

## Interim Report January – September 2022

### Highlights for the third quarter

- 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 segments<sup>1)</sup> 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.



## CEO Lars Dahlgren comments: Strong financial results that reflected both opportunities and challenges

Today, Swedish Match reported another strong quarterly financial performance. The sourcing of our sales and earnings growth was unusually concentrated, however.

The Cigars and Lights segments reported weak results, while the Smokefree segment, with its sales and earnings growth of around 30 percent, continued to drive the Group's overall financial performance. Currency tailwind contributed to the robust growth for Smokefree, but the double-digit local currency growth in sales and earnings—despite challenges in certain parts of the smokefree business—reinforces the attractive prospects of steadfastly pursuing our vision of a world without cigarettes. As we write in our Outlook (see page 14), we expect continued significant growth in consumer demand for safer alternatives to cigarettes. The larger our smokefree business becomes, the more Swedish Match can contribute to improved public health.

The US smokefree business was the key contributor to the strong results, and once again ZYN, with its scale and growth momentum led the way. ZYN contributed with strong double-digit volume, sales and profit growth. Our focus on quality products, excellent sales execution, as well as efficient and expanded marketing investments all contributed to sequential market share gains for ZYN compared to the second quarter, both in volume and value terms. In addition, with its range of quality products and relevant value-for-money positioning, our *Longhorn* moist snuff portfolio performed very well, while our US chewing tobacco business faced the challenge of accelerated consumer down-trading in addition to secular category declines.

In Scandinavia, the smokefree category continued to exhibit good growth, driven by nicotine pouches along with resilience of the snus market. Swedish Match's shipment volumes declined, however, negatively impacted by inventory adjustments in the domestic Norwegian retail trade as consumer purchases at border and travel retail classes of trade approaching pre-covid levels. In addition, inflationary pressure on production and other costs contributed to a notable decline in our Scandinavian smokefree business's operating profit.

Our relatively weak market share in the nicotine pouch market (compared to snus) in Scandinavia represents both a challenge and an opportunity. In the second quarter, we introduced several new



nicotine pouch offerings and product enhancements. During the third quarter, we are pleased to note increased market shares for Swedish Match in the total Scandinavian nicotine pouch market, both year-on-year and sequentially from the second quarter.

The reported financial development for our US cigar business was disappointing but partly reflected the strong shipment volumes of natural leaf varieties in the prior year quarter. The US mass market cigar category has contracted this year, but compared to pre-covid levels, the market has grown. Our shipment volumes declined more than what market data would otherwise suggest, impacted by timing of shipments. In addition, the financial development reflected inflationary pressure that contributed to higher input and transportation costs. On a positive note, we are pleased with our progression in the attractive natural leaf segment and from a supply chain perspective, we exited the third quarter in a good position to fulfill future demand.

Our Lights business has faced particularly tough conditions lately. While our match business held up well despite steep raw material price increases, suspension of lighter sales to Russia, unusually low orders on contract manufacturing of lighter related components, and costs of a one-time nature resulted in a sharp year-on-year decline in operating profit.

In summary, our core smokefree business, and especially our nicotine pouch businesses, continued to demonstrate strength and attractive prospects, both commercially and from a tobacco harm reduction perspective. While we experienced some challenges in the quarter, underlying developments in several of our businesses were stronger than what the reported financials portrayed. I am extremely proud to see the dedication throughout the Swedish Match organization; the focus and commitment to unflinchingly pursue long-term growth opportunities, as well as to address shorter-term challenges.

## Summary of consolidated income statement

MSEK	July-September		Chg %	January-September		Chg %	Full year 2021
	2022	2021		2022	2021		
Sales	5,782	4,778	21	16,235	13,738	18	18,489
Sales from product segments <sup>1)</sup>	5,677	4,691	21	15,945	13,482	18	18,145
Operating profit from product segments <sup>1)</sup>	2,412	2,099	15	6,798	6,179	10	8,136
Operating profit, excl. larger one-time items <sup>2)</sup>	2,400	2,075	16	6,651	6,086	9	7,986
Operating profit	2,400	2,075	16	6,651	6,385	4	8,286
Profit before income tax	2,334	1,987	17	6,416	6,123	5	7,941
Profit for the period	1,778	1,540	15	4,895	4,761	3	6,218
Operating margin from product segments, % <sup>1)</sup>	42.5	44.7		42.6	45.8		44.8
Earnings per share, basic and diluted, SEK	1.17	0.99		3.21	3.03		3.97
Adjusted earnings per share, basic and diluted, SEK <sup>3)</sup>	1.17	0.99		3.21	2.88		3.82

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

2) Excluding a larger one-time item during the first quarter 2021, relating to a settlement income of 300 MSEK.

3) Adjusted earnings per share in 2021 excludes settlement income of 300 MSEK (238 MSEK net of tax) recognized in the first quarter 2021.

## The third quarter

(Note: Comments below refer to the comparison between the third quarter 2022 vs. the third quarter 2021).

### Sales

Group sales and sales from product segments increased by 21 percent to 5,782 MSEK (4,778) and 5,677 MSEK (4,691), respectively. In local currencies, sales from product segments increased by 5 percent with increased sales for the Smokefree product segment, while sales declined for the Cigars and Lights product segments. Currency translation positively affected the comparability of sales from product segments by 767 MSEK.

### Earnings

Group operating profit amounted 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 segments was down by 1 percent. On a constant currency basis, operating profit increased by 12 percent for the Smokefree segment while earnings were down for the Cigars and Lights product segments. Currency translation has positively impacted the comparison of the operating profit from product segments by 344 MSEK.

### Net finance costs and tax

The Group's net finance cost decreased to 66 MSEK (88) reflecting higher financial returns on surplus cash and decreased average debt levels. The income tax expense amounted to 556 MSEK (447), corresponding to a corporate tax rate of 23.8 percent (22.5).

### Profit

The Group's profit for the period amounted to 1,778 MSEK (1,540).

## The first nine months

(Note: Comments below refer to the comparison between the first nine months 2022 vs. the first nine months 2021).

### Sales

Group sales and sales from product segments increased by 18 percent to 16,235 MSEK (13,738) and 15,945 MSEK (13,482), respectively. In local currencies, sales from product segments increased by 6 percent, with increased sales for the Smokefree and Lights product segments, while sales for Cigars declined. Currency translation positively impacted the comparability of sales from product segments by 1,699 MSEK.

### Earnings

Group operating profit, including larger one-time items, increased by 4 percent to 6,651 MSEK (6,385). The prior year period included a settlement income of 300 MSEK relating to a previously ongoing arbitration. Operating profit from product segments increased by 10 percent to 6,798 MSEK (6,179). In local currencies, operating profit from product segments was down by 2 percent. Currency translation has positively impacted the comparison of the operating profit by 772 MSEK.

### Net finance costs and tax

The Group's net finance cost decreased to 235 MSEK (262) mainly reflecting higher financial returns on surplus cash and lower average debt levels. Income tax expense amounted to 1,521 MSEK (1,362), corresponding to a tax rate of 23.7 percent (22.2). The increase in the tax rate is principally due to a stronger USD along with continued strong earnings growth in the US, as well as a revaluation of deferred state tax liabilities in the prior year period. When adjusted for associated companies and non-recurring items the underlying tax rate was 23.8 percent (22.8).

### Profit and earnings per share

The Group's profit for the period amounted to 4,895 MSEK (4,761). Earnings per share for the first nine months amounted to 3.21 SEK (3.03). Adjusted earnings per share amounted to 3.21 SEK (2.88).

## Smokefree

### Third quarter highlights:

- 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.



Key data MSEK	July-September			January-September			Full year 2021
	2022	2021	Chg %	2022	2021	Chg %	
Sales	4,058	3,100	31	11,145	8,878	26	12,120
Operating profit	2,009	1,558	29	5,439	4,451	22	5,998
Operating margin, %	49.5	50.3		48.8	50.1		49.5
EBITDA	2,148	1,663	29	5,832	4,755	23	6,423
EBITDA margin, %	52.9	53.6		52.3	53.6		53.0
Depreciation, amortization and impairment	-140	-104		-393	-304		-425
Capital expenditures	223	247	-10	633	748	-15	1,000

## The third quarter

(Note: Comments below refer to the comparison between the third quarter 2022 vs. the third quarter 2021).

### Sales and earnings

Sales for the Smokefree product segment increased by 31 percent in SEK and by 15 percent in local currencies. Currency translation positively impacted the sales comparison by 502 MSEK.

Operating profit increased by 29 percent in SEK and by 12 percent in local currencies. Currency translation positively impacted the operating profit comparison by 267 MSEK.

Continued impressive performance for the US smokefree business along with the stronger USD drove the strong double-digit percentage increases in sales and operating profit.

In Scandinavia, both sales and volumes declined by 2 percent. Operating profit declined more than sales in percentage terms as a result of higher production and other costs.

In Other markets, sales declined as a result of lower volumes. Operating profit declined, principally due to increased market investments to support future growth.

