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Haypp Group

Q2 2026

Speakers

Operator

Gavin O'Dowd
CEO | Haypp Group

Peter Deli
CFO | Haypp Group

Analyst

Morayo Adesina
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Daniel Tharian
Analyst | Deutsche Bank

Prepared Remarks

Operator

Welcome to Haypp Group Q2 2026. For the first part of the conference call, the participants will be in listen-only mode. During the questions and answers session, participants are able to ask questions by dialing pound key five on their telephone keypad. Now I will hand the conference over to the speakers, CEO Gavin O'Dowd and CFO Peter Deli. Please go ahead.

Gavin O'Dowd
CEO | Haypp Group

Good morning and good afternoon, everyone, and welcome to Haypp Group's Q2 results. My name is Gavin O'Dowd, and together with our CFO, Peter Deli, we will take you through today's presentation. Starting at slide three, which is the agenda for today. I will take you through an overview of Haypp and the Q2 performance highlights, and Peter will take us through the consumer, financial, and segment performances before handing back to me for progress on our key strategic priority markets and an outlook. I would like to take you to slide five to remind you of some of the key dynamics around our business. We are an online retailer of risk-reduced products with a strong focus on nicotine pouches, which as of today, make up over 70% of our volumes.

Gavin O'Dowd
CEO | Haypp Group

We have multiple storefronts per market, and we operate in five markets in Europe, in the U.S., and we have also recently launched in Saudi Arabia. Approximately 90% of our revenue comes from product sales, with sales of Media & Insights to brand owners accounting for just over 10%. While jurisdictional complexity around the sale of nicotine is often viewed as a hardship, given our expertise and scale, we view it as a barrier to entry. We are targeting to approximately double our 2024 revenue by 2028 and increase our 2024 EBIT by 3x-4x. Moving to slide six. The scale of market growth potential in our existing geographic footprint is determined by the U.S. and the U.K. While the U.K. is a distant second, it has some very favorable long-term dynamics.

Gavin O'Dowd
CEO | Haypp Group

Continuing on to slide seven, the U.S. and the U.K. are also the two markets with extremely low online penetration rates, reflecting the early stages of the category life cycle, including the historically limited assortment in the U.S. Hence, these are two markets which we have dedicated significant resources to in recent quarters. We will touch on this more throughout our presentation. Moving into the quarterly performance updates and remaining on slide seven for a moment. This quarter has been our fastest volume and sales year-on-year growth since we IPO'd five years ago. It is also our highest-ever gross margin. Moving to slide nine. We are happy to see continued acceleration in nicotine pouches to 45% year-on-year growth. In absolute volume, this is by far our fastest year-on-year nicotine pouch growth in the history of the group.

Gavin O'Dowd
CEO | Haypp Group

Growth markets have been a significant contributor with 91% year-on-year growth and now account for almost half of our nicotine pouch volume. The strong performance in the growth segment accounted for 71% of the group nicotine pouch growth. This momentum is underpinned by the group's investment focus and supports our future growth expectations. Moving to our performance highlights on slide 10. An increase in active consumers was the primary driver of our growth. However, increased share of consumption among existing consumers in our core markets also contributed to the 28% volume growth. Gross margins were up slightly to a record high, generating a gross profit increase of 29%. This consisted of a substantial increase in Media & Insights, which was partially reinvested into the consumer offer to further accelerate the flywheel.

Gavin O'Dowd
CEO | Haypp Group

Year on year, we have materially increased our investment and capabilities in the U.S. and the U.K. This, combined with increases in marketing expenditure, while the window to do so remains open, has led to a reduction in the EBIT margins, which we expect to level off and to continue at this level for the remainder of this year before trending back towards our 2028 guidance. On slide 11, we show the actual performance of each of these KPIs and their relative change versus prior year. Growth in consumer flowed through to orders and volume, leading to our fastest net sales growth in five years, which in turn led to our highest-ever gross margins. The planned investments, predominantly in the U.S. and the U.K., have temporarily reduced our EBIT. With that, I will hand over to Peter.

