



# ANNUAL REPORT 2025





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We are a global leader in the cigar industry and put the consumer at the forefront of our products - ensuring our products evolve and change alongside our consumers' needs.



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From leaf sourcing to shelves, we strive to uphold the enduring artform of tobacco to create products that deliver great moments of enjoyment.



## OUR PURPOSE

# CRAFT THE RITUALS THAT MAKE US MORE

For 275 years, we've crafted premium tobacco products with rich flavors and aromas from the world's best crops. Our international and regional brands are refined by passionate artisans, creating moments of true enjoyment for our consumers.

**HANDMADE CIGARS**

Market leader in the U.S.

**MACHINE-ROLLED CIGARS**

Market leader in Europe

**PIPE TOBACCO**

Undisputed global leader

**5.9 DKK BN**

Shareholder returns in the past 5 years

**100+**

Markets across the globe



# PERFORMANCE HIGHLIGHTS

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2025 became a challenging year for Scandinavian Tobacco Group, with a combination of external disruptions and internal operational issues. Tariffs and lower consumer sentiment in the U.S. directly impacted our handmade cigar business, with tariffs driving higher cost of importing cigars to the market. The category experienced fierce price competition both in retail and in the online distribution channels.

Our other tobacco categories were also impacted, though at a lesser extent, and combined with a weaker USD (half of our Group net sales stems from the U.S.), we had to revise our full year expectations in May. Reported net sales and the operating results for the year were in line with our revised expectations.

Free cash flow came in below expectations due to a temporary impact from collection of receivables due to the implementation of our new ERP system in Europe.

The year also marked the end of our Rolling Towards 2025 strategy, and we launched our next five-year strategy. Focus2030 builds on achievements and learnings from Rolling Towards 2025 and constitutes the next step in delivering on our purpose to *craft the rituals that make us more* and to move toward our vision to *be the undisputed and sustainable global leader in cigars*.

Delivering attractive shareholder returns continues to be an essential part of our ambition. In the last five years alone, we have returned almost DKK 6 billion to shareholders in the

form of dividends and share buybacks. Our updated financial ambitions set the foundation and we intend to continue to deliver on attractive shareholder returns.

Key business highlights include a strong performance from two of our three Growth Enablers. Nicotine pouches now account for almost 5% of Group net sales and our U.S. retail stores continued to deliver solid sales growth, supported by the opening of two new stores. Other highlights include the integration of Mac Baren, the roll-out of our new ERP system to Europe and Asia, and continued progress on our sustainability agenda, Rolling Responsibly.

## Financial performance 2025

The Group's reported net sales decreased by 1.8% in 2025 to DKK 9.0 billion. The development in reported net sales was

impacted by acquisitions by 3.8%, with a negative impact from exchange rate developments at -2.5%. The organic growth in net sales was -3.1%. Excluding the impact from the discontinued online distribution of a third-party nicotine pouch product, organic net sales growth was -1.8%.

The Group's organic net sales performance was impacted by an unchanged performance in handmade cigars, -1% from machine-rolled cigars & smoking tobacco and -17% from next generation products, the latter being negatively impacted by a discontinued distribution business in North America. Our brand, XQS, delivered 55% organic growth.

Measured by our reporting divisions, the organic net sales performance was composed of a flat contribution from Europe Branded (EUB) and -5% from North America Branded

Net sales  
DKK million

Organic growth

9,036

↓3.1%

2025 9,036

2024 9,202

EBIT before special items  
DKK million

1,342

2025 1,342

2024 1,659

Free cash flow before acquisitions  
DKK million

595

2025 595

2024 931

ROIC  
%

7.9%

2025 7.9%

2024 9.4%



& Rest of World (NABROW) and -4% from North America Online & Retail (NAOR).

Net sales from our Growth Enablers accounted for 11% of Group net sales in 2025 compared with 9% in 2024, excluding sales from the discontinued distribution agreement of a third-party nicotine pouch product. Our nicotine pouch business now accounts for almost 5% of Group net sales.

The EBITDA margin before special items decreased to 19.8% (22.6%). The margin decreased in each of our three reporting divisions compared to last year. The lower Group margin is driven by changes in product and market mix, including strong sales growth in nicotine pouches and lower sales of smoking tobacco products. Investments in regaining our market positions in machine rolled cigars in Europe and in our U.S. online business impacted margins negatively.

EBIT before special items was DKK 1,342 million (DKK 1,659 million). The development is a result of the decrease in EBITDA before special items, whereas amortization and depreciation were broadly in line with last year.

Special items were DKK -200 million primarily relating to the Group's ERP implementation programme, OneProcess, business restructuring and acquisition costs for Mac Baren.

Net profit was DKK 669 million (DKK 940 million) with an adjusted Earnings Per Share of DKK 10.8 (DKK 13.7). The Group's free cash flow before acquisitions was DKK 595 million (DKK 931 million).

The free cash flow was more than DKK 200 million lower than expected as result of temporary challenges in the collection of receivables due to the implementation of our new ERP system in Europe. These were solved and working capital is expected to normalise during the coming months. Excluding this impact, the lower underlying cash flow is the result of higher special items paid and higher financial costs net.

The Return on Invested Capital (ROIC) was 7.9% versus 9.4% by the end of 2024. The development was primarily driven by

the operational performance. The average invested capital was DKK 14.5 billion compared with DKK 14.7 billion by the end of 2024. By the end of 2025, the Group's leverage ratio was 3.0 times compared with 2.6 times by the end of 2024.

### Sustainability Performance 2025

As part of Rolling Responsibly, we have made progress towards our sustainability agenda by strengthening capabilities, maturing our approach and preparing for upcoming regulatory requirements.

In 2025, we achieved a 7.4% reduction in Scope 1 and 2 emissions, demonstrating steady progress toward our 2030 near-term targets. This reduction was due to the implementation of planned initiatives, primarily the refrigerants project, increased procurement of renewable electricity and production footprint optimisation following the acquisition of Mac Baren. Total Scope 3 emissions decreased by 11.5%, primarily driven by reductions in Category 1 Purchased Goods & Services non-FLAG, Categories 4 and 9, upstream and downstream Transportation and Distribution. The decrease was largely enabled by significant data improvements and further supported by implemented initiatives, such as decreasing the number of printed catalogues, discontinuing the accessories business in France and optimising inbound shipping. In addition, we achieved:

- Science-Based Targets initiative (SBTi) revalidated
- Improved Climate Disclosure Project (CDP) Climate score to A-
- Updated 2025–2027 Long-term Incentive Programme (LTIP) to link 10% of the award to emissions reductions aligned with SBTi-validated targets

We have strengthened our supplier engagement across the leaf supply chain through the Sustainable Tobacco Program (STP), with priority suppliers undergoing in-depth assessments and more than 70 strategic suppliers providing us with data. Finally, STG achieved a 94% participation rate in the global employee engagement survey, demonstrating strong willingness to provide feedback across regions and functions.

### Scope 1 & 2 emissions

Thousand tCO<sub>2</sub>e

**25,285** **↓7.4%**

|      |        |
|------|--------|
| 2025 | 25,285 |
| 2024 | 27,320 |

### Scope 3 emissions

Thousand tCO<sub>2</sub>e

**227,191** **↓11.5%**

|                 |                   |
|-----------------|-------------------|
| 2025            | 227,191           |
| 2024 (restated) | 256,700 (273,240) |

Note: 2024 figures for Scope 3 emissions were restated to reflect methodological updates and data improvements.



# 5 YEAR SUMMARY\*

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| DKK million                                 | 2025   | 2024   | 2023   | 2022   | 2021   |
|---|--------|--------|--------|--------|--------|
| <b>Income statement</b>                     |        |        |        |        |        |
| Net sales                                   | 9,036  | 9,202  | 8,731  | 8,762  | 8,233  |
| Gross profit before special items           | 4,001  | 4,279  | 4,204  | 4,307  | 4,113  |
| EBITDA before special items                 | 1,791  | 2,079  | 2,106  | 2,270  | 2,233  |
| Special items                               | -200   | -279   | -92    | 35     | -55    |
| EBIT  | 1,142  | 1,380  | 1,638  | 1,953  | 1,814  |
| Net financial items                         | -288   | -186   | -177   | -137   | -77    |
| Profit before tax                           | 878    | 1,219  | 1,491  | 1,856  | 1,769  |
| Income taxes                                | -208   | -280   | -308   | -380   | -378   |
| Net profit                                  | 669    | 940    | 1,182  | 1,476  | 1,391  |
| <b>Balance sheet</b>                        |        |        |        |        |        |
| Total assets                                | 16,303 | 17,104 | 15,853 | 15,122 | 14,584 |
| Equity                                      | 8,572  | 9,217  | 9,434  | 9,342  | 8,968  |
| Net interest-bearing debt (NIBD)            | 5,461  | 5,423  | 4,057  | 3,629  | 3,266  |
| Investment in property, plant and equipment | 158    | 216    | 199    | 264    | 212    |
| Total capital expenditures                  | 182    | 264    | 308    | 390    | 240    |
| <b>Cash flow statement</b>                  |        |        |        |        |        |
| Cash flow from operating activities         | 755    | 1,179  | 1,347  | 1,393  | 1,567  |
| Cash flow from investing activities         | -163   | -824   | -875   | -132   | -178   |
| Free cash flow                              | 591    | 355    | 472    | 1,261  | 1,389  |
| Free cash flow before acquisitions          | 595    | 931    | 1,053  | 1,264  | 1,393  |

| DKK million                           | 2025   | 2024   | 2023   | 2022   | 2021   |
|---------------------------------------|--------|--------|--------|--------|--------|
| <b>Key ratios</b>                     |        |        |        |        |        |
| Net sales growth                      | -1.8%  | 5.4%   | -0.4%  | 6.4%   | 2.8%   |
| Gross margin before special items     | 44.3%  | 46.5%  | 48.2%  | 49.2%  | 50.0%  |
| EBITDA margin before special items    | 19.8%  | 22.6%  | 24.1%  | 25.9%  | 27.1%  |
| Effective tax percentage              | 23.7%  | 22.9%  | 20.7%  | 20.5%  | 21.4%  |
| Equity ratio                          | 52.6%  | 53.9%  | 59.5%  | 61.8%  | 61.5%  |
| Cash conversion                       | 99.3%  | 100.8% | 103.0% | 87.2%  | 108.6% |
| Organic net sales growth              | -3.1%  | 0.4%   | 0.3%   | -0.8%  | 4.5%   |
| NIBD / EBITDA before special items    | 3.0    | 2.6    | 1.9    | 1.6    | 1.5    |
| ROIC                                  | 7.9%   | 9.4%   | 11.4%  | 14.3%  | 14.5%  |
| ROIC ex. goodwill                     | 12.3%  | 14.7%  | 18.1%  | 23.6%  | 24.3%  |
| Adjusted earnings per share (DKK)     | 10.8   | 13.7   | 14.4   | 16.0   | 14.8   |
| Basic earnings per share (DKK)        | 8.5    | 11.5   | 13.7   | 16.3   | 14.6   |
| Diluted earnings per share (DKK)      | 8.5    | 11.4   | 13.6   | 16.2   | 14.5   |
| Number of shares issued ('000)        | 80,000 | 86,000 | 87,000 | 93,000 | 97,500 |
| Number of treasury shares ('000)      | 1,253  | 7,266  | 1,105  | 5,751  | 4,526  |
| Number of outstanding shares ('000)** | 78,828 | 82,162 | 86,668 | 90,851 | 95,689 |
| Share price at year end (DKK)         | 95.50  | 95.30  | 117.30 | 122.10 | 137.30 |
| Dividend per share (DKK)              | 4.50   | 8.50   | 8.40   | 8.25   | 7.50   |
| Pay-out ratio ***                     | 41.7%  | 62.0%  | 58.3%  | 51.6%  | 50.7%  |

\* See definition/explanation of financial ratios in note 5.8.

\*\* Average number of shares outstanding including diluting effect of PSUs

\*\*\* Pay-out ratio definition has been changed in 2025 to reflect the new shareholder return policy. Historic numbers have been adjusted



Letter from Chair & CEO

# PREPARING TO SUCCESSFULLY EXECUTE ON OUR NEW STRATEGY - FOCUS2030

2025 has been a challenging year for our Group with U.S. tariffs and weak U.S. consumer sentiment, currency headwinds and disruptions related to the implementation of our global SAP solution. Against a backdrop of high volatility and persistent macroeconomic uncertainty we delivered a solid underlying performance whilst laying the foundations for our next five-year strategy, Focus2030.

We have concentrated our efforts on protecting our market positions, integrating Mac Baren and growing our handmade cigar and nicotine pouch businesses and given the difficult circumstances, we are pleased with our results for the year despite having to reduce our full-year financial expectations in May. Our earnings are down compared to the year before and as we start to implement our new Focus2030 strategy, we are focused on stabilising earnings, injecting new energy into our strong handmade cigar business, turn the development in our machine-rolled cigar business around and continuing to grow our promising nicotine pouch business.

Our ambition remains unchanged, to *be the undisputed and sustainable global leader in cigars*. However, in parallel, we are shaping a more balanced and future-ready business, combining the strength of our core cigar business with scalable growth opportunities in nicotine pouches.

The decline rate in consumption for our main product categories has been volatile in recent years, first driven by

the pandemic and then by a subsequent normalisation, although more negative than anticipated and we still expect the market to return to more normalised decline rates, especially in the U.S.

For 2025, the global market for handmade cigars remains dominated by U.S. consumption, where we estimate the consumption declined by a mid-single digit percentage rate. However, we managed to deliver unchanged net sales from the category as we expanded our presence across the retail and online distribution channels, as well as strategic price increases in our branded business. For machine-rolled cigars we estimate that the total market declined by 1-2% in Europe and here we unfortunately lost market share in 2025 as we struggled with inventory availability due to the implementation of our global SAP solution.

Across our businesses, we made good progress during the year and responded to the many challenges. For our handmade and machine-rolled cigar portfolios, we continued



“  
**OUR AMBITION REMAINS UNCHANGED, TO BE THE UNDISPUTED AND SUSTAINABLE GLOBAL LEADER IN CIGARS.**”

Niels Frederiksen and Henrik Brandt  
CEO and Chair



to reinforce our leadership position based on strong brand recognition, strategic pricing and better execution. As a result of inflationary pressures and cautious consumer consumption, we adjusted our cigar brand portfolio to include more value offerings to our consumers and finetuned our promotional tactics. All-important preparations that will ensure that we enter 2026 in a stronger competitive position with the ability to fully focus on executing on our new strategy.

We saw consumer dynamics continue to change with poly-use and Next Generation Product (NGP) consumption increasing. Within the NGP category, we have significantly grown our nicotine pouch business in 2025 with our lead brand XQS, securing the second largest market share position in Sweden, the market in the world with probably the highest adoption rate. We invested across new markets and will continue to apply our successful blueprint from Sweden in other markets.

In 2025, we continued the roll out of our ERP system across Europe, Asia and central America and expect to continue the global roll-out later in 2026, with the U.S. as our final wave. We look forward to reaping the benefits of this transformation to help us become an even more cost efficient and scalable organisation, supported by globalised and standardised processes.

All in all, we reported net sales exceeding DKK 9 billion, an EBITDA of DKK 1.8 billion and an EBIT before special items of DKK 1.3 billion in a period where we continued to invest in the future of the business and in the stabilisation of our core machine-rolled cigar business.

**Sustainability**

Responsible business conduct is embedded in the way we operate. In 2025, we continued to advance our sustainability agenda, with a particular focus on our environmental impact, ensuring we craft a better tomorrow by building a sustainable and resilient business for the future.

We are proud to have improved our Carbon Disclosure Project (CDP) score covering climate, water and forestry in

2025, marking another step forward in climate action and transparency. We also added biodiversity as a material topic and launched our Purposeful Packaging Program, designed to reduce our packaging footprint and further integrate climate action across our value chain.

We remain committed to transparency and accountability, recognising that long-term value creation depends on building a sustainable and growing business. Our ambition is to embed sustainability across the entire value chain, engaging more with our suppliers and strengthen employee belonging, all to be further reinforced through Focus2030.

**Focus2030**

The achievements and the challenges throughout the previous strategy period have played a critical part in designing the next strategy with prioritisation, consumer-centricity and simplification being key words. We will invest in opportunities where we have the right to win, and continue to invest in people, data, digitalisation and business analytics to support our ambitions.

Focus2030 is about sharpening our focus and doing fewer things, with better execution. Our ambition is to turn around our negative earnings trend in recent years, and build a more sustainable business for the future, creating value for our shareholders, consumers and employees.

We recognise that our people are what make our company successful, and we want to build a stronger performance culture that will raise the likelihood of successfully implementing the Focus 2030 strategy. When our people work well together, they make sure that things get done. We want everyone to feel empowered, supported and able to do their best work, and that means building a strong culture, offering good training and making sure we recognise and reward great performance.

The new strategy is anchored in our strong brands and strong market positions across our diversified portfolio. We have identified Power Brands within each category to drive market share growth and profitability improvements.

We are confident we can execute on the strategy and on our ambitions through a sharper focus on fewer brands, a simplified value chain and more efficient ways of working. We believe that in 2030 we will be a more attractive business for consumers, employees and shareholders.

**Delivering shareholder value**

Delivering attractive shareholder returns continues to be an essential part of our ambition. Capital allocation decisions are guided by durability, balance sheet strength and financial flexibility, rather than short term growth ambitions and should provide us with optionality.

Throughout Rolling Towards 2025, we returned almost DKK 6 billion to shareholders in the form of dividends and share buybacks and with the share price remaining unchanged, the total shareholder return has been meaningful. With the new financial ambitions released together with the launch of Focus2030, we aim to continue to deliver attractive returns to our shareholders.

In Focus2030, the ambition is to significantly improve the return on invested capital from about 8% in 2025 to more than 11% in 2030, through an incremental increase of operating profit and a free cash flow generation exceeding DKK 1.2 billion, as well as through a disciplined capital deployment strategy. Acquisitions as well as divestment of less core assets will continuously be evaluated, assuming these potential transactions support our strategy, as well as our financial ambitions.

The shareholder return policy has been adapted to a more flexible dividend pay-out ratio policy based on a 40-60% pay-out against adjusted earnings per share, supplemented by share repurchases when the projected leverage ratio allows. As communicated in the financial policy, the Board of Directors continuously evaluates the distribution of capital to shareholders based on a comparison of the projected leverage ratio up against the target ratio of about 2.5 times.

For the financial year 2025, the Board of Directors proposes a dividend of DKK 4.50 to be paid in April 2026, equal to a 42%

pay-out ratio against adjusted earnings per share, reflecting the current state of our balance sheet.

**Stabilising our foundations in 2026**

We expect 2026 to be a year where geopolitical uncertainty will remain a market condition and economic growth will be challenging. For STG, this means that our main priorities in the year will be to stabilise earnings in our machine-rolled cigar and smoking tobacco business, and injecting new energy and growth into our strong handmade cigar business, as well as continuing to grow our promising nicotine pouch business.

We will be occupied with growing our market share across our core categories, normalising inventory availability and executing on our announced cost-out programme, and bring our balance sheet closer to our target level. These priorities represent the foundations for sustainable long-term growth and are reflected in our guidance.

**Thank you**

None of our achievements in 2025 would have been possible without the dedication and excellence of our employees across the globe. In a year marked by change and uncertainty, our teams demonstrated agility, collaboration and commitment. On behalf of the Board of Directors and the Executive Board of Scandinavian Tobacco Group, we would like to extend our sincere thanks to all colleagues for their dedication, hard work and ongoing pursuit of our vision. We would also like to thank our shareholders and consumers for their confidence and trust in our company. We are excited to start executing on our Focus2030 strategy and to keep you updated on our progress.

**Niels Frederiksen**  
Chief Executive Officer

**Henrik Brandt**  
Chair of the Board of Directors



# OUR BUSINESS

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We are a global leader in the cigar industry holding market leading positions in handmade and machine-rolled cigars. We are the global leader within pipe tobacco and hold strong positions in select markets in fine-cut tobacco and nicotine pouches.

### Consumer centricity

We put the consumer at the forefront of our products. Our large and diverse consumer base is one of the reasons we strive to constantly expand and strengthen our portfolio. We value our consumers and understand that trends and tastes evolve and change, which is why we have built agility and adaptability into our business strategy - to consistently be our consumers' first choice.

Consumer insights and our distribution capabilities equip us to explore ways we can further embrace the dynamic consumer environment and develop our presence in ways that will complement our core categories, and meet poly-use consumer needs. We offer products across the entire nicotine journey to create many moments of great enjoyment.

### Rooted in nature

Tobacco farming dates back nearly 8,000 years in the Americas. It is a craft that has lasted centuries and requires a delicate mix of tradition, science and intuition to create the perfect leaf. Many of our consumers hold a deep passion for our products and take an active interest in knowing where the tobacco is cultivated, how it is cured, fermented, blended and aged. From leaf sourcing to consumer, we strive to uphold this enduring artform to produce high quality products.

### Global presence

We employ approximately 8,800 people globally, have more than 20 sales offices in North America and Europe, and sell to more than 100 countries around the world. In the U.S., we are the owner of the largest portfolio of handmade cigar brands, and have a market leading position in the business-to-consumer segment via our unmatched distribution network including our strong online and growing retail presence.

In machine-rolled cigars we have market leading positions in several European countries and hold solid positions in nicotine pouches in select markets across Europe.

We are proud to be the undisputed global leader in pipe tobacco.

We have financial strength, expertise and flexibility to act quickly on strategic opportunities that will grow our business and strengthen the product portfolio we offer consumers. We have a robust history in optimising value through integrations and transformations, and our many years of experience have allowed us to navigate an industry with increasing regulation and changing consumer behaviours.

### Our products

HANDMADE CIGARS



MACHINE-ROLLED CIGARS



SMOKING TOBACCO



NICOTINE POUCHES





## ◆ HANDMADE CIGARS



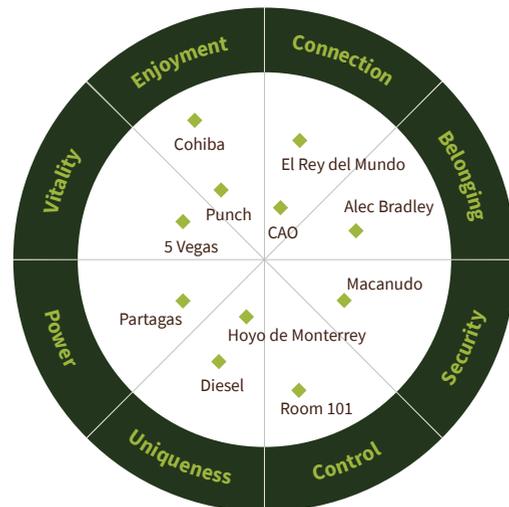
### Our product

Our handmade cigars are individually crafted at sites in three of the world’s most significant tobacco-growing countries: the Dominican Republic, Honduras and Nicaragua. Together with our partners on the ground in these locations, we meticulously care for the tobacco throughout its entire journey. Innovation continues to be a strong component of the handmade cigar market. New product launches, high quality tobacco and limited editions drive consumer interest.

### Our consumers

The handmade cigar consumer seeks a high quality, luxurious smoking experience. Handmade cigars give the consumer a moment of enjoyment lasting an extended period of time and we understand this consumer tends to look for distinguishing characteristics, with optionality across price points. For this reason, our brand portfolio covers the breadth of the handmade cigar market.

### U.S. consumers and our broad range of brands



## ◆ MACHINE-ROLLED CIGARS



### Our product

Whilst machine-rolled cigars mimic the handmade process, a more diverse range of products is created by using smaller pieces of tobacco to deliver high quality cigars at more affordable prices. The binder and wrapper, of which both play a critical role in the formation of a cigar, are produced in Indonesia, Sri Lanka and the Dominican Republic, with the cigar production taking place in Belgium, Indonesia and the Dominican Republic.

Machine-rolled cigars are characterised by having a natural tobacco wrapper and can be divided into two subcategories: Short filler cigars and little cigars. Short filler cigars are more than three grams per stick in weight. Short filler cigars can be categorised into bigger cigars in format, without filter or added flavour and cigarillos, which are smaller in size and come with or without flavour and/or filter.

We have strong offerings across all price segments of the market (value-for-money through to super-premium) ensuring competitiveness.

### Our consumers

The machine-rolled cigar consumer is typically a mature, former cigarette smoker or poly-use consumer, with a range of different interests and personalities. Machine-rolled cigars provide a different, shorter and more cost-effective alternative for those wishing to enjoy the cigar experience. These consumers tend to remain loyal to their preferred brand, which requires our factories to maintain high-quality affordable cigars consistently.

## ◆ SMOKING TOBACCO



### Our product

Smoking tobacco comprises pipe tobacco and fine-cut tobacco. We are the largest global manufacturer of traditional pipe tobacco which is produced to the highest standards at our sites in Assens and Svendborg, Denmark.

Our fine-cut tobacco is manufactured at our sites in Holstebro and Svendborg, Denmark. In fine-cut, our roll-your-own and make-your-own portfolio is positioned to address the main price segments from value for money, all the way up to premium.

Pipe tobacco is a unique category with loyal consumers that are looking for carefully treated and blended tobaccos, with flavour nuances not available in other tobacco products, from aromatic U.S. blends to the more “English” blends with natural tobaccos. With the acquisition of Mac Baren, we have an even stronger position in this category.

Innovation has played a key part in the ongoing strategy to streamline choices for our consumers, optimise shelf layout as well as the ability to build upon our existing premium brands.

### Our consumers

Our pipe and fine-cut tobacco consumers are more traditional in their rituals and in most cases, smoke frequently. These consumers show similar traits to our machine-rolled cigar consumer - remaining loyal to their preferred brand, demanding consistency, quality and market availability.

## ◆ NICOTINE POUCHES



### Our product

Nicotine consumption is drastically changing from being dominated by combustible tobacco products like cigarettes and cigars, to increasingly include Next Generation Products (NGPs). Today, almost one third of adult nicotine users are using NGPs with the share of consumers within poly-use increasing as well. Nicotine pouches are the fastest growing subcategory within NGPs with annual growth of mid double-digit rates expected to continue in the years to come.

Our nicotine pouches are produced in our own factory in Svendborg, Denmark, and by third-party manufacturers in Sweden and Poland, with close proximity to our largest active consumer bases in Sweden, Denmark and the UK.

### Our consumers

Nicotine pouch consumers fall into two main categories: those seeking alternatives to smoking and poly-use consumers who enjoy different products across the nicotine journey. The first type of consumer tends to show similar characteristics to machine-rolled cigars and fine-cut tobacco (frequent use, value priced products) and the poly-user follows a ritualistic approach, seeking distinguishing characteristics and flavour nuances that cannot be found elsewhere.

ESRS disclosure SBM-1 and GOV-4 incorporated by reference in Our business section.



# HERITAGE & TRANSFORMATION

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Scandinavian Tobacco Group boasts a long history of expanding through mergers and acquisitions. The history of the Group dates back 275 years with the foundation of the Danish tobacco companies Chr. Augustinus Fabrikker (1750), C.W Obel (1787) and R. Færchs Fabrikker (1869). The three companies merged in 1961 and established Skandinavisk Tobakskompagni A/S.

Net sales in 2009 were DKK 2.4 billion when the Group's business was focused on the tobacco categories of cigars, pipe tobacco and fine-cut tobacco. In 2010, Scandinavian Tobacco Group merged with the cigar and pipe tobacco business of Swedish Match and established the foundation for the Group's existing market-leading positions within cigars and smoking tobacco. In the years after the new structure was established, the Group enforced its global market position with multiple acquisitions.

Since the public listing in 2016, growth has continued, and net sales reached more than DKK 9 billion for the first time in 2024. The growth has been achieved by a combination of organic net sales growth and multiple acquisitions, creating a solid foundation of our vision to become the undisputed and sustainable global leader in cigars.

The acquisitions we have made over the past five years have contributed to our market leading positions in our core product categories; which has created value for our shareholders, reflected in improving profit margins, delivering stronger cash-flows and improving return on invested capital.

Reducing complexity and creating value through our expansion have been supported by several optimisation and efficiency programmes, which have all contributed to a protection of profit margins, cash-flows and return on invested capital. As we move ahead into our next five-year strategy period, disciplined investments and potential divestments will be included in our transformation journey as we continue to work toward our vision.

➤ A detailed summary of the financial performance over recent years is available in Financial Ambitions & Achievements on [page 35](#).

Net sales  
**2.4** DKK bn

2009

Swedish Match

2010



2011

2012



2013



TORANO

2019



2018



2017

2016

IPO



2015

Net sales  
**9.0** DKK bn

2020



2021



2022



2023



LA PERLA HABANA

2024



2025



# OUR BUSINESS STRUCTURE

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## Our product categories

### HANDMADE CIGARS

Includes sales of handmade cigars, both business-to-business and direct-to-consumers through our online and retail distribution channels and international sales (outside the U.S.).

**35%**

of Group Net Sales

### MACHINE-ROLLED CIGARS & SMOKING TOBACCO

Includes global sales of machine-rolled cigars, pipe tobacco and fine-cut tobacco.

**50%**

of Group Net Sales

### NEXT GENERATION PRODUCTS

Primarily includes sales of own nicotine pouches.

**5%**

of Group Net Sales

### OTHER

Includes sales of accessories, contract manufacturing and bar sales.

**10%**

of Group Net Sales

## Our reporting divisions

### EUROPE BRANDED

EUB comprises the sale of all product categories to wholesalers, distributors and direct to retail in Germany, Denmark, Sweden, France, Italy, Belgium, the Netherlands, Luxembourg, Spain, Portugal, the UK and Ireland.

**36%**

of Group Net Sales

[Read more](#)

### NORTH AMERICA BRANDED & REST OF WORLD

NABROW comprises the sale of all product categories to wholesalers and distributors that supply retail in North America (U.S. and Canada) and Rest of World which includes Australia, Middle East, Africa, South America, Asia, European markets, where we do not have own sales organisations, Global Travel Retail and Contract Manufacturing & Accessories (CMA).

**33%**

of Group Net Sales

[Read more](#)

### NORTH AMERICA ONLINE & RETAIL

NAOR comprises the direct-to-consumer sales of all product categories sold via online, retail stores and contact centres in North America. NAOR distributes brands from the Group's own branded business, as well as brands from other major brand owners in the U.S. market, reinforcing the strong distribution capabilities.

**31%**

of Group Net Sales

[Read more](#)



# OUR VALUE CHAIN

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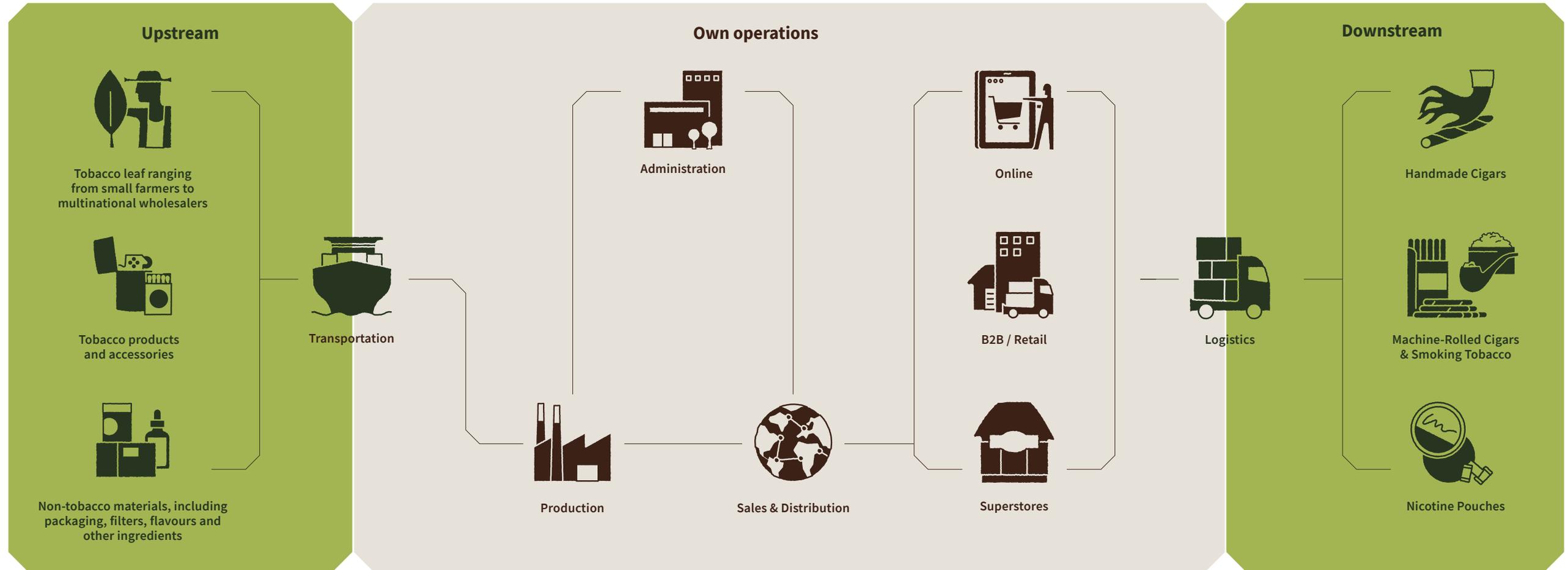
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## Mapping of material topics along value chain

|    |                                    |       |       |       |
|----|------------------------------------|-------|-------|-------|
| E1 | Climate change                     | _____ | _____ | _____ |
| E4 | Biodiversity                       | _____ | _____ | _____ |
| E5 | Ressource use and circular economy | _____ | _____ | _____ |
| S2 | Workers in the value chain         | _____ | _____ | _____ |
| S1 | Own workforce                      | _____ | _____ | _____ |
| S4 | Consumers and end users            | _____ | _____ | _____ |
| G1 | Business conduct                   | _____ | _____ | _____ |

ESRS disclosure SBM-1 incorporated by reference in Our Value chain section.



# GLOBAL WORKFORCE & PRODUCTION

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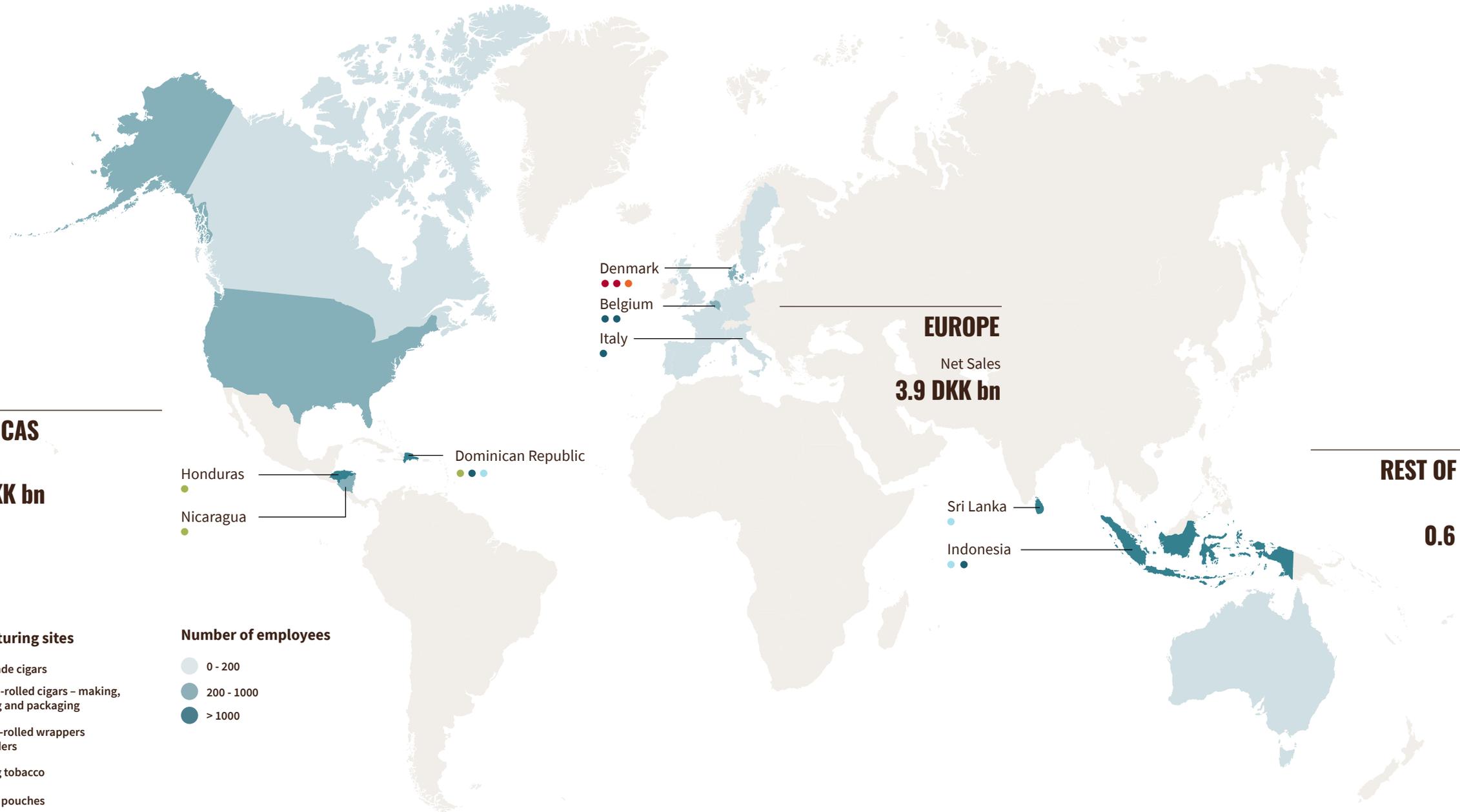
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## AMERICAS

Net Sales  
**4.5 DKK bn**

Honduras ●  
Nicaragua ●  
Dominican Republic ●●●

## EUROPE

Net Sales  
**3.9 DKK bn**

Denmark ●●●  
Belgium ●●  
Italy ●

## REST OF WORLD

Net Sales  
**0.6 DKK bn**

Sri Lanka ●  
Indonesia ●●

### Manufacturing sites

- Handmade cigars
- Machine-rolled cigars – making, finishing and packaging
- Machine-rolled wrappers and binders
- Smoking tobacco
- Nicotine pouches

### Number of employees

- 0 - 200
- 200 - 1000
- > 1000



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Scandinavian Tobacco Group A/S  
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We have spent years nurturing unique and aromatic blends to complement life's rituals and are proud to have innovated our strong portfolio of handmade cigars, composed of traditional craftsmanship.



# FOCUS2030

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During the past five years, we have edged closer to our vision to be the undisputed and sustainable global leader in cigars. We have grown the company through several acquisitions that have strengthened our portfolio and reinforced our position as market leader in the U.S. for handmade cigars. We have maintained our position as the largest manufacturer of machine-rolled cigars in Europe, and we have significantly progressed our rapidly growing nicotine pouch business.

## Reflections from Rolling Towards 2025

In 2022, the Group's vision was updated to emphasise the importance of and our increased efforts in sustainability, and we are proud of the progress that has been made. Our digitalisation and simplification journey became a high priority with the decision of our global ERP solution roll-out, which is a significant change to our systems and ways of working. This enables us to be more process driven, globalised and drive cost efficiencies, allowing us to scale the business for the future. An important part of our previous strategy was to identify new paths to growth, which will continue to be crucial parts of the next strategy period.

Delivering attractive shareholder returns has been and continues to be an essential part of our ambitions. In the last five years alone, we have returned almost DKK 6 billion to shareholders in the form of dividends and share buybacks.

In parallel to these successes, we also faced challenges which affected our ability to deliver parts of the previous strategy. External factors, difficult market conditions and rising costs impacted our business, at the same time, internal operational errors and supply chain issues destabilised our machine-rolled cigar business, affecting market share, volumes and profitability.

Consequently, the financial performance fell short of our ambitions, affecting investor sentiment and the share price performance.

## Our strategy towards 2030

We have strong brands within our core business and will focus on these across selected key markets. Our consumer insights and the achievements and challenges throughout the previous strategy period have played a critical part in designing the next strategy. Prioritisation, consumer-centricity and simplification will play a key part in the strategy on the backdrop of declining cigar markets. We expect a low single digit decline rate for handmade cigars in the U.S. and a decline rate of 2-3% for machine-rolled cigars.

We will invest in opportunities where we have the right to win, and continue to invest in people, data, digitalisation and business analytics to support our ambitions. Ultimately, we will sharpen our focus and raise execution.

Focus2030 constitutes the next step in delivering on our purpose to *craft the rituals that make us more* and to move towards our vision to be the undisputed and sustainable global leader in cigars.

Focus2030 centers on three strategic priorities:

- Stabilise machine-rolled cigars
- Grow handmade cigars
- Accelerate nicotine pouch business

Creating a sustainable and stable machine-rolled cigar business will be rooted in protecting profits and cash flows from the category. Growing our handmade cigar business will primarily be driven by the important U.S. business but will be supported by a stronger international footprint. Building a larger nicotine pouch business with an upside potential contains an appealing opportunity, but will require a disciplined approach to investments and growth opportunities to support our overall group financial ambitions for 2030.

Sustainability continues to be an important enabler in our strategy, which is reflected in our ongoing work on environment, social and governance, and is embedded into the way we work.

The success of achieving the ambitions set out in Focus2030 depends on our ability to deliver on the three strategic priorities as well as our ability to deliver on our financial ambitions for the next five years.





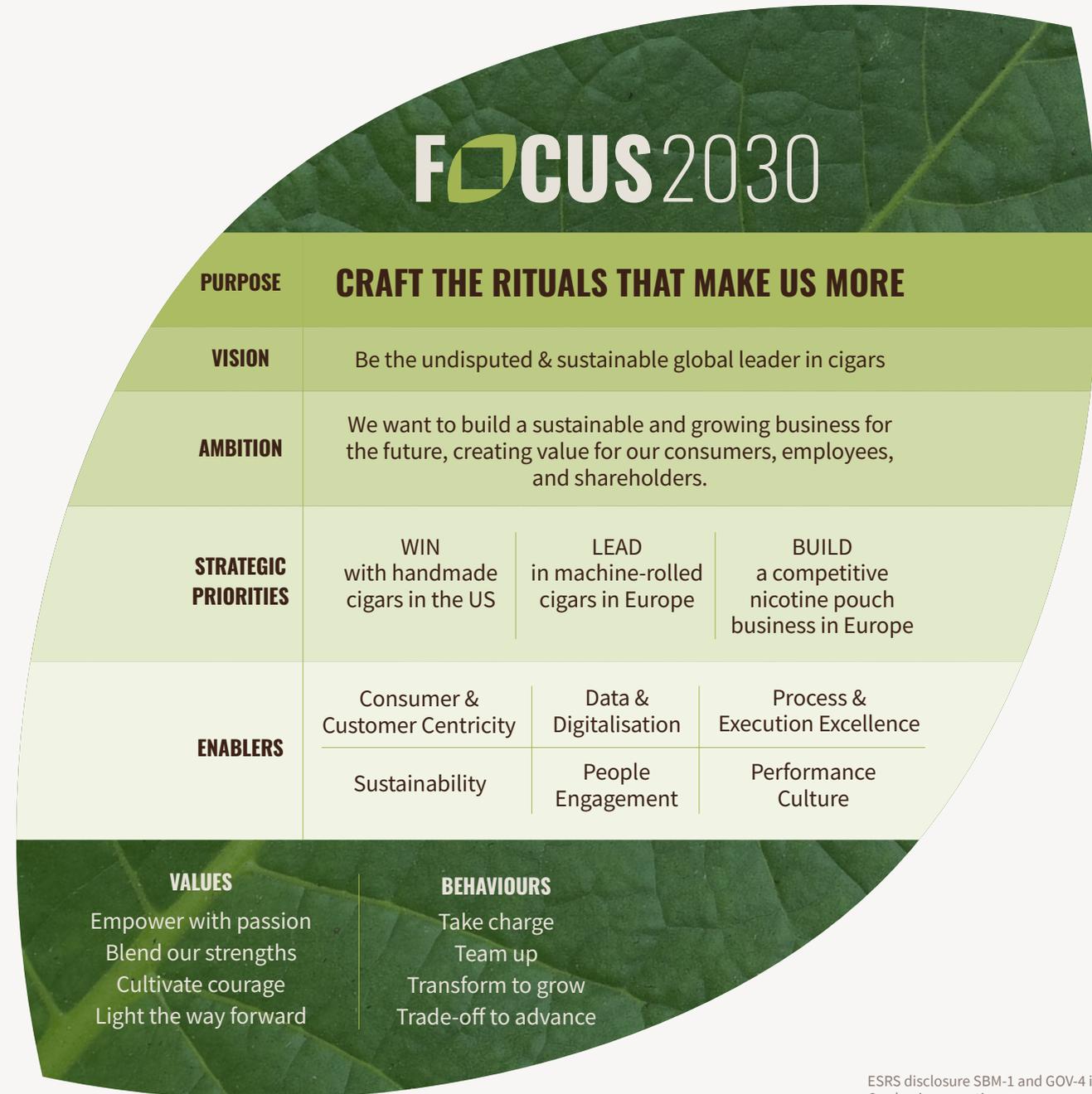
Focus2030 is about sharpening our focus and doing fewer things with better execution. Our ambition is to turn around our declining earnings trend in recent years and build a more sustainable business for the future, creating value for our shareholders, consumers and employees.

By 2030, we aim to be a more attractive business, consisting:

- A growing and increasingly attractive handmade cigar business anchored in the U.S. is supplemented by international growth and expansion
- A stable and sustainable machine-rolled cigar and smoking tobacco business as our foundation
- A larger nicotine pouch business with further upside in an attractive category

Our six enablers are the foundations that will help us deliver on the overall strategy and achieve our goals. These enablers include consumer and customer centricity, sustainability, data and digitalisation, people engagement, process and execution excellence and performance culture. Each enabler supports the others, creating a strong, integrated approach to execution.

Our values and behaviours define our culture, and serve as a compass guiding our company toward our objectives.



ESRS disclosure SBM-1 and GOV-4 incorporated by reference in Our business section.



### Power Brands

Our Power Brands for handmade cigars are Macanudo, CAO (pictured), Cohiba and Alec Bradley.

All are uniquely positioned to broaden consumer appeal and capture increased usage occasions through channel activities and innovation.

➤ See [page 22](#) for our Power Brands portfolio overview

# STRATEGIC PRIORITIES



## GROW HANDMADE CIGARS

Our handmade cigar business, which has grown consistently during the previous strategy period, has a very strong market position across the U.S. both in online platforms and retail stores.

The category saw significant turbulence under the pandemic and consumption increased as consumers stayed at home and smoked more cigars. However, following the peak of pandemic consumption, the market has decreased faster than anticipated and has been further disrupted by tariffs, cost inflation and cautious consumer sentiments in 2025.

Throughout Focus2030, we aim to increase the growth by focusing our efforts on four Power Brands that are positioned to broaden consumer appeal and capture increased usage occasions through channel activities and innovations. The creation of the Power Brands will focus on building these up to be larger and even more relevant for consumers. We will also simplify our portfolio and streamline our ways of working.

We aim to increase our own brand share across Retail and Online, with a focus on Power Brands and our strong proprietary brands. We will continue to add new stores to

our already strong network, subject to continued positive performance. We will leverage our existing distribution strength for a unified approach.

Investments in production and distribution will be made to secure quality and availability for our portfolio, and we are tailoring our manufacturing approach to enable us to win in both value and premium segments – being cost efficient for value cigars and delivering craftsmanship and luxury for premium brands.

International growth will follow the same focused approach, applying the U.S. brand strategy and simplification.

Our Power Brands cover the full spectrum of price segments and consumer needs from everyday enjoyment through to celebratory, special occasions.

Covering complementary consumers segments, the Power Brands allow the company to target distinct consumer mindsets while minimising overlap. Each brand represents a distinct role within the overall brand architecture and together, these brands balance scale, equity and innovation to drive sustained growth.



## STABILISE MACHINE-ROLLED CIGARS

As the European market leader in machine-rolled cigars with an average volume market share in our key markets of close to 27%, we are focused on protecting our strongholds while increasing our market share in key markets. During Focus2030, we will work to harvest the benefits of our new ERP system and optimise our supply chain, which will help to improve market share and profitability.

We will concentrate our efforts around four Power Brands, and will implement a significant portfolio simplification. This will enable our supply chain to contain cost increases and actively work with a better pricing structure to support margin protection. The Power Brand approach will allow us to simplify our brand portfolio, formats, SKUs and blends, all based off deep consumer insights.

We aim to maximise earnings in other markets and brands, and drive optimisation and profitability improvements across all functions.

By strengthening our product availability, we can further support the overall commercial strategy in which we aim to strengthen our leading positions in France and Spain, and grow a minimum of 2%-points across the seven key markets in Europe.

Our Power Brands are our largest and most distributed brands, covering all price points and consumer needs. These brands each play a different role within our portfolio and hold different image spaces, attracting a different consumer profile, without cannibalising each other.

The Power Brands are unique in flavour direction, blends, length and circumference of cigar, with and without filter and/or flavour. The brands are all uniquely developed, allowing us to deliver on our consumer needs in terms of distinct smoking experiences at different price points from value-for-money all the way up to premium.



### Power Brands

Our Power Brands for machine-rolled cigars are Signature (pictured), La Paz, Mehari's and Panter.

All uniquely developed, allowing us to deliver on our consumer needs in terms of distinct smoking experiences at different price points from value-for-money all the way up to premium.

➤ See page 22 for our Power Brands portfolio overview



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**Power Brand**

Since entering the NGP category, we have seen a solid performance with our brand, XQS, and we will centre our portfolio around this brand.

➤ See [page 22](#) for our Power Brands portfolio overview

Strategic priorities



# ACCELERATE NICOTINE POUCHES

As consumers increasingly become multi-category users, nicotine pouches are a strategic product addition to our portfolio. This category broadens our consumer exposure and supports our long-term growth aspirations to meet consumer demands as the combustible categories decline, with nicotine pouches making a natural replacement. The category is fast growing and financially attractive with potential to become a large business over time.

To date, our entry into this category has been successful, securing the second largest market share position in Sweden (the most mature nicotine pouch market), as well as significant growth in other markets.

During Focus2030, we aim to expand market share for our brand XQS in our two focus markets, Sweden and the UK. We will invest in our research and development capabilities, which will allow us to contend in the most significant mint segment of the nicotine pouch market and will protect us against potential flavour regulations.

Our existing trade relationships and distribution capabilities make us an attractive partner for retailers and online companies, and we will leverage this to increase profitability and scale. We aim to increase profitability through scale, with an option of investing in our own manufacturing.

During the strategy period, we will explore entry into additional markets pending regulatory developments, drawing upon the successful blueprint developed in Sweden and the UK.

Our Power Brand for nicotine pouch is XQS and we will centre our portfolio around it. We have built up strong commercial, distribution, production, and research and development capabilities both in-house and with reputable partners. We intend to leverage these capabilities to deliver a competitive product and even stronger brand.



# POWER BRANDS – CONCENTRATING EFFORTS

The overall direction of our strategy is to sharpen our focus, build a more consumer-centric organisation and concentrate efforts on fewer but bigger brands. This shift starts by anchoring behind our Power Brands which hold strong market positions and will enable us to capture the largest growth opportunities.



With global scale and recognition, Macanudo appeals to consumers across different experience levels as a trusted and approachable premium cigar. Macanudo represents expertise within the cigar industry and provides occasion-driven moments. The brand has a strong foundation for distribution and volume growth, and has 7 major sub-brands across the premium and super-premium price tier.

◆ Handmade cigars



The pinnacle of luxury, Cohiba elevates the perception of the total portfolio and has the highest pricing power and profitability. Ideal for driving the premiumisation strategy, Cohiba appeals to cigar connoisseurs seeking sensory excellence, genuine craftsmanship and top quality. There are 8 major sub-brands, including the alternative trademark outside of the U.S. (Silencio), which cover the premium and super-premium price points.

◆ Handmade cigars



The broad portfolio creates potential for multiple growth pillars and within its sub-brands, CAO boasts global scale and recognition. It is known for its innovation-driven and tobacco-forward craftsmanship. CAO connects with modern cigar consumers, especially those exploring taste experiences, novelty and modern identity. With 15 major sub-brands, CAO covers value-for-money and premium price points.

◆ Handmade cigars



Our boutique-style brand attracting the craft-loyalist consumers who value authenticity, storytelling and artisanship. Alec Bradley adds credibility to our modern premium segment with an opportunity to scale whilst retaining the craft image. Its global footprint creates strong potential for growth across its 19 major sub-brands, covering mainstream, premium and super-premium price points.

