Company Announcement
No. 11/2025

Copenhagen, 20 May 2025

Interim report, 1 January - 31 March 2025

Scandinavian Tobacco Group A/S Reports First Quarter 2025 Results and Adjusts Expectations for Full Year 2025.

Scandinavian Tobacco Group´s reported net sales for the first quarter 2025 increased 1.3% to DKK 2.0 billion with a negative organic net sales growth of 8.8%. EBITDA before special items decreased 5.3% to DKK 317 million with an EBITDA margin of 16.1%. Free cash flow before acquisitions was DKK 156 million and the adjusted EPS were DKK 1.5.

The reported net sales growth was driven primarily by the addition of the Mac Baren business and high double-digit growth in our XQS nicotine pouch brand. Organic net sales decline was impacted by lower consumption of handmade cigar sales in the US and by discontinuation of online distribution of ZYN in the US. Temporary supply issues related to the go-live of SAP in our European factories phased some machine-rolled cigar sales from the first to later quarters.

The EBITDA margin decreased 1%-points compared with the first quarter of last year. The decline is driven by a combination of product and market mix, investments in re-gaining market shares in machine-rolled cigars in key European markets as well as the expansion of our nicotine pouch business.

First Quarter 2025

- Reported net sales increased by 1.3% to DKK 2.0 billion (DKK 1.9 billion)
- Organic net sales growth was -8.8%
- Growth Enablers accounted for 10% of Group net sales
- EBITDA before special items was DKK 317 million (DKK 335 million)
- EBITDA margin was 16.1% (17.2%)
- Adjusted EPS were DKK 1.5 (DKK 1.8)
- Free cash flow before acquisitions was DKK 156 million (DKK -126 million).
- Return on Invested Capital (ROIC) was 8.8% (10.3%).

Adjusting the expectations for full year 2025

As consequence of the recent changes in U.S. international trade policy - announced in April and resulting in increased tariffs of currently 10% on imported goods - and due to the translation effect from a lower U.S. dollar exchange rate, Scandinavian Tobacco Group is adjusting its financial expectations for the full year 2025. Despite a weak first quarter, the underlying business trends, as communicated in the March results announcement, remain largely unchanged. However, uncertainty related to US consumer sentiment, down trading and retailer decisions on inventory has increased.

The U.S. market accounts for approximately 45% of the Group’s net sales. Since the release of the 2025 financial outlook on 6 March, the U.S. dollar has depreciated by nearly 5% against the Danish krone. This negative translation effect on reported figures is partially offset by price adjustments introduced in response to the tariff increases.

The Group now expects reported net sales for 2025 to be in the range of DKK 9.1–9.5 billion, adjusted from the previous range of DKK 9.2–9.7 billion.

The Group's EBITDA margin is expected to be negatively impacted by slightly more than half a percentage point solely due to the tariff related price increases which will impact both cost prices and retail prices. To reflect the impact of this and to maintain full flexibility to protect our market shares and develop our business, the range for the full-year EBITDA margin expectation has been widened and revised to a range of 18-22%.

Free cash flow is now projected at DKK 0.8–1.0 billion and has been narrowed from the previous range of DKK 0.8–1.1 billion. The adjustment to the upper end of the range reflects the lower EBITDA outlook, while the unchanged lower end of the range underscores the Group's commitment to preserving cash flow throughout the year. The free cash flow for the full year is still expected to be impacted by capex investments of up to DKK 300 million including factory consolidations, OneProcess investments and the opening of two new retail super stores in the US. Special cash items paid is expected at about DKK 200 million, primarily relating to the Mac Baren integration and roll-out of our SAP 4/Hana ERP solution.

Adjusted Earnings Per Share has been revised downward by DKK 1.0 to reflect the adjusted EBITDA expectation and is now expected in the range of DKK 10-13 per share.

Given these considerations our adjusted expectations for 2025 are:

Reported net sales	DKK 9.1-9.5 billion	(from 9.2-9.7 billion)
EBITDA margin before special items	18-22%	(from 20-23%)
Free cash flow before acquisitions	DKK 0.8-1.0 billion	(from 0.8-1.1 billion)
Adjusted EPS	DKK 10-13	(from 11-14)

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

CEO Niels Frederiksen: "We are adjusting our full year expectations to reflect the impact of a weaker USD and increasing tariffs on imported goods to the US. Although consumer sentiment is affected negatively the underlying business trends remain largely unchanged and our focus is on navigating this period of increased uncertainty best possible with the main priority being to protect and enhance market shares and protect cash flow. The wider guidance range on the EBITDA margin provides us with the necessary flexibility to make the right long-term business decisions. We are making good progress with the integration of Mac Baren and in the development of our updated strategy".

For further information, please contact:

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A conference call will be held on 21 May 2025 at 10.00 CEST. Dial-in information and an accompanying presentation will be available at investor.st-group.com/investor around 09:00 CEST.

