

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

HAYPP GROUP

Haypp Group - LD Micro Conference

Gavin O'Dowd, CEO

Peter Deli, CFO

April 9, 2024

Why we exist – inspiring healthier enjoyment for millions

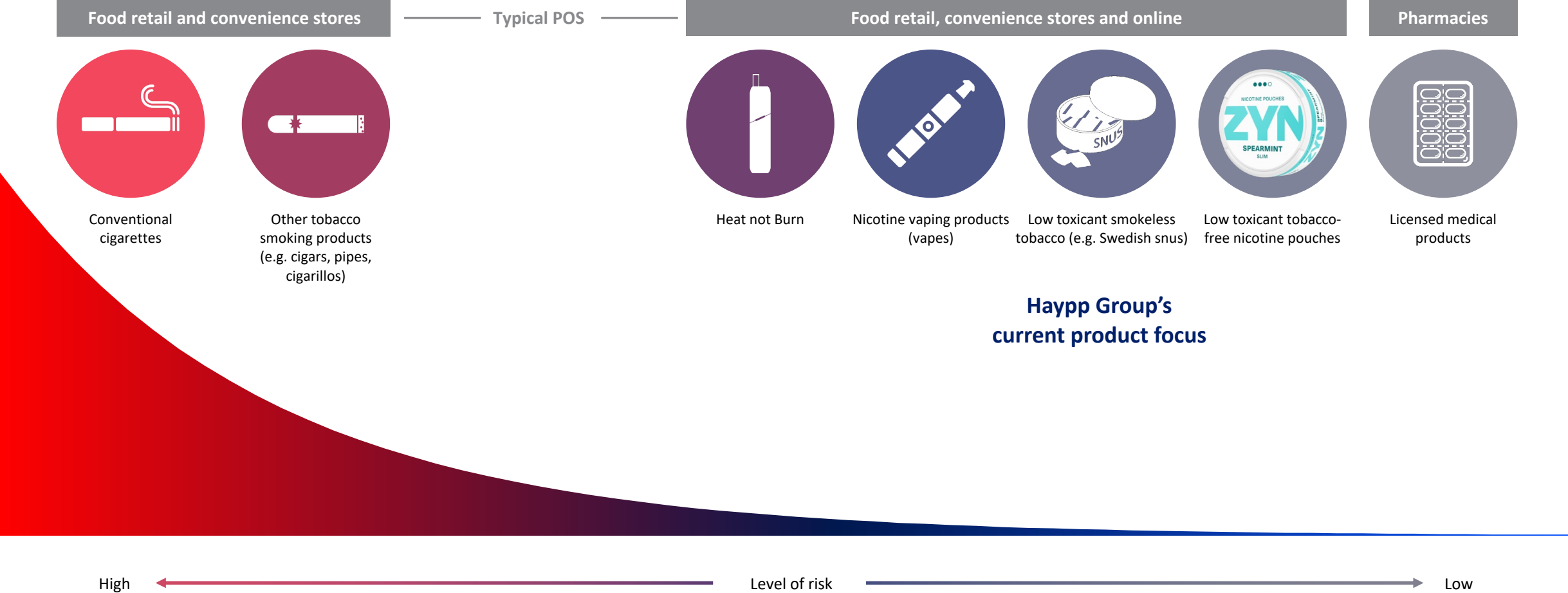


Haypp Group at a glance

- The largest retailer of Nicotine Pouches (NPs) in the world. NPs account for c. 56% of Group volume and grew 41% y/y in 2023.
- 2023 net sales of SEK3.2bn (+21% y/y) and adj EBIT of SEK78mn (+32% y/y). The Core division grew sales 12% y/y in 2023, accounting for c. 76% of Group; the Growth division grew topline 67% y/y.
- 2025 targets of SEK 5bn sales and adj EBIT margin of 5-7% from Core & Growth, with 1-2ppt reinvested in new Emerging division (initially nicotine vaping in UK, DE & Sweden) that will develop adjacencies in RRP categories and countries.
- Founded 14 years ago as e-commerce site with a focus on snus in Sweden. 6 years ago emphasis shifted to NPs and started to expand outside Sweden, while remaining a pure-play online retailer.
- HQ in Stockholm, with a presence in Sweden, Norway (Core), USA, DACH and the UK (Growth). Staff of about 200 of which c.20% are in warehouses.
- 100% Youth Access Prevention in all markets, verified at PoS and in some countries also at PoD.

Focused on healthier enjoyment products

Significantly lower levels of risk from modern nicotine alternatives to cigarettes



Global market transformation

Strong market dynamics...



Strong demand for lower risk products



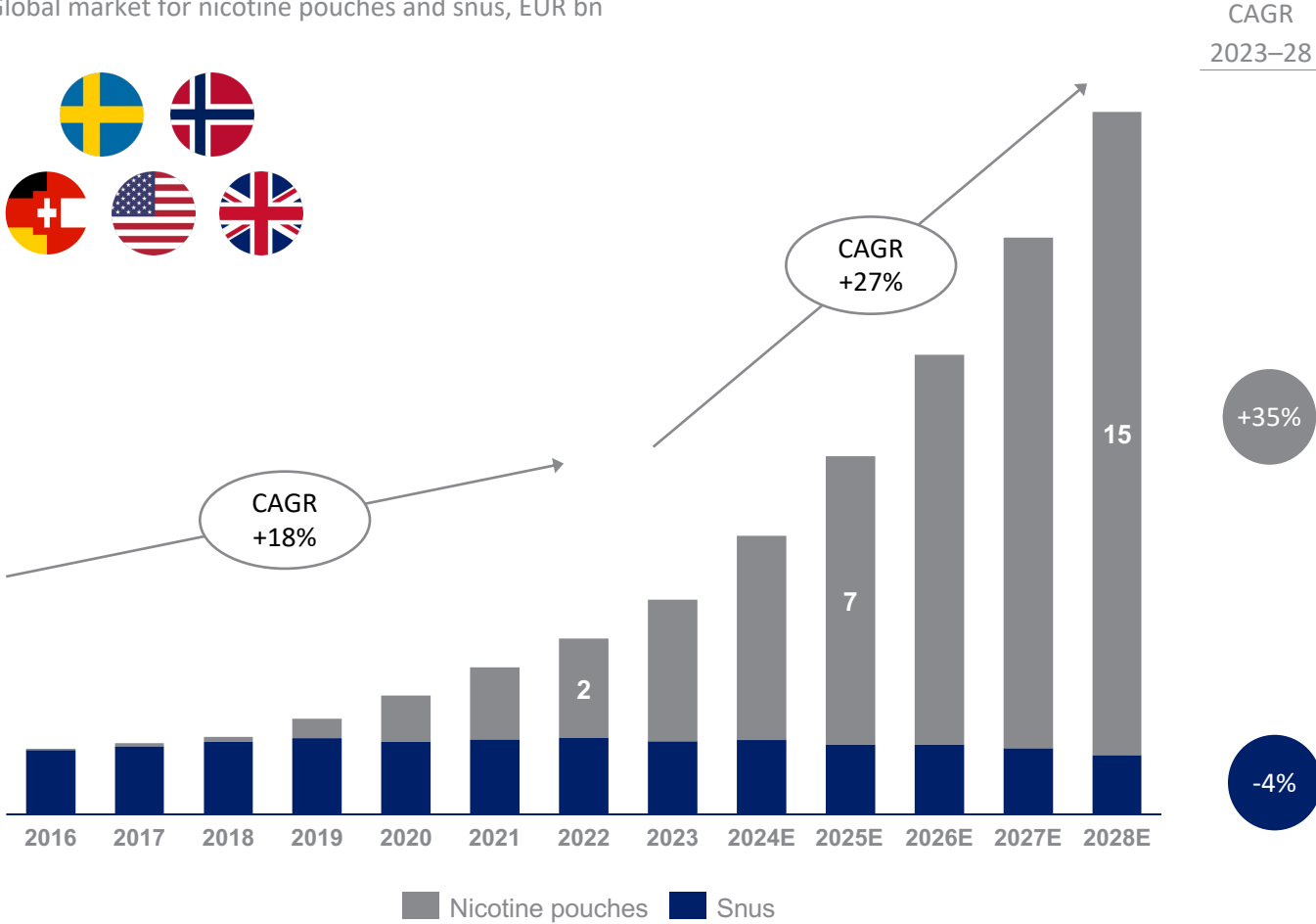
Legislation favours modern reduced-risk nicotine products



