Company Announcement No. 9, 26 August 2026

Interim Report 1 January – 30 June 2026: Progressing with Focus2030 and Full Year 2026 Guidance maintained

Niels Frederiksen, Chief Executive Officer: "We are making solid progress with Focus2030 although we are still in the early phase of the five-year strategy period. Our core tobacco categories are stabilising with handmade cigars delivering good growth, we are expanding our nicotine pouch business and following the recently announced agreement to divest two fine-cut tobacco brands we expect to have restored our strategic and financial flexibility by the end of the year. These are important achievements in our ambition to build a stronger Scandinavian Tobacco Group and deliver tangible value for our shareholders."

Net sales stabilising in the first half of the year

- Reported net sales of DKK 4.2 billion with 3% negative impact from exchange rate changes
- Net sales growth at constant currencies of -0.3% (Q2 2026: -0.1%)
- Handmade cigars deliver organic net sales growth of 6% (Q2 2026: 5%)
- XQS is expanding into menthol and new markets while continuing to strengthen its market positions
- Machine-rolled Cigars & Smoking Tobacco delivered negative organic net sales of 4% (Q2 2026: -4%)

Resilient profit margins

- EBITDA margin before special items was 19.9% (H1 2025: 18.8%) with positive impact from duty refunds
- EBIT margin before special items at 13.8% (H1 2025: 13.7%) negatively impacted from change in amortization of trademarks

Cash flow improvement versus last year

- Free cash flow before acquisitions was DKK 422 million (H1 2025: DKK 275 million). The delayed receivables from the end of last year have been recovered
- The cash flow development compared with last year primarily reflects improved contributions from the operating activities including changes in the working capital

Agreement to divest fine-cut tobacco brands BREAK and Moro signed in July

- Transaction value at DKK 1.3 billion with the post tax value at about DKK 1.0 billion
- BREAK and Moro accounted for about 4% of Group net sales in 2025
- Closing expected before the end of the year

Financial expectations for full-year 2026 maintained

For the full year we continue to expect the overall market trends to remain broadly in line with recent years across most of our product categories. Reported net sales growth at constant currencies is expected to be in the range from -2% to 2%, with EBIT margin before special items in the range of 13.0%-14.5%, free cash flow before acquisitions in the range of DKK 950-1,200 million and adjusted EPS in the range of DKK 9-11. These expectations do not include any effects from the expected divestment of the brands BREAK and Moro, see Company Announcement 8/2026.

Financial Summary

Reported data in DKK million	Q2 2026	Q2 2025	Change	6M 2026	6M 2025	Change
Net sales	2,334	2,361	-1%	4,193	4,335	-3%
EBITDA before special items	515	499	3%	835	816	2%
EBIT before special items	388	389	0%	581	594	-2%
EBIT margin before special items	16.6%	16.5%		13.8%	13.7%	
Adjusted earnings per share (DKK)	3.3	3.3	0%	4.4	4.7	-6%
Free cash flow before acquisitions	264	119	122%	422	275	53%
Return on invested capital (ROIC)				7.7%	8.3%	
NIBD / EBITDA before special items				3.0x	2.9x	

Webcast The Group will present the First Half 2026 results at a conference call on 27 August 2026 at 10.00 CEST. Dial-in information and the presentation deck will be available at st-group.com.

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Key Figures

DKK million	Q2 2026	Q2 2025	6M 2026	6M 2025	12M 2025
INCOME STATEMENT					
Net sales	2,334	2,361	4,193	4,335	9,036
Gross profit before special items	1,055	1,063	1,879	1,930	4,001
EBITDA before special items	515	499	835	816	1,791
EBIT before special items	388	389	581	594	1,342
Special items	-60	-35	-135	-105	-200
EBIT	328	354	445	490	1,142
Net financial items[1]	-53	-67	-119	-140	-288
Profit before tax	282	295	388	362	878
Income taxes	-65	-68	-78	-83	-208
Net profit	217	227	260	279	669
BALANCE SHEET					
Total assets			16,596	16,245	16,303
Equity			8,639	8,135	8,572
Net interest-bearing debt (NIBD)			5,483	5,698	5,461
Investment in property, plant and equipment	29	38	49	60	158
Total capital expenditures	35	40	63	67	182
CASH FLOW STATEMENT					
Cash flow from operating activities	295	150	442	327	755
Cash flow from investing activities	-32	-31	-20	-56	-163
Free cash flow	264	119	422	271	591
Free cash flow before acquisitions	264	119	422	275	595
KEY RATIOS[2]					
Net sales growth	-1.2%	-0.2%	-3.3%	0.5%	-1.8%
Organic net sales growth	-0.1%	-4.1%	-0.3%	-6.3%	-3.1%
Gross margin before special items	45.2%	45.0%	44.8%	44.5%	44.3%
EBITDA margin before special items	22.1%	21.1%	19.9%	18.8%	19.8%
EBIT margin before special items	16.6%	16.5%	13.8%	13.7%	14.9%
Effective tax percentage	23.0%	23.0%	23.0%	23.0%	23.7%
Equity ratio			52.1%	50.1%	52.6%
Cash conversion	95.5%	61.2%	100.4%	89.8%	99.3%
NIBD / EBITDA before special items			3.0	2.9	3.0
ROIC			7.7%	8.3%	7.9%
ROIC ex. Goodwill			12.2%	13.0%	12.3%
Adjusted earnings per share (DKK)	3.3	3.3	4.4	4.7	10.8
Basic earnings per share (DKK)	2.8	2.9	3.3	3.5	8.5
Diluted earnings per share (DKK)	2.8	2.9	3.3	3.5	8.5
Number of shares issued ('000)			80,000	80,000	80,000
Number of treasury shares ('000)			1,238	1,266	1,253
Number of outstanding shares ('000)[3]			78,862	78,855	78,828
Share price at balance date (DKK)			66.50	84.00	95.50
Dividend per share (DKK)					4.50
Pay-out ratio					41.7%

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.

