

A hand holding a magnifying glass over a document. The magnifying glass is positioned over the right side of the page, and the text 'HAYPP GROUP' is visible through the lens.

# HAYPP GROUP

## Q2 2025 Report

Aug 07, 2025

# Today's presenters



**Gavin O'Dowd**  
CEO



**Peter Deli**  
CFO



# Q2 2025 Report

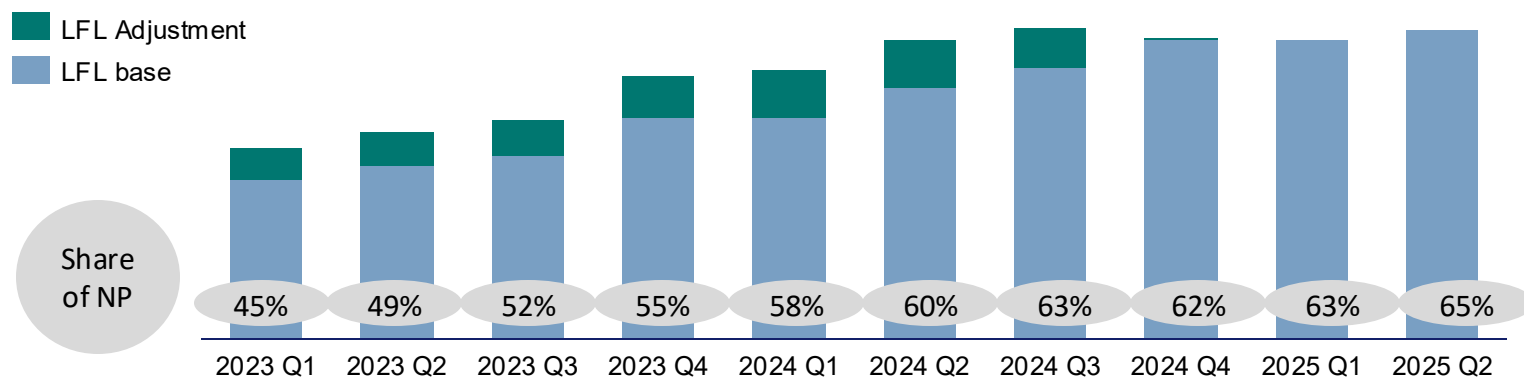


# Operational highlights

## Consistent performance despite a tough comparator

- NP LFL volume grew 23% in Q2 with a tough comparison in the year ago period\*
  - Easter impact: 26% growth for the period March to June
  - Exceptional traffic in US due to wide-spread market shortage of Zyn in Q2 24 led to a substantial rise in sales of non-Zyn products
- LFL Net sales excluding FX grew 20% March to June
  - L12M LFL sales +21%
- Q2 gross margin increased to a record high 19 per cent (14 per cent in 2024) showing the potential of Haypp's business model
  - L12M GM +36% / +3.5 ppt

Haypp Group nicotine pouch volume



LFL adjustment includes US Zyn, other NPs into closed states and tobacco products

Nicotine pouch YoY volume growth

	'25 v '24	'24 v '23	CAGR '25 v '23
Q1	35%	40%	37%
Q2	23%	46%	34%

# US market development and investment

## Fragmentation and growth continue

- Category growth remains robust and licit NP volumes/sales have overtaken legal vapes
- Fragmentation of the category continued with further introductions of FDA allowed products
- For RRP's and especially NP's regulatory stability appears intact with a promising outlook. FDA is placing a greater emphasis on confronting illicit trade, especially illicit vapes
- Overall conditions for a compliant online retailer like Haypp are steadily improving, with consistent RRP MGO requirements (e.g. Juul & Zyn)

## Boosting US capabilities and initiatives

Building out the team to increase focus and adaptation to the market's unique complexities

- Commercial: Chief Commercial Officer to lead US effort; Head of Consumer Acquisition
- Legal and Engagement: Head of Legal; VP of Regulatory Affairs

Programs underway to:

- Improve consumer retention / loyalty
  - Same Day Delivery pilot successful
  - Revised loyalty program
- Awareness and acquisition initiatives
  - Testing and evaluation underway
  - Will remain prudent on spending until we have clarity

Restoration of Zyn supply expected in H2 2025

# Legal and regulatory update

## **Litigation update**

- Haypp Group continues to manage legal proceedings in two jurisdictions: Stockholm, Sweden and San Francisco, California
  - In Stockholm, the appeals process is ongoing and expected to take between 1 and 6 months
  - In San Francisco, settlement discussions are ongoing

