



SCANDINAVIAN TOBACCO GROUP

North America Online & Retail

SARAH SANTOS

**President and Senior Vice President
North America Online & Retail Division**



Panera BREAD



SCANDINAVIAN TOBACCO GROUP

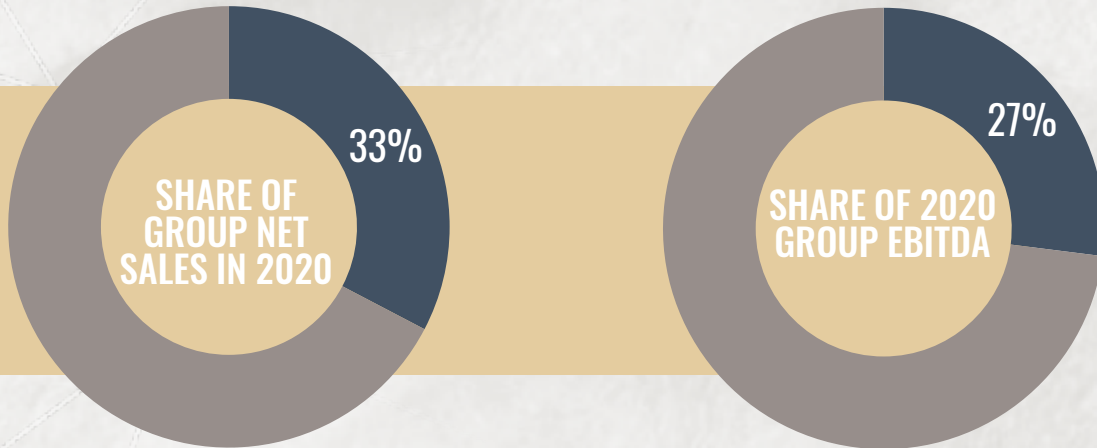
KEY TAKEAWAYS

- 1 The leading online cigar company in the US
- 2 Omni-channel business: online, tele-sales and retail
- 3 Opportunities to expand online market share
- 4 Expansion of US retail network represents growth opportunity





