

SWEDISH MATCH RESULTS PRESENTATION

Q2 2022



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Q2 – HEADLINE BULLETS CONSOLIDATED GROUP

- **Group sales and operating profit increased strongly on the back of continued solid momentum for the US smokefree business and currency tailwind.**
- **Group sales increased by 23 percent to 5,561 MSEK (4,505). In local currencies, Group sales increased by 11 percent for the second quarter.**
- **Group operating profit increased to 2,227 MSEK (1,956).**
- **Operating profit from product segments increased by 14 percent to 2,271 MSEK (1,988). In local currencies, operating profit from product segments¹⁾ increased by 1 percent for the second quarter.**
- **Profit after tax increased to 1,624 MSEK (1,441).**
- **Earnings per share increased by 17 percent to 1.07 SEK (0.92).**
- **The full year outlook for 2022 has been updated based on developments during the first six months.**

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



Q2 – HIGHLIGHTS BY PRODUCT SEGMENT

Smokefree:

- Impressive sales growth with operating profit up sharply despite increased market investments across geographies.
- For US Smokefree, continued strong momentum for ZYN was the key contributor to the strong double-digit sales and earnings growth.
- Volume growth for both nicotine pouches and snus drove increased sales in Scandinavia. Nicotine pouch portfolio strengthened with several innovative product introductions and enhancements.
- Nicotine pouches main contributor to sales growth in Other markets. Continued market investments to support future growth.

Cigars:

- Continued market share gains for Swedish Match in a cigar category that declined relative an unusually strong prior year period.
- The softer demand, as well as continued shortage on certain input materials, hampered volume development and resulted in lower sales in local currency.
- Operating profit development was burdened by the lower sales, inflationary cost pressure and increased marketing investments.

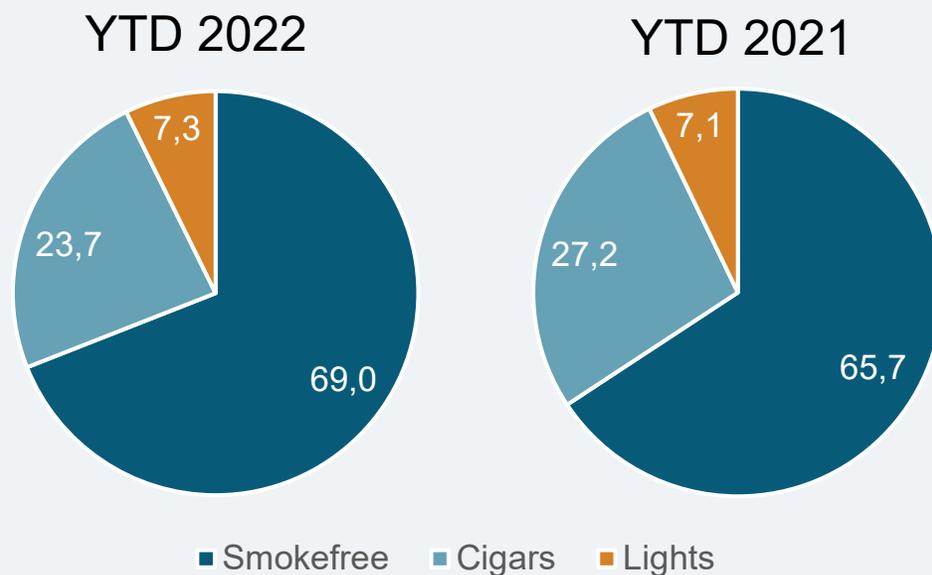
Lights:

- Sales growth across the portfolio, despite suspension of deliveries to the Russian market.
- Reported earnings development distorted by items of temporary nature; underlying operating profit increased.

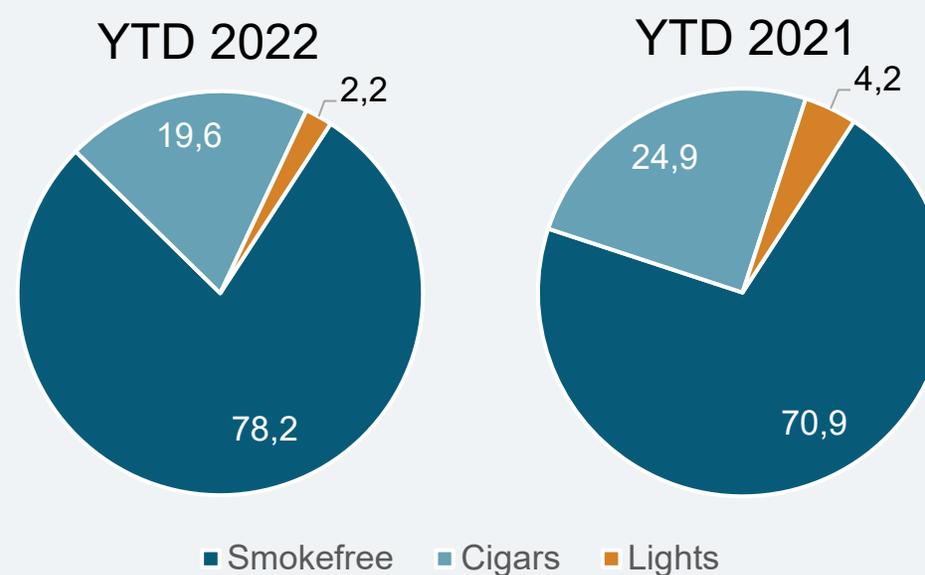
SALES AND EBIT SPLIT BY PRODUCT SEGMENT

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

Sales split

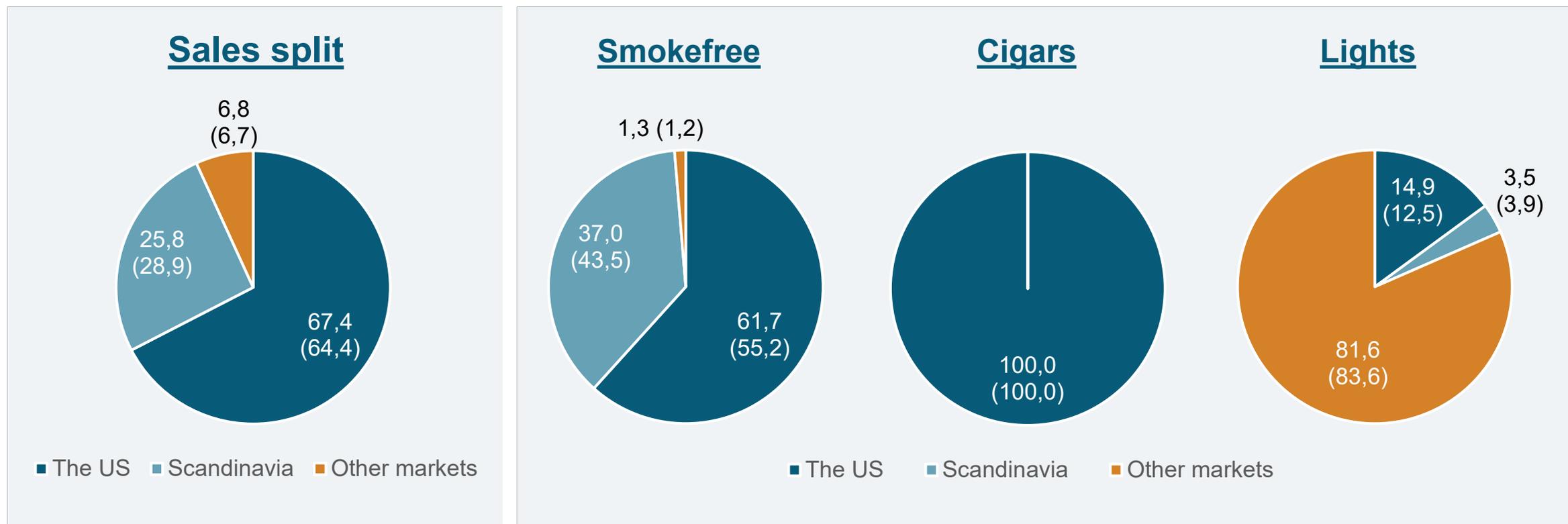


EBIT split



SALES SPLIT BY GEOGRAPHY AND PRODUCT SEGMENT

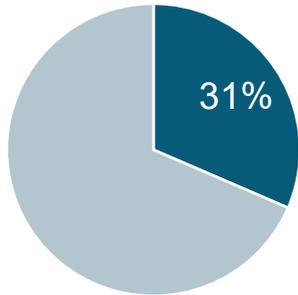
Sales split in percent, YTD 2022 versus YTD 2021 (Jan-Jun)