Key Figures

DKK million	Q1 2025	Q1 2024	FY2024
INCOME STATEMENT			
Net sales	1,974	1,948	9,202
Gross profit before special items	867	881	4,279
EBITDA before special items	317	335	2,079
Special items	-70	-30	-279
EBIT	136	208	1,380
Net financial items[1]	-73	-54	-186
Profit before tax	67	159	1,219
Income taxes	-15	-34	-280
Net profit	52	125	940
BALANCE SHEET			
Total assets	16,691	16,329	17,104
Equity	9,071	9,522	9,217
Net interest-bearing debt (NIBD)	5,244	4,480	5,423
Investment in property, plant and equipment	23	50	216
Total capital expenditures	27	58	264
CASH FLOW STATEMENT			
Cash flow from operating activities	177	-71	1,179
Cash flow from investing activities	-26	-92	-824
Free cash flow	152	-163	355
Free cash flow before acquisitions	156	-126	931
KEY RATIOS[2]			
Net sales growth	1.3%	-0.7%	5.4%
Gross margin before special items	43.9%	45.2%	46.5%
EBITDA margin before special items	16.1%	17.2%	22.6%
Effective tax percentage	23.0%	21.5%	22.9%
Equity ratio	54.3%	58.3%	53.9%
Cash conversion	139.1%	21.5%	100.8%
Organic net sales growth	-8.8%	-2.1%	0.4%
NIBD / EBITDA before special items	2.5	2.3	2.6
ROIC	8.8%	10.3%	9.4%
ROIC ex. Goodwill	13.8%	16.3%	14.7%
Adjusted earnings per share (DKK)	1.5	1.8	13.7
Basic earnings per share (DKK)	0.7	1.5	11.5
Diluted earnings per share (DKK)	0.7	1.5	11.4
Number of shares issued ('000)	86,000	87,000	86,000
Number of treasury shares ('000)	7,266	2,424	7,266
Number of outstanding shares ('000)[3]	78,839	85,373	82,162
Share price at balance date (DKK)	100.60	123.80	95.30
Dividend per share (DKK)			8.50
Pay-out ratio			77.8%

1. Excl. share of profit of associated companies.
2. See definition/explanation of financial ratios in note 5.8 in the Annual Report 2024.
3. Average number of shares outstanding, including dilutive effect of PSUs.

First Quarter 2025 - Financial performance

During the first quarter reported net sales for the Group increased by 1.3% to DKK 2.0 billion. Organic net sales growth was negative by 8.8% with reported growth being impacted by the acquisition of Mac Baren by 8.5% and exchange rates developments by 1.6%.

The organic net sales performance was negative in the three reporting divisions with -13% in North America Branded & Rest of World (“NABROW”), -10% in North America Online & Retail (“NAOR”) and -4% in Europe Branded (“EUB”). The relatively high decline in organic net sales is partly driven by phasing of volume. In the US, the large annual trade show was moved from the first quarter to the second quarter, and we discontinued the distribution of ZYN in our online business. In Europe, we have seen temporary lower shipments of machine-rolled cigars related to our go-live with SAP in our European factories, which has been solved.

Measured by product categories the organic net sales development was -3% in Machine-Rolled Cigars & Smoking Tobacco, -9% in Handmade Cigars and -43% in Next Generation Products. Excluding the negative impact from the discontinued distribution of ZYN in the US, our own nicotine pouch brands delivered -3% organic growth driven by the planned rationalization of Mac Baren nicotine pouch brands Ace and Gritt, whereas XQS delivered 41% growth.

Reported EBITDA before special items decreased by 5.3% with an EBITDA margin before special items of 16.1% compared with 17.2% in the same quarter of 2024. The development in the margin was driven primarily by a lower margin in EUB (-4.2bp to 9.6%). The decrease in the margin in EUB is mostly driven by mix, an impact from lower volumes caused by the go-live of SAP in our Belgian factories in the quarter and price decisions to improve market shares for 2025. The OPEX ratio increased to 28.4% compared with 28.2% in 2024.

Special items were negative by DKK 70 million relating to the SAP implementation programme, the integration of Mac Baren and reorganisations. Net profit decreased by 58.7% to DKK 52 million while Adjusted Earnings Per Share decreased by 19.6% to DKK 1.5.

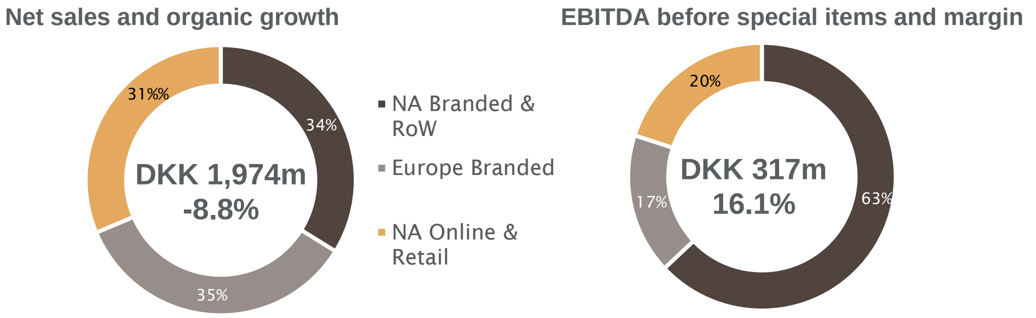
Table 1: Net sales

DKK million	Q1 2025	Q1 2024	Change in %
Net sales	1,974	1,948	1.3%
Acquisitions		183	
Currency development	-31		
Organic net sales	**1,943**	**2,131**	**-8.8%**

Table 2: Free Cash Flow before acquisitions

DKK million	Q1 2025	Q1 2024	Change in DKK
EBITDA	317	335	-18
Working Cap. changes	41	-252	+293
Investments a.o.	-202	-209	+7
FCF bef. acq.	**156**	**-126**	**+282**

Divisional split Q1 2025



The Group's free cash flow before acquisitions was DKK 156 million (DKK -126 million). The improvement is primarily relating to changes in working capital, which impacted the first quarter this year positively by DKK 41 million compared with a negative impact of DKK 252 million in the first quarter of 2024.

