

SWEDISH MATCH RESULTS PRESENTATION

Q2 2021



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Q2 – HEADLINE BULLETS

- Double-digit sales and operating profit growth across all product segments in local currencies.
- In local currencies, sales increased by 19 percent for the second quarter. Reported sales increased by 9 percent to 4,505 MSEK (4,133).
- In local currencies, operating profit from product segments¹⁾ increased by 27 percent for the second quarter. Reported operating profit from product segments increased by 15 percent to 1,988 MSEK (1,731).
- For the Smokefree product segment, continued momentum for ZYN in the US drove the financial performance. Sales and operating profit also grew in Scandinavia.
- For the Cigars product segment, sales and operating profit were up significantly in local currency compared to a relatively soft prior year period as a result of improved pricing and increased natural leaf shipments.
- Operating profit for the Lights product segment up sharply as a result of good underlying performance coupled with income from land sales and indirect tax reclaims following favorable court verdicts.
- Operating profit amounted to 1,956 MSEK (1,693) for the second quarter.
- Profit after tax amounted to 1,441 MSEK (1,254) for the second quarter.
- Earnings per share increased by 18 percent to 0.92 SEK (0.78) for the second quarter.¹⁾²⁾

1) Excludes Other operations and larger one-time items.

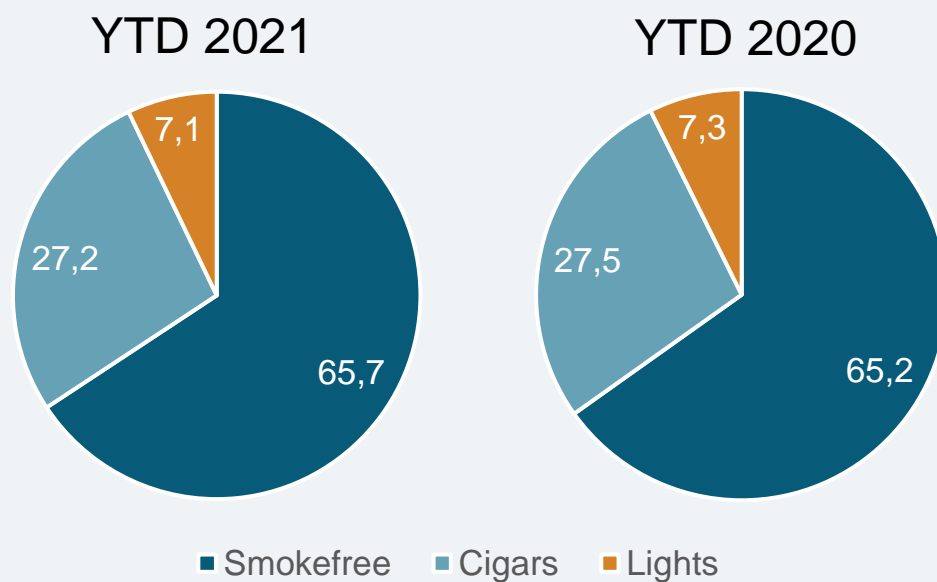
2) In May 2021, a share split (10:1) was made. Historical share data in this report has been restated in accordance with IAS 33.



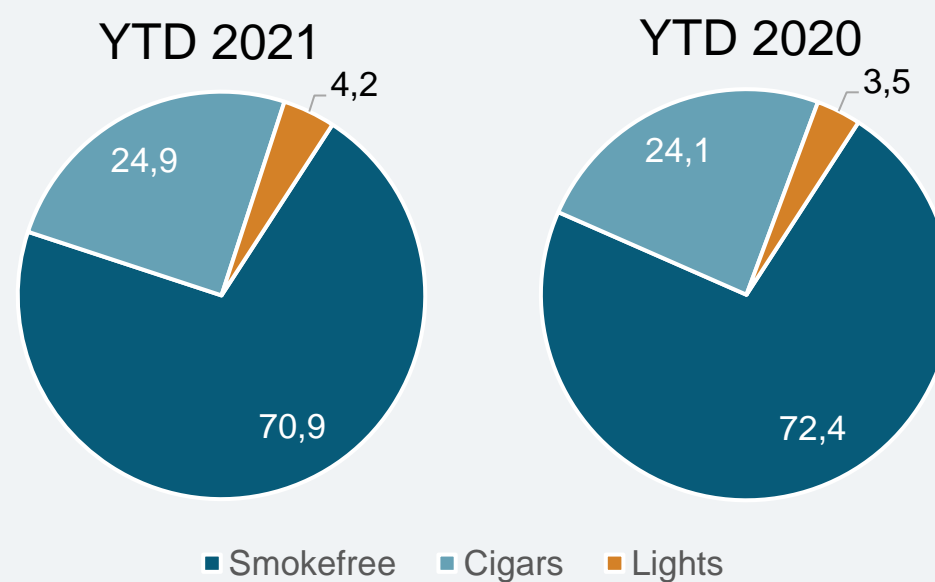
SALES AND EBIT SPLIT BY PRODUCT SEGMENT

Sales and EBIT split in percent, YTD 2021 versus YTD 2020 (Jan-Jun)

Sales split

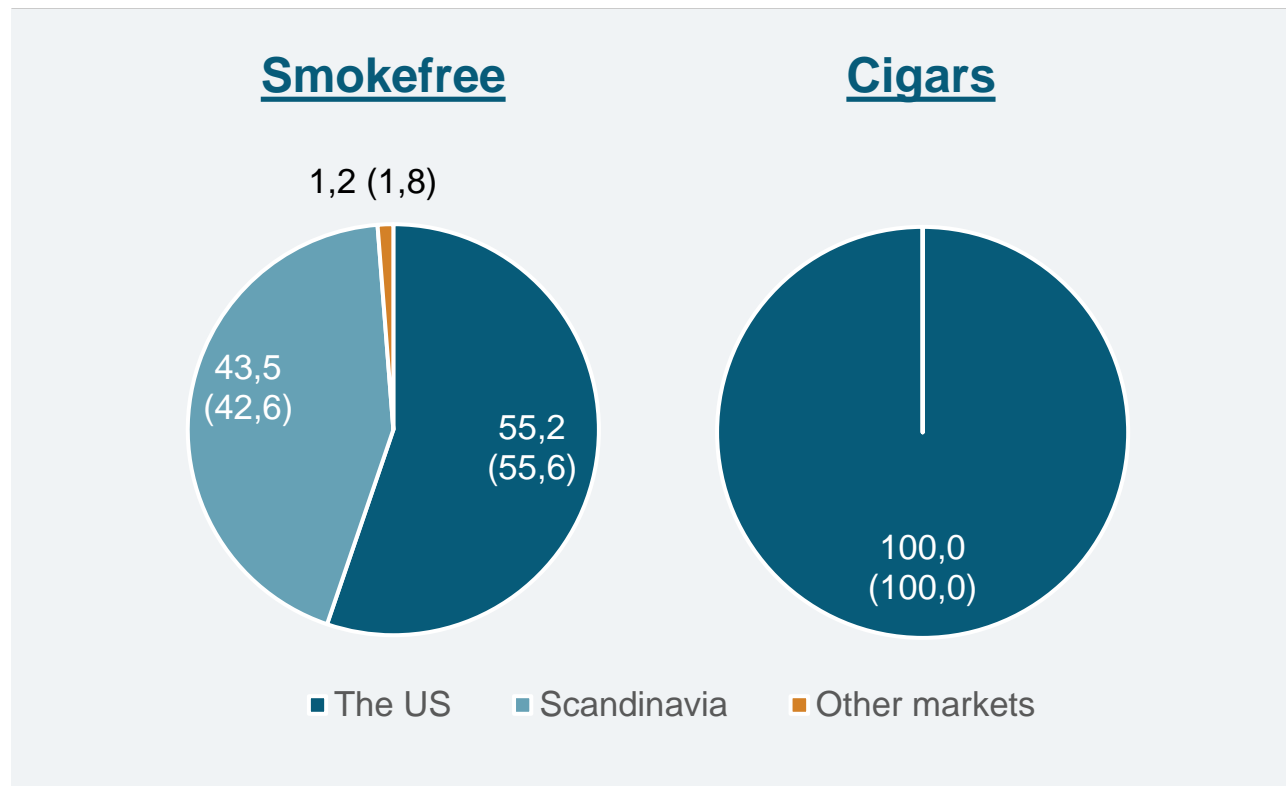
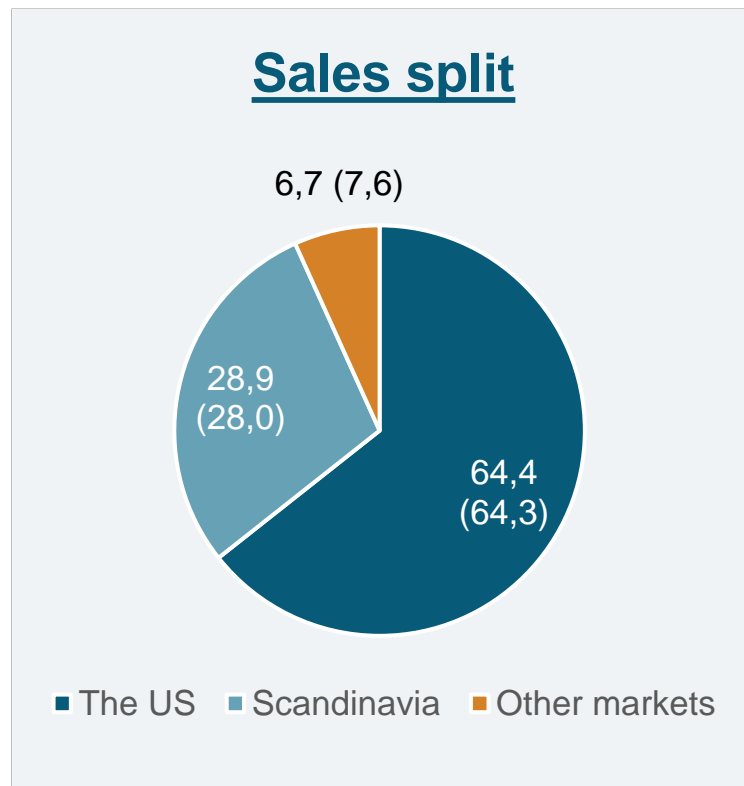


