

SWEDISH MATCH RESULTS PRESENTATION

Q4 2021



DISCLAIMER AND GENERAL COMMENTS

The information contained in this presentation has not been independently verified and is subject to change without notice and neither Swedish Match, nor an affiliate thereof or any other party is under any obligation to update or keep current the information contained herein. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of Swedish Match or any other party (or any of their respective members, directors, officers, employees or any other person) as to the accuracy, completeness or fairness of the information or opinions contained in this presentation, and any reliance you place on such information or opinions will be at your sole risk. Neither Swedish Match nor any other party (or any of their respective members, directors, officers, employees or any other person) accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising directly or indirectly in connection therewith. By attending a meeting where this presentation is presented, or by reading the presentation, you acknowledge that you will be solely responsible for your own assessment of the potential investment, the market and market position of Swedish Match and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of Swedish Match and its business.

This presentation contains forward-looking information based on the current expectations 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 compared to that stated in the forward-looking information, due to such factors as changed market conditions for Swedish Match's products and more general factors such as business cycles, markets and competition, unforeseen commercial or operational implications attributable to COVID-19, changes in legal requirements or other political measures, and fluctuations in exchange rates. Swedish Match undertakes no obligation to update such forward-looking statements.

This presentation contains market data and industry forecasts, including information related to the sizes of the markets in which Swedish Match and its subsidiaries participates. The information has been extracted from a number of sources. Unless a specific source is referenced, all market share information/data is based on Swedish Match estimates. Although Swedish Match regards these sources as reliable, the information contained in them has not been independently verified and therefore no assurance can be given that this information is accurate and complete. In addition to the above, certain data in the presentation is also derived from estimates made by Swedish Match. Unless otherwise stated, all comparisons are versus the prior year corresponding period. For US Smokefree and Cigars, comments on financial developments are made in USD. For all other product segments, comments on financial developments are made in SEK unless otherwise specified. References to Scandinavia include Sweden, Norway, Denmark and may include data related to consumption by travelers to those countries. The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice.

FY/Q4 – HEADLINE BULLETS CONSOLIDATED GROUP

- Record full year sales and operating profit with double-digit growth in both revenues and earnings in local currencies across all product segments.
- Impressive performance for the Smokefree product segment with strong growth in both the US and Scandinavia. Growing demand for natural leaf cigars drove the robust full year local currency financial performance for the Cigars product segment. Strong underlying performance for the Lights product segment.
- Strong financial performance in the fourth quarter driven by Smokefree with continued strength in both the US and in Scandinavia. Sales and earnings decline for Cigars, impacted by production constraints. Increased sales and earnings for Lights.
- In local currencies, sales increased by 16 percent for the full year and by 12 percent for the fourth quarter. Reported sales increased by 11 percent to 18,489 MSEK (16,698) for the full year and by 15 percent to 4,751 MSEK (4,136) for the fourth quarter.
- In local currencies, operating profit from product segments¹⁾ increased by 19 percent for the full year and by 11 percent for the fourth quarter. Reported operating profit from product segments increased by 14 percent to 8,136 MSEK (7,160) for the full year and by 15 percent to 1,957 MSEK (1,695) for the fourth quarter.
- Operating profit amounted to 8,286 MSEK (6,991) for the full year and to 1,901 MSEK (1,650) for the fourth quarter.
- Profit after tax amounted to 6,218 MSEK (4,888) for the full year and to 1,457 MSEK (1,244) for the fourth quarter. Profit after tax of the prior year included a charge of 286 MSEK following an adverse ruling in a tax case.
- Earnings per share increased by 31 percent to 3.97 SEK (3.04) for the full year and by 21 percent to 0.94 SEK (0.78) for the fourth quarter. Adjusted earnings per share increased by 19 percent to 3.82 SEK (3.22) for the full year and by 21 percent to 0.94 SEK (0.78) for the fourth quarter.²⁾
- On September 14, Swedish Match announced its intention to spin off its US cigar business to shareholders, subject to various conditions. The separation is expected to be completed during the second half of 2022, at the earliest.
- The Board proposes to increase the dividend to 1.86 SEK per share, to be paid in two installments; 0.93 SEK per share in May 2022 and 0.93 SEK per share in November 2022.

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

2) A share split (10:1) was made in May 2021. Historical share data in this report has been restated in accordance with IAS 33.



Q4 – HIGHLIGHTS BY PRODUCT SEGMENT

Smokefree:

- Sales and operating profit up by 22 and 29 percent respectively in local currencies.
- ZYN in the US drove the strong financial performance, further enhanced by robust developments in Scandinavia as well as for the US traditional smokefree portfolio.
- Higher velocities continued to drive ZYN US volume performance and the market share increased slightly compared to the third quarter.
- Sales and earnings up in Scandinavia on strong shipments for both snus and nicotine pouches, reflecting continued robust category growth.

Cigars:

- Sales declined by 10 percent in local currency with improved average pricing only partially offsetting shipment volume declines.
- Swedish Match shipments continued to grow for natural leaf cigars but declined for HTL varieties.
- Lower sales along with higher unit production cost drove decline in operating profit in the quarter.
- Swedish Match estimates continued strong underlying demand for cigars, with industry shipments being adversely impacted by temporary supply related factors.

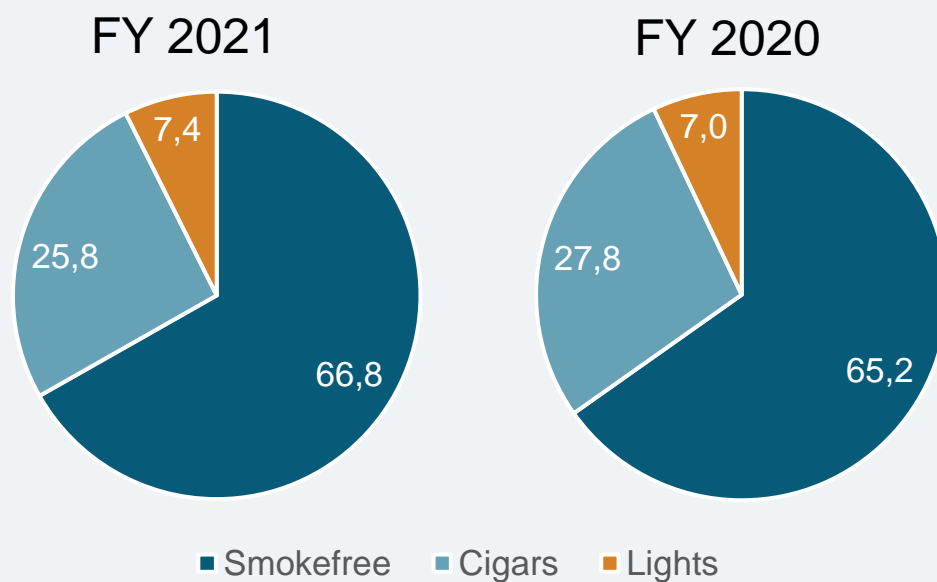
Lights:

- Strong sales growth on the back of higher volumes, active price management, positive portfolio mix as well as acquisition effects.
- Robust top-line development drove sharp increase in operating profit despite higher raw material costs.

