

Interim Report  
January–September 2021

Q3



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All in all, Haypp Group  
is well-positioned to  
take advantages of a  
large and global  
market

HAYPP GROUP

### Third quarter

- Net sales increased with 28 per cent to SEK 581.9 m (453.8). Organic sales growth was 18 per cent.
- The gross margin amounted to 11.0 per cent (12.8).
- Adjusted EBIT amounted to SEK 10.1 m (16.6), corresponding to an adjusted EBIT margin of 1.7 per cent (3.7).
- Operating profit/loss totalled SEK -8.7 m (10.0), including items affecting comparability of SEK -9.0 m (-1.9).
- Profit/loss for the quarter to SEK -6.2 m (5.1).
- Earnings per share before dilution amounted to SEK -0.27 (0.25).
- Number of orders increased to 887 thousand (636) with an average order value of SEK 624 (668).
- Active customers amounted to 382 thousand (280) at the end of the period.
- After the period Haypp Group listed its shares on Nasdaq First North Growth Market and carried out a new share issue of SEK 150 m that further strengthened Haypp Group's financial position.

### First nine months

- Net sales increased with 38 per cent to SEK 1,676.2 m (1,216.2). Organic sales growth was 36 per cent.
- The gross margin amounted to 11.0 per cent (12.5).
- Adjusted EBIT increased to SEK 29.7 m (27.1), corresponding to an adjusted EBIT margin of 1.8 per cent (2.2).
- Operating profit/loss totalled SEK -12.2 m (4.6), including items affecting comparability of SEK -22.9 m (-8.2).
- Profit/loss for the period amounted to SEK -15.0 m (-5.1).
- Earnings per share before dilution amounted to SEK -0.70 (-0.25).
- Cash flow from operating activities amounted to SEK -8.3 m (38.8).
- Number of orders increased to 2,488 thousand (1,776) with an average order value of SEK 626 (658).
- Acquisition of certain assets of Nettotobak and Snusnetto per 30 June and 1 July respectively. The acquisitions acknowledge Haypp Group's position as a Swedish market leader in nicotine pouches.
- At the Annual General Meeting in June, Anneli Lindblom and Per Sjödel were elected as new members of the Board.

(Amounts in MSEK)	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	LTM	2020
Net sales	581.9	453.8	1 676.2	1 216.2	2 189.2	1 729.2
Net sales growth, %	28.2	-	37.8	-	-	115.5
Gross margin, %	11.0	12.8	11.0	12.5	11.8	13.0
Adjusted EBIT	10.1	16.6	29.7	27.1	40.9	38.3
Adjusted EBIT margin, %	1.7	3.7	1.8	2.2	1.9	2.2
Items affecting comparability	-9.0	-1.9	-22.9	-8.2	-45.2	-30.5
Operating profit/loss	-8.7	10.0	-12.2	4.6	-31.2	-14.3
Profit/loss for the period	-6.2	5.1	-15.0	-5.1	-37.6	-27.8
Earnings per share before dilution (SEK)	-0.27	0.25	-0.70	-0.25	-1.78	-1.36
Cash flow from operating activities	-	-	-8.3	38.8	-	48.5
Number of orders (thousand)	887	636	2 488	1 776	3 202	2 490
Average order value (SEK)	624	668	626	658	632	657
Active customers (thousand)	382	280	583	452	657	541

# CEO-statement – Positioned for long-term profitable growth

**Net sales for the third quarter increased with 28 per cent to SEK 582 m. Organically, when excluding the acquisitions of Nettotobak and Snusnetto as well as adjusting for the markets that were exited in the first quarter, sales growth was 18 per cent and acquisitions contributed with SEK 61 m in the third quarter. Gross Profit increased with 10 per cent and amounted to SEK 64 m, corresponding to a margin of 11.0 per cent versus 10.2 per cent in the second quarter. We invested heavily in growth in Sweden during the first six months of the year and applied pressure to our competition. With the strategic acquisitions of Nettotobak and Snusnetto, we are further strengthening our position as the online market leader for oral nicotine products in the Core Markets. The growth investments were sustained during the larger part of the third quarter with a partial reversal during the third quarter. The adjusted EBIT decreased to SEK 10 m, equalling a margin of 1.7 per cent.**

## **Normalised environment in Core Markets**

The acquisitions of Nettotobak and Snusnetto has further strengthened our position as the online market leader in our Core Markets and enabled us to further optimize the customer experience while also generating short-term financial benefits. Reported Net sales growth during the quarter was 77 per cent in Sweden and remained strong on an organic basis with over 40 per cent year-on-year growth. In Norway, Haypp Group gained substantial market share in 2020 following the closure of the border to Sweden, which affected the border trade as well as the reduction in duty free sales at Norwegian international airports. The border trade and duty free channels accounted for around 30 per cent of consumption in Norway prior to Covid. Our year-on-year growth in Norway during the third quarter of 2020 was in excess of 200 per cent. During the third quarter of this year, we experienced a partial reopening of the duty free and border trade as Covid restrictions eased. In addition, we continue to experience aggressive price competition from our offline competitors. As a result of the above factors, Net sales declined by 9 per cent during the third quarter. A range of initiatives have been launched to turn around the negative development in Norway, but we remain conscious that it may take a few quarters before we start seeing improvements as a result of these initiatives. Adding together the positive development in Sweden with the more negative performance in Norway, our Core Markets segment recorded a 29 per cent growth in Net sales.

## **Strong traction in Growth Markets**

In the US, the improving performance which we saw during the second quarter, versus elevated comparables in 2020, continued to strengthen during the third

quarter. In Europe, we continue to make strong progress where Germany in particular is benefiting from regulatory tailwind around the category. While we benefit in the short-term from the situation in Germany, it is our view that clear and balanced regulation that takes the harm reduction perspective into account is critical for the long-term success of the category.

## **Growth over profitability**

We continue to prioritize growth over profitability and have implemented several initiatives that gradually strengthen and streamline our technical platform and differentiate our offering in different geographical markets for best outcome over time. We have migrated all of our European sites onto one platform and greatly enhanced our data management capabilities. In parallel, the company has also invested heavily in retaining the right talent to leverage the benefits from our data infrastructure with machine learning and deep analytics, which are already generating impressive results. Among other activities is the inhousing of our warehouse operation in Norway which is expected to be completed in the fourth quarter. During Q3, we migrated the third-party logistics in Malmö, covering the majority of Nicotine Pouches in Europe, to our own warehouse in Stockholm as well as implemented a new transport administration system in selected markets, which gradually will be rolled out globally.

