NASDAQ FIRST NORTH GROWTH MARKET

Nasdaq First North Growth Market is a registered growth market for small and medium-sized companies in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Nasdaq First North Growth Market does not have the legal status of a regulated market and issuers on Nasdaq First North Growth Market are not subject to the same rules as issuers on the regulated market, as defined in EU legislation (as implemented in national law). Instead they are subject to less extensive rules adapted for smaller growth companies. The risk attributable to an investment in an issuer on Nasdaq First North Growth Market may therefore be higher than an investment in an issuer on the regulated market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors compliance with the rules. The Company's Certified Adviser is FNCA.

The Swedish Prospectus was approved by the SFSA on 4 October 2021. The Swedish Prospectus is valid for up to twelve months from the date of approval. The obligation to supplement the Swedish Prospectus in the event of significant new circumstances, factual errors or material inaccuracies does not apply when the Swedish Prospectus is no longer valid.

Invitation to acquire shares in Haypp Group AB (publ)

JOINT GLOBAL COORDINATORS

SEB Carnegie

IMPORTANT INFORMATION TO INVESTORS

This prospectus (the **"Prospectus"**) has been prepared in connection with the offering of shares in Haypp Group AB (publ) (a Swedish public limited liability company) to the general public in Sweden and Norway (the **"Offering"**). In the Prospectus, **"Haypp Group"**, the **"Company"** or the **"Group"** refers to Haypp Group AB (publ), the group in which Haypp Group AB (publ) is the parent company or a subsidiary of the Group, as the context may require. The **"Major Shareholders"** refers to GR8 Ventures AB, Eastcoast Capital AB, Northerner Holding AB, Gavin O'Dowd, e-Business Partner Norden AB and Kbay Capital AB. The **"Joint Global Coordinators"** or **"Managers"** refers to Skandinaviska Enskilda Banken AB (publ) (**"SEB"**) and Carnegie Investment Bank AB (**"Carnegie"**). See section *"Certain definitions"* for the definitions of these and other terms in the Prospectus. **"SEK"** indicates Swedish kronor, **"MSEK"** indicates millions of SEK and **"KSEK"** indicates thousands of SEK.

The Offering is not directed to the general public in any country other than Sweden and Norway. Nor is the Offering directed to such persons whose participation requires additional prospectuses, registrations or measures other than those prescribed by Swedish law. No measures have been or will be taken in any other jurisdiction than Sweden and Norway, that would allow any offer of the shares to the public, or allow holding and distribution of the Prospectus or any other documents pertaining to the Company or shares in such jurisdiction. Applications to acquire shares that violate such rules may be deemed invalid. Persons into whose possession the Prospectus comes are required by the Company and the Joint Global Coordinators to inform themselves about and to observe such restrictions. Neither the Company nor either of the Joint Global Coordinators accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. The shares in the Offering have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the United States. The shares in the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the **"Securities Act"**) or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States unless the shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. In the United States, the shares will be sold only to persons reasonably believed to be qualified institutional buyers as defined in and in reliance on Rule 144A under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the requirements of the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the sellers of the shares in the Offering may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. In the United States, the Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in the Prospectus has been provided by the Company and other sources identified herein. Distribution of the Prospectus to any person other than the offeree specified by the Joint Global Coordinators or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without the Company's prior written consent, is prohibited. Any reproduction or distribution of the Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. The Prospectus is personal to each offeree and does not constitute any offer to any other person or to the general public to acquire shares in the Offering.

This Prospectus may only be distributed to "qualified investors" (as defined in section 2(e) of the Prospectus Regulation as it forms part of UK domestic law by virtue of the UK European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time)) who are (i) persons having professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the **"Financial Promotion Order"**), (ii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) outside the United Kingdom, or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Prospectus relates is available only to and will be engaged in only with relevant persons.

This Prospectus has been prepared on the basis that any offer of shares in any member state of the EEA (each such state a **"Relevant State"**) (with the exception of Sweden and Norway) will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of shares. The shares are not intended to be offered or sold to and should not be offered or sold to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **"MiFID II"**); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the **"Insurance Distribution Directive"**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Offering or selling shares or otherwise making them available to any retail investor in the EEA may be unlawful. In connection with the Offering, the Joint Global Coordinators are not acting for anyone other than the Company and will not be responsible to anyone other than the Company.

The Offering and the Prospectus are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Prospectus.

A separate prospectus in Swedish has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the **"SFSA"**) as competent authority according to regulation (EU) 2017/1129 (the **"Prospectus Regulation"**). The SFSA approves of the Swedish prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency set out in the Prospectus Regulation and this approval should not be regarded as any kind of support for the issuer referred to in the Swedish prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The Swedish prospectus will be passported to Norway in accordance with the provisions of the Prospectus Regulation. In the event of any conflict between the English and the Swedish prospectus, the Swedish prospectus shall prevail. The Swedish language prospectus is valid for up to twelve months from the date of approval. The obligation to provide supplements to the Swedish language version of the prospectus in case of significant new factors, material mistakes or material inaccuracy will not be applicable once the Swedish language version of the prospectus is no longer valid.

STABILIZATION

In connection with the Offering, the Joint Global Coordinators may carry out transactions aimed at supporting the market price of the shares at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq First North Growth Market, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq First North Growth Market and ending no later than 30 calendar days thereafter. The Joint Global Coordinators are, however, not required to undertake any stabilization and there is no assurance that stabilization will be undertaken.

Stabilization, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at levels above the price in the Offering. No later than by the end of the seventh trading day after stabilization transactions have been undertaken, the Joint Global Coordinators shall disclose that stabilization transactions have been undertaken in accordance with article 5(4) in the Market Abuse Regulation 596/2014. Within one week of the end of the stabilization period, the Joint Global Coordinators will make public whether or not stabilization was undertaken, the date at which stabilization started, the date at which stabilization last occurred and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the **"MiFID II Product Governance Requirements"**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares have been subject to a product approval process, which has determined that the shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the **"Target Market Assessment"**). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Coordinators will only procure investors who meet the criteria of professional clients and eligible counterparties (except for a public offering to investors in Sweden and Norway conducted pursuant to the Swedish prospectus).

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise stated herein, no financial information in the Prospectus has been audited or reviewed by the Company's auditor. Financial information relating to the Company in the Prospectus and that is not a part of the information that has been audited or reviewed by the Company's auditor in accordance with what is stated herein, has been collected from the Company's internal accounting and reporting system. All financial amounts are in SEK, unless indicated otherwise. Figures reported in the Prospectus have in some cases been rounded and therefore the tables do not necessarily always add up exactly.

FORWARD-LOOKING STATEMENTS ETC.

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are strongly advised to read the Prospectus, including the following sections: "*Summary*", "*Risk factors*", "*Business overview*" and "*Operating and financial review*", which include more detailed descriptions of factors that might have an impact on the Company's business and the market in which it operates. None of the Company, the Major Shareholders or any of the Joint Global Coordinators can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets on which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in competition levels, changes in laws and regulations, and occurrence of accidents or environmental damages.

After the date of the Prospectus, none of the Company, the Major Shareholders or any of the Joint Global Coordinators assume any obligation, except as required by law or applicable regulatory framework, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

No consumer-facing product health claims are made hereunder. Per the U.S. Food and Drug Administration, products containing nicotine pose different levels of health risk to adult users, with combustible products – like cigarettes, with their toxic mix of more than 7,000 chemicals and efficient delivery of nicotine to maximize addiction potential – being the most harmful, nicotine replacement therapies (NRTs) being the least harmful, and noncombustible products falling somewhere in between. While noncombustible, the Company's products contain nicotine, a highly addictive chemical. As such, terms in this Prospectus such as "reduced-risk," "risk-reduced" or words to similar effect are intended to categorize the Company's product segment and should not be interpreted to mean risk-free.

BUSINESS AND MARKET DATA

The Prospectus includes industry and market data pertaining to the Company's business and markets. Such information is based on the Company's analysis of multiple sources. Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in the Prospectus that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data is based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

Information provided by third parties has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

IMPORTANT INFORMATION ABOUT THE SALE OF SHARES

Note that notifications about allotment of shares to the public in Sweden and Norway will be made through distribution of contract notes, expected to be distributed on 13 October 2021. Institutional investors are expected to receive notification of allotment on or about 13 October 2021 in particular order, whereupon contract notes are dispatched. After payments for the allocated shares have been processed by SEB, the duly paid shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to the acquirers of shares in Haypp Group means that these acquirers will not have shares available in the specified securities depository account or the securities account until 15 October 2021, at the earliest. Trading in the Company's shares on Nasdaq First North Growth Market is expected to commence on or around 13 October 2021. Accordingly, if shares are not available in an acquirer's securities account or securities depository account until 15 October 2021 at the earliest, the acquirer may not be able to sell these shares on the stock exchange as from the time trading in the shares commences, but first when the shares are available in the securities account or the securities depository account.

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FINANCIAL CALENDAR

Interim report for the period 1 January 2021 – 30 September 2021, Q3	25 Nov 2021
Year-end report for 2021	23 Feb 2022
Interim report for the period 1 January 2022 – 31 March 2022, Q1	4 May 2022
Annual shareholders' meeting 2022	18 May 2022

CERTAIN DEFINITIONS

Carnegie	Carnegie Investment Bank AB (publ)
CHF	Swiss franc
EUR	Euro
Euroclear Sweden	Euroclear Sweden AB
GBP	Pound sterling
Haypp Group, the Company or the Group	Haypp Group AB (publ), the group in which Haypp Group AB (publ) is the parent company or a subsidiary of the group, as the context may require
Joint Global Coordinators or Managers	SEB and Carnegie
Major Shareholders	GR8 Ventures AB, Eastcoast Capital AB, Northerner Holding AB, Gavin O'Dowd, e-Business Partner Norden AB and Kbay Capital AB
Nasdaq First North Growth Market	The multilateral trading facility operated by an exchange within the Nasdaq Group
NOK	Norwegian krone
SEB	Skandinaviska Enskilda Banken AB (publ)
SEK	Swedish krona
USD	US Dollar

SUMMARY OF THE OFFERING

Offering price

SEK 66 per share

Application period for the general public

5–12 October 2021

First day of trading

13 October 2021

Settlement date

15 October 2021

Other information

Ticker: HAYPP

ISIN-code: SE0016829469

LEI-code: 549300NDGL14NS31UP49

Summary

INTRODUCTION AND WARNINGS	
Introduction and warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on an assessment of the Prospectus in its entirety by the investor. Any decision to invest in securities entails risks and an investor may lose all or part of the invested capital. Where statements in respect of information contained in the Prospectus are challenged in a court of law, the plaintiff investor may, in accordance with member states' national legislation, be forced to pay the costs of translating the Prospectus before legal proceedings are initiated. Under civil law, only those individuals who have produced the summary, including translations thereof, may be enjoined, but only if the summary is misleading, incorrect or inconsistent with the other parts of the Prospectus or if it does not, together with the other parts of the Prospectus, provide key information to help investors when considering whether to invest in the securities.
The issuer	Haypp Group AB (publ), Reg. No. 559075-6796 Birger Jarlsgatan 43, SE-111 45 Stockholm, Sweden Telephone number: +46(0)20-075 34 64 LEI-code: 549300NDGL14NS31UP49 Ticker: HAYPP ISIN-code: SE0016829469
Competent Authority	Finansinspektionen is the Swedish Financial Supervisory Authority (the "SFSA") and the competent authority responsible for approving the Swedish language version of the Prospectus (the "Swedish Prospectus"). The SFSA's visiting address: Finansinspektionen, Brunnsgatan 3, SE-111 38, Stockholm, Sweden. The SFSA's postal address: P.O. Box 7821, SE-103 97 Stockholm, Sweden. E-mail: finansinspektionen@fi.se. Telephone: +46(0)8-408 980 00. The SFSA's webpage is www.fi.se. The Swedish Prospectus was approved by the SFSA on 4 October 2021.
Information about selling shareholders	GR8 Ventures AB, Reg. No. 559035-6423, Stockholms brevboxar 71, SE-116 74 Stockholm, Sweden and LEI-code 549300HEMFEYI05PG107.[1] Eastcoast Capital AB, Reg. No. 556763-7169, Stenklivet 5, SE-621 57 Visby, Sweden and LEI-code 549300463BGJ28ZGSD57.[2] Northerner Holding AB, Reg. No. 559147-3458, C/O Jörgen Svensson, Ekevägen 13, SE-462 53 Vänersborg, Sweden and LEI-code 5493009R6GGZ3E3ZQ691. Gavin O'Dowd, Pers. No. 780215, Sköldvägen 7, SE-182 64 Djursholm, Sweden. e-Business Partner Norden AB, Reg. No. 559013-1586, P.O. Box 847, SE-391 29 Kalmar, Sweden and LEI-code 5493007UK2ZWRY0HZM67. Kbay Capital AB, Reg. No. 559068-3222, Baldersvägen 4, SE-392 47 Kalmar, Sweden and LEI-code 984500YD9809B40D8581.

KEY INFORMATION ON THE ISSUER	
Who is the issuer of the securities?	
The issuer's registered office and corporate form	Issuer of the securities is Haypp Group AB (publ), Reg. No. 559075-6796. The Company's registered office is in Stockholm, Sweden. The Company is a Swedish public limited liability company founded in Sweden under Swedish law, incorporated in Sweden and operating under Swedish law. The Company's form of association is governed by the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*). The Company's LEI-code is 549300NDGL14NS31UP49.
The issuer's principal activities	Haypp Group is an e-commerce business selling nicotine pouches and snus online in nine countries across Europe and in the US. The Company sells a broad selection of brands of any supplier in the category through a range of ten e-commerce platforms and brands, the largest of which is the Swedish snusbolaget.se. Haypp Group was founded in 2009 and is headquartered in Stockholm, Sweden. Haypp Group offers a broad product offering with over 800 SKUs (Stock Keeping Units), spanning from do-it-yourself (DIY) tobacco components to tobacco-free nicotine pouches. The Company continuously updates its offering to stay relevant for its customers. Besides its products, the Company offers its suppliers' marketing and launch capabilities on all its e-commerce platforms, and customer insights based on its transaction data base.

1 Partly controlled by the board member Linus Liljegren.
2 Controlled by the board member Patrik Rees.

Major shareholders

The table below describes Haypp Group's ownership structure immediately before the Offering, after that outstanding warrants in the Company has been converted into 3,662,452 shares. As far as the Company is aware, no shareholder controls the Company, directly or indirectly.

Shareholder	Ownership as per the date of the Prospectus		Shareholding after the Offering (if the Over-allotment Option is not exercised)		Shareholding after the Offering (if the Over-allotment Option is exercised in full)	
	Number	Percent	Number	Percent	Number	Percent
Shareholders whose holdings exceed 5 percent of the shares						
GR8 Ventures AB[1]	5,425,050	20.2	4,261,960	14.6	3,919,974	13.5
Eastcoast Capital AB[2]	4,500,000	16.8	3,535,234	12.1	3,251,562	11.2
Northerner Holding AB	3,471,750	12.9	2,805,677	9.6	2,609,831	9.0
e-Business Partner Norden AB	1,552,950	5.8	1,220,009	4.2	1,122,114	3.9
Kbay Capital AB	1,500,000	5.6	1,178,412	4.0	1,083,855	3.7
Shareholding board members and executive managers						
Ingrid Jonasson Blank	182,400	0.7	182,400	0.6	182,400	0.6
Gavin O'Dowd	2,141,550	8.0	1,179,391	4.1	1,179,391	4.1
Anders Signell	12,911	0.0	0	0.0	0	0.0
Hannah Kaber	76,050	0.3	0	0.0	0	0.0
Markus Lindblad	88,696	0.3	0	0.0	0	0.0
Other shareholders	7,875,895	29.4	6,831,765	23.5	6,659,957	22.9
New shareholders	-	-	7,905,131	27.2	9,090,895	31.2
Total number of new and existing shareholders	**26,827,252**	**100**	**29,099,979**	**100**	**29,099,979**	**100**

Key managing directors

The Company's board of directors consists of Ingrid Jonasson Blank (chairman), Anneli Lindblom, Kristian Ford, Linus Liljegren, Patrik Rees and Per Sjödell. The Company's executive management consists of Gavin O'Dowd (CEO), Svante Andersson (CFO), Anders Signell (COO), Markus Lindblad (Head of External Affairs) and Hannah Kaber (General Counsel).

Auditor

Öhrlings PricewaterhouseCoopers AB with Magnus Lagerberg as auditor in charge.

Key financial information regarding the issuer

Key financial information in summary

Selected income statement items

KSEK	January–December			January–June	
	2020	2019	2018	2021	2020
	Audited IFRS	Audited IFRS	Audited IFRS	Unaudited IAS34	Unaudited IAS34
Net sales	1,729,171	802,431	460,149	1,094,304	762,407
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	-
EBIT margin, %[4]	-0.8	-3.0	-2.5	-0.3	-0.7

1 Partly controlled by the board member Linus Liljegren.

2 Controlled by the board member Patrik Rees.

3 Unaudited.

4 Unaudited.

Key financial information in summary

Selected balance sheet items

KSEK	31 Dec 2020	31 Dec 2019	31 Dec 2018	30 June 2021
	Audited IFRS	Audited IFRS	Audited IFRS	Unaudited IAS34
Total assets	549,619	491,889	263,475	830,290
Total equity	208,828	253,207	82,108	392,117
Net debt[1]	102.7	101.4	76.6	177.9

Selected cash flow items

KSEK	January–December			January – June	
	2020	2019	2018	2021	2020
	Audited IFRS	Audited IFRS	Audited IFRS	Unaudited IAS34	Unaudited IAS34
Cash flow from operating activities	48,487	-17,627	-6,057	-20,252	17,899
Cash flow from investing activities	-21,625	-4,585	-7,623	-217,486	-9,035
Cash flow from financing activities	-4,126	18,655	25,634	236,359	-1,849

Key risks that are specific to the issuer

Main risks related to the issuer

Main risks related to the issuer include:

- the risk that customer demand for the Company's products changes significantly due to, for example, new innovative tobacco-free alternatives being launched on the market or a decreased demand for tobacco-free nicotine products, which would lead to a reduction of Haypp Group's growth and market position as well as a decrease in net sales;
- the risk that the Company's technology systems experience service interruptions, data intrusion, ransomware viruses and other cyber-attacks, power losses and computer viruses, or that Haypp Group fails to keep up with technical development and innovation, which would lead to significant costs in order to remedy such problems and make the necessary investments, which may have a material adverse effect on the Company's results;
- the risk that Haypp Group's SEO strategy will become inefficient or not being as effective as expected by the Company, and that Haypp Group would not be able to uphold its SEO position and thereby negatively affect the ability to reach existing and potential customers, which would have a negative effect on the Company's net sales and increase costs for paid marketing efforts;
- the risk that Haypp Group fails to protect or maintain its reputation, which may lead to the Company losing customers, suppliers and competitive advantages, which would have a negative impact on Haypp Group's market position and net sales;
- the risk associated with and thus having a negative impact on the Company's results Haypp Group being dependent on suppliers and third-party service providers in order to market and sell its products, and if Haypp Group fails if applicable to substitute products from such suppliers with other products, there is a risk that the Company's product offering is impaired and sales are negatively affected;
- the risk that Haypp Group may not be able to expand its portfolio through successful acquisitions or that future acquisitions results in increased costs, losses on investments, failed integration of the acquired business and its personnel, which could result in failure for Haypp Group to realize expected benefits of such acquisitions, which could lead to the Company being forced to write down the value of intangible and tangible assets;
- the risk that the Company is unsuccessful in attracting and retaining key employees, which could materially adversely affect the Company's ability to realise its strategic goals;
- the risk that there is an increasing investor focus on ESG matters, and the use of ESG-based investment restrictions has increased significantly in recent years, whereby a decreasing social acceptance of tobacco- or nicotine-related products, unfavorable ESG ratings or increased ESG restrictions could result in shareholders choosing to divest their ownership in Haypp Group or choose not to invest at all, and that the Company's reputation is questioned and that the Company, in whole or in part, is forced to change its operations, with increased costs as a consequence;

1 Unaudited.

	• the risk that Haypp Group will be negatively impacted by, inter alia, changes in the political and regulatory environment and further tobacco-control regulation restricting the sales and usage of tobacco and other nicotine containing products consequently, forcing the Company, in whole or in part, to change its operations in order to adapt to such new regulations, which may result in significantly increased costs; and • the risk that Haypp Group will be involved in disputes, claims and other legal or administrative proceedings in various jurisdictions, which can prove time consuming, disrupt normal operations, involve considerable costs, adversely affect the Group's reputation and result in administrative or legal sanctions and measures such as that the Company loses its license to market and sell tobacco and nicotine products.

KEY INFORMATION ON THE SECURITIES

The main features of the securities	
Securities offered	Shares in Haypp Group AB (publ), Reg. No. 559075-6796. ISIN-code SE0016829469. The shares are denominated in SEK.
Total number of shares in the Company	As at the date of this Prospectus, there are in total 23,164,800 issued shares in the Company. The shares' quota value is approximately SEK 0.07. As at the date of this Prospectus, there are warrants issued by the Company which entitle to subscription of in total 5,530,050 new shares in the Company. In connection with completion of the Offering, outstanding warrants will be utilized, resulting in 3,662,452 new shares. The Company thereby receives MSEK 56.8. The number of shares in the Company after such conversion will amount to 26,827,252 and the share capital to SEK 1,757,412.41.
Rights associated with the securities	Each share in the Company entitles the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company. If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue. The shares carry the right to payment of dividend for the first time on the record date for distribution which falls immediately after the listing. All shares in the Company give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation. The shares are not subject to any restrictions on transferability. The rights associated with the shares issued by the Company, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act.
Dividend policy	In the upcoming years, the board of Haypp Group will primarily use the generated cash flows for the Company's continued expansion.
Where will the securities be traded?	
Admission to trading	On 9 September 2021, Nasdaq Stockholm AB's listing committee made the assessment that the Company fulfils the applicable listing requirements on the MTF-platform Nasdaq First North Growth Market. Nasdaq Stockholm AB will approve an application for admission to trading of the Company's shares on Nasdaq First North Growth Market subject to certain conditions, including that the Company submits such application and fulfils the distribution requirement for its shares, are met no later than the day of trading. Trading in the Company's shares is expected to commence on 13 October 2021.
What are the key risks that are specific to the securities?	
Main risks related to the securities	Main risks relating to the Offering and the Company's shares consist of: • that an active and liquid market may not develop or, if developed, that it will be sustained after completion of the Offering which may lead to increased share price volatility and, thus potential investors could lose a portion or all of their investment; • that sales of shares by existing shareholders could cause the share price to decline; • that the Company's major shareholders will continue to have a substantial influence over Haypp Group after the Offering, whereby the interests of the major shareholders may differ significantly from or compete with Haypp Group's interests or those of the other shareholders; and • the Company's ability to pay dividends is dependent upon its future earnings, financial condition, cash flows, net working capital requirements, capital expenditures and other factors. If no dividend is paid, investors' possible returns will depend solely on share price development.

KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC

Under which conditions and timetable can I invest in this security?

Offering forms and conditions	*The Offering* The Offering consists of an offer to (i) the general public in Sweden and Norway and (ii) institutional investors in Sweden and abroad. The Offering comprises 5,632,404 existing shares in Haypp Group offered by the Major Shareholders and 2,272,727 newly issued shares offered by the Company. In total, the Offering comprises 7,905,131 shares, corresponding to 27.2 percent of the total number of shares and votes in the Company after the completion of the Offering, provided that the Offering is fully subscribed. *Over-allotment Option* To cover any overallotments in the Offering, the Major Shareholders have committed to issue, upon request by the Joint Global Coordinators, maximum 1,185,764 shares, corresponding to maximum 15 percent of the total number of shares in the Offering. The Overallotment Option is exercisable, in whole or in part, for a period of 30 days from the first day of trading in the Company's shares on Nasdaq First North Growth Market. *Offering Price* The price per share in the Offering (the "Offering Price") is SEK 66 and has been decided by the Major Shareholders and the board of directors of Haypp Group, in consultation with the Managers, based on discussions preceding the commitment made by the Cornerstone Investor, contacts with certain institutional investors, current market conditions and a comparison with the market price of other comparable listed companies. No commission will be payable. *Application* Applications for acquisition of shares within the offer to the general public should be made during the period 5–12 October 2021 and relate to a minimum of 100 shares and a maximum of 15,000 shares in even lots of 50 shares each. Only one application per investor may be made. If more than one application is made, the right to consider only the first application is reserved. The application is binding. *Allotment* Decision on allotment of shares in the Offering will be made by the Company's board of directors and the Major Shareholders in consultation with the Joint Global Coordinators, whereby the goal will be to achieve a strong institutional ownership base and a broad distribution of the shares among the general public, in order to facilitate a regular and liquid trading in the shares on Nasdaq First North Growth Market. The allotment does not depend on when the application is submitted during the application period. *Listing* The board of directors of Haypp Group intends to apply for the admission to trading of the Company's shares on Nasdaq First North Growth Market. On 9 September 2021, Nasdaq Stockholm decided that Haypp Group meets Nasdaq First North Growth Market's listing requirements. Nasdaq Stockholm will approve an application for listing of the Company's shares on Nasdaq First North Growth Market provided that customary terms and conditions are satisfied, including that the Company submits such final application and that the distribution requirement for the Company's shares is met no later than the first day of trading in the Company's shares. Trading is expected to begin on 13 October 2021.
Expected timetable for the Offering	Application period for the general public: 5–12 October 2021 Notification of allotment: 13 October 2021 Announcement of outcome in the Offering: 13 October 2021 First day of trading in the Company's shares: 13 October 2021 Settlement date: 15 October 2021
Dilution effect as a result of the Offering	The Offering may result in the number of shares in the Company increasing by at most 2,272,727 shares, corresponding to a dilution of 7.8 percent of the total number of shares after the completion of the Offering.
Costs for the Offering	The Company's costs for the Offering are estimated to amount to approximately MSEK 45 and are primarily attributable to financial and legal advisers, auditors, the Prospectus and company presentations.

Who is the offeror and/or the person requesting admission to trading?	
The offeror of securities	Besides the shares offered by Haypp Groyp, the Major Shareholders are offering up to 6,818,168 existing shares in the Offering, under the condition that the Over-allotment Option is fully exercised. Information regarding the Major Shareholders is presented in the table below.

Name	Address	LEI-code	Legal form	Country of incorporation and legislation that the business is governed by
GR8 Ventures AB (Reg. No. 559035-6423)[1]	Stockholms brevboxar 71, SE-116 74 Stockholm, Sweden	549300HEMFEY I05PG107	Private limited liability company	Sweden
Eastcoast Capital AB (Reg. No. 556763-7169)[2]	Stenklivet 5, SE-621 57 Visby, Sweden	549300463BGJ 28ZGSD57	Private limited liability company	Sweden
Northerner Holding AB (Reg. No. 559147-3458)	C/O Jörgen Svensson, Ekevägen 13, SE-462 53 Vänersborg, Sweden	5493009R6GGZ 3E3ZQ691	Private limited liability company	Sweden
Gavin O'Dowd (Pers. No. 780215)	Sköldvägen 7, SE-182 64 Djursholm, Sweden	-	Physical person	Sweden
e-Business Partner Norden AB (Reg. No. 559013-1586)	P.O. Box 847, SE-391 29 Kalmar, Sweden	5493007UK2ZW RY0HZM67	Private limited liability company	Sweden
Kbay Capital AB (Reg. No. 559068-3222)	Baldersvägen 4, SE-392 47 Kalmar, Sweden	984500YD9809B 40D8581	Private limited liability company	Sweden

1 Partly controlled by the board member Linus Liljegren.
2 Controlled by the board member Patrik Rees.

Why is this Prospectus being produced?	
Background and reasons	The board of directors of Haypp Group, supported by the Major Shareholders, 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. Haypp Group's existing working capital is not sufficient for its current needs over the next twelve-month period. Working capital refers to Haypp Group's ability to access cash and cash equivalents to fulfil its payment obligations as they fall due. As of 31 August 2021, Haypp Group had cash and cash equivalents of MSEK 21.9 and a current and non-current financial indebtedness of MSEK 164.6 and MSEK 37.3 respectively. The Company has financial liabilities that matures during October 2021 (MSEK 5), December 2021 (MSEK 30) and January 2022 (MSEK 38). The liabilities consist partly of bank loans and shareholder loans and partly of current overdraft facilities and leasing liabilities. The Company's existing working capital is deemed to be sufficient until January 2022. Haypp Group assesses the working capital requirements over the next twelve months, based on the Company's existing liquidity, to amount to approximately MSEK 72. The Offering, upon full exercise, is expected to provide Haypp Group with proceeds of around MSEK 150 before deduction of transaction costs, which are estimated to approximately MSEK 45. Provided that the Offering is fully subscribed there is no need to seek additional financing for the operating activities. This is further strengthened by the fact that the Company's capital and borrowing requirements are generally constant over the calendar year as there are no material seasonal variations in the Company's operations. The Majority of the Company's long term financial resources consist of equity. In the event the Offering is not fully subscribed or completed, the Company may be forced to stop planned expansion opportunities and implement cost savings. The Company may also need to investigate alternative possibilities for financing in the form of, for example, a rights issue, a private placement or long-term loan financing from existing or new investors. The Company will not receive any proceeds from the sale of existing shares which are offered by the Major Shareholders, including those shares which may be offered by the Major Shareholders should the Over-allotment Option be exercised.
Issue proceeds and purpose	The Offering, upon full exercise, is expected to provide Haypp Group with an issue proceed of around MSEK 150 before deduction of transaction costs, which are estimated to approximately MSEK 45. Remaining parts of the issue proceeds, around MSEK 105, is primarily intended to repay outstanding bank debt and shareholder loans amounting to MSEK 72, and secondly, to partly repay the Company's overdraft facility with MSEK 33 and thereby strengthen the financial flexibility of the Company to act on potential M&A-opportunities and carry out strategic growth investments. The Company will not receive any proceeds from the sale of existing shares which are offered by the Major Shareholders, including those shares which may be offered by the Major Shareholders should the Over-allotment Option be exercised.
Conflict of interests	The Managers provide financial advisory and other services to the Company and the Major Shareholders in connection with the Offering, for which they will receive a commission equal to a certain percentage of the gross proceeds of the shares sold in the Offering. In addition, the Major Shareholders may choose to pay to the Managers a discretionary fee, the allocation of which is to be determined in connection with the first day of trading in the Company's shares on Nasdaq First North Growth Market. From time to time, the Managers may also provide services, in the ordinary course of business and in connection with other transactions, to the Major Shareholders, the Company and parties affiliated to them.

Risk factors

This section contains the risk factors and significant circumstances considered to be material to the Company's business and future development. The risk factors relate to the Company's business, industry and markets, and further include operational risks, legal risks, regulatory risks, risks related to governance, tax risks, financial risk as well as risk factors related to the Offering and the Company's shares. The assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. In accordance with the Prospectus Regulation, the risk factors mentioned below are limited to risks which are specific to the Company and to the securities and which are material for taking an informed investment decision.

The description below is based on information available as of the date of the Prospectus. The risk factors that are currently considered to be the most material are presented first in each category and the subsequent risk factors are presented in no particular order.

Operational risks

HAYPP GROUP'S FUTURE GROWTH IS DEPENDENT ON THE CONTINUED SHIFT TO TOBACCO FREE NICOTINE PRODUCTS

Haypp Group operates in the online reduced-risk nicotine market which interacts with a wide range of products, from vapour products and other inhalation products to smokeless tobacco, tobacco-free nicotine pouches and licensed tobacco-free medical products. Although cigarettes remain the dominant global nicotine product, the market is currently undergoing a global transformation from the use of conventional cigarettes towards the use of products which are recognized as safer alternatives to cigarettes. For example, in Norway the share of the population in the ages 25-34 using cigarettes have declined from 22 percent in 2005 to 4 percent in 2020. The corresponding figures for the ages 45-54 were 28 and 9, respectively.[1] The transformation is driven by a strong customer demand for reduced-risk products, influenced by an increased health awareness as well as different initiatives from governments and public authorities. The Company's focus lies in marketing and selling smokeless product alternatives with lower levels of toxicants relative to cigarettes such as snus and tobacco-free nicotine products. In Norway the share of the population in the ages 25-34 using nicotine pouches and snus have increased from 8 percent in 2005 to 22 percent in 2020. The corresponding figures for the ages 45-54 were 1 and 12, respectively.[2] Hence, the Company is dependent on the continuation of this transformation for its future growth and profitability.

There is, however, a risk that customer demand for Haypp Group's products will change significantly due to, for example, new innovative tobacco-free alternatives being launched on the market. Increased competition from such products could lead to an overall decline in customer demand for products marketed and sold by the Company. Customer demand for the Company's products could also be negatively affected by increased regulation limiting the Company's possibility to market its products and reach out to customers.

If the transformation towards an increased use of smokeless tobacco and nicotine products would decline, it would lead to the Company's growth and market position being significantly negatively affected and a decrease in net sales.

THE SUCCESS OF HAYPP GROUP'S BUSINESS DEPENDS ON THE CONTINUING DEVELOPMENT, MAINTENANCE AND OPERATION OF ITS IT SYSTEMS

The Company has invested, and still invests, significant resources in establishing and maintaining its online sales platforms with a seamless and fully integrated age verification system and refined checkout. Haypp Group's IT systems are also designed to collect and analyse customer data to generate valuable insights on customer behavior, which are shared with suppliers and other third parties on an aggregated level. The rights to several of the Company's main IT-systems have been developed by Group employees or external consultants and are used by the Company in accordance with license agreements. As Haypp Group's operations are based on e-commerce and all of Haypp Group's business is conducted online, the Company is highly dependent on a well-functioning IT environment and licensed rights to the IT-systems used. Haypp Group's ability to maintain and upgrade its advanced web technologies will affect the Company's market position in the e-commerce sector, and its ability to increase revenues to existing and new customers, generate growth and income by selling valuable insights on customer behavior and to maintain a cost-efficient operating model while scaling the business.

There is a risk that the Company's technology systems experience service interruptions, data intrusion, ransomware viruses and other cyber-attacks, power losses and computer viruses. Haypp Group's security measures are designed to protect against security breaches but

1 Eurobarometer, 506, Feb 2021, SSB.
2 Eurobarometer, 506, Feb 2021, SSB.

there is a risk that the Company fails to anticipate such events or implement effective countermeasures in a timely manner. Failure to prevent such intrusions could cause the Company to incur significant expenses to investigate, respond to and correct problems caused by such breaches.

If unauthorised parties attempt to or manage to disable Haypp Group's network or access its technology systems, they may be able to access confidential information, cause interruptions in the Company's operations, damage its computers or otherwise damage its reputation and business. In such circumstances, the Company could be held liable or become subject to regulatory or other actions for breaching confidentiality and personal data protection rules. Such liability could include claims for misuse of personal data or claims based on Haypp Group's privacy and data security practices. Violations of for the Group applicable data protective legislation, such as the General Data Protection Regulation (EU) 2016/679 (the "GDPR"), could result in administrative fines corresponding to up to 20 MEUR or 4 percent of the Group's total worldwide annual turnover of the preceding financial year, whichever is higher. Consequently, non-compliance with data protection legislation could entail significantly increased costs for Haypp Group, consequently having a negative impact on the Company's results. Other costs associated with data intrusions and ransomware attacks include costs for reparation or replacement of damaged equipment as well as costs for lost productivity and lost orders. Moreover, data interruptions can be time-consuming and diverting personnel from their regular duties.

Since all of Haypp Group's net revenues derives from online business, it is of great importance that the Company's websites are user-friendly and offer a convenient overall experience. New advances in technology can increase competitive pressure, as the online retail sectors are characterised by rapid technological developments. If Haypp Group fails to keep up with the technical development and innovation, the attractiveness of Haypp Group's websites could be diminished, which would lead to increased costs in order to make the necessary investments, with an adverse effect on the Company's results.

HAYPP GROUP'S ABILITY TO EXPAND ITS CUSTOMER BASE AND INCREASE ITS SALES TO EXISTING CUSTOMERS RELIES ON ONLINE MARKETING CHANNELS AND SEARCH ALGORITHMS

In order to reach new customers, and to increase net sales to existing customers, Haypp Group has to allocate significant resources on marketing efforts. The Company's marketing strategy is based on free traffic generated by search engine optimisation ("SEO") which allows the Company to reach growth for a low cost. The majority of the traffic to Haypp Group's online stores is generated by SEO. The other traffic is generated by paid search such as Google Ads. There is a risk that Haypp Group's SEO strategy will become inefficient for example due to changed market dynamics or the SEO not being as effective as expected by the Company and Haypp Group would not be able to uphold its SEO position, which could force the Company to allocate more resources to paid search. Increased costs for online marketing could have a negative effect on the Company's results.

Haypp Group's SEO strategy is adapted to search algorithms used by for example Google. If such algorithms change significantly, the Company would have to allocate significant resources to updating its SEO strategy. Further, the Company's paid online marketing efforts through Google Ads are subject to Google's policies for advertising. There is a risk that these policies would change which could lead to that Haypp Group's websites are excluded from, or be ranked lower in, search results due to violations against either Google's policies or regulations on tobacco and nicotine.

Haypp Group's marketing strategy is also centred around direct marketing efforts such as promoting its brands and products in marketing emails. There is a risk that Haypp Group might be unable to deliver such emails and other messages, for example due to regulatory changes limiting the right to market products.

If any of the above risks relating to keywords, algorithms and marketing efforts would materialize, it could be detrimental to the Company's ability to maintain its SEO ranking and successfully reach and communicate with existing and potential customers, which would adversely affect the Company's net sales and increase costs for paid marketing efforts.

HAYPP GROUP IS DEPENDENT ON ITS REPUTATION FOR CONTINUED GROWTH

The Company believes that its reputation is an important factor in relation to both new and existing customers' choice from where to purchase smokeless tobacco and nicotine products. There is a risk that Haypp Group's reputation is impaired due to, for example, losses of well-known brands, as a consequence of customer complaints or potential failure by the Group to protect and handle customer data, which could affect Haypp Group's ability to expand its customer base and increase its sales to existing customers. Haypp Group does not have its own production of tobacco or nicotine products but relies on the quality of the products sourced from its suppliers. As many of the Company's customers associate Haypp Group with the brands sold on its online platforms, there is a risk that a damaged reputation for any of these brands would have an indirect negative effect on the Company's reputation.

Haypp Group's reputation is also important in relation to the Company's business partners and suppliers. Good relations with its suppliers and with the tobacco industry in general is beneficial to the Company's ability to maintain and further develop its wide assortment of products. There is a risk that suppliers will be dissatisfied with, for example, the Company's marketing efforts, product presentation or the Company's pricing of and campaigns regarding competing products. Supplier dissatisfaction could result in Haypp Group losing existing suppliers, reductions in economic support from suppliers that are generally obtained to finance price reductions under campaigns or that the Company is unable to establish relationships with new suppliers, which could lead to competitive disadvantages.

Further, a significant part of the Company's products contain different levels of nicotine. Nicotine is a stimulant drug which is highly addictive and poses different levels of health risk to its users. There is a risk that customers' views on companies marketing and selling nicotine products change as a result of, for example, stricter governmental regulations or increased health concerns, which could have a significant negative effect on Haypp Group's reputation (see also the risk factor "*Haypp Group operates in a highly regulated market and is affected by changes in laws and regulations*" below).

If Haypp Group fails to protect or maintain its reputation, the Company could lose customers, suppliers and competitive advantages, which would adversely affect Haypp Group's market position and net sales.

HAYPP GROUP IS DEPENDENT ON SUPPLIERS AND THIRD-PARTY SERVICE PROVIDERS IN ORDER TO SELL ITS PRODUCTS

Haypp Group is dependent on suppliers and third-party service providers in order to market and sell its products. One of Haypp Group's competitive advantages is its wide product assortment with more than seven times more stock keeping units than the average physical retailers. Thus, Haypp Group is dependent on its suppliers to continue to provide such assortment. The Company and its major suppliers have in general not entered into any formal supply agreements and prices are established based on list prices with a fixed discount. As such, the suppliers do not have any contractual obligation to continue to supply products to the Company and the Company lacks the contractual right to request continued supply. There is a risk that suppliers and distributors change the terms and conditions established between the parties, reduce or discontinue the discount and return policies that they offer Haypp Group or that suppliers decide that certain products are not to be sold online. If Haypp Group fails to substitute products from such suppliers with other products, there is a risk that the Company could lose customers, which would lead to lower net sales and results for Haypp Group. If the Company fails to uphold its terms and conditions or to enter into supplier agreements on favourable terms, this could also have a negative impact on the Company's business.

Furthermore, Haypp Group is dependent on suppliers being able to deliver ordered products in a timely manner. Due to the ongoing COVID-19 pandemic, some of the Company's suppliers in the US have had capacity restraints which has impacted the supplies to Haypp Group. Delayed or missing deliveries could in turn cause Haypp Group's customers deliveries to be delayed. This could result in reduced distribution of the Company's products and negatively affect the Company's reputation among its customers. The Company delivers its products to customers via different logistics companies such as Airmee, Budbee, Bring, Porterbuddy and UPS and is exposed to the risk of disruption in the distribution channels. Such disruption may be caused by strikes, extreme weather conditions and by the spread of infectious disease such as COVID-19. As disruptions in the supply chain affect the customers' overall shopping experience, the Company is dependent on the timely and service-minded delivery by the logistics companies. Failure to provide adequate and well-functioning shipping solutions may damage Haypp Group's reputation.

The realisation of any of these risks could have a negative effect on Haypp Group's opportunities to provide an attractive product offering and thereby negatively affecting the Company's sales.

HAYPP GROUP MAY NOT BE ABLE TO EXPAND ITS PORTFOLIO THROUGH SUCCESSFUL ACQUISITIONS

Haypp Group continuously evaluates potential strategic acquisitions to support the Company's strategy for continued growth. Such acquisitions supplement the Company's current platform portfolio, give the Company access to new market and consumer segments, increase sales to selected customer categories and improve the Company's market position. In 2019, Haypp Group merged with Northerner, creating the world's largest online retailer of smokeless tobacco and nicotine pouches. Further, in June 2021, one of Haypp Group's subsidiaries, Snusbolaget Norden AB, acquired NettoTobak of Sweden AB's ("NettoTobak") e-commerce business/platform, such as the customer data base and all relevant domains and other intellectual property rights pertaining to NettoTobak. Furthermore, in July 2021, the Company acquired Sweden Snus Gross AB's e-commerce platform including customer data base, domain name and other intellectual property. The acquisition of companies and assets are associated with risks and uncertainties regarding, among other things, estimated potential as well as the increase in market share and the access to new customers that the acquisition is expected to generate.

Prior to any acquisition, Haypp Group will need to conduct financial and legal due diligence of the potential target company and assets. There can, however, be risks that are not identified by such due diligence and if these risks were to occur, it could result in additional costs and the impairment of tangible and intangible assets. There is also a risk that, for example, warranties given by the seller do not cover a specific loss, that the warranty period expires before a loss is detected or that the seller, for some reason beyond Haypp Group's control, does not indemnify Haypp Group for a loss for which it is in fact responsible.

Futhermore, there is a risk that the Company will not find suitable investments or targets for acquisition in the future or that the Company will be unable to complete acquisitions on acceptable terms and conditions, if at all. The Company may also fail to successfully integrate the businesses that it acquires or establishes. The integration of businesses involves risks, including the risk that the integration may disrupt the Company's current business activities and divert financial and management resources from existing operations. There is also a risk that the Company fails to integrate personnel from the acquired business and to retain and motivate key employees. Any of the foregoing risks could result in failure for Haypp Group to realize expected benefits of an acquisition and that planned expansion opportunities are lost. All these risks may result in the Company being forced to write down the value of intangible and tangible assets.

THE COMPANY'S ORGANIZATION IS LIMITED AND DEPENDENT ON A SMALL NUMBER OF KEY INDIVIDUALS

As of the date of the Prospectus, the Company has 146 employees and consultants. The Company's organization is thus relatively large, but still dependent on a small number of key individuals' respective and collective efforts to be able to, inter alia, implement Haypp Group's strategies and achieve its goals. Haypp Group's rapid growth and increasingly complex organization have set and will continue to set high demands on the management's and employee's competence.

If one or more of these individuals leave the Company, it would delay or cause stoppages in Haypp Group's business. Haypp Group's ability to employ and retain such key individuals is dependent on several factors, including competition in the labour market. A key factor for the Company in successfully expanding its business is that Haypp Group succeeds in attracting and recruiting more key individuals moving forward. In particular, Haypp Group is dependent on attracting, educating and retaining employees with legal and regulatory qualifications and employees with specific expertise within different areas, such as marketing and logistics. There is a risk that the Company fails to attract or retain key employees depending on, for example, monetary compensation or lack of benefits or lack of enthusiasm for the tobacco industry among qualified candidates. Furthermore, Haypp Group's employees have employment agreements which include non-solicitation clauses after the expiry of the employment. There is a risk that such clauses are deemed to be unreasonable and, consequently, declared invalid, which could lead to key employees, when their employments with the Company have terminated, co-operate with competitors or start competing businesses. Loss of or an inability to recruit key individuals would lead to important know-how being lost, that established goals may not be reached or that the implementation of Haypp Group's business strategy and expansion phase will be adversely affected.

Industry and market-related risks

THE GROUP'S MARKET SHARE AND PROFITABILITY MAY BE ADVERSELY AFFECTED BY COMPETITIVE ACTIONS AND PRICING PRESSURES IN THE MARKETPLACE

The market for harm-reduced nicotine products is highly competitive and Haypp Group competes with a large number of retailers, physical as well as online stores, of different sizes and target markets.

The shift from cigarettes to reduced risk alternatives has been identified by larger tobacco producer brands and many of these competitors have started to expand their production and sales to Haypp Group's markets and customer segment. New entrants, particularly by powerful international companies, could result in Haypp Group losing business opportunities or being forced to change its business model.

The main competitors of Haypp Group are currently focused on traditional offline sales. However, there is a risk that the Company's competitors, such as grocery stores or larger tobacco companies, will leverage their offline presence to enter the online market or further develop their online presence. There is also a risk that larger online-stores chose to broaden their assortment to sell snus and tobacco-free nicotine pouches. If Haypp Group's competitors are more successful in attracting customers, for example by more successful customer analyses regarding consumer and market trends or a better online shopping experience, there is a risk that they gain market shares at the Company's expense.

Furthermore, competitors or new market participants, which may be better funded or organized, or which sell brands that are more recognized or offer a wider assortment of recognized brands, may engage in pricing or marketing tactics which could lead to Haypp Group being forced to reduce its prices or increase marketing costs in order to compete efficiently. If competitors lower their prices or widen their product offerings with new brands or categories or improved service levels, Haypp Group may be forced to take the same actions in order to compete.

If the Company fails to compete successfully and any of the above risks would materialize, it would have an adverse effect on the Company's operations and net sales.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") RESTRICTIONS

There is increasing investor focus on ESG matters, and the use of ESG-based investment restrictions has increased significantly in recent years. Organizations that provide ESG information to investors have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Decreasing social acceptance of tobacco- or nicotine-related products, unfavorable ESG ratings or increases in

ESG restrictions, could result in shareholders choosing to divest their ownership in Haypp Group or choose not to invest at all and that the Company's reputation is questioned and, that the Company, in whole or in part, is forced to change its operations, with increased costs as a consequence.

RISKS RELATED TO THE COVID-19 PANDEMIC

In late December 2019, the outbreak of the coronavirus (COVID-19) was detected in China and this has subsequently spread globally. The outbreak of COVID-19 is classified as a pandemic and has, in addition to being a significant danger to people's lives and health, caused significant business disruption, significant volatility in international equity markets and significant disruption to the global economy and supply chains.

With national lockdowns implemented to limit the spread of COVID-19, consumers have increased their online purchases and Haypp Group has experienced increased sales volumes. As such, COVID-19 has accelerated the shift to e-commerce by many years which has led to an unforeseen growth in the e-commerce sectors. This unpredicted growth has posed great demands on the supply chain and there is a risk that logistics companies are unable to handle the increasing demand for their services, causing delays in the supply chain towards customers. For example, some of the Company's suppliers in the US, due to the ongoing COVID-19 pandemic, have had capacity restraints which has impacted the supplies to Haypp Group. Delays in the supply chain and disruptions in Haypp Group's logistics network could lead to dissatisfaction among customers and that Haypp Group's reputation is damaged, which could lead to customers returning to purchase their products from physical retailers. If the trend towards e-commerce is not sustained during recovery from COVID-19 or after, this could lead to loss of customers, decrease in sales and loss of revenue.

COVID-19 could also impact the global capital markets, carrying the risk that, after the planned listing on Nasdaq First North Growth Market, the price of Haypp Group's share could follow the general market trend irrespective of whether Haypp Group performs in line with or better than market expectations. Furthermore, there is a risk that the outbreak of COVID-19 could impact the access to capital and the capital markets, which in turn could impact Haypp Group's possibility to obtain necessary financing moving forward, for example, to finance the implementation of the Company's growth strategy.

Legal risks and tax risks

HAYPP GROUP OPERATES IN A HIGHLY REGULATED MARKET AND IS AFFECTED BY CHANGES IN LAWS AND REGULATIONS

Companies operating in the nicotine market are heavily affected by laws and other regulations and legislation is a major factor behind product evolvement. Present and future regulations affect numerous aspects of the Company's operations and Haypp Group must comply with, and is affected by, extensive and complex laws and regulations at a national, regional and local level. These regulations relate, among other things, to marketing, packaging and warning label requirements, use of ingredients, introduction of new products as well as minimum legal age for the purchase and use of tobacco products. The Company is also affected by the regulatory environment in respect of tobacco-free nicotine products in the US, where such products in certain cases fall under similar legislation as tobacco products.

The political and regulatory environment is rapidly changing, and further tobacco-control regulation is likely to be enacted over the foreseeable future in most of the markets where the Company operates. The increased use of tobacco-free nicotine products is subject to political discussions and the Swedish government has published an interim report, SOU 2021:22 "Stricter rules on new nicotine products" (Sw. *Hårdare regler för nya nikotinprodukter*). The interim report proposes, among other things, that the marketing of tobacco-free nicotine products should be subject to stricter regulation by prohibiting the marketing to people under the age of 25 and limiting commercial advertising in radio and television as well as sponsorship corresponding to what applies to tobacco products. If the above limitations were to enter into force as proposed by the interim report, and if similar regulations are implemented in other geographical markets where Haypp Group operates, there is a risk that the Company will have to make adjustments to its marketing efforts and assortment which could have a negative effect on net sales and results. If Haypp Group fails to comply with applicable laws and regulations, it may entail limitations in the Company's operations, increased operative costs or costs as a result of fines or other sanctions. Further, if Haypp Group fails to comply with applicable laws and regulations, there is an increased risk of the Company being subject to interventions from consumer organizations or individual consumers claiming compensation for alleged adverse health effects resulting from the use of the products sold by the Company. If such claims were to be made against the Company, there is a risk that the process could be time-consuming, costly and there is also a risk that such processes lead to negative publicity for the Company and thus affect the Company negatively in several ways, both financially due to e.g. increased costs but also by damaging the Company's reputation (see also the risk factor *"Legal disputes"* below).

The fact that Haypp Group operates on a widely regulated market, that the interpretation and implementation of, for example, EU regulation may vary from member state to member state, and that applicable laws in general may change, entails a degree of uncertainty as to current and future legal requirements. Any changes in legislation and regulations regarding tobacco and nicotine products, both in Europe and in the US, as well as on other markets where the Company operates, may adversely affect Haypp Group's operations and earnings.

These risks are particularly relevant in jurisdictions with high restrictions for use and marketing of tobacco products, such as Europe and the US where the Company's key markets are located. New regulations in these areas or bans on the marketing and sale of certain key brands or products, could adversely affect the Company's future growth and forcing the Company, in whole or in part, to change its operations in order to adapt to such new regulations, which may result in significantly increased costs.

HAYPP GROUP MAY BE EXPOSED TO INCREASES IN TOBACCO- AND NICOTINE RELATED TAXES

Tobacco products are subject to high levels of taxation, including but not limited to excise taxes and sales taxes in most markets where the Company has significant sales. Some markets also apply excise duty on tobacco-free nicotine products. In several of the Company's markets, the taxes on tobacco are generally increasing but the rate of increase varies between markets and between different types of tobacco products. Political initiatives to further increase, or introduce new, tobacco related taxes are likely to continue as an attempt to limit the use of tobacco products, to meet health policy objectives and increased lobbying pressure from anti-tobacco advocates. If the taxes were to increase significantly, there is a risk that the Company is unable to compensate for increased tax related costs by increasing prices towards end customers, which would lead to lower price margins and revenues.

