

**Company Announcement**

No. 16/2025

Copenhagen, 11 November 2025

Interim report, 1 January – 30 September 2025**Scandinavian Tobacco Group A/S Reports Third Quarter 2025 Results and Narrows Expectation Ranges for Full-Year.**

For the third quarter 2025, reported net sales were DKK 2.4 billion with organic net sales in line with last year. EBITDA before special items was DKK 519 million with an EBITDA margin of 22.0% compared with 23.4% last year. Free cash flow before acquisitions was DKK 173 million and the adjusted EPS were DKK 3.4. The results support the full-year expectations.

The reported net sales were negatively impacted by exchange rate developments. Organic growth was positive in the product categories Handmade Cigars and Next Generation Products, whereas Machine-Rolled Cigars & Smoking Tobacco delivered negative organic growth. The underlying business trends remain largely unchanged, though the decline rate in handmade cigars show early signs of stabilising.

The EBITDA margin before special items continued to recover in the third quarter compared with the first two quarters of the year leaving the margin for the first nine months of the year at 19.9% (22.0%). The decline in the margin compared with last year is driven by a combination of product and market mix and investments in stabilising our market shares in machine-rolled cigars in key European markets. Free cash flow before acquisitions for the first nine months improved to DKK 448 million primarily driven by changes in working capital and lower investments offsetting the decrease in EBITDA.

Third Quarter 2025

- Reported net sales decreased by 3.0% to DKK 2.4 billion (DKK 2.4 billion)
- Organic net sales growth was slightly up by 0.3% (-0.1%)
- EBITDA margin before special items was 22.0% (23.4%)
- Adjusted EPS were DKK 3.4 (DKK 4.1)
- Free cash flow before acquisitions was DKK 173 million (DKK 275 million).
- Return on Invested Capital (ROIC) was 8.3% (9.8%).

First nine months 2025

- Reported net sales decreased by 0.8% to DKK 6.7 billion (DKK 6.7 billion)
- Organic net sales growth was negative by 4.0% (0.9%)
- EBITDA margin before special items was 19.9% (22.0%)
- Adjusted EPS were DKK 8.2 (DKK 9.9)
- Free cash flow before acquisitions was DKK 448 million (DKK 327 million)

CEO Niels Frederiksen commented: "In the third quarter we saw early signs of stable sales but continued margin compression, driven by market and product mix as well as a more intense promotion environment. I am pleased that we have grown both the handmade and the nicotine pouch business

in the quarter, but our market share performance in machine-rolled cigars has been negatively impacted by instability created by the roll out of our global SAP solution. On 20 November we will launch our next 5-year strategy and I look forward to sharing details on the Group's ambitions and how we intend to create meaningful value for our stakeholders for the years ahead".

Financial expectations for full year 2025

The financial expectations for full year 2025 have been narrowed to reflect increased full-year visibility with less than two months to go and to reflect the USD development. The biggest uncertainties to the expectations are US consumer sentiment, down trading and retailer decisions on inventory levels across our product categories as well as the development of the USD, which can impact reported net sales.

Reported net sales	DKK 9.1-9.2 billion (from DKK 9.1-9.5 billion)
EBITDA margin before special items	19-5-20.5% (from 18-22%)
Free cash flow before acquisitions	DKK 0.8-1.0 billion
Adjusted EPS	DKK 10-12 (from DKK 10-13)

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

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A conference call will be held on 12 November 2025 at 10.00 CEST. Dial-in information and an accompanying presentation will be available at investor.st-group.com/investor around 09:00 CEST.

Launch of Five-Year Strategy and Capital Markets Day - 20 November 2025

The five-year strategy Rolling Towards 2025 is coming to an end and as communicated, Scandinavian Tobacco Group will launch its updated five-year strategy on 20 November 2025, CET 14.00-16.30. The Group management will host a livestreamed virtual Capital Market Event. Link for more detail and registration:

<https://www.st-group.com/investor/capital-markets-day-2025/>

Key Figures

DKK million	Q3 2025	Q3 2024	9M 2025	9M 2024	FY2024
INCOME STATEMENT					
Net sales	2,357	2,431	6,692	6,745	9,202
Gross profit before special items	1,050	1,126	2,980	3,116	4,279
EBITDA before special items	519	568	1,335	1,483	2,079
Special items	-41	-49	-146	-131	-279
EBIT	366	401	856	1,039	1,380
Net financial items ¹	-78	-26	-218	-132	-186
Profit before tax	295	383	657	927	1,219
Income taxes	-68	-86	-151	-208	-280
Net profit	227	297	506	719	940
BALANCE SHEET					
Total assets			16,363	16,803	17,104
Equity			8,398	8,698	9,217
Net interest-bearing debt (NIBD)			5,571	5,804	5,423
Investment in property, plant and equipment	47	69	108	169	216
Total capital expenditures	53	84	121	215	264
CASH FLOW STATEMENT					
Cash flow from operating activities	223	355	550	530	1,179
Cash flow from investing activities	-50	-565	-106	-774	-824
Free cash flow	173	-210	444	-245	355
Free cash flow before acquisitions	173	275	448	327	931
KEY RATIOS²					
Net sales growth	-3.0%	7.1%	-0.8%	4.5%	5.4%
Gross margin before special items	44.6%	46.3%	44.5%	46.2%	46.5%
EBITDA margin before special items	22.0%	23.4%	19.9%	22.0%	22.6%
Effective tax percentage	23.0%	22.4%	23.0%	22.5%	22.9%
Equity ratio			51.3%	51.8%	53.9%
Cash conversion	106.4%	111.6%	96.4%	86.1%	100.8%
Organic net sales growth	0.3%	-0.1%	-4.0%	0.9%	0.4%
NIBD / EBITDA before special items			2.9	2.9	2.6
ROIC			8.3%	9.8%	9.4%
ROIC ex. Goodwill			12.9%	15.5%	14.7%
Adjusted earnings per share (DKK)	3.4	4.1	8.2	9.9	13.7
Basic earnings per share (DKK)	2.9	3.7	6.4	8.6	11.5
Diluted earnings per share (DKK)	2.9	3.6	6.4	8.6	11.4
Number of shares issued ('000)			80,000	86,000	86,000
Number of treasury shares ('000)			1,266	6,244	7,266
Number of outstanding shares ('000) ³			78,875	83,083	82,162
Share price at balance date (DKK)			87.70	102.8	95.30
Dividend per share (DKK)					8.50
Pay-out ratio					77.8%