◆ Handmade cigars



XQS is our international flagship brand which has been developed to stretch across user segments and new markets. XQS is known for its nostalgia and fusion flavours, and has recently started contending the mint space. XQS is priced at a mid-point, making it accessible to all nicotine consumers.

◆ Nicotine pouches



Our biggest and most profitable brand globally, with a distinctive stronghold in the most relevant consumer territory; "Enjoyment". Signature offers a smooth indulgence, elevating everyday moments and is sold in about 100 countries. The attributes are more functional in nature (smooth, aromatic and easy to smoke), which drives the relevance of the brand among consumers.

◆ Machine-rolled cigars



La Paz is the premium-priced brand within our portfolio. Crafted from 100% tobacco, each La Paz cigarillo reflects true craftsmanship of a fine cigar. Renowned for its superior quality and rugged look, the brand offers a truly unique and authentic smoking experience, attracting those consumers who value excellence and are considered cigarillo connoisseurs.

◆ Machine-rolled cigars



As the everyday, accessible smoking experience, Panter is well-positioned as a value-for-money brand, offering a wide range of blends sold in about 20 countries. These blends will be leveraged to the fullest, and the overall brand awareness will be strengthened to ensure Panter's strong foundations will continue to be relevant to its consumer, who seeks high-quality cigarillos at an attractive price point for every occasion.

◆ Machine-rolled cigars



Seen as an upscaled everyday smoking proposition that brings a bit more authenticity to the everyday cigarillo. Mehari's will be transformed through redesigns, limited editions and other enhancements to create more moments of enjoyment.

◆ Machine-rolled cigars



# FINANCIAL AMBITIONS

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In Focus2030, the ambition is to significantly improve the return on invested capital (ROIC) through an incremental increase of operating profit (EBIT) and free cash flow generation, as well as a disciplined capital deployment strategy. Acquisitions and divestment of less core assets will continuously be evaluated, assuming these potential transactions support our strategy as well as our financial ambitions.

Our strategy provides a solid foundation for delivering on our ambitions, although the journey ahead will present challenges.

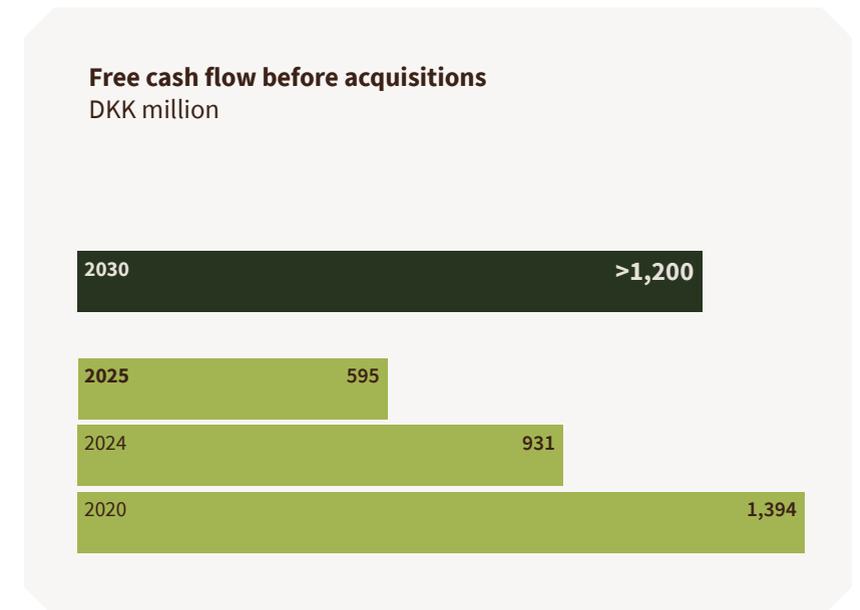
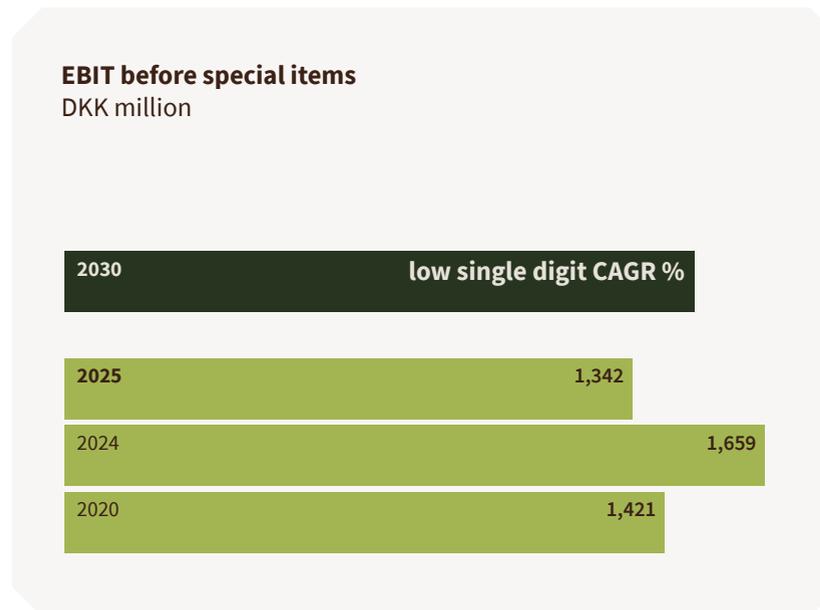
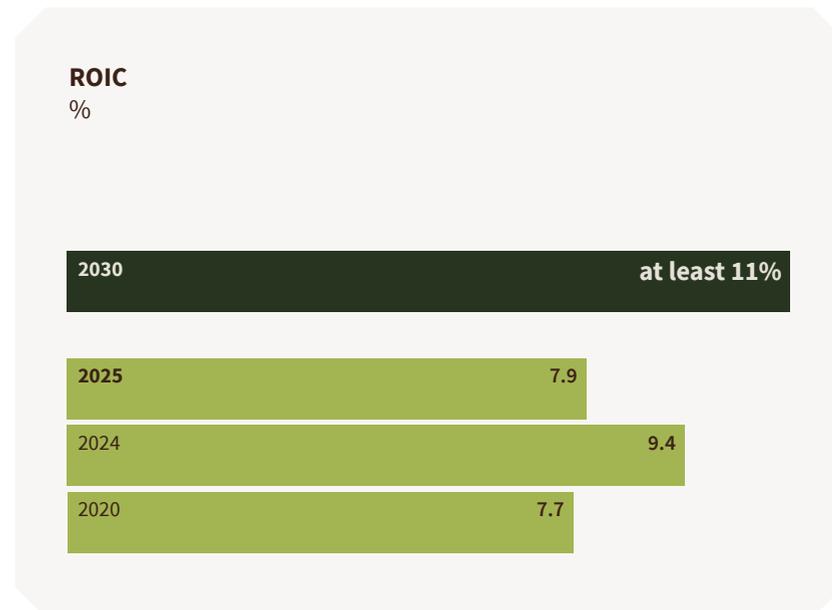
To enable the necessary changes, ongoing investment is required. Therefore, maintaining financial flexibility is vital to seize opportunities as they arise. Disciplined investment, financial flexibility and strong shareholder returns remain a priority to create long-term value.

We aim to increase the return on invested capital from 7.9% in 2025 to more than 11% in 2030. The key drivers will be: an increase in EBIT before special items, a reduction in special items and a disciplined capital deployment.

The EBIT before special items is expected to increase by a low single digit organic compounded growth rate, though with variances year-to-year. The main drivers are: volume and price mix improvements, as we increase market shares through our Power Brands, and through simplification and ongoing efficiency improvements.

The free cash flow before acquisitions is expected to exceed DKK 1.2 billion in 2030. The key drivers are an underlying improvement of operating results, a disciplined capital deployment and the absence of special costs.

## The Group financial ambitions for 2030 are:





# FROM STRATEGIC PRIORITIES TO OUR FINANCIAL AMBITIONS

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## Handmade cigars

**Growing handmade cigars** will be defined as growing net sales as well as delivering incremental profit growth to the Group. The key growth drivers are expected to be delivered by a combination of increasing our market share of own brands in the U.S. from approximately 13% to more than 15% in 2030, as well as through an expansion in our retail network.

## Machine-rolled cigars

**Stablising the machine-rolled cigar business** requires a focus on protecting profits and cash flows. Machine-rolled cigars, as well as our smoking tobacco business, have delivered a substantial part of the Group's gross profit and cash flow in the past years. Throughout Focus2030, and with our Power Brand strategy, it is essential to maintain and potentially increase the contribution from these categories to support the overall strategy.

The path to succeed is offsetting the structural volume decline in the categories through price management and market share gains. Mitigating structural market trends

through intensified market share focus is reflected in the ambition to increase volume market share in key European markets. In 2025, our market share was 26.8% in our key European markets. We aim to improve the share to above 29% in 2030.

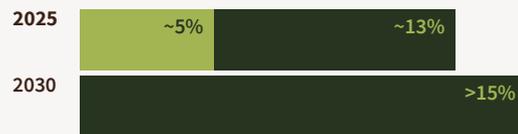
Through a more commercially focused execution towards fewer brands and products, another important driver will be to protect and improve profits in the category and simplify the portfolio, resulting in a leaner and more agile cost structure. We aim to simplify the product portfolio by reducing the number of brands and SKUs by about 50%.

## Nicotine pouches

**Accelerating our nicotine pouch business** is expected to deliver important contributions to the Group's growth in net sales and profits in Europe. We expect to build on the existing market share positions in Sweden and the UK, but also in other markets where our capabilities within distribution and access to the market gives us an advantage.

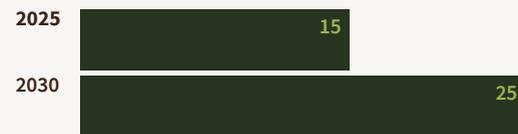
- Increasing market share in Sweden and the UK
- Expansion to new markets
- Strengthening our presence in mint segment
- Deliver a sustainable progression in net sales and profits

### Handmade cigars Market share for U.S.



● Power Brands

### Handmade cigars Number of retail stores

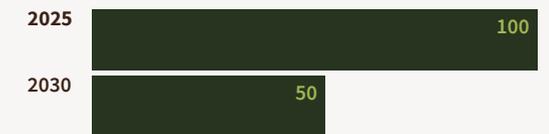


### Machine-rolled cigars Market share for our 7 key markets in Europe



● Power Brands

### Machine-rolled cigars Simplification of brands & SKUs (Indexed)





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A cigar, in all its simplicity is made up of three types of tobacco: a filler with a binder around it and a wrapper around the binder. A premium cigar consists of 100% tobacco of the highest quality, and has no filter.



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## EUROPE BRANDED



Net sales  
DKK million

3,270

EBITDA  
DKK million

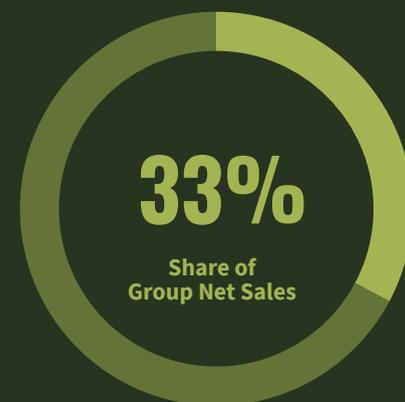
649

EBITDA margin  
%

19.8%

[Go to Europe Branded](#)

## NORTH AMERICA BRANDED & REST OF WORLD



Net sales  
DKK million

3,017

EBITDA  
DKK million

938

EBITDA margin  
%

31.1%

[Go to North America Branded & Rest of World](#)

## NORTH AMERICA ONLINE & RETAIL



Net sales  
DKK million

2,749

EBITDA  
DKK million

347

EBITDA margin  
%

12.6%

[Go to North America Online & Retail](#)



# EUROPE BRANDED

The commercial division Europe Branded, comprises sale of all product categories to wholesalers, distributors and direct to retail in France, Germany, the Netherlands, Spain, the UK, Belgium, Italy, Denmark, Sweden, Portugal, Ireland and Luxembourg.

In 2025, Europe Branded accounted for 36% of Group net sales. Gross margins at 48% are above the Group average of 44% primarily due to a high share of smoking tobacco sales, whereas the EBITDA margin before special items of 20% is on par with the Group average. The division runs at a higher than Group average OPEX ratio, as a result of its structure with its own sales organisations in all markets.

The largest product category within Europe Branded is machine-rolled cigars, which in 2025 accounted for 55% of reported net sales in the division. Smoking tobacco products accounted for 27%, next generation products for 12% and handmade cigars accounted for 4%. By markets, the largest contributors to net sales in the division are France (19%), Germany (18%) and Sweden (12%).

The market share for machine-rolled cigars across our key European markets was 26.8% in 2025, with our Power Brands holding an 18.4% share.

The ambition for Europe Branded is to contribute to the financial ambitions for the Group through stabilising net sales and profits in machine-rolled cigars and smoking tobacco and deliver net sales growth in next generation products and handmade cigars.

In machine-rolled cigars, our volume market is above 50% in Belgium and the Nordics, and we have market leading positions in key markets like France, the UK, the Netherlands and Spain. We are the market leader within pipe tobacco in all markets by a distance, and in fine-cut tobacco we are the leading brand owner in Denmark, and remain a challenger in Germany with our brand BREAK.

In nicotine pouches, the aim is to strengthen our presence by growing our market shares in existing markets and expanding into new markets. Since the acquisition of our flagship brand XQS, we have more than quadrupled the brand's market share in Sweden to more than 12% in 2025, and in the UK the brand has grown its share of the market since its launch in summer 2024.



## Sales by category

**3,270** DKK m

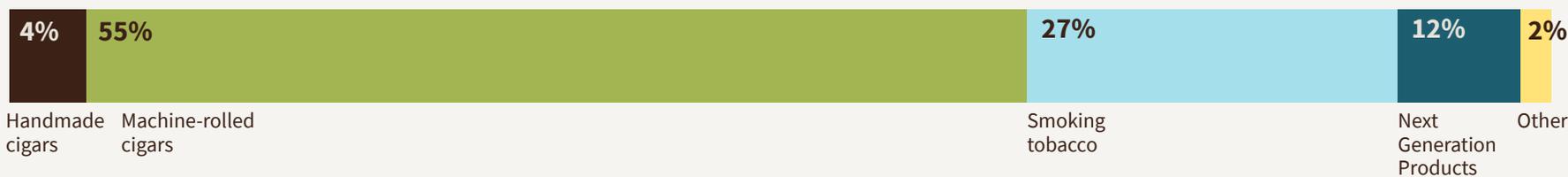
Net sales

**36%**

Share of Group Net Sales

**0%**

Organic growth





Our commercial divisions – Europe Branded

Financial review 2025

Reported net sales in Europe Branded increased by 6% to DKK 3.3 billion. The acquisition of Mac Baren impacted growth by 6% resulting in an organic net sales growth of -1%. By product category the organic growth in net sales was; machine-rolled cigars & smoking tobacco (-2%), next generation products (31%) and handmade cigars (-17%). Other accounted for -31%.

In machine-rolled cigars, the total market volume in our seven key markets decreased by about 1.2% compared with -3.5% in 2024).

Our market share decreased to 26.8% from 27.9% in 2024 and 29.7% in 2023. Stabilising the market share in 2026 is a key priority before targeting market share increases towards our ambition to reach more than 29% in 2030.

EBITDA

EBITDA before special items was unchanged compared with 2024 with an EBITDA margin before special items of 19.8% (21.0%). The development in profitability was negatively impacted by a change in the product mix primarily driven by strong double-digit growth in sales of next generation products and lower sales in higher margin product categories like smoking tobacco.

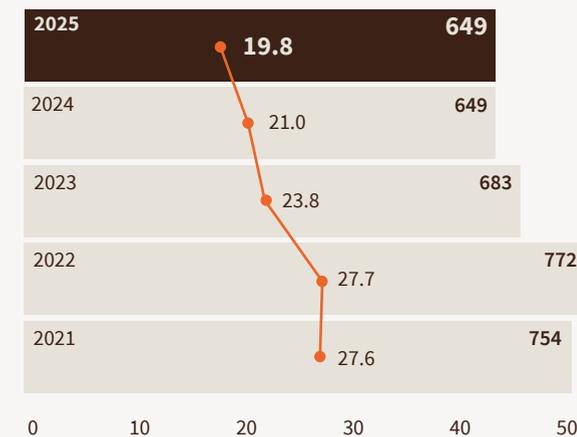
Price increases were generally not sufficient to offset cost increases.

| DKK million                      | 2025         | 2024        |
|----------------------------------|--------------|-------------|
| Net sales                        | 3,270        | 3,090       |
| Gross profit                     | 1,566        | 1,520       |
| - gross margin                   | 47.9%        | 49.2%       |
| EBITDA                           | 649          | 649         |
| - EBITDA margin                  | 19.8%        | 21.0%       |
| Net sales growth, reported       | 5.8%         | 7.9%        |
| - acquisitions                   | 6.0%         | 7.4%        |
| - exchange rates                 | 0.3%         | 0.4%        |
| <b>Net sales growth, organic</b> | <b>-0.5%</b> | <b>0.1%</b> |

Net sales DKK million



EBITDA before special items DKK million, %





# NORTH AMERICA BRANDED & REST OF WORLD

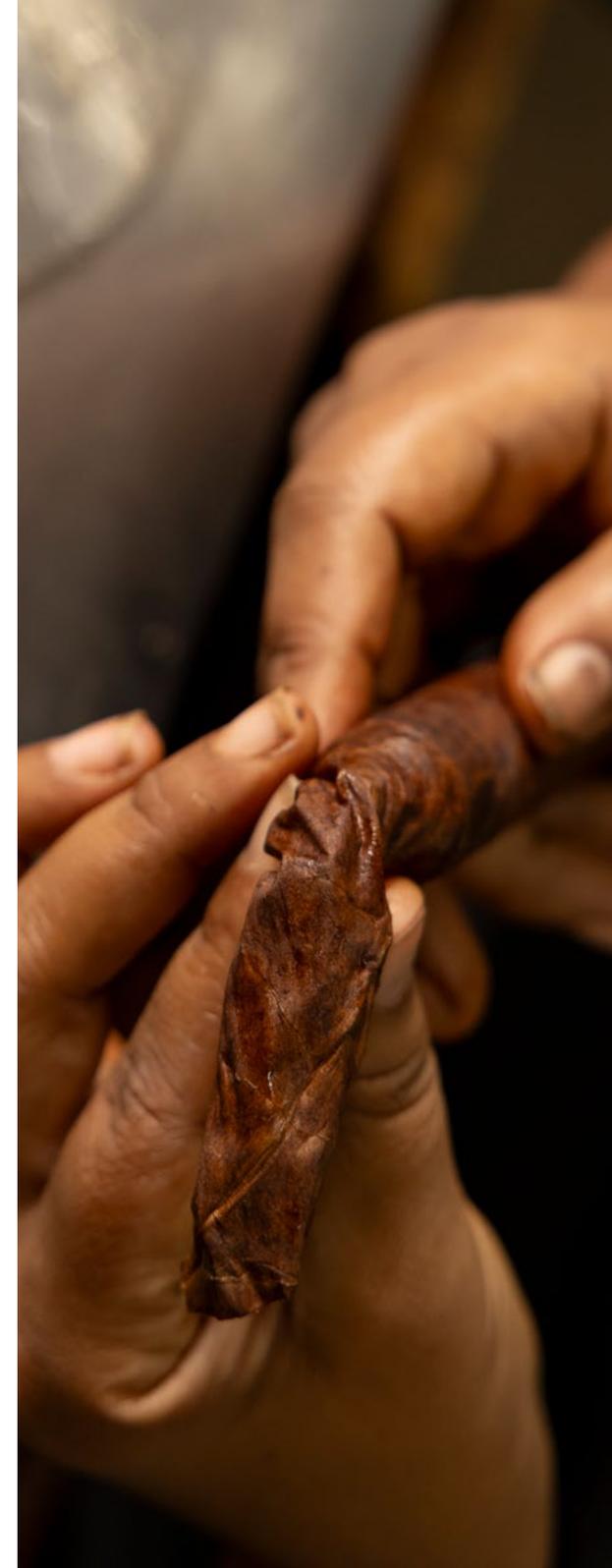
North America Branded & Rest of World (NABROW) comprises the sale of all product categories to wholesalers and distributors that supply retail in North America (U.S. and Canada) and Rest of World which includes Australia, Middle East, Africa, South America, Asia, European markets where we do not have own sales organisations, Global Travel Retail and Contract Manufacturing & Accessories (CMA).

The largest product category within NABROW is handmade cigars, which in 2025 accounted for 33% of reported net sales in the division. Machine-rolled cigars accounted for 22%, smoking tobacco for 27%, next generation products for 2% and other (contract manufacturing & accessories) accounted for 16%. By markets, the largest contributors to net sales are USA (50%), Canada (7%) and Norway (6%).

**For handmade cigars**, North America Branded sells cigars to consumers through all leading U.S. online platforms, wholesalers and retailers. Direct to consumer sales through our own channels are reported in the reporting division North America Online & Retail. Our portfolio in the U.S. includes brands within all price segments.

Our Power Brands in the handmade cigar segment includes our largest brands Macanudo, CAO and Cohiba as well as the smaller boutique brand Alex Bradley. Punch remains as one of our largest brands and a key brand for the U.S. market. International sales of handmade cigars account for about 8% of the divisional sales and have almost tripled reported sales in the past four years.

**In machine-rolled cigars**, the largest markets are Canada, where we hold a market leading position, the U.S., where we are relatively small player and Australia. In smoking tobacco, the largest markets for the division are the U.S., where we are market leader within both pipe tobacco and fine-cut tobacco and Norway, where we are the market leader within fine-cut tobacco.



## Sales by category

**3,017** DKK m  
Net sales

**33%**  
Share of Group Net Sales

**5%**  
Organic growth





Our commercial divisions – North America Branded & Rest of World

Financial review 2025

Reported net sales in the division North America Branded & Rest of World decreased by 4% to DKK 3.0 billion. The acquisition of Mac Baren impacted growth positively by 4.4%, whereas exchange rate developments impacted growth negatively by 3.4% resulting in an organic net sales growth of -5%. By product category the organic growth in net sales was; machine-rolled cigars & smoking tobacco (-1%), next generation products (-45%) and handmade cigars (-1%). Contract manufacturing and accessories in the category “Other” delivered growth of -17%.

Net sales of handmade cigars in the U.S. to external wholesalers and distributors was broadly unchanged for the full-year with price/mix impact offsetting a mid-single digit volume decline. Machine-rolled cigars delivered negative growth whereas smoking tobacco delivered a low single-digit growth. Next generation products were negatively impacted by the streamlining of the brands acquired from Mac Baren.

Net sales to our international markets delivered a 13% decline compared with the year before due to lower sales to the Asian markets.

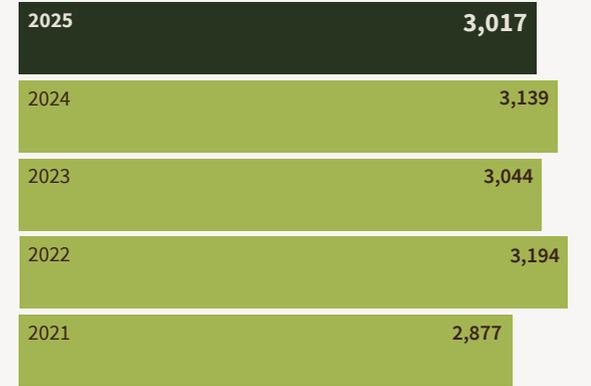
By the largest markets the organic net sales was unchanged in the U.S. as result of the handmade cigar category, Norway delivered a 2% increase and Canada delivered an 11% decrease.

EBITDA

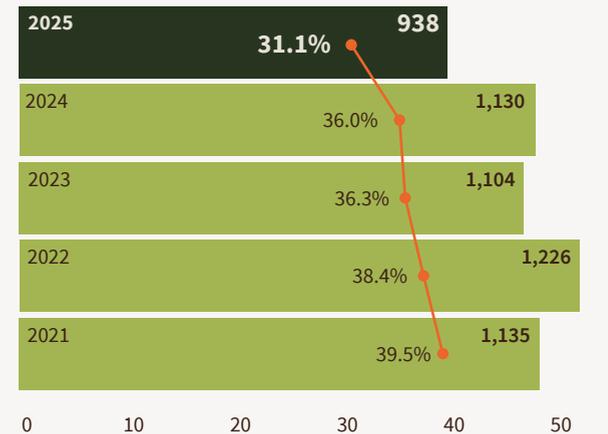
EBITDA before special items decreased by 17% with an EBITDA margin before special items of 31.1% compared with 36.0% the year before. The development in profitability was negatively impacted by a change in the product and market mix primarily driven by lower sales of machine-rolled cigars.

| DKK million                      | 2025         | 2024         |
|----------------------------------|--------------|--------------|
| Net sales                        | 3,017        | 3,139        |
| Gross profit*                    | 1,388        | 1,595        |
| - gross margin*                  | 46.0%        | 50.8%        |
| EBITDA*                          | 938          | 1,130        |
| - EBITDA margin*                 | 31.1%        | 36.0%        |
| Net sales growth, reported       | -3.9%        | 3.1%         |
| - acquisitions                   | 4.4%         | 6.0%         |
| - exchange rates                 | -3.4%        | -0.3%        |
| <b>Net sales growth, organic</b> | <b>-4.9%</b> | <b>-2.6%</b> |

Net sales DKK million



EBITDA before special items DKK million, %





# NORTH AMERICA ONLINE & RETAIL

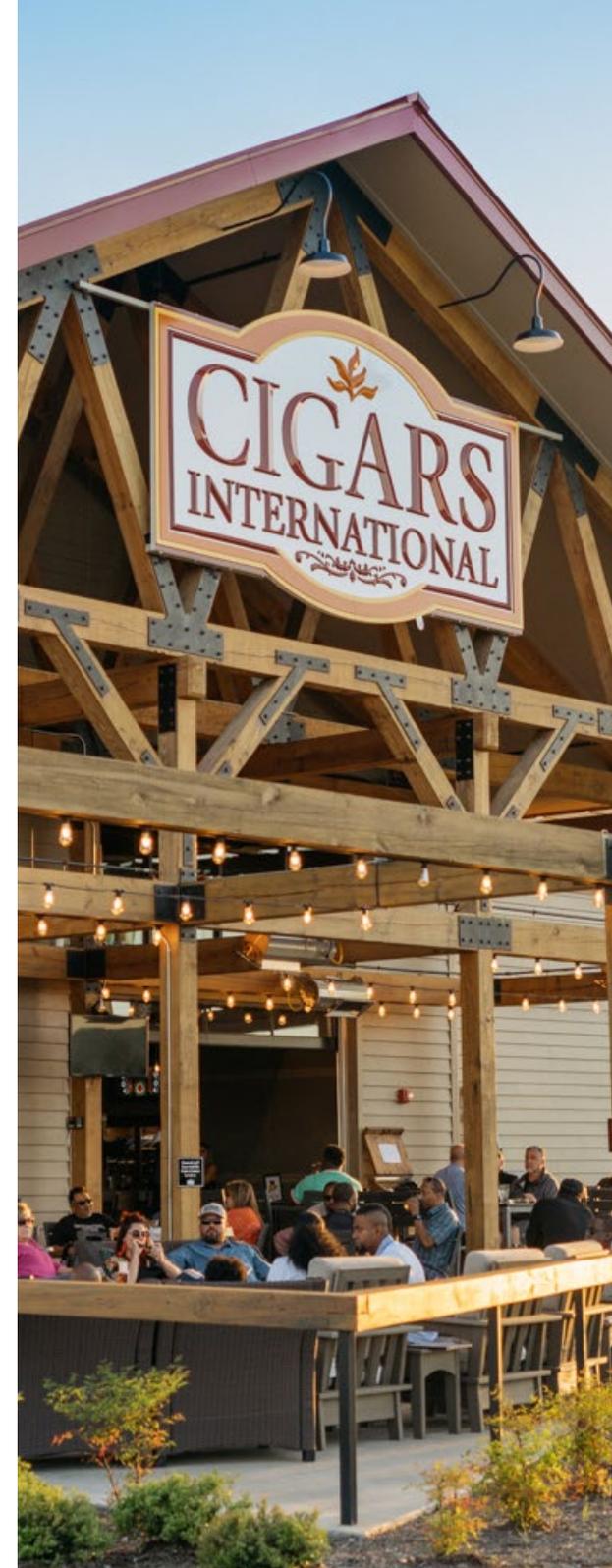
North America Online & Retail (NAOR) includes direct-to-consumer sales of all product categories sold via online, retail stores and contact centres in North America. NAOR distributes brands from the Group's own branded business, as well as brands from other major brand owners in the U.S. market, reinforcing the division's strong distribution capabilities.

North America Online & Retail is an agile, omni-channel business with a proven ability to engage and retain handmade cigar consumers and build brands. The direct-to-consumer sales via online, retail stores and contact centers in North America gives us unrivalled touchpoints with the U.S. handmade cigar consumer.

NAOR distributes brands from the Group's own branded business as well as other major brand owners in the U.S. market, reinforcing the division's strong distribution capabilities. Furthermore, NAOR markets and distributes a selection of exclusive brands like Man O'War and 5 Vegas, sold only through NAOR sales channels.

Net sales are divided with 88% from online/catalogues (NA Online) and 12% from our fast-growing retail business (NA Retail). NA Online includes multiple websites uniquely positioned in the market tailored to target consumer groups with different purchasing preferences. Cigars International, which is our largest website, is also the brand for our retail Superstores emphasising the omni-channel business strategy.

The network of stores in NA Retail was increased by two to a total of fifteen by the end of 2025. All Superstores are profitable and have become an important part of the Group's growth strategy.

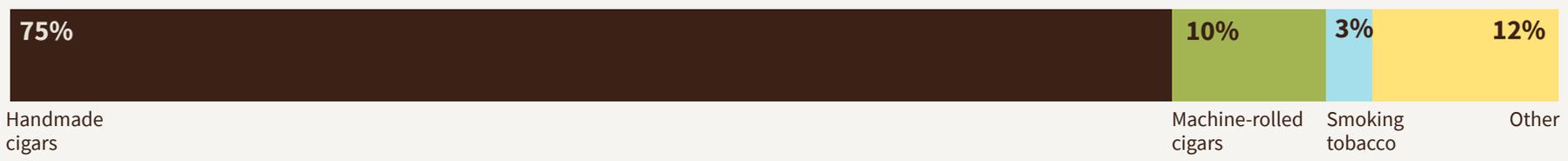


## Sales by category

**2,749** DKK m  
Net sales

**31%**  
Share of Group Net Sales

**4%**  
Organic growth





### Financial Review 2025

Net sales decreased by 7.5% to DKK 2,749 million comprised of a -4.1% organic net sales growth and an impact from acquisitions and exchange rates of -3.4%. Excluding the impact from the discontinued distribution of third-party nicotine pouch products from the middle of 2024, organic net sales growth was 0.3%, with NA Online delivering slightly negative organic growth. This was more than offset by solid growth in NA Retail.

NA Retailers proportion of divisional net sales increased to about 12% for the year. NA Online experienced a continued decline in the active customer base as the acquisition of new customers remains challenged due to fierce competition in the channel. Our retention rates remain solid and improving.

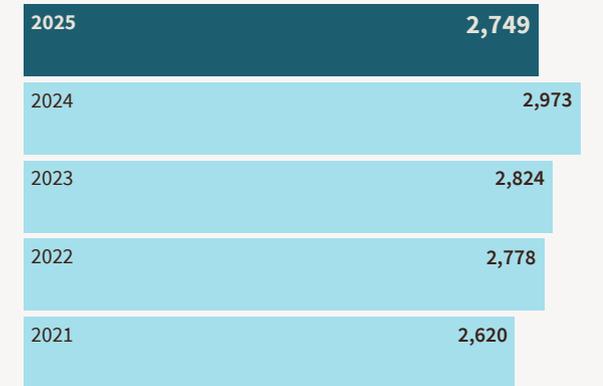
The increase in NA Retail is driven by new store openings with same store sales being slightly down compared with last year.

### EBITDA

EBITDA before special items decreased by 21% to DKK 347 million with an EBITDA margin before special items of 12.6% (14.8%). The EBITDA margin decline is primarily driven by a mix change towards more value products and highly competitive pressure limiting adequate pricing in NA Online, as well as higher costs of goods sold as result of the tariff increase early in the year. An increase in the OPEX-ratio reflects a higher level of promotional and marketing expenses.

| DKK million                      | 2025         | 2024        |
|----------------------------------|--------------|-------------|
| Net sales                        | 2,749        | 2,973       |
| Gross profit                     | 1,046        | 1,164       |
| - gross margin                   | 38.1%        | 39.1%       |
| EBITDA                           | 347          | 441         |
| - EBITDA margin                  | 12.6%        | 14.8%       |
| Net sales growth, reported       | -7.5%        | 5.3%        |
| - acquisitions                   | 0.9%         | 1.0%        |
| - exchange rates                 | -4.3%        | 0.1%        |
| <b>Net sales growth, organic</b> | <b>-4.1%</b> | <b>4.2%</b> |

### Net sales DKK million



### EBITDA before special items DKK million, %





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## Net sales

Net sales decreased by 1.8% to DKK 9,036 million (DKK 9,202 million) driven by a negative organic growth of 3.1%, a negative exchange rate development of 2.4% partly offset by the impact from acquisitions of 3.7%. The organic net sales development was primarily driven by North America Branded & Rest of World and North America Online & Retail, however Europe Branded also delivered slightly negative organic growth. The Americas remained our largest market with a share of Group net sales of 50.2%. Europe and Rest of World accounted for 43.5% and 6.3% respectively.

## Gross profit

Gross profit before special items decreased by 6.5% to DKK 4,001 million (DKK 4,279 million). The decrease was driven by a lower gross margin and a negative currency impact of DKK 87 million partly offset by a positive contribution from acquisitions of DKK 144 million. Organic gross profit decreased by 7.6%. Gross margin before special items decreased by 2.2 percentage point to 44.3% (46.5%) primarily driven by higher cost prices, mix changes and investment in new categories.

## Operating expenses (OPEX)

OPEX before special items increased by 0.9% to DKK 2,268 million (DKK 2,248 million). Organic OPEX decreased by 1.4% to DKK 2,313 million (DKK 2,346 million). The OPEX-ratio increased to 25.1% from 24.4% in 2024. The OPEX-ratio was driven by market investments and investment in new categories.

| DKK million                       | 2025          | 2024          | Change in %  |
|-----------------------------------|---------------|---------------|--------------|
| <b>Net sales</b>                  |               |               |              |
| Net sales                         | 9,036         | 9,202         | -1.8%        |
| Acquisitions                      |               | 349           |              |
| Currency development              | 216           |               |              |
| <b>Organic net sales</b>          | <b>9,252</b>  | <b>9,551</b>  | <b>-3.1%</b> |
| <b>Gross Profit</b>               |               |               |              |
| Gross profit before special items | 4,001         | 4,279         | -6.5%        |
| Acquisitions                      |               | 144           |              |
| Currency development              | 87            |               |              |
| <b>Organic gross profit</b>       | <b>4,088</b>  | <b>4,423</b>  | <b>-7.6%</b> |
| <b>OPEX</b>                       |               |               |              |
| OPEX before special items         | -2,268        | -2,248        | 0.9%         |
| Acquisitions                      |               | -98           |              |
| Currency development              | -45           |               |              |
| <b>Organic OPEX</b>               | <b>-2,313</b> | <b>-2,346</b> | <b>-1.4%</b> |

\* before special items

## EBITDA

EBITDA before special items decreased by 13.9% to DKK 1,791 million (DKK 2,079 million) while organic EBITDA decreased by 13.6% driven by the development in organic gross profit partly offset by the decrease in OPEX. The EBITDA margin before special items decreased to 19.8% (22.6%).

| DKK million                 | 2025         | 2024         | Change in %   |
|-----------------------------|--------------|--------------|---------------|
| <b>EBITDA</b>               |              |              |               |
| EBITDA before special items | 1,791        | 2,079        | -13.9%        |
| Acquisitions                |              | 46           |               |
| Currency development        | 45           |              |               |
| <b>Organic EBITDA</b>       | <b>1,836</b> | <b>2,125</b> | <b>-13.6%</b> |

## Special items

Special items were negative by DKK 200 million (negative DKK 279 million) driven by OneProcess but also re-organisations and the integration of Mac Baren.

| DKK million  | 2025         | 2024         |
|--|--------------|--------------|
| <b>Special items</b>                                   |              |              |
| Integration and transactions costs (Mac Baren)         | 34.5         | 40.4         |
| One Commercial Organisation                            | 4.3          | 53.5         |
| Service Delivery Organisation                          | 30.8         | 53.0         |
| OneProcess   | 130.1        | 132.1        |
| <b>Total special items incl. impairment, net costs</b> | <b>199.7</b> | <b>279.0</b> |





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EBIT

EBIT decreased by 17.2% to DKK 1,142 million (DKK 1,380 million) and was negatively impacted by the decrease in EBITDA before special items, higher depreciations and amortisations partly offset by lower special items.

Tax and net profit

Income taxes were DKK 208 million (DKK 280 million). The effective tax rate was 23.7% (22.9%). Net profit decreased by 28.8% to DKK 669 million (DKK 940 million). Basic earnings per share decreased to DKK 8.5 (DKK 11.5). Adjusted earnings per share decreased by 21.5% to DKK 10.8 (DKK 13.7) as a result of the development in EBITDA before special items, increased depreciation/amortization and increased tax rate partly offset by the reduction in the number of outstanding shares (basic) which was reduced to 78.8 million (82.1 million).

Balance sheet

Total assets were DKK 16,303 million (DKK 17,104 million). Net working capital was in line with last year and amounted to DKK 3,661 million (DKK 3,660 million).

Return on invested capital

The return on invested capital (ROIC) was 7.9% (9.4%) with a DKK 238 million reduction in EBIT driven by the operational performance. Invested capital was fairly stable and stood at DKK 14.5 billion (DKK 14.7 billion).

Cash flow

Cash flow from operating activities decreased to DKK 755 million (DKK 1,179 million) due to a decrease in cash flow from operations, more negative cash flow from change in working capital compared to 2024, due to delayed payment of trade receivables, higher level of special items paid and higher level of interest costs paid, being partly offset by decreased tax payments. In 2025, the change in working capital was negative by DKK 214 million versus a negative change in 2024 of DKK 138 million.

Cash flow from investing activities was an outflow of DKK 163 million (DKK 824 million) whereof outflow related to acquisitions amounted to DKK 4 million (DKK 576 million). CAPEX was DKK 182 million (DKK 264 million) and sale of property, plant and equipment contributed by DKK 10 million compared to DKK 3 million in 2024. Free cash flow was DKK 591 million (DKK 355 million). Free cash flow before acquisitions was DKK 595 million (DKK 931 million).

| DKK million                                 | 2025         | 2024         |
|---|--------------|--------------|
| <b>Cash flow</b>                            |              |              |
| <b>EBITDA before special items</b>          | <b>1,791</b> | <b>2,079</b> |
| Fin. items, tax and other adjustments       | -823         | -762         |
| <b>Cash flow from operations before NWC</b> | <b>968</b>   | <b>1,317</b> |
| Changes in working capital                  | -214         | -138         |
| <b>Cash flow from operations</b>            | <b>755</b>   | <b>1,179</b> |
| Investments                                 | -164         | -824         |
| <b>Free cash flow</b>                       | <b>591</b>   | <b>355</b>   |

Financing

Net interest-bearing debt (NIBD) increased to DKK 5,461 million (DKK 5,423 million). The leverage ratio (NIBD/EBITDA before special items) was 3.0x compared to 2.6x at 31 December 2024. The development was driven by the decreased EBITDA before special items.

Dividend

For the financial year 2025, the Board of Directors proposes a dividend of DKK 4.50 per share corresponding to a total dividend of DKK 360 million and a pay-out ratio of 41.7% (62.0%).



# FINANCIAL AMBITIONS & ACHIEVEMENTS

Scandinavian Tobacco Group’s financial ambitions reflect the strategic initiatives embedded in the five-year strategy Focus2030. The ambitions are centered on disciplined capital deployment, incremental earnings improvement and free cash flow generation, enabling attractive shareholder returns.

The ambitions are anchored in delivering sustainable long-term profit, cash flow and ROIC improvements over time. Increasing the scope and size of our activities as well as profitability over time, are key words to achieving these ambitions. The financial performance might be adversely impacted in the short- to medium-term, to build the foundation for sustainable long-term performance.

Our ability to realise the financial ambitions is dependent on specific market and business developments. The Group will supplement the financial ambitions with annual guidance for reported net sales growth at local currencies, EBIT before special items, free cash flow before acquisitions and adjusted earnings per share.

## Financial ambitions towards 2030

### ROIC

Return on Invested Capital (ROIC) of at least 11% in 2030

### EBIT

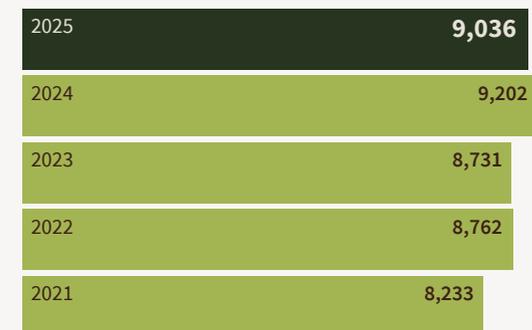
Compounded annual EBIT<sup>1</sup> growth by low single digit percentage

### FREE CASH FLOW

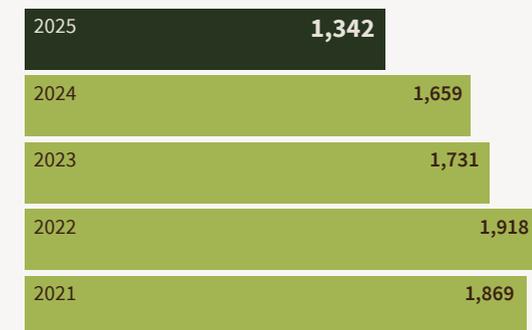
Free cash flow before acquisitions of at least 1.2 DKK billion in 2030

1) Organic EBIT before special items

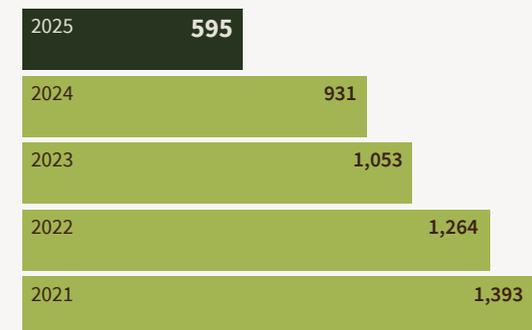
### Net sales DKK million



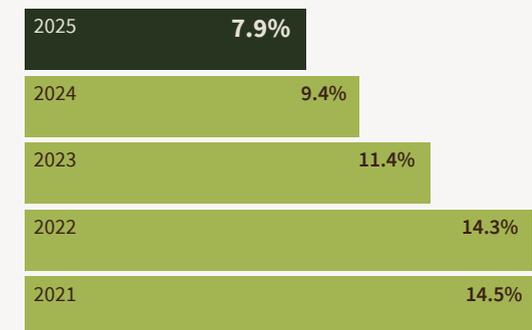
### EBIT before special items DKK million



### Free cash flow before acquisitions DKK million



### ROIC %





# SHAREHOLDER RETURN POLICY

The Board of Directors continuously evaluates the distribution of excess capital to shareholders based on a comparison of the projected leverage ratio against a target of 2.5 times with the leverage ratio calculated as Net Interest-Bearing Debt (NIBD)/EBITDA before special items.

The shareholder return policy is based on a dividend pay-out ratio in the range of 40-60% against adjusted earnings per share supplemented by share buybacks when the projected leverage ratio allows for this.

The Group maintains flexibility to temporarily exceed the target leverage ratio in connection with dividend distribution, acquisitions or investments. The Group's capital distributions will always take into account potential acquisitions and other liquidity needs.

## Dividend payout DKK/share

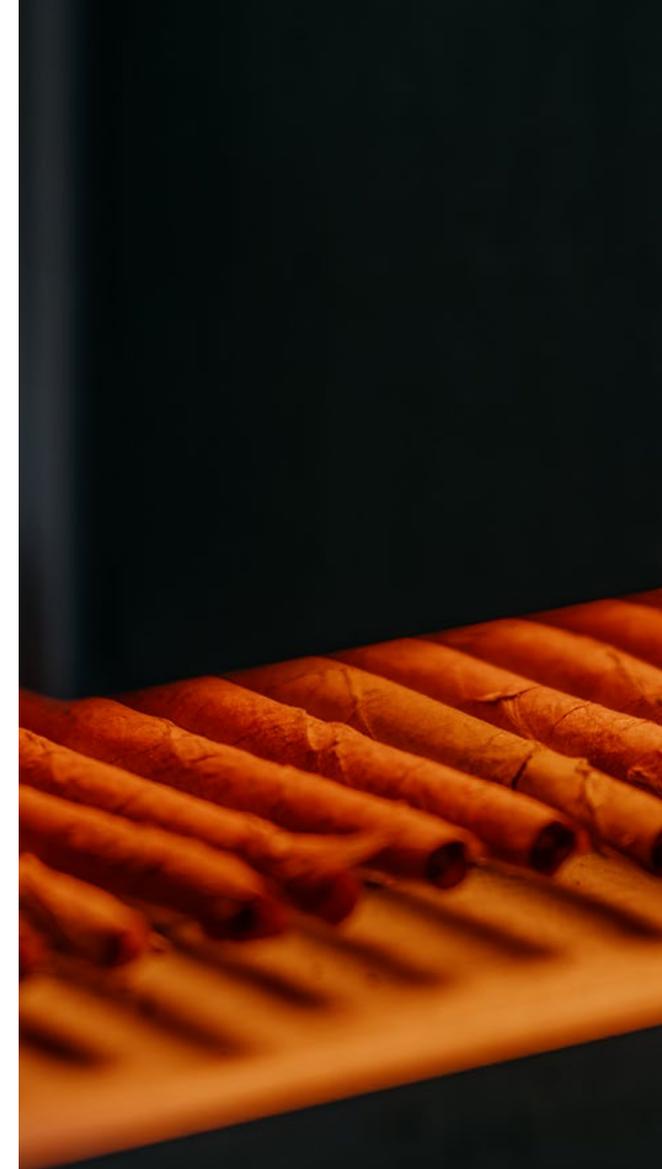
|      |      |
|------|------|
| 2025 | 4.5  |
| 2024 | 8.5  |
| 2023 | 8.4  |
| 2022 | 8.25 |
| 2021 | 7.5  |

## Capital distribution DKK bn

|      |     |
|------|-----|
| 2025 | 0.7 |
| 2024 | 1.5 |
| 2023 | 0.9 |
| 2022 | 1.5 |
| 2021 | 1.2 |

## Pay-out ratio %

|      |     |
|------|-----|
| 2025 | 42% |
| 2024 | 62% |
| 2023 | 58% |
| 2022 | 52% |
| 2021 | 51% |





# EXPECTATIONS FOR 2026

For 2026, we expect the consumer trends unchanged for most of our product categories and market decline rates to remain broadly similar to historic trends.

For the Group we expect net sales growth at constant currencies to be in the range -2% to +2%. The expectation reflects that total market volumes for machine-rolled cigars in Europe will decline by 3% and consumption of handmade cigars will decline by 4%. Stabilisation of our market shares, growth in U.S. retail, pricing and growth in our nicotine pouch business are expected to offset the volume declines in our core combustible categories.

Changes in consumer behaviour across our product categories impacting decline rates and increased competition impacting pricing are considered the largest uncertainties to the development in net sales and gross profit margins.

For 2026, we expect the EBIT margin before special items to be 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.

Pricing is not expected to fully offset the impact from cost increases, changes in product and market mix as well as our increased promotional activities to protect and improve our market share positions.

The increase in the amortization of trademarks is approximately DKK 75 million and account for about 1%-point on the EBIT margin before special items. This is expected to be largely offset by an expected higher income from certain duty refunds.

The increase in amortization reflects the Groups new strategic direction with stronger focus on Power Brands implying brands outside the scope of Power Brands going forward are classified with a finite useful lifetime. The net effect of amortizations and certain duty refunds implies we expect EBITDA before special items to be more or less in line with 2025.





For 2026, 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 – impacting cash flow negatively in 2025 - are returning in 2026 with a positive effect on cash flow during the first half of this year. We expect the leverage ratio will move towards our target ratio during 2026 based on the expectation of a more or less unchanged EBITDA before special items compared with last year.

Based on the exchange rates as of 3 March 2026, we assume a negative translation impact for reported net sales of around DKK 150 million for full-year 2026.

Other relevant assumptions are:

- EBITDA before special items more or less in line with 2025
- Reported effective tax rate of 23-24%
- Special items of about DKK -275 million
- Special cash cost of about DKK -275 million

|  | 2025<br>Guidance <sup>1</sup> | 2025<br>Realised | 2026<br>Guidance*  |
|--|-------------------------------|------------------|--------------------|
| Net sales (DKK billion)                          | 9.1 - 9.2                     | 9.0              | -                  |
| Net Sales Growth at constant currencies          | -                             | -                | <b>-2% to 2%</b>   |
| EBITDA margin before special items               | 19.5%-20.5%                   | 19.8%            | -                  |
| EBIT Margin Before Special items                 | -                             | <b>14.9%</b>     | <b>13.0%-14.5%</b> |
| Free cash flow before acquisitions (DKK billion) | 0.8-1.0                       | 0.6              | <b>0.95-1.20</b>   |
| Adjusted earnings per share (DKK)                | 10-12                         | 10.8             | <b>9-11</b>        |

1. As of 11 November 2025

\* 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 EBIT margins being only marginally impacted.





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Consumer insights and our distribution capabilities equip us to explore ways we can further embrace the dynamic consumer environment and develop our presence in ways that will complement our core categories and meet poly-use consumer needs.



# REGULATION

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Tobacco products are subject to comprehensive regulation covering their composition, labelling, packaging, marketing, display, sale and consumption.

In many markets, manufacturers and distributors must provide authorities with detailed product and ingredient information, along with research on health impacts. Some countries have introduced standardised packaging requirements and retail display bans. Scandinavian Tobacco Group anticipates continued regulatory tightening and actively monitors developments. Through national and international trade associations, we engage with stakeholders to promote evidence-based, balanced regulation that reflects the distinct characteristics of different product categories. While regulation adds complexity and cost, it also creates opportunities for Scandinavian Tobacco Group to leverage our scale and agility in meeting increasingly demanding requirements.



## Regulatory developments in the U.S.

In the U.S., the Food and Drug Administration (FDA) has the regulatory responsibility for tobacco products, including cigars and pipe tobacco. The regulation of cigars and pipe tobacco, which was first introduced in 2016, is complex and often requires essential additional FDA guidance and involves great uncertainty in terms of the specific requirements as well as timing. In January 2025, the U.S. Court of Appeals ruled that the FDA lacked sufficient justification to regulate “premium cigars,” leaving these products outside the FDA oversight for now. The definition

of “premium cigars” is still under litigation, and the FDA may pursue new rulemaking, creating long-term uncertainty about the scope of this exclusion.

The FDA has in recent years issued draft rules and guidance documents covering several topics and asked for comments on these, including flavoured tobacco products, reduction of nicotine in tobacco products to minimal/non-addictive levels, and establishment of good manufacturing requirements. The FDA has stated that it will issue a proposed rule that would ban menthol in cigarettes (the only non-tobacco flavour allowed in cigarettes) and ban all non-tobacco characterising flavours in cigars at some point in the future. However, a decision on such a federal ban has not yet been issued or addressed recently. In addition, a number of states have proposed legislation banning flavoured tobacco products. Presently, Massachusetts and California are the only states that have enacted laws banning flavoured tobacco products, but more states are expected to propose and perhaps enact flavour bans in the future. Flavoured tobacco products sold in the U.S. only make up about 5% of the Group’s net sales and profit. Regarding the FDA’s establishment of good manufacturing requirements, if extensive tobacco product manufacturing requirements are finalised and enacted in the future, those requirements would likely apply to domestic and foreign facilities that manufacture tobacco products other than premium cigars for sale in the U.S., given that premium cigars are not currently regulated by the FDA.

Online sales of tobacco products are subject to a requirement by the individual states that the seller collects the sales tax applicable in the state where the customer is residing. Some states have enacted regulations to have out-of-state retailers also collect and remit state excise tax on tobacco products, and more states are expected to implement similar regulation over time.