Focus2030 progresses

Focus2030 provides the foundation for delivering on our financial ambitions

In the five-year strategy Focus2030, we have defined three strategic priorities, which are critical to unlocking the Group's full potential. We aim to build a company that has a sustainable and stable machine-rolled cigars and smoking tobacco business, a growing and increasingly attractive handmade cigar business anchored in the U.S., supported with a growing international platform and a bigger nicotine pouch business with even more upside in an attractive category.

Creating value for our shareholders is embedded in our **financial ambitions** for the five-year period by delivering a return on invested capital (ROIC) above 11% in 2030, a low single digit organic compounded annual growth rate in EBIT before special items over the period and a free cash flow before acquisitions of more than DKK 1.2 billion in 2030.

Acquisitions as well as divestments of less core assets will continuously be evaluated, where they support our strategy as well as our financial ambitions.

The execution of Focus2030 progresses well. Combined, our tobacco categories deliver stable net sales and margin expansion, our nicotine pouch business executes on the strategy to become a larger part of the Group. In addition, the divestment of the fine-cut tobacco brands BREAK and Moro strengthens the Group's overall strategic and financial flexibility.

Our combined tobacco categories show stabilisation in the first half of the year

For the first six months of the year, our combined tobacco categories (handmade cigars, machine-rolled cigars and smoking tobacco) delivered unchanged organic net sales with the gross margin before special items improved by more than 50bp. The development was supported by a mid-single digit growth in Handmade Cigars and stronger profitability in both Handmade Cigars and the product category Machine-rolled Cigars & Smoking Tobacco. Please, refer to the financial overview by product category on page 5.

Our handmade cigar business, which is anchored in the U.S. has had a solid start to the year. Total market volumes are estimated to have declined slightly less than the 4% decline we anticipate for the full year. Further, we estimate our branded business (business to business) has gained market share while our online and retail businesses (business to consumer) are estimated to have maintained their combined market share.

The markets remain highly competitive but the commercial execution, with even more focus on our power brands and tactical pricing, delivered encouraging results ahead of the second half of the year.

The share of our own brands sold through our consumer distribution channels increased slightly, driven by our power brands, Macanudo, CAO, Cohiba and Alec Bradley.

In machine-rolled cigars and smoking tobacco our focus is to protect the profit and cash-flow by improving our market share in machine-rolled cigars. We do so by prioritising investments, especially in our power brands and by optimising our supply chain through simplification as well as other efficiency initiatives.

During the first six months of the year, we have strengthened the foundation to achieve our target of improving our volume market share in our seven key European markets. The path to achieve the target will not be linear, though it is encouraging to see that our market shares during the second quarter and the first half of the year have stabilised in five of the seven key markets except for France and the Netherlands. The stabilisation is driven by our power brands Signature, La Paz, Mehari´s and Panter.

However, the overall progress in stabilising market shares in all markets were temporarily paused during the second quarter as the brand Signature PLC experienced an exceptionally rare quality issue with raw tobacco, especially impacting our performance in France. The near-term impact has been a loss of market share in France and write-down of obsolete products and related expenses of DKK 35 million.

New raw tobacco has been secured with production and product availability expected to normalise during the third quarter.

Preliminary total market data for the first six months of 2026 show that in the seven key European markets machine-rolled cigars volumes declined by 4.0% compared to the first six months in 2025. The preliminary data indicates that our volume market share declined to 26.7% in the six months period compared with 27.2% in the first six months last year.

Data for the last twelve months, i.e. from July 2025 to June 2026, indicates a total market decline of 2.8%. Our volume market share was 26.5% compared with 27.6% in the previous twelve-month period.

The three power brands Signature, Mehari's and La Paz experienced stable market shares while Panter experienced a small decline in the volume market share. The four power brands accounted for about 78% of category volumes.

Executing on the nicotine pouch growth strategy

We aim to build a stronger presence in the nicotine pouch category with our power brand, XQS. Our portfolio also consists of two smaller brands, Ace and Gritt, where we are bringing distribution to fewer markets.

Nicotine pouches accounts for less than 5% of group net sales but is expected to deliver important contributions to the Group's growth ambitions during the strategy period. We aim to build on our established market position in Sweden, but also by expanding in other markets. Recent achievements include a portfolio extension into the important menthol segment and geographical expansion into new markets like Austria.

Our category net sales decreased by 5% during the first six months of the year, however, this was driven by lower sales of Ace and Gritt and timing of deliveries to the trade, impacting the first quarter development. During the first six months XQS delivered 12% organic net sales growth. In the second quarter our category growth recovered to 8% though it continued to be adversely impacted by the streamlining of Ace and Gritt.

For the first six months of the year total in-market volumes in Sweden, Denmark and the UK increased by 21% with our brands growing 31%. XQS´s market share in Sweden increased to 13.6% from 11.4% in the first six months of 2025 while the market share in the UK remains close to 1%.

Divestment of BREAK and Moro supports strategic direction and strengthens financial flexibility

On 22 July, Scandinavian Tobacco Group 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.

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

The transaction is dilutive to earnings but is not expected to impact on the Group's 2026 guidance ranges for the reported net sales growth and the EBIT margin before special items. The free cash flow before acquisitions and divestments is expected to be positively impacted at closing by a transfer of inventories to JT.

