Interim Report – Q3

November 2024

Today’s presenters

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CEO

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Why we exist – inspiring healthier enjoyment for millions

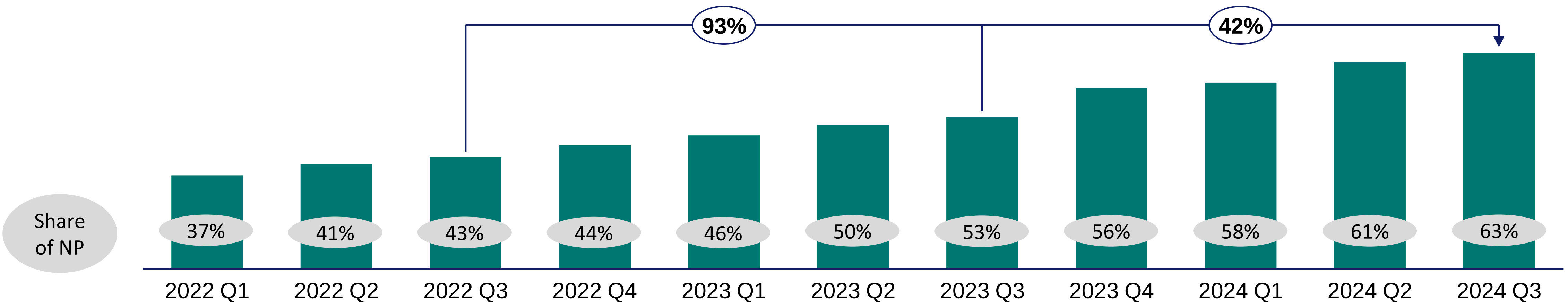
Interim Report – Q3

HAYPP GROUP

Operational highlights

- **Strong performance from all three segments with continued robust nicotine pouch volume growth**
  - The consumer demand for less harmful nicotine products continues to increase.
  - Nicotine pouch volume grew 42 per cent for the Group during the quarter.
  - Nicotine pouches accounted for 63 per cent of the Group's sales volume during Q3, first quarter with nicotine pouches share was above 50% in all markets.
  - Nicotine pouches grew 32 per cent in the Core segment and 58 per cent in the Growth segment, despite US headwinds in September.
  - 64% quarter over quarter sales growth in Emerging division

