

Interim Report
January–March 2022

Q1

”The transformation towards
Nicotine pouches segment
running according to plan –
well-positioned to take
advantages of a large and
fast growing global market”



HAYPP GROUP

First quarter

- Net sales increased with 16 per cent to SEK 640.1 m (552.5). Organic sales growth was 6 per cent.
- 53 per cent volume growth in the Nicotine pouches category during the quarter.
- The gross margin amounted to 11.7 per cent (11.9).
- Adjusted EBIT amounted to SEK 14.1 m (10.3), corresponding to an adjusted EBIT margin of 2.2 per cent (1.9).
- Operating profit/loss totalled SEK 0.7 m (3.4), including items affecting comparability of SEK -3.6 m (-2.4).
- Profit/loss for the quarter to SEK -1.9 m (-0.1).
- Earnings per share before dilution amounted to SEK -0.07 (-0.01).
- Number of orders increased to 961 thousand (795) with an average order value of SEK 635 (632).
- Active customers increased with 25 per cent amounted to 414 thousand (331) at the end of the period.

Amounts in MSEK	Q1 2022	Q1 2021	LTM	Full Year 2021
Net sales	640.1	552.5	2,354.3	2,266.8
Net sales growth, %	15.8	-	-	31.1
Gross margin, %	11.7	11.9	10.9	11.0
Adjusted EBIT	14.1	10.3	45.3	41.5
Adjusted EBIT margin, %	2.2	1.9	1.9	1.8
Items affecting comparability	-3.6	-2.4	-36.4	-35.2
Operating profit/loss	0.7	3.4	-25.3	-22.6
Profit/loss for the period	-1.9	-0.1	-29.4	-27.6
Earnings per share before dilution (SEK)	-0.07	-0.01	-1.05	-1.19
Cash flow from operating activities	90.7	6.5	-	-48.3
Number of orders (thousand)	961	795	3,563	3,397
Average order value (SEK)	635	632	626	625
Active customers (thousand)	414	331	713	682

The transformation towards nicotine pouches running according to plan

We continue to make strong progress in the nicotine pouch category, the volume of nicotine pouches grew by over 50 per cent during the first quarter, and the transformation to this rapidly growing product category runs according to plan. For our Growth markets and Sweden, growth rates were substantially higher. Net sales for the group increased by 16 per cent during the quarter to SEK 2,354 m on an LTM-basis. We continued to experience strong underlying growth across all segments except for Norway, which due to its relative size, hampers overall growth for the group. Our position in the value chain enables us to continuously release benefits of scale that drives our margin performance. Furthermore, the geopolitical situation in Eastern Europe and Russia's invasion of Ukraine has so far had a very limited direct impact on Haypp Group's operations. We have no sales to Russia or Belarus and no employees nor any other assets in these countries.

Profitable growth

The volume of nicotine pouches grew by 53 per cent during the first quarter, whereof 48 per cent organically, corresponding to close to 40 per cent of the total volume in the quarter. We experienced very strong year-on-year growth across all markets, except for Norway. Year-on-year growth in Norway is still negative as we are facing challenging comparable figures that were positively impacted by a closed border and duty free in 2021, the first quarter of last year was a record quarter for our Norwegian business with growth of close to 150 per cent. During the first quarter of 2022, we did see a return to sequential growth. Gross margin improved sequentially with some 30 basis points during the quarter and amounted to 11.7 per cent, driven by the Core Markets segment which grew its gross margin by substantially more. The adjusted EBIT-margin continues to increase and reached 2.2 per cent as we leverage our strong position in our Core markets of Sweden and Norway to generate profits which are partially reinvested into growing our businesses in the US and Europe. Our position in the value chain enables us to continuously release benefits of scale that drives our margin performance over time.

Customer convenience

In line with our strategy, we are continuing to further enhance our distribution capabilities to improve on customer experience through shorter lead times and localized last mile solutions as well as to ensure capacity for future expected growth. We opened, during the fourth quarter, our new automated warehouse in Olso,



"The volume of nicotine pouches grew by 53 per cent during the first quarter, whereof 48 per cent organically, corresponding to close to 40 per cent of the total volume in the quarter"

which shortened delivery lead times to Norwegian customers, increased efficiency as well as increased the delivery capacity. We have also recently launched a new third-party warehouse located in Denver, Colorado, to improve convenience for our customers in western US. Furthermore, we expanded our existing automated warehouse in Stockholm during the quarter to support further capacity for our Swedish and non-Scandinavian Europe business. Further warehouse additions and relocations will be announced throughout the year, mainly within our Growth markets segment.

