

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 scissors at the top left, a pile of brown tobacco at the top right, a black fountain pen with gold accents on 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 bold.

**INVESTOR
PRESENTATION**

FIRST QUARTER 2021

6 MAY 2021



AGENDA

01 Q1 2021 highlights

02 Divisional update

03 Group financials

04 Regulatory update

05 2021 outlook

06 Q&A session



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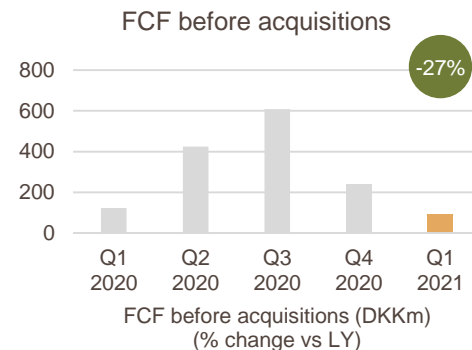
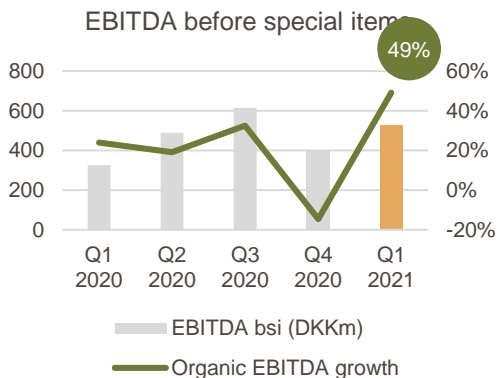
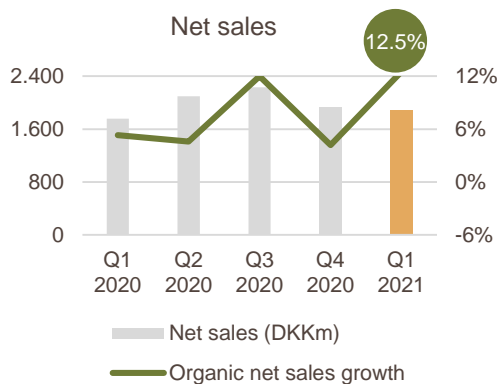
TORBEN SAND
Head of Investor Relations

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Q1 2021 HIGHLIGHTS

- Strong start to the year
- Net sales remains strong driven by handmade cigars
- Agio integration is ahead of plan and expectation to total savings raised to DKK 250 million
- Full year guidance raised and range introduced to reflect continued forecast uncertainty





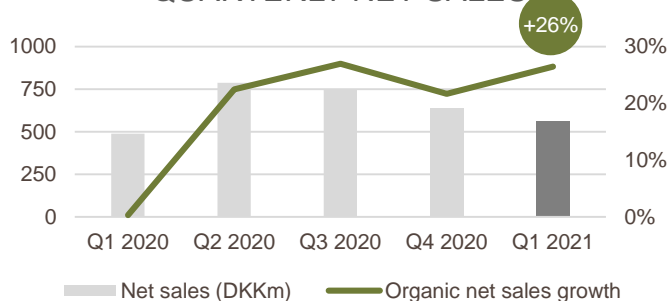
NORTH AMERICA ONLINE & RETAIL

HIGHLIGHTS OF Q1 2021

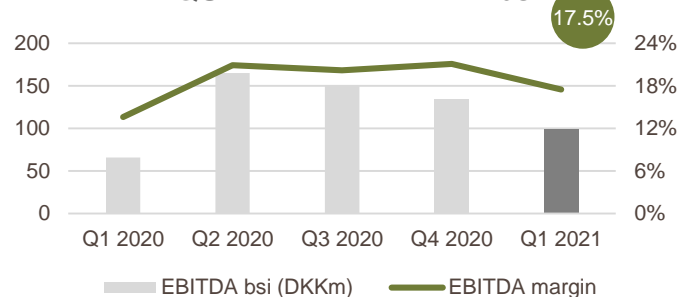
- Consumption of handmade cigars remained strong in the first quarter with a continued increase in number of active customers and improving retention rates
- 26% organic net sales growth still reflects pre-COVID volumes in first quarter 2020
- Strategic initiatives strengthens long-term position
- Margin expansion as promotional and marketing expenses remain low despite increased competitive pressure



