

Half Year Report January – June 2021

Highlights for the second quarter

- Double-digit sales and operating profit growth across all product segments in local currencies.
- In local currencies, sales increased by 19 percent for the second quarter. Reported sales increased by 9 percent to 4,505 MSEK (4,133).
- In local currencies, operating profit from product segments¹⁾ increased by 27 percent for the second quarter. Reported operating profit from product segments increased by 15 percent to 1,988 MSEK (1,731).
- For the Smokefree product segment, continued momentum for ZYN in the US drove the financial performance. Sales and operating profit also grew in Scandinavia.
- For the Cigars product segment, sales and operating profit were up significantly in local currency compared to a relatively soft prior year period as a result of improved pricing and increased natural leaf shipments.
- Operating profit for the Lights product segment up sharply as a result of good underlying performance coupled with income from land sales and indirect tax reclaims following favorable court verdicts.
- Operating profit amounted to 1,956 MSEK (1,693) for the second quarter.
- Profit after tax amounted to 1,441 MSEK (1,254) for the second quarter.
- Earnings per share increased by 18 percent to 0.92 SEK (0.78) for the second quarter.¹⁾²⁾

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

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



CEO Lars Dahlgren comments:

Strong growth across the portfolio

Following an impressive financial performance in the first quarter, Swedish Match today reported another quarter with double-digit sales and operating profit growth across all product segments in local currencies. For the Smokefree segment, both sales and operating profit grew by 18 percent in local currencies, despite a notable ramp-up in market related investments. Strong volume growth for ZYN nicotine pouches across the US market, mainly attributable to increased velocities (measured as cans per store per week), continued to be the key growth driver, but our Scandinavian business also reported sales and earnings growth, despite the negative impact from the year-on-year timing of Easter. With very strong demand for natural leaf varieties and continued progress in raising productivity at our Dominican facility, our Cigars product segment reported solid sales development and a significant increase in profitability, in part due to relatively low shipment volumes and some additional costs brought on by the COVID-19 situation in the prior year period. For Lights, underlying performance was solid and the reported numbers further benefitted from the inclusion of a recent smaller acquisition, as well as income from continued land sales and a recovery of indirect taxes in Brazil.

Our strategic focus on growing categories and segments is paying off as consumers are seeking alternatives and enhanced experiences. The US nicotine pouch market reported double-digit sequential volume growth during the quarter continuing to demonstrate its massive potential. In Scandinavia we have noted an acceleration to category growth for smokefree products with nicotine pouches being the driving force. Despite easing of COVID-19 related restrictions, consumer demand for natural leaf cigars in the US has continued to grow.

While we continue to manage and mitigate risks associated with the COVID-19 pandemic, the generally improved situation has meant that we have been able to further activate our market investments in most countries. With regards to ZYN in the US, for example, our participation in events such as outdoor concerts is increasing, and we are expanding upon loyalty building programs to both consumers and retailers. Encouraged by the consumer traction in initial geographies, during the quarter we rolled out our ZYN Menthol and Chill products nationally and supported the roll-out with trial-oriented price promotional activities. In Sweden, we introduced a new modern range of nicotine pouches under the *VOLT* brand family, along with an ambitious plan for consumer engagement. Also in Other markets, we have been able to further increase our market investments.

Since the outbreak of the pandemic, year on year comparisons have been affected by changes to retail and consumer purchase patterns. For cigars, chewing tobacco, and moist snuff for example, the strong volumes noted in the second half of last year were likely elevated by COVID-19 related factors and comparisons will thus become more difficult. We note, however, a continued strong demand for most of our products. While the anticipated opening of borders and reduced restrictions in Scandinavia and Europe provide volume opportunities for our smokefree businesses, margins may be impacted due to geographic and portfolio mix shifts as well as increased opportunities for investment behind future growth.

With regard to regulatory developments, there has been little news of magnitude during the quarter. The April 29th announcement by the US FDA declaring its intention to propose product standards within the next year to ban all characterizing flavors in cigars was well in line with previous communication. Timing and nature of any such potential flavor ban remains uncertain, and Swedish Match, with its strong position in the natural leaf segment and broad portfolio of both flavored and non-flavored offerings is well positioned to compete under a broad set of regulatory scenarios.

Swedish Match is very well positioned to build upon its strong platforms, and we are excited to determinedly pursue the growth opportunities that lie ahead while working toward our vision of a world without cigarettes.

Summary of consolidated income statement

MSEK	April-June		Chg	January-June		Chg	Full year
	2021	Restated 2020 ⁴⁾		%	2021		
Sales	4,505	4,133	9	8,960	8,162	10	16,698
Sales from product segments ¹⁾	4,414	4,039	9	8,791	7,984	10	16,332
Operating profit from product segments ¹⁾	1,988	1,731	15	4,080	3,390	20	7,160
Operating profit, excl. larger one-time items ²⁾	1,956	1,693	16	4,011	3,294	22	6,991
Operating profit	1,956	1,693	16	4,310	3,294	31	6,991
Profit before income tax	1,871	1,609	16	4,136	3,131	32	6,644
Profit for the period	1,441	1,254	15	3,221	2,422	33	4,888
Operating margin from product segments, % ¹⁾	45.0	42.9		46.4	42.5		43.8
Earnings per share, basic and diluted, SEK ⁵⁾	0.92	0.78		2.04	1.49		3.04
Adjusted earnings per share, basic and diluted, SEK ³⁾⁵⁾	0.92	0.78		1.89	1.49		3.22

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

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

3) Adjusted earnings per share in 2021 excludes settlement income of 300 MSEK (238 MSEK net of tax) recognized in the first quarter 2021. Adjusted earnings per share in 2020 excludes a tax charge including interest of 286 MSEK related to adverse ruling in a tax case in Sweden recognized in the third quarter 2020, see Note 6.

4) Operating profit for the Group and for the Cigars product segment has been restated for the first and second quarters of 2020 following an accounting error that has been corrected, see Note 1.

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

The second quarter

(Note: Comments below refer to the comparison between the second quarter 2021 vs. the second quarter 2020).

Sales

Group sales and sales from product segments increased by 9 percent to 4,505 MSEK (4,133) and 4,414 MSEK (4,039), respectively. In local currencies, sales from product segments increased by 20 percent. Currency translation negatively affected the comparability of sales from product segments by 432 MSEK.

In local currencies, sales grew at a double-digit rate for all product segments. The Smokefree product segment was the largest contributor to sales growth, driven by an excellent performance from ZYN nicotine pouches in the US and a solid performance from Scandinavia smokefree. Sales for cigars increased significantly compared to a relatively soft prior year period as a result of both improved pricing and higher volumes. For Lights, sales in local currencies grew for both lighters and matches.

Earnings

Group operating profit increased by 16 percent to 1,956 MSEK (1,693). Operating profit from product segments increased by 15 percent to 1,988 MSEK (1,731). In local currencies, operating profit from product segments was up by 27 percent. Currency translation has affected the comparison of the operating profit negatively by 202 MSEK.

On a constant currency basis, all product segments reported strong earnings growth, with the Smokefree product segment accounting for the largest portion of this growth, primarily sourced from the US. In percentage terms, the earnings growth was even more pronounced for the Cigar and Lights product segments, with the latter benefitting from income of temporary nature.

The Group's net finance cost increased to 85 MSEK (84) due to higher interest rates on debt and reduced financial returns on surplus cash, partly offset by decreased average debt levels. The income tax expense amounted to 430 MSEK (355) corresponding to a corporate tax rate of 23.0 percent (22.4). The higher tax rate for the Group is a result of the higher relative contribution to earnings from our US businesses, which is taxed at a higher effective tax rate compared to the average Group tax rate. The Group's profit for the period amounted to 1,441 MSEK (1,254).

Earnings per share for the second quarter amounted to 0.92 SEK (0.78).

The first six months

(Note: Comments below refer to the comparison between the first six months 2021 vs. the first six months 2020).

Sales

Group sales and sales from product segments increased by 10 percent to 8,960 MSEK (8,162) and 8,791 MSEK (7,984), respectively. In local currencies, sales from product segments increased by 22 percent, with increases in all three product segments. Currency translation negatively affected the comparability of sales from product segments by 925 MSEK. The largest contributor to the sales growth was the Smokefree product segment, with impressive performance in both the US and in Scandinavia.

