



2024 REMUNERATION REPORT

Scandinavian Tobacco Group A/S

CVR 31 08 01 85
Sandtoften 9
2820 Gentofte
Denmark



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FIND OUT MORE

ANNUAL REPORT

Our 2024 Annual Report addresses our financial performance, strategic execution and other important aspects of our business operations.

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SECTION 1
INTRODUCTION

This remuneration report (Remuneration Report) is an overview of the total remuneration received by each member of the Board of Directors (BoD) and of the Executive Management of Scandinavian Tobacco Group A/S, CVR no. 31 08 01 85, (the Company) for the 2024 financial year, and for previous financial years where it is relevant. Reference to the “Executive Management” in the Remuneration Report means the members of management of the Company registered as such with the Danish Business Authority (in Danish: Erhvervsstyrelsen).

The Remuneration Report has been prepared in accordance with section 139b of the Danish Companies Act (in Danish: Selskabsloven) and the Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance

(in Danish: Komitéen for god Selskabsledelse). It will be presented to shareholders for an advisory vote (in Danish: vejledende afstemning) at the 2025 Annual General Meeting.

Contained in the Remuneration Report are values derived from the Company’s audited annual reports for 2020 to 2024; an explanation is provided in the relevant sections of the Remuneration Report where there are variations in reported values based on the application of different calculation methodologies or accounting treatment.

The Company’s Remuneration Report 2023 was approved on an advisory vote without changes at the 2024 Annual General Meeting.



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SECTION 2
REMUNERATION GOVERNANCE

2.1 OVERALL OBJECTIVES

The Company operates on a global scale in a highly competitive, niche industry sector – one which is undergoing rapid change through aspects such as regulation, societal attitudes, consumer behaviour, and new technology. It is therefore critical that the Company’s remuneration arrangements:

- attract and retain high calibre, experienced and qualified individuals to its Board of Directors and Executive Management;
- incentivise Executive Management to deliver the Company’s strategic ambitions, and do so in a way which creates sustained shareholder value
- reward Executive Management appropriately for achieving core short- and long-term business goals, and
- focus Executive Management on managing and growing the Company to ensure its continued sustainability, and in a way which aligns with shareholders’ and stakeholders’ interests.

2.2 THE REMUNERATION POLICY

The Company’s remuneration policy (Remuneration Policy) is a framework around which the contractual terms and compensation of the Board of Directors and the Executive Management are set, reviewed and managed. It is designed to meet the objectives listed in 2.1 above, in addition to aligning with the Company’s strategy and suitably reflecting shareholders’ interests. The Remuneration Policy was adopted by the Annual General Meeting on 4 April 2024. The Remuneration Policy meets the requirements of section 139 and 139a of the Danish Companies Act (in Danish Selskabsloven), and reflects prevailing standards of Danish good corporate governance.

The Remuneration Policy is available on the Company’s website, st-group.com.

2.3 THE REMUNERATION COMMITTEE AND ITS ACTIVITIES IN 2024

The remuneration of the Board of Directors and Executive Management is overseen by a committee of the Board of Directors known as the Remuneration Committee. The Remuneration Committee’s objective is, among other things, to improve the quality of the Board of Directors’ work. It does this by contributing to the preparation of decisions the Board of Directors takes on the drawing up, implementation and pursuit of the Remuneration Policy. It is responsible for recommending the adoption of an annual remuneration report to the Board of Directors before presentation of the report at the Annual General Meeting.

The Remuneration Committee discharges its responsibilities in accordance with the Remuneration Policy and its Rules of Procedure, which are also available at st-group.com.

In carrying out its duties and making proposals to the Board of Directors, the Remuneration Committee will take account of statutory requirements, prevailing corporate governance standards, best practice and the feedback from shareholders and other relevant third parties.

Members of the Remuneration Committee are Henrik Brandt (chair), Dianne Neal Blixt and Anders C. Obel. The Committee had four ordinary meetings during the year.

In addition to the normal activities connected to the monitoring, reviewing and determination of the remuneration of the Company’s Board of Directors and Executive Management, the Remuneration Committee considered in 2024;

- incentive design in a volatile market environment
- market trends and the future direction of executive remuneration
- reviewing the peer group companies used for market benchmark



In making its recommendations to the Board of Directors during the year, the Remuneration Committee received advice and information from external advisors and members of management including the Chief HR Officer and Group General Counsel. The CEO participated in meetings of the Remuneration Committee based on invitations.

In 2024, there has not been any dialogue between the Company and its shareholders concerning the remuneration of the Company’s Board of Directors and Executive Management. There were no instances of temporary Remuneration Policy exceptions (for individual extraordinary cases) or the awarding of exceptional recruitment remuneration.

2.4 CLAWBACK

The Company had no cause to claw back remuneration in the year or otherwise offset remuneration, as is permitted under the Remuneration Policy for reasons of material and manifest misstatement of data or accounts, miscalculation or other error, or bad faith.

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SECTION 3

OVERVIEW OF 2024 FINANCIAL AND OPERATIONAL PERFORMANCE

In 2024 Scandinavian Tobacco Group made substantial progress in its strategy Rolling Towards 2025, with the financial performance being in line with the expectations announced at the beginning of 2024 and updated in November with the impact of the Mac Baren acquisition.

