RUSTA

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EQUITY BRIEF

Equity Brief: Rusta

11/09/2026

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1. The company in brief

Rusta is a Nordic discount retailer that sells a wide range of home, seasonal, leisure, and consumable goods primarily to private customers (B2C) through department stores and e-commerce in Sweden, Norway, Finland, and Germany. The company was founded in 1986 with its first department store in Gävle and has grown organically from a single store into a Nordic department store chain. It entered the Norwegian market in 2014 and later Finland and Germany, and it has headquarters in Upplands Väsby. Since October 19, 2023, the share has been traded on Nasdaq Stockholm, Mid Cap segment (RUSTA).

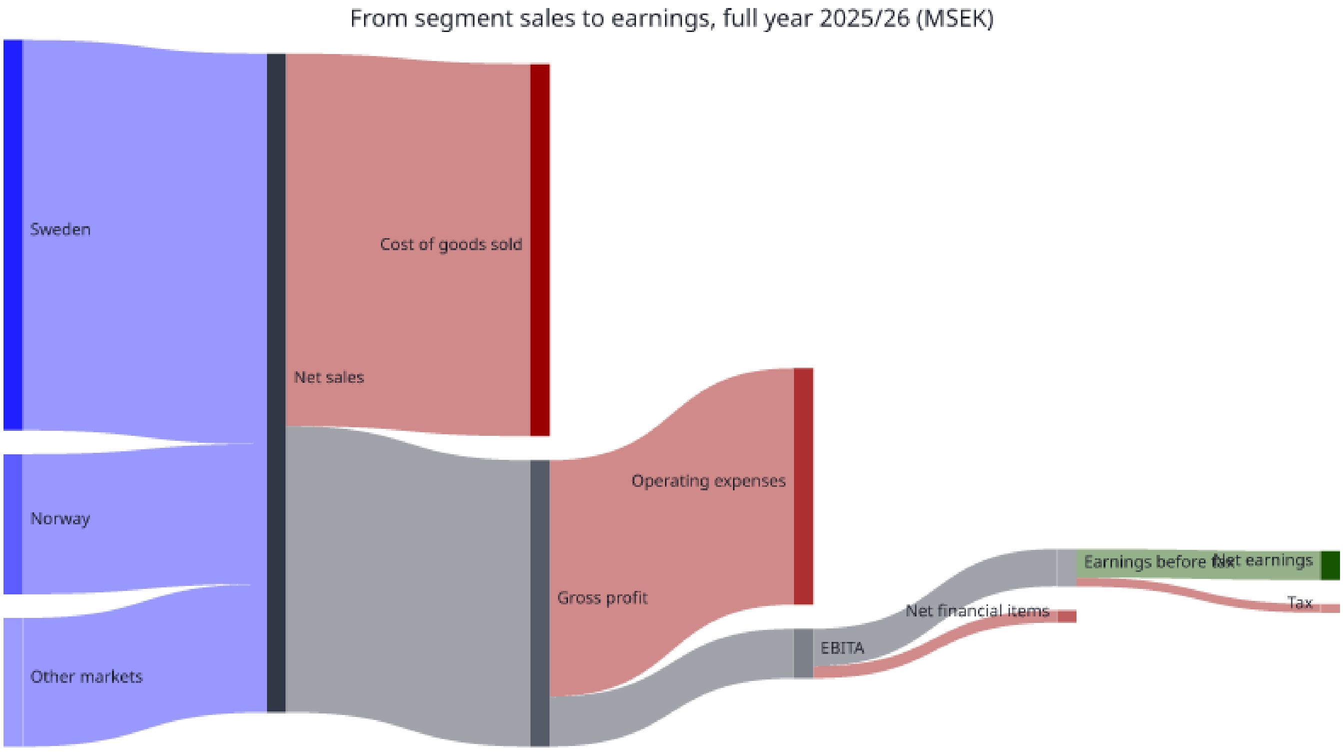
HEADQUARTERS	FOUNDED	MARKET CAPITALIZATION	EMPLOYEES
Upplands Väsby	**1986** UPPSALA	**~12.2 BNSEK** AS OF SEP 2026	**5 964** JUL 31, 2026

2. Business model: how the company makes money

Rusta makes money by purchasing large volumes of a focused assortment of approximately 6,000 items across five categories (home decor, consumables, seasonal goods, leisure, and DIY) and selling them at low prices in its own department stores and online across all markets. The business model is built on a high degree of control over the value chain: centralized product development, a high share of private labels, and direct purchasing without intermediaries via its own sourcing offices in Sweden, China, India, Vietnam, and Turkey. Approximately 40% of the products are purchased in Asia, the majority in China.