NORTH AMERICA ONLINE & RETAIL HIGHLIGHTS



MACHINE-ROLLED CIGARS

5%



SMOKING TOBACCO

3%



HANDMADE CIGARS

81%

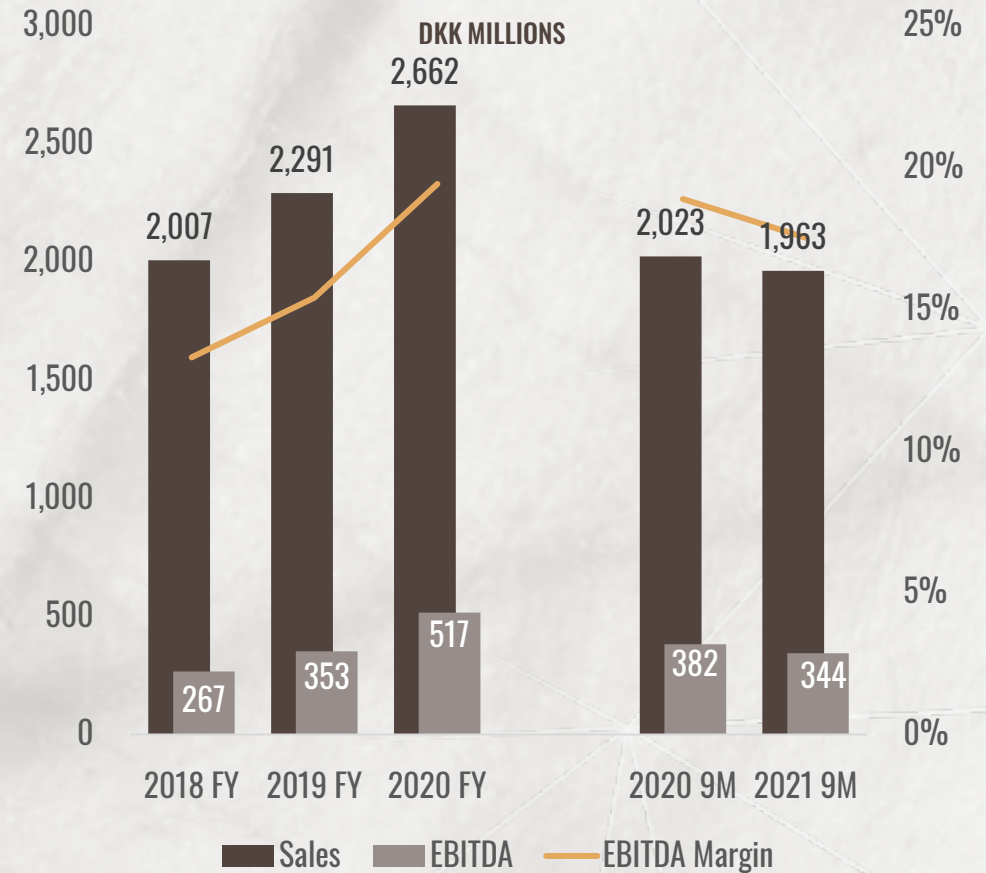


ACCESSORIES AND CONTRACT MANUFACTURING

11%



DIVISIONAL PERFORMANCE 2018 – 2021 YTD





OMNI-CHANNEL APPROACH

Online + Tele-sales

93%
of division sales

5
online
business units



25m+
catalogues
sent out yearly

Retail

7%
of division
sales

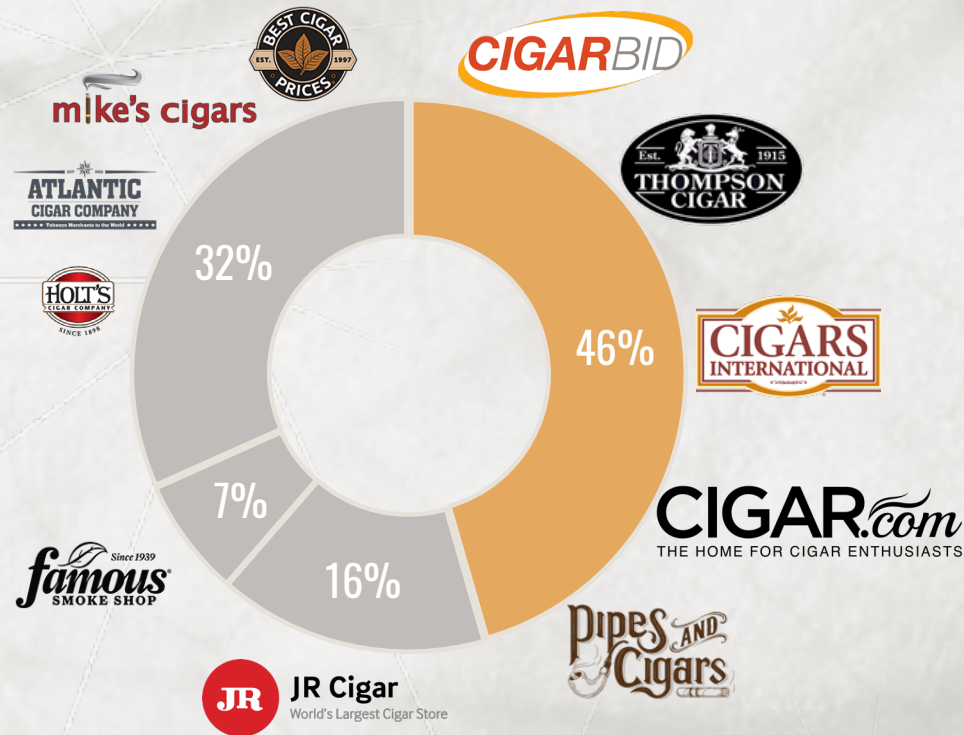
6 Super-stores





LEADING POSITION IN US ONLINE CIGAR MARKET