Peter Deli
CFO | Haypp Group

Thank you, Gavin, and good morning, good afternoon, everyone. Let me take you through our Q2 performance. The headline this quarter is strong, broad-based growth, highest organic growth rate since IPO. We have accelerated both our top line and our consumer base. Our fundamentals remain solid and exactly as planned. We are carrying a deliberate level of investment that is weighing on near-term profit. Let me now go a level deeper, starting with our consumers, because ultimately, consumer growth is what underpins everything else in the model. Going to slide 13. This slide shows the continued strength in our consumer base. Group active consumers reached a new all-time high, up 24.4% year on year. There are two reinforcing trends behind it. Rapid growth in our growth markets and core turning firmly into growth.

Peter Deli
CFO | Haypp Group

The standout is the growth segment, where active consumers were up 74.2%, driven primarily by the U.S. and U.K. Our marketing there is showing clear traction with strong conversion and repeat purchase behavior. In core, active consumers grew 9.3%, a meaningful improvement versus the declines we saw earlier last year. This is supported by a growing number of nicotine pouch consumers and a stabilizing snus base. The momentum in both core and growth gives us confidence that our acquisition strategy is working, paired with sustained strong retention, and that we are building a solid foundation for continued volume and sales acceleration. Slide 14. Here, we break volume down by category. Nicotine pouches remain the engine. Nicotine pouch weight in group volume supports our future growth with the U.S. and U.K. the primary market drivers.

Peter Deli
CFO | Haypp Group

In core markets, nicotine pouches are now around 54% of volume and still growing at high teen rates, taking meaningful market share. On snus, volume decline continues to moderate since Q4 last year, helped by an enhanced consumer offer designed to capture mixed category household purchases in Swedish homes. On vape and heat-not-burn, the U.K. discontinuation reduced the year-on-year growth, but the underlying trajectory is expected to continue with strong growth both in Germany and Sweden. Important to note that volume growth is ahead of consumer base growth across all markets, signaling that our offering resonates well with the consumers, and we are gaining share of wallet. Overall, the category dynamics remain very supportive, and our scale positions us well to capture the ongoing shift toward reduced risk products.

Peter Deli
CFO | Haypp Group

Now, let me turn to the financials and walk you through the P&L and the balance sheet. Starting with the net sales on slide 16, we saw further acceleration in our top line. Net sales grew 27.7% as reported and 27.1% at constant currency. The highest constant currency growth rates we have delivered since IPO. In absolute terms, net sales reached almost 1.2 billion SEK. The negative FX translation impact is driven by the NOK to SEK translation, with U.S. dollar to SEK partly offsetting it. What I am particularly pleased about is that all critical parts of the business contributed. Nicotine pouches remained the key growth driver, and given NP is above 70% of our volume, that strong growth plus a rising share of sales creates a positive mix effect.

Peter Deli
CFO | Haypp Group

Within nicotine pouches, the U.S. and U.K. are the key drivers, with solid mid-teen growth in the core markets. Price mix in the nicotine pouch segment was negative in the quarter, driven by the growth segment, mainly the U.S. business. I want to stress that these promotions are manufacturer-led and margin neutral for us. There is an offset in our cost of goods sold. Snus sales stabilized after a few challenging quarters in 2025. The decline is lower now than what we have anticipated at our capital markets day, helped by the improved Swedish consumer offer. Vape and heat-not-burn contributed to growth despite the U.K. discontinuation, with Sweden and Germany volume up by 70%. On slide 17, let me talk to you about our gross profit.

Peter Deli
CFO | Haypp Group

We delivered gross profit of 229 million SEK this quarter, a major step-up in absolute terms, up 29.2% year-on-year. Gross profit growth run slightly ahead of net sales, so gross margin improved a marginal 0.2 points to 19.5%. Within the margin, there are two opposing forces. The fast growth of Media & Insights lifted the margin, adding 0.9 points to bring Media & Insights gross margin contribution to 11.9%, with growth across all key markets. We then reinvested much of that incremental benefit back into our consumer offer, mainly targeted pricing, which we believe is the right trade-off while the acquisition window is open. Moving to slide 18. Overheads increased in the quarter, and this was fully expected. From last quarter, we break the base into three elements: marketing, fulfillment, and G&A, and total overhead was 14.8% of net sales.