By the end of the first quarter, the Group´s leverage ratio was 2.5 times compared with 2.6 times by the end of 2024. The return on invested capital (ROIC) was 8.8% versus 9.4% by the end of 2024. The development was primarily driven by the lower EBITDA before special items as well as higher special costs resulting in a decrease in the EBIT. The average invested capital was DKK 14.8 billion compared with DKK 14.7 billion by the end of 2024.

Strategy and Other Key Updates

Growth Enablers

Identifying new revenue streams is an important part of our strategy to create a larger company and increase profits. We have currently identified three Growth Enablers comprising international sales of handmade cigars (outside of the US), retail stores in the US and Next Generation Products with a focus on nicotine pouches. Two of our three Growth Enablers progressed well in the first quarter of 2025, with international sales of handmade cigars being negatively affected by inventory availability, partly caused by the SAP go-live in the European factories. Growth Enablers accounted for about 10% of group net sales in the first quarter.

By the end of the first quarter, Cigars International operates thirteen **Retail Stores**. Ten of these stores have been open for more than one year. During the quarter organic net sales from the retail superstores increased by 25% with same-store-sales being slightly positive.

International sales of handmade cigars delivered double-digit negative growth in reported net sales during the quarter due to a combination of inventory availability and phasing. The expansion of the handmade cigar business outside the US remains a priority and we still expect sales to improve over the coming quarters. We estimate that our brands have a 6% volume share of the market for handmade cigars outside North America making Scandinavian Tobacco Group the third largest company in this segment.

Next Generation Products with focus on nicotine pouches delivered a negative growth in reported net sales by 18% in the first quarter. Organic growth for our largest brand XQS was 41% in the first quarter, with the brand continuing to take market share in Sweden, which increased to more than 11% by the end of the quarter. The rationalization of the Mac Baren nicotine pouch portfolio and the discontinuation of US online distribution of NGPs explain the overall decline.

The Growth Enablers accounted for 10% of Group net sales in the first quarter on par with the share in the fourth quarter and compared with about 9% for the full year of 2024, excluding net sales from the online distribution of ZYN in the US, which was discontinued as of the third quarter last year.

Capital Allocation and result of the AGM

At the Annual General Meeting on 9 April 2025, the proposal to increase the ordinary dividend to DKK 8.50 per share was approved resulting in a total dividend payment of DKK 731 million.

By the end of the first quarter Scandinavian Tobacco Group owned a total of 7,265,625 treasury shares, corresponding to 8.4% of the total share capital.

A proposal to cancel 6.0 million treasury shares was also approved at the Annual General Meeting. The cancellation was completed in May, and the number of issued shares as result is 80.0 million. The Group´s holding of treasury shares is 1,265,625, corresponding to 1.58% of the share capital.

Events after the reporting period

There are no other events than those mentioned in the above that have occurred after 31 March 2025 and that are expected to have material impact on the financial position of the Group.

Forward-looking statements

This report contains forward-looking statements. Such statements are subject to risk and uncertainties as various factors, many of which are beyond Scandinavian Tobacco Group’s control, may cause actual developments and results to differ materially from the expectations set out in this report.

Sales performance by category

Net sales distribution and growth by category

	Q1 2025		
	% of Group	Organic Growth	Reported Growth
Handmade Cigars	34%	-9.1%	-6.1%
Machine-rolled Cigars & Smoking Tobacco	51%	-3.0%	10.6%
Next Generation Products	4%	-43.2%	-18.3%
Other	11%	-12.8%	-4.6%
Total	**100%**	**-8.8%**	**1.3%**

Handmade Cigars
The product category Handmade Cigars accounted for 34% of group net sales in the quarter. Reported net sales decreased by 6.1% compared with the same quarter last year and organic growth was negative by 9.1%.

The development in organic net sales of handmade cigars was driven by a double-digit decline in both net sales to wholesalers and distributors in the US and in international markets (excluding the US). Online sales of handmade cigars were down by 6% compared with the first quarter of last year, while sales through our retail superstores increased by 21% driven by new store openings.

The development is impacted by the general decline in consumption in the US, and by phasing between the quarters. We see a higher decline in our business-to-business channel versus our business-to-consumer channels. Some of the decline is caused by the move of a large trade show from the first quarter in 2024 to the second quarter in 2025 as well as inventory phasing for large online customers. Our online business has been able to mostly offset a continued decline in the number of active consumers through pricing and an increase in the average basket size. Retention rates continue to improve, whereas the number of new consumers to file are decreasing.

Machine-rolled Cigars and Smoking Tobacco
The product category Machine-Rolled Cigars & Smoking Tobacco accounted for 51% of group net sales in the quarter. Reported net sales increased by 10.6% compared with the same quarter last year while organic growth was negative by 3.0%. The acquisition of Mac Baren impacted growth by 12.8%.

Smoking tobacco delivered 44% growth in reported net sales and machine-rolled cigars a 6% negative growth primarily driven by France, Spain and the UK. Excluding the impact from the acquisition of Mac Baren, smoking tobacco delivered 7% organic net sales growth in the quarter.

Preliminary total market data for machine-rolled cigars in our key European markets indicate a volume decline rate of 2.2% in the first quarter compared with a decline rate of 3.5% for the full year of 2024. The preliminary data indicate that our volume market share was negatively impacted by the SAP implementation during the quarter in our European factories. The market share declined to 26.9% compared with 28.1% in the fourth quarter of last year. Production and shipments are normalized, and we see market shares recovering in April.