LEGAL DISPUTES

Haypp Group is subject to the risk of disputes, claims and other legal or administrative proceedings in various jurisdictions with third-parties such as, for example, the Company's suppliers and customers. There is also a risk that the Company will be involved in proceedings with supervisory authorities due to, for example, complaints from third-parties or routine investigations. Disputes, claims or proceedings relating to compliance with tobacco and nicotine legislation is assessed to be a particular high risk in the Company's business as non-compliance could lead to that the Company loses its license to market and sell tobacco and nicotine products on the markets where the Company operates. Furthermore, since the Company's products contain nicotine, a highly addictive substance, which poses different levels of health risk to its users, there is a risk that the Company may be involved in claims relating to different kind of health- and product liability claims. Such claims may, particularly in the US, concern significant amounts and there is a risk that the Company – if found liable – may not be able to settle such claims with available cash resources. Hence, any such claims, or the risk of future claims, may result in Haypp Group being forced to cease operations, completely or on a specific geographical market.

In 2020, the Swedish Consumer Agency (Sw. *Konsumentverket*) filed a summons application against one of Haypp Group's subsidiaries, Snusbolaget Norden AB, in relation to its marketing practices on its website and via e-mail. The Swedish Consumer Agency claimed that the Patent and Market court should prohibit Snusbolaget Norden from conducting certain marketing towards consumers. In March 2021, the Patent and Market Court rendered its decision, in which it decided that Snusbolaget Norden should be prohibited, by a conditional fine on 1 MSEK, from conducting certain marketing. The Group has adjusted its marketing operations in accordance with the court's decision.

Disputes, claims, investigations and proceedings of these types can prove time consuming, disrupt normal operations, involve considerable costs, adversely affect the Group's reputation and result in administrative or legal sanctions and measures. There is a risk that Haypp Group could become involved in future disputes and that the results of such disputes would entail significant increased costs for the Company. The magnitude of such costs would likely depend on, among other things, the extent to which any established legal liability and related costs, such as legal costs, would be covered by the Company's insurance cover while the magnitude of any damages on the Company's reputation would likely depend on the nature of such disputes, claims or proceedings.

Financial risks

HAYPP GROUP'S FINANCIAL TARGETS MAY DEVIATE SIGNIFICANTLY FROM THE COMPANY'S ACTUAL OUTCOME

Haypp Group has adopted certain long-term financial targets presented in the Prospectus. These financial targets constitute forward looking statements and reflect among other things the Company's expectations regarding growth, profitability and dividend. There is a risk that the Company's actual results or financial position may differ significantly from what is explicitly or implicitly stated in such targets. Further, the financial targets are based on a number of assumptions which, by their nature, are associated with considerable risks related to, among other things, the Company's business, operations and the macro economy, many of which are beyond the Company's control. There is a risk that these assumptions will not continue to reflect the commercial and economic environment in which Haypp Group operates. Consequently, the actual outcome could differ from the assumptions made. For example, the Company's financial targets take into account that positive effects on the e-commerce market from the ongoing COVID-19 pandemic partly will slow down in the near-term future resulting in that the e-commerce industry in general, and Haypp Group in particular, will not experience continued growth at the same levels as in 2020. However, there is a risk that such decrease will become larger than expected by the Company, affecting the outcome of the financial targets. Since these assumptions fall outside the Company's control, potential investors should not put undue weight on the financial targets when making an investment decision.

If Haypp Group fails to meet its financial targets due to changed assumptions or other factors, the Company may experience lower earnings, decreased margins or reduced cash flow. In turn, Haypp Group may be unable to access suitable financing or pursue attractive business opportunities, which may limit the Company's ability to maintain as well as strengthen its market position or competitiveness. This may have an adverse effect on Haypp Group's growth.

HAYPP GROUP IS EXPOSED TO CURRENCY RISKS
Currency risk entails the risk that the fair value of future cash flow varies due to changes in foreign exchange rates. Haypp Group's transactions in foreign currency primarily consist of purchases and sales of goods and services in currencies other than the reporting currency (SEK). Haypp Group's profit/loss is affected when costs and revenues in foreign currencies are translated into SEK (transaction risk). The balance sheet is affected when assets and liabilities in foreign currencies are translated into SEK (translation risk). Haypp Group's main transaction exposure consist of EUR, GBP and CHF and the main translation exposure consist of NOK and USD when converting Haypp Group's foreign subsidiaries' earnings and balance sheets into SEK reporting currency. Thus, there is a risk that a worsening of amounts denominated in a foreign currency in relation to SEK could have a negative impact on Haypp Group's results, assets and liabilities. A weakening of the SEK by 5 percent against the annual average exchange rates for EUR, GBP and CHF during the 2020 financial year would have meant a reduction in earnings of approximately 1 percent. Accordingly, unfavourable fluctuations in exchange rates could have an adverse effect on Haypp Group's financial position and results.

Risks relating to the Offering and the Company's shares

AN ACTIVE, LIQUID AND ORDERLY TRADING MARKET FOR HAYPP GROUP'S SHARES MAY NOT DEVELOP, THE PRICE OF ITS SHARES MAY BE VOLATILE, AND POTENTIAL INVESTORS COULD LOSE A PORTION OR ALL OF THEIR INVESTMENT
Prior to the Offering, there is no public market for Haypp Group's shares. There is a risk that an active and liquid market will not develop or, if developed, that it will be sustained after completion of the Offering.

The Offering Price set of SEK 66 per share is set by the Company's board of directors in consultation with the Joint Global Coordinators, and may not necessarily reflect the price investors in the market are willing to buy and sell shares for following completion of the Offering and, for example, the price during trading subsequent to listing could be significantly lower than the price in the Offering. The share price may be dependent on several factors, where circumstances such as investors' insecurity to invest in a company based in the tobacco industry is considered to be of particular importance for Haypp Group. Investors may, thus, not be able to resell share at or above the Offering Price.

EXISTING SHAREHOLDERS' SALE OF SHARES COULD CAUSE THE SHARE PRICE TO DECLINE
The price of the Company's share could decline if there are substantial sales of shares in the Company, particularly sales by the Company's board members, executive management and the Major Shareholders which, prior to the Offering, own in aggregate a total of approximately 70.6 percent of the shares and votes in the Company.

The Major Shareholders and certain members of the Company's board of directors and executive management have undertaken, subject to certain exceptions, for a certain period of time, not to sell their shares or enter into transactions with a similar effect without the prior written consent of the Joint Global Coordinators. After the expiry of the relevant lock-up period, the shareholders subject to the lock-up period will be free to sell their shares in Haypp Group. The sale of large amounts of the Company's shares after the end of the applicable lock-up periods, or the perception that such sales might occur, could cause the price of the Company' shares to decline.

THE MAJOR SHAREHOLDERS WILL CONTINUE TO HAVE SUBSTANTIAL INFLUENCE OVER HAYPP GROUP AFTER THE OFFERING AND COULD DELAY OR PREVENT A CHANGE IN CONTROL OVER THE COMPANY
After completion of the Offering, the Major Shareholders will own in aggregate approximately 45.1 percent of the shares in the Company and assuming that the Over-allotment option is exercised. Thus, the Major Shareholders are likely to continue to have a significant influence over the outcome of matters submitted to Haypp Group's shareholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of the Company's assets. In addition, the Major Shareholders could have significant influence over the Company's executive management and the Company's operations.

The interests of the Major Shareholders may differ significantly from or compete with Haypp Group's interests or those of the other shareholders, and the Major Shareholders could exercise influence over the Company in a manner that is not in the best interest of the other shareholders. For example, there could be a conflict between the interests of the Major Shareholders on the one hand, and the interests of the Company or its other shareholders on the other hand with respect to distribution of dividends.

HAYPP GROUP'S ABILITY TO PAY DIVIDENDS IS DEPENDENT UPON ITS FUTURE EARNINGS, FINANCIAL CONDITION, CASH FLOWS, NET WORKING CAPITAL REQUIREMENTS, CAPITAL EXPENDITURES AND OTHER FACTORS

The Company has previously not paid any dividends to its shareholders but has invested its assets in acquisitions and in the Company's operating activities.

The amount of any future dividends from the Company depends on a number of factors, such as future earnings, financial condition, cash flows, net working capital requirements, capital expenditures and other factors. The Company may not have sufficient distributable funds and Haypp Group's shareholders may not resolve to pay dividends in the future. If no dividend is distributed, any returns for an investor will solely depend on the future share price trend.

SHAREHOLDERS IN THE UNITED STATES OR OTHER COUNTRIES OUTSIDE SWEDEN MAY NOT BE ABLE TO PARTICIPATE IN ANY POTENTIAL FUTURE CASH OFFERS

If the Company issues new shares in a cash issue, shareholders shall, as a general rule, have preferential rights to subscribe for new shares proportionally to the number of shares held prior to the issue. Shareholders in certain other countries may, however, be subject to limitations that prevent them from participating in such rights offerings, or that otherwise makes participation difficult or limited. For example, shareholders in the United States may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such subscription rights and shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. Haypp Group is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any subscription rights and shares and doing so in the future may be impractical and costly. To the extent that shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their ownership in the Company may be diluted.

THE UNDERTAKINGS FROM THE CORNERSTONE INVESTOR IS NOT SECURED AND MAY THEREFORE NOT BE MET

Erik Selin[1] (the "Cornerstone Investor") has undertaken to acquire shares in the Offering, corresponding to approximately MSEK 66. The Cornerstone Investor will accordingly hold approximately 3.4 percent of the total number of shares and votes in the Company after the completion of the Offering. However, the Cornerstone Investor commitment is not secured by any bank guarantee, blocked funds or pledge of collateral or similar arrangements, for which reason there is a risk that the Cornerstone Investor will not be able to, entirely or partly, meet its commitment. Moreover, the Cornerstone Investor's commitment is associated with certain conditions, such as achieving a certain distribution of the Company's shares in connection with the Offering as well as that the Offering is completed within a certain period of time. In the event that any of these conditions is not fulfilled, there is a risk that the Cornerstone Investor will not fulfill its commitment, which could have a negative impact on completion of the Offering.

1 Through Förvaltnings AB Färgax.

Invitation to acquire shares in Haypp Group

Haypp Group and the Major Shareholders have resolved to broaden and diversify the ownership of shares in the Company and have thus resolved to apply for a listing of the Company's shares 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, including the distribution requirement in respect of the Company's shares, are fulfilled not later than on the first day of trading. Haypp Group's board of directors will finally apply for a listing of the Company's shares on Nasdaq First North Growth Market and trading in the Company's shares is expected to commence on 13 October 2021.

The Offering consists of an offer to (i) the general public in Sweden and Norway and (ii) institutional investors in Sweden and abroad. The Offering comprises 5,632,404 existing shares in Haypp Group offered by the Major Shareholders and 2,272,727 newly issued shares offered by the Company. In total, the Offering comprises 7,905,131 shares, corresponding to 27.2 percent of the total number of shares and votes in the Company after the completion of the Offering, provided that the Offering is fully subscribed. Resolution on the issue of the shares offered by the Company are intended to be made by the Company's board of directors on 12 October 2021, based on the issue authorization received from the shareholders' meeting, and is expected to receive MSEK 150, before deduction of costs related to the Offering.[1]

In order to cover any over-allotment in connection with the Offering, the Major Shareholders have undertaken to sell an additional maximum of 1,185,764 shares in the Company, upon request from the Managers (the "Over-allotment Option"). Such shares correspond to 15 percent of the number of shares in the Offering. The Over-allotment Option can be exercised, in full or in part, during a thirty-day period from the first day of trading in the Company's shares on Nasdaq First North Growth Market. If the Over-allotment Option is exercised in full, the Offering will comprise 9,090,895 shares, corresponding to 31.2 percent of the total number of shares in the Company after the completion of the Offering, provided that the Offering is fully subscribed.

The Offering Price of SEK 66 and has been decided by the Major Shareholders and the board of directors of Haypp Group, in consultation with the Managers based on discussions preceding the commitment made by the Cornerstone Investor, on contacts with certain institutional investors, current market conditions and a comparison with the market price of other comparable listed companies.

The Cornerstone Investor has, on the same terms and conditions as other investors, undertaken to acquire a total number of 1,000,000 shares in the Offering, corresponding to 11.0 percent of the shares in the Offering (provided that the Over-allotment Option is exercised in full) and 3.4 percent of the shares in the Company. The Cornerstone Investor will be given priority in the allotment of shares in the Offering and receive full allocation in accordance with its commitment. The commitment does not entitle any compensation.

The total value of the Offering amounts to approximately MSEK 522 provided that the Offering is fully subscribed. If the Over-allotment Option is exercised in full, the total value of the Offering will amount to approximately MSEK 600.

Investors are hereby invited to, in accordance with the terms specified in this Prospectus, acquire shares in Haypp Group.

Stockholm, 4 October 2021
Haypp Group AB (publ)
Major Shareholders

1 The Company's costs associated with the Offering are expected to amount to approximately MSEK 45.

Background and reasons

Haypp Group is a e-commerce business selling nicotine pouches and snus online in nine countries across Europe and in the US. The Company's ten e-commerce store brands enable consumers a broad and relevant assortment, competitive prices and convenience in the form of a seamless shopping experience and several delivery options. With an average of 200,000 customers per month[1], the e-commerce store brands also serve as marketing and launch platforms for new and existing products, as well as providers of customer data to the insights offering for suppliers.

Since Haypp Group's foundation in 2009 the geographical presence has expanded from Sweden into other countries in Europe as well as the US. Today, Haypp Group has market leading online positions in Sweden and Norway, with a market share of around 90 percent in Sweden (including the acquisition of Nettotobak's e-commerce business) and approximately 80 percent in Norway. In the rest of Europe[2] and the US, the Company has a market share of approximately 30 percent and 55 percent online, respectively.[3] Haypp Group continuously develops and improves its value proposition to both customers and suppliers and has during the past years upgraded its bespoke technology infrastructure to become more scalable and invested in a new automated warehouse to improve the shopping experience for its customers. Haypp Group has experienced strong financial growth and increased net revenue from MSEK 460 in 2018 to MSEK 2,061 during the second quarter of 2021 latest twelve months, corresponding to an annual average growth rate of approximately 82 percent.

The board of directors of Haypp Group, supported by the Major Shareholders, 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.

The Offering comprises 5,632,404 existing shares in Haypp Group offered by the Major Shareholders and 2,272,727 newly issued shares offered by the Company. Certain other warrant holders and shareholders in Haypp Group will, through the Major Shareholders, also sell shares in the Offering. See section *"Share capital and ownership – Changes to warrant programs in connection with the listing"* and *"Existing shareholders' sale of shares"*.

Haypp Group's existing working capital is not sufficient for its current needs over the next twelve-month period. Working capital refers to Haypp Group's ability to access cash and cash equivalents to fulfil its payment obligations as they fall due. As of 31 August 2021, Haypp Group had cash and cash equivalents of MSEK 21.9 and a current and non-current financial indebtedness of MSEK 164.6 and MSEK 37.3 respectively. The Company has financial liabilities that mature during October 2021 (MSEK 5), December 2021 (MSEK 30) and January 2022 (MSEK 38). The liabilities consist partly of bank loans and shareholder loans and partly of current overdraft facilities and leasing liabilities. The Company's existing working capital is deemed to be sufficient until January 2022. Haypp Group assesses the working capital requirements over the next twelve months, based on the Company's existing liquidity, to amount to approximately MSEK 72.

The Offering, upon full exercise, is expected to provide Haypp Group with an issue proceed of around MSEK 150 before deduction of transaction costs, which are estimated to approximately MSEK 45. Remaining parts of the issue proceeds, around MSEK 105, is primarily intended to repay outstanding bank debts and shareholder loans amounting to MSEK 72, and secondly, to partly repay the Company's overdraft facility with MSEK 33 and thereby strengthen the financial flexibility of the Company to act on potential M&A-opportunities and carry out strategic growth investments. After the repayment of the outstanding bank debts and shareholder loans, the Company has only remaining debt in the form of leasing liabilities (MSEK 49) and current overdraft facilities (MSEK 46). Provided that the Offering is fully subscribed there is no need to seek additional financing for the operating activities, according to the Company's assessment. This is further strengthened by the fact that the Company's capital and borrowing requirements are generally constant over the calendar year as there are no material seasonal variations in the Company's operations. The majority of the Company's long term financial resources consist of equity.

1 In Q1 2021.
2 Austria, Denmark, Finland, Germany, Switzerland and the United Kingdom.
3 The Market Study. Market shares refer to 2020.

In the event the Offering is not fully subscribed or completed, the Company may be forced to stop planned expansion opportunities and implement cost savings. The Company may also need to investigate alternative possibilities for financing in the form of, for example, a rights issue, a private placement or long-term loan financing from existing or new investors.

The Company will not receive any proceeds from the sale of existing shares which are offered by the Major Shareholders, including those shares which may be offered by the Major Shareholders should the Over-allotment Option be exercised.

In other respects, reference should be made to the full particulars of the Prospectus, which has been prepared by the board of directors of Haypp Group in connection with the Offering. The board of directors of Haypp Group is responsible for the contents of the Prospectus. To the best of the board of director's knowledge, the information contained in the Prospectus is in accordance with the facts and the Prospectus makes no omissions likely to affect its import.

Stockholm, 4 October 2021
Haypp Group AB (publ)
The board of directors

The board of directors of Haypp Group alone is responsible for the content of the Prospectus. However, the Major Shareholders confirm its commitment to the terms and conditions of the Offering in accordance with what is set out in the section "Terms and conditions".

Major Shareholders

Terms and conditions

The Offering

The Offering comprises 7,905,131 shares in the Company, whereof 5,632,404 comprise existing shares and 2,272,727 comprise newly issued shares, and is divided into two parts:

- The offer to the general public in Sweden and Norway[1]
- The offer to institutional investors in Sweden and abroad[2]

The outcome of the Offering is expected to be announced through a press release, which will be available on the Company's website (www.hayppgroup.com) on or about 13 October 2021.

Overallotment Option

To cover any overallotments in the Offering, the Major Shareholders have committed to issue, upon request by the Joint Global Coordinators, an option to the Joint Global Coordinators to acquire maximum additional 1,185,764 shares in the Company, corresponding to maximum 15 percent of the total number of shares in the Offering. The Overallotment Option is exercisable, in whole or in part, for a period of 30 days from the first day of trading in the Company's shares on Nasdaq First North Growth Market. For further information about the Overallotment Option, refer to section "*Legal considerations and supplementary information – Placing Agreement*".

Allotment of shares

The allotment of shares between each part of the Offering will be based on demand. The allotment will be determined by the Company's board of directors and the Major Shareholders in consultation with the Joint Global Coordinators.

The Offering Price

The price per share in the Offering Price is SEK 66 and has been decided by the Company's board of directors and the Major Shareholders, based on discussions preceding the commitment made by the Cornerstone Investor, contacts with certain institutional investors, current market conditions and a comparison with the market price of other comparable listed companies. No commission will be payable.

1 The offer to the general public in Sweden and Norway entails an offer of shares to acquire a maximum of 15,000 shares.

2 "Institutional investors" include private individuals and legal entities that apply to acquire more than 15,000 shares.

Application

THE OFFER TO THE GENERAL PUBLIC IN SWEDEN AND NORWAY

Applications for acquisition of shares within the offer to the general public should be made during the period 5–12 October 2021[3], and relate to a minimum of 100 shares and a maximum of 15,000 shares[4] in even lots of 50 shares each. The Company's board of directors and the Major Shareholders reserve the right to discontinue or extend the application period. Notification of such potential early discontinuation or extension will be provided through a press release. Only one application per investor may be made. If more than one application is made, the right to consider only the first application is reserved. The application is binding.

APPLICATION VIA SEB

Persons applying to acquire shares through SEB must hold a securities depository account or an Investment Savings Account ("ISK") at SEB. Persons who do not hold a securities depository account or an ISK at SEB must open such account prior to submission of the application form. Please note that it may take some time to open a securities depository account or an ISK. In connection with acquisitions of shares that are to be registered in an ISK, payment must always be made using the funds available on the ISK.

The cash balance on the securities depository account or the ISK with SEB must, for the period commencing 15.01 CEST on 12 October, 2021 until 23.59 CEST on 15 October, 2021, correspond to at least the amount to which the application relates on the Offering Price. This means that the account holder undertakes to keep the amount available on the designated securities depository account or ISK during the aforementioned period and that the holder is aware that shares may not be allotted if the amount during such period is insufficient. Note that the amount may not be withdrawn during the aforementioned period. As soon as possible after allotment has taken place, the funds will be freely available for those who do not receive any allotment. Funds which are not available will carry an entitlement to interest during the aforementioned period in accordance with the terms and conditions of the securities depository account or ISK specified in the application.

3 If the application period is shortened or extended, the announcement on the outcome of the Offering, the first day of trading and the date of allocation and payment will be adjusted accordingly.

4 Any investor wishing to acquire more than 15,000 shares is to contact SEB in accordance with the information provided under the heading "The institutional offering" below.

In order to participate in the Offering via SEB, an application to acquire shares must take place via SEB's Internet bank using a Digipass, BankID or Mobilt BankID (detailed instructions are available on SEB's website, www.seb.se). Applications through SEB's Internet bank must be received by SEB not later than 15.00 CEST on 12 October, 2021. NB! You who are a customer of SEB Private Banking may not subscribe for shares through SEB's Internet bank, instead subscribe through your stockbroker or private banker.

APPLICATION VIA AVANZA

Persons applying to acquire shares through Avanza must hold a securities depository account or investment savings account at Avanza. Persons who do not hold a securities depository account at Avanza must open such account prior to submission of the application form. Opening a securities depository account or investment savings account at Avanza is free of charge and takes approximately three minutes.

Customers with a securities depository account or investment savings account at Avanza can apply to acquire shares via Avanza's Internet service. Applications via Avanza can be submitted from 5 October 2021 up to and including 15:00 CEST on 12 October 2021. To ensure that they do not lose their right to any allotment, Avanza depository account customers must have sufficient funds available in their depository account from 15:00 CEST on 12 October 2021 until the settlement date, which is expected to be 15 October 2021. If more than one application is submitted, Avanza reserves the right to consider only one of the applications received. Full details of the application procedure via Avanza are available on Avanza's website (www.avanza.se).

APPLICATION VIA NORDNET

Nordnet clients in Sweden can apply through Nordnets webservice. Application to acquire shares is made via Nordnet's webservice and can be submitted from 5 October 2021 up to and including 15.00 CEST on 12 October 2021. To ensure that they do not lose their right to any allotment, Nordnet customers must have sufficient funds available in their account from 15.01 CEST on 12 October 2021 until the settlement date, which is expected to be 15 October 2021. Full details of how to become a Nordnet customer and the application procedure via Nordnet are available on www.nordnet.se. For customers that have an investment savings account at the Company, should an application result in allotment, Nordnet will purchase the equivalent number of shares to the Offering and resell the shares to the customer at a price corresponding to the Offering.

THE INSTITUTIONAL OFFERING

The application period for institutional investors in Sweden and from abroad is between 5–12 October 2021. Applications from institutional investors in Sweden and from abroad shall be submitted to the Joint Global Coordinators (in accordance with special instructions).

OFFERING TO EMPLOYEES OF THE COMPANY

Employees of the Company who wish to acquire shares in the Offering shall follow special instructions from the Company.

OFFERING TO CUSTOMERS

Customers of the Company who wish to acquire shares in the Offering shall follow special instructions from the Company.

IMPORTANT INFORMATION REGARDING LEI AND NPID

According to the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("MiFID II") all investors need a global identification code to be able to carry out securities transactions since 2018. These requirements call for all legal entities to apply for registration of a LEI-code (Legal Entity Identifier), and all physical persons to learn their NPID-number (National Personal ID or National Client Identifier), in order to be able to acquire shares in the Offering. Observe that it is the investor's legal status that determines whether a LEI-code or NPID-number is required, and that the Joint Global Coordinators may not be able to execute the transaction for the person in question if a LEI-code or NPID-number (as applicable) is not presented. Legal entities needing to acquire a LEI-code can turn to any of the suppliers available on the market. Instructions regarding the global LEI-system can be found on www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations. For physical persons with only a Swedish citizenship, the NPID-number is "SE" followed by the personal identity number. If the person in question has multiple citizenships or another citizenship than Swedish, the NPID-number can be any other type of number.

Those intending to apply to acquire shares in the Offering are encouraged to apply for registration of a LEI-code (legal entities) or learn their NPID-number (physical persons) as early as possible as this information needs to be stated in the application.

Allotment

Decision on allotment of shares in the Offering will be made by the Company's board of directors and the Major Shareholders in consultation with the Joint Global Coordinators, whereby the goal will be to achieve a strong institutional ownership base and a broad distribution of the shares among the general public, in order to facilitate a regular and liquid trading in the shares on Nasdaq First North Growth Market. The allotment does not depend on when the application is submitted during the application period. In addition, certain related parties to the Company and the Major Shareholders, including certain board members and employees in the Company and certain related parties, as well as customers of the Joint Global Coordinators may be considered separately during allotment. Allotment may also be made to employees of the Joint Global Coordinators, however, without prioritizing them. In such cases, the allotment takes place in accordance with the rules of the Swedish Securities Dealers Association and the SFSA's regulations.

ALLOTMENT TO THE GENERAL PUBLIC IN SWEDEN AND NORWAY

In the event of oversubscription, allotment may be withheld or take place with a lower number of shares than the application concerns, whereupon allotment wholly or partly may take place by random selection. Allotment to those persons receiving shares in the Offering will occur, in the first place, so that a certain number of shares are allotted per application. In addition thereto, allotment takes place with a certain, equal share of the excess number of shares that the application concerns and will only take place in even lots of 50 shares.

ALLOTMENT TO INSTITUTIONAL INVESTORS

Decision on the allotment of shares within the framework of the offer to institutional investors in Sweden and abroad will, as mentioned above, be made with the aim of achieving a good a strong institutional owner base. Allotment to the institutions submitting expressions of interest will take place on a fully discretionary basis.

However, the Cornerstone Investor, having undertaken to subscribe for shares in the Offering, will be given priority in relation to other investors up to the full amount of Offering shares which it has undertaken to acquire.

ALLOTMENT TO EMPLOYEES OF THE COMPANY

Allotment to employees of the Company will relate to shares with a value of up to SEK 30,000 per employee. In addition, certain members of the executive management and board members in the Company may be allotted shares at a higher value.

ALLOTMENT TO THE COMPANY'S CUSTOMERS

The Company's customers in Sweden may be given priority over the public in Sweden and Norway in relation to allotment.

Information regarding allotment and payment

THE OFFER TO THE GENERAL PUBLIC IN SWEDEN AND NORWAY

Allotment is expected to take place on or about 13 October 2021. As soon as possible thereafter, contract notes will be sent to those having received allotment in the Offering. Those who have not been allotted shares in the Offering will not be notified.

Information about allotment can be viewed from 09.00 CEST on 13 October 2021 through each bank's internet service.

Payment for allotted shares will be deducted from the specified securities depository account or ISK on 15 October 2021. If sufficient funds are not available on the securities depository account or ISK on the settlement date, 15 October 2021, or if full payment is not made in due time, allotted shares may be transferred and sold to another party. The party who initially received allotment of shares in the Offering may bear the difference, should the selling price in the event of such a transfer be less than the Offering Price.

The following shall apply in respect of ISK at SEB, Avanza and Nordnet: where an application has resulted in allotment, SEB, Avanza and Nordnet will acquire a corresponding number of shares in the Offering for sale to the ISK account holder at the Offering Price.

APPLICATIONS RECEIVED BY AVANZA

Those who applied via Avanza's Internet service will receive information on allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or about 09:00 CEST on 13 October 2021. For those who applied via Avanza's Internet service, payment for allotted shares will be deducted no later than the settlement date on 15 October 2021. In order not to lose their right to any possible allotment, custodian account customers with Avanza must have sufficient funds in deposit or investment savings account during the period from the last time of application up to and including the settlement date, which is estimated to be through the period from and including 15:00 CEST on 12 October 2021 through 15 October 2021.

APPLICATIONS RECEIVED BY NORDNET

Clients who have applied through Nordnets webservice will receive information about allotment by the allotted number of shares being booked against payment of funds in the specific account, which is expected to occur on or about 13 October 2021. Note that funds for payment of allotted shares are to be available from 15.01 CEST on 12 October 2021 up to the settlement date, which is expected to be 15 October 2021.

THE INSTITUTIONAL OFFERING

Institutional investors are expected to receive information regarding allotment on or about 13 October 2021 in a particular order, whereupon contract notes will be distributed. Full payment for allotted shares shall be made in cash not later than 15 October 2021 in accordance with instructions set out in the contract note. Note that if full payment is not made in due time, allotted shares may be transferred to another party. Should the price in the event of such transfer be less than the Offering Price, the investor who originally received allotment of shares in the Offering may have to bear the difference.

REGISTRATION AND RECOGNITION OF ALLOTTED SHARES

Registration of allotted shares with Euroclear Sweden is, for both institutional investors and the general public in Sweden and Norway, expected to be effected on or about 15 October 2021, after which Euroclear Sweden will distribute notices stating the number of shares that have been registered in the receiver's securities account. Notification to shareholders whose holdings are nominee-registered will take place in accordance with the practices of the respective nominee.

Listing on Nasdaq First North Growth Market

The board of directors of Haypp Group intends to finally apply for the admission to trading of the Company's shares on Nasdaq First North Growth Market. Nasdaq First North Growth Market is a multilateral trading facility operated by an exchange within the Nasdaq Group. On 9 September 2021, Nasdaq Stockholm decided that Haypp Group meets Nasdaq First North Growth Market's listing requirements. Nasdaq Stockholm will approve an application for listing of the Company's shares on Nasdaq First North Growth Market provided that customary terms and conditions are satisfied, including that the Company submits such an application and that the distribution requirement for the Company's shares is met no later than the first day of trading in the Company's shares. Trading is expected to begin on or about 13 October 2021. This means that trading will commence before the terms and conditions for completion of the Offering have been met, for further information see section *"Terms and conditions – Terms and conditions for completion of the Offering"*. Trading will be conditional upon the terms and conditions being met and, accordingly, the Offering may not be completed until this has been done. If the Offering is not completed, any delivered shares are to be returned and any payment will be refunded.

Registration of the new share issue with the Swedish Companies Registration Office

Pursuant to an authorization granted by the extra shareholders' meeting in the Company held on 2 September 2021, the board of directors of Haypp Group intends to resolve on a new share issue of the number of shares required in connection with the Offering as set forth in the Prospectus. The new share issue is expected to be registered with the Swedish Companies Registration Office on or about 15 October 2021. The newly issued shares in the Offering will due to issue technical reasons be subscribed by SEB and issued at a subscription price of SEK 0.07 per share (the share's quota value) whereby SEB will provide an unconditional shareholder's contribution corresponding to the difference between the quota value and the Offering Price (with deduction of transaction costs). Those who subscribe for newly issued shares have thus accepted that the Offering Price will be added to the Company in these two parts. The conditions are set to ensure that shares can be delivered in accordance with the timetable for the Offering.

Important information about the sale of shares

Notifications about allotment of shares to the public in Sweden and Norway will be made through distribution of contract notes, expected to be distributed on 13 October 2021. Institutional investors are expected to receive notification of allotment on or about 13 October 2021 in particular order, whereupon contract notes are dispatched. After payments for the allocated shares have been processed by SEB, the duly paid shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to the acquirers of shares in Haypp Group means that these acquirers will not have shares available in the specified securities depository account or the securities account until 15 October 2021, at the earliest. Trading in the Company's shares on Nasdaq First North Growth Market is expected to commence on or around 13 October 2021. Accordingly, if shares are not available in an acquirer's securities account or securities depository account until 15 October 2021 at the earliest, the acquirer may not be able to sell these shares on the stock exchange as from the time trading in the shares commences, but first when the shares are available in the securities account or the securities depository account.

Stabilization

In connection with the Offering, SEB may, to the extent permitted in accordance with Swedish law, carry out transactions aimed to stabilize, maintain, or in other ways support the market price of the Company's shares, for a period of up to 30 days from the commencement of trading in the Company's shares on Nasdaq First North Growth Market. For further information on stabilization, see section "*Legal considerations and supplementary information – Stabilization*".

Announcement of the outcome of the Offering

The final outcome of the Offering will be announced through a press release which will be available on Haypp Group's website, www.hayppgroup.com, on or about 13 October 2021.

Right to dividend

The newly issued shares in the Offering carry a right to dividend for the first time on the record date for dividend occuring immediately after registration of the shares and completion of the Offering. Decisions regarding the distribution of dividend are proposed by the board of directors and resolved by the shareholders' meeting. Dividend payments are administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the individual nominee. Regarding deduction of Swedish withholding tax, see section "*Tax considerations in Sweden*". See also section "*Business overview – Financial targets and dividend policy*".

Terms and conditions for completion of the Offering

The Offering is conditional upon that the Company, the Major Shareholders and the Joint Global Coordinators enters into a placing agreement (the "Placing Agreement"), which is expected to take place on or around 12 October 2021, that certain terms and conditions in the Placing Agreement are fulfilled and that the agreement is not terminated as well as that the interest in the Offering, based on the Joint Global Coordinator's assessment, being sufficient to achieve effective trading in the share. Pursuant to the Placing Agreement, the Joint Global Coordinators' commitment to procure purchasers for the shares is conditional upon, inter alia, that certain force majeure events and material adverse changes to the Company's business do not occur and certain other customary conditions. The Joint Global Coordinators may terminate the Placing Agreement up until 15 October 2021, if for example any material adverse event was to occur or if any other conditions stipulated by the Placing Agreement are not satisfied, in which case the Offering will be suspended and neither delivery of, nor payment for, shares will be affected under the Offering. Trading that occurs in the Company's shares before the terms and conditions for completion of the Offering have been met, that is, up until 15 October 2021, will thus be conditional on the completion of the Offering. For further information, see section "*Legal considerations and supplementary information – Placing Agreement*".

Miscellaneous

INFORMATION TO INVESTORS

The fact that SEB and Carnegie are Joint Global Coordinators does not necessarily imply that the respective bank considers the applicant in the Offering (the "Investor") as a client of the bank. The Investor is considered as a client for the Offering with the respective bank only if the bank has advised the Investor regarding the Offering or otherwise has contacted the Investor individually regarding the Offering or if the Investor has applied through the respective bank's branch offices or internet bank. The consequence of the respective bank not viewing an Investor of the Offering as a client is that the rules regarding protection of investors under the Swedish Securities Markets Act (Sw. *lagen (2007:528) om värdepappersmarknaden*) will not be applied to the investment. This means that neither the so-called client classification nor the suitability assessment will be applicable regarding the investment. The Investor is thus solely responsible for having sufficient experience and knowledge to understand the risks involved with the investment.

INFORMATION TO DISTRIBUTORS

With reference to the product governance requirements in: (a) MiFID II, (b) Articles 9 and 10 in the Commission Delegated Directive 2017/593/EU of 7 April 2016 supplementing MiFID II, and (c) Chapter 8 Sections 13 and 14 of the Swedish Securities Act as well as Chapter 5 Section 5 of the SFSA's regulations regarding investment services and activities, FFFS 2017:2, (together the "Product governance requirements of MiFID II"), and without liability for damages that may otherwise rest with a "producer" in accordance with the Product governance requirements of MiFID II, shares in the Company have been subject to a product approval process, where the target market for the shares in the Company are (i) non-professional investors and (ii) investors who fulfil the requirements of a professional investor and eligible counterparty, each a "Target market" pursuant to MiFID II.

Solely for the purposes of the product governance requirements contained in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK MiFIR"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of UK MiFIR) may otherwise have with respect thereto, the shares in the Offering have been subject to a product approval process by Joint Global Coordinators, which has determined that such shares are: (i) compatible with an end target market of retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook and professional clients, as defined in UK MiFIR; and (ii) eligible for distribution through all distribution channels as are permitted by UK MiFIR. Any person subsequently offering, selling or recommending shares in the Offering (a "distributor") should take into consideration the Target Market Assessment; however, a distributor subject to the UK MiFIR is responsible for undertaking its own target market assessment in respect of the shares in the Offering (by either adopting or refining the Target Market Assessment) and determining appropriate distribution channels.

Notwithstanding the Target Market Assessment the distributors shall note that: the value of the shares in the Company may decrease and it is not guaranteed that an investor will get whole or a part of the invested amount in return; shares in the Company does not offer a guaranteed income or a capital protection; and an investment in shares in the Company is only suitable for an investor who does not need a guaranteed income or a capital protection who (alone or together with a suitable financial or other advisor) are capable of evaluating the benefits and the risks with such an investment and who has sufficient financial means to bear such losses that may arise therefore. The Target market review does not affect the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. The Target Market Assessment shall not be considered as (a) a suitability assessment pursuant to MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, acquire, or take any other action regarding shares in the Company. Each individual distributor is responsible for their own Target Market Assessment in respect of the shares in the Company and determining appropriate distribution channels.

Information about the processing of personal data

Anyone acquiring shares in the Offering will submit information to the Joint Global Coordinators, Avanza or Nordnet. Personal data submitted to Joint Global Coordinators, Avanza or Nordnet will be processed in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from sources other than the customer may also be processed. The personal data may also be processed in the data systems of companies or organizations with which Joint Global Coordinators, Avanza or Nordnet cooperate. Information pertaining to the treatment of personal data can be obtained from Joint Global Coordinators', Avanza's or Nordnet's offices, which also accept requests for the correction of personal data. Address details may be obtained from Joint Global Coordinators, Avanza or Nordnet through an automatic procedure executed by Euroclear Sweden.

AVANZA

Avanza processes its customers' personal data in accordance with current personal data legislations. Personal data submitted to Avanza will be processed in data systems to the extent required to provide services and manage customer arrangements. Personal data obtained from sources other than the applicant may also be processed. The personal data may also be processed in the data systems of companies or organizations with whom Avanza cooperates. More information can be found on Avanza's website (www.avanza.se).

NORDNET

In connection with acquiring shares in the Offering through Nordnets online service, personal data may be submitted to Nordnet. Personal data submitted to Nordnet will be processed and stored in data systems to the extent required to provide services and administer customer arrangements.

Personal data obtained from other than the customer in question may also be processed. The personal data may also be processed in the data systems of companies or organizations with which Nordnet cooperates. All relevant personal data will be deleted when the customer relationship ends, in accordance with applicable law. Information on processing of personal data is provided by Nordnet, which also accepts requests for correction of personal data. For further information on how Nordnet processes and stores personal data, please contact Nordnet's customer service, email: info@nordnet.se.

Market overview

The information in this Prospectus regarding market size and growth as well as Haypp Group's market position relative to its competitors constitutes Haypp Group's overall assessment, which is based on both internal and external information. Haypp Group has obtained certain market and competitive positioning information from a market study conducted by Arthur D. Little (the "Market Study"). The Market Study was prepared at the request of the Company in return for payment. It should be noted that the underlying work for the Market Study was completed in June 2021 and assumptions or market assessments may have changed since the Market Study was completed. Furthermore, in this Prospectus, Haypp Group expresses opinions and assumptions regarding the market and the Company's competitive position. These opinions and assumptions have not been verified by a third party. The market information included in this Prospectus may include estimates on future market performance and other forward-looking statements. Estimates and forward-looking statements are no guarantee for future results and actual events and circumstances may differ significantly from current expectations. Where information sourced from third parties has been presented in this Prospectus, the source of such information has been identified. Market statistics and industry data that have been derived from third party sources have not been independently verified by the Company. Information sourced from third parties has been accurately reproduced, and, as far as the Company is aware and is able to ascertain from other information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Introduction

Haypp Group is an online retailer selling nicotine pouches and snus in Sweden and Norway (the "Core markets") and Austria, Denmark, Finland, Germany, Switzerland, the UK and the US (the "Growth markets"). The Company operates in total ten domains through which the Company sells a broad selection of brands from multiple suppliers of nicotine pouches and snus. The combined market size of nicotine pouches and snus, in the Core and Growth markets, is estimated to increase from approximately SEK 27 billion in 2020 to SEK 60 billion in 2025, representing a CAGR of 17 percent. The total online market size is expected to increase from approximately SEK 3 billion in 2020 to SEK 10 billion in 2025, representing a CAGR of 32 percent.[1]

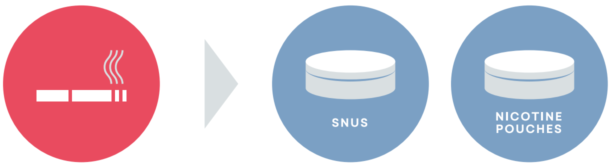
The products that the Company offers are:

1. **Nicotine pouches:** A tobacco-free oral product that contains nicotine and is placed under the lip. The tobacco is removed in an advanced heating process in which the nicotine is separated from the tobacco leaves. Popular brands include Zyn, Velo (formerly known as Lyft & Epok), Nordic Spirit, On! and Shiro
2. **Snus:** A moist oral tobacco product that is placed under the lip, either loose or in pouches. Popular brands include General, Göteborgs Rapé, Knox, Lundgrens, Ettan, Skruf and Granit

1 The Market Study.

The global nicotine pouches and snus market

The combined market for nicotine pouches and snus 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.



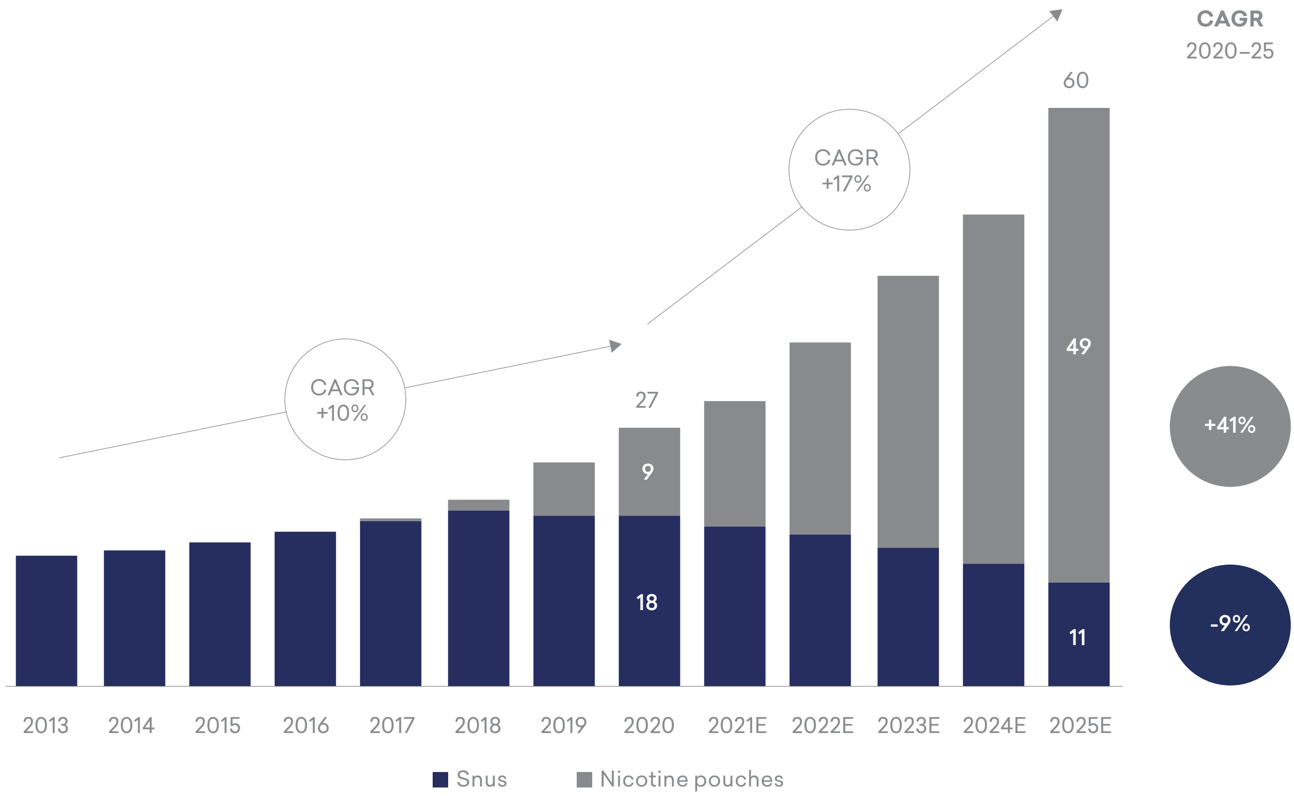
The underlying reasons for a shift away from traditional smoking tobacco products are driven by an increasing demand for products which are considered as safer alternatives to cigarettes in combination with legislation that favours smokeless tobacco. This shift has resulted in all global tobacco manufacturers introducing reduced-risk product strategies where nicotine pouches are a highlighted strategic area of focus. The snus market has historically seen an inflow of consumers that quit smoking but want to continue their consumption of nicotine. This trend has partly been driven by health concerns arising from smoking. Nicotine pouches are today experiencing a similar shift with consumers substituting cigarettes for the benefit of nicotine pouches.

Over the coming years, the market size for nicotine pouches is expected to increase at the same time as the market for snus is expected to decrease. During the period 2020 to 2025, the global nicotine pouches market is estimated to increase from SEK 9 billion to SEK 49 billion whereas the global snus market is estimated to decrease from SEK 18 billion to SEK 11 billion.[2]

2 The Market Study.

These estimates represent a CAGR of 41 percent in the nicotine pouches market and a CAGR of -9 percent in the snus market. The expected declining growth rate of snus is partly driven by cannibalisation from nicotine pouches in Core markets and the US. The growth opportunities for snus in Austria, Denmark, Finland, Germany, Switzerland, the UK ("Rest of Europe") are also limited by the EU ban on smokeless tobacco. [1]

Figure 1: Global market size for nicotine pouches and snus (SEK billion)



The Company believes there are four specific market trends that support the market of nicotine pouches and snus's continued growth opportunities generally and the online market specific:

1. There is an underlying demand for reduced-risk products of which nicotine pouches is the fastest growing category
2. Legislation favours nicotine pouches
3. Suppliers push for nicotine pouches as part of their reduced-risk product strategies
4. Nicotine pouches and snus offer compelling characteristics that are well-suited for online sales

Market dynamics

UNDERLYING DEMAND FOR REDUCED-RISK PRODUCTS

In the last ten years, there has been a shift in demand away from cigarettes towards non-combustible products such as vaping products, tobacco heating products and nicotine pouches. In more recent years, nicotine pouches have become the fastest growing product in this category mainly due to its associated lower health risks relative to cigarette smoking.[2] The Company's internal research suggests that the product is seen as a fresher, more discreet and more convenient alternative to cigarettes with no smell, miscolouring of teeth and no second-hand smoke or social stigma. These product characteristics have attracted a wider audience within nicotine pouches characterised as more affluent, gender balanced and urban versus cigarette smokers.

The demand for traditional tobacco products is thus changing in favour of nicotine pouches and is not only limited to the Company's Core markets where snus has been present for a long time. For example, the preference for nicotine pouches on the US Westcoast has increased

1 The Market Study.
2 The Market Study.

rapidly over the last years and consumption of nicotine pouches in relation to cigarettes has increased from 0.2 percent in 2017 to 6.6 percent in Q1 2021.[1]

LEGISLATION FAVOURS NICOTINE POUCHES

In addition to consumer behavior to a higher extent has begun to shift towards alternatives to cigarettes, legislation is also moving in the same direction. The intention of tobacco legislation is centred around increasing public health and is influenced by two major philosophies:

1. Reduce overall tobacco and nicotine consumption
2. Reduce harm from tobacco and nicotine consumption

Historically, legislation has been centred around the philosophy of reducing overall tobacco and nicotine consumption. For example, the EU has imposed a ban on snus in all member states, except Sweden, without consideration of its relative harmfulness to cigarettes and other tobacco products. Other legislative bodies across the world (such as New Zealand) have historically adopted similar polices to reduce overall tobacco and nicotine consumption by e.g. bans, increased taxation and restrictions on marketing and packaging without taking into consideration relative risk profiles and harmfulness of different products categories.

However, in more recent years, legislators have started to recognise that such efforts to reduce overall tobacco and nicotine consumption have not had the expected benefits for public health. Governments and organizations across the world have consequently started to focus public health policies based on harm reducing strategies to minimise the harm from tobacco and nicotine consumption. The US Food and Drug Administration (FDA) has recently introduced a so-called modified risk labelling. This allows certain products to be marketed as a safer alternative to other categories. In 2019, the FDA authorised certain snus products to be marketed as less harmful than cigarettes in the US. In 2021, the Swedish Parliament voted against a proposed policy for a stricter strategy for alcohol, drugs, tobacco, doping and gambling for money ("ANDTS") strategy and instead urged for a revised strategy focused on harm reducing principles. This theme can also be seen in many other countries such as Denmark, the UK and New Zealand.

SUPPLIERS PUSH FOR NICOTINE POUCHES

The tobacco and nicotine industry has historically been dominated by five global tobacco manufacturers: Altria, British American Tobacco (BAT), Imperial Brands, Japan Tobacco International (JTI), Philip Morris International (PMI) as well as Swedish Match. While cigarettes and other smoking products have been the core business of these global companies, the underlying change in consumer behavior and change of sentiment among legislators has resulted in a push for these companies to innovate and drive the launch of new product categories in order to stay competitive. Today, all of these companies have communicated strategies to focus on reduced-risk products such as vaping products, tobacco heating products and oral nicotine products.[2] Examples of strategies and financial milestones achieved to date include:

- **BAT:** Ambition to have 50 million consumers of non-combustible products by 2030 and reach GBP 5 billion in revenues from new category products by 2025
- **JTI:** Investments of USD 2 billion in the design, development and scientific research of reduced-risk products in the period 2016–2020
- **PMI:** Targets more than 50 percent of revenues to be derived from smokeless products by 2025

COMPELLING CHARACTERISTICS WELL-SUITED FOR ONLINE SALES

Nicotine pouches and snus are suitable for online sales due to its non-cyclical demand and high purchase frequency. The logistical complexity is limited due to the small and similarly sized boxes with low return rates. The market is characterised by a complex regulatory environment which creates entry barriers for new competitors. In addition, Amazon has not entered the category due to its non-nicotine policy which in the Company's view will continue in the future.

