

Interim Report
January–June 2023

Q2

“Strong progress in the
transformation to a rapidly
growing product category”



HAYPP GROUP

The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act.

Second quarter

- Net sales increased with 23 per cent to SEK 768.8 m (627.6). In constant currency, Net sales increased by 23 per cent.
- 35 percent volume growth in the Nicotine pouches category during the quarter.
- The gross margin amounted to 12.9 per cent (12.5).
- Adjusted EBIT amounted to SEK 20.4 m (14.6), corresponding to an adjusted EBIT margin of 2.7 per cent (2.3).
- Operating profit totalled SEK –3.9 m (5.0), including items affecting comparability of SEK –14.3 m (0.3).
- Profit for the quarter to SEK 0.4 m (10.5).
- Earnings per share before dilution amounted to SEK 0.02 (0.36).
- Number of orders increased to 1,069 thousand (926) with an average order value of SEK 676 (638).
- Active customers amounted to 486 thousand (412) at the end of the period.

First six months (Period)

- Net sales increased with 22 per cent to SEK 1,550.1 m (1,267.6). In constant currency, Net sales increased by 22 per cent.
- 37 percent volume growth in the Nicotine pouches category during the quarter.
- The gross margin amounted to 12.4 per cent (12.1).
- Adjusted EBIT amounted to SEK 38.7 m (28.7), corresponding to an adjusted EBIT margin of 2.5 per cent (2.3).
- Operating profit totalled SEK 3.6 m (5.6), including items affecting comparability of SEK –15.2 m (–3.3).
- Profit for the period to SEK 1.9 m (8.7).
- Earnings per share before dilution amounted to SEK 0.06 (0.30).
- Number of orders increased to 2,190 thousand (1,887) with an average order value of SEK 663 (636).
- Active customers amounted to 667 thousand (551) at the end of the period.

Amounts in MSEK	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	Last 12 months	Full Year 2022
Net sales	768.8	627.6	1,550.1	1,267.6	2,881.3	2,598.8
Net sales growth, %	22.5	15.8	22.3	15.8		14.6
Gross margin, %	12.9	12.5	12.4	12.1	12.8	12.6
Adjusted EBIT	20.4	14.6	38.7	28.7	68.4	58.5
Adjusted EBIT margin, %	2.7	2.3	2.5	2.3	2.4	2.2
Items affecting comparability	–14.3	0.3	–15.2	–3.3	–15.3	–3.4
Operating profit/loss	–3.9	5.0	3.6	5.6	13.2	15.2
Profit/loss for the period	0.4	10.5	1.9	8.7	13.3	20.1
Earnings per share before dilution (SEK)	0.02	0.36	0.06	0.30	0.46	0.69
Cash flow from operating activities			130.1	31.6		–32.4
Number of orders (thousand)	1,069	926	2,190	1,887	4,163	3,862
Average order value (SEK)	676	638	663	636	649	634
Active customers (thousand)	486	412	667	551	884	796

Strong progress in the transformation to a rapidly growing product category

The Nicotine Pouches category, while still in its infancy, continues to be the fastest growing harm reduced category across both Europe and the US. Haypp Group continues to make strong progress in the transformation to this rapidly growing product category. Nicotine pouches volume grew by 35 per cent during the second quarter. Nicotine Pouches now accounts for more than 50 per cent of the total volume during a quarter for the first time. Net sales for the Group increased by 23 per cent in constant currency, during the second quarter to SEK 2,881 m on an LTM-basis. Within Core Markets segment, the strong performance we have seen in our Norwegian market for the previous three quarters has continued to strengthen, predominantly driven by robust growth in Nicotine Pouches. In Sweden, we have seen a return to normal competitive conditions. In addition, the continued innovation in nicotine pouch products has attracted many smokers and traditional snus consumers, moving the traditional snus market into decline, in line with our expectations. Sweden is now on track to be the first OECD country to reach the globally recognized “smoke free” threshold, of below 5 per cent of adults smoking, in the next year. Within Growth Markets we saw an exceptional sales growth of 78 per cent with strong growth across all markets, particularly the US and UK. The EBITDA margin within Growth Markets increased almost 12 percentage points compared to the same quarter last year attributed by higher volumes which gradually gives greater economies of scale in several areas, and the profitability for the segment is not many quarters away. The gross margin for the Group increased to 12.9 per cent during the quarter from 12.5 per cent last year.

Resilient category

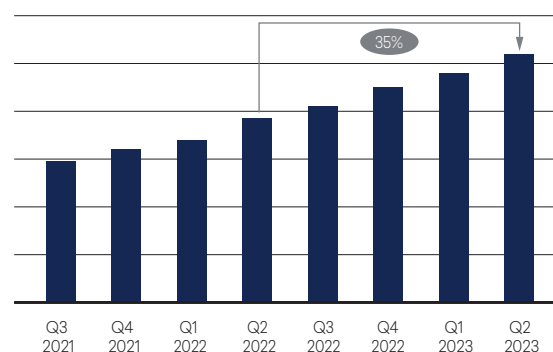
In an overall environment that has been increasingly focused on cost inflation and purchasing power, we can state that Haypp Group has a favourable position. Nicotine products, historically, have remained resilient in times of contracting consumer spending. In previous contractions, customers have often moved to alternative nicotine products which had a lower price. Given that nicotine pouches sell at a fraction of the price of cigarettes, due to the significantly lower harm and hence significantly lower taxes, the category is well positioned across many markets. We also expect to benefit from the price advantages of e-commerce versus traditional offline stores.



