

Interim Report  
January–Mars 2023

Q1

“Non-cyclical product characteristics and a strong financial position enables us to remain flexible and further improve on our position”



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 22 per cent to SEK 781.3 m (640.1). In constant currency, Net sales increased by 21 per cent.
- 41 percent volume growth in the Nicotine pouches category during the quarter.
- The gross margin amounted to 12.0 per cent (11.7).
- Adjusted EBIT amounted to SEK 18.2 m (14.1), corresponding to an adjusted EBIT margin of 2.3 per cent (2.2).
- Operating profit totalled SEK 7.4 m (0.7), including items affecting comparability of SEK –0.9 m (–3.6).
- Profit/loss for the quarter to SEK 1.4 m (–1.9).
- Earnings per share before dilution amounted to SEK 0.05 (–0.07).
- Number of orders increased to 1,121 thousand (961) with an average order value of SEK 650 (635).
- Active customers amounted to 501 thousand (414) at the end of the period.

Amounts in MSEK	Q1 2023	Q1 2022	LTM	Full Year 2022
Net sales	781.3	640.1	2,740.0	2,598.8
Net sales growth, %	22.1	15.8		14.6
Gross margin, %	12.0	11.7	12.7	12.6
Adjusted EBIT	18.2	14.1	62.6	58.5
Adjusted EBIT margin, %	2.3	2.2	2.3	2.2
Items affecting comparability	–0.9	–3.6	–0.7	–3.4
Operating profit/loss	7.4	0.7	22.0	15.2
Profit/loss for the period	1.4	–1.9	23.4	20.1
Earnings per share before dilution (SEK)	0.05	–0.07	0.80	0.69
Cash flow from operating activities	91.9	90.7		–32.4
Number of orders (thousand)	1,121	961	4,023	3,862
Average order value (SEK)	650	635	639	634
Active customers (thousand)	501	414	778	796

# Non-cyclical product characteristics and a strong financial position enables us to remain flexible and further improve on our position

Driven by solid performance in both our Core and Growth Markets the volume of nicotine pouches grew 41 per cent during the first quarter. We continue to make strong progress in the transformation to this rapidly growing product category, which now accounts for 45 per cent of the total volume. Net sales for the group increased by 21 per cent in constant currency, during the quarter to SEK 2,740 m on an LTM-basis. We have successfully turned around the Norwegian market into growth again despite some positive pandemic effects in our comparable figures for the quarter last year, driven by strong growth in nicotine pouches while snus declining. In Sweden the product margin was under pressure during the quarter due to aggressive competitive landscape after the industry's stock build-up before the new year mitigated by favorable campaigns and continued solid growth. However, the gross margin for the group increased to 12.0 per cent during the quarter from 11.7 per cent last year. Inflationary pressure has so far had limited impact on our overall performance and we see an increasing demand from consumers seeking safer nicotine alternatives at attractive prices.

## The fastest growing category

The Nicotine Pouches category, while still in its infancy, continues to be the fastest growing harm reduced category across both Europe and the US. Its growth is widely recognized as having substantial public health benefits by moving people away from cigarettes. This continued strong growth in the category and the suitability of online commerce, are the key drivers for why our performance has been an outlier relative to some other e-retailers in recent quarters. In addition to the current consumer demand, the launch of further improved products is a key force for us in improving our consumer experience. In UK, we have been running a test pilot regarding the vape segment since the beginning of the year. Sales have developed in a very satisfactory way and we will evaluate the project in the near future and then decide on further actions.

## California flavour ban

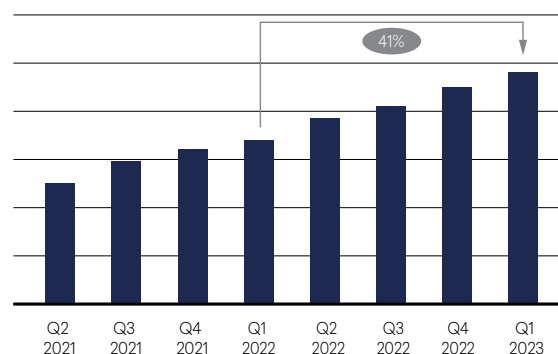
In November 2022, California imposed a ban on flavoured nicotine products sold in physical retail locations, thus prohibiting brick-and-mortar retailers and vending machines from selling certain flavoured tobacco products and tobacco flavour enhancers. While Haypp Group have strongly benefited from this. It is our opinion that the law to some extent is a step back in terms of harm-reduction as it does not distinguish between harm-reduced and harmful nicotine products. Moreover, we do not expect this change to have any



**“This continued strong growth in the Nicotine Pouches category and the suitability of online commerce, are the key drivers for why our performance has been an outlier relative to some other e-retailers in recent quarters.”**

## The transformation towards nicotine pouches running according to plan

Volume nicotine pouches



material impact on the overall category growth as we have seen numerous other examples of flavour bans, none of which has had any material impact on consumption. Neither do we expect this type of regulation to spread to other states.