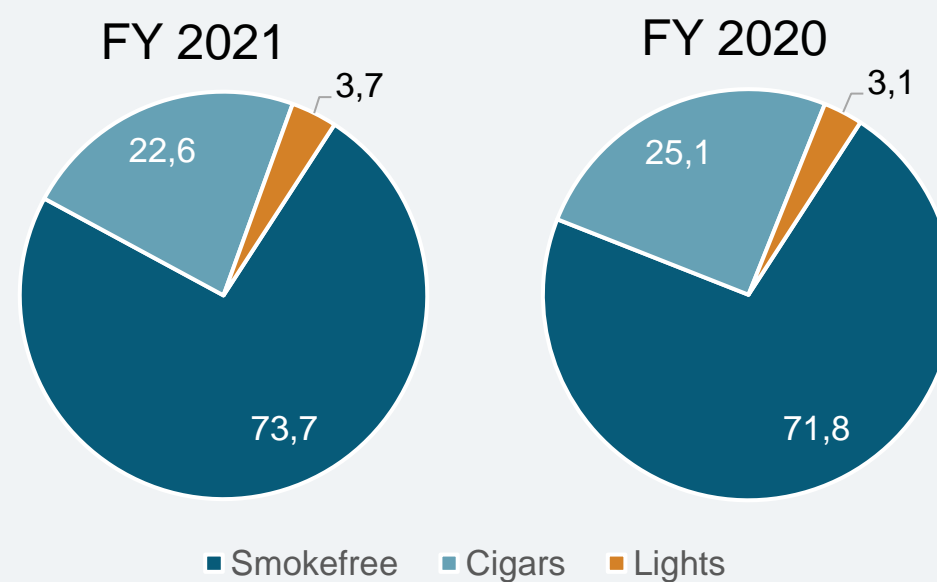
SALES AND EBIT SPLIT BY PRODUCT SEGMENT

Sales and EBIT split in percent, FY 2021 versus FY 2020

Sales split

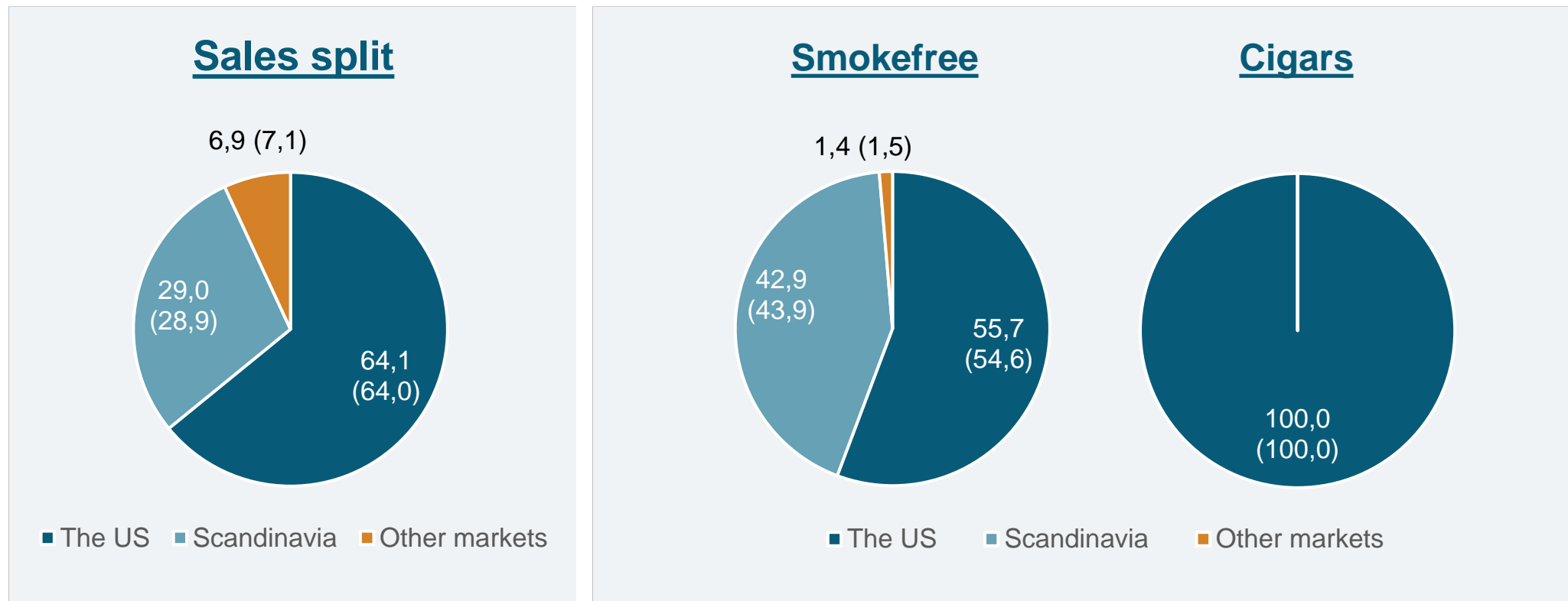


EBIT split



SALES SPLIT BY GEOGRAPHY AND PRODUCT SEGMENT

Sales split in percent, FY 2021 versus FY 2020



Sales and operating profit in local currencies up by 22% and 29% respectively

	Q4-2021	Q4-2020	chg	Full year 2021	Full year 2020	chg
Sales, MSEK	3,242	2,606	24	12,120	10,651	14
Operating profit, MSEK	1,547	1,168	32	5,998	5,142	17
Operating margin, %	47.7	44.8		49.5	48.3	



The US* – Strong performance across the US smokefree portfolio, led by ZYN

- Improved velocities for ZYN drove volume growth of 56% and enhanced revenues by more than 50%.
- On a sequential basis, the market share for ZYN increased slightly during the fourth quarter.
- Strong earnings growth for ZYN despite significantly higher marketing related investments in line with plan.
- Robust sales and earnings growth for traditional smokefree products (moist snuff, chewing tobacco, and snus) driven by improved pricing across the portfolio and volume growth for moist snuff.

Scandinavia – Higher volumes for snus and nicotine pouches drove sales growth of 8% in local currencies

- Increased penetration for nicotine pouches further accelerated category growth across markets.
- 7% shipment volume growth for Swedish Match; slightly lower underlying growth – with growth for both nicotine pouches and snus.
- Only slight increase in average price per can in local currency, negatively impacted by channel mix effects (lower proportion of domestic purchases in Norway despite prior year destocking effects on the back of higher border trade volumes).
- Operating profit up in line with sales in percentage terms despite significantly higher marketing investments.

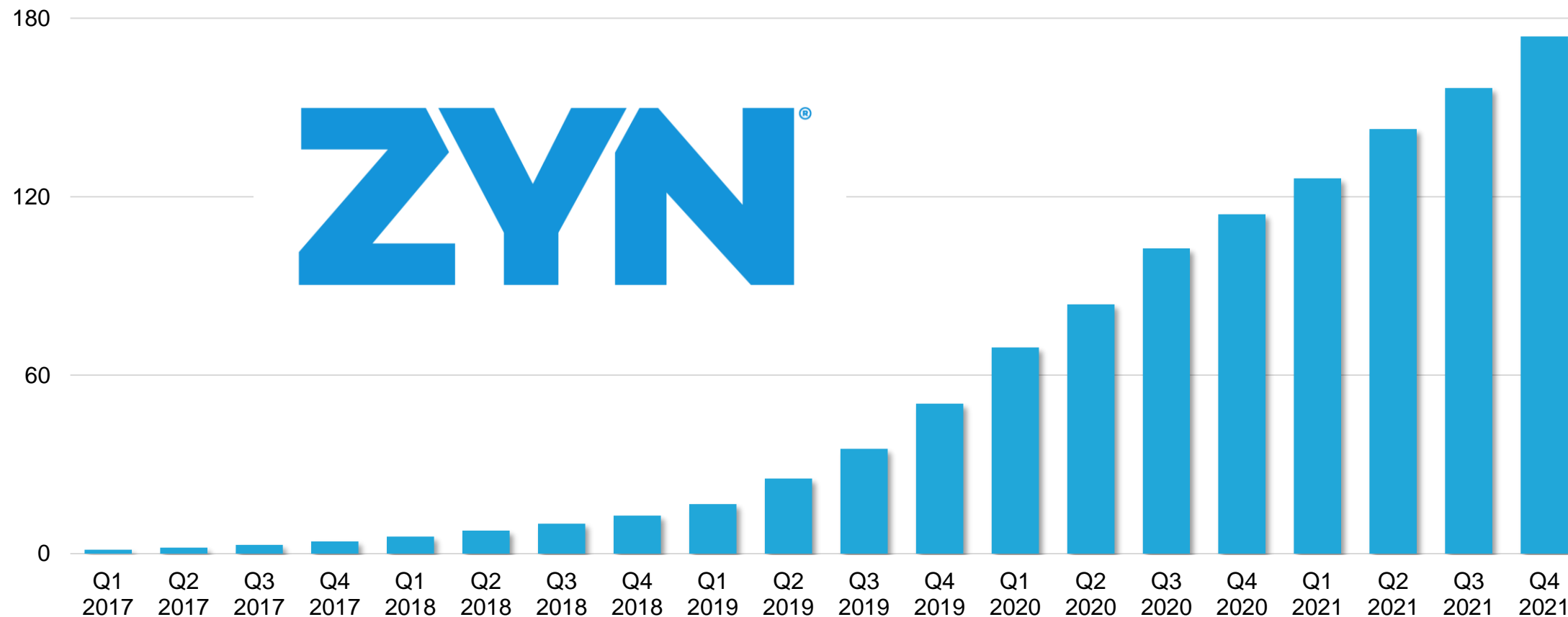
Other markets

- Sales growth for both nicotine pouches and chew bags. Reduced operating loss despite higher market related investments.

US – ZYN DEVELOPMENT IN THE US

ZYN shipment volumes in the US, 12 months rolling

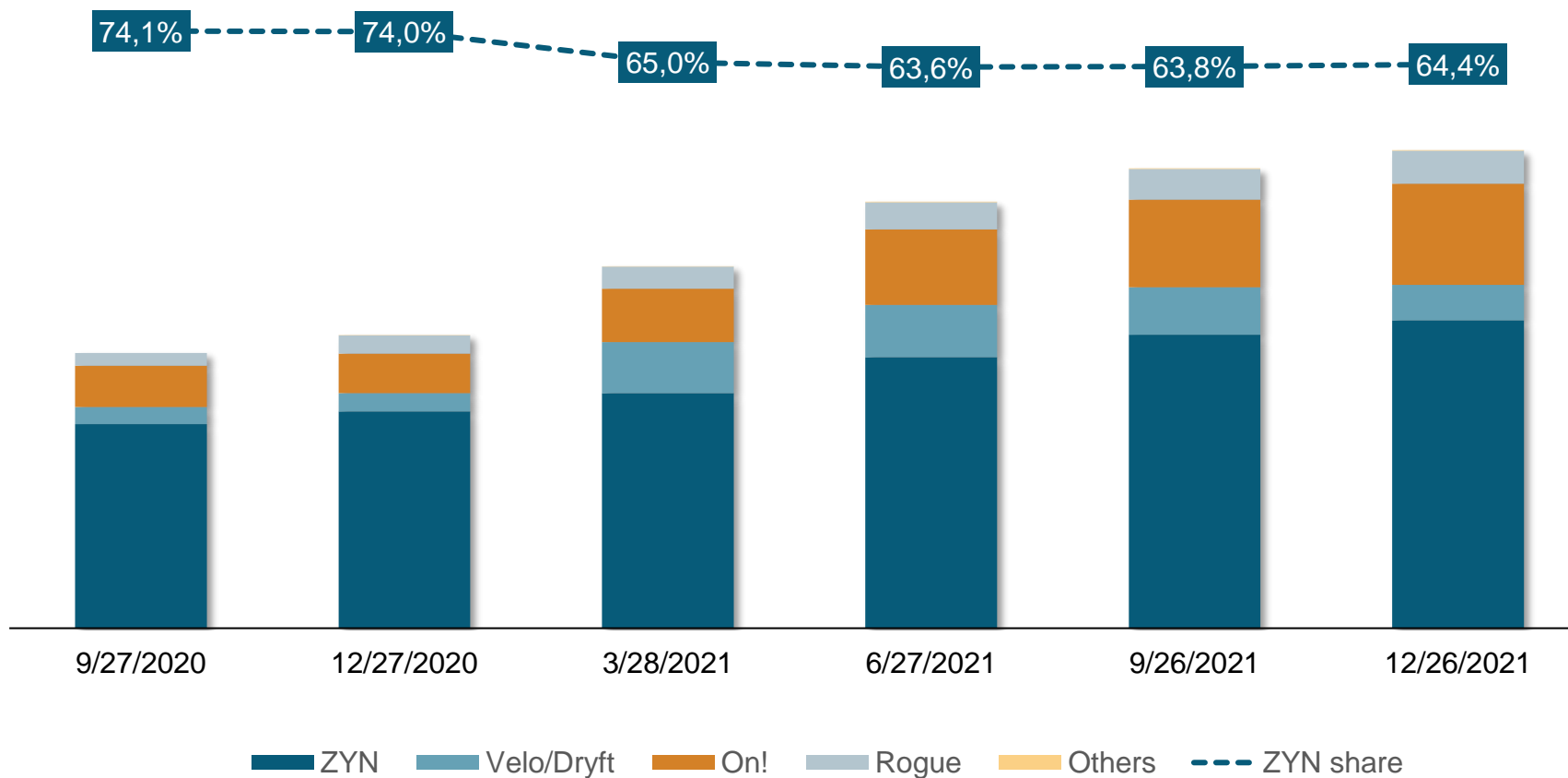
Million cans



Source: Swedish Match reported shipments.

