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Haypp Group AB intends to list its shares on Nasdaq First North Growth Market

Haypp Group AB ("Haypp", "Haypp Group" or the "Company"), one of the leading online retailers of tobacco-free nicotine pouches and snus, hereby announces its intention to list its shares on Nasdaq First North Growth Market (the "Listing"). The Offering is expected to consist of both new shares issued by the Company and of existing shares in the Company offered by the Major Shareholders (as defined below) (the "Offering").

The board of directors of Haypp Group, supported by the Major Shareholders^[1] (as defined below), consider the Offering and Listing of the Company's shares to be a logical and important step to strengthen Haypp Group's global e-commerce store brands and presence. The board of directors of Haypp Group assesses that a listing on Nasdaq First North Growth Market will increase the awareness of the Company and its products, strengthen Haypp Group's profile vis-à-vis customers and suppliers and strengthen its ability to attract and retain key personnel and other qualified employees. Further, the Listing will support the Company's continued growth and provide Haypp Group with access to the capital markets, as well as a diversified base of Swedish and international investors. For these reasons, the board of directors of Haypp Group has applied for listing on Nasdaq First North Growth Market. Nasdaq Stockholm has made the assessment that the Company fulfils the applicable listing requirements on Nasdaq First North Growth Market, provided that certain customary conditions are fulfilled. The Offering is expected to consist of both new shares issued by Haypp and of existing shares in the Company offered by the Major Shareholders.

Gavin O'Dowd, CEO of Haypp Group since 2017:

"We contribute to society by inspiring people to choose healthier enjoyment. We believe that knowledgeable and enlightened people will always choose reduced-risk nicotine products, and one of the specific market dynamics that support our business and continued growth opportunities are an underlying demand for harm reduced products of which nicotine pouches is the fastest growing category. We will continue to prioritize growth over profitability and are well-positioned to contribute to the large and global market with significant growth over the coming years."

Ingrid Jonasson Blank, Chairman Haypp Group, comments:

"The market for nicotine pouches is currently experiencing a pronounced shift away from combustible tobacco products such as cigarettes to smokeless products such as snus and tobacco-free nicotine pouches as well as a shift from offline to online sales. 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, we now take our vision further. The board of directors

considers a potential listing as a logical and important step to strengthen Haypp Group's global e-commerce store brands and presence. Furthermore, it will increase the awareness of our products and strengthen the profile vis-à-vis customers and suppliers as well as attract qualified employees."

The Offering in brief

Should the Company choose to proceed with the Listing, the Offering is expected to comprise of:

- An offering to the general public in Sweden and Norway
- An offering to institutional investors in Sweden and abroad

The Offering is expected to comprise of existing shares in the Company offered by the Major Shareholders and new shares issued by the Company, where the latter is expected to raise proceeds to the Company of SEK 150 million. The net proceeds from the Offering will be used to repay outstanding bank debt and shareholder loans as well as partly repay the Company's overdraft facility and thereby strengthen Haypp Group's financial flexibility to act on potential M&A opportunities and carry out strategic growth investments.

In connection with the Offering, all shareholders in the Company, including board members and members of the executive management have been offered to sell shares in the Offering, including shares that are issued by exercise of outstanding warrants in the Company.

Erik Selin^[2] has, subject to certain conditions, undertaken to acquire shares in the Offering for an amount of SEK 66 million at a valuation corresponding to a market value for the outstanding shares in the Company of approximately SEK 1.9bn, including proceeds raised in the Offering. In addition, a strong group of anchor investors, including reputable international institutional investors, have also committed to, subject to certain conditions, subscribe for shares in the Offering at the same valuation.

Complete terms, conditions and instructions for the Offering will be included in the prospectus that the Company intends to prepare in connection with the Listing. If the Company decides to proceed with the Listing, the prospectus will be published on the Company's website, www.hayppgroup.com. More information about the process will be published on an ongoing basis.

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.

Strengths and competitive advantages

Haypp Group considers itself having a number of strengths and competitive advantages that contribute to the Company's ability to realize strategic objectives and reach financial targets:

- First-mover in a market undergoing structural shift to reduced-risk nicotine products with strong momentum for online sales

- Haypp Group is a leading e-commerce player – with an outstanding value proposition and a loyal customer base
- 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
- Management team with extensive experience within e-commerce and tobacco

Financial overview

	January – December (audited IFRS)			January – June (Unaudited IAS34)	
KSEK	2020	2019	2018	2021	2020
Total revenue	1,738,123	804,782	460,169	1,100,067	766,254
Operating profit / loss	(14,331)	(24,453)	(11,476)	(3,518)	(5,382)
Profit / loss for the year / period	(27,814)	(20,966)	(15,845)	(8,715)	(10,246)
Net sales growth, % ^[3]	115.5	74.4	-	43.5	-
Adjusted EBIT margin, % ^[4]	2.2	(0.5)	0.7	1.8	1.4

Financial targets and dividend policy

The Board of Directors has adopted the following financial targets for the medium to long term.

- **Growth:** Haypp Group targets to reach net sales of at least SEK 5bn 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 term to long term
- **Dividend policy:** In the upcoming years, the board of Haypp Group will primarily use the generated cash flows for the Company's continued expansion

Haypp Group's financial targets stated above constitute forward-looking information. The financial targets are based upon a number of estimates and assumptions relating to, among others, the development of Haypp Group's industry, business, result of operations and financial position, and are subject to risks and uncertainties. The executive management team's key assumptions underpinning the financial targets set out above will be described further in the prospectus expected to be published by the Company.

Advisors

Skandinaviska Enskilda Banken AB (publ) ("SEB") and Carnegie Investment Bank AB (publ) ("Carnegie") are Joint Global Coordinators and Joint Bookrunners. Advokatfirman Vinge is legal advisor to the Company. Advokatfirman Hammarskiöld & Co is legal advisor to SEB and Carnegie.

For more information and contact

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IMPORTANT INFORMATION

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This advertisement may contain forward-looking statements which reflect the Company's current view on future events and financial and operational development. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

[1] GR8 Ventures AB, Eastcoast Capital AB, Northerner Holding AB, e-Business Partner Norden AB, Gavin O'Dowd, and Kbay Capital AB.

[2] Through Förvaltnings AB Färgax.

[3] Unaudited.

[4] Unaudited.

Contacts

General inquiries

For general inquiries contact info@hayppgroup.com.

About Us

The Haypp Group is spearheading the global transformation from smoking to healthier 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, we now fully take our vision to a global scale. With ten e-commerce brands, the Haypp group is present in 9 countries where we serve more than 300 000 active and loyal consumers.

Press Release
28 September 2021 08:00:00 CEST

HAYPP GROUP

Attachments

[Haypp Group AB intends to list its shares on Nasdaq First North Growth Market](#)