Company Announcement
No. 2/2026

Copenhagen, 4 March 2026

Full-year report, 1 January – 31 December 2025

Scandinavian Tobacco Group A/S Reports Full-Year Results and Proposes a DKK 4.50 Dividend Per Share

Scandinavian Tobacco Group´s reported net sales for the full year decreased 1.8% to DKK 9.0 billion in 2025 with a negative organic growth of 3.1%. Excluding the impact from the discontinued distribution of third-party nicotine pouch products in our online business, organic net sales growth was -1.8%. The EBITDA margin before special items was 19.8%, the free cash flow before acquisitions was DKK 0.6 billion and the adjusted EPS was DKK 10.8. The Board of Directors will propose a DKK 4.50 ordinary dividend per share equal to a pay-out ratio of 42%.

Free cash flow before acquisitions for both the quarter and the full year was more than DKK 200 million lower than expected as result of delays in the collection of receivables associated with our new ERP implementation in Europe. This issue has now been resolved and working capital is anticipated to return to normal levels in the coming months. The delayed payments are expected to have a positive effect on cash flow during the first half of 2026.

In the fourth quarter, reported net sales declined 4.6% to DKK 2.3 billion with a negative organic growth of 0.5%. The EBITDA margin before special items margin was 19.5% compared with 24.3% in the same quarter last year and the free cash flow before acquisitions amounted to DKK 0.1 billion.

Exchange rate fluctuations had a negative impact on reported net sales by over 4% during the quarter. Organic growth was positive in the Handmade Cigars and Next Generation Products categories, remained unchanged in Machine-Rolled Cigars & Smoking Tobacco and was negative in the category Other. The decline in the EBITDA margin before special items was primarily driven by a combination of product and market mix as well as increased promotional spending in our North American online business. The change in mix mainly reflects strong net sales growth for nicotine pouches combined with lower sales of smoking tobacco products. For the full year, the EBITDA margin before special items was 19.8% in line with our guidance.

CEO Niels Frederiksen commented:
“2025 was a challenging year for our Group with U.S. tariffs, weak consumer sentiment in the U.S., currency headwinds and disruptions caused by the roll-out of our global ERP solution. Throughout the year, we have focused on protecting our market positions, integrating Mac Baren and growing our nicotine pouch business. Given these circumstances, we are satisfied with our results. However, our earnings have declined and as we begin implementing our new Focus2030 strategy, we are committed to stabilising earnings, revitalising our strong handmade cigar business and continuing to grow our promising nicotine pouch business”.

Fourth Quarter 2025

- Reported net sales decreased by 4.6% to DKK 2.3 billion (DKK 2.5 billion)
- Organic net sales growth was negative by 0.5% (-1.0%)
- EBITDA margin before special items was 19.5% (24.3%)
- Adjusted EPS were DKK 2.6 (DKK 3.8)
- Free cash flow before acquisitions was DKK 147 million (DKK 604 million).
- Return on Invested Capital (ROIC) was 7.9% (9.4%).

Full-Year 2025

- Reported net sales decreased by 1.8% to DKK 9.0 billion (DKK 9.2 billion)
- Organic net sales growth was negative by 3.1% (0.4%)
- EBITDA margin before special items was 19.8% (22.6%)
- Adjusted EPS were DKK 10.8 (DKK 13.7)
- Free cash flow before acquisitions was DKK 595 million (DKK 931 million)

Financial expectations for full-year 2026

For 2026, we expect the consumer trends unchanged for most of our product categories and markets to remain broadly similar to historic trends.

The financial expectations for the full-year 2026 are:

Reported net sales growth at constant FX	from -2% to 2%
EBIT margin before special items	in the range of 13.0% - 14.5%
Free cash flow before acquisitions	DKK 950 - 1,200 million
Adjusted EPS	DKK 9 - 11

Guidance and assumptions are based on no impact from potential new acquisitions and at current exchange rates. A 10% change in the USD/DKK exchange rate would impact group net sales by approximately 5 percentage points with EBIT margins being only marginally impacted.

The expectation for the EBIT margin before special items reflects that 2026 will be a year of stabilisation and that we will continue investing to facilitate our long-term ambitions in Focus2030. The expectation for free cash flow before acquisitions reflects the delayed payments of trade receivables negatively impacting 2025 which will be recovered during the first half of 2026. The leverage ratio is expected to move towards our target ratio during 2026 based on an expectation of a more or less unchanged EBITDA before special items compared with last year.

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A conference call will be held on 5 March 2026 at 10.00 CEST. Dial-in information and an accompanying presentation will be available at investor.st-group.com/investor around 09:00 CEST.

Key Figures

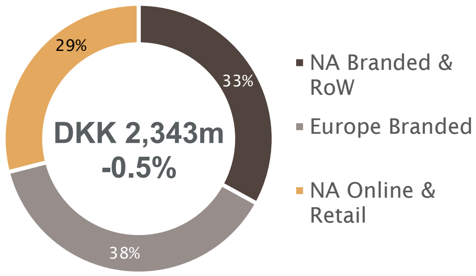
DKK million	Q4 2025	Q4 2024	12M 2025	12M 2024
INCOME STATEMENT				
Net sales	2,343	2,458	9,036	9,202
Gross profit before special items	1,021	1,162	4,001	4,279
EBITDA before special items	456	596	1,791	2,079
Special items	-54	-148	-200	-279
EBIT	286	342	1,142	1,380
Net financial items[1]	-70	-54	-288	-186
Profit before tax	221	292	878	1,219
Income taxes	-57	-71	-208	-280
Net profit	164	221	669	940
BALANCE SHEET				
Total assets			16,303	17,104
Equity			8,572	9,217
Net interest-bearing debt (NIBD)			5,461	5,423
Investment in property, plant and equipment	51	47	158	216
Total capital expenditures	61	49	182	264
CASH FLOW STATEMENT				
Cash flow from operating activities	205	649	755	1,179
Cash flow from investing activities	-58	-50	-163	-824
Free cash flow	147	600	591	355
Free cash flow before acquisitions	147	604	595	931
KEY RATIOS[2]				
Net sales growth	-4.6%	8.0%	-1.8%	5.4%
Gross margin before special items	43.6%	47.3%	44.3%	46.5%
EBITDA margin before special items	19.5%	24.3%	19.8%	22.6%
Effective tax percentage	26.0%	24.4%	23.7%	22.9%
Equity ratio			52.6%	53.9%
Cash conversion	107.9%	136.5%	99.3%	100.8%
Organic net sales growth	-0.5%	-1.0%	-3.1%	0.4%
NIBD / EBITDA before special items			3.0	2.6
ROIC			7.9%	9.4%
ROIC ex. Goodwill			12.3%	14.7%
Adjusted earnings per share (DKK)	2.6	3.8	10.8	13.7
Basic earnings per share (DKK)	2.1	2.8	8.5	11.5
Diluted earnings per share (DKK)	2.1	2.7	8.5	11.4
Number of shares issued ('000)			80,000	86,000
Number of treasury shares ('000)			1,253	7,266
Number of outstanding shares ('000)[3]			78,828	82,162
Share price at balance date (DKK)			95.50	95.30
Dividend per share (DKK)			4.50	8.50
Pay-out ratio			41.7%	62.0%

