Annual & Sustainability Report 2023/24

RUSTA®

Contents

About the Annual and Sustainability Report

Rusta AB (publ) reports integrated financial and non-financial information in a joint report. The report includes standard disclosures and specific disclosures based on GRI Standards guidelines. The scope of the statutory sustainability report is stated on page 62. The legal annual report comprises the Directors' Report and financial statements on pages 59–116.

The Annual and Sustainability Report is published in Swedish and English. All amounts are stated in SEK million (MSEK) unless otherwise stated. The original version of the Annual and Sustainability Report is prepared in the European Single Electronic Format (ESEF) and is published at investors.rusta.com.

About Rusta

Rusta is a leading player in low-price retail that markets and sells products to end consumers via a network of stores in multiple markets as well as online sales. The stores are run under the name RUSTA with subsidiaries located in Sweden, Norway, Finland and Germany. The online sales channel is available in Sweden and Finland. All stores in the Group are wholly owned, with operations conducted in leased premises. Rusta has sourcing offices in Sweden, China, India, Vietnam and, since May 2024, Türkiye.

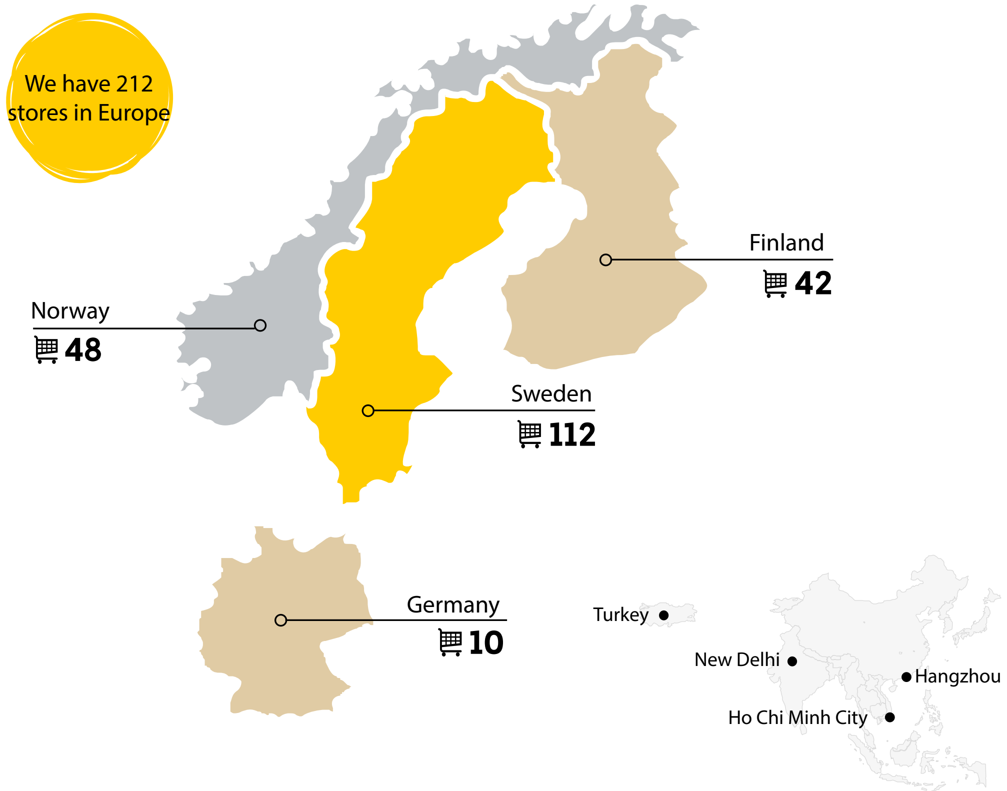
Through the common store concept used throughout the store network, Rusta offers a wide but carefully selected assortment of products. Within the product categories Home Decoration, Consumables, Seasonal Products, Leisure and Do It Yourself (DIY), we offer almost anything people might need for life at home – and always at surprisingly low prices.

We are focused on high volume products, and we combine a large proportion of our own private label products unique to Rusta with recognisable A-brand products from leading manufacturers. Seasonal products and specially designed articles mean that the product assortment in stores is constantly renewed.

Purchasing is mainly sourced through direct imports from Asia and Europe or directly from manufacturers in Sweden. The company's market primarily consists of end consumers.

Affordability is worth more when it is also produced responsibly. We believe in giving the customer value for money just as much when it comes to quality and price as we do when it comes to reliability and safety. For us, this means that we are always working to be a more responsible retailer as we strive to integrate our approach to sustainability into everything we do. Sustainability is a natural part of Rusta's business model and the long-term vision for our sustainability work is to be the most sustainable player in the markets in which Rusta operates. Rusta's sustainability strategy is based on four key areas: Products, Social responsibility, Environment and Economic, within which Rusta strives to achieve long-term improvements.

Rusta has more than 4,800 employees and is headquartered in Upplands Väsby, Sweden. Rusta's long-term vision is to make Rusta the leading and most trusted low-price retailer in Europe. The Rusta share is traded on Nasdaq Stockholm (RUSTA) since 2023.



2023/24 in brief

Increased sales and strengthened profitability

For Rusta, the financial year, which runs from 1 May 2023 to 30 April 2024, has been an eventful year. On 19 October 2023, Rusta was listed on Nasdaq Stockholm. Rusta has also continued to open new stores in all markets, and notes a strong increase in members to Rusta's loyalty program Club Rusta. Rusta's IT systems suffered disruptions as a result of an incident at hosting provider Tietoevry on 20 January 2024, which negatively affected sales and profitability. Despite that, we summarise the year with net sales growth of 9.0 percent and a strengthened gross margin of 43.5 percent, an increase of 2.4 percentage points compared to the previous year.

We have also continued to deliver on our sustainability agenda and have during the year reduced the emission of greenhouse gases by 6.8 percent, and reduced energy consumption by more than 10% in 19 Rusta stores.

Successful IPO

11 new stores

5.6 million Club Rusta members

Financial key ratios	2023/24	2022/23
Net sales, MSEK	11,116	10,202
Net sales growth, %	9.0%	7.5%
Net sales growth excl. currency effects, %	9.9%	6.2%
LFL growth, %	4.6%	2.5%
Gross profit, MSEK	4,833	4,187
Gross margin, %	43.5%	41.0%
EBITA, MSEK	761	529
EBITA margin, %	6.8%	5.2%
Cash flow from operating activities, MSEK	1,396	1,007
Net debt excl. IFRS 16 / EBITDA excl. IFRS 16 LTM, multiple	−0.17	0.46
Earnings per share before dilution, SEK	2.7	1.7
Number of loyalty club members, thousands	5,634	4,785
Number of stores at the end of the period	212	201

CEO's statement

I am proud to be able to sum up a successful year for Rusta, despite a troubled surrounding world and major operational disruptions in our business systems following the IT incident at hosting provider Tietoevry. I note that we have strengthened our position as a leading player in the Nordic low-price market with strong sales growth and improved profitability in all segments. The store network has been expanded in all geographic markets and we have made important investments in sustainability, efficiencies and growth. We also completed a successful listing on Nasdaq Stockholm and welcomed many new shareholders to Rusta.

Rusta is financially strong and continues to invest in growth in all markets, in line with our strategy. During the year, Rusta opened 11 new stores in all markets and at the end of the financial year, Rusta had a total of 212 stores. We also see continued strong membership growth in our loyalty program, Club Rusta. By the end of the year, we reached 5.6 million fully registered members, an increase of almost 18 percent compared to last year. We see this as a good foundation for continuing to grow and at the same time streamlining our communication directly with our customers.

Rusta's long-term vision is to be the leading and most trusted low-price retailer in Europe. Sustainability is therefore central to all parts of our business and operations. To economize on resources is the very core of the development of our products at low prices. Our endeavor to reduce material use, eliminate packaging and use less energy goes hand in hand with our customer promise to offer surprisingly low prices. Wasting the world's resources is not compatible with either sustainability or modern low-price retailing. Our biggest impact on our planet is through our products and that is also why we make our biggest efforts here.

In line with this, during the financial year we have reduced emissions of greenhouse gases from transport and distribution by 6.8 percent compared to the previous year. One of our sustainability initiatives during the year was the investment in a new type of heavy electric truck, the first of its kind in Sweden, which enables daily emission-free transport between Rusta's fulfilment centre in Norrköping to the Rusta stores in Stockholm and Mälardalen. Since before, our transports between the port and our fulfilment centre are fully electrified. These investments are important steps on our journey towards climate neutrality in the value chain by 2045.

After the end of the year, Rusta signed an agreement with automation supplier Vanderlande for a significant growth investment in our fulfilment centre. The investment enables further automation of processes and increases the efficiency of the fulfilment center, as increased volumes of goods are handled at a lower cost. Rusta has also opened a new sourcing office in Istanbul, Türkiye, to further strengthen Rusta's presence in the sourcing market in South East Europe and North Africa. The new purchasing office increases Rusta's ability to develop existing and new suppliers for a wide range of products at competitive prices and with increased control. This is completely in line with our strategy to work directly and long-term with leading suppliers on a global market. It is also an important step towards increasing flexibility and reducing the vulnerability of our supply chain in an uncertain environment. We are proud of these developments, as they are important investments in sustainability, growth and efficiency.

Rusta's employees have done a fantastic job and shown a strong level of commitment and dedication throughout the year. Not least during the hard work with our successful IPO and getting the business back on track and mitigating the negative impact during the IT incident. I would like to extend a big thank you to everyone who made this possible and took an extraordinary responsibility for the company's common good. Above all, I want to thank you all for the daily work of ensuring that Rusta constantly offers our customers low prices and an attractive assortment with the best shopping experience in the industry. Your efforts are invaluable, and I look forward to continuing our journey towards becoming the leading and most trusted low-price retailer in Europe
- together of course!

Göran Westerberg
CEO, Rusta AB (publ)

Business model and operations

Rusta is a leading player in the Nordic low-price market with stores in Sweden, Norway, Finland and Germany.

Vision: Make Rusta the leading and most trusted low-price retailer in Europe.

Customer promise: Rusta will be a modern low-price retailer that makes it easy to renew and refill at home at surprisingly low prices.

Rusta's ability to fulfil its customer promise is dependent on the perceived image of Rusta as a reliable operator with low prices and good quality. Using a pricing and product assortment strategy that focuses on low prices and high volume products, and a common store concept that aims to ensure a pleasant customer experience, Rusta believes it can ensure broad customer interest and maintain and improve the perception among consumers of Rusta as a low-price retailer with low prices and good quality.

Important milestones

1986 Rusta is founded and opens its first store in Gävle

1987 Rusta implements a direct product sourcing model by opening its first central warehouse in Gävle

1990 Rusta achieves a milestone of 10 stores with around 70 employees

1996 Rusta opens its first local sourcing office in Hangzhou, China

2010 Rusta introduces a common store concept

2014 The first Rusta store in Norway is opened

2015 The central warehouse in Norrköping is opened

2016 Rusta's membership club, Club Rusta, is launched

2017 The first Rusta store in Germany is opened

2018 Rusta acquires the Finnish discount retailer Hong Kong and integrates it into the Rusta concept

2020 Rusta Online is launched

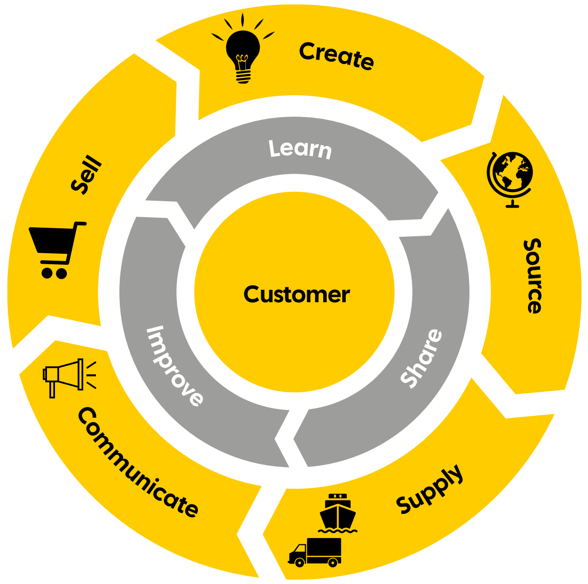
2023 Rusta achieves a milestone with annual net sales in excess of SEK 10 billion and more than 200 stores.

Rusta is listed on Nasdaq Stockholm

2024 Rusta opens its fourth sourcing office in Istanbul, Türkiye

In order to live up to its customer promise, Rusta uses a business model based on having a high degree of control over the value chain, which in turn is made possible through centralised product development, direct product sourcing without intermediaries, large order volumes, an efficient transport and distribution infrastructure and a marketing strategy that is integrated with the value chain.

Through Rusta's volume-based assortment and clear customer offering, we can maintain low prices – something that has been our driving force ever since Rusta's journey began in 1986. To visualise our business idea, we have created the Rusta wheel.



Flexible and focused offering of volume products

Rusta has a wide but carefully selected product assortment consisting of approximately 6,000 active SKUs (Stock Keeping Units). The assortment can be divided into five product categories: Home Decoration, Consumables, Seasonal Products, Leisure and DIY. The Home Decoration category consists of products aimed at renewing and refilling at home; from small furniture items, lighting, rugs and other textiles to kitchen and table textiles and other furnishings. The Consumables category is focused on everyday needs, such as beauty products, cleaning products and disposable items, as well as food and beverages, mainly consisting of snacks. The Seasonal Products category includes products such as Christmas decorations, garden products and summer holiday products, with a changing seasonal focus. The Leisure category focuses on home exercise products, travel equipment, smart accessories and pet products, such as food, snacks and other accessories. The DIY category focuses on home improvements and includes products such as paint, flooring and wallpaper as well as tools, equipment and other practical products that make it easy to renew at home.

This breadth of product range aims to be able to offer customers an assortment that covers many frequent needs and wishes when they want to renew or replenish at home, regardless of the season. Rusta further strives to have an assortment with functional width consisting of profitable high volume products. In addition to its year-round product range, Rusta has a wide seasonal assortment that varies with the seasons in order to further increase customer traffic to the stores during the seasonal periods while ensuring seasonal relevance all year round. The Rusta product assortment can also be divided into two main categories: private label products developed by and unique to Rusta, and A-brand products. During the financial year 2023/24, 67 percent of Rusta's net sales were generated through the sale of Rusta's private label products. By developing products in-house and generating a large part of its net sales from private label products, Rusta can combine competitive pricing, good margins and a high level of quality control. In addition, this enables Rusta to adapt its offering to long-term changing customer trends and market conditions while providing a high degree of control over which products are highlighted in stores and in marketing materials in the short term.

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Direct product sourcing with full control

Rusta's strategy is to buy directly from a wide range of leading suppliers in the global market. Rusta has an integrated value chain with direct sourcing from its suppliers, which provides a high degree of control and flexibility throughout the value chain. This sourcing strategy also facilitates low prices and consistently high quality. To ensure ethical sourcing practices and a high degree of control throughout the value chain, Rusta has sourcing offices in Sweden, China, India, Vietnam and, since May 2024, in Türkiye. Together, these offices provide employment to more than 200 dedicated employees who work directly with Rusta's sourcing activities. Having sourcing offices in our sourcing markets is an important component of Rusta's strategy to buy directly from a wide range of leading suppliers in the global market.

Various functions are involved in the sourcing work, such as purchasing and quality developers, delivery planners, quality inspectors and other specialist functions. Our employees continuously monitor and check that Rusta's Code of Conduct is always followed by our suppliers. This includes our purchasing staff having the right to make unannounced visits at any time to all factories producing goods for Rusta, to ensure compliance with our Code of Conduct. In accordance with our policy, Rusta staff always visit a supplier before any orders are placed with that supplier.

Inventory management, logistics and distribution

Rusta's fulfilment centre in Norrköping, Sweden, has one of northern Europe's largest automated high-bay systems, an important component of Rusta's industrially efficient model. Its size and automation allow for low costs, which is reflected in the price out in the stores. It also enables fast delivery of the products our customers demand.

Rusta's logistics and distribution infrastructure is centred around Rusta's fulfilment centre, which handles incoming deliveries from suppliers as well as outgoing distribution of products to Rusta's store network and online purchases made via Rusta Online. The location of the fulfilment centre in Norrköping was chosen due to its strategically favourable geographical location in relation to Rusta's store network and the incoming flow of goods through the Port of Norrköping, the arrival point for many of Rusta's products that are shipped by sea.

Rusta continuously invests in the fulfilment centre and its efficiency and capacity. The latest initiative took place in June 2024, when Rusta signed an agreement with an automation supplier for a significant growth investment. The investment provides Rusta with an automation solution, which enables automation of additional processes and increases capacity. Automation investments cater for increased volumes of goods at a lower cost, as automation enables increased capacity without additional work shifts and further future-proofs the facility.

Effective marketing and a high degree of loyalty

In order to increase customer traffic to stores and the frequency of visits among customers while strengthening the brand, Rusta has developed an effective marketing platform that is used to market Rusta's products and brand via a number of channels. These consist of direct marketing sheets that are distributed weekly, Club Rusta, the Rusta Magazine, TV and radio advertising, social media and printed ads.

Rusta's marketing is largely campaign-driven with weekly campaigns optimised to increase customer traffic to stores and visit frequency among customers. Based on continuous evaluation of the effectiveness of marketing campaigns, Rusta has developed a marketing process that is integrated into both the business model and the supply chain, making it possible to market products that are particularly effective in increasing customer traffic to stores.

Members of Rusta's loyalty club, Club Rusta, constitute Rusta's main customer base. Through Club Rusta, Rusta offers its customers member prices on campaign products, a 365-day right of return, priority in relation to certain promotions and tailored offers. On 30 April 2024, Club Rusta had 5.6 million members, which represents an increase of 850 thousand members compared to the previous year.

Stores and store concept

Rusta's common store concept, which is used throughout Rusta's store network, aims to shape and improve customers' shopping experience. By controlling and optimising the store flow and customer visit with a clear and orderly layout and uniform product displays with good lighting, shopping at Rusta becomes a pleasant and comfortable experience.

Rusta's segments

Rusta's operations are divided into three segments: Sweden, Norway and Other markets. The Sweden segment includes sales in brick-and-mortar stores in Sweden, the Norway segment includes sales in brick-and-mortar 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 (currently available in Sweden and Finland). As of 30 April 2024, Rusta has 212 stores in Sweden, Norway, Finland and Germany.

Sweden

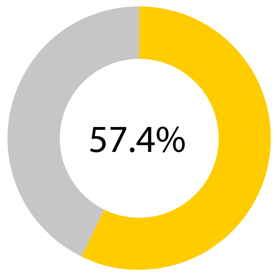
Rusta's largest segment based on net sales and number of stores is Sweden. For the financial year 2023/2024, Sweden, with its 112 stores, represents 57.4 percent of Rusta's net sales.

Net sales amount to MSEK 6,381 (6,007) with net sales growth of 6.2 percent (4.3) and profitability in the form of EBITA margin excl. IFRS 16 amounting to 16.8 percent (16.4). EBITA excl. IFRS 16 is positively affected by reduced electricity and freight costs compared to the previous year.

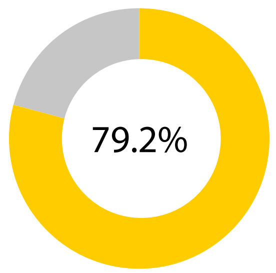
Operating expenses in relation to net sales amounted to 25.6 percent (24.7). The negative development of operating expenses in relation to net sales is primarily explained by the negative effects of the IT incident that occurred in January (see more information on page 59) and that more stores were opened in Sweden for the financial year 2023/2024 compared to the previous year.

3 (2) new stores opened in Sweden during the year.

Sweden's share of Net sales 2023/24



Sweden's share of EBITA excl. IFRS 16 for the segments 2023/24



Sweden	2023/24	2022/23
Net sales	6,381	6,007
Net sales growth, %	6.2%	4.3%
LFL growth, %	5.3%	2.2%
EBITA excl. IFRS 16	1,075	985
EBITA margin excl. IFRS 16, %	16.8%	16.4%
Number of stores	112	109

Norway

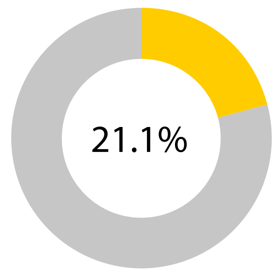
For the financial year 2023/2024, Norway, with its 48 stores, represents 21.1 percent of Rusta's net sales.

Net sales amount to MSEK 2,349 (2,178) with net sales growth of 7.9 percent (4.3) and net sales growth excl. currency effects of 13.1 percent (1.4) and profitability in the form of EBITA margin excl. IFRS 16 amounting to 11.6 percent (11.8). EBITA excl. IFRS 16 is positively affected by reduced electricity and freight costs compared to the previous year.

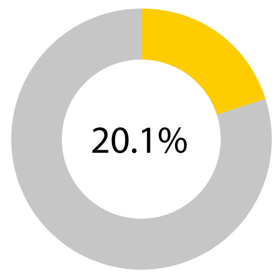
Operating expenses in relation to sales amounted to 31.9 percent (31.6). The negative development of operating expenses in relation to net sales is primarily explained by the negative effects of the IT incident that occurred in January (see more information on page 59).

4 (4) new stores opened in Norway during the year.

Norway's share of Net sales 2023/24



Norway's share of EBITA excl. IFRS 16 for the segments 2023/24



Norway	2023/24	2022/23
Net sales	2,349	2,178
Net sales growth, %	7.9%	4.3%
Net sales growth excl. currency effects, %	13.1%	1.4%
LFL growth excl. currency effects, %	6.5%	–2.7%
EBITA excl. IFRS 16	273	257
EBITA margin excl. IFRS 16, %	11.6%	11.8%
Number of stores	48	44

Other markets

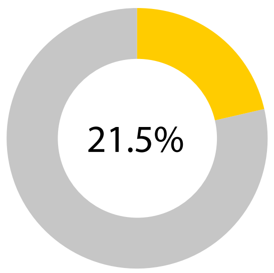
Rusta's third segment, Other markets, consists of operations in Finland, Germany and Online. In the segment Other markets, Rusta is still partly operating in project form as these are relatively new markets, but where profitability is expected to increase in the long term as awareness of Rusta increases. For the financial year 2023/2024, the segment Other markets, with its 52 stores and online sales, represents 21.5 percent of Rusta's net sales.

Net sales amount to MSEK 2,386 (2,018) with net sales growth of 18.2 percent (22.8) and net sales growth excl. currency effects of 16.5 percent (17.3) and profitability in the form of EBITA margin excl. IFRS 16 amounting to 0.4 percent (–2.5). EBITA excl. IFRS 16 is positively affected by reduced electricity and freight costs compared to the previous year.

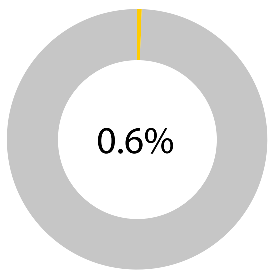
Operating expenses in relation to net sales amounted to 39.9 percent (39.4). The negative development of operating expenses in relation to net sales is primarily explained by the negative effects of the IT incident that occurred in January (see more information on page 59).

4 (8) new stores opened during the year in "Other markets".

Other markets' share of Net sales 2023/24



Other markets' share of EBITA excl. IFRS 16 for the segments 2023/24



Other markets	2023/24	2022/23
Net sales	2,386	2,018
Net sales growth, %	18.2%	22.8%
Net sales growth excl. currency effects, %	16.5%	17.3%
LFL growth excl. currency effects, %	–0.6%	1.2%
EBITA excl. IFRS 16	9	–50
EBITA margin excl. IFRS 16, %	0.4%	–2.5%
Number of stores	52	48

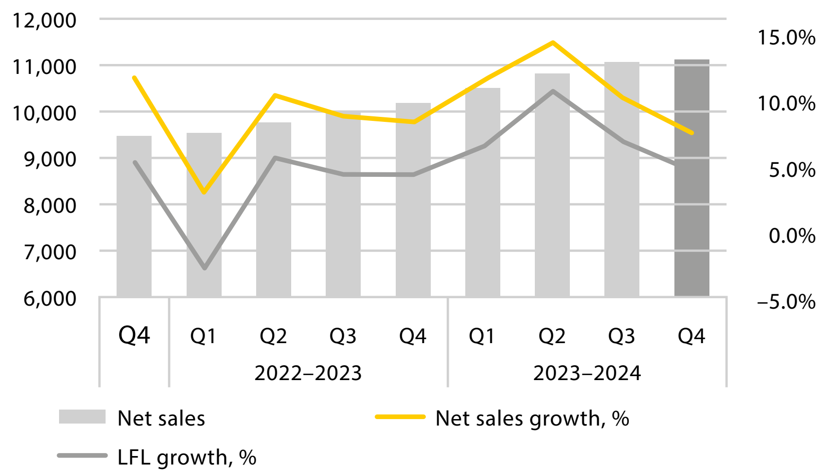
Financial targets and outcomes

Financial target | **Outcome**

Net sales growth:

Rusta targets an annual average organic* net sales growth around 8.0% in the medium term, with an annual average LFL growth above 3.0%.

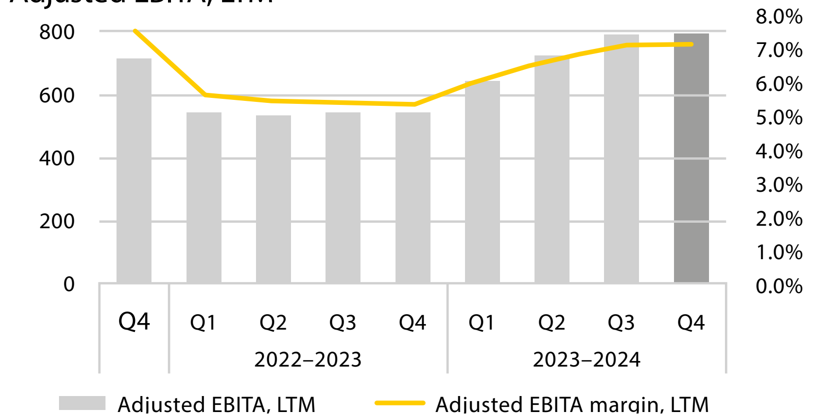
Net sales per quarter, LTM



Profitability:

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

Adjusted EBITA, LTM



Dividend policy:

Rusta aims to distribute 30–50% of net profit for each financial year as dividends, taking into account Rusta's financial position
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The Board of Directors proposes a dividend of SEK 1.15 (0.69) per share for 2023/2024. The proposed dividend amounts to approximately MSEK 174, which corresponds to approximately 43%. The proposal is based on the Group's good earnings and cash flow.

*Excluding acquisitions.

**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.

Sustainability Report

Our commitment to sustainability is a fundamental part of building trust and confidence in Rusta's already strong brand on the market. Rusta's sustainability strategy makes it clear that our products, which play a central role in our customers' lives, should be more sustainable than comparable products on the market. We are committed to distinguishing ourselves from our competitors and leading the change towards a more sustainability-focused low-price market.

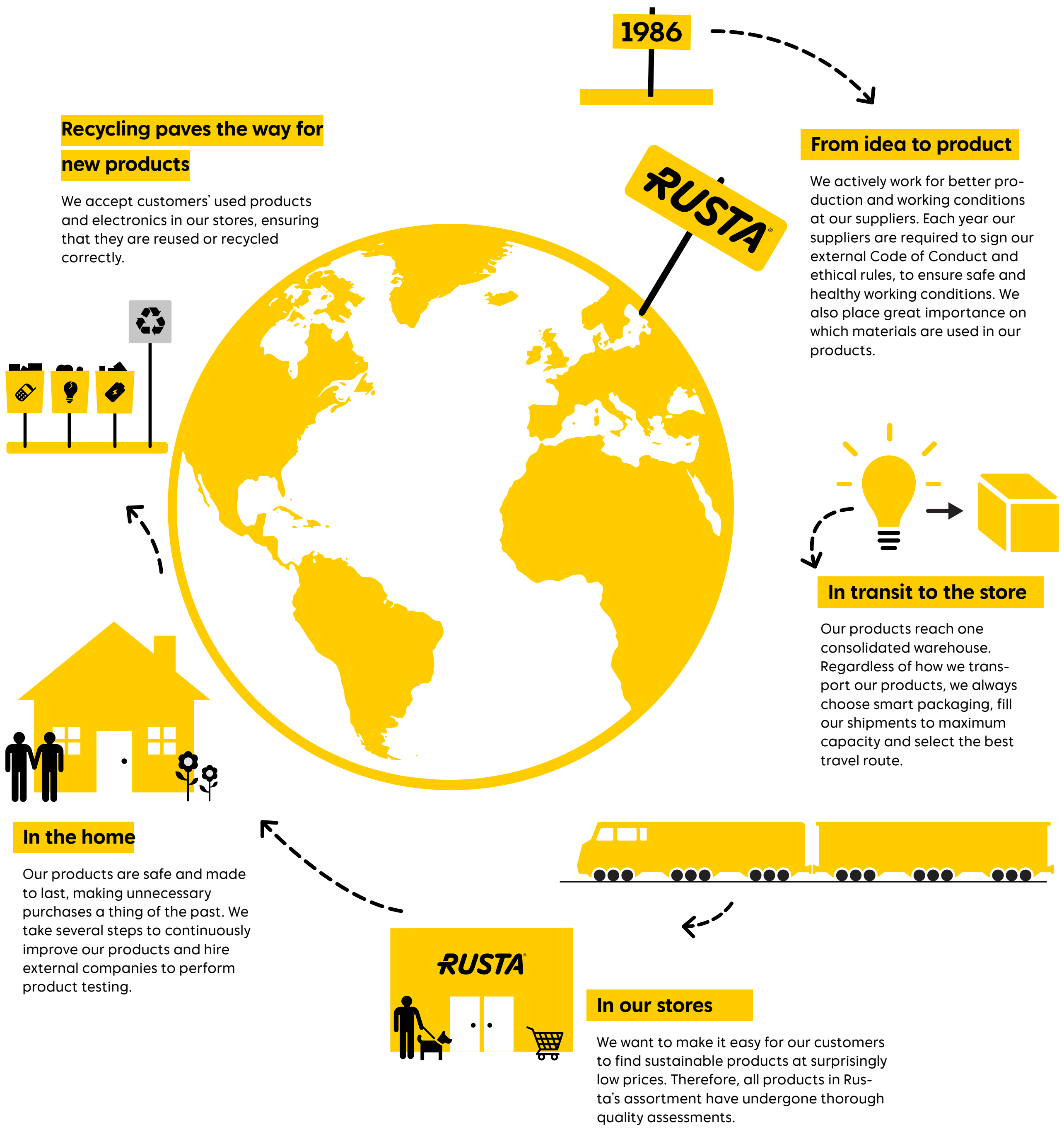
On the following pages, we describe our sustainability undertakings. This sustainability report covers the 2023/24 financial year, which runs from 1 May 2023 to 30 April 2024. The report has been prepared in accordance with the Swedish Annual Accounts Act and with reference to Global Reporting Initiative (GRI) standards. During the year, we have started preparing for reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD). The results of the double materiality analysis described in this report represent the first step towards CSRD compliance. Limitations and boundaries for each material aspect are described on page 27. Information on GRI standards is presented in the Rusta GRI content index, called the GRI profile. This index is published on our website at investors.rusta.com.

Data collection systems and tools are continuously being developed for more distinctive data reporting. This sustainability report, which is published on an annual basis, describes our priority areas within sustainability as well as relevant goals and key performance indicators linked to these areas. Our latest sustainability report was published in August 2023. Our work during the 2023/24 financial year has been based on the materiality analysis that was completed in the spring of 2022. The materiality analysis forms the basis for this sustainability report. This report has been approved by the Board of Directors of Rusta and has been examined by our auditors to ensure that the report meets the requirements of the Swedish Annual Accounts Act. It is our intention and our goal that it will provide our stakeholders with useful and transparent information about our progress.

Rusta is a member of the United Nations Global Compact. This report, which is also our Communication on Progress, reflects Rusta's strategy and active support for the ten principles of the UN Global Compact. Rusta's activities in the area of sustainability are aligned with the UN Sustainable Development Goals. We are also members of the Swedish Trade Federation and the Swedish Standards Institute. Rusta is a proud partner of "Médecins Sans Frontières" (Doctors Without Borders), Forestry Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) and Better Cotton.

For more information about Rusta's sustainability work, please visit www.rusta.com.

Sustainable products for life at home



Sustainable choices

To make it easier for Rusta's customers to make sustainable choices, we have widened our assortment of sustainability-labelled products during the past year. We have also improved the sustainability marking on our products in all product areas and have created an e-learning for our employees regarding sustainability marking.

Nordic Swan

Nordic Swan is a Nordic ecolabel which sets climate and environmental requirements as well as important requirements for function and quality standards.

Rusta recycled marking

PACKAGING made from 100% RECYCLED PLASTIC

Rusta's own marking shows the share of recycled materials in our products and packaging.

Bra Miljöval

Bra Miljöval

Bra Miljöval ("Good Environmental Choice") is the Swedish Society for Nature Conservation's own ecolabel. The labelling's environmental requirements span the product's entire life cycle all the way from raw materials to recycling.

Better Cotton

By choosing cotton products from Rusta, you support responsible cotton production through Better Cotton.

