

Interim Report
January–June 2022

Q2

”Well positioned to take advantage of a rapidly growing international market – significant margin uplift in Core markets and strong momentum in our Growth markets”



HAYPP GROUP



Second quarter

- Net sales increased with 16 per cent to SEK 627.6 m (541.8). Organic sales growth was 6 per cent.
- 55 per cent volume growth in the Nicotine pouches category during the quarter.
- The gross margin amounted to 12.5 per cent (10.2).
- Adjusted EBIT increased to SEK 14.6 m (9.3), corresponding to an adjusted EBIT margin of 2.3 per cent (1.7).
- Operating profit/loss totalled SEK 5.0 m (-6.9), including items affecting comparability of SEK 0.3 m (-11.5).
- Profit/loss for the quarter amounted to SEK 10.5 m (-8.6).
- Earnings per share before dilution amounted to SEK 0.36 (-0.41).
- Number of orders increased to 926 thousand (806) with an average order value of SEK 638 (622).
- Active customers increased with 24 per cent and amounted to 412 thousand (332) at the end of the quarter.

First six months

- Net sales increased with 16 per cent to SEK 1,267.6 m (1,094.3). Organic sales growth was 6 per cent.
- 54 per cent volume growth in the Nicotine pouches category during the period.
- The gross margin amounted to 12.1 per cent (11.1).
- Adjusted EBIT amounted to SEK 28.7 m (19.5), corresponding to an adjusted EBIT margin of 2.3 per cent (1.8).
- Operating profit/loss totalled SEK 5.6 m (-3.5), including items affecting comparability of SEK -3.3 m (-13.9).
- Profit/loss for the period amounted to SEK 8.7 m (-8.7).
- Earnings per share before dilution amounted to SEK 0.30 (-0.42).
- Number of orders increased to 1,887 thousand (1,601) with an average order value of SEK 636 (627).
- Active customers increased with 25 per cent and amounted to 551 thousand (442) at the end of the period.

Amounts in MSEK	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021	Last 12 months	Full Year 2021
Net sales	627.6	541.8	1,267.6	1,094.3	2,440.1	2,266.8
Net sales growth, %	15.8		15.8			31.1
Gross margin, %	12.5	10.2	12.1	11.1	11.5	11.0
Adjusted EBIT	14.6	9.3	28.7	19.5	50.7	41.5
Adjusted EBIT margin, %	2.3	1.7	2.3	1.8	2.1	1.8
Items affecting comparability	0.3	-11.5	-3.3	-13.9	-24.6	-35.2
Operating profit/loss	5.0	-6.9	5.6	-3.5	-13.5	-22.6
Profit/loss for the period	10.5	-8.6	8.7	-8.7	-10.3	-27.6
Earnings per share before dilution (SEK)	0.36	-0.41	0.30	-0.42	-0.34	-1.19
Cash flow from operating activities			31.6	-20.3		-48.3
Number of orders (thousand)	926	806	1,887	1,601	3,683	3,397
Average order value (SEK)	638	622	636	627	630	625
Active customers (thousand)	412	332	551	442	738	682

Well positioned to take advantage of a rapidly growing international market

The nicotine pouch category continues to develop in a positive manner with volume of sold nicotine pouches growing over 55 per cent during the second quarter, whereof 50 per cent organically. The transition to this rapidly growing product category runs according to plan and amounted to 41 per cent of total volume for the quarter, compared to 33 per cent a year ago. For our Growth markets and Sweden, growth rates were substantially higher. Net sales for the group increased by 16 per cent during the quarter to SEK 2,440 m on an LTM-basis, whereof 6 per cent organically. We continued to experience strong underlying growth across all segments except for Norway, which due to its relative size, still hampers the overall growth. Our position in the value chain enables us to continuously release benefits of scale that drives our margin performance. The gross margin increased with 2.3 percentage points to 12.5 per cent during the second quarter driven by a solid development in the Core markets segment.

Significant margin uplift in Core markets and strong momentum in our Growth markets

We experienced a very strong year on-year growth across all markets, except for Norway. Year-on-year growth in Norway is still negative as we are facing challenging comparable figures that were positively impacted by a closed border and duty free in 2021. Gross margin for the group improved with 2.3 percentage points during the quarter and amounted to 12.5 per cent, driven by a solid development in the Core Markets segment. The adjusted EBIT-margin continues to increase and reached 2.3 per cent including increased investments in the organization and our platform to support future growth. Our position in the value chain enables us to continuously release benefits of scale that drives our margin performance over time. The Core markets business unit reached an EBITDA-margin of 8.3 per cent, a significant improvement from the 6.1 per cent the same quarter last year and shows the scalability in our business and ability to reach our long-time financial targets.