### **New public health strategy in Norway**

The Norwegian government presented a new public health strategy in March, which expresses the government's desire to ensure better control over the sale of vapes and tobacco products. The public health strategy comprises measures within most of the priority focus areas in Norwegian health policy and is renewed every four years and includes a national strategy for tobacco control. The proposed measures should be seen a gross list of efforts, based on previous input from different health organisations. The publicised measure is not a legislative proposal, but a formulation in a strategy, with the aim to prevent minors from gaining access to tobacco products, and based on previous public health strategies, it's clear that far from all of these desired measures are being realised. We share the Government's view on the issues addressed in the public health strategy. However, we do not see a ban on e-commerce as part of the solution. On the contrary. It's a long process, we don't know if online sales will be prioritized by the government and if so how the definition of online sales will crystallize and it may not be possible to carry out the entire strategy before the next parliamentary election, which in the end could change the scope.

### **Relative advantages**

In an overall environment that has been increasingly focused on supply chains and cost inflation, we can state that Haypp Group has a favourable position. Nicotine products, historically, have remained resilient in times of contracting consumer spending. In previous contractions, customers have often moved to alternative nicotine products which had a lower price. Given that nicotine pouches sell at a fraction of the price of cigarettes, due to the significantly lower harm and hence significantly lower taxes, the category is well positioned across many markets. We also expect to benefit from the price advantages of e-commerce versus traditional offline stores. Finally, regarding inflation in the supply chain, we have so far not seen any material increases from our product suppliers. While we do expect a degree of cost pressure on the fulfillment side, our fulfillment costs accounts for less than 10 per cent of our Net sales.

**“In an overall environment that has been increasingly focused on supply chains and cost inflation, we can state that Haypp Group has a favourable position. Nicotine products, historically, have remained resilient in times of contracting consumer spending”**

### **Huge untapped potential**

There are still a billion cigarette smokers in the world, and a growing consumer demand for less harmful nicotine products as well as favourable regulatory development in several of Haypp Group's Growth markets. These trends will be two major drivers of Haypp Group's future growth. We will ride on the wave of increasing demand, growth continues to be prioritized over profitability, and resources as well as investments will be redirected towards the markets which shows favourable conditions such as DACH, UK and US as well as Haypp Group's Core markets Sweden and Norway.

We continue to invest in our technology, logistics and data infrastructure to ensure we release more of the value chain as we continue to grow. These plans remain on track.

A strong balance sheet, non-cyclical product characteristics, and a capital light business model enables us to remain flexible in the current economic environment and capture emerging opportunities to further improve on our position. All in all, Haypp Group is well positioned to take advantage of a rapidly growing international market over the coming years and deliver in line with our long-term financial targets.

Stockholm in May 2023

Gavin O'Dowd  
President and CEO

# Financial overview

## Net sales

Net sales for the first quarter increased with 22 per cent to SEK 781.3 m (640.1). In constant currency, Net sales increased by 21 per cent.

## Gross Profit

Gross Profit increased to SEK 93.5 m (74.7), corresponding to a gross margin of 12.0 per cent (11.7), driven by a strengthened position in the value chain both in the Core and Growth business unit as well as benefits of scale.

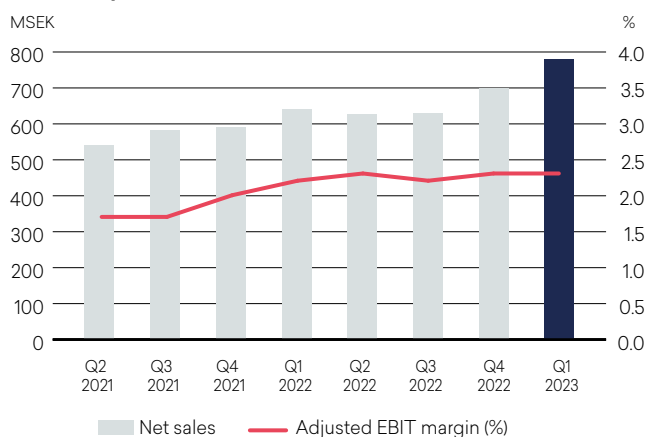
## Adjusted EBIT

Adjusted EBIT for the first quarter increased to SEK 18.2 m (14.1). The increase was mainly due to higher gross margin, increased volume as well as efficiency, partially offset by continued investments. The adjusted EBIT margin increased to 2.3 per cent (2.2).

## Operating profit

Operating profit for the first quarter amounted to SEK 7.4 m (0.7). Items affecting comparability amounted to SEK -0.9 m (-3.6). For more information on Items affecting comparability, refer to page 25.

## Quarterly overview



## Financial items

Financial expenses (net) for the quarter amounted to SEK -7.3 m (-3.2) mainly related to negative impact from exchange translation.

## Tax

Tax for the quarter amounts to SEK 1.3 m (0.6), of which SEK 0.4 m is related to corrections for previous year and SEK 1 m relates to amortization of surplus values.

## Net Profit

Profit for the quarter increased to SEK 1.4 m (-1.9). Earnings per share amounted to SEK 0.05 (-0.07) after dilution.