The capital profile is relatively asset-light on the production side, as manufacturing is outsourced to external suppliers, while Rusta itself operates an automated central warehouse in Norrköping and leases its department store premises (accounted for as leases under IFRS 16). According to the company, a new department store has an average payback period of approximately 12 months, which enables self-funded expansion. Department stores account for the majority of sales, with e-commerce (Rusta Online) acting as a smaller but growing channel. The operations are seasonal:

the first quarter (May–July, summer) and the third quarter (November–January, Christmas) are the largest, while the fourth quarter (February–April) is the smallest.



3. Latest report: financial and operational overview

REVENUE	EBITA MARGIN	EARNINGS PER SHARE
3,489 MSEK	**9.5%**	**SEK 1.4**
+9.9% Y/Y (Q1'26)	+0.6 PP (Q1'26)	+23.9% Y/Y (Q1'26)

During the first quarter of 2026/27 (May–July 2026), net sales increased to 3,489 MSEK (Q1'26: 3,174), an increase of 9.9%. Excluding currency effects, the increase was 8.7% and comparable growth was 2.2%. All three segments increased sales, driven by more customers, higher conversion, and an increasing average receipt. The gross margin increased by 1.7 percentage points to 44.3% (Q1'26: 42.6%), and according to the company, that was a result of product range renewal and currency effects from a stronger Swedish krona against the US dollar and a stronger Norwegian krone. EBITA amounted to 330 MSEK (Q1'26: 280), corresponding to an EBITA margin of 9.5% (8.8%), and the net profit for the quarter was 216 MSEK (Q1'26: 174). Earnings per share were SEK 1.4 (Q1'26: 1.1).

Sweden is the largest segment and carries the highest profitability: net sales of 1,958 MSEK (+6.6%) with an EBITA margin excl. IFRS 16 of 21.4%. Norway generated sales of 741 MSEK (+7.0% excl. currency) with a margin of

13.7%, while Other markets (Finland, Germany, and all e-commerce) recorded the highest total growth (+13.2% excl. currency) but had its lowest margin at 6.2%, an increase from 3.7% in Q1'26. The company describes the consumer market as cautious, particularly in Finland and Germany. The number of department stores was 244 at the end of the period (Q1'26: 225) and Club Rusta surpassed 7.1 million members.

Cash flow from operating activities increased to 758 MSEK (Q1'26: 472), driven, according to the company, by strengthened working capital and higher profitability; cash flow from investing activities was -122 MSEK (Q1'26: -102) as a result of more department store openings. As of July 31, 2026, the group had a net cash position excl. IFRS 16 of 587 MSEK (net debt/EBITDA excl. IFRS 16 of -0.57) and unutilized credit facilities of 1,100 MSEK; solvency excl. IFRS 16 was 52.1%. Including leases, net debt amounted to 4,819 MSEK. Looking ahead, the company states that geopolitical unrest is expected to drive higher purchasing and freight costs from the end of the second quarter, but currency effects are expected to offset this, and the high rate of expansion during the autumn may increase costs in the short term. During the quarter, a CEO transition took place as Cathrine Wigzell assumed office on June 1, 2026, succeeding Göran Westerberg, and the company signed an agreement with Infor regarding a new ERP system with deployment scheduled for 2028. No significant events were reported after the end of the period.

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> **We are now entering the autumn months with a record-sized customer base and a competitive price position. With our strong balance sheet, we continue to invest for the future through low prices, increased efficiency, and more department stores.**

Cathrine Wigzell
, CEO, Rusta AB · Q1 26/27 report

4. Market and trends

Rusta operates in the Nordic discount and variety market, a broad retail niche where a large, evolving assortment of everyday goods is sold at tight prices. According to the company, discount retail is growing faster than retail overall and has historically proven resilient during tougher times, as price-conscious customers seek out the segment in both booms and recessions. This is the single most important structural driver for Rusta: a market where demand is relatively economically stable and where customer attitudes toward discount retail are becoming increasingly positive, giving Rusta room to take both market share and find new department store locations simultaneously.

Geographically, Sweden is the largest market, followed by Norway, while Finland and Germany are smaller and less mature. Rusta competes with both Nordic and international players, such as Jula, ÖoB/Dollarstore, Biltema, and Clas Ohlson in Sweden; Europris, Nille, and Normal in Norway; and the rapidly expanding European discount chain Action. The structural drivers are:

- Structurally growing and economically stable demand for affordable everyday goods.
- Continued physical department store expansion in the Nordics and early markets (Finland, Germany) where discount penetration is lower.
- Increased share of private labels and direct purchasing, providing control over price, quality, and margin.
- Digitalization of customer relationships through loyalty programs (Club Rusta) and e-commerce, which drives repeat purchases.
- Consolidation and entry of major international discount players, which intensifies competition for locations and customers.

