Swedish Match develops, manufactures, and sells quality products with market-leading brands in the product segments Smokefree, Cigars, and Lights. With its vision “a world without cigarettes”, the Group is dedicated to the improvement of public health by offering attractive alternatives to cigarettes with its smokefree products.

Some of Swedish Match’s brands include: General (snus), Longhorn (moist snuff), ZYN (nicotine pouches), Onico (pouch products with neither tobacco nor nicotine), Red Man (chewing tobacco), Thunder (chew bags), Oliver Twist (tobacco bits), White Owl (homogenized tobacco leaf cigars), Game (natural leaf cigars), Fiat Lux (matches), and Cricket (lighters).

Production is located in seven countries with the majority of Group sales coming from Scandinavia and the US.

The Swedish Match share is listed on Nasdaq Stockholm (SWMA).
OUR VISION

A WORLD WITHOUT CIGARETTES

We create shareholder value by offering consumers enjoyable nicotine-containing products of superior quality in a responsible way. By providing products that are recognized as safer alternatives to cigarettes, we can contribute significantly to improved public health.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>Listed on Nasdaq Stockholm</td>
</tr>
</tbody>
</table>
| 1999 | Divested cigarette operations  
Acquired General Cigar’s operations of machine made cigars in the US |
| 2008 | Manufacturing agreement with National Tobacco for chewing tobacco in the US |
| 2009 | Divested pipe tobacco operations in South Africa |
| 2010 | Creation of new STG: cigars, pipe tobacco, fine cut tobacco (49% ownership), and simultaneous divestment of Swedish Match premium cigar, European cigar, and pipe tobacco businesses |
| 2014 | New Company vision: A world without cigarettes |
| 2016 | Reduced its shareholding in STG in connection with the listing of STG on Nasdaq Copenhagen and sold the final remaining shareholding in STG in 2017 |
| 2017 | Acquired V2 Tobacco (chewing tobacco and snus business) |
| 2018 | Acquired Oliver Twist (chewing tobacco business) and 95% of the shareholding in Gotlandssnus (snus business) |

For more information on Swedish Match’s history, please visit the Company website.
SWEDISH MATCH TODAY

- The largest player in the US non-tobacco nicotine pouch market.
- The third largest snus and moist snuff company in the US.
- Market leading position in the Scandinavian snus market and is the number two player for nicotine pouches.
- The largest manufacturer of US chewing tobacco.
- The number two player in the US (mass market) cigar market.
- A leading manufacturer and distributor of matches and lighters with a strong brand portfolio across the globe.
- A distribution function being the leading distributor of tobacco products on the Swedish market.

1) Swedish Match estimates based on actual shipments, excluding little cigars.
Swedish Match’s organization is made up of three divisions as well as Corporate functions.
OPERATING LOCATIONS

USA
- Production of moist snuff, nicotine pouches, chewing tobacco, cigars
- Sales offices
- 1,067 employees

The Dominican Republic
- Production of cigars
- 2,940 employees

Brazil
- Production of matches, lighters
- Sales offices
- 485 employees

Norway
- Sales offices
- 45 employees

Sweden
- Head office
- Production of snus, nicotine pouches, pouch products with neither tobacco nor nicotine, matches
- Sales offices
- Distribution
- 1,273 employees

The Netherlands
- Production of lighters
- 96 employees

Switzerland
- Treasury office
- Sales offices
- 4 employees

Turkey
- Sales offices
- 15 employees

The Philippines
- Production of lighters
- Sales offices
- 179 employees

Denmark
- Production of chew bags, tobacco bits, snus
- Sales offices
- 111 employees

Belgium
- Public Affairs office
- 2 employees

The number of employees refers to the average number of employees during 2019.
PRODUCT SEGMENTS AND MAIN GEOGRAPHIES

SMOKEFREE

Snus (Scandinavia and US)
Nicotine pouches (Scandinavia, US)
Moist snuff (US)
Chewing tobacco (US, Europe)
Chew bags and tobacco bits (Europe)

CIGARS

Cigars (US)

LIGHTS

Lighters (worldwide)
Matches (worldwide)
Complementary products (Brazil)

1) Product segments from January 1, 2020. May exist in certain other areas other than those mentioned.
Swedish Match is a global company, with strong local brands. Swedish Match also has international brands, such as General (snus), ZYN (nicotine pouches), and Cricket (Lighters). The Company’s largest markets are Scandinavia and the US.