## **Favourable market drivers**

The market for nicotine pouches is currently experiencing a pronounced shift away from combustible tobacco products such as cigarettes to harm reduced products particularly nicotine pouches as well as a shift from offline to online sales. During the quarter, Haypp Group recorded over 50 per cent year-on-year growth in the Nicotine Pouches category, and the category accounts for about one third of the volume in the third quarter. There are four specific market dynamics that support our business and continued growth opportunities: a strong underlying demand for risk reduced products of which nicotine pouches is the fastest growing category; legislation favours nicotine pouches; suppliers push for nicotine pouches as part of their reduced-risk product strategies as well as nicotine pouches and snus offer compelling category characteristics that are well-suited for online sales.

The oral nicotine category continues to grow double digits in the Core Markets predominantly driven by nicotine pouches where Haypp Group has a strong share. In the US, the category growth is substantial and we invest heavily into growing the online channel share within the category. Recent proposals on increased US federal

taxes for nicotine pouches are still in the discussion phase with a broad range of tax levels being discussed. While we continue to monitor this carefully, we believe even the most extreme outcome would have limited effect on our business in the short to medium term but could materially slow the growth of the category over the medium to long term. In Europe, category growth remains strong in the DACH-region and we are also noting early signs of the category taking off in the UK.

### **Attractive platform**

Although the global players in the tobacco industry have different strategies for their transformation, they have one thing in common - they all invest heavily in nicotine pouches. We have also seen an increased degree of innovation both in terms of product design in order for products to be consumed more discreetly and innovation in terms of taste and nicotine delivery. As the leading online player, Haypp Group has the potential to offer a powerful and cost-effective channel for reaching the end consumer in several large and important markets.

### **New industry standard**

In October, Haypp Group launched the platform Nico-Leaks.com, an information service for oral tobacco-free nicotine products, with the objective to increase transparency in the business. Today, there are no regulations on ingredients or marketing of tobacco-free nicotine products in Sweden. This initiative is a way to take responsibility to ensure that consumers know what they place under their lip. Our objective is to create a new industry standard and making that will support consumers make conscious and well-informed decisions. Decision makers and authorities, in Sweden and abroad, will also gain insight and knowledge about nicotine products as well as a market overview of available products. The testing is also of value for the producers.

### **Growth strategy**

Online penetration for nicotine pouches and snus is still low compared to other categories and varies across markets between low single digits up to 20 percent. We anticipate that the nicotine pouch and snus category will continue to grow at a strong pace for the foreseeable future, especially online. Our focus will be placed on markets where consumer demand is proven and regulation is favourable, and we will continue to grow our active customer base by investing in organic customer acquisition and retention. The benefits of scale within gross profit will be passed on to the customers to further improve pricing and convenience.

### **Strategic acquisitions**

In June 2021, Haypp Group acquired certain assets of Nettotobak, a Swedish e-commerce retailer of nicotine pouches and snus, and in July we acquired certain assets of Snusnetto, an e-commerce retailer of nicotine pouches and snus also based in Sweden. Together Nettotobak and Snusnetto have an annual net sales of over SEK 200 m. The rationale behind these two acquisitions is to strengthen Haypp Group's presence on the Swedish market as the main online player and create even better conditions to attract organic traffic. The integration of these businesses is already completed and they are developing according to plan.

### **Milestone for Haypp**

During the third quarter our Board decided to list the company's shares on Nasdaq First North Growth Market. The offering, including a SEK 150 m new share issue, was heavily oversubscribed and gave us a more diversified ownership structure to take the next steps on our journey, and I would like to welcome our over 4,000 new shareholders to the company. In connection with the IPO, our Board has adopted new long-term financial targets as follows: to reach net sales of at least SEK 5 billion by 2025, predominantly through organic growth, as well as to prioritise growth over profitability and target to reach a high single digit adjusted EBIT margin in the medium to long-term. My colleagues and I in the management team are committed to delivering in line with these targets. Furthermore, in the upcoming years, it's the Board's proposal to primarily use the generated cash flows for the company's continued expansion.

### **Summary and outlook**

Haypp Group intends to utilize its online market leading position, with around 85 per cent market share in Core markets, to continue to gain overall market share. In parallel, the company will target the US and selected European markets, where nicotine pouches are emerging as a category, with a similar model of acquiring and retaining customers with a compelling value proposition hinged upon a broad assortment, convenient ordering and shipping and compelling prices.

Haypp Group is well positioned to take advantage of a rapidly growing international market over the coming years.

Stockholm in November 2021

Gavin O'Dowd  
President and CEO

# Financial overview

## Net sales

Net sales for the third quarter increased with 28 per cent to SEK 581.9 m (453.8). Organic sales growth was 18 per cent. Acquisitions contributed with SEK 61 m.

Net sales for the first nine months increased with 38 per cent to SEK 1,676.2 m (1,216.2). Organic sales growth was 36 per cent, and acquisitions contributed with SEK 62 m.

## Gross Profit

Gross Profit increased to SEK 64.0 m (58.1), corresponding to a gross margin of 11.0 per cent (12.8). The decrease in margin was mainly attributable to growth investments in the Core markets which were partly reversed during the third quarter.

Gross Profit during the first nine months 2021 increased to SEK 185.2 m (151.5), corresponding to a gross margin of 11.0 per cent (12.5).

## Adjusted EBIT

Adjusted EBIT for the third quarter amounted to SEK 10.1 m (16.6). The adjusted EBIT margin decreased to 1.7 per cent (3.7). The decrease was mainly attributable to the lower gross margin.

Adjusted EBIT for the period increased to SEK 29.7 m (27.1). The adjusted EBIT margin amounted to 1.8 per cent (2.2).

## Operating profit

Operating profit amounted to SEK -8.7 m (10.0). The decrease is mainly explained by further investments in the organisation and items affecting comparability amounting to a negative SEK -9.0 m (-1.9). For more information on Items affecting comparability, refer to page 26. Operating margin was -1.5 per cent (2.2).

Operating profit for the period amounted to SEK -12.2 m (4.6). Operating profit included items affecting comparability amounting to a negative SEK -22.9 m (-8.2). For more information on Items affecting comparability, refer to page 26. Operating margin was -0.7 per cent (0.4).

