

Interim Report
January–March 2024

Q1

“Solid growth and increased profitability despite accelerated decline within the snus category”



HAYPP GROUP

The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act.

First quarter

- Net sales increased with 12 per cent to SEK 887.5 m (781.3). In constant currency, Net sales increased by 13 per cent.
- 40 percent volume growth in the Nicotine pouches category during the quarter.
- The gross margin amounted to 14.4 per cent (12.0).
- Adjusted EBITDA amounted to SEK 46.8 m (30.7), corresponding to an adjusted EBITDA margin of 5.3 per cent (3.9).
- Adjusted EBIT amounted to SEK 30.6 m (18.2), corresponding to an adjusted EBIT margin of 3.5 per cent (2.3).
- Operating profit totalled SEK 15.9 m (7.4), including items affecting comparability of SEK –4.8 m (–0.9).
- Profit/loss for the quarter to SEK 12.8 m (1.4).
- Earnings per share before dilution amounted to SEK 0.43 (0.05).
- Number of orders increased to 1,196 thousand (1,121) with an average order value of SEK 684 (650).
- Active customers amounted to 548 thousand (501) at the end of the period.

Amounts in MSEK	Q1 2024	Q1 2023	LTM	Full Year 2023
Net sales	877.5	781.3	3,262.0	3,165.7
Net sales growth, %	12.3	22.1		21.8
Gross margin, %	14.4	12.0	13.3	12.7
Adjusted EBITDA	46.8	30.7	150.7	134.6
Adjusted EBITDA margin, %	5.3	3.9	4.6	4.3
Adjusted EBIT	30.6	18.2	90.6	78.2
Adjusted EBIT margin, %	3.5	2.3	2.8	2.5
Items affecting comparability	-4.8	-0.9	-19.8	-15.9
Operating profit/loss	15.9	7.4	30.7	22.3
Profit/loss for the period	12.8	1.4	16.4	5.0
Earnings per share before dilution (SEK)	0.43	0.05	0.56	0.17
Cash flow from operating activities	121.6	91.9		80.5
Number of orders (thousand)	1,196	1,121	4,501	4,426
Average order value (SEK)	684	650	681	672
Active customers (thousand)	548	501	968	953

CEO Statement

Haypp Group started 2024 solidly, with nicotine pouches (NPs) retaining their momentum, increasing 40 per cent in volume y/y against equally strong 41 per cent growth in 2023, more than doubling since Q1 2022. We expect this growth to continue across our Core and Growth segments. NPs accounted for 58 per cent of our Group sales volume in Q1 2024 and continue to increase as a share of Group volume by around 1 percentage point per month.

Q1 Group net sales growth of 12 per cent y/y was affected by fewer shipping days due to the timing of Easter (reversed in April) which reduced topline growth by about 1 ppt and an accelerated snus decline as discussed below. The Group increased adjusted EBIT by nearly 70 per cent y/y and raised adj EBIT margin by almost 50 per cent to 3.5 per cent (2.3 per cent last year). This increase was largely due to material gross margin improvement, which reached 14.4 per cent, up 2.4 ppt vs LY.

As indicated in prior releases, the Growth division attained EBITDA profitability in Q1 driven by sufficient scale and is the clear driver of overall topline growth for the Group, accounting for nearly 80 per cent of the net sales increase.

The snus category, however, is in decline as anticipated though the Q1 decrease was above the recent trend. Snus has been a material component of our past revenue; strategically it is not part of our long-term future. For Haypp Group, critical unique selling points such as a broad and frequently updated assortment and brand owners' promotional investment for snus have materially decreased as more snus users migrate to NPs.

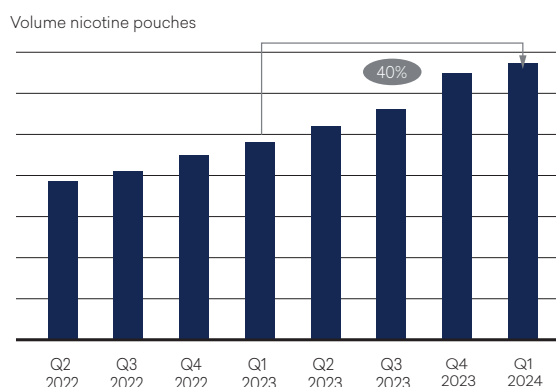
Core division NP volume grew by 32 per cent however due to decline in snus total sales grew 2 per cent y/y in Q1 with EBITDA growth of 7 per cent y/y and an EBITDA margin of 8.6 per cent (8.2 per cent LY) driven by scale and mix effects from the increased share of NP. We expect topline growth to return to levels similar to 2023 through the year as we put in place initiatives to moderate the snus decline and as we continue to grow our NP volume.

In our Growth segment, sales increased 46 per cent y/y as we faced a difficult year-ago comparison largely because of the sales boost from the November 2022 California flavour ban. We noted in our Q1 2023 statement "California imposed a ban on flavoured nicotine products sold in physical retail locations, thus prohibiting brick-and-mortar retailers and vending machines from selling certain flavoured tobacco products and tobacco flavour enhancers... We have strongly benefited from this".



“Importantly, we continue to be a leader in Youth Access Prevention, committed to 100 per cent, traceable compliance with adult age restrictions for our products across all of our markets.”

The transformation towards nicotine pouches running according to plan



Consumers in California ordered flavoured products online in response to the ban. Over time, however, Californian consumers adapted further, with many consumers returning to the unflavoured NP options available offline. As a result, our CA sales growth was below the market rate, a transitory effect we expect to change through the course of the year.

With respect to profitability, the Growth segment was up nearly SEK 20 m in EBITDA y/y to SEK 0.1 m, as the benefits of increased scale begin to show.

We also began breaking out our adjacent expansion efforts in the Emerging segment, showing the progress of our UK, German and Swedish nicotine vaping (vapes) businesses. The division had sales of SEK 8 m and an EBITDA loss of SEK 7 m. Similarly to the early days of our Growth markets initiatives, developing a leading SEO position is initially resource intensive (even with our capabilities), but generates long term competitive advantage and hence sustainable performance. The results are encouraging and we can already see the benefits from leveraging our existing business model and infrastructure across RRP categories. Over the medium term, we intend to continue expansion into adjacent European markets in NP or other RRP categories depending on the attractiveness and maturity of the opportunity, investing 1-2 ppt of adj EBIT margin through 2025.

