

**Company Announcement**

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Scandinavian Tobacco Group reports key financial data for the second quarter 2022 and revises full-year guidance

For the second quarter 2022, Scandinavian Tobacco Group delivered net sales of DKK 2,278 million and EBITDA before special items of DKK 544 million. Organic net sales growth was negative by 1.8% and organic EBITDA growth was negative by 14.6%. Free cash flow before acquisitions was DKK 143 million and adjusted earnings per share were DKK 3.6. Despite comparing to an exceptionally strong growth in the past two years, the performance is disappointing and below our expectation for the quarter.

The guidance for free cash flow before acquisitions is maintained at DKK 1.1-1.4 billion and the guidance for adjusted EPS is maintained at >5%. The guidance for organic EBITDA growth in 2022 is, however, revised to the range of -4% to 0% (from 0% to 6%).

The primary reason for revising the guidance on EBITDA is the lack of improvement in the productivity of our supply chain. We assess the challenges in the supply chain to be of a temporary nature and not structural. We are making progress, but it is taking longer than expected due to a combination of external and internal factors, and the level of the production backlog is not being reduced as planned and was almost DKK 150 million by end of July. We expect to see improvements during the second half of the year, but the delay will impact full-year costs negatively.

The hand-made cigar consumers in US have become more cautious on the back of macro-economic developments. Consequently, for 2022 handmade cigar volumes are now expected to decline by more than its long-term trend of about -2% leading to a reduced sales outlook for the Group. We now expect net sales growth about zero (from positive).

The interim report for the second quarter 2022 will as planned be released on 24 August after market close, where more details on the quarterly performance and the expectations for 2022 will be communicated. Webcast on 25 August CET 10.00.

For further information, please contact:

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About Scandinavian Tobacco Group

Scandinavian Tobacco Group A/S is a world-leading manufacturer of handmade and machine-rolled cigars with an annual production of more than four billion cigars. The Group holds market-leading positions in several categories and its products are sold in more than 100 markets.

Scandinavian Tobacco Group has its headquarters in Copenhagen, Denmark – and employs approximately 10,000 people in Europe, the US, Canada, the Dominican Republic, Honduras, Nicaragua, Indonesia and Sri Lanka. For more information please visit www.st-group.com