Peter Deli
CFO | Haypp Group

Marketing, at 1.8%, increased as we leaned into consumer acquisition in the U.S. and U.K. while the opportunity window is open, and we are seeing substantial increases in new nicotine pouch consumer acquisition rates in both markets. We are pleased with some of the channel's performance, particularly with high purchase intent, lower funnel marketing, and we will continue to deploy capital subject to the ongoing performance. We will be efficient and disciplined with the capital we deploy. Fulfillment at 1.6% is where our scale benefits shows. The cost base grew 25%, while volume grew 28%, so we are growing into our warehouse infrastructure. The U.K. move to a larger automated facility will extend that. G&A at 11.3% is the biggest driver of the increase.

Peter Deli
CFO | Haypp Group

This is mainly driven by the organizational build-out in the U.S. and U.K. and within our central functions, including AI. Some of this structure is deliberately ahead of the current business because the skill sets and local focus are critical to our long-term success. We expect G&A intensity to moderate, and as a percentage of net sales, we won't expect further increases for H2. Given the size of the group's G&A cost base relative to adjusted EBIT, management sees significant potential to improve productivity and scalability through targeted AI investments. These initiatives are expected to further improve operational efficiency across the organization. Moving to slide 19, this brings us to adjusted EBIT, which was SEK 28.6 million with a margin of 2.4%, down from 4.2% last year.

Peter Deli
CFO | Haypp Group

I want to be transparent about this. The compression is entirely by design. Higher gross profit and a stable gross margin are working in our favor and show that our business model is robust. But the investments in G&A, mainly personal and in marketing, more than offset that at the EBIT line. Growth segment accounting for the compression. We are prioritizing consumer acquisition and market share gains in the U.S. and U.K., with both markets already showing substantial growth versus last year. We expect this investment phase to continue through 2026, with margin expansion resuming as scale benefits flow through in 2027 and 2028. Slide 20. Finally, on the balance sheet, working capital and leverage.

Peter Deli
CFO | Haypp Group

The sequential increase in inventory mainly reflects opportunistic inventory build across several markets, with some additional U.S. stock build for new product launches and stock in our newly established Swiss warehouse accounting for the remainder. Net working capital turnover remained in line with the range of prior quarters despite the opportunistic stock builds. Net debt increased sequentially, driven by that higher working capital and increased lease commitments, and leverage moved from 0.2 times to around one times on a net debt to last 12 months adjusted EBITDA basis. That is still a low and very manageable level, and we remain disciplined in managing working capital as we scale. Let me now turn to segment performance, taking growth and core in turn.

Peter Deli
CFO | Haypp Group

This is where you can really see the two engines of the model, growth driving acceleration and future share, core providing the profitable cash-generative foundation. Starting with the growth segment on slide 22. This is where we see the most significant acceleration. Active consumers grew 74.2%, orders 72.3%. This is a notable increase of new customers in the quarter, explaining the slower growth of order number. Total volume up 80%, with nicotine pouch volume up 91%. The difference is driven by the discontinuation of U.K. vape. Growth segment represents 47% of the group's nicotine pouch volume. Both the U.S. and U.K. delivered exceptional performance, with volumes up by 125% and 113%, respectively. Net sales grew 57% or 62% at constant currency, and the segment now represents a 30% share of the group net sales.

Peter Deli
CFO | Haypp Group

The gap between net sales growth and volume growth is driven by manufacturers' financed price reductions. Gross margin was 18.9%, down 5.5 points. That reflects an exceptionally strong prior year comparison and the deliberate investment into our consumer offer this quarter. EBITDA was negative at 32.5 million SEK. This is expected and reflects the investment phase we are in as we build local teams and scale acquisition. Those investments are what accelerate our long-term share capture, and they are already translating into very strong consumer and volume growth. To support the further development of this segment, we automated our U.K. warehouse and localized our operations in Switzerland to improve consumer experience in both markets. As communicated earlier, we exited Austria from 1st of July. Austria generated less than 9 million SEK revenue in Q2 2026.

