Haypp Group Q3 2025 conference call transcript

Note: this is the edited transcript from the Swedish call held at 0900 CET on 5 Nov 2025

Presentation

Welcome to Haypp Group Q3 earnings call for 2025. For the first part of the conference call, the participants will be in listen only mode during the questions and answer session. Participants are able to ask questions 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.

Good morning everyone and welcome to our Q3 2025 conference call. Our CFO, Peter Deli and I, Gavin O'Dowd will take you through our results starting on slide four.

SLIDE 4 – Gavin O'Dowd

I would like to focus on four key aspects of our operational highlights, beginning first with our nicotine pouches Q3 volume year on year growth of 21% on a like for like basis. It should be noted that Q3 last year had an exceptionally high traffic base in the U.S., on which I will provide more details on in the next slide.

Secondly, like for like sales grew 15% for the period impacted by accelerated decline in snus since June.

Third, gross margin continues to increase to a record high of 18.8%, reflecting the strength of our operating model.

And lastly, we have continued to make strides forward in our infrastructure overall, having successfully migrated our largest site onto our new infrastructure by year end. We expect to have the two remaining smaller sites completed, bringing the overall project to an end. This new infrastructure is already enabling much more speed and agility and creates an excellent foundation for future growth.

SLIDE 5

Moving to the next slide, slide five and focusing on the U.S. performance. Our like for like sales volume in the U.S. grew 40% year on year despite the high comparatives from last year, which you can see here in the chart. In addition, we recognized the strong development in new consumers in recent quarters, which is visible in the second chart. And lastly, in mid-September, we resumed sales of Zyn in the U.S. This comes on the back of a mutually beneficial agreement with the brand which will also have many of our Media & Insights services.

We recognize that there were many Zyn loyal consumers who were forced to buy from other retailers over the past year. And we are now placing an emphasis on reactivating those consumers.

SLIDE 6
Moving to Slide six and the U.S. outlook.

The FDA are piloting a new approval process which aims to process products from four of the leading manufacturers before the end of 2025. While this process doesn't guarantee that each product will be approved, it may signal an acceleration in the range of new products entering the U.S. markets.

On the back of the ever-improving landscape in the U.S., Haypp Group are preparing to accelerate new consumer inflow. Our group initiated a deep market analysis during Q3 with a third-party specialist firm. The goal of the analysis is to identify the evolving needs of different off-line consumer segments and how to overcome impediments to them shopping online. This work is expected to be completed this year.

In conjunction, Haypp Group have commissioned a marketing agency with specific expertise relating to our business, with the intent of engaging key consumer segments to accelerate new consumer inflow. The learnings from our pilots this year such as same day delivery, out-of-store, advertising, refinement and loyalty programs are feeding into this marketing plan and we expect it to be operational early in 2026.

SLIDE 7
Moving to slide seven and our regulatory and legal update.

And starting with the U.S. In addition to the point in the prior slide regarding the FDA's pilot program to process a range of SKUs before year end, we expect the most notable changes to occur around state level excise taxes on nicotine pouches during 2026. As more information becomes available we will continue to update you. It should also be noted that there was a referendum in Denver, Colorado on a tobacco products flavor [ban], and nicotine pouches are included in that [tobacco products] categorization.

Regarding the EU, in addition to the Tobacco Taxation Directive which we spoke of last quarter, the EU Commission is preparing a submission for the FCTC [Framework Convention on Tobacco Control COP11 meeting]. These discussions are likely to generate a variety of headlines that over time will likely moderate and we remain optimistic about the regulatory outlook for Europe, where the most aggressive positions are opposed by member states.

Then lastly, in the U.K., the Tobacco and Vapes bill is currently being discussed in Parliament. We hope the bill will implement nicotine pouch product standards, which are in line with Haypp Group policies. Regarding litigation, legal proceedings in Stockholm are expected to take between 3 to 9 months. And regarding San

Francisco, a settlement was reached during October, thus removing U.S. litigation uncertainty. With that, I will now hand over to Peter for an update on our financial performance.

SLIDE 8 – Peter Deli
Thank you, Gavin. Good morning, everyone.