Suppliers rapidly innovating to capture share

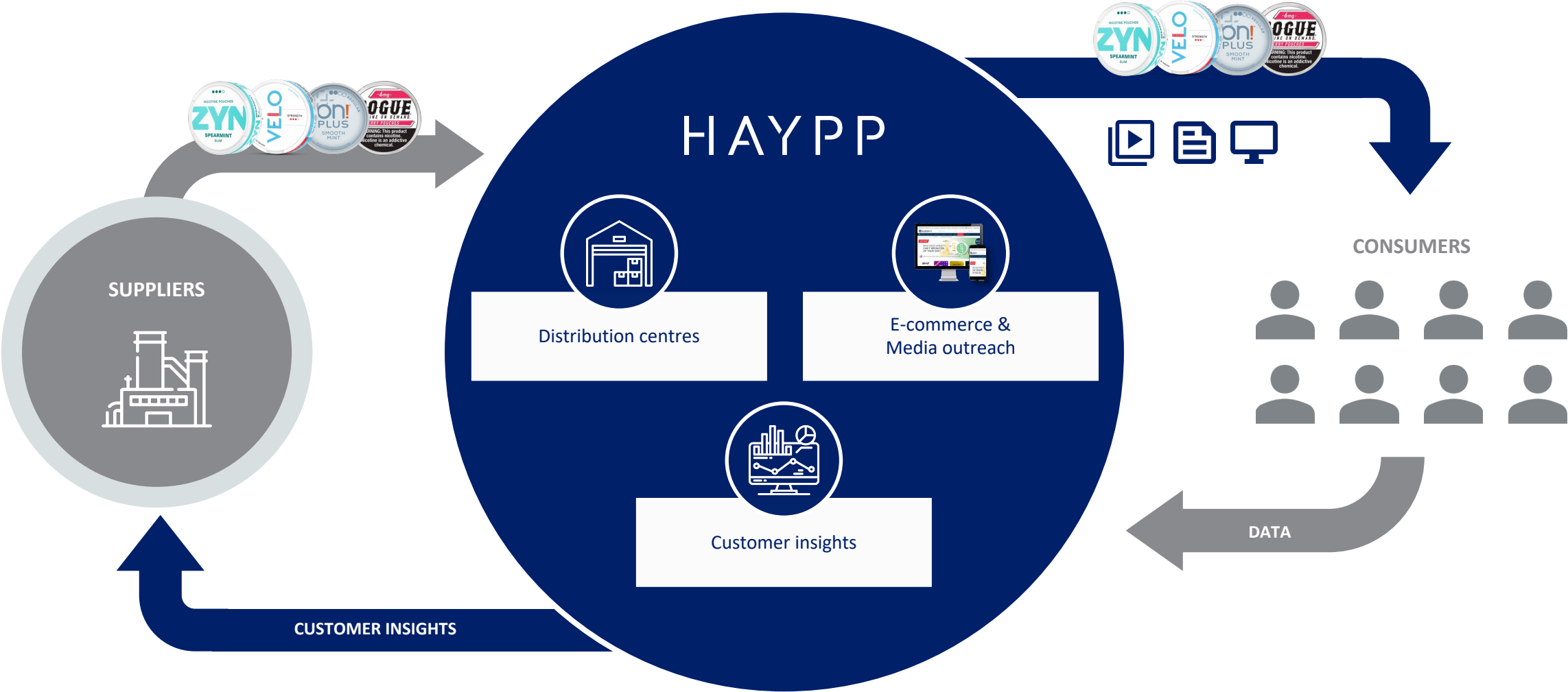
...resulting in attractive expected growth for nicotine pouches

Global market for nicotine pouches and snus, EUR bn




Source: Company information, Arthur D. Little

Superior position in the value chain




Top SEO positions create meaningful competitive moat


1 Google wants to optimise the customer experience...




Site performance



Unique content

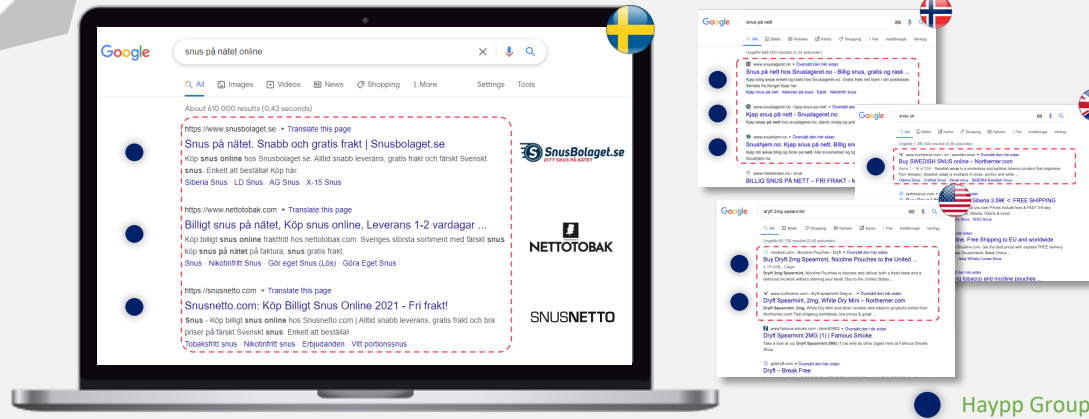


Conversion rates

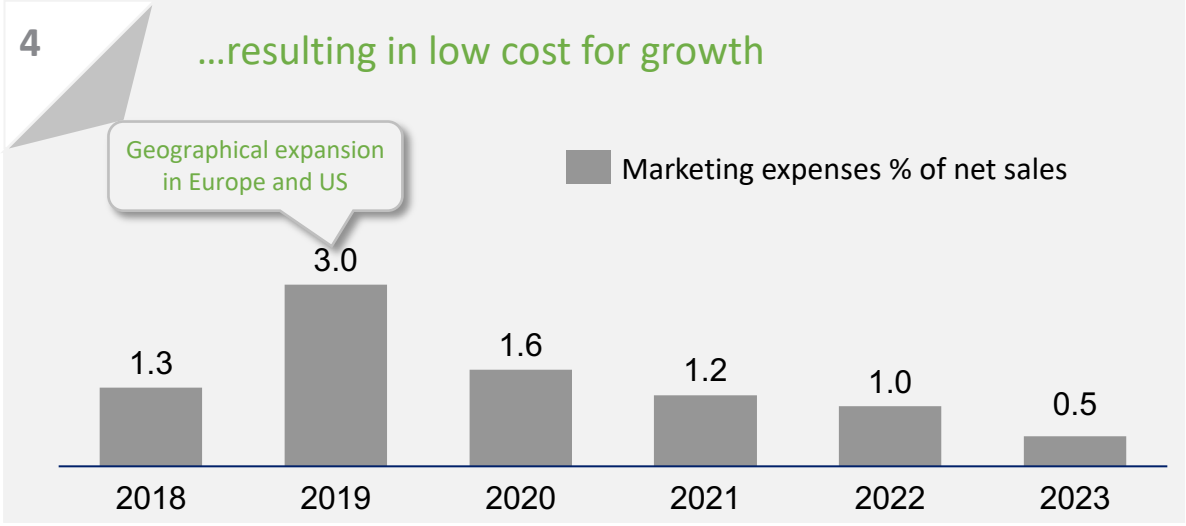
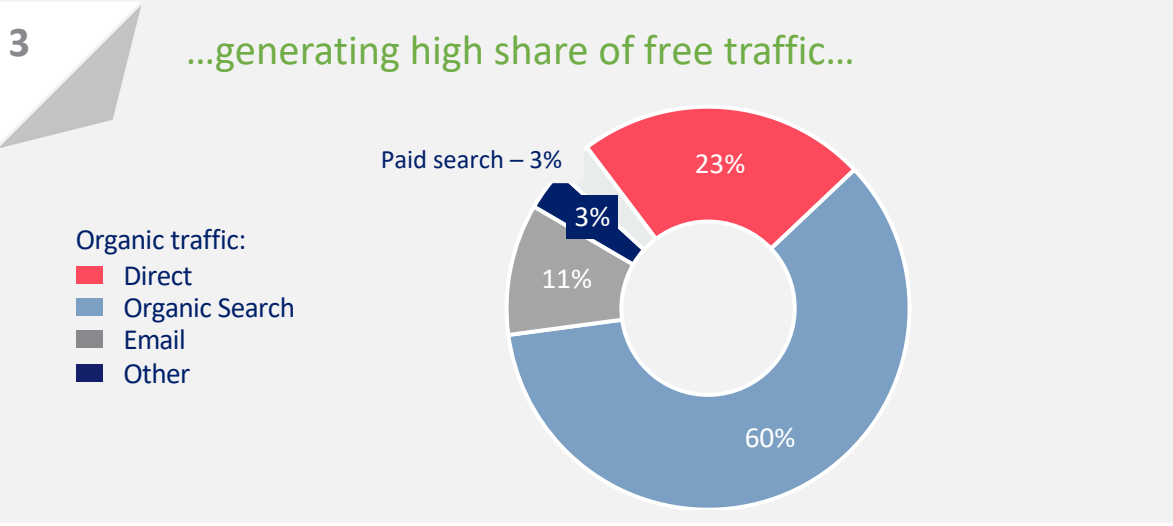


Returning customers

2 ...and Haypp Group dominates search word visibility...