Earnings

Group operating profit increased by 31 percent to 4,310 MSEK (3,294) and included a settlement income of 300 MSEK relating to a previously ongoing arbitration. Operating profit from product segments increased by 20 percent to 4,080 MSEK (3,390). In local currencies, operating profit from product segments was up by 33 percent. Currency translation has affected the comparison of the operating profit negatively by 440 MSEK. Operating profit was up for all three product segments, both as reported and in local currencies.

The Group's net finance cost amounted to 174 MSEK (162) reflecting lower financial returns on surplus cash and higher interest rates on debt. Income tax expense amounted to 915 MSEK (710), corresponding to a tax rate of 22.1 percent (22.9). The lower tax rate is the result of a revaluation of deferred state tax liabilities in the US. When adjusted for associated companies and non-recurring items the underlying tax rate was 22.9 percent (22.5). The Group's profit for the period amounted to 3,221 MSEK (2,422).

Earnings per share for the first six months amounted to 2.04 SEK (1.49). Adjusted earnings per share amounted to 1.89 SEK (1.49).

VOLT

In order to strengthen and broaden Swedish Match's offerings within nicotine pouches, Swedish Match introduced a new brand, *VOLT*, during the second quarter of 2021. *VOLT* targets urban and sophisticated consumers, seeking high quality nicotine pouches with exciting and long-lasting flavors. The *VOLT* family includes 6 products in a variety of strengths and flavors. All products are offered in a slim format – the most common format on the Swedish market.



Smokefree

Second quarter highlights:

- Sales as well as operating profit up by 18 percent in local currencies.
- In the US, operating profit in local currency grew across the portfolio with ZYN nicotine pouches continuing to be the main driver.
- In Scandinavia, sales increased for both snus and nicotine pouches. Operating profit growth despite higher marketing spending relating to nicotine pouches.
- In Other markets, sales of nicotine pouches grew but operating profit burdened by investments and lower chewing tobacco volumes.



Key data

MSEK	April-June		Chg %	January-June		Chg %	Full year 2020
	2021	2020		2021	2020		
Sales	2,955	2,695	10	5,778	5,203	11	10,651
Operating profit	1,428	1,301	10	2,893	2,455	18	5,142
Operating margin, %	48.3	48.3		50.1	47.2		48.3
EBITDA	1,532	1,401	9	3,093	2,653	17	5,539
EBITDA margin, %	51.8	52.0		53.5	51.0		52.0
Depreciation, amortization and impairment	-104	-100		-200	-198		-397
Capital expenditures	255	303	-16	501	458	9	1,003

The second quarter

(Note: Comments below refer to the comparison between the second quarter 2021 vs. the second quarter 2020).

In local currencies, sales for the Smokefree product segment increased by 18 percent. Currency translation affected the sales comparison negatively by 233 MSEK. Operating profit in local currencies also increased by 18 percent, despite continued investments in Other markets and sharp increases in marketing spending in both the US and in Scandinavia. Currency translation negatively affected comparability of the operating profit by 110 MSEK.

The US

Key data

	April-June		Chg %	January-June		Chg %	Full year 2020
	2021	2020		2021	2020		
Financials, MSEK							
Sales	1,657	1,464	13	3,191	2,891	10	5,818
Operating profit	827	700	18	1,620	1,371	18	2,802
Operating margin, %	49.9	47.8		50.8	47.4		48.2
Financials, MUS\$							
Sales	197	151	30	380	299	27	632
Operating profit	98	72	36	193	142	36	304
Operating margin, %	49.9	47.8		50.8	47.4		48.2
Shipment volumes							
Moist snuff, million cans	33.9	32.2	5	67.9	67.5	1	133.3
Nicotine pouches, million cans	42.5	26.0	64	79.5	50.9	56	114.1
Chewing tobacco, thousands of pounds (excluding contract manufacturing volumes)	1,402	1,530	-8	2,753	2,970	-7	5,687

Market shares¹⁾

Percent	April-June		Chg ppts	January-June		Chg ppts	Full year 2020
	2021	2020		2021	2020		
Nicotine pouches	63.8	77.5	-13.7	64.3	75.8	-11.6	74.8
Moist snuff	9.1	8.3	0.8	9.0	8.6	0.4	8.7
Chewing tobacco (excluding contract manufacturing volumes)	39.6	41.0	-1.4	40.5	40.8	-0.4	40.8

1) Based on MSA distributor shipments: 13 weeks to June 27, 2021 and June 28, 2020, respectively. Figures for 2020 have been restated to reflect changes in MSA store measurements.

Sales for ZYN nicotine pouches grew by more than 50 percent and was the principal driver behind the 30 percent growth in sales on a local currency basis. Sales also grew for moist snuff but declined marginally for chewing tobacco.

Shipment volumes for ZYN increased by more than 60 percent compared to the second quarter of the prior year and reached a new record level of 42.5 million cans. Compared to the first quarter of 2021, shipment volumes increased by 15 percent. Increased velocities in existing stores and expanded distribution, partly enhanced by the national roll-out of the Chill and Menthol varieties, drove the strong volume performance. Several competitors continued their aggressive price promotion strategies, while price promotional activity for ZYN was more targeted and largely related to introductory offers on the expanded assortment. The sales growth for moist snuff resulted from both improved pricing and higher volumes, driven by *Longhorn*. Chewing tobacco sales declined as price increases were more than offset by volume declines and a continued mix shift toward value brands.

Operating profit in local currency increased by 36 percent driven by a sharp increase in gross profit for ZYN, which was only partially offset by a substantially higher spending relating to brand building and consumer engagement activities. Operating profit also increased for moist snuff, as well as for chewing tobacco in local currency.

According to MSA data that measures shipments from distributors to retail, the nicotine pouch category in the US nearly doubled in size relative the prior year period. Based on the same data set, the category grew by close to 20 percent on a sequential basis relative the first quarter. While the MSA data is susceptible to volatility and influenced by factors like promotional activities and distribution builds, it should be noted that despite the modest sequential market share erosion for ZYN in the quarter (down by 1 percentage point relative to Q1 levels), ZYN recorded the strongest velocity growth amongst all major competitors.

Scandinavia

Scandinavia refers to Sweden, Norway, and Denmark.

Key data

	April-June		Chg %	January-June		Chg %	Full year 2020
	2021	2020		2021	2020		
Financials							
Sales, MSEK	1,267	1,184	7	2,516	2,217	13	4,675
Operating profit, MSEK	649	619	5	1,368	1,115	23	2,465
Operating margin, %	51.2	52.3		54.4	50.3		52.7
Shipment volumes							
Snus, million cans	61.5	60.5	2	122.4	117.0	5	243.6
Nicotine pouches, million cans	4.9	3.2	54	9.2	6.0	55	13.1
Chew bags and tobacco bits, million cans	0.8	1.0	-24	1.8	2.1	-16	4.4

Market shares, Scandinavia¹⁾

Percent	April-June		Chg ppts	January-June		Chg ppts	Full year 2020
	2021	2020		2021	2020		
Snus ²⁾	59.7	59.8	-0.1	59.7	60.0	-0.2	60.0
Nicotine pouches ³⁾	15.2	15.9	-0.7	15.7	16.3	-0.5	16.0
Total⁴⁾	50.7	53.7	-3.0	51.3	54.3	-3.0	53.6

1) Based on Nielsen data (excluding tobacconists and e-commerce): 13 weeks to June 27, 2021 and June 28, 2020 respectively. All figures have been restated to reflect changes in Nielsen store measurements.

2) Includes snus in Sweden and Norway. Snus is not allowed to be sold in Denmark.

3) Nicotine pouches in Norway contain a small amount of tobacco for regulatory reasons.

4) Includes snus in Sweden and Norway, chew bags in Denmark, and nicotine pouches in all three countries.

In local currencies sales and operating profit for Smokefree in Scandinavia grew by 5 and 2 percent, respectively. COVID-19 imposed travel restrictions with resulting channel shifts impacted shipment volumes and average pricing during the second quarters of both 2021 and 2020. In this year's second quarter, deliveries to border and travel retail classes of trade started to resume but remained well below pre-COVID levels. In addition, the difference in timing of Easter between the years distorts the year-on-year comparison.

The driver behind the 4 percent increase in shipment volumes was a significant growth for nicotine pouches, but volumes for snus grew as well. Enhanced average pricing further contributed to the growth in sales in local currencies. The timing of Easter in 2021 positively impacted shipment volumes in the first quarter but generated a negative effect during the second quarter. During 2020, the positive and negative effects on shipments from Easter holidays both occurred during the second quarter.

