

SWEDISH MATCH RESULTS PRESENTATION

Q1 2022



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Q1 – HEADLINE BULLETS CONSOLIDATED GROUP

- Group sales increased by 10 percent to 4,892 MSEK (4,455). In local currencies, sales increased by 2 percent for the first quarter.
- Operating profit from product segments increased by 1 percent to 2,115 MSEK (2,092). In local currencies, operating profit from product segments¹⁾ decreased by 7 percent for the first quarter.
- Group operating profit amounted to 2,024 MSEK (2,354). The prior year period included a settlement income of 300 MSEK.
- Profit after tax amounted to 1,493 MSEK (1,780).
- Adjusted earnings per share²⁾ increased to 0.98 SEK (0.97). Earnings per share for the quarter decreased by 13 percent to 0.98 SEK (1.12) with the after-tax effect of the settlement income in the prior year period amounting to 0.15 SEK per share.

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

2) Excludes larger one-time items net of tax.



Q1 – HIGHLIGHTS BY PRODUCT SEGMENT

Smokefree:

- Continued sequential market share gains for ZYN in the fast-growing US nicotine pouch market.
- The US smokefree business, and especially the strong performance for ZYN, drove increased sales and operating profit.
- Strong underlying sales development in Scandinavia and solid profitability in view of increased market investments and the unusually strong result in the first quarter of 2021.
- In Other markets, nicotine pouches drove sales growth and improved earnings.

Cigars:

- Sales and operating profit down on lower volumes and higher production costs when comparing to the unusually strong first quarter of the prior year.
- Production-related constraints continued to affect volume performance, especially for HTL varieties.
- Weaker category development but slight year-on-year market share gains for Swedish Match driven by performance within the natural leaf segment.

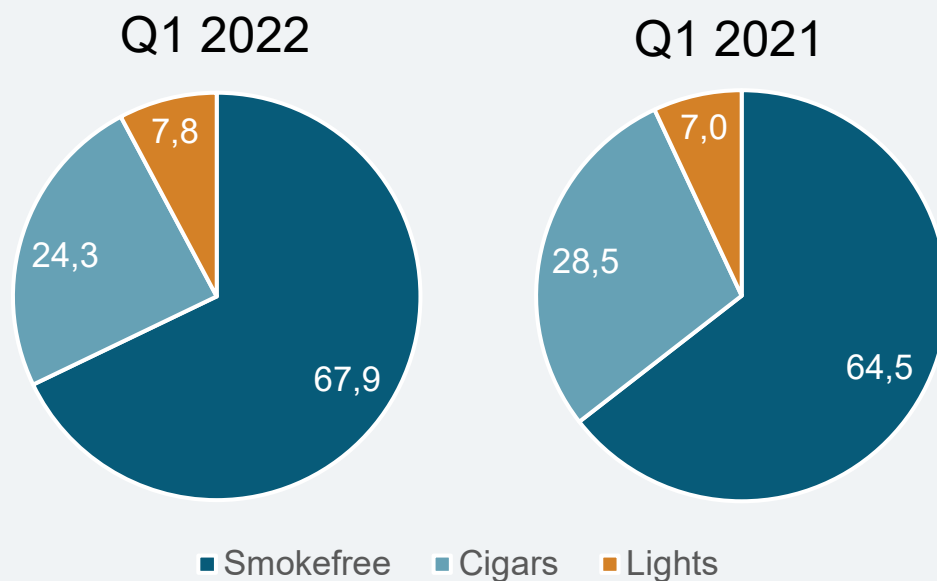
Lights:

- Strong top-line development, driven by matches.
- Higher prices on input materials affected production costs.
- Deliveries to the Russian market have been suspended.

