

A hand holding a magnifying glass over a white circular area. The magnifying glass is positioned over the right side of the page, and the white circle is the focal point of the magnification.

HAYPP GROUP

Full Year Report
February 13, 2025

Today's presenters



Gavin O'Dowd
CEO



Peter Deli
CFO



Full Year Report 2024

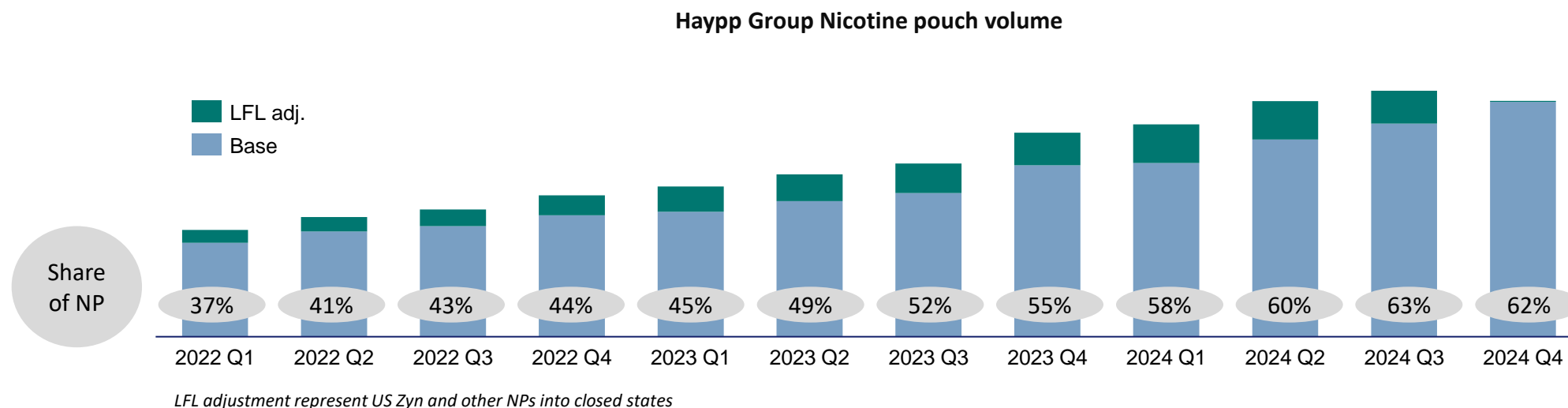
Operational highlights

Solid underlying performance...

- Nicotine pouch LFL volume grew 37 per cent for the Group during the quarter (reported 16 per cent)
- Gross margin increased to 17 per cent (13 per cent in 2023) showing the strength of Haypp’s business model

... combined with positive US market developments

- Supported by the launch of high-quality products in the latter part of 2024
- FDA approval of flavoured nicotine pouches reinforces the positive outlook for the category and for the online channel