Peter Deli
CFO | Haypp Group

Overall growth is performing in line with our expectations and is the primary driver of our long-term revenue and EBIT expansion. Moving to slide 23. In the core segment, we delivered steady, predictable performance consistent with the role it plays in the portfolio. Active consumers grew 9.3% and total volume 11.3%, driven by nicotine pouch and supported by the improved snus offer. NP volume up 19%. Volume growth ahead of consumer growth is a clear sign we are increasing share of wallet. Net sales grew 18.2%, or 15.8% at constant currency. Positive price mix driven by increased Media & Insights revenue. The increased Media & Insights revenue led to a gross margin increase of 2.1 points to 19.7%, and EBITDA grew 33% to 87.9 million SEK, a healthy 10.7% margin.

Peter Deli
CFO | Haypp Group

While growth is the accelerator, core remains the foundation of our margin and cash generation, and its rising nicotine pouch penetration supports long-term margin expansion. Strong growth across both segments reflects the continued execution of our strategy and supports our ambition to drive further profit expansion over time. With this, I give the word back to Gavin to guide us through the strategic priorities.

Gavin O'Dowd
CEO | Haypp Group

Thank you, Peter. I'd now like to take you through our priority markets. Moving to slide 25 and the U.S., I would like to touch on how the market conditions are changing and how these changes are positively impacting our business. In May this year, the FDA announced a level of enforcement discretion which we expect to accelerate new product introductions significantly versus our Q1 call. This rapid acceleration of new product launches has already begun and is expected to continue well beyond 2026. This decision is likely to support market growth rates as both more consumers find suitable nicotine pouch products to switch to and more existing Juul users switch entirely to nicotine pouches.

Gavin O'Dowd
CEO | Haypp Group

This U.S. environment is becoming analogous to the environment which began in Sweden and Norway approximately six years ago, and is an environment we have had strong success in. A broadening assortment has historically been an accelerator for Haypp, as our operating model enables us to carry a significantly larger range of quality products. In addition, our stores are designed to help consumers navigate the product differences to find the product which is right for them. While expectations of some new product launches was a material factor in our decision to invest in the U.S., the new outlook suggests an even better opportunity than initially expected. During the quarter, we have experienced strong performance in new customer acquisition, particularly from consumers with high purchasing intent. We will continue to refine our marketing while the opportunity remains.

Gavin O'Dowd
CEO | Haypp Group

In addition, we have also improved on our referral and loyalty programs. While it is still early days, the improvements are having a meaningful impact. The range of activities have led to 125% year-on-year volume growth in a market which is growing between 15%-20%. Moving to the U.K. in the next slide 26. The Tobacco and Vapes Bill, which received Royal Assent at the end of April, appears to remain strongly supported by the new government. We continue to expect the secondary legislation to iron out the remaining details, raising the compliance requirements for other retailers. The secondary legislation will be implemented in pieces throughout this year and 2027, with some of the more notable impacts expected in June of 2027. As a reminder, these changes are expected to further consolidate our market leading position and accelerate migration to online.

Gavin O'Dowd
CEO | Haypp Group

In addition, we expect the ultra strong segment, which we do not sell, to be banned, removing our assortment disadvantage. I would also like to draw your attention to some of our key highlights in the U.K. market during the quarter. The enhanced local capabilities which we built up in Q1 are now fully embedded and already performing well, leading to a continued acceleration in new consumer inflow while maintaining our excellent retention rates. Our performance is supported by a high level of brand owner support and high demand for both our Media & Insights. We successfully automated our U.K. warehouse to support continued growth over the long term. This range of activities has led to strong triple-digit growth in the quarter, which is over twice that of the estimated overall market growth.

Gavin O'Dowd
CEO | Haypp Group

Moving to the next slide 27. There has been little change in either European regulation or Swedish litigation since last quarter. The Tobacco Tax Directive continues to be negotiated, with a first draft still expected this year. The European Commission recently completed a public consultation on the third Tobacco Products Directive. Both directives are expected to undergo revision during the negotiation period from member states later this year. Regarding the Swedish litigation, Haypp is still awaiting a decision on the appeal from the Supreme Court. Haypp does not expect any material impact from the decision. Moving to the penultimate slide 29. In summary, our markets continue to evolve favorably, with continued category growth leading to sustainable regulation in line with Haypp's operating model.

