

Haypp Group to appeal Licensing Committee decision to revoke sales permit for traditional snus in Sweden. During an appeal, operations will continue as usual

The Licensing Committee within the Social Welfare Department of the City of Stockholm has released its September 18, 2024 meeting decision regarding the sales permit for tobacco products, including traditional snus, in Sweden for Snusbolaget, the largest retailer of nicotine pouches in Sweden and a subsidiary of Haypp Group. The Committee decided to revoke Snusbolaget's sales permit for tobacco products, including snus, due to a difference in interpretation between the Social Welfare Department of the City of Stockholm and Haypp Group regarding how consumers should be age verified upon delivery of tobacco products in Sweden. The decision was not unanimous, and several members of the Licensing Committee opposed to the decision to revoke Snusbolaget's sales permit.

"Haypp Group is, and continues to be, a leader in preventing sales to minors, with a commitment and track record of 100 percent compliance with age verification. We have used BankID at the point of purchase in Sweden for close to a decade due to its robustness to ensure age restriction compliance. The decision to grant our sales permit for tobacco products, including traditional snus, in 2020 was in accordance with the use of BankID. Going forward, we will only offer delivery options that allow for age verification at the point of delivery, however we will continue to use BankID at the point of purchase for all transactions." noted Head of Legal and External Affairs, Markus Lindblad.

The decision from the City of Stockholm only relates to the sales of traditional tobacco products (snus) and has no bearing on the sales of nicotine pouches. Snus in Sweden accounted for approximately 20 percent of Haypp Group's total net sales during the second quarter of 2024 having declined from well above 95 percent share of sales seven years ago.

"Today, delivery options which already apply age verification at the point of delivery accounts for approximately 60 percent of our orders in Sweden. While disagreeing with the outcome and by how this matter has been handled by the City of Stockholm, we have taken note of the committee's decision and will quickly adapt Snusbolaget's age verification based on the wishes of the administration and the committee."

Furthermore, the Group is of the view that the matter was improperly handled by the City of Stockholm. While complying with the additional requirements, Haypp Group will appeal the sales permit revocation to the Swedish administrative court (förvaltningsrätten). The fact that the decision of the Licensing Committee was not unanimous and that several members did not agree that there were grounds to revoke Snusbolaget's sales permit strengthens our view that there are grounds for the court to overturn the decision. During the appeal, Snusbolaget will be able to continue to operate as usual under its current sales permit.

Haypp Group's transition to tobacco-free nicotine products began in 2018. During the second quarter of 2024, nicotine pouches accounted for 61 percent of the Group volume and grew by 43 percent compared to the prior year period. Tobacco-free products do not require a sales permit to sell in Sweden.

Haypp in brief

Haypp Group spearheads the global transformation from smoking to healthier product alternatives. With origins in Scandinavia, extensive experience from pioneering markets in smoke-free alternatives, and being a leader in the e-commerce sector, Haypp Group is taking the vision of inspiring healthier enjoyment for millions to a global scale. With eleven e-commerce brands, the Haypp Group is present in seven countries, where we served more than 950,000 active customers in 2023. Haypp Group's e-commerce site collection includes, among others, <https://www.snusbolaget.se/> and <https://www.northerner.com/>.

This information is information that Haypp Group is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-09-25 13:00 CEST.

Attachments

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