## The US

### Key data

	July-September		Chg %	January-September		Chg %	Full year 2021
	2022	2021		2022	2021		
<b>Financials, MSEK</b>							
Sales	2,696	1,708	58	7,068	4,900	44	6,754
Operating profit	1,387	813	71	3,608	2,433	48	3,352
Operating margin, %	51.4	47.6		51.0	49.7		49.6
<b>Financials, MUSD</b>							
Sales	257	197	30	713	577	23	787
Operating profit	132	94	41	364	287	27	391
Operating margin, %	51.5	47.5		51.0	49.7		49.6
<b>Shipment volumes</b>							
Moist snuff, million cans	33.0	31.5	5	101.3	99.3	2	129.6
Nicotine pouches, million cans	63.6	46.2	38	172.3	125.7	37	173.9
Chewing tobacco, thousands of pounds <sup>1)</sup>	1,052	1,304	-19	3,459	4,056	-15	5,244

1) Excluding contract manufacturing volumes.

### Market shares<sup>1)</sup>

Percent	July-September		Chg ppts	January-September		Chg ppts	Full year 2021
	2022	2021		2022	2021		
Nicotine pouches	66.5	64.3	2.2	65.8	64.9	0.9	65.0
Moist snuff	9.8	8.8	1.0	9.7	8.9	0.8	8.9
Chewing tobacco <sup>2)</sup>	37.7	39.7	-2.0	38.3	39.4	-1.1	39.2

1) Based on MSA distributor shipments: 13 weeks to September 25, 2022, and September 26, 2021, respectively, in volume terms. Figures for 2021 have been restated to reflect changes in MSA store measurements.

2) Excluding contract manufacturing volumes.

## Sales and earnings

The sharp increases in sales and operating profit in local currency were driven by continued momentum for ZYN nicotine pouches along with a strong development for moist snuff products.

### ZYN nicotine pouches

For ZYN, sales development benefited from the strong volume performance along with higher average realized price per can. Brand and trade loyalty investments were higher in total but generally in line with the prior year on a per can basis. In addition, the operating margin benefited from absorption efficiencies which more than compensated for cost inflation resulting in slightly lower production costs per can.

The increase in shipment volumes of 38 percent was mainly driven by higher velocities and to a lesser extent an expansion of the store base. Shipments also grew sequentially relative to the second quarter of 2022 primarily driven by increased velocities, both in the western region (where the brand was initially launched in 2016) as well as in expansion markets (where the brand was marketed on a broader scale from April 2019).

The relatively high purchases by distributors towards the end of the second quarter (see the second quarter interim report) are not estimated to have had any meaningful adverse effects on the shipment volumes in the third quarter.

The competitive landscape continues to be characterized by frequent deep price promotions from a large competitor, but overall the competitive promotional intensity subsided somewhat in the third quarter compared to the first half of the year.

Based on MSA data that records shipments by distributors to retail stores, ZYN's reported market share in volume terms during the third quarter was 66.5 percent. Compared to the second quarter of 2022, ZYN increased its market share both in the western region and in expansion markets.

Based on IRI data (which measures consumer purchases based on a sample of retail stores), ZYN's market share of the nicotine pouch category based on retail sales value improved on a sequential basis relative to the second quarter of 2022 and exceeded 76 percent during the quarter.

### Traditional smokefree

Within the portfolio of traditional smokefree products, moist snuff grew both sales and earnings on the back of increased market share and shipment volumes for the *Longhorn* brand, along with improved pricing across the portfolio. For chewing tobacco, price increases could not fully compensate for unusually steep volume declines, adverse mix effects and higher average production costs.

## Scandinavia

Scandinavia refers to Sweden, Norway, and Denmark.

### Key data

	July-September		Chg %	January-September		Chg %	Full year 2021
	2022	2021		2022	2021		
<b>Financials</b>							
Sales, MSEK	1,316	1,341	-2	3,938	3,857	2	5,203
Operating profit, MSEK	662	761	-13	1,944	2,129	-9	2,813
Operating margin, %	50.4	56.7		49.4	55.2		54.1
<b>Shipment volumes</b>							
Snus, million cans	61.8	65.3	-5	185.3	187.7	-1	253.3
Nicotine pouches, million cans	7.3	5.2	41	20.2	14.4	40	20.3
Chew bags and tobacco bits, million cans	0.7	0.9	-14	2.3	2.6	-12	3.5
<b>Total</b>	<b>69.8</b>	<b>71.3</b>	<b>-2</b>	<b>207.8</b>	<b>204.8</b>	<b>1</b>	<b>277.1</b>

### Market shares, Scandinavia<sup>1)2)</sup>

Percent	July-September		Chg ppts	January-September		Chg ppts	Full year 2021
	2022	2021		2022	2021		
Snus	57.1	58.4	-1.3	57.3	58.5	-1.2	58.3
Nicotine pouches	18.2	16.9	1.3	17.9	17.8	0.1	17.6
<b>Total</b>	<b>45.9</b>	<b>49.0</b>	<b>-3.1</b>	<b>46.6</b>	<b>50.0</b>	<b>-3.4</b>	<b>49.5</b>

1) Based on Nielsen data (excluding tobacconists) and available sales data from e-commerce channels: 13 weeks to September 25, 2022, and September 26, 2021, respectively, in volume terms. All figures have been restated to reflect changes in sales channel measurements.

2) Market shares refer to snus in Sweden and Norway, chew bags in Denmark, and nicotine pouches in all three countries. Nicotine pouches in Norway contain a small amount of tobacco for regulatory reasons.

## Sales and earnings

In local currencies, sales for Smokefree in Scandinavia declined by 4 percent and operating profit declined by 15 percent.

While the category in Scandinavia is estimated to have grown at a good pace on an underlying basis in the quarter, Swedish Match's shipment volumes were negatively impacted by inventory adjustments in the domestic Norwegian retail trade as consumer purchases at border and travel retail classes of trade approached pre-covid levels. These adjustments and channel shifts also generated adverse price mix effects.

Average production cost per can increased due to unfavorable volume absorption effects, higher input costs, as well as production mix effects. The operating profit development also reflected higher selling and administrative expenses which included continued brand investments in support of several innovative product initiatives, especially for nicotine pouches.

## Market data

The growth of the smokefree category in Scandinavia was driven by strong double-digit growth in percentage terms for nicotine pouches. Snus volumes overall were stable, with volumes being up in the value segment but down in the premium segment, possibly reflecting changed consumption patterns in view of the general economic development.

Based on Nielsen data and available sales data from the e-commerce channel, Swedish Match's market share of the Scandinavian smokefree category declined by less than 1 percentage point on a sequential basis relative to the second quarter of 2022. While a modest share decline was recorded for snus, Swedish Match's market share within nicotine pouches improved both versus the prior year quarter and versus the second quarter of 2022. The market share gains for Swedish Match within nicotine pouches were driven by improved performance in the Swedish market and a continued positive progression for the *VOLT* portfolio.

## Other markets

### Key data

	July-September			January-September			Full year 2021
	2022	2021	Chg %	2022	2021	Chg %	
Sales, MSEK	46	50	-7	139	120	16	163
Operating profit, MSEK	-41	-16	-162	-113	-111	-1	-167
Operating margin, %	-87.9	-31.2		-81.1	-92.6		-102.2
Shipment volumes, million cans <sup>1)</sup>	2.1	2.4	-15	6.2	6.0	5	8.0

1) Total shipment volumes for snus, nicotine pouches, chew bags, and tobacco bits.

### Sales and earnings

For Other markets, sales declined as a result of lower chewing tobacco shipments. Operating profit declined, principally due to increased market investments to support future growth and unusually low expense levels in the prior year quarter largely attributable to timing effects.

### The first nine months

(Note: Comments below refer to the comparison between the first nine months 2022 vs. the first nine months 2021).

#### Sales

In local currencies, sales for the Smokefree product segment grew by 13 percent. The main contributor to the strong sales development was the continued impressive performance in the US market where ZYN shipment volumes grew by close to 40 percent and moist snuff also recorded impressive sales growth. In Scandinavia, sales grew marginally in local currencies, despite adverse timing effects on shipments, and unfavorable price/mix, that resulted from several factors, including channel shifts and the replenishment of Norwegian trade inventories in the prior year following the sharp excise tax decrease on January 1, 2021. In Other markets sales increased for nicotine pouches and snus but declined for chewing tobacco.

#### Earnings

In local currencies, operating profit for the Smokefree segment increased by 9 percent. Earnings grew strongly in the US but declined in Scandinavia principally due to increased brand investments and higher production costs. In Other markets, operating profit declined marginally as higher market investments more than offset the benefit of increased sales and gross profit.



## Cigars

### Third quarter highlights:

- 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.