EBIT split



SALES SPLIT BY GEOGRAPHY AND PRODUCT SEGMENT

Sales split in percent, YTD 2021 versus YTD 2020 (Jan-Jun)



Q2 HIGHLIGHTS SUMMARY

Double-digit sales and operating profit growth across all product segments in local currencies.

Smokefree:

- Sales as well as operating profit up by 18 percent in local currencies.
- In the US, operating profit in local currency grew across the portfolio with *ZYN* nicotine pouches continuing to be the main driver.
- In Scandinavia, sales increased for both snus and nicotine pouches. Operating profit growth despite higher marketing spending relating to nicotine pouches.
- In Other markets, sales of nicotine pouches grew but operating profit burdened by investments and lower chewing tobacco volumes.

Cigars:

- Higher shipments and enhanced pricing drove strong double-digit growth in sales and operating profit in local currency.
- Continued category growth despite easing of COVID-19 restrictions, driven by the natural leaf segment.
- Swedish Match's market share up year-on-year, but down marginally on a sequential basis relative to the first quarter albeit with an improvement within the faster growing natural leaf segment.

Lights:

- Sharp sales increase, from higher volumes for both lighters and matches along with inclusion of the recently acquired Fire-Up business.
- Double-digit growth in underlying operating profit in local currencies, driven by lighters.

Both sales and operating profit up by 18% in local currencies

	Q2-2021	Q2-2020	chg	H1-2021	H1-2020	chg	Jul 2020-Jun 2021	Full year 2020	chg
Sales, MSEK	2,955	2,695	10	5,778	5,203	11	11,226	10,651	5
Operating profit, MSEK	1,428	1,301	10	2,893	2,455	18	5,580	5,142	9
Operating margin, %	48.3	48.3		50.1	47.2		49.7	48.3	



The US*

○ Operating profit grew across the portfolio with ZYN continuing to be the main driver

- Sales for ZYN up by more than 50%; double-digit sales growth for moist snuff; marginal sales decline for chewing tobacco.
- ZYN volumes up 64% with growing velocities in existing stores, increased store count, along with national expansion of Chill and Menthol.
- Operating profit for ZYN up sharply despite ramped up spending for brand building and consumer engagement activities.
- Volume and enhanced price drove profit growth for moist snuff and for chewing tobacco the operating profit growth resulted from price increases which more than compensated for volume declines.

Scandinavia

○ Increased sales and operating profit up despite increased marketing spending relating to nicotine pouches

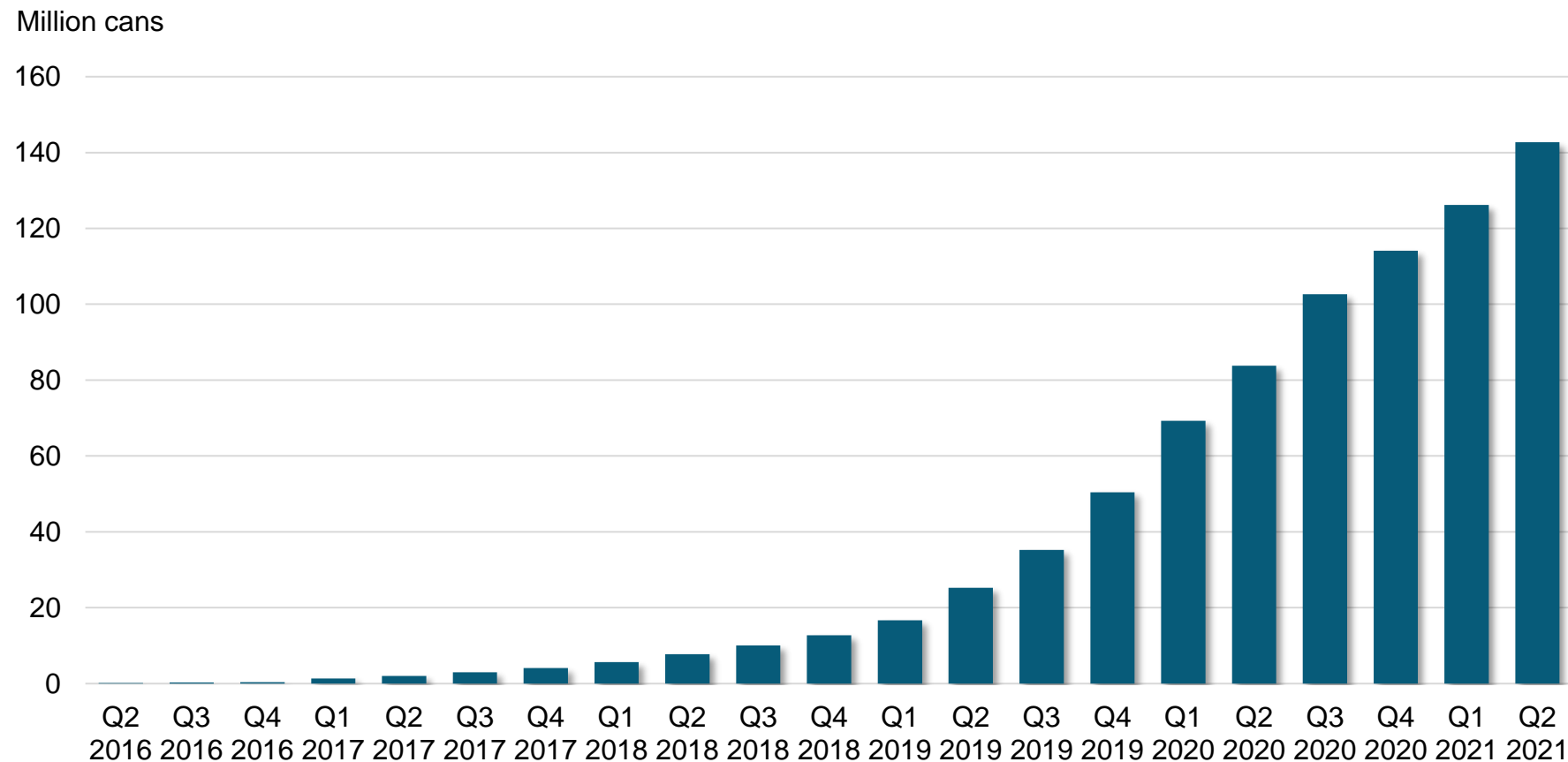
- Smokefree category consumption estimated to have grown by around 10% in volume terms on an underlying basis.
- Swedish Match shipments up by 4% (up for both snus and nicotine pouches) despite some post-Easter destocking.
- Solid operating profit growth for snus while marketing investments (including the launch of the VOLT range in Sweden) weighed on operating profit for nicotine pouches.

Other markets

- Growth for nicotine pouches with operating profit burdened by investments as well as declines in sales for chew bags (mainly Germany).