Next Generation Products
The product category Next Generation Products accounted for 4% of group net sales in the quarter. Reported net sales for NGPs decreased by 18% compared with the same quarter last year with organic net sales decreasing by 43%. The discontinuation of the distribution of ZYN in our US online business impacted organic net sales growth negative by 34% and a streamlining of the Ace and Gritt brands from Mac Baren to fewer markets did also impact growth negatively. XQS continues to deliver strong

growth and was up by 41% year on year and XQS market share in Sweden exceeded 11% at the end of the quarter. The roll-out of the brand in the UK and Denmark continues to progress albeit at a slower pace.

Other

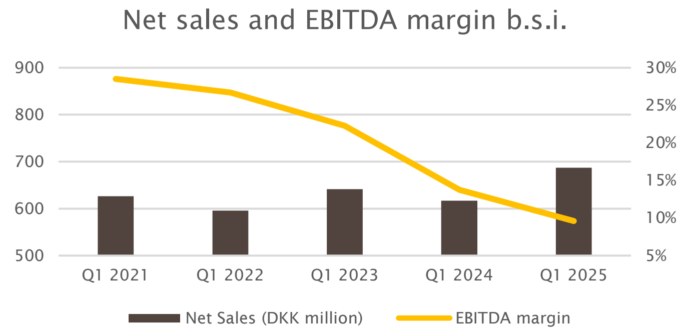
In the quarter, organic net sales in the category Other, decreased by 13%. The decrease primarily relates to contract manufacturing and filters/accessories in Australia.

Financial performance by division

Europe Branded

During the first quarter reported net sales increased by 11.4% compared to 2024. Organic net sales growth was negative by 3.7% with acquisitions impacting growth by 14.8% and exchange rates by 0.3%. The organic net sales development is comprised by 21% growth in our nicotine pouch business, whereas growth was negative in handmade cigars and in machine-rolled cigars. Smoking tobacco delivered unchanged organic net sales.

First Quarter Development, 2021-2025

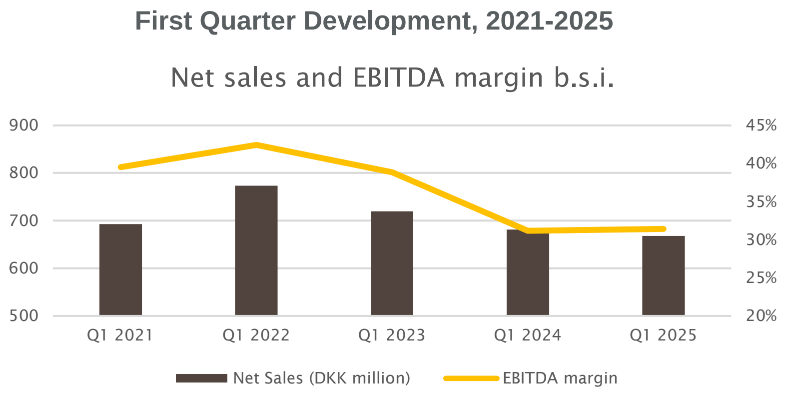


For the first quarter EBITDA before special items decreased by 20.6% with an EBITDA margin before special items of 9.6% compared with 13.8% in 2024. The decrease in the EBITDA margin is a result of mix changes driven by the expansion of nicotine pouches, negative gross margin impacts from pricing decisions taken in France as well as the impact from lower volumes in machine-rolled cigars. The decrease in machine-rolled cigars volumes were primarily related to shipment delays from the go live of our SAP implementation in our European factories. Shipment volumes have normalized in April and market shares have improved in April and May.

North America Branded & Rest of World

During the quarter reported net sales decreased by 2.0% compared with 2024. Organic net sales growth was negative by 13.0% with acquisitions impacting growth by 9.5% and exchange rates by 1.5%. The organic net sales development was driven by double-digit decline rates in all product categories, except smoking tobacco which delivered growth.

For handmade cigars a double-digit negative organic growth in net sales to external wholesalers and distributors was driven by declining consumer sentiment affecting consumption, the move of the annual trade show from the first quarter in 2024 to the second quarter in 2025 and weather conditions. Sales to international markets was down primarily due to inventory availability issues and phasing between the quarters.



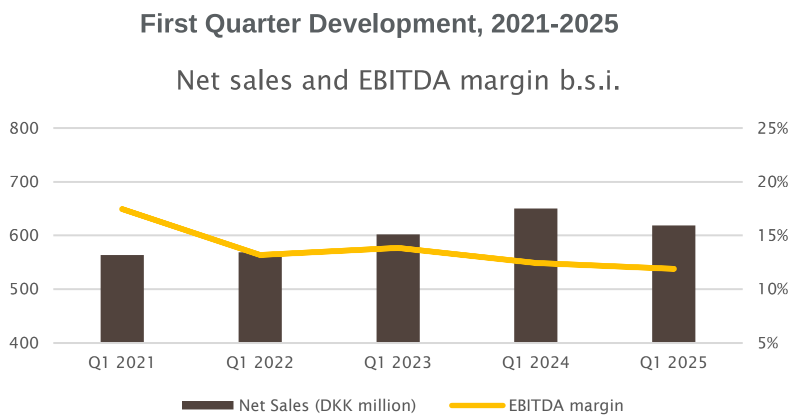
For the first quarter EBITDA before special items decreased by 0.5% with an EBITDA margin before special items of 31.4% compared with 31.2% in 2024. The development in the profitability was result of mix changes with positive net sales growth in smoking tobacco as well as a lower OPEX ratio.

