

Annual Report

2021

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

HAYPP GROUP

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For information about business overview, market overview, regulatory landscape, and culture and people, please see Prospectus pages 28–47, www.hayppgroup.com.

Financial calendar

May 4, 2022

Interim report for January–March, 2022, Q1

May 18, 2022

Annual shareholders' meeting 2022

August 12, 2022

Interim report for the period 1 January 2022–30 June 2022, Q2

November 11, 2022

Interim report for the period 1 January 2022–30 September 2022, Q3

2021 in figures

2021

- Net sales increased with 31 per cent to SEK 2,266.8 m (1,729.2). Organic sales growth was 27 per cent.
- The gross margin amounted to 11.0 per cent (13.0).
- Adjusted EBIT increased to SEK 41.5 m (38.3), corresponding to an adjusted EBIT margin of 1.8 per cent (2.2).
- Operating profit/loss totalled SEK -22.6 m (-14.3), including items affecting comparability of SEK -35.2 m (-30.5).
- Profit /loss for the period amounted to SEK -27.6 m (-27.8).
- Earnings per share before dilution amounted to SEK -1.19 (-1.36).
- Cash flow from operating activities amounted to SEK -48.3 m (48.5).
- Number of orders increased to 3,397 thousand (2,490) with an average order value of SEK 625 (657).
- Active customers amounted to 682 thousand (541) at the end of the period.
- The Board of Directors proposes that no dividends be paid for 2021.

Important events during the year

- Haypp Group listed its shares on Nasdaq First North Growth Market in October. The offering consisted of 2,272,727 new shares issued by the company and 5,632,404 existing shares offered by the shareholders, corresponding to 27.2 percent of the total number of shares and votes in the Company. Trading on Nasdaq First North Growth Market commenced on 13 October 2021.
- Acquisition of certain assets of Nettotobak and Snusnetto per 30 June and 1 July respectively. The acquisitions acknowledge Haypp Group's position as a Swedish market leader in nicotine pouches.
- At the Annual General Meeting in June, Anneli Lindblom and Per Sjödelld were elected as new members of the Board.
- The opening of Haypp Group's new automated warehouse in Oslo. The opening has already led to shortened delivery lead times to Norwegian customers, increased efficiency as well as increased the delivery capacity.



Haypp at a glance

The Haypp Group is spearheading the global transformation from smoking to risk-reduced alternatives. With origins in Scandinavia, Haypp Group 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 employ 117 FTEs and have net sales of over SEK 2.2 bn in 2021.

Vision

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

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.

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 to reduced-risk nicotine products with strong momentum for online sales
- Unique offering to suppliers through Haypp Group’s bespoke tech platform – enabling unmatched marketing capabilities and customer insights

- Extensive experience of navigating and influencing the complex regulatory waters
- Track-record of strong growth resulting in economies of scale laying the foundation for long-term value creation
- Management team with extensive experience within the industry as well as e-commerce.

Financial targets and dividend policy

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.

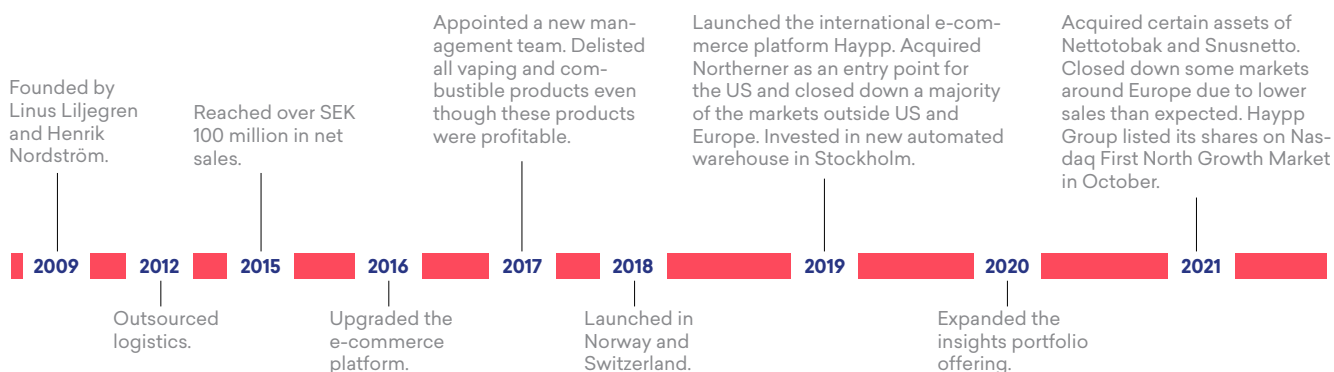
Dividend policy

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

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 goes 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.



Since Haypp Group’s foundation in 2009 the geographical presence has expanded from Sweden into other countries in Europe as well as the US. Today, Haypp Group has market leading online positions in Sweden and Norway, with a market share of around 90 percent in Sweden and approximately 80 percent in Norway. In the rest of Europe and the US, the Company has a market share of approximately 30 percent and 55 percent online, respectively. Haypp Group continuously develops and improves its value proposition to both customers and suppliers and has during the past years upgraded its bespoke technology infrastructure to become more scalable and invested in a new automated warehouse to improve the shopping experience for its customers.

The transformation towards Nicotine Pouches running according to plan

We can look back on an exciting year where we further advanced our market positions and continued our growth journey both organically and through acquisitions. We continued to make strong progress in the Nicotine pouch category, the volume of Nicotine pouches grew organically by over 55 per cent during 2021, corresponding to 36 per cent of the total volume in the last quarter of 2021. We experienced strong underlying demand across all markets, even if the growth in Norway was negative in the second half of the year due to though comparable figures positively impacted by a closed boarder and duty free in 2020. Reported growth for the full year amounted to 31 per cent and the organic to 27 percent. Gross margin improved sequentially during the year and amounted to 11.0 per cent for the full year, driven by the Core Market segment. Our position in the value chain enables us to continuously release benefits of scale that drives our gross margin as well as EBIT margin performance over time. Furthermore, the geopolitical situation in Eastern Europe and Russia's invasion of Ukraine has had a very limited impact on Haypp Group's operations so far. We have no sales to Russia and Belarus and no employees or other assets in these countries.



The overall conditions have never been better

The market for nicotine pouches is currently experiencing a pronounced shift away from combustible tobacco products such as cigarettes to harm reduced products particularly nicotine pouches as well as a shift from offline to online sales. 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. During the fourth quarter, Haypp Group recorded over 50 per cent year-on-year growth in the Nicotine Pouches category, and the category accounts for over one third of the total volume.

Attractive platform

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

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 recently announced the opening of our new automated warehouse in Oslo, which shortened delivery lead times to Norwegian customers, increased efficiency as well as increased the delivery capacity. We have also launched a new third-party warehouse located in Denver, Colorado, to improve convenience for our customers in western US. Further warehouse additions and relocations will be announced throughout the year within our Growth markets segment.

Investment in future growth

In order to fully capitalize on the market trends, we have increased 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. Looking ahead, to continue to 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. These investments encompass improvements to local customer offerings, machine learning capabilities, and to the overall efficiency.

Strategic acquisitions

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

Milestone for Haypp

During the third quarter our Board decided to list the company's shares on Nasdaq First North Growth Market. The offering, including a SEK 150 m new share issue, gave us a more diversified ownership structure to take the next steps on our journey, and I would like to welcome our new shareholders to the company. In connection with the IPO, our Board has adopted new long-term financial targets as follows:

- to reach net sales of at least SEK 5 billion by 2025, predominantly through organic growth
- to prioritise growth over profitability and target to reach a high single digit adjusted EBIT margin in the medium to long-term.