US – ZYN DEVELOPMENT IN THE US

ZYN shipment volumes in the US, 12 months rolling

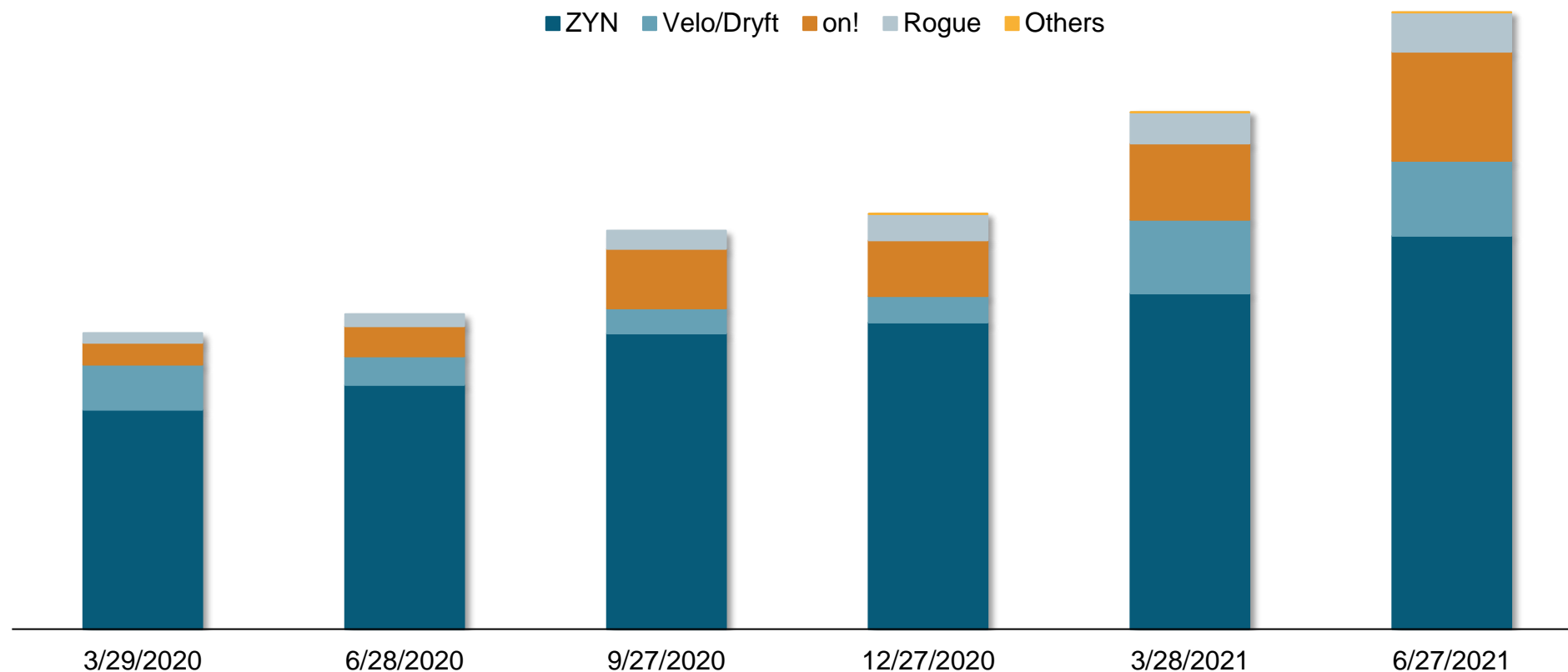


Source: Swedish Match reported shipments.



US – NICOTINE POUCH CATEGORY GROWTH

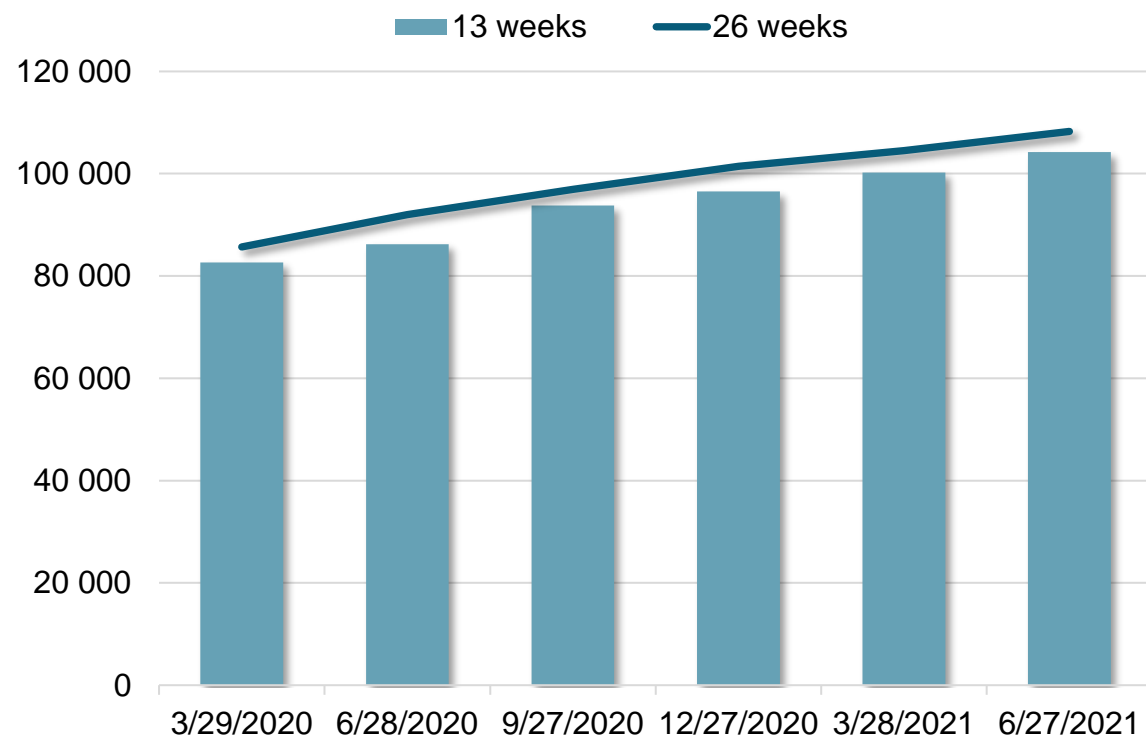
Category volume development, 13-week periods



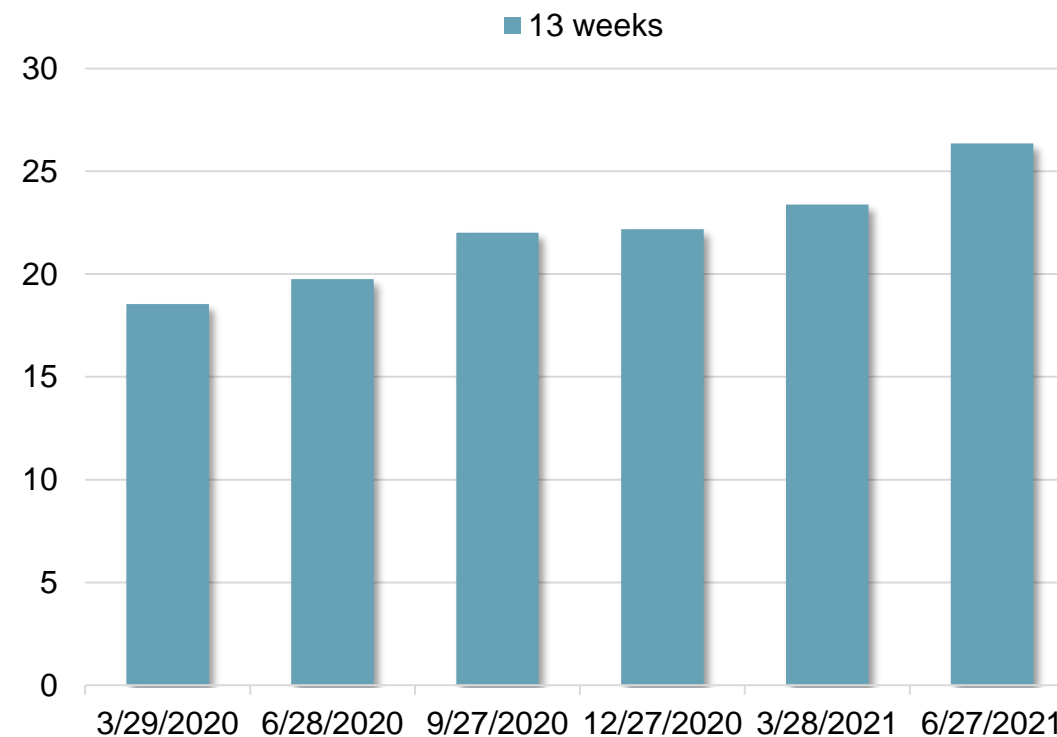
Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data.

US – ZYN STORE COUNT AND VELOCITY

Distribution reach, total US (store count)