## Financial items

Financial expenses (net) for the quarter amounted to a SEK -0.6 m (-2.3) related to interest costs and positive impact from exchange translations.

Financial expenses (net) for the period amounted to a SEK -5.5 m (-8.2).

## Tax

The tax expense for the quarter was SEK 3.1 m (-2.6), of which SEK 2.0 m is related to expected tax losses to carry forward and SEK 1.1 m relates to amortization of surplus values.

The tax expense for the period was SEK 2.8 m (-1.5).

## Net Profit

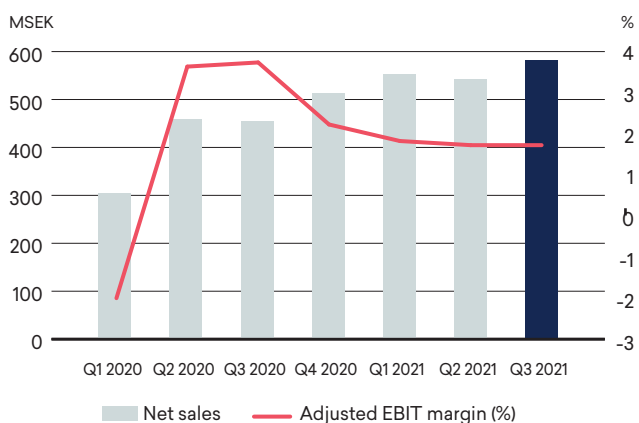
Profit for the quarter decreased to SEK -6.2 m (5.1). Earnings per share amounted to SEK -0.27 (0.25) before dilution.

Profit for the period decreased to SEK -15.0 m (-5.1). Earnings per share amounted to SEK -0.70 (-0.25) before dilution.

## Investments

During the first nine months Haypp Group invested SEK 233.0 m (15.4), whereof SEK 231.8 m (15.5) was invested in intangible assets of which the vast majority relates to the acquisition of certain assets of Nettotobak. In June 2021, Haypp Group acquired certain assets of Nettotobak, a Swedish e-commerce retailer of nicotine pouches and snus. The acquired assets mainly comprise of the e-commerce store brand (Nettotobak) and the customer relationships associated with the e-commerce business. In July, Haypp Group acquired certain assets of Snusnetto, an e-commerce retailer of nicotine pouches and snus based in Sweden. The acquired assets have been recognized in the Consolidated balance sheet under Trademarks and Customer relationships in an amount of SEK 76.6 m and SEK 132.4 m respectively. Furthermore, a portion of the purchase price is placed in an escrow account as collateral for potential warranty breaches or similar. The amount placed in escrow is recognized as an asset under non-current receivables with a corresponding liability recognized under non-current other liabilities.

## Quarterly overview



### Cash flow

Cash flow for the period from operating activities amounted to SEK -8.3 m (38.8). Cash flow from changes in working capital was SEK -31.9 m (9.8).

### Net debt and cash and cash equivalents

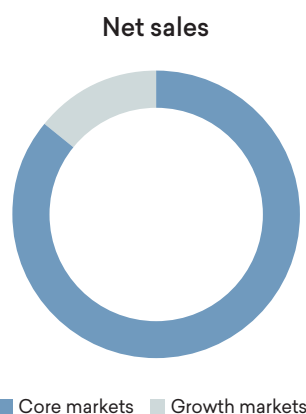
At the end of the period, net debt amounted to SEK 184.3 m (103.1) and the net financial debt ratio to 2.7 times, versus 1.7 per 31 December 2020. The change in

net debt was mainly attributable to higher debt levels partly relating to acquisition financing as well as higher leasing liability from a new leasing agreement for the inhouse warehouse operation in Norway. In total, cash and cash equivalents amounted to SEK 17.4 m, versus 32.0 at the end of last year. At the end of the period, unutilised credit facility amounted to SEK 7.7 m, versus 15 at 31 December 2020.



# 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 of the US, UK, Germany, Austria, Denmark, Finland and Switzerland, which are characterized more as emerging markets.



## Segment breakdown

Amounts in KSEK	Net Sales					EBITDA				
	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	LTM	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	LTM
Core markets	501,337	389,253	1,474,231	1,026,208	1,923,450	26,033	28,840	82,849	74,036	109,794
EBITDA margin, %						5.2%	7.4%	5.6%	7.2%	5.7%
Growth markets	80,578	64,528	201,988	189,980	265,573	-7,823	-6,823	-31,922	-32,063	-40,327
EBITDA margin, %						-9.7%	-10.6%	-15.8%	-16.9%	-15.2%
Parent company/other	-0		-0	-0	-0	-9,000	-1,883	-22,947	-8,118	-45,249
Reconciliation items	0		0		-0	-401	-163	-670	-484	-233
<b>GROUP TOTAL</b>	<b>581,916</b>	<b>453,780</b>	<b>1,676,220</b>	<b>1,216,188</b>	<b>2,189,203</b>	<b>8,809</b>	<b>19,971</b>	<b>27,310</b>	<b>33,371</b>	<b>23,996</b>
EBITDA margin, %						1.5%	4.4%	1.6%	2.7%	1.1%
Depreciation & Amortization						-17,542	-10,002	-39,561	-28,784	-55,163
Financial items						-583	-2,304	-5,489	-8,183	-18,044
<b>PROFIT BEFORE TAXES</b>						<b>-9,316</b>	<b>7,666</b>	<b>-17,740</b>	<b>-3,596</b>	<b>-49,211</b>

# Core markets

## Core markets

(Amounts in MSEK)	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	LTM	2020
Net sales	501.3	389.3	1,474.2	1,026.2	1,923.5	1,475.4
EBITDA	26.0	28.8	82.8	74.0	109.8	101.0
EBITDA margin (%)	5.2%	7.4%	5.6%	7.2%	5.7%	6.8%
Number of orders (thousand)	776	542	2,215	1,469	2,842	2,096
Average order value (SEK)	625	648	618	640	625	643
Active customers (thousand)	321	229	480	345	532	415

## Net sales

Net sales for the quarter increased with 29 per cent to SEK 501.3 m (389.3). Organic sales growth was 13 per cent, supported by a continued migration from offline to online sales in the market partly offset by strong comparison figures due to the pandemic. Acquisitions contributed with SEK 61 m, corresponding to 16 percentage points. The number of active customers increased with 40 per cent to 321 thousand (229) partly driven by the acquisitions.