Investment in future growth

In order to fully capitalize on the market trends, we have decided to increase our investments in local teams in certain geographical markets with clear mandates and responsibilities. While our business model is relatively consistent across all markets, the level of consumer

understanding of the category in each market is at different levels of maturity. For this reason, we have adopted our structure to better fit with localized adaptations effective from current quarter, leading to items affecting comparability of -3.6 MSEK in the quarter.

Relative advantages

In an overall environment with an increasing focus 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.

Positive regulatory development

We are pleased to note that governments across all of 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, is in the process of introducing legislation for

“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”

nicotine pouches that will, among other things, limit certain marketing practices and introduce product standards and age verification. Haypp Group support these changes and 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.

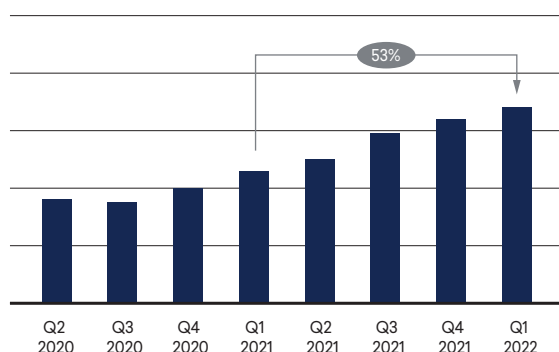
Huge untapped potential

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.

We have a proven revenue model of acquiring and retaining customers through a strong value proposition hinged upon a broad assortment, convenient ordering and shipping and compelling prices. Haypp Group is well positioned to take advantage of a rapidly growing international market over the coming years.

The transformation towards nicotine pouches running according to plan

Volume nicotine pouches



Stockholm in May 2022

Gavin O'Dowd
President and CEO

Financial overview

Net sales

Net sales for the first quarter increased with 16 per cent to SEK 640.1 m (552.5). Organic sales growth was 6 per cent. Acquisitions contributed with SEK 58 m.

Gross Profit

Gross Profit increased to SEK 74.7 m (65.9), corresponding to a gross margin of 11.7 per cent (11.9).

Adjusted EBIT

Adjusted EBIT for the first quarter increased to SEK 14.1 m (10.2). The adjusted EBIT margin increased to 2.2 per cent (1.8). The increase was mainly due to higher volume and efficiency.

Operating profit

Operating profit amounted to SEK 0.7 m (3.4). Items affecting comparability amounted to a negative SEK -3.6 m (-2.4) and was related to the decision to adopt the operational structure to better fit with localized condition. For more information on Items affecting comparability, refer to page 23. Operating margin was 0.1 per cent (0.6).

Financial items

Financial expenses (net) for the quarter amounted to a SEK -3.2 m (-2.1) mainly related to negative impact from exchange translation.

Tax

The tax expense for the period was SEK 0.6 m (-1.3), of which SEK -0.5 m is related to income tax and SEK 1 m relates to amortization of surplus values.

Net Profit

Profit for the quarter decreased to SEK -1.9 m (-0.1). Earnings per share amounted to SEK -0.07 (-0.01) after dilution.

Investments

During the first quarter period Haypp Group invested SEK 11.6 m (4.6), whereof SEK 10.3 m (5.7) was invested in intangible assets.

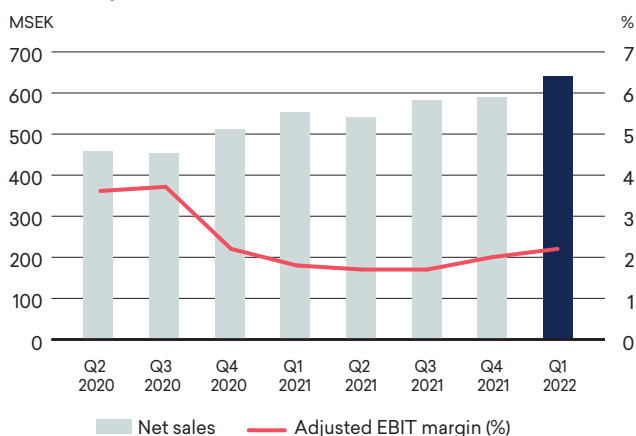
Cash flow

Cash flow for the period from operating activities increased to SEK 90.7 m (6.5). Cash flow from changes in working capital was SEK 79.3 m (-5.2), mainly due to seasonal variations.