1. Excl. share of profit of associated companies.

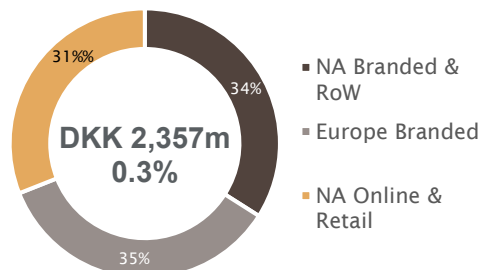
2. See definition/explanation of financial ratios in note 5.8 in the Annual Report 2024.

3. Average number of shares outstanding, including dilutive effect of PSUs.

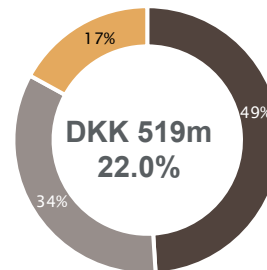
Third Quarter 2025 - Financial performance

Divisional split Q3 2025

Net sales and organic growth



EBITDA before special items and margin



Sales

For the Group, the third quarter reported net sales at DKK 2.4 billion was 3% lower than last year impacted by exchange rates developments by -3%. Organic net sales for the third quarter were in line with the same quarter in 2024.

By the **three reporting divisions** the organic net sales performance in the third quarter was -3% in Europe Branded ("EUB"), 0% in North America Branded & Rest of World ("NABROW"), and 4% in North America Online & Retail ("NAOR").

For the first nine months, organic net sales growth in the reporting divisions were -3% in EUB, -4% in NABROW and -5% in NAOR.

By **product categories** the organic net sales development in the third quarter was 6% in Handmade Cigars ("HMC"), -4% in Machine-Rolled Cigars & Smoking Tobacco ("MRCST") and 23% in Next Generation Products ("NGP"). Our own nicotine pouch brand, XQS delivered 75% organic net sales growth.

For the first nine months, organic net sales growth in the product categories were 0% in HMC, -2% in MRCST and -28% in NGP with the decline driven by the discontinued ZYN distribution and streamlining of the nicotine pouch business. The XQS brand delivered 45% organic net sales growth.

Table 1: Net sales

	Q3	Q3	Change
DKK million	2025	2024	in %
Reported net sales	2,357	2,431	-3.0%
Acquisitions		-	
Currency development	81		
Organic net sales	2,438	2,431	0.3%

Table 2: Free Cash Flow before acquisitions

	Q3	Q3	Change
DKK million	2025	2024	in DKK
EBITDA	519	568	-49
Working Cap. changes	-	-25	25
Investments a.o.	-346	-268	-78
FCF bef. acq.	173	275	-102

Profit and Cash Flow

For the third quarter 2025, EBITDA before special items decreased to DKK 519 million with an EBITDA margin before special items of 22.0% compared with 23.4% in the same quarter of 2024 and 21.1% in the second quarter of 2025. The OPEX ratio increased to 23.4% compared with 23.3% in 2024.

Special items amounting to DKK 41 million were expensed in the third quarter of 2025, mainly relating to the ERP implementation project, "OneProcess" which accounted for DKK 31 million and reorganisations, including the integration of Mac Baren which accounted for DKK 10 million. Net profit declined to DKK 227 million (DKK 297 million), while Adjusted Earnings Per Share decreased by 17% to DKK 3.4.

The Group's free cash flow before acquisitions was DKK 173 million (DKK 275 million) in the third quarter 2025. The development primarily relates to lower operational result and higher financial costs paid, partly as result of the refinancing of our corporate bond last year. Changes in working capital had no cash flow impact in the quarter.

Leverage and Return on Invested Capital

By the end of the third quarter, the Group's leverage ratio was 2.9 times compared with 2.6 times by the end of 2024. The return on invested capital (ROIC) was 8.3% versus 9.4% by the end of 2024. The development was primarily driven by the operational performance. The average invested capital was DKK 14.6 billion compared with DKK 14.7 billion by the end of 2024.

We expect the leverage to improve during the fourth quarter, though still to remain higher than our target of 2.5 times.

Strategy and Other Key Updates

Growth Enablers

In our strategy Rolling Towards 2025, we identified three revenue streams to support our ambition to become a larger company and to increase profits. These Growth Enablers comprise international sales of handmade cigars (outside of the US), retail stores in the US and Next Generation Products with a focus on nicotine pouches. Each will be discussed in more detail in the section Product Categories.

All three growth enablers delivered double-digit organic growth during the quarter with international sales of handmade cigars recovering from the temporary impact from lower sales to the Asian market during the first half of the year.

In the third quarter as well as for the first nine months of the year, the Growth Enablers accounted for 11% of Group net sales compared with about 9% for the full year of 2024*.

* Excluding net sales from the online distribution of ZYN in the US, which was discontinued as of the third quarter last year.

The 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.

Expectations for full year 2025

The financial performance during the third quarter of the year and in the beginning of the fourth quarter support the underlying expectations for the full-year 2025.

The underlying business trends remain largely unchanged. The decline rate in the consumption of handmade cigars have shown early signs of stabilisation and volumes of machine-rolled cigars in Europe decreased by a low single-digit percentage, albeit with variations from market to market. The uncertainty related to US consumer sentiment, down trading and retailer decisions on inventory across our product categories remain a risk to our full year expectations.

