

Annual Report  
2024



# ANNUAL REPORT

2024-01-01--2024-12-31

for

**Swedish Match AB (publ)**  
**556015-0756**

<b>The Annual Report includes:</b>	<b>Page</b>
Report of the Board of Directors	2
Income statement	8
Balance sheet	9
Cash flow statement	11
Notes	12

The Board of Directors and the CEO of Swedish Match AB (publ), org.nr. 556015-0756, hereby submits the Annual Report for the financial year 2024-01-01 – 2024-12-31.

The company is registered in Stockholm, Sweden.

## **Report of the Board of Directors**

### **Ownership**

Since February 2023, Swedish Match AB is a wholly-owned subsidiary of Philip Morris Holland Holdings B.V. (org.nr. 20028955), an indirect wholly-owned subsidiary of Philip Morris International Inc. (org.nr. 13-3435103).

### **Nature and focus of the activities**

Swedish Match AB's revenues are mainly derived from dividends and received group contributions from subsidiaries. The company's net sales for the full year 2024 amounted to MSEK 0 (18). Profit before tax amounted to MSEK 1,919 (551) and net profit for the year amounted to MSEK 1,487 (258). The increased profit compared with previous year is mainly attributable to earnings from participations in Group companies.

Net group contributions amounting to MSEK 2,680 (2,226) were received.

In June 2024, a dividend in kind was received from Svenska Tändsticksbolaget Försäljningsaktiebolag (org.nr. 556012-2703), containing of all shares in Swedish Match Treasury Switzerland AG (reg. no. CHE 237.460.710). Subsequently, in July, a dividend in kind was executed containing all shares in Swedish Match Treasury Switzerland AG to the parent company Philip Morris Holland Holdings B.V. (org.nr. 20028955).

During the year, Swedish Match AB received additional dividend of MSEK 900. During the previous year, the company neither received nor paid any dividends.

Some treasury activities are part of Swedish Match's operations and include part of Swedish Match's external borrowing. The majority of these loans are secured at fixed interest rates. No new bond loans were raised during the year and amortization of bond loans amounted to MSEK 3,411 (2,451).

### **Significant events during the financial year**

Legal proceedings have been initiated in the USA against Swedish Match North America LLC and in a few cases, also against Swedish Match USA Inc., both subsidiaries of Swedish Match AB. The lawsuits include allegations, inter alia, that the company failed to warn about the health effects of ZYN; that the advertising of ZYN nicotine pouches is misleading; that ZYN is designed to attract underage users; and that ZYN's rapid rise in market share is the result of allegedly anticompetitive conduct. The company will vigorously defend itself in the ongoing lawsuits.

## Financial overview

MSEK

	2024	2023	2022	2021	2020
Net sales	-	18	34	32	27
Operating income	-346	-319	-984	-229	-248
Profit or loss after financial items	-731	-1,650	1,675	2,549	3,305
Balance sheet total	23,497	32,246	35,362	35,010	34,481
Solvency <sup>1)</sup> , %	25.0	33.7	30.0	29.5	32.8
Return on equity <sup>2)</sup> , %	17.7	2.4	37.9	42.0	44.8
Return on total capital <sup>3)</sup> , %	-2.6	-4.9	4.8	7.3	9.5
Average number of employees	42	46	53	54	56

1) Adjusted equity / Balance sheet total. Adjusted equity refers to equity + untaxed reserves less deferred tax liability.

2) Profit for the year / Average adjusted equity.

3) (Profit after financial income and expenses + interest expenses) / Average balance sheet total.

## Risks and uncertainties

Swedish Match is exposed to a number of risks that could have a negative impact on the business. Significant risks that must be managed arise in areas such as regulation, currency and interest rates, as well as information security risks.

### *Suppliers*

A loss of a key supplier could be harmful to Swedish Match. Potential consequences are delivery or quality problems, or difficulties in the interaction with other stakeholders including sales to consumers.

### *Laws, rules and regulations*

As a tobacco company, Swedish Match is subject to special laws and regulations regarding, among other things, tobacco tax, marketing, ingredients and reporting requirements to authorities.

### *Currency and interest rate risks*

The dynamic financial market conditions are constantly changing with changing exchange rates, interest rates and access to capital. A weakening of certain important currencies, such as USD against SEK, may lead to a lower financial result reported in SEK as a result of translation of income from foreign operations. Higher interest rates can have a negative impact on net financial items.

### *Information security risks*

IT systems help manage and streamline business processes, but it can also lead to higher risk for the organization. Important business processes such as production management, invoicing, customer support and financial reporting are dependent on IT systems. Increasingly sophisticated and frequent cybercrimes can lead to significant disruptions or application failures in our infrastructure, causing damage to the company's reputation, significant business disruption, or negative effects on business-critical data. Information assets are of fundamental importance to the company's operations. Proper management of these assets is important for employee trust, customers, and partners. Swedish Match needs to ensure the confidentiality, integrity and availability of the information that is deemed most important.

## **Sustainability information**

### **Introduction**

At the end of 2022, Swedish Match AB (publ), Corporate Identity Number 556015-0756, was acquired by Philip Morris Holland Holdings B.V., an affiliate of Philip Morris International Inc. (PMI) (677 Washington Blvd., Ste. 1100 Stamford, CT 06901, USA). The work to integrate Swedish Match into PMI's global sustainability structure, strategy and policies started in 2023, as a result of the new ownership, and proceeded throughout 2024.

The current report aims to disclose sustainability information necessary for an understanding of Swedish Match's current development, position, performance and the impact of its operations, including information on issues relating to the environment, social conditions, personnel, respect for human rights and anti-corruption. Each section also provides a summary of the progress made towards integration with PMI. It is important to mention that, while integration progresses, in those areas where full integration into PMI's global sustainability structure has not yet been completed, Swedish Match will continue to uphold to its current policies and goals.

In this report and in related communications, the terms "materiality", "material" and similar terms are defined in the referenced sustainability standards and certain regulatory requirements and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission.

### **Sustainability Materiality Assessment**

PMI's approach to sustainability and 2025 Roadmap are guided by the outcome of its 2021 sustainability materiality assessment (available on [www.pmi.com](http://www.pmi.com)), which were confirmed by a 2023 refresh that accounted for the acquisition of Swedish Match. Late 2024, PMI completed a new global sustainability materiality assessment covering also Swedish Match, which will inform PMI's sustainability strategy beyond the 2025 horizon.