## Regulatory developments in Europe

The EU is advancing significant changes to its tobacco regulatory framework. The proposed revision of the Tobacco Excise Directive—the first since 2010—aims to harmonise excise structures, introduce automatic rate adjustments, and extend coverage to novel products such as e-cigarettes, heated tobacco and nicotine pouches. Under the current draft, minimum rates for pipe tobacco and other smoking tobacco could increase significantly, though final terms remain subject to negotiation. In parallel, the EU Tobacco Products Directive is scheduled for a comprehensive evaluation and potential revision in 2026 to address emerging market and health considerations.

The EU Tobacco Products Directive sets the framework for most regulation of tobacco products, including the manufacture, presentation and sale of tobacco, and related products, mandating health warnings, banning characterising flavours, requiring ingredient and emissions reporting, and ensuring traceability. The EU Tobacco Excise Directive contains definitions of the various tobacco product categories for excise purposes and determines the structure and minimum rates of tobacco excise tax in the EU. With due consideration of these minimum rates, each EU member state sets its own tobacco excise rates.

Additionally, the EU Tobacco Advertising Directive prohibits cross-border tobacco advertising and sponsorship in print, radio, online media and multi-country events, with complementary rules covering audiovisual services.

Standardised consumer packaging requirements as well as the regulation of display and marketing of tobacco products at the points of sale are not within the scope of EU’s tobacco regulations but subject to national regulations. Several EU member states have introduced requirements for standardised packaging and display bans at the retail level for some or all types of tobacco products, including recent extensions to cover cigars and pipe tobacco. Alongside sector-specific rules, the EU’s Packaging and Packaging Waste Regulation (PPWR) will set new requirements for packaging design, recyclability, and waste reduction, which could influence how tobacco and nicotine products are packaged and placed on the market.



## Nicotine Pouch Regulation

Nicotine pouches are currently not regulated at EU level, but national approaches vary significantly. Some countries have introduced regulations similar to those for traditional tobacco products, including ingredient restrictions, flavour bans, health warnings and age limits, while others have opted for lighter regimes or outright bans. This fragmented regulatory landscape creates complexity for manufacturers and highlights the likelihood of further harmonisation efforts in the future. It is widely expected that the upcoming revision of the EU Tobacco Products Directive will include nicotine pouches, introducing EU-wide standards for labelling, health warnings and marketing restrictions.



# RISK MANAGEMENT

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Enterprise Risk Management (ERM) is designed to identify and manage uncertainties and risks affecting Scandinavian Tobacco Group in the global marketplace. ERM seeks to identify, prioritise and manage key risks at all levels of the business to support the organisation in better decision making, proper allocation of resources and better, and faster utilisation of opportunities that arise.

## Governance

The responsibility for the governance of risks lies with the Board of Directors. On behalf of the Board of Directors, the Audit Committee monitors the effectiveness of the Group's risk management and evaluates the design annually. The Executive Board manages the operational part of ERM and ensures proper and complete reporting to the Audit Committee.

## Risk assessment process

Scandinavian Tobacco Group operates with a framework including various principles that secure a structured and cross-functional approach to risk management.

The approach is a top-down facilitated process with the intent to identify risks and support ERM throughout the organisation, and to ensure consistent follow-up and reporting on risks to the Executive Board during the year.

To receive input from the organisation, a risk team works with key stakeholders across the business to ensure an effective assessment before presenting recommendations to the Executive Board. The Executive Board performs an annual risk assessment based on the impact and likelihood of a risk materialising. The process ensures that appropriate actions are taken to reduce, prevent or mitigate risks, and to ensure that the Group is transparent and compliant in the external communication on these risks.

## Risks

The main risk categories identified are regulation, cyber risk, excise taxes, total market development and implementation of a new Group Enterprise Resource Planning (ERP) system. The recent tariffs in U.S. impact STG, creating uncertainties. The identified financial risks, including foreign exchange, interest rate, credit and liquidity risks, can be found in [note 4.2](#).



## REGULATION



There is a strong regulatory focus on the tobacco industry - a trend that is expected to continue.

## EXCISE TAXES



Excise tax rates are a major component of the retail price of tobacco products.

## TOTAL MARKET DEVELOPMENT



The total market for tobacco products is declining. Although cigar volumes have shown higher resilience than cigarettes in some of our markets, the markets for machine-rolled cigars and pipe tobacco are declining.

## CYBER RISK



Cyber security threats are growing in number and are becoming more sophisticated.

## IMPLEMENTATION OF ERP SYSTEM



A project that aims to harmonise Group processes and upgrade the ERP platform.



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Risk management

◆ REGULATION



**Risk description**

There is a strong regulatory focus on the tobacco industry. Regulatory initiatives could affect consumer behaviour, discourage use of tobacco products, control new product development and place significant burdens on the tobacco industry. Regulatory initiatives could include significant reporting obligations, bans on tobacco product displays, labelling requirements, standardised packaging and new requirements under the EU Packaging and Packaging Waste Regulation (PPWR). As well as bans on certain flavourings, restrictions on sale and consumption of tobacco products, and Track & Trace requirements that further regulate the tobacco industry. Regulatory changes could lead to an increase in costs and operational complexity, impact the ability to compete or differentiate products, erode brand values, reduce possibilities to launch new products and cause loss of sales and profitability.

**Mitigating actions**

We engage with regulators and stakeholders to ensure proper insights and knowledge about our product categories, to facilitate reasonable, transparent and balanced regulation. We have dedicated resources to monitor regulatory initiatives and use significant resources preparing for, and implementing, new and updated regulations.

We focus our sales in categories with mainly mature consumers and on the non-aromatic segment for cigars which has been less exposed to regulatory focus than the aromatic segment.

◆ EXCISE TAXES



**Risk description**

Excise taxes are a major component of the retail price of tobacco products. This component can be changed by national governments and is actively used to increase tax revenue, and to limit tobacco consumption. An alignment of excise tax rates across tobacco product categories could increase the excise tax and impact the consumer price of our products, negatively impacting our sales volumes and profitability. Increases of excise taxes implemented unexpectedly or unusually high excise increases, could limit our ability to pass on excise increases to consumers through price increases. It could also provide us limited time to adjust our production and sales efforts which could have an additional adverse effect on our profitability, and lead to lower consumer demand. In the U.S., we expect an increase in the number of states requiring remote sellers to collect excise tax. This could lead to additional costs and complexity for our operations, affect consumer behaviour and impact our sales volumes and profitability.

**Mitigating actions**

We continuously monitor potential changes to excise taxes for our product categories. We adjust prices to the extent possible to pass on the effect of excise tax increases to consumers, if the market conditions allow. We actively participate in relevant industry associations and in collaboration with trade industry partners, we engage in dialogue with regulators to limit the risk of market disruption based on excise tax alignment and excise tax changes.

◆ TOTAL MARKET DEVELOPMENT



**Risk description**

The total market for tobacco products is declining. Although cigar volumes have shown higher resilience than cigarettes in some markets, the markets for machine-rolled cigars and pipe tobacco are also declining. With a presence in approximately 100 markets around the world, we have a high degree of geographic diversification. Still, a significant and unexpected decrease in demand for tobacco products in one or more of our core markets, could negatively impact our net sales and profitability.

**Mitigating actions**

We continuously monitor the market trends, collect market research data and perform forecasts to project market developments, and trends. The trend analysis helps us address adverse market conditions more promptly. We have a strong focus on portfolio and pricing strategies. We strive to gain market share and implement price increases to offset the negative impact of declining markets. We aim at being present in all price points, to remain relevant for the consumers if they change spending patterns.



## ◆ CYBER RISK



### Risk description

Scandinavian Tobacco Group operates in an environment with cyber security threats that are growing in number and sophistication. Successful attacks might result in business disruption, production stops, loss of image, compromise of customer information and personal data, and direct financial loss. Disruptions to our online retail business platforms, resulting in these becoming unavailable to customers, could impact our sales and profitability. Further, if our business platforms were unavailable, it could lead to supply chain and general business disruption, and could keep us from fulfilling our engagements and responsibilities towards customers and other parties.

### Mitigating actions

Our focus is on implementation of security policies, business continuity management, recovery plans, proactive monitoring, global penetration tests and keeping our defences updated. We evaluate, monitor and test our cyber resilience and IT enhancements – and we educate our employees in cyber security awareness.

## ◆ IMPLEMENTATION OF ERP SYSTEM



### Risk description

Scandinavian Tobacco Group is investing significantly in updating the Group’s ERP system. This represents a significant business transformation and will strengthen our ability to deliver growth and scale, and profitability in a declining market. Further, a higher degree of digitalisation, process simplification and automation, will provide the Group with an improved basis for participating in further industry consolidation. Implementation of the new ERP system requires significant resources and affects many divisions across the Group, not least supply chain, business operations, finance and IT. Disruptions, delays or deficiencies in the transition, design and implementation of the new system, could have an adverse effect on the Group’s business. The new system will be rolled out in several waves to maximise value and minimise risk. The ERP implementation risk declines as the project progresses and currently the entire European and Asian markets are fully operating via SAP S/4HANA.

### Mitigating actions

Senior management is committed to the project’s governance and is securing key resources across the organisation. Also, the Group has a structured and systematic approach to monitoring and tracking the status of large projects. Risk mitigation will be a priority throughout the project and a thorough clarification phase will contribute to risk mitigation.

## §

### Data ethics

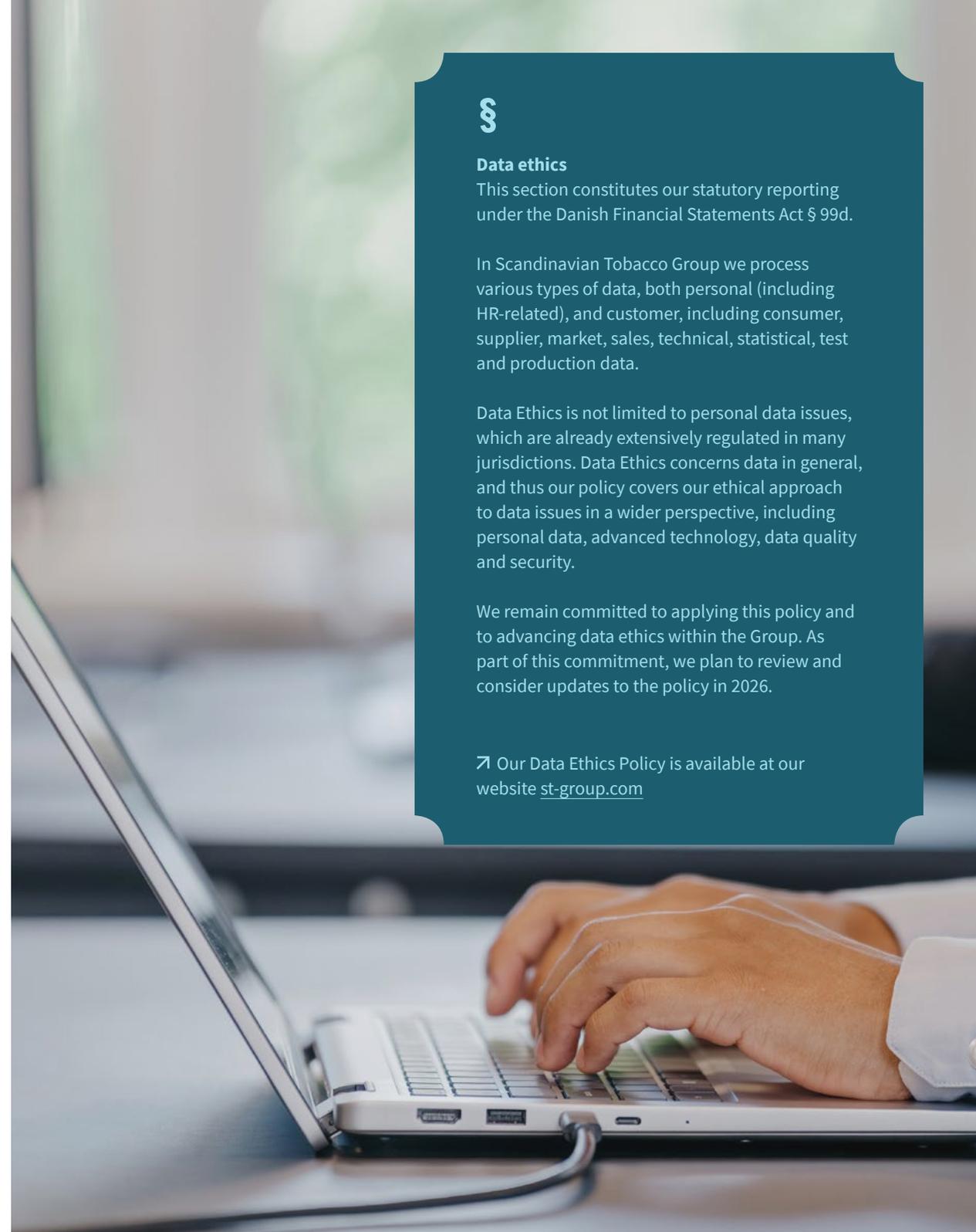
This section constitutes our statutory reporting under the Danish Financial Statements Act § 99d.

In Scandinavian Tobacco Group we process various types of data, both personal (including HR-related), and customer, including consumer, supplier, market, sales, technical, statistical, test and production data.

Data Ethics is not limited to personal data issues, which are already extensively regulated in many jurisdictions. Data Ethics concerns data in general, and thus our policy covers our ethical approach to data issues in a wider perspective, including personal data, advanced technology, data quality and security.

We remain committed to applying this policy and to advancing data ethics within the Group. As part of this commitment, we plan to review and consider updates to the policy in 2026.

➤ Our Data Ethics Policy is available at our website [st-group.com](https://st-group.com)





# CORPORATE GOVERNANCE

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Scandinavian Tobacco Group A/S is incorporated in Denmark and governed by Danish law. The company’s shares have been publicly listed on Nasdaq Copenhagen since February 2016.

Our corporate governance framework is based on the Danish Companies Act, the Danish Financial Statements Act, the International Financial Reporting Standards (IFRS), the EU Market Abuse Regulation, Nasdaq Copenhagen’s Nordic Main Market Rulebook for Issuer of Shares, Euronext Dublin Rule Book and our Articles of Association. We also follow the Danish Recommendations on Corporate Governance.

The ultimate authority over the company is held by the shareholders who exercise their rights in accordance with the company’s Articles of Association. At the annual general meeting, shareholders approve the annual report, the remuneration report, and any amendments to the Articles of Association, and elect the Board of Directors and the independent auditor. The Articles of Association, last updated on 9 April 2025, are available at [st-group.com](http://st-group.com), and minutes from the meeting can be accessed at [investor.st-group.com](http://investor.st-group.com).

As a listed company, Scandinavian Tobacco Group reports annually on compliance with the Danish Recommendations on Corporate Governance under the “comply or explain” principle. Scandinavian Tobacco Group complies with all current recommendations, with one minor exception: the Board of Directors did not elect a vice-chair in 2025. A detailed overview can be found in Scandinavian Tobacco Group’s 2025 Statutory Report on Corporate Governance [here](#).

## Remuneration

Scandinavian Tobacco Group’s Remuneration Policy lays down the principles governing the remuneration of the Board of Directors and Executive Management, and it acts as a framework for their contractual terms and compensation. The remuneration is adopted, managed and reviewed in accordance with the Danish Companies Act and the Corporate Governance Recommendations.

The overall objective of the Remuneration Policy is to enable the company to attract and retain high calibre, experienced and qualified individuals to its Board of Directors and Executive Management. Further, the Remuneration Policy enables the company to incentivise the Executive Management to deliver the company’s strategic ambitions in a way which creates sustained shareholder value. It also makes it possible to reward the Executive Management appropriately for achieving core short-term and long-term business goals, while managing and growing the company to ensure its continued sustainability in a way which aligns with shareholders’ and stakeholders’ interests.

The current Remuneration Policy was adopted at the Annual General Meeting in 2024 and had no changes to it in 2025, and it can be found at [st-group.com](http://st-group.com). A detailed description of the main elements of the remuneration of the Board of Directors and the Executive Management and the remuneration paid in 2025 is outlined in the 2025 Remuneration Report available at [st-group.com](http://st-group.com).



Scandinavian Tobacco Group complies with the Danish recommendations on Corporate Governance. A detailed overview can be found in Scandinavian Tobacco Group’s 2025 Statutory Report on Corporate Governance:

[www.st-group.com/annual-reports/statutory-corporate-governance-report-2025/](http://www.st-group.com/annual-reports/statutory-corporate-governance-report-2025/)



The Group has already begun its journey of aligning financial rewards with broader goals of environmental responsibility and social impact with an incentive tied to the outcomes of some key ESG work. For more information, visit the Remuneration section in the report.

[www.st-group.com/annual-reports/remuneration-report-2025/](http://www.st-group.com/annual-reports/remuneration-report-2025/)



# BOARD OF DIRECTORS

★ Year of birth   ■ Nationality   ● Election period   👤 Joined the board in

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## Gender composition of the Board of Directors

# 33.3%

female representation in the Board of Directors

# 66.6%

male representation in the Board of Directors

45

Scandinavian Tobacco Group A/S Annual Report 2025

## Henrik Brandt



★ 1955   ■ Danish

● 2025-2026

👤 Joined the Board in 2017 and was elected Vice-Chair. Was elected Chair in 2022.

**Education** MBA from Stanford University  
Master of Science in Economy from Copenhagen Business School

**Competencies**

- Extensive executive and non-executive experience in leading international, publicly listed and private equity businesses
- Sale and marketing of fast-moving consumer goods
- Strategic business development

**Selected former employment positions**

- President and CEO Royal Unibrew A/S 2008-2017
- President and CEO of Unomedical A/S 2003-2008
- President and CEO of Sophus Berendsen A/S (now Berendsen A/S) 1999-2002
- CEO of House of Prince A/S and Group Executive of Skandinavisk Tobakskompagni A/S 1992-1999
- President and CEO of Fritz Hansen A/S 1989-1992
- President and CEO of Kevi A/S 1987-1989

**Management positions with other entities**

- Chair of the Board of Toms Gruppen A/S, Intervare A/S (and its subsidiary nemlig.com A/S) and Gerda & Victor B. Strand Hold-ing A/S
- Member of the Board of Gerda & Victor B. Strands Fond/Toms Gruppen Fond and Ferd Holding as, Norway

**STG committees** Chair of the Nomination and Remuneration Committees

**Considered independent** Yes

**Holding of shares at 31 December 2025** 112,670

## Jörg Biebernick



★ 1968   ■ German

● 2025-2026

👤 2024

**Education** Advanced Management Program, Columbia Business School  
Diplom Kaufmann, Koblenz School of Corporate Management

**Competencies**

- Extensive executive experience in leading international and publicly listed businesses
- Sales and marketing of fast-moving consumer goods
- Strategic business development

**Selected former employment positions**

- Various positions within Imperial Brands plc 2017-2022, including President Europe (2020-2022), Interim CEO (2020), Chair of the Board of Reemtsma Sigarettenfabriken GmbH (2021-2022)
- President Latin America, Kimberley-Clark Corporation 2014-2017
- Vice President Consumer Goods Category, SCA 2012-2013
- Division Vice President & General Manager EMEA, Georgia Pacific LLC 2007-2012
- Various positions in marketing and innovation, Procter & Gamble 1992-2006

**Management positions with other entities** • CEO of Paulaner Brauerei Gruppe GmbH & Co. KGaA

**STG committees** Member of the Audit Committee

**Considered independent** Yes

**Holding of shares at 31 December 2025** -

## Dianne Neal Blixt



★ 1959   ■ American

● 2025-2026

👤 2016

**Education** Master's degree in Business Administration and Finance from University of North Carolina at Greensboro

**Competencies**

- Significant experience in business analysis and strategy
- Financial management and reporting expertise
- Considerable insight into the U.S. tobacco industry

**Selected former employment positions**

- Member of the board of directors of Lorillard, Inc. 2011-2015
- Executive Vice President and Chief Financial Officer of Reynolds American, Inc., 2004-2007
- Various positions in Reynolds American and its subsidiaries 1988-2003
- Executive Vice President and Chief Financial Officer of R. J. Reynolds Tobacco Holdings, Inc. 2003-2004

**Management positions with other entities** • Member of the Board of Ameriprise Financial Services, Inc. (Chair of the Compensation Committee, Member of the Audit and Risk Committee, and Member of the Executive Committee), Triad Business Bank (Member of the Operating Risk Committee and Member of the Audit Committee), Winston-Salem Police Foundation and Reynolda House Museum of American Art.

**STG committees** Member of the Audit, Nomination and Remuneration Committees

**Considered independent** Yes

**Holding of shares at 31 December 2025** 1,700



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Board of Directors

★ Year of birth ■ Nationality ● Election period 👤 Joined the board in

Marlene Forsell



★ 1976 ■ Swedish

● 2025-2026

👤 2019

**Education** Master of Science degree in Business Administration and Economics from Stockholm School of Economics

**Competencies**

- Extensive experience with and insight into financial matters
- Enterprise performance management
- Reporting processes in listed companies
- Considerable insight into the tobacco industry

**Selected former employment positions**

- Senior Vice President and CFO of Swedish Match AB 2013-2018
- Member of the Board of Scandinavian Tobacco Group A/S 2014-2017
- Various positions in the Swedish Match group, including Vice President Group Reporting and Vice President Business Control 2004-2013
- Analyst Ernst & Young 2001-2004

**Management positions with other entities**

- Member of the Board of Kambi Group plc (Chair of the Audit Committee), NCAB Group AB, not up for re-election (Chair of the Audit Committee), Nobia AB (Chair of the Audit Committee), Norican Global A/S (Chair of the Audit Committee), and Viedoc Technologies AB

**STG committees** Chair of the Audit Committee

**Considered independent** Yes

**Holding of shares at 31 December 2025** 3,250

Anders C. Obel



★ 1960 ■ Danish

● 2025-2026

👤 2018

**Education** BSc in Economics and Business Administration from Copenhagen Business School.

**Competencies**

- Extensive experience in management of industrial and investment companies
- Strategic business development
- Economic and financial expertise

**Selected former employment positions**

- Member of the Board of Directors of Forenet Kredit f.m.b.a., Nykredit Holding A/S and Nykredit Realkredit 2009-2017
- Member of the Board of Directors of Scandinavian Tobacco Group A/S 2010-2016
- Vice President at Gemini Consulting/Cap Gemini 1996-2002
- Various positions, including Manager, at Hambros Bank Plc., 1985-1996

**Management positions with other entities**

- Chair of the Board of Obel-LFI Ejendomme A/S, Semco Maritime A/S, Goodvalley A/S and Haxholm v/Anders Christen Obel
- Member of the Board of Woodmancott Fonden, C.W. Obels Fond, Danmark-Amerika Fondet (Danmarks amerikanske selskab), Fonden Det Obelske Jubilæumskollegium, Mullerupgaard- og Gl. Estrupfonden, Høvdingsgaard Fonden, Skjørringefonden, Aktieselskabet Dampskibsselskabet Orient's Fond, A/S Mototramp, Skovselskabet af 13. December 2017 A/S, Ejendomsselskabet Amaliegade 49 A/S and From Real Return Fund A/S
- CEO of Anders Christen Obel ApS

**STG committees** Member of the Nomination and Remuneration Committees

**Considered independent** Yes

**Holding of shares at 31 December 2025** 20,270

Ricardo Cesar De Almeida Oberlander



★ 1963 ■ Brazilian / Portuguese

● 2025-2026

👤 2025

**Education** Master's degree in Business Administration and Finance from Ibmec, Brazil

**Competencies**

- Considerable experience with international marketing and sales of FMCG
- Strategic business development, technology and innovation
- Deep insight into the tobacco industry
- Significant executive and non-executive leadership experience in publicly listed companies

**Selected former employment positions**

- President and CEO of Reynolds American Inc. 2018-2020
- Non-Executive member of the Board of Directors of Reynolds American Inc. 2014-2017
- Director with responsibility for the Americas Region and member of the Management Board of British American Tobacco plc (BAT) 2013-2017
- President and General Management, BAT France, 2010-2012
- Various positions within marketing and sales in BAT and companies within the BAT group of companies in Europe, Asia and South America 2002-2010 and 1989-2000
- Business Unit Director, Corporate Segment, Telemar (succeed by Oi - telecom), 2000-2002

**Management positions with other entities**

- Member of the Advisory Board of Coast Capital LLC
- Member of Board of Trustees of Fundação Getulio Vargas
- Member of the Advisory Board of Jahani & Associates
- Chair of the European Advisory Board of CMO Council

**STG committees** Member of the Nomination, Audit and Remuneration Committees

**Considered independent** Yes

**Holding of shares at 31 December 2025** 1,520





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Board of Directors

★ Year of birth   ■ Nationality   🗓 Election period   👤 Joined the board in

Karsten Dam Larsen



★ 1961   ■ Danish

🗓 2023-2027

👤 2023

|   |                                       |
|---|---------------------------------------|
| <b>Education</b>                                | Construction and machinery blacksmith |
| <b>Competencies</b>                             | Elected by the employees              |
| <b>Current STG role</b>                         | Technician                            |
| <b>Management positions with other entities</b> | -                                     |
| <b>STG committees</b>                           | -                                     |
| <b>Considered independent</b>                   | No                                    |
| <b>Holding of shares at 31 december 2025</b>    | 6,600                                 |

Hanne Malling



★ 1960   ■ Danish

🗓 2025-2027

👤 2010-2023, 2025

|   |   |
|---|---|
| <b>Education</b>                                | Bi-lingual Commercial Correspondent degree from Aarhus School of Business |
| <b>Competencies</b>                             | Elected by the employees  |
| <b>Current STG role</b>                         | Trademark Manager   |
| <b>Management positions with other entities</b> | -   |
| <b>STG committees</b>                           | -   |
| <b>Considered independent</b>                   | No  |
| <b>Holding of shares at 31 december 2025</b>    | 250   |

Thomas Thomsen



★ 1976   ■ Danish

🗓 2023-2027

👤 2023

|   |  |
|---|--|
| <b>Education</b>                                | Degree in Sales and Marketing from Lyngby Business College |
| <b>Competencies</b>                             | Elected by the employees                                   |
| <b>Current STG role</b>                         | Facility Manager   |
| <b>Management positions with other entities</b> | Partner of Lyngby Multi Service I/S                        |
| <b>STG committees</b>                           | -  |
| <b>Considered independent</b>                   | No   |
| <b>Holding of shares at 31 december 2025</b>    | 10,000   |





# ATTENDANCE MEETINGS 2025

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## Board of Directors Meetings

|                    |                 |
|--------------------|-----------------|
| Henrik Brandt      | ■ ■ ■ ■ ■ ■ ■ ■ |
| Henrik Amsinck     | ■ ■ ■ ■ ■ ■ ■ ■ |
| Jörg Biebernick    | ■ ■ ■ ■ ■ ■ ■ ■ |
| Dianne Neal Blixt  | ■ ■ ■ ■ ■ ■ ■ ■ |
| Mark Draper        | ■ ■ ■ ■ ■ ■ ■ ■ |
| Marlene Forsell    | ■ ■ ■ ■ ■ ■ ■ ■ |
| Karsten Dam Larsen | ■ ■ ■ ■ ■ ■ ■ ■ |
| Hanne Malling      | ■ ■ ■ ■ ■ ■ ■ ■ |
| Anders C. Obel     | ■ ■ ■ ■ ■ ■ ■ ■ |
| Ricardo Oberlander | ■ ■ ■ ■ ■ ■ ■ ■ |
| Thomas Thomsen     | ■ ■ ■ ■ ■ ■ ■ ■ |

## Audit Committee Meetings

|                    |                 |
|--------------------|-----------------|
| Marlene Forsell    | ■ ■ ■ ■ ■ ■ ■ ■ |
| Dianne Neal Blixt  | ■ ■ ■ ■ ■ ■ ■ ■ |
| Jörg Biebernick    | ■ ■ ■ ■ ■ ■ ■ ■ |
| Ricardo Oberlander | ■ ■ ■ ■ ■ ■ ■ ■ |

## Nomination Committee Meetings

|                    |         |
|--------------------|---------|
| Henrik Brandt      | ■ ■ ■ ■ |
| Anders C. Obel     | ■ ■ ■ ■ |
| Dianne Neal Blixt  | ■ ■ ■ ■ |
| Ricardo Oberlander | ■ ■ ■ ■ |

## Remuneration Committee Meetings

|                    |         |
|--------------------|---------|
| Henrik Brandt      | ■ ■ ■ ■ |
| Anders C. Obel     | ■ ■ ■ ■ |
| Dianne Neal Blixt  | ■ ■ ■ ■ |
| Ricardo Oberlander | ■ ■ ■ ■ |

- Attended
- Did not attend
- Not a member at the time





# EXECUTIVE BOARD

The Executive Management consists of the CEO and the CFO. The day-to-day operations of the Group are managed by the Executive Board presented here.

## 1 Niels Frederiksen

Chief Executive Officer

Niels Frederiksen (1964) became CEO of Scandinavian Tobacco Group in March 2015 and has held various positions in the Group since 1999, including Senior Vice President and Executive Vice President. Niels is currently also the Chair of the Board of Directors of Boman A/S.

## 2 Marianne Rørslev Bock

Executive Vice President and Chief Financial Officer

Marianne Rørslev Bock (1963) joined Scandinavian Tobacco Group in 2018 as Executive Vice President and Chief Financial Officer (CFO). Marianne joined the Group from a position as CFO of Brdr. Hartmann and has previously held various finance leadership positions in Danisco (1994-2012). Marianne is currently also Chair of the Board of Directors of the Axel Muusfeldts Foundation and Axel Muusfeldts Fond Holding A/S, and Vice-Chair of the Board of Directors of the Danish Financial Supervisory Authority (Chair of the Accounting Committee), and she is a member of the Board of Directors of Mahia 17 ApS, Dagrofa ApS (Chair of the Audit Committee) and BioMar A/S (Chair of the Audit Committee), as well as a member of the Danish Committee on Corporate Governance.

## 3 Régis Broersma

Chief Commercial Officer

Régis Broersma (1977) joined Scandinavian Tobacco Group in 2002 and has since held various positions in the Group including Managing Director of Scandinavian Tobacco Group Germany and President of General Cigar Co. Ltd. Régis became Senior Vice President of the North America Branded Business Division in 2018 and Senior Vice President of the Smoking Tobacco & Accessories Division in 2019. In April 2020, he became Senior Vice President of North America Branded and Rest of World (RoW) Division. In March 2024, Régis became Chief Commercial Officer for the Group's commercial organisation.

## 4 Yulia Lyusina

Senior Vice President, Strategy, Transformation & Sustainability

Yulia Lyusina (1986) joined Scandinavian Tobacco Group as Senior Vice President of Strategy, Transformation & Sustainability in 2019. Prior to this, Yulia worked for eight years at Boston Consulting Group, and has held different positions at other consulting and audit companies prior to that. Yulia is also a member of the Advisory Board of Unify Partners P/S.

## 5 Jesper Terndrup Madsen

Chief Supply Chain Officer

Jesper Madsen (1975) joined Scandinavian Tobacco Group as Chief Supply Chain Officer in 2023. Prior to this, he spent more than seven years with Nilfisk A/S where he was Chief Operating Officer since 2017. Jesper has also held various leadership positions in operations in Nilfisk A/S, Royal Copenhagen A/S and GN Netcom A/S. Jesper is currently also a member of the Board of Directors of Toms Gruppen A/S and Gerda og Victor B. Strand Holding A/S.

## 6 Thomas Kolber

Chief Human Resources Officer

Thomas Kolber (1971) joined Scandinavian Tobacco Group as Chief Human Resources Officer in 2024. Prior to joining STG, Thomas spent four years at Knauf Ceiling Solutions where he was Chief People and Change Officer since 2020. Thomas has also held various human resource leadership positions in organisations including Nets (a division of Nexi Group), Copenhagen Airports and Carlsberg Group. Thomas is also Managing Director of Martho ApS.





# SHAREHOLDER INFORMATION

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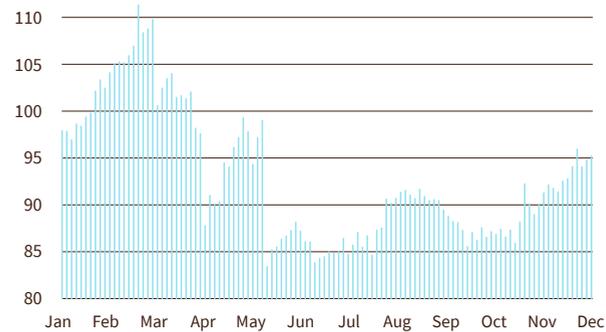
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## Shareholder return 2025

Scandinavian Tobacco Group is listed on the Nasdaq Copenhagen Stock Exchange. By the end of 2025, the share price was DKK 95.5 compared with DKK 95.3 at the end of 2024. In the same period the Nasdaq OMX25 index increased by 4%.

Including dividends paid, the Total Shareholder Return was 9% in the period ending 31 December 2025.

## Share price development



## Shareholders

Scandinavian Tobacco Group had approximately 9,500 shareholders by the end of 2025. The Company owned 1.5% of the share capital. As of 28 February 2026, the following investors have reported holdings of more than 5% of Scandinavian Tobacco Group's share capital and voting rights.

50

|   |                |
|---|----------------|
| <b>Chr. Augustinus Fabrikker Aktieselskab</b> | <b>&gt;25%</b> |
| <b>C.W. Obel A/S</b>                          | <b>&gt;10%</b> |

## Share information and authorisations

At the Annual General Meeting on 9 April 2025, the shareholders approved that the Company's share capital be reduced by cancelling treasury shares with a nominal value of DKK 6,000,000. After the reduction, the nominal value of the Company's share capital is DKK 80,000,000.

Until 9 April 2030, the Board of Directors is authorised to increase the share capital by issuance of new shares up to 10% of the share capital. Further, until 9 April 2030 the Board of Directors may increase the share capital by cash contribution by issuing new shares of up to DKK 1,000,000 nominally by a subscription by officers and employees of the Company and its subsidiaries at a price below market price. The Board of Directors is also authorised until 9 April 2030 to allow the Company to acquire up to 10% of own shares at a price deviating by no more than 10% from the listed price at the time of acquisition. Reference is made to articles 5 and 6 of the Articles of Association.

|                     |                     |
|---------------------|---------------------|
| Trading symbol      | <b>STG</b>          |
| ISIN                | <b>DK0060696300</b> |
| Share capital (DKK) | <b>80,000,000</b>   |
| Number of shares    | <b>80,000,000</b>   |
| Nominal value (DKK) | <b>1 per share</b>  |
| Votes per share     | <b>1</b>            |

## Dividends and share repurchases

At the Annual General Meeting held on 9 April 2025, the shareholders approved an ordinary dividend of DKK 8.50 per share to be paid out for the financial year 2024.

For the financial year 2025, the Board of Directors proposes that the Annual General Meeting approves a dividend of DKK 4.50 per share is paid to the shareholders. This will be equivalent to a total payment of DKK 360 million and a pay-out ratio of 42%.

## Total shareholder return

In the five years from 2021-2025, Total Shareholder Return (TSR) equals 29% or DKK 31 per share. TSR is shareholder return including share price performance and dividends paid. The share price decrease in the period was DKK 9 and dividends paid have in total been DKK 39 per share.

## Financial calendar 2026

|               |                        |
|---------------|------------------------|
| <b>15</b> Apr | Annual general meeting |
| <b>20</b> May | Q1 Report              |
| <b>26</b> Aug | Q2 Report              |
| <b>11</b> Nov | Q3 Report              |

## Investor Relations Policy

We strive to ensure that relevant, accurate, balanced and timely information is made available to investors. All company announcements are published through Nasdaq Copenhagen and, when required, the Financial Supervisory Authority. Our Investor Relations Policy contains the main principles for the communication with our investors, analysts and other stakeholders in the capital market.

Scandinavian Tobacco Group publishes quarterly interim reports after which the Executive Management delivers investor presentations and webcasted conference calls to provide participants with the opportunity to ask questions. Recorded webcasts of such presentations by the Executive Management will subsequently be available online. For more information, please visit our investor relations website: [investor.st-group.com](http://investor.st-group.com)



# QUARTERLY FINANCIAL HIGHLIGHTS

| DKK million                        | 2025  |       |       |       |           | 2024  |       |       |       |           |
|------------------------------------|-------|-------|-------|-------|-----------|-------|-------|-------|-------|-----------|
|                                    | Q4    | Q3    | Q2    | Q1    | Full year | Q4    | Q3    | Q2    | Q1    | Full year |
| <b>Reported data</b>               |       |       |       |       |           |       |       |       |       |           |
| Net sales                          | 2,343 | 2,357 | 2,361 | 1,974 | 9,036     | 2,458 | 2,431 | 2,366 | 1,948 | 9,202     |
| Gross profit before special items  | 1,021 | 1,050 | 1,063 | 867   | 4,001     | 1,162 | 1,126 | 1,109 | 881   | 4,279     |
| EBITDA before special items        | 456   | 519   | 499   | 317   | 1,791     | 596   | 568   | 580   | 335   | 2,079     |
| Special items                      | -54   | -41   | -35   | -70   | -200      | -148  | -49   | -53   | -30   | -279      |
| EBIT                               | 286   | 366   | 354   | 136   | 1,142     | 342   | 401   | 429   | 208   | 1,380     |
| Net financial item                 | -70   | -78   | -67   | -73   | -288      | -54   | -26   | -53   | -54   | -186      |
| Profit before tax                  | 221   | 295   | 295   | 67    | 878       | 292   | 383   | 385   | 159   | 1,219     |
| Income taxes                       | -57   | -68   | -68   | -15   | -208      | -71   | -86   | -88   | -34   | -280      |
| Net profit                         | 164   | 227   | 227   | 52    | 669       | 221   | 297   | 297   | 125   | 940       |
| <b>Other financial key data</b>    |       |       |       |       |           |       |       |       |       |           |
| Reported net sales growth          | -4.6% | -3.0% | -0.2% | 1.3%  | -1.8%     | 8.0%  | 7.1%  | 6.3%  | -0.7% | 5.4%      |
| EBITDA margin                      | 19.5% | 22.0% | 21.1% | 16.1% | 19.8%     | 24.3% | 23.4% | 24.5% | 17.2% | 22.6%     |
| Free cash flow before acquisitions | 147   | 173   | 119   | 156   | 595       | 604   | 275   | 177   | -126  | 931       |



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| DKK million                                      | 2025   |       |        |        |           | 2024  |       |       |       |           |
|--|--------|-------|--------|--------|-----------|-------|-------|-------|-------|-----------|
|  | Q4     | Q3    | Q2     | Q1     | Full year | Q4    | Q3    | Q2    | Q1    | Full year |
| <b>North America Online &amp; Retail</b>         |        |       |        |        |           |       |       |       |       |           |
| Net sales  | 676    | 724   | 730    | 619    | 2,749     | 740   | 743   | 840   | 650   | 2,973     |
| Gross profit before special items                | 247    | 273   | 274    | 252    | 1,046     | 286   | 292   | 331   | 255   | 1,164     |
| EBITDA before special items                      | 78     | 100   | 96     | 74     | 347       | 99    | 109   | 152   | 81    | 441       |
| Net sales growth                                 | -8.6%  | -2.5% | -13.1% | -4.9%  | -7.5%     | 0.2%  | -0.2% | 13.6% | 8.1%  | 5.3%      |
| Organic net sales growth                         | -0.5%  | 3.6%  | -9.8%  | -9.6%  | -4.1%     | -2.4% | -0.9% | 12.1% | 9.2%  | 4.2%      |
| Gross margin before special items                | 36.6%  | 37.6% | 37.5%  | 40.8%  | 38.1%     | 38.6% | 39.3% | 39.4% | 39.2% | 39.1%     |
| EBITDA margin before special items               | 11.5%  | 13.7% | 13.1%  | 11.9%  | 12.6%     | 13.4% | 14.6% | 18.1% | 12.5% | 14.8%     |
| <b>North America Branded &amp; Rest of World</b> |        |       |        |        |           |       |       |       |       |           |
| Net sales  | 766    | 804   | 780    | 668    | 3,017     | 870   | 837   | 751   | 681   | 3,139     |
| Gross profit before special items                | 330    | 367   | 360    | 330    | 1,388     | 445   | 418   | 391   | 340   | 1,595     |
| EBITDA before special items                      | 229    | 265   | 235    | 210    | 938       | 342   | 302   | 275   | 211   | 1,130     |
| Net sales growth                                 | -12.0% | -4.0% | 3.5%   | -2.0%  | -3.9%     | 17.1% | 3.5%  | -2.9% | -5.4% | 3.1%      |
| Organic net sales growth                         | -7.0%  | 0.3%  | -0.5%  | -13.0% | -4.9%     | 3.5%  | -4.8% | -3.5% | -6.1% | -2.6%     |
| Gross margin before special items                | 43.1%  | 45.7% | 46.2%  | 49.5%  | 46.0%     | 51.2% | 50.0% | 52.0% | 50.0% | 50.8%     |
| EBITDA margin before special items               | 29.8%  | 33.0% | 30.2%  | 31.4%  | 31.1%     | 39.3% | 36.1% | 36.6% | 31.2% | 36.0%     |
| <b>Europe Branded</b>                            |        |       |        |        |           |       |       |       |       |           |
| Net sales  | 902    | 829   | 851    | 687    | 3,270     | 848   | 850   | 775   | 617   | 3,090     |
| Gross profit before special items                | 442    | 410   | 429    | 284    | 1,566     | 431   | 416   | 388   | 286   | 1,520     |
| EBITDA before special items                      | 186    | 190   | 207    | 66     | 649       | 183   | 189   | 193   | 83    | 649       |
| Net sales growth                                 | 6.3%   | -2.4% | 9.9%   | 11.4%  | 5.8%      | 6.9%  | 18.8% | 8.8%  | -3.8% | 7.9%      |
| Organic net sales growth                         | 6.0%   | -2.6% | -2.0%  | -3.7%  | -0.5%     | -4.2% | 5.8%  | 6.1%  | -7.7% | 0.1%      |
| Gross margin before special items                | 49.1%  | 49.5% | 50.4%  | 41.3%  | 47.9%     | 50.8% | 48.9% | 50.0% | 46.3% | 49.2%     |
| EBITDA margin before special items               | 20.6%  | 22.9% | 24.3%  | 9.6%   | 19.8%     | 21.6% | 22.3% | 24.9% | 13.8% | 21.0%     |
| <b>Group Costs</b>                               |        |       |        |        |           |       |       |       |       |           |
| EBITDA before special items                      | -37    | -36   | -39    | -32    | -144      | -28   | -33   | -40   | -40   | -141      |



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## Acronym meaning

|                        |  |             |   |                |   |                |   |
|------------------------|--|-------------|---|----------------|---|----------------|---|
| <b>AC</b>              | Audit Committee  | <b>ECLT</b> | Eliminating Child Labour in Tobacco         | <b>IFRS</b>    | International Financial Reporting Standards           | <b>SBTi</b>    | Science-Based Targets initiative                    |
| <b>AGM</b>             | Annual General Meeting   | <b>EPR</b>  | Extended Producer Responsibility            | <b>IPCC</b>    | Intergov. Panel on Climate Change                     | <b>SBM</b>     | Strategy and Business Model                         |
| <b>BoD</b>             | Board of Directors   | <b>EPS</b>  | Earnings Per Share                          | <b>IRO</b>     | Impact, Risk and Opportunity                          | <b>SKU</b>     | Stock Keeping Units                                 |
| <b>CAGR</b>            | Compound Annual Growth Rate                                    | <b>ERM</b>  | Enterprise Risk Management                  | <b>IT</b>      | Information & Technology                              | <b>SME</b>     | Subject Matter Expert                               |
| <b>CAPEX</b>           | Capital Expenditures   | <b>ERP</b>  | Enterprise Resource Planning                | <b>KPI</b>     | Key Performance Indicators                            | <b>SteerCo</b> | Steering Committee                                  |
| <b>CDP</b>             | Carbon Disclosure Project                                      | <b>ESG</b>  | Environmental, Social & Governance          | <b>LTIP</b>    | Long-Term Incentive Plan                              | <b>STG</b>     | Scandinavian Tobacco Group                          |
| <b>CEO</b>             | Chief Executive Officer  | <b>ESRS</b> | European Sustainability Reporting Standards | <b>M&amp;A</b> | Mergers & Acquisitions                                | <b>STP</b>     | Sustainable Tobacco Program                         |
| <b>CFO</b>             | Chief Financial Officer  | <b>EU</b>   | European Union                              | <b>MRC</b>     | Machine-rolled cigars                                 | <b>SVP</b>     | Senior Vice President                               |
| <b>CHRO</b>            | Chief Human Resources Officer                                  | <b>EUB</b>  | Europe Branded                              | <b>NABROW</b>  | North America Branded & Rest of World                 | <b>TCFD</b>    | Task Force on Climate-related Financial Disclosures |
| <b>CO<sub>2</sub>e</b> | Carbon Dioxide Equivalent                                      | <b>EUDR</b> | EU Deforestation Regulation                 | <b>NAOR</b>    | North America Online & Retail                         | <b>TSR</b>     | Total Shareholder Return                            |
| <b>CoE</b>             | Centre of Excellence   | <b>FDA</b>  | Food & Drug Administration                  | <b>NGP</b>     | Next Generation Products                              | <b>U.S.</b>    | United States of America                            |
| <b>CSCO</b>            | Chief Supply Chain Officer                                     | <b>FLAG</b> | Forest, Land and Agriculture                | <b>NIBD</b>    | Net Interest-Bearing Debt                             |                |   |
| <b>CSDDD</b>           | Corporate Sustainability Due Diligence Directive               | <b>FMCG</b> | Fast Moving Consumer Goods                  | <b>NPD</b>     | New Product Development                               |                |   |
| <b>CSRD</b>            | Corporate Sustainability Reporting Directive                   | <b>FSC</b>  | Forest Stewardship Council certification    | <b>OPEX</b>    | Operational Expenditures                              |                |   |
| <b>DMA</b>             | Double Materiality Assessment                                  | <b>GHG</b>  | Greenhouse Gas                              | <b>PEFC</b>    | Programme for the Endorsement of Forest Certification |                |   |
| <b>EB</b>              | Executive Board  | <b>IDAs</b> | In-Depth Assessments                        | <b>PPWR</b>    | Packaging and Packaging Waste Regulation              |                |   |
| <b>EBIT</b>            | Earnings Before Interest & Taxes                               | <b>HMC</b>  | Handmade cigars                             | <b>ROIC</b>    | Return on Invested Capital                            |                |   |
| <b>EBITDA</b>          | Earnings Before Interest, Taxes, Depreciation and Amortization | <b>HR</b>   | Human Resources                             | <b>R&amp;D</b> | Research & Development                                |                |   |
|                        |  | <b>IEA</b>  | International Energy Agency                 |                |   |                |   |



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## Social

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|      |                       |    |
|------|-----------------------|----|
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### Additional note

\* Incorporated by reference in the management review section within page 1-53.  
 \*\* Incorporated in the data section of the sustainability statement within page 84-102.  
 \*\*\* Deemed not material during the Double Materiality Assessment process described in page 59-60. This includes:  
 Environment: waste (Resource use and circular economy), only land use change is material (Biodiversity and ecosystems). GHG removals and internal carbon pricing are not relevant (Climate change).  
 Social and Governance: collective bargaining, adequate wages, social protection, disability, health and safety, work-life balance, remuneration metrics, supplier relationships, political influence and lobbying, payment practices.

Certain disclosures have been prepared with reference to other reporting standards, including Sections 107d and 107f of the Danish Financial Statements Act.

### Phase-in

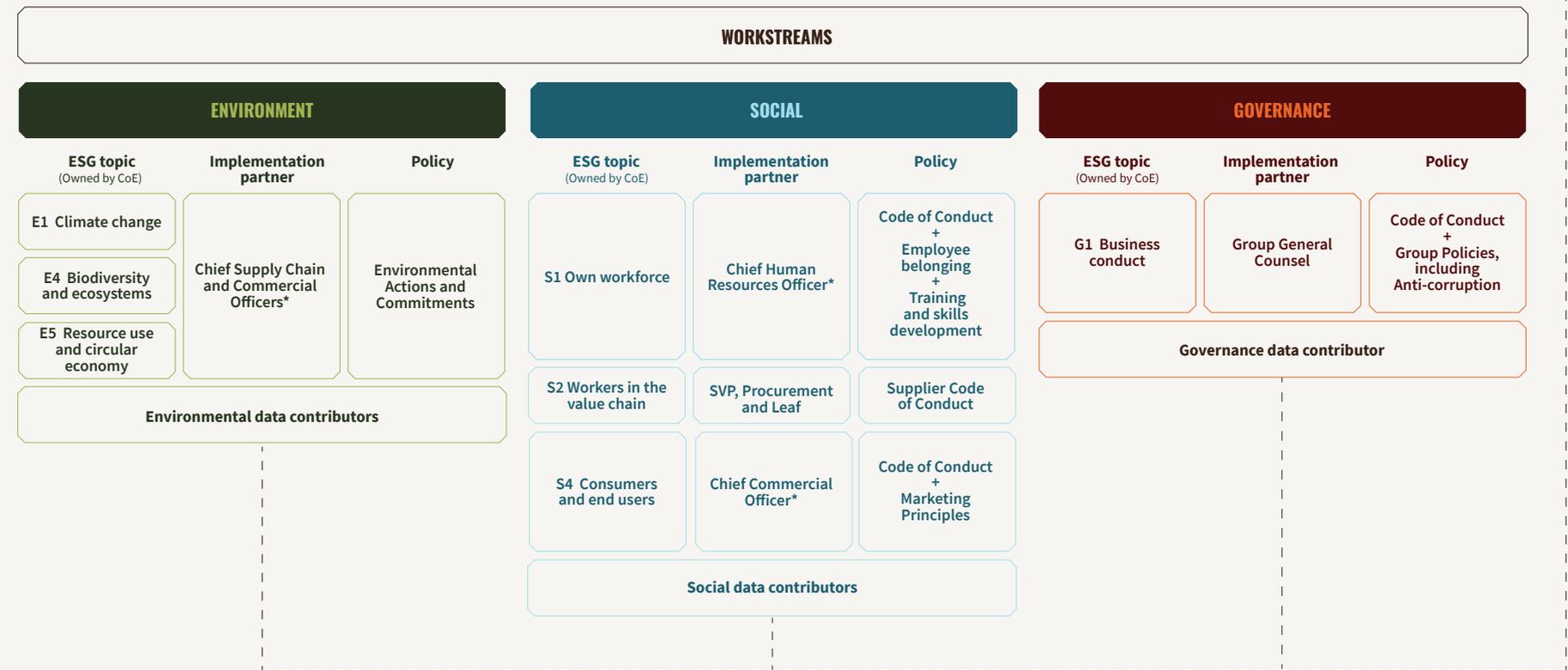
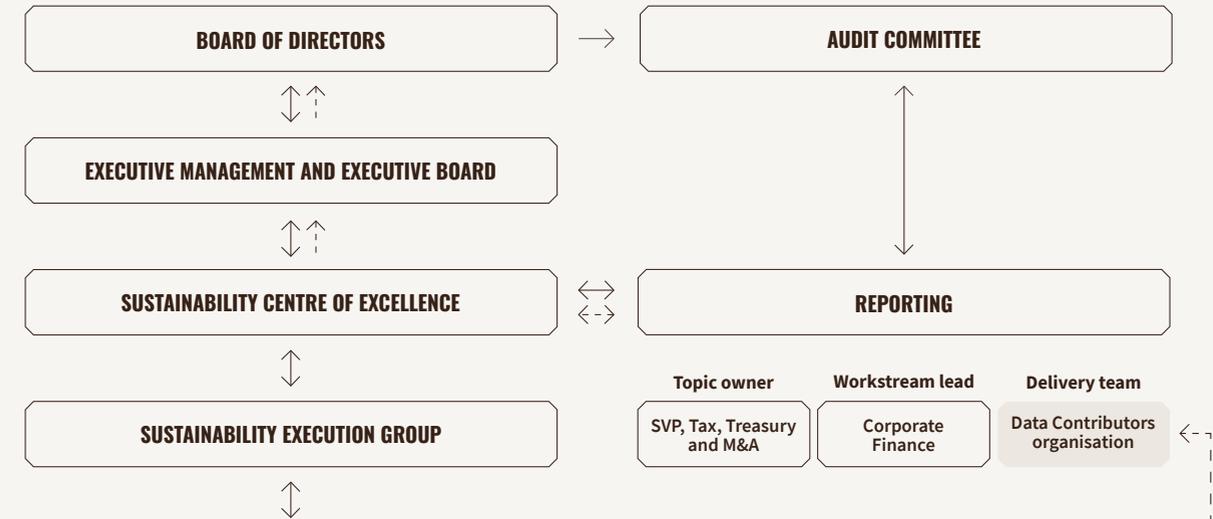
The phase-in data points includes non-employee characteristics, training and skills development, anticipated financial effects, and part of Biodiversity and ecosystems disclosures.