Net debt and cash and cash equivalents

At the end of the period, the net debt amounted to SEK -19.1m (46.0) per 31 December 2021. In total, cash and cash equivalents amounted to SEK 90.9 m, versus 49.1 at the end of last year. At the end of the period, unutilised credit facility amounted to SEK 73 m, versus SEK 38 m at 31 December 2021.

Quarterly overview

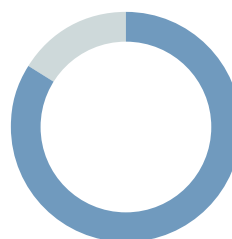


Review of reporting segments

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

The Core markets consists of the Swedish and Norwegian markets, which are more mature. Growth markets consist mainly of the US, UK, Germany, Austria and Switzerland, which are characterized more as emerging markets.

Net sales, Q1



■ Core markets ■ Growth markets

Segment breakdown

Amounts in KSEK	Net Sales			EBITDA		
	Q1 2022	Q1 2021	LTM	Q1 2022	Q1 2021	LTM
Core markets	540,806	488,476	2,030,176	40,919	27,116	132,245
EBITDA margin, %				7.6%	5.6%	6.5%
Growth markets	99,252	64,019	324,151	-17,957	-11,349	-53,734
EBITDA margin, %				-18.1%	-17.7%	-16.5%
Parent company/other	0	0	0	-3,587	-2,321	-36,614
Reconciliation items	0	0	1	-30	-4,119	-537
GROUP TOTAL	640,058	552,495	2,354,327	19,345	13,643	41,469
EBITDA margin, %				3.0%	2.5%	1.8%
Depreciation &						
Amortization				-18,663	-10,291	-66,761
Financial items				-3,201	-2,128	-9,946
PROFIT BEFORE TAXES				-2,519	1,224	-35,239

Core markets

Core markets

(Amounts in MSEK)	Q1 2022	Q1 2021	Change, %	LTM	Full Year 2021
Net sales	540.8	488.5	11 %	2,030.2	1,977.9
EBITDA	40.9	27.1	51 %	132.2	119.6
EBITDA margin, %	7.6 %	5.6 %	2.0 p.p.	6.5 %	6.0 %
Number of orders (thousand)	824	713	16 %	3,104	2,994
Average order value (SEK)	624	617	1 %	620	619
Active customers (thousand)	343	285	20 %	574	554

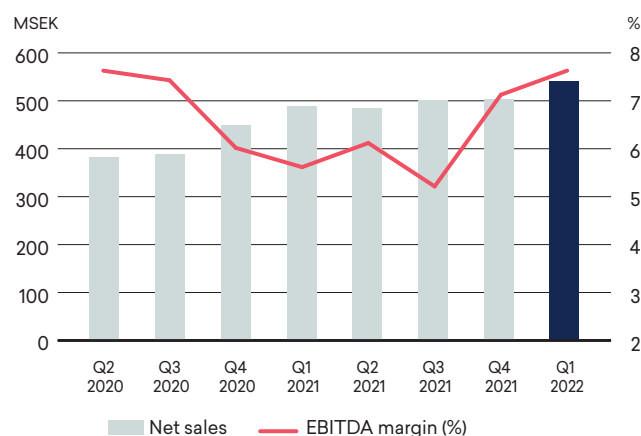
Net sales

Net sales for the quarter increased with 11 per cent to SEK 540.8 m (488.5). Nicotine Pouches grew by 43 per cent in volume during the quarter. In Sweden, Net sales for the quarter increased by 50 per cent driven by strong organic performance coupled with the acquisitions of Nettotobak and Snusnetto which contributed SEK 58 m to Net sales. Net sales in Norway declined by 21 per cent during the quarter due to a continued challenging trading environment on the back of the reopened border and duty free as well as aggressive price competition from offline retailers. The number of active customers increased with 20 per cent to 343 thousand (285) partly driven by the acquisitions.

EBITDA

EBITDA for the business unit amounted to SEK 40.9 m (27.1). The EBITDA margin increased by 2.0 percentage points to 7.6 per cent (5.6), mainly attributable to a higher gross margin and economies of scale, partially offset by further investment in the organisation for future growth.