Key business highlights include the creation of One Commercial Organization, the acquisition of Mac Baren Tobacco Company (Mac Baren), continued progress in our sustainability agenda Rolling Responsibly, the opening of three Cigars International retail super-stores in the US and the opening of three Club Macanudo concept stores, two in Asia and one in the US.

The creation of a new commercial organization was announced in March and was completed by the end of the second quarter of the year. The One Commercial Organization will enable us to better prioritise and re-allocate resources to where the growth opportunities are, as well as make faster decisions. With the establishment of the new organization, we intensified the focus on the three main product categories, Handmade Cigars, Machine Rolled Cigars & Smoking Tobacco and Next Generation Products.

Mac Baren was acquired with effect from 1 July 2024 at a transaction value of DKK 535 million, paid in cash. Mac Baren is a leading global smoking tobacco company, which includes a strong portfolio of pipe tobacco brands, fine-cut tobacco brands and brands within the nicotine pouch category. The combination of Scandinavian Tobacco Group and Mac Baren is expected to deliver cost synergies in the level of DKK 150 million when fully integrated and will be accretive to group return on invested capital.

During 2024, the Group delivered further progress in its sustainability ambitions as expressed in the sustainability agenda, Rolling Responsibly, including, the reduction of its scope 1 & 2 emissions by 7.7% compared with 2023 and by 28.8% compared with the 2020 baseline (both figures excluding Mac Baren). As well as having the emission reduction targets validated by the

Science Based Targets initiative across Scope 1, 2 & 3 for Green House Gas (GHG) emissions.

Financial performance 2024

The Group reported net sales increased by 5.4% in 2024 to DKK 9.2 billion. The increase in reported net sales was impacted by 4.9% due to acquisitions, with the impact from exchange rate developments at close to zero. The organic growth in net sales was 0.4%.

The Group's organic net sales performance was impacted by -2% from Machine-Rolled Cigars & Smoking Tobacco and 26% from Next Generation Products, whereas the product category Handmade Cigars delivered 1% organic net sales growth. Measured by our reporting divisions, the organic net sales performance was driven by 0.1% growth in Europe Branded (EUB) and 4.2% in North America Online & Retail (NAOR), while North America Branded & Rest of World (NABROW) by -2.6%.

Net sales from the Growth Enablers accounted for 10% of Group net sales in 2024, including an almost 2% impact from a third-party distribution contract, which was discontinued at the end of the second quarter of 2024. The Growth Enablers accounted for 8% of Group net sales in the full-year 2023, which included about 1% of net sales from the above-mentioned third-party distribution agreement.

The EBITDA margin before special items decreased to 22.6% (24.1%). The margin decreased in all three reporting divisions compared to last year. The lower Group margin is primarily driven by investments in regaining our positions in machine-rolled cigars, continued investments in our NGP category and the inclusion of Mac Baren.

Special items were DKK -279 million primarily relating to the Group's ERP implementation programme, One Process, the reorganisation to

One Commercial Organization and the Mac Baren acquisition.

Net profit was DKK 940 million (DKK 1,182 million) with Adjusted Earnings Per Share of DKK 13.7 (DKK 14.4).

The Group's free cash flow before acquisitions was DKK 931 million (DKK 1,053 million). The development is negatively impacted by the operational performance as well as changes in working capital, which was negative by DKK 138 million in 2024 compared with negative DKK 37 million in 2023.

The Group's leverage ratio was 2.6 times versus 1.9 times by the end of 2023. The ROIC was 9.4% (11.4%) reflecting the financial performance and an increase in the net debt driven by the acquisition of Mac Baren and capital allocations.

During the year, the Group repurchased 7.2m treasury shares at a total value of DKK 765 million as part of the up to DKK 850 million share buy-back programme which was launched November 2023 and completed in November 2024.

By the end of the year Scandinavian Tobacco Group owned a total of 7.3 million treasury shares, corresponding to 8.4% of the total share capital.

The capital distribution to shareholders, including the ordinary dividend payment of DKK 710 million in April, amounts to DKK 1.5 billion during 2024.

In September 2024 Scandinavian Tobacco Group A/S issued 5-year senior unsecured notes for a principal amount of EUR 300 million with maturity in September 2029 and with a coupon of 4.875%. Moody's Investor Services assigned the bond a rating of Baa3, in line with the rating of Scandinavian Tobacco Group A/S.

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SECTION 4

REMUNERATION OF THE BOARD OF DIRECTORS

4.1 REMUNERATION POLICY SUMMARY

Members of the Board of Directors receive an annual cash fee. Ordinary board members receive a fixed, base fee while the Chairman and Vice-chairman receive multiples thereof. Additional fixed annual fees are paid to those who chair or attend a board committee to reflect these supplementary duties and time commitment. The Company may pay and cover social security charges and similar taxes imposed by foreign authorities in relation to Board members’ fees and may reimburse travel and other expenses related to the performance of their duties. In connection with their roles, members of the Board of Directors do not

receive incentive-based remuneration, retirement benefits, retention or termination payments. With prior or subsequent shareholder approval, Board members may receive supplementary fixed remuneration to compensate for additional time commitment or in order to carry out ad hoc duties outside of their normal remit.