# OVERSIGHT AND SUPERVISORY BODIES

Scandinavian Tobacco Group A/S has a two-tier management structure consisting of the Board of Directors (BoD) and the Executive Management. The BoD is responsible for the overall strategic direction and supervises the activities, management and organisation of the Group. The Executive Management, meaning the registered management consisting of the CEO and CFO, is responsible for the day-to-day management. The day-to-day business operations of the company are managed by a larger group, the Executive Board. The BoD oversees that the Executive Management performs its duties in an appropriate manner and in accordance with the directions of the Board of Directors. The BoD responsibility, among other things, also includes ensuring that the Group has an appropriate organisational structure and efficient business processes. The business conduct of STG is governed in accordance with these governance principles. The Board of Directors' and Executive Management's day-to-day oversight of policies, training and related matters is handled by specialised departments, such as Legal and People & Culture, whose expertise ensures alignment with best practices.

STG manages material topics through the sustainability agenda – Rolling Responsibly. Led by the Sustainability Centre of Excellence (CoE), STG is maturing to manage at Impact, Risk and Opportunity (IRO) level. Our approach and procedures are disclosed across each chapter in relation to policies, actions and targets.



↔ Sustainability agenda governance flow    - - -> Sustainability reporting flow

\* Members of Executive Board



## BOARD OF DIRECTORS

Oversees the sustainability agenda, approves policy and targets, and is ultimately responsible for the material impacts, risks and opportunities oversight. The material list of IROs can be found on [page 61](#). The Board also approves executive incentive schemes linked to sustainability performance.

An overview of the members of the Board of Directors can be found on [page 45](#).

## AUDIT COMMITTEE

Reports to the Board of Directors; assesses reporting processes for transparency and compliance. Through dialogue with the CFO, Corporate Finance and Sustainability CoE, the Audit Committee broadens its understanding of processes built into control mechanisms and procedures to monitor, manage and oversee ESG data, and the outcomes of the Double Materiality Assessment.

## HEAD OF SUSTAINABILITY / CENTRE OF EXCELLENCE

Leads the sustainability agenda, embeds initiatives, sets targets and reports to governance bodies. Builds internal ESG capabilities.

## EXECUTIVE MANAGEMENT AND EXECUTIVE BOARD

Directs the sustainability agenda, allocates resources and validates the outcome of the Double Materiality Assessment. The CEO and Head of Sustainability report progress; the CFO ensures data integrity.

An overview of the members of the Executive Management and Executive Board can be found on [page 49](#).

## SUSTAINABILITY EXECUTION GROUP

Composed of senior leaders and implementation partners. Oversees prioritisation, resource allocation and progress tracking. Facilitated by the Sustainability CoE.

## TOPIC OWNERS

Overall accountable for delivering the material topics under their supervision, covering strategy, policy, targets and reporting data. Also, ensuring that policy development and target proposals are informed by input from internal and external stakeholders.

### Sustainability expertise

The Board of Directors as well as the Executive Management bring extensive leadership experience from international businesses, including in governance, ethics and compliance; core elements of responsible business conduct. Collectively, they offer deep industry knowledge and broad experience from senior roles, both executive and non-executive, in major international corporations operating across the U.S., Europe and other key markets.

The Sustainability CoE, together with the different workstreams, represent the sustainability-related experience and skills across a range of material topics in the Group. To cover gaps in the organisation, the group assesses knowledge through subject matter experts (SMEs) from the consultancy sector or other relevant organisations, and thus develops key competencies internally with external support. Training and reinforcement in new skills and knowledge is deemed part of the way STG is embedding ESG considerations into the processes, including in Operations, Procurement and Commercial.

### Incentive schemes

Sustainability metrics are integrated into STG’s remuneration framework through the Long-Term Incentive Plan (LTIP) for 2025–2027, which includes a climate component designed to support progress on decarbonisation objectives. 10% of the LTIP is linked to reducing carbon emissions across Scope 1, 2 and 3, with annual targets expressed in tonnes of CO<sub>2</sub>e reduced and verified against over- or under- performance compared to prior-year results. These targets are aligned with STG’s near-term Science-Based Targets initiative (SBTi) commitments for 2030. Performance is assessed against specific CO<sub>2</sub>e reduction KPIs, with payout levels indexed to achievement.

➤ For more information refer to Remuneration Policy section and the Remuneration Report available at [st-group.com](http://st-group.com).



# INTEREST AND VIEWS OF KEY-STAKEHOLDERS

Engagement with stakeholders occurs across different communication channels, including meetings, surveys, online and in other forums, to fit business needs across STG’s activities. Engagement is key to enhance trust and align with ethical business practices and contributes to long-term stability.

An overview of how the Group interacts with the various key stakeholder groups across its value chain and business model is shown on this page. During each iteration, information is aggregated and communicated to supervisors. If deemed necessary, it is escalated to management, who then decide based on the proposals put forward, on the necessary course of action or required steps to adapt the business model or strategy.

Stakeholder views are channelled through SMEs into the Double Materiality Assessment, where they rate, confirm material topics, and guide updates to policies and targets.

| Stakeholder Group   | Stakeholder relationship  | Engagement channels  |
|---|---|--|
| <p>◆ S1<br/><b>Own workforce</b></p>    | <ul style="list-style-type: none"> <li>• Seek job satisfaction, fair compensation and growth</li> <li>• Desire a collaborative and ethical culture with transparent communication</li> <li>• Value supportive leadership, purpose and opportunities</li> <li>• Local communities at manufacturing sites are essential stakeholders regarding operations, production, environment and social responsibility</li> </ul> | <ul style="list-style-type: none"> <li>• Regular face-to-face/online meetings</li> <li>• Employee surveys</li> <li>• Workshops</li> <li>• Feedback rounds</li> <li>• Open dialogue</li> <li>• Works council/unions</li> </ul>  |
| <p>◆ S2<br/><b>Workers in the value chain (including Leaf suppliers)</b></p>  | <ul style="list-style-type: none"> <li>• Crucial for primary raw material (tobacco leaf)</li> <li>• Impact operations, environment and social responsibility</li> <li>• Seek lasting impact through partnerships</li> <li>• Workers seek secure employment, fair wages, satisfactory living conditions and access to health and education</li> </ul>  | <ul style="list-style-type: none"> <li>• Supplier engagement through online meetings and visits</li> <li>• Indirect engagement with farmers via associations/initiatives through the Sustainable Tobacco Program</li> </ul>  |
| <p>◆ S4<br/><b>Consumers and end-users</b></p>                              | <ul style="list-style-type: none"> <li>• Essential stakeholders; create demand for products</li> <li>• Seek satisfaction, enjoyment, high quality and fair prices</li> </ul>  | <ul style="list-style-type: none"> <li>• Limited opportunities to communicate due to tobacco industry being highly regulated (with regulators setting legal and regulatory standards, and communicating only when requested and allowed) and STG’s adherence to its Marketing Principles.</li> </ul> |
| <p><b>Investors / shareholders</b></p>                                      | <ul style="list-style-type: none"> <li>• High influence on Group value and overall market performance</li> <li>• Some are concerned about ESG impacts, risks and opportunities, so addressing these safeguards value</li> </ul>   | <ul style="list-style-type: none"> <li>• Proactive communication across channels on company strategy and performance</li> </ul>  |



# DOUBLE MATERIALITY ASSESSMENT

Scandinavian Tobacco Group reviewed its Double Materiality Assessment (DMA) to identify material Impacts, Risks and Opportunities (IROs) across all European Sustainability Reporting Standards (ESRS) topics. Led by the Sustainability CoE, with oversight from the Executive Board, Audit Committee and the Board of Directors.

## Business model and stakeholders

A stakeholder mapping process was done to identify groups and individuals in STG, and external experts who could provide input during the assessment.

**Internal stakeholders**, including workstream leads, topic owners and SMEs from various departments such as Finance, Operations, Procurement, including the Leaf buying department, Legal, P&C, among others, participated in workshops, contributing insights to ensure a comprehensive evaluation.

**External stakeholders** perspectives have been included indirectly through SMEs from consulting companies and topical experts in the ESG domains. Previous assessments, which included stakeholders like suppliers, customers, local communities, authorities and experts, were also considered. STG did not engage directly with affected stakeholders due to reliance on expert input and prior assessments.

The Group also reviewed its structure, geography and business activities to identify concentrated areas of IROs within the Group's value chain (operations, downstream and upstream). The process considered the opinions of the SMEs representing key functional areas, gathering input across

meetings, workshops and online channels, to align on ratings and scoring. The assessment relies on expert judgment and internal consensus scoring, which may introduce subjectivity.

## Review process overview

The DMA followed four phases: Interpretation, Identification, Assessment and Application. It was based on an internal methodology, supported by external consultancy, and aligned with ESRS guidance.

### 1) Interpretation of the ESRS

A high-level view of what topics and sub-topics within the ESRS matter to the tobacco industry and to the Group in connection with STG's business model and value chain. All ESRS topics and subtopics were considered.

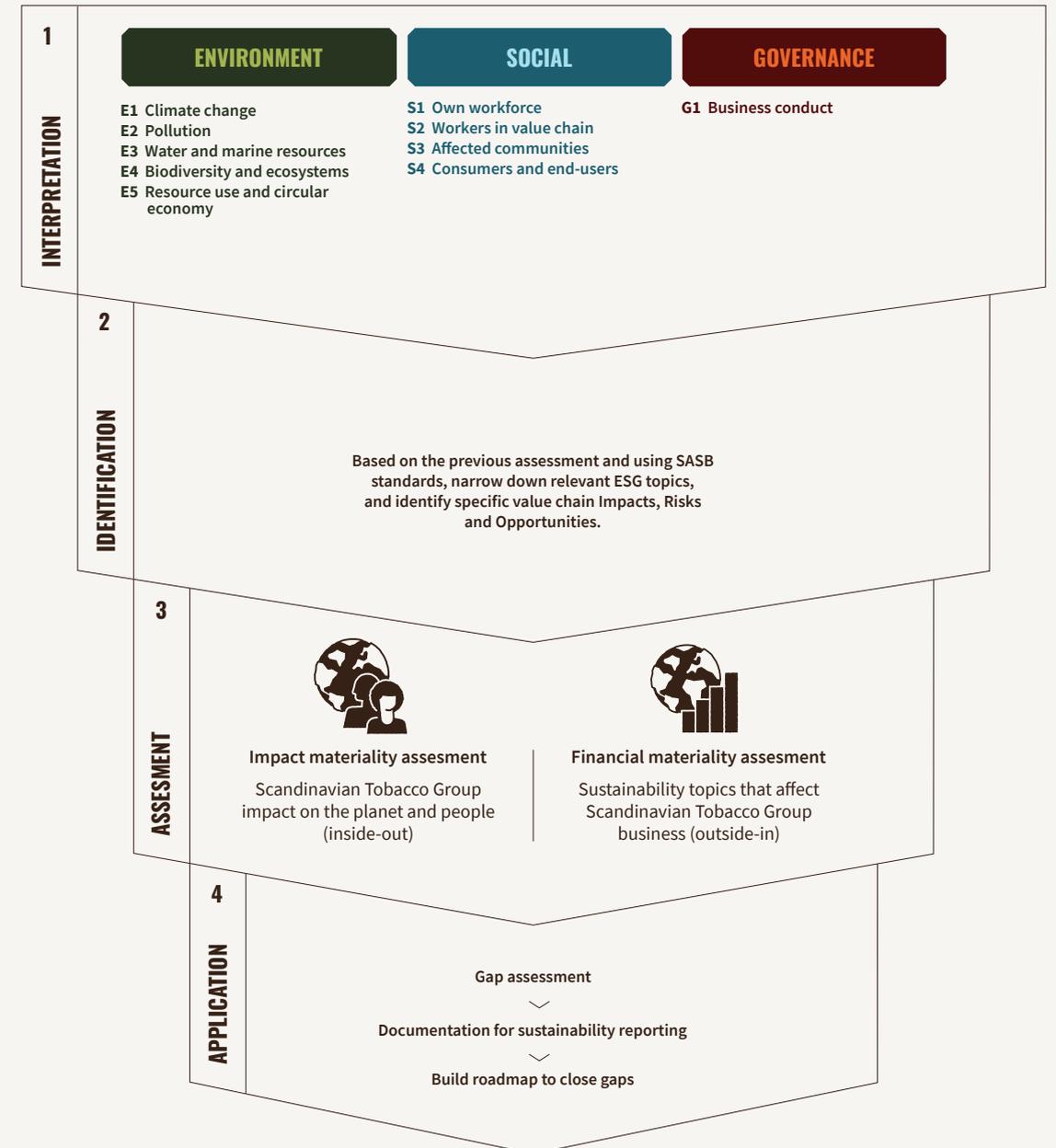
### 2) Identifying Impacts, Risks and Opportunities

Impacts, Risks and Opportunities were identified for potential materiality across all ESRS topics and sub-topics.

### 3) Impact and Financial assessments

The Impacts, Risks and Opportunities were assessed to determine materiality.

## THE FOUR PHASES OF OUR DMA PROCESS





**Impact assessment** – Evaluating the severity of STG’s effect on the environment and people consists of three factors;

- scale - meaning the magnitude of the impact it could have
- scope - where and how it would affect
- irremediability - how easily STG could fix it

All are measured from 1 to 5 against impact and likelihood:

- Impact - 1 indicating minimal impact, immediate surroundings, or very easy to remedy and 5 indicating large-scale impact, global level or irremediable.
- Likelihood - 1 (rare, <2.5%) to 5 (actual, 100%), based on frequency estimates.

From the human rights perspective, materiality of “actual” and “potential” impacts is based on the severity of the impact. As for “potential” negative impacts (non-human rights related), they are based on the severity and likelihood of the impact. If scored 3.01 or above, it was deemed material.

**Financial assessment** – The financial assessment was scored using the size of the financial effect, based on the threshold and likelihood scoring aligned to STG’s internal Enterprise Risk Management (ERM). During the review in 2025, the scoring was updated to further align with the ERM. It was set for the size of the potential financial impact, at 5% EBT (or approximately 70m DKK), and scores ranging from 1 to 5. The higher the financial effect of the risk or opportunity is in relation to the threshold, the higher the score will be. Likelihood ranges from <5% is equal to 1 (rare, expected in exceptional circumstances) to >50% is equal to 5 (possible, event may occur).

Sub-topics were deemed material if the respective IROs scored 3.01 or above in either of the assessments.

The threshold of 3.01 was set after external consultation and internal discussions to prioritize STG’s materiality, both for the impact and financial assessment.

The assessment is based on expert judgment and consensus scoring, supported by available data and value chain insights.

#### 4) Application of results

Findings and results were reviewed by all participants, SMEs, topic owners and the Executive Board, to refine the outcome and ensure a thorough process was followed. The results were validated as relevant to STG and presented to the Audit Committee, the Board of Directors and the Executive Board.

#### DMA results

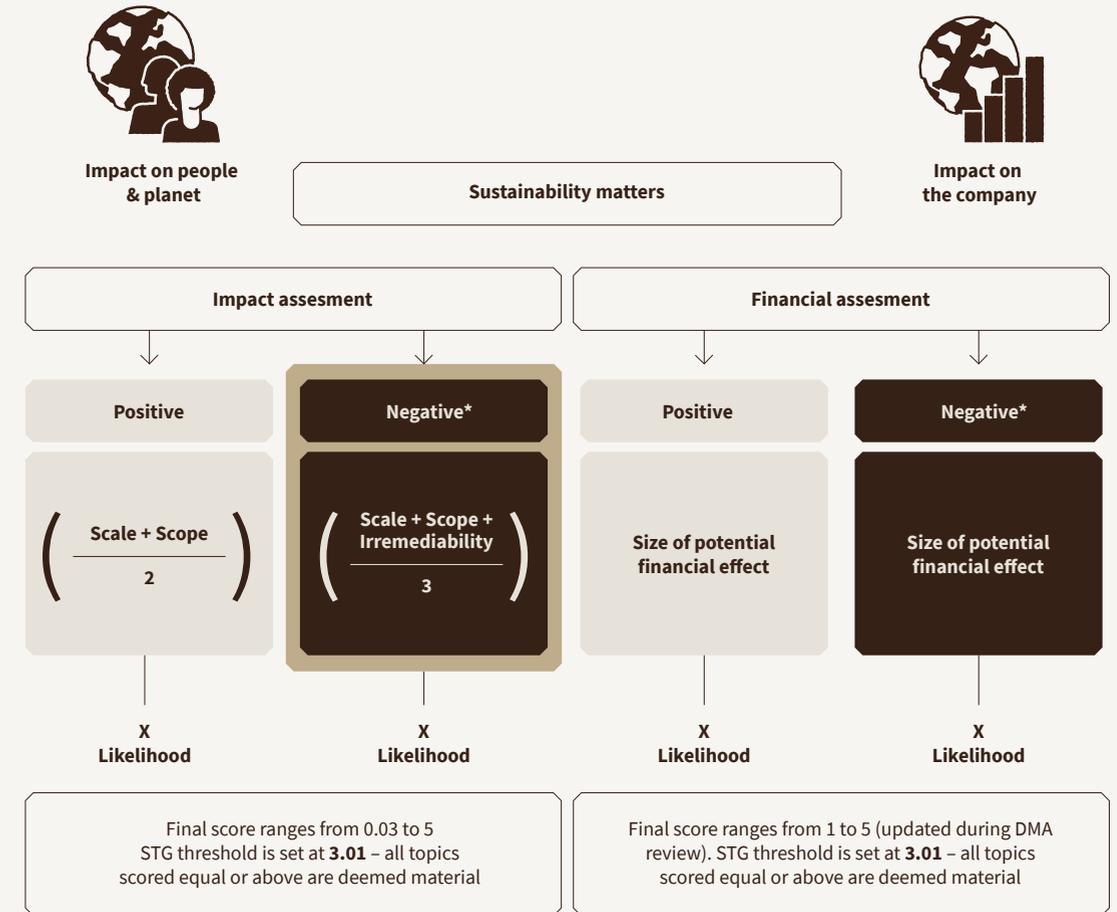
Seven topics across Environment, Social and Governance were identified as material. Biodiversity impacts associated with the agricultural sector and consumer health risks were materialised during the review, while the financial implications of child and forced labour were re-assessed as immaterial.

For E2 – Pollution and E3 – Water & marine resources, STG screened its operations, including its assets, and value chain for actual and potential IROs in line with the DMA process, and no material IROs were identified. S3 – Affected communities was likewise assessed as non-material and excluded from detailed disclosure.

The financial materiality outcomes of the DMA were considered and are part of the Group’s ERM process.

The DMA is reviewed annually, with more in-depth analysis undertaken when significant strategic changes or new insights arise.

## DOUBLE MATERIALITY ASSESSMENT



● \* Severity



# MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The Group's business impacts were categorised as negative, as they do not directly contribute to societal benefits; therefore, actions are geared towards minimising and mitigating STG's overall footprint.

The Group defines short-term as events occurring by the end of the reporting period, medium-term within the next five years, and long-term as beyond five years, unless specified otherwise.

The Group has not identified any current material financial implications from its IROs, and the assessment of anticipated material financial effects is not yet complete. No significant resources (CAPEX/OPEX) were used during the reporting year.

## Impacts

| Topic                                   | Policy | Target | Performance | Sub-topic   | Value Chain    | Classification     | Time horizon | IROs, Approach + Policy, Action and Targets |
|---|--------|--------|-------------|---|----------------|--------------------|--------------|---|
| E1<br>Climate change                    | ●      | ●      | ●           | Climate change adaptation   | Upstream       | Actual             | All          | Page 63-68                                  |
|   |        |        |             | Climate change mitigation   | Across         | Actual             | All          | Page 63-68                                  |
|   |        |        |             | Energy  | Across         | Actual             | All          | Page 63-68                                  |
| E4<br>Biodiversity and ecosystems       | ●      | ●      | ●           | Direct impact drivers of biodiversity loss - Land-use change  | Upstream       | Actual & Potential | All          | Page 69                                     |
| E5<br>Resource use and circular economy | ●      | ●      | ●           | Resource inflows, including resource use  | Across         | Actual             | All          | Page 70-71                                  |
|   |        |        |             | Resource outflows related to products and services  | Across         | Actual             | All          | Page 70-71                                  |
| S1<br>Own workforce                     | ●      | ●      | ●           | Equal treatment and opportunities for all - Training and skills development                           | Own operations | Actual             | All          | Page 73-75                                  |
|   |        |        |             | Equal treatment and opportunities for all - Measures against violence and harassment in the workplace | Own operations | Actual             | All          | Page 73-75                                  |
| S2<br>Workers in the value chain        | ●      | ●      | ●           | Working conditions - Working time, Adequate wages, Work-life balance, Health and safety               | Upstream       | Actual & Potential | All          | Page 76-78                                  |
|   |        |        |             | Other work-related rights - Child labour, forced labour   | Upstream       | Actual & Potential | All          | Page 76-78                                  |
| S4<br>Consumers and end users           | ●      | ●      | ●           | Personal safety of consumers and/or end-users - Health and safety                                     | Downstream     | Actual             | All          | Page 79-80                                  |
|   |        |        |             | Personal safety of consumers and/or end-users - Protection of children                                | Downstream     | Actual             | All          | Page 79-80                                  |
|   |        |        |             | Personal safety of consumers and/or end-users - Protection of children                                | Own operations | Potential          | All          | Page 79-80                                  |
| G1<br>Business Conduct                  | ●      | ●      | ●           | Corruption and bribery - Incidents  | Own operations | Potential          | All          | Page 82-83                                  |
|   |        |        |             | Protection of whistleblowers  | Own operations | Potential          | All          | Page 82-83                                  |

## Risks

|                               |   |   |   |   |            |     |           |             |
|-------------------------------|---|---|---|---|------------|-----|-----------|-------------|
| S4<br>Consumers and end users | ● | ● | ● | Personal safety of consumers and/or end-users - Health and safety | Downstream | n/a | Long-term | Page 42, 79 |
|-------------------------------|---|---|---|---|------------|-----|-----------|-------------|

Non-material topics are disclosed on page 55 and 60.

### Policy / Target

- In place
- Partial coverage
- Not in place

### Performance

- On track
- Improvement needed
- Off track
- Not tracking



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# ◆ ENVIRONMENT

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- 63 E1 Climate change
- 69 E4 Biodiversity and ecosystems
- 70 E5 Resource use and circular economy



We have made significant progress on climate action, advancing our decarbonisation roadmap and re-achieving SBTi validation of our science-based targets across all emissions scopes. Our CDP climate score improved to A-, reflecting stronger climate governance and progress. In 2025, we reduced our Scope 1 and 2 emissions by 7.4% and achieved an 11.5% reduction in Scope 3 emissions reflecting solid progress toward our near-term targets. These reductions were driven by operational initiatives and enhanced data quality. In addition, Biodiversity was confirmed as a material topic, specifically in relation to impacts from land-use change. We also continued to mature our approach to improving resource efficiency.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



# E1 CLIMATE CHANGE

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## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES



### Negative impacts

**Climate change adaptation** - Without proper measures for adaptation to climate change, there are physical risks of adverse environmental effects on the tobacco growers and their farms, such as heatwaves, floods and tropical storms, leading to loss of harvest, damage of infrastructure and injuries.

> [Upstream](#)

**Climate change mitigation** - We are directly contributing to climate change through greenhouse gas (GHG) emissions from STG's own operations and manufacturing, as well as indirect emissions from different parts of the value chain, including suppliers and contractors.

> [Across the value chain](#)

**Energy** - STG is contributing to the depletion of energy resources through the intensive use of energy within manufacturing and distribution of our products.

> [Across the value chain](#)

## CLIMATE RISK SCENARIO ANALYSIS

In 2024, STG conducted a climate scenario analysis aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) principles to assess physical and transition risks across STG's operations and value chain.

### Methodology

#### Assessment approach

- Hybrid scoring approach, which combined quantitative and qualitative metrics, such as scientific indicators and forecasts, business development modelling, and expert inputs.
- Risks were rated based on projected magnitude and relevance to STG's business model on country/region and global level, using geospatial data for own sites and key sourcing regions.

#### Climate scenarios used

- Sustainable development scenario (1.5–2°C) – low emissions and sustainable socioeconomic growth<sup>1</sup>
- Fossil fuel-driven development scenario (3.3–5.7°C) – high emissions and rapid economic growth powered by fossil-fuel development<sup>2</sup>

#### Time horizons

- Near-term: 2030
- Medium-term: 2040
- Long-term: 2050

#### Risk identified

##### Physical Risks

- Chronic Hazards: Changing temperature, precipitation changes, water stress, soil degradation.
- Acute Hazards: Extreme heat, floods, droughts, storms/cyclones/hurricanes.

→ Physical risks are more pronounced under the high-emissions scenario and relate to impacts of extreme weather events and to a lower extent, change in precipitation and water stress. Tobacco sourcing regions have higher exposure to physical risks compared to own operations.

#### Transition risks

Carbon pricing, energy price change, regulation & reporting, cost & access to capital, cost & coverage of insurance and consumer concerns.

→ Transition risks are more notable in relation to cost & access to capital, cost & coverage of insurance and consumer concerns. Severity of transition risks are higher under Sustainable development scenario.

#### Scoring and assumptions

- The final scoring has been calculated as an average of the risk ratings across the tobacco value chain and locations within own operations.
- Scenario risk ratings reflect TCFD analytical outputs and do not determine ESRS materiality. Climate related risks and opportunities are considered material only where they show a medium or high final score under at least one climate scenario and time horizon and are also assessed as material in the DMA. In 2025, this condition was not met.
- Climate scenario assumptions are not yet reflected in financial statements.

No climate-related opportunities were identified as material or compatible with the current business strategy.

<sup>1</sup> Physical risks IPCC SSP1-2.6 (RCP 2.6); transition risks IEA Net-zero Emissions by 2050 scenario, and relevant projections have been used

<sup>2</sup> Physical risks IPCC SSP5 RCP8.5 (RCP 8.5); transition risks IEA STEPS (Stated Policies scenario), and relevant projections have been used



◆ E1 Climate change

→ **Tackling emissions from cooling systems**

STG launched the refrigerants initiative to reduce emissions from cooling systems across global sites. The program focuses on replacing high-impact refrigerants with lower-emission alternatives and improving maintenance practices to prevent leaks and inefficiencies. This initiative helped STG reduce refrigerant-related emissions by 863 tonnes CO<sub>2</sub>e, which represent 42% contribution to the Scope 1 & 2 yearly targets.

▼ **863 tCO<sub>2</sub>e**  
refrigerant-related emissions reduced

**42%**  
of the yearly reduction target for Scope 1 & 2 is related to refrigerants



**Results**

| Risk  | Risk description   | Sustainable development scenario |      |      | Fossil fuel-driven development scenario |      |      |
|---|--|----------------------------------|------|------|---|------|------|
|   |  | 2030                             | 2040 | 2050 | 2030                                    | 2040 | 2050 |
| <b>Risks associated with physical impacts of climate change</b> |  |                                  |      |      |   |      |      |
| <b>Chronic weather (aggregated risk)</b>                        | Temperature and precipitation changes, higher water stress and soil degradation can lower tobacco yields, and negatively impact workforce health, safety and productivity.           | ●                                | ●    | ●    | ●                                       | ●    | ●    |
| <b>Acute weather (aggregated risk)</b>                          | More frequent and severe extreme weather events can disrupt the tobacco supply chain, damage production capacity, increase costs, reduce quality and hinder meeting customer demand. | ●                                | ●    | ●    | ●                                       | ●    | ●    |
| <b>Risks associated with transition to low carbon economy</b>   |  |                                  |      |      |   |      |      |
| <b>Cost &amp; access to capital</b>                             | Rising ESG concerns from investors can increase costs, reduce capital access and limit STG's market performance.   | ●                                | ●    | ●    | ●                                       | ●    | ●    |
| <b>Cost &amp; coverage of insurance</b>                         | Climate change can increase costs due to contracting insurance markets, higher premiums and reduced coverage.  | ●                                | ●    | ●    | ●                                       | ●    | ●    |
| <b>Consumer concerns</b>  | Failing to meet consumer demand for sustainable products can harm reputation and reduce revenue.   | ●                                | ●    | ●    | ●                                       | ●    | ●    |

- Low risk - Score ≤3. Low severity or relevance; impacts expected to be minor and manageable.
- Medium risk - Score >3-6. Moderate potential impacts; requires monitoring and integration into planning.
- High risk - Score >6. Potentially disruptive impacts; requires strategic mitigation.

**Conclusion**

Chronic weather risks may decrease tobacco quality and yield globally. Acute weather risks, already observed in regions like Brazil and Indonesia, damage crops and affect yields and prices. Significant impacts are also seen in operations in South Asia, the Caribbean and Central America due to cyclones, floods and extreme temperatures. The tobacco supply chain is more exposed to physical risks than own operations. Based on the high-level screening of STG assets and business activities, STG confirms that all assets and activities are compatible with a transition to a climate neutral economy. In the span of STG emissions reduction targets timeline, most elements of the value chain, current assets and strategic developments (retail expansion, further

development of nicotine pouches) have opportunities to support the transition provided its given prioritisation and investment in implementation of targeted initiatives.

**Resilience assessment**

STG's diversified sourcing, operational footprint and decarbonisation roadmap support medium-to-strong resilience across all material risks. No high-risk ratings were identified under current projections. The Group strives to address climate change but acknowledges the uncertainty of the actual climate scenario development and complexity of the adaptation, and mitigation.

◆ E1 Climate change

## OUR APPROACH

STG has advanced its low-carbon transition plan, developing a comprehensive emissions reductions roadmap across all scopes. The roadmap follows the Science-Based Targets initiative (SBTi) approved trajectory and outlines strategic decarbonisation levers alongside immediate actions to deliver on the near-term targets. The plan is compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement and is approved by the Sustainability Execution Group, Executive Board and the Board of Directors.

The transition plan is aligned with the Group’s current strategy and business model. It aims to build efficient operations to support lower carbon business development, as well as to reduce the impact on the value chain, through both product and process improvements, and by collaborating with suppliers on joint decarbonisation efforts.

STG has initiated an analysis of the investments required to implement the transition plan. This work will continue over the coming years, as the emissions reductions roadmap becomes further integrated into the operational, commercial and financial planning processes.

No material stranded-asset risks were identified, though STG acknowledges uncertainty and will continue monitoring.

STG is focusing on detailed abatement plans to achieve absolute emissions reductions across all scopes, aiming for near and long-term science-based targets. While a concrete plan for neutralising unabated emissions is still to be developed, STG follows GHG Protocol guidelines and SBTi requirements. To reach net-zero by 2050, STG aims for a 72% reduction in emissions related to Forest, Land and Agriculture (FLAG), 90% reduction in absolute emissions for non-FLAG emissions, and then use high quality offsets for the remaining unabated emissions. GHG removals, carbon credits and carbon pricing were not used in the reporting period. Future emissions reductions are subject to a certain degree of uncertainty due to evolving global circumstances and developments. STG is excluded from EU Paris-aligned Benchmarks.

### STG’s emission reduction trajectory (recalculated)

Thousand tCO<sub>2</sub>e

- Scope 1 & 2
- Scope 3 FLAG
- Scope 3 non-FLAG

| Year | Scope 1 & 2 (tCO <sub>2</sub> e) | Scope 3 FLAG (tCO <sub>2</sub> e) | Scope 3 non-FLAG (tCO <sub>2</sub> e) | Total (tCO <sub>2</sub> e) |
|------|----------------------------------|-----------------------------------|---------------------------------------|----------------------------|
| 2020 | 40                               | -                                 | -                                     | 40                         |
| 2022 | 34                               | 112                               | 179                                   | 34 + 112 + 179 = 325       |
| 2024 | 29                               | 94                                | 163                                   | 29 + 94 + 163 = 286        |
| 2025 | 25                               | 125                               | 102                                   | 25 + 125 + 102 = 252       |
| 2030 | ~10                              | ~110                              | ~180                                  | ~290                       |
| 2050 | 0                                | ~10                               | ~10                                   | ~20                        |

## NET ZERO

▼ 90.0%  
Scope 3 non-FLAG GHG emissions

▼ 72.0%  
Scope 3 FLAG GHG emissions

▼ 90.0%  
Scope 1&2 GHG emissions

Offsetting remaining unabated emissions

**2020-2023**

- Built carbon baselines for Scope 1, 2 and 3
- Embedded climate action into sustainability agenda
- Yearly emissions reductions

**2024**

- SBTi approval of STG’s science-based targets
- First time reporting Scope 3 emissions

**2025**

- Baseline recalculation and revalidation of targets by SBTi
- Significant progress in all scopes’ emissions reductions achieved

**2030**

- Near-term science-based targets

**2050**

- Long-term science-based targets

Reported emissions reductions and annual reduction requirements have been recalculated to reflect the updated baseline and targets, incorporating Mac Baren data and methodological improvements.

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Scandinavian Tobacco Group A/S  
Annual Report 2025



## CLIMATE CHANGE ADAPTATION, MITIGATION AND ENERGY

### Policy

STG's Environmental Actions and Commitments Policy outlines its commitment to reducing Scope 1, 2 and 3 GHG emissions, in line with near-term and long-term science-based targets. This also means increasing the share of renewable energy use and more efficient energy management. Assessing material impacts and risks in its operations and value chain, STG is setting strategies and actions to improve its environmental performance and contribute to own operations' adaptation to climate change. The most senior level accountable for implementation is the Group's Chief Supply Chain Officer and the Head of Sustainability.

### Actions

To progress on the decarbonisation pathway, STG has identified all sources of emissions within Scope 1, 2 and 3, and has implemented a cross functional process for assessing, selecting and prioritising initiatives aimed at GHG emissions reductions. This requires global execution and supplier collaboration.

#### Scope 1 & 2

- **Renewable electricity:** Transitioned to renewable electricity from the grid and installed solar panels at several production sites.
- **Equipment and refrigerants:** Improved efficiency by replacing outdated equipment to avoid leakages and use modern refrigerants. Additionally, shifted to LED lighting, used inverters to optimise the power conversion process and conducted energy audits.
- **Fuel switch:** Implemented a fleet transition plan from diesel to petrol and electric vehicles.
- **Network optimisation:** STG will enhance operational efficiency and continue to implement initiatives if, and when, STG optimises the factory footprint.

The Group has progressed with the development and implementation of a roadmap to reduce emissions to reach a near-term absolute reduction target of 42.4% by 2030. Implementation of the initiatives started in 2021 and is continuously reviewed and adjusted.

#### Scope 3

In 2025, STG developed an emissions reductions roadmap for Scope 3 to support the near-term science-based targets for both FLAG and non-FLAG related emissions. The effectiveness of pipeline initiatives is assessed based on the impact to emissions reductions, return on investment and contribution to STG's long-term operational efficiency. The roadmap outlines immediate actions, initiatives, and areas for exploration and development over a 5 year time horizon. Focus areas have been clearly defined and will remain consistent through 2030.

- **Packaging:** Reduction of packaging size and weight, elimination of unnecessary packaging materials and transition to packaging, and other non-tobacco materials, with lower carbon footprint.
- **Transportation & Distribution:** Transition to transportation modes with lower carbon footprint, where possible, in upstream, downstream and own operations. Shipment consolidation, improvement of fill rates and space utilisation, and enhancement of transportation efficiency with suppliers, including routing and fuels.
- **Tobacco leaf:** Optimisation of leaf use in products and reduction of leaf value chain emissions via an enhanced due diligence process, procurement strategy and direct engagement with suppliers.
- **Business optimisation and other efficiencies:** Portfolio simplification, operational optimisation in transportation, distribution and storage, materials use efficiency.

The implementation of the decarbonisation plan is supported by the ongoing integration of specific criteria and targets into business functions, processes and employee objectives.

### → Optimising inbound shipments reduces emissions

A change in the inbound shipment operational pattern has been implemented in the U.S. for third-party cigars, enabling a shift from less than container load to full container load shipments from Nicaragua and Honduras to our distribution centre in Pennsylvania. This transition has resulted in an estimated reduction of approximately 240,000 kilometres travelled and more than 200 tCO<sub>2</sub>e in Scope 3 emissions.

↓ 240,000 KM  
of travel reduced

↓ 200 tCO<sub>2</sub>e  
reduced in Scope 3  
emissions





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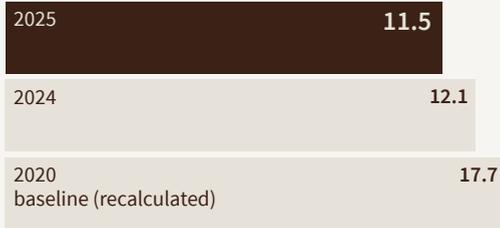
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### Scope 1 emissions<sup>1</sup>

Thousand tCO<sub>2</sub>e

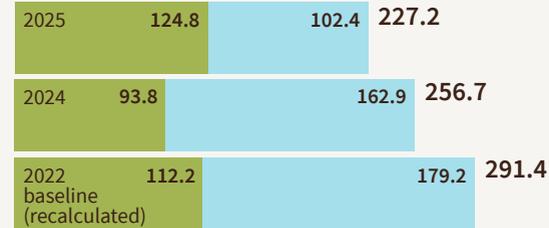
↓ **4.8%**

GHG emissions since 2024



### Scope 3 emissions<sup>2</sup>

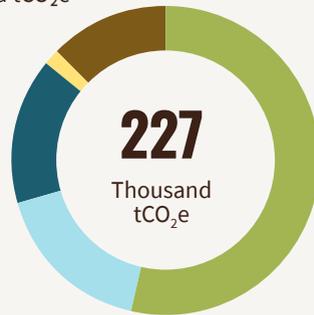
Thousand tCO<sub>2</sub>e



- FLAG emissions
- non-FLAG and other category emissions

### Breakdown of 2025 Scope 3 emissions by category

Thousand tCO<sub>2</sub>e



- Cat. 1 Purchased goods & services FLAG 121.9
- Cat. 1 Purchased goods & services non-FLAG 38.9
- Cat. 4 & 9 Transportation and distribution 34.4
- Cat. 12 End-of-life treatment of sold products 4.0
- Other categories 28.1

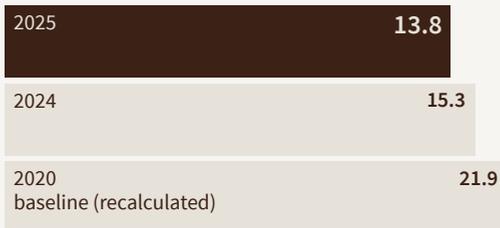
2) Baseline emissions were recalculated and 2024 figures were restated in line with STG's Recalculation Policy to reflect the Mac Baren acquisition, methodological updates, and data improvements.

### Scope 2 emissions<sup>1</sup>

Thousand tCO<sub>2</sub>e

↓ **9.6%**

GHG emissions since 2024



1) Baseline emissions were recalculated in 2025 in line with STG's Recalculation Policy to reflect the Mac Baren acquisition. The 2024 figures represent reported values only and were not restated; therefore, performance comparisons between 2025 and 2024 are indicative and do not fully represent progress against our targets.

### → Renewable electricity transition

In 2025, STG continued the transition to renewable energy across its own production sites by switching to procurement of green electricity in Svendborg factory in Denmark. This initiative led to 417 tCO<sub>2</sub>e emissions reductions in Scope 2, which represents 20% contribution to the Scope 1 & 2 yearly target.

↓ **417 tCO<sub>2</sub>e**  
of Scope 2 emissions reduced

**20%**  
of the yearly reduction target for Scope 1 & 2 emissions is related to renewable energy



Svendborg factory, Denmark



◆ E1 Climate change

🎯 Targets

To address climate related material impacts and risks, STG has set near-term (2030) and long-term (2050) science-based emissions reductions targets. The metrics and targets align with the prioritised areas identified in the DMA, an in-depth analysis of STG emissions profile, climate related scenario analysis, potential decarbonisation levers and an external benchmark evaluation. STG’s targets for all scopes have been first approved by SBTi in 2024. Following the acquisition of Mac Baren Tobacco Company in July 2024, STG recalculated its Scope 1, 2 and 3 emission baselines to reflect the expanded operational footprint, as well as enhancements in data quality and methodology. The updated baselines and adjusted targets have been revalidated by SBTi in 2025.

STG does not have a separate target for energy consumption and efficiency, but expects to see an overall decrease of energy consumption and energy intensity due to the projects targeting enhancement of equipment and energy use efficiency within the pipeline. The targets have been developed in close collaboration with internal and external SMEs, using the Greenhouse Gas Protocol, SBTi and Carbon Disclosure Project (CDP) frameworks. STG has furthermore adopted a Recalculation Policy to ensure that GHG calculations, targets and progress remain accurate over time. This has been applied in 2025 due to the Mac Baren acquisition.

🔗 For information about our metrics, see [page 90-95](#).

➔ Energy efficiency upgrades

STG implemented several projects to improve energy efficiency at STG’s production sites in Europe. In line with local legislation, installation of solar panels on the Lummen factory roof and changing office lights in Westerloo factory, allowed STG to reduce energy consumption by 26% for the respective sites.



▼ 26%  
reduction in energy consumption for the respective sites in Europe

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# E4 BIODIVERSITY AND ECOSYSTEMS

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## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES



### Negative impacts

**Land-use change** - Tobacco cultivation has historically contributed to land-use change, including the clearing of natural forests for farming and wood sourcing for curing. STG also sources wood for box production and purchases finished wooden boxes, with limited traceability across the value chain. As a result, the use of tobacco and wood as primary raw materials may drive deforestation impacts in our supply chain. [> Upstream](#)

## OUR APPROACH

The Group sources tobacco, wood and paper-based materials from diverse geographies, some with deforestation and ecosystem degradation risks. STG is committed to addressing these potential impacts across its upstream value chain by continuously building internal knowledge and capabilities, refining our approach and addressing deforestation more effectively over time. STG is preparing for compliance with the EU Deforestation Regulation (EUDR). Since 2024, STG has strengthened supplier traceability, introduced verification systems and is establishing processes to ensure compliance with the EUDR and Science-Based Targets initiative (SBTi).

## LAND-USE CHANGE

### Policy

STG expanded in 2025, its Environmental Actions and Commitments Policy to include biodiversity, following the DMA. STG commits to avoiding deforestation and promoting responsible land use in alignment with STG's No-Deforestation Policy and related due diligence obligations, in alignment with EUDR, and SBTi. STG's scope covers primary commodities linked to deforestation: leaf tobacco and wood for curing, wood and paper-based packaging, and third-party finished tobacco products.

### Actions

Following the identification of biodiversity as a material topic, STG initiated targeted efforts to understand its exposure and responsibilities to address potential biodiversity impacts. Focusing on deforestation in key product groups. This includes:

**Traceability** - Strengthened supplier mapping and rolled out verification systems to identify potential deforestation impacts, prioritising Tier 1 suppliers as they cover approximately 80% of procurement value.

**Responsible wood sourcing practices** - We have begun developing screening procedures for wood, paper, and pulp-based packaging to trace the origin. Align with Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) standards where feasible and promote responsible forest management.

**Engaging leaf suppliers** - Continue to work with the Sustainable Tobacco Program to encourage better farming practices, conduct risk assessments, and collaborate with suppliers to reduce ecosystem impacts.

### 2026 and beyond

Through 2030, STG will continue to build capabilities and improve value chain visibility by leveraging in the aforementioned actions.

### Targets

In 2025, the Group established a clear target and metrics to demonstrate its commitment to biodiversity and to report progress against SBTi No-Deforestation requirements. STG commits to a deforestation-free tobacco and packaging supply chain by 2025. Progress is tracked through supplier-coverage indicators.

A baseline was set using full-year 2024 results. Due to the complexity of data collection and validation, deforestation status is reported with a one year lag from the reporting period.

## DEFORESTATION FREE TOBACCO AND PACKAGING SUPPLY CHAIN BY 2025

2024 baseline

Tobacco leaf volume covered by STP<sup>1</sup> **81%**

Sourced leaf volume with commitment to no-deforestation<sup>2</sup> **85%**

Purchased wood, paper & cardboard packaging with commitment to no-deforestation<sup>3</sup> **64%**

- 1 Basis of accounting: % of tobacco leaf volume covered by the Sustainable Tobacco Program, industry-led collaboration.
- 2 Basis of accounting: % of total leaf tobacco volume purchased covered by commitments to No-Deforestation signed by suppliers. Tier 1 suppliers are in scope of the target, which represents more than 90% of total procurement value in the category.
- 3 Basis of accounting: % of total procurement value of wood, paper & cardboard packaging covered by commitments to No-deforestation signed by suppliers. Tier 1 suppliers are in scope of the targets, which represents more than 80% of total procurement value in the respective categories.



# E5 RESOURCE USE AND CIRCULAR ECONOMY

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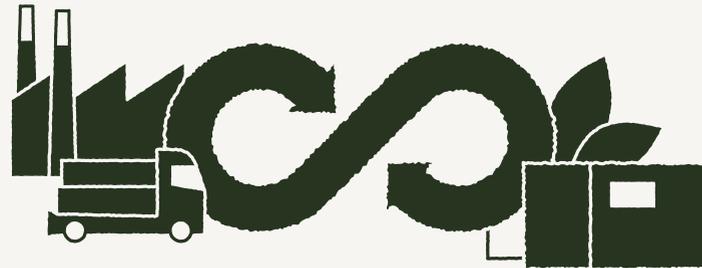
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## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES



### Negative impacts

**Resource inflows and use** - Resource-related impacts stem from the use of resources for various packaging materials, including:

- Plastic: Fossil fuel-based materials.
- Wood, cardboard and paper: Depend on trees as primary raw materials, which could lead to deforestation. This effect extends beyond the Group’s operations into natural habitats, potentially endangering protected areas.
- Metal: Tins used for packaging require the extraction of raw material, with potential indirect sourcing from conflict-affected regions.

Tobacco, although a core raw material, is excluded from this topic as it is not considered scarce and is replenishable.

[> Across the value chain](#)

**Resource outflows** - Significant packaging waste is generated downstream, as most packaging lacks recyclability and recycled content. The linear system increases reliance on virgin materials and limits resource recovery, contributing to depletion of finite resources.

[> Across the value chain](#)

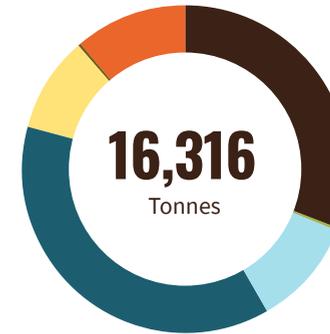
The Double Materiality Assessment serves as the process to screen activities and identify material negative impacts. The Group’s consultations have been limited to SMEs within the organization and external consultants but has not included engagement with affected communities.

## OUR APPROACH

STG uses a wide range of raw, semi-finished and finished materials across its operations, and upstream value chain. The Group sources these materials through an extensive supplier network, with a priority on engaging direct suppliers. The data collection and assessment of resource inflows and outflows, focus on materials critical to STG’s business, with packaging as the primary area of attention.

### Resource inflows

Tonnes



### Material type

Tonnes

|                     |              |
|---------------------|--------------|
| ● Wood              | <b>5,067</b> |
| ● Wooden boxes      | <b>23</b>    |
| ● Plastic           | <b>1,733</b> |
| ● Cardboard & paper | <b>6,109</b> |
| ● Metal             | <b>1,563</b> |
| ● Aluminium         | <b>17</b>    |
| ● Other materials   | <b>1,804</b> |

### Circular economy principles

While STG has not adopted a circular business model, STG is integrating circular principles into packaging to optimize resource use and address outflows, including future R&D projects. In 2025, STG introduced five guiding principles for packaging development:

1. Eliminate unnecessary packaging
2. Reduce weight
3. Substitute materials
4. Increase recycled, reused, or non-virgin content
5. Enhance recyclability

Historically, STG’s R&D processes have included some circularity aspects from cost efficiency projects. Past projects have simplified packaging, developed solutions that facilitate higher recyclability levels and reduce resource use and outflows in the Group’s packaging by avoiding unnecessary packaging where possible.

### Resource outflows

STG initiated the evaluation of recyclable content in products and packaging within scope. Due to limited insight into consumer disposal and varying waste infrastructure, STG assesses recyclability based on packaging design.

From our initial high-level category analysis, we estimate around 50% of packaging materials purchased or produced by STG meet the “Designed for Recyclability” internal criteria in 2025. Further evaluation and data refinement and granularity will be conducted in the years to come, therefore we anticipate fluctuations in results.



# RESOURCES INFLOWS, USE AND OUTFLOWS

## Policy

STG's Environmental Actions and Commitments Policy outlines the Group's commitment to optimising resource use (affecting inflows and outflows) in non-tobacco materials and other relevant products and ingredient groups. This may include using less material, increasing recycled content in packaging and a greater use of renewable sources, to gradually move away from virgin resources.

## Actions

STG has advanced efforts to increase circularity and optimise resource use. In 2025, the following initiatives across its operations were either implemented or initiated:

- Reduced mailing volumes of paper catalogues
- Downsized plastic bucket packaging, lowering material consumption
- Replaced plastic trays with pulp-based alternatives for handmade cigars packaging
- Introduced stretch film for pallet wrapping in multiple factories, lowering material consumption
- Minimised cellophane use for individually wrapped packs
- Substituted wooden boxes with paper wrap solutions for selected handmade cigar brands

STG conducted an educational webinar and cross-functional workshops on the five packaging principles, identifying initiatives that support SBTi targets, while reducing costs with minimal consumer impact.

The Group focused on building a packaging database to enhance data availability, transparency and support both regulatory reporting and targeted initiatives. Phase one of the packaging database has improved visibility of material composition and mass, integrated supplier data and enhanced reporting quality. It also supports STG's reporting requirements with regard to Extended

Producer Responsibility (EPR) submissions and preparing for Packaging and Packaging Waste Regulation (PPWR) compliance.

### 2026 and beyond

STG will continue to address packaging materials through initiatives that improve resource efficiency and contribute to Scope 3 emissions reductions. Planned short- to medium-term actions include:

- Eliminating unnecessary packaging components
- Reducing the size of selected packaging materials
- Optimising the portfolio and simplifying packaging formats
- Substituting materials, aligned with brand strategy, operational efficiency and profitability

Initial implementation depends on resource availability, commercial viability, operational feasibility, business priorities and collaboration with key suppliers.

## Targets

STG has not yet established specific targets for resource inflows or outflows; however, effectiveness is monitored through ongoing packaging-related actions. STG has initiated an assessment of its packaging baseline and will consider establishing interim and long-term PPWR-aligned targets in the short- to medium-term, also supporting the Group's broader ambition to reduce Scope 3 Non-FLAG emissions by 25% by 2030.

➤ For information about our metrics, see page 94.

## ➔ Driving down paper consumption through catalogue optimisation

STG significantly improved the efficiency of catalogue mailing in the U.S. online channel. The group successfully reduced the total number of catalogues mailed to consumers, while increasing sales per catalogue mailed. In 2025, these initiatives resulted in an overall reduction of paper consumption by 545 tonnes, contributing to a decrease of more than 1,200 tCO<sub>2</sub>e in Scope 3 emissions, primarily associated with paper production, waste management, and transportation activities.

▼ 545 tonnes of paper consumption reduced

▼ 1,200 tCO<sub>2</sub>e reduced in Scope 3 emissions





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# ◆ SOCIAL

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We aim to foster a culture of belonging and provide our employees with fair and safe working conditions across all operations. We support local community initiatives and focus on developing our employees to align with business needs. We continue to engage in stronger relationships with our suppliers to strive towards a responsible supply chain and sourcing, which includes efforts to eliminate child labour and forced labour. Furthermore, we adhere to responsible marketing practices in line with our Marketing Principles.



# S1 OWN WORKFORCE

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES



### Negative impacts

**Harassment and discrimination** - Employees, including customer-facing positions, sales representatives and retail staff, remain particularly susceptible to harassment and discrimination. Incidents can have a profound impact on employee well-being and morale, underscoring the seriousness of this issue. Addressing these widespread risks is inherently complex and requires sustained, coordinated efforts. It requires educating customers on appropriate conduct and reinforcing a workplace culture grounded in respect, dignity and inclusion.

> [Own operations](#)

**Training and skills development** - Certain areas of STG's operations face challenges stemming from limited opportunities for professional development, training and upskilling. This constraint can hinder employee adaptability, job security and career progression, and may contribute to higher turnover rates. The issue is systemic and affects segments of the organization globally, including both manufacturing and office-based roles. While some development programs are in place, sustainable growth depends on structured organisational policies and comprehensive training strategies rather than individual efforts alone. Addressing this gap requires a dedicated, long-term commitment that may extend over several years.