● Haypp Group

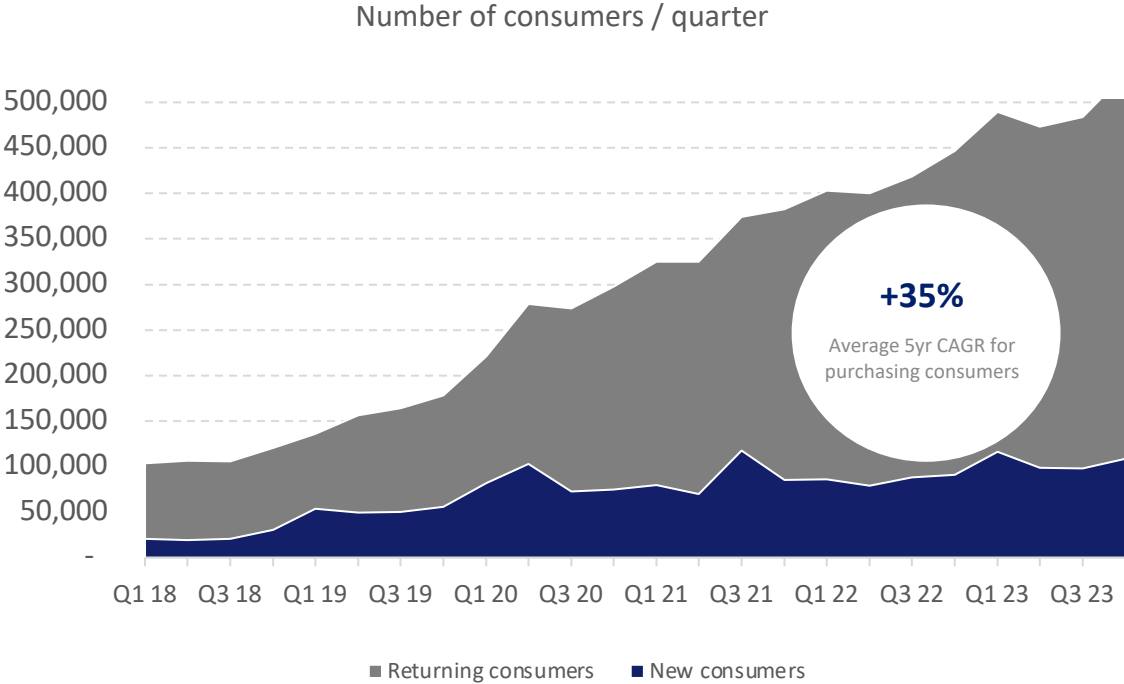


Loyalty fuels consumer base growth

Continuously growing consumer base...



increasing AOV and repurchase rates as we retain consumers

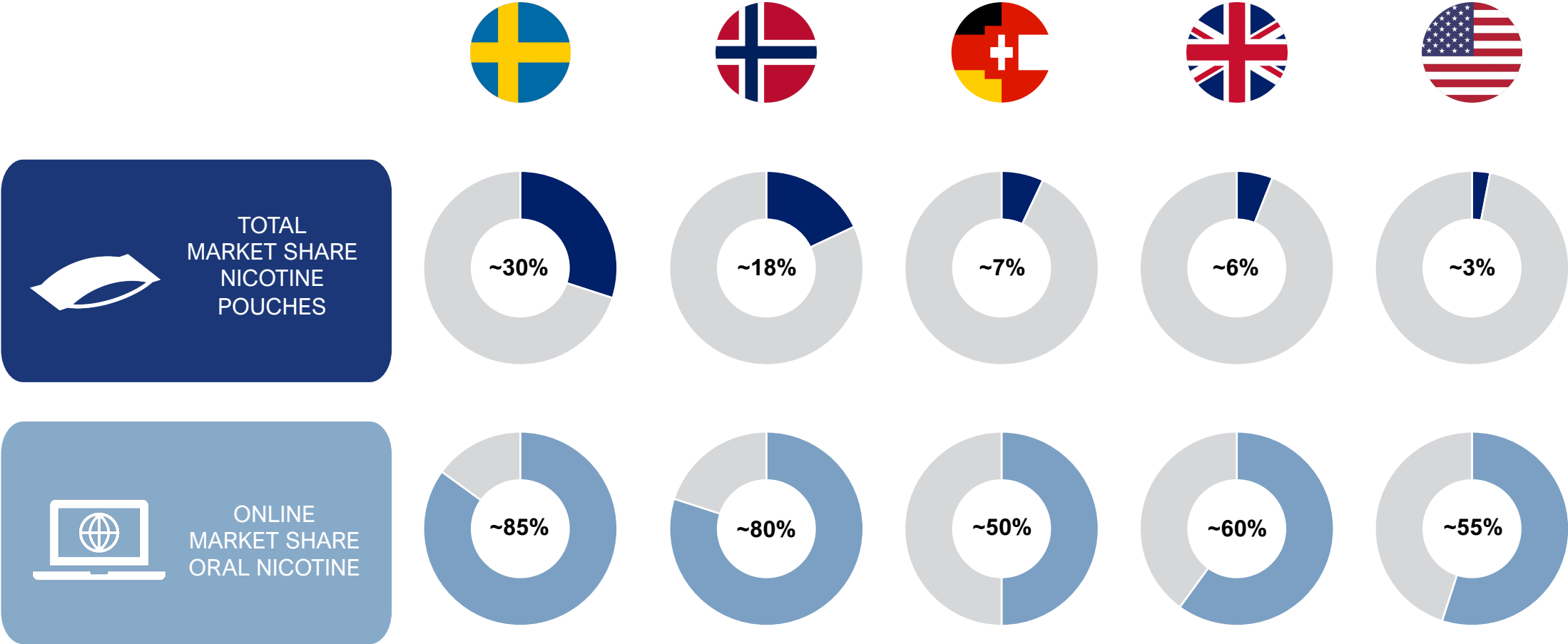


+48%
Increase in average order frequency from 1st to 5th purchase

+11%
Increase in average AOV from 1st to 5th purchase

Increasing both the AOV and the order frequency substantially as consumers make more orders leads to Haypp increasing its share of consumption / share of wallet as they continue shopping with us

Haypp Group presence across Europe and USA



Haypp Group Media eco-system

Activation tools (examples)