## Investments

During the first quarter 2023, Haypp Group invested (net) SEK 19.3 m (11.6), whereof SEK 13.0 m (10.3) was invested in intangible assets.

## Cash flow

Cash flow for the period from operating activities increased to SEK 91.9 m (90.7). Cash flow from changes in working capital was SEK 67.1 m (79.3) due to decreased inventories and receivables as well as underlying increased liabilities. Repayments of short term liabilities are classified under financing activities.

## Net debt and cash and cash equivalents

At the end of the period, the net debt amounted to SEK 139.8 m versus 185.1 per 31 December 2022. In total, cash and cash equivalents amounted to SEK 14.4 m, versus 15.2 at the end of last year. At the end of the period, unutilized credit facility amounted to SEK 55 m, versus SEK 23 m on 31 December 2022.

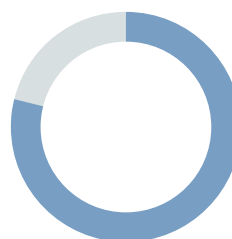


# Review of reporting segments

Haypp Group operates two reporting segments, or business units, Core markets and Growth 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.

Net sales, Q1



■ Core markets ■ Growth markets

## Segment breakdown

Amounts in KSEK	Net Sales			EBITDA		
	Q1 2023	Q1 2022	LTM	Q1 2023	Q1 2022	LTM
Core markets	615,485	540,806	2,219,966	50,407	40,919	183,498
EBITDA margin, %				8.2 %	7.6 %	8.3 %
Growth markets	165,810	99,252	520,084	-19,770	-17,957	-73,536
EBITDA margin, %				-11.9 %	-18.1 %	-14.1 %
Parent company/other	0	0	0	-886	-3,587	-652
Reconciliation items	0	0	0	21	-30	230
<b>GROUP TOTAL</b>	<b>781,295</b>	<b>640,058</b>	<b>2,740,050</b>	<b>29,772</b>	<b>19,345</b>	<b>109,541</b>
EBITDA margin, %				3.8 %	3.0 %	4.0 %
Depreciation & Amortization				-22,334	-18,663	-87,563
Financial items				-7,317	-3,201	-1,828
<b>PROFIT BEFORE TAXES</b>				<b>120</b>	<b>-2,519</b>	<b>20,149</b>

# Core markets

## Core markets

(Amounts in MSEK)

	Q1 2023	Q1 2022	Change, %	LTM	Full Year 2022
Net sales	615.5	540.8	13.8 %	2,220.0	2,145.3
EBITDA	50.4	40.9	23.2 %	183.5	174.0
EBITDA margin (%)	8.2 %	7.6 %	0.6 p.p.	8.3 %	8.1 %
Active customers (thousand)	401	343	17%	601	637

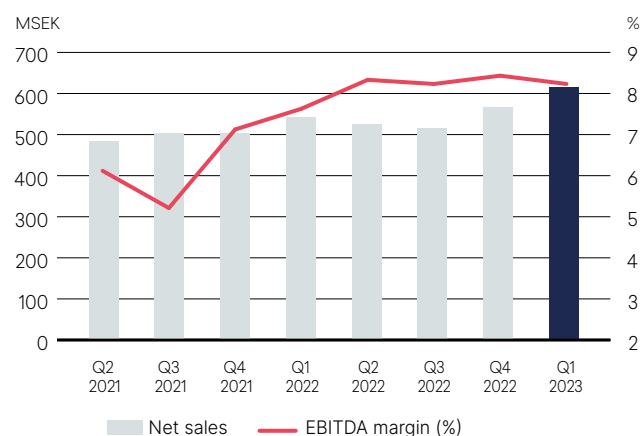
### Net sales

Net sales for the first quarter increased with 14 per cent to SEK 615.5 m (540.8), and 15 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, while traditional snus category consumption is declining. The number of active customers increased with 17 per cent to 401 thousand (343).

### EBITDA

EBITDA for the business unit increased with 23 per cent to SEK 50.4 m (40.9). The EBITDA margin increased with 0.6 percentage points and amounted to 8.2 per cent (7.6) mainly attributable to a higher gross margin and economies of scale, partially offset by further investments for future growth.

### Core markets



# Growth markets

## Growth markets

(Amounts in MSEK)

	Q1 2023	Q1 2022	Change, %	LTM	Full Year 2022
Net sales	165.8	99.3	67.1 %	520.1	453.5
EBITDA	-19.8	-18.0	10.1 %	-73.5	-71.7
EBITDA margin (%)	-11.9 %	-18.1 %	-6.2 p.p.	-14.1 %	-15.8 %
Active customers (thousand)	100	71	41%	177	159

### Net sales

Net sales for the first quarter increased with 67 per cent to SEK 165.8 m (99.3), mainly due to a strong performance in both the US, especially California, and UK. Net sales in constant currency was 55 per cent. The number of active customers increased with 41 per cent to 100 thousand (71), due to a positive momentum primarily in the nicotine pouches category. Nicotine Pouches grew by 60 per cent in volume during the quarter.