US – NICOTINE POUCH CATEGORY GROWTH AND ZYN SHARE DEVELOPMENT

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

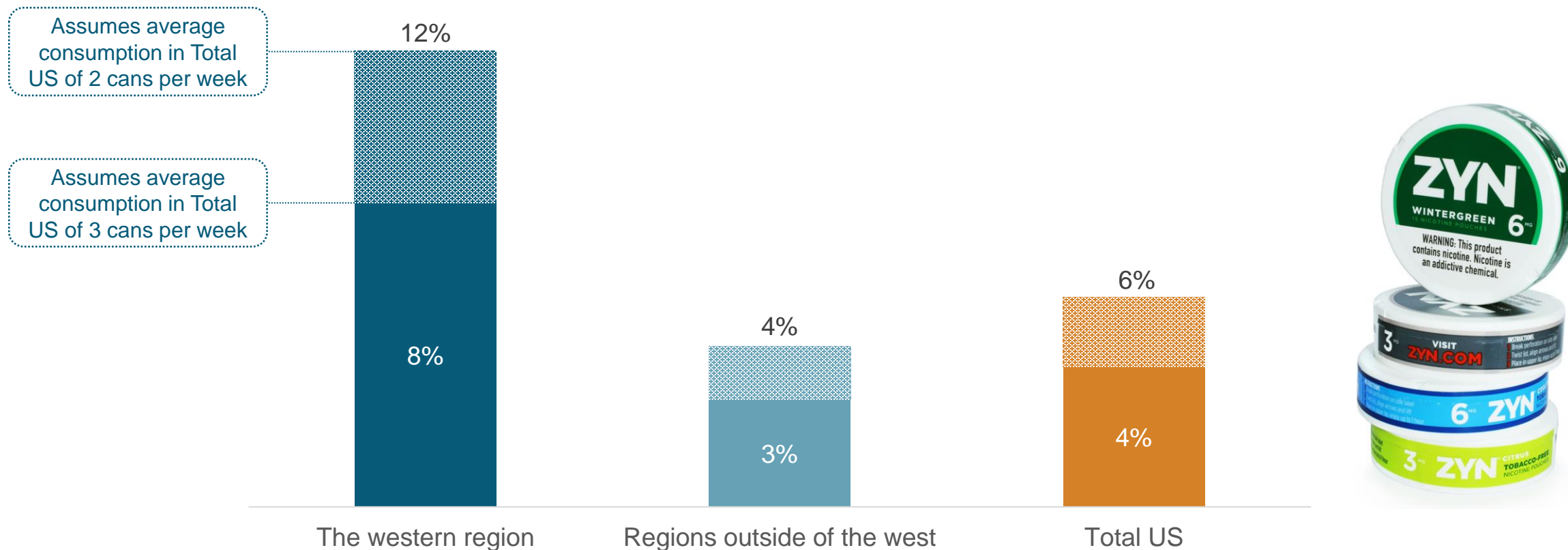


Source: Swedish Match estimates of distributor shipments to retail using MSA data.



US – ZYN CONSUMERS IN RELATION TO NUMBER OF CIGARETTE SMOKERS

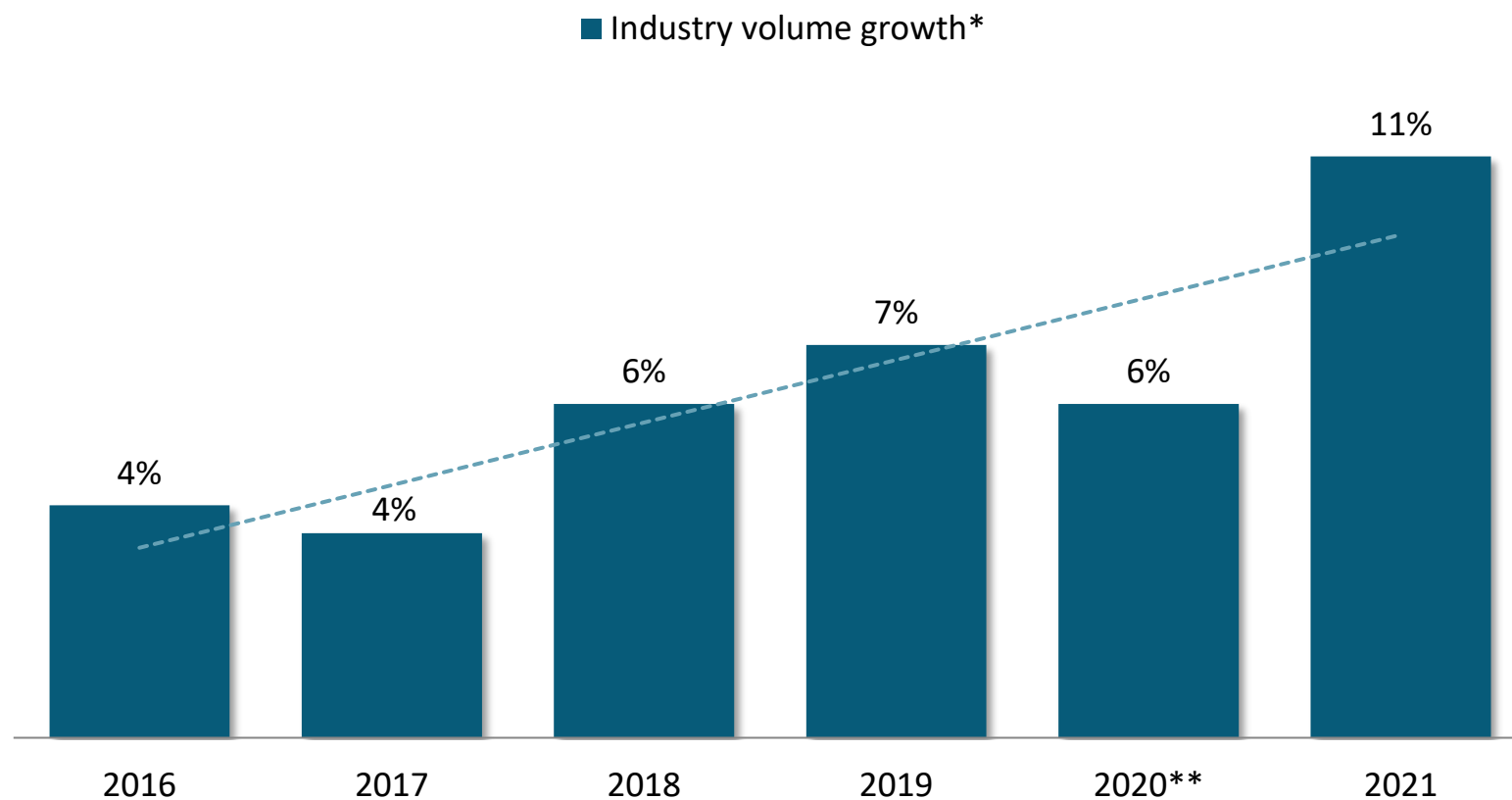
Estimated number of ZYN consumers relative to the number of cigarette smokers in the US



Source: Swedish Match estimates based on ZYN Q4 shipments run-rate, consumer insights, MSA data and CDC FY 2019 estimates for number of smokers in the US.