Operating profit in local currencies grew notably for snus, but significant marketing investments behind nicotine pouches more than offset the positive effect of increased sales of nicotine pouches. During the month of May, Swedish Match launched *VOLT* - a new brand family of nicotine pouches on the Swedish market. The introduction of *VOLT* is supported by extensive trade and consumer engagement activities and the responses from retailers and consumers have thus far been positive.

Due to COVID-19 related travel restrictions and channel shifts, it remains a challenge to get an accurate read of the underlying growth of the Scandinavian smokefree market, especially for shorter periods. Swedish Match estimates however that the strong demand for nicotine pouches across markets accelerated the underlying market growth to around 10 percent in volume terms.

According to Nielsen, on a sequential basis relative to the first quarter of 2021, Swedish Match's market share of the Scandinavian smokefree category declined by somewhat more than 1 percentage point. The sequential decline for snus was marginal and for nicotine pouches the new tobacco legislation in Denmark that restricts price displays had a negative impact on the *ZYN* franchise. Further, on the Swedish market, the initial favorable consumer response to the *VOLT* series has been more pronounced in the e-com channel which is not included in the Nielsen data set.

Other markets

Key data

	April-June		Chg %	January-June		Chg %	Full year 2020
	2021	2020		2021	2020		
Sales, MSEK	31	47	-34	71	94	-25	158
Operating profit, MSEK	-48	-18	165	-96	-31	208	-125
Operating margin, %	-155.7	-38.9		-135.9	-33.0		-79.1
Shipment volumes, million cans ¹⁾	1.5	2.4	-35	3.5	4.7	-25	7.9

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

For Smokefree in Other markets, sales increased sharply for nicotine pouches but the significant reduction in shipments of chewing tobacco (mainly as a consequence of regulatory challenges in the German market) resulted in the overall decline in revenues. In addition to the lower gross profit from chewing tobacco, the operating profit development was adversely affected by continued investments to support future growth in several markets.

The first six months

(Note: Comments below refer to the comparison between the first six months 2021 vs. the first six months 2020).

In local currencies, sales and operating profit for the Smokefree product segment grew by 20 percent and 28 percent, respectively. The main contributor to the strong sales development was the impressive performance in the US market where ZYN nicotine pouches grew by more than 50 percent and sales for moist snuff also increased. Revenue growth in Scandinavia was also strong, up by 13 percent in local currencies, benefitting from strong underlying category growth, timing effects on shipments, as well as favorable price/mix that resulted from both implemented price changes and channel shifts due to COVID-19 imposed travel restrictions. In Other markets sales growth for nicotine pouches was more than offset by lower sales of chewing tobacco.

In local currencies, operating profit for the Smokefree segment increased by 28 percent. Earnings grew strongly in both the US and in Scandinavia, but in Other markets operating profit declined, principally due to increased market investments to support future growth.

Cigars

Second quarter highlights:

- Higher shipments and enhanced pricing drove strong double-digit growth in sales and operating profit in local currency.
- Continued category growth despite easing of COVID-19 restrictions, driven by the natural leaf segment.
- Swedish Match's market share up year-on-year, but down marginally on a sequential basis relative to the first quarter albeit with an improvement within the faster growing natural leaf segment.



Key data

MSEK	April-June		Chg %	January-June		Chg %	Full year 2020
	2021	Restated 2020 ¹⁾		2021	Restated 2020 ¹⁾		
Sales	1,138	1,069	7	2,387	2,197	9	4,533
Operating profit	458	378	21	1,018	816	25	1,796
Operating margin, %	40.3	35.4		42.6	37.2		39.6
EBITDA	479	400	20	1,060	860	23	1,883
EBITDA margin, %	42.1	37.4		44.4	39.2		41.5
Depreciation, amortization and impairment	-21	-22		-42	-44		-87
Capital expenditures	20	10	110	39	34	15	74

1) Restated to reflect a correction of an accounting error relating to elimination of internal profits in inventory that understated the previously reported operating profit for the Group and for the Cigars product segment, see Note 1.

Key data

MUSD	April-June		Chg %	January-June		Chg %	Full year 2020
	2021	Restated 2020 ¹⁾		2021	Restated 2020 ¹⁾		
Sales	135	110	23	284	227	25	493
Operating profit	54	39	40	121	84	44	195
Operating margin, %	40.2	35.4		42.6	37.2		39.6
EBITDA	57	41	38	126	89	42	205
EBITDA margin, %	42.1	37.4		44.4	39.2		41.5
Depreciation, amortization and impairment	-3	-2		-5	-5		-9
Capital expenditures	2	1	142	5	3	33	8

1) Restated to reflect a correction of an accounting error relating to elimination of internal profits in inventory that understated the previously reported operating profit for the Group and for the Cigars product segment, see Note 1.

The second quarter

(Note: Comments below refer to the comparison between the second quarter 2021 vs. the second quarter 2020).

The Cigars product segment derives its sales and profit almost exclusively from the US operations. The 23 percent increase in local currency sales resulted from the combination of the 12 percent volume growth and a notable improvement in average price per cigar. Shipment volumes for *White Owl* improved versus the prior year, but overall volumes for HTL cigars declined due to very limited shipments of value priced offerings. Shipment volumes for natural leaf cigars grew strongly due to the high demand for natural leaf varieties in general, continued momentum for our *Game* franchise, as well as the adverse impact of COVID-19 related effects on production levels in the comparison period. The improved average price reflected both implemented price increases and positive mix effects most notably within HTL.

Swedish Match has continued to make progress in increasing production capacity for its more labor-intensive natural leaf assortment produced in the Dominican Republic. However, due to the very strong demand for both natural leaf and HTL varieties, it remains a challenge to fulfill all orders from retailers and distributors.

Selling and administrative expenses increased less than sales and gross profit in percentage terms which led to the 40 percent increase in operating profit in local currency and the enhanced operating margin for the product segment.

Based on MSA measures of distributor shipments to retail, total mass market cigar category volumes (excluding little cigars) increased by close to 4 percent in the quarter versus the prior year period, with natural leaf cigars outpacing the growth for HTL varieties. While the Swedish Match year-on-year market share gain (based on MSA measures) was derived from the HTL segment, on a sequential basis, relative to the first quarter, Swedish Match's market share within the HTL segment declined somewhat, while the Company improved its position within the faster growing natural leaf segment in line with its strategy to focus on the faster growing segments.

US shipment volumes

Million sticks	April-June		Chg %	January-June		Chg %	Full year 2020
	2021	2020		2021	2020		
Homogenized tobacco leaf (HTL) cigars	200	213	-6	452	379	19	838
Natural leaf cigars	297	230	30	594	516	15	1,065
Cigars total	497	443	12	1,046	895	17	1,903

Market shares¹⁾

Percent	April-June		Chg ppts	January-June		Chg ppts	Full year 2020
	2021	2020		2021	2020		
Homogenized tobacco leaf (HTL) cigars	15.1	14.3	0.8	15.6	13.7	1.9	15.3
Natural leaf cigars	34.7	35.5	-0.8	34.4	39.9	-5.5	37.6
Cigars total	22.5	21.4	1.1	22.6	22.5	0.1	22.9

1) Based on MSA distributor shipments: Mass market cigars (excluding little cigars) 13 weeks to June 27, 2021 and June 28, 2020, respectively. Figures for 2020 have been restated to reflect changes in MSA store measurements.

The first six months

(Note: Comments below refer to the comparison between the first six months 2021 vs. the first six months 2020).

For the six-month period, sales grew by 25 percent in local currency on the back of improved pricing and double-digit volume growth for both HTL and natural leaf varieties. Total volumes for the first half exceeded 1 billion cigars, despite the influence of production constraints that hampered demand fulfillment. Operating profit increased by more than 40 percent in local currency, resulting in a notable increase in operating margin.

Based on MSA measures of distributor shipments to retail, total mass market cigar category volumes (excluding little cigars) increased by 9 percent in the six-month period, with Swedish Match growing at a marginally faster pace.

Lights

Second quarter highlights:

- Sharp sales increase, from higher volumes for both lighters and matches along with inclusion of the recently acquired Fire-Up business.
- Double-digit growth in underlying operating profit in local currencies, driven by lighters.