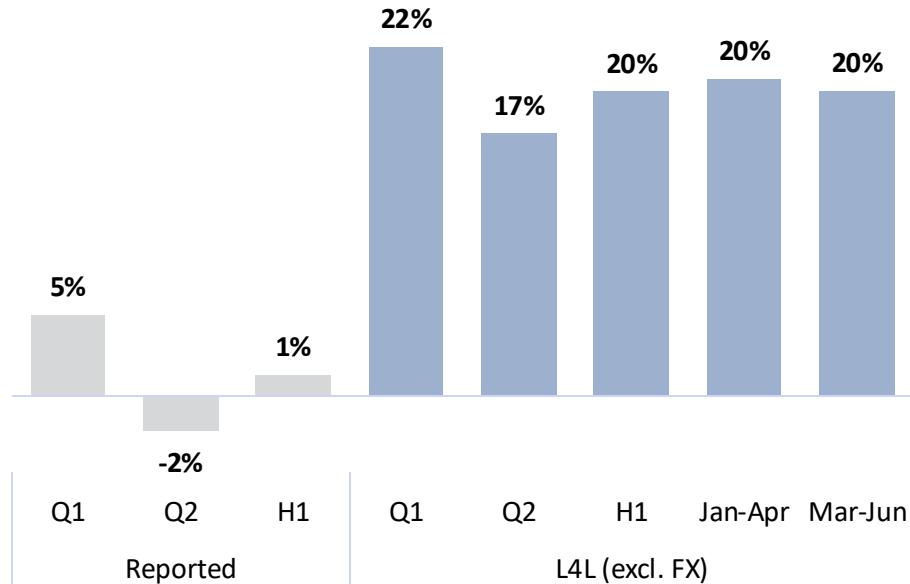
## **Regulatory update**

- The European Commission's Tobacco Taxation Directive (TTD) proposal was released in Q2 2025, which included significant excise increases for reduced-risk products, including nicotine pouches. The TTD recommendation sparked resistance from several member states, including Sweden, Italy, Romania, Greece and Bulgaria. Opposition is driven by reasons including national sovereignty over taxes, declining smoking rates and inflationary concerns
- While the TTD is likely to take years to finalise, we welcome the Commission's recognition of nicotine pouches as a distinct product category, which is an important step toward comprehensive EU-wide regulation
- In the UK, a nationwide ban on disposable nicotine vaping devices came into effect on June 1, 2025. Vape manufacturers changed to similarly branded rechargeable pod systems to limit consumer confusion, and we believe the shift benefits online retailers over the long term. Haypp is in full compliance with the new regulation, however the transition by offline retailers from disposables continues

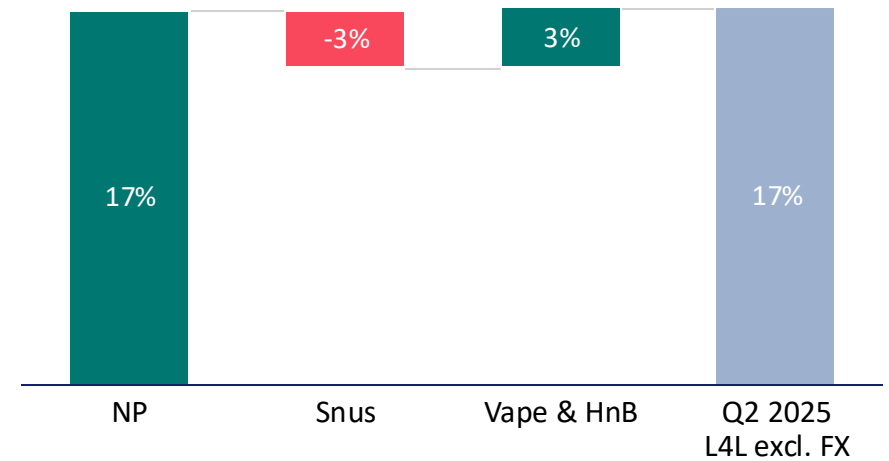
# Sustained sales performance - impacted by Easter timing effect

- Easter phasing affected comparability
- Excluding Easter LFL net sales growth was stable (20%)
- NP remains the growth driver with the snus decline offset by Vape & HnB products

Net sales growth (vs LY%)