### EBITDA

EBITDA for the business unit decreased to SEK -19.8 m (-18.0). The EBITDA margin amounted to -11.9 per cent (-18.1), due to continued commercial investments and a relatively high share of fixed costs compared with current volumes.

### Growth markets





# Other information

## Employees

The average number of full-time employees during Q1 2023 was 154, compared to 128 per Q1 2022. The increase was primarily attributable to expansion of the business.

## AGM

Annual shareholders' meeting will be held in Stockholm 17 May 2023. The Board of Directors proposes to the general meeting that no dividends be paid for fiscal year 2022, this year's generated cash flows will be used for the Company's continued expansion.

## 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 3,800 at the end of March.

Largest shareholders per March 31, 2023.

	Numbers of shares	Share of capital and votes
GR8 Ventures AB	4,323,953	14.85
Patrik Rees	3,612,423	12.40
Fidelity Investments (FMR)	2,909,789	9.99
Northerner Holding AB	2,797,917	9.61
MadHat AB	1,696,269	5.82
e-Business Partner Norden AB	1,216,130	4.18
Gavin O'Dowd	1,179,391	4.05
Ola Svensson	1,174,665	4.03
Pulsen Sb Investment AB	1,065,900	3.66
Erik Selin	1,000,000	3.43
<b>Sum</b>	<b>20,976,437</b>	<b>72.03</b>
Others	8,146,042	27.97
<b>Total</b>	<b>29,122,479</b>	<b>100</b>

## 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 0.6 m (0.5) and profit totalled SEK -1.1 m (-0.4). Total equity amounted to SEK 631.8 m (632.9) per 31 March 2023.

## Seasonal effects

Haypp Group assesses that its revenues and EBIT to a limited degree are affected by seasonality. The two 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.

The last wave of Covid impacted the Norwegian market in January 2022, creating a higher than normal baseline. Since then Haypp Group has seen the return of normal seasonality patterns with a general higher share of traveling during the summer and winter holidays.

## 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 2022 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 2023

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 2023.

## 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 Svante Andersson, 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](https://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 17, 2023  
Annual shareholders' meeting 2023  
August 11, 2023  
Interim report for January–June, 2023  
November 8, 2023  
Interim report for January–September, 2023

# 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 ten e-commerce store brands, the Haypp Group is present in seven countries where we served more than 800,000 active consumers during 2022. Headquartered in Stockholm, Sweden, Haypp Group employs 150 FTEs and have net sales of over SEK 2.7 bn in the last twelve months to March 31, 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.

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## Financial targets

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

### **Growth**

Haypp Group targets to reach net sales of at least SEK 5 billion by 2025, predominantly through organic growth.

### **Profitability**

Haypp Group will prioritise growth over profitability and targets to reach a high single digit adjusted EBIT margin in the medium to long term.

### **Dividend policy**

In the upcoming years, the Board of Haypp Group will primarily use the generated cash flows for the company’s continued expansion.

# 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 2023	Q4 2022	Full Year 2022
<b>Health Contribution</b>	Grow customers of harm reduced products	Number of purchasing customers	501,000	459,000	796,000
<b>Insights for all</b>	Enlightened people & public for awareness and understanding	Number of visits to editorial material, facts and reports	1,114,000	912,000	2,251,000
<b>Sustainable innovation for growth and development</b>	Quality assurance & Product development	Share of relevant portfolio tested & according to standard	87%	85%	85%
<b>Best place to work</b>	Great employer	Employee satisfaction in per cent	81%	80%	81%
<b>Business Ethics</b>	Delivering on the customer promise	Rate of customer satisfaction	72.5	74.4	74.4

# Consolidated income statement

Amounts in KSEK	Q1 2023	Q1 2022	Last 12 months	Full Year 2022
Net sales	781,295	640,058	2,740,050	2,598,813
Capitalised work on own account	5,204	3,502	18,384	16,683
Other operating income	5,335	6,302	9,103	10,070
<b>Total</b>	<b>791,834</b>	<b>649,863</b>	<b>2,767,536</b>	<b>2,625,565</b>
Goods for resale	-687,815	-565,325	-2,392,798	-2,270,308
Other external costs	-33,910	-25,365	-117,866	-109,321
Personnel expenses	-38,595	-38,009	-140,817	-140,231
Depreciation and amortization of tangible and intangible assets	-22,334	-18,663	-87,563	-83,891
Other operating expenses	-1,742	-1,818	-6,516	-6,591
<b>Sum expenses</b>	<b>-784,397</b>	<b>-649,180</b>	<b>-2,745,560</b>	<b>-2,610,343</b>
<b>Operating profit/loss</b>	<b>7,437</b>	<b>683</b>	<b>21,977</b>	<b>15,222</b>
<b>Financial income/expense</b>				
Financial income	379	-2	14,809	14,428
Financial expenses	-7,696	-3,199	-16,637	-12,140
<b>Financial net</b>	<b>-7,317</b>	<b>-3,201</b>	<b>-1,828</b>	<b>2,287</b>
<b>Earnings Before Tax</b>	<b>120</b>	<b>-2,519</b>	<b>20,149</b>	<b>17,509</b>
Income tax	1,316	625	3,264	2,573
<b>Profit/loss for the period</b>	<b>1,436</b>	<b>-1,894</b>	<b>23,412</b>	<b>20,082</b>
<b>Profit/loss for the period attributable to:</b>				
The parent company's shareholders	1,436	-1,894	23,412	20,082
<b>Earnings per share, calculated on the earnings</b>				
attributable to the parent company's shareholders				
during the period:				
Earnings per share before dilution (SEK)	0.05	-0.07	0.80	0.69
Earnings per share after dilution (SEK)	0.05	-0.07	0.79	0.68