Before going into the details, I just would like to quickly summarize what you're going to see in our view. We concluded a solid quarter, as Gavin already elaborated on. We successfully relaunched the market leading brand on all U.S. store fronts and we maintained a strong gross margin, allowing us to initiate the necessary investment primarily towards the U.S. market to lay the foundation for the next growth chapter. Despite the increased level of investments, the adjusted EBIT margin remained flat versus same period last year at 3.5%.

On slide 8, let me begin with our sales development and the like for like comparison. The like for like comparison became even more complex because we had to adjust our 2025 Q3 reported numbers as well to make the numbers comparable to Q3 2024.

For Q3 2024, we had ZYN in the U.S. while in Q3 2025 we had Zyn for only for 19 days. Reported sales grew by 1%, while excluding forex the increase was 3%. Like for like sales growth was 15%. There is no change in the product composition of growth drivers.

The 15% like for like growth was mainly driven by nicotine pouches. Snus, which declined in Sweden, affected our performance negatively by 5 percentage points. This was partly offset by the Emerging segment contribution to growth of 2 percentage points. The snus decline accelerated during the quarter, however, on a going forward basis, we expect it to moderate.

SLIDE 9
On slide 9, going into more details about our like for like sales development, you can find the key drivers.

The net impact included in the reported sales driven by U.S. tobacco product sales discontinuation and closing states, was 92 million SEK. As said before, currency created a headwind for us. The impact of the foreign exchange movement remained in line with the first half of the year. The depreciation of the Norwegian krone and the U.S. dollar against the Swedish krona negatively affected reported sales.

Zooming into the operational performance. All reporting segments contributed to the growth on a like for like basis. The Growth segment, and the U.S. in particular, remained the biggest driver accounting for 54% of the operational growth.

The Core segment represented 29%, while the Emerging segment accounted for 17% of the growth.

SLIDE 10

Moving to Slide ten and progressing a few lines down into the P & L, you can find the long term quarterly development of Haypp Group's gross margin, both in absolute terms and as a percentage of net sales.

Q3's margin level remained in line with the first half of 2025, compared to last year, not only in terms of the margin rate, but also the key drivers of the increase are the same.

We managed to increase our gross margin driven by consistent volume and top line growth and by the increasing contribution of our Media & Insights business. This sustained, robust margin performance is the foundation for the execution of our growth strategy in the U.S. This allows us to make the investments required to set the foundations for the next growth chapter.

It is important to note that going forward, the return of Zyn is not expected to negatively impact our margin levels. Sustaining the strong Media & Insights business will remain important, and the continued need for development of those products are critical for us.

I would like to reaffirm the foundational principles of our business model. We allocate the value created by the company to our consumers, business partners and shareholders. Our ongoing priority is to enhance the value we provide to consumers, which in turn requires us to strengthen the value we generate for our business partners.

By continuously improving all Media & Insights offerings, we are able to deliver greater value and convenience to our consumers while also driving healthier profit margins over the medium term.

SLIDE 11

On slide 11, you can see an overview of our overhead base, which increased to 126 million SEK in the third quarter. This increase was mainly driven by increases in the U.S. local team capabilities. We also strengthened our Media & Insights teams and invested into activities to increase our online channel and brand awareness.

SLIDE 12

On Slide 12, you can see key figures around our profitability. Adjusted EBIT for the third quarter grew by 0.9%, reaching 3.4 million SEK. The adjusted EBIT margin remained flat at three and a half percent. While we had the benefit from the increased gross margin, this was offset by the increased investments into overheads and marginally into paid marketing.

The increase in depreciation, similarly to previous quarters this year is partly driven by the U.S. automatization [of our Houston warehouse], which we installed mid-December last year.

We maintained our investment into the Emerging segment. This quarter the investment amounted to 13.1 million SEK and reduced the overall adjusted EBIT of the group by 1.6 percentage points. The adjusted EBIT margin for the Core and Growth business was 5.1%, growing 0.7 percentage point versus last year.