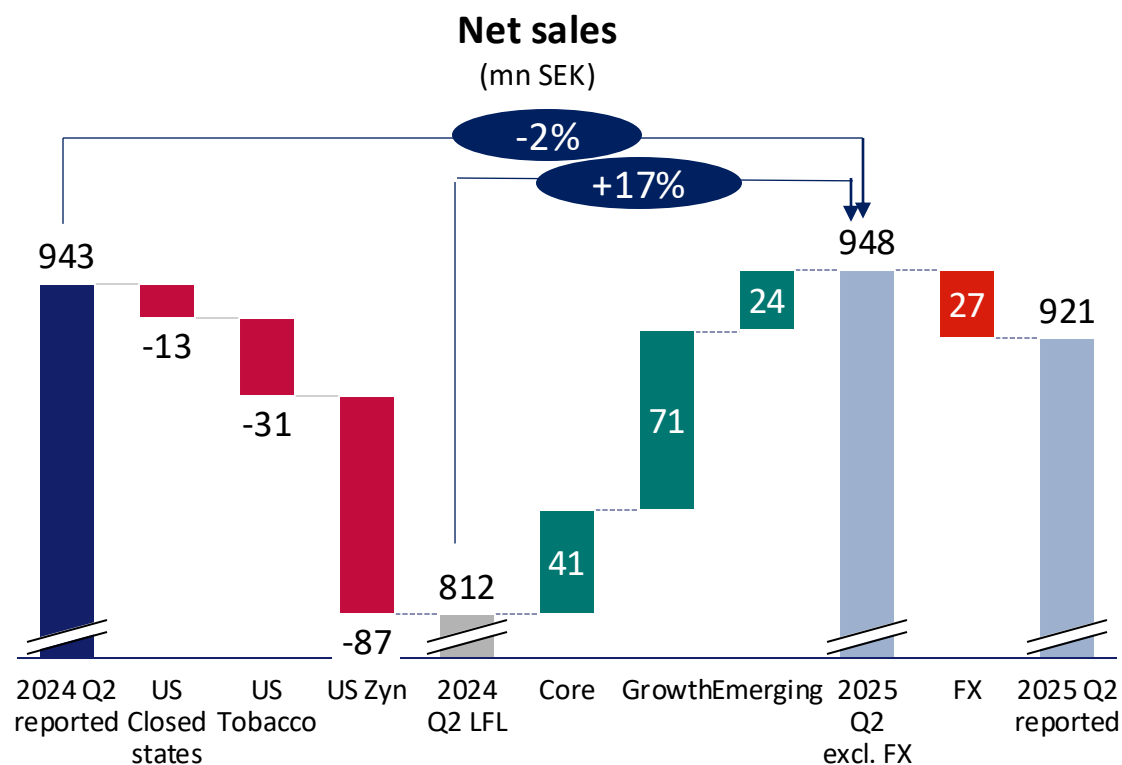


Net sales LFL\* growth drivers



# Financial overview – LFL sales development

- LFL growth mainly driven by US
- Reported sales were negatively affected by foreign exchange movements, primarily due to the depreciation of the Norwegian krone and US dollar against the Swedish krona



	Q2 Reported	Q2 LFL (excl. FX)*	Mar-Jun LFL (excl. FX)*
Core	+4%	+6%	+9%
Growth	-26%	+49%	+51%
<b>Total</b>	<b>+2%</b>	<b>+17%</b>	<b>+20%</b>

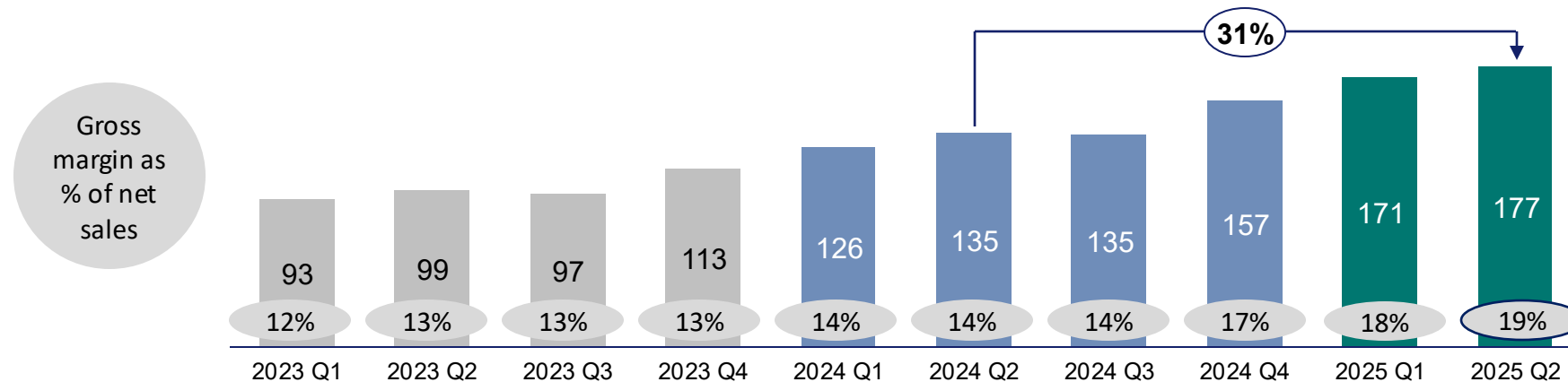
\*LFL: 2024 baseline excludes loss of US Zyn, US tobacco products and closed state sales



# Financial overview – strong gross margin expansion

The Group's gross margin expanded by nearly 5ppt vs last year to 19 per cent (SEK 177mn) driven by three factors:

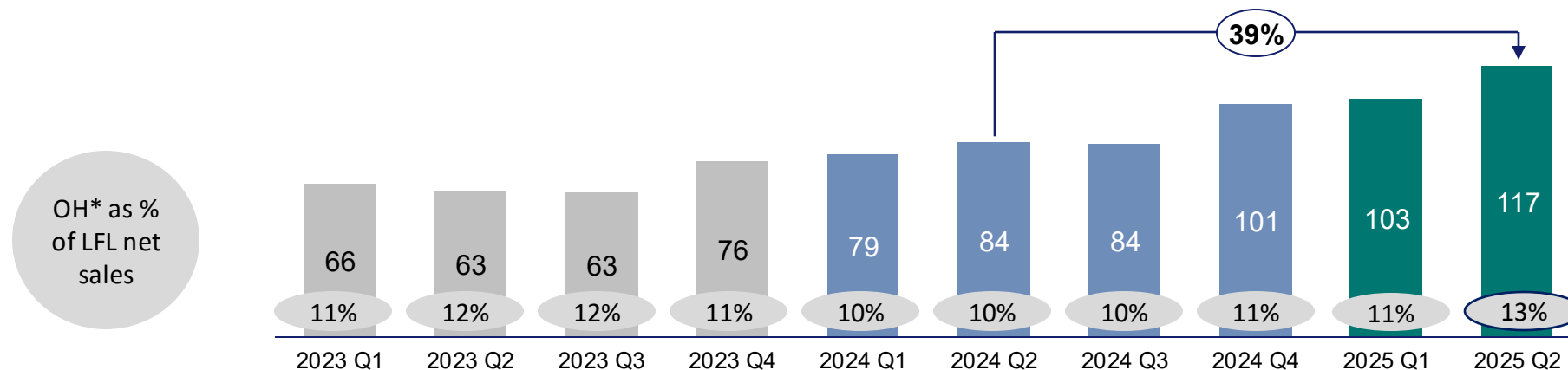
- Mix benefit from discontinuation of US tobacco, state closures and Zyn shortage and NP share growth
- Improved Media & Insights value
- Scale benefits in fulfilment