Improved 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. In our Core markets we opened, during the fourth quarter of last year, our new automated warehouse in Olso, which shortened delivery lead-times to Norwegian customers, increased



“Gross margin for the group improved with 2.3 percentage points during the quarter and amounted to 12.5 per cent, driven by a solid development in the Core Markets segment”

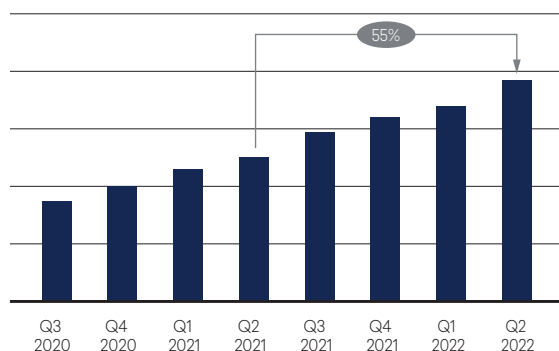
efficiency as well as increased the delivery capacity. Furthermore, we have centralized our European fulfilment centres by relocating the operations to our automated warehouse in Stockholm which during last quarter was additionally expanded to support further capacity for our Swedish and non-Scandinavian Europe business. Earlier this year we launched a new third-party warehouse located in Denver, Colorado, to improve convenience for our customers in western USA. In addition, during the second quarter we have also expanded our distribution capabilities across the southern US states through a long-term lease agreement concerning a warehouse in Houston, Texas. Lastly, we launched our first UK warehouse, which will significantly shorten delivery times to our British customers and expand our delivery capacity to the region. Having made these additions, the first phase of the warehouse expansion plan is complete. We will now focus on fine tuning our existing locations to further optimise efficiency.

Positive regulatory development

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

The transformation towards nicotine pouches running according to plan

Volume nicotine pouches



”Haypp Group is well positioned to take advantage of a rapidly growing international market over the coming years and deliver in line with our long-term financial targets”

Advantages of two major drivers

The growing consumer demand for less harmful nicotine products as well as favourable regulatory development will be two major drivers of Haypp Group's future growth. We will ride the wave of increasing demand and continue to prioritize our growth, with resources primarily being directed towards markets which show favourable conditions such as DACH, UK and the US. We will continue to invest in our technology and data infrastructure to enhance capacity for future growth and create further scalability in our operations. We have a proven revenue model of acquiring and retaining customers through a strong value proposition hinged upon a broad assortment, convenient ordering and shipping and compelling prices. Haypp Group is well positioned to take advantage of a rapidly growing international market over the coming years and deliver in line with our long-term financial targets.

Stockholm August 2022

Gavin O'Dowd
President and CEO

Financial overview

Net sales

Net sales for the second quarter increased with 16 per cent to SEK 627.6 m (541.8). Organic sales growth was 6 per cent. Acquisitions contributed with SEK 56.1 m.

Net sales for the first six months increased with 16 per cent to SEK 1,267.6 m (1,094.3). Organic sales growth was 6 per cent. Acquisitions contributed with SEK 114.6 m.

Gross Profit

Gross Profit increased to SEK 78.5 m (55.3), corresponding to a gross margin of 12.5 per cent (10.2), driven by a strengthened position in the value chain.

Gross Profit during the first six months increased to SEK 153.2 m (121.2), corresponding to a gross margin of 12.1 per cent (11.1).

Adjusted EBIT

Adjusted EBIT for the second quarter increased to SEK 14.6 m (9.3). The adjusted EBIT margin increased to 2.3 per cent (1.7). The increase was mainly due to higher volume and efficiency, partially offset by continued investment in the organization.

Adjusted EBIT for the period increased to SEK 28.7 m (19.5). The adjusted EBIT margin increased to 2.3 per cent (1.8).

Operating profit

Operating profit for the second quarter amounted to SEK 5.0 m (-6.9). Items affecting comparability amounted to a positive SEK 0.3 m (-11.5). For more information on Items affecting comparability, refer to page 24. Operating margin was 0.8 per cent (-1.3).

Operating profit for the period amounted to SEK 5.6 m (-3.5). Items affecting comparability amounted to a negative SEK -3.3 m (-13.9) and was related to the decision to adopt the operational structure to better fit with localized condition. For more information on Items affecting comparability, refer to page 24. Operating margin was 0.4 per cent (-0.3).

Financial items

Financial expenses (net) for the quarter amounted to SEK 8.5 m (-2.8) mainly related to positive impact from exchange translation.

Financial expenses (net) for the period amounted to SEK 5.3 m (-4.9).

Tax

The tax expense for the quarter was SEK -2.9 M (1.0), of which SEK -4.3 m was related to income tax, SEK 1.0 m related to amortization of surplus values and SEK 0.4 m was related to deferred tax.

The tax expense for the period amounted to SEK -2.3 m (-0.3).

Net Profit

Profit for the quarter increased to SEK 10.5 m (-8.6). Earnings per share amounted to SEK 0.36 (-0.41) after dilution.

Profit for the period increased to SEK 8.7 m (-8.7). Earnings per share amounted to SEK 0.29 (-0.42) after dilution.

Investments

During the first six months 2022 Haypp Group invested SEK 18.3 m (217.5), whereof SEK 17.0 m (216.4) was invested in intangible assets.

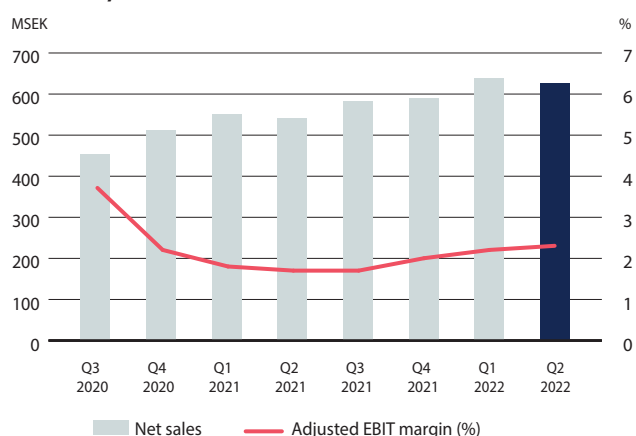
Cash flow

Cash flow for the period from operating activities increased to SEK 31.6 m (-20.3). Cash flow from changes in working capital was SEK -5.8 m (34.6), mainly due to seasonal variations.