SCANDINAVIA – UNDERLYING SMOKEFREE CATEGORY VOLUMES

Total underlying Scandinavian volume growth



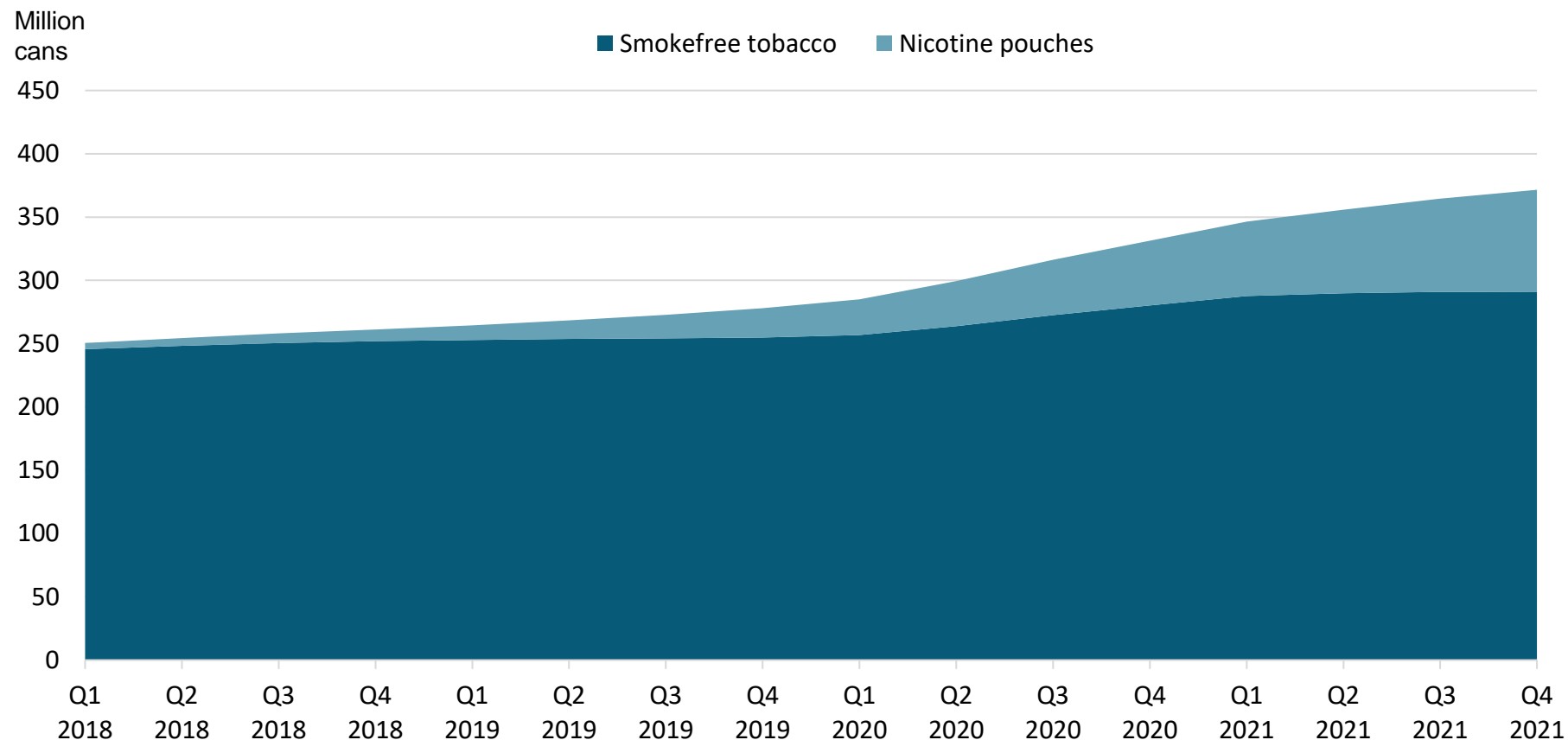
* Based on Nielsen and Swedish Match estimates (adjusted for hoarding). Volumes including snus, nicotine pouches and chew bags.

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



SCANDINAVIA – SMOKEFREE CATEGORY VOLUME DEVELOPMENT

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

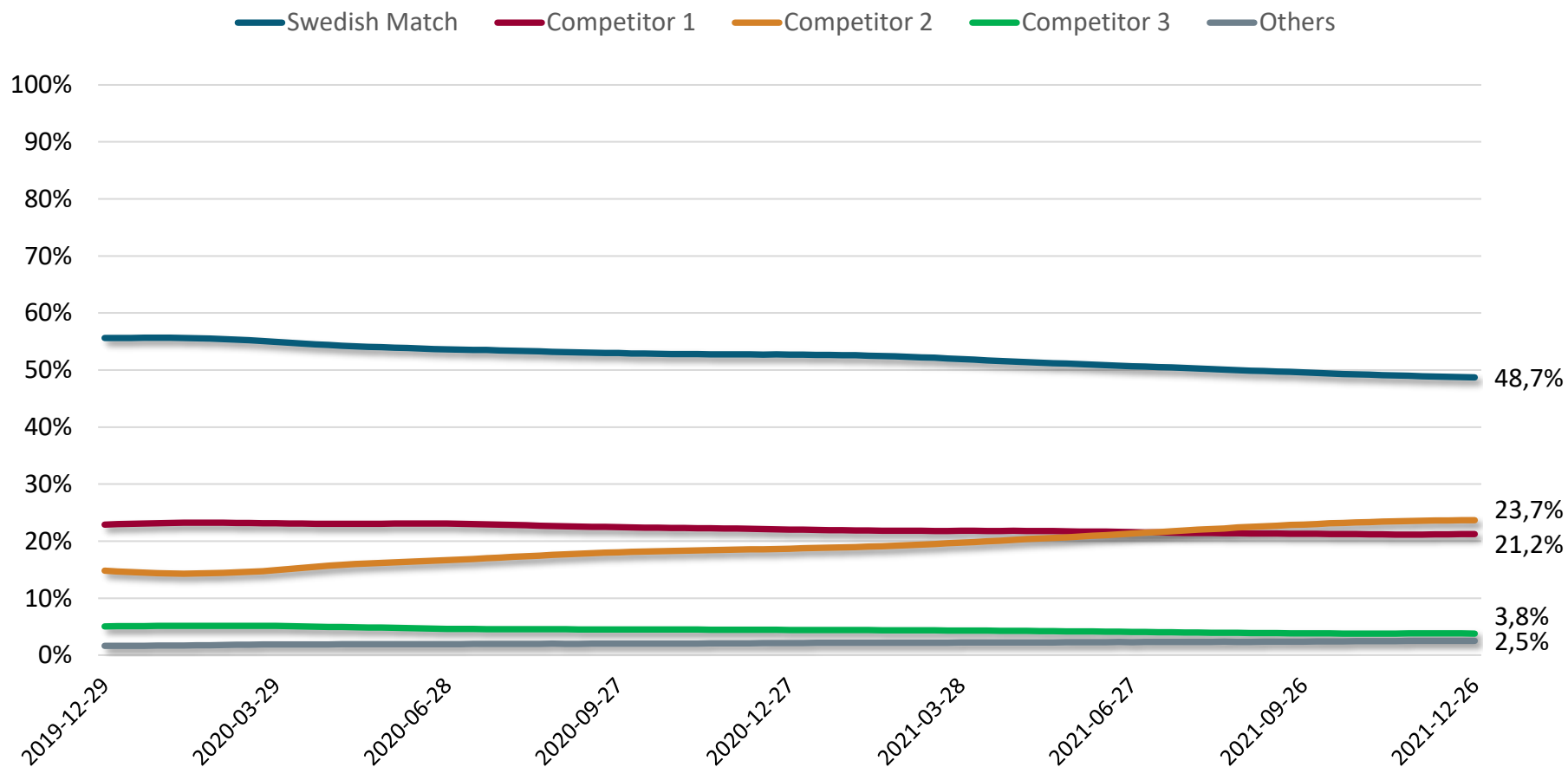


Source: Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience, Online sales where sales data are available.



SCANDINAVIA – SMOKEFREE CATEGORY VOLUME SHARES BY MANUFACTURER

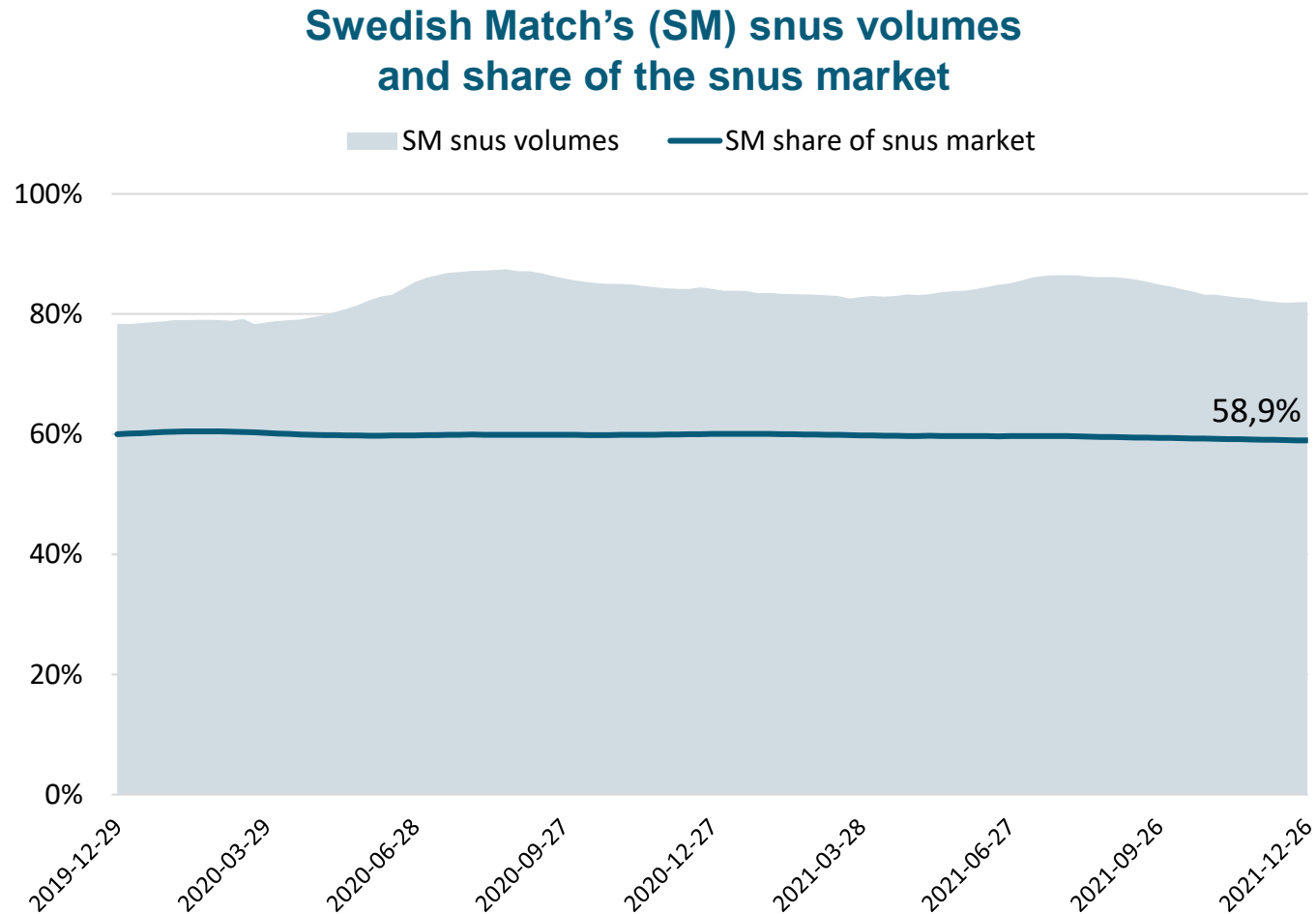
Volume share development, total smokefree category*, 13-weeks rolling