SLIDE 13
Moving to Slide 13 and zooming in on our Core markets. This segment delivered an overall 5% constant currency net sales growth. The quarter started slow with some acceleration during the second half of the quarter behind the sales growth. Two completely different dynamics were evident, with the nicotine pouch segment, which accounted for 57% of the Core volume, maintaining its growth.

Snus volume remained in decline, and this decline accelerated in Q3 versus the first half of the year. The decline was driven by the reduction of underlying consumer demand. But it is also important to note that Q3 is the last quarter where the tax reduction driven price decrease on the 1st of October 2024 drove negative price mix for the Swedish market.

These two opposing dynamics mean that the share increase of the fast growing nicotine pouch segment will improve the overall growth rates of the Core markets segment. The changes in the pages in consumer numbers are also reflecting these different dynamics where we are continuously building the nicotine pouch consumer base offset partially by the decline in Swedish snus consumers.

The adjusted EBITDA margin remains strong for this segment at 10% in Q3 up 1.3 percentage points above the same period last year. The driver behind the increase is the Media & Insights revenue growth.

SLIDE 14
On slide 14 you can find our Growth market segment performance.

Net sales, excluding currency impact on a like for like basis were up by 39% while all markets increase their sales. We are very pleased with the high double-digit growth rates of the U.S. and the nicotine pouch volume development in the UK.

Our adjusted EBITDA moved into negative territory, driven by increased investment levels mainly attributable to the U.S. In absolute terms, adjusted EBITDA amounted to -1.4 million SEK and the adjusted EBITDA margin was -0.6%. While the profitability is down versus the same period last year, it is important to note that the gross margin remained stable for the segment. However, overhead increases, mainly driven by the U.S., negatively affected the [EBITDA] profitability.

SLIDE 15
On slide 15, we show our Emerging segment.

Sequential sales growth continued and we are particularly pleased with the Swedish and German market performance.

Unfortunately, operating in the U.K. vape market remains challenging due to the absence of regulatory enforcement across the entire spectrum of market participants. Haypp Group was and always will be committed to comply with regulation. However, this can create a significant competitive disadvantage when other retailers are not doing so. In markets and segments where we are market leaders, we can compensate with more weight. But in the U.K. vape market, as a challenger, the unlevel playing field prohibited us from achieving our ambitions.

As you can see on the bottom chart, while Sweden and Germany net sales retained their growing trends, this was not the case in U.K. despite the heavy investments we made, both into our consumer offer and also into our internal capabilities. These factors led us to decide to discontinue our vape and heat-not-burn sales in the U.K. during Q4.

SLIDE 16
On slide 16, I would like to highlight three or four selected KPIs.

The full list of KPIs are available in the appendix of this presentation. Starting with the inventory, it increased versus Q2, driven by the ZYN inventory build in the U.S. with slight reduction in other inventories in other locations.

The inventory increase didn't translate fully into the increase in working capital, driven by improvements in other components. The net debt to adjusted EBITDA ratio remained stable at 0.4 times. With this, I would like to hand back to Gavin.

SLIDE 18 – Gavin O'Dowd
Thank you very much, Peter.

Moving on to our outlook slide 18. In our view, the long-term future for reduced nicotine products, the online channel and Haypp Group with its many strengths remains very encouraging.

Conditions within the U.S. continue to evolve in a positive direction. Haypp Group's operating model continues to generate increasing value for consumers and suppliers, while also providing margin expansion opportunities over the medium term. The expected increase in regulatory requirements are beginning to manifest, which further differentiates us, given our sustained focus and investment in long term compliance.

SLIDE 19
And finally, on slide 19, I would like to touch upon our medium term guidance from the Capital Markets Day (CMD) in April of this year, which runs out to 2028.

We envision revenue growth rates of 18 to 25% CAGR over the period with the US market being a material contributor. This reflects the lower expected growth rates for 2025 due to the comparatively narrower consumer base in the US. We also guide towards five and a half percent EBIT at the end of the period, plus or -150 basis points. While we have been materially increasing our EBIT in the past few years, we intend to reinvest into the U.S. to accelerate our market share growth over this period.

