



Company Announcement No. 6, 20 May 2026

## Interim Report First Quarter 2026: Steady progress in a seasonally low quarter

**Niels Frederiksen, Chief Executive Officer:** “The first quarter marks the beginning of our new five-year strategy, Focus2030. Our priority this year is to lay the foundation for long-term success by stabilising our earnings in machine-rolled cigars and smoking tobacco, revitalising our strong handmade cigar business and continuing to expand our promising nicotine pouch business. I am pleased with the progress we have made in the early months of the year as we have executed on our initial plans, and I am confident we will achieve our financial ambitions as well as delivering attractive, sustainable shareholder value during the next five years”.

### Net sales stabilising as Focus2030 initiatives implemented

- Reported net sales of DKK 1.9 billion includes a -5.2% impact from exchange rate changes
- Net sales growth at constant currencies of -0.6% impacted by timing of deliveries
- Power brands lead market share stabilisation in machine-rolled cigars across Europe
- XQS continues to strengthen in growing market. Market share in Sweden above 13%
- Handmade cigars deliver organic net sales growth of 8%

### EBIT margin in line with last year

- EBITDA margin before special items was 17.2% (Q1 2025: 16.1%)
- EBIT margin before special items at 10.4% (Q1 2025: 10.4%) negatively impacted by 0.9% from change in amortization of trademarks

### Traditionally low first quarter cash flow positively impacted by recovery of receivables

- Free cash flow before acquisitions was DKK 158 million (Q1 2025: DKK 156 million). The cash flow last year was unusually strong as result of a positive impact from working capital.
- The cash flow benefitted as expected from the recovery of receivables. Typically, the cash flow generation is the weakest during the first quarter.

### Financial expectations for full-year 2026 maintained

For 2026, we expect total market trends to be similar to what we have seen over the past years for most of our product categories and with profit margins continuing to be impacted by changes in product and market mix and competitive pressures. Reported net sales growth at constant currencies is expected in the range from -2% to 2%, EBIT margin before special items in the range of 13.0%-14.5%, free cash flow before acquisitions in the range DKK 950-1,200 million and adjusted EPS in the range DKK 9-11. EBITDA before special items is expected to be more or less unchanged compared to last year.

## Financial Summary

### Reported data in DKK million

	Q1 2026	Q1 2025	Change
Net sales	1,859	1,974	-6%
EBITDA before special items	320	317	1%
EBIT before special items	193	206	-6%
EBIT margin before special items	10.4%	10.4%	
Adjusted earnings per share (DKK)	1.1	1.5	-27%
Free cash flow before acquisitions	158	156	1%
Return on invested capital (ROIC)	7.8%	8.8%	
NIBD / EBITDA before special items	3.0x	2.5x	

Scandinavian Tobacco Group will present its First Quarter 2026 results at a conference call on 21 May 2026 at 10.00 CEST. Dial-in information and the presentation deck will be available at [st-group.com](https://st-group.com).

### Contact

Torben Sand, Director of IR & Communications, phone +45 5084 7222, [torben.sand@st-group.com](mailto:torben.sand@st-group.com).

Eliza Dabbagh, IR & Communications, phone +45 2420 8812, [eliza.michael@st-group.com](mailto:eliza.michael@st-group.com)



# Key Figures

DKK million	Q1 2026	Q1 2025	12M 2025
<b>INCOME STATEMENT</b>			
<b>Net sales</b>	<b>1,859</b>	<b>1,974</b>	<b>9,036</b>
Gross profit before special items	824	867	4,001
EBITDA before special items	320	317	1,791
<b>EBIT before special items</b>	<b>193</b>	<b>206</b>	<b>1,342</b>
Special items	-76	-70	-200
EBIT	117	136	1,142
Net financial items <sup>1</sup>	-66	-73	-288
Profit before tax	56	67	878
Income taxes	-13	-15	-208
<b>Net profit</b>	<b>43</b>	<b>52</b>	<b>669</b>
<b>BALANCE SHEET</b>			
Total assets	16,386	16,691	16,303
Equity	8,712	9,071	8,572
<b>Net interest-bearing debt (NIBD)</b>	<b>5,370</b>	<b>5,244</b>	<b>5,461</b>
Investment in property, plant and equipment	19	23	158
Total capital expenditures	28	27	182
<b>CASH FLOW STATEMENT</b>			
Cash flow from operating activities	147	177	755
Cash flow from investing activities	12	-26	-163
Free cash flow	158	152	591
<b>Free cash flow before acquisitions</b>	<b>158</b>	<b>156</b>	<b>595</b>
<b>KEY RATIOS<sup>2</sup></b>			
Net sales growth	-5.8%	1.3%	-1.8%
<b>Organic net sales growth</b>	<b>-0.6%</b>	<b>-8.8%</b>	<b>-3.1%</b>
Gross margin before special items	44.3%	43.9%	44.3%
EBITDA margin before special items	17.2%	16.1%	19.8%
<b>EBIT margin before special items</b>	<b>10.4%</b>	<b>10.4%</b>	<b>14.9%</b>
Effective tax percentage	23.0%	23.0%	23.7%
Equity ratio	53.2%	54.3%	52.6%
Cash conversion	108.9%	139.1%	99.3%
<b>NIBD / EBITDA before special items</b>	<b>3.0</b>	<b>2.5</b>	<b>3.0</b>
<b>ROIC</b>	<b>7.8%</b>	<b>8.8%</b>	<b>7.9%</b>
ROIC ex. Goodwill	12.4%	13.8%	12.3%
<b>Adjusted earnings per share (DKK)</b>	<b>1.1</b>	<b>1.5</b>	<b>10.8</b>
Basic earnings per share (DKK)	0.6	0.7	8.5
Diluted earnings per share (DKK)	0.5	0.7	8.5
Number of shares issued ('000)	80,000	86,000	80,000
Number of treasury shares ('000)	1,253	7,266	1,253
Number of outstanding shares ('000) <sup>3</sup>	78,858	78,839	78,828
Share price at balance date (DKK)	68.10	100.60	95.50
Dividend per share (DKK)			4.50
<b>Pay-out ratio</b>			<b>41.7%</b>

