Annual Report

2022

"Right positioned for e-commerce – strong progress in the transformation to a rapidly growing category"

HAYPP GROUP

HAYPP GROUP AB (PUBL) REG.NR 559075-6796 ÖSTGÖTAGATAN 12 116 25 STOCKHOLM HAYPPGROUP.COM

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Financial calendar

May 3, 2023
Interim report for January–March 2023, Q1

May 17, 2023
Annual shareholders' meeting 2023

August 11, 2023
Interim report for January–June 2023, Q2

November 8, 2023
Interim report for January–September 2023, Q3

Inspire healthier enjoyment for millions

Haypp Group is an e-commerce business selling nicotine pouches and snus online in eight countries across Europe and in the US. The Company's ten e-commerce store brands enable consumers a broad and relevant assortment, competitive prices and convenience in the form of a seamless shopping experience and several delivery options. With an average of over 250,000 customers per month, the e-commerce store brands also serve as marketing and launch platforms for new and existing products, as well as providers of customer data to the insights offering for suppliers.

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 increasing our global presence.

Financial development 2022

- Net sales increased with 15 per cent to SEK 2,598.8 m (2,266.8). In constant currency, Net sales increased by 11 per cent.
- 46 per cent volume growth in the Nicotine pouches category during the period.
- The gross margin increased with 1.6 percentage points to 12.6 per cent (11.0).
- Adjusted EBIT amounted to SEK 58.5 m (41.5), corresponding to an adjusted EBIT margin of 2.2 per cent (1.8).
- Operating profit/loss totalled SEK 15.2 m (–22.6), including items affecting comparability of SEK –3.4 m (–35.2).
- Profit/loss for the period amounted to SEK 20.1 m (–27.6).
- Earnings per share before dilution amounted to SEK 0.69 (–1.19).
- Cash flow from operating activities amounted to -32.3 MSEK (-48.3).
- Number of orders increased to 3,862 thousand (3,397) with an average order value of SEK 634 (625).
- Active customers increased with 17 per cent amounted to 796 thousand (682) at the end of the period.
- The Board of Directors proposes to the general meeting that no dividends will be paid for 2022.

Amounts in MSEK	2022	2021
Net sales	2,598.8	2,266.8
Net sales growth, %	14.6	
Gross margin, %	12.6	11.0
Adjusted EBIT	58.5	41.5
Adjusted EBIT margin, %	2.2	1.8
Items affecting comparability	–3.4	–35.2
Operating profit/loss	15.2	–22.6
Profit/loss for the period	20.1	–27.6
Earnings per share before dilution (SEK)	0.69	–1.19
Cash flow from operating activities	–32.4	–48.3
Number of orders (thousand)	3,862	3,397
Average order value (SEK)	634	625
Active customers (thousand)	796	682

Haypp at a 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 800,000 active consumers during 2022. Headquartered in Stockholm, Sweden, Haypp Group employs about 140 FTEs and have an annual Net sales of over SEK 2.5 bn.

Business model
The consumer is always the focus of our business. Our model starts with managing the consumer experience. We reach out to a broad consumer base, effectively advocating the healthier non-smoking alternatives and assisting them to find the most appropriate solution. Our model enables us to gain a more comprehensive understanding of the consumer in a revolutionary new way. We utilise this knowledge to constantly evolve and improve our customer's journey. Our insights are the driving force for the whole industry to create great quality products; provide superb product offers and produce in a responsible and sustainable way.

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

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

Financial targets
The 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	Full-Year 2022	Full-Year 2021
Health Contribution	Grow customers of harm reduced products	Number of purchasing customers	459,000	682,000
Insights for all	Enlightened people & public for awareness and understanding	Number of visits to editorial material, facts and reports	912,879	1,225,375
Sustainable innovation for growth and development	Quality assurance & Product development	Share of relevant portfolio tested & according to standard	85%	87%
Best place to work	Great employer	Employee satisfaction in per cent	80%	87%
Business Ethics	Delivering on the customer promise	Rate of customer satisfaction*	4.0/5.0 NPS score 74,4	4.4/5.0

* In 2022, a new NPS has been implemented to better measure customer satisfaction. Going forward, the NPS value will be used in our reports. The value for 2022 was 74.4.

Scaling for further growth in current markets and efficiently enter potential new geographies

We can look back on a strong year for Haypp Group where we further advanced our market positions and continued our growth journey, having successfully turned around our Norwegian market towards the end of the year. We are particularly happy with our performance in the strategically important Nicotine Pouch category which grew by 46 per cent during the full year. Nicotine pouches now account for 44 per cent of our volume. Net sales for the Group increased by 15 per cent, or 11 per cent in constant currency, to SEK 2,599 m. The gross margin increased by 1.6 percentage points to 12.6 per cent, which demonstrates a strengthened position in the value chain. The adjusted EBIT-margin amounted to 2.2 per cent which is a 40 basis point improvement against last year's corresponding numbers. Inflationary pressure has so far had limited impact on our overall performance, and minor product price increases from our suppliers are offset by the positive effects of an increasing demand from consumers seeking safer nicotine alternatives at attractive prices.

Right positioned in 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. In general, it is widely recognized that the growth has substantial public health benefits by moving people away from cigarettes. In addition to the current consumer demand, the launch of new innovative products drive the improvement of the customer experience. Recently launched products accounts for 20 percent of our total volume of Nicotine Pouches. We continue to lead the industry regarding product standards and a recent spot check across our product range has determined near perfect compliance from our product suppling partners. This continued growth in the category and the suitability of online commerce, are the key drivers for why our performance been an outlier relative to some other e-retailers.

Continued growth and margin uplift in Core markets

Solid performance in Sweden combined with positive development in Norway towards the end of the year resulted in a continued market share growth and a Net Sales growth of 8 per cent for the year, the Norwegian operation is now back in a growth mode. EBITDA-margin reached 8.1 per cent during the full year, a significant increase of 2.1 percentage points against last year which shows the scalability in our business and ability to reach our long-time financial targets.

Strong momentum in Growth markets

Net sales increased by 57 per cent with a Nicotine pouch volume increase of 62 per cent driven by strong growth across both the US and Europe. Our investment in three local warehouses in first half of 2022, in the US

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and the UK, have resulted in a material improvement in customer satisfaction and retention rates. While the relatively low volumes in these warehouses have meant lower margins, the increase in volume is rapidly releasing benefits of scale and will support our EBITDA. In addition to the current consumer demand, the launch of continuously evolving products is a key force in improving the consumer experience.

Less harmful alternatives for nicotine consumption contributes to reduced smoking in the population

Haypp Group's products are focused on modern alternatives for nicotine consumption such as low toxicant smokeless tobacco (e.g. snus) and low toxicant smokeless tobacco-free nicotine pouches. These products have significantly lower level of harm than other nicotine alternatives available in retail and online. This focus on harm reduction is partly to credit for enabling the shift from harmful nicotine alternatives in Sweden and Norway, where today less than 10% of the population are smokers, which is less than a third of the EU average. Norway is a clear example where there has been a very clear rapid decline in cigarette consumption between 2005–2020, following the adoption of nicotine pouches/snus.

Positive regulatory development and growing governmental interest for harm reduction in Europe
Sweden has introduced legislation for nicotine pouches that will, among other things, limit certain marketing practices and introduce product standards and age verification. Haypp Group support these changes and we believe this legislation will secure the sustainability of the category. We also remain positive that the EU will introduce positive regulation for nicotine pouches. Since the European Parliament released its "Beating Cancer" report, we are seeing an increasing number of governmental agencies across our markets in Europe advocating for regulations of new nicotine products from a harm-reduction perspective. In September, the German Federal Institute for Risk Assessment, BfR, released a health assessment on nicotine pouches concluding that switching from cigarettes to nicotine pouches can reduce the health risks for smokers. Also in September, another harm-reduction study, partly commissioned by the UK Department of Health and Social Care, encouraged the use of vaping products to quit smoking since vaping was deemed effective for quitting and that it only poses a small fraction of the risks of smoking in the short and medium term. Furthermore, the study also called on the review of other non-tobacco nicotine products, such as nicotine pouches.

California flavour ban
On November 8, California imposed a ban on flavoured nicotine products sold in retail locations, thus prohibiting brick-and-mortar retailers and vending machines from selling certain flavoured tobacco products and tobacco flavour enhancers. It is Haypp Group's 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 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. We, however, note that online retailers are omitted, meaning the ban could benefit Haypp Group and other online-based nicotine retailers in the upcoming quarters.

First phase of geographical expansion completed during
Our distribution capabilities were greatly enhanced throughout 2022, which has improved the customer experience through shorter lead times and localized last mile solutions. Our efficient logistics set-up is prepared for continued global expansion. Phase 1 of this expansion was completed in H1 2022, focused on flexible fulfilment infrastructure serving all Haypp Group's markets, with an efficient inventory turnover ratio of 15x for the full-year 2022. With convenience for customers as one of our key competitive strengths, our strategy is to use a combination of in-house warehouses and third-party warehouses, depending on the maturity of each market. Haypp Group currently has 3 in-house warehouses (Stockholm, Oslo and Texas) and 3 third-party warehouses (UK, Colorado and Pennsylvania), which serve our Core and Growth markets. We are now in Phase 2 of the expansion, focused on scalable back-end infrastructure. We will continue to improve our system infrastructure by scaling for further growth in current markets and efficiently enter potential new geographies.

"We are now in second phase of the geographical expansion, focused on scalable back-end infrastructure. We will continue to improve our system infrastructure by scaling for further growth in current markets and efficiently enter potential new geographies."

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, 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.

Huge untapped potential
The growing consumer demand for less harmful nicotine products as well as favourable regulatory development in several of Haypp Group's Growth markets 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. Machine learning is an important tool in our marketing strategy, and it is expected to play an even larger part in the future. So far this has added value across multiple parts of the value chain and will be a key driver of our gross margin over time.

Flexible in a turbulent environment
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 April 2023

Gavin O'Dowd
President and CEO

Strengths and competitive advantages

Haypp Group strive to maintain its strong market position through the following strengths and competitive advantages:

First-mover in a market undergoing a structural shift
There is a strong underlying demand for reduced-risk nicotine products as customer preferences are shifting towards new options with less risks relative cigarette smoking and no social stigma. We believe the market dynamics favour Haypp Group as nicotine pouches with fresh taste, no smell nor miscolouring of teeth have become one of the most popular products within the category of reduced-risk products.

This shift is further strengthened by legislation moving in the same direction towards harm reduction rather than product use reduction. Similar shifts can also be seen in the product offerings of larger tobacco companies. Today, all of the global tobacco manufacturers communicate strategies focusing on reduced-risk products, such as tobacco heating products, vapour products, and oral nicotine.

In addition, Haypp Group believes it will be able to benefit from its first-mover advantage in the online channel supported by the ongoing transition from offline to online sales. Globally, online penetration for nicotine pouches and snus is approximately 5 per cent. Haypp Group believes the category has, due to its e-commerce friendly characteristics, including uniform packages that are easy to ship and high purchase frequency with low returns from customers, opportunities to take even higher market shares online.

Unique offering to suppliers through Haypp Group's bespoke tech platform
Haypp Group's customer base is skewed towards customers with high life-time value as the customers are urban, gender balanced and falls within the key target age group of 25–44 years old. According to Haypp Group, the customer base is more focused on premium products than rest of the market. Due to the favourable characteristics of Haypp Group's customer base, we see strong demand from our suppliers to market their products on our e-commerce stores and to get customer insights regarding their behaviours. This is also an important factor for why suppliers wish to launch new products on Haypp Group's platforms.

Haypp Group is a leading e-commerce player in the online nicotine pouch and snus market in its Core markets, with around 85 per cent market share. In its Growth markets, Haypp Group has some 55 per cent market share in the US and 30 per cent in Rest of Europe. Haypp Group assesses that it has achieved its position in Sweden and Norway by refining its model to attract and retain consumers in this category.

Haypp Group's marketing efforts are mainly tailored towards acquiring customers organically, via non-paid search results in search engines such as Google and word of mouth. Haypp Group's strategy is to always be the destination to which search engines direct traffic. Besides being a large e-commerce player with reach across Europe and the US, Haypp Group's value proposition to its customers consists of:

- Wide assortment, with over 1,200 SKUs (Stock Keeping Units) corresponding to around 8 times more SKUs than average physical stores. The assortment is also continuously updated with new products to keep at the forefront of the market's new product innovations;
- Compelling prices, with some 40 per cent lower prices compared to convenience stores and 20 per cent lower prices compared to grocery stores; and
- Convenient order and delivery options, offering seamless age verification on websites and last mile deliveries in larger cities.

Haypp Group's share of net sales from returning customers recorded over 85 per cent in 2022, indicating customer loyalty.

Extensive experience of navigating and influencing the complex regulatory waters
Haypp Group believes its ability to identify upcoming regulation proactively has been a strong basis for its competitive advantage. Haypp Group believes that the business has benefited through a range of regulatory changes in recent years. Utilising Haypp Group's knowledgeable in-house regulations team to identify risks and opportunities, the business has been adapted to take advantage of them.

Examples of Haypp Group's experience of navigating the regulatory waters are the restrictions for snus and nicotine pouches entering the Norwegian market in 2018 regarding packaging and display in physical stores and the changes to the national ANDTS6 strategy, including both tobacco and nicotine pouches, which the Government proposed in Sweden in 2021. The Swedish Governments' review of the ANDTS strategy included resulted in a policy with stricter regulation of product development, marketing and product sales. Haypp Group led the lobbying campaign for harm reduction and coordinated work among stakeholders in the areas of strategy and communication. The work successfully resulted in vast majority of parliament voting against the proposed legislation and urging for a strategy focused on harm reduction.

Track-record of strong growth resulting in economies of scale
Haypp Group recorded net sales of SEK 2.6 billion in 2022 and has experienced strong net sales growth with a CAGR of 54 per cent between 2018 and 2022. Net sales have mainly been driven by increase in customer base, average number of orders per customer and increase in average order values.

The net sales growth has generated economies of scale, part of which has been passed on to customers in the form of improved customer offerings and part has been retained to improve the gross margin. Gross margin has increased from 9.7 per cent in 2018 to 12.6 per cent in 2022. In 2022, Haypp Group improved its adjusted EBIT margin from 0.7 per cent in 2018 to 2.2 per cent, mainly driven by operating leverage.

Management team with extensive experience within the industry
Haypp Group is led by a management team with sector specific expertise of both e-commerce and tobacco (particularly nicotine pouches and snus). The full workforce is united behind its vision of "Inspiring healthier enjoyment for millions" which drives high scores from employees in workplace satisfaction and happiness. Haypp Group has historically maintained a low employee turnover.

Regulatory environment

Legislation favours nicotine pouches

In addition to consumer behaviour that to a higher extent has begun to shift towards alternatives to cigarettes, legislation is also moving in the same direction, and legislation is a major factor behind product evolvement. Present and future regulations affect numerous aspects of the Haypp Group's operations and Haypp Group must comply with, and is affected by, extensive and complex laws and regulations at a national, regional and local level. These regulations relate, among other things, to marketing, packaging and health warning label requirements, use of ingredients, introduction of new products as well as minimum legal age for the purchase and use of tobacco products. The intention of tobacco legislation is centred around increasing public health and is influenced by two major philosophies:

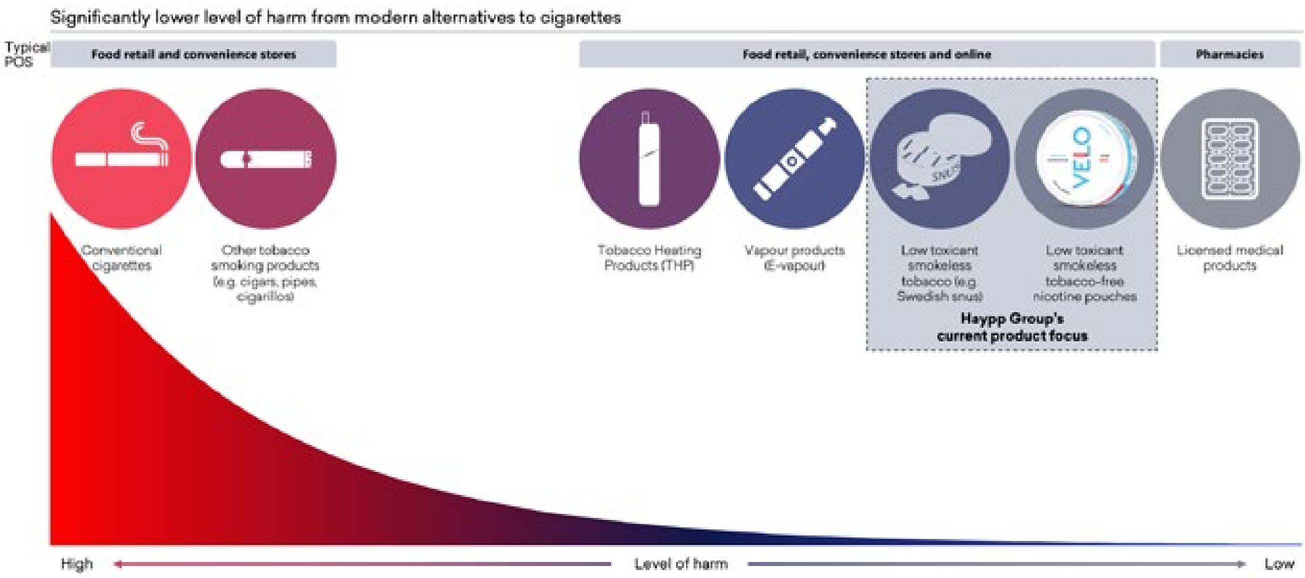
- Reduce overall tobacco and nicotine consumption
- Reduce harm from tobacco and nicotine consumption

Positive regulatory development

We continue to note that governments across Europe and the US are increasingly adopting the principle of harm reduction in their regulatory work. Our view is that balanced regulation of the Nicotine pouches category is of great importance for the sustainability and long-term growth of the category. Sweden, for example, has introduced legislation for nicotine pouches that will, among other things, limit certain marketing practices and introduce product standards and age verification. Haypp Group support these changes and note that Haypp Group's policies largely overlap with the proposed regulation, as we for example have self-regulated for age verification and product standards for a number of years. We believe the new legislation will secure the sustainability of the category not only in Sweden but also sets a precedent for upcoming EU legislation.