1 Swedish Match Q1 2021 results presentation.

2 The Market Study and financial reports and/or presentations from the companies.

Figur 2: Illustrative comparison of online suitability for different categories

	Non-cyclical	Small and similarly sized boxes	High purchase frequency	Low return frequency	Complex regulatory environment	Amazon policy against selling product
Nicotine pouches and snus	✓	✓	✓	✓	✓	✓
Pharmaceuticals	✓	✓	✓	✓	✓	✗
Books	✓	✓	✓	✓	✗	✗
Groceries	✓	✗	✓	✓	✗	✗
Home furnishing	✗	✗	✗	✓	✗	✗
Clothing	✗	✗	✗	✗	✗	✗
Electronics	✗	✗	✗	✓	✗	✗

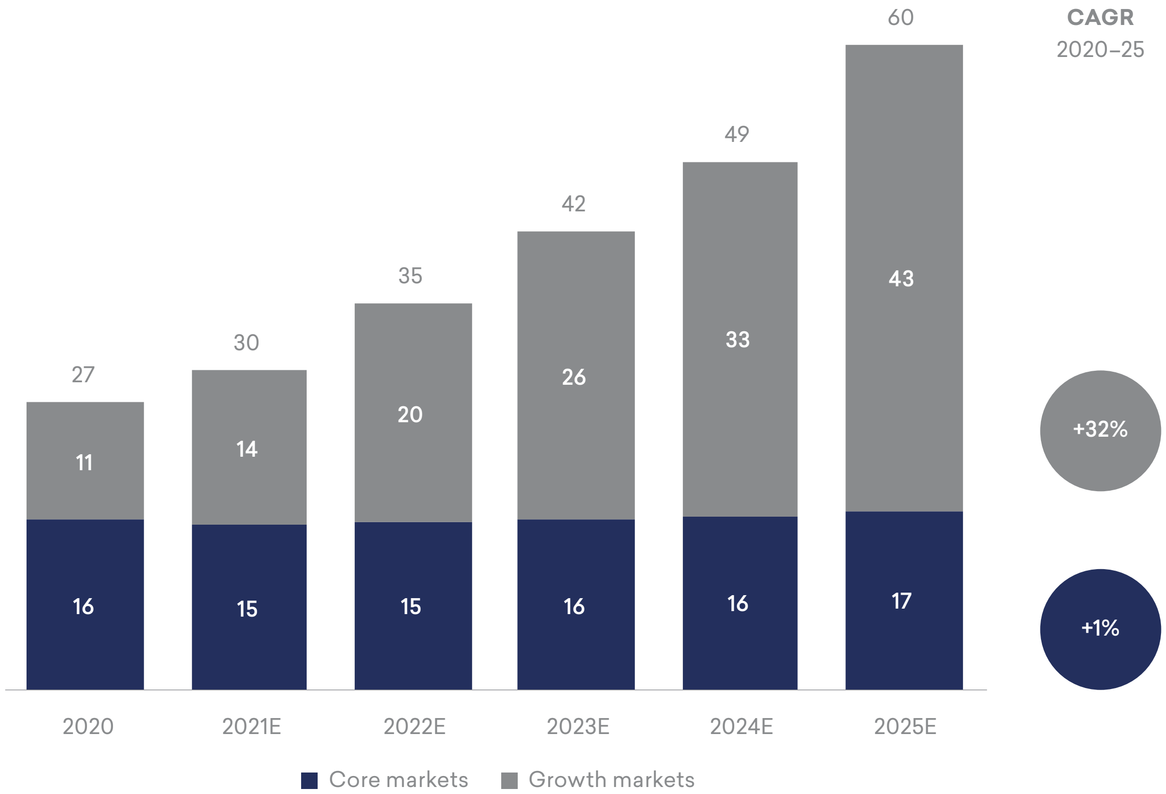
Market size and growth for nicotine pouches and snus

Arthur D. Little estimates the global market size of nicotine pouches and snus to experience significant growth over the coming years. During the period between 2020 and 2025, the market size is estimated to increase from SEK 27 billion in 2020 to SEK 60 billion in 2025. Growing share of online penetration is expected to drive the online market to increase from SEK 3 billion in 2020 to SEK 10 billion in 2025, representing a CAGR of 32 percent.[1]

1 The Market Study.

MARKET SIZE AND GROWTH BY GEOGRAPHY

Figure 3: Global market size for nicotine pouches and snus (SEK billion)



In the Core markets, i.e. Sweden and Norway, the total addressable market for 2020 amounted to approximately SEK 16 billion for both nicotine pouches and snus which equates to 410 million cans. The number of cans is expected to grow to 460 million in 2025 with nicotine pouches growing from 44 million cans to 193 million cans. As of 2020, the total market share for Haypp Group in the Core markets is estimated to approximately 10 percent in Sweden (including the acquisition of Nettotobak's e-commerce business) and approximately 15 percent in Norway. The total market share for Haypp Group within nicotine pouches in Sweden and Norway as of 2020 was estimated to approximately 25 percent and 15 percent, respectively.[1]

In the Growth markets, i.e. Rest of Europe[2] and the US, the total addressable market for 2020 amounted to approximately SEK 11 billion for both nicotine pouches and snus and is expected to increase to SEK 43 billion during the period 2020–2025 representing a CAGR of 32 percent. As of 2020, the total market share for Haypp Group in the Growth markets is estimated to approximately 4 percent in Rest of Europe and approximately 2 percent in the US. The total market share for Haypp Group within nicotine pouches in Rest of Europe and the US as of 2020 is estimated to approximately 3 percent, respectively.[4]

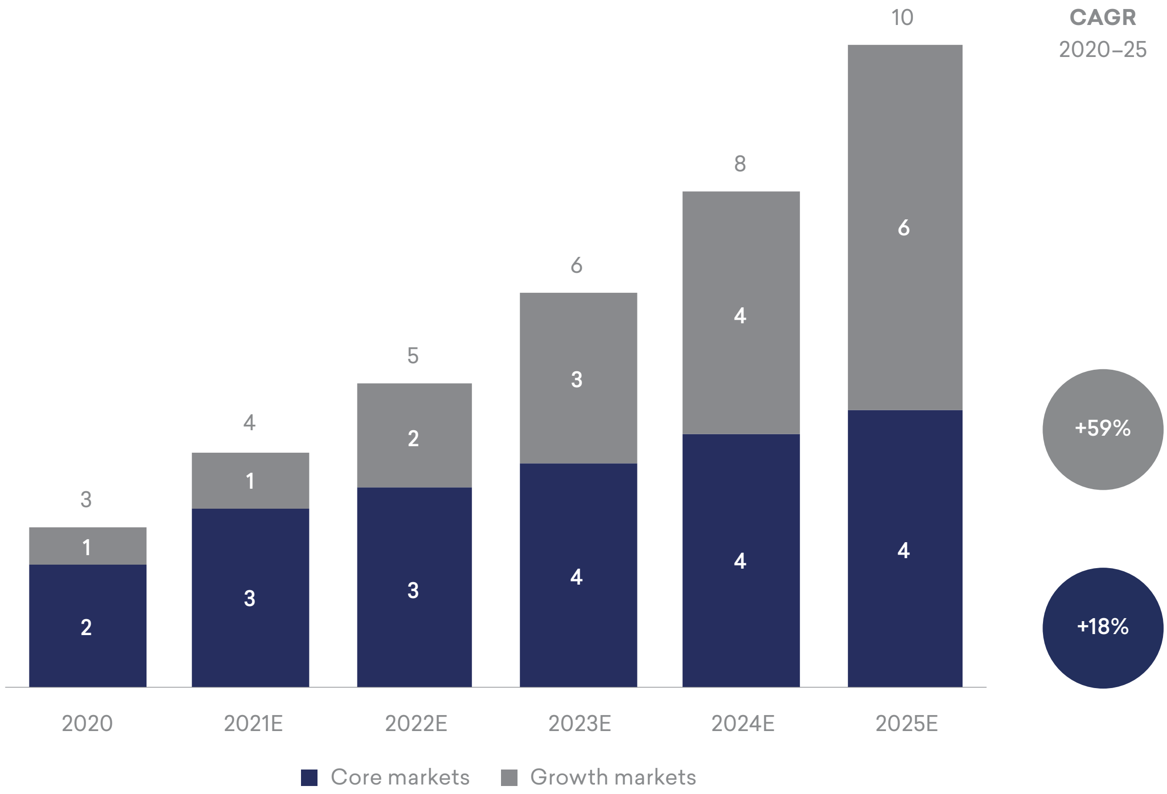
Figure 4: Market size by geography and category (SEK billion)[3]

	Nicotine pouches			Nicotine pouches and snus		
Markets	**2020**	**2025**	**CAGR '20-'25**	**2020**	**2025**	**CAGR '20-'25**
Sweden	0.8	4.5	42 %	10.1	10.6	1 %
Norway	1.3	2.6	15 %	5.6	6.0	1 %
Rest of Europe	1.8	17.4	58 %	2.6	17.5	47 %
The US	5.0	24.2	37 %	8.3	25.5	25 %
Totalt	**8.9**	**48.7**	**41 %**	**26.6**	**59.5**	**17 %**

1 The Market Study.
3 The Market Study.
2 Previously defined as Austria, Denmark, Finland, Germany, Switzerland and the UK.
4 The Market Study.

ONLINE MARKET SIZE AND GROWTH

Figure 5: Global online market size for nicotine pouches and snus (SEK billion)[1]



Online penetration for nicotine pouches and snus is still low compared to other categories and varies across markets between approximately 4 percent and 20 percent as of 2020. In Sweden, online penetration was estimated to approximately 11 percent as of 2020. The total online market size is expected to increase from approximately SEK 3 billion in 2020 to SEK 10 billion in 2025, representing a CAGR of 32 percent. In the Core markets, the online market share for Haypp Group as of 2020 was estimated to approximately 90 percent in Sweden (including the acquisition of Nettotobak's online sales) and approximately 80 percent in Norway. In the Growth markets, the online market share for Haypp Group as of 2020 was estimated to approximately 30 percent in Rest of Europe and approximately 55 percent in the US.[2]

Figure 6: Online market size by geography and category (SEK billion)[3]

	Nicotine pouches			Nicotine pouches and snus		
Markets	**2020**	**2025**	**CAGR '20-'25**	**2020**	**2025**	**CAGR '20-'25**
Sweden	0.2	1.4	49 %	1.0	2.5	21 %
Norway	0.2	0.9	31 %	1.0	1.9	14 %
Rest of Europe	0.2	3.8	79 %	0.3	3.8	65 %
The US	0.2	1.9	64 %	0.3	2.0	50 %
Totalt	**0.8**	**7.9**	**59 %**	**2.5**	**10.2**	**32 %**

1 The Market Study.
3 The Market Study.
2 The Market Study.

Increasing supplier fragmentation

In 2016, when the nicotine pouches category was in its infancy, there was three small suppliers active in the market. However, all large global suppliers have since then recognised the potential within the category and have thus entered it. In parallel, a number of smaller suppliers have also entered the category. According to transactional data from the Company, the smaller suppliers have gained market share across both Core markets and Growth markets leading to further supplier fragmentation. In Sweden, for example, Haypp Group has added 20 suppliers since 2016 where the share of, what the Company defines as, smaller suppliers has increased from 1 percent in 2019 to 14 percent as of Q1 2021. The market leader tends to vary by market and is generally losing market share as competition increases.

Competitive landscape

The market for and the resale of nicotine pouches and snus can be divided into two segments; physical stores and online stores. In Sweden, Arthur D. Little believes there are seven main archetypes of players selling nicotine pouches and snus:

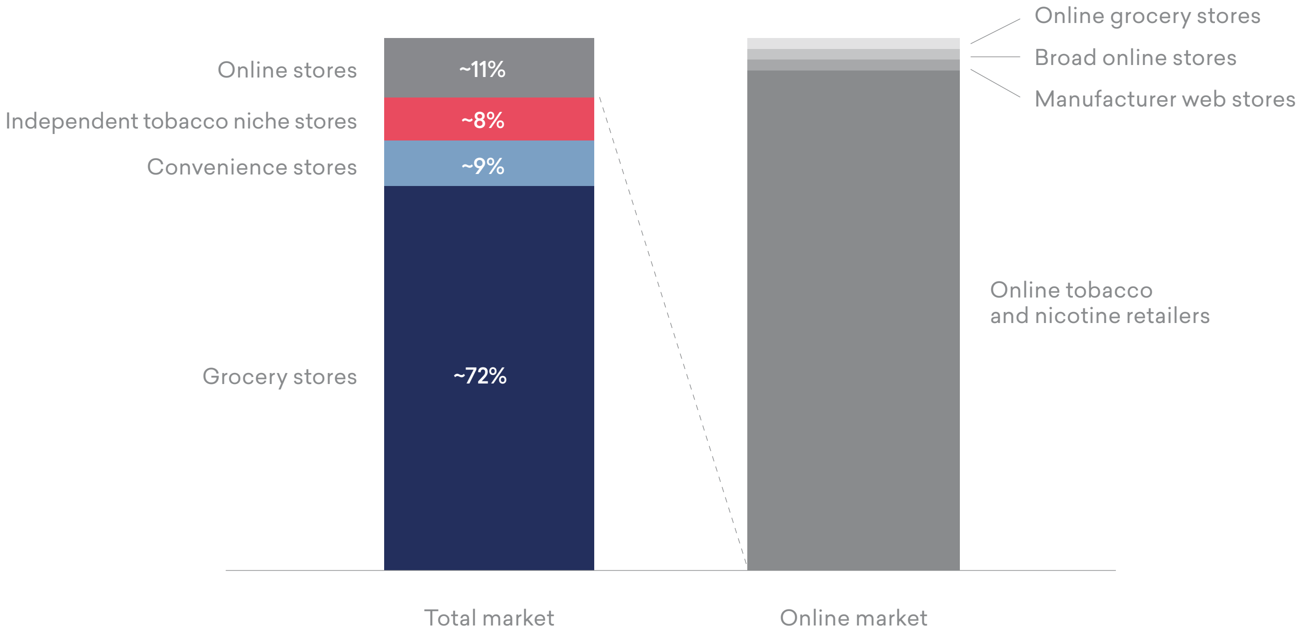
Physical stores:

- Grocery stores such as Coop, ICA and Willys
- Convenience stores such as 7-Eleven, OKQ8 and Pressbyrån
- Independent tobacco niche stores

Online stores:

- Online tobacco and nicotine retailers such as Snusbolaget and Snusnetto
- Manufacturer webstores such as Swedish Match
- Broad online stores such as CDON
- Online grocery stores such as Coop, ICA and Willys

Figure 7: Share of volumes sold by channel (Sweden, 2020)[1]



The Company views that its competitive advantages versus physical stores are price and assortment. While the physical stores have historically shown a higher degree of convenience for certain consumer groups, the Company believes that improving last mile delivery options will continue to increase the convenience of online stores compared to physical stores.

Online competition and archetypes of players vary by market. In Sweden, examples of online competitors include Snus2 and CDON. In Norway, examples of online competitors include Snus354, SnusExpress, Maxsnus and Kolonial. In Rest of Europe, examples of online competitors include BuySnus, NIQO and Whitepouch. In the US, examples of online competitors include BuySnus, MySnus and SnusCentral.

1 The Market Study.

Business overview

Introduction

COMPANY OVERVIEW

Haypp Group is an e-commerce business selling nicotine pouches and snus online in nine countries across Europe[1] and in the US. The Company sells a broad selection of brands from a number of quality suppliers through a range of ten e-commerce store brands, as detailed below. As of 2020, Snusbolaget, Snuslageret and Snushjem were the Company's largest e-commerce stores. Haypp Group was founded in 2009 and is headquartered in Stockholm, Sweden.

In June 2021, Haypp Group acquired certain assets of Nettotobak, a Swedish e-commerce retailer of nicotine pouches and snus. Net sales of Nettotobak in 2020 amounted MSEK 166.[4] The reason for the acquisition was to strengthen Haypp Group's presence on the Swedish market. To further strengthen Haypp Group's position in Sweden, the Company's subsidiary Snusbolaget Norden AB acquired the e-commerce retailer of nicotine pouches and snus, Snusnetto, in July 2021. Net online sales for Snusnetto amounted MSEK 34 in 2020.

Figure 8: Haypp Group's brands per country and category[2,3]

Snus and nicotine pouches	SnusBolaget.se NETTOTOBAK SNUSNETTO	SnusHjem.no snus.com Snuslageret	SnusMarkt.ch NORTHERNER	NORTHERNER
Nicotine pouches	HAYPP		HAYPP	NICOKICK

The Company's operating model hinges around customer acquisition and retention of nicotine pouch and snus consumers, by ensuring a compelling offer around assortment, price and convenience. In addition, the Company works closely with suppliers to enable marketing of new products and provide consumer insights services.

In 2020, Haypp Group recorded net sales of SEK 1.7 billion, resulting in a CAGR of 94 percent between 2018 and 2020. The Core markets accounted for the majority of the net sales while the Growth markets, which represents less mature markets, showed a significant increase in net sales, with a CAGR of 933 percent between 2018 and 2020. The Company's adjusted EBIT[5] amounted to MSEK 38 in 2020, corresponding to an adjusted EBIT margin of 2.2 percent.

Haypp Group operates in two segments, the Core markets and the Growth markets. The Core markets consists of the Swedish and Norwegian markets, and the Growth markets consist of Austria, Denmark, Finland, Germany, Switzerland, the UK and the US. Figure 9 below evidences Haypp Groups net revenue in these two segments.

1 Sweden, Norway, Denmark, Finland, Switzerland, Germany, Austria and UK.

2 US and Canadian market.

3 EU market consist of Denmark, Finland, Switzerland, Germany, Austria and UK.

4 Only including the online for nicotine pouches and snus.

5 Adjusted for items affecting comparability related to preparations linked to strategic initiatives, acquisition, integration and restructuring costs and legal fees.

Figure 9: Net revenue per segment

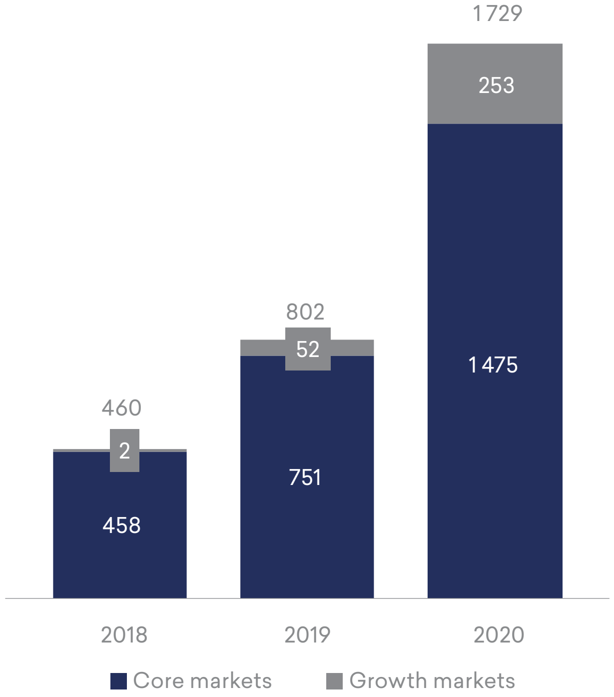
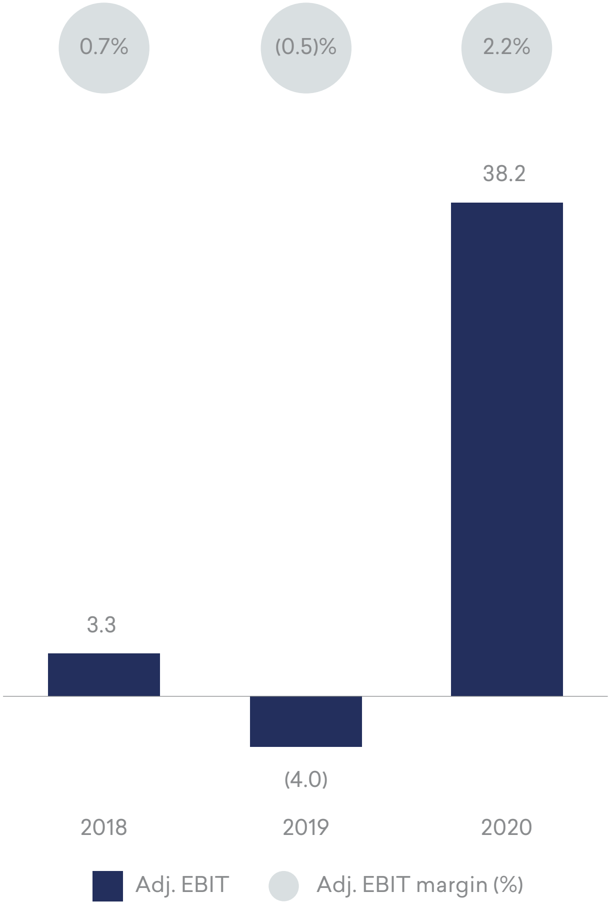


Figure 10: Adjusted EBIT and adjusted EBIT margin

MSEK



VISION AND MISSION

Haypp Group's vision is to "Inspire healthier enjoyment to millions" by guiding consumers from cigarettes to products which are considered as safer alternatives to cigarettes such as nicotine pouches or snus.

The Company places consumer understanding as a core driver to the vision and utilises consumer feedback to optimise the business and to engage with suppliers and regulators.

HISTORY

2009	Founded by Linus Liljegren and Henrik Nordström.
2012	Outsourced logistics.
2015	Reached over SEK 100 million in net sales.
2016	Upgraded the e-commerce platform.
2017	Appointed a new management team. Delisted all vaping and combustible products even though these products were profitable.
2018	Launched in Norway and Switzerland.
2019	Launched the international e-commerce platform Haypp. Acquired Northerner as an entry point for the US and closed down a majority of the markets outside US and Europe. Invested in new automated warehouse in Stockholm, which during the first two months suffered from technical problems.
2020	Expanded the insights portfolio offering.
2021	Acquired certain assets of Nettotobak and Snusnetto. Closed down some markets around Europe due to lower sales than expected.

STRENGTHS AND COMPETITIVE ADVANTAGES

Haypp Group is a e-commerce player for nicotine pouches and snus in Sweden and in Norway, with a market share of around 90 percent in Sweden (including the acquisition of Nettotobak's e-commerce business) and approximately 80 percent in Norway. In the rest of Europe[1] and the US, the Company has a market share of approximately 30 percent and 55 percent online, respectively.[2] The Company believes that it will be able to maintain its strong market position through the following strengths and competitive advantages:

1. First-mover in a market undergoing structural shift to reduced-risk nicotine products with strong momentum for online sales;
2. Haypp Group is a leading e-commerce player – with an outstanding value proposition and a loyal customer base;
3. Unique offering to suppliers through Haypp Group's bespoke tech platform – enabling unmatched marketing capabilities and customer insights;
4. Extensive experience of navigating and influencing the complex regulatory waters;
5. Track-record of strong growth resulting in economies of scale; and
6. Management team with extensive experience within e-commerce and tobacco.

FIRST-MOVER IN A MARKET UNDERGOING STRUCTURAL SHIFT TO REDUCED-RISK NICOTINE PRODUCTS WITH STRONG MOMENTUM FOR ONLINE SALES

There is a strong underlying demand for reduced-risk nicotine products as customer preferences are shifting towards new options with less risks relative cigarette smoking and no social stigma. Haypp Group believes the market dynamics favour the Company as nicotine pouches with fresh taste, no smell nor miscolouring of teeth have become one of the most popular products within the category of reduced-risk products (see section "*Market overview – Market dynamics – Underlying demand for reduced-risk products*" for further information).

This shift is further strengthened by legislation moving in the same direction towards harm reduction rather than product use reduction. Similar shifts can also be seen in the product offerings of larger tobacco companies. Today, all of the global tobacco manufacturers communicate strategies focusing on reduced-risk products, such as tobacco heating products, vapour products, and oral nicotine (see section "Market overview – Market dynamics – Legislation favours nicotine pouches" and "*Market overview – Market dynamics – Suppliers push for nicotine pouches*" for further information).

In addition, the Company believes it will be able to benefit from its first-mover advantage in the online channel supported by the ongoing transition from offline to online sales. Globally, online penetration for nicotine pouches and snus is approximately 10 percent.[3] The Company believes the category has, due to its e-commerce friendly characteristics, opportunities to take even higher market shares online which would favour the Company (see section "*Market overview – Market size and growth for nicotine pouches and snus – Online market size and growth*" for further information). Some of these e-commerce friendly characteristics include uniform packages that are easy to ship and high purchase frequency with low returns from customers. Other characteristics making the category suitable for e-commerce is the complex regulatory landscape nicotine pouches and snus are surrounded by, creating entry barriers for players not used to navigate in this space, and limited competition from Amazon due to its policy against selling nicotine products (see section "*Market overview – Market dynamics – Compelling characteristics well suited for online*" for further information).

HAYPP GROUP IS A LEADING E-COMMERCE PLAYER – WITH AN OUTSTANDING VALUE PROPOSITION AND A LOYAL CUSTOMER BASE

Haypp Group is a leading e-commerce player in the online nicotine pouch and snus market in its Core markets, with around 85 percent market share. In its Growth markets, Haypp Group has some 55 percent market share in the US and 30 percent in Rest of Europe.[4] The company assesses that it has achieved its position in Sweden and Norway by refining its model to attract and retain consumers in this category.

The Company's marketing efforts are mainly tailored towards acquiring customers organically, via non-paid search results in search engines such as Google and word of mouth. The Company's strategy is to always be the destination to which search engines direct traffic. To determine which platforms traffic will be directed to, search engines will measure site performance, content quality and conversion rates. Haypp Group's model is structured to prioritise these drivers and has not only enabled the Company to receive the bulk of the traffic in its markets, but also according to the Company created a barrier to entry as smaller players are not able to buy traffic to their platforms. The Company's assessment above is based on Haypp Group's long-term and successful work with this model combined with the fact that Google has a policy according to which words containing tobacco or nicotine may not be purchased to direct Internet traffic, which in turn makes it difficult for competitors as they as a result cannot buy better placement for Internet searches. This also creates obstacles for other actors who want to establish within the industry in which the Company operates.

Besides being a large e-commerce player with reach across Europe and the US, Haypp Group's value proposition to its customers consists of:

1 Austria, Denmark, Finland, Germany, Switzerland and the United Kingdom.

2 The Market Study. Market shares refer to 2020.

3 The Market Study. Including Sweden, Norway, Rest of Europe and the US.

4 The Market Study. Market shares refer to 2020.

- Wide assortment, with over 800 SKUs (Stock Keeping Units)[1] corresponding to around 7 times more SKUs than average physical stores[2]. The assortment is also continuously updated with new products to keep at the forefront of the market's new product innovations;
- Compelling prices, with some 40 percent lower prices compared to convenience stores and 20 percent lower prices compared to grocery stores[3]; and
- Convenient order and delivery options, offering seamless age verification on websites and last mile deliveries in larger cities[4].

Haypp Group's share of net sales from returning customers recorded over 85 percent in 2021 Q1 LTM, indicating customer loyalty.

See section *"Market overview – Market size and growth for nicotine pouches and snus – Online market size and growth"* and *"Business overview – Business model"* for further information.

UNIQUE OFFERING TO SUPPLIERS THROUGH HAYPP GROUP'S BESPOKE TECHNOLOGY PLATFORM – ENABLING UNMATCHED MARKETING CAPABILITIES AND CUSTOMER INSIGHTS

Haypp Group's customer base is skewed towards customers with high life-time value as the customers are urban, gender balanced and falls within the key target age group of 25–44 years old. According to Haypp Group, the customer base is more focused on premium products than rest of the market.[5] Due to the favourable characteristics of Haypp Group's customer base, the Company sees strong demand from its suppliers to market their products on its e-commerce stores and to get customer insights regarding their behaviors. This is also an important factor for why suppliers wish to launch new products on the Company's platforms (see section "*Business overview – Business model – Supplier support*" for further information).

EXTENSIVE EXPERIENCE OF NAVIGATING AND INFLUENCING THE COMPLEX REGULATORY WATERS

The Company believes its ability to identify upcoming regulation proactively has been a strong basis for its competitive advantage. Haypp Group believes that the business has benefited through a range of regulatory changes in recent years. Utilising Haypp Group's knowledgeable in-house regulations team to identify risks and opportunities, the business has been adapted to take advantage of them.

Examples of Haypp Group's experience of navigating the regulatory waters are the restrictions for snus and nicotine pouches entering the Norwegian market in 2018 regarding packaging and display in physical stores and the changes to the national ANDTS[6] strategy, including both tobacco and nicotine pouches, which the Government proposed in Sweden in 2021. The Swedish Governments' review of the ANDTS strategy included resulted in a policy with stricter regulation of product development, marketing and product sales. Haypp Group led the lobbying campaign for harm reduction and coordinated work among stakeholders in the areas of strategy and communication. The work successfully resulted in vast majority of parliament voting against the proposed legislation and urging for a strategy focused on harm reduction.

The restrictions of packaging and display in physical stores in Norway resulted in regulations regarding uniform size, colour and product labelling of products and exposure ban in physical stores. As online retailer, Haypp Group adjusted its Norwegian e-commerce store brands to be compliant with the restrictions and has also been able to provide its customers with additional features which are limited in physical stores, such as enable searching of assortment through the platform and exposing the brand names.

See section "*Business overview – Regulatory landscape*" for further information.

TRACK-RECORD OF IMPRESSIVE GROWTH WITH ATTRACTIVE UNIT ECONOMICS – LAYING THE FOUNDATION FOR LONG-TERM VALUE CREATION

Haypp Group recorded net sales of SEK 1.7 billion in 2020 and has experienced strong net sales growth with a CAGR of 94 percent between 2018 and 2020. Net sales has mainly been driven by increase in customer base, average number of orders per customer and increase in average order values.

The Company's growth has generated economies of scale, part of which has been passed on to customers in the form of improved customer offerings and part has been retained to improve gross margin. Gross margin has increased from 9.7 percent in 2018 to 13.0 percent in 2020. In early 2018, Haypp Group initiated its expansion outside Sweden and invested heavily into building an organization to cater for the geographical expansion. In 2020, the Company improved its adjusted EBIT margin from 0.7 percent in 2018 to 2.2 percent in 2020, mainly driven by operating leverage.

Haypp Group has an asset-light business model supported by limited investment needs. The Company had an inventory turnover of 21 times in 2020, which when combined with accounts payables and receivables generated a cash conversion cycle of around 1 day. This cash conversion cycle enable growth without material working capital consumption. The Company capitalises structural development. Historically, investment in tangible and intangible assets have operated in the range of 1.0 to 1.5 percent to net sales.

See section "*Operational and financial overview*" for further information.

1 As of 31 May 2021.
2 In Sweden.
3 The Market Study. Price comparison only including nicotine pouches on Snusbolaget.se.
4 Currently the Mälardalen and Oslo area.
5 Snusrapporten 2020, Haypp Group's premium products share of consumption recorded 79 percent in 2020, compared to approximately 50 percent in the Swedish market.

6 Alcohol, drugs, tobacco, doping and gambling for money.

MANAGEMENT TEAM WITH EXTENSIVE EXPERIENCE WITHIN E-COMMERCE AND TOBACCO
Haypp Group is led by a management team with sector specific expertise of both e-commerce and tobacco (particularly nicotine pouches and snus). The full workforce is united behind its vision of "Inspiring healthier enjoyment to millions" which drives high scores from employees in workplace satisfaction and happiness. The Company has historically maintained a low employee turnover (see section "*Business overview – People and culture*" for further information).

Growth strategy

Haypp Group anticipates that the nicotine pouch and snus category will continue to grow for the foreseeable future and as such the Company will continue to focus on this category. Particular focus will be placed on markets where consumer demand is proven and regulation is favourable. The Company will continue to grow its active customer base by investing in organic customer acquisition and retention. The benefits of scale within gross profit will be passed on to the customers to further improve pricing and convenience.

Furthermore, continued innovation within the nicotine pouch category is expected, which will support both the growth of the category and continued changes in consumer preferences. To further support suppliers, the Company will continue to develop the marketing and insights offerings, reinforcing the long-term relationships with its suppliers.

Haypp Group will remain open to acquisitions to further strengthen the position in existing markets or as a means to enter new markets. Future acquisitions are expected to benefit from the Company's infrastructure, creating uptick in SEO traffic, increase number of buying customers who remains as customers, and realise further benefits of scale.

Financial targets and dividend policy

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.

Business model

Haypp Group's business model hinge around two pillars: attract customers via organic traffic and customer retention via a wide assortment, attractive prices and a convenient shopping experience. The Company receives support from its suppliers due to its ability to generate awareness of new products and inspire customers to try them, as well as the Company's operation of insights on consumers. This support further improves the customer offering enabling the Company to further acquire and retain more customers. The Company's technology and logistics infrastructure are tailored to meet the specific needs of the category (e.g. within SEO, customer retention and regulation).

Figure 11: Haypp Group's business model

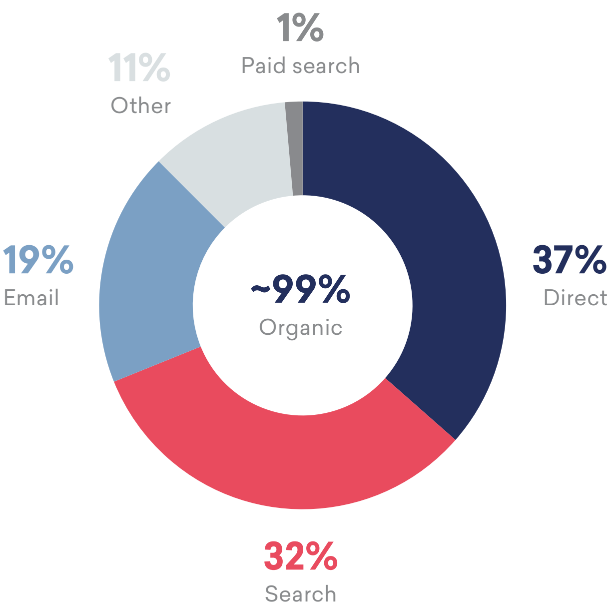
CUSTOMER ACQUISITION

SEO STRATEGY

Large global media and search engine providers (such as Google and Facebook), have clear policies prohibiting the marketing of addictive products such as nicotine. These policies are strictly enforced in markets where nicotine pouches and snus are more commonly established (such as Sweden and Norway). While this policy is not fully enforced in markets in which the category has not reached sufficient scale to be recognised by Google (such as the US and the UK), there is already clear restrictions and the Company believes that Google will shut down all advertising, for category related search terms, when they are recognised.

Haypp Group gets the vast majority of its new tobacco or nicotine consuming customers organically, via non-paid search results in search engines. The Company's strategy is to always be the destination which search engines promote.[1] While the search engine algorithms will alter on a regular basis, there is a consistent principle that traffic is directed to websites which best meet the needs of the consumer. To determine which platforms to promote, search engines will measure site performance, content quality and conversion rates. Since the Company has multiple e-commerce store brands across different markets, its share of relevant traffic increases.

Figure 12: Haypp Group's sources of customer traffic



Haypp Group has a bespoke platform technology to maximise the Company's SEO position and site performance. The platform is designed to have low load times and ease of navigation to ensure the Company's SEO ranking. The company has seen uplifts in the SEO ranking when transferring acquired domains onto the bespoke platform (e.g. Snuslageret.no in 2018 and Snus.com in 2019).

In addition, search engines promote sites which have extensive content, which is unique to that site and which the consumer interacts with. Haypp Group has developed in-house capabilities to generate such content. The size of the Company relative to its competitors enables larger investments in more content generation which further widens the gap to competition. In addition to content created in-house, the Company also gets unique content from its suppliers.

For search engines, e-commerce conversion rates are a strong indication for consumer satisfaction. Haypp Group's conversion rates for organic traffic is approximately 14 percent globally, and even higher in markets where the Company is well established, which is significantly higher than the average conversion rate of approximately 3 percent of other e-commerce companies.[2]

The combination of Haypp Group's platform infrastructure, content and high conversion rates has enabled the Company to extend the gap versus its competition. This model to attract customers organically ensures that Haypp Group's marketing spend is low and creates a significant barrier to entry as smaller players are not able to buy traffic to their platforms.

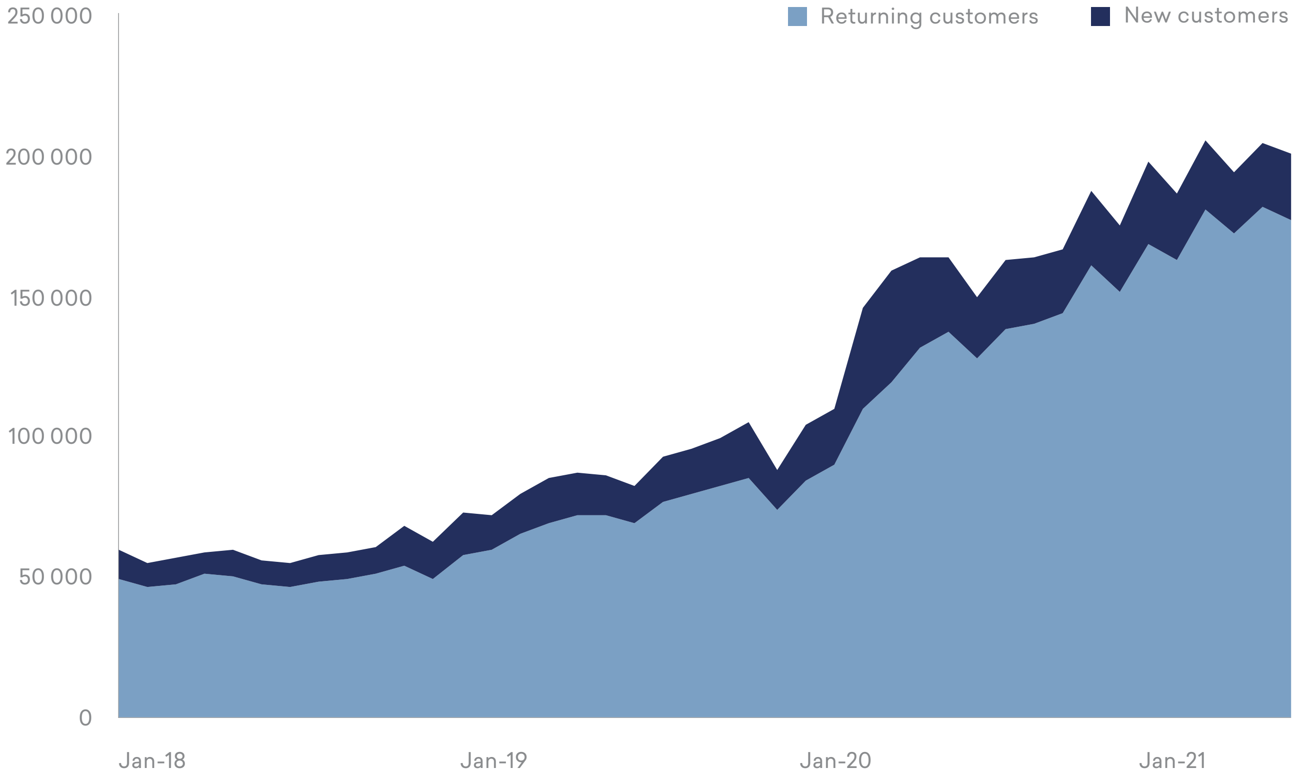
CUSTOMER RETENTION

Retaining customers is Haypp Group's key priority. According to the Company, consumers stay due to assortment, price and convenience. As showed in Figure 13, Haypp Group's customer base has demonstrated high stability and retention. The share of net sales from returning customers recorded over 85 percent in 2021 Q1 LTM.

1 Search engines promote sites with high site performance, extensive content and high conversion rates.

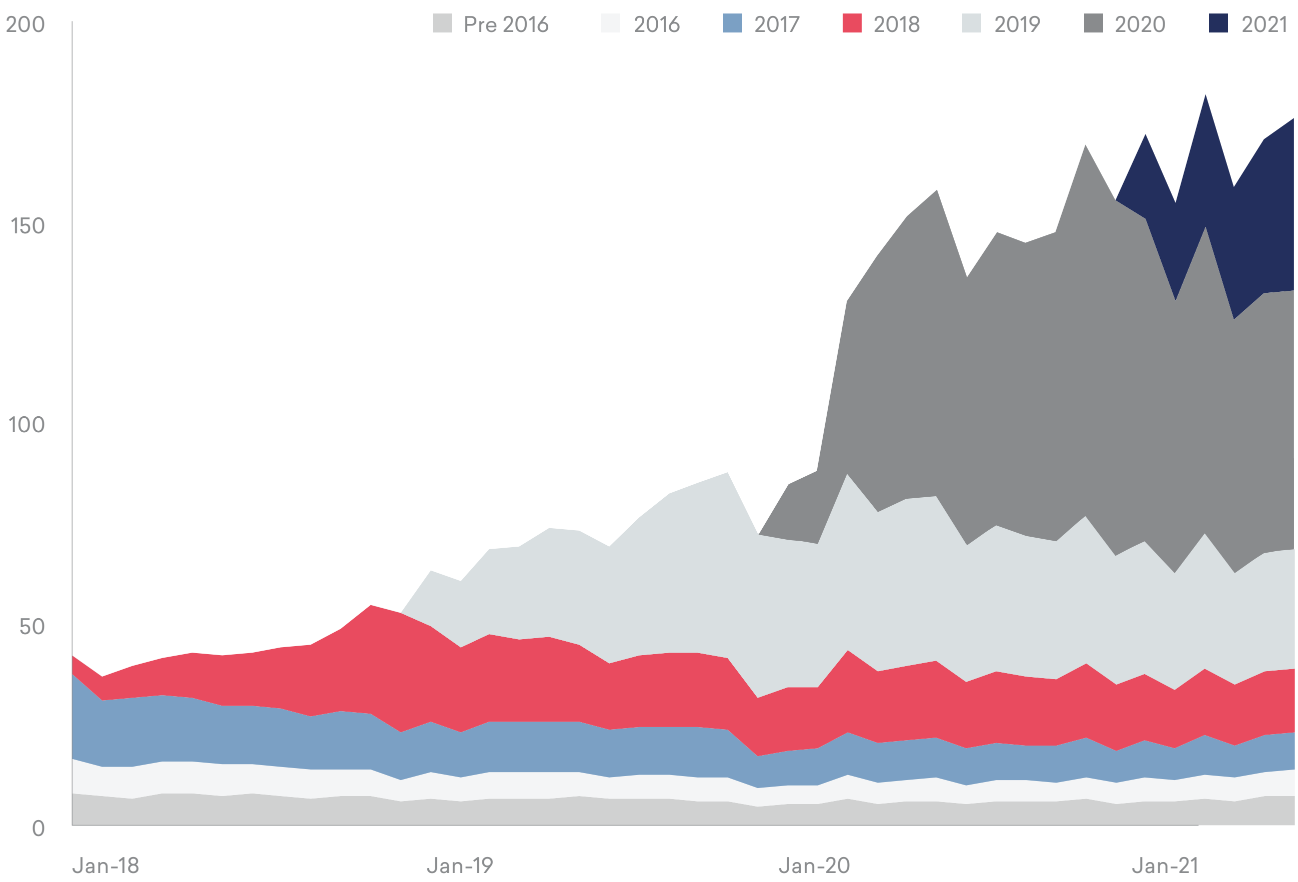
2 Based on public information from a selection of the e-commerce companies: BHG Group, Nelly, Footway, Boozt, CDON and Zalando.

Figure 13: Number of monthly active customers, 2018 – Q2 2021



The Company's ability to retain its customers has resulted in a loyal and growing customer base as reflected by its strong development of annual cohorts. Within the 2012 to 2018 cohorts, the average order value ("AOV") has during 2018 to 2020 increased with a CAGR of over 11 percent.

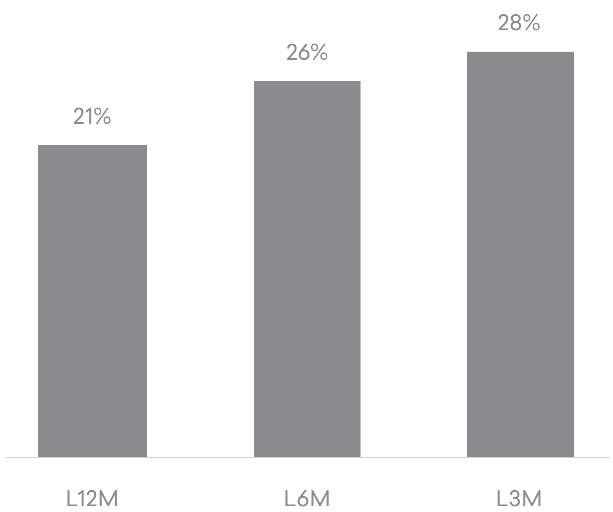
Figure 14: Monthly product sales by annual cohort[1] (SEK million), 2012-Q2 2021



ASSORTMENT

The Company has a broad assortment of products in every market it is present in with over 800 SKUs[2] corresponding to around 7 times more SKUs than average physical stores[3]. The share of net sales from nicotine pouches recorded 32 percent in 2020 and the Company aims to have more than 50 percent of net sales from nicotine pouches in the short to medium term. While much of Haypp Group's assortment relates to niche products, the Company also continuously lists relevant new products on its platforms. In Q1 2021, around 20 percent of products sold within the nicotine pouch category were products which were not available in the market a year before that and during the first 20 weeks of 2021, the Company launched over 150 new SKUs on its Swedish e-commerce store brand Snusbolaget.se. In addition, Haypp Group tends to stock up on any material SKUs which are due to becoming delisted from the market, ensuring its existing customers are supported and helping to attract new customers to the platforms. The Company utilises machine learning propensity modelling to guide existing consumers towards products which they are likely to enjoy.

Figure 15: New product launches as share of the market for nicotine pouches globally



1 Based on transaction level data for Haypp Group. Does not fully reconcile to reported figures.
2 As of 31 May 2021.
3 In Sweden.

PRICE

On average, the Company's prices are 20 percent lower than grocery stores and 40 percent lower than convenience stores.[1] Each e-commerce store brand targets different consumer groups with the differentiator being minimum order sizes and the convenience level, in addition to price. Further, Haypp Group's deep learning algorithms will target customers with relevant offers to ensure they remain. The Company aims to set prices to achieve a target gross margin around 9 to 11 percent.

CONVENIENCE

Haypp Group provides a range of delivery options such as home delivery, boxes and traditional postal service enabling options for same-day and over-night deliveries. Same day deliveries are currently available in the Mälardalen (i.e. greater Stockholm) area in Sweden and in Oslo, Norway. Around 45 percent of the orders shipped from the Stockholm warehouse reach the consumer within 24 hours from the time of check out.

The Company has developed a frequency model to enable targeted e-mail communication based on customers prior consumption and purchasing patterns generating an increase in overall retention rate and share of annual consumption. In Q1 2021 LTM, conversion rate on e-mails recorded over 25 percent. Furthermore, to cater for certain customer groups who are loyal to the same product, Haypp Group has launched a subscription service in some markets in which the customers can choose a basket and select frequency of delivery. The subscription period continues until the customer cancels or pauses it.

Haypp Group also provide in-house local language customer service covering relevant time zones.

SUPPLIER SUPPORT

Haypp Group's customer base is urban, gender balanced and falls within the key target age group of 25 to 44 years old. According to Haypp Group, the customer base is more focused on premium products than rest of the market. Further, Haypp Group believes that the customer base adopts to trends faster than rest of the market.

Due to the favourable characteristics of Haypp Group's customer base, the Company sees strong demand from its suppliers to market their products on the Company's e-commerce stores and to get customer insights regarding their behaviors.

CUSTOMER INSIGHTS

In light of the expectation for rapid category change, i.e. growth in nicotine pouches, the Company decided in 2018 to invest heavily in data management and machine learning to enhance its ability to adapt to accelerated consumer trends. Much of the insights the Company needed to optimise the customer experience, such as consumers' willingness to try a product, consumer loyalty and willingness to pay premium for certain products, were also insights which the suppliers required. On the back of this, the Company established an insights function which is now being utilised by all large and many small suppliers to enhance their understanding of changing consumer behaviors.

The Company provides suppliers with a substantial number of insightful features on customers to optimise their existing brands and develop new products. The insights business has two pillars:

- The quantitative side utilises Haypp Group's deep data set and machine learning to highlight trends per consumer segment. These insights cover general trends and specific trends per brand, such as consumers' willingness to consider the product, the implication of different brand communications, loyalty to the product over time and for those who changed to any product, where they changed from and why. This service is invoiced as an annual license to a BI tool, which suppliers can manage themselves to gain insights.

- As a complement to the quantitative research, the Company also provides a qualitative research service. The in-house qualitative research team take requests from suppliers for specific market research. This varies from deep dives around trends which the qualitative research has provided in a specific consumer segment to focus groups or product tests for new product developments. The Company's ability to confirm the individuals in the research are in the segment or behavioral pattern combined with the ability to correlate their stated behavior with their actual behavior enables the Company to provide a service which is not only faster but also more accurate than the services offered by mainstream research providers.[2]

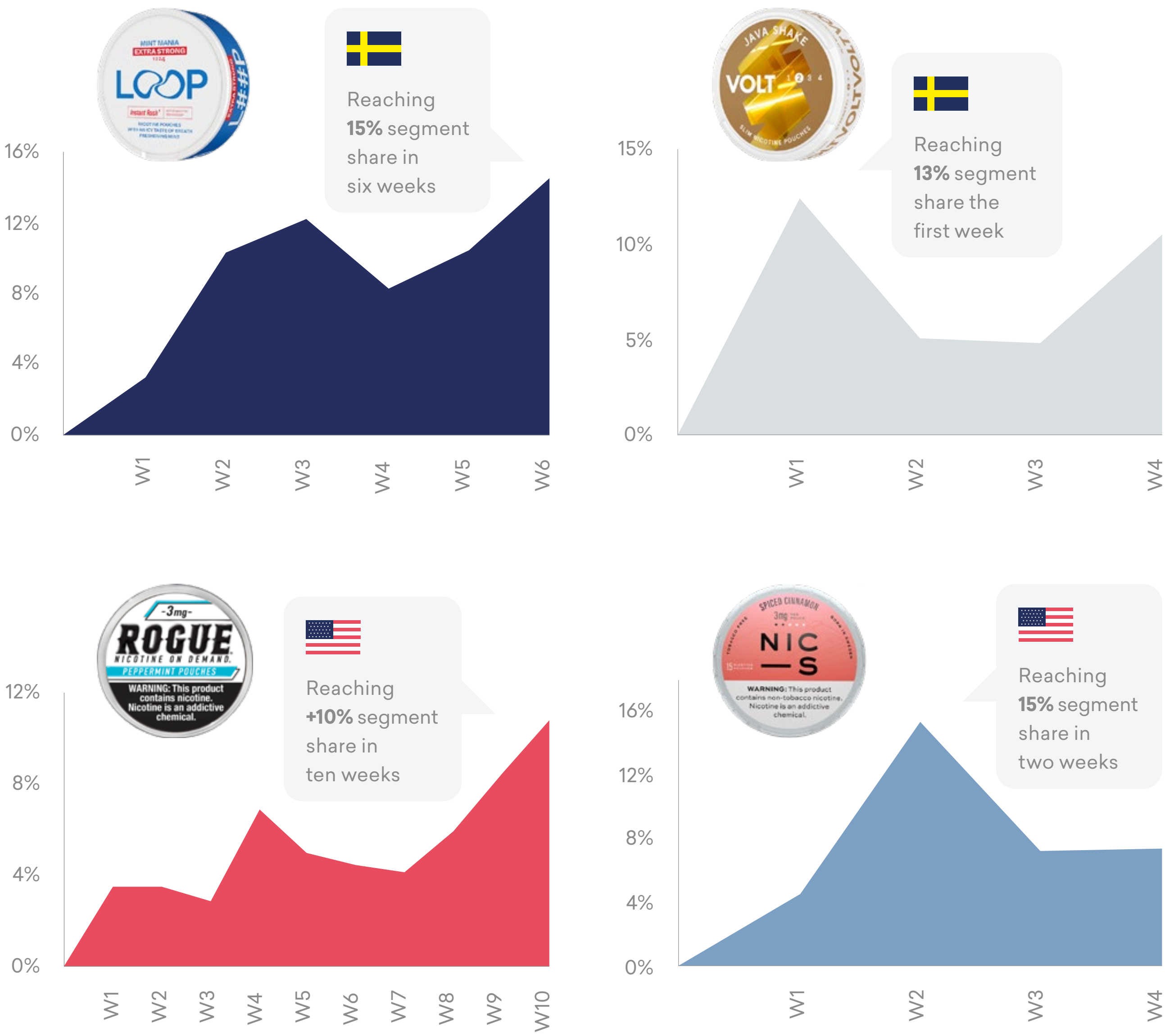
MARKETING PLATFORM

In addition to the insights, the Company is also a primary marketing platform for new product launches and existing brands promotions. In Q1 2021, the Company's e-commerce brand stores had a reach of an average 1.4 million visits per month and an average of 200,000 customers. The marketing services for suppliers range from generating product awareness to driving trial. Product awareness services vary from banners on landing pages to editorial content elaborating on the brand essence and product features, to targeted deals at the checkout for trial of new products. The Company's portfolio of marketing services is, according to the Company, unparalleled in the offline market and, as shown in the market launch examples of Loop, Volt, Nic-s and Rouge in Figures 16-19, the Company often takes a new brand to significant market share in the first weeks from launch. The marketing services are bought by suppliers, normally through annual agreements.

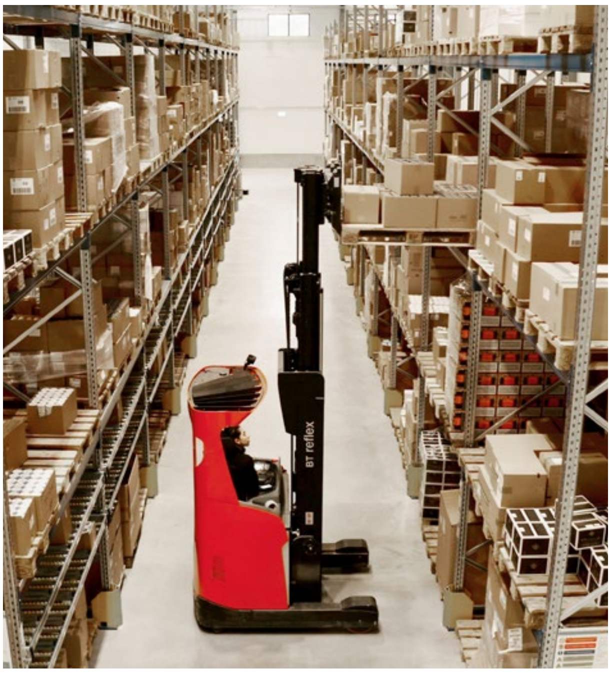
1 The Market Study. Price comparison only including nicotine pouches on Snusbolaget.se.