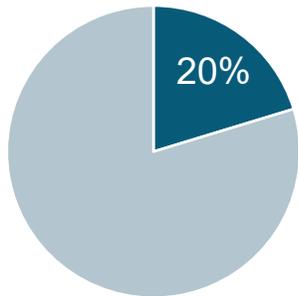
SWEDISH MATCH – NICOTINE POUCHES SHARE OF SALES

Group sales from product segments

YTD 2022
(Jan-Jun)



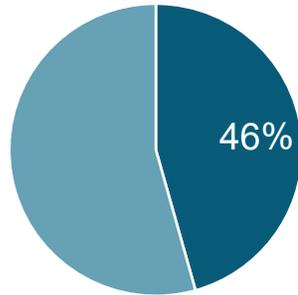
YTD 2020
(Jan-Jun)



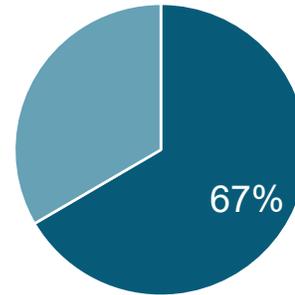
■ Nicotine pouches
■ Other product segments

Sales split Smokefree product segment

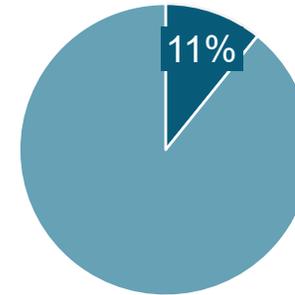
Globally



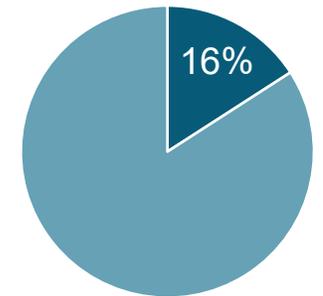
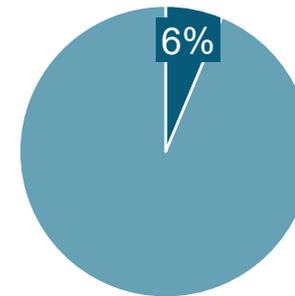
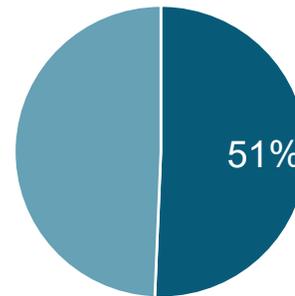
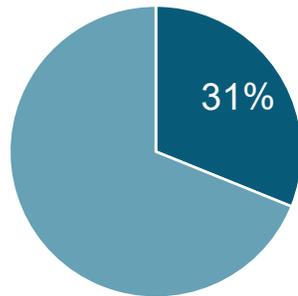
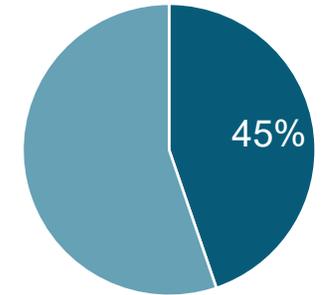
The US



Scandinavia



Other markets



■ Nicotine pouches
■ Other smokefree

Strong growth and increased market investments across geographies

	Q2-2022	Q2-2021	chg	H1-2022	H1-2021	chg	Jul 2021-Jun 2022	Full year 2021	chg
Sales, MSEK	3,825	2,955	29	7,087	5,778	23	13,429	12,120	11
Operating profit, MSEK	1,817	1,428	27	3,430	2,893	19	6,536	5,998	9
Operating margin, %	47.5	48.3		48.4	50.1		48.7	49.5	



The US* – Continued momentum for ZYN key contributor to strong financial performance

- Improved velocities and store expansions drove ZYN volume growth of 38%.
- Sequential growth for ZYN relative to Q1 further benefitted from one more delivery day and distributor inventory adjustments.
- ZYN market share continued to show resilience in both volume and value terms despite extreme promotional activity from competition.
- For moist snuff, solid traction for *Longhorn* drove sales and earnings growth while chewing tobacco recorded weaker financial development due to steep volume declines and inflationary cost pressure.

Scandinavia – Solid volume growth whereas market investments and other cost increases weighed on earnings

- Further accelerated category growth driven by nicotine pouches, but snus also grew.
- Swedish Match's sales and shipments up by 6% with negative mix effects offsetting price adjustments.
- Strong recovery in border and travel retail classes of trade.
- Nicotine pouch portfolio strengthened with several innovative product introductions and enhancements, including the launch of the patent-pending PEARLS technology under the *VOLT* brand in Sweden.

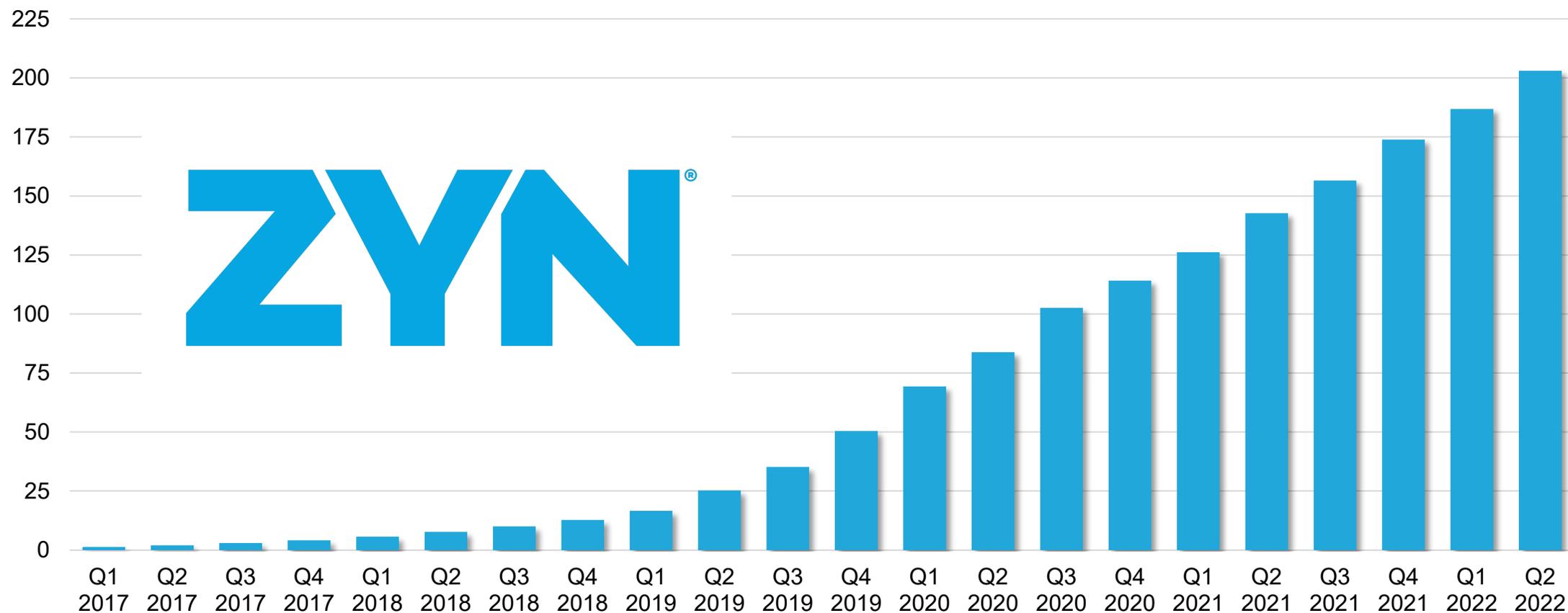
Other markets

- Sales improved across the smokefree portfolio. Broad-based investments to support future growth.