Regulatory Outlook

New national regulatory initiatives in Sweden were presented supporting Haypp Group's Youth Access Prevention agenda. Even though the final regulation remains unclear, we do not expect any negative impact on the Group's business targets. The Norwegian initiatives are further delayed and will be presented during 2024. Our assessment is that these initiatives are also unlikely to affect our business targets. The shift of the Swedish nicotine and tobacco strategy toward risk reduction is still under discussion among regulators.

The UK's regulatory initiatives are delayed relative to our initial estimates and will likely be beneficial for our operations, creating a more sustainable reduced risk nicotine market for the future.

We anticipate a variety of regulatory rumours during the ongoing EU election campaign for the European Parliament. Decisions made during Q1 support our view that nicotine pouches are likely to be regulated, rather than banned within the EU when it revisits the even further delayed third Tobacco Products Directive, likely toward the end of the next Parliamentary session.

Importantly, Haypp Group continues to be a leader in Youth Access Prevention, committed to 100 per cent, traceable compliance with adult age restrictions for its products across all its markets.

Infrastructure

We continue to invest in our infrastructure, both in the 'back-end' ERP functions and in the 'front-end' consumer facing e-commerce storefronts. After the successful migration of Norway to the new back-end infrastructure in Q3 2023, the Group also transitioned Sweden and Growth Europe to the latest ERP infrastructure at the beginning of February. Following on the first fully updated and integrated front & back-end (e-com v3, ERP and integration platform) launch in Germany with the Vapeglobe.de storefront, successful implementation of the e-com v3 continues in Norway and other European Markets in 2024.

These transitions are precursors for scalable expansion across multiple RRP categories and new geographies and enable us to run our existing business more efficiently.

With respect to logistics, the Group is beginning the process of automating its Houston, TX warehouse using its current equipment provider to retain process standardisation. Over time, this automation will drive realisation of scale benefits in the form of reduced costs and time from order to shipping.

I would like to take this opportunity to thank our team for doing a great job and driving the company forward both in commercial performance but also on long term strategic projects.

We look forward to sustained volume, sales and profit growth through 2024 as the Group remains on track toward its 2025 targets.

Stockholm in May 2024

Gavin O'Dowd
President and CEO

Financial overview

Net sales

Net sales for the first quarter increased with 12 per cent to SEK 887.5 m (781.3). In constant currency, Net sales increased by 13 per cent.

Gross Profit

Gross Profit increased to SEK 126.1 m (93.5), corresponding to a gross margin of 14.4 per cent (12.0), driven by a strengthened position in the value chain both in the Core and Growth business unit as well as benefits of scale.

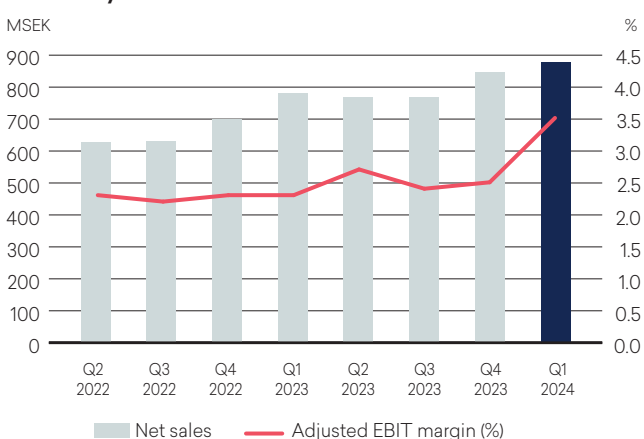
Adjusted EBIT

Adjusted EBIT for the first quarter increased to SEK 30.6 m (18.2). The increase was mainly due to higher gross margin, increased volume as well as efficiency, partially offset by continued investments into additional capabilities. The adjusted EBIT margin increased to 3.5 per cent (2.3).

Operating profit

Operating profit for the first quarter amounted to SEK 15.9 m (7.4). The operating profit includes an impairment on old warehouse equipment in our Stockholm warehouse of SEK -4.8 m. Items affecting comparability amounted to SEK -4.8 m (-0.9). For more information on Items affecting comparability, refer to page 24.

Quarterly overview



Financial items

Financial expenses (net) for the quarter amounted to SEK 3.6 m (-7.3) income for the quarter. The cost of leasing and interest payments were more than offset by the positive impact from exchange translation of intercompany positions.

Tax

The tax expense for the quarter was SEK -6.7 m (1.3), of which SEK -7.6 m is related to income tax for the quarter and SEK 1.0 m relates to amortization of surplus values.

Net Profit

Profit for the quarter increased to SEK 12.8 m (1.4). Earnings per share amounted to SEK 0.42 (0.05) after dilution.

Investments

During the first quarter 2024, Haypp Group invested (net) SEK 20.7 m (19.3), whereof SEK 16.2 m (13.0) was invested in intangible assets.

Cash flow

Cash flow for the period from operating activities increased to SEK 121.6 m (91.9). Cash flow from changes in working capital was SEK 79.2 m (67.1) mainly driven by decrease in inventories (after the temporary increase at year end) as well as increased receivables and liabilities.

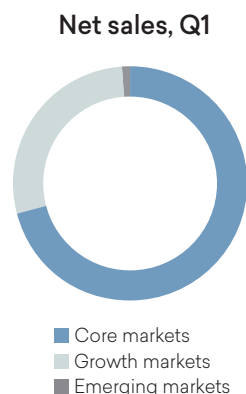
Net debt and cash and cash equivalents

At the end of the period, the net debt amounted to SEK 118.4 m versus 224.5 per 31 December 2023. In total, cash and cash equivalents amounted to SEK 23.6 m, versus 11.4 at the end of last year. At the end of the period, unutilized credit facility amounted to SEK 115 m, versus SEK 32 m on 31 December 2023.