# Financial overview – Overheads investments beginning

The Group's overhead base\* increased to SEK 117mn (+39% vs Q2 2024) for the second quarter mainly driven by the US and other Growth markets initiatives to enhance:

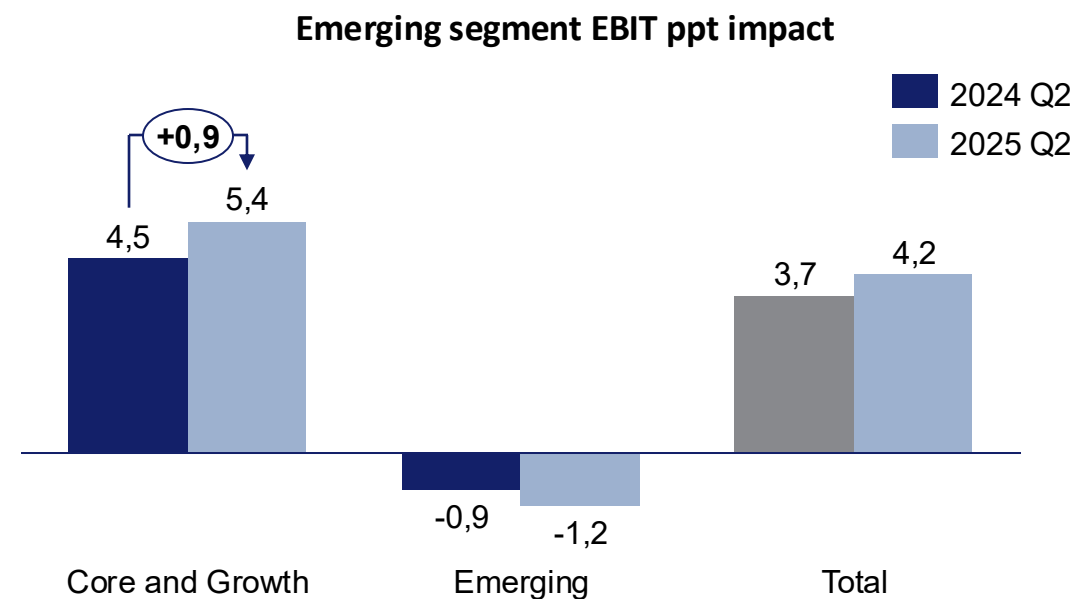
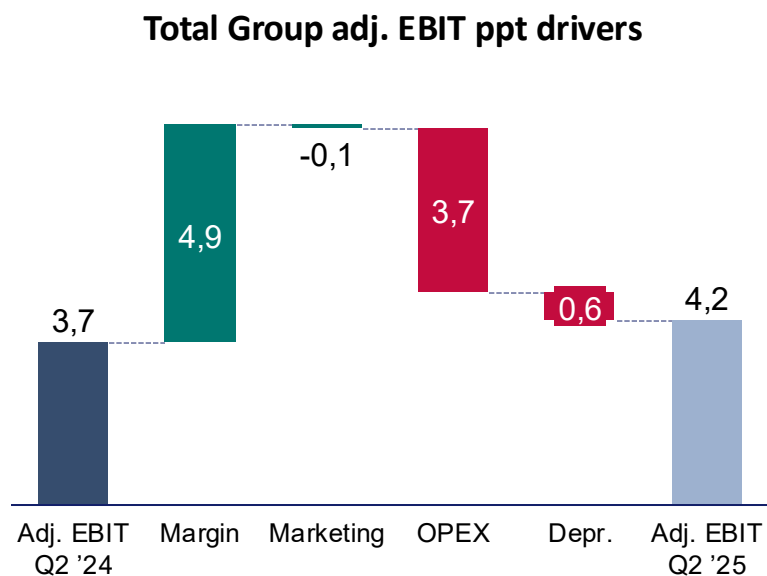
- Local team capabilities
- Category awareness & PR efforts



\*Capitalised work on own account + Other external costs + Personnel expenses; excluding adjusting items