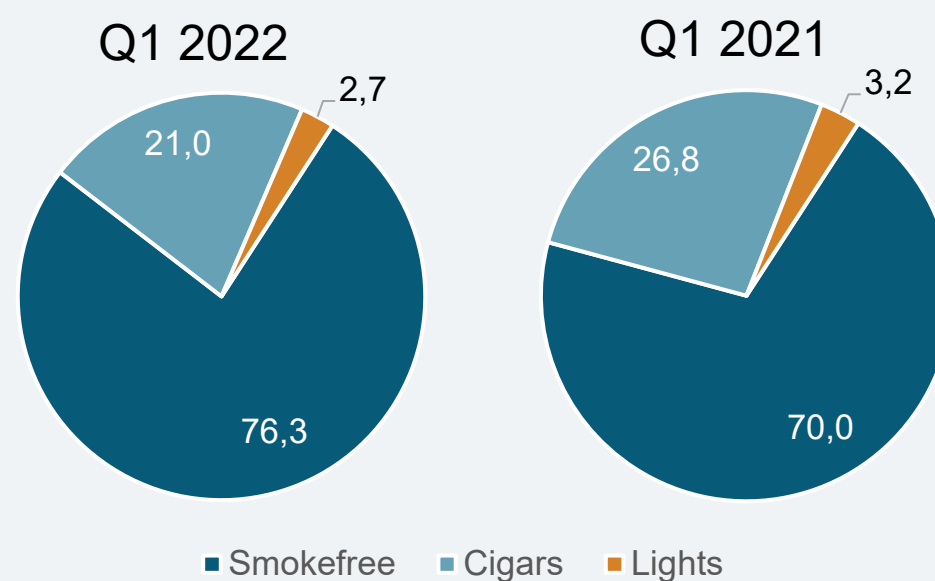
SALES AND EBIT SPLIT BY PRODUCT SEGMENT

Sales and EBIT split in percent, Q1 2022 versus Q1 2021

Sales split

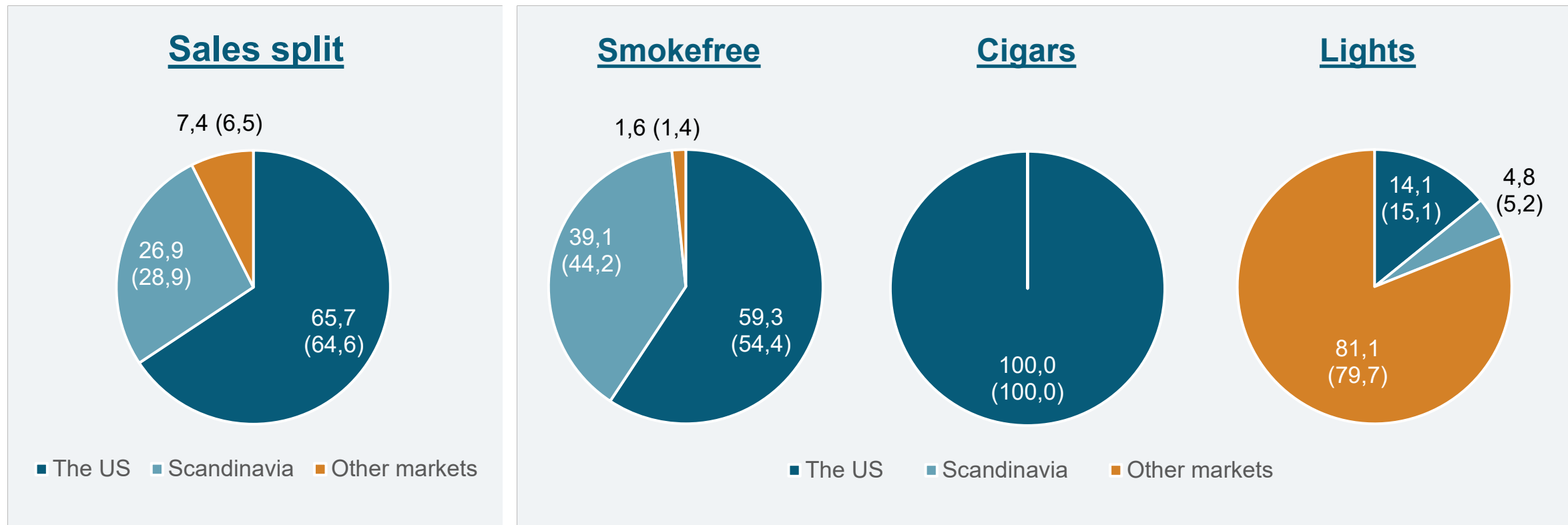


EBIT split



SALES SPLIT BY GEOGRAPHY AND PRODUCT SEGMENT

Sales split in percent, Q1 2022 versus Q1 2021



SWEDISH MATCH – NICOTINE POUCHES SHARE OF SALES

Group sales from product segments

Sales split Smokefree product segment

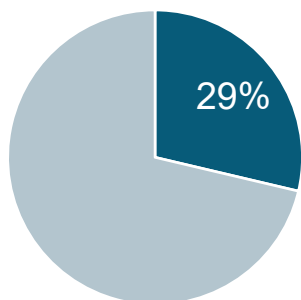
Globally

The US

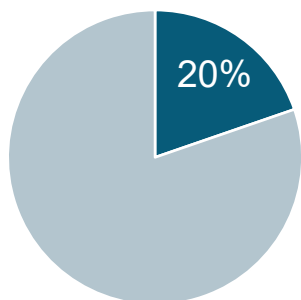
Scandinavia

Other markets

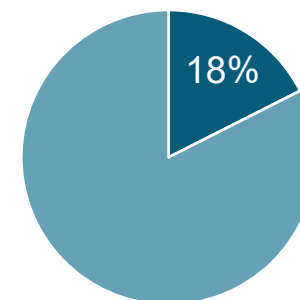
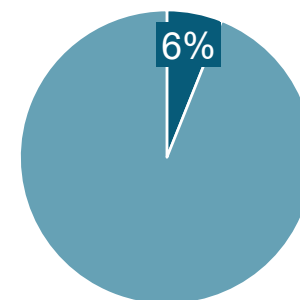
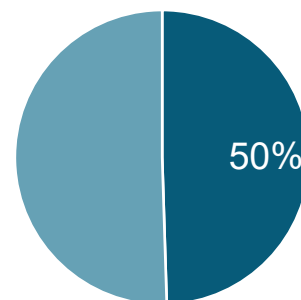
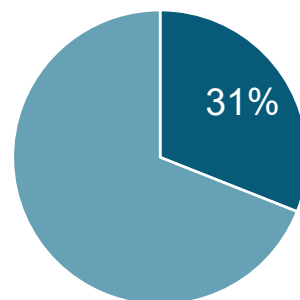
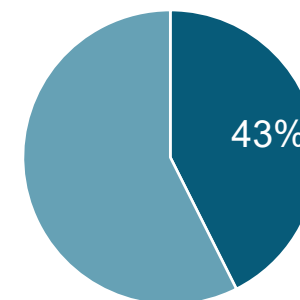
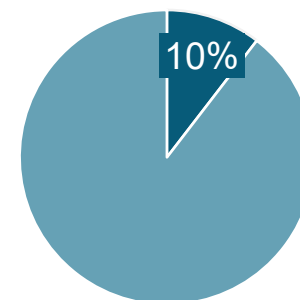
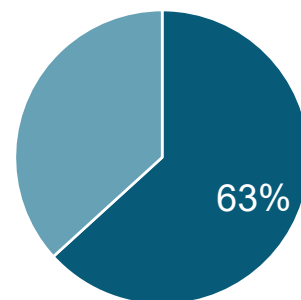
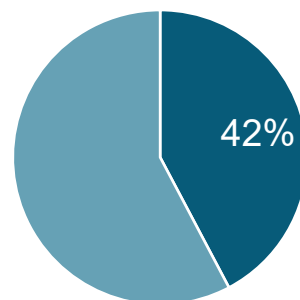
Q1 2022



Q1 2020



■ Nicotine pouches
■ Other smokefree



■ Nicotine pouches
■ Other smokefree

US smokefree drove sales and earnings growth

	Q1-2022	Q1-2021	chg	Full year 2021
Sales, MSEK	3,262	2,823	16	12,120
Operating profit, MSEK	1,613	1,465	10	5,998
Operating margin, %	49.4	51.9		49.5



The US* – Continued momentum for ZYN drove financial performance

- Improved velocities for ZYN drove volume growth of 35%.
- Significant revenue and operating profit growth for ZYN despite higher investments in consumer marketing and trade loyalty programs.
- Another quarter of sequential market share gain for ZYN with share close to year-ago levels despite extreme promotional activity from competition.
- Solid traction for *Longhorn* moist snuff drove sales and earnings growth for the portfolio of traditional smokefree products (moist snuff, chewing tobacco, and snus).

Scandinavia – Robust underlying sales growth along with solid profitability

- Nicotine pouches continued to drive strong category growth.
- Eased travel restrictions resulted in significant upswing for border and travel retail classes of trade.
- Swedish Match sales and shipments up by 2% and 1% respectively but growth was notably stronger on an underlying basis.
- Operating profit declined reflecting higher market investments and an elevated profit level in the prior year period due to timing effects and items of temporary nature.

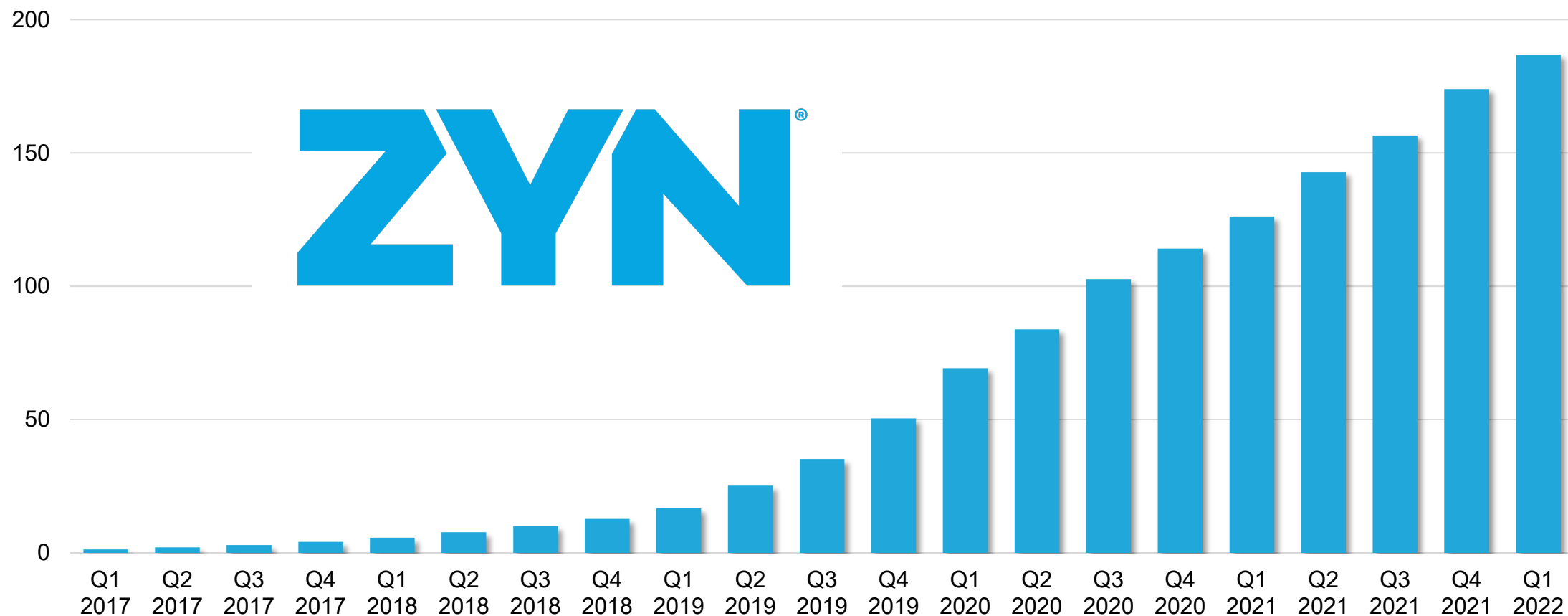
Other markets

- Sales improved as a result of higher volumes for both nicotine pouches and for snus along with improved average price per can.