# Consolidated statement of comprehensive income

Amounts in KSEK	Q1 2023	Q1 2022	Last 12 months	Full Year 2022
<b>Profit/loss for the period</b>	<b>1,436</b>	<b>-1,894</b>	<b>23,412</b>	<b>20,082</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified to profit or loss</b>				
Foreign currency translation differences	-6,752	5,740	-6,658	5,834
<b>Total other comprehensive income</b>	<b>-6,752</b>	<b>5,740</b>	<b>-6,658</b>	<b>5,834</b>
<b>Total Comprehensive income</b>	<b>-5,315</b>	<b>3,847</b>	<b>16,754</b>	<b>25,916</b>
<b>Total comprehensive income for the year attributable to:</b>				
Parent company shareholders	-5,315	3,847	16,754	25,916
Average number of shares before dilution	29,122,479	29,099,979	29,113,810	29,108,184
Average number of shares after dilution	29,572,810	29,672,925	29,473,853	29,502,411

# Consolidated balance sheet

Amounts in KSEK	2023-03-31	2022-12-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
<b>Intangible assets</b>		
Goodwill	156,639	161,985
Customer relationships	103,415	107,697
Trademarks	134,461	139,345
Websites	23,189	24,573
Capitalized development costs	81,824	75,212
<b>Total intangible assets</b>	<b>499,527</b>	<b>508,811</b>
<b>Tangible assets</b>		
Leasehold improvements	720	833
Equipment	3,224	3,553
<b>Total tangible assets</b>	<b>3,944</b>	<b>4,386</b>
<b>Financial assets</b>		
Non-current receivables	13,906	7,451
<b>Total financial assets</b>	<b>13,906</b>	<b>7,451</b>
Right-of-use assets	83,878	88,944
Deferred tax assets	19,728	19,337
<b>Total fixed assets</b>	<b>620,983</b>	<b>628,929</b>
<b>Current assets</b>		
<b>Inventories</b>		
Goods for resale	193,842	222,773
<b>Current receivables</b>		
Accounts receivable	53,123	62,022
Current tax recoverable	1,187	2,124
Other receivables	14,969	41,792
Prepaid expenses and accrued income	61,507	48,444
Cash and cash equivalents	14,402	15,196
<b>Total current receivables</b>	<b>145,188</b>	<b>169,578</b>
<b>Total current assets</b>	<b>339,030</b>	<b>392,351</b>
<b>TOTAL ASSETS</b>	<b>960,013</b>	<b>1,021,280</b>



# Consolidated balance sheet cont.

Amounts in KSEK	2023-03-31	2022-12-31
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1,908	1,908
Other contributed capital	689,487	689,558
Translation differences	-7,330	-579
Retained earnings (including net profit/loss for the year)	-91,912	-93,348
<b>Total equity</b>	<b>592,153</b>	<b>597,539</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Non-current lease liability	59,380	64,070
Deferred tax liabilities	20,560	21,725
Other liabilities	6,012	5,866
<b>Total non-current liabilities</b>	<b>85,953</b>	<b>91,662</b>
<b>Current liabilities</b>		
Bank overdraft	72,697	114,607
Current lease liability	22,102	21,616
Accounts payable	66,824	91,915
Current tax liabilities	0	1,798
Other liabilities	41,895	48,509
Accrued expenses and deferred income	78,389	53,633
<b>Total current liabilities</b>	<b>281,907</b>	<b>332,078</b>
<b>Total liabilities</b>	<b>367,860</b>	<b>423,740</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>960,013</b>	<b>1,021,280</b>