QUARTERLY NET SALES



QUARTERLY EBITDA bsi





LOOKING AHEAD

- Strong consumption of handmade cigars expected to continue but uncertainty relating to the second half of the year remains high
- A substantial part of new active customers in online business to be retained post COVID-19 supported by strategic initiatives
- Positive organic net sales growth expected to continue in 2021 though slowing down in the second half as COVID-19 impacts expected to ease and due to more “equal” comparison base
- Promotional activity by competitors has increased

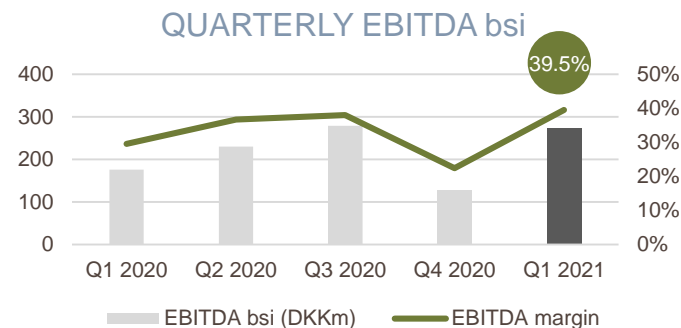
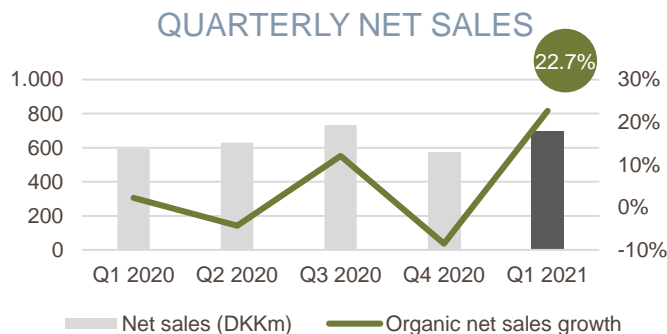




NORTH AMERICA BRANDED & ROW

HIGHLIGHTS OF Q1 2021

- All product categories delivered positive organic net sales growth, but was particularly strong in handmade cigars
- The new distribution network, The Forged Cigar Company, has come off to a good start
- Margin improvement supported by mix, price increases and cost efficiencies
- High fluctuations between quarters continue driven by timing of orders as well as travel and border restrictions





LOOKING AHEAD

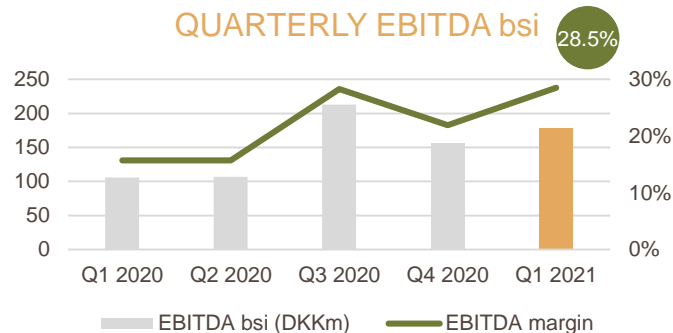
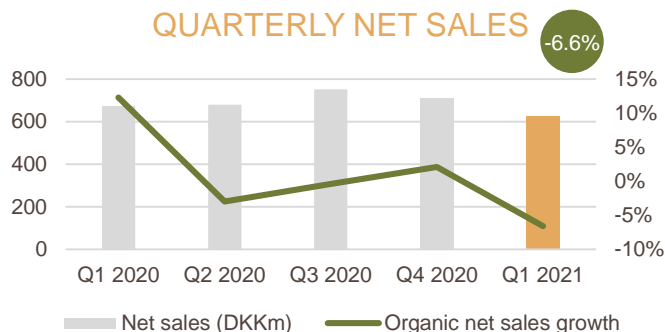


- Volume increase in handmade cigars expected to continue in 2021 with higher consumption of handmade cigars expected to continue but uncertainty relating to the second half of the year remains high
- Positive organic growth in net sales expected for full year
- Investing in consumer insights to understand behavioral trends
- Inventory positioning to secure supply
- Roll-out of The Forged Cigar Company, a national cigar distribution network