Core markets



Growth markets

Growth markets

(Amounts in MSEK)	Q1 2022	Q1 2021	Change, %	LTM	Full Year 2021
Net sales	99.3	64.0	55 %	324.2	288.9
EBITDA	-18.0	-11.3	-59%	-53,7	-47.2
EBITDA margin, %	-18.1 %	-17.7 %	-0.4 p.p.	-16.5 %	-16.3 %
Number of orders (thousand)	137	82	67 %	457	403
Average order value (SEK)	700	762	-8 %	664	671
Active customers (thousand)	71	46	55 %	139	128

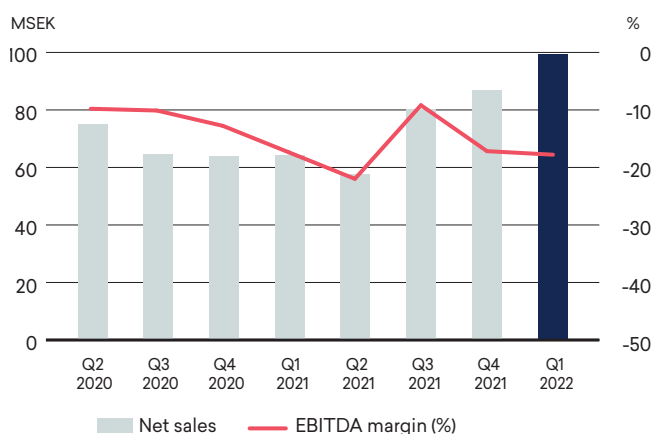
Net sales

Net sales for the quarter increased with 55 per cent to SEK 99.3 m (64.0), mainly due to a strong performance in the US and Germany. The number of active customers increased with 55 per cent, due to a positive momentum in the US and Germany primarily in the nicotine pouches category. Nicotine Pouches grew by 78 per cent in volume during the quarter. Comparable net sales grew by 62 per cent when excluding the effects of markets that were closed during last year.

EBITDA

EBITDA for the business unit decreased to SEK -18.0 m (-11.3). The EBITDA margin amounted to -18.1 per cent (-17.7), due to continued investment in the platform and organization.

Growth markets



Other information

Employees

The average number of full-time employees during the first quarter was 128, compared to 105 first quarter last year. The increase was primarily attributable to expansion of the business.

AGM

Annual shareholders' meeting will be held in Stockholm 18 May 2022. The Board of Directors proposes to the general meeting that no dividends be paid for fiscal year 2021.

Events after the balance sheet date

No significant events to report after the balance sheet date.

Owner structure

Largest shareholders per March 31, 2022.

	Numbers of shares	Share of capital and votes
GR8 Ventures AB	4,261,960	14.65
Patrik Rees	3,498,624	12.02
Fidelity Investments (FMR)	2,909,788	10.0
Northerner Holding AB	2,797,917	9.61
Rutger Arnhult	1,534,126	5.27
Gavin O'Dowd	1,179,391	4.05
e-Business Partner Norden AB	1,146,049	3.94
Ola Svensson	1,110,721	3.82
Pulsen Sb Investment AB	1,065,900	3.66
Erik Selin	1,000,000	3.44
Sum	20,504,476	70.46
Others	8,595,503	29.54
Total	29,099,979	100

The total number of shareholders amounted to 3,163 at the end of March.

Parent company

Haypp Group AB (Corp. Reg. No. 559075-6796), which is domiciled in Stockholm, Sweden, conducts holding operations. During the first quarter, other operating income amounted to SEK 0.5 m (0.0) and profit totalled SEK -0.4 m (-12.4). Total equity amounted to SEK 608.2 m (609.0).

Seasonal effects

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

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

Risks and uncertainties

The Haypp Group's and the parent company's business risks and risk management, as well as the management of financial risks, are described in the Annual Report 2021 and the sustainability report. No events of material significance occurred in the period that materially affect or change these descriptions of the Group's and parent company's risks and their management.

Gavin O'Dowd

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

This is information that Haypp Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person below out above, at 07:45 CET on 4 May 2022.

Webcast conference call on 4 May

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

For further information, please contact:

Gavin O'Dowd, CEO

gavin.odowd@hayppgroup.com, +46 730 597 504

Svante Andersson, CFO

svante.andersson@hayppgroup.com, +46 706 868 012

Financial calendar

May 18, 2022

Annual General Meeting 2022

August 12, 2022

Interim report for January–June, 2022

November 11, 2022

Interim report for January–September, 2022

Haypp Group at glance

The Haypp Group is spearheading the global transformation from smoking to risk-reduced alternatives. With origins in Scandinavia, the company has leveraged its leading position, along with its category and e-commerce experience, to widen its positive impact to the US and a range of European markets. With ten e-commerce store brands, the Haypp Group is present in seven countries where we served more than 650,000 active consumers during 2021. Headquartered in Stockholm, Sweden, Haypp Group employs 128 FTEs and have net sales of over SEK 2,3 bn in the last twelve months to March 31, 2022.

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.