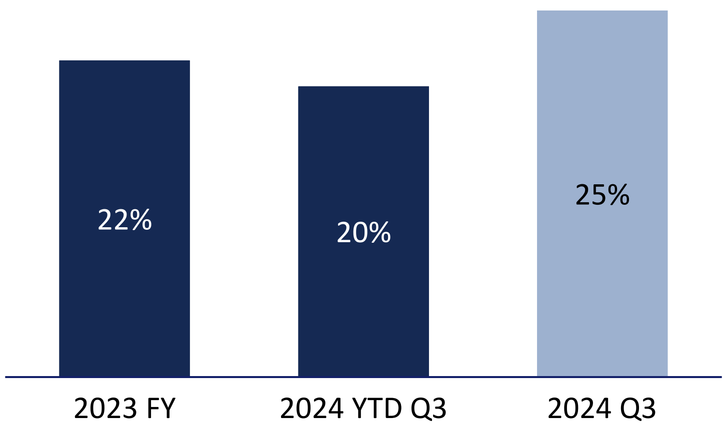
Haypp Group Nicotine pouch volume



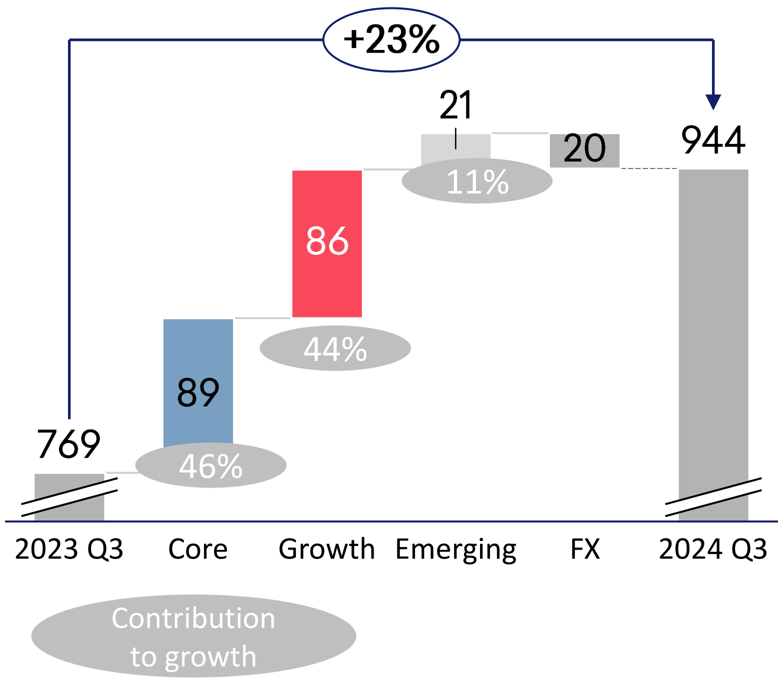
Financial overview – Sales development

- Reported Net sales for the Group increased 23 per cent to SEK 944.2 m (768.8) for the third quarter. In constant currency, net sales increased 25 per cent.
- Growth was driven by the NP category, with nicotine vaping in the Emerging segment mitigating the effect of the snus decline.

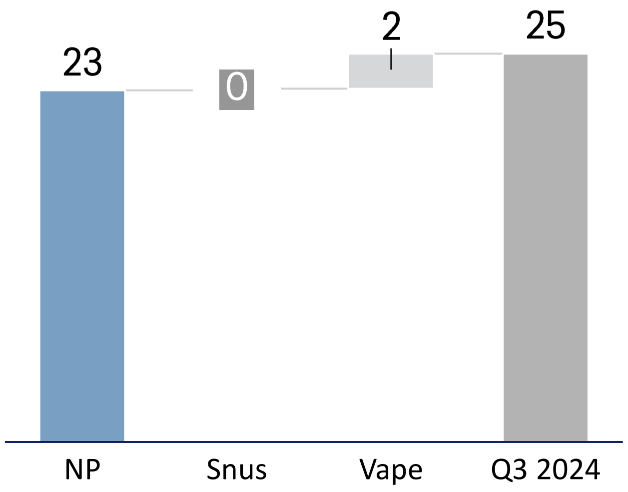
Sales growth above historical levels
(excl. FX)



Net sales growth drivers



Net sales growth drivers (%)
(excl. FX)