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

Stabilising financial performance is the key priority in 2026

Return on invested capital, ROIC was 7.7% by the end of the first half of 2026 compared with 7.9% by the end of 2025. EBIT for the last twelve months was DKK 1,097 million (FY 2025: DKK 1,142 million) and the last twelve months average invested capital was DKK 14,337 million (FY 2025: DKK 14,482 million). Our ambition is to deliver a ROIC above 11% in 2030.

For the first half of 2026, organic growth in EBIT before special items was 1.0% with an EBIT margin before special items at 13.9% (H1 2025: 13.7%). For the second half of the year both organic EBIT before special items and the EBIT margin are expected to decline compared with the second half of last year. The key priority for 2026 remains to stabilise the financial performance and build the foundation for delivering on the ambition to deliver a low-single digit CAGR in EBIT before special items over the five-year strategy period.

The free cash flow before acquisition was DKK 422 million in the first six months of the year, supporting our expectations for the full year. The ambition is to deliver more than 1.2 billion in free cash flow before acquisitions in 2030.

The leverage ratio was 3.0 times by the end of the first half 2026, which is unchanged compared with the end of the year 2025. Including the impact from the divestment, assuming closing in 2026, the leverage ratio is expected to be below the target ratio of 2.5 times by the end of 2026.

Financial overview by product category

	Net Sales**	Organic Growth	Gross Margin*	Gross Margin*	Net Sales**	Organic Growth	Gross Margin*	Gross Margin*
	Q2 2026	Q2 2026	Q2 2026	Q2 2025	6M 2026	6M 2026	6M 2026	6M 2025
Machine-rolled Cigars & Smoking Tobacco	1,138	-4%	50.6%	51.1%	2,094	-4%	51.6%	50.5%
Handmade Cigars	876	5%	45.0%	42.8%	1,536	6%	43.3%	42.7%
Next Generation Products	115	8%	42.0%	43.7%	179	-5%	39.6%	34.9%
Other	205	0%	18.0%	19.8%	383	-5%	15.9%	23.7%
Total	**2,334**	**0%**	**45.2%**	**45.0%**	**4,193**	**0%**	**44.8%**	**44.5%**

“Other” includes contract manufacturing, sales of accessories and bar sales delivered.

*Before special items, **DKK million

Expectations for full-year 2026

The financial expectations for the year before any effects of the divestment of the fine-cut tobacco brands BREAK and Moro, are unchanged.

Since the release of our interim report In May, we have experienced immaterial changes to the underlying total market trends. Reported net sales growth at constant currencies are still expected to be in in the range -2% to +2% reflecting that total market volumes for machine-rolled cigars in Europe will decline by 3% and the consumption of handmade cigars will decline by 4% for the full-year. Year-to-date developments suggest a slightly improved market for handmade cigars compared to the full year expectation, while the market for machine-rolled cigars is trending a little lower.

Changes in consumer behaviour across our product categories are still considered to be the largest uncertainty to the development in net sales and gross profit margins for the Group as the risk for external disruptions is considered high.

The EBIT margin before special items is expected 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 in the second half of the year will continue investing to facilitate our long-term ambitions in Focus2030.

The free cash flow before acquisitions is still expected in the range of DKK 950-1,200 million reflecting the expectations for net sales and margins as well as the recovered payments from trade receivables.

Adjusted earnings per share is expected in the range DKK 9-11.

We expect the leverage ratio to move towards our target ratio of 2.5 times during the second half of 2026.

The expectations do not include any effects from the expected divestment of the brands BREAK and Moro, see Company Announcement no. 8 from 22 July 2026.

Currency sensitivity

Reported net sales for the Group will be impacted by approximately five percentage points by a ten-percentage point change in the USD/DKK exchange rate while the EBIT margins will only be marginally impacted. Based on the exchange rates as of 25 August 2026, we assume a negative translation impact for reported net sales of around DKK 100-150 million for full-year 2026.

Other relevant assumptions:

The reported effective tax rate at 23-24%, special items of DKK -275 to -300 million and special items with cash impact of DKK -275 to -300 million. Guidance and assumptions are based on no impact from potential new acquisitions and/or divestments.

Summary of Group Financial performance

DKK million	Q2 2026	Q2 2025	6M 2026	6M 2025	12M 2025
Net sales	2,334	2,361	4,193	4,335	9,036
Gross profit before special items	1,055	1,063	1,879	1,930	4,001
EBITDA before special items	515	499	835	816	1,791
EBIT before special items	388	389	581	594	1,342
Special items	-60	-35	-135	-105	-200
EBIT	328	354	445	490	1,142
Net financial items	-53	-67	-119	-140	-288
Profit before tax	282	295	338	362	878
Income taxes	-65	-68	-78	-83	-208
Net profit	217	227	260	279	669
Other key financial data					
Organic net sales growth	-0.1%	-4.1%	-0.3%	-6.3%	-3.1%
Gross margin before special items	45.2%	45.0%	44.8%	44.5%	44.3%
EBITDA margin before special items	22.1%	21.1%	19.9%	18.8%	19.8%
EBIT margin before special items	16.6%	16.5%	13.8%	13.7%	14.9%
Free cash flow before acquisitions	264	119	422	275	595

NET SALES

6M 2026

For the first six months of 2026, reported net sales at DKK 4,193 million was 3% lower than last year. Exchange rate developments impacted growth by -3% with organic net sales being unchanged. For the three reporting divisions the organic net sales performance was 4% in North America Branded & Rest of World (“NABROW”) and 4% in North America Online & Retail (“NAOR”) while Europe Branded (“EUB”), declined by 8%.