### **Environment**

While in 2023, PMI successfully integrated the greenhouse gas (GHG) inventory of Swedish Match into PMI's value chain carbon accounting, during 2024, Swedish Match's activities started being integrated within PMI's low carbon transition plan, and PMI plans to extend its various mitigation and adaptation strategies and initiatives to Swedish Match's operations. PMI and Swedish Match has worked on setting common carbon reduction targets, which were approved through the Science Based Targets initiative (SBTi) in December 2024. The science-based targets remain the same as published in PMI's Integrated Report 2023, now including Swedish Match data.

PMI's climate strategy, inclusive of Swedish Match, aims to address pertinent climate change-related risks and build resilience while seizing opportunities presented by a low carbon future. To deliver on its climate ambitions, PMI relies on robust carbon footprint accounting, regular analysis of climate change related risks and opportunities, ambitious mitigation targets, implementation of adaptation measures, clear management and governance structures, and key enablers such as our internal carbon pricing. PMI prioritizes reducing absolute carbon emissions by optimizing efficiency and reducing consumption while minimizing the use of fossil fuels and promoting the switch to renewable energy.

PMI, including Swedish Match, tracks and reports GHG emissions from its direct operations (Scope 1 direct emissions), emissions from energy used in its direct operations (Scope 2 indirect emissions), and emissions in its upstream and downstream value chain according to the Corporate Value Chain Standard (Scope 3 indirect emissions) of the Greenhouse Gas Protocol.

## **Compliance**

In 2023, integration efforts between Swedish Match and PMI Legal & Compliance function continued to focus on ensuring that PMI's standards and requirements were also applied across Swedish Match entities, including through the launch of the PMI Code of Conduct to the Swedish Match organization and an e-learning course for office-based employees. These efforts continued throughout 2024 with the launch of in-person PMI Code of Conduct training for Swedish Match's factory-based employees. As of December 2024, 96 percent of Swedish Match employees have completed training on PMI's Code of Conduct. Within Swedish Match AB, the completion rate was 95 percent.

While PMI's Code of Conduct sets clear standards and expectations and is closely aligned with the group's business transformation strategy and industry best practices, internal PMI policies provide more specific guidance on topics such as: anti-bribery and anti-corruption, anti-competitive practices, conflicts of interest, information protection security and data privacy, responsible marketing and sales, scientific integrity, supply chain responsibility, and workplace integrity. In 2024, several of these PMI compliance policies were launched within Swedish Match: PMI 02-C (Global work place integrity), PMI 03 (Personal data protection), PMI 05-C (Competition), PMI 13-C (Global Conflicts of Interest), PMI 14-C (Global Anti-corruption), PMI 16-C (Global Speak-Up Policy), PMI 17-C (Insider Trading), PMI 43-C (Global non-discrimination and anti-harassment).

## **Employees and social conditions**

Until the integration is finalized, in those areas where full integration into PMI's global sustainability structure has not been completed, Swedish Match will continue to uphold to its current policies and goals. In particular, Swedish Match continues to provide ergonomically sound workplaces, free from health and safety hazards. Specific activities, including safety trainings and wellness programs, are carried out at the operational level to ensure the physical and mental wellbeing of our employees. Furthermore, periodic inspections are conducted by an independent third party at major production facilities. These inspections assess, among other things, to what level the facilities meet Swedish Match work safety standards and determine whether there are actions required to further reduce risk. We are committed to non-discrimination in all employment practices, policies, benefits and procedures and we work diligently to make sure that all our managers and employees understand that there is zero tolerance for discrimination. Neither employees, nor potential employees, should feel that they are or could be the subject of discrimination at Swedish Match.

As of December 31, 2024, Swedish Match AB had 42 employees, of whom 48 percent were women.

## **Human rights**

Promoting, protecting, and continuously working to embed human rights considerations into strategy, policies, and business practices is not just the right thing to do; it also helps anticipate current and emerging legal requirements and minimizes financial exposure and the risk of supply chain disruptions. It creates the basic environment and conditions in which our business can thrive and create value, by recognizing, respecting, and protecting our right holders, including our employees and workers across our value chain.

Protecting and promoting the rights of our stakeholders is paramount and PMI, including Swedish Match, is committed to business practices that respect internationally recognized human rights and upholds the principles as enshrined in the United Nations Guiding Principles on Business and Human Rights, as expressed in the Human Rights Commitment of PMI, available on [www.pmi.com](http://www.pmi.com).

Considering the complexity, wide-scale, and diversified nature of our respective supply chains, Swedish Match is expected to integrate into PMI's supply chain-related sustainability data reporting where material by 2026. Meanwhile, sustainable policies and practices in place prior to the acquisition continued to apply in Swedish Match's supply chain during the year. Concretely, during 2024 Swedish Match continued to ensure that suppliers adhere to the Supplier Code of Conduct of Swedish Match. More specifically, with regard to due diligence in the smoke-free tobacco supply chain, Swedish Match continues to be part of the Sustainable Tobacco Program (STP), an industry-wide initiative developed by tobacco manufacturers designed to assure

standards in agricultural practices, environmental management, and key social and human rights. As part of the STP due diligence cycle, all suppliers perform self-assessment on an annual basis. Suppliers are asked to specify their commitment and procedures, and report quantitative measures to show impact. The self-assessment results are then validated by the STP Secretariat. Based on the generic risk screening and self-assessment validation results, a list of prioritized countries, suppliers and tobacco types are identified for an in-depth assessment. During 2024, in-depth assessments were conducted in South Africa, Guatemala, and Thailand. As a result, all assessed suppliers now have action plans in place based on the findings to improve their sustainability efforts. As integration progresses, Swedish Match will work to expand PMI's existing stringent due diligence programs to Swedish Match's supply chain.

Until the integration is finalized, in those areas where full integration into PMI's global sustainability structure has not been completed, Swedish Match will continue to uphold to its current policies and goals.