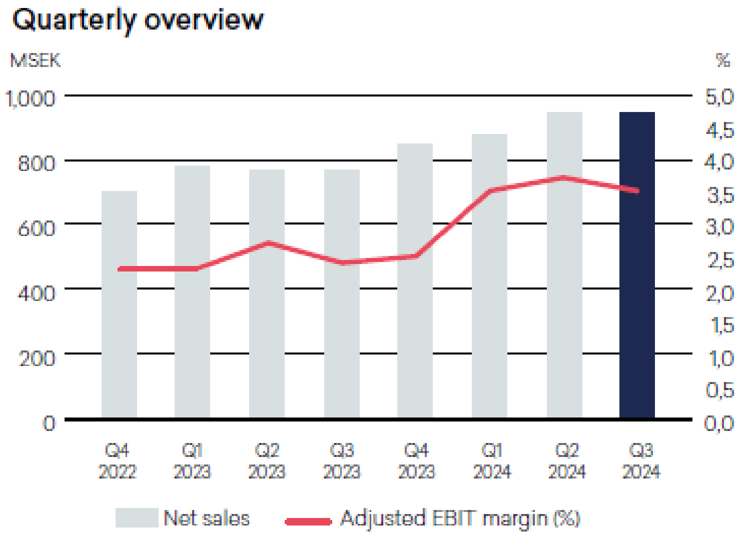


NP includes goods sales, media, shipping income and insights revenue

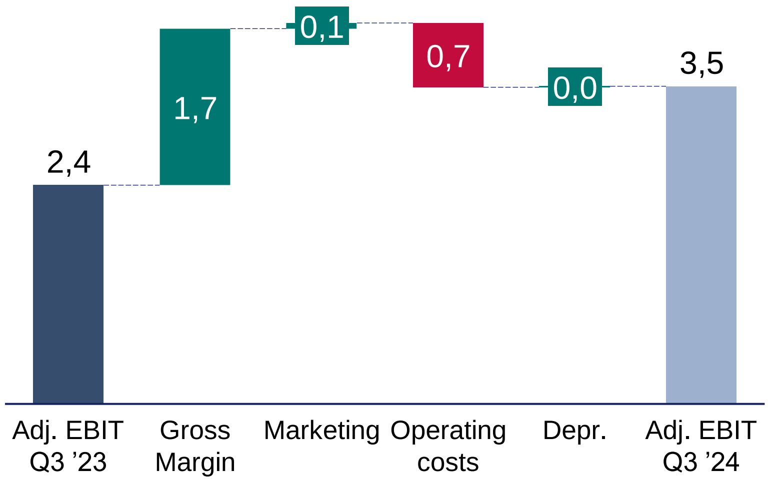
Financial overview - Profitability

- Gross margin for the quarter increased by 1.7 percentage points to 14.3 per cent (12.6) driven by a strengthened position in the value chain both in the Core and Growth business unit as well as further benefits of scale.
- Part of the gross margin was reinvested into improving Haypp's capabilities, mainly in the Emerging division.
- Adjusted EBIT for the third quarter grew by 81 per cent to SEK 33.1 m (18.3). The adjusted EBIT margin increased to 3.5 per cent (2.4).
- Cash flow from operating activities for the period increased to SEK 159.1 m (127.9).

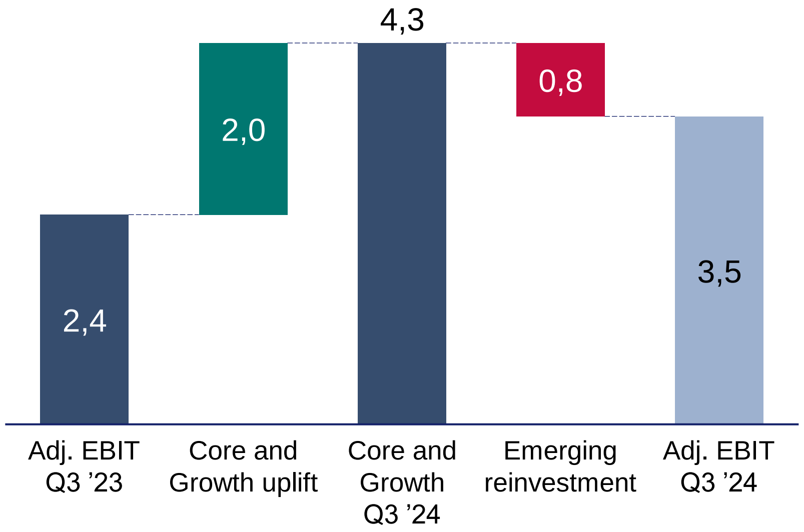
Total Group adj. EBIT %



Total Group adj. EBIT% drivers



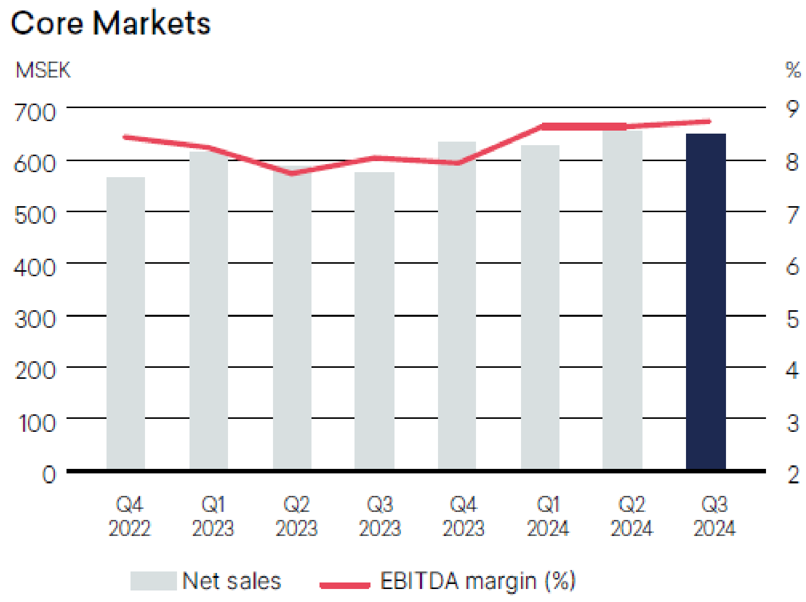
Emerging segment impact



Core markets

- Net sales increased 13 per cent to SEK 649.5 m (573.6) for the third quarter. In constant currency, net sales increased by 16 per cent.
- Nicotine pouch volume grew 32 per cent during the quarter; snus continued to decline as expected.
- The number of active customers increased by 7 percent to 417 thousand (390).
- EBITDA for the segment was SEK 56.4 m (45.6). The EBITDA margin amounted to 8.7 per cent (8.0), mainly attributable to economies of scale.