1. Excl. share of profit of associated companies.
2. See definition/explanation of financial ratios in note 5.8 in the Annual Report 2025.
3. Average number of shares outstanding, including dilutive effect of PSUs.

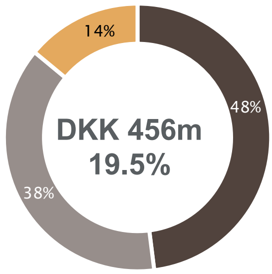
Fourth Quarter 2025 - Financial performance

Divisional split Q4 2025

Net sales and organic growth



EBITDA before special items and margin



Sales

For the Group, the fourth quarter reported net sales at DKK 2.3 billion was 5% lower than last year impacted by exchange rates developments by -4%. Organic net sales for the fourth quarter were down by 0.5%.

By the **three reporting divisions** the organic net sales performance in the fourth quarter was 6% in Europe Branded ("EUB"), -7% in North America Branded & Rest of World ("NABROW") and 0% in North America Online & Retail ("NAOR").

For the full-year 2025, organic net sales growth in the reporting divisions were 0% in EUB, -5% in NABROW and -4% in NAOR.

By **product categories** the organic net sales development in the fourth quarter was 1% in Handmade Cigars ("HMC"), 0% in Machine-Rolled Cigars & Smoking Tobacco ("MRCST") and 37% in Next Generation Products ("NGP"). The category Other delivered 17% negative growth. Our own nicotine pouch brand, XQS delivered 87% organic net sales growth.

For the full-year 2025, organic net sales growth in the product categories were 0% in HMC, -1% in MRCST and -17% in NGP with the decline driven by the discontinued ZYN distribution and streamlining of the nicotine pouch business. The XQS brand delivered 55% organic net sales growth.

Table 1: Net sales

DKK million	Q4 2025	Q4 2024	Change in %
Reported net sales	2,343	2,458	-4.6%
Acquisitions		-	
Currency development	101		
Organic net sales	**2,444**	**2,458**	**-0.5%**

Table 2: Free Cash Flow before acquisitions

DKK million	Q4 2025	Q4 2024	Change in DKK
EBITDA	456	596	-140
Working Cap. changes	-17	164	-181
Investments a.o.	-292	-156	-136
FCF bef. acq.	**147**	**604**	**-457**

Profit and Cash Flow

For the fourth quarter 2025, EBITDA before special items decreased to DKK 456 million with an EBITDA margin before special items of 19.5% compared with 24.3% in the same quarter of 2024 and

22.0% in the third quarter of 2025. The OPEX ratio increased to 25.0% compared with 23.9% in the same quarter of 2024.

Special items amounting to DKK 54 million were expensed in the fourth quarter of 2025, mainly relating to the ERP implementation project, “OneProcess” which accounted for DKK 33 million and reorganisations, including the integration of Mac Baren which accounted for DKK 21 million. Net profit declined to DKK 164 million (DKK 221 million), while Adjusted Earnings Per Share decreased by 32% to DKK 2.6.

The Group’s free cash flow before acquisitions was DKK 147 million (DKK 604 million) in the fourth quarter 2025. The lower cash flow during the quarter was a result of delays in the collection of receivables associated with our new ERP implementation in Europe. This issue has now been resolved and the working capital is anticipated to return to normal levels during the coming months. The delayed payments are expected to have a positive effect on cash flow during the first half of 2026.

Leverage and Return on Invested Capital
By the end of 2025, the Group´s leverage ratio was 3.0 times compared with 2.6 times by the end of 2024 and 2.9 times by the end of the third quarter 2025. The return on invested capital (ROIC) was 7.9% versus 9.4% by the end of 2024. The development was primarily driven by the operational performance. The average invested capital was DKK 14.5 billion compared with DKK 14.7 billion by the end of 2024.

We expect the leverage to be reduced towards the target leverage ratio during 2026 primarily as result of an improved cash-flow generation.

Launching Focus2030

November 2025, we launched a new five-year strategy. Focus2030 builds on achievements and learnings from the former strategy Rolling Towards 2025 and constitutes the next step in delivering on our purpose “To craft the rituals that make us more” and to move towards our vision “To be the undisputed and sustainable leader in cigars”.

A fundamental part of Focus2030 is to create value for our shareholders by delivering on our **financial ambitions** for the five-year period. The financial ambitions for the Group are:

- a return on invested capital of more than 11% from 7.9% in 2025
- a low single digit compounded annual growth in operating profits (EBIT) from an EBIT before special items of DKK 1,342 million in 2025
- a free cash flow generation before acquisitions of more than DKK 1.2 billion from DKK 595 million in 2025

In Focus2030, the ambition is to significantly improve the return on invested capital (ROIC) through an incremental increase of operating profit (EBIT) and free cash flow generation as well as a disciplined capital deployment strategy. Acquisitions as well as divestment of less core assets will continuously be evaluated, assuming these potential transactions do support our strategy as well as our financial ambitions.

In Focus2030 we have identified three strategic priorities:

Creating **a sustainable and stable machine-rolled cigar business** requires focus on protecting profits and cash flows. Machine-rolled cigars as well as our smoking tobacco business have delivered a substantial part of the Group’s gross profit and cash flow and throughout the Focus2030 strategy period it is essential to stabilise the contribution from these categories to support the overall strategy.

