outside the Group (during the last five years): –

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 62,012,100 shares.

Independence pursuant to the Swedish Corporate Governance Code: Not independent in relation to the Company, the Company's senior executives or the Company's major shareholders.

Ann-Sofi Danielsson

Board member since 2022. Chair of the board of directors' audit committee.

Born: 1959.

Principal education: M.Sc., Business and Economics, Uppsala University.

Other current positions outside the Group: Board member and chair of the audit committee of Netel Holding AB (publ), Pandox Aktiebolag (publ) and Vasakronan AB (publ). Board member of Building Automation Nordic AB, Building Automation Nordic Holding AB and Singö Home Konsult o Friskvård AB. Member of advisory board as consultant of Brixly AB.

Previous positions outside the Group (during the last five years): Chief Financial Officer of Bonava AB (publ) and positions within the Bonava group.

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): –

Independence pursuant to the Swedish Corporate Governance Code: Independent in relation to the Company, the Company's senior executives and the Company's major shareholders.

Björn Forssell

Board member since 2019.

Born: 1976.

Principal education: MBA, International Business, Temple University, Philadelphia, USA.

Other current positions outside the Group: Chair of the board of directors of Sareq AB, Scandienergy Hong Kong Limited, Öngal Förvaltning AB and Öngal i Uppsala invest AB. CEO and board member of Panartis AB and Scandienergy AB. Board member of Decisiven Aktiebolag, Fasetten AB, Fasetten Holding AB, iGO Group Holding AB and Sino Etail Hong Kong.

Previous positions outside the Group (during the last five years): –

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 62,012,100 shares.

Independence pursuant to the Swedish Corporate Governance Code: Not independent in relation to the Company, the Company's senior executives or the Company's major shareholders.

Claes Eriksson

Board member since 2009. Chair of the board of directors' expansion committee.

Born: 1951.

Principal education: Seven years of education in the defence sector.

Other current positions outside the Group: Board member of Cerix AB and IMD Arkitektur AB.

Previous positions outside the Group (during the last five years): Senior adviser and consultant at Hestra Inredningar AB.

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 3,741,000 shares.

Independence pursuant to the Swedish Corporate Governance Code: Independent in relation to the Company, the Company's senior executives and the Company's major shareholders.

Maria Edsman

Board member since 2016. Member of the board of directors' audit committee.

Born: 1968.

Principal education: M.Sc., Business and Economics, Stockholm School of Economics.

Other current positions outside the Group: CEO of Bokusgruppen AB (publ). CEO and chair of the board of directors of Akademibokhandeln Holding AB, Bokhandelsgruppen i Sverige AB and Bokus AB. CEO and board member of Galadriel AB. Board member of Svenska Bokhandlareföreningens Service AB and Volati AB. Deputy board member of Tekholmen.

Previous positions outside the Group (during the last five years): CEO and chair of the board of directors of Akademibokhandelsgruppen AB.

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): –

Independence pursuant to the Swedish Corporate Governance Code: Independent in relation to the Company, the Company's senior executives and the Company's major shareholders.

Victor Forsgren

Board member since 2022. Member of the board of directors' expansion committee.

Born: 1988.

Principal education: B.Sc., Business & Economics, M.Sc., Finance & Accounting as well as CEMS M.Sc., International Management, Stockholm School of Economics.

Other current positions outside the Group: Deputy board member of Fasetten AB and Fasetten Holding AB.

Previous positions outside the Group (during the last five years): –

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): Closely related party to Anders Forsgren (see holdings of Anders Forsgren above).

Independence pursuant to the Swedish Corporate Governance Code: Not independent in relation to the Company, the Company's senior executives or the Company's major shareholders.

Senior executives

Rusta's group management currently consist of nine individuals. The table below presents the senior executives, their position and the year each person became a senior executive.

Name	Position	Senior executive in the Company since
Göran Westerberg	Chief Executive Officer	2011
Sofie Malmunger	Chief Financial Officer	2022
Jozef Khasho	Chief Sales Officer	2018
Linda Estenthal	Chief Marketing Officer	2017
Annica Nyström	Chief Range Officer	2022
Anna Bergstedt	Chief Supply Chain Officer	2020
Per Wennerström	Chief Business Development Officer	2019
Viswakumar Ananthakrishnan	Chief Purchasing Officer	2023
Annika Holm Sundström	Chief HR Officer	2019

Göran Westerberg

Chief Executive Officer since 2012 (senior executive in the Company since 2011).

Born: 1971.

Principal education: M.Sc., Business and Economics, Stockholm University, and EMBA, INSEAD in France and Singapore.

Other current positions outside the Group: Board member of Eleiko Group AB and GW Advice AB.

Previous positions outside the Group (during the last five years): –

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 3,872,400 shares and 11,382 warrants of series 2020:1.

Sofie Malmunger

Chief Financial Officer since 2022.

Born: 1979.

Principal education: M.Sc., Business and Economics, Stockholm School of Economics.

Other current positions outside the Group: –

Previous positions outside the Group (during the last five years): –

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 71,400 shares. Participating with up to SEK 90,000 in LTIP 2023.

Jozef Khasho

Chief Sales Officer since 2018.

Born: 1983.

Principal education: Bachelor of Business/Managerial Economics and Master of Human Resource Development and Labour Relations, Uppsala University. Business Strategy for HR Leaders, INSEAD.

Other current positions outside the Group: –

Previous positions outside the Group (during the last five years): Board member of HR The Real Deal AB. Deputy board member of V360 Studios Sweden AB.

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 312,600 shares. Participating with up to SEK 90,000 in LTIP 2023.

Linda Estenthal

Chief Marketing Officer since 2017.

Born: 1975.

Principal education: M.Sc., Business and Economics, Stockholm University.

Other current positions outside the Group: Deputy board member of Oxelgården Business Developers AB.

Previous positions outside the Group (during the last five years): –

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 63,000 shares. Participating with up to SEK 90,000 in LTIP 2023.

Annica Nyström

Chief Range Officer since 2022.

Born: 1985.

Principal education: International Purchasing, Stockholm International Business School.

Other current positions outside the Group: –

Previous positions outside the Group (during the last five years): –

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 46,200 shares. Participating with up to SEK 90,000 in LTIP 2023.

Anna Bergstedt

Chief Supply Chain Officer since 2020.

Born: 1974.

Principal education: Bachelor of Logistics, Gävle Högskola.

Other current positions outside the Group: –

Previous positions outside the Group (during the last five years): –

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 36,000 shares. Participating with up to SEK 90,000 in LTIP 2023.

Per Wennerström

Chief Business Development Officer since 2019.

Born: 1980.

Principal education: Master's Degree in Engineering Physics, KTH Royal Institute of Technology.

Other current positions outside the Group: Deputy board members of Wenner & Co. AB.

Previous positions outside the Group (during the last five years): –

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 42,600 shares. Participating with up to SEK 90,000 in LTIP 2023.

Viswakumar Ananthakrishnan

Chief Purchasing Officer since 2023.

Born: 1966.

Principal education: Bachelor of Engineering, Indian Institute of Technology and Master of Business Administration, Indian Institute of Management-Bangalore, India.

Other current positions outside the Group: Board member of Sweden-India Business Council.

Previous positions outside the Group (during the last five years): 19 years at IKEA in global leadership roles. Management consultant and board member of Termino C 8600 AB. Management consultant of Eleiko Aktiebolag.

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 30,000 shares. Participating with up to SEK 90,000 in LTIP 2023.

Annika Holm Sundström

Chief HR Officer since 2019.

Born: 1967.

Principal education: Programme for HR managers, Mgruppen.

Other current positions outside the Group: –

Previous positions outside the Group (during the last five years): Partner in New Luxury Design i Stockholm Handelsbolag.

Shareholding in the Company as of the date of this Offering Memorandum (including through closely related parties): 31,200 shares. Participating with up to SEK 90,000 in LTIP 2023.

Additional information regarding the board members and senior executives

All board members and senior executives of Rusta can be reached at the Company's postal address: Box 5064, SE-194 05 Upplands Väsby, Sweden.

Except as set out below, there are no family relationships between any of the board members or the senior executives. The board member Victor Forsgren is the son of Anders Forsgren (board member and founder of Rusta). There are no arrangements or understandings between the Company and any major shareholders, customers, suppliers or others, pursuant to which any board member or senior executive was elected as a board member or appointed as a senior executive.

No board members or senior executives have during the past five years (i) been convicted in relation to fraudulent offences, (ii) represented a company which has been declared bankrupt or filed for liquidation or been subject to administration under bankruptcy, (iii) been bound by and/or been subject to sanctions by any regulatory or statutory authority (including designated professional bodies), or (iv) been disqualified by a court from acting as a member of any company's administrative, management or supervisory body or from acting in the management or conduct of the affairs of any company, except for Erik Haegerstrand who was imposed a late filing penalty of approximately SEK 2,500 as a result of a late filing of a tax return for the taxation year 2021.

No board member or senior executive has any private interests which might conflict with their duties to the Company, other than as stated below. A number of the board members and senior executives have a financial interest in the Company through shareholdings and/or holdings of warrants. The board members and senior executives in the Company have agreed to not sell shares in the Company or in other ways make transactions with similar effects during a certain lock-up period after the first day of trading of the shares Nasdaq Stockholm, see section "*Legal considerations and supplementary information – Lock-up agreements*". No board member or senior executive has entered into an agreement with the Company providing benefits upon termination of employment.

Independent auditor

At the annual general meeting held 16 September 2020, PwC was elected as the Company's auditor for the period until the end of the annual general meeting 2024. Cesar Moré, authorised public accountant and member of FAR (the professional institute for authorised public accountants in Sweden), is the auditor in charge since 2021. The Group's historical financial information for the financial years 2020/2021, 2021/2022 and 2022/2023 that have been included in this Offering Memorandum have been audited by PwC in accordance with what is set out in PwC's auditor's report on pages F-38–F-39 in section "*Historical financial information*". The auditor's office address is Torsgatan 21, SE-113 97 Stockholm, Sweden.

Corporate governance

Overview

The Company is a Swedish public limited liability company. Prior to the admission to trading of the Company's shares on Nasdaq Stockholm, the corporate governance was based on Swedish law as well as internal rules and instructions. Once the Company's shares have been admitted to trading on Nasdaq Stockholm, the Company will also comply with, *inter alia*, Nasdaq Nordic Main Market Rulebook for Issuers of Shares and apply the Swedish Corporate Governance Code (the "**Code**"). The Code applies to all Swedish companies with shares admitted to trading on a regulated market in Sweden and shall be fully applied in connection with the admission to trading of the Company's shares on Nasdaq Stockholm. The Company is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (according to the so-called "comply or explain principle").

The Company will apply the Code from the time of the admission to trading of the Company's shares on Nasdaq Stockholm. Any deviation from the Code will be reported in the Company's corporate governance report. However, in the first corporate governance report, the Company is not required to explain non-compliance with such rules that have not been relevant during the period covered by the corporate governance report. As of the date of this Offering Memorandum, the Company does not expect to report any deviations from the Code in the corporate governance report.

General meetings

General

According to the Swedish Companies Act, the general meeting is the ultimate decision-making body of the Company. At the general meeting, the shareholders exercise their voting rights on key issues, such as adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability for members of the board of directors and the CEO, election of members of the board of directors and auditor(s) as well as remuneration to the board of directors and the auditor(s).

The annual general meeting must be held within six months from the end of each financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to the Company's articles of association, general meetings are convened by publication of the notice in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. When the notice convening the general meeting has been issued, information regarding that the notice has been issued shall be published in Dagens industri.

Right to attend general meetings

Shareholders who wish to participate in a general meeting must be listed as a shareholder in a printout or other presentation of the share register relating to the circumstances six banking days prior to the general meeting and notify the Company of their participation not later than on the date set out in the notice to attend the general meeting. In addition to notifying the Company, shareholders whose shares are nominee-registered through a bank or other nominee must request that their shares are temporarily registered in their own names in the share register not later than four banking days prior to the general meeting in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date. Shareholders may attend general meetings in person or by proxy and may be accompanied by not more than two advisers.

Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the board of directors. The matter shall be addressed at the general meeting provided that the request was received by the board of directors not later than one week prior to the earliest date on which notice to attend the general meeting may be issued pursuant to the Swedish Companies Act or after that date but in due time for the matter to be included in the notice to attend the general meeting.

Nomination committee

Pursuant to the Code, Swedish companies whose shares are admitted to trading on a regulated market in Sweden shall have a nomination committee. The annual general meeting that was held on 1 September 2023 resolved to adopt the following principles for the appointment of the nomination committee and instruction for the nomination committee, which shall apply until further notice.

Principles for the appointment of the nomination committee and instruction for the nomination committee

Principles for appointment of the nomination committee

The Company shall have a nomination committee. The nomination committee shall prior to the annual general meeting be composed of the three largest shareholders in the Company who are registered in the share register maintained by Euroclear Sweden AB as of the last banking day in December each year. In addition to these three members of the nomination committee, the chair of the board of directors shall be a co-opted member of the nomination committee and coordinate the procedure to appoint the members of the nomination committee. The nomination committee shall meet the requirements of composition set out in the Swedish Corporate Governance Code (the "**Code**"). Larger shareholders shall have precedence to appoint a member over smaller shareholders if the larger shareholder (or the larger shareholders) who have the right to appoint a member of the nomination committee wish to appoint an individual with the consequence that the requirements of composition of the nomination committee provided in the Code are not met. When appointing a new member, the shareholder who appoints the new member shall consider the composition of the current nomination committee.

If a shareholder abstain from its right to appoint a member of the nomination committee, the right shall pass to the shareholder next in line, in terms of votes, that has not already appointed a member of the nomination committee. If the shareholder next in line abstain from its right to appoint a member, the right shall pass to shareholder next in the priority order (that is, first to the largest shareholder, in terms of votes, that has not already appointed a member of the nomination committee or abstained from such right and thereafter to the second largest shareholder, in terms of votes, that has not already appointed a member of the nomination committee or abstained from such right etc.). The procedure shall continue until the earlier of (i) ten additional shareholders have been asked or (ii) the nomination committee is complete.

The name of the members and the shareholders they represent shall normally be made public on the Company's website not later than six months prior to the annual general meeting. The chair of the Company's board of directors shall convene the nomination committee to its first meeting. At this meeting, the nomination committee shall appoint a chair amongst the representatives appointed by the shareholders (the chair of the board of directors or any other board member shall not be the chair of the nomination committee). The mandate period of the nomination committee shall extend until the next nomination committee is appointed. Changes in the composition of the nomination committee shall be made public on the Company's website as soon as they have occurred.

If a change to the Company's ownership structure occurs after the last day of trading in December but before the date which occurs three months ahead of the forthcoming annual general meeting, and if a shareholder that after this change has become one of the largest shareholders, in terms of votes, who are registered in the share register maintained by Euroclear Sweden AB, makes a request to the chair of the nomination committee to be part of the nomination committee, the shareholder shall have the right, in the discretion of the nomination committee, either to appoint an additional member to the nomination committee or to appoint a member who shall replace the member appointed by the, after the changes in the ownership structure, smallest shareholder, in terms of votes.

A shareholder who has appointed a member of the nomination committee has the right to dismiss the member and appoint a new member. If such an exchange takes place, the shareholder shall without delay give notice of this to the chair of the nomination committee (or, if it is the chair of the nomination committee who shall be replaced, to the chair of the board of directors). The notification shall contain the name of the dismissed member and the person who shall replace the dismissed member as a member of the nomination committee.

A member who prematurely resigns from his or her task shall give notice of this to the chair of the nomination committee (or, if it is the chair of the nomination committee who resigns, to the chair of the board of directors). In such case, the nomination committee shall without delay call upon the shareholder who has appointed the resigned member to appoint a new member. If a new member is not appointed by the shareholder, the nomination committee shall offer other larger shareholders, in terms of votes, to appoint a member of the nomination committee in line (that is, first to the largest shareholder, in terms of votes, who has not already appointed a member of the nomination committee, or previously abstained from the right to do so, and thereafter to the second largest shareholder, in terms of votes, who has not already appointed a member of the nomination committee or previously abstained from the right to do so etc.). The procedure shall continue until the earlier of (i) ten additional shareholders have been asked or (ii) the nomination committee is complete.

No remuneration is to be paid to members of the nomination committee. The Company shall, however, defray all reasonable expenses that are required for the work of the nomination committee.

Instruction of the nomination committee

The members of the nomination committee are to promote the common interests of all shareholders and are not to reveal the content or details of nomination discussions unduly. Each member of the nomination committee is to consider carefully whether there is a conflict of interest or any other circumstances that make membership of the nomination committee inappropriate before accepting the assignment.

Tasks of the nomination committee

The nomination committee shall fulfil the tasks set out in the Code and shall, when applicable, present proposals to an upcoming general meeting as regards:

(i) Election of the chair of the general meeting.

(ii) The number of members of the board of directors to be elected by the general meeting.

(iii) Election of the chair and the members of the board of directors.

(iv) Fees and other remuneration to each of the elected board members and to the members of the board of directors' committees.

(v) Election of the auditor(s).

(vi) Remuneration to the auditor(s).

(vii) Principles for composition of the nomination committee.

(viii) Any changes regarding the instruction for the nomination committee.

The nomination committee's proposal shall be presented in the notice for the annual general meeting. In conjunction to the publication of the notice for the annual general meeting by the board of directors, the nomination committee shall ensure that the company publishes the nomination committee's proposal, reasoned statement as well as information about how the nomination committee has conducted its work on the Company's website. At least one member of the nomination committee, in addition to the co-opted chair of the board, shall always be present at the annual general meeting and present the underlying reasoning of the nomination committee's proposal.

The nomination committee shall be quorate if at least half of the members are present. The nomination committee's decisions are valid when supported by more than half of the members present. In the event of tie votes, the chair of the nomination committee shall have the casting vote.

The nomination committee has the right, at the company's expense, to engage external consultants whom the nomination committee considers necessary to fulfil its task.

The board of directors

Composition and independence

Members of the board of directors are normally appointed by the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the board of directors shall consist of not less than three and not more than eight board members, without deputy members. Pursuant to the Code, the chair of the board of directors shall be appointed by the general meeting. Not more than one board member elected by the general meeting may be a senior executive of the Company or of a subsidiary of the Company. The majority of the board members elected by the general meeting shall be independent of the Company and its senior executives. At least two of the board members who are independent of the Company and its senior executives shall also be independent in relation to the Company's major shareholders. See section "*Board of directors, senior executives and auditor – Board of directors*" for an account of the board members' independence in relation to the Company, the Company's senior executives and the Company's major shareholders.

Responsibilities and work

The board of directors is the Company's second-highest decision making body after the general meeting. The duties of the board of directors are primarily set forth in the Swedish Companies Act, the Company's articles of association and the Code. In addition, the work of the board of directors is guided by instructions from the general meeting and the rules of procedure of the board of directors. The rules of procedure of the board of directors govern the division of work within the board of directors. The board of directors also adopts, *inter alia*, instructions for the committees of the board of directors, an instruction for the CEO and an instruction for the financial reporting to the board of directors.

The board of directors is responsible for the organisation and the management of the Company's matters, which, *inter alia*, entails a responsibility for outlining overall, long-term strategies and objectives, budgets and business plans, establishing guidelines to ensure that the operations create long-term value, reviewing and establishing the accounts, making decisions on issues regarding investments and sales, capital structure and distribution policy, developing and adopting material policies, ensuring that control systems exist for monitoring that policies and guidelines are followed, ensuring that there are systems for monitoring and controlling the operations and risks, significant changes in the organisation and operations, appointing the CEO and, in accordance with the guidelines adopted by the general meeting, setting remuneration and other terms of employment benefits for the CEO.

The chair of the board of directors is responsible for ensuring that the board of directors' work is carried out efficiently and that the board of directors fulfils its obligations.

The board of directors meets according to an annual predetermined schedule. In addition to ordinary board meetings, board meetings may be convened where the chair of the board of directors considers it to be necessary or where a board member or the CEO so requests.

Audit committee

The board of directors has established an audit committee. Pursuant to the Swedish Companies Act, the members of the audit committee may not be employees of the Company and at least one member must have accounting or auditing qualification. The majority of the members of the audit committee must be independent of the Company and its senior executives. At least one of the audit committee members who are independent in relation to the Company and its senior executives must also be independent in relation to the Company's major shareholders. The audit committee currently consists of three members: Ann-Sofi Danielsson (chair), Erik Haegerstrand and Maria Edsman.

The audit committee's main tasks are to:

(a) monitor the Company's financial reporting and provide recommendations and proposals to ensure the reliability of reporting;

(b) in respect of financial reporting, monitor the efficiency of the Company's internal controls, internal audits and risk management;

(c) keep itself informed about the audit of the annual report for the Company and the Group as well as regarding conclusions of the Swedish Inspectorate of Auditors' (Sw. *Revisorsinspektionen*) quality controls;

(d) inform the board of directors of the result of the audit and the way in which the audit contributed to the reliability of the financial reporting as well as the function filled by the audit committee;

(e) review and monitor the impartiality and independence of the auditor and, in conjunction therewith, pay special attention to whether the auditor provides the Company with services other than auditing services; and

(f) assist in the preparation of proposals to the general meeting's resolution regarding election of auditor(s).

Expansion committee

The board of directors has established an expansion committee. The expansion committee currently consists of three members: Claes Eriksson (chair), Anders Forsgren and Victor Forsgren.

The expansion committee's main tasks are to:

(a) in cooperation with persons responsible for establishment matters within the Company, prepare establishment-related issues and present these to the board of directors' which has the decision-making power. The employees within the Company responsible for establishment matters leads the operational work until the committee preparation and reports to the CEO;

(b) act as a supporting resource for the employees within the Company responsible for establishment matters in connection with implementation of the Company's strategy concerning the store network, including with respect to proposals on establishment, closing or moving of stores and units and preparation of national guidelines and policies for establishment matters;

(c) monitor past establishment, including the moving of existing stores and units as well as keep the board of directors informed of the results; and

(d) act as a supporting resource for the employees within the Company responsible for establishment matters in connection with strategies concerning renegotiations of existing agreements.

Remuneration

The board of directors has not established a remuneration committee. Instead, the entire board of directors fulfils the tasks incumbent on a remuneration committee.

With respect to remuneration, the board of directors' tasks are to:

(a) prepare decisions on issues concerning principles for remuneration, remunerations and other terms of employment for the senior executives;

(b) monitor and evaluate programmes for variable remuneration for the senior executives; and

(c) monitor and evaluate the application of guidelines for remuneration for the senior executives that the annual general meeting is legally obliged to establish as well as the current remuneration structures and levels in the Company.

Remuneration to the board members

The following table presents expenses for fees to the members of the board of directors in the financial year 2022/2023.

(KSEK) Board member	Salary/board remuneration	Variable remuneration	Other benefits	Pension nefits	Total
Erik Haegerstrand (chair)	1,150	–	–	–	1,150
Anders Forsgren	2,875[1)]	–	–	–	2,875
Ann-Sofi Danielsson[2)]	650	–	–	–	650
Björn Forssell	450	–	–	–	450
Claes Eriksson	450	–	–	–	450
Maria Edsman	450	–	–	–	450
Victor Forsgren[2)]	450	–	–	–	450
Summa	**6,475**	**–**	**–**	**–**	**6,475**

1) Anders Forsgren has, in addition to board remuneration, received salary from the Company until December 2022.
2) Board member since October 2022.

The annual general meeting held on 1 September 2023 resolved on fees for the board members, for the period until the end of the annual general meeting 2024, to be paid in accordance with the following:

- SEK 1,000,000 to the chair of the board of directors;
- SEK 450,000 to each of the other board members;
- SEK 100,000 to the chair of the audit committee;
- SEK 60,000 to each of the other members of the audit committee;
- SEK 80,000 to the chair of the expansion committee; and
- SEK 40,000 to each of the other members of the expansion committee.

In addition, the annual general meeting held on 1 September 2023 resolved that fees for committee work during the period after the annual general meeting 2022 until the annual general meeting 2023 shall be paid with SEK 60,000 to the audit committee member Maria Edsman, SEK 57,000 to the chair of the expansion committee Claes Eriksson, SEK 40,000 to the expansion committee member Anders Forsgren and SEK 40,000 to the expansion committee member Victor Forsgren.

The CEO and other senior executives

Responsibilities and work of the CEO and other senior executives

The CEO is subordinated to the board of directors and is responsible for the day-to-day management and operations of the Company in accordance with the instructions from the board of directors. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the instructions for the CEO.

The CEO is responsible for providing the board of directors with information and the necessary documentation for decision-making. The CEO leads the work of the senior executives and makes decisions after consulting the senior executives. Further, the CEO reports at meetings of the board of directors and assures that members of the board of directors regularly receive the information required to follow the Company's and the Group's financial position, results, liquidity and development.

The CEO and the other senior executives are presented in section "*Board of directors, senior executives and auditor – Senior executives*".

Remuneration to senior executives

The following table presents the remuneration paid to the senior executives in the financial year 2022/2023.

(KSEK) Senior executive	Salary	Variable remuneration	Other benefits[1)]	Pension benefits	Total
CEO	5,253	–	193	1,185	6,631
Other senior executives (eight positions)	15,137	–	447	3,410	18,994
Total	**20,390**	**–**	**640**	**4,595**	**25,625**

1) Other benefits include, *inter alia*, company car benefits, health insurance and similar benefits.

Long-term share-based incentive programmes to senior executives and other employees

Share savings programme

The annual general meeting held on 1 September 2023 resolved to, in accordance with the board of directors' proposal, implement a long-term share- and performance-based incentive programme ("**LTIP 2023**") for senior executives and certain other key employees within the Group. LTIP 2023 comprises up to 39 employees including members of the senior executives, region heads as well as certain other key employees (each such person referred to as a "**Participant**" and collectively as the "**Participants**"). Participation in LTIP 2023 requires that the Participant has a shareholding in the Company, in accordance with the terms and conditions for LTIP 2023, and that such shareholding is allocated to LTIP 2023 ("**Saving Shares**"). Provided that the Saving Shares are retained by the Participant during a vesting period of three years and that the Participant remains an employee within the Group throughout the entire vesting period, the Participant is entitled to, for each Saving Share held, receive 0.5 shares in the Company free of charge ("**Matching Shares**") and – subject to the performance targets defined below being fulfilled – up to 5 additional shares in the Company ("**Performance Shares**").

The Participants in LTIP 2023 are divided into four categories. The first category comprises the senior executives of the Company, excluding the CEO (8 persons) ("**Category 1**"), the second category comprises certain key employees in management positions (5 persons) ("**Category 2**"), the third category comprises employees deemed to have a significant responsibility within the Group (6 persons) ("**Category 3**"), and the fourth category comprises employees deemed to have a particular responsibility within the Group (20 persons) ("**Category 4**"). The number of Saving Shares will correspond to an amount of not more than SEK 90,000 for Participants in Category 1, SEK 70,000 for Participants in Category 2, SEK 60,000 for Participants in Category 3 and SEK 30,000 for Participants in Category 4.

Any allotment of Performance Shares is subject to the fulfilment of three performance targets during the Performance Period (whereas "**Performance Period**" means the period from an including 1 May 2023 up to and including 30 April 2026). Allotment is subject to the fulfilment of target 1 and thereafter the two remaining targets (target 2 and 3) are weighted at 50 per cent each. For allotment under target 1, the Group EBITA margin must be at least 6.7 per cent for the financial year 2025/2026, *i.e.*, the last financial year of the Performance Period. Target 2 consists of the Group's annual average EBITA growth measured over the Performance Period, whereby the minimum annual average EBITA growth for allotment is set at 22 per cent and, for maximum allotment, at 32 per cent. Target 3 consists of the annual average sales growth in existing stores, *i.e.*, excluding recently opened stores, in accordance with the Company's definition of the alternative performance measure LFL growth, measured over the Performance Period. For allotment to occur, at least 3.5 per cent LFL growth is required, and for maximum allotment, 5.5 per cent.

The number of Matching Shares and Performance Shares that may be allotted under LTIP 2023 will comprise not more than 204,794 shares in the Company, corresponding to approximately 0.13 per cent of the total number of shares and votes in the Company as of the date of this Offering Memorandum. In order to secure the Company's obligations under LTIP 2023 as well as to hedge any costs associated therewith, the annual general meeting also resolved to authorise the board of directors to, at one or several occasions during the period before the annual general meeting 2024, resolve to acquire not more than 269,141 of the Company's own shares. The authorisation is conditional upon the Company's shares being admitted to trading on Nasdaq Stockholm and may be exercised not earlier than from and including the first day of trading.

LTIP 2023 is conditional upon the Company's shares being admitted to trading on Nasdaq Stockholm and should the Company's shares not have been admitted to trading on Nasdaq Stockholm at the latest on 31 December 2023, allotment under LTIP 2023 shall not occur.

The maximum amount that each of the senior executives in the Company participates in LTIP 2023 with is presented in section "*Board of directors, senior executives and auditor – Senior executives*".

Warrant programme

In 2021, the board of directors resolved, based on an authorisation from an extraordinary general meeting held on 7 January 2021, to implement a long-term incentive programme in the form of a warrant programme for the Company's CEO. In total, the warrant programme comprises 11,382 warrants of series 2020:1.

The warrants were issued to the CEO at a subscription price of SEK 713 per warrant (corresponding to the fair market value of the warrants at the time of the issue). Following re-calculation due to the share split (300:1) carried out by the Company in September 2023, each warrant entitles the holder to subscribe for 300 shares in the Company at subscription price of SEK 37.27 per share during the period from and including 1 December 2024 up to and including 31 December 2024.