Subject to certain restrictions and conditions, the Company may indemnify and hold harmless any member of the Board of Directors from and against any claims raised by any third party arising out of such director's discharge of his/her duties.

TABLE 1. FEE STRUCTURE

DKK thousand	2024		2021-2023		2020	
	Annual Fee	Base Fee Multiple	Annual Fee	Base Fee Multiple	Annual Fee	Base Fee Multiple
Chairman of the Board of Directors	1,320	3x	1,320	3x	1,200	3x
Vice-chairman of the Board of Directors ¹	880	2x	880	2x	800	2x
Ordinary member (base fee)	440	-	440	-	400	-
Chairman of						
Audit Committee	330	0.75x	330	0.75x	300	0.75x
Remuneration Committee	220	0.50x	110	0.25x	100	0.25x
Nomination Committee	220	0.50x	110	0.25x	100	0.25x
Ordinary member of						
Audit Committee	165	0.375x	165	0.375x	150	0.375x
Remuneration Committee	110	0.25x	55	0.125x	50	0.125x
Nomination Committee	110	0.25x	55	0.125x	50	0.125x

1. The Board did not have a Vice-chairman in 2024

4.2 REMUNERATION

At the Annual General Meeting held on 4 April 2024, shareholders approved the fees for 2024 set out in Table 1. The base fee remained unchanged from the financial year 2023 at DKK 440,000 per annum. The shareholders also re-elected Henrik Brandt, Henrik Amsinck, Dianne Blixt, Marlene Forsell and Anders Obel and elected Jörg Biebernick as members of the Board of Directors. Claus Gregersen had decided not to stand for re-election.

In 2024, members of the Board of Directors and the board committees received fixed annual fees in the aggregate amount of DKK 6.5 million (2023: DKK 6.0 million). The fees each serving member received for the year are provided in Table 2.

The Board has authorized Henrik Amsinck, the Board member with special IT competences, to perform a specific ad hoc task in relation to the Company's project “OneProcess” (global roll out of ERP SAP S/4HANA). As of 1 July 2022 and for the duration of the task, Henrik Amsinck receives a separate supplementary remuneration equal to 25% of the base fee.

During the year, the Company additionally paid social security charges and similar taxes imposed by foreign authorities in relation to the Board members’ fees of DKK 0.2 million (2023: DKK 0.2 million).

TABLE 2. REMUNERATION OF THE BOARD OF DIRECTORS FOR THE 2024 FINANCIAL YEAR

DKK thousand	Base Fee	Committees	Supplementary remuneration	Total
Henrik Brandt, Chairman	1,320	440	-	1,760
Dianne Neal Blixt	440	385	-	825
Anders C. Obel	440	206	-	646
Claus Gregersen ¹	115	57	-	172
Jörg Biebernick ²	325	122	-	447
Marlene Forsell	440	330	-	770
Henrik Amsinck ³	440	-	110	550
Thomas Thomsen	440	-	-	440
Mark Kristen Draper	440	-	-	440
Karsten Dam Larsen	440	-	-	440
Total	4,840	1,540	110	6,490

1. Shareholder-elected Board member, not re-elected in 2024

2. Shareholder-elected Board member elected in 2024

3. Received supplementary remuneration for performance of ad hoc task, as noted in section 4.2.

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SECTION 5

REMUNERATION OF THE EXECUTIVE MANAGEMENT

5.1 REMUNERATION POLICY SUMMARY

Members of the Executive Management receive a total compensation package which is designed to align with the Company’s strategy and suitably reflect shareholders’ interests. It consists of a fixed annual base salary, benefits, a short-term incentive and a long-term incentive. The combination of these various components aims to create a balanced package – one which reflects the performance of both the Company and the individual executive, as well as their respective scope. The remuneration components are set at a level to be market competitive and, in the case of incentives, reflect different performance scenarios.

As is common in Denmark for executive positions, the current members of the Executive Management receive an annual base salary which is inclusive of a Company-provided pension allowance. In addition, they receive contractual employment benefits or a cash-equivalent amount, aligned with local market practice. They do not receive remuneration connected to any Company-related entities other than the Company.

A significant proportion of the Executive Management’s remuneration is in the form of variable pay, ensuring their reward is linked to business performance. The short-term incentive gives focus to the Company’s annual priorities and is intended to contribute to the execution of strategy. The long-term incentive links the reward of the Executive Management with performance of the organisation on a longer-term time horizon, taking into consideration the Company’s long-term

sustainability. The long-term incentive is also designed to strengthen the executives’ retention through the issue of annual rolling grants which are performance based. Shares in the Company are awarded which aims to ensure a high degree of alignment of the executives’ interests with those of shareholders.