Business model

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

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

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

Values

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

Sustainability

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

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



Financial targets

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

Growth

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

Profitability

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

Dividend policy

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

Consolidated income statement

Amounts in KSEK	Q1 2022	Q1 2021	Last 12 months	Full Year 2021
Net sales	640,058	552,495	2,354,328	2,266,765
Capitalised work on own account	3,502	2,362	11,479	10,339
Other operating income	6,302	569	15,591	9,857
Total	649,863	555,426	2,381,398	2,286,961
Goods for resale	-565,325	-486,586	-2,096,785	-2,018,045
Other external costs	-25,365	-23,187	-117,330	-115,152
Personnel expenses	-38,009	-31,419	-121,019	-114,428
Depreciation and amortization of tangible and intangible assets	-18,663	-10,291	-66,761	-58,390
Other operating expenses	-1,818	-592	-4,793	-3,567
Operating expenses	-649,180	-552,074	-2,406,689	-2,309,583
Operating profit/loss	683	3,352	-25,292	-22,622
Financial income/expense				
Financial income	-2	1	1,496	1,499
Financial expenses	-3,199	-2,129	-11,442	-10,371
Financial net	-3,201	-2,128	-9,946	-8,872
Earnings Before Tax	-2,519	1,224	-35,238	-31,495
Income tax	625	-1,343	5,829	3,861
Profit/loss for the period	-1,894	-119	-29,409	-27,634
Profit/loss for the period attributable to:				
The parent company's shareholders	-1,894	-119	-29,409	-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)	-0.07	-0.01	-1.15	-1.19
Earnings per share after dilution (SEK)	-0.07	-0.01	-1.15	-1.19

Consolidated statement of comprehensive income

Amounts in KSEK	Q1 2022	Q1 2021	Last 12 months	Full Year 2021
Profit/loss for the period	-1,894	-119	-29,409	-27,634
Other comprehensive income:				
Items that may be reclassified to profit or loss				
Foreign currency translation differences	5,740	9,272	5,463	8,995
Total other comprehensive income	5,740	9,272	5,463	8,995
Total Comprehensive income	3,847	9,154	-23,945	-18,638
Total comprehensive income for the year attributable to:				
Parent company shareholders	3,847	9,154	-23,945	-18,638
Average number of shares before dilution	29,099,979	20,394,595	25,328,794	23,152,447
Average number of shares after dilution	29,672,925	24,710,785	27,604,041	26,396,415

Consolidated balance sheet

Amounts in KSEK	2022-03-31	2021-12-31
ASSETS		
Fixed assets		
Intangible assets		
Goodwill	161,459	156,869
Customer relationships	117,382	120,468
Trademarks	152,661	157,006
Websites	28,801	30,185
Capitalized development costs	58,965	52,700
Total intangible assets	519,270	517,228
Tangible assets		
Leasehold improvements	952	600
Equipment	1,241	1,393
Total tangible assets	2,193	1,993
Financial assets		
Non-current receivables	5,747	29,748
Total financial assets	5,747	29,748
Right-of-use assets	65,330	50,206
Deferred tax assets	19,141	19,070
Total fixed assets	611,681	618,245
Current assets		
Inventories		
Goods for resale	137,812	141,997
Current receivables		
Accounts receivable	40,286	65,529
Current tax recoverable	665	0
Other receivables	41,652	13,395
Prepaid expenses and accrued income	32,280	37,773
Cash and cash equivalents	90,853	49,055
Total current receivables	205,736	165,751
Total current assets	343,548	307,748
TOTAL ASSETS	955,229	925,993

Consolidated balance sheet cont.

Amounts in KSEK	Notes	2022-03-31	2021-12-31
EQUITY AND LIABILITIES			
EQUITY			
Share capital	3	1,906	1,906
Other contributed capital		686,202	686,553
Translation differences		-672	-6,413
Retained earnings (including net profit/loss for the year)		-115,324	-113,430
Total equity		572,112	568,617
LIABILITIES			
Non-current liabilities			
Non-current lease liability		43,562	34,036
Deferred tax liabilities		24,457	25,326
Other liabilities		357	25,845
Total non-current liabilities		68,376	85,207
Current liabilities			
Bank overdraft		14,837	49,824
Current lease liability		13,331	11,243
Accounts payable		123,806	146,216
Other liabilities		64,804	22,139
Accrued expenses and deferred income		97,964	42,639
Total current liabilities		314,741	272,169
Total liabilities		383,117	357,376
TOTAL EQUITY AND LIABILITIES		955,229	925,993