US – ZYN DEVELOPMENT IN THE US

ZYN shipment volumes in the US, 12 months rolling

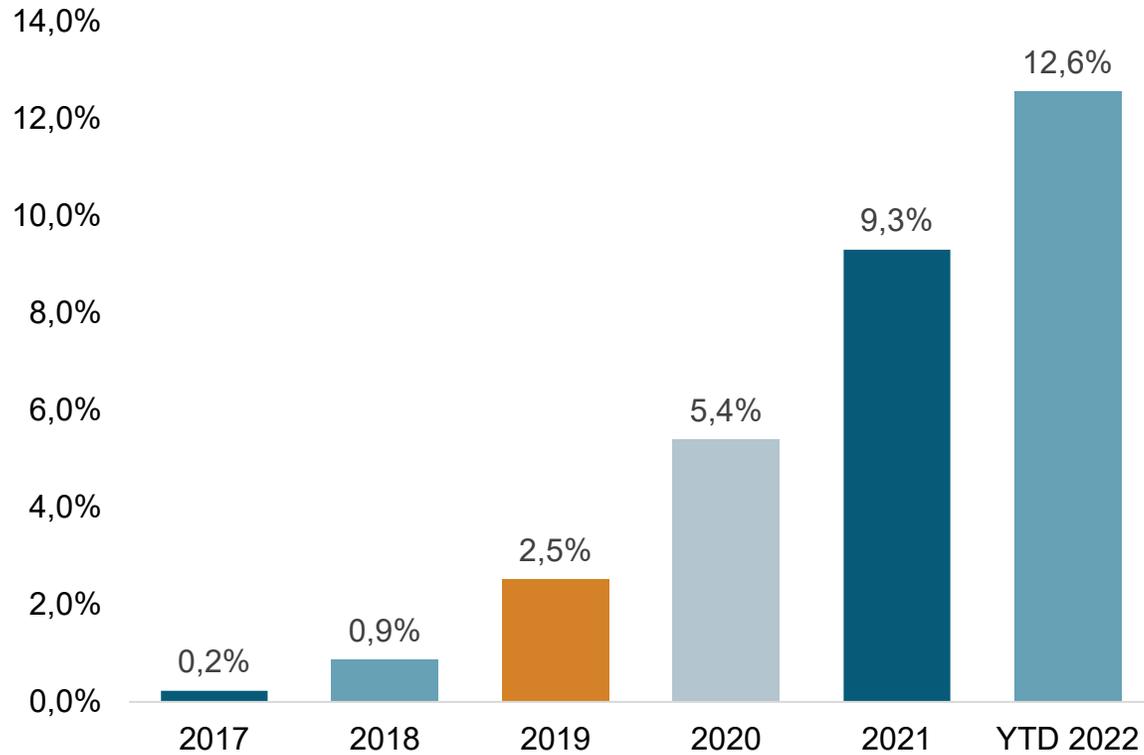
Million cans



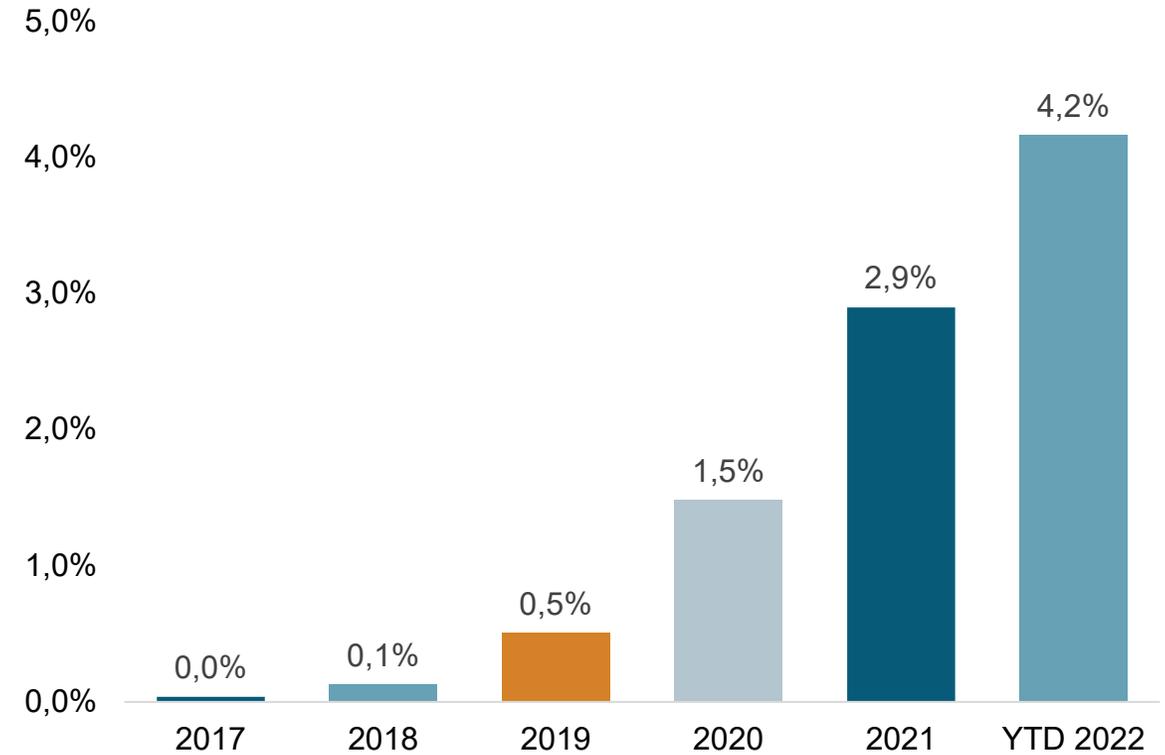
Source: Swedish Match reported shipments.

US – CATEGORY VOLUMES: NICOTINE POUCHES (CANS) VS. CIGARETTES (PACKS)

The western region*



Total US

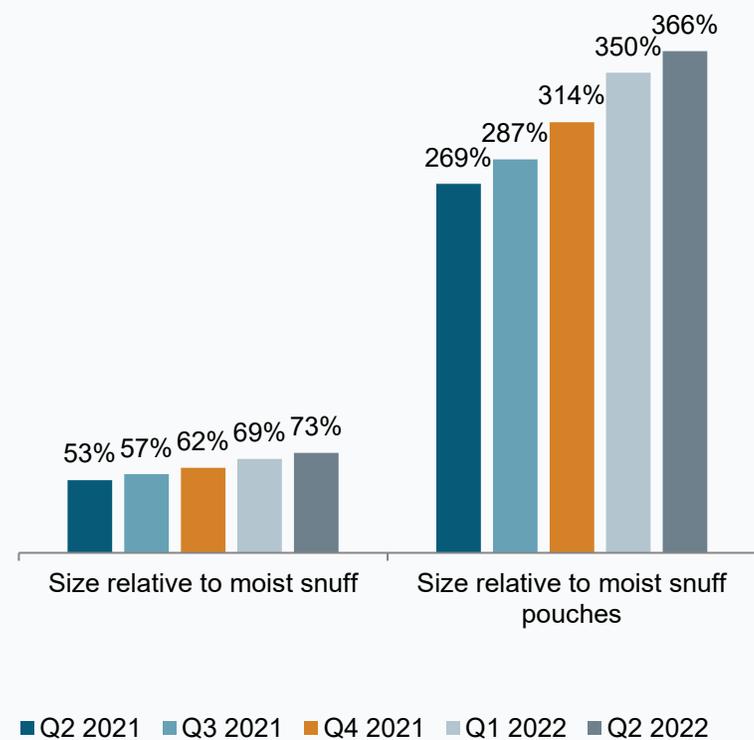
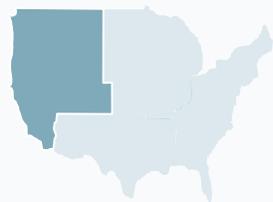


Source: IRI.

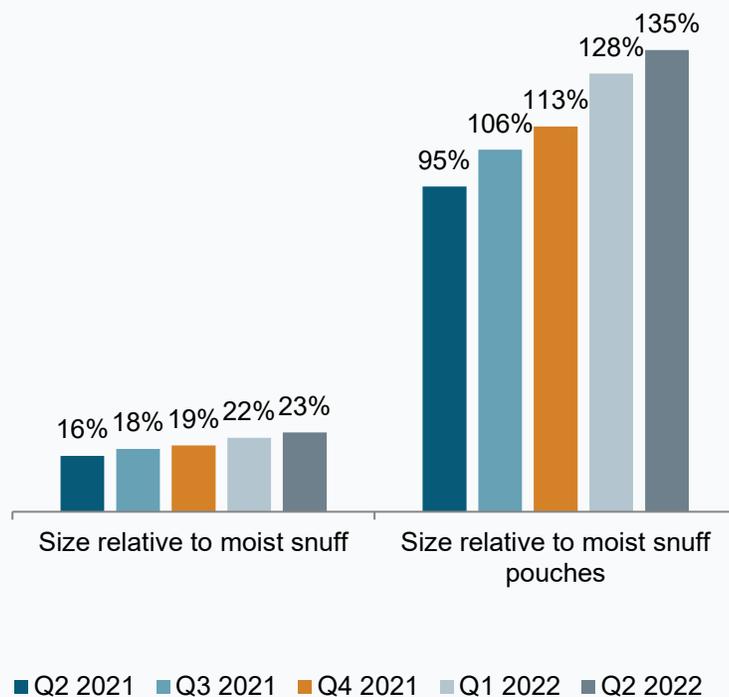
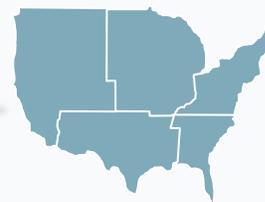
* Western region excludes the following states: Alaska, Hawaii, Idaho and Montana, due to differences in geographic definitions between IRI data and Swedish Match's regional sales structure.