North America Online & Retail

During the first quarter reported net sales decreased by 4.9% compared to 2024. Organic net sales growth was negative by 9.6% with acquisitions impacting growth by 1.9% and exchange rates by 2.8%. The organic net sales development was negatively impacted by about 8% from discontinuation of the distribution of ZYN in the US online business. The online business, excluding the discontinued distribution, delivered a 5% negative growth in the quarter while the retail stores delivered 25% organic growth.

In the online business the decline in our twelve months active consumer file continued primarily reflecting a decrease in new customer acquisition. The retention rate amongst existing customers continued to improve.

The double-digit growth in the retail business was driven by the opening of new super stores and a slightly positive development in same-store-sales.



For the first quarter EBITDA before special items decreased by 9.1% with an EBITDA margin before special items of 11.9% compared with 12.5% in 2024. The development in the profitability was driven by an improved gross margin, primarily reflecting changes in channel mix while the OPEX ratio increased primarily due to the scale impact from the discontinued ZYN distribution agreement.

Quarterly Financial Data

	2025	2024				
DKK million	Q1	Q4	Q3	Q2	Q1	FY
Reported data						
Net sales	1,974	2,458	2,431	2,366	1,948	9,202
Gross profit before special items	867	1,162	1,126	1,109	881	4,279
EBITDA before special items	317	596	568	580	335	2,079
Special items	-70	-148	-49	-53	-30	-279
EBIT	136	342	401	429	208	1,380
Net financial items	-73	-54	-26	-53	-54	-186
Profit before tax	67	292	383	385	159	1,219
Income taxes	-15	-71	-86	-88	-34	-280
Net profit	52	221	297	297	125	940
Other financial key data						
Organic net sales growth	-8.8%	-1.0%	-0.1%	4.8%	-2.1%	0.4%
Gross margin before special items	43.9%	47.3%	46.3%	46.9%	45.2%	46.5%
EBITDA margin before special items	16.1%	24.3%	23.4%	24.5%	17.2%	22.6%
Free cash flow before acquisitions	156	604	275	177	-126	931
North America Online & Retail						
Net sales	619	740	743	840	650	2,973
Gross profit before special items	252	286	292	331	255	1,164
EBITDA before special items	74	99	109	152	81	441
Net sales growth	-4.9%	0.2%	-0.2%	13.6%	8.1%	5.3%
Organic net sales growth	-9.6%	-2.4%	-0.9%	12.1%	9.2%	4.2%
Gross margin before special items	40.8%	38.6%	39.3%	39.4%	39.2%	39.1%
EBITDA margin before special items	11.9%	13.4%	14.6%	18.1%	12.5%	14.8%
North America Branded & RoW						
Net sales	668	870	837	751	681	3,139
Gross profit before special items	330	445	418	391	340	1,595
EBITDA before special items	210	342	302	275	211	1,130
Net sales growth	-2.0%	17.1%	3.5%	-2.9%	-5.4%	3.1%
Organic net sales growth	-13.0%	3.5%	-4.8%	-3.5%	-6.1%	-2.6%
Gross margin before special items	49.5%	51.2%	50.0%	52.0%	50.0%	50.8%
EBITDA margin before special items	31.4%	39.3%	36.1%	36.6%	31.2%	36.0%
Europe Branded						
Net sales	687	848	850	775	617	3,090
Gross profit before special items	284	431	416	388	286	1,520
EBITDA before special items	66	183	189	193	83	649
Net sales growth	11.4%	6.9%	18.8%	8.8%	-3.8%	7.9%
Organic net sales growth	-3.7%	-4.2%	5.8%	6.1%	-7.7%	0.1%
Gross margin before special items	41.3%	50.8%	48.9%	50.0%	46.3%	49.2%
EBITDA margin before special items	9.6%	21.6%	22.3%	24.9%	13.8%	21.0%
Group costs						
EBITDA before special items	-32	-28	-33	-40	-40	-141

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today considered and approved the Interim Report of Scandinavian Tobacco Group A/S for the period 1 January – 31 March 2025.

The interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for listed companies. The interim report has not been reviewed or audited.

In our opinion, the interim consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position as at 31 March 2025 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 2025.

Furthermore, in our opinion this company announcement gives a fair review of the development and performance of the Group's activities and of the Group's results for the period and financial position taken as a whole, together with a description of the most significant risks and uncertainties that the Group may face.

Gentofte, 20 May 2025

EXECUTIVE MANAGEMENT

Niels Frederiksen CEO	Marianne Rørslev Bock CFO

BOARD OF DIRECTORS

Henrik Brandt CHAIRMAN	Anders C. Obel	Dianne Neal Blixt
Ricardo Cesar De Almeida Oberlander	Jörg Biebernick	Marlene Forsell
Karsten Dam Larsen	Thomas Thomsen	Mark Draper