In particular, Swedish Match respects universal human rights and support internationally proclaimed human rights conventions and guidelines. Swedish Match recognizes the role played in respecting these rights and in making sure that they are upheld for the people impacted by our business, in the areas from which we source materials. Elimination of child labor is the center of focus in our efforts. Swedish Match does not accept child labor anywhere in our supply chain. We respect the rights of the child, including the right to education, the right to rest and play and the right to have the child's basic needs met, in accordance with the UN Convention on the Rights of the Child.

1. *Minimum age of employment*

Swedish Match complies with the UN Convention on the Rights of the Child and ILO Convention No. 138 on the Minimum Age for Admission to Employment and Employment. The minimum age for work should not be lower than the age for completing compulsory schooling, which is generally 15 years, or 14 years in accordance with the exceptions for developing countries. Where the relevant national legislation specifies a higher age, that age shall apply.

2. *Swedish Match's Supplier Code of Conduct*

Swedish Match's Supplier Code of Conduct specifies what is expected and required from suppliers in terms of employment and labor practices, workplace practices, ethical business practices and environmental management practices. Requirements are based on and comply with international conventions and guidelines. The Supplier Code of Conduct forms the basis for the relationship between Swedish Match and its suppliers and is an integral part of most of our significant business agreements.

3. *Direct material other than raw tobacco*

For direct materials other than raw tobacco Swedish Match continues to rely on its own due diligence programs to monitor adherence to the Supplier Code of Conduct. The due diligence primarily covers primary suppliers. The primary suppliers are continuously screened for compliance and risk in relation to ethical business practices, employment and labor practices, including child labor. In addition to this, Swedish Match encourages its suppliers to develop their own supplier standards and monitoring procedures.

**Feature box:**

Very late in December 2024, media informed Swedish Match of allegations of labour rights violations against one of its suppliers. Despite multiple requests for further details that would have aided an investigation, no details were shared until the allegations were broadcast in Swedish media. The supplier subsequently confirmed that the facility featured in the broadcast does not supply Swedish Match and that the supplier is investigating the allegations further; Swedish Match expects the supplier's investigation to end with a report in early 2025. While the allegations do not appear to relate to Swedish Match's supply chain, both Swedish Match and PMI take these issues extremely seriously and will be developing an action plan, together with the supplier, to provide additional assurance that all its supplies to Swedish Match and PMI companies meet our very high standards for responsible sourcing.

## Statement of changes in equity

MSEK

	Share capital	Fair value fund	Retained earnings	Profit for the year	Total Equity
Opening balance as of Jan 1, 2024	390	-105	10,325	258	<b>10,868</b>
Appropriation of the previous year's profit			258	-258	<b>0</b>
Dividend in kind			-7,944		<b>-7,944</b>
Profit for the year		23		1,487	<b>1,510</b>
<b>Closing balance as of December 31, 2024</b>	<b>390</b>	<b>-82</b>	<b>2 639</b>	<b>1,487</b>	<b>4,433</b>

## Proposal for appropriation of profits

At the disposal of the Annual General Meeting are the following earnings (SEK):

Retained earnings	2,638,532,904
Fair value fund	-82,202,141
Profit for the year	1,486,724,268
	<b>4,043,055,031</b>

The Board of Directors proposes that:

To be carried forward	4,043,055,031
	<b>4,043,055,031</b>



## Income statement

MSEK

	Note	2024-01-01 – 2024-12-31	2023-01-01 – 2023-12-31
Net sales	2	-	18
<b>Gross profit</b>		-	<b>18</b>
Other operating income	3	1	4
Administrative expenses		-345	-340
Other operating expenses	5	-3	-1
		<b>-346</b>	<b>-337</b>
<b>Operating income</b>	4, 6, 7	<b>-346</b>	<b>-319</b>
<b>Profit from financial investments</b>			
Profit from participations in Group companies	8	2	-852
Other interest income and similar income	9	0	5
Interest costs and similar costs	10	-387	-484
		<b>-385</b>	<b>-1,331</b>
<b>Profit after financial items</b>		<b>-731</b>	<b>-1,650</b>
Appropriations	11	2,650	2,201
<b>Profit before tax</b>		<b>1,919</b>	<b>551</b>
Tax on profit for the year	12	-432	-294
<b>Profit for the year</b>		<b>1,487</b>	<b>258</b>

## Balance sheet

MSEK

ASSETS	Note	2024-12-31	2023-12-31
<b>Fixed assets</b>			
<b>Tangible assets</b>			
<i>Property, plant and equipment</i>		0	0
		<b>0</b>	<b>0</b>
<b>Financial fixed assets</b>			
Shares in Group companies	13, 14	19,661	28,507
Deferred tax asset	15	74	80
Other long-term receivables	16, 17	568	681
		<b>20,303</b>	<b>29,268</b>
<b>Total fixed assets</b>		<b>20,303</b>	<b>29,268</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies		2,682	2,267
Current tax assets		0	96
Other receivables		477	572
Deferred expenses and accrued income	18	25	38
		<b>3,184</b>	<b>2,973</b>
<b>Cash and bank</b>		10	5
<b>Total current assets</b>		<b>3,194</b>	<b>2,977</b>
<b>TOTAL ASSETS</b>		<b>23,497</b>	<b>32,246</b>

## Balance sheet

MSEK

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2024-12-31</b>	<b>2023-12-31</b>
<b>Equity</b>			
<i><b>Restricted equity</b></i>			
Share capital	19	390	390
Total restricted equity		<b>390</b>	<b>390</b>
<i><b>Unrestricted equity</b></i>			
Fair value fund	20	-82	-105
Retained earnings		2,639	10,325
Profit for the year		1,487	258
Total unrestricted equity		<b>4,043</b>	<b>10,477</b>
<b>Total equity</b>		<b>4,433</b>	<b>10,867</b>
<b>Untaxed reserves</b>	21	3,110	3,080
<b>Provisions</b>			
Provisions for pensions and similar obligations	22	182	175
Other provisions	22	44	24
<b>Total provisions</b>		<b>226</b>	<b>199</b>
<b>Long-term liabilities</b>	23		
Bond loans		6,492	9,622
<b>Total long-term liabilities</b>		<b>6,492</b>	<b>9,622</b>
<b>Current liabilities</b>			
Bond loans	17	3,453	3,311
Accounts payable	17	6	18
Liabilities to Group companies	17	5,531	4,938
Current tax liabilities		25	0
Other liabilities		2	2
Accrued expenses and deferred income	24	219	209
<b>Total current liabilities</b>		<b>9,236</b>	<b>8,477</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	25	<b>23,497</b>	<b>32,246</b>