# Financial overview - Profitability

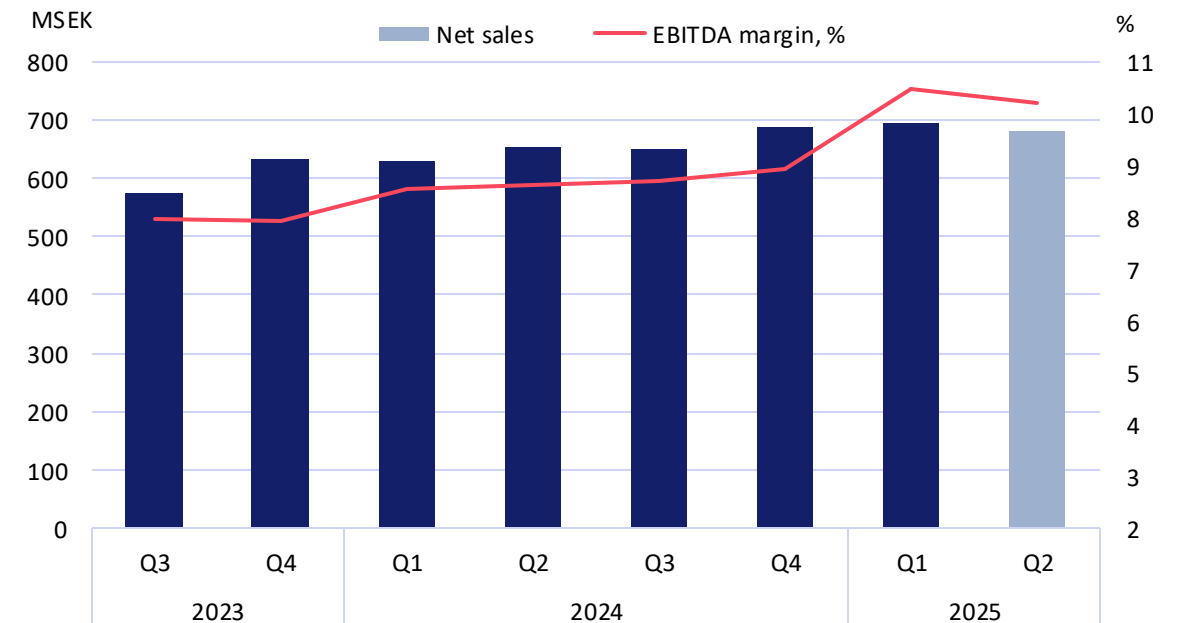
- Adjusted EBIT for the second quarter grew by 11 per cent and amounted to SEK 38.3mn (34.5). The adjusted EBIT margin increased to 4.2 per cent (3.7)
- In Q2 investment into the US organization increased combined with higher PR spend in Europe to further boost brand awareness.
- Cash flow from operating activities for the period increased to SEK 103.4mn (89.4)



# Core Markets

- Net sales increased 4 per cent and reached SEK 679.3mn (653.0) for the second quarter. In constant currency, net sales increased by 6 per cent, and by 9% adjusting for the phasing of Easter
- Nicotine pouch volume – which is over 55% (49%) of Core volume – grew 15 per cent during the quarter; snus continued to decline as expected
- The number of active consumers decreased by 1 per cent to 398 thousand (404). Growth of NP consumers was offset by a reduction in the snus consumer base
- EBITDA for the segment was SEK 69.3mn (56.3). The EBITDA margin amounted to 10.2 per cent (8.6) mainly attributable to increased media revenue

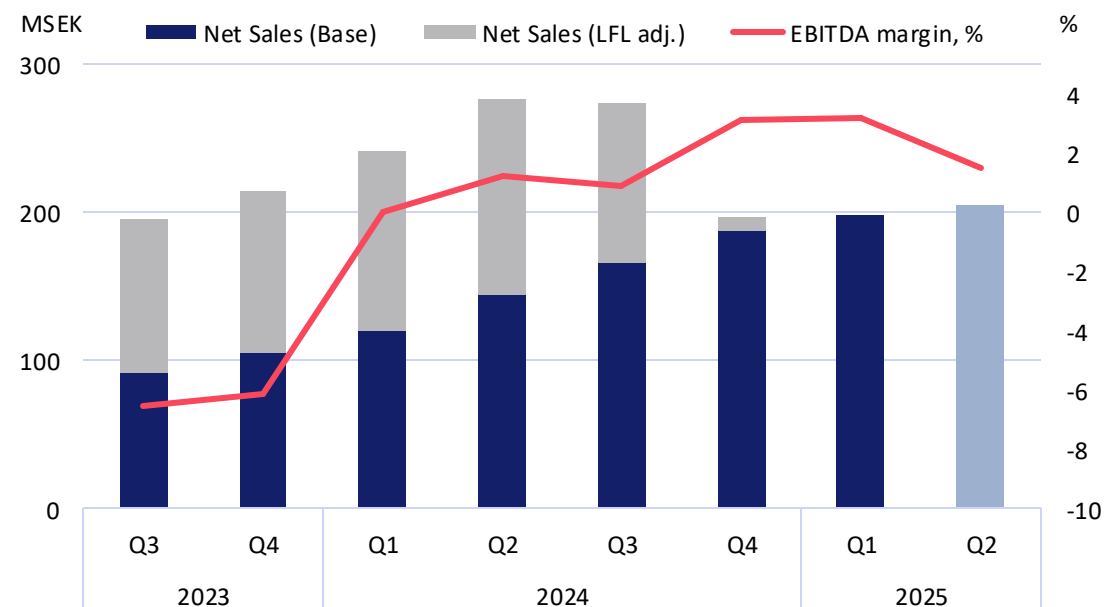
MSEK	2025 Q2	2024 Q2	LTM	Full-Year 2024
Net sales	679.3	653.0	2,710.4	2,619.0
EBITDA	69.3	56.3	259.3	227.3
EBITDA margin, %	10.2%	8.6%	9.6%	8.7%
Active consumers (thousand)	398	404	762	756



# Growth Markets

- Reported net sales decreased by 26 per cent to SEK 205.7mn (277.1) for Q2 driven by loss of US Zyn, US tobacco products and closed state sales. LFL net sales at constant currency increased by 49%
- The number of active consumers decreased by 34 per cent to 115 thousand (174). This reduction was driven by factors noted above as well as the exceptionally high intake of new US consumers driven by the initial Zyn shortage
- Nicotine pouch volume grew by 40 per cent on a LFL basis (reported 13 per cent decline) during the quarter
- EBITDA increased to SEK 3.1mn (3.5), an EBITDA margin of 1.5 per cent (1.3%), due to favorable product mix and Media & Insights
- Quarter over quarter reduction in profitability driven by increased overhead investments