Consolidated statement of changes in equity

Amounts in KSEK	Share capital	New share issue in progress	Other contribu- ted capital	Translation differences	Retained earnings	Total equity
Opening balance, 2021-01-01	1,336	0	308,696	-15,408	-85,796	208,828
Profit/loss for the year					-119	-119
Other comprehensive income for the year				9,272		9,272
Total comprehensive income	0	0	0	9,272	-119	9,154
New share issue	0	21	1,541			1,562
Total transactions with shareholders in their attribute as shareholders	0	21	1,541	0	0	1,562
Closing balance, 2021-03-31	1,336	21	310,237	-6,136	-85,915	219,543
Opening balance, 2022-01-01	1,906	0	686,553	-6,413	-113,430	568,617
Profit/loss for the year					-1,894	-1,894
Other comprehensive income for the year				5,740		5,740
Total comprehensive income	0	0	0	5,740	-1,894	3,847
New share issue	0		-351			-351
Total transactions with shareholders in their attribute as shareholders	0	0	-351	0	0	-351
Closing balance, 2022-03-31	1,906	0	686,202	-672	-115,324	572,112

Consolidated statement of cash flow

Amounts in KSEK	Q1 2022	Q1 2021
Cash flow from operating activities		
Operating loss	683	3,352
Adjustment for non-cash items:		
- Depreciation and amortization of tangible and intangible assets	18,663	10,291
- Other non-cash items	-5,138	-13
Interest paid	-1,500	-2,432
Income tax paid	-1,298	576
Cash flow from operating activities before change in working capital	11,409	11,774
Cash flow from change in working capital		
Increase/decrease in inventories	6,803	-23,261
Increase/decrease in operating receivables	25,194	12,072
Increase/decrease in operating liabilities	47,309	5,961
Total change in working capital	79,306	-5,228
Cash flow from operating activities	90,715	6,546
Cash flow from investing activities		
Investment in intangible assets	-10,267	-5,699
Investment in tangible assets	-399	-412
Disposal of tangible assets	0	52
Change in other financial assets	-897	1,436
Cash flow from investing activities	-11,564	-4,623
Cash flow from financing activities		
New loans	47	30,432
Change bank overdraft	-34,986	-9,802
Repayment of loans	0	-1,875
Repayment of leasing debt	-4,315	-2,717
New share issue	-43	1,562
Cash flow from financing activities	-39,297	17,600
Decrease/increase in cash and cash equivalents		
Opening cash and cash equivalents	49,055	32,031
Cash flow for the period	39,854	19,523
Exchange-rate differences in cash and cash equivalents	1,945	2,152
Closing cash and cash equivalents	90,853	53,706

Parent Company income statement

Amounts in KSEK	Q1 2022	Q1 2021	Last 12 months	Full Year 2021
Other operating income	504	0	2,843	2,339
Total	504	0	2,843	2,339
Other external costs	405	-4,145	-16,744	-21,293
Personnel expenses	-1,338	0	-5,065	-3,726
Depreciation and amortization of tangible and intangible assets	-12	-13	-50	-50
Other operating expenses	0	0	-33	-33
Operating expenses	-947	-4,157	-21,892	-25,103
Operating profit/loss	-442	-4,157	-19,049	-22,764
Financial income/expense				
Profit from shares in group companies	0	-7,000	0	-7,000
Interest income and other financial income	0	0	1,045	1,045
Interest and other financial expenses	0	-1,274	-2,025	-3,299
Result from financial income/expenses	0	-8,274	-981	-9,254
Earnings Before Tax	-442	-12,431	-20,030	-32,018
Appropriations	0	0	15,000	15,000
Earnings before tax	-442	-12,431	-5,030	-17,018
Income tax	0	0	2,064	2,064
Profit/loss for the period	-442	-12,431	-2,966	-14,954

Parent Company balance sheet

Amounts in KSEK	2022-03-31	2021-12-31
ASSETS		
Fixed assets		
Intangible assets		
Capitalized development costs	125	137
Total intangible assets	125	137
Financial assets		
Shares in subsidiaries	321,592	321,592
Deferred tax assets	4,233	4,233
Non-current receivables	1,310	1,310
Non-current intercompany receivables	321,387	323,399
Total financial assets	648,522	650,534
Total fixed assets	648,647	650,671
Current assets		
Current receivables		
Receivables from group companies	2,807	1,431
Other receivables	1,070	2,459
Prepaid expenses and accrued income	1,150	931
Total current receivables	5,026	4,822
Cash and cash equivalents	583	1,798
Total current assets	5,609	6,620
TOTAL ASSETS	654,256	657,291

Parent Company balance sheetm cont.