Awareness

BRAND PAGES

ON SITE COMMUNICATION

SEARCH BAR VISIBILITY

SPONSORED LISTING

MAIL COMMUNICATION

CHECK-OUT UPSELL

Trial

On-site activation with +3M sessions per month

ACCELERATED SHARE GROWTH FOR QUALITY PRODUCTS

~65%

of all NP trials in SE created by Haypp

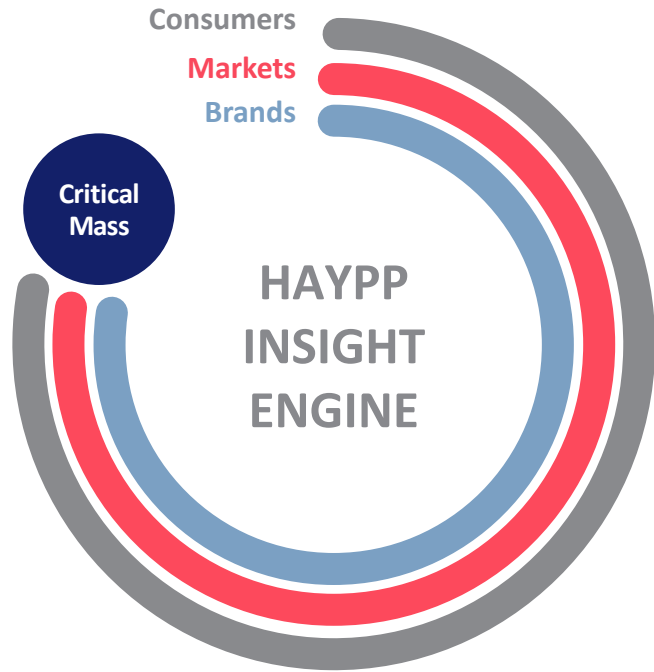
One of our primary trial drivers

Temporarily boost new launches

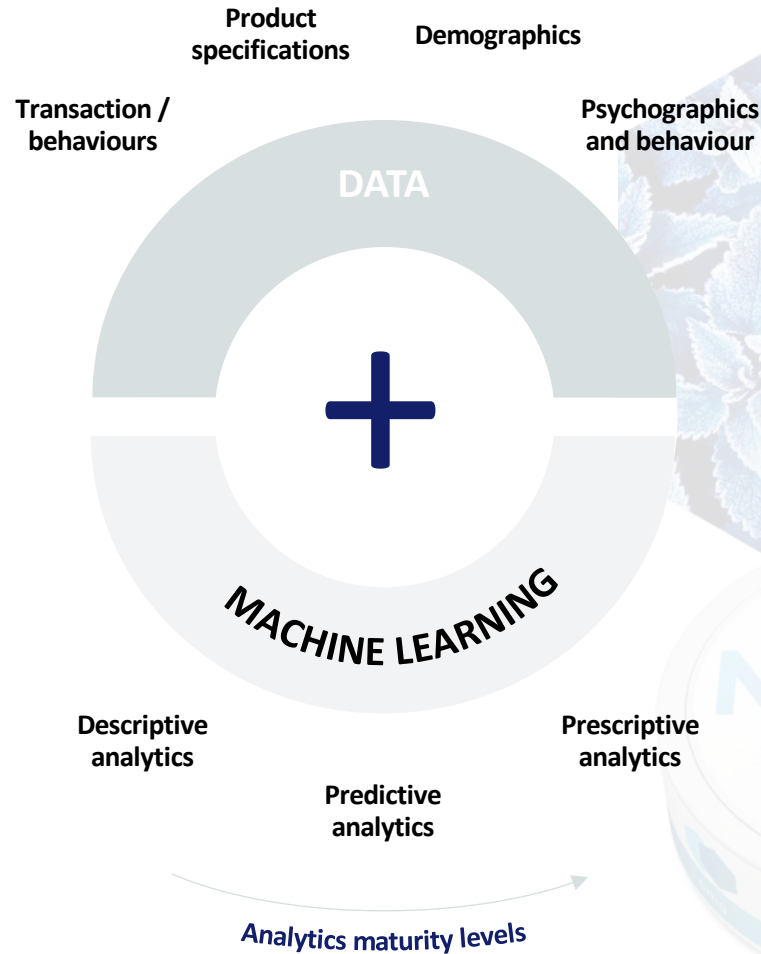
Top real estate in the search result

Scale-driven advantages enable impactful insights offering

Proprietary datasets



Utilisation of Machine Learning



Consumer research



Haypp Group is the most valuable partnership

Benefits of working with Haypp Group for brand owners

- No returns
- No field force
- No fridges/gantries
- No printed point of sale material
- 1 point of delivery – lower distribution cost
- 100% contract compliance and speed to market



Upholding society's expectations

- We are a credible player due to our history of responsible behavior.
- Our global leadership in setting product standards enhances our credibility.
- We are always involved in relevant changes.
- Scientific & regulatory cooperation further supports Haypp Group's efforts.
- We strive to combine the least amount of consumer friction with the most robust age verification available.



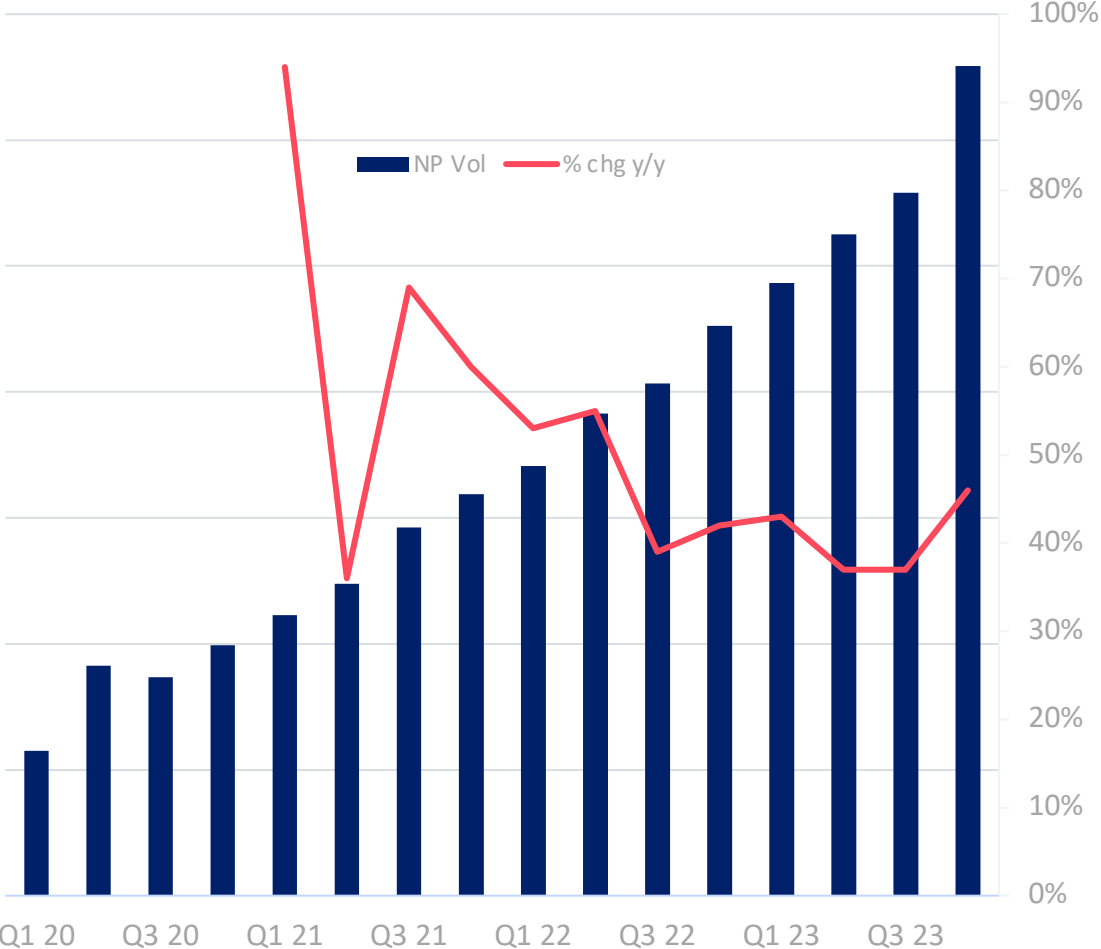
Haypp Group works with the best age verification, fintech and shipping companies globally

Klarna.