The path to succeed is offsetting the structural volume decline in the categories through price management and market share gains. Mitigating structural market trends through intensified market share focus is reflected in the ambition to increase volume market share in key European markets from below 27% in 2025 to more than 29% in 2030. Another important driver to protect and improve profits in the category will be to simplify the product portfolio and drive cost efficiencies contributing to a leaner and more agile cost structure.

- Increase market share in seven key markets from <27% to more than 29%
- Grow net sales of the four power brands faster than the overall category growth
- Portfolio simplification by reducing number of brands and SKUs by close to 50%

Growing handmade cigars will be defined as growing net sales throughout the strategy period as well as delivering incremental profit growth to the Group. The growth is expected to be delivered by a combination of increasing our market share of own brands in the U.S. market from around 13% in 2025 to more than 15% in 2030

- Increasing net sales (2025: DKK 3.2 billion)
- Increase market share of own brands in the U.S. from ~13% to more than 15%
- Grow net sales of the four power brands faster than the overall category growth
- Expansion of own retail super stores from currently 15 stores

Accelerating our nicotine pouch business is expected to deliver important contributions to the Groups growth in net sales and profits. We expect to build on the market share positions we already have built in markets like Sweden and in the UK, but also through other markets where our capabilities within distribution and access to the market gives us an advantage.

- Increasing market share in Sweden and the UK
- Expansion to new markets
- Strengthening our presence in the mint segment
- Deliver a sustainable progression in net sales and profits

Expectations for full-year 2026

For 2026, we expect the consumer trends unchanged for most of our product categories and markets to remain broadly similar to historic trends.

For the Group we expect net sales growth at constant currencies to be in the range -2% to +2%. The expectation reflects that total market volumes for machine-rolled cigars in Europe will decline by 3% and consumption of handmade cigars will decline by 4%. Stabilisation of our market shares, growth in US retail, pricing and growth in our nicotine pouch business are expected to offset the volume declines in our core combustible categories.

Changes in consumer behaviour across our product categories impacting decline rates and increased competition impacting pricing are considered the largest uncertainties to the development in net sales and gross profit margins.

For 2026, we expect the EBIT margin before special items to be in the range of 13.0%-14.5% compared with 14.9% in 2025. The expectation reflects that 2026 will be a year of stabilisation and that we will continue investing to facilitate our long-term ambitions in Focus2030. Pricing is not expected to fully offset the impact from cost increases, changes in product and market mix as well as our increased promotional activities to protect and improve our market share positions. The increase in the amortisation of trademarks is approximately DKK 73 million and account for about 1%-point on the EBIT margin before special items. This is expected to be largely offset by an expected higher income from certain duty refunds.

The increase in amortisation reflects the Groups new strategic direction with stronger focus on Power Brands implying brands outside the scope of Power Brands going forward are classified with a finite useful lifetime. The net effect of amortisations and certain duty refunds implies we expect EBITDA before special items to be more or less in line with 2025.

For 2026, the free cash flow before acquisitions is expected in the range of DKK 950-1,200 million reflecting the expectations for net sales and margins as well as the delayed payments from trade receivables – impacting cash flow negatively in 2025 - are returning in 2026 with a positive effect on cash flow during the first half of this year.

We expect the leverage ratio will move towards our target ratio during 2026 based on the expectation of a more or less unchanged EBITDA before special items compared with last year.

Given these considerations our expectations for 2026 are:

Reported net sales growth at constant FX	from -2% to 2%
EBIT margin before special items	in the range of 13.0% - 14.5%
Free cash flow before acquisitions	DKK 950 - 1,200 million
Adjusted EPS	DKK 9 - 11

Guidance and assumptions are based on no impact from potential new acquisitions and at current exchange rates. A 10% change in the USD/DKK exchange rate would impact group net sales by approximately 5 percentage points with EBIT margins being only marginally impacted.

Based on the exchange rates as of 3 March 2026, we assume a negative translation impact for reported net sales of around DKK 150 million for full-year 2026.

Other relevant assumptions are:

- EBITDA before special items more or less in line with 2025
- Reported effective tax rate of 23-24%.
- Special items of about DKK -275 million
- Special items with cash impact of about DKK -275 million

Potential claim by the Belgian tax authorities is still pending

Scandinavian Tobacco Group has disposed tobacco waste without respecting the correct formalities. This is currently being audited by the Belgian customs and excise authorities and there is a risk that they will require the Group to pay excise duties as if the waste had been sold on the market plus penalties and interest.

The Group is confident it can demonstrate that the waste has been destroyed and there is no risk of it having been sold on the market. Based on this, the Group does not consider it is liable for excise taxes. However, the outcome of the case is uncertain based on Belgium legal practice.

Events after the reporting period

There are no other events than those mentioned in the above that have occurred after 31 December 2025 and that are expected to have material impact on the financial position of the Group.

Forward-looking statements

This report contains forward-looking statements. Such statements are subject to risk and uncertainties as various factors, many of which are beyond Scandinavian Tobacco Group’s control, may cause actual developments and results to differ materially from the expectations set out in this report.

Product categories

Net sales distribution and growth by product category

	Q4 2025			YTD / 12M 2025		
	% of Group	Organic Growth	Reported Growth	% of Group	Organic Growth	Reported Growth
Handmade Cigars	33%	1%	-7%	35%	-0%	-4%
Machine-Rolled Cigars & Smoking Tobacco	51%	0%	-2%	50%	-1%	2%
Next Generation Products	5%	37%	42%	5%	-17%	2%
Other	11%	-17%	-21%	10%	-15%	-14%
Total	**100%**	**-1%**	**-5%**	**100%**	**-3%**	**-2%**

Handmade Cigars

The product category Handmade Cigars accounted for 33% of group net sales in the fourth quarter. Reported net sales decreased by 7% compared with the fourth quarter 2024 due to the development in the USD, whereas organic growth in net sales was positive by 1%.