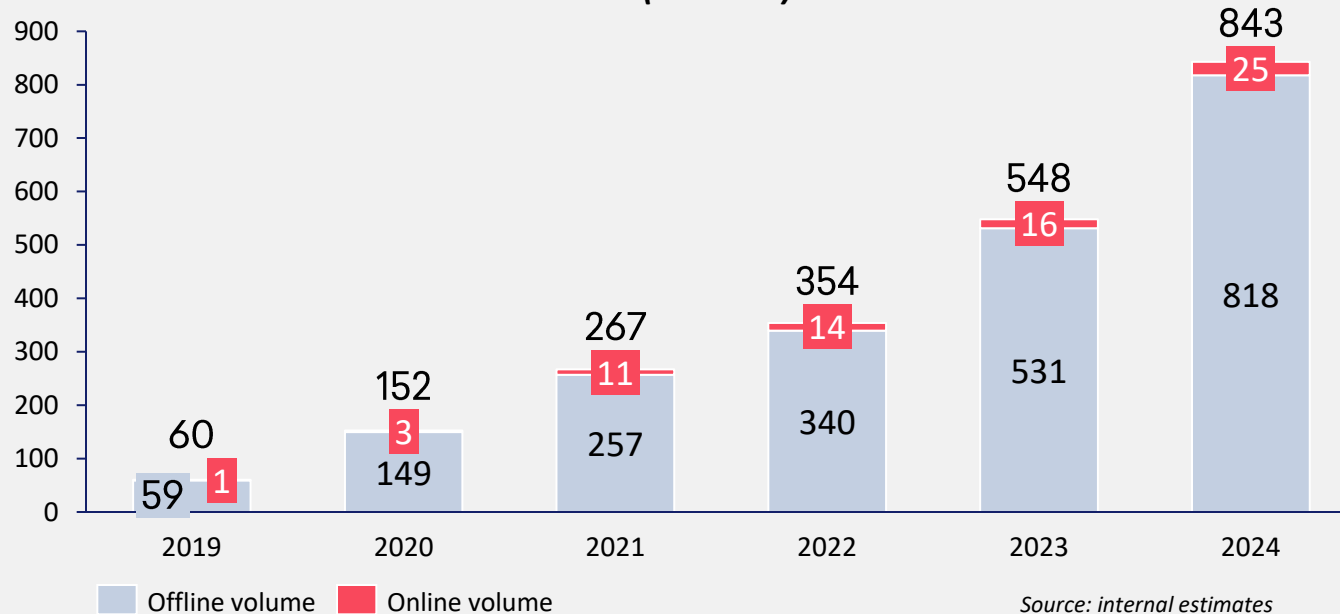


US nicotine pouch market development

Consumption growth accelerated

- Rapidly growing category
- Low online penetration

US NP market size estimate
(mn cans)



Key market dynamics

- FDA authorization of flavored Nicotine pouches
- Impact on Haypp Group's Zyn supply
- Fragmenting product landscape

Takeaways from first FDA nicotine pouch authorization

- FDA issued a Marketing Granted Order (MGO) for 10 variants with flavours including mint, menthol, cinnamon, citrus and coffee
- This authorization acknowledges these nicotine pouches are "Appropriate for the Protection of Public Health" and may help support NPs status in other jurisdictions, notably for EU TPD3
- The MGO shows a pathway for other manufacturers to also receive marketing approval
- Adult benefits outweighed the risk of youth usage, a conclusion supported by the US NYTS survey

The specific requirements for selling MGO products online reinforces our business model

- Emphasizes the importance of compliance with a primary focus on Youth Access Prevention which is a strength of Haypp
- Increases the importance of SEO by further restricting digital marketing prior to identifying the user
- Validates tools currently used by the Group for age verification; the authorization also requires age gating content of branded MGO products

US nicotine pouch market development

Restoration of Zyn supply

- Haypp has a close relationship with PMI (and all key suppliers) both in the US and internationally
- Although the Group sourced some Zyn and re-started sales in early 2025, the certainty of supply does not yet justify age-gating the US sites in-line with the MGOs` requirements
- Haypp expects sufficient supply prior to full restoration of supply demand balance in the market

US nicotine pouch market development

Fragmentation – The last piece of the jigsaw is falling in place

Haypp had most of the foundation

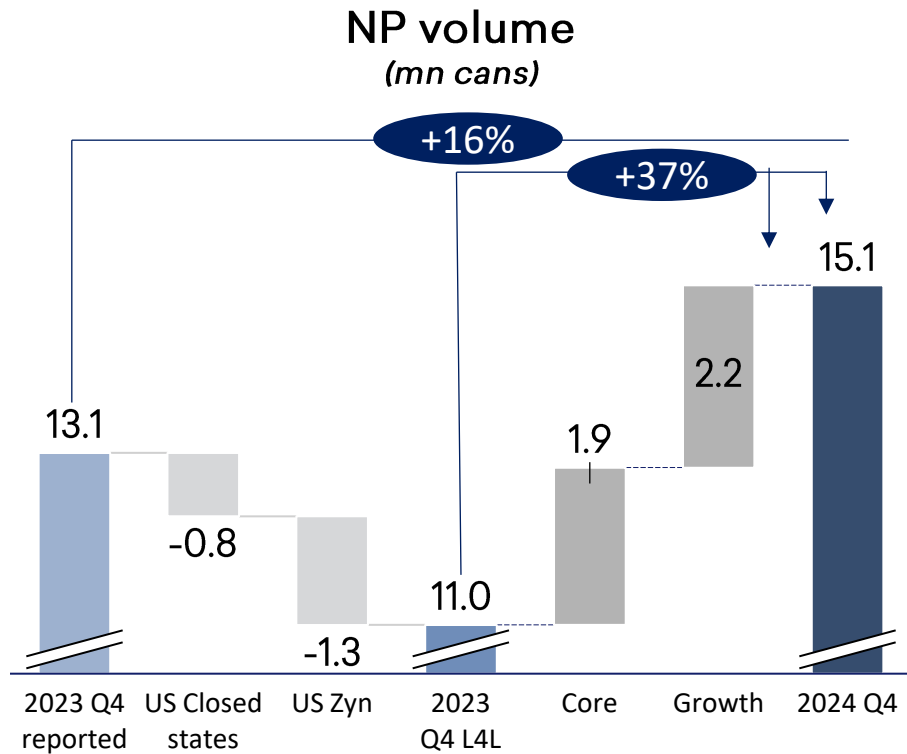
- Proven economic model with a clear price benefit incentivizing consumers to migrate to the online channel
- Dominant SEO position
- Continuously improving convenience, most recently with the Houston warehouse automatization

