

SWEDISH MATCH RESULTS PRESENTATION

Q3 2022



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Q3 – HEADLINE BULLETS CONSOLIDATED GROUP

- Continued momentum for the US smokefree business and the strong USD drove sharp increases in Group sales and earnings. Other businesses of the Group faced tough comparisons and some challenging market conditions.
- Group sales increased by 21 percent to 5,782 MSEK (4,778). In local currencies, Group sales increased by 5 percent for the third quarter.
- Group operating profit increased to 2,400 MSEK (2,075).
- Operating profit from product segments increased by 15 percent to 2,412 MSEK (2,099). In local currencies, operating profit from product segments¹⁾ declined by 1 percent for the third quarter.
- In local currencies, operating profit grew by 12 percent for the Smokefree product segment. For the Cigars product segment, operating profit declined, impacted by lower volumes. The Lights product segment faced particularly tough conditions and reported a steep decline in operating profit.
- Profit after tax increased to 1,778 MSEK (1,540).
- Earnings per share increased by 18 percent to 1.17 SEK (0.99).

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



Q3 – HIGHLIGHTS BY PRODUCT SEGMENT

Smokefree:

- Strong growth in sales and operating profit, driven by the US smokefree business and currency tailwind.
- For US smokefree, ZYN's continued growth trajectory together with a strong performance for moist snuff resulted in outstanding local currency sales and earnings growth.
- Continued good category growth for smokefree products in Scandinavia driven by increased demand for nicotine pouches.
- Swedish Match's financial performance in Scandinavia adversely affected by inventory adjustments, channel mix effects and a higher cost level.

Cigars:

- Elevated demand in the prior year period and timing effects resulted in steep year-on-year volume declines.
- Shipment volumes of natural leaf varieties grew relative to the second quarter but declined versus the record-high prior year period.
- Improved average price per cigar only partially compensated for the effect of significantly lower shipment volumes, resulting in a sharp decline in sales.
- Operating profit development was burdened by the lower sales, higher unit production costs and marketing investments.

Lights:

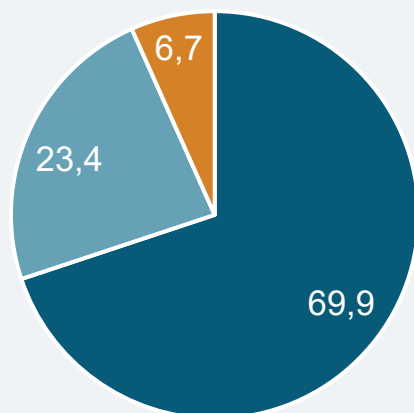
- Sales decline attributable to weak performance for lighters with significant negative impact from the suspension of deliveries to Russia.
- Reported earnings development reflects the impact from lower sales, items of temporary nature, as well as higher raw material costs.

SALES AND EBIT SPLIT BY PRODUCT SEGMENT

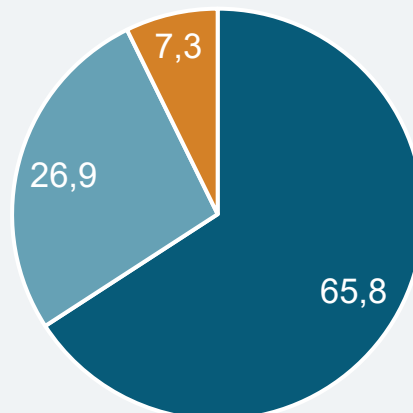
Sales and EBIT split in percent, YTD 2022 versus YTD 2021 (Jan-Sep)

Sales split

YTD 2022



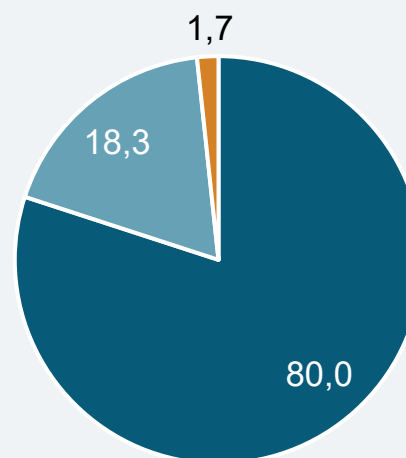
YTD 2021



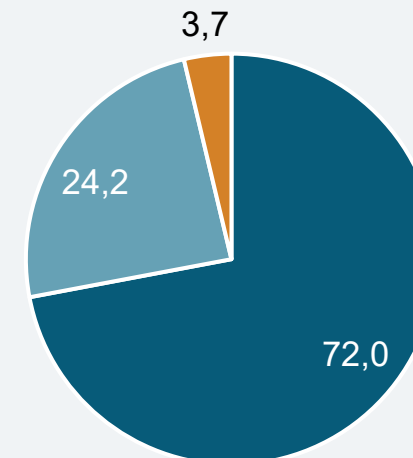
■ Smokefree ■ Cigars ■ Lights

EBIT split

YTD 2022



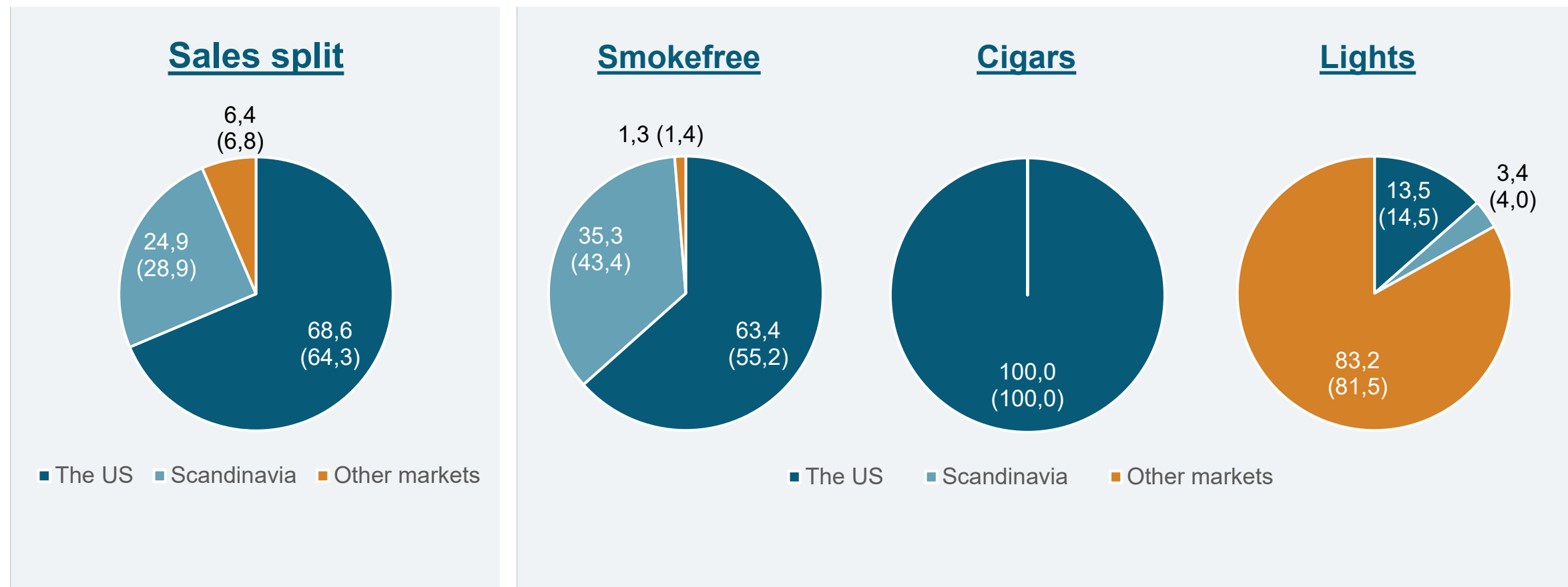
YTD 2021



■ Smokefree ■ Cigars ■ Lights

SALES SPLIT BY GEOGRAPHY AND PRODUCT SEGMENT

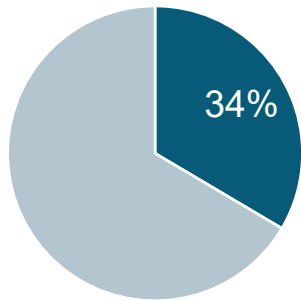
Sales split in percent, YTD 2022 versus YTD 2021 (Jan-Sep)



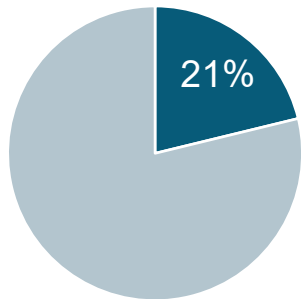
SWEDISH MATCH – NICOTINE POUCHES SHARE OF SALES

Group sales from product segments

YTD 2022
(Jan-Sep)



YTD 2020
(Jan-Sep)