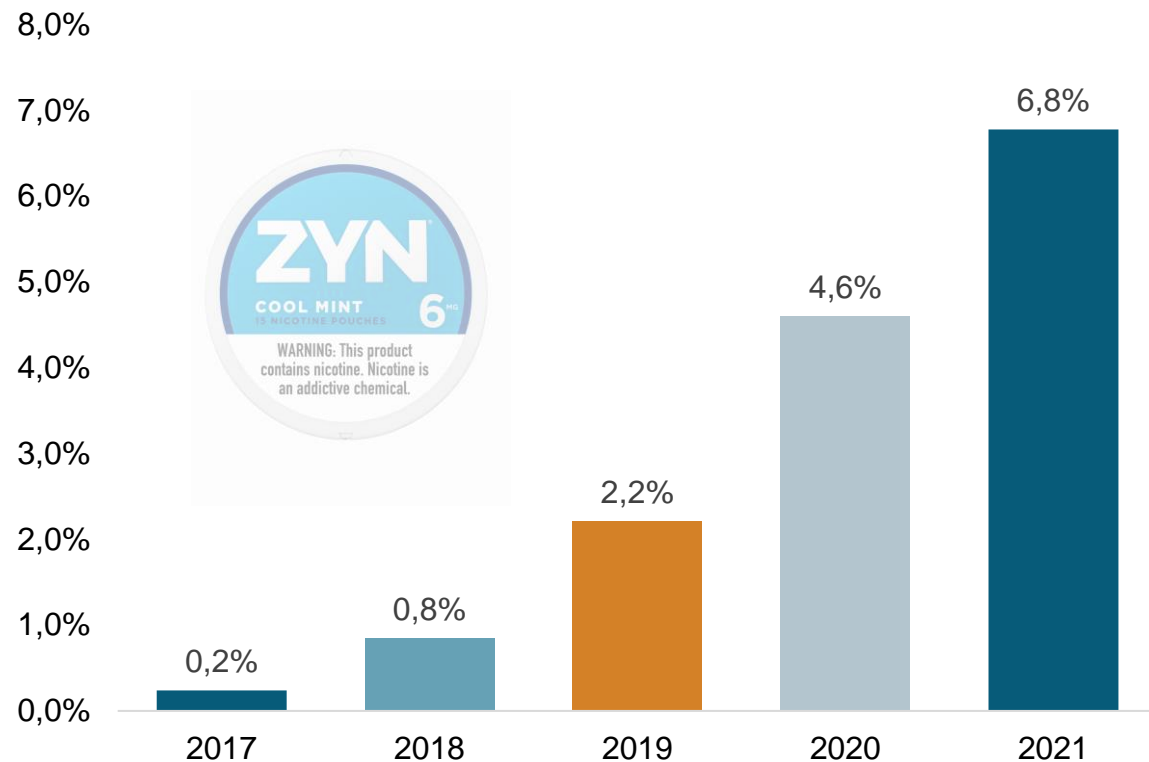
Velocity, total US (cans/store/week)



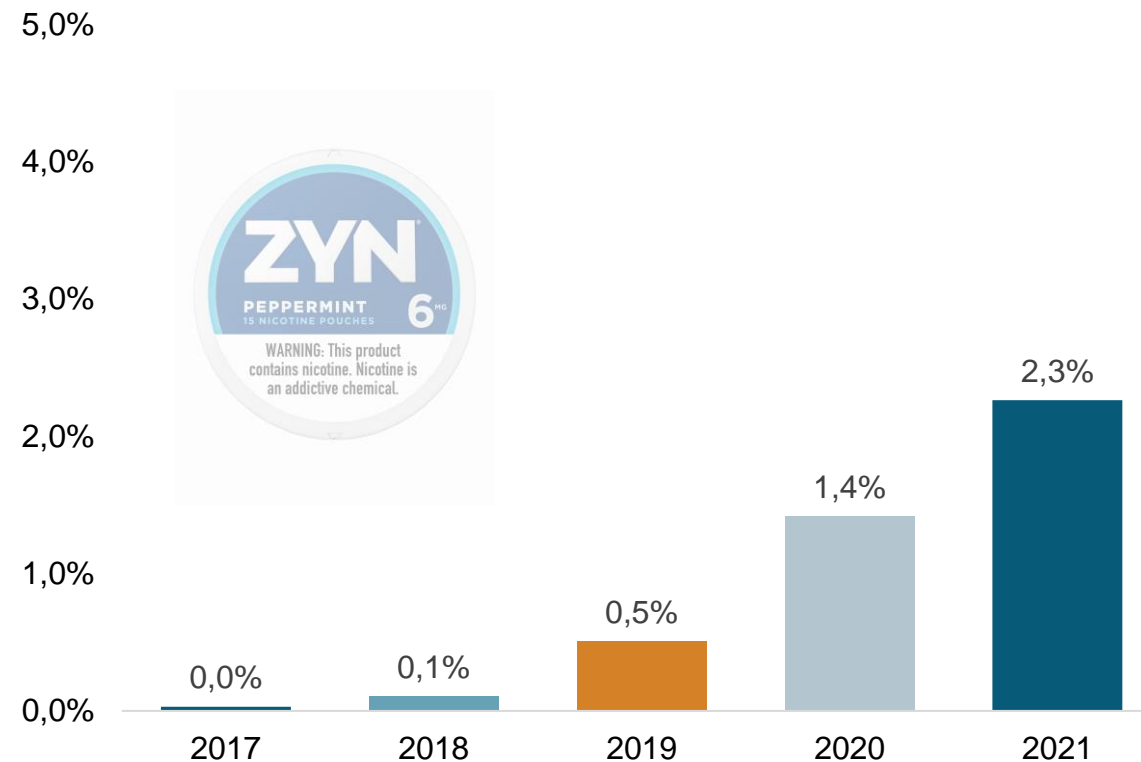
Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data. Distribution based on stores ordering ZYN over the past 13w/26w period. Velocity measured in periods of 13w.

US – NICOTINE POUCH CATEGORY VERSUS THE CIGARETTE CATEGORY

The western region*



Total US**

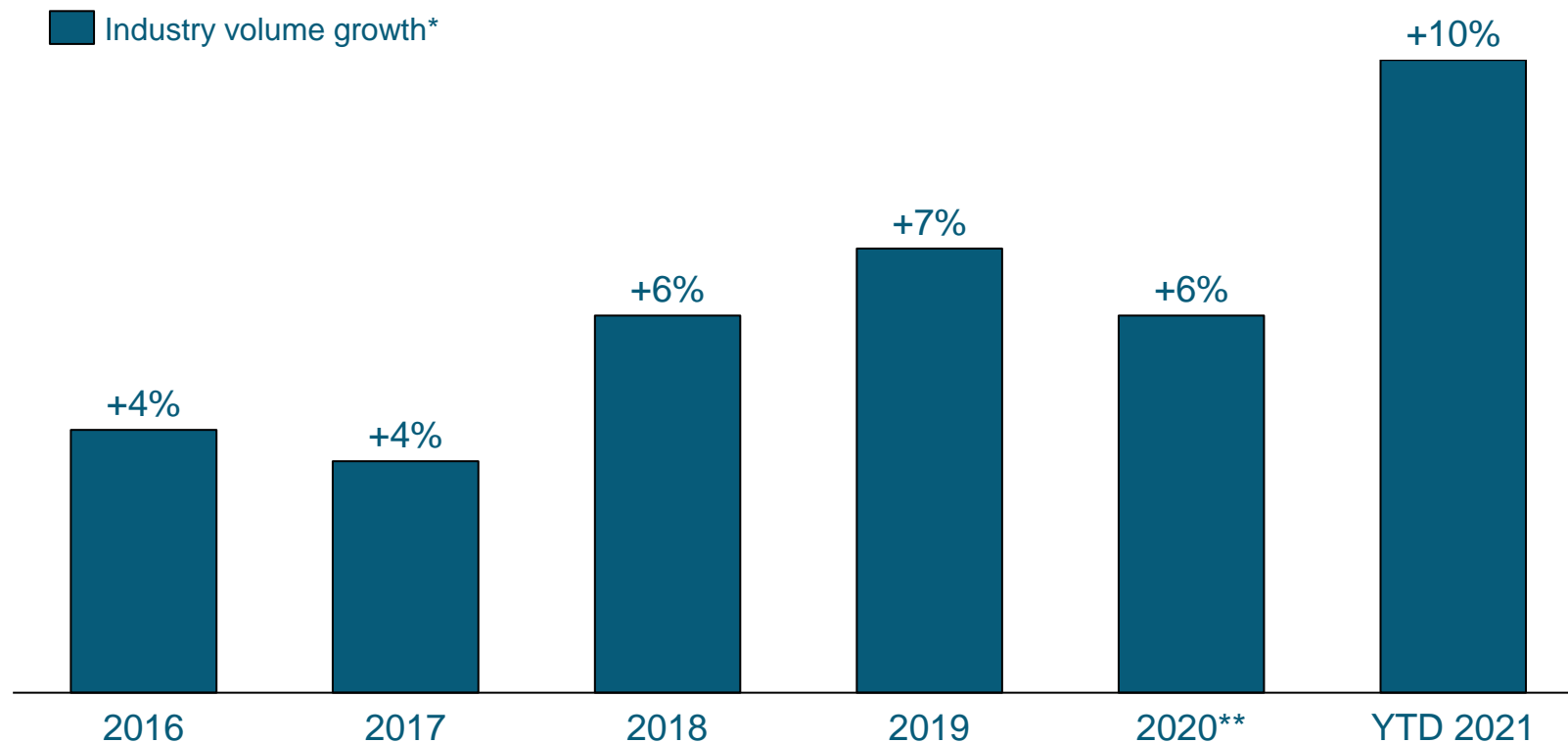


*Initial ZYN launch: June 2016, **National expansion of ZYN in April 2019.

Source: Category estimates (cans) using annualized distributor data (MSA through 6/27/2021) as a % of cigarette volume (packs) for the 2020 fiscal year ending June 30 (cigarette data provided by BofA).