My colleagues and I in the management team are committed to delivering in line with these targets. Furthermore, in the upcoming years, it's the Board's proposal to primarily use the generated cash flows for the company's continued expansion.

New industry standard

In October, Haypp Group launched the platform NicoLeaks.com, an information service for oral tobacco-free nicotine products, with the objective to increase transparency in the business. Today, there are no regulations on ingredients or marketing of tobacco-free nicotine products in Sweden. This initiative is a way to take responsibility to ensure that consumers know what they place under their lip. Our objective is to create a new industry standard and making that will support consumers

make conscious and well-informed decisions. Decision makers and authorities, in Sweden and abroad, will also gain insight and knowledge about nicotine products as well as a market overview of available products. The testing is also of value for all the producers.

Solid ambition for sustainability

As an industry leader, Haypp Group recognises that we can contribute to a better and more sustainable world. Our long-term goal is that we through our sustainability efforts are recognised as a frontrunner in sustainable e-commerce, as well as spearheading the global transformation from smoking to healthier product alternatives. The ambition is essential for our core operation and our entire business concept. The Sustainability Report further describes our approach and efforts.

Summary and outlook

Haypp Group intends to utilize its online market leading position, with around 85 per cent market share in Core markets, to continue to gain overall market share. In parallel, we 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.

Stockholm in April 2022

Gavin O'Dowd

President and CEO

The Haypp Group share

During October, Haypp Group's shares were listed on Nasdaq First North Growth Market, and trading began on 13 October 2021 to an initial share price of SEK 66. The offering attracted strong interest, both from institutional investors in Sweden and internationally as well as the general public in Sweden and Norway.

Changes to share capital

The offering consisted of 2,272,727 new shares issued by the company and 5,632,404 existing shares offered by the shareholders, in total, the offering comprised 7,905,131 shares, corresponding to 27.2 per cent of the total number of shares and votes in the Company. The total number of issued shares amounted to 29,099,979 at the end of the financial year. 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.

The share's price development, market capitalization and turnover

Haypp Group's closing share price was on 31 December 2021 SEK 49.4 (-) per share, just over a 25 per cent decrease from its initial price of SEK 66. Between the listing and the last trading day for the period, December

30, a total of 2.87 million shares were traded on Nasdaq. The per day average of traded shares amounted to just over 51,000, corresponding to a value of about SEK 3.3 million. As of 30 December 2021, the market capitalization was almost SEK 1,440 million as compared to approximately SEK 1,920 million just after the listing.

Dividend policy

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

Lock up-arrangements

The Lock-up period for parts of the Major Shareholders and shareholding employees within the Group was 180 days, and the Lock-up period for the shareholding members of the Board of Directors and Executive management, is 360 days.

Other share information

Ticker: HAYPP

ISIN-code: SE0016829469

LEI-code: 549300NDGL14NS31UP49

List of the 10 largest shareholders per Dec 31, 2021

	Number of Shares	Capital	Votes
GR8 Ventures AB	4,261,960	14.65%	14.65%
Patrik Rees	3,498,624	12.02%	12.02%
Fidelity Investments (FMR)	2,909,997	10.00%	10.00%
Northerner Holding AB	2,797,917	9.61%	9.61%
Rutger Arnhult	1,534,126	5.27%	5.27%
Gavin O'Dowd	1,179,391	4.05%	4.05%
e-Business Partner Norden AB	1,146,049	3.94%	3.94%
Ola Svensson	1,110,721	3.82%	3.82%
Pulsen Sb Investment AB	1,065,900	3.66%	3.66%
Erik Selin	1,000,000	3.44%	3.44%
Total 10	20,504,685		70.46%
Others	8,595,294		29.54%
Total number of owners	3,345		
Total	29,099,979		100%

Key financial figures

Amounts in MSEK	Full Year 2021	Full Year 2020
Net sales	2,266.8	1,729.1
Net sales growth, %	31.1	115.5
Gross margin, %	11.0	13.0
Adjusted EBITDA	71.0	60.6
EBITDA margin, %	3.1	3.5
Adjusted EBIT	41.5	38.3
Adjusted EBIT margin, %	1.8	2.2
Operating profit/loss	-22.6	-14.3
Balance sheet		
Net working capital	69.8	3.1
Net debt	46.9	102.7
Investments	-245.9	-21.6
Net debt/Adjusted EBITDA, times	0.7	1.7
Equity/Total assets ratio, %	61.4	38.0
Cash flow		
Cash flow from operating activities	-48.3	48.5
Data per share		
Earnings per share after dilution (SEK)	-1.19	-1.36
Equity per share after dilution (SEK)	21.5	8.8
Cash flow from operating activities per share after dilution (SEK)	-1.8	2.0
Average number of shares after dilution	26,396,415	23,684,300

Key performance indicators - segments

Amounts in MSEK	2021	2020
Core markets		
Net sales	1,977.9	1,475.4
EBITDA	119.2	101.0
EBITDA margin, %	6.0 %	6.8 %
Number of orders (thousand)	2,994	2,096
Average order value (SEK)	619	643
Active customers (thousand)	554	415
Amounts in MSEK	2021	2020
Growth markets		
Net sales	288.9	253.7
EBITDA	-47.2	-40.5
EBITDA margin, %	-16.3 %	-15.9 %
Number of orders (thousand)	403	394
Average order value (SEK)	671	732
Active customers (thousand)	128	126

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 2021, the total number of shares consisted of 29,099,979 ordinary shares with one vote each. Shareholdings that exceed one tenth of the voting rights consist of three shareholders, GR8 Ventures AB, which holds 14.65%, Patrik Rees, which holds 12.02%, and Fidelity Investments (FMR), which holds 10.00% 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 7

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.

At the Extraordinary General Meeting on September 2, 2021, it was decided on a Nomination Committee instruction in which a Nomination Committee ahead of the 2022 Annual General Meeting shall consist of the Chairman of the Board and a member appointed by each of the three largest shareholders based on ownership in the Company as of November 1, 2021. 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 elected by the Annual General Meeting, which are presented in more detail on pages 13–15.

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

Audit Committee

The Audit Committee consists of all Board members, with the Chairman of the Board also chairing 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 Anneli Lindblom, Per Sjödel and Kristian Ford. 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 16–17.

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. Magnus Lagerberg replaced Fredrik Geijer as chief auditor at the 2021 Annual General Meeting.

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 June 30, 2021, 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. The board members are not entitled to any benefits after their assignment as board members has ended.

No remuneration was received by the Board members elected by the Annual General Meeting for the financial year 2020.

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.

Name	Position	Member since	Independent of	
			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 Sjödel	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: Member of the board of directors in Bilia AB, INGRID JONASSON BLANK AB, City Gross Sverige AB, Astrid Lindgren Aktiebolag, Hyber Group AB, Musti Group Oy, Forenom Group Oy and Orkla ASA. Chairman of the board of directors in Aim Apparel AB, Kjell Group AB (publ).

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, Stor & Liten AB. Chairman of the board of directors in Stor & Liten AB, Stockfiller AB and Cosmetic Group Holding AS.

Shares and warrants in the Company: Ingrid Jonasson Blank holds as of 31 March 2022 187,862 shares and 130 warrants¹ in the company.

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 Padox 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 2022 500 shares in the company.



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.
Previous assignments (last five years):	-
Shares and warrants in the Company:	Kristian Ford holds as of 31 March 2022 35,370 shares in the company.



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 2022 4,261,960 shares in the company.