“There are still a billion cigarette smokers in the world, and a growing consumer demand for less harmful nicotine products as well as favourable regulatory developments has led a continuous acceleration in the number of consumers switching to harm reduced products”

The transformation towards nicotine pouches running according to plan

Volume nicotine pouches



Portfolio expansion

Haypp Group has since the turn of the year expanded its product portfolio to include vapes, alongside nicotine pouches, for consumers in the UK. We recently also included Vape on one of our stores in Sweden. This positions Haypp Group as the first e-commerce player to offer both nicotine pouches and vapes in the UK. The initiative to expand the product portfolio reflects a global trend where an increasing number of people reject cigarettes in favour of less harmful nicotine alternatives. Customers want safer nicotine that suits every occasion, and this involves offering reduced-risk nicotine alternatives that can be used and satisfy customers at all times of the day. It's still a pilot project but we have received a positive response from our customers and learned a lot, and we will evaluate the project in the near future and then decide on further actions.

New public health strategy in Norway

The Norwegian Parliament voted in beginning of June in favor of a new national tobacco strategy. The public health strategy comprises measures within most of the priority focus areas in Norwegian health policy and is renewed every four years and includes a national strategy for tobacco control. The proposed measures should be seen as a gross list of efforts, based on previous input from different health organisations. The publicized measure is not a legislative proposal, but a formulation in a strategy, with the aim to prevent minors from gaining access to tobacco products, and based on previous public health strategies, it's clear that far from all of these desired measures are being realised. While we share the Government's view on the issues addressed in the public health strategy, we do see the domestic online channel, including ourselves, already being fully committed to preventing youth access to nicotine products through robust and modern age verification processes. Our own age verification process has a zero failure rate in preventing underage buying from our e-com stores, which is unheard of for any age verification measure in physical stores. Hence, a ban on e-commerce is unlikely to be part of the solution for youth prevention. It was clear during the Norwegian parliamentary hearing the majority of the members did not support an online ban. On the back of this we remain confident that the legislation will continue support domestic online sales.

Healthier enjoyment

There are still a billion cigarette smokers in the world, and a growing consumer demand for less harmful nicotine products as well as favourable regulatory developments has led a continuous acceleration in the number of consumers switching to harm reduced products. We will ride on the wave of increasing demand, growth con-

“The EBITDA margin within Growth Markets increased almost 15 percentage points compared to the same quarter last year attributed by higher volumes which gradually gives greater economies of scale in several areas, and the profitability for the segment is not many quarters away.”

tinues 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.

Continued investments

We continue to invest in our technology, logistics and data infrastructure to ensure we can efficiently expand our business into new counties and adjacent categories. This will be rolled out in two phases: Firstly we will roll out a new backend infrastructure including an ERP and the interfaces to our applications. Once this is stable within each market, we will overlay it with an upgraded store infrastructure which will enable us to better utilize our group scale to improve the overall experience for our consumers. The first market to be rolled out is Norway starting at the end of Q3.

While our current infrastructure is robust, we are conscious of the continued growth opportunities, both within our existing markets and beyond. We believe now is the optimal timing to take our learnings and embed them in our operating model for the next phase of growth.

Well positioned

A strong balance sheet, non-cyclical product characteristics, and a capital light business model enables us to remain flexible in the current economic environment and capture emerging opportunities to further improve on our position. All in all, 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 in August 2023

Gavin O'Dowd
CEO

Financial overview

Net sales

Net sales for the second quarter increased with 23 per cent to SEK 768.8 m (627.6). In constant currency, Net sales increased by 23 per cent.

Net sales for the period increased with 22 per cent to SEK 1,550.1 m (1,267.6). In constant currency, Net sales increased by 22 per cent.

Gross Profit

Gross Profit increased to SEK 98.8 m (78.5), corresponding to a gross margin of 12.9 per cent (12.5), driven by a strengthened position in the value chain both in the Core and Growth business unit as well as benefits of scale.

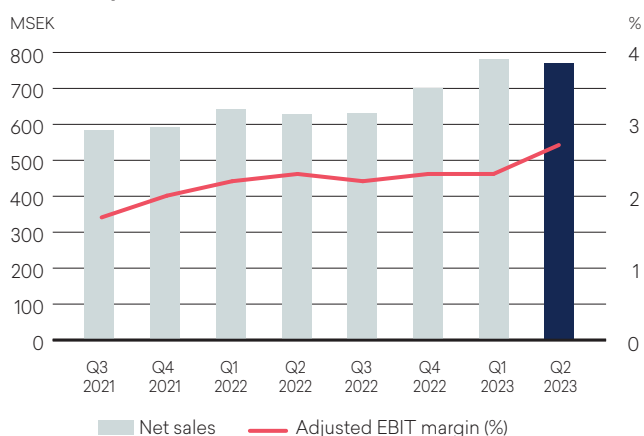
Gross Profit for the period increased to SEK 192.3 m (153.2), corresponding to a gross margin of 12.4 per cent (12.1).

