

Nasdaq Stockholm: SWMA

March 14, 2022

Swedish Match provides update on plans for separation of its cigar business

On September 14, 2021, Swedish Match announced its intention to separate its cigar business via a spin-off to shareholders and a subsequent listing on a US national securities exchange. The separation was initially expected to be completed in the second half of 2022, at the earliest.

While the Board of Swedish Match still has the strategic intent to separate the cigar business, and views this as a move that would further enhance the prospects for Swedish Match's US smokefree business, as well as for its US cigar business, the Board has today decided to suspend the preparations for the contemplated spin-off until further notice.

While supply chain related challenges have contributed to the financial development of the US cigar business falling short of Swedish Match's expectations in recent quarters, today's decision to suspend the spin-off preparations was prompted by regulatory uncertainties facing the cigar business. Swedish Match has recently been informed by the US Food and Drug Administration (FDA) that substantial equivalence (SE) designations have been denied for SE applications corresponding to about 3 percent of Swedish Match's 2021 cigar volume. It cannot be ruled out that additional SE applications for the cigar assortment will be denied in the first instance as FDA continues to work through remaining applications. Swedish Match plans to appeal the non-SE designations by the FDA by requesting a supervisory review and Swedish Match remains confident that the Company will be given the opportunity to provide the FDA with sufficient data in order to demonstrate that the cigars in question are substantially equivalent to their predicate products insofar that the changes that have taken place do not raise questions of public health.

Swedish Match is confident that the above-mentioned issues will be resolved or efficiently mitigated in due course. However, the Board's view is that the decision to suspend spin-off preparations until further notice is in the best interests of our shareholders. As the potential impacts from regulatory uncertainties have been clarified, the Swedish Match Board expects to resume plans to separate the cigar business.

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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 Group's global operations generated sales of 18,489 MSEK for the twelve month period ending December 31, 2021. 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, ZYN, Longhorn, Game, America's Best Chew, Fiat Lux, and Cricket.*

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