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 Tofta Camping AB, Aktiebolaget Tofta Bad, Tofta Strand Resort AB, Icehotel Aktiebolag, Bole Sverige AB, Lekia Online AB, ICEHOTEL Creative Experience AB, Eastcoast Capital AB, ProteinBolaget i Sverige AB, Babyland Online Nordic AB, Kalk Management AB, Nymans i Tofta AB, Knopen Invest AB, Fastighetsbolaget Ringplatsen AB, Trattoria Tofta AB, Tofta Intressenter AB, Knopen 2 AB and Knopen 1 AB. Alternate board member in Capsyd 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 Klöver Visby AB. Member of the board of directors in Wirséns Cykel & Motor Aktiebolag, FöretagsCentrum i Oskarshamn Aktiebolag, Hillmarketing AB, Eastcoast Capital Management AB, Stor & Liten AB, Slutplattan VAJLO 105784 AB, Funera AB, Stockfiller AB, Navet Oskarshamn AB, Gute ehandel i Norden AB and FöretagsCentrum i Oskarshamn (FCO) Ekonomisk Förening. Alternate board member in Sista versen 46642 AB and Capsyd Maxi AB.
Shares and warrants in the Company:	Patrik Rees holds, through company ¹ , as of 31 March 2022 3,498,624 shares in the company.



Per Sjödel

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 Sjödel holds no shares in the Company.

¹ Shares through 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 2022 1,179,391 shares and 242,513 warrants ¹ 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 2022 450 shares and 73,398 warrants ² 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 2022 1,260 shares and 73,403 warrants ³ in the company.

1. In total, the warrants entitle to subscription for 242,513 new shares in the company.

2. In total, the warrants entitle to subscription for 170,099 new shares in the company.

3. In total, the warrants entitle to subscription for 170,838 new shares in the company.



Hannah Kaber

Born 1975. General Counsel since 2018.

Education:	Master of Laws, Lund University.
Other current assignments:	Alternate board member in Wilgret AB.
Previous assignments (last five years):	Member of the board of directors in British American Tobacco Sweden AB, British American Tobacco Sweden Holding AB, Fiedler & Lundgren AB, Winnington Aktiebolag, Winnington Holding AB, Winds Global AB, Wilgret AB and British American Tobacco Norway AS.
Shares and warrants in the Company:	Hannah Kaber holds as of 31 March 2022 2,143 warrants ¹ 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 Lindblad holds as of 31 March 2022 74,832 warrants ² in the company.

1. In total, the warrants entitle to subscription for 321,450 new shares in the company.
2. In total, the warrants entitle to subscription for 385,153 new shares 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, Birger Jarlsgatan 43, SE-111 45 Stockholm, Sweden.

Auditor

Öhrlings PricewaterhouseCoopers AB has been the Company's auditor since 2017 and was, at the annual shareholders' meeting 2021 re-elected until the end of the annual shareholders' meeting 2022. Magnus Lagerberg (born 1974) is the auditor in charge since 2021. Fredrik Geijer (born 1979), member of FAR (professional institute for authorized public accountants), was the auditor in charge between 2020-2021 and Arne Engvall (born 1965), member of FAR (professional institute for authorized public accountants), was the auditor in charge in 2018-2019. 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 (559075-6796) hereby submit the annual report and consolidated accounts for the financial year 2021-01-01 - 2021-12-31. 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 nicotine products, 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.

Shareholders

Owners holding more than 10% of the number of shares in the company are GR8 Ventures AB, Patrik Rees, and Fidelity investments (FMR).

Group financial summary

(SEK thousands)	2021	2020	2019	2018
Net sales	2,266,765	1,729,171	802,431	460,149
EBITDA	35,768	30,054	-1,285	5,018
Items affecting comparability	35,237	30,500	5,689	1,543
Adjusted EBITDA	71,005	60,554	4,404	6,562
Adjusted EBITDA margin, %	3,1	3,5	0,5	1,4
Operating profit/loss	-22,622	-14,331	-24,453	-11,476
Balance sheet total	925,993	549,619	491,889	263,475

Financial highlights

- The Group's net sales increased 31 percent to SEK 2,267 million (SEK 1,729 million)
- Adjusted EBITDA margin decreased to 3.1% (3.5%)
- Operating profit amounted to SEK -23 million (SEK -14 million)
- Total assets increased to SEK 926 million (SEK 550 million)
- Cash flow from operating activities amounted to SEK -48 million (SEK 48 million)
- Cash and cash equivalents at the end of the year amounted to SEK 49 million (SEK 32 million). Unutilized credit facilities amounted to SEK 38 million (SEK 15 million).

Significant events during the financial year

Haypp Group was listed on the Nasdaq First North Growth Market and carried out a new share issue of SEK 150 million, which further strengthened the Group's financial position.

Acquisition of certain assets of Nettotobak and Snusnetto per 30 June and 1 July respectively. The acquisitions acknowledge Haypp Group's position as a Swedish market leader in nicotine pouches.

At the Annual General Meeting in June, Anneli Lindblom and Per Sjödelld were appointed as new board members.

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 uncertainties

The overall conditions for Nicotine pouches have never been better. The growing consumer demand for less harmful nicotine products as well as favourable regulatory development in many of Haypp Group's Growth markets will be two major drivers of Haypp Group's future growth.

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.

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.

Looking ahead, to continue to 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.

Haypp Group is exposed to a number of business and financial risks. The business risks can in turn be divided into strategic, operational and legal risks. Risk management within the Group aims to identify, control and reduce risks. This is based on an assessment of the probability and potential effect of the risks for the Group. The parent company's risks and uncertainties are indirectly the same as for the group.

Changed legal conditions in the markets in which the Group conducts operations constitute the main uncertainty factor where the effect of such changes can be positive as well as negative for the Group. The Group invests significant resources in working proactively with decision-makers and presenting our view on risk reduction regarding nicotine use. This includes sharing our data to support our views and participating in the general debate on nicotine usage.

Sustainability work

Haypp Group reports its sustainability work based on the sustainability aspects that are deemed to be significant with regard to the Group's operations and stakeholders' expectations. Haypp Group follows the Global Reporting Initiatives, GRI Core, standard for sustainability reporting, the guidelines are followed in full from 2021.

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 2021.

Proposed disposition of profit or loss

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

Share premium fund	686,553,218
Retained earnings (including net profit/loss for the year)	-79,465,838
Total	607,087,380

The Board of Directors proposes that the profits be used so that they are transferred to a new accounting period	607,087,380
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Consolidated income statement

Amounts in KSEK	Notes	2021	2020
Net sales		2,266,765	1,729,171
Capitalised work on own account		10,339	6,539
Other operating income	5, 6	9,857	2,413
Total		2,286,961	1,738,123
Goods for resale	19	-2,018,045	-1,504,274
Other external costs	7	-115,152	-115,856
Personnel expenses	8	-114,428	-81,647
Depreciation and amortization of tangible and intangible assets	14, 15, 17	-58,390	-44,386
Other operating expenses	9	-3,567	-6,291
Sum expenses		-2,309,583	-1,752,454
Operating profit/loss		-22,622	-14,331
Financial income/expense			
Financial income	10	1,499	3
Financial expenses	10	-10,371	-20,741
Financial net		-8,872	-20,738
Earnings Before Tax		-31,495	-35,069
Income tax	11	3,861	7,254
Profit/loss for the period		-27,634	-27,814
Profit/loss for the period attributable to:			
The parent company's shareholders		-27,634	-27,814
Earnings per share, calculated on the earnings attributable to the parent company's shareholders during the period:			
Earnings per share before dilution (SEK)		-1.19	-1.36
Earnings per share after dilution (SEK)		-1.19	-1.36