■ Nicotine pouches
■ Other product segments

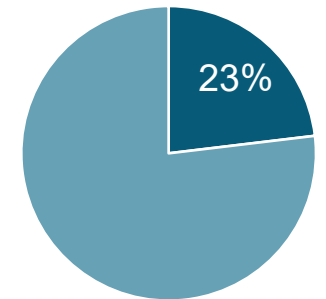
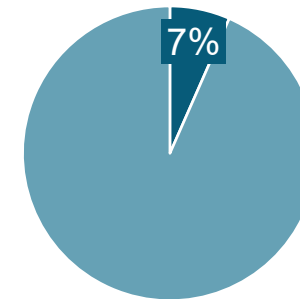
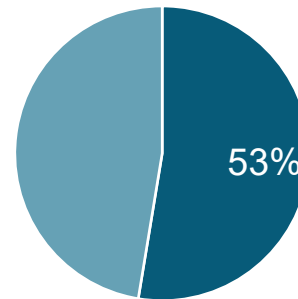
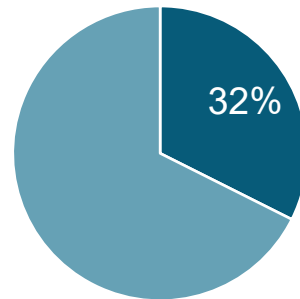
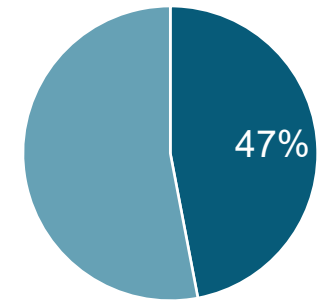
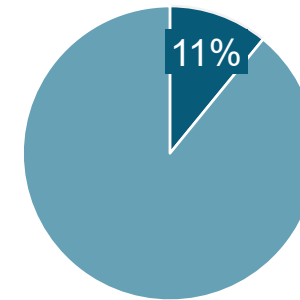
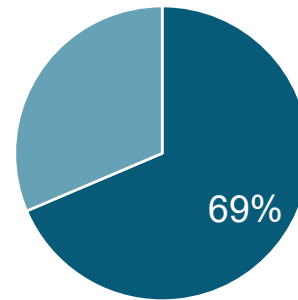
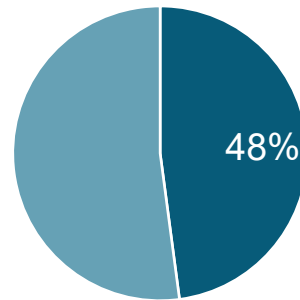
Sales split Smokefree product segment

Globally

The US

Scandinavia

Other markets



■ Nicotine pouches
■ Other smokefree

SMOKEFREE: Q3 COMMENTARY

Strong growth driven by US smokefree and currency tailwind

	Q3-2022	Q3-2021	chg (%)	9m-2022	9m-2021	chg (%)	Oct 2021-Sep 2022	Full year 2021
Sales, MSEK	4,058	3,100	31	11,145	8,878	26	14,388	12,120
Operating profit, MSEK	2,009	1,558	29	5,439	4,451	22	6,986	5,998
Operating margin, %	49.5	50.3		48.8	50.1		48.6	49.5



The US* – Excellent performance for ZYN and moist snuff, weaker development for chewing tobacco

- ZYN volumes up by 38% driven by improved velocities; higher average price per can further benefited sales.
- Production scale benefits and marketing cost per can in-line with prior year favorably impacted ZYN profitability.
- ZYN market share grew both sequentially compared to the second quarter and year-on-year vs. Q3 2021.**
- For moist snuff, continued solid traction for *Longhorn* drove sales and earnings growth, while chewing tobacco faced steep volume declines, adverse mix effects and higher average production costs.

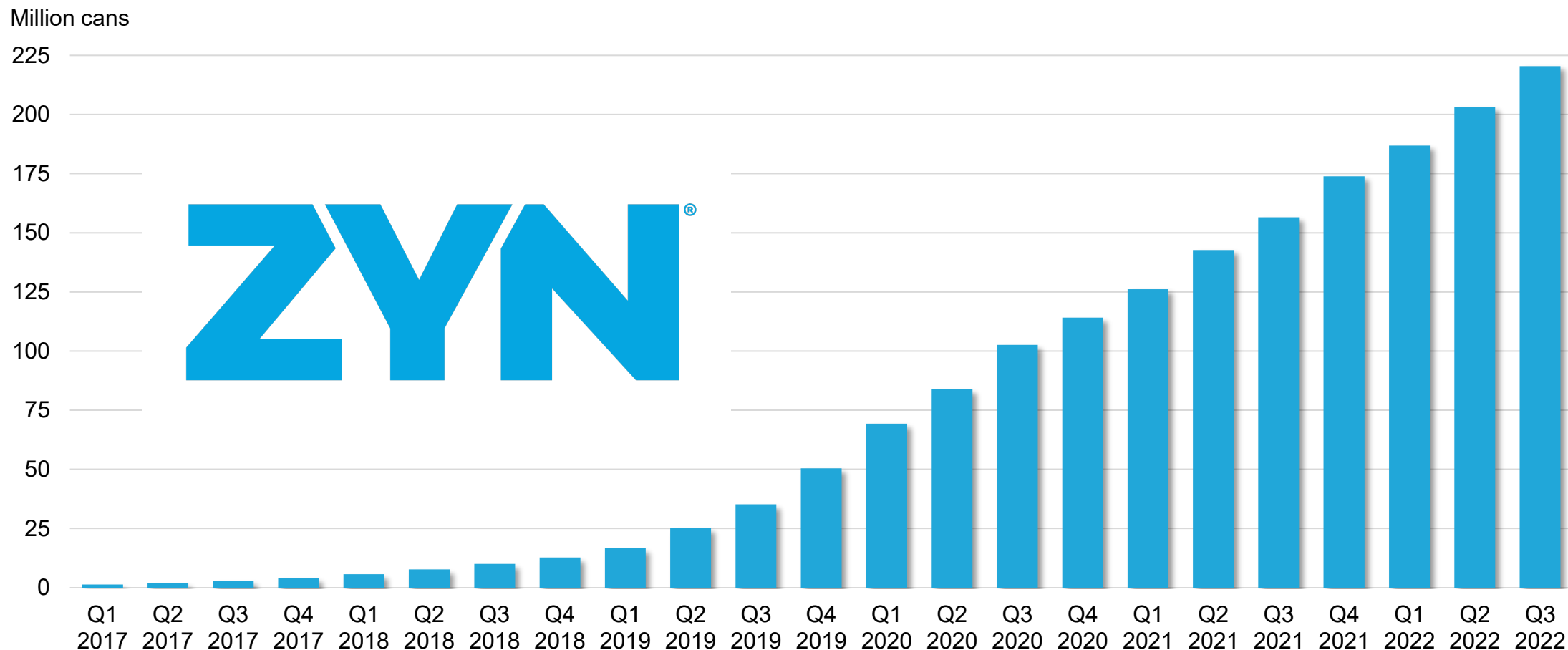
Scandinavia – Lower sales and operating profit mainly due to timing effects and difficult comparisons

- The smokefree category continued to exhibit good growth, driven by nicotine pouches along with resilience of the snus market.
- Inventory adjustments in the domestic Norwegian retail trade and continued normalization of consumer purchasing patterns post-covid reduced Swedish Match's shipment volumes and lowered the average selling price per can.
- Production and other costs adversely impacted by inflationary environment and volume absorption effects.
- Swedish Match's nicotine pouch market share improved both versus the prior year quarter and versus the second quarter of 2022, driven by progress in Sweden.

Other markets

- Operating profit declined, principally due to increased market investments and timing effects on costs in the prior year quarter.

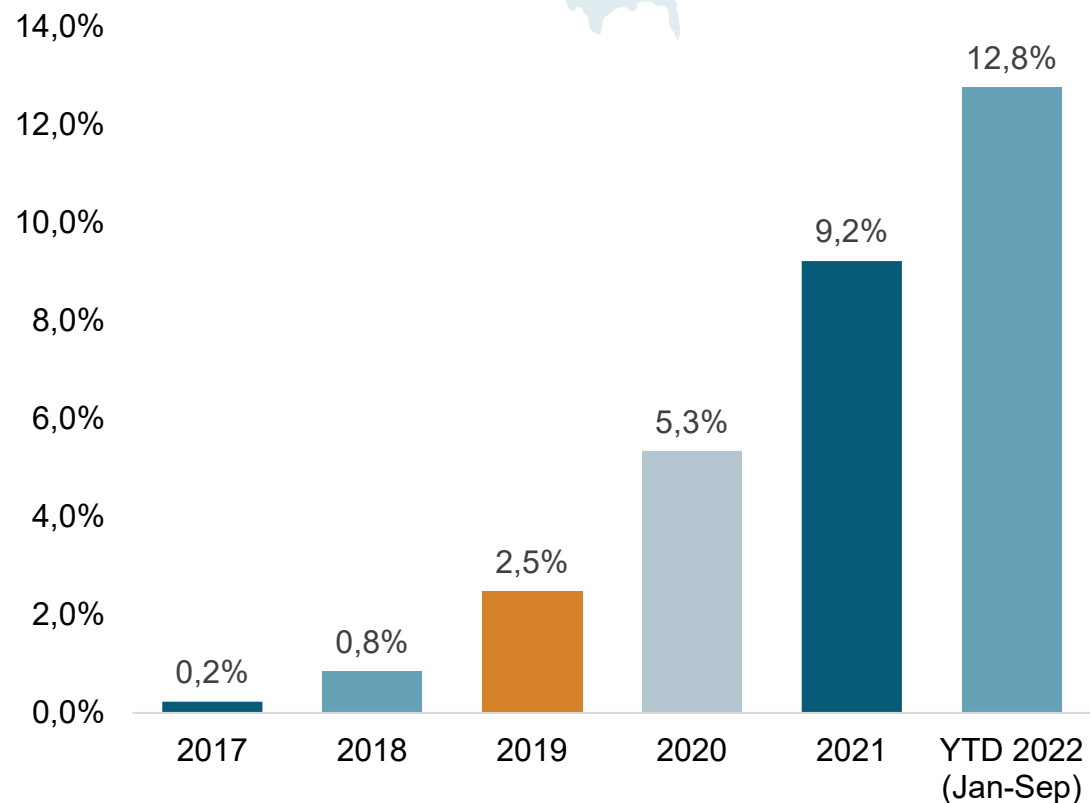
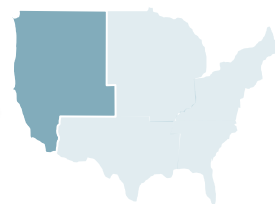
ZYN shipment volumes in the US, 12 months rolling