The Company has reserved the right to repurchase the warrants, for example, if the CEO's employment with the Company is terminated.

Current employment terms for the CEO and the other senior executives

Terms for the CEO

The CEO is entitled to a fixed monthly salary of SEK 454,708 and, in addition to occupational pension pursuant to legal requirements, pension benefits corresponding to 20 per cent of the gross annual salary reduced by 30 income base amounts (*i.e.*, 0.2 x (annual gross salary – 30 income base amounts)). The notice period under the employment agreement with the CEO is twelve months if the agreement is terminated by the Company and six months if the agreement is terminated by the CEO. Other than in the event of a gross violation or a material breach of the employment agreement by the CEO or if the CEO retires, the CEO is entitled to severance pay corresponding to twelve months fixed salary (based on the previous monthly cash salary at the termination of the employment) in addition to payment of salary during the notice period. The CEO's employment agreement also includes a non-competition clause applicable for 24 months after the CEO's employment (including the notice period). If the non-competition clause is enforced by the Company, the CEO is entitled to additional compensation corresponding to the deficit between the CEO's remuneration at the time of the termination of the employment and the lower income which the CEO earns or could have earned from another employment or business activity (however not more than 60 per cent of the CEO's previous monthly cash salary at the termination of the employment reduced by any severance payment).

Pursuant to the employment agreement for the CEO, the CEO may be eligible for a discretionary annual bonus subject to the fulfilment of certain targets determined by the board of directors each year. The CEO is entitled to a bonus under the bonus agreement for the financial year 2023/2024 provided that the adjusted EBITA outcome amounts to at least 80 per cent of the budgeted adjusted EBITA (the threshold level) during the performance period (from and including 1 May 2023 up to and including 30 April 2023). If a higher or the maximum level (adjusted EBITA outcome amounts to 160 per cent of the budgeted adjusted EBITA) is reached, the bonus amount will increase (with linear pay-outs) calculated as the CEO's fixed annual salary during the performance period multiplied by the number of percentage points exceeding the threshold level, up to the maximum level. The annual bonus is capped to 100 per cent of the CEO's annual salary.

In addition, the CEO participates in a warrant programme. For more information regarding the warrant programme, see section "– *Long-term share-based incentive programmes to senior executives and other employees – Warrant programme*" above.

Terms for the other senior executives

The employment agreements with the other senior executives, may be terminated by a mutual notice period of six months (other than for one senior executive where the notice period under the employment agreement is twelve months if the agreement is terminated by the Company and six months if the agreement is terminated by the senior executive). The senior executives' employment terms also include non-compete clauses applicable for six to twelve months after the termination of each of the senior executives. If the non-compete clause is enforced by the Company, the senior executives are entitled to additional compensation during the applicable non-compete period.

Pursuant to the employment agreements for the other senior executives, all senior executives may be eligible for discretionary annual bonuses in accordance with the annual bonus programme in place at any given time. For more information regarding the annual bonuses, see section "– *Annual discretionary bonus programmes*" below.

The other senior executives are entitled to participate in long-term share-based incentive programmes introduced by the Company. For more information regarding the incentive programmes that are intended to be implemented in connection with the Offering, see section "– *Long-term share-based incentive programmes to senior executives and other employees*" above.

Annual discretionary bonus programmes

The Company currently has annual bonus programmes in place covering all employees in the Group except for the CEO.

Payment under the bonus programmes for the financial year 2023/2024 is conditional on the Group's adjusted EBITA margin amounting to at least 5.9 per cent for the financial year 2023/2024.The bonus outcome under the bonus programmes for the financial year 2023/2024 is based on two equal parameters: (1) the outcome of (i) EBITA in relation to budgeted EBITA for the Group (in respect of office and warehouse employees) or (ii) EBITA in relation to budgeted EBITA for each respective region or store (in respect of all other employees) and (2) the outcome of (i) net sales in relation to budgeted net sales for the Group (in respect of office and warehouse employees) or (ii) net sales in relation to budgeted net sales for each respective region or store (in respect of all other employees).

A threshold and a maximum level is set for each performance criterion. In order for any bonus to be paid out in respect of each performance criterion, the threshold level needs to be met. If the higher level is reached, the pay-out related to the relevant performance criterion will increase (with progressively increasing pay-outs in relation to the applicable threshold for each performance criterion).

The bonus amount which the employee may be eligible for under the bonus programme for the financial year 2023/2024 is either capped to a percentage of such employee's salary or a number of monthly salaries depending on which category the employee belongs to.

Cash-based long-term incentive programme

In addition to the annual bonus programmes, the Company has previously implemented a four-year, cash-based incentive programme comprising 29 employees in total. Pay-out under the incentive programme requires that the Group's operating profit (EBIT), reaches a certain level per year.

The bonus amount which the employee may be eligible for under the incentive programme is based on the EBIT outcome in relation budgeted EBIT. In order for any bonus under the incentive programme to be paid out, a minimum EBIT level (the threshold level) needs to be met each year during the term of the incentive programme. If a higher target, or maximum, EBIT level is reached, the pay-out under the programme will increase (with linear pay-outs for performance in relation to applicable threshold levels). The amount subject to payment for each level is based on a percentage of the maximum amount which the employee may be eligible for under the incentive programme.

Pay-outs under the incentive programme is capped at 100 per cent of the employee's annual fixed salary (based on the monthly salary on 1 May 2023 multiplied by twelve). To be eligible for pay-out, the employee must remain employed by the Group (and not be under notice of termination) during the whole term of the incentive programme.

Pursuant to the terms of the incentive programme, pay-out of any bonus amount will be made at one occasion and not later than 24 July 2024. However, the board of directors has decided that the long-term incentive programme will be terminated in advance in connection with the Offering, which will trigger pay-outs of SEK 38.0 million (including social fees). The pay-outs attributable to previous periods will be made by SEK 30.1 million in October 2023 and, for the part of the incentive programme that has not yet been terminated, by SEK 7.9 million in December 2023, provided that the targets are achieved. Of the total amount to be paid, the Company has reserved SEK 25.9 million in the Company's unaudited consolidated financial report for the period 1 May – 31 July 2023, which is included in section "*Historical financial information*".

Guidelines for remuneration

Pursuant to the Swedish Companies Act, the general meeting of the Company shall adopt guidelines for remunerations to the senior executives. The annual general meeting held on 1 September 2023 resolved to adopt the following guidelines for remuneration to the senior executives.

Guidelines for remuneration to the senior executives

The following guidelines encompass members of the company's group management. The group management refers to the company's board members, CEO, deputy CEO (as applicable) and other senior executives.[1)] After the guidelines have been adopted by the general meeting, the guidelines shall be applied to remuneration agreed upon as well as to amendments of remuneration already agreed upon. The guidelines do not apply to any remuneration resolved upon by the general meeting.

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

Rusta's long-term vision is to make Rusta the leading and most trusted low-price retailer in Europe. Rusta's long-term vision is centred around what Rusta can offer its customers and Rusta aims to achieve its long-term vision through a combination of, among other things, protecting and strengthening its low-price position by offering its customers the lowest prices on comparable products while ensuring an attractive and pleasant customer shopping experience, building trust among its customers by focusing on quality and sustainability in the optimisation of its product assortment and expanding its store network in a controlled and profitable manner.

A prerequisite for a successful implementation of the company's long-term strategy is that the company is able to recruit and retain qualified senior executives, which is enabled by these guidelines.

Remunerations that are subject to these guidelines shall aim to promote the company's business strategy, sustainability and long-term interests.

Remuneration components as well as other terms and conditions

The total remuneration shall be in line with market conditions and may consist of the following components: fixed cash remuneration, variable cash remuneration, pension benefits and other benefits. In addition to what is determined in the guidelines, the general meeting may resolve on for example share or share price related remunerations.

1) As of the date of these guidelines, the company's senior executives comprise, in addition to the CEO, Chief Financial Officer, Chief Sales Officer, Chief Marketing Officer, Chief Range Officer, Chief Supply Chain Officer, Chief Business Development Officer, Chief Purchasing Officer and Chief HR Officer.

Variable cash remuneration may not amount to more than 100 per cent of the fixed cash remuneration for the CEO and not more than 50 per cent of the fixed cash remuneration for the other senior executives.

The group management's pension benefits shall be in line with market conditions in relation to the common practice for comparable executives on the market on which the respective senior executive operates and should be based on defined contribution pension plans or be in line with general pension plans, in Sweden, the applicable ITP plan. Subject to applicable law or mandatory collective agreement provisions, pension benefits may not amount to more than 35 per cent of each senior executive's gross salary and variable cash remuneration shall not be pensionable.

Other benefits may consist of, for example, healthcare benefits, healthcare insurance and company car benefits. Premiums and other expenses relating to such benefits may not exceed 5 per cent of the fixed cash remuneration for the CEO and not more than 10 per cent of the fixed cash remuneration for the other senior executives.

Termination of employment

The notice period for the CEO shall be not more than 12 months if the employment is terminated by the company and not more than six months if the employment is terminated by the CEO. In addition to paid remuneration during the applicable notice period, any severance pay for the CEO may not exceed an amount corresponding to 12 months fixed cash remuneration.

The notice period for the other senior executives shall not be more than 6 months.[1)]

Objectives for awarding variable cash remuneration

Variable cash remuneration shall award the fulfilment of predetermined and measurable objectives that promote the company's business strategy and long-term interests, including the company's sustainability policy.

When the performance criteria measurement period for payment of variable cash remuneration has ended, an evaluation of the outcome is made. The board of directors, or the remuneration committee if such a committee is established by the board of directors, is responsible for such evaluation of the CEO's outcome, while the CEO is responsible for the evaluation of the other senior executives' outcomes.

Any possibility to reclaim variable cash remuneration is determined by the terms and conditions of the programme applicable at each time.

Salary and terms of employment for employees

In connection with the preparation of the board of directors' proposal on these remuneration guidelines, salaries and employment terms for the company's employees have been considered by way of assessing information on the total remuneration to employees, the remuneration's components as well as the remuneration's growth and growth rate over time. The information has formed a part of the board of directors' basis for decision-making when evaluating the reasonableness of the guidelines and the limitations set out in the guidelines.

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 the proposal to the annual general meeting. The guidelines shall apply until new guidelines are adopted by the general meeting.

The board of directors, or the remuneration committee if such a committee is established by the board of directors, shall also monitor and evaluate programmes for variable remunerations to the company's executive management and the application of the guidelines in relation to current remuneration levels and structures. Members of the executive management do not participate in the board of directors' preparations of and decisions regarding remuneration-related matters if they are affected by such matters.

Deviations from the guidelines

The board of directors may temporarily resolve to deviate from the guidelines, in whole or in part, if there in an individual case are special reasons for a deviation and it is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

Internal control

General

Rusta has established an internal control system covering Rusta's management, core and support processes with the purpose of ensuring that Rusta's operations are conducted correctly and efficiently, that laws and regulations are complied with and that the financial reporting is accurate, reliable and in accordance with applicable laws and regulations.

1) As of the date of these guidelines, one senior executive, in addition to the CEO, has a notice period of 12 months if the employment is terminated by the Company and 6 months if the employment is terminated by the senior executive.

Control environment

The internal control is based on the division of work and responsibilities among the board of directors, the board committees, the CEO, the CFO and other senior executives through, for example, the board of directors' rules of procedure, instructions for the board of directors' committees, the CEO and the financial reporting as well as the policies, procedures, instructions and codes of conduct of the Group. Compliance with these is monitored and evaluated continuously by the persons responsible.

Risk assessment

Rusta has established a risk management procedure pursuant to which Rusta shall conduct an annual risk identification and assessment process. Based on this process, risks are identified and categorised in the following five areas:

- strategic risks;
- operational risks;
- compliance risks;
- financial risks; and
- reporting risks.

The purpose of the risk assessment procedure is to identify and evaluate the most significant risks affecting Rusta's business. The risks identified are addressed based on three different criteria: impact, probability and effectiveness of risk response. Individual risks are assigned a so-called risk owner. The risk-owner is responsible for monitoring and mitigating the risk. Identified risks are reported annually by the CEO to the audit committee and the board of directors.

Further, a specific risk assessment over financial reporting shall be performed annually. The assessment shall be performed based on the Company's income statement and balance sheet, covering all financial statement line items and further detailed within each financial statement line items. The assessment shall include an evaluation of the materiality, transaction volume, complexity and fraud risk resulting in financial statement line item risk values, which shall be used as a base when determining key sub-processes within the financial reporting process, including its level of risk. Identified risks with respect to financial reporting are reported annually by the CFO to the audit committee and the board of directors.

Control activities

Based on the risk identification and assessments performed, an internal control framework shall be designed to cover the risks where applicable, with focus on risks related to errors in financial reporting. The internal controls shall be phrased as requirements in order to describe the minimum level of efforts expected to establish an effective internal control environment throughout the different key processes. The internal controls implementation is assessed through an annual self-assessment and the result of the assessment shall be documented, including suggestions on mitigating actions for remaining deficiencies, including an impact analysis of remaining deficiencies to ensure that such deficiencies do not entail unacceptable risks of material misstatements in the financial reporting or other unacceptable risks related to Rusta's business. The documentation and results are reported annually by the CFO to the audit committee and the board of directors.

Information and insider policy

The board of directors of the Company has adopted an information and insider policy governing the Company's handling and communication of inside information and other internal and external information.

The policy is intended to ensure a high quality of both internal and external information as well as compliance with laws and regulations. In addition, Rusta has established procedures for the handling of information and restrictions on the dissemination of inside information, *inter alia*, by establishing an insider committee that is responsible for the Company's handling of inside information and other matters related to insider information. The insider committee consist of the CEO, the CFO and the Group Head of Investor Relations.

The Company's fundamental principle with respect to communication is to provide correct, relevant, clear and reliable information to all relevant interested parties. In addition, the Company's communication shall be characterised as proactive, accurate and open.

External audit

The Company's auditor shall review the Company's annual report and accounting as well as the management of the board of directors and the CEO. As the Company is the parent company of a group, the auditor shall also review the consolidated accounts and the group companies' relations to each other. The audit of the Company's financial reports and accounts as well as the management by the board of directors and the CEO is conducted in accordance with generally accepted auditing standards (Sw. *god redovisningssed*) in Sweden. Following each financial year, the auditor shall submit an auditor's report and a consolidated auditors report to the annual general meeting.

The Company's auditor is PwC. Cesar Moré is the auditor in charge. For more information about the auditor, see section "*Board of directors, senior executives and auditor – Independent auditor*".

For the financial year 2022/2023, the total remuneration to the Company's auditor amounted to SEK 8.0 million, of which SEK 6.7 million related to the Company. Of the total remuneration, SEK 3.4 million related to audit services.

Share capital and ownership structure

Share information

In accordance with the Company's articles of association, the share capital shall amount to not less than SEK 5,000,000 and not more than SEK 20,000,000 divided among not less than 100,000,000 shares and not more than 400,000,000 shares. As of 31 July 2023, the Company's registered share capital amounted to SEK 5,059,760 divided among 505,976 shares, each with a quotient value of SEK 10. As of the date of this Offering Memorandum, the Company's registered share capital amounts to SEK 5,059,760 divided among 151,792,800 shares, each with a quotient value of approximately SEK 0.03. All shares are paid for in full. The shares have been issued in accordance with Swedish law and are denominated in SEK.

Dilution and net asset value

As the Offering comprises only existing shares, the shareholdings of the current shareholders of the Company will not be diluted as a result of the Offering.

As of 31 July 2023, but accounting for the share split which was carried out in September 2023, the Company's net asset value per share amounted to approximately SEK 9.94 (based on a total equity of SEK 1,508.8 million and 151,792,800 shares). The Offering Price will be set within the Price Range of SEK 43–50 per share.

Certain rights attached to the shares

Voting rights at general meetings of shareholders

Each share entitles the holder to one vote at general meetings. Shareholders are entitled to vote for the full number of shares that they hold. Shares in the Company held by the Company itself may not be represented at general meetings.

Preferential rights to new shares

In the event of an increase of the Company's share capital through a cash issue or a set-off issue, where new shares are issued, the shareholders shall have preferential rights to new shares in relation to the previous holding (primary preferential rights). If the Company decides to issue warrants or convertibles through a cash issue or a set-off issue, the shareholders have preferential rights to subscribe for warrants as if the issue concerned the shares that may be subscribed for by exercise of the warrants and preferential rights to subscribe for convertibles as if the issue concerned the shares that the convertibles may be converted to, respectively. The articles of association contains no provisions limiting the Company's possibility to, in accordance with the Swedish Companies Act, issue new shares, warrants or convertibles with deviation from the shareholders' preferential rights.

Right to dividends as well as assets and any and surplus in the event of liquidation

All shares in the Company carry equal rights to dividends as well as to the assets and any surplus in the event of a liquidation of the Company (see also sections "*Dividends and dividend policy*" and "*Articles of association*").

Transferability of the shares

The shares in the Company are freely transferable. The articles of association of the Company do not contain any provisions restricting the transferability of the shares.

Central securities depositary register

The Company's shares are registered in a central securities depositary ("**CSD**") register in accordance with the Swedish Central Securities Depositaries and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). The CSD register is operated by Euroclear Sweden (Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden). The ISIN code for the shares is SE0020848356.

Share capital development

The table below summarises the historic development of the Company's share capital during the financial years 2022/2023, 2021/2022 and 2020/2021 up to and including the date of this Offering Memorandum. The number of shares in the Company at the beginning and at the end of the financial year 2022/2023 amounted to 505,976.

Registration date	Event	Change in number of shares	Change in share capital (SEK)	Total number of shares	Total share capital (SEK)
Initial value	–	–	–	500,000	5,000,000[1]
12 November 2020	Exercise of warrants[2]	5,976	59,760	505,976	5,059,760[3]
20 September 2023	Split (300:1)	151,286,824	–	151,792,800	5,059,760[4]

1) Corresponding to a quotient value of SEK 10 per share.
2) The subscription price was SEK 4,600.64 per share.
3) Corresponding to a quotient value of SEK 10 per share.
4) Corresponding to a quotient value of approximately SEK 0.03 per share.

Warrants and convertibles

The Company has, as of the date of this Offering Memorandum, issued 11,382 warrants of series 2020:1 under the existing warrant programme for the Company's CEO (see section "*Corporate governance – The CEO and other senior executives – Long-term share-based incentive programmes to senior executives and other employees – Warrant programme*").

There are no outstanding convertibles in the Company as of the date of this Offering Memorandum.

Share-related incentive programmes

See section "*Corporate governance – Long-term share-based incentive programmes to senior executives and other employees*" for information about the Company's share-related incentive programmes.

Ownership structure

The tables below set forth the Company's ownership structure immediately prior to the Offering as well as immediately after the completion of the Offering assuming that the Overallotment Option is not exercised and immediately after the completion of the Offering assuming that the Overallotment Option is exercised in full. The information in the tables below is based on the assumption that the Offering is fully subscribed.

Ownership structure immediately prior to the Offering

As of the date of this Offering Memorandum, the Company is not, directly or indirectly, controlled by any individual shareholder but Aforber Invest AB and Öngal i Uppsala invest AB have, by controlling 40.9 per cent each of the votes in the Company, a substantial influence over matters that are subject to approval by the shareholders of the Company and may thus exercise control over the Company. This is however limited by the provisions in the Swedish Companies Act and that the Company, following the Offering, will comply with the corporate governance rules applicable to the Company that are set out in the Code, in order to ensure that control of the Company is not abused.

Except as stated in the table below, there are no persons or legal entities owning five per cent or more of all shares and/or votes in the Company immediately prior to the Offering.

Shareholder	Number of shares and votes	Percentage of shares and votes (%)
Aforber Invest AB[1]	62,012,100	40.9 %
Öngal i Uppsala invest AB[2]	62,012,100	40.9 %
The OneLife Company S.A.[3]	14,700,000	9.7 %
Other current shareholders	13,068,600	8.6 %
Total	**151,792,800**	**100 %**

1) Aforber Invest AB is controlled by the Forsgren family (Anders Forsgren and Victor Forsgren are board members in the Company).
2) Öngal i Uppsala invest AB is controlled by the Forssell family (Björn Forssell is a board member in the Company).
3) Sven Olof Kulldorff through capital insurance.

Ownership structure immediately after the completion of the Offering (assuming that the Overallotment Option is not exercised)

Shareholder	Number of shares and votes	Percentage of shares and votes (%)
Aforber Invest AB[1]	43,408,470	28.6%
Öngal i Uppsala invest AB[2]	43,408,470	28.6%
The OneLife Company S.A.[3]	10,290,000	6.8%
Other current shareholders	9,148,020	6.0%
Other investors in the Offering	45,537,840	30.0%
Total	**151,792,800**	**100%**

1) Aforber Invest AB is controlled by the Forsgren family (Anders Forsgren and Victor Forsgren are board members in the Company).
2) Öngal i Uppsala invest AB is controlled by the Forssell family (Björn Forssell is a board member in the Company).
3) Sven Olof Kulldorff through capital insurance.

Ownership structure immediately after the completion of the Offering (assuming that the Overallotment Option is exercised in full)

Shareholder	Number of shares and votes	Percentage of shares and votes (%)
Aforber Invest AB[1]	40,617,926	26.8%
Öngal i Uppsala invest AB[2]	40,617,926	26.8%
The OneLife Company S.A.[3]	9,628,500	6.3%
Other current shareholders	8,559,933	5.6%
Other investors in the Offering	52,368,515	34.5%
Total	**151,792,800**	**100%**

1) Aforber Invest AB is controlled by the Forsgren family (Anders Forsgren and Victor Forsgren are board members in the Company).
2) Öngal i Uppsala invest AB is controlled by the Forssell family (Björn Forssell is a board member in the Company).
3) Sven Olof Kulldorff through capital insurance.

Selling Shareholders

The Selling Shareholders offer not more than 45,537,840 existing shares (excluding the Overallotment Option) in Rusta in connection with the Offering. The table below presents the Selling Shareholders who will sell existing shares in connection with the Offering and the number of existing shares that is offered for sale.

Selling Shareholder	Number of shares offered for sale (if the Overallotment Option is not exercised)	Number of shares offered for sale (if the Overallotment Option is exercised in full)	Percentage (%) of the total number of shares in the Offering if the Overallotment Option is not exercised	Percentage (%) of the total number of shares in the Offering if the Overallotment Option is exercised in full
Aforber Invest AB[1]	18,603,630	21,394,174	40.85%	40.85%
Öngal i Uppsala invest AB[2]	18,603,630	21,394,174	40.85%	40.85%
The OneLife Company S.A.[3]	4,410,000	5,071,500	9.68%	9.68%
Aktiebolaget Företagsledare Rego	1,272,600	1,463,490	2.79%	2.79%
Göran Westerberg	1,161,720	1,335,978	2.55%	2.55%
Cerix AB[4]	1,122,300	1,290,645	2.46%	2.46%
Mats Malmberg	162,000	186,300	0.36%	0.36%
Jozef Khasho	93,780	107,847	0.21%	0.21%
Sofie Malmunger	21,420	24,633	0.05%	0.05%
Linda Estenthal	18,900	21,735	0.04%	0.04%
Annica Nyström	13,860	15,939	0.03%	0.03%
Per Wennerström	12,780	14,697	0.03%	0.03%
Andreas Bertilsköld	12,060	13,869	0.03%	0.03%
Anna Bergstedt	10,800	12,420	0.02%	0.02%
Annika Holm Sundström	9,360	10,764	0.02%	0.02%
Viswakumar Ananthakrishnan	9,000	10,350	0.02%	0.02%
Total	**45,537,840**	**52,368,515**	**100%**	**100%**

1) Aforber Invest AB is controlled by the Forsgren family (Anders Forsgren and Victor Forsgren are board members in the Company).
2) Öngal i Uppsala invest AB is controlled by the Forssell family (Björn Forssell is a board member in the Company).
3) Sven Olof Kulldorff through capital insurance.
4) Cerix AB is controlled by Claes Eriksson who is a board member in the Company.

Aforber Invest AB (reg. no 559399-7330), Öngal i Uppsala invest AB (reg. no 559411-9066), The OneLife Company S.A. (reg. no B34402), Aktiebolaget Företagsledare Rego (reg. no 556170-4585), Göran Westerberg, Cerix AB (reg. no 559147-3961), Mats Malmberg, Jozef Khasho, Sofie Malmunger, Linda Estenthal, Annica Nyström, Per Wennerström, Andreas Bertilsköld, Anna Bergstedt, Annika Holm Sundström and Viswakumar Ananthakrishnan are Selling Shareholders.

Aforber Invest AB's address is Marövägen 25, SE-182 49 Enebyberg, Sweden and its LEI code is 636700EWU00OHG1XKN12. Öngal i Uppsala invest AB's address is Holmgångsvägen 5 B, SE-754 40 Uppsala, Sweden and its LEI code is 636700XOLWUTN77GZZ84. The OneLife Company S.A.'s address is 38, Parc d'Activités de Capellen, L-8308 Capellen, Luxembourg and its LEI code is 213800S5I8AHISIGZE12. Aktiebolaget Företagsledare Rego's address is Holländargatan 26A, SE-113 59 Stockholm, Sweden and its LEI code is 9845002E39ED9D5ABE23. Göran Westerberg's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Cerix AB's address is Gevärsgatan 22, SE-262 62 Ängelholm, Sweden and its LEI code is 6367002C0D5D2QOV7387. Mats Malmberg's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Jozef Khasho's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Sofie Malmunger's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Linda Estenthal's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Annica Nyström's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Per Wennerström's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Andreas Bertilsköld's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Anna Bergstedt's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Annika Holm Sundström's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden. Viswakumar Ananthakrishnan's address is Kanalvägen 12, SE-194 61 Upplands Väsby, Sweden.

Aforber Invest AB is a Swedish limited liability company founded in Sweden under Swedish law. The board of directors has its registered office in Danderyd, Sweden. The company's operations are governed by the Swedish Companies Act.

Öngal i Uppsala invest AB is a Swedish limited liability company founded in Sweden under Swedish law. The board of directors has its registered office in Uppsala, Sweden. The company's operations are governed by the Swedish Companies Act.

The OneLife Company S.A. is a Luxembourg *société anonyme* founded in Luxembourg under the laws of Luxembourg. The board of directors has its registered office in Capellen, Luxembourg. The company's operations are governed by the laws of Luxembourg.

Aktiebolaget Företagsledare Rego is a Swedish limited liability company founded in Sweden under Swedish law. The board of directors has its registered office in Stockholm, Sweden. The company's operations are governed by the Swedish Companies Act.

Göran Westerberg is a Swedish natural person.

Cerix AB is a Swedish limited liability company founded in Sweden under Swedish law. The board of directors has its registered office in Ängelholm, Sweden. The company's operations are governed by the Swedish Companies Act.

Mats Malmberg is a Swedish natural person.

Jozef Khasho is a Swedish natural person.

Sofie Malmunger is a Swedish natural person.

Linda Estenthal is a Swedish natural person.

Annica Nyström is a Swedish natural person.

Per Wennerström is a Swedish natural person.

Andreas Bertilsköld is a Swedish natural person.

Anna Bergstedt is a Swedish natural person.

Annika Holm Sundström is a Swedish natural person.

Viswakumar Ananthakrishnan is a Swedish natural person.

Lock-up

Shareholders, members of the board of directors and senior executives of the Company have undertaken to not sell their respective shareholdings in the Company for a certain period after the first day of trading in the Company's shares on Nasdaq Stockholm (see section "*Legal considerations and supplementary information – Lock-up agreements*").

Shareholders' agreements

The board of directors is not aware of any shareholders' agreements or other agreements aimed at joint influence over the Company after the Offering or that may lead to a change of control over the Company.

Information regarding public offers, mandatory public offers and compulsory buy-outs

After the admission to trading of the Company's shares on Nasdaq Stockholm, the Swedish Act on Public Takeovers on the Stock Market (Sw. *lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) (the "**Swedish Takeover Act**"), Nasdaq Stockholm's Takeover Rules and the Swedish Securities Council's (Sw. *Aktiemarknadsnämnden*) rulings regarding interpretation and application of Nasdaq Stockholm's Takeover Rules and, where applicable, the Swedish Industry and Commerce Stock Exchange Committee's (Sw. *Näringslivets börskommitté*) former rules on public offers, will be applicable on public offers regarding the shares in the Company.

In accordance with the Swedish Takeover Act, a party who holds no shares or holds shares representing less than three-tenths of the voting rights for all shares in the Company and who, through acquisition of shares in the Company, alone or together with another closely related party pursuant to the Swedish Takeover Act, achieves a shareholding representing at least three-tenths of the voting rights of all shares in the Company shall (i) immediately announce the size of his or her shareholding in the Company and (ii) within four weeks from the announcement, submit a public offer in respect of the remaining shares in the Company (a so-called mandatory public offer).

Pursuant to the Swedish Companies Act, a shareholder who holds more than nine-tenths of the shares in a Swedish limited liability company is entitled to buy-out the remaining shares of the other shareholders in that company. Any person whose shares may be bought out is entitled to compel the majority shareholder to purchase its shares.

The shares in the Company are not subject to any mandatory public offer nor any offers due to buy-out rights or sell-out obligations. No public offer has occurred in respect of the Company's shares during the current or last financial year.

Dividends and dividend policy

General

All holders of shares in the Company that are registered as shareholders in the share register maintained by Euroclear Sweden on the record date determined by the general meeting are entitled to receive dividends, including any future dividends declared in respect of the financial year 2023/2024 and in respect of any subsequent period. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid in a manner other than cash (a so-called dividend in kind). If a shareholder cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the limitation period, the dividend shall pass to the Company. Neither the Swedish Companies Act nor the Company's articles of association contain any restrictions as regards the right to dividends for shareholders domiciled outside Sweden. For information on potential dividend taxation, see sections "*Certain tax considerations in Sweden*" and "*Certain tax considerations in the United States*".