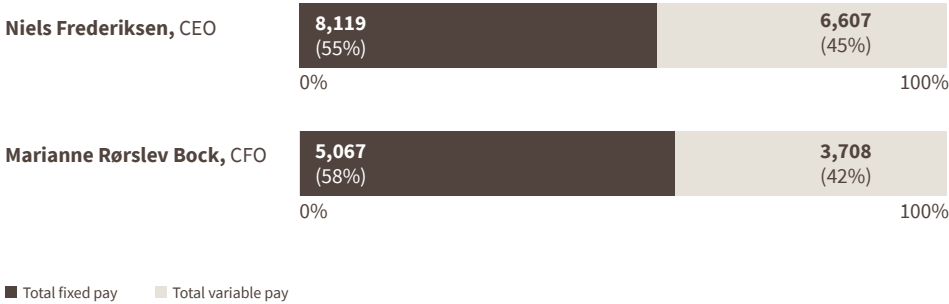
Remuneration can be clawed back for reasons of material and manifest misstatement of data or accounts, miscalculation or other error, or bad faith. The Board of Directors also has the right to make proportionate adjustments by offsetting other forms of remuneration, including salary, bonuses yet to be paid and unvested PSUs if any of these circumstances have occurred.

TABLE 3. REMUNERATION OF THE EXCEUTIVE MANAGEMENT FOR THE 2024 FINANCIAL YEAR

DKK thousand	Base Salary	Benefits	Short-term Incentive Programme ¹	Long-term Incentive Programme ²	Total Remuneration	Exceptional Compensation ³	Total Remuneration, including Exceptional Compensation
Niels Frederiksen, CEO	7,867	252	3,484	3,123	14,726	6,126	20,852
Marianne Rørslev Bock, CFO	4,877	190	2,160	1,549	8,776	-	8,776
Total	12,744	442	5,644	4,673	23,502	6,126	29,628

1. Bonus earned for 2024 to be paid in Q1, 2025.
2. Fair value of the PSUs granted under the 2024-2026 LTIP cycle as at the grant date in May 2024.
3. A buy-out payment made in connection with the abolition of a contractual early retirement plan as noted in section 5.7.

TABLE 4. PROPORTION OF FIXED AND VARIABLE PAY, EXCLUDING EXCEPTIONAL COMPENSATION
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5.2 TOTAL REMUNERATION IN 2024

In 2024, the Executive Management consisted of the Chief Executive Officer (“CEO”), Niels Frederiksen, and the Chief Financial Officer (“CFO”), Marianne Rørslev Bock. There were no changes in the composition of the Executive Management during the year.

5.3 ANNUAL BASE SALARY AND BENEFITS

The annual base salaries of the CEO and the CFO were reviewed during the year in accordance with the principles and process contained in the Remuneration Policy. The effective date of the normal annual review cycle is 1 January to align with the performance cycle of the incentive programmes and the financial year of the Company.

The CEO’s annual base salary increased by 3.5% (3.5% in 2023) and the CFO’s annual base salary increased by 3.5% (3.5% in 2023), aligned with the salary increase budget awarded to the Company’s employees in Denmark.

5.4 SHORT-TERM INCENTIVE PROGRAMME

For 2024, the Short-term Incentive Programme’s (“STIP”) three key performance indicators (“KPIs”) were (1) Group Reported Net Sales, (2) Group EBITDA Margin before special items and (3) Group Free Cash Flow before acquisitions and special items. These KPIs were selected by the Board of Directors for their relevance to annual profit and cash management performance as well as to the achievement of the Company’s strategy to become a bigger company. The maximum bonus payment that

the CEO and the CFO could have earned under the STIP was 60% of annual base salary. An on-target level of performance would have awarded a bonus payment of 30% of annual base salary. The Board of Directors determined that the performance of the KPIs had been achieved as summarised in Table 5. Accordingly, the CEO and CFO both achieved a bonus award of 44.3% of their respective annual base salaries, which is well within the maximum of the Remuneration Policy.

5.5 LONG-TERM INCENTIVE PROGRAMME

Under the Long-term Incentive Programme (“LTIP”), the CEO and CFO receive an annual grant of Performance Share Units (“PSUs”). No payment is due from the executives for the grant of a PSU. The size of their PSU grant is based on a percentage of their current annual base salary divided by the grant price (“Grant Price”). The Grant Price is normally the average price of the Company’s shares calculated over the ten trading days following the publication of the Company’s annual report in the grant year. The value of PSUs granted to an executive at the time of grant will not exceed 100% of the annual base salary then applicable, even assuming a maximum level of performance under the LTIP.