US – ZYN DEVELOPMENT IN THE US

ZYN shipment volumes in the US, 12 months rolling

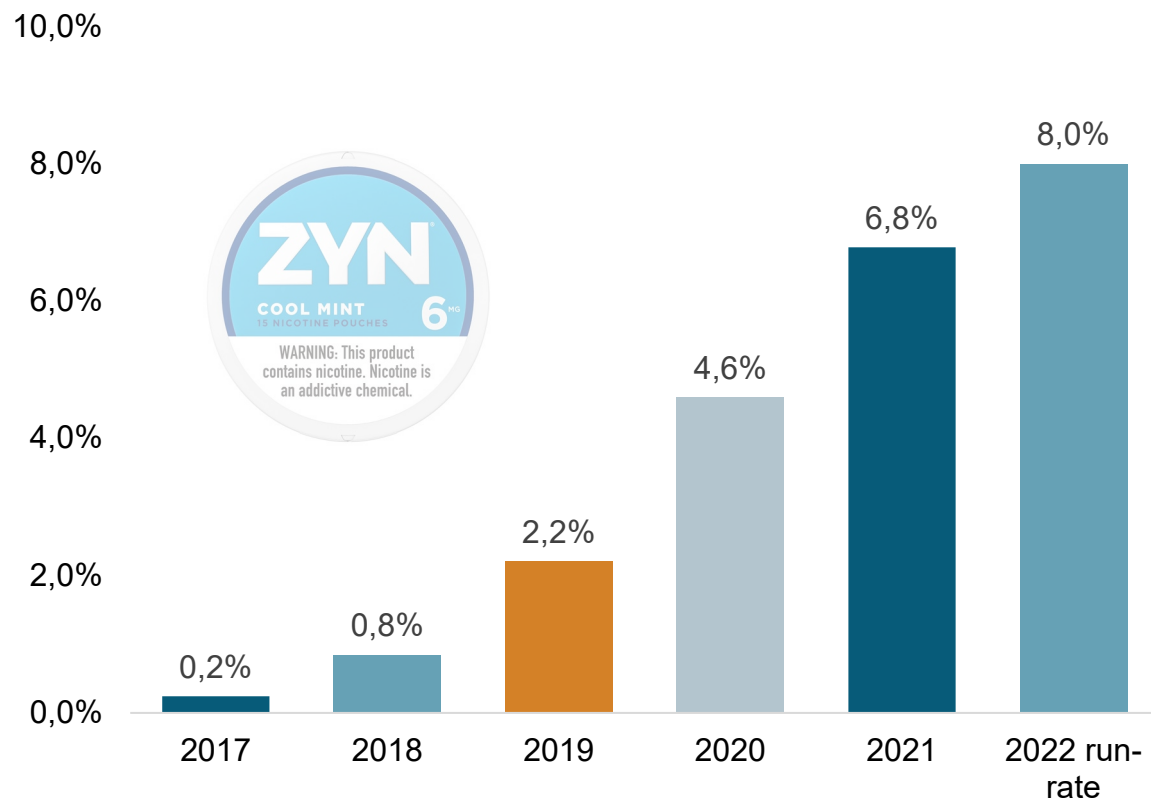
Million cans



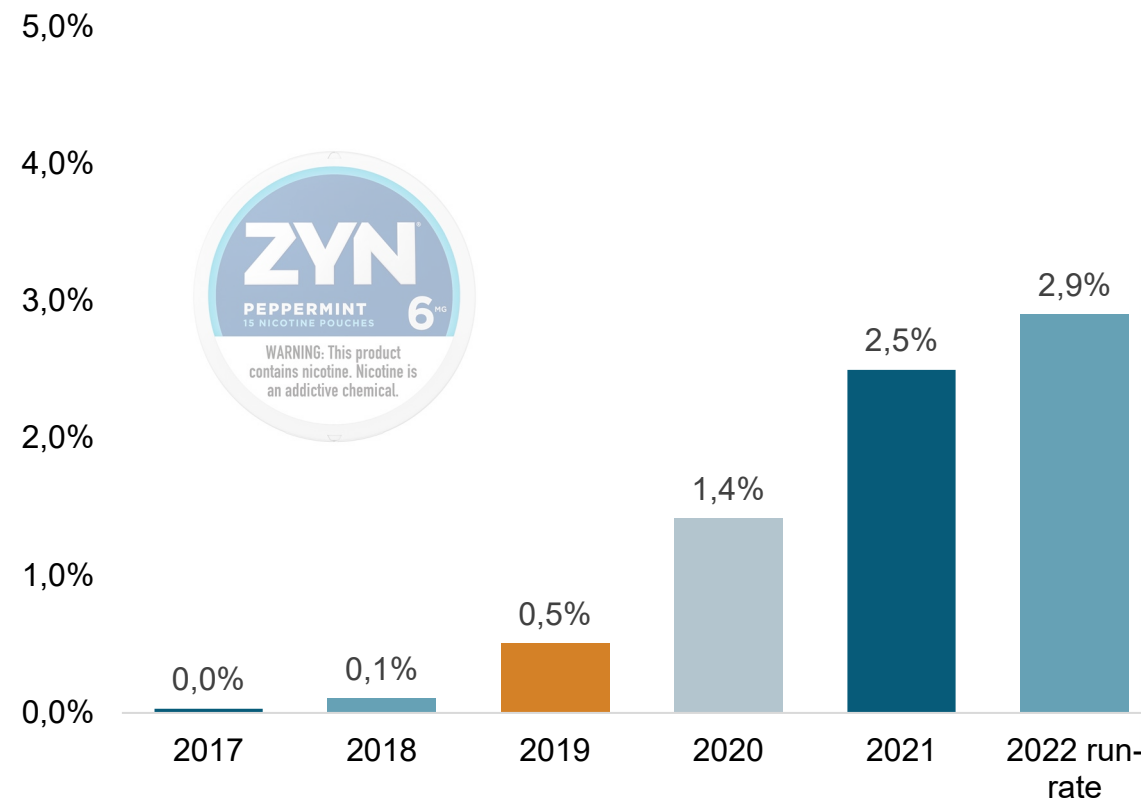
Source: Swedish Match reported shipments.

US – NICOTINE POUCH CATEGORY VERSUS THE CIGARETTE CATEGORY

The western region*



Total US**

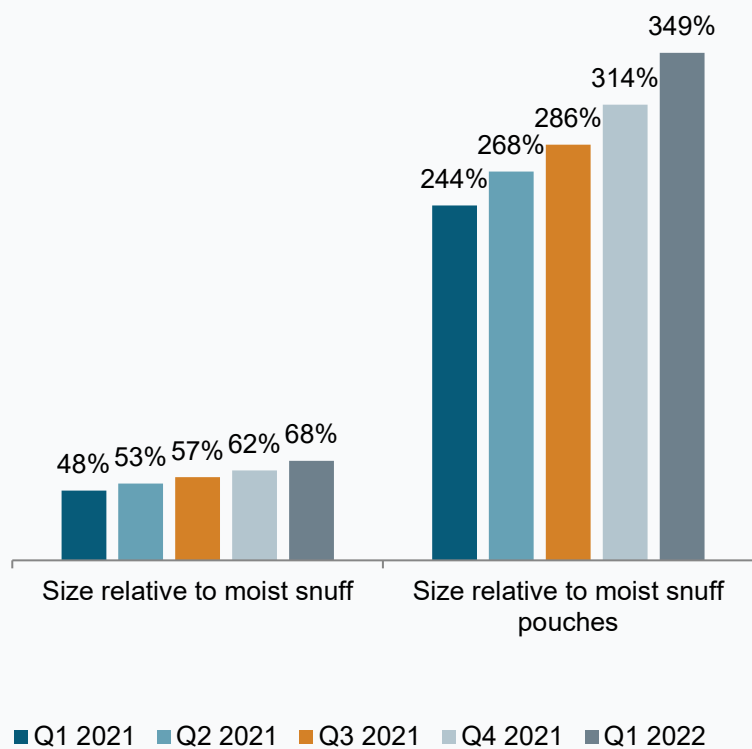
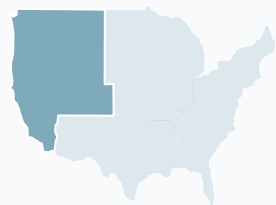


*Initial ZYN launch: June 2016, **National expansion of ZYN in April 2019.

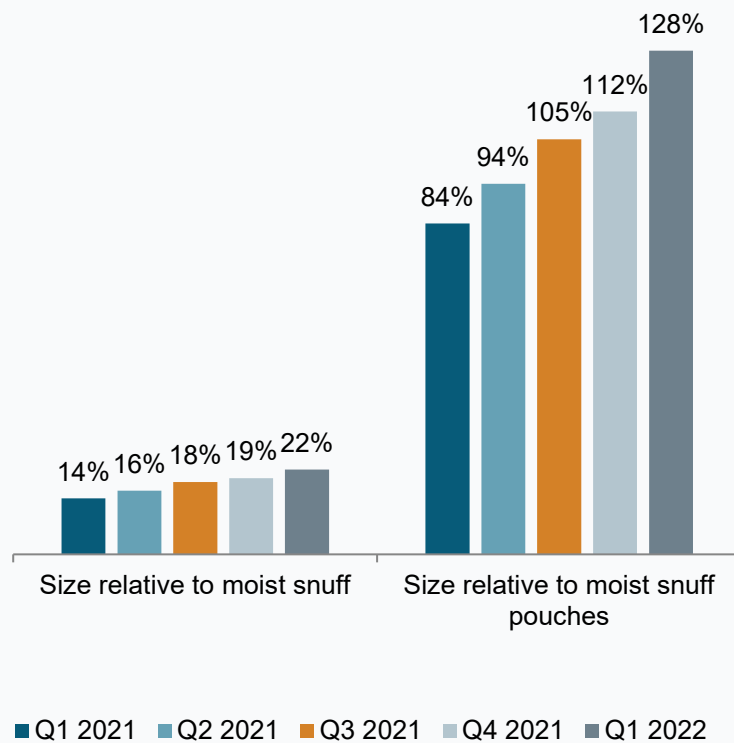
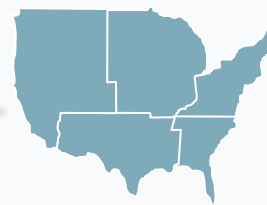
Source: Category estimates (cans) using annualized distributor data (MSA through 3/27/2021 as a % of cigarette volume (packs) for the 2021 fiscal year ending June 30 (cigarette data provided by BofA).