MSEK	2025 Q2	2024 Q2	LTM	Full-Year 2024
Net sales	205.7	277.1	875.2	989.7
EBITDA	3.1	3.5	18.1	12.2
EBITDA margin, %	1.5%	1.3%	2.1%	1.2%
Active consumers (thousand)	115	174	290	327

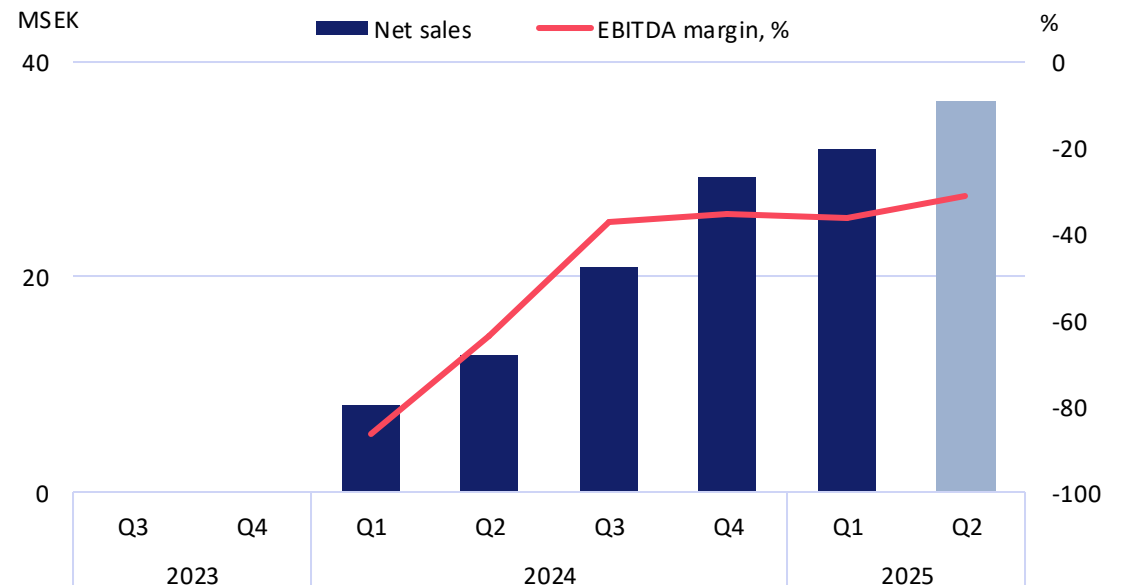




# Emerging Markets

- Net sales for the second quarter amounted to SEK 36.4mn with growth in all markets (UK, SE, DE)
- The ban on disposable vapes in the UK created market turbulence. Offline retail's transition to compliant products is still ongoing
- The number of active consumers reached 24 thousand
- EBITDA was SEK -11.4mn. The EBITDA margin of -31.3 per cent was driven by commercial investments and a high share of fixed costs relative to current volumes

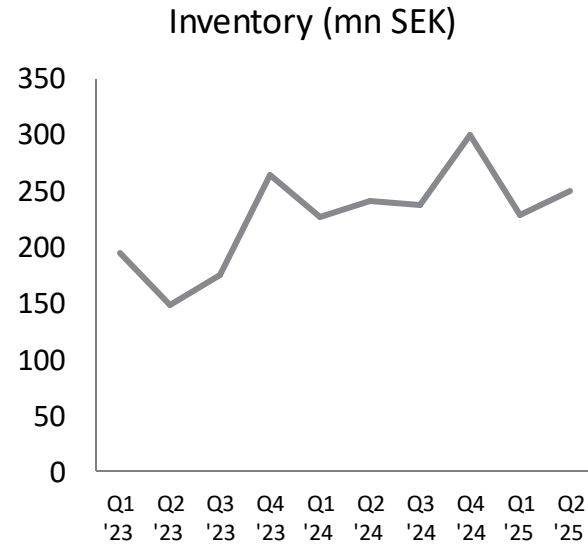
MSEK	2025 Q2	2024 Q2	LTM	Full-Year 2024
Net sales	36.4	12.8	118.5	71.1
EBITDA	-11.4	-8.1	-41.2	-33.3
EBITDA margin, %	-31.3%	-63.6%	-34.7%	-46.8
Active consumers (thousand)	24	14	50	63



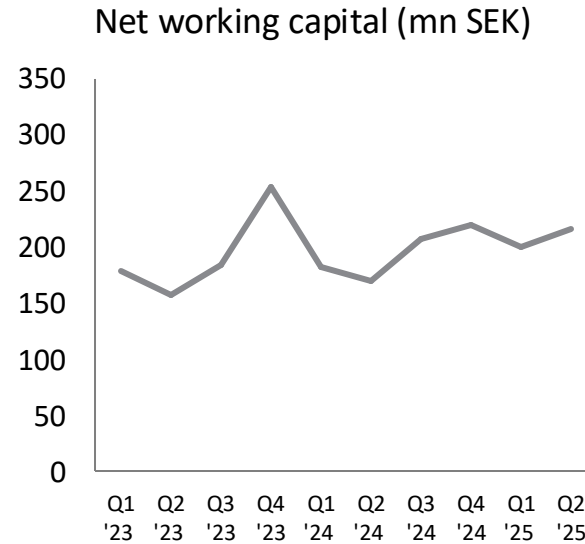
# Selected KPIs

- Q2 balance sheet remained healthy with Net Debt to adj. EBITDA ratio @ 0.4x
- Inventory turnover 12x times on a LTM basis