The Company's board of directors has adopted a dividend policy according to which Rusta aims to distribute 30–50 per cent of net profit for each financial year as dividends, taking into account Rusta's financial position.

Resolutions regarding dividends are passed by the general meeting. Dividends may only be distributed to the extent that there will be full coverage for the Company's restricted equity after the dividend distribution and only to the extent that such distribution is prudent, taking into consideration the demands with respect to the size of the equity which are imposed by the nature, scope and risks associated with the operations of the Company and the Group as well as the need to strengthen the statement of the financial position and liquidity of the Company and the Group. The general meeting may, as a general rule, not resolve upon dividends in an amount higher than what has been proposed or approved by the board of directors.

Pursuant to the Swedish Companies Act, minority shareholders that together represent at least ten per cent of all outstanding shares in the Company have the right to request payment of dividends (to all shareholders) from the Company's profits. Following such a request, the annual general meeting is required to resolve to distribute 50 per cent of the remaining profits for the relevant year as reported in the statement of financial position adopted at the annual general meeting, after deductions made for (i) losses carried forward that exceed unrestricted reserves (Sw. *fria fonder*), (ii) amounts which, by law or the articles of association, must be transferred to restricted equity, and (iii) amounts which, pursuant to the articles of association, are used for any purpose other than distribution to the shareholders. However, the general meeting is not obliged to declare dividends in excess of five per cent of the Company's shareholders' equity. Moreover, the dividends must comply with the rules set out in Chapter 17, Section 3 of the Swedish Companies Act.

The information regarding the Company's dividend policy constitutes forward-looking statements. These forward-looking statements are based upon a number of estimates and assumptions relating to, *inter alia*, the development of the Company's industry, business, result of operations and financial position as well as are subject to risks and uncertainties (see sections "*Risk factors*" and "*Presentation of financial and other information – Forward-looking statements*").

Dividend history

The Company's dividend history for the financial years 2022/2023, 2021/2022 and 2020/2021 is set out in the table below. The figures presented refer to dividends paid out in each of the financial years presented.

(MSEK)	2022/2023	2021/2022	2020/2021
Total dividend	**151.8**[1)]	**399.8**[2)]	-

1) The total dividend corresponds to a dividend per share of SEK 300.00 at the time of the dividend. This corresponds to a dividend per share of SEK 1.0 adjusted for the number of shares in the Company as of the date of the Offering Memorandum.
2) Includes both dividend resolved upon at the annual general meeting held on 16 September 2021 (SEK 151.8 million) and dividend resolved upon at the extraordinary general meeting held on 19 April 2022 (SEK 247.9 million). The total dividend corresponds to a dividend per share of SEK 790 at the time of the resolution on the dividends. This corresponds to a total dividend per share of SEK 2.63 adjusted for the number of shares in the Company as of the date of this Offering Memorandum.

Articles of association

Company registration number: 556280-2115

§ 1 Business name

The business name of the company is Rusta AB (publ). The company is a public company.

§ 2 Registered office

The company shall have its registered office in Upplands Väsby.

§ 3 Objects of the company

The company shall, directly or indirectly, own and manage real property and property as well as conduct retail and wholesale trade in goods and services designed primarily for the markets for residential and public environment, leisure, clothing, beauty, health products, gardening, pets, do-it-yourself and other related markets as well as service, advisory services and consultation within these areas as well as other activities compatible therewith.

§ 4 Share capital

The share capital shall be not less than SEK 5,000,000 and not more than SEK 20,000,000.

§ 5 Number of shares

The number of shares shall be not less than 100,000,000 and not more than 400,000,000.

§ 6 The board of directors and auditor

The board of directors shall consist of not less than three and not more than eight directors without deputy directors.

The company shall have one or two auditors. A registered accounting firm may be appointed as auditor. An auditor shall be appointed for the period until the end of the annual general meeting that will be held during the first, second, third or fourth financial year after the election.

§ 7 Notice to general meeting

Notices to attend general meetings shall be made by publication in the Swedish Official Gazette and by making the notice available on the company's website. The company shall advertise in Dagens industri that notice has been made.

§ 8 Right to attend the general meeting

In order to participate at a general meeting, shareholders must give notice of attendance to the company not later than the date specified in the notice convening the general meeting.

The board of directors may resolve that persons not being shareholders of the company shall be entitled to, on the conditions stipulated by the board of directors, attend or in any other manner follow the discussions at a general meeting.

The board of directors may collect powers of attorney in accordance with the procedure described in Chapter 7, Section 4 of the Swedish Companies Act.

The board of directors may, before a general meeting, decide that shareholders shall have the right to exercise their voting rights by post in accordance with Chapter 7, Section 4a of the Swedish Companies Act.

§ 9 Place of the general meeting

The general meeting may be held in Stockholm or Upplands Väsby.

§ 10 Matters at the annual general meeting

At the annual general meeting, the following matters shall be addressed:

1. election of a chairperson of the general meeting;
2. preparation and approval of the voting list;
3. election of one or two persons to verify the minutes;
4. determination whether the general meeting has been duly convened;
5. approval of the agenda;
6. submission of the annual report and the auditor's report and, where applicable, the consolidated financial statements and the auditor's report for the group;
7. resolutions:
   a) on adoption of the income statement and the balance sheet and, where applicable, the consolidated income statement and the consolidated balance sheet;
   b) on allocation of the company's profit or loss according to the adopted balance sheet; and
   c) on discharge of liability for the members of the board of directors and the CEO;
8. determination of the number of members of the board of directors and auditors;
9. determination of the fees to be paid to the board of directors and the auditor;
10. election of the board of directors and the auditor; and
11. other matters that may be brought before the meeting pursuant to the Swedish Companies Act.

§ 11 Financial year

The company's financial year is 1 May – 30 April.

§ 12 CSD clause

The company's shares shall be registered in a central securities depository register pursuant to the Swedish Financial Instruments Accounts Act (1998:1479).

Legal considerations and supplementary information

Information about this Offering Memorandum

The Swedish Prospectus has been approved and registered by the SFSA as the competent authority in accordance with Regulation (EU) 2017/1129. This Offering Memorandum is the English language translation thereof. The SFSA only approves the Swedish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the issuer or of the quality of the securities that are the subject of this Offering Memorandum. Investors should make their own assessment as to the suitability of investing in these securities. The SFSA approved and registered the Swedish Prospectus on 9 October 2023.

The Swedish Prospectus is valid for up to twelve months after the approval of the Swedish Prospectus, provided it is supplemented when necessary according to Article 23 of the Prospectus Regulation. The obligation to supplement the Swedish Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply once the Swedish Prospectus is no longer valid.

The Offering and the Offering Memorandum are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Offering Memorandum.

General corporate information

Rusta AB (publ), reg. no 556280-2115, is a Swedish public limited liability company (Sw. *publikt aktiebolag*) which was incorporated on 11 June 1986 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) (the "**SCRO**") on 24 June 1986. The Company's LEI code is 549300V512S3QMRNO618. The address to the Company's website is investors.rusta.com. The information on the Company's website does not form part of the Offering Memorandum. The Company's postal address is Box 5064, SE-194 05 Upplands Väsby, Sweden and its telephone number is 08-626 43 00. The Company's current legal and commercial name, Rusta AB (publ), was registered with the SCRO on 8 September 2023 (the Company's former legal name, Rusta AB, was registered with the SCRO on 28 June 2004). The Company is registered in Sweden and has its registered office in Upplands Väsby. The Company's activities are carried out in accordance with the Swedish Companies Act and the Company's articles of association. The Company's principal activities are set out in § 3 of the articles of association, see section "*Articles of association*".

Group structure

The Company is the ultimate parent company of the Group. The table below presents the Company's subsidiaries, their corporate registration number and registered office as well as the percentage of the shares and votes in each subsidiary held directly or indirectly by the Company.

Company	Reg. no	Country of registration	Registered office	Shares and votes (%)
Rusta AB (publ)	**556280-2115**	**Sweden**	**Upplands Väsby**	**Parent company**
Rusta Retail Finland Oy	2906403-2	Finland	Helsingfors	100%
Rusta Finland Group Oy	1710083-3	Finland	Vanda	100%
Rusta Finland Oy	0750466-6	Finland	Vanda	100%
Rusta Retail AS	912597636	Norway	Lillestrøm	100%
Rusta Retail GmbH	HRB 16797 HL	Germany	Lübeck	100%
Rusta Transportation GmbH	HRB 2238 HL	Germany	Lübeck	100%
Baforber Aktiebolag	556477-1011	Sweden	Uppsala	100%
Bruksbo i Upplands Väsby Kommanditbolag	916672-6597	Sweden	Upplands Väsby	100%

Material agreements

Long-term lease agreements regarding the Norrköping fulfilment centre

On 6 September 2017, the Company entered into a sale and purchase agreement with Timret 1 Fastighets AB (under the former legal name Wilfast nr 9 AB) regarding the sale of all shares in Fastighet Timret 1 AB, a wholly-owned subsidiary of the Company at the time of the transfer. Timret 1 Fastighets AB, following a merger with Fastighet Timret 1 AB, is the registered owner of the real property Norrköping Timret 1, the premises where one of two buildings of the Company's fulfilment centre is located.

On 17 September 2020, the Company entered into another sale and purchase agreement with NorrLog III AB (under the former legal name Wilfast nr 26 AB) regarding the sale of all shares in NorrLog III Fastighets AB (under the former legal name Rusta F4 Construction AB), a wholly-owned subsidiary of the Company at the time of the transfer. NorrLog III AB, following a merger with NorrLog III Fastighets AB, is the registered owner of the real property Norrköping Fliset 1, the premises where the second building of the Company's fulfilment centre is located.

In connection with the share transfers, the Company entered into two long-term lease agreements with Timret 1 Fastighets AB and NorrLog III Fastighets AB, respectively, regarding the Company's current fulfilment centre. The lease agreement relating to the property located at Norrköping Timret 1 includes 108,031 square meters of warehouse area, 13,398 square meters of mezzanine area, 3,120 square meters of office area and 301 parking spaces (the "**Timret 1 Lease Agreement**"). The lease agreement relating to the property located at Norrköping Fliset 1 includes 57,711 square meters of warehouse area and 13,590 square meters of mezzanine area and related technical installations (the "**Fliset 1 Lease Agreement**" and together with Timret 1 Lease Agreement, the "**Lease Agreements**").

The lease term under the Timret 1 Lease Agreement commenced on 1 October 2017 and expires on 30 September 2036, while the lease term under the Fliset 1 Lease Agreement commenced on 31 October 2021 and expires on 30 October 2041. Unless the Lease Agreements are terminated by giving at least thirty-six months' notice prior to the expiry of each Lease Agreement, each Lease Agreement will be prolonged for a period of five years at a time (in respect of the Fliset 1 Lease Agreement) and seven years at a time (in respect of the Timret 1 Lease Agreement), respectively, on the same terms and conditions in each case.

The total amount paid by Rusta for the leasing of the properties under the Timret 1 Lease Agreement and Fliset 1 Lease Agreement for the financial year 2022/2023 was SEK 91.8 million and SEK 48.0 million, respectively (pursuant to IFRS 16, the Lease Agreements are reported as leasing). The Lease Agreements provide for annual price adjustments based on the consumer price index.

The Lease Agreements contain financial covenants which stipulate that the sum of the Company's restricted equity (Sw. *bundet eget kapital*) and non-restricted equity (Sw. *fritt eget kapital*) at all times, shall be at least SEK 100 million.

Store lease agreements

Rusta leases all of its existing store premises from third parties under several lease agreements. The lease term in the majority of the store lease agreements is at least ten years, with the possibility of prolongation.

In general, Rusta's store lease agreements provide for annual price adjustments based on the consumer price index or variable costs linked to the respective store's net sales. The total amount for the leasing of store premises under the store lease agreements (*i.e.*, excluding costs related to Rusta's headquarters and the fulfilment centre) paid by Rusta in the financial year 2022/2023 was SEK 652.9 million (pursuant to IFRS 16, the store lease agreements are reported as leasing).

Rusta is not dependent on any individual store lease agreement. However, viewed as a whole, the store lease agreements are of significant importance for the Group.

From time to time, the Company issues parent company guarantees or lease guarantees for the group companies' liabilities under store lease agreements. The Company's liabilities under such guarantees are either limited to an amount corresponding to a certain number of monthly rents under the applicable lease agreement or the guarantee is issued as for the Company's own debt as principal obligor to be liable for all outstanding obligations and liabilities under the applicable lease agreement. As of 31 July 2023, the total guaranteed amount according to the guarantees issued as part of the store lease agreements amount to SEK 106.2 million.

Other agreements

Revolving Credit Facility Agreement

The Company has on 9 October 2023 entered into a SEK 800 million, twelve month revolving credit facility agreement with DNB Bank ASA, Sweden Branch and Danske Bank A/S as arrangers, DNB Sweden AB and Danske Bank A/S, Danmark, Sverige filial as original lenders as well as DNB Bank ASA as agent and security agent (the "**Credit Facility Agreement**"). Upon request by the Company, the Credit Facility Agreement can be prolonged with a period of twelve months at a time up to two times.

As of 31 July 2023, Rusta had drawn SEK 0 of its previous credit facility (which amounted to the same amount as the credit facility under the Credit Facility Agreement, *i.e.*, SEK 800 million), which has been replaced by the credit facility under the Credit Facility Agreement. The credit facility under the Credit Facility Agreement carries an interest rate of STIBOR plus 1 per cent.

The credit facility replaces the Company's previous credit and shall be used for general corporate and working capital purposes by way of establishment of two ancillary facilities which may be utilised by way of an overdraft facility and/or guarantee facility.

The Company and its subsidiaries are subject to customary restrictive covenants under the Credit Facility Agreement, relating to, among other things, restrictions on dividends to shareholders of the Company, disposal of assets, investments and acquisitions, the ability to incur financial indebtedness, loans out, security and guarantees, mergers and restrictions regarding share issues, change of business and compliance with applicable laws and regulations. The Company must also ensure that (i) its ratio of EBITDA to net finance charges shall not be lower than 12:1, (ii) its ratio of net debt to EBITDA does not exceed 2.50:1 and (iii) its ratio of equity to total assets is not lower than 20 per cent, in each case following certain adjustments set out in the Credit Facility Agreement, including, but not limited to, adjustments for IFRS 16-leasing.

Moreover, the Credit Facility Agreement includes customary rights for the lenders to terminate the Credit Facility Agreement and request immediate repayment of their commitments, including for defaults such as non-payment, non-satisfaction of financial covenants, misrepresentation, insolvency and insolvency proceeds, cross default, validity or enforceability of the Credit Facility Agreement, material litigations, cessation of business, illegality or sanction event.

The Company has provided security over (i) business mortgage certificates in an amount of SEK 615 million and (ii) certain IP rights for its obligations under the Credit Facility Agreement.

Supplier agreements

Historically, product orders and price lists have been agreed upon through continuous contacts and e-mail agreements based on the Group's need and demand, which is in line with market practice and the channel through which suppliers of A-brand products generally process purchase orders. However, the Company is currently working to implement template supplier agreements for the Groups' purchases of A-brand products (the "**RSA**"). The RSA primarily governing purchase prices, discounts, product deliveries, marketing efforts requirements on permits, licenses and insurances. The RSA remain in effect until terminated by either party by a three months notice (as standard term). Rusta does not commit to minimum or maximum purchasing requirements under the RSA.

Rusta's sourcing of its private label products is based on the Groups' supplier manual (the "**RSM**") entered into directly with suppliers, primarily governing production and delivery of a specific amount of products during an agreed period which are ordered under separate purchase orders. All suppliers producing private label products for Rusta must sign and adhere to Rusta's code of conduct, which, *inter alia*, sets out non-negotiable principles concerning health and safety, labour standards and wages, environmental hazards as well as business ethics and imposes a requirement that Rusta representatives are entitled to make announced and unannounced visits to supplier production facilities. As part of the RSM, Rusta enters into limited production license agreements governing the intellectual property rights under the RSM. The RSM is generally entered into with a term of two years and may be terminated by the Company at any time with three months' notice in the event that Rusta's quality and risk assessment concludes that the supplier does not fulfil Rusta's requirements. The RSA can also be terminated without notice by either party in the event of, *inter alia*, bankruptcy, liquidation or a material breach of the agreement.

Intellectual property rights

Rusta is the registered owner to a number of trademarks and domain names used within the Group's business and Rusta also has certain in-house designs that may be copyright protected. The Company sees great value in the trademark Rusta, which is the Group's primary intellectual property asset. Rusta's strategy is to create broad protection of intellectual property and the Company therefore actively works to protect the Group's intellectual property rights, which from time to time results in Rusta making claims against, or being subject to claims from, third parties. Rusta is not subject to any material legal proceedings, but, as a part of Rusta's strategy to protect the Group's intellectual property rights, Rusta filed oppositions against trademark applications in Germany and in Finland in 2019. As a result of a cancellation application initiated by the holder of the applications that Rusta filed oppositions against, one of Rusta's trademarks has been partly cancelled by the EU Intellectual Property Office in 2023. However, the partial cancellation only pertains to services that the trademark has not been used for and the outcome of the decision has not had any effect on the Group's operations.

Regulatory procedures, legal proceedings and arbitration proceedings

Apart from what is stated below, the Company has not been party to any governmental, legal or arbitration proceedings (including proceedings which have not yet been settled or which, to the Company's knowledge, are in danger of being initiated) which may or have had a material effect on the Group's financial position or profitability during the previous twelve months.

Hong Kong restructuring plan in Finland

Rusta Finland Group Oy (formerly Hong Kong Group Oy) (the "**Hong Kong Group Company**") and Rusta Finland Oy (formerly Hong Kong Suomi Oy) (the "**Revenue-generating Hong Kong Company**" and together with the Hong Kong Group Company, the "**Hong Kong Companies**") are currently subject to restructuring. The restructuring proceedings were initiated in 2017 prior to the Group's acquisition of the discount retailer Hong Kong through the acquisition of the shares in the Hong Kong Group Company during 2018, upon which the restructuring debt was assumed by the Group. The restructuring plans were (together, the "**restructuring plan**") approved by the District Court of Espoo (currently Länsi-Uudenmaan käräjäoikeus) on 28 March 2018 (with the payment schedule subsequently amended on 20 June 2018).

The intention of the restructuring plan is to achieve a debt arrangement which, in this case, includes the Revenue-generating Hong Kong Company paying the external restructured debt owed by the Hong Kong Group Company. The Hong Kong Group Company, in turn, will only charge the Revenue-generating Hong Kong Company for administrative charges. As a result, the Hong Kong Group Company will become indebted to the Revenue-generating Hong Kong Company as and when the payments under the restructuring programme are made by the Revenue-generating Hong Kong Company to the creditors of the Hong Kong Group Company. According to the restructuring plan, the Hong Kong Group Company will repay its debt to the Revenue-generating Hong Kong Company between 2026 and 2028 (after the payment of the restructuring debts to external creditors). Pursuant to the restructuring plan, the Hong Kong Group Company also pays interest owed on secured debt annually.

At the commencement of the restructuring proceedings, the Hong Kong Companies had secured debts of approximately EUR 10.7 million and unsecured debts owed to external creditors of approximately EUR 32.1 million. The outstanding principal balance of the unsecured debt was, as a part of the restructuring, written off by 50 per cent, after which the aggregate amount of secured and unsecured restructuring debt payable under the restructuring programmes amounted to approximately EUR 26.7 million in total.

During the term of the restructuring programmes, debts subject to the restructuring programmes are repaid to the creditors in instalments twice a year, on 31 January and 31 July. The last instalment under the restructuring plan will fall due on 31 January 2026 for the Revenue-generating Hong Kong Company and on 31 January 2028 for the Hong Kong Group Company. However, the Hong Kong Companies have a right, subject to the terms of the restructuring plan, to prepay the restructuring debts and terminate the restructuring plan before the last instalment falls due. As of 31 July 2023, the aggregate amount of outstanding restructuring debt owed by the Hong Kong Companies amounted to approximately EUR 11.9 million.

In the event the Hong Kong Companies' EBITDA (Fi. *käyttökate*) for a financial year during the term of the restructuring plan exceeds the estimated EBITDA pursuant to the restructuring plan (the "**Threshold EBITDA"**), with EUR 200,000 or more, the Hong Kong Companies will be subject to supplementary payments to unsecured creditors (50 per cent of the EBITDA in excess of the Threshold EBITDA on a cumulative basis taking into consideration previous shortfalls from the Threshold EBITDA) in accordance with the restructuring plan.

In addition, the Hong Kong Companies are subject to certain restrictive covenants under the restructuring plan relating to, *e.g.*, distributions of profits or assets. Accordingly, the Hong Kong Companies may not make any distributions to shareholders prior to the termination of the restructuring plan, with the exception of remuneration and compensation for services paid in accordance with the restructuring plan. The restructuring plan also includes certain restrictions impacting the ability of the Hong Kong Companies to undertake certain corporate transactions, such as disposals of businesses or assets without the prior consent of the supervisors and/or certain creditors.

The secured debts owed by the Hong Kong Companies are secured by the shares in the Revenue-generating Hong Kong Company and floating charges (Fi. *yrityskiinnitys*) pertaining to the property of the Hong Kong Companies in addition to certain guarantees.

Under the restructuring plan, the Hong Kong Companies must ensure that the aggregate book value of the Hong Kong Companies' current assets is not less than EUR 15 million. If the book value is below EUR 15 million, creditors are entitled to accelerate their receivables in their entirety, subject to the consent of the supervisors.

The debt arrangement under the restructuring plan lapses, *inter alia*, if the provisions under the plan have not been complied with or if the business operations and profit are not sufficient enough to cover operating costs and restructuring costs. Further, the debt arrangement lapses if the Hong Kong Companies incur additional debt during the term of the restructuring plan, with the exception of payments falling due with regular terms of payment. If the debt arrangement lapses, the creditors shall have the same right to payment as if the restructuring plan had not been approved, which means that the approximately EUR 16 million of unsecured debt which has been written off would be reinstated and payable in full. Should the restructuring plan lapse, this would not have an impact on the validity of measures previously undertaken in accordance with the plan.

Insurance policies

The Company's insurance policies include insurances that cover risks related to the Company's operations, including, *inter alia*, liability insurance for board members and senior executives. The Company considers its insurance coverage to be satisfactory and in line with market practice.

Related-party transactions

See note 37 on page F-37 as well as note 5 on page F-6 in section "*Historical financial information*" for a description of the Company's related-party transactions for the financial years 2022/2023, 2021/2022 and 2020/2021 and for the period 1 May–31 July 2023. Other than the reported related-party transactions, Rusta has not been a party in any related-party transactions during the financial years 2020/2021, 2021/2022 and 2022/2023 or during the financial year 2023/2024 up to and including the date of this Offering Memorandum.

For information on remuneration to the board members and senior executives, see sections "*Corporate governance – The board of directors – Remuneration to the board members*" and "*Corporate governance – The CEO and other senior executives – Remuneration to senior executives*".

Placing Agreement

The Selling Shareholders, the Company and the Managers intend to enter into a placing agreement around 19 October 2023. For information on the principal terms of the placing agreement, see section "*Terms and conditions – Terms and conditions for the completion of the Offering*".

Stabilisation

In connection with the Offering and the admission to trading of the Company's shares on Nasdaq Stockholm, Carnegie, as stabilisation manager ("**Stabilisation Manager**"), may perform transactions which will result in the share price being sustained at a higher level than would otherwise be the case. Stabilisation measures are aimed at underpinning the share price on Nasdaq Stockholm during a period of up to 30 calendar days after the first day of trading in the shares on Nasdaq Stockholm. Such stabilisation transactions may be effected on Nasdaq Stockholm, in the over-the-counter market or otherwise. These stabilisation transactions may be performed by the Stabilisation Manager at a price no higher than the Offering Price. The stabilisation measures may result in the market price of the shares reaching a level not sustainable in the long-term and which may exceed the price that would have otherwise prevailed in the market. The fact that the Stabilisation Manager may carry out stabilisation measures does not necessarily imply that such measures will be carried out. Furthermore, performed stabilisation measures may be discontinued at any time. Once the stabilisation period (up to 30 calendar days) has expired, an announcement will be made as to whether stabilisation measures have been taken and, if so, what dates the measures were taken, including the last date for such measures, and the price range within which the stabilisation transactions were performed.

Lock-up arrangements

All shareholders in the Company as of the date of the Offering Memorandum as well as the board members and senior executives of the Company will undertake to not, without prior written consent from Carnegie, on behalf of the Managers, offer, pledge, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose, directly or indirectly, of shares in the Company or any securities convertible into or exercisable or exchangeable for such shares, enter into any swap or other arrangements that transfers to another, in whole or in part, the economic risk of ownership of such shares or propose or vote to approve such transactions at general meetings in the Company during a period of 360 days from the first day of trading in the Company's shares on Nasdaq Stockholm. The lock-up undertakings will be subject to certain customary exemptions, such as acceptances of public offerings, acceptances of repurchase offers from the Company or situations where a transfer is required by law. In addition, Carnegie may, on behalf of the Managers, at its own discretion and at any time, decide to grant written exemptions from the restrictions during the lock-up period for other reasons than the exemptions already agreed upon.

The Company will undertake towards the Managers not to, without prior written consent from Carnegie, on behalf of the Managers, offer, pledge, allot, issue, sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any of the Company's shares or any securities convertible into or exercisable or exchangeable for such shares, enter into any swap or other arrangements that transfers to another, in whole or in part, the economic risk of ownership of such shares or publicly announce any intention to carry out such a transaction during a period of 360 days from the first day of trading in the Company's shares on Nasdaq Stockholm. The undertaking will be subject to certain customary exemptions, such as the possibility to issue and transfer shares or other financial instruments as a part of an incentive programme for employees.

Interests and conflict of interests

The Managers provide certain services to the Company and the Selling Shareholders in connection with the Offering, for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offering. The Managers have in the ordinary course of business, from time to time, provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company and the Selling Shareholders. In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve the Company's securities and instruments.

Costs related to the admission to trading of the Company's shares on Nasdaq Stockholm

The Company's costs attributable to the admission to trading of its shares on Nasdaq Stockholm, including payment to advisers and other estimated transaction costs are estimated to amount to approximately SEK 45.6 million (of which SEK 34.8 million are included in the Company's accounts up to and including 31 July 2023).

Documents available for inspection

For the term of the Swedish Prospectus, the following documents are available in electronic form on the Company's website (investors.rusta.com):

(a) the Company's articles of association and certificate of registration; and

(b) all reports, letters and other documents, historical financial information and statements prepared by the Company's auditor, which are included or referred to in this Offering Memorandum.

Enforcement of liabilities and service of process

The Company is organised under the laws of Sweden, with its domicile in Upplands-Väsby, Sweden. All of the members of the board of directors and the group management of Rusta are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Company are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Company or to enforce against them in U.S. courts judgments obtained in such courts.

The Company has been advised that there is doubt as to the enforceability in Sweden, in original actions instituted in U.S. courts, of civil liabilities predicated solely upon the federal securities laws of the United States. Therefore, final judgments for the payment of money rendered by a U.S. court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be automatically enforceable in Sweden.

Available information

The Company has agreed that it will, during any period in which it is neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**") nor exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any holder or beneficial owner of the shares, or any prospective investor designated by any such holder or beneficial owner, information satisfying the requirements of subsection (d)(4) of Rule 144A under the U.S. Securities Act to permit compliance with Rule 144A in connection with resales of the shares for so long as any of the shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act. The Company is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act.

Plan of distribution

The Offering

The Offering comprises of up to 45,537,840 existing shares in the Company (excluding the Overallotment Option) offered by the Selling Shareholders. The Offering is divided into two parts:

- The offer to the general public in Sweden[1)]
- The offer to institutional investors in Sweden and abroad[2)]

The offer to institutional investors in Sweden and abroad includes a private placement in the United States to persons who are reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A or pursuant to another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in compliance with Regulation S under the U.S. Securities Act.

The Selling Shareholders, the Company and the Managers intend to enter into the Placing Agreement on or about 19 October 2023. Subject to certain terms and conditions set forth in the Placing Agreement, the Managers will agree, severally and not jointly, to procure purchasers for or, if the Managers fail to do so, purchase themselves, and the Selling Shareholders will agree to sell to the Managers a total of up to 45,537,840 shares at the Offering Price.

For information on the terms and conditions of the Offering, see "*Terms and conditions*".

The Managers, through their respective selling agents, propose to sell shares in the United States to investors reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Any offer or sale of shares in the United States in reliance on Rule 144A will solely be made by one or more broker-dealers who are registered as such under the U.S. Exchange Act.

Until the expiration of 40 days after the commencement of the Offering, an offer or sale of shares within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the U.S. Securities Act if the offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

In the Placing Agreement, the Company and the Selling Shareholders will make certain representations and warranties. The Company and the Selling Shareholders will also agree to indemnify the several Managers against certain losses, liabilities and claims under certain conditions.

The Placing Agreement will provide that, upon the occurrence of certain events, such as the suspension of trading on Nasdaq Stockholm or a material adverse change in the Company's financial condition or business affairs or in international monetary, political, financial or economic conditions or an outbreak of escalation of hostilities or act of terrorism, and on certain other conditions, the Sole Global Coordinator, on behalf of the Managers will have the right, collectively but not individually, to withdraw from the Offering before delivery of shares. In this event, the Listing will be cancelled as a result thereof and neither delivery nor payment of shares will be carried out under the Offering.