**Scandinavia**
- Snus: Sweden (61%) #1, Norway (55%) #1
- Nicotine pouches: Sweden (26%) #2, Norway (15%) #3

**The US**
- Nicotine pouches: 84% #1
- Moist snuff: 8% #3
- Chewing tobacco: 41% #1
- Cigars: 22% #2

Source: Swedish Match estimates based on different sources, including Nielsen, and reported industry shipments. All figures refer to the full year 2019.
**SALES, MSEK**

14,739

**OPERATING PROFIT, MSEK**

5,307

**EMPLOYEES**

6,270

- Profit before income tax: 5,060 MSEK
- Profit for the year: 3,896 MSEK
- EBITDA from product segments: 6,312 MSEK
- EPS: 23.22 SEK
- Cash returned to shareholders\(^1\): 4,766 MSEK

1) Dividends plus share repurchases.
SALES AND OPERATING PROFIT IN 2019

Sales by product segment

- Smokefree: 62%
- Cigars: 27%
- Lights: 8%

Operating profit by product segment

- Smokefree: 69%
- Cigars: 4%
- Lights: 4%
Growth driven by innovative products and formats

- Leading position for snus in Scandinavia and a significant player for snus in the US.
- The largest player in the US non-tobacco nicotine pouch market and the number two player for nicotine pouches in Scandinavia.
- The largest producer of US chewing tobacco and the third largest producer of moist snuff in the US.
- Main markets are the US, Sweden, Norway and Europe.
- Production in Sweden (snus and nicotine pouches), the US (nicotine pouches, moist snuff, and chewing tobacco) and Denmark (chew bags and tobacco bits).
Main brands

Scandinavia

**Snus, Sweden:** General, Göteborgs Rapé, Kaliber, Kronan, Ettan, Grov, Catch

**Snus, Norway:** General, G.3, The Lab, Nick & Johnny

**Nicotine pouches, Sweden and Denmark:** ZYN

**Nicotine pouches, Norway:** G.4

**Pouch products with neither tobacco nor nicotine, Sweden and Norway:** Onico

Europe

**Chew bags:** Thunder, General Cut

**Tobacco bits:** Oliver Twist

US

**Nicotine pouches:** ZYN

**Moist snuff:** Longhorn, Timber Wolf

**Snus:** General

**Chewing tobacco:** Red Man

---

1) Nicotine pouches are oral products that contain nicotine, but no tobacco. There are certain markets, like Norway, that do not currently allow nicotine pouches without tobacco. In those markets, nicotine pouches refer to products that contain small amounts of tobacco.
CIGARS

Strong player in US cigars

- The number two player in the US mass market cigar market.
- Swedish Match has strong positions within both the natural leaf and HTL segments.
- Production in the US and the Dominican Republic.

Main brands

Cigars, the US: Garcia y Vega, Game by Garcia y Vega, 1882, White Owl, Jackpot
Matches and lighters are sold across the globe

- Swedish Match is market leader in many markets. Match brands tend to be local and hold a strong position in their respective markets.

- Production in Brazil, the Netherlands, the Philippines, and Sweden.

- Strong presence in Latin America, especially for matches in Brazil, as well as in large parts of Europe and Asia Pacific.

- The Company also offers a portfolio of complementary products primarily in Brazil.

Main brands

**Matches:** Solstickan (Sweden), Nitedals (Norway), Fiat Lux (Brazil), Redheads (Australia)

**Lighters:** Cricket (globally)
Other operations consists of corporate functions providing services to the Swedish Match operating divisions. Services provided are in such areas as regulatory affairs, legal and financial services, and also includes a distribution function.

The distribution function provides services to Swedish Match in Sweden and Norway as well as to other manufacturers within the Swedish distribution network.
Swedish Match’s operations are characterized by strong cash flows

- **Financial strategy**
  - Optimize balance sheet
  - Return excess funds to shareholders

- **Financial policy**
  - Dividend policy: payout ratio of 40-60% of earnings per share
  - Maintain a net debt that does not exceed 3 times EBITA
  - Maintain an investment grade rating from Standard & Poor’s and Moody’s

![Transfer of capital, MSEK](chart.png)

0 2,000 4,000 6,000 8,000

2015 2016 2017 2018 2019

- Special dividend
- Repurchase
- Ordinary dividend
Swedish Match promotes a culture of openness and trust, and a healthy work environment. Our employees are actively engaged and demonstrate the Company's core values of passion, ownership, innovation and quality. Every decision the Company makes supports our strong corporate culture helping to drive a successful organization.

Passion, Ownership, Innovation, Quality
Swedish Match's core values are central to the Company's business ethics and, as such, they are demonstrated in all relations with stakeholders and are a natural part of the way the Company conducts business.
GOTHIATEK® is the world-unique quality standard pursued by Swedish Match since 2000.

The uncompromising requirements that GOTHIATEK® imposes on the company’s snus products are based on decades of research and development, with product safety and consumer protection as the key targets.

GOTHIATEK® is based on three cornerstones:

- Consumer care – through uniquely low limits for undesirable substances
- Quality – through 100% control from seed to can
- Openness – through information about the company’s products and research results
The Swedish matches we manufacture and sell meet the world’s highest quality and safety requirements.

The MATCHTEK® standard is an extension of the existing European match standard EN 1783:1997 (performance requirements, safety and classification). The restrictions are stricter than those in the EN 1783:1997, and the methods for analysis and testing are more complex. Our complying with this standard means our matches have been subject to rigorous quality control tests.
**SUSTAINABILITY – OUR 6 FOCUS AREAS**

**Improve public health**
Our goal is to eliminate cigarette use and tobacco related morbidity and mortality by offering smokers attractive sources of nicotine for recreational use (such as Swedish snus and other nicotine containing products like ZYN).