# Consolidated statement of changes in equity

Amounts in KSEK	Share capital	Other contributed capital	Translation differences	Retained earnings	Total equity
<b>Opening balance, 2022-01-01</b>	<b>1,906</b>	<b>686,553</b>	<b>-6,413</b>	<b>-113,430</b>	<b>568,617</b>
Profit/loss for the year				-1,894	-1,894
Other comprehensive income for the year			5,740		5,740
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>5,740</b>	<b>-1,894</b>	<b>3,847</b>
New share issue <sup>1</sup>	0	-351			-351
<b>Total transactions with shareholders in their attribute as shareholders</b>	<b>0</b>	<b>-351</b>	<b>0</b>	<b>0</b>	<b>-351</b>
<b>Closing balance, 2022-03-31</b>	<b>1,906</b>	<b>686,202</b>	<b>-672</b>	<b>-115,324</b>	<b>572,112</b>
<b>Opening balance, 2023-01-01</b>	<b>1,908</b>	<b>689,558</b>	<b>-579</b>	<b>-93,348</b>	<b>597,539</b>
Profit/loss for the year				1,436	1,436
Other comprehensive income for the year			-6,752		-6,752
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-6,752</b>	<b>1,436</b>	<b>-5,315</b>
New share issue <sup>1</sup>	0	-71			-71
<b>Total transactions with shareholders in their attribute as shareholders</b>	<b>0</b>	<b>-71</b>	<b>0</b>	<b>0</b>	<b>-71</b>
<b>Closing balance, 2023-03-31</b>	<b>1,908</b>	<b>689,487</b>	<b>-7,330</b>	<b>-91,912</b>	<b>592,153</b>

<sup>1</sup> After deduction of issue costs

# Consolidated statement of cash flow

Amounts in KSEK	2023-03-31	2022-03-31
<b>Cash flow from operating activities</b>		
Operating profit	7,437	683
Adjustment for non-cash items:		
- Depreciation and amortization of tangible and intangible assets	22,334	18,663
- Other non-cash items	-1,554	-5,138
Interest received	29	0
Interest paid	-2,429	-1,500
Income tax paid	-963	-1,298
<b>Cash flow from operating activities before change in working capital</b>	<b>24,855</b>	<b>11,409</b>
<b>Cash flow from change in working capital</b>		
Increase/decrease in inventories	26,013	6,803
Increase/decrease in operating receivables	20,843	25,194
Increase/decrease in operating liabilities	20,197	47,309
<b>Total change in working capital</b>	<b>67,053</b>	<b>79,306</b>
<b>Cash flow from operating activities</b>	<b>91,908</b>	<b>90,715</b>
<b>Cash flow from investing activities</b>		
Investment in intangible assets	-12,983	-10,267
Investment in tangible assets	-31	-399
Change in other financial assets	-6,329	-897
<b>Cash flow from investing activities</b>	<b>-19,343</b>	<b>-11,564</b>
<b>Cash flow from financing activities</b>		
New loans	-1,285	47
Change bank overdraft	-41,910	-34,986
Repayment of loans	-25,000	0
Repayment of leasing debt	-4,996	-4,315
New share issue <sup>1</sup>	-71	-43
<b>Cash flow from financing activities</b>	<b>-73,261</b>	<b>-39,297</b>
<b>Decrease/increase in cash and cash equivalents</b>		
Opening cash and cash equivalents	15,196	49,055
Cash flow for the period	-696	39,854
Exchange-rate differences in cash and cash equivalents	-98	1,945
<b>Closing cash and cash equivalents</b>	<b>14,402</b>	<b>90,853</b>

<sup>1</sup> Cost after deduction of issue cost

# Parent Company income statement

Amounts in KSEK	Q1 2023	Q1 2022	Last 12 months	Full Year 2022
Other operating income	638	504	5,949	5,815
<b>Total</b>	<b>638</b>	<b>504</b>	<b>5,949</b>	<b>5,815</b>
Other external costs	-1,008	405	-5,180	-3,768
Personnel expenses	-1,564	-1,338	-6,228	-6,002
Depreciation and amortization of tangible and intangible assets	-12	-12	-50	-50
Other operating expenses	-3	0	-4	-1
<b>Sum expenses</b>	<b>-2,588</b>	<b>-947</b>	<b>-11,462</b>	<b>-9,821</b>
<b>Operating profit/loss</b>	<b>-1,949</b>	<b>-442</b>	<b>-5,514</b>	<b>-4,007</b>
<b>Financial income/expense</b>				
Profit from shares in group companies	0	0	-2,000	-2,000
Interest income and other financial income	0	0	8,763	8,763
Interest and other financial expenses	-1	0	-1,135	-1,134
<b>Result from financial income/expenses</b>	<b>-1</b>	<b>0</b>	<b>5,628</b>	<b>5,629</b>
<b>Earnings Before Tax</b>	<b>-1,950</b>	<b>-442</b>	<b>115</b>	<b>1,622</b>
Appropriations	0	0	21,000	21,000
<b>Earnings before tax</b>	<b>-1,950</b>	<b>-442</b>	<b>21,115</b>	<b>22,622</b>
Income tax	880	0	-802	-1,682
<b>Profit/loss for the period</b>	<b>-1,070</b>	<b>-442</b>	<b>20,312</b>	<b>20,940</b>