5. Growth drivers and risks

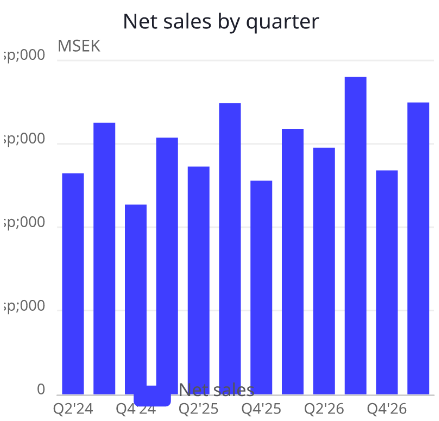
Growth drivers

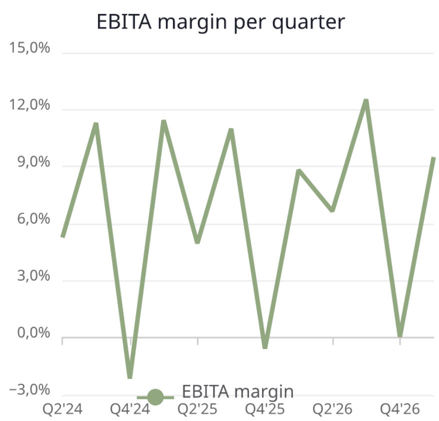
- Department store expansion: Guidance for 65–80 new department stores during 2026/27–2028/29, with a short payback period (~12 months per department store).
- Comparable sales growth from the updated department store concept, which, according to the company, lifts comparable sales by approximately 1.5–2.0 percentage points where it has been rolled out.
- Product range renewal and a higher share of private labels, which strengthen the gross margin (44.3% in Q1'27).
- Club Rusta (7.1 million members), where members shop more frequently and for higher amounts.
- Profitability turnaround in Other markets (Finland/Germany/online), where the EBITA margin excl. IFRS 16 rose to 6.2% in Q1'27.

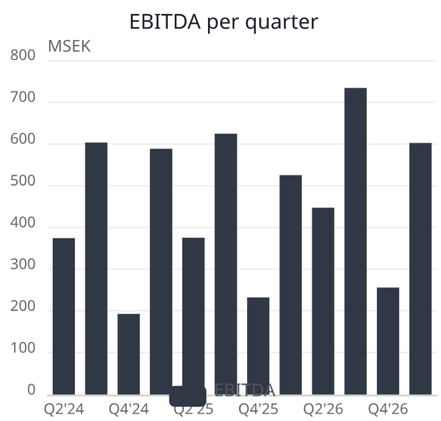
Risks

- Currency risk: Purchases in USD (approximately 40% of goods from Asia) vs. sales in SEK/NOK/EUR create transaction risk for the gross margin; Rusta partially hedges its USD exposure forward.
- Economic and purchasing behavior risk: Cautious consumers, particularly in Finland and Germany, could dampen comparable sales.
- Competition risk: Entry of major international discount players could pressure market position and margins.
- Supplier and logistics risk: Dependence on Asian suppliers and the central warehouse in Norrköping makes the chain sensitive to disruptions and higher freight costs.
- Execution risk: A high rate of expansion, warehouse automation, and an ERP system replacement (Infor, going live in 2028) coinciding with a new CEO transition increase operational complexity.

6. Financial development: KPIs







Financial targets

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Net sales growth (long-term target): An average of approximately 8.0% organic growth per year in the medium term, with comparable growth exceeding 3.0%. On track, with 8.0% excl. currency and 5.0% comparable growth for the full year 2025/26.

- **Profitability (long-term target):** EBITA margin of around 8.0% in the medium term, with earnings per share growing faster than revenue. Close to the target, with 7.6% for the full year 2025/26 and 7.8% TTM as of Q1'27, while earnings per share increased by 15.5%.
- **Dividend policy:** 30–50% of net profit. Met, as the proposed dividend is 1.80 SEK per share for 2025/26 (~275 MSEK), corresponding to approximately 50% of the year's profit; no extra dividend.
- **Expansion (guidance):** 65–80 new department stores during the 2026/27–2028/29 financial years; the plan remains unchanged and approximately 40 additional establishment locations are approved or signed.