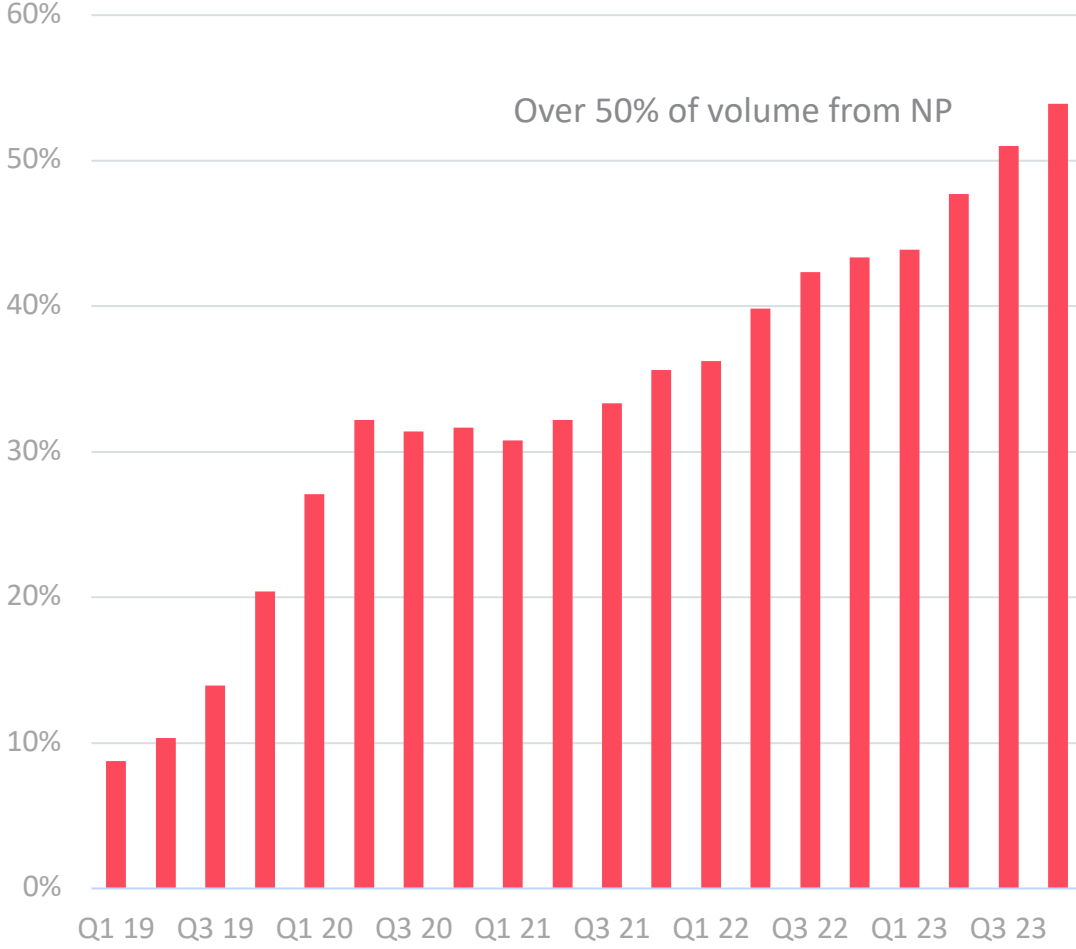


2023 – Another year of strong NP performance

Quarterly Nicotine Pouch volume & % chg y/y

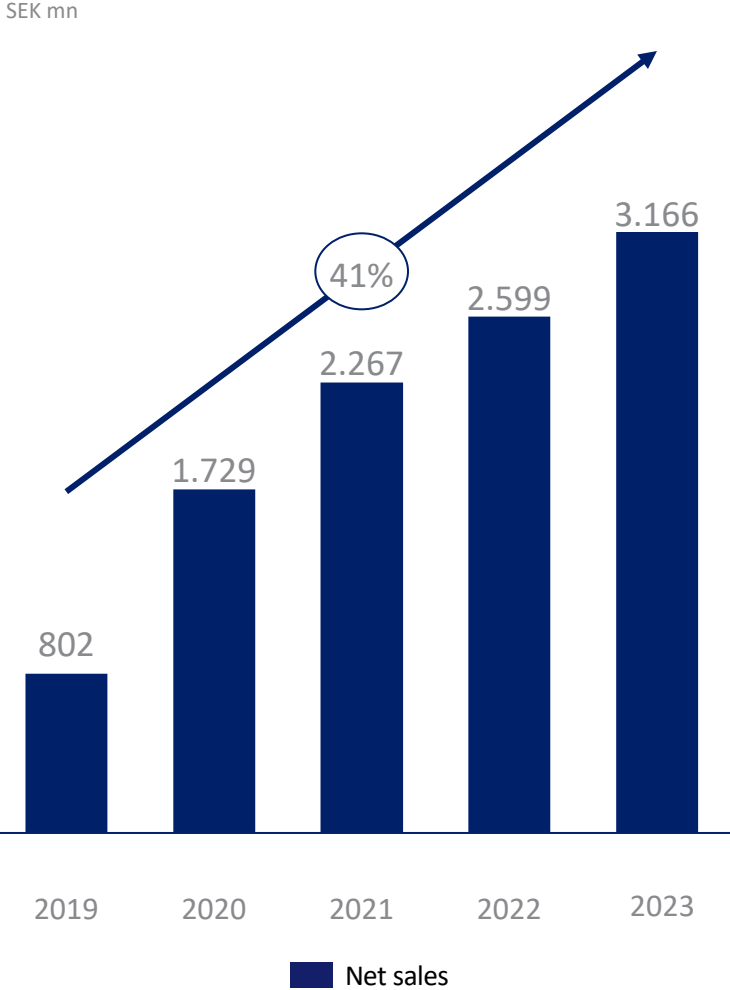


Quarterly Nicotine Pouch % of Group volume

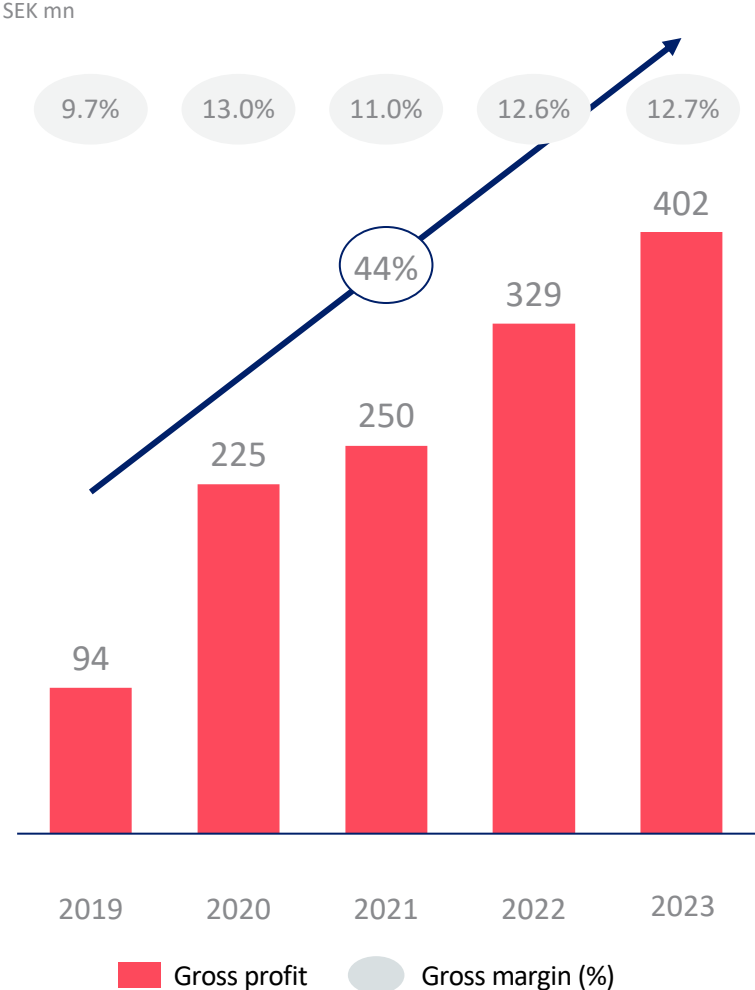


Key financial highlights

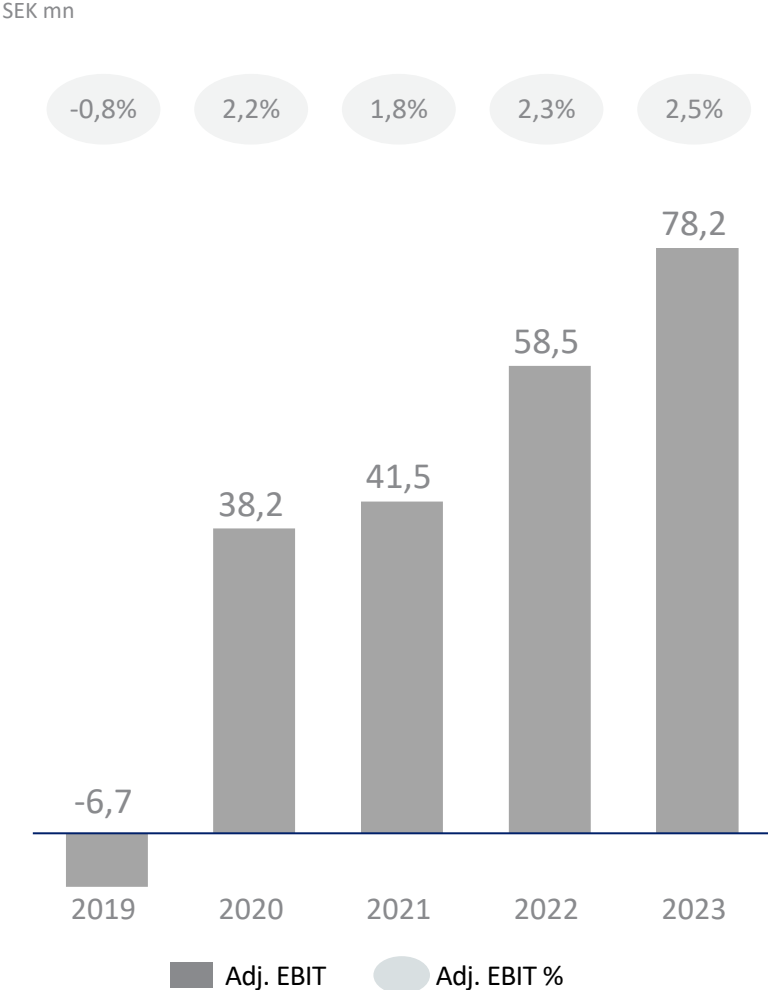
Strong growth...