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	2023-03-31	2022-12-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
<b>Intangible assets</b>		
Capitalized development costs	75	87
<b>Total intangible assets</b>	<b>75</b>	<b>87</b>
<b>Financial assets</b>		
Shares in subsidiaries	321,592	321,592
Deferred tax assets	3,430	2,551
Non-current receivables	2,783	2,909
Non-current intercompany receivables	335,130	335,130
<b>Total financial assets</b>	<b>662,935</b>	<b>662,182</b>
<b>Total fixed assets</b>	<b>663,010</b>	<b>662,269</b>
<b>Current assets</b>		
<b>Current receivables</b>		
Receivables from group companies	8,765	9,286
Current tax recoverable	14	0
Other receivables	809	1,355
Prepaid expenses and accrued income	812	551
<b>Total current receivables</b>	<b>10,400</b>	<b>11,192</b>
Cash and cash equivalents	599	1,650
<b>Total current assets</b>	<b>10,999</b>	<b>12,842</b>
<b>TOTAL ASSETS</b>	<b>674,009</b>	<b>675,111</b>

# Parent Company balance sheet cont.

Amounts in KSEK	2023-03-31	2022-12-31
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Restricted equity</b>		
Share capital	1,908	1,908
<b>Non-restricted equity</b>		
Premium fund	689,487	689,558
Retained earnings	-58,526	-79,466
Profit/loss for the period	-1,070	20,940
<b>Total equity</b>	<b>631,800</b>	<b>632,941</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Non-current intercompany liabilities	39,313	39,313
Other liabilities	228	82
<b>Total non-current liabilities</b>	<b>39,542</b>	<b>39,396</b>
<b>Current liabilities</b>		
Current liabilities to group companies	1,130	1,130
Accounts payable	499	15
Other liabilities	119	167
Accrued expenses and deferred income	920	1,463
<b>Total current liabilities</b>	<b>2,668</b>	<b>2,775</b>
<b>Total liabilities</b>	<b>42,210</b>	<b>42,171</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>674,009</b>	<b>675,111</b>



# 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-104 62, 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 2022. For further information regarding the Group's and the Parent Company's applied accounting principles, see the Group's Annual Report 2022.

## 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 Rest of World). 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 2022.

## 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.

# Notes

## **Note 3 Disclosure on new share and warrant issues**

During 2023 warrants have been cancelled for employees who have left the company. These have been repurchased at acquisition cost which resulted in a decrease of other contributed capital by SEK 70 855.

# Key ratios

Amounts in MSEK	Q1 2023	Q1 2022	Last 12 months	Full Year 2022
<b>Income statement</b>				
Net sales growth, %	22.1	15.8		14.6
Adjusted EBITDA	30.7	22.9	110.2	102.5
Adjusted EBITDA margin, %	3.9	3.6	4.0	3.9
Adjusted EBIT	18.2	14.1	62.6	58.5
Adjusted EBIT margin, %	2.3	2.2	2.3	2.2
Operating profit/loss	7.4	0.7	22.0	15.2
<b>Balance sheet</b>				
Net working capital	178.2	30.3	178.2	229.5
Net debt	139.8	-19.1	139.8	185.1
Investments	-19.3	-11.6		-49.3
Net debt/Adjusted EBITDA, times			1.3	1.8
Equity/Total assets ratio, %	61.7	59.9		58.5
<b>Cash flow</b>				
Cash flow from operating activities	91.9	90.7		-32.4
<b>Data per share</b>				
Earnings per share after dilution (SEK)	0.05	-0.07	0.79	0.68
Equity per share after dilution (SEK)	20.0	19.3	20.1	20.3
Cash flow from operating activities per share after dilution (SEK)	3.1	3.1		-1.1
Average number of shares after dilution	29,572,810	29,672,925	29,473,853	29,502,411

# Segment information by quarter

Amounts in MSEK	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
<b>Net sales per business unit</b>								
Core markets	484.4	501.3	503.6	540.8	525.3	514.4	564.8	615.5
Growth markets	57.4	80.6	86.9	99.3	102.3	116.3	135.7	165.8
<b>EBITDA per business unit</b>								
Core markets	29.7	26.0	36.4	40.9	43.5	42.3	47.3	50.4
Growth markets	-12.7	-7.8	-15.3	-18.0	-18.5	-17.0	-18.2	-19.8
<b>EBITDA margin per business unit (%)</b>								
Core markets	6.1 %	5.2 %	7.2 %	7.6 %	8.3 %	8.2 %	8.4 %	8.2 %
Growth markets	-22.2 %	-9.7 %	-17.6 %	-18.1 %	-18.1 %	-14.6 %	-13.4 %	-11.9 %
<b>Active customers per business unit (thousand)</b>								
Core markets	287	321	324	343	340	355	376	401
Growth markets	45	61	68	71	72	76	82	100