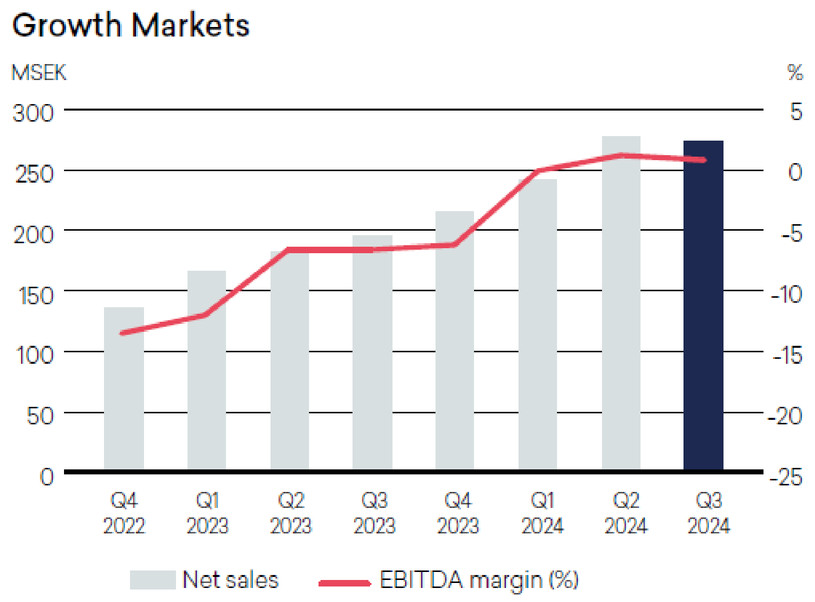
(Amounts in MSEK)	2024 Q3	2023 Q3	LTM	Full-Year 2023
Net sales	649.5	573.6	2,562.0	2,407.5
EBITDA	56.4	45.6	216.4	191.6
EBITDA margin, %	8.7	8.0	8.4	8.0
Active customers (thousand)	417	390	748	732



Growth markets

- Net sales increased 40 per cent to SEK 273.8 m (195.3) for the third quarter, mainly driven by a strong performance in the US. In constant currency, net sales increased by 44 per cent.
- Nicotine pouch volume grew by 58 percent during the quarter.
- The number of active customers increased by 73 percent to 182 thousand (105).
- EBITDA for the business unit increased to SEK 2.5 m (-12.7), corresponding to an EBITDA margin of 0.9 per cent (-6.5), due to economies of scale, offset by continued commercial investments.

(Amounts in MSEK)	2024 Q3	2023 Q3	LTM	Full-Year 2023
Net sales	273.8	195.3	1,007.6	758.2
EBITDA	2.5	-12.7	-7.1	-57.4
EBITDA margin, %	0.9	-6.5	-0.7	-7.6
Active customers (thousand)	182	105	328	222



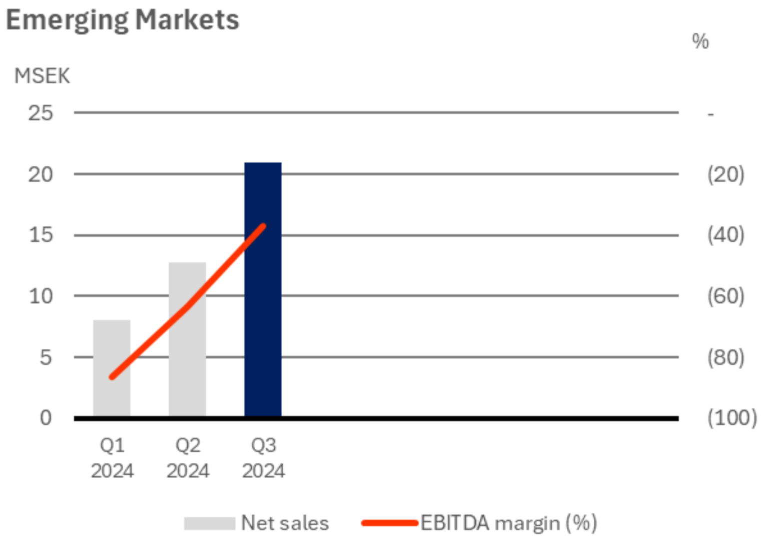
Emerging markets

- Net sales for the third quarter, amounted to SEK 21.0 m from the vape segment in the Sweden, UK and Germany sequentially up by 64% vs Q2 2024 (SEK 12.8 mn).