Key data

MSEK	April-June		Chg %	January-June		Chg %	Full year 2020
	2021	2020		2021	2020		
Sales	321	275	17	626	584	7	1,149
Operating profit	103	52	98	170	119	43	222
Operating margin, %	31.9	18.9		27.1	20.4		19.3
EBITDA	113	62	82	190	140	36	261
EBITDA margin, %	35.3	22.7		30.4	24.0		22.7
Depreciation, amortization and impairment	-11	-11		-21	-21		-39
Capital expenditures	15	6	151	23	14	72	29

The second quarter

(Note: Comments below refer to the comparison between the second quarter 2021 vs. the second quarter 2020).

Excluding currency translation effects, sales increased by 27 percent, with strong revenue growth for both lighters and matches. For lighters, a sharp increase in volumes compared to a relatively weak performance in the prior year period drove the increase in revenues. Volumes for matches also grew, but the main contributor to the increased sales in local currencies was the inclusion of the recently acquired Dutch-based fire products company, Fire-Up.

Excluding currency translation effects, operating profit more than doubled compared to the prior year. The prior year period operating profit benefitted from land sales amounting to less than 10 MSEK. This year's second quarter benefitted from both significant land sales and income from a favorable resolution relating to an indirect tax dispute, in aggregate amounting to more than 60 MSEK. On an underlying basis, operating profit in local currencies increased most notably for lighters despite sharp increases in raw material costs. Underlying operating profit also grew for matches and complementary products. The recently acquired Fire-Up company contributed with a small operating profit in the second quarter.

Shipment volumes, worldwide

	April-June		Chg %	January-June		Chg %	Full year 2020
	2021	2020		2021	2020		
Matches, billion sticks	15.4	14.9	3	31.1	30.0	4	57.3
Lighters, million units	72.7	62.2	17	151.2	135.0	12	293.4

The first six months

(Note: Comments below refer to the comparison between the first six months 2021 vs. the first six months 2020).

Excluding currency translation effects, as well as the impact from the Fire-Up acquisition, sales in local currencies increased by 13 percent with solid performance for both lighters and matches. Operating profit in the period benefitted from income relating to land sales and the resolution of indirect tax disputes amounting to somewhat more than 65 MSEK in total, while the prior year period recorded income of similar nature of 25 MSEK. Excluding these items and the negative effects from currency translation, operating profit increased by more than 30 percent on the back of a strong performance for both lighters and matches. For complementary products, operating profit in local currency declined marginally.

Cash flow and financing

Cash flow from operating activities for the first six months of 2021 amounted to 2,894 MSEK (3,162). The cash flow was negatively affected by changes in working capital, mainly due to timing effects and higher tax payments, partly offset by the stronger EBITDA development and the above-mentioned settlement income of 300 MSEK.

Investments in property, plant and equipment increased to 576 MSEK (516) principally benefitting the Smokefree product segment. Cash flow used in investing activities reflects an acquisition of a small European manufacturer of sustainable firelighters and related products (see Note 5).

The Group's net finance cost amounted to 174 MSEK (162) reflecting lower financial returns on surplus cash and higher interest rates on debt.

During the first six months, new bond loans of 1,612 MSEK were issued, repayments of maturing bond loans amounted to 750 MSEK, and early repayment of short-term bond loans amounted to 716 MSEK. As of June 30, 2021, Swedish Match had 15,337 MSEK of interest-bearing debt excluding retirement benefit obligations but including the recognition of lease liabilities of 283 MSEK. The Group's interest-bearing debt at December 31, 2020 amounted to 15,523 MSEK. During the remainder of 2021, 803 MSEK of this debt falls due for payment. For further detail on the maturity profile of the debt portfolio, please see the Company's website. Net retirement benefit obligations decreased to 1,148 MSEK as of June 30, 2021, from 1,411 MSEK at December 31, 2020 mainly due to positive remeasurements effects from higher discount rates and higher return on plan assets.

As of June 30, 2021, Swedish Match had 1,500 MSEK in unutilized committed credit lines. Cash and cash equivalents amounted to 1,962 MSEK at the end of the period, compared to 3,411 MSEK at December 31, 2020.

The net debt as of June 30, 2021 amounted to 14,523 MSEK compared to 13,523 MSEK at December 31, 2020 and 13,384 MSEK at June 30, 2020.

Shareholder distributions and the share

In the first half of the year, Swedish Match paid dividends of 2,369 MSEK to its shareholders. During the same period, Swedish Match repurchased 18.8 million shares for 1,360 MSEK at an average price of 72.16 SEK, following authorization from the Annual General Meetings held in 2020 and 2021. Total shares bought back by Swedish Match since the buyback program started have been repurchased at an average price of 15.22 SEK. As per June 30, 2021, Swedish Match held 14.8 million shares, corresponding to 0.93 percent of the total number of shares. The number of shares outstanding, net, as per June 30, 2021, amounted to 1,565 million.

In May 2021, the number of shares and votes in Swedish Match AB (publ) increased as a result of the share split (ratio 10:1) that was resolved by Swedish Match AB's Annual General Meeting on April 13, 2021, through which each existing share was divided into ten shares. The record date for the share split was May 10, 2021. Following the share split, the total number of shares in the Company amounts to 1,580,000,000 shares (previously 158,000,000 shares).

Effects from COVID-19

While longer-term effects from the pandemic are uncertain, the negative commercial, operational and financial consequences to Swedish Match have thus far been limited. On the contrary, Swedish Match estimates that, similar to the full year 2020, COVID-19 related changes to consumer demand and purchases have contributed to increased sales for several of its businesses. For cigars, while strong consumer demand is estimated to have been further elevated due to COVID-19, related production constraints have continued to limit Swedish Match's ability to fully meet the demand for natural leaf varieties during the first six months of 2021. For the Smokefree product segment, sales and operating profit during the first six months of 2021 have benefitted from channel mix effects that have been brought on by COVID-19 restrictions related to travel.

Swedish Match is closely monitoring the current situation including governmental guidelines and advice from public health authorities in every country where we operate. We are proactively taking the steps that we believe are appropriate to mitigate potential impacts to our employees, our customers and our business, as well as to society.

Financial position and liquidity

Swedish Match has a good financial position with strong cash flow from operating activities and a solid credit rating which enable continued investments and pursuit of growth expansion possibilities. Swedish Match continually work to optimize its capital structure with due consideration to flexibility and stability requirements. The Board has adopted certain financial guidelines to ensure that liquidity and refinancing risk are manageable. For details regarding Swedish Match financial position and liquidity, refer to Cash flow and financing and for details regarding the basis for determining shareholder distributions refer to Objectives, policies and processes for managing capital in this report.

Accounting implications

Management has reviewed significant assumptions and other facts and circumstances having an implication on the reported balances in accordance with IFRS. At this point, there are no indications that the COVID-19 pandemic will affect the long-term performance of the business such that valuation of company assets is significantly impacted.

Credit risks are regularly reviewed, with no indications of any significant changes in customers' credit terms or to customers' ability to pay outstanding invoices when they fall due.

Financial assets in several countries, particularly debt and equity securities, have been impacted by the uncertainty surrounding COVID-19 leading to valuation volatility. Some of the Group's post-employment benefit plans hold equities, whose growth is expected to outpace liabilities over the long term while providing volatility and risk in the short term. In the beginning of 2020, the Group's pension assets experienced losses due to the COVID-19 outbreak, which recovered during the remainder of 2020. Updated actuarial assumptions at June 30, 2021 used in the measurement of our defined post-employment benefit have decreased the reported value of the Group's defined post-employment benefit obligations by 263 MSEK compared to December 2020, mainly as a result of positive remeasurement effects from higher discount rates and higher return on plan assets. Upon consolidation, the reported Group net post-employment liability was also impacted by negative currency translation effects relative to December 2020 mainly due to the stronger US dollar versus the Swedish krona.

The Group's derivatives and deposits are with banks backed by sound ratings. The credit risk of financial counterparties is monitored daily. Management has further assessed that there is no change in the underlying risk affecting the classification of financial instruments reported in the balance sheet. For more information on the reported balances see Note 3 – Carrying value and fair value of financial assets and liabilities.

No material governmental subsidies or concessions related to COVID-19 have been sought or received by Swedish Match during the first six months of 2021.

Other events during the quarter

FDA

On April 29, 2021 the FDA announced that it is working toward issuing proposed product standards within the next year to ban all characterizing flavors (including menthol) in cigars. The intent to issue such a proposed rule is in line with previous announcements made by the agency since 2016. Any proposed rule will be open for public comments before a final rule is published.