US – NICOTINE POUCH CATEGORY VERSUS THE MOIST SNUFF CATEGORY

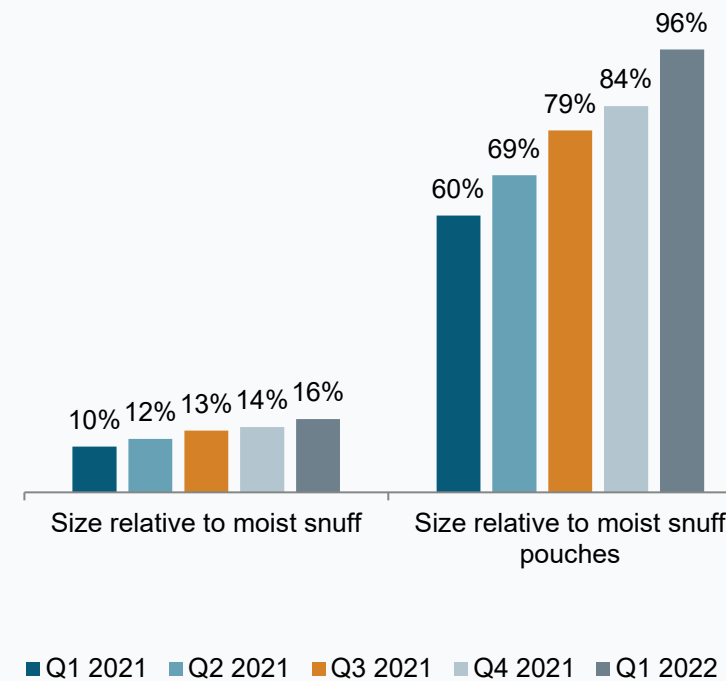
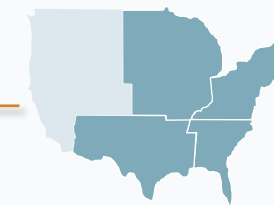
Western region



Total US



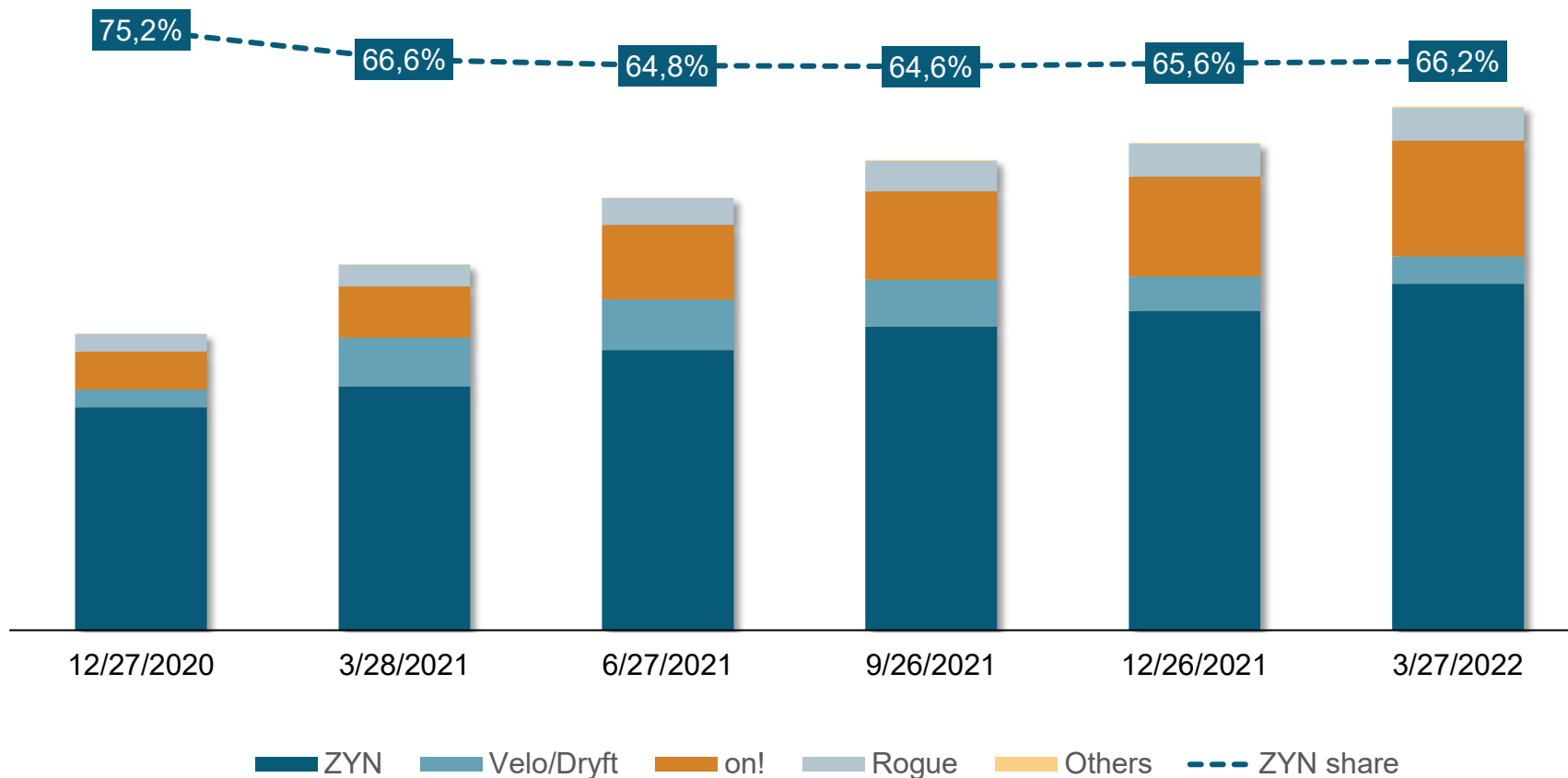
Rest of US



Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data. Historic figures have been restated to reflect changes in MSA store measurements.

US – NICOTINE POUCH CATEGORY GROWTH AND ZYN SHARE DEVELOPMENT

Category volume and ZYN volume share development, 13-week periods

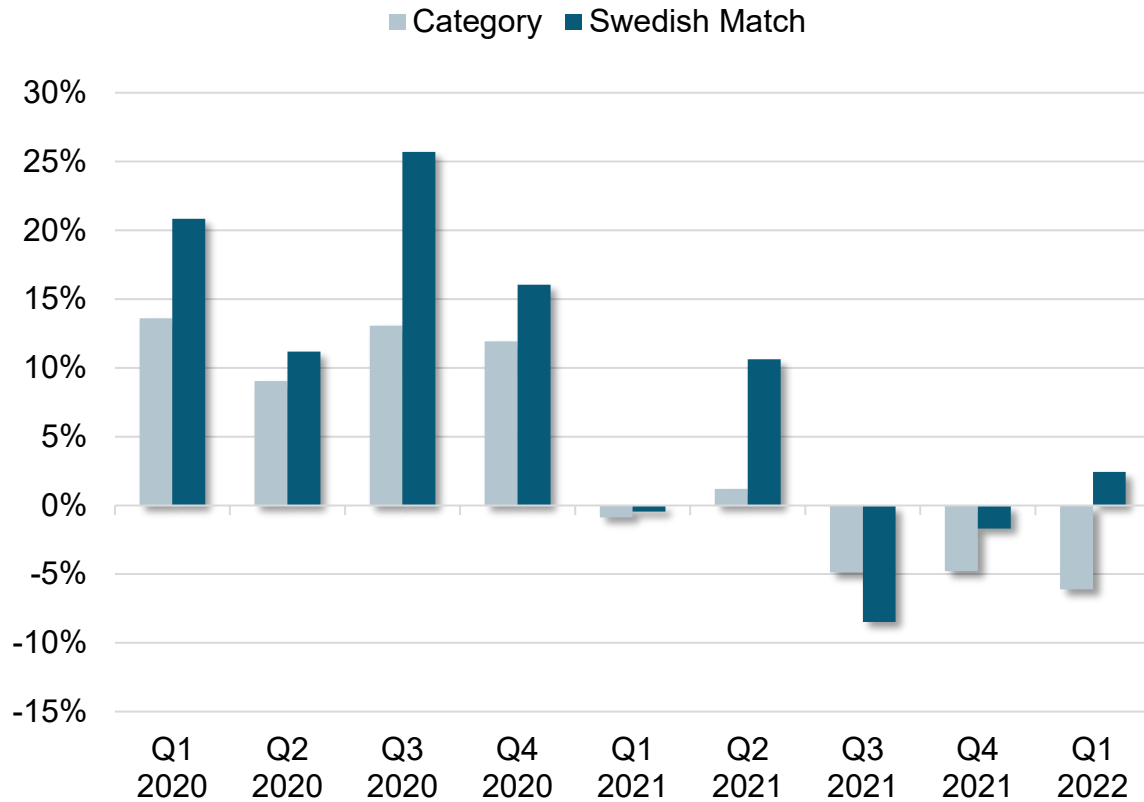


Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data. Historic figures have been restated to reflect changes in MSA store measurements.