Organic net sales of handmade cigars in the U.S. to external wholesalers and distributors increased by 6% with mid-single digit volume growth and low-single digit price/mix improvement. The rebound in volume is primarily driven by increased sales and promotional activity in the value-for-money segment and phasing. We still estimate the underlying market development to be declining by a low to mid-single digit percentage. Online sales of handmade cigars were broadly unchanged compared with last year with an immaterial price/mix impact. Organic net sales of handmade cigars in our retail super-stores delivered about 15% growth primarily driven by new store openings. Same-store sales were slightly down, primarily driven by the rebuild of our largest store in the Colony, Texas. Sales to international markets (excluding the U.S.) deliver double-digit negative growth driven by timing of shipments as in-market sales to customers were positive.

For the full-year 2025 reported net sales decreased by 4% due to exchange rate developments. Organic net sales were unchanged.

Machine-Rolled Cigars and Smoking Tobacco

The product category Machine-Rolled Cigars & Smoking Tobacco accounted for 51% of group net sales in the quarter. Reported net sales decreased by 2% compared with the same quarter last year primarily with organic growth in net sales being flat.

Machine-Rolled Cigars delivered a low single digit organic net sales growth during the quarter driven by strong performance in Spain while Smoking Tobacco delivered a low single-digit negative growth, primarily driven by the category fine-cut tobacco.

Preliminary total market data for machine-rolled cigars in our key European markets indicate a volume decline rate of 2.8% in the fourth quarter compared to the fourth quarter last year and a decline of 1.2% for the full-year of 2025. The preliminary data indicate that our volume market share stabilised at 26.3% in the quarter compared with the third quarter. For the full year 2025 the market share is estimated at 26.8% compared with 27.9% in 2024.

For the full year 2025 reported growth in net sales was 2% with a negative organic net sales growth at -1%. The acquisition of Mac Baren impacted reported growth by about 5%.

Next Generation Products

The product category Next Generation Products accounted for 5% of group net sales in the quarter. Reported net sales for NGPs increased by 42% compared with the same quarter last year with organic net sales increasing by 37%. XQS delivered accelerating double-digit organic net sales growth both in Sweden and in the UK with sales doubling in the UK and the brand continuing to take market share in Sweden reaching 12.3% for the full year 2025 compared with 7.8% in 2024. The streamlining of the Mac Baren nicotine pouch brands, Ace and Gritt to fewer markets continue to impact growth negatively, though to a lesser extent than in previous quarters.

For the full-year 2025, reported growth in net sales was 2% and organic growth -17%. Net sales growth was in the first six months impacted by the discontinuation of the distribution of ZYN as well as the acquisition of Mac Baren´s nicotine pouch brands Ace and Gritt. For the full-year organic growth for XQS was 55%.

Other

In the fourth quarter 2025, reported net sales in the category Other was negative by 21% with organic net sales decreasing by 17%. The decrease primarily relates to lower sales of accessories as well as a decline in contract manufacturing.

Financial performance by division

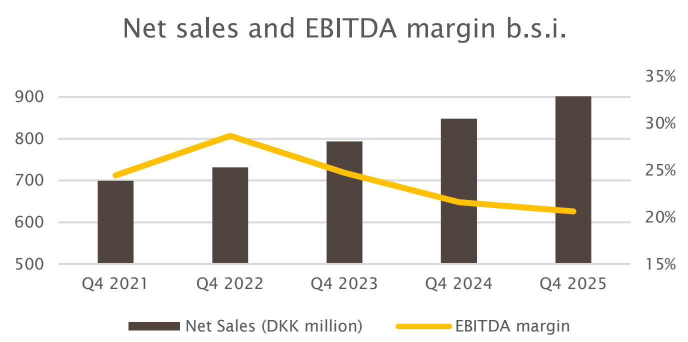
Net sales distribution and growth by division

	Q4 2025			YTD / 12M 2025		
	% of Group	Organic Growth	Reported Growth	% of Group	Organic Growth	Reported Growth
Europe Branded	38%	6%	6%	36%	-0%	6%
North America Branded & Rest of World	33%	-7%	-12%	33%	-5%	-4%
North America Online & Retail	29%	-0%	-9%	31%	-4%	-8%
Total	**100%**	**-0%**	**-5%**	**100%**	**-3%**	**-2%**

Europe Branded

During the fourth quarter reported net sales increased by 6% compared to the same quarter last year with immaterial impact from exchange rates. Organic net sales growth was also 6%. Our nicotine pouch business delivered high double-digit growth, Machine-Rolled Cigars & Smoking Tobacco delivered mid-single-digit growth driven by machine-rolled cigars, whereas Handmade Cigars and Other (accessories) delivered negative growth.

Fourth Quarter Development, 2021-2025

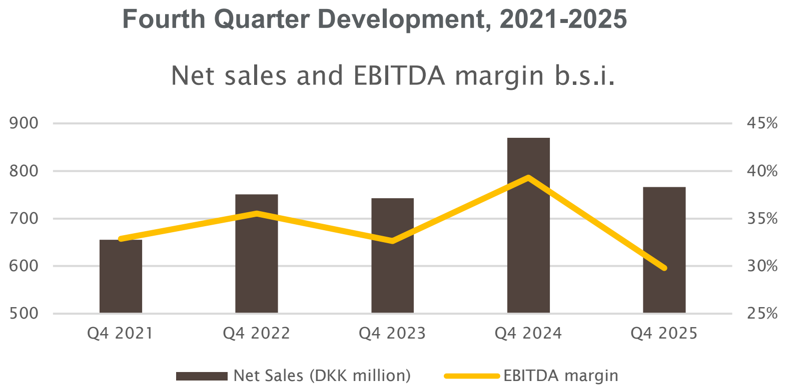


For the fourth quarter EBITDA before special items were unchanged compared with last year with an EBITDA margin before special items of 20.6% compared with 21.6% in the same quarter last year. The development in the EBITDA margin is a driven by mix changes, primarily the strong sales growth in nicotine pouches and the negative growth in smoking tobacco.

For the full-year 2025 reported net sales increased to DKK 3.3 billion with an organic growth of 0%. The increase in reported net sales was driven by the acquisition of Mac Baren as of July 2024. Reported EBITDA before special items was unchanged at DKK 649 million with an EBITDA margin of 19.8% (21.0%).

North America Branded & Rest of World

During the fourth quarter reported net sales decreased by 12% compared with the same quarter last year with exchange rates impacting reported growth negatively by 5%. Organic net sales were negative by 7%. Handmade Cigars delivered low single-digit organic growth with sales of our own brands to U.S. wholesalers and distributors more than offset a decline to international markets. Machine Rolled-Cigars & Smoking Tobacco delivered a high single digit decline in organic net sales growth and Other, accessories and contract manufacturing delivered double-digit negative growth.