SCANDINAVIA – UNDERLYING VOLUMES

Total underlying Scandinavian volume growth



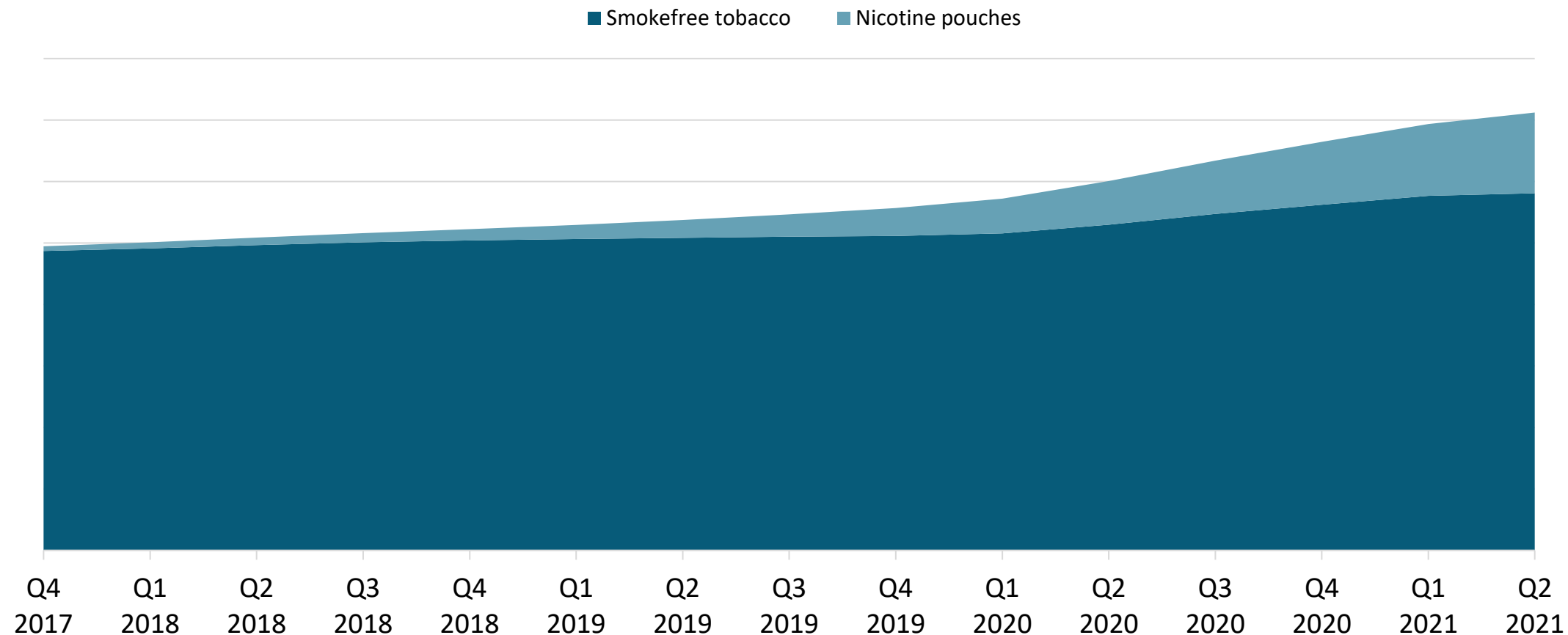
* Based on Nielsen and Swedish Match estimates (adjusted for hoarding). Volumes including snus, nicotine pouches and chew bags.

** 2020 adjusted for estimated COVID-19 impact on Finnish consumption.



SCANDINAVIA – SMOKEFREE SEGMENTS VOLUME DEVELOPMENT

Volume development for smokefree tobacco (snus and chew bags) and nicotine pouches by rolling four quarters

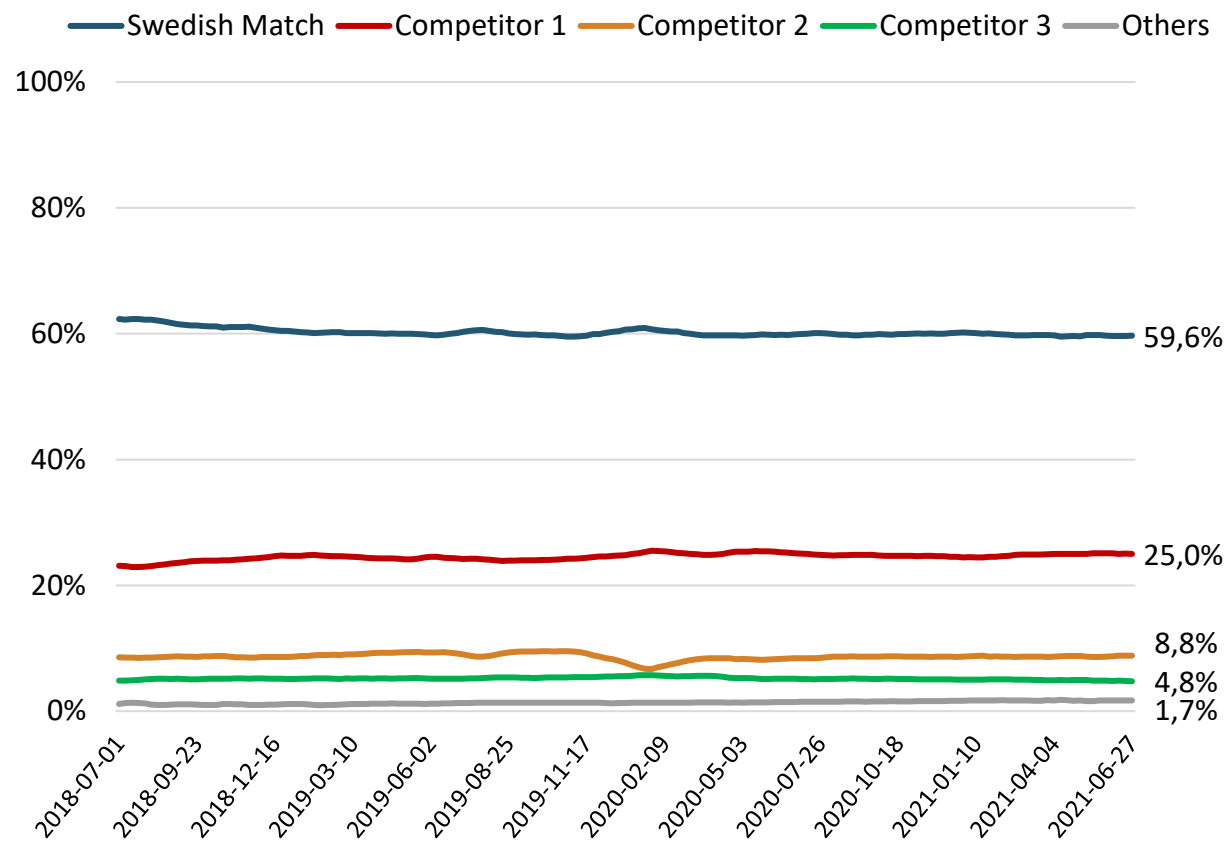


Source: Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience, Online sales where sales data are available.