...scale driving increased product margin

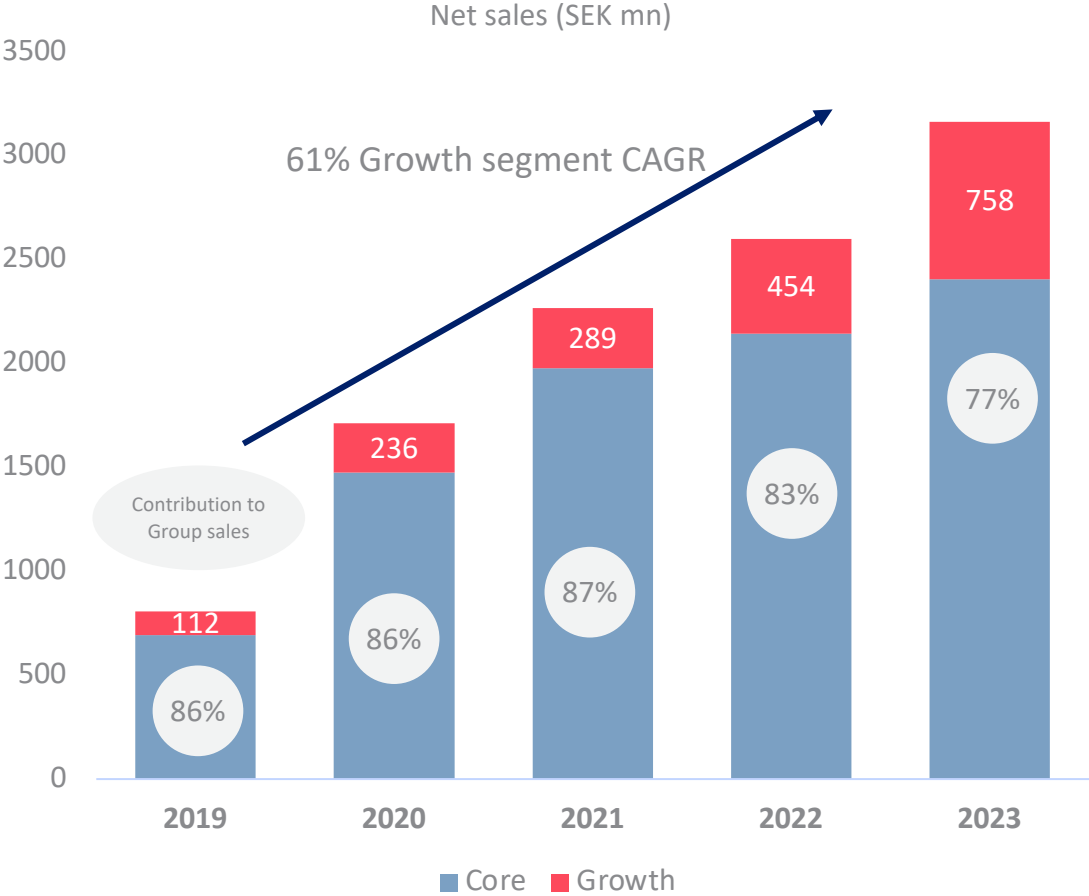


...driving increasing profitability

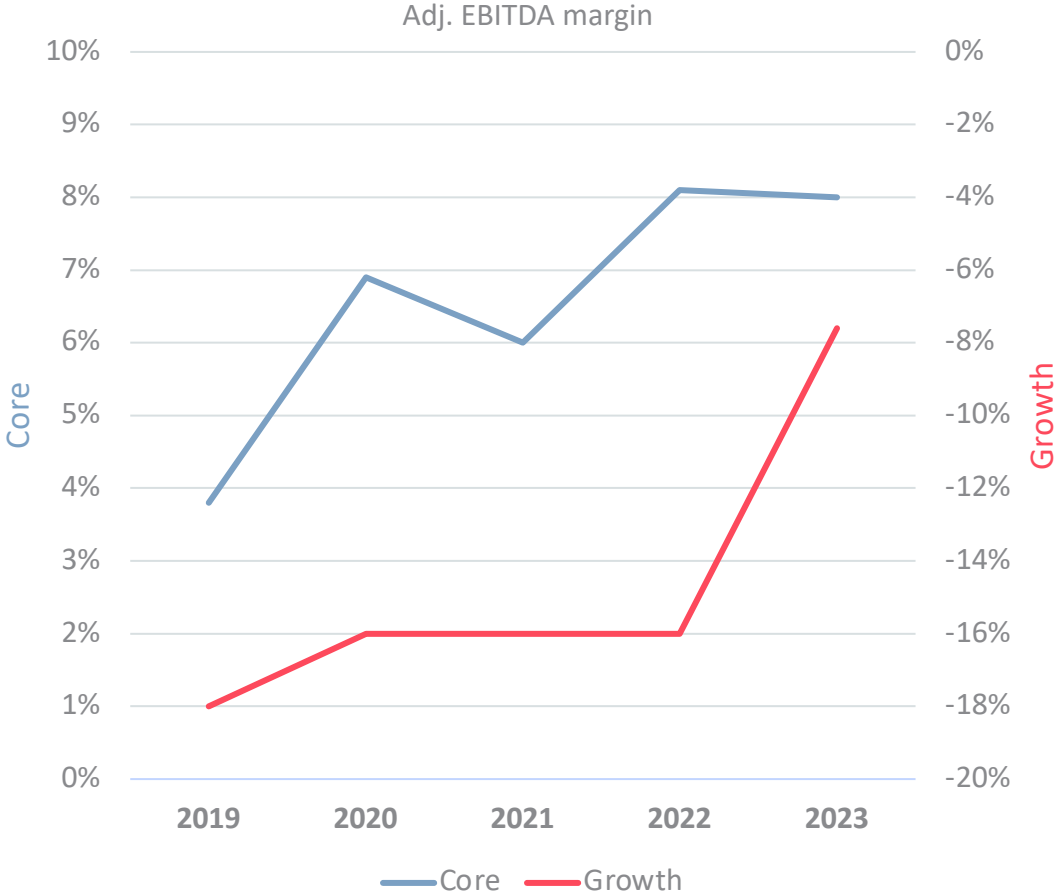


Sustained momentum across Core & Growth segments

Rapid increase in Growth segment contribution...