> [Own operations](#)

## OUR APPROACH

Scandinavian Tobacco Group's strategy and business model is influenced by the interests and views of its employees through interactions such as meetings and dialogues among supervisors, managers and colleagues, and a feedback survey system. To engage with employees, the Group conducts a global employee engagement survey, usually once every three years (with the latest cycle delayed by one year), and a pulse survey for all office employees worldwide on specific topics once or twice a year. P&C and the Executive Board analyse the results of every survey. Key takeaway points are then communicated and when deemed necessary, accompanied by action plans starting from top management level across the organisation and in individual teams.

STG employees play a critical role across all aspects of the Group's operations, including manufacturing, marketing, sales and other business services. The Group holds significant influence over its workforce, shaping factors such as compensation, working conditions, health and safety standards, and opportunities for professional growth. Employee rights, including human rights, are governed by local legislation and contractual agreements, and where applicable, through union representation. In the event of strategic organisational changes or the closure of any operational units, employees will be managed in accordance with the labour laws and regulations of each respective country.

Employees place high value on a collaborative and ethical work environment characterised by transparent communication and recognition of their contributions. Supportive leadership, opportunities for input and a clear sense of purpose, are fundamental to their expectations for a meaningful work experience within the Group. STG maintains that equal treatment and opportunity for all employees

is essential to organisational competitiveness, driving innovation, enhancing team performance and improving problem-solving capabilities.

### Remediation process and channels to raise concerns

Human rights impacts for STG's own workers are captured by the structures and reporting channels in the organisation (e.g. Management, P&C departments, works councils, union and employee representatives, Whistleblower Scheme or other), where necessary remedies are addressed. In late 2023, STG introduced a process that suspected or actual breaches of law and STG policies, including the Code of Conduct, shall ultimately be centrally reported by Managers/ P&C departments via the Whistleblower Scheme to ensure both a consistent approach to the investigation of such matters and an overview at Group level of such cases. This also applies to incidents related to human rights, including discrimination and harassment.

➤ Please see section in G1-Business conduct in [page 82-83](#) for more information on the Whistleblower Scheme.





## HARASSMENT AND DISCRIMINATION

### Policy

Scandinavian Tobacco Group does not tolerate any form of harassment or discrimination based on gender, age, race, religion, nationality, ethnicity, political opinion, sexual orientation, union membership, disability, health status, or any other basis. This commitment is reflected in STG’s Employee Belonging Policy which outlines our commitment to fostering an inclusive workplace, strengthening representation and supporting balanced gender representation in leadership. The policy does not focus on any vulnerable group, but its ambition applies to all employees. Inclusion and belonging are fundamental to how we work and lead across the organisation. The policy reflects our ambition to cultivate a work environment where employees feel welcomed, respected, and able to contribute equally. It is owned by the Chief Human Resources Officer (CHRO), who is responsible for setting direction, ensuring implementation and driving progress across the Group.

### Code of Conduct

The foundation of STG’s policies on responsible behaviour is the Code of Conduct, which is owned by the Group’s General Counsel and sponsored by the CEO.

The Code affirms STG’s commitment to a workplace that values people of all nations, cultures, ethnicities, generations, backgrounds, skills and abilities. It also reiterates that STG respects internationally recognised human rights as laid down by the International Bill of Human Rights, the International Labour Organisation’s Declaration on Fundamental Principles and Rights at work, the UN Guiding Principles on Business and Human Rights, the Children’s Rights & Business Principles, the UN Convention on the Rights of the Child and its corresponding General Commitment No. 16, the ILO Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, the ILO Convention No. 138

concerning. Minimum Age for Admission to Employment, and the ILO Convention No. 184 concerning Safety and Health in Agriculture.

### Actions

Harassment prevention is a core priority, so the Group places strong emphasis on internal education and awareness, rather than educating customers. Training is embedded in employee onboarding and reinforced through annual refreshers for all U.S. based colleagues. Managers also participate in specialised sessions to support responsible leadership. By integrating these topics into core development programmes, STG strengthens everyday leadership behaviours and supports an inclusive workplace culture.

STG’s targeted training promotes awareness of Employee Belonging topics, through a globally consistent framework, adapted to reflect regional cultural norms and social expectations. This ensures that content is relevant and resonates with participants across diverse markets.

In 2025, we updated our Employee Belonging Policy to ensure continued alignment with STG’s long-term ambitions, while advancing inclusion through strengthened leadership engagement, global awareness efforts and initiatives that enhance employee participation across the organisation. This helped bring the principles of the Employee Belonging Policy to life and further embedded inclusion into our daily culture. We also updated the policy to ensure continued alignment with STG’s long-term ambitions.

The Group conducts employee surveys to assess inclusion, belonging and overall satisfaction. Results are shared across the organisation, and managers work with their teams to identify and implement relevant improvement actions.

STG currently tracks and measures employee training at the local level, as a centralised system for capturing this data across the Group is not in place.

### Celebrating International Women’s Day across our global community

On March 8th, STG proudly joined the world in celebrating International Women’s Day, honouring the incredible women who inspire STG every day. Across the globe, teams came together to celebrate achievements, share stories, and create memorable moments.

Each celebration reflected STG’s shared commitment to employee belonging and fostered connection through activities such as panel discussions, spotlighting cases and contributions of inspiring women, vibrant murals, and picture opportunities.

These initiatives were a powerful reminder of the strength, resilience, and leadership that women bring to STG’s organisation worldwide. The enthusiasm and support truly showcased the importance of celebrating and empowering women across the Group’s locations.



61%

of STG workforce are women



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### ← Global development

STG launched a global initiative designed to equip employees with practical tools for personal and professional success. The series featured interactive, 2-hour online workshops facilitated by the Global People Development Team, focusing on actionable strategies to thrive in a dynamic work environment. The workshop themes are:

- Thriving Through Turbulence: Resilience and Smart Prioritization
- The Power of Feedback: Fueling Growth, Connection and Collaboration
- Growth Mindset: Turning Challenges into Opportunities
- Gen Z and Millennials Unplugged: What Drives the Next Generation

The sessions equipped over 300+ employees to build resilience, enhance collaboration, embrace continuous improvement, and engage emerging talent strategically.

# +300

employees participated in STG global development initiative

### ◆ S1 Own workforce

#### 2026 and beyond

STG is committed to building transparent reward structures and empowering employees through the Employee Belonging Network. At STG, engagement and belonging begin with how the Group hires and develops its people. Our early career programs will connect new talent with mentors, communities and a sense of purpose from day one. STG embraces diverse perspectives and creates space for every voice, because when people feel they belong, they thrive.

#### 🎯 Targets

The Group has not set any targets and does not currently assess the effectiveness of its policies and actions. Training will be reinforced in 2026 with instructions on reporting allegations of discrimination and harassment via the Whistleblower Scheme and linked to the Code of Conduct. STG aims to build a baseline to set a proper target.

## TRAINING AND SKILLS DEVELOPMENT

#### 📄 Policy

STG addresses the identified impact through its Group-wide Training & Skills Development Policy, which applies to all employees. STG's training and skills development initiatives are aligned with the Group's strategic priorities. Training needs are identified through business objectives, performance appraisals and employee feedback. Offering a range of development options based on role and expertise, from online compliance courses and craftsmanship training, to onboarding, corporate programs and professional development. The owner of this policy is the CHRO.

The onboarding process ensures new employees are integrated into STG's culture, roles and operational systems while completing all required compliance training. Line managers play a critical role in career development through annual performance discussions, where objectives are set as part of the development cycle. A full evaluation process is conducted yearly to assess performance, identify growth

opportunities and set goals for the coming year. Training programs are regularly reviewed for effectiveness and relevance, with employee feedback driving continuous improvement and professional development.

Implementation and monitoring of this policy is overseen by the Executive Board in collaboration with departmental heads, while employees are expected to actively engage in training and apply acquired skills in their roles.

#### 🛠️ Actions

The Group strengthened its people development capabilities by expanding resources and programs. Initiatives focused on global employee development, emphasizing key themes such as feedback and resilience. Leadership development remained a strategic priority through the Senior Leadership Journey program, which addressed critical areas including self-awareness and building high-performing teams. The actions implemented directly support the Group's policy.

#### 2026 and beyond

Looking ahead, STG will continue to activate initiatives that enhance employee engagement and development. Additional actions and priorities will be defined in 2026 to further advance this area and ensure alignment with the Group's long-term strategic objectives.

#### 🎯 Targets

The Group has not yet established formal targets and does not currently assess the effectiveness of its policies and actions, as it is currently focused on maturing its approach and strengthening internal capabilities in this area.

➤ For more information about our metrics, see [page 96-100](#).

**73**  
nationalities



# S2 WORKERS IN THE VALUE CHAIN

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES



### Negative impacts

**Adequate wages** - The tobacco farming sector which is mostly based in low-income countries, often employ low-cost labour, including sometimes seasonal or migrant workers, who may accept low wages due to their vulnerable status.

**Working time** - Poor living conditions and inadequate wages may lead field workers to work excessive hours. Further, tobacco is grown in countries that may not have strong labour regulation of for instance, fixed working time.

**Work-life balance** - Physically demanding work and long hours may limit time for rest and recovery.

**Health and safety** - Standards on some tobacco farms may be deficient, with workers exposed to hazards such as harmful chemicals, elevated

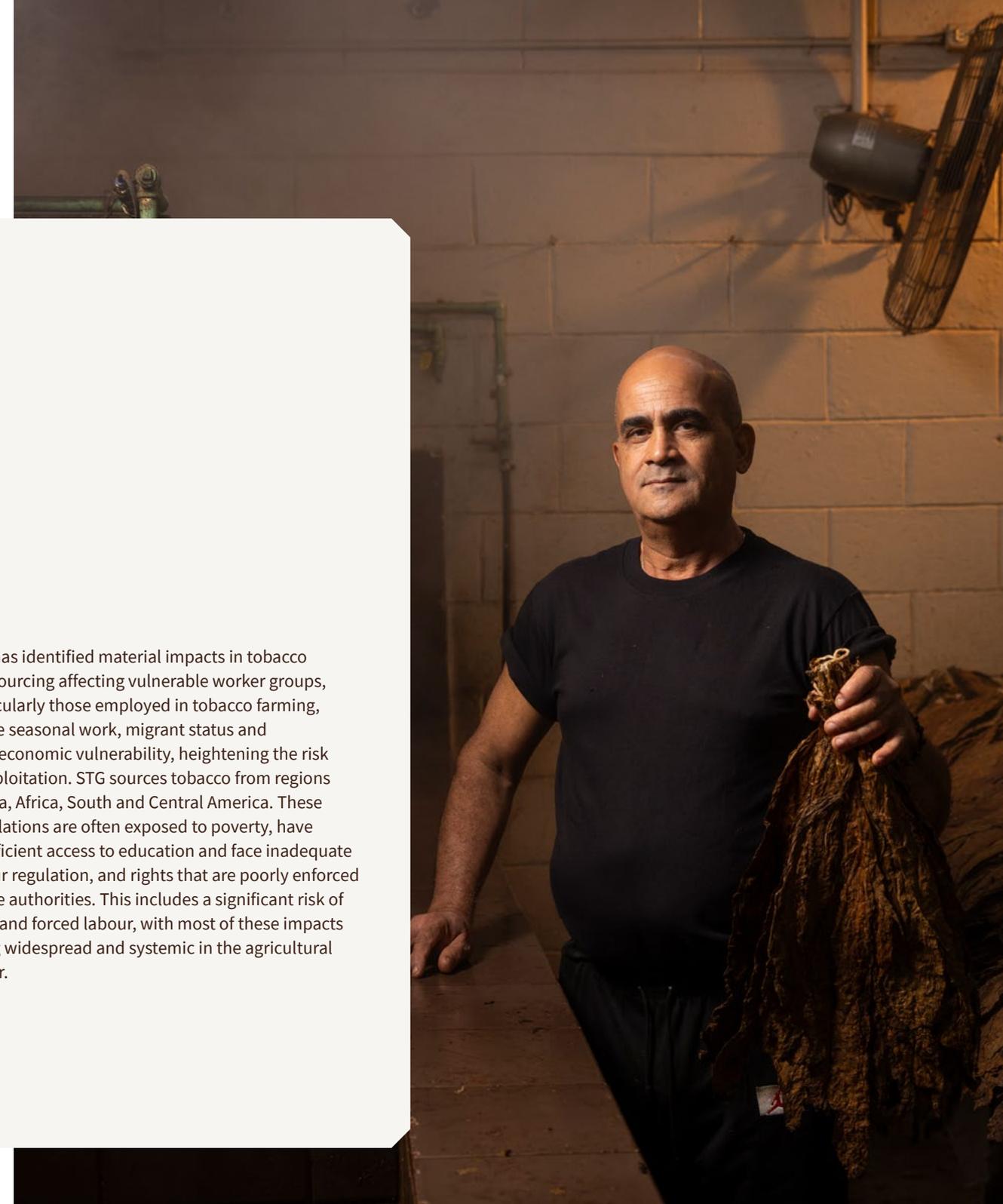
temperatures, nicotine exposure and inadequate Personal Protective Equipment (PPE).

**Child labor** - Child labour in tobacco farms can have severe and lasting negative impacts on the well-being, development and prospects of the children involved. It constitutes a breach of the child's fundamental right to education and to a childhood with play and rest, free of child labour.

**Forced labour** - Is a breach of fundamental human rights. It may inflict profound physical and psychological toll on workers and their families.

> All impacts are located in the upstream value chain

STG has identified material impacts in tobacco leaf sourcing affecting vulnerable worker groups, particularly those employed in tobacco farming, where seasonal work, migrant status and socioeconomic vulnerability, heightening the risk of exploitation. STG sources tobacco from regions in Asia, Africa, South and Central America. These populations are often exposed to poverty, have insufficient access to education and face inadequate labour regulation, and rights that are poorly enforced by the authorities. This includes a significant risk of child and forced labour, with most of these impacts being widespread and systemic in the agricultural sector.





## OUR APPROACH

Tobacco growing and processing is labour-intensive and all workers are entitled to fair labour practices, safe conditions and opportunities to sustain a decent standard of living. STG does not accept child labour and forced labour of any kind, and will react to below-standard working conditions, any breaches of human rights and other labour rights that STG becomes aware of in its supply chain.

STG's Supplier Code of Conduct, which is connected to the Group's Code of Conduct, describes the fundamental rights that should exist and be protected in its supply chain.

Supplier engagement, including meetings and site visits, helps STG align its strategy and business model to foster mutual understanding of each other's businesses. STG has close relationships with direct leaf suppliers, sharing a common desire to eliminate child and forced labour.

Additionally, STG captures workers' views and interests through industry collaborations, including the Sustainable Tobacco Program (STP) and Eliminating Child Labour in Tobacco (ECLT). STG does not engage directly with value chain workers but relies on third-party assessments.

**Remediation process and channels to raise concerns**  
STG manages reports of negative impacts on a case-by-case basis, as no formal remediation process is in place.

Incidents may come to STG's awareness in various ways, including the due diligence process in the leaf tobacco supply chain (through STP), visits to suppliers, reports directly to management or other representatives of the Company, or the Group's Whistleblower channel. STG acknowledges that value chain workers are likely unaware of its Whistleblower channel. At present, STG is not able to assess its entire value chain for instances of leaf suppliers not respecting human rights principles, however STG gains insights in these areas via STP. STG is aware that there is a general risk of child labour and other severe human rights issues in its upstream value chain, as it relates to tobacco growing.

## WORKERS RIGHTS AND CONDITIONS

### Policy

STG's Supplier Code of Conduct sets clear expectations for responsible and ethical behaviour across its supply chain. This includes expectations around labour practices, health and safety, human rights, ethical business conduct and the environment. STG's Supplier Code of Conduct can be found on the Group's website [st-group.com](http://st-group.com).

The Code applies to all suppliers and STG encourages its adoption by their suppliers. The Code is owned by the General Counsel, sponsored by the CEO and implemented by Procurement, led by the Senior Vice Presidents of Procurement and Leaf.

Suppliers are expected to offer terms of employment and working conditions that, as a minimum, comply with local labour laws, including any rules on minimum wage, working hours and overtime work. Suppliers are expected to respect all laws, regulations and international standards related to human rights, understood as those expressed in the International Bill of Human Rights. Suppliers should work actively to prevent and mitigate adverse human rights impacts. STG expects suppliers to implement internal controls and reporting channels so that human rights issues and breaches can be raised confidentially and investigated appropriately.



### Sustainable Tobacco Program

STG is engaged in the Sustainable Tobacco Program (STP), a sustainability-focused industry initiative developed to promote voluntary best practices in tobacco farming and processing.

➤ For more information visit [Sustainable Tobacco Program](#)



◆ S2 Workers in the value chain

Suppliers are expected to continuously monitor and ensure compliance with STG’s Supplier Code of Conduct. STG reserves the right to verify compliance and request supporting documentation. The Group’s aim is to ensure improvement and compliance with the standards for the benefit of the value chain workers, but non-compliance may also result in the termination of STG’s agreement with the supplier.

STG does not have full oversight of all its suppliers to ensure that they meet the standards outlined in the Supplier Code of Conduct. However, STG is committed to working towards this goal with its leaf tobacco suppliers, through collaboration with the STP.

STG may audit high-risk suppliers and issue corrective actions, followed by monitoring to ensure improvement. STG expects continuous improvement when supplier practices fall short of the Code. While STG promotes these standards, it recognises that implementation depends on supplier capacity and local context.

**Actions**

STG leaf suppliers conduct self-assessments using a tool developed by STP, addressing different ESG topics to gain insights into the potential risks per country and per supplier. The Group relies on third-party data from its risk assessment tools. Identified risks may trigger in-depth assessments (IDAs) of priority suppliers and countries. All strategic leaf suppliers actively participate in STP by submitting due diligence or self-assessment data and receiving a Due Diligence Maturity (DDM) score. Suppliers with prioritized IDA findings implement action plans. Leaf Procurement and Sustainability team support these initiatives in collaboration with industry programs.

**Due diligence process through STP**



**2026 and beyond**

STG will continue collaborating with suppliers through the STP, conducting IDAs when relevant and monitoring prioritised actions. STG will further integrate sustainability due diligence into operations and supply chain management.

STG will continue to educate relevant functions in human rights due diligence (child labour and forced labour) to identify and react adequately to any potential incident.

**Targets**

The Supplier Code of Conduct was rolled out in 2023 for direct suppliers and extended in 2024 to indirect suppliers. Signed acknowledgements are collected during onboarding and contract renewals, supported by ongoing engagement with suppliers. STG’s target is to ensure that at least 80% of suppliers, within leaf, direct, and indirect are covered by the Supplier Code of Conduct. A baseline was set in 2023, and progress is monitored annually toward this objective.

Similar to 2024, the Group has not yet set additional targets, as it is currently working to better understand the value chain data from its suppliers. It aims to define targets in the short- to medium-term.

**Eliminating Child Labour in Tobacco**

STG has been a long-standing contributor to the multi-stakeholder initiative Eliminating Child Labour in Tobacco Growing Foundation. The foundation is engaged in creating awareness about child labour and initiatives to eliminate it internationally, as well as at national and regional levels, including on-the ground projects for children and adolescents, and their families in tobacco-growing communities. Among other activities, ECLT develops training programs, which STG’s Procurement and Leaf teams follow.

For more information visit [ECLT - Eliminating Child Labour in Tobacco Growing Foundation](#)



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# S4 CONSUMER AND END-USERS

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES



### Negative impacts

**Health and safety** - The consumption of tobacco and nicotine products poses serious health risks to consumers and those exposed to second-hand smoke, potentially leading to severe illness or death. While this widespread and systemic issue may vary among individuals, the overall number of affected people remains significant. Due to the inherent nature of tobacco, eliminating these risks entirely is not feasible for our organisation.

> [Downstream](#)

**Protection of children** - Children are particularly vulnerable to second-hand smoke, which represents a major global and systemic health concern. Unfortunately, this exposure cannot be prevented, as it is an inherent consequence of how these products are consumed.

> [Downstream](#)

Given the health risks related to their use, tobacco and nicotine products should never be used by individuals below the legal purchase age. Despite this, certain product categories may appeal to younger audiences, even though such use is neither intended nor desired by manufacturers or society. STG's core categories, cigars and pipe tobacco, generally have limited appeal to youth; however, we recognize the risk that underage individuals may access some tobacco or nicotine products despite STG's strong commitment to preventing such use and distancing its brands from underage consumption.

> [Own operations](#)

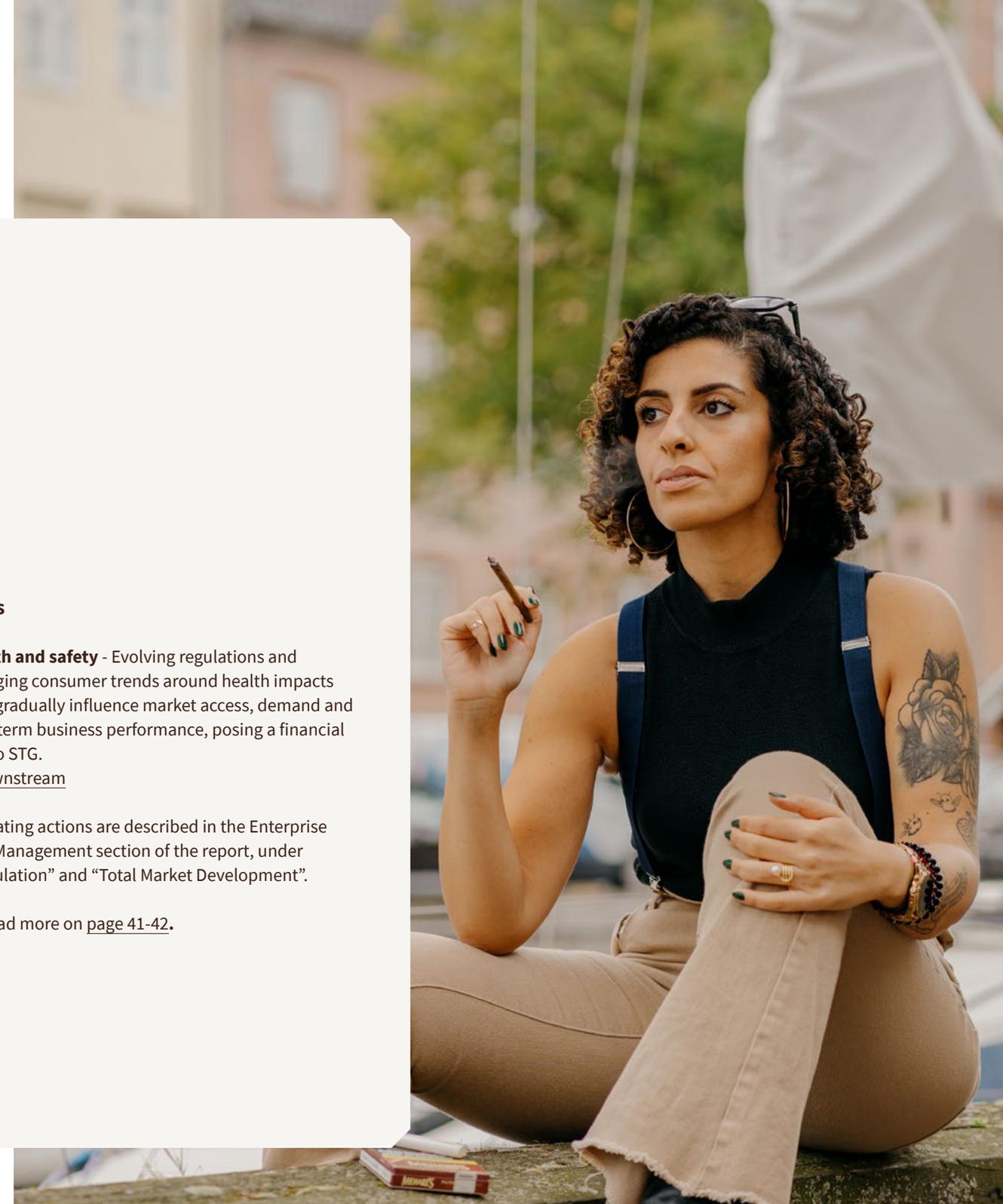
### Risks

**Health and safety** - Evolving regulations and changing consumer trends around health impacts may gradually influence market access, demand and long-term business performance, posing a financial risk to STG.

> [Downstream](#)

Mitigating actions are described in the Enterprise Risk Management section of the report, under "Regulation" and "Total Market Development".

➤ Read more on [page 41-42](#).





## OUR APPROACH

The use of tobacco and nicotine products should be a personal choice and those who do use them must weigh the associated health risks, and balance those against their enjoyment. Nobody under the age of 18 (or older as determined by local law) should buy or consume tobacco or nicotine products. STG grows the business by improving its market share. The Group aim is to give smokers and users of nicotine products reasons to choose its products and categories over those of competitors.

STG’s business and strategy focuses on producing and selling tobacco products, while expanding into nicotine pouches, to diversify STG’s offerings to its consumers. The Group recognises the health risks associated with the consumption of these products and adheres to responsible marketing practices in line with its Code of Conduct and Marketing Principles.

In most markets, regulations restrict direct engagement with consumers for STG’s tobacco brands. Information to consumers about the health risks associated with its tobacco and nicotine products is conveyed via health warnings on the product packaging and, where is permitted, in advertising materials, in full compliance with the applicable laws and the STG Marketing Principles to ensure all outreach is directed solely at adults and never at youth. As market and consumer trends evolve, so does the regulation governing tobacco and nicotine products, including marketing, sale and consumption. STG has a long record of adapting responsibly to regulatory changes and prioritising compliance. The Group remains committed to meeting all legal requirements in every market where it operates.

➤ For more information about our product categories and consumers see the ‘Our business’ section of the report [page 10-13](#).

## CONSUMERS HEALTH & SAFETY AND PROTECTION OF CHILDREN

### Policy

STG’s Code of Conduct provides the foundation for the Group’s commitment to responsible marketing and affirms its dedication to respecting human rights across all business activities. These principles are embedded in the Marketing Principles, which guide how STG communicates with consumers and ensures that its marketing activities are conducted responsibly and in full compliance with applicable laws and standards.

Tobacco products are subject to extensive and increasingly strict regulations worldwide, covering labelling, packaging, marketing, display, sale and consumption. These regulatory frameworks are closely connected to the protection of public health, which is recognized as a fundamental human right under international standards. While the Marketing Principles do not explicitly reference the UN Guiding Principles on Business and Human Rights, the ILO Declaration, or the OECD Guidelines, they reflect STG’s commitment to responsible business conduct. Through adherence to these principles, STG supports informed consumer choice.

The essence of the STG Marketing Principles implies that all advertising and promotional activities are only targeting adults and that consumers are always warned about the health risks associated with its products. STG does not direct marketing, advertising or promotion to consumers under the age of 18 (or higher as determined by local law). In cases where there are differences between the applicable laws and the Marketing Principles, STG always applies the more restrictive rule.

Sponsored by the Group’s CEO and owned by the Group’s General Counsel, the Marketing Principles are embedded in STG’s culture and they guide the daily decisions of its consumer-focused teams.

The Group does not have a policy related to the protection of children from second-hand smoke. The ability to fully remediate this impact remains limited to regulatory initiatives and responsible consumer behaviour.

### Remediation process and channels to raise concerns

Consumers can submit product complaints via STG’s website, though rarely receiving reports on health and safety-related issues. When such concerns arise, STG addresses them with the utmost responsibility and attention. The Group does not currently assess whether consumers are aware of or trust the consumer reporting channel, nor its effectiveness.

Comprehensive regulation in most markets, together with STG’s compliance and adherence to responsible marketing under its Marketing Principles, in the Group’s opinion, considerably limit the risk that consumers enjoy STG’s products without having been exposed to information about the health risks. This is reinforced by decades of societal awareness that smoking and the use of nicotine products carry serious health risks, meaning consumers, whether they use STG’s products or not, are generally informed about these risks. At the same time, there is no clear way for STG to remedy the inherent health risks linked to the use of tobacco and nicotine products. In some markets, STG offers oral nicotine alternatives for consumers who prefer not to smoke; however, these products also carry health risks.

### Actions

The Group provides training on the Marketing Principles to relevant functions and this initiative will continue in 2026 to support regulatory compliance. Group Legal oversees the delivery of the training, although it’s effectiveness is not currently evaluated. In addition, marketing material undergoes legal review to ensure alignment with applicable regulations and safeguard compliance standards.

### Targets

The Group has not adopted targets nor metrics for this topic as the topic is compliance-driven and regulated. In line with its belief in responsible business conduct, STG strives to always act in full compliance with all applicable laws and regulations as well as STG’s self-imposed Marketing Principles.

“  
**OUR MARKETING PRINCIPLES ARE EMBEDDED IN OUR CULTURE**”



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# ◆ GOVERNANCE



Business conduct is central to our business practices, focusing on strong corporate ethics and zero tolerance towards bribery and corruption.



# G1 BUSINESS CONDUCT

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES



### Negative impacts

**Protection of whistleblowers** - The absence of such protection could lead to undetected misconduct, including undetected illegal activities and violations of company policies, which may negatively impact the business culture and the respective whistleblowers.

> [Own operations](#)

**Corruption and bribery** - As a large corporation operating internationally and with international value chains, also in countries with a high prevalence of corruption, there is exposure to bribery and corruption risks, including facilitation payments. Occurrences are unlikely to be of significant scale due to the nature of STG's business, which only implies limited interaction with public authorities and officials. Should there be incidents of corruption, they would likely not impact many individuals. However, it would be difficult or impossible for STG to remediate.

> [Own operations](#)

## OUR APPROACH

### Business conduct policies and corporate culture

Scandinavian Tobacco Group has several policies applicable across the Group that serve the purpose of maintaining high ethical standards and ensure compliance with laws and regulations. At the core of these policies is the Code of Conduct, which establishes the principles of responsible behaviour. This is complemented by more specific policies covering areas such as marketing principles, anti-corruption and anti-bribery, competition law, data ethics, trade restrictions, protection of personal data, employee belonging, IT security and others. The Code of Conduct and several other key group policies are approved by the Board of Directors, while remaining policies are approved by the Executive Management or the Executive Board. All policies are accessible to employees via the Group intranet and, where necessary, translated into local languages used at the Group's sites. Each policy is subject to an annual review and must be reapproved - whether amended or unchanged - by the appropriate governing body.

While the Group does not maintain a standalone policy for business conduct training, it provides training on the Code of Conduct and several supporting policies, including those addressing anti-corruption and anti-bribery, personal data protection, and related areas. Upon onboarding and at regular intervals, employees are required to complete training on the policies relevant to their roles. Training is primarily conducted through e-learning but may also take place in-person. The Company's values are actively promoted by the Executive Board and broader leadership, forming an integrated part of organizational communication - whether through the intranet, Town Hall, or other meetings. Employee performance evaluation includes an assessment of the employee's behaviour and leadership performance in relation to these values.

The Group ensures comprehensive training on the Code of Conduct and associated policies, including anti-corruption, anti-bribery, and data protection, as part of its commitment to ethical business practices. Training on the Code of Conduct is mandatory for all employees, including the Group's Executive Management, and reinforces expected behaviours by outlining the fundamental principles of responsible conduct. Delivery is primarily through online platforms while employees in operational roles without online access receive equivalent in-person training.

These measures support the Group's governance framework and its dedication to integrity and compliance across all activities.

➤ Our policies are available at our website [st-group.com](https://st-group.com)

“  
**STG HAS SEVERAL POLICIES APPLICABLE ACROSS THE GROUP THAT SERVE THE PURPOSE OF MAINTAINING HIGH ETHICAL STANDARDS AND ENSURE COMPLIANCE WITH LAWS AND REGULATIONS.**



### Speak up

Employees are encouraged to report any suspected breaches of Group policies, including the Code of Conduct, or applicable laws. Reports can be made through People and Culture, a manager, or via the confidential Whistleblower channel. Guidance on reporting is outlined in the Group’s Whistleblower Policy and is readily accessible on the Group intranet in all relevant languages.

## WHISTLEBLOWER SCHEME AND PROTECTION OF WHISTLEBLOWERS

### Policy

The Group maintains a confidential reporting channel for employees, customers, suppliers and other stakeholders to raise concerns about potential violations of law or Group policies. The Group’s Whistleblower Policy ensures secure reporting and provides safeguards against retaliation in line with the EU Whistleblower Directive and applicable laws. Information on the policy is available on the Group’s intranet and at all sites. Reports can be submitted anonymously, and the Group enforces a zero-tolerance approach to retaliation against individuals acting in good faith. Senior leaders, including managers in P&C, are trained to handle reports received through alternative channels to ensure proper escalation and compliance.

Anyone who reports an incident via the Whistleblower Scheme or in person can choose to remain anonymous. All reports are treated with strict confidentiality, regardless of the reporting channel used.

The Group has procedures in place to ensure that reports received under the Whistleblower Scheme are followed up and incidents, including corruption and bribery, are investigated promptly and objectively and in accordance with the EU Whistleblower Directive. Reports are first reviewed by an external law firm to prevent conflicts of interest before being forwarded for investigation under established procedures. If a conflict is identified, the matter

is escalated to the Audit Committee or the Chairman of the Board of Directors. Investigations are conducted promptly, independently and objectively.

### Actions

STG does not provide training on how to report, but uses awareness campaigns to create trust in the set-up and the protection of reporters. The Group’s Whistleblower Scheme and compliance with the Whistleblower Policy is overseen by the Audit Committee.

### Targets

STG’s target is zero instances of retaliation against whistleblowers. Progress is tracked annually through whistleblower reports and internal investigations.

## ANTI-CORRUPTION AND ANTI-BRIBERY

### Policy

STG maintains a zero-tolerance to corruption and bribery across its entire value chain. The commitment is embedded in STG’s Code of Conduct, Supplier Code of Conduct and Anti-corruption Policy. The Anti-corruption Policy provides clear guidelines to prevent any involvement in bribery or corrupt practices and applies globally to all employees, management and individuals acting on behalf of the Group.

### Remediation process and channels to raise concerns

Incidents and allegations of corruption and bribery – whether reported through the Whistleblower Scheme, identified via financial controls or detected otherwise – are escalated to the Executive Management and the Audit Committee. Investigations are led by the Group’s Legal, Finance and/ or P&C functions, with external support engaged when necessary. Appropriate sanctions would be applied, including disciplinary sanctions and potential involvement of the police for criminal investigations and sanctions. The Group General Counsel typically oversees the process, ensuring independence and excluding anyone with a conflict

of interest. Appropriate actions are taken based on findings, including disciplinary measures and, where applicable, referral to law enforcement for criminal investigation.

### Actions

#### Training

STG conducts mandatory anti-corruption and bribery training for all employees with a corporate email address, including the Executive Management and the Executive Board. Members of the Board of Directors, except employee-elected representatives, are not required to participate, as they annually adopt the Code of Conduct and Anti-Corruption Policy.

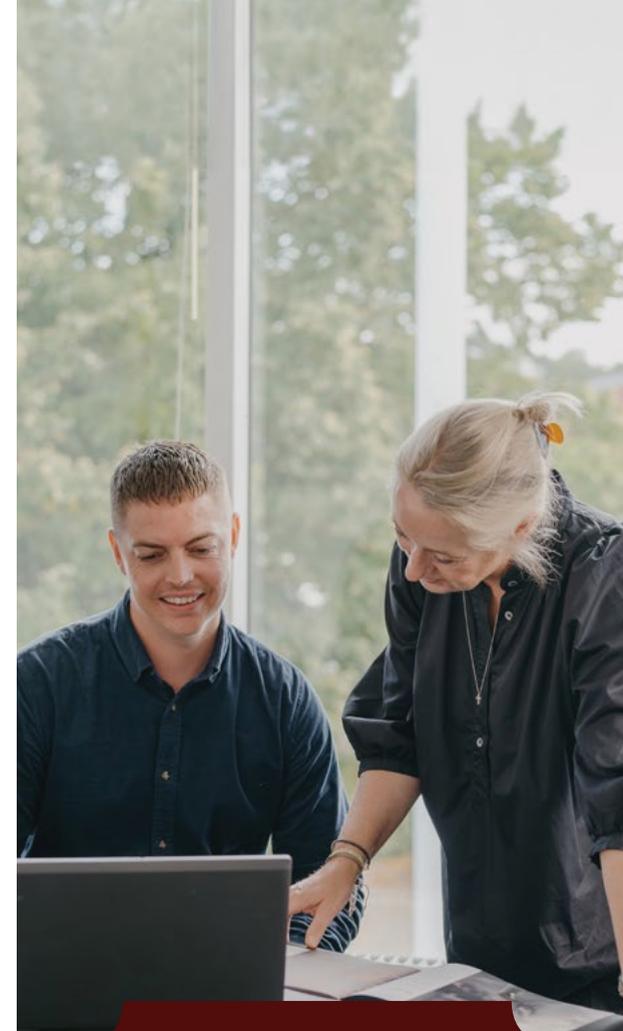
The online training course covers identifying corruption risks, understanding the implications of bribery and conflicts of interest, and responding appropriately to such situations. Interactive exercises and questions reinforce awareness of the Group’s Anti-corruption Policy and the consequences of non-compliance. Both the course and the policy materials are accessible at any time via the internal training platform.

Given the Group’s presence in countries with elevated corruption risks—such as Nicaragua, Honduras, the Dominican Republic, Sri Lanka and Indonesia—employees in these locations with corporate email access are classified as “functions-at-risk.” Like all other employees with a corporate email address, they must complete training upon onboarding and approximately every 18 months.

### Targets

STG’s target is zero instances of corruption and bribery. Progress is tracked annually through whistleblower reports, internal audits and training completion rates.

➤ For more information about our metrics, see [page 100](#).



### Channels to raise concerns

Anyone who experiences or suspects misconduct is encouraged to report to the relevant person in the organization (e.g. a manager, the Executive Management, P&C or Legal) or to make use of the Group’s online Whistleblower channel.

The portal is available in the local languages of all the countries in which the Group operates and is supplemented with a telephone reporting option.

➔ [st-group.whistleblownetwork.net](https://st-group.whistleblownetwork.net)



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# BASIS OF PREPARATION

### General reporting standards and principles

The sustainability statement is prepared in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS) and section 99a of the Danish Financial Statements Act.

Our statement on data ethics in accordance with Section 99d of the Act can be found on [page 43](#). This report also contains our statement regarding compliance with the EU Sustainable Finance Taxonomy, which can be found on [pages 86-89](#).

### Materiality

The Double Materiality Assessment has been conducted in accordance with the Corporate Sustainability Reporting Directive (CSRD) described on [page 59-61](#), and serves as basis of our Sustainability reporting in 2025.

The 2025 consolidated sustainability statement includes metrics aligned with STG's Sustainability agenda, Rolling Responsibly and Double Materiality Assessment. When assessing whether a metric is material to the consolidated sustainability statement, Management considers whether the matter is of such relevance and importance that it could substantially influence the assessment of STG's sustainability performance by the users of the Annual Report 2025.

### Timeline

The Group defines short-term as events occurring by the end of the reporting period, medium-term within the next five years, and long-term as beyond five years, unless specified otherwise.

### Principles of consolidation

The scope of consolidation covers the entire Scandinavian Tobacco Group organisation, similar to our financial consolidation principles. Unless

otherwise stated, the data and reporting included in the performance tables covers the entire value chain, including production sites, warehouses, administration, sales, representative offices, and legal entities. The illustration of the value chain can be found on [page 14](#).

### Accounting policies

The accounting policies set out in the notes have been applied consistently in the preparation of the consolidated sustainability statements for all years presented, unless stated otherwise.

### Estimation uncertainty

The Group has relied on partial estimations to cover downstream and upstream value chain where there is limited visibility and access to data across Scope 3 calculations. Mapping activity data with emission factors involves some uncertainty and occasional approximation.

### Data risk management and internal control

To ensure our sustainability risk assessment and reporting process is accurate and robust, we have applied the same principles as our financial reporting risk assessment process. We identify risks linked to the standard audit assertions of Completeness, Accuracy, Cut Off, Occurrence, Presentation & Disclosure and Rights & Obligations. The risks are assessed for likelihood and impact, and controls designed for those deemed to be material as per the DMA. We have established policies, procedures and internal control systems throughout the organisation to ensure mitigation of risks and to identify emerging risks as they materialise. Our process was designed with input from key stakeholders and external consultants to ensure completeness and transparency. Risks and controls are evaluated on an annual basis to ensure they are still relevant and working appropriately. We

have established governance to sustainability reporting by linking material topics to relevant Executive Board members and our approach and findings are reported to the Audit Committee and Board of Directors on a regular basis. Our financial and sustainability reports are audited by the same independent audit firm, which is elected at the annual general meeting. Our sustainability data is subject to limited assurance based on the CSRD requirements. Observations raised by external auditors are reviewed and addressed with appropriate action plans, which are regularly followed up on until completion. The main risks identified and their mitigation strategies including related controls are described in our accounting policies.





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# ENVIRONMENT

## EU TAXONOMY

### About the taxonomy

The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards the European Green Deal objectives, achieving carbon neutrality by 2050 in line with EU climate goals, because the Taxonomy is a classification system for environmentally sustainable economic activities.

### Our activities

In order to determine Taxonomy-eligible activities, firstly we compared economic activities involved in the manufacture and retail of tobacco products to the Climate Delegated Act (CDA), which covers activities and sectors including, impact to water and marine resources, circular economy, pollution, biodiversity, and also those which have the greatest potential towards climate change mitigation and climate change adaptation. No Taxonomy-eligible activities were identified, which means none of our turnover can be considered as Taxonomy-eligible.

We have activity within our value chain that is not revenue-generating, but that result in assets or processes that are essential for our revenue-generating activities, which are not reported as Taxonomy-eligible economic activities on their own. This includes acquisition or construction of new buildings and transportation of our products to retailers and consumers. The Group discloses capital expenditures (CAPEX) and operational expenditures (OPEX) relating to the purchase of output from these activities.

### KPIs

Expenses related to CAPEX and OPEX activities within the value chain which are Taxonomy-eligible but not revenue generating are used as the numerator to calculate KPIs. For CAPEX this consists of additions to fixed assets (IAS 16), intangible assets (IAS 38) and right-of-use assets (IFRS 16) during the financial year, before depreciation, amortisation and any re-measurements, revaluation, impairments, or changes in fair value. Additions from business combinations are also included, but goodwill is not. The total is divided by our total CAPEX to calculate the KPI.

OPEX in the taxonomy consist of direct non-capitalised costs for building renovation, maintenance and repair, and other direct expenditures relating to the day-to-day servicing of our assets of property, plant, and equipment. This includes the volume of non-capitalised leases (FRS 16), and expenses for short-term leases and low-value assets. Reference is made to note 3.3 Right-of-use assets [page 126](#). Maintenance costs is based on an allocation of total maintenance costs times the share of NBV of buildings versus production facilities. The OPEX numerator is defined as Taxonomy-eligible OPEX divided by our total Taxonomy OPEX in order to establish the OPEX KPIs.

The total CAPEX is reconciled to our consolidated financial statement. For details on policies refer to note 3.1 Intangible assets [page 121](#), note 3.2 Property, plant and equipment [page 125](#) and note 3.3 Right-of-use assets [page 126](#).

Since the numerator for the KPI is derived from the Taxonomy-eligible activities and it was concluded that there are no Taxonomy-eligible activities associated with

our turnover, it is not possible to generate turnover KPIs or to assess alignment.

For further details on our accounting policies regarding consolidated net sales, please refer to note 2.1 Gross profit (net sales and cost of goods sold) [page 112](#). Our turnover can be reconciled to our consolidated financial statements, cf. consolidated statement of income on [page 105](#) (Net sales).

### ELIGIBILITY AND ALIGNMENT

The Group has not recorded any category A, CAPEX or OPEX, and does not plan to expand any category B, Taxonomy-eligible economic activities. Therefore, we only have category C expenses which can qualify. These individual measures correspond to economic activities listed in the delegated acts supplementing the Taxonomy Regulation.

In order to determine if an economic activity is Taxonomy-aligned, it must contribute substantially to one or more of the environmental objectives and meet technical criteria as stated within the specific associated Appendix to the Delegated Act. The Group's purchases did not meet all the technical screening requirements, and consequently cannot be deemed Taxonomy-aligned.

### Nuclear energy related activities

1. The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. No
2. The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. No
3. The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. No

### Fossil gas related activities

4. The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. No
5. The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. No
6. The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. No



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## EU TAXONOMY

### Reporting on turnover

| 2025 - Economic Activities  | Code | Turnover<br>DKK million | Proportion of Turnover<br>% | Substantial contribution criteria |                            |       |           |                  |                               | DNSH criteria ('Does Not Significantly Harm') |                            |       |           |                  |               | Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.)<br>Turnover 2024<br>% | Category (enabling activity)<br>E | Category (transitional activity)<br>T |                     |
|---|------|-------------------------|-----------------------------|-----------------------------------|----------------------------|-------|-----------|------------------|-------------------------------|---|----------------------------|-------|-----------|------------------|---------------|---|-----------------------------------|---------------------------------------|---------------------|
|   |      |                         |                             | Climate change mitiga-tions       | Climate change adapta-tion | Water | Pollution | Circular economy | Bio-diversity and eco-systems | Climate change mitiga-tion                    | Climate change adapta-tion | Water | Pollution | Circular economy | Bio-diversity |   |                                   |                                       | Minimum safe-guards |
| <b>A. Taxonomy-eligible activities</b>  |      |                         |                             |                                   |                            |       |           |                  |                               |   |                            |       |           |                  |               |   |                                   |                                       |                     |
| <b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>   |      |                         |                             |                                   |                            |       |           |                  |                               |   |                            |       |           |                  |               |   |                                   |                                       |                     |
| None  |      | -                       | 0%                          | N/EL                              | N/EL                       | N/EL  | N/EL      | N/EL             | N/EL                          | N   | N                          | N     | N         | N                | N             | N   | 0%                                | N/A                                   | N/A                 |
| Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)  |      | -                       | 0%                          | N/EL                              | N/EL                       | N/EL  | N/EL      | N/EL             | N/EL                          | N   | N                          | N     | N         | N                | N             | N   | 0%                                |                                       |                     |
| Of which enabling   |      | -                       | 0%                          | N/EL                              | N/EL                       | N/EL  | N/EL      | N/EL             | N/EL                          | N   | N                          | N     | N         | N                | N             | N   | 0%                                |                                       |                     |
| Of which transitional   |      | -                       | 0%                          |                                   |                            |       |           |                  |                               | N   | N                          | N     | N         | N                | N             | N   | 0%                                |                                       |                     |
| <b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>         |      |                         |                             |                                   |                            |       |           |                  |                               |   |                            |       |           |                  |               |   |                                   |                                       |                     |
| None  |      | -                       | 0%                          | N                                 | N                          | N     | N         | N                | N                             |   |                            |       |           |                  |               |   | 0%                                |                                       |                     |
| Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.) |      | -                       | 0%                          | N                                 | N                          | N     | N         | N                | N                             |   |                            |       |           |                  |               |   | 0%                                |                                       |                     |
| <b>A. Turnover of Taxonomy-eligible activities (A.1+A.2)</b>  |      | -                       | 0%                          |                                   |                            |       |           |                  |                               |   |                            |       |           |                  |               |   |                                   |                                       |                     |
| <b>B. Taxonomy-non-eligible activities</b>  |      |                         |                             |                                   |                            |       |           |                  |                               |   |                            |       |           |                  |               |   |                                   |                                       |                     |
| Turnover of Taxonomy-non-eligible activities  |      | 9,035.7                 | 100%                        |                                   |                            |       |           |                  |                               |   |                            |       |           |                  |               |   |                                   |                                       |                     |
| <b>Total (A+B)</b>  |      | <b>9,035.7</b>          | <b>100%</b>                 |                                   |                            |       |           |                  |                               |   |                            |       |           |                  |               |   |                                   |                                       |                     |

CCM Climate change mitigation

Y Yes (Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective)

N No (Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective)

EL Taxonomy-eligible activity for the relevant objective. The code for the most relevant objective is stated in bold

N/EL Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective



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## EU TAXONOMY

### Reporting on CAPEX

#### 2025 - Economic Activities

#### A. Taxonomy-eligible activities

##### A.1. Environmentally sustainable activities (Taxonomy-aligned)

None

##### CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1.)

Of which enabling

Of which transitional

##### A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

Electric generation using concentrated solar power (CSP)

Transportation by motorbikes, passenger cars and light commercial vehicles

Renovation of existing buildings

Acquisition and ownership of buildings

##### CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)

##### A. CAPEX of Taxonomy-eligible activities (A.1+A.2)

##### B. Taxonomy-non-eligible activities

##### CAPEX of Taxonomy-non-eligible activities

##### Total (A+B)

| Code | Description   | Activity     | Additions to Property, Plant and Equipment | Internally generated or purchased intangibles | Right-of-use assets | Total        | Thereof acquired through business combinations | Thereof part of a Capex plan |
|------|---|--------------|--|---|---------------------|--------------|--|------------------------------|
| CCM  | Climate change mitigation   |              |  |   |                     |              |  |                              |
| Y    | Yes (Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective)                   | 4.2          | 3.6  | 0   | 0                   | 3.6          | 0  |                              |
| N    | No (Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective)                | 6.5          | -  | 0   | 24.7                | 24.7         | 0  | -                            |
| EL   | Taxonomy-eligible activity for the relevant objective. The code for the most relevant objective is stated in bold | 7.2          | 23.7                                       | 0   | 0                   | 23.7         | 0  | -                            |
| N/EL | Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective                             | 7.7          | 61.4                                       | 0   | 83.7                | 145.1        | 0  | -                            |
|      |   | <b>Total</b> | <b>88.7</b>                                | <b>0.0</b>                                    | <b>108.4</b>        | <b>197.1</b> | <b>0.0</b>                                     | <b>0.0</b>                   |

#### Substantial contribution criteria

#### DNSh criteria ('Does Not Significantly Harm')

|   | Code    | CAPEX<br>DKK million | Proportion of CAPEX<br>% | Climate change mitigations | Climate change adaptation | Substantial contribution criteria |           |                  |                              | DNSh criteria ('Does Not Significantly Harm') |                           |       |           |                  |               | Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CAPEX 2024<br>% | Category (enabling activity)<br>E | Category (transitional activity)<br>T |                    |
|---|---------|----------------------|--------------------------|----------------------------|---------------------------|-----------------------------------|-----------|------------------|------------------------------|---|---------------------------|-------|-----------|------------------|---------------|---|-----------------------------------|---------------------------------------|--------------------|
|   |         |                      |                          |                            |                           | Water                             | Pollution | Circular economy | Bio-diversity and ecosystems | Climate change mitigation                     | Climate change adaptation | Water | Pollution | Circular economy | Bio-diversity |   |                                   |                                       | Minimum safeguards |
| <b>A. Taxonomy-eligible activities</b>  |         |                      |                          |                            |                           |                                   |           |                  |                              |   |                           |       |           |                  |               |   |                                   |                                       |                    |
| <b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>   |         |                      |                          |                            |                           |                                   |           |                  |                              |   |                           |       |           |                  |               |   |                                   |                                       |                    |
| None  |         | -                    | 0%                       | N/EL                       | N/EL                      | N/EL                              | N/EL      | N/EL             | N/EL                         | N   | N                         | N     | N         | N                | N             | N   | 0%                                | N/A                                   | N/A                |
| <b>CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1.)</b>  |         | -                    | 0%                       | N/EL                       | N/EL                      | N/EL                              | N/EL      | N/EL             | N/EL                         | N   | N                         | N     | N         | N                | N             | N   | 0%                                |                                       |                    |
| Of which enabling   |         | -                    | 0%                       | N/EL                       | N/EL                      | N/EL                              | N/EL      | N/EL             | N/EL                         | N   | N                         | N     | N         | N                | N             | N   | 0%                                |                                       |                    |
| Of which transitional   |         | -                    | 0%                       |                            |                           |                                   |           |                  |                              | N   | N                         | N     | N         | N                | N             | N   | 0%                                |                                       |                    |
| <b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>             |         |                      |                          |                            |                           |                                   |           |                  |                              |   |                           |       |           |                  |               |   |                                   |                                       |                    |
| Electric generation using concentrated solar power (CSP)  | CCM 4.2 | 3.6                  | 1%                       | <b>EL</b>                  | EL                        | N/EL                              | N/EL      | N/EL             | N/EL                         |   |                           |       |           |                  |               |   | 0%                                |                                       |                    |
| Transportation by motorbikes, passenger cars and light commercial vehicles  | CCM 6.5 | 24.7                 | 8%                       | <b>EL</b>                  | EL                        | N/EL                              | N/EL      | N/EL             | N/EL                         |   |                           |       |           |                  |               |   | 6%                                |                                       |                    |
| Renovation of existing buildings  | CCM 7.2 | 23.7                 | 8%                       | <b>EL</b>                  | EL                        | N/EL                              | N/EL      | N/EL             | N/EL                         |   |                           |       |           |                  |               |   | 0%                                |                                       |                    |
| Acquisition and ownership of buildings  | CCM 7.7 | 145.1                | 50%                      | <b>EL</b>                  | EL                        | N/EL                              | N/EL      | N/EL             | N/EL                         |   |                           |       |           |                  |               |   | 37%                               |                                       |                    |
| <b>CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)</b> |         | 197.1                | 66%                      | EL                         | EL                        | N/EL                              | N/EL      | N/EL             | N/EL                         |   |                           |       |           |                  |               |   | 43%                               |                                       |                    |
| <b>A. CAPEX of Taxonomy-eligible activities (A.1+A.2)</b>   |         | 197.1                | 66%                      |                            |                           |                                   |           |                  |                              |   |                           |       |           |                  |               |   |                                   |                                       |                    |
| <b>B. Taxonomy-non-eligible activities</b>  |         |                      |                          |                            |                           |                                   |           |                  |                              |   |                           |       |           |                  |               |   |                                   |                                       |                    |
| <b>CAPEX of Taxonomy-non-eligible activities</b>  |         | 94.1                 | 34%                      |                            |                           |                                   |           |                  |                              |   |                           |       |           |                  |               |   |                                   |                                       |                    |
| <b>Total (A+B)</b>  |         | <b>291.2</b>         | <b>100%</b>              |                            |                           |                                   |           |                  |                              |   |                           |       |           |                  |               |   |                                   |                                       |                    |