For the fourth quarter EBITDA before special items decreased by 33% with an EBITDA margin before special items of 29.8% compared with 39.3% in the same quarter last year. Compared with an exceptionally strong margin in the fourth quarter of 2024, the development in the profitability was primarily result of mix changes. These include a lower sale of high margin smoking tobacco products and high total market decline rates in Australia and Canada, two of our most profitable markets. The margin in the fourth quarter of 2025 was in line with the margin in the first nine months of the year.

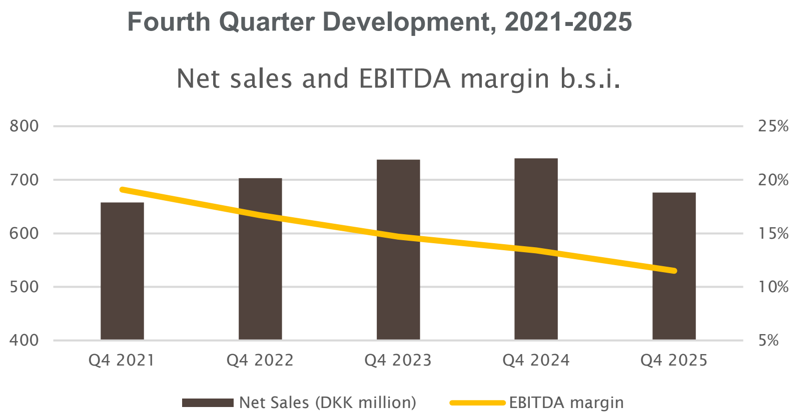
For the full-year 2025 reported net sales decreased by 4% to DKK 3.0 billion with an organic growth of -5%. EBITDA before special items decreased by 17% to DKK 938 million with an EBITDA margin of 31.1% (36.0%).

North America Online & Retail “NAOR”

During the fourth quarter reported net sales in NAOR decreased by 9% compared to the same quarter last year with almost the entire development being explained by exchange rates. Organic net sales were unchanged compared with the fourth quarter the year before. NA Retail delivered close to 7% organic growth driven by store openings in 2024 and 2025 and NA Online delivered a slightly negative organic net sales growth.

In NA Online the twelve months active consumer file decreased by 1% compared with the third quarter 2025 and by 3% compared with the fourth quarter 2024. Retention of existing consumers remain solid, and we managed to stabilise the market share in the channel, whereas the high competitive pressure and the total market decline impact the acquisition of new consumers.

In NA Retail the growth in the retail business was driven by the opening of new super stores while same-store-sales were slightly down in the quarter.



For the fourth quarter EBITDA before special items decreased by 22% with an EBITDA margin before special items of 11.5% compared with 13.4% in the same quarter last year. The decreasing margin continues to be driven by increasing promotional activities in the online channel as the competitive pressure remain high and tariff related price increases from suppliers can only be partly passed on to customers. The OPEX ratio was unchanged.

For the full-year 2025 reported net sales decreased by 8% to DKK 2.7 billion with an organic growth of -4%. Excluding, the discontinued distribution of third-party nicotine pouch products, impacting growth in the first two quarters of the year, organic net sales growth for 2025 was 0.3%. EBITDA before special items decreased by 21% to DKK 347 million with an EBITDA margin of 12.6% (14.8%). The decrease in the margin being a result of the mentioned discontinued distribution of third-party products and as result of the higher promotional activities to improve the market share in the online channel.

Quarterly Financial Data

	2025				2024	2025	2024
DKK million	Q4	Q3	Q2	Q1	Q4	12M	12M
Reported data							
Net sales	2,343	2,357	2,361	1,974	2,458	9,036	9,202
Gross profit before special items	1,021	1,050	1,063	867	1,162	4,001	4,279
EBITDA before special items	456	519	499	317	596	1,791	2,079
Special items	-54	-41	-35	-70	-148	-200	-279
EBIT	286	366	354	136	342	1,142	1,380
Net financial items	-70	-78	-67	-73	-54	-288	-186
Profit before tax	221	295	295	67	292	878	1,219
Income taxes	-57	-68	-68	-15	-71	-208	-280
Net profit	164	227	227	52	221	669	940
Other financial key data							
Organic net sales growth	-0.5%	0.3%	-4.1%	-8.8%	-1.0%	-3.1%	0.4%
Gross margin before special items	43.6%	44.6%	45.0%	43.9%	47.3%	44.3%	46.5%
EBITDA margin before special items	19.5%	22.0%	21.1%	16.1%	24.3%	19.8%	22.6%
Free cash flow before acquisitions	147	173	119	156	604	595	931
North America Online & Retail							
Net sales	676	724	730	619	740	2,749	2,973
Gross profit before special items	247	273	274	252	286	1,046	1,164
EBITDA before special items	78	100	96	74	99	347	441
Net sales growth	-8.6%	-2.5%	-13.1%	-4.9%	0.2%	-7.5%	5.3%
Organic net sales growth	-0.5%	3.6%	-9.8%	-9.6%	-2.4%	-4.1%	4.2%
Gross margin before special items	36.6%	37.6%	37.5%	40.8%	38.6%	38.1%	39.1%
EBITDA margin before special items	11.5%	13.7%	13.1%	11.9%	13.4%	12.6%	14.8%
North America Branded & RoW							
Net sales	766	804	780	668	870	3,017	3,139
Gross profit before special items	330	367	360	330	445	1,388	1,595
EBITDA before special items	229	265	235	210	342	938	1,130
Net sales growth	-12.0%	-4.0%	3.9%	-2.0%	17.1%	-3.9%	3.1%
Organic net sales growth	-7.0%	0.3%	-0.5%	-13.0%	3.5%	-4.9%	-2.6%
Gross margin before special items	43.1%	45.7%	46.2%	49.5%	51.2%	46.0%	50.8%
EBITDA margin before special items	29.8%	33.0%	30.2%	31.4%	39.3%	31.1%	36.0%
Europe Branded							
Net sales	902	829	851	687	848	3,270	3,090
Gross profit before special items	442	410	429	284	431	1,566	1,520
EBITDA before special items	186	190	207	66	183	649	649
Net sales growth	6.3%	-2.4%	9.9%	11.4%	6.9%	5.8%	7.9%
Organic net sales growth	6.0%	-2.6%	-2.0%	-3.7%	-4.2%	-0.5%	0.1%
Gross margin before special items	49.1%	49.5%	50.4%	41.3%	50.8%	47.9%	49.2%
EBITDA margin before special items	20.6%	22.9%	24.3%	9.6%	21.6%	19.8%	21.0%
Group costs							
EBITDA before special items	-37	-36	-39	-32	-28	-144	-141

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today considered and approved the Interim Report of Scandinavian Tobacco Group A/S for the period 1 January – 31 December 2025.