HIGHLIGHTS OF Q1 2021

- Market trends varies from country to country due to COVID-19 impacts and comparisons to Q1 2020 is difficult
- The combined volume market share following the commercial integration of Agio Cigars is developing well (33.3%) with particular good performance in France and Spain
- Margins improved driven by price increases, integration benefits and general cost efficiencies and a fair value adjustment of Agio inventories in Q1 2020 EBITDA of DKK -39 million









LOOKING AHEAD

- Structural decline in cigar volumes to continue in 2021
- Focus on market shares and price improvements to secure sustainable flat to slightly increasing organic net sales growth
- Full year 2021, the organic net sales growth is however 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





Q1 2021 RESULTS

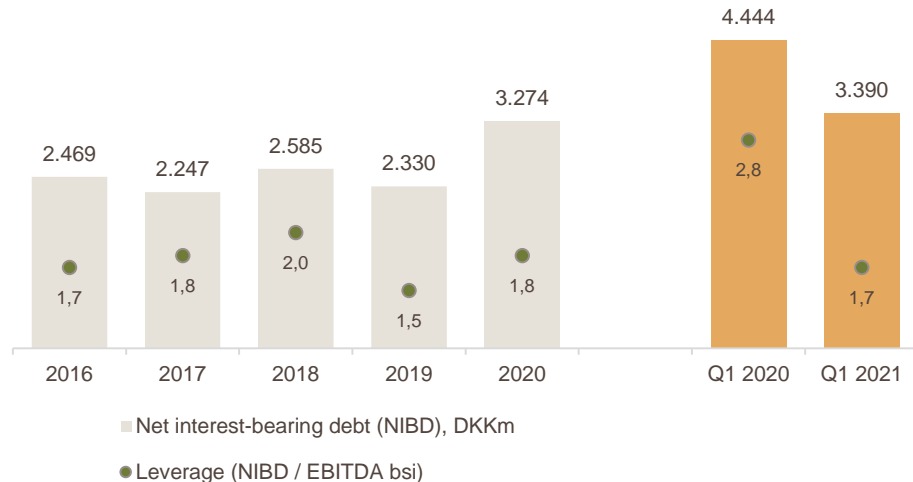
DKK million	Q1 2021	Q1 2020	FY 2020	Q1 2021 (Q1 2020)
Net sales	1,883	1,756	8,006	 12.5% Organic net sales growth (5.3%)
Gross profit (before special items)	955	781	3,712	 50.7% Gross margin (44.5%)
OPEX	-428	-456	-1,886	 22.7% OPEX ratio (25.9%)
EBITDA before special items	527	326	1,826	 28.0% EBITDA margin (18.5%)
Special items	-17	-155	-435	
EBIT	419	66	986	
Net financials	-12	-43	-53	
Net profit	324	21	678	
Adjusted EPS (DKK)	3.4	1.6	9.8	
Cash flow from operations	132	154	1,585	
Free cash flow before acquisitions	89	122	1,394	



NET DEBT AND LEVERAGE

- NIBD increased by DKK 116 million versus Q4 2020 and decreased by more than 1 billion versus Q1 2020
- Leverage ratio down to 1.7x EBITDA versus 1.8x end 2020 and 2.8x end Q1 2020
- Decrease driven by strong cash flow generation

NIBD AND LEVERAGE



Share buy-back Update

- DKK 600 million programme
- Running from Mar 21-Feb 22
- 412,430 share bought in Q1
- 2.5 million to be cancelled in May
- New total no. shares 97.5 million



REGULATORY UPDATE



EUROPE

- Excise Directive Revision
- Tobacco Products Directive Revision

USA

- Biden Administration and FDA re-addresses potential legislation on flavors and nicotine
- Excise taxes



2021 FULL-YEAR GUIDANCE

GUIDANCE 2021

Organic EBITDA growth
12%-18% (>7%)

FCF before acquisitions
DKK 1,0-1,3 billion (>DKK 1,0 billion)

Adjusted Earnings Per Share
>25% increase (>10% increase)

KEY ASSUMPTIONS

- Organic net sales growth

High-end range: Demand for handmade cigars remains strong and 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 (DKK 70-80m)
- Fin. expenses, excl. FX: DKK 105-115 million (unchanged)
- Special items: DKK 90 million (unchanged)
- CAPEX: ~ DKK 370 million (~410m)



Q&A





EVENT CALENDAR & CONTACT

EVENT CALENDAR 2021



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