Growing governmental interest for harm reduction in Europe

We remain positive that the EU will introduce positive regulation for nicotine pouches. Since the European Parliament released its "Beating Cancer" report, we are seeing an increasing number of governmental agencies across our markets in Europe advocating for regulations of new nicotine products from a harm-reduction perspective. In September, the German Federal Institute for Risk Assessment, BfR, released a health assessment on nicotine pouches concluding that switching from cigarettes to nicotine pouches can reduce the health risks for smokers. Also in September, another harm-reduction study, partly commissioned by the UK Department of Health and Social Care, encouraged the use of vaping products to quit smoking since vaping was deemed effective for quitting and that it only poses a small fraction of the risks of smoking in the short and medium term. Furthermore, the study also called on the review of other non-tobacco nicotine products, such as nicotine pouches.



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Important role for compliance

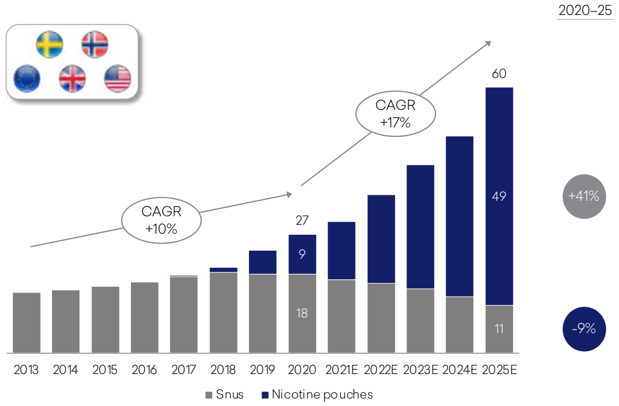
Haypp Group recently conducted its annual product quality review. The product tests were conducted in early January, by the independent laboratory Eurofins. In general, the product compliance of our portfolio is exceptionally high as all products are enrolled in our testing procedure. For the producers, the testing acts as a quality label. If deficiencies are caught, we initiate a dialogue and work with the producer to further develop the products.

Market trends and dynamics

Market shift towards reduced-risk nicotine products

The combined market for nicotine pouches and snus is currently experiencing a pronounced shift away from combustible tobacco products such as cigarettes to smokeless products such as snus and tobacco-free nicotine. The combined market size of nicotine pouches and snus, in Haypp Group's Core and Growth markets, is estimated to increase from approximately SEK 27 billion in 2020 to SEK 60 billion in 2025, representing a CAGR of 17 per cent. The total online market size is expected to increase from approximately SEK 3 billion in 2020 to SEK 10 billion in 2025, representing a CAGR of 32 per cent.

Global market for nicotine pouches and snus, SEKbn[1)]



In the Growth markets, i.e. Rest of Europe and the US, the total addressable market for 2020 amounted to approximately SEK 11 billion for both nicotine pouches and snus and is expected to increase to SEK 43 billion during the period 2020–2025 representing a CAGR of 32 per cent.

Low market penetration – high growth potential

Online penetration for nicotine pouches and snus is still low compared to other categories and varies across markets between approximately 4 per cent and 20 per cent as of 2020. In Sweden, online penetration was estimated to approximately 11 per cent as of 2020. The total online market size is expected to increase from approximately SEK 3 billion in 2020 to SEK 10 billion in 2025, representing a CAGR of 32 per cent. In the Core markets, the online market share for Haypp Group as of 2020 was estimated to approximately 90 per cent in Sweden and approximately 80 per cent in Norway. In the Growth markets, the online market share for Haypp Group as of 2020 was estimated to approximately 30 per cent in Rest of Europe and approximately 55 per cent in the US.

Increasing supplier fragmentation

In 2016, when the nicotine pouches category was in its infancy, there was three small suppliers active in the market. However, all large global suppliers have since then recognised the potential within the category and have thus entered it. In parallel, a number of smaller suppliers have also entered the category. According to transactional data from Haypp Group, the smaller suppliers have gained market share across both Core markets and Growth markets leading to further supplier fragmentation. In Sweden, for example, Haypp Group has added 21 suppliers since 2016 where the share of, what Haypp Group defines as, smaller suppliers has increased from 1 per cent in 2019 to 31 per cent as 2022. The market leader tends to vary by market and is generally losing market share as competition increases.

Competitive landscape

The market for and the resale of nicotine pouches and snus can be divided into two segments; physical stores and online stores. Haypp Group views that its competitive advantages versus physical stores are price and assortment. While the physical stores have historically shown a higher degree of convenience for certain consumer groups, the Company believes that improving last mile delivery options will continue to increase the convenience of online stores compared to physical stores.

Market growth drivers

The Company believes there are four specific market trends that support the market of nicotine pouches and snus's continued growth opportunities generally and the online market specific:

Underlying demand for reduced-risk products

In the last ten years, there has been a shift in demand away from cigarettes towards non-combustible products such as vaping products, tobacco heating products and nicotine pouches. In more recent years, nicotine pouches have become the fastest growing product in this category mainly due to its associated lower health risks relative to cigarette smoking. The Company's internal research suggests that the product is seen as a fresher, more discreet and more convenient alternative to cigarettes with no smell, miscolouring of teeth and no second-hand smoke or social stigma. These product characteristics have attracted a wider audience within nicotine pouches characterised as more affluent, gender balanced and urban versus cigarette smokers.

The demand for traditional tobacco products is thus changing in favour of nicotine pouches and is not only limited to the Company's Core markets where snus has been present for a long time.

Legislation favours nicotine pouches

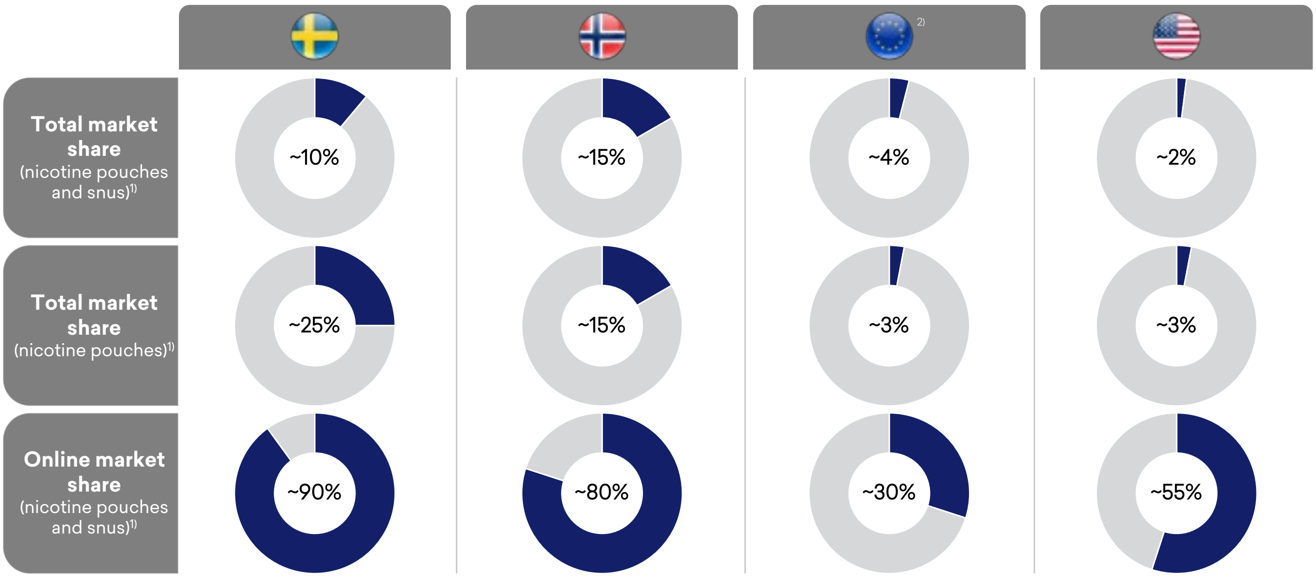
In recent years, legislators have started to recognise that efforts to reduce overall tobacco and nicotine consumption have not had the expected benefits for public health. Governments and organizations across the world have consequently started to focus public health policies based on harm reducing strategies to minimise the harm from tobacco and nicotine consumption. The US Food and Drug Administration (FDA) has recently introduced a so-called modified risk labelling. This allows certain products to be marketed as a safer alternative to other categories. In 2019, the FDA authorised certain snus products to be marketed as less harmful than cigarettes in the US. In 2021, the Swedish Parliament voted against a proposed policy for a stricter strategy for alcohol, drugs, tobacco, doping and gambling for money ("ANDTS") strategy and instead urged for a revised strategy focused on harm reducing principles. This theme can also be seen in many other countries such as Denmark, the UK and New Zealand.

Suppliers push for nicotine pouches

While cigarettes and other smoking products have been the core business of our global competitors, the underlying change in consumer behaviour and change of sentiment among legislators has resulted in a push for these companies to innovate and drive the launch of new product categories in order to stay competitive. Today, all of these companies have communicated strategies to focus on reduced-risk products such as vaping products, tobacco heating products and oral nicotine products.

Compelling characteristics well-suited for online sales

Nicotine pouches and snus are suitable for online sales due to its non-cyclical demand and high purchase frequency. The logistical complexity is limited due to the small and similarly sized boxes with low return rates. The market is characterised by a complex regulatory environment which creates entry barriers for new competitors. In addition, Amazon has not entered the category due to its non-nicotine policy which in our view will continue in the future.



Source: Company information, Arthur D. LittleNote: 1) Based on number of sold cans;
2) Rest of European market consists of Austria, Denmark, Finland, Germany, Switzerland and the UK.

Business concept and operations

Haypp Group is an e-commerce business selling nicotine pouches and snus online in eight countries across Europe and in the US. The Company's ten e-commerce store brands enable consumers a broad and relevant assortment, competitive prices and convenience in the form of a seamless shopping experience and several delivery options. With an average of over 250,000 customers per month, the e-commerce store brands also serve as marketing and launch platforms for new and existing products, as well as providers of customer data to the insights offering for suppliers.

Haypp Group's strategic position

- Growth continues to be prioritized over profitability, and resources as well as investments will be redirected towards the markets which shows favourable conditions.
- The growing consumer demand for less harmful nicotine products as well as favourable regulatory development will be two major drivers of Haypp Group's future growth.
- 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.

Growth strategy

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. These investments encompass improvements to local customer offerings, machine learning capabilities, and to the overall efficiency.

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 through a strong value proposition hinged upon a broad assortment, convenient ordering and shipping and compelling prices. As an online retailer, machine learning is an important tool in our marketing strategy, and it is expected to play an even larger part in the future. So far this has added value across multiple parts of the value chain and will be a key driver of our gross margin over time. Haypp Group is well positioned to take advantage of a rapidly growing international market over the coming years.

OPERATIONS

Customer acquisition and retention

Haypp Group gets the vast majority of its new tobacco or nicotine consuming customers organically, via non-paid search results in search engines. Haypp Group's strategy is to always be the destination which search engines promote. To determine which platforms to promote, search engines will measure site performance, content quality and conversion rates. Since Haypp Group has multiple e-commerce store brands across different markets, its share of relevant traffic increases.

For search engines, e-commerce conversion rates are a strong indication for consumer satisfaction. Haypp Group's conversion rates for organic traffic is approximately 8 per cent globally, and even higher in markets where Haypp Group is well established, which is significantly higher than the average conversion rate of approximately 3 per cent of other e-commerce companies.

Retaining customers is Haypp Group's key priority. In our experience, consumers stay due to assortment, price and convenience. Haypp Group's customer base has demonstrated high stability and retention. The share of net sales from returning customers recorded over 85 per cent in 2022.

Assortment

Haypp Group has a broad assortment of products in every market it is present in with over 800 SKUs corresponding to around 8 times more SKUs than average physical stores. The share of net sales from nicotine pouches recorded 41 per cent in 2022 and Haypp Group aims to have more than 50 per cent of net sales from nicotine pouches in the short to medium term. While much of Haypp Group's assortment relates to niche products, we also continuously list relevant new products on our platforms. Haypp Group utilises machine learning propensity modelling to guide existing consumers towards products which they are likely to enjoy.

Price

On average, our prices are 20 per cent lower than grocery stores and 40 per cent lower than convenience stores. Further, Haypp Group's deep learning algorithms will target customers with relevant offers to ensure they remain.

Convenience

Haypp Group provides a range of delivery options such as home delivery, boxes and traditional postal service enabling options for same-day and over-night deliveries. Same day deliveries are currently available in the Mälardalen (i.e. greater Stockholm) area in Sweden, Oslo, Norway and London, UK. Around 40 per cent of the orders shipped from the Stockholm warehouse reach the consumer within 48 hours from the time of check out. Haypp Group also provide in-house local language customer service covering relevant time zones.

Customer insights
Due to the favourable characteristics of Haypp Group's customer base, we see strong demand from our suppliers to market their products on Haypp Group's e-commerce stores and to get customer insights regarding their behaviours. In light of the expectation for rapid category change, i.e. growth in nicotine pouches, Haypp Group decided in 2018 to invest heavily in data management and machine learning to enhance its ability to adapt to accelerated consumer trends. Much of the insights Haypp Group needed to optimise the customer experience, such as consumers' willingness to try a product, consumer loyalty and willingness to pay premium for certain products, were also insights which the suppliers required. On the back of this, Haypp Group established an insights function which is now being utilised by all large and many small suppliers to enhance their understanding of changing consumer behaviours.

Marketing platform
In addition to the insights, Haypp Group is also a primary marketing platform for new product launches and existing brands promotions. In Q4 2022, Haypp Group's e-commerce brand stores had a reach of an average 1.4 million visits per month and an average of 200,000 customers. Our portfolio of marketing services is, in our view, unparalleled in the offline market and Haypp Group often takes a new brand to significant market share in the first weeks from launch. The marketing services are bought by suppliers, normally through annual agreements.

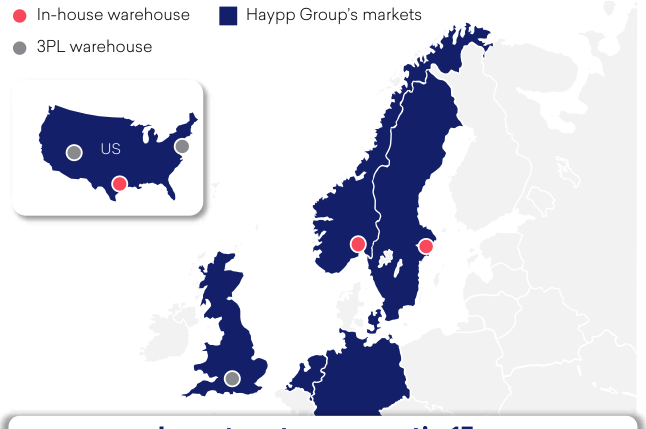
Logistics
To ensure that the convenience level is both high quality and economically viable, Haypp Group has developed a tiered approach to each market, subject to market maturity. When entering a new market, Haypp Group generally products that market from the Swedish warehouse and utilises international shippers. When the market approaches critical mass, Haypp Group connects its systems with local 3PL's and utilises local shipping networks, with a focus on last mile delivery and speed. Finally, when a market reaches critical mass, Haypp Group opens its own warehouse, where Haypp Group utilises automation and area pre-sorting per shipper to reduce the time to delivery.

Technology stack
Haypp Group's bespoke technology infrastructure hinges around the principle of developing the core systems which fundamentally differentiate Haypp Group's interaction with consumers, such as its e-commerce platform and data management. This enables Haypp Group to optimise the technology stack for SEO and customer retention. Haypp Group builds any new domains (including new acquisitions) on the technology stack, resulting in improvements to customer attraction and retention rates. Haypp Group believes its technology stack is a key differentiator versus its competitors due to its design to cater for customer attraction and retention within the category.

People and culture
Haypp Group focuses on hiring top class professionals who are capable of bringing value to the business across all markets. Haypp Group runs a culture of many disciplines converging on set problems to create long-term solutions, in a rapidly changing environment. Haypp Group prides itself of its high employee satisfaction rates and low employee turnover levels. In an 2021 employee survey, 100 per cent of the employees stated that they believe in our purpose ("Inspiring healthier enjoyment to millions") and 86 per cent of employees would describe Haypp Group as a great place to work.

The management team consists of persons with both deep digital experience from the e-commerce sector and deep industry experience from larger tobacco companies. This combination enables the management team to identify both risks and opportunities that arises in the business.

Flexible fulfilment infrastructure serving all Haypp Group's markets



Inventory turnover ratio 15x
Full-Year 2022

Haypp Group currently has its own warehouses in Stockholm, Sweden, Oslo, Norway and Texas, in the US. We provide a range of same-day and over-night delivery options to minimise waiting-times, irrespective of what time of the day the consumer places their order.

The share and shareholders

During October 2021, Haypp Group's shares were listed on Nasdaq First North Growth Market with the ticker: HAYPP. The ISIN-code is SE0016829469 and the LEI-code is 549300NDGL14NS31UP49. Haypp Group has one class of shares and each share gives the holder a voting right and an equal share in the company assets and profits.

At the end of 2022, the total number of shares consisted of 29,122,479 ordinary shares with one vote each. The total number of shareholders amounted to approximately 3,600 at the end of December 2022. Shareholding which exceeds one tenth of the number of votes consists of two shareholder, GR8 Ventures AB Which holds 14.85% as well as Patrik Rees who holds 12.41% of the shares.

Dividend policy

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

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 forthe Company's continued expansion.