Net debt and cash and cash equivalents

At the end of the period, the net debt amounted to SEK 84.3 m, versus 46.0 per 31 December 2021. In total, cash and cash equivalents amounted to SEK 52.6 m, versus 49.1 at the end of last year. At the end of the period, unutilised credit facility amounted to SEK 65 m, versus SEK 38 m at 31 December 2021.

Quarterly overview

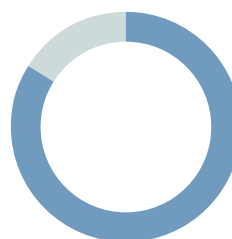


Review of reporting segments

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

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

Net sales, Q2



■ Core markets ■ Growth markets

Segment breakdown

Amounts in KSEK	Net Sales					EBITDA				
	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	LTM	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	LTM
Core markets	525,260	484,417	1,066,065	972,893	2,071,027	43,529	29,695	84,448	56,811	146,850
EBITDA margin, %						8.3 %	6.1 %	7.9 %	5.8 %	7.1 %
Growth markets	102,307	57,391	201,559	121,410	369,058	-18,519	-12,758	-36,477	-24,108	-59,580
EBITDA margin, %						-18.1 %	-22.2 %	-18.1 %	-19.8 %	-16.1 %
Parent company/other	0	0	0	0	0	279	-11,626	-3,307	-13,947	-24,600
Reconciliation items	0	0	0	0	0	-26	-454	-56	-256	-796
GROUP TOTAL	627,567	541,809	1,267,624	1,094,304	2,440,085	25,262	4,858	44,608	18,501	61,874
EBITDA margin, %						4.0 %	0.9 %	3.5 %	1.7 %	2.5 %
Depreciation & Amortization						-20,309	-11,728	-38,972	-22,019	-75,343
Financial items						8,536	-2,778	5,334	-4,906	1,368
PROFIT BEFORE TAXES						13,489	-9,648	10,970	-8,424	-12,101

Core markets

Core markets

(Amounts in MSEK)	Q2 2022	Q2 2021	Change, %	Q1-Q2 2022	Q1-Q2 2021	Change, %	LTM	2021
Net sales	525.3	484.4	8 %	1,066.1	972.9	10 %	2,071.0	1,977.9
EBITDA	43.5	29.7	47 %	84.4	56.8	49 %	146.9	119.6
EBITDA margin, %	8.3 %	6.1 %		7.9 %	5.8 %		7.1 %	6.0 %
Number of orders (thousand)	789	726	9 %	1612	1439	12 %	3167	2994
Average order value (SEK)	625	613	2 %	624	653	-4 %	623	619
Active customers (thousand)	340	287	18 %	449	371	21%	589	554

Net sales

Net sales for the second quarter increased with 8 per cent to SEK 525.3 m (484.4), whereof -3 per cent organically. Nicotine Pouches grew by 43 per cent in volume during the quarter. In Sweden, Net sales for the quarter increased by 43 per cent driven by strong organic performance coupled with the acquisitions of Nettotobak and Snusnetto which contributed SEK 56.1 m to Net sales. Net sales in Norway declined by 26 per cent during the quarter due to a continued challenging trading environment on the back of the reopened border and duty free. The number of active customers increased with 18 per cent to 340 thousand (287) partly driven by the acquisitions. Average order value increased with 2 per cent to SEK 625 (613).

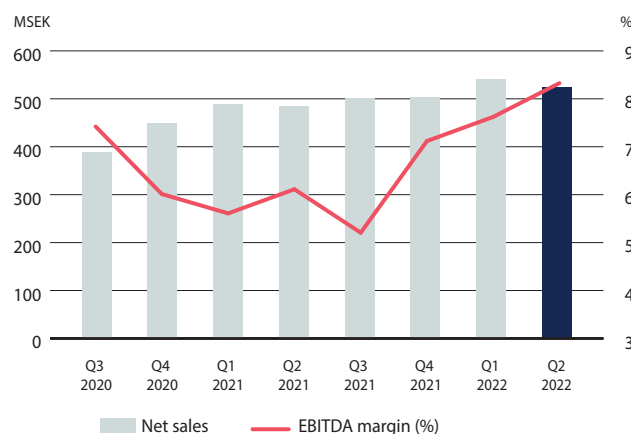
Net sales for the period increased with 10 per cent to SEK 1066.1 m (972.9), whereof -2 per cent organically. Acquisitions contributed with SEK 114.6 m.

EBITDA

EBITDA for the business unit increased with 47 per cent to SEK 43.5 m (29.7). The EBITDA margin increased with over 2 percentage points and amounted to 8.3 per cent (6.1) mainly attributable to a higher gross margin and economies of scale, partially offset by further investment in the organisation for future growth.

EBITDA for the period amounted SEK 84.4 m (56.8), corresponding to an EBITDA margin of 7.9 per cent (5.8).