- Active customers now reached 20 thousand.

- EBITDA for the business unit was SEK -7.8 m. The EBITDA margin amounted to -37.1 per cent driven by commercial investments and a high share of fixed costs compared with current volumes.

(Amounts in MSEK)	2024 Q3	2023 Q3	LTM	Full-Year 2023
Net sales	21.0	-	41.8	-
EBITDA	-7.8	-	-22.8	-
EBITDA margin, %	-37.1	-	-54.7	-
Active customers (thousand)	20	-	31	-



Selected KPIs

	2024 Q3	2023 Q3	LTM	Full-Year 2023
Operational				
Number of orders (thousand)	1,281	1,068	4,897	4,426
Average order value (SEK)	687	683	687	672
Active customers (thousand)	618	496	1,110	953
Balance sheet				
Inventories (MSEK)	237.9	175.4	-	263.3
Net working capital (MSEK)	206.2	183.4	-	253.1
Net debt (MSEK)	149.9	131.1	-	224.5
Investments (MSEK) YTD	-68.7	-42.5	-	-61.0
Net debt/Adjusted EBITDA, times	-	-	0.8	1.7
Equity/Total assets ratio, %	58.8	61.6	-	56.7
Cash flow				
Cash flow from operating activities (MSEK) YTD	159.1	127.9	-	80.5
Closing cash and cash equivalents (MSEK)	20.1	39.7	-	11.4

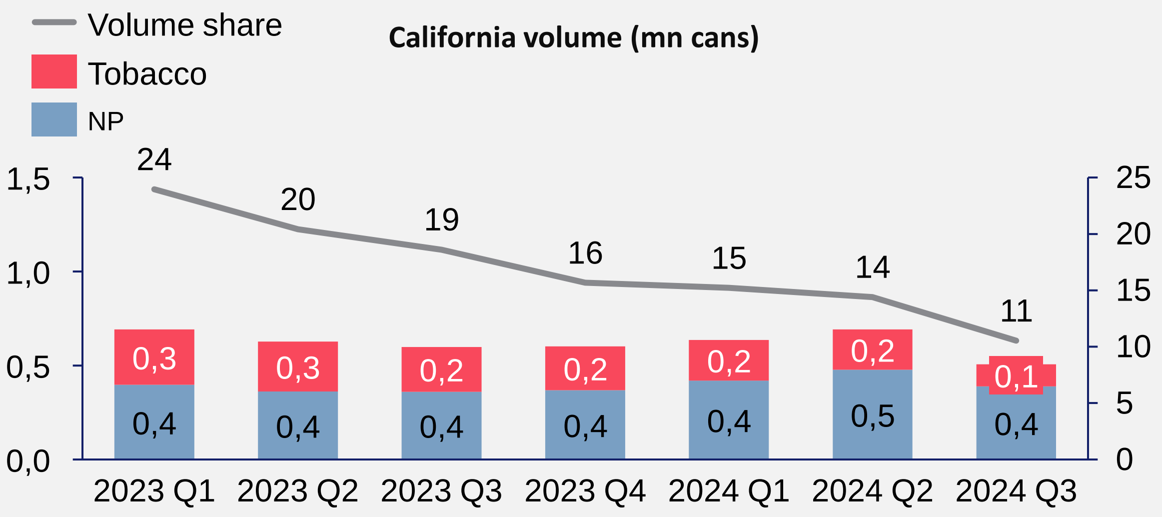
Legal and regulatory update

- Positive long-term developments in Swedish and UK legislation
  - Sweden recently changed its official tobacco policy goal from reducing all tobacco use to reducing the social and medical harms of tobacco and nicotine products.
  - The UK: recently re-introduced the Tobacco and Vapes Bill which reinforces the importance of nicotine vaping products; proposed taxation likewise further embeds RRPs.
- Haypp Group had two regulatory issues in the latter part of Q3, one in Sweden and one in San Francisco, California:
  - In Sweden, the Stockholm Stad Licensing Committee's decision to revoke Haypp Group's tobacco products license will not materially affect revenue or profit outlook during the appeals process that is likely to take 1–2 years.
  - The San Francisco City Attorney filed a complaint regarding the sale of flavored nicotine pouches against Haypp Group's subsidiary in US and three other entities.
- California introducing new legislation removing the exception for online channel to sell flavored nicotine and tobacco products