PEFC

The Programme for the Endorsement of Forest Certification (PEFC) is a global alliance of national forest certification systems that promotes sustainable forestry through independent third-party certification.

FSC

The Forest Stewardship Council (FSC) is an independent, international member organisation working towards more responsible forestry. FSC takes into account both people and the environment.

OEKO-TEX

OEKO-TEX products are tested throughout every step of the production process to verify that no form of hazardous substance is present in the product or in its production process.

Have a positive impact

For Rusta, sustainability also means collaborating with several carefully selected organisations to contribute to a more sustainable, equal and fair societal development. We engage in several collaborations, big and small. Below are our main partners.

Rusta supports RFSL

Rusta supports RFSL, the Swedish Federation for Lesbian, Gay, Bisexual, Transgender, Queer and Intersex Rights. Rusta is a store for everyone. To demonstrate our position on everyone's right to feel included, we have entered into a collaboration with RFSL to work for an equal world where the human rights of all LGBTQI people are respected.

No to PFAS

At Rusta, we offer our customers safe and healthy products. No to PFAS is a non-profit initiative whose purpose is to promote the transition from harmful chemicals to safer options for use in a wide range of product areas. Rusta joined this initiative in 2020 and we support the banning of PFAS.

UN Global Compact

In 2018 Rusta joined the world's largest voluntary sustainability network for companies, the UN Global Compact, in order to take action and pave the way towards a more sustainable society. At Rusta we are committed to aligning our operations and strategies to the Ten Principles of the UN Global Compact. As a member of the UN Global Compact, Rusta undertakes to work on the basis of a number of guidelines intended to promote human rights, labour law, environmental and sustainability work.

Médecins Sans Frontières

Rusta has supported Doctors Without Borders since 2015 when 60 million people were in distress from war, famine and terror. Many employees at Rusta were eager to contribute with support and chose to engage in local initiatives. Rusta also decided to donate SEK 1.5 million to Doctors Without Borders. This became the starting point for a long-term collaboration that stands today and has so far generated a contribution of more than SEK 12.5 million to the organisation.

Always great value for money

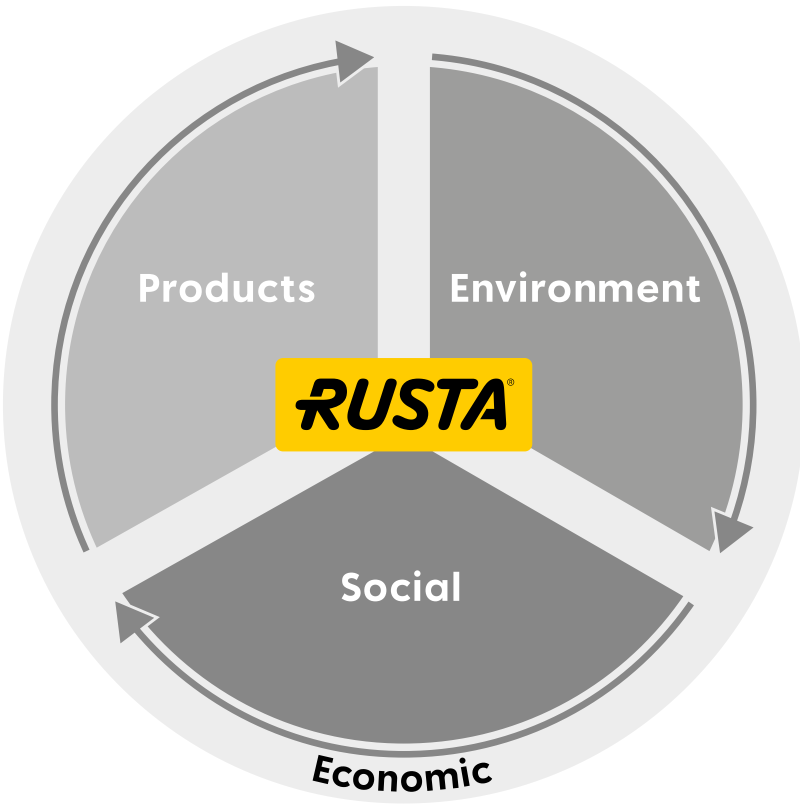
Sustainable Development Goals

Since 2017 we have actively aligned our sustainability agenda towards the 17 Sustainable Development Goals laid out by the UN. At Rusta we want to ensure a more sustainable global future by mapping important social, environmental and economic aspects. For us, aligning towards the UN Sustainable Development Goals means that we as a company must constantly re-evaluate what it means to be a more responsible retail group – all in order to continue integrating our sustainability-related activities into our business logic.

We are aware that the various aspects of the UN Sustainable Development Goals are all interconnected. Being a retail group with activities spanning across the globe, our work both covers and affects all 17 goals laid out by the UN. That said, we have through careful analysis identified 13 goals that we deem influence our daily work more than others and have chosen to pay extra attention to these, as described in this sustainability report.

Sustainability strategy

For Rusta, sustainability means meeting today's needs without compromising the ability of future generations to meet their needs. We aim to become the leading and most trusted low-price retailer in Europe. Our sustainability policy guides us and states our responsibility towards the communities in which we are active. We have defined four key areas of sustainability in which we strive to create long-term improvements.



Products

Safe, durable and fully functional products

Current direction:
- Safe and healthy products for our customers
- Offer products designed for long-lasting life and that can be repaired, reused and recycled
- Simplicity in design and construction to reduce climate footprint
- Develop smart packaging made of renewable or recycled resources

Long-term direction:
- Offer products for a more sustainable life
- Full knowledge and transparency on product content

Social responsibility

Together work for a better society wherever we do business

Current direction:
- Work actively for the respect and protection of human rights
- Continuously improve compliance with our Code of Conduct together with suppliers
- Responsible sourcing is a natural part of doing business
- Strengthen diversity, gender equality and inclusion in our company

Long-term direction:
- Secure animal welfare throughout the value chain
- Include people in socially vulnerable groups
- Collaborate with organisations that contribute to a better society

Environment

We are committed to taking care of the planet

Current progress:
- Rusta's products impact the environment less than comparable products
- Natural raw materials that are legally extracted and certified
- We use non-hazardous chemicals
- The products are made of renewable or recycled materials and are designed and constructed for recycling
- We use renewable energy and are energy efficient

Long-term direction:
- Rusta will become climate neutral by 2030 (GHG scope 1, 2)
- Rusta will become climate neutral by 2045 (GHG scope 1, 2, 3)
- We actively work for the protection and restoration of biodiversity

Economic

Sustainable business leads to prosperity

Current progress:
- Offer our customers great value for money
- We have the courage to see past short-term gains in order to reach our long-term objectives
- Grow our business with partners who act sustainably
- Our growth does not happen at the expense of human rights, the environment or good working conditions

Long-term direction:
- Prove that low-price companies can do sustainable business
- Business ethics with zero tolerance

Stakeholder dialogue

At Rusta, we have continuous and open dialogues with a wide array of stakeholders on sustainability topics. Based on these dialogues, we evaluate and incorporate valuable insights into our sustainability agenda. Grounded in our vision, our sustainability strategy and with trust in our internal competence, the stakeholder insights constitute an essential component in defining and outlining our priorities.

Every two years, Rusta conducts a comprehensive stakeholder dialogue, which aims to add insights to the shaping of our material aspects. An important part of the materiality analysis is to understand how our key stakeholders view Rusta's sustainability-related impact, risks and opportunities. To achieve this, we have first identified relevant stakeholders affected by Rusta's business operations as well as stakeholders that have an impact on Rusta. In addition, we have included stakeholders who use the information presented in our annual report.

We have mapped everything from raw material extraction to customers and society as a whole as our stakeholders. Subsequently, based on which stakeholders we assess have the greatest impact on and are most affected by Rusta's operations, we have defined our key stakeholders to include in the stakeholder dialogue.

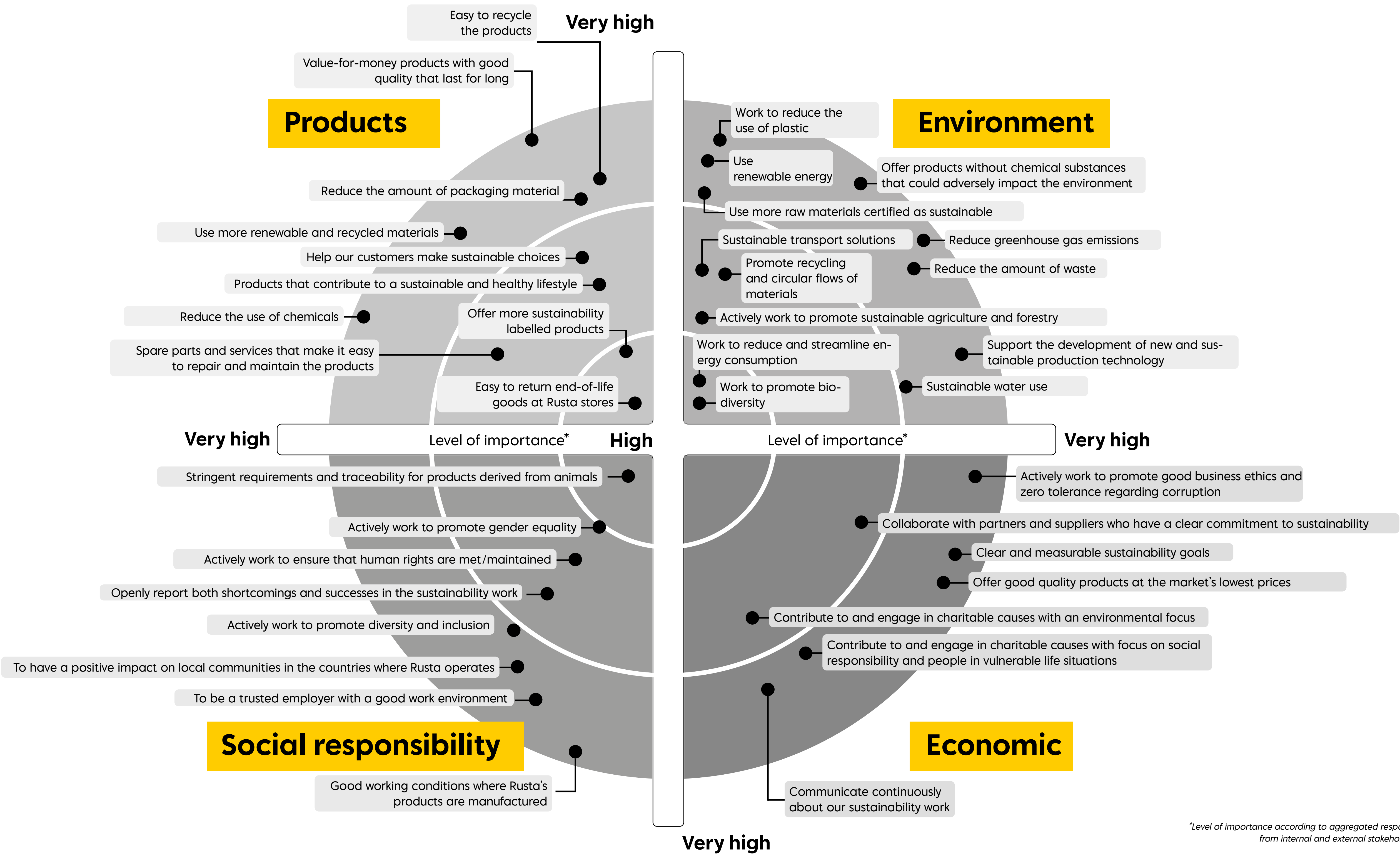
According to our stakeholder analysis, the following groups are our key stakeholders: customers, employees, owners, suppliers of goods, service providers and non-governmental organisations (NGOs).

Stakeholders

	Customers	Suppliers	Employees	Owners	Group management	Authorities & NGOs
DESCRIPTION	During the 2023/24 financial year, Rusta had approximately 69 million visits to our stores in Finland, Germany, Norway and Sweden. Our customers drive and inspire our daily sustainability work and are a key component to its success. Through our growing e-commerce, our customers can also conveniently shop without having to travel.	Rusta's suppliers constitute an integral part of our business. In total, we had 565 suppliers during the financial year. In this context we also include carriers and service providers. Rusta continuously imposes increasing demands on sustainability, compliance with our Code of Conduct, quality standards and delivery excellence. At Rusta, we believe that working closely with our suppliers provides the best value for our customers and our business.	Our 4,844 Rusta employees are our most valuable asset. In our latest employee survey, a large majority of our employees stated that Rusta is a good employer and that they would recommend working at Rusta to others. Our goal is to constantly improve employee satisfaction and attract competent and motivated employees.	Since 19 October 2023, Rusta's shares are traded on Nasdaq Stockholm (RUSTA). Rusta currently has about 14,000 shareholders. The founding families, who are also members of the Board of Directors, continue to be the largest shareholders. Stable and committed owners are important for long-term and sustainable growth.	At Rusta, a leader should engage and inspire their co-workers by setting a good example and acting as a good role model. Furthermore, the members of the management team have the responsibility to lead Rusta with pace and creativity, set ambitious goals and motivate employees.	Rusta's operations affect society, both at a local and global level. We closely monitor societal development in the surrounding environment. We collaborate with many NGOs and are in close contact with local and regional authorities in the locations where we operate.
COMMUNICATION	We share information about our sustainability activities in our 212 stores where we meet our customers daily. Rusta's website is an important communication channel for sharing our policies and working with quality and sustainability. Rusta's marketing activities are conducted through a broad media mix, including TV and radio advertising, digital channels such as Rusta's loyalty programme, social media and online marketing.	Rusta believes in the importance of face-to-face meetings to build mutual trust. Employees from our sourcing offices visit our suppliers regularly. We organise the annual Rusta Supplier Day event to create good relationships with our suppliers. We provide an annual sustainability update to our suppliers to ensure they are continuously informed of our changing sustainability requirements. We also set out our rules and guidelines in the "Rusta Supplier Manual".	We arrange meetings on the theme of sustainability at all levels, functions and departments at Rusta. In addition, we strive to maintain a continuous dialogue about quality and sustainability with our employees in our daily work. We also provide regular sustainability updates in all relevant internal company forums.	As a listed company, we communicate regularly with the market through press releases and interim reports. We have a continuous dialogue with our owners regarding sustainability-related issues.	The members of the management team all play an important role in their respective departments to ensure that relevant topics and issues are communicated continuously to all employees.	Examples of these groups include local and regional authorities and NGOs. We interact with these groups most often through face-to-face meetings and via telephone or email. All information on Rusta's website is available to external partners and the surrounding community.
KEY QUESTIONS	Value-for-money products of good quality Business ethics, zero tolerance regarding corruption Reducing the use of plastic Renewable and recycled materials Being a reliable employer Good working conditions Smart packaging	Renewable and recycled materials Smart packaging Being a reliable employer Measurable goals and targets	Business ethics, zero tolerance regarding corruption Measurable goals and targets Good working conditions Reducing the use of plastic Renewable and recycled materials	Value-for-money products of good quality Renewable and recycled materials Good working conditions Reduce greenhouse gas emissions Measurable goals and targets Traceability throughout the value chain Ensuring compliance with Rusta's Code of Conduct	Value-for-money products of good quality Renewable and recycled materials Measurable goals and targets Reduce greenhouse gas emissions Safe work environment	Sustainable forestry Reduce the use of chemicals Repairable and recycled products Smart packaging Human rights

The dialogue has taken place in different ways depending on the stakeholder group. Customers, suppliers of goods, service providers, carriers and employees have completed a questionnaire. The management team and owners, represented by the Board of Directors given that parts of the Board are also major shareholders, have received more detailed questions in line with European Sustainability Reporting Standards as well as risks and opportunities in the area of sustainability. For NGOs and local/regional authorities, we have used a desktop review. This is an effective way to extract important information. Based on experience, we know that certain stakeholder groups are difficult to contact directly, or that it is impossible to make an impartial selection. We have therefore performed other types of research, such as Internet searches, to find out what these stakeholders feel is important. We have then collected and included this information in our analysis. Some stakeholder groups were also represented through the use of research reports to gain an objective view of the issue.

During the spring of 2024, Rusta carried out a materiality analysis in connection with our latest stakeholder dialogue. This materiality analysis forms the basis for identifying our key sustainability areas.



*Level of importance according to aggregated responses from internal and external stakeholders.

Materiality analysis

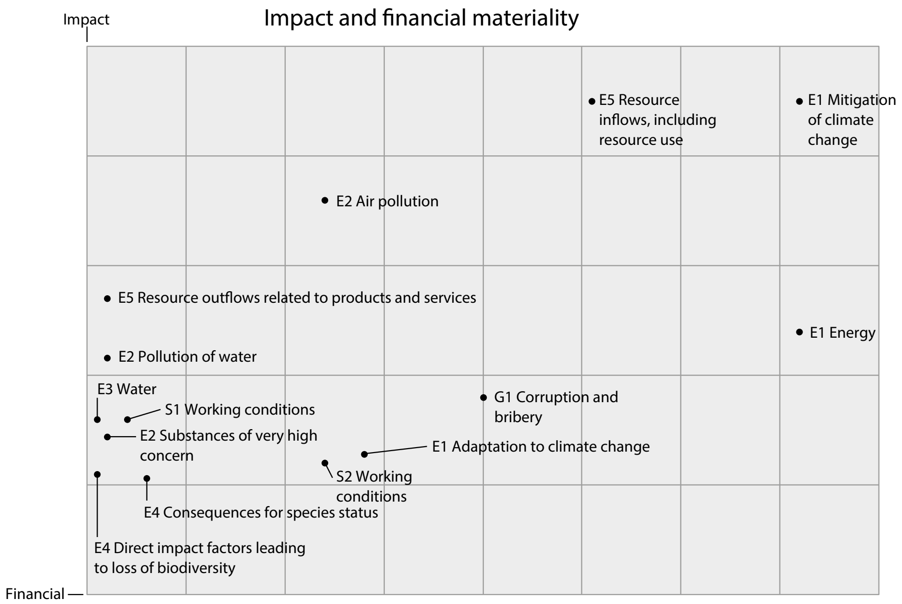
During the 2023/24 financial year, we carried out a double materiality analysis to gain a deeper understanding of our most significant impact on people, the environment and business risks as well as business opportunities. The process for our double materiality analysis, which complies with the requirements of European Sustainability Reporting Standards (ESRS) 1 and 2, has two dimensions: impact materiality and financial materiality. A sustainability issue is considered material if it meets the criteria for one or both dimensions.

For the assessment of impact materiality, Rusta's impact, the scores are based on severity, scope, restorability and probability. For financial materiality, the scores are based on the areas of probability, scope and uncertainty in the assessment. To assess the size of the potential financial effect, we have primarily worked on the basis of the effect on EBIT for a rolling twelve month period and thereafter the effect on cash flow.

Risks and opportunities were scored based on their probability of being realised and their potential financial impact on Rusta. Insights from stakeholder dialogues were incorporated into our reasoning for each area.

Based on the information collected and the methodology described, we set a threshold where the topics with a score above the average were assessed as material. Based on our double materiality analysis, eight of the ten ESRS standards were considered material for Rusta.

Linked to the eight ESRS standards that are considered important for Rusta, there are fourteen sub-topics that through our materiality analysis were assessed as material. Of the eight ESRS standards and fourteen sub-topics deemed important for Rusta, we have created five areas that we describe on the next page.



Identified material aspects

Areas	Overarching goals	ESRS	Related areas (Boundaries*)
Climate	Climate neutral by 2030 (GHG scope 1, 2) Climate neutral by 2045 (GHG scope 1, 2, 3)	E1	Method description (Create, Source, Supply, Communicate, Sell) Energy and fuel (Create, Source, Supply, Sell) Transport and distribution (Create, Source, Supply, Communicate, Sell) Supply chain planning (Create, Source, Supply, Sell) Fulfilment centre (Create, Source, Supply, Communicate, Sell)
Environment and biodiversity	Carry out gap analysis by 2025 based on the latest materiality analysis Increase the share of suppliers at the level "Good" or higher to 55% during the 2024/25 financial year in accordance with the evironmental requirements in Rusta's external Code of Conduct	E2 E3 E4	Supplier environmental evaluation (Source) Renewable and certified raw materials (Create, Source) Product content and chemical substances (Create, Source)
Products and packaging	15% fewer defective customer returns annually Annual savings of over 10,000 pallets	E5	Product quality (Create, Source, Supply, Communicate, Sell) Supplier quality evaluation (Source) Sustainable choices and marking (Create, Communicate, Sell) Reduce packaging material (Create, Source, Supply, Sell)
Social responsibility	Increase the share of suppliers at the level "Good" or higher to 85% during the 2024/25 financial year in accordance with the social requirements in Rusta's external Code of Conduct	S1 S2	Employment, learning and development (Create, Source, Supply, Communicate, Sell) Code of Conduct (Create, Source, Supply, Communicate, Sell)
Trust	All new employees shall digitally sign Rusta's internal Code of Conduct All suppliers must sign Rusta's external Code of Conduct and our business ethics rules	G1	Business ethics (Create, Source, Supply, Communicate, Sell)

*Boundaries based on the Rusta wheel presented on page 7.

Climate

For Rusta, focus on the measures we take to reduce our climate impact is of paramount importance, and our sustainability strategy concerns climate change mitigation, energy efficiency and renewable energy expansion. The changes that are affecting our planet, such as rising sea levels, shrinking mountain glaciers and accelerating ice melt, are clear signs that we simply don't have time to wait. During the financial year we compiled two reports in accordance with the Greenhouse Gas Protocol (GHG). We have established ambitious climate goals in line with the goals of the Paris Agreement, and we are working on a resource and action plan in line with these.

Method description

Scope 1 – All direct emissions

Scope 1 covers the direct greenhouse gas emissions in Rusta's activities. For Rusta, this means:

- Oil for heating in one of our facilities
- Fuel consumption in vehicles controlled by Rusta
  - – per fuel for cars
  - – per fuel for forklifts

Scope 2 – Indirect emissions from purchased electricity and heating

Scope 2 covers the indirect emissions that can be linked to the production of the energy that Rusta purchased during the year. For Rusta, this means:

- Electricity use in Finland, Germany, Norway, Sweden, China, India and Vietnam
- District heating use in Finland, Germany, Norway and Sweden

Scope 3 – Other indirect emissions

Scope 3 covers emissions from sources that Rusta does not directly own. The scope covers emissions from, for example, purchased goods and services, packaging and transport from suppliers, as well as waste that is recycled in the supply chain.

Our strategy is to measure, reduce and compensate our greenhouse gas emissions and we will be fully transparent on our status and progress. Rusta's total climate impact is shown in the table below.

The greenhouse gas emissions generated in Rusta's activities mostly come from our products.
The largest contributor is the raw material used, followed by the energy required in the production process for our products. Choosing raw materials and buying more renewable and recyclable raw materials is Rusta's foremost priority when it comes to reducing our climate impact. The second priority is to secure renewable energy, both in Rusta's own operations and in all the factories that produce for Rusta. We strive to continuously improve and expand our circular business processes. At Rusta, we continuously reduce our emissions of greenhouse gases. Key contributors are:

- Using more renewable and recycled materials in our products
- Choosing and switching to materials with lower environmental impact
- Smarter and more efficient packaging solutions made from recycled materials
- More efficient loading in the supply chain, i.e. containers and trucks
- Continuously converting to renewable energy in our stores, distribution centre and offices
- Better waste recycling in stores and the distribution centre

Total emissions per scope [tonnes CO2e]	2023/24	Proportion of 2023/24	2022/23	Change, %
Scope 1	**154**	**0.01%**	**255**	**-39.6%**
Scope 2	**3,344**	**0.29%**	**3,718**	**-10.1%**
Scope 3	**1,162,929**	**99.70%**	**1,101,981**	**5.5%**
3.1 Purchased goods and services	984,558	84.66%	952,811	3.3%
3.2 Capital goods	7,531	0.65%	9,737	-22.7%
3.3 Energy and fuel-related emissions	446	0.04%	582	-23.4%
3.4 Upstream transportation	16,838	1.45%	18,062	-6.8%
3.5 Waste	208	0.02%	173	20.2%
3.6 Business travel	1,825	0.16%	1,200	52.1%
3.7 Employee commuting	4,749	0.41%	4,100	15.8%
3.9 Downstream transportation	86,188	7.41%	81,483	5.8%
3.11 Use of sold products	56,348	4.85%	29,700	89.7%
3.12 End-of-life treatment of sold products	4,237	0.36%	4,133	2.5%
Total	**1,166,428**	**100.0%**	**1,105,954**	**5.5%**
CO2e kg total/purchase number of items	3.86		3.93	-1.8%
CO2e, tonnes total/Net sales MSEK	104.93		108.401	-3.2%
Number of stores	212		201	5.5%

Current progress:

- Completed and reported two full years of climate calculations for Rusta in accordance with the GHG Protocol

Goals:

- Develop policies and KPIs to address material sustainability issues related to climate change and climate adaptation during the 2024/25 financial year
- Continuously create more awareness and involve necessary stakeholders
- Climate neutrality according to Greenhouse Gas Protocol (scope 1 and 2) by 2030
- Climate neutrality according to Greenhouse Gas Protocol (scope 1, 2 and 3) by 2045

Energy and fuel

This scope 3 category is calculated in connection with activities in scope 1 and 2. The scope 3 category includes the greenhouse gas emissions caused by upstream activities such as the production and transport of fuel or energy. Rusta monitors the energy consumption in our stores and our fulfilment centre to collect real-time data. We are currently working on structuring and analysing this data to determine accurate KPIs both for our own operations and those of our suppliers. Today, a large majority of the energy supply to our Swedish and Finnish stores originates from fossil-free sources purchased directly from our energy supplier.
We are constantly finding ways to reduce energy consumption. We have therefore laid out clear routines in our stores, which we are continuously developing. Examples of energy-reducing activities include:

- Motion sensors for light sources in staff areas
- Timer and twilight relay for the exterior store signs
- Reduced lighting in stores before opening
- LED spotlights instead of halogen
- Switching from fluorescent lamps in existing stores to LED fixtures
- To save energy, the entire distribution centre is heated with geothermal heating
- Optimised ventilation in Rusta's fulfilment centre

Current progress:

- 19 of our stores saved energy by 10% or more (average saving 74,800 kWh)
- Our fulfilment centre in Norrköping reduced energy consumption by 5%
- Our head office in Upplands Väsby reduced energy consumption by 13%
- 84% fossil-free energy in our own operations

Goals:

- 100% fossil-free energy purchased by Rusta from energy suppliers by 2025
- Establish policies to address material sustainability issues related to climate adaptation, greenhouse gas emissions and energy

Transportation and distribution

During the 2023/24 financial year, we continued to work on the transition to fossil-free fuels and to reduce emissions for Rusta's transportation and distribution activities. We are continuously switching to more sustainable modes of transport and fuels for transport that Rusta buys from Asia and Europe. In Europe, we partly import goods via rail and sea as an alternative.

To further reduce our climate impact, we invested during the year in a new electric truck for container transport and a heavy electric truck for distribution from Rusta's fulfilment centre in Norrköping to stores in Stockholm and Mälardalen.

Efficient supply chain

In the previous financial year, 2022/23, we fully implemented the Relex forecasting and order management system. We now have better control over the flow of goods all the way from our suppliers to the fulfilment centre and out to our stores. In this way, we ensure the right product at the right volume in the right place at the right time. The system helps us reduce unnecessary inventory costs and unnecessary transportation of goods to and from our stores.

With this implementation, we have improved product availability and reduced our inventory. A concrete example is that we now have 57,000 fewer pallets at our fulfilment centre in Norrköping. This increases our flexibility while reducing the risk of overstock.

In addition, flexible delivery route planning allows us to select the most appropriate delivery schedule. To avoid traffic and save fuel, we deliver all goods overnight whenever possible. The fulfilment centre's management system is designed to ensure that all pallets are filled in order to ensure that our shipments are packed to the maximum and thereby minimise emissions. We continuously measure and maximise the fill rate of our pallets and containers.

Current progress:
- All our containers are transported fossil-free between the port and the fulfilment centre
- A new environmental appendix is implemented for all new distribution agreements
- 35% fossil-free fuels in Rusta's distribution to stores
- Rail shipments from Europe increased from 35 to 182 compared to FY 2022/23
- 57,000 fewer pallets at our fulfilment centre in Norrköping means increased flexibility

Goals:
- Continue to measure and improve the fill rate of pallets and containers/trucks
- Reduce greenhouse gas emissions from transportation by more than 5% annually
- Work further on alternative fuels and electrification of transport fleet

Fulfilment centre

Rusta's fulfilment centre in Norrköping is one of the largest in the Nordic region. Established in 2015 and after major expansions, it now has the capacity to store more than 300,000 pallets. Sustainability has been a clear area of focus for both choice of materials and technical solutions throughout the building process. Everything from presence-controlled ventilation and lighting to climate-smart heating. Every year, inspection, maintenance and review of the electrical installation is carried out at the fulfilment centre. The facility is also systematically mapped through energy quality analysis and thermal imaging. This periodic check contributes to energy efficiency and reduced energy consumption.

The fulfilment centre is a workplace where continuous improvements for processes, work environment and safety awareness are important. Having a centralised distribution centre eliminates unnecessary transportation while improving fill rates, resulting in lower environmental impact and higher cost efficiency. The location of our fulfilment centre has been carefully selected to ensure the following:

- Close proximity to container port (1 km) to reduce transport distance
- Close proximity to railway to enable rail shipments both to and from the fulfilment centre
- Close proximity to Rusta's largest market and easy access to motorway in order to minimise distribution distance

We have made several improvements when it comes to the forklifts used in our operations. An important initiative is that we have extended the useful life of batteries through improved processes and handling. We have installed an I-site software solution in our forklifts. This software helps make forklift driving safer and reduces damage to the machines. It also means a safer work environment for our employees.

We work actively to prevent incidents and accidents. During the 2023/24 financial year, we exceeded our target for the number of completed risk observations. To further create a safe workplace, we commence all our start-up meetings with a routine we call "Safety First!"

Adaptation to climate change

Climate-related risks in society continue to increase, resulting in extreme weather, rainfall, floods and landslides. Increased average temperature and rising sea levels mean that we need to work actively with climate adaptations and preventive measures. At Rusta, we have not yet carried out a full-scale investigation of climate-related risks for the entire value chain. However, a mapping of climate-related risks in the short and long term specifically for Rusta's fulfilment centre has been carried out during 2024. Based on this analysis, preventive work is now underway based on five focus areas:

1. Limit climate impact
2. Prevent water penetration
3. Secure the drainage paths to the property
4. Adapt to heatwaves and elevated temperatures
5. Ensure snow clearing capacity

Current progress:
- For the year 2023/24, energy consumption decreased by 5%
- Implemented IA system (reporting system for incidents at work)

Goals:
- Map alternative energy sources and technology improvements to reduce climate impact
- Vision of zero accidents

Environment and biodiversity

Our sustainability strategy, sustainability policy and external Code of Conduct clearly show that Rusta behaves in an environmentally conscious and resource efficient manner and takes a systematic approach to all aspects that affect the environment and climate. Rusta will offer the market more sustainable products, be energy efficient, use renewable resources and minimise waste and emissions. We will work actively for the protection and restoration of biodiversity, and we work for climate neutrality throughout our value chain. Our material aspects are linked to impact on loss of biodiversity, impact on status of species, chemicals and pollutants. We have specifically addressed this issue in Rusta's purchasing organisation, where we continuously increase the proportion of certified raw materials. We will continue to map and evaluate this area during the 2024/25 financial year. Decisions on the implementation of necessary measures and collection of relevant data will be taken.

Supplier environmental evaluation

Rusta works together with our suppliers to continuously improve our environmental performance. Without exception, the environmental performance of all potential suppliers is reviewed and evaluated before they may produce goods for Rusta. During the year, our suppliers have developed in a positive direction regarding the environmental part of our Code of Conduct. Apart from our non-negotiable requirements, that all critical environmental hazards must be eliminated or handled in a sustainable manner, we rate our suppliers on "Rusta Environment" based on the following five areas:

- Wastewater
- Electricity consumption
- Direct fuel consumption
- Waste management
- Emissions to air (non-greenhouse gases)

In this process, suppliers firstly conduct a self-assessment which is then verified or revised by our Code of Conduct evaluators.