## Cash Flow Statement

MSEK

	Note	2024-01-01 – 2024-12-31	2023-01-01 – 2023-12-31
<b>Ongoing operations</b>			
Operating income		-346	-319
Adjustments for items that are not incl in the cash flow		514	324
Dividends received		900	-
Interest paid		-387	-479
Income tax paid		-312	-257
<b>Cash flow from operating activities before changes in working capital</b>		<b>369</b>	<b>-731</b>
<b>Cash flow from changes in working capital</b>			
Change in trade receivables		-2	15
Change in other current receivables		142	-144
Change in accounts payable		-28	29
Change in other current liabilities		49	-29
<b>Cash flow from operating activities</b>		<b>530</b>	<b>-860</b>
<b>Investing activities</b>			
Sale of subsidiaries	13	-	1,500
Shareholder contribution paid	13	-	-2
<b>Cash flow from investing activities</b>		<b>-</b>	<b>1,498</b>
<b>Financing activities</b>			
Amortization of loans		-3,411	-2,451
Group contributions received/granted		2,226	2,640
Realized exchange rate, loans		14	23
Other		-4	-
Changes in financial receivables/liabilities Group comp.		650	-846
<b>Cash flow from financing operations</b>		<b>-525</b>	<b>-634</b>
<b>Cash flow for the year</b>		<b>5</b>	<b>5</b>
Cash and cash equivalents at the beginning of the year		5	0
<b>Cash and cash equivalents at year-end</b>	26	<b>10</b>	<b>5</b>

## Notes

### Note 1 Accounting policies

The Annual Report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

#### Revenue

Income is recognized when the economic benefits associated with the transaction are likely to accrue to the entity and when the income can be reliably calculated.

Swedish Match's revenues consist of net sales, which relate to services to Group companies, and financial income, which mainly relates to dividends and group contributions received from subsidiaries.

Interest income is reported distributed over the maturity using the effective interest method. The effective interest rate is the interest rate that means that the present value of all future payments during the fixed interest period will be equal to the carrying amount of the receivable.

Dividends are recognized when the right to receive dividends is deemed certain and can be reliably calculated.

#### Leases

All leases are reported in accordance with the rules for operating leases.

##### *Operating leases*

Lease payments under operating leases, including increased first-time rent but excluding expenses for services such as insurance and maintenance, are reported as costs on a straight-line basis over the lease period.

#### Foreign currency

The company's accounting currency is Swedish Krona (SEK).

##### *Translation of items in foreign currency*

Monetary items in foreign currency are converted at the exchange rate of the balance sheet date. Non-monetary items are not restated but are reported at the exchange rate at the time of acquisition.

Exchange differences arising from the adjustment or translation of monetary items are recognized in the income statement in the financial year in which they arise.

#### Employee benefits

Compensation to employees in the form of salaries, bonuses, paid holidays, paid sick leave, etc., as well as pensions are reported in line with accrual. As regards pensions and other benefits after termination of employment, these are classified as defined contribution or defined benefit pension plans.

In the case of defined contribution plans, fixed contributions are paid to another company, normally an insurance company, and the company no longer has any obligation to the employee once the contribution has been paid. The amount of the employee's compensation after the end of the employment relationship depends on the fees paid and the return on capital that the fees provide.

In the case of defined benefit plans, the company has an obligation to provide the agreed remuneration to current and former employees. The company bears in all material respects the risk that the remuneration will exceed expectations (investment risk). Investment risk exists even if the assets have been transferred to another company.

#### *Defined contribution plans*

The fees for defined contribution plans are reported as costs. Unpaid fees are reported as debts.

#### *Defined benefit plans*

The company has chosen to apply the simplification rules contained in BFNAR 2012:1.

Plans for which pension premiums are paid are reported as defined-contribution plans, which means that the contributions are expensed in the income statement (BFNAR 2012:1 Chapter 28.18).

In cases where the pension obligations are solely dependent on the value of an owned asset, the pension obligation is reported as a provision corresponding to the carrying amount of the asset (BFNAR 2012:1 Chapter 28.21).

#### **Group contributions and shareholder contributions**

Group contributions received/granted are reported as a year-end appropriation in the income statement. The group contribution received/granted has affected the company's current tax.

Shareholder contributions granted without issued shares or other equity instruments being received in exchange are recognized in the balance sheet as an increase in the carrying amount of the share.

Shareholder contributions received without issued shares or other equity instruments being exchanged are recognized directly in equity.

#### **Income taxes**

Tax on profit for the year in the income statement consists of current tax and deferred tax. The tax in question is income tax for the current financial year, which refers to the year's taxable profit and the part of the previous financial year's income tax that has not yet been reported. Deferred tax is income tax on taxable profit for future financial years resulting from past transactions or events.

#### *Current tax*

Current tax is calculated on the taxable profit for the period. Taxable profit differs from the reported profit in the income statement as it has been adjusted for non-taxable income and non-deductible expenses as well as for income and expenses that are taxable or deductible in other periods. The current tax liability is calculated according to the tax rates that apply as of the balance sheet date.

#### *Deferred tax*

Deferred tax liability is recognized for all taxable temporary differences, however, deferred tax attributable to untaxed reserves is not reported separately because untaxed reserves are recognized as a separate item in the balance sheet. Deferred tax assets are reported for deductible temporary differences and for the possibility of using tax loss carry-forwards in the future. The valuation is based on how the carrying amount of the corresponding asset or liability is expected to be recovered or regulated. The amounts are based on the tax rates and tax rules decided on the balance sheet date and have not been calculated at present value.

#### **Tangible assets**

Tangible assets are recognized at cost less accumulated depreciation and impairment. In addition to the purchase price, the acquisition cost also includes expenses directly related to the acquisition.

Additional expenses that meet the asset criterion are included in the asset's carrying amount. Expenses for ongoing maintenance and repairs are reported as costs when they arise.

Depreciation occurs on a straight-line basis over the asset's estimated useful life, as it reflects the expected consumption of the asset's future economic benefits. Depreciation is recognized as an expense in the income statement.

Inventory, tools and installations have a useful life of 5 years.