The final cornerstone

- Widening assortment of more advanced products
 - Representing 28 % of Haypp Group US January 2025 sales

Financial overview – LFL NP volume development

- The Group suspended sales to selected states (e.g. California) and had a shortage of Zyn products
- LFL alternative measures help to better understand the performance of the underlying business

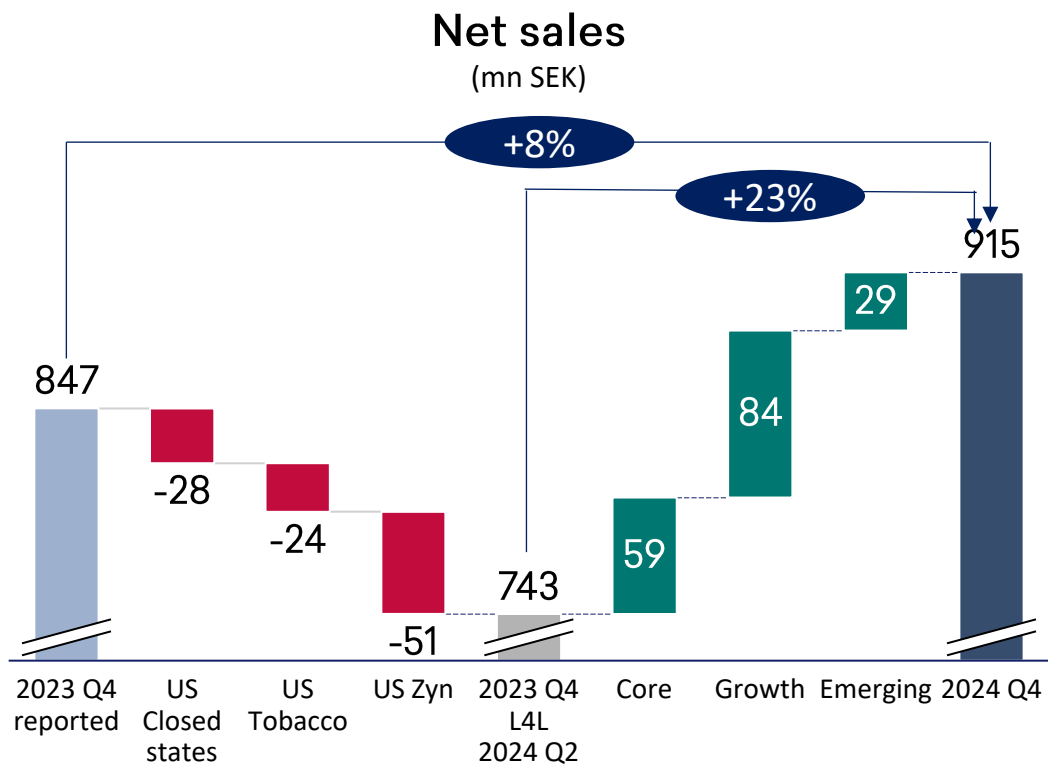


	Reported	LFL*
Core	+24%	+24%
Growth	+3%	+77%
Total	+16%	+38%

*LFL: 2023 Q4 baseline excludes NP sales to closed states and Zyn in US

Financial overview – LFL sales development

- The Group decided to cease the sale of tobacco products in US, suspended sales to various states (e.g. California) and had a shortage of Zyn products
- LFL alternative measures help to better understand the performance of the underlying business