Q2 2026

For the second quarter of 2026, reported net sales at DKK 2,334 million was 1% lower than last year impacted by exchange rates developments by -1%. Organic net sales were unchanged. By the reporting divisions the organic net sales performance was 3% in NABROW, 4% in NAOR and -7% in EUB.

PROFITS AND CASH FLOW

6M 2026

For the first six months of the year the gross profit before special items decreased 3% to DKK 1,879 million with the gross margin before special items increasing to 44.8% (44.5%). The development reflects an increase in the gross margin in EUB and NAOR while the gross margin decreased in NABROW.

Operating expenses decreased 1% to DKK 1,123 million (DKK 1,132 million) reflecting higher staff costs being offset by lower other external costs. The OPEX ratio was 26.8% (26.1%). Other income was DKK 79 million (DKK 18 million) primarily reflecting higher income from certain duty refunds.

EBITDA before special items increased to DKK 835 million (DKK 816 million) with a margin of 19.9% (18.8%). EBIT before special items was DKK 581 million (DKK 594 million) with a margin of 13.8% (13.7%). The EBIT margin was compared with last year negatively impacted by 0.9%-points from a change in amortisations of trademarks reflecting the Groups new strategic direction with stronger focus on Power Brands. Special items were DKK -135 million mainly relating to the SAP implementation project, “OneProcess” at DKK -63 million, Focus2030 reorganisations at DKK -39 million and the Mac Baren integration at DKK -23 million. Net profit was DKK 260 million (DKK 279 million).

Free cash flow before acquisitions was DKK 422 million (DKK 275 million). The development reflects the operational performance as well as an improvement compared with last year in changes in working capital, tax payments and capital expenditures. The free cash flow includes an income of DKK 37 million from sales of assets. The collection of receivables as communicated in relation to the 2025 full year report has been recovered during the first six months of 2026.

Q2 2026

For the second quarter of 2026 the gross profit before special items decreased 1% to DKK 1,055 million with the gross margin before special items increasing to 45.2% (45.0%). The development reflects improved margins in NABROW and NAOR while the margin was lower in EUB.

Operating expenses increased 3% to DKK 588 million (DKK 571 million) reflecting higher staff costs, but lower other external costs. The OPEX ratio was 25.2% (24.2%). Other income was DKK 49 million (DKK 7 million).

EBITDA before special items increased to DKK 515 million (DKK 499 million) with a margin of 22.1% (21.1%). EBIT before special items was in line with last year at DKK 388 million (DKK 389 million) with a margin of 16.6% (16.5%). The EBIT margin was compared with last year negatively impacted by 0.9%-points from a change in amortisation of trademarks. Special items were DKK -60 million mainly relating to the SAP implementation project, “OneProcess” at DKK -32 million, the Mac Baren integration at DKK -18 million and Focus2030 reorganisations at DKK -6 million. Net profit was DKK 217 million (DKK 227 million).

The free cash flow before acquisitions was DKK 264 million (DKK 119 million).

Divisional Performance

Europe Branded

DKK million	Q2 2026	Q2 2025	6M 2026	6M 2025	12M 2025
Net sales	794	851	1,424	1,539	3,270
Gross profit before special items	363	429	686	713	1,566
EBITDA before special items	112	207	229	273	649
Other key financial data					
Net sales growth	-6.7%	9.9%	-7.4%	10.6%	5.8%
Organic net sales growth	-6.7%	-2.0%	-7.6%	-2.8%	-0.5%
Gross margin before special items	45.6%	50.4%	48.1%	46.4%	47.9%
EBITDA margin before special items	14.1%	24.3%	16.1%	17.7%	19.8%

6M 2026

For the first six months of 2026 reported net sales decreased by 7% compared to last year with immaterial impact from exchange rates. Organic net sales declined by 8% with all product categories delivering negative organic sales. The good progress achieved during the beginning of the year driven by the roll-out of the strategic initiatives as well as easy comparisons to last year, were paused during the second quarter. An exceptionally rare quality issue with raw tobacco for machine-rolled cigars interrupted supply to key markets. New raw tobacco has been secured with production and product availability expected to normalise during the third quarter.

The gross margin before special items improved by 1.7%-points to 48.1% driven by smoking tobacco products and as profitability in the first half of last year was held back by low volumes in machine-rolled cigars. Both the gross margin and the EBITDA margin before special items was impacted by a write-down of obsoletes in relation to the mentioned raw tobacco quality issue during the second quarter.

Q2 2026

For the second quarter of 2026 reported and organic net sales decreased by 7% driven by a high single digit decline in Machine-Rolled Cigars & Smoking Tobacco while Next Generation Products resumed to double-digit growth. Handmade Cigars also delivered negative growth in the quarter.

The gross profit margin before special items was 45.6% (50.4%) and the EBITDA margin before special items was 14.1% (24.3%). The negative margin development for both gross profit and EBITDA is driven by lower volumes of machine-rolled cigars as well as the write-down of obsolete products related to the quality issue of approximately 4%-points.

North America Branded & Rest of World

DKK million	Q2 2026	Q2 2025	6M 2026	6M 2025	12M 2025
Net sales	793	780	1,448	1,448	3,017
Gross profit before special items	378	360	675	691	1,388
EBITDA before special items	301	235	503	445	938
Other key financial data					
Net sales growth	1.7%	3.9%	0.0%	1.1%	-3.9%
Organic net sales growth	2.9%	-0.5%	3.6%	-6.5%	-4.9%
Gross margin before special items	47.7%	46.2%	46.6%	47.7%	46.0%
EBITDA margin before special items	38.0%	30.2%	34.8%	30.7%	31.1%

6M 2026
For the first six months of 2026 reported net sales were unchanged compared to the first six months last year. Exchange rate developments had a 4% negative impact on growth. Organic net sales increased by 4% driven by a high single-digit growth for Handmade Cigars.