I would kindly direct your attention to our Capital Markets Day presentation materials, available on our website, and this provides more detail on these targets.

Lastly, the company does not intend to issue a dividend over this period, instead reinvesting surplus cash flows into the company's future expansion.

Before I open up for questions, I would like to take the opportunity to thank my colleagues for their dedication and hard work delivering these strong results. With that, I will hand over to the operator for questions.

If you wish to ask a question, please dial key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound key six on your telephone keypad.

Q & A

1) The next question comes from Johan Fred from SEB. Please go ahead. Good morning, guys. Thanks for taking my questions. A couple of ones from my side. First one now that Zyn is back in the U.S. assortment, could you share any early indicators on reactivation of dormant US customers? I saw that active consumers declined by 25% year on year in Q3 in Growth Markets. But what did you observe from mid-September in terms of traffic, conversion, etc. ?

   A) Gavin O’Dowd. Good morning, Johan. Yes, absolutely. And if I take this question perhaps in chronological order. So first of all, in 2024, there were an exceptional number of consumers even relative to the volume, because we were rationing the volume of products and particularly [the amount] of Zyn that any consumer could buy over a 30 day period during Q2 and particularly Q3 of 2024. So yes, we note that there were a substantial number of consumers who came in particularly during 2024 for that and of course disappeared in the latter part of the year when we no longer had the product.

   And there are two dynamics to those. Some of those consumers were ones who were forced to online because they couldn't get the product anywhere else. And some of those were ones who chose to come online and quite enjoyed the experience. So there's quite a substantial number of consumers there along the way.

We have been working on reaching out to those consumers via different channels over the time when Zyn came back and we've been quite happy with the early successes we've made on that. However, we realize this is a substantial number of consumers and we need to keep leaning into that to capture as many of those and reactivate as many of those as possible over the remainder of Q4.

2) Johan Fred. Cool. Got it. And maybe if I can just dig in a bit deeper into that topic. Could you walk us through your strategy here into rebuilding awareness in the US? Is this primarily CRM driven or will we see a step up in payback decisions ? And if so, what ? What channels are you leaning on? And any sort of early read from what you have from the end of September would be would be much appreciated.

   A) Gavin O'Dowd. Yes. So it starts off with the lowest hanging fruit here is very much via CRM as regards the ability to reach out to them initially via email. We're now testing ways of being able to follow that up via other aspects as well, such as calling some of the consumers to let them know that we're back on this or doing some postal and distribution to send out physical messages to these consumers as well as it's coming through.

   And what we can see is that just to be clear on this one, we're getting well over 100,000 Zyn consumers that came to us in the first nine months of the 2024, with a particular lean towards perhaps two periods between late March and late September. So this is a sizable base of consumers within the US and we see that we've gotten a good reactivation flow for perhaps the first 12-14,000 of those coming back in already. And like I said, there's still a sizable piece out there that we need to we need to see how many of them we can reactivate. We're not naïve enough to assume we can reactivate them all, but we are going to continue to expand the channels and the communication to them to get more and more of them in. These are extremely valuable consumers.

3) Johan Fred. Got it. Thank you so much for that additional color and the final one here before I jump back in the queue. On the gross margin, it stepped up meaningfully in the quarter, but adjusted EBIT margins did not expand at the same extent, which is reasonable given your investments in the U.S. But how should we think about the operational gearing going into Q4 and 2026, now that it's fair to assume that volumes in the US will pick up significantly?

   A) Gavin O'Dowd. Yes, I think the way we're viewing this one is, you know, we set out a very clear a destination. One was a destination, but perhaps milestone for where we would be in 2028. And we do expect that we will continue to invest in the US so long as we can see strong returns on the investment that we're putting in. So we're not so much viewing this one from saying this is exactly what our gross margin and EBIT and free cash flow would be for each quarter as we look out to 26 and early 27, but more a case of so long as we can see strong return on the capital which we're investing, we are, we believe that the strong return coming on the capital that we're investing in, some of the aspects it's difficult to quantify exactly in advance. We will continue to invest that money. So I think it's probably more that principle should be you should be viewing this or you should be considering this one through your own merits, rather than a set target for what it would be for each quarter going to make.

