A black, textured cover for an investor presentation, centered on a white marble background. The cover is surrounded by various tobacco-related items: a pair of silver tongs at the top left, a pile of brown tobacco at the top right, a black fountain pen with gold accents at the right, a wooden smoking pipe with a black stem at the bottom right, and two cigars (one large with a label and one smaller) at the bottom left. The text on the cover is white and centered.

INVESTOR PRESENTATION

SECOND QUARTER 2021

25 AUGUST 2021



AGENDA

01 Q2 2021 highlights

02 Divisional update

03 Group financials

04 Regulatory update

05 2021 outlook

06 Q&A session



NIELS FREDERIKSEN
CEO



MARIANNE RØRSLEV BOCK
CFO



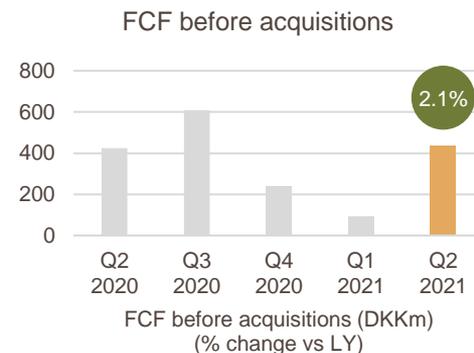
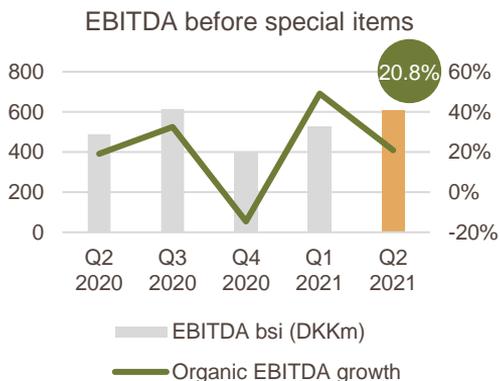
TORBEN SAND
Head of Investor Relations

All statements except for statements of historical fact in this presentation are forward-looking. Forward-looking statements give Scandinavian Tobacco Group's ("STG") current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance as well as business. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained therein. The presentation has not been independently verified and will not be updated.



Q2 2021 HIGHLIGHTS

- Strong financial performance continued in the second quarter of the year
- Organic net sales growth of 7.5% driven by North America Branded & Rest of World
- Agio integration is on target to deliver DKK 100 million in savings in 2021
- Full year guidance range raised to reflect updated outlook for the second half of the year

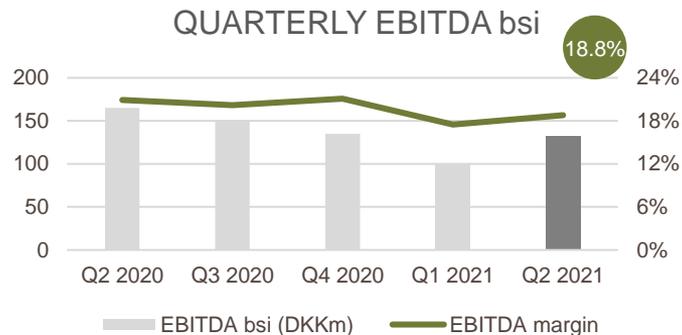
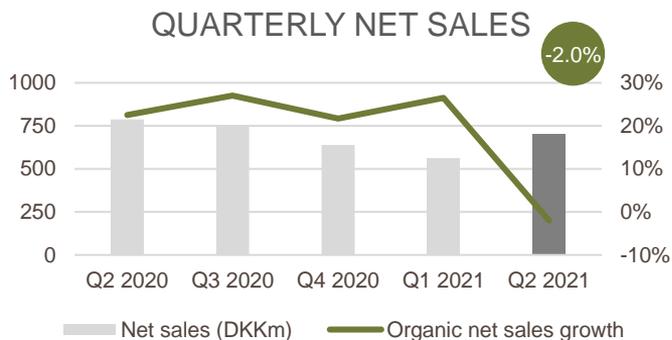




NORTH AMERICA ONLINE & RETAIL

HIGHLIGHTS OF Q2 2021

- Consumption of handmade cigars has remained strong in the second quarter of the year, with consumers increasingly switching from the online channel to retail
- 2% negative organic net sales growth in the second quarter of 2021 reflects the channel shift
- Strong growth in retail stores reflects expansion of retail network and channel shift
- Margin development reflects higher sales and marketing related costs as well as the expansion of the retail network