SHARE OF ONLINE ORDER VOLUME



Competitors
 North America Online & Retail Business Units

60% of cigar smokers in the US purchased cigars online pre-COVID

5 distinctive business units uniquely positioned in the online market

Proprietary brands represent



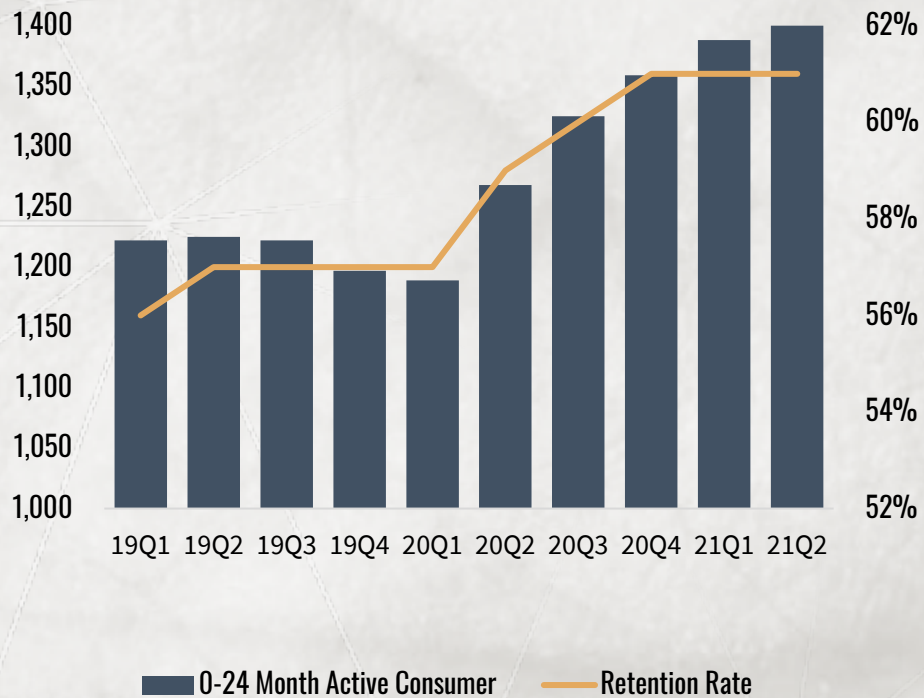
of online sales



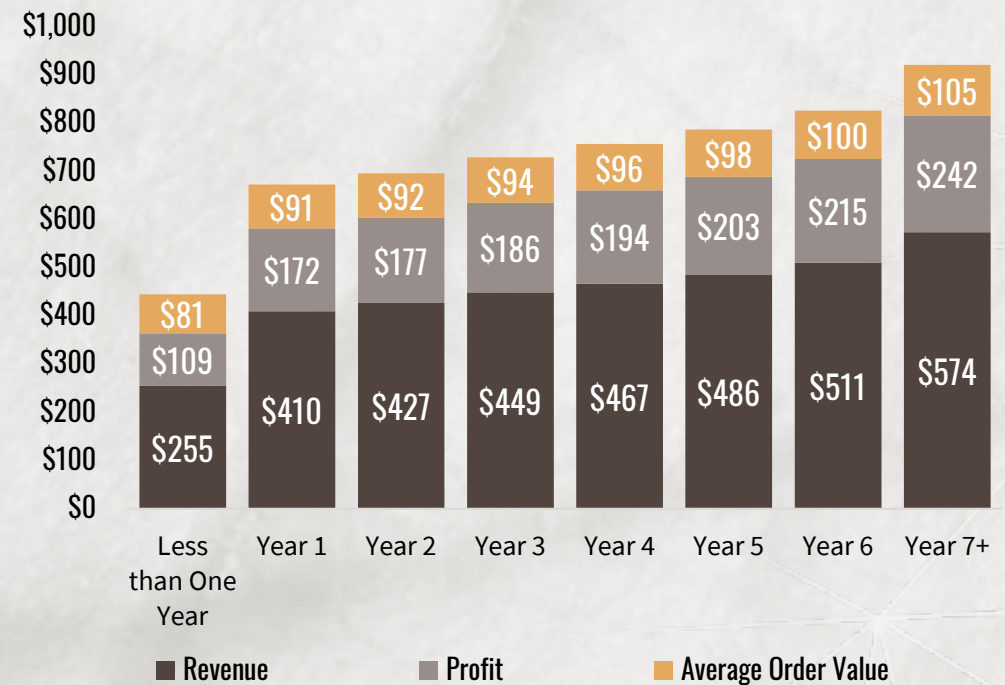


CONSUMER FILE DYNAMICS AND VALUE

GROWTH IN CONSUMER FILE



CONSUMER VALUE OVER TIME





OUR CONSUMERS