Adjusted EBIT

Adjusted EBIT for the second quarter increased with 40 per cent to SEK 20.4 m (14.6). The increase was mainly due to higher gross margin, increased volume as well as efficiency, partially offset by continued investments. The adjusted EBIT margin increased to 2.7 per cent (2.3).

Adjusted EBIT for the period increased with 36 per cent to SEK 38.7 m (28.7). The adjusted EBIT margin increased to 2.5 per cent (2.3).

Quarterly overview



Operating profit/loss

Operating loss for the second quarter amounted to SEK -3.9 m (5.0). Items affecting comparability amounted to SEK -14.3 m (0.3).

Operating profit for the period amounted to SEK 3.6 m (5.6). Items affecting comparability amounted to SEK -15.2 m (-3.3). Adjustments include warrant program related compensations of SEK 14,3 million, as per AGM on the 17th of May 2023.

Financial items

Financial expenses (net) for the quarter amounted to SEK 5.4 m (8.5) mainly related to positive impact from exchange translation.

Financial expenses (net) for the period amounted to SEK -1.9 m (5.3).

Tax

The tax expense for the quarter was SEK -1.1 m (-2.9), of which SEK -2.3 m is related to income tax for the period and SEK 1.0 m relates to amortization of surplus values.

The tax expense for the period was SEK 0.2 m (-2.3).

Net Profit

Profit for the period decreased to SEK 1.9 m (8.7). Earnings per share for the period amounted to SEK 0.06 (0.29) after dilution.

Investments

During the period 2023, Haypp Group invested (net) SEK 27.0 m (18.3), whereof SEK 26.7 m (17.0) was invested in intangible assets as infrastructure development of stores, ERP and backend infrastructure.

Cash flow

Cash flow for the period from operating activities increased to SEK 42.6 m (36.7). Cash flow from changes in working capital was SEK 87.5 m (-5.1) due to decreased inventories as well as increased receivables and liabilities. Repayments of short-term loans are classified under financing activities.

Net debt and cash and cash equivalents

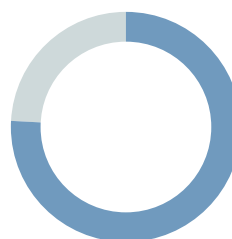
At the end of the period, the net debt amounted to SEK 110.4 m versus 185.1 per 31 December 2022. In total, cash and cash equivalents amounted to SEK 38.8 m, versus 15.2 at the end of last year. At the end of the period, unutilized credit facility amounted to SEK 57 m, versus SEK 23 m on 31 December 2022.

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 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	LTM	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	LTM
Core markets	586,556	525,260	1,202,041	1,066,065	2,281,262	45,373	43,529	95,780	84,448	185,342
EBITDA margin, %						7.7 %	8.3 %	8.0 %	7.9 %	8.1 %
Growth markets	182,225	102,307	348,035	201,559	600,002	-11,761	-18,519	-31,531	-36,477	-66,778
EBITDA margin, %						-6.5 %	-18.1 %	-9.1 %	-18.1 %	-11.1 %
Parent company/other	0	0	0	0	0	-14,343	279	-15,229	-3,307	-15,273
Reconciliation items		0		0	0	-80	-26	-59	-56	177
GROUP TOTAL	768,782	627,567	1,550,076	1,267,624	2,881,265	19,190	25,262	48,961	44,608	103,468
EBITDA margin, %						2.5 %	4.0 %	3.2 %	3.5 %	3.6 %
Depreciation & Amortization						-23,055	-20,309	-45,389	-38,972	-90,309
Financial items						5,453	8,536	-1,864	5,334	-4,910
PROFIT BEFORE TAXES						1,588	13,489	1,708	10,970	8,249

Core markets

Core markets

(Amounts in MSEK)	Q2 2023	Q2 2022	Change, %	Q1-Q2 2023	Q1-Q2 2022	Change, %	LTM	2022
Net sales	586.6	525.3	11.3 %	1,202.0	1,066.1	12.8 %	2,281.3	2,145.3
EBITDA	45.4	43.5	4.2%	95.8	84.4	13.4 %	185.3	174.0
EBITDA margin, %	7.7 %	8.3 %	-0.6p.p.	8.0 %	7.9 %	0.1p.p.	8.1%	8.1 %
Active customers (thousand)	383	340	13%	523	449	16%	693	637

Net sales

Net sales for the second quarter increased with 12 per cent to SEK 586.6 m (525.3), and 14 per cent in constant currency. Nicotine Pouches grew by 25 per cent in volume during the second quarter, driven by a strong general performance both in Sweden and Norway, while traditional snus category consumption is declining. The number of active customers increased with 13 per cent to 383 thousand (340).