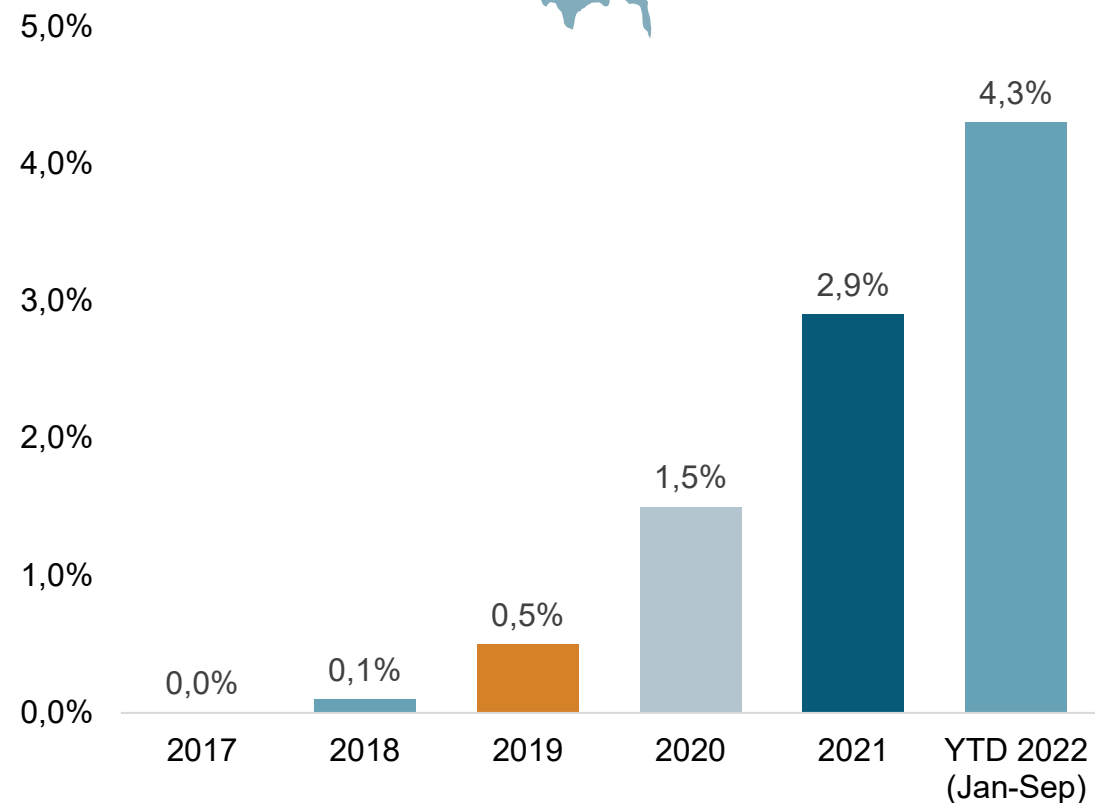
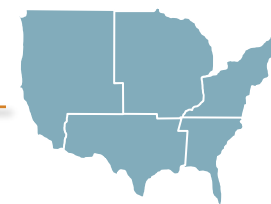
Source: Swedish Match reported shipments.

US – NICOTINE POUCH CATEGORY VERSUS THE CIGARETTE CATEGORY (CANS/PACKS)

Western region*



Total US

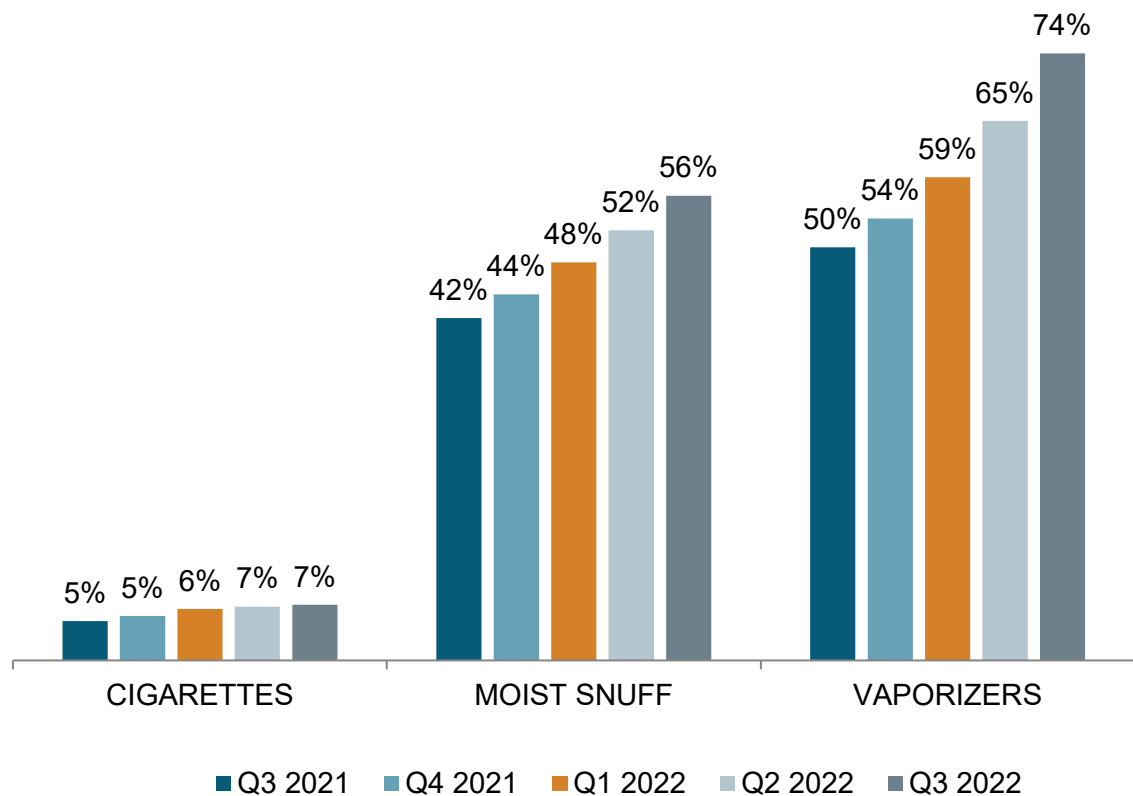
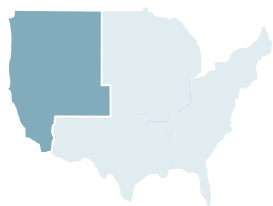


Source: IRI Unify.

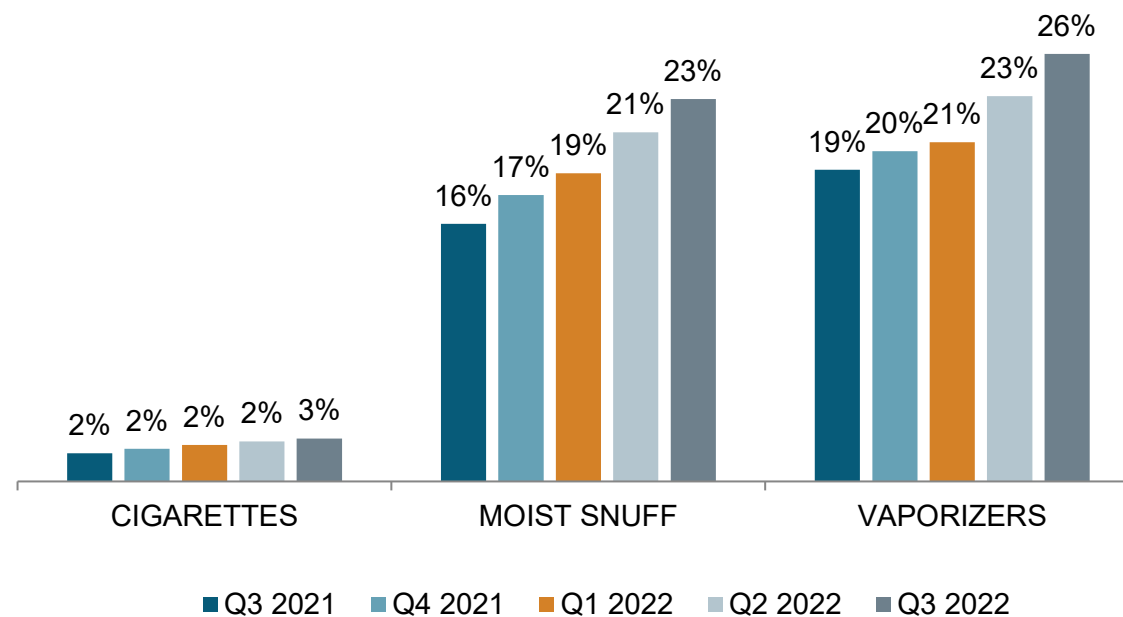
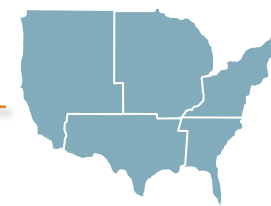
* Western region excludes the following states: Alaska, Hawaii, Idaho and Montana, due to differences in geographic definitions between IRI data and Swedish Match's regional sales structure.