8 | DISTINCTIVE CONSUMER GROUPS



Hotshot
Harley



Convenience
Casey



Connoisseur
Charley



Steadfast
Sam



Outlet
Ollie



Bargain
Barry



Exploring
Ellis



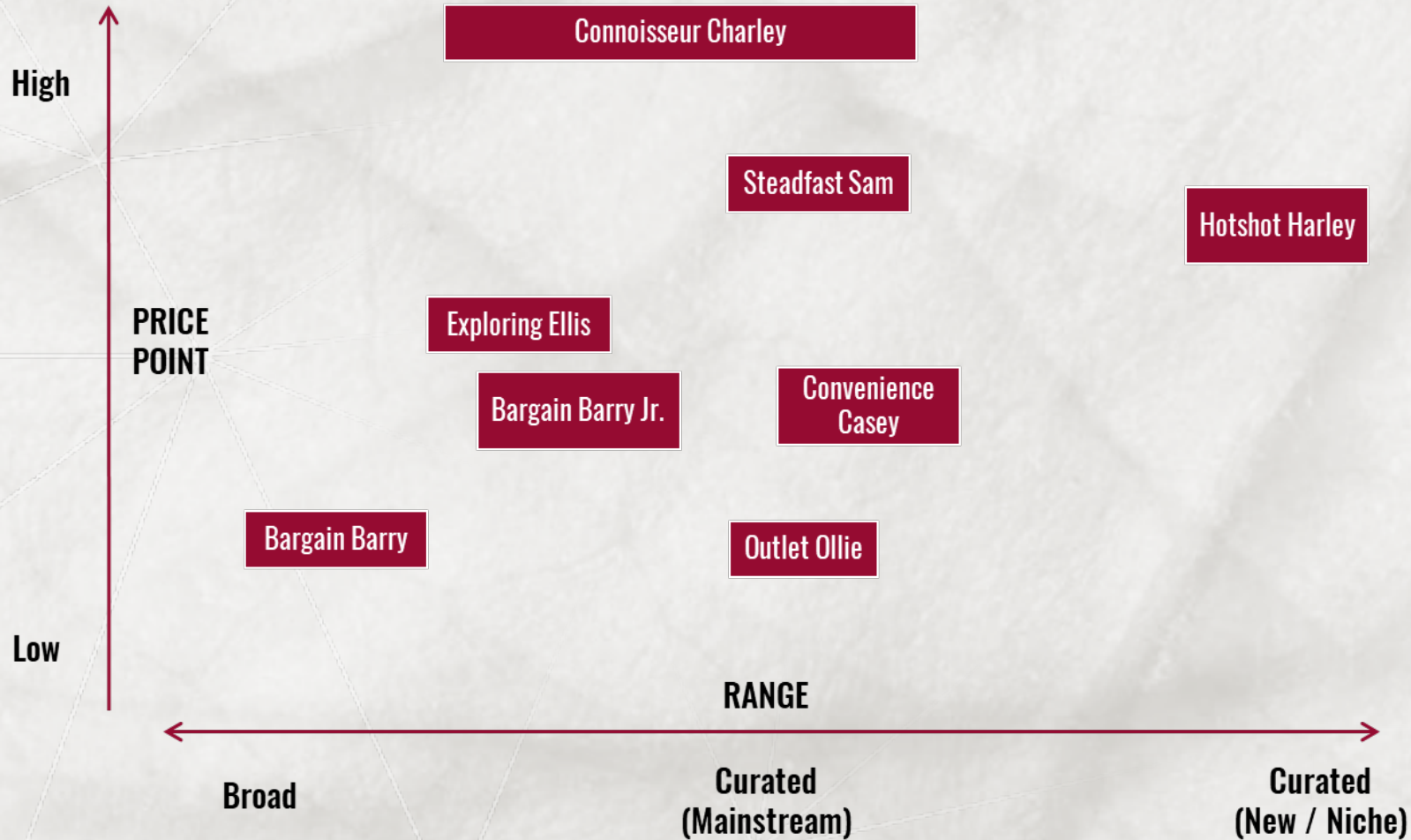
Bargain
Barry Jr.

Segments based on:

- Age
- Price Point
- Annual Cigar Consumption
- Purchase Frequency and Brand Preference



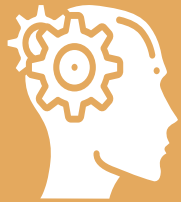
DIFFERENTIATED ONLINE OFFERING



Each online business unit is positioned and tightly aligned to a specific consumer group