Largest shareholders per December 31, 2022

	Number of Shares	Share of capital and votes
GR8 Ventures AB	4,323,953	14.85
Patrik Rees	3,612,423	12.41
Fidelity Investments (FMR)	2,909,832	9.99
Northerner Holding AB	2,797,917	9.61
madHat AB	1,696,269	5.83
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
Sum	**20,976,480**	**72.04 %**
Others	**8,145,999**	**27.96 %**
Total	**29,122,479**	**100%**

Key ratios

Amounts in MSEK	2022	2021
Income statement		
Net sales	2,598.8	2,266.8
Net sales growth, %	14.6	31.1
Gross margin	12.6	11.0
Adjusted EBIT	58.5	41.5
Adjusted EBIT margin, %	2.2	1.8
Operating profit/loss	15.2	–22.6
Balance sheet		
Net working capital	229.5	69.8
Net debt	185.1	46.0
Investments	–49.3	–245.9
Net debt/Adjusted EBITDA, times	1.8	0.7
Equity/Total assets ratio, %	58.5	61.4
Cash flow		
Cash flow from operating activities	–32.4	–48.3
Data per share		
Earnings per share after dilution (SEK)	0.68	–1.19
Equity per share after dilution (SEK)	20.3	21.5
Cash flow from operating activities per share after dilution (SEK)	–1.1	–1.8
Average number of shares after dilution	29,502,411	26,396,415

Segment information by quarter

Amounts in MSEK	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Net sales per business unit								
Core markets	488.5	484.4	501.3	503.6	540.8	525.3	514.4	564.8
Growth markets	64.0	57.4	80.6	86.9	99.3	102.3	116.3	135.7
EBITDA per business unit								
Core markets	27.1	29.7	26.0	36.4	40.9	43.5	42.3	47.3
Growth markets	–11.3	–12.7	–7.8	–15.3	–18.0	–18.5	–17.0	–18.2
EBITDA margin per business unit (%)								
Core markets	5.6 %	6.1 %	5.2 %	7.2 %	7.6 %	8.3 %	8.2 %	8.4 %
Growth markets	–17.7 %	–22.2 %	–9.7 %	–17.6 %	–18.1 %	–18.1 %	–14.6 %	–13.4 %
Active customers per business unit (thousand)								
Core markets	285	287	321	324	343	340	355	376
Growth markets	46	45	61	68	71	72	76	82

Corporate Governance

Haypp Group AB (publ) is a Swedish public limited liability company which is listed on the Nasdaq First Growth Market since October 13, 2021.

Haypp Group's corporate governance is based on Swedish legislation, the Nasdaq First North Growth Market Rulebook, and good practice in the securities market. Haypp Group's governance is also based on internal regulations, such as the Board rules of procedure, the CEO instructions, the Group's code of conduct and other policy documents. Companies listed on the Nasdaq First North Growth Market are not obliged to comply with the Swedish Code of Corporate Governance, and Haypp Group AB (publ) has not undertaken to do so on a voluntary basis.

Haypp Group's Articles of Association and Code of Conduct can be found at www.hayppgroup.com

Shares and Shareholders

At the end of 2022, the total number of shares consisted of 29,122,479 ordinary shares with one vote each. Shareholdings that exceed one tenth of the voting rights consist of two shareholders, GR8 Ventures AB, which holds 14.85% and Patrik Rees, which holds 12.41% of the shares. There were no restrictions on how many votes each shareholder could cast at the Annual General Meeting.

For more information about shareholders, see page 15.

The Annual General Meeting

According to the Swedish Companies Act, the Annual General Meeting is the Company's highest decision-making body. At the Annual General Meeting, the shareholders exercise their voting rights on key issues, such as approval of income statements and balance sheets, disposition of the Company's results, granting discharge from liability for the Board members and CEO, election of Board members and auditors and remuneration to the Board and auditors.

The Annual General Meeting also resolves guidelines for remuneration to senior executives and any amendments to the Articles of Association.

The Annual General Meeting must be held within six months from the end of the financial year. In addition to the Annual General Meeting, it may be called an Extraordinary General Meeting. According to the Articles of Association, notice of the Annual General Meeting is given by advertising in national newspapers and by keeping the notice available on the Company's website. Information that a notice has been issued shall at the same time be announced in Svenska Dagbladet.

Shareholders who wish to participate in the negotiations at the Annual General Meeting must be registered in the share register kept by Euroclear Sweden six banking days before the meeting, and register with the Company for participation in the general meeting no later than the date specified in the notice convening the meeting. Shareholders may attend general meetings in person or through proxies and may also be assisted by a maximum of two people. It is usually possible for shareholders to register for the Annual General Meeting in several different ways, which are specified in the notice convening the meeting. Shareholders are entitled to vote for all shares held by the shareholder.

Shareholders who wish to have a matter considered at the Annual General Meeting must send a written request to this effect to the Board. Such a request must normally be received by the Board in good time before the Annual General Meeting in order to be included on the agenda.

Nomination Committee

The purpose of the Nomination Committee is to submit proposals regarding the chairmanship of general meetings, board members, including the chairman of the board, remuneration to board members and remuneration for committee work, election of and remuneration to external auditors and proposals for changes in principles for appointing nomination committees.

The Nomination Committee shall consist of the Chairman of the Board and a member appointed by each of the three largest shareholders based on ownership of the company on September 1, 2022. If any of the three largest shareholders were to refrain from appointing a member to the Nomination Committee, the right shall pass to the shareholder who, after these three shareholders, has the largest shareholding in the Company. The Chairman of the Board shall convene the Nomination Committee. The member who was appointed by the largest shareholder shall be appointed chairman of the Nomination Committee if the Nomination Committee does not unanimously appoint another member.

If shareholders who have appointed a member of the Nomination Committee no longer belong to the three largest shareholders no later than three months before the Annual General Meeting, the member appointed by this owner shall make his seat available and the shareholder who has been added among the three largest shareholders shall have the right to appoint a member to the Nomination Committee. Unless there are special reasons, however, no change shall take place in the composition of the Nomination Committee if only a marginal change of ownership has taken place or if the change occurs later than three months before the Annual General Meeting. In the event that a member leaves the Nomination Committee before its work is completed, the shareholder who appointed the member shall appoint a new member. If this shareholder no longer belongs to the three largest shareholders, a new member shall be appointed in the order specified above. Shareholders who have appointed a member of the Nomination Committee have the right to dismiss such a member and appoint a new member of the Nomination Committee.

Changes in the composition of the Nomination Committee shall be announced immediately. The Nomination Committee's term of office runs until a new Nomination Committee is appointed. The Nomination Committee shall perform its duties in accordance with the Swedish Code of Corporate Governance.

Board of Directors

The Board of Directors is the Company's highest decision-making body after the Annual General Meeting. According to the Swedish Companies Act, the Board is responsible for the Company's management and organization, which means that the Board is responsible for, among other things, setting goals and strategies, ensuring routines and systems for evaluating established goals, continuously evaluating the Company's results and financial position and evaluating operational management. The Board is also responsible for ensuring that the annual report and interim reports are prepared in a timely manner. In addition, the Board appoints the Company's CEO.

The Board members are normally elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Company's Articles of Association, the board members elected by the Annual General Meeting shall be a minimum of three and a maximum of ten members in number and a maximum of four deputies. The Chairman of the Board has a special responsibility for leading the Board's work and for ensuring that the work is organized in an efficient manner.

The Board applies a set of rules of procedure which are revised annually and adopted at the statutory board meeting every year. The rules of procedure govern, among other things, the board's practices, functions and the division of work between the board members and the CEO. At the statutory Board meeting, the Board also adopts instructions for the CEO, including instructions for financial reporting. The Board meets according to an annually established schedule. In addition to these meetings, additional board meetings may be convened to address issues that cannot be postponed until the next regular board meeting. In addition to the Board meetings, the Chairman of the Board and the CEO continuously discuss the management of the Company.

At present, the Company's Board consists of six ordinary members members elected by the Annual General Meeting, which are presented in more detail on pages 21–23

Remuneration paid to the Board members can be found in Note 8.

Audit Committee

The Audit Committee consists of Anneli LIndblom, Kristian Ford and Patrik Rees and where Anneli Lindblom also is the chairman of the committee. The Audit Committee is primarily a preparatory body that prepares proposals for the Board. The main tasks of the Audit Committee are (without affecting the Board's responsibilities and tasks):

- monitor Haypp Group's financial reporting,
- monitor the effectiveness of Haypp Group's internal control and risk management regarding financial reporting,
- stay informed about the audit of the annual accounts and the consolidated accounts,
- inform the Board of Directors of the results of the audit and in what way the audit contributed to the reliability of the financial reporting and of the function of the committee,
- review and monitor the auditor's independence, paying particular attention to whether the auditor provides Haypp Group with services other than auditing services,
- approve the auditor's advisory services and establish a policy for the auditor's advisory services,
- assist in the preparation of proposals for the Annual General Meeting's decision on the auditor,
- annually evaluate the need for an internal audit function, and
- assure quality of year-end reports and interim reports prior to board decisions.

Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board, Ingrid Jonasson Blank, and the members Linus Liljegren and Per Sjödel. The Remuneration Committee is primarily a preparatory body that prepares proposals for the Board.

The main tasks of the Remuneration Committee are to:

– prepare the Board's decisions in matters concerning remuneration principles, remuneration and other terms of employment for senior executives, - monitor and evaluate ongoing programs for variable remuneration to senior executives as well as such programs decided on during the year,

– monitor and evaluate the application of the guidelines for remuneration to senior executives decided on by the Annual General Meeting and of the company's remuneration structures and remuneration levels."

CEO and Senior Executives

The CEO is subordinate to the Board and is responsible for the Company's day-to-day management and the daily operations. The division of work between the Board and the CEO is governed by the rules of procedure for the Board and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from management prior to board meetings and for presenting such material at board meetings.

According to the instructions for financial reporting, the CEO is responsible for financial reporting in the Company and must consequently ensure that the Board receives sufficient information for the Board to be able to continuously evaluate the Company's financial position.

The CEO shall keep the Board continuously informed of the development of the Company's operations, the development of sales, the Company's earnings and financial position, liquidity and credit situation, major business events and any other event or circumstance that may be assumed to be significant to the Company's shareholders.

The CEO and other senior executives are presented on pages 24–25.

Auditor

The auditor shall review the parent company and subsidiaries' annual reports and accounts, as well as the Board of Directors' and the CEO administration of the company. After each financial year, the auditor shall submit an auditor's report and a consolidated auditor's report to the Annual General Meeting.

According to the Company's Articles of Association, the Company shall have a minimum of one and a maximum of two auditors and a maximum of two deputy auditors. The company's auditor is Öhrlings Pricewaterhouse-Coopers AB, with Magnus Lagerberg as the principal auditor.

Haypp Group assesses that advisory services during the year did not jeopardize the auditor's independence.

Information on full remuneration to the auditors is provided in Note 7.

Remuneration to the Board of Directors

Fees and other remuneration to the Board members, including the Chairman, are determined by the Annual General Meeting. At the Annual General Meeting on May 18, 2022, it was decided that fees to the Board, for the period until the end of the next Annual General Meeting, shall be paid in a total of SEK 1,750,000, of which the Chairman of the Board will receive SEK 500,000 and other members not employed by the Company will receive 250,000 SEK each.

Furthermore, it was decided that remuneration for work in the board's committee shall be paid with SEK 75,000 to the chairman of the audit committee, SEK 50,000 to the chairman of the remuneration committee and SEK 25,000 each to the respective member for work within these committees. The board members are not entitled to any benefits after their assignment as board members has ended.

For more information about renumeration to the Board see page 45.

Remuneration to the CEO and Senior Executives

The Board has decided on current remuneration levels and other terms of employment for the CEO and for other senior executives. The employment agreements with the CEO and members of the company management contain a mutual notice period of six months. In addition to the salary, neither the CEO nor senior executives are entitled to any severance pay during the notice period.

All senior executives are entitled to an occupational pension based on a pension insurance. The CEO's employment agreement includes a non-compete clause that restricts the CEO from competing with the Group for a period of nine months after the termination of employment.

Information on remuneration to the CEO and the management team is provided in Note 8.

Control Environment

Internal control includes control of the Company's and the Group's organization, routines and support measures. The purpose is to ensure that the financial reporting is reliable and correct, that the Company's and the Group's financial reporting is prepared in accordance with law and applicable accounting standards, that the Company's assets are protected and that other requirements are met. The internal control system shall also monitor compliance with the Company's and the Group's policies, principles and instructions. Internal control also includes risk analysis and follow-up of the incorporation of information and business systems.

The Group identifies, evaluates and manages risks based on the Group's vision and goals. A risk assessment of compliance with the Company's commitments as well as strategic, operational and financial risks shall be carried out annually by the CFO and presented to the Board.

The board is responsible for internal control. In order to create and maintain a functioning control environment, the Board has adopted a number of policies, guidelines and governing documents regarding financial reporting. These documents mainly consist of the Board's rules of procedure, CEO instructions, instructions for financial reporting and instructions for the committees that have been appointed by the Board. The Board has also adopted certification instructions and a financial policy. The company also has a financial manual that contains principles, guidelines and routines for accounting and financial reporting. In addition, the Board has adopted a number of IT-related policies in which issues such as data recovery are addressed. Furthermore, the Board has established an Audit Committee whose primary task is to monitor financial reporting, the effectiveness of internal control and risk management, and to evaluate and monitor the auditor's independence.

Processes that control the business and deliver value must be defined within the company management system. The CEO is responsible for the process structure within the Group.

Every year, an internal evaluation must be made of the minimum requirements for defined controls that reduce identified risks for each business process. A report on the evaluation shall be given to the board. The CFO is responsible for the self-evaluation process made possible by the internal control function. In addition, the internal control function conducts reviews of the system for risk management and internal control in accordance with a plan agreed with the board and company management.

Board of Directors

Board of directors

The Company's board of directors consists of six ordinary members, including the chairman of the board, with no deputy board members, all of whom has been elected for the period up until the end of the annual shareholders' meeting 2022. The table below shows the members of the board of directors, when they were first elected and whether they are considered to be independent of the Company and/or the Major Shareholders.

In the section below, information on the respective board member's and executive management's holding of shares and warrants in the Company is made as of 31 March 2022.

			Independent of	
Name	**Position**	**Member since**	**The Company and executive management**	**The major shareholders**
Ingrid Jonasson Blank	Chairman	2018	Yes	Yes
Anneli Lindblom	Board member	2021	Yes	Yes
Kristian Ford	Board member	2018	Yes	No
Linus Liljegren	Board member	2016	Yes	No
Patrik Rees	Board member	2016	Yes	No
Per Sjödell	Board member	2021	Yes	Yes

Ingrid Jonasson Blank

Born 1962. Chairman of the board since 2018.

Education:	BSc. School of Business at the University of Gothenburg.
Other current assignments:	Chairman of the board of directors in Kjell Group AB (publ) and Aim Apparel AB. Member of the board of directors in Bilia AB, City Gross Sverige AB, Astrid Lindgren Aktiebolag, Hyber Group AB, Musti Group Oy (publ) and Forenom Group Oy.
Previous assignments (last five years):	Member of the board of directors in Martin & Servera Aktiebolag, Ambea AB (publ), Kulturkvarteret Astrid Lindgrens Näs AB, Matse Holding AB (publ), BHG Group AB (publ), Orkla ASA (publ) and Fiskars Group Oyj (publ). Chairman of the board of directors in Cosmetic Group Holding AS.
Shares and warrants in the Company:	Ingrid Jonasson Blank holds as of 31 March 2023, 6,400 shares and 19,500 warrants[1] in the company.
Remuneration 2022:	SEK 529,166.

1 In total, the warrants entitle to subscription for 19,500 new shares in the Company.

Anneli Lindblom

Born 1967. Board member since 2021.

Education:	Business and economics, Frans Schartau Business Institute.
Other current assignments:	CFO Pandox AB (publ), Member of the board of directors in i Logistea AB (publ), Member of the board of directors in Kollektivavtalsinformation Sverige AB and chairman of the board of directors in NoClds AB.
Previous assignments (last five years):	Member of the board of directors in Amasten Fastighets AB (publ) and Hemfosa Fastigheter AB. CFO and external CEO in Cabonline Holding Group AB. CFO and external deputy CEO in Acando AB (publ)
Shares and warrants in the Company:	Anneli Lindblom holds as of 31 March 2023, 500 shares in the company.
Remuneration 2022:	SEK 293,746.

Kristian Ford

Born in 1975. Board member since 2018.

Education:	Master of Laws, Lund University. Degree of Master of Science in economics, School of Economics and Management, Lund University.
Other current assignments:	Authorised external signatory in Advokatfirman Vinge Aktiebolag and Advokatfirman Vinge Skåne AB. Chairman of the board of directors in Föräldrakooperativet Vendelsbo Förskola Ekonomisk Förening. Member of the board of directors in Lundoch Diagnostics AB.
Previous assignments (last five years):	-
Shares and warrants in the Company:	Kristian Ford holds as of 31 March 2023, 35,370 shares in the company.
Remuneration 2022:	SEK 264,584.

Linus Liljegren

Born 1990. Board member since 2016.

Education:	No formal education.
Other current assignments:	Member of the board of directors in Solafide Capital AB. Alternate board member in GR8 Ventures AB and Retentor AB.
Previous assignments (last five years):	Member of the board of directors in Snusbolaget Norden AB. Alternate board member and member of the board of directors in Rightstore AB, Slutplattan VAJLO 105784 AB, Slutplattan SPIKA 104909 AB. Alternate board member in Slutplattan UNTRO.
Shares and warrants in the Company:	Linus Liljegren holds, through partly-held company[1], as of 31 March 2023, 4,323,953 shares in the company.
Remuneration 2022:	SEK 62,499.

1 GR8 Ventures AB.

Patrik Rees

Born 1968. Board member since 2016.

Education:	Education in Process Engineering, Electronics & Microdata Engineering, IHM Business School (incomplete degree).
Other current assignments:	Chairman of the board of directors in Gotland Padel Center AB. Chairman and member of the board of directors in e-Business Partner Norden AB. Member of the board of directors in Icehotel Aktiebolag, Lekia Online AB, Eastcoast Capital AB, ProteinBolaget i Sverige AB, Babyland Online Nordic AB, Kalk Management AB, Tofta Intressenter AB and Corlin Eyewear AB.
Previous assignments (last five years):	Chairman of the board of directors in Frank Agency AB and Haypp Group AB (publ). Chairman and member of the board of directors in Snusbolaget Norden AB and Klövern Visby AB. Hillmarketing AB, Stor & Liten AB, Stockfiller AB and FöretagsCentrum i Oskarshamn (FCO) Ekonomisk Förening.
Shares and warrants in the Company:	Patrik Rees holds, through company[1], as of 31 March 2023, 3,612,423 shares in the company.
Remuneration 2022:	SEK 264,584.

Per Sjödell

Born 1972. Board member since 2021.