The Group narrows the expectation to reported net sales for 2025 to be in the range of DKK 9.1-9.2 billion from 9.1-9.5 billion. The financial development during the third quarter and in the beginning of the fourth quarter has been as expected, but as we approach year-end full year visibility has improved. As we communicated in August, the reported net sales would end in the lower end of the range based on constant exchange rates for the remainder of the year. The updated range for reported net sales reflects that the USD has been broadly unchanged since August. The opening of two retail super stores in the US during the fourth quarter, continued growth of XQS and pricing across the product categories will support net sales performance in the fourth quarter of the year.

The range for the full-year EBITDA margin is also narrowed to be in the range of 19.5%-20.5% (from 18-22%) reflecting a higher level of visibility for the rest of the year.

Free cash flow is projected at DKK 0.8–1.0 billion. The free cash flow for the full year includes capex investments of an expected up to DKK 250 million, OneProcess investments and the opening of two new retail super stores in the US.

Special cash items paid is expected at about DKK 200 million (DKK 189 million YTD 2025), primarily relating to the Mac Baren integration and roll-out of our SAP 4/Hana ERP solution.

Based on these expectations, the leverage ratio is expected to decrease slightly by year-end compared to the end of the third quarter of 2025.

Given these considerations our expectations for 2025 are:

Reported net sales	DKK 9.1-9.2 billion (from DKK 9.1-9.5 billion)
EBITDA margin before special items	19.5-20.5% (from 18-22%)
Free cash flow before acquisitions	DKK 0.8-1.0 billion
Adjusted EPS	DKK 10-12 (from DKK 10-13)

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 EBITDA margins being only marginally impacted.

Events after the reporting period

There are no other events than those mentioned in the above that have occurred after 30 September 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

	Q3 2025			YTD / 9M 2025		
	% of Group	Organic Growth	Reported Growth	% of Group	Organic Growth	Reported Growth
Handmade Cigars	37%	6%	-0%	36%	-0%	-3%
Machine-Rolled Cigars & Smoking Tobacco	48%	-4%	-6%	50%	-2%	4%
Next Generation Products	5%	23%	26%	4%	-28%	-9%
Other	10%	-4%	-8%	10%	-14%	-11%
Total	100%	0%	-3%	100%	-4%	-1%

Handmade Cigars

The product category Handmade Cigars accounted for 37% of group net sales in the quarter. Reported net sales was in line with last year, negatively impacted by the development in the USD, whereas organic growth in net sales was 6%.

Sales of handmade cigars to wholesalers and distributors in the US recovered compared with previous quarters delivering low single digit organic net sales growth. Online sales of handmade cigars also recovered to a low single-digit growth whereas sales through our retail superstores continue to deliver double-digit growth primarily driven by new store openings. Sales to international markets (excluding the US) deliver double-digit growth recovering from the decline during the first two quarters of the year.

Machine-Rolled Cigars and Smoking Tobacco

The product category Machine-Rolled Cigars & Smoking Tobacco accounted for 48% of group net sales in the quarter. Reported net sales decreased by 6% compared with the same quarter last year primarily with organic growth in net sales being negative by 4%.

Both Machine-Rolled Cigars and Smoking tobacco delivered 6% negative growth in reported net sales during the quarter. Organic net sales growth for the two product categories was -4% and -5%, respectively.

Preliminary total market data for machine-rolled cigars in our key European markets indicate a volume decline rate of 0.6% in the third quarter compared to the third quarter last year and a decline of 0.7% for the first nine months of the year compared with a decline rate of 3.5% for the full year of 2024. The preliminary data also indicate that our volume market share decreased to 26.2% impacted by instability in supplies primarily related to the SAP roll-out. For the first nine months the market share is estimated at 26.9%.

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 26% compared with the same quarter last year with organic net sales increasing by 23%. XQS delivered accelerating double-digit organic net sales growth both in Sweden and in the UK and the brand continues to take market share in Sweden now exceeding 13% while the streamlining of the Mac Baren nicotine pouch brands, Ace and Gritt to fewer markets did impact growth negatively.

For the first nine months of the year, reported growth in net sales was -9% and organic growth -28%. 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.

Other

In the third quarter 2025, organic net sales in the category Other, decreased by 4%. The decrease primarily relates to lower contract manufacturing.

Financial performance by division

Net sales distribution and growth by division

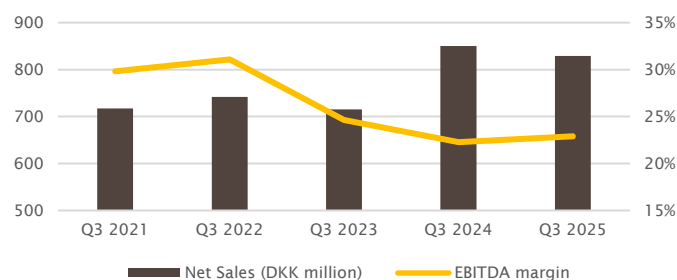
	Q3 2025			YTD / 9M 2025		
	% of Group	Organic Growth	Reported Growth	% of Group	Organic Growth	Reported Growth
Europe Branded	35%	-3%	-2%	35%	-3%	6%
North America Branded & Rest of World	34%	0%	-4%	34%	-4%	-1%
North America Online & Retail	31%	4%	-3%	31%	-5%	-7%
Total	100%	0%	-3%	100%	-4%	-1%

Europe Branded

During the third quarter reported net sales decreased by 2% compared to the same quarter last year with exchange rates impacting reported growth by 0.2%. Organic net sales growth was -3%. Our nicotine pouch business delivered double-digit growth, whereas both Handmade Cigars and Machine-Rolled Cigars & Smoking Tobacco delivered negative growth as in previous quarters.