Core markets



Growth markets

Growth markets

(Amounts in MSEK)	Q2 2022	Q2 2021	Change, %	Q1-Q2 2022	Q1-Q2 2021	Change, %	LTM	2021
Net sales	102.3	57.4	78 %	201.6	121.4	66 %	369.1	288.9
EBITDA	-18.5	-12.8	45 %	-36.5	-24.1	51 %	-59.6	-47.2
EBITDA margin, %	-18.1 %	-22.2 %		-18.1 %	-19.9 %		-16.1 %	-16.3 %
Number of orders (thousand)	138	80	73 %	275	162	70 %	515	403
Average order value (SEK)	713	700	2 %	707	666	6 %	671	671
Active customers (thousand)	72	45	60 %	102	70	46 %	149	128

Net sales

Net sales for the second quarter increased with 78 per cent to SEK 102.3 m (57.4), mainly due to a strong performance in the US and Germany. The number of active customers increased with 60 per cent to 72 thousand (45), due to a positive momentum in the US and Germany primarily in the nicotine pouches category. Nicotine Pouches grew by 86 per cent in volume during the quarter. The average order value increased with 2 per cent to 713 (700).

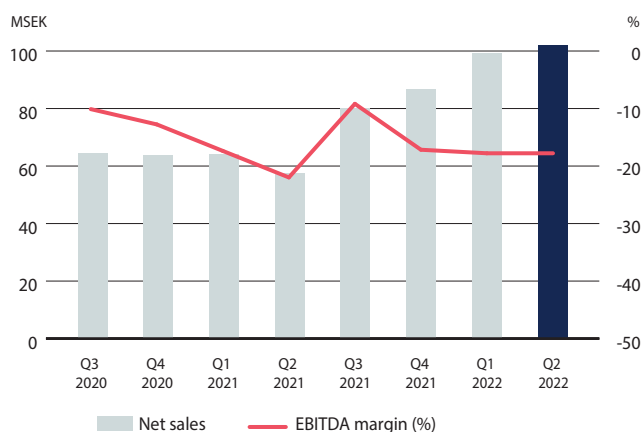
Net sales for the period increased with 66 per cent to SEK 201.6 m (121.4)

EBITDA

EBITDA for the business unit decreased to SEK -18.5 m (-12.8). The EBITDA margin amounted to -18.1 per cent (-22.2), due to continued commercial investments for growth mainly impacting the gross margin negatively.

EBITDA for the period amounted SEK -36.5 m (-24.1), corresponding to an EBITDA margin of -18.1 per cent (-19.9).

Growth markets



Other information

Employees

The average number of full-time employees during the period was 134, compared to 105 the same period last year. The increase was primarily attributable to expansion of the business.

Events after the end of the reporting period

No significant events to report after the end of the reporting period.

Owner structure

Largest shareholders per June 30, 2022.

	Numbers of shares	Share of capital and votes
GR8 Ventures AB	4,248,410	14.60
Patrik Rees	3,612,423	12.41
Fidelity Investments (FMR)	2,909,864	10.0
Northerner Holding AB	2,797,917	9.61
Rutger Arnhult	1,694,126	5.82
Gavin O'Dowd	1,179,391	4.05
e-Business Partner Norden AB	1,174,665	4.04
Ola Svensson	1,146,049	3.94
Pulsen Sb Investment AB	1,065,900	3.66
Erik Selin	1,000,000	3.44
Sum	20,828,745	71.58
Others	8,287,884	28.42
Total	29,116,629	100

The total number of shareholders amounted to approx. 2,000 at the end of June.

Parent company

Haypp Group AB (Corp. Reg. No. 559075-6796), which is domiciled in Stockholm, Sweden, conducts holding operations. During the first half year 2022, other operating income amounted to SEK 2.2 m (0.0) and profit totalled SEK -1.9 m (-22.3). Total equity amounted to SEK 607.2 m (609.0).

Seasonal effects

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

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

Risks and uncertainties

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

Gavin O'Dowd

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

This is information that Haypp Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person below out above, at 07:45 CET on 12 August 2022.

Webcast conference call on 12 August

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

For further information, please contact:

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Financial calendar

November 11, 2022
Interim report for January–September, 2022

Haypp Group at glance

The Haypp Group is spearheading the global transformation from smoking to risk-reduced alternatives. With origins in Scandinavia, the company has leveraged its leading position, along with its category and e-commerce experience, to widen its positive impact to the US and a range of European markets. With ten e-commerce store brands, the Haypp Group is present in seven countries where we served more than 650,000 active consumers during 2021. Headquartered in Stockholm, Sweden, Haypp Group employs 134 FTEs and have net sales of over SEK 2.4 bn in the last twelve months to June 30, 2022.