The gross margin before special items was 46.6% (47.7%) and the EBITDA margin before special items was 34.8% (30.7%). The margin developments were supported by a positive price/mix impact in Handmade Cigars and income from certain duty refunds.

Q2 2026
For the second quarter of 2026 reported net sales increased 2% to DKK 793 million with an organic net sales growth at 3%. Exchange rates impacted growth negatively by 1%. The development in organic growth was driven by handmade cigars and contract manufacturing.

The gross profit margin before special items was 47.7% (46.2%) and the EBITDA margin before special items was 38.0% (30.2%).

North America Online & Retail

DKK million	Q2 2026	Q2 2025	6M 2026	6M 2025	12M 2025
Net sales	746	730	1,321	1,349	2,749
Gross profit before special items	314	274	518	526	1,046
EBITDA before special items	141	96	186	170	347
Other key financial data					
Net sales growth	2.2%	-13.1%	-2.1%	-9.5%	-7.5%
Organic net sales growth	4.4%	-9.8%	3.7%	-9.7%	-4.1%
Gross margin before special items	42.1%	37.5%	39.2%	39.0%	38.1%
EBITDA margin before special items	18.9%	13.1%	14.1%	12.6%	12.6%

6M 2026
For the first six months of 2026 reported net sales decreased by 2% compared to the first six months last year. Exchange rate developments had a 6% negative impact on growth. Organic net sales increased by 4% driven by a mid-single-digit growth for Handmade Cigars and low single-digit growth in Machine-Rolled Cigars & Smoking Tobacco.

The gross margin before special items was 39.2% (39.0%) and the EBITDA margin before special items was 14.1% (12.6%). Profitability for the first six months improved driven by commercial execution in the online business and partly by repayment in the second quarter of tariffs paid last year.

Q2 2026
For the second quarter of 2026 reported net sales increased 2% to DKK 746 million with an organic net sales growth at 4%. Exchange rates impacted growth negatively by 2%. The development in organic growth was driven by Handmade Cigars as well as Machine-Rolled Cigars & Smoking Tobacco.

The gross profit margin before special items was 42.1% (37.5%) and the EBITDA margin before special items was 18.9% (13.1%) partly impacted by repayment in the second quarter of tariffs paid last year.

No changes to potential claim by Belgian tax authorities

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 30 June 2026 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.

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 June 2026.

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 June 2026 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 June 2026.

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, 26 August 2026

Executive Management

Niels Frederiksen
CEO

Marianne Rørslev Bock
CFO

Board of Directors

Henrik Brandt
CHAIR

Anders C. Obel

Dianne Neal Blixt

Ricardo Cesar De Almeida Oberlander

Lars Dahlgren

Marlene Forsell

Karsten Dam Larsen

Thomas Thomsen

Hanne Malling

CONSOLIDATED STATEMENT OF INCOME

1 JANUARY - 30 JUNE

DKK million	Note	Q2 2026	Q2 2025	6M 2026	6M 2025
INCOME STATEMENT					
Net sales	**2**	**2,334.0**	**2,361.4**	**4,193.2**	**4,335.1**
Cost of goods sold	2	-1,279.0	-1,298.0	-2,314.4	-2,405.0
Gross profit before special items	**2**	**1,055.0**	**1,063.4**	**1,878.8**	**1,930.1**
Other external costs	2	-248.0	-277.0	-480.0	-562.9
Staff costs	2	-340.3	-294.2	-642.7	-569.1
Other income		48.6	6.9	79.2	18.0
Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)	**2**	**515.3**	**499.1**	**835.3**	**816.1**
Depreciation and impairment		-65.5	-61.4	-128.8	-124.4
Earnings before interest, tax, amortisation and special items (EBITA before special items)		**449.8**	**437.7**	**706.5**	**691.7**
Amortisation and impairment		-61.9	-49.0	-125.9	-97.3
Earnings before interest, tax and special items (EBIT before special items)		**387.9**	**388.7**	**580.6**	**594.4**
Special items, costs and impairment	3	-59.8	-34.7	-135.4	-104.5
Earnings before interest and tax (EBIT)		**328.1**	**354.0**	**445.2**	**489.9**
Share of profit of associated companies, net of tax		6.6	7.8	11.5	11.7
Financial income		31.6	18.9	58.9	35.0
Financial costs		-84.5	-85.9	-177.5	-174.9
Profit before tax		**281.8**	**294.8**	**338.1**	**361.7**
Income taxes		-64.9	-67.8	-77.8	-83.2
Net profit for the period		**216.9**	**227.0**	**260.3**	**278.5**
Earnings per share					
Basic earnings per share (DKK)		2.8	2.9	3.3	3.5
Diluted earnings per share (DKK)		2.8	2.9	3.3	3.5
STATEMENT OF COMPREHENSIVE INCOME					
Net profit for the period		**216.9**	**227.0**	**260.3**	**278.5**
OTHER COMPREHENSIVE INCOME					
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		61.1	-495.9	154.4	-696.6
Other comprehensive income for the period, net of tax		**61.1**	**-495.9**	**154.4**	**-696.6**
Total comprehensive income for the period		**278.0**	**-268.9**	**414.7**	**-418.1**

NET SALES

Q2 2026
In the second quarter of 2026, net sales were DKK 2,334 million (DKK 2,361 million). Adjusted for negative exchange rate impacts (DKK 128 million), the organic growth in net sales was negative by 0.1%. North America Online & Retail and 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 and offset the growth.