BUSINESS INTELLIGENCE WILL DRIVE FURTHER GROWTH



Business Intelligence



Insights across business units



Basket size



Retention rates



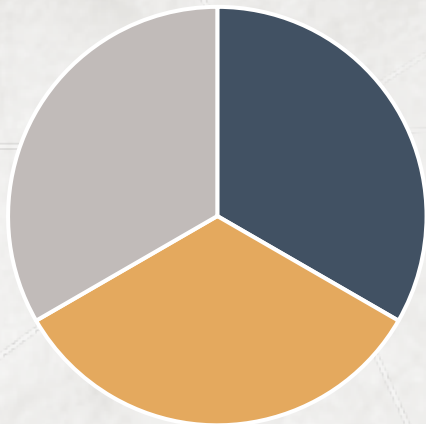
Consumer lifetime value





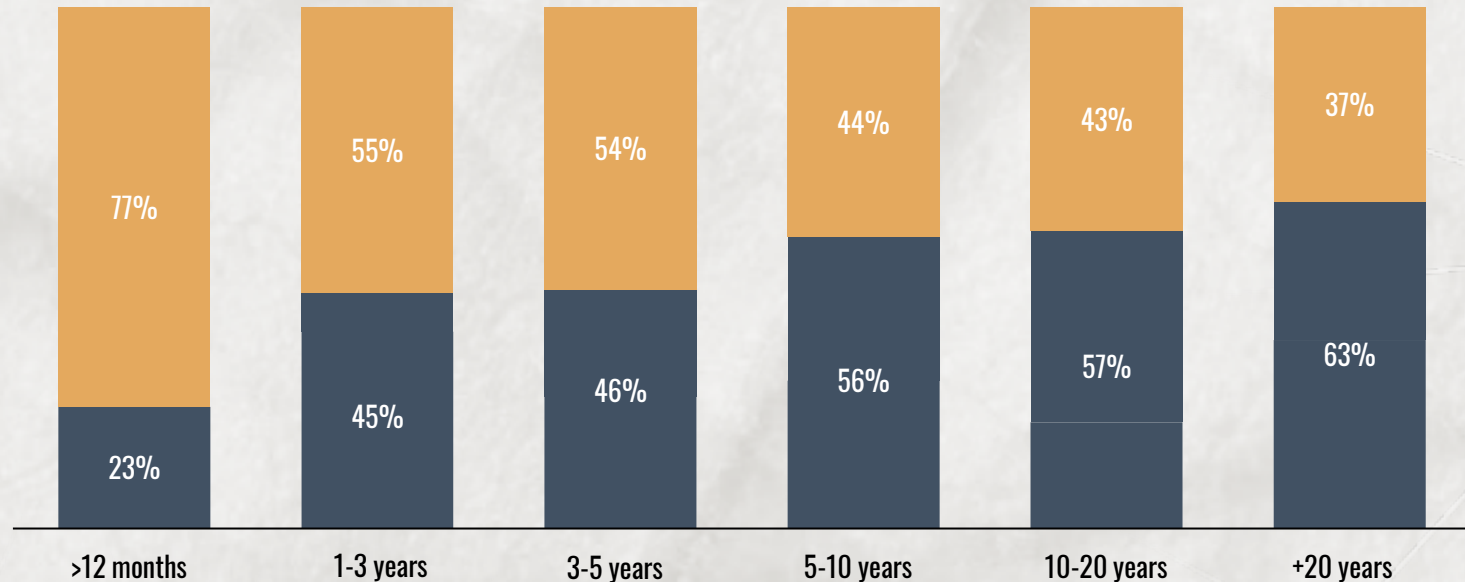
HANDMADE CIGAR CONSUMERS MIGRATE ONLINE OVER TIME