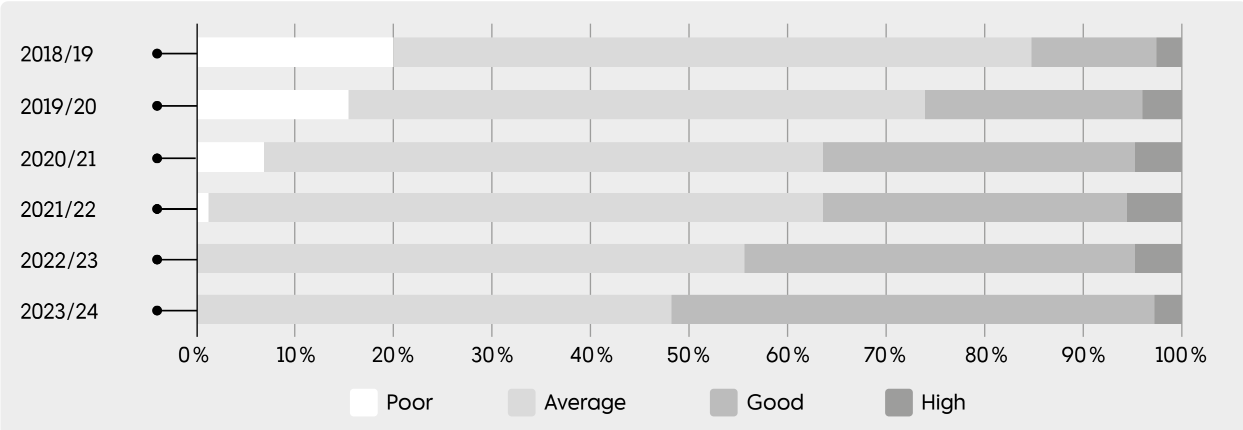
Current progress:

- In total, 100% of new suppliers have been evaluated in accordance with the environmental criteria set out in Rusta's Code of Conduct
- In total, 198 evaluations have been carried out by our trained specialists in accordance with the environmental criteria set out in Rusta's Code of Conduct
- Through coaching and structured improvements, suppliers at the level "Good" or higher have increased from 45% to 52%

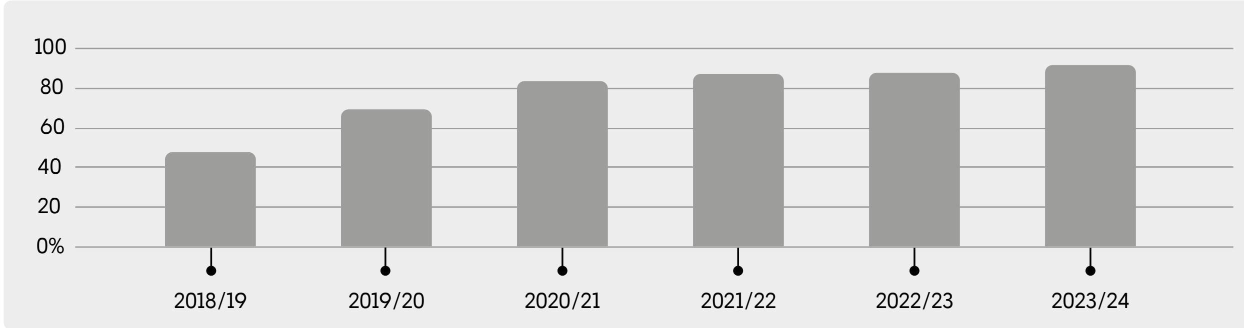
Goals:

- Develop policies and KPIs to address material sustainability issues related to biodiversity, pollution and water during 2024/25
- Increase the proportion of suppliers at the level "Good" or higher to 55% in accordance with our requirements in the environmental part of our Code of Conduct

Results from Code of Conduct environmental evaluation



Renewable and certified raw materials
Share of certified wood and paper



Wood and wood-based materials

As part of our ambition to promote biodiversity, Rusta will never accept products that wholly or partially contain parts from any flora listed as "near threatened" or higher extinction risk in the International Union for Conservation of Nature (IUCN) and Natural Resource red list of threatened species. Rusta has therefore developed a Forestry Due Diligence System based on eight key criteria that helps us estimate and calculate risk when purchasing specific types of wood from a certain region and/or supplier. Apart from the above requirements, Rusta does not source any timber which:

- is illegally harvested
- comes from protected areas, intact natural forests/ rainforests or from forests with high conservation value
- is not produced in accordance with national and regional forestry legislation
- is involved in social conflicts regarding wood operations
- comes from natural tropical or subtropical forests that are converted into plantations
- comes from genetically modified tree plantations

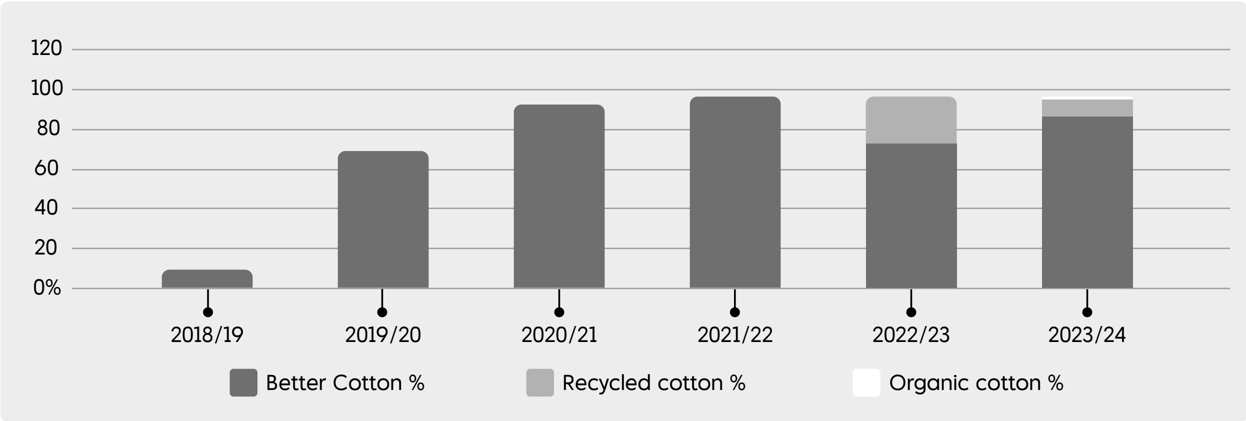
Current progress:

- In 2023/24, the share of sustainably certified wood and paper products in Rusta's assortment increased to 89%
- 19 million certified wood and paper products were sold during the year

Goals:

- At least 90% of products made from solid wood and wood-based materials, including paper, used in Rusta products must be certified

Share of more sustainable cotton



Textile and cotton
Rusta continues its commitment to significantly increase the range of cotton products manufactured in accordance with Better Cotton's guidelines. Better Cotton works to improve the working conditions of the people who produce cotton and develops production methods to reduce the negative impact on biodiversity. Compliance with Better Cotton is a requirement for all Rusta basic textile products, such as sheets, towels, bed sets, etc.

At Rusta, we aim to replace virgin fibres in manufacturing and increase the proportion of recycled fibres in textile products. 75% of Rusta's textile suppliers in India, Pakistan and Bangladesh currently work with the HIGG Index. The HIGG Index is used as a basic concept and guide for all textile brands. Information and data are shared to measure and compare the effects of brands, facilities and products in relation to environmental and social issues. Water use, potential global warming, fossil fuels and water pollution are measured, among other things. Data and information are verified by external parties.

In 2023/24, the share of more sustainable cotton was 96%. In this context, what we view as more sustainable cotton is Better Cotton, organic and recycled cotton.

Current progress:
- 11% of the polyester assortment that comes from China is made from recycled polyester
- 96% more sustainable cotton (Better cotton, organic or recycled cotton)
- 489 tonnes of virgin polyester saved through use of recycled materials by suppliers connected to our sourcing office in India

Goals:
- By 2024/25, Rusta will buy 100% more sustainable cotton, i.e. only Better Cotton, organic or recycled cotton

Palm oil
Rusta requires all suppliers to have full control over their incoming palm oil. All palm oil used in Rusta products must be fully traceable and certified according to Roundtable on Sustainable Palm Oil (RSPO). As a minimum, all products must be certified as "mass balance" from the plantations to our stores.

Current progress:
- All products produced for Rusta containing palm oil follow "RSPO mass balance"

Goals:
- Continue to ensure that all products produced for Rusta containing palm oil are – as a minimum – RSPO mass balance
- Increase the proportion of identity-preserved and segregated palm oil in our assortment

Product content and chemical substances

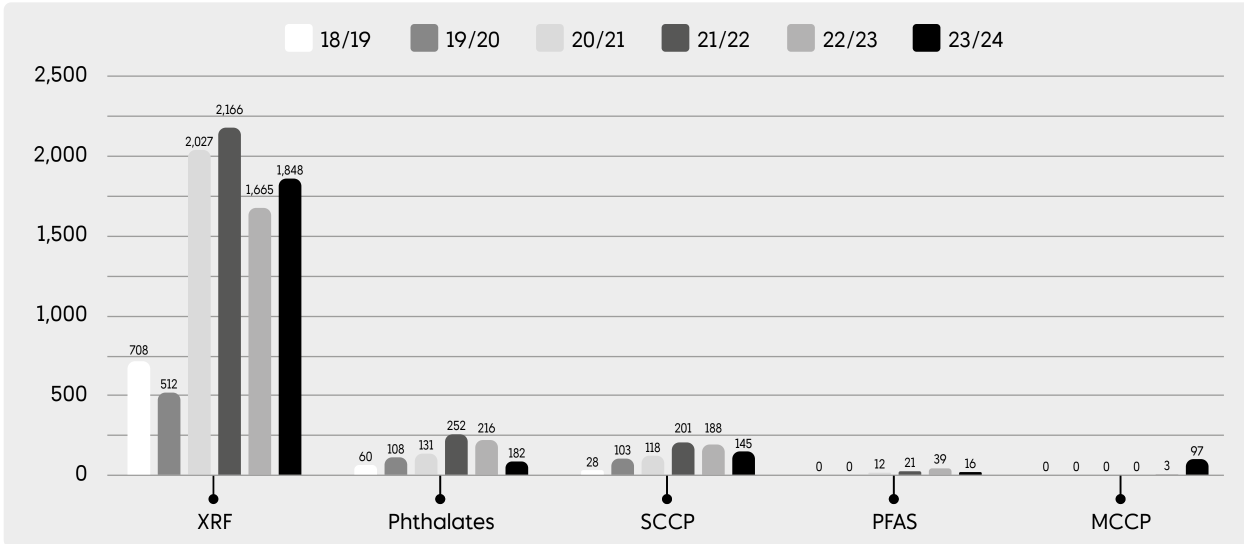
Rusta always works on the basis of the strictest requirements in any of our sales markets as minimum requirements for all products. For certain substances, such as phthalates, we have stricter requirements than are found in any of our markets. In 2020, Rusta joined the PFAS initiative ChemSec. By joining this initiative, Rusta supports the recognition that PFAS is a major health and environmental concern, and we are committing to ceasing all non-essential PFAS use in our products. To ensure compliance with our requirements and as an additional quality control, Rusta uses X-ray fluorescence (XRF) scanners both in our Asian sourcing offices and in our fulfilment centre in Norrköping.

In total, 1,848 (1,665) X-ray fluorescence (XRF) tests have been performed at our premises in Asia and at Rusta's fulfilment centre. In addition to looking at the actual test results from our XRF scanners, we calculate potential risks when we detect a value near the permitted limit, to ensure the safest possible products for our customers. We also carry out spot checks both in Asia and Sweden on all electrical items before they can be sold in our stores. From experience, we have identified the necessity of not only communicating and providing training on our chemical requirements to our suppliers, but that it is also of great importance that we at the same time strive to ensure that these conditions are complied with through all stages of the value chain.

Current progress:
- Rusta's chemical requirements (Rusta Supplier Manual, Appendix A) were updated in May 2023
- 451 (686) third-party tests were performed based on random spot checks prior to delivery
- Two new suppliers have invested in, and have been trained in, XRF scanning technology to improve monitoring of the "Restriction of Hazardous Substances" (RoHS) requirements Rusta now has a total of 35 suppliers that perform XRF scanning
- PFAS phased out in textiles (awnings remain but a phase-out plan is in place)

Goals:
- Update Rusta's chemical requirements for suppliers and factories
- Map and replace MCCP*** in our products
- Get selected suppliers to invest in XRF equipment and training
- Continuously phase out PFAS from Rusta's assortment

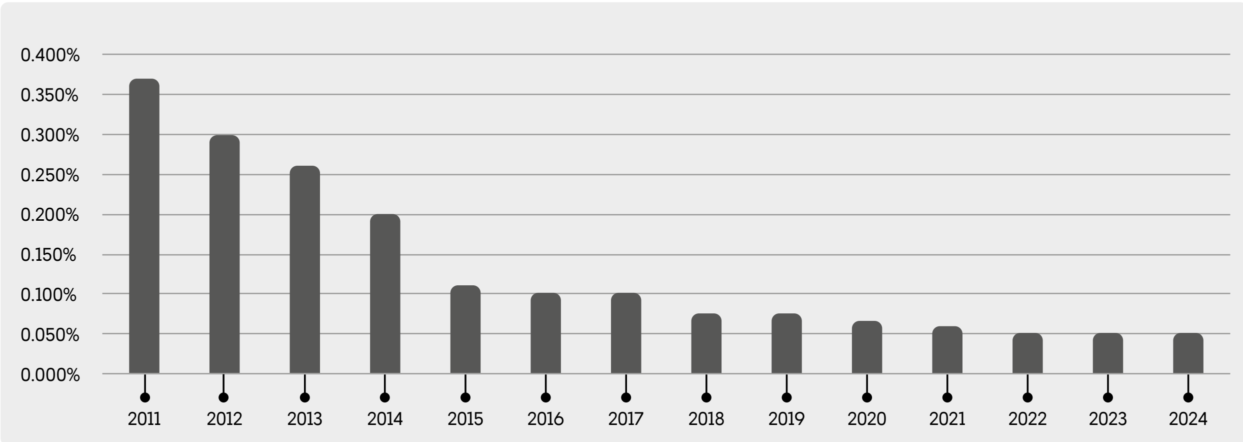
Number of random tests



*Short-Chain Chlorinated Paraffins (SCCP)
**Per- and Polyfluoroalkyl Substances (PFAS)
***Medium-Chain Chlorinated Paraffins (MCCP)

Products and packaging

Defective customer returns in percentage (quantity)



Rusta's sustainability strategy clarifies our commitment to a circular transition. Design for long-life and repairability are both crucial aspects, as is smart packaging made from renewable or recycled resources. Our material aspects in relation to this issue are the inflow and outflow of resources and resource use, related to products.

Product quality

Rusta's vision for product quality is to offer all customers products that they perceive as "great value for money". This refers to the customer's perceived value of the product in relation to its price. The quality strategy established by Rusta in 2011 includes:

- The customer in focus
- Clear targets and key performance indicators (KPIs)
- Systematic sustainability work
- Continuous Improvements
- Minimum quality definition level: Safe, durable (more than three years) and fully functional

We systematically measure our progress by sending our products to third-party testing and by monitoring our customers' perception of Rusta's ability to fulfil our customer promise. In addition to offering good quality products that are designed to last, our products must also be repairable to further extend their useful life. To reduce the environmental impact of each product, our ambition is to integrate repairability into the development of new products moving forward.

Current progress:
- The share of defective customer returns further decreased to 0.05%

Goals:
- 15% annual reduction in customer returns related to poor quality
- Increase number of products that is "Best in Test" or "Best Budget Choice" in each product category
- Develop policies to address material sustainability issues and KPIs related to circular economy during 2024/25

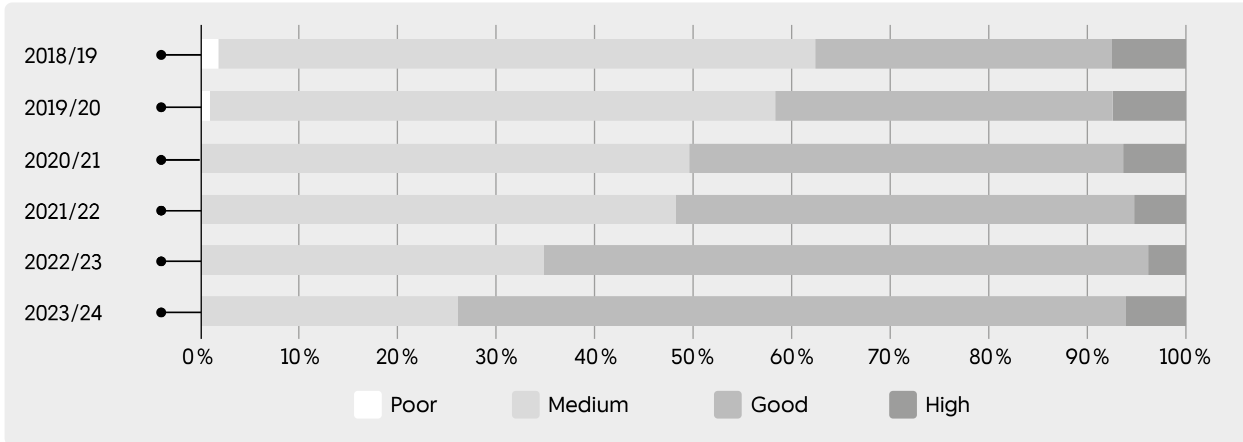
Ellen yarn

Our popular Ellen yarn is made from 100% recycled polyester.

Villastad outdoor furniture

Villastad is a range of FSC-certified outdoor furniture made from natural acacia from responsible forestry.

Results SQE



Supplier Quality Evaluation (SQE)

Rusta strives to ensure that the factories that produce our products continuously work to improve the quality of Rusta's products. To achieve this, we use a Supplier Quality Evaluation (SQE) tool designed as a scoring structure where the quality systems of the factories are evaluated. Our quality specialists support the factories with training while working to motivate and encourage further progress in this area. During the past financial year, we have evaluated 162 factories based on our Supplier Quality Evaluation (SQE) guidelines. There are currently 88 factories at the "average" level, 227 at the "good" level and a further 19 factories at the "high" level.

Current progress:
- Rusta rejected collaboration with a potential factory due to poor SQE performance
- Factories at the level "good" or higher increased from 65% to 74% compared to the previous year

Goals:
- All new factories shall continue to be evaluated before any orders are placed
- Increase the share of factories at the level "good" or higher to 80% in our Supplier Quality Evaluation (SQE)

Animal products

Rusta has clear guidelines for the treatment of animals in our value chain. We strive to ensure that products containing leather, down and feather are produced responsibly. Rusta therefore only allows residual products from animals used for their meat, with the exception of wool products. In accordance with our Code of Conduct, Rusta will always undertake a site visit to the producer to verify that the animals are being treated in accordance with our requirements. In 2018, Rusta initiated a dialogue with Project 1882. The dialogue has proceeded whereby representatives of Rusta have met with Project 1882 to discuss how to further safeguard animal welfare in Rusta's value chain. Based on input from the aforementioned organisation, Rusta has elaborated its requirements on this topic and included them in our Code of Conduct.

Current progress:
- Further emphasis on our traceability requirements in our external Code of Conduct during the year
- Meeting with Project 1882 to learn more about key elements in ensuring animal welfare

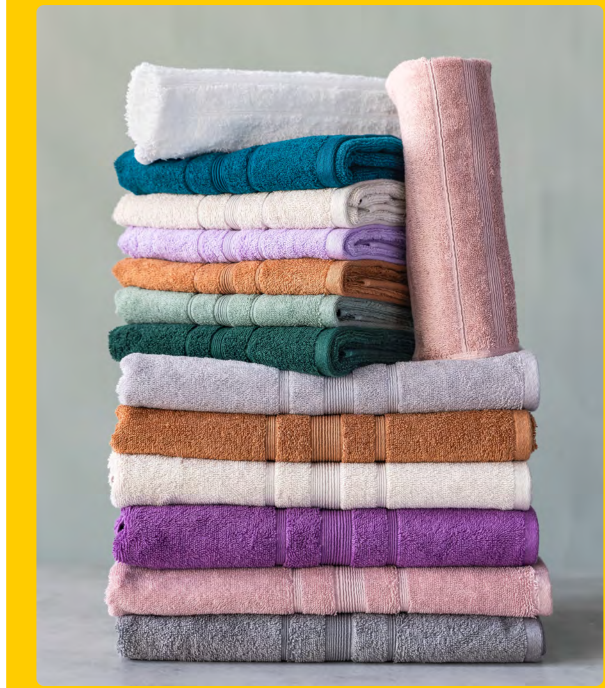
Goals:
- Update our requirements for animal products annually in relation to our suppliers

Plastic

Rusta continuously strives to reduce the amount of plastic used in both our products and their packaging. We are currently mapping our entire product assortment with the aim of reducing dependence on fossil-based plastic. We have worked hard in line with our goal of using only recyclable plastic in our products by 2030. With only very few exceptions, we are almost there, and we will continue this work in 2024/25.

Current progress:
- Reduction of 166 tonnes of unrecyclable plastic in our Christmas assortment
- Continued exploration of alternatives and reduced use of unrecyclable plastic
- Recycled 114 tonnes of expanded polystyrene foam by converting it to PS in our photo frame assortment
- Saving more than 167 tonnes of virgin plastic by using more recycled plastic in our artificial flowers, outdoor garden pots, lampshades, storage items and folding tables
- Carried out plastic-related training for Range and Sourcing colleagues

Goals:
- By 2025, 50% of all plastic used in Rusta products will be produced from renewable sources or from recycled materials
- Rusta aims to use only renewable and/or recycled materials by 2030



Emma towel

A cotton towel made in accordance with the rules established by Better Cotton and sold without consumer packaging and at the best price on the market.

Water bottle

This bottle is made from bioplastic and is more sustainable.

Sustainable choices and marking

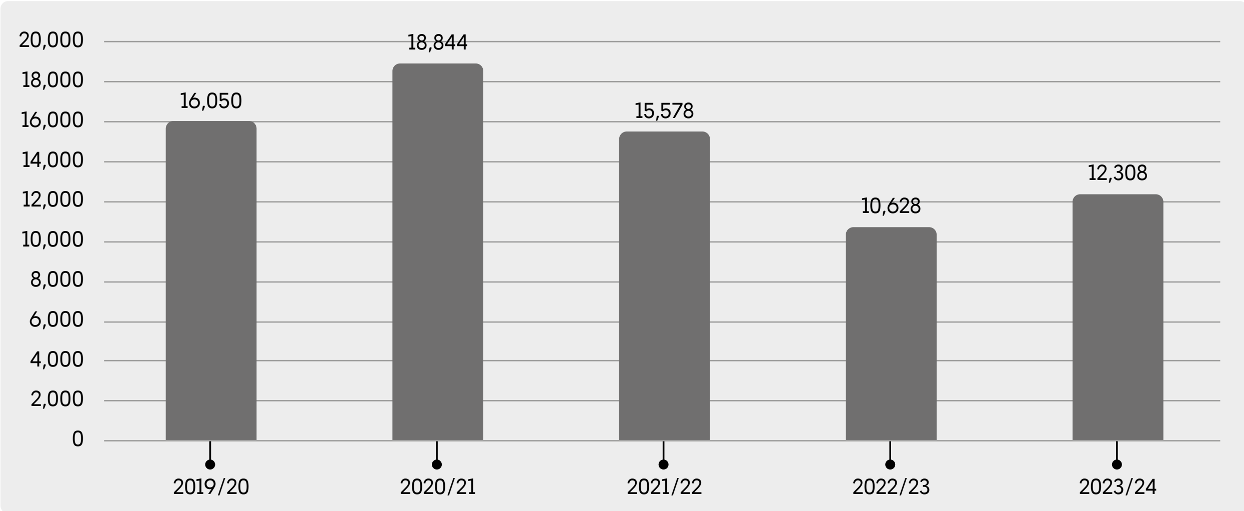
Rusta's goal is to offer a more sustainable product range than our competitors. To make it easier for our customers to make sustainable choices, we have improved the sustainability marking of our products in all our product ranges. This gradual transformation of our assortment is being carried out in several ways:

- By expanding the range of certified products
- By increasing the range of products made from recycled raw materials
- By reducing materials/components in the products
- By reducing or removing unnecessary consumer packaging
- By optimising the dimensions of our products and packaging to optimise transport and thereby minimise emissions

Current progress:
- Nearly 20 million sustainability-certified wood and paper products sold during the year
- 656 tonnes of virgin plastic eliminated due to increased use of recycled materials
- Created an e-learning called "Sustainable Choices"

Goals:
- Further expand the range of sustainability-labelled products
- Continuously improve the communication to our customers regarding sustainable choices and marking

Saving – number of pallets 2019–2023



Reduce packaging materials

Rusta's sustainability strategy clearly states that we will develop smart packaging made from renewable or recycled resources. Our packaging strategy, which covers all relevant aspects of the area, was launched in 2018. Through optimised packaging solutions, we protect the products, simplify for our customers and reduce our impact on the planet.

Removing and reducing packaging creates benefits for our customers, suppliers and the environment. Lesser packaging materials also contribute to lower prices for our customers. At Rusta, we aim to use only one material per packaging solution in order to increase recyclability. This makes it easy for our customers to sort the waste. The fewer types of material, the better. Whenever possible, we prefer to sell our products without packaging. Our goal is to continue to increase the number of products sold without consumer packaging.

In close collaboration with our suppliers and colleagues around the globe, we continuously increase the fill rate in containers while developing smarter packaging and loading solutions throughout our value chain. By adapting items and packaging solutions to fit the EU pallet, we can increase the number of items per pallet. When we do this, we can fit the same number of items on fewer pallets. This results in savings in terms of the number of pallets that need to be handled and transported from the factory all the way to the stores. Thus, we can use the fulfilment centre in a more efficient way when the pallets have the same characteristics and size regardless of the nature of the goods. This enables us to be more flexible when storing pallets and utilise the different storage systems we have at the fulfilment centre.

Current progress:

- Continued focus on reducing packaging materials and increasing recycled content in our packaging solutions
- Design for recycling, making it easy for customers to sort our packaging
- Completed mapping of certified packaging material content
- 12,308 fewer pallets through the supply chain (equates to 205 containers or trucks)
- Optimised packaging solution and packaging materials on our 100 bestsellers

Goals:

- Optimise the packaging solutions for an additional 100 of our best-selling products
- Carry out packaging-related training for selected co-workers and suppliers
- By the 2025/26 financial year, 100% of our packaging materials will be recyclable
- By the 2025/26 financial year, 25% of our assortment will be sold without customer packaging
- Annual goal to save more than 10,000 pallets
- Annual increase in certified packaging materials by 5%

Promote recycling

We continuously increase the share of recycled materials in our stores and at the fulfilment centre. We have implemented an annual collection schedule with our waste management partners to minimise the hazardous waste generated by our fulfilment centre and our stores. Together with our partners, we also determine how the waste can, and should, be handled and disposed of. In our own facilities, we have also improved the fill rate in the vessels and containers where we collect the waste, thereby reducing the number of transports. The basic requirements in Rusta's Code of Conduct state that we must constantly ensure that all critical environmental risks are taken into account.

We also evaluate how waste management is carried out at our suppliers. One example of how we have reduced plastic consumption is our stretch film on pallets in our supply chain. We have invested in new fully automated plastic foil equipment that optimises the stretch film on pallets even more, reducing plastic film consumption by 15%. This work is an ongoing process for Rusta.

Waste per fraction

Hazardous waste	2023/24	%	2022/23	%	2021/22	%	2020/21	%
Recycling	191,148	86%	123,495	62%	116,780	92%	149,443	96%
Combustion	5,598	3%	11,178	6%	2,649	2%	2,298	1%
Landfill	25,224	11%	64,822	32%	7,328	6%	4,596	3%
Recovery	0	0%	0	0%	0	0%	0	0%
Total kg	221,970		199,496		126,757		156,336	

Non-hazardous waste	2023/24	%	2022/23	%	2021/22	%	2020/21	%
Recycling	7,553,291	80%	6,562,209	78%	6,389,815	78%	6,266,904	76%
Combustion	1,810,687	19%	1,785,980	21%	1,733,885	21%	1,935,496	23%
Landfill	67,906	1%	58,185	1%	67,250	1%	64,252	1%
Recovery	3,793	0%	5,023	0%	4,584	0%	3,900	0%
Deep well injection		0%		0%		0%		0%
Total kg	9,435,677		8,411,397		8,195,533		8,270,553	
kg waste / Net sales in thousands	89		86		92		100	

Current progress:

- Increased share recycling by 7.1% for Finland, Germany and Norway
- Total share recycling increased by 2.1% to 80.1%

Goals:

- Increase the share of recycling in Norway
- Increase focus on recycling for all parts of the Group

Social responsibility

Employment, learning and development

Rusta is an open and inclusive company. Our diverse employees reflect the wider community in the markets in which we operate. We believe that differences create opportunities, and diversity is viewed as a key asset in Rusta's continued journey and future growth. At Rusta, everyone has equal opportunities and rights. We have a zero tolerance approach to any form of discrimination or harassment. If an incident is reported, Rusta's HR department is notified and will handle the matter in accordance with the procedures set out in our HR policy.

We have selected a few questions about trust in our employee survey and have merged them into something we call the Rusta Trust Index. The result this year was 4.0 on a scale from 1 to 5, an improvement of 0.2 points.

Organisational structure

We want it to be easy for our co-workers to make their voices heard and drive positive change. We want our co-workers to be engaged and actively contribute to our company's future growth. For this reason, we work to provide great opportunities for professional development. We develop our business, our organisation and ourselves in parallel.

Values-driven company

Our four core values: simplicity, courage, commitment and togetherness, have all been developed by the co-workers together. These values are the cornerstones that guide us in our daily work in all parts of our business. We actively communicate these values, and we recruit new colleagues who can stand behind them and live up to them. We will continue to strengthen our values as we continue to grow.

Transparent corporate culture and high level of business ethics

Our whistle-blower service offers an opportunity to confidentially communicate suspicions of misconduct at an early stage within our organisation. Messages from our co-workers can draw our attention to serious risks regarding Rusta's vital interests or the life or health of individuals, serious environmental deviations and security at the workplace, as well as very serious forms of discrimination or harassment.

There are different ways to raise concerns, and we urge everyone to be open about their identity. Everyone can contact a line manager or the person responsible for the whistle-blower service or send an anonymous message via the secure whistle-blower communication channel. Regardless of the channel, all messages received will be handled confidentially.

Regular employee surveys

The latest employee survey was conducted during the winter period of 2024. The response rate increased to over 90 percent and shows that a large majority of our employees feel that Rusta is a very good employer and would recommend working at Rusta to others. The Employee Net Promoter Score (eNPS) increased to 21, compared to 17 a year ago (2023). According to the same survey, the areas with the highest score were:

"Meaningfulness and participation"
"Relationship with manager"
"Relationship with colleagues"

The question "I think that Rusta's products are of good quality" is frequently asked to residents in all of Rusta's sales markets. We do the same thing in our employee survey, and the latest result ended up at 4.1 on a scale from 1 to 5.

Development and leadership

Rusta has created a leadership profile to define behaviours that embrace our values. These behaviours apply to all colleagues at Rusta around the globe, regardless of country. At Rusta, a leader should engage and inspire their co-workers by setting a good example and by being a good role model. We want to learn, share and inspire each other.

To support our leaders in their development, Rusta has created a leadership programme that is mandatory for all managers in the company. The programme is based on our leadership profile, as well as our company values. During the year, we launched a pilot on the Leadership 2.0 programme. Rusta's continued expansion increases the need for good leaders. One way to meet this need is through Rusta's trainee programme "Store Manager in Training". The programme gives employees, primarily sales staff and deputy store managers, the opportunity to begin their journey towards becoming a future Rusta store manager. A similar programme has been implemented for team leaders at the fulfilment centre. In the coming year, we plan to launch "Product Manager in Training" at the Range department. We are very proud of the fact that all nine people in Rusta's current group management team actually began their journey at a different level within Rusta and from there have grown into their current roles.

The need for internal training varies depending on the position and duties. Rusta offers training in many different topics and roles and will continue to build on the existing training catalogue.

If necessary, Rusta funds external training for an employee in accordance with the development plan. We will also adapt to changing demands by training employees in new skills as we believe it is natural to invest in the company's most valuable assets, the people.

Number of employees:

30/04/2024	4,844

Employees by country, %

Sweden	57.42%
Norway	20.34%
Germany	3.94%
Finland	16.48%
China	1.26%
India	0.31%
Vietnam	0.25%
Türkiye	0.00%

Gender and age distribution, %

	Employees	Group management	Board of Directors
Women	61.0%	55.6%	28.6%
Men	39.0%	44.4%	71.4%
Over 50 years	9.8%	44.4%	71.4%
30–50 years	36.7%	55.6%	28.6%
Under 30 years	53.5%	–	–

Current progress:

- In 2023/24, 97% of all co-workers reported not being subjected to bullying or harassment in the workplace.
- Confirmed incidents of harassment have been properly managed by Rusta's whistleblowing routine
- In 2023/24, eight (8) confirmed incidents of discrimination and/or harassment have been identified, and appropriate action has been taken by Rusta's HR department
- To increase the collaboration between functions and facilitate a holistic approach at Rusta, we have launched Work In Practice (WIP) days in our stores for staff at offices and the fulfilment centre in connection with intensive sales periods. In 2023/24, 215 WIP days were recorded

Goals:

- Strengthen the Rusta culture by launching "The Soul of Rusta" with reflections and workshops
- All office staff in all sales markets should work at least one WIP (Work In Practice) day in a store each financial year
- Update the common template and routines for co-worker development talks

Sourcing offices

Rusta values a local presence when it comes to sourcing, which is why we have sourcing offices in Sweden, Finland, China, India, Vietnam and, most recently, Türkiye, with 200 co-workers directly involved in Rusta's sourcing activities. This means that we have a high local presence in close proximity to our sourcing markets. Various functions are involved, such as purchasing and quality developers, delivery planners, quality inspectors and other specialist functions. Our employees continuously monitor and check that Rusta's External Code of Conduct is always followed by our suppliers. This includes our purchasing staff having the right to make unannounced visits at any time to all factories producing goods for Rusta, to ensure compliance with our Code of Conduct. Furthermore, in accordance with our policy, Rusta staff must always visit a supplier before any orders are placed with that supplier.