Gavin O'Dowd
CEO | Haypp Group

Investment in capabilities and marketing in the U.S. and the U.K. are driving rapid consumer-based growth, which in turn has led to our fastest organic growth rates since before we IPO'd in 2021. This growth has fed our flywheel model, leading to the highest-ever gross margin while continuing to further invest into the consumer offer. Our decision to increase our G&A to drive this growth is complete and is expected to stabilize at current levels for the rest of this year and scale in future years. We are on track to deliver our 2028 revenue and profit targets. Moving to the next slide, to recap on those targets, which are set for 2028, revenue growth of 18%-25% CAGR from 2024 at constant currency.

Gavin O'Dowd
CEO | Haypp Group

A 5.5% adjusted EBIT margin, plus or minus 150 basis points, subject to the investment opportunities which remain at that time. Before handing over to the operator, I would like to thank the team for the great work in recent quarters, which led to the strong performance in this quarter. With that, I will hand over to the operator for questions.

Q&A

Operator

If you wish to ask a question, please dial pound five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound six on your telephone keypad. The next question comes from Christian [Smal] from Pareto Securities. Please go ahead.

Analyst

Hi, guys. Thank you for taking my question. Starting off with the expansion to Saudi Arabia, very interesting. Could you maybe elaborate a bit on the rationale behind this and also what you expect in terms of both short-term contribution but also long-term contribution from this market?

Gavin O'Dowd
CEO | Haypp Group

Good afternoon, Christian. Yes, we are very much in the early days. It is a very recent launch where we entered into Saudi Arabia. There were a few fundamental rationales for this. First and foremost, Saudi Arabia has now become, based on our calculations, the second-largest nicotine pouch market in the world and is still showing very robust growth, which I think creates a huge opportunity for the category in general at this point in time. I think in addition, we are dealing with a very stable regulatory environment whereby the recognition of risk reduction is well accepted into the regulation and into the general policy within KSA. I think these are the main reasons why we see it as being a significant opportunity.

Gavin O'Dowd
CEO | Haypp Group

We do recognize as a team which have expanded into multiple markets over the last nine years since I have been here, that the early days of entering into a market makes it quite difficult when it comes to predicting what impact it will have over the medium to long term. We do see strong potential within it, hence why we are dedicating a degree of resources and energy towards it. When it comes to quantifying what that would be, I consider one month in to be a little bit premature on that front.

Analyst

Yeah. Makes sense. You kind of touched upon this, but could you maybe expand a bit on the new flavors launched in the U.S. during the quarter, so with ZYN Ultra and the newer editions, so how have they been received during the quarter?

Gavin O'Dowd
CEO | Haypp Group

Yes. In general, we do not comment publicly on how individual brand owners are performing throughout the quarter. We leave it down to them to share their views on that one. We can certainly see that there is quite a broad range of good products coming to the U.S. Some already come, as you mentioned. Some I think which are publicly announced to be coming later on this quarter and early into Q4. In general, we feel that all of these products are quite good quality, and we believe that there is certainly a strong position in each of the markets in the U.S. market for them at this stage. We believe that this is very much the onset of a new era for this market.

Analyst

Yeah. Perfect. That's helpful. Just to follow up on that, would you say that the new flavor ranges are mostly bringing in incremental demand, or is it bigger baskets, or would you say it's more of the existing ZYN users switching over to their old flavors or formats? How would you describe this dynamic?

Gavin O'Dowd
CEO | Haypp Group

I think you can see the consumers, and this is not unusual from our experience in other markets as new products are launched, whether they are under the existing brand or under new brands, but particularly for those which are coming under the existing brand, you will generally see consumers coming from quite a range of locations with regards to where those consumers are coming in from. Many of whom, and particularly for the earlier stages, you will get disproportionately large shares of trial versus repeat purchase as it comes through. What we're seeing from the new products that we've seen so far is that they are continuing with a directionally similar path to what we've seen historically in other markets as well.

Analyst

Yeah. Perfect. Then finally, on marketing, could you say anything in the marketing relative to sales? What should we expect this ratio to look like through H2 here?