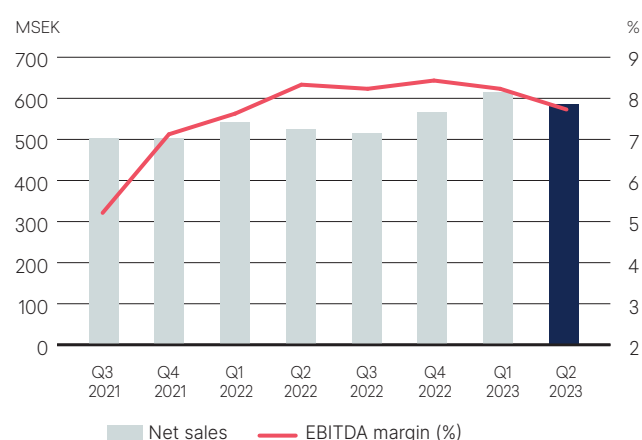
Net sales for the period increased with 13 per cent to SEK 1,202.0 m (1,066.1), and 14 per cent in constant currency. Nicotine Pouches grew by 28 per cent in volume during the period. The number of active customers increased with 16 per cent to 523 thousand (449).

EBITDA

EBITDA for the business unit increased with 4 per cent to SEK 45.4 m (43.5) during the second quarter. The EBITDA margin decreased with 0.6 percentage points and amounted to 7.7 per cent (8.3). Explained by a timing effects regarding the invoicing of some insights revenue as well as by further investments for future growth.

EBITDA for the business unit increased with 13 per cent to SEK 95.8 m (84.4) during the period. The EBITDA margin increased with 0.1 percentage points and amounted to 8.0 per cent (7.9).

Core markets



Growth markets

Growth markets

(Amounts in MSEK)	Q2 2023	Q2 2022	Change, %	Q1-Q2 2023	Q1-Q2 2022	Change, %	LTM	2022
Net sales	182.2	102.3	78.1 %	348.0	201.6	72.7 %	600.0	453.5
EBITDA	-11.8	-18.5	-36.5 %	-31.5	-36.5	-13.6 %	-66.8	-71.7
EBITDA margin, %	-6.5 %	-18.1 %	11.6p.p.	-9.1 %	-18.1 %	9.0p.p.	-11.1 %	-15.8 %
Active customers (thousand)	103	72	43%	144	102	41%	191	159

Net sales

Net sales for the second quarter increased with 78 per cent to SEK 182.2 m (102.3), mainly due to a strong performance in all markets, especially in the US and the UK. Net sales in constant currency grow by 70 per cent. The number of active customers increased with 43 per cent to 103 thousand (72), due to a positive momentum primarily in the nicotine pouches category. Nicotine Pouches grew by 55 per cent in volume during the quarter.

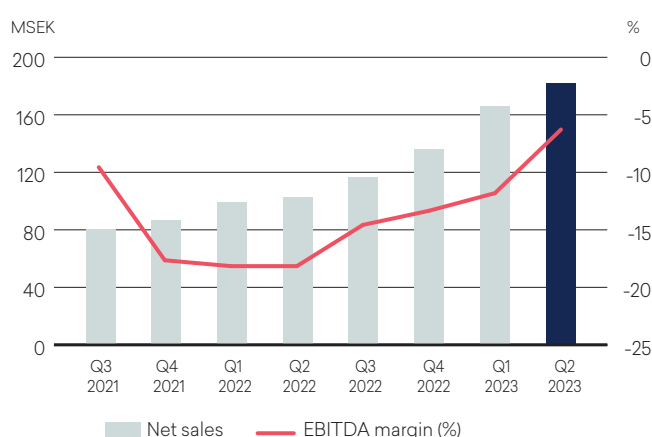
Net sales for the period increased with 73 per cent to SEK 348.0 m (201.6). Net sales in constant currency was 63 per cent. The number of active customers increased with 41 per cent to 144 thousand (102).

EBITDA

EBITDA for the business unit improved to SEK -11.8 m (-18.5) during the second quarter. The EBITDA margin amounted to -6.5 per cent (-18.1), due to continued higher volumes, which gradually gives greater economies of scale in several areas.

EBITDA for the business unit improved to SEK -31.5 m (-36.5) during the period. The EBITDA margin amounted to -9.1 per cent (-18.1).

Growth markets



Other information

Employees

The average number of full-time employees during the second quarter 2023 was 161, compared to 134 the same period last year. The increase was primarily attributable to expansion of the business.

Events after the balance sheet date

No significant events to report after the balance sheet date.

Shareholders

The total number of shareholders amounted to approximately 3,800 at the end of June.

Largest shareholders per June 30, 2023.

	Numbers of shares	Share of capital and votes
GR8 Ventures AB	4,323,953	14.85
Patrik Rees	3,627,423	12.46
Fidelity Investments (FMR)	2,909,789	9.99
Northerner Holding AB	2,797,917	9.61
MadHat AB	1,696,269	5.82
Gavin O'Dowd	1,179,391	4.05
e-Business Partner Norden AB	1,122,114	3.85
Ola Svensson	1,083,855	3.72
Pulsen Sb Investment AB	1,065,900	3.66
Erik Selin	1,000,000	3.43
Sum	20,806,521	71.44
Others	8,315,958	28.56
Total	29,122,479	100

Parent company

Haypp Group AB (Corp. Reg. No. 559075-6796), which is domiciled in Stockholm, Sweden, conducts holding operations. During the period other operating income amounted to SEK 1.8 m (2.2) and profit totalled SEK -3.2 m (-1.9). Total equity amounted to SEK 633.7 m (632.9) per 30 June 2023.