Vision

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

Business model

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

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

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

Values

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

Sustainability

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

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



Financial targets

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

Growth

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

Profitability

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

Dividend policy

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

Consolidated income statement

Amounts in KSEK	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021	Last 12 months	Full Year 2021
Net sales	627,567	541,809	1,267,624	1,094,304	2,440,085	2,266,765
Capitalised work on own account	4,370	1,792	7,872	4,154	14,058	10,339
Other operating income	1,430	1,041	7,733	1,609	15,980	9,857
Total	633,367	544,641	1,283,229	1,100,067	2,470,123	2,286,961
Goods for resale	-549,094	-486,527	-1,114,420	-973,113	-2,159,352	-2,018,045
Other external costs	-27,387	-30,662	-52,752	-53,849	-114,056	-115,152
Personnel expenses	-30,117	-22,135	-68,127	-53,554	-129,001	-114,428
Depreciation and amortization of tangible and intangible assets	-20,309	-11,728	-38,972	-22,019	-75,343	-58,390
Other operating expenses	-1,507	-459	-3,325	-1,051	-5,841	-3,567
Sum expenses	-628,415	-551,511	-1,277,596	-1,103,585	-2,483,593	-2,309,583
Operating profit/loss	4,952	-6,870	5,633	-3,518	-13,469	-22,622
Financial income/expense						
Financial income	9	0	7	1	1,504	1,499
Financial expenses	8,527	-2,779	5,328	-4,907	-137	-10,371
Financial net	8,536	-2,778	5,334	-4,906	1,368	-8,872
Earnings Before Tax	13,488	-9,648	10,969	-8,424	-12,102	-31,493
Income tax	-2,944	1,052	-2,319	-291	1,833	3,861
Profit/loss for the period	10,544	-8,596	8,650	-8,715	-10,270	-27,632
Profit/loss for the period attributable to:						
The parent company's shareholders	10,544	-8,596	8,650	-8,715	-10,270	-27,632
Earnings per share, calculated on the earnings attributable to the parent company's shareholders during the period:						
Earnings per share before dilution (SEK)	0.36	-0.41	0.30	-0.42	-0.34	-1.19
Earnings per share after dilution (SEK)	0.36	-0.41	0.29	-0.42	-0.34	-1.19

Consolidated statement of comprehensive income

Amounts in KSEK	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021	Last 12 months	Full Year 2021
Profit/loss for the period	10,544	-8,596	8,650	-8,715	-10,268	-27,634
Other comprehensive income:						
Items that may be reclassified to profit or loss						
Foreign currency translation differences	-2,983	-4,785	2,757	4,488	7,265	8,995
Total other comprehensive income	-2,983	-4,785	2,757	4,488	7,265	8,995
Total Comprehensive income	7,561	-13,381	11,407	-4,227	-3,004	-18,638
Total comprehensive income for the year attributable to:						
Parent company shareholders	7,561	-13,381	11,407	-4,227	-3,004	-18,638
Average number of shares before dilution	29,099,979	20,741,775	29,099,979	20,568,186	27,418,345	23,152,447
Average number of shares after dilution	29,512,704	24,595,064	29,601,831	24,646,895	28,826,123	26,396,415

Consolidated balance sheet

Amounts in KSEK	2022-06-30	2021-12-31
ASSETS		
Fixed assets		
Intangible assets		
Goodwill	159,451	156,869
Customer relationships	114,930	120,468
Trademarks	148,539	157,006
Websites	27,402	30,185
Capitalized development costs	61,682	52,700
Total intangible assets	512,004	517,228
Tangible assets		
Leasehold improvements	982	600
Equipment	3,031	1,393
Total tangible assets	4,013	1,993
Financial assets		
Non-current receivables	5,690	29,748
Total financial assets	5,690	29,748
Right-of-use assets	95,672	50,206
Deferred tax assets	19,432	19,070
Total fixed assets	636,812	618,245
Current assets		
Inventories		
Goods for resale	154,108	141,997
Current receivables		
Accounts receivable	61,028	65,529
Other receivables	29,736	13,395
Prepaid expenses and accrued income	38,986	37,773
Cash and cash equivalents	52,630	49,055
Total current receivables	182,380	165,751
Total current assets	336,487	307,748
TOTAL ASSETS	973,299	925,993

Consolidated balance sheet cont.

Amounts in KSEK	Notes	2022-06-30	2021-12-31
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,907	1,906
Other contributed capital		686,664	686,553
Translation differences		-3,655	-6,412
Retained earnings (including net profit/loss for the year)		-104,780	-113,430
Total equity		580,136	568,617
LIABILITIES			
Non-current liabilities			
Non-current lease liability		69,561	34,036
Deferred tax liabilities		23,736	25,326
Other liabilities		37	25,845
Total non-current liabilities		93,335	85,207
Current liabilities			
Bank overdraft		47,936	49,824
Current lease liability		19,443	11,243
Accounts payable		76,597	146,216
Current tax liabilities		3,222	108
Other liabilities		57,232	22,139
Accrued expenses and deferred income		95,399	42,639
Total current liabilities		299,828	272,169
Total liabilities		393,163	357,376
TOTAL EQUITY AND LIABILITIES		973,299	925,993

Consolidated statement of changes in equity

Amounts in KSEK	Share capital	New share issue in progress	Other contribu- ted capital	Translation differences	Retained earnings	Total equity
Opening balance, 2021-01-01	1,336	0	308,696	-15,408	-85,797	208,828
Profit/loss for the year					-8,715	-8,715
Other comprehensive income for the year				4,488		4,488
Total comprehensive income	0	0	0	4,488	-8,715	-4,227
New share issue	21	160	187,336			187,517
Total transactions with shareholders in their attribute as shareholders	21	160	187,336	0	0	187,517
Closing balance, 2021-06-30	1,357	160	496,032	-10,920	-94,512	392,117
Opening balance, 2022-01-01	1,906	0	686,553	-6,412	-113,430	568,617
Profit/loss for the year					8,650	8,650
Other comprehensive income for the year				2,757		2,757
Total comprehensive income	0	0	0	2,757	8,650	11,407
New share issue ¹	0	0	111			111
Total transactions with shareholders in their attribute as shareholders	0	0	111	0	0	111
Closing balance, 2022-06-30	1,907	0	686,664	-3,655	-104,780	580,136