Full year 2021 outlook

Swedish Match expects that the trend of increased interest from consumers, industry participants and regulators in less harmful alternatives to cigarettes will continue. Our ambition is to create value for both shareholders and society by providing products that are recognized as safer alternatives to cigarettes.

For 2021, Swedish Match expects continued market growth for smokefree products, most notably driven by rapid growth of nicotine pouches. Swedish Match expects that the attractive prospects of the nicotine pouch category will further elevate competitive activity.

During 2021, Swedish Match expects to increase its investments in marketing, distribution and sales efforts in both existing and new markets to actively participate in growth opportunities. Continued capital investments by Swedish Match to further expand nicotine pouch production capacity are expected to result in capital expenditures in 2021 above the 2020 level.

While Swedish Match expects that the COVID-19 pandemic will remain a serious public health issue for a large part of 2021, Swedish Match expects its business to remain largely resilient to material negative COVID-19 related effects.

The effective underlying corporate tax rate in 2021, excluding associated companies, is expected to be around 23 percent.

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

Risk factors

Swedish Match faces intense competition in all of its markets and for each of its products and such competition may increase in the future. To remain successful, the Group must develop products and brands that resonate with changing consumer trends, and price and promote its brands competitively. Restrictions on advertising and promotion may, however, make it more difficult to counteract any loss of consumer loyalty. Competitors may develop and promote new products which could be successful, and could thereby have an adverse effect on Swedish Match results of operations.

Swedish Match has substantial sales in the US, with products sourced from local US production facilities and imports from Swedish Match's production facilities in the Dominican Republic and in Sweden. Swedish Match also has operations in Brazil, Denmark, Norway, the Philippines and EMU member countries. Consequently, changes in import duties as well as in exchange rates of the euro, Norwegian krone, Danish krone, Brazilian real, the Dominican peso and in particular the US dollar may adversely affect the Group's results of operations, cash flow, financial condition or relative price competitiveness in the future. Such effects may occur both in local currencies and when such local currencies are translated into Swedish currency for purposes of financial reporting.

Regulatory developments and fiscal changes related to tobacco and other nicotine products, corporate income and other taxes, as well as to the marketing, sale and consumption of tobacco products and other products containing nicotine in the countries where the Group is operating may have an adverse effect on Swedish Match financial results.

For a further description of risk factors affecting Swedish Match, see the Effects from COVID-19 above as well as the Risk and risk management section in the Report of the Board of Directors in the Swedish Match annual report for 2020, available on swedishmatch.com.

Swedish Match AB (publ)

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

Revenue from the Parent Company for the first six months of 2021 amounted to 15 MSEK (11). Profit before income tax amounted to 1,026 MSEK (695) and net profit for the first six months amounted to 1,086 MSEK (759). The higher profit before income tax compared to previous year was primarily related to participation in Group companies.

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

Repayment of bond loans, including loan hedge derivatives, amounted to 1,467 MSEK during the first six months and new bond loans of 1,612 MSEK were issued.

During the period it was resolved to split each of the Company's shares into ten shares (ratio 10:1). All references to shares and earnings per share in this document have been restated to reflect this split. During the first six months, the Parent Company made share repurchases of 18.8 million (24.1) shares for 1,360 MSEK (1,435).

A dividend of 2,369 MSEK (2,020) has been paid during the period.

Forward-looking information

This report contains forward-looking information based on the current expectation of the Swedish Match Group's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably 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.

Additional information

This report has not been reviewed by the Company's auditors. The January-September 2021 report will be released on October 27, 2021.

The Board of Directors and the CEO declare that the half year report gives a true and fair view of the operations, position and result of the Company and the Group and describes the major risks and uncertainties of the Company and the companies in the Group.

Stockholm, July 20, 2021

Conny Karlsson
Chairman of the Board

Andrew Cripps
Deputy Chairman

Charles A. Blixt
Board member

Patrik Engelbrektsson
Board member

Jacqueline Hoogerbrugge
Board member

Alexander Lacik
Board member

Pauline Lindwall
Board member

Pär-Ola Olausson
Board member

Dragan Popovic
Board member

Wenche Rolfsen
Board member

Joakim Westh
Board member

Lars Dahlgren
President and CEO

Product segments summary and key ratios

Sales							
<i>MSEK</i>	April-June		Chg	January-June		Chg	Full year
	2021	2020	%	2021	2020	%	2020
Smokefree	2,955	2,695	10	5,778	5,203	11	10,651
Cigars	1,138	1,069	7	2,387	2,197	9	4,533
Lights	321	275	17	626	584	7	1,149
Sales from product segments	4,414	4,039	9	8,791	7,984	10	16,332
Other operations	90	94	-4	169	178	-5	366
Sales	4,505	4,133	9	8,960	8,162	10	16,698

Operating profit							
<i>MSEK</i>	April-June		Chg	January-June		Chg	Full year
	2021	Restated 2020	%	2021	Restated 2020	%	2020
Smokefree	1,428	1,301	10	2,893	2,455	18	5,142
Cigars	458	378	21	1,018	816	25	1,796
Lights	103	52	98	170	119	43	222
Operating profit from product segments	1,988	1,731	15	4,080	3,390	20	7,160
Other operations	-32	-38		-69	-97		-169
Settlement income	-	-		300	-		-
Operating profit	1,956	1,693	16	4,310	3,294	31	6,991

Operating margin by product segment					
<i>Percent</i>	April-June		January-June		Full year
	2021	Restated 2020	2021	Restated 2020	2020
Smokefree	48.3	48.3	50.1	47.2	48.3
Cigars	40.3	35.4	42.6	37.2	39.6
Lights	31.9	18.9	27.1	20.4	19.3
Operating margin from product segments	45.0	42.9	46.4	42.5	43.8

EBITDA by product segment							
<i>MSEK</i>	April-June		Chg	January-June		Chg	Full year
	2021	Restated 2020	%	2021	Restated 2020	%	2020
Smokefree	1,532	1,401	9	3,093	2,653	17	5,539
Cigars	479	400	20	1,060	860	23	1,883
Lights	113	62	82	190	140	36	261
EBITDA from product segments	2,124	1,863	14	4,343	3,654	19	7,684

EBITDA margin by product segment					
<i>Percent</i>	April-June		January-June		Full year
	2021	Restated 2020	2021	Restated 2020	2020
Smokefree	51.8	52.0	53.5	51.0	52.0
Cigars	42.1	37.4	44.4	39.2	41.5
Lights	35.3	22.7	30.4	24.0	22.7
EBITDA margin from product segments	48.1	46.1	49.4	45.8	47.0

Key ratios

	2021	January-June Restated 2020	12 months ended June 30, 2021 Restated	Full year 2020
Operating margin from product segments, %	46.4	42.5	45.8	43.8
Operating margin, excl. larger one-time items, %	44.8	40.4	44.1	41.9
Net debt, MSEK	14,523	13,384	14,523	13,523
Investments in property, plant and equipment, MSEK	576	516	1,186	1,126
Depreciation, amortization and impairments, MSEK	293	297	585	588
EBITA, MSEK	4,048	3,334	7,782	7,068
EBITA interest cover	24.4	23.4	22.0	21.4
Net debt/EBITA	-	-	1.9	1.9
Adjusted earnings per share, basic and diluted, SEK ¹⁾²⁾	1.89	1.49	3.61	3.22
<i>Share data</i>				
Number of shares outstanding at end of period ²⁾	1,565,228,120	1,608,193,150	1,565,228,120	1,584,070,830
Average number of shares outstanding ²⁾	1,577,900,317	1,619,708,401	1,587,761,330	1,608,665,372

1) Adjusted earnings per share in 2021 excludes settlement income of 300 MSEK (238 MSEK net of tax) recognized in the first quarter 2021. Adjusted earnings per share in 2020 excludes a tax charge including interest of 286 MSEK related to an adverse ruling in a tax case in Sweden recognized in the third quarter 2020.