Review of reporting segments

Haypp Group operates from January 2024 in three reporting segments, or business units, Core markets, Growth markets and Emerging markets.

The Core markets consists of the Swedish and Norwegian markets, which are more mature. Growth markets consist mainly of the US, UK, Germany, Austria and Switzerland, which are characterized more as emerging markets. Emerging market focus at new product categories, as vape etc, in current geographies.



Segment breakdown

Amounts in KSEK	Net Sales			EBITDA		
	Q1 2024	Q1 2023	LTM	Q1 2024	Q1 2023	LTM
Core markets	627,701	615,485	2,419,694	53,702	50,408	194,850
EBITDA margin, %				8.6 %	8.2 %	8.1 %
Growth markets	241,769	165,810	834,201	82	-19,770	-37,567
EBITDA margin, %				0.0 %	-11.9 %	-4.5 %
Emerging markets	8,057		8,057	-6,954		-6,954
EBITDA margin, %				-86.3%		-86.3%
Parent company/other	0	0	0	0	-886	-15,011
Reconciliation items	0		0	-21	21	398
GROUP TOTAL	877,527	781,295	3,261,952	46,810	29,773	135,717
EBITDA margin, %				5.3 %	3.8 %	4.2 %
Depreciation & Amortization				-30,943	-22,334	-104,981
Financial items				3,643	-7,318	-3,484
PROFIT BEFORE TAXES				19,510	120	27,252

Core markets

Core markets

(Amounts in MSEK)

	Q1 2024	Q1 2023	Change, %	LTM	Full Year 2023
Net sales	627.7	615.5	2 %	2,419.7	2,407.5
EBITDA	53.7	50.4	7%	194.9	191.6
EBITDA margin (%)	8.6 %	8.2 %	0.4 p.p.	8.1 %	8.0 %
Active customers (thousand)	410	401	2%	731	732

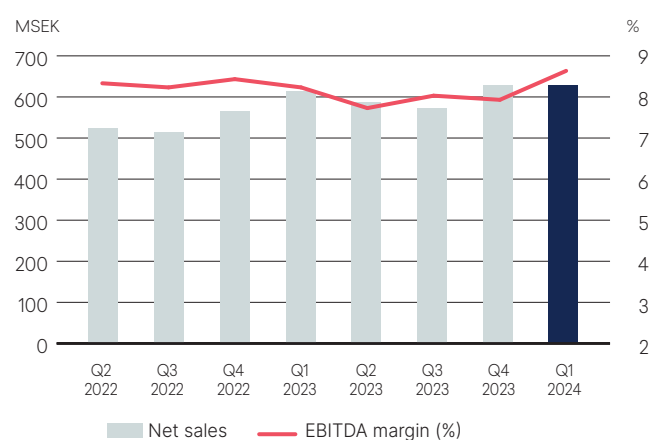
Net sales

Net sales for the first quarter increased with 2 per cent to SEK 627.7 m (615.5), and 3 per cent in constant currency. Nicotine Pouches grew by 32 per cent in volume during the quarter, driven by a strong performance particular both in Sweden and Norway. Within the traditional snus category, the downward trend intensified during the first quarter of the year due to fewer product launches and less investment in new products. The number of active customers increased with 2 per cent to 410 thousand (401).

EBITDA

EBITDA for the business unit increased with 7 per cent to SEK 53.7 m (50.4). The EBITDA margin increased with 0.4 percentage points and amounted to 8.6 per cent (8.2) mainly attributable to a higher gross margin, partially offset by further investments for future growth.

Core markets



Growth markets

Growth markets

(Amounts in MSEK)

	Q1 2024	Q1 2023	Change, %	LTM	Full Year 2023
Net sales	241.8	165.8	46 %	834.2	758.2
EBITDA	0.1	-19.8	100 %	-37.6	-57.4
EBITDA margin (%)	0.0 %	-11.9 %	11.9 p.p.	-4.5 %	-7.6 %
Active customers (thousand)	129	100	29 %	228	222

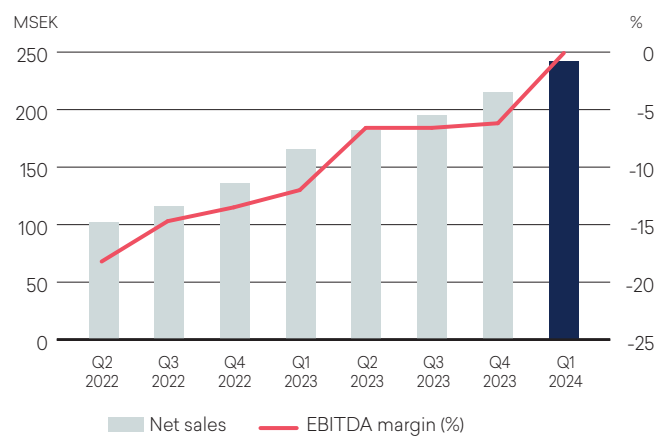
Net sales

Net sales for the first quarter increased with 46 per cent to SEK 241.8 m (165.8), mainly due to a strong performance in the US. Net sales in constant currency was 46 per cent. The number of active customers increased with 29 per cent to 129 thousand (100), due to a positive momentum primarily in the nicotine pouches category. Nicotine Pouches grew by 52 per cent in volume during the quarter.

EBITDA

EBITDA for the business unit increased to SEK 0.1 m (-19.8). The EBITDA margin amounted to 0.0 per cent (-11.9), due to economies of scales, offset by continued commercial investments.