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.

The last wave of Covid impacted the Norwegian market in January 2022, creating a higher than normal baseline. Since then Haypp Group has seen the return of normal seasonality patterns with a general higher share of traveling during the summer and winter holidays.

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 2022 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.

Stockholm on 11 August 2023

Gavin O'Dowd
CEO

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

This is information that Haypp Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons below, at 07:45 CET on 11 August 2023.

Webcast conference call on 11 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 CEO Gavin O'Dowd and CFO Peter Deli, 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 8, 2023
Interim report for January–September, 2023

Second half of November, 2023
Capital Markets Day in Stockholm

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 800,000 active consumers during 2022. Headquartered in Stockholm, Sweden, Haypp Group employs 160 FTEs and have net sales of almost SEK 2.9 bn in the last twelve months to June 30, 2023.

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 increase 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.

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.

Haypp Group and sustainability

Haypp Group has a sustainable business model built on five strategic areas for sustainability. The areas are aligned with our vision and higher purpose while incorporated into our operations. Our contribution to sustainability, health and society go hand-in-hand with our business success. The better business we do, the better for society as a whole.

Continuous pursuit of sustainability

Haypp Group's sustainable business model makes sure that the business and operations are clearly related to the five strategic areas of sustainability and vice versa, so that sustainability is incorporated into the business actions.

Haypp Group reports on each of the five areas and uses a scorecard to follow certain metrics. Below is a selection from the scorecard with one metric per area which will be reported on a quarterly basis. For the full report please be referred to our annual Sustainability Report.



Sustainability area	Target	Measure	Q2 2023	Q1 2023	Full Year 2022
Health Contribution	Grow customers of harm reduced products	Number of purchasing customers	486,000	501,000	796,000
Insights for all	Enlightened people & public for awareness and understanding	Number of visits to editorial material, facts and reports	1,181,735	1,114,000	2,251,000
Sustainable innovation for growth and development	Quality assurance & Product development	Share of relevant portfolio tested & according to standard	88%	87%	85%
Best place to work	Great employer	Employee satisfaction in per cent	79%	81%	81%
Business Ethics	Delivering on the customer promise	Rate of customer satisfaction	69.3	72.5	74.4

Consolidated income statement

Amounts in KSEK	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	Last 12 months	Full Year 2022
Net sales	768,782	627,567	1,550,076	1,267,624	2,881,265	2,598,813
Capitalised work on own account	5,561	4,370	10,765	7,872	19,575	16,683
Other operating income	3,448	1,430	8,784	7,733	11,120	10,070
Total	777,791	633,367	1,569,625	1,283,230	2,911,961	2,625,565
Goods for resale	-669,937	-549,094	-1,357,752	-1,114,420	-2,513,640	-2,270,308
Other external costs	-29,134	-27,387	-63,044	-52,752	-119,613	-109,321
Personnel expenses	-54,076	-30,117	-92,671	-68,127	-164,776	-140,231
Depreciation and amortization of tangible and intangible assets	-23,055	-20,309	-45,389	-38,972	-90,309	-83,891
Other operating expenses	-5,454	-1,507	-7,196	-3,325	-10,463	-6,591
Sum expenses	-781,657	-628,415	-1,566,053	-1,277,595	-2,898,802	-2,610,343
Operating profit/loss	-3,865	4,952	3,572	5,635	13,159	15,222
Financial income/expense						
Financial income	7,384	9	7,763	7	22,184	14,428
Financial expenses	-1,930	8,527	-9,626	5,328	-27,094	-12,140
Financial net	5,453	8,536	-1,864	5,334	-4,910	2,287
Earnings Before Tax	1,588	13,488	1,708	10,969	8,249	17,509
Income tax	-1,148	-2,944	168	-2,319	5,060	2,573
Profit/loss for the period	440	10,544	1,876	8,650	13,308	20,082
Profit/loss for the period attributable to:						
The parent company's shareholders	440	10,544	1,876	8,650	13,308	20,082
Earnings per share, calculated on the earnings attributable to the parent company's shareholders during the period:						
Earnings per share before dilution (SEK)	0.02	0.36	0.06	0.30	0.46	0.69
Earnings per share after dilution (SEK)	0.01	0.36	0.06	0.29	0.45	0.68

Consolidated statement of comprehensive income

Amounts in KSEK	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	Last 12 months	Full Year 2022
Profit/loss for the period	440	10,544	1,876	8,650	13,308	20,082
Other comprehensive income:						
Items that may be reclassified to profit or loss						
Foreign currency translation differences	2,309	-2,983	-4,442	2,757	-1,366	5,834
Total other comprehensive income	2,309	-2,983	-4,442	2,757	-1,366	5,834
Total Comprehensive income	2,749	7,561	-2,566	11,407	11,942	25,916
Total comprehensive income for the year attributable to:						
Parent company shareholders	2,749	7,561	-2,566	11,407	11,942	25,916
Average number of shares before dilution	29,123,090	29,099,979	29,122,785	29,099,979	29,119,587	29,108,184
Average number of shares after dilution	29,596,731	29,512,704	29,584,664	29,601,831	29,496,440	29,502,411