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

Financial statements

Condensed consolidated income statement

MSEK	Note	April-June Restated 2021	Chg %	January-June Restated 2021	Chg %	Full year 2020		
Sales, including tobacco tax		5,403	5,118	10,786	9,964	20,451		
Less tobacco tax		-898	-986	-1,826	-1,802	-3,753		
Sales	2	4,505	4,133	9	8,960	8,162	10	16,698
Cost of goods sold		-1,514	-1,460	-2,984	-2,882	-5,751		
Gross profit		2,990	2,672	12	5,976	5,279	13	10,947
Selling and admin. expenses		-1,037	-982	-1,970	-1,990	-3,968		
Share of profit/loss in associated companies		3	2	5	5	13		
Settlement income		-	-	300	-	-		
Operating profit		1,956	1,693	16	4,310	3,294	31	6,991
Finance income		7	10	18	37	49		
Finance costs		-92	-94	-192	-200	-396		
Net finance cost		-85	-84	-174	-162	-347		
Profit before income tax		1,871	1,609	16	4,136	3,131	32	6,644
Income tax expense		-430	-355	-915	-710	-1,756		
Profit for the period		1,441	1,254	15	3,221	2,422	33	4,888
<i>Attributable to:</i>								
Equity holders of the Parent		1,441	1,253	3,220	2,421	4,888		
Non-controlling interests		0	0	1	0	1		
Profit for the period		1,441	1,254	15	3,221	2,422	33	4,888
Earnings per share, basic and diluted, SEK ¹⁾	4	0.92	0.78	2.04	1.49	3.04		

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

Condensed consolidated statement of comprehensive income

MSEK	April-June		January-June		Full year
	2021	2020 Restated	2021	2020 Restated	
Profit for the period	1,441	1,254	3,221	2,422	4,888
<i>Other comprehensive income that may be reclassified to the income statement</i>					
Translation differences related to foreign operations	-185	-625	266	-133	-1,120
Effective portion of changes in fair value of cash flow hedges	12	-82	39	-38	-51
Income tax relating to reclassifiable components of other comprehensive income	-2	17	-8	8	11
Sub-total, net of tax for the period	-176	-691	296	-163	-1,160
<i>Other comprehensive income that will not be reclassified to the income statement</i>					
Actuarial gains/losses attributable to pensions, incl. payroll tax	19	-80	370	-418	-132
Income tax relating to non-reclassifiable components of other comprehensive income	-3	13	-89	101	33
Sub-total, net of tax for the period	17	-67	282	-317	-99
Total comprehensive income for the period	1,282	496	3,799	1,941	3,629
<i>Attributable to:</i>					
Equity holders of the Parent	1,282	496	3,798	1,941	3,628
Non-controlling interests	1	0	1	0	0
Total comprehensive income for the period	1,282	496	3,799	1,941	3,629

Condensed consolidated balance sheet

MSEK	Note	June 30, 2021	December 31, 2020
Intangible assets		2,270	2,237
Property, plant and equipment		4,065	3,633
Right-of-use assets		273	278
Investments in associated companies		38	42
Other non-current assets and operating receivables		27	20
Other non-current financial assets and receivables	3,7	1,691	1,556
Total non-current assets		8,364	7,765
Other current financial receivables	3,7	303	219
Current operating assets and receivables	3	4,456	3,732
Cash and cash equivalents	3	1,962	3,411
Total current assets		6,721	7,362
Assets held for sale ¹⁾		2	28
Total assets		15,087	15,155
Equity attributable to equity holders of the Parent		-7,744	-7,814
Non-controlling interests		17	16
Total equity		-7,727	-7,798
Non-current financial provisions		1,267	1,268
Non-current loans	3	13,817	13,514
Other non-current financial liabilities	3,7	1,662	1,926
Other non-current operating liabilities	3	477	485
Total non-current liabilities		17,223	17,194
Current loans	3	1,793	1,850
Other current financial liabilities	3,7	359	653
Other current operating liabilities	3	3,439	3,257
Total current liabilities		5,592	5,759
Total liabilities		22,814	22,953
Total equity and liabilities		15,087	15,155

1) Assets held for sale refers to land and forestry assets. The fair value less costs to sell are not expected to be lower than the carrying value.

Condensed consolidated cash flow statement

MSEK	January-June	
	2021	Restated 2020
<i>Operating activities</i>		
Profit before income taxes	4,136	3,131
Share of profit/loss in associated companies	-5	-5
Dividend received from associated companies	9	10
Adjustments for non-cash items etc. ¹⁾	190	367
Income tax paid	-937	-579
Cash flow from operating activities before changes in working capital	3,393	2,925
Changes in working capital	-499	237
Net cash generated from operating activities	2,894	3,162
<i>Investing activities</i>		
Purchase of property, plant and equipment	-576	-516
Proceeds from sale of property, plant and equipment	27	11
Purchase of intangible assets	-3	-28
Acquisition of subsidiaries ²⁾	-39	-32
Changes in financial receivables etc.	-3	0
Net cash used in investing activities	-594	-565
<i>Financing activities</i>		
Proceeds from borrowings	1,612	3,175
Repayment of borrowings	-1,467	-500
Dividend paid to equity holders of the Parent	-2,369	-2,020
Repurchase of own shares	-1,360	-1,435
Lease payments	-44	-42
Realized exchange gain/losses on financial instruments	-204	-175
Other	4	1
Net cash used in financing activities	-3,826	-995
Net decrease/increase in cash and cash equivalents	-1,526	1,602
Cash and cash equivalents at the beginning of the period	3,411	2,370
Effect of exchange rate fluctuations on cash and cash equivalents	76	-65
Cash and cash equivalents at the end of the period	1,962	3,907

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

2) Acquisition of subsidiaries in 2021 includes consideration paid relating to the acquisition of Fire-Up International B.V. (see Note 5) and in 2020 refers to the remaining consideration related to the acquisition of Gotlandssnus in 2018.

Condensed consolidated statement of changes in equity

MSEK	Equity attributable to holders of the Parent	Non- controlling interests	Total equity
Equity at January 1, 2020	-6,324	16	-6,308
Profit for the period	2,421	0	2,422
Other comprehensive income, net of tax for the period	-480	0	-481
Total comprehensive income for the period	1,941	0	1,941
Dividend	-2,020	-	-2,020
Repurchase of own shares	-1,435	-	-1,435
Cancellation of shares	-18	-	-18
Bonus issues	18	-	18
Restated equity at June 30, 2020	-7,837	16	-7,821
Equity at January 1, 2021	-7,814	16	-7,798
Profit for the period	3,220	1	3,221
Other comprehensive income, net of tax for the period	578	0	578
Total comprehensive income for the period	3,798	1	3,799
Dividend	-2,369	0	-2,369
Repurchase of own shares	-1,360	-	-1,360
Cancellation of shares	-10	-	-10
Bonus issues	10	-	10
Equity at June 30, 2021	-7,744	17	-7,727

Objectives, policies and processes for managing capital

The basis for determining dividends and repurchasing of own shares is the equity of the Parent Company. Total equity in the Parent Company as per June 30, 2021 amounted to 9,231 MSEK and distributable earnings amounted to 8,842 MSEK.

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

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

Condensed Parent Company income statement

MSEK	January-June	
	2021	2020
Sales	15	11
Administrative expenses	-119	-170
Operating loss	-103	-159
Result from participation in Group companies	1,310	1,027
Finance income	-	0
Finance costs	-181	-173
Net finance cost	-181	-173
Profit before income tax	1,026	695
Income tax	60	64
Profit for the period	1,086	759

Condensed Parent Company statement of comprehensive income

MSEK	January-June	
	2021	2020
Profit for the period	1,086	759
<i>Other comprehensive income that may be reclassified to the income statement</i>		
Effective portion of changes in fair value of cash flow hedges	39	-38
Income tax relating to components of other comprehensive income	-8	8
Other comprehensive income, net of tax for the period	31	-30
Total comprehensive income for the period	1,116	729

Condensed Parent Company balance sheet

MSEK	June 30, 2021	June 30, 2020	December 31, 2020
Intangible and tangible assets	0	0	0
Non-current financial assets	31,740	32,033	31,675
Current assets	468	350	2,555
Cash and other current deposits	0	1	250
Total assets	32,209	32,384	34,481
Equity	9,231	9,244	11,843
Untaxed reserves	2,675	2,325	2,675
Provisions	66	110	93
Non-current liabilities	13,995	14,664	13,726
Current liabilities	6,241	6,040	6,143
Total liabilities	20,302	20,814	19,962
Total equity and liabilities	32,209	32,384	34,481

Note 1 – Accounting principles

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

There are no changes to IFRS standards, amendments and interpretations of existing standards applicable as of January 1, 2021 that have had an effect on the Group's financial result or position. The accounting principles and basis of calculation in this report are the same as in the annual report for 2020.