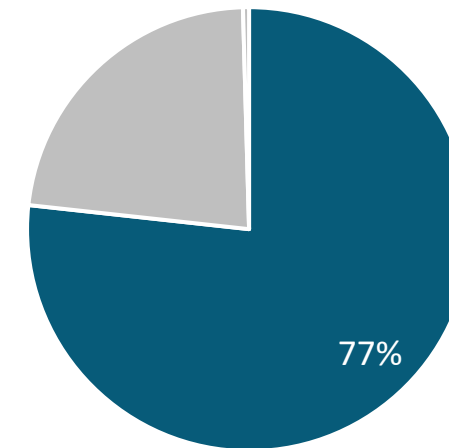
Source: Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience. *Including snus, nicotine pouches and chew bags.



Volume share and volume development, 13-weeks rolling



Snus market as a share of the total smokefree category* (Q4 2021)

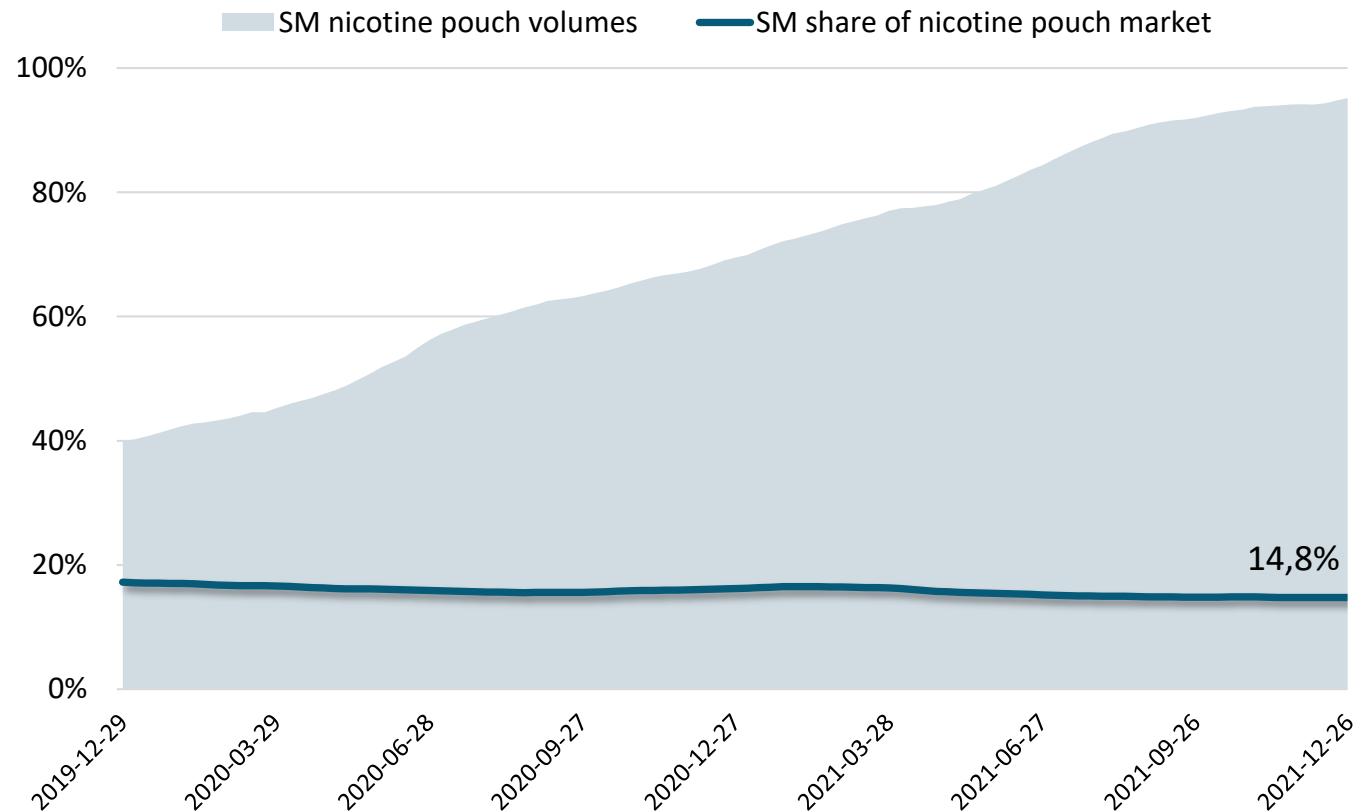


Source: Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience. *Including snus, nicotine pouches and chew bags.

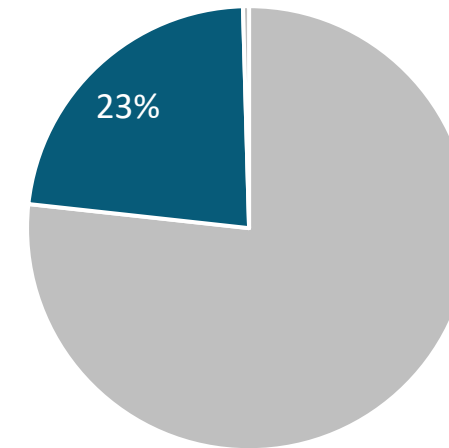
SCANDINAVIA – NICOTINE POUCH MARKET

Volume share and volume development, 13-weeks rolling

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



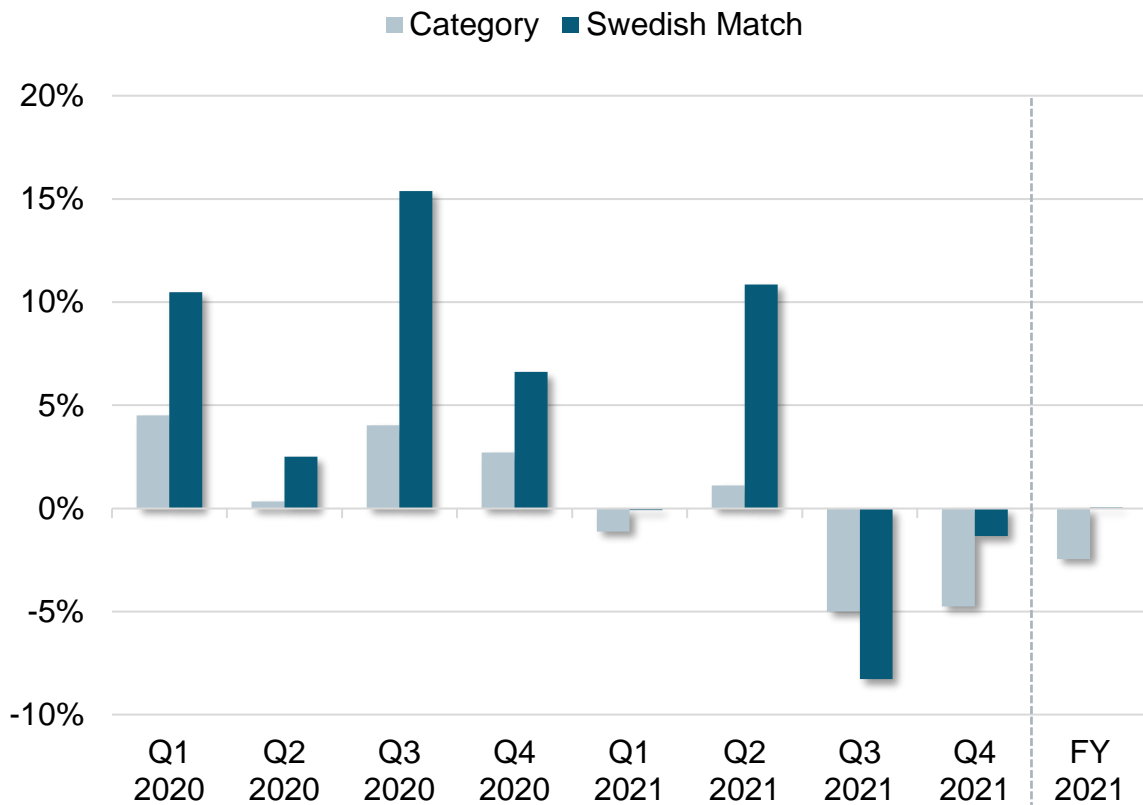
Nicotine pouch market as a share of the total smokefree category* (Q4 2021)