Sourcing by local office/country

	Share of total purchases	
Sourcing office	**Purchases**	**Of which local**
Sweden	73.0%	73.0%
China	20.6%	100.0%
India	5.0%	78.0%
Vietnam	1.4%	100.0%
	100.0%	

External Code of Conduct

All our suppliers and their employees must have good working conditions. Rusta has formulated an external Code of Conduct (CoC) to meet responsibilities in the areas of human rights, labour, environment and anti-corruption. The ten principles of the UN Global Compact are all incorporated into Rusta's Code of Conduct. In addition, since 2008, all Rusta suppliers must sign and comply with the requirements in Rusta's Code of Conduct annually.
The external Rusta Code of Conduct describes eight basic requirements that a Rusta supplier must follow in order to be accepted as a Rusta supplier. We call these "Rusta Basic":

- Critical health and safety risks must be prevented
- No child labour
- Voluntary labour only
- Critical environmental hazards must be prevented
- Good business ethics shall be practiced
- All employees have an employment contract
- Wage equal to or exceeding the statutory minimum level
- Access to fresh drinking water and toilets

In addition to the basic minimum requirements, Rusta's external Code of Conduct also contains a number of requirements that the supplier should comply with. These requirements include good working conditions, health and safety regulations, business ethics and environmental regulations, as well as protection of animals and endangered species. Suppliers are rated based on how well they comply with the external Code of Conduct.

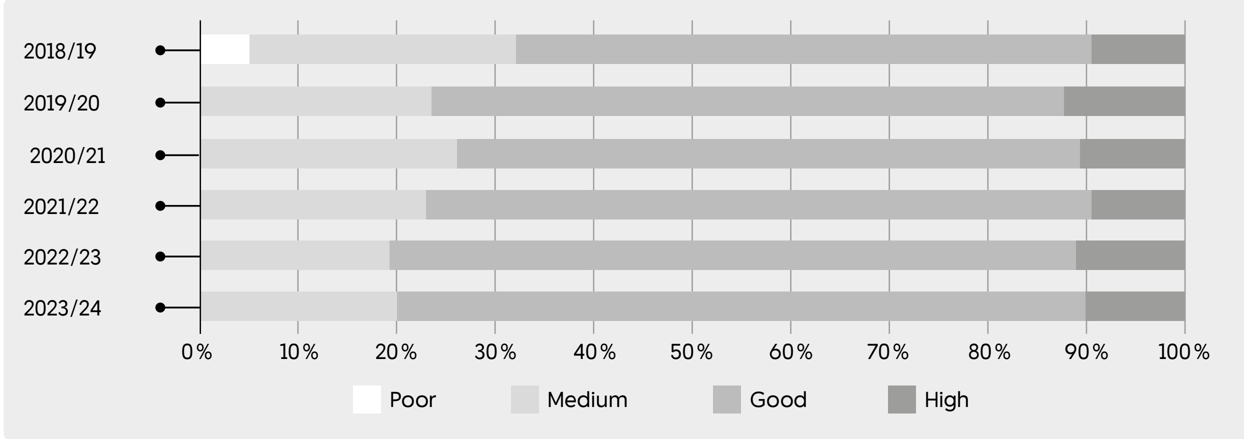
Current progress:
- All factories that produce for Rusta have passed our Code of Conduct Basic

Goals:
- Continue to work together with our suppliers to ensure compliance with our Code of Conduct every day

Good working conditions where Rusta's products are manufactured

Social responsibility in Rusta's supplier factories is a priority issue for us and our stakeholders. Social responsibility is closely linked to our business. We strive to continuously educate and support our suppliers in Asia. Trained specialists at our sourcing offices carry out regular evaluations of our suppliers and factories to support their efforts to ensure good and fair working conditions for their employees. Rusta's Code of Conduct for issues related to labour law is based on international standards, including the International Labour Organization's (ILO) fundamental principles and rights at work. Without exception, the social performance of all new suppliers to Rusta are reviewed and evaluated before any collaboration is commenced. An important issue for our business is to ensure that everyone in our value chain is covered by our Code of Conduct. This includes the small (less than 0.5%), yet important, part of our production carried out in homes in Vietnam, India and China. Therefore, we regularly visit the villages where our goods are produced. In addition to the basic requirements above, Rusta expects suppliers to continuously strive to improve the working conditions for their staff. Together

Results from evaluation of Code of Conduct for "Social responsibility"



with our suppliers, we focus on the following three key areas, called "Rusta Social":
- Health and safety: working environment, emergency planning and fire safety, physical and chemical hazards
- Compensation: salary, payslips, insurance and pension
- Working hours: record of hours worked, overtime, breaks and days off

Forced or compulsory labour

Rusta has a zero tolerance approach to all forms of forced labour. In some south-eastern regions of Asia, for example, unscrupulous companies have possession of their workers' passports or ID documents. Our Code of Conduct clearly states that no supplier can deliver goods to Rusta if they use any type of forced labour. In the past year, we have had no such confirmed incident.

Freedom of association and collective bargaining

In our Code of Conduct, we refer to "Fundamental international labour standards as defined by the International Labour Organization (ILO), Declaration on Fundamental Principles and Rights at Work and its Follow-up". We have strict requirements on our suppliers to ensure freedom of association for their workers. We know that this is of great importance as we are active in some countries where the labour market traditionally works differently from that of Sweden.

Evaluation of suppliers and factories

All evaluations, regardless of whether they relate to social or environmental responsibility or quality systems, are carried out by Rusta. Our own trained specialists evaluate and follow up the improvements made in the various factories.

During the 2023/24 financial year, 271 factories were evaluated according to the social criteria set out in Rusta's Code of Conduct. One potential factory did not meet the criteria in "Rusta Basic", and because of this no collaboration was commenced.

Current progress:
- In total, 100% of new suppliers have been reviewed and evaluated in accordance with the social requirements in Rusta's Code of Conduct

Goals:
- Increase the share of suppliers at the level "Good" or higher to 85% in accordance with the social requirements in Rusta's Code of Conduct

Trust

Business ethics

The Rusta Supplier Manual (RSM) and Rusta's internal Code of Conduct clearly describe Rusta's position on business ethics. Rusta strives to act fairly and transparently at all stages of our value chain. The internal and external Code of Conduct is communicated to and signed annually by Rusta's office staff and our suppliers. Rusta has a zero tolerance approach to all forms of bribery and corruption. Employees are obligated and encouraged to report to their manager about any improper or inappropriate interaction between themselves, their co-workers and/or third parties. In addition, we regularly carry out training on the topics of bribery and corruption at our sourcing offices in China, India, Sweden and Vietnam. This work is done in accordance with the principles of the UN Global Compact and against corruption in all its forms, including extortion and bribery.

Whistleblower policy

Our whistleblower policy is incorporated into our external and internal Code of Conduct. In this way, we strive to encourage Rusta's stakeholders to use the whistleblower function if they happen to observe or suspect anything that suggests unethical behaviour.

Current progress:

- An incident involving possible corruption was reported through our whistleblower service and was handled in accordance with our HR policy
- 100% of our suppliers in Asia have signed our external Code of Conduct
- Separate meetings on the theme of corruption with new suppliers and new Rusta colleagues
- All new office staff digitally sign the employment contract and the internal Code of Conduct

Goals:

- All staff shall annually undertake our e-learning regarding our internal Code of Conduct
- All new colleagues shall digitally sign the internal Code of Conduct
- All suppliers shall sign Rusta's external Code of Conduct

Reporting on EU taxonomy

Regulation (EU) 2020/852 (the Taxonomy Regulation) is designed to support the transformation of the EU economy to meet its European Green Deal objectives, including the goal of climate neutrality by 2050. The Taxonomy Regulation sets out six environmental objectives described in the delegated acts adopted under the Regulation. In the following sections, we present as a non-financial parent company the proportion of the Group's turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period 01/05/2023–30/04/2024, which are associated with taxonomy-eligible and aligned economic activities related to the six environmental objectives.

Rusta is subject to the requirements of the Swedish Annual Accounts Act for reporting under the Taxonomy Regulation as a non-financial company. Under Article 8 of the Taxonomy Regulation, undertakings covered by the Non-Financial Reporting Directive (NFRD) shall disclose how and to what extent their activities are associated with economic activities considered to be environmentally sustainable under the technical screening criteria. Technical criteria have so far been defined for the environmental objectives 'Climate change mitigation', 'Climate change adaptation', 'Water and marine resources', 'Circular economy', 'Pollution' and 'Biodiversity and ecosystems'. Article 8 requires non-financial undertakings to provide information on the proportion of their turnover, capital expenditure and operating expenditure covered by those economic activities and the adaptation of existing economic activities to environmental objectives 1 and 2 of the taxonomy for the budget year 2023/24. For additional economic activities in environmental objectives 1 and 2 and environmental objectives 3–6, only applicability for 2023–2024 is reported. The analysis of additional economic activities carried out by Rusta shows that they are not affected by any of these.

With reference to Annex XII of the delegated act on nuclear energy and natural gas, Rusta does not carry out any nuclear energy- or fossil gas-related activities.

Reporting principles

Under Article 8 of the EU Taxonomy Regulation, turnover, capital expenditure (CapEx) and operating expenditure (OpEx) are defined as described below. For CapEx and OpEx, these definitions are different from Rusta's financial reporting. The company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the EU. The basis for preparing the financial statements is explained in Note 2 to the consolidated financial statements.

Rusta's products and services are not yet covered by the taxonomy, and the proportion of turnover is therefore zero. Rusta has identified below two economic activities regarding the purchase of taxonomy-related products and services:

- 6.5 Transport by motorcycles, passenger cars and light commercial vehicles under the economic objective of climate change mitigation for the purchase of Taxonomy-related products and services. For Rusta, this relates to capital expenditure (CapEx) for leasing of passenger cars and company cars. It has not yet been possible to make a full assessment of the taxonomy alignment since Rusta relies on third parties and complete data has not yet been obtained on how vehicles meet the requirement of not doing any significant damage to the other environmental objectives of the taxonomy.
- 7.7 Acquisition and ownership of buildings when Rusta rents premises for its stores, fulfilment centre and offices. This relates to CapEx for new and renewed lease agreements for premises. For the financial year 2023/24, the reported CapEx relates to renewed and acquired right-of-use assets attributable to stores.

Reporting principles for Turnover, CapEx and OpEx for reporting in accordance with Article 8 of the Taxonomy Regulation are defined below. The table was checked to ensure that no amount had been counted twice.

Turnover

The total turnover corresponds to net sales in the consolidated income statement.

CapEx

Total capital expenditure (CapEX) corresponds to acquisitions to the balance sheet items intangible assets, property plant and equipment and IFRS 16 classified right-of-use assets before any revaluation, depreciation, amortisation or impairment and excluding any changes in fair value, which can be found in Notes 18, 20 and 11. Applicable capital expenditure consists of purchases from suppliers whose economic activities are described in the taxonomy. This item consists of rental properties that are included in the economic activity CCM 7.7 Acquisition and ownership of buildings, and leasing of passenger cars and company cars that are included in the economic activity CCM 6.5 Transport by motorcycles, passenger cars and light commercial vehicles.

Only a small proportion of the year's capital expenditure has been deemed taxonomy-aligned during the year, consisting of the year's acquisitions of electric cars.

OpEx

Total operating expenditure (OpEx) corresponds to building renovation costs, short-term leases, maintenance and repair costs and other indirect costs for the day-to-day servicing of assets in property plant and equipment. The part of operating expenditure deemed to be taxonomy-aligned is related to the rental property for our fulfilment centre in Norrköping that meets the criteria for being a taxonomy-aligned building.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosures covering the financial year 01/05/2023–30/04/2024

Financial year 2023/24	2023/24			Substantial Contribution Criteria						DNSH criteria (Do No Significant Harm)									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, financial year 2023/24 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
		[MSEK]	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	%	E	T
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-							-	-		
Of which enabling activities																			
Of which transitional activities																			
A.2. Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-	-	-	-	-	-								-		
A. Turnover of Taxonomy eligible activities (A.1+A.2)																	-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		11,116	100%																
Total (A+B)		11,116	100%																

Y= Yes, Taxonomy eligible and Taxonomy-aligned activity with the relevant environmental objective
N= No, Taxonomy eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL= Not eligible, Taxonomy non-eligible activity for the relevant environmental objective
EL= Taxonomy eligible activity for the relevant objective
T= Transitional
E= Enabling

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosures covering the financial year 01/05/2023 – 30/04/2024.

Budget year	2023/24			Substantial Contribution Criteria						DNSH criteria (Do No Significant Harm)									
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023/2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
		[MSEK]	%	Y;N N/EL	Y;N N/EL	Y;N N/EL	Y;N N/EL	Y;N N/EL	Y;N N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transport by motor-cycles, cars and light vehicles	CCM 6.5	1	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which enabling activities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
Of which transitional activities		-	-							-	-	-	-	-	-	-	-		T
A.2. Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N /EL	EL;N /EL	EL;N /EL	EL;N /EL	EL;N /EL	EL;N /EL										
Transport by motor-cycles, cars and light vehicles	CCM 6.5	5	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of buildings	CCM 7.7	215	52%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								63%		
CapEx of Taxonomy eligible but not environ-mentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**219**	54%	54%	-	-	-	-	-								63%		
A. CapEx of Taxonomy eligible activi-ties (A.1+A.2)		**220**	54%	54%	-	-	-	-	-								63%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		190	46%																
Total (A+B)		**409**	**100%**																

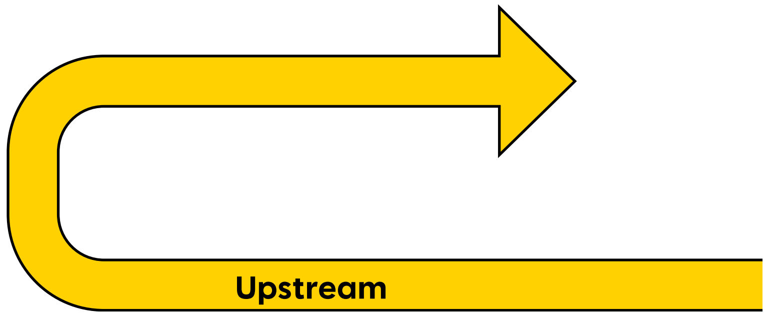
Y = Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N = No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL = Not eligible, Taxonomy non-eligible activity for the relevant environmental objective
EL = Taxonomy-eligible activity for the relevant objective
T = Transitional
E = Enabling

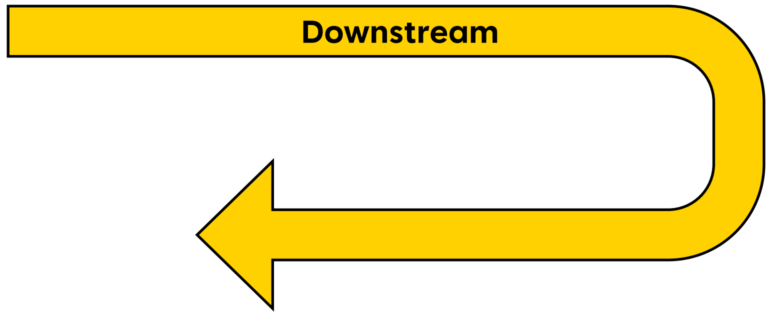
Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosures covering the financial year 01/05/2023 – 30/04/2024.

Budget year	2023/24			Substantial Contribution Criteria						DNSH criteria (Do No Significant Harm)									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023/2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
		[MSEK]	%	Y;N N/EL	Y;N N/EL	Y;N N/EL	Y;N N/EL	Y;N N/EL	Y;N N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transport by motor-cycles, cars and light vehicles	CCM 6.5	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Acquisition and ownership of buildings	CCM 7.7	14	9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	13%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**14**	**9%**	-	-	-	-	-	-	-	-	-	-	-	-	-	13%		
Of which enabling activities		-	-															-	
Of which transitional activities		-	-																-
A.2. Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N /EL	EL;N /EL	EL;N /EL	EL;N /EL	EL;N /EL	EL;N /EL										
Transport by motor-cycles, cars and light vehicles	CCM 6.5	4	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%		
Acquisition and ownership of buildings	CCM 7.7	138	88%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								84%		
Opex of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**142**	**91%**														87%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**156**	**100%**														100%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		-	-																
Total (A+B)		**156**	**100%**																

Y = Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N = No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL = Not eligible, Taxonomy non-eligible activity for the relevant environmental objective
EL = Taxonomy-eligible activity for the relevant objective
T = Transitional
E = Enabling

Our value chain





	Product development	Raw materials	Suppliers of goods	Transportation	Fulfilment centre	Distribution	Stores and online	Customer product usage	End of life
Area	An attractive and easily accessible assortment filled with inspiring and constant new features and seasonal products	Certified and/ or recycled raw materials	538 suppliers of goods Majority of purchases in Europe	Sea, rail and road	Rusta's fulfilment centre is centrally located to avoid unnecessary transportation	By truck: 35% fossil-free fuels in Rusta's distribution to stores	212 stores in Sweden, Norway, Finland and Germany	69 million visits to our stores and 43 million customers	Members of regional collection systems
Value creation	Simplicity in design Resource efficiency Smart packaging	Working together with trusted organisations to promote social and environmental aspects	Close collaboration with our business partners and clear follow-up of Rusta's social and environmental Code of Conduct (CoC) and Supplier Quality Evaluation (SQE)	Efficient packaging and loading solutions to reduce climate impact and costs	Ensure fully loaded shipments to and from our fulfilment centre	Carefully planned supply to our stores with double-stacked pallets	Inspire with our offering close to the homes of customers. Rusta's offering of volume items ensures economies of scale	Good quality products at surprisingly low prices. We make it easy for our customers to renew and replenish at home	Continuously reducing the amount of packaging materials to simplify for our customers
Climate footprint	High	High	High	Medium	Low	Medium	Medium	Medium	Medium
Current progress and key figures:	Increase the share of products sold without consumer packaging Savings - number of pallets: 12,308	Certified wood: 89% More sustainable cotton: 96% Increase the proportion of recycled materials	CoC Social: 81% "good" or higher CoC Environment: 52% "good" or higher SQE: 74% "good" or higher	Container fill rate	Energy consumption reduced by 5% Waste generation Health and safety	Pallet fill rate	Reduce energy consumption Reduce waste generation	Increase customer satisfaction Reduce the proportion of defective customer returns by 15% annually (current level is 0.05%)	Product durability Less consumer packaging

UN Global Compact Index

Rusta is a member of the UN Global Compact, where we follow the UN's ten principles in the areas of human rights, labour, environment and anti-corruption. The UN Global Compact table (below) shows our progress on these ten principles.

WE SUPPORT	**UNITED NATIONS GLOBAL COMPACT (UNGC) PRINCIPLES**	**Page reference in Rusta's sustainability report for the financial year 2023/24**
HUMAN RIGHTS		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Sustainability strategy, pages 20-21
Principle 2	Make sure that they are not complicit in human rights abuses.	Sustainability strategy, page 20 Code of Conduct, pages 44-45 Good working conditions where Rusta's products are manufactured, page 44
LABOUR		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Freedom of association and collective bargaining, page 45
Principle 4	The elimination of all forms of forced and compulsory labour;	Forced or compulsory labour, page 45
Principle 5	The effective abolition of child labour; and	External Code of Conduct, pages 44-45
Principle 6	The elimination of discrimination in respect of employment and occupation.	Employment, learning and development, page 42
ENVIRONMENT		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	Sustainable Development Goals, page 19 Sustainability strategy, pages 20-21 Renewable and certified raw materials, pages 33-34 Product content and chemical substances, page 35 Climate, pages 28-31 Environment and biodiversity, pages 32-35 Products and packaging, pages 36-40 Promote recycling, page 41
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	Sustainability strategy, pages 20-21 Renewable and certified raw materials, pages 33-34 Product content and chemical substances, page 35 Climate, pages 28-31 Products and packaging, pages 36-40
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	Sustainability strategy, pages 20-21 Environmental evaluation of suppliers, page 32 Energy and fuel, page 29
ANTI-CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	External Code of Conduct, pages 44-45 Trust, page 46

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Rusta AB (publ), corporate identity number 556280-2115

Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the financial year 2023/2024 on pages 14 to 54 and that it has been prepared in accordance with the Annual Accounts Act.

Scope of the examination

Our examination has been conducted in accordance with FAR's recommendation RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A sustainability report has been prepared.

Stockholm, 22 August 2024

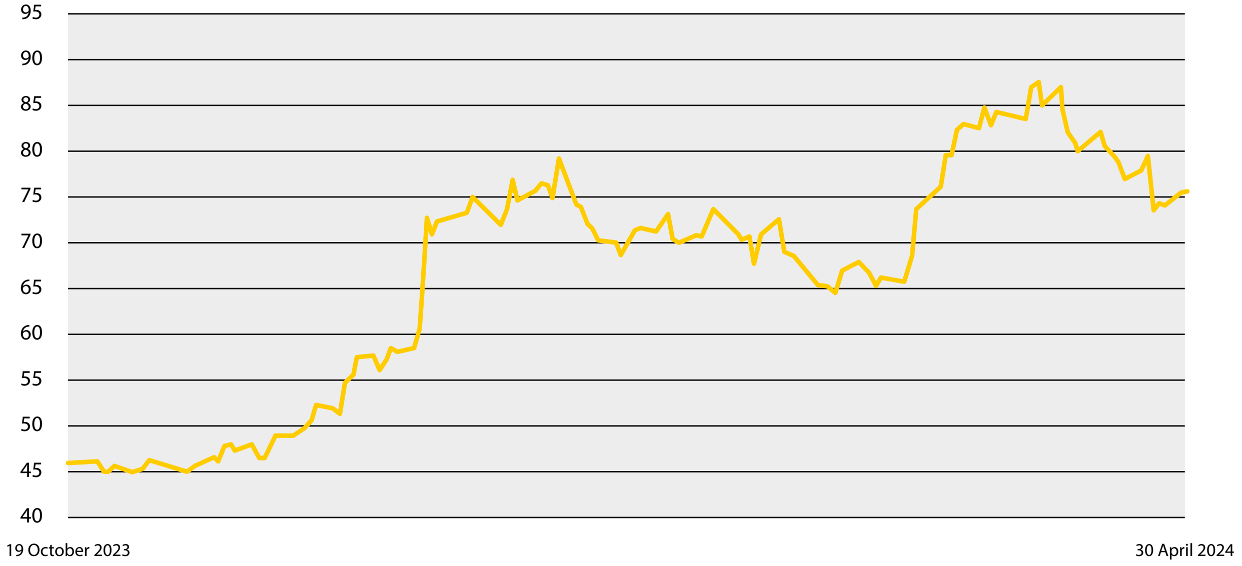
Öhrlings PricewaterhouseCoopers AB

Cesar Moré
Authorised Public Accountant

The share

On 19 October 2023, the shares in Rusta were admitted to trading on Nasdaq Stockholm.

Development of the Rusta share since the IPO on 19 October 2023



The share and share development for the financial year 2023/24

Rusta was listed at an introductory price of SEK 45.00 per share on 19 October 2023. During the year, the share price increased by 68.2 percent to SEK 75.70 as of 30 April 2024. The highest share price for the financial year 2023/24 was SEK 89.75 and the lowest share price was SEK 44.45. Rusta's total market capitalisation on 30 April 2024 amounted to MSEK 11,491.

Share capital

On 1 September 2023, the Annual General Meeting of Rusta AB (publ) resolved to carry out a share split (300:1), which resulted in each share being split into 300 shares. The number of shares has been recalculated for all periods. As of 30 April 2024, the share capital was SEK 5,059,760 and the number of shares issued was 151,792,800, with a quota value of approximately SEK 0.03 per share. There is only one share class and all shares have equal rights.

Shareholders

As of 30 April 2024, the number of shareholders in Rusta amounted to 13,976. The ten largest shareholders' holdings corresponded to 88.3 percent of the votes and capital. The proportion of foreign shareholders was 14.7 percent.

Repurchase of shares

The company's holdings of own shares amounted to 267,333 as at 30 April 2024, corresponding to approximately 0.2 percent of the total number of shares. Shares held in the company's own custody do not provide entitlement to dividends and are not entitled to vote.

Dividend policy

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

Proposed dividend

The Board of Directors proposes a dividend of SEK 1.15 (0.69) per share. The proposed dividend amounts to approximately MSEK 174, which corresponds to approximately 43%.

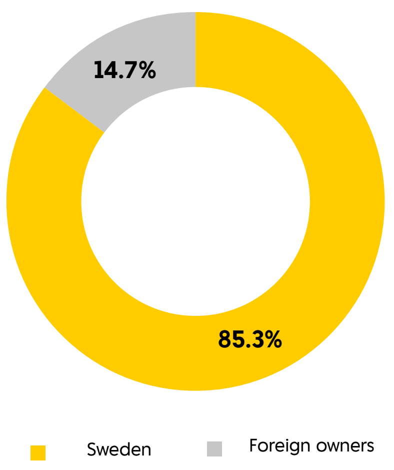
Information

We strive to provide the stock market with clear and up-to-date information. Financial information is provided primarily in the annual report, the year-end report and in three interim reports. Prior to the publication of the reports, the company maintains a silent period for approximately 45 days. Rusta's annual report is distributed via the Group's website, where it is possible to subscribe to Rusta's financial reports. More information about Rusta's share, owners and analysts and more can be found at investors.rusta.com.

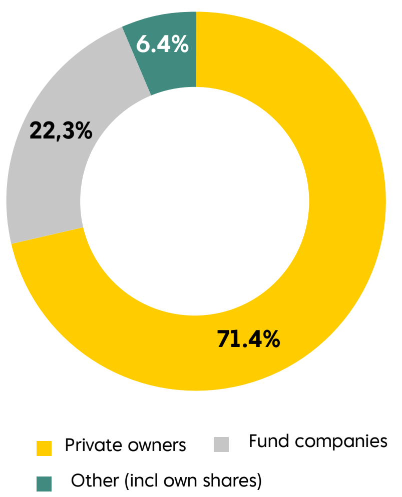
10 largest shareholders as of 30 April 2024

Shareholder	Number of shares	Capital and votes, %
Öngal i Uppsala invest AB	45,356,981	29.88%
Aforber Invest AB	41,064,404	27.05%
Capital Group	12,097,935	7.97%
Sven-Olof Kulldorf	9,628,500	6.34%
Fidelity Investments (FMR)	9,205,528	6.06%
Handelsbanken Funds	4,198,259	2.77%
Tredje AP-fonden	3,922,640	2.58%
Nordnet Pensionsförsäkring	2,983,094	1.97%
AB Företagsledare Rego	2,969,400	1.96%
Göran Westerberg	2,587,303	1.70%
Total 10 largest shareholders	**134,014,044**	**88.29%**
Other	17,778,756	11.71%
Total shares	**151,792,800**	**100.00%**

Country distribution



Owner type distribution



(Source: Modular Finance)

More information about Rusta's share, owners and analysts and more can be found at investors.rusta.com.

Multi-year overview

Profit/loss	2023/24	2022/23	2021/22	2020/21
Net sales	11,116	10,202	9,490	8,633
Gross profit	4,833	4,187	4,012	3,638
EBITA	761	529	821	636
Operating profit (EBIT)	753	518	814	628
Profit before tax	525	341	671	504
Income tax	–117	–79	–56	–103
Net profit for the year	**408**	**261**	**615**	**401**
Net sales growth, %	9.0%	7.5%	9.9%	17.0%
LFL growth, %	4.6%	2.5%	5.1%	7.0%
Gross margin, %	43.5%	41.0%	42.3%	42.1%
EBITA margin, %	6.8%	5.2%	8.7%	7.4%
EBIT margin, %	6.8%	5.1%	8.6%	7.3%
Balance sheet				
Assets				
Non-current assets	6,100	5,970	5,018	4,988
Inventories	2,622	2,593	2,815	1,802
Other current assets	204	109	184	102
Cash and cash equivalents	171	182	170	66
Total assets	**9,097**	**8,855**	**8,187**	**6,958**
Equity and liabilities				
Equity	1,593	1,275	1,262	989
Non-current interest-bearing liabilities	4,760	4,668	3,779	3,548
Non-current non-interest-bearing liabilities	167	186	220	200
Current interest-bearing liabilities	925	1,234	1,139	916
Other current liabilities	1,652	1,492	1,786	1,306
Total equity and liabilities	**9,097**	**8,855**	**8,187**	**6,958**
Net debt	5,515	5,720	4,749	4,398
Net debt excl. IFRS 16	–130	255	223	504
Return on equity, %	20.5%	20.5%	48.8%	40.6%
Equity/assets ratio, %	17.5%	14.4%	15.4%	14.2%
Equity/assets ratio excl. IFRS 16, %	46.2%	37.6%	34.5%	32.3%
Data per share				
Equity per share, SEK	10.5	8.4	8.3	6.5
Earnings per share before dilution, SEK	2.7	1.7	4.1	2.7
Dividend per share, SEK	1.15*	0.69	1.00	2.63
Number of shares	151,793	151,793	151,793	151,793

*The Board of Directors proposes a dividend of SEK 1.15 per share to the Annual General Meeting on 20 September 2024

Directors' Report

The Board of Directors and Chief Executive Officer of Rusta AB (publ) (corp. ID no. 556280-2115) hereby submit the annual report and consolidated accounts for the financial year 01/05/2023–30/04/2024.

Operations

Rusta, corp. ID no. 556280-2115, is a company with its registered office in Upplands Väsby, Sweden. Rusta is a retail company that markets and sells products to end consumers via a network of stores and an online sales channel. The stores are run under the name RUSTA with subsidiaries located in Sweden, Norway, Finland and Germany. The online sales channel is available in Sweden and Finland. All stores in the Group are wholly owned, with operations conducted in leased premises. Rusta offers the market a wide assortment of functional home and leisure products that provide value for money for many people. Seasonal products and specially designed articles mean that the product assortment in stores is constantly renewed. Purchasing is mainly sourced through direct imports from Asia and Europe or directly from manufacturers in Sweden.

The share and ownership structure

On 1 September 2023, the Annual General Meeting of Rusta AB (publ) resolved to carry out a share split (300:1), which resulted in each share being split into 300 shares. The number of shares has been recalculated for all periods. As of 30 April 2024, the number of shares issued was 151,792,800, with a quota value of approximately SEK 0.03. At the end of the financial year, Aforber Invest AB and Öngal i Uppsala invest AB were the principal owners of Rusta AB. For more information about the share and ownership structure, see page 56.

Subsidiaries

Rusta conducts operations via subsidiaries in:

- Norway, with a sales office and 48 stores at the end of the financial year. The company was established in 2014.
- Germany, with a sales office and 10 stores at the end of the financial year. The company was established in 2015.
- Finland, with a sales office and 42 stores at the end of the financial year. The subsidiary in Finland has been part of the Group since May 2018 through the acquisition of the Hong Kong group.
- China, via a sourcing office in Hangzhou. Rusta has had various kinds of operations in China since 1994.
- India, via a sourcing office. Rusta has had employees in India since the spring of 2013.
- Vietnam, via a sourcing office that was opened in 2015.

Significant events during the financial year

IPO

On 19 October 2023, the shares in Rusta were admitted to trading on Nasdaq Stockholm. See more information about Rusta's share on page 56.

IT incident

Rusta's IT systems suffered disruptions as a result of an incident at hosting provider Tietoevry on 20 January 2024, which affected the Group during the financial year 2023/2024. All Rusta stores were open as usual during the IT incident, while Rusta's e-commerce solution and website were unavailable from the start of the disruptions until mid-February 2024. The operational disruptions affected Rusta's IT systems for supply of goods, which has made it difficult to efficiently track inventory and replenish goods during the year in the stores. There has also been an impaired ability to conduct effective marketing in the absence of a website and functioning systems for the customer club, as well as restricted functionality in the checkout areas in the stores. In total, the IT incident is estimated to have adversely affected the financial year by approximately MSEK 120 in sales and MSEK 74 in EBITA. It is Rusta's assessment that the operational disruptions will not lead to any material financial effects for the company after the end of the financial year.

Repurchase of shares

During the period 20 March 2024 to 5 April 2024, Rusta AB (publ) ("Rusta") repurchased 267,333 own shares for a total amount of MSEK 22. The repurchases were part of the buy-back programme of a maximum of 269,141 shares that Rusta announced on 19 March 2024, which was completed with the final purchases on 5 April 2024. All acquisitions have been carried out on Nasdaq Stockholm by Carnegie Investment Bank AB (publ) on behalf of Rusta. Following the above acquisitions, Rusta's holding of own shares as at 30 April 2024 amounts to 267,333 shares. The total number of shares in Rusta amounts to 151,792,800. The purpose of the buy-back programme is to fulfil the obligations arising from Rusta's long-term incentive plan ("LTIP 2023"), i.e. securing delivery of performance and matching shares to the participants and securing the social security costs that may arise within the scope of LTIP 2023.

Financial performance

Consolidated net sales amounted to MSEK 11,116 (10,202) for the year, which represents an increase of 9.0% (7.5%). Currency effects have negatively impacted net sales during the year by −0.9% (1.3%) due to a weaker Norwegian krone. Consolidated LFL sales increased by 4.6% (2.5%), of which −0.2% (−0.3%) is explained by currency effects. Sales have been adversely affected by the IT incident, see further information on page 59.