US – NICOTINE POUCH CATEGORY VERSUS THE MOIST SNUFF CATEGORY

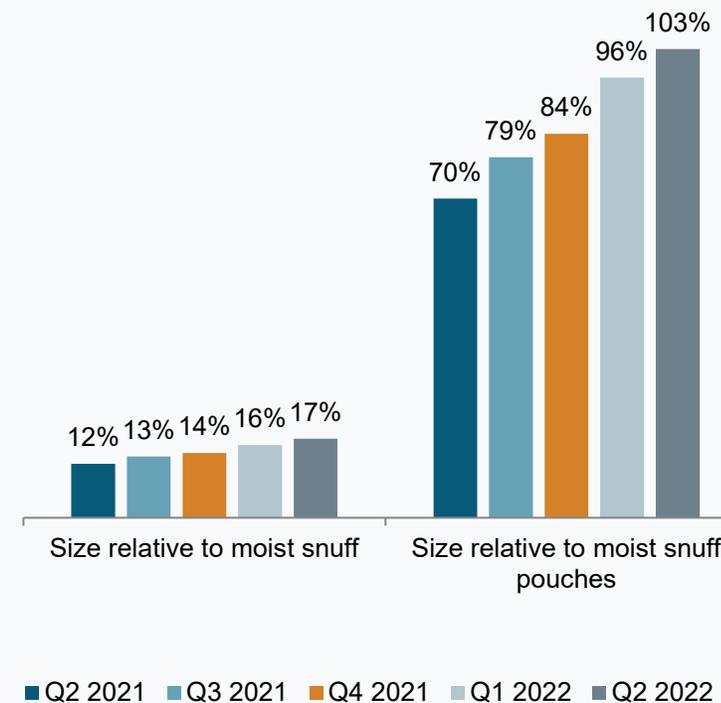
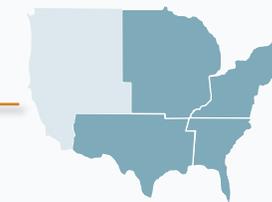
Western region



Total US



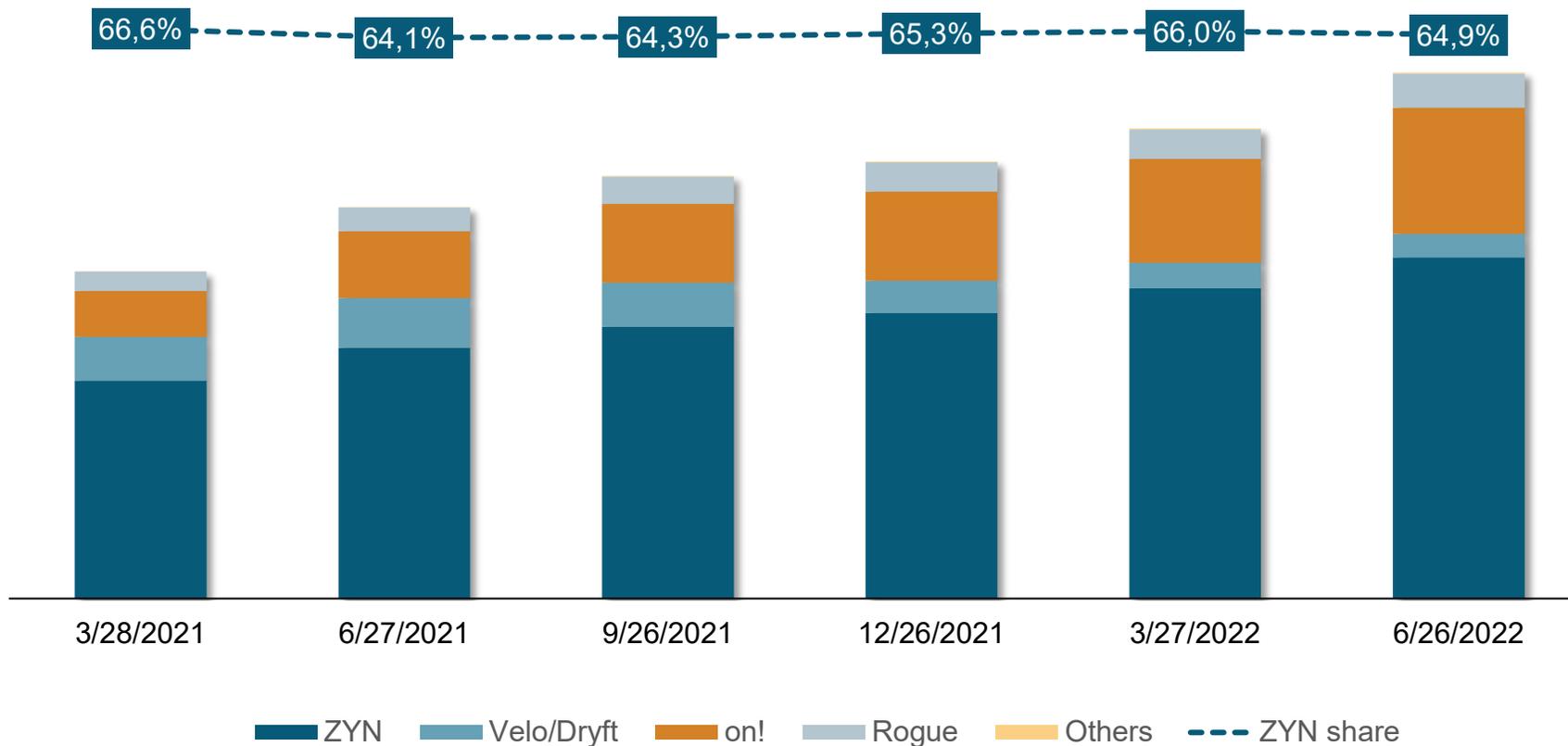
Rest of US



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

US – NICOTINE POUCH CATEGORY GROWTH AND ZYN SHARE DEVELOPMENT

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

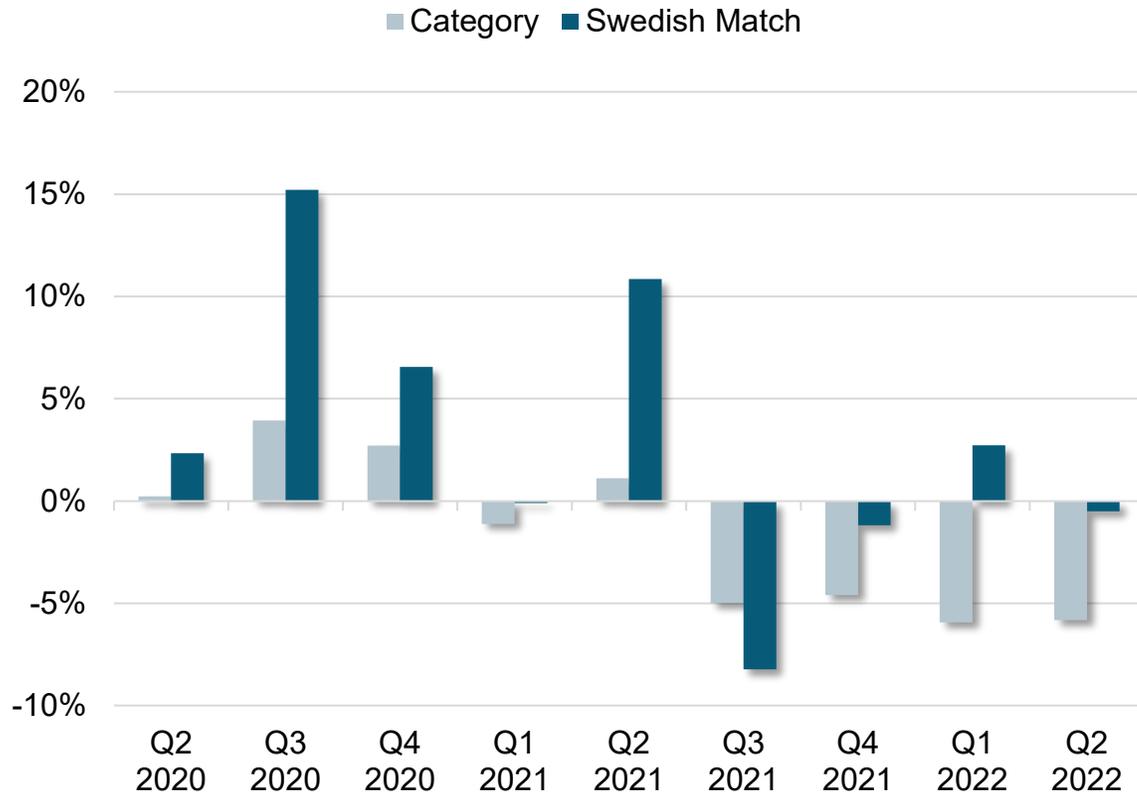


Source: Swedish Match estimates of distributor shipments to retail using MSA weekly data. Historic figures have been restated to reflect changes in MSA store measurements.