LOOKING AHEAD

- Strong consumption of handmade cigars expected to continue though uncertainty relating to consumption in the second half of the year still higher than normal
- Organic net sales growth expected to slow down in the second half compared with the first half due to tough comparison numbers
- A substantial part of the active online customers acquired through the pandemic is expected to be retained post COVID-19 through strategic initiatives
- Increased promotional activity by competitors continues
- A new superstore will open in San Antonio, Texas early 2022 with the longer-term ambition for retail stores still being considered

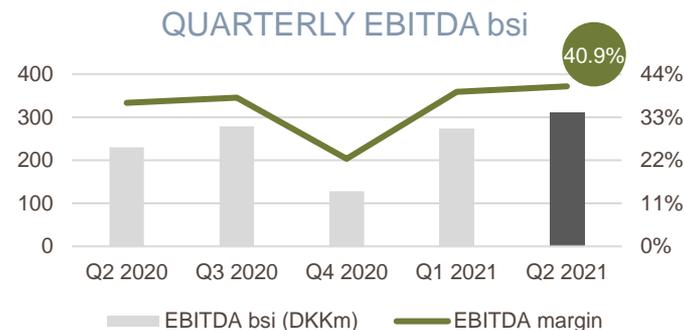
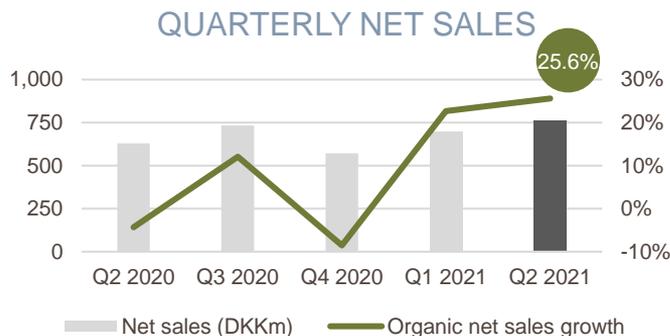




NORTH AMERICA BRANDED & ROW

HIGHLIGHTS OF Q2 2021

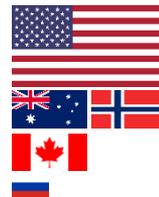
- Strong organic net sales growth driven by volume growth in most product categories, a favorable product and market mix and easy comparison to the second quarter last year
- Strong growth in handmade cigars driven by overall market consumption and supported by the channel shift from online to retail
- Margin improvement supported by product and market mix and cost efficiencies





LOOKING AHEAD

- Volume increase in handmade cigars expected to continue in 2021 with consumption of handmade cigars expected to remain at a structurally higher level compared with pre-COVID-19 levels
- The positive mix impact, primarily driven by smoking tobacco in the US and Norway, is only expected to normalize somewhat during the second half of the year
- Uncertainty relating to the second half of the year remains higher than normal
- Positive organic growth in net sales expected for full year
- Investing in consumer insights to understand behavioral trends



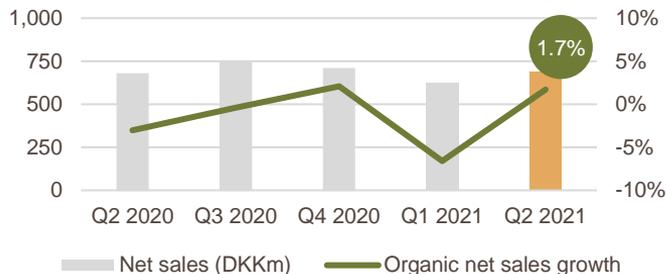


HIGHLIGHTS OF Q2 2021

- A slightly positive organic net sales growth with market development being consistent with previous quarters with volume declines being offset by price management
- The combined volume market share declined slightly to 32.5% (33.3%) driven by a negative development in France caused by a temporary out-of-stock issue
- Margins improved driven by price increases, integration benefits and general cost efficiencies and a fair value adjustment of Agio inventories in Q2 2020 EBITDA of DKK -23 million