Education:	Degree of Master of Science in economics, Linköping University.
Other current assignments:	Member of the board of directors in Spendrups Bryggeriaktiebolag, Springwine & Spirits AB, Swedavia AB and Carismar AB. Chairman of the board of directors in CIP Global Executive Search, Identity Works AB, Husse AB, Arkvision Nordic AB, Regnbågsfonden. Vice chairman of the board of directors in Posti Group OY and Swedish Fashion Association.
Previous assignments (last five years):	Chairman of the board of directors in Aktiebolag Lindex, Lyko Group AB (publ), Linneverket Group AB and Nordic Morning Group OY. Member of the board of directors in Advisa AB and Advisa Intressenter AB. CEO Sweden in Fiskars AB.
Shares and warrants in the Company:	Per Sjödell 2023, has no shares in the company.
Remuneration 2022:	SEK 264,584.

1 Shares trough Eastcoast Capital AB,

Executive management

Gavin O'Dowd

Born 1978. CEO since 2017.	
Education:	Accountant, Waterford Institute of Technology
Other current assignments:	-
Previous assignments (last five years):	Chairman of the board of directors in Fiedler & Lundgren AB and British American Tobacco Sweden AB. CEO in British American Tobacco Sweden AB.
Shares and warrants in the Company:	Gavin O'Dowd holds as of 31 March 2023, 1,179,391 shares and 116,883 warrants in the company.

Svante Andersson

Born 1987. CFO since 2017.	
Education:	BSc. in Business and Economics, Major in Business Administration, Stockholm University. MSc. in Business and Economics, Major in Finance, Stockholm School of Economics.
Other current assignments:	-
Previous assignments (last five years):	-
Shares and warrants in the Company:	Svante Andersson holds as of 31 March 2023, 450 shares and 209,789 warrants in the company.

Anders Signell

Born 1970. CCO since 2018.	
Education:	Degree of Bachelor of Science in Business Administration and Economics as well as studies in mathematics, physics and Chinese, Stockholm University.
Other current assignments:	Chairman of the board of directors in BAB Kommunikation AB. Member of the board of directors in Pulsen Data Aktiebolag and Picsmart AB.
Previous assignments (last five years):	Member of the board of directors and CEO in TBL Sweden AB, Fast Food Innovations Europe AB and Valk Fleet Sweden AB. CEO and alternate board member in Delivery Hero Sweden AB. Member of the board of directors in Taxijakt AB. CEO in The Cords & Co AB (publ).
Shares and warrants in the Company:	Anders Signell holds, through close related parties as of 31 March 2023, 22 shares and 210,528 warrants in the company.

Lotta Emtefall

Born 1974. General Counsel since 2022.	
Education:	Master of Laws, Gothenburg University.
Other current assignments:	–
Previous assignments (last five years):	–
Shares and warrants in the Company:	Lotta Emtefall holds as of 31 March 2023, 4,124 warrants in the company.

Markus Lindblad

Born 1973. Head of External Affairs since 2018.	
Education:	Economic history and political science, Stockholm University.
Other current assignments:	Member of the board of directors in Sirius Consulting & Investment AB. Alternate board member in Aktiebolaget Ramsängen.
Previous assignments (last five years):	Member of the board of directors in British American Tobacco Sweden AB, British American Tobacco Sweden Holding AB, Winnington Aktiebolag, Winnington Holding AB and Winds Global AB.
Shares and warrants in the Company:	Markus Lindbland holds as of 31 March 2023, 424,843 warrants in the company.

Other information about the board of directors and executive management

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management of the Company and their private interests and/or other undertakings.

All members of the board of directors and the members of the executive management are available at the Company's address, Östgötagatan 12, SE-116 25 Stockholm, Sweden.

Auditor

Öhrlings PricewaterhouseCoopers AB has been the Company's auditor since 2017 and was, at the annual shareholders' meeting 2022 re-elected until the end of the annual shareholders' meeting 2023. Magnus Lagerberg (born 1974) is the auditor in charge since 2021. Magnus Lagerberg is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). Öhrlings PricewaterhouseCoopers AB's office address is Torsgatan 21, SE-112 37 Stockholm, Sweden.

Directors' report

The Board of Directors and the CEO of Haypp Group AB (publ) (559075-6796) hereby submit the annual report and consolidated accounts for the financial year 2022-01-01 - 2022-12-31. The company is based in Stockholm. The annual report has been prepared in Swedish kronor.

Company information

The Group is active in e-commerce with primarily nicotine pouches and snus. The Group operates a number of different e-commerce stores under the brands Snusbolaget, Snushjem, Snuslageret, Snus.com, Haypp, Snusmarkt, Northerner, Nicokick, Nettotobak and Snusnetto. Operations are conducted in both Europe and the US through the various e-commerce stores and local offices are established in Stockholm, Oslo and Washington. Products are purchased from external suppliers and stocked before sale to consumers. Deliveries from the Group's various warehouses to consumers take place through external freight suppliers.

The parent company is a holding company that holds shares in companies with operations in e-commerce with nicotine products and snus.

Shareholders

Owners holding more than 10% of the number of shares in the company are GR8 Ventures AB and Patrik Rees.

Financial highlights

- The Group's net sales increased 15 per cent to SEK 2,599 million (SEK 2,267 million)
- Adjusted EBITDA margin increased to 3.9% (3.1%)
- Operating profit amounted to SEK 15 million (SEK -23 million)
- Total assets increased to SEK 1,021 million (SEK 926 million)
- Cash flow from operating activities amounted to SEK -32 million (SEK -48 million)
- Cash and cash equivalents at the end of the year amounted to SEK 15 million (49). Unutilized credit facilities amounted to SEK 23 million (38).

Significant events during the financial year

As of December 31, 2022, the Danish subsidiary, SLF Innovation Aps has been liquidated (org nr 39409879). During the financial year a new entity has been formed, Haypp Limited (org nr 13876184), active on the UK market. The group has during the year ended sales on the Finish and Danish market.

Significant events after the end of the financial year

No significant events have occurred after the end of the financial year.

Expected future development as well as significant risks and uncertainty factors

The overall conditions for harm reduction, including nicotine pouches, have never been better. The growing consumer demand for less harmful nicotine products as well as favorable regulatory developments in many of Haypp Group's growth markets will be two major driving forces for Haypp Group's future growth.

In line with the company's strategy, the company continue to develop distribution capabilities to improve the customer experience through shorter lead times and localized "last mile solutions" as well as to ensure capacity for future expected growth. Based on the positive effects, the company has continued to increase the investments in local teams in certain geographic markets with clear mandates and responsibilities. This is to be able to take full advantage of market trends. Going forward, to continue riding the wave of increasing demand, growth will continue to be prioritized over profitability, and both resources and investments will be redirected towards markets that exhibit favorable conditions such as DACH, the UK and the USA as well as Haypp Group's main markets Sweden and Norway.

Haypp Group is exposed to a number of both business and financial risks. The business risks can in turn be divided into strategic, operational and legal risks. Risk

Group financial summary

(SEK thousands)	2022	2021	2020	2019	2018
Net sales	2,598,813	2,266,765	1,729,171	802,431	460,149
EBITDA	99,113	35,768	30,054	–1,285	5,018
Items affecting comparability	3,352	35,237	30,500	5,689	1,543
Adjusted EBITDA	102,465	71,005	60,554	4,404	6,562
Adjusted EBITDA margin, %	3.9	3.1	3.5	0.5	1.4
Operating profit	15,222	–22,622	–14,331	–24,453	–11,476
Balance sheet total	1,021,280	925,993	549,619	491,889	263,475

management within the group aims to identify, control and reduce risks. This is based on an assessment of the risk's probability and potential effect for the group. The parent company's risks and uncertainty factors are indirectly the same as for the group. Changed legal conditions in the markets where the group operates constitute the main uncertainty factor where the effect of such changes can be both positive and negative for the group. The group spends significant resources on proactively working with decision makers and presenting our view on risk reduction regarding nicotine use. This includes sharing our data to support our views and generally participating in the public debate around nicotine use.

Sustainability work

Haypp Group reports its sustainability work based on our materiality assessment. These sustainability aspects follow the Global Reporting Initiatives standard and have been assessed as material in relation to the company's business and stakeholders' expectations. Previously reporting has been made based on GRI Core, while as of reporting 2023, the GRI Standards (GRI 1, GRI 2 and GRI 3) are used for reporting as the basis for Haypp Group's sustainability report for the fiscal year of 2022.

In accordance with ÅRL Chapter 6, Section 11, Haypp Group has chosen to prepare the statutory sustainability report as a sustainability report separate from the annual report.

Reporting takes place annually and the reporting period for the Group's sustainability report is the calendar year 2022.

Proposed disposition of profit or loss

The following profits (SEK) are available to the Annual General Meeting:

Share premium fund	689,558,340
Retained earnings (including net profit/loss for the year)	–58,525,591
Total	**631,032,749**

The Board of Directors proposes that the profits be used so that they are t ransferred to a new accounting period	631,032,749

Consolidated income statement

Amounts in KSEK	Notes	2022	2021
Net sales	4	2,598,813	2,266,765
Capitalised work on own account		16,683	10,339
Other operating income	5, 6	10,070	9,857
Total		**2,625,565**	**2,286,961**
Goods for resale	19	–2,270,308	–2,018,045
Other external costs	7	–109,321	–115,152
Personnel expenses	8	–140,231	–114,428
Depreciation and amortization of tangible and intangible assets	14, 16	–83,891	–58,390
Other operating expenses	9	–6,591	–3,567
Sum expenses		**–2,610,343**	**–2,309,583**
Operating profit/loss		**15,222**	**–22,622**
Financial income/expense	10		
Financial income		14,428	1,499
Financial expenses		–12,140	–10,371
Financial net		**2,287**	**–8,872**
Earnings Before Tax		**17,509**	**–31,495**
Income tax	11	2,573	3,861
Profit/loss for the period		**20,082**	**–27,634**
Profit/loss for the period attributable to:			
The parent company's shareholders		20,082	–27,634
Earnings per share, calculated on the earnings attributable to the parent company's shareholders during the period:			
Earnings per share before dilution (SEK)		0.69	–1.19
Earnings per share after dilution (SEK)		0.68	–1.19

Consolidated statement of comprehensive income

Amounts in KSEK	Notes	2022	2021
Profit/loss for the period		**20,082**	**–27,634**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		5,834	8,995
Total other comprehensive income		**5,834**	**8,995**
Total Comprehensive income		**25,916**	**–18,638**
Total comprehensive income for the year attributable to:			
Parent company shareholders		25,916	–18,638
Average number of shares before dilution		29,108,184	23,152,447
Average number of shares after dilution		29,502,411	26,396,415

Consolidated balance sheet

Amounts in KSEK	Notes	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Intangible assets	14		
Goodwill		161,985	156,869
Customer relationships		107,697	120,468
Trademarks		139,345	157,006
Websites		24,573	30,185
Capitalized development costs		75,212	52,700
Total intangible assets		**508,811**	**517,228**
Tangible assets	15		
Leasehold improvements		833	600
Equipment		3,553	1,393
Total tangible assets		**4,386**	**1,993**
Financial assets			
Non-current receivables	16	7,451	29,748
Total financial assets		**7,451**	**29,748**
Right-of-use assets	17	88,944	50,206
Deferred tax assets	18	19,337	19,070
Total fixed assets		**628,929**	**618,245**
Current assets			
Inventories			
Goods for resale	19	222,773	141,997
Current receivables			
Accounts receivable	20	62,022	65,529
Current tax recoverable		2,124	0
Other receivables	21	41,792	13,395
Prepaid expenses and accrued income	22	48,444	37,773
Cash and cash equivalents	23	15,196	49,055
Total current receivables		**169,578**	**165,751**
Total current assets		**392,351**	**307,748**
TOTAL ASSETS		**1,021,280**	**925,993**

Consolidated balance sheet cont.

Amounts in KSEK	Notes	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
EQUITY	25		
Share capital		1,908	1,906
Other contributed capital		689,558	686,553
Translation differences		–579	–6,413
Retained earnings (including net profit/loss for the year)		–93,348	–113,430
Total equity		**597,539**	**568,617**
LIABILITIES			
Non-current liabilities			
Non-current lease liability	17, 26	64,070	34,036
Deferred tax liabilities	18	21,725	25,326
Other liabilities		5,866	25,845
Total non-current liabilities		**91,662**	**85,207**
Current liabilities			
Bank overdraft	26	114,607	49,824
Current lease liability	17, 26	21,616	11,243
Accounts payable		91,915	146,216
Current tax liabilities		1,798	108
Other liabilities	27	48,509	22,139
Accrued expenses and deferred income	28	53,633	42,639
Total current liabilities		**332,078**	**272,169**
Total liabilities		**423,740**	**357,376**
TOTAL EQUITY AND LIABILITIES		**1,021,280**	**925,993**

The notes on pages 35–55 form an integrated part of the Group's consolidated financial statements.

Consolidated statement of changes in equity

Amounts in KSEK	Share capital	Other contributed capital	Translation differences	Retained earnings	Total equity
Opening balance, 2021-01-01	**1,336**	**308,696**	**–15,408**	**–85,797**	**208,828**
Profit/loss for the year				–27,634	–27,634
Other comprehensive income for the year			8,995		8,995
Total comprehensive income	**0**	**0**	**8,995**	**–27,634**	**–18,638**
New share issue *	571	377,857			378,427
Total transactions with shareholders in their attribute as shareholders	**571**	**377,857**	**0**	**0**	**378,427**
Closing balance, 2021-12-31	**1,906**	**686,553**	**–6,413**	**–113,430**	**568,617**
Opening balance, 2022-01-01	**1,906**	**686,553**	**–6,413**	**–113,430**	**568,617**
Profit/loss for the year				20,082	20,082
Other comprehensive income for the year			5,834		5,834
Total comprehensive income	**0**	**0**	**5,834**	**20,082**	**25,916**
New share issue *	2	3,005			3,007
Total transactions with shareholders in their attribute as shareholders	**2**	**3,005**	**0**	**0**	**3,007**
Closing balance, 2022-12-31	**1,908**	**689,558**	**–579**	**–93,348**	**597,539**

* After deduction of issue costs.

Consolidated statement of cash flow

Amounts in KSEK	Notes	2022	2021
Cash flow from operating activities			
Operating loss		15,222	–22,622
Adjustment for non-cash items:	33		
- Depreciation and amortization of tangible and intangible assets		83,891	58,390
- Other non-cash items		–1,526	–1,832
Interest received		19	0
Interest paid		–5,608	–9,134
Income tax paid		–2,451	–7,350
Cash flow from operating activities before change in working capital		**89,548**	**17,452**
Cash flow from change in working capital			
Increase/decrease in inventories		–74,026	–59,744
Increase/decrease in operating receivables		–11,114	–38,390
Increase/decrease in operating liabilities		–36,758	32,344
Total change in working capital		**–121,898**	**–65,791**
Cash flow from operating activities		**–32,350**	**–48,339**
Cash flow from investing activities			
Investment in intangible assets	14	–43,219	–243,818
Disposals of intangible assets		105	0
Investment in tangible assets	15	–3,694	–1,448
Disposal of tangible assets		38	52
Change in other financial assets	16	–2,504	–688
Cash flow from investing activities		**–49,275**	**–245,901**
Cash flow from financing activities	32		
New loans		–3,792	26,789
Change bank overdraft		64,784	–8,262
Repayment of loans		–1,928	–73,879
Repayment of leasing debt	17	–16,514	–13,822
New share issue *	25	3,007	378,427
Cash flow from financing activities		**45,556**	**309,254**
Decrease/increase in cash and cash equivalents			
Opening cash and cash equivalents		49,055	32,031
Cash flow for the period		–36,069	15,013
Exchange-rate differences in cash and cash equivalents		2,210	2,011
Closing cash and cash equivalents		**15,196**	**49,055**

* Cost after deduction of issue costs

Notes

1 General information

Haypp Group AB (publ) with corporate ID number 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, 116 25 Stockholm. The Group's operations comprise sales of tobacco and nicotine products as well as operations compatible therewith.

Shareholders representing more than 10% of the number of shares in the company are GR8 Ventures AB and Patrik Rees.

The company is the parent company in a group with the wholly owned subsidiaries Haypp AB (559174-2738), Snusbolaget Norden AB (556801-3683) and Northerner Scandinavia AB (556559-1699) all based in Stockholm. Furthermore, Haypp Group AB is the parent company of the wholly owned subsidiary Snushjem.no AS with its registered office in Norway and Haypp Limited with its registered office in UK. Northerner Scandinavia AB in turn owns Northerner Scandinavia Inc.

Unless otherwise stated, all amounts are reported in thousands of kronor (KSEK).

2 Summary of important accounting principles

2.1 Basis for preparation of the reports

The consolidated financial statements have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, as well as International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. It has been prepared in accordance with the acquisition value method, except for financial assets and liabilities valued at fair value via the income statement.

Preparing reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the Group's accounting principles. The areas that include a high degree of assessment, which are complex or such areas where assumptions and estimates are of significant importance for the consolidated accounts are stated in Note 2.22. Significant estimates and assessments for accounting purposes.

2.2 New and amended standards not yet applied by the Group

A number of new standards, amendments in standards and interpretations that have been published, enter into force for financial years beginning after 1 January 2022 and have not been applied in the preparation of this financial report. These new standards, amendments and interpretations are not expected to have a material impact on the Group's financial statements in the current or future periods, nor on future transactions.

2.3 Consolidated financial statements

Subsidiaries

Subsidiaries are all companies over which the Group has a controlling influence. The Group controls a company when it is exposed to or has the right to a variable return from its holding in the company and has the opportunity to influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The acquisition method is used to report the Group's business acquisitions. The purchase price for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities that the Group incurs to previous owners of the acquired company and shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities that are a consequence of an agreement on a contingent purchase price. Identifiable acquired assets and assumed liabilities in a business combination are valued, with a few exceptions, initially at fair values on the acquisition date.

Every contingent purchase price to be transferred by the Group is reported at fair value at the time of acquisition. Subsequent changes in the fair value of a contingent consideration that is classified as an asset or liability are reported in the income statement. Contingent consideration that is classified as equity is not revalued and subsequent settlement is reported in equity.

For each acquisition, i.e. acquisition by acquisition, the Group decides whether non-controlling interests in the acquired company are reported at fair value or at the holding's proportionate share in the carrying amount of the company's identifiable net assets.

2.4 Foreign currency translation

Functional currency and reporting currency

The various units in the Group have the local currency as the functional currency as the local currency has been defined as the currency used in the primary economic environment in which each unit is mainly active. In the consolidated accounts, Swedish kronor (SEK) is used, which is the parent company's functional currency and the group's reporting currency.