Key data								
MSEK	July-September			Chg %	January-September		Chg %	Full year 2021
	2022	2021			2022	2021		
Sales	1,300	1,237	5	3,735	3,625	3	4,688	
Operating profit	383	481	-20	1,244	1,498	-17	1,841	
Operating margin, %	29.5	38.8		33.3	41.3		39.3	
EBITDA	409	502	-19	1,316	1,562	-16	1,927	
EBITDA margin, %	31.5	40.6		35.2	43.1		41.1	
Depreciation, amortization and impairment	-26	-22		-72	-64		-86	
Capital expenditures	46	19	144	100	58	74	94	

Key data								
MUSD	July-September			Chg %	January-September		Chg %	Full year 2021
	2022	2021			2022	2021		
Sales	123	143	-14	377	427	-12	546	
Operating profit	36	55	-36	125	177	-29	215	
Operating margin, %	29.1	38.8		33.3	41.3		39.3	
EBITDA	38	58	-34	133	184	-28	225	
EBITDA margin, %	31.1	40.5		35.2	43.1		41.1	
Depreciation, amortization and impairment	-2	-2		-7	-8		-10	
Capital expenditures	4	2	105	10	7	49	11	

US shipment volumes								
Million sticks	July-September			Chg %	January-September		Chg %	Full year 2021
	2022	2021			2022	2021		
Homogenized tobacco leaf (HTL) cigars	133	147	-9	485	599	-19	732	
Natural leaf cigars	291	366	-20	855	960	-11	1,258	
<b>Cigars total</b>	<b>425</b>	<b>513</b>	<b>-17</b>	<b>1,340</b>	<b>1,559</b>	<b>-14</b>	<b>1,991</b>	

Market shares <sup>1)</sup>								
Percent	July-September			Chg ppts	January-September		Chg ppts	Full year 2021
	2022	2021			2022	2021		
Homogenized tobacco leaf (HTL) cigars	11.4	12.2	-0.8	12.3	13.8	-1.6	13.3	
Natural leaf cigars	34.6	34.8	-0.2	34.6	32.7	1.9	33.1	
<b>Cigars total</b>	<b>21.0</b>	<b>21.2</b>	<b>-0.2</b>	<b>21.3</b>	<b>21.1</b>	<b>0.2</b>	<b>21.0</b>	

1) Based on MSA distributor shipments: Mass market cigars (excluding little cigars) 13 weeks to September 25, 2022, and September 26, 2021, respectively. Figures for 2021 have been restated to reflect changes in MSA store measurements.

## The third quarter

*(Note: Comments below refer to the comparison between the third quarter 2022 vs. the third quarter 2021).*

The Cigars product segment derives its sales and profit almost exclusively from the US operations.

### Sales and earnings development

In local currency, sales declined by 14 percent with volumes being down by 17 percent. Shipment volume development was adversely impacted by the elevated demand in the prior year period, as well as inventory reductions at the distributor level.

The average sales price per cigar increased as a result of price increases across the assortment and positive product mix effects.

Operating margin was adversely impacted by higher transportation and input costs, along with unfavorable volume absorption effects. In addition, investments increased in the existing consumer loyalty program.

For natural leaf varieties, shipment volumes declined compared to the record level in the third quarter of the prior year that benefited from covid-related elevated demand. Relative to the second quarter of 2022, shipment volumes of natural leaf varieties grew, with the most pronounced growth for natural rolled leaf cigars. For HTL varieties, shipments declined both versus the prior year quarter and on a sequential basis relative to the second quarter of 2022.

## The first nine months

*(Note: Comments below refer to the comparison between the first nine months 2022 vs. the first nine months 2021).*

### Sales

For the nine-month period, the 12 percent decline in local currency sales resulted from a 14 percent volume decline partially offset by a slightly higher average price per cigar.

### Earnings

Operating profit declined by 29 percent in local currency, adversely affected by the decline in sales along with higher unit production and transportation costs, as well as increased marketing expenses.

### Market data

Based on MSA measures of distributor shipments to retail, total mass market cigar category volumes (excluding little cigars) declined by 6 percent in the quarter, with the HTL segment contracting by more than 8 percent and the natural leaf segment declining by close to 3 percent. According to MSA, distributor shipments to retail of Swedish Match products declined by 7 percent, broadly in line with the market development.

Comparing the third quarter category volumes to pre-covid levels in Q3 of 2019, volumes in the overall mass market cigar category were higher, driven by growth in the natural leaf segment.

Swedish Match's market share within the total mass market cigar category declined by 0.6 percentage points sequentially relative to the second quarter, driven by declines for HTL and natural leaf small varieties. Natural rolled leaf cigars grew share both sequentially and year-on-year.

### Shipments and market data

Swedish Match's cigar shipments were down by 14 percent, with the development being impacted by both the elevated demand in the prior year and distributor inventory adjustments.

Based on MSA measures of distributor shipments to retail, total mass market cigar category volumes (excluding little cigars) declined by 8 percent in the nine-month period. Distributor shipments of Swedish Match's cigar assortment declined somewhat less, with increased distributor shipments of natural leaf varieties and declines for HTL cigars.

## Lights

### Third quarter highlights:

- 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.



### Key data

MSEK	July-September			January-September			Full year
	2022	2021	Chg %	2022	2021	Chg %	
Sales	319	354	-10	1,065	980	9	1,338
Operating profit	20	60	-67	115	230	-50	297
Operating margin, %	6.2	17.0		10.8	23.4		22.2
EBITDA	32	71	-55	152	262	-42	339
EBITDA margin, %	10.1	20.0		14.3	26.7		25.4
Depreciation, amortization and impairment	-12	-11		-37	-32		-43
Capital expenditures	11	11	0	43	35	22	51

### Shipment volumes, worldwide

	July-September			January-September			Full year
	2022	2021	Chg %	2022	2021	Chg %	
Matches, billion sticks	10.6	12.5	-15	39.4	43.5	-9	58.5
Lighters, million units	56.0	91.1	-39	194.4	242.3	-20	325.2

## The third quarter

(Note: Comments below refer to the comparison between the third quarter 2022 vs. the third quarter 2021).

### Sales

Excluding currency translation effects, sales declined by 18 percent. The decline in sales was driven by lighters where the suspension of deliveries to the Russian market was a key contributing factor. 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 which more than compensated for volume declines in certain markets. Sales of complementary products in Brazil increased.

### Earnings

The steep decline in operating profit was driven by the unusually challenging conditions for the lighters business. In addition to the sharp decline in sales of lighters and lighter related products, volume absorption issues as well as higher freight and raw material costs along with provisions for overdue receivables and inventories related to Russia burdened the result. For matches, operating profit excluding currency translation was broadly in line with the prior year as positive effects from higher sales mitigated higher raw material and freight costs. For complementary products in Brazil operating profit increased.

## The first nine months

(Note: Comments below refer to the comparison between the first nine months 2022 vs. the first nine months 2021).

### Sales

Excluding currency translation effects, sales in local currencies increased by 1 percent with increases for matches and complementary products in Brazil while sales for lighters declined.

### Earnings

Operating profit for the nine-month period in 2021 benefited from income of one-time nature of about 70 MSEK, while operating profit in 2022 in addition to the sales effect from suspension of lighters to

Russia, was adversely impacted by expenses of temporary nature of more than 30 MSEK.

### Ukraine and Russia update

Following the Russian invasion of Ukraine, deliveries of lighters to Russia were suspended. The suspension had a limited effect on sales and lighter volumes in the first quarter but full effect from the second quarter. For the full year of 2021, sales to Russia represented less than 8 percent of the sales for the Lights product segment and less than 1 percent of the sales for the Group.

## Cash flow and financing

Cash flow from operating activities for the first nine months of 2022 amounted to 4,771 MSEK (4,767). The improved cash flow, excluding a settlement income of 300 MSEK received in 2021, was driven by the stronger EBITDA development, partly offset by higher tax payments and negative changes in working capital.

Investments in property, plant and equipment decreased to 802 MSEK (859).

The Group's net finance cost decreased to 235 MSEK (262) on higher financial returns on surplus cash, lower average debt levels, and the prior year period being affected by costs for early repayment of short-term bond loans.

During 2022, new bond loans of 200 MSEK were issued, and repayments of maturing bond loans amounted to 945 MSEK. As of September 30, 2022, Swedish Match had 14,222 MSEK of interest-bearing debt excluding retirement benefit obligations but including the recognition of lease liabilities of 469 MSEK. The Group's interest-bearing debt as of December 31, 2021 amounted to 14,851 MSEK and 14,704 MSEK as of September 30, 2021. For further details on the maturity profile of the debt portfolio, please see Swedish Match's website. Net retirement benefit obligations decreased to 1,276 MSEK as of September 30, 2022, from 1,305 MSEK as of December 31, 2021, due to positive remeasurements effects from higher discount rates partly offset by negative currency impact and lower return on plan assets.

As of September 30, 2022, Swedish Match had 1,500 MSEK in an unutilized revolving credit facility (RCF). Cash and cash equivalents amounted to 4,405 MSEK at the end of the period, compared to 2,121 MSEK as of December 31, 2021.

The net debt as of September 30, 2022, amounted to 11,092 MSEK compared to 14,035 MSEK as of December 31, 2021 and 13,644 MSEK as of September 30, 2021.

## Shareholder distributions and the share

On April 27, 2022, the Annual General Meeting approved the Board's proposal of a dividend of 1.86 SEK per share to be distributed to the shareholders in two equal installments of 0.93 SEK per share, payable in May and November of 2022. On May 4, 2022, Swedish Match paid the first dividend installment of 0.93 SEK per share, corresponding to 1,414 MSEK, to its shareholders.

During the first quarter of 2022, Swedish Match repurchased 10.5 million shares for 750 MSEK at an average price of 71.30 SEK, following the authorization from the Annual General Meeting held in 2021. Another authorization was approved by the Annual General Meeting held in 2022, but due to the current public offer on the Company, no shares were repurchased during the second or third quarter. Total shares bought back by Swedish Match since the buyback program started have been repurchased at an average price of 16.16 SEK. As per September 30, 2022, Swedish Match held 4.3 million shares, corresponding to 0.28 percent of the total number of shares. The number of shares outstanding, net, as per September 30, 2022, amounted to 1,521 million.