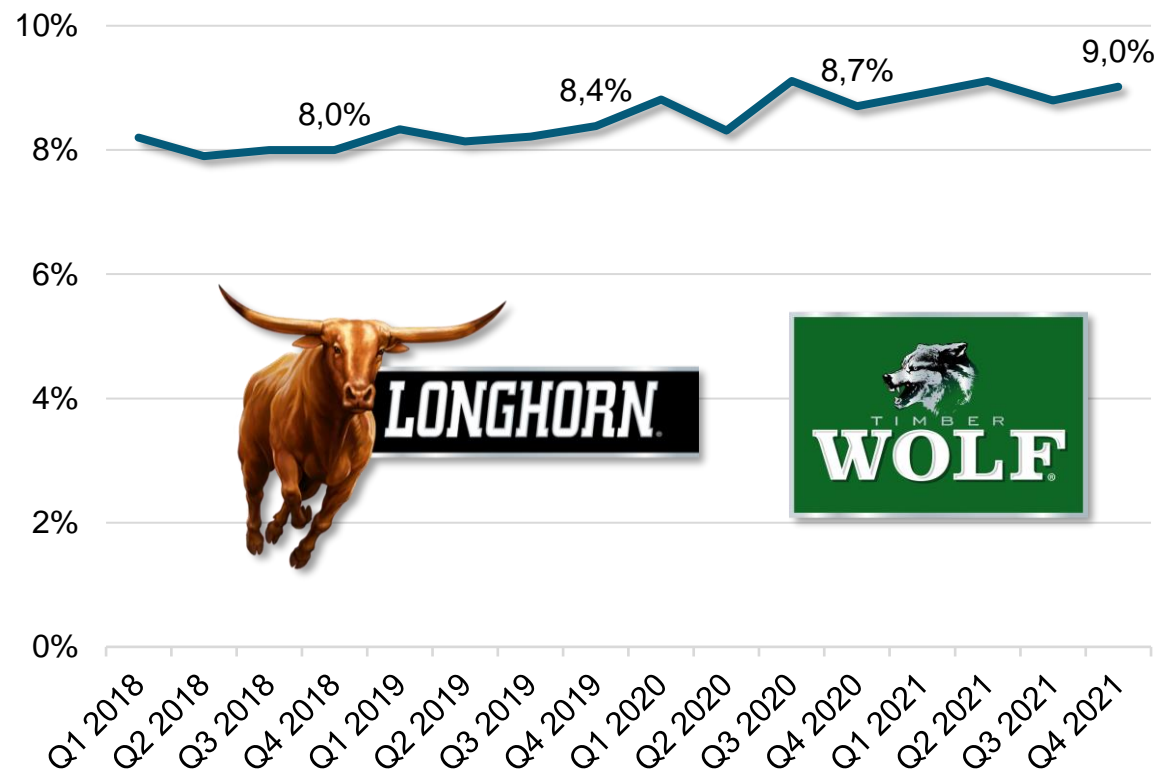
Source: Nielsen Sweden, DVH+SVH/Nielsen Norway, DVH+KBS/Nielsen Denmark, DVH/Convenience. *Including snus, nicotine pouches and chew bags.

US – MOIST SNUFF CATEGORY

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



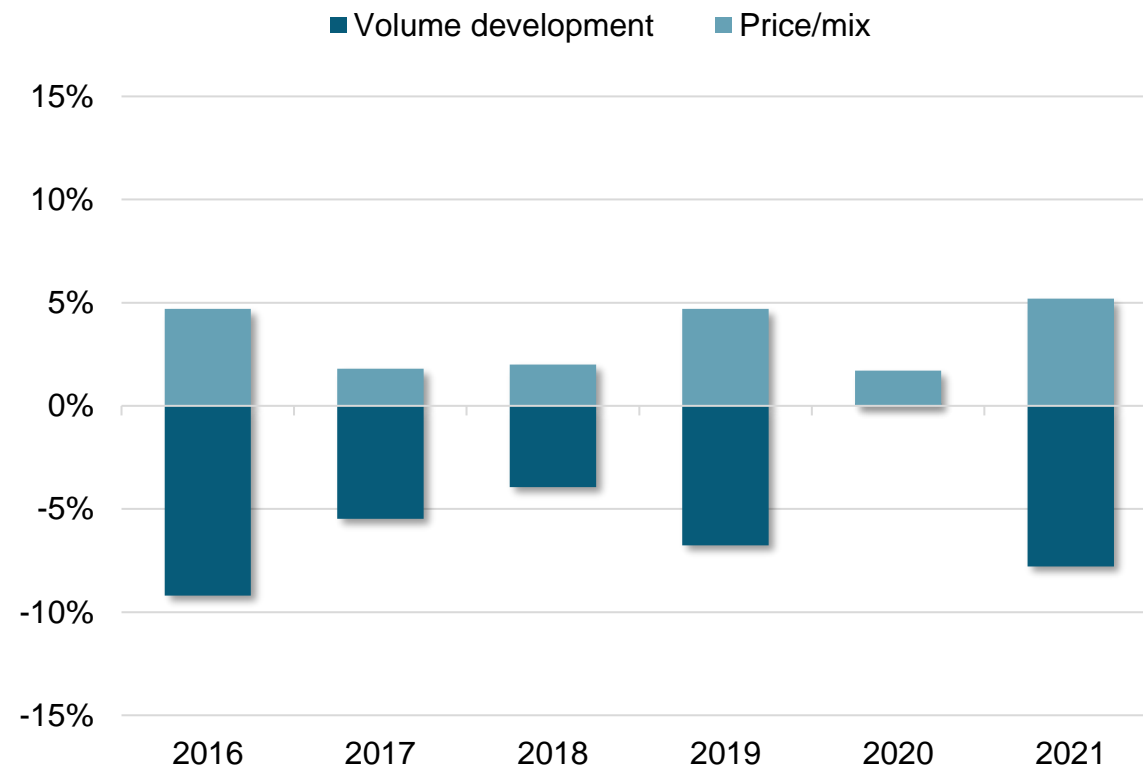
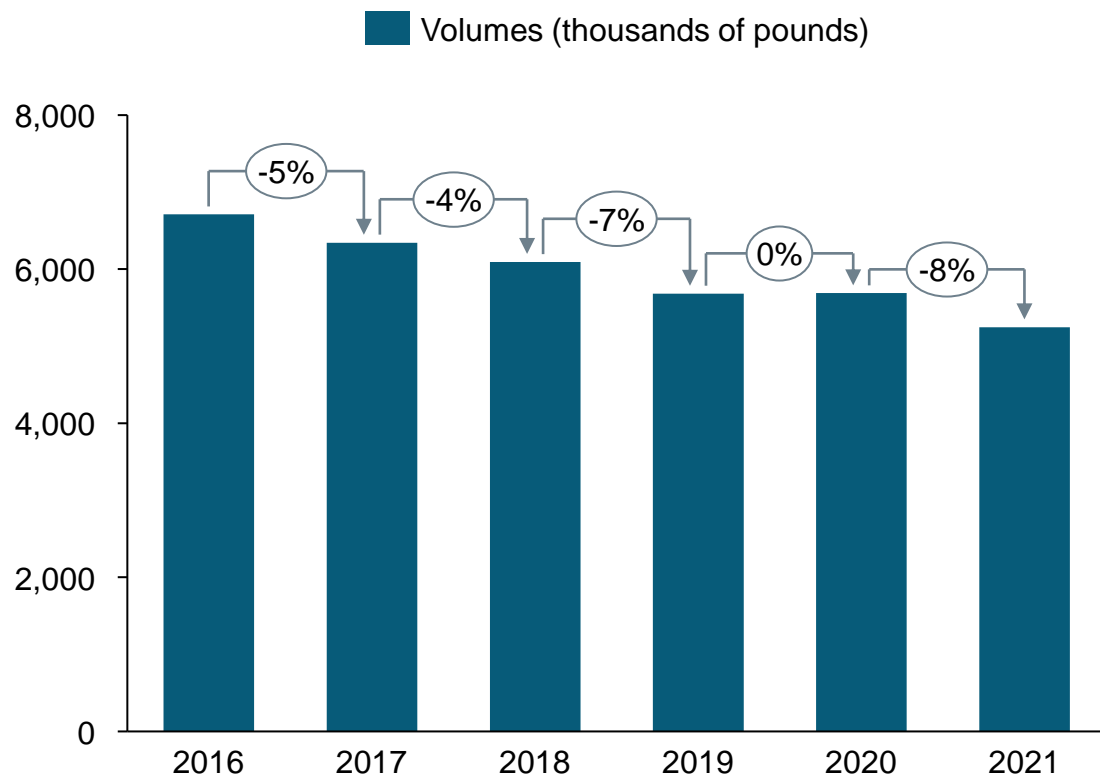
Swedish Match moist snuff market share by quarter



Source: Swedish Match estimates of distributor shipments to retail using MSA data.

US – SWEDISH MATCH CHEWING TOBACCO

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



Source: Swedish Match reported shipments (excludes Co-Pack volumes).