Transactions and balance sheet items
Transactions in foreign currency are translated into the functional currency according to the exchange rates that apply on the transaction date. Exchange rate gains and losses that arise from the payment of such transactions and from the translation of monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date are reported in the operating profit in the statement of comprehensive income.

Exchange rate gains and losses relating to loans and cash and cash equivalents are reported in the statement of comprehensive income as financial income or financial expenses. All other exchange rate gains and losses are reported in the items other operating expenses and other operating income in the statement of comprehensive income.

Translation of foreign group companies
Earnings and financial position for all Group companies that have a functional currency other than the reporting currency are translated into the Group's reporting currency. Assets and liabilities for each of the balance sheets are translated from the functional currency of the foreign operations to the Group's reporting currency, Swedish kronor, at the exchange rate prevailing on the balance sheet date. Income and expenses for each of the income statements are translated into Swedish kronor at the average exchange rate that existed at each transaction date. Translation differences that arise from currency translation of foreign operations are reported in other comprehensive income. Accumulated gains and losses are reported in the profit for the period when the foreign operations are divested in whole or in part.

Goodwill and fair value adjustments that arise on the acquisition of a foreign operation are treated as assets and liabilities in this operation and are translated at the exchange rate on the balance sheet date.

2.5 Revenue recognition
Haypp's main revenue streams are:
• Sales of snus and nicotine products online
• Sale of online marketing space
• Sales of market research
• Sales of services via analysis tools

Sales of goods
Revenues from agreements with customers mainly comprise sales of snus and nicotine products online. Sales are reported as revenue at the time the control of the goods is transferred, which occurs when the products are delivered to the customer, and there are no unfulfilled commitments that may affect the customer's approval of the goods. Delivery takes place when the goods have been transported to the agreed location and the risks of obsolete or lost goods have been transferred to the customer. Shipping is not considered a separate performance commitment and is reported as part of product sales.

Revenue from agreements with customers is valued at the transaction price that reflects the compensation that the Group expects to receive from the sale of the goods, after deduction of VAT and other sales taxes. In connection with the transaction price, the Group considers whether there are other commitments that constitute separate performance commitments and to which the transaction price is to be allocated, and the effects of variable compensation that affect the transaction amount. Variable remuneration includes, among other things, discounts and product returns and is reported as a deduction from income based on the amounts that the Group expects to repay.

Services
The Group enters into agreements with certain parties that include the provision of marketing services, market research and services via analysis tools. Revenue from the services provided is reported in the period in which they are provided. Revenues from services in the form of marketing take place at a time in connection with products being exposed and marketed by the Group.

2.6 Leasing

The Group acts as a lessee. The Group's leasing agreements where the Group is the lessee essentially refer to premises, machines, trucks, office equipment and various equipment.

Leasing - the group as lessee
For all leasing agreements, except for the exceptions mentioned below, a right-of-use asset and a corresponding leasing liability are reported on the day on which the leased asset is available for use by the Group. Each lease payment is divided between the repayment of the debt and the financial cost. The financial cost shall be distributed over the leasing period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the debt reported during the respective period.

Rights-of-use assets are amortized on a straight-line basis over the shorter of the asset's useful life and the length of the lease. The leasing agreements run for periods of 1–10 years, but options to extend or terminate the agreements exist.

Assets and liabilities arising from leasing agreements are initially reported at the present value of future leasing fees. Leasing liabilities include the present value of the following leasing payments:
• fixed fees
• variable leasing fees that depend on an index or interest rate
• residual value guarantees
• call options (which will be exercised with reasonable certainty)

Lease payments are discounted with the implicit interest rate when it can be determined easily, otherwise the marginal loan interest rate is used.

Right-of-use assets are valued at acquisition value and include the following:
- the initial valuation of the lease liability, and
- payments made at or before the time when the leased asset is made available to the lessee.
- any initial direct expenditure, and
- estimation of any costs for dismantling and removal of the underlying asset, restoration of the location where it is located or restoration of the underlying asset to the condition prescribed in the terms of the lease.

The Group applies the exemption attributable to non-leasing components and has chosen not to separate these from leasing fees attributable to premises.

The Group applies the exemption in IFRS 16, which means that leasing fees attributable to short-term leasing agreements and leasing agreements for which the underlying asset has a low value are not reported as a right-of-use asset and leasing liability but are reported as an expense on a straight-line basis over the leasing period. Short-term leasing agreements are agreements with a leasing period of 12 months or less. Leasing agreements for which the underlying asset has a low value essentially refer to office equipment.

Options to extend and terminate agreements
Options to extend or terminate agreements are included in the Group's leasing agreements regarding offices. The terms are used to maximize the flexibility in the handling of the agreements. Options to extend or terminate agreements are included in the asset and liability as it is reasonably certain that they will be exercised.

Accounting in subsequent periods
The lease liability is revalued if there are any changes in the lease agreement or if there are changes in the cash flow that are based on the original contract term. Changes in cash flows based on original contract terms occur when; the group changes its initial assessment of whether options for extension and/or termination will be exercised, there will be changes in previous assessments if a call option will be exercised, leasing fees will change due to changes in the index or interest rate. A revaluation of the lease liability leads to a corresponding adjustment of the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining revaluation is reported in the income statement. The right-of-use asset is tested for impairment whenever events or changes in conditions indicate that the carrying amount of an asset cannot be recovered.

Presentation
Right-of-use assets and lease liabilities are reported on a separate line in the balance sheet. Depreciation of right-of-use assets is reported in the income statement on the line depreciation and the interest expense on the lease liability is reported as a financial expense.

Leasing fees attributable to low-value leasing agreements and short-term leasing agreements are reported in the income statement under Other external costs. Repayment of the lease liability is reported as cash flow from financing activities. Payments of interest as well as payments of short-term leasing agreements and leasing agreements of low value are reported as cash flow from operating activities.

2.7 Government grants - only wage subsidies
Grants from the state are reported at fair value as there is reasonable assurance that the grant will be received and that the Group will meet the conditions associated with the grant. Government grants relating to costs are accrued and reported in the income statement over the same periods as the costs the grants are intended to cover. Government grants are reported on the line Other operating income.

2.8 Current and deferred income tax
The tax expense for the period comprises current tax calculated on the tax profit for the period according to current tax rates. The current tax expense is adjusted with changes in deferred tax assets and liabilities that relate to temporary differences and unutilized deficits.

The current tax cost is calculated on the basis of the tax rules that are decided on the balance sheet date or in practice decided in the countries where the parent company and its subsidiaries are active and generate taxable income. Management regularly evaluates the claims made in self-declarations regarding situations where applicable tax rules are subject to interpretation. It makes, when deemed appropriate, provisions for amounts that are likely to be paid to the tax authority.

Deferred tax is reported on all temporary differences that arise between the tax value of assets and liabilities and their reported values in the consolidated accounts. However, deferred tax liabilities are not reported if they arise as a result of the initial recognition of goodwill. Deferred tax is also not reported if it arises as a result of a transaction that constitutes the first recognition of an asset or liability that is not a business combination and which, at the time of the transaction, does not affect the reported or taxable result. Deferred income tax is calculated by applying tax rates (and laws) that have been decided or announced on the balance sheet date and that are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are reported to the extent that it is probable that future taxable surpluses will be available, against which the temporary differences can be utilized.

Deferred tax assets and liabilities are set off when there is a legal right of set-off for current tax claims and tax liabilities and when the deferred tax assets and liabilities relate to taxes debited by one and the same tax authority and refer to either the same tax subject or different tax subjects, where there is an intention to regulate balances through net payments.

Current and deferred tax are reported in the statement of comprehensive income, except when the tax refers to items that are reported in other comprehensive income or directly in equity. In such cases, the tax is also reported in other comprehensive income and equity.

2.9 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and refers to the amount by which the purchase price, any non-controlling interest in the acquired company and the fair value on the acquisition date of the previous equity share in the acquired company exceeds the fair value of identifiable acquired net assets.

In order to test impairment, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored in internal management. Goodwill is monitored based on operating segments.

Trademarks, customer relationships and websites

Trademarks, customer relationships and websites acquired through a business combination are reported at fair value on the acquisition date. Trademarks, customer relationships and websites have a definable useful life and are reported at acquisition value less accumulated depreciation. Depreciation is made on a straight-line basis to distribute the cost of trademarks, customer relationships and the website over their estimated useful life of 10 years.

Capitalized development expenses and similar

Capitalized expenses for development work and similar work essentially consist of capitalized expenses for development. The Group continuously evaluates whether internally generated intangible assets, such as capitalized expenses for development work, can be capitalized.

The following criteria must be met in order for internally generated intangible assets to be activated:

- it is technically possible to complete the internally generated intangible asset so that it can be used;
- the company's intention is to complete the internally generated intangible asset and to use or sell it;
- there are conditions for using or selling the internally generated intangible asset;
- it can be shown how the internally generated intangible asset generates probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the internally generated intangible asset are available, and the expenses attributable to the internally generated intangible asset during its development can be calculated reliably.

Other development expenses, which do not meet these criteria, are expensed as incurred. Expenses for development that were previously expensed are not reported as an asset in the subsequent period.

Capitalized development expenses that are reported as intangible assets are depreciated from the time the asset is ready for use. The capitalized expenses are attributable to the development of new products. Capitalized expenses for development are amortized on a straight-line basis over the forecast useful life, which amounts to 5 years.

2.10 Tangible fixed assets

Tangible fixed assets include equipment and improvement expenses on someone else's property. Tangible fixed assets are reported at acquisition value less depreciation. The acquisition value includes expenses that can be directly attributed to the acquisition of the asset.

Additional expenses are added to the asset's carrying amount or are reported as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will benefit the Group and the asset's acquisition value can be measured reliably. The carrying amount of the replaced part is removed from the statement of financial position. All other forms of repairs and maintenance are reported as costs in the statement of comprehensive income during the period in which they arise.

Depreciation of property, plant and equipment, in order to distribute their acquisition value down to the estimated residual value over the estimated useful life, is made on a straight-line basis as follows:

- Improvement expenses on someone else's property are depreciated according to the length of the contract period
- Equipment 3–5 years

The assets' residual values and useful lives are tested at the end of each reporting period and adjusted if necessary.

The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

Gains and losses on divestments are determined through a comparison between sales proceeds and the carrying amount and are reported in other operating income or other operating expenses net in the statement of comprehensive income.

2.11 Write-downs of non-financial assets

Goodwill that has an indefinite useful life or intangible assets that are not ready for use is not amortized but is tested annually, or when there is an indication of impairment, regarding any need for impairment. Assets that are depreciated are assessed with respect to impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When assessing impairment, assets are grouped at the lowest levels where there are substantially independent cash flows (cash-generating units). For assets (other than goodwill) that have previously been written down, an assessment is made on each balance sheet date as to whether reversal should be made.

2.12 Financial instruments
Accounting and removal from the balance sheet
Financial assets and financial liabilities are reported when the Group becomes a party to the instrument's contractual terms. Purchases and sales of financial assets and liabilities are reported on the business day, the date on which the Group undertakes to buy or sell the asset or liability.

A financial asset is removed from the statement of financial position when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred virtually all risks and benefits associated with ownership. A financial liability is removed from the statement of financial position when the obligations have been settled, canceled or otherwise terminated. Gains and losses that arise from cancellations from the balance sheet are reported directly in the income statement.

Classification and valuation
Financial assets
Financial assets are reported at fair value at the first reporting date plus, in cases where the asset is not reported at fair value via the income statement, transaction costs that are directly attributable to the purchase. Transaction costs attributable to financial assets that are reported at fair value via the income statement are expensed directly in the income statement.

The Group classifies and values its financial assets in the following categories:
- financial assets that are reported at amortized cost, and
- financial assets that are reported at fair value via the income statement

The classification of financial assets depends on the Group's business model for managing financial assets and the contractual terms for the assets' cash flows. The Group reclassifies financial assets only in cases where the Group's business model for the instruments changes.

Subsequent valuation of financial assets depends on the Group's business model for managing the asset and the type of cash flows the asset gives rise to. The Group classifies its financial assets into two valuation categories:

- Accrued acquisition value (items Other long-term receivables, Accounts receivable, Other receivables, Accrued income, Cash and cash equivalents): Assets held for the purpose of collecting contractual cash flows and where these cash flows only consist of capital amounts and interest, are reported at accrued acquisition value. Interest income from such financial assets is reported as financial income through the application of the effective interest method. Gains and losses that arise from cancellation from the balance sheet are reported directly in the result within other gains and losses together with the exchange rate result. Impairment losses are reported in the income statement.
- Fair value via the income statement (item Accounts receivable): Assets that do not meet the requirements to be reported at accrued acquisition value are valued at fair value via the income statement. A gain or loss for a debt instrument that is reported at fair value via the income statement is reported net in the income statement in the period in which the gain or loss arises.

The part of accounts receivable that is covered by factoring agreements where the Group has transferred the credit risk and the risk of late payment to third parties is reported at fair value via the income statement.

Removal of financial assets
Purchases and sales of financial assets are reported on the business day, the date on which the Group undertakes to buy or sell the asset. Financial assets are removed from the statement of financial position when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred virtually all risks and benefits associated with ownership.

Gains and losses that arise from removal from the balance sheet are reported directly in the income statement within financial expenses or financial income.

Financial liabilities
The Group has financial liabilities that are valued after the first reporting date at accrued acquisition value with application of the effective interest method and at fair value via the income statement.

The Group's financial liabilities that are valued at accrued acquisition value consist of the items Bank overdraft, Liabilities to credit institutions, Accounts payable, Other liabilities and Accrued expenses.

Financial liabilities are removed from the statement of financial position when the obligations have been settled, canceled or otherwise terminated. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been eliminated or transferred to another party and the consideration paid, including transferred assets that are not cash or assumed liabilities, is reported in the statement of comprehensive income.

Accounts payable are financial liabilities and refer to obligations to pay for goods and services that have been acquired in the day-to-day operations from suppliers.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

Impairment of financial assets reported at accrued acquisition value
The Group assesses the future expected credit losses that are linked to assets that are reported at accrued acquisition value. The Group reports a credit reserve for such expected credit losses at each reporting date.

For accounts receivable, the Group applies the simplified approach to credit provisions, i.e. the reserve will correspond to the expected loss over the entire life of the accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on distributed credit risk characteristics and due dates. The Group uses forward-looking variables for expected credit losses. Expected credit losses are reported in the Group's statement of comprehensive income in the item other external costs.

Offsetting of financial instruments
Financial assets and liabilities are set off and reported with a net amount in the statement of financial position, only when there is a legal right to set off the reported amounts and an intention to settle them with a net amount or to simultaneously realize the asset and settle the debt. The legal right must not be dependent on future events and it must be legally binding on the company and the counterparty both in the normal course of business and in the event of suspension of payments, insolvency or bankruptcy.

2.13 Inventories
Inventories are reported at the lower of cost and net realizable value. The acquisition value is determined using the first-in, first-out method (FIFO). The acquisition value of merchandise is determined after deduction of discounts. The net sales value is the estimated sales price in operating activities, less applicable variable sales costs.

2.14 Accounts receivable
Accounts receivable are amounts attributable to customers relating to goods or services sold that are performed in the day-to-day operations. Accounts receivable are initially reported at fair value (transaction price). The Group holds trade receivables for the purpose of collecting contractual cash flows and therefore values trade receivables at subsequent reporting dates at accrued acquisition value with application of the effective interest method, less a provision for expected credit losses.

2.15 Cash and cash equivalents
Cash and cash equivalents include, both in the statement of financial position and in the statement of cash flows, bank balances.

2.16 Share capital
Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares are reported, net after tax, in equity as a deduction from the issue proceeds. Payment of subscription premiums regarding warrants is reported in equity.

Warrants for employees
The Group has issued warrants to employees. The employees have paid the fair value of the warrants. The warrant premium is reported against other contributed capital. The program has been classified as equity settled as the holder will receive shares upon redemption. Upon redemption of the warrants, the exercise price will be reported against equity.

Warrants for third parties
The Group has issued warrants to external parties. These have paid the fair value of the warrants and these instruments meet the criteria for reporting in equity as a fixed number of shares must be delivered. The warrants premium is reported against other contributed capital. Upon redemption of the warrants, the exercise price will be reported against equity.

2.17 Borrowing
Borrowing is initially reported at fair value, net after transaction costs. Borrowing is then reported at accrued acquisition value and any difference between the amount received (net after transaction costs) and the repayment amount is reported in the statement of comprehensive income distributed over the loan period, applying the effective interest method.

Borrowing is removed from the statement of financial position when the obligations have been settled, canceled or otherwise terminated. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been eliminated or transferred to another party and the consideration paid, including transferred assets that are not cash or assumed liabilities, is reported in the statement of comprehensive income.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

2.18 Accounts payable
Accounts payable are financial instruments and refer to obligations to pay for goods and services that have been acquired in the day-to-day operations from suppliers. Accounts payable are classified as current liabilities if they fall due within one year. If not, they are reported as long-term liabilities. Accounts payable are initially reported at fair value and thereafter at accrued acquisition value with application of the effective interest method.

2.19 Employee remuneration
Short-term compensation to employees
Liabilities for salaries and benefits, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the financial year, are reported as current liabilities at the undiscounted amount that is expected to be paid when the debts are settled. The cost is reported in the statement of comprehensive income as the services are performed by the employees. The liability is reported as a liability regarding employee benefits in the Group's statement of financial position.

Pension obligations
The Group only has defined contribution pension plans. A defined contribution pension plan is a pension plan according to which the company pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits related to the employees' service during the current or previous periods. The fees are reported as personnel costs in the statement of comprehensive income when they fall due for payment.

2.20 Provisions
Provisions are reported when the Group has a legal or informal obligation as a result of previous events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been calculated in a reliable manner. The provisions are valued at the present value of the amount that is expected to be required to settle the obligation. A discount rate before tax is used, which reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The increase in the provision due to the passage of time is reported as interest expense.

2.21 Cash flow statement
The cash flow analysis is prepared according to the indirect method. The reported cash flow only includes transactions that resulted in inflows or outflows.

2.22 Important estimates and assessments for accounting purposes
The Group makes estimates and assumptions about the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to the actual result. The estimates and assumptions that involve a significant risk of significant adjustments in the reported values of assets and liabilities during the next financial year are dealt with in outline below.