## Other events during the quarter

### Nominating Committee

In accordance with the instructions adopted by the Annual General Meeting 2022, a Nominating Committee has been appointed. In addition to Conny Karlsson (Chairman of the Board), the following (in alphabetical order) have been appointed members of the Nominating Committee: Nabeel Bhanji (Elliott Advisors (U.K.) Limited), John Hempton (Bronte Capital), Roseanna Ivory (abrdrn), and Dan Juran (Framtiden Management Company, LLC). Dan Juran serves as Chairman of the Nominating Committee.

### Sweden legislation with regard to nicotine pouches

On August 1, 2022, most of the previously adopted Swedish legislation for nicotine pouches came into effect. The new legislations include inter alia an 18-year age requirement for purchase, registration requirements for retail outlets, a ban on certain sponsorships as well as marketing restrictions mandating moderation and banning marketing specifically targeting to children and young adults under the age of 25. All of these measures were supported by Swedish Match that has been advocating for nicotine pouch regulation since 2016.

### Comment period closed for public comments on FDA's Notice of Proposed Rule-Making with regard to flavors on cigars

On April 28, 2022, the US Food and Drug Administration (FDA) announced its intention to address the production and sales of cigars with characterizing flavors, as well as for menthol in cigarettes with its publication of two Notices of Proposed Rule-Making (NPRM). The public comments period in relation to the two NPRMs closed on August 2. According to an FDA announcement, FDA has received nearly 250,000 comments on the two proposed rules combined including approximately 71,000 for the flavor cigars proposed rule. The FDA has further announced that it has started to review the comments and will need ample time to comprehensively review and analyze them. Swedish Match anticipates that any assortment restrictions following completion of this process may not occur for a number of years.

## Other events after the quarter

### Restructuring of Swedish Match's lighter manufacturing operations in the Netherlands

In order to mitigate the reduction in lighter volumes brought on by the suspension of sales to Russia, a down-sizing of staffing at the Swedish Match lighter manufacturing facility in Assen, the Netherlands, has been decided and will occur during the fourth quarter. Restructuring charges estimated to less than 20 MSEK will be included in the operating result of the Lights product segment in the fourth quarter of 2022.

### Updates on the public cash offer by Philip Morris International to acquire Swedish Match

On October 4, 2022, Philip Morris Holland Holdings B.V. ("PMHH"), an affiliate of Philip Morris International Inc., announced that the acceptance period of the offer for all outstanding shares in Swedish Match was further extended until November 4, 2022.

On October 20, 2022, PMHH announced an increase of the price in the offer to SEK 116 per share (the "Revised Offer") and that it would not further increase the price in the Revised Offer. Except for the increased price, the terms and conditions of the Offer are unchanged. As communicated on October 27, 2022 and consistent with its recommendation of May 11, 2022, the Swedish Match AB Board of Directors recommends that Swedish Match's shareholders accept the Revised Offer.

On October 25, 2022, the European Commission announced that it has approved, under the EU Merger Regulation, the proposed acquisition of Swedish Match by Philip Morris International. The approval is subject to the divestiture of Swedish Match's Swedish logistics company SMD Logistics AB following the completion of the Revised Offer.

## 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 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.

## Risk factors

Swedish Match operates in highly competitive markets, which require an agile organization in a continually changing environment. In the event that Swedish Match cannot provide a better offering to the consumer than competitors, there is an increased risk to both customer purchases and the ability to realize price changes.

Production facilities are exposed to risk of various harmful incidents such as fires and machinery breakdown, as well as potential natural disasters or global health crises such as pandemics and other catastrophic events, along with effects related to climate changes. Such incidents may affect both production facilities and employees. Production interruptions could cause quality or delivery problems.

A loss of a key supplier or a supplier's non-compliance with regulations or unethical behavior could be harmful to the Group. Potential consequences are delivery or quality problems or difficulties in the interaction with other stakeholders including sales to consumers.

Swedish Match is exposed to a high degree of regulation from various authorities. Regulations could have a restricting impact on how the Group can operate its business and interact with its stakeholders or direct financial impact in the form of increased taxes or imposed fees. Regulations, many related to the Group's involvement in the tobacco industry, concern among other issues, tobacco excise taxes, marketing, packaging, warning labels, ingredients, reporting to authorities, product approvals, and introduction of new products. Many authorities have and continue to implement various forms of restrictions on sales and usage of tobacco and other nicotine containing products.

Social and geopolitical upheaval caused by wars, armed conflicts, or incidents causing massive migration pressures may have moderate to severe impacts on supply chains (sourcing and deliveries), production levels and resultant costs. Business relationships may be altered for an unforeseen period of time. As a result of the ongoing war in Ukraine, Swedish Match continuously follow up on risks and mitigating activities to reduce any negative impacts for the Group. Effects of the war are closely monitored, and any direct and indirect financial effects are evaluated. Commercial, operational, and financial consequences resulting from the ongoing war have thus far been limited for Swedish Match.

The dynamic financial market conditions are continuously changing with fluctuating currency exchange rates, interest rates and availability of funds. A weakening of certain major currencies, such as the USD versus the SEK, could cause lower financial results presented in SEK from the translation of foreign operations. The transaction exposure is relatively low as most production is located in the country where sales are conducted. Higher interest rates and credit spreads could have a negative impact on net finance expense.

Key business processes such as production management, invoicing, customer support and financial reporting rely on IT systems. Increasingly sophisticated and frequent cybercrimes could result in significant outages or application failures to our infrastructure, and cause reputational damage, considerable business disruption or adverse impact on business-critical data. The information assets within Swedish Match are of fundamental importance for our business. Proper handling of the assets is important for the trust of employees, customers, and partners. Swedish Match needs to ensure confidentiality, integrity, and availability of information most important to Swedish Match.

For a further description of risk factors and how Swedish Match works to mitigate risks, see the Risk management section in the Report of the Board of Directors in the Swedish Match annual report for 2021, available on the Company's website.

## Swedish Match AB (publ)

Swedish Match AB (publ) is the Parent Company of the Swedish Match Group. The main sources of income for the Parent Company are dividends and Group contributions from subsidiaries.

Revenue from the Parent Company for the first nine months of 2022 amounted to 23 MSEK (23).

Profit before income tax amounted to 2,574 MSEK (887) and net profit for the first nine months amounted to 2,666 MSEK (975). The higher profit before income tax compared to previous year was primarily related to result from participation in Group companies.

Part of the Group's treasury operations are within the operations of the Parent Company, including the major part of the Group's external borrowings. Substantially all of these loans have been hedged to fixed interest rates.

Repayment of bond loans amounted to 945 MSEK during the first nine months and new bond loans of 197 MSEK were issued.

During the first nine months, the Parent Company made share repurchases of 10.5 million (29.9) shares for 750 MSEK (2,232). Due to the current public offer on the Company, no shares were repurchased during the second or the third quarter.

A dividend of 1,414 MSEK (2,369) has been paid during the period.

## Forward-looking information

This report contains forward-looking information based on the current expectation of the Swedish Match Group's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably when compared to that stated in the forward-looking information, due to such factors as changed demand for Swedish Match's products and more general factors such as business cycles, market conditions and competition, unforeseen commercial or operational disruptions, changes in legal requirements or other political measures, and fluctuations in exchange rates.

## Additional information

This report has not been reviewed by the Company's auditors. The full year 2022 report will be released on February 15, 2023.

Stockholm, October 28, 2022

Lars Dahlgren  
President and CEO



## Product segments summary and key ratios

### Sales

MSEK	July-September			January-September			Full year
	2022	2021	Chg %	2022	2021	Chg %	
Smokefree	4,058	3,100	31	11,145	8,878	26	12,120
Cigars	1,300	1,237	5	3,735	3,625	3	4,688
Lights	319	354	-10	1,065	980	9	1,338
<b>Sales from product segments</b>	<b>5,677</b>	<b>4,691</b>	<b>21</b>	<b>15,945</b>	<b>13,482</b>	<b>18</b>	<b>18,145</b>
Other operations	105	87	21	290	255	14	344
<b>Sales</b>	<b>5,782</b>	<b>4,778</b>	<b>21</b>	<b>16,235</b>	<b>13,738</b>	<b>18</b>	<b>18,489</b>

### Operating profit

MSEK	July-September			January-September			Full year
	2022	2021	Chg %	2022	2021	Chg %	
Smokefree	2,009	1,558	29	5,439	4,451	22	5,998
Cigars	383	481	-20	1,244	1,498	-17	1,841
Lights	20	60	-67	115	230	-50	297
<b>Operating profit from product segments</b>	<b>2,412</b>	<b>2,099</b>	<b>15</b>	<b>6,798</b>	<b>6,179</b>	<b>10</b>	<b>8,136</b>
Other operations	-12	-24		-147	-93		-150
Settlement income	-	-		-	300		300
<b>Operating profit</b>	<b>2,400</b>	<b>2,075</b>	<b>16</b>	<b>6,651</b>	<b>6,385</b>	<b>4</b>	<b>8,286</b>