Lower HTL shipments resulted in reduced sales and operating profit in the quarter

	Q4-2021	Q4-2020	chg	Full year 2021	Full year 2020	chg
Sales, MUSD	119	133	-10	546	493	11
Operating profit, MUSD	38	55	-32	215	195	10
Operating margin, %	31.9	41.6		39.3	39.6	

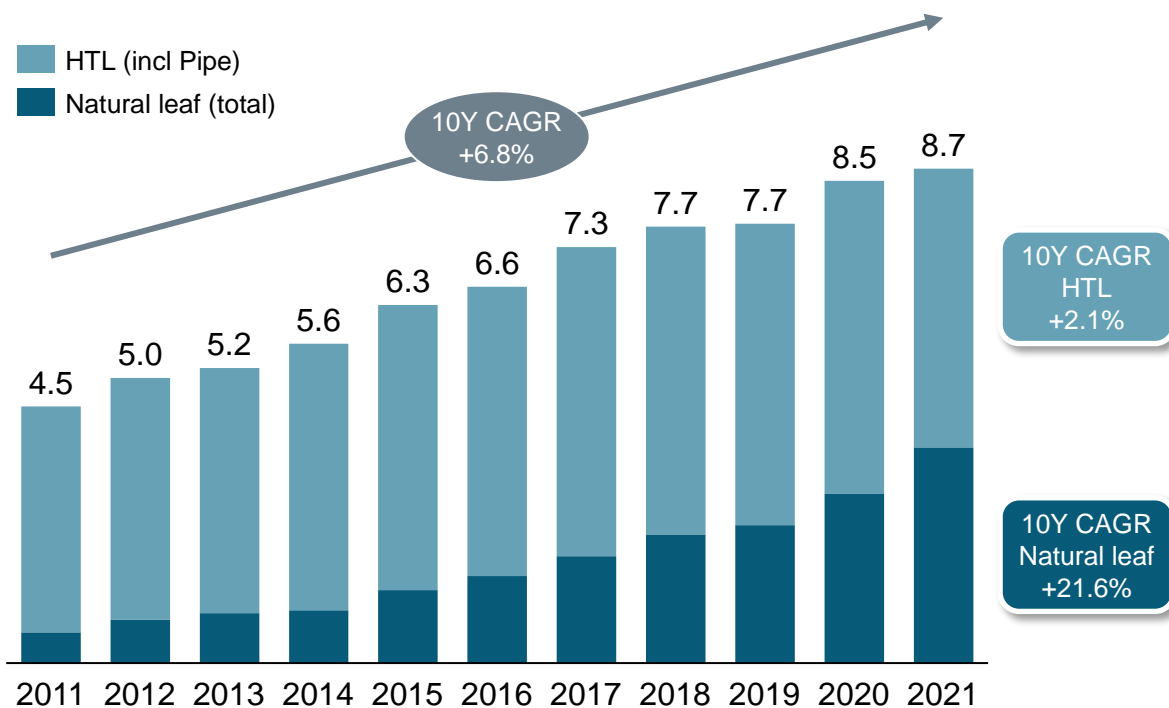
- **Continued growth for natural leaf cigars, but sharply lower shipments of HTL varieties**
 - Cigar shipments down by 13% (up by 5% for the full year). Natural leaf cigars grew by 8% in the quarter and represented more than 60% of the portfolio mix.
 - Sales declined less than volumes on the back of improved product mix and implemented price increases.
 - Tough comps and raw material issues negatively impacted the year-on-year HTL volume development.
- **Decline in sales along with higher unit production cost drove decline in operating profit in the quarter**
 - The average production cost per cigar was adversely affected by volume absorption effects, production mix, increased prices on raw materials and temporary labor inefficiencies.
- **Cigar category shipments up by 3% for the full year, driven by natural leaf cigars***
 - Fourth quarter category shipments declined by 5% attributable to the HTL segment, but with continued growth for natural leaf cigars (+10%).
 - Swedish Match estimates strong underlying demand for cigars in the quarter, with industry shipments adversely impacted by temporary supply related factors.



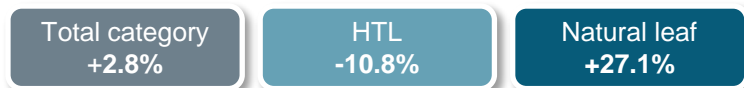
* Source: MSA through December 26, 2021.

US – CIGAR CATEGORY AND SWEDISH MATCH VOLUMES BY FORMAT

Estimated US cigar category volumes (in billion sticks, based on MSA)

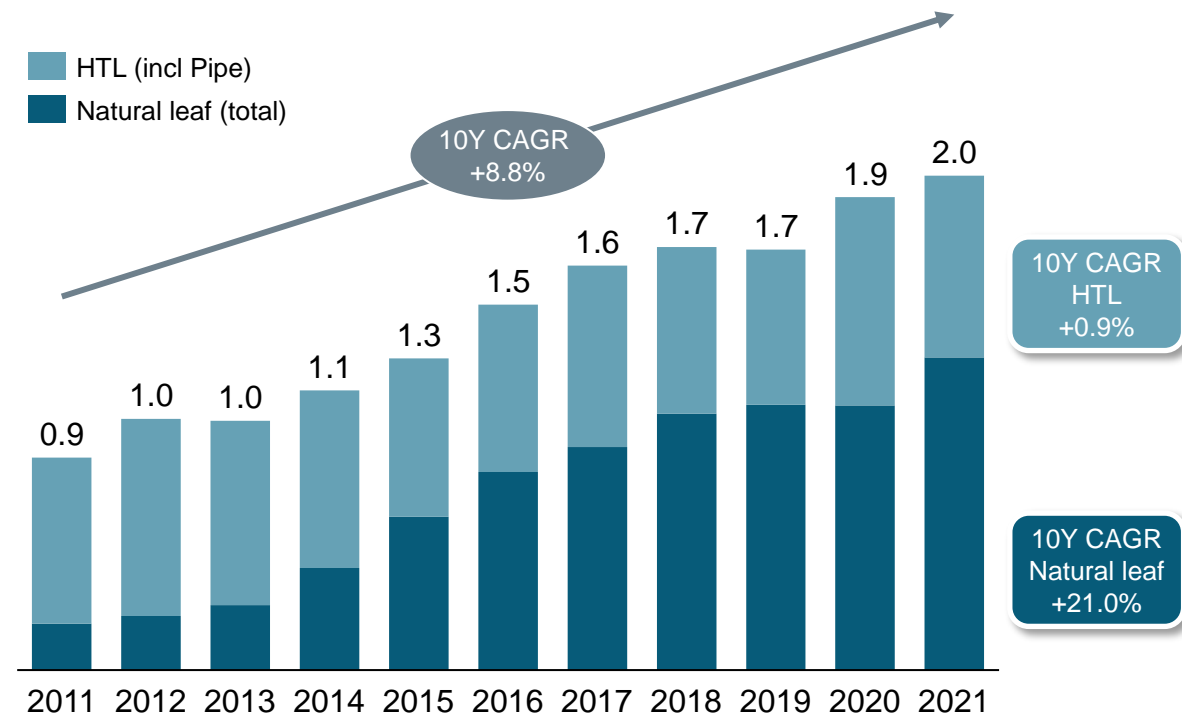


Volume growth 2021 vs. 2020

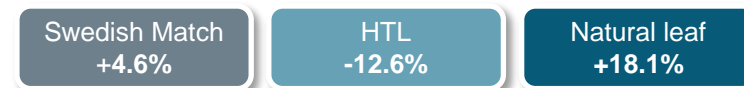


Source: Swedish Match estimates of distributor shipments to retail using MSA data (excluding littles).

Swedish Match mass market cigar shipments (in billion sticks)



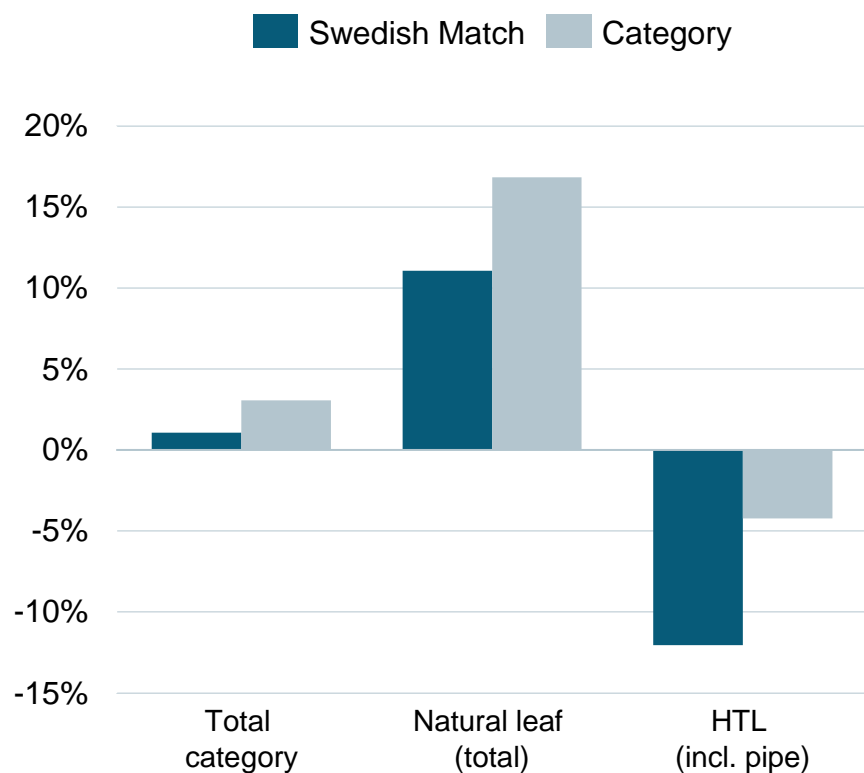
Volume growth 2021 vs. 2020



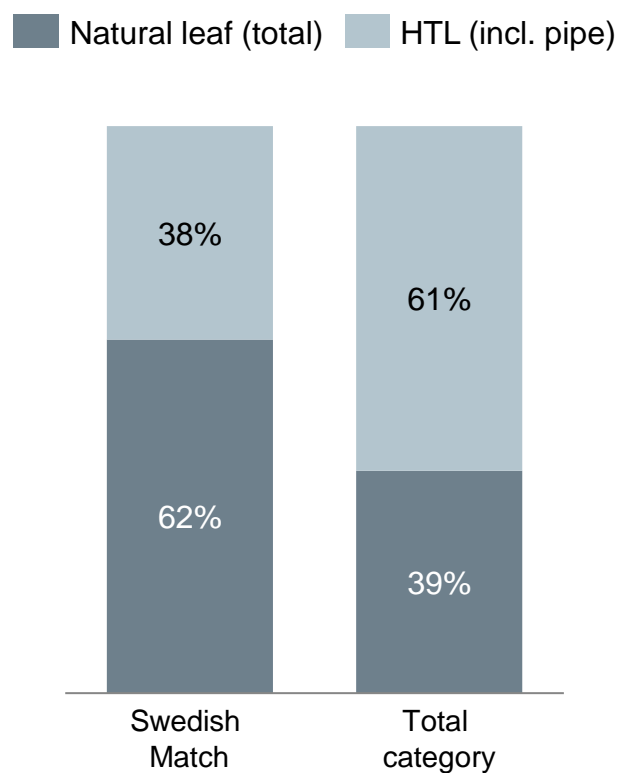
Source: Swedish Match reported shipments.