### **Write-downs of tangible assets and participations in Group companies**

At each balance sheet date, it is assessed whether there is any indication that an asset's value is lower than its carrying amount. If such an indication is present, the recoverable value of the asset is calculated.

The recoverable value is the highest of fair value less sales costs and value in use. When calculating the value in use, the present value is calculated of the future cash flows that the asset is expected to give rise to in the operating activities and when it is divested or scrapped. The discount rate used is pre-tax and reflects market-based assessments of the time value of money and the risks associated with the asset. A previous write-down is reversed only if the reasons on the basis for which the recovery value was calculated at the time of the last write-down have changed.

### **Shares in Group companies**

Participations in subsidiaries are recognized at acquisition value less accumulated impairment charges. In addition to the purchase price, the acquisition cost also includes expenses directly related to the acquisition.

### **Provisions**

A provision is recognized in the balance sheet when the company has a legal or informal obligation as a result of an event that has occurred and it is likely that an outflow of resources is required to settle the obligation and a reliable estimate of the amount can be made.

At the first time of recognition, provisions are valued at the best estimate of the amount that will be required to settle the obligation on the balance sheet date, the provisions are reassessed each balance sheet date.

#### *Restructuring reserve*

A provision for business restructuring is recognized when the company has to complete the restructuring as a result of a legal or informal obligation, which means that the company has a defined and detailed restructuring plan and those affected have a well-founded belief that the restructuring will be carried out.

### **Contingent liabilities**

A contingent liability is:

- A potential liability which, as a result of events that have occurred and the existence of which will only be confirmed by one or more uncertain future events, which are not entirely within the control of the company, occurs or does not materialize, or
- An existing liability resulting from events that have occurred, but which is not recognized as a liability or provision because it is not likely that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be calculated with sufficient reliability.

Contingent liabilities is a summary term for such guarantees, financial commitments and any liabilities that are not included in the balance sheet.

### **Financial instruments**

The Company has chosen to value financial instruments at fair value and apply accounting in accordance with the rules in Chapter 12 of K3.

A financial asset or financial liability is recognized on the balance sheet when the company becomes a party to the contractual terms and conditions of the financial instrument. A financial asset, or part of a financial asset, is booked off the balance sheet when the contractual right to the cash flow from the asset expires, is settled, or when the company loses control of it. A financial liability, or part of a financial liability, is booked off the balance sheet when the agreed obligation is fulfilled or otherwise terminated.

Financial assets and financial liabilities that are not measured at fair value in the income statement at the time of the subsequent accounting are recognized at fair value in the initial accounting with the addition and deduction of transaction costs.

Financial assets and financial liabilities that are measured at fair value in the subsequent accounting through the income statement are recognized at fair value in the initial recognition.

Any transaction costs are recognized directly in the income statement.

In the subsequent financial statements, financial instruments are valued at amortized cost or at fair value, depending on the initial categorization.

For the purposes of initial accounting, a financial instrument is classified into one of the following categories:

- a) Financial assets and liabilities held for trading
- b) Loan receivables and trade receivables
- c) Investments held to maturity
- d) Financial assets that can be sold
- e) Other financial liabilities
- f) Derivatives in hedge accounting

#### *Fair value of financial instruments*

The fair value of financial assets and liabilities is determined as follows:

- The fair value of financial assets and liabilities traded on an active market is determined by reference to the quoted market price.
- The fair value of other financial assets and liabilities is determined according to generally accepted valuation models such as discounting future cash flows and using information derived from current market transactions.
- For all financial assets and liabilities, the carrying amount is considered to be a good approximation of its fair value, unless otherwise specifically stated in the subsequent notes.

#### *Amortized cost*

Amortized cost means the amount to which the asset or liability was recognized less amortization, additions or deductions for accumulated accruals according to the effective interest method of the initial difference between the amount received/paid and the amount to be paid/received at maturity and less impairment losses.

The effective interest rate is the interest rate that, when discounting all future expected cash flows over the expected maturity, results in the initially carrying amount of the financial asset or financial liability.

#### *Cash and cash equivalent*

Cash and cash equivalents include cash and cash equivalents, bank balances and short-term liquid investments that can be converted into a known amount and which are exposed to an insignificant risk of



changes in value. In order to be classified as cash and cash equivalents, the maturity must not exceed three months from the date of acquisition. Cash and bank balances are categorized as "Loan receivables and trade receivables", which means valuation at amortized cost. Due to the fact that bank funds are payable on demand, the amortized acquisition value corresponds to the nominal amount.

#### *Accounts receivable*

Trade receivables are categorized as "Loan receivables and trade receivables", which means valuation at amortized cost. However, the expected maturity of trade receivables is short, which is why recognition is made at a nominal amount without discounting. Deductions are made for receivables that have been assessed as uncertain.

Write-downs of trade receivables are recognized in operating expenses.

#### *Accounts payable*

Trade payables are categorized as "Other financial liabilities", which means valuation at amortized cost. However, the expected maturity of the trade payables is short, which is why the debt is reported at a nominal amount without discounting.

#### *Liabilities to credit institutions and other loan liabilities*

Interest-bearing bank loans, overdraft facilities and other loans are categorized as "Other financial liabilities" and are valued at amortized cost according to the effective interest rate method. Any differences between the amount of the loan received (net of transaction costs) and the repayment or amortization of loans are recognized over the life of the loans.

#### *Derivative instruments in hedge accounting*

The derivative instruments used are currency interest rate swaps, where derivative instruments are used to manage the currency risk when financing in foreign currency to SEK. For these transactions, hedge accounting is applied according to cash flow hedging. The derivative is recognized at fair value in the balance sheet. Unrealized changes in value, which are determined by market prices, and which correspond to an unrecognized change in the fair value of the hedged item, are recognized to the extent that they are highly effective in equity in the fair value fund.

Hedge accounting ceases when the hedging instrument matures, is sold, liquidated, or redeemed, and when the conditions are no longer met. The changes in value recognized in the fair value reserve will remain until the forecasted transaction affects the income statement or is no longer expected to occur. After that, the changes in value are transferred to the income statement.

For further information on hedge accounting, see Note 17, Derivatives and financial instruments.