US – NICOTINE POUCH CATEGORY SIZE RELATIVE OTHER CATEGORIES, IN DOLLAR TERMS

Western region*



Total US

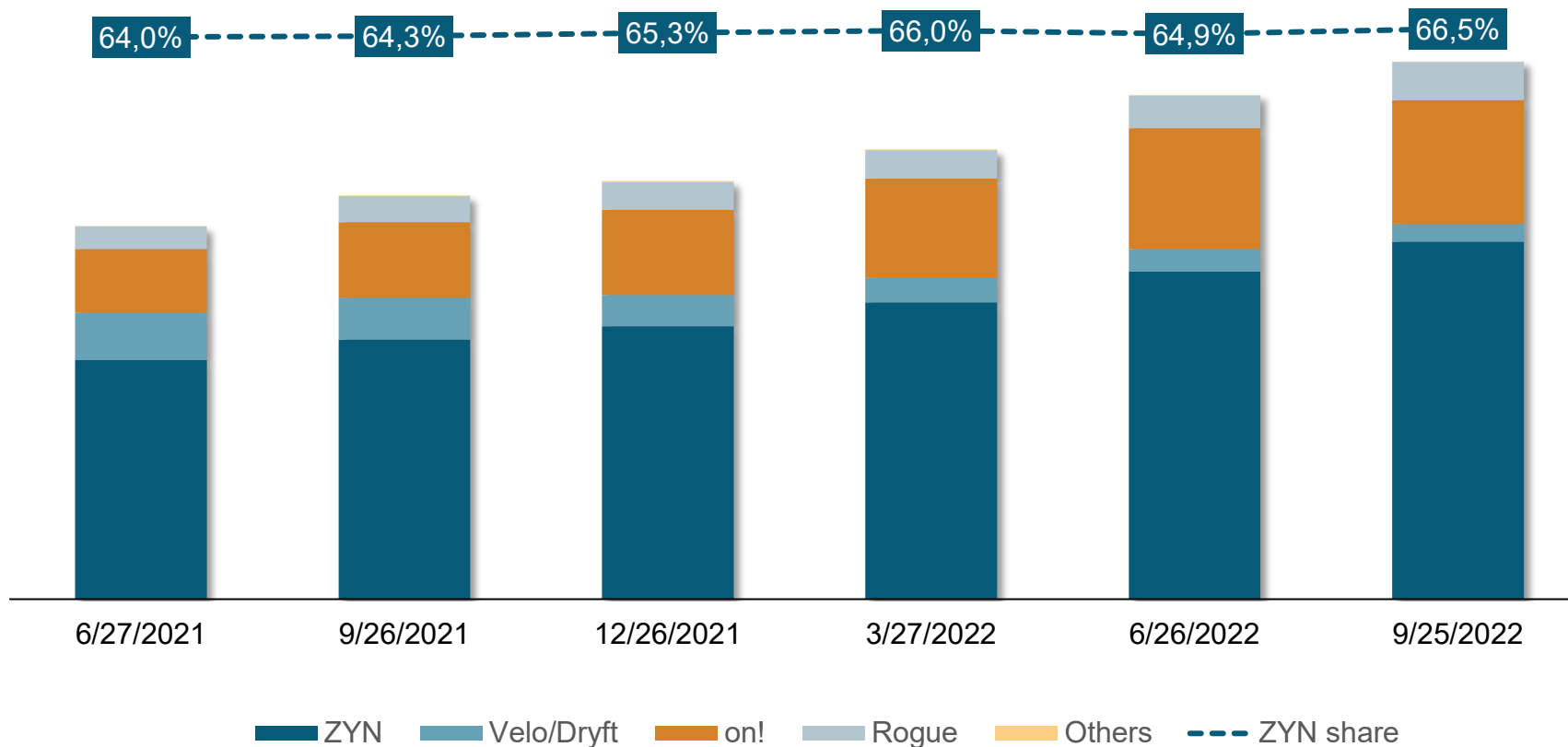


Source: IRI Unify.

* Western region excludes the following states: Alaska, Hawaii, Idaho and Montana, due to differences in geographic definitions between IRI data and Swedish Match's regional sales structure.

US – NICOTINE POUCH CATEGORY GROWTH AND ZYN SHARE DEVELOPMENT

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

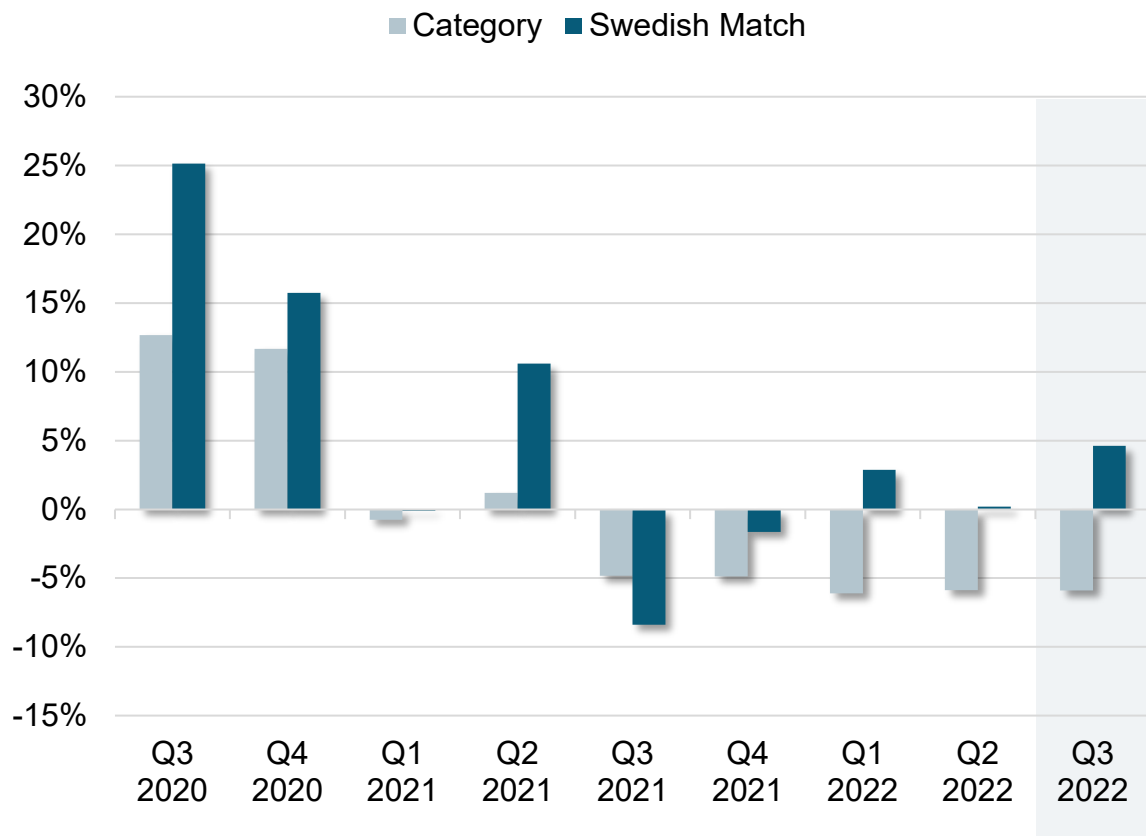


Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data. Historic figures have been restated to reflect changes in MSA store measurements.