The interim consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for listed companies. The interim report has not been reviewed or audited.

In our opinion, the interim consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position as of 31 December 2025 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 December 2025.

Furthermore, in our opinion this company announcement gives a fair review of the development and performance of the Group's activities and of the Group's results for the period and financial position taken as a whole, together with a description of the most significant risks and uncertainties that the Group may face.

Gentofte, 4 March 2026

EXECUTIVE MANAGEMENT

Niels Frederiksen
CEO

Marianne Rørslev Bock
CFO

BOARD OF DIRECTORS

Henrik Brandt
CHAIRMAN

Anders C. Obel

Dianne Neal Blixt

Ricardo Cesar De Almeida Oberlander

Jörg Biebernick

Marlene Forsell

Karsten Dam Larsen

Thomas Thomsen

Hanne Malling

CONSOLIDATED STATEMENT OF INCOME

1 JANUARY - 31 DECEMBER

DKK million	Q4 2025	Q4 2024	FY 2025	FY 2024
INCOME STATEMENT				
Net sales	**2,343.3**	**2,457.5**	**9,035.7**	**9,202.1**
Cost of goods sold	-1,322.4	-1,295.4	-5,034.5	-4,923.6
Gross profit before special items	**1,020.9**	**1,162.1**	**4,001.2**	**4,278.5**
Other external costs	-363.7	-312.6	-1,244.2	-1,190.8
Staff costs	-221.3	-274.2	-1,023.3	-1,057.2
Other income	20.4	20.7	57.3	48.5
Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)	**456.3**	**596.0**	**1,791.0**	**2,079.0**
Depreciation and impairment	-66.5	-60.2	-252.1	-236.3
Earnings before interest, tax, amortisation and special items (EBITA before special items)	**389.8**	**535.8**	**1,538.9**	**1,842.7**
Amortisation and impairment	-49.6	-46.5	-197.0	-183.5
Earnings before interest, tax and special items (EBIT before special items)	**340.2**	**489.3**	**1,341.9**	**1,659.2**
Special items, costs and impairment	-53.9	-147.6	-199.7	-279.0
Earnings before interest and tax (EBIT)	**286.3**	**341.7**	**1,142.2**	**1,380.2**
Share of profit of associated companies, net of tax	4.8	4.5	23.2	25.4
Financial income	27.8	46.4	71.3	130.2
Financial costs	-97.9	-100.3	-358.9	-316.5
Profit before tax	**221.0**	**292.3**	**877.8**	**1,219.3**
Income taxes	-57.4	-71.3	-208.4	-279.6
Net profit for the period	**163.6**	**221.0**	**669.4**	**939.7**
Earnings per share				
Basic earnings per share (DKK)	2.1	2.8	8.5	11.5
Diluted earnings per share (DKK)	2.1	2.7	8.5	11.4
STATEMENT OF COMPREHENSIVE INCOME				
Net profit for the period	**163.6**	**221.0**	**669.4**	**939.7**
OTHER COMPREHENSIVE INCOME				
Items that will not be recycled subsequently to the Consolidated Income Statement:				
Actuarial gains and losses on pension obligations	9.7	-11.1	9.7	-11.1
Tax of actuarial gains and losses on pension obligations	-3.0	2.0	-3.0	2.0
Items that will be recycled subsequently to the Consolidated Income Statement, when specific conditions are met:				
Foreign exchange adjustments on net investments in foreign operations	9.3	412.5	-654.6	326.3
Other comprehensive income for the period, net of tax	**16.0**	**403.4**	**-647.9**	**317.2**
Total comprehensive income for the period	**179.6**	**624.4**	**21.5**	**1,256.9**

Net sales

In the fourth quarter of 2025, net sales were DKK 2,343 million (DKK 2,458 million). Adjusted for negative exchange rate impacts (DKK 101 million), the organic growth in net sales was negative by 0.5%, primarily driven by negative organic growth in North America Branded & Rest of World but also North America Online & Retail delivered slightly negative organic net sales growth while organic net sales growth in Europe Branded was positive in the quarter.

For the full-year of 2025, net sales decreased by 1.8% to DKK 9,036 million (DKK 9,202 million). Adjusted for negative exchange rate impacts (DKK 216 million) and impact from acquisitions (DKK 349 million), the organic growth in net sales was negative by 3.1%, driven by North America Branded & Rest of World and North America Online & Retail but also Europe Branded delivered a slightly negative organic growth in net sales.

Profit

Gross profit before special items for the fourth quarter of 2025 was DKK 1,021 million (DKK 1,162 million) mainly driven by negative mix and cost increases. Gross margin before special items decreased to 43.6% (47.3%).

Operating expenses for the fourth quarter of 2025 were in line with the same quarter last year and stood at DKK 585 million (DKK 587 million). The OPEX ratio increased to 25.0% (23.9%).

EBITDA before special items for the fourth quarter of 2025 was DKK 456 million (DKK 596 million). The development is explained by the lower gross profit.

EBITDA margin before special items for the fourth quarter of 2025 was 19.5% (24.3%).