2 Management estimates.

Figure 16–19: Examples of product launches, sales share of total product segment



Due to the pace of change in the market and the acceleration of new brand and product launches, the insights and marketing services have been in high demand and strengthened relationships with suppliers.[1] These offerings also provide value to customers as suppliers choose to pre-launch products with Haypp Group in order to further understand market appetite and to gain insights and customer feedback before deciding to go for a nationwide launch. The Company will continue to develop its marketing and insights offerings to suppliers. Haypp Group recognises its position in many markets as the launch platform for new products, hence the Company has developed a stringent set of standards on all new products relating to nicotine levels, flavours and ingredients. All new products are submitted to Eurofins[2] laboratory testing services to ensure they meet those standards before they are made available to the consumers.



1 Management estimates.

2 Eurofins is an independent testing institute and the Swedish part of Eurofins has global knowledge regarding the content and ingredients of oral nicotine products.

Logistics

To ensure that the convenience level is both high quality and economically viable, the Company has developed a tiered approach to each market, subject to market maturity.

When entering a new market, the Company generally products that market from the Swedish warehouse[1] and utilises international shippers. When the market approaches critical mass, Haypp Group connects its systems with local 3PL's and utilises local shipping networks, with a focus on last mile delivery and speed. Finally, when a market reaches critical mass, Haypp Group opens its own warehouse, where the Company utilises automation and area pre-sorting per shipper to reduce the time to delivery.

Due to the uniformed shapes and sizes of Haypp Group's assortment, the Company is capable of significantly reducing the costs per order once it operates the warehouse directly. As an example, the company experienced an over 40 percent reduction in warehouse costs per order as it in-housed its warehouse operation in Sweden in 2019. The migration from 3PL to in-house is expected to generate cost savings since the average cost per order for a 3PL warehouse is approximately SEK 19 in a 3PL warehouse and approximately SEK 11 for in-house. The Company's current mix between in-house and 3PL warehouses is around 60 percent in-house and around 40 percent 3PL. The Company's goal is to target 70 to 80 percent of volumes in-house. The impact of this shift based on current financials would indicate cost savings of around 20 percent per order.[2]

The own warehouse automation is built on a modular structure enabling substantial step-ups in capacity with minimum cost or disruption. As shown in figure 20 below, pick-by-light is used as part of the warehouse automation, enabling an efficient process with around 750 orders packed per hour and some 400 picked lines per hour and full-time equivalent (FTE). In addition, around 80 percent of net sales origins from one third of the SKUs. These SKUs are strategically located in the warehouse to enable an easier pick-and-pack process.[3]

Figure 20: Haypp Group's automated warehouse in Stockholm with pick-by-light function

The Company currently has its own warehouses in Stockholm, Sweden and Pennsylvania, the US. In addition, the Company's current 3PL in Oslo is expected to be in-housed by the end of 2021. The Company also has 3PL's in Denmark and the US, and a 3PL in southern Sweden, which is expected to be incorporated into Haypp Group's Stockholm warehouse in late 2021. In Q1 2021 LTM, the Company's current operations had around 60 percent order capacity, with in total 7.5 million annual order capacity.

The Company provides a range of same-day and over-night delivery options to minimise waiting-times, irrespective of what time of the day the consumer places their order. Haypp Group recommends shipment providers based on customer postal code (please refer to section "*Business overview – Convenience*" above for further information).

Technology stack

The Company's bespoke technology infrastructure hinges around the principle of developing the core systems which fundamentally differentiate Haypp Group's interaction with consumers, such as its e-commerce platform and data management. This enables the Company to optimise the technology stack for SEO and customer retention. The Company builds any new domains (including new acquisitions) on the technology stack, resulting in improvements to customer attraction and retention rates. The US e-commerce stores are the only stores not yet operating on the Company's bespoke technology stack. All feature developments are integrated in the technology stack enabling all domains to benefit from these features without further development, increasing the return on development time.

1 Unless there is a regulatory requirement for local shipment.

2 Calculated from the share of inhouse/3PL orders currently and the future target and the fact that the average cost per order for a 3PL warehouse is approximately SEK 19 in a 3PL warehouse and approximately SEK 11 for in-house.

3 Based on current operating performance in the Stockholm warehouse.

To support other elements of Haypp Group's offers, the technology stack is integrated to third party services covering customer services, warehouse management, transport administration, ERP and data visualisation. The data infrastructure is built on AWS with machine learning involved in numerous aspects to continuously improve the consumer experience. The architecture for the technology stack is built with agility across critical business risk factors in mind, such as the agility to quickly adopt to changing regulations.

The Company believes its technology stack is a key differentiator versus its competitors due to its design to cater for customer attraction and retention within the category. Furthermore, the Company believes that the technology stack will continue to scale in line with the Company's growth ambitions.

Sustainability for Haypp Group

Haypp Group supports the global goals of the 2030 Agenda for Sustainable Development as a universal call for action to address the global challenges that society faces. The Company has reviewed the Sustainable Development Goals ("SDGs") and has decided to focus on those goals where it can have the greatest impact, both in relation to the planet and humanity. The main SDG for Haypp Group has been identified as SDG 3 (Health and well-being) which is in line with the higher purpose and core of Haypp Group's business – to inspire healthier enjoyment. In addition, SDG 12 (Responsible consumption and production) together with SDG 17 (Partnerships for the goals) has been identified as the Company's other primary SDGs on which it focuses on.

Haypp Group began reporting on environmental performance with the first annual sustainability report 2020 displaying the company's efforts on social and environmental impacts. The Company has established a sustainability strategy based on an ISO 26000 compatible materiality analysis. The analysis has been important for identifying the issues having the greatest impact on the business and its stakeholders. The sustainability strategy and material analysis are calibrated by stakeholder dialogues that are carried out through interaction with customers, business partners and suppliers, relevant associations, and public authorities.

Haypp Group's goal is for the business to contribute to significantly reducing smoke-related deaths ("Inspiring healthier enjoyment to millions"). The Company recognizes that the challenge will take decades to achieve, and that sustainability must be observed across each element of the business to achieve the goal. All of Haypp Group's actions and initiatives relate to at least one of the Company's strategic focus, which are part of its sustainable business model: (i) health contribution, (ii) provide insights for all, (iii) support sustainable innovation, (iv) being the best place to work and (v) business ethics.

HEALTH CONTRIBUTION

Haypp Group's vision is to "Inspire healthier enjoyment to millions" by guiding consumers from cigarettes to products which are recognised as safer alternatives to cigarettes such as nicotine pouches or snus. For Haypp Group, working with consumer health means enforcing age restrictions, being transparent with product information and supporting consumers to make informed choices. The Company also offers nicotine-free alternatives for consumers that wish to reduce their nicotine consumption, or would like to quit altogether.

INSIGHTS FOR THE PUBLIC

The Company recognize that they can only achieve their vision with the help of product manufacturers, regulators and others. The Company utilizes its close relationships with consumers, enabling it to understand consumers behaviors and needs. By converting this information into insights, for product manufacturers and regulators, the Company enables them to adopt both future product developments and future regulation to have further positive impacts on public health. Haypp Group has already invested significant resources in its insights arm of the Company's business.

SUSTAINABLE INNOVATION

As the largest global retailer of nicotine pouches, the Company understands its role in supporting and demanding sustainable innovation around all aspects of the category. In addition to setting product and marketing standards for all of our suppliers, the Company is also a key partner for testing and promoting more sustainable products to the market. This is evident from the Company's disproportionately high share of recent products launched in the market. Haypp Group continue to invest in innovation to reach its goal to further reduce the impacts of products it sells.

THE BEST WORKPLACE

The Company aims to remain an attractive workplace with very high levels of employee satisfaction, by giving its employees the right conditions to over perform in their current roles and to constantly develop their skills for future roles. Haypp Group regularly performs employee opinion surveys to learn what the Company needs to work on. By promoting equality, diversity and inclusion, the Company aims to remain an attractive workplace where existing employees continue to recommend Haypp Group, as an employer, among their network. The Company believes that high employees satisfaction and continuous development will remain key to employee loyalty in turn, enabling the Company achieving its overall goals.

BUSINESS ETHICS

Haypp Group considers ethical behavior to be fundamental to its business. In 2020, the Company developed its Code of Conduct that all employees are trained in and commit to, supporting a corporate culture of sustainability. In addition, the Company has a whistle blower system in place to identify any irregularities.

The social responsibility of suppliers is of high priority for Haypp Group. The Supplier Code of Conduct was updated and implemented in 2020. All of Haypp Group's suppliers of oral nicotine products have either signed the Supplier Code of Conduct or have their own internal Code of Conducts setting out the similar standards. The Supplier Code of Conduct focuses on (i) product safety, (ii) taxes and other fees, (iii) working environment and human rights, (iv) anti-bribery and corruption and (v) environmental and climate innovation.

People and culture

The Company focuses on hiring top class professionals who are capable of bringing value to the business across all markets. The competence areas vary between shipping, SEO, customer retention, data engineering, data science, research, age verification and legal and regulatory affairs. The Company runs a culture of many disciplines converging on set problems to create long-term solutions, in a rapidly changing environment. The Company prides itself of its high employee satisfaction rates and low employee turnover levels.

In the 2021 Company employee survey, 100 percent of the employees stated that they believe in the purpose of the Company ("Inspiring healthier enjoyment to millions") and 86 percent of employees would describe Haypp Group as a great place to work.

The management team consists of persons with both deep digital experience from the e-commerce sector and deep industry experience from larger tobacco companies. This combination enables the management team to identify both risks and opportunities that arises in the business.

Figure 21: Average number of FTEs during the period

FTEs	30 June 2021	30 June 2020	2020	2019	2018
Total	110	68	89	47	22

Regulatory landscape

REGULATORY ENVIRONMENT

Haypp Group operates on a highly regulated market. In recent years there has been a seismic shift among regulators from reducing the quantum of tobacco consumption to reducing the harm from tobacco and nicotine consumption. This shift aligns with the Company's vision to encourage a shift from conventional cigarettes to smokeless product alternatives which are recognized as safer alternatives to cigarettes and thus allows the Company to connect with regulators and policy makers across all markets. In addition, the Company openly shares data relating to consumer behaviors with regulators on an anonymous and aggregated level to ensure that upcoming regulation meets the overall principle of harm reduction.

Haypp Group has the opportunity to influence regulation as well as sufficient lead times to adapt the operation to any regulatory changes. In general, the Company welcomes additional regulation, particularly with respect to product safety and age verification.

The Company's ability of rapidly identify upcoming regulation before other market players has been a strong basis for competitive advantage, particularly when change in regulation has restricted market communication. For example, when a requirement for plain packaging was introduced on the Norwegian market, it became much more difficult for consumers to understand the specific features of different products (both new and existing). Haypp Group was able to quickly adapt and ensure continuous consumer information and navigation.

OVERVIEW OF CURRENT LEGISLATION

Haypp Group's operations are heavily affected by laws and other regulations, and legislation is a major factor behind product evolvement. Present and future regulations affect numerous aspects of the Company's operations and Haypp Group must comply with, and is affected by, extensive and complex laws and regulations at a national, regional and local level. These regulations relate, among other things, to marketing, packaging and health warning label requirements, use of ingredients, introduction of new products as well as minimum legal age for the purchase and use of tobacco products.

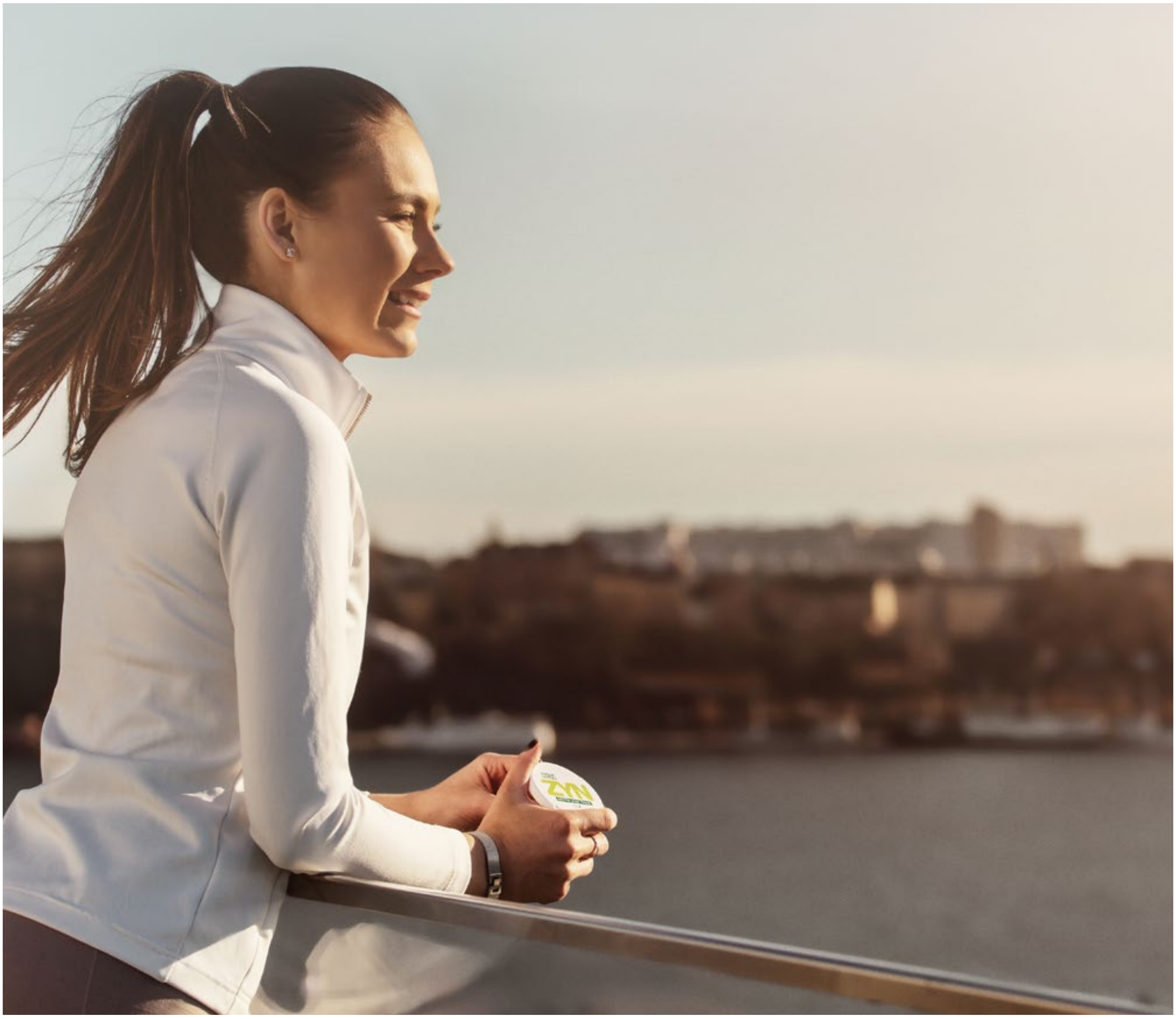
The political and regulatory environment is rapidly changing and further regulation relating to tobacco is likely to be enacted over the foreseeable future in most of the markets where Haypp Group operates. The sale of oral tobacco in Europe is governed by the tobacco product directive as well as local legislation (for snus), whereas the sale and marketing of tobacco free nicotine products remain relatively unregulated in Europe. In the US, the marketing and sale of tobacco free nicotine products, on the other hand, is governed by similar legislation as for oral tobacco with respect to marketing and labelling requirements. In certain markets, such as in Sweden and the US, a license is required in order to sell tobacco products to consumers. In other markets, such as in Norway, tobacco is subject to an exposure ban, a general marketing ban and the sale must be made in plain packaging.

Further, the Company is subject to the Prevent All Cigarette Trafficing Act (PACT), which, *inter alia*, regulates the mailing of cigarettes and smokeless tobacco products to consumers through the U.S. Postal Service. The Company holds a federal PACT Act registration with the Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF"). Under the PACT Act, the Company reports the monthly or quarterly sales in each respective state.

HOW TO NAVIGATE REGULATION

The Company believes its ability to identify upcoming regulation proactively has been a strong basis for its competitive advantage. Haypp Group believes that the business has benefited through a range of regulatory changes in recent years. Utilising Haypp Group's knowledgeable in-house regulations team to identify risks and opportunities, the business has been adapted to take advantage of them. The ability to identify and quickly adapt to upcoming regulation has put Haypp Group in a pole position compared to its competitors and let the Company accelerate the business performance while successfully navigating complex regulatory waters.

An example of Haypp Group's experience of navigating the regulatory waters is the review of the national ANDTS strategy, including both tobacco and nicotine pouches, which the Swedish Government proposed in Sweden in 2021, and which resulted in a proposed policy with stricter regulation of product development, marketing and product sales. Haypp Group led the lobbying campaign for harm reduction and coordinated work among stakeholders in the areas of strategy and communication. The work successfully resulted in vast majority of parliament voting against the proposed legislation and urging for a strategy focused on harm reduction.



Selected financial information

This section presents selected financial information for Haypp Group for the period 1 January - 30 June 2021 with comparative figures for the equivalent period 2020, and for the financial years 2020, 2019 and 2018.

The selected historical financial information for the financial years 2020, 2019 and 2018 has been obtained from the Company's audited revised historical financial statements. Haypp Group has prepared the statements in accordance with International Financial Reporting Standards (IFRS) as they have been adopted by the European Union, the Swedish Annual Accounts Act and RFR 1, Supplementary Accounting Rules for Groups. Until and including 2019, Haypp Group applied the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's accounting principles for group companies K3 (Sw. Bokföringsnämndens allmänna råd, koncernredovisning K3) (BFNAR 2012:1). In connection with the Company's conversion to IFRS, the financial statements for 2019 and 2018 were revised in accordance with IFRS.

The selected historical financial information for the period 1 January – 30 June 2021 has been obtained from the Company's reviewed consolidated interim financial information for the corresponding period, with, where applicable, comparative figures for the equivalent period 2020, prepared in accordance with IAS 34 Interim Financial Reporting. Certain figures presented in the Prospectus have been rounded off, which means that the tables in the Prospectus do not necessarily add up. All financial amounts are presented in Swedish kronor ("SEK"), unless otherwise indicated.

Aside from what is expressly stated herein, no financial information in this Prospectus has been audited or reviewed by the Company's auditor.

The following information should be read in conjunction with the "Operational and financial overview", "Capitalisation, indebtedness and other financial information" and the Company's audited revised historical consolidated financial statements including notes in the section "Historical financial information."

Consolidated income statement

KSEK	Full year			January - June	
	2020 (Audited, IFRS)	2019 (Audited, IFRS)	2018 (Audited, IFRS)	2021 (Unaudited, IAS 34)	2020 (Unaudited, IAS 34)
Net sales	1,729,171	802,431	460,149	1,094,304	762,407
Capitalized work on own account	6,539	1,925	-	4,154	3,172
Other operating income	2,413	426	20	1,609	675
Total	**1,738,123**	**804,782**	**460,169**	**1,100,067**	**766,254**
Cost of goods sold	-1,504,274	-708,798	-415,603	-973,113	-668,940
Other external expenses	-115,856	-57,081	-20,674	-53,849	-48,164
Personnel expenses	-81,647	-38,947	-18,799	-53,554	-34,413
Depreciation/amortization and impairment of assets	-44,386	-23,170	-16,494	-22,019	-18,782
Other operating expenses	-6,291	-1,239	-74	-1,051	-1,338
Total operating expenses	**-1,752,454**	**-829,235**	**-471,645**	**-1,103,585**	**-771,636**
Operating profit/loss	**-14,331**	**-24,453**	**-11,476**	**-3,518**	**-5,382**
Profit/loss from financial items					
Financial income	3	91	4	1	1
Finance expenses	-20,741	-5,792	-6,197	-4,907	-5,880
Net financial items	**-20,738**	**-5,701**	**-6,193**	**-4,906**	**-5,879**
Profit/loss before tax	**-35,069**	**-30,154**	**-17,670**	**-8,424**	**-11,262**
Income tax	7,254	9,188	1,825	-291	1,016
Profit/loss for the year/period	**-27,814**	**-20,966**	**-15,845**	**-8,715**	**-10,246**
Total comprehensive income for the year attributable to:					
Parent Company shareholders	**-27,814**	**-20,966**	**-15,845**	**-8,715**	**-10,246**

Consolidated statement of comprehensive income

KSEK	Full year			January - June	
	2020 (Audited, IFRS)	2019 (Audited, IFRS)	2018 (Audited, IFRS)	2021 (Unaudited, IAS 34)	2020 (Unaudited, IAS 34)
Profit/loss for the year/period	**-27,814**	**-20,966**	**-15,845**	**-8,715**	**-10,246**
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Exchange-rate differences	-11,682	-3,857	131	4,488	-8,791
Other comprehensive income for the year/period	**-11,682**	**-3,857**	**131**	**4,488**	**-8,791**
Total comprehensive income for the year/period	**-39,497**	**-24,824**	**-15,713**	**-4,227**	**-19,037**
Attributable to:					
Parent Company shareholders	**-39,497**	**-24,824**	**-15,713**	**-4,227**	**-19,037**

Consolidated balance sheet

KSEK	31 December 2020 (Audited, IFRS)	31 December 2019 (Audited, IFRS)	31 December 2018 (Audited, IFRS)	30 June 2021 (Unaudited, IAS 34)
Assets				
Fixed assets				
Intangible assets				
Goodwill	149,485	160,186	54,256	153,376
Customer relationships	53,095	63,976	33,775	124,015
Trademarks	35,670	43,709	33,534	160,789
Websites	35,798	43,412	40,417	33,015
Capitalized development costs	30,984	17,858	9,024	41,005
Other intangible assets	105	-	-	-
Total intangible assets	**305,136**	**329,141**	**171,007**	**512,200**
Tangible assets				
Leasehold improvements	187	299	-	132
Equipment	1,094	718	143	1,254
Total tangible assets	**1,281**	**1,017**	**143**	**1,386**
Financial assets				
Non-current receivables	3,987	3,296	2,078	29,641
Total financial assets	**3,987**	**3,296**	**2,078**	**29,641**
Right-of-use assets	35,586	25,153	710	55,527
Deferred tax assets	16,550	7,183	0.0	16,647
Total fixed assets	**362,540**	**365,790**	**173,938**	**615,401**
Current assets				
Inventories				
Cost of goods sold	77,531	68,469	48,019	103,968
Total inventories	**77,531**	**68,469**	**48,019**	**103,968**
Current receivables				
Accounts receivable	42,019	29,272	8,212	46,605
Current tax assets	-	572	1,323	-
Other receivables	12,456	2,541	10,633	14,398
Prepaid expenses and accrued income	23,042	15,950	8,498	18,469
Cash and cash equivalents	32,031	9,295	12,852	31,450
Total current receivables	**109,548**	**57,630**	**41,518**	**110,921**
Total current assets	**187,079**	**126,099**	**89,537**	**214,889**
Total assets	**549,620**	**491,889**	**263,475**	**830,290**

Equity and liabilities				
Equity				
Share capital	1,336	1,321	1,053	1,357
New share issue in progress	–	15	35	160
Other contributed capital	308,696	306,710	111,035	496,032
Translation differences	-15,408	-3,725	140	-10,920
Retained earnings (including net profit/loss for the year)	-85,796	-51,114	-30,155	-94,511
Total equity	**208,828**	**253,207**	**82,108**	**392,117**
Liabilities				
Non-current liabilities				
Liabilities to credit institutions	–	1,875	9,375	-
Lease liability	21,351	18,722	–	37,649
Deferred tax liabilities	28,861	31,975	22,407	26,936
Other liabilities	42,750	42,545	42,354	26,483
Contingent consideration	–	2,000	3,500	-
Total non-current liabilities	**92,962**	**97,117**	**77,636**	**91,068**
Current liabilities				
Bank overdraft	58,085	35,733	25,123	84,818
Lease liability	10,641	4,291	64	13,257
Liabilities to credit institutions	1,875	7,500	12,500	30,000
Accounts payable	105,612	49,452	55,343	90,897
Current tax liabilities	4,277	–	–	6,416
Other liabilities	21,021	4,263	3,292	57,976
Accrued expenses and deferred income	46,318	40,326	7,410	63,740
Total current liabilities	**247,829**	**141,565**	**103,732**	**347,104**
Total liabilities	**340,791**	**238,682**	**181,367**	**438,172**
Total equity and liabilities	**549,620**	**491,889**	**263,475**	**830,290**

Consolidated statement of cash flow

KSEK	Full year			January - June	
	2020 Audited IFRS	2019 Audited IFRS	2018 Audited IFRS	2021 Unaudited IAS 34	2020 Unaudited IAS 34
Cash flow from operating activities					
Operating loss	-14,331	-24,453	-11,476	-3,518	-5,382
Adjustment for non-cash items:					
– Amortisation of tangible assets and depreciation of intangible assets and right-of-use assets	44,386	23,170	16,494	22,019	18,782
– Other non-cash items	4,260	1,529	74	433	-2,215
Interest received	3	-	4	-	-
Interest paid	-9,716	-4,649	-4,840	-3,945	-2,003
Income tax paid	-703	-96	-422	-631	-549
Cash flow from operating activities before change in working capital	**23,899**	**-4,499**	**-166**	**14,359**	**8,632**
Cash flow from change in working capital					
Increase/decrease in inventories	-9,062	- 12,665	-15,819	-24,740	1,369
Increase/decrease in operating receivables	-31,691	-15,791	-9,986	-2,344	-17,193
Increase/decrease in operating liabilities	65,341	15,328	19,914	-7,527	25,091
Total change in working capital	**24,588**	**-13,128**	**-5,891**	**-34,610**	**9,267**
Cash flow from operating activities	**48,487**	**-17,627**	**-6,057**	**-20,252**	**17,899**
Cash flow from investing activities					
Acquisitions of subsidiaries, less acquired cash and cash equivalents	-	7,568	-959	-	-
Investment in intangible assets	-21,565	-10,065	-4,875	-216,435	-10,726
Disposal of intangible assets	-	-	-	-	-
Investment in tangible assets	-805	-1,100	-160	-452	-585
Disposal of tangible assets	-	-	-	52	-
Change in other financial assets	745	-986	-1,629	-652	2,276
Cash flow from investing activities	**-21,625**	**-4,585**	**-7623**	**-217,486**	**-9,035**
Cash flow from financing activities					
Loans raised	22,352	10,610	21,938	57,452	8,657
Repayment of debt	-20,607	-19,176	-10,184	-8,610	-11,740
Transactions with shareholders	-6,919	-	-	-	-
New share issue	1,048	27,221	13,880	187,517	1,234
Cash flow from financing activities	**-4,126**	**18,655**	**25,634**	**236,359**	**-1,849**
Decrease/increase in cash and cash equivalents	22,736	-3,557	11,954	-1,380	7,015
Opening cash and cash equivalents	9,295	12,852	898	32,031	9,295
Exchange-rate differences in cash and cash equivalents	-	-	-	798	-504
Closing cash and cash equivalents	**32,031**	**9,295**	**12,852**	**31,450**	**15,806**

Selected performance measures

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures regarding the Prospectus. The guidelines aim to make alternative performance measures in financial statements more comprehensible, reliable and comparable, and thereby promote their usability. According to these guidelines, an alternative performance measure (APM) is a financial measure of historic or projected earnings development, financial position, financial performance or cash flows that is neither defined nor specified in the applicable rules for financial reporting, namely IFRS and the Swedish Annual Accounts Act. The Company assesses that the below APMs, together with measurements defined in accordance with IFRS, facilitates the understanding of the Company's financial trends. The alternative performance measures, as defined by the Company, should not be compared with other key ratios with similar names that are used by other companies. Refer to "*Definitions of alternative performance measures not defined in accordance with IFRS*" for definitions and description of the reason for the use of the alternative performance measures

IFRS KEY PERFORMANCE MEASURES

MSEK	**Full year**			**January - June**	
	2020 Audited	2019 Audited	2018 Audited	2021 Unaudited	2020 Unaudited
Net sales	1,729.2	802.4	460.1	1094.3	762.4
Operating profit/loss (EBIT)	-14.3	-24.5	-11.5	-3.5	-5.4

ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED IN ACCORDANCE WITH IFRS

	Full year			**January - June**	
	2020 Unaudited	2019 Unaudited	2018 Unaudited	2021 Unaudited	2020 Unaudited
Net sales growth, %	115.5	74.4	-	43.5	-
Gross profit, MSEK	224.9	93.6	44.5	121.2	93.5
Gross margin, %	13.0	11.7	9.7	11.1	12.3
Gross profit growth, %	140.2	110.2	-	29.6	-
EBIT margin, %	-0.8	-3.0	-2.5	-0.3	-0.7
Adjusted EBIT, MSEK	38.2	-4.0	3.3	19.5	10.4
Adjusted EBIT margin, %	2.2	-0.5	0.7	1.8	1.4
EBITDA, MSEK	30.1	-1.3	5.0	18.5	13.4
EBITDA margin, %	1.7	-0.2	1.1	1.7	1.8
Adjusted EBITDA, MSEK	60.5	4.4	6.6	32.4	19.6
Adjusted EBITDA margin, %	3.5	0.5	1.4	3.0	2.6
Adjusted operating expenses, MSEK	-164.4	-89.2	-38.0	-88.7	-73.9
Net debt, MSEK	102.7	101.4	76.6	177.9	116.1
Net debt / adjusted EBITDA, x	1.7	23.0	11.7	-	-
Net working capital of net sales, %	0.2	3.3	2.7	-	-
Items affecting comparability, MSEK	30.4	5.7	1.5	13.9	6.2

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED IN ACCORDANCE WITH IFRS

	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.
Gross profit, MSEK	Net sales for the period minus cost of goods sold.	Shows the profitability and the financial performance of the Company's business.
Gross margin, %	Gross profit as a percentage of net sales.	The measure is an indicator of the Company's gross earnings ability.
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	Operating profit/loss (EBIT) as a percentage of net sales.	Shows operating profit/loss 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.
Adjusted operating expenses, MSEK	Operating expenses adjusted for items affecting comparability.	Shows the expenses from the Company's operational business excluding items that affect comparison with other periods.
Net debt, MSEK	Non-current lease liability, other non-current liabilities, bank overdraft, current lease liability, non-current and current liabilities to credit institutions, other liabilities (shareholder loans) 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.
Net working capital of net sales, %	Cost of goods sold, accounts receivable, other receivables and prepaid expenses and accrued income minus accounts payable and accrued expenses and deferred income as a percentage of net sales.	Shows how much of the net sales that is tied up in short-term capital in the business and increases the understanding of changes in cash flow from operation activities.
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.

RECONCILIATION TABLES OF CERTAIN ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED IN ACCORDANCE WITH IFRS

	Full year			January - June	
	2020	2019	2018	2021	2020
Net sales growth					
Net sales previous period	802.4	460.1	–	762.4	-
Net sales current period	1,729.2	802.4	460.1	1094.3	762.4
Net sales growth, %	**115.5**	**74.4**	**-**	**43.5**	**-**
Gross profit					
Net sales	1,792.2	802.4	460.1	1094.3	762.4
Goods	-1,504.3	-708.8	-415.6	-973.1	-668.9
Gross profit, MSEK	**224.9**	**93.6**	**44.5**	**121.2**	**93.5**
Gross margin, %	**13.0**	**11.7**	**9.7**	**11.1**	**12.3**
Gross profit growth					
Gross profit previous period	93.6	44.5	–	93.5	93.5
Gross profit current period	224.9	93.6	44.5	121.2	-
Gross profit growth, %	**140.2**	**110.2**	**-**	**29.6**	
EBIT margin					
EBIT	-14.3	-24.5	-11.5	-3.5	-5.4
Net sales	1,729.2	802.4	460.1	1094.3	762.4
EBIT margin, %	**-0.8**	**-3.0**	**-2.5**	**-0.3**	**-0.7**
Adjusted EBIT					
EBIT	-14.3	-24.5	-11.5	-3.5	-5.4
Depreciation/amortisation of acquired intangible assets	22.1	14.8	13.2	9.1	9.6
Less items affecting comparability:					
– Consulting and advisory costs	24.9	1.3	–	12.2	1.7
– Acquisition, integration and restructuring costs	3.8	4.4	0.6	0.9	3.7
– Legal costs	1.8	–	1.0	0.8	0.9
Adjusted EBIT, MSEK	**38.2**	**-4.0**	**3.3**	**19.5**	**10.4**
Adjusted EBIT margin, %	**2.2**	**-0.5**	**0.7**	**1.8**	**1.4**
EBITDA					
EBIT	-14.3	-24.5	-11.5	-3.5	-5.4
Depreciation/amortisation and impairment of assets	44.4	23.2	16.5	22.0	18.8
EBITDA, MSEK	**30.1**	**-1.3**	**5.0**	**18.5**	**13.4**
EBITDA margin					
EBITDA	30.1	-1.3	5.0	18.5	13.4
Net sales	1,729.2	802.4	460.1	1094.3	762.4
EBITDA margin, %	**1.7**	**-0.2**	**1.1**	**1.7**	**1.8**

Adjusted EBITDA					
EBITDA	30.1	-1.3	5.0	18.5	13.4
Less items affecting comparability:					
– Consulting and advisory costs	24.9	1.3	–	12.2	1.7
– Acquisition, integration and restructuring costs	3.8	4.4	0.6	0.9	3.7
– Legal costs	1.8	–	1.0	0,8	0.9
Adjusted EBITDA, MSEK	**60.5**	**4.4**	**6.6**	**32.4**	**19.6**
Adjusted EBITDA margin, %	**3.5**	**0.5**	**1.4**	**3.0**	**2.6**
Adjusted operating expenses					
Operating expenses	-1,752.5	-829.2	-471.6	-1,103.6	-771.6
Other operating income	2.4	0.4	0.0	1.6	0.7
Capitalized work on own account	6.5	1.9	–	4.2	3.2
Cost of goods sold	1,504.3	708.8	415.6	973.1	668.9
Depreciation/amortisation and impairment of assets	44.4	23.2	16.5	22.0	18.8
Less items affecting comparability:					
– Consulting and advisory costs	24.9	1.3	–	12.2	1.7
– Acquisition, integration and restructuring costs	3.8	4.4	0.6	0.9	3.7
– Legal costs	1.8	–	1.0	**0.8**	**0.9**
Adjusted operating expenses, MSEK	**-164.4**	**-89.2**	**-38.0**	**-88.7**	**-73.9**
Net debt					
Non-current lease liability	21.4	18.7	–	37.6	25.9
Other non-current liabilities	42.8	42.5	42.4	1.5	42.6
Non-current liabilities to credit institutions	-	1.9	9.4	-	-
Bank overdraft	58.1	35.7	25.1	84.8	46.7
Current lease liability	10.6	4.3	0.1	13.3	11.1
Current liabilities to credit institutions	1.9	7.5	12.5	30.0	5.6
Other liabilities – Shareholder loans	–	–	–	42.2	0.0
Cash and cash equivalents	-32.0	-9.3	-12.9	-31.5	-15.8
Net debt, MSEK	**102.7**	**101.4**	**76.6**	**177.9**	**116.1**
Net debt / adjusted EBITDA					
Net debt	102.7	101.4	76.6	-	-
Adjusted EBITDA	60.5	4.4	6.6	-	-
Net debt / adjusted EBITDA, x	**1.7**	**23.0**	**11.6**	**-**	**-**
Net working capital % of net sales					
Cost of goods sold	77.5	68.5	48.0	-	-
Accounts receivable	42.0	29.3	8.2	-	-
Other receivables	12.5	2.5	10.6	-	-
Prepaid expenses and accrued income	23.0	16.0	8.5	-	-
Accounts payable	-105.6	-49.5	-55.3	-	-
Accrued expenses and deferred income	-46.3	-40.3	-7.4	-	-
Net sales	1 729.2	802.4	460.1	-	-
Net working capital % of net sales	**0.2**	**3.3**	**2.7**	**-**	**-**
Items affecting comparability					
Consulting and advisory costs	24.9	1.3	–	12.2	1.7
Acquisition, integration and restructuring costs	3.8	4.4	0.6	0.9	3.7
Legal costs	1.8	–	1.0	0.8	0.9
Items affecting comparability, MSEK	**30.4**	**5.7**	**1.5**	**13.9**	**6.2**

Quarterly financial information

The Company believes that the information provided below is of material importance to investors in analyzing the Company's historical financial performance. The information below derive from the Company's internal accounts and have neither been audited nor reviewed by the Company's auditor.

MSEK	Q2 2021 (Unaudited, IAS 34)	Q1 2021 (Unaudited, IAS 34)	Q4 2020 (Unaudited, IAS 34)	Q3 2020 (Unaudited, IAS 34)	Q2 2020 (Unaudited, IAS 34)	Q1 2020 (Unaudited, IAS 34)
Net sales	541.8	552.7	513.0	453.8	457.8	304.6
Capitalized work on own account	1.8	2.4	1.8	1.5	2.5	0.7
Other operating income	1.0	0.4	1.4	0.4	0.3	0.4
Total	**544.6**	**555.4**	**516.2**	**455.7**	**460.5**	**305.7**
Cost of goods sold	-486.5	-486.6	-439.6	-395.7	-403.0	-265.9
Other external expenses	-30.7	-23.2	-48.5	-19.2	-20.5	-27.7
Personnel expenses	-22.1	-31.4	-27.7	-19.6	-19.5	-14.9
Depreciation/amortisation and impairment of assets	-11.7	-10.3	-15.6	-10.0	-9.5	-9.2
Other operating expenses	-0.6	-0.6	-3.8	-1.2	-0.7	-0.6
Total operating expenses	**-551.5**	**-552.1**	**-535.1**	**-445.7**	**-453.3**	**-318.4**
Operating profit/loss	**-6.9**	**3.4**	**-18.9**	**10.0**	**7.3**	**-12.7**
Profit/loss from financial items						
Financial income	0.0	0.0	0.0	0.0	0.0	0.0
Finance expenses	-2.8	-2.1	-12.4	-2.5	-4.4	-1.5
Net financial items	**-2.8**	**-2.1**	**-12.4**	**-2.5**	**-4.4**	**-1.5**
Profit/loss before tax	**-9.6**	**1.2**	**-31.3**	**7.5**	**2.9**	**-14.1**
Income tax	1.1	-1.3	8.8	-2.6	-2.0	3.0
Profit/loss for the period	**-8.6**	**-0.1**	**-22.5**	**4.9**	**0.9**	**-11.1**
Other comprehensive income						
Translation differences for the year[1]	-4.8	9.3	-1.2	-1.7	-2.1	-6.7
Other comprehensive income	**-4.8**	**9.3**	**-1.2**	**-1.7**	**-2.1**	**-6.7**
Total comprehensive profit/loss for the period	**-13.4**	**9.2**	**-23.7**	**3.2**	**-1.2**	**-17.8**

1 Relates to translation differences arising when translating assets and liabilities of foreign subsidiaries from the functional currency to the Group's reporting currency (SEK). Translation differences arising on the translation of foreign subsidiaries are recognized in other comprehensive income and are accumulated in Translation differences under Total equity in the balance sheet. Upon divestment of foreign operations, related accumulated translation differences are realized through reclassification from other comprehensive income to profit/loss for the year.

Review of reporting segments

Haypp Group operates two reporting segments, or business units, the Core markets and the Growth markets. The Core markets consists of the Swedish and Norwegian markets, which are more mature. The Growth markets consist of Austria, Denmark, Finland, Germany, Switzerland, the UK and the US, which are characterized more as emerging markets. The information below has been obtained from the Company's reviewed financial statements for the period 1 January – 30 June 2021.

SEGMENT BREAKDOWN

KSEK			Net sales					EBITDA		
	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	LTM	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	LTM
Core markets	484,417	382,774	972,893	636,955	1,811,366	29,695	29,149	56,811	45,197	112,596
EBITDA wmargin, %						6.1	7.6	5.8	7.1	6.2
Growth markets	57,391	75,044	121,410	125,453	249,703	-12,758	-7,754	-24,108	-25,241	-39,336
EBITDA margin, %						-22.2	-10.3	-19.9	-20.1	-15.8
Parent company/other						-11,626	-4,563	-13,947	-6,235	-38,131
Reconciliation items						-454	-13	-256	-321	29
Group total	**541,809**	**457,818**	**1,094,304**	**762,407**	**2,061,069**	**4,858**	**16,818**	**18,501**	**13,399**	**35,158**
EBITDA margin, %						0.9	3.7	1.7	1.8	1.7
Depreciation & Amortization						-11,728	-9,542	-22,019	-18,782	-47,623
Financial items						-2,778	-4,416	-4,906	-5,879	-19,765
Profit before taxes						**-9,648**	**2,860**	**-8,424**	**-11,262**	**-32,230**

CORE MARKETS AND GROWTH MARKETS

CORE MARKETS

MSEK

	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	LTM
Net sales	484.4	382.8	972.9	637.0	1 811.4
EBITDA	29.7	29.1	56.8	45.2	112.6
EBITDA margin, %	6.1	7.6	5.8	7.1	6.2
Number of orders (thousand)	726	540			
Average order value (SEK)	613	658			
Active customers (thousand)	287	226			

GROWTH MARKETS

MSEK

	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	LTM
Net sales	57.4	75.0	121.4	125.5	249.7
EBITDA	-12.8	-7.8	-24.1	-25.2	-39.3
EBITDA margin, %	-22.2	-10.3	-19.9	-20.1	-15.8
Number of orders (thousand)	80	118			
Average order value (SEK)	700	762			
Active customers (thousand)	45	60			

Operating and financial review

The information presented below should be read in conjunction with the section "Selected financial information" and the Company's audited revised historical financial statements for the financial years 2020, 2019 and 2018 and the reviewed consolidated interim financial information for the period 1 January – 30 June 2021, with, where applicable, comparative figures for the equivalent period 2020, included in the section "Historical financial information". Haypp Group has prepared the statements in accordance with International Financial Reporting Standards (IFRS) as they have been adopted by the European Union, the Swedish Annual Accounts Act and RFR 1, Supplementary Accounting Rules for Groups. The Company's reviewed consolidated interim financial information for the period 1 January – 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting. Certain figures presented in the Prospectus have been rounded off, which means that the tables in the Prospectus do not necessarily add up. All financial amounts are presented in Swedish kronor ("SEK"), unless otherwise indicated.

Some of the information below has been derived from the Company's internal accounts and has neither been audited nor reviewed by the Company's auditor. For further information, please refer to the section "Selected financial information – Definitions of alternative performance measures not defined in accordance with IFRS".

The information below contains forward-looking statements that are subject to various risks and uncertainties. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of many different factors, including, but not limited to, those described in this Prospectus, including those in section "Risk factors" and elsewhere in this Prospectus.

Overview

Haypp Group is an e-commerce business selling nicotine pouches and snus online in nine countries across Europe and in the US. The Company sells a broad selection of brands from a number of quality suppliers through a portfolio of ten e-commerce store brands. Haypp Group was founded in 2009 and is headquartered in Stockholm, Sweden.

The market is currently undergoing a global transformation from the use of conventional cigarettes towards the use of products which are recognized as safer alternatives to cigarettes. This transformation is driven by a strong customer demand for reduced-risk products as well as legislation in favor of tobacco free nicotine products. The Company sells snus and nicotine pouches, which is the fastest growing category in the harm-reduced space, creating an attractive growth opportunity.

The Company is an online retailer. Due to its compelling characteristics such as small and similarly sized boxes enabling efficient logistics, high purchase frequency and low return frequency, the Company believes snus and nicotine pouches are the perfect products for e-commerce. Over the coming years, the market size for nicotine pouches is expected to increase at the same time as the market for snus is expected to decrease. During the period 2020 and 2025, the global nicotine pouch market is estimated to increase from SEK 9 billion to SEK 49 billion whereas the global snus market is estimated to decrease from SEK 18 billion to SEK 11 billion.[1] These estimates represent a CAGR of 41 percent in the nicotine pouches market and a CAGR of -9 percent in the snus market. The expected declining growth rate of snus is mainly driven by cannibalisation by nicotine pouches in Core markets and the US.

Haypp Group was founded in 2009 and has established an efficient operating model with focus on its superior value proposition to drive profitable growth and expand the addressable customer base. As a result, the Company reached 1.7 billion in revenues in 2020. The Company's growth strategy is based on organic growth, scaling the business and growth through acquisitions. The rapidly growing customer base coupled with increasing order frequency and increasing order values have paved the way for organic growth combined with increased profitability. Between 2018 and 2020 net sales grew from MSEK 460 to MSEK 1,729, corresponding to a CAGR of 94 percent. For more information regarding Haypp Group's business, please see section "*Business overview*" above.

Factors affecting the Company's net sales, results of operations and cash flow

In Haypp Group's view, the factors below can facilitate the analysis of the Company's historical and future financial development:

1 The Market Study.

- Demand for the Company's products
- The growth of online as a sales channel
- Margin development
- Benefits of scale
- Maintaining a highly capital efficient business model

As some of these factors are beyond Haypp Group's control, the past performance of Haypp Group is not necessarily indicative of its future performance. It is difficult to predict the future result or performance of the Company with any degree of certainty. For a more detailed description of the risks associated with the Company's operations, refer to the section "*Risk factors*" above.

DEMAND FOR THE COMPANY'S PRODUCTS

The historical trend, among consumers, has been away from cigarettes to products which are recognized as safer alternatives to cigarettes, such as nicotine pouches, which is now the fastest growing category. This demand is driven by consumer acceptance of the category and regulatory support. The consumer acceptance of the category has manifested, in recent years, outside of Scandinavia with particularly strong performance seen in the western region of the USA and some European pockets (such as Switzerland). Regulatory support has moved in tandem with consumer demand with many regulators having altered their philosophy around tobacco and nicotine away from reducing consumption to reducing the harm from consumption. This combination of consumer demand and regulatory support has encouraged all of the global tobacco manufacturers and a range of credible small manufacturers to enter the category.

Haypp Group, as an online retailer, sells all products which meet its product standards, to consumers. The Company believes that its convenience offering is built for this specific category, which when combined with competitive pricing and a particularly broad assortment, is a strong proposition for customers. The Company is regularly the first retailer to launch a new product on the market, which, in addition to been beneficial to the consumer, is also of significant value to its suppliers, who use the platform to launch new products and enable them to reach critical mass in a number of weeks and gain detailed consumer insights.

The company attracts the vast majority of its new consumers organically via SEO, as advertising possibilities with respect to tobacco and nicotine products generally is limited. The company has developed its competence and infrastructure to achieve the top SEO position across many markets. This ensures low marketing costs and barriers to entry as the SEO positions takes significant time and resources to achieve. The Company is also very successful at ensuring customers remain loyal to its stores and have over 85 percent of its sales last rolling twelve months for Q1 2021 coming from returning customers.

THE GROWTH OF ONLINE AS A SALES CHANNEL

Haypp Group's growth and earnings have been positively affected by the general ongoing shift in consumer behavior away from traditional retail stores towards online-based shopping. This shift has been accelerated by the COVID-19 pandemic.

- In 2018 the Company had approximately 227,000 active customers, a figure that was improved to 337,000 in 2019 and 541,000 in 2020, a CAGR of approximately 54 percent.
- In parallel with the increased customer base, the average annual number of orders per customer has increased from 3.9 in 2018, to 4.1 in 2019 and 4.6 in 2020, a CAGR of approximately 8 percent.
- In 2018 the average order value amounted to 601 SEK, which improved to 643 SEK in 2019 and 660 SEK in 2020, a CAGR of approximately 5 percent.

The Company believes that nicotine pouches and snus are perfect for online sales due to its compelling characteristics such as small and similarly sized boxes enabling efficient logistics, high purchase frequency and low returns. In 2020, the online penetration for nicotine pouches and snus in Sweden was 11. This can be compared to the online penetration for clothing, which amounted to 30 percent. With an online market share in Sweden and Norway of 85 percent, the Company is well positioned to benefit from further channel growth. Haypp Group intends to continue to invest in improving the customer experience to continue to grow overall market share.

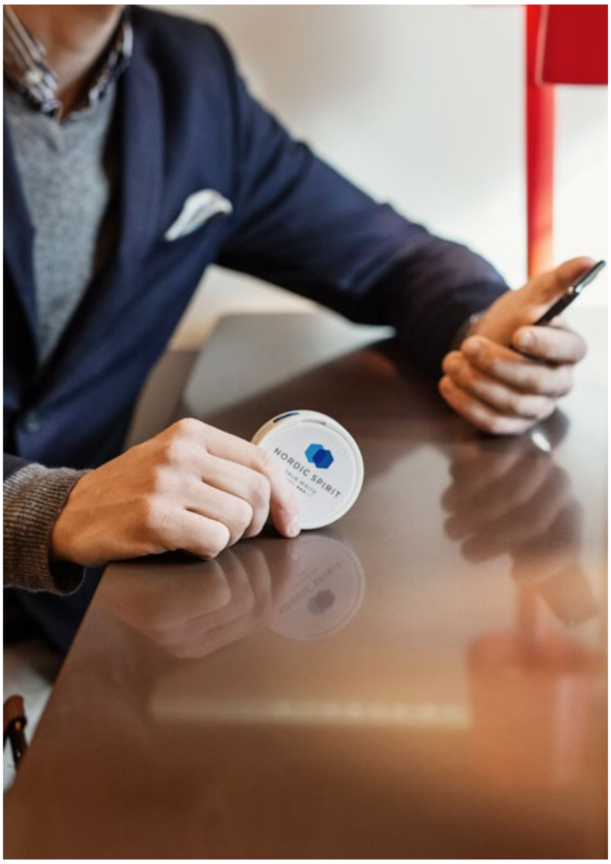
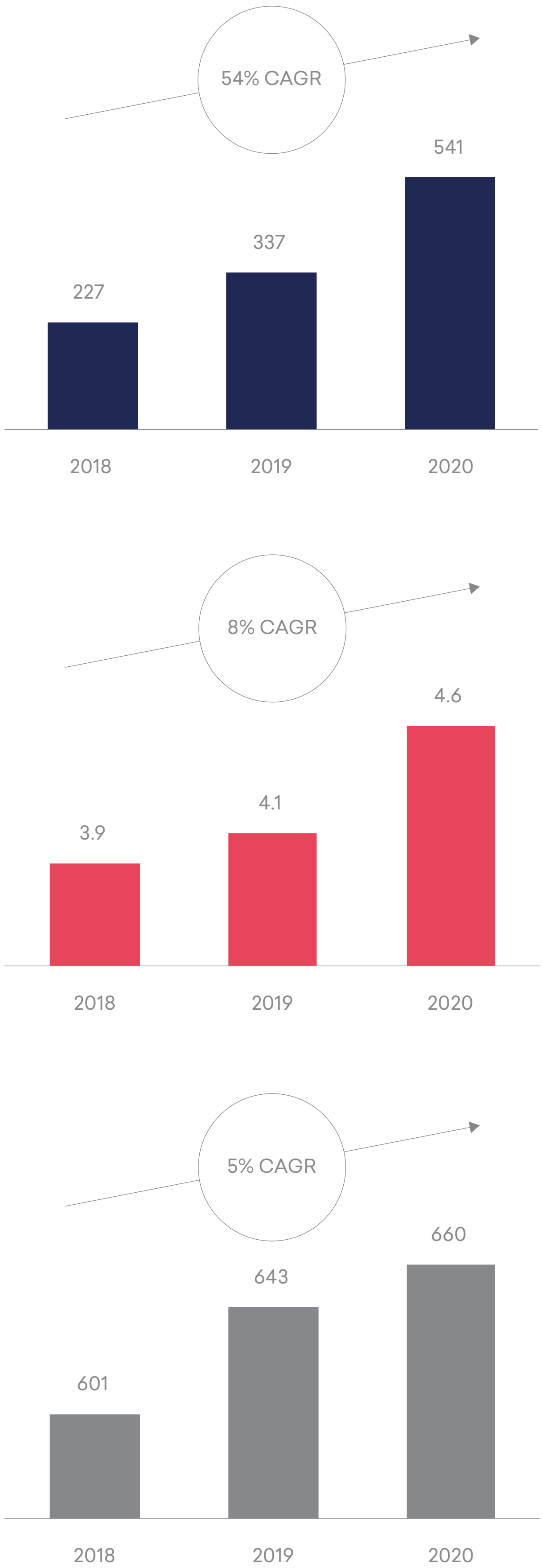


Figure 22–24: Number of active customers (by thousands), average number of orders per customer and average order value (SEK)



With a leading online position for nicotine pouches and snus in Sweden and Norway, with a market share of around 90 percent in Sweden (including the acquisition of Nettotobak's e-commerce business) and approximately 80 percent in Norway[1] and an expected total global profit pool of SEK 58 billion in 2025, the Company intends to further capitalize on the growing online market. The online market for nicotine pouches and snus is expected to increase from SEK 3 billion in 2020 to SEK 10 billion in 2025, representing a CAGR of 32 percent.