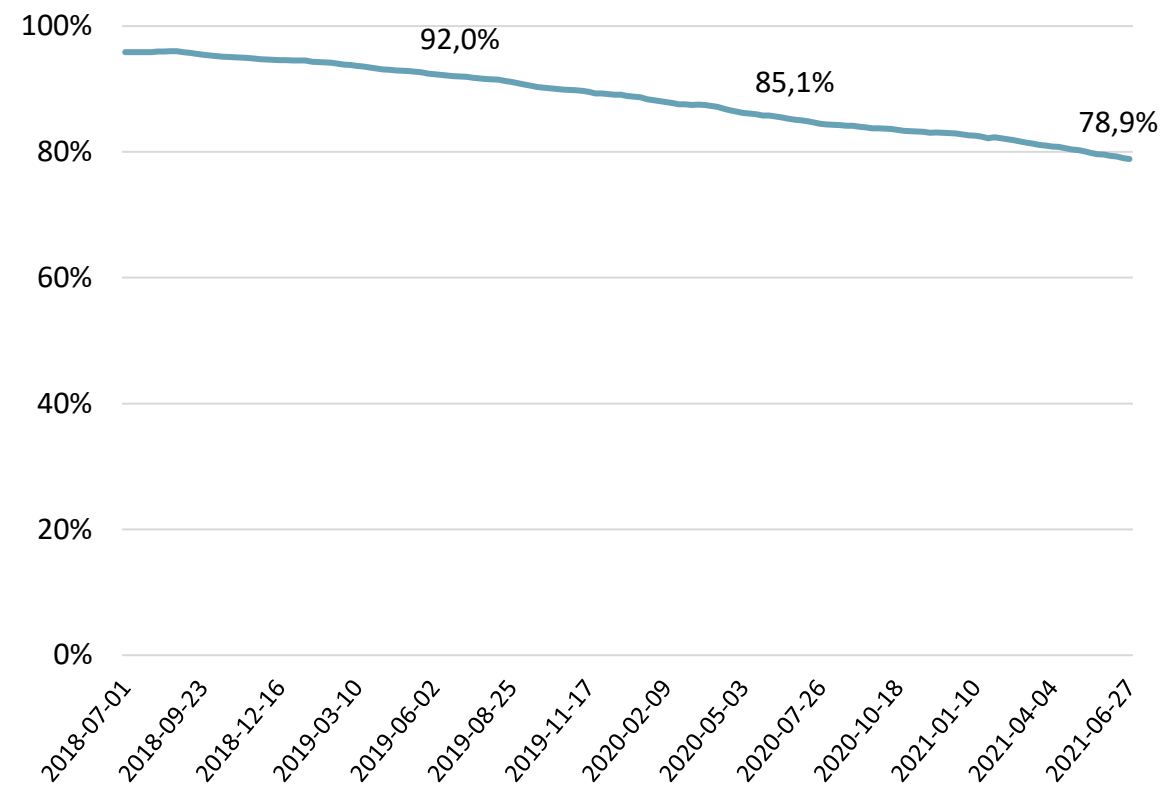
SCANDINAVIA – SNUS CATEGORY DEVELOPMENT

Volume share development, 4-weeks rolling

Manufacturer volume shares within the snus category in Sweden and Norway



Snus as a share of the total smokefree category*

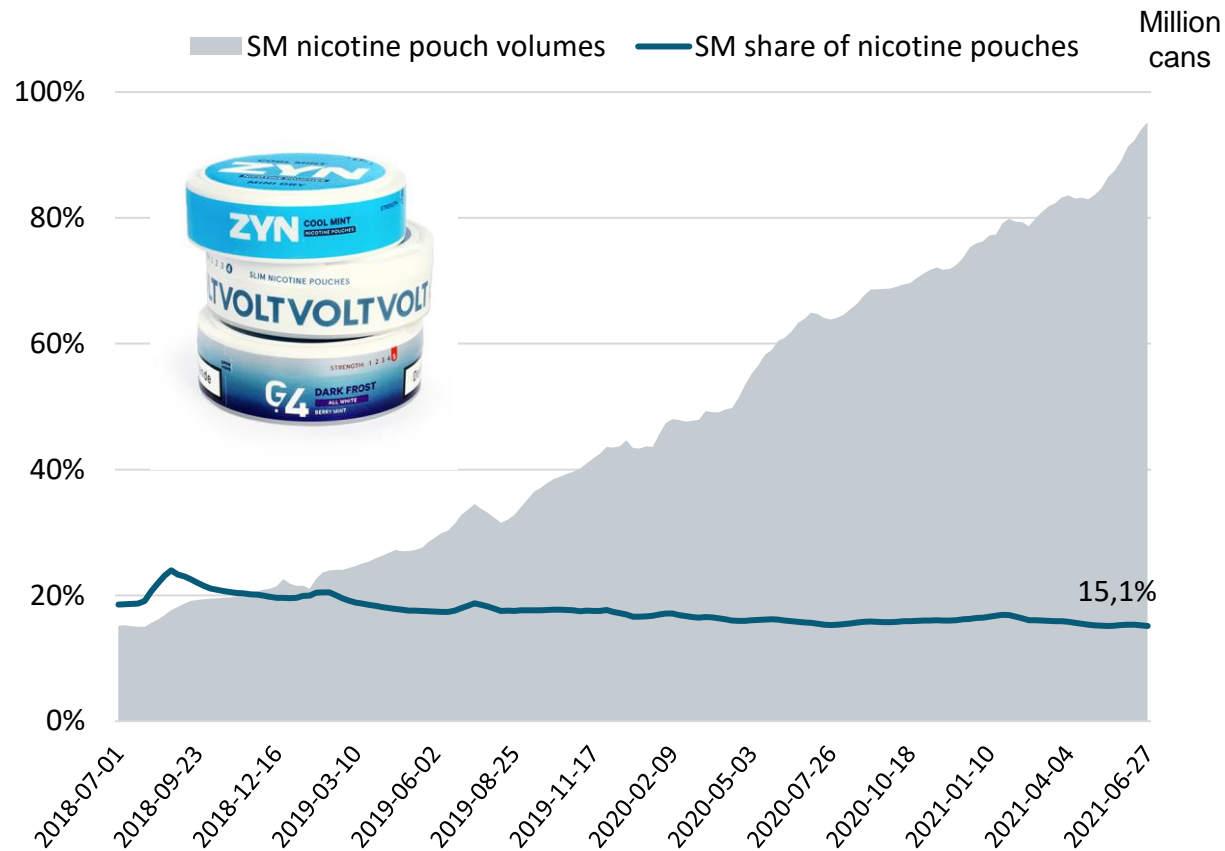


Source: Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience. *Including snus, nicotine pouches and chew bags.