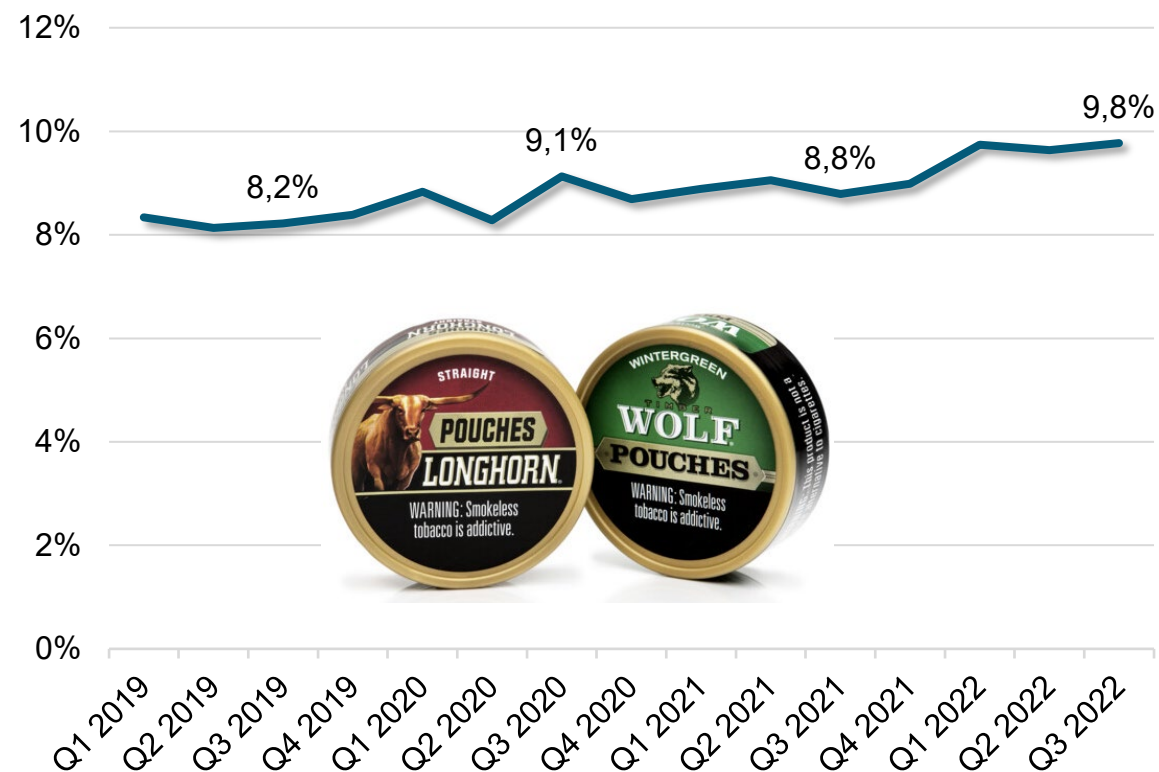


US – MOIST SNUFF CATEGORY

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



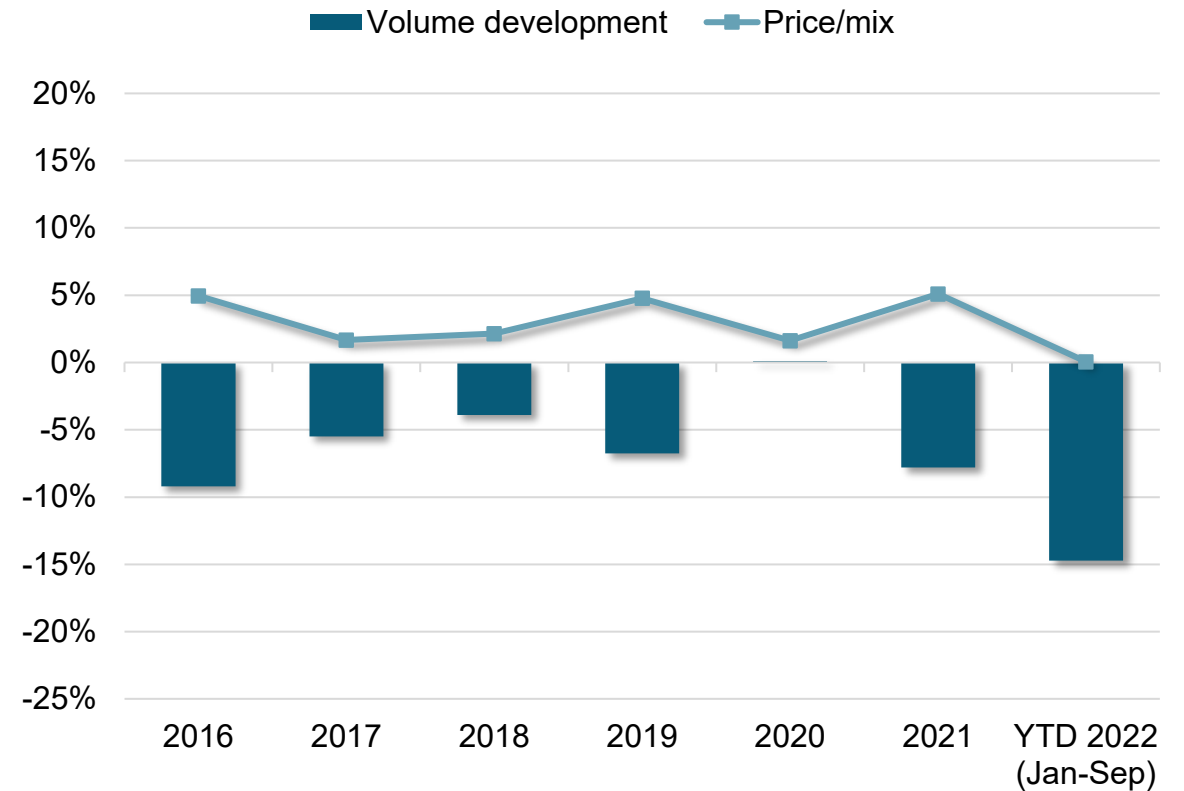
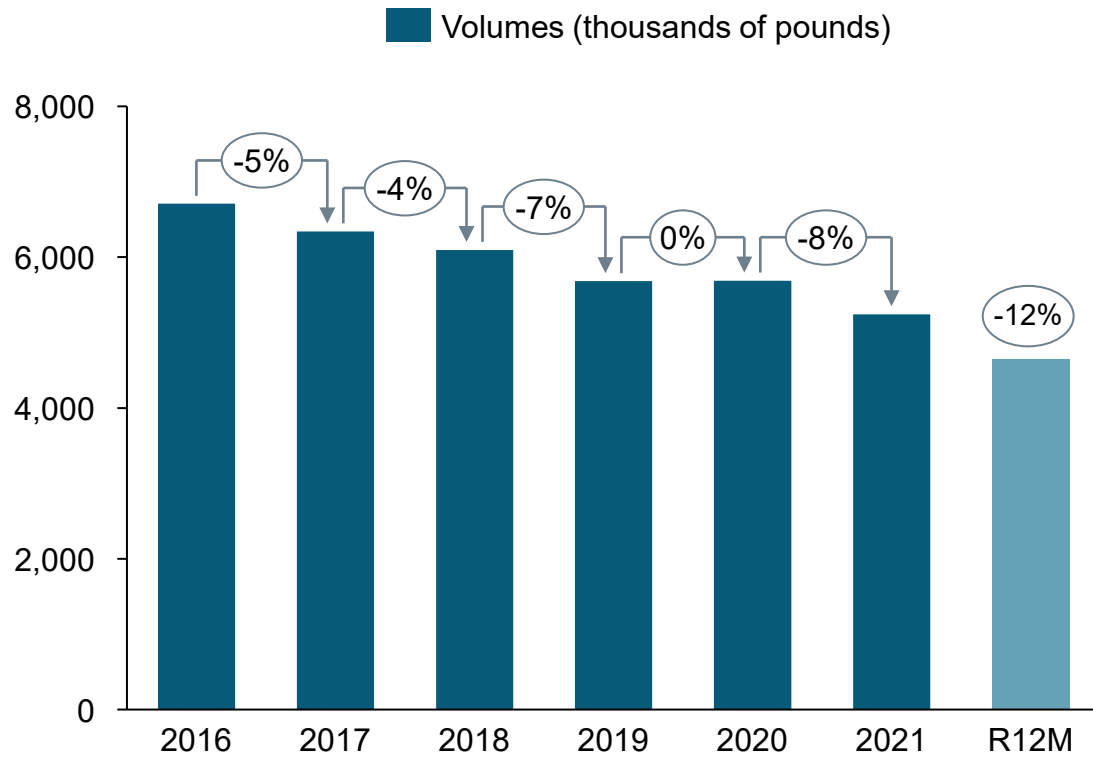
Swedish Match moist snuff market share by quarter



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

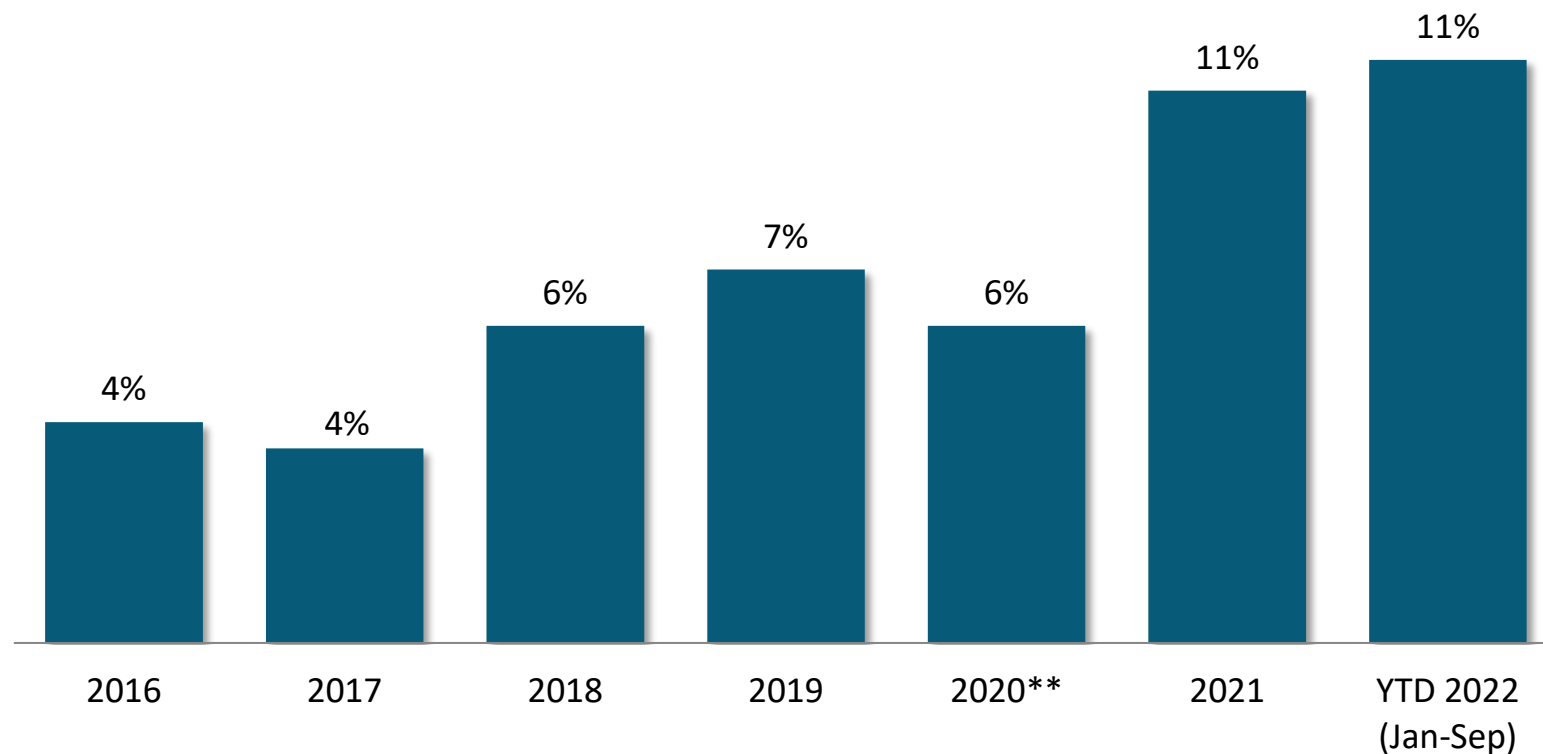
Shipment volume growth and price/mix percentage change year-on-year