Third Quarter Development, 2021-2025

Net sales and EBITDA margin b.s.i.



For the third quarter EBITDA before special items were unchanged compared with last year with an EBITDA margin before special items of 22.9% compared with 22.3% in the same quarter last year. The improvement in the EBITDA margin is driven by mix changes resulting in a higher gross margin. The OPEX ratio was unchanged.

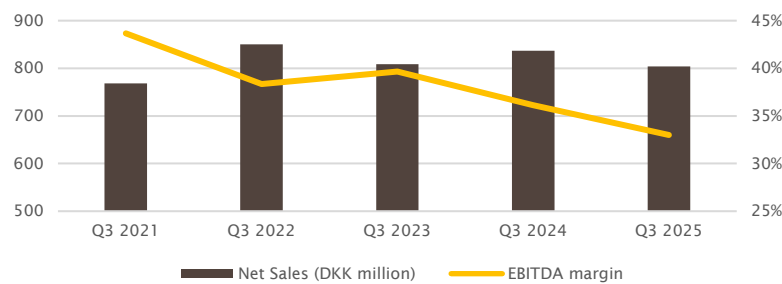
For the first nine months of 2025 reported net sales increased to DKK 2.4 billion with an organic growth of -3%. Reported EBITDA before special items decreased by 3% to DKK 463 million with an EBITDA margin of 19.5% (21.3%).

North America Branded & Rest of World

During the third quarter reported net sales decreased by 4% compared with the same quarter last year with exchange rates impacting reported growth negatively by 4%. Organic net sales were unchanged versus last year. Handmade Cigars recovered and delivered high single-digit organic growth, while Machine Rolled-Cigars & Smoking Tobacco delivered a low single digit decline in organic net sales growth.

Third Quarter Development, 2021-2025

Net sales and EBITDA margin b.s.i.



For the third quarter EBITDA before special items decreased by 12% with an EBITDA margin before special items of 33.0% compared with 36.1% in the same quarter last year. The development in the profitability was primarily result of mix changes. The mix changes include lower sales of high margin smoking tobacco products combined with an increase in net sales of handmade cigars to wholesalers and distributors.

For the first nine months of 2025 reported net sales decreased by 1% to DKK 2.3 billion with an organic growth of -4%. EBITDA before special items decreased by 10% to DKK 710 million with an EBITDA margin of 31.5% (34.5%).

North America Online & Retail

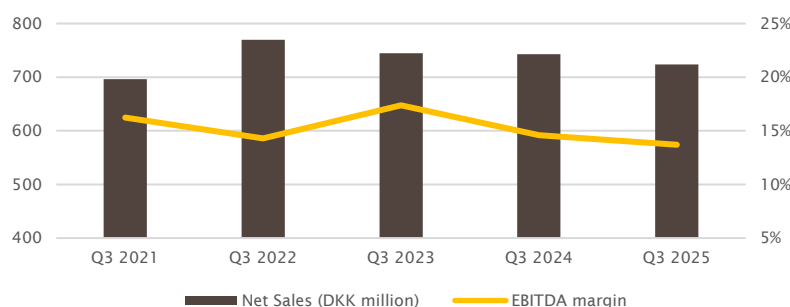
During the third quarter reported net sales decreased by 3% compared to the same quarter last year with exchange rates impacting reported growth by 6%. Organic net sales growth was 4% impacted by continued good sales performance in our retail stores as well as growth in our online business.

In the online business the twelve months active consumer file was in line with the third quarter, though still down by 4% compared with the same quarter last year. Competition pressure remains high, though our pricing strategies start to slowly impact our online market share positively.

The double-digit growth in the retail business was primarily driven by the opening of new super stores but also an increase in same store sales.

Third Quarter Development, 2021-2025

Net sales and EBITDA margin b.s.i.



For the third quarter EBITDA before special items decreased by 8% with an EBITDA margin before special items of 13.7% compared with 14.6% in the same quarter last year. The decreasing margin is primarily driven by higher promotional activities.

For the first nine months of 2025 reported net sales decreased by 7% to DKK 2.1 billion with an organic growth of -5% primarily as result of the discontinuation of the ZYN business impacting growth in the first two quarters of the year. EBITDA before special items decreased by 20% to DKK 269 million with

an EBITDA margin of 13.0% (15.1%). The decrease in the margin being a result of the mentioned discontinued ZYN distribution by about 0.5%-points and as result of the higher promotional activities to improve market share.

