

**Company Announcement**

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Scandinavian Tobacco Group announces financial ambitions and new flexible shareholder return policy ahead of Capital Markets Day

Scandinavian Tobacco Group will launch its next five-year strategy, Focus2030, at the upcoming Capital Markets Day on 20 November 2025. The strategy aims to create a company that in 2030 has:

- A sustainable and stable machine-rolled and smoking tobacco business primarily focused on Europe
- A growing and increasingly attractive handmade cigar business anchored in the US, with a stronger global footprint
- A bigger nicotine pouch business with even more upside in an attractive category

To support the execution of the Focus2030 strategy, the Board of Directors has today adopted the Group's financial ambitions and a new shareholder return policy for the period.

The financial ambitions reflect the strategic initiatives embedded in the strategy, disciplined capital deployment, incremental earnings improvements and free cash flow generation, enabling attractive shareholder returns based on a new flexible shareholder return policy and a commitment to maintain a balanced leverage ratio.

The financial ambitions towards 2030 are:

- Return on invested capital (ROIC) of at least 11% by end of 2030.
- Compounded annual EBIT* growth by a low single digit percentage.
- Free cash flow before acquisitions of at least DKK 1.2 billion in 2030.

* Organic EBIT before special items

The shareholder return policy is changed to dividend pay-out ratio policy based on a 40-60% pay-out against adjusted earnings per share supplemented by share buy-backs when the projected leverage ratio allows for this. The distribution of excess capital will be based on a comparison of the projected leverage ratio against a target of 2.5 times.

Since its listing on the Copenhagen Stock Exchange in 2016, Scandinavian Tobacco Group has returned more than DKK 9 billion to shareholders in the form of dividends and share buy-backs. Scandinavian Tobacco Group is committed to continuing to deliver attractive shareholder returns through the same mechanisms going forward.

The Group will supplement the financial ambitions with annual guidance for reported net sales growth at local currencies, EBIT before special items, free cash flow before acquisitions and adjusted earnings per share.

As a part of the Focus2030 strategy and to support cost efficiency and earnings resilience, the Group intend to deliver about DKK 200 million in cost improvements as part of achieving the financial ambitions with full effect expected early in the strategy period. The planning process

will be initiated soon. Details of the programme will be communicated once the planning process has been finalised.

CEO Niels Frederiksen: “We are excited to launch our Focus2030 strategy, and we are confident that it will create value for consumers, employees and shareholders. Even more importantly, we are creating a company that is even better positioned to drive value beyond 2030”

Scandinavian Tobacco Group will present the five-year strategy and the financial ambitions at the Capital Markets Day, which will be held as a livestreamed event only on 20 November 2025 from 14:00 to 16:30 CET.

Please click the link below for more details and to register your attendance.

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

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About Scandinavian Tobacco Group

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

Scandinavian Tobacco Group has its headquarters in Copenhagen, Denmark – and employs approximately 10,000 people in Europe, the US, Canada, the Dominican Republic, Honduras, Nicaragua, Indonesia and Sri Lanka.

For more information, please visit www.st-group.com