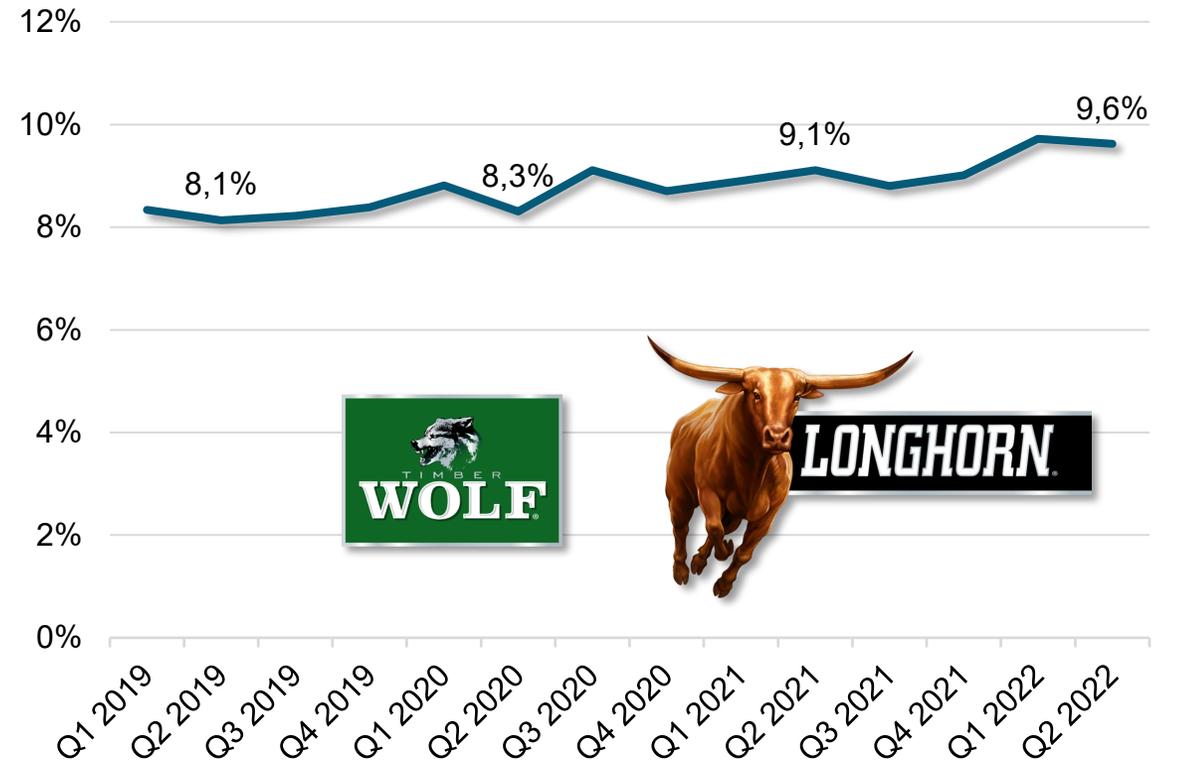


US – MOIST SNUFF CATEGORY

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



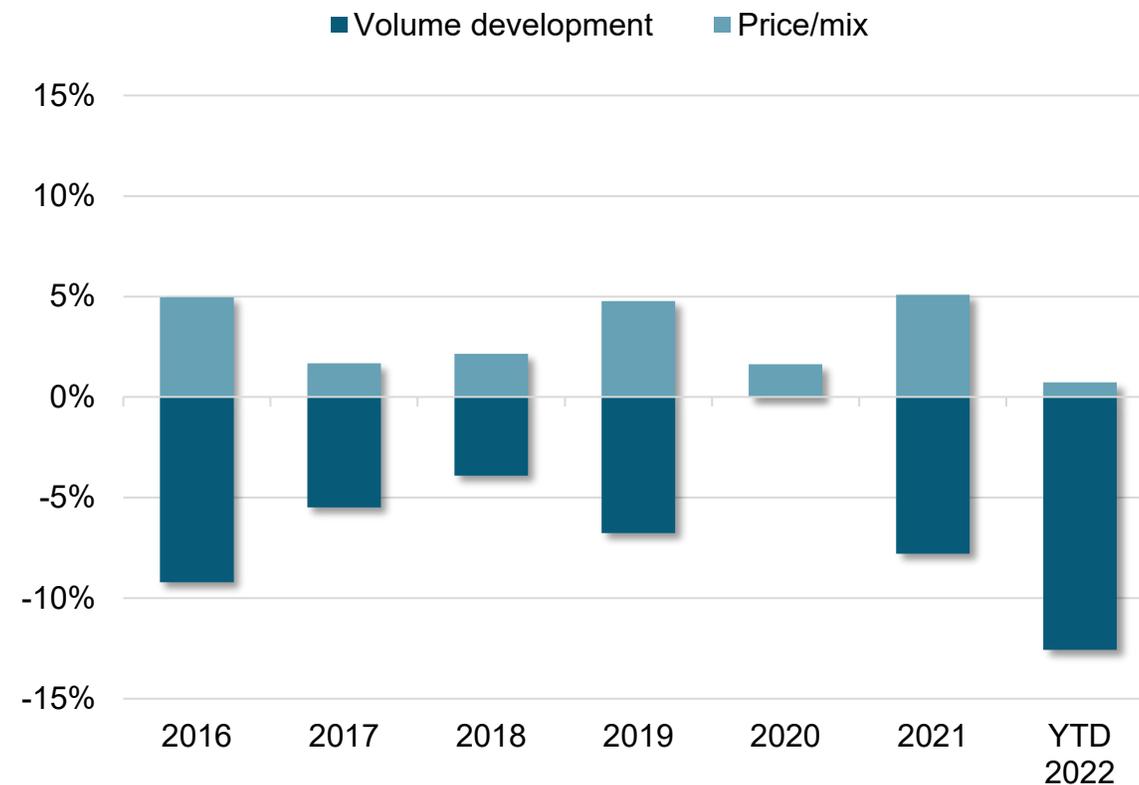
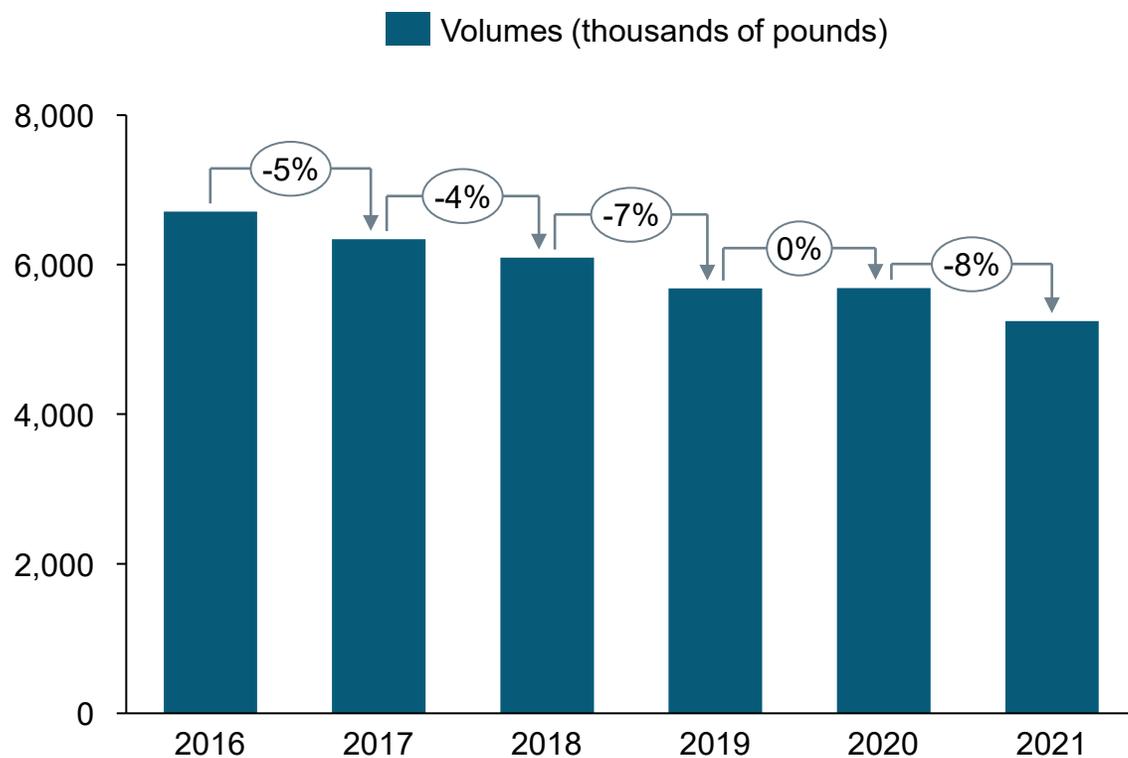
Swedish Match moist snuff market share by quarter