Quarterly Financial Data

DKK million	2025			2024		2025	2024	
	Q3	Q2	Q1	Q4	Q3	9M	9M	FY
Reported data								
Net sales	2,357	2,361	1,974	2,458	2,431	6,692	6,745	9,202
Gross profit before special items	1,050	1,063	867	1,162	1,126	2,980	3,116	4,279
EBITDA before special items	519	499	317	596	568	1,335	1,483	2,079
Special items	-41	-35	-70	-148	-49	-146	-131	-279
EBIT	366	354	136	342	401	856	1,039	1,380
Net financial items	-78	-67	-73	-54	-26	-218	-132	-186
Profit before tax	295	295	67	292	383	657	927	1,219
Income taxes	-68	-68	-15	-71	-86	-151	-208	-280
Net profit	227	227	52	221	297	506	719	940
Other financial key data								
Organic net sales growth	0.3%	-4.1%	-8.8%	-1.0%	-0.1%	-4.0%	0.9%	0.4%
Gross margin before special items	44.6%	45.0%	43.9%	47.3%	46.3%	44.5%	46.2%	46.5%
EBITDA margin before special items	22.0%	21.1%	16.1%	24.3%	23.4%	19.9%	22.0%	22.6%
Free cash flow before acquisitions	173	119	156	604	275	448	327	931
North America Online & Retail								
Net sales	724	730	619	740	743	2,073	2,234	2,973
Gross profit before special items	273	274	252	286	292	799	876	1,164
EBITDA before special items	100	96	74	99	109	269	336	441
Net sales growth	-2.5%	-13.1%	-4.9%	0.2%	-0.2%	-7.2%	7.1%	5.3%
Organic net sales growth	3.6%	-9.8%	-9.6%	-2.4%	-0.9%	-5.3%	6.6%	4.2%
Gross margin before special items	37.6%	37.5%	40.8%	38.6%	39.3%	38.5%	39.2%	39.1%
EBITDA margin before special items	13.7%	13.1%	11.9%	13.4%	14.6%	13.0%	15.1%	14.8%
North America Branded & RoW								
Net sales	804	780	668	870	837	2,251	2,269	3,139
Gross profit before special items	367	360	330	445	418	1,058	1,147	1,595
EBITDA before special items	265	235	210	342	302	710	783	1,130
Net sales growth	-4.0%	3.9%	-2.0%	17.1%	3.5%	-0.8%	-1.4%	3.1%
Organic net sales growth	0.3%	-0.5%	-13.0%	3.5%	-4.8%	-4.1%	-4.8%	-2.6%
Gross margin before special items	45.7%	46.2%	49.5%	51.2%	50.0%	47.0%	50.5%	50.8%
EBITDA margin before special items	33.0%	30.2%	31.4%	39.3%	36.1%	31.5%	34.5%	36.0%
Europe Branded								
Net sales	829	851	687	848	850	2,368	2,242	3,090
Gross profit before special items	410	429	284	431	416	1,124	1,093	1,520
EBITDA before special items	190	207	66	183	189	463	477	649
Net sales growth	-2.4%	9.9%	11.4%	6.9%	18.8%	5.6%	8.3%	7.9%
Organic net sales growth	-2.6%	-2.0%	-3.7%	-4.2%	5.8%	-2.7%	1.8%	0.1%
Gross margin before special items	49.5%	50.4%	41.3%	50.8%	48.9%	47.4%	48.8%	49.2%
EBITDA margin before special items	22.9%	24.3%	9.6%	21.6%	22.3%	19.5%	21.3%	21.0%
Group costs								
EBITDA before special items	-36	-39	-32	-28	-33	-107	-113	-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 – 30 September 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 30 September 2025 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 September 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, 11 November 2025

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 Biebernack

Marlene Forsell

Karsten Dam Larsen

Thomas Thomsen

Hanne Malling

CONSOLIDATED STATEMENT OF INCOME**1 JANUARY - 30 SEPTEMBER**

DKK million	Note	Q3 2025	Q3 2024	9M 2025	9M 2024
INCOME STATEMENT					
Net sales	2	2,357.3	2,430.5	6,692.4	6,744.6
Cost of goods sold	2	-1,307.1	-1,304.5	-3,712.1	-3,628.2
Gross profit before special items	2	1,050.2	1,126.0	2,980.3	3,116.4
Other external costs	2	-317.6	-293.8	-880.5	-878.2
Staff costs	2	-232.9	-272.9	-802.0	-783.0
Other income		18.9	8.4	36.9	27.8
Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)	2	518.6	567.7	1,334.7	1,483.0
Depreciation and impairment		-61.2	-68.9	-185.6	-176.1
Earnings before interest, tax, amortisation and special items (EBITA before special items)		457.4	498.8	1,149.1	1,306.9
Amortisation and impairment		-50.1	-48.9	-147.4	-137.0
Earnings before interest, tax and special items (EBIT before special items)		407.3	449.9	1,001.7	1,169.9
Special items, costs and impairment	3	-41.3	-48.8	-145.8	-131.4
Earnings before interest and tax (EBIT)		366.0	401.1	855.9	1,038.5
Share of profit of associated companies, net of tax		6.7	7.5	18.4	20.9
Financial income		8.5	52.8	43.5	83.8
Financial costs		-86.1	-78.4	-261.0	-216.2
Profit before tax		295.1	383.0	656.8	927.0
Income taxes		-67.8	-85.9	-151.0	-208.3
Net profit for the period		227.3	297.1	505.8	718.7
Earnings per share					
Basic earnings per share (DKK)		2.9	3.7	6.4	8.6
Diluted earnings per share (DKK)		2.9	3.6	6.4	8.6
STATEMENT OF COMPREHENSIVE INCOME					
Net profit for the period		227.3	297.1	505.8	718.7
OTHER COMPREHENSIVE INCOME					
<i>Items that will be recycled subsequently to the Consolidated Income Statement, when specific conditions are met:</i>					
Foreign exchange adjustments on net investments in foreign operations		32.7	-271.0	-663.9	-86.2
Other comprehensive income for the period, net of tax		32.7	-271.0	-663.9	-86.2
Total comprehensive income for the period		260.0	26.1	-158.1	632.5

Net sales

In the third quarter of 2025, net sales were DKK 2,357 million (DKK 2,431 million). Adjusted for negative exchange rate impacts (DKK 81 million) and acquisitions (DKK 0 million), the organic growth in net sales was positive by 0.3%, primarily driven by positive organic growth in North America Online & Retail, but also North America Branded & Rest of World delivered positive organic net sales growth while organic net sales growth in Europe Branded was negative in the quarter.

Profit

Gross profit before special items for the third quarter of 2025 was DKK 1,050 million (DKK 1,126 million) mainly driven by negative mix and cost increases. Gross margin before special items decreased to 44.6% (46.3%).

Operating expenses for the third quarter of 2025 decreased by 2.9% compared to the same quarter last year and stood at DKK 551 million (DKK 567 million). The OPEX ratio increased to 23.4% (23.3%).

EBITDA before special items for the third quarter of 2025 was DKK 519 million (DKK 568 million). The development is mainly explained by the lower gross profit.