### Operating margin by product segment

Percent	July-September		January-September		Full year
	2022	2021	2022	2021	
Smokefree	49.5	50.3	48.8	50.1	49.5
Cigars	29.5	38.8	33.3	41.3	39.3
Lights	6.2	17.0	10.8	23.4	22.2
<b>Operating margin from product segments</b>	<b>42.5</b>	<b>44.7</b>	<b>42.6</b>	<b>45.8</b>	<b>44.8</b>

### EBITDA by product segment

MSEK	July-September			January-September			Full year
	2022	2021	Chg %	2022	2021	Chg %	
Smokefree	2,148	1,663	29	5,832	4,755	23	6,423
Cigars	409	502	-19	1,316	1,562	-16	1,927
Lights	32	71	-55	152	262	-42	339
<b>EBITDA from product segments</b>	<b>2,590</b>	<b>2,236</b>	<b>16</b>	<b>7,300</b>	<b>6,579</b>	<b>11</b>	<b>8,690</b>

### EBITDA margin by product segment

Percent	July-September		January-September		Full year
	2022	2021	2022	2021	
Smokefree	52.9	53.6	52.3	53.6	53.0
Cigars	31.5	40.6	35.2	43.1	41.1
Lights	10.1	20.0	14.3	26.7	25.4
<b>EBITDA margin from product segments</b>	<b>45.6</b>	<b>47.7</b>	<b>45.8</b>	<b>48.8</b>	<b>47.9</b>

## Key ratios

	January-September		12 months ended September 30,	Full year
	2022	2021	2022	2021
Operating margin from product segments, %	42.6	45.8	42.5	44.8
Operating margin, excl. larger one-time items, %	41.0	44.3	40.7	43.2
Net debt, MSEK	11,092	13,644	11,092	14,035
Investments in property, plant and equipment, MSEK	802	859	1,115	1,172
Depreciation, amortization and impairments, MSEK	554	446	723	615
EBITA, MSEK	6,709	6,141	8,628	8,061
EBITA interest cover	29.7	24.4	28.3	24.3
Net debt/EBITA	-	-	1.3	1.7
Adjusted earnings per share, basic and diluted, SEK <sup>1)</sup>	3.21	2.88	4.16	3.82
<i>Share data</i>				
Number of shares outstanding at end of period	1,520,714,190	1,554,204,420	1,520,714,190	1,531,235,190
Average number of shares outstanding	1,522,847,477	1,572,116,054	1,528,427,753	1,565,379,185

1) Adjusted earnings per share in 2021 excludes settlement income of 300 MSEK (238 MSEK net of tax) recognized in the first quarter 2021.

## Financial statements

### Condensed consolidated income statement

MSEK	Note	July-September		Chg	January-September		Chg	Full year
		2022	2021	%	2022	2021	%	2021
<b>Sales</b>	2	<b>5,782</b>	<b>4,778</b>	<b>21</b>	<b>16,235</b>	<b>13,738</b>	<b>18</b>	<b>18,489</b>
Cost of goods sold		-1,958	-1,612		-5,484	-4,596		-6,249
<b>Gross profit</b>		<b>3,823</b>	<b>3,166</b>	<b>21</b>	<b>10,751</b>	<b>9,142</b>	<b>18</b>	<b>12,240</b>
Selling and administrative expenses		-1,430	-1,103		-4,115	-3,073		-4,267
Share of profit in associated companies		7	12		14	17		13
Settlement income		-	-		-	300		300
<b>Operating profit</b>		<b>2,400</b>	<b>2,075</b>	<b>16</b>	<b>6,651</b>	<b>6,385</b>	<b>4</b>	<b>8,286</b>
Finance income		32	6		54	24		36
Finance costs		-98	-94		-289	-286		-381
Net finance cost		-66	-88		-235	-262		-345
<b>Profit before income tax</b>		<b>2,334</b>	<b>1,987</b>	<b>17</b>	<b>6,416</b>	<b>6,123</b>	<b>5</b>	<b>7,941</b>
Income tax expense	4	-556	-447		-1,521	-1,362		-1,723
<b>Profit for the period</b>		<b>1,778</b>	<b>1,540</b>	<b>15</b>	<b>4,895</b>	<b>4,761</b>	<b>3</b>	<b>6,218</b>
<i>Attributable to:</i>								
Equity holders of the Parent		1,778	1,539		4,894	4,760		6,217
Non-controlling interests		0	0		1	1		1
<b>Profit for the period</b>		<b>1,778</b>	<b>1,540</b>	<b>15</b>	<b>4,895</b>	<b>4,761</b>	<b>3</b>	<b>6,218</b>
Earnings per share, basic and diluted, SEK		1.17	0.99		3.21	3.03		3.97

### Condensed consolidated statement of comprehensive income

MSEK	July-September		January-September		Full year
	2022	2021	2022	2021	2021
<b>Profit for the period</b>	<b>1,778</b>	<b>1,540</b>	<b>4,895</b>	<b>4,761</b>	<b>6,218</b>
<i>Other comprehensive income that may be reclassified to the income statement</i>					
Translation differences related to foreign operations	844	231	1,971	497	740
Translation differences included in profit and loss	-	-	-	-	0
Effective portion of changes in fair value of cash flow hedges	-167	38	-27	76	82
Income tax relating to reclassifiable components of other comprehensive income	35	-8	6	-16	-17
<b>Sub-total, net of tax for the period</b>	<b>711</b>	<b>261</b>	<b>1,950</b>	<b>558</b>	<b>805</b>
<i>Other comprehensive income that will not be reclassified to the income statement</i>					
Actuarial gains/losses attributable to pensions, incl. payroll tax	-59	34	399	404	369
Income tax relating to non-reclassifiable components of other comprehensive income	15	-8	-101	-97	-91
<b>Sub-total, net of tax for the period</b>	<b>-44</b>	<b>25</b>	<b>297</b>	<b>307</b>	<b>278</b>
<b>Total comprehensive income for the period</b>	<b>2,444</b>	<b>1,826</b>	<b>7,142</b>	<b>5,625</b>	<b>7,300</b>
<i>Attributable to:</i>					
Equity holders of the Parent	2,444	1,826	7,141	5,624	7,299
Non-controlling interests	0	0	1	1	1
<b>Total comprehensive income for the period</b>	<b>2,444</b>	<b>1,826</b>	<b>7,142</b>	<b>5,625</b>	<b>7,300</b>

### Condensed consolidated balance sheet

MSEK	Note	September 30, 2022	December 31, 2021
Intangible assets		2,427	2,281
Property, plant and equipment		5,608	4,556
Right-of-use assets		444	388
Investments in associated companies		59	41
Other non-current assets and operating receivables		40	25
Other non-current financial assets and receivables	3,5	2,143	1,832
<b>Total non-current assets</b>		<b>10,721</b>	<b>9,123</b>
Other current financial receivables	3,5	705	374
Current operating assets and receivables	3	5,709	4,534
Cash and cash equivalents	3	4,405	2,121
<b>Total current assets</b>		<b>10,819</b>	<b>7,029</b>
<b>Total assets</b>		<b>21,540</b>	<b>16,152</b>
Equity attributable to equity holders of the Parent		-1,710	-6,686
Non-controlling interests		18	17
<b>Total equity</b>		<b>-1,691</b>	<b>-6,669</b>
Non-current financial provisions		1,447	1,397
Non-current loans	3	13,134	14,197
Other non-current financial liabilities	3,5	1,766	1,883
Other non-current operating liabilities	3	540	504
<b>Total non-current liabilities</b>		<b>16,888</b>	<b>17,981</b>
Current loans	3	2,140	990
Other current financial liabilities	3,5	403	368
Other current operating liabilities	3	3,801	3,482
<b>Total current liabilities</b>		<b>6,344</b>	<b>4,840</b>
<b>Total liabilities</b>		<b>23,232</b>	<b>22,821</b>
<b>Total equity and liabilities</b>		<b>21,540</b>	<b>16,152</b>

## Condensed consolidated cash flow statement

MSEK	January-September	
	2022	2021
<i>Operating activities</i>		
<b>Profit before income taxes</b>	<b>6,416</b>	<b>6,123</b>
Share of profit in associated companies	-14	-17
Dividend received from associated companies	-	9
Adjustments for non-cash items etc. <sup>1)</sup>	417	358
Income tax paid	-1,481	-1 403
<b>Cash flow from operating activities before changes in working capital</b>	<b>5,337</b>	<b>5,070</b>
Changes in working capital	-566	-303
<b>Net cash generated from operating activities</b>	<b>4,771</b>	<b>4,767</b>
<i>Investing activities</i>		
Purchase of property, plant and equipment	-802	-859
Proceeds from sale of property, plant and equipment	28	49
Purchase of intangible assets	-10	-7
Acquisition of subsidiaries <sup>2)</sup>	-6	-39
Investments in other companies	-11	-
Changes in financial receivables etc.	-5	5
<b>Net cash used in investing activities</b>	<b>-806</b>	<b>-851</b>
<i>Financing activities</i>		
Proceeds from borrowings	197	1,813
Repayment of borrowings	-945	-2,270
Dividend paid to equity holders of the Parent	-1,414	-2,369
Repurchase of own shares	-750	-2,232
Lease payments	-83	-66
Realized exchange gain/losses on financial instruments	751	-95
Other	-6	-0
<b>Net cash used in financing activities</b>	<b>-2,251</b>	<b>-5,218</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>1,714</b>	<b>-1,303</b>
Cash and cash equivalents at the beginning of the period	2,121	3,411
Effect of exchange rate fluctuations on cash and cash equivalents	571	134
<b>Cash and cash equivalents at the end of the period</b>	<b>4,405</b>	<b>2,243</b>

1) Non-cash items etc. mainly refer to depreciation, amortization and accrued interest.