8. Potential triggers (next 6–12 months)

- The Q2 26/27 report (August–October 2026, to be published in December 2026). The focus will be on the EBITA margin following the autumn's intensive opening pace, how much higher purchasing and freight costs impact earnings vs. currency tailwinds, and whether Finland and Germany continue the margin turnaround seen in Q1'27.
- Rollout of the updated department store concept within the health and beauty category starting in September 2026, with a commercial impact on comparable sales and space efficiency.
- The autumn's 14 communicated new department stores that test delivery vs. the expansion plan and provide a short-term cost impact from the openings.
- The automation project at the central warehouse in Norrköping, with a step-by-step increase in capacity and an impact on logistics costs as the system is fine-tuned.
- The profitability development in Other markets, meaning whether Finland and Germany can carry their own profitability as comparable sales (0.7% in Q1'27) accelerate.
- New CEO (Cathrine Wigzell from June 2026), with potential adjustments to strategy or capital allocation during the first full financial year.

9. Frequently asked questions from investors

What does the optimist say? / What does the pessimist say?

What does the optimist say?

Rusta operates in a structurally growing and economically stable discount market, where price-conscious customers seek out the segment in both booms and recessions. This results in demand that is less cyclical than retail overall.

The business model is scalable: direct sourcing, a high share of private labels, and an automated central warehouse provide cost advantages, and new department stores pay for themselves in about a year. This creates a long runway for profitable expansion.

The balance sheet is strong, with a net cash position excl. leases of 587 MSEK as of July 2026 and unutilized credit facilities of 1.1 BSEK, which finances both 65–80 new department stores and a dividend at the top of the policy.

Concept updates and Club Rusta are lifting comparable sales, while earnings per share are growing faster than revenue, which is a testament to the scalability of the model.

What does the pessimist say?

Despite its discount profile, Rusta largely sells discretionary goods. Comparable growth is low (2.2% in Q1'27), and consumers are described as cautious, particularly in Finland and Germany where profitability is narrow.

The margin is sensitive to currency and procurement costs: a large share of goods are purchased in USD, and the company is signaling higher future procurement and freight costs that are only partially offset by currency tailwinds.

The growth strategy relies on high execution; in other words, simultaneous department store expansion, warehouse automation, and an ERP system replacement—what's more, under a new CEO—which increases the risk of cost overruns and disruptions.

Competition is intensifying from major international discount players such as Action, and the EBITA margin is still hovering around the long-term target of 8% rather than clearly above it.

Glossary: abbreviations and concepts

- **Gross margin:** Gross profit as a percentage of net sales. Shows how much Rusta earns on goods after procurement costs, before operating and personnel costs; central because currency and product range drive it.
- **EBITA:** Net operating income before amortization of acquisition-related intangible assets. Rusta's primary profitability metric and the margin target the company steers toward.
- **EBITDA:** Net operating income before depreciation and amortization. Provides a picture of ongoing earnings and quarterly seasonal patterns without the effects of depreciation and amortization.

- **IFRS 16:** Accounting standard that recognizes lease agreements as assets and liabilities on the balance sheet. Because Rusta leases its department stores, it inflates net debt and lowers solvency; the company therefore also reports key figures excl. IFRS 16.
- **Comparable growth (LFL, Like-for-Like):** Sales growth in department stores that have been open for at least one year. Separates underlying growth from the effect of new openings.
- **Net debt:** Interest-bearing liabilities minus cash and cash equivalents. Excl. IFRS 16, Rusta had a net cash position (negative net debt), i.e., more cash and cash equivalents than interest-bearing loans.
- **Private label:** Proprietary brands. A high share gives Rusta control over price, quality, and margin compared with selling external branded goods.
- **TTM:** Trailing twelve months. Smooths out seasonal variations by summing the four most recent quarters.
- **Earnings per share (EPS):** Net profit per share. Shows the profit attributable to each share; according to the target, it should grow faster than revenue.
- **Solvency:** Equity as a percentage of total assets. A measure of financial resilience; heavily influenced by whether leases (IFRS 16) are included.
- **Currency/forward hedging:** Agreements that lock in a future exchange rate. Rusta partially hedges its USD exposure to dampen fluctuations in procurement costs.

Sources

- Rusta AB: Interim report Q1 2026/27 (May 1 to July 31, 2026), published September 9, 2026. Link
- Rusta AB: Annual and sustainability report 2025/26, published August 21, 2026. Link
- Rusta AB: Interim report Q4 2025/26, published June 9, 2026. Link
- Rusta AB: "14 nya varuhus i höst när Rusta fortsätter växa på samtliga marknader", August 26, 2026. Link
- Rusta AB: "Cathrine Wigzell tillträder i dag som ny VD för Rusta", June 1, 2026. Link

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