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.



# Driving value through focus and execution

## Focus2030 is the foundation for delivering on our financial ambitions

We focus on three strategic priorities, which are the critical keys to unlock the full potential of the Group. By 2030, we aim to have created 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 US, but with a growing international platform
- A bigger nicotine pouch business with even more upside in an attractive category

An essential part of Focus2030 is to create value for our shareholders by delivering on our **financial ambitions** for the five-year period. We will have accomplished these ambitions in 2030 when we have delivered:

- A return on invested capital (ROIC) of more than 11% compared with 7.9% in 2025
- A low single digit organic compounded annual growth rate in EBIT before special items
- A free cash flow generation before acquisitions of more than DKK 1.2 billion

Acquisitions as well as divestments of less core assets will continuously be evaluated, assuming these potential transactions support our strategy as well as our financial ambitions.

## Building the foundation for stabilising machine-rolled cigars

Scandinavian Tobacco Group is the European market leader in machine-rolled cigars, however market share and production volumes have declined in recent years, negatively impacting our profits. Focus2030 emphasises the need to protect our strongholds while expanding our market shares in key markets. In addition, we aim to optimise our supply chain through simplification.

To offset the structural volume decline in the machine-rolled cigars category, it is key to secure market share gains and optimize price management. Mitigating structural market trends through intensified market share focus is reflected in the category's five-year ambition. We aim to increase volume market share in key European machine-rolled cigar markets from below 27% in 2025 to more than 29% in 2030. Additionally, we aim to grow net sales of the four power brands, Signature, La Paz, Mehari's and Panter faster than the overall category growth.

As part of Focus2030, we have in this quarter rebranded our power brand, Mehari's. To celebrate the brand's 50th anniversary, Mehari's has been given an upgraded packaging design that reflects the quality and craftsmanship behind every cigarillo with the aim to strengthen relevancy amongst consumers by reviving its spirits of adventure and historical reputation.

Preliminary total market data for the first quarter 2026 show that in the seven key European markets machine-rolled cigars volumes declined by 1.5% compared to the first quarter in 2025. The preliminary data indicates that our volume market share improved to 27.9% in the quarter compared with 27.0% in the first quarter last year.

Data for the last twelve months, i.e. from April 2025 to March 2026, indicates a total market decline of 1%. Our volume market share was 27.0% compared with 27.7% in the previous twelve-month period.

The three power brands Signature, Mehari's and La Paz increased market share and the four power brands, including Panter, accounted for about 78% of category volumes.

It should be noted, the underlying development in total markets and our market share performance best can be evaluated over a longer time perspective as volatility in quarterly data can be high. Our



first quarter 2026 performance partially reflects that the first quarter last year was negatively impacted by the implementation of the SAP system across European factories.

### **Own brands and retail stores leading the way in handmade cigars**

Our handmade cigar business is anchored in the U.S. driven by our strong, diversified brand portfolio and our direct-to-consumer business - within both online distribution and our expanding retail store network. We aim to grow our handmade cigars business with the power brands, Cohiba/Silencio, CAO, Macanudo and Alec Bradley, driving growth across our broad portfolio of brands that serves multiple consumer segments and covers all price points.