Johan Fred - Makes perfect sense. Thank you. Those are all my questions. Now I will get back in the queue.
A) Thank you, Johan.

4) The next question comes from Niklas Ekman from DNB Carnegie. Please go ahead. Thank you. Yes, I have a couple of follow up questions for you. One is there any way you can quantify the current trading in the U.S. market ? And obviously, there are two effects here. Firstly, that you come from a period of exceptionally tough comparisons and the absence of Zyn then and now this completely reverses as we go into Q4. So I'm trying to get my hands on what kind of growth rates are you expecting ? What kind of growth rates are you seeing now at the start of Q4, I guess, both for the U.S. market and what kind of impact that has on the Group, if there's any color here you could give us, it would be appreciated.

   A) Gavin O'Dowd. Yeah, exactly. I think you're spot on. So there have been many factors coming into it. As you say, firstly, looking backwards, you were dealing with a scenario of not just the shortage of Zyn, but we had also discontinued tobacco, which is not complete, fully run out when it comes to like for like but it's a small enough part of it since it has been wound down quite heavily already by October of 24.

   And then also there were closed states. So then you have that all of the closed states were already completed by the by the end of September of 24 as well. So then if you bring all of that together and you look at the initial growth coming through, I think what we can see here is that, for example, the October numbers are coming in with close to 60% volume growth in the U.S., does that give you some form of guidance ?

   And where we are here ? And what kind of impact does that have on the Group? The US is making up roughly 20% of the Group sales at this point of time growing substantially faster. So I guess you can reverse engineer back from that as regards to what impact it could have on growth rates at a Group level.

5) Niklas Ekman. Very good. And second question on the same topic, and you reiterated here your guidance or your targets from the CMD in April with [sales] growth rates of 18 to 25%, and that's a CAGR and adjusting them for the weakness that we've seen in the last four quarters with growth rates of around 5%. So my question here is that to me, that suggests that you are expecting growth rates in the next four quarters to be well above that 18 to 25% range, more in the range of 30% plus. Given the easy comparison base, am I looking at this correctly ?

   A) Gavin O'Dowd. Yeah. We do expect the growth rates to pick up during 26. And I'm sorry on that one, Niklas , when I say growth rates, I'm talking about reported growth rates as opposed to like for like. Yeah. So like for like will of course be, like for like will be lighter. And because I'm going to be making the adjustment for having the extra assortment that I didn't have before.

   Niklas Ekman. Will you continue to report like for like sales because I think that would be very helpful, particularly over the next four quarters when the comparisons are very easy.

   A) Gavin O'Dowd. We always endeavor to be helpful.

6) Niklas Ekman. It was very. Very good. And another question here is on the margin outlook again and coming back to the December guidance here of the margin. So 4 to 7%. And the reason I'm asking is I know that there's some sell side expectations that are significantly above that range with the margins. I think coming close to 10%. But I know the quality of the consensus might not be that great. So maybe I'm missing something here, but it seems like there are expectations for a very strong margin expansion in 26 and 27. And based on what we've seen on the gross margin, that seems to make sense. But at the same time, it's not in line with what you are guiding for [in adjusted EBIT margin]. So I'm again here just trying to see if I'm missing something here. If there are any reasons why [adj EBIT] margins should be closer to 10% two or three years from now, your view there ?

   A) Gavin O'Dowd. Well, I think the guidance we gave for three years from now, which is 2028, is pretty unequivocal. We said we would be at circa five and a half percent and given what growth opportunities are manifesting at the time, it would be up to 150 basis points above or below.

   If we see continued very strong growth opportunities at that point in time, we will continue to invest and hence 150 basis points below within it. If we see growth opportunities starting to level out a little bit, then we will perhaps lead a little bit more towards 150 basis points above. But everybody's entitled to their own opinions of where this will come in. But I don't know if we can be clearer regarding what our expectation is.