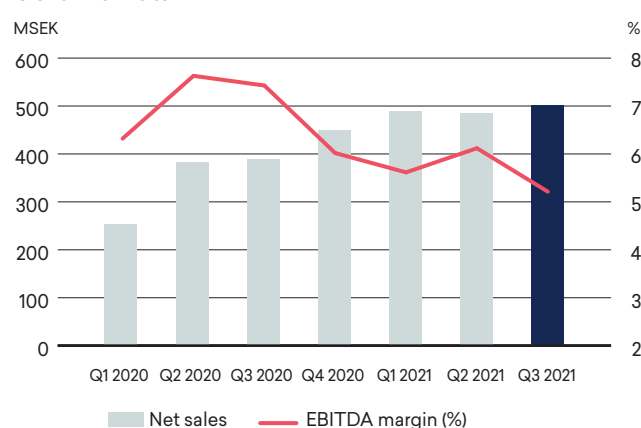
Net sales for the period increased with 44 per cent to SEK 1,474.2 m (1,026.2), whereof 38 per cent organically.

## EBITDA

EBITDA for the business unit amounted to SEK 26.0 m (28.8). The EBITDA margin decreased by 2.2 percentage points to 5.2 per cent (7.4), mainly due to lower gross margin as focus is placed on growth over profitability. Heavy growth investments, particularly in Sweden, during the first six months of the year were sustained also for the larger part of the third quarter. The growth investments were partly reversed during the third quarter.

EBITDA for the period increased to SEK 82.8 m (74.0), corresponding to an EBITDA margin of 5.6 per cent (7.2).

## Core markets





# Growth markets

## Growth markets

(Amounts in MSEK)	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	LTM	2020
Net sales	80.6	64.5	202.0	190.0	265.8	253.7
EBITDA	-7.8	-6.8	-31.9	-32.1	-40.3	-40.5
EBITDA margin (%)	-9.7%	-10.6%	-15.8%	-16.9%	-15.2%	-15.9%
Number of orders (thousand)	111	94	273	307	360	394
Average order value (SEK)	619	779	686	743	687	732
Active customers (thousand)	61	51	103	107	125	126

### Net sales

Net sales for the quarter increased with 25 per cent to SEK 80.6 m (64.5), mainly due to a strong performance in the US and Germany. The number of active customers increased with 20 per cent, due to a positive momentum in the US and Germany. Comparable net sales grew by 49 per cent when excluding the effects of markets that were closed in the first quarter.

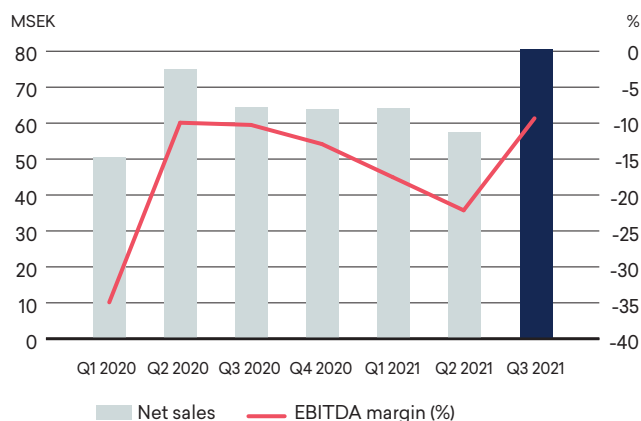
Net sales for the period increased with 6 per cent and amounted to SEK 202.0 m (190.0).

### EBITDA

EBITDA for the business unit was in line with last year and amounted to SEK -7.8 m (-6.8). The EBITDA margin was -9.7 per cent (-10.6), due to continued investment in the platform and organization.

EBITDA for the period amounted SEK -31.9 m (-32.1), corresponding to an EBITDA margin of -15.8 per cent (-16.9).

### Growth markets



# Other information

## Employees

The average number of full-time employees during the period was 115 per september 2021, compared with 77 per sept 2020. The increase was primarily attributable to expansion of the business.

## New members of the Board of Directors

At the Annual General Meeting in June, Anneli Lindblom and Per Sjödel were elected as new members of the Board.

## Split of shares

The company decided at an Extraordinary General Meeting on September 2, 2021 on a split of the shares (150:1), which meant that the number of shares in the company increased from 154,432 to 23,164,800 shares.

## Events after the balance sheet date

After the period, Haypp Group listed its shares on Nasdaq First North Growth Market. The offering consisted of 2,272,727 new shares issued by the company and 5,632,404 existing shares offered by the shareholders, corresponding to 27.2 percent of the total number of shares and votes in the Company. The offering attracted strong interest, both from institutional investors in Sweden and internationally as well as the general public in Sweden and Norway. The Offering was heavily oversubscribed. Trading on Nasdaq First North Growth Market commenced on 13 October 2021.

## Owner structure

Largest shareholders per October 31, 2021.

	Numbers of shares	Share of capital and votes
GR8 Ventures AB	4,261,960	14.65%
Patrik Rees	3,490,234	11.99%
Fidelity Investments (FMR)	2,909,997	10.00%
Northerner Holding AB	2,609,831	8.97%
Rutger Arnhult	1,276,767	4.39%
Gavin O'Dowd	1,179,391	4.05%
e-Business Partner Norden AB	1,149,928	3.95%
Per Ola Wilhelm Svensson	1,110,721	3.82%
Pulsen Sb Investment AB	1,065,900	3.66%
Erik Selin	1,000,000	3.44%
<b>Sum</b>	<b>20,054,729</b>	<b>68.92%</b>
Others	9,045,250	31.08%
<b>Total</b>	<b>29,099,979</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 period, net sales amounted to SEK 0 m (1) and profit totalled SEK -28.1 m (-6.3). Total equity amounted to SEK 401.7 m (245.5).

## 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.

During 2020, the normal seasonality patterns were distorted by Covid restrictions as customers in general traveled to a lesser extent than normal during the summer and winter holidays. In 2021, Haypp Group has seen a return of normal seasonality patterns on the back of eased Covid restrictions across its markets.