EBITDA margin before special items for the third quarter of 2025 was 22.0% (23.4%).

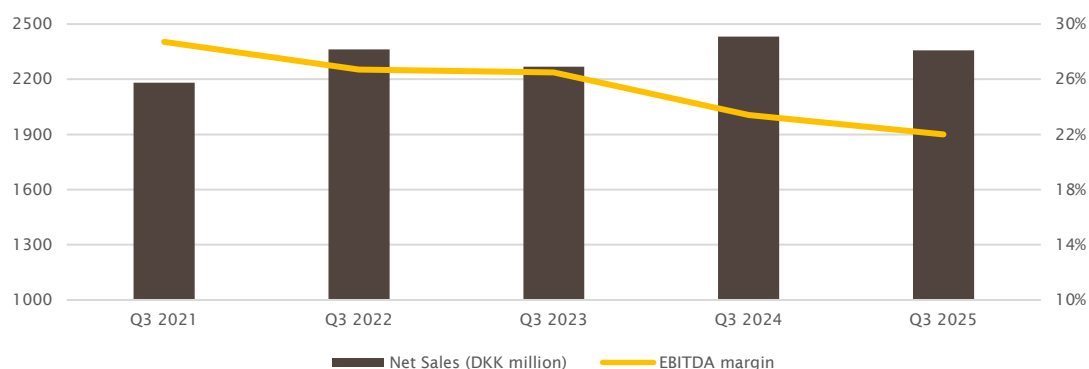
During the quarter DKK 41 million (DKK 49 million) have been expensed as special items, mainly relating to the ERP implementation project, OneProcess, and reorganisations. For further details, refer to note 3.

Net profit for the third quarter of 2025 was DKK 227 million (DKK 297 million). Earnings Per Share (EPS) were DKK 2.9 (DKK 3.7). Earnings Per Share adjusted for special items, fair value adjustments and currency gains/losses, net of tax stood at DKK 3.4 (DKK 4.1).

In the first nine months of 2025, gross profit before special items was DKK 2,980 million (DKK 3,116 million) with a gross margin of 44.5% (46.2%). EBITDA before special items was DKK 1,335 million (DKK 1,483 million) with an EBITDA margin of 19.9% (22.0%). Special items of DKK 146 million were expensed (DKK 131 million) and net profit was DKK 506 million (DKK 719 million) with an EPS adjusted for special items, fair value adjustments and currency gains/losses, net of tax at DKK 8.2 (DKK 9.9).

Third Quarter Development, 2021-2025

Net sales and EBITDA margin b.s.i.



CONSOLIDATED BALANCE SHEET

ASSETS

DKK million	30 Sep 2025	30 Sep 2024	31 Dec 2024
INTANGIBLE ASSETS			
Goodwill	5,072.0	5,197.6	5,409.9
Trademarks	3,035.6	3,199.2	3,224.1
IT software	187.1	68.6	65.3
Other intangible assets	355.3	394.8	400.0
Intangible assets under development	86.6	220.7	215.5
Total intangible assets	8,736.6	9,080.9	9,314.8
PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	1,876.3	1,988.2	2,066.5
Investments in associated companies	242.5	242.3	261.9
Deferred income tax assets	111.2	125.1	129.8
Total non-current assets	10,966.6	11,436.5	11,773.0
Inventories	3,475.7	3,658.5	3,478.2
Trade receivables	1,360.2	1,185.6	1,213.7
Other receivables	113.2	129.3	207.0
Corporate tax	148.4	160.0	97.4
Prepayments	165.6	167.8	174.6
Cash and cash equivalents	97.5	64.8	160.1
Assets classified as held for sale	35.3	-	-
Total current assets	5,395.9	5,366.0	5,331.0
Total assets	16,362.5	16,802.5	17,104.0

CONSOLIDATED BALANCE SHEET**EQUITY AND LIABILITIES**

DKK million	30 Sep 2025	30 Sep 2024	31 Dec 2024
Share capital	80.0	86.0	86.0
Reserve for currency translation	427.8	679.2	1,091.7
Treasury shares	-36.4	-682.8	-787.8
Retained earnings	7,926.8	8,615.2	8,827.1
Total equity	8,398.2	8,697.6	9,217.0
Borrowings	3,954.9	4,020.5	3,710.6
Deferred income tax liabilities	722.6	719.5	742.3
Pension obligations	209.9	203.4	213.7
Other provisions	15.6	17.1	16.4
Lease liabilities	295.6	332.0	337.3
Other liabilities	34.2	31.1	32.5
Total non-current liabilities	5,232.8	5,323.6	5,052.8
Borrowings	1,150.0	1,243.8	1,247.8
Trade payables	388.7	481.3	383.6
Corporate tax	90.1	81.3	85.1
Other provisions	22.8	18.3	46.9
Lease liabilities	57.9	67.9	73.4
Other liabilities	1,022.0	888.7	997.4
Total current liabilities	2,731.5	2,781.3	2,834.2
Total liabilities	7,964.3	8,104.9	7,887.0
Total equity and liabilities	16,362.5	16,802.5	17,104.0

Net interest-bearing debt

Net interest-bearing debt increased by DKK 148 million to DKK 5,571 million versus the end of 2024. The leverage ratio (net interest-bearing debt to LTM EBITDA before special items) was 2.9x compared to 2.6x at 31 December 2024 and 2.9x by the end of the third quarter of 2025. The development was driven by the decreased EBITDA as well as payment of ordinary dividends.

Return on Invested Capital

The return on invested capital (ROIC) was 8.3% versus 9.4% by the end of 2024, explained mainly by a DKK 170 million reduction in EBIT (12 months rolling) and driven by the operational performance. Invested capital was stable and stood at DKK 14.6 billion (DKK 14.7 billion end of 2024).

CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY - 30 SEPTEMBER

DKK million	Q3 2025	Q3 2024	9M 2025	9M 2024
Net profit for the period	227.3	297.1	505.8	718.7
Depreciation, amortisation and impairment	111.3	117.8	333.0	313.1
Adjustments	162.3	177.1	504.2	435.2
Changes in working capital	-0.2	-24.7	-196.5	-302.7
Special items, paid	-57.1	-54.5	-188.9	-121.9
Cash flow from operating activities before financial items	443.6	512.8	957.6	1,042.4
Financial income received	4.7	5.6	21.3	25.7
Financial costs paid	-162.1	-87.6	-243.2	-181.1
Cash flow from operating activities before tax	286.2	430.8	735.7	887.0
Tax payments	-63.4	-76.3	-186.1	-357.2
Cash flow from operating activities	222.8	354.5	549.6	529.8
Acquisitions	-	-485.6	-4.3	-571.5
Investment in intangible assets	-6.3	-15.0	-13.1	-46.5
Investment in property, plant and equipment	-47.1	-68.6	-107.5	-168.8
Sale of property, plant and equipment	0.9	1.2	10.0	2.9
Dividend from associated companies	2.6	3.3	9.0	9.6
Cash flow from investing activities	-49.9	-564.7	-105.9	-774.3
Free cash flow	172.9	-210.2	443.7	-244.5
Repayment of lease liabilities	-18.0	-37.3	-59.6	-73.6
RCF and bank loan	730.4	-354.8	1,090.4	769.5
New external funding - bond issuance	-	2,233.0	-	2,233.0
Repurchase of bonds	-846.9	-1,355.0	-846.9	-1,355.0
Repayment bank loans	-8.4	-0.9	-10.3	-2.9
Dividend payment	-0.1	-	-669.3	-709.8
Purchase of treasury shares	-	-217.0	-	-650.5
Cash flow from financing activities	-143.0	268.0	-495.7	210.8
Net cash flow for the period	29.9	57.8	-52.0	-33.8
Cash and cash equivalents, net at 1 September / 1 January	67.9	8.6	160.1	99.6
Exchange gains/losses on cash and cash equivalents	-0.3	-1.6	-10.6	-1.0
Net cash flow for the period	29.9	57.8	-52.0	-33.8
Cash and cash equivalents, net at 30 September	97.5	64.8	97.5	64.8

Cash flow

Cash flow from operations before changes in working capital in the third quarter of 2025 was DKK 223 million (DKK 379 million). The development was mainly driven by the operational performance and higher financial costs in the third quarter of 2025 compared to the same quarter last year. Changes in working capital in the third quarter of 2025 had a DKK 0 million impact on the cash flow (DKK -25 million).

Cash flow from investing activities in the third quarter of 2025 amounted to DKK -50 million (DKK -565 million). The third quarter of 2025 was mainly impacted by investments in property, plant and equipment, while the same quarter last year was also impacted by the acquisition of Mac Baren.

Cash flow from financing activities in the third quarter of 2025 amounted to DKK -143 million (DKK 268 million). The third quarter of 2025 was mainly impacted by repurchase of bonds issued in 2020, partly offset by secured additional short-term funding.

Free cash flow before acquisitions in the third quarter of 2025 was positive by DKK 173 million (DKK 275 million). The cash conversion ratio was 106% (112%).

For the first nine months of 2025 cash flow from operations before changes in working capital was DKK 746 million (DKK 833 million). Working capital had a negative impact of DKK 197 million (DKK -303 million) mainly coming from a higher level of inventory and receivables only being partly offset by a higher level of payables.

Free cash flow before acquisitions for the first nine months of 2025 was positive by DKK 448 million (negative DKK 327 million) and the cash conversion ratio was 96% (86%).

STATEMENT OF CHANGES IN GROUP EQUITY

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
Equity at 1 January 2025	86.0	1,091.7	-787.8	8,827.1	9,217.0
<i>Comprehensive income for the period</i>					
Net profit for the period	-	-	-	505.8	505.8
<i>Other comprehensive income</i>					
Foreign exchange adjustments on net investments in foreign operations	-	-663.9	-	-	-663.9
Total other comprehensive income	-	-663.9	-	-	-663.9
Total comprehensive income for the period	-	-663.9	-	505.8	-158.1
<i>Transactions with shareholders</i>					
Capital reduction	-6.0	-	751.4	-745.4	-
Share-based payments	-	-	-	8.6	8.6
Dividend paid to shareholders	-	-	-	-731.0	-731.0
Dividend, treasury shares	-	-	-	61.7	61.7
Total transactions with shareholders	-6.0	-	751.4	-1,406.1	-660.7
Equity at 30 September 2025	80.0	427.8	-36.4	7,926.8	8,398.2

STATEMENT OF CHANGES IN GROUP EQUITY (continued)**Equity**

Total shareholders' equity amounted to DKK 8,398 million on 30 September 2025 (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 being only partly offset by the positive impact from profit for the period. As of 30 September 2025, the equity ratio was 51.3% (53.9% on 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
<i>Comprehensive income for the period</i>					
Net profit for the period	-	-	-	718.7	718.7
<i>Other comprehensive income</i>					
Foreign exchange adjustments on net investments in foreign operations	-	-86.2	-	-	-86.2
Total other comprehensive income	-	-86.2	-	-	-86.2
Total comprehensive income for the period	-	-86.2	-	718.7	632.5
<i>Transactions with shareholders</i>					
Capital reduction	-1.0	-	118.8	-117.8	-
Purchase of treasury shares	-	-	-660.2	-	-660.2
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	-	-541.4	-826.5	-1,368.9
Equity at 30 September 2024	86.0	679.2	-682.8	8,615.2	8,697.6

NOTES

NOTE 1

BASIS OF PREPARATION

The interim consolidated financial statements for the first nine months of 2025, ending 30 September 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 2024.