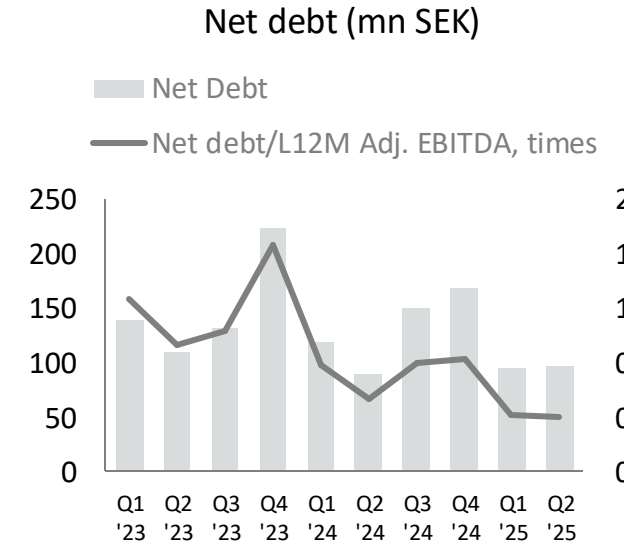
## Inventory levels healthy



## Stable working capital



## Leverage remains low: 0.4 x LTM adj. EBITDA



# Outlook



# Outlook

- Long term fundamentals remains robust for risk reduced products, for the online channel and for Haypp
- The Group's operating model continues to deliver increasing value for consumers and suppliers while growing the company's gross margin
- With tightening legislation Haypp's commitment to compliance is expected to be a significant competitive advantage
- US investment implies lower profit margins in H2

# Long term target

**Haypp Group's Board of Directors adopted the following financial targets for 2028:**

## **Sales**

- Revenue growth range of 18-25 per cent CAGR annually. 2025 growth is expected to be below this range

## **Profitability**

- Adjusted EBIT margin of 5.5 percent +/- 150 basis points

## **Dividend policy**

- The Board of Haypp Group expects to reinvest cash flows into the company's continued expansion



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# Appendices

07/08/2025

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# Selected KPIs

	2025 Q2	2024 Q2	LTM	Full-Year 2024
<b>Operational</b>				
Number of orders (thousand)	1,170	1,252	4,853	4,946
Average order value (SEK)	702	699	694	690
Active customers (thousand)	536	591	1,101	1,146
<b>Balance sheet</b>				
Inventories (MSEK)	249.1	240.1	-	298.7
Net working capital (MSEK)	216.2	169.6	216.2	219.5
Net debt (MSEK)	97.4	90.3	97.4	169.0
Investments (MSEK) YTD	-55.2	-40.0	-	-116.7
Net debt/Adjusted EBITDA, times	-	-	0.4	0.8
Equity/Total assets ratio, %	59.2	55.6	-	55.4
<b>Cash flow</b>				
Cash flow from operating activities (MSEK) YTD	137.1	189.1		196.4
Closing cash and cash equivalents (MSEK) YTD	27.2	50.3	-	35.2

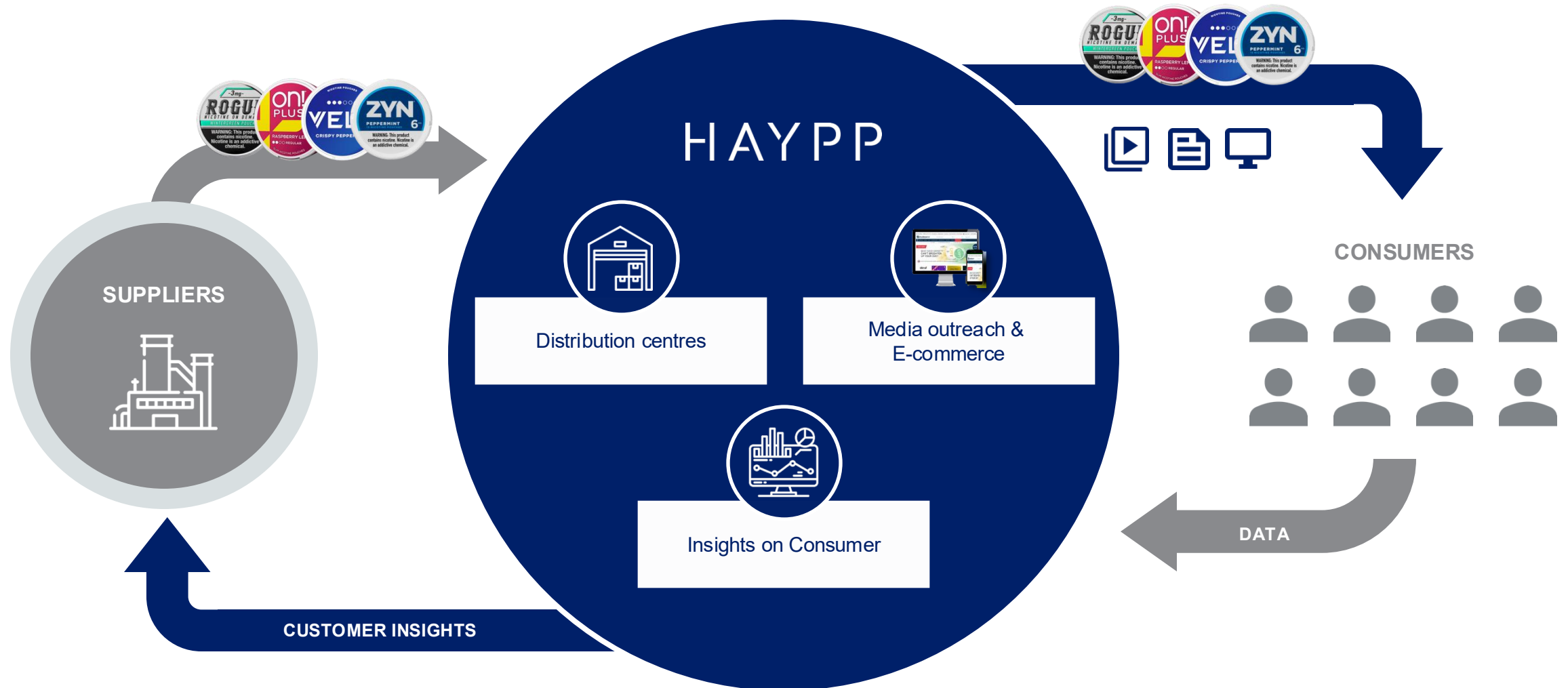
A silhouette of a person stands on a balcony, looking upwards at a small, dark object floating in the air. The background is a warm, golden sunset sky with soft clouds. The person's hand is raised towards the object. The overall mood is contemplative and serene.