## 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 2020 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.

In terms of risks related to Covid-19, the company assesses that the risks mainly hinge around the supply of products and services from its suppliers and the health and well-being of its staff. Haypp Group is closely monitoring its supply chain and keeps an active dialogue with its business partners to get early indications of any potential disturbances so that proactive measures can be taken. In terms of its employees, Haypp Group is dedicated to ensuring the health and safety of its personnel and has implemented policies and procedures in line with guidance given by authorities in the respective countries where Haypp Group conducts operations.

Gavin O'Dowd

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

This is information that Haypp Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person below out above, at 07:45 CET on 25 November 2021

**Webcast conference call on 25 November**

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](http://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**

February 23, 2022  
Fiscal year report for 2021, January – December, 2021  
May 4, 2022  
Interim report for January – March, 2022  
May 18, 2022  
Annual General Meeting 2022



# 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 nine countries where we served more than 500,000 consumers during 2020. Headquartered in Stockholm, Sweden, Haypp Group employ about 140 people and have net sales of over SEK 2 bn in the last twelve months to September 30, 2021.

## 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.

## Sustainability

Haypp Group has a sustainable business model that is built on five strategic areas for sustainability that is in line with our vision and incorporated into our operations; our contribution to sustainability, wellness and society go hand-in-hand with our business success. The better business we do, the better for society as a whole.

Haypp Group’s sustainable business model is built around business ethics and focuses on health contribution, being the best place to work, provide insights for all and support sustainable innovation.



## 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.

# Consolidated income statement

Amounts in KSEK	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	LTM	2020
Net sales	581,916	453,780	1,676,220	1,216,188	2,189,203	1,729,171
Capitalised work on own account	2,466	1,522	6,620	4,694	8,465	6,539
Other operating income	700	372	2,309	1,047	3,676	2,413
<b>Total</b>	<b>585,082</b>	<b>455,674</b>	<b>1,685,149</b>	<b>1,221,929</b>	<b>2,201,344</b>	<b>1,738,124</b>
Goods for resale	-517,926	-395,721	-1,491,038	-1,064,661	-1,930,652	-1,504,274
Other external costs	-31,329	-19,236	-85,178	-67,401	-133,633	-115,856
Personnel expenses	-26,343	-19,578	-79,897	-53,990	-107,554	-81,647
Depreciation and amortization of tangible and intangible assets	-17,542	-10,002	-39,561	-28,784	-55,163	-44,386
Other operating expenses	-673	-1,168	-1,724	-2,506	-5,509	-6,291
<b>Operating expenses</b>	<b>-593,814</b>	<b>-445,705</b>	<b>-1,697,398</b>	<b>-1,217,342</b>	<b>-2,232,510</b>	<b>-1,752,454</b>
<b>Operating profit/loss</b>	<b>-8,732</b>	<b>9,969</b>	<b>-12,250</b>	<b>4,587</b>	<b>-31,167</b>	<b>-14,330</b>
<b>Financial income/expense</b>						
Interest income and other financial income	0	2	1	2	2	3
Interest and other financial expenses	-583	-2,306	-5,491	-8,185	-18,046	-20,741
<b>Financial net</b>	<b>-583</b>	<b>-2,304</b>	<b>-5,489</b>	<b>-8,183</b>	<b>-18,044</b>	<b>-20,738</b>
<b>Earnings Before Tax</b>	<b>-9,315</b>	<b>7,665</b>	<b>-17,739</b>	<b>-3,596</b>	<b>-49,211</b>	<b>-35,068</b>
Income tax	3,076	-2,565	2,785	-1,549	11,588	7,254
<b>Profit/loss for the period</b>	<b>-6,239</b>	<b>5,100</b>	<b>-14,954</b>	<b>-5,145</b>	<b>-37,622</b>	<b>-27,814</b>
<b>Profit/loss for the period attributable to:</b>						
The parent company's shareholders	-6,239	5,100	-14,954	-5,145	-37,622	-27,814
<b>Earnings per share, calculated on the earnings attributable to the parent company's shareholders during the period:</b>						
Earnings per share before dilution, SEK	-0,27	0,25	-0,70	-0,25	-1,78	-1,36
Earnings per share after dilution, SEK	-0,27	0,22	-0,70	-0,25	-1,78	-1,36
Average number of shares before dilution	23,164,800	20,391,000	21,433,723	20,391,000	21,173,043	20,391,000
Average number of shares after dilution	27,005,627	23,572,465	25,431,556	23,572,465	24,887,639	23,684,300

# Consolidated statement of comprehensive income

Amounts in KSEK	Q3 2021	Q3 2020	YTD Q3 2021	YTD Q3 2020	LTM	2020
<b>Profit/loss for the period</b>	<b>-6,239</b>	<b>5,100</b>	<b>-14,954</b>	<b>-5,145</b>	<b>-37,622</b>	<b>-27,814</b>
<b>Other comprehensive income:</b>						
Items that may be reclassified to profit or loss						
Foreign currency translation differences	995	-1,703	5,482	-10,494	4,294	-11,683
<b>Total other comprehensive income</b>	<b>995</b>	<b>-1,703</b>	<b>5,482</b>	<b>-10,494</b>	<b>4,294</b>	<b>-11,683</b>
<b>Total Comprehensive income</b>	<b>-5,244</b>	<b>3,398</b>	<b>-9,471</b>	<b>-15,639</b>	<b>-33,329</b>	<b>-39,497</b>
<b>Total comprehensive income for the year attributable to:</b>						
Parent company shareholders	-5,244	3,398	-9,471	-15,639	-33,329	-39,497

# Consolidated balance sheet

Amounts in KSEK	Notes	2021-09-30	2020-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets			
Goodwill		154,408	149,485
Customer relationships		123,714	53,095
Trademarks		161,425	35,670
Websites		31,600	35,798
Capitalized development costs		45,030	30,984
Other intangible assets		0	105
<b>Total intangible assets</b>		<b>516,177</b>	<b>305,136</b>
<b>Tangible assets</b>			
Leasehold improvements		104	187
Equipment		1,223	1,094
<b>Total tangible assets</b>		<b>1,327</b>	<b>1,281</b>
<b>Financial assets</b>			
Non-current receivables		29,702	3,987
<b>Total financial assets</b>		<b>29,702</b>	<b>3,987</b>
Right-of-use assets		52,261	35,586
Deferred tax assets		16,741	16,550
<b>Total fixed assets</b>		<b>616,209</b>	<b>362,541</b>
<b>Current assets</b>			
<b>Inventories</b>			
Goods for resale		93,505	77,531
<b>Current receivables</b>			
Accounts receivable		51,237	42,019
Other receivables		23,369	12,456
Prepaid expenses and accrued income		34,084	23,042
Cash and cash equivalents		17,385	32,031
<b>Total current receivables</b>		<b>126,076</b>	<b>109,548</b>
<b>Total current assets</b>		<b>219,581</b>	<b>187,079</b>
<b>TOTAL ASSETS</b>		<b>835,790</b>	<b>549,620</b>