Market share growth from about 13% to more than 15% will be the key driver for moving our US handmade cigars business forward. We aim to leverage our strong online and expanding retail distribution platforms to support the growth of our own brands and aim to grow the power brands faster than the overall category. We also expect to grow our international sales of handmade cigars.

The first quarter is typically the smallest quarter of the year, and year-on-year comparisons may deviate from underlying trends. However, the first quarter of 2026 saw a strong 8% organic growth in net sales for the category with the strongest contributions from our own brands and our retail superstores. Sales of handmade cigars were also positive in our online distribution business although at a lower rate.

The power brands accounted for about 23% of the total category net sales which is at the same level as it was in the full year of 2025. Both Cohiba and CAO delivered double-digit growth in the quarter.

Our solid start to the year reflects that our many good product introductions to the market have been well received by the trade and consumers.

### **Net sales in nicotine pouch business temporarily affected by timing**

The nicotine pouch category continues to show strong potential with the category outgrowing the general tobacco and nicotine markets. In the Focus2030 strategy, we aim to build a stronger presence in the category with our power brand, XQS. Our portfolio also consists of the smaller brands Ace and Gritt, which became part of our Group in relation to the acquisition of the smoking tobacco company, Mac Baren, in 2024.

Nicotine pouches accounts for about 5% of group net sales and is expected to deliver important contributions to the Group's growth in net sales and profits during the strategy period. We plan to build on our established market position in Sweden, but also by expanding in other markets such as the UK where our distribution capabilities and access to the market provide us an advantageous opportunity.

Net sales of nicotine pouches decreased by 23% during the quarter, however this was driven by timing of deliveries into the trade and lower sales of Ace and Gritt.

During the quarter total market volumes in Sweden, Denmark and the UK increased by 21% with our brands growing 38%. XQS's market share in Sweden increased to 13.6% from 10.7% in the first quarter of 2025. New formats for XQS Citrus Cooling Strong and XQS Blueberry Mint have performed particularly well.



## Stabilising financial performance as the first step in five-year journey

Return on invested capital, ROIC was 7.8% by the end of the first quarter compared with 7.9% by the end of 2025. The last twelve months EBIT was DKK 1,123 million (DKK 1,142 million) and the last twelve months average invested capital was DKK 14,343 million (DKK 14,482 million). Our ambition to deliver a ROIC of more than 11% in 2030.

EBIT before special items increased organically by 0.9% compared with the first quarter last year partly reflecting easy comparables. In 2026 the focus is 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 throughout the five-year strategy period.

The free cash flow before acquisition was DKK 158 million in the first quarter 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 quarter 2026, which is unchanged compared with the end of the year 2025. The leverage is expected to be closer to our target ratio of 2.5 times by the end of 2026.

## Financial overview by product category

### First Quarter 2026

	Net Sales	Organic Growth	Gross Margin*	Gross Margin*
	DKK million		Q1 2026	Q1 2025
Machine-rolled Cigars & Smoking Tobacco	956	-3%	52.8%	49.9%
Handmade Cigars	660	8%	41.2%	42.6%
Next Generation Products	64	-23%	35.2%	23.0%
Other	179	-10%	13.6%	27.5%
<b>Total</b>	<b>1,859</b>	<b>-1%</b>	<b>44.3%</b>	<b>43.9%</b>

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

\*Before special items

## Expectations for full-year 2026

The financial expectations for the year are unchanged.

Since the release of our Annual Report in March, we have experienced no material changes to the underlying total market trends. Reported net sales growth at constant currencies are expected to be 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%.

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 remain 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 will continue investing to facilitate our long-term ambitions in Focus2030.

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

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



We expect the leverage ratio will move towards our target ratio of 2.5 times during 2026 based on the expectation of a more or less unchanged EBITDA before special items compared with last year.

**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 20 May 2026, we assume a negative translation impact for reported net sales of around DKK 150 million for full-year 2026.

**Other relevant assumptions:**

EBITDA before special items is expected to be more or less in line with full-year 2025, the reported effective tax rate at 23-24%, special items of about DKK -275 million and special items with cash impact of about DKK -275 million. Guidance and assumptions are based on no impact from potential new acquisitions and/or divestments.



# First Quarter - Group Financial performance

DKK million	Q1 2026	Q1 2025	12M
Net sales	1,859	1,974	9,036
Gross profit before special items	824	867	4,001
EBITDA before special items	320	317	1,791
EBIT before special items	193	206	1,342
Special items	-76	-70	-200
EBIT	117	136	1,142
Net financial items	-66	-73	-288
Profit before tax	56	67	878
Income taxes	-13	-15	-208
Net profit	43	52	669
<b>Other key financial data</b>			
Organic net sales growth	-0.6%	-8.8%	-3.1%
Gross margin before special items	44.3%	43.9%	44.3%
EBITDA margin before special items	17.2%	16.1%	19.8%
EBIT margin before special items	10.4%	10.4%	14.9%
Free cash flow before acquisitions	158	156	595

## Sales

Reported net sales at DKK 1.9 billion was 6% lower than last year impacted by exchange rates developments by -5%. Organic net sales were down by 0.6% impacted by timing between the fourth quarter 2025 and first quarter 2026 of nicotine pouches and machine-rolled cigars to the trade and distributors.