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

SCANDINAVIA – UNDERLYING SMOKEFREE CATEGORY VOLUMES

Total underlying Scandinavian volume growth



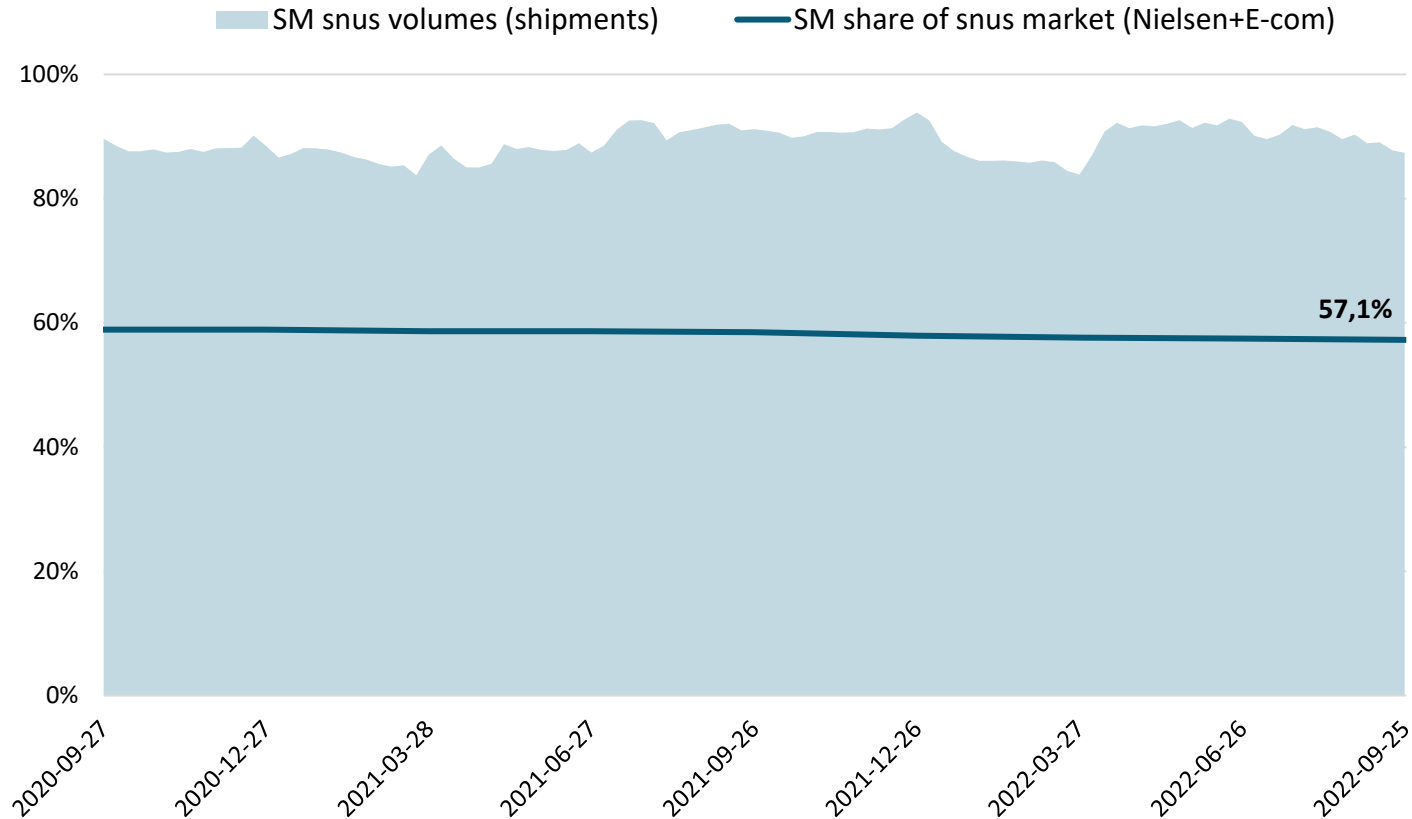
* Based on Nielsen and Swedish Match estimates (adjusted for hoarding). Volumes including snus, nicotine pouches and chew bags.

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

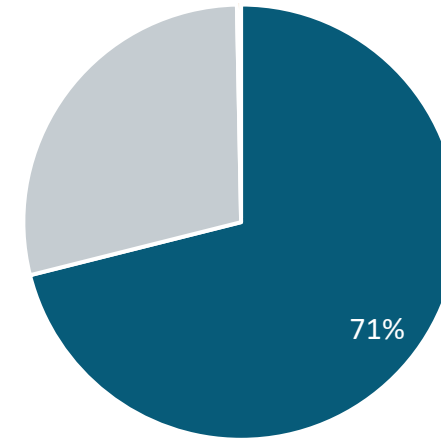


Volume share and shipment volume development, 13-weeks rolling

Swedish Match's (SM) snus shipment volumes and share of the snus market



Snus market as a share of the total smokefree category* (Q3 2022)

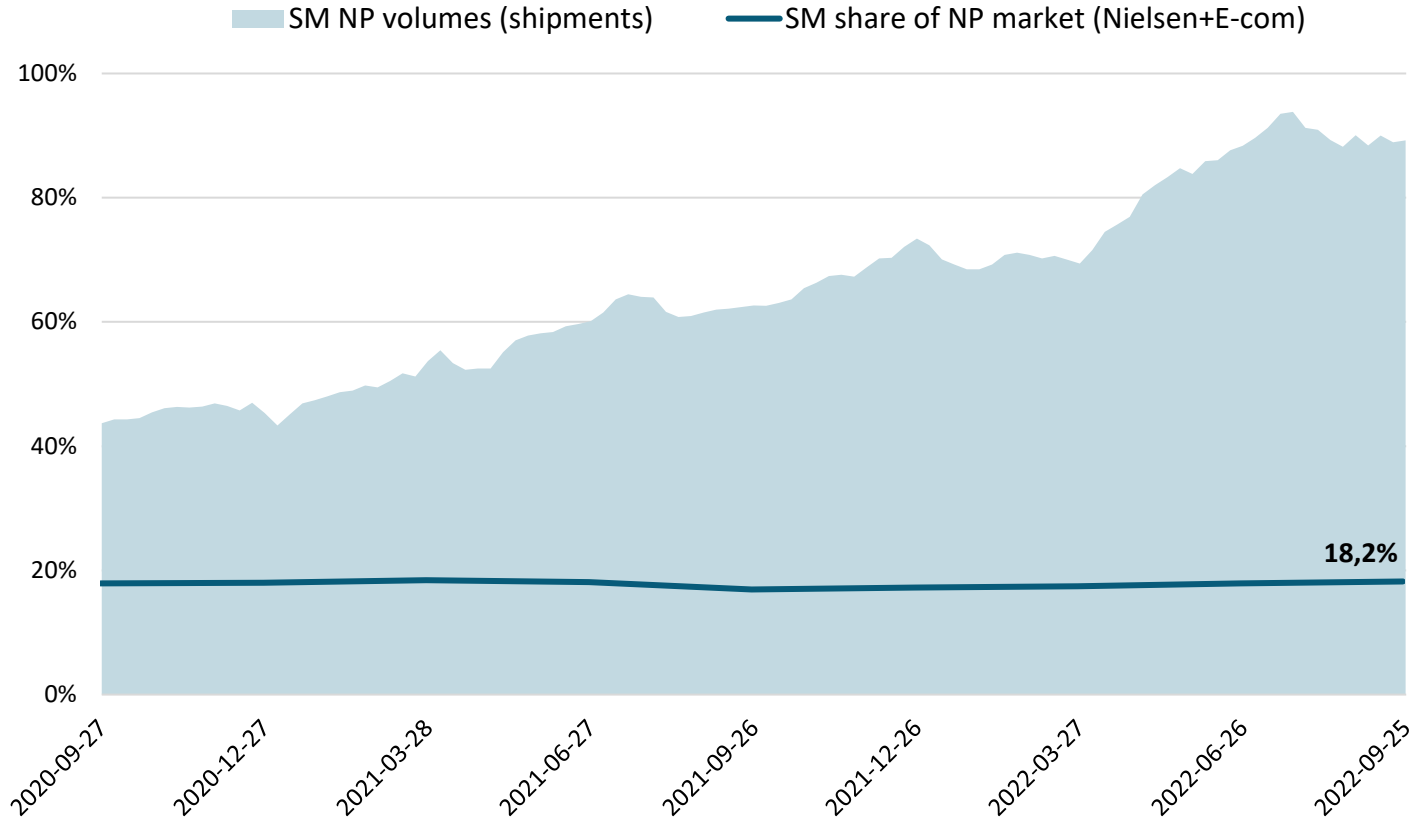


Source: Swedish Match reported shipments, Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience, Online sales where sales data are available.
 *Including snus, nicotine pouches and chew bags.