# Consolidated balance sheet cont.

Amounts in KSEK	Notes	2021-09-30	2020-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	3	1,517	1,336
New share issue in progress	3	0	0
Other contributed capital		492,832	308,696
Translation differences		-9,926	-15,408
Retained earnings (including net profit/loss for the year)		-100,750	-85,796
<b>Total equity</b>		<b>383,674</b>	<b>208,828</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current lease liability		35,818	21,351
Deferred tax liabilities		26,032	28,861
Other liabilities		26,606	42,750
<b>Total non-current liabilities</b>		<b>88,457</b>	<b>92,962</b>
<b>Current liabilities</b>			
Bank overdraft		80,262	58,085
Current lease liability		11,685	10,641
Liabilities to credit institutions		30,000	1,875
Accounts payable		109,610	105,612
Current tax liabilities		2,916	4,277
Other liabilities		69,501	21,021
Accrued expenses and deferred income		59,684	46,318
<b>Total current liabilities</b>		<b>363,659</b>	<b>247,830</b>
<b>Total liabilities</b>		<b>452,116</b>	<b>340,792</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>835,790</b>	<b>549,620</b>



# Consolidated statement of changes in equity

Amounts in KSEK	Notes	Share capital	New share issue in progress	Other contributed capital	Translation difference	Retained earnings (including net profit/loss for the year)	Sum
<b>Opening balance, 2020-01-01</b>		<b>1,321</b>	<b>15</b>	<b>306,710</b>	<b>-3,725</b>	<b>-51,114</b>	<b>253,207</b>
Profit/loss for the year						-5,145	-5,145
Other comprehensive income for the year					-10,494		-10,494
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-10,494</b>	<b>-5,145</b>	<b>-15,639</b>
New share issue		15	-15	1,234			1,234
Other						67	67
<b>Total transactions with shareholders in their capacity as shareholders</b>		<b>15</b>	<b>-15</b>	<b>1,234</b>	<b>0</b>	<b>67</b>	<b>1,301</b>
<b>Closing balance, 2020-09-30</b>		<b>1,336</b>	<b>0</b>	<b>307,944</b>	<b>-14,219</b>	<b>-56,192</b>	<b>238,869</b>
<b>Opening balance, 2021-01-01</b>		<b>1,336</b>	<b>0</b>	<b>308,696</b>	<b>-15,408</b>	<b>-85,796</b>	<b>208,828</b>
Profit/loss for the year						-14,954	-14,954
Other comprehensive income for the year					5,482		5,482
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>5,482</b>	<b>-14,954</b>	<b>-9,471</b>
New share issue	3	182		184,888			185,070
New share issue in progress	3		0	-752			-752
<b>Total transactions with shareholders in their capacity as shareholders</b>		<b>182</b>	<b>0</b>	<b>184,136</b>	<b>0</b>	<b>0</b>	<b>184,318</b>
<b>Closing balance, 2021-09-30</b>		<b>1,517</b>	<b>0</b>	<b>492,832</b>	<b>-9,926</b>	<b>-100,750</b>	<b>383,674</b>

# Consolidated statement of cash flow

Amounts in KSEK	Notes	20210101 - 20210930	20200101 - 20200930
<b>Cash flow from operating activities</b>			
Operating loss		-12,250	4,587
Adjustment for non-cash items:			
- Depreciation and amortization of tangible and intangible assets		39,561	28,784
- Other non-cash items		3,652	-1,287
Interest paid		-5,144	-3,007
Income tax paid		-2,199	-46
<b>Cash flow from operating activities before change in working capital</b>		<b>23,620</b>	<b>29,031</b>
<b>Cash flow from change in working capital</b>			
Increase/decrease in inventories		-13,389	-11,389
Increase/decrease in operating receivables		-31,475	-9,910
Increase/decrease in operating liabilities		12,915	31,095
<b>Total change in working capital</b>		<b>-31,949</b>	<b>9,795</b>
<b>Cash flow from operating activities</b>		<b>-8,329</b>	<b>38,826</b>
<b>Cash flow from investing activities</b>			
Investment in intangible assets		-231,826	-15,516
Investment in tangible assets		-555	-700
Disposal of tangible assets		52	0
Change in other financial assets		-688	811
<b>Cash flow from investing activities</b>		<b>-233,016</b>	<b>-15,404</b>
<b>Cash flow from financing activities</b>			
New loans		53,396	13,356
Repayment of loans		-1,875	-8,005
Repayment of leasing debt		-10,198	-8,412
New share issue	3	184,318	1,249
<b>Cash flow from financing activities</b>		<b>225,641</b>	<b>-1,812</b>
<b>Decrease/increase in cash and cash equivalents</b>			
Opening cash and cash equivalents		32,031	9,295
Cash flow for the period		-15,704	21,609
Exchange-rate differences in cash and cash equivalents		1,059	-1,091
<b>Closing cash and cash equivalents</b>		<b>17,386</b>	<b>29,813</b>