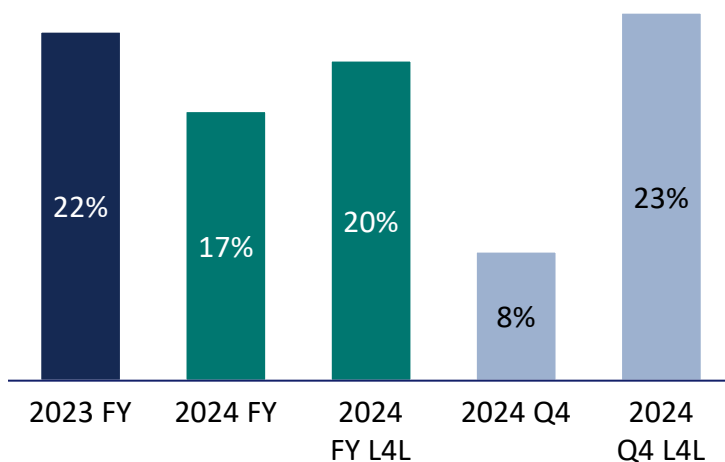
	Reported	LFL*
Core	+9%	+9%
Growth	-9%	+75%
Total	+8%	+23%

*LFL: 2023 Q4 baseline excludes NP sales to closed states, Zyn and tobacco delisting in US

Financial overview – Sales development

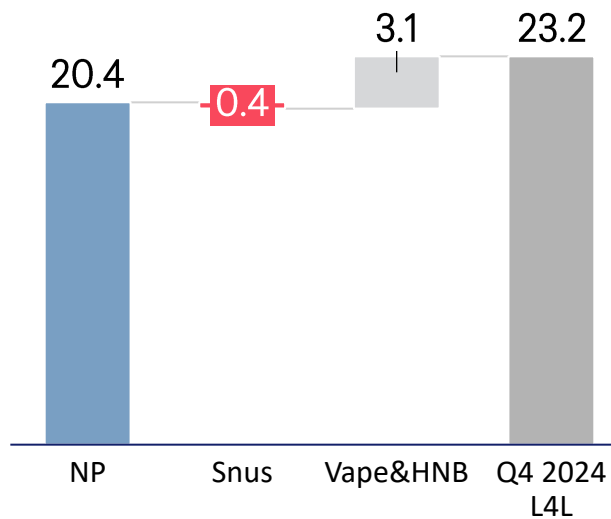
- LFL net sales for the Group increased by 23 per cent (reported 8 per cent) to SEK 915.2 m (846.8) for the fourth quarter. In constant currency, reported net sales increased 8 per cent
- Growth was driven by the NP category, both in the Growth and Core segments, with nicotine vaping in the Emerging segment mitigating the effect of the snus decline

LFL* Net sales growth
(excl. FX)



*LFL: 2023 Q4 baseline excludes NP sales to closed states, Zyn and tobacco products in US

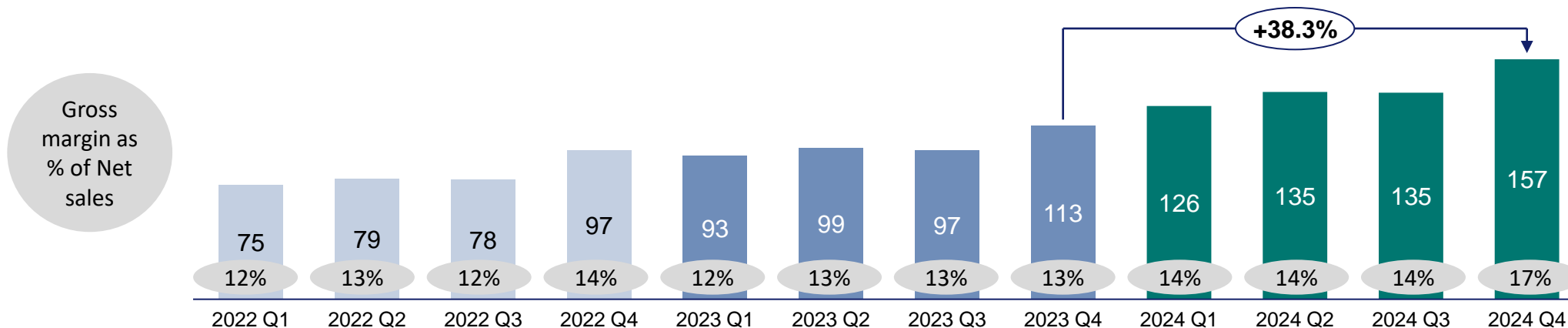
Net sales LFL* growth drivers (ppt)