The year was mainly characterised by continued strong growth in sales of home decoration products and consumables. The important Christmas sales period also went well. Attractive prices and promotions have attracted many new customers to our stores. Reduced shipping costs and optimised pricing have strengthened our gross margin compared to the previous year. The gross margin was 43.5% (41.0%).

Sales expenses for the year increased by MSEK 383, which corresponds to an increase of 11.2%, while administrative expenses increased by MSEK 58, which corresponds to an increase of 19.5%. The change consists mainly of increased costs as a result of inflation, 11 new stores and extra costs regarding the IT incident. Administrative expenses have also been charged with costs of MSEK 32 (15) in connection with the IPO. Operating expenses as a proportion of net sales increased by 1.0 percentage point to 35.8% (34.8%). The increase is fully explained by additional costs regarding the IPO, IT incident and bonus reserve for staff, for which there was no corresponding item in the previous year. Other operating income and expenses, net, amount to MSEK 73 (44), which is explained by positive effects of exchange rate changes and electricity subsidies received of MSEK 13 (0). Adjusted EBITA amounts to MSEK 793 (544). The adjustment regarding items affecting comparability for the year relates to IPO-related costs of MSEK 32 (15). Costs resulting from the IT incident have not been adjusted as items affecting comparability. EBITA amounts to MSEK 761 (529), which corresponds to an increase of 43.8%. The EBITA margin is 6.8% (5.2%).

Net financial items amounted to MSEK −227 (−178), of which MSEK −228 (−163) relates to interest expenses attributable to lease liabilities. The increase is mainly explained by more stores compared to the previous year and indexation. The profit before tax was MSEK 525 (341). Income tax for the year amounted to MSEK −117 (−79), which corresponds to an effective tax rate of 22.3% (23.3%). Net profit for the year was MSEK 408 (261). Earnings per share after dilution amounted to SEK 2.7 (1.7).

Cash flow and financial position

Cash flow from operating activities for the year amounted to MSEK 1,396 (1,007). The year has been positively affected by stronger operating profit and positive change in working capital. The value of inventories has increased only marginally, despite more stores and increased sales. This has been made possible through focused work regarding the company's tied-up capital. Operating liabilities have increased, which is mainly explained by accrual effects.

Cash flow from investing activities for the year amounted to MSEK −166 (−172). Investments consist of maintenance investments in both stores and the warehouse, as well as investments in new stores during the year.

Cash flow from financing activities for the year amounted to MSEK −1,238 (−826) and is mainly explained by a change in the overdraft facility whereby we utilised a larger proportion of the overdraft facility in the corresponding period of the previous year.

The Group's net debt has decreased during the year and amounted to MSEK 5,515 (5,720), while Net debt excl. IFRS 16* amounted to MSEK −130 (255). Net debt excl. IFRS 16 in relation to EBITDA excl. IFRS 16 LTM amounted to −0.17 (0.46). The overdraft facility was utilised by MSEK 380 less at the end of the financial year compared to the previous year. The unutilised portion of the facility amounted to MSEK 800 (420).

At the end of the year, the Group's equity amounted to MSEK 1,593 (1,275). The equity/assets ratio was 17.5% (14.4%), and the equity/assets ratio excl. IFRS 16 was 46.2% (37.6%).

Parent Company

Rusta AB (publ) is the Group's parent company of 8 wholly owned subsidiaries. For more information, see Note 21. The parent company is a retail company that conducts sales to end consumers via stores in Sweden and via an online sales channel. The parent company also consists of the Group's central staff and sourcing functions, which are allocated to central functions in the segment reporting. The parent company's net sales amounted to MSEK 9,153 (8,546), of which 29% (28%) relate to sales to Group companies. The profit before tax was MSEK 314 (199). Tax for the year amounted to MSEK 69 (42). Net profit for the year was MSEK 245 (157).

Risk factors

Rusta's operations and earnings are affected by a number of external factors. The level of uncertainty in the global economy has increased in recent years due to factors such as disruptions to supply and logistics chains and increased volatility in the energy market, as well as higher interest and inflation rates. As a consequence, there is a risk of further disruption to supply chains and increased distribution costs, as well as impacts on consumer behaviour. Rusta is primarily exposed to operational and financial risks. Operational risks mainly consist of opening new stores in all markets, sourcing in Asia, the product assortment, competition, logistics, strikes, key employees and social responsibility. Financial risks consist of inflation, commodity costs, shipping costs and currency exposure. Rusta is exposed to exchange rate risks as a result of Rusta purchasing products in different currencies and conducting sales in different currencies (depending on geographic market). Changes in exchange rates may increase the costs of products purchased from suppliers in currencies other than the Swedish krona, and it is not certain that Rusta can, or will choose to, pass on all such costs to its customers. The most significant foreign currencies for Rusta are USD, Euro and the Norwegian krone. As a result of the continued weak value of the Swedish krona in relation to the US dollar, prices for products purchased by Rusta in USD have increased. Rusta partially hedges its currency exposure to USD by entering into forward contracts. Even if Rusta carries out currency hedging transactions, it cannot be guaranteed that these measures will adequately protect Rusta's operating profit from the effects of exchange rate fluctuations. Rusta's currency hedging transactions may also reduce the benefits that Rusta would otherwise have been able to achieve as a result of unfavourable fluctuations in the exchange rate for the Swedish krona in relation to USD. Exchange rate fluctuations could thus have a material negative impact on Rusta's operations, financial position and operating profit. More information about Rusta's risks and risk management is provided on page 69.

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 occurs evenly during the year but is generally slightly larger in the second and fourth quarters. This, together with the fact that sales are weaker in those two quarters, means that the Group utilises the overdraft facility to a greater extent in those periods. The debt ratio is thus higher before the summer and Christmas season and is at its lowest after the end of the Christmas season.

Employees

The average number of full-time employees as of 30 April 2024 was 4,844 (4,181), of which 2,954 were women (2,634).

Expected future developments

In general, the market developments for all markets in which Rusta operates continue to be uncertain, but the developments in recent months indicate that households are again starting to spend at a slightly higher level. This applies to both goods and housing and is a sign of increasing optimism. However, the increase is occurring from low levels. An important explanatory factor is the commenced reduction of the policy rate and the downward trend in inflation. Rusta is monitoring developments closely, and we are adapting according to demand while also capitalising on the new opportunities that exist. The low-price market is resilient and is growing structurally, both in times of economic uncertainty and economic recovery. Newly recruited customers during a recession have a tendency to continue shopping at Rusta, although higher up the price ladder compared to previously. Given Rusta's market position, offering and pricing, the company is considered to have good opportunities to achieve continued sales growth and to acquire further market share across all markets.

Rusta will continue to provide our customers with the opportunity to "renew and replenish their homes at surprisingly low prices". This will be achieved by opening new stores, continuously improving and developing Rusta's offering and stores, and continuing to utilise efficient sourcing and product supply functions.
The Group continues to implement systematic and methodical measures regarding quality and social responsibility, including with regard to clear requirements on and monitoring of the established code of conduct and quality standards.

Sustainability activities

Sustainability is an integral part of Rusta's business model. Our business is defined by resource efficiency and by taking a broad responsibility throughout our value chain and in accordance with the UN's 17 Sustainable Development Goals. We are also dedicated to aligning our operations and strategies with the UN Global Compact's Ten Principles on human rights, labour, environment and anti-corruption. Rusta carries out structured and goal-based sustainability activities. We have identified and prioritised five material aspects that form the basis for our sustainability work. More information is provided in Rusta's Sustainability Report on pages 14–54 and 73–75.

Proposal for guidelines for remuneration to senior executives

Guidelines regarding compensation for senior executives can be found in note 12. Prior to the 2024 Annual General Meeting, a new long-term share-based incentive program, LTIP 2024, is proposed in addition to the existing program, LTIP 2023, which runs in the group. It is also proposed that consultancy fees may be paid to a board member provided that such services contribute to the implementation of Rusta's business strategy and safeguarding Rusta's long-term interests, including its sustainability Such consultancy fees shall be on market terms and may for each member of the board of directors not exceed the annual remuneration paid to members of the board of directors. Otherwise, no significant changes are proposed.

Events after the end of the financial year

New sourcing office in Türkiye

In May 2024 it was announced that Rusta is opening a new sourcing office in Istanbul, Türkiye. The aim is to further strengthen the control of sourcing activities in south-eastern Europe and northern Africa. The new sourcing office in Istanbul will improve Rusta's ability to develop existing and new suppliers for a wide range of products in and around Türkiye. It will be an important complement to Rusta's existing sourcing offices in China, India and Vietnam. The opening of the office is in line with Rusta's strategy to make direct purchases from a large number of leading suppliers in the global market. Rusta has an integrated value chain with direct purchases from a wide range of suppliers, which facilitates low prices and a high degree of control throughout the value chain. The relatively close proximity between Türkiye and Rusta's main sales markets increases Rusta's ability to effectively secure a reliable supply to our more than 210 stores.

Automation

In June 2024, Rusta signed an agreement with automation supplier Vanderlande on an important growth investment in Rusta's fulfilment centre. The investment, which amounts to almost MSEK 300, relates to a solution for automating more processes and increasing the efficiency of the warehouse. The investment facilitates increased volumes of goods at a lower cost, as automation enables increased efficiency without more work shifts. The automation investment will be repaid in less than 5 years and is expected to have a positive EBITA effect as soon as the 2026/27 financial year. The growth investment is also an important milestone that creates capacity for increased volumes as Rusta continues to grow.

Proposed appropriation of profits

Parent Company

The profits at the disposal of the Annual General Meeting are as follows (SEK):

Retained earnings	823,719,027
Net profit for the year	244,676,891
	1,068,395,918

The Board of Directors proposes that the profits be appropriated so that a dividend be paid to shareholders of SEK 1.15 per share;

Total	174,254,287
To be carried forward	894,141,631
	1,068,395,918

Dividends totalling MSEK 105 were paid during the financial year 01/05/2023–30/04/2024.

Board of Directors' statement on proposed dividend

With reference to the above and information in general that has come to the attention of the Board of Directors, the Board is of the following opinion:

The parent company's equity/assets ratio as at 30 April 2024 amounts to 53.7% (47.6%) before dividend and 50.8% after taking account of the proposed dividend. The Group's equivalent equity/assets ratio as at 30 April 2024 amounts to 17.5% (14.4%) before dividend and 15.9% after the proposed dividend. The equity/assets ratio after dividend is deemed to be adequate, even taking into account the planned expansion.

The Board of Directors is of the opinion that the proposed dividend, taking into account existing financing and the continued positive sales and earnings trend, does not prevent the company or other companies included in the Group from conducting their operations, meeting their obligations in the short and long term, or from continuing with expansion via investments in new stores.

The position and performance of the parent company and the Group are otherwise presented in the following financial statements. All amounts are expressed in SEK million (MSEK), unless otherwise stated.

Corporate Governance Report

Rusta AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm. Rusta applies the Swedish Corporate Governance Code and hereby submits the corporate governance report for the financial year 01/05/2023–30/04/2024.

This corporate governance report has been prepared in accordance with the rules of the Swedish Annual Accounts Act and the Swedish Corporate Governance Code ("the Code"). The corporate governance report has been reviewed by the company's auditor in accordance with statutory review. Effective and clear corporate governance helps ensure confidence and trust in Rusta's interest groups and also increases the focus on business value and shareholder value in the company. Rusta's Board of Directors and management strive to achieve great transparency and openness in order to make it easier for the individual shareholder to follow the company's decision-making paths and to clarify where the responsibilities and authority lie in the organisation. Corporate governance within Rusta is based on applicable legislation, the Code, NASDAQ OMX Stockholm's regulations for issuers, good practice in the stock market and various internal guidelines. In cases where Rusta has chosen to deviate from the Code's rules, a justification is presented under the relevant section of this corporate governance report.

Ownership structure

The share capital in Rusta at the end of the year amounted to SEK 5,059,760 divided into 151,792,800 shares. There is only one share class and all shares carry an equal right to share in the company's assets and profits. As of 30 April 2024, the number of shareholders was 13,976. The largest shareholder as of 30 April 2024 was Anne Marie Forssell through the company Öngal i Uppsala invest AB, with 29.88 percent of the shares. Of the total number of shares, foreign owners accounted for approximately 15.93 percent. For further information on the share and shareholders, please refer to pages 56-57 and the information available online at investors.rusta.se.

General meetings

According to the Swedish Companies Act (2005:551), the general meeting is the company's ultimate decision-making body. At the general meeting, the shareholders exercise their voting rights on key issues, such as adoption of income statements and balance sheets, appropriation of Rusta's profits, 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 members and the auditor(s). Rusta's articles of association can be found in full at investors.rusta.se.

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 also 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 must 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.

Annual General Meeting 2023

Shareholders representing approximately 81.77 percent of the share capital and votes in the company participated in the Annual General Meeting on 1 September 2023. Anders Forsgren was elected chairman of the meeting. At the meeting, the income statement and balance sheet and the consolidated income statement and consolidated balance sheet were adopted. Erik Haegerstrand, Anders Forsgren, Maria Edsman, Claes Eriksson, Björn Forssell, Victor Forsgren and Ann-Sofi Danielsson were re-elected as Board members.

Erik Haegerstrand was elected Chair of the Board.

Resolutions were also made regarding the election of the auditor and fees to the auditor, fees to the Board of Directors and principles for remuneration to the CEO and other senior executives, decision on the change of company category and amendment of the articles of association, decision on the split of shares and decision on authorisation for the Board of Directors to decide on acquisition and transfer of the company's own shares and decision on incentive programmes.

Nomination committee

At the Annual General Meeting on 1 September 2023, it was resolved that a nomination committee should be appointed before the 2024 Annual General Meeting through the Chair of the Board convening, as per the day month according to the (share register), the three largest owner-grouped shareholders in the company, who then each have the right to appoint one member of the nomination committee. The nomination committee shall prepare and submit to the general meeting proposals for the election of the Chairman of the Annual General Meeting, the Chair of the Board of Directors and other members of the Board of Directors. The nomination committee considers that the Swedish Corporate Governance Code's requirements on diversity, breadth and gender distribution are reasonably satisfied by the proposal. Furthermore, the nomination committee shall submit proposals for director's fees divided between the Chair of the Board and other Board members, fees for committee work, election of, where applicable, and fees to, the auditor and decisions on principles for how the nomination committee is appointed. No compensation is paid to members of the nomination committee.

The nomination committee prior to the 2024 Annual General Meeting consists of Jörgen Sandström, appointed by Öngal i Uppsala invest AB, Jan Amethier, appointed by Aforber Invest AB, and Suzanne Sandler, appointed by Handelsbanken Fonder. Erik Haegerstrand, adjunct to the nomination committee in his capacity as Chair of the Board.

The Board of Directors and its work

Board members are normally appointed by the Annual General Meeting for the period until the end of the next annual general meeting. According to Rusta's articles of association, the Board of Directors shall consist of no less than three and no more than eight Board members without deputies. According to the Code, the Chair of the Board shall be appointed by the general meeting.

A maximum of one Board member elected by the general meeting may be a senior executive in Rusta's management or in a subsidiary. The majority of the Board members elected by the general meeting shall be independent in relation to the company and its senior executives. At least two of the Board members who are independent in relation to the company and its senior executives shall also be independent in relation to 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 Board's duties are primarily regulated in the Swedish Companies Act, the company's articles of association and the Code. The Board's work is also governed by the general meeting's instructions and the Board's rules of procedure. The Board's rules of procedure govern the division of work within the Board. The Board also adopts, inter alia, instructions for the committees of the Board, an instruction for the CEO and an instruction for the financial reporting to the Board.

The Board is responsible for the company's organisation and management, which includes, inter alia, a responsibility for the establishment of overarching, long-term strategies and goals, budgets and business plans, establishing guidelines to ensure that the business creates value in the long term, review and preparation of accounts, to make decisions on matters relating to investments and divestments, capital structure and dividend policy, development and adoption of key policies, to ensure that control systems are in place for monitoring compliance with policies and guidelines, to ensure that systems are in place for monitoring and control of the company's operations and risks, significant changes in the organisation and business, to appoint the CEO and, in accordance with the guidelines adopted by the general meeting, set fees and other terms of employment for the CEO.

The Chair of the Board is responsible for ensuring that the work of the Board is carried out effectively and that the Board fulfils its obligations.

The Board meets according to an annual pre-determined schedule. In addition to ordinary board meetings, additional board meetings may be convened if the Chair of the Board considers it necessary or if a Board member or the CEO so requests.

The work of the Board in 2023/24

The Board met 20 times during the year. The management team has presented the goals and business strategies for their areas. The Board has addressed issues related to strategy, staff and organisation. Decisions have been made regarding investments and acquisitions. Other areas that have been addressed include the Group's work with raw material supply, risk management and the company's strategy for capital structure and borrowing.

Board composition and attendance during the financial year

Board member	Position	Board and senior the company since	The Board	Audit Committe	Independence in relation to: the company and the senior executives	the company and the major shareholders
Erik Haegerstrand	Chair of the Board	2022	20/20	6/6	Yes	Yes
Anders Forsgren[2)]	Board member	1986	20/20		No	No
Ann-Sofi Danielsson	Board member	2022	20/20	6/6	Yes	Yes
Björn Forssell	Board member	2019	20/20		No	No
Claes Eriksson[2)]	Board member	2009	20/20		Yes	Yes
Maria Edsman	Board member	2016	18/20	6/6	Yes	Yes
Victor Forsgren[2)]	Board member	2022	20/20		No	No

1) Major shareholders means shareholders who directly or indirectly control ten percent or more of the shares or votes in the company
2) The expansion committee held 7 meetings during the year with all members present at all meetings.
For information on the members of the Board, see pages 76-77.

Evaluation of the Board of Directors

The Chair of the Board is responsible for evaluating the work of the Board including the efforts of individual Board members. The evaluation focuses, among other things, on access and need for specific skills and work methods. The Board conducts an annual internal evaluation of the Board's work.

Evaluation of the CEO

The Board continuously evaluates the work and competence of the CEO and Group management. This is addressed at least once a year without the presence of representatives from Group management.

Committees of the Board

Expansion committee

The Board 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 Group, prepare establishment-related issues and present these to the Board of Directors, which has the decision-making power. The persons responsible for establishment matters lead the operational work until the committee preparation and report to the CEO;
(b) act as a supporting resource for the persons responsible for establishment matters in connection with implementation of adopted strategy concerning development of the store network. The committee can thereby assist the persons within the company responsible for establishment matters with regard to various establishment proposals, proposals for closure or relocation, development of national guidelines and policies;
(c) monitor past establishments, including the moving of existing stores and units, and keep the Board of Directors informed of the results of this work; and
(d) act as a supporting resource for persons responsible for establishment matters in connection with strategies concerning renegotiations of existing agreements.

Remuneration committee
The Board 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 remuneration principles, 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 members of the Board of Directors

The table below sets out the remuneration paid to the members of the Board of Directors during the financial year 2023/24.

(MSEK) Board member	Remuneration*	Variable remuneration**	Other Benefits	Pension Benefits	Total
Erik Haegerstrand (Chair)	1.1	–	–	–	1.1
Anders Forsgren	0.5	–	–	–	0.5
Ann-Sofi Danielsson	0.6	–	–	–	0.6
Björn Forssell	0.5	–	–	–	0.5
Claes Eriksson	0.5	–	–	–	0.5
Maria Edsman	0.5	–	–	–	0.5
Victor Forsgren***	0.5	–	–	–	0.5
Total	**4.1**	**–**	**–**	**–**	**4.1**

* refers to fixed remuneration
** includes costs for LTIP
*** Victor Forsgren is also an employee of Rusta AB and a related party to one of the principal owners of Rusta AB (publ) and has received salary from Rusta AB (publ) in addition to director's fees. Information on other remuneration in addition to director's fees is provided in Note 37.

The Annual General Meeting held on 1 September 2023 resolved that fees for members of the Board of Directors for the period until the end of the 2024 Annual General Meeting shall be paid as follows:

- SEK 1,000,000 shall be paid to the Chair of the Board,
- SEK 450,000 shall be paid to each of the other Board members,
- SEK 100,000 shall be paid to the chair of the audit committee,
- SEK 60,000 shall be paid to each of the other members of the audit committee,
- SEK 80,000 shall be paid to the chair of the expansion committee, and
- SEK 40,000 shall be paid 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 for the period after the 2022 Annual General Meeting until the 2023 Annual General Meeting shall be paid as follows: SEK 60,000 to audit committee member Maria Edsman, SEK 57,000 to the chair of the expansion committee Claes Eriksson, SEK 40,000 to expansion committee member Anders Forsgren and SEK 40,000 to expansion committee member Victor Forsgren.

Audit committee

The Board 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 qualifications. The majority of the members of the audit committee must be independent in relation to the company and its senior executives. At least one of the members of the audit committee who is 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 Group's financial reporting and provide recommendations and proposals to ensure the reliability of reporting;
(b) in respect of financial reporting, monitor the effectiveness of the Group's internal controls, internal audits and risk management;
(c) keep informed about the audit of the Group's annual report and consolidated financial statements and, where applicable, the conclusions of the Swedish Inspectorate of Auditors' quality control;
(d) inform the Board of Directors of the outcome 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 services other than auditing services; and
(f) assist in the preparation of proposals for the general meeting's resolution regarding election of auditor(s).

The CEO and other senior executives

The CEO is subordinated to the Board of Directors and shall manage the day-to-day management in accordance with the Board's guidelines and instructions. The division of work between the Board and the CEO is set out in the Board's rules of procedure and the instructions for the CEO.

The CEO is responsible for ensuring that the Board receives information and necessary documentation to support decision-making. The CEO leads the work of the senior executives and makes decisions after consultation with the senior executives.

The CEO also reports at board meetings and shall ensure that Board members regularly receive the information necessary 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 more detail on pages 76-79.

Remuneration to senior executives

The table below presents the remuneration paid to the senior executives during the financial year 2023/24.

(MSEK) Senior executives	Salary*	Variable remuneration**	Other benefits	Pension benefits	Total
Chief Executive Officer	5.6	4.0	0.2	1.3	11.0
Other senior executives (eight persons)	13.8	1.5	0.5	4.7	20.5
Total	**19.3**	**5.5**	**0.6**	**6.0**	**31.5**

* refers to fixed remuneration incl. holiday supplement
** includes costs for LTIP

Guidelines for remuneration to senior executives

The following guidelines apply to members of the company's management. The company's management refers to the company's Board members, CEO, deputy CEO (if 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.

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.

[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.

A prerequisite for a successful implementation of the company's long-term vision and strategy is that the company is able to recruit and retain qualified senior executives, which is facilitated by these guidelines.

Remuneration subject to these guidelines shall aim to promote the company's business strategy, sustainability and long-term interests.

Remuneration components and 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 remuneration.

Variable cash remuneration may not amount to more than 100 percent of the fixed cash remuneration for the CEO and not more than 50 percent of the fixed cash remuneration for other senior executives.

The company 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. Unless otherwise prescribed by applicable law or mandatory collective agreement provisions, pension benefits may not amount to more than 35 percent of each senior executive's gross salary, and variable cash remuneration shall not be pensionable.

Other benefits may consist of, for example, wellness benefits, healthcare insurance and company car benefits. Premiums and other expenses relating to such benefits may not exceed 5 percent of the fixed cash remuneration for the CEO and not more than 10 percent of the fixed cash remuneration for 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 remuneration paid 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 other senior executives shall not be more than 6 months[2].

Criteria for payment of variable cash remuneration

Variable cash remuneration shall reward the fulfilment of pre-determined and measurable criteria 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, is responsible for such evaluation of the CEO's outcome, while the CEO is responsible for the evaluation of the outcome for other senior executives in the company management.

Any possibility to demand repayment of variable cash remuneration is determined by the terms and conditions of the programme as applicable at any given 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 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 shall submit the proposal to the annual general meeting. The guidelines shall apply until new guidelines are adopted by the general meeting.

[2] 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.

The Board of Directors, or the remuneration committee if such a committee is established by the Board, shall also monitor and evaluate programmes for variable remuneration to the company's management and the application of the guidelines in relation to current remuneration levels and structures. Members of the company's management do not participate in the Board of Directors' treatment of and decisions regarding remuneration-related matters if they are affected by such matters.

Deviation from the guidelines

The Board of Directors may temporarily decide 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.

External auditor

The Annual General Meeting appoints an auditor in the company annually. At the annual general meeting held on 16 September 2020, Öhrlings PricewaterhouseCoopers AB, hereinafter referred to as PwC, was elected as the company's auditor for the period until the end of the 2024 annual general meeting. Caesar Moré has been the auditor in charge since 2021. In addition to the audit assignment, Rusta has consulted PwC in the tax area and on various accounting issues. PwC is obliged to test its independence before deciding, in addition to its audit assignment, to also carry out independent advice for the Group. Information on fees to the audit firm is set out in Note 10. According to the Code, the company's Board of Directors shall ensure that either the half-yearly or nine-month report is reviewed by the auditor. Rusta's auditor has carried out a review of the half-yearly report.

Internal audit

The Group has a simple legal and operational structure as well as established control and internal control systems. The Board of Directors (the audit committee) monitors the company's assessment of internal control, including through contacts with the Group's auditors. In light of the above, the Board has chosen not to arrange a separate internal audit. The issue of whether to set up a dedicated internal audit function is examined annually.

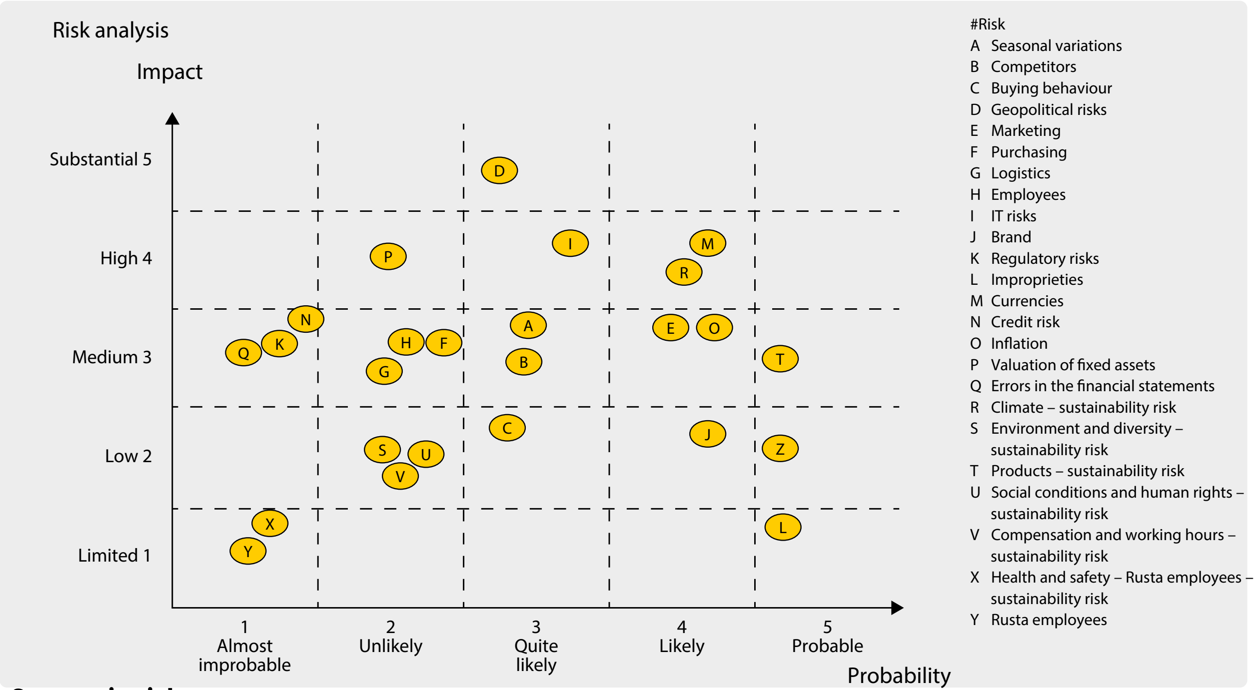
Risk assessment and risks

Rusta has established a risk management system which means that Rusta carries out an annual risk identification and risk 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 management system is to identify and evaluate the most significant risks that affect Rusta's operations. Identified risks are addressed based on three different criteria: impact, probability and effectiveness of risk management. Each individual risk is assigned a risk owner who is responsible for monitoring and limiting the risk. Identified risks are reported annually by the CEO to the audit committee and the Board of Directors.

A risk assessment regarding the financial reporting is also carried out annually. The assessment shall be based on the company's income statement and balance sheet, taking into account all financial items with additional details for each individual financial item. The assessment includes an evaluation of materiality, transaction volume, complexity and fraud risk, resulting in risk values for each item in the financial statements which are then used as a basis for determining the key sub-processes within the financial reporting process, including their risk levels. Identified risks with respect to financial reporting are reported annually by the CFO to the audit committee and the Board of Directors.