California flavor regulation impact

California

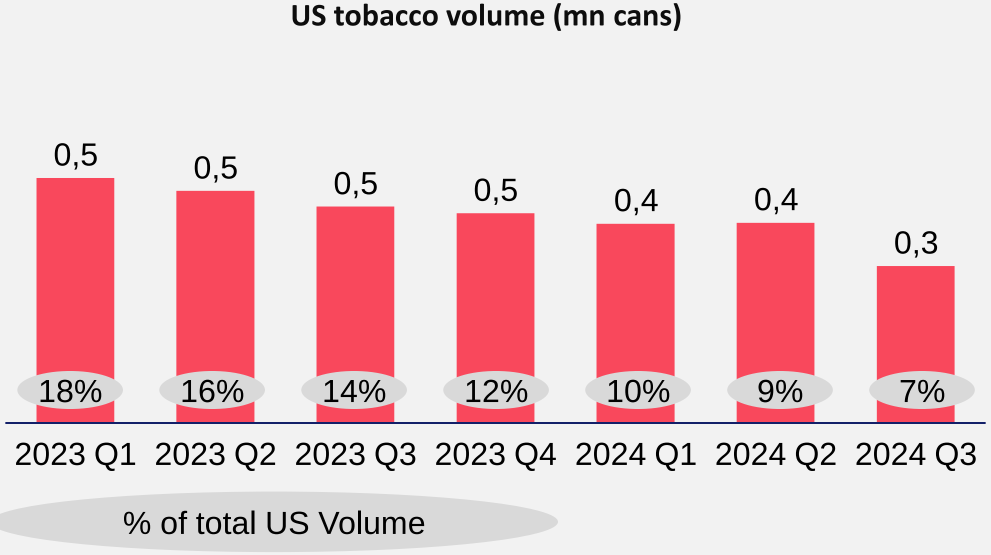
- Upcoming legislation banning flavored nicotine and tobacco products online.
- Uncertain legal and operating environment.



California sales suspended until regulatory situation clarified

US tobacco products

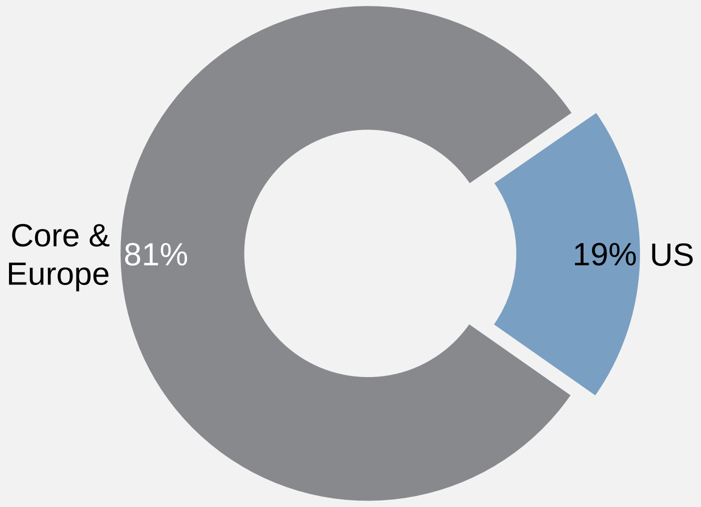
- Reduced importance to the US business over the past 5 years.
- Half of tobacco volume was flavored products sold into California.

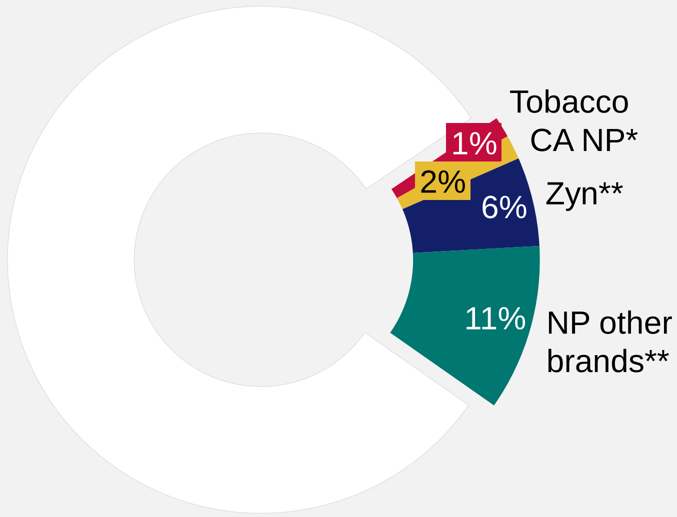


Anticipated closure brought forward to Q4 '24 from end of 2025 to simplify the business