MARGIN DEVELOPMENT

The Company has realized benefits of scale since 2018, with reductions in logistics costs and increases in supplier support via marketing and insights revenue and product discounts. Much of these benefits have been passed on to the consumer in the form of better pricing, more convenient shipping options and a broader assortment (e.g. products being launched on our platform first). In addition, part of these benefits has not been passed on and have increased the gross margin from 9.7 percent in 2018 and 11.7 percent in 2019 to 13.0 percent in 2020. During the same period, the gross profit amounted to 45 MSEK in 2018, 94 MSEK in 2019 and 225 MSEK in 2020. The gross margin in the first six months of 2021 was 11.1 percent compared to the same period in 2020 with a reported gross margin of 12.3 percent.

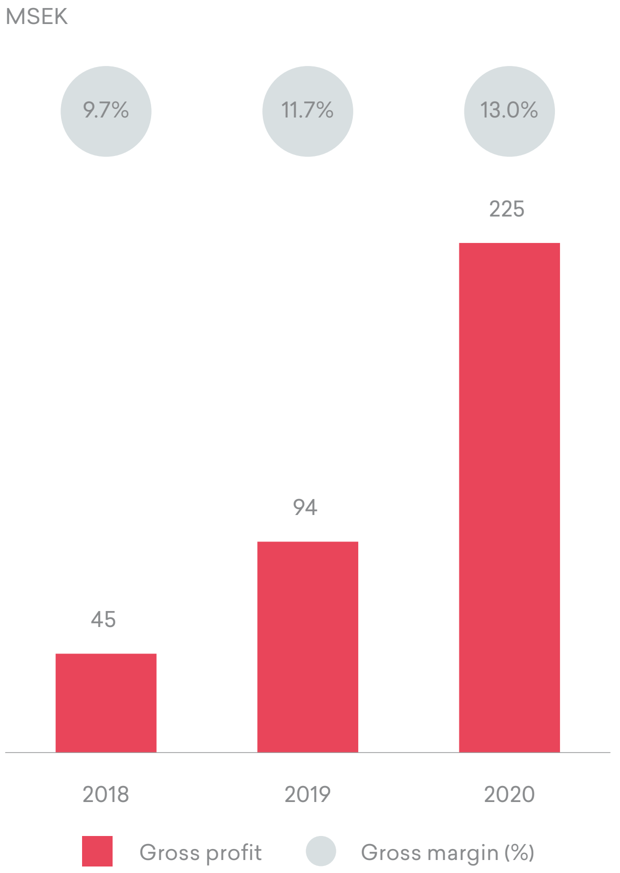
Haypp Group intends to merge the current third-party warehouse operations in Malmö, Sweden, with its own warehouse operations in Haninge, Sweden, during the third quarter 2021. Similarly, the Company intends to insource its current third-party warehouse operations in Norway to newly procured warehouse facilities in Oslo during the fourth quarter 2021. The ongoing migration from the use of third-party logistics to in-house warehouses is expected to significantly decrease costs per order, since the average cost per order for a 3PL warehouse is approximately SEK 19 in a 3PL warehouse and approximately SEK 11 for in-house. The Company's current mix between in-house and 3PL warehouses is 61 percent in-house and 39 percent 3PL. The Company's goal is to target 70 to 80 percent of volumes in-house. The impact of this shift based on current financials would indicate cost savings of around 20 percent per order.[2]

This trend, of benefits being realized and partly reinvested in the consumer offer, is expected to continue.

1 The Market study. The Market shares refer to 2020.

2 Calculated from the share of inhouse/3PL orders currently and the future target and the fact that the average cost per order for a 3PL warehouse is approximately SEK 19 in a 3PL warehouse and approximately SEK 11 for in-house.

Figure 25: Gross profit and gross margin



BENEFITS OF SCALE

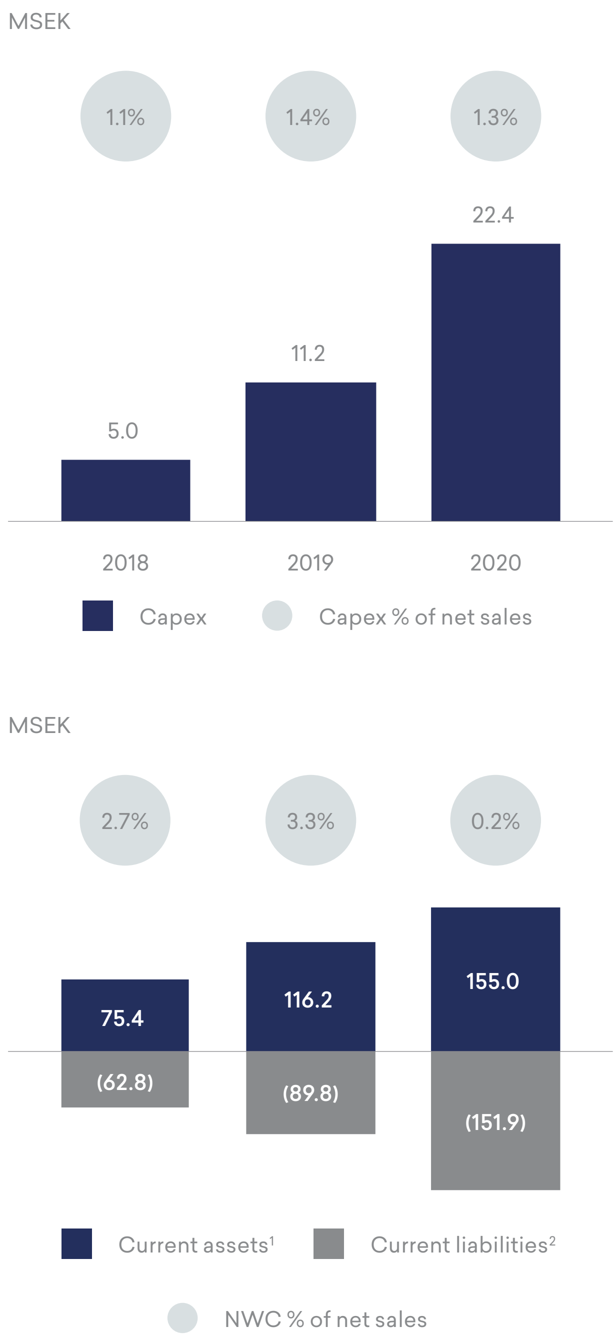
Haypp Group's scalable business model enables the Group to add incremental net sales and gain operating leverage on its fixed cost base which positively impacts the Company's earnings and profitability. Approximately 68 percent of the Company's operating expenses are fixed costs and mainly relate to personnel expenses which historically have increased as a result of building up the organization for geographical expansion. In addition, with scale, the return on development investments increase as new features can benefit out a larger base of customers. The Company has kept its capital expenditures to sales ratio relatively constant while increasing investments in absolute amounts.

In addition to benefiting from organic growth, acquisitions have historically improved performance when integrated to the Company's infrastructure (e.g. within traffic, conversion rate and retention frequency). These acquisitions also create benefits of scale and gives access to new markets and customer segments.

MAINTAINING A HIGHLY CAPITAL EFFICIENT BUSINESS MODEL

The company runs a capital efficient business model. The bulk of the Company's capital expenditures (capex) relate to investments in technology, which spans multiple markets. In 2020, capex as a percentage of net sales amounted to 1.3 percent. The corresponding figures for 2018 and 2019 were 1.1 percent and 1.4 percent, respectively. In addition to limited investment needs, Haypp Group has favourable net working capital characteristics where the Company's setup with its suppliers enables warehouse inventory replenishments multiple times per week. This resulted in an inventory turnover of approximately 21x in 2020. Moreover, the use of payment providers enables a short DRO (days receivables outstanding). In 2020, the net working capital as a percentage of net sales amounted to 0.2 percent. The corresponding figures for 2018 and 2019 were 2.7 percent and 3.3 percent, respectively.

Figure 26–27: Investments and working capital[1]



1) Current assets include cost of goods sold, accounts receivable, other receivables and prepaid expenses and accrued income; 2) Current liabilities include accounts payable and accrued expenses and deferred income

Key items in the income statement

NET SALES
Product sales, insights sales and sales of marketing services, all excluding VAT.

CAPITALIZED WORK ON OWN ACCOUNT
Capitalized expenses related to development expenses for the Company's technology platform which have been capitalized.

COST OF GOODS SOLD
Product costs including discounts, costs for shipping providers, costs for third-party warehouses, costs for packaging materials and costs for payment providers.

OTHER EXTERNAL EXPENSES
Primarily costs related to marketing, consultants, legal fees and other various costs.

PERSONNEL EXPENSES
Salaries and other remuneration, social security contribution and pension costs.

DEPRECIATION/AMORTISATION AND IMPAIRMENT OF ASSETS
Mainly comprises depreciation, amortization and impairment of tangible and intangible assets and leases.

OTHER OPERATING EXPENSES
Costs related to exchange-rate losses and loss on sale of fixed assets.

OPERATING PROFIT/LOSS (EBIT)
Operating profit/loss before net finance costs and tax.

FINANCE EXPENSES
Finance expenses primarily relate to exchange rate differences and interest expenses.

INCOME TAX
Income tax consists of the sum of current tax and deferred tax.

PROFIT/LOSS FOR THE YEAR/PERIOD
Profit/loss for the year/period is the Company's net profit after income tax expense for the year or the period, as applicable.

Comparison between the interim periods 1 January 2021 – 30 June 2021 and 1 January 2020 – 30 June 2020

NET SALES
Net sales increased by MSEK 331.9, or 44 percent, from MSEK 762.4 for the first six months of 2020 to MSEK 1,094.3 in the corresponding period in 2021. The increase was mainly due to a larger number of active customers and an increased order frequency.

CAPITALIZED WORK ON OWN ACCOUNT
Capitalized work for own account increased by MSEK 1.0, or 31 percent, from MSEK 3.2 for the first six months of 2020 to MSEK 4.2 in the corresponding period in 2021. The increase was mainly due to an increased number of resources for internal development of the technology platform.

COST OF GOODS SOLD
Cost of sold goods increased by MSEK 304.2, or 45 percent, from MSEK 668.9 for the first six months of 2020 to MSEK 973.1 in the corresponding period in 2021. The increase was mainly due to a larger sales volume.

OTHER EXTERNAL EXPENSES
Other external expenses increased by MSEK 5.7, or 12 percent, from MSEK 48.2 for the first six months of 2020 to MSEK 53.9 in the corresponding period in 2021. The increase was mainly due to increased costs for consultants and legal costs.

DEPRECIATION/AMORTISATION AND IMPAIRMENT OF ASSETS
Depreciation and amortisation of tangible and intangible assets increased by MSEK 3.2, or 17 percent, from MSEK 18.8 for the first six months of 2020 to MSEK 22.0 in the corresponding period in 2021. The increase was mainly due to increasing depreciation on capitalized development costs and leasing assets.

OTHER OPERATING EXPENSES
Other operating expenses decreased by MSEK 0.3, or 21 percent, from MSEK 1.3 for the first six months of 2020 to MSEK 1.1 in the corresponding period in 2021. The decrease was mainly due to favorable currency effects on operating receivables and liabilities.

OPERATING PROFIT/LOSS (EBIT)
Operating profit/loss (EBIT) increased by MSEK 1.9, or 35 percent, from MSEK -5.4 for the first six months of 2020 to MSEK -3.5 in the corresponding period in 2021. The increase was mainly due to increasing gross profit which was partly offset by higher operating costs.

FINANCE EXPENSES
Finance costs decreased by MSEK 1.0, or 17 percent, from MSEK 5.9 for the first six months of 2020 to MSEK 4.9 in the corresponding period in 2021. The decrease was mainly due to positive currency effects, which was partly offset by higher interest expenses.

INCOME TAX
Income tax increased by MSEK 1.3, from MSEK 1.0 for the first six months of 2020 to MSEK -0.3 in the corresponding period in 2021. The increase was mainly due to lower deferred tax, which was partly offset by lower current tax.

PROFIT/LOSS FOR THE PERIOD
Profit/loss for the period increased by MSEK 1.5, or 15 percent, from MSEK -10.2 for the first six months of 2020

to MSEK -8.7 in the corresponding period in 2021. The increase was mainly due to higher operating profit and lower financial costs, which was partly offset by higher income tax.

Comparison between the full years 2020 and 2019

NET SALES

Net sales increased by MSEK 926.7, or 115 percent, from MSEK 802.4 in the year ended 31 December 2019 to MSEK 1,729.2 in the year ended 31 December 2020. The increase was mainly due to higher number of active customers, increasing order frequency and higher average order value.

CAPITALIZED WORK ON OWN ACCOUNT

Capitalized work for own account increased by MSEK 4.6, or 240 percent, from MSEK 1.9 in the year ended 31 December 2019 to MSEK 6.5 in the year ended 31 December 2020. The increase was mainly due to insourcing of development capacity.

COST OF GOODS SOLD

Cost of goods sold increased by MSEK 795.5, or 112 percent, from MSEK 708.8 in the year ended 31 December 2019 to MSEK 1,504.3 in the year ended 31 December 2020. The increase was mainly due to higher sales volume.

OTHER EXTERNAL EXPENSES

Other external expenses increased by MSEK 58.8, or 103 percent, from MSEK 57.1 in the year ended 31 December 2019 to MSEK 115.9 in the year ended 31 December 2020. The increase was mainly due to items affecting comparability and increased costs for consultants and legal fees.

DEPRECIATION/AMORTISATION AND IMPAIRMENT OF ASSETS

Depreciation and amortisation of tangible and intangible assets increased by MSEK 21.2, or 91 percent, from MSEK 23.2 in the year ended 31 December 2019 to MSEK 44.4 in the year ended 31 December 2020. The increase was mainly due to acquisitions, investments in intangible assets and additional lease assets.

OTHER OPERATING EXPENSES

Other operating expenses increased by MSEK 5.1, or 425 percent, from MSEK 1.2 in the year ended 31 December 2019 to MSEK 6.3 in the year ended 31 December 2020. The increase was mainly due to unfavorable currency effects on operating receivables and liabilities.

OPERATING PROFIT/LOSS (EBIT)

Operating profit/loss (EBIT) decreased by MSEK 10.2, or 42 percent, from MSEK 24.5 in the year ended 31 December 2019 to MSEK 14.3 in the year ended 31 December 2020. The decrease was mainly due to gross margin improvement and leverage on operating expenses.

FINANCE EXPENSES

Finance expenses increased by MSEK 14.9, or 258 percent, from MSEK 5.8 in the year ended 31 December 2019 to MSEK 20.7 in the year ended 31 December 2020. The increase was mainly due to higher interest expenses on loans and leasing debt as well as exchange rate differences on intercompany loans between domestic group entities and foreign group entities.

INCOME TAX

Income tax decreased by MSEK 1.9, or 21 percent, from MSEK 9.2 in the year ended 31 December 2019 to MSEK 7.3 in the year ended 31 December 2020. The decrease was mainly due to higher current tax expense partly offset by higher deferred tax.

PROFIT/LOSS FOR THE YEAR

Profit/loss for the year increased by MSEK 6.8, or 32 percent, from MSEK 21.0 in the year ended 31 December 2019 to MSEK 27.8 in the year ended 31 December 2020. The increase was mainly due to lower operating loss being offset by higher finance expenses.

Comparison between the full years 2019 and 2018

NET SALES

Net sales increased by MSEK 342.3, or 74 percent, from MSEK 460.1 in the year ended 31 December 2018 to MSEK 802.4 in the year ended 31 December 2019. The increase was mainly due to higher number of active customers, increasing order frequency and higher average order value.

CAPITALIZED WORK ON OWN ACCOUNT

Capitalized work for own account increased by MSEK 1.9, from MSEK 0.0 in the year ended 31 December 2018 to MSEK 1.9 in the year ended 31 December 2019. The increase was mainly due to insourcing of development capacity.

COST OF GOODS SOLD

Cost of goods sold increased by MSEK 293.2, or 71 percent, from MSEK 415.6 in the year ended 31 December 2018 to MSEK 708.8 in the year ended 31 December 2019. The increase was mainly due to higher sales volume.

OTHER EXTERNAL EXPENSES

Other external expenses increased by MSEK 36.4, or 176 percent, from MSEK 20.7 in the year ended 31 December 2018 to MSEK 57.1 in the year ended 31 December 2019. The increase was mainly due to higher costs for marketing.

DEPRECIATION/AMORTISATION AND IMPAIRMENT OF ASSETS

Depreciation and amortisation of tangible and intangible assets increased by MSEK 6.7, or 41 percent, from MSEK 16.5 in the year ended 31 December 2018 to MSEK 23.2 in the year ended 31 December 2019. The increase was mainly due to investments in intangible assets and additional lease assets.

OTHER OPERATING EXPENSES

Other operating expenses increased by MSEK 1.1, or 1,100 percent, from MSEK 0.1 in the year ended 31 December 2018 to MSEK 1.2 in the year ended 31 December 2019. The increase was mainly due to unfavorable currency effects on operating receivables and liabilities.

OPERATING PROFIT/LOSS (EBIT)

Operating profit/loss (EBIT) increased by MSEK 13, or 113 percent, from MSEK 11.5 in the year ended 31 December 2018 to MSEK 24.5 in the year ended 31 December 2019. The increase was mainly due to higher gross profit being offset by increased operating expenses mainly marketing and personnel.

FINANCE EXPENSES

Finance expenses decreased by MSEK 0.4, or 6 percent, from MSEK 6.2 in the year ended 31 December 2018 to MSEK 5.8 in the year ended 31 December 2019. The decrease was mainly due to somewhat lower interest expenses and exchange rate differences.

INCOME TAX

Income tax increased by MSEK 7.4, or 411 percent, from MSEK 1.8 in the year ended 31 December 2018 to MSEK 9.2 in the year ended 31 December 2019. The increase was mainly due to higher deferred tax.

PROFIT/LOSS FOR THE YEAR

Profit/loss for the year increased by MSEK 5.2, or 33 percent, from MSEK 15.8 in the year ended 31 December 2018 to MSEK 21.0 in the year ended 31 December 2019. The increase was mainly due to higher operating loss being partly offset by lower finance expenses and income tax.

Liquidity and financial position

CASH FLOW

The table below shows the principal components of Haypp Group's cash flows for the six-month period ended 30 June 2021, the six-month period ended 30 June 2020 and for the full years ended 31 December 2020, 31 December 2019 and 31 December 2018.

MSEK	January-June		Full-year		
	2021 Unaudited	2020 Unaudited	2020 Audited	2019 Audited	2018 Audited
Cash flow from operating activities	-20.3	17.9	48.5	-17.6	-6.1
Cash flow from investing activities	-217.5	-9.0	-21.6	-4.6	-7.6
Cash flow from financing activities	236.4	-1.8	-4.1	18.7	25.6
Cash and cash equivalents at beginning of year/period	32.0	9.3	9.3	12.9	0.9
Cash and cash equivalents at end of year/period	**31.5**	**15.8**	**32.0**	**9.3**	**12.9**

CASH FLOW FROM OPERATING ACTIVITIES

The Group's cash flow from operating activities amounted to MSEK -17.9 for the period 1 January to 30 June 2020 compared to MSEK -20.3 in the corresponding period in 2021. The decrease was mainly due to a temporarily increasing working capital.

The Group's cash flow from operating activities amounted to MSEK -17.6 in the year ended 31 December 2019 compared to MSEK 48.5 in the year ended 31 December 2020. The increase was mainly due to higher EBITDA and more efficient working capital management.

The Group's cash flow from operating activities amounted to MSEK -6.1 in the year ended 31 December 2018, compared to MSEK -17.6 in the year ended 31 December 2019. The decrease was mainly due to lower EBITDA and investments in working capital.

CASH FLOW FROM INVESTING ACTIVITIES

The Group's cash flow from investing activities amounted to MSEK -9.0 for the period 1 January to 30 June 2020 compared to MSEK -217.5 in the corresponding period in 2021. The increase was mainly due to the acquisition of assets and rights relating to NettoTobak's e-commerce platform, such as the customer data base and all relevant domains and other intellectual property rights.

The Group's cash flow from investing activities amounted to MSEK -4.6 in the year ended 31 December 2019, compared to MSEK -21.6 in the year ended 31 December 2020. The decrease was mainly due to investments in intangible assets relating to platform development.

The Group's cash flow from investing activities amounted to MSEK -7.6 in the year ended 31 December 2018, compared to MSEK -4.6 in the year ended 31 December 2019. The increase was mainly due to higher investments in intangible assets relating to platform development being offset by the liquidity effect from acquired subsidiaries.

CASH FLOW FROM FINANCING ACTIVITIES

The Group's cash flow from financing activities amounted to MSEK -1.8 for the period 1 January to 30 June 2020 compared to MSEK 236.4 in the corresponding period in 2021. The increase was mainly due to raised loans and proceeds from a directed new share issue that was carried out in order to finance the acquisition of assets and rights relating to NettoTobak's e-commerce platform.

The Group's cash flow from financing activities amounted to MSEK 18.7 in the year ended 31 December 2019, compared to MSEK -4.1 in the year ended 31 December 2020. The decrease was mainly due to significantly less new equity being issued.

The Group's cash flow from financing activities amounted to MSEK 25.6 in the year ended 31 December 2018, compared to MSEK 18.7 in the year ended 31 December 2019. The decrease was mainly due to increased loan repayments.

INDEBTEDNESS

Haypp Group's indebtedness as of the day of this Prospectus primarily comprise of (i) two credit agreements of MSEK 88 and MSEK 30, respectively, with Danske Bank A/S, (ii) shareholder debt in the aggregate amount of MSEK 42 due to shareholder loans received by the Company, and (iii) leasing debt in the aggregate amount of MSEK 49. For a description of the credit agreements and the shareholder loans, see section "*Legal considerations and supplementary information – Financial arrangements*" and "*Legal considerations and supplementary information – Shareholder loans and share pledges*.

OFF-BALANCE SHEET ITEMS

As per 30 June 2021, Haypp Group had no off-balance sheet items, as defined in accordance with IFRS.

LIQUIDITY

As per 30 June 2021, Haypp Group had available liquidity of MSEK 31.5. Liquidity consists of cash and cash equivalents.

Investments

The Group's investments primarily comprise investments in development of the technology platform. The table below shows the cash flows within Haypp Group's investing activities during the period from 1 January to 30 June 2021, the period from 1 January to 30 June 2020 and the full years 2020, 2019 and 2018.

MSEK	**January-June**	**Full-year**		
	2021 Unaudited	2020 Audited	2019 Audited	2018 Audited
Acquisition of subsidiaries	-	0.0	7.6	1.0
Investments in intangible assets	-216.4	-21.6	-10.1	-4.9
Investments in tangible assets	-0.5	-0.8	-1.1	-0.2
Investments in other financial assets	-0.7	0.7	-1.0	-1.6
Cash flow from investing activities	**-217.5**	**-21.6**	**-4.6**	**-7.6**

Acquisition of subsidiaries primarily comprise cash consideration less acquired cash and cash equivalents for the acquisition of Snudshjem.no AS (2018) and cash consideration less acquired cash and cash equivalents for the acquisition of Northerner Scandinavia AB (2019).

Investments in intangible assets primarily compromise investments in development of the technology platform (2018), (2019), (2020) and investments in development of the technology platform as well as acquisitions of assets and rights relating to NettoTobak's e-commerce platform, such as the customer data base and thereto adhering domain names and intellectual property rights (second quarter of 2021).

Investments in tangible assets primarily compromise investments in inventory (2018), investments in inventory and leasehold improvements (2019), (2020) and (second quarter of 2021).

Investments in other financial assets primarily compromise left deposits (2018), left deposits and loans to employees in order to finance premiums for warrants (2019), (2020) and (second quarter of 2021).

In July 2021, Snusbolaget Norden AB acquired all the necessary assets and rights relating to snusnetto.com, including the related domain name, the trademark and certain inventory (but excluding the stock of products and the lease agreements) from Sweden Snus Gross AB (the owner of the e-commerce business of snusnetto.com). The purchase price amounted to MSEK 8, of which MSEK 4 is held as a holdback amount and paid out provided that certain conditions are being met/fulfilled by the seller, and/or that no warranty breaches occur prior to 15 October 2021.

Tangible and intangible assets

INTANGIBLE ASSETS
As per 30 June 2021, Haypp Group had intangible assets with a recognized value of MSEK 512.2, mainly relating to acquired intangible assets identified in the purchase price analysis in conjunction with acquisitions as well as internally developed intangible assets relating to the Group's technology platform.

TANGIBLE ASSETS
As per 30 June 2021, Haypp Group had tangible assets with a recognized value of MSEK 1.4, mainly relating to equipment and leasehold improvements.

Ongoing investments and undertakings for future investments

The Company has no significant ongoing investments and has not made any firm commitments regarding significant future investments.

Significant changes since 30 June 2021

In July 2021, Snusbolaget Norden AB acquired all the necessary assets and rights relating to snusnetto.com, including the related domain name, the trademark and certain inventory (but excluding the stock of products and the lease agreements) from Sweden Snus Gross AB (the owner of the e-commerce business of snusnetto.com). The purchase price amounted to MSEK 8, of which MSEK 4 is held as a holdback amount and paid out provided that certain conditions are being met/fulfilled by the seller, and/or that no warranty breaches occur prior to 15 October 2021.

Apart from what is stated above, no significant changes have occurred with regard to the financial position or financial performance of Haypp Group after 30 June 2021.

Significant trends

The COVID-19 pandemic has accelerated the shift to e-commerce and local restrictions has significantly impacted customers' willingness to purchase nicotine pouches and snus in physical stores. Haypp Group has noted, as an online retailer, a significant customer inflow during the pandemic, and partly as an effect of this the Company's net sales grew by 115.5 percent for the full year 2020 compared to 2019, and by 43.5 percent for the period January to June 2021 compared to the same period in 2020. As restrictions have slowly started to ease, many newly gained customers have remained. However, growth has naturally started to decline as the Company is meeting tough comparable quarters with high net sales in 2020. The Company believes that the continuing easing of the restrictions will affect the net sales growth negatively the coming quarters, compared to the corresponding quarter in the ongoing pandemic. Product sales growth (net sales excluding insights sales and sales of marketing service) is impacted by factors affecting comparability:

- The acquisition of Northerner at the end of Q3 2019 impacts product sales growth in Q1-Q3 2020 in the Core- and Growth segment as for the total Group.
- Operations in certain countries of Europe and in rest of the world, which were included through the acquisition of Northerner, were discontinued by Haypp Group during the first half of 2021.
- The acquisition of Snusnetto and Nettotobak, which were completed at the end of Q2 and in the beginning of Q3 2021, impacts the growth in Sweden, the Core segment and the Group in July-August 2021.

As regards the Company's Core segment (Sweden and Norway), the product sales growth in Sweden has increased from 30 percent during each quarter Q1-Q3 2020 to corresponding approximately 50 percent in Q4 2020 as well as in Q1 and Q2 2021. During the period July - August 2021 the product sales growth was 82 percent, compared to the corresponding period in 2020 and was impacted by acquisitions. However, excluding the acquisitions of Nettotobak and Snusnetto, the growth was 45 percent during the period July - August 2021. During the period some of the price reductions introduced in the first half of 2021 were also withdrawn.

The Company gained substantial market share in Norway following the closing of the border to Sweden due to COVID-19, which affected the border trade and the reduction of duty free sales at Norwegian international airports. As a result, product sales growth increased from approximately 100 percent in Q1 2020 to over 260 percent during Q2 and Q3 2020 respectively. If Northerner had been included in the Group the corresponding periods of 2019, the growth during Q2 and Q3 of 2020 would have been approximately 220 percent for both quarters. The high growth continued during Q4 2020, where product sales increased by approximately 200 percent compared to the corresponding quarter 2019, provided that Northerner was included in full, and during Q1 2021 the growth increased approximately 140 percent compared to the corresponding quarter in 2020. In the light of the easing restrictions, the growth in Norway stalled to 10 percent in Q2 2021. During the period July - August 2021 the product sales declined with 11 percent. The decrease originates from customers who live near the Swedish border and with continued easing of restrictions product sales in Norway is expected to continue to be negatively affected in the short term.

As regards the Company's Growth Markets, the growth in the segment during the first nine months of 2020 was not representative due to the acquisition of Northerner during Q3 2019 and considering that the Company had limited, or no operations in the segment before the acquisition. If Northerner would have been included in the Group in the corresponding periods 2019, the product sales growth would have been approximately 70 percent, 100 percent, and 50 percent in Q1, Q2 and Q3 2020 respectively.

The Growth Markets noted a continued strong growth of approximately 40 percent in Q4 2020 and approximately 20 percent in Q1 2021. The strong growth continued in Europe during Q2 2021 (adjusted for the markets that closed during the first half of 2021), which compensated for a decline in the US compared to a strong Q2 2020. However, the products sales in the segment declined with 5 percent. The strong trend which was already seen at the end of Q2 2021 continued in July - August 2021, with accelerating growth both in Europe and the US despite tough figures for comparison from the previous year. Adjusted for the markets that closed during the first half of 2021, the product sales growth was 39 percent in July - August 2021 compared to the corresponding period in 2020 in the segment.

Overall product sales growth for the Group during the first three quarters in 2020, provided that Northerner was included in the Group during corresponding periods in 2019, amounted to approximately 50 percent, 100 percent and 90 percent. The growth continued at a high pace driven by the Company's largest segment in the Core Markets, even in Q4 2020 with a growth of approximately 100 percent and in Q2 2021 with approximately 80 percent. Thereafter, as the Company has met higher product sales figures and restrictions have eased, growth has slowed down to 20 percent in Q2 2021. During July - August 2021 the growth amounted to 30 percent (adjusted for the markets that closed during the first half of 2021) and included the acquired sales from Nettotobak and Snusnetto. If product sales from the acquired companies was to be excluded, the growth for the period would amount to 16 percent.

Except the trends described above and in section ”*Market overview – The global nicotine pouches and snus market*” there are, from the end of 2020 up until the date of the Prospectus and as far as the Company is aware, no particular development trends in terms of production, sales, storage, costs and sales prices within the framework of Haypp Group's operations or on the markets where Haypp Group operates, respectively.

Capitalization, indebtedness and other financial information

The tables in this section describe the Company's capitalization and indebtedness at Group level as of 31 August 2021. See section *"Share capital and ownership"* for further information about the Company's share capital and shares. The tables in this section should be read in conjunction with section "*Operating and financial overview*" and the Company's financial information, including the related notes, which may be found elsewhere in this Prospectus.

Capitalization

MSEK	Per 31 August 2021
Current debt (including current portion of non-current debt)	
Guaranteed	-
Secured[1]	108.8
Unguaranteed/unsecured	55.8
Total current debt (including current portion of non-current debt)	**164.6**
Non-current debt (excluding current portion of non-current debt)	
Guaranteed	-
Secured	-
Unguaranteed/unsecured	37.3
Total non-current debt (excluding current portion of non-current debt)	**37.3**
Shareholders' equity	
Share capital	1.5
Legal reserve(s)	-
Other reserves[2]	390.6
Total equity	**594.0**

1 The security relates to floating charges in the subsidiary Snusbolaget Norden AB.

2 The item consists of MSEK 496.0 in Other contributed capital, MSEK -10.9 in Translation differences and MSEK -94.5 in Retained earnings (including net profit/loss for the year) as of 30 June 2021.

Net indebtedness

Haypp Group's net indebtedness as of 31 August 2021 is presented in the table below. The table only includes interest bearing liabilities.

MSEK	Per 31 August 2021
(A) Cash	21.9
(B) Cash equivalents	-
(C) Other current financial assets	-
(D) Liquidity (A + B + C)	**21.9**
(E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	150.9
(F) Current portion of non-current financial debt[1]	13.6
(G) Current financial indebtedness (E + F)	**164.6**
(H) Net current financial indebtedness (G – D)	**142.7**
(I) Non-current financial debt (excluding current portion and debt instruments)	1.5
(J) Debt instruments	-
(K) Non-current trade and other payables[2]	35.8
(L) Non-current financial indebtedness (I + J + K)	**37.3**
(M) Total financial indebtedness (H + L)	**180.0**

Indirect indebtedness and contingent indebtedness

As of 31 August 2021, the Group had no indirect indebtedness or any contingent indebtedness.

Changes in capitalization and net indebtedness since 31 August 2021

Since 31 August 2021, no material changes of the Company's capitalization and net indebtedness has occurred.

Statement of working capital

Haypp Group's existing working capital is not sufficient for its current needs over the next twelve-month period. Working capital refers to Haypp Group's ability to access cash and cash equivalents to fulfil its payment obligations as they fall due. As of 31 August 2021, Haypp Group had cash and cash equivalents of MSEK 21.9 and a current and non-current financial indebtedness of MSEK 164.6 and MSEK 37.3 respectively. The Company has financial liabilities that mature during October 2021 (MSEK 5), December 2021 (MSEK 30) and January 2022 (MSEK 38). The liabilities consist partly of bank loans and shareholder loans and partly of current overdraft facilities and leasing liabilities. The Company's existing working capital is deemed to be sufficient until January 2022. Haypp Group assesses the working capital requirements over the next twelve months, based on the Company's existing liquidity, to amount to approximately MSEK 72.

The Offering, upon full exercise, is expected to provide Haypp Group with an issue proceed of around MSEK 150 before deduction of transaction costs, which are estimated to approximately MSEK 45. Remaining parts of the issue proceeds, around MSEK 105, is primarily intended to repay outstanding bank debts and shareholder loans amounting to MSEK 72, and secondly, to partly repay the Company's overdraft facility with MSEK 33 and thereby strengthen the financial flexibility of the Company to act on potential M&A-opportunities and carry out strategic growth investments. After the repayment of the outstanding bank debts and shareholder loans, the Company has only remaining debt in the form of leasing liabilities (MSEK 49) and current overdraft facilities (MSEK 46). Provided that the Offering is fully subscribed there is no need to seek additional financing for the operating activities according to the Company's assessment. This is further strengthened by the fact that the Company's capital and borrowing requirements are generally constant over the calendar year as there are no material seasonal variations in the Company's operations. The majority of the Company's long term financial resources consist of equity.

In the event the Offering is not fully subscribed or completed, the Company may be forced to stop planned expansion opportunities and implement cost savings. The Company may also need to investigate alternative possibilities for financing in the form of, for example, a rights issue, a private placement or long-term loan financing from existing or new investors.

1 The item includes lease liability as per 31 August 2021.
2 The item includes lease liability as per 31 August 2021.

Board of directors, executive management and auditor

Board of directors

The Company's board of directors consists of six ordinary members, including the chairman of the board, with no deputy board members, all of whom has been elected for the period up until the end of the annual shareholders' meeting 2022. The table below shows the members of the board of directors, when they were first elected and whether they are considered to be independent of the Company and/or the Major Shareholders.

In the section below, information on the respective board member's and executive management's holding of shares and warrants in the Company is made as of the date of this Prospectus. In connection with completion of the Offering, all outstanding warrants will be converted into shares in the Company. Furthermore, some warrant holders and shareholders (in addition to the Major Shareholders) will also sell shares in the Offering through the Major Shareholders. See section *"Share capital and ownership – Changes to warrant programs in connection with the listing"* and *"Existing shareholders' sale of shares"* for more information. In addition, a new incentive program based on warrants will be implemented, see section *"Share capital and ownership – Convertibles, warrants, etc. – warrant programs"* for more information.

			Independent of	
Name	**Position**	**Member since**	**The Company and executive management**	**The major shareholders**
Ingrid Jonasson Blank	Chairman	2018	Yes	Yes
Anneli Lindblom	Board member	2021	Yes	Yes
Kristian Ford	Board member	2018	Yes	No
Linus Liljegren	Board member	2016	Yes	No
Patrik Rees	Board member	2016	Yes	No
Per Sjödell	Board member	2021	Yes	Yes

Ingrid Jonasson Blank

Born 1962. Chairman of the board since 2018.

Education:	BSc. School of Business at the University of Gothenburg.
Other current assignments:	Member of the board of directors in Bilia AB, INGRID JONASSON BLANK AB, Bergendahl Food AB, ZetaDisplay AB, Astrid Lindgren Aktiebolag, Hyber Group AB, Kjell concern AB, Musti Group Oy, Forenom Group Oy and Orkla ASA. Chairman of the board of directors in Aim Apparel AB, Kjell Group AB (publ).
Previous assignments (last five years):	Member of the board of directors in Martin & Servera Aktiebolag, Ambea AB (publ), Kulturkvarteret Astrid Lindgrens Näs AB, Matse Holding AB (publ), BHG Group AB, Stor & Liten AB. Chairman of the board of directors in Stor & Liten AB, Stockfiller AB and Cosmetic Group Holding AS.
Shares and warrants in the Company:	Ingrid Jonasson Blank holds 182,400 shares and 130 warrants[1] in the Company.

1 Of which 111 warrants under series 2017/2022:3 and 19 warrants under series 2018/2022:3. In total, the warrants entitle to subscription for 19,500 new shares in the Company.

Anneli Lindblom

Born 1967. Board member since 2021.

Education:	Business and economics, Frans Schartau Business Institute.
Other current assignments:	Chairman and member of the board of directors in NoClds AB. Member of the board of directors in Amasten Fastighets AB (publ) and Kollektivavtalsinformation Sverige AB.
Previous assignments (last five years):	CEO in NoClds AB. Member of the board of directors in Hemfosa Fastigheter AB. CFO and external vice CEO in Acando AB (publ). CFO and external CEO in Cabonline Group Holding AB. Anneli Lindblom has had several positions within the group of Acando AB (publ) and Cabonline Holding Group AB.
Shares and warrants in the Company:	Anneli Lindblom holds no shares in the Company.

Kristian Ford

Born in 1975. Board member since 2018.

Education:	Master of Laws, Lund University. Degree of Master of Science in economics, School of Economics and Management, Lund University.
Other current assignments:	Authorised external signatory in Advokatfirman Vinge Aktiebolag and Advokatfirman Vinge Skåne AB. Alternate board member in Föräldrakooperativet Vendelsbo Förskola Ekonomisk Förening.
Previous assignments (last five years):	-
Shares and warrants in the Company:	Kristian Ford holds purchase options in the Company through option agreement entered into with Eastcoast Capital AB which entitles to acquisition of 45,000 shares.

Linus Liljegren

Born 1990. Board member since 2016.

Education:	No formal education.
Other current assignments:	Member of the board of directors in Solafide Capital AB. Alternate board member in GR8 Ventures AB and Retentor AB.
Previous assignments (last five years):	Member of the board of directors in Snusbolaget Norden AB. Alternate board member and member of the board of directors in Rightstore AB, Slutplattan VAJLO 105784 AB, Slutplattan SPIKA 104909 AB. Alternate board member in Slutplattan UNTRO.
Shares and warrants in the Company:	Linus Liljegren holds, through partly-held company[1], 5,425,050 shares in the Company.

1 GR8 Ventures AB.

Patrik Rees

Born 1968. Board member since 2016.	
Education:	Education in Process Engineering, Electronics & Microdata Engineering, IHM Business School (incomplete degree).
Other current assignments:	Chairman of the board of directors in Gotland Padel Center AB. Chairman and member of the board of directors in e-Business Partner Norden AB. Member of the board of directors in Tofta Camping AB, Aktiebolaget Tofta Bad, Tofta Strand Resort AB, Icehotel Aktiebolag, Bole Sverige AB, Lekia Online AB, ICEHOTEL Creative Experience AB, Eastcoast Capital AB, ProteinBolaget i Sverige AB, Babyland Online Nordic AB, Kalk Management AB, Nymans i Tofta AB, Knopen Invest AB, Fastighetsbolaget Ringplatsen AB, Trattoria Tofta AB, Tofta Intressenter AB, Knopen 2 AB and Knopen 1 AB. Alternate board member in Capsyd AB.
Previous assignments (last five years):	Chairman of the board of directors in Frank Agency AB and Haypp Group AB (publ). Chairman and member of the board of directors in Snusbolaget Norden AB and Klövern Visby AB. Member of the board of directors in Wirséns Cykel & Motor Aktiebolag, FöretagsCentrum i Oskarshamn Aktiebolag, Hillmarketing AB, Eastcoast Capital Management AB, Stor & Liten AB, Slutplattan VAJLO 105784 AB, Funera AB, Stockfiller AB, Navet Oskarshamn AB, Gute ehandel i Norden AB and FöretagsCentrum i Oskarshamn (FCO) Ekonomisk Förening. Alternate board member in Sista versen 46642 AB and Capsyd Maxi AB.
Shares and warrants in the Company:	Patrik Rees holds, through company[1], 4,500,000 shares and 10,353 warrants[2] in the Company.

Per Sjödell

Born 1972. Board member since 2021.	
Education:	Degree of Master of Science in economics, Linköping University.
Other current assignments:	Member of the board of directors in Spendrups Bryggeriaktiebolag, Swedavia AB and Carismar AB. Chairman of the board of directors in CIP Global Executive Search AB, Identity Works AB, Arkvision Nordic AB and Regnbågsfonden. Vice chairman of the board of directors in Posti Group OY and Project Soar NGO.
Previous assignments (last five years):	Chairman of the board of directors in Aktiebolag Lindex, Lyko Group AB (publ), Linneverket Group AB and Nordic Morning Group OY. Member of the board of directors in Advisa AB and Advisa Intressenter AB. CEO Sweden in Fiskars AB.
Shares and warrants in the Company:	Per Sjödell holds no shares in the Company.

1 Shares trough Eastcoast Capital AB, warrants through e-Business Partner Norden AB.
2 All under series 2017/2022:1. The warrants entitle to subscription for 1,552,950 new shares in the Company.

Executive management

Gavin O'Dowd

Born 1978. CEO since 2017.	
Education:	Accountant, Waterford Institute of Technology
Other current assignments:	–
Previous assignments (last five years):	Chairman of the board of directors in Fiedler & Lundgren AB and British American Tobacco Sweden AB. CEO in British American Tobacco Sweden AB.
Shares and warrants in the Company:	Gavin O'Dowd holds as of the date of this Prospectus 162,300 shares and 13,195 warrants[1] in the Company.

Svante Andersson

Born 1987. CFO since 2017.	
Education:	BSc. in Business and Economics, Major in Business Administration, Stockholm University. MSc. in Business and Economics, Major in Finance, Stockholm School of Economics.
Other current assignments:	–
Previous assignments (last five years):	–
Shares and warrants in the Company:	Svante Andersson holds as of the date of this Prospectus 649 warrants[2] in the Company.

Anders Signell

Born 1970. CCO since 2018.	
Education:	Degree of Bachelor of Science in Business Administration and Economics as well as studies in mathematics, physics and Chinese, Stockholm University.
Other current assignments:	Chairman of the board of directors in BAB Kommunikation AB. Member of the board of directors in Pulsen Data Aktiebolag and Picsmart AB.
Previous assignments (last five years):	Member of the board of directors and CEO in TBL Sweden AB, Fast Food Innovations Europe AB and Valk Fleet Sweden AB. CEO and alternate board member in Delivery Hero Sweden AB. Member of the board of directors in Taxijakt AB. CEO in The Cords & Co AB (publ).
Shares and warrants in the Company:	Anders Signell holds as of the date of this Prospectus 740 warrants[3] in the Company.

1 Of which 2,488 warrants under series 2017/2022:2, 8,487 warrants under series 2017/2022:3 2 220 warrants under series 2018/2022:3. In total, the warrants entitle to subscription for 1,979,250 new shares in the Company.
2 Of which 558 warrants under series 2017/2022:3 and 91 warrants under series 2018/2022:3. In total, the warrants entitle to subscription for 97,350 new shares in the Company.
3 All under series 2018/2023:5. The warrants entitle to subscription for 111,000 new shares in the Company.

Hannah Kaber

Born 1975. General Counsel since 2018.

Education:	Master of Laws, Lund University.
Other current assignments:	Alternate board member in Wilgret AB.
Previous assignments (last five years):	Member of the board of directors in British American Tobacco Sweden AB, British American Tobacco Sweden Holding AB, Fiedler & Lundgren AB, Winnington Aktiebolag, Winnington Holding AB, Winds Global AB, Wilgret AB and British American Tobacco Norway AS.
Shares and warrants in the Company:	Hannah Kaber holds as of the date of this Prospectus 76,050 shares and 2,143 warrants[1] in the Company.

Markus Lindblad

Born 1973. Head of External Affairs since 2018.

Education:	Economic history and political science, Stockholm University.
Other current assignments:	Member of the board of directors in Sirius Consulting & Investment AB. Alternate board member in Aktiebolaget Ramsängen.
Previous assignments (last five years):	Member of the board of directors in British American Tobacco Sweden AB, British American Tobacco Sweden Holding AB, Winnington Aktiebolag, Winnington Holding AB and Winds Global AB.
Shares and warrants in the Company:	Markus Lindblad holds as of the date of this Prospectus 2,674 warrants[2] in the Company.

1 Of which 1,523 warrants under series 2018/2022:1, 508 warrants under series 2018/2022:2 and 112 warrants under series 2018/2022:3. In total, the warrants entitle to subscription for 321,450 new shares in the Company.
2 All under series 2018/2023:1. The warrants entitle to subscription for 401,100 new shares in the Company.

Other information about the board of directors and executive management

Anders Signell acted as CEO of The Cords & Co AB (publ) during the period 2017-12-04 – 2020-07-06. The Cords & Co AB (publ)'s bankruptcy proceeding was terminated on 2020-07-06.

Patrik Rees acted as board member of Hillmarketing AB during the period 2017-04-24 – 2017-09-08. Hillmarketing AB's bankruptcy was initiated on 2018-01-16.

Ingrid Jonasson Blank acted as chairman of the board of Cosmetic Group Holding AS when Cosmetic Group AS, a subsidiary of Cosmetic Group Holding AS, initiated bankruptcy proceedings during 2019.

There are no family ties between any of the members of the board of directors or executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management of the Company and their private interests and/or other undertakings.

During the last five years, none of the members of the board of directors or the members of the executive management have, except as stated above, (i) been sentenced for fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for liquidation (other than voluntary), or been subject to administration under bankruptcy, (iii) been officially bound by and/or been issued penalties for a crime by regulatory authorities (including recognized professional associations) or (iv) been prohibited by a court of law from being a member of any company's administrative, management or supervisory body or from holding a senior or overarching position of any company.

There are no arrangements or agreements regarding remuneration for members of the board or the executive management upon termination of their assignments or employments. Haypp Group has no amounts set aside or accrued to provide for pension, retirement or similar benefits upon termination of a member of the board's or a member of the executive management's assignment or employment.

All members of the board of directors and the members of the executive management are available at the Company's address, Birger Jarlsgatan 43, SE-111 45 Stockholm, Sweden.

Auditor

Öhrlings PricewaterhouseCoopers AB has been the Company's auditor since 2017 and was, at the annual shareholders' meeting 2021 re-elected until the end of the annual shareholders' meeting 2022. Magnus Lagerberg (born 1974) is the auditor in charge since 2021. Fredrik Geijer (born 1979), member of FAR (professional institute for authorized public accountants), was the auditor in charge between 2020-2021 and Arne Engvall (born 1965), member of FAR (professional institute for authorized public accountants), was the auditor in charge in 2018-2019. Magnus Lagerberg is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). Öhrlings PricewaterhouseCoopers AB's office address is Torsgatan 21, SE-112 37 Stockholm, Sweden. Öhrlings PricewaterhouseCoopers AB has been auditor throughout the entire period which the historic financial information in this Prospectus covers.

Corporate governance

Corporate governance

Haypp Group AB (publ) is a Swedish public limited liability company. Prior to the listing on Nasdaq First North Growth Market, corporate governance in the Company was based on Swedish law and internal rules and regulations. Once the Company has been listed on Nasdaq First North Growth Market, the Company will also comply with Nasdaq First North Growth Market Rulebook. Companies listed on Nasdaq First North Growth Market is not obliged to apply the Swedish Corporate Governance Code and the Company has not undertaken to do so on a voluntary basis.

Shareholders' meeting

According to the Swedish Companies Act, the shareholders' meeting is the Company's ultimate decision-making body. At the shareholders' meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditors and remuneration to the board of directors and the auditors.

The annual shareholders' meeting must be held within six months from the end of the financial year. In addition to the annual shareholders' meeting, extraordinary shareholders' meetings may be convened. According to the articles of association, shareholders' meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. At the time of the notice convening the meeting, information regarding the notice shall be published in Svenska Dagbladet.

RIGHT TO PARTICIPATE IN SHAREHOLDERS' MEETINGS

Shareholders who wish to participate in a shareholders' meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling six banking days prior to the meeting and notify the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend shareholders' meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the shareholders' meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all Company shares owned or represented by the shareholder.

SHAREHOLDER INITIATIVES

Shareholders who wish to have a matter brought before the shareholders' meeting must submit a written request to the board of directors. Such request must normally be received by the board of directors in due time prior to the shareholders' meeting.

Nomination committee

At the extraordinary shareholders' meeting held on 2 September 2021, it was resolved that the nomination committee for the annual shareholders' meeting 2022 shall be composed of the chairman of the board and one representative for each of the three largest shareholders based on ownership of the Company as per 1 November 2021. Should one of the three largest shareholders refrain from appointing a representative to the nomination committee, the right shall pass to the shareholder that, excluding these three shareholders, has the largest shareholding in the Company. The chairman of the board of directors shall convene the nomination committee. The member representing the largest shareholder shall be appointed chairman of the nomination committee, unless the nomination committee unanimously appoints another member.

If earlier than three months prior to the annual shareholders' meeting, one or more of the shareholders having appointed representatives to the nomination committee no longer are among the three largest shareholders, representatives appointed by these shareholders shall resign and the shareholders who then are among the three largest shareholders may appoint their representatives to the nomination committee. However, unless special reasons apply, no change to the composition of the nomination committee shall be made if there has only been a minor change of ownership or if the change occurs later than three months prior to the annual shareholders' meeting. Should a member resign from the nomination committee before its work is completed, the shareholder who has appointed the member resigned shall appoint a new member. If such shareholder is no longer among the three largest shareholders, a new member shall be appointed in accordance with the order set out above. Shareholders who have appointed a representative to be a member of the nomination committee shall have the right to dismiss such member and appoint a new representative of the nomination committee.

Changes to the composition of the nomination committee must be announced immediately. The term of office for the nomination committee ends when the composition of the following nomination committee has been announced. The nomination committee shall perform the tasks incumbent on the nomination committee pursuant to the Swedish Corporate Governance Code.

Board of directors

The board of directors is the second-highest decision-making body of the Company after the shareholders' meeting. According to the Swedish Companies Act, the board of directors is responsible for the organization of the Company and the management of the Company's affairs, which means that the board of directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the financial condition and profits as well as evaluating the operating management. The board of directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the board of directors appoints the CEO.

Members of the board of directors are normally appointed by the annual shareholders' meeting for the period until the end of the next annual shareholders' meeting. According to the Company's articles of association, the members of the board of directors elected by the shareholders' meeting shall be not less than three and not more than ten members with not more than four deputy members.

The chairman of the board of directors has a special responsibility for leading the work of the board of directors and for ensuring that the work of the board of directors is efficiently organized.

The board of directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the board of directors, functions and the division of work between the members of the board of directors and the CEO. At the inaugural board meeting, the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

The board of directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the board of directors and the CEO continuously discuss the management of the Company.

Currently, the Company's board of directors consists of six ordinary members elected by the shareholders' meeting, who are presented in section "*Board of directors, executive management and auditor*".

The CEO and other executive management

The CEO is subordinated to the board of directors and is responsible for the everyday management and operations of the Company. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and consequently must ensure that the board of directors receives adequate information for the board of directors to be able to evaluate the Company's financial condition.