CONSOLIDATED STATEMENT OF INCOME

1 JANUARY - 31 MARCH

DKK million	Note	Q1 2025	Q1 2024
INCOME STATEMENT			
Net sales	**2**	**1,973.7**	**1,948.3**
Cost of goods sold	2	-1,107.0	-1,067.1
Gross profit before special items	**2**	**866.7**	**881.2**
Other external costs	2	-285.9	-295.7
Staff costs	2	-274.9	-254.3
Other income		11.1	3.6
Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)	2	**317.0**	**334.8**
Depreciation and impairment		-63.0	-53.1
Earnings before interest, tax, amortisation and special items (EBITA before special items)		**254.0**	**281.7**
Amortisation and impairment		-48.3	-43.9
Earnings before interest, tax and special items (EBIT before special items)		**205.7**	**237.8**
Special items, costs and impairment	3	-69.8	-29.8
Earnings before interest and tax (EBIT)		**135.9**	**208.0**
Share of profit of associated companies, net of tax		3.9	5.1
Financial income		16.1	15.0
Financial costs		-89.0	-69.2
Profit before tax		**66.9**	**158.9**
Income taxes		-15.4	-34.1
Net profit for the period		**51.5**	**124.8**
Earnings per share			
Basic earnings per share (DKK)		0.7	1.5
Diluted earnings per share (DKK)		0.7	1.5
STATEMENT OF COMPREHENSIVE INCOME			
Net profit for the period		**51.5**	**124.8**
OTHER COMPREHENSIVE INCOME			
Items that will be recycled subsequently to the Consolidated Statement of Income, when specific conditions are met:			
Foreign exchange adjustments on net investments in foreign operations		-200.7	123.0
Other comprehensive income for the period, net of tax		**-200.7**	**123.0**
Total comprehensive income for the period		**-149.2**	**247.8**

Net sales

In the first quarter of 2025, net sales were DKK 1,974 million (DKK 1,948 million). Adjusted for a positive exchange rate impact of DKK 31 million and acquisitions of DKK 183 million, the organic growth in net sales was negative by 8.8%, primarily driven by North America Branded & Rest of World and North America Online & Retail, but also Europe Branded delivered negative organic growth in net sales.

Profit

Gross profit before special items for the first quarter of 2025 was DKK 867 million (DKK 881 million) mainly driven by negative mix and cost increases. Gross margin before special items decreased to 43.9% (45.2%).

Operating expenses for the first quarter of 2025 increased by 2% compared to the same quarter last year and stood at DKK 561 million (DKK 550 million). The OPEX ratio increased to 28.4% (28.2%).

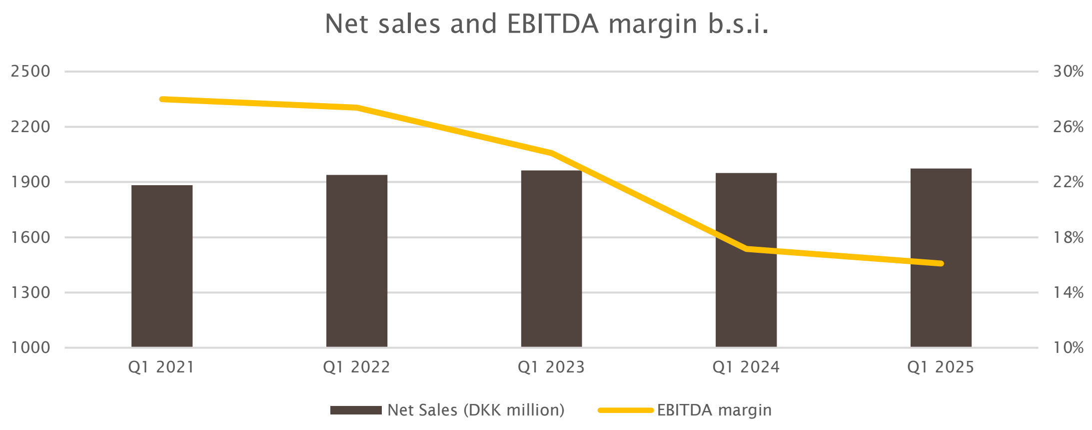
EBITDA before special items for the first quarter of 2025 amounted to DKK 317 million (DKK 335 million). The development is mainly explained by the lower gross profit and the slightly increased OPEX ratio.

EBITDA margin before special items for the first quarter of 2025 was 16.1% (17.2%).

During the quarter DKK 70 million (DKK 30 million) have been expensed as special items, mainly relating to the ERP implementation project, OneProcess, and integration costs for the Mac Baren acquisition. For further details, refer to note 3.

Net profit for the first quarter of 2025 was DKK 52 million (DKK 125 million). Earnings Per Share (EPS) were DKK 0.7 (DKK 1.5). Earnings Per Share adjusted for special items, fair value adjustments and currency gains/losses, net of tax stood at DKK 1.5 (DKK 1.8).

First Quarter Development, 2021-2025



CONSOLIDATED BALANCE SHEET

ASSETS

DKK million	31 Mar 2025	31 Mar 2024	31 Dec 2024
INTANGIBLE ASSETS			
Goodwill	5,303.6	5,301.8	5,409.9
Trademarks	3,165.9	3,211.8	3,224.1
IT software	150.9	70.0	65.3
Other intangible assets	385.3	396.3	400.0
Intangible assets under development	128.5	190.8	215.5
Total intangible assets	**9,134.2**	**9,170.7**	**9,314.8**
PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	1,969.4	1,851.0	2,066.5
Investments in associated companies	252.9	241.7	261.9
Deferred income tax assets	105.0	94.1	129.8
Total non-current assets	**11,461.5**	**11,357.5**	**11,773.0**
Inventories	3,676.4	3,508.9	3,478.2
Trade receivables	1,072.0	998.5	1,213.7
Other receivables	126.2	97.0	207.0
Corporate tax	145.5	131.4	97.4
Prepayments	159.9	132.2	174.6
Cash and cash equivalents	13.5	103.3	160.1
Assets classified as held for sale	36.3	-	-
Total current assets	**5,229.8**	**4,971.3**	**5,331.0**
Total assets	**16,691.3**	**16,328.8**	**17,104.0**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES

DKK million	31 Mar 2025	31 Mar 2024	31 Dec 2024
Share capital	86.0	87.0	86.0
Reserve for currency translation	891.0	888.4	1,091.7
Treasury shares	-787.8	-305.1	-787.8
Retained earnings	8,881.5	8,851.4	8,827.1
Total equity	**9,070.7**	**9,521.7**	**9,217.0**
Borrowings	3,413.3	3,834.7	3,710.6
Deferred income tax liabilities	732.3	717.5	742.3
Pension obligations	209.8	198.3	213.7
Other provisions	16.4	18.0	16.4
Lease liabilities	318.3	311.7	337.3
Other liabilities	33.1	47.0	32.5
Total non-current liabilities	**4,723.2**	**5,127.2**	**5,052.8**
Borrowings	1,251.5	-	1,247.8
Credit facilities	-	183.0	-
Trade payables	438.8	487.9	383.6
Corporate tax	51.1	131.1	85.1
Other provisions	44.1	18.6	46.9
Lease liabilities	63.9	56.5	73.4
Other liabilities	1,048.0	802.8	997.4
Total current liabilities	**2,897.4**	**1,679.9**	**2,834.2**
Total liabilities	**7,620.6**	**6,807.1**	**7,887.0**
Total equity and liabilities	**16,691.3**	**16,328.8**	**17,104.0**

Net interest-bearing debt

Net interest-bearing debt decreased by DKK 179 million to DKK 5,244 million versus the end of 2024. The leverage ratio (net interest-bearing debt to LTM EBITDA before special items) was 2.5x compared to 2.6x at 31 December 2024.

Return on Invested Capital

The return on invested capital (ROIC) was 8.8% versus 9.4% by the end of 2024, explained mainly by a DKK 72 million reduction in EBIT (12 months rolling) and driven by the operational performance. Invested capital was stable and stood at DKK 14.8 billion (DKK 14.7 billion end of 2024).

CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY - 31 MARCH

DKK million	**Q1 2025**	**Q1 2024**
Net profit for the period	51.5	124.8
Depreciation, amortisation and impairment	111.3	97.0
Adjustments	158.6	100.8
Changes in working capital	41.2	-252.2
Special items, paid	-66.7	-23.9
Cash flow from operating activities before financial items	**295.9**	**46.5**
Financial income received	8.0	9.3
Financial costs paid	-38.3	-43.6
Cash flow from operating activities before tax	**265.6**	**12.2**
Tax payments	-88.3	-83.2
Cash flow from operating activities	**177.3**	**-71.0**
Acquisitions	-4.3	-37.3
Investment in intangible assets	-4.6	-7.6
Investment in property, plant and equipment	-22.5	-49.9
Sale of property, plant and equipment	2.4	-
Dividend from associated companies	3.5	3.0
Cash flow from investing activities	**-25.5**	**-91.8**
Free cash flow	**151.8**	**-162.8**
Repayment of lease liabilities	-23.7	-17.8
RCF and bank loan	-270.0	159.6
Repayment bank loans	-1.1	-1.0
Purchase of treasury shares	-	-157.6
Cash flow from financing activities	**-294.8**	**-16.8**
Net cash flow for the period	**-143.0**	**-179.6**
Cash and cash equivalents, net at 1 January	160.1	99.6
Exchange gains/losses on cash and cash equivalents	-3.6	0.3
Net cash flow for the period	-143.0	-179.6
Cash and cash equivalents, net at 31 March	**13.5**	**-79.7**

Cash flow

Cash flow from operations before changes in working capital in the first quarter of 2025 was DKK 136 million (DKK 181 million). The development was mainly driven by higher special item payments. Changes in working capital in the first quarter of 2025 had a positive impact on the cash flow of DKK 41 million (DKK -252 million) mainly due to a decreased level of trade receivables and higher liabilities partly offset by an increase in inventories.

Cash flow from investing activities in the first quarter of 2025 amounted to DKK -26 million (DKK -92 million). The first quarter of 2025 was mainly impacted by investments in property, plant and equipment.

Cash flow from financing activities in the first quarter of 2025 amounted to DKK -295 million (DKK -17 million). The first quarter of 2025 was mainly impacted by repayment on the RCF.

Free cash flow before acquisitions in the first quarter of 2025 was positive by DKK 156 million (DKK -126 million). The cash conversion ratio was 139% (21%).

STATEMENT OF CHANGES IN GROUP EQUITY

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

Equity

Total shareholders' equity amounted to DKK 9,071 million on 31 March 2025 (DKK 9,217 million on 31 December 2024). The equity was negatively impacted by foreign exchange adjustments on net investments in foreign operations being only partly offset by the positive impact from profit for the period. As of 31 March 2025, the equity ratio was 54.3% (53.9% on 31 December 2024).