QUARTERLY NET SALES



QUARTERLY EBITDA bsi





LOOKING AHEAD

- Structural decline in machine-rolled cigar volumes to continue going forward
- Focus on market shares and price improvements to secure sustainable flat to slightly increasing organic net sales growth
- For the full year 2021, organic net sales growth is expected to decline slightly due to termination of a distribution contract
- Additional benefits from the integration of Agio Cigars and simplification initiatives expected to improve margins, although at lower pace than in the first half of the year





Q2 2021 RESULTS

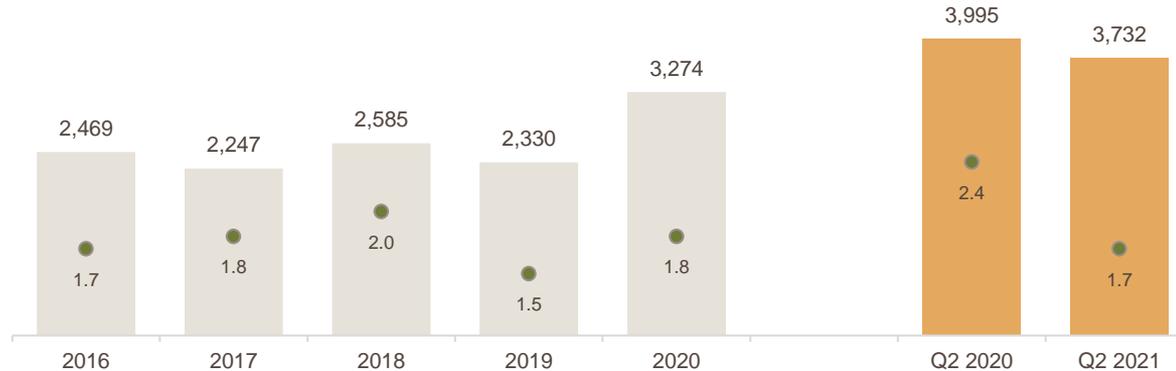
DKK million	Q2 2021	Q2 2020	6M 2021	6M 2020	FY 2020	
Net sales	2,156	2,097	4,039	3,852	8,006	Q2 2021 (Q2 2020)  7.5% Organic net sales growth (4.6%)
Gross profit (before special items)	1,071	940	2,026	1,721	3,712	 49.7% Gross margin (44.8%)
OPEX	-465	-451	-893	-907	-1,886	 21.6% OPEX ratio (21.5%)
EBITDA before special items	606	489	1,133	815	1,826	 28.1% EBITDA margin (23.3%)
Special items	-24	-78	-41	-234	-435	
EBIT	492	304	911	370	986	6M 2021 (6M 2020)
Net financials	-21	-2	-32	-45	-53	 9.8% Organic net sales growth (4.9%)
Net profit	376	254	700	274	678	 50.2% Gross margin (44.7%)
Adjusted EPS (DKK)	4.1	3.0	7.4	4.5	9.8	 22.1% OPEX ratio (23.5%)
Cash flow from operations	489	494	621	649	1,585	
Free cash flow before acquisitions	434	425	523	547	1,394	 28.1% EBITDA margin (21.1%)



NET DEBT AND LEVERAGE

- H1 2021 NIBD increased by DKK 458 million versus Q4 2020
- Leverage ratio unchanged at 1.7x EBITDA versus Q1 2021. (Q4 2020 at 1.8x)
- Increase in NIBD in the quarter with cash flow generation being offset by capital distribution

NIBD AND LEVERAGE



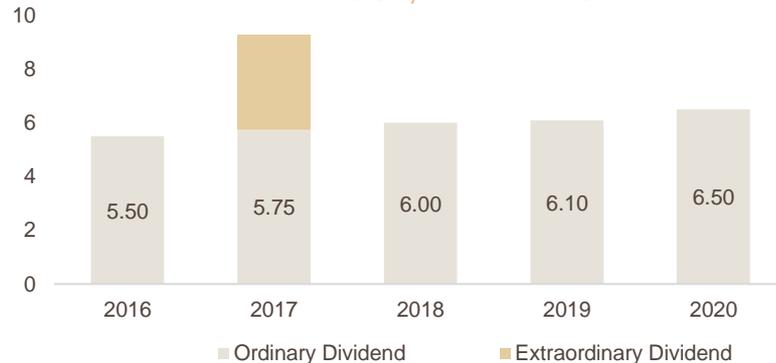
■ Net interest-bearing debt (NIBD), DKKm ● Leverage (NIBD / EBITDA bsi)