Impairment testing for goodwill
Every year, the Group examines whether there is any need for impairment of goodwill, in accordance with the accounting principle described in Note 14. Recycling values for cash-generating units have been determined by calculating value in use. For these calculations, certain assumptions must be made, of which the most important assumptions are sales growth, EBITDA margin, the discount rate and the long-term growth rate. The carrying amount of goodwill amounts to SEK 161,985 thousand as of December 31, 2022. The recoverable amount exceeds the carrying amount of goodwill by a good margin. For more information on impairment testing, see Note 14.

Valuation of deferred tax assets
Every year, the Group examines whether there is any need for impairment of deferred tax assets relating to tax loss carryforwards. The assessment also takes into account current tax legislation and known future changes in the legislation. In addition, the Group is examining the possibility of capitalizing new deferred tax assets regarding the year's tax loss carryforwards, if applicable. Deferred tax assets are only recognized in cases where it is probable that future tax surpluses will be available, against which the temporary difference can be utilized.

3 Financial Risk Factors

3.1 Financial Risk Factors
Through its operations, the Group is exposed to a number of different financial risks, such as: various market risks (currency risk and interest rate risk), credit risk, liquidity risk and refinancing risk. The Group strives to minimize potential adverse effects on the Group's financial results. The objective of the Group's financial operations is to:

- ensure that the Group can fulfill its payment obligations,
- manage financial risks,
- ensure access to the necessary funding, and
- optimize the group's net financial items.

The Group's risk management is managed by a central finance department that identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The Group has a finance policy that sets out guidelines and frameworks for the Group's financial operations. The responsibility for managing the Group's financial transactions and risks is centralized to the Parent Company.

Market risks
Currency risk
The Group is exposed to currency risks that arise from various currency exposures, primarily regarding the Norwegian krone (NOK) and dollars (USD) as the company has foreign subsidiaries with these functional currencies. As of 2022, there are no subsidiaries with euro (EUR) as a functional currency.

In the Group, currency risk arises from the translation of foreign subsidiaries' income statement and balance sheet to the Group's reporting currency, which is SEK, so-called balance sheet exposure.

Furthermore, there is a currency risk in the revaluation of the Group intercompany balances that are revalued at the exchange rate on the balance sheet date and the cash transfers that take place as part of the financing within the Group. See the table below for a summary.

Transaction risks that arise mainly from exports from Sweden to Europe also constitute a risk, but linked to the turnover rate, it is not a significant risk factor.

Most purchases are made in local currency, but in cases where purchases are made from foreign suppliers, a transaction risk also arises which is currently considered to be low risk linked to turnover rate and the insignificance of the amounts. Due to the high turnover rate, purchases and sales are matched.

Exposures

	2022-12-31		2021-12-31		
	NOK	USD	NOK	EUR	USD
Balance sheet exposure	19,943	–1,444	18,535	459	–2,654
Group balances	–12,814	–8,900	–6,907	–195	–8,125

Sensitivity analysis - group intercompany balances
If the Swedish krona had weakened/strengthened by 5% in relation to NOK, with all other variables constant, the recalculated profit after tax for the financial year 2022 would have been SEK 677 thousand (SEK 354 thousand) lower/higher, as a result of recalculation of group intercompany balances.

If the Swedish krona had weakened/strengthened by 5% in relation to the USD, with all other variables constant, the recalculated profit after tax for the financial year 2022 would have been SEK 4,645 thousand (SEK 3,674 thousand) lower/higher, as a result of recalculation of group intercompany balances.

(a) Interest rate risk
Borrowing consists of liabilities to credit institutions with variable interest rates and other borrowing at fixed and variable interest rates. All borrowing takes place in SEK. The Group is exposed to interest rate risk regarding cash flows and fair value, the Group does not hedge its interest rate risk regarding future cash flows. Borrowings amount to SEK 200,293 thousand (SEK 95,103 thousand). See note 26.

Sensitivity analysis interest rate risk
If the interest rates on borrowing as of December 31, 2022 were 2 basis points higher/lower with all other variables constant, the estimated profit after tax for the financial year would have been SEK 4,006 thousand (SEK 1,902 thousand) lower/higher, as an effect of higher/lower interest costs for borrowing with variable interest rates.

(b) Credit risk
Credit risk arises through balances with banks and credit institutions as well as customer credit exposures, including outstanding receivables. Credit risk is managed by Group management.

Cash and cash equivalents are held in accounts with a number of well-established credit institutions. All credit institutions have a high credit rating according to external valuation institutions.
Credit risk regarding accounts receivable is managed at Group level where agreements with payment providers are concluded. Accounts receivable essentially consist of sales to private individuals where receivables, as well as credit risk, have been transferred to payment providers. Each Group company is responsible for following up and analyzing the credit risk for other receivables. In cases where there is no independent credit assessment, a risk assessment is made of the customer's creditworthiness where his financial position is taken into account, as well as previous experience and other factors. Individual risk limits are determined based on internal or external credit assessments in accordance with the limits set by the Group.

No credit limits were exceeded during the reporting period and management does not expect any losses as a result of non-payment from these counterparties. The Group's credit losses have historically been insignificant and customers' payment history good. Taking this into account and forward-looking information on macroeconomic factors that may affect customers' ability to pay the receivable, the Group's expected credit losses have also been assessed as insignificant.

(c) Liquidity risk
Through prudent liquidity management, the Group ensures that sufficient cash is available to meet the needs of day-to-day operations. At the same time, it is ensured that the Group has sufficient space on agreed credit facilities so that debts can be paid when they fall due. Management follows rolling forecasts for the Group's liquidity reserve (including unutilized credit facilities) and cash and cash equivalents based on expected cash flows. The analyzes are normally performed by the central finance department, taking into account the guidelines and restrictions established by Group management.

(d) Refinancing risk
Refinancing risk is defined as the risk that difficulties arise in refinancing the Group, that financing cannot be obtained, or that it can only be obtained at increased costs. The risk is limited by the Group continuously evaluating various financing solutions.

The table below analyzes the Group's financial liabilities broken down by the time remaining on the balance sheet date until the contractual maturity date. The amounts stated in the table are the contractual, undiscounted cash flows.

Per 31 december 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Reported value
Financial liabilities							
Bank overdraft	0	51,692	0	0	0	51,692	49,824
Other liabilities	13,636	8,504	25,845	0	0	47,985	47,984
Lease liability	0	11,243	14,533	12,633	6,870	45,279	45,279
Accounts payable	146,216	0	0	0	0	146,216	146,216
Accrued expenses	24,784	17,855	0	0	0	42,639	42,639
Total	**184,636**	**89,294**	**40,378**	**12,633**	**6,870**	**333,811**	**331,942**

Per 31 december 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Reported value
Financial liabilities							
Bank overdraft	0	118,332	0	0	0	118,332	114,607
Other liabilities	44,652	3,938	3,856	1,928	0	54,375	54,376
Lease liability	0	19,286	32,881	16,923	16,595	85,686	85,686
Accounts payable	91,915	0	0	0	0	91,915	91,915
Accrued expenses	34,068	19,564	0	0	0	53,633	53,633
Total	**170,636**	**161,121**	**36,738**	**18,851**	**16,595**	**403,942**	**400,216**

3.2 Fair value level

The different levels of financial instruments valued at fair value are defined as follows:

(a) Level 1 financial instruments
Listed prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 financial instruments
Observable data for the asset or liability other than quoted prices included in level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations).

(c) Level 3 financial instruments
In cases where one or more significant inputs are not based on observable market information, the relevant instrument is classified at level 3.

Interest-bearing liabilities
The carrying amount corresponds to the fair value of the Group's borrowing, in the event that the loans have a variable interest rate and the credit spread is not such that the carrying amount deviates materially from fair value.

There have been no transfers between the respective fair value levels.

3.3 Management of capital

The Group's goal regarding the capital structure is to secure the Group's ability to continue its operations, so that it can continue to generate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to keep the costs of capital down.

To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.

The Group has a strategy of having a balanced capital structure where the debt / equity ratio is monitored on an ongoing basis based on the Group's need for the capital debt / equity ratio at each balance sheet date, as follows:

	2022-12-31	2021-12-31
Total borrowing	200,293	95,103
Cash and cash equivalents	–15,196	–49,055
Net debt	**185,097**	**46,048**
Total equity	597,539	568,617
Total capital	**412,442**	**522,569**

4 Segment information

The Group's highest executive decision-maker is the CEO, who mainly uses operating profit before depreciation and amortization (EBITDA) in the assessment of the operating segments' results.

The Group's operations are managed and reported on the basis of the two operating segments:

Core – consists of the main markets Sweden and Norway, which are more mature markets.

Growth – consists of the emerging markets US, UK, Germany, Austria and Switzerland which are more characterized as emerging markets.

Other– Consists mainly of items affecting comparability within operating profit and items that are not allocated within the segments.

2022

	CORE	GROWTH	Other	Total
Net sales	2,145,286	453,526	0	2,598,813
Total net sales from external customers	**2,145,286**	**453,526**	**0**	**2,598,813**
Operating profit/loss before depreciation	174,010	–71,718	–3,179	99,113
Depreciation and amortization of tangible and intangible assets			–83,891	–83,891
Financial net			2,287	2,287
Earnings before tax				**17,509**

2021

	CORE	GROWTH	Other	Total
Net sales	1,977,855	288,909	0	2,266,764
Total net sales from external customers	**1,977,855**	**288,909**	**0**	**2,266,764**
Operating profit/loss before depreciation	119,219	–47,202	–36,250	35,767
Depreciation and amortization of tangible and intangible assets			–58,390	–58,390
Financial net			–8,872	–8,872
Earnings before tax				**–31,495**

Information about larger customers

No customer individually accounts for more than ten per cent of the Group's total revenue.

Net sales are reported below by geographical area. Sales are reported in the countries where the sales were made.

	2022	2021
Sweden	1,403,056	1,078,126
Norway	742,231	899,729
Europe	165,774	128,269
USA	287,752	160,576
Rest of the world	0	64
Total	**2,598,813**	**2,266,764**

Segment assets

Fixed assets in addition to financial instruments and deferred tax assets, broken down by the physical location of the asset, are shown in the table below:

	2022	2021
CORE	522,864	498,697
GROWTH	79,219	70,622
Other	58	108
Total	**602,141**	**569,426**

5 Other operating income

	2022	2021
Exchange rate gains	8,756	5,274
Profit on disposal of fixed assets	28	5
Grants received for staff	56	25
Insurance claims	306	3,153
Other operating income	923	1,400
Total	**10,070**	**9,857**

6 Government grants

	2022	2021
Wage subsidy (is reported in row Other operating income in the Income Statement)	56	25
Total	**56**	**25**

7 Auditors' fees

	2022	2021
PwC		
- Audit fees	–1,040	–955
- Other audit-related fees	–185	–2,368
- Tax advisory fees	–211	–1,219
- Other fees	–81	–4,895
Total	**–1,517**	**–9,437**
BDO		
- Audit fees	77	–152
- Tax advisory fees	–178	–485
- Other fees	–7	–74
Total	**–108**	**–711**

Audit assignments refer to statutory audits of the annual and consolidated financial statement and accounting, as well as the Board of Directors' and the CEO administration, as well as audits and other audits performed in accordance with an agreement or contract.

This includes other tasks that are the responsibility of the company's auditor to perform as well as advice or other assistance that is prompted by observations during such review or the implementation of such other tasks.

8 Employee benefits, etc.

	2022	2021
Salaries		
CEO, Board and other management	–9,669	–7,753
Other employees	–83,356	–65,873
Total	**–93,025**	**–73,626**
Social costs		
CEO, Board and other management	–4,622	–3,743
(of which pension costs)	–1,465	–1,225
Other employees	–31,777	–26,075
(of which pension costs)	–7,947	–6,484
Total	**–36,400**	**–29,818**
Total salaries, social and pension costs	**–129,425**	**–103,445**

Compensation to the Board can be found in the corporate governance report, on page 21.

Average employees with geographical split per country

	2022		2021	
	Average employees	Of which men	Average employees	Of which men
Sweden	126	75	103	65
Norway	11	9	4	4
USA	7	3	10	4
The group total	**144**	**87**	**117**	**73**

Gender distribution in the Group (incl. Subsidiaries) for Board members and other senior executives

	2022		2021	
	Number on the balance sheet date	Of which men	Number on the balance sheet date	Of which men
Board members	21	14	24	18
CEO and senior executives	9	8	10	9
The group total	**30**	**22**	**34**	**27**

Option programs

Below is a summary of option programs in the Group during the periods covered by the 2022 annual report.

Warrants

All of the Group's warrant programs have been approved by the shareholders at general meetings during the years 2017–2022. The warrant programs cover all permanent employees and certain external parties.

The warrants have been acquired at market value and the valuation has been prepared in accordance with Black-Scholes' valuation model at each issue. Each warrant entitles the holder to subscribe for one new share in Haypp Group AB (publ) against cash payment at a subscription price per share in accordance with the table below for each program. Subscription prices and the number of warrants have been recalculated to adjust for share splits (150:1) carried out in 2021. With the exception of the series allotted in October 2021, the warrants can be exercised from the date they are issued until the date they expire. For warrants granted in October 2021, the subscription period is October 1, 2024 through October 13, 2024. Maturity dates vary from October 2023 to May 2025.

Below is a summary of issued warrants:

	2022		2021	
	Average strike price in SEK per warrant	Number of warrants	Average strike price in SEK per warrant	Number of warrants
Opening January 1st	56.76	3,023,247	24.79	6,177,900
Assigned	50.00	1,644,152	83.92	1,382,449
Forfeited	80.93	–1,386,337	47.74	–813000
Utilized	14.81	–22,500	15.78	–3724102
Matured	54.03	–78450	0.00	0
Closing December 31st	**43.09**	**3,180,112**	**56.76**	**3,023,247**

Outstanding warrants at the end of the year have the following expiration dates and exercise prices:

Allocation date	Maturity	Strike price	Warrants 31-Dec-22	Warrants 31-Dec-21
2017	2022	15	0	117,000
2017	2023	15	100,350	0
2018	2022	13	0	228,450
2018	2022	38	0	76,200
2018	2022	14	0	39,150
2018	2023	13	228,450	0
2018	2023	14	33,300	0
2018	2023	38	76,200	0
2018	2023	14	312,404	312,404
2018	2023	20	56,171	56,171
2018	2023	25	56,171	56,171
2018	2023	27	83,563	83,563
2018	2023	29	54,600	54,600
2018	2023	31	98,089	98,089
2020	2022	54	0	237,150
2020	2023	54	156,450	0
2020	2022	76	0	55,650
2020	2023	76	19,200	0
2020	2022	69	0	113,700
2020	2023	76	0	113,400
2021	2023	94	60,750	169,050
2021	2024	83	226,138	1,212,499
2022	2025	50	1,618,276	0
Totalt			**3,180,112**	**3,023,247**

Remaining weighted average contract period for outstanding warrants at the end of the period (years)			1.7	1.7

22,500 warrants were exercised in 2022 at an average subscription price of SEK 14.81 (2021: 3,724,102 warrants were exercised at an average subscription price of SEK 15.78).

Fair value of allotted warrants
The weighted average fair value of warrants granted during the period, determined using the Black-Scholes valuation model, was SEK 1.66 per option (2021: SEK 4.35 per warrant). Important inputs in the model are the share price on the allotment date, exercise price, volatility of 29% (2021: 20%), expected maturity of the warrants of 3 years as above and annual risk-free interest rate of 1,5% (2020: 0%).

Synthetic warrants
In June 2018, the Group decided to grant an employee in Norway 52,200 synthetic warrants. The warrants entitle the employee to cash payment after 5 years of service. The amount paid out is determined by the difference between the share price on the allotment date (June 30, 2018: SEK 21.62) and the vesting date (June 30, 2023). The warrants must be exercised on the vesting date and expire if they are not exercised on that date.

In November 2020, the Group decided to grant an additional employee in Norway 3,300 synthetic warrants with expire date of 1 November 2022. The warrants expired without being struck.

In January 2022, the Group decided to grant an employee in Norway 8,179 synthetic warrants. The amount paid out is determined by the difference between the share price on the allotment date (1 January 2022: SEK 28.1) and the date when the warrants exercised. The warrants must be exercised up until the 31 December 2024 and expire if they are not exercised on that date.

Fair value of allotted synthetic warrants
The weighted average fair value of options granted during the period, determined using Black-Scholes' valuation model, was SEK 2.93 per warrant. Important inputs in the model are the share price on the allotment date, exercise price, volatility of 20%, expected maturity of the warrants between 2–5 years and annual risk-free interest rate of 0%.