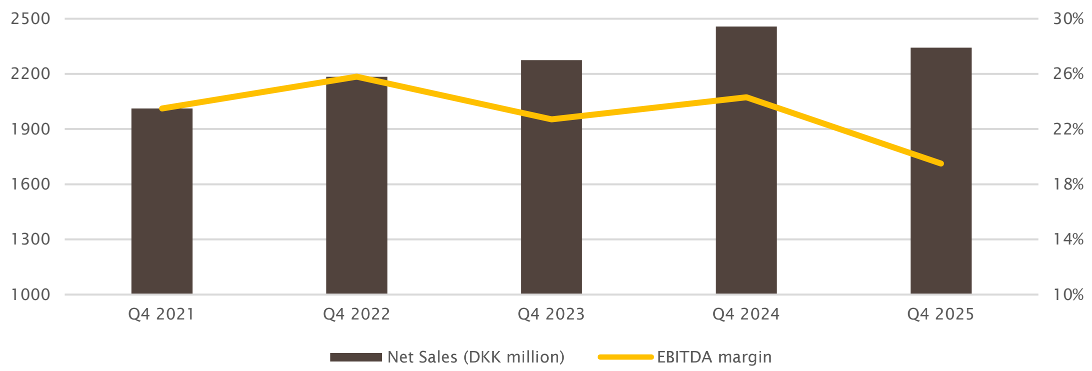
During the quarter DKK 54 million (DKK 148 million) have been expensed as special items, mainly relating to the ERP implementation project, OneProcess, and reorganisations.

Net profit for the fourth quarter of 2025 was DKK 164 million (DKK 221 million). Earnings Per Share (EPS) were DKK 2.1 (DKK 2.8). Earnings Per Share adjusted for special items, fair value adjustments and currency gains/losses, net of tax stood at DKK 2.6 (DKK 3.8).

For the full-year of 2025, gross profit before special items was DKK 4,001 million (DKK 4,279 million) with a gross margin of 44.3% (46.5%). EBITDA before special items was DKK 1,791 million (DKK 2,079 million) with an EBITDA margin of 19.8% (22.6%). Special items of DKK 200 million were expensed (DKK 279 million) and net profit was DKK 669 million (DKK 940 million) with an EPS adjusted for special items, fair value adjustments and currency gains/losses, net of tax at DKK 10.8 (DKK 13.7).

Fourth Quarter Development, 2021-2025

Net sales and EBITDA margin b.s.i.



CONSOLIDATED BALANCE SHEET

ASSETS

DKK million	31 December 2025	31 December 2024
INTANGIBLE ASSETS		
Goodwill	5,071.8	5,409.9
Trademarks	3,003.0	3,224.1
IT software	179.7	65.3
Other intangible assets	345.2	400.0
Intangible assets under development	97.0	215.5
Total intangible assets	**8,696.7**	**9,314.8**
Property, plant and equipment	1,907.4	2,066.5
Investments in associated companies	243.6	261.9
Deferred income tax assets	114.2	129.8
Total non-current assets	**10,961.9**	**11,773.0**
Inventories	3,210.7	3,478.2
Trade receivables	1,429.6	1,213.7
Other receivables	167.3	207.0
Corporate tax	143.0	97.4
Prepayments	157.8	174.6
Cash and cash equivalents	197.7	160.1
Assets classified as held for sale	35.3	-
Total current assets	**5,341.4**	**5,331.0**
Total assets	**16,303.3**	**17,104.0**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES

DKK million	31 December 2025	31 December 2024
Share capital	80.0	86.0
Reserve for currency translation	437.1	1,091.7
Treasury shares	-35.0	-787.8
Retained earnings	8,090.3	8,827.1
Total equity	**8,572.4**	**9,217.0**
Borrowings	3,726.6	3,710.6
Deferred income tax liabilities	701.7	742.3
Pension obligations	194.6	213.7
Other provisions	16.5	16.4
Lease liabilities	323.0	337.3
Other liabilities	34.8	32.5
Total non-current liabilities	**4,997.2**	**5,052.8**
Borrowings	1,150.0	1,247.8
Credit facilities	204.0	-
Trade payables	422.0	383.6
Corporate tax	30.4	85.1
Other provisions	18.4	46.9
Lease liabilities	61.1	73.4
Other liabilities	847.8	997.4
Total current liabilities	**2,733.7**	**2,834.2**
Total liabilities	**7,730.9**	**7,887.0**
Total equity and liabilities	**16,303.3**	**17,104.0**

Net interest-bearing debt

Net interest-bearing debt increased by DKK 38 million to DKK 5,461 million versus the end of 2024. The leverage ratio (net interest-bearing debt to LTM EBITDA before special items) was 3.0x compared to 2.6x at 31 December 2024. The development was driven by the decreased EBITDA before special items.

Return on Invested Capital

The return on invested capital (ROIC) was 7.9% versus 9.4% by the end of 2024, explained mainly by a DKK 238 million reduction in EBIT and driven by the operational performance. Invested capital was fairly stable and stood at DKK 14.5 billion (DKK 14.7 billion end of 2024).

CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY – 31 December

DKK million	Q4 2025	Q4 2024	FY 2025	FY 2024
Net profit for the period	163.6	221.0	669.4	939.7
Depreciation, amortisation and impairment	116.1	106.7	449.1	419.8
Adjustments	183.4	259.6	687.6	694.8
Changes in working capital	-17.4	164.3	-213.9	-138.4
Special items, paid	-53.3	-89.1	-242.2	-211.0
Cash flow from operating activities before financial items	**392.4**	**662.5**	**1,350.0**	**1,704.9**
Financial income received	21.1	25.7	42.4	51.4
Financial costs paid	-72.1	-45.0	-315.3	-226.1
Cash flow from operating activities before tax	**341.4**	**643.2**	**1,077.1**	**1,530.2**
Tax payments	-136.5	6.1	-322.6	-351.1
Cash flow from operating activities	**204.9**	**649.3**	**754.5**	**1,179.1**
Acquisitions	-	-4.1	-4.3	-575.6
Investment in intangible assets	-10.6	-1.8	-23.7	-48.3
Investment in property, plant and equipment	-50.6	-47.2	-158.1	-216.0
Sale of property, plant and equipment	0.1	-	10.1	2.9
Dividend from associated companies	3.6	3.3	12.6	12.9
Cash flow from investing activities	**-57.5**	**-49.8**	**-163.4**	**-824.1**
Free cash flow	**147.4**	**599.5**	**591.1**	**355.0**
Repayment of lease liabilities	-20.7	-20.7	-80.3	-94.3
RCF and bank loan	-230.0	-364.5	860.4	405.0
New external funding - bond issuance	-	-	-	2,233.0
Repurchase of bonds	-	-	-846.9	-1,355.0
Repayment bank loans	-0.2	-1.2	-10.5	-4.1
Dividend payment	-	-	-669.3	-709.8
Purchase of treasury shares	-	-123.1	-	-773.6
Cash flow from financing activities	**-250.9**	**-509.5**	**-746.6**	**-298.8**
Net cash flow for the period	**-103.5**	**90.0**	**-155.5**	**56.2**
Cash and cash equivalents, net at 1 October / 1 January	97.5	64.8	160.1	99.6
Exchange gains/losses on cash and cash equivalents	-0.3	5.3	-10.9	4.3
Net cash flow for the period	-103.5	90.0	-155.5	56.2
Cash and cash equivalents, net at 31 December	**-6.3**	**160.1**	**-6.3**	**160.1**