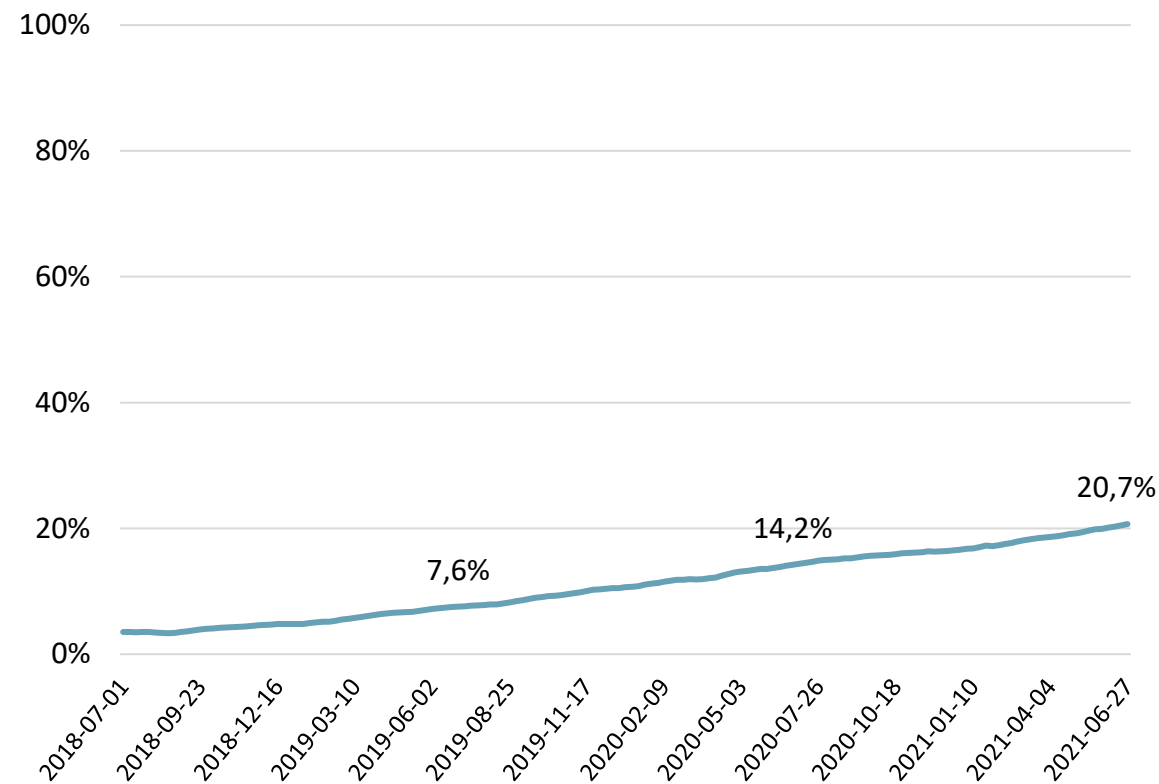
SCANDINAVIA – NICOTINE POUCH CATEGORY

Volume share and volume development, 4-weeks rolling

Swedish Match's (SM) nicotine pouch volumes and share of nicotine pouches

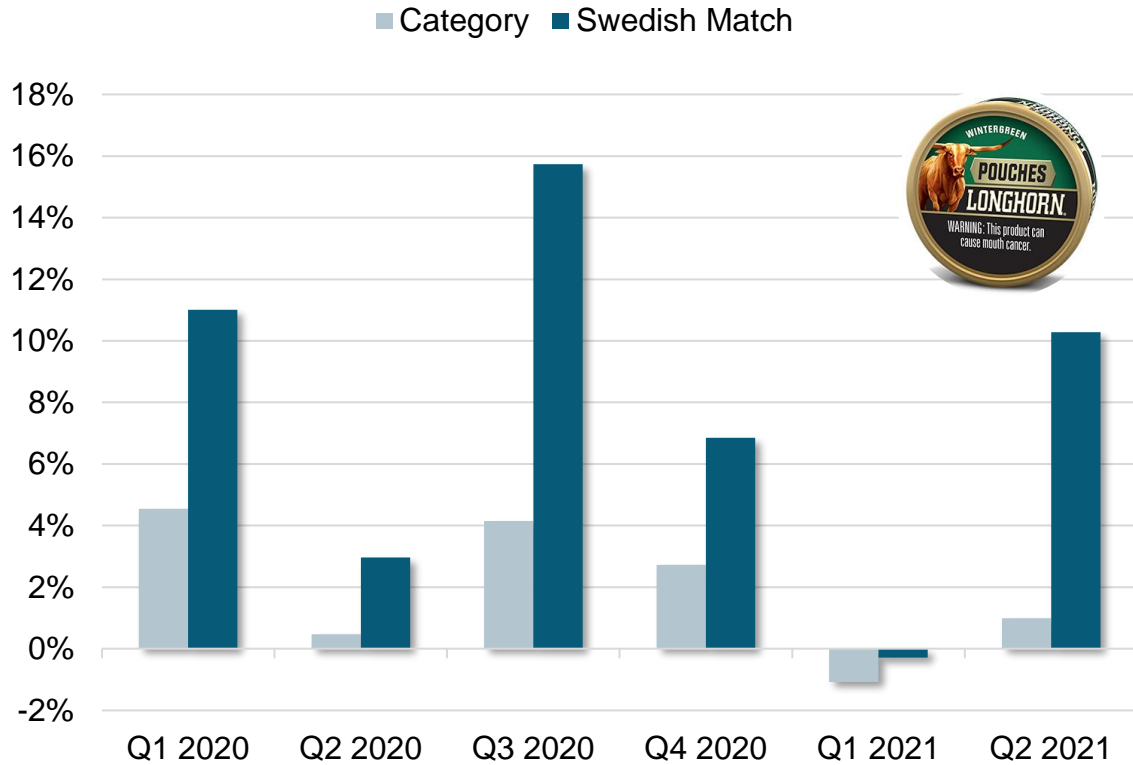


Nicotine pouches as a share of the total smokefree category*

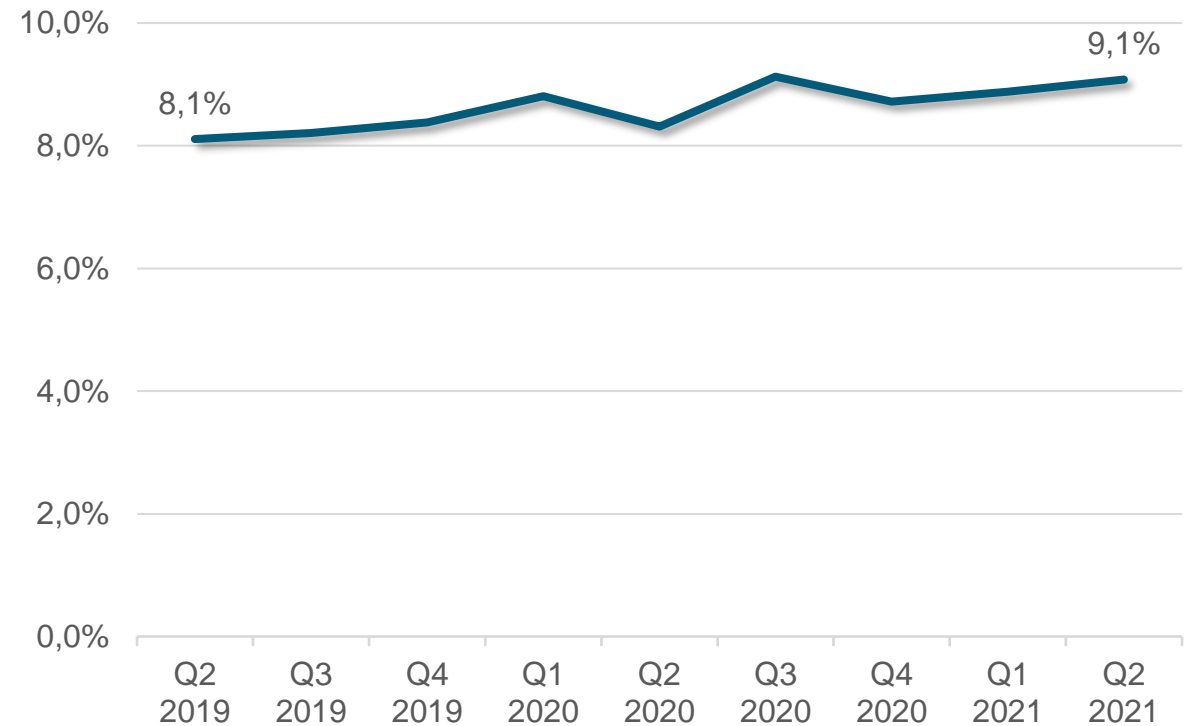


Source: Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience. *Including snus, nicotine pouches and chew bags.

Moist snuff category and Swedish Match volume growth year-on-year



Swedish Match moist snuff market share by quarter



Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data.

Strong double-digit growth in sales and operating profit

	Q2-2021	Q2-2020	chg	H1-2021	H1-2020	chg	Jul 2020-Jun 2021	Full year 2020	chg
Sales, MUSD	135	110	23	284	227	25	550	493	12
Operating profit, MUSD	54	39	40	121	84	44	232	195	19
Operating margin, %	40.2	35.4		42.6	37.2		42.2	39.6	

- **Higher shipments and enhanced pricing drove financial development**

- Cigar shipments grew by 12% driven by a sharp increase for natural leaf cigars more than compensating for declines in the HTL portfolio (decline attributable to value priced offerings).
- Average price per cigar up by 9% on the back of implemented price increases and portfolio mix.

- **Category growth holding up well despite easing of COVID-19 restrictions**

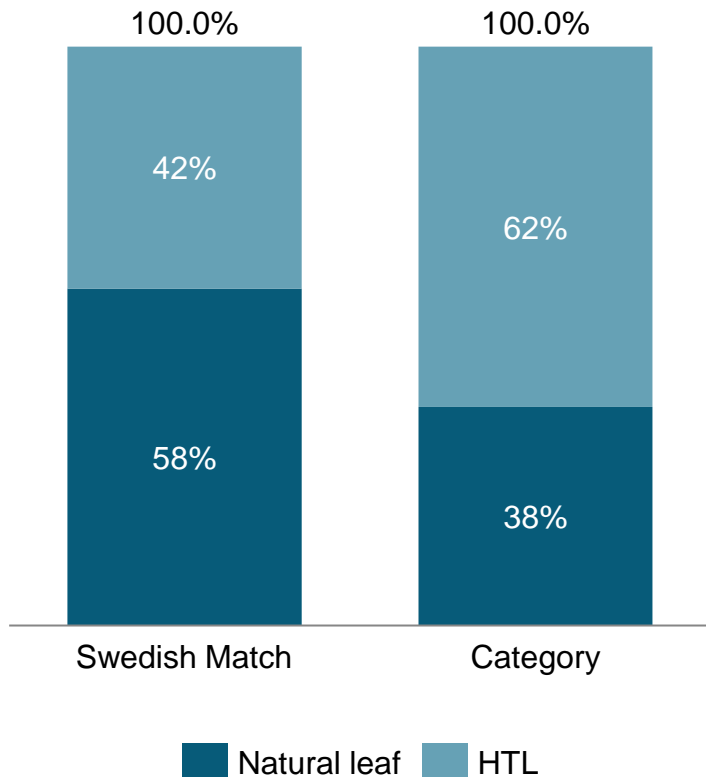
- Category growth up by close to 4%* fueled by strong demand for natural leaf varieties.
- Swedish Match's market share up year-on-year, down marginally on a sequential basis relative to the first quarter but with an improvement within the faster growing natural leaf segment.
- Production volume in the Dominican facility for natural leaf cigars reached record levels. However, order fulfillment across the portfolio remains a challenge due to continued growth in demand.

- **Operating profit up by 39% driven by the strong sales and gross profit development coupled with limited increases in SG&A expenses.**

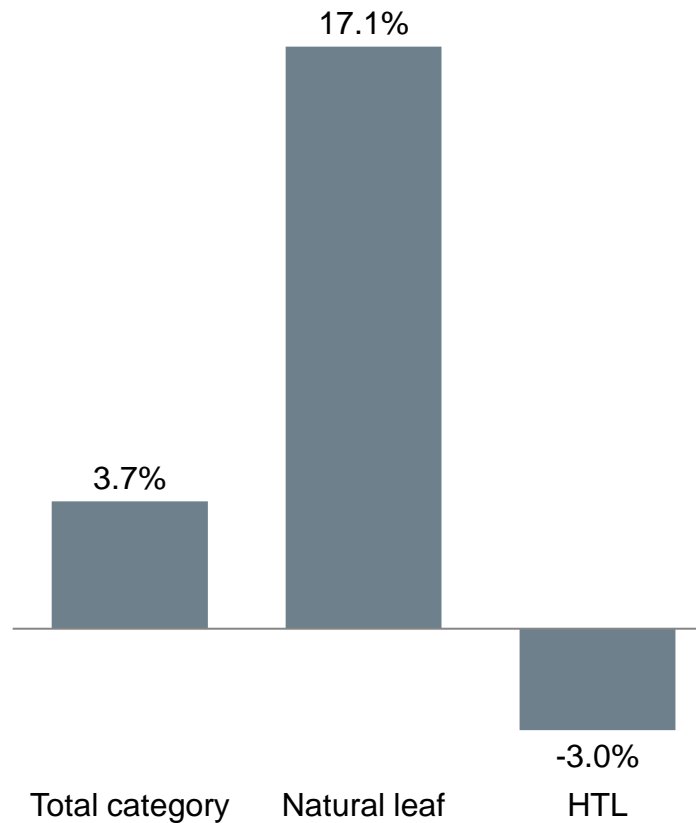


* Source: MSA through June 27, 2021.