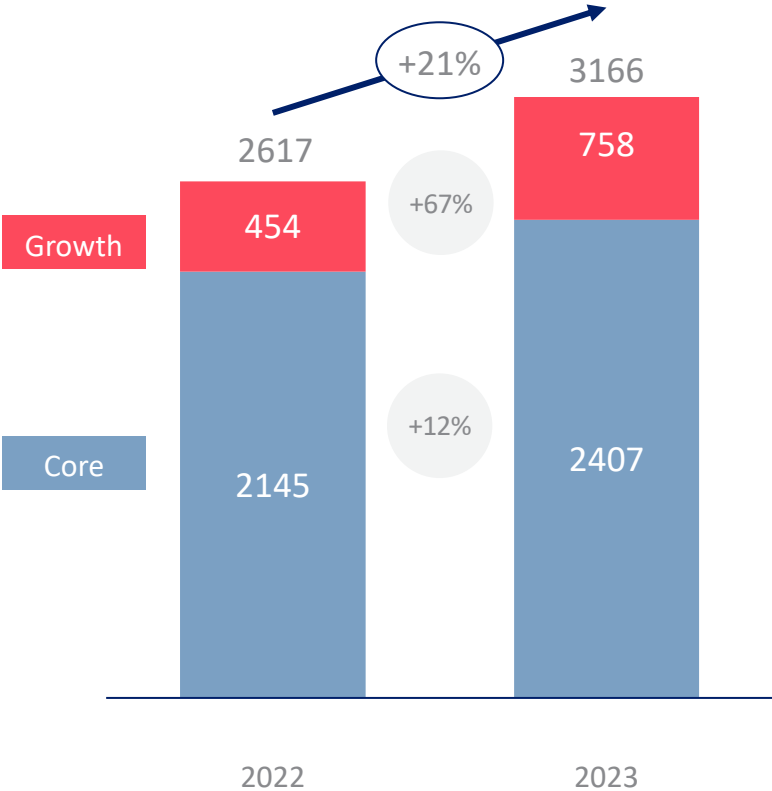
...with quickly improving profitability



Current growth rates support SEK 5bn target for 2025

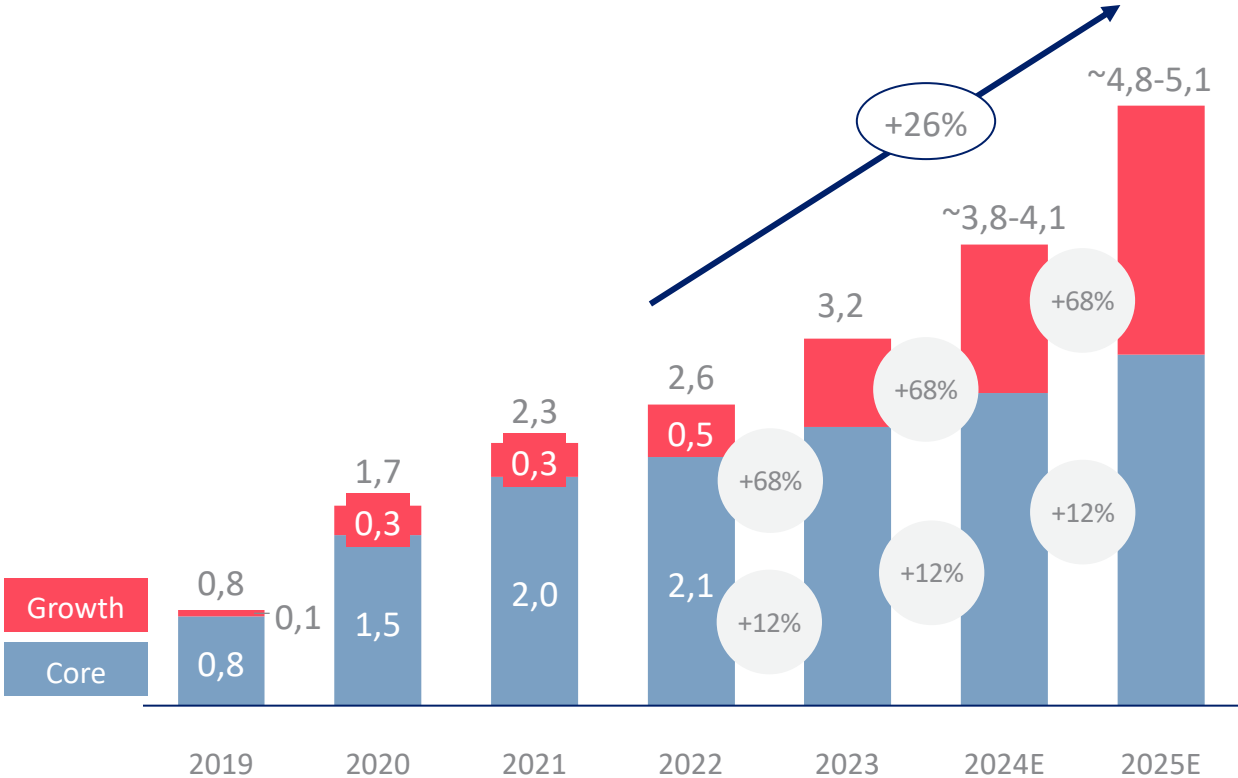
Rapid net sales growth in Growth markets

Net sales (SEK mn)

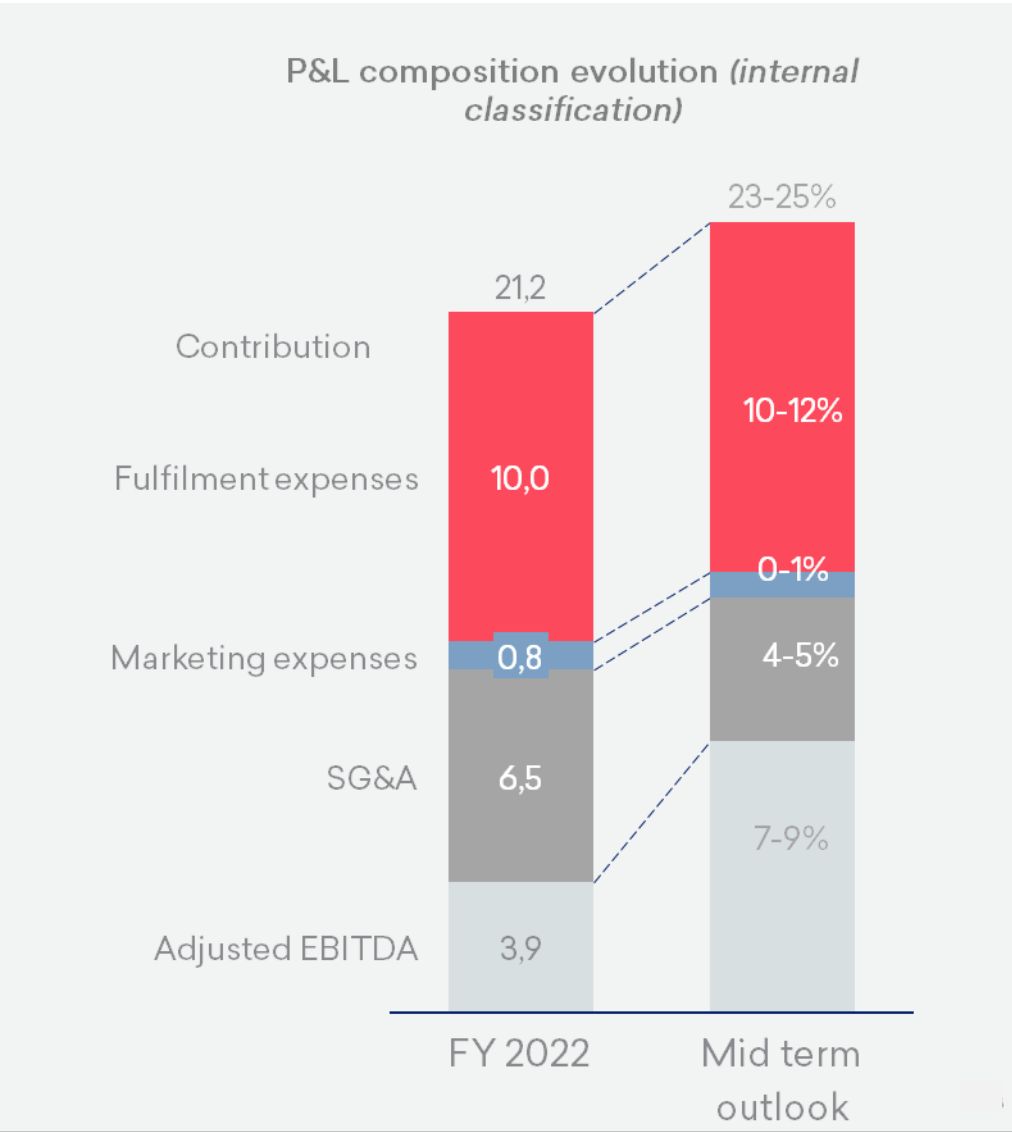
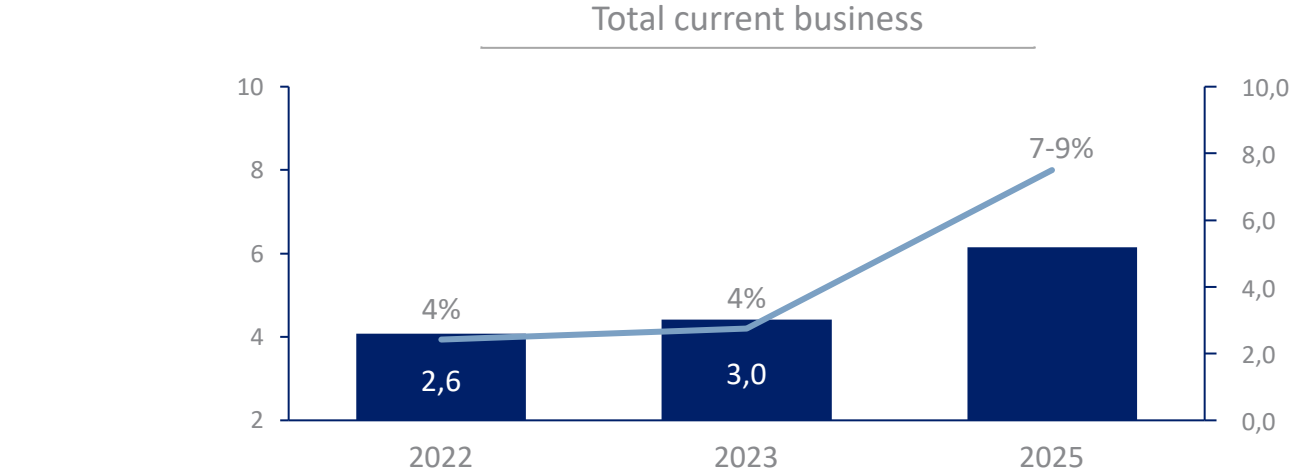
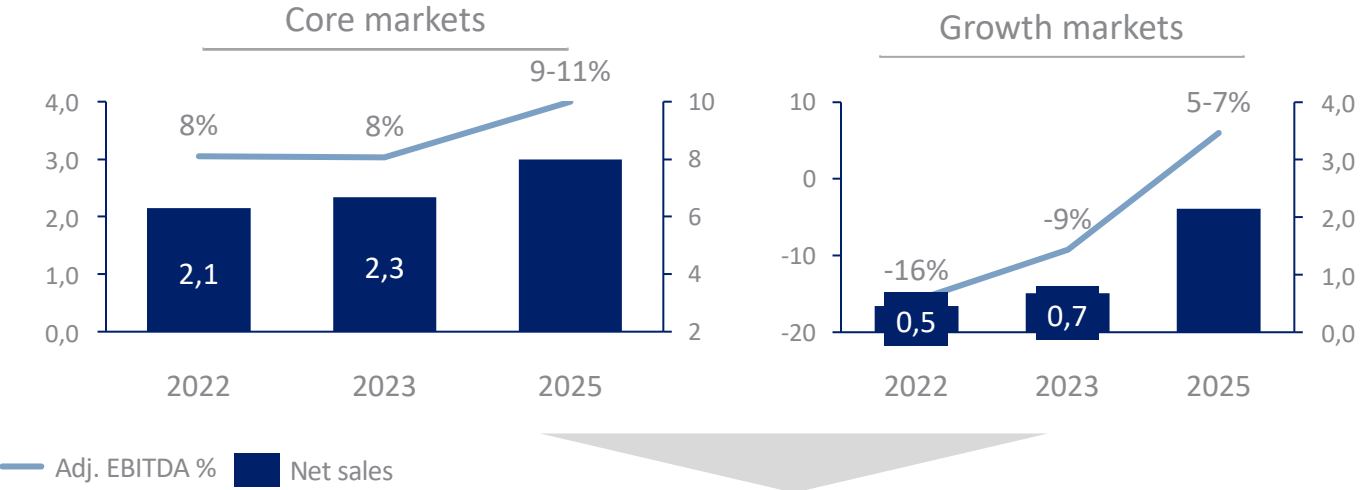