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

Financial overview – Strong gross margin development

- The Group's gross margin increased to 17 per cent (SEK 156.6 m) for the fourth quarter (13 per cent in Q4 2023) driven by:
 - Scale benefits in fulfilment
 - Improved Media and Insights value
- Haypp continues to invest into the consumer offer, via pricing and improved convenience



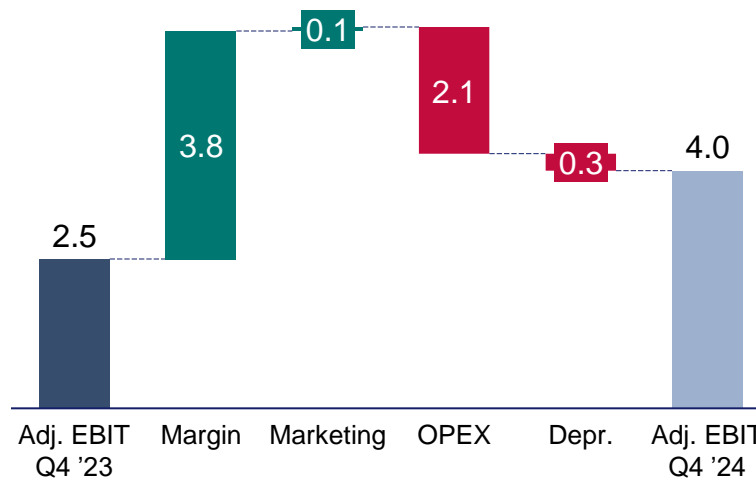
Financial overview - Profitability

- Adjusted EBIT for the fourth quarter grew by 72 per cent and amounted to SEK 36.4 m (21.2). The adjusted EBIT margin increased to 4.0 per cent (2.5)
- Cash flow from operating activities for the period increased to SEK 196.4 m (80.5)