# 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.

Amounts in MSEK	Q1 2023	Q1 2022	Last 12 months	Full Year 2022
<b>EBIT margin</b>				
EBIT	7.4	0.7	22.0	15.2
Net sales	781.3	640.1	2,740.0	2,598.8
EBIT margin, %	1.0	0.1	0.8	0.6
<b>Adjusted EBIT</b>				
EBIT	7.4	0.7	22.0	15.2
Amortisation of acquired intangible assets	9.9	9.9	40.0	39.9
Less items affecting comparability:				
Consulting and advisory costs	0.7	0.0	0.7	0.0
Acquisition, integration and restructuring costs	0.2	3.6	0.0	3.4
Adjusted EBIT	18.2	14.1	62.6	58.5
Adjusted EBIT margin, %	2.3	2.2	2.3	2.2
<b>EBITDA</b>				
EBIT	7.4	0.7	22.0	15.2
Depreciation/amortisation and impairment of assets	22.3	18.7	87.6	83.9
EBITDA	29.8	19.3	109.5	99.1
<b>EBITDA margin</b>				
EBITDA	29.8	19.3	109.5	99.1
Net sales	781.3	640.1	2,740.0	2,598.8
EBITDA margin, %	3.8	3.0	4.0	3.8
<b>Adjusted EBITDA</b>				
EBITDA	29.8	19.3	109.5	99.1
Less items affecting comparability:				
Consulting and advisory costs	0.7	0.0	0.7	0.0
Acquisition, integration and restructuring costs	0.2	3.6	0.0	3.4
Adjusted EBITDA	30.7	22.9	110.2	102.5
Adjusted EBITDA margin, %	3.9	3.6	4.0	3.9

Amounts in MSEK	Q1 2023	Q1 2022	Last 12 months	Full Year 2022
<b>Adjusted operating expenses</b>				
Sum expenses	-784.4	-649.2	-2,745.6	-2,610.3
Other operating income	5.3	6.3	9.1	10.1
Capitalised work on own account	5.2	3.5	18.4	16.7
Cost of Goods sold (-)	687.8	565.3	2,392.8	2,270.3
Depreciation and amortization of tangible and intangible assets	22.3	18.7	87.6	83.9
Less items affecting comparability:				
Consulting and advisory costs	0.7	0.0	0.7	0.0
Acquisition, integration and restructuring costs	0.2	3.6	0.0	3.4
<b>Adjusted operating expenses</b>	<b>-62.8</b>	<b>-51.8</b>	<b>-237.1</b>	<b>-226.0</b>
<b>Net debt</b>				
Non-current lease liability			59.4	64.1
Bank overdraft			72.7	114.6
Current lease liability			22.1	21.6
Cash and cash equivalents			-14.4	-15.2
<b>Net debt</b>			<b>139.8</b>	<b>185.1</b>
<b>Net debt / adjusted EBITDA</b>				
Net debt			139.8	185.1
Adjusted EBITDA			110.2	102.5
<b>Net debt/Adjusted EBITDA, times</b>			<b>1.3</b>	<b>1.8</b>
<b>Items affecting comparability</b>				
Consulting and advisory costs	-0.7	0.0	-0.7	0.0
Acquisition, integration and restructuring costs	-0.2	-3.6	0.0	-3.4
<b>Items affecting comparability</b>	<b>-0.9</b>	<b>-3.6</b>	<b>-0.7</b>	<b>-3.4</b>
<b>Equity per share after dilution</b>				
Total equity	592.2	572.1		597.5
Average number of shares after dilution	29,572,810	29,672,925	29,473,853	29,502,411
<b>Equity per share after dilution (SEK)</b>	<b>20.0</b>	<b>19.3</b>		<b>20.3</b>
<b>Cash flow from operating activities per share after dilution</b>				
Cash flow from operating activities	91.9	90.7		-32.4
Average number of shares after dilution	29,572,810	29,672,925	29,473,853	29,502,411
<b>Cash flow from operating activities per share after dilution (SEK)</b>	<b>3.1</b>	<b>3.1</b>		<b>-1.1</b>

#### Net working capital

Amounts in MSEK	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Goods for resale	193.8	137.8	222.8
Accounts receivable	53.1	40.3	62.0
Other receivables	15.0	41.7	41.8
Prepaid expenses and accrued income	61.5	32.3	48.4
Accounts payable	-66.8	-123.8	-91.9
Accrued expenses and deferred income	-78.4	-98.0	-53.6
<b>Net working capital</b>	<b>178.2</b>	<b>30.3</b>	<b>229.5</b>



# Definitions

	Definition	Reason for use
<b>Net sales growth, %</b>	Change in net sales growth for the period.	Shows whether the company's business is expanding or contracting.
<b>Organic sales growth, %</b>	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.
<b>Gross profit growth, %</b>	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.
<b>EBIT margin, MSEK</b>	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.
<b>Adjusted EBIT, MSEK</b>	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.
<b>Adjusted EBIT margin, %</b>	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.
<b>EBITDA, MSEK</b>	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.
<b>EBITDA margin, %</b>	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.
<b>Adjusted EBITDA, MSEK</b>	EBITDA adjusted for items affecting comparability.	Shows EBITDA excluding items that affect comparison with other periods.
<b>Adjusted EBITDA margin, %</b>	EBITDA margin adjusted for items affecting comparability.	Shows EBITDA margin excluding items that affect comparison with other periods.
<b>Net debt, MSEK</b>	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.
<b>Net debt / adjusted EBITDA, x</b>	Net debt in relation to adjusted EBITDA.	Shows financial risk and is an indication of repayment capacity.
<b>Items affecting comparability</b>	Significant items affecting comparability, including significant consulting and advisory costs, acquisition, integration and restructuring costs, and significant legal costs.	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.