The total cost of share-based payments during the period and which was reported as part of the personnel costs amounted to:

(KSEK)	2022	2021
Synthetic warrants	787	99
Total	**787**	**99**

9 Other operating expenses

	2022	2021
Exchange rate losses	–6,591	–3,557
Loss on disposal of fixed assets	0	–10
Total	**–6,591**	**–3,567**

10 Financial income and financial expenses

	2022	2021
Interest income, other	19	3
Exchange-rate differences	14,409	1,496
Total financial income	**14,428**	**1,499**
Interest expense loans	–2,487	–6,776
Interest expenses leasing debt	–2,518	–1,648
Interest expenses, other	–2,233	–1,947
Exchange-rate differences	–4,902	0
Total financial expenses	**–12,140**	**–10,371**
Financial items - net	**2,287**	**–8,872**

11 Income tax

	2022	2021
Current tax:		
Current tax on the profit/loss for the year	–1,918	–1,182
Adjustments regarding previous years	0	–1,695
Total current tax	**–1,918**	**–2,877**
Deferred tax (Note 18)		
Emergence and reversal of temporary differences	3,345	6,548
Deferred tax regarding *financial leasing	1,146	190
Total deferred tax	**4,491**	**6,738**
Reported tax in statement of comprehensive income	**2,573**	**3,861**

The income tax on profit before tax differs from the theoretical amount that would have been arrived at using the Swedish tax rate for the profit in the parent company as follows:

	2022	2021
Earnings before tax	17,509	–31,495
Tax rate, %	20.6	20.6
Income tax calculated according to tax rate in Sweden	–3,607	6,488
Tax effects of:		
Non-deductible expenses	–839	–863
Other tax adjustments	139	73
Difference in foreign tax rates	129	–566
New loss carryforwards on previous years	4,694	0
Used loss carryforwards	2,801	0
Effect of changed tax rate	0	185
Tax due to change in previous years taxation	0	–1,695
Other	–745	239
Income tax	**2,573**	**3,861**
The weighted average tax rate for the Group was:	–14.7%	12.3%

12 Net exchange rate differences

	2022	2021
Other operating income (Note 5)	8,756	5,274
Other operating expenses (Note 9)	–6,591	–3,557
Financial items - net (Note 10)	–4,902	0
Total	**–2,737**	**1,717**

13 Shares in subsidiaries

The Group had the following subsidiaries on December 31, 2022:

Name	Country of residence and business	Operations	Share of ordinary shares directly owned by parent company (%)	Share of ordinary shares owned by group (%)
Snusbolaget Norden AB	Sweden	E-commerce with nicotine products to households in Sweden and Europe	100	
Snushjem.no AS	Norway	E-commerce with nicotine products to households in Norway	100	
Haypp AB	Sweden	No business since October 2021	100	
Northerner Scandinavia AB	Sweden	No business since December 2020	100	
Northerner Scandinavia Inc	USA	E-commerce with nicotine products to households in USA		100
Haypp Limited	United Kingdom	E-commerce with nicotine products to households in United Kingdom	100	

14 Intangible assets

	Goodwill	Customer relationships	Trademarks	Websites	Capitalized expenses for development work	Other intangible assets	Total
Financial year 2021							
Opening carrying amount	149,485	53,095	35,670	35,798	30,984	105	305,136
This year's acquisitions	0	76,631	132,444	0	34,743	0	243,818
Divestments and disposals	0	0	0	0	0	–105	–105
This year's depreciations	0	–11,261	–11,997	–5,613	–13,380	0	–42,251
Exchange-rate differences	7,384	2,003	889	0	353	0	10,630
Closing carrying amount	**156,869**	**120,468**	**157,006**	**30,185**	**52,700**	**0**	**517,228**
Per 31 december 2021							
Acquisition value	156,869	152,602	188,083	58,200	82,345	0	638,099
Accumulated depreciation and write-downs	0	–32,134	–31,077	–28,015	–29,645	0	–120,871
Carrying amount per 31 december 2021	**156,869**	**120,468**	**157,006**	**30,185**	**52,700**	**0**	**517,228**
Financial year 2022							
Opening carrying amount	156,869	120,468	157,006	30,185	52,700	0	517,228
This year's acquisitions	0	0	0	0	43,219	0	43,219
Divestments and disposals	0	0	0	0	–105	0	–105
This year's depreciations	0	–15,490	–18,792	–5,612	–20,718	0	–60,612
Write-downs for the year *	0	0	0	0	–982	0	–982
Exchange-rate differences	5,116	2,719	1,131	0	1,097	0	10,063
Closing carrying amount	**161,985**	**107,697**	**139,345**	**24,573**	**75,212**	**0**	**508,811**
Per 31 december 2022							
Acquisition value	161,985	156,102	189,566	58,200	126,679	0	692,532
Accumulated depreciation and write-downs	0	–48,405	–50,222	–33,627	–51,467	0	–183,721
Carrying amount per 31 december 2022	**161,985**	**107,697**	**139,345**	**24,573**	**75,212**	**0**	**508,811**

* During 2022 a decision was made to implement a new ERP system. Write down of parts of the existing ERP has been made to reflect the remaining economic life.

Impairment testing for goodwill

The company's mangement assesses the business's performance based on the Group's four operating segments; Sweden, Norway, Europe and the USA. Goodwill is monitored by the mangement at the operating segment level. Below is a summary of goodwill divided into each operating segment.

Goodwill	2022-12-31	2021-12-31
Sweden	48,354	48,354
Norway	89,483	86,794
Europe	9,200	8,769
USA	14,948	12,952
Total	**161,985**	**156,869**

The recoverable amount of goodwill has been determined based on calculations of value in use. The mangement has assessed that sales growth, EBITDA margin, the discount rate and long-term growth are the most important assumptions in the impairment test. Calculations of the value in use are based on estimated future cash flows before tax based on financial budgets approved by company management and covering a five-year period. The calculation is based on the mangements experience and historical data. The long-term sustainable growth rate for the operating segments has been assessed on the basis of industry forecasts.

For each operating segment as above, to which a significant amount of goodwill has been allocated, the significant assumptions, long-term growth rate and discount rate used when calculating the value in use are stated below.

Significant assumptions used for calculations of value in use:

Sweden	2022-12-31	2021-12-31
Discount rate before tax *	12.70%	12.18%
Long-term growth rate **	2%	2%

Norway	2022-12-31	2021-12-31
Discount rate before tax *	13.82%	13.59%
Long-term growth rate **	2%	2%

Europe	2022-12-31	2021-12-31
Discount rate before tax *	13.21%	11.82%
Long-term growth rate **	2%	2%

USA	2022-12-31	2021-12-31
Discount rate before tax *	14.62%	13.52%
Long-term growth rate **	2%	2%

* Discount rate before tax used in present value calculation of estimated future cash flows.

** Weighted average growth rate used to extrapolate cash-flows beyond the budget period.

Sensitivity analysis for goodwill:

No reasonable possible change in important assumptions would lead to the recoverable amount being less than the book value.

The recoverable amount exceeds the reported values for goodwill by a margin. This also applies to assumptions about:

– the discount rate before tax would have been 2 percentage points higher,
– the estimated EBITDA margin was 1 percentage points lower.

15 Tangible fixed assets

	Leasehold improvements	Equipment	Total
Financial year 2021			
Opening carrying amount	187	1,094	1,281
Exchange-rate differences	14	26	40
This year's acquisitions	537	911	1,448
Divestments and disposals	0	–88	–88
This year's depreciations	–138	–550	–688
Closing carrying amount	**600**	**1,393**	**1,993**
Per 31 december 2021			
Acquisition value	887	2,800	3,687
Accumulated depreciation	–287	–1,407	–1,694
Reported value	**600**	**1,393**	**1,993**
Financial year 2022			
Opening carrying amount	600	1,393	1,993
Exchange-rate differences	17	111	128
This year's acquisitions	557	3,137	3,694
Divestments and disposals	0	–10	–10
This year's depreciations	–341	–1,078	–1,419
This year's reclassifications	0	0	0
Closing carrying amount	**833**	**3,553**	**4,386**
Per 31 december 2022			
Acquisition value	1,463	5,971	7,433
Accumulated depreciation	–630	–2,417	–3,047
Reported value	**833**	**3,553**	**4,386**

16 Long-Term receivables

	2022-12-31	2021-12-31
Opening balance	29,748	3,987
Additional receivables	2,985	28,021
Settlements	–411	–2,333
Reclassification to current receivables	–25,000	0
This year's translation differences	128	73
Closing balance	**7,451**	**29,748**

Long-term receivables consists of deposits and loans to employees.

17 Leasing

The following amounts are reported in the income statement related to leasing agreements:

	2022	2021
Right-of-use depreciation:		
Premises	–15,412	–12,275
Vehicles	–265	–93
Machines	–5,201	–2,948
Total	**–20,878**	**–15,316**
Interest expenses (part of Interest and other financial expenses)	–2,465	–1,579
Expenses attributable to variable lease payments that are not included in lease liabilities (included in the item Other external expenses in the income statement)	–399	–133
Expenses attributable to leasing agreements for which the underlying asset is of low value that is not a short-term leasing agreement (included in Other external costs in the income statement)	–258	–212

Contracted investments regarding right-of-use assets at the end
of the reporting period that have not yet been reported in the financial statements amount to 28,723 TSEK (12,370 TSEK).

	2022	2021
Repayment of leasing debt	–16,514	–13,822

For information on the maturity of the lease liability, see Note 3.

The following amounts related to leasing agreements are reported in the balance sheet:

	2022-12-31	2021-12-31
Right-of-use assets:		
Premises	68,683	38,473
Vehicles	985	348
Machines	19,276	11,385
Total	**88,944**	**50,206**
Lease liabilities:		
Long-term	64,070	34,036
Short-term	21,616	11,243
Total	**85,686**	**45,279**
Additional right-of-use assets amounted to:	58,087	27,109

Some leasing agreements have extension options that have not been considered in the leasing debt. Thus there are potential future cash flows that have not been included in the lease liability as it is not reasonably certain that the agreements will be extended.

18 Deferred tax

Deferred tax liabilities and tax receivables are distributed as follows:

Deferred tax liabilities	Intangible assets	Right-of-use assets	Total
Per 31 december 2020	28,459	402	28,861
Reported in the income statement	–4,228	–190	–4,418
Exchange-rate differences	741	143	884
Per 31 december 2021	**24,972**	**354**	**25,326**
Reported in the income statement	–4,134	0	–4,134
Exchange-rate differences	887	0	887
Reclassifications	0	–354	–354
Per 31 december 2022	**21,725**	**0**	**21,725**

Deferred tax assets	Intangible,assets	Right–of–use,assets	Total
Per 31 december 2020	**12**	**16,538**	**16,550**
Reported in the income statement	–12	2,320	2,308
Exchange-rate differences	0	213	213
Per 31 december 2021	**0**	**19,070**	**19,070**
Reported in the income statement	1,146	–789	357
Exchange-rate differences	15	249	265
Reclassifications	–354	0	–354
Per 31 december 2022	**807**	**18,531**	**19,337**

19 Inventories

	2022-12-31	2021-12-31
Finished goods	222,773	141,997
Total	**222,773**	**141,997**

Amounts reported in the income statement

During the financial year, cost of goods was reported in the income statement of KSEK 2 483 022 (KSEK 2 088 621). They were reported as Goods for resale.

20 Accounts receivables

	2022-12-31	2021-12-31
Accounts receivable	62,054	65,529
Minus: provision for expected credit losses	–31	0
Accounts receivable - net	**62,022**	**65,529**

The maximum exposure to credit risk as of the balance sheet date for accounts receivable is the carrying amount as described above.

The fair value of accounts receivable corresponds to its carrying amount, as the discounting effect is not significant.

No accounts receivable have been provided as security for any debt.

21 Other receivables

	2022-12-31	2021-12-31
VAT claim	11,678	7,961
Tax account	3,499	1,141
Blocked bank funds	25,000	0
Other receivables	1,615	4,293
Total	**41,792**	**13,395**

22 Prepaid expenses and accrued income

	2022-12-31	2021-12-31
Prepaid leasing fee	–4	2,944
Prepaid insurance	1,020	1,531
Accrued income	30,478	22,791
Other tax related items	10,301	6,503
Other prepaid expenses and accrued income	6,649	4,004
Total	**48,444**	**37,773**

Accrued income consists in its entirety of income-related short-term contractual assets. The Group's contractual assets have not changed significantly compared with 2021-12-31.

23 Cash and cash equivalents

	2022-12-31	2021-12-31
Bank accounts	15,196	49,055
Total	**15,196**	**49,055**

24 Financial instruments by category

2021-12-31	Financial assets measured at actual value via the income statement	Financial assets measured at amortised cost	Total
Assets in balance sheet			
Long-Term receivables		29,748	29,748
Accounts receivable*	22,305	43,224	65,529
Other receivables		13,395	13,395
Accrued income		37,773	37,773
Cash and cash equivalents		49,055	49,055
Total	**22,305**	**173,195**	**195,500**

2021-12-31	Financial liabilities measured at actual value via the income statement	Financial liabilities measured at amortised cost	Total
Liabilities in balance sheet			
Bank overdraft		49,824	49,824
Other long-term liabilities		25,845	25,845
Accounts payable		146,216	146,216
Other current liabilities		22,139	22,139
Accrued expenses		42,639	42,639
Total		**286,663**	**286,663**

2022-12-31	Financial assets measured at actual value via the income statement	Financial assets measured at amortised cost	Total
Assets in balance sheet			
Long-Term receivables		7,451	7,451
Accounts receivable*	21,883	40,140	62,022
Other receivables		41,792	41,792
Accrued income		48,444	48,444
Cash and cash equivalents		15,196	15,196
Total	**21,883**	**153,022**	**174,905**

2022-12-31	Financial liabilities measured at actual value via the income statement	Financial liabilities measured at amortised cost	Total
Liabilities in balance sheet			
Bank overdraft		114,607	114,607
Other long-term liabilities		5,866	5,866
Accounts payable		91,915	91,915
Other current liabilities		48,509	48,509
Accrued expenses		53,633	53,633
Total		**314,531**	**314,531**

In addition to the financial instruments listed in the tables (above), the Group has financial liabilities in the form of leasing liabilities which are reported and valued in accordance with IFRS 16.

* The part of accounts receivable that is covered by factoring agreements where the Group has transferred the credit risk and the risk of late payment to the factoring company is reported at actual value via the income statement.

25 Share capital and other contributed capital

	Number of shares	Share capital	Other contributed capital
Per 1 januari 2020	**134,437**	**1,321**	**306,725**
New share issue	1,503	15	1,971
Per 31 december 2020	**135,940**	**1,336**	**308,696**
New share issue	5,953,671	571	377,857
Split of shares	23,010,368	0	
Per 31 december 2021	**29,099,979**	**1,906**	**686,553**
New share issue	22,500	2	3,005
Per 31 december 2022	**29,122,479**	**1,908**	**689,558**

As of 31 December 2022, the share capital consists of 29,122,479 ordinary shares with a quota value of SEK 0,066. As of December 31, 2021, the share capital consisted of 29,099,979 ordinary shares with a quota value of SEK 0,066.

All shares issued by the parent company are fully paid.

26 Borrowings

	2022-12-31	2021-12-31
Long-term loans		
Leasing debt	64,070	34,036
Total loans	**64,070**	**34,036**
Short-term loans		
Leasing debt	21,616	11,243
Bank overdraft	114,607	49,824
Total short-term loans	**136,223**	**61,067**
Total borrowing	**200,293**	**95,103**

Bank overdraft facility

The Group has an approved overdraft facility in SEK of KSEK 138 000 (KSEK 88 000) which is renegotiated on an ongoing basis.

	2021-12-31	2020-12-31
Of the granted overdraft facility, the following have been utilized:	114,607	49,824

27 Other current liabilities

	2022-12-31	2021-12-31
VAT liability	8,267	6,258
Personnel tax	2,551	1,742
Deferment from the Swedish Tax Agency	3,856	11,569
Short-term debt for blocked bank funds	25,000	0
Other	8,835	2,570
Total	**48,509**	**22,139**

28 Accrued expenses and deferred income

	2022-12-31	2021-12-31
Accrued holiday pay including social security contributions	8,152	6,678
Social security contributions and special payroll tax	6,307	3,588
Other accrued expenses	27,259	27,934
Prepaid income	11,915	4,439
Total	**53,633**	**42,639**

Prepaid income consists in its entirety of income-related short-term contractual liabilities. During the financial year, income corresponding to the entire incoming item for prepaid income was reported in the income statement.

The Group's revenue agreement has an original expected term of no more than one year or is invoiced based on time spent. In accordance with the rules in IFRS 15, no information has been provided on the transaction price for these unfulfilled commitments.

29 Assets pledged

	2022-12-31	2021-12-31
Corporate mortgages	138,000	98,000
Total	**138,000**	**98,000**

30 Contingent Liabilities

	2022-12-31	2021-12-31
Guarantee for Snusbolaget Norden AB's liabilities	114,607	49,824
Total	**114,607**	**49,824**

In the parent company, there are two guarantees issued on behalf of subsidiaries regarding two suppliers, one of which is limited to NOK 15 million and the other is unlimited in amount.

Note 31 Related-party transactions

The following transactions have taken place with related parties:

	2022	2021
(a) Sales of goods and services		
Sales of goods and services to related parties	0	0
Sum	**0**	**0**
(a) Purchases of goods and services		
Purchases of services from Advokat-firman Vinge KB	446	10,806
Purchases of services from E-Business Partner	539	1,210
Ice Hotel AB	0	36
Sum	**985**	**12,052**

Receivables and payables at closing related to sales and purchases of goods and services

	2022-12-31	2021-12-31
Receivables for related parties:	0	0
Payables for related parties:		
E-Business Partner AB	0	76
Closing balance	**0**	**76**

Loans from related parties

	2022-12-31	2021-12-31
Loans from GR8 Ventures AB		
Opening balance	0	4,504
Amortization	0	–4,504
Interest expense	0	279
Paid interest	0	–279
Closing balance	**0**	**0**

Loans to related parties amount to 186 KSEK (0 KSEK).

The liabilities to related parties derive for the most part from purchasing transactions and fall due 1 month after the date of purchase.

Remuneration to senior executives is stated in Note 8.

Transactions with related parties relating to the pur-chase of warrants at market value during the year amount to SEK 760 (1,954) thousand. Related parties in this case refer to key persons in a leading position in the company.

32 Changes to liabilities that belong to financing activities

				Items not affecting cash flow		
	2021-01-01	Cash inflow	Cash outflow	Capitalized interest	New agreements	2021-12-31
Leasing debt	31,992	0	–13,822	0	27,109	45,279
Liabilities to credit institutions	1,875	0	–1,875	0	0	0
Other long-term liabilities	42,004	0	–42,004	0	0	0
Bank overdraft	58,085	0	–8,262	0	0	49,824
Total	**133,957**	**0**	**–65,962**	**0**	**27,109**	**95,103**

				Items not affecting cash flow		
	2022–01–01	Cash inflow	Cash outflow	Capitalized interest	New agreements	2022–12–31
Leasing debt	45,279	0	–16,514	0	56,921	85,686
Bank overdraft	49,824	64,784	0	0	0	114,607
Total	**95,103**	**64,784**	**–16,514**	**0**	**56,921**	**200,293**

33 Adjustments for non-cash Items

	2021	2020
Depreciation	83,891	58,390
Exchange-rate differences	–1,526	–1,832
Total	**82,366**	**56,558**

34 Events after the end of the reporting period

No significant events have occurred after the end of the financial year.