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

US – SWEDISH MATCH CHEWING TOBACCO

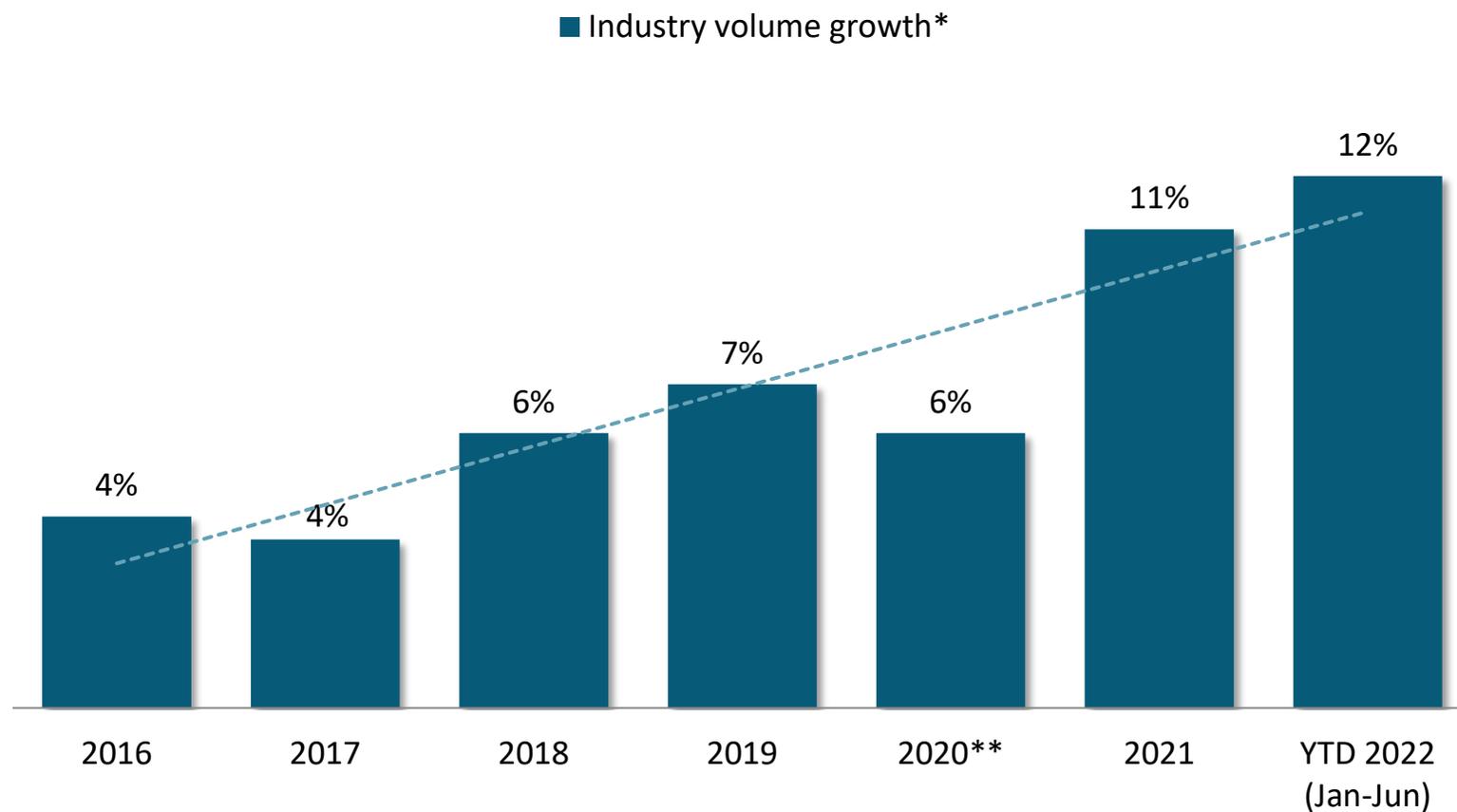
Shipment volume growth and price/mix percentage change year-on-year



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

SCANDINAVIA – UNDERLYING SMOKEFREE CATEGORY VOLUMES

Total underlying Scandinavian volume growth



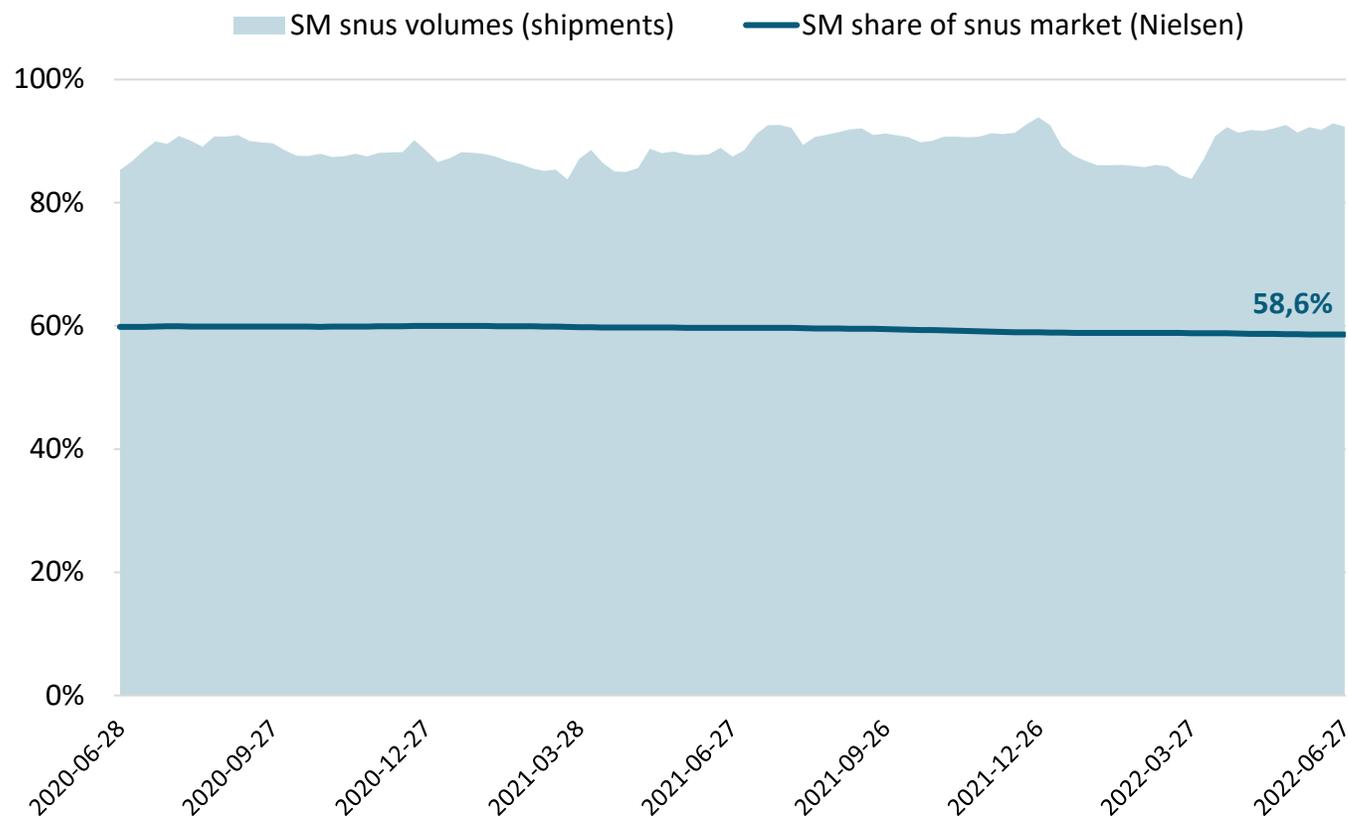
* Based on Nielsen and Swedish Match estimates (adjusted for hoarding). Volumes including snus, nicotine pouches and chew bags.