For the three reporting divisions the organic net sales performance was 5% in North America Branded & Rest of World ("NABROW") and 2% in North America Online & Retail ("NAOR") while Europe Branded ("EUB"), declined by 9%.

## Profits and Cash Flow

The gross profit before special items was DKK 824 million (DKK 867 million) with a gross margin before special items improving to 44.3% (43.9%). The development was driven by improved margins in the division Europe Branded, primarily within machine-rolled cigars.

EBITDA before special items increased 1% to DKK 320 million with an EBITDA margin before special items of 17.2% compared with 16.1% in the same quarter last year. The OPEX ratio was to 28.7% compared with 28.4% last year. EBIT before special items was DKK 193 million compared with DKK 206 million last year with an unchanged EBIT margin before special items at 10.4%. The EBIT margin in the quarter was negatively impacted by 0.9%-points from change in amortization of trademarks. EBIT before special items increased organically by 0.9% in the quarter compared with last year.

Special items were to DKK -76 million mainly relating to the SAP implementation project, "OneProcess" which accounted for DKK 31 million and Focus 2030 reorganisations which accounted for DKK 33 million.

Net profit was DKK 43 million (DKK 52 million) with adjusted earnings per share at DKK 1.1 (DKK 1.5) The Group's free cash flow before acquisitions was DKK 158 million (DKK 156 million). The cash flow in the quarter was positively impacted by the collection of receivables associated with our new SAP implementation in Europe. The cash flow in the first quarter of 2025 was impacted by an unusual positive change in working capital, which typically is negative in the first quarter of the year. The collection of receivables follows the plan and is expected to be fully recovered in the second quarter of 2026.



# Divisional Performance

## Europe Branded

DKK million	Q1 2026	Q1 2025	12M
Net sales	630	687	3,270
Gross profit before special items	323	284	1,566
EBITDA before special items	115	66	649
Net sales growth	-8.4%	11.4%	5.8%
Organic net sales growth	-8.7%	-3.7%	-0.5%
Gross margin before special items	51.3%	41.3%	47.9%
EBITDA margin before special items	18.3%	9.6%	19.8%

During the first quarter reported net sales decreased by 8% compared to the same quarter last year with immaterial impact from exchange rates. Organic net sales declined by 9%. The product category Smoking Tobacco delivered mid-single-digit growth while our other product categories delivered a negative net sales development during the quarter. Net sales were impacted by timing of deliveries of nicotine pouches and machine-rolled cigars to the trade and distributors in Europe.

The gross margin before special items improved by 10.0%-points to 51.3% driven by changes in product mix primarily as result of the net sales growth for smoking tobacco products and as profitability in the first quarter 2025 was negatively impacted by low volumes in machine-rolled cigars. The EBITDA margin before special items improved by 8.7%-points to 18.3%.

## North America Branded & Rest of World

DKK million	Q1 2026	Q1 2025	12M
Net sales	655	668	3,017
Gross profit before special items	297	330	1,388
EBITDA before special items	201	210	938
Net sales growth	-1.9%	-2.0%	-3.9%
Organic net sales growth	4.5%	-13.0%	-4.9%
Gross margin before special items	45.3%	49.5%	46.0%
EBITDA margin before special items	30.7%	31.4%	31.1%

During the first quarter reported net sales decreased by 2% compared with last year with exchange rates impacting reported growth negatively by more than 6%. Organic net sales growth was 5% with the product categories Handmade Cigars, Machine Rolled-Cigars and Next Generation Products delivering growth while Smoking Tobacco delivered declining organic sales.

The gross margin before special items was 45.3% (49.5%) and the EBITDA margin before special items was 30.7% (31.4%). The decline in profitability reflects the changes in product mix with high margin smoking tobacco contributing with a lower proportion of divisional net sales.



## North America Online & Retail

DKK million	Q1 2026	Q1 2025	12M
Net sales	575	619	2,749
Gross profit before special items	204	252	1,046
EBITDA before special items	45	74	347
Net sales growth	-7.1%	-4.9%	-7.5%
Organic net sales growth	2.8%	-9.6%	-4.1%
Gross margin before special items	35.6%	40.8%	38.1%
EBITDA margin before special items	7.8%	11.9%	12.6%

During the first quarter reported net sales in NAOR decreased by 7% compared to last year with exchange rates impacting reported growth negatively by close to 10%. Organic net sales growth was 3% as result of a low double-digit growth in NA Retail, driven by store openings, and low single-digit growth in NA Online.