2) Acquisition of subsidiaries in 2022 and 2021 refer to considerations paid relating to the acquisition of Fire-Up International B.V.

## Condensed consolidated statement of changes in equity

MSEK	January-September		Full year
	2022	2021	2021
<b>Equity at beginning of period</b>	<b>-6,669</b>	<b>-7,798</b>	<b>-7,798</b>
Profit for the period	4,895	4,761	6,218
Other comprehensive income, net of tax for the period	2,247	865	1,083
<b>Total comprehensive income for the period</b>	<b>7,142</b>	<b>5,625</b>	<b>7,300</b>
Dividend	-1,414	-2,369	-2,369
Repurchase of own shares	-750	-2,232	-3,802
Cancellation of shares	-14	-10	-10
Bonus issue	14	10	10
<b>Equity at end of period</b>	<b>-1,691</b>	<b>-6,773</b>	<b>-6,669</b>

Equity attributable to non-controlling interests amounted to 18 MSEK (17).

### Objectives, policies and processes for managing capital

The basis for determining dividends and repurchasing of own shares is the equity of the Parent Company. Total equity in the Parent Company as per September 30, 2022, amounted to 10,760 MSEK and distributable earnings amounted to 10,371 MSEK.

In addition, before any distribution of capital to shareholders is determined, the financial position of the Group is carefully analyzed. As part of this analysis, the Board of Directors of Swedish Match has adopted certain financial guidelines and risk management procedures to ensure that the Parent Company and the Group maintain adequate liquidity to meet reasonably foreseeable requirements taking into account the maturity profile of debt obligations.

The dividend policy of the Company is a pay-out ratio of 40 to 60 percent of the earnings per share, subject to adjustments for larger one-time items. The Board has further determined that the financial policy should be, for the Group, to strive to maintain a net debt that does not exceed 3 times EBITA. The Board continually reviews the financial position of the Company, and the actual level of net debt is assessed against anticipated future profitability and cash flow, investment and expansion plans, acquisition opportunities as well as the development of interest rates and credit markets. Excess funds are returned to shareholders through dividends and share repurchases. For further information on distribution of capital to the shareholders during the period see section *Shareholder distributions and the share*.

### Condensed Parent Company income statement

MSEK	January-September	
	2022	2021
Sales	23	23
Administrative expenses	-222	-182
<b>Operating loss</b>	<b>-200</b>	<b>-159</b>
Result from participation in Group companies	3,045	1,314
Finance income	0	0
Finance costs	-271	-267
Net finance cost	-271	-267
<b>Profit before income tax</b>	<b>2,574</b>	<b>887</b>
Income tax	92	88
<b>Profit for the period</b>	<b>2,666</b>	<b>975</b>

### Condensed Parent Company statement of comprehensive income

MSEK	January-September	
	2022	2021
<b>Profit for the period</b>	<b>2,666</b>	<b>975</b>
<i>Other comprehensive income that may be reclassified to the income statement</i>		
Effective portion of changes in fair value of cash flow hedges	-27	76
Income tax relating to components of other comprehensive income	6	-16
<b>Other comprehensive income, net of tax for the period</b>	<b>-21</b>	<b>61</b>
<b>Total comprehensive income for the period</b>	<b>2,644</b>	<b>1,036</b>

### Condensed Parent Company balance sheet

MSEK	September 30, 2022	September 30, 2021	December 31, 2021
Intangible and tangible assets	0	0	0
Non-current financial assets	31,877	31,829	31,608
Current assets	949	606	3,293
Cash and other current deposits	1	0	109
<b>Total assets</b>	<b>32,826</b>	<b>32,436</b>	<b>35,010</b>
<b>Equity</b>	<b>10,760</b>	<b>8,279</b>	<b>10,280</b>
<b>Untaxed reserves</b>	<b>2,965</b>	<b>2,675</b>	<b>2,965</b>
Provisions	69	72	69
Non-current liabilities	13,134	14,255	14,325
Current liabilities	5,897	7,155	7,371
<b>Total liabilities</b>	<b>19,101</b>	<b>21,482</b>	<b>21,765</b>
<b>Total equity and liabilities</b>	<b>32,826</b>	<b>32,436</b>	<b>35,010</b>

### Note 1 – Accounting principles

This report for the Group is prepared in accordance with the Accounting Standard IAS 34 Interim Financial Reporting and applicable rules in the Annual Accounts Act. The report for the Parent Company is prepared in accordance with the Annual Accounts Act, Chapter 9 and RFR 2. Additional disclosures as required under IAS 34.16A may be found within the financial statements and related notes and in the narrative text of the interim financial report.

There are no changes to IFRS standards, amendments and interpretations of existing standards applicable as of January 1, 2022, that have had an effect on the Group's financial result or position. The accounting principles and basis of calculation in this report are the same as in the annual report for 2021.

### Note 2 – Disaggregation of revenue

The main revenue streams for the Swedish Match Group arise from sale of goods manufactured by the Group. Within Lights, a small portion of the revenue also pertains to the distribution of third-party products. Revenue within Other operations mainly pertains to income from logistics services for delivery of third-party products to retail customers. Revenues for the sale of goods and logistics services are recognized at the point when the control of the promised good or service is transferred to the customer at the expected consideration to be received for such delivery. The expected consideration recognized reflects estimates of potential outcome of variable considerations as well as expected reimbursements for product returns.

#### Sales – July to September

MSEK	Segments								Other operations		Group	
	Smokefree		Cigars		Lights		Total segments					
	Jul-Sep		Jul-Sep		Jul-Sep		Jul-Sep		Jul-Sep		Jul-Sep	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
The US	2,696	1,708	1,300	1,237	32	63	4,028	3,009	-	-	4,028	3,009
Scandinavia	1,316	1,341	-	-	10	15	1,325	1,356	105	87	1,430	1,442
Other markets	46	50	-	-	277	277	323	327	-	-	323	327
<b>Total sales</b>	<b>4,058</b>	<b>3,100</b>	<b>1,300</b>	<b>1,237</b>	<b>319</b>	<b>354</b>	<b>5,677</b>	<b>4,691</b>	<b>105</b>	<b>87</b>	<b>5,782</b>	<b>4,778</b>

#### Sales – January to September

MSEK	Segments								Other operations		Group	
	Smokefree		Cigars		Lights		Total segments					
	Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
The US	7,068	4,900	3,735	3,625	143	142	10,946	8,667	-	-	10,946	8,667
Scandinavia	3,938	3,857	-	-	36	39	3,974	3,896	290	255	4,264	4,152
Other markets	139	121	-	-	885	799	1,025	920	-	-	1,025	920
<b>Total sales</b>	<b>11,145</b>	<b>8,878</b>	<b>3,735</b>	<b>3,625</b>	<b>1,065</b>	<b>980</b>	<b>15,945</b>	<b>13,482</b>	<b>290</b>	<b>255</b>	<b>16,235</b>	<b>13,738</b>

### Note 3 – Carrying value and fair value of financial assets and liabilities

Swedish Match applies IFRS 9 to classify and measure financial instruments.

The following valuation techniques of the fair value hierarchy are used in determining the fair values of the financial instruments:

Level 1 - Quoted prices (unadjusted) in active markets

Level 2 - Inputs other than quoted prices included within level 1 that are observable, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

The following table shows carrying value and fair value for financial instruments as of September 30, 2022.

#### Carrying value and fair value

MSEK	Financial instruments measured at FVTPL	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Cash flow hedges measured at FVOCI	Other receivables and liabilities	Total carrying value	Estimated fair value
Trade receivables	-	2,072	-	-	-	2,072	2,072
Other non-current financial receivables	-	20	-	960	679	1,660	1,660
Other current assets and financial receivables	45	86	-	458	205	794	794
Prepaid expenses and accrued income <sup>1)</sup>	-	-	-	3	196	198	198
Cash and cash equivalents	-	4,405	-	-	-	4,405	4,405
<b>Total assets</b>	<b>45</b>	<b>6,583</b>	<b>-</b>	<b>1,421</b>	<b>1,080</b>	<b>9,129</b>	<b>9,129</b>
Loans and borrowings	-	-	15,274	-	-	15,274	14,186
Other non-current financial liabilities	-	-	347	-	40	387	387
Other current liabilities	33	-	121	-	1,647	1,801	1,801
Accrued expenses and deferred income <sup>1)</sup>	-	-	107	37	973	1,117	1,117
Trade payables	-	-	574	-	-	574	574
<b>Total liabilities</b>	<b>33</b>	<b>-</b>	<b>16,423</b>	<b>37</b>	<b>2,660</b>	<b>19,153</b>	<b>18,065</b>

1) Accrued interest income on cash flow hedges is reported in the balance sheet as *Prepaid expenses and accrued income* and accrued interest expense on cash flow hedges is reported as *Accrued expenses and deferred income*.

#### Fair value measurement by level

MSEK	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	1,466	-	1,466
Derivative financial liabilities	-	70	-	70



The following table shows carrying value and fair value for financial instruments per December 31, 2021.