US portfolio fragmentation

Haypp Group Q3 volume breakdown



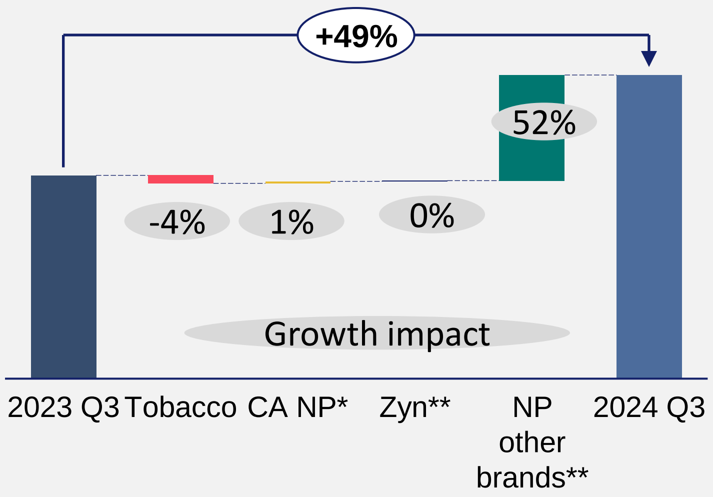


- US growing to be a significant part of the business

- US tobacco material part but in decline
- California: slow growth and impacted by new legislation
- Zyn remains substantial amount of our base, negligible supply expected for Q4

*Including Zyn
** Excluding California

Q3 US growth drivers



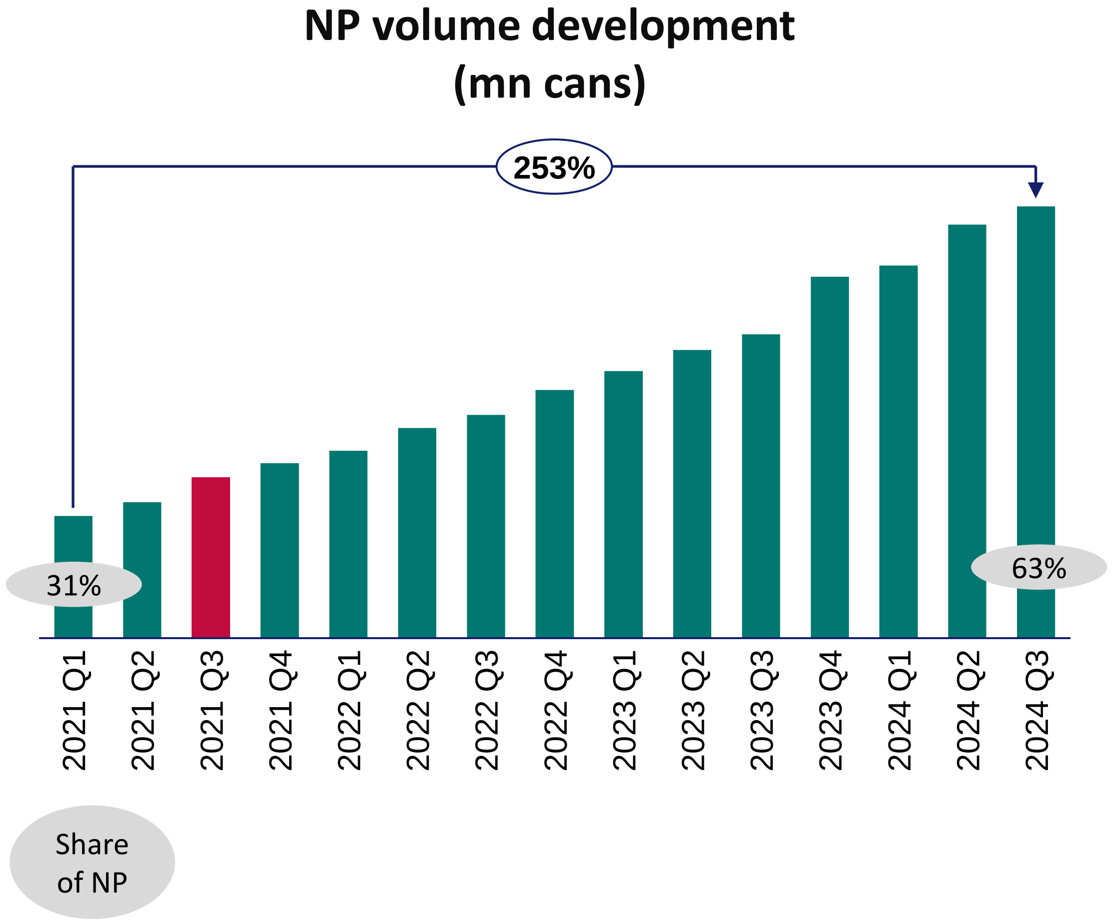
- Rapid growth in challenger brands from late 2023[1)]
- New brands coming to market in 2024 showing good traction and more strong brands are expected
- Zyn despite big in base, limited contribution to growth in 2024 Q3

