Company Announcement No. 8, 22 July 2026

Scandinavian Tobacco Group A/S signs agreement to divest two fine-cut tobacco brands

Scandinavian Tobacco Group A/S ("STG") has today signed an asset purchase agreement for the divestment of the fine-cut tobacco brands BREAK and Moro to Japan Tobacco Inc. ("JT"). The transaction is valued at EUR 176 million, corresponding to a pretax Enterprise Value of approximately DKK 1.3 billion. The post tax transaction value is estimated at approximately DKK 1.0 billion. The transaction is subject to certain customary closing conditions, including anti-trust approvals with closing expected before the end of the year.

Based on the Group´s 2025 full-year results, BREAK and Moro, which are primarily sold in Germany, represented approximately 4% of reported net sales and gross profit before special items. The impact on EBITDA before special items is around 6% based on an allocation of related operating expenses, which are not transferred to JT under this transaction. Fine-cut tobacco represented approximately 12% of Group reported net sales in 2025.

Niels Frederiksen, Chief Executive Officer: "With the divestment of BREAK and Moro to JT, we are taking a clear step forward in the execution of our Focus2030 strategy. After careful consideration, we have concluded that the full potential of BREAK and Moro can be better realised under new ownership and we can sharpen our strategic focus on the categories where we see the strongest long-term value creation opportunities. The proceeds from the transaction will be used to reduce debt and lower our leverage ratio, thereby increasing our strategic and financial flexibility and supporting our commitment to optimising value for shareholders"

The agreement with JT includes a contract manufacturing agreement for up to three years. We will now evaluate how to optimise the manufacturing network and our efficiency for our mid-term needs.

The transaction is dilutive to earnings but is not expected to impact the Group´s 2026 guidance ranges for the reported net sales growth and the EBIT margin before special items, however, the free cash flow before acquisitions and divestments is expected to be positively impacted at closing by a transfer of inventories to JT. At completion the Group leverage ratio is expected to decrease to a level below the target leverage ratio at 2.5 times.

Further details on the financial impact of the divestment will be provided on completion of the transaction.

Contact & Further Information

Torben Sand, Director of IR & Communications, phone +45 5084 7222, torben.sand@st-group.com.

About Scandinavian Tobacco Group

Scandinavian Tobacco Group A/S is a world-leading manufacturer of handmade and machine-rolled cigars, and fine-cut and pipe tobacco. 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 9,000 people in the U.S., Europe, Canada, the Dominican Republic, Honduras, Nicaragua, Indonesia and Sri Lanka.

For more information, please visit st-group.com