Growth markets



Emerging markets¹

Emerging markets

(Amounts in MSEK)	Q1 2024	Q1 2023	Change, %	LTM	Full Year 2023
Net sales	8.1	-	-	8.1	-
EBITDA	-7.0	-	-	-7.0	-
EBITDA margin (%)	-86.3 %	-	-	-86.3 %	-
Active customers (thousand)	9	-	-	9	-

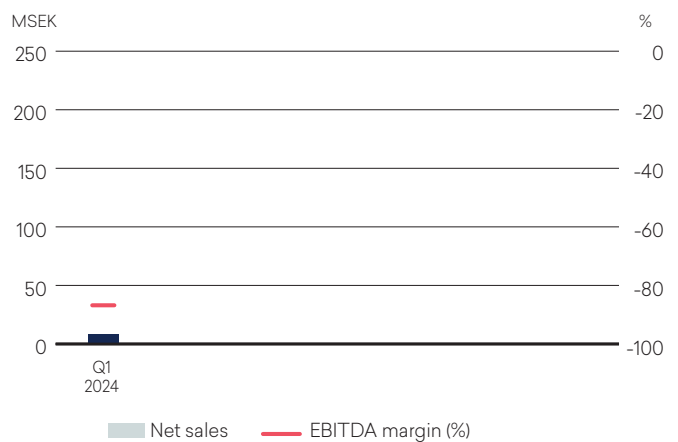
Net sales

Net sales for the first quarter, in the recent established business unit Emerging markets amounted to SEK 8.1 m. Net sales was derived from the vape segment in the UK, Germany and Sweden. The number of active customers amounted to 9 thousand.

EBITDA

EBITDA for the business unit was SEK -7.0 m. The EBITDA margin amounted to -86.3 per cent, and was explained by commercial investments and a high share of fixed costs compared with current volumes.

Emerging markets



¹ The Emerging markets segment currently includes the vape category in UK, Sweden and Germany. Haypp Group intends to report new markets in the future within this segment.

Other information

Employees

The average number of full-time employees during Q1 2024 was 187, compared to 154 per Q1 2023. The increase was primarily attributable to expansion of the business.

Events after the balance sheet date

No significant events to report after the balance sheet date.

Shareholders

The total number of shareholders amounted to approximately 4,300 at the end of March.

Largest shareholders per March 31, 2024.

	Numbers of shares	Share of capital and votes
GR8 Ventures AB	4,323,953	14.49 %
Patrik Rees	3,627,423	12.16 %
Fidelity Investments (FMR)	2,909,742	9.72 %
Northerner Holding AB	2,797,917	9.38 %
madhat AB	1,506,969	5.05 %
Robotti & Company Advisors LLC	1,441,131	4.83 %
Hudson 215 Capital	1,144,700	3.84 %
e-Business Partner Norden AB	1,087,114	3.64 %
Ola Svensson	1,083,855	3.63 %
Pulsen Sb Investment AB	1,065,900	3.57 %
Sum	20,979,704	70.31 %
Others	8,859,384	29.69 %
Total	29,839,088	100 %

Parent company

Haypp Group AB (Corp. Reg. No. 559075-6796), which is domiciled in Stockholm, Sweden, conducts holding operations. During the first quarter, other operating income amounted to SEK 0.8 m (0.6) and profit totalled SEK -1.9 m (-1.1) Total equity amounted to SEK 629.2 m (631.8) per 31 March 2024.

Seasonal effects

Haypp Group assesses that its revenues and EBIT to a limited degree are affected by seasonality. The three segments have varying, but limited, seasonality patterns. The strongest seasonality effect can normally be seen in the months of July and December respectively where holiday seasonality tends to have an adverse effect on Haypp Group's net sales.

Risks and uncertainties

The Haypp Group's and the parent company's business risks and risk management, as well as the management of financial risks, are described in the Annual Report 2023 and the sustainability report. No events of material significance occurred in the period that materially affect or change these descriptions of the Group's and parent company's risks and their management.

Stockholm on 3 May 2024

Gavin O'Dowd
President and CEO

This report has not been reviewed by the company's auditors.

This is information that Haypp Group AB (publ) 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 below, at 07:45 CET on 3 May 2024.

Webcast conference call on 3 May

In connection with the interim report, Haypp Group will hold a webcast conference call in English at 09.00 am CET. Haypp Group will be represented by President and CEO Gavin O'Dowd and CFO Peter Deli, who will present the interim report and answer questions. Information regarding telephone numbers and website is available at <https://www.hayppgroup.com>. The presentation will be available at www.hayppgroup.com/ir after publication of the interim report. The webcast will be available at the same address after the live broadcast.

For further information, please contact:

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Financial calendar

May 16, 2024
Annual shareholders' meeting 2023
August 9, 2024
Interim report for Q2 2024
November 7, 2024
Interim report for Q3 2024

Haypp Group at glance

The Haypp Group is spearheading the global transformation from smoking to risk-reduced alternatives. With origins in Scandinavia, the company has leveraged its leading position, along with its category and e-commerce experience, to widen its positive impact to the US and a range of European markets. With eleven e-commerce store brands, the Haypp Group is present in seven countries where we served more than 950,000 active consumers during 2023. Headquartered in Stockholm, Sweden, Haypp Group employs 168 FTEs and have net sales of over SEK 3 bn during 2023.

Vision

We put the consumer first. We engage with them every day to understand their needs and desires, and we know them like no other actor in the industry. Our vision to “Inspire healthier enjoyment for millions” will help consumers change harmful habits, whilst simultaneously increase our global presence.

Business model

The consumer is always the focus of our business. Our model starts with managing the consumer experience. We reach out to a broad consumer base, effectively advocating the healthier non-smoking alternatives and assisting them to find the most appropriate solution.

Our model enables us to gain a more comprehensive understanding of the consumer in a revolutionary new way. We utilise this knowledge to constantly evolve and improve our customer’s journey. Our insights are the driving force for the whole industry to create great quality products; provide superb product offers and produce in a responsible and sustainable way.

Our business model is solid and scalable. It is a model with proven success, that has resulted in increased consumption across a broader range of consumer profiles. It has also resulted in increased sales of premium products and tobacco-free nicotine pouches, in comparison to the rest of the industry.

Values

Society is demanding a change in the tobacco and nicotine industry. We believe that “Inspiring healthier enjoyment for millions” is pivotal to drive the global change. As a result of our success in Scandinavia and our recent achievements when entering new markets, we are in a unique position to help drive that change in society.

Financial targets

Haypp Group’s Board of Directors has adopted the following financial targets:

Topline Growth

Haypp Group expects to reach net sales of SEK 5 billion by 2025 in its existing business through organic growth only. Expansion into adjacent categories and new markets will be on top.