Restatement of prior period financial information

During 2020, COVID-19-related implications on the cigar supply chain resulted in unusually low inventory levels of cigars manufactured and shipped from the production facility in the Dominican Republic. In conjunction with the 2020 year end reconciliation processes, an accounting error relating to elimination of internal profits in inventory that understated the previously reported operating profit for the Group and for the product segment Cigars amounting to 63 MSEK (7 MUSD) for the first nine months of 2020 was discovered and corrected. Operating profits for the Group and for the product segment Cigars have been restated for Q1 through Q3 2020 and the corrected operating profits exceeded the previously reported levels by 7 MSEK for the first quarter, by 26 MSEK for the second quarter and by 30 MSEK for the third quarter. Periods before 2020 were not affected by the accounting error and consequently have not been restated. Restated quarterly financials affected by the adjustments are presented on pages 28-29 in this report.

Note 2 – Disaggregation of revenue

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

Sales – April to June

MSEK	Segments								Other operations		Group	
	Smokefree		Cigars		Lights		Total segments					
	Apr-Jun		Apr-Jun		Apr-Jun		Apr-Jun		Apr-Jun		Apr-Jun	
Primary geographical markets	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
The US	1,657	1,464	1,138	1,069	34	19	2,829	2,552	-	-	2,829	2,552
Scandinavia	1,267	1,184	-	-	9	9	1,276	1,193	90	94	1,366	1,287
Other markets	31	47	-	-	279	247	310	294	-	-	310	294
Total sales	2,955	2,695	1,138	1,069	321	275	4,414	4,039	90	94	4,505	4,133

Sales – January to June

MSEK	Segments								Other operations		Group	
	Smokefree		Cigars		Lights		Total segments					
	Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun	
Primary geographical markets	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
The US	3,191	2,891	2,387	2,197	79	47	5,658	5,135	-	-	5,658	5,135
Scandinavia	2,516	2,217	-	-	24	21	2,540	2,239	169	178	2,709	2,417
Other markets	71	94	-	-	522	516	593	610	-	-	593	610
Total sales	5,778	5,203	2,387	2,197	626	584	8,791	7,984	169	178	8,960	8,162

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

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

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

Level 1 - Quoted prices (unadjusted) in active markets

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

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

The following table shows carrying value and fair value for financial instruments as of June 30, 2021.

Carrying value and fair value

MSEK	Financial instruments measured at FVTPL	Financial assets measured at amortized cost	Other financial liabilities	Cash flow hedges measured at FVOCI	Other receivables and liabilities	Total carrying value	Estimated fair value
Trade receivables	-	1,834	-	-	-	1,834	1,834
Other non-current financial receivables	-	43	-	529	550	1,122	1,122
Other current assets and financial receivables	67	119	-	39	349	574	574
Prepaid expenses and accrued income ¹⁾	-	-	-	0	144	145	145
Cash and cash equivalents	-	1,962	-	-	-	1,962	1,962
Total assets	67	3,958	-	568	1,043	5,637	5,637
Loans and borrowings	-	-	15,610	-	-	15,610	15,974
Other non-current financial liabilities	-	-	203	178	42	423	423
Other current liabilities	3	-	80	-	1,691	1,774	1,774
Accrued expenses and deferred income ¹⁾	-	-	86	47	781	914	914
Trade payables	-	-	481	-	-	481	481
Total liabilities	3	-	16,460	225	2,514	19,202	19,566

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

Fair value measurement by level

MSEK	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	636	-	636
Derivative financial liabilities	-	228	-	228

The following table shows carrying value and fair value for financial instruments per December 31, 2020.

Carrying value and fair value

MSEK	Financial instruments measured at FVTPL	Financial assets measured at amortized cost	Other financial liabilities	Cash flow hedges measured at FVOCI	Other receivables and liabilities	Total carrying value	Estimated fair value
Trade receivables	-	1,577	-	-	-	1,577	1,577
Other non-current financial receivables	-	3	-	459	473	935	935
Other current assets and financial receivables	1	69	-	-	246	315	315
Prepaid expenses and accrued income ¹⁾	-	-	-	1	115	117	117
Cash and cash equivalents	-	3,411	-	-	-	3,411	3,411
Total assets	1	5,060	-	460	834	6,355	6,355
Loans and borrowings	-	-	15,364	-	-	15,364	15,713
Other non-current financial liabilities	-	-	208	213	45	466	466
Other current liabilities	258	-	77	-	1,617	1,952	1,952
Accrued expenses and deferred income ¹⁾	-	-	122	46	850	1,018	1,018
Trade payables	-	-	409	-	-	409	409
Total liabilities	258	-	16,180	259	2,512	19,209	19,558

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

Fair value measurement by level

MSEK	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	461	-	461
Derivative financial liabilities	-	517	-	517

No transfer in or out of level 2 has been made during the second quarter 2021. The recognized amounts are regarded as reasonable estimates for all items measured at carrying value in the balance sheet, except for loans and borrowings, as these amounts have a long time to maturity. The fair value of loans and borrowings differ from their carrying value as a consequence of changes in the market interest rates. Items not valued at fair value in the balance sheet are measured at amortized cost. The total nominal amount of outstanding derivatives was 14,501 MSEK (14,035) of which 10,493 MSEK (9,991) was in cash flow hedges consisting of cross currency and interest rate swaps related to bond loans. The remaining 4,008 MSEK (4,044) consisted of currency swaps related to the conversion of surplus cash in US dollars to Swedish kronor. Methodologies utilized in the valuation of financial instruments can be found in Note 1 in the annual report for 2020.

Note 4 – Earnings per share

The following table provides the components used in calculating earnings per share. The quarterly earnings per share are calculated by deducting the year to date earnings per share for the preceding reporting period from the current period's year to date earnings per share.

Earnings per share <i>Basic and diluted</i>	April-June		January-June		Full year
	2021	Restated 2020	2021	Restated 2020	2020
Profit for the period attributable to equity holders of the Parent, MSEK	1,441	1,253	3,220	2,421	4,888
Profit for the period attributable to equity holders of the Parent, excl. larger one-time items, MSEK	1,441	1,253	2,982	2,421	5,174
Weighted average number of shares outstanding ²⁾	1,573,703,790	1,613,437,980	1,577,900,317	1,619,708,401	1,608,665,372
Earnings per share, SEK ²⁾	0.92	0.78	2.04	1.49	3.04
Adjusted earnings per share, SEK ¹⁾²⁾	0.92	0.78	1.89	1.49	3.22

1) Adjusted earnings per share in 2021 excludes settlement income of 300 MSEK (238 MSEK net of tax) recognized in the first quarter 2021. Adjusted earnings per share in 2020 excludes a tax charge including interest of 286 MSEK related to an adverse ruling in a tax case in Sweden recognized in the third quarter 2020.

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

Note 5 – Business combinations

On February 3, 2021, Svenska Tändsticksbolaget Försäljningsaktiebolag (a subsidiary of Swedish Match AB) acquired 100 percent of the shares in Fire-Up International B.V., a Dutch company, which produces ecological firelighters (used for stoves, fireplaces, barbecues, etc.) and trades in a variety of fire-related products mainly in Europe. The company's annual revenues amounts to approximately 80 MSEK. The acquired net assets amounted to 15 MSEK and the preliminary acquisition fair value adjustments consisted of goodwill and trademarks. Complete IFRS 3 disclosures are not provided as the acquisition is not deemed to materially impact the Group's statement of income or financial position.

Note 6 – Tax related contingencies

Tax audits in Sweden

During 2017, the Swedish Tax Agency performed tax audits in a number of Swedish Match's Swedish group companies. After completing the audits, the Swedish Tax Agency decided to deny certain cost deductions in two cases. Both cases were appealed by Swedish Match but the cases were ruled in favor of the Tax Agency by the County Administrative Court in Stockholm in May 2019 and January 2020 respectively. Swedish Match subsequently appealed to the Administrative Court of Appeals in both cases. In August 2020 one of the cases was ruled in favor of the Tax Agency by the Administrative Court of Appeals and the tax charges of in total 270 MSEK and related interest costs of 16 MSEK has been paid and debited in the 2020 accounts. Swedish Match applied for leave to appeal and the leave was granted in June 2021 by the Supreme Administrative Court. In the other case (in which the tax charge amounts to 43 MSEK excluding interest), the Court of Appeal decided to hold the judgment pending the judgment of a similar case which may constitute a precedent by the Supreme Administrative Court and in June 2021 the Supreme Administrative Court decided in favor of the taxpayer in that case.