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 2024, except for the adoption of new and amended accounting standards effective as of 1 January 2025.

One amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates relating to lack of exchangeability applies for the first time in 2025. The amendment does not impact the interim consolidated financial statements for the Group.

The Group has not early adopted any new standards, interpretations or amendments that has been issued but are not effective yet.

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 2024.

NOTE 2

SEGMENT INFORMATION AND NET SALES

9M 2025 DKK million	North America Online & Retail	North America Branded & RoW	Europe Branded	Group costs / not allocated	Total
Net sales	2,073.2	2,251.2	2,368.0	-	6,692.4
Cost of goods sold	-1,274.3	-1,193.4	-1,244.4	-	-3,712.1
Gross profit before special items	798.9	1,057.8	1,123.6	-	2,980.3
Staff and other external costs	-529.7	-384.7	-660.9	-107.2	-1,682.5
Other income	-	36.9	-	-	36.9
EBITDA before special items	269.1	709.9	462.6	-107.2	1,334.7
Depreciation and impairment				-185.6	-185.6
Amortisation and impairment				-147.4	-147.4
EBIT before special items				-440.2	1,001.7
Special items, costs and impairment				-145.8	-145.8
EBIT				-586.0	855.9
Share of profit of associated companies, net of tax				18.4	18.4
Financial income				43.5	43.5
Financial costs				-261.0	-261.0
Profit before tax				-785.1	656.8

NOTE 2

SEGMENT INFORMATION AND NET SALES (continued)

9M 2024 DKK million	North America Online & Retail	North America Branded & RoW	Europe Branded	Group costs / not allo- cated	Total
Net sales	2,233.8	2,269.2	2,241.6	-	6,744.6
Cost of goods sold	-1,357.5	-1,122.6	-1,148.1	-	-3,628.2
Gross profit before special items	876.3	1,146.6	1,093.5	-	3,116.4
Staff and other external costs	-539.9	-391.4	-616.8	-113.1	-1,661.2
Other income	-	27.8	-	-	27.8
EBITDA before special items	336.4	783.0	476.7	-113.1	1,483.0
Depreciation and impairment	-	-	-	-176.2	-176.1
Amortisation and impairment	-	-	-	-137.0	-137.0
EBIT before special items	-	-	-	-462.2	1,169.9
Special items, costs and impairment	-	-	-	-131.4	-131.4
EBIT	-	-	-	-557.6	1,038.5
Share of profit of associated companies, net of tax	-	-	-	20.9	20.9
Financial income	-	-	-	83.8	83.8
Financial costs	-	-	-	-216.2	-216.2
Profit before tax	-	-	-	-669.1	927.0

DKK million	9M 2025	9M 2024
Category split, net sales		
Handmade cigars	2,391.6	2,468.9
Machine-rolled cigars & Smoking Tobacco	3,346.8	3,208.4
Next Generation Products	299.6	330.2
Other	654.2	737.1
Total net sales	6,692.2	6,744.6

License income and other sales of DKK 13.4 million (DKK 14.1 million) are included in the category 'Machine-rolled cigars & Smoking Tobacco'. License income and other sales of DKK 49.0 million (DKK 50.2 million) are included in the category 'Other'.

DKK million	9M 2025	9M 2024
Geographical split, net sales		
Americas	3,446.8	3,691.1
Europe	2,851.5	2,721.9
Rest of World	393.9	331.6
Total net sales	6,692.2	6,744.6

NOTE 3**SPECIAL ITEMS**

DKK million	9M 2025	9M 2024
Integration and transaction costs (Mac Baren)	25.7	7.0
One Commercial Organisation	4.3	35.8
Solution Delivery Organisation	19.0	-
OneProcess	96.8	88.6
Total special items	145.8	131.4

NOTE 4**BUSINESS COMBINATIONS**

With effect from 1 July 2024, Scandinavian Tobacco Group A/S acquired all the shares of Mac Baren Tobacco Company A/S ("Mac Baren") from Halberg A/S. The total consideration of DKK 491 million was paid in cash.

Mac Baren

Mac Baren was a family-owned business founded in 1826 and is a leading global smoking tobacco company, which includes pipe tobacco brands such as Mac Baren, Amphora and Holger Danske as well as fine-cut tobacco brands like Amsterdamer, Choice and Opal. The company also produces and sells nicotine pouches with the brands ACE and GRITT.

Mac Baren's products are sold in 74 countries with the majority of net sales generated in the US, Denmark and Germany. Other key markets include the UK, France, Spain and Italy. The company is based in Svendborg, Denmark with production facilities in Denmark and in Richmond, Virginia in the US. At the time of the acquisition, the company had approximately 200 fulltime employees.

Transaction costs

Total transaction costs related to the acquisition amount to DKK 7.0 million and was recognised in "Special Items" in Q2 and Q3 2024.

NOTE 4**BUSINESS COMBINATIONS (continued)**

DKK million

Trademarks	81.6
Other intangible assets	19.8
Property, plant and equipment	109.5
Right-of-use assets	29.9
Deferred income tax assets	41.4
Inventories	249.5
Trade receivables	161.3
Other Receivables	1.9
Corporate tax	1.0
Prepayments	3.1
Total assets	699.0
Deferred income tax liabilities	25.0
Trade payables	83.8
Corporate tax	2.9
Lease liabilities	29.9
Other liabilities	103.5
Total liabilities	245.1
Acquired net assets	453.9
Acquisition (cash flow)	453.9
Cash and cash equivalents in acquired business	37.1
Consideration transferred	491.0

NOTE 5**CONTINGENT LIABILITIES**

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 (estimated at EUR 7-9 million) as if the waste had been sold on the market plus penalties and interest. The Group does not consider it is liable for excise taxes. However, the outcome of the case is uncertain based on Belgium legal practice and therefore no provision has been recognised.