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

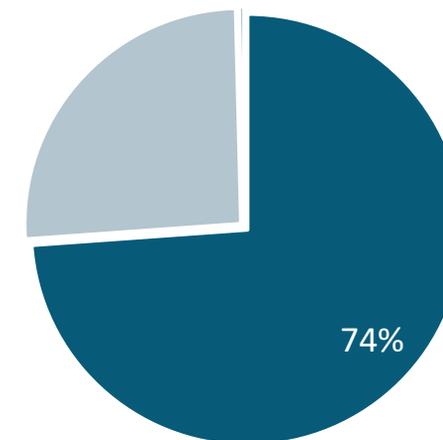


Volume share and shipment volume development, 13-weeks rolling

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



Snus market as a share of the total smokefree category* (Q2 2022)

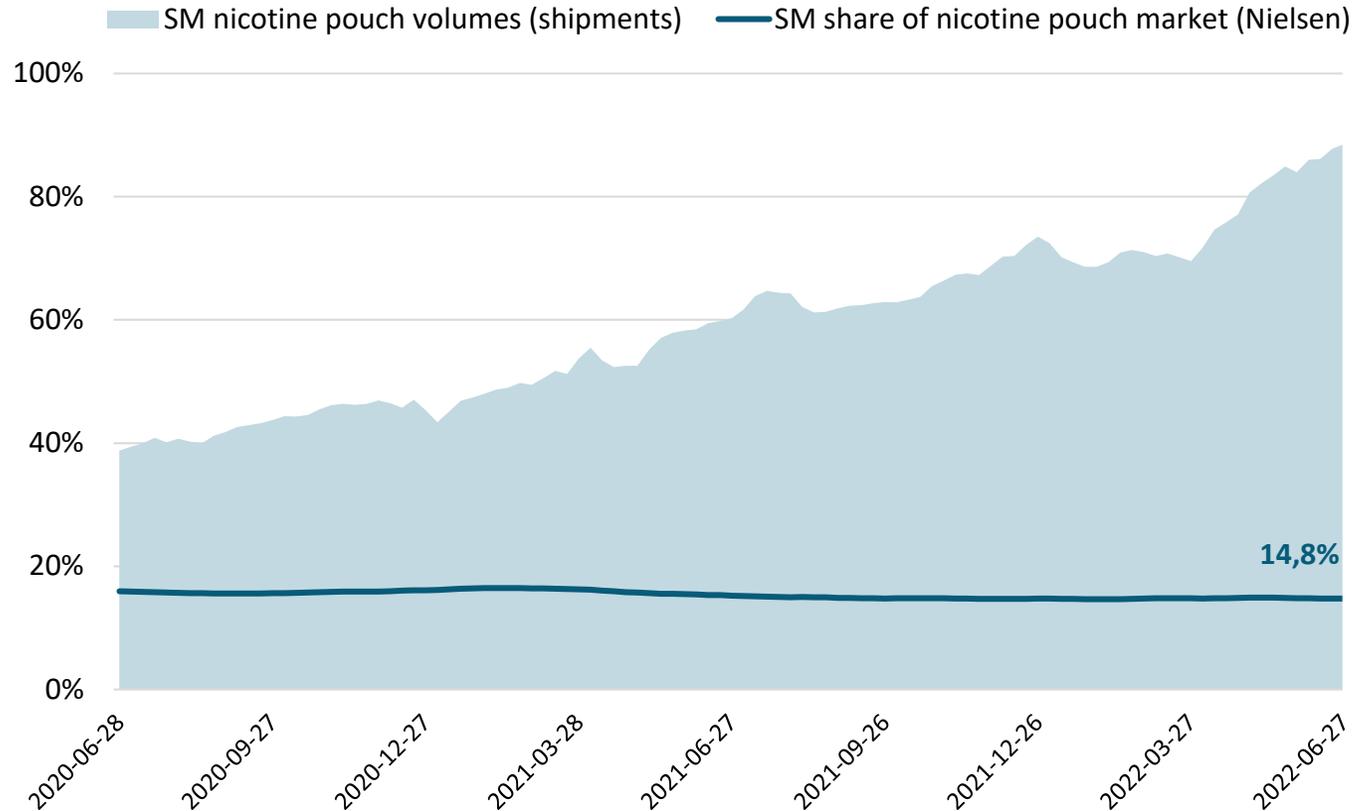


Source: Swedish Match reported shipments, Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience. *Including snus, nicotine pouches and chew bags.

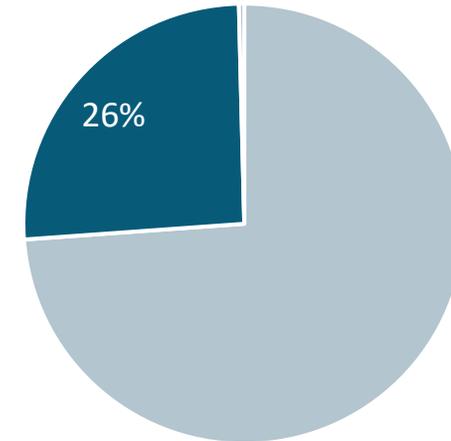
SCANDINAVIA – NICOTINE POUCH MARKET

Volume share and shipment volume development, 13-weeks rolling

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



Nicotine pouch market as a share of the total smokefree category* (Q2 2022)



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

SNUS AND NICOTINE POUCHES PRODUCT AND NEW MARKET ACTIVITIES – Q2 2022

Scandinavia – nicotine pouches and snus



Norway – nicotine pouches



Market share gains in a softer category, but weak financial performance

	Q2-2022	Q2-2021	chg	H1-2022	H1-2021	chg	Jul 2021-Jun 2022	Full year 2021	chg
Sales, MUSD	129	135	-5	254	284	-11	516	546	-5
Operating profit, MUSD	42	54	-23	90	121	-26	183	215	-15
Operating margin, %	32.7	40.2		35.3	42.6		35.5	39.3	

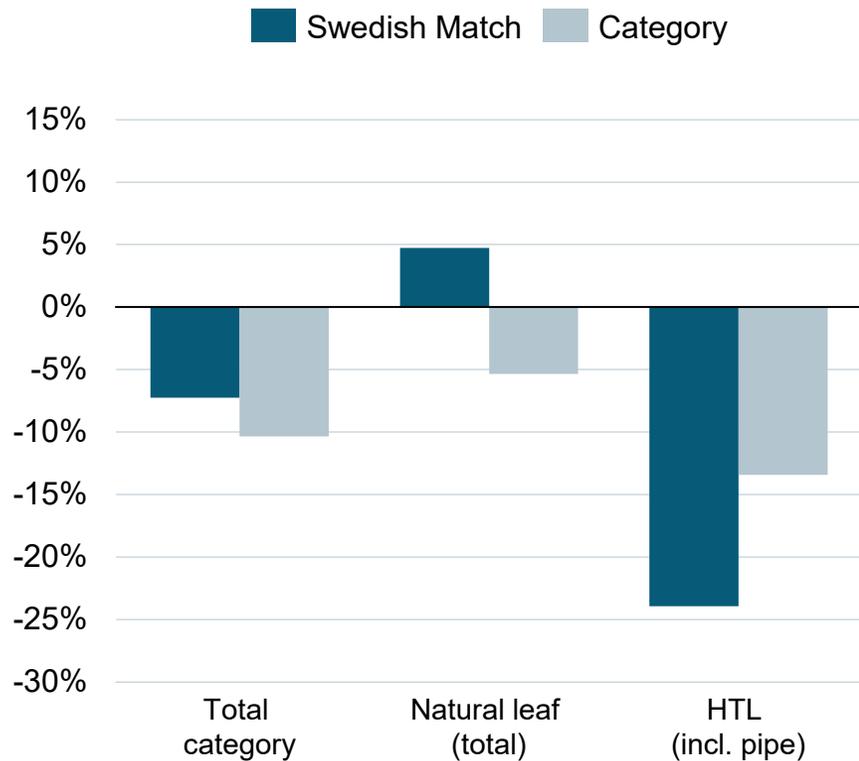
- **Market volumes down by 10% year-on-year, but demand continued to exceed pre-pandemic levels***
 - Category volumes down by 4% and 13% for natural leaf and HTL varieties, respectively.
 - Swedish Match gained overall market share, both sequentially and year-on-year, driven by continued improved performance in the natural leaf segment.
 - Improved average pricing did not fully offset shipment declines of 8% for Swedish Match.
 - Progress in expanding production capacity, but limitations on certain input materials remained a constraint for HTL varieties.
- **Operating profit and margin developments adversely affected by lower sales and increased costs**
 - Inflationary pressure on transportation and input costs, along with unfavorable volume absorption effects.
 - Higher investments in the existing consumer loyalty program.
- **No further decisions from the FDA on non-substantial equivalence (NSE) designations (NSEs received for limited part of the cigar assortment during the first quarter)**