The CEO must continuously keep the board of directors informed of developments in the Company's operations, the development of sales, the Company's result and financial condition, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

The CEO and executive management are presented in section "*Board of directors, executive management and auditor*".

Remuneration to the members of the board of directors, CEO and executive management

REMUNERATION TO THE BOARD OF DIRECTORS

Fees and other remuneration to the members of the board of directors, including the chairman, are resolved by the shareholders' meeting. At the annual shareholders' meeting held on 30 June 2021 it was resolved that remuneration for the board of directors, for the time until the end of the next annual shareholders' meeting, shall be paid in a total amount of SEK 1,750,000, whereof the chairman of the board shall receive SEK 500,000 and the other board members that are not employed by the Company shall receive SEK 250,000 each. The members of the board of directors are not entitled to any benefits following termination of their assignments as directors of the board.

No remuneration was paid to the board of directors elected by the shareholders' meeting for the 2020 financial year.

REMUNERATION TO THE CEO AND OTHER EXECUTIVE MANAGEMENT

The table below presents an overview of remuneration to the CEO and other members of executive management for the 2020 financial year, with amounts in KSEK.

Name	Basic salary	Variable remuneration[1]	Other benefits[2]	Social costs (excluding pension costs)	Pension costs	Total
Gavin O'Dowd, CEO	1,335	-	3	419	294	2,051
Other members of the executive management (4)	3,797	-	11	1,193	603	5,604
Total	**5,132**	**-**	**14**	**1,612**	**897**	**7,655**

CURRENT EMPLOYMENT AGREEMENTS FOR THE CEO AND OTHER EXECUTIVE MANAGEMENT

Decisions as to the current remuneration levels and other conditions for employment for the CEO and the other members of the executive management have been resolved by the board of directors.

The employment agreements with the CEO and the members of the executive management contain a mutual notice period of six months. Neither the CEO nor any member of the executive management is entitled to any severance pay on top of the salary during the notice period.

All members of the executive management are entitled to occupational pension based on a pension insurance. The CEO's employment agreement includes a non-compete undertaking, restricting the CEO from competing with the Group for a period of nine months after the employment has ended.

Incentive programs

For a description of the Company's incentive programs, see section "*Share capital and ownership structure – Convertibles, warrants etc. – Warrant programs*".

Internal Control

Internal control comprises the control of the Company's and the Group's organization, procedures and support measures. The objective is to ensure that reliable and accurate financial reporting takes place, that the Company's and the Group's financial reporting is prepared in accordance with law and applicable accounting standards, that the Company's assets are protected and that other requirements are fulfilled. The system for internal control is also intended to monitor compliance with the Company's and the Group's policies, principles and instructions. Internal control also comprises risk analysis and follow-up of incorporating information and business systems. The Group identifies, assesses and manages risks based on the Group's vision and goals. Risk assessment of strategic, compliance, operational and financial risks shall be performed annually by the CFO and presented to the board of directors.

The board of directors are responsible for internal control. Processes managing the business and delivering value shall be defined within the business management system. The CEO is responsible for the process structure within the Group.

A self-assessment of minimum requirements of defined controls mitigating identified risks for each business process shall annually be performed and reported to the board of directors. The CFO is responsible for the self-assessment process, which is facilitated by the internal controls function. In addition, the internal controls function performs reviews of the risk and internal controls system according to plan agreed with the board of directors and Group Management.

Auditing

The auditor shall review the Company's annual reports and accounting, as well as the management of the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the annual shareholders' meeting.

Pursuant to the Company's articles of association, the Company shall have not less than one and not more than two auditors and not more than two deputy auditors. The Company's auditor is Öhrlings PricewaterhouseCoopers AB, with Magnus Lagerberg as auditor in charge. Magnus Lagerberg replaced Fredrik Geijer as auditor-in-charge at the annual shareholders' meeting 2021. The Company's auditor is presented in more detail in section "*Board of directors, executive management and auditor*".

In 2020, the total remuneration of the Company's auditor amounted to MSEK 4,2.

1 Bonuses and other performance-based compensation. Does not include incentive programs.

2 Includes medical insurance (Sw. sjukvårdsförsäkring) paid by the Company and give rise to benefit taxation for the employees.

Share capital and ownership structure

General information

Pursuant to the Company's articles of association, the Company's share capital may not be less than SEK 1,000,000 and not more than SEK 4,000,000, and the number of shares may not be less than 15,000,000 and not more than 60,000,000. As of 30 June 2021, the Company had issued a total of 138,097 shares whereby the quota value of each share is SEK 9.8.[1] The shares are denominated in SEK and the quota value of each share as of the date of this Prospectus is approximately SEK 0.07.

All shares in the Company have been issued pursuant to Swedish law. All issued shares have been fully paid and are freely transferrable. With exception of the undertakings not to transfer shares in the Company during a certain period of time from the first day of trading of the Company's shares on Nasdaq First North Growth Market from, among others, the Major Shareholders, the shares in the Company are freely transferable in accordance with applicable law. See further in section "*Share capital and ownership structure – Lock-up arrangements*".

The offered shares are not subject to a mandatory offering, redemption rights or sell-out obligation. No public takeover offer has been made for the offered shares during the current or preceding financial year.

Certain rights associated with the shares

The offered shares are all of the same class. The rights associated with the shares issued by the Company, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act.

Each share in the Company entitles the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

All shares give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation.

1 As at the date of this Prospectus, after completed share split, the Company has issued a total of 23,164,800 shares.

Resolutions regarding dividend are passed by shareholders' meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the shareholders' meeting shall be entitled to receive dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden but may also be paid out in a manner other than cash (in-kind dividend). If shareholders cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the period of limitations, the dividend amount shall pass to the company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders not resident in Sweden for tax purposes must normally pay Swedish withholding tax, see also section "*Tax Considerations in Sweden*".

Dividend policy

In the upcoming years, the board of Haypp Group will primarily use the generated cash flows for the Company's continued expansion.

The Company has previously not paid any dividends to its shareholders but has invested the profit in acquisitions and in the Company's operations.

Central securities register

The Company's shares are registered in a CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register is managed by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. No share certificates have been issued for the Company's shares. The ISIN code for the shares is SE0016829469.

Certified adviser

All issuers with shares admitted to trading on Nasdaq First North Growth Market have a certified adviser who monitors compliance with the rules. The Company has designated FNCA Sweden AB (P.O. Box 5807, SE-102 48 Stockholm, Sweden) as its certified adviser. FNCA Sweden AB does not own any shares in the Company.

Share capital development

The below table shows historic changes in the Company's share capital since the Company's formation, and the changes in the number of shares and the share capital which will be made in connection with the listing of the Company's shares on Nasdaq First North Growth Market.

		Change in number of shares and votes	Number of shares and votes after the transaction	Share capital (SEK)	
Time	**Event**			**Change**	**Total**
2016-09-09	New formation	50,000	50,000	50,000	50,000
2016-09-15	New issue	450,000	500,000	450,000	500,000
2016-09-15	Bonus issue	-	-	449,116	949,116
2016-09-15	Reduction of share capital[1]	-449,116	50,884	-449,116	500,000
2017-02-04	New issue	49,116	100,000	482,627.151954	982,627.151954
2017-12-22	New issue	342	100,342	3,360.584860	985,987.736814
2017-12-22	New issue	1 175	101,517	11,545.869040	997,533.605854
2018-01-05	New issue[2]	507	102,024	4,981.919660	1,002,515.525514
2018-01-11	New issue[3]	4,081	106,105	40,101.014000	1,042,616.539514
2018-10-26	New issue[4]	1,061	107,166	10,425.674592	1,053,042.214106
2019-01-10	New issue[5]	3,572	110,738	35,099.441883	1,088,141.655989
2019-09-13	Subscription through warrants	759	111.497	7,458.139689	1,095,599.795678
2019-10-01	New issue[6]	21,436	132,933	210,635.956306	1,306,235.751984
2019-12-02	New issue[7]	1,504	134,437	14,778.712367	1,321,014.464351
2020-01-22	New issue[8]	1,503	135,940	14,768.886095	1,335,783.350446
2021-06-17	New issue[9]	1,829	137,769	17,972.249659	1,353,755.600105
2021-06-17	Subscription through warrants	328	138,097	3,223.016888	1,356,978.616993
2021-08-04	Subscription through warrants	44	138,141	432.355947	1,357,410.972940
2021-08-09	Subscription through warrants	39	138,180	383.224588	1,357,794.197528
2021-08-10	New issue[10]	30	138,210	294.788145	1,358,088.985673
2021-08-19	New issue[11]	16,222	154,432	159,401.776468	1,517,490.762141
2021-09-02	Share split[12]	23,010,368	23,164,800	-	1,517,490.762141
2021-10-12	Subscription through warrants	3,662,452	26,827,252	239,921.651678	1,757,412.413819
2021-10-12	New issue (The Offering)	2,272,727	29,099,979	148,882.883831	1,906,295.297650

1 The reason for the reduction was allocation to unrestricted shareholders' equity.
2 The new share issue was carried out at a subscription price of SEK 1,206 per share.
3 The new share issue was carried out at a subscription price of SEK 2,450.40 per share.
4 The new share issue was carried out at a subscription price of SEK 3,769.85 per share.
5 The new share issue was carried out at a subscription price of SEK 5,598.80 per share.
6 The new share issue was carried out at a subscription price of SEK 7,916.88 per share.
7 The new share issue was carried out at a subscription price of SEK 7,916.88 per share.
8 The new share issue was carried out at a subscription price of SEK 7,916.88 per share.
9 The new share issue was carried out at a subscription price of SEK 12,360 per share.
10 The new share issue was carried out at a subscription price of SEK 11,404 per share.
11 The new share issue was carried out at a subscription price of SEK 11,404 per share.
12 Share split 150:1, which means that each existing share was split into 150 new shares.

Convertibles, warrants, etc.

WARRANT PROGRAMS

The Company has implemented different warrant programs under which employees in the Company have been offered to subscribe for warrants in Haypp Group. The warrants have been issued in various series (2018/2023, 2019/2021 and 2020/2022), with different expiration dates and subscription prices. As of the day of the Prospectus, a total of 36,867 warrants are outstanding, which, according to their current terms and conditions, entitle to subscription for in total 5,530,050 new shares.

Each warrant entitles the holder to subscribe for one share at a pre-determined purchase price, determined based on the Company's expected valuation at the time of subscription.

In connection with the completion of the Offering, some outstanding warrants will be converted into shares in the Company. See section *"Changes to warrant programs in connection with the listing"* below for more information.

Series	Number of warrants outstanding	Number of new shares upon full exercise	Subscription price per share upon exercise, SEK	Exercise period
2017/2022:1	10,353	1,552,950	10.50	2017-01-24 – 2022-01-24
2017/2022:2	2,488	373,200	38.29	2017-07-01 – 2022-06-30
2017/2022:3	9,267	1,390,050	15.00	2017-07-01 – 2022-06-30
2018/2022:1	2,481	372,150	14.25	2018-01-01 – 2022-12-31
2018/2022:2	1,523	228,450	13.40	2018-01-01 – 2022-12-31
2018/2022:3	508	76,200	37.52	2018-01-01 – 2022-12-31
2018/2023:1	2,674	401,100	14.48	2018-02-01 – 2023-01-31
2018/2023:2:1	408	61,200	19.66	2018-03-01 – 2023-02-28
2018/2023:2:2	408	61,200	24.57	2018-03-01 – 2023-02-28
2018/2023:3	681	102,150	27.04	2018-04-30 – 2023-03-29
2018/2023:4	364	54,600	28.75	2018-07-01 – 2023-06-30
2018/2023:5	740	111,000	31.15	2018-12-01 – 2023-11-30
2019/2021:1	336	50,400	47.70	2019-09-30 – 2021-09-29
2019/2021:2	37	5,550	54.67	2019-10-01 – 2021-09-30
2020/2022:1:1	1,043	156,450	54.03	2020-04-01 – 2022-06-30
2020/2022:1:2	431	64,650	54.03	2020-03-01 – 2022-03-01
2020/2022:1:3	107	16,050	54.03	2020-04-01 – 2022-04-01
2020/2022:1:4	758	113,700	68.58	2020-11-01 – 2022-11-01
2020/2023:1	371	55,650	76.20	2020-11-01 – 2022-11-01
2020/2023:2	756	113,400	76.20	2020-11-01 – 2023-11-01
2021/2023	1,133	169,950	94.09	2021-04-01 – 2023-04-01
TOTAL	**36,867**	**5,530,050**		

In connection with completion of the Offering, the Company will implement a new incentive program based on warrants. In total, 1,212,499 warrants will be issued, which entitle to subscription for 1,212,499 new shares in the Company during October 2024, at a subscription price of SEK 82.50 per share. At the issuance a market-based consideration, determined using the Black-Scholes model, will be paid by the subscribers. The terms and conditions of the warrants will contain a provision which entails that in the event the closing price of the Haypp Group share on the trading day immediately preceding the day of subscription for new shares exceeds BSEK 7, the subscription price will increase correspondingly. This limits the highest possible financial outcome of the warrants. Upon full exercise, the Company will receive MSEK 100 and the Company's share capital will increase by SEK 79,428.96. The warrants will be issued to some of the Company's senior executives and other key employees, a total of approximately 35 persons. All these persons have entered undertakings to subscribe for the warrants to which they will be allotted. The persons who are part of the Company's executive management will subscribe for a total of 533,509 warrants, whereby Gavin O'Dowd 242,513 warrants, Svante Andersson 72,749 warrants, Anders Signell 72,749 warrants, Hannah Kaber 72,749 warrants and Markus Lindblad 72,749 warrants.

The new warrant program has been put in place by the Company ahead of the IPO to ensure long term retention of key personnel and alignment between key personnel and shareholder incentives. The program has been constructed so that the warrants have a vesting period that will not start until the existing warrant programs have fully lapsed for each individual, ensuring continuous alignment between key personnel and shareholders from listing until at least the end of the vesting period of the new warrant program. The new warrant program entails a total dilution effect of 4 percent. Together with the existing warrant programs, the dilution from all warrant programs amounts to 10 percent.

In addition to what is stated above, there are no warrants, convertibles or other share-related instruments which entitles to subscription of, or conversion to, new shares in the Company.

Synthetic options

In June 2018, the Group decided to grant 348 synthetic options to an employee in Norway. The options entitle the employee to cash payment after five years of service. The amount paid out is determined by the increase in Haypp Group AB (publ)'s share price between the grant date (30 June 2018: SEK 3,243) and the vesting date (30 June 2023). The options must be exercised on the vesting date and expire if they are not exercised on that date.

In November 2020, the Group decided to grant 22 synthetic options to another employee in Norway. The options entitle the employee to cash payment after two years of service. The amount paid out is determined by the increase in Haypp Group AB (publ)'s share price between the grant date (1 November 2020: SEK 8,572.5) and the vesting date (1 November 2022). The options must be exercised on the vesting date and expire if they are not exercised on that date.

Changes to warrant programs in connection with the listing

As at the date of this Prospectus, there are warrants issued by the Company which entitle to subscription of in total 5,530,050 new shares in the Company. In connection with completion of the Offering, some outstanding warrants[1] will be converted into shares in the Company. A total of 3,662,452 new shares will therefore be issued by the Company. The Company thereby receives MSEK 56.8. The number of shares in the Company after such conversion will amount to 26,827,252 and the share capital to SEK 1,757,412.41 (not taking into account changes due to the new shares issued in the Offering) 1,523,247 of the shares will be sold in the Offering. In order to complete the sale, such shares will be sold to the Major Shareholders. All existing shares offered in the Offering are thus provided by the Major Shareholders.

Remaining warrants[2] will remain even after completion of the Offering, which entitles to subscription of in total 1,867,598 new shares in the Company, corresponding to a dilution of approximately 6 percent upon full exercise and the share capital will increase with SEK 122,343.50. Upon full exercise the Company will receive MSEK 74.3.

The Company sees it as a success factor to attract and retain talent with sector expertise and e-commerce expertise, which is the purpose of the existing warrant programs. As these warrants have been purchased at market valuation based on B&S valuations at the point of issuance, and have been issued for periods of 3-5 years, some of these programs still serve as a strong incentive for management for the remaining period of the programs, and has such been allowed to remain intact by the Company in connection with the Offering. Most of these warrants have strike prices below the Offering Price and are lapsing at various lengths within the upcoming 24 months. In order to ensure continuous long-term alignment of incentives with shareholders, the Company will issue a new warrant program, please see *"Warrant programs"* above for more details.

Existing shareholders' sale of shares

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. In total, 24 minor shareholders will thereby sell 1,393,595 shares in the Company in the Offering. In order to complete the sale, these shareholders will sell the shares to be included in the Offering to the Major Shareholders. All existing shares offered in the Offering are thus provided by the Major Shareholders. All these shareholders can be contacted via the Company's address, Birger Jarlsgatan 43, SE-111 45 Stockholm, Sweden.

1 Series 2017/2022:1, 2017/2022:2, 2017/2022:3, 2018/2022:1, 2018/2023:1, 2018/2023:2:1, 2018/2023:2:2, 2018/2023:3 and 2018/2023:5.

2 Series 2017/2022:3, 2018/2022:1, 2018/2022:2, 2018/2022:3, 2018/2023:1, 2018/2023:2:1, 2018/2023:2:2, 2018/2023:3, 2018/2023:4, 2018/2023:5, 2019/2021:1, 2019/2021:2, 2020/2022:1:1, 2020/2022:1:2, 2020/2022:1:3, 2020/2022:1:4, 2020/2023:1, 2020/2023:2 and 2021/2023.

Ownership structure

Provided that the Over-allotment Option is exercised in full, after completion of the Offering, the Company's largest shareholders will be GR8 Ventures AB[1] with 13.5 percent of the shares and votes, Eastcoast Capital[2] with 11,2 percent of the shares and votes and Northerner Holding AB with 9,0 percent of the shares and votes. These shareholders will thus have a significant influence over the outcome of matters submitted to Haypp Group's shareholders for approval. Such influence is limited by the provisions that follows from the Swedish Companies Act and other applicable laws and regulations.

See also section *"Risk factors - Risks relating to the Offering and the Company's shares - The Major Shareholders will continue to have substantial influence over Haypp Group after the Offering and could delay or prevent a change in control over the Company"*.

The table below sets forth the Company's ownership structure immediately before the Offering and directly after completion of the Offering, including the measures described in section *"Changes to warrant programs in connection with the listing"* and *"Existing shareholders' sale of shares"*.

	Shareholding before the Offering[3]		Shareholding after the Offering (if the Over-allotment Option is not exercised)		Shareholding after the Offering (if the Over-allotment Option is exercised in full)	
	Number	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Shareholder						
Major Shareholders						
GR8 Ventures AB[4]	5,425,050	20.2	4,261,960	14.6	3,919,974	13.5
Eastcoast Capital AB[5]	4,500,000	16.8	3,535,234	12.1	3,251,562	11.2
Northerner Holding AB	3,471,750	12.9	2,805,677	9.6	2,609,831	9.0
Gavin O'Dowd	2,141,550	8.0	1,179,391	4.1	1,179,391	4.1
e-Business Partner Norden AB	1,552,950	5.8	1,220,009	4.2	1,122,114	3.9
Kbay Capital AB	1,500,000	5.6	1,178,412	4.0	1,083,855	3.7
Board members						
Ingrid Jonasson Blank	182,400	0.7	182,400	0.6	182,400	0.6
Members of the executive management						
Anders Signell	12,911	0.0	0	0.0	0	0.0
Hannah Kaber	76,050	0.3	0	0.0	0	0.0
Markus Lindblad	88,696	0.3	0	0.0	0	0.0
Other shareholders	7,875,895	29.4	6,831,765	23.5	6,659,957	22.9
New shareholders	–	–	7,905,131	27.2	9,090,895	31.2
Total number of new and existing shareholders	**26,827,252**	**100**	**29,099,979**	**100**	**29,099,979**	**100**

1 Partly controlled by the board member Linus Liljegren.
2 Controlled by the board member Patrik Rees.
3 The information on ownership before the Offering refers to shareholdings in accordance with the measures described above in section *"Changes to warrant programs in connection with the listing"*.
4 Partly controlled by the board member Linus Liljegren.
5 Controlled by the board member Patrik Rees.

Information about the Major shareholders

Name	Address	LEI-code	Legal form	Country of incorporation and jurisdiction	Number of shares offered by each Major Shareholder (if the Over-allotment Option is exercised in full)
GR8 Ventures AB (Reg. No. 559035-6423)[1]	Stockholms brevboxar 71, SE-116 74 Stockholm, Sweden	549300HEMFEY I05PG107	Private limited liability company	Sweden	1,505,076
Eastcoast Capital AB (Reg. No. 556763-7169)[2]	Stenklivet 5 SE-621 57 Visby, Sweden	549300463BGJ 28ZGSD57	Private limited liability company	Sweden	1,248,438
Northerner Holding AB (Reg. No. 559147-3458)	C/O Jörgen Svensson, Ekevägen 13, SE-462 53 Vänersborg, Sweden	5493009R6GGZ 3E3ZQ691	Private limited liability company	Sweden	861,919
Gavin O'Dowd (Pers. No. 780215)	Sköldvägen 7, SE-182 64 Djursholm, Sweden	-	Physical person	Sweden	962,159
e-Business Partner Norden AB (Reg. No. 559013-1586)	P.O. Box 847, SE-391 29 Kalmar, Sweden	5493007UK2ZWR Y0HZM67	Private limited liability company	Sweden	430,836
Kbay Capital AB (Reg. No. 559068-3222)	Baldersvägen 4, SE-392 47 Kalmar, Sweden	984500YD9809B 40D8581	Private limited liability company	Sweden	416,145

Shareholders' agreements

Existing shareholders in the Company have entered into a shareholders' agreement regulating, among other things, corporate governance and financing of the Company. The agreement will terminate automatically upon the listing of Haypp Group at Nasdaq First North Premier Growth Market.

As far as the board of directors is aware, there are, following the termination of the above-mentioned shareholders' agreement, no shareholder agreements or other agreements between the Company's shareholders with the aim of jointly controlling the Company and there are no agreements or similar arrangements that may lead to a change of the control of the Company.

Issue of authorization

At an extraordinary shareholders' meeting of the Company on 2 September 2021, it was resolved to authorize the board of directors to decide on the issue of new shares at the latest by the time of the next annual shareholders' meeting, on one or more occasions and with or without pre-emptive rights for the Company's shareholders, though such an issue cannot result in the Company's share capital exceeding the Company's greatest permissible share capital according to the articles of association in effect at any time. The authorization is intended to be used to conduct the Offering.

1 Partly controlled by the board member Linus Liljegren.
2 Controlled by the board member Patrik Rees.

Dilution etc.

The Offering may result in the number of shares in the Company increasing by at most 2,272,727 shares, corresponding to a dilution of 7.8 percent of the total number of shares after completion of the Offering.

The net asset value per share (equity per share) as of 30 June 2021 amounted to approximately SEK 2,839.4. Adjusted for the split of each share into 150 shares (150:1), resolved upon by the extraordinary shareholders' meeting held on 2 September 2021, the net asset value per share as of 30 June 2021 amounted to approximately SEK 16.9, compared to the price per share in the Offering of SEK 66.

Lock up-arrangements

Under the Placing Agreement, the Major Shareholders, shareholding members of the board of directors and certain shareholding employees within the Group, including executive management, will undertake, with certain exceptions, not to sell their respective holdings for a certain period after trading on Nasdaq First North Growth Market has commenced (the "Lock-up period"). The Lock-up period for parts of the Major Shareholders and shareholding employees within the Group will be 180 days, and the Lock-up period for the shareholding members of the board of directors (including related companies, some of which are included in the Major Shareholders) and executive management, will be 360 days. At the end of the respective Lock-up periods, the shares may be offered for sale, which may affect the market price of the share. Managers may make exceptions from these undertakings. Pursuant to the agreement, the Company will undertake, with certain exceptions, towards the Managers not to, e.g. resolve upon or propose to the shareholders' meeting an increase of the share capital through issuance of shares or other financial instruments for a period of 180 days from the first day of trading of the Company's shares on Nasdaq First North Growth Market without a written consent from the Managers. See section *"Legal considerations and supplementary information – Placing agreement".*

Furthermore, additional shareholders in the Company will undertake, with certain exceptions, according to separate agreements, not to sell their respective holdings for a period of 180 days from the first day of trading in the Company's shares on Nasdaq First North Growth Market.

In total, there are lock-up undertakings from shareholders who hold a total of 92.1 percent of the shares in the Company before the Offering, and 61.5 percent after the Offering (if the Over-allotment Option is exercised in full). Further, one additional shareholder in the Company, holding 4.0 percent of the shares in the Company before the Offering and 3.7 percent after the Offering (if the Overallotment Option is exercised in full), will undertake not to sell shares at a price below the Offering Price for a period of 180 days from the first day of trading in the Company's shares on Nasdaq First North Growth Market.

In addition, the remaining warrant holders in the Company will, in accordance with separate agreements, undertake not to sell shares issued when exercising warrants for a period of 360 days from the first day of trading in the Company's shares on Nasdaq First North Growth Market (with exception for such sales that are required to cover relevant taxes and/or the subscription price for subscribed shares).

Information regarding mandatory bids and redemption of minority shares

Provided that the Company's shares are admitted to trading on Nasdaq First North Growth Market, the Company's shares are subject to takeover rules, issued by the Swedish Corporate Governance Board (Takeover rules for certain trading platforms, 2021-01-20)

A public takeover bid can apply to all or part of the shares in a company, and can either be voluntary or mandatory (so-called mandatory offers). Mandatory offers are required when a shareholder, alone or together with a related party, holds shares representing three tenths or more for all of the shares in a company.

A company may only after a resolution by the shareholders' meeting take action to create less favorable conditions for the submission or execution of the offer, if the company's board of directors or managing director has legitimate cause to assume that such offer is imminent, or if such offer has been submitted.

If subject to a public takeover bid, a shareholder must, during the acceptance period, form a conclusion regarding the offer. A shareholder can either accept or reject the offer. A shareholder who has accepted the offer is as a rule bound by the accept. However, a shareholder may under certain circumstances withdraw the accept, for example if the accept was subject to the fulfillment of certain conditions. If a shareholder choses to either reject the offer or not answer the public takeover bid, the shares can be subject to compulsory redemption if the person or company who made the offer achieves a shareholding representing more than nine tenths of the shares in the company through the offer. A shareholder who personally, or through a subsidiary, holds more than 90 percent of the shares in a Swedish limited company has the right to redeem the rest of the shares in the company. The owners of the rest of the shares have a corresponding right to have their shares redeemed by the majority shareholder. The formal procedure for the redemption of minority shares is regulated in the Swedish Companies Act.

Articles of association

Articles Of Association
of
Haypp Group AB (publ)
(Reg. No. 559075-6796)

Adopted at the extraordinary general meeting on 2 September 2021

1§ Name of the company
The company's name is Haypp Group AB (publ). The company is a public limited liability company.

2§ Registered office
The company's registered office shall be situated in Stockholm, Sweden.

3§ Object of the company's business
The company shall invest in e-commerce companies in the Nordic countries and conduct any other activities compatible therewith. .

4§ Share capital
The share capital shall be not less than SEK 1,000,000 and not more than SEK 4,000,000.

5§ Number of shares
The number of shares shall be not less than 15,000,000 and not more than 60,000,000.

6§ Euroclear company
The company's shares shall be registered in a central securities depository register in accordance with the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479).

7§ Board of directors
The board of directors shall consist of not less than 3-10 members with not more than 4 deputy members. The board of directors is elected at the annual general meeting for the time until the close of the next annual general meeting.

8§ Auditors
For the purposes of examining the company's annual report as well as the management by the board of directors and the managing director, 1-2 auditors with or without not more than 2 deputy auditors shall be appointed.

9§ Notice of shareholders' meeting
Notice of shareholders' meetings shall be made through announcement in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and on the company's website. At the time of notice, information that notice has been published shall be published in Svenska Dagbladet.

10§ Opening of shareholders' meeting
The chairman of the board of directors, or the person thereto appointed by the board of directors, shall open the shareholders' meeting and moderate until a chairman of the meeting has been elected.

11§ Shareholders' meeting

Annual shareholders' meeting is held annually within 6 months following the end of the financial year.

The following business shall be addressed at the annual shareholders' meetings.

1. Election of a chairman of the meeting.
2. Preparation and approval of the voting list.
3. Election of one or two persons who shall approve the minutes.
4. Determination of whether the meeting has been duly convened.
5. Approval of the proposed agenda.
6. Presentation of submitted annual report and the auditor's report and, where applicable, the consolidated financial statements and the auditor's report for the group. Resolutions regarding
7. Resolutions regarding
    a. The adoption of the income statement and the balance sheet and, when applicable, the consolidated income statement and consolidated balance sheet.
    b. The allocation of the company's profits or losses in accordance with the adopted balance sheet and, when applicable, the adopted consolidated balance sheet.
    c. Discharge of the members of the board of directors and the managing director from liability, when such occurs.
8. Determination of fees for members of the board of directors and auditor.
9. Election of the board of directors and potential deputy members and auditors and potential deputy auditors.
10. Other matters, which are set out in the Swedish Companies Act (2005:551) or the company's articles of association.

12§ Financial year

The company's financial year shall encompass the period 1/1 – 31/12.

13§ Participation in the shareholders' meeting

In order to participate in a shareholders' meeting, a shareholder must notify the company of the intention to attend and number of assistants, no later than on the day specified in the notice of the meeting. Such day must not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth weekday prior to the meeting.

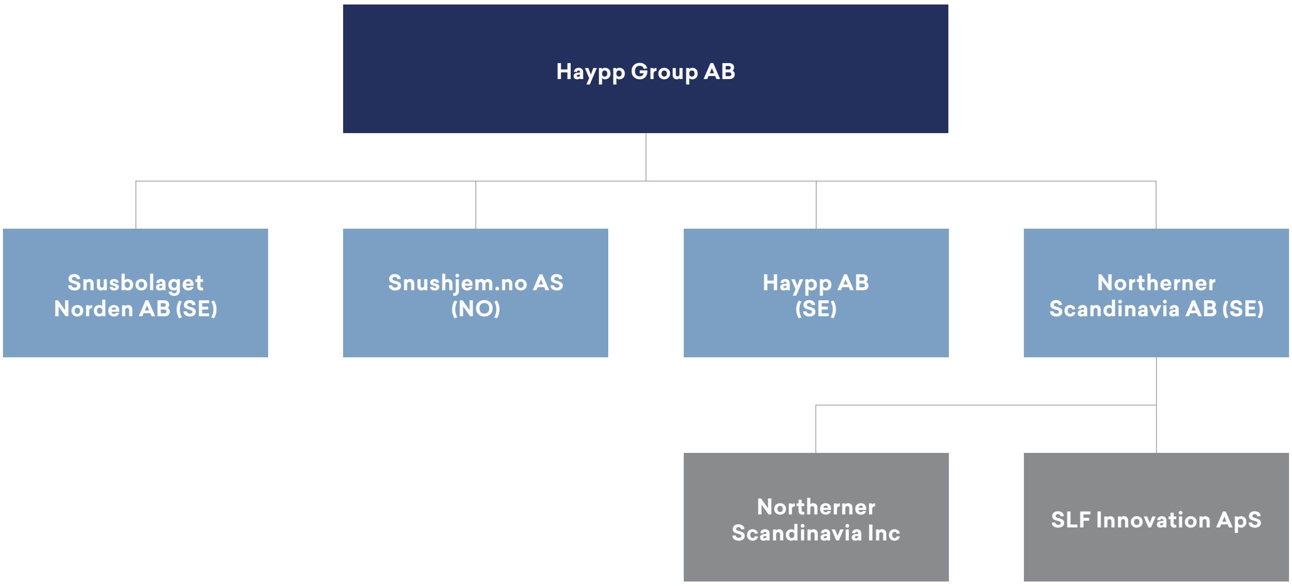
A shareholder may be joined by one or two counsels at a shareholders' meeting, however, only if the shareholder has notified of this in accordance with the preceding paragraph.

Legal considerations and supplementary information

Legal group structure

Haypp Group AB (publ), Reg. No. 559075-6796, has its registered office in the municipality of Stockholm, Stockholm county. The Company is a Swedish public limited liability company and was founded 28 July 2016 and registered with the Swedish Companies Registration Office on 9 September 2016. The Company is registered in Sweden and its business is conducted in accordance with Swedish law. The Company's form of association is governed by the Swedish Companies Act. The Company's LEI-code is 549300NDGL14NS31UP49. The Company's address is Birger Jarlsgatan 43, SE-111 45 Stockholm, Sweden, its telephone number is +46(0)20-075 34 64 and its website is www.hayppgroup.com. The information on the website does not form part of the Prospectus unless that information is incorporated into this Prospectus by reference.

The Company is currently the parent company of six directly or indirectly wholly-owned subsidiaries in Sweden, the US, Norway and Denmark. The Group structure is shown in the chart below.



Material agreements

ACQUISITION OF SNUSNETTO E-COMMERCE BUSINESS

In July 2021, Snusbolaget Norden AB acquired certain assets and rights relating to snusnetto.com, including the related domain name, the trademark and certain inventory (but excluding the stock of products and the lease agreements) from Sweden Snus Gross AB (the owner of the e-commerce business of snusnetto.com). The purchase price amounted to MSEK 8, of which MSEK 4 is held by the Company as a holdback amount and paid out provided that certain conditions are being met/fulfilled by the seller, and that no warranty breaches occur prior to 15 October 2021. As of the date of the Prospectus, no warranty breaches or similar breaches have occurred under the acquisition agreement.

ACQUISITION OF NETTOTOBAK'S E-COMMERCE BUSINESS

In June 2021, Snusbolaget Norden AB acquired certain assets and rights relating to NettoTobak's e-commerce platform, such as the customer data base and all relevant domains and other intellectual property rights pertaining to NettoTobak. The purchase price amounted to MSEK 200, of which MSEK 25 is held by the Company during a period of 18 months from the closing date as security for the warranties provided by the seller. In order to finance the acquisition, the Company carried out a directed share issue of approximately MSEK 185 in June 2021. As of the date of the Prospectus, no warranty breaches or similar breaches have occurred under the acquisition agreement.

ACQUISITION OF NORTHERNER SCANDINAVIA AB

In September 2019, the Company acquired all shares in Northerner Scandinavia AB (including its subsidiaries Northerner Scandinavia Inc, SLF Innovation ApS, Northerner Scandinavia AS and TLC Scandinavia ApS) from Northerner Holding AB and Peter Grafström Holding AB. The purchase price amounted to approximately MSEK 169 and was in its entirety paid by way of set-off against newly issued shares in Haypp Group. The acquisition agreement included customary warranties, all of which have expired as of the day of this Prospectus.

ACQUISITION OF SNUSLAGERET.NO AS

In March 2018, the Company acquired all shares in Snuslageret.no AS from Hydia A/S. The consideration for the shares was divided into a cash payment of NOK 1,000,000 and newly issued shares in Haypp Group for a value corresponding to MSEK 4. Hydia was also entitled to an earn-out based on the performance of Snuslageret.no AS during the financial years 2018 and 2019. The earn-out was subsequently determined to amount to NOK 3,500,000 and has been paid. The acquisition agreement included customary warranties, all of which have expired as of the day of this Prospectus.

Other agreements

SUPPLY AGREEMENTS AND ADVERTISING

Haypp Group acts as a reseller of tobacco products and nicotine pouches to consumers via its various websites and does not manufacture any products of its own. The top 10 suppliers during 2020 accounted for approximately 98 percent of the Company's sold volume, which indicates that Haypp Group is not dependent on any individual supplier. Some of the supplier agreements entered into by the Company contain change of control provisions, which entitle the respective supplier to terminate the relevant agreement in the event of a change of control in Snusbolaget Norden AB.

Haypp Group offers its suppliers to purchase advertising space and to advertising campaigns on Haypp Group's websites. The terms and conditions for such advertising are regulated under one-year term co-operation agreements under which the suppliers annually decide the extent of the advertising acquired.

Further, the Group licenses a software that gathers customer data and generates insights about customer behavior. Some of the Company's suppliers regularly enters into one-year term software usage agreements with the Company under which they gain access to and use of the software. The software agreements are renewed annually by the parties.

AGREEMENTS WITH LOGISTICS AND WAREHOUSE PARTNERS

The Group has three warehousing facilities of its own located in Sweden (Haninge), the U.S. (Pennsylvania) and Norway (Oslo) in which products sold via the Group's websites are stored before being shipped to customers in the Group's key markets. In addition, the Group contracts third-party logistic service providers to store and deliver products to customers in key markets. These warehouses are located in Sweden (Malmö), Denmark (Glostrup), Norway (Halden) and the U.S. (New Jersey). The Company has thus entered into several different agreements with such external suppliers in relation to logistics and warehousing. Under the agreements, the relevant service provider operates and manages warehouse facilities in which the Group's products are stored and also provides logistic services such as packing and shipping of orders to customers.

In order to increase flexibility and achieve cost efficiency, Haypp Group intends to merge the current third-party operations in Malmö with its own warehouse operations in Haninge during the third quarter 2021. Similarly, the Company intends to insource its current third-party operations in Norway to its own newly procured warehouse facilities in Olso during the fourth quarter 2021.

LICENSE OF IT-PLATFORMS

The Company's core IT-systems are related to the e-commerce platforms for Snusbolaget.se, Snushjem.no, Snuslageret.no, Snusmarkt.ch, Snus.com, Haypp.com and Northerner.com. The Platforms were initially developed by Easyfy AB and have been customized by Easyfy to fit the Group's business. Under a license agreement entered into on 1 January 2021, the Company is granted a perpetual, non-exclusive and irrevocable license to the e-commerce platforms. The Company has also entered into a consultancy agreement with Easyfy regarding the continuing co-operation and development of the e-commerce platforms. In short, the consultancy agreement states that all developments made under the consultancy agreement shall be included in the license. Under the license agreement, the Company currently pays and annual license fee of SEK 600,000. The annual license fee is annually increased by between SEK 200,000 and SEK 300,000 until 2025 and will not exceed SEK 1,600,000.

Financial arrangements

CREDIT AGREEMENTS

The Company's subsidiary Snusbolaget Norden AB is party to two credit agreements with Danske Bank A/S, one in the principal loan amount of MSEK 88 and one in the principal loan amount of MSEK 30. As security for the credit facilities, the Company's subsidiary Snushjem AS has pledged NOK 50,000,000 value of inventory stock to Danske Bank A/S and the Company has issued a parent company guarantee (Sw. *proprieborgen*) to Danske Bank A/S. Furthermore, the Company's subsidiary Snusbolaget Norden AB issued 13 electronic floating charges amounting to a total of MSEK 98 which are pledged to Danske Bank A/S as security for the credit facilities.

GROUP GUARANTEES

The Company has issued a parent company guarantee to British American Tobacco Norway AS, as beneficiary, on behalf of the Company's subsidiary Snushjem AS, covering Snushjem AS' obligations towards the beneficiary under a co-operation agreement.

The Company has also issued a payment guarantee in the maximum amount of NOK 15,000,000 towards Imperial Tobacco Norway A/S, as beneficiary, on behalf of Snushjem AS, covering Snushjem AS' payment obligations under a NOK 30,000,000 trade credit agreement. Further, Snusbolaget Norden AB has issued a guarantee to U.P.S. Denmark A/S, as beneficiary, on behalf of SLF Innovation ApS, covering invoices to be paid in relation to certain shipments.

Intellectual property

The Group is the owner of a portfolio of approximately 80 domain names which include snusbolaget.se, haypp.com, snushjem.no, snuslageret.no, snus.com, snusmarkt.ch, northerner.com and nicokick.com.

Haypp Group is the registered owner of a trademark portfolio including registrations of 14 different trademarks: in EU for HAYPP and Snusbolaget.se, in the US, UK and Sweden for Northerner as well as national registrations in Sweden for Northerner Snus and Happy Can, in Norway for HAYPP, Snushjem, Snuslageret and Snusbolaget and in Switzerland for Snusmarkt.

In addition, Northerner Scandinavia Inc. has filed an application for registration of the trademark NICOKICK in the US.

Disputes and administrative procedures with authorities

Apart from what is stated below, Haypp Group has not been part to any administrative procedures, legal proceedings or arbitration proceedings (including not yet settled cases and cases that the Company is aware of that might arise) that recently had or could have material effects on the Company's financial position or profitability during the last twelve months.

One investor that subscribed for shares in Haypp Group in the new issue that was made in June 2021 has informed the Company that it believes that, in connection with its investment, it was communicated to the investor that the Company's valuation in connection with a future potential exit would be made at a higher value per share than the Offering Price, and that the investor, as a result thereof, should be compensated for the difference between the price per share in the new issue and the Offering Price. However, it has not been further specified how such information would have been provided to the investor and from which party the investor is seeking compensation. The Company's view is that the allegation is totally unjustified and will dispute any claims, if presented to the Company.

DISPUTE WITH THE SWEDISH CONSUMER AGENCY

During the autumn 2019, the Swedish Consumer Agency conducted a review of Snusbolaget Norden AB regarding its marketing. In 2020, the Swedish Consumer Agency filed a summons application against Snusbolaget Norden AB in relation to the company's marketing practices on its website and via e-mail claiming that the Patent and Market court should prohibit Snusbolaget Norden AB from conducting certain marketing towards consumers. In March 2021, the Patent and Market Court rendered its decision, in which it decided that Snusbolaget Norden AB should be prohibited, by a conditional fine on 1 MSEK, from conducting certain marketing. The Group has adjusted its marketing operations in accordance with the court's decision.

DATA INCIDENT IN 2019

In December 2019, the Group experienced a data incident, whereby malicious scripts (code fragments) had been placed on several Group websites whereby consumers were misled to believe that they provided their credit card information to the Company, but instead gave the unknown perpetrator(s) who placed the script on the website access to such information. It is unclear whether information was, in fact, exfiltrated from the relevant websites, however exfiltration of information was possible.

In total, 3,724 customers may have been affected by the incident. The Group notified all possibly affected consumers in the US, Canada, EU, South Korea, Australia and New Zeeland. The Group fulfilled its obligation to submit a cross-border breach notification pursuant to GDPR to the Swedish Data Protection Authority. The authority did not follow up on the matter and subsequently closed the matter in June 2020. There have been no formal complaints or claims from any consumer, nor from any regulatory body in relation to the incident.

Following the data breach, the Group has taken several measures to enhance data security and rebuilt the entire infrastructure for the relevant websites to strengthen the security.

ISSUES WITH FINNISH AUTHORITIES

In 2020, authorities in Finland unexpectedly changed the interpretation and subsequently the implementation of the relevant pharma regulation, with the effect that the nicotine content in some of the Group's products was considered too high and therefore no longer legal to purchase in Finland. As a result, a few customers have been accused by Finnish authorities of violating the pharma legislation. Since this change, the Group has, mainly by performing tests of the nicotine content in the products, ensured that the business is being conducted in accordance with the relevant legislation. The Group has also agreed to reimburse the affected customers with amounts that the Company considers to be limited.

Insurance

The Group has customary insurance cover for the industry in which it operates. It is the view of the board of directors, considering the nature and extent of the business, that the insurance cover is sufficient.

Permits in Sweden / EU[1]

PERMITS FOR THE SALE OF TOBACCO PRODUCTS
Under Swedish law, retailers of tobacco products must apply for, and obtain, a permit for the sale of tobacco products. The permit is issued by the municipality in which the retailer conducts sales. The Company has obtained all necessary permits in relation to their retail operations on relevant websites.

Permits in the US

LICENSES FOR THE SALE OF TOBACCO PRODUCTS
Most states in the United States require that a license is obtained in order to sell tobacco products to consumers. Haypp Group's American subsidiary Northerner Scandinavia Inc holds a tobacco license in all states where required to conduct its operations. The tobacco licenses typically renew on a yearly or bi-yearly basis.

Online sales of tobacco are prohibited in certain US states. However, in some of these states, the online sale of tobacco free nicotine products is permitted (or unregulated) and the Company sells such products within those states. There are currently no licenses required in order to sell tobacco free nicotine products. Further, the Company holds a tobacco importer permit issued by the US Department of Treasury which is valid until 2024.

Placing Agreement

According to the terms of the Placing Agreement the Company undertake to issue 2,272,727 new shares and the Major Shareholders undertake to divest approximately 5,632,404 existing shares in the Company to the purchasers indicated by the Managers. The Major Shareholders also intend to grant an Over-allotment option, whereby it pledges at the request of the Managers at the latest 30 days from the first day of trading in the Company's shares to divest an additional maximum of 15 percent of the shares, corresponding to approximately 4.1 percent of the total number of shares after completion of the Offering. The Over-allotment option may only be exercised in order to cover possible over-allotments within the framework of the Offering.

Through the Placing Agreement, the Company makes customary representations and warranties to the Managers, primarily in relation to the information in the Prospectus being correct, the Prospectus and the Offering fulfilling requirements in laws and regulation and that there are no legal, or other, hindrances for the Company to enter into the agreement or for the completion of the Offering. Pursuant to the Placing Agreement, the Mangers' commitment to indicate purchasers to the shares comprised by the Offering is conditional upon, among other things, the representations and warranties that the Company and the Major Shareholders are correct. Under the Placing Agreement, the Company will undertake to indemnify the Managers against certain claims under certain conditions.

Through the Placing Agreement, the Major Shareholders undertakes, with customary conditions, not to sell its shares during the lock-up period (see further in section "*Share capital and ownership structure – Lock up-arrangements*"). Under the Placing Agreement, the Company also undertakes, not to (i) issue, offer, pledge, sell, undertake to sell or otherwise transfer or divest, directly or indirectly, any shares in the Company or any other securities which are convertible to or can be exercised or exchanged for such shares, or (ii) purchase or sell options or other instruments or enter into swap agreements or other arrangements which wholly or partly assign financial risk associated with ownership of the Company to another party prior to 180 days at the earliest after the date when trading starts on Nasdaq First North Growth Market. The Managers may, however, grant exemptions from these limitations.

Stabilization

In connection with the Offering, the Managers may effect transactions aimed at supporting the market price of the shares at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq First North Growth Market, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq First North Growth Market and ending not later than 30 calendar days thereafter. The Managers are, however, not required to undertake any stabilization and there is no assurance that stabilization will be undertaken.

Stabilization, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at levels above the price in the Offering. No later than by the end of the seventh trading day after stabilization transactions have been undertaken, the Managers shall disclose that stabilization transactions have been undertaken in accordance with article 5(4) in the Market Abuse Regulation 596/2014. Within one week of the end of the stabilization period, the Managers will make public whether or not stabilization was undertaken, the date at which stabilization started, the date at which stabilization last occurred and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

1 For further information regarding relevant regulatory requirements, see section "*Business overview – Regulatory landscape*".

Cornerstone Investor

The Cornerstone Investor has undertaken to acquire shares in the Offering, corresponding to in total approximately MSEK 66. Following completion of the Offering (provided that the Offering is fully subscribed), the Cornerstone Investor will hold approximately 3.4 percent of the number of shares and votes in the Company. The Cornerstone Investor will not receive any compensation for its undertaking and the Cornerstone Investor's investment is made on the same terms and conditions as those applicable for other investors in the Offering. The Managers and the Company are of the opinion that the Cornerstone Investor's creditworthiness is sound and thus that it will be able to meet its undertaking.

The Cornerstone Investor's undertakings is however not secured through any bank guarantee, blocked funds or pledge of collateral or similar arrangements. The Cornerstone Investor's undertaking is accompanied by certain conditions relating to, *inter alia*, a distribution of the Company's shares being achieved in conjunction with the Offering as well as the Offering being completed within a certain time. The Cornerstone Investor can be contacted at the Company's address, Birger Jarlsgatan 43, SE-111 45 Stockholm, Sweden.

Cornerstone Investor	Commitment, number of shares	Commitment, SEK
Erik Selin[1]	1,000,000	66,000,000

Related party transactions

The Company has during the period covered by the historical financial information in the Prospectus carried out the transactions with related parties described below. According to the Company's assessment, the below-mentioned agreements and transactions have been entered on commercial terms. Other than the below, no transactions with related parties have been carried out during the period covered by the historical financial information in the Prospectus and up until the date of the Prospectus.

For information on remuneration to the board of directors and senior executives, see section "*Corporate governance – Remuneration to the members of the board of directors, CEO and executive management*".

SHAREHOLDER LOANS AND SHARE PLEDGES

One of the Company's majority shareholder, GR8 Ventures AB, has provided a shareholder loan to the Company in the amount of SEK 7,500,000 with an annual interest rate of eight percent. As per 30 June 2021, SEK 4,700,000 remained to be repaid. The loan shall be repaid on the earlier of (i) the date of listing of the Company's shares or (ii) 15 October 2021.

Kurt Björklund, an indirect shareholder in the Company, has provided a shareholder loan to the Company in the amount of SEK 37,500,000 with an annual interest rate of eight percent. The loan has been transferred from Kurt Björklund to Norther Trust Fiduciary Services (Guernsey) Limited. The loan shall be repaid no later than 23 January 2022.

The shareholder loans described above were provided by the shareholders to partly finance the acquisition of Snusbolaget Norden AB in January 2017. The loans are intended to be repaid following completion of the Offering.

LOANS TO EMPLOYEES

The Company has entered into nine loan agreements with certain employees in the Company, amounting in total to SEK 1,237,754 with an annual interest of two percent. The loans were given in connection with the implementation of certain warrants programs, enabling the relevant employees to purchase warrants issued by the Company. Four of the nine loans have not yet fallen due for payment, whereby the last repayment date occurs 29 September 2021 (one loan), 1 November 2022 (one loan) and 1 November 20223 (two loans).

IT SERVICE AGREEMENT WITH EASYFY

In January 2021, the Group entered into a license agreement and a consultancy agreement with Easyfy AB, which is the holder of 401 shares and 431 warrants in the Company. For more information, refer to the section "*Material agreements – License of IT-platforms*" above.

SERVICES FROM HYDIA

In 2018, the Company entered into a consultancy agreement with one of its shareholders, Hydia under which the founder of Hydia, Patrick Hjetland, was engaged as a consultant. The consultancy services consisted of e-commerce and marketing services relating to the Norwegian market. The consultancy agreement was terminated early in 2020. The purchase of services from Hydia amounted to SEK 253,000 in 2020, to SEK 1,529,000 in 2019 and to SEK 706,000 in 2018.

SERVICES FROM E-BUSINESS PARTNER

E-Business Partner, a holder of 10,353 warrants in the Company, provides, on a consultancy basis, services mostly relating to IT and business development to the Company. The purchase of services from E-Business Partner amounted to SEK 641,000 in 2020, to SEK 105,000 in 2019 and to SEK 928,000 in 2018.

1 Through Förvaltnings AB Färgax.

LEGAL SERVICES FROM ADVOKATFIRMAN VINGE

The Company has since 2019 engaged Advokatfirman Vinge KB as its legal advisor. Kristian Ford, a member of the board of directors of the Company, is partner at Advokatfirman Vinge. The purchase of services from Advokatfirman Vinge amounted to SEK 7,110,000 in 2020 and to SEK 1,912,000 in 2019.

Interests of advisors

The Managers provide financial advisory and other services to the Company and the Major Shareholders in connection with the Offering, for which they will receive a commission equal to a certain percent of the gross proceeds of the shares sold in the Offering to be paid by the Company in respect of the sale of newly issued shares and of the Major Shareholders with respect to the sale of existing shares. In addition, the Major Shareholders may choose to pay to the Managers a discretionary fee, the amount and allocation of which is to be determined on the first day of trading in the Company's shares on Nasdaq First North Growth Market. The total compensation received by the Managers is dependent on the success of the Offering.

From time to time, the Managers may also provide services in the ordinary course of business to the Major Shareholders, the Company and parties affiliated to them in connection with other transactions.

Costs related to the Offering

The Company's costs associated with the listing on Nasdaq First North Growth Market and the Offering are expected to amount to approximately MSEK 45, where MSEK 12 is included in the costs during January-June 2021 and MSEK 33 is referred to the third and fourth quarter. The Majority of the MSEK 45 associated with the listing and the Offering, is mainly calculated to be charged in the income statement. Such costs primarily relate to costs for auditors, financial and legal advisors, preparation of the Prospectus, costs related to Company presentations, etc.

Approval from the SFSA and website information

The Swedish Prospectus has been approved by the SFSA as competent authority under Regulation (EU) 2017/1129. The SFSA only approves the Swedish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of the Swedish Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The Swedish Prospectus was approved by the SFSA on 4 October.