### Carrying value and fair value

MSEK	Financial instruments measured at FVTPL	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Cash flow hedges measured at FVOCI	Other receivables and liabilities	Total carrying value	Estimated fair value
Trade receivables	-	1,843	-	-	-	1,843	1,843
Other non-current financial receivables	-	36	-	700	601	1,337	1,337
Other current assets and financial receivables	71	92	-	43	271	476	476
Prepaid expenses and accrued income <sup>1)</sup>	-	-	-	2	153	155	155
Cash and cash equivalents	-	2,121	-	-	-	2,121	2,121
<b>Total assets</b>	<b>71</b>	<b>4,092</b>	<b>-</b>	<b>745</b>	<b>1,025</b>	<b>5,932</b>	<b>5,932</b>
Loans and borrowings	-	-	15,187	-	-	15,187	15,499
Other non-current financial liabilities	-	-	307	128	41	476	476
Other current liabilities	6	-	102	-	1,590	1,699	1,699
Accrued expenses and deferred income <sup>1)</sup>	-	-	125	45	892	1,063	1,063
Trade payables	-	-	464	-	-	464	464
<b>Total liabilities</b>	<b>6</b>	<b>-</b>	<b>16,185</b>	<b>173</b>	<b>2,523</b>	<b>18,889</b>	<b>19,201</b>

1) Accrued interest income on cash flow hedges is reported in the balance sheet as *Prepaid expenses and accrued income* and accrued interest expense on cash flow hedges is reported as *Accrued expenses and deferred income*.

### Fair value measurement by level

MSEK	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	816	-	816
Derivative financial liabilities	-	179	-	179

No transfer in or out of level 2 has been made during the third quarter 2022. The recognized amounts are regarded as reasonable estimates for all items measured at carrying value in the balance sheet, except for loans and borrowings, as these amounts have a long time to maturity. The fair value of loans and borrowings differ from their carrying value as a consequence of changes in the market interest rates. Items not valued at fair value in the balance sheet are measured at amortized cost. The total nominal amount of outstanding derivatives was 14,139 MSEK (15,165) of which 10,229 MSEK (10,493) was in cash flow hedges consisting of cross currency and interest rate swaps related to bond loans. The remaining 3,910 MSEK (4,671) consisted of currency swaps related to the conversion of surplus cash in US dollars to Swedish kronor. Methodologies utilized in the valuation of financial instruments can be found in Note 1 in the annual report for 2021.

## Note 4 – Tax related contingencies

### Tax audits in Sweden

During 2017, the Swedish Tax Agency performed tax audits in a number of Swedish Match's Swedish group companies. After completing the audits, the Swedish Tax Agency decided to deny certain cost deductions. Swedish Match appealed but the County Administrative Court in Stockholm ruled in favor of the Tax Agency. Swedish Match subsequently appealed to the Administrative Court of Appeals. In August 2020, the Administrative Court of Appeals ruled in favor of the Tax Agency and the tax charges of in total 270 MSEK and related interest costs of 16 MSEK has been paid and debited in the 2020 accounts. Swedish Match applied and was granted leave and, in May 2022, the Supreme Administrative Court ruled on one hand that the judgment from the Court of Appeal should be repealed, and on the other hand the Court referred the case back to the Administrative Court of Appeal to rule on the applicability of the Swedish Tax Avoidance Act. In the latter part of the summer in 2022, the court proceedings began in the Court of Appeal.

## Note 5 – Alternative performance measures

Swedish Match presents several financial measures not defined under IFRS with the aim of enabling effective evaluation of the Group's financial position and performance for investors and for the Group's management. This means that these measures are not always comparable with measures used by other companies and shall therefore be considered as a complement to measures defined according to IFRS. Swedish Match applies these alternative key ratios consistently over time. The key ratios are alternative performance measures according to ESMA guidelines unless otherwise stated.

KEY RATIO	DEFINITION/CALCULATION	PURPOSE
<b>SALES FROM PRODUCT SEGMENTS</b>	Sales from reportable segments, which excludes Other operations	Used as a measure of sales performance of the core commercial businesses of Swedish Match, excluding the impact of Other operations (incl. Swedish distribution function).
<b>OPERATING PROFIT/LOSS (EBIT) FROM PRODUCT SEGMENTS</b>	Operating profit from reportable segments, excluding Other operations and larger one-time items	Used as a measure of operating performance of the core commercial businesses of Swedish Match, excluding the impact of Other operations (incl. Swedish distribution function) and items which impact comparability between periods.
<b>OPERATING MARGIN FROM PRODUCT SEGMENTS (%)</b>	$100 \times \text{Operating profit from product segments} \div \text{Sales from product segments}$	Used as a measure of operational profitability of the core commercial businesses of Swedish Match excluding the impact of Other operations (incl. Swedish distribution function).
<b>LARGER ONE-TIME ITEMS</b>	Larger one-time items are separately disclosed non-recurring income and cost which usually refer to larger capital gains or losses on divestments, larger asset impairments and restructuring costs and other larger non-recurring income and costs recognized during the period	Used to provide information regarding items which impact comparability between periods.
<b>EBITDA</b>	Profit for the period excluding larger one-time items, net finance cost, income tax, depreciation, amortization and impairments of tangible, intangible and right-of-use assets	Used as an alternative measure of operating performance that is not impacted by historical investments and the related accounting treatment of such investments as well as items which impact comparability between periods.
<b>EBITDA FROM PRODUCT SEGMENTS</b>	Operating profit from product segments excluding depreciation, amortization and impairments of tangible, intangible and right-of-use assets	Used as an alternative measure of operating performance for the core commercial businesses of Swedish Match, that is not impacted by historical investments and the related accounting treatment of such investments as well as items which impact comparability between periods.
<b>EBITDA MARGIN (%)</b>	$100 \times \text{EBITDA} \div \text{Sales}$	Used as an alternative measure of operating profitability.
<b>EBITDA MARGIN FROM PRODUCT SEGMENTS (%)</b>	$100 \times \text{EBITDA from product segments} \div \text{Sales from product segments}$	Used as an alternative measure of operating profitability for the core commercial businesses of Swedish Match.
<b>PROFIT FOR THE PERIOD EXCLUDING LARGER ONE-TIME ITEMS</b>	Profit for the period excluding larger one-time items	Used as an alternative measure of profit for the period of the ongoing business which is not affected by items which impact comparability between periods.
<b>EBITA</b>	Profit for the period excluding larger one-time items, net finance cost, tax, amortization and impairments of intangible assets	Used as a measure of operating performance relative to the financial obligations of the Group.
<b>EBITA 12 months rolling</b>	The aggregated profit excluding larger one-time items, net finance cost, tax, amortization and impairments of intangible assets for the 12-month period preceding the closing date	Used as a measure of operating performance relative to the financial obligations of the Group.
<b>EBITA INTEREST COVER</b>	$\text{EBITA} \div (\text{Interest income} - \text{interest expense})$	Used as a measure of the ability to fund interest expense.
<b>NET DEBT</b>	Current and non-current loans, adjusted for components of derivatives (assets and liabilities) relating to these loans + net provisions for pensions and similar obligations + current and non-current lease liabilities – cash and cash equivalents and other short-term investments	Used as a measure of net financial obligations.
<b>NET DEBT/EBITA</b>	$\text{Net debt} \div \text{EBITA 12 months rolling}$	Used as an indication of the duration (in years) required to fund existing net financial obligations with free cash flows from the ongoing business.
<b>ADJUSTED EARNINGS PER SHARE</b>	Profit for the period excluding larger one-time items net of tax $\div$ Average number of shares outstanding	Used as an alternative measure of earnings per share which is not affected by items which impact comparability between periods.

## EBITA and EBITDA

MSEK	July-September		January-September		12 months ended Sept 30, 2022	Full year 2021
	2022	2021	2022	2021		
	<b>Profit for the period</b>	<b>1,778</b>	<b>1,540</b>	<b>4,895</b>		
Income tax expense	556	447	1,521	1,362	1,882	1,723
Net finance cost	66	88	235	262	318	345
<b>Operating profit for the period</b>	<b>2,400</b>	<b>2,075</b>	<b>6,651</b>	<b>6,385</b>	<b>8,551</b>	<b>8,286</b>
Less larger one-time items	-	-	-	-300	-	-300
Amortization and impairment of intangible assets	19	19	58	56	77	75
<b>EBITA</b>	<b>2,419</b>	<b>2,094</b>	<b>6,709</b>	<b>6,141</b>	<b>8,628</b>	<b>8,061</b>
Depreciation and impairment of tangible and right-of-use assets	176	133	496	390	646	540
<b>EBITDA</b>	<b>2,595</b>	<b>2,227</b>	<b>7,205</b>	<b>6,531</b>	<b>9,275</b>	<b>8,601</b>