Consolidated statement of comprehensive income

Amounts in KSEK	Notes	2021	2020
Profit/loss for the period		-27,634	-27,814
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		8,995	-11,683
Total other comprehensive income		8,995	-11,683
Total Comprehensive income		-18,638	-39,497
Total comprehensive income for the year attributable to:			
Parent company shareholders		-18,638	-39,497
Average number of shares before dilution		23,152,447	20,391,000
Average number of shares after dilution		26,396,415	23,684,300

Consolidated balance sheet

Amounts in KSEK	Notes	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets			
	14		
Goodwill		156,869	149,485
Customer relationships		120,468	53,095
Trademarks		157,006	35,670
Websites		30,185	35,798
Capitalized development costs		52,700	30,984
Other intangible assets		0	105
Total intangible assets		517,228	305,136
Tangible assets			
	15		
Leasehold improvements		600	187
Equipment		1,393	1,094
Total tangible assets		1,993	1,281
Financial assets			
Non-current receivables	16	29,748	3,987
Total financial assets		29,748	3,987
Right-of-use assets	17	50,206	35,586
Deferred tax assets	18	19,070	16,550
Total fixed assets		618,245	362,540
Current assets			
Inventories			
Goods for resale	19	141,997	77,531
Current receivables			
Accounts receivable	20	65,529	42,019
Other receivables	21	13,395	12,456
Prepaid expenses and accrued income	22	37,773	23,042
Cash and cash equivalents	23	49,055	32,031
Total current receivables		165,751	109,548
Total current assets		307,748	187,079
TOTAL ASSETS		925,993	549,619

Consolidated balance sheet cont.

Amounts in KSEK	Notes	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
EQUITY			
Share capital	25	1,906	1,336
Other contributed capital	25	686,553	308,696
Translation differences		-6,413	-15,408
Retained earnings (including net profit/loss for the year)		-113,430	-85,796
Total equity		568,617	208,828
LIABILITIES			
Non-current liabilities			
Non-current lease liability	17	34,036	21,351
Deferred tax liabilities	18	25,326	28,861
Other liabilities	26	25,845	42,750
Total non-current liabilities		85,207	92,962
Current liabilities			
Bank overdraft	26	49,824	58,085
Current lease liability	17	11,243	10,641
Liabilities to credit institutions	26	0	1,875
Accounts payable		146,216	105,612
Current tax liabilities		108	4,277
Other liabilities	27	22,139	21,021
Accrued expenses and deferred income	28	42,639	46,318
Total current liabilities		272,169	247,829
Total liabilities		357,376	340,791
TOTAL EQUITY AND LIABILITIES		925,993	549,619

The notes on pages 27 to 47 form an integrated part of the Group's consolidated financial statements.

Consolidated statement of changes in equity

Amounts in KSEK	Notes	Share capital	New share issue in progress	Other contributed capital	Translation differences	Retained earnings	Total equity
Opening balance, 2020-01-01		1,321	15	306,710	-3,725	-51,114	253,207
Profit/loss for the year						-27,814	-27,814
Other comprehensive income for the year					-11,683		-11,683
Total comprehensive income		0	0	0	-11,683	-27,814	-39,497
New share issue		15	-15	1,986			1,986
Other *						-6,869	-6,869
Total transactions with shareholders in their attribute as shareholders		15	-15	1,986	0	-6,869	-4,883
Closing balance, 2020-12-31		1,336	0	308,696	-15,408	-85,796	208,828
Opening balance, 2021-01-01		1,336	0	308,696	-15,408	-85,796	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	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	0	377,857	0	0	378,427
Closing balance, 2021-12-31		1,906	0	686,553	-6,413	-113,430	568,617

* In 2020, the company paid accounts payable of SEK 6,919 thousand on behalf of its shareholders. The other amount is SEK -50 thousand

** After deduction of issue costs

Consolidated statement of cash flow

Amounts in KSEK	Notes	2021	2020
Cash flow from operating activities			
Operating loss		-22,622	-14,331
Adjustment for non-cash items:			
- Depreciation and amortization of tangible and intangible assets	33	58,390	44,386
- Other non-cash items		-1,832	4,260
Interest received		0	3
Interest paid		-9,134	-9,716
Income tax paid		-7,350	-703
Cash flow from operating activities before change in working capital		17,452	23,899
Cash flow from change in working capital			
Increase/decrease in inventories		-59,744	-9,062
Increase/decrease in operating receivables		-38,390	-31,691
Increase/decrease in operating liabilities		32,344	65,341
Total change in working capital		-65,791	24,588
Cash flow from operating activities		-48,339	48,487
Cash flow from investing activities			
Investment in intangible assets	14	-243,818	-21,565
Investment in tangible assets	15	-1,448	-805
Disposal of tangible assets	15	52	0
Change in other financial assets	16	-688	745
Cash flow from investing activities		-245,901	-21,625
Cash flow from financing activities			
New loans		18,527	22,352
Repayment of loans		-73,879	-9,504
Transactions with shareholders		0	-6,919
Repayment of leasing debt		-13,822	-11,103
New share issue *		378,427*	1,048
Cash flow from financing activities		309,254	-4,126
Decrease/increase in cash and cash equivalents			
Opening cash and cash equivalents		32,031	9,295
Cash flow for the period		15,013	22,736
Exchange-rate differences in cash and cash equivalents		2,011	0
Closing cash and cash equivalents		49,055	32,031

* 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 Birger Jarlsgatan 43, 111 45 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, Patrik Rees, and Fidelity investments (FMR).

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. Northerner Scandinavia AB in turn owns Northerner Scandinavia Inc. and SLF Innovation ApS.

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 and interpretations enter into force for financial years beginning on 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 1-6 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.

The Group's financial liabilities that are valued at fair value via the income statement consist of the item additional purchase consideration.

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 suppli-

ers. 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 13. 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 156,869 thousand as of December 31, 2021. The recoverable amount exceeds the carrying amount of goodwill by a good margin. For more information on impairment testing, see Note 13.

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), dollars (USD) euros (EUR) as the company has foreign subsidiaries with these functional currencies.

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

	2021-12-31			2020-12-31		
	NOK	EUR	USD	NOK	EUR	USD
Balance sheet exposure	18,535	459	-2,654	16,931	430	-3,089
Group balances	-6,907	-195	-8,125	23,134	286	-8,104

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 2021 would have been SEK 354 thousand (SEK 1,104 thousand) lower/higher, as a result of recalculation of group intercompany balances

If the Swedish krona had weakened/strengthened by 5% in relation to EUR, with all other variables constant, the recalculated profit after tax for the financial year 2021 would have been SEK 100 thousand (SEK 144 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 2021 would have been SEK 3,674 thousand (SEK 3,318 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 95,103 thousand (SEK 133,956 thousand).

Sensitivity analysis interest rate risk

If the interest rates on borrowing as of December 31, 2021 were 2 basis points higher/lower with all other variables constant, the estimated profit after tax for the financial year would have been SEK 1,902 thousand (SEK 2,679 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 2020	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							
Liabilities to credit institutions	1,929	0	0	0	0	1,929	1,875
Bank overdraft	0	59,769	0	0	0	59,769	58,085
Other liabilities	21,020	0	0	45,004	0	66,024	63,771
Additional purchase price	0	0	0	0	0	0	0
Lease liability	2,975	8,607	7,084	15,625	0	34,291	31,992
Accounts payable	105,612	0	0	0	0	105,612	105,612
Accrued expenses	0	46,318	0	0	0	46,318	46,318
Total	131,536	114,694	7,084	60,629	0	313,943	307,654

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							
Liabilities to credit institutions	0	0	0	0	0	0	0
Bank overdraft	0	51,692	0	0	0	51,692	49,824
Other liabilities	13,636	8,504	25,845	0	0	47,985	47,985
Additional purchase price	0	0	0	0	0	0	0
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	331,943

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.