¹ After deduction of issue costs

Consolidated statement of cash flow

Amounts in KSEK	YTD Q2 2022	YTD Q2 2021
Cash flow from operating activities		
Operating loss	5,635	-3,518
Adjustment for non-cash items:		
- Depreciation and amortization of tangible and intangible assets	38,972	22,019
- Other non-cash items	-3,630	433
Interest paid	-2,509	-3,945
Income tax paid	-1,743	-631
Cash flow from operating activities before change in working capital	36,724	14,359
Cash flow from change in working capital		
Increase/decrease in inventories	-7,073	-24,740
Increase/decrease in operating receivables	10,419	-2,344
Increase/decrease in operating liabilities	-8,425	-7,527
Total change in working capital	-5,080	-34,610
Cash flow from operating activities	31,645	-20,252
Cash flow from investing activities		
Investment in intangible assets	-17,040	-216,435
Investment in tangible assets	-397	-452
Disposal of tangible assets	0	52
Change in other financial assets	-840	-652
Cash flow from investing activities	-18,277	-217,486
Cash flow from financing activities		
New loans	-1,698	30,720
Change bank overdraft	-1,888	26,733
Repayment of loans	0	-1,875
Repayment of leasing debt	-8,741	-6,735
New share issue ¹	420	187,517
Cash flow from financing activities	-11,906	236,359
Decrease/increase in cash and cash equivalents		
Opening cash and cash equivalents	49,055	32,031
Cash flow for the period	1,461	-1,380
Exchange-rate differences in cash and cash equivalents	2,114	798
Closing cash and cash equivalents	52,630	31,450

¹ Cost after deduction of issue costs

Parent Company income statement

Amounts in KSEK	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021	Last 12 months	Full Year 2021
Other operating income	1,661	0	2,165	0	4,504	2,339
Total	1,661	0	2,165	0	4,504	2,339
Other external costs	-1,457	-8,328	-1,052	-12,473	-9,873	-21,293
Personnel expenses	-1,688	-782	-3,026	-782	-5,971	-3,726
Depreciation and amortization of tangible and intangible assets	-13	-13	-25	-25	-50	-50
Other operating expenses	-2	0	-2	0	-34	-33
Sum expenses	-3,159	-9,123	-4,105	-13,281	-15,928	-25,103
Operating profit/loss	-1,498	-9,123	-1,940	-13,281	-11,424	-22,764
Financial income/expense						
Profit from shares in group companies	0	0	0	-7,000	0	-7,000
Interest income and other financial income	0	0	0	0	1,045	1,045
Interest and other financial expenses	-4	-696	-4	-1,970	-1,333	-3,299
Result from financial income/expenses	-4	-696	-4	-8,970	-289	-9,254
Earnings Before Tax	-1,502	-9,819	-1,944	-22,250	-11,712	-32,018
Appropriations	0	0	0	0	15,000	15,000
Earnings before tax	-1,502	-9,819	-1,944	-22,250	3,288	-17,018
Income tax	0	0	0	0	2,064	2,064
Profit/loss for the period	-1,502	-9,819	-1,944	-22,250	5,351	-14,954

In the Parent Company, there are no items that are reported as other comprehensive income, hence the total comprehensive income corresponds to the profit for the year.

Parent Company balance sheet

Amounts in KSEK	2022-06-30	2021-12-31
ASSETS		
Fixed assets		
Intangible assets		
Capitalized development costs	112	137
Total intangible assets	112	137
Financial assets		
Shares in subsidiaries	321,592	321,592
Deferred tax assets	4,233	4,233
Non-current receivables	1,229	1,310
Non-current intercompany receivables	321,067	323,399
Total financial assets	648,121	650,534
Total fixed assets	648,233	650,671
Current assets		
Current receivables		
Receivables from group companies	1,650	1,431
Other receivables	728	2,459
Prepaid expenses and accrued income	947	931
Total current receivables	3,324	4,822
Cash and cash equivalents	1,455	1,798
Total current assets	4,779	6,620
TOTAL ASSETS	653,012	657,291

Parent Company balance sheet cont.

Amounts in KSEK	2022-06-30	2021-12-31
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	1,907	1,906
Non-restricted equity		
Other contributed capital	686,664	686,553
Retained earnings	-79,466	-64,511
Profit/loss for the period	-1,944	-14,954
Total equity	607,161	608,994
LIABILITIES		
Non-current liabilities		
Non-current intercompany liabilities	43,182	43,182
Other liabilities	37	845
Total non-current liabilities	43,220	44,027
Current liabilities		
Current liabilities to group companies	264	264
Accounts payable	709	777
Other liabilities	128	161
Accrued expenses and deferred income	1,529	3,067
Total current liabilities	2,631	4,270
Total liabilities	45,851	48,298
TOTAL EQUITY AND LIABILITIES	653,012	657,291

Notes

General information

Haypp Group AB with Corporate Registration No. 559075-6796 is a limited liability company registered in Sweden, with its registered office in Stockholm. The address of the head office is Östgötagatan 12, SE-104 62, Stockholm, Sweden. The operations of the Parent Company and its subsidiaries comprise investing in e-commerce companies and conducting related activities.

Accounting principles

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

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

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

Operating segments

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

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

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

Earnings per share after dilution

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

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

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

Important estimates and assessments for accounting purposes

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

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

Note 1 Financial instruments

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

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

Note 2 Transactions with related parties

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

Notes

Note 3 Disclosure on new share and warrant issues

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

The Annual General meeting was held on the 18th of May 2022. During the AGM, the company decided to issue new long term incentive program to employees and cancelled previously issued warrants. The company issued 1,644,152 new warrants with a premium of 2,729,292 SEK which means that the share capital can increase by a maximum of 107,705 SEK. The duration of the warrants is three years, starting from May 2022 up until April 2025.