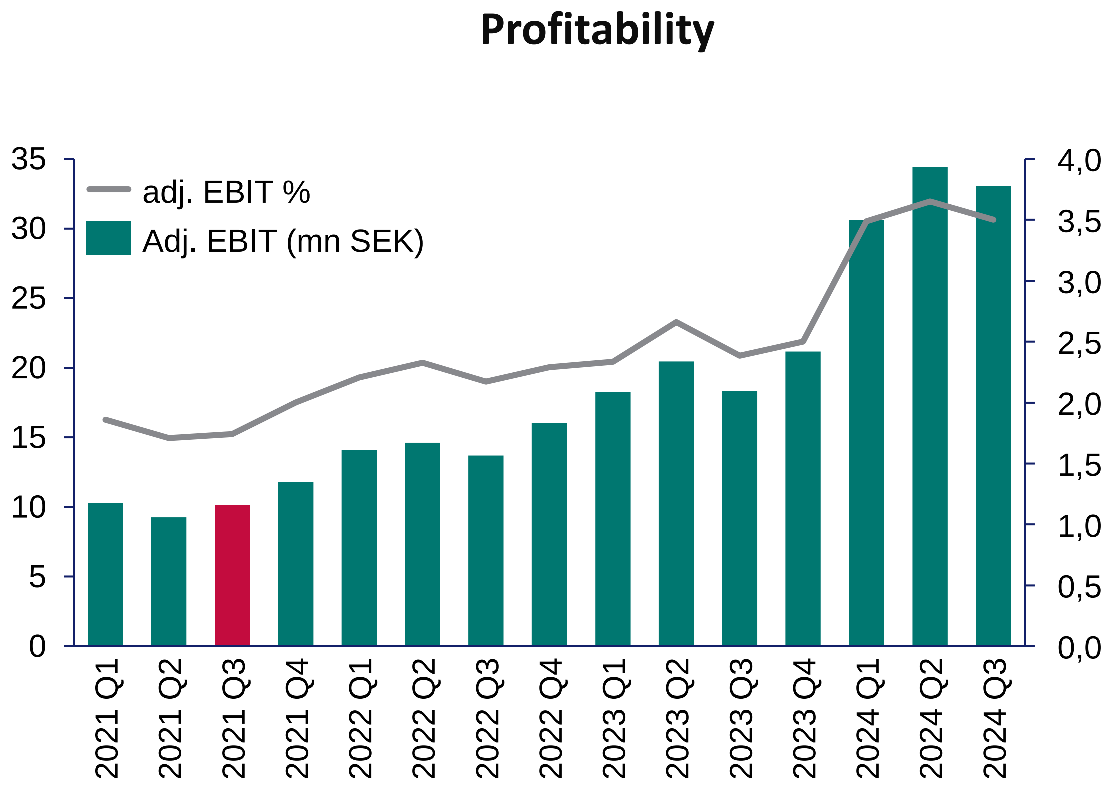
*Including Zyn
** Excluding California
1) refer to Haypp Group Q2 2024 results

Long term performance and outlook

3 years since IPO…

- **Rapid growth in the strategically important segment**
- **Improved and stable profitability**





Outlook

- Countinued strong commercial performance in Q3 due to a robust operating model
- With tightening legislation our commitment to compliance is expected to be a significant competitive advantage
- Long term fundamentals remains robust for risk reduced products, for the channel and for Haypp Group

Underpinning the success

Performance

Operating model

Technology and processes

People and culture

Inspiring healthier enjoyment for millions


HAYPP GROUP
Inspiring healthier enjoyment for millions
ZYN