Additional purchase prices

The fair value of the contingent consideration is based on management's assessment of what is likely to be paid given the terms of the share transfer agreement. Supplementary purchase consideration is valued at level 3. The additional purchase consideration amounts to SEK 0 thousand (SEK 0 thousand).

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:

	2021-12-31	2020-12-31
Total borrowing	95,103	133,956
Cash and cash equivalents	-49,055	-32,031
Net debt	46,048	101,925
Total equity	568,617	208,828
Total capital	522,569	106,902

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, Denmark, Finland 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.

2021-12-31

	CORE	GROWTH	Other	Total
Net sales	1,977,855	288,909	-	2,266,764
Total net sales from external customers	1,977,855	288,909		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

2020-12-31

	CORE	GROWTH	Other	Total
Net sales	1,475,427	253,745		1,729,172
Total net sales from external customers	1,475,427	253,745		1,729,172
Operating profit/loss before depreciation	100,981	-40,469	-30,458	30,054
Depreciation and amortization of tangible and intangible assets			-44,386	-44,386
Financial net			-20,736	-20,736
Earnings before tax				-35,068

Information about larger customers

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

	2021	2020
Sweden	1,078,126	674,441
Norway	899,729	800,986
Europe	128,269	95,070
USA	160,576	140,542
Rest of the world	64	18,133
Total	2,266,764	1,729,172

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:

	2021	2020
CORE	498,696	272,732
GROWTH	70,622	69,114
Other	108	158
Total	569,426	342,004

5 Other operating income

	2021	2020
Exchange rate gains	5,274	2,259
Profit on disposal of fixed assets	5	0
Grants received for staff	25	154
Insurance claims	3,153	0
Other operating income	1,400	0
Total	9,857	2,413

6 Government grants

	2021	2020
Wage subsidy (is reported in row Other operating income in the Income Statement)	25	154
Total	25	154

7 Auditors' fees

	2021	2020
PwC		
– Audit fees	-955	-1,099
– Other audit-related fees	-2,368	0
– Tax advisory fees	-1,219	-622
– Other fees	-4,895	-2,469
Total	-9,437	-4,190
BDO		
– Audit fees	-152	0
– Other audit-related fees	0	0
– Tax advisory fees	-485	0
– Other fees	-74	0
Total	-711	0

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.

	2021	2020
Salaries		
Board	-1,305	0
CEO	-1,815	-1335
Other management	-4,633	-3,797
Other employees	-65,873	-44,150
Total	-73,626	-49,282
Social costs		
Board, CEO and other management (of which pension costs)	-3,743	-2,509
	-1,225	-897
Other employees (of which pension costs)	-26,075	-17,556
	-6,484	-4,071
Total	-29,818	-20,065
Total salaries, social and pension costs	-103,445	-69,347

Average employees with geographical split per country

	2021		2020	
	Average employees	Of which men	Average employees	Of which men
Sweden	103	65	78	50
Norway	4	4	2	2
USA	10	4	9	5
The group total	117	73	89	57

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

	2021		2020	
	Number on the balance sheet date	Of which men	Number on the balance sheet date	Of which men
Board members	24	18	25	20
CEO and senior executives	10	9	10	9
The group total	34	27	35	29

Option programs

Below is a summary of option programs in the Group during the periods covered by the 2021 annual report.

Warrants

"All of the Group's warrant programs have been approved by the shareholders at general meetings during the years 2017–2021. 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 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 April 2022 to October 2024.

Below is a summary of issued warrants:

	2021		2020	
	Average strike price in SEK per warrant	Number of warrants	Average strike price in SEK per warrant	Number of warrants
Opening January 1st	24.79	6,177,900	20.12	5,518,800
Assigned	83.92	1,382,449	63.92	659,100
Forfeited	47.74	-813,000	0.00	0
Utilized	15.78	-3,724,102	0.00	0
Matured	0.00	0	0.00	0
Closing December 31st	56.75	3,023,247	24.79	6,177,900

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

Allocation date	Maturity	Strike price	Warrants 31-Dec-21	Warrants 31-Dec-20
2017	2022	11	0	1,552,950
2017	2022	38	0	373,200
2017	2022	15	117,000	1,390,050
2018	2022	13	228,450	228,450
2018	2022	38	76,200	76,200
2018	2022	14	39,150	372,150
2018	2023	14	312,404	407,700
2018	2023	20	56,171	61,200
2018	2023	25	56,171	61,200
2018	2023	27	83,563	102,150
2018	2023	29	54,600	54,600
2018	2023	31	98,089	111,000
2019	2021	33	0	90,600
2019	2021	35	0	275,250
2019	2021	41	0	24,150
2019	2021	56	0	282,000
2019	2021	48	0	50,400
2019	2021	55	0	5,550
2020	2022	54	237,150	337,050
2020	2022	76	55,650	63,000
2020	2022	69	113,700	113,700
2020	2023	84	0	31,950
2020	2023	76	113,400	113,400
2021	2023	94	169,050	0
2021	2024	83	1,212,499	0
Total			3,023,247	6,177,900

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

1.7

1.4

3,724,102 warrants were exercised in 2021 at an average subscription price of SEK 15.78 (2020: no warrants were exercised).

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 4.35 per option (2020: SEK 2.53 per warrant). Important inputs in the model are the share price on the allotment date, exercise price, volatility of 20% (2020: 20%), expected maturity of the warrants between 2-3 years as above and annual risk-free interest rate of 0% (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. The options give the employee the right to cash payment after 2 years of service. The amount paid out is determined by the difference between the share price on the allotment date (1 November 2020: SEK 57.15) and the vesting date (1 November 2022). The warrants must be exercised on the vesting date and expire if they are not exercised on that date.

Fair value of allotted synthetic warrants

The weighted average fair value of warrants granted during the period, determined using Black-Scholes' valuation model, was SEK 1.50 per warrant (2018: SEK 1.73). Important inputs in the model are the share price on the allotment date, exercise price, volatility of 20% (2018: 20%), expected maturity of the warrants between 2-5 years and annual risk-free interest rate of 0% (2018: 0%).

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

(KSEK)	2021	2020
Warrant program	0	127
Synthetic warrants	99	361
Total	99	488

9 Other operating expenses

	2021	2020
Exchange rate losses	-3,557	-6,259
Loss on disposal of fixed assets	-10	-32
Total	-3,567	-6,291

10 Financial income and financial expenses

	2021	2020
Interest income	1,499	3
Total financial income	1,499	3
Interest expense loans	-6,776	-5,549
Interest expenses leasing debt	-1,648	-1,591
Interest expenses, other	-1,947	-3,335
Exchange-rate differences	0	-10,266
Total financial expenses	-10,371	-20,741
Financial items - net	-8,872	-20,738

11 Income tax

	2021	2020
Current tax:		
Current tax on the profit/loss for the year	-1,182	-5,552
Adjustments regarding previous years	-1,695	0
Total current tax	-2,877	-5,552
Deferred tax (Note 18)		
Emergence and reversal of temporary differences	6,738	12,806
Total deferred tax	6,738	12,806
Reported tax in statement of comprehensive income	3,861	7,254

The income tax on the Group's profit before tax differs from the theoretical amount that would have emerged when using the Swedish tax rate for the results in the consolidated companies as follows:

	2021	2020
Earnings before tax	-31,495	-35,068
Tax rate, %	20,6	21,4
Income tax calculated according to tax rate in Sweden	6,488	7,505
Tax effect of:		
Non-deductible expenses	-863	-2,064
Non-taxable income	0	329
Other tax adjustments	73	-776
Difference in foreign tax rates	-566	1,290
Unvalued temporary differences, loss carryforwards	0	-24
Used loss carryforwards	0	1,590
Effect of changed tax rate	185	-596
Tax due to change in previous years taxation	-1,695	0
Other	239	0
Income tax	3,861	7,254