Consolidated balance sheet

Amounts in KSEK	2023-06-30	2022-12-31
ASSETS		
Fixed assets		
Intangible assets		
Goodwill	158,555	161,985
Customer relationships	100,228	107,697
Trademarks	130,081	139,345
Websites	21,790	24,573
Capitalized development costs	89,219	75,212
Total intangible assets	499,872	508,811
Tangible assets		
Leasehold improvements	1,344	833
Equipment	3,004	3,553
Total tangible assets	4,348	4,386
Financial assets		
Non-current receivables	7,277	7,451
Total financial assets	7,277	7,451
Right-of-use assets	79,503	88,944
Deferred tax assets	17,673	19,337
Total fixed assets	608,673	628,929
Current assets		
Inventories		
Goods for resale	148,546	222,773
Current receivables		
Accounts receivable	64,347	62,022
Current tax recoverable	2,746	2,124
Other receivables	85,758	41,792
Prepaid expenses and accrued income	68,699	48,444
Cash and cash equivalents	38,819	15,196
Total current receivables	260,368	169,578
Total current assets	408,914	392,351
TOTAL ASSETS	1,017,587	1,021,280

Consolidated balance sheet cont.

Amounts in KSEK	2023-06-30	2022-12-31
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,911	1,908
Translation differences	-5,021	-579
Retained earnings (including net profit/loss for the year)	-91,472	-93,348
Total equity	598,916	597,539
LIABILITIES		
Non-current liabilities		
Non-current lease liability	55,693	64,070
Deferred tax liabilities	19,799	21,725
Other liabilities	4,939	5,866
Total non-current liabilities	80,431	91,662
Current liabilities		
Bank overdraft	71,300	114,607
Current lease liability	22,243	21,616
Accounts payable	78,903	91,915
Current tax liabilities	291	1,798
Other liabilities	33,669	48,509
Accrued expenses and deferred income	131,835	53,633
Total current liabilities	338,240	332,078
Total liabilities	418,671	423,740
TOTAL EQUITY AND LIABILITIES	1,017,587	1,021,280

Consolidated statement of changes in equity

Amounts in KSEK	Share capital	Other contributed capital	Translation differences	Retained earnings	Total equity
Opening balance, 2022-01-01	1,906	686,553	-6,413	-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	2,757	8,650	11,407
New share issue*	1	111			112
Total transactions with shareholders in their attribute as shareholders	1	111	0	0	112
Closing balance, 2022-06-30	1,907	686,664	-3,655	-104,780	580,136
Opening balance, 2023-01-01	1,908	689,558	-579	-93,348	597,539
Profit/loss for the year				1,876	1,876
Other comprehensive income for the year			-4,442		-4,442
Total comprehensive income	0	0	-4,442	1,876	-2,566
New share issue*	3	3,940			3,943
Total transactions with shareholders in their attribute as shareholders	3	3,940	0	0	3,943
Closing balance, 2023-06-30	1,911	693,498	-5,021	-91,472	598,916

* After deduction of issue costs

Consolidated statement of cash flow

Amounts in KSEK	YTD Q2 2023	YTD Q2 2022
Cash flow from operating activities		
Operating profit	3,572	5,635
Adjustment for non-cash items:		
- Depreciation and amortization of tangible and intangible assets	45,389	38,972
- Other non-cash items	580	-3,630
Interest received	52	0
Interest paid	-4,769	-2,509
Income tax paid	-2,236	-1,743
Cash flow from operating activities before change in working capital	42,588	36,724
Cash flow from change in working capital		
Increase/decrease in inventories	74,321	-7,073
Increase/decrease in operating receivables	-63,406	10,419
Increase/decrease in operating liabilities	76,600	-8,425
Total change in working capital	87,516	-5,080
Cash flow from operating activities	130,104	31,645
Cash flow from investing activities		
Investment in intangible assets	-26 662	-17 040
Investment in tangible assets	-760	-397
Change in other financial assets	439	-840
Cash flow from investing activities	-26 983	-18 277
Cash flow from financing activities		
New loans	-1,307	-1,698
Change bank overdraft	-43,307	-1,888
Repayment of loans	-26,928	0
Repayment of leasing debt	-9,947	-8,741
New share issue ¹	719	420
Cash flow from financing activities	-80,770	-11,906
Decrease/increase in cash and cash equivalents		
Opening cash and cash equivalents	15,196	49,055
Cash flow for the period	22,351	1,461
Exchange-rate differences in cash and cash equivalents	1,272	2,114
Closing cash and cash equivalents	38,819	52,630