US – CIGAR CATEGORY ACCORDING TO MSA

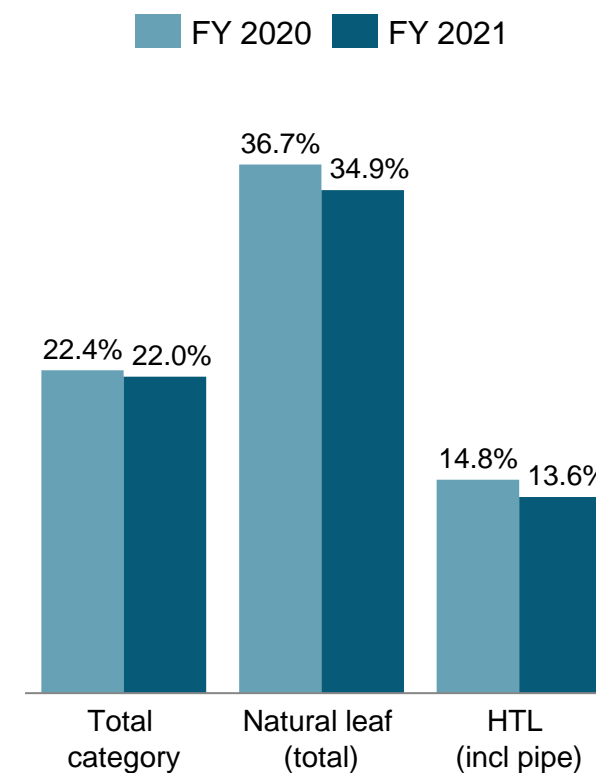
Cigar category and Swedish Match volume growth year-on-year, FY 2021



Split on cigar volumes by segment, FY 2021



Swedish Match market share by segment



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

Strong finish to a solid year

	Q4-2021	Q4-2020	chg	Full year 2021	Full year 2020	chg
Sales, MSEK	357	288	24	1,338	1,149	16
Operating profit, MSEK	67	46	45	297	222	34
Operating margin, %	18.7	16.0		22.2	19.3	

- **Sales up by 25% excluding currency translation effects**

- Balanced contribution from matches and lighters categories.
- Increased volumes and improved price/mix for both categories.
- Excluding effects of the Fire-Up acquisition as well as currency translation effects, sales were up by 18%.

- **Operating profit up by 35% excluding currency translation effects**

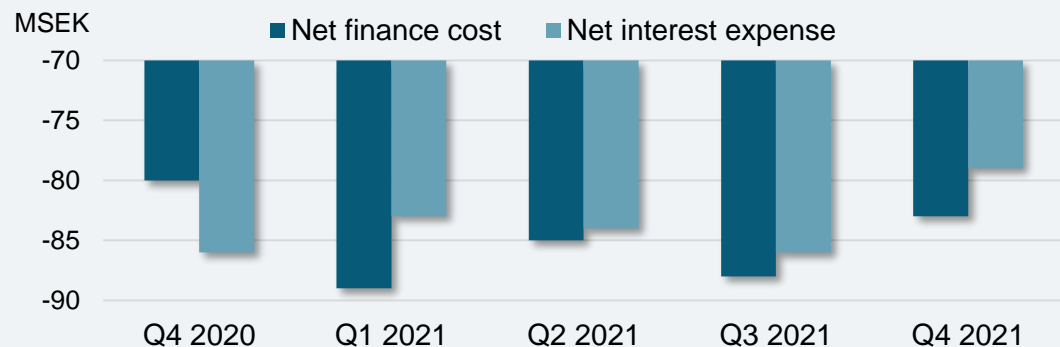
- Operating profit growth driven by the lighters category and further enhanced by matches.
- Higher raw material costs weighed on operating profit development across product lines.
- Strong top-line development for the acquired Fire-Up business but integration costs and higher input costs weighed on operating profit.



FINANCE NET AND EPS

Development of the finance net

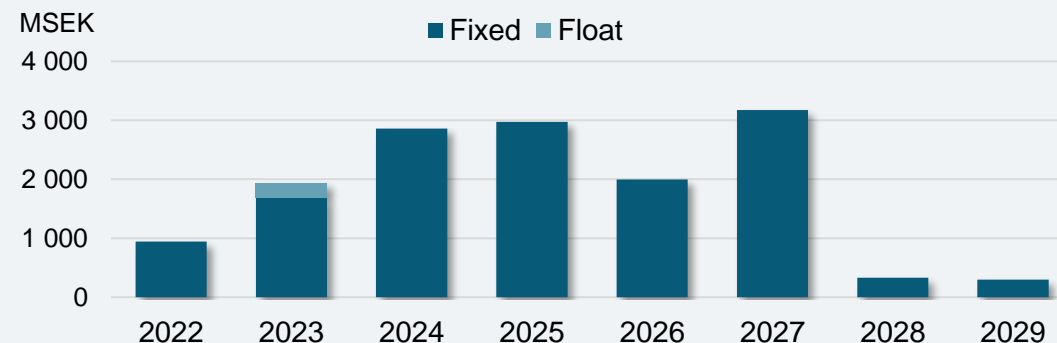
By quarter



- The weighted average interest rate of our loan portfolio as of December 31 was **2.13%** (2.07% at the end of 2020).

Maturity profile of interest-bearing liabilities

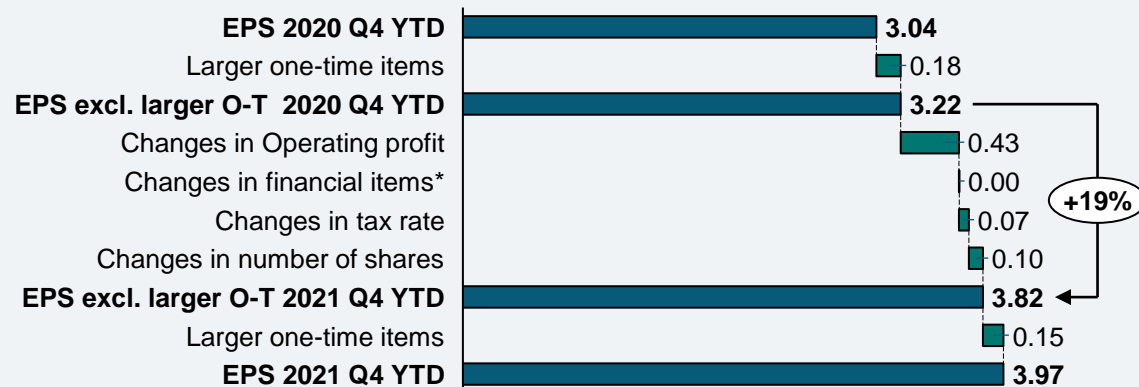
Debt as of December 31, 2021



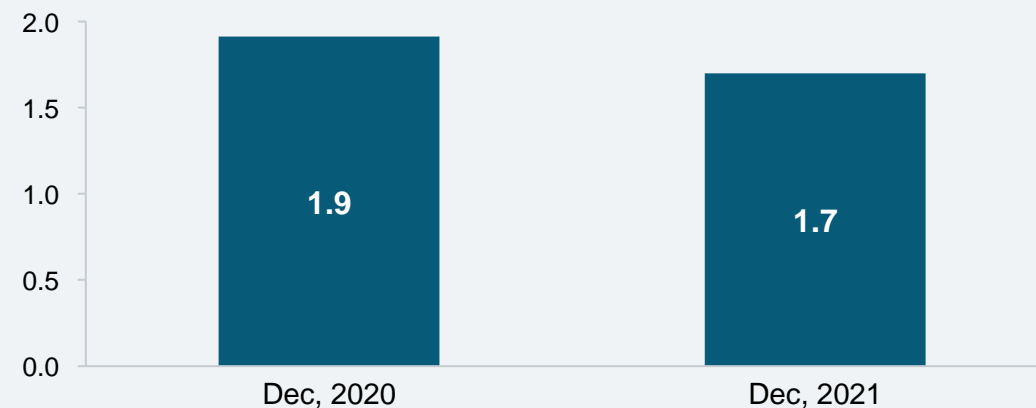
- The capital duration was 3.5 years, with 98% of the portfolio subject to fixed interest rates.

EPS bridge

YTD 2021 vs YTD 2020 (SEK)



Net debt/EBITA



PLANNED SEPARATION OF THE US 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. As previously announced, Swedish Match expects to conclude the intended separation, subject to various considerations including necessary approvals, by no earlier than the second half of 2022.
- The planned separation follows a structured process where multiple workstreams are proceeding concurrently to prepare for listing requirements and operational readiness of the cigar business.
- Recruitment of key personnel is ongoing and will involve both existing Swedish Match resources and external talents. A highly qualified candidate has been identified as Chairman of the board, and as of January 2022, an interim CFO has been retained to assist with the separation.
- Swedish Match expects to incur usual and customary one-time costs associated with the separation that are expected to reduce operating profit for the Group until the intended separation is complete. Such costs will be reported as part of Other operations and amounted to 16 MSEK during the fourth quarter.



FULL YEAR 2022 OUTLOOK

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

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

Capital expenditures are expected to be of a similar magnitude as in 2021. The effective underlying corporate tax rate in 2022, excluding associated companies, is expected to be around 23 percent and is not expected to be meaningfully impacted by the planned cigar separation.

Swedish Match intends to complete the separation of the US cigar business at the earliest during the second half of 2022. Transaction related costs will adversely impact Group operating profit in 2022.

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