PROFITS

Q2 2026
Gross profit before special items for the second quarter of 2026 was slightly below the same quarter last year and stood at DKK 1,055 million (DKK 1,063 million). Gross margin before special items increased to 45.2% (45.0%).

Operating expenses for the second quarter of 2026 increased by 3% compared to the same quarter last year and stood at DKK 588 million (DKK 571 million). The OPEX ratio increased slightly to 25.2% (24.2%).

EBITDA before special items for the second quarter of 2026 increased by 3% compared to the same quarter last year and stood at DKK 513 million (DKK 499 million).

EBITDA margin before special items for the second quarter of 2026 was 22.1% (21.1%).

EBIT before special items for the second quarter of 2026 was in line with the same quarter last year and stood at DKK 388 million (DKK 389 million). EBIT before special items increased organically by 1% compared with the second quarter last year.

EBIT margin before special items for the second quarter of 2026 was 16.6% (16.5%).

During the second quarter DKK 60 million (DKK 35 million) have been expensed as special items, mainly relating to the ERP implementation project, OneProcess, as well as integrations and reorganisations.

Net profit for the second quarter of 2026 was just below the same quarter last year and stood at DKK 217 million (DKK 227 million). Earnings Per Share (EPS) were DKK 2.8 (DKK 2.9). Earnings Per Share adjusted for special items, fair value adjustments and currency gains/losses, net of tax stood at DKK 3.3 (DKK 3.3).

6M 2026
In the first six months of 2026, gross profit before special items was DKK 1,879 million (DKK 1,930 million) with a gross margin of 44.8% (44.5%). EBITDA before special items was DKK 835 million (DKK 816 million) with an EBITDA margin of 19.9% (18.8%). Special items of DKK 135 million were expensed (DKK 105 million) and net profit was DKK 260 million (DKK 279 million) with an EPS adjusted for special items, fair value adjustments and currency gains/losses, net of tax at DKK 4.4 (DKK 4.7).

CONSOLIDATED BALANCE SHEET

ASSETS

DKK million	30 June 2026	30 June 2025	31 December 2025
INTANGIBLE ASSETS			
Goodwill	5,152.8	5,057.6	5,071.8
Trademarks	2,931.6	3,062.9	3,003.0
IT software	165.4	145.1	179.7
Other intangible assets	324.1	364.9	345.2
Intangible assets under development	106.6	129.8	97.0
Total intangible assets	**8,680.5**	**8,760.3**	**8,696.7**
Property, plant and equipment	1,906.1	1,850.9	1,907.4
Investments in associated companies	256.1	237.2	243.6
Deferred income tax assets	121.7	95.0	114.2
Total non-current assets	**10,964.4**	**10,943.4**	**10,961.9**
Inventories	3,712.7	3,578.6	3,210.7
Trade receivables	1,392.4	1,231.7	1,429.6
Other receivables	137.0	96.2	167.3
Corporate tax	156.0	128.9	143.0
Prepayments	172.1	163.1	157.8
Cash and cash equivalents	61.6	67.9	197.7
Assets classified as held for sale	-	35.3	35.3
Total current assets	**5,631.8**	**5,301.7**	**5,341.4**
Total assets	**16,596.2**	**16,245.1**	**16,303.3**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES

DKK million	30 June 2026	30 June 2025	31 December 2025
Share capital	80.0	80.0	80.0
Reserve for currency translation	591.5	395.1	437.1
Treasury shares	-33.5	-36.4	-35.0
Retained earnings	8,000.6	7,696.7	8,090.3
Total equity	**8,638.6**	**8,135.4**	**8,572.4**
Borrowings	3,690.9	3,171.5	3,726.6
Deferred income tax liabilities	689.2	710.5	701.7
Pension obligations	198.2	206.5	194.6
Other provisions	17.4	15.6	16.5
Lease liabilities	337.5	276.7	323.0
Other liabilities	35.4	33.7	34.8
Total non-current liabilities	**4,968.6**	**4,414.5**	**4,997.2**
Borrowings	1,251.0	2,054.8	1,150.0
Liabilities directly associated with assets classified as held for sale	-	7.8	-
Credit facilities	-	-	204.0
Trade payables	480.6	469.4	422.0
Corporate tax	34.0	61.7	30.4
Other provisions	22.7	43.5	18.4
Lease liabilities	67.5	55.6	61.1
Other liabilities	1,133.2	1,002.4	847.8
Total current liabilities	**2,989.0**	**3,695.2**	**2,733.7**
Total liabilities	**7,957.6**	**8,109.7**	**7,730.9**
Total equity and liabilities	**16,596.2**	**16,245.1**	**16,303.3**

NET INTEREST-BEARING DEBT AND RETURN ON INVESTED CAPITAL

Net interest-bearing debt increased by DKK 22 million to DKK 5,483 million versus the end of 2025. The leverage ratio (net interest-bearing debt to LTM EBITDA before special items) was 3.0x and unchanged compared to 31 December 2025.

The return on invested capital (ROIC) was 7.7% versus 7.9% by the end of 2025, explained mainly by a DKK 45 million reduction in EBIT. Invested capital was stable and stood at DKK 14.3 billion (DKK 14.5 billion end of 2025).

CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY - 30 JUNE

DKK million	Q2 2026	Q2 2025	6M 2026	6M 2025
Net profit for the period	216.9	227.0	260.3	278.5
Depreciation, amortisation and impairment	127.4	110.4	254.7	221.7
Adjustments	224.6	183.3	381.5	341.9
Changes in working capital	-122.5	-237.5	-160.4	-196.3
Special items, paid	-55.5	-65.1	-113.4	-131.8
Cash flow from operating activities before financial items	**390.9**	**218.1**	**622.7**	**514.0**
Financial income received	10.0	8.6	22.8	16.6
Financial costs paid	-38.3	-42.8	-93.4	-81.1
Cash flow from operating activities before tax	**362.6**	**183.9**	**552.1**	**449.5**
Tax payments	-67.2	-34.4	-109.9	-122.7
Cash flow from operating activities	**295.4**	**149.5**	**442.2**	**326.8**
Acquisitions	-	-	-	-4.3
Investment in intangible assets	-5.9	-2.2	-14.5	-6.8
Investment in property, plant and equipment	-29.4	-37.9	-48.5	-60.4
Sale of property, plant and equipment	-	6.7	36.5	9.1
Dividend from associated companies	3.5	2.9	6.2	6.4
Cash flow from investing activities	**-31.8**	**-30.5**	**-20.3**	**-56.0**
Free cash flow	**263.6**	**119.0**	**421.9**	**270.8**
Repayment of lease liabilities	-20.7	-17.9	-39.8	-41.6
RCF and bank loan	160.9	630.0	40.9	360.0
Repayment bank loans	-0.3	-0.8	-0.5	-1.9
Dividend payment	-354.4	-669.2	-354.4	-669.2
Cash flow from financing activities	**-214.5**	**-57.9**	**-353.8**	**-352.7**
Net cash flow for the period	**49.1**	**61.1**	**68.1**	**-81.9**
Cash and cash equivalents, net at 1 April / 1 January	13.5	13.5	-6.3	160.1
Exchange gains/losses on cash and cash equivalents	-1.0	-6.7	-0.2	-10.3
Net cash flow for the period	49.1	61.1	68.1	-81.9
Cash and cash equivalents, net at 30 June	**61.6**	**67.9**	**61.6**	**67.9**

CASH FLOW

Q2 2026
Cash flow from operations before changes in working capital in the second quarter of 2026 was DKK 418 million (DKK 387 million). The development was mainly driven by the operational performance and slightly lower net financial costs, partly offset by higher tax payments in the second quarter of 2026 compared to the same quarter last year.

Changes in working capital in the second quarter of 2026 had a negative impact on the cash flow of DKK 123 million (negative DKK 238 million). Reduced trade receivables and a higher level of payables contributed to the positive development compared to the same quarter last year. The positive impact was partly offset by a negative impact from an increased inventory level.

Cash flow from investing activities in the second quarter of 2026 amounted to DKK -32 million (DKK -31 million), mainly related to investment in property, plant and equipment.

Cash flow from financing activities in the second quarter of 2026 amounted to DKK -215 million (DKK -58 million). The second quarter of 2026 was mainly impacted by payment of dividend to shareholders, partly offset by secured additional short-term funding.

Free cash flow before acquisitions in the second quarter of 2026 was positive by DKK 264 million (DKK 119 million). The cash conversion ratio was 96% (61%).

6M 2026
For the first six months of 2026 cash flow from operations before changes in working capital was DKK 603 million (DKK 523 million). Working capital had a negative impact of DKK 160 million (negative DKK 196 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 six months of 2026 was positive by DKK 422 million (DKK 275 million) and the cash conversion ratio was 100% (90%).

STATEMENT OF CHANGES IN GROUP EQUITY

1 JANUARY - 30 JUNE 2026

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
Equity at 1 January 2026	**80.0**	**437.1**	**-35.0**	**8,090.3**	**8,572.4**
Comprehensive income for the period					
Net profit for the period	**-**	**-**	**-**	**260.3**	**260.3**
Other comprehensive income					
Foreign exchange adjustments on net investments in foreign operations	-	154.4	-	-	**154.4**
Total other comprehensive income	**-**	**154.4**	**-**	**-**	**154.4**
Total comprehensive income for the period	**-**	**154.4**	**-**	**260.3**	**414.7**
Transactions with shareholders					
Share-based payments	-	-	-	6.0	**6.0**
Settlement of vested PSUs	-	-	1.5	-1.5	**-**
Settlement in cash of vested PSU's	-	-	-	-0.1	**-0.1**
Dividend paid to shareholders	-	-	-	-360.0	**-360.0**
Dividend, treasury shares	-	-	-	5.6	**5.6**
Total transactions with shareholders	**-**	**-**	**1.5**	**-350.0**	**-348.5**
Equity at 30 June 2026	**80.0**	**591.5**	**-33.5**	**8,000.6**	**8,638.6**

EQUITY

Total shareholders’ equity as of 30 June 2026 amounted to DKK 8,639 million (DKK 8,572 million on 31 December 2025). The equity was positively impacted by profit for the period and foreign exchange adjustments on net investments in foreign operations. The positive impact was partly offset by negative impact from dividend payment to shareholders.

As of 30 June 2026, the equity ratio was 52.1% (52.6% on 31 December 2025).