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### Reporting on OPEX

|  | Substantial contribution criteria |                  |                      |                            |                           |       |           |                  |                               | DNSH criteria ('Does Not Significantly Harm') |                           |       |           |                  |               |                    | Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OPEX 2024 % | Category (enabling activity) E | Category (transitional activity) T |
|--|-----------------------------------|------------------|----------------------|----------------------------|---------------------------|-------|-----------|------------------|-------------------------------|---|---------------------------|-------|-----------|------------------|---------------|--------------------|---|--------------------------------|------------------------------------|
|  | Code                              | OPEX DKK million | Proportion of OPEX % | Climate change mitigations | Climate change adaptation | Water | Pollution | Circular economy | Bio-diversity and eco-systems | Climate change mitigation                     | Climate change adaptation | Water | Pollution | Circular economy | Bio-diversity | Minimum safeguards |   |                                |                                    |
| <b>2025 - Economic Activities</b>  |                                   |                  |                      |                            |                           |       |           |                  |                               |   |                           |       |           |                  |               |                    |   |                                |                                    |
| <b>A. Taxonomy-eligible activities</b>   |                                   |                  |                      |                            |                           |       |           |                  |                               |   |                           |       |           |                  |               |                    |   |                                |                                    |
| <b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>  |                                   |                  |                      |                            |                           |       |           |                  |                               |   |                           |       |           |                  |               |                    |   |                                |                                    |
| None   |                                   | -                | 0%                   | N/EL                       | N/EL                      | N/EL  | N/EL      | N/EL             | N/EL                          | N   | N                         | N     | N         | N                | N             | N                  | 0%  | N/A                            | N/A                                |
| <b>OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1.)</b>  |                                   | -                | 0%                   | N/EL                       | N/EL                      | N/EL  | N/EL      | N/EL             | N/EL                          | N   | N                         | N     | N         | N                | N             | N                  | 0%  |                                |                                    |
| <b>Of which enabling</b>   |                                   | -                | 0%                   | N/EL                       | N/EL                      | N/EL  | N/EL      | N/EL             | N/EL                          | N   | N                         | N     | N         | N                | N             | N                  | 0%  |                                |                                    |
| <b>Of which transitional</b>   |                                   | -                | 0%                   |                            |                           |       |           |                  |                               | N   | N                         | N     | N         | N                | N             | N                  | 0%  |                                |                                    |
| <b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>            |                                   |                  |                      |                            |                           |       |           |                  |                               |   |                           |       |           |                  |               |                    |   |                                |                                    |
| Transportation by motorbikes, passenger cars and light commercial vehicles   | CCM 6.5                           | 26.8             | 12%                  | EL                         | EL                        | N/EL  | N/EL      | N/EL             | N/EL                          |   |                           |       |           |                  |               |                    | 9%  |                                |                                    |
| Renovation of existing buildings   | CCM 7.2                           | 96.1             | 42%                  | EL                         | EL                        | N/EL  | N/EL      | N/EL             | N/EL                          |   |                           |       |           |                  |               |                    | 42%   |                                |                                    |
| <b>OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)</b> |                                   | 122.9            | 54%                  | EL                         | EL                        | N/EL  | N/EL      | N/EL             | N/EL                          |   |                           |       |           |                  |               |                    | 51%   |                                |                                    |
| <b>A. OPEX of Taxonomy-eligible activities (A.1+A.2)</b>   |                                   | 122.9            | 54%                  |                            |                           |       |           |                  |                               |   |                           |       |           |                  |               |                    |   |                                |                                    |
| <b>B. Taxonomy-non-eligible activities</b>   |                                   |                  |                      |                            |                           |       |           |                  |                               |   |                           |       |           |                  |               |                    |   |                                |                                    |
| <b>OPEX of Taxonomy-non-eligible activities</b>  |                                   | 105.5            | 46%                  |                            |                           |       |           |                  |                               |   |                           |       |           |                  |               |                    |   |                                |                                    |
| <b>Total (A+B)</b>   |                                   | <b>228.4</b>     | <b>100%</b>          |                            |                           |       |           |                  |                               |   |                           |       |           |                  |               |                    |   |                                |                                    |



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|   | Retrospective            |              |                   |                | Milestones and targets (recalculated) |                         |                              |                               |
|---|--------------------------|--------------|-------------------|----------------|---------------------------------------|-------------------------|------------------------------|-------------------------------|
|   | Base year (recalculated) | 2025         | 2024 <sup>1</sup> | 2025 vs 2024 % | 2030                                  | 2050                    | Annual % target <sup>2</sup> | % Annual average vs base year |
| 1,000 tonnes CO <sub>2</sub> e emissions                                    |                          |              |                   |                |                                       |                         |                              |                               |
| <b>Direct Scope 1 GHG emissions</b>   | <b>2020 base</b>         |              |                   |                |                                       |                         |                              |                               |
| Gross Scope 1 GHG emissions   | 17.7                     | 11.5         | 12.1              | -4.8%          | 10.2 <sup>3</sup>                     | 1.8                     | -4.2%                        | -8.3%                         |
| Percentage of Scope 1 GHG emissions from regulated emission trading schemes | 0%                       | 0%           | 0%                |                | 0%                                    | 0%                      | 0%                           |                               |
| <b>Indirect Scope 2 GHG emissions</b>                                       | <b>2020 base</b>         |              |                   |                |                                       |                         |                              |                               |
| Gross location-based Scope 2 GHG emissions                                  | 21.2                     | 17.0         | 18.6              | -8.7%          | N/A                                   | N/A                     | N/A                          | -4.3%                         |
| Gross market-based Scope 2 GHG emissions                                    | 21.9                     | 13.8         | 15.3              | -9.6%          | 12.6 <sup>3</sup>                     | 2.2                     | -4.2%                        | -8.8%                         |
| <b>Indirect Scope 3 GHG emissions - significant categories</b>              | <b>2022 base</b>         |              |                   |                |                                       |                         |                              |                               |
| Category 1 disaggregated - Tobacco, cigars & other FLAG products            | 109.8                    | 121.9        | 92.1              | 32.3%          | 76.6 <sup>4</sup>                     | 30.8 <sup>4</sup>       | -3.8%                        | 3.5%                          |
| Category 1 disaggregated - Non-tobacco materials                            | 33.7                     | 19.7         | 38.8              | -49.1%         | 25.3 <sup>5</sup>                     | 3.4 <sup>5</sup>        | -3.1%                        | -16.4%                        |
| Category 1 disaggregated - Other goods and services                         | 39.5                     | 19.2         | 30.9              | -37.7%         | N/A                                   | N/A                     | N/A                          | N/A                           |
| Total category 1 - Purchase goods and services                              | 183.1                    | 160.8        | 161.8             | -0.6%          | N/A                                   | N/A                     | N/A                          | N/A                           |
| Category 4 - Upstream transportation and distribution                       | 44.8                     | 23.9         | 35.7              | -33.2%         | 33.6 <sup>5</sup>                     | 4.5 <sup>5</sup>        | -3.1%                        | -19.0%                        |
| Category 9 - Downstream transportation                                      | 21.9                     | 10.5         | 14.6              | -28.1%         | 16.4 <sup>5</sup>                     | 2.2 <sup>5</sup>        | -3.1%                        | -21.6%                        |
| Category 12 - End-of-life treatment of sold products                        | 9.6                      | 4.0          | 9.4               | -58.1%         | 7.2 <sup>5</sup>                      | 1.0 <sup>5</sup>        | -3.1%                        | -25.6%                        |
| Total Scope 3 - Significant categories                                      | 259.3                    | 199.1        | 221.5             | -10.1%         | N/A                                   | N/A                     | N/A                          | N/A                           |
| Other categories  | 32.0                     | 28.1         | 35.2              | -20.3%         | N/A                                   | N/A                     | N/A                          | N/A                           |
| <b>Total Gross indirect Scope 3 GHG emissions</b>                           | <b>291.4</b>             | <b>227.2</b> | <b>256.7</b>      | <b>-11.5%</b>  | <b>212.5<sup>6</sup></b>              | <b>49.3<sup>6</sup></b> | <b>-3.4%</b>                 | <b>-8.0%</b>                  |
| <b>Total GHG Emissions<sup>7</sup></b>                                      |                          |              |                   |                |                                       |                         |                              |                               |
| Total GHG emissions - Location-based  | 330.3                    | 255.7        | 287.4             | -11.0%         | N/A                                   | N/A                     | N/A                          | N/A                           |
| Total GHG emissions - Market-based  | 331.1                    | 252.5        | 284.0             | -11.1%         | 235.4                                 | 53.3                    | N/A                          | N/A                           |

Disclaimer:

Baseline emissions and absolute emission reduction targets for all scopes were recalculated in 2025 in line with STG's Recalculation Policy to reflect the Mac Baren acquisition, methodological updates, and data improvements. Consequently, retrospective emissions for base year, as well as Milestones and Targets now reflect updated figures, validated by the SBTi in 2025.

(1) The 2024 figures for Scope 3 emissions were restated to reflect methodological updates and data improvements

(2) Annual % target calculated based on 2030 target

(3) In line with Scope 1 & 2 combined science-based target (validated by SBTi)

(4) In line with science-based near-term and long-term targets for FLAG GHG emissions

(5) In line with science-based near-term target for non-FLAG GHG emissions (not disaggregated by categories)

(6) Scope 3 is covered by both FLAG and non-FLAG emission reduction targets, therefore weighted average near-term and long-term targets are included for Total scope 3 (combined target not validated by SBTi)

(7) Combined Scope 1, 2 & 3 baseline emissions includes Scope 1 & 2 2020 emissions and Scope 3 2022 emissions according to the base years for respective scopes



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### Performance against baseline

In accordance with STG's Recalculation Policy, Scope 1, 2, and 3 baselines were recalculated in 2025 to reflect the expanded operational footprint following the Mac Baren acquisition, alongside improvements in data quality and methodological refinements.

In 2025, Scope 1 and 2 emissions decreased by 36.3% vs baseline, demonstrating strong progress toward the near-term reduction target of 42.4%. Total Scope 3 emissions decreased by 22.0% vs baseline, marking steady advancement toward the near-term target for non-FLAG emissions. At the same time, a shift to a more accurate, mass-based calculation method in some FLAG categories resulted in 11.2% increase of FLAG emissions vs baseline.

Ongoing data improvements with gradual shift to mass and supplier data on product level and periodic updates of emission factors are expected to introduce fluctuations in our annual Scope 3 results. As a result, year on year variations are anticipated, and we will recalculate the baseline or restate historical data when appropriate to maintain accuracy, comparability and transparency with regards to our progress.

### Performance against previous year

The main levers to Scope 1 & 2 emissions reductions in 2025 have been factory footprint and distribution optimisation following Mac Baren acquisition, alongside continued transition to renewable energy and improvements to equipment and refrigerants. These included the closure of the Sutliff factory in the U.S. and the warehouse in Germany (325 tonnes CO<sub>2</sub>e reduction), the replacement of outdated cooling equipment and switching to modern refrigerants at the Honduras manufacturing site (834 tonnes CO<sub>2</sub>e reduction), and the switch to renewable energy at the former Mac Baren site in Svendborg, Denmark, as well as at the retail superstore in Hamburg, U.S. (417 tonnes CO<sub>2</sub>e reduction). Additional reductions came from the full-year effect of the solar panel installation completed at the end of 2024 in the Dominican Republic (526 tonnes CO<sub>2</sub>e). Continued implementation of the fleet transition plan, from diesel to electric vehicles and more efficient petrol cars, resulted in a 6% emissions reductions from combined gasoline and diesel consumption in 2025.

Total Scope 3 emissions decreased by 11.5%, primarily driven by reductions in Category 1 Purchased Goods & Services non-FLAG and Categories 4 and 9 Transportation and Distribution. This decrease was

largely enabled by significant data improvements, including the use of more precise mass data for packaging materials and the updated emission factors. Several initiatives further supported reductions in these categories, such as lowering the number of printed catalogues, discontinuing the accessories business in France, and optimizing inbound shipping. Additional decreases came from smaller categories, supported by optimized spend in areas such as Business Travel and Capital Goods.

Category 1 Purchased Goods & Services FLAG emissions increased by 32.3% in 2025 compared with 2024. This increase was driven by the shift from a spend-based to a quantity and mass-based calculation methodology, as well as higher procurement of handmade cigars relative to 2024.

### Biogenic emissions

Biogenic emissions (CO<sub>2</sub>e emissions from combustion) is reported separately as a disclosure, and has not been reported in STG's CO<sub>2</sub>e emissions table for Scope 1, 2, and 3. Biogenic emissions associated with burning tobacco and paper products during use phase resulted in 5.3 thousand tonnes CO<sub>2</sub>e which indicates an increase by 4.1% vs. 2024, and 15.7% decrease vs. 2022 baseline.

According to the GHG Protocol, biogenic CO<sub>2</sub> is considered carbon neutral because the CO<sub>2</sub>e released from burning biomass is reabsorbed by plants during their growth. Unlike fossil fuels, these emissions do not increase overall atmospheric CO<sub>2</sub>e levels over their lifecycle.

### Accounting policies

Reported CO<sub>2</sub>e emissions comprise of Scope 1, 2 and 3 and is reported in 1,000 metric tonnes. Emissions are calculated and reported in accordance with the Greenhouse Gas (GHG) Protocol and the reporting requirements from the European Sustainability Reporting Standards. Reporting is based on actual and estimated data based on availability, from all STG entities and locations where STG has operational control.

#### Scope 1

CO<sub>2</sub>e emissions from internally generated energy are calculated by multiplying fuel consumption with emission factors supplied by the UK Department for Environment, Food & Rural Affairs (DEFRA).

#### Scope 2

CO<sub>2</sub>e emissions from externally generated energy are reported using both market-based and location-based methods, in line with the GHG Protocol. These indirect emissions are calculated based on purchased and self-generated electricity and district heating.

#### Scope 2 (market-based)

CO<sub>2</sub>e emissions are calculated using site- and supplier-specific emission factors where available, supplemented by data from the International Energy Agency (IEA). Renewable energy consumption is reported in line with GHG Protocol Scope 2 guidelines, based on contractual instruments such as Energy Attribute Certificates (EACs), which verify supply from wind, hydro, solar, and biomass sources.

#### Scope 2 (location-based)

CO<sub>2</sub>e emissions are calculated using average emission factors from the International Energy Agency (IEA) or country-specific databases. This method applies regional averages and does not account for the company's specific renewable energy mix.

#### Scope 3

STG excludes three Scope 3 categories from its GHG emissions disclosure: Category 8, 13, and 14. Internal analysis confirms that STG has no emissions in these categories,

| 1,000 tonnes CO <sub>2</sub> e per net sales in DKK billion | 2025 | 2024 <sup>1</sup> | %     |
|---|------|-------------------|-------|
| <b>GHG intensity per net sales</b>                          |      |                   |       |
| Total GHG emissions, location-based per net sales           | 28.3 | 31.2              | -9.4% |
| Total GHG emissions, market-based per net sales             | 27.9 | 30.9              | -9.5% |

(1) The 2024 figures for Scope 3 emissions were recalculated to reflect methodological updates and data improvements.



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and the rationale for their exclusion is documented in the Scope 3 Accounting Manual.

Of the remaining 12 Scope 3 categories defined by the GHG Protocol, STG has identified four as significant. The rest are reported collectively under “Other categories.”

The GHG emissions data, including calculation methodologies and emissions across all material scopes and categories, have been reviewed and validated by Integer APS, a sustainability consultancy.

### PURCHASED GOODS AND SERVICES (CATEGORY 1)

Emissions from purchased goods and services include all externally sourced materials and services, excluding transport, travel, capital goods, and investments. A hybrid approach is used for emissions calculation: where data on weight, material type, and supplier-specific emissions is available (e.g. tobacco, wood, packaging, third-party cigars), product-based and supplier-based methods are applied respectively. Spend-based emission factors are applied where this data is unavailable (e.g. indirect spend categories). For some categories methodology has been adjusted to mass-based or supplier specific from spend-based, leading to higher data quality and precision of calculations. Non-FLAG emissions are accounted following GHG Protocol Corporate Value Chain Accounting and Reporting Standard. FLAG emissions are accounted following GHG Protocol Land Sector and Removals Standard draft published in 2022.

### UPSTREAM AND DOWNSTREAM TRANSPORTATION AND DISTRIBUTION (CATEGORY 4 AND 9)

CO<sub>2</sub>e emissions from transportation and distribution are calculated using the spend-based method with Environment Protection Agency (EPA) emission factors by transport mode. All inbound, intercompany, and outbound activities are included, except those covered under Scope 1. The split between Category 4 and Category 9 is based on internal logistics mapping, with extrapolation used where downstream data is unavailable.

### END-OF-LIFE TREATMENT OF SOLD PRODUCTS (CATEGORY 12)

Emissions from end-of-life treatment of sold products and packaging are calculated using the waste-type method, applying EPA and DEFRA emission factors based on material and disposal type.

### OTHER SCOPE 3 CATEGORIES

The following categories are assessed as insignificant for reporting purposes, representing a combined total of less than 1% of Scope 3 emissions: Waste generated in operations (Category 5), Processing of sold products (Category 10), Use of sold products (Category 11).

Capital goods (Category 2). Emissions are calculated using the spend-based method, applying EPA emission factors corresponding to relevant capital goods (e.g., buildings, machinery).

Fuel and energy related activities (Category 3). This category includes emissions from the extraction, production, and transportation of fuels and energy, as well as transmission and distribution losses. Emissions are quantified using fuel and energy consumption reported in Scope 1 and Scope 2, applying DEFRA Well-to-Tank (WTT) and IEA emission factors.

Business Travel (Category 6). Emissions are calculated using the hybrid method: distance-based method for air travel with CO<sub>2</sub>e emissions data provided by Egencia (global travel agency) and spend-based method for other business-related travel activities (e.g. hotel, car rental, etc), applying EPA emission factors corresponding to relevant categories.

Employee commuting (Category 7). Emissions are calculated using the distance-based method. Calculations are based on proxy commuting profiles developed from employee survey data or direct activity data from local HR. Proxy profiles are multiplied by the number of employees per entity and calculated using DEFRA Well-to-Wheel (WTW) emission factors.

Investments (Category 15). Emissions include the proportional share of emissions from STG’s investment in Caribbean Cigar Holdings Group, Panama. Calculations are based on the investee’s disclosed activity data (mass, quantity, and earnings), applying supplier emission factors for tobacco leaf production and proxy emission factors for cigar manufacturing derived from STG’s Scope 1 and Scope 2 emissions intensity.

### Emissions base year

STG may periodically need to recalculate our GHG emissions baseline and progress towards our emissions

targets. This, to ensure our GHG calculations, targets and progress remain accurate over time. STG will do this when either structural changes or when the calculation methodology give rise to an increase or decrease in emissions greater than 5%. STG has set 2020 as the baseline year for Scope 1 & 2, and 2022 for Scope 3 for our GHG emissions calculations and targets. Recalculation of the baseline is a consequence of material mergers and acquisitions and will be done in the following year of the acquisition, when the acquired company has a full year impact on the emissions reporting.

In line with the Group’s Recalculation Policy, STG updated its Scope 1, 2, and 3 emission baselines to reflect the expanded operational footprint following the acquisition of Mac Baren Tobacco Company in July 2024, as well as improvements in data quality and methodology. The revised baseline and adjusted targets were revalidated by the SBTi in 2025 and are reflected in the 2025 reporting.

### Accuracy

Most Scope 3 emissions are calculated using spend-based, quantity and mass data from STG’s ERP systems, covering all entities under operational control. Exceptions include partial Category 1 and 12, and fully Category 3 and 7. For Categories 1, 4, and 9, data from some entities was excluded due to low impact (<5%), in line with SBTi thresholds. These exclusions are documented in the Scope 3 Accounting Manual.

Mass-based data is used for Category 1 and 12, offering higher accuracy. Supplier data has been used in Category 1 (for Tobacco Leaf).

### Uncertainty

Measurement uncertainty is low for Scope 1 & 2 emissions due to the use of primary data. Scope 3 emissions carry higher uncertainty as they rely more on estimates. All calculations follow GHG Protocol methodologies and include activity data from entities under STG’s operational control, with exclusions noted earlier.

Category 1 has limited uncertainty due to approximations in matching activity data with emission factors. Categories 4 and 9 have medium uncertainty due to reliance on spend data, which limits visibility between upstream and downstream emissions and requires extrapolation for parts of the downstream value chain.

Category 12 includes assumptions for third-party finished goods and packaging, where material types and weights are not available. These uncertainties are addressed through documented assumptions.

### Assumptions

Assumptions are applied due to limited access to activity data, low precision of emission factors, lack of visibility on material weights, and absence of direct insight into consumer behaviour. These assumptions are developed by internal subject matter experts and external consultants, based on a deep understanding of STG’s business and operating model, supported by scientific research, internal modelling, and mapping tools.



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## ENERGY CONSUMPTION

| Energy consumption and mix in GWh (Gigawatt-hour)   | 2025        | 2024        |
|---|-------------|-------------|
| Fuel consumption from coal and coal products  | -           | -           |
| Fuel consumption from crude oil and petroleum products  | 15.6        | 16.0        |
| Fuel consumption from natural gas   | 26.4        | 25.0        |
| Fuel consumption from other fossil sources  | -           | -           |
| Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources    | 26.9        | 28.7        |
| <b>Total fossil energy consumption</b>  | <b>68.9</b> | <b>69.7</b> |
| Fuel consumption from renewables sources  | -           | -           |
| Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources | 21.0        | 20.4        |
| Consumption of self-generated non-fuel renewable energy   | 1.5         | 0.7         |
| <b>Total renewable energy consumption</b>   | <b>22.5</b> | <b>21.1</b> |
| Consumption from nuclear sources  | 1.1         | 0.9         |
| <b>Total energy consumption</b>   | <b>92.5</b> | <b>91.7</b> |
| Total excess renewable self-generated energy distributed to the grid                              | 0.2         | -           |
| <b>Energy mix</b>   |             |             |
| Share of consumption from fossil sources  | 74.5%       | 76.0%       |
| Share of consumption from renewable sources   | 24.3%       | 23.0%       |
| Share of consumption from nuclear sources   | 1.2%        | 1.0%        |
| <b>Energy intensity</b>   |             |             |
| Net sales in DKK million  | 9,035.7     | 9,202.1     |
| Energy intensity - GWh/net sales in DKK billion   | 10.2        | 10.0        |

### Energy consumption

The energy consumption in the Group was 92.5 GWh (2024: 91.7 GWh) resulting in an increase of 0.9%.

The increase in energy consumption is mainly driven by the increase in natural gas and electricity consumptions on some of production sites.

The energy mix improved with a 1.3 percentage point increase in the energy consumed from renewable sources, resulting in 24.3% share of renewable energy in the total energy consumption of the Group consumption.

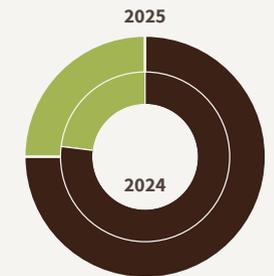
### Accounting policies

Our reporting of energy consumption is based on data collected from all STG companies and all locations where STG has operational control.

Energy consumption is measured as consumption of electricity, district heating, and different types of fuel. Energy consumption is based on actual consumption and is primarily based on meter readings or invoices.

The share of renewable energy consumption is reported in accordance with the GHG Protocol Scope 2 guidelines, using the market-based method. This approach accounts for renewable energy through the procurement of contractual instruments such as Energy Attribute Certificates (EACs), ensuring supply from sources like wind, hydro, solar, and biomass.

### Energy mix (%)



■ Non-renewable 75.7% (77.0%)  
■ Renewable 24.3% (23.0%)



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# CIRCULAR ECONOMY

| Material group                       | 2025                  |               |
|--------------------------------------|-----------------------|---------------|
|                                      | Share of total weight | tonnes        |
| Wood incl. certified sources         | 31.1%                 | 5,067         |
| Wooden boxes incl. certified sources | 0.1%                  | 23            |
| Plastic                              | 10.6%                 | 1,733         |
| Cardboard & paper                    | 37.4%                 | 6,109         |
| Metal                                | 9.6%                  | 1,563         |
| Aluminium                            | 0.1%                  | 17            |
| Other materials                      | 11.1%                 | 1,804         |
| <b>Total</b>                         | <b>100%</b>           | <b>16,316</b> |

### Circular economy

In 2025, the Group established a more accurate baseline for future circularity and packaging-reduction targets, and we expect continued improvements in data precision as methodologies and systems mature.

In 2025, enhancements to the data collection process enabled the use of item-level mass data retrieved from ERP systems for purchased materials, significantly reducing reliance on average values and extrapolations. Additionally, data for wood materials was sourced from local ERP systems and verified with finance and procurement teams to ensure accurate units of measure and conversion to mass. As a result, the precision of wood material inflow accounting improved, and the 2025 reported figures for wood are thus not directly comparable to those reported in 2024. Similarly, total plastic inflows are not directly comparable with the figures reported for 2024 due to corrections made to item level mass data across several categories, including plastic film.

2024 figures are not presented as they are not methodologically comparable with 2025. Furthermore, it is not possible to restate figures for 2024 as the enhancements made to the data collection process do not capture 2024 data.

The total weight of both technical and biological materials inflows was 16,316 tonnes. Cardboard and paper were the Group's primary materials in 2025, followed by wood. Overall, STG's packaging mix included a substantial share of biological materials, which accounted for 25% in 2025.

In 2025, 56% of sourced wood and wooden boxes are covered by No-deforestation commitments related to 2024 confirmations received, or have certificate of origin provided by the supplier.

From our initial high-level category analysis, we estimate around 50% of packaging materials purchased by STG are recyclable in 2025. The metric reflects the technical recyclability of packaging components according to

our internal design criteria, not recycling performance in specific markets. Further evaluation and data refinement and granularity will be conducted in the coming years and we therefore anticipate fluctuations in reported results.

In the short- to medium-term, STG will refine its recyclability methodology, integrate PPWR-aligned requirements, and develop quantitative reduction targets for packaging materials.

### § Accounting policies

We collect, evaluate, and provide data across the following categories: packaging materials, wood, non-tobacco materials used in tobacco product manufacturing (e.g. tipping paper, mouth paper, plastic filters, tips, glues), ingredients (flavours), other finished goods such as nicotine and non-nicotine pouches, pipes, and paper catalogues.

We account for materials used in STG's own manufacturing for proprietary brands, contract manufacturing, and products purchased from third-party suppliers and placed on the market by STG.

Several product categories are excluded from the scope of the reporting, including those deemed immaterial, such as tobacco leaf, property, plant, office and IT equipment, and water. Finished products with minimal contribution to total group sales, such as lighters, matches, and accessories, are also excluded. STG does not use biofuels for non-energy purposes in manufacturing.

Despite tobacco being the core raw material used for the manufacturing of STG products, tobacco has been deemed immaterial in E5 – Resource use and circular economy, as described in our material IROs. Therefore, tobacco inflows (including leaf and semi-finished products) for own manufacturing and 3rd party products are not included in disclosures, but accounted as part of E1 – Climate change.



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All cardboard, paper products, and finished wooden boxes purchased by STG are classified as technical materials due to treatments such as dyeing, printing, or coating. Loose wood is categorized as biological material.

#### Recyclable content in products and packaging

STG initiated the evaluation of recyclable content in products and packaging within scope. Due to limited insight into consumer disposal and varying waste infrastructure, STG assesses recyclability based on packaging design. We expect this definition to evolve over time in line with the PPWR guidelines on recyclability.

Scope includes all packaging materials purchased by STG. Product components consumed during use are excluded. Third-party cigars, tobacco products, and accessories are being phased out due to lack of data on packaging weight and recyclability. Recyclability rate is calculated based on mass-data and on material groups of purchased packaging, consolidated for reporting.

#### Methodology and key assumptions

##### Calculation approach

STG uses a hybrid approach to calculate the total weight of products and materials in scope. This includes direct weight data from ERP systems for materials used in own manufacturing, and internally developed weight proxies for finished goods from third-party manufacturers, created in collaboration with an external climate expert.

##### Sample data use

In cases where full data on purchased quantities is unavailable, an estimate is used to calculate average item weight for both STG's own products and third-party manufactured goods. The amount of estimates used for calculation has significantly decreased in 2025 reporting year compared to the previous reporting period.

#### Extrapolations

Due to limited access to detailed mass-based packaging data for third-party finished products, STG extrapolates its own packaging mix to estimate packaging for these products. Extrapolation is applied at the packaging type level (e.g. metal tins, composite cans, labels) and reflects usage across product categories such as hand-made cigars, machine-rolled cigars, and smoking tobacco. Packaging weights are calculated based on the ratio of STG's own and contract manufacturing sales to third-party product sales.

#### Assumptions

Materials are consolidated and reported by primary material type. Where detailed breakdowns of components and their mass contributions are unavailable, the full item weight is assigned to the dominant material (e.g. metal for a pack). If the primary material cannot be determined, such as in composite items, the material is classified as "Other materials."

In the reporting year, STG did not have access to data distinguishing virgin from reused or recycled materials. To ensure a conservative approach, all materials are considered virgin, resulting in higher reported emissions.





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# SOCIAL AND GOVERNANCE

## EMPLOYEE CHARACTERISTICS

| 2025                           | Female | Male  | Other | Not disclosed | Total |
|--------------------------------|--------|-------|-------|---------------|-------|
| Number of employees            | 5,366  | 3,484 | 8     | -             | 8,858 |
| Number of permanent employees  | 5,366  | 3,484 | 8     | -             | 8,858 |
| Number of temporary employees  | -      | -     | -     | -             | -     |
| Number of non-guaranteed hours | -      | -     | -     | -             | -     |

| 2024                           | Female | Male  | Other | Not disclosed | Total |
|--------------------------------|--------|-------|-------|---------------|-------|
| Number of employees            | 5,736  | 3,613 | 2     | 2             | 9,353 |
| Number of permanent employees  | 5,736  | 3,613 | 2     | 2             | 9,353 |
| Number of temporary employees  | -      | -     | -     | -             | -     |
| Number of non-guaranteed hours | -      | -     | -     | -             | -     |

The total number of permanent employees was 8,858 in 2025, compared to 9,353 in 2024. This represents a slight decrease of 5.3%. The distribution of employees remains balanced across different geographies and age groups.

The most representative number in the financial statements is the average number of employees, 9,144 as detailed in the Staff costs section of the report on [page 114](#).

The previously reported figure of 866 (2024) has been corrected to zero following the reclassification of non-employee workers, ensuring methodological accuracy and ESRS aligned reporting.

### Accounting policies

Our reporting of employee characteristics is based on data extracted from our HRIS systems at year end (December 31st) and represents an actual headcount representation of that date.

#### Permanent

Total headcount of permanent employees (individuals employed for work that is of a continuous full-time and part-time nature defined as per home country requirements respectively).

#### Temporary workers

STG Does not have any employees in this category.

#### Non-guaranteed hours

STG does not have any employees in this category.

### Age distribution of total employees

|                 | 2025  | 2024  |
|-----------------|-------|-------|
| <30 years old   | 1,475 | 1,829 |
| 30-50 years old | 5,080 | 5,573 |
| >50 years old   | 2,303 | 1,951 |

### Employee head count by gender

|                        |              |              |
|------------------------|--------------|--------------|
| Female                 | 5,366        | 5,736        |
| Male                   | 3,484        | 3,613        |
| Other                  | 8            | 2            |
| Not disclosed          | -            | 2            |
| <b>Total employees</b> | <b>8,858</b> | <b>9,353</b> |

### Accounting policies

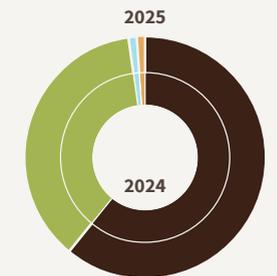
#### Age distribution of employees

Headcount of own employees (i.e. not including non-employees) by age group.

#### Employees by gender

Total headcount of employees split by gender registered by the employee or by People & Culture in the Global P&C system (HRIS), as either female, male, other or “not disclosed”.

### Employee characteristics (%)



- Female 61% (61%)
- Male 37% (37%)
- Not disclosed 1% (1%)
- Other 1% (1%)



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## EMPLOYEE CHARACTERISTICS

| Turnover                                | 2025  | 2024  |
|---|-------|-------|
| Total employee turnover                 | 18.7% | 22.7% |
| Total number of employees who have left | 1,696 | 2,205 |

| Number of employees by country <sup>1</sup> | 2025         | 2024         |
|---|--------------|--------------|
| Belgium                                     | 763          | 797          |
| Denmark                                     | 548          | 585          |
| Dominican Republic                          | 1,626        | 2,115        |
| France                                      | 76           | 83           |
| Germany                                     | 88           | 121          |
| Honduras                                    | 1,382        | 1,309        |
| Indonesia                                   | 1,409        | 1,472        |
| Italy                                       | 76           | 78           |
| The Netherlands                             | 128          | 156          |
| Nicaragua                                   | 361          | 399          |
| Portugal                                    | 71           |              |
| Spain                                       | 62           | 60           |
| Sri Lanka                                   | 1,264        | 1,169        |
| United Kingdom                              | 52           |              |
| United States                               | 883          | 875          |
| Other <sup>2</sup>                          | 69           | 134          |
| <b>Total</b>                                | <b>8,858</b> | <b>9,353</b> |

1) The 2024 figures were recalculated to reflect methodological updates.

2) Other comprises the total of STG companies with less than 50 employees in each. These include Australia, Canada, Hong Kong, Portugal (2024), Sweden and United Kingdom (2024)

### 2025

| Employee by Region             | Americas | Europe | Rest of world | Total |
|--------------------------------|----------|--------|---------------|-------|
| Number of employees            | 4,295    | 1,887  | 2,676         | 8,858 |
| Number of permanent employees  | 4,295    | 1,887  | 2,676         | 8,858 |
| Number of temporary employees  | -        | -      | -             | -     |
| Number of non-guaranteed hours | -        | -      | -             | -     |

### Employee turnover

The employee turnover rate decreased from 22.7% to 18.7% in 2025. The turnover was primarily attributed to production employees in Latin America and retail employees in NA where a naturally high turnover trend exists in the retail sector.

Workforce changes across countries mainly reflect integration synergies, activity closures for efficiency purposes, and local volume developments. The most notable changes occurred in Portugal, driven by the establishment of the SDO (Solution Delivery Organization), STG's central hub for delivering standardised finance processes, and in the Dominican Republic, where the closing of activities in San Pedro and volume decline resulted in a reduction in headcount. Other fluctuations were minor and consistent with normal business activity.

### Accounting policies

Our reporting of employee characteristics is based on data extracted from our HRIS systems at year end (December 31st) and represents an actual headcount representation of that date.

#### Employee turnover:

The turnover rate is calculated by dividing the number of terminations that occur during the reporting period by the average number of employees (headcount) during the same period expressed as a percentage. The rate is calculated based on number of permanent employees.

#### Employees by country:

Total headcount of employees split by country. Countries with fewer employees than 50, will be consolidated into the "Other" category.

#### Employees by region:

Total headcount of employees split by region.



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# DIVERSITY IN TOP MANAGEMENT

## 2025

| Diversity in Top Management | Male      | Female    | Other    | Total     |
|-----------------------------|-----------|-----------|----------|-----------|
| Executive Management        | 1         | 1         | -        | 2         |
| Senior Leadership           | 67        | 23        | -        | 90        |
| <b>Top Management</b>       | <b>68</b> | <b>24</b> | <b>-</b> | <b>92</b> |

## 2024

| Diversity in Top Management | Male      | Female    | Other    | Total     |
|-----------------------------|-----------|-----------|----------|-----------|
| Executive Management        | 1         | 1         | -        | 2         |
| Senior Leadership           | 66        | 22        | -        | 88        |
| <b>Top Management</b>       | <b>67</b> | <b>23</b> | <b>-</b> | <b>90</b> |

### § Accounting policies

Our reporting on diversity in management is based on data from our People & Culture IT-systems and Group Legal. Data within this category is extracted or counted as per the last day of the year (December 31st).

#### Top Management:

The gender representation in Top Management is disclosed in accordance with ESRS S1-9. The data includes the two management levels below the Board, i.e the Executive Management and the Senior Leadership.

#### Executive Management:

Total headcount of individuals in the Executive Management, by gender.

#### Senior Leadership:

Total headcount of individuals in the Senior Leadership, by gender. Senior Leadership is defined as employees with titles: Senior Vice President, Vice President, Director or Senior Director.

## Gender Balance in Management

This section of the report constitutes our statutory report on gender composition of the management of Scandinavian Tobacco Group A/S for the financial year 2025, according to Section 107f of the Danish Financial Statements Act.

At the end of 2025, two of six (33.3%) of the shareholder-elected and one of three (33.3%) of the employee-elected members of the Board of Directors were female. With respect to the Danish Gender Balance Act this constitutes equal distribution of genders.

In the Executive Management the gender distribution was one female and one male (50% to 50% split). Within the other management levels, as defined in the Danish Companies Act, at the end of 2025 there were four females and nine males (30.8% to 69.2% split)\*. The Board of Directors has set a target of 30.8% of the underrepresented gender for other management levels to be reached by 30 June 2026.

During 2025 to further enhance equal gender balance especially in leadership positions, and in accordance with the Company's policy on Employee Belonging, there has been a focus on setting specific targets for gender representation at senior leadership level, applying unbiased recruitment and promotion practices, ensuring equal pay for equal work through global job architecture and job grading infrastructure and providing flexible work arrangements to support work-life balance for all employees.

By focusing on these initiatives, we aim to create an environment where all employees, regardless of gender, have equal opportunities for career development and leadership roles. This commitment to gender representation is not just about fairness; it's about leveraging the full potential of our talent pool to drive innovation and success.

\*Other management levels only include management positions in Scandinavian Tobacco Group A/S with managerial responsibilities for employees of Scandinavian Tobacco Group A/S. Other management levels are not equal to Senior Leadership levels as reported under the ESRS requirement.



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## BOARD CHARACTERISTICS

| Board characteristics                                      | 2025   | 2024   |
|--|--------|--------|
| Share of female Board of Directors (shareholder-elected)   | 33.33% | 33.33% |
| Share of male Board of Directors (shareholder-elected)     | 66.67% | 66.67% |
| Share of Board of Directors - others (shareholder-elected) | -      | -      |
| Board of Directors diversity - number of nationalities     | 5      | 4      |
| Number of non-executive board members                      | 9      | 9      |
| Number of executive board members                          | -      | -      |
| Share of independent Board of Directors                    | 66.67% | 66.67% |

### Board characteristics

The share of female and male board members in 2025 remains the same as in 2024.

### § Accounting policies

Board characteristics metrics are calculated based on shareholder-elected members of the Board of Directors. Employee-elected board members are excluded from the calculations.

#### Board of Directors - gender diversity:

Gender split of shareholder-elected members of the Board of Directors as per year-end.

#### Board of Directors - national diversity:

Number of nationalities represented in the shareholder-elected board members as per year-end.

#### Board of Directors - non-executive members:

Proportion of members of the Board of Directors that are also part of the Executive Board as per year-end.

#### Board of Directors - executive members:

None of the Board of Directors are executive members.

#### Board of Directors - independence:

Split on number of members of the Board of Directors in terms of independence. Independence is defined according to the Danish Recommendations on Corporate Governance. Reported as per year end.





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# BUSINESS CONDUCT, INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

|  | 2025   | 2024    |
|--|--------|---------|
| <b>Corruption and bribery</b>  |        |         |
| Convictions  | -      | -       |
| Amount of fines  | -      | -       |
| The percentage of "functions-at-risk" covered by training programmes | 98.14% | 90.44 % |
| <b>Human rights issues</b>   |        |         |
| Total confirmed incidents  | -      | -       |
| Confirmed incidents considered human rights violations               | -      | -       |
| Amount of fines  | -      | -       |
| <b>Discrimination &amp; harassment</b>                               |        |         |
| Reported incidents   | 2      | 1       |
| Amount of fines related to work-related grievances                   | -      | -       |
| <b>Other</b>   |        |         |
| Reported incidents   | 9      | -       |

Reported incidents of discrimination and harassment: Number of work-related incidents of discrimination or harassment reported in the reporting period. Based on data from STG's Whistleblower Scheme.

Other reported incidents: Number of other work-related incidents reported during the reporting period in the STG Whistleblower Scheme or manually collected data by Group Legal. This excludes incidents categorized as "discrimination" or "harassment" as already reported in separate indicator.

Amount of fines related to reported incidents: The total amount of fines, penalties, and compensation for damages (in DKK) received during the reporting year as a result of incidents and complaints reported, including those considered discrimination or harassment. If fines are received for cases reported in a previous reporting period, this would be stated. Data is manually collected by Group Legal.

Total confirmed incidents considered severe human rights : The number of incidents considered severe human rights issues (E.g. forced labour, human trafficking or child labour) connected to STG's workforce during the reporting period in the STG Whistleblower Scheme or manually collected data by Group Legal.

Total confirmed incidents considered human rights violations: The number of severe human rights issues and incidents reported during the reporting period, that are also violations of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises. Data collected through STG's Whistleblower Scheme or manually collected data by Group Legal.

Amount of fines related to human rights issues: The total amount of fines, penalties, and compensation for damages (in DKK) received during the reporting year as a result of the incidents of human rights violations. If fines are received for cases reported in a previous reporting period, this would be stated. Data is manually collected by Group Legal.

## Whistleblowing

Whistleblower cases are taken very seriously, and we continuously enhance the awareness of good business conduct through education and awareness campaigns to minimise future cases of misconduct.

None of the reported cases were critical to our business or caused adjustments to our financial results.

## § Accounting policies

Our reporting on Business Conduct, Incidents, Complaints and Severe Human Rights Impacts is based on data collected by Group Legal, representing the knowledge of the company at time of reporting. Statistics on incident reporting is based on data from STG's Whistleblower Scheme.

Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws: The number of convictions and the amount of fines (in DKK) received during the reporting period, for violation of anti-corruption and anti-bribery laws. Data is collected by Group Legal.

Share of employees considered " functions-at-risk" that have been assigned training: The relevant employees are those with a personal STG email in Nicaragua, Honduras, Dominican Republic, Sri Lanka and Indonesia; that are covered by the relevant online training programme.



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|--|---------------------|-------------------------|-------------------------------------|----|------|
| <b>ESRS2 General disclosures</b>   |                     |                         |                                     |    |      |
| GOV-1 Board's gender diversity   | ●                   | ○                       | ●                                   | ○  | 99   |
| GOV-1 % of board members who are independent                                     | ○                   | ○                       | ●                                   | ○  | 99   |
| GOV-4 Statement on due diligence   | ●                   | ○                       | ○                                   | ○  | 55   |
| SBM-1 Involvement in activities related to fossil fuel activities                | ●                   | ●                       | ●                                   | ○  | -    |
| SBM-1 Involvement in activities related to chemical production                   | ●                   | ○                       | ●                                   | ○  | -    |
| SBM-1 Involvement in activities related to controversial weapons                 | ●                   | ○                       | ●                                   | ○  | -    |
| SBM-1 Involvement in activities related to cultivation and production of tobacco | ○                   | ○                       | ●                                   | ○  | 13   |

## Environment

### E1 – Climate change

|   |   |   |   |   |        |
|---|---|---|---|---|--------|
| E1-1 Transition plan to reach climate neutrality by 2050  | ○ | ○ | ○ | ● | 65     |
| E1-1 Exclusion from Paris-aligned Benchmarks  | ○ | ● | ● | ○ | 65     |
| E1-4 GHG emission reduction targets   | ● | ● | ● | ○ | 65, 68 |
| E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) | ● | ○ | ○ | ○ | N/A    |
| E1-5 Energy consumption and mix   | ● | ○ | ○ | ○ | 93     |
| E1-5 Energy intensity associated with activities in high climate impact sectors                         | ● | ○ | ○ | ○ | N/A    |
| E1-6 Gross Scope 1, 2, 3 and Total GHG emissions  | ● | ● | ● | ○ | 90     |
| E1-6 Gross GHG emissions intensity  | ● | ● | ● | ○ | 91     |
| E1-7 GHG removals and carbon credits  | ○ | ○ | ○ | ● | N/A    |
| E1-9 Exposure of the benchmark portfolio to climate-related physical risks                              | ○ | ○ | ● | ○ | N/A    |
| E1-9 Disaggregation of monetary amounts by acute and chronic physical risk                              | ○ | ● | ○ | ○ | N/A    |
| E1-9 Location of significant assets at material physical risk   | ○ | ● | ○ | ○ | N/A    |

| Disclosure requirements   | SFRD (23) reference | Pillar 3 (24) reference | Benchmark Regulation (25) reference | EU | Page |
|---|---------------------|-------------------------|-------------------------------------|----|------|
| E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes | ○                   | ●                       | ○                                   | ○  | N/A  |
| E1-9 Degree of exposure of the portfolio to climate-related opportunities                   | ○                   | ○                       | ●                                   | ○  | N/A  |
| <b>E4 – Biodiversity and ecosystems</b>   |                     |                         |                                     |    |      |
| E4-2 Policies to address deforestation  | ○                   | ●                       | ○                                   | ●  | 69   |
| <b>E5 – Resource use &amp; circular economy</b>   |                     |                         |                                     |    |      |
| E5-5 Non-recycled waste   | ●                   | ○                       | ○                                   | ○  | N/A  |
| E5-5 Hazardous waste and radioactive waste  | ●                   | ○                       | ○                                   | ○  | N/A  |

## Social

### S1 – Own workforce

|  |   |   |   |   |     |
|--|---|---|---|---|-----|
| SBM3 Risk of incidents of forced labour  | ● | ○ | ○ | ○ | N/A |
| SBM3 Risk of incidents of child labour   | ● | ○ | ○ | ○ | N/A |
| S1-1 Human rights policy commitments   | ● | ○ | ○ | ○ | 74  |
| S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8 | ○ | ○ | ● | ○ | 74  |
| S1-1 Processes and measures for preventing trafficking in human beings   | ● | ○ | ○ | ○ | N/A |
| S1-1 Workplace accident prevention policy or management system   | ● | ○ | ○ | ○ | N/A |
| S1-3 Grievance/complaints handling mechanisms  | ● | ○ | ○ | ○ | 83  |
| S1-14 Number of fatalities and number and rate of work-related accidents   | ● | ○ | ● | ○ | N/A |
| S1-14 Number of days lost to injuries, accidents, fatalities or illness  | ● | ○ | ○ | ○ | N/A |
| S1-16 Unadjusted gender pay gap  | ● | ○ | ● | ○ | N/A |
| S1-16 Excessive CEO pay ratio  | ● | ○ | ○ | ○ | N/A |
| S1-17 Incidents of discrimination  | ● | ○ | ○ | ○ | 100 |
| S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines  | ● | ○ | ● | ○ | 100 |



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|--|---|---------------------|-------------------------|-------------------------------------|----|------|
| <b>S2 – Workers in the value chain</b> |   |                     |                         |                                     |    |      |
| SBM3                                   | Significant risk of child labour or forced labour in the value chain  | ●                   | ○                       | ○                                   | ○  | 76   |
| S2-1                                   | Human rights policy commitments   | ●                   | ○                       | ○                                   | ○  | 77   |
| S2-1                                   | Policies related to value chain workers   | ●                   | ○                       | ○                                   | ○  | 77   |
| S2-1                                   | Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines                                  | ●                   | ○                       | ●                                   | ○  | 77   |
| S2-1                                   | Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 | ○                   | ○                       | ●                                   | ○  | 77   |
| S2-4                                   | Human rights issues and incidents connected to its upstream and downstream value chain                            | ●                   | ○                       | ○                                   | ○  | 77   |
| <b>S4 – Consumers and end users</b>    |   |                     |                         |                                     |    |      |
| S4-1                                   | Policies related to consumers and end-users   | ●                   | ○                       | ○                                   | ○  | 80   |
| S4-1                                   | Non-respect of UNGPs on Business and Human Rights and OECD guidelines   | ●                   | ○                       | ●                                   | ○  | 80   |
| S4-4                                   | Human rights issues and incidents   | ●                   | ○                       | ○                                   | ○  | N/A  |
| <b>Governance</b>                      |   |                     |                         |                                     |    |      |
| <b>G1 – Business conduct</b>           |   |                     |                         |                                     |    |      |
| G1-1                                   | United Nations Convention against Corruption  | ●                   | ○                       | ○                                   | ○  | 83   |
| G1-1                                   | Protection of whistleblowers  | ●                   | ○                       | ○                                   | ○  | 83   |
| G1-4                                   | Fines for violation of anti-corruption and anti-bribery laws  | ●                   | ○                       | ●                                   | ○  | 100  |
| G1-4                                   | Standards of anti-corruption and anti-bribery   | ●                   | ○                       | ○                                   | ○  | 83   |





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# CONSOLIDATED STATEMENT OF INCOME

| DKK million  | Note       | 2025           | 2024           |
|--|------------|----------------|----------------|
| <b>Income statement</b>  |            |                |                |
| <b>Net sales</b>   | <b>2.1</b> | <b>9,035.7</b> | <b>9,202.1</b> |
| Cost of goods sold   | 2.1        | -5,034.5       | -4,923.6       |
| <b>Gross profit before special items</b>   | <b>2.1</b> | <b>4,001.2</b> | <b>4,278.5</b> |
| Other external costs   |            | -1,244.2       | -1,190.8       |
| Staff costs  | 2.2        | -1,023.3       | -1,057.2       |
| Other income   |            | 57.3           | 48.5           |
| <b>Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)</b> |            | <b>1,791.0</b> | <b>2,079.0</b> |
| Depreciation and impairment  | 3.2, 3.3   | -252.1         | -236.3         |
| <b>Earnings before interest, tax, amortisation and special items (EBITA before special items)</b>                |            | <b>1,538.9</b> | <b>1,842.7</b> |
| Amortisation and impairment  | 3.1        | -197.0         | -183.5         |
| <b>Earnings before interest, tax and special items (EBIT before special items)</b>                               |            | <b>1,341.9</b> | <b>1,659.2</b> |
| Special items incl. impairment, net costs  | 2.5        | -199.7         | -279.0         |
| <b>Earnings before interest and tax (EBIT)</b>   |            | <b>1,142.2</b> | <b>1,380.2</b> |
| Share of profit of associated companies, net of tax  | 4.3        | 23.2           | 25.4           |
| Financial income   | 4.4        | 71.3           | 130.2          |
| Financial costs  | 4.4        | -358.9         | -316.5         |
| <b>Profit before tax</b>   |            | <b>877.8</b>   | <b>1,219.3</b> |
| Income taxes   | 2.6        | -208.4         | -279.6         |
| <b>Net profit for the year</b>   |            | <b>669.4</b>   | <b>939.7</b>   |
| <b>Earnings per share</b>  |            |                |                |
| Basic earnings per share (DKK)   | 4.5        | 8.5            | 11.5           |
| Diluted earnings per share (DKK)   | 4.5        | 8.5            | 11.4           |

| DKK million   | Note | 2025          | 2024           |
|---|------|---------------|----------------|
| <b>Statement of comprehensive income</b>  |      |               |                |
| <b>Net profit for the year</b>  |      | <b>669.4</b>  | <b>939.7</b>   |
| <b>Other comprehensive income</b>   |      |               |                |
| <i>Items that will not be recycled subsequently to the Consolidated Income Statement:</i>                               |      |               |                |
| Actuarial gains and losses on pension obligations   |      | 9.7           | -11.1          |
| Tax of actuarial gains and losses on pension obligations  |      | -3.0          | 2.0            |
| <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   |      | -654.6        | 326.3          |
| <b>Other comprehensive income for the year, net of tax</b>  |      | <b>-647.9</b> | <b>317.2</b>   |
| <b>Total comprehensive income for the year</b>  |      | <b>21.5</b>   | <b>1,256.9</b> |