Overallotment Option

To cover any overallotments or short positions in connection with the Offering, the Selling Shareholders will grant the Managers, an option to acquire up to 6,830,675 additional existing shares from the Selling Shareholders (corresponding to a maximum of approximately 15 per cent of the number of shares in the Offering) at the Offering Price. If the Managers exercise the Overallotment Option in full, the Offering will comprise of up to 52,368,515 shares (corresponding to approximately 34.5 per cent of the total number of shares in the Company following the completion of the Offering). The Overallotment Option may be exercised, in full or in part, during a period of 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm.

Stabilisation

In connection with the Offering, Carnegie, as the Stabilisation Manager, may carry out transactions intended to stabilise the market price of the Company's share on a level that is higher than which might otherwise have prevailed in the market. Such stabilisation transactions may be carried out on Nasdaq Stockholm, OTC-markets or in other ways, and may be carried out at any time during the period beginning on the first day of trading in the share on Nasdaq Stockholm and ending not later than 30 calendar days thereafter. The Stabilisation Manager is, however, not required to undertake any

1) The offer to the general public in Sweden entails an offer to acquire a maximum of 21,000 shares.
2) "Institutional investors" include private individuals and legal entities that apply to acquire more than 21,000 shares.

stabilisation and there is no assurance that stabilisation will be undertaken.

Stabilisation, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at levels above the Offering Price. Not later than by the end of the seventh trading day after stabilisation transactions have been undertaken, the Stabilisation Manager shall disclose that stabilisation transactions have been undertaken in accordance with Article 5(4) of the Market Abuse Regulation (596/2014). Once the stabilisation period (up to 30 calendar days) has expired, the Stabilisation Manager will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out.

Information about the Selling Shareholders

The Selling Shareholders offer up to 45,537,840 existing shares in the Company (excluding the Overallotment Option) in connection with the Offering. The table below presents the Selling Shareholders who will sell existing shares in connection with the Offering and the number of existing shares that is offered for sale.

Selling Shareholder	Number of shares offered for sale (if the Overallotment Option is not exercised)	Number of shares offered for sale (if the Overallotment Option is exercised in full)	Percentage (%) of the total number of shares in the Offering if the Overallotment Option is not exercised	Percentage (%) of the total number of shares in the Offering if the Overallotment Option is exercised in full
Aforber Invest AB[1]	18,603,630	21,394,174	40.85%	40.85%
Öngal i Uppsala invest AB[2]	18,603,630	21,394,174	40.85%	40.85%
The OneLife Company S.A.[3]	4,410,000	5,071,500	9.68%	9.68%
Aktiebolaget Företagsledare Rego	1,272,600	1,463,490	2.79%	2.79%
Göran Westerberg	1,161,720	1,335,978	2.55%	2.55%
Cerix AB[4]	1,122,300	1,290,645	2.46%	2.46%
Mats Malmberg	162,000	186,300	0.36%	0.36%
Jozef Khasho	93,780	107,847	0.21%	0.21%
Sofie Malmunger	21,420	24,633	0.05%	0.05%
Linda Estenthal	18,900	21,735	0.04%	0.04%
Annica Nyström	13,860	15,939	0.03%	0.03%
Per Wennerström	12,780	14,697	0.03%	0.03%
Andreas Bertilsköld	12,060	13,869	0.03%	0.03%
Anna Bergstedt	10,800	12,420	0.02%	0.02%
Annika Holm Sundström	9,360	10,764	0.02%	0.02%
Viswakumar Ananthakrishnan	9,000	10,350	0.02%	0.02%
Total	**45,537,840**	**52,368,515**	**100%**	**100%**

1) Aforber Invest AB is controlled by the Forsgren family (Anders Forsgren and Victor Forsgren are board members in the Company).
2) Öngal i Uppsala invest AB is controlled by the Forssell family (Björn Forssell is a board member in the Company).
3) Sven Olof Kulldorff through capital insurance.
4) Cerix AB is controlled by Claes Eriksson who is a board member in the Company.

Advisors, etc.

Carnegie is the Sole Global Coordinator in the Offering and provides financial advice and other services to the Company in connection with the Offering, for which they will receive customary remuneration. DNB and SEB are Joint Bookrunners.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Managers provide certain services to the Company and the Selling Shareholders in connection with the Offering, for which they will receive customary remuneration from the Selling Shareholders. The Managers have in the ordinary course of business, from time to time, provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company and the Selling Shareholders or any of the Company's or the Selling Shareholders' respective related parties. With respect to certain of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. The Managers have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with potential investors' and Rusta's interests. In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Company. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and short positions in such securities and instruments. Such investments and securities activities may involve the Company's securities and instruments. Furthermore, certain Managers and their affiliates are lenders of loans granted to Rusta.

Gernandt & Danielsson Advokatbyrå KB is Rusta's legal advisor in relation to the Offering and the listing of the Company's shares on Nasdaq Stockholm. White & Case Advokataktiebolag and White & Case LLP are legal advisors to the Managers as to Swedish and U.S. law, respectively.

No public offering outside Sweden

No action has been or will be taken in any jurisdiction other than Sweden that would permit a public offering of shares, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to Rusta or the shares in any jurisdiction where action for that purpose is required. Accordingly, the shares may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Offering may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Lock-up arrangements, etc.

Under the Placing Agreement, the Company will agree with the Managers that it will not, for a period of 360 days from the first day of trading of the Company's shares on Nasdaq Stockholm, without the prior written consent of the Sole Global Coordinator, for example, (i) offer, pledge, allot, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any of the Company's shares or any securities convertible into or exercisable or exchangeable for such shares (the "**Securities**"), or (ii) publicly announce such an intention to effect any such transaction, save that the foregoing restrictions shall not apply in respect of the issue or transfer of shares and warrants pursuant to any employee incentive plans.

The Placing Agreement will also include lock-up arrangements for the Selling Shareholders, pursuant to which the Selling Shareholders will agree with Managers that, subject to certain exceptions, it will not, for a period of 360 days after the first day of trading of the Company's shares on Nasdaq Stockholm, without the prior written consent of the Sole Global Coordinator, for example, offer, pledge, sell, contract to sell or pledge, issue options, rights or warrants in respect of or otherwise dispose of, directly or indirectly, any of the shares or Securities in the Company.

In addition, the Company's Board of Directors and the senior executives will agree with the Managers that, subject to certain exceptions, they will not, for a specified period after the first day of trading of the Company's shares on Nasdaq Stockholm, without the prior written consent of the Sole Global Coordinator, for example, offer, pledge, sell, contract to sell or pledge, sell any options or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise dispose of, directly or indirectly, any of the Company's shares or Securities that it held or received in connection with the admission to trading of the Company's shares on Nasdaq Stockholm, or may acquire thereafter. The lock-up period shall be 360 days for Board members and the senior executives.

Selling restrictions and transfer restrictions

Selling restrictions

United States

The shares in the Offering have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold except: (i) within the United States to investors reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. The Placing Agreement provides that the Managers may directly or through its United States broker-dealer affiliates arrange for the offer and resale of shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the U.S. Securities Act.

Any offer or sale of shares in the Offering in the United States will be made by broker-dealers who are registered as such under the U.S. Exchange Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of shares in the Offering within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and in connection with any applicable state securities laws. The terms used above have the meanings given to them by Regulation S and Rule 144A.

European Economic Area

In relation to each Member State of the European Economic Area (with the exception of Sweden) (each a "**Relevant State**"), no shares in the Offering have been offered or will be offered to the public in that Relevant State, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Regulation:

- to any legal entity that is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation, subject to obtaining the prior consent of the Sole Global Coordinator for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Company, the Selling Shareholders or any Manager of an Offering Memorandum pursuant to Article 3 of the Prospectus Regulation or of a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide to purchase or subscribe for any shares in the Offering.

Each person in a Relevant State who receives any communication in respect of, or who acquires any shares under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Company and the Managers that it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation.

The Company, the Selling Shareholders, the Managers and its affiliates and its and their respective directors, employees, agents, advisers, subsidiaries and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

United Kingdom

In relation to the United Kingdom, no shares in the Offering have been offered or will be offered to the public in the United Kingdom, except that the shares may be offered to the public in the United Kingdom at any time:

- to any legal entity which is a qualified investor as defined under Article 2 of the UK version of commission delegated regulation (EU) 2017/1129 of the European Parliament and of the Council which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**UK Prospectus Regulation**");

- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Sole Global Coordinator for any such offer; or
- in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000.

Each person in the United Kingdom who acquire any shares in the Offering or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Managers that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any shares in the Offering being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Managers that the shares acquired by it in the Offering have not been acquired for on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the United Kingdom to qualified investors, in circumstances in which the prior consent of the Sole Global Coordinator has been obtained to each such proposed offer or resale. Neither the Company, the Selling Shareholders nor the Managers have authorised, nor do they authorise, the making of any offer of shares in the Offering through any financial intermediary, other than offers made by the Managers which constitute the final placement of shares contemplated in this Offering Memorandum.

The Company, the Selling Shareholders, the Managers and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an "offer to the public" in relation to the shares in the Offering in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the Offering and any shares to be offered so as to enable an investor to decide to acquire any shares in the Offering.

General

No action has been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Offering Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Memorandum comes are required by the Company and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense. None of the Company or the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the shares in the Offering, of any such restrictions.

Transfer restrictions

No action has been or will be taken in any country or jurisdiction other than Sweden by it that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Offering Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Memorandum comes are required by the Company and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense.

The shares in the Offering have not been and will not be registered under the U.S. Securities Act and the shares in the Offering may not be offered or sold, directly or indirectly, within or into the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the U.S. Securities Act.

Each purchaser of the shares in the Offering outside the United States purchasing in compliance with Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

(a) the purchaser is authorised to consummate the purchase of the shares in the Offering in compliance with all applicable laws and regulations;

(b) the purchaser acknowledges that the shares in the Offering have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;

(c) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the shares in the Offering, was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such shares was originated, and continues to be located outside the United States and has not purchased such shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the shares or any economic interest therein to any person in the United States;

(d) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;

(e) the shares in the Offering have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;

(f) if the purchaser is acquiring any of the shares in the Offering as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(g) the Company will not recognise any offer, sale, pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions; and

(h) the purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and the Company, the Managers and their respective affiliates and advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the shares in the Offering within the United States purchasing pursuant to Rule 144A or another exemption from the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

(a) the purchaser is authorised to consummate the purchase of the shares in the Offering in compliance with all applicable laws and regulations;

(b) the purchaser acknowledges that the shares in the Offering have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States, are subject to significant restrictions on transfer and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

(c) the purchaser (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (iii) is acquiring such shares in the Offering for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the shares, as the case may be;

(d) the purchaser is aware that the shares in the Offering are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;

(e) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares in the Offering, or any economic interest therein, as the case may be, such shares in the Offering or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in accordance with Regulation S, (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act, or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States and any other jurisdiction;

(f) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the shares from the Company or an affiliate thereof in the initial distribution of such shares;

(g) the shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for resale of any shares in the Offering;

(h) the purchaser will not deposit or cause to be deposited any shares in the Offering into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

(i) if the purchaser is acquiring any of the shares in the Offering as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(j) the Company will not recognise any offer, sale, pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions; and

(k) the purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and the Company, the Managers and their respective affiliates and advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Certain tax considerations in Sweden

The tax legislation of the investor's member state and the Company's country of incorporation may have an impact on the income received from the Company's shares. Below is a summary of certain Swedish tax aspects related to the Offering and the admission for trading of the Company's shares on Nasdaq Stockholm for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide general information only regarding the shares in the Company as from the admission for trading on Nasdaq Stockholm.
The summary is not intended to be comprehensive and does, for example, not cover:

- situations where shares are held as current assets in business operations;
- situations where shares are held by a limited partnership or a partnership;
- situations where shares are held in an investment savings account (Sw. *investeringssparkonto*) or in an endowment insurance (Sw. *kapitalförsäkring*);
- the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes);
- the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares;
- the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. *investeraravdrag*);
- foreign companies conducting business through a permanent establishment in Sweden; or
- foreign companies that have been Swedish companies.

Further, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend to some extent on the holder's particular circumstances, and the tax legislation in an investor's and the issuer's respective states of residence may affect the taxation of the income of securities. Each shareholder is advised to consult an independent tax adviser as to the tax consequences that could arise from the Offering and the admission for trading of the Company's shares on Nasdaq Stockholm in each individual case, including the applicability and effect of foreign tax legislation (including other regulations) and provisions in tax treaties for the avoidance of double taxation.

Private individuals

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains are taxed in the capital income category. The tax rate in the capital income category is 30 per cent.

Capital gains and capital losses, respectively, are normally calculated as the difference between sales compensation, after deduction of selling expenses, and the cost amount. The cost amount for all shares of the same class and type is calculated jointly using the average cost basis method. For listed shares, the cost amount may alternatively be determined by the average acquisition method. The cost amount is then calculated as 20 per cent of the sales proceeds after deduction of selling expenses.

Capital losses on listed shares may be fully offset against taxable capital gains the same year on shares in Swedish legal entities and shares in foreign legal entities, as well as on listed securities taxed as shares (however not mutual funds (Sw. *värdepappersfonder*), or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*)). Set-off shall take place in a certain order. Capital losses not absorbed by these set-off rules are deductible at 70 per cent against other income in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 per cent of the net loss that does not exceed SEK 100,000 and 21 per cent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 per cent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 20.6 per cent.

Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilised during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation without restrictions (through so-called group contributions) and both companies request this for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons, for example investment companies.

Swedish tax consequences for shareholders with limited tax liability in Sweden

For shareholders not resident in Sweden for tax purposes that receive dividends on shares in a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The tax rate is 30 per cent. The tax rate is, however, generally reduced through tax treaties for the avoidance of double taxation. For example, under the U.S. – Sweden tax treaty, the tax rate on dividends paid to U.S. investors entitled to the benefits of the U.S. – Sweden tax treaty should not exceed 15 per cent. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has received the required information concerning the tax residency of the investor entitled to the dividend (this applies also under the U.S. – Sweden tax treaty). Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30 per cent has been withheld. Application for repayment shall be made prior to the end of the fifth calendar year after the dividend payment.

Shareholders not resident in Sweden for tax purposes, which are not conducting business through a permanent establishment in Sweden, are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special tax rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares, if they have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties for the avoidance of double taxation.

Certain tax considerations in the United States

Certain U.S. federal income tax considerations

The following discussion describes certain material U.S. federal income tax considerations to U.S. Holders (as defined below) of acquiring, owning and disposing of the Company's shares, but it does not purport to be a comprehensive discussion of all tax considerations that may be relevant to a particular person's decision to acquire the Company's shares. This discussion applies only to U.S. Holders (as defined below) that acquire shares in the Company in exchange for cash in the Offering, hold shares in the Company as capital assets within the meaning of Section 1221 of the Internal Revenue Code (as defined below) and have the U.S. dollar as their functional currency.

This discussion is based on the United States Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), its legislative history, U.S. Treasury Regulations in effect or, in some cases, proposed, as of the date of this Offering Memorandum, as well as judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "**IRS**"), in each case in effect as of the date hereof. Except as expressly described herein, this discussion does not address the U.S. federal income tax consequences that may apply to U.S. Holders under the Convention between the Government of the United States of America and the Government of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Treaty**"). All of the foregoing authorities are subject to change, and any such change could apply retroactively and could affect the U.S. federal income tax consequences described below. No ruling will be sought from the IRS with respect to any statement or conclusion in this discussion, which are not binding on the IRS or any court, and thus there can be no assurance that the U.S. federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. Furthermore, this discussion does not address the effect of alternative minimum tax or the Medicare contribution tax on net investment income or certain U.S. federal income tax rules requiring persons to conform the timing of income accruals with respect to the notes as a result of such income being recognised on an applicable financial statement, any estate or gift tax consequences, any state, local or non-U.S. tax consequences or any other tax consequences other than U.S. federal income tax consequences.

The following discussion does not describe all the tax consequences that may be relevant to any particular investor or to persons in special tax situations such as:

- banks and certain other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- individual retirement accounts and other tax-deferred accounts;
- broker-dealers;
- dealers or traders that elect to use a mark-to-market method of accounting;
- tax-exempt entities;
- certain U.S. expatriates;
- persons holding the Company's shares as part of a straddle, hedging, constructive sale, wash sale, conversion or integrated transaction;
- entities or arrangements classified as partnerships or pass-through entities for U.S. federal income tax purposes or holders of equity interests therein;
- persons owning the Company's shares in connection with a trade or business conducted outside the United States;
- persons that actually or constructively own 10 per cent or more of the Company's shares (by vote or value);
- persons whose functional currency is not the U.S. dollar; or
- persons who acquired shares pursuant to the exercise of any employee share option or otherwise as compensation.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SHARES.

As used herein, the term "**U.S. Holder**" means a beneficial owner of shares that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions of the trust or (2) if the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

The tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds shares in the Company generally will depend on such partner's status and the status and activities of the partnership. Prospective investors that are partners in entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisors concerning the U.S. federal income tax consequences to them and their partners of the purchase, ownership and disposition of shares in the Company by the partnership.

Dividends and other distributions on shares

Subject to the discussion below under "– *Passive Foreign Investment Company Considerations*", the gross amount of distributions made by the Company with respect to its shares (including the amount of any non-U.S. taxes withheld, if any) generally will be includible as dividend income in a U.S. Holder's gross income to the extent such distributions are paid out of the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles.

Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, a U.S. Holder should expect all cash distributions will be reported as dividends for U.S. federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction generally allowed to U.S. corporations with respect to dividends received from other U.S. corporations. Dividends received by non-corporate U.S. Holders (including individuals) may be eligible for "qualified dividend income" treatment, which is taxed at the lower applicable capital gains rate, provided that (1) the Company is eligible for the benefits of the Treaty, which the Company expects to be, (2) the Company is not a PFIC (as discussed below) for the taxable year in which the dividend was paid and the preceding taxable year, (3) the U.S. Holder satisfies certain holding period requirements and (4) the U.S. Holder is not under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. U.S. Holders should consult their tax advisors regarding the availability of qualified dividend income treatment for distributions paid with respect to the shares in the Company.

The amount of any distribution paid in foreign currency will be equal to the U.S. dollar value of such foreign currency, translated at the spot rate of exchange on the date such distribution is actually or constructively received, regardless of whether the payment is in fact converted into U.S. dollars at that time. U.S. Holders should consult their tax advisors regarding the treatment of any foreign currency gain or loss.

Dividends on the shares in the Company generally will constitute foreign source income for U.S. foreign tax credit limitation purposes. Subject to certain complex conditions and limitations, non-refundable Swedish taxes, if any, withheld on any distributions on the shares at a rate not exceeding the rate provided in the Treaty (if applicable) may be eligible for credit against a U.S. Holder's federal income tax liability or alternatively a deduction against U.S. federal taxable income. If a refund of the tax withheld is available under the laws of Sweden, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's U.S. federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income). The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by the Company with respect to the shares will generally constitute "passive category income". Recently issued U.S. Treasury Regulations require non-U.S. income tax laws to meet certain requirements in order for taxes imposed under such laws to be eligible for credit. The Company has not determined whether these requirements have been met with respect to any such non-U.S. withholding taxes. A recent notice from the IRS indicates that the U.S. Department of the Treasury ("**Treasury**") and the IRS are considering proposing amendments to such U.S. Treasury Regulations and allows, subject to certain conditions, taxpayers to defer the application of many aspects of such U.S. Treasury Regulations for taxable years ending on or before December 31, 2023 (the notice also indicates that the Treasury and the IRS are considering whether, and under what conditions, to provide additional temporary relief for later taxable years). The rules relating to the determination of the U.S. foreign tax credit are complex, and U.S. Holders should consult their tax advisors regarding the availability of a U.S. foreign tax credit in their particular circumstances and the possibility of claiming a deduction (in lieu of the U.S. foreign tax credit) for any foreign taxes paid or withheld.

Sale or other taxable disposition of shares

Subject to the discussion below under "– *Passive Foreign Investment Company Considerations*", upon a sale or other taxable disposition of shares in the Company, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realised (including the amount of any tax withheld) and the U.S. Holder's adjusted tax basis in the shares disposed of, in each case as determined in U.S. dollars. Any such gain or loss generally will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the shares exceeds one year at the time of such disposition. Non-corporate U.S. Holders (including individuals) generally are subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to significant limitations. Gain or loss, if any, realised by a U.S. Holder on the sale or other disposition of shares generally will be treated as U.S. source gain or loss for U.S. foreign tax credit limitation purposes. U.S. Holders should consult their tax advisors regarding the U.S. federal income tax consequences if Swedish taxes are imposed on a taxable disposition of shares and their ability to credit or deduct any Swedish tax against their U.S. federal income tax liability.

A U.S. Holder's initial tax basis in its shares will be the U.S. dollar value of the SEK denominated purchase price determined on the date of purchase, and the amount realised on a sale, exchange or other taxable disposition of the Company's shares will be the U.S. dollar value of the payment received determined on the date of disposition. If the shares are treated as traded on an established securities market and the relevant U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), such U.S. Holder will determine the U.S. dollar value of (i) the cost of such shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase and (ii) the amount realised in foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. If the shares are not treated as traded on an established securities market, or the relevant U.S. Holder is an accrual basis taxpayer that does not elect to determine the amount realised using the spot rate on the settlement date, such U.S. Holder will recognise foreign currency gain or loss to the extent of any difference between the U.S. dollar amount realised on the date of sale or disposition (as determined above) and the U.S. dollar value of the currency received translated at the spot rate on the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss. U.S. Holders should consult their advisors as to the U.S. federal income tax consequences of the receipt of foreign currency.

Passive foreign investment company considerations

The Company will generally be classified as a passive foreign investment company (a "**PFIC**") for any taxable year if either:

(a) at least 75 per cent of its gross income is "passive income" for purposes of the PFIC rules or

(b) at least 50 per cent of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income.

Passive income for this purpose generally includes, *inter alia*, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. For purposes of determining whether the Company is a PFIC, the Company will be treated as owning its proportionate share of the assets, and earning its proportionate share of the income, of any other corporation in which it owns, directly or indirectly, 25 per cent or more (by value) of the stock.

Under the PFIC rules, if the Company were considered a PFIC at any time that a U.S. Holder holds shares in the Company, the Company generally would continue to be treated as a PFIC that is subject to the general PFIC rules described below with respect to such U.S. Holder for all succeeding years during which such U.S. Holder holds such shares in the Company, even if the Company ceases to meet the threshold requirements for PFIC status, unless (i) the Company ceases to be a PFIC and the U.S. Holder has made a "deemed sale" election under the PFIC rules, or (ii) the U.S. Holder is subject to different treatment by virtue of certain other elections as discussed below, such as a "mark-to-market" election.

Based on the current and anticipated composition of the income, assets (including their expected values) and operations of the Company and its subsidiaries, including the Company's anticipated market capitalisation following the Offering, the Company does not believe that it was a PFIC for the most recently ended taxable year, or expect to be treated as a PFIC for the current taxable year or in the foreseeable future. However, there can be no assurance that the Company will not be classified as a PFIC for the current or any future taxable year because whether the Company is treated as a PFIC is a factual determination that must be made annually after the close of each taxable year and this determination will depend on, *inter alia*, the composition of the income and assets, as well as the value of the assets (which may fluctuate with the Company's market capitalisation) of the Company and its subsidiaries from time to time. If the Company is a PFIC for any taxable year during which a U.S. Holder holds shares in the Company and any of the Company's non-U.S. subsidiaries is also a PFIC, such U.S. Holder will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors about the application of the PFIC rules to any of the Company's subsidiaries.

If the Company were a PFIC for any taxable year during which a U.S. Holder held shares in the Company, gain recognised by a U.S. Holder on a sale or other disposition (including certain pledges) of the shares, as well as the amount of any "excess distribution" (defined below) received by the U.S. Holder, would be allocated ratably over the U.S. Holder's holding period for the shares. The amounts allocated to the U.S. Holder's taxable year of the sale or other disposition and to the period in the U.S. Holder's holding period before the first day of the Company's first taxable year in which the Company was a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge generally applicable to underpayments of tax would be imposed on the tax on such amount. For purposes of these rules, an excess distribution generally is the amount by which any distribution received by a U.S. Holder on its shares exceeds 125 per cent of the average of the annual distributions on the shares received during the preceding three taxable years of the U.S. Holder or the U.S. Holder's holding period for such shares that preceded the taxable year of distribution, whichever is shorter. In addition, if the Company is a PFIC and it owns equity in one or more foreign entities that is also a PFIC, a U.S. Holder may also be subject to the adverse tax consequences described above with respect to any gain or "excess distribution" realised or deemed realised in respect of such lower-tier PFIC. If the Company is considered a PFIC, a U.S. Holder will also be required to file an IRS Form 8621 annually with respect to the Company, generally with the U.S. Holder's U.S. federal income tax return for that year unless specified exceptions apply.

Certain elections may be available that would result in alternative treatments (such as mark-to-market or "qualified electing fund" treatment) of the shares if the Company is considered a PFIC. The Company does not currently intend to provide information necessary for U.S. Holders to elect into qualified electing fund treatment.

U.S. Holders should consult their tax advisors regarding the Company's PFIC status for any taxable year and the potential application of the PFIC rules, including whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances in the event the company were a PFIC.

Information reporting and backup withholding

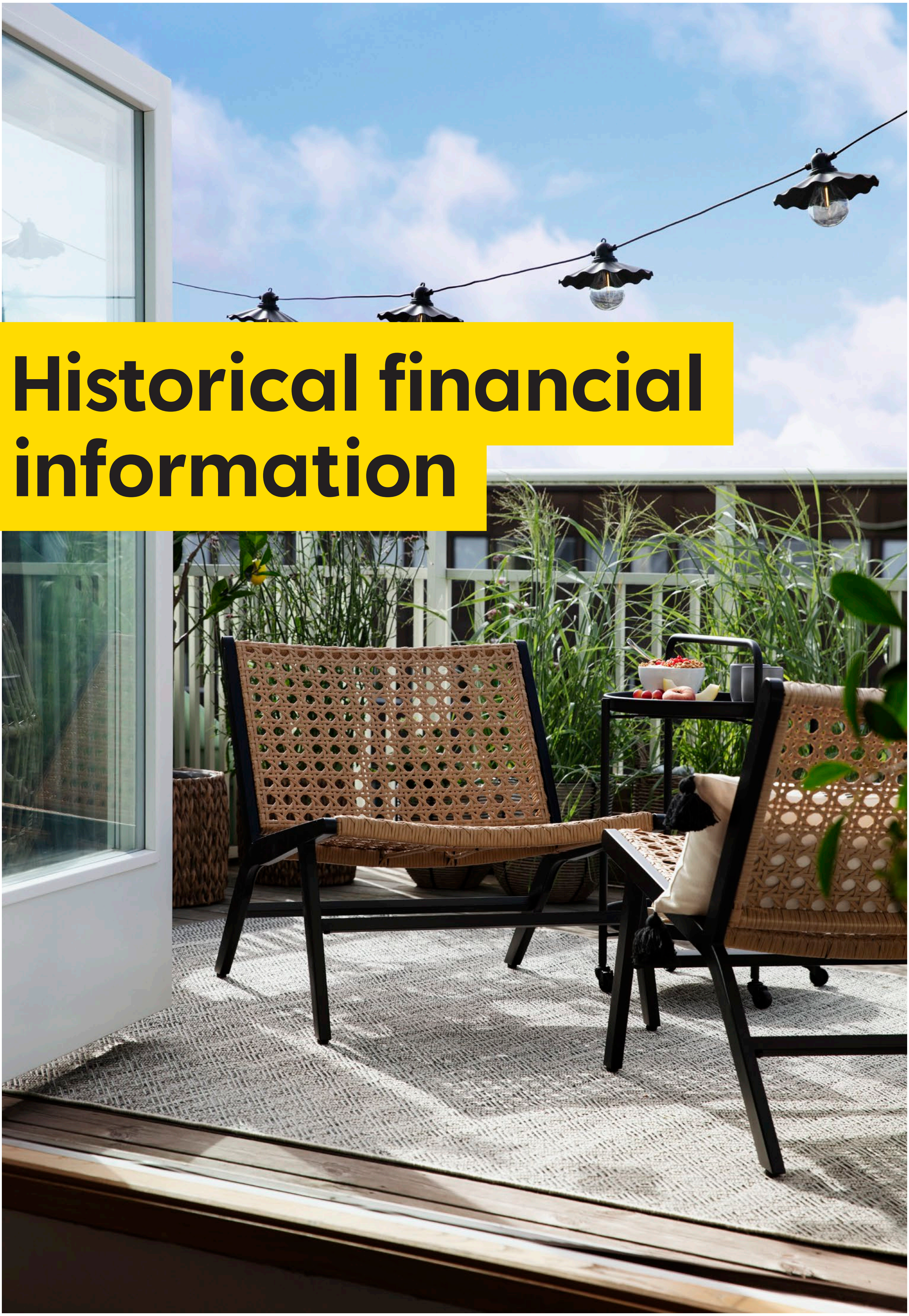
Dividend payments with respect to shares in the Company and proceeds from the sale, exchange or redemption of shares may be subject to information reporting to the IRS and U.S. backup withholding. A U.S. Holder may be eligible for an exemption from backup withholding if the U.S. Holder furnishes a correct taxpayer identification number and makes any other required certification or is otherwise exempt from backup withholding and establishes such exempt status. U.S. Holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and such U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing an appropriate claim for refund with the IRS and furnishing any required information.