# Parent Company income statement

Amounts in KSEK	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	LTM	2020
Other operating income	0	1	0	1	517	518
Goods for resale	0	0	0	0	0	0
Other external costs	-4,015	-1,347	-16,488	-5,570	-17,325	-6,407
Personnel expenses	-939	0	-1,721	-127	-2,082	-488
Depreciation and amortization of tangible and intangible assets	-12	-13	-38	-38	-50	-50
Other operating expenses	-3	1	-3	-140	-2	-139
<b>Operating expenses</b>	<b>-4,969</b>	<b>-1,358</b>	<b>-18,249</b>	<b>-5,875</b>	<b>-19,459</b>	<b>-7,085</b>
<b>Operating profit/loss</b>	<b>-4,969</b>	<b>-1,357</b>	<b>-18,249</b>	<b>-5,874</b>	<b>-18,941</b>	<b>-6,566</b>
<b>Financial income/expense</b>						
Profit from shares in group companies	0	0	-7,000	0	-22,000	-15,000
Interest and other financial expenses	-893	-130	-2,863	-424	-6,021	-3,583
<b>Financial net</b>	<b>-893</b>	<b>-130</b>	<b>-9,863</b>	<b>-424</b>	<b>-28,021</b>	<b>-18,583</b>
Appropriations	0	0	0	0	5,200	5,200
<b>Earnings Before Tax</b>	<b>-5,862</b>	<b>-1,487</b>	<b>-28,112</b>	<b>-6,298</b>	<b>-41,763</b>	<b>-19,949</b>
Income tax	0	0	0	0	975	975
<b>Profit/loss for the period</b>	<b>-5,862</b>	<b>-1,487</b>	<b>-28,112</b>	<b>-6,298</b>	<b>-40,788</b>	<b>-18,974</b>

# Parent Company balance sheet

Amounts in KSEK	2021-09-30	2020-12-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
<b>Intangible assets</b>		
Capitalized development costs	150	187
<b>Total intangible assets</b>	<b>150</b>	<b>187</b>
<b>Financial assets</b>		
Shares in subsidiaries	321,592	321,592
Non-current receivables	189	1,625
Non-current intercompany receivables	173,705	12,762
<b>Total financial assets</b>	<b>495,486</b>	<b>335,979</b>
Deferred tax assets	2,169	2,169
<b>Total fixed assets</b>	<b>497,804</b>	<b>338,335</b>
<b>Current assets</b>		
<b>Current receivables</b>		
Receivables from Group companies	577	0
Other receivables	6,488	0
Prepaid expenses and accrued income	603	90
Cash and cash equivalents	248	538
<b>Total current receivables</b>	<b>7,916</b>	<b>628</b>
<b>Total current assets</b>	<b>7,916</b>	<b>628</b>
<b>TOTAL ASSETS</b>	<b>505,720</b>	<b>338,963</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1,517	1,336
New share issue in progress	0	0
Other contributed capital	492,832	308,696
Retained earnings (including net profit/loss for the year)	-92 623	-64 511
<b>Total equity</b>	<b>401,726</b>	<b>245,521</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Non-current intercompany liabilities	48,683	41,395
Other liabilities	1,606	42,750
<b>Total non-current liabilities</b>	<b>50,289</b>	<b>84,145</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	0	1,875
Accounts payable	4,364	6,943
Other liabilities	42,352	0
Accrued expenses and deferred income	6,989	479
<b>Total current liabilities</b>	<b>53,705</b>	<b>9,297</b>
<b>Total liabilities</b>	<b>103,994</b>	<b>93,443</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>505,720</b>	<b>338,963</b>

# Notes

## General information

Haypp Group AB 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 Birger Jarlsgatan 43, SE-111 45 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 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 2020. For further information regarding the Group's and the Parent Company's applied accounting principles, see the Group's Annual Report 2020.

## 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 2020.

## 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 related parties are of similar nature as previous periods and are described in the Annual Report 2020. For more information, see the Annual Report 2020, Note 31.

# Notes

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

During the first nine months of 2021, redemption of warrants took place, which resulted in an issue of 2,157 new shares and an increase in the share capital by SEK 21,192 and an increase in other contributed capital by SEK 1,579,511. The subscription price for the new shares varies from SEK 4,880.2 to SEK 8,347.8 per share. Another redemption of warrants took place in June 2021. 83 shares were issued, which resulted in an increase in the share capital of SEK 815 and an increase in other contributed capital by SEK 334,965. The exercise price varies between SEK 2,172 and 6,148 per share. Another 30 shares were issued in an offset issue, increasing share capital with SEK 294. 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 298 905.

A decision on a private placement to primarily existing shareholders was made on an Extra General Meeting in June 2021 in order to finance part of the acquisition of certain assets of Nettotobak, which entails an increase in share capital of SEK 159,402 and an increase in other contributed capital by SEK 184,836,286. Costs for issuance has decreased other contributed capital with SEK 3,188 ,968.

In addition, an Extra General Meeting decided to issue 1,133 warrants to employees. This issue entails an increase in other contributed capital by SEK 873,753. The duration of these warrants is two years from 2021-04-01. The warrants have been acquired at market value.

# Key ratios

Amounts in MSEK	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	LTM	2020
<b>Income statement</b>						
Net sales growth (%)	28.2		37.8			115.5
Adjusted EBITDA	17.8	21.9	50.3	41.6	69.2	60.5
Adjusted EBITDA margin (%)	3.1	4.8	3.0	3.4	3.2	3.5
Adjusted EBIT	10.1	16.6	29.7	27.1	40.9	38.2
Adjusted EBIT margin (%)	1.7	3.7	1.8	2.2	1.9	2.2
Operating profit	-8.7	10.0	-12.2	4.6	-31.2	-14.3
<b>Balance sheet</b>						
Net working capital	32.9	22.1	32.9	22.1	13.9	3.1
Net debt			184.3	103.1	184.3	102.7
Investments			-233.0	-15.4		-21.6
Net debt/Adjusted EBITDA, times					2.7	1.7
Equity/Total assets ratio (%)	45.9	44.9	45.9	44.9	41.4	38.0
<b>Cash flow</b>						
Cash flow from operating activities			-8.3	38.8		48.5
<b>Data per share</b>						
Earnings per share after dilution (SEK)	-0.27	0.22	-0.70	-0.25	-1.78	-1.36
Equity per share after dilution (SEK)	14.2	10.1	15.1	10.1	14.2	8.8
Cash flow from operating activities per share after dilution (SEK)			-0.3	1.6		2.0
Average number of shares after dilution	27,005,627	23,572,465	25,431,556	23,572,465	24,887,639	23,684,300

# Segment information by quarter

Amounts in MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
<b>Net sales per business unit:</b>							
Core markets	254.2	382.8	389.3	449.2	488.5	484.4	501.3
Growth markets	50.4	75.0	64.5	68.3	64.0	57.4	80.6
<b>EBITDA per business unit:</b>							
Core markets	16.0	29.1	28.8	26.9	27.1	29.7	26.0
Growth markets	-17.5	-7.8	-6.8	-8.4	-11.3	-12.7	-7.8
<b>EBITDA margin per business unit (%):</b>							
Core markets	6.3	7.6	7.4	6.0	5.6	6.1	5.2
Growth markets	-34.7	-10.3	-10.6	-13.2	-17.7	-22.2	-9.7
<b>Number of orders per business unit (thousand):</b>							
Core markets	387	540	542	627	713	726	776
Growth markets	95	118	94	87	82	80	111
<b>Average order value per business unit (SEK):</b>							
Core markets	605	658	648	648	617	613	625
Growth markets	682	762	779	694	762	700	619
<b>Active customers (thousand):</b>							
Core markets	180	226	229	257	285	287	321
Growth markets	49	60	51	46	46	45	61



# 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 related to preparing the Group for a potential initial public offering, IPO. The costs mainly include fees to external financial and commercial advisors and other preparation costs.