These warrants were split between the CEO, nine members of the leadership team and thirty key employees.

During Q2, 16,650 options were redeemed increasing the total number of shares by 16,650 to 29,116,629.

In addition, a total of 1,210,904 warrants were cancelled during the Q2 and 4,950 options were repurchased.

Key ratios

Amounts in MSEK	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021	Last 12 months	Full Year 2021
Income statement						
Net sales growth, %	15.8		15.8			31.1
Adjusted EBITDA	25.0	16.5	47.9	32.4	86.5	71.0
Adjusted EBITDA margin, %	4.0	3.0	3.8	3.0	3.8	3.1
Adjusted EBIT	14.6	9.3	28.7	19.5	50.7	41.5
Adjusted EBIT margin, %	2.3	1.7	2.3	1.8	2.1	1.8
Operating profit/loss	5.0	-6.9	5.6	-3.5	-13.5	-22.6
Balance sheet						
Net working capital	111.9	28.8	111.9	28.8	111.9	69.8
Net debt			84.3	177.9	84.3	46.0
Investments			-18.3	-217.5		-245.9
Net debt/Adjusted EBITDA, times					1.0	0.6
Equity/Total assets ratio, %	59.6	47.2	59.6	47.2		61.4
Cash flow						
Cash flow from operating activities			31.6	-20.3		-48.3
Data per share						
Earnings per share after dilution (SEK)	0.36	-0.41	0.29	-0.42	-0.34	-1.19
Equity per share after dilution (SEK)	19.7	15.9	19.6	15.9	20.1	21.5
Cash flow from operating activities per share after dilution (SEK)			1.1	-0.8		-1.8
Average number of shares after dilution	29,512,704	24,595,064	29,601,831	24,646,895	28,826,123	26,396,415

Segment information by quarter

Amounts in MSEK	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Net sales per business unit								
Core markets	389.3	449.2	488.5	484.4	501.3	503.6	540.8	525.3
Growth markets	64.5	63.8	64.0	57.4	80.6	86.9	99.3	102.3
EBITDA per business unit								
Core markets	28.8	26.9	27.1	29.7	26.0	36.4	40.9	43.5
Growth markets	-6.8	-8.4	-11.3	-12.7	-7.8	-15.3	-18.0	-18.5
EBITDA margin per business unit (%)								
Core markets	7.4 %	6.0 %	5.6 %	6.1 %	5.2 %	7.2 %	7.6 %	8.3 %
Growth markets	-10.6 %	-13.2 %	-17.7 %	-22.2 %	-9.7 %	-17.6 %	-18.1 %	-18.1 %
Number of orders per business unit (thousand)								
Core markets	542	627	713	726	776	779	824	789
Growth markets	94	87	82	80	111	130	137	138
Average order value per business (SEK)								
Core markets	648	648	617	613	625	619	624	625
Growth markets	779	694	762	700	619	638	700	713
Active customers per business unit (thousand)								
Core markets	229	257	285	287	321	324	343	340
Growth markets	51	46	46	45	61	68	71	72

Reconciliation of alternative performance measures

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

Items affecting comparability

Consulting and advisory costs

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

Acquisition, integration and restructuring costs

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

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

Legal costs

Costs for external legal advisors in relation to legal disputes.

Amounts in MSEK	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021	Last 12 months	Full Year 2021
EBIT margin						
EBIT	5.0	-6.9	5.6	-3.5	-13.5	-22.6
Net sales	627.6	541.8	1,267.6	1,094.3	2,440.1	2,266.8
EBIT margin, %	0.8	-1.3	0.4	-0.3	-0.6	-1.0
Adjusted EBIT						
EBIT	5.0	-6.9	5.6	-3.5	-13.5	-22.6
Amortisation of acquired intangible assets	9.9	4.6	19.8	9.1	39.5	28.9
Less items affecting comparability:						
Consulting and advisory costs	0.0	12.1	0.0	12.2	17.1	30.5
Acquisition, integration and restructuring costs	-0.3	-0.6	3.3	0.9	7.5	3.9
Legal costs	0.0	0.0	0.0	0.8	0.0	0.8
Adjusted EBIT	14.6	9.3	28.7	19.5	50.7	41.5
Adjusted EBIT margin, %	2.3	1.7	2.3	1.8	2.1	1.8
EBITDA						
EBIT	5.0	-6.9	5.6	-3.5	-13.5	-22.6
Depreciation/amortisation and impairment of assets	20.3	11.7	39.0	22.0	75.3	58.4
EBITDA	25.3	4.9	44.6	18.5	61.9	35.8
EBITDA margin						
EBITDA	25.3	4.9	44.6	18.5	61.9	35.8
Net sales	627.6	541.8	1,267.6	1,094.3	2,440.1	2,266.8
EBITDA margin, %	4.0	0.9	3.5	1.7	2.5	1.6
Adjusted EBITDA						
EBITDA	25.3	4.9	44.6	18.5	61.9	35.8
Less items affecting comparability:						
Consulting and advisory costs	0.0	12.1	0.0	12.2	17.1	30.5
Acquisition, integration and restructuring costs	-0.3	-0.6	3.3	0.9	7.5	3.9
Legal costs	0.0	0.0	0.0	0.8	0.0	0.8
Adjusted EBITDA	25.0	16.5	47.9	32.4	86.5	71.0
Adjusted EBITDA margin, %	4.0	3.0	3.8	3.0	3.5	3.1