Additional information reporting requirements

Under U.S. information reporting rules applicable to "specified foreign financial assets", certain U.S. Holders who are individuals or certain specified entities that own "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 (and in some circumstances, a higher threshold) may be required to report information relating to an interest in shares in the Company, subject to certain exceptions (including an exception for shares held in accounts maintained by certain financial institutions). Penalties can apply if U.S. Holders fail to satisfy such reporting requirements. U.S. Holders should consult their tax advisors regarding the applicability of these requirements to their acquisition and ownership of shares.

Historical financial information



Historical financial information

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 MAY–31 JULY 2023

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS 2022/2023, 2021/2022 AND 2020/2021

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 MAY–31 JULY 2023

Condensed consolidated income statement

MSEK	Note	The quarter May 2023 – Jul 2023	The quarter May 2022 – Jul 2022	LTM Aug 2022 –Jul 2023	Full year May 2022 –Apr 2023
Net sales	8	2,958.7	2,652.9	10,508.1	10,202.3
Cost of goods sold		–1,694.0	–1,572.5	–6,137.3	–6,015.8
Gross profit		**1,264.6**	**1,080.4**	**4,370.8**	**4,186.5**
Sales expenses		–903.5	–799.5	–3,518.4	–3,414.4
Administrative expenses		–104.5	–63.7	–338.3	–297.5
Other operating income		68.8	47.4	237.6	216.2
Other operating expenses		–29.1	–45.9	–155.9	–172.6
Operating profit		**296.3**	**218.7**	**595.8**	**518.2**
Finance income		2.0	0.0	3.4	1.4
Finance expenses		–57.6	–38.4	–198.1	–179.0
Profit/loss before tax		**240.7**	**180.2**	**401.2**	**340.7**
Income tax expense		–51.6	–35.4	–95.5	–79.3
Net profit/loss for the period		**189.1**	**144.9**	**305.6**	**261.4**
Earnings per share, SEK	7				
Earnings per share before dilution, SEK		1.2	1.0	2.0	1.7
Earnings per share after dilution, SEK		1.2	1.0	2.0	1.7

Condensed consolidated statement of comprehensive income

MSEK	Note	The quarter May 2023 – Jul 2023	The quarter May 2022 – Jul 2022	LTM Aug 2022 –Jul 2023	Full year May 2022 –Apr 2023
Net profit/loss for the period		**189.1**	**144.9**	**305.6**	**261.4**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange rate differences from translation of foreign subsidiaries		29.7	2.1	–8.8	–36.4
Cashflow hedges, net after tax		15.1	–15.3	–30.1	–60.4
Other comprehensive income for the period, net after tax		**44.8**	**–13.1**	**–38.9**	**–96.8**
Total comprehensive income		**233.9**	**131.8**	**266.7**	**164.5**
Attributable to:					
Parent company shareholders		233.9	131.8	266.7	164.5
Non-controlling interest		–	–	–	–

Condensed consolidated balance sheet

MSEK	Note	The quarter 31-jul-23	The quarter 31-jul-22	Full year 30-apr-23
ASSETS				
Non-current assets				
Intangible assets				
Capitalised development expenses for software development		62.3	69.0	62.0
Trademarks		6.1	15.8	7.9
Goodwill		116.0	103.8	113.2
Total, intangible assets		**184.4**	**188.7**	**183.1**
Property plant and equipment				
Right-of-use assets		5,145.5	4,078.4	5,114.7
Property , plant and equipment		469.6	426.1	473.3
Total, tangible assets		**5,615.1**	**4,504.5**	**5,588.0**
Financial assets				
Other financial assets		0.0	0.0	0.0
Total financial assets		**0.0**	**0.0**	**0.0**
Deferred tax receivables		188.9	192.0	199.2
Total, non-current assets		**5,988.4**	**4,885.2**	**5,970.3**
Current assets				
Inventories		2,566.1	2,844.5	2,593.1
Accounts receivable		16.2	18.5	26.8
Other current receivables		37.1	37.9	40.1
Prepaid expenses and accrued income		69.3	81.4	42.3
Cash and cash equivalents		393.7	181.2	182.2
Total, current assets		**3,082.3**	**3,163.5**	**2,884.5**
TOTAL ASSETS		**9,070.7**	**8,048.6**	**8,854.8**
EQUITY AND LIABILITIES				
Share capital		5.1	5.1	5.1
Other contributed capital		0.9	0.9	0.9
Reserves		–8.8	30.1	–53.6
Retained earnings incl. net profit/loss for the period		1,511.6	1,356.5	1,322.5
Total equity attributable to parent company's shareholders		**1,508.8**	**1,392.5**	**1,274.8**
Non-current liabilities				
Deferred tax liabilities		117.9	122.8	115.4
Liabilities to credit institutions		46.5	61.9	51.4
Lease liabilities		4,641.0	3,714.4	4,616.2
Other non-current liabilities		72.1	93.4	70.4
Total non-current liabilities		**4,877.6**	**3,992.5**	**4,853.5**
Current liabilities				
Liabilities to credit institutions		2.8	124.6	385.9
Lease liabilities		871.7	696.3	848.4
Trade payables		861.5	714.3	635.5
Liabilities to parent company		–	219.0	–
Current tax liabilities		33.6	76.1	15.5
Provisions		22.6	21.4	22.3
Other current liabilities		273.4	244.5	189.4
Accrued expenses and deferred income		618.7	567.3	629.7
Total, current liabilities		**2,684.4**	**2,663.6**	**2,726.5**
Total, liabilities		**7,561.9**	**6,656.1**	**7,580.0**
Total equity and liabilities		**9,070.7**	**8,048.6**	**8,854.8**

Group condensed statement of changes in equity

MSEK	Share capital	Other contributed capital	Reserves	Retained earnings inc. net profit/loss for the period	Total equity
	Attributable to parent company's shareholders				
Opening balance at 1 May 2022	**5.1**	**0.9**	**43.2**	**1,212.9**	**1,262.1**
Net profit/loss for the period			–	144.9	144.9
Other comprehensive income			**–13.1**	**1.3**	**–14.4**
Total comprehensive income	**–**	**–**	**30.1**	**1,356.5**	**1,392.5**
Dividends			–	–	–
Total transactions with shareholders			**–**	**–**	**–**
Closing balance at 31 Jul 2022	**5.1**	**0.9**	**30.1**	**1,356.5**	**1,392.5**
Opening balance at 1 May 2023	**5.1**	**0.9**	**–53.6**	**1,322.5**	**1,274.8**
Net profit/loss for the period			–	189.1	189.1
Other comprehensive income			44.8	–	44.8
Total comprehensive income	**–**	**–**	**44.8**	**189.1**	**233.9**
Dividends			–	–	–
Total transactions with shareholders			**–**	**–**	**–**
Closing balance at 31 Jul 2023	**5.1**	**0.9**	**–8.8**	**1,511.6**	**1,508.8**

Group condensed consolidated cash flow statement

MSEK	Note	The quarter May 2023 – Jul 2023	The quarter May 2022 – Jul 2022	LTM Aug 2022 –Jul 2023	Full year May 2022 –Apr 2023
Operating profit		296.3	218.7	595.8	518.2
Adjustment for non-cash items:					
Depreciation, amortization and impairment losses		228.4	196.6	868.9	837.2
Capital gain/loss from divestment/disposal of fixed assets		–	–	0.7	0.7
Other		0.5	–3.7	12.6	8.4
Provisions		0.4	–0.1	1.3	0.8
Interest received		2.0	0.0	2.0	–
Interest paid		–57.6	–38.4	–196.7	–177.5
Paid income tax		–20.7	–31.8	–128.6	–139.6
Cash flow from operating activities before changes in working capital		**449.3**	**341.3**	**1,156.1**	**1,048.1**
Cash flow from changes in working capital					
Increase (–)/decrease (+) in inventories		50.6	–27.5	313.0	235.0
Increase (–)/decrease (+) in operating receivables		–15.3	46.7	6.1	68.1
Increase (+)/decrease (–) in operating liabilities		279.0	27.5	–92.8	–344.4
Cashflow from operating activities		**763.5**	**388.0**	**1,382.4**	**1,006.8**
Investing activities					
Investments in intangible assets		–3.6	–2.7	–12.5	–11.6
Investments in tangible assets		–27.3	–19.6	–168.6	–160.9
Cash flow from investing activities		**–30.9**	**–22.3**	**–181.1**	**–172.4**
Financing activities					
Net change in the overdraft facility		–361.2	–5.4	–176.0	179.9
Re-payment of loans		–2.8	–204.4	–13.9	–215.5
Re-payment of lease liabilities		–156.8	–144.4	–650.8	–638.4
Dividends to shareholders		–	–	–151.8	–151.8
Cash flow from financing activities		**–520.8**	**–354.2**	**–992.4**	**–825.8**
Cash flow for the period		211.8	11.5	208.9	8.6
Cash and cash equivalents at the beginning of the period		**182.2**	**169.7**	**181.2**	**169.7**
Exchange difference in cash and cash equivalents		–0.3	0.0	3.6	3.9
Cash and cash equivalents at the end of the period		**393.7**	**181.2**	**393.7**	**182.2**

Notes

Note 1. General information

Rusta AB (publ), here referred to as the “company” with org.reg. no. 556280-2115 is a company with its registered office in Upplands Väsby. The parent company is a retail company that markets and sells products to end consumers through a network of stores as well as online. The stores are run under the name RUSTA and subsidiaries are in Sweden, Norway, Finland and Germany. All stores in the Group are wholly owned. Online sales is available in Sweden and Finland.

Rusta offers the market a broad range of functional home and leisure products that provide value for money for many people. Seasonal articles and specially designed articles mean that the product range in stores is constantly renewed.

Purchasing is mainly sourced through direct imports from Asia and Europe or directly from manufacturers in Sweden. The largest and most important import country is China. The Company’s market primarily consists of end consumers.

The consolidated financial statements were approved for publishing by the Board on October 9, 2023.

Note 2. Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 Interim Reporting issued by the International Accounting Standards Board (IASB). The accounting policies applied in preparing this interim financial report are consistent with the accounting policies presented in Note 2 to the consolidated financial statements on pages F-14 onwards. As a result of rounding, differences in summaries may occur in this interim report.

Note 3. Significant estimates and assessments

Group management makes estimates and assumptions about the future, as well as conducting assessment of how the accounting principles should be applied when preparing the financial statements. The estimates and assessments are evaluated on an ongoing basis and assumptions are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances. By the definition the resulting accounting estimates will rarely be equivalent to the actual outcome. The significant estimates made by management in the application of the Group accounting policies and the main sources of uncertainty in the estimates are the same as described in Note 3 to the consolidated financial statements on page F-19 onwards.

Note 4. Financial instruments

Financial assets and financial liabilities measured at fair value in the balance sheet only include derivatives (currency futures). For other financial assets and financial liabilities valued at amortized cost, the carrying amounts are deemed to be a good approximation of the fair values since the term and/or fixed interest is short-term, which means that discounting based on current market conditions is not expected to have any significant impact. The methods and assumptions primarily used to determine the fair value of the financial instruments presented below are the same as described in Note 4 in the consolidated financial statements in page F-19 onwards. The fair value of currency derivatives is based on quotations from counterparties at the balance sheet date. The company has hedged futures in USD. These have been recorded at their fair value at the balance sheet date. All currency derivatives are attributable to level 2 of the fair value hierarchy and amount to MSEK 3 (55).

Note 5. Related party transactions

Transactions with subsidiaries, which are related parties to the company, have been eliminated in the consolidation process and disclosure of these transactions is therefore not submitted in this note. The related parties identified are senior executives and the board of directors and their related parties. Transactions during the period amounted to MSEK 1 (1) and relate to salaries paid to employed family members to the board of directors and invoiced consulting fees from related parties to senior executives. Related party transactions have taken place on market terms.

Note 6. Risks and uncertainties

Rusta’s operations and earnings are affected by a number of external factors, which means there is a risk the company may note meet set targets. Rusta is primarily exposed to operational and financial risks. Operational risks mainly consist of opening new stores in all markets, purchasing in Asia, the product range, competition, logistics, strikes, key employees and social responsibility. Financial risks comprise inflation, commodity costs, shipping costs and currency exposure.

The risks and associated risk management considered in the preparation of this interim report apply to all periods and are consistent with those presented in the Risk Factors section of this prospectus.

Like other companies, Rusta faces challenges as a result of changes in the macroeconomy and the geopolitical situation in the world. Russia’s invasion of Ukraine has increased uncertainty for the global economy, such as supply and logistics chain disruptions and increased volatility in the energy market, along with higher interest and inflation rates. As a consequence, there is a risk of further disruption to supplier chains and increased distribution costs, as well as impacts on consumer behavior.

Note 7. Earnings per share

	The quarter		LTM	Full year
	May 2023 –Jul 2023	May 2022 –Jul 2022	Aug 2022 –Jul 2023	May 2022 –Apr 2023
Earnings per share before dilution, SEK	1.2	1.0	2.0	1.7
Earnings per share after dilution, SEK	1.2	1.0	2.0	1.7
Profit/loss for the period attributable to the shareholders of the parent company.	189.1	144.9	305.6	261.4
Total number of shares, thousands	151,793	151,793	151,793	151,793
Weighted average number of shares before dilution, thousands	151,793	151,793	151,793	151,793
Weighted average number of shares after dilution, thousands	153,066	151,793	152,111	151,793

The Annual General Meeting of Rusta decided on September 1, 2023, to carry out a share split (300:1), which resulted in that each share is divided into 300 shares. The number of shares and earnings per share have been recalculated for all periods. As of July 31, 2023 the number of shares was 151,792,800 with a quota value of approx. SEK 0.03.

Note 8. Net sales and segments

The Group reports revenue in three segments: Sweden, Norway and Other markets. All revenue refers to sales of goods to external customers and is reported in the accounting currency of SEK.

Revenues and the costs attributable to the specific market are reported for each segment. The segment is based on how well Rusta is established itself in each market. For Rusta, Sweden and Norway are mature and established markets with historically strong and good profitability and Rusta has a good knowledge of them. Operations in Finland and Germany as well as Online are grouped under the common segment Other markets. In Other markets, Rusta is still partly operating in project form as these are relatively new markets, but where profitability is expected to increase in the long term as awareness of Rusta increases.

In EBITA excl IFRS 16 the total cost for leases is reported as operating expense, which differs from the consolidated statement of profit/loss where the interest component is included in net financial items.

Costs for the common central functions are reported separately and consist of the company's central staff and purchasing functions. The effects of IFRS16 leasing agreements are not allocated to the segments but are found under the heading "Group adjustments for IFRS16".

See the below chart for details of changes per segment, the central functions and for the group adjustments for IFRS16.

Net sales per segment

	The quarter		LTM	Full year
MSEK	May 2023 –Jul 2023	May 2022 –Jul 2022	Aug 2022 –Jul 2023	May 2022 –Apr 2023
Sweden	1,665.7	1,576.2	6,096.4	6,006.9
Norway	590.9	517.4	2,251.2	2,177.6
Other markets	702.1	559.3	2,160.6	2,017.8
Total net sales from external customers*	**2,958.7**	**2,652.9**	**10,508.1**	**10,202.3**

*Intercompany net sales invoiced from central functions amount to MSEK 577 (549) for the quarter and are fully eliminated in the group.

EBITA excl. IFRS16 per segment

	The quarter		LTM	Full year
MSEK	May 2023 –Jul 2023	May 2022 –Jul 2022	Aug 2022 –Jul 2023	May 2022 –Apr 2023
Sweden	315.2	302.0	998.3	985.1
Norway	79.0	73.3	262.6	256.9
Other markets	29.5	19.2	–39.9	–50.2
EBITA excl. IFRS16 for the segments**	**423.7**	**394.5**	**1,221.1**	**1,191.9**
Central functions	–165.2	–201.3	–752.4	–788.4
EBITA excl. IFRS16**	**258.5**	**193.2**	**468.8**	**403.5**
Group adjustments of IFRS16	39.8	27.3	138.1	125.6
EBITA**	**298.3**	**220.5**	**606.9**	**529.1**
EBITA-margin, %**	10.08%	8.31%	5.80%	5.20%
Amortization of acquisition related assets, not allocated to segments	–2.0	–1.8	–11.1	–10.9
EBIT	**296.3**	**218.7**	**595.8**	**518.2**
EBIT-margin, %**	10.0%	8.2%	5.70%	5.08%
Financial items, net	–55.6	–38.4	–194.7	–177.5
Profit/loss before tax	**240.7**	**180.2**	**401.2**	**340.7**

**Reconciliation tables and definitions for key ratios are presented at pages 91–100 in this Prospectus.

Note 9. Seasonal variations

Rusta's operations are affected by seasonal variations. Q1 and Q3 are generally the strongest quarters in terms of sales, mainly driven by the summer and Christmas season. Q4 is generally the weakest quarter in terms of sales and earnings.

Cash flow from operating activities mirrors the seasonal variation in sales. Inventory build-up takes place evenly during the year but is generally somewhat larger in Q2, which, together with the fact that sales are weaker in this quarter, means that the Group utilities overdraft facilities to a greater extent during this period. The debt/equity ratio is therefore high ahead of the summer- and Christmas season and at its lowest when passed the Christmas season.

Note 10. Events after the end of the period

The annual general meeting resolved on September 1, 2023, the following; to carry out a share split (300:1) which resulted in a recalculation of number of shares for all periods, to change the company category from a private to a public limited company, to introduce a long-term incentive program and to authorize the Board to decide on repurchase and transfer of own shares in the company.

Auditor's review report

Auditor's report

Rusta AB (publ). reg. no. 556280-2115

Introduction

We have reviewed the condensed interim financial information (interim report) of Rusta AB (publ) as of 31 July 2023 and the three-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34, regarding the Group.

Stockholm, 9 October 2023

Öhrlings PricewaterhouseCoopers AB

Cesar Moré
Authorized Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS 2022/2023, 2021/2022 AND 2020/2021

Consolidated income statement

MSEK	Note	2022-05-01–2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Net sales	5	10,202.3	9,490.2	8,632.8
Cost of goods sold		–6,015.8	–5,478.0	–4,995.1
Gross profit		**4,186.5**	**4,012.2**	**3,637.7**
Sales expenses		–3,414.4	–3,065.4	–2,801.8
Administrative expenses		–297.5	–283.1	–272.0
Other operating income	6	216.2	297.4	189.4
Other operating expenses	7	–172.6	–147.1	–125.0
Operating income	9, 10,11, 12, 13	**518.2**	**814.0**	**628.3**
Finance income	13	1.4	0.4	0.6
Finance expenses	14	–179.0	–143.3	–125.2
Profit/loss before tax		**340.7**	**671.1**	**503.7**
Income tax expense	15	–79.3	–55.9	–102.5
Net profit/loss for the year		**261.4**	**615.3**	**401.2**
Attributable to:				
Parent company's shareholders		261.4	615.3	401.2
Non-controlling interests		–	–	–
Earnings per share	16			
Earnings per share before dilution, SEK		1.7	4.1	2.7
Earnings per share after dilution, SEK		1.7	4.1	2.7

Consolidated statement of comprehensive income

MSEK	Note	2022-05-01–2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Net profit/loss for the year		**261.4**	**615.3**	**401.2**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange rate differences from translation of foreign subsidiaries		–36.4	4.2	2.4
Cashflow hedges, net after tax		–60.4	53.8	–14.5
Other comprehensive income for the period, net after tax	29	**–96.8**	**58.0**	**–12.1**
Total comprehensive income		**164.5**	**673.3**	**389.1**
Attributable to:				
Parent company's shareholders		164.5	673.3	389.1
Non-controlling interests		–	–	–

Consolidated balance sheet

MSEK	Note	2023-04-30	2022-04-30	2021-04-30
ASSETS				
Non-current assets				
Intangible assets				
Capitalized development expenses for software development	17	62.0	68.1	57.4
Trademarks	18	7.9	17.3	24.6
Goodwill	18	113.2	102.4	102.4
Total intangible assets		**183.1**	**187.8**	**184.4**
Property, plant and equipment				
Land and buildings	19	–	–	18.3
Right-of-use assets	11	5,114.7	4,202.0	3,882.4
Construction in progress	20	–	–	389.3
Equipment, tools, fixtures and fittings	21	473.3	439.9	409.7
Total tangible assets		**5,588.0**	**4,641.9**	**4,699.6**
Financial assets				
Other financial assets		0.0	0.0	0.0
Total financial assets		**0.0**	**0.0**	**0.0**
Deferred tax assets	30	199.2	188.1	104.0
Total non-current assets		**5,970.3**	**5,017.8**	**4,988.0**
Current assets				
Inventories	23	2,593.1	2,814.7	1,802.1
Accounts receivables	24	26.8	20.9	24.0
Other current receivables	25	40.1	38.0	31.3
Prepaid expenses and accrued income	26	42.3	125.5	47.1
Cash and cash equivalents		182.2	169.7	66.0
Total current assets		**2,884.5**	**3,168.9**	**1,970.5**
TOTAL ASSETS		**8,854.8**	**8,186.7**	**6,958.5**
EQUITY AND LIABILITIES				
Share capital	27	5.1	5.1	5.1
Other capital contributions	28	0.9	0.9	0.9
Reserves	29	–53.6	43.2	–14.8
Retained earnings including net profit/loss for the year		1,322.5	1,212.9	997.4
Total equity attributable to parent company's shareholders		**1,274.8**	**1,262.1**	**988.5**
Non-current liabilities				
Deferred tax liabilities	30	115.4	127.5	83.5
Liabilities to credit institutions	32	51.4	61.5	272.9
Lease liabilities	11	4,616.2	3,717.4	3,274.8
Other non-current liabilities	4	70.4	92.8	116.2
Total non-current liabilities		**4,853.5**	**3,999.2**	**3,747.5**
Current liabilities				
Liabilities to credit institutions	32	385.9	331.0	296.5
Lease liabilities	11	848.4	808.4	619.6
Trade payables		635.5	689.0	462.2
Liabilities to parent companies		–	222.4	17.4
Current tax liabilities		15.5	64.0	24.6
Provisions	33	22.3	21.4	20.5
Other current liabilities	34	189.4	189.8	186.5
Accrued expenses and deferred income	35	629.7	599.5	595.1
Total current liabilities		**2,726.5**	**2,925.4**	**2,222.5**
Total liabilities		**7,580.0**	**6,924.7**	**5,969.9**
Total equity and liabilities		**8,854.8**	**8,186.7**	**6,958.5**

Consolidated statement of changes in equity

MSEK	Share capital	Other capital contributions	Reserves	Retained earnings Incl. net profit/loss for the year	Total equity
Opening balance at 1 May 2020	**5.0**	**0.9**	**–2.7**	**623.7**	**626.9**
Net profit/loss for the year	–	–	–	401.2	401.2
Other comprehensive income	–	–	–12.1	–	–12.1
Total comprehensive income	**–**	**–**	**–12.1**	**401.2**	**389.1**
Issue of warrants	0.1	–	–	35.5	35.6
Acquisition of warrants	–	–	–	–63.0	–63.0
Total transactions with shareholders	**0.1**	**–**	**–**	**–27.5**	**–27.4**
Closing balance at 30 April 2021	**5.1**	**0.9**	**–14.8**	**997.4**	**988.5**
Opening balance at 1 May 2021	**5.1**	**0.9**	**–14.8**	**997.4**	**988.5**
Net profit/loss for the year	–	–	–	615.3	615.3
Other comprehensive income	–	–	58.0	–	58.0
Total comprehensive income	**–**	**–**	**58.0**	**615.3**	**673.3**
Dividends	–	–	–	–399.8	–399.8
Total transactions with shareholders	**–**	**–**	**–**	**–399.8**	**–399.8**
Closing balance at 30 April 2022	**5.1**	**0.9**	**43.2**	**1,212.9**	**1,262.1**
Opening balance at 1 May 2022	**5.1**	**0.9**	**43.2**	**1,212.9**	**1,262.1**
Net profit/loss for the year	–	–	–	261.4	261.4
Other comprehensive income	–	–	–96.8	–	–96.8
Total comprehensive income	**–**	**–**	**–96.8**	**261.4**	**164.5**
Dividends	–	–	–	–151.8	–151.8
Total transactions with shareholders	**–**	**–**	**–**	**–151.8**	**–151.8**
Closing balance at 30 April 2023	**5.1**	**0.9**	**–53.6**	**1,322.5**	**1,274.8**

Consolidated cash flow statement

MSEK	Note	2022-05-01–2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Cash flow from operating activities				
Operating income		518.2	814.0	628.3
Adjustments for non-cash items:				
Depreciation/amortization	11,18,21	837.2	737.4	684.3
Disposals / sales	6	0.7	–106.6	–
Other		8.4	–0.6	3.5
Provisions		0.8	0.9	10.4
Interest received	13	1.4	0.4	0.6
Interest paid	13,14	–179.0	–143.3	–125.2
Income tax paid		–139.6	–58.0	–120.8
Cash flow from operating activities before changes in working capital		**1,048.1**	**1,244.1**	**1,081.1**
Cash flow from changes in working capital				
Decrease (+)/increase (–) in inventories		235.0	–1,002.5	–81.1
Decrease (+)/increase (–) in operating receivables		68.1	–25.4	6.3
Decrease (–)/increase (+) in operating liabilities		–344.4	408.6	–261.5
Cash flow from operating activities		**1,006.8**	**624.9**	**744.8**
Investing activities				
Investments in intangible non-current assets	17,18	–11.6	–26.4	–10.7
Investments in property, plant and equipment	17,20,21	–160.9	–230.6	–468.3
Sold property, plant and equipment	20,21		–	91.6
Paid contingent consideration	34	–	–21.2	–
Divestments of subsidiaries		–	885.3	–
Cash flow from investing activities		**–172.4**	**607.2**	**–387.5**
Financing activities				
Acquisition of warrants		–	–	–35.5
Issue of warrants		–	–	8.1
Change in the overdraft facility		179.9	–158.8	285.0
Repayment of borrowings		–215.5	–11.9	–109.1
Repayment of lease liabilities		–638.4	–559.4	–505.3
Paid dividends to shareholders		–151.8	–399.8	–
Cash flow from financing activities	31	**–825.8**	**–1,129.8**	**–356.9**
Cash flow for the year		**8.6**	**102.2**	**0.5**
Cash and cash equivalents at start of year		**169.7**	**66.0**	**62.8**
Exchange rate difference in cash and cash equivalents		3.9	1.5	2.7
Cash and cash equivalents at year-end		**182.2**	**169.7**	**66.0**

Notes

Note 1. General information

Rusta AB (publ), here referred to as the “company” with org.reg. no. 556280-2115 is a company with its registered office in Upplands Väsby. The address of the head office is Kanalvägen 12, SE-194 05 Upplands Väsby, Sweden. The parent company is a retail company that markets and sells products to end consumers through a network of stores as well as online. The stores and online sales are run under the name RUSTA and subsidiaries in Sweden, Norway, Finland, and Germany. There were 201 stores in the Group at April 30, 2023. All stores in the Group are wholly owned. Online sales is available in Sweden and Finland. Rusta offers the market a broad range of functional home and leisure products that provide value for money for many people. Seasonal articles and specially designed articles mean that the product range in stores is constantly renewed. Purchasing is mainly sourced through direct imports from Asia and Europe or directly from manufacturers in Sweden. The largest and most important import country is China. The Company’s market primarily consists of end consumers.

Subsidiaries to Rusta as at April 30, 2023, is Baforber AB and its subsidiary Bruksbo KB, Rusta Retail AS in Norway, Rusta Retail GmbH in Germany, Rusta Retail Finland OY with its subsidiaries Rusta Group OY and Rusta Suomi OY, Rusta Transportation GmbH in Germany, representative offices in Vietnam and China and a liaison office in India.

The consolidated financial statements were approved for publishing by the Board on October 9, 2023.

Assessments and estimates in the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of some critical accounting estimates. It also requires management to make certain assessments in applying the Group’s accounting principles. The areas involving a high degree of assessment or complexity, or areas where assumptions and estimates are of material significance to the consolidated accounts are disclosed in Note 3.

Note 2. Significant accounting principles

This report contains Rusta’s consolidated financial statements and has been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board’s recommendation RFR 1 Supplementary Accounting Rules for Groups and IFRS (International Financial Reporting Standards) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

In the consolidated financial statements, items have been measured at cost, apart from certain financial instruments, which have been measured at fair value through the profit and loss calculation. To follow is a description of the key accounting principles that have been applied.

New and amended standards applied by the Group

New standards, amendments and interpretations applied by the Group

The new standards, amendments or interpretations to be applied for the first time for financial year beginning 1 May 2022 are not deemed to have a material impact on the Group’s financial statements.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company Rusta AB (publ) and the companies over which the Parent Company has a controlling interest (subsidiaries). A controlling interest means that the Group controls a company when it is exposed to, or has the right to variable returns from its holdings in the company and has an opportunity to affect the return by means of its influence in the company.

Subsidiaries included in the consolidated accounts from the date on which a controlling interest is transferred to the Group. They are excluded from the consolidated accounts from the date on which the controlling interest ceases. The accounting principles for subsidiaries have been adjusted as required to ensure consistency with the Group’s accounting principles. All intra-Group transactions, dealings and un-realized gains and losses attributable to intra-Group transactions have been eliminated in the preparation of the consolidated accounts.

Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Group chief executive officer (CEO) who is responsible for allocation of resources and assessment of the segments. According to the internal reporting, the entire cost of renting premises is recognized as an operating expense, which differs from the external accounting where the interest component is included in net financial items. This difference is shown in the reconciliation in Note 5 under the heading “*Consolidated adjustments regarding IFRS16*”. Rusta has three segments: “Sweden”, “Norway” and “Other markets”. Other markets include Finland, Germany and Online. Revenues and the costs attributable to the specific market are reported for each market. The segment is based on how well Rusta is established itself in each market. For Rusta, Sweden and Norway are mature, established markets with historically strong, good profitability and Rusta has a good knowledge of them. Operations in Finland and Germany as well as Online are grouped under the common segment Other markets. In Other markets, Rusta is still partly operating in project form as these are relatively new markets, but where profitability is expected to increase in the long term as awareness of the market increases.

Business combinations

Business combinations are recognized using acquisition accounting. The purchase price for the business combination is measured at fair value at the point of acquisition, which is calculated as the total of the fair values at the point of acquisition for assets paid, incurred, or assumed liabilities and issued equity portions in exchange for control over the acquired business. Acquisition-related expenses are recognized in the income statement when they arise. The identifiable acquired assets and assumed liabilities, along with contingent assets, are recognized at fair value at the date of acquisition. For business combinations where the sum of the consideration exceeds the fair value at the point of acquisition of identifiable acquired net assets, the difference is recognized as goodwill in the statement of financial position.

Note 2. Significant accounting principles, cont.

Revenue

Sale of goods

The Group's sales consist mainly of cash sales in Rusta's own stores as well as online. Revenue valued at selling price excluding value added tax and reduced to reflect any discounts is recognized when control of sold goods transfers to the customer, which takes place when the customer pays for the goods at the cash register. For Online-sales the sales are recorded once the purchased goods has left the central warehouse.

The Group offers a refund policy that allows customers to return transferred goods. The anticipated effect of returns is recognized through revenue initially being reduced by the expected repayment, which is calculated based on historical data, as well as a repayment liability. The right of return of goods is recognized as an asset corresponding to the inventory value, reduced by expected fees incurred in the recovery of the goods, if applicable.

The Group's loyalty program, "Club Rusta", offers members a refund policy for 360 days, which is taken into account when calculating the reserve for refunds.

When purchasing a gift card, the entire amount is reported as other short-term liability and is reported as income only when the gift card is used in a store, alternatively when its validity has expired.

Interest income

Interest income is recognized, allocated over the term, using the effective interest method. Effective interest is the rate at which the net present value of all future inward and outward payments during the fixed interest period is equal to the carrying amount of the receivable.

Leasing agreements

When a contract is entered into, the group assesses whether the agreement is – or contains – a leasing agreement. A contract is – or contains – a leasing agreement if the contract transfers the right to control the use of an identified asset for a certain period of time in exchange for compensation.

The group recognizes a right of use asset and a leasing liability upon the date that the leasing agreement enters into force. The right of use assets is initially valued at its acquisition value, which comprises the leasing liability's initial value in addition to leasing fees paid on or prior to the date it enters into force and any initial direct expenses. The right of use asset is depreciated in a linear fashion from the date the agreement enters into force until whichever is the earlier out of the end date of the asset's period of use and the end of the leasing period, which is normally deemed by the group to be the end of the leasing period. Right of use assets are impaired in accordance with the same principles as property, plant and equipment and intangible assets, see separate principles below.

The leasing liability, which is divided into long-term and short-term components, is initially valued at the current value of the remaining leasing fees during the assessed leasing period. The leasing period comprises the non-cancellable period in addition to any further periods in the agreement if it is deemed reasonably certain upon the date the agreement enters into force that these will be utilised.

Leasing fees are normally discounted by the group's marginal borrowing rate, which, in addition to the group's credit risk, respectively reflect the agreement's leasing period, currency and the quality of the underlying asset intended as security.

The leasing liability encompasses the current value of fixed leasing fees and variable leasing fees connected to indices or interest rates initially valued through the use of the index or interest rate that was applicable upon the date the agreement entered into force.

The value of the liability is increased by the rate of interest for each respective period and reduced by the leasing payments. The interest expense is calculated by multiplying the value of the liability with the discount rate.

The leasing liability for the group's premises that have rents that are calculated through the use of indices is calculated on the basis of the rent applicable at the end of each respective reporting period. In connection with rents being adjusted as a result of changes to indices, the liability is adjusted by a corresponding amount of the right of use asset's reported value. Similarly, the value of the liability and asset are adjusted in connection with any reassessment of the leasing period. This occurs in connection with the final expiry date of the previously assessed leasing period for agreements pertaining to the rental of premises having passed, alternatively when significant events occur or circumstances change in a way that is meaningful and within the group's control and that has an impact on the applicable assessment of the leasing period. The group presents right of use assets and leasing liabilities as separate items in its statement of its financial position.

For leasing agreements that have a leasing period of 12 months of less with an underlying asset of a low value, below MSEK 50, no right of use asset or leasing liability is reported. Leasing fees for the these lease agreement are recognized as costs on a linear basis over the duration of the leasing period. These principles for revenue recognition are applied to determine whether a sale-and-leaseback transaction should be recognized as a sale. When the transaction meets the criteria to be classified as a sale, the right of use arising from the leaseback transaction is valued at the proportion of the previously recognized value of the asset that continues to be maintained by the Group. Thus, only profits or losses relating to the rights transferred to the buyer/lessor are recognized.

Foreign currency

Items included in the financial statements for the various units in the Group are recognized in the currency of the primary economic environment in which the respective unit chiefly operates (functional currency). All amounts in the consolidated financial statements are translated into Swedish kronor (SEK), which is the Parent Company's functional currency and the Group's reporting currency.

Transactions in foreign currencies are translated in the respective unit to the unit's functional currency at the exchange rates that apply on the transaction date. At each balance sheet date, monetary items in foreign currency are translated at the closing day rate. Non-monetary items in a foreign currency are translated at the exchange rate that applied on the day the value was established. Non-monetary items measured at historical cost in a foreign currency are not translated.

Foreign exchange gains and losses attributable to loans and cash equivalents are recognized in the income statement as financial income or expenses. All other foreign exchange gains and losses are recognized in the item "Other operating income" or "Other operating expenses" in the income statement. As the transactions constitute hedges that meet the criteria for hedge accounting of cash flows, gains/losses are recognised in other comprehensive income.

Note 2. Significant accounting principles, cont.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign subsidiaries are translated into Swedish kronor at the closing day rate. Income and expense items are translated at the average rate for the period, unless the exchange rate has fluctuated considerably during the period, in which case the exchange rate on the transaction date is used instead. Any translation differences arising are recognized in "Other comprehensive income" and transferred to the Group's foreign currency translation reserve. On disposal of a foreign subsidiary, such translation differences are recognized in the income statement as part of capital gains. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of these operations and are translated at the closing day rate. Foreign exchange differences are recognized in other comprehensive income.

Employee benefits

Employee benefits in the form of salaries, bonuses, paid holiday, paid sickness leave etc., as well as pensions, are recognized as they are earned. Post-employment pensions and other benefits are classified as defined contribution or defined benefit pension plans. The group has defined-contribution pension plans as well as defined-benefit pension plans with Alecta, which, according to UFR 10, are reported as defined contribution plans (see note 12).

Defined contribution plans

For defined contribution plans, the company pays fixed fees to a separate, independent legal entity and is under no obligation to pay additional fees. The Group's earnings are charged with costs as the benefits are earned, which normally coincides with the point at which premiums are paid. Commitments regarding defined contribution plans are recognized as a staff cost in the income statement when they arise.

Warrants

Share-based payments within the scope of the existing share warrant programme for CEO do not entail any cost since the price of the warrants corresponds to their fair value (see note 37).

Taxes

Tax expenses consist of the sum of current tax and deferred tax.

Current tax

Current tax is calculated based on taxable earnings for the period. The taxable result differs from recognized earnings in the income statement, as it has been adjusted for non-taxable income and non-deductible expenses, as well as for income and costs that are taxable or deductible in other periods. The Group's current tax liability is calculated in accordance with the tax rates that have been decided upon or announced at the balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the taxable value used to calculate the taxable result. Deferred tax is recognized using the balance sheet method. Deferred tax liabilities are recognized in principle for all taxable temporary differences, and deferred tax assets are recognized in principle for all deductible temporary differences to the extent it is likely that the amounts may be utilised against future taxable surpluses. Deferred tax liabilities and tax assets are not recognized if the temporary difference is attributable to goodwill, or if it arises as a result of a transaction that constitutes the initial recognition of an asset or liability (that is not a business combination), and that, at the time of the transaction, affects neither the recognized nor the taxable result.

Deferred tax liability is recognized for taxable temporary differences attributable to investments in subsidiaries, except in cases where the Group is able to control the point at which the temporary differences are reversed and it is unlikely that such a reversal will occur in the foreseeable future. The deferred tax assets that are attributable to deductible temporary differences regarding such investments are only recognized to the extent it is likely that the amounts may be utilised against future taxable surpluses, and it is likely that such utilisation will occur in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the close of each accounting period and reduced to the extent it is no longer probable that sufficient taxable surpluses will be available for use, completely or partly, against the deferred tax asset.

Deferred tax is calculated in accordance with the tax rates that are expected to apply for the period in which the asset is recovered or the liability settled, based on the tax rates (and tax laws) that have been decided upon or announced at the balance sheet date.

Deferred tax assets and tax liabilities are offset when they relate to income tax that is charged by the same authority and the Group intends to settle the tax at a net amount.

Current and deferred tax for the period

Current and deferred tax are recognized as cost or income items in the income statement, except when the tax relates to transactions that have been recognized in "Other comprehensive income" or directly against equity. In such cases, the tax should also be recognized in "Other comprehensive income" or directly against equity. For current and deferred tax arising on recognition of business combinations, the tax effect will be recognized in the acquisition calculation.

Dividends

Dividends to shareholders are reported for the period when the dividend was decided by the company's shareholders. Dividends paid are recorded in the balance sheet as equity.

Earnings per share

Earnings per share before dilution is calculated based on the year's earnings attributable to the parent company's owners and the weighted average number of outstanding shares. Earnings per share after dilution is calculated based on the year's earnings attributable to the parent company's owners and the weighted average number of outstanding shares after dilution. Dilution effects arise due to stock options that can be settled with shares. Stock options have a dilutive effect when the average share price during the period exceeds the exercise price of the options.

Property, plant, and equipment

Property, plant, and equipment is measured at cost less accumulated depreciation and any impairment losses. The cost comprises the purchase price, expenses directly attributable to the asset to put it into place and condition to be utilized, and estimated expenses for dismantling and removing the asset and restoring the site or area where it is located. Subsequent expenses are only included in the asset or recognized as a separate asset when it is likely that future economic benefits that can be attributed to the item benefit the Group, and that

Note 2. Significant accounting principles, cont.

the cost of the same can be reliably calculated. All other expenses for repairs and maintenance and subsequent expenses are recognized in the income statement in the period in which they arise. Costs relating to the start-up and opening of new stores are capitalized in the assets register. Depreciation of property, plant and equipment is expensed so that the asset's value less estimated residual value at the end of its useful life is depreciated on a straight-line basis over its estimated useful life as follows:

Equipment, tools, fixtures and fittings	5–7 years
Automation of warehouses	10 years
Computers, IT equipment	3–5 years

Estimated useful lives and residual values are reviewed at least at the end of each accounting period, and the effects of any changes to assessments are recognised prospectively.

The carrying amount of an item of property, plant or equipment is derecognised from the statement of financial position upon disposal or sale or when no future financial benefits are expected from the asset's use, disposal or sale. The gain or loss arising on the disposal or sale of the asset, comprising the difference between any net income from the sale and its carrying amount, is recognised in profit/loss in the period in which the asset is derecognised from the statement of financial position.

Intangible fixed assets

Separately acquired intangible assets

Intangible assets with determinable useful lives that have been acquired separately are stated at cost less accumulated amortization and any accumulated impairment. Intangible assets are amortized on a straight-line basis over the estimated useful life of the asset, which is estimated at 5 years. Estimated useful lives are reviewed at least at the end of each accounting year, and the effect of any changes to assessments are recognized prospectively.

Capitalized expenses for software development

Internally generated intangible assets derived from the Group's software development are only recognized if the following conditions are met:

- it is technically possible to complete the intangible asset and use or sell it,
- the company's intention is to complete the intangible asset and use or sell it,
- there is potential to use or sell the intangible asset,
- the company shows how the intangible asset will generate probable future economic benefits,
- there are adequate technical, economic and other resources in place to complete the development process and to use or sell the intangible asset, and
- the expenses pertaining to the intangible asset during its development can be reliably calculated.

If it is not possible to recognize any internally generated intangible asset, the development expenses are recognized as a cost in the period in which they arise. After initial recognition, internally generated intangible assets are stated at cost less accumulated amortization and any accumulated impairment. Capitalized expenses for software development are amortized on a straight-line basis over an estimated useful life of 5 years.

Intangible assets that have been acquired in a corporate acquisition

Intangible assets that have been acquired in a corporate acquisition are identified and recognized separately from goodwill when they satisfy the definition of an intangible asset and their fair values can be reliably calculated. The cost of such intangible assets comprises their fair value at the point of acquisition.

After initial recognition, intangible assets acquired in a business combination are stated at cost less accumulated amortization and any accumulated impairment, in the same manner as separately acquired intangible assets.

Disposals and retirements

An intangible asset is derecognized from the statement of financial position upon disposal or sale or when no future economic benefits are expected from the asset's use, disposal or sale. The gain or loss arising on the derecognition of an intangible asset from the statement of financial position, comprising the difference between the amount received from the sale and the asset's carrying amount, is recognized in profit/loss when the asset is derecognized from the statement of financial position.

Depreciation and amortization of property, plant and equipment, intangible assets, and right of use assets

At each balance sheet date, the Group analyses the carrying amounts for property, plant and equipment, intangible assets, and right of use assets to determine whether there is any indication that these assets have decreased in value. If this is the case, the asset's recoverable amount is calculated to determine the value of any impairment. Where it is not possible to calculate the recoverable amount for an individual asset, the Group calculates the recoverable amount for the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives (including goodwill) and intangible assets that are not yet ready for use are reviewed annually regarding any impairment requirement, or when there is an indication of a depreciation in value. The Group's goodwill is tested at a level corresponding to the business' Finnish operations.

The recoverable amount is the higher of the fair value less selling expenses and value in use. When calculating value in use, estimated future cash flows are discounted to present value at a pre-tax discount rate that reflects current market estimates of the time value of money and the risks associated with the asset (or cash-generating unit).

If the recoverable amount of an asset (or cash-generating unit) is established at a lower value than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable amount. An impairment loss is recognized immediately in the income statement.

Where an impairment loss is subsequently reversed, the asset's (cash-generating unit's) carrying amount increases to the revalued recoverable amount, but the increased carrying amount may not exceed the carrying amount that would have been established had the asset (cash-generating unit) not been impaired in previous years. A reversal of an impairment loss is recognized directly in the income statement. However, impairment of goodwill is never reversed.

Financial instruments

The Group's financial assets primarily consists of cash and cash equivalents, trade receivables and foreign currency forwards to the extent that these have a positive value. Financial liabilities primarily consist of liabilities to credit institutions, trade payables, liabilities to suppliers as the result of a corporate restructuring process in Finland, and currency future to the extent that these have a negative value. During the fiscal year 2020/2021, there was also a contingent consideration in place.

Note 2. Significant accounting principles, cont.

The Group's applies the business model "hold to collect". The Group's financial assets and financial liabilities are initially recognized at fair value plus/minus transaction costs, with the exception of items that are recognized at fair value via the profit or loss account, in which case transaction costs are recognized as costs in the profit or loss.

In subsequent accounting, the Group's financial assets, with the exception of derivatives in the form of foreign currency forwards, are recognized at amortized cost using the effective interest rate method. This value is reduced through impairments for anticipated credit losses to the extent that these are not insignificant. The Group applies the simplified method for calculating expected credit losses. This method is based on the use of expected losses over the entire term of the receivable. Impairment of trade receivables is recognized in operating expenses. Since cash and cash equivalents and trade receivables have an insignificant maturity, these amounts are not discounted, but are based on nominal amounts. See below information on currency forwards.

The Group's financial liabilities, with the exception of derivatives in the form of foreign currency forwards and contingent considerations relating to mergers, are recognized in subsequent accounting at amortized cost using the effective interest rate method. As trade payables have an insignificant maturity, these amounts are not discounted, but are based on nominal amounts. Contingent considerations arising from mergers, where applicable, are recognized at fair value via the income statement (profit or loss).

Hedge accounting

As a matter of principle, the Group hedge accounts for any foreign currency forwards contracts used for hedging the purchase of foreign currency within the framework of 'cash flow hedging'. The entire fair value of a derivative that constitutes the hedging instrument is classified as a fixed asset or long-term liability when the hedged item's remaining duration is in excess of 12 months, and as a current asset or short-term liability when the hedged item's remaining duration is less than 12 months.

To the extent that derivative agreements are not hedge accounted, these are recognized at fair value via the profit or loss. Derivatives that are not in a hedging relationship but that are used hedging business-related transactions are always classified as current assets or short-term liabilities.

Cash flow hedging entails the effective part of the change in fair value of the derivative instrument being recognized in other comprehensive income and accumulated in the hedging reserve in equity. The non-effective part of the currency fluctuation is immediately recognized in the income statement as other income or other expenses. Derivatives are always recognized at fair value in the report on the financial position.

The hedged product purchases lead to the recognition of a non-financial asset in the form of inventories. Sums accumulated in equity are transferred from equity and included in the acquisition value of the asset. These sums added to assets are then later recognized in the profit and loss account as costs for goods sold.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and recognized with a net amount in the balance sheet only when there is a legal right to offset and an intention to balance the items with a net amount, or to simultaneously realize the asset and settle the liability.

Cash and cash equivalents

The Group's cash and cash equivalents in the report on its financial position and the report on cashflows include cash and bank balances, as well as other current liquid investments that can easily be converted into cash and are exposed to a negligible risk of changes in value. No investments with a maturity in excess of three months from the date of acquisition are classified as cash and cash equivalents. Use of overdraft facility is reported in the balance sheet as short term liabilities to credit institutions.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of goods consists of the cost of purchasing the goods such as freight and customs costs. Borrowing costs are not included, nor is the shipping cost for goods sent from the central warehouse to the stores, this shipping cost is reported as a sales expense. Inventories consist of the items sold in Rusta's stores and online. Net realizable value is the estimated selling price in on-going operations, less applicable variable selling expenses. Write-down of inventories has been carried out after valuation of obsolete goods that are unsaleable. An obsolescence assessment is carried out for each individual product group. The acquisition value may also include transfers from equity of any profit/loss from cash flow hedging that fulfils the conditions for hedge accounts, and that are attributable to the purchase of goods in foreign currency.

Provisions

Provisions are recognized when the Group has an existing obligation (legal or constructive) as a result of an occurred event. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount allocated to a provision is the best estimate of what is required to settle the existing obligation at the balance sheet date, taking into account risks and uncertainties associated with the obligation. When a provision is calculated by estimating the disbursements that are expected to be required to settle the obligation, the carrying amount should correspond to the present value of these disbursements.

When part of, or the entire amount required to settle a provision is expected to be paid by a third party, the remuneration shall be recognized separately as an asset in the statement of financial position when it is virtually certain that it will be received if the company settles the obligation and the amount can be reliably calculated.

Guarantees and returns

Provisions for guarantees and returns are recognized at the point of sale of the products in question, based on management's best estimate of the cost of settling the Group's commitment.

Note 3. Significant estimates and assessments

Preparation of financial statements and application of various accounting standards are based to some extent on management's judgments or on assumptions and estimates that are considered reasonable under prevailing conditions. These assumptions and estimates are usually based on historical experience but also on other factors, including expectations of future events.

If applying other assumptions and estimates, the result may be different and the actual outcome will, by definition, rarely agree with the estimate. The assumptions and estimates made by Rusta in the 2022/2023 financial statements, and which had the greatest impact on results and assets and liabilities are the areas described below.

Inventories

Inventories are valued at the lower of cost and net realizable value. The size of the net realizable value comprises assessments of future selling prices and inventory turnover, taking into account price reductions. The actual outcome of future selling prices may differ from assessments made.

Goodwill and Trademarks

Goodwill is accounted at cost less any accumulated impairment. Trademark is accounted at cost less accumulated amortization and any accumulated impairment. Valuation of trademarks and expected useful life are calculated based on market position and market position as well as expected development and profitability. In determining the recoverable amount of cash-generating units to assess the potential need for impairment of goodwill or brands, several estimates and assumptions about future conditions have been made. More information is provided in note 18.

Right-of-use assets and Lease liabilities

The group's real estate leasing consists mainly of the rental of retail premises, as well as the rental of warehouse and office facilities. Lease agreements are recognized as right-of-use assets and a lease liability from the date of access for the Group.

The value of the asset and the liability is dependent on several assumptions, such as the interest rate that discounts the liability to present value and assessment of the likelihood of exercising extension options. Changes in assumptions and assessments can result in significant differences in the group's value of the right-of-use asset as well as the lease liability. The calculation of the present value is based on a marginal loan interest determined based on the country, maturity and creditworthiness of each unit. The weighted average marginal borrowing rate applied amounts to 6.8 percent (3.73;3.69). The option to extend an agreement is only included in the length of the lease if it is reasonably certain to assume that the agreement will be extended (or not terminated). The assessment is reconsidered if there is a material event or change in circumstances that affects this assessment and the change is within the lessee's control. An explanation can be found in note 11.

Note 4. Financial risk management and financial instruments

Through its operations, the Group is exposed to various kinds of financial risks, including market risks, liquidity risks and credit risks. Market risks mainly comprise interest rate risk and currency risk. The company's Board of Directors has the responsibility for exposure to, management and follow-up of the Group's financial risks. The Board of Directors is able to decide to temporarily deviate from the established financial policy.

Market risks

Currency risks

Currency risk is the risk that fair values or future cash flows may fluctuate owing to changes in foreign exchange rates. Exposure to currency risk is mainly derived from payment flows in foreign currency, known as transaction exposure, and from the translation of balance sheet items in foreign currency and the translation of foreign subsidiaries' income statements and balance sheets to the Group's presentation currency, which is Swedish kronor, known as balance exposure.

The Group's outflows are mainly in SEK, USD, EUR, CNY and GBP, while the Group's inflows are mainly in SEK and NOK. The Group is therefore affected by changes to the exchange rates for these currencies.

Transaction exposure is reduced by the use of derivatives and specific forward contracts.

During the 2019/2020 financial year, the group began to apply hedge accounting for USD. The risk management strategy has its point of departure in the group's finance policy that at least 40% of purchases of goods in dollars in the next nine months must be hedged through the use of forward contracts.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

In hedging foreign currency purchases, inefficiencies may arise if the timing of the forecasted transaction changes from what was initially estimated. Inefficiency can also arise if the credit risk attributable to Sweden or the derivative counterparty changes. The effective part of changes in the fair value of derivative instruments that are identified as cash flow hedges and that meet the conditions for hedge accounting is reported in other comprehensive income.

No inefficiency has been reported during the year.

The effects of hedge accounting on the impact of the risk of currency fluctuations on the group's financial position and profits are set out below:

Note 4. Financial risk management and financial instruments, cont.

Foreign currency forwards

MSEK	2023-04-30	2022-04-30	2021-04-30
Carrying amount (current assets), MSEK	–	76,0	–
Carrying amount (current liabilities), MSEK	–21.3	–	–8.4
Notional amount	733.7	861.8	636.6
Maturity date	May 2023 – Jan 2024	May 2022 – Jan 2023	Jul 2021 – Feb 2022
Hedge ratio*	1:1	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since inception of the hedge	–12.1	48.4	5.4
Change in value of hedged item used to determine hedge ineffectiveness	–12.1	48.4	5.4
Weighted average of outstanding hedging instruments (including forward points)	SEK 10.72:1 USD	SEK 8.88:1 USD	SEK 8.447:1 USD

* Foreign currency forwards contracts are in the same currency as it is forecast it is highly likely future goods purchases will take place in (USD), which means the hedging ratio is 1:1.

Balance exposure is attributable to the translation of foreign subsidiaries' net assets into the consolidation currency Swedish kronor (SEK). There are foreign subsidiaries in Norway (NOK), Germany (EUR), Finland (EUR) and there is the representation offices in India (INR) as well as Vietnam and China (VND, USD and CNY). The Group is affected when the income statements of foreign subsidiaries are translated into SEK.

The Group's balance exposure is also attributable to the translation of balance sheet items into foreign currency; the risk relates mainly to trade payables:

	2023-04-30		2022-04-30		2021-04-30	
	Currency	SEK	Currency	SEK	Currency	SEK
USD	2.7	28.2	12.2	110.9	5.3	45.2
EUR	12.9	144.6	8.3	87.5	7.9	80.3
CNY	2.8	4.2	5.4	8.0	0.3	0.4
GBP	0.3	4.2	0.2	2.4	0.5	5.4

For sensitivity analysis, see below. According to the Group's guidelines, the balance exposure is not hedged.

	2022-05-01 –2023-04-30	2021-05-01 –2022-04-30	2020-05-01 –2021-04-30
Transaction exposure			
USD +/– 10%	+/– 6.7	+/– 73.4	+/– 31.8
EUR +/– 10%	+/– 65.6	+/– 43.8	+/– 43.9
CNY +/– 10%	+/– 19.7	+/– 21.4	+/– 13.4
INR +/– 10%	+/– 8.3	+/– 12.8	+/– 10.0

Purchases during the financial year in each currency and effect on earnings of +/– 10 percentage point exchange rate fluctuation. The amounts are calculated taking into account forward hedging of dollars.

Interest rate risk

The Group has interest-bearing financial assets and liabilities whose changes linked to market interest rates affect earnings and cash flow from operating activities. Interest rate risk is the risk of changes in general interest rate levels having a negative impact on the Group's net earnings. The Group is primarily exposed to interest rate risk through its overdraft facility. Borrowing is carried out at a variable rate and exposes the Group to interest rate risk, which is partly neutralized by cash at a variable rate. The Group has also a long-term reconstruction loan in Finland that came with the acquisition of Hong Kong Oy in May 2018, the loan has a yearly payment plan and extends to the end of the financial year 2025/2026 and runs with a fixed interest rate of 3.5–4.0 %.

For a sensitivity analysis, see below. According to the Group's guidelines, the interest rate risk is not hedged.

	2022-05-01 –2023-04-30	2021-05-01 –2022-04-30	2020-05-01 –2021-04-30
Interest			
Effect on net profit/loss after tax +/– 1%	+/– 8.6	+/– 6.3	+/– 9.2

Effect on net profit/loss for the year for each financial year in the event of a change in percentage points, all other factors unchanged, +/- 1% interest rate on the bank loan and the overdraft facility.

Liquidity and financing risk

Liquidity risk refers to the risk that the Group has difficulty meeting its commitments with regard to the Group's financial liabilities. Financing risk is the risk of the Group being unable to secure sufficient financing at a reasonable cost. To reduce the liquidity risk and financing risk, the aim is always to have a liquidity reserve to cover foreseen and unforeseen payments. To reduce liquidity risk and funding risk the goal is to have a liquidity reserve that cover anticipated and unforeseen payments. There must always be a liquidity reserve that ensures committed and forecasted payments for the foreseeable future of at least 24 months. The liquidity reserve is expressed as 1) Operating liquidity defined as bank balances and bank deposits and 2) Unutilized bank account credits. The term allocation of contractual payment obligations related to the Group's financial liabilities is presented in the tables below. This information

Note 4. Financial risk management and financial instruments, cont.

shows that the Group's liabilities essentially fall due within twelve months. The Group's non-current liabilities consist primarily of restructuring debt that existed at the time of the acquisition of Hong Kong Oy in May 2018. The restructuring debt consists partly of debt to credit institutions, Danske Bank and Varma, that is subject to an interest rate of 3.5–4.0%, and partly of a debt to suppliers that is interest free. Both parts are subject to repayments on two occasions each year and extend no longer than the end of the financial year 2025/2026. The debt to suppliers is recognised in other non-current liabilities.

The amounts in these tables are not discounted values and where applicable they also include interest payments, which means that it is not possible to reconcile these amounts against the amounts recorded in the balance sheets. Interest payments are established based on the conditions that apply at the balance sheet date. Amounts in foreign currency are translated into Swedish kronor at the exchange rates that apply at the balance sheet date.

The Group's loan agreements is subject to condition, so-called covenants, which Rusta fulfills in their entirety.

2021-04-30

	Less than 12 months	1–3 years	3–5 years	More than 5 years	Total
Liabilities to credit institutions	296.5	236.4	36.5	–	569.5
Trade payables	462.2	–	–	–	462.2
Other non-current liabilities	–	40.4	75.8	–	116.2
Other current liabilities	186.5	–	–	–	186.5
Total	**945.3**	**276.8**	**112.3**	**–**	**1,334.4**

2022-04-30

	Less than 12 months	1–3 years	3–5 years	More than 5 years	Total
Liabilities to credit institutions	331.0	42.8	18.7	–	392.5
Trade payables	689.0	–	–	–	689.0
Other non-current liabilities	–	60.6	32.2	–	92.8
Other current liabilities	189.8	–	–	–	189.8
Total	**1,209.7**	**103.4**	**50.9**	**–**	**1,364.0**

2023-04-30

	Less than 12 months	1–3 years	3–5 years	More than 5 years	Total
Liabilities to credit institutions	385.9	53.2	–	–	439.1
Trade payables	634.7	0.7	–	–	635.5
Other non-current liabilities	–	70.4	–	–	70.4
Other current liabilities	189.4	–	–	–	189.4
Total	**1,209.9**	**124.4**	**–**	**–**	**1,334.3**

Credit and counterparty risk

Credit risk relates to the risk that the counterparty in a transaction causes a loss to the Group by failing to fulfil its contractual obligations. The Group's exposure to credit risk is relatively limited as sales generally do not occur against an invoice and the trade receivables are not significant amounts. To limit the Group's credit risk, a credit assessment is carried out for each new customer. The financial positions of major customers are also monitored continually to identify any warning signals at an early stage. The trade receivables are spread across several customers and no single customer accounts for a significant portion of total trade receivables. Neither are the trade receivables concentrated on a specific geographical area. The Group therefore deems the concentration risks to be limited. For cash and short-term investments, Nordic banks and financial institutions are counterparties, which are rated above A- by Standard & Poor©. The group considers that cash and cash equivalents have a low credit risk based on the external credit ratings of the counterparties.