Strategic risks

Risk	Description	Risk management	Probability	Impact
Seasonal variations	Risk of erroneous assessment of purchases of goods in relation to sales (combination of too much goods in stock and reduced sales) which is difficult to monitor given a long lead time in the supply chain as well as a seasonal business. This could lead to credit risk as well as reduced profitability.	Rusta has a wide product assortment and a campaign-driven business. Established processes are in place for budget and forecast at product/ category level. Rusta designs its marketing campaigns based on seasonality to be attractive to customers all year round.	3	3
Competitors	Risk of a significantly larger foreign competitor entering one or more of Rusta's sales markets, which drastically increases competitive pressure and negatively affects Rusta's ability to achieve profit targets while maintaining price competitiveness.	Rusta has a wide assortment of products distributed across four different sales markets, which increases competitiveness. A high proportion of private label products, sourcing directly from suppliers and focus on high volumes across few stock keeping units (SKUs) are all factors that contribute to Rusta's price competitiveness.	3	3
Buying behaviour	Risk of changes in consumer buying behaviour due to e.g. new sustainability preferences, inflation, recession, pandemic, etc. causing reduced sales.	Rusta has a business model with a wide product assortment that spreads the risk. Direct sourcing from suppliers provides good control of pricing. Geographic spread of stores as well as multiple sales channels with a high proportion of campaign marketing, which provides flexibility to act on sudden changes in the market landscape.	3	2
Geopolitical risks	Risk of the emergence of geopolitical crises (e.g. political crises, war, pandemic, etc.) which could lead to e.g. more expensive purchases of goods, forced changes in purchasing behaviour leading to reduced sales, loss of staff, etc.	Rusta has a business model with a wide product assortment and works with campaigns, which entails a good ability to adapt to changes. The Group has active news monitoring to ensure adequate responsiveness.	3	5
Marketing	Risk of sudden and unexpected changes to the marketing landscape in one or more of Rusta's sales markets, which significantly affects Rusta's ability to reach customers with traffic-generating campaign marketing.	The Group continuously monitors market conditions through its supplier contacts. Rusta is gradually transitioning to a more digital marketing mix through the implementation and further development of Club Rusta.	4	3

Operational risks

Risk	Description	Risk management	Probability	Impact
Sourcing	Rusta buys about 40 percent of the products from Asia, most of which come from China. Being heavily dependent on suppliers in Asia could, in the event of a geopolitical crisis, lead to disruptions in the supply chain and cause shortages of profitable products as well as increased risk of shortcomings in social responsibility in the value chain. Rusta's product sourcing strategy focuses on developing and maintaining long-term relationships with suppliers and on increasing the order volumes placed with the suppliers used so as to reduce the number of smaller suppliers. A strong dependency on suppliers could cause shortages of products and/or difficulties in replacing specific products on time in connection with e.g. supplier bankruptcy, fraud situations, etc.	Rusta has established sourcing offices in several geographical markets in order to reduce dependency on one market or a few suppliers. The sourcing offices established in China, India, Vietnam and now also Türkiye aim to spread the geographical risk and also differentiate the supplier risk. Through the local presence, an established process is maintained to carefully assess suppliers before entering into purchase agreements.	2	3
Logistics	Rusta has a fulfilment centre in Norrköping that serves as the central hub for distribution and delivery of Rusta's products. This is where products arrive from suppliers in Europe and Asia, and from where they are then distributed to all Rusta stores across Rusta's four sales markets. There is a risk of disruption in the logistics chain as a result of, among other things, system errors in automated systems, fires, water damage and natural disasters, or issues relating to the inventory and/or equipment in the fulfilment centre. There is also a risk of disruption in the supply chain due to e.g. problems in Chinese ports, blockage in the Suez Canal or strikes and disruptions in the ports of Norrköping, Gothenburg and Hamburg. This could lead to delays in the delivery of goods as well as higher shipping costs. If the above were to occur, it could lead to a negative impact on Rusta's liquidity and profitability.	The fulfilment centre is divided into two physical buildings and five cells. There are sprinklers and alarms installed, among other fire safety measures. Work is also continuously undertaken to increase efficiency and operational safety at the fulfilment centre, along with maintenance and review of existing safety solutions. The Group has an established process and action plan for unexpected and planned outages through the supply chain, as well as adequate property and business interruption insurance.	2	3
Employees	Rusta's operational success depends on the experience and expertise of Group management and other key employees. The Group's operations are seasonal in nature, and part-time employees represent a significant proportion, in addition to which the level of staff turnover in retail is generally high, which could entail a risk in terms of the ability to recruit suitable part-time employees to meet Rusta's needs. Risk of losing key skills and competencies, work injuries caused by e.g. robbery in stores, workplace accidents or the occurrence of threats and violence in the workplace, as well as strikes etc. could have a negative impact on Rusta's financial position.	Rusta actively works to be an attractive employer with a good corporate culture and an employer who offers a safe working environment with established rules for the work environment. There are established ways of working to counteract potential risks to employees, as well as a crisis management group.	2	3
IT risks	Rusta uses several IT systems in different parts of its business. Unexpected problems with hardware, such as computer and network components, could arise as a result of, for example, manufacturing faults, accidents, wear and tear and overload, as well as cyberattacks, data breaches and other forms of sabotage. Problems could also arise as a result of planned measures, such as upgrades and maintenance, which can be difficult to implement as Rusta's operations require the company's IT systems to be functioning continuously all year round, and regardless of the time of day.	The Group has governing documents and policies for the IT environment and IT security. Rusta performs regular tests of critical IT systems and has an established process for handling any operational disruptions. Rusta strives to build redundancy into its IT systems in order to reduce the risk of defects in individual components having more extensive consequences for the entire IT infrastructure.	3	4
Brand	Rusta's brand could be negatively affected by, among other things, poor product quality and substandard routines in stores. Risk of both a general PR crisis and of the news media reviewing and reporting specifically on the low-price retail segment in relation to sustainability work, which could lead to a negative impact on the brand.	The Group has an established working method both centrally for the sourcing organisation, fulfilment centre and stores, as well as in each sourcing market to check product quality. Rusta has clear procedures for handling any negative exposure in the media.	4	2

Compliance risks

Risk	Description	Risk management	Proba-bility	Impact
Regula-tory risks	Risk of violating new and existing laws and regulations, which could result in fines and impact on the company's reputa-tion.	Rusta monitors the development of legislation, regulations and other external requirements for markets in which the company operates. The Group has allocated the responsi-bility to monitor change within each relevant organisational area and has an established process for adapting the business to significant regulatory changes.	1	3
Impro-prieties	There is an inherent risk of employees committing impropri-eties, including theft in stores or kick-back deals in Asia, which could lead to financial losses and impact on the company's reputation.	Governing documents and internal controls to counteract opportunities for internal improprieties, including policies for segregation of duties and the four-eyes principle.	5	1

Financial and reporting risks

Risk	Description	Risk management	Proba-bility	Impact
Curren-cies	The risk of fluctuations in exchange rates pressing EBIT downwards. Includes SEK against other currencies (primarily USD), which leads to higher costs for the purchase of goods, as well as NOK and EUR for country-specific sales margins.	The Group has continuous monitoring of exchange rate fluctuations and the potential need to increase prices, as well as a market organisation that manages pricing in all Rusta sales markets. Rusta uses forwards to hedge in USD and applies hedge accounting for these. The fact that Rusta operates in markets with three different selling currencies contributes to a natural currency hedge.	4	4
Credit risk	The risk of not having sufficient credit coverage due to e.g. this not having been offered or secured, or a lack of controls related to cash flow etc., which could lead to financial instability.	The Group has a process for produc-ing liquidity forecasts and there is a continuous follow-up of these as well as regular monitoring regarding credit risk for the banks with which Rusta has credit, which is distributed between two banks to minimise the risk.	1	3
Inflation	Risk that Rusta does not adapt optimally and quickly enough to a sudden increase in inflation in its sourcing or sales mar-kets, which would adversely affect its low price position, mar-gin or both.	Continuously evaluate the need to adjust prices to ensure sufficient gross margin contribution without losing low price perception and market position.	4	3
Valua-tion of fixed assets	Risk that the Group makes incorrect valuations of its material fixed assets, which could result in impairment losses.	Rusta has a working model to support management in the valuation of material assets. Annual impairment testing takes place for goodwill and impairment testing takes place as necessary for assets that are depreciated on a straight-line basis over their useful life.	2	4
Errors in the financial state-ments	Risk of inaccuracies in financial reporting and associated internal controls that cause poor quality and that financial statements are not published on time. This could lead to financial loss, negative brand perception and/or legal pen-alties.	The Group has governing documents and policies in place and an imple-mented framework for internal control with continuous follow-up, which mini-mises the risk of errors in the financial statements.	1	3

Sustainability risks

Risk	Description	Risk management	Proba-bility	Impact	Opportunity
Climate					
Climate - Value chain and own operations	Greenhouse gases emitted from our operations could contribute to global warming exceeding the +1.5 degrees Celsius goal, which in turn leads to more extreme weather (floods, thunderstorms and droughts), rise in sea level and potential shortage of certain raw materials. This also affects Rusta's own operations. Market impact and changes in consumer behaviour as a consequence of global warming could occur more often and more quickly in the future.	Where we cannot remove it altogether, we choose product and packaging materials carefully and increase the proportion of renewable, recycled and/or certified materials. Our ambition is to become climate neutral by 2030 for GHG scope 1 and 2 and by 2045 for scope 3 (i.e. earlier than the Paris Agreement goal of 2050). We are continuously increasing our use of renewable energy and fuels. Part of Rusta's climate-related work focuses on adaptation to climate change and we are continuing our mapping in this area.	4	4	By offering a sustainable assortment at a low price, we can support the development of a more sustainable lifestyle. By being a retail chain with a wide assortment, we can follow market trends and adapt our assort-ment accordingly.
Environment and biodiversity					
Environ-ment & biodiver-sity - Value chain and own oper-ations	Our greatest impact on the environment and biodiversity comes from the raw materials and the production of our products. Rusta's ambition is to minimise the negative environmental impact of our operations, offer high quality products to our customers while reducing pollution of air, water and land. In line with our sustainability policy, we regularly update our chemical requirements in relation to our suppliers/factories. By failing to adapt to statutory requirements in the environmental area, our brand could be seriously damaged.	We invest heavily in product devel-opment of a unique Rusta assort-ment. We avoid or minimise the use of excess materials whenever possible. In line with our sustainabil-ity policy, we regularly update our chemical requirements in relation to our suppliers. We use XRF scanners in factories, sourcing offices and at the fulfilment centre to ensure compliance with legislation. Moving forward, we need to further map our impact on biodiversity and water use.	2	2	Working proactively on environmental risks can provide signifi-cant opportunities to drive innovation at Rusta. By being the good and sustainable option in low-price retail, we can attract customers and potential employees.
Products and packaging					
Products - Value chain	There is a risk of Rusta releasing products with poor durability on the market. Regardless of recycled, renewable or certified materials, short product life always leads to poor sustainability. New laws and regulatory requirements regarding product sustainability and prohibited substances could affect product development and sales.	Offering at least a three-year warranty on all products (excluding products of a consumable nature) ensures a basic level of durability. Investing in chemical expertise in both our head office and sourcing offices will improve our preventive chemical ambitions.	5	3	Online sales in all our markets will facilitate a more effective and wider range of spare parts for our customers. Developing more products ourselves allows us to set the right requirements from the very beginning.

Risk	Description	Risk management	Probability	Impact	Opportunity
Social responsibility					
Social conditions and human rights - Value chain	In some countries from which Rusta sources goods, there are increased risks of human rights violations, including child, forced or compulsory labour, poor working conditions, restrictions on freedom of association and discrimination. Relationships with suppliers that do not comply with internationally accepted ethical, social and environmental standards pose a potential risk to Rusta's business.	Rusta's external Code of Conduct, which encompasses and respects human rights, is our primary tool for continuously and tirelessly working in line with national and international laws and standards.	2	2	When Rusta promotes and strives for improved social conditions and human rights in the countries where these are underdeveloped, we can secure safer workplaces and strengthen the markets where we source our goods.
Remuneration and working hours - Value chain	In general, we see that the major areas for improvement in Asia relate to overtime work, overtime pay and shortcomings in the payment of social security contributions. The main areas revealed where we see the greatest need for improvement are overtime work that exceeds local regulations, overtime pay that is not paid at the statutory level and social taxes that do not cover all workers in the factories.	Rusta always demands improvements with clearly defined timelines for the specific findings. Rusta requires that all workers be reimbursed in accordance with applicable legislation. In general, in the future we will to a greater extent point to and implement the business consequences of failure to undertake corrective action and improvement, and we will conduct more regular and complete on-site audits of the factories in question. In some cases, the number of unannounced visits will also be increased to ensure continuity in accordance with Rusta CoC Basic.	2	2	When Rusta promotes and strives for improvements in remuneration and working hours in countries where these more often differ, we can contribute to better living conditions for the workers and their families.
Safety and health of Rusta employees - Own operations	Ill health is a challenge for the individual as well as for the company. Accidents or incidents in the workplace due to shortcomings in safety measures harm employees and could negatively affect Rusta's productivity and employer brand. Rusta recognises the risk that serious diseases and pandemics could cause business interruptions and could negatively impact the health of our employees.	Rusta conducts preventive health and safety work at all our units. We offer training, e-learning and courses on work environment and ergonomics as well as workplace safety. In 2023/24, we have implemented an IA reporting system for on-the-job incidents in our distribution centre.	1	1	Actively working to promote safe and healthy working conditions will ensure healthy and happy employees. It also strengthens Rusta's brand as an attractive employer.
Rusta's employees - Own operations	Rusta must have access to and attract talented and motivated employees and secure the availability of competent managers in order to achieve established strategic and operational goals. At Rusta, everyone has equal opportunities and rights. We know that differences provide opportunities, and we are always looking for employees who thrive in an inclusive and ever-changing environment.	Skills mapping together with our overall HR planning helps ensure access to people with the right skills and attitude. An understanding of Rusta's core values is essential. Recruitment can be both external and internal. Remuneration levels and benefits are adapted to market conditions and linked to business priorities. Rusta strives to maintain good relations with the various trade unions represented among our employees.	1	1	Being progressive as an employer and communicating our sustainability agenda will strengthen our position as an attractive employer. Providing dynamic, exciting roles and career opportunities in the international market will benefit our employees and attract talented and motivated Rusta employees.

Trust					
Anti-corruption - Value chain and own operations	Rusta has a global value chain that includes procurement from countries with varying levels of risk. Potential risks include, for example, jeopardising human rights or labour rights, occupational health and safety risks, and causing environmental damage. Rusta's suppliers could cause risks to Rusta's reputation or business if they were to engage in unethical behaviour.	Rusta has a zero tolerance approach to corruption and bribery. All white-collar workers must sign the ethics policy annually. An e-learning solution regarding our internal Code of Conduct. Rusta's Code of Conduct and ethical guidelines apply to all our suppliers and purchase agreements. All suppliers must sign Rusta's ethics policy or equivalent.	5	2	Together with our industry colleagues in the market, Rusta can help shape the market and have a positive impact in reducing corruption.

Internal control

Rusta has established an internal control system that includes Rusta's management, core and support processes in order to ensure that Rusta's operations are conducted in a correct and efficient manner, that laws and regulations are complied with and that financial reporting is accurate, reliable and in accordance with applicable laws and regulations.

Internal control is based on division of work and responsibilities between the Board, the committees of the Board, the CEO, the CFO and other senior executives through, for example, the Board's rules of procedure, instructions for the committees of the Board, the CEO and financial reporting as well as the Group's guidelines, procedures, instructions and Code of Conduct. Compliance with these is continuously monitored and evaluated by responsible persons.

Control activities

Based on the risk identification and risk assessments carried out, an internal control framework shall be designed that covers the risks where applicable, with focus on risks attributable to errors in financial reporting. The internal control shall be designed as a requirement to describe the minimum level of measures expected to establish an effective internal control system for the various key processes. The implementation of the internal control is evaluated annually through a self-assessment and the results of the evaluation are documented, including proposals for measures to limit residual shortcomings including an impact assessment of residual shortcomings to ensure that such shortcomings do not entail unacceptable risks of material misstatement in the financial reporting or other unacceptable risks attributable to Rusta's operations. The documentation and results are reported annually by the CFO to the audit committee and the Board of Directors.

Information and insider policy

The company's Board of Directors has adopted an information and insider policy that governs the handling and communication of insider information as well as other internal and external information. The purpose of the policy is to ensure a high level of quality of both internal and external information as well as compliance with laws and regulations. In addition, Rusta has established procedures for management of information and restrictions on the dissemination of insider information, including the establishment of an insider committee responsible for management of insider information and other issues related to insider information. The insider committee consists of the CEO, CFO and IR Manager.

The company's fundamental principle in respect of communication is to provide correct, relevant, clear and reliable information to all relevant stakeholders. In addition, the company's communication shall be characterised by proactivity, accuracy and transparency.

Policy documents

Rusta has a number of policies for the Group's operations and employees. These include, for example, the Code of Conduct, corporate governance documents and finance handbook, among others.

Follow-up

The Board of Directors and Group management receive ongoing information about the Group's results, financial position and development of the business. The reporting also includes analytical follow-up, trend follow-ups and benchmarking of operating segments and down to store level. The Finance function has the same procedures and requirements for documentation in connection with each monthly financial report. The Board of Directors continuously evaluates the information provided by Group management and evaluates, on an ongoing basis, compliance with the control activities carried out within the Group. This work includes, among other things, ensuring that measures are taken regarding any shortcomings and proposals for measures that may have emerged in connection with the external audit. In addition, each management function performs an annual self-assessment of the effectiveness of each formally implemented control within its area. Follow-up and feedback on any deviations that arise is a central part of the work with internal controls as this is an effective way for the group to ensure that errors be corrected and that control is further strengthened.

Board of Directors

Erik Haegerstrand

Chair of the Board
Chair of the Board since 2022
Born: 1959
Principal education: M.Sc. Business and Economics, Stockholm University
Other key assignments: CEO and chair of the board of directors of Bonnier Group AB, including several board positions within the Bonnier Group
Recent positions outside Rusta: Several executive and board positions within the Bonnier Group
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
Shareholding: 11,000 shares

Anders Forsgren

Board member
Board member since 1986
Born: 1952
Principal education: Bachelor of Business Administration and Research Studies in Marketing and Distribution, Uppsala University
Other key assignments: 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.
Recent positions outside Rusta: Lecturer in Business Administration at Uppsala University, Business controller at H&M and Stock Market analyst at AP4
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
Shareholding: Owner of Aforber Invest AB which owns 41,064,404 shares

Ann-Sofi Danielsson

Board member
Board member since 2022
Born: 1959
Principal education: M.Sc. Business and Economics, Uppsala University
Other key assignments: Board member and chair of the audit committee in Pandox Aktiebolag (publ) and Vasakronan AB (publ). Board member of Building Automation Nordic AB
Recent positions outside Rusta: CFO of Bonava AB (publ), CFO of NCC AB (publ)
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
Shareholding: 0 shares

Björn Forssell

Board member
Board member since 2019
Born: 1976
Principal education: MBA International Business, Temple University, Philadelphia, USA
Other key assignments: 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
Recent positions outside Rusta: –
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
Shareholding: Shareholder in Öngal in Uppsala Invest AB as owns 45,356,981 shares and own holding of 588 shares

Claes Eriksson

Board member
Board member since 2009
Born: 1951
Principal education: Seven years of education in the defence sector
Other key assignments: Board member of Cerix AB and IMD Arkitektur AB
Recent positions outside Rusta: 4 years as sales manager in Rusta AB. 20 years of experience from leading positions within IKEA, ICA, Intersport, MQ, Coop Norden, etc.
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
Shareholding: 2,477,290 shares

Maria Edsman

Board member
Board member since 2016
Born: 1968
Principal education: M.Sc. Business and Economics, Stockholm School of Economics
Other key assignments: CEO of Bokusgruppen AB (publ).
CEO and chair of the board of directors of Akademibokhandeln Holding AB, Bokhandelsgruppen i Sverige AB and Bokus AB.
Recent positions outside Rusta: CEO of Polarn O. Pyret and Brothers, as well as various senior positions in consumer companies. Management consultant at McKinsey & Company
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
Shareholding: 10,766 shares

Victor Forsgren

Board member
Board member since 2022
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 key assignments: Board member of Aforber Invest AB. Deputy board member of Fasetten AB and Fasetten Holding AB
Recent positions outside Rusta: Business Assistant, Nordic Trading (HK) Co., LTD. Shenzhen, China
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
Shareholding: 666 shares

Group management

Göran Westerberg

CEO
Chief Executive Officer since 2012
Born: 1971
Principal education: M.Sc. Business and Economics, Stockholm University and EMBA, INSEAD in France and Singapore
Other key assignments: Board member of Eleiko Group AB
Previous experience: Various roles in IKEA, including Regional Manager South Asia. COO Nobia
Shareholding: 2,587,303 shares
Additional holdings: 11,382 warrants of series 2020:1

Sofie Malmunger

CFO
Chief Financial Officer since 2022
Born: 1979
Principal education: M.Sc. Business and Economics, Stockholm School of Economics
Other key assignments: –
Previous experience: Controller and Finance Manager in RNB Retail and Brands. Management consultant and auditor in KPMG
Shareholding: 47,948 shares

Jozef Khasho

Chief Sales Officer
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 key assignments: –
Previous experience: HR specialist, RNB Retail and Brands
Shareholding: 207,003 shares

Linda Esenthal

Chief Marketing Officer
Chief Marketing Officer since 2017
Born: 1975
Principal education: M.Sc. Business and Economics, Stockholm University
Other key assignments: –
Previous experience: Head of Marketing, Citycon
Shareholding: 42,385 shares

Annica Nyström

Chief Range Officer
Chief Range Officer since 2022
Born: 1985
Principal education: International Purchasing, Stockholm International Business School
Other key assignments: –
Previous experience: Sales in IKEA
Shareholding: 31,260 shares

Anna Bergstedt

Chief Supply Chain Officer
Chief Supply Chain Officer since 2020
Born: 1974
Principal education: Bachelor of Logistics, University of Gävle
Other key assignments: –
Previous experience: Supply Chain Manager, Ericsson and Unilever
Shareholding: 24,505 shares

Per Wennerström

Chief Business Development Officer
Chief Business Development Officer since 2019
Born: 1980
Principal education: Master's Degree in Engineering Physics, KTH Royal Institute of Technology
Other key assignments: –
Previous experience: Business Development Manager in Nobia. Management consultant in BearingPoint
Shareholding: 28,875 shares

Viswakumar Ananthakrishnan

Chief Purchasing Officer
CPO 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 key assignments: –
Previous experience: Various global leadership roles in IKEA. Management consultant and board member of Termino C 8600 AB. Management consultant in Eleiko Aktiebolag
Shareholding: 20,631 shares

Annika Holm Sundström

Chief HR Officer
Chief HR Officer since 2019
Born: 1967
Principal education: Programme for HR managers, Mgruppen
Other key assignments: –
Previous experience: HR roles in LG, Fujitsu and Pfizer. Head of Staffing at the Ministry of Finance
Shareholding: 21,327 shares

Consolidated income statement

MSEK	Note	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Net sales	5	11,116	10,202
Cost of goods sold		–6,283	–6,016
Gross profit		**4,833**	**4,187**
Sales expenses		–3,798	–3,414
Administrative expenses		–355	–298
Other operating income	6	215	216
Other operating expenses	7	–142	–173
Operating profit (EBIT)	8, 9, 10, 11, 12	**753**	**518**
Financial items			
Finance income	13	13	1
Finance expenses	14	–241	–179
Profit before tax		**525**	**341**
Income tax	16	–117	–79
Net profit for the year		**408**	**261**
Attributable to:			
Parent Company shareholders		408	261
Non-controlling interests		–	–
Earnings per share			
Earnings per share before dilution, SEK		2.7	1.7
Earnings per share after dilution, SEK		2.7	1.7

Consolidated statement of comprehensive income

MSEK	Note	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Net profit for the year		**408**	**261**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange rate differences from translation of foreign subsidiaries		9	–36
Cashflow hedges, net after tax		27	–60
Other comprehensive income, net after tax		**36**	**–97**
Total comprehensive income		**445**	**165**
Attributable to:			
Parent Company shareholders		445	165
Non-controlling interests		–	–

Consolidated balance sheet

MSEK	Note	30/04/2024	30/04/2023
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenses for software development	18	79	62
Trademarks	19	0	8
Goodwill	19	118	113
Total intangible assets		**196**	**183**
Property, plant and equipment			
Right-of-use assets	11	5,237	5,115
Equipment, tools, fixtures and fittings	20	458	473
Total property, plant and equipment		**5,695**	**5,588**
Financial assets			
Other financial assets		0	0
Total financial assets		**0**	**0**
Deferred tax assets	29	209	199
Total non-current assets		**6,100**	**5,970**
Current assets			
Inventories	22	2,622	2,593
Trade receivables	23	16	27
Other current receivables	24	49	40
Prepaid expenses and accrued income	25	140	42
Cash and cash equivalents		171	182
Total current assets		**2,997**	**2,885**
TOTAL ASSETS		**9,097**	**8,855**
EQUITY AND LIABILITIES			
Equity			
Share capital	26	5	5
Other contributed capital	27	1	1
Reserves	28	–17	–54
Retained earnings incl. profit for the year		1,605	1,323
Total equity attributable to Parent Company shareholders		**1,593**	**1,275**
Non-current liabilities			
Deferred tax liabilities	29	131	115
Liabilities to credit institutions	31	20	51
Lease liabilities	11	4,740	4,616
Other non-current liabilities	4	36	70
Total non-current liabilities		**4,927**	**4,853**
Current liabilities			
Liabilities to credit institutions	31	20	386
Lease liabilities	11	905	848
Trade payables		724	635
Current tax liabilities		23	16
Provisions	32	23	22
Other current liabilities	33	204	189
Accrued expenses and deferred income	34	678	630
Total current liabilities		**2,577**	**2,727**
Total liabilities		**7,504**	**7,580**
TOTAL EQUITY AND LIABILITIES		**9,097**	**8,855**

Consolidated statement of changes in equity

MSEK	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit for the year	Total equity
Opening balance at 1 May 2022	**5**	**1**	**43**	**1,213**	**1,262**
Net profit for the year				261	261
Other comprehensive income			–97		–97
Total comprehensive income			**–97**	**261**	**165**
Dividends to shareholders				–152	–152
Total transactions with shareholders				**–152**	**–152**
Closing balance at 30 April 2023	**5**	**1**	**–54**	**1,323**	**1,275**
Opening balance at 1 May 2023	**5**	**1**	**–54**	**1,323**	**1,275**
Net profit for the year				408	408
Other comprehensive income			36		36
Total comprehensive income			**36**	**408**	**445**
Dividends to shareholders				–105	–105
Long-term incentive plan				1	1
Repurchase of own shares				–22	–22
Total transactions with shareholders				**–126**	**–126**
Closing balance at 30 April 2024	**5**	**1**	**–17**	**1,605**	**1,593**

Consolidated cash flow statement

MSEK	Note	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Cash flow from operating activities			
Operating profit (EBIT)		753	518
Adjustments for non-cash items:			
Depreciation/amortisation	**11, 17, 18, 21**	941	837
Disposals/sales		1	1
Other		–	8
Provisions	**33**	2	1
Interest received	**13**	13	1
Interest paid	**14**	–241	–179
Income tax paid		–111	–140
Cash flow from operating activities before changes in working capital		**1,358**	**1,048**
Cash flow from changes in working capital			
Decrease (+)/increase (–) in inventories		–9	235
Decrease (+)/increase (–) in operating receivables		–76	68
Decrease (–)/increase (+) in operating liabilities		123	–344
Net change in working capital		*38*	*–41*
Cash flow from operating activities		**1,396**	**1,007**
Investing activities			
Investments in intangible assets	**18, 19**	–35	–12
Investments in property, plant and equipment	**20**	–130	–161
Cash flow from investing activities		**–166**	**–172**
Financing activities			
Net change in overdraft facility		–380	180
Repayment of borrowings		–18	–215
Repayment of lease liabilities		–712	–638
Dividends to shareholders		–105	–152
Repurchase of own shares		–22	–
Cash flow from financing activities	**35**	**–1,238**	**–826**
Cash flow for the year		**–7**	**9**
Cash and cash equivalents at start of year		182	170
Exchange rate difference in cash and cash equivalents		–4	4
Cash and cash equivalents at end of year		**171**	**182**

Parent Company income statement

MSEK	Note	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Net sales	5	9,153	8,546
Cost of goods sold		–5,971	–5,767
Gross profit		**3,182**	**2,780**
Sales expenses		–2,555	–2,311
Administrative expenses		–324	–270
Other operating income	6	202	212
Other operating expenses	7	–129	–165
Operating profit (EBIT)	8–12	**377**	**246**
Financial items			
Finance income	13	22	5
Finance expenses	14	–34	–23
Profit after financial items		**365**	**228**
Appropriations	15	–51	–29
Profit before tax		**314**	**199**
Tax for the year	16	–69	–42
Net profit for the year		**245**	**157**

Parent Company statement of comprehensive income

MSEK	Note	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Net profit for the year		**245**	**157**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Cashflow hedges		27	–60
Other comprehensive income, net after tax		**27**	**–60**
Total comprehensive income		**271**	**97**
Attributable to:			
Parent Company shareholders		271	97
Non-controlling interests		0	0

Parent Company balance sheet

MSEK	Note	30/04/2024	30/04/2023
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenses for software development	18	74	56
Total intangible assets		**74**	**56**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	20	247	257
Total property, plant and equipment		**247**	**257**
Financial assets			
Participations in group companies	21	77	77
Deferred tax assets	29	1	3
Total financial assets		**78**	**80**
Total non-current assets		**399**	**397**
Current assets			
Inventories etc.	22		
Goods in transit		241	107
Inventories		1,778	1,928
Total inventories		**2,019**	**2,035**
Current receivables			
Trade receivables	23	13	16
Receivables from Group companies		174	150
Current tax assets		15	26
Other current receivables	24	40	32
Prepaid expenses and accrued income	25	175	118
Total current receivables		**417**	**342**
Cash and cash equivalents		65	106
Total current assets		**2,501**	**2,483**
TOTAL ASSETS		**2,900**	**2,880**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	26	5	5
Statutory reserve		1	1
		6	**6**
Non-restricted equity			
Retained earnings		824	766
Net profit for the year		245	157
		1,068	**923**
Total equity		**1,074**	**929**
Untaxed reserves	30	609	558
Non-current liabilities			
Deferred tax liabilities		4	–
		4	**0**
Current liabilities			
Liabilities to credit institutions	31	0	294
Trade payables		614	524
Current tax liabilities		0	–
Provisions	32	23	22
Other current liabilities	33	67	61
Accrued expenses and deferred income	34	508	489
		1,213	**1,390**
TOTAL EQUITY AND LIABILITIES		**2,900**	**2,877**

Parent Company statement of changes in equity

MSEK equity	Restricted equtiy Share capital	Statutory reserve	Non-restricted equity Retained earnings	Net profit for the year	Total
Opening balance at 1 May 2022	**5**	**1**	**323**	**653**	**982**
Transfer of previous year's profit			653	–653	0
Net profit for the year				157	157
Other comprehensive income			–60		–60
Total comprehensive income			**592**	**–496**	**97**
Merger subsidiaries			2		2
Dividends to shareholders			–152		–152
Total other contributed capital			**–149**	**0**	**–149**
Closing balance at 30 April 2023	**5**	**1**	**766**	**157**	**929**
Opening balance at 1 May 2023	**5**	**1**	**766**	**157**	**929**
Transfer of previous year's profit			157	–157	0
Net profit for the year				245	245
Other comprehensive income			27		27
Total comprehensive income	**0**	**0**	**184**	**88**	**271**
Dividends to shareholders			–105		–105
Long-term incentive plan			1		1
Repurchase of own shares			–22		–22
Total other contributed capital			**–126**		**–126**
Closing balance at 30 April 2024	**5**	**1**	**824**	**245**	**1,074**

Parent Company cash flow statement

MSEK	Note	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Cash flow from operating activities			
Operating profit (EBIT)		353	246
Adjustments for non-cash items:			
Depreciation/amortisation	8, 9	97	92
Disposals		1	1
Provisions		2	1
Interest received	13	–22	5
Interest paid	14	34	–23
Income tax paid		–58	–94
Cash flow from operating activities before changes in working capital		**407**	**228**
Cash flow from changes in working capital			
Decrease (+)/increase (–) in inventories		16	305
Decrease (+)/increase (–) in trade receivables		3	–7
Decrease (+)/increase (–) in other current receivables		–69	69
Decrease (–)/increase (+) in trade payables		84	–70
Decrease (–)/increase (+) in other current liabilities		46	–254
Cash flow from operating activities		**485**	**272**
Investing activities			
Investments in intangible assets	18	–37	–11
Investments in property, plant and equipment	20	–69	–69
Investments in subsidiaries	21	0	–158
Cash flow from investing activities		**–106**	**–238**
Financing activities			
Repayment of borrowings		0	–200
Change in overdraft facility		–294	193
Dividends		–105	–152
Repurchase of shares		–22	–
Cash flow from financing activities		**–421**	**–159**
Cash flow for the year		**–41**	**32**
Cash and cash equivalents at start of year		**106**	**74**
Cash and cash equivalents at end of year		**65**	**106**

Notes

Note 1 General information

Rusta AB (publ) with corporate identity number 556280-2115 is a Swedish limited liability company registered on the Nasdaq stock exchange in Stockholm. Rusta AB (publ) is the parent company in the Group with its registered office in Upplands Väsby in Sweden. The address of the head office is Kanalvägen 12, SE-194 05 Upplands Väsby, Sweden. Rusta is a retail company that markets and sells products to end consumers via a network of stores and an online sales channel. The stores are run under the name RUSTA and are located in Sweden, Norway, Finland and Germany. As at 30 April 2024, there were 212 stores. All stores in the Group are wholly owned, with operations conducted in leased premises. The online sales channel is available in Sweden and Finland. Rusta offers the market a wide assortment of functional home and leisure products that provide value for money for many people. Seasonal products and specially designed articles mean that the assortment in stores is constantly renewed. Purchasing is mainly sourced through direct imports from Asia and Europe or directly from manufacturers in Sweden. As at 30 April 2024, the Group consists of Baforber AB and its subsidiary Bruksbo KB, Rusta Retail AS in Norway, Rusta Retail GmbH in Germany, Rusta Retail Finland OY and 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 Annual Report and consolidated financial statements were approved by the Board of Directors on 22 August 2024. The income statement and balance sheet for the Group and the Parent Company will be subject to adoption at the Annual General Meeting on 20 September 2024.

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. The Parent Company's functional currency is Swedish kronor, which is also the Group's presentation currency. All amounts are stated in SEK million (MSEK) unless otherwise stated. In the annual report, items have been measured at cost, apart from certain financial instruments, which have been measured at fair value. The Parent Company prepares its accounts in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. 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.

The significant accounting principles applied when these consolidated financial statements were prepared are set out below.

New and amended standards applied by the Group

The new standards, amendments or interpretations to be applied for the first time for the financial year beginning 1 May 2023 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 are 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 unrealised 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 executive decision maker. The chief executive decision maker is the Group's Chief Executive Officer (CEO), who is responsible for allocating resources and assessing segment performance. According to the internal reporting, the entire cost of renting premises is recognised as an operating expense, which is different 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 "Group adjustments regarding IFRS 16". Rusta's operations are divided into 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 segment. The segment division is based on how well Rusta is established 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 recognised using the acquisition method.

The purchase price for the business combination is measured at fair value at the time of acquisition, which is calculated as the total of the fair values at the time of acquisition for assets paid, incurred or assumed liabilities and issued equity shares in exchange for control over the acquired business. Acquisition-related expenses are recognised in the income statement when they arise.

The identifiable acquired assets and assumed liabilities, along with contingent assets, are recognised at fair value at the date of acquisition.

For business combinations where the sum of the consideration exceeds the fair value at the time of acquisition of identifiable acquired net assets, the difference is recognised as goodwill in the balance sheet.

Revenue

Sales of goods

The Group's sales consist mainly of cash sales in Rusta's own stores, as well as sales online.

Revenue, measured at selling price excluding value-added tax and reduced to reflect any discounts, is recognised when control of sold goods transfers to the customer, which for in-store sales takes place when the customer pays for the goods at checkout. For online sales, the sale is recognised when the goods have left our fulfilment centre.

The Group offers a returns policy that allows customers to return transferred goods. The anticipated effect of returns is recognised through revenue initially being reduced by the expected refund, which is calculated based on historical data, as well as a refund provision. The right of return of goods is recognised 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 programme, "Club Rusta", offers members a right of return for 360 days, which is taken into account when calculating the refund provision. For purchases of gift vouchers, the entire amount is initially recognised in other current liabilities and is only recognised as revenue when the gift voucher is used in store, or when its period of validity has expired.

Interest income

Interest income is recognised, 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 contract 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 recognises a right-of-use asset and a lease liability upon the date that the leasing agreement enters into force. The right-of-use asset is initially valued at its 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 asset is depreciated on a straight line basis from the date the agreement enters into force until whichever is the earlier 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 lease 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 lease 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 lease 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 subject to indexation, 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 lease liabilities as separate items in the balance sheet.

For leasing agreements that have a leasing period of 12 months or less with an underlying asset of a low value, below SEK 50,000, no right-of-use asset or lease liability is recognised. Leasing fees for these lease agreements are recognised as costs on a straight line 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 recognised 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 recognised 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 recognised.

Foreign currency

Items included in the financial statements for the various units in the Group are recognised 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 recognised in the income statement as financial income or expenses. All other foreign exchange gains and losses are recognised 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.

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 recognised in "Other comprehensive income" and transferred to the Group's foreign currency translation reserve. On disposal of a foreign subsidiary, such translation differences are recognised 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 recognised 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 recognised 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 recognised as a staff cost in the income statement when they arise.