The Swedish Prospectus is valid for up to twelve months from the date of approval. The obligation to supplement the Swedish Prospectus in the event of significant new circumstances, factual errors or material inaccuracies does not apply when the Swedish Prospectus is no longer valid.

Information available on Haypp Group's website or other websites that are referred to in the Prospectus does not form part of the Prospectus and has not been reviewed or approved by the SFSA unless such information has explicitly been incorporated into the Prospectus by reference.

Documents available for inspection

During the period of validity of the Swedish Prospectus, the Company's articles of association and certificates of registration are available for inspection at the Company's head office or at the Company's website www.hayppgroup.com.

Transfer and selling restrictions

United States

TRANSFER RESTRICTIONS

The shares in the Offering have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the shares are only being offered and sold (i) to persons in the United States or to, or for the account or benefit of, U.S. Persons, in each case that are both "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Prospectus as "QIBs") in transactions exempt from or not subject to the registration requirements of the Securities Act; or (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The shares may not be re-offered, re-sold, pledged or otherwise transferred except (1) in an offshore transaction in accordance with Regulation S to a person outside the United States, or (2) to a person that is a QIB, in each case purchasing for its own account or for an account over which it exercises sole investment discretion.

In addition, until 40 days after the closing of the Offering, any offer or sale of the shares in the Offering originally distributed outside the United States in accordance with Regulation S that is made within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

Each purchaser that is a non-U.S. Person and acquiring the shares outside the United States in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the shares in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;

3. the purchaser is purchasing the shares issued pursuant to this Offering in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the shares issued pursuant to this Offering, was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such shares was originated, and continues to be located outside the United States and has not purchased such shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the shares or any economic interest therein to any person in the United States;

5. the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;

6. the shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;

7. the purchaser acknowledges that the Company and the Major Shareholders shall not recognize any offer, sale, pledge or other transfer of the shares made other than in compliance with the above-stated restrictions;

8. the purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;

9. the purchaser understands that such shares (to the extent they are in certificated form), unless the Company and the Major Shareholders determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

   THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED

EXCEPT TO A PERSON OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT AND OTHERWISE IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

10. the purchaser agrees, upon a proposed transfer of the shares, to notify any purchaser of such shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the shares being sold;

11. the purchaser understands and acknowledges that the Company will not recognize any offer, sale, pledge or other transfer of such shares made other than in compliance with the above-stated restrictions;

12. if it is acquiring any of the shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

13. the purchaser acknowledges that the Company, the Major Shareholders, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the shares within the United States or that is a U.S. Person that is acquiring shares for the account or benefit of U.S. Persons purchasing pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the shares in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

3. the purchaser (i) is a QIB, (ii) is aware that the sale to it is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (iii) was not formed for the purpose of investing in the shares, (iv) is acquiring such shares for its own account or for the account of one or more persons, each of which is a QIB, with respect to which it exercises sole investment discretion;

4. the purchaser is aware that the shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;

5. if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares, or any economic interest therein, such shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only: (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB, (ii) in compliance with Regulation S, or (iii) in accordance with Rule 144 (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

6. the purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;

7. the purchaser acknowledges that the shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any shares;

8. the purchaser will not deposit or cause to be deposited such shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

9. the purchaser, and each account for which it is purchasing or otherwise acquiring shares, will purchase, hold or transfer shares amounting to at least USD 250,000 or its equivalent in another currency;

10. the purchaser is not a broker-dealer who owns and invests on a discretionary basis less than USD 25,000,000 in securities of unaffiliated issuers;

11. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

12. the purchaser is not subscribing to, or purchasing, the shares with a view to, or for the offer or sale in connection with, any distribution thereof (within the meaning of the Securities Act) that would be in violation of the securities laws of the United States or any state thereof;

13. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any ”directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the shares or any ”general solicitation” or ”general advertising” (as defined in Regulation D under the Securities Act) in the United States in connection with any offer or sale of the shares;

14. the purchaser understands that such shares (to the extent they are in certificated form), unless the Company and the Major Shareholders determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

    THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE ”SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON THAT IS (1) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, AND OTHERWISE IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; OR (2) A ”QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (”RULE 144A”)), PURCHASING FOR ITS OWN ACCOUNT OR FOR AN ACCOUNT OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION.

    THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

15. the purchaser agrees, upon a proposed transfer of the shares, to notify any purchaser of such shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the shares being sold and agrees not to act as a swap counterparty or other type of intermediary whereby any other party will acquire an economic interest or beneficial interest in the shares acquired or reoffer, resell, pledge or otherwise transfer the shares or any beneficial interest therein, to any person except to a person that meets all of the requirements above and who agrees not to subsequently transfer the shares or any beneficial interest therein except in accordance with these transfer restrictions;

16. the purchaser is knowledgeable, sophisticated and experienced in business and financial matters, fully understands the limitations on ownership and transfer and the restrictions on sales of the shares and is aware that there are substantial risks incidental to the purchase of the shares and is able to bear the economic risk of such purchase;

17. the purchaser understands and acknowledges that the Company will not recognize any offer, sale, pledge or other transfer of such shares made other than in compliance with the above-stated restrictions;

18. if it is acquiring any of the shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

19. the purchaser acknowledges that the Company and the Major Shareholders, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

SELLING RESTRICTIONS

No action has been or will be taken in any jurisdiction other than Sweden and Norway that would permit a public offering of the shares in the Offering, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the shares in the Offering may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the shares in the Offering may be distributed or published, in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the Offering. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer of, or the solicitation of an offer to buy, any of the shares in the Offering to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. There will be no public offering in the United States.

United Kingdom

No shares in the Offering have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares which has been approved by the Financial Conduct Authority, except that the shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Managers for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA.

provided that no such offer of the shares shall require the Company, the Major Shareholders or any Manager to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

European Economic Area

In relation to each Member State of the European Economic Area (with the exception of Sweden and Norway) (each a "Relevant State"), no shares in the Offering have been offered or will be offered to the public in that Relevant State, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Regulation:

- to any legal entity that is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation, subject to obtaining the prior consent of the Managers for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Company, the Principal Owners, or any Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation or of a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide to purchase or subscribe for any shares in the Offering.

Each person in a Relevant State who receives any communication in respect of, or who acquires any shares under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Company and the Managers that it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation.

The Company, the Major Shareholders, the Managers and their respective affiliates and its and their respective directors, employees, agents, advisers, subsidiaries and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Tax considerations in Sweden

Special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on such shareholder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the offering and the admission for trading of the shares in the Company on Nasdaq First North Growth Market, including the applicability and effect of foreign tax legislation and provisions in tax treaties. The tax legislation in the investor's home country and in the issuer's registration country may affect any income received from the shares. The summary below is based on the assumption that the shares in the Company are deemed listed for tax purposes (if the shares are not deemed listed for tax purposes, other tax rules than the ones summarized below may be applicable).

Below is a summary of certain Swedish tax issues related to the Offering for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information regarding the shares in the Company as from the admission for trading on Nasdaq First North Growth Market.

The summary does not cover:

- *situations where shares are held as current assets in business operations;*
- *situations where shares are held by a limited partnership or a partnership;*
- *situations where shares are held in an investment savings account (Sw. investeringssparkonto);*
- *the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes);*
- *the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares;*
- *the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag);*
- *foreign companies conducting business through a permanent establishment in Sweden; or*
- *foreign companies that have been Swedish companies.*

Private individuals

For private individuals resident in Sweden for tax purposes, capital income, such as interest income, dividends and capital gains is taxed in the capital income category. The tax rate for the capital income category is 30 percent.

The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. g*enomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares. This method means that the acquisition value may be determined as 20 percent of the consideration less selling expenses.

Capital losses on listed shares are fully deductible against taxable capital gains realized in the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (Sw. *värdepappersfonder*) or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*)). 70 percent of capital losses not absorbed by these set-off rules are deductible in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 percent of the net loss that does not exceed SEK 100,000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 percent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

Allotments of shares to employees

Normally, the allotment of shares is not a taxable event. However, for employees allotment of shares may in certain situations give rise to benefits taxation. Benefits taxation should, however, not occur if the employees (including board members and deputy board members and existing shareholders), on the same terms and conditions as others, acquire not more than 20 percent of the total number of shares offered and the employee does not acquire shares for more than SEK 30,000.

Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 20.6 percent for financial years commencing 1 January 2021 at the earliest. Capital gains and capital losses are calculated in the same way as described for private individuals above.

Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilized during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset against taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this treatment for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons (e.g. investment companies).

Shareholders that are not tax resident in Sweden

For shareholders not resident in Sweden for tax purposes that receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30 percent. The tax rate is, however, generally reduced under an applicable tax treaty. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has the required information of the tax residency of the investor entitled to the dividend. Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30 percent has been withheld. Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if they have been residents of Sweden due to a habitual abode in Sweden or a stay in Sweden for six consecutive months at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties.

Tax considerations in Norway

The following is a brief summary of certain Norwegian tax consequences which may result from the Offering and refers only to private individuals and legal entities that are tax resident and/or domiciled in Norway (including permanent establishments) unless otherwise stated. The summary is based on current Norwegian tax regulations and is intended merely as general information. The tax treatment of each shareholder is partly dependent on that person's particular situation. Special tax consequences that are not described below may apply to certain categories of taxpayers. For example, the description does not cover shares held by partnerships, investment companies, insurance companies or investment funds or if the shares are held through a Norwegian share saving account (Nw. Aksjesparekonto). Each holder of the shares in the Company should consult a tax adviser on the special tax consequences the Offering may entail in each particular case.

Norwegian Private Individuals

TAX ON CAPITAL GAINS

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by natural persons tax resident in Norway ("Norwegian Private Individuals") through a disposal of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the Norwegian Private Individual's general income in the year of disposal. General income is taxed at a rate of 22 percent, then the tax base is adjusted upwards by a factor of 1.44, thus implying an effective tax rate of 31.68 percent (2021). The gain is subject to tax and the loss is tax-deductible irrespective of the duration of the ownership and the number of shares disposed of.

Taxable gains or losses will be calculated per share as the difference between the consideration for the share and the Norwegian Private Individual's cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this gain, the Norwegian Private Individual may be entitled to deduct a tax-free allowance (Nw. *skjermingsfradrag*) when calculating their taxable income, provided that the allowance has not previously been used to reduce taxable dividend income.

The tax-free allowance is calculated on a share-by-share basis, and is allocated solely to the shareholder holding the share as of 31 December of the relevant calendar year. The tax-free allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (Nw. *statskasseveksler*) with three months maturity with the addition of 0.5 percentage points. The Directorate of Taxes announces the risk free-interest rate in January the year after the income year. The risk-free interest rate for 2020 was 0.6 percent. The risk free interest rate for 2021 will be published mid January 2022. The tax-free allowance is calculated on each individual share, i.e. not on a portfolio basis. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("unused allowance") may be carried forward and set off against future dividends received on, or gains upon realisation of, the same share. Any unused allowance will also be added to the basis of computation of the allowance on the same share the following year. The deduction for any unused allowance in connection with the realisation of a share may not lead to or increase a deductible loss, i.e. any unused allowance exceeding the capital gain resulting from the realization of a share will be annulled.

If the Norwegian Private Individual owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of (the FIFO principle) for the purpose of calculating the taxable gain or loss. Costs incurred in connection with acquisition or sale of shares will be deductible in the year of sale.

DIVIDENDS

Norwegian Private Individuals are in general tax liable for their worldwide income. Dividends distributed to Norwegian Private Individuals are taxed at a rate of 22 percent, then the tax base is adjusted upwards by a factor of 1.44, thus implying an effective tax rate of 31.68 percent (2021). However, only dividends exceeding a statutory tax-free allowance (Nw. *skjermingsfradrag*) are taxable.

The tax-free allowance is calculated as described above for tax on capital gains. Any part of the tax-free allowance one year that exceeds the dividend distributed on a share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization of, the same share.

Dividends distributed to Norwegian Private Individuals from Haypp Group are also in general subject to withholding tax in Sweden at a rate of 15 percent. Norwegian Private Individuals may, however, send an application to the Norwegian Tax Administration to claim a deduction in Norwegian tax for the tax paid in Sweden.

Norwegian Limited Liability Companies

TAX ON CAPITAL GAINS

Capital gains, by Norwegian shareholders who are corporations (i.e. limited liability companies, mutual funds, savings banks, mutual insurance companies or similar entities resident in Norway for tax purposes) ("Norwegian Limited Liability Companies"), derived from the realization of shares qualifying for participation exemption are exempt from taxation. Losses incurred upon realization of such shares are not deductible.

DIVIDENDS

Norwegian Limited Liability Companies are generally exempt from Norwegian tax on dividends received on shares in Swedish limited liability companies, pursuant to the Norwegian participation exemption method (Nw. *fritaksmetoden*). However, 3 percent of dividend income is generally deemed taxable as general income at a flat rate of 22 percent (2021), implying that dividends distributed from the Company to Norwegian shareholders who are corporations are effectively taxed at a rate of 0.66 percent (2021).

However, Norwegian shareholders who are corporations that fall within the scope of the participation exemption method and have an ownership stake in excess of 90 percent of the limited liability company, are not taxed upon the receipt of dividends from this company.

Dividends distributed to Norwegian Limited Liability Companies from Haypp Group are in general subject to withholding tax in Sweden at a rate of 15 percent.

Historical financial information

Consolidated interim financial information for the period 1 January 2021 – 30 June 2021

CONSOLIDATED INCOME STATEMENT

Amounts in KSEK	Q2 2021	Q2 2020	Q1–Q2 2021	Q1–Q2 2020	2020
Net sales	541,809	457,818	1,094,304	762,407	1,729,172
Other operating income	1,041	253	1,609	675	2,413
Capitalised work on own account	1,792	2,472	4,154	3,172	6,539
Goods for resale	-486,527	-403,032	-973,113	-668,940	-1,504,275
Other external costs	-30,662	-20,503	-53,849	-48,164	-115,856
Personnel expenses	-22,135	-19,489	-53,554	-34,413	-81,647
Other operating expenses	-459	-702	-1 051	-1,338	-6,291
Depreciation and amortization of tangible and intangible assets	-11,728	-9,542	-22,019	-18,782	-44,386
Total costs	**-551,511**	**-453,267**	**-1,103,585**	**-771,636**	**-1,752,455**
Operating income	**-6,870**	**7,276**	**-3,518**	**-5,382**	**-14,330**
Financial income/expense					
Interest income and other financial income	0	1	1	1	3
Interest and other financial expenses	-2,779	-4,417	-4,907	-5,880	-20,741
Financial net	**-2,778**	**-4,416**	**-4,906**	**-5,879**	**-20,738**
Earnings Before Tax	**-9,648**	**2,860**	**-8,424**	**-11,262**	**-35,068**
Income tax	1,052	-1,958	-291	1,016	7,254
Profit/loss for the period	**-8,596**	**902**	**-8,715**	**-10,246**	**-27,814**
Profit/loss for the period attributable to:					
The parent company's shareholders	-8,596	902	-8,715	-10,246	-27,814
Earnings per share, calculated on the earnings attributable to the parent company's shareholders during the period:					
Earnings per share before dilution, SEK	-0.40	0.04	-0.41	-0.50	-1.36
Earnings per share after dilution, SEK	-0.40	0.00	-0.41	-0.50	-1.36
Average number of shares before dilution	21,531,300	20,391,000	21,015,150	20,391,000	20,391,000
Average number of shares after dilution	25,435,350	23,456,850	24,876,450	23,469,300	23,539,800

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in KSEK	Q2 2021	Q2 2020	Q1–Q2 2021	Q1–Q2 2020	2020
Profit/loss for the period	**-8,596**	**902**	**-8,715**	**-10,246**	**-27,814**
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Foreign currency translation differences	-4,785	-2,107	4,488	-8,791	-11,683
Total Other comprehensive income	**-4,785**	**-2,107**	**4,488**	**-8,791**	**-11,683**
Total Comprehensive income	**-13,381**	**-1,205**	**-4,227**	**-19,037**	**-39,496**
Total comprehensive income for the period attributable to:					
Parent company shareholders	-13,381	-1,205	-4,227	-19,037	-39,496

CONSOLIDATED BALANCE SHEET

Amounts in KSEK	Notes	2021-06-30	2020-12-31
Assets			
Fixed assets			
Intangible assets			
Goodwill		153,376	149,485
Customer relationships		124,015	53,095
Trademarks		160,789	35,670
Websites		33,015	35,798
Capitalized development costs		41 ,005	30,984
Other intangible assets			105
Total intangible assets		**512,200**	**305,136**
Tangible assets			
Leasehold improvements		132	187
Equipment		1,254	1,094
Total tangible assets		**1,386**	**1,281**
Financial assets			
Non-current receivables		29,641	3,987
Total financial assets		**29,641**	**3,987**
Right-of-use assets		55,527	35,586
Deferred tax assets		16,647	16,550
Total fixed assets		**615,401**	**362,541**
Current assets			
Inventories			
Goods for resale		103,968	77,531
Current receivables			
Accounts receivable		46,605	42,019
Other receivables		14,398	12,456
Prepaid expenses and accrued income		18,469	23,042
Cash and cash equivalents		31,450	32,031
Total current receivables		**110,921**	**109,548**
Total current assets		**214,889**	**187,079**
Total assets		**830,290**	**549,620**

CONSOLIDATED BALANCE SHEET CONT.

Amounts in KSEK	Notes	2021-06-30	2020-12-31
Equity and liabilities			
Equity			
Share capital	3	1,357	1,336
New share issue in progress	3	160	
Other contributed capital		496,032	308,696
Translation differences		-10,920	-15,408
Retained earnings (including net profit/loss for the year)		-94,511	-85,796
Total equity		**392,117**	**208,828**
Liabilities			
Non-current liabilities			
Lease liability		37,649	21,351
Deferred tax liabilities		26,936	28,861
Other liabilities		26,483	42,750
Total non-current liabilities		**91,068**	**92,962**
Current liabilities			
Bank overdraft		84,818	58,085
Lease liability		13,257	10,641
Liabilities to credit institutions		30,000	1,875
Accounts payable		90,897	105,612
Current tax liabilities		6,416	4,277
Other liabilities		57,976	21,021
Accrued expenses and deferred income		63,740	46,318
Total current liabilities		**347,104**	**247,830**
Total liabilities		**438,172**	**340,792**
Total equity and liabilities		**830,290**	**549,620**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in KSEK	Notes	Share capital	New share issue in progress	Other contri-buted capital	Translation difference	Retained earnings (including net profit/loss for the year)	Sum
Opening balance, 2021-01-01		**1,336**	**0**	**308,696**	**-15,408**	**-85,796**	**208,828**
Profit/loss for the year						-8,715	-8,715
Other comprehensive income for the year					4,488		4,488
Tota comprehensive income					**4,488**	**-8,715**	**-4,227**
New share issue	3	21		2,037			2,058
New share issue in progress	3		159	185,299			185,458
Total transactions with shareholders in their capacity as shareholders		**21**	**159**	**187,336**	**0**	**0**	**187,516**
Closing balance, 2021-06-30		**1,357**	**159**	**496,032**	**-10,920**	**-94,511**	**392,117**

CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in KSEK	Notes	20210101 - 20210630	20200101 - 20200630
Cash flow from operating activities			
Operating loss		-3,518	-5,382
Adjustment for non-cash items:			
- Depreciation and amortization of tangible and intangible assets		22,019	18,782
- Other non-cash items		433	-2,215
Interest paid		-3,945	-2,003
Income tax paid		-631	-549
Cash flow from operating activities before change in working capital		**14,359**	**8,632**
Cash flow from change in working capital			
Increase/decrease in inventories		-24,740	1 369
Increase/decrease in operating receivables		-2,344	-17,193
Increase/decrease in operating liabilities		-7,527	25,091
Total change in working capital		**-34,610**	**9,267**
Cash flow from operating activities		**-20,252**	**17,899**
Cash flow from investing activities			
Investment in intangible assets		-216,435	-10,726
Investment in tangible assets		-452	-585
Disposal of tangible assets		52	0
Change in other financial assets		-652	2,276
Cash flow from investing activities		**-217,486**	**-9,035**
Cash flow from financing activities			
New loans		57,452	8,657
Repayment of loans		-1,875	-6,003
Repayment of leasing debt		-6,735	-5,737
New share issue	3	187,517	1,234
Cash flow from financing activities		**236,359**	**-1,849**
Decrease/increase in cash and cash equivalents			
Opening cash and cash equivalents		32,031	9,295
Cash flow for the period		-1,380	7,015
Exchange-rate differences in cash and cash equivalents		798	-504
Closing cash and cash equivalents		**31,450**	**15,806**

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 Birger Jarlsgatan 43, SE-111 45 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 interim report has been prepared are set out below. These principles have been applied consistently for all periods presented, unless otherwise stated.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting principles and calculation methods applied in this interim report are in accordance with the principles described in Note 2 in the historical financial information for the financial years 2020, 2019 and 2018, which is also part of this Prospectus. The board of director's approval of this document took place on 4 October 2021.

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.

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 related parties are of similar nature as previous periods and are described in the Annual Report 2020. For more information, see the Annual Report 2020, Note 31.

Note 3 Disclosure on new share and warrant issues

During the first half of 2021, redemption of warrants took place, which resulted in an issue of 2,157 new shares and an increase in the share capital by SEK 21,192 and an increase in other contributed capital by SEK 1,579,511. The subscription price for the new shares varies from SEK 4,880.2 to SEK 8,347.8 per share.

Another redemption of warrants took place in June 2021, which, as of the balance date, has not been registered with the Swedish Companies Registration Office. 83 shares will be issued, which will result in an increase in the share capital of SEK 383 and an increase in other contributed capital by SEK 334,965. The exercise price varies between SEK 2,172 and 6,148 per share. 759 warrants have been canceled 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 288,854.

A decision on a private placement to primarily existing shareholders was made on an Extra General Meeting in June 2021 in order to finance part of the acquisition of certain assets of Nettotobak, which entails an increase in share capital of SEK 159,402 and an increase in other contributed capital by SEK 184,836,286. This issue was not registered with the Swedish Companies Registration Office as of the balance sheet date.

In addition, an Extra General Meeting decided to issue 1,133 warrants to employees which have not yet been registered by the Swedish Companies Registration Office. This issue entails an increase in other contributed capital by SEK 873,753. The duration of these warrants is two years from 2021-04-01. The warrants have been acquired at market value.

Note 4 Investments

Haypp Group invested during the period SEK 217 m (9.0), where of SEK 216 m (10.7) was invested in intangible assets of which the vast majority relates to the acquisition of certain assets of Nettotobak. In June 2021, Haypp Group acquired certain assets of Nettotobak, a Swedish e-commerce retailer of nicotine pouches and snus. The acquired assets mainly comprise of the e-commerce store brand (Nettotobak) and the customer relationships associated with the e-commerce business. The acquired assets have been recognized in the Consolidated balance sheet under Trademarks and Customer relationships in an amount of SEK 73.7 m and SEK 127.4 m respectively. Furthermore, a proportion of the purchase price is placed in an escrow account for as collateral for potential warranty breaches or similar. The amount placed in escrow is recognized as an asset under Non-current receivables with a corresponding liability recognized under Non-current other liabilities.

Note 5 Net debt and cash and cash equivalents

At the end of the period, net debt amounted to SEK 178 m (116) and the net financial debt ratio to 2.4 times, versus 1.7 per 31 December 2020. The change in net debt was mainly attributable to higher debt levels mainly relating to raised loans of SEK 30 m, higher utilisation of the Company's bank overdraft, as well as higher leasing liability from a new leasing agreement for the inhouse warehouse operation in Norway. In total, cash and cash equivalents amounted to SEK 31.5 m, versus SEK 32.0 m at the end of last year. At the end of the period, unutilised credit facility amounted to SEK 3 m, versus SEK 15 m at 31 December 2020.

Note 6 Events after the balance sheet date

In July 2021, Haypp Group acquired certain assets and rights relating to snusnetto.com, including the related domain name, the trademark and certain equipment from Sweden Snus Gross AB (the owner of the e-commerce business of snusnetto.com). The purchase price amounted to SEK 8 m, of which SEK 4 m is held as a holdback amount and paid out provided that certain conditions are being met/fulfilled by the seller, and/or that no warranty breaches occur prior to 15 October 2021. At the extraordinary shareholders' meeting in the Company held on 2 September 2021, the meeting resolved on a split of the Company's shares 150:1, after which there are 23,164,800 outstanding shares in the Company. No other known events that would lead to adjustments have occurred between the balance date and the date of listing.

SEGMENT INFORMATION

	Net Sales					EBITDA				
Amounts in KSEK	**Q2 2021**	**Q2 2020**	**Q1-Q2 2021**	**Q1-Q2 2020**	**LTM**	**Q2 2021**	**Q2 2020**	**Q1-Q2 2021**	**Q1-Q2 2020**	**LTM**
Core markets	484,417	382,774	972,893	636,955	1,811,366	29,695	29,149	56,811	45,197	112,596
EBITDA margin, %						6.1	7.6	5.8	7.1	6.2
Growth markets	57,391	75,044	121,410	125,453	249,703	-12,758	-7,754	-24,108	-25,241	-39,336
EBITDA margin, %						-22.2	-10.3	-19.9	-20.1	-15.8
Parent company/other						-11,626	-4,563	-13,947	-6,235	-38,131
Reconciliation items						-454	-13	-256	-321	29
Group total	**541,809**	**457,818**	**1,094,304**	**762,407**	**2,061,069**	**4,858**	**16,818**	**18,501**	**13,399**	**35,158**
EBITDA margin, %						0.9	3.7	1.7	1.8	1.7
Depreciation & Amortization						-11,728	-9,542	-22,019	-18,782	-47,623
Financial items						-2,778	-4,416	-4,906	-5,879	-19,765
Profit before taxes						**-9,648**	**2,860**	**-8,424**	**-11,262**	**-32,230**

AUDITOR'S REPORT

Haypp Group AB, corp. reg. no. 559075-6796

This is a literal translation of the Swedish original report

Introduction

We have reviewed the condensed consolidated interim financial information (included on pages F2–F10 in this document) of Haypp Group AB as of 30 June 2021 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the consolidated interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Stockholm, 4 October 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Lagerberg
Authorized Public Accountant

Financial information for the financial years 2020, 2019 and 2018

HAYPP GROUP'S INCOME STATEMENTS

Amounts in kSEK	Note	2020	2019	2018
Net sales		1,729,171	802,431	460,149
Capitalised work on own account		6,539	1,925	-
Other operating income	6.8	2,413	426	20
Total		**1,738,123**	**804,782**	**460,169**
Cost of goods sold	26	-1,504,274	-708,798	-415,603
Other external expenses	4	-115,856	-57,081	-20,674
Personnel expenses	5	-81,647	-38,947	-18,799
Depreciation/amortisation and impairment of assets	14, 15, 16	-44,386	-23,170	-16,494
Other operating expenses	7	-6,291	-1,239	-74
Total operating expenses		**-1,752,454**	**-829,235**	**-471,645**
Operating loss		**-14,331**	**-24,453**	**-11,476**
Profit/loss from financial items				
Financial income	9	3	91	4
Finance expenses	9	-20,741	-5,792	-6,197
Net financial items		**-20,738**	**-5,701**	**-6,193**
Loss before tax		-35,069	-30,154	-17,670
Income tax	10	7,254	9,188	1,825
Loss for the year		**-27,814**	**-20,966**	**-15,845**
Total comprehensive income for the year attributable to:				
Parent Company shareholders		-27,814	-20,966	-15,845

HAYPP GROUP'S STATEMENT OF COMPREHENSIVE INCOME

Amounts in kSEK	Note	2020	2019	2018
Loss for the year		**-27,814**	**-20,966**	**-15,845**
Other comprehensive income:				
Items that may be reclassified to profit or loss				
Exchange-rate differences		-11,682	-3,857	131
Other comprehensive income for the year		**-11,682**	**-3,857**	**131**
Total comprehensive income for the year		**-39,497**	**-24,824**	**-15,713**
Attributable to:				
- Parent Company shareholders		**-39,497**	**-24,824**	**-15,713**

HAYPP GROUP'S BALANCE SHEETS

Amounts in kSEK	Note	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Assets					
Fixed assets					
Intangible assets					
Goodwill	12.14	149,485	160,186	54,256	48,354
Customer relationships	14	53,095	63,976	33,775	36,333
Trademarks	14	35,670	43,709	33,534	36,333
Websites	14	35,798	43,412	40,417	45,417
Capitalised development costs	14	30,984	17,858	9,024	5,902
Other intangible assets		105	-	-	-
Total intangible assets		**305,136**	**329,141**	**171,007**	**172,339**
Tangible assets					
Leasehold improvements	15	187	299	-	-
Equipment	15	1,094	718	143	180
Total tangible assets		**1,281**	**1,017**	**143**	**180**
Financial assets					
Non-current receivables	18	3,987	3,296	2,078	412
Total financial assets		**3,987**	**3,296**	**2,078**	**412**
Right-of-use assets	16	35,586	25,153	710	299
Deferred tax assets	25	16,550	7,183	-	2,434
Total fixed assets		**362,540**	**365,790**	**173,938**	**175,664**
Current assets					
Inventories					
Cost of goods sold	26	77,531	68,469	48,019	32,200
Total inventories		**77,531**	**68,469**	**48,019**	**32,200**
Current receivables					
Accounts receivable	19	42,019	29,272	8,212	8,363
Current tax assets		-	572	1,323	901
Other receivables	20	12,456	2,541	10,633	2,815
Prepaid expenses and accrued income	21	23,042	15,950	8,498	6,285
Cash and cash equivalents	22	32,031	9,295	12,852	898
Total current receivables		**109,548**	**57,630**	**41,518**	**19,262**
Total current assets		**187,079**	**126,099**	**89,537**	**51,462**
Total assets		**549,620**	**491,889**	**263,475**	**227,126**

Amounts in kSEK	Note	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Equity and liabilities					
Equity					
Share capital	23	1,336	1,321	1,053	-
New share issue in progress		-	15	35	1,043
Other contributed capital	23	308,696	306,710	111,035	86,667
Translation differences		-15,408	-3,725	140	-
Retained earnings (including net profit/loss for the year)		-85,796	-51,114	-30,155	-14,302
Total equity		**208,828**	**253,207**	**82,108**	**73,408**
Liabilities					
Non-current liabilities					
Liabilities to credit institutions	24	-	1,875	9,375	16,875
Lease liability	16	21,351	18,722	-	-
Deferred tax liabilities	25	28,861	31,975	22,407	25,978
Other liabilities	24	42,750	42,545	42,354	47,869
Contingent consideration	12	-	2,000	3,500	-
Total non-current liabilities		**92,962**	**97,117**	**77,636**	**90,722**
Current liabilities					
Bank overdraft	24	58,085	35,733	25,123	8,185
Lease liability	16	10,641	4,291	64	-
Liabilities to credit institutions	24	1,875	7,500	12,500	7,500
Accounts payable		105,612	49,452	55,343	39,141
Current tax liabilities		4,277	-	-	-
Other liabilities	27	21,021	4,263	3,292	3,920
Accrued expenses and deferred income	28	46,318	40,326	7,410	4,250
Total current liabilities		**247,829**	**141,565**	**103,732**	**62,997**
Total liabilities		**340,791**	**238,682**	**181,367**	**153,719**
Total equity and liabilities		**549,620**	**491,889**	**263,475**	**227,126**

HAYPP GROUP'S CHANGES IN EQUITY

Amounts in kSEK	Note	Share capital	New share issue in progress	Other contri- buted capital	Trans- lation difference	Retained earnings, including net profit/ loss for the year	Total
Opening balance,							
1 January 2018		1,043		86 667	8	-14 302	73 408
IFRS transition effect					-8	8	-
Loss for the year						-15,845	-15,845
Other comprehensive income for the year					131		131
Total comprehensive income		**-**	**-**	**-**	**131**	**-15,845**	**-15,714**
New share issue		10		4,404			4,414
New share issue in progress			35	19,964			19,999
Total transactions with shareholders in their capacity as shareholders		**10**	**35**	**24,368**			**24,413**
Closing balance, 31 December 2018		**1,053**	**35**	**111,035**	**131**	**-30,146**	**82,108**
Opening balance, 1 January 2019		**1,053**	**35**	**111,035**	**131**	**-30,146**	**82,108**
Loss for the year						-20,967	-20,967
Other comprehensive income for the year					-3,857		-3,857
Total comprehensive income		**-**	**-**	**-**	**-3,857**	**-20,967**	**-24,823**
New share issue		268	-35	184,100			184,332
New share issue in progress			15	11,575			11,590
Total transactions with shareholders in their capacity as shareholders		**268**	**15**	**306,710**			**306,958**
Closing balance, 31 December 2019		**1,321**	**15**	**306,710**	**-3,725**	**-51,114**	**253,207**
Opening balance, 1 January 2020		**1,321**	**15**	**306,710**	**-3,725**	**-51,114**	**253,207**
Loss for the year						-27,814	-27,814
Other comprehensive income for the year					-11,682		-11,682
Total comprehensive income		**-**	**-**	**-**	**-11,682**	**-27,814**	**-39,496**
New share issue		15	-15	1 095			1 095
New share issue in progress				891			891
Transactions with shareholders*						-6 869	-6 869
Total transactions with shareholders in their capacity as shareholders		**15**	**-**	**1,986**	**-**	**-6,869**	**2,001**
Closing balance, 31 December 2020		**1,336**	**-**	**308,696**	**-15,408**	**-85,796**	**208,828**

*During the year, the company paid accounts payable of kSEK 6,919 on behalf of its shareholders. Other amounts are kSEK -50.

HAYPP GROUP'S STATEMENTS OF CASH FLOWS

Amounts in kSEK	Note	2020	2019	2018
Cash flow from operating activities				
Operating loss		-14,331	-24,453	-11,476
Adjustment for non-cash items:	33			
- Amortisation of tangible assets and depreciation of intangible assets and right-of-use assets		44,386	23,170	16,494
- Other non-cash items		4,260	1,529	74
Interest received		3	-	4
Interest paid		-9,716	-4,649	-4,840
Income tax paid		-703	-96	-422
Cash flow from operating activities before change in working capital		**23,899**	**-4,499**	**-166**
Cash flow from change in working capital				
Increase/decrease in inventories		-9,062	- 12,665	-15,819
Increase/decrease in operating receivables		-31,691	-15,791	-9,986
Increase/decrease in operating liabilities		65,341	15,328	19,914
Total change in working capital		**24,588**	**-13,128**	**-5,891**
Cash flow from operating activities		**48,487**	**-17,627**	**-6,057**
Cash flow from investing activities				
Acquisitions of subsidiaries, less acquired cash and cash equivalents	12	-	7,568	-959
Investment in intangible assets	14	-21,565	-10,065	-4,875
Disposal of intangible assets	14	-	-	-
Investment in tangible assets	15	-805	-1,100	-160
Disposal of tangible assets	15	-	-	-
Change in other financial assets	18	745	-986	-1,629
Cash flow from investing activities		**-21,625**	**-4,585**	**-7623**
Cash flow from financing activities				
Loans raised		22,352	10,610	21,938
Repayment of debt		-20,607	-19,176	-10,184
Transactions with shareholders		-6,919	-	-
New share issue		1,048	27,221	13,880
Cash flow from financing activities		**-4,126**	**18,655**	**25,634**
Decrease/increase in cash and cash equivalents		22,736	-3,557	11,954
Opening cash and cash equivalents		9,295	12,852	898
Exchange-rate differences in cash and cash equivalents		-	-	-
Closing cash and cash equivalents		**32,031**	**9,295**	**12,852**

NOTES TO THE FINANCIAL STATEMENTS

1 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 Birger Jarlsgatan 43, SE-111 45 Stockholm, Sweden. The operations of the Parent Company and its subsidiaries comprise investing in e-commerce companies and conducting related activities.

Shareholders with more than 10% of the shares in the company are GR8 Ventures AB, Eastcoast Capital AB and Northerner Holding AB. The company is the Parent Company of a Group with the wholly owned companies Haypp AB (559174-2738), Snusbolaget Norden AB (556801-3683) and Northerner Scandinavia AB (556559-1699), all with their registered offices in Stockholm. Haypp Group AB (publ) is also the Parent Company of the wholly owned company Snushjem.no AS with its registered office in Norway. Northerner Scandinavia AB owns Northerner Scandinavia Inc. and SLF Innovation ApS.

The Board approved this financial report on 4 October 2021. This financial report has been prepared in connection with the Prospectus.

Unless otherwise stated, all amounts are in thousands of SEK (KSEK).

2 Summary of significant accounting principles

This Note contains a list of the significant accounting principles applied in the preparation of these consolidated financial statements. These policies were applied consistently for all years presented, unless otherwise stated. The consolidated financial statements comprise the legal Parent Company, Haypp Group AB (publ), and its subsidiaries.

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. It has been prepared using the cost method, except for financial assets and liabilities measured at fair value through profit or loss.

The preparation of statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to use its judgement when applying the Group's accounting principles. Those areas that include a high level of assessment, that are complex or such areas where assumptions and estimates are of material importance for the consolidated financial statements are presented in Note 2.22 Significant estimates and assessments for accounting purposes. The most important accounting principles that have been applied are described below.

2.2 NEW AND REVISED STANDARDS NOT YET APPLIED BY THE GROUP

A number of new standards and interpretations came into effect for financial periods beginning on or after 1 January 2021, but were not applied in the preparation of these financial statements. No published standards that are not yet effective are considered to impact the Group.

2.3 CONSOLIDATED FINANCIAL STATEMENTS SUBSIDIARIES

Subsidiaries are all companies over which the Group has control. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date that control ceases.
The acquisition method is used for all of the Group's business combinations. The consideration paid for the acquisition of a subsidiary comprises the fair value of the transferred assets, liabilities incurred to previous owners of the acquired company and the shares issued by the Group. The consideration also includes the fair value of all assets or liabilities that are a consequence of a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are, with a few exceptions, initially measured at fair value at the acquisition date.

Each contingent consideration to be transferred by the Group is measured at fair value at the acquisition date. Subsequent changes in the fair value of a contingent consideration classified as an asset or liability are recognised in profit or loss. Contingent consideration classified as equity is not remeasured and the subsequent settlement is recognised in equity.

For each acquisition, i.e. on an acquisition by acquisition basis, the Group determines whether to measure a non-controlling interest in the acquired company at fair value or at the interest's proportional share of the carrying amount of the company's identifiable net assets.

2.4 FOREIGN CURRENCY TRANSLATION

Functional currency and reporting currency

The functional currency of the various entities in the Group is the local currency, as this has been defined as the currency of the primary economic environment in which each entity operates. The Swedish krona (SEK) is used in the consolidated financial statements, which is the functional currency of the Parent Company and the reporting currency of the Group.

Transactions and balance-sheet items

Transactions in foreign currency are translated into the functional currency using the exchange rates applicable at the transaction date. Exchange differences arising on the settlement of such transactions and on the translation of monetary assets and liabilities in foreign currencies at the closing rate are recognised in profit or loss in the statement of comprehensive income.

Exchange differences attributable to loans and cash and cash equivalents are presented in the statement of comprehensive income as finance income or finance expense. All other foreign exchange gains and losses are recognised in the item “Other operating expenses” and “Other operating income” in the statement of comprehensive income.

Translation of foreign Group companies

The earnings and financial position of all Group companies that have a functional currency other than the Group’s reporting currency are translated into the reporting currency. The assets and liabilities on each of the balance sheets are translated from the functional currency of the foreign operation to the Group’s reporting currency (SEK) at the exchange rate applicable on the balance-sheet date. Income and expenses on each of the income statements are translated into SEK at the average exchange rate at each transaction date. Translation differences arising on the currency translation of foreign operations are recognised in other comprehensive income. Accumulated gains and losses are recognised in profit or loss for the period when the foreign operation is fully or partly divested.

Goodwill arising on the acquisition of a foreign operation and any fair value adjustments are treated as part of the assets and liabilities of the foreign operation and translated at the closing rate.

2.5 REVENUE RECOGNITION

Haypp’s main revenue streams are:

- Online sales of snus and nicotine products
- Online sales of ad space
- Sales of market research
- Sales of services via analytics tools

Sales of goods

Revenue from Contracts with Customers mainly comprises online sales of snus and nicotine products. The sale is recognised as revenue at the date when control of the goods is transferred, which is when the products are delivered to the customer, and there are no unfulfilled obligations that could affect the customer’s acceptance of the goods. Delivery occurs when the goods have been shipped to the agreed place and the risks of obsolescence and loss have passed to the customer. Shipping is not considered a separate performance obligation and is recognised as part of the product sale.

Revenue from contracts with customers is measured at the transaction price that reflects the consideration the Group expects to receive in exchange for the goods, less VAT and other sales taxes. When determining the transaction price, the Group accounts for whether any other obligations exist that are separate performance obligations and to which the transaction price should be allocated, and the effects of variable consideration that affect the transaction amount. Variable consideration includes discounts and product returns and is recognised as a deduction from revenue based on the amount the Group expects to repay.

Services

The Group enters into contracts with some parties that include the provision of marketing services, market research and services via analytics tools. Revenue from the rendered services is recognised in the period in which the services are provided. Revenue from marketing services is recognised at a point in time when products are exposed and marketed by the Group.

2.6 LEASES

The Group acts as a lessee. The Group’s leases, in which the Group is lessee, pertain in all material respects to premises, machinery, vehicles, forklifts, office equipment and miscellaneous equipment.

Leases – the Group as lessee

For all leases, apart from the exemptions named below, a right-of-use asset and a corresponding lease liability are recognised at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the reduction of the liability and the finance charge. The finance charge is allocated over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the useful life of the asset and the lease term on a straight-line basis. The leases apply for periods of 1-6 years, but there are options to extend or terminate the leases.

Assets and liabilities arising from a lease are initially measured at the present value of future lease payments. The lease liabilities include the present value of the following lease payments:

- fixed payments
- variable lease payments that depend on an index or rate
- residual value guarantees
- exercise price of a purchase option (if the lessee is reasonably certain to exercise that option)

The lease payments are discounted using the implicit interest rate when it is easy to determine, otherwise the incremental borrowing rate.

Right-of-use assets are measured at cost and include the following amounts:

- the initial measurement of the lease liability and
- any payments made at, or before, the commencement date of the lease.
- any initial direct costs, and
- an estimate of any costs to be incurred for dismantling and removing the underlying asset, or restoring the site on which it is located or restoring the underlying asset to the condition stipulated in the terms of the lease.

The Group applies the exemption for non-lease components and has elected not to separate these from lease payments attributable to premises.

The Group applies the exemption in IFRS 16, whereby payments for short-term leases and leases of low-value assets are not recognised as a right-of-use asset and lease liability, but are recognised as an expense over the lease term on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less. Low-value assets pertain in all material respects to office equipment.

Options to extend or terminate a lease
Options to extend or terminate a lease are included in the Group's leases for offices. The terms are used to maximise the flexibility provided by the leases. Options to extend or terminate a lease are included in the asset and the liability when it is reasonably certain they will be exercised.

Subsequent measurement
The lease liability is remeasured if the lease is modified or if there are changes in the cash flow based on contractual clauses in the original contract. Changes in the contractual cash flows arise when: the Group changes its initial assessment of whether options to extend and/or terminate will be exercised, there are changes to previous assessments of whether an option to purchase will be exercised, lease payments are changed due to changes in an index or rate. A remeasurement of the lease liability leads to a corresponding adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining remeasurement is recognised in profit or loss. The right-of-use asset is tested for impairment whenever events or changes in conditions indicate that the carrying amount of an asset cannot be recovered.

Presentation
Right-of-use assets and lease liabilities are presented separately from each other on the balance sheet. On the income statement, the depreciation and amortisation of right-of-use assets are presented separately and interest expense on the lease liability is recognised as a finance cost. Lease payments for low-value asset leases and short-term leases are recognised as Other external expenses on the income statement. Repayment of the lease liability is recognised as cash flow from financing activities. Interest payments and payments of short-term leases and low-value asset leases are recognised as cash flow from operating activities.

2.7 GOVERNMENT GRANTS – SALARY CONTRIBUTIONS ONLY

Government grants are measured at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Government grants related to expenses are accrued and recognised in profit or loss over the same periods as the expenses they are intended to compensate. Government grants are recognised as Other operating income.

2.8 CURRENT AND DEFERRED INCOME TAX

Tax expense for the period comprises current tax calculated on the taxable earnings for the period at the applicable tax rates. Current tax expense is adjusted for changes in deferred tax assets and liabilities arising from temporary differences and unused tax losses.

Current tax expense is calculated using the rates and laws enacted or substantively enacted by the balance-sheet date in the countries where the Parent Company and its subsidiaries operate and generate taxable income. Management periodically evaluates tax positions taken during the preparation of returns in regard to situations in which tax law is open to interpretation and where deemed appropriate, makes provisions for amounts which will probably be payable to the tax authority.

Deferred tax is recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Nor is deferred tax recognised if it arises from initial recognition of an asset or liability other than in a business combination and, at the time of the transaction, affects neither accounting nor taxable profit. Deferred tax is determined using tax rates (and laws) enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to the same taxation authority and pertain to either the same tax subject or various tax subjects, where there is an intention to settle the balances on a net basis.

Current and deferred tax is recognised in the statement of comprehensive income, except when the tax pertains to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity.

2.9 INTANGIBLE ASSETS

Goodwill

Goodwill arises on the acquisition of subsidiaries and relates to the amount at which the purchase consideration, any non-controlling interests in the acquired company and fair value of any pre-existing equity interest in the acquired company, exceeds the fair value of identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies arising from the acquisition. Each unit or group of units to which the goodwill has been allocated represents the lowest level within the group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level.

Trademarks, customer relationships and websites

Trademarks, customer relationships and websites acquired through business combinations are measured at fair value at the acquisition date. Trademarks, customer relationships and websites have a finite useful life and are measured at cost less accumulated amortisation. Trademarks, customer relationships and websites are amortised on a straight-line basis to allocate costs over their estimated useful life of ten years.

Capitalised development costs and similar items

Capitalised development costs and similar items comprise in all material respects capitalised development costs. The Group continuously evaluates the extent to which internally generated intangible assets, such as capitalised development costs, can be capitalised. Internally generated intangible assets must be capitalised if all of the following criteria can be demonstrated:

- it is technically feasible to complete the internally generated intangible asset so that it will be available for use,
- the company intends to complete the internally generated intangible asset and use or sell it,
- It will be possible to use or sell the internally generated intangible asset,
- it can be demonstrated that the internally generated intangible asset will generate probable, future economic benefits,
- adequate technical, financial and other resources are available to complete the development and to use or sell the internally generated intangible asset, and the cost of the asset during its development can be measured reliably.

Other development costs that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs recognised as intangible assets are amortised from the date on which the asset is available for use. The capitalised costs attributable to development of new products. Capitalised development costs are amortised on a straight-line basis over their useful lives, which is five years.

2.10 TANGIBLE ASSETS

Tangible assets include equipment and leasehold improvements. Tangible assets are recognised at cost less depreciation. The cost includes costs directly attributable to acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the part that is replaced is removed from the statement of financial position. All other repairs and maintenance are recognised as costs in the statement of comprehensive income during the period in which they are incurred.

To allocate their cost down to the estimated residual value over their useful life, tangible assets are amortised on a straight-line basis as follows:

- Plant and machinery 5 years
- Leasehold improvements are depreciated over the lease term
- Equipment 3-5 years
- The residual value and useful life of an asset is reviewed, and adjusted if necessary, at the end of each reporting period.

If the carrying amount of an asset exceeds its recoverable amount, the carrying amount is immediately written down to its estimated recoverable amount.

Any gain or loss on a divestment is determined as the difference between the sales proceeds and the carrying amount and is recognised in other operating income or other operating expenses in the statement of comprehensive income on a net basis.

2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and intangible assets with an indefinite useful life or intangible assets that are not yet available for use are not amortised but tested annually for impairment, or when there is an indication of a decline in value. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the smallest identifiable levels where an asset does not generate cash inflows that are largely independent of those from other assets (cash-generating units). Previously impaired assets (other than goodwill) are tested for impairment at each balance-sheet date to determine whether reversal is required.

2.12 FINANCIAL INSTRUMENTS

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the financial instrument's contractual conditions. Purchases and sales of financial assets and liabilities are recognised on the trade date, i.e. the date on which the Group undertakes to purchase or sell the asset or liability.

Financial assets are removed from the statement of financial position when the rights to the cash flows from the instrument has expired or been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are removed from the statement of financial position when the contractual obligations have been fulfilled, cancelled or otherwise extinguished. Gains and losses arising on derecognition are recognised directly in profit or loss.

Classification and measurement

Financial assets

Financial assets are initially measured at fair value plus, in the event the asset is not measured at fair value through profit or loss, transaction costs directly attributable to the purchase. Transaction costs attributable to financial assets measured at fair value through profit or loss are recognised directly in profit or loss.

The Group classifies and measures its financial assets in the following categories:

- financial assets measured at amortised cost, and
- financial assets measured at fair value through profit or loss.

The classification of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the asset's cash flows. The Group reclassifies financial assets only when the Group's business model for those instruments changes.

Financial assets

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the type of cash flows attributable to the asset. The Group classifies its financial assets into two measurement categories:

- Amortised cost (Other non-current receivables, Accounts receivable, Other receivables, Cash and cash equivalents): Assets that are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from such financial assets is recognised as finance income using the effective interest method. Gains and losses arising on derecognition are recognised directly in profit or loss, as other gains and losses together with exchange gains and losses. Impairment losses are recognised in the profit or loss statement.
- Fair value through profit or loss (Accounts receivable): Assets that do not meet the requirements to be measured at amortised cost are measured at fair value through profit or loss. A gain or loss for a debt instrument measured at fair value through profit or loss is recognised in profit or loss on a net basis in the period the profit or loss was incurred.

The portion of accounts receivable covered by factoring agreements, where the Group has transferred the credit risk and risk of late payment to a third party is measured at fair value through profit or loss.

Derecognition of financial assets

Purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Group undertakes to purchase or sell the asset. Financial assets are removed from the statement of financial position when the rights to the cash flows from the instrument have expired or been transferred and the Group has transferred substantially all risks and rewards of ownership.

Gains and losses arising on derecognition are recognised directly in profit or loss in finance expenses or finance income.

Financial liabilities

The Group has financial liabilities that are subsequently measured at amortised cost using the effective interest method and at fair value through profit or loss.

The Group's financial liabilities measured at amortised cost comprise liabilities to credit institutions, accounts payable, other liabilities and accrued expenses.

The Group's financial liabilities measured at fair value through profit or loss consist of contingent considerations.

Financial liabilities are removed from the statement of financial position when the obligations have been fulfilled, cancelled or otherwise extinguished. The difference between the carrying amount of a financial liability (or portion of a financial liability) that is extinguished or transferred to another party and the consideration paid, including transferred assets that are not cash or liabilities assumed, is recognised in the statement of comprehensive income.

Accounts payable are financial liabilities and represent an obligation to pay for goods and services purchased from suppliers in the ordinary course of business.

Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Impairment of financial assets measured at amortised cost
The Group assesses the future expected credit losses attributable to assets measured at amortised cost. The Group recognises a loss allowance for such expected credit losses at each reporting date.

For accounts receivables, the Group applies a simplified approach for loss allowances, meaning that the allowance will correspond to the expected loss over the life of the accounts receivable. To measure the expected credit losses, accounts receivables are segmented based on shared credit risk characteristics and days past due. The Group uses multiple forward-looking scenarios for expected credit losses. Expected credit losses are recognised in the consolidated statement of comprehensive income as other external expenses.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is recognised in the statement of financial position only when there is a legally enforceable right to set off the carrying amounts and an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on a future event and must be enforceable during the normal course of business and in the event of default, insolvency or bankruptcy.

2.13 INVENTORIES
Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first in, first out method (FIFO). The cost of goods sold is determined after the deduction of discounts. Net realisable value is the estimated selling price in the ordinary course of business less any reasonably predictable selling costs.

2.14 ACCOUNTS RECEIVABLE
Accounts receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Accounts receivables are initially measured at fair value (the transaction price). The Group holds the accounts receivables with the objective of collecting the contractual cash flows and therefore measures them on subsequent balance-sheet dates at amortised cost using the effective interest method less any expected loss provision.

2.15 CASH AND CASH EQUIVALENTS
Cash and cash equivalents include, in both the statement of financial position and statement of cash flows, bank balances.