Competition remains fierce in the online channel. However, NA Online has increased its market share of the online market. Retail same-store-sales was slightly positive despite poor weather conditions during the quarter.

The gross margin before special items was 35.6% (40.8%) and the EBITDA margin before special items was 7.8% (11.9%). The development reflects the continued high promotional activity in the online business to gain market share and the challenges with passing on tariff induced costs fast enough to consumers. The first quarter is typically the quarter of the year with the lowest EBITDA margins.

**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 and in note 5 that have occurred after 31 March 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 – 31 March 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 31 March 2026 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 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, 20 May 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 - 31 MARCH

DKK million

Q1 2026

Q1 2025

## INCOME STATEMENT

<b>Net sales</b>	<b>2</b>	<b>1,859.2</b>	<b>1,973.7</b>
Cost of goods sold	2	-1,035.4	-1,107.0
<b>Gross profit before special items</b>	<b>2</b>	<b>823.8</b>	<b>866.7</b>
Other external costs	2	-232.0	-285.9
Staff costs	2	-302.4	-274.9
Other income	2	30.6	11.1
<b>Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)</b>	<b>2</b>	<b>320.0</b>	<b>317.0</b>
Depreciation and impairment		-63.3	-63.0
<b>Earnings before interest, tax, amortisation and special items (EBITA before special items)</b>		<b>256.7</b>	<b>254.0</b>
Amortisation and impairment		-64.0	-48.3
<b>Earnings before interest, tax and special items (EBIT before special items)</b>		<b>192.7</b>	<b>205.7</b>
Special items, costs and impairment	3	-75.6	-69.8
<b>Earnings before interest and tax (EBIT)</b>		<b>117.1</b>	<b>135.9</b>
Share of profit of associated companies, net of tax		4.9	3.9
Financial income		27.3	16.1
Financial costs		-93.0	-89.0
<b>Profit before tax</b>		<b>56.3</b>	<b>66.9</b>
Income taxes		-12.9	-15.4
<b>Net profit for the period</b>		<b>43.4</b>	<b>51.5</b>
<b>Earnings per share</b>			
Basic earnings per share (DKK)		0.6	0.7
Diluted earnings per share (DKK)		0.5	0.7
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Net profit for the period		<b>43.4</b>	<b>51.5</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<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		93.3	-200.7
<b>Other comprehensive income for the period, net of tax</b>		<b>93.0</b>	<b>-200.7</b>
<b>Total comprehensive income for the period</b>		<b>136.7</b>	<b>-149.2</b>

**Net sales**

In the first quarter of 2026, net sales were DKK 1,859 million (DKK 1,974 million). Adjusted for negative exchange rate impacts (DKK 103 million), the organic growth in net sales was negative by 0.6%, driven by negative organic growth in Europe Branded partly offset by a positive organic growth in North America Branded & Rest of World and North America Online & Retail.

**Profit**

Gross profit before special items for the first quarter of 2026 was DKK 824 million (DKK 867 million) mainly driven by the lower net sales. Gross margin before special items increased to 44.3% (43.9%).

Operating expenses for the first quarter of 2026 decreased by 5% compared to the same quarter last year and stood at DKK 534 million (DKK 561 million). The OPEX ratio increased slightly to 28.7% (28.4%).

EBITDA before special items for the first quarter of 2026 was in line with the same quarter last year and stood at DKK 320 million (DKK 317 million).

EBITDA margin before special items for the first quarter of 2026 was 17.2% (16.1%).

EBIT before special items for the first quarter of 2026 decreased by 6% compared to the same quarter last year and stood at DKK 193 million (DKK 206 million). EBIT before special items increased organically by 0.9% compared with the first quarter last year. The EBIT margin before special was 10.4% and was unchanged compared to same quarter last year.

During the quarter DKK 76 million (DKK 70 million) have been expensed as special items, mainly relating to the ERP implementation project, OneProcess, and reorganisations.

Net profit for the first quarter of 2026 was DKK 43 million (DKK 52 million). Earnings Per Share (EPS) were DKK 0.6 (DKK 0.7). Earnings Per Share adjusted for special items, fair value adjustments and currency gains/losses, net of tax stood at DKK 1.1 (DKK 1.5).