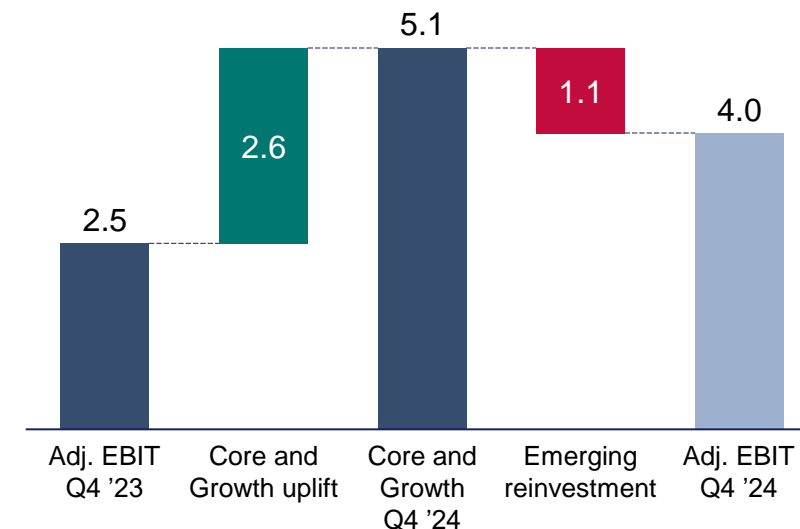
Total Group adj. EBIT %



Total Group adj. EBIT% drivers



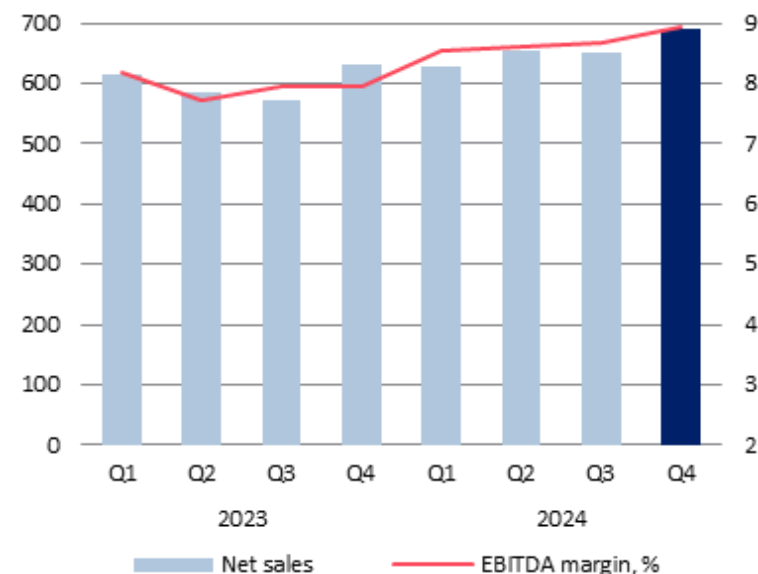
Emerging segment impact



Core Markets

- Net sales increased 9 per cent and reached SEK 688.8 m (631.8) for the fourth quarter. In constant currency, net sales increased by 9 per cent
- Nicotine pouch volume – which makes up over 50% of our Core volume - grew 24 per cent during the quarter; snus continued to decline as expected
- The number of active customers increased by 6 per cent to 439 thousand (414)
- EBITDA for the segment was SEK 61.0 m (50.1). The EBITDA margin amounted to 8.9 per cent (7.9), mainly attributable to economies of scale

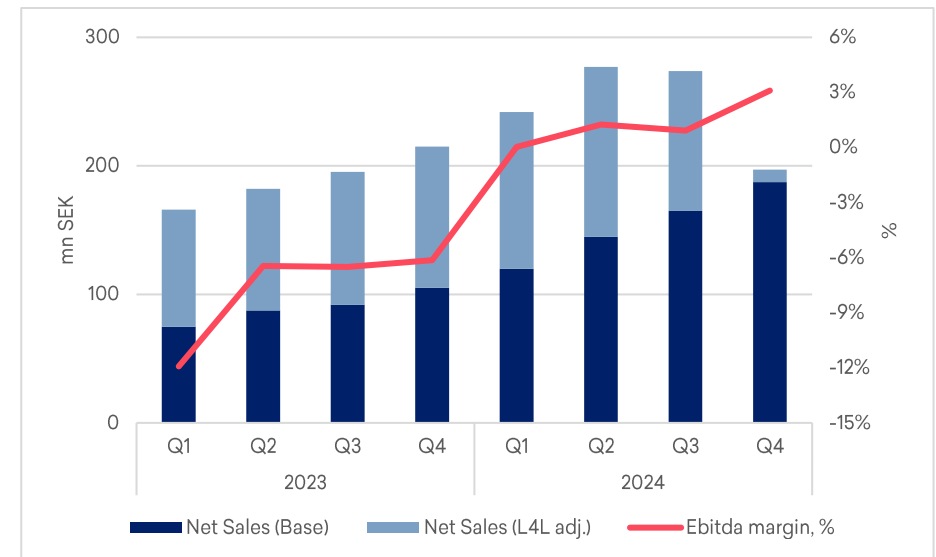
(Amounts in MSEK)	2024 Q4	2023 Q4	Full-Year 2024	Full-Year 2023
Net sales	688.8	631.8	2,619.0	2,407.5
EBITDA	61.0	50.1	227.3	191.6
EBITDA margin, %	8.9	7.9	8.7	8.0
Active customers (thousand)	439	414	756	732