STATEMENT OF CHANGES IN GROUP EQUITY (continued)

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
Equity at 1 January 2024	**87.0**	**765.4**	**-141.4**	**8,723.0**	**9,434.0**

Comprehensive income for the period					
Net profit for the period	**-**	**-**	**-**	**124.8**	**124.8**
Other comprehensive income					
Foreign exchange adjustments on net investments in foreign operations	-	123.0	-	-	**123.0**
Total other comprehensive income	**-**	**123.0**	**-**	**-**	**123.0**
Total comprehensive income for the period	**-**	**123.0**	**-**	**124.8**	**247.8**
Transactions with shareholders					
Purchase of treasury shares	-	-	-163.7	-	**-163.7**
Share-based payments	-	-	-	3.6	**3.6**
Total transactions with shareholders	**-**	**-**	**-163.7**	**3.6**	**-160.1**
Equity at 31 March 2024	**87.0**	**888.4**	**-305.1**	**8,851.4**	**9,521.7**

NOTES

NOTE 1

BASIS OF PREPARATION

The interim consolidated financial statements for the first three months of 2025, ending 31 March 2025, has been prepared in accordance with IAS 34, Interim Financial Reporting, and additional Danish disclosure requirements for listed companies.

The interim consolidated financial statements do not include all the information and disclosures as required for the annual financial statements and should therefore be read in conjunction with the information and disclosures given in the Group's Annual Report for 2024.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in preparation of Group's Annual Report for 2024, except for the adoption of new and amended accounting standards effective as of 1 January 2025.

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

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

Significant accounting estimates

The estimates made by STG in the determination of the carrying amounts of assets and liabilities are based on assumptions that are subject to future events. For a description of risks and accounting estimates, see the Annual Report for 2024.

NOTE 2

SEGMENT INFORMATION AND NET SALES

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
Gross profit before special items	**252.2**	**330.3**	**284.2**	**-**	**866.7**
Staff and other external costs	-178.7	-131.8	-218.2	-32.1	-560.8
Other income	-	11.1	-	-	11.1
EBITDA before special items	**73.5**	**209.6**	**66.0**	**-32.1**	**317.0**
Depreciation and impairment				-63.0	-63.0
Amortisation and impairment				-48.3	-48.3
EBIT before special items				**-143.4**	**205.7**
Special items, costs and impairment				-69.8	-69.8
EBIT				**-213.2**	**135.9**
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
Profit before tax				**-282.2**	**66.9**

SEGMENT INFORMATION AND NET SALES (continued)

3M 2024 DKK million	**North America Online & Retail**	**North America Branded & RoW**	**Europe Branded**	**Group costs / not allo-cated**	**Total**
Net sales	650.3	681.2	616.8	-	1,948.3
Cost of goods sold	-395.1	-340.7	-331.3	-	-1,067.1
Gross profit before special items	**255.2**	**340.5**	**285.5**	**-**	**881.2**
Staff and other external costs	-174.2	-131.7	-200.6	-43.5	-550.0
Other income	-	3.6	-		3.6
EBITDA before special items	**81.0**	**212.4**	**84.9**	**-43.5**	**334.8**
Depreciation and impairment				-53.1	-53.1
Amortisation and impairment				-43.9	-43.9
EBIT before special items				**-140.5**	**237.8**
Special items, costs and impairment				-29.8	-29.8

EBIT	**-170.3**	**208.0**
Share of profit of associated companies, net of tax	5.1	5.1
Financial income	15.0	15.0
Financial costs	-69.2	-69.2
Profit before tax	**-219.4**	**158.9**

DKK million	**3M 2025**	**3M 2024**
Category split, net sales		
Handmade cigars	672.7	716.3
Machine-rolled cigars & Smoking Tobacco	1,011.2	914.2
Next Generation Products	79.7	97.6
Other	210.1	220.2
Total net sales	**1,973.7**	**1,948.3**

License income and other sales of DKK 16.0 million (DKK 3.6 million) are included in the category 'Machine-rolled cigars & Smoking Tobacco'. License income and other sales of DKK 8.5 million (DKK 15.9 million) are included in the category 'Other'.

DKK million	**3M 2025**	**3M 2024**
Geographical split, net sales		
Americas	1.023.0	1,086.2
Europe	853.6	768.4
Rest of World	97.1	93.7
Total net sales	**1.973.7**	**1.948.3**

NOTE 3

SPECIAL ITEMS

DKK million	**3M 2025**	**3M 2024**
Integration and transaction costs (Mac Baren)	26.2	-
One Commercial Organisation	4.3	9.1
Solution Delivery Organisation	5.2	
OneProcess	34.1	20.7
Total special items	**69.8**	**29.8**

NOTE 4

BUSINESS COMBINATIONS

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

The disclosure for the business combination is considered provisional and can be changed up until 30 June 2025.

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

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

Fair value of acquired net assets
Net assets are provisional and may be adjusted and off-balance sheet items may be recorded within the 12 months period of the acquisition date in compliance with IFRS 3.

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

NOTE 4

BUSINESS COMBINATIONS (continued)

DKK million	**Provisional fair value at date of acquisition**
Trademarks	81.6
Other intangible assets	19.8
Property, plant and equipment	109.5
Right-of-use assets	29.9
Deferred income tax assets	30.2
Inventories	249.5
Trade receivables	161.3
Other Receivables	1.9
Corporate tax	1.0
Prepayments	3.1
Total assets	**687.8**
Deferred income tax liabilities	25.0
Trade payables	83.8
Corporate tax	2.9
Lease liabilities	29.9
Other liabilities	92.3
Total liabilities	**233.9**
Acquired net assets	**453.9**
Acquisition (cash flow)	**453.9**
Cash and cash equivalents in acquired business	37.1
Consideration transferred	**491.0**