TABLE 5. PERFORMANCE OF THE STIP 2024

Key Performance Indicators	Weight	Performance Targets		Performance Outcome	
		On-target Performance	Maximum Performance	Actual¹	% Achievement of Maximum Performance
Group Reported Net Sales	30%	DKK 8,950m	DKK 9,100m	DKK 9,058m	86.0%
Group EBITDA Margin before special items	40%	23.0%	24.0%	22.9%	45.0%
Group Free Cash Flow before acquisitions and special items	30%	DKK 1,000m	DKK1,100m	DKK 1,116m	100.0%

1. The Board of Directors adjusted the calculated results to account for extraordinary events in 2024 and to ensure that the underlying performance was properly reflected (cf. Remuneration Policy, Section 4.4)

TABLE 6. STIP PERFORMANCE FROM 2019-2023

Performance Period	Performance Indicators		Performance Outcome: (% Achievement of Maximum Performance)
2019	Organic EBITDA growth	EBITDA impact from Fuelling the growth	68%
2020	Organic EBITDA growth	Free cash flow (DKKm)	100%
2021	Organic EBITDA growth	Free cash flow (DKKm)	100%
2022	Organic EBITDA growth	Free cash flow (DKKm)	Organic Net Sales growth1.5%
2023	Organic EBITDA growth	Free cash flow (DKKm)	Organic Net Sales growth0%



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If the Company distributes dividends to its shareholders during the performance period, the CEO and CFO will receive additional PSUs equivalent to the dividend that corresponds to the number of PSUs granted to them. This approach further aligns the executives’ interests with that of shareholders.

The vesting of shares under the PSUs is subject to fulfilment in part or in full of KPIs linked to the Company’s performance, which are usually measured over a performance period of three financial years. The number of shares, if any, to be allocated to each participant under the LTIP will be determined on the basis of the initial PSUs, with the addition of any granted dividend PSUs; these PSUs are adjusted by the performance in the performance period against a pre-defined KPI multiplier range (between 0.0 – 2.0). If performance is not reached at the defined threshold level, no shares will vest and no compensation in lieu of them will be provided if this occurs. No additional remuneration is made if a maximum target is exceeded.

2022-2024 performance cycle

In 2022, members of the Executive Management and other key executives were awarded PSUs subject to the fulfilment of four KPIs, Organic EBITDA Growth, ROIC growth, Adjusted EPS Growth and Sustainability which were measured over a three-year performance period from 2022 to 2024. The Board of Directors considered these KPIs to be core success measures in supporting the Company’s value creation.

The CEO and CFO received PSU grants equal to 45% and 35% of their annual base salaries, respectively. The grants were based on salaries as at 1 May 2022. The executives were granted additional dividend PSUs equivalent to the dividends distributed to the Company’s shareholders during the performance period.

Following the end of the 2024 financial year, the Board of Directors determined that the performance of the KPIs had been achieved as summarized in Table 7, with historical LTIP performance provided for context in Table 8. The Board of Directors applied a performance multiplier to the executives’ PSU awards granted under the 2022-2024 LTIP cycle, and 15% of these will vest in April 2025 as shown in Table 9.

2024-2026 performance cycle

In 2024, members of the Executive Management were awarded PSUs subject to the fulfilment of four KPIs; EBITDA margin, ROIC growth, Adjusted EPS growth, and Sustainability, measured over a three-year performance period from 2024 to 2026. The Board of Directors considers these KPIs to be core success measures in supporting the Company’s value creation.

EBITDA margin replaced the KPI “Organic EBITDA growth” used in previous LTIPs, reflecting the Company’s revised guidance metrics. The performance targets which apply to the four KPIs are commercially sensitive and therefore they will be disclosed only after the performance period has ended.

TABLE 7. PERFORMAMNCE OF THE LONG-TERM INCENTIVE PROGRAMME 2022-2024

Key Performance Indicators	Weight	Performance Targets		Performance Outcome	
		On-target Performance	Maximum Performance	Actual	% Achievement of Maximum Performance
Organic EBITDA growth	40%	4.0%	8.0%	-2.9%	0.0%
ROIC growth	25%	16.0%	18.0%	-13.1%	0.0%
Adjusted EPS growth	25%	12.0%	18.0%	-2.3%	0.0%
Carbon emission reduction	5%	13.8%	15.0%	26.1%	100.0%
Community pioneers	5%	N/A	N/A	N/A	50.0%

TABLE 8. HISTORIC PERFORMANCE UNDER THE LONG-TERM INCENTIVE PROGRAMME

Performance Period	Key Performance Indicators		Performance Outcome: (% Achievement of Maximum Performance)
2017-2019	Organic EBITDA growth	Inventory reduction	25%
2018-2020	Organic EBITDA growth	Cash conversion	100%
2019-2021	Organic EBITDA growth	Cash conversion	100%
2020-2022	Organic EBITDA growth	Cash conversion	81%
2021-2023	Organic EBITDA growth	Cash conversion	0%

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The CEO and CFO received PSU grants equal to 50% and 40% of their annual base salaries, respectively, for the performance period 2024-2026, as noted in Table 9. The grants were based on the executives' salaries as at 1 April 2024. The executives will be granted additional dividend PSUs equivalent to any dividends the Company distributes to its shareholders during the performance period.

The number of shares, if any, to be allocated to each participant under the LTIP will be determined on the basis of the initial PSUs, with the addition of any granted dividend PSUs; these PSUs are adjusted by the performance in the performance period against a pre-defined KPI multiplier range (between 0.0 and 2.0). If performance is not reached at the defined threshold level, no shares will vest and no compensation in lieu of them will be provided if this occurs. No additional remuneration is granted if a maximum target is exceeded. If performance is achieved between the multiplier range, a linear calculation will be applied to determine the vesting outcome.