Growth Markets

- Net sales on a LFL basis increased by 75 per cent. (Reported decrease of 8 per cent) to SEK 197.0 m (214.9) for the fourth quarter
- Nicotine pouch volume grew by 78 per cent on a LFL basis (reported 3 per cent) during the quarter
- The number of active customers decreased by 5 per cent to 111 thousand (117)
- EBITDA for the business unit increased to SEK 6.2 m (-13.2), corresponding to an EBITDA margin of 3.1 per cent (-6.1), due to favorable product mix and scale economies

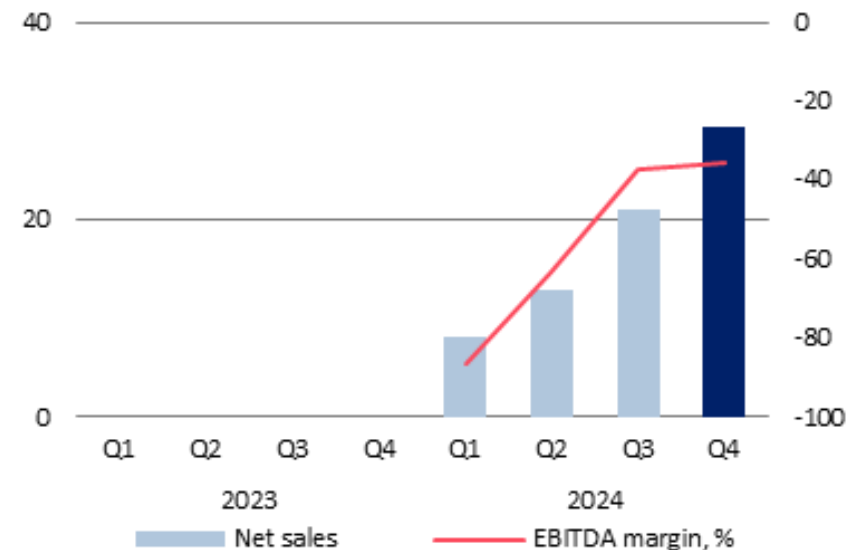
(Amounts in MSEK)	2024 Q4	2023 Q4	Full-Year 2024	Full-Year 2023
Net sales	197.0	214.9	989.7	758.2
EBITDA	6.2	-13.2	12.2	-57.4
EBITDA margin, %	3.1	-6.1	1.2	-7.6
Active customers (thousand)	111	117	327	222



Emerging Markets

- Net sales for the fourth quarter, amounted to SEK 29.3 m from the vape segment in the UK, Germany and Sweden and HNB in UK
- The number of active customers reached 21 thousand.
- EBITDA for the business unit was SEK -10.4 m. The EBITDA margin amounted to -35.6 per cent driven by commercial investments and a high share of fixed costs compared with current volumes
- In Q4 Haypp piloted sales of Heat Not Burn (HNB) products in the UK

(Amounts in MSEK)	2024 Q4	2023 Q4	Full-Year 2024	Full-Year 2023
Net sales	29.3	-	71.1	-
EBITDA	-10.4	-	-33.3	-
EBITDA margin, %	-35.6	-	-46.8	-
Active customers (thousand)	21	-	63	-



Selected KPIs

	2024 Q4	2023 Q4	Full-Year 2024	Full-Year 2023
Operational				
Number of orders (thousand)	1,217	1,168	4,946	4,426
Average order value (SEK)	689	679	690	672
Active customers (thousand)	571	531	1,146	953
Balance sheet				
Inventories (MSEK)	-	-	298.7	263.3
Net working capital (MSEK)	-	-	219.5	253.1
Net debt (MSEK)	-	-	169.0	224.5
Investments (MSEK) YTD	-	-	-116.7	-61.0
Net debt/Adjusted EBITDA, times	-	-	0.8	1.7
Equity/Total assets ratio, %	-	-	55.4	56.7
Cash flow				
Cash flow from operating activities (MSEK) YTD	-	-	196.4	80.5
Closing cash and cash equivalents (MSEK)	-	-	35.2	11.4