**Ensure ethical business practices**
At Swedish Match, we will take the necessary steps to ensure that ethical business practices are maintained within our own company and in our relationships with all outside parties.

**Equal opportunity**
Our continuing objective is to be a truly open and inclusive employer. In this environment, with zero tolerance for discrimination, all employees have equal opportunity to achieve their full potential – resulting in a more diverse workplace.

**Reduce greenhouse gases**
Our goal is to reflect the commitments outlined in the Paris Agreement and thereby reduce emissions of greenhouse gases in our value chain.

**Reduce waste**
Our goal is to reduce waste generated at our own production facilities.

**Eliminate child labor**
Our goal is the elimination of child labor in the Company’s value chain.
OUR CODE OF CONDUCT

Our policies on practices regarding employment and labor, ethical business, the environment and workplace are based on the principles of the UN Global Compact. These policies are outlined in our Code of Conduct and underpinned by Group principles/procedures and local policies.

“

To be successful as a company we must act both responsibly and effectively. The Code of Conduct spells out the main principles on how we conduct business.”

Lars Dahlgren
President and CEO
OUR CONTRIBUTION TO THE UN SDGS

Our six sustainability focus areas and our overall sustainability strategy contribute to eight of the UN Sustainable Development Goals (SDGs).

These are the areas that are material to the Company and where we believe we can have a positive impact.
When cigarette smokers switch to safer nicotine containing products, they reduce their individual health risk. If enough smokers make the switch there is a public health gain that becomes clearly visible in public health statistics. This improvement in public health is what the scientists refer to as tobacco harm reduction.

For many years, Sweden has been highlighted as the best example of tobacco harm reduction. There has been a trend of Swedish smokers switching to snus ever since the late 1960s and as a result Sweden has the lowest incidence of tobacco related death and disease in the western world. This is especially pronounced among males since the switch to snus has been more prevalent among men. The tobacco trend seen in Sweden is known around the world as the Swedish Experience.
A VISION THAT CONTRIBUTES TO SOCIETY

Mortality attributable to tobacco, men per 100,000 (WHO 2012)

Among the smokeless tobacco products on the market, products with low levels of nitrosamines, such as Swedish snus, are considerably less hazardous than cigarettes*

SMOKERS IN THE EUROPEAN UNION – MEN AND WOMEN

Smoking prevalence in the EU (%)

EX-SMOKERS IN THE EUROPEAN UNION – MEN AND WOMEN

Prevalence of ex-smokers in the EU (%)

Prevalence of daily smokers in the EU (%)

SHARE PRICE AND TURNOVER 2019

The diagram illustrates the share price and turnover for Swedish Match and OMX Stockholm 30 for the year 2019. The data is presented in thousands of shares per month, with the x-axis representing months from January to December, and the y-axis showing SEK values.

Key data points include:
- **Swedish Match**
- **Nasdaq**
- **London Stock Exchange**
- **Cboe**
- **Turquoise**
- **Other**

The traded number of shares is also indicated on the right y-axis.

Source: Bloomberg Finance L.P./Fidessa
### SHARE HOLDINGS

1) Including shares held by Swedish Match. Registered direct ownership and ownership through trustees. Certain shareholders may, through custodial accounts, have had different holdings than are apparent from the shareholders’ register. Totals may be affected by rounding.

Source: Monitor by Modular Finance AB, data derived from various sources including Euroclear Sweden AB and Morningstar, as of December 31, 2019.

<table>
<thead>
<tr>
<th>Largest shareholders</th>
<th>Number of shares</th>
<th>Holding in percent</th>
<th>Votes in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock</td>
<td>7,490,837</td>
<td>4.4</td>
<td>4.6</td>
</tr>
<tr>
<td>Fidelity International (FIL)</td>
<td>6,115,226</td>
<td>3.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Cedar Rock Capital</td>
<td>5,794,235</td>
<td>3.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Invesco</td>
<td>5,481,197</td>
<td>3.2</td>
<td>3.4</td>
</tr>
<tr>
<td>Vanguard</td>
<td>5,181,460</td>
<td>3.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Nordea Funds</td>
<td>4,523,760</td>
<td>2.7</td>
<td>2.8</td>
</tr>
<tr>
<td>Gabelli/GAMCO</td>
<td>3,763,800</td>
<td>2.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Cantillon Capital Management</td>
<td>3,190,000</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Aberdeen Standard Investments</td>
<td>2,422,774</td>
<td>1.4</td>
<td>1.5</td>
</tr>
<tr>
<td>Goldman Sachs Asset Management</td>
<td>2,360,886</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Subtotal 10 owners</strong></td>
<td>46,324,175</td>
<td>27.3</td>
<td>28.4</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>116,904,138</td>
<td>68.8</td>
<td>71.6</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>163,228,313</strong></td>
<td><strong>96.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td><strong>Shares held by Swedish Match</strong></td>
<td>6,721,687</td>
<td>4.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>169,950,000</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>