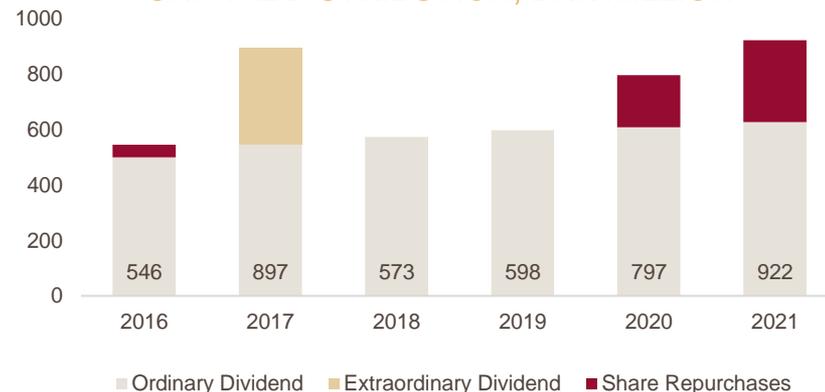
CAPITAL DISTRIBUTION

- Total capital distribution DKK 922 million H1 2021 versus DKK 797m in full year 2020
- Total capital distribution 2016-2021 of DKK 4.3 billion
- DKK 600 million share buy-back was initiated in March 2021. Purpose to adjust capital structure and cover Long Term Incentive obligations
- DKK 197 million purchased by end of June 2021
- Ordinary dividend per share of DKK 6.50 (6.6% increase) paid in Q2 2021
- 2.5 million shares cancelled equal to 2.5% reduction in share capital

DIVIDEND PAYOUT, DKK PER SHARE



CAPITAL DISTRIBUTION, DKK MILLION





2021 FULL-YEAR GUIDANCE

GUIDANCE 2021

Organic EBITDA growth
16%-20% (previous 12%-18%)

FCF before acquisitions
DKK 1.0-1.3 billion (unchanged)

Adjusted Earnings Per Share
>35% increase (previous >25% increase)

KEY ASSUMPTIONS

- Organic net sales growth

High-end range: Demand for handmade cigars remains strong and with gradual normalization in Europe

Low-end range: Consumer behavior in the US market reverses and the restrictions and border closures in Europe prevails

- Cost savings from Agio: ~ DKK 100 million
- Fin. expenses, excl. FX: DKK 105-115 million
- Special items: DKK 90 million
- CAPEX: ~ DKK 370 million



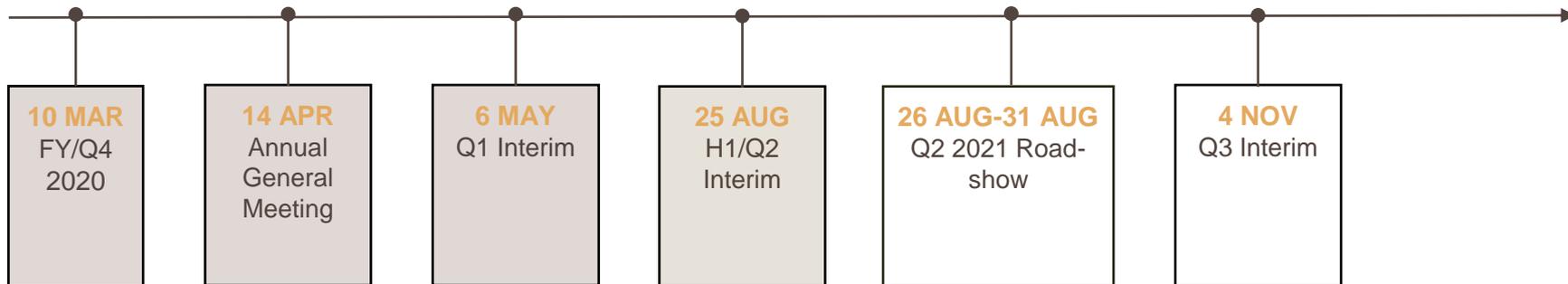
Q&A





EVENT CALENDAR & CONTACT

EVENT CALENDAR 2021



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