STATEMENT OF CHANGES IN GROUP EQUITY

(Continued)

1 JANUARY - 30 JUNE 2025

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**
Comprehensive income for the period					
Net profit for the period	**-**	**-**	**-**	**278.5**	**278.5**
Other comprehensive income					
Foreign exchange adjustments on net investments in foreign operations	-	-696.6	-	-	**-696.6**
Total other comprehensive income	**-**	**-696.6**	**-**	**-**	**-696.6**
Total comprehensive income for the period	**-**	**-696.6**	**-**	**278.5**	**-418.1**
Transactions with shareholders					
Capital reduction	-6.0	-	751.4	-745.4	**-**
Share-based payments	-	-	-	5.7	**5.7**
Dividend paid to shareholders	-	-	-	-731.0	**-731.0**
Dividend, treasury shares	-	-	-	61.8	**61.8**
Total transactions with shareholders	**-6.0**	**-**	**751.4**	**-1,408.9**	**-663.5**
Equity at 30 June 2025	**80.0**	**395.1**	**-36.4**	**7,696.7**	**8,135.4**

NOTES

NOTE 1

BASIS OF PREPARATION

The interim consolidated financial statements for the second quarter of 2026, ending 30 June 2026, 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, except for the adoption of new and amended accounting standards effective as of 1 January 2026.

Based on an assessment of new or amended and revised accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and endorsed by the European Union effective on or after 1 January 2026, it has been assessed that the application of these new accounting standards has not had a material impact on the consolidated financial statements.

The Group has not adopted any new standards, interpretations or amendments that have 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 2025.

NOTE 2

SEGMENT INFORMATION AND NET SALES

6M 2026 DKK million	**North America Online & Retail**	**North America Branded & RoW**	**Europe Branded**	**Group costs / not allocated**	**Total**
Net sales	1,320.8	1,448.0	1,424.4	-	4,193.2
Cost of goods sold	-802.4	-773.1	-738.9	-	-2,300.4
Gross profit before special items	**518.4**	**674.9**	**685.5**	**-**	**1,878.8**
Staff and other external costs	-332.8	-250.9	-456.3	-82.7	-1,122.7
Other income	-	79.2	-	-	79.2
EBITDA before special items	**185.7**	**503.2**	**229.2**	**-82.7**	**835.3**
Depreciation and impairment				-128.8	-128.8
Amortisation and impairment				-125.9	-125.9
EBIT before special items				**-337.4**	**580.6**
Special items, costs and impairment				-135.4	-135.4
EBIT				**-472.8**	**445.2**
Share of profit of associated companies, net of tax				11.5	11.5
Financial income				58.9	58.9
Financial costs				-177.5	-177.5
Profit before tax				**-579.9**	**338.1**

6M 2025 DKK million	**North America Online & Retail**	**North America Branded & RoW**	**Europe Branded**	**Group costs / not allocated**	**Total**
Net sales	1,349.0	1,447.5	1,538.6	-	4,335.1
Cost of goods sold	-822.7	-756.9	-825.4	-	-2,405.0
Gross profit before special items	**526.3**	**690.6**	**713.2**	**-**	**1,930.1**
Staff and other external costs	-356.8	-263.7	-440.2	-71.3	-1,132.0
Other income	-	18.0	-	-	18.0
EBITDA before special items	**169.6**	**444.9**	**273.0**	**-71.3**	**816.1**
Depreciation and impairment				-124.4	-124.4
Amortisation and impairment				-97.3	-97.3
EBIT before special items				**-293.0**	**594.4**
Special items, costs and impairment				-104.5	-104.5
EBIT				**-397.5**	**489.9**
Share of profit of associated companies, net of tax				11.7	11.7
Financial income				35.0	35.0
Financial costs				-174.9	-174.9
Profit before tax				**-525.7**	**361.7**

NOTE 2

SEGMENT INFORMATION AND NET SALES (continued)

6M 2026

DKK million

Category split, net sales	North America Online & Retail	North America Branded & RoW	Europe Branded	Total
Handmade cigars	1,005.4	484.3	46.5	1,536.2
Machine-rolled cigars & smoking tobacco *	175.4	724.4	1,194.5	2,094.3
Next Generation Products	-	19.9	159.5	179.4
Other **	140.0	219.4	23.9	383.3
Total net sales	**1,320.8**	**1,448.0**	**1,424.4**	**4,193.2**
* License income and other sales included	-	8.3	-	8.3
** License income and other sales included	15.3	20.6	2.0	37.9
Total License income and other sales included	**15.3**	**28.9**	**2.0**	**46.2**

6M 2025

DKK million

Category split, net sales	North America Online & Retail	North America Branded & RoW	Europe Branded	Total
Handmade cigars	994.3	473.3	58.3	1,525.9
Machine-rolled cigars & smoking tobacco *	180.8	754.1	1,271.5	2,206.4
Next Generation Products	-	21.9	163.9	185.8
Other **	173.5	198.7	44.8	417.0
Total net sales	**1,348.6**	**1,448.0**	**1,538.5**	**4,335.1**
* License income and other sales included	-	8.1	-	8.1
** License income and other sales included	14.9	12.0	4.3	31.2
Total License income and other sales included	**14.9**	**20.1**	**4.3**	**39.3**

DKK million	6M 2026	6M 2025
Geographical split, net sales		
Americas	2,211.8	2,247.8
Europe	1,701.2	1,842.8
Rest of World	280.2	244.5
Total net sales	**4,193.2**	**4,335.1**

NOTE 3

SPECIAL ITEMS

DKK million	6M 2026	6M 2025
Integration and transaction costs (Mac Baren)	23.0	21.9
One Commercial Organisation	-	4.3
OneProcess	63.2	65.4
Focus2030 reorganisation	38.8	-
Solution Delivery Organisation	10.4	12.9
Total special items	**135.4**	**104.5**

NOTE 4

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.