Amounts in KSEK	2022-03-31	2021-12-31
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	1,906	1,906
Non-restricted equity		
Other contributed capital	686,202	686,553
Retained earnings	-79,466	-64,511
Profit/loss for the period	-442	-14,954
Total equity	608,200	608,994
LIABILITIES		
Non-current liabilities		
Non-current intercompany liabilities	43,182	43,182
Other liabilities	357	845
Total non-current liabilities	43,539	44,027
Current liabilities		
Current liabilities to group companies	264	264
Accounts payable	262	777
Other liabilities	199	161
Accrued expenses and deferred income	1,791	3,067
Total current liabilities	2,517	4,270
Total liabilities	46,056	48,298
TOTAL EQUITY AND LIABILITIES	654,256	657,291

Notes

General information

Haypp Group AB with Corporate Registration No. 559075-6796 is a limited liability company registered in Sweden, with its registered office in Stockholm. The address of the head office is Birger Jarlsgatan 43, SE-111 45 Stockholm, Sweden. The operations of the Parent Company and its subsidiaries comprise investing in e-commerce companies and conducting related activities.

Accounting principles

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

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

The accounting principles and calculation methods applied in this interim report are in accordance with the principles described in the Annual Report 2020. For further information regarding the Group's and the Parent Company's applied accounting principles, see the Group's Annual Report 2020.

Operating segments

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

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

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

Earnings per share after dilution

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

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

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

Important estimates and assessments for accounting purposes

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

Significant estimates and assessments in the Group are attributable to goodwill and deferred tax. For further information, see the Group's Annual Report 2020.

Note 1 Financial instruments

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

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

Note 2 Transactions with related parties

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

Note 3 Disclosure on new share and warrant issues

During the first quarter 2022 warrants have been cancelled for employees who have left the company. These have been repurchased at acquisition cost which resulted in a decrease of other contributed capital by SEK 351 440 during Q1 2022.

Key ratios

Amounts in MSEK	Q1 2022	Q1 2021	Last 12 months	Full Year 2021
Income statement				
Net sales growth, %	15.8			31.1
Adjusted EBITDA	22.9	16.0	77.9	71.0
Adjusted EBITDA margin, %	3.6	2.9	3.3	3.1
Adjusted EBIT	14.1	10.3	45.3	41.5
Adjusted EBIT margin, %	2.2	1.9	1.9	1.8
Operating profit/loss	0.7	3.4	-25.3	-22.6
Balance sheet				
Net working capital	30.3	-2.2	30.3	69.8
Net debt	-19.1	97.2	-19.1	46.0
Investments	-11.6	-4.6		-245.9
Net debt/Adjusted EBITDA, times			-0.2	0.7
Equity/Total assets ratio, %	59.9	36.7		61.4
Cash flow				
Cash flow from operating activities	90.7	6.5		-48.3
Data per share				
Earnings per share after dilution (SEK)	-0.07	-0.01	-1.15	-1.19
Equity per share after dilution (SEK)	19.3	8.9	20.7	21.5
Cash flow from operating activities per share after dilution (SEK)	3.1	0.3		-1.8
Average number of shares after dilution	29,672,925	24,710,785	27,604,041	26,396,415

Segment information by quarter

Amounts in MSEK	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net sales per business unit								
Core markets	382.8	389.3	449.2	488.5	484.4	501.3	503.6	540.8
Growth markets	75.0	64.5	63.8	64.0	57.4	80.6	86.9	99.3
EBITDA per business unit								
Core markets	29.1	28.8	26.9	27.1	29.7	26.0	36.4	40.9
Growth markets	-7.8	-6.8	-8.4	-11.3	-12.7	-7.8	-15.3	-18.0
EBITDA margin per business unit (%)								
Core markets	7.6 %	7.4 %	6.0 %	5.6 %	6.1 %	5.2 %	7.2 %	7.6 %
Growth markets	-10.3 %	-10.6 %	-13.2 %	-17.7 %	-22.2 %	-9.7 %	-17.6 %	-18.1 %
Number of orders per business unit (thousand)								
Core markets	540	542	627	713	726	776	779	824
Growth markets	118	94	87	82	80	111	130	137
Average order value per business (SEK)								
Core markets	658	648	648	617	613	625	619	624
Growth markets	762	779	694	762	700	619	638	700
Active customers per business unit (thousand)								
Core markets	226	229	257	285	287	321	324	343
Growth markets	60	51	46	46	45	61	68	71

Reconciliation of alternative performance measures

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

Items affecting comparability

Consulting and advisory costs

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

Acquisition, integration and restructuring costs

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

Restructuring costs mainly consists of severance pay for significant organizational changes.