7) Niklas Ekman. Yeah, I mean, as of now, the Growth markets [segment] have a much lower profitability than your Core markets [segment]. And obviously you are now in a ramp up phase where you have made a lot of a lot of recruitments and you had costs and volumes have only just started to come back. So structurally, is there any clear difference in profitability if you compare Core markets to Growth markets ? And I'm thinking about the U.S. market in particular, or do you see that over time that the U.S. market could have the same level of profitability as you have in the Nordics ?

A) Gavin O'Dowd. I think the Growth markets in general and as you say, the U.S. market in particular structurally is designed for having higher levels of profitability over the longer term. And I think the biggest feature for that is driven by the amount of oxygen that's provided to us by traditional offline retailers.

Sweden is perhaps the most competitive market in the world when it comes to the retail environment for risk reduced nicotine products where you have extremely low retail margins, which is the oxygen that we have from traditional retailers, which is the oxygen that we have to play with. There's a lot of reasons for that. A lot of it goes back to when the industry, a completely different construct within Sweden and back as far as the nineties and that it is just been a legacy from there. But if you look at it, you're dealing with roughly 20% retail margins across the vast majority of the market in Sweden versus you're dealing with 40 to 50% retail margins across the likes of the US and the U.K.

So as I see it, the basis for longer term profitability is much greater in our Growth markets than it is in our Core markets. However, when it comes to us giving guidance for 2028, I view 2028 very much as a milestone rather than a destination. So we believe that there will still be huge growth opportunities even when we are dealing with that sort of market share that we laid out in the CMD for both the US and the U.K. So we're not necessarily stating that we would be in a steady state margin at that stage.

We feel as though if there are strong growth opportunities and we believe there will be within those markets, we will continue to invest. But back, I think to your initial question, or at least my what I think your initial questions, Niklas. Yes, I believe there's a basis for healthier margins in the Growth markets than the Core markets over the long term.

8) Niklas Ekman. Very clear. Thank you. And just a final question on this topic of the U.S. or U.K. vaping and the heat not burn and how big a share was that of the Group, I think it was SEK 40 million in revenue here in Q3. How significant a share was that ? Did that make up most of the Emerging segment ?

A) Gavin O'Dowd. Yes, it was around about just under a third of the Emerging segment in the third quarter. And so it accounted for just over one percentage point of our total Group revenue. So we consider it to be not particularly material in the scheme of things and maybe to just create a little bit more context on that one here. There has been a lot of very clear regulation introduced into the U.K. at various stages over the last couple of years, including earlier this year. But it is an environment where by many of the other retailers, both online and offline, are not complying with this. And we're not prepared to go and compete in that environment because it is illegal. That's not a space that we do in it.

I think it's also worth bearing in mind on this one, Niklas, that the fastest growing category by far in the U.K. is nicotine pouches. And this gives us the opportunity to double down on our already very strong performance within the nicotine pouches, where we are the market leader. And we are, you know, have a very strong share of the online channel. So this gives us the opportunity to lean into that. And should the environment ever change when it comes to vape in the U.K. and if we're sitting here in a few years time and the regulation is being enforced and it's quite clear what the playing field is, you know, we could very easily reverse the decision that we've made now. But at this point in time, we can't operate in an environment where we're the only one of the only ones complying with the regulation.

9) Niklas Ekman. And do you see any risk that the discontinuation of vaping and the heat not burn, that that could negatively impact your momentum in nicotine pouches ? I mean, is there is there a big overlap in the number of users and maybe the risk that you will lose some of these users because you don't have the full product portfolio ?

A) Gavin O'Dowd. No, I think vaping was quite useful to us a few years ago when nicotine pouches was in its infancy. You have to bear in mind, nicotine pouches today are probably available in about four times as many stores in the U.K. as in Sweden. So the availability of it [NP] is pretty significant at this point in time. You go back 2 to 3 years ago when nicotine pouches was in its infancy. It was a great opportunity for us to be able to explain the category to the vaping consumer when they came in to buy from us. What we generally find is that users of both categories tend to only be dual users for about a quarter to quarter and a half as it runs through, at which point in time they tend to switch across and target towards nicotine pouches. So there's an insignificant share of our sales is made up of consumers who put both categories into a single basket. So we don't envisage that there's going to be any spillover effect on that.