Resolution of indirect tax disputes in Brazil

In May 2021, Swedish Match received favorable decisions on the court-cases related to indirect taxes in Brazil (principally value added taxes), including a new calculation methodology prescribed by the Brazilian tax authority. Swedish Match has assessed its recovery rights for duplicative indirect taxes under the Supreme court's decision to 37 MSEK (24 MSEK, net of taxes on income). The amount has been recognized as operating income in the Lights product segment in the second quarter 2021. In 2020, an operating income of 16 MSEK (11 MSEK, net of taxes on income) relating to additional indirect tax recoveries was recognized within the Lights product segment based on the calculation methodology issued in 2010 by the Brazil tax authority.

Note 7 – Alternative performance measures

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

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

EBITA and EBITDA

MSEK	April-June		January-June		12 months ended June 30, 2021 restated	Full year 2020
	2021	Restated 2020	2021	Restated 2020		
	Profit for the period	1,441	1,254	3,221	2,422	5,688
Income tax expense	430	355	915	710	1,962	1,756
Net finance cost	85	84	174	162	359	347
Operating profit for the period	1,956	1,693	4,310	3,294	8,008	6,991
Less larger one-time items	-	-	-300	-	-300	-
Amortization and impairment of intangible assets	18	20	37	40	74	77
EBITA	1,975	1,712	4,048	3,334	7,782	7,068
Depreciation and impairment of tangible and right-of-use assets	133	129	257	257		511
EBITDA	2,107	1,841	4,304	3,591		7,580

EBITDA and EBITDA margin from product segments

MSEK	April-June		January-June		Full year 2020
	2021	2020	2021	2020	
Operating profit for the period	1,956	1,693	4,310	3,294	6,991
Less operating loss from Other operations	32	38	69	97	169
Less larger one-time items	-	-	-300	-	-
Operating profit from product segments	1,988	1,731	4,080	3,390	7,160
Amortization, depreciation and impairment of intangible, tangible and right-of-use assets	151	149	293	297	588
Less amortization, depreciation and impairment of intangible, tangible and right-of-use assets for Other operations	-15	-16	-31	-33	-65
EBITDA from product segments	2,124	1,863	4,343	3,654	7,684
Sales from product segments	4,414	4,039	8,791	7,984	16,332
EBITDA margin from product segments, %	48.1	46.1	49.4	45.8	47.0

Larger one-time items

MSEK	April-June		January-June		Full year 2020
	2021	2020	2021	2020	
Settlement income	-	-	300	-	-
Total larger one-time items in operating profit	-	-	300	-	-
Income tax expense on settlement income	-	-	-62	-	-
Tax charge including interest related to an adverse ruling in a tax case in Sweden	-	-	-	-	-286
Total larger one-time items in net profit	-	-	238	-	-286

Adjusted earnings per share

Basic and diluted	April-June		January-June		Full year 2020
	2021	Restated 2020	2021	Restated 2020	
Profit for the period attributable to equity holders of the Parent, MSEK	1,441	1,253	3,220	2,421	4,888
Settlement income, net of tax, MSEK	-	-	-238	-	-
Tax charge including interest, MSEK	-	-	-	-	286
Profit for the period attributable to equity holders of the Parent, excl. larger one-time items, MSEK	1,441	1,253	2,982	2,421	5,174
Weighted average number of shares outstanding ¹⁾	1,573,703,790	1,613,437,980	1,577,900,317	1,619,708,401	1,608,665,372
Adjusted earnings per share, SEK¹⁾	0.92	0.78	1.89	1.49	3.22

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

EBITA interest cover

MSEK	January-June 2021	Restated 2020	12 months ended June 30, 2021 restated	Full year 2020
EBITA	4,048	3,334	7,782	7,068
Interest income	18	37	29	49
Interest expense	-184	-180	-383	-379
EBITA interest cover	24.4	23.4	22.0	21.4

Net debt/EBITA

MSEK	12 months ended June 30, 2021 restated	Full year 2020
Net debt	14,523	13,523
EBITA 12 months rolling	7,782	7,068
Net debt/EBITA	1.9	1.9

Net debt

MSEK	January-June 2021	2020	Full year 2020
Non-current loans	13,817	14,576	13,514
Current loans	1,793	1,550	1,850
Components of derivatives (liabilities) ¹⁾	139	30	420
Components of derivatives (assets) ²⁾	-696	-917	-546
Non-current lease liabilities ³⁾	203	163	208
Current lease liabilities ⁴⁾	80	75	77
Net provision for pensions and similar obligations ³⁾	1,278	1,892	1,503
Net asset for pensions and similar receivables ⁵⁾	-129	-79	-92
Cash and cash equivalents	-1,962	-3,907	-3,411
Net debt	14,523	13,384	13,523

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

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

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

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

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

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

Quarterly data

Quarterly data for the first, second and third quarters of 2020 have been restated (see Note 1).

Consolidated income statement in summary

MSEK	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Sales, including tobacco tax	5,403	5,383	5,099	5,389	5,118
Less tobacco tax	-898	-928	-962	-989	-986
Sales	4,505	4,455	4,136	4,400	4,133
Cost of goods sold	-1,514	-1,469	-1,460	-1,409	-1,460
Gross profit	2,990	2,986	2,677	2,990	2,672
Selling and administrative expenses	-1,037	-933	-1,031	-946	-982
Share of net profit/loss in associated companies	3	2	4	4	2
Settlement income	-	300	-	-	-
Operating profit	1,956	2,354	1,650	2,048	1,693
Finance income	7	11	13	7	10
Finance costs	-92	-100	-92	-112	-94
Net finance cost	-85	-89	-80	-105	-84
Profit before income tax	1,871	2,265	1,570	1,943	1,609
Income tax expense	-430	-485	-326	-721	-355
Profit for the period	1,441	1,780	1,244	1,222	1,254
<i>Attributable to:</i>					
Equity holders of the Parent	1,441	1,779	1,244	1,222	1,253
Non-controlling interests	0	0	0	0	0
Profit for the period	1,441	1,780	1,244	1,222	1,254

Quarterly data by product segment

Quarterly data by product segment for the first, second and third quarters of 2020 have been restated (see Note 1).

Sales

MSEK	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Smokefree	2,955	2,823	2,606	2,842	2,695
Cigars	1,138	1,249	1,152	1,184	1,069
Lights	321	305	288	277	275
Sales from product segments	4,414	4,376	4,045	4,303	4,039
Other operations	90	78	91	97	94
Sales	4,505	4,455	4,136	4,400	4,133

Operating profit

MSEK	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Smokefree	1,428	1,465	1,168	1,519	1,301
Cigars	458	560	481	499	378
Lights	103	67	46	57	52
Operating profit from product segments	1,988	2,092	1,695	2,075	1,731
Other operations	-32	-37	-45	-28	-38
Settlement income	-	300	-	-	-
Operating profit	1,956	2,354	1,650	2,048	1,693

Operating margin by product segment

Percent	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Smokefree	48.3	51.9	44.8	53.5	48.3
Cigars	40.3	44.8	41.7	42.2	35.4
Lights	31.9	22.0	16.0	20.5	18.9
Operating margin from product segments	45.0	47.8	41.9	48.2	42.9

EBITDA by product segment

MSEK	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Smokefree	1,532	1,561	1,269	1,617	1,401
Cigars	479	581	503	520	400
Lights	113	77	54	67	62
EBITDA from product segments	2,124	2,219	1,826	2,204	1,863

EBITDA margin by product segment

Percent	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Smokefree	51.8	55.3	48.7	56.9	52.0
Cigars	42.1	46.5	43.6	43.9	37.4
Lights	35.3	25.3	18.8	24.1	22.7
EBITDA margin from product segments	48.1	50.7	45.1	51.2	46.1

Additional quarterly data

Depreciation, amortization and impairments

MSEK	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Property, plant and equipment	109	101	105	103	106
Right-of-use assets	23	23	23	23	23
Intangible assets	18	18	18	19	20
Total	151	142	146	145	149

Net finance cost

MSEK	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Interest income	7	11	5	7	8
Interest expense	-90	-93	-91	-109	-93
Net interest expense	-84	-83	-86	-102	-85
Other finance costs/income, net	-2	-6	6	-3	1
Total net finance cost	-85	-89	-80	-105	-84

Contacts:

Lars Dahlgren, President and Chief Executive Officer
Phone +46 8 658 0441

Anders Larsson, Chief Financial Officer and Senior Vice President Group Finance
Phone +46 10 139 3006

Emmett Harrison, Senior Vice President Investor Relations
Phone +46 70 938 0173

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

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

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
swedishmatch.com