5.6 CONTRACTUAL TERMS

The current members of the Executive Management have employment contracts which are ongoing (i.e. without a fixed term). The employment contracts of the CEO and the CFO may be terminated by the Company with 24 months' and 12 months' notice, respectively. The CEO and the CFO may terminate their position with 12 months' and 6 months' notice, respectively, to the Company.



TABLE 9. LONG-TERM INCENTIVE PROGRAMME INTERESTS

	Performance period	Grant date	Vesting Date ¹	Grant Price (DKK) ²	Number of PSUs Granted	Grant Value (DKK '000) ³	Number of Dividend PSUs granted in 2024 ⁴	Number of Dividend PSUs granted in prior years ⁵	Total Number of PSUs Vested ⁶	Total Number of PSUs Lapsed	Market Value of Shares at Vesting (DKK '000) ⁷
Niels Frederiksen, CEO	2024-2026	May-24	Q1 2027	122.70	32,199	3,951	2,086	-	-	-	-
	2023-2025	May-23	Q1 2026	131.63	25,986	3,421	1,653	2,024	-	-	-
	2022-2024	May-22	Q1 2025	138.14	23,924	3,305	1,604	1,291	4,326	-	-
	2021-2023	Jun-21	Q1 2024	123.42	23,802	2,938	1,684	2,669	-	-	-
	2020-2022	Jul-20	Q1 2023	87.89	32,745	2,878	-	6,838	63,729	-	8,552
Marianne Rørslev Bock, CFO	2024-2026	May-24	Q1 2027	122.70	15,968	1,959	1,006	-	-	-	-
	2023-2025	May-23	Q1 2026	131.63	12,529	1,649	797	976	-	-	-
	2022-2024	May-22	Q1 2025	138.14	11,535	1,593	773	623	2,086	-	-
	2021-2023	Jun-21	Q1 2024	123.42	10,744	1,326	760	1,205	-	-	-
	2020-2022	Jul-20	Q1 2023	87.89	14,746	1,296	-	3,079	28,698	-	3,851

- Any vesting of PSUs takes place following approval by the Board of Directors and generally takes place in Q1 of the financial year.
- The price used to set the number of PSUs in each grant is calculated as an average price of the Company's shares calculated over the ten trading days following the publication of the Company's annual report in the grant year.
- The face value of the PSU grant using the grant price, as described under note 2.
- PSUs equivalent to dividend on PSUs granted earlier, corresponds to dividend paid to shareholders.
- Dividend PSUs have been granted in respect of the current LTIP cycles every year of the performance periods.
- The vested and lapsed PSUs include both PSUs and dividend PSUs that were granted during the performance period.
- The value of the vested shares using the closing price of a share on the vesting date, being DKK 134.2 for the 2020-2022 cycle. The market value of the shares to vest under the 2022-2024 cycle will be reported in the 2025 Remuneration Report.

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Within 6-12 months after a change of control or delisting of the Company, the CEO may terminate his employment and he will be entitled to 24 months of remuneration as if he had been terminated by the Company. If the Company should wish to terminate the CFO within 18 months after a change of control or delisting of the Company, the CFO is entitled to a notice of 24 months.

In case the CEO or CFO would die while employed, their beneficiaries would be entitled to 6 months' base salary.

5.7 EXCEPTIONAL LEGACY COMPENSATION

In connection with the IPO in 2016, a contractual early-retirement plan was abolished, and the CEO was granted a total compensation of DKK 24.450 million based on an external evaluation. With this, the CEO was entitled to a buy-out payment split in three tranches, contingent upon his continued employment in the same position in the Company. The last tranche of DKK 6.126 million was paid on 1 January 2024, and the CEO is not entitled to any further payments related to the exceptional legacy arrangement.

The Company has accrued the CEO's compensation of DKK 24.450 million in increments in each financial year from 2016 to 2023, fully accrued at 31.12.2023 and paid out on 01.01.2024. The value of these annual accruals was reported in the annual reports prior to 2020 and, where produced, corresponding remuneration reports. From 2020 onwards, the disclosure of contingent cash compensation in the Company's remuneration reports will be made of the value actually paid to the executive for the year in which the payment was made.



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SHAREHOLDINGS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Members of the Executive Management are required to build a holding of shares in the Company, subject to terms determined by the Board of Directors and in accordance with the Remuneration Policy. The shareholding target levels are 100% and 50% of annual base salary for the CEO and the CFO, respectively.