The weighted average tax rate for the Group was: 12.3% 20.7%

12 Net exchange rate differences

	2021	2020
Other operating expenses (Note 9)	-3,557	-6,259
Other operating income (Note 5)	5,274	2,259
Financial items - net (Note 10)	0	-10,266
Total	1,717	-14,267

13 Shares in subsidiaries

The Group had the following subsidiaries on December 31, 2021:

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
SLF Innovation Aps	Denmark	E-commerce with nicotine products to households in Europe		100

14 Intangible assets

	Goodwill	Customer relationships	Trademarks	Websites	Capitalized expenses for development work	Other intangible assets	Total
Financial year 2020							
Opening carrying amount	160,186	63,976	43,709	43,412	17,858	0	329,141
This year's acquisitions	0	0	0	0	22,827	105	22,932
Divestments and disposals	0	-208	-87	0	-26	0	-321
This year's depreciations	0	-7,601	-5,557	-5,820	-7,665	0	-26,643
Write-downs for the year *	0	0	-1,050	-1,794	-1,905	0	-4,748
Exchange-rate differences	-10,701	-3,072	-1,345	0	-106	0	-15,224
Closing carrying amount	149,485	53,095	35,670	35,798	30,984	105	305,136
Per 31 december 2020							
Acquisition value	149,485	73,525	54,545	58,200	47,226	105	383,086
Accumulated depreciation and write-downs	0	-20,430	-18,876	-22,402	-16,242	0	-77,950
Carrying amount per 31 december 2020	149,485	53,095	35,670	35,798	30,984	105	305,136
Financial year 2021							
Opening carrying amount	149,485	53,095	35,670	35,798	30,984	105	305,137
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
Write-downs for the year *	0	0	0	0	0	0	0
Exchange-rate differences	7,384	2,003	889	0	353	0	10,629
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

* In December 2020, operations were shut down for the countries included in the "other" segment, which led to a write-down of all intangible assets owned by that segment.

Impairment testing for goodwill

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

Goodwill	2021-12-31	2020-12-31
Sweden	48 354	48 354
Norway	86 794	80 797
Europe	8 769	8 606
USA	12 952	11 728
Total	156 869	149 485

The recoverable amount of goodwill has been determined based on calculations of value in use. The management 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 management's 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	2021-12-31	2020-12-31
Discount rate before tax *	12.18%	12.43%
Long-term growth rate **	2%	2%
Norway	2021-12-31	2020-12-31
Discount rate before tax *	13.59%	13.37%
Long-term growth rate **	2%	2%
Europe	2021-12-31	2020-12-31
Discount rate before tax *	11.82%	11.95%
Long-term growth rate **	2%	2%
USA	2021-12-31	2020-12-31
Discount rate before tax *	13.52%	13.33%
Long-term growth rate **	2%	2%

* Discount interest before tax used in the 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 2 percentage points lower.

15 Tangible fixed assets

	Leasehold improvements	Equipment	Total
Financial year 2020			
Opening carrying amount	299	718	1,017
This year's acquisitions	0	805	805
This year's depreciations	-112	-429	-541
Closing carrying amount	187	1,094	1,281
Årets avskrivningar	-112	-429	-540
Per 31 december 2020			
Acquisition value	335	1,982	2,317
Accumulated depreciation	-148	-888	-1,036
Reported value	187	1,094	1,281
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

16 Long-Term receivables

	2021-12-31	2020-12-31
Opening balance	3,987	3,296
Additional receivables	28,021	2,276
Settlements	-2,333	-2,733
Reclassification	0	1,155
This year's translation differences	73	-7
Closing balance	29,748	3,987

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:

	2021	2020
Right-of-use depreciation:		
Premises	-12,275	-10,896
Vehicles	-93	-92
Machines	-2,948	-1,171
Total	-15,316	-12,159
Interest expenses (part of Interest and other financial expenses)	-1,579	-1,591
Expenses attributable to variable lease payments that are not included in lease liabilities (included in the item Other external expenses in the income statement)	-133	-181
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)	-212	-375

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 SEK 12,370 thousand.

	2021	2020
Repayment of leasing debt	-13,822	-11,103

For information on the maturity of the lease liability, see Note 3. Maturity analysis for leasing liabilities is presented in Note 3.

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

	2021-12-31	2020-12-31
Right-of-use assets:		
Premises	38,473	25,502
Vehicles	348	436
Machines	11,385	9,648
Total	50,206	35,586

Lease liabilities:

Long-term	34,036	21,351
Short-term	11,243	10,641
Total	45,279	31,992

Additional right-of-use assets amounted to:	27,109	20,553
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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 2019	31,975	0	31,975
Reported in the income statement	-3,516	402	-3,114
Per 31 december 2020	28,459	402	28,861
Reported in the income statement	741	142	883
Exchange-rate differences	-4,228	-190	-4,418
Per 31 december 2021	24,971	354	25,326

Deferred tax assets	Intangible,assets	Right-of-use,assets	Total
Per 31 december 2019	36	7,147	7,183
Reported in the income statement	-24	9,391	9,367
Per 31 december 2020	12	16,538	16,550
Reported in the income statement	-12	213	201
Exchange-rate differences	0	2,319	2,319
Per 31 december 2021	0	19,070	19,070

19 Inventories

	2021-12-31	2020-12-31
Finished goods	141 997	77 531
Total	141 997	77 531

Amounts reported in the income statement

During the financial year, cost of goods was reported in the income statement of SEK 2,088,621 (1,606,366) thousand. They were reported as Goods for resale.

20 Accounts receivables

	2021-12-31	2020-12-31
Accounts receivable	65 529	42 019
Minus: provision for expected credit losses	0	0
Accounts receivable - net	65 529	42 019

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

	2021-12-31	2020-12-31
VAT claim	7,961	3,108
Tax account	1,141	3,622
Other receivables	4,293	5,726
Total	13,395	12,456

22 Prepaid expenses and accrued income

	2021-12-31	2020-12-31
Prepaid leasing fee	2,944	460
Prepaid insurance	1,531	385
Accrued income	22,791	12,961
Other tax related items	6,503	3,285
Other prepaid expenses and accrued income	4,004	5,951
Total	37,773	23,042

23 Cash and cash equivalents

	2021-12-31	2020-12-31
Bank accounts	49,055	32,031
Total	49,055	32,031

24 Financial instruments by category

2020-12-31	Financial assets measured at actual value via the income statement	Financial assets measured at amortised cost	Total
Assets in balance sheet			
Long-Term receivables		3,987	3,987
Accounts receivable*	13,965	28,054	42,020
Other receivables		12,456	12,456
Accrued income		23,042	23,042
Cash and cash equivalents		32,031	32,031
Total	13,965	99,571	113,536

2020-12-31	Financial liabilities measured at actual value via the income statement	Financial liabilities measured at amortised cost	Total
Liabilities in balance sheet			
Bank overdraft		58,085	58,085
Liabilities to credit institutions (Long and Short term)		1,875	1,875
Other long-term liabilities		42,750	42,750
Accounts payable		105,612	105,612
Other current liabilities		21,021	21,021
Accrued expenses		46,318	46,318
Total		275,661	275,661

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
Liabilities to credit institutions (Long and Short term)		0	0
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

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 2019	107,166	1,053	111,070
New share issue	27,271	268	195,655
Per 31 december 2019	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

As of 31 December 2021, the share capital consists of 29 099 979 ordinary shares with a quota value of SEK 0,066. As of December 31, 2020, the share capital consisted of 135 940 ordinary shares with a quota value of SEK 9,83.