Niklas Ekman. That's very clear. Thanks so much for taking all my questions.

A) Gavin O'Dowd. Thank you, Niklas.

10) The next question comes from Morayo Adesina from Barclays. Please go ahead. Hi, guys. Thanks for taking my question. Just to quickly from me on the FDA's pilot program [for nicotine pouches], I was just wondering if Haypp has any

insight into the timings of that program, if is going according to plan and if the reviews are still expected to be completed on nicotine pouches for this year ? Or is that something that's only privy to the manufacturers ? And then secondly, on the snus consumer demand decline in Sweden, are you seeing a direct switch from snus uses to nicotine pouches ? Is there any way of tracking this or is that not really the right way to think about the decline ? Those are my two questions.

A) Gavin O'Dowd. Perfect. Let me start with the first one. And yes, I think the position that the FDA is taken is quite clear and quite public with their commitment to having the pilot process completed by the end of 2025. And I'm not sure actually that anybody has sufficient clarity on what's going on behind within the FDA as opposed to where they are in the process. Because I am cognizant that we're now on the 5th of November, which means that, you know, best case scenario, I think they have probably about 6 to 7 weeks to get this completed. But you can very much get a sense from all stakeholders involved of how quickly people are preparing for a new environment here.

I think what we're going to have to do is wait and see whether the FDA is going to be able to actually comply with the timeline laid out for themselves here. And I don't I think, I'm a bit dubious of anybody which is able to say that they have a clear view on this with certainty. I think there's a lot of unknowns in this, and we will know a lot more over the next couple of months. And so, unfortunately, no, I don't have a direct inroad to be able to give an answer on that one.

And back to your second one regarding the snus decline [in Sweden]. Yes, I think there's a couple of factors here which are occurring within the mix of oral nicotine usage in Scandinavia, as in both the combination of snus and nicotine pouches. One factor is that there are effectively no new entrants. I reckon there is somewhere around 70 to 80,000 new entrants coming into the oral category in any given year in Sweden at this point in time and I would say very few of those are committed to the traditional snus category and have been over the last 3 to 4 years. They're generally leapfrogging into nicotine pouches at the other end of the journey.

And a lot of the older snus, a lot of the older users of oral products within Scandinavia are traditional snus users. So those quitting there is no new usage, often due to end of life or any other aspect that it tends to be disproportionately leaning towards those consumers rather than nicotine pouch consumers.

And then in between is the third factor which you were referring to, which is the switching pattern. And the switching pattern was perhaps a little bit more pronounced between 2019 and 2023, early 24. There is still a degree of it, but every consumer who wants to switch from snus to nicotine pouches has been given a serious opportunity to do so over the last five, six years. So there's not very many left who are actually willing to make the change.

So I would say it's probably more the first two factors, which is driving that of no new entrants in traditional snus and hence a natural decline of users within traditional snus only, which was probably declining by about 40 to 50,000 users a year, simply by people exiting the category as they get older in life.

Morayo Adesino. Okay. Super clear. Thank you.

11) The next question comes from Johan Fred from SEB. Please go ahead.
Yes, hi again. A quick follow up from my side on Zyn in the U.S., to what extent is the Zyn demand proving incremental versus substitution from non-Zyn pouches in the U.S.? My question is really, have you seen any cannibalization of sales on other brands since your Zyn supply returned in September ? Thank you.

A) Gavin O’Dowd. The short answer, yes, we have, so we've seen Zyn resonate quite well across our loyal consumer base with some of some of the consumers who stayed with us, may have in general stayed with us by changing brands. So there was a change and then changing back when it became part of the repertoire again. So you certainly see a strong degree of that.

Johan Fred. Yes. Very clear. Thank you.

12) As a reminder, if you wish to ask a question, please dial pound cp5 on your telephone keypad. There are no more questions at this time. So I hand the conference back to the speakers for any closing comments.

Gavin O’Dowd. Thank you very much for your time today. It's really appreciated. And I look forward to speaking to you during our Q4 release in early February. Thank you. Thank you, everyone. Bye.