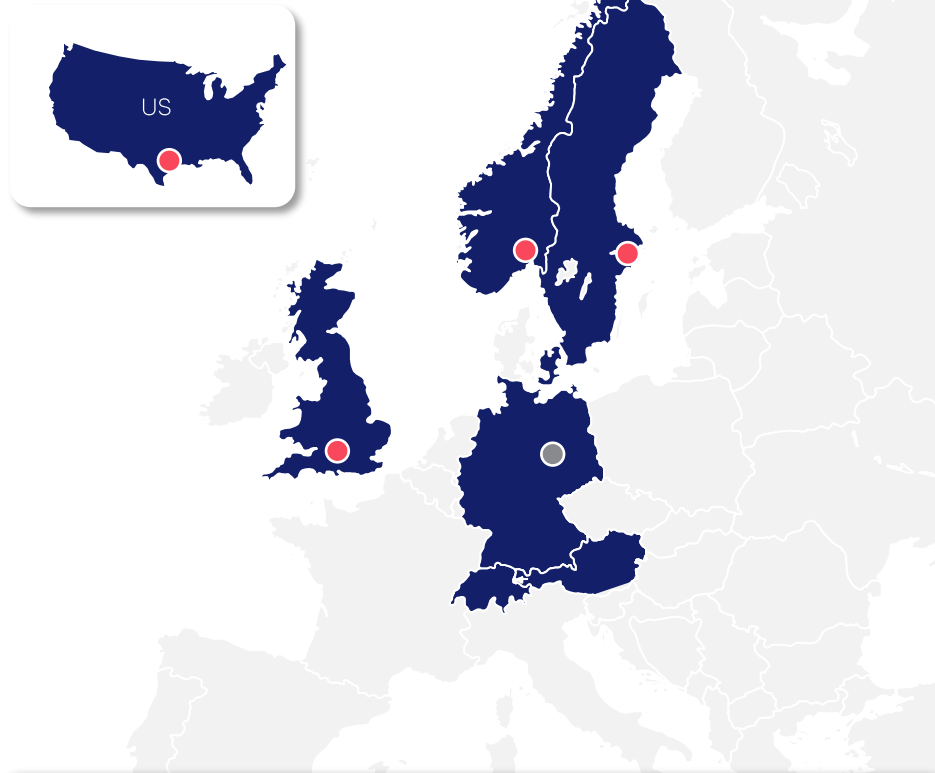
Our infrastructure is further improving

Fulfilment infrastructure

Flexible fulfilment infrastructure serving all Haypp Group's markets

● In-house warehouse

● 3PL warehouse



Inventory turnover ratio 13x

L12M Q4 '24

Continued development both on front and backend

Building for convenience and efficiency

- US warehouse automated for faster, scalable and more efficient operations December '24.
- Further convenience improvements coming in US and DACH

ERP and middleware infrastructure

- US rollout planned for Q1, completing the project to upgrade and align our ERP and middleware

New e-com infrastructure

- Positive SEO impact in Norway after go live in Q2 '24
- Haypp.com sites go live scheduled for Q1, with rapid rollout across the remaining European sites throughout the year.

We will start Q2 '25 with a unified back-end infrastructure, allowing us to be more agile and efficient

Legal and regulatory update

- Haypp Group experienced two regulatory issues in the latter part of Q3, one in Sweden and one in San Francisco, California:
 - Litigation against the Stockholms stad Licensing Committee's decision to revoke Haypp Group's tobacco products license is ongoing. The Group expects a positive resolution in the coming 12 to 24 months.
 - The City of San Francisco has filed lawsuits on the sale of nicotine pouches against among others Haypp Group's subsidiary company in US. The case is ongoing. The Group's view on the expected settlement costs remained unchanged.
- Since the last report, except for the previously mentioned Marketing Granted Order, no new regulatory developments occurred.



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. This value creation is reflected in the mutually beneficial agreements reached for 2025
- With tightening legislation Haypp's commitment to compliance is expected to be a significant competitive advantage
- Haypp Group will provide an updated longer-term outlook for the business at its Capital Markets Day on 3 April in Stockholm

A woman with her hair in a ponytail, wearing a white zip-up jacket, is shown in profile from the waist up. She is smiling and looking out over a cityscape at sunset. She is holding a pack of ZYN nicotine pouches in her hands. The background is a blurred cityscape with buildings and a body of water, all bathed in the warm, golden light of the setting sun.

HAYPP GROUP

Inspiring a smoke-free
future for millions