All shares issued by the parent company are fully paid.

26 Borrowings

	2021-12-31	2020-12-31
Long-term loans		
Leasing debt	34,036	21,351
Other non-current liabilities (excluding amounts in escrow)	0	42,004
Total loans	34,036	63,355
Short-term loans		
Liabilities to credit institutions (bank loans)	0	1,875
Leasing debt	11,243	10,641
Bank overdraft	49,824	58,085
Total short-term loans	61,067	70,601
Total borrowing	95,103	133,956

Long-term borrowing

Other liabilities from the previous year relate to loans from Kurt Björklund and GR8 ventures AB, which were repaid in October 2021.

Short-term borrowing

Liabilities to credit institutions were repaid during the year and thus corporate mortgages and pledged shares linked to this were returned.

Bank overdraft facility

The Group has an approved overdraft facility in SEK of SEK 88,000 (73,000) thousand which is renegotiated on an ongoing basis.

	2021-12-31	2020-12-31
Of the granted overdraft facility, the following have been utilized:	49,824	58,085

27 Other current liabilities

	2021-12-31	2020-12-31
VAT liability	6,258	7,528
Personnel tax	1,742	1,460
Deferment from the Swedish Tax Agency	11,569	11,569
Other	2,570	464
Total	22,139	21,021

28 Accrued expenses and deferred income

	2021-12-31	2020-12-31
Accrued holiday pay including social security contributions and special payroll tax	6,678	4,579
Social security contributions and special payroll tax	3,588	3,366
Other accrued expenses	27,934	13,174
Prepaid income	4,439	25,199
Total	42,639	46,318

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

	2021-12-31	2020-12-31
Real-estate mortgages	98,000	56,750
Pledged shares in subsidiaries	0	137,218
Total	98,000	193,68

30 Contingent Liabilities

	2021-12-31	2020-12-31
Guarantee for Snusbolaget Norden AB's liabilities	49,824	58,085
Total	49,824	58,085

Note 31 Related-party transactions

	2021	2020
(a) Sales of goods and services		
Sales of goods and services to related parties	-	-
Sum		
(a) Purchases of goods and services		
Purchases of services from Hydia AS	0	253
Purchases of services from Advokatfirman Vinge KB	10,806	7,110
Purchases of services from E-Business Partner	1,210	641
Ice Hotel AB	36	0
Sum	12,052	8,004

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

	2021-12-31	2020-12-31
Receivables for related parties:	-	-
Payables for related parties:		
Advokatfirman Vinge KB		6,457
E-Business Partner AB	76	
Closing balance	76	6,457

Loans from related parties

	2021-12-31	2020-12-31
Loans from GR8 Ventures AB		
Opening balance	4,504	4,665
New loans		
Amortization	-4,504	-506
Interest expense	279	361
Paid interest	-279	-16
Closing balance	0	4,504

Loans to related parties do not exist.

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 7.

Transactions with related parties relating to the purchase of warrants at market value during the year amount to SEK 1,954 (0) 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

	2020-01-01	Cash inflow	Cash outflow	Items not affecting cash flow		2020-12-31
				Capitalized interest	New agreements	
Leasing debt	23,013	0	-11,574	0	20,553	31,992
Liabilities to credit institutions	9,375	0	-7,500	0	0	1,875
Other long-term liabilities	42,166	0	-506	345	0	42,004
Bank overdraft	35,733	22,352	0	0	0	58,085
Total	110,287	22,352	-19,580	345	20,553	133,957

	2021-01-01	Cash inflow	Cash outflow	Items not affecting cash flow		2021-12-31
				Capitalized interest	New agreements	
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

33 Adjustments for non-cash Items

	2021	2020
Other	0	479
Depreciation	58,390	44,386
Exchange-rate differences	-2,407	3,781
Total	55,983	48,646

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	2021	2020
Other operating income		2,339	518
Total		2,339	518
Other external costs	35	-21,293	-6,407
Personnel expenses		-3,726	-488
Depreciation and amortization of tangible and intangible assets		-50	-50
Other operating expenses		-33	-139
Operating expenses		-25,103	-7,084
Operating profit/loss		-22,764	-6,566
Financial income/expense			
Profit from shares in group companies		-7,000	-15,000
Interest income and other financial income	36	1,045	0
Interest and other financial expenses	36	-3,299	-3,583
Result from financial income/expenses		-9,254	-18,583
Earnings Before Tax		-32,018	-25,149
Appropriations	37	15,000	5,200
Earnings before tax		-17,018	-19,949
Income tax	38	2,064	975
Profit/loss for the period		-14,954	-18,974

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	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development costs	39	137	187
Total intangible assets		137	187
Financial assets			
Shares in subsidiaries	40	321,592	321,592
Deferred tax assets	41	4,233	2,169
Non-current receivables		1,310	1,625
Non-current intercompany receivables		323,399	12,762
Total financial assets		650,534	338,148
Total fixed assets		650,671	338,335
Current assets			
Current receivables			
Receivables from group companies		1,431	0
Other receivables	42	2,459	0
Prepaid expenses and accrued income		931	90
Total current receivables		4,822	90
Cash and cash equivalents	43	1,798	538
Total current assets		6,620	628
TOTAL ASSETS		657,291	338,963

Parent Company balance sheet cont.

Amounts in KSEK	Notes	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
EQUITY			
	44		
Restricted equity			
Share capital		1,906	1,336
Non-restricted equity			
Other contributed capital		686,553	308,696
Retained earnings		-64,511	-45,537
Profit/loss for the period		-14,954	-18,974
Total equity		608,994	245,521
LIABILITIES			
Non-current liabilities			
Non-current intercompany liabilities		43,182	41,395
Other liabilities	45	845	42,750
Total non-current liabilities		44,027	84,145
Current liabilities			
Liabilities to credit institutions	45	0	1,875
Current liabilities to group companies		264	0
Accounts payable		777	6,943
Other liabilities		161	0
Accrued expenses and deferred income		3,067	479
Total current liabilities		4,270	9,297
Total liabilities		48,297	93,442
TOTAL EQUITY AND LIABILITIES		657,291	338,963

The notes on pages 53 to 57 form an integrated part of the Parents financial statements.

The Parent Company's statement of changes in equity

Amounts in KSEK	Notes	Restricted equity		Non-restricted equity			Total equity
		Share capital	New share issue in progress	Other contributed capital	Retained earnings	Profit/loss for the period	
Opening balance, 2020-01-01		1,321	15	306,710	-23,027	-15,591	269,428
Disposition of results according to the Annual General Meeting					-15,591	15,591	0
Profit/loss for the year as well as comprehensive income					0	-18,974	-18,974
Total comprehensive income		0	0	0	0	-18,974	-18,974
Transactions with shareholders in their attribute as shareholders							
New share issue		15	-15	1,986			1,986
Other *					-6,919		-6,919
Total transactions with shareholders in their attribute as shareholders		15	-15	1,986	-6,919	0	-4,933
Closing balance, 2020-12-31		1,336	0	308,696	-45,537	-18,974	245,521
Opening balance, 2021-01-01		1,336	0	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						-14,954	-14,954
Total comprehensive income		0	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	0	377,857	0	0	378,427
Closing balance, 2021-12-31		1,906	0	686,553	-64,511	-14,954	608,994

* In 2020, the company paid accounts payable of SEK 6,919 thousand on behalf of its shareholders.