### 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.

### Legal costs

Costs for external legal advisors in relation to legal disputes.

Amounts in MSEK	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	LTM	2020
<b>EBIT margin</b>						
EBIT	-8.7	10.0	-12.2	4.6	-31.2	-14.3
Net sales	581.9	453.8	1,676.2	1,216.2	2,189.2	1,729.2
EBIT margin, %	-1.5	2.2	-0.7	0.4	-1.4	-0.8
<b>Adjusted EBIT</b>						
EBIT	-8.7	10.0	-12.2	4.6	-31.2	-14.3
Amortisation of acquired intangible assets	9.9	4.8	19.0	14.3	26.8	22.1
Less items affecting comparability:						
Consulting and advisory costs	6.2	1.3	19.7	3.0	41.6	24.9
Acquisition, integration and restructuring costs	2.8	0.1	2.4	3.8	2.4	3.8
Legal costs	0.0	0.5	0.8	1.4	1.2	1.8
Adjusted EBIT	10.1	16.6	29.7	27.1	40.9	38.2
Adjusted EBIT margin, %	1.7	3.7	1.8	2.2	1.9	2.2
<b>EBITDA</b>						
EBIT	-8.7	10.0	-12.2	4.6	-31.2	-14.3
Depreciation/amortisation and impairment of assets	17.5	10.0	39.6	28.8	55.2	44.4
EBITDA	8.8	20.0	27.3	33.4	24.0	30.1
<b>EBITDA margin</b>						
EBITDA	8.8	20.0	27.3	33.4	24.0	30.1
Net sales	581.9	453.8	1,676.2	1,216.2	2,189.2	1,729.2
EBITDA margin, %	1.5	4.4	1.6	2.7	1.1	1.7
<b>Adjusted EBITDA</b>						
EBITDA	8.8	20.0	27.3	33.4	24.0	30.1
Less items affecting comparability:						
Consulting and advisory costs	6.2	1.3	19.7	3.0	41.6	24.9
Acquisition, integration and restructuring costs	2.8	0.1	2.4	3.8	2.4	3.8
Legal costs	0.0	0.5	0.8	1.4	1.2	1.8
Adjusted EBITDA	17.8	21.9	50.3	41.6	69.2	60.5
Adjusted EBITDA margin, %	3.1	4.8	3.0	3.4	3.2	3.5

Amounts in MSEK	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	LTM	2020
<b>Operating expenses</b>	-593.8	-445.7	-1 697.4	-1 217.3	-2 232.5	-1 752.5
Other operating income	0.7	0.4	2.3	1.0	3.7	2.4
Capitalised work on own account	2.5	1.5	6.6	4.7	8.5	6.5
Cost of Goods sold (-)	517.9	395.7	1 491.0	1 064.7	1 930.7	1 504.3
Depreciation of material and immaterial assets	17.5	10.0	39.6	28.8	55.2	44.4
Less items affecting comparability:						
Consulting and advisory costs	6.2	1.3	19.7	3.0	41.6	24.9
Acquisition, integration and restructuring costs	2.8	0.1	2.4	3.8	2.4	3.8
Legal costs	0.0	0.5	0.8	1.4	1.2	1.8
Adjusted operating expenses	-46.1	-36.2	-134.9	-110.0	-189.3	-164.4
<b>Net debt</b>						
Non-current lease liability			35.8	23.5	35.8	21.4
Other non-current liabilities (excluding amounts in escrow)			1.6	42.4	1.6	42.7
Bank overdraft			80.3	52.5	80.3	58.1
Current lease liability			11.7	10.7	11.7	10.6
Liabilities to credit institutions			30.0	3.8	30.0	1.9
Other liabilities - Shareholder loans			42.3	0.0	42.3	0.0
Cash and cash equivalents			-17.4	-29.8	-17.4	-32.0
Net debt			184.3	103.1	184.3	102.7
<b>Net debt / adjusted EBITDA</b>						
Net debt					183.8	102.7
Adjusted EBITDA					69.2	60.6
Net debt/Adjusted EBITDA, times					2.7	1.7
<b>Items affecting comparability</b>						
Consulting and advisory costs	-6.2	-1.3	-19.7	-3.0	-41.6	-24.9
Acquisition, integration and restructuring costs	-2.8	-0.1	-2.4	-3.8	-2.4	-3.8
Legal costs	0.0	-0.5	-0.8	-1.4	-1.2	-1.8
Items affecting comparability	-9.0	-1.9	-22.9	-8.2	-45.2	-30.4
<b>Equity per share after dilution</b>						
Total equity	383.7	238.9	383.7	238.9	353.6	208.8
Average number of shares after dilution	27,005,627	23,572,465	25,431,556	23,572,465	24,887,639	23,684,300
Equity per share after dilution (SEK)	14.2	10.1	15.1	10.1	14.2	8.8
<b>Cash flow from operating activities per share after dilution</b>						
Cash flow from operating activities			-8.3	38.8		48.5
Average number of shares after dilution	27,005,627	23,572,465	25,431,556	23,572,465	24,887,639	23,684,300
Cash flow from operating activities per share after dilution (SEK)			-0.3	1.6		2.0

## Net working capital

SEK m	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Goods for resale	93.5	77.2	77.5
Accounts receivable	51.2	33.2	42.0
Other receivables	23.4	-1.5	12.5
Prepaid expenses and accrued income	34.1	22.1	23.0
Accounts payable	-109.6	-84.1	-105.6
Accrued expenses and deferred income	-59.7	-24.6	-46.3
Net working capital	32.9	22.1	3.1

# 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, other non-current liabilities, 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.

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