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# CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

| DKK million                          | Note | 2025            | 2024            | DKK million                          | Note | 2025            | 2024            |
|--------------------------------------|------|-----------------|-----------------|--------------------------------------|------|-----------------|-----------------|
| <b>Assets</b>                        |      |                 |                 | <b>Equity and liabilities</b>        |      |                 |                 |
| Goodwill                             |      | 5,071.8         | 5,409.9         | Share capital                        | 4.5  | 80.0            | 86.0            |
| Trademarks                           |      | 3,003.0         | 3,224.1         | Reserve for currency translation     |      | 437.1           | 1,091.7         |
| IT software                          |      | 179.7           | 65.3            | Treasury shares                      | 4.5  | -35.0           | -787.8          |
| Other intangible assets              |      | 345.2           | 400.0           | Retained earnings                    |      | 8,090.3         | 8,827.1         |
| Intangible assets under construction |      | 97.0            | 215.5           | <b>Total equity</b>                  |      | <b>8,572.4</b>  | <b>9,217.0</b>  |
| <b>Total intangible assets</b>       | 3.1  | <b>8,696.7</b>  | <b>9,314.8</b>  | Borrowings                           | 4.1  | 3,726.6         | 3,710.6         |
| Property, plant and equipment        | 3.2  | 1,538.5         | 1,664.2         | Deferred income tax liabilities      | 2.6  | 701.7           | 742.3           |
| Right-of-use assets                  | 3.3  | 368.9           | 402.3           | Pension obligations                  | 3.8  | 194.6           | 213.7           |
| Investments in associated companies  | 4.3  | 243.6           | 261.9           | Other provisions                     | 3.7  | 16.5            | 16.4            |
| Deferred income tax assets           | 2.6  | 114.2           | 129.8           | Lease liabilities                    |      | 323.0           | 337.3           |
| <b>Total non-current assets</b>      |      | <b>10,961.9</b> | <b>11,773.0</b> | Other liabilities                    |      | 34.8            | 32.5            |
| Inventories                          | 3.4  | 3,210.7         | 3,478.2         | <b>Total non-current liabilities</b> |      | <b>4,997.2</b>  | <b>5,052.8</b>  |
| Trade receivables                    | 3.5  | 1,429.6         | 1,213.7         | Borrowings                           | 4.1  | 1,150.0         | 1,247.8         |
| Other receivables                    |      | 167.3           | 207.0           | Credit facilities                    |      | 204.0           | -               |
| Corporate tax                        | 2.6  | 143.0           | 97.4            | Trade payables                       |      | 422.0           | 383.6           |
| Prepayments                          | 3.6  | 157.8           | 174.6           | Corporate tax                        | 2.6  | 30.4            | 85.1            |
| Cash and cash equivalents            |      | 197.7           | 160.1           | Other provisions                     | 3.7  | 18.4            | 46.9            |
| Assets classified as held for sale   | 3.9  | 35.3            | -               | Lease liabilities                    |      | 61.1            | 73.4            |
| <b>Total current assets</b>          |      | <b>5,341.4</b>  | <b>5,331.0</b>  | Other liabilities                    |      | 847.8           | 997.4           |
| <b>Total assets</b>                  |      | <b>16,303.3</b> | <b>17,104.0</b> | <b>Total current liabilities</b>     |      | <b>2,733.7</b>  | <b>2,834.2</b>  |
|                                      |      |                 |                 | <b>Total liabilities</b>             |      | <b>7,730.9</b>  | <b>7,887.0</b>  |
|                                      |      |                 |                 | <b>Total equity and liabilities</b>  |      | <b>16,303.3</b> | <b>17,104.0</b> |



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# CONSOLIDATED CASH FLOW STATEMENT

| DKK million   | Note | 2025           | 2024           | DKK million  | Note | 2025          | 2024          |
|---|------|----------------|----------------|--|------|---------------|---------------|
| Net profit for the year   |      | 669.4          | 939.7          | Repayment of lease liabilities                       | 4.8  | -80.3         | -94.3         |
| Depreciation, amortisation and impairment                         |      | 449.1          | 419.8          | New external funding - RCF and bank loan             | 4.8  | 860.4         | 405.0         |
| Adjustments   | 5.2  | 687.6          | 694.8          | New external funding - bond issuance                 | 4.8  | -             | 2,233.0       |
| Changes in working capital  | 4.6  | -213.9         | -138.4         | Repurchase of bonds                                  | 4.8  | -846.9        | -1,355.0      |
| Special items, paid   |      | -242.2         | -211.0         | Repayment bank loans                                 | 4.8  | -10.5         | -4.1          |
| <b>Cash flow from operating activities before financial items</b> |      | <b>1,350.0</b> | <b>1,704.9</b> | Dividend payment                                     |      | -669.3        | -709.8        |
| Financial income received   |      | 42.4           | 51.4           | Purchase of treasury shares                          |      | -             | -773.6        |
| Financial costs paid  |      | -315.3         | -226.1         | <b>Cash flow from financing activities</b>           |      | <b>-746.6</b> | <b>-298.8</b> |
| <b>Cash flow from operating activities before tax</b>             |      | <b>1,077.1</b> | <b>1,530.2</b> | <b>Net cash flow for the year</b>                    |      | <b>-155.5</b> | <b>56.2</b>   |
| Tax payments  | 2.6  | -322.6         | -351.1         | Cash and cash equivalents, net at 1 January          |      | 160.1         | 99.6          |
| <b>Cash flow from operating activities</b>                        |      | <b>754.5</b>   | <b>1,179.1</b> | Exchange gains/losses on cash and cash equivalents   |      | -10.9         | 4.3           |
| Acquisitions  | 5.1  | -4.3           | -575.6         | Net cash flow for the year                           |      | -155.5        | 56.2          |
| Investment in intangible assets                                   | 3.1  | -23.7          | -48.3          | <b>Cash and cash equivalents, net at 31 December</b> |      | <b>-6.3</b>   | <b>160.1</b>  |
| Investment in property, plant and equipment                       | 3.2  | -158.1         | -216.0         |  |      |               |               |
| Sale of property, plant and equipment                             |      | 10.1           | 2.9            |  |      |               |               |
| Dividend from associated companies                                | 4.3  | 12.6           | 12.9           |  |      |               |               |
| <b>Cash flow from investing activities</b>                        |      | <b>-163.4</b>  | <b>-824.1</b>  |  |      |               |               |
| <b>Free cash flow</b>   |      | <b>591.1</b>   | <b>355.0</b>   |  |      |               |               |



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Company**STATEMENT OF CHANGES IN GROUP EQUITY**

| 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> |
| <b>Comprehensive income for the year</b>                              |               |                                  |                 |                   |                |
| <b>Net profit for the year</b>  | -             | -                                | -               | <b>669.4</b>      | <b>669.4</b>   |
| <b>Other comprehensive income</b>                                     |               |                                  |                 |                   |                |
| Foreign exchange adjustments on net investments in foreign operations | -             | -654.6                           | -               | -                 | -654.6         |
| Actuarial gains and losses on pension obligations                     | -             | -                                | -               | 9.7               | 9.7            |
| Tax of actuarial gains and losses on pension obligations              | -             | -                                | -               | -3.0              | -3.0           |
| <b>Total other comprehensive income</b>                               | -             | <b>-654.6</b>                    | -               | <b>6.7</b>        | <b>-647.9</b>  |
| <b>Total comprehensive income for the year</b>                        | -             | <b>-654.6</b>                    | -               | <b>676.1</b>      | <b>21.5</b>    |
| <b>Transactions with shareholders</b>                                 |               |                                  |                 |                   |                |
| Capital reduction   | -6.0          | -                                | 751.4           | -745.4            | -              |
| Purchase of treasury shares   | -             | -                                | -               | -                 | -              |
| Share-based payments  | -             | -                                | -               | 3.3               | 3.3            |
| Settlement of vested PSUs   | -             | -                                | 1.4             | -1.4              | -              |
| Settlement in cash of vested PSUs                                     | -             | -                                | -               | -0.1              | -0.1           |
| Dividend paid to shareholders (note 4.5)                              | -             | -                                | -               | -731.0            | -731.0         |
| Dividend, treasury shares   | -             | -                                | -               | 61.7              | 61.7           |
| <b>Total transactions with shareholders</b>                           | <b>-6.0</b>   | -                                | <b>752.8</b>    | <b>-1,412.9</b>   | <b>-666.1</b>  |
| <b>Equity at 31 December 2025</b>                                     | <b>80.0</b>   | <b>437.1</b>                     | <b>-35.0</b>    | <b>8,090.3</b>    | <b>8,572.4</b> |

| DKK million   | Share capital | Reserve for currency translation | Treasury shares | Retained earnings | Total           |
|---|---------------|----------------------------------|-----------------|-------------------|-----------------|
| <b>Equity at 1 January 2024</b>                                       | <b>87.0</b>   | <b>765.4</b>                     | <b>-141.4</b>   | <b>8,723.0</b>    | <b>9,434.0</b>  |
| <b>Comprehensive income for the year</b>                              |               |                                  |                 |                   |                 |
| <b>Net profit for the year</b>  | -             | -                                | -               | <b>939.7</b>      | <b>939.7</b>    |
| <b>Other comprehensive income</b>                                     |               |                                  |                 |                   |                 |
| Foreign exchange adjustments on net investments in foreign operations | -             | 326.3                            | -               | -                 | 326.3           |
| Actuarial gains and losses on pension obligations                     | -             | -                                | -               | -11.1             | -11.1           |
| Tax of actuarial gains and losses on pension obligations              | -             | -                                | -               | 2.0               | 2.0             |
| <b>Total other comprehensive income</b>                               | -             | <b>326.3</b>                     | -               | <b>-9.1</b>       | <b>317.2</b>    |
| <b>Total comprehensive income for the year</b>                        | -             | <b>326.3</b>                     | -               | <b>930.6</b>      | <b>1,256.9</b>  |
| <b>Transactions with shareholders</b>                                 |               |                                  |                 |                   |                 |
| Capital reduction   | -1.0          | -                                | 118.8           | -117.8            | -               |
| Purchase of treasury shares   | -             | -                                | -765.2          | -                 | -765.2          |
| Share-based payments  | -             | -                                | -               | 1.1               | 1.1             |
| Settlement of vested PSUs   | -             | -                                | -               | -                 | -               |
| Settlement in cash of vested PSUs                                     | -             | -                                | -               | -                 | -               |
| Dividend paid to shareholders (note 4.5)                              | -             | -                                | -               | -730.8            | -730.8          |
| Dividend, treasury shares   | -             | -                                | -               | 21.0              | 21.0            |
| <b>Total transactions with shareholders</b>                           | <b>-1.0</b>   | -                                | <b>-646.4</b>   | <b>-826.5</b>     | <b>-1,473.9</b> |
| <b>Equity at 31 December 2024</b>                                     | <b>86.0</b>   | <b>1,091.7</b>                   | <b>-787.8</b>   | <b>8,827.1</b>    | <b>9,217.0</b>  |



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## 1.1

# BASIS OF REPORTING

The Consolidated Financial Statements of Scandinavian Tobacco Group have been prepared in accordance with IFRS Accounting Standards, as adopted by the European Union (EU) and additional Danish disclosure requirements for listed companies and further requirements in the Danish Financial Statements Act.

### Recognition and measurement

The Consolidated Financial Statements have been prepared under the historical cost basis except when IFRS explicitly require the use of fair value. Danish kroner is the Group's presentation currency and the functional currency of the Parent Company. The principal accounting policies set out below have been applied consistently in the preparation of the Consolidated Financial Statements for all the years presented.

### Principal accounting policies

The Group's accounting policies are described in relation to the individual notes to the Consolidated Financial Statements. Considering all the accounting policies applied in the preparation of the Consolidated Financial Statements, Executive Management regards the following as the most material accounting policy information for the recognition and measurement of reported amounts as well as relevant to an understanding of the Consolidated Financial Statements:

- Gross profit (net sales and cost of goods sold) ([note 2.1](#))
- Income and deferred income taxes ([note 2.6](#))
- Intangible assets and property, plant and equipment including impairment ([note 3.1](#) and [3.2](#))
- Inventories ([note 3.4](#)).

### Changes in accounting policies and disclosures

### Impact of new accounting standards

Based on an assessment of new or amended and revised accounting standards and interpretations ('IFRS') issued

by the International Accounting Standards Board (IASB) and IFRSs endorsed by the European Union effective on or after 1 January 2025, it has been assessed that the application of these new IFRSs has not had a material impact on the Consolidated Financial Statements in 2025, and the Group does not anticipate any significant impact on future periods from the adoption of these new IFRSs. The Group has adopted all new, amended and revised standards and interpretations.

### New or amended IFRSs that have been issued but have not yet come into effect and have not been early adopted

The IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into effect. It has been assessed that the application of these new IFRSs will not have a material impact on future reporting periods, except from IFRS 18 described below.

The IASB has issued IFRS 18, Presentation and Disclosure in Financial Statements. This new standard replaces the current IAS 1, Presentation of Financial Statements, and it implements a set of new requirements for presentation and disclosures in the financial statements. The new standard requires the income statement to be structured into five categories, while also introducing two new subtotals. Furthermore, the new term "Management Performance Measures (MPM)" is introduced, which must be disclosed in the notes of the financial statements. The new requirements for presentation and disclosures are applicable for all financial statements, including consolidated financial statements, separate financial statements and interim financial statements.

The new IFRS 18 has not been endorsed by the European Union yet but is expected to come into effect for financial statements starting on or after 1 January 2027.

IFRS 18 will revise the presentation of the Group's Consolidated Income Statement mainly due to the new required subtotal "operating profit" which will include depreciation, amortisation, special items as well as part of the current financial income and expenses. Furthermore, additional new line items will be introduced for financial income and expenses related to the investing and financing categories. However, the reported net result will remain unaffected.

### Subtotals and alternative performance measures

In the Annual Report, the Group presents certain financial performance measures such as subtotals and key ratios which are not required or defined under IFRS. It is considered that these alternative measures provide relevant supplementary information for the stakeholders of the Group. Significant income and expenses which, by their nature, are assessed not to be related to the Group's core performance are presented in the income statement in a separate line item called 'Special items incl. Impairment, net costs' in order to distinguish these items from other income statement items. Please refer to [note 2.5](#) for more details on Special items.

The income statement includes the subtotals "Gross profit before special items", "Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)", "Earnings before interest, tax, amortisation and special items (EBITA before special items)" and "Earnings before interest, tax and special items (EBIT before special items)" as these are assessed to provide a more transparent and comparable view of the Group's recurring earnings. In [note 2.5](#) it is disclosed how the line items in the income statement would have been affected if "Special items" had not been presented in a separate line item.

For definitions of key ratios please refer to "five-year summary" and [note 5.8](#).

### Basis of consolidation

Subsidiaries are all entities (including structured entities) which the Group controls. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associated companies. At consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On the acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities have been adjusted to fair value (the acquisition method). Transaction costs relating to the acquisition of subsidiaries are not included in the value of the acquired assets. All acquisition-related costs are expensed in the period in which they incur. Any remaining positive differences are recognised as goodwill in intangible assets in the balance sheet. Goodwill is not amortised, but instead tested for impairment on an annual basis and when there is an indication of impairment.



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### 1.1 (continued)

## BASIS OF REPORTING

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until one year from the acquisition date. These adjustments are also reflected in the value of goodwill.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statements of foreign subsidiaries and associated companies are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising from the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

### Other external costs

Other external costs comprise expenses for premises, sales, marketing, distribution and bad debt allowance as well as office expenses, fee to statutory auditor, etc.

### Other income

Other income consists mainly of items of a secondary nature to the core activities, including gains on the sale of intangible assets, property, plant and equipment.

### Equity

Proposed dividend is recognised as a liability at the time of approval by the general meeting. Dividend which is expected to be distributed for the year is disclosed in [note 4.5](#).

The reserve for currency translation in the Consolidated Financial Statements comprises foreign exchange differences arising from translation of financial statements of foreign enterprises from their functional currencies to the presentation currency of the Group (Danish kroner).

When there is full or partial disposal of the net investment, the foreign exchange adjustments are recognised in the income statement.

Cost of acquisition and proceeds from sale of treasury shares are recognised in reserve for treasury shares. Dividends received in relation to treasury shares are recognised in retained earnings.

### Cash flow statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

**Cash flow from operating activities** is determined as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses and provisions. Working capital comprises current assets less

current liabilities excluding items included in cash and cash equivalents, prepaid tax, other provisions, lease liabilities and corporate tax liabilities.

**Cash flow from investing activities** comprises cash flows from addition and disposals of intangible assets, property, plant and equipment, fixed asset investments, acquisition of entities, as well as dividends from associated companies.

**Cash flow from financing activities** comprises cash flows from repayment of lease liabilities, other financing, the raising and repayment of debt as well as payments to and from shareholders.

**Cash and cash equivalents** comprises 'cash at bank and in hand'.

The cash flow statement cannot be derived directly from the Consolidated Financial Statements.

### Reporting under ESEF regulation

According to the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) a single electronic reporting format for the Annual Reports of issuers with securities listed on the EU regulated markets has to be applied.

The single electronic reporting format combines a XHTML format with iXBRL tags, which makes the annual financial reports readable by both humans and machines, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is part of the ESEF regulation and developed based on the

IFRS taxonomy, published by the IFRS Foundation. Furthermore, iXBRL tags have been prepared according to additional Danish disclosure requirements.

The line items in the Consolidated Financial Statement have been tagged to elements in the ESEF taxonomy. For financial statement line items, that are not directly defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals.

The Annual Report submitted to the Danish Financial Supervisory Authority (the officially appointed mechanisms) consists of the XHTML document together with the technical files, all included in the ZIP-file named; 5299003KG4JS99TRML67-2025-12-31-en.zip.



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## 1.2

# CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the Group's Consolidated Financial Statements, Management makes various accounting estimates, judgements and assumptions which form the basis of presentation, recognition and measurement of the Group's assets and liabilities. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. In some circumstances, a change in the estimates may be necessary because of changes in the underlying assumptions.

### Estimation uncertainty

Determining the carrying amount of some assets and liabilities requires judgements, estimates and assumptions concerning future events.

The judgements, estimates and assumptions are based on historical experience and other factors which Management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

The Group is also subject to risks and uncertainties which may lead to actual results differing from these estimates, both positively and negatively. Assumptions about the future and estimation uncertainty on the balance sheet date are described in the notes if there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

Management regards the following areas to include the key accounting estimates and assumptions used in the preparation of the Consolidated Financial Statements:

- Income and deferred income taxes ([note 2.6](#))
- Goodwill ([note 3.1](#))
- Trademarks ([note 3.1](#))
- Property, plant and equipment ([note 3.2](#))
- Inventories ([note 3.4](#))
- Pension obligations ([note 3.8](#))
- Business combinations ([note 5.1](#))

Please refer to the specific notes for further information on the key accounting estimates and assumptions applied.

### Defining materiality

The Consolidated Financial Statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the Consolidated Financial Statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the Consolidated Financial Statements or in the notes. There are substantial disclosure requirements throughout the IFRS. Management provides the specific disclosures required by the IFRS unless the information is considered immaterial to the economic decision making of the users of these financial statements or not applicable.





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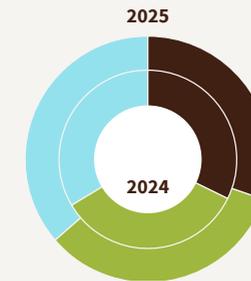
## 2.1

# GROSS PROFIT (NET SALES AND COST OF GOODS SOLD)

Net sales  
DKK million

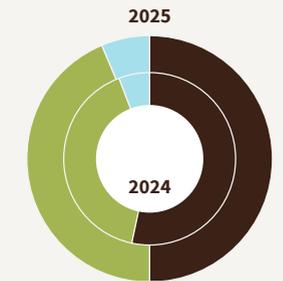
# 9,036

Net sales per division  
DKK million



■ North America Online & Retail 2,749 (2,973)  
■ North America Branded & RoW 3,017 (3,139)  
■ Europe Branded 3,270 (3,090)

Net sales per region  
DKK million



■ Americas 4,538 (4,912)  
■ Europe 3,934 (3,756)  
■ Rest of world 564 (534)

| 2025  | North America Online & Retail | North America Branded & RoW | Europe Branded | Group costs / not allocated | Total          |
|---|-------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| DKK million   |                               |                             |                |                             |                |
| Net sales   | 2,748.9                       | 3,016.9                     | 3,269.9        | -                           | 9,035.7        |
| Cost of goods sold                                  | -1,702.5                      | -1,628.5                    | -1,703.5       | -                           | -5,034.5       |
| <b>Gross profit before special items</b>            | <b>1,046.4</b>                | <b>1,388.4</b>              | <b>1,566.4</b> | -                           | <b>4,001.2</b> |
| Staff and other external costs                      | -699.3                        | -507.3                      | -917.0         | -143.9                      | -2,267.5       |
| Other income  | -                             | 57.3                        | -              | -                           | 57.3           |
| <b>EBITDA before special items</b>                  | <b>347.1</b>                  | <b>938.4</b>                | <b>649.4</b>   | <b>-143.9</b>               | <b>1,791.0</b> |
| Depreciation and impairment                         |                               |                             |                | -252.1                      | -252.1         |
| Amortisation and impairment                         |                               |                             |                | -197.0                      | -197.0         |
| <b>EBIT before special items</b>                    |                               |                             |                | <b>-593.0</b>               | <b>1,341.9</b> |
| Special items incl. impairment, net costs           |                               |                             |                | -199.7                      | -199.7         |
| <b>EBIT</b>   |                               |                             |                | <b>-792.7</b>               | <b>1,142.2</b> |
| Share of profit of associated companies, net of tax |                               |                             |                | 23.2                        | 23.2           |
| Financial income                                    |                               |                             |                | 71.3                        | 71.3           |
| Financial costs                                     |                               |                             |                | -358.9                      | -358.9         |
| <b>Profit before tax</b>                            |                               |                             |                | <b>-1,057.1</b>             | <b>877.8</b>   |

| 2024  | North America Online & Retail | North America Branded & RoW | Europe Branded | Group costs / not allocated | Total          |
|---|-------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| DKK million   |                               |                             |                |                             |                |
| Net sales   | 2,973.3                       | 3,138.8                     | 3,090.0        | -                           | 9,202.1        |
| Cost of goods sold                                  | -1,809.3                      | -1,544.0                    | -1,570.3       | -                           | -4,923.6       |
| <b>Gross profit before special items</b>            | <b>1,164.0</b>                | <b>1,594.8</b>              | <b>1,519.7</b> | -                           | <b>4,278.5</b> |
| Staff and other external costs                      | -723.0                        | -513.5                      | -871.0         | -140.5                      | -2,248.0       |
| Other income  | -                             | 48.5                        | -              | -                           | 48.5           |
| <b>EBITDA before special items</b>                  | <b>441.0</b>                  | <b>1,129.8</b>              | <b>648.7</b>   | <b>-140.5</b>               | <b>2,079.0</b> |
| Depreciation and impairment                         |                               |                             |                | -236.3                      | -236.3         |
| Amortisation and impairment                         |                               |                             |                | -183.5                      | -183.5         |
| <b>EBIT before special items</b>                    |                               |                             |                | <b>-560.3</b>               | <b>1,659.2</b> |
| Special items incl. impairment, net costs           |                               |                             |                | -279.0                      | -279.0         |
| <b>EBIT</b>   |                               |                             |                | <b>-839.3</b>               | <b>1,380.2</b> |
| Share of profit of associated companies, net of tax |                               |                             |                | 25.4                        | 25.4           |
| Financial income                                    |                               |                             |                | 130.2                       | 130.2          |
| Financial costs                                     |                               |                             |                | -316.5                      | -316.5         |
| <b>Profit before tax</b>                            |                               |                             |                | <b>-1,000.2</b>             | <b>1,219.3</b> |



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## 2.1 (continued)

# GROSS PROFIT (NET SALES AND COST OF GOODS SOLD)

### 2025

| DKK million  | North America Online & Retail | North America Branded & RoW | Europe Branded | Total          |
|--|-------------------------------|-----------------------------|----------------|----------------|
| <b>Category split, net sales</b>                     |                               |                             |                |                |
| Handmade cigars                                      | 2,060.0                       | 986.7                       | 117.5          | 3,164.1        |
| Machine-rolled cigars & Smoking tobacco*             | 362.6                         | 1,494.9                     | 2,684.0        | 4,541.5        |
| Next Generation Products                             | -                             | 47.6                        | 380.6          | 428.2          |
| Other**  | 326.4                         | 487.7                       | 87.9           | 902.0          |
| <b>Total net sales</b>                               | <b>2,748.9</b>                | <b>3,016.9</b>              | <b>3,269.9</b> | <b>9,035.7</b> |
| * Licence income and other sales included            | -                             | 18.2                        | -              | 18.2           |
| ** Licence income and other sales included           | 30.9                          | 30.6                        | 10.5           | 72.0           |
| <b>Total Licence income and other sales included</b> | <b>30.9</b>                   | <b>48.8</b>                 | <b>10.5</b>    | <b>90.2</b>    |

### 2024

| DKK million  | North America Online & Retail | North America Branded & RoW | Europe Branded | Total          |
|--|-------------------------------|-----------------------------|----------------|----------------|
| <b>Category split, net sales</b>                     |                               |                             |                |                |
| Handmade cigars                                      | 2,126.9                       | 1,031.1                     | 141.5          | 3,299.5        |
| Machine-rolled cigars & Smoking tobacco*             | 367.3                         | 1,457.7                     | 2,606.2        | 4,431.2        |
| Next Generation Products                             | 132.0                         | 52.5                        | 236.4          | 420.9          |
| Other**  | 347.1                         | 597.5                       | 105.9          | 1,050.5        |
| <b>Total net sales</b>                               | <b>2,973.3</b>                | <b>3,138.8</b>              | <b>3,090.0</b> | <b>9,202.1</b> |
| * Licence income and other sales included            | -                             | 19.6                        | -              | 19.6           |
| ** Licence income and other sales included           | 36.5                          | 30.9                        | 8.4            | 75.8           |
| <b>Total Licence income and other sales included</b> | <b>36.5</b>                   | <b>50.4</b>                 | <b>8.4</b>     | <b>95.4</b>    |

| DKK million                          | 2025           | 2024           |
|--------------------------------------|----------------|----------------|
| <b>Geographical split, net sales</b> |                |                |
| Americas                             | 4,538.1        | 4,911.9        |
| Europe                               | 3,933.6        | 3,756.2        |
| Rest of world                        | 564.0          | 534.0          |
| <b>Total net sales</b>               | <b>9,035.7</b> | <b>9,202.1</b> |

| DKK million                           | 2025            | 2024            |
|---------------------------------------|-----------------|-----------------|
| <b>Non-current assets<sup>1</sup></b> |                 |                 |
| Denmark                               | 2,403.8         | 2,616.0         |
| Americas                              | 4,590.3         | 5,183.0         |
| Europe                                | 3,806.8         | 3,783.8         |
| Rest of world                         | 46.8            | 60.4            |
| <b>Total non-current assets</b>       | <b>10,847.7</b> | <b>11,643.2</b> |

1. Non-current assets other than deferred income tax.

### Geographic information

In the table above, sales to external customers are attributable to the country of the customers' domicile, and in the table below, non-current assets are based on the country of the entities' domicile.

are the US DKK 4,367.0 million (DKK 4,931.2 million) and the Netherlands DKK 2,725.3 million (DKK 2,809.4 million).

The Group is domiciled in Denmark. Net sales from external customers in Denmark amount to DKK 222.3 million (DKK 195.7 million), and net sales from external customers outside Denmark amount to DKK 8,813.4 million (DKK 9,006.4 million). Individual, material country (>10% of total net sales) is the US DKK 4,230.4 million (DKK 4,511.5 million). Individual, material countries (>10% of total non-current assets)

### Accounting policies

#### Net sales

The Group derives revenue from the transfer of goods at a point in time. Revenue is measured at the fair value of the consideration received or receivable and is recognised exclusive of vat, excise and net of discounts/rebates relating to the sale. Revenue from retail activities includes excise. Revenue from external customers come from the



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### 2.1 (continued)

## GROSS PROFIT (NET SALES AND COST OF GOODS SOLD)

sale of goods on the basis of wholesale, retail, online & catalogue and business to business.

Revenue from the sale of goods is recognised in the income statement when the control of the goods has been transferred to the customer.

The Group does not have any contracts where the period between the transfer of the goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

#### Cost of goods sold

Cost of goods sold comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance as well as operation, administration and management of factories.

#### Segments

The segment reporting is prepared in a manner consistent with the Group's internal management and reporting structure, thus our reportable segments are equal to our three commercial divisions, which are generally managed based on geographical areas combined with type of sales/customers. Segment performance is evaluated on the basis of EBITDA before special items consistent with the Consolidated Financial Statements.

The executive board is considered to be the chief operating decision maker.

Division North America Online & Retail includes direct to Consumer sales of all product categories sold via the

online, catalogue and retail channel in North America.

Division north America Branded & Rest of World includes sales of all product categories to wholesalers and distributors that supply retail in the US, Canada, Australia, New Zealand, International Sales (amongst others Norway, Finland, Switzerland and Israel), Asia, Global Travel Retail and contract manufacturing for third parties.

Division Europe Branded includes sales of all product categories to wholesalers and distributors that supply retail in Germany, Denmark, Sweden, France, Italy, Belgium, the Netherlands, Luxembourg, Spain, Portugal, as well as the UK and Ireland.

Operating expenses that are not directly inherent in the divisions/segments are to some extent allocated to the divisions/segments based on allocation keys defined by activities or other relevant components. Certain costs relating to group functions are managed on group level. These items are not included in the reportable divisions/segments and therefore reported as 'Group costs'.

Depreciation, amortisation, impairment costs, special items, share of profit of associated companies, net of tax and financial items are not allocated to the divisions/segments.

No operating segments have been aggregated to form the Reported business segments.

No assets and liabilities are allocated to divisions/segments in the internal reporting.

### 2.2

## STAFF COSTS

### Remuneration of the Board of Directors and Executive Board

Total fees to the Board of Directors and Executive Board amounted to DKK 39.5 million (DKK 51.1 million).

#### Executive Board

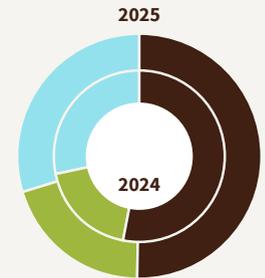
The members of the Executive Management are subject to a notice period of 12-24 months and other Executive Board members to 6-12 months notice.

Remuneration of the members of the Executive Management complies with the principles of the company's Remuneration Policy.

| DKK million   | 2025           | 2024           |
|---|----------------|----------------|
| Wages and salaries  | 1,613.5        | 1,547.7        |
| Pensions - defined contribution plans                     | 69.1           | 74.1           |
| Pensions - defined benefit plans                          | 23.8           | 22.9           |
| Social security costs                                     | 234.6          | 237.5          |
| <b>Total staff costs for the year</b>                     | <b>1,941.0</b> | <b>1,882.2</b> |
| Staff cost included in intangible assets                  | -3.2           | -3.4           |
| Change in employee costs included in inventories          | -20.4          | 2.1            |
| <b>Total staff costs expensed to the income statement</b> | <b>1,917.4</b> | <b>1,880.9</b> |

| DKK million                                     | 2025           | 2024           |
|---|----------------|----------------|
| <b>Included in the income statement:</b>        |                |                |
| Cost of goods sold                              | 894.1          | 823.7          |
| Staff costs                                     | 1,023.3        | 1,057.2        |
| <b>Total included in the income statement</b>   | <b>1,917.4</b> | <b>1,880.9</b> |
| <b>Average number of employees in the Group</b> | <b>9,144</b>   | <b>9,630</b>   |

### Employees per region (%)



■ Americas 50% (53%)  
 ■ Europe 20% (18%)  
 ■ Rest of world 30% (29%)

For the year 2025, the total cost of remuneration for the Executive Board amounts to DKK 32.7 million (DKK 44.4 million).



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## 2.2 (continued) STAFF COSTS

### § Accounting policies

Staff costs comprise wages and salaries as well as payroll expenses other than production wages, and staff costs capitalised on assets.

#### Executive Board 2025

| DKK million                       | Salary and benefits | Bonus      | Pension    | Share-based incentive programme | Total       |
|-----------------------------------|---------------------|------------|------------|---------------------------------|-------------|
| Niels Frederiksen                 | 8.1                 | 1.1        | -          | 1.1                             | 10.3        |
| Marianne Rørslev Bock             | 5.1                 | 0.7        | -          | 0.6                             | 6.4         |
| <b>Total Executive Management</b> | <b>13.2</b>         | <b>1.8</b> | <b>-</b>   | <b>1.7</b>                      | <b>16.7</b> |
| Other key management              | 12.2                | 1.5        | 1.1        | 1.2                             | 16.0        |
| <b>Total Executive Board</b>      | <b>25.4</b>         | <b>3.3</b> | <b>1.1</b> | <b>2.9</b>                      | <b>32.7</b> |

#### Executive Board 2024

| DKK million                       | Salary and benefits | Bonus       | Pension    | Share-based incentive programme | Total       |
|-----------------------------------|---------------------|-------------|------------|---------------------------------|-------------|
| Niels Frederiksen                 | 8.1                 | 3.5         | -          | 0.4                             | 12.0        |
| Marianne Rørslev Bock             | 5.1                 | 2.2         | -          | 0.2                             | 7.5         |
| <b>Total Executive Management</b> | <b>13.2</b>         | <b>5.7</b>  | <b>-</b>   | <b>0.6</b>                      | <b>19.5</b> |
| Other key management              | 15.4                | 7.5         | 1.3        | 0.7                             | 24.9        |
| <b>Total Executive Board</b>      | <b>28.6</b>         | <b>13.2</b> | <b>1.3</b> | <b>1.3</b>                      | <b>44.4</b> |

### Board of Directors

Members of the Board of Directors receive fixed annual Fees. Remuneration of the members of the Board of Directors may not include any incentive element. Ordinary members receive a fixed annual fee while the Chairman receives multiples thereof. Board members who are also members of a Board Committee as Chairperson or ordinary committee member receive an additional fixed fee reflecting the additional work and responsibility that follows from being on a committee.

In 2025, members of the Board of Directors and the board committees received fixed annual fees in the aggregate amount of DKK 6.6 million (DKK 6.5 million).

DKK 0.2 million (DKK 0.2 million) was paid during 2025 related to social security taxes and similar taxes imposed by non-danish authorities in relation to the remuneration.

### Board of Directors

| DKK thousand       | Position         | Joined the Board | Left the Board | Board        | Committees   | Other      | Total        |
|--------------------|------------------|------------------|----------------|--------------|--------------|------------|--------------|
| Henrik Brandt      | Chairman         | Apr 2017         |                | 1,320        | 440          | -          | 1,760        |
| Dianne Neal Blixt  | Board member     | Feb 2016         |                | 440          | 385          | -          | 825          |
| Anders C. Obel     | Board member     | Apr 2018         |                | 440          | 220          | -          | 660          |
| Marlene Forsell    | Board member     | Apr 2019         |                | 440          | 330          | -          | 770          |
| Henrik Amsinck     | Board member     | Apr 2021         | Apr 2025       | 121          | -            | 30         | 151          |
| Jörg Biebernick    | Board member     | Apr 2024         |                | 440          | 165          | -          | 605          |
| Ricardo Oberlander | Board member     | Apr 2025         |                | 319          | 156          | -          | 475          |
| Thomas Thomsen     | Employee-elected | Apr 2023         |                | 440          | -            | -          | 440          |
| Mark Draper        | Employee-elected | Apr 2023         | Oct 2025       | 367          | -            | -          | 367          |
| Karsten Dam Larsen | Employee-elected | Jun 2023         |                | 440          | -            | -          | 440          |
| Hanne Malling      | Employee-elected | Nov 2025         |                | 73           | -            | -          | 73           |
| <b>Total 2025</b>  |                  |                  |                | <b>4,840</b> | <b>1,696</b> | <b>30</b>  | <b>6,566</b> |
| <b>Total 2024</b>  |                  |                  |                | <b>4,840</b> | <b>1,540</b> | <b>110</b> | <b>6,490</b> |

### Social security taxes and similar taxes

In addition to the above remuneration to the Board of Directors, the Company may pay social security taxes and similar taxes imposed by non-Danish

authorities in relation to the remuneration. In 2025, the Company paid DKK 242 thousand compared to DKK 240 thousand in 2024.



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## 2.3

# SHARE-BASED PAYMENTS

### Value of the programmes and impact on the income statement

|  | LTIP 2022 | LTIP 2023 | LTIP 2024 | LTIP 2025 |
|--|-----------|-----------|-----------|-----------|
| Total PSUs granted   | 106,460   | 117,155   | 124,648   | 143,440   |
| Fair value of PSUs expected to vest at grant date, DKK million       | 13.0      | 11.5      | 10.5      | 12.5      |
| Fair value of PSUs expected to vest at 31 December 2025, DKK million | 2.0       | 1.9       | 11.7      | 13.7      |
| Recognised in the income statement in 2025, DKK million              | -         | -5.7      | 4.4       | 4.6       |
| Not yet recognised in respect of PSUs expected to vest, DKK million  | -         | -         | 4.5       | 9.1       |

\* DKK 3.3 million (DKK 1.1 million) was recognised in staff costs.

| LTIP 2022<br>(number of PSUs)          | Executive Board      |                          |                         |                      | Total         |
|--|----------------------|--------------------------|-------------------------|----------------------|---------------|
|  | Niels<br>Frederiksen | Marianne<br>Rørslev Bock | Other Key<br>Management | Senior<br>Management |               |
| Outstanding at 1 January 2024          | 26,819               | 12,931                   | 17,999                  | 30,649               | 88,398        |
| Transferred                            | -                    | -                        | -10,125                 | 10,125               | -             |
| Granted                                | 2,024                | 976                      | 594                     | 3,659                | 7,253         |
| Forefeited                             | -                    | -                        | -                       | -299                 | -299          |
| Adjustment                             | -24,517              | -11,821                  | -7,198                  | -37,768              | -81,304       |
| <b>Outstanding at 31 December 2024</b> | <b>4,326</b>         | <b>2,086</b>             | <b>1,270</b>            | <b>6,366</b>         | <b>14,048</b> |
| Outstanding at 1 January 2025          | 4,326                | 2,086                    | 1,270                   | 6,366                | 14,048        |
| Forefeited                             | -                    | -                        | -                       | -159                 | -159          |
| Vested                                 | -4,326               | -2,086                   | -1,270                  | -6,207               | -13,889       |
| <b>Outstanding at 31 December 2025</b> | <b>-</b>             | <b>-</b>                 | <b>-</b>                | <b>-</b>             | <b>-</b>      |

| LTIP 2023<br>(number of PSUs)          | Executive Board      |                          |                         |                      | Total          |
|--|----------------------|--------------------------|-------------------------|----------------------|----------------|
|  | Niels<br>Frederiksen | Marianne<br>Rørslev Bock | Other Key<br>Management | Senior<br>Management |                |
| Outstanding at 1 January 2024          | 27,639               | 13,326                   | 26,426                  | 29,919               | 97,310         |
| Transferred                            | -                    | -                        | -11,069                 | 11,069               | -              |
| Granted                                | 2,086                | 1,006                    | 1,160                   | 3,407                | 7,659          |
| Forefeited                             | -                    | -                        | -                       | -4,207               | -4,207         |
| <b>Outstanding at 31 December 2024</b> | <b>29,725</b>        | <b>14,332</b>            | <b>16,517</b>           | <b>40,188</b>        | <b>100,762</b> |
| Outstanding at 1 January 2025          | 29,725               | 14,332                   | 16,517                  | 40,188               | 100,762        |
| Granted                                | 2,421                | 1,167                    | 1,345                   | 3,704                | 8,637          |
| Forefeited                             | -                    | -                        | -                       | -3,069               | -3,069         |
| Adjustment                             | -27,324              | -13,174                  | -15,183                 | -34,700              | -90,381        |
| <b>Outstanding at 31 December 2025</b> | <b>4,822</b>         | <b>2,325</b>             | <b>2,679</b>            | <b>6,123</b>         | <b>15,949</b>  |

| LTIP 2024<br>(number of PSUs)          | Executive Board      |                          |                         |                      | Total          |
|--|----------------------|--------------------------|-------------------------|----------------------|----------------|
|  | Niels<br>Frederiksen | Marianne<br>Rørslev Bock | Other Key<br>Management | Senior<br>Management |                |
| Outstanding at 1 January 2024          | -                    | -                        | -                       | -                    | -              |
| Granted                                | 34,629               | 17,173                   | 24,914                  | 39,378               | 116,094        |
| <b>Outstanding at 31 December 2024</b> | <b>34,629</b>        | <b>17,173</b>            | <b>24,914</b>           | <b>39,378</b>        | <b>116,094</b> |
| Outstanding at 1 January 2025          | 34,629               | 17,173                   | 24,914                  | 39,378               | 116,094        |
| Granted                                | 2,820                | 1,399                    | 2,051                   | 2,933                | 9,203          |
| Forefeited                             | -                    | -                        | -                       | -3,367               | -3,367         |
| <b>Outstanding at 31 December 2025</b> | <b>37,449</b>        | <b>18,572</b>            | <b>26,965</b>           | <b>38,944</b>        | <b>121,930</b> |



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# SHARE-BASED PAYMENTS

| LTIP 2025<br>(number of PSUs)          | Executive Board   |                       |                      |                   | Total          |
|--|-------------------|-----------------------|----------------------|-------------------|----------------|
|  | Niels Frederiksen | Marianne Rørslev Bock | Other Key Management | Senior Management |                |
| Outstanding at 1 January 2025          | -                 | -                     | -                    | -                 | -              |
| Granted                                | 41,216            | 20,440                | 32,932               | 48,852            | 143,440        |
| <b>Outstanding at 31 December 2025</b> | <b>41,216</b>     | <b>20,440</b>         | <b>32,932</b>        | <b>48,852</b>     | <b>143,440</b> |

All of the outstanding PSUs at 31 December 2025 are hedged by treasury shares.

### § Accounting policies

Scandinavian Tobacco Group operates a number of equity-settled, share-based compensation plans.

The value of services received in exchange for granted performance-based share units (PSUs) is measured at fair value at the grant date and recognised in the income statement under staff costs over the vesting period with a corresponding increase in equity.

The fair value of granted PSUs is measured at the share price at grant date.

On initial recognition, an estimate is made of the number of PSUs expected to vest. The estimated number is subsequently revised for changes in the number of PSUs expected to vest due to non-market based vesting conditions.

#### Share-based Incentive Programmes

Scandinavian Tobacco Group has a Long-Term Incentive Programme (LTIP) for members of the Executive Board and members of senior management.

Upon vesting, each PSU entitles the holder to receive one share in Scandinavian Tobacco Group at no cost. The actual number of shares vesting may range between 0 and 200% of the grant and is determined by a service period of 3 years and the achievement of certain performance indicators which for LTIP 2022, LTIP 2023 and LTIP 2024 are organic EBITDA growth, ROIC growth, EPS growth and ESG scorecard, and for LTIP 2025 free cashflow before acquisitions and special items, ROIC and CO<sub>2</sub> emission reduction.

During 2025, PSUs granted under the LTIP 2022 were vested and the participants received shares at no cost. The shares received corresponded to 15% of the grant, based on the actual achieved performance. Consequently the programme has lapsed.

Under the LTIP programme, new PSUs were granted to participants in 2025. This was the tenth grant following the IPO in 2016.

Prior to vesting, holders of PSUs are not entitled to any of the rights which shareholders hold, except from the right to dividends which will be converted into additional PSUs (both ordinary and extraordinary dividends).

### Applied assumptions at the time of grant

|                   | LTIP 2025 | LTIP 2024 | LTIP 2023 | LTIP 2022 |
|-------------------|-----------|-----------|-----------|-----------|
| Share price (DKK) | 95.2      | 97.0      | 120.6     | 146.9     |

## 2.4

# MANAGEMENT'S HOLDINGS OF STG SHARES

| Management's Holdings of Shares                     | At the beginning of the year | Additions during the year | Disposals during the year | At the end of the year | Market value <sup>1</sup> DKK million |
|---|------------------------------|---------------------------|---------------------------|------------------------|---------------------------------------|
| Henrik Brandt                                       | 112,670                      | -                         | -                         | 112,670                | 10.8                                  |
| Marlene Forsell                                     | 3,250                        | -                         | -                         | 3,250                  | 0.3                                   |
| Dianne Neal Blixt                                   | 1,700                        | -                         | -                         | 1,700                  | 0.2                                   |
| Anders C. Obel                                      | 20,270                       | -                         | -                         | 20,270                 | 1.9                                   |
| Jörg Biebornick                                     | -                            | -                         | -                         | -                      | -                                     |
| Ricardo Oberlander                                  | -                            | 1,520                     | -                         | 1,520                  | 0.1                                   |
| Karsten Dam Larsen                                  | 1,600                        | 5,000                     | -                         | 6,600                  | 0.6                                   |
| Hanne Malling                                       | 250                          | -                         | -                         | 250                    | 0.0                                   |
| Thomas Thomsen                                      | 6,000                        | 4,000                     | -                         | 10,000                 | 1.0                                   |
| <b>Board of Directors in total</b>                  | <b>145,740</b>               | <b>10,520</b>             | <b>-</b>                  | <b>156,260</b>         | <b>14.9</b>                           |
| Niels Frederiksen                                   | 326,365                      | 4,326                     | -                         | 330,691                | 31.6                                  |
| Marianne Rørslev Bock                               | 71,372                       | 2,086                     | -                         | 73,458                 | 7.0                                   |
| Régis Broersma                                      | 21,165                       | -                         | -4,930                    | 16,235                 | 1.6                                   |
| Yulia Lyusina                                       | -                            | -                         | -                         | -                      | -                                     |
| Jesper Madsen                                       | -                            | -                         | -                         | -                      | -                                     |
| Thomas Kolber                                       | -                            | -                         | -                         | -                      | -                                     |
| <b>Executive Board in total</b>                     | <b>418,902</b>               | <b>6,412</b>              | <b>-4,930</b>             | <b>420,384</b>         | <b>40.2</b>                           |
| <b>Total Board of Directors and Executive Board</b> | <b>564,642</b>               | <b>16,932</b>             | <b>-4,930</b>             | <b>576,644</b>         | <b>55.1</b>                           |

1) Calculation of market value is based on the quoted share price of DKK 95.5 at the end of the year.

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**2.5  
SPECIAL ITEMS**

| DKK million  | 2025         | 2024         |
|--|--------------|--------------|
| Integration and transactions costs (Mac Baren)         | 34.5         | 40.4         |
| One Commercial Organisation                            | 4.3          | 53.5         |
| Solution Delivery Organisation                         | 30.8         | 53.0         |
| OneProcess   | 130.1        | 132.1        |
| <b>Total special items incl. impairment, net costs</b> | <b>199.7</b> | <b>279.0</b> |

| DKK million   | 2025         | 2024         |
|---|--------------|--------------|
| <b>Specified by line items in the consolidated income statement</b> |              |              |
| Cost of goods sold  | 19.1         | 16.4         |
| Other external costs  | 107.8        | 128.6        |
| Staff costs   | 72.8         | 134.0        |
| <b>Total special items incl. impairment, net costs</b>              | <b>199.7</b> | <b>279.0</b> |

**§ Accounting policies**

Special items are used in connection with the presentation of profit or loss for the year to distinguish consolidated EBITDA and EBIT from special items, which by their nature are not related to the Group's core performance.

Special items are by nature of a significant character and comprise restructuring costs from larger structural and M&A reorganisations, M&A transaction costs, impairment losses, gains or losses from sale of assets and other non-recurring items.

**2.6  
INCOME AND DEFERRED INCOME TAXES**

| DKK million   | 2025          | 2024         |
|---|---------------|--------------|
| <b>Tax expense</b>  |               |              |
| Current income tax  | 227.8         | 266.2        |
| Deferred income tax   | -16.4         | 11.4         |
| <b>Total</b>  | <b>211.4</b>  | <b>277.6</b> |
| <b>Tax is allocated as follows</b>                                |               |              |
| Tax in the income statement                                       | 208.4         | 279.6        |
| Tax in equity - share-based payments                              | -             | -            |
| <b>Tax on other comprehensive income related to</b>               |               |              |
| Actuarial gains and losses on pension obligations                 | 3.0           | -2.0         |
| <b>Total</b>  | <b>211.4</b>  | <b>277.6</b> |
| <b>Income tax receivable/payable (net) - in the balance sheet</b> |               |              |
| Corporate tax receivables   | 143.0         | 97.4         |
| Corporate tax payables  | 30.4          | 85.1         |
| <b>Total (net)</b>  | <b>-112.6</b> | <b>-12.3</b> |

**Effective tax rate**  
(%)**23.7****Income statement  
tax expense**  
DKK million**208.4**



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# INCOME AND DEFERRED INCOME TAXES

| DKK million   | 2025          | 2024         | DKK million                                     | 2025        | 2024        |
|---|---------------|--------------|---|-------------|-------------|
| <b>Income tax receivable/payable (net)</b>                |               |              | <b>Breakdown of tax in the income statement</b> |             |             |
| Balance at 1 January                                      | -12.3         | 57.0         | Tax calculated at 22.0% of profit before tax    | 193.1       | 268.3       |
| Currency adjustments                                      | -0.1          | 8.3          | Tax according to income statement               | 208.4       | 279.6       |
| Prior-year tax adjustment                                 | 34.4          | -7.7         | <b>Variance</b>                                 | <b>15.3</b> | <b>11.3</b> |
| Tax paid on account in current year                       | -341.0        | -317.3       | <b>Tax effect of</b>                            |             |             |
| Received regarding previous years                         | 93.3          | 117.8        | Non-deductible costs                            | 9.2         | 11.6        |
| Paid regarding previous years                             | -74.9         | -151.6       | Income from associated companies                | -5.1        | -5.6        |
| Acquisition of entities                                   | -5.4          | 7.3          | Non-taxable income                              | -1.2        | -1.7        |
| Current income tax  | 193.4         | 273.9        | Prior-year adjustments*                         | 23.7        | 10.8        |
| <b>Balance at 31 December</b>                             | <b>-112.6</b> | <b>-12.3</b> | Other tax percentages                           | 1.2         | 0.5         |
| <b>Deferred tax (net) – in the balance sheet</b>          |               |              | Other**   | -12.5       | -4.3        |
| Deferred income tax assets                                | 114.2         | 129.8        | <b>Total</b>                                    | <b>15.3</b> | <b>11.3</b> |
| Deferred income tax liabilities                           | 701.7         | 742.3        |   |             |             |
| <b>Deferred income tax liabilities (net)</b>              | <b>587.5</b>  | <b>612.5</b> |   |             |             |
| <b>Deferred tax (net)</b>                                 |               |              |   |             |             |
| Balance 1 January   | 612.5         | 613.1        |   |             |             |
| Currency adjustments                                      | -11.7         | 7.8          |   |             |             |
| Acquisition of entities                                   | 3.1           | -19.8        |   |             |             |
| Change in deferred tax charge                             | -16.4         | 11.4         |   |             |             |
| <b>Balance at 31 December</b>                             | <b>587.5</b>  | <b>612.5</b> |   |             |             |
| <b>Breakdown of deferred income tax liabilities (net)</b> |               |              |   |             |             |
| Intangible assets   | 762.8         | 794.7        |   |             |             |
| Property, plant and equipment                             | 33.2          | 30.7         |   |             |             |
| Inventories   | -35.6         | -47.2        |   |             |             |
| Receivables   | -4.1          | -5.9         |   |             |             |
| Pensions  | -31.0         | -40.0        |   |             |             |
| Other liabilities   | -30.7         | -17.5        |   |             |             |
| Tax losses to be carried forward                          | -49.0         | -53.2        |   |             |             |
| Other   | -58.1         | -49.1        |   |             |             |
| <b>Total (net)</b>  | <b>587.5</b>  | <b>612.5</b> |   |             |             |

\* Primarily related to CFC taxation.