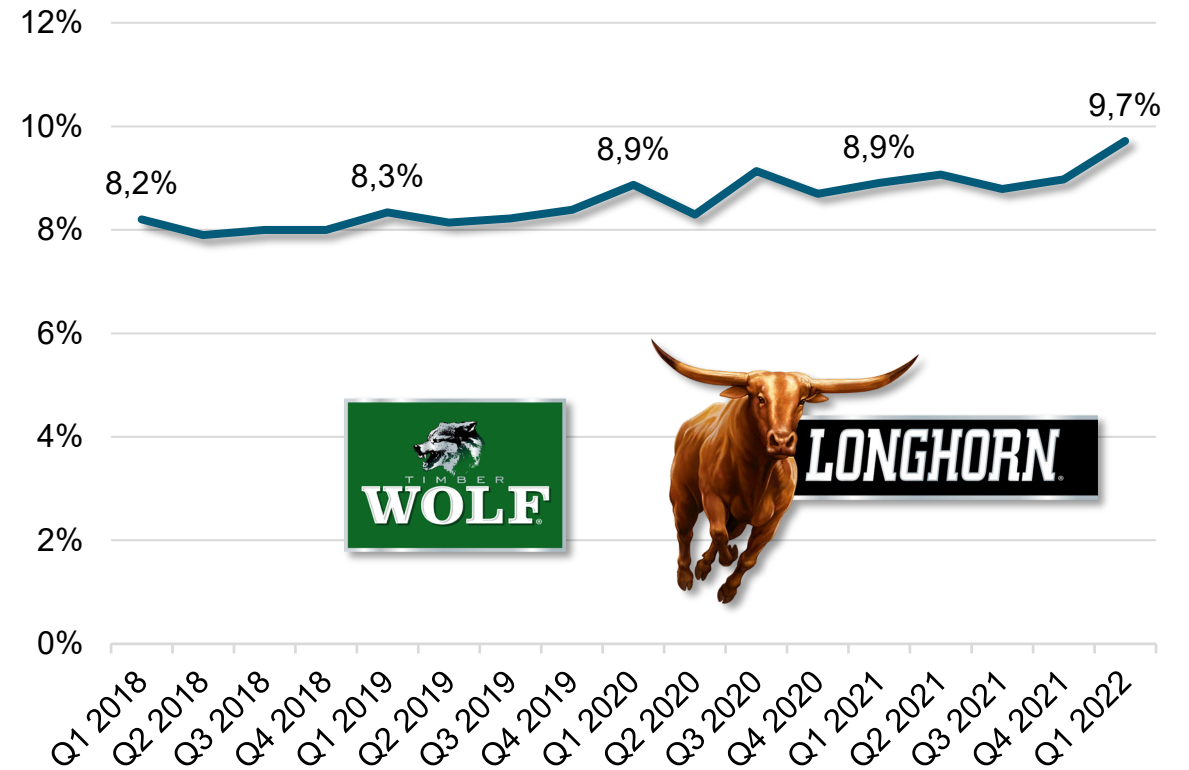


US – MOIST SNUFF CATEGORY

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



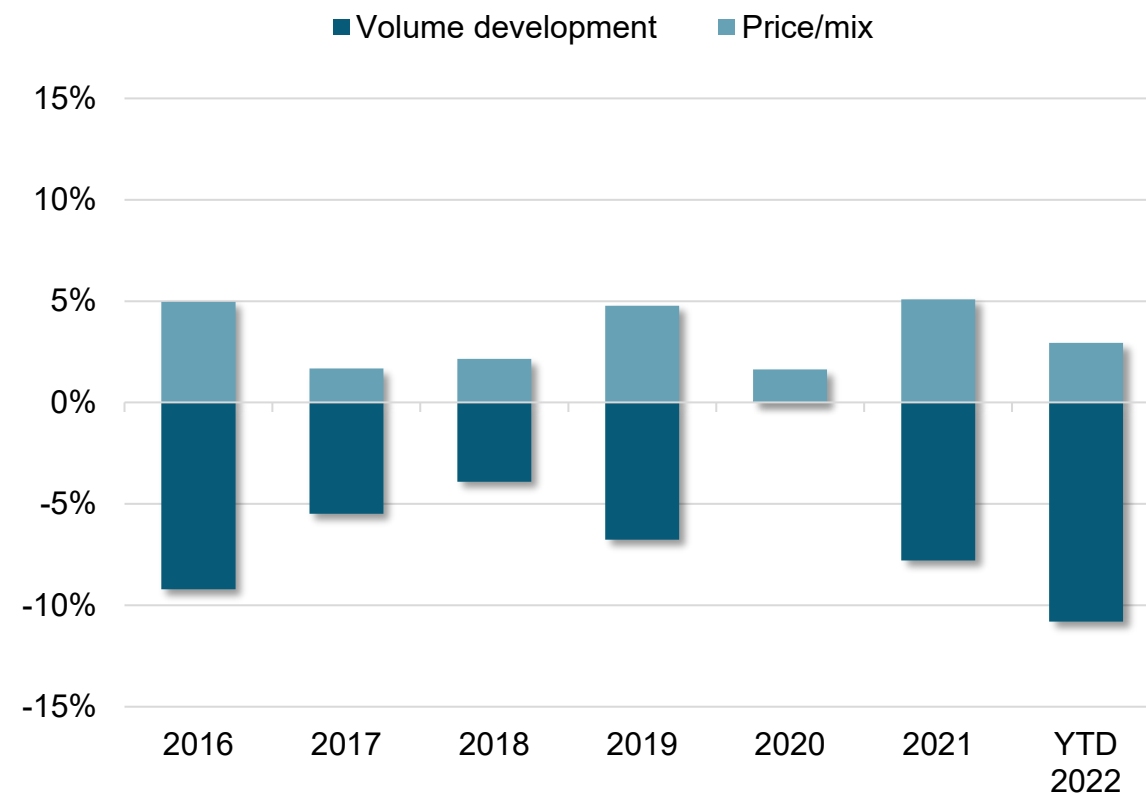
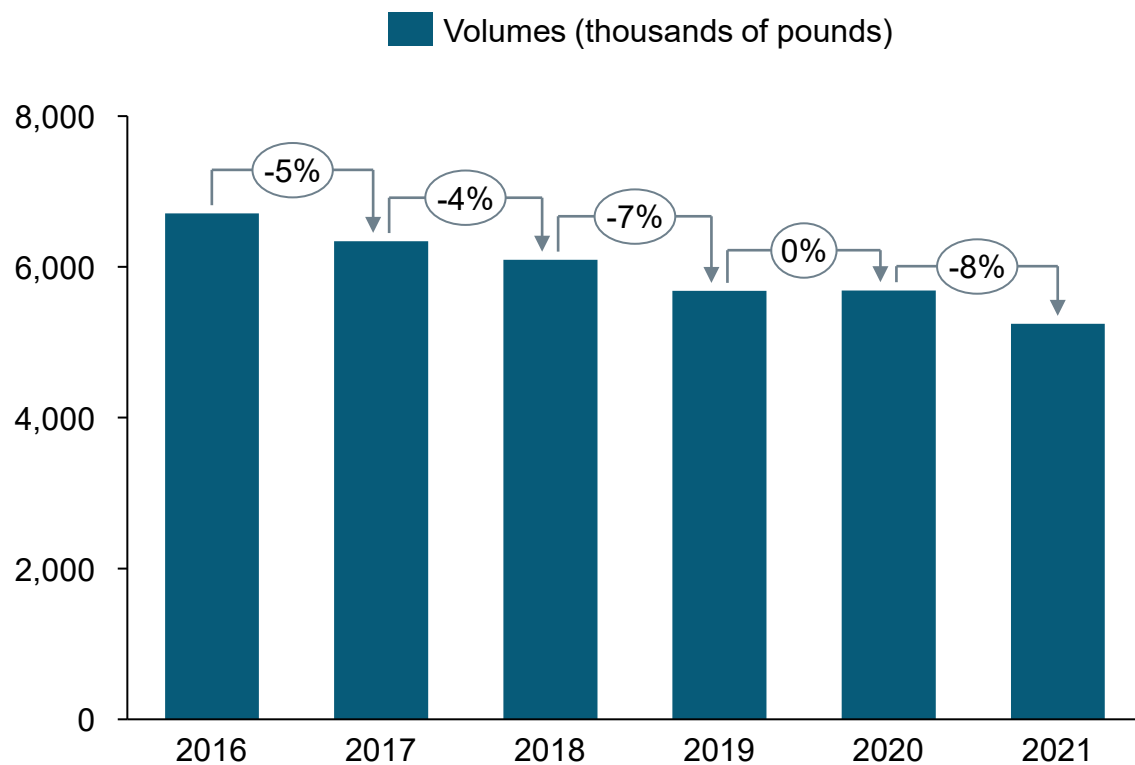
Swedish Match moist snuff market share by quarter



Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data. Historic figures have been restated to reflect changes in MSA store measurements.