Stock option programme – Chief Executive Officer

There is a stock option programme for the CEO. Share-based benefits in the existing stock option programme do not entail any costs, as the price of the warrants corresponds to fair value. See Note 37.

Share-related incentive programme

Rusta has share-related compensation plans in the form of a long-term incentive plan. For the incentive plan, the cost is recognised based on the fair value per share right at the time of allotment and the expected number of shares that will be earned. This compensation is recognised as a staff cost during the vesting period with a corresponding increase in equity. To the extent that the vesting conditions in the incentive plan are linked to continued ownership of the investment shares, these are taken into account when determining the fair value of the share rights.

Performance terms and service terms affect the staff cost during the vesting period by changing the number of shares that are ultimately expected to be earned at the end of the plan. At the end of each reporting period, the Group reassesses its assessments of how many shares are expected to be earned based on the performance terms and service terms. When allotment of shares takes place, social security contributions must be recognised in certain countries for the value of the employee's benefit. The Group continuously recognises a liability for social security costs for this compensation. The liability is revalued on an ongoing basis and is based on the fair value of the share-related compensation on the balance sheet date accrued over the vesting period.

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. Taxable earnings differ from recognised earnings in the income statement, as they have 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 recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the taxable value used to calculate the taxable profit. Deferred tax is recognised using the balance sheet method. Deferred tax liabilities are recognised in principle for all taxable temporary differences, and deferred tax assets are recognised 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 recognised 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 recognised nor the taxable profit.

Deferred tax liability is recognised 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 recognised 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 then offset, as 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 recognised as cost or income items in the income statement, except when the tax relates to transactions that have been recognised in other comprehensive income or directly against equity. In such cases, the tax should also be recognised in other comprehensive income or directly against equity. For current and deferred tax arising on recognition of business combinations, the tax effect will be recognised in the acquisition calculation.

Dividends to shareholders
Dividends to shareholders are recognised for the period in which the dividend was resolved by the company's shareholders. Dividends paid are recognised against retained earnings under equity.

Earnings per share
Earnings per share before dilution is calculated based on the profit for the year attributable to Parent Company shareholders and the weighted average number of outstanding shares. Earnings per share after dilution is calculated based on the profit for the year

attributable to Parent Company shareholders and the weighted average number of outstanding shares after dilution. Dilution effects arise from stock option programmes and long-term incentive plans issued to employees. Stock option programmes and long-term incentive plans have a dilution effect when the average share price during the period exceeds the exercise price.

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 utilised, 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 recognised as a separate asset when it is likely that future economic benefits that can be attributed to the item benefit the Group, and that the cost of the same can be reliably calculated. All other expenses for repairs and maintenance and subsequent expenses are recognised in the income statement in the period in which they arise. Costs relating to the start-up and opening of new stores, such as store and warehouse furnishings and other equipment, e.g. alarms, signs, etc. as well as the establishment team's costs in the form of travel and staff costs, are capitalised.

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
Warehouse automation	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 balance sheet 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 balance sheet.

Intangible assets
Separately acquired intangible assets

Intangible assets with determinable useful lives that have been acquired separately are stated at cost less accumulated amortisation and any accumulated impairment. Intangible assets are amortised 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 effects of any changes to assessments are recognised prospectively.

Internally generated intangible assets – Capitalised expenses for software development

Internally generated intangible assets derived from the Group's software development are only recognised 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 recognise any internally generated intangible asset, the development expenses are recognised as a cost in the period in which they arise.

After initial recognition, internally generated intangible assets are stated at cost less accumulated amortisation and any accumulated impairment. Capitalised expenses for software development are amortised 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 recognised 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 amortisation and any accumulated impairment, in the same manner as separately acquired intangible assets.

Disposals and sales

An intangible asset is derecognised from the balance sheet 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 balance sheet, comprising the difference between the amount received from the sale and the asset's carrying amount, is recognised in profit/loss when the asset is derecognised from the balance sheet.

Impairment 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 Finnish business.

The recoverable amount is the higher of the fair value less sales 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 recognised 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 recognised directly in the income statement. However, impairment of goodwill is never reversed.

Financial instruments
The Group's financial assets primarily consist of cash and cash equivalents, trade receivables and 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 forwards to the extent that these have a negative value.

The Group applies the "hold to collect" business model. Financial assets and financial liabilities are initially recognised at fair value plus/minus transaction costs, with the exception of items that are recognised at fair value via profit or loss, in which case transaction costs are recognised as costs in the profit or loss.

In subsequent accounting, the Group's financial assets, with the exception of derivatives in the form of electricity and currency forwards, are recognised at amortised 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. Impairment of trade receivables is recognised 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 for information on forwards.

The Group's financial liabilities, with the exception of derivatives in the form of electricity and currency forwards, are recognised in subsequent accounting at amortised 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 recognised at fair value via the income statement (profit or loss).

Hedge accounting

As a matter of principle, the Group hedge accounts for any currency forward 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 non-current asset or liability when the hedged item's remaining duration is in excess of 12 months, and as a current asset or liability when the hedged item's remaining duration is less than 12 months.

To the extent that derivatives are not hedge accounted, these are recognised at fair value via the profit or loss. Derivatives that are not in a hedging relationship but that are used for hedging of business-related transactions are always classified as current assets or current liabilities.

Cash flow hedging entails the effective part of the change in fair value of the derivative instrument being recognised in other comprehensive income and accumulated in the hedging reserve in equity. The non-effective part of the currency fluctuation is immediately recognised in the income statement as other income or other expenses. Derivatives are always recognised at fair value in the balance sheet.

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 recognised in the income statement as costs of goods sold.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and recognised 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 realise the asset and settle the liability.

Cash and cash equivalents
The Group's cash and cash equivalents in the balance sheet and the cash flow statement 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. Utilisation of overdraft facilities is recognised in the balance sheet as current liabilities to credit institutions.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined using weighted average prices. 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 fulfilment centre to the stores, this shipping cost is recognised as a sales expense. Inventories consist of the items sold in Rusta's stores and online. Net realisable 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 recognised when the Group has an existing obligation (legal or constructive) as a result of a past 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 recognised separately as an asset in the balance sheet 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 recognised 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.

Accounting policies for Parent Company
The Parent Company applies the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. Application of RFR 2 means that the Parent Company as far as possible applies all EU endorsed IFRS standards within the framework of the Annual Accounts Act and Pension Obligations Vesting Act, taking into account the connection between reporting and taxation. The differences between the accounting principles of the Parent Company and the Group are detailed below:

RFR 2

Rusta prepares the consolidated accounts in accordance with IFRS, while the Parent Company applies RFR 2 Accounting for Legal Entities.

Classifications and presentation

The Parent Company's income statement and balance sheet have been prepared in accordance with the schedule set by the Annual Accounts Act. The difference to IAS 1 Presentation of Financial Statements, which is applied for the consolidated accounts, mainly concerns reporting of finance income and expenses, non-current assets, equity and the presentation of provisions as a separate heading.

Subsidiaries

Investments in subsidiaries are recognised at cost in the Parent Company's financial statements. Acquisition-related costs for subsidiaries, which are expensed in the consolidated accounts, are included as a portion of the cost of investments in subsidiaries.

Pensions

The Parent Company's pension obligations have been calculated and recognised based on the Swedish Pension Obligations Vesting Act. Application of the Swedish Pension Obligations Vesting Act is a condition for the right to make deductions for tax purposes.

Taxes

In the Parent Company, untaxed reserves are recognised inclusive of deferred tax liability. In the consolidated accounts however, untaxed reserves are divided into deferred tax liability and equity.

Financial instruments

The Parent Company has chosen not to apply IFRS 9 for financial instruments. However, parts of the principles in IFRS 9 are still applicable – such as for impairment losses, booking/reversal and the effective interest method for interest income and interest expenses.

In the Parent Company, non-current financial assets are measured at cost less any impairment losses and current financial assets are measured according to the lowest value principle. For financial assets recognised at amortised cost, the impairment rules in IFRS 9 are applied.

Leasing

The Parent Company does not apply IFRS 16, in accordance with the exemption set out in RFR 2. As lessee, leasing fees are recognised as a cost on a straight line basis over the leasing period and are thus not recognised as rights of use and lease liabilities in the balance sheet.

Other information
The financial statements are stated in SEK million (MSEK) unless otherwise stated. Rounding may result in some tables not totalling exactly correctly.

Note 3 Significant estimates and assessments

The preparation of financial statements and the application of various accounting standards are based in part on management's judgments or on assumptions and estimates that are considered reasonable under the prevailing circumstances. These assumptions and estimates are usually based on historical experience but also on other factors, including expectations of future events.

With other assumptions and estimates, the result may be different and the actual outcome will, by definition, rarely correspond to the estimate made. The assumptions and estimates made by Rusta in the 2023/2024 financial statements that have had the greatest impact on earnings as well as assets and liabilities are discussed below.

Inventories

Inventories are valued at the lower of cost and net realisable value. The size of the net realisable 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 measured at cost less any accumulated impairment losses. Valuations of trademarks and life expectancy are calculated on the basis of market position and market status as well as expected developments and profitability. In determining the recoverable amount of cash-generating units to assess the potential need for impairment of goodwill or trademarks, several estimates and assumptions about future conditions have been made. More information is provided in Note 19.

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. The leases are recognised as rights of use and a corresponding liability as of the date of possession. 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 the assessment of the probability of exercising extension options. Changes in assumptions and assessments may result in significant differences in the Group's value of the right-of-use asset and the lease liability. The calculation of present value is based on a marginal borrowing rate determined on the basis of country, term and the creditworthiness of each unit. The weighted average marginal borrowing rate applied is 6.8 percent (6.8). The possibility of extending a lease agreement is only included in the length of the lease if it is reasonably certain to assume that the lease agreement will be extended (or not terminated). The assessment is reviewed if there is a significant event or change in circumstances that affects this assessment and the change is within the control of the lessee. More information is provided in Note 11.

Notes, cont.

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 ultimate 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 into 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. In the financial year 2019/2020, the Group began to apply hedge accounting for purchases, cash flows or similar in 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.

The effectiveness of a hedge is evaluated when the hedging relationship is entered into. The hedged item and hedging instrument are evaluated on an ongoing basis to ensure that the relationship meets the requirements. When the Group hedges purchases of foreign currency, hedging relationships are entered into whereby critical terms in the hedging instrument exactly match the terms of the hedged item. In this way, a qualitative evaluation of the effectiveness of the relationship has been made. If changed conditions affect the terms of the hedged item to such an extent that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to evaluate effectiveness. When hedging foreign currency purchases, ineffectiveness may arise if the timing of the forecasted transaction changes compared to what was initially estimated. Ineffectiveness may 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 are recognised in other comprehensive income.

No ineffectiveness was recognised during the year.

The effects of hedge accounting on the impact of the risk of currency fluctuations on the Group's financial position and earnings are set out as follows:

Parent Company and Group currency forwards	30/04/2024	30/04/2023
Carrying amount (current assets), MSEK	19	–
Carrying amount (current liabilities), MSEK	–	–21
Nominal amount	766	734
Maturity date	May 2024–Nov 2024	May 2023–Jan 2024
Hedge ratio*	1:1	1:1
Change in discounted forward rate for outstanding hedging instruments since the hedging relationship began	19	–21
Change in value of the hedged item used to determine ineffectiveness	19	–21
Weighted average of outstanding hedging instruments (incl. forward points)	SEK 10.58:1 USD	SEK 10.72:1 USD

*Currency forward 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) and Finland (EUR), and there is the Indian Liaison Office (INR) and Representation Office in Vietnam and China (VND, USD and CNY). The Group is affected when the income statements of foreign subsidiaries are translated into SEK. According to the Group's guidelines, the balance exposure is not hedged.

The Group's transaction exposure is attributable to the translation of balance sheet items into foreign currency; the risk relates mainly to trade payables:

	30/04/2024		30/04/2023	
Trade payables	Currency	MSEK	Currency	MSEK
USD, millions	8	87	3	28
EUR, millions	10	117	13	145
CNY, millions	18	25	3	4

For sensitivity analysis, see below.

Since there is no significant difference between the Group's and the Parent Company's exposure to market risks, the sensitivity analysis below applies to both the Parent Company and the Group.

	01/05/2023 –30/04/2024	01/05/2022 –30/04/2023
Effect on profit after tax in MSEK		
USD +/-10%	+/– 7	+/– 2
EUR +/-10%	+/– 9	+/– 11
CNY +/-10%	+/– 2	+/– 0

Trade payables during the financial year in each material currency and effect on earnings of +/- 10% exchange rate fluctuation.

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 neutralised by cash at a variable rate. There is also a long-term restructuring loan in Finland that was added in connection with the acquisition of Hong Kong Oy in May 2018. The loan runs until the end of the financial year 2025/26 and is subject to a fixed interest rate of 3.5%–4.0%.

For sensitivity analysis, see below. According to the Group's guidelines, the interest rate risk is not hedged.

Interest

	01/05/2023 –30/04/2024	01/05/2022 –30/04/2023
Effect on profit after tax in MSEK, interest rate +1%/–1%	+/– 2	+/– 9

Interest expense for each financial year and effect on earnings of +/– 1% change in interest rate.

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. There shall always be a liquidity reserve to ensure payment of committed and projected payments for the foreseeable future (at least 24 months). The liquidity reserve is expressed as 1) Operating liquidity defined as bank balances and bank deposits and 2) Unutilised 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 shows that the Group's liabilities essentially fall due within 12 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 2025/2026 financial year. 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 recognised 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 borrowing from banks is subject to terms (covenants) which Rusta fulfils in full.

30/04/2024	Within 3 months	3–12 months	1–3 years	3–5 years	Over 5 years	Total
Liabilities to credit institutions	10	10	21	–	–	41
Trade payables	717	7	-	–	–	724
Other non-current liabilities	–	–	37	–	–	37
Other current liabilities	204	–	–	–	–	204
Total	**931**	**17**	**57**	–	–	**1,005**

30/04/2023	Within 3 months	3–12 months	1–3 years	3–5 years	Over 5 years	Total
Liabilities to credit institutions	386	0	53	–	–	439
Trade payables	635	1	1	–	–	636
Other non-current liabilities	0	0	70	–	–	70
Other current liabilities	189	0	0	–	–	189
Total	**1,210**	**1**	**89**	**35**	–	**1,335**

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 cash equivalents and short-term investments, Nordic banks and financial institutions are the counterparties, which are rated above A- at Standard & Poor©. The Group deems that cash and cash equivalents have low credit risk based on the counterparties' external credit ratings.

Categorisation of financial instruments

Carrying amounts for financial assets and financial liabilities by valuation category in accordance with IFRS 9 are shown in the following table.

	Group		Parent Company	
	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Financial assets				
Derivatives used for hedging purposes	19	–	19	–
Fair value through profit or loss				
– derivative instruments	0	0	0	0
Amortised cost				
– trade receivables	16	27	13	16
– receivables from Group companies	–	–	174	150
– other current receivables	1	1	1	1
– cash and cash equivalents	171	182	65	106
Total financial assets	**207**	**210**	**273**	**273**
Financial liabilities				
Derivatives used for hedging purposes	–	21	–	21
Fair value through profit or loss				
– derivative instruments	0	0	0	0
Amortised cost				
– other non-current liabilities	36	70	–	–
– liabilities to credit institutions	41	437	0	294
– trade payables	724	635	614	524
– other current liabilities	204	189	67	61
Total financial liabilities	**1,005**	**1,354**	**682**	**900**

No reclassifications have occurred between the above valuation categories during the period.

Fair value measurement of financial instruments
Financial assets and financial liabilities measured at fair value in the balance sheet only include derivative instruments in the form of electricity and currency forwards. For other financial assets and financial liabilities valued at amortised 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 and the borrowing is in parity with current market interest rates, which means that discounting based on current market conditions is not expected to have any significant impact. The long-term loan related to the reconstruction programme in Finland from the acquisition of Hong Kong Oy in May 2018. The loan is subject to a fixed interest rate of 3.5 – 4% and runs until the end of the 2025/2026 financial year.

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 electricity and currency forwards are valued based on observable information regarding exchange rates on the balance sheet date and market interest rates for remaining terms. The electricity and currency forwards are at Level 2 in the fair value hierarchy. At the balance sheet date, 30 April 2024, there were 15 (23) derivative instruments (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.

Fair value levels

Level 1: The fair value of financial instruments that are traded on an active market (such as listed derivatives and equity securities) is based on quoted market prices at the balance sheet date. The quoted market price used for the Group's financial assets is the current bid price.

Level 2: The fair value of financial assets that are not traded on an active market (e.g. OTC derivatives) is determined using valuation techniques that rely as much as possible on market information while using company-specific information as little as possible. All types of material input data required for the fair value evaluation of an instrument are observable.
Level 3: Where one or more types of material input data are not based on observable market information. This applies, for example, to unlisted instruments.

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.

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.

At the end of the financial year, the net debt/equity ratio was:

	Group		Parent Company	
	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Liabilities to credit institutions	41	437	0	294
Minus cash and cash equivalents	–171	–182	–65	–106
Net debt	**–130**	**255**	**–65**	**187**
Total equity	1,593	1,275	1,549	1,364
Net debt/equity ratio	**–8%**	**20%**	**–4%**	**14%**

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 the Christmas season (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 of net debt/equity ratio:

The Group's net debt/equity ratio = Liabilities to credit institutions – cash and cash equivalents / equity.
The Parent Company's net debt/equity ratio = overdraft facility – cash and cash equivalents / equity + 78% of untaxed funds.

Note 5 Revenue and operating segments

Net sales mainly come from sales in stores and online and relate to the sale of goods to external customers and are reported in the reporting currency SEK. The transaction price becomes due for immediate payment when the customer receives the goods and pays at checkout, at which point the control of the goods is transferred to the customer and the revenue is recognised in connection with this. The Group applies a returns policy which gives the customer the right to return the goods within 30 days as standard and within 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. As the size of the returns has been stable in recent years, it is very likely that a significant reversal of revenue will not occur. The Group recognises a refund liability under provisions. The Group's undertaking to repair or replace broken products in accordance with normal warranty rules is recognised as a provision, see Note 33.

The Group has a customer loyalty programme, Club Rusta. As a member of Club Rusta, the customer is offered a 365-day right of return and unique offers and discounts, but at present does not receive points for purchases made, and thus there are no additional provisions related to Club Rusta other than the refund provision regarding the right of return.

The Group's senior executive management evaluates the Group's operations both from a product and geographical perspective and has identified the following three segments: Sweden, Norway and Other markets.

Revenues and the costs attributable to the specific market are reported for each segment. The segment division is based on how well Rusta is established 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 the segment 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 recognised as an operating expense, which differs from the consolidated income statement 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 sourcing functions. Effects of IFRS 16 leases are not allocated to the segments but are reported separately on the group adjustments row.

Notes, cont.

Segment reporting

	Group	
	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Net sales per segment		
Sweden	6,381	6,007
Norway	2,349	2,178
Other markets	2,386	2,018
Total net sales from external customers	**11,116**	**10,202**

Internal net sales invoiced from central functions amount to MSEK 2,739 (2,477) for the year and are eliminated in their entirety in the consolidated financial statements.

	Group	
	01/05/2023–30/04/2024	01/05/2022–30/04/2023
EBITA excl. IFRS 16 per segment		
Sweden	1,075	985
Norway	273	257
Other markets	9	–50
EBITA excl. IFRS 16 for the segments	**1,356**	**1,192**
Central functions	–765	–788
EBITA excl. IFRS 16	**591**	**404**
Group adjustments regarding IFRS16	170	126
EBITA	**761**	**529**
EBITA margin, %	6.8%	5.2%
Depreciation of acquisition-related assets, not allocated to segments	–8	–11
EBIT	**753**	**518**
EBIT margin, %	*6.8%*	*5.1%*
Financial items, net	–227	–178
Profit before tax	**525**	**341**

	Group	
	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Net sales per country		
Sweden	6,525	6,131
Norway	2,351	2,164
Finland	1,924	1,696
Other countries	316	212
Total net sales	**11,116**	**10,202**

	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Non-current assets per country		
Sweden	3,966	3,687
Norway	715	672
Finland	968	1,195
Other countries and group common assets	451	417
Total non-current assets	**6,100**	**5,970**

In the geographical information, net sales are reported based on where the customers are located, while non-current assets are based on where the facilities are located. In Sweden, a portion of net sales relates to Online sales reported in "Other markets".

Notes, cont.

	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Net sales per category		
Sale of goods, stores	10,939	10,038
Sale of goods, online	177	164
Total net sales	**11,116**	**10,202**

Information on purchases and sales within the Rusta Group

	Parent Company	
	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Sales as % of total net sales	29%	28%
Purchases as % of cost of goods sold	38%	37%
Purchases as % of sales expenses	3%	3%
Purchases as % of administrative expenses	0%	0%
Sales as % of other operating income	0%	14%
Purchases as % of other operating expenses	0%	2%

Note 6 Other operating income

	Group		Parent Company	
	01/05/2023–30/04/2024	01/05/2022–30/04/2023	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Exchange rate gains	157	170	145	167
Other income	58	47	57	45
Total	**215**	**216**	**202**	**212**

Note 7 Other operating expenses

	Group		Parent Company	
	01/05/2023–30/04/2024	01/05/2022–30/04/2023	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Exchange rate losses	–142	–173	–129	–165
Total	**–142**	**–173**	**–129**	**–165**

Note 8 Costs by type of expense

	Group		Parent Company	
	01/05/2023–30/04/2024	01/05/2022–30/04/2023	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Raw materials and supplies	–6,283	–6,016	–5,971	–5,767
Cost of remuneration to employees	–1,901	–1,657	–1,282	–1,140
Cost of premises	–223	–243	–674	–627
Depreciation	–941	–837	–97	–93
Other	–1,089	–975	–826	–721
Total cost of goods sold, sales and administration	**–10,436**	**–9,728**	**–8,850**	**–8,348**

Notes, cont.

Note 9 Depreciation/amortisation by function

	Group 01/05/2023–30/04/2024	Group 01/05/2022–30/04/2023	Parent Company 01/05/2023–30/04/2024	Parent Company 01/05/2022–30/04/2023
Intangible assets				
Sales expenses	–16	–17	–6	–5
Administrative expenses	–11	–11	–11	–11
	–27	**–28**	**–17**	**–16**
Property, plant and equipment				
Sales expenses	–909	–803	–75	–71
Administrative expenses	–5	–6	–5	–6
	–914	**–809**	**–80**	**–77**

Note 10 Information on remuneration to auditors

Audit assignment refers 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.

	Group 01/05/2023–30/04/2024	Group 01/05/2022–30/04/2023	Parent Company 01/05/2023–30/04/2024	Parent Company 01/05/2022–30/04/2023
PwC				
Audit assignment	–4	–3	–2	–2
Audit-related services	–1	0	–1	0
Tax consultancy	–1	0	–1	0
Other services	–16	–4	–16	–4
Total	**–21**	**–8**	**–19**	**–7**

Most of the amount for "other services" relates to IPO-related services in connection with Rusta's IPO.

Note 11 Leasing

The Group's lease agreements comprises 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

Group	Real estate	Other assets	Total
Depreciation during the year	746	16	762
Closing balance 30 April 2024	5,187	49	5,237
	Real estate	**Other assets**	**Total**
Depreciation during the year	656	15	671
Closing balance 30 April 2023	5,061	54	5,115

Additional right-of-use assets during 2023/2024 amounted to MSEK 244 (423).
This amount includes the acquisition value of newly acquired rights of use during the year.

Lease liabilities
Maturity analysis – lease liabilities

Group 30/04/2024	Total	0–6 months	7–12 months	1–2 years	2–5 years	> 5 years
Lease liabilities	6,944	476	467	915	2,224	2,860
30/04/2023	**Total**	**0–6 months**	**7–12 months**	**1–2 years**	**2–5 years**	**> 5 years**
Lease liabilities	6,665	439	434	811	2,080	2,901

Notes, cont.

Amounts recognised in profit/loss	Group 2023/2024	Group 2022/2023
Depreciation of right-of-use assets	–762	–671
Interest on lease liabilities	–228	–163
Variable leasing fees not included in the valuation of the lease liabilities	–33	–28
Income from sub-leasing of right-of-use assets	5	3
Costs for short-term leases	0	0
Costs for low value leases, non-short-term leases of low value	–1	–1

Amounts recognised in the cash flow statement	Group 2023/2024	Group 2022/2023
Total cash outflows attributable to leases	967	836

The above cash outflow includes amounts for lease agreements recognised as leasing liabilities, as well as amounts payable for variable lease agreements, short-term leases and low value leases.

As at 30 April 2024, the Group has signed agreements for premises, with possession expected to be taken during the next three financial years. The Group's commitment for these agreements amounts to MSEK 728.

Real estate leasing

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 normally include an option to extend the agreement, 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 exercised, this period is included in the leasing period. The options may only be exercised by the lessee and not by 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 2024 for the Group's real estate agreements is 6 years (6 years).

Many of the Group's real estate lease agreements contain lease fees that are based on changes to local price indices such as the CPI. The levels of these fees are normally updated once a year and are taken into account when calculating the lease liability on an ongoing basis. In addition, many real estate lease agreements include turnover-based rent as well as fees pertaining to property taxes imposed on the lessor. These amounts are set on an annual basis and are not included in the valuation of the lease liability. The cost of these fees is shown above under "Variable leasing fees not included in the valuation of the lease liability".

Other leasing agreements

The Group's other lease agreements relating to recognised right-of-use assets and lease liabilities consist of, for example, vehicles, trucks and equipment used in retail premises. 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. In the case of these agreements, no right-of-use asset or lease liability is recognised.

On the balance sheet date, the Parent Company had outstanding commitments in the form of minimum lease fees under non-cancellable leasing agreements, with maturities as set out below:

	Parent Company 30/04/2024	Parent Company 30/04/2023
Within one year	562	509
Between 1 and 5 years	1,940	1,679
Later than 5 years	2,414	2,376
Total	**4,916**	**4,564**

Notes, cont.

Note 12 Number of employees, salaries, other remuneration and social security costs

Average number of employees	01/05/2023–30/04/2024 Number of employees	Of which men	01/05/2022–30/04/2023 Number of employees	Of which men
Parent Company				
Sweden	2,781	1,004	2,334	884
China	61	32	65	33
India	15	8	16	6
Vietnam	12	7	12	7
Türkiye	1	1	–	–
Total in the Parent Company	**2,870**	**1,052**	**2,334**	**884**
Subsidiaries				
Norway	985	381	862	351
Finland	798	209	738	185
Germany	191	62	154	38
Total in subsidiaries	**1,974**	**652**	**1,847**	**620**
Total in the Group	**4,844**	**1,704**	**4,181**	**1,504**

	Group		Parent Company	
	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Gender distribution among senior executives at balance sheet date				
Women:				
Board members	2	2	2	2
Other members of company management incl. CEO	5	5	5	5
Men:				
Board members	5	5	5	5
Other members of company management incl. CEO	4	4	4	4
Total	**16**	**16**	**16**	**16**

Salaries, remuneration, etc.	01/05/2023–30/04/2024 01/05/2023–30/04/2024 Salaries and other remuneration	Social security costs (of which pension costs)	01/05/2022–30/04/2023 01/05/2022–30/04/2023 Salaries and other remuneration	Social security costs (of which pension costs)
Parent Company – Board of Directors, CEO and other senior executives	30	17 (6)	28	14 (6)
Parent Company – Other employees	869	320 (53)	764	290 (60)
Subsidiaries	510	93 (51)	418	83 (45)
Total Group	**1,409**	**430 (109)**	**1,208**	**348 (111)**

Notes, cont.

Pensions

The Parent Company's costs relating to defined contribution pension plans amount to MSEK 44 (60).

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 recognise this plan in the accounts as a defined benefit plan, a pension plan in accordance with ITP 2 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 2 taken out with Alecta amounted to MSEK 7 (17). The Group's level of participation in the ITP 2 plan is a marginal proportion of the total fees relating to the plan. Expected fees relating to the ITP 2 plan during the next financial year amount to MSEK 14. Alecta's surplus may be distributed to the policyholders and/or the insured parties. As at 31 December 2023, Alecta's surplus in the form of the collective funding ratio was 158 percent (172). 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 receive an occupational 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 percent of the gross salary for senior executives. The retirement age is 65 years.

Remuneration of senior executives

Guidelines

Fees are paid to the Board of Directors in accordance with the resolution of the general meeting for board and committee work. The general meeting has resolved on the following guidelines regarding remuneration to company management, including the CEO, applicable for the financial years 2022/23 and 2023/24: The company shall offer total compensation on market terms that enables these senior executives to be attracted, recruited and retained. 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 percent of the gross salary. Otherwise, there is a bonus model that is evaluated annually. This bonus model is re-evaluated each year based on budgeted earnings as the goal.

01/05/2023–30/04/2024	Salary/ fees*	Variable remunerations**	Other benefits	Penions costs	Total
Chair of the Board, Erik Haegerstrand	1.1	–	–	–	1.1
Board member, Anders Forsgren	0.5	–	–	–	0.5
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	0.6	–	–	–	0.6
CEO, Göran Westerberg	5.6	4.0	0.2	1.3	11.0
Other senior executives (8 persons)	13.8	1.5	0.5	4.7	20.5
Total	**23.4**	**5.5**	**0.6**	**6.0**	**35.6**

* refers to fixed remuneration incl. holiday supplement

** includes costs for LTIP

*** Victor Forsgren is also an employee of Rusta AB (publ) and has received salary from Rusta in addition to director's fees. Information on other remuneration in addition to director's fees is provided in Note 37.

01/05/2022–30/04/2023	Salary/ fees*	Variable remunerations**	Other benefits	Penions costs	Total
Chair 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 persons)	15.1	–	0.4	3.4	19.0
Total	**26.9**	**–**	**0.6**	**4.6**	**32.1**

*refers to fixed remuneration

**In addition to director's fees, Anders Forsgren received salary from Rusta AB until December 2022.

***Victor Forsgren is also an employee of Rusta AB and a related party to one of the principal owners of Rusta AB and has received salary from Rusta AB in addition to director's fees. Information on other remuneration in addition to director's fees is provided in Note 37.

Notes, cont.

Long-term incentive plan
At the 2023 Annual General Meeting, it was resolved to introduce a long-term incentive plan (LTIP 2023) for senior executives and other key employees within the Group. The aim was to create conditions for retaining and recruiting competent staff to the Group, providing competitive remuneration and uniting the interests of shareholders, senior executives and key employees.

LTIP 2023 encompasses up to 39 employees consisting of members of Group management, regional managers and certain key employees (each such person is referred to below as "Participant" and collectively as the "Participants"). Participation in LTIP 2023 requires that the Participant has their own shareholding in the Company according to the terms of LTIP 2023 and that these shares are allocated to LTIP 2023 ("Saving Shares"). Provided that the Saving Shares are retained during the set vesting period of three years and that the Participant remains employed within the Group for the entire vesting period, the Participant will be entitled to receive 0.5 shares in the Company ("Matching Shares") free of charge for each Saving Share and – provided that the performance requirements further defined below are met – a maximum of 5 additional shares in the Company ("Performance Shares").

The Participants in LTIP 2023 are divided into four categories. The first category comprises the Company's Group management excluding the CEO (8 persons) ("Category 1"), the second category comprises certain key employees in management functions (5 persons) ("Category 2"), the third category comprises employees deemed to have significant responsibility within the Group (6 persons) ("Category 3") and the fourth category comprises employees with special responsibility within the Group (20 persons) ("Category 4"). The number of Saving Shares shall correspond to shares in an amount of a maximum of 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 dependent on the outcome of three different performance targets during the Performance Period (the "Performance Period" means the period from 1 May 2023 until 30 April 2026). Allotment is subject to the fulfilment of target 1 and thereafter the remaining two targets (target 2 and 3) are weighted at 50 percent each. For allotment under target 1, the Group's EBITA margin is required to amount to at least 6.7 percent for the 2025/2026 financial year, i.e. the last financial year in the Performance Period. Target 2 consists of the Group's average annual EBITA growth measured over the Performance Period, where the minimum average annual growth for allotment is 22 percent, with 32 percent required for full allotment. Target 3 consists of the average annual sales growth in existing stores, i.e. excluding newly opened stores, in accordance with Rusta's definition of the key ratio, also referred to as like-for-like growth ("LFL growth"), measured over the Performance Period. At least 3.5 percent LFL growth is required for allotment, with 5.5 percent required for full allotment.

To secure the Company's obligations under LTIP 2023 and thereby secure associated costs, the Annual General Meeting authorised the Board of Directors, during the period until the 2024 Annual General Meeting, on one or more occasions, to decide on the acquisition of a maximum of 269,141 own shares.

LTIP 2023
The number of outstanding matching and performance-based share rights for LTIP 2023 amounts to 145,750. The cost of the incentive plan is recognised based on the fair value per share right at the time of allotment. The fair value is calculated based on the share price on the allotment date of 45.7 less expected dividends of 10% during the term and the estimated number of shares that will be earned. The fair value is also adjusted for participants who do not retain their holding of saving shares during the term of the incentive plan. For performance-based shares, the company also evaluates the probability that the performance targets will be achieved when the compensation cost is calculated. The shares will be allotted after the end of a vesting period, which runs until the date of publication of Rusta's interim report for the first quarter of the financial year 2026/27, provided that the participants have been permanently employed within the Group during the entire vesting period. The total cost 2023/24 for the long-term incentive plan (LTIP 2023) excluding social security contributions was MSEK 2.