**CONSOLIDATED BALANCE SHEET****ASSETS**

DKK million	31 March 2026	31 March 2025	31 December 2025
<b>INTANGIBLE ASSETS</b>			
Goodwill	5,119.2	5,303.6	5,071.8
Trademarks	2,970.6	3,165.9	3,003.0
IT software	172.5	150.9	179.7
Other intangible assets	344.6	385.3	345.2
Intangible assets under development	101.1	128.5	97.0
<b>Total intangible assets</b>	<b>8,708.0</b>	<b>9,134.2</b>	<b>8,696.7</b>
Property, plant and equipment	1,922.2	1,969.4	1,907.4
Investments in associated companies	249.9	252.9	243.6
Deferred income tax assets	130.7	105.0	114.2
<b>Total non-current assets</b>	<b>11,010.8</b>	<b>11,461.5</b>	<b>10,961.9</b>
Inventories	3,569.1	3,676.4	3,210.7
Trade receivables	1,343.0	1,072.0	1,429.6
Other receivables	111.5	126.2	167.3
Corporate tax	145.4	145.5	143.0
Prepayments	192.6	159.9	157.8
Cash and cash equivalents	13.5	13.5	197.7
Assets classified as held for sale	-	36.3	35.3
<b>Total current assets</b>	<b>5,375.1</b>	<b>5,229.8</b>	<b>5,341.4</b>
<b>Total assets</b>	<b>16,385.9</b>	<b>16,691.3</b>	<b>16,303.3</b>



## CONSOLIDATED BALANCE SHEET

### EQUITY AND LIABILITIES

DKK million	31 March 2026	31 March 2025	31 December 2025
Share capital	80.0	86.0	80.0
Reserve for currency translation	530.4	891.0	437.1
Treasury shares	-35.0	-787.8	-35.0
Retained earnings	8,136.6	8,881.5	8,090.3
<b>Total equity</b>	<b>8,712.0</b>	<b>9,070.7</b>	<b>8,572.4</b>
Borrowings	3,520.6	3,413.3	3,726.6
Deferred income tax liabilities	707.3	732.3	701.7
Pension obligations	197.6	209.8	194.6
Other provisions	16.5	16.4	16.5
Lease liabilities	344.0	318.3	323.0
Other liabilities	35.1	33.1	34.8
<b>Total non-current liabilities</b>	<b>4,821.1</b>	<b>4,723.2</b>	<b>4,997.2</b>
Borrowings	1,250.0	1,251.5	1,150.0
Credit facilities	-	-	204.0
Trade payables	472.2	438.8	422.0
Corporate tax	14.9	51.1	30.4
Other provisions	26.2	44.1	18.4
Lease liabilities	69.7	63.9	61.1
Other liabilities	1,019.8	1,048.0	847.8
<b>Total current liabilities</b>	<b>2,852.8</b>	<b>2,897.4</b>	<b>2,733.7</b>
<b>Total liabilities</b>	<b>7,673.9</b>	<b>7,620.6</b>	<b>7,730.9</b>
<b>Total equity and liabilities</b>	<b>16,385.9</b>	<b>16,691.3</b>	<b>16,303.3</b>

### Net interest-bearing debt

Net interest-bearing debt decreased by DKK 91 million to DKK 5,370 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.

### Return on Invested Capital

The return on invested capital (ROIC) was 7.8% versus 7.9% by the end of 2025, explained mainly by a DKK 19 million reduction in EBIT and driven by the operational performance. Invested capital was fairly stable and stood at DKK 14.3 billion (DKK 14.5 billion end of 2025).



## CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY – 31 MARCH

DKK million	Q1 2026	Q1 2025
Net profit for the period	43.4	51.5
Depreciation, amortisation and impairment	127.3	111.3
Adjustments	156.9	158.6
Changes in working capital	-37.9	41.2
Special items, paid	-57.9	-66.7
<b>Cash flow from operating activities before financial items</b>	<b>231.8</b>	<b>295.9</b>
Financial income received	12.8	8.0
Financial costs paid	-55.1	-38.3
<b>Cash flow from operating activities before tax</b>	<b>189.5</b>	<b>265.6</b>
Tax payments	-42.7	-88.3
<b>Cash flow from operating activities</b>	<b>146.8</b>	<b>177.3</b>
Acquisitions	-	-4.3
Investment in intangible assets	-8.6	-4.6
Investment in property, plant and equipment	-19.1	-22.5
Sale of property, plant and equipment	36.5	2.4
Dividend from associated companies	2.7	3.5
<b>Cash flow from investing activities</b>	<b>11.5</b>	<b>-25.5</b>
<b>Free cash flow</b>	<b>158.3</b>	<b>151.8</b>
Repayment of lease liabilities	-19.1	-23.7
RCF and bank loan	-120.0	-270.0
Repayment bank loans	-0.2	-1.1
<b>Cash flow from financing activities</b>	<b>-139.3</b>	<b>-294.8</b>
<b>Net cash flow for the period</b>	<b>19.0</b>	<b>-143.0</b>
Cash and cash equivalents, net at 1 January	-6.3	160.1
Exchange gains/losses on cash and cash equivalents	0.8	-3.6
Net cash flow for the period	19.0	-143.0
<b>Cash and cash equivalents, net at 31 March</b>	<b>13.5</b>	<b>13.5</b>

### Cash flow

Cash flow from operations before changes in working capital in the first quarter of 2026 was DKK 185 million (DKK 136 million). The development was mainly driven by the operational performance, lower tax payments partly offset by higher financial costs in the first quarter of 2026 compared to the same quarter last year. Changes in working capital in the first quarter of 2026 had a negative impact on the cash flow of DKK 38 million (positive DKK 41 million).