#### *Impairment testing for financial assets*

At each balance sheet date, the company evaluates whether there are objective indications that a financial asset or group of financial assets, in addition to those assets that are measured at fair value through profit or loss, needs to be written down. Examples of such indications are significant financial difficulties on the part of the borrower, breach of contract or that it is likely that the borrower will go bankrupt.

An impairment of a financial asset measured at amortized cost is calculated as the difference between the asset's carrying amount and the present value of management's best estimate of future cash flows discounted by the asset's original effective interest rate.

### **Estimates and assessments**

In order to prepare financial reports in accordance with the Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board's estimates, assessments and assumptions must be made that affect the reported amounts and consequently the actual outcome may deviate from the estimates made.

**Shares in Group companies**

The impairment requirement for participations in Group companies is tested when there are signs of impairment.

**Note 2 Distribution of net sales**

	<b>2024</b>	<b>2023</b>
<b>Net sales by business line</b>		
Services to Group companies	-	18
	<b>-</b>	<b>18</b>
<b>Net sales by geographic market</b>		
Sweden	-	5
United States	-	12
Other countries	-	1
	<b>-</b>	<b>18</b>

**Note 3 Other operating income**

Other operating income mainly refers to foreign exchange gains.

**Note 4 Employees and personnel costs**

	<b>2024</b>	<b>2023</b>
<b>Average number of employees</b>		
Women	20	21
Men	22	25
	<b>42</b>	<b>46</b>
<b>Salaries and other allowances and social costs; including pension costs</b>		
Salaries and benefits	189	102
Social costs	72	40
	<b>261</b>	<b>142</b>
<b>Of which pension costs</b>		
For the Board of Directors and the CEO	-3	-3
For other employees	-17	-19
	<b>-20</b>	<b>-22</b>
	<b>241</b>	<b>120</b>

### Remuneration of the company management

The company management consists of the Chairman of the Board and other Board members. The Board of Directors, in turn, appoints the CEO. No Board fees are paid to Board members employed by the PMI Group. Board fees are paid for external Board members. The CEO's remuneration includes variable salary for short-term and long-term incentive programs.

Total remuneration to the 3 (3) senior executives, including the members of the Board of Directors, amounts to MSEK 25 (29) in 2024.

### Other terms of employment

Between the company and the CEO, there is a mutual notice period of a maximum of 6 months. Severance pay will be paid in an amount corresponding to a maximum of 18 months' fixed salary if the company terminates the employment contract.

### Gender distribution among senior executives

Proportion of women on the board	0 %	0 %
Proportion of men on the board	100 %	100 %

### Note 5 Other operating expenses

	2024	2023
Exchange differences	-3	-1
Write-down of operating receivable	0	0
	<b>-3</b>	<b>-1</b>

### Note 6 Disclosure of remuneration to the auditor

Audit engagement refers to the auditor's remuneration for the statutory audit. The work includes the review of the annual report and accounting, the administration of the Board of Directors and the CEO, as well as fees for audit advice provided in connection with the audit assignment.

	2024	2023
<b>Öhrlings PricewaterhouseCoopers AB</b>		
Audit assignments	3	4
Other	0	0
	<b>3</b>	<b>4</b>

## Not 7 Leasing agreements

### Operating leases - lessee

The company is a lessee through operational lease agreements for the rental of office space and storage rooms. The sum of the year's expensed lease payments for operating leases amounts to MSEK 33 (31). Future minimum lease payments for non-terminable operating leases are due as follows:

Due date:

	2024	2023
Within a year	23	28
Later than one year but within five years	37	0
	<b>60</b>	<b>28</b>

Some parts of the leased premises are sublet to one of Swedish Match AB (publ) subsidiaries. Rental income in 2024 for the parts sublet to the subsidiary amounted to MSEK 28 (21).

### Note 8 Profit from participations in Group companies

	2024	2023
Profit from the sale of shares	4	-850
Dividend	8,844	0
Impairment losses	-8,846	-2
	<b>2</b>	<b>-852</b>

### Note 9 Other interest income and similar income

	2024	2023
Interest income	3	3
Exchange differences	-3	2
	<b>0</b>	<b>5</b>

### Note 10 Interest expenses and similar expenses

	2024	2023
Interest expenses	-216	-271
Interest expenses, Group companies	-167	-192
Other	-4	-21
	<b>-387</b>	<b>-484</b>

### Note 11 Appropriations

	2024	2023
Group contribution, received	2,680	2,267
Group contribution, granted	-	-41
Change in tax allocation reserve	-30	-25
	<b>2,650</b>	<b>2,201</b>

## Note 12 Tax on profit for the year

	2024	2023
Current tax	-432	-302
Deferred tax	0	9
<b>Tax on profit for the year</b>	<b>-432</b>	<b>-294</b>

## Reconciliation of tax expense for the year

	2024		2023	
	Percent	Amount	Percent	Amount
Reported profit before tax		1,919		551
Tax calculated at the current tax rate	20.6	-394	20.6	-113
Tax effect of non-deductible expenses		-1,826		-179
Tax effect of non-taxable income		1,823		2
Effect of the change in tax rate		-9		-1
Flat rate on tax allocation reserve		-17		-3
Tax attributable to the previous year		-9		-
<b>Reported tax expense for the year</b>	<b>22.5</b>	<b>-432</b>	<b>53.4</b>	<b>-294</b>

Deferred tax reported directly against equity amounts to MSEK -6 (-15) and refers to the effective share of changes in the fair value of cash flow hedges.

## Note 13 Participations in Group companies

	2024-12-31	2023-12-31
Opening acquisition values	52,916	55,264
Divestment of SMD Logistics AB	-	-2,350
Liquidation of companies <sup>1)</sup>	-19,975	-
Shareholder contributions, granted	-	2
<b>Closing accumulated cost</b>	<b>32,941</b>	<b>52,916</b>
Opening impairment charges	-24,409	-24,407
Impairment losses for the year	-8,846	-2
Liquidation of companies <sup>1)</sup>	19,976	-
<b>Closing accumulated impairment charges</b>	<b>-13,279</b>	<b>-24,409</b>
<b>Closing carrying amount</b>	<b>19,661</b>	<b>28,507</b>

1) In November, three dormant companies were liquidated.

