

Haypp Group intensifies focus on Nicotine Pouches

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. The nicotine pouches category is experiencing a strong traction with over 50 percent year-on-year sales volume growth in recent quarters, corresponding to a third of Haypp Group's total sales. The next step on the growth journey revolves around further enhancing Haypp Group's local offering and investments in machine learning.

Press release 18 January 2022

2021 saw a strong general development in Europe, especially characterised by nicotine pouch category growth in the DACH-region and early signs of the category taking off in the UK. Looking elsewhere, in the US the category growth was substantial, and heavy investments were made by all larger manufactures within in the industry.

"The overall conditions for nicotine pouches have never been better. In order to fully capitalize on these market trends, we have decided to increase our investments in local teams in certain geographical markets with clear mandates and responsibilities. The intention is to redirect our efforts towards providing tailor-made offers to match local consumer needs, and to become quicker to act on changes within each geographical market, and at the same time streamlining some of the Group's overall processes. Moreover, 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", says Gavin O'Dowd, President and CEO of Haypp Group.

Looking ahead, to continue to ride on the wave of increasing demand, growth will continue to be prioritized over profitability, and resources will be redirected towards the markets displaying 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. To ensure desired effects, efficiency improvements of some processes at corporate level is deemed as necessary.

For more information and contact

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Haypp in brief

The Haypp Group is spearheading the global transformation from smoking to risk-reduced product alternatives. With origins in Scandinavia, our extensive experience from pioneering markets in smoke free alternatives, as well as being a leader in the e-commerce sector, is now bringing our vision to a global scale. With ten e-commerce store brands, the Haypp Group is present in nine countries where we served more than 500,000 consumers during 2020.

Attachments

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