Cash flow from investing activities in the first quarter of 2026 amounted to DKK 12 million (DKK -26 million), positively impacted by income from sale of property, plant and equipment.



Cash flow from financing activities in the first quarter of 2026 amounted to DKK -139 million (DKK -295 million). The first quarter of 2026 was mainly impacted by repayment on the revolving credit facility.

Free cash flow before acquisitions in the first quarter of 2026 was positive by DKK 158 million (DKK 156 million). The cash conversion ratio was 109% (139%).

## STATEMENT OF CHANGES IN GROUP EQUITY

### 1 JANUARY - 31 MARCH 2026

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
<b>Equity at 1 January 2026</b>	<b>80.0</b>	<b>437.1</b>	<b>-35.0</b>	<b>8,090.3</b>	<b>8,572.4</b>
<i>Comprehensive income for the period</i>					
<b>Net profit for the period</b>	-	-	-	<b>43.4</b>	<b>43.4</b>
<i>Other comprehensive income</i>					
Foreign exchange adjustments on net investments in foreign operations	-	93.3	-	-	<b>93.3</b>
<b>Total other comprehensive income</b>	-	<b>93.3</b>	-	-	<b>93.3</b>
<b>Total comprehensive income for the period</b>	-	<b>93.3</b>	-	<b>43.4</b>	<b>136.7</b>
<i>Transactions with shareholders</i>					
Share-based payments	-	-	-	2.9	<b>2.9</b>
<b>Total transactions with shareholders</b>	-	-	-	<b>2.9</b>	<b>2.9</b>
<b>Equity at 31 March 2026</b>	<b>80.0</b>	<b>530.4</b>	<b>-35.0</b>	<b>8,136.6</b>	<b>8,712.0</b>

### Equity

Total shareholders' equity as at 31 March 2026 amounted to DKK 8,712 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. As of 31 March 2026, the equity ratio was 53.2% (52.6% on 31 December 2025).

**STATEMENT OF CHANGES IN GROUP EQUITY**

(Continued)

**1 JANUARY – 31 MARCH 2025**

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
<b>Equity at 1 January 2025</b>	<b>86.0</b>	<b>1,091.7</b>	<b>-787.8</b>	<b>8,827.1</b>	<b>9,217.0</b>
<i>Comprehensive income for the period</i>					
<b>Net profit for the period</b>	-	-	-	<b>51.5</b>	<b>51.5</b>
<i>Other comprehensive income</i>					
Foreign exchange adjustments on net investments in foreign operations	-	-200.7	-	-	<b>-200.7</b>
<b>Total other comprehensive income</b>	-	<b>-200.7</b>	-	-	<b>-200.7</b>
<b>Total comprehensive income for the period</b>	-	<b>-200.7</b>	-	<b>51.5</b>	<b>149.2</b>
<i>Transactions with shareholders</i>					
Share-based payments	-	-	-	2.9	<b>2.9</b>
<b>Total transactions with shareholders</b>	-	-	-	<b>2.9</b>	<b>2.9</b>
<b>Equity at 31 March 2025</b>	<b>86.0</b>	<b>891.0</b>	<b>-787.8</b>	<b>8,881.5</b>	<b>9,070.7</b>



## NOTES

### NOTE 1

#### **BASIS OF PREPARATION**

The interim consolidated financial statements for the first quarter of 2026, ending 31 March 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

3M 2026 DKK million	North America Online & Retail	North America Branded & RoW	Europe Branded	Group costs / not allocated	Total
Net sales	574.5	654.8	629.9	-	1,859.2
Cost of goods sold	-370.1	-358.2	-307.1	-	-1,035.4
<b>Gross profit before special items</b>	<b>204.4</b>	<b>296.6</b>	<b>322.8</b>	-	<b>823.8</b>
Staff and other external costs	-159.9	-125.9	-207.5	-41.1	-534.4
Other income	-	30.6	-	-	30.6
<b>EBITDA before special items</b>	<b>44.5</b>	<b>201.3</b>	<b>115.3</b>	<b>-41.1</b>	<b>320.0</b>
Depreciation and impairment				-63.3	-63.3
Amortisation and impairment				-64.0	-64.0
<b>EBIT before special items</b>				<b>-168.4</b>	<b>192.7</b>
Special items, costs and impairment				-75.6	-75.6
<b>EBIT</b>				<b>-244.0</b>	<b>117.1</b>
Share of profit of associated companies, net of tax				4.9	4.9
Financial income				27.3	27.3
Financial costs				-93.0	-93.0
<b>Profit before tax</b>				<b>-304.8</b>	<b>56.3</b>