Profitability

While Haypp Group will continue to prioritise topline growth, it expects to reach a high single digit adjusted EBIT margin in the current Core & Growth Markets business in 2025.

Reinvestment

In order to provide multiple choices for a broader range of consumers and take advantage of its substantial revenue growth opportunities, Haypp Group plans to enter new markets and adjacent RRP (Reduced Risk Products) categories in Europe (after its successful vape pilot in the UK). This will require to reinvest approximately 1–2 percentage points of adjusted EBIT margin through 2024 and 2025. These efforts are reported in the Emerging segment.

Dividend policy

Moreover, as the Board and management team look beyond 2025 and the Group’s anticipated substantial cash generation, Haypp will maintain its policy of prudent capital allocation taking advantage of appropriate opportunities and returning excess cash to shareholders.

Haypp Group and sustainability

Haypp Group has a sustainable business model built on five strategic areas for sustainability. The areas are aligned with our vision and higher purpose while incorporated into our operations. Our contribution to sustainability, health and society go hand-in-hand with our business success. The better business we do, the better for society as a whole.

Continuous pursuit of sustainability

Haypp Group's sustainable business model makes sure that the business and operations are clearly related to the five strategic areas of sustainability and vice versa, so that sustainability is incorporated into the business actions.

Haypp Group reports on each of the five areas and uses a scorecard to follow certain metrics. Below is a selection from the scorecard with one metric per area which will be reported on a quarterly basis. For the full report please be referred to our annual Sustainability Report.



Sustainability area	Target	Measure	Q1 2024	Q1 2023	Full Year 2023	Full Year 2022
Health Contribution	Grow customers of harm reduced products	Number of purchasing customers	548,471	501,000	953,346	796,000
Insights for all	Enlightened people & public for awareness and understanding	Number of visits to editorial material, facts and reports	1,608,276	1,114,201	5,010,054	2,251,167
Sustainable innovation for growth and development	Quality assurance & Product development	Share of relevant portfolio tested & according to standard	100.0%	86.8%	84.9%	84.7%
Best place to work	Great employer	Employee satisfaction in per cent	80%	81%	80%	81%
Business Ethics	Delivering on the customer promise	Rate of customer satisfaction	72.0	72.5	70.7	74.4

Consolidated income statement

Amounts in KSEK	Q1 2024	Q1 2023	Last 12 months	Full Year 2023
Net sales	877,527	781,295	3,261,952	3,165,720
Capitalised work on own account	7,088	5,204	26,256	24,371
Other operating income	555	5,335	-1,239	3,542
Total	885,171	791,834	3,286,969	3,193,633
Goods for resale	-751,413	-687,815	-2,826,682	-2,763,084
Other external costs	-35,439	-33,910	-130,314	-128,784
Personnel expenses	-50,626	-38,595	-192,344	-180,313
Depreciation and amortization of tangible and intangible assets	-30,943	-22,334	-104,982	-96,374
Other operating expenses	-883	-1,742	-1,912	-2,771
Sum expenses	-869,304	-784,397	-3,256,233	-3,171,326
Operating profit	15,867	7,437	30,736	22,307
Financial income/expense				
Financial income	9,677	379	28,945	19,647
Financial expenses	-6,034	-7,696	-32,430	-34,092
Financial net	3,643	-7,317	-3,485	-14,445
Earnings Before Tax	19,510	120	27,251	7,862
Income tax	-6,662	1,316	-10,804	-2,825
Profit/loss for the period	12,847	1,436	16,447	5,036
Profit/loss for the period attributable to:				
The parent company's shareholders	12,847	1,436	16,447	5,036
Earnings per share, calculated on the earnings				
attributable to the parent company's shareholders				
during the period:				
Earnings per share before dilution (SEK)	0.43	0.05	0.56	0.17
Earnings per share after dilution (SEK)	0.42	0.05	0.55	0.17

Consolidated statement of comprehensive income

Amounts in KSEK	Q1 2024	Q1 2023	Last 12 months	Full Year 2023
Profit/loss for the period	12,847	1,436	16,447	5,036
Other comprehensive income:				
Items that may be reclassified to profit or loss				
Foreign currency translation differences	916	-6,752	-1,256	-8,924
Total other comprehensive income	916	-6,752	-1,256	-8,924
Total Comprehensive income	13,764	-5,315	15,191	-3,888
Total comprehensive income for the year attributable to:				
Parent company shareholders	13,764	-5,315	15,191	-3,888
Average number of shares before dilution	29,839,088	29,122,479	29,521,549	29,342,396
Average number of shares after dilution	30,456,772	29,572,810	29,890,676	29,720,859

Consolidated balance sheet

Amounts in KSEK	2024-03-31	2023-12-31
ASSETS		
Fixed assets		
Intangible assets		
Goodwill	155,909	155,062
Customer relationships	88,153	91,369
Trademarks	115,784	120,179
Websites	17,561	18,960
Capitalized development costs	109,929	102,033
Total intangible assets	487,336	487,604
Tangible assets		
Leasehold improvements	1,381	1,541
Equipment	3,127	3,406
Total tangible assets	4,509	4,947
Financial assets		
Non-current receivables	7,363	7,250
Total financial assets	7,363	7,250
Right-of-use assets	93,040	103,719
Deferred tax assets	7,679	15,291
Total fixed assets	599,926	618,811
Current assets		
Inventories		
Goods for resale	225,737	263,338
Current receivables		
Accounts receivable	101,277	70,197
Current tax recoverable	3,139	2,113
Other receivables	34,439	38,026
Prepaid expenses and accrued income	65,131	51,235
Cash and cash equivalents	23,643	11,424
Total current receivables	227,628	172,995
Total current assets	453,365	436,333
TOTAL ASSETS	1,053,291	1,055,144

Consolidated balance sheet cont.