Cash flow

Cash flow from operations before changes in working capital in the fourth quarter of 2025 was DKK 222 million (DKK 485 million). The development was mainly driven by the operational performance, higher tax payments and higher financial costs in the fourth quarter of 2025 compared to the same quarter last year. Changes in working capital in the fourth quarter of 2025 had a negative impact on the cash flow of DKK 17 million (DKK 164 million).

Cash flow from investing activities in the fourth quarter of 2025 amounted to DKK -58 million (DKK -50 million).

Cash flow from financing activities in the fourth quarter of 2025 amounted to DKK -251 million (DKK -510 million). The fourth quarter of 2025 was mainly impacted draw on the RFC while the same quarter last year was also impacted by purchasing of treasury shares.

Free cash flow before acquisitions in the fourth quarter of 2025 was positive by DKK 147 million (DKK 604 million). The cash conversion ratio was 108% (137%).

For the full year 2025 cash flow from operations before changes in working capital was DKK 968 million (DKK 1,318 million). Working capital had a negative impact of DKK 214 million (DKK - 138 million), mainly coming from a delay in the collection of receivables associated with our ERP implementation in Europe as well as lower level of payables only being partly offset by a lower level of inventories.

Free cash flow before acquisitions for the full year was positive by DKK 595 million (DKK 931 million) and the cash conversion ratio was 99% (101%).

STATEMENT OF CHANGES IN GROUP EQUITY

1 JANUARY - 31 DECEMBER 2025

DKK million	Share capital	Reserve for currency transla-tion	Treasury shares	Retained earnings	Total
Equity at 1 January 2025	**86.0**	**1,091.7**	**-787.8**	**8,827.1**	**9,217.0**
Comprehensive income for the period					
Net profit for the period	**-**	**-**	**-**	**669.4**	**669.4**
Other comprehensive income					
Foreign exchange adjustments on net investments in foreign operations	-	-654.6	-	-	**-654.6**
Actuarial gains and losses on pension obligations	-	-	-	9.7	**9.7**
Tax of actuarial gains and losses on pension obliga-tions	-	-	-	-3.0	**-3.0**
Total other comprehensive income	**-**	**-654.6**	**-**	**6.7**	**-647.9**
Total comprehensive income for the period	**-**	**-654.6**	**-**	**676.1**	**21.5**
Transactions with shareholders					
Capital reduction	-6.0	-	751.4	-745.4	**-**
Share-based payments	-	-	-	3.3	**3.3**
Settlement of vested PSUs	**-**	**-**	1.4	-1.4	**-**
Settlement in cash of vested PSUs	**-**	**-**	**-**	-0.1	**-0.1**
Dividend paid to shareholders	-	-	-	-731.0	**-731.0**
Dividend, treasury shares	-	-	-	61.7	**61.7**
Total transactions with shareholders	**-6.0**	**-**	**752.8**	**-1,412.9**	**-666.1**
Equity at 31 December 2025	**80.0**	**437.1**	**-35.0**	**8,090.3**	**8,572.4**

Equity

Total shareholders' equity as at 31 December 2025 amounted to DKK 8,572 million (DKK 9,217 million on 31 December 2024). The equity was negatively impacted by foreign exchange adjustments on net investments in foreign operations and dividend payments to shareholders partly offset by the positive impact from profit for the period. As of 31 December 2025, the equity ratio was 52.6% (53.9% on 31 December 2024).

STATEMENT OF CHANGES IN GROUP EQUITY (continued)

1 JANUARY - 31 DECEMBER 2024

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
Equity at 1 January 2024	**87.0**	**765.4**	**-141.4**	**8,723.0**	**9,434.0**
Comprehensive income for the period					
Net profit for the period	**-**	**-**	**-**	**939.7**	**939.7**
Other comprehensive income					
Foreign exchange adjustments on net investments in foreign operations	-	326.3	-	-	**326.3**
Actuarial gains and losses on pension obligations	-	-	-	-11.1	**-11.1**
Tax of actuarial gains and losses on pension obligations	-	-	-	2.0	**2.0**
Total other comprehensive income	**-**	**326.3**	**-**	**-9.1**	**-317.2**
Total comprehensive income for the period	**-**	**326.3**	**-**	**930.6**	**1,256.9**
Transactions with shareholders					
Capital reduction	-1.0	-	118.8	-117.8	**-**
Purchase of treasury shares	-	-	-765.2	-	**-765.2**
Share-based payments	-	-	-	1.1	**1.1**
Dividend paid to shareholders	-	-	-	-730.8	**-730.8**
Dividend, treasury shares	-	-	-	21.0	**21.0**
Total transactions with shareholders	**-1.0**	**-**	**-646.4**	**-826.5**	**-1,473.9**
Equity at 31 December 2024	**86.0**	**1,091.7**	**-787.8**	**8,827.1**	**9,217.0**

NOTES

NOTE 1

BASIS OF PREPARATION

The interim consolidated financial statements for the full-year 2025, ending 31 December 2025, has been prepared in accordance with IAS 34, Interim Financial Reporting, and additional Danish disclosure requirements for listed companies.

The interim consolidated financial statements do not include all the information and disclosures as required for the annual financial statements and should therefore be read in conjunction with the information and disclosures given in the Group's Annual Report for 2025.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in preparation of Group's Annual Report for 2025.

Significant accounting estimates

The estimates made by STG in the determination of the carrying amounts of assets and liabilities are based on assumptions that are subject to future events. For a description of risks and accounting estimates, refer to the Annual Report for 2025.