Amounts in MSEK	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021	Last 12 months	Full Year 2021
Adjusted operating expenses						
Sum expenses	-628.4	-551.5	-1,277.6	-1,103.6	-2,483.6	-2,309.6
Other operating income	1.4	1.0	7.7	1.6	16.0	9.9
Capitalised work on own account	4.4	1.8	7.9	4.2	14.1	10.3
Cost of Goods sold (-)	549.1	486.5	1,114.4	973.1	2,159.4	2,018.0
Depreciation of material and immaterial assets	20.3	11.7	39.0	22.0	75.3	58.4
Less items affecting comparability:						
Consulting and advisory costs	0.0	12.1	0.0	12.2	17.1	30.5
Acquisition, integration and restructuring costs	-0.3	-0.6	3.3	0.9	7.5	3.9
Legal costs	0.0	0.0	0.0	0.8	0.0	0.8
Adjusted operating expenses	-53.5	-38.8	-105.3	-88.7	-194.3	-177.7
Net debt						
Non-current lease liability					69.6	34.0
Bank overdraft					47.9	49.8
Current lease liability					19.4	11.2
Cash and cash equivalents					-52.6	-49.1
Net debt					84.3	46.0
Net debt / adjusted EBITDA						
Net debt					84.3	46.0
Adjusted EBITDA					86.5	71.0
Net debt/Adjusted EBITDA, times					1.0	0.6
Items affecting comparability						
Consulting and advisory costs	0.0	12.1	0.0	12.2	-17.1	-30.5
Acquisition, integration and restructuring costs	0.3	-0.6	-3.3	0.9	-7.5	-3.9
Legal costs	0.0	0.0	0.0	0.8	0.0	-0.8
Items affecting comparability	0.3	-11.5	-3.3	-13.9	-24.6	-35.2
Equity per share after dilution						
Total equity	580.1	392.1	580.1	392.1		568.6
Average number of shares after dilution	29,512,704	24,595,064	29,601,831	24,646,895	28,826,123	26,396,415
Equity per share after dilution (SEK)	19.7	15.9	19.6	15.9		21.5
Cash flow from operating activities per share after dilution						
Cash flow from operating activities			31.6	-20.3		-48.3
Average number of shares after dilution	29,512,704	24,595,064	29,601,831	24,646,895	28,826,123	26,396,415
Cash flow from operating activities per share after dilution (SEK)			1.1	-0.8		-1.8

Net working capital

Amounts in MSEK	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Goods for resale	154.1	104.0	142.0
Accounts receivable	61.0	46.6	65.5
Other receivables	29.7	14.4	13.4
Prepaid expenses and accrued income	39.0	18.5	37.8
Accounts payable	-76.6	-90.9	-146.2
Accrued expenses and deferred income	-95.4	-63.7	-42.6
Net working capital	111.9	28.8	69.8

Definitions

	Definition	Reason for use
Net sales growth, %	Change in net sales growth for the period.	Shows whether the company's business is expanding or contracting.
Organic sales growth, %	Change in net sales excluding businesses which have been acquired, sold or exited.	Shows whether the company's business is expanding or contracting when excluding the effects from acquisitions, divestments or exits.
Gross profit growth, %	Change in net sales growth for the period minus cost of goods sold for the period.	Shows change in the profitability and the financial performance of the company's business.
EBIT margin, MSEK	EBIT as a percentage of net sales.	Shows operating profit in relation to net sales and is a measurement of the profitability in the company's operational business.
Adjusted EBIT, MSEK	EBIT excluding amortization and impairment losses on acquisition-related intangible assets and items affecting comparability.	Shows results of the company's operational business excluding amortization that arises as a result of accounting treatment of purchase price allocations in conjunction with acquisitions and items that affect comparison with other periods.
Adjusted EBIT margin, %	EBIT margin adjusted for amortization and impairment losses on acquisition-related intangible assets and items affecting comparability.	Shows EBIT margin excluding amortization that arises as a result of accounting treatment of purchase price allocations in conjunction with acquisitions and items that affect comparison with other periods.
EBITDA, MSEK	EBIT excluding depreciation/amortization and impairment of assets.	Shows the ability of the company's operations to generate resources for investment and payment to capital providers.
EBITDA margin, %	EBITDA as a percentage of net sales.	A profitability measurement that is used by investors, analysts and the company's management for evaluating the company's profitability.
Adjusted EBITDA, MSEK	EBITDA adjusted for items affecting comparability.	Shows EBITDA excluding items that affect comparison with other periods.
Adjusted EBITDA margin, %	EBITDA margin adjusted for items affecting comparability.	Shows EBITDA margin excluding items that affect comparison with other periods.
Net debt, MSEK	Non-current lease liability, other non-current liabilities, bank overdraft, current lease liability, liabilities to credit institutions and cash and cash equivalents.	Shows how much cash would remain if all debts were paid off.
Net debt / adjusted EBITDA, x	Net debt in relation to adjusted EBITDA.	Shows financial risk and is an indication of repayment capacity.
Items affecting comparability	Significant items affecting comparability, including significant consulting and advisory costs, acquisition, integration and restructuring costs, and significant legal costs.	Refers to items that are reported separately as they are of a significant nature and are relevant for understanding the financial performance when comparing the profit/loss for the current period with the previous periods.