Parent Company income statement

Amounts in KSEK	Notes	2022	2021
Other operating income		5,815	2,339
Total		**5,815**	**2,339**
Other external costs	36	–3,768	–21,293
Personnel expenses	37	–6,002	–3,726
Depreciation and amortization of tangible and intangible assets	41	–50	–50
Other operating expenses		–1	–33
Sum expenses		**–9,821**	**–25,103**
Operating profit/loss		**–4,007**	**–22,764**
Financial income/expense			
Profit from shares in group companies	42	–2,000	–7,000
Interest income and other financial income	38	8,763	1,045
Interest and other financial expenses	38	–1,134	–3,299
Result from financial income/expenses		**5,629**	**–9,254**
Earnings Before Tax		**1,622**	**–32,018**
Appropriations	39	21,000	15,000
Earnings before tax		**22,622**	**–17,018**
Income tax	40	–1,682	2,064
Profit/loss for the period		**20,940**	**–14,954**

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	Notes	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development costs	41	87	137
Total intangible assets		**87**	**137**
Financial assets			
Shares in subsidiaries	42	321,592	321,592
Deferred tax assets	43	2,551	4,233
Non-current receivables		2,909	1,310
Non-current intercompany receivables		335,130	323,399
Total financial assets		**662,182**	**650,534**
Total fixed assets		**662,269**	**650,671**
Current assets			
Current receivables			
Receivables from group companies		9,286	1,431
Other receivables	44	1,355	2,459
Prepaid expenses and accrued income		551	931
Total current receivables		**11,192**	**4,822**
Cash and cash equivalents	45	1,650	1,798
Total current assets		**12,842**	**6,620**
TOTAL ASSETS		**675,111**	**657,291**

Parent Company balance sheet cont.

Amounts in KSEK	Notes	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
EQUITY	25		
Restricted equity			
Share capital		1,908	1,906
Non-restricted equity			
Other contributed capital		689,558	686,553
Retained earnings		–79,466	–64,511
Profit/loss for the period		20,940	–14,954
Total equity		**632,941**	**608,994**
LIABILITIES			
Non-current liabilities			
Non-current intercompany liabilities		39,313	43,182
Other liabilities		82	845
Total non-current liabilities		**39,396**	**44,027**
Current liabilities			
Current liabilities to group companies		1,130	264
Accounts payable		15	777
Other liabilities		167	161
Accrued expenses and deferred income		1,463	3,067
Total current liabilities		**2,775**	**4,270**
Total liabilities		**42,171**	**48,297**
TOTAL EQUITY AND LIABILITIES		**675,111**	**657,291**

The notes on pages 61–65 form an integrated part of the Parents financial statements.

Parent Company's statement of changes in equity

	Restricted equity	Non-restricted equity			
Amounts in KSEK	Share capital	Other contributed capital	Retained earnings	Profit/loss for the period	Total equity
Opening balance, 2021-01-01	**1,336**	**308,696**	**–45,537**	**–18,974**	**245,521**
Disposition of results according to the Annual General Meeting			–18,974	18,974	0
Profit/loss for the year as well as comprehensive income			0	–14,954	–14,954
Total comprehensive income	**0**	**0**	**0**	**–14,954**	**–14,954**
Transactions with shareholders in their attribute as shareholders					
New share issue *	571	377,857			378,427
Total transactions with shareholders in their attribute as shareholders	**571**	**377,857**	**0**	**0**	**378,427**
Closing balance, 2021-12-31	**1,906**	**686,553**	**–64,511**	**–14,954**	**608,994**
Opening balance, 2022-01-01	**1,906**	**686,553**	**–64,511**	**–14,954**	**608,994**
Disposition of results according to the Annual General Meeting			–14,954	14,954	0
Profit/loss for the year as well as comprehensive income				20,940	20,940
Total comprehensive income	**0**	**0**	**0**	**20,940**	**20,940**
Transactions with shareholders in their attribute as shareholders					
New share issue *	2	3,005			3,007
New share issue in progress		**0**			**0**
Total transactions with shareholders in their attribute as shareholders	**2**	**3,005**	**0**	**0**	**3,007**
Closing balance, 2022-12-31	**1,908**	**689,558**	**–79,466**	**20,940**	**632,941**

* After deducation of issue costs.

Parent Company’s statement of cash flow

Amounts in KSEK	Notes	2022	2021
Cash flow from operating activities			
Operating loss		–4,007	–22,764
Adjustment for non-cash items:	49		
– Depreciation and amortization of tangible and intangible assets		50	50
– Other non-cash items		–2	0
Interest paid		–4	–2,748
Cash flow from operating activities before change in working capital		**–3,963**	**–25,462**
Cash flow from change in working capital			
Increase/decrease in operating receivables		–8,370	–11,732
Increase/decrease in operating liabilities		–1,493	–3,152
Total change in working capital		**–9,863**	**–14,884**
Cash flow from operating activities		**–13,826**	**–40,346**
Cash flow from investing activities			
Change in other financial assets		–1,599	314
Cash flow from investing activities		**–1,599**	**314**
Cash flow from financing activities	48		
New loans		12,270	–293,257
Repayment of loans		0	–43,879
New share issue *		3,007	378,427
Cash flow from financing activities		**15,277**	**41,292**
Decrease/increase in cash and cash equivalents			
Opening cash and cash equivalents		1,798	538
Cash flow for the period		–148	1,260
Closing cash and cash equivalents		**1,650**	**1,798**

* Cost after deduction of issue costs

35 The Parent Company's accounting principles

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

The annual report for the parent company has been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act. In cases where the parent company applies accounting principles other than the Group's accounting principles, which are described in Note 1 to the consolidated financial statement, these are stated below.

Preparing reports in accordance with RFR 2 requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the parent company's accounting principles. The areas that include a high degree of assessment, are complex or such areas where assumptions and estimates are of significant importance for the Annual report are stated in Note 2.22 of the consolidated financial statement.

Through its operations, the parent company is exposed to a variety of financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The parent company's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimize potential adverse effects on the Group's financial results. For more information on financial risks, see the consolidated financial statements note 3.

The parent company applies other accounting principles than the group in the cases listed below:

Forms of arrangement
The income statement and balance sheet follow the format of the Annual Accounts Act. The report on changes in equity also follows the Group's presentation, but must contain the columns specified in the Annual Accounts Act. Furthermore, it means a difference in names, compared with the consolidated accounts, mainly regarding financial income and expenses and equity.

Shares in subsidiaries
Shares in subsidiaries are reported at acquisition value after deductions for any write-downs. The acquisition value includes acquisition-related costs and any additional purchase consideration.

When there is an indication that shares in subsidiaries have decreased in value, a calculation of the recoverable amount is made. If this is lower than the carrying amount, a write-down is made. Impairment losses are reported in the items "Profit/loss from shares in group companies".

Financial instruments
IFRS 9 is not applied in the parent company. The parent company instead applies the points specified in RFR 2 (IFRS 9 Financial Instruments, p. 3-10).

Financial instruments are valued on the basis of acquisition value. In subsequent periods, financial assets acquired with the intention of being held in the short term will be reported in accordance with the principle of the lowest value at the lower of acquisition value and market value. Derivative instruments with a negative fair value are reported at this value.

When calculating the net sales value of receivables that are reported as current assets, the principles for impairment testing and loss risk provision in IFRS 9 shall be applied. For a receivable that is reported at accrued acquisition value at Group level, this means that the loss risk reserve that is reported in the Group in accordance with IFRS 9 must also be recognized in the parent company.

36 Auditors' fees

	2022	2021
PwC		
– Audit fees	–325	–537
– Other audit–related fees	–185	–2,368
– Tax advisory fees	–166	–49
– Other fees	–41	–4,681
Total	**–716**	**–7,635**

Audit assignments refer to statutory audits of the annual and consolidated financial statement and accounting, as well as the Board of Directors' and the CEO administration, as well as audits and other audits performed in accordance with an agreement or contract.

This includes other tasks that are the responsibility of the company's auditor to perform as well as advice or other assistance that is prompted by observations during such review or the implementation of such other tasks.

37 Employee benefits, etc.

	2022	2021
Salaries		
Board	–1 679	–1 305
CEO	–2 300	–1 061
Total	**–3 979**	**–2 366**
Social costs		
CEO, Board and other management	–1 841	–1 106
(of which pension costs)	–475	–284
Total	**–1 841**	**–1 106**
Total salaries, social and pension costs	**–5 820**	**–3 472**

Average employees

	2022	2021
Men	1	1
Parent company total	**1**	**1**

38 Interest income and similar financial items as well as interest expenses and similar financial items

	2022	2021
Interest income, group	8,652	1,045
Exchange-rate differences	111	0
Sum Interest income and other financial income	**8,763**	**1,045**
Interest expense loans	0	–2,747
Interest expenses, group	–1,130	–265
Interest expenses, other	–4	0
Exchange-rate differences	0	–287
Sum Interest and other financial expenses	**–1,134**	**–3,299**
Financial items – net	**7,629**	**–2,254**

39 Appropriations

	2022-12-31	2021-12-31
Group contributions received	21,000	15,000
Total	**21,000**	**15,000**

40 Tax on profit for the year

Reported tax in statement of comprehensive income

	2022	2021
Current tax:		
Current tax on the profit/loss f or the year	0	0
Total current tax	**0**	**0**
Deferred tax (Note 43)		
Emergence and reversal of temporary differences	–1,682	2,064
Total deferred tax	**–1,682**	**2,064**
Reported tax in statement of comprehensive income	**–1,682**	**2,064**

The income tax on profit before tax differs from the theoretical amount that would have emerged when using the Swedish tax rate for profit in the parent company as follows:

	2021	2020
Earnings before tax	22,622	–17,018
Tax rate, %	20.6	20.6
Income tax calculated according to tax rate in Sweden	–4,660	3,506
Deferred tax (Note 43)		
Non-deductible expenses	–412	–1,442
New loss carryforwards on previous years	4,270	0
Other	–880	0
Income tax	**–1,682**	**2,064**

Deferred tax assets are reported for tax loss carryforwards or other deductions to the extent that it is probable that they can be utilized through future taxable profits. Unutilized loss carryforwards for which no deferred tax asset has been reported amount to KSEK 0 as of December 31, 2022.

41 Intangible assets

	Capitalized expenses for development work	Total
Financial year 2021		
Opening carrying amount	187	187
This year's depreciations	–50	–50
Closing carrying amount	**137**	**137**
Per 31 december 2021		
Acquisition value	250	250
Accumulated depreciation and write-downs	–113	–113
Carrying amount per 31 december 2021	**137**	**137**

	Capitalized expenses for development work	Total
Financial year 2022		
Opening carrying amount	137	137
This year's depreciations	–50	–50
Closing carrying amount	**87**	**87**
Per 31 december 2022		
Acquisition value	250	250
Accumulated depreciation and write-downs	–163	–163
Carrying amount per 31 december 2022	**87**	**87**

42 Shares in subsidiaries

Name	Org no	Residence and registration - and country of business	No of shares	Book value	Book value
Snusbolaget Norden AB	556801-3683	Stockholm	1,100	141,500	141,500
Snushjem.no AS	919649585	Oslo	300	8,642	8,642
Haypp AB	559174-2738	Stockholm	500	50	50
Northerner Scandinavia AB	556559-1699	Stockholm	1,000	171,401	171,401
Haypp Limited	13876184	London	1	0	–

	2022-12-31	2021-12-31
Opening acquisition value	378,592	371,592
Acquisitions	0	0
Shareholder contribution	2,000	7,000
Closing accumulated acquisition value	**380,592**	**378,592**
Opening accumulated write-downs	–57,000	–50,000
Write-downs for the year	–2,000	–7,000
Closing accumulated write-downs	**–59,000**	**–57,000**
Closing book value	**321,592**	**321,592**

43 Deferred tax

Deferred tax liabilities and tax receivables are distributed as follows:

Deferred tax assets	Temporary differences	Loss carry forward	Total
Per 31 december 2020	**771**	**1,398**	**2,169**
Reported in the income statement	405	1,659	2,064
Per 31 december 2021	**1,176**	**3,057**	**4,233**
Reported in the income statement	0	–1,682	–1,682
Per 31 december 2022	**1,176**	**1,375**	**2,551**

44 Other receivables

	2022-12-31	2021-12-31
VAT claim	0	49
Tax account	7	597
Other receivables	1,348	1,813
Total	**1,355**	**2,459**

45 Cash and cash equivalents

	2022-12-31	2021-12-31
Bank accounts	1,650	1,798
Total	**1,650**	**1,798**

46 Contingent Liabilities

	2022-12-31	2021-12-31
Guarantee for Snusbolaget Norden AB's liabilities	114,607	49,824
Total	**114,607**	**49,824**

In the parent company, there are two guarantees issued on behalf of subsidiaries regarding two suppliers, one of which is limited to NOK 15 million and the other is unlimited in amount.

47 Related-party transactions

The following transactions have taken place with related parties:

	2022	2021
(a) Sales of goods and services		
Sales of goods and services to related parties	0	0
Sum	**0**	**0**
(a) Purchases of goods and services		
Purchases of services from Advokatfirman Vinge KB	446	10,099
Sum	**446**	**10,099**

Receivables and payables at closing related to sales and purchases of goods and services

	2022-12-31	2021-12-31
Receivables for related parties:	0	0
Payables for related parties:		
Advokatfirman Vinge KB	0	0
Closing balance	**0**	**0**

Loans from related parties

	2022-12-31	2021-12-31
Loans from GR8 Ventures AB		
Opening balance	0	4,504
Amortization	0	–4,504
Interest expense	0	279
Paid interest	0	–279
Closing balance	**0**	**0**

Loans to related parties amount to 186 KSEK (0 KSEK).

The liabilities to related parties derive for the most part from purchasing transactions and fall due 1 month after the date of purchase.

Remuneration to senior executives is stated in Note 8.

Transactions with related parties relating to the purchase of warrants at market value during the year amount to SEK 760 (1,954) thousand. Related parties in this case refer to key persons in a leading position in the company.

48 Changes to liabilities that belong to financing activities

	2021-01-01	Cash inflow	Cash outflow	Items not affecting cash flow: Capitalized interest	Items not affecting cash flow: New agreements	2021-12-31
Liabilities to credit institutions	1,875	0	–1,875	0	0	0
Other long-term liabilities	42,004	0	–42,004	0	0	0
Total	**43,879**	**0**	**–43,879**	**0**	**0**	**0**

	2022–01–01	Cash inflow	Cash outflow	Items not affecting cash flow: Capitalized interest	Items not affecting cash flow: New agreements	2022–12–31
Liabilities to credit institutions	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

49 Adjustments for non-cash Items

	2022	2021
Depreciation	50	50
Exchange-rate differences	–2	0
Total	**48**	**50**

50 Events after the end of the reporting period

No significant events have occurred after the end of the financial year.

Signatures from the Board of Directors

The Board of Directors and the President declare that the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards IFRS as adopted by the EU and present a true and fair view of the Group's financial position and results. The Annual Report was prepared in accordance with generally accepted accounting principles and presents a true and fair view of the Parent Company's financial position and earnings.
The Board of Directors' report for the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, position and earnings and describes significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, the date stated on our electronic signature

Ingrid Jonasson Blank
Chairman

Per Sjödell
Board member

Anneli Lindblom
Board member

Kristian Ford
Board member

Linus Liljegren
Board member

Patrik Rees
Board member

Gavin O'Dowd
CEO

Our Auditor's Report was submitted on the date stated on our electronic signature
Öhrlings PricewaterhouseCoopers AB

Magnus Lagerberg
Authorised Public Accountant

Auditor’s report

Unofficial translation
To the general meeting of the shareholders of Haypp Group AB (publ), corporate identity number 559075-6796

Report on the annual accounts and consolidated accounts

Opinions
We have audited the annual accounts and consolidated accounts of Haypp Group AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 27–66 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–26. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director’s and t he Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements
Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Haypp Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm, the day for our electronic signature

Öhrlings PricewaterhouseCoopers AB

Magnus Lagerberg
Authorized Public Accountant

Definitions

	Definition	Reason for use
Net sales growth, %	Change in net sales growth for the period.	Shows whether the company's business is expanding or contracting.
Organic sales growth, %	Change in net sales excluding businesses which have been acquired, sold or exited.	Shows whether the company's business is expanding or contracting when excluding the effects from acquisitions, divestments or exits.
Gross margin, %	Gross profit as a percentage of net sales.	The measure is an indicator of the Company's gross earnings capacity.
Gross profit growth, %	Change in net sales growth for the period minus cost of goods sold for the period.	Shows change in the profitability and the financial performance of the company's business.
EBIT margin, MSEK	EBIT as a percentage of net sales.	Shows operating profit in relation to net sales and is a measurement of the profitability in the company's operational business.
Adjusted EBIT, MSEK	EBIT excluding amortization and impairment losses on acquisition-related intangible assets and items affecting comparability.	Shows results of the company's operational business excluding amortization that arises as a result of accounting treatment of purchase price allocations in conjunction with acquisitions and items that affect comparison with other periods.
Adjusted EBIT margin, %	EBIT margin adjusted for amortization and impairment losses on acquisition-related intangible assets and items affecting comparability.	Shows EBIT margin excluding amortization that arises as a result of accounting treatment of purchase price allocations in conjunction with acquisitions and items that affect comparison with other periods.
EBITDA, MSEK	EBIT excluding depreciation/amortization and impairment of assets.	Shows the ability of the company's operations to generate resources for investment and payment to capital providers.
EBITDA margin, %	EBITDA as a percentage of net sales.	A profitability measurement that is used by investors, analysts and the company's management for evaluating the company's profitability.
Adjusted EBITDA, MSEK	EBITDA adjusted for items affecting comparability.	Shows EBITDA excluding items that affect comparison with other periods.
Adjusted EBITDA margin, %	EBITDA margin adjusted for items affecting comparability.	Shows EBITDA margin excluding items that affect comparison with other periods.
Net debt, MSEK	Non-current lease liability, 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.
Net debt / adjusted EBITDA, x	Net debt in relation to adjusted EBITDA.	Shows financial risk and is an indication of repayment capacity.
Items affecting comparability	Significant items affecting comparability, including significant consulting and advisory costs, acquisition, integration and restructuring costs, and significant legal costs.	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.

AGM information

2022 AGM information
Haypp Group will hold its Annual General Meeting on Wednesday, May 17, 2023 in Stockholm.

Participation and registration
Shareholders who wish to participate in the Annual General Meeting must (i) be listed in the shareholders' register maintained by Euroclear Sweden AB regarding circumstances on Tuesday 9 May 2023.

Further information about the Annual General Meeting can be found in the notice on our website www.hayppgroup.com

HAYPP GROUP