US – SWEDISH MATCH CHEWING TOBACCO

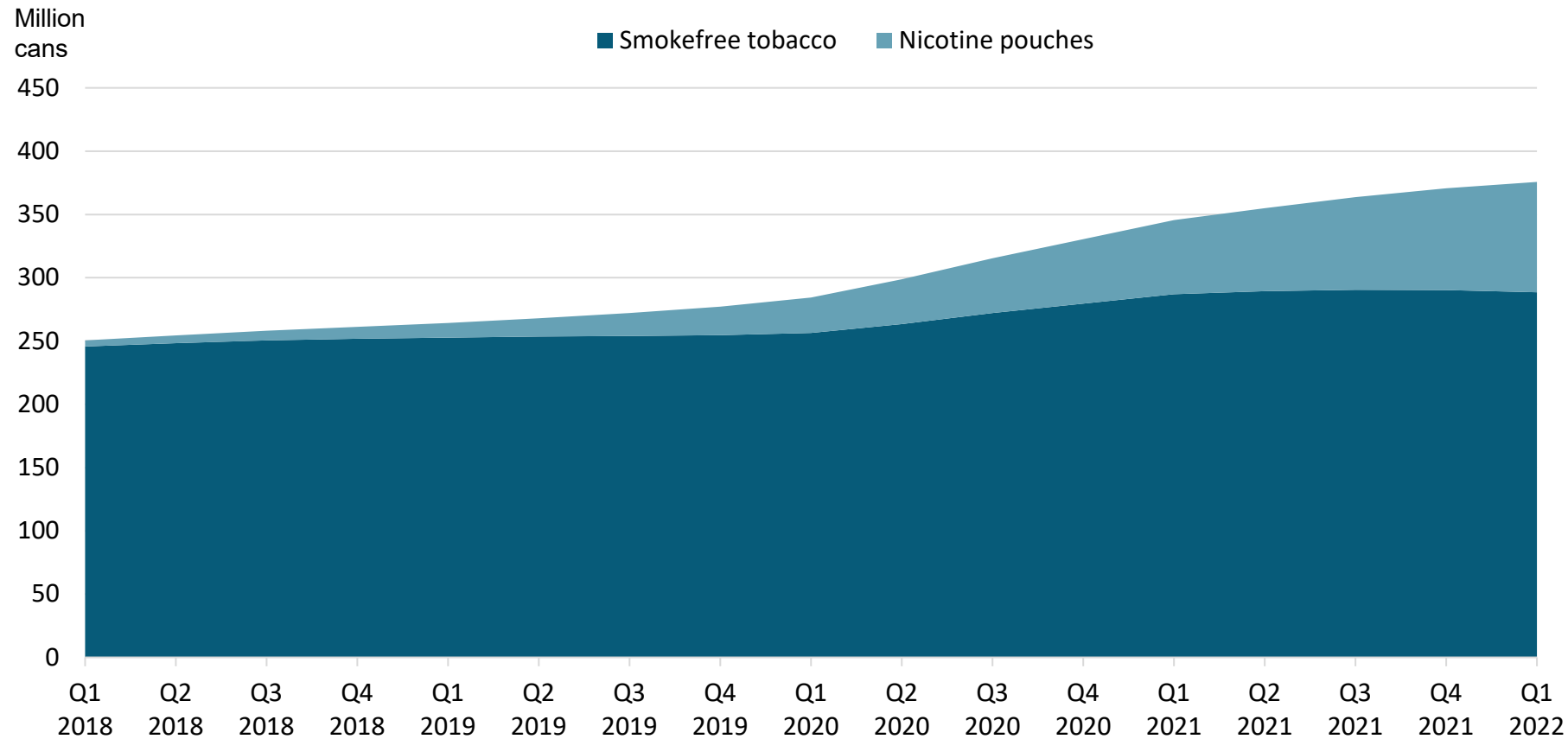
Shipment volume growth and price/mix percentage change year-on-year



Source: On reported basis. Excludes Co-Pack volumes.

SCANDINAVIA – SMOKEFREE CATEGORY VOLUME DEVELOPMENT

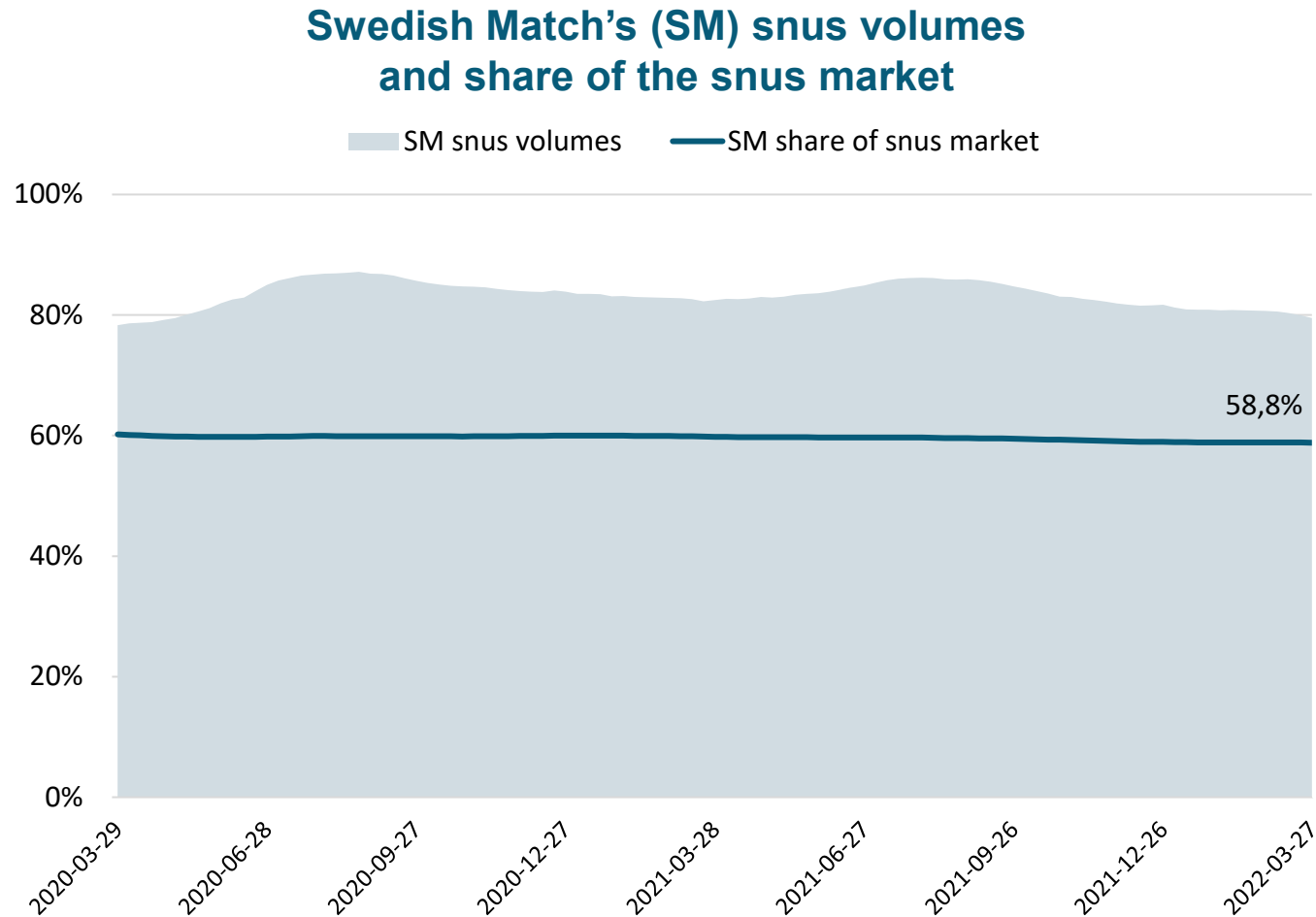
Volume development for the smokefree tobacco market (snus and chew bags) and the nicotine pouch market by rolling four quarters



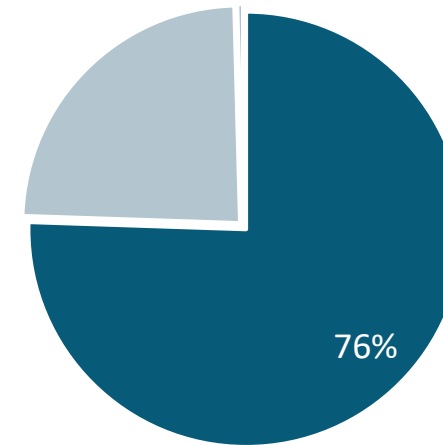
Source: Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience, Online sales where sales data are available.



Volume share and volume development, 13-weeks rolling (Nielsen)



Snus market as a share of the total smokefree category* (Q1 2022)