Note 4. Financial risk management and financial instruments, cont.

Categorization of financial instruments

Carrying amounts for financial assets and financial liabilities by valuation category in accordance with IFRS9 are shown in the table below.

	2023-04-30	2022-04-30	2021-04-30
Financial assets			
Derivative used for hedging	–	76.0	–
Financial assets at amortized cost			
– Accounts receivables	26.8	20.9	24.0
– Other current receivables	1.4	1.3	5.5
– Cash and cash equivalents	182.2	169.7	66.0
Total financial assets	**210.3**	**267.9**	**95.5**
Financial liabilities			
Derivative used for hedging	21.3	–	8.4
Financial liabilities at fair value through profit or loss			
– contingent payments	–	–	21.2
Liabilities at amortized cost			
– Other non-current liabilities	70.4	92.8	116.2
– Liabilities to credit institutions	437.3	392.5	569.5
– Trade payables	635.5	689.0	462.2
– Liabilities to parent company	–	222.4	17.4
– Other current liabilities	189.4	189.8	165.3
Total financial liabilities	**1,353.8**	**1,586.4**	**1,360.3**

There have been no significant transfers between the levels during the periods.

Fair value measurement of financial instrument

Financial assets and financial liabilities measured at fair value in the balance sheet only include derivatives (Foreign currency forwards). For other financial assets and financial liabilities, the carrying amounts are deemed to be a good approximation of the fair values since the term and/or fixed interest is short-term, which means that discounting based on current market conditions is not expected to have any significant impact. The long-term reconstruction loan in Finland from the acquisition of Hong Kong Oy in May 2018 has a fixed interest rate of 3.5 %–4.0 % and extend to the end of the financial year 2025/2026.

Financial assets and financial liabilities measured at fair value in the balance sheet are classified in one of three levels based on the information used to establish the fair value. The foreign currency forwards are valued based on observable information regarding exchange rates on the balance sheet date and market interest rates for remaining terms. The foreign currency forwards are at Level 2 in the fair value hierarchy. At the balance sheet date 30 April 2023, there were 23 (18;28) derivatives (foreign currency forwards) in USD. The Group continually hedges parts of its product purchases from mainly Asia in USD.

There have been no significant transfers between the levels during the periods.

For the financial year 2020/2021, the Group reported a short-term liability of MSEK 21.2 for the additional purchase price regarding the acquisition of the Hong Kong group in Finland, which was carried out in May 2018. During the financial year 2020/2021 a new assessment was made based on the 2020/2021 annual accounts on income for the Hong Kong entities for the period May 1, 2020 – April 30, 2021. This resulted in a reversal of the previous provision for the contingent consideration of MSEK 41.7, and recognized as other operating income in the income statement. The discount rate previously used for the present value calculation amounted to 3,0 %. The contingent consideration was paid to the former owners during the first quarter of the financial year 2021/2022. The contingent consideration is found in Level 3 of the fair value hierarchy.

Change of contingent payment, fair value level 3

	2023-04-30	2022-04-30	2021-04-30
Opening balance	–	21.2	63.9
Payments	–	–21.2	–
Fair value revaluation of debt	–	–	–41.7
Closing balance	**–**	**–**	**21.2**

Fair value levels

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Management of capital risk

The Group's target for management of capital is to ensure the Group's ability to continue its operations to generate a reasonable return for the shareholders and benefit to other stakeholders.

Note 4. Financial risk management and financial instruments, cont.

The Group follows up the capital structure on the basis of the net debt/equity ratio. The net debt/equity ratio is calculated as net debt divided by equity. Net debt is calculated as liabilities to credit institutions less cash and cash equivalents.

As of the end of the financial year, the net debt ratio amounts to:

	2023-04-30	2022-04-30	2021-04-30
Borrowings (liabilities to credit institutions)	437.3	392.5	569.5
Cash and cash equivalents	–182.2	–169.7	–66.0
Net debt	255.1	222.8	503.5
Total equity	1,274.8	1,262.0	988.5
Net debt/equity ratio	20%	18%	51%

The net debt/equity ratio varies considerably due to Rusta's seasonal sales. Rusta has four seasons, of which the two best-selling seasons are summer (April – August) and Christmas (November – December). Stocks are built up prior to these seasons and the overdraft facility is utilised, after which income is received and use of credit is reduced. The debt/equity ratio is therefore high ahead of the summer, but low following Christmas sales.

Definition net debt/equity ratio:
Group's net debt/equity ratio = overdraft facility – cash and cash equivalents/equity.

Note 5. Net sales and segment

Net sales is mainly from sales of goods in stores and online to external customers and are reported in accounting currency SEK. The transaction price becomes due for immediate payment when the customer receives the item and pays at the checkout, thus control of the item passes to the customer and the revenue is reported in connection with this. The group applies a refund policy, which gives the customer the right to return the item within 30 days as standard and 365 days for registered purchases as a member of Club Rusta. Historical data is used to assess the size of returns at the time of sale. Since the size of the returns has been stable in recent years, it is very likely that a significant reversal of Net sales will not take place. The refund liability is recognized as a provision in the balance sheet. The Group's commitment to repair or replace broken products in accordance with normal warranty rules is reported as a provision see Note 33.

Rusta has a customer loyalty program, Club Rusta. As a member, you are offered 365 days of refund policy and unique offers and discounts, but currently you do not receive or collect any points for purchases made and thus there are no additional commissions related to Club Rusta in addition to that regarding open purchase.

The group's top executive management evaluates the group's operations both from a product and geographic perspective and has identified the following three reportable segments in its operations; Sweden, Norway and Other markets. For each segment, revenues and costs attributable to the specific market are reported. The segment is based on how well Rusta is established itself in each market. For Rusta, Sweden and Norway are mature, established markets with historically strong, good profitability and Rusta has a good knowledge of them. Operations in Finland and Germany as well as Online are grouped under the common segment Other markets. In Other markets, Rusta is still partly operating in project form as these are relatively new markets, but where profitability is expected to increase in the long term as awareness of Rusta increases.

In EBITA excl IFRS 16 the total cost for leases is reported as operating expense, which differs from the consolidated statement of profit/loss where the interest component is included in net financial items.

Costs for the common central functions are reported separately and consist of the company's central staff and purchasing functions. The effects of IFRS16 leasing agreements are not allocated to the segments but are found under the heading "Group adjustments for IFRS16" in the below chart.

Note 5. Net sales and operating segment, cont.

	2022-05-01 –2023-04-30	2021-05-01 –2022-04-30	2020-05-01 –2021-04-30
Net sales per segment			
Sweden	6,006.9	5,759.0	5,323.9
Norway	2,177.6	2,088.0	1,750.3
Other markets	2,017.5	1,643.2	1,559.0
Total net sales from external customers	**10,202.3**	**9,490.2**	**8,632.8**

Internal net sales within the Group is invoiced from central functions and amount to 2,477 MSEK (2,195;1,830). The internal sales are eliminated in the consolidated statements.

EBITA excl. IFRS16 per segment	2022-05-01 –2023-04-30	2021-05-01 –2022-04-30	2020-05-01 –2021-04-30
Sweden	985.1	1,159.8	1,020.7
Norway	256.9	281.9	158.9
Other markets	–50.2	–1.1	23.1
EBITA excl. IFRS 16 per segment	**1,191.9**	**1,440.6**	**1,202.7**
Central functions	–788.4	–711.4	–636.2
EBITA excl. IFRS16	**403.5**	**729.2**	**566.5**
Group adjustments of IFRS16	125.6	91.9	69.1
EBITA	**529.1**	**821.1**	**635.6**
EBITA-margin, %	*5.2%*	*8.7%*	*7.4%*
Amortization of acquisition-related assets, not allocated by segment	–10.9	–7.1	–7.3
EBIT	**518.2**	**814.0**	**628.3**
EBIT-margin, %	*5.1%*	*8.6%*	*7.3%*
Financial items, net	–177.5	–142.9	–124.6
Profit/loss before tax	**340.7**	**671.1**	**503.7**

	2022-05-01 –2023-04-30	2021-05-01 –2022-04-30	2020-05-01 –2021-04-30
Net sales per country			
Sweden	6,131.1	5,879.7	5,469.1
Norway	2,163.7	2,091.0	1,750.2
Finland	1,695.8	1,355.6	1,326.3
Other countries	211.6	163.8	87.2
Total net sales	**10,202.3**	**9,490.2**	**8,632.8**
Non-current assets per country			
Sweden	3,687.0	3,230.8	3,390.2
Norway	671.6	730.4	722.7
Finland	1,194.9	720.5	592.5
Other countries and group common assets	416.8	336.1	282.5
Total non-current assets	**5,970.3**	**5,017.8**	**4,988.0**

In the geographical information the net sales are recognized based on where the customer purchase while non-current assets is based on where the assets are located. Some of the net sales in Sweden are relating to online sales and is reported in the segment ”Other markets”.

	2022-05-01 –2023-04-30	2021-05-01 –2022-04-30	2020-05-01 –2021-04-30
Net sales per category			
Sale of goods, stores	10,038.3	9,329.5	8,522.5
Sale of goods, online	164.0	160.7	110.3
Total net sales	**10,202.3**	**9,490.2**	**8,632.8**

Note 6. Other operating income

	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Exchange gains	169.5	144.5	104.9
Other operating income	46.6	152.9	84.6
Total	**216.2**	**297.4**	**189.4**

Other operating income for the financial year 2021/2022 includes a gain from the sale of subsidiary Rusta F4 Construction AB with MSEK 106.4. In the parent company this was recognized in financial items with a gain of MSEK 393.9. While the Group, where this transaction is classified as a sale-leaseback transaction in accordance with IFRS16 since the company were sold with a warehouse property that Rusta AB (publ) leases, the gain is recorded as other operating income of MSEK 106.4 which is the net gain of the part of the company that is not leased by the Rusta. The purchase price had a positive cash flow effect in both the group and the parent company of MSEK 885.3.

For the financial year 2020/2021 the re-valuation and reversal of the provision of the contingent payment of MSEK 41.7 was recognized as other operating income.

Note 7. Other operating expenses

	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Exchange rate losses	–172.6	–147.1	–125.1
Total	**–172.6**	**–147.1**	**–125.1**

Note 8. Cost by nature of expense

	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Raw materials	–5,991.2	–5,450.8	–4,971.3
Personnel cost	–1,656.9	–1,552.5	–1,431.2
Cost of premises	–1,039.3	–884.7	–628.6
Other	–202.9	–201.1	–353.5
Depreciation	–837.3	–737.4	–684.3
Total Cost of goods sold, sales expenses and administrative expenses	**–9,727.7**	**–8,826.4**	**–8,068.9**

Note 9. Depreciation/amortization by function

	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Intangible assets			
Sales expenses	–17.9	–3.6	–3.5
Administrative expenses	–11.1	–12.8	–8.6
Total	**–29.0**	**–16.4**	**–12.1**
Tangible assets			
Sales expenses	–802.0	–715.1	–659.3
Administrative expenses	–6.3	–5.8	–12.9
Currency differences	0.2	–	–
Total	**–808.1**	**–720.9**	**–672.2**

Note 10. Auditor's remuneration

Audit assignments refer to the examination of the Annual Report and accounting records as well as the administration by the Board and the CEO, other tasks related to the duties of the company's auditors and consultation or other services that may result from observations noted during such examinations or implementation of such other tasks. All other tasks are defined as other assignments.

	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
PwC			
Audit assignment	–3.4	–2.9	–4.2
Audit-related services	–0.0	–0.5	–0.5
Tax consultancy	–0.4	–1.2	–0.5
Other services	–4.1	–	–
Total	**–8.0**	**–4.5**	**–5.2**

Note 11. Leasing

The group's lease agreements comprise primarily real estate leases, but there are also a number of other assets such as vehicles trucks and various office equipment. No lease agreements contain covenants or other limitations beyond the security over the leased asset.

Right-of-use assets

	Real estate	Other assets	Total
Depreciation during the year	656.1	15.1	**671.2**
Closing balance at 30 April 2023	5,061.1	53.5	**5,114.7**
Depreciation during the year	586.5	13.5	**600.0**
Closing balance 30 April 2022	4,182.7	19.3	**4,202.0**
Depreciation during the year	539.4	13.7	**553.1**
Closing balance 30 April 2021	3,859.4	22.9	**3,882.4**

Additional right-of-use assets for the financial year 2022/2023 amounted to MSEK 423 (316; 418). This amount includes the acquisition value of newly acquired rights of use acquired during the year.

Note 11. Leasing, cont.

Lease liabilities

Maturity analysis – Lease liabilities

						2023-04-30
	Total	0–6 months	7–12 months	1–2 years	2–5 years	> 5 years
Lease liabilities	6,665.0	439.3	434.1	811.1	2 079.8	2,900.7

						2022-04-30
	Total	0–6 months	7–12 months	1–2 years	2–5 years	> 5 years
Lease liabilities	5,477.2	366.9	354.1	682.7	1,647.6	2,425.9

						2021-04-30
	Total	0–6 months	7–12 months	1–2 years	2–5 years	> 5 years
Lease liabilities	4,593.4	316.9	313.5	594.1	1,448.6	1,920.4

Recognized amounts in the profit and loss statement

	2022/2023	**2021/2022**	**2020/2021**
Depreciation of Right-of-use assets	–671.2	–600.0	–553.1
Interest expense for lease liabilities	–162.9	–130.2	–112.6
Variable leasing fees not included in the valuation of the leasing liabilities	–28.3	–31.2	–23.9
Revenue from leases	2.6	–	–
Cost for short-term leases	–0.2	–0.1	–0.1
Cost of low value leases, non-short-term leases of low value	–1.0	–1.0	–0.9

Amounts recognized in the cash flow statement

	2022/2023	**2021/2022**	**2020/2021**
Total cash outflows attributable to leases	835.8	733.1	661.0

The above cash outflow includes amounts for lease agreements recognized as leasing liabilities, as well as amounts payable for variable lease agreements, short-term leases and low value leases.

During the financial year 2021/2022, Rusta AB (publ) divested its subsidiary Rusta F4 Construction AB. This had a positive impact in the Parent Company totaling MSEK 393.9. In the Group, where this transaction was classified as a sale and leaseback deal, it was recognized as other operating income in the amount MSEK 106.4. In cash flow terms, this had a positive impact on the Parent Company and the Group in the amount of MSEK 885.3.

As of April 30, 2023, the Group has signed agreements for premises where access is expected to take place during the coming three financial years. The Group's commitment for these agreements amounts to MSEK 522.4.

Real estate leases

The group's real estate leasing consists mainly of the rental of retail premises, as well as the rental of warehouse and office facilities. Lease agreements for office premises ordinarily have durations ranging from 3 to 20 years. These agreements ordinarily include the option to extend, usually by a period of 3 years at a time. In those cases where the group is reasonably certain that such an option for extension will be used, this period is included in the leasing period. Options may only be exercised the lessee and not the lessor. The leasing period is determined upon the date that the lease agreement enters into force, and the group usually includes one extension period in the leasing period at this time if the standard agreement duration is 24 months or less. The average remaining leasing period on 30 April 2023 for the group's real estate agreements is 6 years (6;6).

Many of the group's real estate lease agreements contain lease fees that are based on changes in local price index such as the CPI. The levels of these fees are usually updated once per annum. In addition, many real estate lease agreement include turnover-based rent in addition to fees that pertain to property taxes imposed on the lessor. These amounts are set on an annual basis and are not included in the valuation of the leasing liability. The cost of these fees is set out about under "Variable leasing fees not included in the valuation of the leasing liabilities".

Other leasing agreements

The group's other lease agreements relating to recognized right-of-use assets and lease liabilities consist of, for example, vehicles, trucks and inventory used in the stores. Options for extension in relation to these agreements only occur to a negligible extent. In addition to this, there are also some lease agreements of low value and short-term lease agreements in place for things such as basic office equipment that are not recognized as right-of-use asset or lease liability.

Note 12. Average number of employees, salaries, other remuneration and social security contributions

Average number of employees	2022-05-01 – 2023-04-30 Number of employees	2022-05-01 – 2023-04-30 Whereof men	2021-05-01 – 2022-04-30 Number of employees	2021-05-01 – 2022-04-30 Whereof men	2020-05-01 – 2021-04-30 Number of employees	2020-05-01 – 2021-04-30 Whereof men
Sweden	2,334	884	2,362	850	2,203	788
Norway	862	351	832	366	706	265
Finland	738	185	608	164	600	181
Germany	154	38	105	32	66	29
China	65	33	63	31	59	29
India	16	6	16	8	16	7
Vietnam	12	7	10	6	9	5
Total	**4,181**	**1,504**	**3,996**	**1,457**	**3,659**	**1,304**

	2023-04-30	2022-04-30	2021-04-30
Executive management, Distribution of men and women			
Women:			
Board members	2	1	2
Senior executives incl. CEO	5	4	4
Men:			
Board members	5	5	4
Senior executives incl. CEO	4	5	5
Total	**16**	**15**	**15**

Salaries, remuneration, etc	2022-05-01 – 2023-04-30 Salaries and other remuneration	2022-05-01 – 2023-04-30 Social security costs (of which pension costs)	2021-05-01 – 2022-04-30 Salaries and other remuneration	2021-05-01 – 2022-04-30 Social security costs (of which pension costs)	2020-05-01 – 2021-04-30 Salaries and other remuneration	2020-05-01 – 2021-04-30 Social security costs (of which pension costs)
Board of directors and CEO	13.1	5.0 (1.2)	16.9	6.3 (1.1)	8.0	4.9 (0.8)
Other employees	1,195.1	343.0 (109.9)	1,109.3	338.9 (85.4)	1,032.0	321.6 (76.1)
Total	**1,208.2**	**347.9 (111.1)**	**1,126.2**	**345.2 (86.5)**	**1,040.0**	**326.5 (76.9)**

Pensions

The commitments for retirement pensions and family pensions for white-collar staff in Sweden are secured through an insurance policy with Alecta. In accordance with a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined benefit plan. For financial years for which the company has not had access to the kind of information that would enable it to recognize this plan in the accounts as a defined benefit plan, a pension plan in accordance with ITP (supplementary pensions for salaried employees) that is secured through an insurance policy with Alecta will be recognised as a defined contribution plan. The contributions for the year for pension insurance policies in accordance with ITP taken out with Alecta amounted to MSEK 17.2 (14.9;13.2). The Group's participation in ITP 2 is a marginal share of the total contribution to the plan. Expected fees to the ITP2 plan for the next financial year amount to MSEK 13. Alecta's surplus can be distributed to the policyholders and/or the insured parties. As at 31 December 2022, Alecta's surplus in the form of the collective funding ratio was 172 percent (172;148). The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which do not conform to IAS 19. Information is available on Alecta's website. The CEO shall as previously reported receive a pension in accordance with the ITP plan. Other members of company management shall be entitled to pensions in accordance with the ITP plan or with amounts corresponding to 20–35 per cent of the gross salary for senior executives. The retirement age is 65 years.

Remuneration of senior executives

Guidelines

The Chairman of the Board is paid a fee in accordance with the AGM's resolution. No additional fee has been paid for committee work. The Annual General Meeting resolved on the following guidelines regarding remuneration of senior executives including the CEO that is applicable for the financial year 2020/2021, 2021/2022 and 2022/2023: The company shall offer a market-based total compensation that makes it possible to attract, recruit and retain these senior executives. Compensation consists of fixed salary, pension and other benefits, which together constitute the individual's total compensation. The fixed base salary, in SEK per month, shall take into account the individual's area of responsibility and level of experience. The retirement age for company management including the CEO is 65 years. All of them shall have a right to pension under the ITP plan or upon agreement in an amount equivalent to 35 per cent of the gross salary. Otherwise, there is a bonus model that is evaluated annually. This bonus model is re-established each year based on budgeted earnings as the goal.

Note 12. Average number of employees, salaries, other remuneration and social security contributions, cont.

2020-05-01 – 2021-04-30	Salary/ fee	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board, Anders Forsgren*	2.0	–	–	–	2.0
Board member, Björn Forssell	0.5	–	–	–	0.5
Board member,Claes Eriksson	0.2	–	–	–	0.2
Board member, Maria Ingelsson	0.2	–	–	–	0.2
Board member, Maria Edsman	0.2	–	–	–	0.2
CEO, Göran Westerberg	4.9	4.9	0.2	0.8	10.8
Other senior executives (10 positions)	21.6	4.5	0.4	4.8	31.4
Total	**29.7**	**9.4**	**0.7**	**5.7**	**45.4**

2021-05-01 – 2022-04-30	Salary/ fee	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board, Erik Haegerstrand	1.0	–	–	–	1.0
Board member, Anders Forsgren*	3.7	–	0.0	–	3.7
Board member Björn Forssell	0.7	–	–	–	0.7
Board member, Claes Eriksson	0.4	–	–	–	0.4
Board member, Maria Edsman	0.4	–	–	–	0.4
CEO, Göran Westerberg	5.2	5.0	0.2	1.1	11.5
Other senior executives (10 positions)	21.3	3.6	0.5	4.9	30.3
Total	**32.5**	**8.6**	**0.7**	**6.0**	**47.9**

2022-05-01 – 2023-04-30	Salary/ fee	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board, Erik Haegerstrand	1.2	–	–	–	1.2
Board member, Anders Forsgren*	2.9	–	–	–	2.9
Board member Björn Forssell	0.5	–	–	–	0.5
Board member, Claes Eriksson	0.5	–	–	–	0.5
Board member, Maria Edsman	0.5	–	–	–	0.5
Board member, Victor Forsgren**	0.5	–	–	–	0.5
Board member, Ann-Sofi Danielsson	0.7	–	–	–	0.7
CEO, Göran Westerberg	5.3	–	0.2	1.2	6.6
Other senior executives (8 positions)	15.1	–	0.4	3.4	19.0
Total	**26.9**	**–**	**0.6**	**4.6**	**32.1**

* Anders Forsgren has, beside board fee, received salary from Rusta AB (publ) until December 2022.
** Victor Forsgren is also employed by Rusta AB (publ) and is related party to one of the owners of Rusta AB (publ) and has beside board fee also received salary from Rusta AB (publ). Information on other compensation in addition to board fees is provided in note 37.

Severance pay

The employment contracts for senior executives include stipulations regarding notice of termination. According to these contracts, employment can normally cease at the request of the employee with a minimum notice period of six months, and at the request of the company with a maximum notice period of twelve months. The Board and/or CEO shall be entitled to depart from these guidelines in individual cases if they deem there to be special circumstances to do so.

Note 13. Finance income

	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Interest income	1.4	0.0	0.0
Interest income, group companies (Fasetten AB)	–	0.4	0.6
Total finance income	**1.4**	**0.4**	**0.6**

Note 14. Finance expenses

	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Interest expense, liabilities to credit institutions	11.9	6.8	7.7
Interest expense, Lease liabilities	162.9	130.2	112.6
Interest expense, group companies (Fasetten AB)	1.5	0.5	0.1
Bank costs	2.7	5.8	4.9
Total finance expenses	**179.0**	**143.3**	**125.2**

Note 15. Income tax expense

Current tax	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Current tax on profits for the year	76.0	106.9	85.5
Total current tax	**76.0**	**106.9**	**85.5**

Deferred income tax	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Deferred tax attributable to temporary differences	2.2	–75.9	–1.7
Change in deferred tax asset for tax losses carried forward	3.5	–4.9	12.1
Untaxed reserves	–2.4	29.8	6.6
Total deferred income tax	**3.2**	**–51.0**	**17.1**
Total income tax expense	**79.3**	**55.9**	**102.5**

Income tax in Sweden is calculated at 20.6% of taxable earnings for the year. Tax in other jurisdictions is calculated at the rate that applies for the jurisdiction in question. A reconciliation between recognised earnings and tax expense for the year is presented below.

Reconciliation of effective tax rate	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Profit before tax	**340.7**	**671.1**	**503.7**
Tax according to Swedish tax rate 20,6% (20,6;21,4)	70.2	138.3	107.8
Tax effects on expenses that are not tax deductible	3.3	1.9	0.9
Tax effects on non-taxable revenue	–0.0	–21.9	–1.5
Tax effect of revenue/expenses that are taxable but not included in the profit/loss statement	0.1	0.8	0.2
Effects of the utilisation of earlier years' tax losses carry-forwards that have not been capitalized	0.0	0.1	0.5
Difference in overseas tax rates	–0.8	–2.3	2.1
Adjustment previous years	2.9	–	–0.6
Change in assessment of the utilization of carried-forwards tax losses	3.5	–4.9	–8.3
Previously unrecognized tax losses now recouped to reduce current tax expense	0.1	0.4	1.0
Other*	0.1	–56.5	0.2
Recognized tax expense	**79.3**	**55.9**	**102.5**
Effective tax rate	23.3%	8.3%**	20.4%

* For 2021/2022, MSEK 56.5 is attributable to tax effect on value right-of-use assets retained by Rusta (the seller) from sale-lease back transaction in connection with the sale of the subsidiary Rusta F4 Construction AB.

** For 2021/2022 the tax effect of non-taxable income is primarily attributable to the capital gain from the sale of the subsidiary Rusta F4 Construction AB, which results in a lower effective tax rate for the year.

Note 16. Earnings per share

	2022-05-01– 2023-04-30	2021-05-01 – 2022-04-30	2020-05-01 – 2021-04-30
Earnings per share before dilution, SEK			
Earnings per share before dilution	1.7	4.1	2.7
Earnings per share after dilution, SEK			
Earnings per share after dilution	1.7	4.1	2.7
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.			
Profit/loss for the period attributable to the shareholders of the parent company	261.4	615.3	401.2
Total number of shares, thousands	151,793	151,793	151,793
Weighted average number of shares before dilution, thousands	151,793	151,793	150,296
Weighted average number of shares after dilution, thousands	151,793	151,793	150,296

Note 17. Capitalized development expenses for software development

	2023-04-30	2022-04-30	2021-04-30
Opening accumulated cost	**116.0**	**136.4**	**125.7**
Acquisitions	11.6	26.4	10.7
Divestments/disposals	–4.6	–46.7	–
Translation difference, currency	0.8	–	–
Closing accumulated cost	**123.9**	**116.0**	**136.4**
Opening acc. depreciation and impairment	**–47.9**	**–78.9**	**–71.6**
Depreciation	–18.3	–9.3	–11.5
Divestments/disposals	4.5	41.2	–
Translation difference, currency	–0.2	–0.9	4.1
Closing accumulated depreciation and impairment	**–61.9**	**–47.9**	**–78.9**
Closing carrying amount	**62.0**	**68.1**	**57.4**

Note 18. Goodwill and Trademarks

Goodwill	2023-04-30	2022-04-30	2021-04-30
Opening carrying amount	102.4	102.4	107.1
Translation difference, currency	10.9	–	–4.7
Closing carrying amount	**113.2**	**102.4**	**102.4**

Carrying amount of goodwill is MSEK 113.2 (102,4;102,4) and relates to the Finnish companies that were acquired in May 2018. The change in carrying amount between the years is attributable to translation differences.

Impairment testing of goodwill

The carrying amount of goodwill is tested on an annual basis. Each year during the fourth quarter, the Group tests whether there is a need for impairment of goodwill. The reported goodwill is entirely attributable to Rusta Finland OY, which was assessed as the cash-generating unit of the Finnish group.

The recoverable amount of the cash generating unit has been determined based on a value in use calculation. The calculation is based on estimated future cash flows based on the budget for Rusta Finland OY and forecasts for the period 2023–2027 prepared by the Group management team and approved by the Board of Directors.

Significant assumptions used to calculate value in use:

- Forecasted EBITDA-margin
- Growth rate for extrapolating cash flows beyond the forecast period
- Discount rate (WACC) used for estimated future cash flows

The management's forecasts are based on historical experience, as well as external data on market growth, etc. The forecasts are based on a number of principal assumptions concerning future growth and operating profit margins. The calculated recoverable amount is compared with the carrying amount. Cash flows beyond the five-year period, meaning after 2027, are extrapolated using an estimated growth rate of 2 percent, which corresponds to a weighted average growth rate under the Riksbank's (Swedish Central Bank) inflation target and is in line with sustainable growth for the industry. The discount rate has been determined by calculating the weighted average cost of capital (WACC) before tax of 12.8 percent (13.3;12.7).

The WACC was based on the following assumptions:

- Risk-free interest rate: Ten-year treasury bond rate
- Market risk premium per cash-generating unit
- Beta value: Fixed beta value for Rusta

The impairment test shows that the recoverable amount exceeds the carrying amount. Sensitivity analyses show that a change in the discount rate of +4 percentage points or a decrease in the EBITDA margin by 4 percentage points does not change the outcome of the Group's assessment.