## EBITDA and EBITDA margin from product segments

MSEK	July-September		January-September		Full year 2021
	2022	2021	2022	2021	
<b>Operating profit for the period</b>	<b>2,400</b>	<b>2,075</b>	<b>6,651</b>	<b>6,385</b>	<b>8,286</b>
Less operating loss from Other operations	12	24	147	93	150
Less larger one-time items	-	-	-	-300	-300
<b>Operating profit from product segments</b>	<b>2,412</b>	<b>2,099</b>	<b>6,798</b>	<b>6,179</b>	<b>8,136</b>
Amortization, depreciation and impairment of intangible, tangible and right-of-use assets	195	152	554	446	615
Less amortization, depreciation and impairment of intangible, tangible and right-of-use assets for Other operations	-17	-15	-51	-46	-61
<b>EBITDA from product segments</b>	<b>2,590</b>	<b>2,236</b>	<b>7,300</b>	<b>6,579</b>	<b>8,690</b>
Sales from product segments	5,677	4,691	15,945	13,482	18,145
<b>EBITDA margin from product segments, %</b>	<b>45.6</b>	<b>47.7</b>	<b>45.8</b>	<b>48.8</b>	<b>47.9</b>

## Larger one-time items

MSEK	July-September		January-September		Full year 2021
	2022	2021	2022	2021	
Settlement income	-	-	-	300	300
<b>Total larger one-time items in operating profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>300</b>
Income tax expense on settlement income	-	-	-	-62	-62
<b>Total larger one-time items in net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>238</b>	<b>238</b>

## Adjusted earnings per share

Basic and diluted	July-September		January-September		12 months ended September 30, 2022	Full year 2021
	2022	2021	2022	2021		
	Profit for the period attributable to equity holders of the Parent, MSEK	1,778	1,539	4,894		
Settlement income, net of tax, MSEK	-	-	-	-238	-	-238
<b>Profit for the period attributable to equity holders of the Parent, excl. larger one-time items, MSEK</b>	<b>1,778</b>	<b>1,539</b>	<b>4,894</b>	<b>4,522</b>	<b>6,351</b>	<b>5,979</b>
Weighted average number of shares outstanding, thousands	1,520,714	1,560,548	1,522,847	1,572,116	1,528,428	1,565,379
<b>Adjusted earnings per share, SEK</b>	<b>1.17</b>	<b>0.99</b>	<b>3.21</b>	<b>2.88</b>	<b>4.16</b>	<b>3.82</b>

### EBITA interest cover

MSEK	January-September		12 months ended	Full year
	2022	2021	September 30, 2022	2021
EBITA	6,709	6,141	8,628	8,061
Interest income	54	24	66	36
Interest expense	-280	-275	-371	-367
<b>EBITA interest cover</b>	<b>29.7</b>	<b>24.4</b>	<b>28.3</b>	<b>24.3</b>

### Net debt/EBITA

MSEK	12 months ended	Full year
	September 30,	2021
	2022	2021
Net debt	11,092	14,035
EBITA 12 months rolling	8,628	8,061
<b>Net debt/EBITA</b>	<b>1.3</b>	<b>1.7</b>

### Net debt

MSEK	January-September		Full year
	2022	2021	2021
Non-current loans	13,134	14,117	14,197
Current loans	2,140	988	990
Components of derivatives (liabilities) <sup>1)</sup>	33	114	112
Components of derivatives (assets) <sup>2)</sup>	-1,554	-790	-851
Non-current lease liabilities <sup>3)</sup>	347	192	307
Current lease liabilities <sup>4)</sup>	121	83	96
<b>Subtotal</b>	<b>14,222</b>	<b>14,704</b>	<b>14,851</b>
Net provision for pensions and similar obligations <sup>3)</sup>	1,415	1,316	1,445
Net asset for pensions and similar receivables <sup>5)</sup>	-139	-132	-140
Cash and cash equivalents	-4,405	-2,243	-2,121
<b>Net debt</b>	<b>11,092</b>	<b>13,644</b>	<b>14,035</b>

1) Included in *Other non-current financial liabilities* and *Other current financial liabilities* in the condensed consolidated balance sheet.

2) Included in *Other non-current financial assets and receivables* and *Other current financial receivables* in the condensed consolidated balance sheet.

3) Included in *Other non-current financial liabilities* in the condensed consolidated balance sheet.

4) Included in *Other current financial liabilities* in the condensed consolidated balance sheet.

5) Included in *Other non-current financial assets and receivables* in the condensed consolidated balance sheet.

Currency components of derivatives included in the net debt are recognized in the condensed consolidated balance sheet based on the total value of all components in the financial instrument, i.e. if the total value of the financial instrument is an asset, but includes a negative derivative component, that derivative component is recognized as a negative asset in the condensed consolidated balance sheet and vice versa.

## Quarterly data

### Consolidated income statement in summary

MSEK	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
<b>Sales</b>	<b>5,782</b>	<b>5,561</b>	<b>4,892</b>	<b>4,751</b>	<b>4,778</b>
Cost of goods sold	-1,958	-1,896	-1,630	-1,653	-1,612
<b>Gross profit</b>	<b>3,823</b>	<b>3,665</b>	<b>3,263</b>	<b>3,099</b>	<b>3,166</b>
Selling and administrative expenses	-1,430	-1,442	-1,243	-1,194	-1,103
Share of net profit/loss in associated companies	7	4	4	-5	12
<b>Operating profit</b>	<b>2,400</b>	<b>2,227</b>	<b>2,024</b>	<b>1,901</b>	<b>2,075</b>
Finance income	32	13	9	12	6
Finance costs	-98	-96	-95	-95	-94
Net finance cost	-66	-83	-87	-83	-88
<b>Profit before income tax</b>	<b>2,334</b>	<b>2,145</b>	<b>1,937</b>	<b>1,818</b>	<b>1,987</b>
Income tax expense	-556	-521	-444	-360	-447
<b>Profit for the period</b>	<b>1,778</b>	<b>1,624</b>	<b>1,493</b>	<b>1,457</b>	<b>1,540</b>
<i>Attributable to:</i>					
Equity holders of the Parent	1,778	1,624	1,492	1,457	1,539
Non-controlling interests	0	0	0	0	0
<b>Profit for the period</b>	<b>1,778</b>	<b>1,624</b>	<b>1,493</b>	<b>1,457</b>	<b>1,540</b>

## Quarterly data by product segment

### Sales

MSEK	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Smokefree	4,058	3,825	3,262	3,242	3,100
Cigars	1,300	1,266	1,169	1,063	1,237
Lights	319	371	375	357	354
<b>Sales from product segments</b>	<b>5,677</b>	<b>5,461</b>	<b>4,807</b>	<b>4,663</b>	<b>4,691</b>
Other operations	105	100	85	88	87
<b>Sales</b>	<b>5,782</b>	<b>5,561</b>	<b>4,892</b>	<b>4,751</b>	<b>4,778</b>

### Operating profit

MSEK	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Smokefree	2,009	1,817	1,613	1,547	1,558
Cigars	383	416	445	343	481
Lights	20	38	57	67	60
<b>Operating profit from product segments</b>	<b>2,412</b>	<b>2,271</b>	<b>2,115</b>	<b>1,957</b>	<b>2,099</b>
Other operations	-12	-44	-91	-57	-24
<b>Operating profit</b>	<b>2,400</b>	<b>2,227</b>	<b>2,024</b>	<b>1,901</b>	<b>2,075</b>

### Operating margin by product segment

Percent	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Smokefree	49.5	47.5	49.4	47.7	50.3
Cigars	29.5	32.8	38.1	32.3	38.8
Lights	6.2	10.3	15.1	18.7	17.0
<b>Operating margin from product segments</b>	<b>42.5</b>	<b>41.6</b>	<b>44.0</b>	<b>42.0</b>	<b>44.7</b>

### EBITDA by product segment

MSEK	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Smokefree	2,148	1,947	1,737	1,668	1,663
Cigars	409	440	467	365	502
Lights	32	51	68	78	71
<b>EBITDA from product segments</b>	<b>2,590</b>	<b>2,438</b>	<b>2,272</b>	<b>2,111</b>	<b>2,236</b>

### EBITDA margin by product segment

Percent	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Smokefree	52.9	50.9	53.2	51.4	53.6
Cigars	31.5	34.8	40.0	34.3	40.6
Lights	10.1	13.9	18.2	21.8	20.0
<b>EBITDA margin from product segments</b>	<b>45.6</b>	<b>44.6</b>	<b>47.3</b>	<b>45.3</b>	<b>47.7</b>

### Additional quarterly data

#### Depreciation, amortization and impairments

MSEK	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Property, plant and equipment	144	137	126	124	110
Right-of-use assets	32	29	28	26	24
Intangible assets	19	19	19	19	19
<b>Total</b>	<b>195</b>	<b>185</b>	<b>173</b>	<b>169</b>	<b>152</b>

#### Net finance cost

MSEK	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Interest income	32	13	8	12	6
Interest expense	-94	-93	-93	-91	-92
<b>Net interest expense</b>	<b>-62</b>	<b>-79</b>	<b>-85</b>	<b>-79</b>	<b>-86</b>
Other finance costs/income, net	-4	-3	-2	-4	-3
<b>Total net finance cost</b>	<b>-66</b>	<b>-83</b>	<b>-87</b>	<b>-83</b>	<b>-88</b>

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Swedish Match develops, manufactures, and sells quality products with market-leading brands in the product segments Smokefree, Cigars, and Lights. Production is located in seven countries, with sales concentrated in the US and Scandinavia. The Swedish Match share is listed on Nasdaq Stockholm (SWMA).

Swedish Match's vision is a world without cigarettes. Some of its well-known brands include: *General, Longhorn, ZYN, Game, America's Best Chew, Fiat Lux, and Cricket.*

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