2.16 SHARE CAPITAL
Ordinary shares are classified as equity. Transaction costs directly attributable to an issue of new shares are recognised in equity as a deduction from the proceeds, net of tax. Subscription premiums paid for warrants are recognised in equity.

Options for employees
The Group has issued options to employees. The employees have paid fair value for the options. The option premiums are recognised as other contributed capital. The plan is classified as equity-settled since the holder receives shares when the options are exercised. When the options are exercised, the paid-in capital is recognised in equity.

Options for third parties
The Group has issued options to external parties. These parties have paid fair value for the options and the instruments meet the criteria for being recognised in equity since a fixed number of shares will be delivered The option premiums are recognised as other contributed capital. When the options are exercised, the paid-in capital is recognised in equity.

2.17 BORROWINGS
Borrowings are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost and any difference between the proceeds (net of transaction costs) and the repayment amount is recognised in the statement of comprehensive income allocated over the term of the loan using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation is discharged, cancelled or expired. The difference between the carrying amount of a financial liability (or portion of a financial liability) that is extinguished or transferred to another party and the consideration paid, including transferred assets that are not cash or liabilities assumed, is recognised in the statement of comprehensive income.

Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 ACCOUNTS PAYABLE

Accounts payable are financial instruments and represent obligations to pay for goods and services purchased from suppliers in the ordinary course of business. Accounts payables are classified as current liabilities if they fall due within one year. If not, they are recognised as non-current liabilities. Accounts payable are initially measured at fair value and subsequently at amortised cost using the effective interest method.

2.19 EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for salaries and benefits, including non-monetary benefits and compensated absences, that are expected to be settled within 12 months after the end of the financial year are recognised as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The cost is recognised in the statement of comprehensive income as the employees render the services. The liabilities are recognised as obligations for employee benefits in the consolidated statement of financial position.

Pension commitments

The Group has only defined-contribution pension plans. Defined-contribution plans are plans under which the company pays fixed contributions into a separate legal entity. The Group does not have any legal or constructive obligation to make further payments if this legal entity does not have sufficient assets to pay all of the employees' entitlements to post-employment benefits. The contributions are recognised as personnel costs in the statement of comprehensive income when they fall due.

2.20 PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation arising from past events, it is probable than that an outflow of resources will be required to settle the obligation, and the amount has been reliably measured. Provisions are measured at the present value of the amount expected to be required to settle the obligation. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the provision. The increase in the provision as time elapses is recognised as interest expense.

2.21 CASH-FLOW STATEMENT

The cash-flow statement is prepared using the indirect method. The recognised cash flow includes only transactions involving cash receipts or disbursements.

2.22 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom correspond to the actual results. The estimates and assumptions involving a significant risk of material adjustments to the carrying amounts of assets and liabilities in the coming financial year are described below.

Goodwill impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis, in accordance with the accounting policy described in Note 14. The recoverable amounts of cash-generating units have been determined on the basis of value-in-use calculations. Certain assumptions must be made for these calculations, of which the most important are sales growth, the EBITDA margin, the discount rate and the long term rate of growth. At 31 December 2020, the carrying amount of goodwill was kSEK 149,485. The recoverable amount exceeds the carrying amount of goodwill by a good margin. For more information about impairment testing, refer to Note 12.

Measurement of deferred tax assets

The Group tests whether deferred tax assets have suffered any impairment with regard to tax loss carry-forwards on an annual basis. The assessment also accounts for existing tax law and any known future changes in tax law. The Group also assesses the possibility of capitalising new deferred tax assets in respect of tax loss carry-forwards for the year, if applicable. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3 Financial risk management

3.1 FINANCIAL RISK FACTORS

The Group is exposed to various financial risks that can arise from its ordinary business activities: market risk (currency and interest-rate risk), credit risk, liquidity risk and refinancing risk. The Group endeavours to minimise the potentially negative effects on the Group's financial results. The objectives of the Group's financing activities are to:

- ensure that the Group can meet its payment obligations,
- manage financial risks,
- secure access to necessary finance, and
- optimise the Group's net financial items.

The Group's risk management is conducted by a central finance department, which identifies, evaluates and manages financial risks in close collaboration with the Group's operating units. The Group has a finance policy that states the guidelines and frameworks for the Group's financing activities. Responsibility for management of the Group's financial transactions and risks are centralised to the Parent Company.

Market risk

Currency risk

The Group is exposed to currency risks arising from various currency exposures, particularly the NOK, USD and EUR, since the company has foreign subsidiaries with these functional currencies.

In the Group, currency risk arises from the translation of foreign subsidiaries' income statements and balance sheets into the Group's reporting currency, which is SEK (balance-sheet exposure).

There is also a currency risk in the remeasurement of the Group's balances, which are remeasured at the closing rate, and the cash transfers made as part of the Group's financing. See the table below for a summary.

Transaction risks arising mainly on exports from Sweden to Europe also represent a risk, but are not a significant risk factor when related to the inventory turnover.

Most purchases are paid for in local currency, but a transaction risk also arises on purchases from foreign suppliers that are currently considered to represent low risk when related to inventory turnover and the immateriality of the amounts. Due to the high inventory turnover, purchasing and sales are balanced.

Exposures

	31 Dec 2020			31 Dec 2019			31 Dec 2018	1 Jan 2018
	NOK	EUR	USD	NOK	EUR	USD	NOK	NOK
Balance-sheet exposure	16,931	430	-3,089	-7,476	138	-2,121	-10,272	-249
Intercompany balances	23,134	286	-8,104	-10,881	67	-3,013	-16,514	-800

Sensitivity analysis – intercompany balances

If the SEK had weakened/strengthened 5% against the NOK, with all other variables held constant, the translated profit after tax for the 2020 financial year would have been kSEK 1,104 (2019: kSEK 576, 2018: kSEK 846) lower/higher, largely due to the translation of intercompany balances.

If the SEK had weakened/strengthened 5% against the EUR, with all other variables held constant, the translated profit after tax for the 2020 financial year would have been kSEK 144 (2019: kSEK 35, 2018: kSEK 0) lower/higher, largely due to the translation of intercompany balances.

If the SEK had weakened/strengthened 5% against the USD, with all other variables held constant, the translated profit after tax for the 2020 financial year would have been kSEK 3,318 (2019: kSEK 1,404, 2018: kSEK 0) lower/higher, largely due to the translation of intercompany balances.

(a) Interest-rate risk

Borrowings consist of liabilities to credit institutions with variable interest rates, and other loans with fixed interest rates. All loans are raised in SEK. The Group is exposed to interest-rate risk arising from cash flows and fair value, but does not hedge its interest-rate risk linked to future cash flows. Borrowings amounted to kSEK 101,964 (31 December 2019: 87,273, 31 December 2018: 88,352, 1 January 2018: 80,428).

Sensitivity analysis of interest-rate risk

At 31 December 2020, if the interest rates on borrowings had been 2 basis points higher/lower, with all other variables held constant, the estimated profit after tax for the financial year would have been kSEK 2,039 (31 December 2019: 1,745, 31 December 2018: 1,767, 1 January 2018: 1,609) lower/higher, mainly due to higher/lower interest expenses for borrowings with a variable rate of interest.

(b) Credit risk

Credit risk arises on balances with banks and credit institutions, and customer credit exposures, including outstanding receivables. Credit risk is managed by Group management.

Cash and cash equivalents are held with a number of well-established credit institutions. All credit institutions have a high credit rating from external credit rating agencies.

Credit risk arising from accounts receivable is managed at Group level, where agreements are concluded with payment providers. Accounts receivable essentially consist of sales to consumers where receivables as well as the credit risk, have been transferred to payment providers. Each Group company is responsible for monitoring and analysing the credit risk for other receivables. In the absence of an independent credit assessment, an assessment of the customer's creditworthiness is carried out, with account for the customer's financial position, past experience and other factors. Individual risk limits are determined based on internal or external credit assessments in accordance with the limits set by the Group.

No credit limits were exceeded during the reporting period and management does not expect any losses due to non-payment by these counterparties. The Group's historical credit losses have been immaterial and the customer payment history is good. With account for this, as well as forward-looking information about macroeconomic factors that could reduce the ability of customers to pay receivables, the Group's expected credit losses are also deemed immaterial.

(c) Liquidity risk

Through prudent cash management, the Group ensures that the business generates enough cash to cover its day to day operations. At the same time, it is ensured that the Group's committed credit facilities provide enough funding to meet its liabilities when they fall due. Management monitors rolling forecasts of the Group's liquidity reserve (including undrawn credit facilities) and cash and cash equivalents on the basis of expected cash flows. The assessments are normally carried out by the central accounts department with consideration for the guidelines and constraints established by Group management.

(d) Refinancing risk

Refinancing risk is defined as the possibility that the Group will not be able to refinance its debt, that financing cannot be obtained, or that it can only be obtained at a higher cost. The risk is limited by the Group's ongoing evaluation of various financing solutions.

In the table below, the Group's financial liabilities are broken down according to the period remaining at the balance-sheet date until the contractual maturity date. The amounts shown in the table are the contractual, undiscounted cash flows.

At 1 January 2018	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying amount**
Financial liabilities							
Liabilities to credit institutions	1,929	5,788	7,718	9,647	-	25,082	24,375
Bank overdraft	-	8,422	-	-	-	8,422	8,185
Other liabilities	4,773	8,365	1,013	40,638	-	54,789	51,789
Contingent consideration	-	-	-	-	-	-	-
Lease liabilities	299	598	-	-	-	897	0
Accounts payable	39,142	-	-	-	-	39,142	39,142
Accrued expenses	-	4,250	-	-	-	4,250	4,250
Total	**46,143**	**23,173**	**8,731**	**50,285**	**-**	**132,582**	**127,741**

At 31 December 2018	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying amount**
Financial liabilities							
Liabilities to credit institutions	1,929	10,933	7,718	1,929	-	22,509	21,875
Bank overdraft	-	25,852	-	-	-	25,852	25,123
Other liabilities	3,418	380	506	44,342	-	48,646	45,645
Contingent consideration	-	1,500	2,000	-	-	3,500	3,500
Lease liabilities	691	1,908	-	-	-	2,599	64
Accounts payable	55,343	-	-	-	-	55,343	55,343
Accrued expenses	-	7,410	-	-	-	7,410	7,410
Total	**61,381**	**47,983**	**10,224**	**46,271**	**-**	**165,589**	**158,960**

At 31 December 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Financial liabilities							
Liabilities to credit institutions	1,929	5,788	1,929	-	-	9,647	9,375
Bank overdraft	-	36,769	-	-	-	36,769	35,733
Other liabilities	4,390	380	-	44,659	-	49,429	46,808
Contingent consideration	2,000	-	-	-	-	2,000	2,000
Lease liabilities	2,970	7,621	9,980	15,274	2,156	38,001	23,013
Accounts payable	49,452	-	-	-	-	49,452	49,452
Accrued expenses	-	40,326	-	-	-	40,326	40,326
Total	**57,771**	**90,884**	**11,909**	**44,659**	**2,156**	**225,624**	**206,707**

At 31 December 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Financial liabilities							
Liabilities to credit institutions	1,929	-	-	-	-	1,929	1,875
Bank overdraft	-	59,769	-	-	-	59,769	58,085
Other liabilities	21,020	-	-	45,004	-	63,025	63,771
Contingent consideration	-	-	-	-	-	-	-
Lease liabilities	2,975	8,607	7,084	15,625	-	34,291	31,992
Accounts payable	105,612	-	-	-	-	105,612	105,612
Accrued expenses	-	46,318	-	-	-	46,318	46,318
Total	**131,536**	**114,694**	**7,084**	**45,004**	**-**	**313,944**	**307,653**

3.2 CALCULATION OF, AND INFORMATION ABOUT, FAIR VALUE

The three levels used to estimate the fair value of financial instruments are as follows:

(a) Financial instruments Level 1
Quoted prices (unadjusted) in active markets for items identical to the asset or liability being measured.

(b) Financial instruments Level 2
Inputs other than the quoted prices determined in level 1 that are directly (i.e. quoted prices) or indirectly (i.e. derived from quoted prices) observable for that asset or liability.

(c) Financial instruments Level 3
If one or more relevant inputs are not based on observable market data, the instrument in question is classified as level 3.

Interest-bearing liabilities
The carrying amount corresponds to the fair value of the Group's borrowings, in the event that loans carry a floating interest rate and the credit spread is not such that the carrying amount differs materially from its fair value.

Contingent consideration
The fair value of a contingent consideration is based on management's assessment of what is likely to be paid, given the terms of the share transfer agreement. Contingent considerations are included in level 3. Contingent consideration amounted to kSEK 0 (31 December 2019: kSEK 2,000, 31 December 2018: kSEK 3,500, 1 January 2018: kSEK 0).

There was no movement between the various levels of fair value measurement.

3.3 CAPITAL MANAGEMENT

The Group's objective for capital structure is to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an efficient capital structure to optimise the cost of capital.

To maintain or adjust the capital structure, the Group can change the dividend it pays to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce its liabilities.

The Group's strategy is to have a balanced capital structure, where the debt/equity ratio is monitored on an ongoing basis, and the Group's debt/capital ratio requirement at each balance-sheet date was as follows:

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Total borrowing	101,964	87,273	88,352	80,428
Less: cash and cash equivalents	-32,031	-9,295	-12,852	-898
Net debt	**69,933**	**77,978**	**75,500**	**79,530**
Total equity	208,828	253,207	82,108	73,408
Total capital	**138,895**	**175,229**	**6,608**	**-6,122**

Debt/equity ratio
The lower debt/equity ratio is mainly attributable to capital contributed in 2019.

4 Audit fees

	2020	2019	2018
PwC/BDO			
– Audit engagement	-1,102	-413	-564
– Audit activities in addition to audit engagement	-552	-221	-214
– Other services	-2,540	-	-
Total	**4,194**	**634**	**778**

5 Personnel expenses

	2020	2019	2018
Salaries and other remuneration	-49,209	-22,535	-10,858
Social security contributions	-14,622	-8,092	-3,565
Pension costs – defined-contribution plans	-4,973	-2,784	-1,280
Total	**-68,804**	**-33,411**	**-15,703**

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

	2020		2019		2018	
	Salaries and other remuneration (of which bonuses)	Social security contributions (of which pension costs)	Salaries and other remuneration (of which bonuses)	Social security contributions (of which pension costs)	Salaries and other remuneration (of which bonuses)	Social security contributions (of which pension costs)
Board members, CEOs and equivalent executives	-1,335	-713(-294)	-1,153	-692 (-346)	-1,153	-692 (-346)
Other employees	-47,874	-18,882 (-4,679)	-21,382	-10,184 (-2,438)	-9,705	-4,153 (-934)
Group total	**-49,209**	**-19,595 (-4,973)**	**-22,535**	**-10,876 (-2,784)**	**-10,858**	**-4,845 (-1,280)**

AVERAGE NO. OF EMPLOYEES AND GEOGRAPHIC DISTRIBUTION BY COUNTRY

	2020		2019		2018	
	Average no. of employees	Of whom men	Average no. of employees	Of whom men	Average no. of employees	Of whom men
Sweden	78	50	45	32	21	14
Norway	2	2	1	1	1	1
US	9	5	1	1		
Group total	**89**	**57**	**47**	**34**	**22**	**15**

GENDER DISTRIBUTION IN THE GROUP (INCL. SUBSIDIARIES) FOR BOARD MEMBERS AND OTHER SENIOR EXECUTIVES

	2020		2019		2018	
	No. at balance-sheet date	Of whom men	No. at balance-sheet date	Of whom men	No. at balance-sheet date	Of whom men
Board members	12	10	12	10	10	8
CEO and other senior executives	9	8	12	11	7	7
Group total	**21**	**18**	**24**	**21**	**17**	**15**

OPTION PLANS

The following is a summary of the option plans that exist/have existed in the Group during the periods covered by the 2020 Annual Report.

Warrants

All of the Group's warrant plans were approved by shareholders at general meetings between 2017 and 2020. The option plan covers all permanent employees and some external parties. The warrants were acquired at market value and the value was determined using the Black-Scholes model on each date of issuance. Each warrant carries the rights to subscribe for one new share in Haypp Group AB (publ) against cash payment at the per share subscription price set out in the table below for each plan. The warrants may be exercised at any date between the date of issue and the expiry date. Expiry dates vary from March 2021 until November 2023.

Below is a summary of the granted warrants in the plan:

	2020		2019		2018	
	Average exercise price in SEK per option	No. of options	Average exercise price in SEK per option	No. of options	Average exercise price in SEK per option	No. of options
At 1 January	**3,017**	**36,792**	**2,455**	**32,698**	**2,352**	**24,898**
Granted	9,588	4,394	6,516	5,385	2,783	7,800
Forfeited	0	0	5,926	-532	0	0
Exercised	0	0	1,575	-759	0	0
Expired	0	0	0	0	0	0
At 31 December	**3,718**	**41,186**	**3,017**	**36,792**	**2,455**	**32,698**

Outstanding warrants at year-end have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Warrants 31 Dec 2020	Warrants 31 Dec 2019	Warrants 31 Dec 2018
2017	2022	1,575	10,353	10,353	11,112
2017	2022	5,743	2,488	2,488	2,488
2017	2022	2,250	9,267	9,267	9,267
2018	2022	2,010	1,523	1,523	1,523
2018	2022	5,628	508	508	508
2018	2022	2,137	2,481	2,481	2,481
2018	2023	2,173	2,718	2,718	2,718
2018	2023	2,948	408	408	408
2018	2023	3,686	408	408	408
2018	2023	4,056	681	681	681
2018	2023	4,313	364	364	364
2018	2023	4,672	740	740	740
2019	2021	4,880	604	604	0
2019	2021	5,229	1,835	1,835	0
2019	2021	6,148	161	161	0
2019	2021	8,348	860	860	0
2019	2021	7,155	336	336	0
2019	2021	8,348	1,020	1,020	0
2019	2021	8,201	37	37	0
2020	2022	8,105	2,247	0	0
2020	2022	11,430	420	0	0
2020	2022	10,287	758	0	0
2020	2023	12,573	213	0	0
2020	2023	11,430	756	0	0
Total			**41,186**	**36,792**	**32,698**
Weighted average remaining contractual life of outstanding options at the end of the period (year)			1.4	2.4	3.5

No options were exercised in 2020 (2019: 759 shares at a subscription price of SEK 1,575, 2018: no options were exercised).

FAIR VALUE OF GRANTED WARRANTS

The weighted average fair value of options granted during the period, determined using the Black-Scholes model, was SEK 379.9 per option (2019: SEK 308.4, 2018: SEK 270.8). Relevant inputs in the model are the share price on the grant date, the above exercise price, volatility of 20% (2019: 20%, 2018: 20%), expected life of 2-5 years for the options as described above and an annual risk-free interest rate of 0% (2019: 0%, 2018: 0%).

SYNTHETIC OPTIONS

In June 2018, the Group decided to grant 348 synthetic options to an employee in Norway. The options entitle the employee to cash payment after five years of service. The amount paid out is determined by the increase in Haypp Group AB (publ)'s share price between the grant date (30 June 2018: SEK 3,243) and the vesting date (30 June 2023). The options must be exercised on the vesting date and expire if they are not exercised on that date.

In November 2020, the Group decided to grant 22 synthetic options to another employee in Norway. The options entitle the employee to cash payment after two years of service. The amount paid out is determined by the increase in Haypp Group AB (publ)'s share price between the grant date (1 November 2020: SEK 8,572.5) and the vesting date (1 November 2022). The options must be exercised on the vesting date and expire if they are not exercised on that date.

No options were exercised in 2020 (2019: 759 shares at a subscription price of SEK 1,575, 2018: no options were exercised).

FAIR VALUE OF GRANTED WARRANTS

The weighted average fair value of options granted during the period, determined using the Black-Scholes model, was SEK 379.9 per option (2019: SEK 308.4, 2018: SEK 270.8). Relevant inputs in the model are the share price on the grant date, the above exercise price, volatility of 20% (2019: 20%, 2018: 20%), expected life of 2-5 years for the options as described above and an annual risk-free interest rate of 0% (2019: 0%, 2018: 0%).

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FAIR VALUE OF GRANTED SYNTHETIC OPTIONS

The weighted average fair value of options granted during the period, determined using the Black-Scholes model, was SEK 224.3 per option (2018: SEK 259.7). Relevant inputs in the model are the share price on the grant date, the above exercise price, volatility of 20% (2019: 20%, 2018: 20%), expected life of 2-5 years for the options and an annual risk-free interest rate of 0% (2019: 0%, 2018: 0%).

The total cost of share-based remuneration during the period and that was included in personnel costs recognised was kSEK 488 (2019: kSEK 290, 2018: kSEK 0).

6 Other operating income

	2020	2019	2018
Exchange-rate gains	2,248	274	20
Gain on sale of fixed assets	10	0	0
Grants received for employees	155	152	0
Total	**2,413**	**426**	**20**

7 Other operating expenses

	2020	2019	2018
Exchange-rate losses	-6,258	-1,239	-44
Loss on sale of fixed assets	-32	0	-30
Total	**-6 290**	**-1 239**	**-74**

8 Government grants

Government grants were received in the form of salary contributions.

	2020	2019	2018
Salary contributions (recognised under Other operating income on the Income statement)	155	152	0
Total	**155**	**152**	**0**

9 Finance income and finance expenses

	2020	2019	2018
Interest income	3	91	4
Total finance income	3	91	4
Interest expenses, loans	-5,495	-5,154	-4,303
Interest expenses, lease liability	-1,591	-391	-20
Interest expenses, other	-3,389	492	-810
Exchange-rate differences	-10,265	-740	-1 064
Total finance expenses	**-20,741**	**-5,792**	**-6,197**
Net financial items	**-20,738**	**-5,701**	**-6,193**

10 Income tax

	2020	2019	2018
Current tax:			
Current tax on profit for the year	-5,552	-846	-
Prior year adjustments			
Total current tax	**-5,552**	**-846**	**-**
Deferred tax (Note 25)			
Occurrence and reversal of temporary differences	**12,806**	**10,034**	**1825**
Total deferred tax	**12,806**	**10,034**	**1,825**
Total income tax	**7,254**	**9,188**	**1,825**

The income tax on consolidated earnings before tax differs from the theoretical amount that would have resulted using the Swedish tax rate for the results of the consolidated entities as follows:

	2020	2019	2018
Loss before tax	-35,068	-30,155	-17,670
Income tax calculated using the tax rate in Sweden (2020: 21.4%, 2019: 21.4%, 2018: 22%)	7,505	6,453	3,887
Tax effects of:			
Difference in foreign tax rates	1,290	-39	
Non-taxable income	329	138	
Non-deductible expenses	-2,064	-1,974	-86
Unmeasured temporary differences, loss carry-forwards	-24	-1,606	-3,151
Unused loss carry-forwards	1,590	6,194	
Effect of changed tax rate	-596		1,354
Other tax adjustments	-776	21	-179
Income tax	**7,254**	**9,187**	**1,825**

Weighted average tax rate for the Group was 20.7% (2019: 30.4%, 2018: 10.3%).

11 Exchange-rate differences – net

Exchange-rate differences were recognised in the statement of comprehensive income as follows:

	2020	2019	2018
Other operating expenses (Note 7)	-6,258	-1,240	-44
Other operating income (Note 6)	2,248	274	20
Net financial items (Note 9)	-10,266	-739	-1,065
Total	**-14,276**	**-1,705**	**-1,089**

12 Business combinations

Summary of acquisitions completed

Date	Proportion acquired	Name of acquired company	The main activities of the target company and how they complement the Group's activities
28 Mar 2018	100%	Snuslageret.no AS	The target company is active in online sales of nicotine products in Norway. The company was acquired to strengthen the Group's market position in Norway.
24 Sep 2019	100%	Northerner Scandinavia AB	The target company is active in online sales of nicotine products in the US, Europe and the rest of the world. The main purpose of the acquisition was to establish a position in the US market and to strengthen the Group's existing position in Europe.

BUSINESS COMBINATIONS DURING THE 2018 AND 2019 FINANCIAL YEARS

The following table summarises the consideration paid for Snuslageret.no AS and Northerner Scandinavia AB and the fair value of assets acquired and liabilities assumed that were recognised at the acquisition date.

kSEK	Snuslageret.no AS	Northerner Scandinavia AB
Consideration		
Cash and cash equivalents	1,080	-
Contingent consideration	3,511	-
Equity instruments (1,061/ 21,309 shares)	4,000	168,701
Total consideration	**8,591**	**168,701**
Carrying amounts of identifiable assets acquired and liabilities assumed:		
		Fair value
Cash and cash equivalents	286	7,566
Accounts receivable	140	70
Inventories	191	7,785
Current investments	346	6,106
Financial assets	37	228
Machinery and equipment	-	-
Intangible assets: trademarks	1,346	15,277
Intangible assets: contracts with customers	1,617	36,638
Intangible assets: website	-	10,220
Accounts payable	-434	-6,809
Other current liabilities	-426	-4,359
Deferred tax liabilities	-633	-12,430
Net identifiable assets acquired	**2,470**	**60,292**
Goodwill	6,121	108,409
Total net assets acquired	**8,591**	**168,701**

Goodwill is attributable to the expected future profitability of the acquired operations. None of the goodwill recognised is expected to be tax deductible.

ACQUISITION OF SNUSLAGERET.NO AS

Revenue and profit/loss of acquired business

The revenue from Snuslageret.no AS included in the Group's statement of comprehensive income for 2018 pertains to the period after 28 March 2018 and amounted to kSEK 14,670. Snuslageret.no AS also contributed a loss of kSEK 3,472 for the same period. If Snuslageret.no AS had been consolidated from 1 January 2018, the Group's statement of comprehensive income would have shown revenue of kSEK 17,488 and a loss of kSEK 3,477.

Acquisition-related costs

Acquisition-related costs of kSEK 0 are included in other external expenses on the Group's statement of comprehensive income and in operating activities on the cash flow statement.

Equity instruments

The fair value of the 1,061 ordinary shares issued as part of the consideration for the acquisition is based on an independent market valuation.

Contingent consideration

In the event that certain net sales are achieved during the 2018 to 2019 period, the contingent consideration of kNOK 500-1,500 will be paid. No contingent consideration will be paid if this level is not achieved. Net sales are measured using the Group's accounting principles.

The contingent consideration is payable in cash after each year. The fair value of the contingent consideration has been estimated by making assumptions about the probability that the terms of the agreement will be met. Since the obligation to pay the contingent consideration expires within one and two years, respectively, of each acquisition date, the discount effect is not deemed material.

Consideration – cash outflow	1 Jan 2018 – 31 Dec 2018
Cash flow for acquisition of subsidiaries, less acquired cash and cash equivalents	
Cash consideration	1,080
Less: Acquired cash and cash equivalents	-286
Net outflow of cash and cash equivalents – investing activities	**794**

ACQUISITION OF NORTHERNER SCANDINAVIA AB

Revenue and profit/loss of acquired business

The revenue from Northerner Scandinavia AB included in the Group's statement of comprehensive income for 2019 pertains to the period after 24 September 2019 and amounted to kSEK 33,196. Northerner Scandinavia AB also contributed a loss of kSEK 4,430 for the same period. If Northerner Scandinavia AB had been consolidated from 1 January 2019, the Group's statement of comprehensive income would have shown revenue of kSEK 133,642 and a loss of kSEK 3,585.

Acquisition-related costs

Acquisition-related costs of kSEK 2,700 are included in other external expenses on the Group's statement of comprehensive income and in operating activities on the cash flow statement.

Equity instruments

The fair value of the 21,309 ordinary shares issued as part of the consideration for earlier acquisitions is based on an independent market valuation.

Contingent consideration

There is no contingent consideration related to this acquisition.

Consideration – cash outflow	1 Jan 2019 – 31 Dec 2019
Cash flow for acquisition of subsidiaries, less acquired cash and cash equivalents	
Cash consideration	0
Less: Acquired cash and cash equivalents	-7,566
Net outflow of cash and cash equivalents – investing activities	**-7,566**

13 Investments in subsidiaries

At 31 December 2020, the Group had the following subsidiaries:

Name	Country of registration and operation	Business operations	Amount of ordinary shares directly owned by the Parent Company (%)	Amount of ordinary shares owned by the Group (%)
Snusbolaget Norden AB	Sweden	Online sales of nicotine products to consumers in Sweden and Switzerland.	100	
Snushjem.no AS	Norway	Online sales of nicotine products to consumers in Norway.	100	
Haypp AB	Sweden	Online sales of nicotine products to consumers in Europe.	100	
Northerner Scandinavia AB	Sweden	No business operations since December 2020.	100	
Northerner Scandinavia Inc	US	Online sales of nicotine products to consumers in the US.		100
SLF Innovation Aps	Denmark	Online sales of nicotine products to consumers in Europe.		100

14 Intangible assets

	Goodwill	Customer relation-ships	Trademarks	Websites	Capitalised develop-ment costs	Total
At 1 January 2018						
Cost	53,234	40,000	40,000	50,000	7,331	**190,565**
Accumulated amortisation and impairment losses	-4,879	-3,667	-3,667	-4,583	-1,430	**-18,226**
Carrying amount	**48,354**	**36,333**	**36,333**	**45,417**	**5,901**	**172,338**
2018 financial year						
Opening carrying amount	**48,354**	**36,333**	**36,333**	**45,417**	**5,901**	**172,338**
Acquisitions for the year	6,122	1617	1,346	-	4,875	**13,960**
Sales and disposals						
Amortisation for the year	-	-4,122	-4,102	-5,000	-1,752	**-14,976**
Impairment losses for the year						
Exchange-rate difference	-220	-53	-44			**-317**
Closing carrying amount	**54,256**	**33,775**	**33,535**	**40,417**	**9,024**	**171,007**
At 31 December 2018						
Cost	54,256	41,559	41,298	50,000	12,206	**199,319**
Accumulated amortisation and impairment losses		-7,784	-7,764	-9,583	- 3,182	**-28,313**
Carrying amount	**54,256**	**33,775**	**33,534**	**40,417**	**9,024**	**171,006**
2019 financial year						
Opening carrying amount	**54,256**	**33,775**	**33,534**	**40,417**	**9,024**	**171,006**
Acquisitions for the year	108,436	36,600	15,200	8,200	12,427	**180,863**
Sales and disposals		-21	-8		2	**-27**
Amortisation for the year		-5,057	-4,507	-5,205	-3,595	**-18,364**
Impairment losses for the year						
Exchange-rate differences	-2,506	-1,321	-510			**-4,337**
Closing carrying amount	**160,186**	**63,976**	**43,709**	**43,412**	**17,858**	**329,141**
At 31 December 2019						
Cost	160,186	76,805	55,977	58,200	24,636	**375,804**
Accumulated amortisation and impairment losses		-12,829	-12,268	-14,788	-6,778	**-46,663**
Carrying amount	**160,186**	**63,976**	**43,709**	**43,412**	**17,858**	**329,141**

2020 financial year						
Opening carrying amount	160,186	63,976	43,709	43,412	17,858	**329,141**
Acquisitions for the year					21,565	**21,565**
Sales and disposals		-208	-87		-238	**-533**
Amortisation for the year		-7,601	-5,557	-5,820	-8,201	**-27,179**
Impairment losses for the year			-1,050*	-1,794*		**-2,844**
Exchange-rate differences	-10,701	-3,072	-1,345	-	-	**-15,118**
Closing carrying amount	**149,485**	**53,095**	**35,670**	**35,798**	**30,984**	**305,032**
At 31 December 2020						
Cost	149,485	73,525	54,545	58,200	45,964	**381,719**
Accumulated amortisation and impairment losses		-20,430	-18,875	-22,402	-14,980	**-76,687**
Carrying amount	**149,485**	**53,095**	**35,670**	**35,798**	**30,984**	**305,032**

* In December 2020, business operations for those countries in the 'Other' segment were discontinued, which led to impairment losses on all intangible assets owned by the segment.

GOODWILL IMPAIRMENT TESTING

The company's CEO uses the Group's four operating segments (Sweden, Norway, Europe and the US) to evaluate the business performance. Goodwill is monitored by the CEO at operating segment level. The following is a summary of goodwill by business segment.

Goodwill	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Sweden	48,354	48,354	48,354	48,354
Norway	80,797	89,542	5,902	-
Europe	8,607	8,946	-	-
US	11,728	13,344	-	-
Total	**149,485**	**160,186**	**54,256**	**48,354**

The recoverable amount of goodwill was determined by calculating value in use. The CEO has determined that sales growth, the EBITDA margin, discount rate and long-term growth are the key assumptions when testing for impairment. Value-in-use calculations are based on future cash flow estimates before tax, based on the financial budgets approved by management and that cover a five-year period. The calculation is based on the CEO's experience and historical data. Industry forecasts were used to assess the sustainable growth rate for the operating segments.

For each of the operating segments set out above, to which a significant amount of goodwill has been allocated, the key assumptions, sustainable growth rate and discount rate used for the value-in-use calculation are set out below.

Key assumptions used for the value-in-use calculations:

Sweden	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Pre-tax discount rate*	12.43%	12.90%	13.85%	13.79%
Sustainable growth rate**	2%	2%	2%	2%

Norway	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Pre-tax discount rate*	13.37%	14.22%	15.14%	
Sustainable growth rate**	2%	2%	2%	

Europe	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Pre-tax discount rate*	11.95%	12.54%		
Sustainable growth rate**	2%	2%		

US	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Pre-tax discount rate*	13.33%	14.62%		
Sustainable growth rate**	2%	2%		

** Pre-tax discount rate used when calculating the present value of expected future cash flows.*
*** Weighted average growth rate used to extrapolate cash flow projections beyond the budget period.*

SENSITIVITY ANALYSIS FOR GOODWILL:
No reasonably possible change in a key assumption would cause the recoverable amount to be less than its carrying amount.

The recoverable amount exceeds the carrying amounts for goodwill with a margin. This also applies to assumptions if:

- the pre-tax discount rate was 2 percentage points higher,
- the estimated growth rate used to extrapolate cash flow projections beyond the five-year period was 2.5 percentage points lower.

15 Tangible assets

	Leasehold improvements	Equipment	Total
At 1 January 2018			
Cost		366	**366**
Accumulated depreciation		-186	**-186**
Carrying amount	**-**	**180**	**180**
2018 financial year			
Opening carrying amount	**-**	180	**180**
Acquisitions for the year		160	**160**
Exchange-rate differences			
Sales and disposals		-57	**-57**
Depreciation for the year		-140	**-140**
Reclassifications for the year			
Closing carrying amount	**-**	**143**	**143**
At 31 December 2018			
Cost		412	**412**
Accumulated depreciation		-269	**-269**
Carrying amount	**-**	**143**	**143**
2019 financial year			
Opening carrying amount	-	143	**143**
Exchange-rate differences			
Acquisitions for the year	335	765	**1,100**
Sales and disposals			
Depreciation for the year	-36	-190	**-226**
Reclassifications for the year			
Closing carrying amount	**299**	**718**	**1,017**
At 31 December 2019			
Cost	335	**1,177**	**-1,512**
Accumulated depreciation	-36	**-459**	**-495**
Carrying amount	**299**	**718**	**1,017**
2020 financial year			
Opening carrying amount	**299**	**718**	**1,017**
Exchange-rate differences			
Acquisitions for the year		**805**	**805**
Sales and disposals			
Depreciation for the year	**-112**	**-429**	**-541**
Reclassifications for the year			
Closing carrying amount	**187**	**1,094**	**1,281**
At 31 December 2020			
Cost	334	1,981	2,315
Accumulated depreciation	-147	-888	-1,035
Carrying amount	**187**	**1,094**	**1,281**

16 Leases

The following amounts are recognised in profit or loss for leases:

	2020	2019	2018
Depreciation on right-of-use assets:			
Premises	-10,896	-4,662	-1,379
Forklifts	-92	-23	0
Machinery	-1,171	-5	0
Total	**-12,160**	**-4,960**	**-1,379**
Interest expenses (included in Finance expenses)	-1,591	-391	-20
Costs attributable to variable lease payments not included in the measurement of lease liabilities (included in Other external expenses on the Income statement)		-20	-121
Costs attributable to short-term leases and leases of low-value assets (included in Other external expenses on the Income statement)	-375	-191	-

Contracted investments related to right-of-use assets at the end of the reporting period that are not yet recognised in the financial statements amounted to kSEK 21,289.

The total cash flow for leases was kSEK 15,073 (2019: kSEK 6,752, 2018: kSEK 1,737).
For information about the maturity of the lease liability, refer to Note 3.

A maturity analysis of lease liabilities is presented in Note 3.

The following amounts are recognised for leases on the balance sheet:

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Right-of-use assets:				
Premises	25,502	24,428	710	299
Forklifts	436	528	-	-
Machinery	9,648	199	-	-
Total	**35,587**	**25,153**	**710**	**299**
Lease liabilities:				
Non-current	21,351	18,722	-	-
Current	10,641	4,291	64	-
Total	**31,992**	**23,013**	**64**	**-**

In 2020, additional right-of-use assets amounted to kSEK 22,636 (2019: kSEK 29,123, 2018: kSEK 1,781).

Some leases have extension options that have not been accounted for in the lease liability. Potential future cash flows have not therefore been included in the lease liability, since it is not reasonably certain that the leases will be extended.

17 Financial instruments per category

1 Jan 2018	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total
Balance-sheet assets			
Non-current receivables	–	412	412
Accounts receivable*	5,101	3,261	8,362
Other receivables	–	2,815	2,815
Accrued income	–	6,285	6,285
Cash and cash equivalents	–	898	898
Total	**5,101**	**13,671**	**18,772**

1 Jan 2018	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
Balance-sheet liabilities			
Bank overdraft	–	-8,185	-8,185
Liabilities to credit institutions (non-current and current)	–	-24,375	-24,375
Other non-current liabilities	–	-47,869	-47,869
Contingent consideration	–	–	–
Accounts payable	–	-39,142	-39,142
Other current liabilities	–	-3,920	-3,920
Accrued expenses	–	-4,250	-4,250
Total	**-**	**127,741**	**127,741**

31 Dec 2018	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
Balance-sheet assets			
Non-current receivables	–	2,078	2,078
Accounts receivable*	7,438	775	8,213
Other receivables	–	10,633	10,633
Accrued income	–	8,499	8,499
Cash and cash equivalents	–	12,852	12,852
Total	**7,438**	**34,836**	**42,275**

31 Dec 2018	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
Balance-sheet liabilities			
Bank overdraft	–	25,123	25,123
Liabilities to credit institutions (non-current and current)	–	21,875	21,875
Other non-current liabilities	–	42,351	42,351
Contingent consideration	3,500	–	3,500
Accounts payable	–	55,343	55,343
Other current liabilities	–	3,292	3,292
Accrued expenses	–	7,410	7,410
Total	**3,500**	**155,394**	**158,894**

31 Dec 2019	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total
balance-sheet assets			
Non-current receivables	–	3,296	3,296
Accounts receivable*	6,706	22,566	29,272
Other receivables	–	2,541	2,541
Accrued income	–	15,950	15,950
Cash and cash equivalents	–	9,295	9,295
Total	**6,706**	**53,648**	**60,354**

31 Dec 2019	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
Balance-sheet liabilities			
Bank overdraft	–	35,733	35,733
Liabilities to credit institutions (non-current and current)	–	9,375	9,375
Other non-current liabilities	–	42,546	42,546
Contingent consideration	2,000	–	2,000
Accounts payable	–	49,453	49,453
Other current liabilities	–	4,263	4,263
Accrued expenses	–	40,326	40,326
Total	**2,000**	**181,696**	**183,696**

31 Dec 2020	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total
Balance-sheet assets			
Non-current receivables	-	3,987	3,987
Accounts receivable*	13,965	28,054	42,019
Other receivables	-	12,456	12,456
Accrued income	-	23,042	23,042
Cash and cash equivalents	-	32,031	32,031
Total	**13,965**	**99,569**	**113,535**

31 Dec 2020	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
Balance-sheet liabilities			
Bank overdraft	-	58,085	58,085
Liabilities to credit institutions (non-current and current)	-	1,875	1,875
Other non-current liabilities	-	42,750	42,750
Contingent consideration	-	-	-
Accounts payable	-	105,612	105,612
Other current liabilities	-	21,021	21,021
Accrued expenses	-	46,318	46,318
Total	**-**	**275,661**	**275,661**

In addition to the financial instruments specified in the tables (above), the Group has financial liabilities in the form of lease liabilities which are recognised and measured in accordance with IFRS 16.

*The portion of accounts receivable covered by factoring agreements, where the Group has transferred the credit risk and risk of late payment to the factoring company, is measured at fair value through profit or loss.

18 Non-current receivables

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Opening value	**3,296**	**2,078**	**412**	**412**
Additional receivables	2,276	1,629	1,666	-
Settled receivables	-2,733	-412	-	-
Reclassifications	1,155	-	-	-
Translation differences during the year	-7	1	-	-
Closing value	**3,987**	**3,296**	**2,078**	412

The item refers to rent deposits and loans to employees.

19 Accounts receivable

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Accounts receivable	42,019	29,272	8,213	8,363
Less: expected loss provision				
Accounts receivable – net	**42,019**	**29,272**	**8,213**	**8,363**

The maximum exposure to credit risk at the balance-sheet date for accounts receivable is the carrying amount as stated above.

The fair value of accounts receivable corresponds to their carrying amount, since the discount effect is not material.

No accounts receivable were pledged as collateral for any loans

20 Other receivables

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
VAT receivable	2,923	-	5,794	2,666
Other receivables	9,533	2,541	4,839	149
Total	**12,456**	**2,541**	**10,633**	**2,815**

21 Prepaid expenses and accrued income

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Prepaid expenses	9,691	5,139	102	360
Accrued income	13,531	10,811	8,396	5,925
Total	**23,042**	**15,950**	**8,498**	**6,285**

Accrued income pertains, in its entirety, to revenue-related current contract assets. There was no significant change in the Group's contract assets compared with 31 Dec 2018 and 31 Dec 2019.

22 Cash and cash equivalents

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Bank accounts	32,031	9,295	12,852	898
Total				

23 Share capital and other contributed capital

	No. of shares	Share capital	Other contributed capital
At 1 January 2018	**106,105**	**1043**	**86,667**
New share issue	1,061	10	24,403
At 31 December 2018	**107,166**	**1,053**	**111,070**
New share issue	27,271	268	195,655
At 31 December 2019	**134,437**	**1,321**	**306,725**
New share issue	1,503	15	1,971
At 31 December 2020	**135,940**	**1,336**	**308,696**

At 31 December 2020, the share capital consisted of 135,940 ordinary shares with the quotient value of SEK 9.83. In 2019, the share capital consisted of 134,437 ordinary shares. In 2018, the share capital consisted of 107,166 ordinary shares.

All shares issued by the Parent Company are paid-up in full.

24 Borrowing

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Non-current loans				
Liabilities to credit institutions (bank loans)	-	1,875	9,375	16,875
Other liabilities	37,500	42,165	42,354	47,869
Total loans	**37,500**	**44,040**	**51,729**	**64,744**
Current loans				
Liabilities to credit institutions (bank loans)	59,960	43,233	36,623	15,685
Other liabilities	4,504	-	-	-
Total current loans	**64,464**	**43,233**	**36,623**	**15,685**
Total borrowing	**101,964**	**87,273**	**88,352**	**80,429**

Liabilities to credit institutions mature on 31 March 2021 and carry an average interest rate of 2% + a floating rate of 0.7-1% annually (2019: 2% + a floating rate of 0.7-1% annually, 2018: 2% + a floating rate of 0.7-1% annually). The Group's borrowings are denominated in SEK.

Other liabilities pertain to a loan from Kurt Björklund that matures on 24 Jan 2022 and carries an average interest rate of 8% annually (2019: 8% annually, 2018: 8% annually) and a loan from GR8 Ventures AB that matures on 15 Oct 2021 and carries an average interest rate of 8% annually.

CURRENT BORROWING

Liabilities to credit institutions classified as current pertain to that portion of the loan for which there is no unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. The overdraft balance includes current borrowing.

For liabilities to credit institutions, collateral has been provided in the form of floating charges and pledged shares with a value of kSEK 190,218. For further information, refer to Note 29.

BANK OVERDRAFT

The Group has an agreed overdraft in SEK of kSEK 73,000 that is regularly renegotiated. Of the agreed bank overdraft, kSEK 58,085 had been drawn at 31 December 2020 (31 Dec 2019: kSEK 35,733, 31 Dec 2018: kSEK 25,123, 31 Dec 2018: kSEK 8,185).

Deferred tax liabilities	Intangible assets	Right-of-use assets	Total
At 1 January 2018	**25,978**	-	**25,978**
Recognised in profit or loss	-4,345	-	**-4,345**
Increase through business combination	774	-	**774**
At 31 December 2018	**22,407**	-	**22,407**
Recognised in profit or loss	-2,852	-	-2,852
Increase through business combination	12,420	-	12,420
At 31 December 2019	**31,975**	-	**31,975**
Recognised in profit or loss	-3,516	402	**-3,114**
At 31 December 2020	**28,459**	**402**	**28,861**

Deferred tax assets	Lease liability	Loss carryforwards	Total
At 1 January 2018	-	**2,434**	**2,434**
Recognised in profit or loss	-	-2,434	-2,434
At 31 December 2018	-	-	-
Recognised in profit or loss	36	7,147	**7,183**
At 31 December 2019	**36**	**7,147**	**7,183**
Recognised in profit or loss	-24	9,391	**9,366**
At 31 December 2020	**12**	**16,538**	**16,550**

Unused tax loss carryforwards for which no deferred tax asset was recognised amounted to kSEK 7,503 at 31 Dec 2019 (31 Dec 2018: kSEK 14,325). The tax losses may be carried forward indefinitely.

26 Inventories

Current assets	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Finished goods	77,531	68 469	48 019	32 200
	77 531	**68 469**	**48 019**	**32 200**

AMOUNTS RECOGNISED IN PROFIT OR LOSS

During the financial year, cost of goods sold amounting to kSEK 1,606,366 (2019: kSEK 751,116, 2018: kSEK 455,017) was recognised in profit or loss. There were accounted for as cost of goods sold.

27 Other current liabilities

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
VAT liability	7,529	3,138	-14	-
Employee taxes	1,459	1,098	400	516
Deferral from the Swedish Tax Agency	11,569	-	-	-
Advance payments from customers	-	-	2,500	-
Current liability to credit institutions	-	-	-	3,410
Other	464	28	405	-6
Total	**21,021**	**4,263**	**3,291**	**3,920**

28 Accrued expenses and deferred income

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Accrued holiday pay, including social security contributions and special employer's contribution	4,579	2,946	1,279	833
Social security contributions and special employer's contribution	3,366	1,686	686	184
Other accrued expenses	13,174	8,892	2,452	1,133
Goods received not invoiced	-	-	2,993	-
Deferred income	25,199	26,802	-	2,100
Total	**46,318**	**40,326**	**7,410**	**4,250**

Deferred income pertains in its entirety to revenue-related current contract liabilities. During the financial year, income corresponding to the entire opening item for deferred income was recognised in profit or loss. The Group's liabilities have not increased since 31 Dec 2019 due to ad space invoiced annually in advance.

The Group's revenue contracts have an original expected maturity of less than one year, or are invoiced on a time-spent basis. As permitted under IFRS 15, the transaction price allocated to these unsatisfied performance obligations has not been disclosed.

29 Pledged assets

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Floating charges	56,750	46,750	28,000	18,000
Pledged shares in subsidiaries	137,218	138,182	154,732	160,816
Total	**193,968**	**184,932**	**182,732**	**178,816**

30 Contingent liabilities

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Guarantee commitment for Snusbolaget Norden AB's liabilities	58,085	34,511	30,123	-
Total	**58,085**	**34,511**	**30,123**	**-**

31 Related-party transactions

The following related-party transactions took place:

	2020	2019	2018
(a) Sale of goods and services			
Sale of goods and services to related parties	-	-	-
Total			

	2020	2019	2018
(a) Purchases of goods and services			
Purchases of services from Hydia AS	253	1,529	706
Purchases of services from Advokatfirman Vinge KB	7,110	1,912	-
Purchases of services from E-Business Partner	641	105	928
Total	**8,004**	**3,546**	**1,633**

Receivables and liabilities at year-end due from sales and purchases of goods and services

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Receivables from related parties:	-	-	-	-
Liabilities to related parties:				
Hydia AS	-	139	94	-
Advokatfirman Vinge KB	6,457	200	-	-
E-Business Partner AB	-	-	-	233
	6,457	**339**	**94**	**233**

Loans from related parties

	31 Dec 2020	31 Dec 2019	31 Dec 2018	1 Jan 2018
Loans from GR8 Ventures AB				
On January 1	4,665	4,854	13,779	-
Loans raised during the year				
Amounts repaid	-506	-506	-9,218	-
Interest expense	361	358	719	-
Interest paid	-16	-41	-426	-
At December 31	**4,504**	**4,665**	**4,854**	**13,779**

Loans from related parties pertain to loans from GR8 Ventures AB to Haypp Group AB (publ).

There were no loans to related parties.

The liabilities to related parties are mostly derived from purchasing transactions and full due one month after the purchase date.

Remuneration of senior executives is presented in Note 5. During the year, related-party transactions related to purchasing warrants at market value amounted to kSEK 1,085 (2019: kSEK 357, 2018: kSEK 2,178). Related parties refers, in this case, to key people in senior positions in the company or its Parent Company.

32 Changes in liabilities from financing activities

	1 Jan 2020	Cash inflow	Cash outflow	Non-cash items: Capitalised interest	Non-cash items: Contracts concluded	31 Dec 2020
Lease liability	23,017		-13,107		22,636	32,542
Liabilities to credit institutions	9,375		-7500			1,875
Other non-current liabilities	42,166			345		42,004
Bank overdraft	35,733	22,352				58,085
Total	**110,291**	**22,352**	**20,607**	**345**	**22,636**	**134,506**

	1 Jan 2019	Cash inflow	Cash outflow	Non-cash items: Capitalised interest	Non-cash items: Contracts concluded	31 Dec 2019
Lease liability	64		-6,170		29,123	23,017
Liabilities to credit institutions	21,875		-12,500			9,375
Other non-current liabilities	42,354		-506	318		42,166
Bank overdraft	25,123	10,610				35,733
Total	**89,416**	**10,610**	**-19,176**	**318**	**29,123**	**110,291**

	1 Jan 2018	Cash inflow	Cash outflow	Non-cash items: Capitalised interest	Non-cash items: Other	31 Dec 2018
Lease liability	0				64	64
Liabilities to credit institutions	24,375	5,000	-7500			21,875
Other non-current liabilities	47,869		-2684	293	-3123	42,354
Bank overdraft	8,185	16,938				25,123
Total	**90,429**	**21,938**	**-10,184**	**293**	**-3,059**	**89,416**

33 Adjustment for non-cash items

	2020	2019	2018
Other	479	290	
Amortisation/depreciation	44,386	23,170	16,494
Capital gains/losses	-	-	
Exchange-rate differences	3,781	1,239	74
Total	**48,646**	**24,699**	**16,568**

34 Events after the balance date

In July 2021, Snusbolaget Norden AB acquired all the necessary assets and rights relating to snusnetto.com, including the related domain name, the trademark and certain inventory (but excluding the stock of products and the lease agreements) from Sweden Snus Gross AB (the owner of the e-commerce business of snusnetto.com). The purchase price amounted to MSEK 8, of which MSEK 4 is held as a holdback amount and paid out provided that certain conditions are being met/fulfilled by the seller, and/or that no warranty breaches occur prior to 15 October 2021. At the extraordinary shareholders' meeting in the Company held on 2 September 2021, the meeting resolved on a split of the Company's shares 150:1, after which there are 23,164,800 outstanding shares in the Company. No other known events that would lead to adjustments have occurred between the balance date and the date of listing.

Auditor's report regarding historical financial information

This is a literal translation of the Swedish original report

Independent Auditor's Report on financial statements on historical financial information

Independent auditor's report

To the Board of Directors of Haypp Group AB (publ), Reg. No. 559075-6796

REPORT ON THE CONSOLIDATED ACCOUNTS

Opinions

We have audited the consolidated accounts of Haypp Group AB (publ) for the period of three years ended 31 December 2020. The consolidated accounts of the company are included on pages F12–F48 in this document. In our opinion, the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of the 31 December 2020, 31 December 2019 and 31 December 2018 and their financial performance and cash flow for each of the three financial years ending the 31 December 2020 in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the Group, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of the Group's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Stockholm on 4 October 2021

Öhrlings PricewaterhouseCoopers AB

Magnus Lagerberg
Authorized Public Accountant

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