...will bring us to the 5bn target

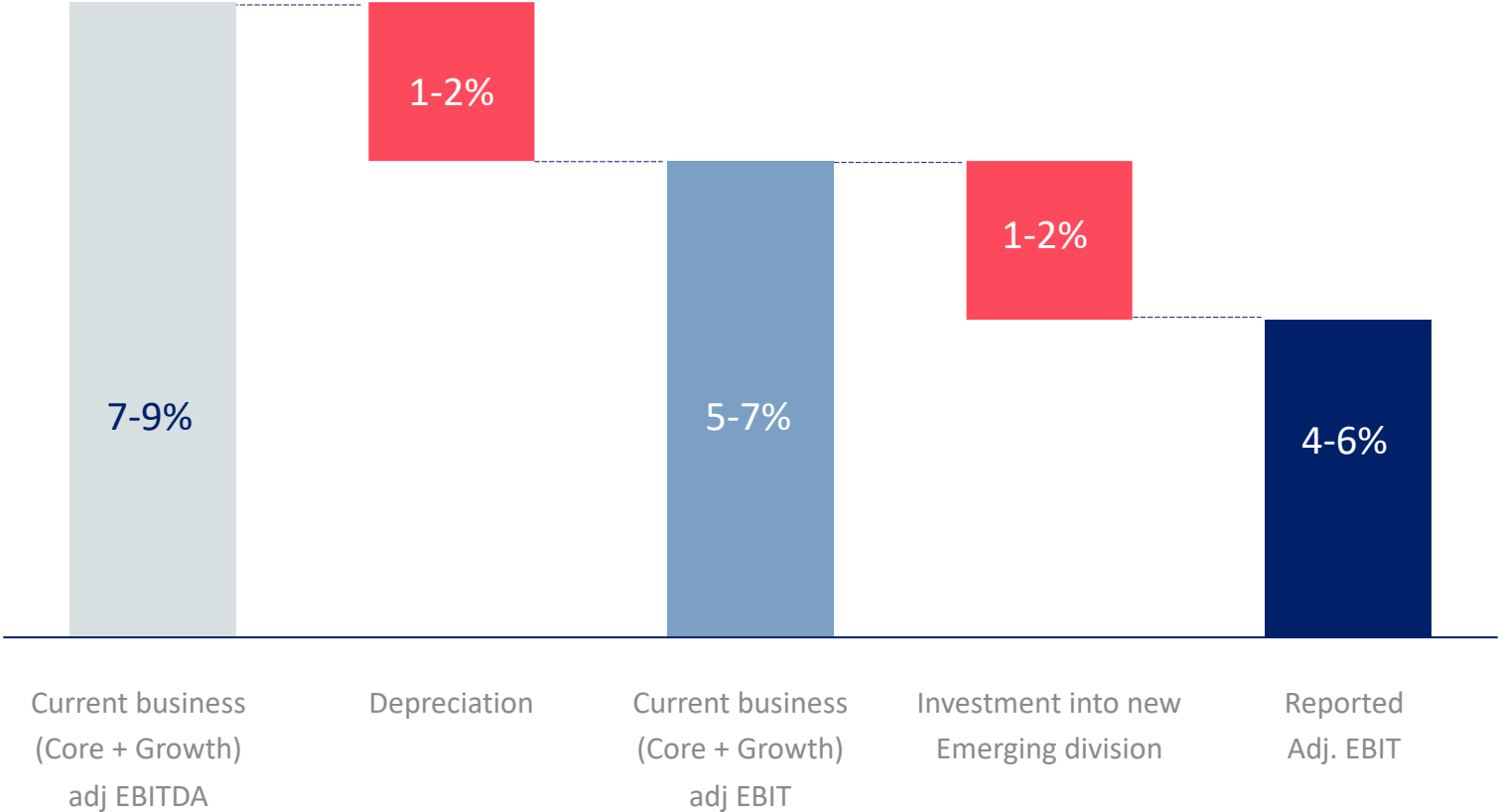
Net sales (SEK bn)



...and further improve adj. EBITDA in our existing footprint



Breaking down the 2025 profit margin outlook



Underpinning Haypp Group's success

Performance

Operating model

Technology and processes

People and culture

Inspiring healthier enjoyment for millions

HAYPP GROUP

Additional useful information available on hayppgroup.com/investor-relations/

- Capital Markets Day presentation with webcast providing a detailed discussion of the Group's business by the management team
- Excel financial data download with annual and quarterly financial and KPI information, updated quarterly
- Financial calendar

A woman with her hair in a ponytail, wearing a white athletic jacket, is shown in profile from the waist up. She is looking out over a cityscape at sunset, with her hands resting on a railing. She is holding a small, round container of ZYN tobacco pouches. The background is a blurred cityscape with buildings and a body of water, all bathed in the warm, golden light of the setting sun.

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enjoyment for millions