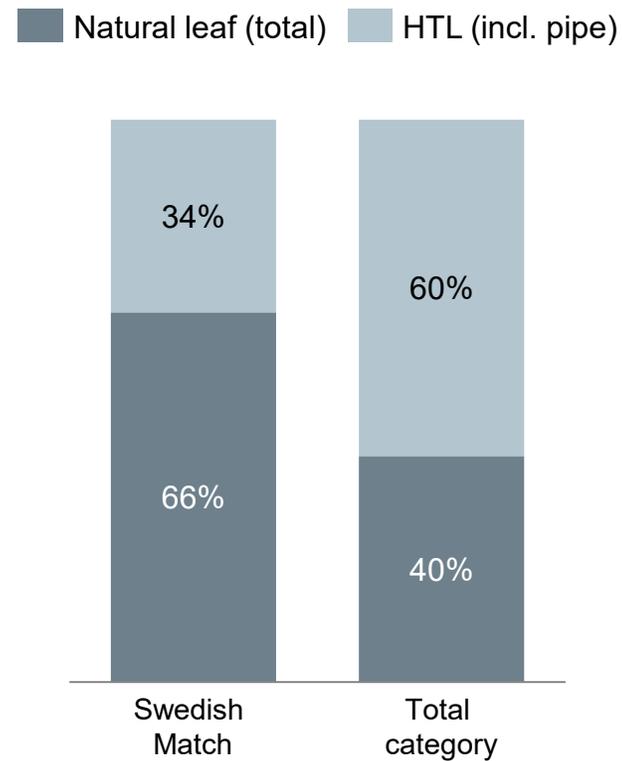
* Source: MSA through June 26, 2022

US – CIGAR CATEGORY ACCORDING TO MSA

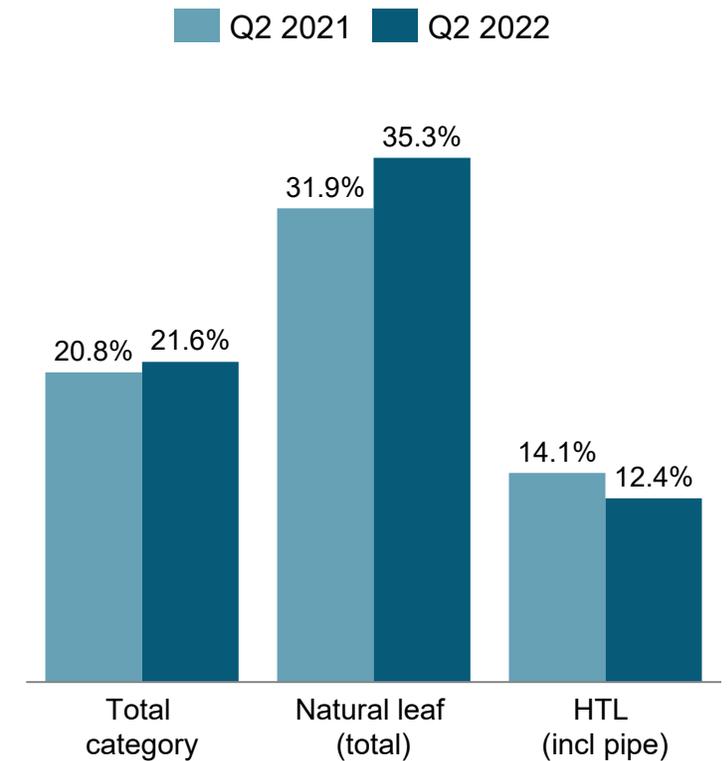
Cigar category and Swedish Match volume growth year-on-year, Q2 2022



Split on cigar volumes by segment, Q2 2022



Swedish Match market share by segment



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

Higher sales across the portfolio and solid underlying earnings development

	Q2-2022	Q2-2021	chg	H1-2022	H1-2021	chg	Jul 2021-Jun 2022	Full year 2021	chg
Sales, MSEK	371	321	15	746	626	19	1,458	1,338	9
Operating profit, MSEK	38	103	-63	95	170	-44	222	297	-25
Operating margin, %	10.3	31.9		12.7	27.1		15.2	22.2	

○ Sales up by 6% excluding currency translation effects

- Volumes for lighters declined sharply, following the suspension of deliveries to Russia.
- Volumes for matches declined in most markets against a strong comparison period.
- Price increases and improved market/product mix more than compensated for lower match and lighter volumes.
- Good volume and sales development for complementary products.

○ Excluding items of temporary nature, operating profit grew across product portfolio

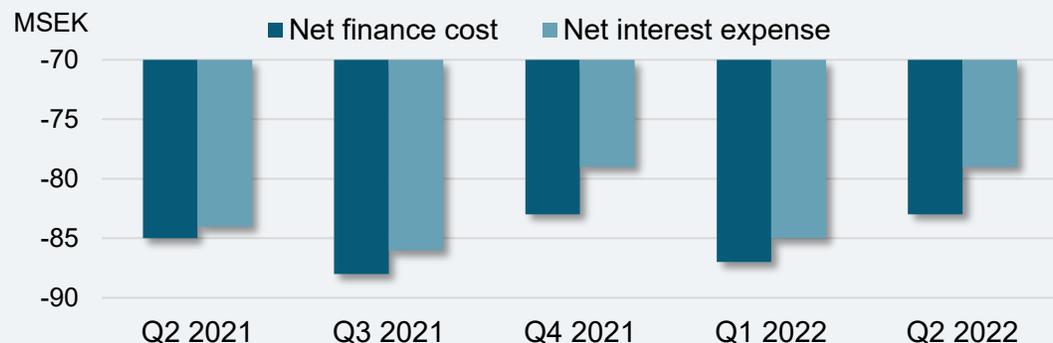
- Prior year period benefitted from gained on land sales and indirect tax reclaims aggregating to more than 60 MSEK. This year's second quarter burdened by costs of temporary nature in the range of 15 MSEK.
- Inflationary cost pressure muted underlying earnings growth.



FINANCE NET AND EPS

Development of the finance net

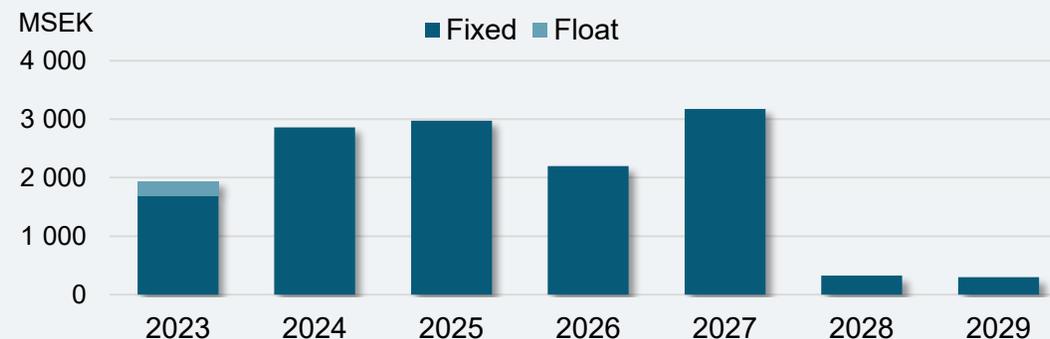
By quarter



- The weighted average interest rate of our loan portfolio as of June 30 was **2.10%** (2.13% at the end of 2021).

Maturity profile of interest-bearing liabilities

Debt as of June 30, 2022



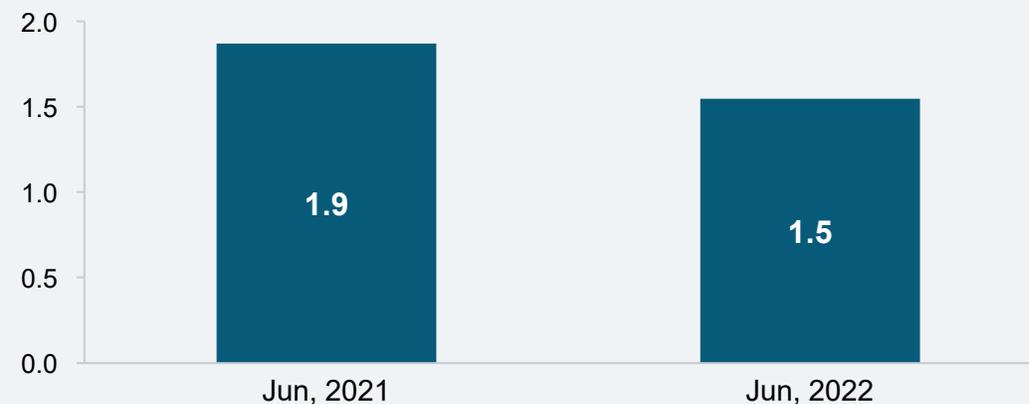
- The capital duration was 3.3 years, with 98% of the portfolio subject to fixed interest rates.

EPS bridge

YTD 2022 vs YTD 2021 (SEK)



Net debt/LTM EBITA



UPDATED 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 close to 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.**