Share rights

Share rights	LTIP 2023
As at 1 May 2023	-
Allotted during the year	201,729
Redeemed during the year	-
Forfeited during the year	-13,112
As at 30 April 2024	188,617

Stock option programme – CEO
For information about the CEO's stock option programme, see Note 37.

Severance pay
The employment contracts for members of company management 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.

Notes, cont.

Note 13 Finance income

	Group		Parent Company	
	01/05/2023–30/04/2024	01/05/2022–30/04/2023	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Interest income	13	1	22	5
Total finance income	**13**	**1**	**22**	**5**

The Parent Company's finance income includes intra-group interest income of MSEK 10 (4).

Note 14 Finance expenses

	Group		Parent Company	
	01/05/2023–30/04/2024	01/05/2022–30/04/2023	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Interest expenses, bank	–12	-12	-34	-21
Interest expenses, lease liabilities	–228	–163	–	–
Interest expenses, group companies in the Fasetten group	–	-2	–	-2
Bank costs	-1	-3	-1	-0
Total finance expenses	**–179**	**–179**	**–34**	**–23**

The Parent Company's finance expenses include intra-group interest expenses of MSEK –24 (–12).

Note 15 Appropriations

	Parent Company	
	01/05/2023–30/04/2024	01/05/2022–30/04/2023
Change in tax allocation reserve	–68	–38
Depreciation in excess of plan	17	9
Group contributions made	0	0
Total	**–51**	**–29**

Notes, cont.

Note 16 Tax

Current tax	Group 01/05/2023–30/04/2024	Group 01/05/2022–30/04/2023	Parent Company 01/05/2023–30/04/2024	Parent Company 01/05/2022–30/04/2023
Current tax on profit for the year	–116	–76	–69	–42
Total current tax	**–116**	**–76**	**–69**	**–42**

Deferred tax	Group 01/05/2023–30/04/2024	Group 01/05/2022–30/04/2023	Parent Company 01/05/2023–30/04/2024	Parent Company 01/05/2022–30/04/2023
Deferred tax attributable to temporary differences	23	–2	0	–
Deferred tax revenue in the year's capitalised tax value in tax loss carry-forwards		–14	–3	
–	–			
Untaxed reserves	–10	2	–	–
Total deferred tax	**–1**	**–3**	**0**	**–**
Income tax	**–117**	**–79**	**–69**	**–42**

Income tax in Sweden is calculated at 20.6% of taxable profit 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	Group 01/05/2023–30/04/2024	Group 01/05/2022–30/04/2023	Parent Company 01/05/2023–30/04/2024	Parent Company 01/05/2022–30/04/2023
Profit before tax	525	341	314	199
Tax calculated according to Swedish tax rate 20.6% (20.6%)	108	70	65	41
Tax effect of non-deductible expenses	1	3	1	2
Tax effect of non-taxable income	0	0	0	0
Tax effect of income/expenses that are taxable but are not included in the reported profit		1	0	
2	0			
Deficit for which no deferred tax asset has been recognised.	0	0	–	–
Difference in foreign tax rates	6	–1	–	–
Adjustment regarding previous years	–1	3	1	1
Change for the year related to reassessment of the possibility to utilise tax loss carry-forwards–			3	
–	–			
Previously unrecognised tax loss carry-forwards utilised to reduce the current tax expense.		0	0	
–	–			
Other	0	0	–	–1
Reported tax	**117**	**79**	**69**	**42**
Effective tax rate	22.3%	23.3%	22.1%	21.3%

Note 17 Earnings per share

	Group 01/05/2023–30/04/2024	Group 01/05/2022–30/04/2023
Earnings per share before dilution, SEK		
Earnings per share before dilution	2.7	1.7
Earnings per share after dilution, SEK		
Earnings per share after dilution	2.7	1.7

Calculation of the numerators and denominators used in the above calculations of earnings per share is stated below

Earnings per share before and after dilution		
Profit for the period attributable to Parent Company shareholders	408	261
Total number of shares, thousands	151,793	151,793
Weighted average number of shares before dilution, thousands*	151,764	151,793
Weighted average number of shares after dilution, thousands*	151,177	151,793

*excluding shares owned by Rusta

Notes, cont.

Note 18 Capitalised development expenses for software development

	Group 30/04/2024	Group 30/04/2023	Parent Company 30/04/2024	Parent Company 30/04/2023
Opening accumulated cost	124	116	109	103
Acquisitions of the year	37	12	37	11
Divestments/disposals	0	–5	–1	–4
Exchange differences	0	1	–	
Closing accumulated cost	**162**	**124**	**146**	**109**
Opening accumulated depreciation	–62	–48	–53	–41
Depreciation for the year	–21	–18	–19	–16
Divestments/disposals	0	5	1	4
Exchange differences	0	0	–	0
Closing accumulated depreciation	**–83**	**–62**	**–71**	**–53**
Closing carrying amount	**79**	**62**	**74**	**56**

Note 19 Goodwill and trademarks

Goodwill	Group 30/04/2024	Group 30/04/2023
Opening carrying amount	113	102
Exchange differences	4	11
Closing carrying amount	**118**	**113**

Reported goodwill amounts to MSEK 118 (113) and relates to the Finnish business acquired in May 2018. The change in the carrying amount of goodwill relates entirely to the change in exchange rate between the years.

Impairment testing for goodwill

The recognised goodwill value is tested on an annual basis. Each year during the fourth quarter, the Group tests whether there is a need for impairment in terms of goodwill. The reported goodwill totalling MSEK 118 (113) is entirely attributable to Rusta Finland OY, which was assessed to be the cash-generating unit in the Finnish group. The recoverable amount of the cash-generating unit was determined based on calculation of the value in use. This calculation is based on the estimated future cash flows based on the business plan for Rusta Finland OY and forecasts for the period 2024–2028 prepared by the Group's management team and approved by the Board of Directors. Material assumptions used to calculate the value in use:

- Forecasted EBITDA margin
- Growth rate for extrapolating cash flows beyond the forecast period
- Discount rate (WACC) applied to estimated future cash flows

Management's forecasts are based on historical experience as well as external information about market growth, etc. Forecasts are prepared based on a number of key assumptions regarding future growth and operating margin. The calculated recoverable amount is set against the book value. Cash flows beyond the five-year period, i.e. after 2028, are extrapolated using an estimated growth rate of 2 percent corresponding to a weighted average growth rate that is in accordance with the Riksbank's inflation target and that is in line with the industry's sustainable growth. When discounting expected future cash flows, an average cost of capital (WACC) before tax has been used, currently 12.8 (12.8) percent. The average cost of capital has been based on the following assumptions:

- Risk-free interest rate: Ten-year treasury bond rate
- The market's assessed risk premium for the cash-generating unit
- Beta value: Fixed beta value for Rusta

The test shows that the recoverable amount exceeds the book value. Sensitivity analyses show that a change in the discount rate of +1 percentage points or a decrease in the EBITDA margin by 1 percentage points does not change the outcome of the test for the Group.

Trademarks	Group 30/04/2024	Group 30/04/2023
Opening accumulated cost	51	47
Exchange differences	4	4
Closing accumulated cost	55	51
Opening accumulated amortisation	–43	–29
Amortisation for the year	–8	–11
Exchange differences	–4	–3
Closing accumulated amortisation	–55	–43
Closing carrying amount	**0**	**8**

Trademarks related to the acquisition of the Finnish business in May 2018 have been fully amortised as of 30/04/2024.

Notes, cont.

Note 20 Equipment, tools, fixtures and fittings

	Group		Parent Company	
	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Opening accumulated cost	1,302	1,183	834	812
Acquisitions	127	161	69	69
Divestments/disposals	–16	–47	–12	–47
Exchange differences	17	6	0	–
Closing accumulated cost	**1,430**	**1,302**	**891**	**834**
Opening accumulated depreciation	–829	–743	–576	–546
Divestments/disposals	15	47	11	46
Depreciation for the year	–150	–137	–79	–76
Exchange differences	–9	4		–
Closing accumulated depreciation	**–972**	**–829**	**–643**	**–576**
Closing carrying amount	**458**	**473**	**247**	**257**

Note 21 Participations in Group companies

Group	Corp. ID no.	Reg. office	30/04/2024 Share of capital %	30/04/2023 Share of capital %
Rusta Retail AS	912597636	Norway	100%	100%
Rusta Retail GmbH	HRB 140437	Germany	100%	100%
Baforber AB	556477-1011	Uppsala	100%	100%
Bruksbo i Uppsala KB	916672-6597	Uppsala	100%	100%
Rusta Retail Finland OY	2906403-2	Finland	100%	100%
Rusta Transportation GmbH	HRB 22638	Germany	100%	100%

Group

2022/23 Rusta Transportation GmbH established

2022/23 Rusta Construction AB merged with the parent company Rusta AB

2022/23 Rusta Entreprenad AB merged with the parent company Rusta AB

	Parent Company	
	30/04/2024	30/04/2023
Opening carrying amount	77	77
Merger	–	0
Newly started company	–	0
Closing carrying amount	**77**	**77**

Parent Company	Share of capital %	Share of voting rights %	Number of shares	Book value 30/04/2024	Book value 30/04/2023
Rusta Retail AS	100%	100%	30,000	0	0
Rusta Retail GmbH	100%	100%	1	16	16
Baforber AB	100%	100%	1,000	11	11
Bruksbo i Uppsala KB*	100%			0	0
Rusta Retail Finland OY	100%	100%	2,500	50	50
Rusta Transportation GmbH	100%	100%	1	0	0
Total				**77**	**77**

*Rusta owns 100% through Baforber AB

Parent Company

The item Participations in Group companies has changed as a result of the changes described above.

Notes, cont.

Note 22 Inventories

	Group		Parent Company	
	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Goods in transit	241	107	241	107
Inventories	2,381	2,486	1,778	1,928
Total inventories	**2,622**	**2,593**	**2,019**	**2,035**

The carrying amount of inventories in the Parent Company and the Group includes a provision for obsolescence of MSEK 60 (89).

Note 23 Trade receivables

	Group		Parent Company	
	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Trade receivables, gross	16	31	13	18
Provision for bad debts	0	–4	–	–3
Total trade receivables, net	**16**	**27**	**13**	**16**

Management considers the carrying amount for trade receivables, net after provision for bad debts, to be consistent with the fair value.

Note 24 Other current receivables

	Group		Parent Company	
	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Rent deposit	1	1	1	1
Tax account with Swedish Tax Agency	47	39	39	31
Other items	1	1	1	1
Total	**49**	**40**	**40**	**32**

Note 25 Prepaid expenses and accrued income

	Group		Parent Company	
	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Prepaid rental costs	–	–	88	62
Prepaid other costs for premises	13	1	11	8
Prepaid IT costs	23	22	23	21
Prepaid personnel expenses	17	14	12	11
Prepaid insurance premiums	10	4	7	4
Derivative instruments for hedging purposes	19	–	19	–
Other items	58	2	16	12
Total	**140**	**42**	**175**	**118**

Notes, cont.

Note 26 Share capital, number of shares and dividends per share

The number of shares amounts to 151,792,800 (151,792,800), with a quota value of approximately SEK 0.03 (0.03). The share capital amounts to SEK 5,059,760 (5,059,760). On 1 September 2023, the Annual General Meeting of Rusta resolved to carry out a share split (300:1), which resulted in each share being split into 300 shares. The number of shares after the share split amounts to 151,792,800, with a quota value of approximately SEK 0.03. The number of shares and earnings per share have been recalculated for all periods. The share capital has not been recalculated.

Shares in own custody	30/04/2024	30/04/2023
Opening number of shares in own custody	–	–
Acquisitions during the year*	267,333	–
Closing number of shares in own custody	**267,333**	**–**

*During the period 20 March 2024 to 5 April 2024, Rusta AB (publ) ("Rusta") repurchased 267,333 own shares for a total amount of MSEK 22. The repurchases were part of the buy-back programme of a maximum of 269,141 shares that Rusta announced on 19 March 2024, which was completed with the final purchases on 5 April 2024. All acquisitions have been carried out on Nasdaq Stockholm by Carnegie Investment Bank AB (publ) on behalf of Rusta. Following the above acquisitions, Rusta's holding of own shares as at 30 April 2024 amounts to 267,333 shares. The total number of shares in Rusta amounts to 151,792,800. The purpose of the buy-back programme is to fulfil the obligations arising from Rusta's long-term incentive plan ("LTIP 2023"), i.e. securing delivery of performance and matching shares to the participants and securing the social security costs that may arise within the scope of LTIP 2023.

Dividends per share

During the financial year, dividends paid totalled MSEK 105 (152), which corresponds to SEK 0.69 (1.00) per share. At the Annual General Meeting on 20 September 2024, a dividend will be proposed for the year 2023/24 of SEK 1.15 per share, totalling MSEK 174.

Note 27 Other contributed capital – Group

Other contributed capital is comprised of statutory reserves.

Note 28 Reserves – Group

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 recognised in other comprehensive income.

		Group	
	Hedging accounting	Currency translation	Total reserves
As of 1 May 2022	**48**	**–5**	**–43**
Hedging cost reclassified to inventories	–61	–	–61
Deferred tax	13	–	13
Net transferred, recognised in profit/loss	–48	–	–48
Revaluation – gross, recognised in other comprehensive income	–76	–	–76
Deferred tax, recognised in other comprehensive income	16	–	16
Other exchange differences, recognised in other comprehensive income	–	–36	–36
Net recognised in other comprehensive income	**–60**	**–36**	**–97**
As of 30 April 2023	**–12**	**–42**	**–54**
Hedging cost reclassified to inventories	15	–	15
Deferred tax	–3	–	–3
Net transferred, recognised in profit/loss	12	–	12
Revaluation – gross, recognised in other comprehensive income	34	–	34
Deferred tax, recognised in other comprehensive income	–7	–	–7
Other exchange differences, recognised in other comprehensive income	–	9	9
Net recognised in other comprehensive income	**27**	**9**	**36**
As of 30 April 2024	**15**	**–32**	**–17**

Notes, cont.

Note 29 Deferred tax

Temporary differences exist in cases where the carrying amounts and taxable values of assets or liabilities differ. The Group's and Parent Company's temporary differences have resulted in deferred tax liabilities and deferred tax assets with regard to the following items.

	Group		Parent Company	
Amounts recognised for temporary differences attributable to:				
Lease liabilities	1,168	1,149	–	–
Tax loss carry-forwards	79	90	–	–
Cash flow hedges, temporary difference inventories	0	3	0	3
Internal profits	18	8	–	–
Other temporary differences	6	–	0	–
Total deferred tax assets	**1,272**	**1,250**	**1**	**3**
Amounts offset against deferred tax liabilities pursuant to offsetting rules	–1,063	–1,051	–	–
Net deferred tax assets	**209**	**199**	**1**	**3**

Recognised deferred tax assets attributable to tax deficits relate in their entirety to loss carry-forwards for the business in Finland. These loss carry-forwards are attributable to deficits that existed at the time of acquisition of Hong Kong OY in May 2018. It is the Group's assessment that the tax loss carry-forwards recognised as of the balance sheet date will be able to be utilised against future taxable profits. The tax loss carry-forwards in Finland can be rolled over for 10 years from the time at which the deficit arose.

Gross changes	Lease liabilities	carry-forwards	Cash flow hedges temporary difference inventories	Internal profit	oth. temp.	Total
As of 1 May 2022	**952**	**85**	**3**	**10**	–	**1,050**
Recognised in profit/loss	197	5	-	–2	–	200
Recognised in other comprehensive income	–	–	0	0	–	0
As of 30 April 2023	**1,149**	**90**	**3**	**8**	–	**1,251**
Recognised in profit/loss	19	–11	–	10	6	24
Recognised in other comprehensive income	–	–	–3	–	–	0
As of 30 April 2024	**1,168**	**79**	**0**	**18**	**6**	**1,272**

	Group		Parent Company	
Deferred tax liabilities	**30/04/2024**	**30/04/2023**	**30/04/2024**	**30/04/2023**
Amounts recognised for temporary differences attributable to:				
Right-of-use assets	–1,063	–1,051	–	–
Cash flow hedges, temporary difference inventories	–4	–	–4	–
Trademarks	–	1	–	–
Untaxed reserves	–127	–116	–	–
Total deferred tax liabilities	**–1,194**	**–1,167**	**–4**	**–**
Amounts offset against deferred tax assets pursuant to offsetting rules	–1,063	–1,051	–	–
Net deferred tax liabilities	**–131**	**–115**	**–4**	**–**

Gross changes	Right-of-use assets	Trademarks	Cash flow hedges temporary differences inventories	Untaxed reserves	Total
As of 1 May 2022	**–862**	**–2**	**–16**	**–110**	**–990**
Recognised in profit/loss	–189	2	16	–6	–177
Recognised in other comprehensive income	–	–	–	–	–
As of 30 April 2023	**–1,051**	**1**	**0**	**–116**	**–1,167**
Recognised in profit/loss	–12	–1	0	–10	–23
Recognised in other comprehensive income	–	–	–4	–	–4
As of 30 April 2024	**–1,063**	**0**	**–4**	**–127**	**–1,194**

Notes, cont.

Note 30 Untaxed reserves

	Parent Company	
	30/04/2024	30/04/2023
Depreciation in excess of plan	151	169
Provision for tax allocation reserve	458	390
Total	**609**	**558**

Note 31 Liabilities to credit institutions

	Group		Parent Company	
Non-current	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Non-current part of restructuring loan Finland	21	51	–	–
Total liabilities to credit institutions	**21**	**51**	**–**	**–**

In Finland there is a restructuring loan owed to Danske Bank and Varma that is subject to an interest rate of 3.5–4.0%. Rusta acquired Hong Kong Oy in May 2018, which was a company in reconstruction, but the acquisition took over previous restructuring debts that are being repaid according to plan and extend until the end of the 2025/2026 financial year.

	Group		Parent Company	
Current	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Current part of restructuring loan Finland	20	6	–	–
Utilised overdraft facility	–	380	–	294
Total current liabilities to credit institutions	**20**	**386**	**–**	**294**

The overdraft facility is subject to market interest rates, and the interest rate for the financial year was between 4.9–6.5% (1.1%). The Group's borrowing from banks is subject to terms (covenants) which Rusta fulfils in full.

Total liabilities to credit institutions	**41**	**437**	**–**	**101**
Overdraft facility				
Approved overdraft facility Danske Bank & DnB	800	800	800	800
Utilised import letters of credit	–23	–20	–23	–20
Other utilised overdraft facilities	–	–380	–	–294
Total available to utilise	**777**	**399**	**777**	**486**

Notes, cont.

Note 32 Provisions

	Group		
	Warranty provision	Refund provision	Total
As of 1 May 2022	**14**	**8**	**21**
Additional provisions	14	8	22
Reversal of unutilised amounts	–1	–1	–2
Utilised during the year	–13	–7	–20
As of 30 April 2023	**14**	**8**	**22**
Additional provisions	15	8	23
Reversal of unutilised amounts	–2	–3	–5
Utilised during the year	–11	–5	–16
As of 30 April 2024	**16**	**8**	**24**

	Parent Company		
	Warranty provision	Refund provision	Total
As of 1 May 2022	**14**	**8**	**21**
Additional provisions	14	8	22
Reversal of unutilised amounts	–1	–3	–4
Utilised during the year	–13	–5	–17
As of 30 April 2023	**14**	**8**	**22**
Additional provisions	15	8	23
Reversal of unutilised amounts	–2	–3	–5
Utilised during the year	–11	–4	–16
As of 30 April 2024	**16**	**8**	**24**

Note 33 Other current liabilities

	Group		Parent Company	
	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Reported VAT	157	148	60	55
Current part of restructuring loan Finland	36	31	–	–
Gift vouchers	8	7	5	5
Other items	3	3	2	2
Total	**204**	**189**	**67**	**61**

Note 34 Accrued expenses and deferred income

	Group		Parent Company	
	30/04/2024	30/04/2023	30/04/2024	30/04/2023
Accrued salaries	182	96	146	76
Accrued holiday pay	166	163	124	116
Accrued social security contributions	160	160	87	137
Accrued shipping costs	20	21	20	21
Accrued electricity costs	5	4	3	3
Accrued rents	76	79	54	49
Derivatives measured at fair value	0	21	0	21
Other items	69	83	74	67
Total	**678**	**627**	**508**	**489**

Notes, cont.

Note 35 Change in liabilities attributable to financing activities

	Opening balance 1 May 2022	Cash flows: Borrowings / repayments/ change in overdraft facility	Cash flows: Repayment leasing	Non-cash items: New and terminated leases*	Non-cash items: Exhange rate differences	Non-cash items: Other changes**	Closing balance 30 April 2023
Liabilities to credit institutions							
–Borrowings	266	–216	–		7		57
–Overdraft facility	127	180	–		74		381
Lease liabilities	4,526		–638	432	17	1,129	5,465
Total liabilities attributable to financing activities	**4,918**	**–36**	**–638**	**432**	**97**	**1,129**	**5,902**

	Opening balance 1 May 2022	Cash flows: Borrowings / repayments/ change in overdraft facility	Cash flows: Repayment leasing	Non-cash items: New and terminated leases*	Non-cash items: Exhange rate differences	Non-cash items: Other changes**	Closing balance 30 April 2023
Liabilities to credit institutions							
–Borrowings	57	–18	–	–	2	–	41
–Overdraft facility	381	–377	–	–	–4	–	0
Lease liabilities	5,465	–	–712	240	67	585	5,645
Total liabilities attributable to financing activities	**5,902**	**–394**	**–712**	**240**	**65**	**585**	**5,686**

*Regular repayments on lease liabilities (part of the rental payments) are classified as cash flow in financing activities. However, the current year's increase in lease liabilities due to new leases etc. is not classified as cash flow.

**Other changes include non-cash changes, including accrued interest expenses presented in operating activities in the cash flow statement when they are paid.

Note 36 Pledged assets and contingent liabilities

Pledged assets

	Group 30/04/2024	Group 30/04/2023	Parent Company 30/04/2024	Parent Company 30/04/2023
Floating charges	615	615	615	615
Total	**615**	**615**	**615**	**615**

Contingent liabilities

	Group 30/04/2024	Group 30/04/2023	Parent Company 30/04/2024	Parent Company 30/04/2023
Customs guarantees	39	38	19	19
Rental guarantees	55	53	–	–
Supplier guarantees, Rusta Finland OY	5	5	–	–
Parent company guarantee to Rusta Retail AS	52	46	52	46
Total	**151**	**143**	**71**	**65**

Notes, cont.

Note 37 Transactions with related parties

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. The other related parties identified are senior executives and members of the Board of Directors and their family members as well as the former parent company Fasetten AB.

During the year, the ownership structure of Rusta AB (publ) changed as a result of the company's listing on Nasdaq OMX on 19 October 2023. In the previous financial year until August 2022, Fasetten AB, 556298-1521, which in turn was 50% owned by Anne Marie Forssell and 50% owned by Anders Forsgren, was the principal owner of Rusta AB. During the previous financial year 2022/23, Fasetten AB sold its shares to Aforber Invest AB and Öngal i Uppsala invest AB, which in turn are each owned by previous owners of Fasetten AB. At the end of 2022/23, Aforber Invest AB and Öngal i Uppsala invest AB owned 40.9% each. As of 30/04/2024, these companies are still majority shareholders in Rusta AB (publ).

For more information about the ownership structure and the share, see page 57.

Disclosures on transactions between the Group and other related parties are presented below.

Purchase of services

	Group 01/05/2023–30/04/2024	Group 01/05/2022–30/04/2023	Parent Company 01/05/2023–30/04/2024	Parent Company 01/05/2022–30/04/2023
Salary-related remuneration to Board of Directors*	2	1	2	1
Family members of senior executives*	0	2	0	2
Total	**2**	**3**	**2**	**3**

*Relates to salary-related remuneration, in addition to director's fees, to Board members with employment in Rusta AB and invoiced consultancy fees in accordance with market conditions.

Loans/liabilities to related parties

During the previous year, 2022/23, there was a loan to Fasetten AB which, until February 2023, was the principal owner and parent company of Rusta AB (publ). All receivables and liabilities were settled during 2022/23, and the loan that existed until August 2022 was subject to an average interest rate of 2.33% for the 2022/23 financial year, calculated at the Riksbank Stibor rate 3M + 1 percentage points. Interest expense to Fasetten AB for the financial year 2022/23 amounted to MSEK 2.

There are no loans to related parties for the financial year 2023/24.

Warrants

In 2021, the Board of Directors, with the support of an authorisation from an extraordinary general meeting held on 7 January 2021, decided 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 (equivalent to the market value of the warrants at the time of issue). The premium for all issued warrants equates to market value and has been determined based on discounted cash flow valuation through an independent valuation at the time of issue.

After recalculation as a result of 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 a subscription price of SEK 37.27 per share during the period from 1 December 2024 until 31 December 2024.

The company has reserved the right to repurchase the warrants, e.g. if the CEO's employment in the company is terminated.

Remuneration of senior executives

Further information on remuneration of senior executives is presented in Note 12.

Note 38 Appropriation of profits

Parent Company

The profits at the disposal of the Annual General Meeting are as follows (SEK):

Retained earnings	823,719,027
Net profit for the year	244,676,891
	1,068,395,918

The Board of Directors proposes that the profits be appropriated so that SEK 1.15 per share is paid to shareholders as a dividend;

Total	174,254,287
To be carried forward	894,141,631
	1,068,395,918

Dividends totalling MSEK 105 were paid during the financial year 01/05/2023–30/04/2024.

Not 39 Significant events after the end of the financial year

After the end of the financial year, After the end of the fiscal year, Rusta has opened a new purchasing office in Istanbul, Türkiye to further strengthen the control of purchasing activities in Southeast Europe and North Africa. Rusta also signed an agreement with automation supplier Vanderlande in June 2024 for a growth investment in Rusta's central warehouse. The investment, which amounts to almost SEK 300 million, refers to a solution to automate more processes and increase efficiency in the warehouse. (For more information see page 62)

Approval of financial statements

The Board of Directors and the CEO hereby certify that the Annual Report has been prepared in accordance with the Annual Accounts Act and RFR 2 and gives a true and fair view of the company's position and results, and that the Directors' Report gives a fair overview of the development of the company's operations, position and results and describes material risks and uncertainties that the company faces. The Board of Directors and the CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and give a true and fair view of the Group's position and results, and that the Directors' Report for the Group gives a fair overview of the development of the Group's operations, position and results and describes material risks and uncertainties faced by the companies in the Group.

Upplands Väsby, 22 August 2024

Erik Haegerstrand
Chair of the Board

Anders Forsgren
Board member

Björn Forssell
Board member

Claes Eriksson
Board member

Maria Edsman
Board member

Victor Forsgren
Board member

Ann-Sofi Danielsson
Board member

Göran Westerberg
Chief Executive Officer

Our auditor's report was submitted on 22 August 2024

Öhrlings PricewaterhouseCoopers AB
Cesar Moré
Authorised Public Accountant

Auditor's Report

Unofficial translation

To the general meeting of the shareholders of Rusta AB (publ), corporate identity number 556280-2115

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Rusta AB (publ) for the fiscal year 1 May 2023 - 30 April 2024 except for the corporate governance statement on pages 63-79. The annual accounts and consolidated accounts of the company are included on pages 59-116 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 30 April 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 April 2024 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 63-79. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Based on our professional judgment, we determined certain quantitative thresholds for materiality, including for the financial reporting as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were

Key Audit Matter	How our audit addressed the Key Audit Matter
Completeness in revenue recognition and cash handling	
The group's total net sales during the fiscal year were 11 116 MSEK. Rusta recognizes revenue when all performance obligations are assessed to have been fulfilled. Sales in Rusta consist of a large number of transactions in multiple integrated systems for the financial reporting. There is a risk for errors in indi-vidual sales transactions or incorrect configurations between system integrations. Sales occur in Swe-den, Finland, Norway and Germany mainly through direct sales in stores, and to a smaller extent, through online sales. Rusta describes the applied accounting principles for revenue recognition and the related risks in the section on risk assessment and control activities on page 69 and disclosure 5 on segment accounting. The store sales are mainly made through card payments but also to a certain extent through cash payments. Cash payments imply an inherent risk in the manual processes relating to closeouts of cash registers and cash handling. The revenue of the group comprises a significant part of the financial reports along with the related risks, making completeness in revenue recognition and cash handling a key audit matter in the audit of Rusta.	Our audit procedures included but were not limited to the following activities: • Audit of the group's processes and design of controls related to revenue recognition and cash handling • Analytical procedures of the recognized revenue and reconciliation of the total revenue on individual sale level matched to inventory transactions using data analytics tools • Audit of the group's analysis and controls of changes in gross margins • Assessment of the cash routines in a sample of stores across the group • Assessment of whether adequate accounting principles have been applied and whether required disclosures have been included in the financial statements
Valuation of inventory	
The group recognizes a total inventory value of 2 622 MSEK as per 30 April 2024. Inventory comprises a significant part of the group's total assets and is based on a large number of articles in the stores in Sweden, Norway, Finland, Germany and at the central warehouse in Sweden. Inventory is valued based on the lowest of purchase price and net realizable value. The valuation of inventory is correlated to a high degree of estimation and judgment by management, mainly related to obsolescence, and calculation and allocation of overhead costs. The group's inventory entails extensive transaction volumes and a complexity as a result of the spread and quantity of inventory articles over a large number of inventory sites. Our assessment is therefore that inventory is a key audit matter in the audit of Rusta. Rusta describes the applied accounting principles for inventory in the section on risk assessment and control activities on page 69, management estimates in disclosure 3 and the accounting principles for inventory in note 2.	Our audit procedures included but were not limited to the following activities: • Audit of the group's processes and design of controls related to inventory and purchasing • Assessment of the estimates and calculations and allocations of overhead costs • Assessment of the method for valuation of inventory in accordance with the lowest value principle and the applied model for obsolescence • Data analytics over all inventory transactions in order to ensure completeness • Participation in a selection of inventory observations in stores as well as the central warehouse in Sweden • Assessment of whether adequate accounting principles have been applied and whether required disclosures have been included in the financial statements

addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-58 and 122-124. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Rusta AB (publ) for the fiscal year ended 30 april 2024 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

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

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Rusta AB (publ) for the fiscal year ended 30 April 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Rusta AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance report

The Board of Directors is responsible for that the corporate governance statement on pages 63-79 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of Rusta AB (publ) by the general meeting of the shareholders on the 1 September 2023 and has been the company's auditor since before 1994. As per the Audit Regulation (537/2014) transition rules, Öhrlings PricewaterhouseCoopers AB can therefore not be reappointed after the fiscal year which ends on 30 April 2043.

Stockholm, 22 August 2024

Öhrlings PricewaterhouseCoopers AB

Cesar Moré
Authorised Public Accountant

Definitions and glossary

Key ratio	Definition
Net sales growth, %	Growth in net sales. Net sales in current period divided by net sales in the comparative period.
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 recalculated to the foreign exchange rate applicable for the comparative period.
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.
Net sales growth excl. currency effects, %	Net sales growth adjusted for currency effects.
LFL growth excl. currency effects, %	LFL growth adjusted for 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.
Gross profit	Net sales less the cost of goods sold including the inbound cost of the goods.
Gross margin, %	Gross profit divided by net sales.
Operating profit (EBIT)	Earnings before financial items and taxes.
EBITA	Operating profit before amortisation and impairment of intangible assets arising in connection with business combinations.
EBITA excl. IFRS 16	Operating profit before amortisation and impairment of intangible assets arising in connection with business combinations, adjusted for the effects of IFRS 16. The effect of IFRS 16 on EBITA is that the total cost for leases is recognised as an operating expense, which differs from the consolidated income statement where the interest component is included in net financial items.
Adjusted EBITA	EBITA excluding items affecting comparability.
Operating profit, margin (EBIT margin), %	Operating profit (EBIT) divided by net sales.
EBITA margin, %	EBITA divided by net sales.
Adjusted EBITA margin, %	EBITA excluding items affecting comparability divided by net sales.
EBITDA	Earnings before tax, financial items, depreciation and amortisation.
EBITDA margin, %	EBITDA divided by net sales.
Working capital	Current assets less current liabilities.
Net debt	Total current and long-term interest-bearing liabilities less cash and cash equivalents.
Net debt excl. IFRS 16	Total current and long-term interest-bearing liabilities excluding lease liabilities recognised in accordance with IFRS 16 and less cash and cash equivalents.
Net debt excl. IFRS 16 / EBITDA excl. IFRS 16, LTM	Net debt excl. IFRS 16 divided by adjusted EBITDA excl. IFRS 16 for the last twelve months.
Equity/assets ratio, %	Total equity divided by total assets.
Equity/assets ratio excl. IFRS 16, %	Total equity divided by total assets excluding lease liabilities recognised in accordance with IFRS 16. Right-of-use assets recognised in accordance with IFRS 16 are included in total assets and not adjusted for.
Return on equity, %	Profit for the last twelve months in relation to shareholder's equity.
Operating ratios	**Definition**
Number of loyalty club members	The number of unique individuals who actively opt to be members of the Rusta membership club "Club Rusta".
Number of customers	The number of visitors to Rusta's stores or Rusta's Online webstore.

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