Amounts in KSEK	2024-03-31	2023-12-31
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,955	1,955
Other contributed capital	694,627	694,627
Translation differences	-8,587	-9,503
Retained earnings (including net profit/loss for the year)	-75,464	-88,312
Total equity	612,531	598,767
LIABILITIES		
Non-current liabilities		
Non-current lease liability	61,228	69,424
Deferred tax liabilities	17,720	18,489
Other liabilities	3,074	2,182
Total non-current liabilities	82,022	90,095
Current liabilities		
Bank overdraft	52,838	136,377
Current lease liability	27,992	30,078
Accounts payable	119,427	110,623
Current tax liabilities	0	296
Other liabilities	33,263	29,879
Accrued expenses and deferred income	125,218	59,029
Total current liabilities	358,738	366,282
Total liabilities	440,760	456,377
TOTAL EQUITY AND LIABILITIES	1,053,291	1,055,144

Consolidated statement of changes in equity

Amounts in KSEK	Share capital	Other contributed capital	Translation differences	Retained earnings	Total equity
Opening balance, 2023-01-01	1,908	689,558	-579	-93,348	597,539
Profit/loss for the year				1,436	1,436
Other comprehensive income for the year			-6,752		-6,752
Total comprehensive income	0	0	-6,752	1,436	-5,315
New share issue ¹	0	-71			-71
Total transactions with shareholders in their attribute as shareholders	-71	0	0	0	-71
Closing balance, 2023-03-31	1,908	689,487	-7,330	-91,912	592,153
Opening balance, 2024-01-01	1,955	694,627	-9,503	-88,312	598,767
Profit/loss for the year				12,847	12,847
Other comprehensive income for the year			916		916
Total comprehensive income	0	0	916	12,847	13,764
New share issue ¹	0	0			0
Total transactions with shareholders in their attribute as shareholders	0	0	0	0	0
Closing balance, 2024-03-31	1,955	694,627	-8,587	-75,464	612,531

¹ After deduction of issue costs

Consolidated statement of cash flow

Amounts in KSEK	2024-03-31	2023-03-31
Cash flow from operating activities		
Operating profit	15,867	7,437
Adjustment for non-cash items:		
- Depreciation and amortization of tangible and intangible assets	30,943	22,334
- Other non-cash items	782	-1,554
Interest received	114	29
Interest paid	-4,087	-2,429
Income tax paid	-1,293	-963
Cash flow from operating activities before change in working capital	42,325	24,855
Cash flow from change in working capital		
Increase/decrease in inventories	42,588	26,013
Increase/decrease in operating receivables	-39,206	20,843
Increase/decrease in operating liabilities	75,870	20,197
Total change in working capital	79,252	67,053
Cash flow from operating activities	121,577	91,908
Cash flow from investing activities		
Investment in intangible assets	-15,876	-12,983
Investment in tangible assets	-4,787	-31
Change in other financial assets	0	-6,329
Cash flow from investing activities	-20,663	-19,343
Cash flow from financing activities		
New loans	579	-1,285
Change bank overdraft	-83,539	-41,910
Repayment of loans	0	-25,000
Repayment of leasing debt	-6,350	-4,996
New share issue ¹	0	-71
Cash flow from financing activities	-89,310	-73,261
Decrease/increase in cash and cash equivalents		
Opening cash and cash equivalents	11,424	15,196
Cash flow for the period	11,604	-696
Exchange-rate differences in cash and cash equivalents	615	-98
Closing cash and cash equivalents	23,643	14,402

¹ Cost after deduction of issue cost

Parent Company income statement

Amounts in KSEK	Q1 2024	Q1 2023	Last 12 months	Full Year 2023
Other operating income	828	638	4,004	3,814
Total	828	638	4,004	3,814
Other external costs	-1,175	-1,008	-6,547	-6,380
Personnel expenses	-1,507	-1,564	-7,218	-7,276
Depreciation and amortization of tangible and intangible assets	-13	-12	-50	-50
Other operating expenses	0	-3	-10	-13
Sum expenses	-2,695	-2,588	-13,826	-13,719
Operating profit/loss	-1,867	-1,949	-9,822	-9,905
Financial income/expense				
Interest income and other financial income	2	0	4	2
Interest and other financial expenses	-3	-1	-3	0
Result from financial income/expenses	-1	-1	1	2
Earnings Before Tax	-1,868	-1,950	-9,821	-9,903
Appropriations	0	0	0	0
Earnings before tax	-1,868	-1,950	-9,821	-9,903
Income tax	0	880	1,998	2,878
Profit/loss for the period	-1,868	-1,070	-7,823	-7,025

In the Parent Company, there are no items that are reported as other comprehensive income, hence the total comprehensive income corresponds to the profit for the year.

Parent Company balance sheet

Amounts in KSEK	2024-03-31	2023-12-31
ASSETS		
Fixed assets		
Intangible assets		
Capitalized development costs	25	37
Total intangible assets	25	37
Financial assets		
Shares in subsidiaries	321,926	321,926
Deferred tax assets	5,429	5,429
Non-current receivables	2,036	2,036
Non-current intercompany receivables	297,348	297,166
Total financial assets	626,738	626,556
Total fixed assets	626,763	626,594
Current assets		
Current receivables		
Receivables from group companies	7,199	8,028
Current tax recoverable	107	79
Other receivables	1,441	1,957
Prepaid expenses and accrued income	887	728
Total current receivables	9,634	10,791
Cash and cash equivalents	6	175
Total current assets	9,640	10,966
TOTAL ASSETS	636,403	637,559

Parent Company balance sheet cont.

Amounts in KSEK	2024-03-31	2023-12-31
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	1,955	1,955
Non-restricted equity		
Premium fund	694,627	694,627
Retained earnings	-65,551	-58,526
Profit/loss for the period	-1,868	-7,025
Total equity	629,163	631,031
LIABILITIES		
Non-current liabilities		
Non-current intercompany liabilities	4,329	4,329
Other liabilities	1,146	254
Total non-current liabilities	5,475	4,583
Current liabilities		
Current liabilities to group companies	175	175
Accounts payable	69	0
Other liabilities	90	127
Accrued expenses and deferred income	1,431	1,643
Total current liabilities	1,765	1,945
Total liabilities	7,240	6,528
TOTAL EQUITY AND LIABILITIES	636,403	637,559

Notes

General information

Haypp Group AB (publ) with Corporate Registration No. 559075-6796 is a limited liability company registered in Sweden, with its registered office in Stockholm. The address of the head office is Östgötagatan 12, SE-116 25, Stockholm, Sweden. The operations of the Parent Company and its subsidiaries comprise investing in e-commerce companies and conducting related activities.