**Note 14 The company's holding of shares in Group companies**

Name	Voting rights and Equity	Number of Shares	2024-12-31	2023-12-31
Swedish Match North Europe AB	100 %	1,000	16,689	16,689
Svenska tändsticksbolaget försäljningsaktiebolag	100 %	34,403,000	105	8,949
Swedish Match Holding AB	100 %	2,000	14	14
Swedish Match Industries AB	100 %	30,853	95	95
Svenskt Snus AB (1)	0 %	-	-	1
Swedish Match US	100 %	96,000	0	0
Svenska Tändsticks AB (1)	0 %	-	-	0
Svenska Tobak AB (1)	0 %	-	-	0
Swedish Match Cigars Holding Inc	100 %	1,000	1,739	1,739
Swedish Match USA, Inc	100 %	1,000	849	849
Swedish Match Dominicana S.A.S.	99.99 %	9,249,907	171	171
Swedish Match Distribution A/S	100 %	500	0	0
SA Allumettiére Causemille 2)	100 %	10,000	0	0
The Burma Match Co Ltd 3)	100 %	300,000	0	0
Vulcan Trading Co Ltd 4)	100 %	4,000	0	0
			<b>19,661</b>	<b>28,507</b>

	Org. nr.	Seat
Swedish Match North Europe AB	556571-6924	Stockholm, Sweden
Svenska tändsticksbolaget försäljningsaktiebolag	556012-2730	Stockholm, Sweden
Swedish Match Holding AB	556367-1253	Stockholm, Sweden
Swedish Match Industries AB	556005-0253	Tidaholm, Sweden
Svenskt Snus AB <sup>1)</sup>	556367-1261	Stockholm, Sweden
Swedish Match US	556013-4412	Stockholm, Sweden
Svenska Tändsticks AB <sup>1)</sup>	556105-2506	Stockholm, Sweden
Svenska Tobak AB <sup>1)</sup>	556680-3028	Stockholm, Sweden
Swedish Match Cigars Holding Inc	81-0733029	USA
Swedish Match USA, Inc	81-2070701	USA
Swedish Match Dominicana S.A.S.	55338STI	Dominican Republic
Swedish Match Distribution A/S	930567647	Norway
SA Allumettiére Causemille <sup>2)</sup>		Algeria
The Burma Match Co Ltd <sup>3)</sup>		Myanmar
Vulcan Trading Co Ltd <sup>4)</sup>		Myanmar

1) Liquidated in 2024.  
2) Nationalized in 1963.  
3) Nationalized in 1968.  
4) Nationalized in 1969.

**Note 15 Deferred tax assets and deferred tax liabilities**

	<b>2024-12-31</b>	<b>2023-12-31</b>
Hedging reserve	21	27
Provisions	52	52
	<b>74</b>	<b>80</b>

Deferred tax assets are valued at no more than the amount that is likely to be recovered based on current and future taxable results. Deferred tax assets relate to deferred tax on hedging reserves of MSEK 21 (27) and provisions of MSEK 52 (52).

The tax rate for calculating deferred tax is 20.6 percent.

**Note 16 Other long-term receivables**

	<b>2024-12-31</b>	<b>2023-12-31</b>
Opening balance	697	1 141
Additional receivables	9	33
Settled receivables	-3	-6
Reclassifications of derivatives	-119	-471
<b>Closing accumulated cost</b>	<b>585</b>	<b>697</b>
Opening balance	-16	-16
Impairment losses for the year	-1	0
<b>Closing accumulated impairment charges</b>	<b>-17</b>	<b>-16</b>
<b>Closing carrying amount</b>	<b>568</b>	<b>681</b>

### Note 17 Derivatives and financial instruments

The Company holds derivative instruments to eliminate fluctuations in currencies in future cash flows to which it is exposed through its EUR and USD debt financing, issued under the Global EMTN program. As of 31 December, 2024, the outstanding nominal amount of the loans was MSEK 9,947. The loans are fixed-rate, as the goal is to have a steady and predictable interest cost, but cash flows are affected by changes in market interest rates and exchange rates. The average interest rate on the outstanding bonds (including derivatives) on 31 December, 2024, was 2.0 (2.0). The average fixed interest rate on the company's loans was 1.6 years (2.2 years) taking into account currency interest rate swaps. The interest maturity structure was as follows:

Year	Amount	Average interest rate
2025	3,453	2.0
2026	2,199	2.0
2027	3,448	1.8
2028	546	4.4
2029	300	2.2
<b>Total</b>	<b>9,946</b>	<b>2.0</b>

Derivatives used to convert liabilities in EUR and USD to Swedish kronor are currency interest rate swaps and hedge accounting in accordance with the cash flow hedging technique is applied. The nominal amount of the derivatives affecting the company's income statement and balance sheet amounted to MSEK 6,479. There are no terms and conditions in these transactions that could cause material differences in the hedging relationship between these derivatives and the underlying liabilities and affect cash flow. No other exposure is hedged.

Changes in fair value from revaluation of derivatives included in cash flow hedging that are considered effective are recognized in the fair value fund, and any inefficient elements are recognized directly in the income statement. Changes in value reported under the fair value reserve item remain until the forecasted transaction affects the income statement, at which point they are transferred to the income statement. If the forecasted transaction is no longer expected to occur, and hedge accounting is therefore discontinued, any gains and losses are recognized in the income statement.

	2024-12-31	2023-12-31
<b>Currency interest rate swaps in cash flow hedges reported in the Fair Value Fund</b>		
Opening fair value	-132	-205
Change in fair value for the year	-91	-504
Reported in profit and loss	120	577
<b>Closing fair value</b>	<b>-103</b>	<b>-132</b>

### Maturity profile of interest payments on derivatives subject to cash flow hedging

	2025	2026	2027	2028
Fixed interest payments in SEK	-130	-72	-72	-15

Transactions in derivatives may only be made in counterparties with a high credit rating, and in order to limit credit risks on receivables related to banks, Swedish Match has entered into netting agreements with its counterparties. As of December 31, 2024, the credit exposure in derivative instruments amounted to MSEK 855.



Swedish Match applies chap. 12 to classify and value financial instruments. The table below shows the book value and fair value by category of financial instruments. Derivatives related to cash flow hedges are reported at fair value in the Fair Value Fund. When assessing the fair value of these derivatives, different methods are used to make assumptions based on market conditions at each reporting time. Quoted market prices or dealer quotes for identical or similar instruments are used. Items that are not measured at fair value are recognized at amortized cost.