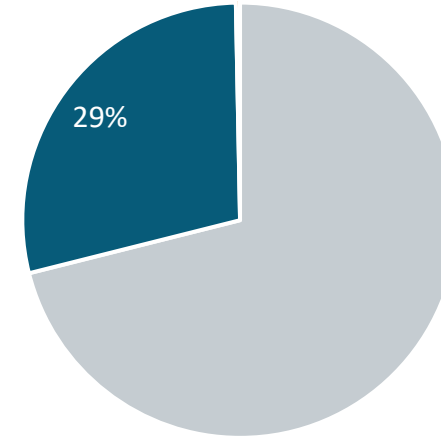
SCANDINAVIA – NICOTINE POUCH MARKET

Volume share and shipment volume development, 13-weeks rolling

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



Nicotine pouch market as a share of the total smokefree category* (Q3 2022)



Source: Swedish Match reported shipments, Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience, Online sales where sales data are available.
*Including snus, nicotine pouches and chew bags.

Weak financial development due to low shipments and higher costs

	Q3-2022	Q3-2021	chg (%)	9m-2022	9m-2021	chg (%)	Oct 2021-Sep 2022	Full year 2021
Sales, MUSD	123	143	-14	377	427	-12	496	546
Operating profit, MUSD	36	55	-36	125	177	-29	163	215
Operating margin, %	29.1	38.8		33.3	41.3		33.0	39.3

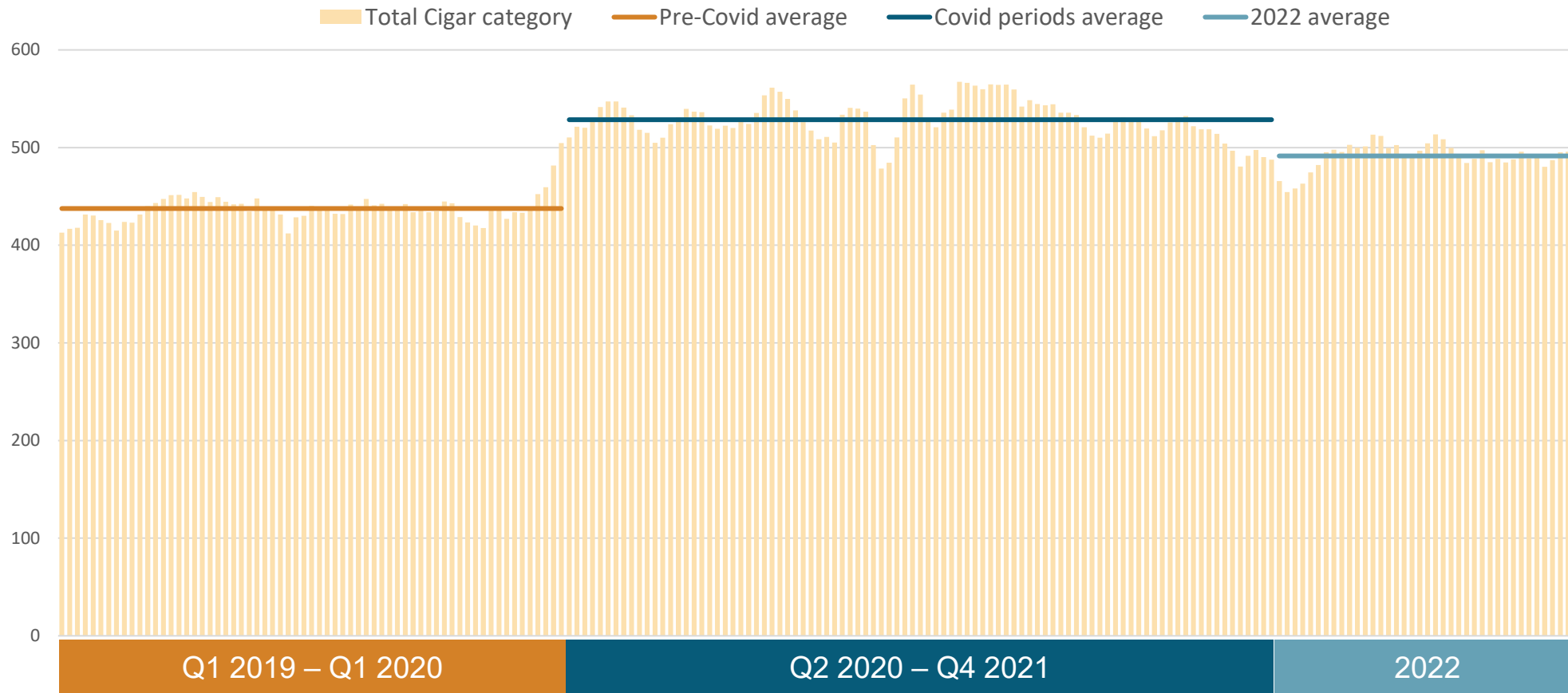
- **Steep decline in shipment volumes drove lower sales and operating profit**
 - Shipments adversely impacted by the elevated demand in the prior year period, as well as inventory reductions at the distributor level.
 - Average sales price per cigar increased as a result of price increases across the assortment and positive product mix effects.
 - Operating margin adversely impacted by higher transportation and input costs, along with unfavorable volume absorption. In addition, investments increased in the existing consumer loyalty program.
 - Swedish Match's shipments of natural leaf cigars grew sequentially vs. the second quarter, driven by strong demand for *Game* rolled leaf cigars.
- **Solid production levels for both natural leaf and HTL varieties**
 - Swedish Match exited the third quarter in a good position to fulfill future demand.
- **Market volumes down, but demand continued to exceed pre-covid levels***
 - Market volumes down by 6% vs. prior year quarter but up by 14% vs. Q3 2019, due to strong demand for natural leaf cigars.
 - Distributor shipments of Swedish Match cigars declined by 7% in Q3 2022, broadly in line with the market development



* Source: MSA through Sep 25, 2022

US – CIGAR CATEGORY ACCORDING TO MSA

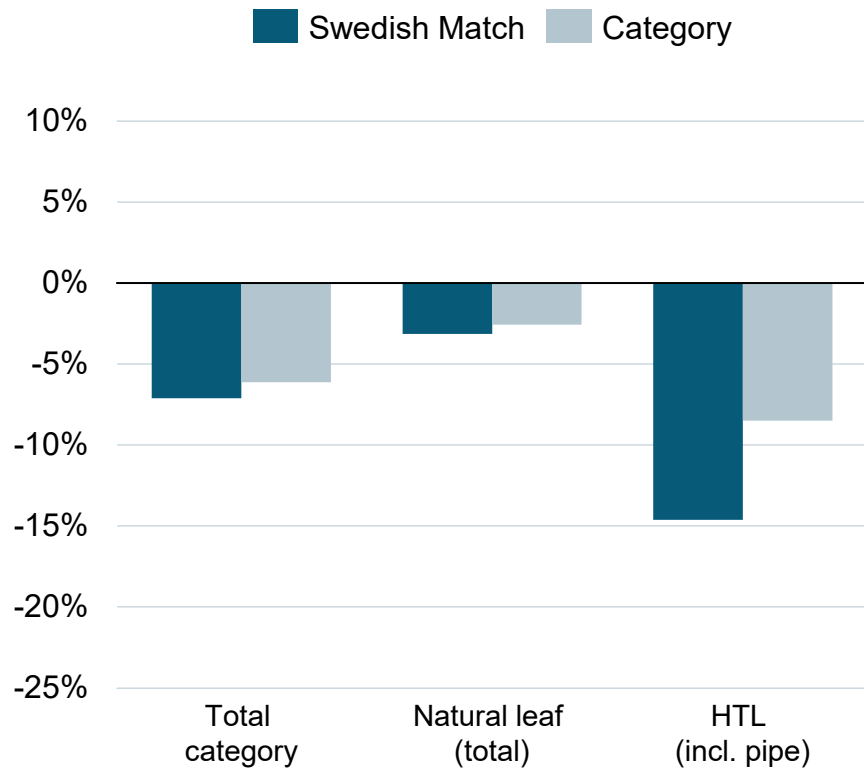
Volume development for the total cigar category, 4-weeks rolling (mn cigars)