3M 2025 DKK million	North America Online & Retail	North America Branded & RoW	Europe Branded	Group costs / not allocated	Total
Net sales	618.7	667.7	687.3	-	1,973.7
Cost of goods sold	-366.5	-337.4	-403.1	-	-1,107.0
<b>Gross profit before special items</b>	<b>252.2</b>	<b>330.3</b>	<b>284.2</b>	-	<b>866.7</b>
Staff and other external costs	-178.7	-131.8	-218.2	-32.1	-560.8
Other income	-	11.1	-	-	11.1
<b>EBITDA before special items</b>	<b>73.5</b>	<b>209.6</b>	<b>66.0</b>	<b>-32.1</b>	<b>317.0</b>
Depreciation and impairment				-63.0	-63.0
Amortisation and impairment				-48.3	-48.3
<b>EBIT before special items</b>				<b>-143.4</b>	<b>205.7</b>
Special items, costs and impairment				-69.8	-69.8
<b>EBIT</b>				<b>-213.2</b>	<b>135.9</b>
Share of profit of associated companies, net of tax				3.9	3.9
Financial income				16.1	16.1
Financial costs				-89.0	-89.0
<b>Profit before tax</b>				<b>-282.2</b>	<b>66.9</b>



## NOTE 2

## SEGMENT INFORMATION AND NET SALES (continued)

## 3M 2026

DKK million

Category split, net sales	North America Online & Retail	North America Branded & RoW	Europe Branded	Total
Handmade cigars	429.1	210.2	20.9	660.2
Machine-rolled cigars & smoking tobacco *	79.5	334.0	542.7	956.2
Next Generation Products	-	13.0	51.0	64.0
Other **	65.9	97.6	15.3	178.8
<b>Total net sales</b>	<b>574.5</b>	<b>654.8</b>	<b>629.9</b>	<b>1,859.2</b>
* License income and other sales included	-	4.1	-	4.1
** License income and other sales included	7.2	12.2	2.2	21.5
<b>Total License income and other sales included</b>	<b>7.2</b>	<b>16.3</b>	<b>2.2</b>	<b>25.6</b>

## 3M 2025

DKK million

Category split, net sales	North America Online & Retail	North America Branded & RoW	Europe Branded	Total
Handmade cigars	444.0	206.5	22.1	672.6
Machine-rolled cigars & smoking tobacco *	88.7	357.6	564.9	1,011.2
Next Generation Products	-	6.6	73.1	79.7
Other **	86.0	97.0	27.2	210.2
<b>Total net sales</b>	<b>618.7</b>	<b>667.7</b>	<b>687.3</b>	<b>1,973.7</b>
* License income and other sales included	-	3.5	-	3.5
** License income and other sales included	8.6	5.7	1.7	16.5
<b>Total License income and other sales included</b>	<b>8.6</b>	<b>9.2</b>	<b>1.7</b>	<b>19.5</b>

DKK million

3M 2026

3M 2025

## Geographical split, net sales

Americas	969.7	1,023.0
Europe	763.1	853.6
Rest of World	126.4	97.1
<b>Total net sales</b>	<b>1,859.2</b>	<b>1,973.7</b>

**NOTE 3****SPECIAL ITEMS**

DKK million	3M 2026	3M 2025
Integration and transaction costs (Mac Baren)	5.0	26.2
One Commercial Organisation	-	4.3
OneProcess	31.3	34.1
Focus2030 reorganisation	33.3	-
Solution Delivery Organisation	6.0	5.2
<b>Total special items</b>	<b>75.6</b>	<b>69.8</b>

**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.

**Note 5****CONTINGENT ASSET AND SUBSEQUENT EVENT**

In February 2026, the U.S. Supreme Court ruled that certain tariffs imposed under executive authority were unlawful, establishing that previously paid tariffs could, in principle, be subject to refund. Subsequent, to the reporting date, U.S. Customs and Border Protection announced and opened a formal refund process, prompting management to initiate an assessment of the scope and basis for a potential refund. This assessment is ongoing, and as there can be no guarantee that a refund, if received, will equal the full amount of tariffs paid, Management has decided due to the high uncertainty not to record a receivable related to the potential recovery of tariffs paid as of March 31, 2026.