Trademarks

	2023-04-30	2022-04-30	2021-04-30
Opening accumulated cost	46.7	46.8	48.2
Translation difference, currency	4.3	–0.1	–1.4
Closing accumulated cost	**51.0**	**46.7**	**46.8**
Opening acc. depreciation and impairment	–29.4	–22.2	–14.9
Depreciation	–10.9	–7.1	–7.3
Translation difference, currency	–2.8	–	–
Closing accumulated depreciation and impairment	**–43.0**	**–29.4**	**–22.2**
Closing carrying amount	**7.9**	**17.3**	**24.6**

Note 19. Buildings and land

	2023-04-30	2022-04-30	2021-04-30
Opening accumulated cost	–	18.3	18.3
Acquisitions	–	–0.4	–
Divestments/disposals	–	–17.9	–
Closing accumulated cost	**–**	**–**	**18.3**
Opening acc. depreciation and impairment	–	–	–
Closing accumulated depreciation and impairment	**–**	**–**	**–**
Closing carrying amount	**–**	**–**	**–**

Note 20. Construction in progress

	2023-04-30	2022-04-30	2021-04-30
Opening accumulated cost	–	389.3	175.3
Acquisitions	–	88.4	305.5
Divestments/disposals	–	–477.6	–91.6
Closing accumulated cost	**–**	**–**	**389.3**
Opening acc. depreciation and impairment	–	–	–
Closing accumulated depreciation and impairment	**–**	**–**	**–**
Closing carrying amount	**–**	**–**	**–**

Note 21. Equipment, tools, fixtures and fittings

	2023-04-30	2022-04-30	2021-04-30
Opening accumulated cost	**1,182.9**	**1,062.8**	**939.6**
Acquisitions	160.9	142.6	162.8
Divestments/disposals	–47.3	–28.8	–44.3
Translation difference, currency	5.5	6.2	4.8
Closing accumulated cost	**1,302.0**	**1,182.9**	**1,062.8**
Opening acc. depreciation and impairment	**–743.0**	**–653.2**	**–554.6**
Divestments/disposals	46.6	34.4	23.6
Depreciation	–136.8	–120.9	–117.1
Translation difference, currency	4.4	–3.3	–5.0
Closing accumulated depreciation and impairment	–828.7	–743.0	–653.2
Closing carrying amount	**473.3**	**439.9**	**409.7**

Note 22. Participation in group companies

	Corp. ID no	Registered office	2023-04-30 Share of capital %	2022-04-30 Share of capital %	2021-04-30 Share of capital %
Rusta Retail AS	912597636	Norway	100%	100%	100%
Rusta Retail GmbH	HRB 16797	Germany	100%	100%	100%
Baforber AB	556477-1011	Uppsala	100%	100%	100%
Bruksbo i Uppsala KB*	916672-6597	Stockholm	100%	100%	100%
Rusta Retail Finland OY	2906403-2	Finland	100%	100%	100%
Rusta Transportation GmbH	HRB 22638	Germany	100%		
Rusta Entreprenad AB	559101-1266	Stockholm		100%	100%
Rusta Construction AB	559162-7046	Stockholm		100%	100%
Rusta F4 Construction AB	559195-3079	Stockholm			100%
Homeshop Venture 1986 AB	559190-5434	Stockholm			100%

* Rusta owns 100% through Baforber AB.

2022/2023 Rusta Transportation GmbH was established
2022/2023 Rusta Construction AB merged with parent company Rusta AB (publ)
2022/2023 Rusta Entreprenad AB merged with parent company Rusta AB (publ)
2021/2022 Homeshop Venture 1986 AB merged with parent company Rusta AB (publ)
2021/2022 Rusta F4 Construction AB was sold

Note 23. Inventories

	2023-04-30	2022-04-30	2021-04-30
Goods in transit	106.7	259.4	32.7
Goods for resale	2,486.4	2,555.3	1,769.4
Total inventories	**2,593.1**	**2,814.7**	**1,802.1**

The group's reported value for inventory includes a provision for obsolescence of MSEK 89.4 (78.8; 25.6).

Note 24. Accounts receivables

	2023-04-30	2022-04-30	2021-04-30
Accounts receivables, gross	30.7	24.3	25.4
Bad debt provision	–4.0	–3.4	–1.4
Total accounts receivables, net	**26.8**	**20.9**	**24.0**

The management's assessment is that the recognized value of accounts receivable, net of the bad debt provision, is consistent with fair value.

Note 25. Other current receivables

	2023-04-30	2022-04-30	2021-04-30
Rental deposit	0.8	0.7	0.7
Tax account	38.7	36.7	25.7
Other	0.6	0.6	4.9
Total	**40.1**	**38.0**	**31.3**

Note 26. Prepaid expenses and accrued income

	2023-04-30	2022-04-30	2021-04-30
Prepaid IT expense	21.6	16.9	14.3
Prepaid marketing expense	0.4	0.5	4.0
Prepaid leasing cost	1.2	0.6	0.2
Derivatives, Fair value	–	76.0	–
Prepaid salaries	14.2	13.7	12.4
Other	4.9	17.9	16.2
Total	**42.3**	**125.5**	**47.1**

Note 27. Share capital

The number of shares amounts to 151,792,800 (151,792,800;151,792,800) at a quota value of approx. SEK 0.03 (0.03;0.03).

The Annual General Meeting of Rusta decided on September 1, 2023, to carry out a share split (300:1) which resulted in that each share were divided into 300 shares. The number of shares after share split amounts to 151,792,800, at a quota value of approx. SEK 0.03. The number of shares and earnings per share have been recalculated for all periods. The share capital has not been recalculated.

Note 28. Other capital contributions

Other capital contributions comprise statutory reserves.

Note 29. Reserves

The item consists of translation differences attributable to the translation of foreign subsidiaries. This item also comprises cash flow hedges as the company applies hedge accounting principles.

The translation reserve concerns currency translation differences when translating foreign operations into SEK, which are reported under "Other comprehensive income".

	Hedge accounting	Currency translation	Total
Opening balances as of May 1st, 2020	**9.2**	**–11.9**	**–2.7**
Hedges reclassified to inventories	–11.5	–	–11.5
Deferred tax	2.4	–	2.4
Net, recognized in the profit/loss statement	–9.2	–	–9.2
Fair value, gross, recognized as other comprehensive income	–18.3	–	–18.3
Deferred tax, recognized in other comprehensive income	3.8	–	3.8
Other currency translation differences, recognized as other comprehensive income	–	2.4	2.4
Net, recognized as other comprehensive income	**–14.5**	**2.4**	**–12.1**
Closing balance as of April 30th, 2021	**–5.4**	**–9.4**	**–14.8**

	Hedge accounting	Currency translation	Total
Opening balances as of May 1st, 2021	**–5.4**	**–9.4**	**–14.8**
Hedges reclassified to inventories	18.3	–	18.3
Deferred tax	–3.8	–	–3.8
Net, recognized in the profit/loss statement	14.5	–	–8.6
Fair value, gross, recognized as other comprehensive income	66.3	–	66.3
Deferred tax, recognized in other comprehensive income	–12.6	–	–12.6
Other currency translation differences, recognized as other comprehensive income	–	4.2	4.2
Net, recognized as other comprehensive income	**53.8**	**4.2**	**58.0**
Closing balance as of April 30th, 2022	**48.4**	**–5.2**	**43.2**

	Hedge accounting	Currency translation	Total
Opening balances as of May 1st, 2022	**48.4**	**–5.2**	**43.2**
Hedges reclassified to inventories	–60.9	–	–60.9
Deferred tax	12.6	–	12.6
Net, recognized in the profit/loss statement	–48.4	–	–48.4
Fair value, gross, recognized as other comprehensive income	–76.1	–	–76.1
Deferred tax, recognized in other comprehensive income	15.7	–	15.7
Other currency translation differences, recognized as other comprehensive income	–	–36.4	–36.4
Net, recognized as other comprehensive income	**–60.4**	**–36.4**	**–96.8**
Closing balance as of April 30th, 2023	**–12.1**	**–41.6**	**–53.6**

Note 30. Deferred tax

Temporary differences exist in cases where the carrying amounts and tax bases of assets or liabilities differ. Temporary differences have resulted in deferred tax liabilities and deferred tax assets with regard to the following items.

Deferred tax assets

	2023-04-30	2022-04-30	2021-04-30
The balance comprises temporary differences attributable to:			
Lease liabilities	1,149.2	952.2	840.7
Taxable loss carry-forwards	89.9	85.1	78.9
Cash flow hedges (temporary differences inventory)	3.1	3.1	–
Internal profit	8.3	9.9	2.2
Total deferred tax assets	**1,250.5**	**1,050.4**	**921.8**
Set-off of deferred tax liabilities pursuant to set-off provisions	–1,051.3	–862.2	–817.8
Total deferred tax assets, net	**199.2**	**188.1**	**104.0**

The deferred tax assets include an amount of MSEK 89.9 (85.1;78.9) which relates to carried-forward tax losses for subsidiaries in Finland. The carried-forwards tax losses existed at the time of the acquisition of Hong Kong Oy in May 2018. It is the Group's assessment that the tax loss carry-forwards recognised at the balance sheet date will be possible to utilise against future taxable profits. Tax losses in Finland can be carried forward for 10 years from the time of the tax deficit.

Gross change in deferred tax receivables	Lease liabilities	Tax losses carry forwards	Cash flow hedges, temporary difference inventories	Internal profit	Total
As at May 1st, 2020	**804.3**	**97.4**	**–**	**0.7**	**902.4**
Recognized in profit/loss statement	36.4	–18.4	–	1.4	19.4
Recognized in other comprehensive income	–	–	–	–	–
As at April 30th, 2021	**840.7**	**78.9**	**–**	**2.2**	**921.8**
Recognized in profit/loss statement	111.5	6.2	–	7.8	125.5
Recognized in other comprehensive income	–	–	3.1	–	3.1
As at April 30th, 2022	**952.2**	**85.1**	**3.1**	**9.9**	**1,050.4**
Recognized in profit/loss statement	197.0	4.8	–	–1.6	200.1
Recognized in other comprehensive income	–	–	0.0	–	0.0
As at April 30th, 2023	**1,149.2**	**89.9**	**3.1**	**8.3**	**1,250.5**

Deferred tax liabilities

	2023-04-30	2022-04-30	2021-04-30
The balance comprises temporary differences attributable to:			
Right-of-use assets	–1,051.3	–862.2	–817.8
Cash flow hedges (temporary differences inventory)	–	–15.7	–
Trademarks	0.6	–1.7	–3.2
Untaxed reserves	–116.1	–110.1	–80.3
Total deferred tax liabilities	**–1,166.8**	**–989.7**	**–901.3**
Set-off of deferred tax liabilities pursuant to set-off provisions	1,051.3	862.2	817.8
Total deferred tax liabilities, net	**–115.4**	**–127.5**	**–83.5**

Gross change in deferred tax liabilities	Right-of-use assets	Trademark	Cash flow hedges, temporary difference inventories	Untaxed reserves	Total
As at May 1st, 2020	**–**	**–4.9**	**–**	**–64.2**	**–69.0**
Recognized in profit/loss statement	–817.8	1.7	–	–16.1	–832.2
Recognized in other comprehensive income	–	–	–	–	–
As at April 30th, 2021	**–817.8**	**–3.2**	**–**	**–80.3**	**–901.3**
Recognized in profit/loss statement	–44.4	1.5	–	–29.8	–72.8
Recognized in other comprehensive income	–	–	–15.7	–	–15.7
As at April 30th, 2022	**–862.2**	**–1.7**	**–15.7**	**–110.1**	**–989.7**
Recognized in profit/loss statement	–189.1	2.3	15.7	–6.0	–177.1
Recognized in other comprehensive income	–	–	–	–	–
As at April 30th, 2023	**–1,051.3**	**0.6**	**–**	**–116.1**	**–1,166.8**

Note 31. Change in liabilities with cash flows in financing activities

As of May 1st, 2020	Opening balances	Cash flow: New loans, repayment of borrowings, net change of overdraft facility	Cash flow: Install-ment leasing	New and terminated lease contracts*	Non cash flow items: Translation differences, currency	Non cash flow items: Other changes**	Total
Liabilities to credit institutions							
–Borrowings	390.4	–109.1	–	–	–4.7	–	276.6
–Overdraft facility	581.6	285.0	–	–	–	–	296.5
Lease liabilities	3,770.5	–	–505.3	419.1	17.3	192.9	3,894.4
As of April 30th, 2021	**4,742.4**	**175.9**	**–505.3**	**419.1**	**12.6**	**192.9**	**4,463.9**

As of May 1st, 2021	Opening balances	New loans, repayment of borrowings, net change of overdraft facility	Install-ment leasing	New and terminated lease contracts*	Translation differences, currency	Other changes**	Total
Liabilities to credit institutions							
–Borrowings	276.6	–11.9	–	–	1.2	–	265.9
–Overdraft facility	296.5	–158.8	–	–	11.2	–	126.6
Lease liabilities	3,894.4	–	–559.4	944.6	21.8	224.4	4,525.8
As of April 30th, 2022	**4,463.9**	**–170.7**	**–559.4**	**944.6**	**34.1**	**224.4**	**4,918.3**

As of May 1st, 2022	Opening balances	New loans, repayment of borrowings, net change of overdraft facility	Install-ment leasing	New and terminated lease contracts*	Translation differences, currency	Other changes**	Total
Liabilities to credit institutions							
–Borrowings	265.9	–215.5	–	–	6.5	–	56.9
–Overdraft facility	126.6	179.9	–	–	–73.9	–	380.4
Lease liabilities	4,525.8	–	–638.4	431.5	16.6	1,129.0	5,464.6
As of April 30th, 2023	**4,918.3**	**–35.6**	**–638.4**	**431.5**	**–50.8**	**1,129.0**	**5,901.6**

* Installment of leasing, part of rental payments, are classified as cash flow from financing activities. However, the current year's increase in lease liabilities as a result of new leasing contracts etc. is not classified as cash flow.
** Other changes include non-cash flow-affecting changes, including accrued interest expenses that are presented in operating activities in the cash flow statement when they are paid

Note 32. Liabilities to credit institutions

Long term liabilities to credit institutions	2023-04-30	2022-04-30	2021-04-30
Bank loan Danske Bank & DnB	–	–	200.0
Long term part of restructuring loan – Finland	51.4	61.5	72.9
Total long term liabilities to credit institutions	**51.4**	**61.5**	**272.9**

In Finland there is a restructuring loan to Danske Bank and Vurma that runs at an interest rate of 3.5–4.0%.

Rusta acquired Hong Kong Oy in May 2018, which was a company in reconstruction, included in the acquisition was previously taken over reconstruction debts that are paid off according to plan and extend until the end of the financial year 2025/2026.

Short term liabilities to credit institutions	2023-04-30	2022-04-30	2021-04-30
Short term part of restructuring loan Finland	5.5	4.4	3.6
Bank loan Danske Bank & DnB	–	200.0	–
Utilized overdraft facility	380.4	126.6	292.9
Total short term liabilities to credit institutions	**385.9**	**331.0**	**296.5**

Interest rate on the overdraft facility was 1.1% (1.1;1.1).

Interest rate on the bank loan from Danske Bank & DnB, that were repaid fully during the financial year 2022/2023, was 1,8%.

The Group's loan agreements is subject to condition, so-called covenants, which Rusta fulfills in their entirety.

Total liabilities to credit institutions	**437.3**	**392.5**	**569.5**
Utilization of the overdraft facility			
Total available overdraft facility Danske Bank & DnB	800.0	800.0	1 300.0
Utilised import letters of credit	–20.4	–24.6	–27.9
Other utilised overdraft facilities	–380.4	–126.6	–292.9
Total unutilized overdraft facility	**399.2**	**648.8**	**979.2**

Note 33. Provisions

	Guarantee provision	Refund provision	Total
Opening balance	10.1	–	10.1
Additional provision	12.3	8.2	20.5
Reversal of provision	–0.0	–	–0.0
Utilized during the year	–9.9	–	–9.9
As of April 30th, 2021	**12.3**	**8.2**	**20.7**

	Guarantee provision	Refund provision	Total
Opening balance	12.3	8.2	20.5
Additional provision	13.6	7.8	21.5
Reversal of provision	–3.9	–0.9	–4.8
Utilized during the year	–8.4	–7.3	–15.7
As of April 30th, 2022	**13.6**	**7.8**	**21.4**

	Guarantee provision	Refund provision	Total
Opening balance	13.6	7.8	21.4
Additional provision	14.3	7.9	22.3
Reversal of provision	–1.1	–0.6	–1.7
Utilized during the year	–12.5	–7.2	–19.8
As of April 30th, 2023	**14.3**	**7.9**	**22.3**

Note 34. Other current liabilities

	2023-04-30	2022-04-30	2021-04-30
VAT liabilities	147.5	147.0	125.4
Clearing account, Fasetten group	–	–	3.3
Short term reconstruction loan Finland	31.4	25.1	20.8
Deferred consideration (Contingent payment) Hong Kong	–	–	21.2
Gift vouchers	7.0	6.6	5.8
Other	3.4	11.1	15.8
Total	**189.4**	**189.8**	**186.5**

For the financial year 2020/2021, the group recognized short-term liability for additional purchase price regarding the acquisition of of the Hong Kong Group in Finland in May 2018. The amount recorded in the financial year 2020/2021 was based on the income for the Hong Kong entities for the period 1 May 2020 – 30 April 2021. The discount rate previously used in the present value calculation amounted to 3 %. The additional purchase price was paid to the previous owners during the first quarter of the financial year 2021/2022. The contingent consideration is found in Level 3 of the fair value hierarchy.

Note 35. Accrued expenses and deferred income

	2023-04-30	2022-04-30	2021-04-30
Accrued interest expense	0.3	0.7	1.0
Accrued salaries	96.0	151.7	152.5
Accrued holiday pay	163.3	157.4	143.4
Accrued social security expenses	160.2	138.9	126.3
Accrued freight costs	21.0	15.2	52.0
Accrued electricity costs	4.1	2.4	1.4
Accrued customs costs	2.2	2.2	17.6
Accrued rents	79.2	64.9	57.8
Fair value derivatives	21.3	–	8.4
Other	82.3	66.1	34.7
Total	**629.7**	**599.5**	**595.1**

Note 36. Pledged assets and contingent liabilities

Pledged assets

	2023-04-30	2022-04-30	2021-04-30
Floating charges	615.0	615.0	615.0
Total	**615.0**	**615.0**	**615.0**

Contingent liabilities

	2023-04-30	2022-04-30	2021-04-30
Customs guarantees	38.1	39.8	27.7
Rental guarantees	53.2	58.1	95.0
Supplier guarantees, Rusta Finland OY	5.2	4.7	7.1
Parent company guarantees Rusta Retail AS	46.0	43.0	7.7
Total	**142.6**	**145.6**	**137.5**

Note 37. Transactions with related parties

Ownership structure, %

	2023-04-30	2022-04-30	2021-04-30
Fasetten AB	–	81.63	81.45
Aforber Invest AB	40.9	–	–
Öngal i Uppsala invest AB	40.9	–	–
Sven Olof Kulldorff (Delemio Ltd the year 2020/2021 and 2021/2022)	9.7	9.7	9.7
Företagsledare Rego AB (Catharina Kulldorff and Alexandra Kulldorff)	2.8	2.8	2.8
Göran Westerberg (CEO)	2.6	2.6	2.6
Cerix AB (Claes Eriksson)	2.5	2.5	2.5
Others	0.8	0.8	1.0
Total %	**100**	**100**	**100**

Until February 2023 Fasetten AB, 556298-1521, which were owned in equal share of 50 % by Anne Marie Forssell and Anders Forsgren, majority owner of Rusta AB (publ). During the financial year 2022/2023 Fasetten AB sold its shares to Aforber Invest AB and Öngal i Uppsala invest AB who now has equal share of 40.85 % and is owned by the former owners to Fasetten AB.

Transactions between the company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation and disclosures on these transactions are therefore not submitted in this note.

Disclosures on transactions between the Group and other related parties are presented below.

Purchase of services

	2023-04-30	2022-04-30	2021-04-30
Cerix AB, 556713-2898, owned by Claes Eriksson	–	0.1	0.0
Ingelsson Law, owned by Maria Ingelsson (former board member until September 16th, 2021)	–	–	0.0
Family members to the board of directors*	0.9	0.9	1.3
Family members of senior executives*	1.6	5.6	4.2
Total	**2.5**	**6.6**	**5.5**

* Relates to salaries to employed family members and consulting fees paid on market terms.

Loans/liabilities to related parties (group companies)

	2023-04-30	2022-04-30	2021-04-30
Clearing account - Fasetten AB	–	–222.4	–17.4
Clearing account - Norkit AB, subsidiary to Fasetten AB	–	–	–3.3
Total	**–**	**–222.4**	**–20.8**

During the year, there was also a loan to Fasetten AB which, until February 2023, was the principal owner and parent company of Rusta AB (publ). All receivables and liabilities have been settled during the year and the loan that existed until August 2022 was subject to an average interest rate of 2.33 % (0.97;0.99) for the 2022/2023 financial year, calculated at the Riksbank's STIBOR rate 3M + 1 percentage points.

Warrants

During the 2016/2017 financial year, CEO Göran Westerberg subscribed to 2,084 options with a maturity date in the 2020/2021 financial year. In September 2020, Rusta acquired 1,511 of Göran Westerberg's warrants for a total consideration of MSEK 63.0. The purchase consideration was calculated based on a market value per share in Rusta of SEK 8,600 and considering that the subscription price per Rusta shares as per the conditions of the warrants amounted to SEK 4,600.64. The remaining warrants were used to subscribe for 5,976 shares in Rusta AB (publ) for which Göran Westerberg paid a consideration of MSEK 27.5.

In 2021, the board of directors resolved, based on an authorisation from an extraordinary general meeting held on 7 January 2021, to implement a long-term incentive programme in the form of a warrant programme for the Company's CEO. In total, the warrant programme comprises 11,382 warrants of series 2020:1.

The warrants were issued to the CEO at a subscription price of SEK 713 per warrant (corresponding to the fair market value of the warrants at the time of the issue). Following re-calculation due to the share split (300:1) carried out by the Company in September 2023, each warrant entitles the holder to subscribe for 300 shares in the Company at subscription price of SEK 37.27 per share during the period from and including 1 December 2024 up to and including 31 December 2024.

The Company has reserved the right to repurchase the warrants, for example, if the CEO's employment with the Company is terminated.

Remuneration of senior executives

Further information on remuneration of senior executives is presented in Note 12.

Note 38. Significant events after the end of the financial year

The annual general meeting resolved on September, 1, 2023 to carry out a share split (300:1) which resulted in a recalculation of number of shares for all periods, to change the company category from a private to a public limited company, to introduce a long-term incentive program and to authorize the Board to decide on repurchase and transfer of own shares in the company.

Auditor's report on historical financial statements for the financial years 2022/2023, 2021/2022 and 2020/2021

Independent Auditor's report

To the Board of Directors in Rusta AB (publ), corporate identity number 556280-2115

Report on the consolidated accounts

Opinions

We have audited the consolidated accounts of Rusta AB (publ) for the period of three financial years ending 30 April 2023. The consolidated accounts of the company are included on pages F-10-F-37 in this document.

In our opinion, 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 30 April 2023, 30 April 2022 and 30 April 2021 and its financial performance and cash flow for each of the three financial years ending 30 April 2023 in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

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

In preparing the consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of 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 intends 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 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 the 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 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 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 consolidated accounts or, if such disclosures are inadequate, to modify our ur opinion about the 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 the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the 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 my 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.

Stockholm 9 October 2023

Öhrlings PricewaterhouseCoopers AB

Cesar Moré
Authorized Public Accountant

Definitions and glossary

"Acquirer"	Persons applying for the Offering to Carnegie, DNB or SEB.
"Applicable Data Protection Laws"	GDPR and Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector as implemented in EU member states.
"Carnegie"	Carnegie Investment Bank AB (publ).
"CAGR"	Compound annual growth rate.
"Code"	The Swedish Corporate Governance Code.
"Company"	Rusta AB (publ).
"Consumer Rights Directive"	Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights.
"Credit Facility Agreement"	The Company's agreement relating to a SEK 800,000,000 revolving credit facility agreement with DNB Bank ASA, Sweden Branch and Danske Bank A/S as arrangers, DNB Sweden AB and Danske Bank A/S, Danmark, Sverige filial as original lenders as well as DNB Bank ASA as agent and security agent, dated 9 October 2023.
"CSD"	Central securities depositary.
"DIY"	Do-It-Yourself.
"DNB"	DNB Markets, a part of DNB Bank ASA, Sweden Branch.
"EEA"	European Economic Area.
"ESG"	Environmental, social and corporate governance.
"EU"	European Union.
"EUR"	Euro, the single currency of the member states of the EU participating in the European Monetary Union having adopted the Euro as its lawful currency.
"Euroclear Sweden"	Euroclear Sweden AB.
"Fliset 1 Lease Agreement"	The Company's lease agreement with NorrLog III Fastighets AB relating to the property located at Norrköping Fliset 1.
"Joint Bookrunners"	DNB and SEB.
"Lease Agreements"	Fliset 1 Lease Agreement and Timret 1 Lease Agreement.
"GDPR"	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
"Group"	The group in which the Company is the parent company.
"Managers"	Carnegie, DNB and SEB.
"MiFID II"	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.
"MiFID II's product governance requirements"	The product governance requirements in MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and Chapter 5 of the Swedish Financial Supervisory Authority's regulations regarding investment services and activities (FFFS 2017:2).
"NOK"	The lawful currency of Norway.

"Nordic Adjacent Markets"	Adjacent markets in Sweden, Norway and Finland comprising variety assortment companies with soft discount prices, higher degrees of assortment depth and higher levels of in-store services and/or companies with a degree of variety store aspects, such as partially overlapping discount retailers where parts of the product assortment have a variety focus and hypermarkets (*i.e.*, large grocery stores), where food is typically the core product category but which have variety assortment elements, with hard or soft discount prices.
"Nordic Variety Hard Discount Market"	The variety hard discount markets in Sweden, Norway and Finland.
"New STI"	The new cash-based bonus programme covering all employees in the Group except for the CEO and which was resolved at the board meeting held on 12 June 2023.
"Offering"	The offering of shares to the general public in Sweden as well as to institutional investors in Sweden and abroad and/or the admission to trading of the shares of the Company on Nasdaq Stockholm (as applicable) in accordance with this Offering Memorandum.
"Offering Memorandum"	This offering memorandum.
"Offering Price"	The price per share in the Offering.
"Order"	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.
"Overallotment Option"	An option to acquire up to 6,830,675 additional existing shares from the Selling Shareholders (corresponding to a maximum of approximately 15 per cent of the number of shares in the Offering) at the Offering Price, granted by the Selling Shareholders to the Managers.
"Placing Agreement"	The agreement regarding the placement of shares covered by the Offering which is expected to take place around 19 October 2023.
"Price Range"	SEK 43–50.
"Prospectus Regulation"	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.
"PwC"	Öhrlings PricewaterhouseCoopers AB.
"QIBs"	Qualified Institutional Buyers as defined in Rule 144A under the U.S. Securities Act of 1933, as amended.
"Regulation S"	Regulation S under the U.S. Securities Act of 1933, as amended.
"relevant persons"	Qualified investors (within the meaning of the Prospectus Regulation, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons who have professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Order, (ii) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) other persons to whom this document may otherwise lawfully be communicated.
"RSA"	The Group's template supplier agreements for purchases of A-brand products.
"RSM"	The Group's supplier manual entered into directly with suppliers which forms the basis for Rusta's purchase of private label products.
"Rule 144A"	Rule 144A under the U.S. Securities Act of 1933, as amended.
"Rusta"	Rusta AB (publ), the group in which Rusta AB (publ) is the parent company or Rusta AB (publ)'s subsidiaries, depending on the context.
"SEB"	Skandinaviska Enskilda Banken AB (publ).
"SEK"	The lawful currency of Sweden.
"SFSA"	The Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*).

"Selling Shareholders"	Aforber Invest AB, Öngal i Uppsala invest AB, The OneLife Company S.A., Aktiebolaget Företagsledare Rego, Göran Westerberg, Cerix AB, Mats Malmberg, Jozef Khasho, Sofie Malmunger, Linda Estenthal, Annica Nyström, Per Wennerström, Andreas Bertilsköld, Anna Bergstedt, Annika Holm Sundström and Viswakumar Ananthakrishnan.
"SKUs"	Stock keeping units.
"Sole Global Coordinator"	Carnegie.
"Stabilisation Manager"	Carnegie acts as stabilisation manager on behalf of the Managers and may, in connection with the Offering and the admission to trading of the Company's shares on Nasdaq Stockholm, perform transactions which will result in the market price of the shares being sustained at a higher level than what would otherwise be the case.
"Strategic Market Study"	The third-party market report commissioned by Rusta in 2023 made by Roland Berger in February/March 2023.
"Swedish Prospectus"	The Swedish language version of this Offering Memorandum.
"Swedish Takeover Act"	The Swedish Act on Public Takeovers on the Stock Market (Sw. *lagen (2006:451)* *om offentliga uppköpserbjudanden på aktiemarknaden)*.
"target market"	Retail clients, and investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II.
"Taxonomy Regulation"	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.
"Timret 1 Lease Agreement"	The Company's lease agreement with NorrLog III Fastighets AB relating to the property located at Norrköping Timret 1.
"Unfair Business-to-Consumer Commercial Practices Directive"	Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market (Unfair Commercial Practices Directive)
"United States"	United States of America.
"U.S. Exchange Act"	The U.S. Exchange Act of 1934, as amended.
"USD"	The lawful currency of the United States.
"U.S. Securities Act"	The U.S. Securities Act of 1933, as amended.

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