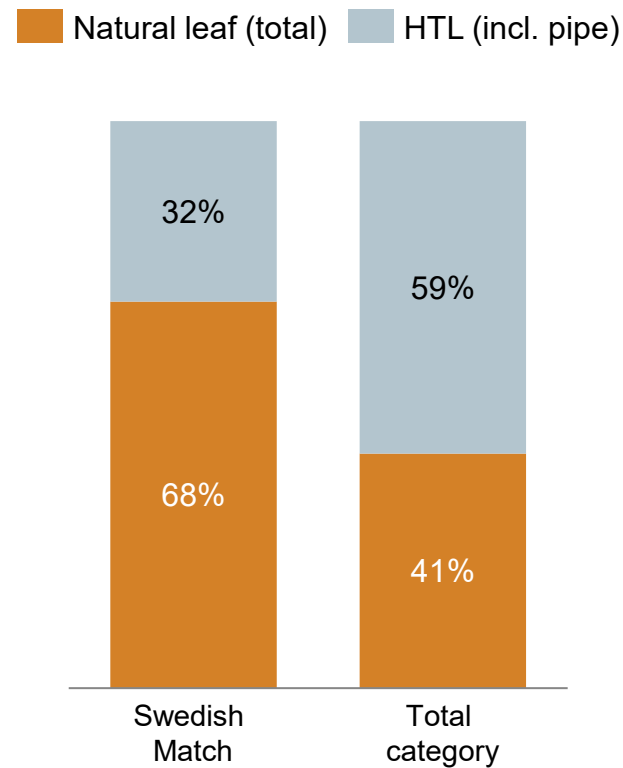
Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data (excluding littles cigars).

US – CIGAR CATEGORY ACCORDING TO MSA

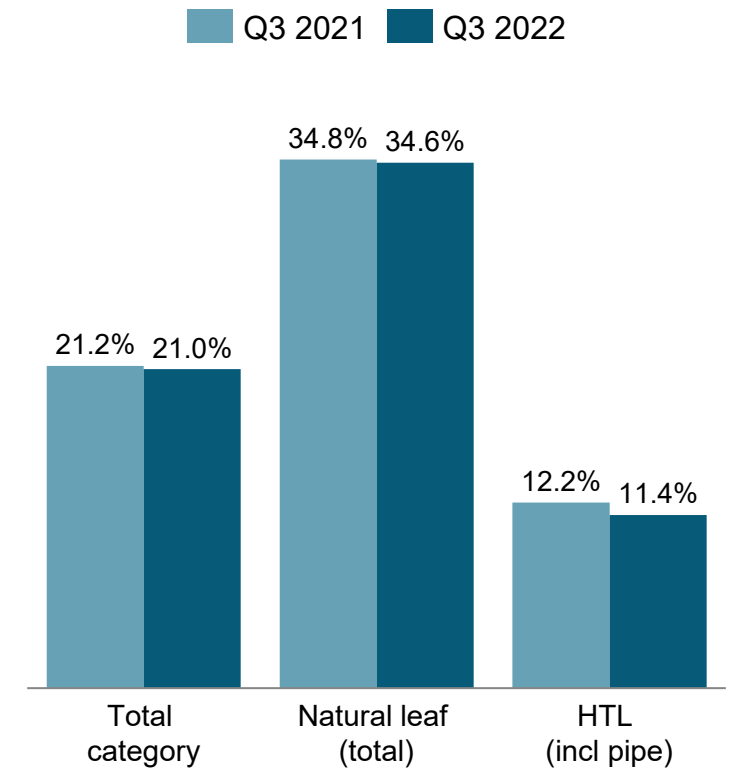
Cigar category and Swedish Match volume growth year-on-year, Q3 2022



Split on cigar volumes by segment, Q3 2022



Swedish Match market share by segment



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

Challenging quarter for Lights

	Q3-2022	Q3-2021	chg (%)	9m-2022	9m-2021	chg (%)	Oct 2021-Sep 2022	Full year 2021
Sales, MSEK	319	354	-10	1,065	980	9	1,422	1,338
Operating profit, MSEK	20	60	-67	115	230	-50	182	297
Operating margin, %	6.2	17.0		10.8	23.4		12.8	22.2



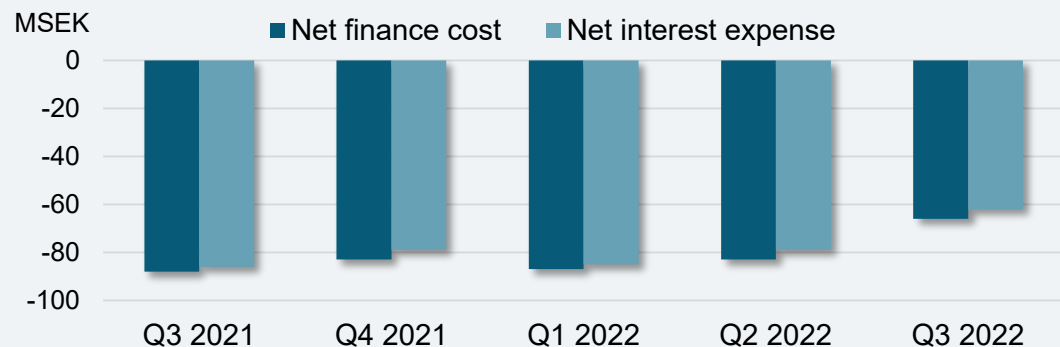
- **Sales declined by 18% excluding currency translation effects**
 - Volumes for lighters declined sharply, following the suspension of deliveries to Russia.
 - In addition, contract manufacturing of components for lighter adjacent consumer products experienced lower demand.
 - For matches, excluding currency translation effects, sales grew on the back of effective price management and improved product and market mix.
 - Sales of complementary products in Brazil increased.

- **Challenging conditions for lighters drove steep earnings decline**
 - For lighters, the sharp decline in sales along with volume absorption issues, cost inflation and expenses of one-time nature caused the operating profit to decline sharply.
 - For matches, operating profit excluding currency translation was broadly in line with prior year period.
 - Operating profit for complementary products in Brazil grew.

FINANCE NET AND EPS

Development of the finance net

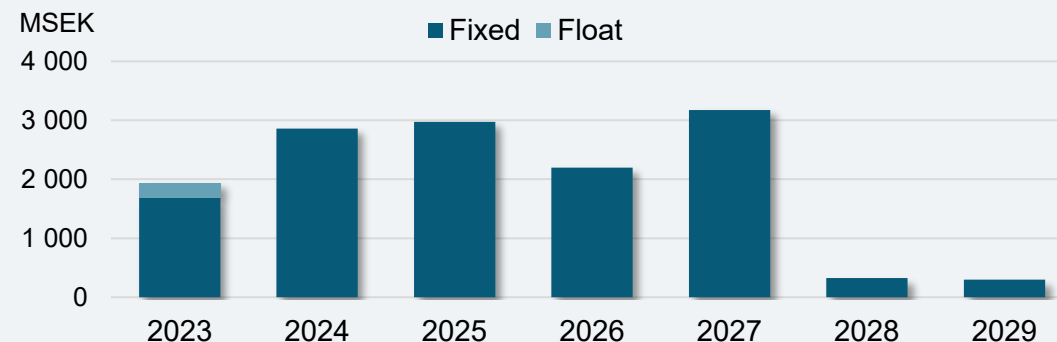
By quarter



- The weighted average interest rate of our loan portfolio as of September 30 was **2.12%** (2.13% at the end of 2021).

Maturity profile of interest-bearing liabilities

Debt as of September 30, 2022



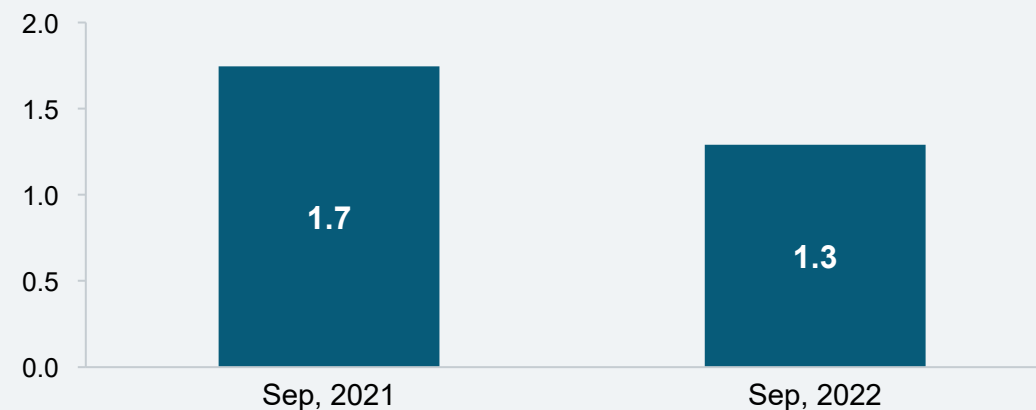
- The capital duration was 3.0 years, with 98% of the portfolio subject to fixed interest rates.

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 continued 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 will continue to invest behind 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 strong growth in earnings derived from the US has resulted in an upward pressure on the corporate income tax rate. The effective underlying corporate tax rate in 2022, excluding associated companies, is now expected to be around 24 percent.

The Company remains committed to returning cash not needed in operations to shareholders, but given the current public offer on the Company, share repurchases have been suspended.