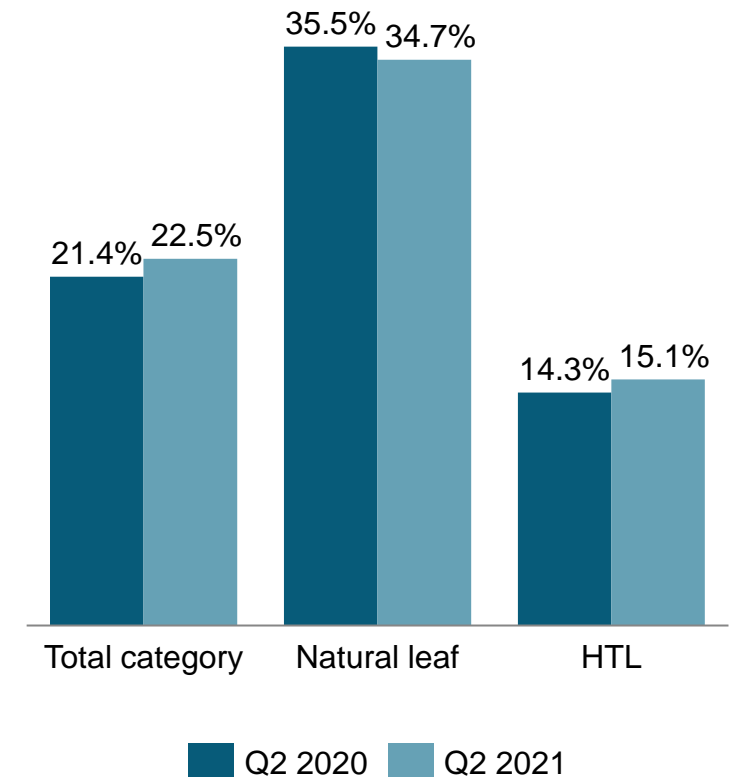
Split on cigar volumes by segment Q2 2021



Year-on-year category volume growth Q2 2021



Swedish Match market share by segment



Source: Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data (excluding littles cigars).

Underlying sales and operating profit growth further elevated by temporary items

	Q2-2021	Q2-2020	chg	H1-2021	H1-2020	chg	Jul 2020-Jun 2021	Full year 2020	chg
Sales, MSEK	321	275	17	626	584	7	1,191	1,149	4
Operating profit, MSEK	103	52	98	170	119	43	272	222	23
Operating margin, %	31.9	18.9		27.1	20.4		22.9	19.3	



○ Sales up by 27% excluding currency translation effects

- Underlying sales up on higher volumes for both matches and lighters along with improved price/mix for lighters.
- Sales development also benefitted from the inclusion of the recently acquired Fire-Up fire products business.
- Excluding acquisition effects sales were up by 11% in local currencies.

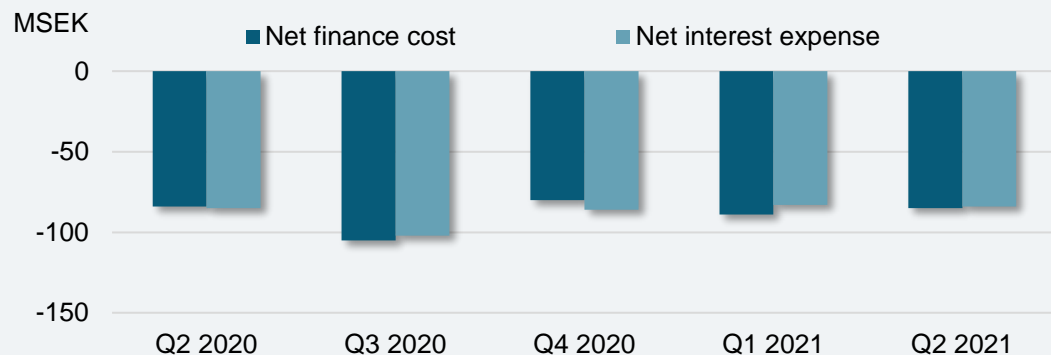
○ Underlying operating profit grew across the portfolio

- Excluding currency translation effects operating profit more than doubled.
- Prior year period included a gain on sale of land of less than 10 MSEK. This year's second quarter included income of more than 60 MSEK relating to land sales and reclaim of indirect taxes.
- On an underlying basis operating profit increased for lighters, matches and complementary products with the strongest growth coming from lighters.

FINANCE NET AND EPS

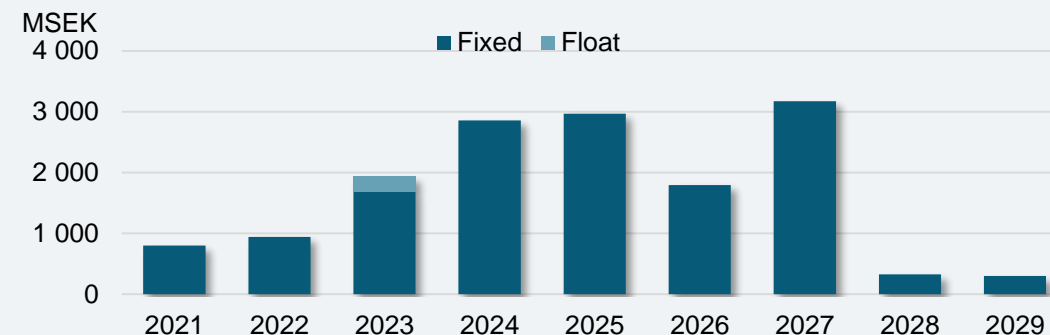
Development of the finance net

By quarter



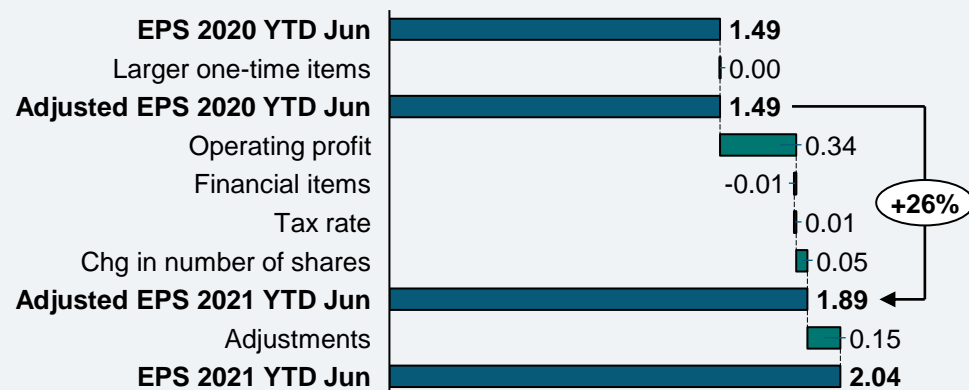
Maturity profile of interest bearing liabilities

Debt as of June 30, 2021

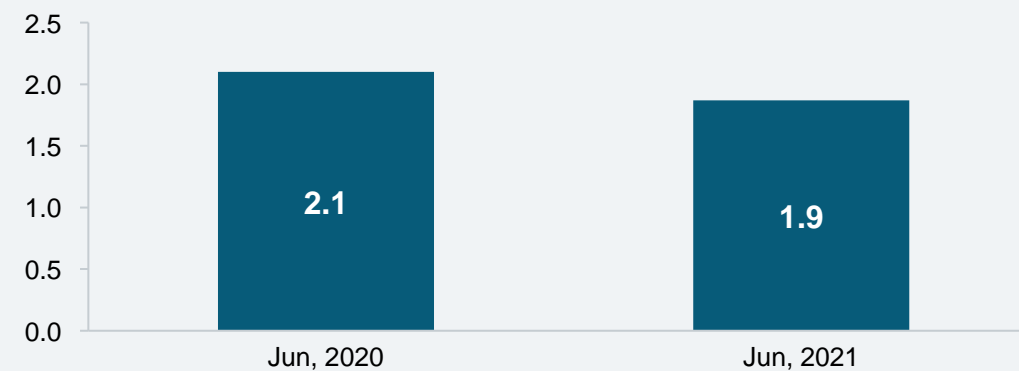


EPS bridge

YTD 2021 vs YTD 2020 (SEK)



Net debt/LTM EBITA



FULL YEAR 2021 OUTLOOK

Swedish Match expects that the trend of increased interest from consumers, industry participants and regulators in less harmful alternatives to cigarettes will continue. Our ambition is to create value for both shareholders and society by providing products that are recognized as safer alternatives to cigarettes.

For 2021, Swedish Match expects continued market growth for smokefree products, most notably driven by rapid growth of nicotine pouches. Swedish Match expects that the attractive prospects of the nicotine pouch category will further elevate competitive activity.

During 2021, Swedish Match expects to increase its investments in marketing, distribution and sales efforts in both existing and new markets to actively participate in growth opportunities. Continued capital investments by Swedish Match to further expand nicotine pouch production capacity are expected to result in capital expenditures in 2021 above the 2020 level.

While Swedish Match expects that the COVID-19 pandemic will remain a serious public health issue for a large part of 2021, Swedish Match expects its business to remain largely resilient to material negative COVID-19 related effects.

The effective underlying corporate tax rate in 2021, excluding associated companies, is expected to be around 23 percent.

The Company remains committed to returning cash not needed in operations to shareholders.