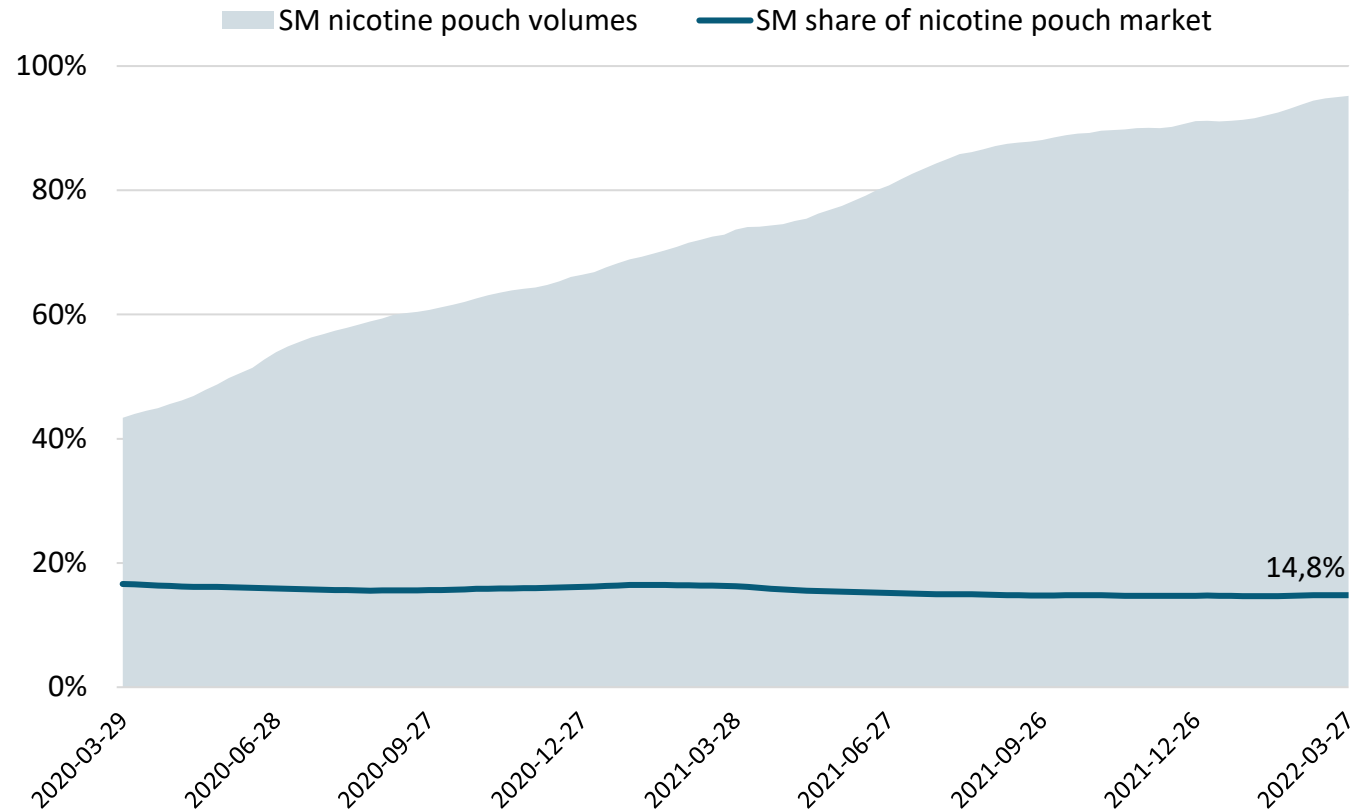


Source: Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience. *Including snus, nicotine pouches and chew bags.

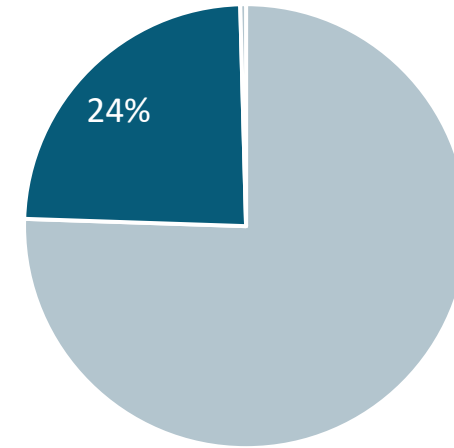
SCANDINAVIA – NICOTINE POUCH MARKET

Volume share and volume development, 13-weeks rolling (Nielsen)

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



Nicotine pouch market as a share of the total smokefree category* (Q1 2022)



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

MAY 2022 INNOVATIONS – NICOTINE POUCHES SWEDEN



NEW NEW

VOLT Pearls.

The taste. The strength.
The fit. You name it.



VOLT
SPARK THE UNEXPECTED

☆☆☆
Swedish Match.

Volume declines resulted in lower sales and operating profit

	Q1-2022	Q1-2021	chg	Full year 2021
Sales, MUSD	125	149	-16	546
Operating profit, MUSD	48	67	-29	215
Operating margin, %	38.1	44.8		39.3

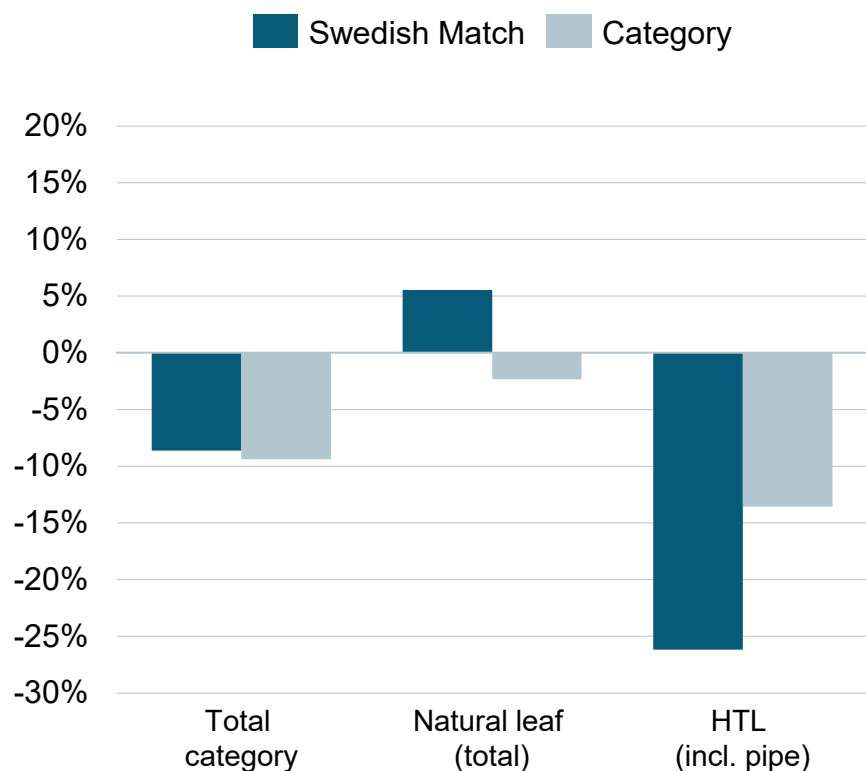


- **Sales and operating profit down vs. prior year period but notably higher than the most recent quarter**
 - Cigar shipments down by 17% versus the all-time high first quarter of 2021. Volumes declines were most notable for HTL varieties and natural rolled leaf varieties while *Game* natural leaf cigarillos continued their positive trajectory.
 - Sales declined in line with volumes, with negative mix effects almost offsetting effected price increases.
 - Operating profit declined on lower sales as well as higher production costs per cigar due to volume absorption effects, production mix, increased prices on raw materials, and higher labor costs.
- **The mass market cigar category declined relative to prior year*, partly explained by inventory adjustments**
 - Based on shipments from distributors to retail, the mass market cigar category declined by 9%, with less pronounced declines for natural leaf varieties and consumer demand estimated to have performed at a somewhat higher level.
 - Swedish Match gained slight market share versus the prior year quarter, driven by notable gains within the natural leaf segment. Swedish Match's market share also up slightly on a sequential basis relative to the fourth quarter of 2021.
- **FDA update on non-substantial equivalence (NSE) designations for parts of the cigar assortment**
 - Swedish Match received NSEs for cigars corresponding to 3% of the 2021 cigar volume. In April 2022, Swedish Match appealed the NSEs by requesting a supervisory review.

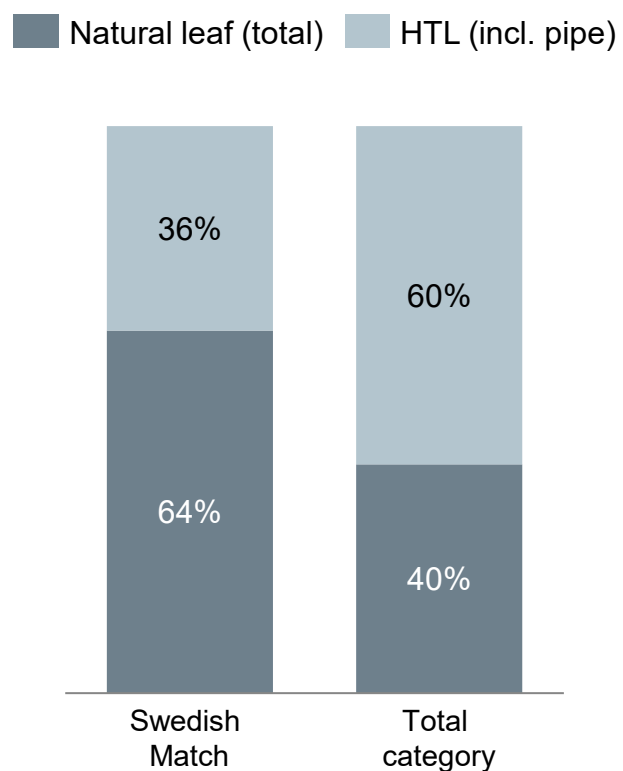
* Source: MSA through March 27, 2022

US – CIGAR CATEGORY ACCORDING TO MSA

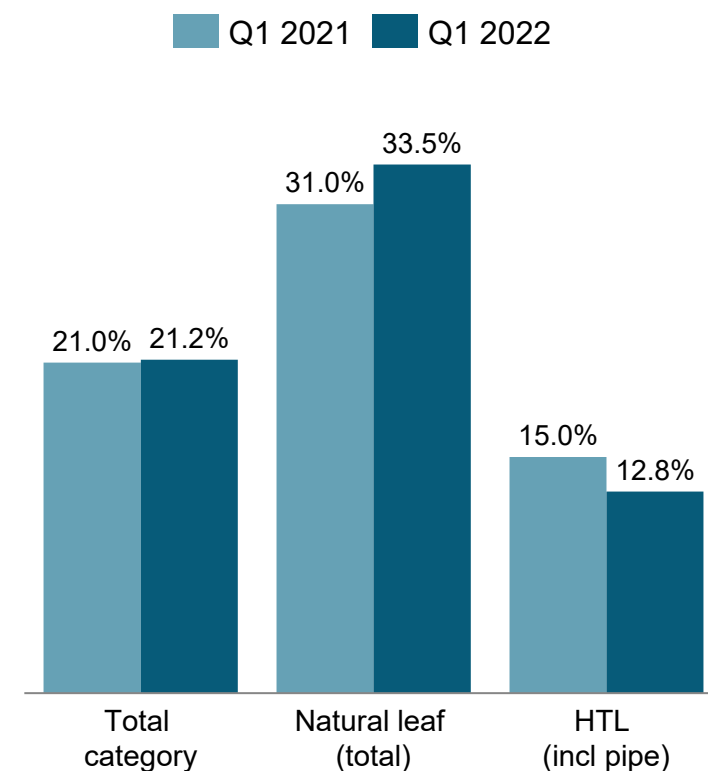
Cigar category and Swedish Match volume growth year-on-year, Q1 2022