** After deduction of issue costs

The Parent Company's statement of cash flow

Amounts in KSEK	Notes	2021	2020
Cash flow from operating activities			
Operating loss		-22,764	-6,566
Adjustment for non-cash items:	50		
- Depreciation and amortization of tangible and intangible assets		50	50
- Other non-cash items		0	108
Interest received		1,045	0
Interest paid		-3,012	-3,238
Cash flow from operating activities before change in working capital		-24,681	-9,645
Cash flow from change in working capital			
Increase/decrease in operating receivables		-3,687	59,397
Increase/decrease in operating liabilities		-3,417	-36,542
Total change in working capital		-7,104	22,855
Cash flow from operating activities		-31,784	13,210
Cash flow from investing activities			
Change in other financial assets		-6,686	0
Cash flow from investing activities		-6,686	0
Cash flow from financing activities			
New loans		-309,818	0
Repayment of loans		-43,879	-7,500
Transactions with shareholders			-6,919
New share issue *		378,427	1,048
Group contributions		15,000	0
Cash flow from financing activities		39,730	-13,371
Decrease/increase in cash and cash equivalents			
Opening cash and cash equivalents		538	699
Cash flow for the period		1,260	-161
Closing cash and cash equivalents		1,798	538

* 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

	2021	2020
PwC		
- Audit fees	-537	-271
- Other audit-related fees	-2,368	0
- Tax advisory fees	-49	-166
- Other fees	-4,681	0
Total	-7,635	-437

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

	2021	2020
Interest income	1,045	0
Sum Interest income and other financial income	1,045	0
Interest expense loans	-2,747	-3,583
Interest expenses leasing debt	0	0
Interest expenses, other	-265	0
Exchange-rate differences	-287	0
Sum Interest and other financial expenses	-3,299	-3,583

38 Appropriations

	2021-12-31	2020-12-31
Group contributions received	15,000	5,200
Total	15,000	5,200

39 Tax on profit for the year

Reported tax in statement of comprehensive income

	2021	2020
Current tax:		
Current tax on the profit/loss for the year	0	0
Adjustments regarding previous years		
Total current tax	0	0
Deferred tax (Note 42)		
Emergence and reversal of temporary differences	2,064	975
Total deferred tax	2,064	975
Reported tax in statement of comprehensive income	2,064	975

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	-17,018	-19,949
Tax rate, %	20,6	21,4
Income tax calculated according to tax rate in Sweden	3,506	4,110
Deferred tax (Note 42)		
Non-deductible expenses	-1,442	-3,090
Effect of changed tax rate	0	-45
Income tax	2,064	975

Deferred tax assets are reported for tax loss carry-forwards 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, 2021.

40 Intangible assets

	Capitalized expenses for development work	Total
Financial year 2020		
Opening carrying amount	237	237
This year's depreciations	-50	-50
Closing carrying amount	187	187

Per 31 december 2020

Acquisition value	250	250
Accumulated depreciation and write-downs	-63	-63
Carrying amount per 31 december 2020	187	187

	Balanserade utgifter för utvecklingsarbeten	Summa
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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

41 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.noAS	919649585	Oslo	300	8,642	8,642
Snuslagret.no AS	816392802	Oslo	1,000	-	-
Haypp AB	559174-2738	Stockholm	500	50	50
Northerner Scandinavia AB	556559-1699	Stockholm	1,00	171,401	171,402
				2021-12-31	2020-12-31
Opening acquisition value				371,592	356,562
Acquisitions				0	30
Shareholder contribution				7,000	15,000
Closing accumulated acquisition value				378,592	371,592
Opening accumulated write-downs				-50,000	-35,000
Write-downs for the year				-7,000	-15,000
Closing accumulated write-downs				-57,000	-50,000
Closing book value				321,592	321,592

42 Deferred tax

Deferred tax liabilities and tax receivables are distributed as follows:

Deferred tax assets	Temporary differences	Loss carry forward	Total
Per 31 december 2019	805	389	1,194
Reported in the income statement	-34	1,009	975
Per 31 december 2020	771	1,398	2,169
Reported in the income statement	141	1,923	2,064
Per 31 december 2021	912	3,321	4,233

43 Other receivables

	2021-12-31	2020-12-31
VAT claim	49	0
Tax account	597	0
Other receivables	1,813	0
Total	2,459	0

44 Cash and cash equivalents

	2021-12-31	2020-12-31
Bank accounts	1,798	538
Total	1,798	538

45 Share capital

See the Group's note 25 for information on the parent company's share capital.

46 Borrowings

	2021-12-31	2020-12-31
Long-term loans		
Other non-current liabilities (excluding amounts in escrow)	0	42,004
Total loans	0	42,004
Short-term loans		
Liabilities to credit institutions (bank loans)	0	1,875
Total short-term loans	0	1,875
Total borrowing	0	43,879

For more information about the loans, see note 26 Borrowing and 24 for Financial risk management.

47 Assets pledged

	2021-12-31	2020-12-31
Pledged shares in subsidiaries	0	141,500
Total	0	141,500

48 Contingent Liabilities

	2021-12-31	2020-12-31
Guarantee for Snusbolaget Norden AB's liabilities	49,824	58,085
Total	49,824	58,085

49 Related-party transactions

The following transactions have taken place with related parties:

	2021	2020
(a) Sales of goods and services		
Sales of goods and services to related parties	0	0
(a) Purchases of goods and services		
Purchases of services from Advokatfirman Vinge KB	10,099	7,045
Sum	10,099	7,045

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

	2021-12-31	2020-12-31
Receivables for related parties:	0	0
Payables for related parties:		
Advokatfirman Vinge KB	0	6,457
Closing balance	0	6,457

Loans from related parties

	2021-12-31	2020-12-31
Loans from GR8 Ventures AB		
Opening balance	4,504	4,159
New loans		
Amortization	-4,504	0
Interest expense	279	345
Paid interest	-279	0
Closing balance	0	4,504

Loans to related parties do not exist.

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 7.

Transactions with related parties relating to the purchase of warrants at market value during the year amount to SEK 1,954 (0) thousand. Related parties in this case refer to key persons in a leading position in the company.

50 Changes to liabilities that belong to financing activities

	2020-01-01	Cash inflow	Cash outflow	Items not affecting cash flow		2020-12-31
				Capitalized interest	New agreements	
Liabilities to credit institutions	9,375	0	-7,500	0	0	1,875
Other long-term liabilities	41,659	0	0	345	0	42,004
Total	51,034	0	-7,500	345	0	43,879

	2021-01-01	Cash inflow	Cash outflow	Items not affecting cash flow		2021-12-31
				Capitalized interest	New agreements	
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

51 Adjustments for non-cash Items

	2021	2020
Other	0	478
Depreciation	50	50
Exchange-rate differences	0	-370
Total	50	158

52 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 Sjödel
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 2021. The annual accounts and consolidated accounts of the company are included on pages 19-57 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 2021 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 2021 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 2-18. 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 Directors and the 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 Directors and the Managing Director of Haypp Group AB (publ) for the year 2021 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 Directors 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 Directors 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's 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 18, 2022. In light of the coronavirus, the meeting will be conducted by advance voting (postal voting) with temporary statutory rules. No meeting with the opportunity to attend in person or through a representative will therefore take place.

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 10 May 2022 and (ii) no later than Tuesday 17 May 2022 register at the meeting by casting their advance vote according to instructions below so that the advance vote is received by the company no later than that day.

Advance voting

Shareholders may exercise their voting rights at the meeting only by voting in advance, so-called postal voting, using a special form. The form is available on our website is valid as a registration for the meeting. Completed and signed forms can be sent by post to

Haypp Group AB (publ)
Birger Jarlsgatan 43
11145 Stockholm

(mark the envelope "Annual General Meeting") or by e-mail to info@hayppgroup.com. The completed form must be received by Haypp Group AB (publ) no later than Tuesday, May 17, 2022.

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