Accounting principles

The most important accounting principles applied when this quarterly report has been prepared are set out below. These principles have been applied consistently for all years presented, unless otherwise stated.

The consolidated accounts for Haypp Group AB (publ) have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, as well as International Accounting Standards (IFRS) and interpretations from the International Accounting Interpretation Committee (IFRS IC) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company applies RFR 2 Accounting for Legal Entities and the Annual Accounts Act.

The accounting principles and calculation methods applied in this interim report are in accordance with the principles described in the Annual Report 2023. For further information regarding the Group's and the Parent Company's applied accounting principles, see the Group's Annual Report 2023.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's operations are divided into operating segments consisting of Core markets (Sweden and Norway) and Growth markets (US, Europe outside Sweden and Norway) and Emerging markets focused on new product categories in current geographies. The Chief operating decision maker is the function responsible for allocating resources and assessing the operating segments' results. In the Group, this function has been identified as the CEO, who makes strategic decisions.

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- Profit/loss for the year attributable to the parent company's shareholders,
- with a weighted average number of outstanding ordinary shares during the period, excluding repurchased shares held as treasury shares by the parent company

Earnings per share after dilution

For the calculation of earnings per share after dilution, the amounts used for the calculation of earnings per share before dilution are adjusted by taking into account:

- the weighted average of the additional ordinary shares that would have been outstanding in a conversion of all potential ordinary shares

Dilution effect of potential ordinary shares is reported only if a conversion to ordinary shares would lead to a reduction in earnings per share after dilution. As the Company reports losses for certain periods, no dilution effect for such periods is reported.

Important estimates and assessments for accounting purposes

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions.

Significant estimates and assessments in the Group are attributable to goodwill and deferred tax. For further information, see the Group's Annual Report 2023.

Note 1 Financial instruments

The carrying amount of the Group's long-term financial instruments valued at amortized cost essentially corresponds to its fair value as the interest rate is in parity with current market interest rates.

The carrying amount of the Group's short-term financial instruments valued at accrued acquisition value essentially corresponds to its fair value as the discounting effect is not significant.

Note 2 Transactions with related parties

Transactions between Haypp Group and its subsidiaries have been eliminated in the consolidated financial statements. All transactions between related parties have been conducted on commercial terms, on an arm's length basis.

Note 3 Disclosure on new share and warrant issues

No transactions affecting equity has occurred during Q1 2024.

Key ratios

Amounts in MSEK	Q1 2024	Q1 2023	Last 12 months	Full Year 2023
Income statement				
Net sales growth, %	12.3	22.1		21.8
Adjusted EBITDA	46.8	30.7	150.7	134.6
Adjusted EBITDA margin, %	5.3	3.9	4.6	4.3
Adjusted EBIT	30.6	18.2	90.6	78.2
Adjusted EBIT margin, %	3.5	2.3	2.8	2.5
Operating profit/loss	15.9	7.4	30.7	22.3
Balance sheet				
Net working capital	209.6	178.2	209.6	253.1
Net debt	118.4	139.8	118.4	224.5
Investments	-20.7	-19.3		-61.0
Net debt/Adjusted EBITDA, times			0.8	1.7
Equity/Total assets ratio, %	58.2	61.7		56.7
Cash flow				
Cash flow from operating activities	121.6	91.9		80.5
Data per share				
Earnings per share after dilution (SEK)	0.42	0.05	0.55	0.17
Equity per share after dilution (SEK)	20.1	20.0	20.5	20.1
Cash flow from operating activities per share after dilution (SEK)	4.0	3.1		2.7
Average number of shares after dilution	30,456,772	29,572,810	29,890,676	29,720,859

Segment information by quarter

Amounts in MSEK	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Net sales per business unit								
Core markets	525.3	514.4	564.8	615.5	586.6	573.6	631.8	627.7
Growth markets	102.3	116.3	135.7	165.8	182.2	195.3	214.9	241.8
Emerging markets								8.1
EBITDA per business unit								
Core markets	43.5	42.2	47.3	50.4	45.4	45.6	50.1	53.7
Growth markets	-18.5	-17.0	-18.2	-19.8	-11.8	-12.7	-13.2	0.1
Emerging markets								-7.0
EBITDA margin per business unit (%)								
Core markets	8.3 %	8.2 %	8.4 %	8.2 %	7.7 %	8.0 %	7.9 %	8.6 %
Growth markets	-18.1 %	-14.6 %	-13.4 %	-11.9 %	-6.5 %	-6.5 %	-6.1 %	0.0 %
Emerging markets								-86.3 %
Active customers per business unit (thousand)								
Core markets	340	355	376	401	383	390	414	410
Growth markets	72	76	82	100	103	105	117	129
Emerging markets								9

Reconciliation of alternative performance measures

Management uses performance measures to supplement measures defined by IFRS or directly in the income statement and balance sheet. These measures are known as alternative performance measures, APM.

Items affecting comparability

Consulting and advisory costs

External costs mainly include fees to external financial and commercial advisors.

Acquisition, integration and restructuring costs

Acquisition costs and integration mainly consist of external costs for acquisitions (mainly fees to external advisors) and costs relating to integrating acquired businesses or assets.

Restructuring costs mainly consists of severance pay for significant organizational changes and also includes write down and impairment connected to improvements made in the company infrastructure.