Gavin O'Dowd
CEO | Haypp Group

Yeah. The way we're approaching this one, Christian, is very much on the principle of return on capital employed rather than a set amount of money which will be spent. We have been testing quite a range of different marketing activities during Q1 and Q2. Some have been quite successful. Some will need to be either adapted or some have already been stopped. The way we are approaching this is that we set ourselves targets for different consumer segments as regards to how much we are prepared to pay to acquire that customer in certain channels while the window remains open. So long as we can see good return on that capital employed, we will allocate capital with a discipline mindset towards it, rather than necessarily starting off with having a set target of how much we will spend.

Analyst

Yeah, makes sense. You said that there has been different measures of success in the marketing. Could you elaborate a bit on that? Which ones have you seen the most success in during the two last quarters here?

Gavin O'Dowd
CEO | Haypp Group

I think what we have been finding is that some of the marketing activities which were more hinging on generating awareness were undoubtedly, as was to be expected, somewhat less successful than dealing more with consumers, which were much further down in the marketing funnel, and that they were already highly propensed to be buying the products, and hence they were more susceptible towards coming to us. So we've seen much more dynamic on that. However, we feel as though there's still a range of opportunities across the funnel, and we continue to adapt and develop each of those as they come through. But we have certainly seen for those consumers which have a high propensity to be quite successful with the activity so far.

Analyst

Okay. Makes sense. Perfect. Thank you very much, guys.

Gavin O'Dowd
CEO | Haypp Group

Thank you. Christian?

Operator

As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. The next question comes from Morayo Adesina from Barclays. Please go ahead.

Morayo Adesina
Assistant VP of Equity Research | Barclays

Hi, team. Thanks for taking my question, and congratulations on the solid results this evening. Just looking at growth markets then, I can see that the average order value has declined a little bit year-on-year, 8%. I am just wondering what is driving that decline. Is that due to promotional activity on prices, or is that because we have seen an increase in active consumers who maybe are just having their first or second purchase and so are not necessarily buying a lot of stock yet?

Gavin O'Dowd
CEO | Haypp Group

Yeah. Good afternoon, Morayo. It is predominantly the second piece which we are seeing coming through here. An uptick in new consumer inflow tends to result in a downtick in average order size, as those consumers often start with very small orders to test the concept and see how it goes. Then those orders tend to increase to the second, third, and particularly fourth order, at which point in time they tend to be coming reasonably stable from there on in. So that is the main driving force within it.

Morayo Adesina
Assistant VP of Equity Research | Barclays

Okay, thanks. That is clear. Then just on the M&I business, the revenue increase, I am guessing that has been driven largely by the influx of innovation within nicotine pouches. So has that been largely driven just by ZYN Ultra, since that is the only new product launch that we have seen in the quarter? Or is that also in anticipation of the other products that we have heard being announced to come later in the year?

Gavin O'Dowd
CEO | Haypp Group

No. Generally for M&I, the vast majority of it tends to get locked down at the end of the previous calendar year. So everybody gets the opportunity. Of course, then as the year adapts, somebody may wish to promote a different product if they have the flexibility to do so that they did not expect to have at the beginning of the year. But the increase in M&I would say, is much more driven by the improvements that we made during 2025 into our M&I offers, which then were sold to the brand owners in the latter part of 2025 and are now manifesting throughout 2026. I think what we can see here in Q2 is an example of that as it comes through.

Gavin O'Dowd
CEO | Haypp Group

You may see some movement within this space from a quarter-to-quarter space within the year, but you generally notice the more notable upticks in it going from one calendar year into the next.

Morayo Adesina
Assistant VP of Equity Research | Barclays

Sure. Makes sense. Thank you.

Gavin O'Dowd
CEO | Haypp Group

Thank you very much.

Operator

The next question comes from Daniel Tharian from Deutsche Bank. Please go ahead.

Daniel Tharian
Analyst | Deutsche Bank

Hi, Gavin, Peter. Thanks for taking my questions. A few from me, just starting with the U.S. market. As product availability broadens, and you mentioned the SKU count could double over the next year or so, how are you thinking about the role of the various websites you have, I guess not just in the U.S., but also in other markets? Do you expect sites to become more differentiated around specific consumer cohorts or value propositions? Is that where your competitive advantage evolves on top of already the widest assortment and low prices?