Legal costs

Costs for external legal advisors in relation to legal disputes.

Amounts in MSEK	Q1 2022	Q1 2021	Last 12 months	Full Year 2021
EBIT margin				
EBIT	0.7	3.4	-25.3	-22.6
Net sales	640.1	552.5	2,354.3	2,266.8
EBIT margin, %	0.1	0.6	-1.1	-1.0
Adjusted EBIT				
EBIT	0.7	3.4	-25.3	-22.6
Amortisation of acquired intangible assets	9.9	4.5	34.2	28.9
Less items affecting comparability:				
Consulting and advisory costs	0	0.1	30.4	30.5
Acquisition, integration and restructuring costs	3.6	1.5	6.0	3.9
Legal costs	0.0	0.8	0.0	0.8
Adjusted EBIT	14.1	10.3	45.3	41.5
Adjusted EBIT margin, %	2.2	1.9	1.9	1.8
EBITDA				
EBIT	0.7	3.4	-25.3	-22.6
Depreciation/amortisation and impairment of assets	18.7	10.3	66.8	58.4
EBITDA	19.3	13.6	41.5	35.8
EBITDA margin				
EBITDA	19.3	13.6	41.5	35.8
Net sales	640.1	552.5	2,354.3	2,266.8
EBITDA margin, %	3.0	2.5	1.8	1.6
Adjusted EBITDA				
EBITDA	19.3	13.6	41.5	35.8
Less items affecting comparability:				
Consulting and advisory costs	0	0.1	30.4	30.5
Acquisition, integration and restructuring costs	3.6	1.5	6.0	3.9
Legal costs	0.0	0.8	0.0	0.8
Adjusted EBITDA	22.9	16.0	77.9	71.0
Adjusted EBITDA margin, %	3.6	2.9	3.3	3.1

Amounts in MSEK	Q1 2022	Q1 2021	Last 12 months	Full Year 2021
Adjusted operating expenses				
Operating expenses	-649.2	-552.1	-2,406.7	-2,309.6
Other operating income	6.3	0.6	15.6	9.9
Capitalised work on own account	3.5	2.4	11.5	10.3
Cost of Goods sold (-)	565.3	486.6	2,096.8	2,018.0
Depreciation of material and immaterial assets	18.7	10.3	66.8	58.4
Less items affecting comparability:				
Consulting and advisory costs	0	0.1	30.4	30.5
Acquisition, integration and restructuring costs	3.6	1.5	6.0	3.9
Legal costs	0.0	0.8	0.0	0.8
Adjusted operating expenses	-51.8	-49.9	-179.6	-177.7
Net debt				
Non-current lease liability			43.6	34.0
Other non-current liabilities (excluding amounts in escrow)			0.0	0.0
Bank overdraft			14.8	49.8
Current lease liability			13.3	11.2
Liabilities to credit institutions			0.0	0.0
Other liabilities - Shareholder loans			0.0	0.0
Cash and cash equivalents			-90.9	-49.1
Net debt			-19.1	46.0
Net debt / adjusted EBITDA				
Net debt			-19.1	46.0
Adjusted EBITDA			77.9	71.0
Net debt/Adjusted EBITDA, times			-0.2	0.6
Items affecting comparability				
Consulting and advisory costs	0	-0.1	-30.4	-30.5
Acquisition, integration and restructuring costs	-3.6	-1.5	-6.0	-3.9
Legal costs	0.0	-0.8	0.0	-0.8
Items affecting comparability	-3.6	-2.4	-36.4	-35.2
Equity per share after dilution				
Total equity	572.1	219.5		568.6
Average number of shares after dilution	29,672,925	24,710,785	27,604,041	26,396,415
Equity per share after dilution (SEK)	19.3	8.9		21.5
Cash flow from operating activities per share after dilution				
Cash flow from operating activities	90.7	6.5		-48.3
Average number of shares after dilution	29,672,925	24,710,785	27,604,041	26,396,415
Cash flow from operating activities per share after dilution (SEK)	3.1	0.3		-1.8

Net working capital

Amounts in MSEK	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Goods for resale	137.8	104.5	142.0
Accounts receivable	40.3	37.2	65.5
Other receivables	41.7	4.3	13.4
Prepaid expenses and accrued income	32.3	25.0	37.8
Accounts payable	-123.8	-84.3	-146.2
Accrued expenses and deferred income	-98.0	-88.9	-42.6
Net working capital	30.3	-2.2	69.8

Definitions

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