¹ Cost after deduction of issue costs

Parent Company income statement

Amounts in KSEK	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	Last 12 months	Full Year 2022
Other operating income	1,157	1,661	1,795	2,165	5,445	5,815
Total	1,157	1,661	1,795	2,165	5,445	5,815
Other external costs	-794	-1,457	-1,801	-1,052	-4,517	-3,768
Personnel expenses	-2,480	-1,688	-4,045	-3,026	-7,020	-6,002
Depreciation and amortization of tangible and intangible assets	-13	-13	-25	-25	-50	-50
Other operating expenses	-2	-2	-5	-2	-4	-1
Sum expenses	-3,288	-3,159	-5,876	-4,105	-11,591	-9,821
Operating profit/loss	-2,131	-1,498	-4,081	-1,940	-6,147	-4,007
Financial income/expense						
Profit from shares in group companies	0	0	0	0	-2,000	-2,000
Interest income and other financial income	-1	0	-1	0	8,763	8,763
Interest and other financial expenses	-1	-4	-1	-4	-1,132	-1,134
Result from financial income/expenses	-2	-4	-2	-4	5,631	5,629
Earnings Before Tax	-2,133	-1,502	-4,083	-1,944	-516	1,622
Appropriations	0	0	0	0	21,000	21,000
Earnings before tax	-2,133	-1,502	-4,083	-1,944	20,484	22,622
Income tax	0	0	880	0	-802	-1,682
Profit/loss for the period	-2,133	-1,502	-3,203	-1,944	19,682	20,940

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	2023-06-30	2022-12-31
ASSETS		
Fixed assets		
Intangible assets		
Capitalized development costs	62	87
Total intangible assets	62	87
Financial assets		
Shares in subsidiaries	321,592	321,592
Deferred tax assets	3,430	2,551
Non-current receivables	2,783	2,909
Non-current intercompany receivables	299,458	335,130
Total financial assets	627,263	662,182
Total fixed assets	627,326	662,269
Current assets		
Current receivables		
Receivables from group companies	7,545	9,286
Current tax recoverable	36	0
Other receivables	4,146	1,355
Prepaid expenses and accrued income	742	551
Total current receivables	12,470	11,192
Cash and cash equivalents	1,893	1,650
Total current assets	14,363	12,842
TOTAL ASSETS	641,688	675,111

Parent Company balance sheet cont.

Amounts in KSEK	2023-06-30	2022-12-31
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	1,911	1,908
Non-restricted equity		
Premium fund	693,498	689,558
Retained earnings	-58,526	-79,466
Profit/loss for the period	-3,203	20,940
Total equity	633,680	632,941
LIABILITIES		
Non-current liabilities		
Non-current intercompany liabilities	4,329	39,313
Other liabilities	1,082	82
Total non-current liabilities	5,412	39,396
Current liabilities		
Current liabilities to group companies	175	1,130
Accounts payable	102	15
Other liabilities	240	167
Accrued expenses and deferred income	2,080	1,463
Total current liabilities	2,597	2,775
Total liabilities	8,008	42,171
TOTAL EQUITY AND LIABILITIES	641,688	675,111

Notes

General information

Haypp Group AB (publ) 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 (publ) 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 2022. For further information regarding the Group's and the Parent Company's applied accounting principles, see the Group's Annual Report 2022.

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 2022.

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 2023 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 70 855.

In the second quarter a strike of warrants has resulted in 55 000 new shares, share capital increased with SEK 3 603 and other contributed capital increased with SEK 793 337. The exercise price was SEK 14,48 per share.

At the Annual General Meeting in May 2023 it was decided to issue 800 000 new warrants to employees, increasing other contributed capital by SEK 3 224 000. The duration of these warrants is three years from 2023-05-31.

Key ratios

Amounts in MSEK	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	Last 12 months	Full Year 2022
Income statement						
Net sales growth, %	22.5	15.8	22.3	15.8		14.6
Adjusted EBITDA	33.5	25.0	64.2	47.9	118.7	102.5
Adjusted EBITDA margin, %	4.4	4.0	4.1	3.8	4.1	3.9
Adjusted EBIT	20.4	14.6	38.7	28.7	68.4	58.5
Adjusted EBIT margin, %	2.7	2.3	2.5	2.3	2.4	2.2
Operating profit/loss	-3.9	5.0	3.6	5.6	13.2	15.2
Balance sheet						
Net working capital	156.6	111.9	156.6	111.9	156.6	229.5
Net debt			110.4	84.3	110.4	185.1
Investments			-27.0	-18.3		-49.3
Net debt/Adjusted EBITDA, times					0.9	1.8
Equity/Total assets ratio, %	58.8	59.6	58.8	59.6		58.5
Cash flow						
Cash flow from operating activities			130.1	31.6		-32.4
Data per share						
Earnings per share after dilution (SEK)	0.01	0.36	0.06	0.29	0.45	0.68
Equity per share after dilution (SEK)	20.2	19.7	20.2	19.6	20.3	20.3
Cash flow from operating activities per share after dilution (SEK)			4.4	1.1		-1.1
Average number of shares after dilution	29,596,731	29,512,704	29,584,664	29,601,831	29,496,440	29,502,411

Segment information by quarter

Amounts in MSEK	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Net sales per business unit								
Core markets	501.3	503.6	540.8	525.3	514.4	564.8	615.5	586.6
Growth markets	80.6	86.9	99.3	102.3	116.3	135.7	165.8	182.2
EBITDA per business unit								
Core markets	26.0	36.4	40.9	43.5	42.3	47.3	50.4	41.4
Growth markets	-7.8	-15.3	-18.0	-18.5	-17.0	-18.2	-19.8	-11.8
EBITDA margin per business unit (%)								
Core markets	5.2 %	7.2 %	7.6 %	8.3 %	8.2 %	8.4 %	8.2 %	7.7 %
Growth markets	-9.7 %	-17.6 %	-18.1 %	-18.1 %	-14.6 %	-13.4 %	-11.9 %	-6,5 %
Active customers per business unit (thousand)								
Core markets	321	324	343	340	355	376	401	383
Growth markets	61	68	71	72	76	82	100	103

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 mainly include fees to external financial and commercial advisors.

