

The Board of Directors' proposal under items 17 a) and 17 b) on the Agenda of the Annual General Meeting of Swedish Match AB (publ) on April 2, 2020**Item 17 a)**

The Board of Directors proposes to reduce the Company's share capital with 17,762,544.77 SEK by means of withdrawal of 7,750,000 shares in the Company. The purpose of the reduction is allocation to unrestricted equity to be used as resolved by the Annual General Meeting in accordance with item b) below. The shares in the Company proposed for withdrawal have been repurchased by the Company in accordance with authorization granted by the General Meeting.

Item 17 b)

Provided that the Annual General Meeting passes a resolution in accordance with the Board's proposal under item 17 a) above, the Board of Directors proposes an increase in the Company's share capital of 17,762,544.77 SEK through a transfer from non-restricted equity to the share capital (bonus issue). The share capital shall be increased without issuing any new shares. The reason for the bonus issue is that if the Company transfers an amount corresponding to the amount by which the share capital is reduced in accordance with the Board's proposal under item 17 a) above, the resolution to reduce the share capital may be passed without obtaining permission from the Swedish Companies Registration Office (sw. *Bolagsverket*), or, in disputed cases, the court.

The effect of the Board of Directors' proposal under item 17 a) is a reduction in the Company's share capital of 17,762,544.77 SEK. The effect of the Board of Directors' proposal under item 17 b) is a corresponding increase in the Company's share capital through a bonus issue, thereby restoring it to its balance prior to the reduction.

The auditor's opinion, in accordance with Chapter 20 § 14 of the Swedish Companies Act and in respect of this statement by the Board of Directors, is enclosed in Appendix 6 A.

The resolution of the General Meeting in accordance with the Board's proposal under item 17 a), is only valid if supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.