Amounts in MSEK	Q1 2024	Q1 2023	Last 12 months	Full Year 2023
EBIT margin				
EBIT	15.9	7.4	30.7	22.3
Net sales	877.5	781.3	3,262.0	3,165.7
EBIT margin, %	1.8	1.0	0.9	0.7
Adjusted EBIT				
EBIT	15.9	7.4	30.7	22.3
Amortisation of acquired intangible assets	10.0	9.9	40.0	40.0
Less items affecting comparability:				
Consulting and advisory costs	0.0	0.7	0.0	0.7
Acquisition, integration and restructuring costs	4.8	0.2	19.8	15.2
Adjusted EBIT	30.6	18.2	90.6	78.2
Adjusted EBIT margin, %	3.5	2.3	2.8	2.5
EBITDA				
EBIT	15.9	7.4	30.7	22.3
Depreciation/amortisation and impairment of assets	30.9	22.3	105.0	96.4
EBITDA	46.8	29.8	135.7	118.7
EBITDA margin				
EBITDA	46.8	29.8	135.7	118.7
Net sales	877.5	781.3	3,262.0	3,165.7
EBITDA margin, %	5.3	3.8	4.2	3.7
Adjusted EBITDA				
EBITDA	46.8	29.8	135.7	118.7
Less items affecting comparability:				
Consulting and advisory costs	0.0	0.7	0.0	0.7
Acquisition, integration and restructuring costs	0.0	0.2	15.0	15.2
Adjusted EBITDA	46.8	30.7	150.7	134.6
Adjusted EBITDA margin, %	5.3	3.9	4.6	4.3

Amounts in MSEK	Q1 2024	Q1 2023	Last 12 months	Full Year 2023
Adjusted operating expenses				
Sum expenses	-869.3	-784.4	-3,256.2	-3,171.3
Other operating income	0.6	5.3	-1.2	3.5
Capitalised work on own account	7.1	5.2	26.3	24.4
Cost of Goods sold (-)	751.4	687.8	2,826.7	2,763.1
Depreciation and amortization of tangible and intangible assets	30.9	22.3	105.0	96.4
Less items affecting comparability:				
Consulting and advisory costs	0.0	0.7	0.0	0.7
Acquisition, integration and restructuring costs	4.8	0.2	19.8	15.2
Adjusted operating expenses	-74.5	-62.8	-279.8	-268.1
Net debt				
Non-current lease liability			61.2	69.4
Bank overdraft			52.8	136.4
Current lease liability			28.0	30.1
Cash and cash equivalents			-23.6	-11.4
Net debt			118.4	224.5
Net debt / adjusted EBITDA				
Net debt			118.4	224.5
Adjusted EBITDA			150.7	134.6
Net debt/Adjusted EBITDA, times			0.8	1.7
Items affecting comparability				
Consulting and advisory costs	0.0	-0.7	0.0	-0.7
Acquisition, integration and restructuring costs	-4.8	-0.2	-19.8	-15.2
Items affecting comparability	-4.8	-0.9	-19.8	-15.9
Equity per share after dilution				
Total equity	612.5	592.2	612.5	598.8
Average number of shares after dilution	30,456,772	29,572,810	29,890,676	29,720,859
Equity per share after dilution (SEK)	20.1	20.0	20.1	20.1
Cash flow from operating activities per share after dilution				
Cash flow from operating activities	121.6	91.9	121.6	80.5
Average number of shares after dilution	30,456,772	29,572,810	29,890,676	29,720,859
Cash flow from operating activities per share after dilution (SEK)	4.0	3.1	4.0	2.7

Net working capital

Amounts in MSEK	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Goods for resale	225.7	193.8	263.3
Accounts receivable	101.3	53.1	70.2
Other receivables	62.1	15.0	38.0
Prepaid expenses and accrued income	65.1	61.5	51.2
Accounts payable	-119.4	-66.8	-110.6
Accrued expenses and deferred income	-125.2	-78.4	-59.0
Net working capital	209.6	178.2	253.1

Definitions

	Definition	Reason for use
Net sales growth, %	Change in net sales growth for the period.	Shows whether the company's business is expanding or contracting.
Organic sales growth, %	Change in net sales excluding businesses which have been acquired, sold or exited.	Shows whether the company's business is expanding or contracting when excluding the effects from acquisitions, divestments or exits.
Gross profit growth, %	Change in net sales growth for the period minus cost of goods sold for the period.	Shows change in the profitability and the financial performance of the company's business.
EBIT margin, MSEK	EBIT as a percentage of net sales.	Shows operating profit in relation to net sales and is a measurement of the profitability in the company's operational business.
Adjusted EBIT, MSEK	EBIT excluding amortization and impairment losses on acquisition-related intangible assets and items affecting comparability.	Shows results of the company's operational business excluding amortization that arises as a result of accounting treatment of purchase price allocations in conjunction with acquisitions and items that affect comparison with other periods.
Adjusted EBIT margin, %	EBIT margin adjusted for amortization and impairment losses on acquisition-related intangible assets and items affecting comparability.	Shows EBIT margin excluding amortization that arises as a result of accounting treatment of purchase price allocations in conjunction with acquisitions and items that affect comparison with other periods.
EBITDA, MSEK	EBIT excluding depreciation/amortization and impairment of assets.	Shows the ability of the company's operations to generate resources for investment and payment to capital providers.
EBITDA margin, %	EBITDA as a percentage of net sales.	A profitability measurement that is used by investors, analysts and the company's management for evaluating the company's profitability.
Adjusted EBITDA, MSEK	EBITDA adjusted for items affecting comparability.	Shows EBITDA excluding items that affect comparison with other periods.
Adjusted EBITDA margin, %	EBITDA margin adjusted for items affecting comparability.	Shows EBITDA margin excluding items that affect comparison with other periods.
Net debt, MSEK	Non-current lease liability, bank overdraft, current lease liability, liabilities to credit institutions and cash and cash equivalents.	Shows how much cash would remain if all debts were paid off.
Net debt / adjusted EBITDA, x	Net debt in relation to adjusted EBITDA.	Shows financial risk and is an indication of repayment capacity.
Items affecting comparability	Significant items affecting comparability, including significant consulting and advisory costs, acquisition, integration and restructuring costs, and significant legal costs. It also includes write down and impairment connected to improvements made in the company infrastructure.	Refers to items that are reported separately as they are of a significant nature and are relevant for understanding the financial performance when comparing the profit/loss for the current period with the previous periods.