# HAYPP GROUP

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# Haypp Group business model: Integral position in the value chain

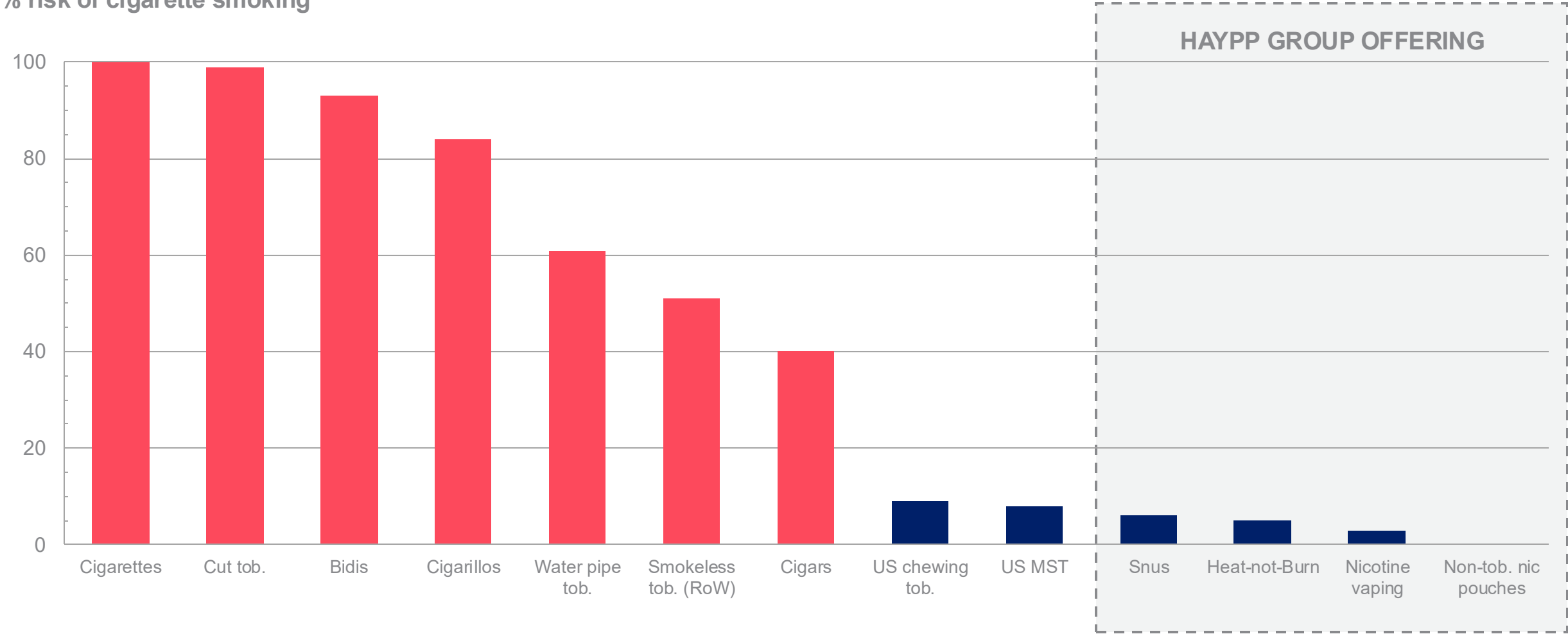
Continually improving assortment of innovative products





# Haypp Group focus on less harmful products

% risk of cigarette smoking



Murkett R, Rugh M and Ding B. Nicotine products relative risk assessment: an updated systematic review and meta-analysis [version 2]. F1000Research 2022, 9:1225 (doi: 10.12688/f1000research.26762.2)

# Haypp's constants across markets

## Consumers demand



- Significant, consistent value
- Choice/assortment
- Fast, reliable delivery

## Regulators mandate



- Legal Age Access Only
- Appropriate limits on nicotine strengths and restrictions on packaging & flavor descriptors
- Compliant with local regulation

## Suppliers/brand owners require



- Efficient, scalable access to consumers
- Reliable, trustworthy partner who sets standards for age restricted products
- Market insight on consumers revealed preferences (what & why)

## Technology enables



- Easier purchase experience (even within highly regulated environments)
- Personalized experience
- Benefits captured by largest (if structured appropriately)

# Strategy for success

**Continuously improving Search, Assortment, Price and Convenience at scale requires the correct technology and infrastructure**