TABLE 10. SHARES HELD BY THE BOARD OF DIRECTORS

	End of 2023	Changes during 2024		End of 2024	
	Number of Shares	Additions	Disposals	Number of Shares	Market Value (DKK '000) ²
Henrik Brandt	112,670	-	-	112,670	10.7
Dianne Neal Blixt	1,700	-	-	1,700	0.2
Anders Obel	20,270	-	-	20,270	1.9
Marlene Forsell	3,250	-	-	3,250	0.3
Henrik Amsinck	1,000	-	-1,000	-	-
Jörg Biebernck	-	-	-	-	-
Mark Draper ¹	200	-	-	200	0.0
Thomas Thomsen ¹	3,500	2,500	-	6,000	0.6
Karsten Dam Larsen ¹	600	1,000	--	1,600	0.2
Total	143,190	3,500	-1000	145,690	13.9

1. Employee-elected Board member, elected in 2023.
2. Based on closing share price of DKK 95.3 on 30 December 2024.

TABLE 11. SHARES HELD BY THE EXECUTIVE MANAGEMENT

	End of 2023	Changes during 2024		End of 2024		
	Number of Shares	Additions	Disposals	Number of Shares	Market Value (DKK '000) ²	Market Value (% of annual base salary) ³
Niels Frederiksen, CEO ¹	326,365	-	-	326,365	31,103	395%
Marianne Rørslev Bock, CFO ¹	71,372	-	-	71,372	6,802	139%
Total	397,737	-	-	397,737	37,904	-

1. Holding includes shares arising from the vesting of the Company's Long-term Incentive Programme.
2. Based on closing share price of DKK 95.3 on 30 December 2024.
3. As at 31 December 2024.



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REMUNERATION COMPARISONS

The tables in this section show the percentage change in remuneration provided to members of the Board of Directors and the Executive Management, on an actual and annualised basis, in comparison to other employees in the Company which is the parent company. For contextual purposes, a range of performance metrics is provided in Table 15.

The annualisation percentage is based on a theoretical full-year remuneration value where an individual received part-year remuneration for reasons such as an appointment or a departure. Over the time periods presented, there were changes in the composition of the Board of Directors but not the Executive Management.

All remuneration values are noted in DKK ‘000. They represent the actual values paid to members of the Board of Directors and the Executive Management in each year. The average employee remuneration values are derived from the annual staff costs figures reported in the Company’s annual reports.

TABLE 12. BOARD OF DIRECTORS SERVING IN 2024 – CHANGE IN TOTAL FEES (Base Fees and Committee Fees)

		2024	2023	2022	2021	2020
Henrik Brandt, Chairman	Fees	1,760	1,540	1,402	990	900
	Percentage change – actual / annualised	14%/14%	10%/56%	42%/10%	10%/13%	13%/0%
Dianne Neal Blixt ¹	Fees	825	715	687	605	550
	Percentage change – actual / annualised	15%/20%	4%/14%	14%/10%	10%/0%	0%/0%
Anders C. Obel ¹	Fees	646	605	564	440	400
	Percentage change – actual / annualised	7%/15%	7%/0%	28%/28%	10%/10%	0%/0%
Marlene Forsell	Fees	770	770	770	770	700
	Percentage change – actual / annualised	0%/0%	0%/0%	0%/0%	10%/10%	38%/0%
Claus Gregersen ¹	Fees	172	550	550	550	500
	Percentage change – actual / annualised	-69%/20%	0%/0%	0%/0%	10%/10%	-
Henrik Amsinck ²	Fees	550	550	495	313	-
	Percentage change – actual / annualised	0%/0%	11%/25%	58%/0%	-	-
Jörg Biebernick ³	Fees	447	0	0	0	0
	Percentage change – actual / annualised	-	-	-	-	-
Thomas Thomsen ⁴	Fees	440	314	0	0	0
	Percentage change – actual / annualised	40%/0%	-	-	-	-
Mark Kristen Draper ⁴	Fees	440	314	0	0	0
	Percentage change – actual / annualised	40%/0%	-	-	-	-
Karsten Dam Larsen ⁴	Fees	440	231	0	0	0
	Percentage change – actual / annualised	90%/0%	-	-	-	-
Aggregated fees for former serving Board members		-	436	1,885	3,575	3,250
Total fees received		6,490	6,025	6,353	7,243	6,300
Percentage change versus prior year		8%/2%	-5%/35%	-12%/10%	15%/-10%	2%/-5%

1. Due to change in committee member fees

2. Elected to the Board of Directors in April 2021.

3. Elected to the Board of Directors in April 2024

4. Employee-elected member of the Board of Directors elected in 2023.



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TABLE 13. EXECUTIVE MANAGEMENT SERVING IN 2024

Changes in fixed pay (base salary, benefits and any allowances)

		2024	2023	2022	2021	2020
Niels Frederiksen, CEO	Remuneration	8,119	7,864	7,606	7,595	7,478
	Percentage change – actual / annualised	3%/3%	3%/3%	0%/0%	2%/2%	2%/2%
Marianne Rørslev Bock, CFO	Remuneration	5,067	4,901	4,741	4,627	4,536
	Percentage change – actual / annualised	3%/3%	3%/3%	2%/2%	2%/2%	10%/10%
Total	Remuneration	13,186	12,765	12,347	12,222	12,014
	Percentage change versus prior year – actual / annualised	3%/3%	3%/3%	1%/1%	2%/2%	5%/5%

TABLE 14. EXECUTIVE MANAGEMENT SERVING IN 2024

Changes in total compensation (includes all forms of contingent pay plus changes in fixed pay (base salary, benefits and any allowances)

		2024	2023	2022	2021	2020
Niels Frederiksen, CEO ¹	Remuneration	20,852	10,997	11,176	20,314	14,192
	Percentage change – actual / annualised	90%/90%	-2%/-2%	-45%/-45%	43%/43%	19%/19%
Marianne Rørslev Bock, CFO	Remuneration	8,776	6,412	6,470	8,167	8,102
	Percentage change – actual / annualised	37%/37%	-1%/-1%	-21%/-21%	1%/1%	24%/24%
Total	Remuneration	29,628	17,409	17,646	28,481	22,294
	Percentage change versus prior year – actual / annualised	70%/70%	-1%/-1%	-38%/-38%	28%/28%	21%/21%

1. 2021 and 2024 remuneration values include a buy-out payment made in connection with the abolition of a contractual early retirement plan as noted on page 11.