Split on cigar volumes by segment, Q1 2022



Swedish Match market share by segment



Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data (excluding little cigars). Historic figures have been restated to reflect changes in MSA store measurements.

Solid sales development driven by matches, but steep cost increases weigh on operating profit

	Q1-2022	Q1-2021	chg	Full year 2021
Sales, MSEK	375	305	23	1,338
Operating profit, MSEK	57	67	-15	297
Operating margin, %	15.1	22.0		22.2



○ Sales up by 17% excluding currency translation effects

- For matches, sales were up by 33% excluding currency translation effects. Pricing, acquisitions effects and strong performance for fire products more than offset the 5% volume decline for regular match sticks.
- For lighters, positive price/mix effects more than compensated for the 2% volume decline, and sales grew by 6% excluding currency translation effects.
- Following the Russian invasion of Ukraine, deliveries of lighters to Russia have been suspended. The suspension of deliveries to Russia only had a limited effect on sales and lighter volumes in the first quarter.

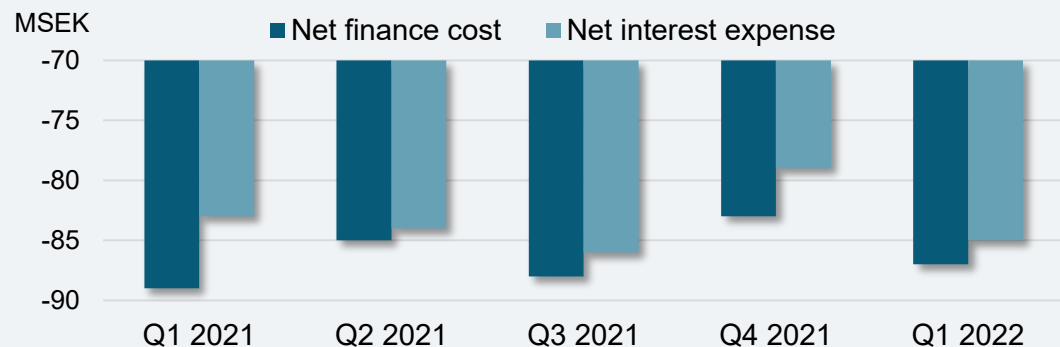
○ Operating profit down on increased raw material prices and a capital gain in the prior year quarter

- Solid performance for matches where improved pricing more than compensated for steep cost increases, while for lighters operating profit declined as increased costs for raw materials were not fully offset with pricing.
- For the Lights product segment as a whole, operating profit declined by 10 MSEK with 5 MSEK of the decline being explained by a capital gain from disposal of excess forestry assets in the prior year period.

FINANCE NET AND EPS

Development of the finance net

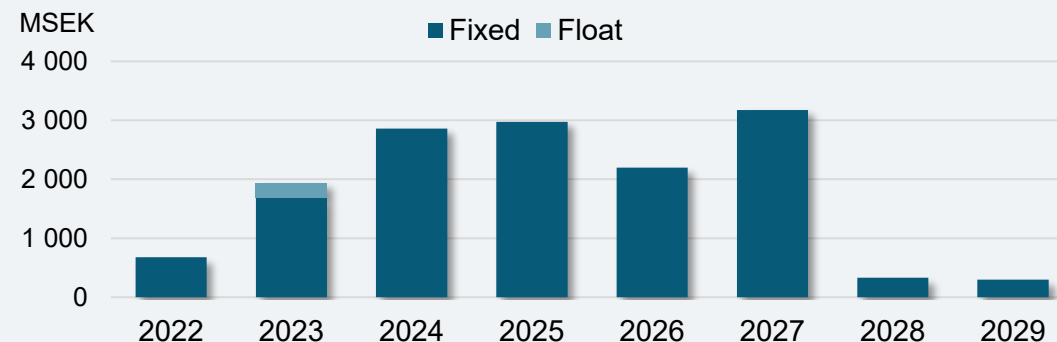
By quarter



- The weighted average interest rate of our loan portfolio as of March 31 was **2.07%** (2.13% at the end of 2021).

Maturity profile of interest-bearing liabilities

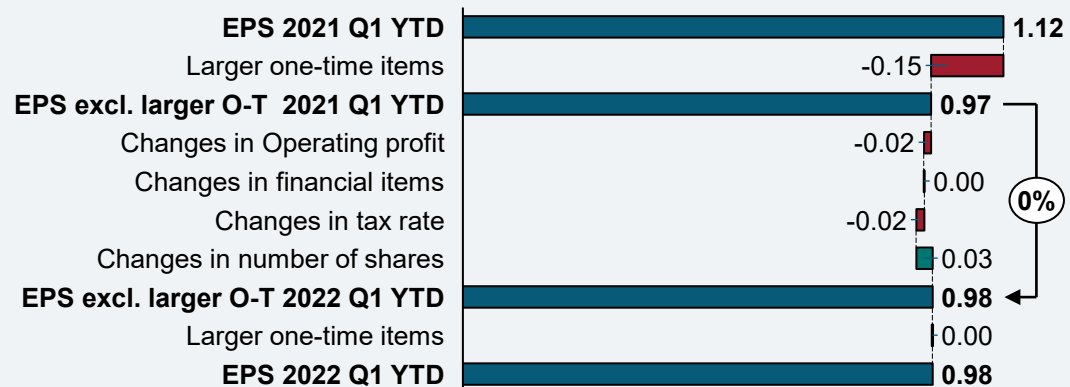
Debt as of March 31, 2022



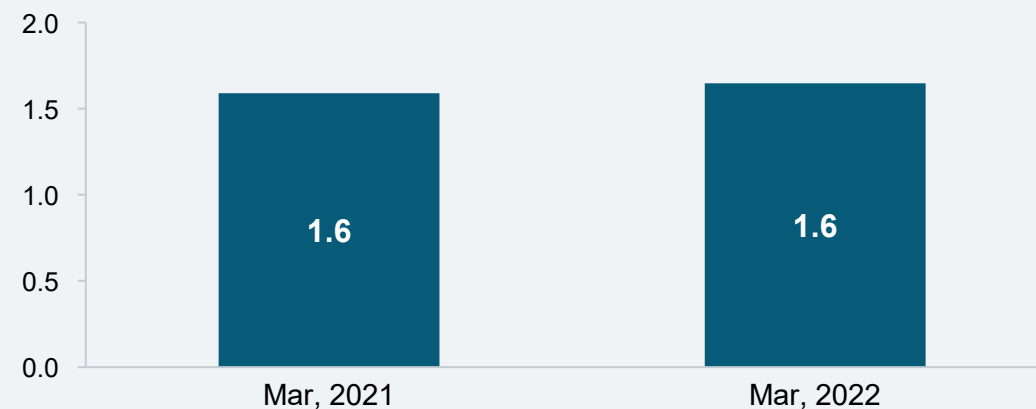
- The capital duration was 3.3 years, with 98% of the portfolio subject to fixed interest rates.

EPS bridge

YTD 2022 vs YTD 2021 (SEK)



Net debt/LTM EBITA



FULL YEAR 2022 OUTLOOK

With its vision of *A world without cigarettes*, Swedish Match's core business is to provide consumers with enjoyable alternatives that are both satisfying and dramatically safer than smoking. Swedish Match expects significant growth in consumer demand for safer alternatives to cigarettes. Swedish Match further expects that nicotine pouches as a category will continue to evolve as the number one choice among even more consumers seeking satisfactory experiences in the reduced risk product landscape. With the highly attractive prospects of the nicotine pouch category, Swedish Match anticipates that competitive activity will remain intense.

In the US, in Scandinavia, as well as in Other markets, Swedish Match plans to further increase investments during 2022 to capitalize on the growth opportunities, especially for nicotine pouches. Within Other markets, Swedish Match notes significant opportunities in existing as well as in certain new markets.

Capital expenditures are expected to be of a similar magnitude as in 2021. The effective underlying corporate tax rate in 2022, excluding associated companies, is expected to be around 23 percent.

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