**Financial assets**

Fair value via fair value fund

Currency interest rate swaps (broken down by:)

EUR	657	811
USD	198	152
<b>Total currency interest rate swaps</b>	<b>855</b>	<b>963</b>

Amortized cost

Loan receivables and trade receivables - cash and cash equivalents	10	5
Loan receivables and trade receivables from Group companies	2,682	2,267
<b>Total financial assets</b>	<b>3,547</b>	<b>3,235</b>

**Financial liabilities**

**Amortized cost**

Other financial liabilities - bond loans	10,034	12,933
Other financial liabilities - supplier liabilities	6	18
Other financial liabilities of Group companies	5,531	4,938
<b>Total financial liabilities</b>	<b>15,571</b>	<b>17,889</b>

**Note 18 Deferred expenses and accrued income**

	2024-12-31	2023-12-31
Prepaid rents	7	8
Accrued interest income	0	3
Other items	18	27
	<b>25</b>	<b>38</b>

**Not 19 Share capital**

The share capital consists of 1,520,714,190 number of Class A shares with a quota value of SEK 0.2561.

**Note 20 Fair value fund**

	<b>2024-12-31</b>	<b>2023-12-31</b>
Opening balance at the beginning of the financial year	-105	-163
Effective share of changes in fair value of cash flow hedges	29	73
Tax	-6	-15
<b>Closing balance at the end of the financial year</b>	<b>-82</b>	<b>-105</b>

**Note 21 Untaxed reserves**

	<b>2024-12-31</b>	<b>2023-12-31</b>
Accrual fund tax 2019	-	570
Accrual fund tax 2020	600	600
Accrual fund tax 2021	475	475
Accrual fund tax 2022	550	550
Accrual fund tax 2023	410	410
Accrual fund tax 2024	475	475
Accrual fund tax 2025	600	-
	<b>3,110</b>	<b>3,080</b>

**Note 22 Other provisions**

	<b>2024-12-31</b>	<b>2023-12-31</b>
<b>Pension obligations</b>		
Opening balance at the beginning of the financial year	175	156
Additional provisions	7	27
Amounts claimed	-2	-2
Reversal of unused amounts	1	-5
	<b>182</b>	<b>175</b>
<b>Postponed compensation</b>		
Opening balance at the beginning of the financial year	24	-
Additional provisions	22	24
Amounts claimed	-1	-
Reversal of unused amounts	-1	-
	<b>44</b>	<b>24</b>

**Note 23 Long-term liabilities**

	2024-12-31	2023-12-31
<b>Long-term liabilities falling due later than five years after the balance sheet date</b>		
Bond loans	-	300
	-	<b>300</b>

No bonds issued under the GMTN program mature later than five years after the balance sheet date. Last year's amount amounted to MSEK 300. For bond loans issued in foreign currency, currency interest rate swaps are used to convert loans into SEK.

**Note 24 Accrued expenses and deferred income**

	2024-12-31	2023-12-31
Accrued holiday pay	3	3
Accrued social security contributions	26	18
Accrued incentive programs, including social security contributions	72	55
Accrued interest expenses	115	128
Other items	3	5
	<b>219</b>	<b>209</b>

**Note 25 Information on related parties**

The company is under the control of Philip Morris International Inc., org.nr 13-3435103 and exercises control over owned subsidiaries as set forth in Note 14. Transactions between the company and its related parties have taken place on a market basis.

**Note 26 Cash and cash equivalents in cash flow**

	2024-12-31	2023-12-31
Cash	10	5
	<b>10</b>	<b>5</b>

**Note 27 Pledged collateral and contingent liabilities**

	2024-12-31	2023-12-31
<b>Collateral provided (for own liabilities and provisions)</b>		
Pension obligations	147	141
	<b>147</b>	<b>141</b>
<b>Contingent liabilities</b>		
Guarantees on behalf of subsidiaries	3	187
	<b>3</b>	<b>187</b>

**Note 28 Significant events after the balance sheet date**

No significant events have occurred after the balance sheet date.

**Note 29 Group information**

The company that is the parent company of a group of subsidiaries according to Note 14 does not prepare consolidated accounts with reference to Chapter 7, Section 2 of the Annual Accounts Act. The consolidated financial statements can be obtained from the parent company Philip Morris International Inc. (USA) at the following address: Philip Morris International Inc., 677 Washington Blvd., Ste. 1100, Stamford, CT 06901, USA.

Stockholm on 12 March, 2025

Conny Karlsson  
Chairman of the Board

Lars Dahlgren  
Chief Executive Officer

Massimo Andolina

Pär-Ola Olausson

Charles Blixt

Dragan Popovic

Patrik Engelbrektsson

Stefano Volpetti

Our auditor's report was submitted on 13 March, 2025

Öhrlings PricewaterhouseCoopers AB

Johan Engstam  
Authorized Public Accountant

## Audit report

To the general meeting of the shareholders of Swedish Match AB, corporate identity number 556015-0756

---

### Report on the annual accounts

#### Opinions

We have audited the annual accounts of Swedish Match AB for the year 2024 except for the statutory sustainability report on pages 4-6.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Swedish Match ABs as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinions do not cover the statutory sustainability report on pages 4-6. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Swedish Match AB.

#### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Swedish Match AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. It disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, cease operations or has no realistic alternative to doing any of this.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other requirements according to laws and other constitutions

#### Opinions

In addition to our audit of the annual accounts, We have also audited the administration of the Board of Directors of Swedish Match AB for year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent in relation of the Swedish Match AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Responsibility of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration can be found on the Auditor's Inspection's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### **Auditor's opinion regarding the statutory sustainability report**

It is the board of directors who is responsible for the statutory sustainability report for the year 2024 on pages 4-6 and that it has been prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.



Stockholm 2025-03-13

Öhrlings PricewaterhouseCoopers AB

Johan Engstam  
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

*Unofficial translation of the original auditor's report written in Swedish*



# Swedish Match®

**Swedish Match AB (publ)**

SE-118 85 Stockholm, Sweden

Visiting address: Sveavägen 44, 8th Floor

Telephone: +46 10 13 93 000

Corporate Identity Number: 556015-0756