TABLE 15. COMPARATIVE COMPANY PERFORMANCE AND EMPLOYEE INFORMATION

	2024	2023	2022	2021	2020
GROUP					
Net Sales growth	5.40%	-0.40%	6.40%	2.80%	19.20%
Organic Net Sales growth	0.40%	0.30%	-0.80%	4.50%	6.60%
Free Cash Flow before Acquisitions (DKK m)	931	1,053	1,264	1,393	1,394
Free cash flow before Acquisitions and special items (DKK m)	1,142	1,152	1,160	1,559	1,590
Organic EBITDA Growth	-4.5%	-5.0%	-3.50%	18.40%	14.00%
EBITDA before special items (DKK m)	2,079	2,106	2,270	2,233	1,826
Net profit (DKK m)	940	1,182	1,476	1,391	678
Cash conversion rate	100.80%	103.00%	87.20%	108.60%	135.40%
Annual total dividend per share (DKK)	8.5	8.4	8.25	7.5	6.5
Average annual employees across the Group ¹	9,630	10,141	10,098	10,275	10,561
PARENT COMPANY					
Net sales (DKK m) ²	1,692.6	1,285.2	1,226.9	0	0
EBITDA (DKK m) ²	457.2	519.5	551.9	8.4	-1.2
Net sales growth	32%	5%	N/A	N/A	N/A
EBITDA growth	-12%	-6%	N/A	N/A	N/A
Net profit (DKKm)	570	810	1,109	1,152	339
Average annual number of FTE employees in the Company ³	403	417	141	122	105
Average remuneration per FTE employee in the Company (DKK '000) ⁴	809	698	1,086	1,238	1,237
Average change in remuneration for FTE employees of the Company	16%	-36%	-12%	0%	12%

1. Employee headcount for the entire group-wide organisation being the parent company, Scandinavian Tobacco Group A/S, and its entities.

2. In the financial year 2023, the Parent Company acquired activities from its subsidiaries Scandinavian Tobacco Assens A/S and Scandinavian Tobacco Group Denmark A/S, as part of a vertical merger, where the relevant subsidiaries ceased to exist. The values from the discontinued subsidiaries were incorporated in the Parent Company's net sales and EBITDA for 2023 and 2022 comparison numbers were adjusted accordingly. 2020-2021 comparison numbers have not been adjusted and as there were no net sales in the Parent Company before the merger, growth rates for 2020-2022 can not be disclosed.

3. Excludes members of the Executive Management.

4. "Average remuneration" means "the annual staff costs minus social security costs of Scandinavian Tobacco Group A/S, excluding members of the Executive Management, as reported in the Company's income statements divided by the average annual number of FTE employees in Scandinavian Tobacco Group A/S, excluding members of the Executive Management".

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STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors has considered and adopted the Remuneration Report of the Company for 2024. The Remuneration Report has been prepared in accordance with section 139b of the Danish Companies Act and is consistent with the Company's Remuneration Policy.

The Board of Directors approves the Remuneration Report for an advisory shareholder vote at the Company's next Annual General Meeting.

GENTOFTE, 6 MARCH 2025



Henrik Brandt
Chairman of the Board of Directors



Marlene Forsell



Dianne Neal Blixt



Anders C. Obel



Mark Kristen Draper



Jörg Biebernack



Henrik Amsinck



Thomas Thomsen



Karsten Dam Larsen



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INDEPENDENT AUDITOR’S STATEMENT ON REMUNERATION REPORT

TO THE SHAREHOLDERS OF SCANDINAVIAN TOBACCO GROUP A/S

According to section 139b of the Danish Companies Act, the Board of Directors is responsible for preparing a remuneration report in accordance with the Remuneration Policy adopted at the General Meeting.

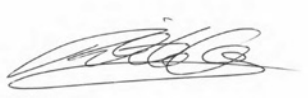
Our opinion on the audit of the Consolidated Financial Statements and the Company’s Financial Statements does not include the Remuneration Report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Company’s Financial Statements for 2024, it is, however, our responsibility pursuant to section 147 of the Danish Companies Act to verify that all disclosures required under section 139b(3) of the Danish Companies Act are included in the Company’s Remuneration Report for 2024.

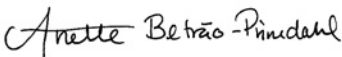
We found no reason to point out any omissions with respect to the disclosures included in the Remuneration Report for 2024.

HELLERUP, 6 MARCH 2025

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Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



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