Shopping Channel Breakdown by Consumer Preference



- Online Only
- Offline Only
- Online and Offline

When First Smoked



- Offline
- Online

When First Shopped Online



RETAIL NETWORK REPRESENTS GROWTH OPPORTUNITY

Bethlehem, PA
Retail Store
Opened

Bethlehem, PA
Super-store
Opened

Hamburg, PA
Super-store
Opened

The Colony, TX
Super-store
Opened

Fort Worth, TX,
Lutz, FL and Tampa, FL
Super-stores Opened

2000

2007

2012

2018

2020





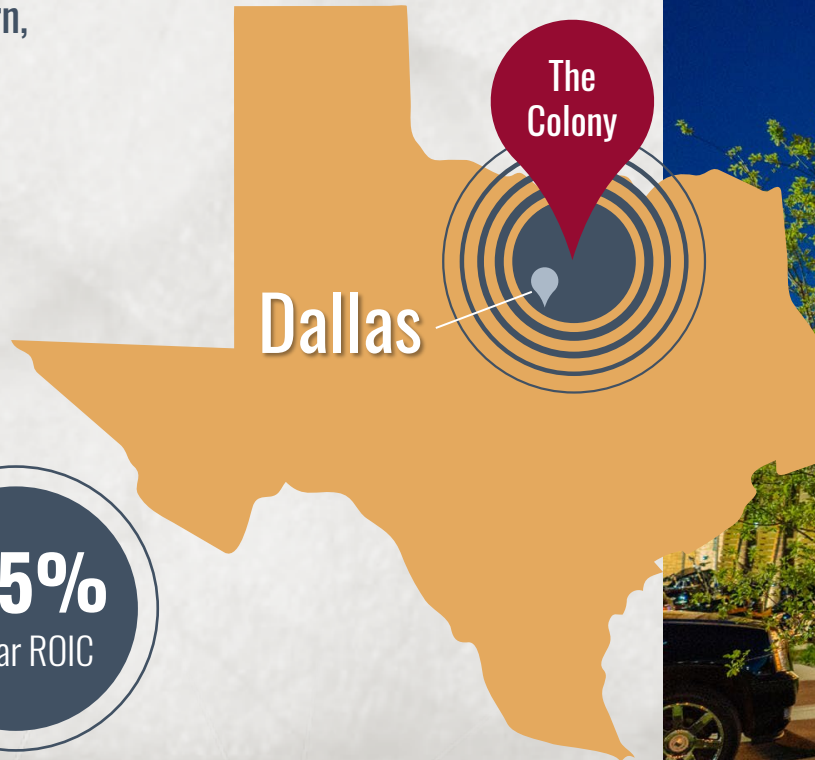
THE COLONY, TX SUPER-STORE PERFORMANCE

A new category standard in modern, experiential retail, introducing consumers to the category

30-mile HALO effect

North America Online & Retail double-digit online sales growth in HALO catchment area after one year

~25%
3-year ROIC





EXPANDING RETAIL NETWORK

1

We plan opening ~6-8 stores within next 2-3 years

2

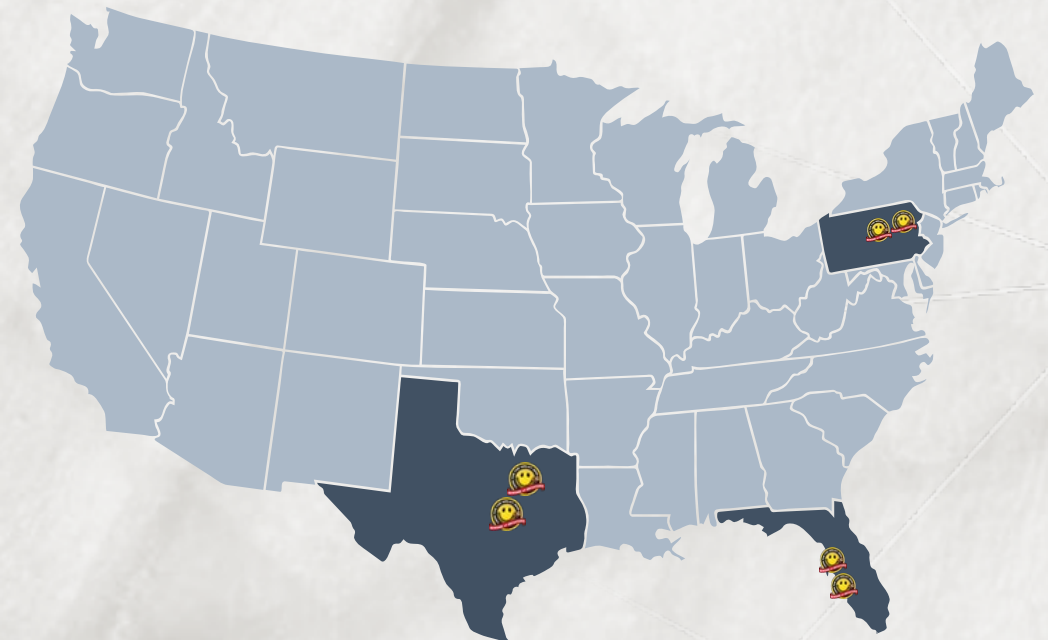
We target suburban areas in states where we are already present, leveraging existing infrastructure

3

Each store represents an investment of 4-7 million USD (depending on construction model)

4

Super-stores are not margin dilutive when fully operational and we expect a ROIC per store of >20% within 3-5 years



 Existing super-store