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.

Amounts in MSEK	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	Last 12 months	Full Year 2022
EBIT margin						
EBIT	-3.9	5.0	3.6	5.6	13.2	15.2
Net sales	768.8	627.6	1,550.1	1,267.6	2,881.3	2,598.8
EBIT margin, %	-0.5	0.8	0.2	0.4	0.5	0.6
Adjusted EBIT						
EBIT	-3.9	5.0	3.6	5.6	13.2	15.2
Amortisation of acquired intangible assets	10.0	9.9	19.9	19.8	40.0	39.9
Less items affecting comparability:						
Consulting and advisory costs	0.0	0.0	0.7	0.0	0.7	0.0
Acquisition, integration and restructuring costs	14.3	-0.3	14.6	3.3	14.6	3.4
Adjusted EBIT	20.4	14.6	38.7	28.7	68.4	58.5
Adjusted EBIT margin, %	2.7	2.3	2.5	2.3	2.4	2.2
EBITDA						
EBIT	-3.9	5.0	3.6	5.6	13.2	15.2
Depreciation/amortisation and impairment of assets	23.1	20.3	45.4	39.0	90.3	83.9
EBITDA	19.2	25.3	49.0	44.6	103.5	99.1
EBITDA margin						
EBITDA	19.2	25.3	49.0	44.6	103.5	99.1
Net sales	767.1	627.6	1,548.4	1,267.6	2,879.6	2,598.8
EBITDA margin, %	2.5	4.0	3.2	3.5	3.6	3.8
Adjusted EBITDA						
EBITDA	19.2	25.3	49.0	44.6	103.5	99.1
Less items affecting comparability:						
Consulting and advisory costs			-0.7		-0.7	
Acquisition, integration and restructuring costs	-14.3	0.3	-14.6	-3.3	-14.6	-3.4
Adjusted EBITDA	33.5	25.0	64.2	47.9	118.7	102.5
Adjusted EBITDA margin, %	4.4	4.0	4.1	3.8	4.1	3.9

Amounts in MSEK	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	Last 12 months	Full Year 2022
Adjusted operating expenses						
Sum expenses	-781.7	-628.4	-1,566.1	-1,277.6	-2,898.8	-2,610.3
Other operating income	3.4	1.4	8.8	7.7	11.1	10.1
Capitalised work on own account	5.6	4.4	10.8	7.9	19.6	16.7
Cost of Goods sold (-)	669.9	549.1	1,357.8	1,114.4	2,513.6	2,270.3
Depreciation and amortization of tangible and intangible assets	23.1	20.3	45.4	39.0	90.3	83.9
Less items affecting comparability:						
Consulting and advisory costs			-0.7		-0.7	
Acquisition, integration and restructuring costs	-14.3	0.3	-14.6	-3.3	-14.6	-3.4
Adjusted operating expenses	-65.3	-53.5	-128.1	-105.3	-248.9	-226.0
Net debt						
Non-current lease liability					55.7	64.1
Bank overdraft					71.3	114.6
Current lease liability					22.2	21.6
Cash and cash equivalents					-38.8	-15.2
Net debt					110.4	185.1
Net debt / adjusted EBITDA						
Net debt					110.4	185.1
Adjusted EBITDA					118.7	102.5
Net debt/Adjusted EBITDA, times					0.9	1.8
Items affecting comparability						
Consulting and advisory costs			-0.7		-0.7	
Acquisition, integration and restructuring costs	-14.3	0.3	-14.6	-3.3	-14.6	-3.4
Items affecting comparability	-14.3	0.3	-15.2	-3.3	-15.3	-3.4
Equity per share after dilution						
Total equity	598.9	580.1	598.9	580.1		597.5
Average number of shares after dilution	29,596,731	29,512,704	29,584,664	29,601,831	29,496,440	29,502,411
Equity per share after dilution (SEK)	20.2	19.7	20.2	19.6		20.3
Cash flow from operating activities per share after dilution						
Cash flow from operating activities			130.1	31.6		-32.4
Average number of shares after dilution	29,596,731	29,512,704	29,584,664	29,601,831	29,496,440	29,502,411
Cash flow from operating activities per share after dilution (SEK)			4.4	1.1		-1.1

Net working capital

Amounts in MSEK	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Goods for resale	148.5	154.1	222.8
Accounts receivable	64.3	61.0	62.0
Other receivables	85.8	29.7	41.8
Prepaid expenses and accrued income	68.7	39.0	48.4
Accounts payable	-78.9	-76.6	-91.9
Accrued expenses and deferred income	-131.8	-95.4	-53.6
Net working capital	156.6	111.9	229.5

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, 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.