Gavin O'Dowd
CEO | Haypp Group

Yes. Daniel, thank you for the question. When it comes to assortment, in general, if a product is up to our standards and we are comfortable with carrying the product and comfortable with the marketing plan which is going on on the product, and that it meets all of the right standards and where it is coming from, very rarely would we restrict such a product to a single site. The differentiation when it comes to the consumer offer across the sites tends to hinge much less on the breadth of assortment and much more into the way that the consumer is buying the products from our sites. Whereas some sites may be leaning more towards, for example, reinforcing loyalty as others perhaps reinforcing trial as it runs through within the site.

Daniel Tharian
Analyst | Deutsche Bank

Okay. Makes sense. Thank you. Just going back to Saudi Arabia, I appreciate it is too early to estimate any quantifiable amount for yourselves, but just about the actual market. Do you have any idea as to the size or the proportion of volumes that currently go through the online channel or at least are being bulk purchased? Just thinking in comparison to Sweden, where that number, as shown in your slides, is about 36%, with bulk purchasing slightly higher.

Gavin O'Dowd
CEO | Haypp Group

Yeah. When it comes to Saudi Arabia, I don't think there's a significant share of the market going through online at this point in time. There is a reasonable amount of it, I would say, going through what you could almost refer to as quick commerce, which is quite advanced in that part of the world. When it comes to bulk purchases, as opposed to with cigarettes, for example, where traditionally people tend to buy one pack at a time. There is already a behavior starting to manifest within the market, which we see in other markets as well, where the consumer is buying more than one, buying multiple units at the same time as they're purchasing.

Gavin O'Dowd
CEO | Haypp Group

There's certainly a propensity within the consumer there, again, to store products for a period of time in the future, even if it is only for a few days at the moment. We think the dynamics that are there, the consumer behavior is not that hugely different to the consumer behavior that we were seeing here 10 years ago in Scandinavia or three to four years ago in the U.S. or the U.K. and has been starting to evolve since as well.

Daniel Tharian
Analyst | Deutsche Bank

Okay. Makes sense. Just lastly on the core snus segment. Regarding the moderation, you mentioned that it is performing slightly better than you expected at CMD. What are your updated thoughts on how that category evolves in terms of, is this category still one that is in structural decline, but you are just increasing your share of wallet and doing better than the overall market? Or is the entire I appreciate you said it has been helped by an enhanced consumer offer, but are you slowing the decline rates at the same time as the overall market is improving?

Gavin O'Dowd
CEO | Haypp Group

Yeah. I think on this one, I think it is important to lay out that snus is, in our opinion, in structural decline in the Scandinavian markets, and hence why the snus category is not a strategically important category for us. I think it is important to look at the reduction in the snus performance, sorry, the reduction in the snus decline rates so that we are now taking market share, is not being done with us to develop a strategically stronger position within the snus. That is more of a byproduct within it. The objective here was to have compelling offers on snus for many of the families within Sweden, whereby there was dual users within the house, one which was using snus and one which was using traditional snus, and one which was using nicotine pouches.

Gavin O'Dowd
CEO | Haypp Group

And that we would have a sufficiently compelling offer for the household purchases there in order to gain that nicotine pouch consumer onto our platform. As a side effect of that, we have seen that we have gone from declining in line with or perhaps even ahead of, in some cases, for a quarter or two last year of the market share. We have now gone to a stage where we are actually taking market share in the traditional snus market.

Daniel Tharian
Analyst | Deutsche Bank

Okay. Understood. Just for some clarification, this enhanced consumer offer, is this something like buy a can of nicotine pouches, snus 10% off or something like that? Or is it just the way it is laid out on the website?

Gavin O'Dowd
CEO | Haypp Group

It is just more the way it is laid out on the website and the general pricing for snus on our store. You would be somewhat restricted from doing an offer like that with regulation within Sweden.

Daniel Tharian
Analyst | Deutsche Bank

Understood. Okay. Thank you.

Operator

There are no more phone questions at this time, so I hand the conference back to the speakers for any written questions and closing comments.

Gavin O'Dowd
CEO | Haypp Group

There do not appear to be any written questions coming through either. With that, I thank you all very much for your time and look forward to updating you in three months again on our Q3 performance. Thank you very much. Thank you, everyone.