\*\* Other includes the impact from movement on the provision for uncertain tax positions and payment of withholding taxes on dividends. At 31 December 2025 the Group has no unrecognised tax assets (DKK 0.0 million).

### Uncertain tax positions

As an international business, the Group is exposed to uncertain tax positions and changes in legislation in the jurisdictions in which it operates. The Group's uncertain tax positions relate to cross-border transfer pricing, interpretation of new or complex tax legislation and tax arising on the valuation of assets. The assessment of uncertain tax positions is subjective and significant management judgement is required. This judgement is based on interpretation of legislation, management experience and professional advice.

Uncertain tax positions are considered separately and the most likely amount is the basis for the calculated provision. The judgements, methods and assumptions are unchanged from the previous year.

Provisions arising from uncertain tax positions reflected in the calculation of tax assets and liabilities are included in current corporate tax liabilities.

It is possible that amounts paid will be different from the amounts provided.



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# INCOME AND DEFERRED INCOME TAXES

### OECD Pillar Two

The Group is within the scope of the OECD Pillar Two model rules, and it applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under the legislation, the Group is liable to pay a top-up tax for the difference between its GloBE (Global Anti-

Base Erosion Rules) effective tax rate in each jurisdiction and the 15% minimum tax rate.

All entities within the Group have fully met the Safe Harbour requirements under the Pillar Two framework. No top-up tax has been recognised for the financial year ended 31 December 2025.

### § Accounting policies

#### Income taxes

The tax expense for the year comprises current and deferred tax including adjustments to previous years and changes in liability for uncertain tax positions. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income.

Any changes in deferred tax due to changes in tax rates are recognised in the income statement or in other comprehensive income depending on the original recognition.

#### Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and prior year adjustments. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

#### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the

balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

### 📊 Key accounting estimates

Management has made estimates in determining the liabilities for uncertain tax positions, deferred tax assets and deferred tax liabilities and the extent to which deferred tax assets are recognised. The Group recognises only deferred tax assets if these tax assets can be offset against positive taxable income in the foreseeable future. The estimates are made on the basis of business plans for the forthcoming years.





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## 3.1

# INTANGIBLE ASSETS

Additions  
DKK million**23.7**

### Key accounting estimates

#### Impairment of intangible assets

The carrying amounts of all intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount. The impairment test includes significant judgments made by Management, such as assumption of

projected future cash flows used in the valuation of the intangible assets in question. Future events could cause Management to conclude that impairment indicators exist and that intangible assets are impaired. Any resulting impairment loss could have a material impact on the financial condition and on the result of operations. Goodwill and trademarks with indefinite useful lifetime are tested annually for impairment. Refer to following sections regarding accounting estimates for these assets.

### 2025

| DKK million  | Goodwill       | Trade-marks    | IT software  | Other intangible assets | Intangible assets under construction* | Total          |
|--|----------------|----------------|--------------|-------------------------|---------------------------------------|----------------|
| Accumulated cost at 1 January                          | 5,410.8        | 5,295.4        | 397.0        | 774.3                   | 215.5                                 | 12,093.0       |
| Exchange rate adjustment                               | -338.1         | -163.8         | -9.9         | -28.9                   | -0.1                                  | -540.8         |
| Acquisition  | -              | -              | -            | -                       | -                                     | -              |
| Additions  | -              | -              | 0.8          | -                       | 22.9                                  | 23.7           |
| Disposals  | -              | -              | -32.9        | -1.2                    | -                                     | -34.1          |
| Transfers  | -              | -              | 141.3        | -                       | -141.3                                | -              |
| Accumulated cost at 31 December                        | 5,072.7        | 5,131.6        | 496.3        | 744.2                   | 97.0                                  | 11,541.8       |
| Accumulated amortisation and impairment at 1 January   | 0.9            | 2,071.3        | 331.7        | 374.3                   | -                                     | 2,778.2        |
| Exchange rate adjustment                               | -              | -72.0          | -9.9         | -14.8                   | -                                     | -96.7          |
| Amortisation   | -              | 129.3          | 27.0         | 40.7                    | -                                     | 197.0          |
| Disposals  | -              | -              | -32.2        | -1.2                    | -                                     | -33.4          |
| Accumulated amortisation and impairment at 31 December | 0.9            | 2,128.6        | 316.6        | 399.0                   | -                                     | 2,845.1        |
| <b>Carrying amount at 31 December</b>                  | <b>5,071.8</b> | <b>3,003.0</b> | <b>179.7</b> | <b>345.2</b>            | <b>97.0</b>                           | <b>8,696.7</b> |

\* By the end of 2025 capitalised internal resources amounts to DKK 18.7 million (DKK 15.5 million).



### Accounting policies

#### Goodwill

Goodwill represents any cost in excess of identifiable net assets, measured at fair value, in the acquired company. Goodwill is valued at acquisition value less any accumulated impairment losses. Goodwill is tested annually, or upon indication, for impairment.

#### Trademarks

Trademarks are measured at cost less accumulated amortisation and less any accumulated impairment losses. Strategic trademarks with indefinite lives are not amortised, but are tested annually for impairment. Strategic trademarks are defined as trademarks of a sizeable significance

measured on contribution and the trademarks potential to grow across geographies. Other trademarks are amortised on a straight-line basis over the estimated useful lives determined on the basis of Management's experience with the individual trademarks. The amortisation period is typically in the range of 5–25 years.

#### IT software

IT software is measured at cost less accumulated amortisation and less any accumulated impairment losses. Cost comprises payments for the IT software and other directly attributable expenses of preparing the software for its intended use. The cost of IT software includes capitalised

### 2024

| DKK million  | Goodwill       | Trade-marks    | IT software | Other intangible assets | Intangible assets under construction* | Total          |
|--|----------------|----------------|-------------|-------------------------|---------------------------------------|----------------|
| Accumulated cost at 1 January                          | 5,236.5        | 5,131.2        | 384.5       | 731.6                   | 183.1                                 | 11,666.9       |
| Exchange rate adjustment                               | 173.5          | 83.1           | 5.1         | 14.3                    | 0.2                                   | 276.2          |
| Acquisition  | 0.8            | 81.6           | -           | 19.8                    | -                                     | 102.2          |
| Additions  | -              | 0.1            | -           | 7.6                     | 40.6                                  | 48.3           |
| Disposals  | -              | -              | -0.6        | -                       | -                                     | -0.6           |
| Transfers  | -              | -0.6           | 8.0         | 1.0                     | -8.4                                  | -              |
| Accumulated cost at 31 December                        | 5,410.8        | 5,295.4        | 397.0       | 774.3                   | 215.5                                 | 12,093.0       |
| Accumulated amortisation and impairment at 1 January   | 0.9            | 1,905.1        | 310.1       | 327.6                   | -                                     | 2,543.7        |
| Exchange rate adjustment                               | -              | 39.2           | 4.9         | 7.5                     | -                                     | 51.6           |
| Amortisation   | -              | 127.0          | 17.3        | 39.2                    | -                                     | 183.5          |
| Disposals  | -              | -              | -0.6        | -                       | -                                     | -0.6           |
| Accumulated amortisation and impairment at 31 December | 0.9            | 2,071.3        | 331.7       | 374.3                   | -                                     | 2,778.2        |
| <b>Carrying amount at 31 December</b>                  | <b>5,409.9</b> | <b>3,224.1</b> | <b>65.3</b> | <b>400.0</b>            | <b>215.5</b>                          | <b>9,314.8</b> |

\* By the end of 2024 capitalised internal resources amounts to DKK 15.5 million (DKK 12.1 million).

internal resources, being an internally generated intangible asset. Amortisation is calculated on a straight-line basis over the expected useful lives of the assets, which are typically in the range of 5-10 years.

#### Other intangible assets

Other intangible assets mainly comprise acquired name rights, know-how, customer relations and distribution rights. Other intangible assets are measured at cost less accumulated amortisation and less any accumulated impairment losses. Amortisation is calculated on a straight-line basis over the expected useful lives of the assets, which are typically in the range of 5–20 years.

#### Intangible assets under construction

Intangible assets under construction comprise IT software in progress and are measured at cost less any accumulated impairment losses. Cost comprises payments for the IT software and other directly attributable expenses of preparing the IT software for its intended use. The cost of IT software includes capitalised internal resources, being an internally generated intangible asset. When the IT software is finalised, it is amortised on a straight-line basis as IT software.



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## 3.1 (continued)

# INTANGIBLE ASSETS

### Goodwill

The main part of the Group's goodwill is attributable to the merger between Scandinavian Tobacco Group and Swedish Match in 2010, and the subsequent acquisitions of Lane Ltd. (2011), Verellen N.V. (2014), Thompson Cigar (2018), Agio Cigars (2020) and Moderno Opificio del Sigaro Italiano (2021).

Goodwill is tested for impairment annually and if there is an indication of impairment.

The carrying amount of goodwill at 31 December 2025 amounted to DKK 5,071.8 million (DKK 5,409.9 million).

When carrying out the impairment test for goodwill, the Group is seen as several cash generating units split according to the internal segment reporting. The carrying values of the individual cash generating units are compared to the values in use (discounted value of future cash flows). If the carrying values are higher, the difference is charged to the income statement. The

values in use are calculated using a valuation model based on discounted expected future cash flows (DCF-model covering a five-year budget period) based on Management's projections.

When goodwill was tested for impairment in 2025 (and 2024), the value in use exceeded the carrying value for the individual cash generating units and no basis for impairment was found.

When performing sensitivity analysis by increasing/lowering the discount rate or terminal growth or EBITDA growth by 1 percentage point the value in use still exceeded the carrying value per segment.

EBITDA growth in the budget period, terminal growth and discount rate constitute the key assumptions in calculating the value in use. The applied key assumptions, both overall as well as for each individual cash generating unit, are described in the tables below.

### 2025

| Applied key assumptions – Goodwill impairment test   | North America Online & Retail | North America Branded & RoW | Europe Branded |
|--|-------------------------------|-----------------------------|----------------|
| <b>EBITDA Growth</b>   |                               |                             |                |
| An average growth rate of 5.2% in the five-year budget period has been applied for EBITDA for the overall Group. Following introduction of Focus2030 the relevant strategic initiatives have been build into the budget. The growth projection are based on growth in the underlying business, mainly driven by price increases across all divisions and product groups and volume growth. Furthermore, volume growth in the Next Generation Product category, cost saving initiatives, and development in acquired businesses will add to the projected growth. |                               |                             |                |
| Terminal growth (based on adjusted historical development taking into account expected future development)   | 1.0%                          | 0.0%                        | 0.0%           |
| Discount rate after-tax (%)  | 8.6%                          | 8.6%                        | 7.1%           |
| Discount rate pre-tax (%)  | 10.6%                         | 10.8%                       | 8.9%           |

| DKK million | North America Online & Retail | North America Branded & RoW | Europe Branded | Total   |
|-------------|-------------------------------|-----------------------------|----------------|---------|
| 2025        | 1,596.4                       | 1,341.9                     | 2,133.5        | 5,071.8 |
| 2024        | 1,780.5                       | 1,497.4                     | 2,132.0        | 5,409.9 |

As per 31 December 2025 the carrying amount of goodwill was allocated to the operating segments as showed in above table.

### Key accounting estimates

#### Impairment test of goodwill

In the annual impairment test of goodwill, an estimate is made to determine how the Group will be able to generate sufficient positive net cash flow in the future to support the value of goodwill, trademarks and other net assets. For the purpose of the annual impairment test of goodwill, the costs and income in each operating segment according to [note 2.1](#) have been allocated to each cash generating unit based on either direct allocation or by using relevant

allocation keys. The estimates of the anticipated future net cash flow are based on forecasts, business plans as well as Management's projections for the coming years. Contribution expectations are based upon projections made on the development in volume, average sales and cost prices as well as operating cost development for each market in each of the defined cash generating units. The discount rate is assessed based on updated market data. The impairment test includes significant judgments made by Management and future events could cause Management to conclude that impairment indicators exist and that goodwill is impaired. Any resulting impairment loss could have a material impact on the financial condition and on the result of operations.

In 2025, as well as in 2024, Management did not identify any impairments.

### 2024

| Applied key assumptions – Goodwill impairment test   | North America Online & Retail | North America Branded & RoW | Europe Branded |
|--|-------------------------------|-----------------------------|----------------|
| <b>EBITDA Growth</b>   |                               |                             |                |
| An average growth rate of 5.2% in the five-year budget period has been applied for EBITDA for the overall Group (accumulated for the three cash generating units). The growth projection is expected to be reached through growth in the underlying business, driven by price increases across all divisions and product groups, volume growth and opening of new Superstores in the US. Furthermore, volume growth in the Next Generation Product category, cost saving initiatives, and development in acquired businesses will add to the projected growth. |                               |                             |                |
| Terminal growth (based on adjusted historical development taking into account expected future development)   | 1.0%                          | 0.0%                        | 0.0%           |
| Discount rate after-tax (%)  | 8.8%                          | 8.8%                        | 7.8%           |
| Discount rate pre-tax (%)  | 10.6%                         | 11.0%                       | 9.8%           |



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### 3.1 (continued)

## INTANGIBLE ASSETS

### Trademarks

The main part of the Group's trademarks is attributable to the merger between Scandinavian Tobacco Group and Swedish Match in 2010, the acquisition of Lane Ltd. in 2011, Agjo Cigars in 2020 and Alec Bradley in 2023. In connection with the merger and the acquisitions, intangible assets were identified and measured at fair value at the date of the merger/acquisition. Strategic trademarks with indefinite useful lives are not amortised but are reviewed annually for impairment. Other trademarks are amortised in a straight line over the expected useful lives.

### Assessment of useful economic lives for trademarks – change in accounting estimates

During the fourth quarter of 2025, Management has reassessed the useful lives of the Group's strategic trademarks. Historically, a number of trademarks have been classified as having indefinite useful lives, reflecting Management's expectation that these trademarks would generate net cash inflows for the Group over an unforeseeable period. As part of the implementation of the Group's new strategic direction, Focus2030, and based on expected future market developments etc., Management now considers it appropriate to classify the majority of these trademarks as having finite useful lives.

As a result, all machine-rolled cigar trademarks and trademarks outside the strategic focus have been reclassified as trademarks with a finite useful life of 25 years and will be amortised on a straight-line basis from 1 January 2026. The four handmade-cigar Power Brands (Macanudo, CAO, Cohiba, and Alec Bradley) will remain classified as having indefinite useful lives.

In accordance with IAS 36, Impairment of assets, and IAS 38, Intangible assets, an impairment test was carried out at the time of reclassification. The impairment test did not give rise to any impairment of the affected trademarks.

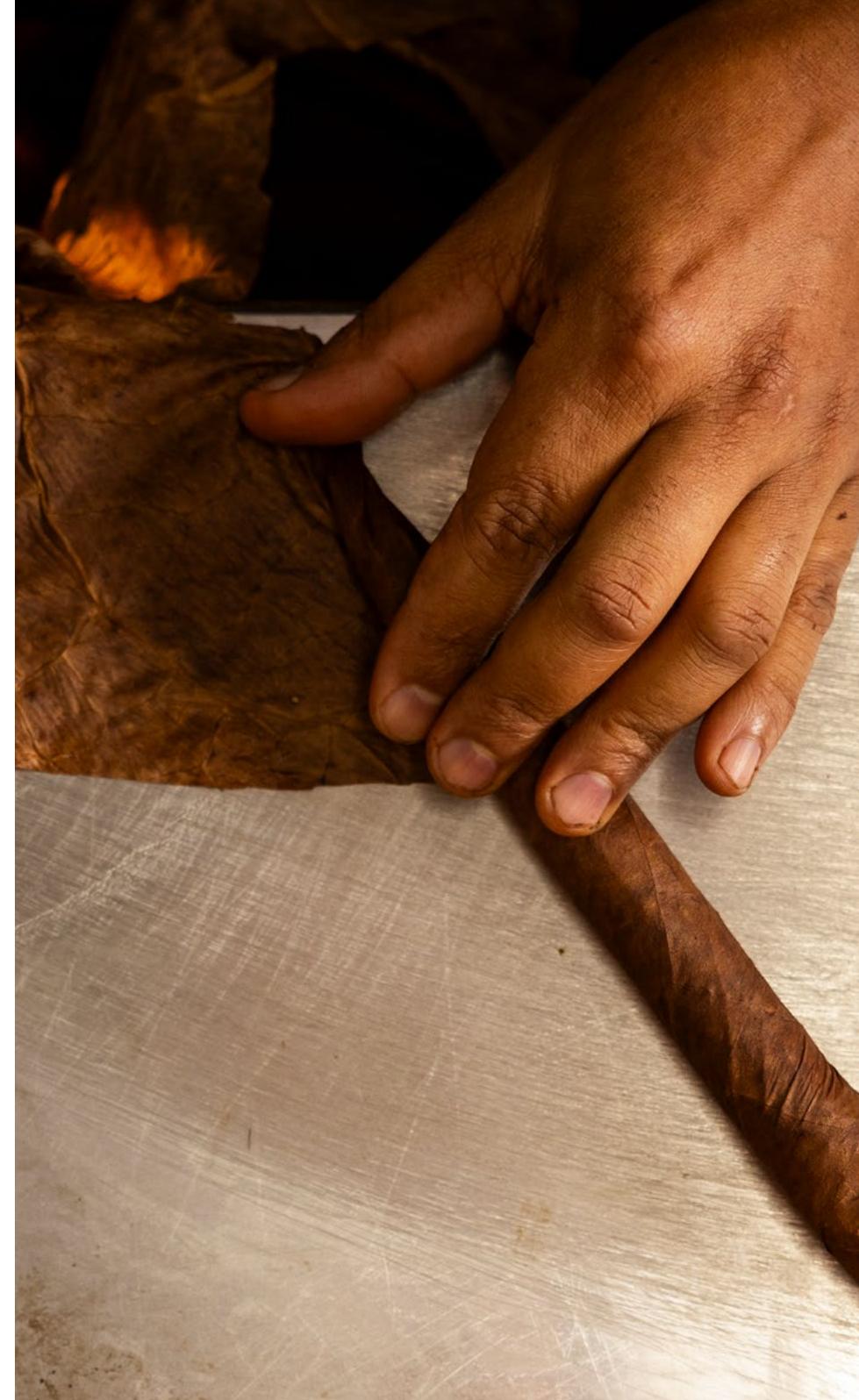
The annual amortisation resulting from this change is estimated at approximately DKK 73 million commencing 1 January 2026.

The carrying amount of trademarks at 31 December 2025 amounted to DKK 3,003.0 million (DKK 3,224.1 million).

| DKK million                            | Carrying amount |                |
|--|-----------------|----------------|
|  | 2025            | 2024           |
| Trademarks indefinite lives            | 484.4           | 2,399.4        |
| Other trademarks (finite useful lives) | 2,518.6         | 824.7          |
| <b>Total</b>                           | <b>3,003.0</b>  | <b>3,224.1</b> |

As per 31 December the carrying amount of trademarks with indefinite useful lives was allocated to the reportable segments as follows:

| DKK million | North America Online & Retail | North America Branded & Ro | Europe Branded | Total   |
|-------------|-------------------------------|----------------------------|----------------|---------|
| 2025        | 173.9                         | 292.6                      | 17.9           | 484.4   |
| 2024        | 252.6                         | 1,173.5                    | 973.3          | 2,399.4 |





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## INTANGIBLE ASSETS

Trademarks with the highest carrying amounts are listed below.

| DKK million              | Trademarks allocated segment* | Remaining amortisation period | Carrying amount |                |
|--------------------------|-------------------------------|-------------------------------|-----------------|----------------|
|                          |                               |                               | 2025            | 2024           |
| Captain Black and Bugler | 1,2                           | 25 years / 5 years            | 642.3           | 711.3          |
| Café Crème/Signature     | 2,3                           | 25 years                      | 482.4           | 482.4          |
| Mehari's                 | 2,3                           | 25 years                      | 357.8           | 357.4          |
| Alec Bradley             | 1,2,3                         | Indefinite                    | 291.3           | 291.3          |
| La Paz                   | 2,3                           | 25 years                      | 215.2           | 215.2          |
| Other trademarks         | 1,2,3                         | Indefinite / 1-25 years       | 1,014.0         | 1,166.5        |
| <b>Total</b>             |                               |                               | <b>3,003.0</b>  | <b>3,224.1</b> |

\* 1) North America Online &amp; Retail, 2) North America Branded &amp; Rest of World, 3) Europe Branded

Trademarks with indefinite useful lives are tested for impairment annually and whenever there is an indication of impairment.

When carrying out the impairment test for trademarks with indefinite useful lives, each trademark is seen as a separate asset capable of generating cash flow. The carrying value of each trademark is compared to its value in use (discounted value of future cash flows). If the carrying value is higher, the difference is charged to the income statement.

The value in use for each trademark is calculated by using a valuation model based on discounted expected future cash flows (Multi-period Excess Earnings-Method ("MEEM") in an adapted form, covering a five-year budget period) based on Management's projections.

When trademarks with indefinite useful lives were tested for impairment in 2025 (and 2024), the value in use exceeded the carrying value for each of the individual trademarks and no basis for impairment was found.

When performing sensitivity analysis by increasing/lowering the discount rate or terminal growth or EBITDA growth by 1 percentage point the value in use still exceeded the carrying value for each individual trademark.

EBITDA growth in the budget period, terminal growth and discount rate constitute the key assumptions in calculating the value in use.

Management has used a discount rate (WACC after tax) between 8.5% and 8.6% (pre-tax WACC between 10.4% and 10.6%). Terminal growth in EBITDA is set at 1.0% and is based on historical development and expected future development.



### Key accounting estimates

#### Impairment test of trademarks with indefinite useful lives

In the annual impairment test of trademarks with indefinite useful lives, an estimate is made to determine how the trademarks will be able to generate sufficient positive net cash flow in the future to support the value of the trademark in question. The estimates of the anticipated future net cash flow are based on Management's projections for the coming years. Contribution expectations are based upon projections made on the development in volume, average sales and cost prices for each trademark. The impairment test includes significant judgments made by Management and future events could cause Management to conclude that impairment indicators exist and that some trademarks are impaired.

In 2025, as well as in 2024, Management did not identify any impairments.

#### Other trademarks with finite useful lives and other intangible assets

Acquired trademarks with a finite useful lifetime and other intangible assets are in general amortised over their useful lives according to the Group's accounting principles. The trademarks and other intangible assets are tested for impairment when circumstances indicate that the value might be impaired.

In 2025, as well as in 2024, Management did not identify any indications of impairment.



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## 3.2

# PROPERTY, PLANT AND EQUIPMENT

### 2025

| DKK million  | Land and buildings | Plant and machinery | Equipment, tools and fixtures | Leasehold improvements | Construction in progress | Total          |
|--|--------------------|---------------------|-------------------------------|------------------------|--------------------------|----------------|
| Accumulated cost at 1 January                          | 1,143.5            | 912.8               | 295.3                         | 94.5                   | 100.2                    | 2,546.3        |
| Exchange rate adjustment                               | -60.6              | -26.2               | -24.6                         | -8.5                   | -8.5                     | -128.4         |
| Acquisition  | -                  | -                   | -                             | -                      | -                        | -              |
| Additions  | 2.9                | 4.3                 | 2.5                           | 2.9                    | 145.5                    | 158.1          |
| Disposals  | -29.7              | -15.4               | -18.4                         | -3.2                   | -3.7                     | -70.4          |
| Transfers  | -12.7              | -46.3               | 161.0                         | 21.2                   | -123.2                   | -              |
| <b>Accumulated cost at 31 December</b>                 | <b>1,043.4</b>     | <b>829.2</b>        | <b>415.8</b>                  | <b>106.9</b>           | <b>110.3</b>             | <b>2,505.6</b> |
| Accumulated depreciation and impairment at 1 January   | 312.0              | 405.5               | 128.4                         | 35.9                   | 0.3                      | 882.1          |
| Exchange rate adjustment                               | -11.7              | -14.0               | -9.5                          | -3.5                   | -                        | -38.7          |
| Depreciation   | 39.6               | 85.9                | 27.6                          | 11.4                   | -                        | 164.5          |
| Disposals  | -4.3               | -15.4               | -18.0                         | -3.1                   | -                        | -40.8          |
| Impairment   | -                  | -                   | -                             | -                      | -                        | -              |
| Transfers  | -40.7              | -76.9               | 117.6                         | -                      | -                        | -              |
| Accumulated amortisation and impairment at 31 December | 294.9              | 385.1               | 246.1                         | 40.7                   | 0.3                      | 967.1          |
| <b>Carrying amount at 31 December</b>                  | <b>748.5</b>       | <b>444.1</b>        | <b>169.7</b>                  | <b>66.2</b>            | <b>110.0</b>             | <b>1,538.5</b> |

### Impairment

Management did not identify any indications of impairment in 2025.

### Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

|                               |             |
|-------------------------------|-------------|
| Buildings                     | 10–40 years |
| Plant and machinery           | 12–20 years |
| Equipment, tools and fixtures | 3–20 years  |
| Leasehold improvements        | 1–10 years  |

Assessment of residual value and useful life is performed annually for assets under property, plant and equipment.

### 2024

| DKK million  | Land and buildings | Plant and machinery | Equipment, tools and fixtures | Leasehold improvements | Construction in progress | Total          |
|--|--------------------|---------------------|-------------------------------|------------------------|--------------------------|----------------|
| Accumulated cost at 1 January                          | 971.8              | 724.5               | 296.4                         | 81.0                   | 196.8                    | 2,270.5        |
| Exchange rate adjustment                               | 26.3               | 7.2                 | 12.1                          | 4.2                    | 4.8                      | 54.6           |
| Acquisition  | 19.5               | 70.9                | -                             | -                      | 1.7                      | 92.1           |
| Additions  | 1.2                | 6.8                 | 5.7                           | 1.0                    | 201.3                    | 216.0          |
| Disposals  | -0.6               | -47.3               | -37.0                         | -0.9                   | -1.1                     | -86.9          |
| Transfers  | 125.3              | 150.7               | 18.1                          | 9.2                    | -303.3                   | -              |
| <b>Accumulated cost at 31 December</b>                 | <b>1,143.5</b>     | <b>912.8</b>        | <b>295.3</b>                  | <b>94.5</b>            | <b>100.2</b>             | <b>2,546.3</b> |
| Accumulated depreciation and impairment at 1 January   | 267.9              | 359.4               | 142.4                         | 25.4                   | 0.3                      | 795.4          |
| Exchange rate adjustment                               | 3.9                | 4.2                 | 4.7                           | 1.7                    | -                        | 14.5           |
| Depreciation   | 40.8               | 78.6                | 24.7                          | 9.7                    | -                        | 153.8          |
| Disposals  | -0.6               | -46.1               | -36.1                         | -0.9                   | -                        | -83.7          |
| Impairment   | -                  | 2.1                 | -                             | -                      | -                        | 2.1            |
| Transfers  | -                  | 7.3                 | -7.3                          | -                      | -                        | -              |
| Accumulated amortisation and impairment at 31 December | 312.0              | 405.5               | 128.4                         | 35.9                   | 0.3                      | 882.1          |
| <b>Carrying amount at 31 December</b>                  | <b>831.5</b>       | <b>507.3</b>        | <b>166.9</b>                  | <b>58.6</b>            | <b>99.9</b>              | <b>1,664.2</b> |

### Impairment

In 2024, impairment costs of DKK 2.1 million were recognised in the income statement. Management did not identify any other indications of impairment.

### Key accounting estimates

#### Impairment of property, plant and equipment

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount. The impairment test includes significant judgments made by Management, such as assumption of projected future cash flows used in the valuation.

Additions  
DKK million

**158.1**



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## 3.3

# RIGHT-OF-USE ASSETS

### The group as a lessee

The Group has entered into lease contracts for land, offices, warehouses, motor vehicles and other equipment utilised across the entire Group. Leases of land have lease terms up to 20 years, offices and warehouses generally have lease terms between three and ten years, while motor vehicles and other equipment generally have lease terms between three

and five years. Lease contracts that include extension and termination options are recognised based on the outcome of the lease term that is considered reasonably certain at the commencement date.

Information on the corresponding lease liabilities is included in note 4.2 financial risks and instruments.

The following amounts are recognised in the income statement:

| DKK million  | 2025         | 2024        |
|--|--------------|-------------|
| Depreciation expense of right-of-use assets            | 87.6         | 80.4        |
| Interest expense on lease liabilities                  | 6.3          | 9.5         |
| Expense relating to short-term leases                  | 7.2          | 4.0         |
| Expense relating to leases of low-value assets         | 0.1          | 0.2         |
| <b>Total amount recognised in the income statement</b> | <b>101.2</b> | <b>94.1</b> |

| 2025                                  | Land, buildings, offices and warehouses | Motor vehicles | Other equipment | Total        |
|---------------------------------------|---|----------------|-----------------|--------------|
| DKK million                           |   |                |                 |              |
| <b>Carrying amount at 1 January</b>   | <b>349.9</b>                            | <b>50.6</b>    | <b>1.8</b>      | <b>402.3</b> |
| Exchange rate adjustment              | -29.4                                   | -1.0           | -               | -30.4        |
| Aquisition                            | -                                       | -              | -               | -            |
| Additions                             | 83.7                                    | 24.8           | 1.0             | 109.5        |
| Disposals                             | -22.2                                   | -2.7           | -               | -24.9        |
| Depreciation                          | -58.4                                   | -28.1          | -1.1            | -87.6        |
| <b>Carrying amount at 31 December</b> | <b>323.6</b>                            | <b>43.6</b>    | <b>1.7</b>      | <b>368.9</b> |

| 2024                                  | Land, buildings, offices and warehouses | Motor vehicles | Other equipment | Total        |
|---------------------------------------|---|----------------|-----------------|--------------|
| DKK million                           |   |                |                 |              |
| <b>Carrying amount at 1 January</b>   | <b>238.3</b>                            | <b>43.8</b>    | <b>2.5</b>      | <b>284.6</b> |
| Exchange rate adjustment              | 14.3                                    | 0.4            | -               | 14.7         |
| Aquisition                            | 23.4                                    | 6.5            | -               | 29.9         |
| Additions                             | 126.4                                   | 30.6           | 1.3             | 158.3        |
| Disposals                             | -0.1                                    | -4.6           | -0.1            | -4.8         |
| Depreciation                          | -52.4                                   | -26.1          | -1.9            | -80.4        |
| <b>Carrying amount at 31 December</b> | <b>349.9</b>                            | <b>50.6</b>    | <b>1.8</b>      | <b>402.3</b> |

In 2025, the Group had total cash outflows for leases of DKK 94.1 million (DKK 108.0 million). The Group has entered into lease contracts at a value of DKK 2.7 million (DKK 0.7 million) that have not yet commenced.

The Group has extension options of a total value of DKK 25.8 million (DKK 25.5 million) that are not included in the recognised leases, as it is not considered reasonable certain that the Group will exercise the options.

### § Accounting policies

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. Based on the contract the right-of-use asset and the lease liability are recognised at commencement of the lease. The initial measurement of the right-of-use asset is at cost and comprises the initial value of the lease liability and lease payments made at or before the commencement date. The right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term or the useful life of the underlying asset.

In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. Lease terms can be subject to changes following the occurrence of significant events or circumstances.

The lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date. Lease payments include fixed payments and variable payments that depend on an index such as an inflation index as well as lease payments from an extension option that the Group considers reasonably certain to be exercised.

The Group applies the recognition exemption to short-term leases and low-value leases.

### Impairment of right-of-use assets

The carrying amounts are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the right-of-use asset is written down to its lower recoverable amount.

Extension and termination options exist for a number of leases, particular for offices and warehouses.



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## 3.4 INVENTORIES

Inventories at 31 December, net of allowances for obsolescence, comprise the following items:

| DKK million   | 2025           | 2024           |
|---|----------------|----------------|
| Raw materials and consumables                                       | 1,413.3        | 1,412.2        |
| Work in progress  | 373.7          | 405.6          |
| Finished goods, goods for resale and excise stamps                  | 1,423.7        | 1,660.4        |
| <b>Total</b>  | <b>3,210.7</b> | <b>3,478.2</b> |
| Movements in the Group provision for obsolete stock are as follows: |                |                |
| Provision for obsolete stock 1 January                              | -63.9          | -55.1          |
| Additions for the year  | -46.9          | -39.2          |
| Reversal for the year   | 6.2            | 2.4            |
| Write-downs during the year   | 23.8           | 29.5           |
| Effect of exchange rate adjustments                                 | 1.6            | -1.5           |
| <b>Total provision at 31 December</b>                               | <b>-79.2</b>   | <b>-63.9</b>   |

The net movement in the year in respect of inventory provision is included in 'cost of goods sold'.

The cost of inventories recognised as cost and included in 'cost of goods sold' amounted to DKK 4,140.4 million (DKK 4,099.9 million).

### § Accounting policies

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales prices.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of labour, maintenance and depreciation of the machinery, factory buildings, equipment and right-of-use assets used in the manufacturing process as well as costs of factory administration and management.

## 3.5 TRADE RECEIVABLES

| DKK million   | 2025           | 2024           |
|---|----------------|----------------|
| <b>Trade receivables (net) at 31 December comprise the following:</b> |                |                |
| Trade receivables (gross)   | 1,453.2        | 1,232.3        |
| Provision for bad debt  | -23.6          | -18.6          |
| <b>Trade receivables (net)</b>  | <b>1,429.6</b> | <b>1,213.7</b> |
| <b>Movements in the Group provision for bad debt are as follows:</b>  |                |                |
| Provision for bad debt at 1 January                                   | -18.6          | -17.9          |
| Additions for the year  | -8.0           | -1.6           |
| Reversal for the year   | 1.0            | 1.3            |
| Confirmed losses  | 1.1            | -              |
| Effect of exchange rate adjustments                                   | 0.9            | -0.4           |
| <b>Total provision at 31 December</b>                                 | <b>-23.6</b>   | <b>-18.6</b>   |

### 📊 Key accounting estimates

Inventories are measured at the lower of cost price under the FIFO method and net realisable value. The estimated uncertainty in inventories is related to the write-down to net realisable value. Inventories are written down in accordance with Group policy, including individual assessment of inventories for potential losses due to obsolescence.

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## 3.5 (continued)

**TRADE RECEIVABLES****2025**

| <b>Impairment of trade receivables can be specified as follows</b> | <b>Receivables, DKK million</b> | <b>Loss rate, %</b> | <b>Provision, DKK million</b> |
|--|---------------------------------|---------------------|-------------------------------|
| Current  | 1,051.6                         | 0.1%                | -0.9                          |
| Overdue < 30 days  | 152.0                           | 0.1%                | -0.2                          |
| Overdue 31 - 60 days   | 82.9                            | 1.2%                | -1.0                          |
| Overdue 61 - 90 days   | 60.8                            | 3.0%                | -1.8                          |
| Overdue 91 - 180 days  | 68.9                            | 6.2%                | -4.3                          |
| Overdue > 180 days   | 37.0                            | 41.8%               | -15.4                         |
| <b>Total</b>   | <b>1,453.2</b>                  |                     | <b>-23.6</b>                  |

**2024**

| <b>Impairment of trade receivables can be specified as follows</b> | <b>Receivables, DKK million</b> | <b>Loss rate, %</b> | <b>Provision, DKK million</b> |
|--|---------------------------------|---------------------|-------------------------------|
| Current  | 948.2                           | 0.1%                | -0.9                          |
| Overdue < 30 days  | 165.5                           | 0.1%                | -0.2                          |
| Overdue 31 - 60 days   | 43.6                            | 1.0%                | -0.5                          |
| Overdue 61 - 90 days   | 21.9                            | 9.2%                | -2.0                          |
| Overdue 91 - 180 days  | 21.9                            | 9.6%                | -2.1                          |
| Overdue > 180 days   | 31.2                            | 41.3%               | -12.9                         |
| <b>Total</b>   | <b>1,232.3</b>                  |                     | <b>-18.6</b>                  |

**§ Accounting policies**

Trade receivables are measured in the balance sheet at amortised cost less provisions for expected credit losses. Expected credit losses are determined by using the simplified expected credit loss model (ECL), which has the approach of assessing the lifetime expected credit loss.

The ECLs on trade receivables are estimated by using a matrix based on aging of customers, and includes both

historical as well as forward-looking information. The estimation takes into account geography, past default experience, analysis of the debtor's current financial position, factors that are specific to the debtors, general economic conditions in which the debtors operate and an assessment of the forecast direction of developments at the reporting date.

## 3.6

**PREPAYMENTS****§ Accounting policies**

Prepayments are measured at cost and comprise prepaid costs concerning licences, insurance premiums, subscriptions, etc.

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**3.7****OTHER PROVISIONS**

| DKK million                           | 2025        | 2024        |
|---------------------------------------|-------------|-------------|
| Balance at 1 January                  | 63.3        | 35.7        |
| Addition during the year              | 8.8         | 43.2        |
| Utilised during the year              | -28.3       | -10.0       |
| Reversed provision unused             | -8.9        | -5.6        |
| <b>Carrying amount at 31 December</b> | <b>34.9</b> | <b>63.3</b> |
| Non-current                           | 16.5        | 16.4        |
| Current                               | 18.4        | 46.9        |
| <b>Total</b>                          | <b>34.9</b> | <b>63.3</b> |

Other provisions mainly consist of restructuring costs, reestablishment costs and other items. The restructuring costs are primarily related to redundancy payments expected to take place in 2026. The amounts and timing of the restructurings depend on negotiations with the affected employees.

### § Accounting policies

Provisions are recognised when – in consequence of an event occurred before or on the balance sheet date – the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation based on Management's best estimate. If considered material, the anticipated future expenditure is discounted, using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

**3.8****PENSION OBLIGATIONS****Post-employment defined benefit – recognised in the balance sheet**

| DKK million   | 2025         | 2024         |
|---|--------------|--------------|
| Present value of funded obligations                       | 362.1        | 346.5        |
| Fair value of plan assets                                 | -210.5       | -195.8       |
| Deficit (+) / surplus (-)                                 | 151.7        | 150.8        |
| Present value of unfunded obligations                     | 42.9         | 62.9         |
| <b>Net asset (-) / liability (+) in the balance sheet</b> | <b>194.6</b> | <b>213.7</b> |
| <b>Amounts in the balance sheet</b>                       |              |              |
| Liabilities   | 194.6        | 213.7        |
| Assets  | -            | -            |
| <b>Net asset (-) / liability (+) in the balance sheet</b> | <b>194.6</b> | <b>213.7</b> |

| DKK million  | 2025         | 2024         |
|--|--------------|--------------|
| <b>Movement during the period in the net asset (-)/ liability (+)</b>          |              |              |
| Balance at 1 January   | 213.7        | 195.3        |
| Recognised in the income statement   | 32.5         | 35.1         |
| Actuarial gain recognised in other comprehensive income, financial assumptions | -9.7         | 10.6         |
| Benefit payments to employees  | -13.9        | -19.2        |
| Employer contributions   | -14.5        | -12.2        |
| Other  | 0.8          | 0.6          |
| Exchange rate adjustment   | -14.4        | 3.5          |
| <b>Balance at 31 December</b>  | <b>194.6</b> | <b>213.7</b> |

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**3.8 (continued)****PENSION OBLIGATIONS**

Actuarial assumptions

**Actuarial assumptions used for valuation**  
(expressed as weighted averages and in %)

|                         | 2025 | 2024 |
|-------------------------|------|------|
| Discount rate           | 3.7  | 3.9  |
| Future salary increases | 2.4  | 3.3  |

Significant actuarial assumptions regarding the determination of the pension obligation are the discount rate and future salary increase. The sensitivity analysis below has been determined based on likely changes in the discount rate and future salary increase occurring at the end of the period.

| DKK million             | 2025              |                   | 2024              |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
|                         | 1%-point increase | 1%-point decrease | 1%-point increase | 1%-point decrease |
| Discount rate           | -26.1             | 32.0              | -27.5             | 35.0              |
| Future salary increases | 23.2              | -18.4             | 24.4              | -17.5             |

| DKK million | 2025 | 2024 |
|-------------|------|------|
|-------------|------|------|

**Change in the defined benefit obligations and plan assets****Defined benefit obligations – movements**

|                                |              |              |
|--------------------------------|--------------|--------------|
| Balance at 1 January           | 409.5        | 381.5        |
| Current service costs          | 25.1         | 25.1         |
| Interest cost                  | 15.2         | 17.5         |
| Change in plan provisions      | 1.7          | -            |
| Actuarial losses (+)/gains (-) | -7.6         | 10.4         |
| Benefits paid                  | -22.6        | -29.1        |
| Settlements                    | -2.6         | 0.6          |
| Other                          | 0.5          | -            |
| Exchange rate adjustment       | -14.1        | 3.7          |
| <b>Balance at 31 December</b>  | <b>405.1</b> | <b>409.5</b> |

| DKK million                                  | 2025         | 2024         |
|--|--------------|--------------|
| <b>Plan assets – movements in fair value</b> |              |              |
| Balance at 1 January                         | 195.8        | 186.2        |
| Interest income                              | 6.5          | 7.6          |
| Actuarial losses (-)/gains (+)               | 2.1          | -0.4         |
| Employer contributions                       | 27.5         | 26.4         |
| Benefits paid                                | -21.7        | -24.1        |
| Exchange rate adjustment                     | 0.3          | 0.2          |
| <b>Balance at 31 December</b>                | <b>210.5</b> | <b>195.8</b> |

The actual return on plan assets in 2025 was a gain of DKK 8.5 million (DKK 7.2 million).

Categories of plan assets:

| DKK million  | 2025         | 2024         |
|--------------|--------------|--------------|
| Other*       | 210.5        | 195.8        |
| <b>Total</b> | <b>210.5</b> | <b>195.8</b> |

\* Plan assets primarily relates to pension plans in Belgium and Germany. The pension plans, including plan assets, are administrated by different insurance companies and funded via Group insurance contracts and life insurance contracts why no further information can be given on categories of plan assets.

The weighted average duration of the defined benefit obligation is 9.9 years (9.7 years).

| DKK million   | 2025        | 2024        |
|---|-------------|-------------|
| <b>Post-employment benefit plans recognised in income statement</b> |             |             |
| Current service costs   | 25.1        | 25.1        |
| Interest on net obligation  | 8.7         | 9.9         |
| Change in plan provisions   | 1.1         | -           |
| Settlements   | -2.6        | 0.6         |
| Recognised net actuarial gain/loss                                  | 0.2         | -0.5        |
| <b>Net income (-)/expense (+) reported in the income statement</b>  | <b>32.5</b> | <b>35.1</b> |



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## 3.8 (continued)

# PENSION OBLIGATIONS

| DKK million  | 2025        | 2024        |
|--|-------------|-------------|
| <b>The income/expenses for defined benefit plans are reported under the following headings in the income statement:</b>  |             |             |
| Staff costs  | 23.8        | 25.2        |
| Financial costs  | 8.7         | 9.9         |
| <b>Net income (-)/expense (+) reported in the income statement</b>   | <b>32.5</b> | <b>35.1</b> |
| <b>Amounts recognised in other comprehensive income</b>  |             |             |
| For the post-employment defined benefit plans all actuarial gains and losses are recognised in other comprehensive income as they occur in accordance with the year-end valuation. |             |             |
| Net actuarial losses (+)/ gains (-)  | -9.7        | 11.1        |

### Expected contribution next year

Expected contributions to post-employment benefit Plans for the year ending 31 december 2026 amount to DKK 22.8 million.

### Defined contribution plans

The Group has certain obligations under defined Contributions plans. Contributions to these plans are determined by provisions in the respective plans. Costs for defined contribution plans charged to the income statement for the year amount to DKK 69.1 million (DKK 74.1 million).

### Defined benefit plans in primarily Belgium, Germany, France, indonesia, the Dominican Republic and the US

The Group operates a number of defined contribution plans throughout the world. In a few countries, the Group also operates defined benefit plans, which are effective in primarily Belgium, Germany, France, Indonesia, the Dominican Republic and the US. The defined benefit plans for Belgium total six different step-rate plans covering both blue and white collar employees and one offset defined benefit plan

for Managers. Furthermore, a number of defined contribution plans with minimum guarantee (imposed by law) exists. These plans are insured but the guarantee given by the insurance company does not cover the full guarantee required under the pension law, why these are considered and treated as defined benefit plans. The defined benefit plans for Germany cover employees who entered service before august 1991 and have since then been closed for new employees. Further, a defined benefit plan exist for former agio employees in Germany, where all employees of the company on 1 april 2003 qualify for benefits. The defined benefit plan in France is mandatory for all employees and has no minimum requirements for years of service with the company. The defined benefit plans for Indonesia cover all employees in the form of severance and gratuity in accordance with labour regulation (Labour Law 11/2020). The defined benefit plans for the Dominican Republic are enacted by law and cover all employees with at least three months of service. The defined benefit plans in the US are non-qualified plans that cover a small group of inactive employee benefits which are paid out of corporate assets.

### § Accounting policies

Under a defined benefit plan, the amount of retirement benefit that will be received by an employee is defined with respect to period of service and final salary. The amount recognised in the balance sheet is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the scheme assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows.

The service cost of providing retirement benefits to employees during the year is charged to operating profit. The costs for the year for defined benefit plans are determined using the projected unit credit method.

Past service costs are recognised immediately in the income statement.

All actuarial gains and losses are recognised immediately in full in the statement of other comprehensive income for the period in which they arise.

Pension assets are only recognised to the extent that the Group is able to derive future economic benefits such as refunds from the plan or reductions of future contributions. The Group's most significant defined benefit pension plans are financed by payments from Group companies and by employees to funds which are independent of the Group.

Contributions for defined contribution plans are reported as expenses in the income statement when they occur.

### Post-employment employee benefits

The Group has defined benefit pension plans in a number of subsidiaries, through which the employees are entitled to post-employment benefits based on their pensionable income and the number of years of service.

Provisions for post-employment defined benefit plans are reported based on actuarial valuations. The Group recognises the full amount of actuarial gains and losses in other comprehensive income, i.e. the net pension liability in the balance sheet includes all cumulative actuarial gains and losses.

The Group does not plan for any new defined benefit plans.

### 📊 Key accounting estimates

#### Actuarial assumptions

The discount rate is set per country with reference to high quality corporate bond yields of appropriate duration or government bond yields for countries where a deep market of high quality corporate bonds is not available.

## 3.9 ASSETS CLASSIFIED AS HELD FOR SALE

In 2025 Management decided to sell the land and buildings in Sutliff, the US as the close-down of production at this site was completed as part of integrating Mac Baren Tobacco Company, acquired in 2024.

The sale is expected to be completed before the end of 2026. Land and buildings classified as held for sale during the reporting period were measured at their carrying amount at the time of reclassification.

Non-current assets held for sale

| DKK million        | 2025        | 2024     |
|--------------------|-------------|----------|
| Land and buildings | 35.3        | -        |
| <b>Total</b>       | <b>35.3</b> | <b>-</b> |



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## 4.1

# BORROWINGS

| DKK million   | 2025           | 2024           |
|---|----------------|----------------|
| <b>Borrowings are recognised in the balance sheet as follows:</b> |                |                |
| Non-current liabilities   | 3,726.6        | 3,710.6        |
| Current liabilities   | 1,150.0        | 1,247.8        |
| <b>Total</b>  | <b>4,876.6</b> | <b>4,958.4</b> |

The Group has the following external borrowings at 31 December:

| Currency     | Fixed/<br>floating | Term/revolving<br>credit facility/<br>annuity | Maturity<br>date | Carrying amount |                |
|--------------|--------------------|---|------------------|-----------------|----------------|
|              |                    |   |                  | 2025            | 2024           |
| USD          | Floating           | RCF   | 22/10/2030       | 763.1           | 785.7          |
| DKK          | Floating           | RCF   | 22/10/2030       | 730.0           | 685.0          |
| DKK          | Floating           | STL   | 16/02/2026       | 350.0           | 400.0          |
| DKK          | Floating           | Term  | 30/10/2026       | 600.0           | -              |
| DKK          | Floating           | Term  | 06/11/2026       | 200.0           | -              |
| EUR          | Floating           | Term  | 20/01/2027       | 1.2             | 3.4            |
| EUR          | Fixed              | Bond  | 24/09/2025       | -               | 847.8          |
| EUR          | Fixed              | Bond  | 12/09/2029       | 2,232.3         | 2,227.3        |
| USD          | Fixed              | Annuity                                       | 04/12/2034       | -               | 9.2            |
| <b>Total</b> |                    |   |                  | <b>4,876.6</b>  | <b>4,958.4</b> |

### § Accounting policies

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost using the effective interest method.

Any difference between the proceeds initially received and the nominal value is recognised in financial costs over the term of the loan.

## 4.2

# FINANCIAL RISKS AND INSTRUMENTS

| Maturity at 31 december 2025        | 0-1 Year       | 2-5 Years      | After 5 years | Total*         | Fair value level 1 | Fair value level 2** | Carrying amount |
|-------------------------------------|----------------|----------------|---------------|----------------|--------------------|----------------------|-----------------|
| <b>Liquidity</b>                    |                |                |               |                |                    |                      |                 |
| <b>Recognised at amortised cost</b> |                |                |               |                |                    |                      |                 |
| Financial institutions              | 1,234.5        | 1,700.6        | -             | 2,935.1        | -                  | 2,644.3              | 2,644.3         |
| Bonds                               | 109.2          | 2,535.7        | -             | 2,644.9        | 2,320.5            | -                    | 2,232.3         |
| Credit facilities                   | 204.0          | -              | -             | 204.0          | -                  | -                    | 204.0           |
| Trade payables                      | 422.0          | -              | -             | 422.0          | -                  | -                    | 422.0           |
| Lease liabilities                   | 64.5           | 177.5          | 150.0         | 392.0          | -                  | -                    | 384.1           |
| Other liabilities                   | 847.1          | 37.3           | -             | 884.4          | -                  | -                    | 881.9           |
| <b>Total</b>                        | <b>2,881.3</b> | <b>4,451.1</b> | <b>150.0</b>  | <b>7,482.4</b> | <b>2,320.5</b>     | <b>2,644.3</b>       | <b>6,768.6</b>  |
| <b>Recognised at fair value</b>     |                |                |               |                |                    |                      |                 |
| Currency swaps                      | 0.7            | -              | -             | 0.7            | -                  | 0.7                  | 0.7             |
| <b>Total</b>                        | <b>0.7</b>     | <b>-</b>       | <b>-</b>      | <b>0.7</b>     | <b>-</b>           | <b>0.7</b>           | <b>0.7</b>      |
| <b>Total financial liabilities</b>  |                |                |               |                |                    |                      |                 |
|                                     | <b>2,882.0</b> | <b>4,451.1</b> | <b>150.0</b>  | <b>7,483.1</b> | <b>2,320.5</b>     | <b>2,645.0</b>       | <b>6,769.3</b>  |
| <b>Recognised at amortised cost</b> |                |                |               |                |                    |                      |                 |
| Cash and cash equivalents           | 197.7          | -              | -             | 197.7          | -                  | -                    | 197.7           |
| Trade receivables                   | 1,429.6        | -              | -             | 1,429.6        | -                  | -                    | 1,429.6         |
| Other receivables                   | 166.5          | -              | -             | 166.5          | -                  | -                    | 166.5           |
| <b>Total</b>                        | <b>1,793.8</b> | <b>-</b>       | <b>-</b>      | <b>1,793.8</b> | <b>-</b>           | <b>-</b>             | <b>1,793.8</b>  |
| <b>Recognised at fair value</b>     |                |                |               |                |                    |                      |                 |
| Currency swaps                      | 0.8            | -              | -             | 0.8            | -                  | 0.8                  | 0.8             |
| <b>Total</b>                        | <b>0.8</b>     | <b>-</b>       | <b>-</b>      | <b>0.8</b>     | <b>-</b>           | <b>0.8</b>           | <b>0.8</b>      |
| <b>Total financial assets</b>       |                |                |               |                |                    |                      |                 |
|                                     | <b>1,794.6</b> | <b>-</b>       | <b>-</b>      | <b>1,794.6</b> | <b>-</b>           | <b>0.8</b>           | <b>1,794.6</b>  |

\* All cash flows are non-discounted and include all liabilities according to contracts. The DKK values of future interest and principal of loans in foreign currencies are calculated based on the rates at the balance sheet date.

\*\* The fair value of the financial liabilities is the present value of the expected future instalments and interest payments except for trade payables, other liabilities, trade receivables and other receivables which are stated at the net carrying amount at year-end.



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## 4.2 (continued)

# FINANCIAL RISKS AND INSTRUMENTS

| Maturity at 31 december 2024        | 0-1 Year       | 2-5 Years      | After 5 years | Total*         | Fair value level 1 | Fair value level 2** | Carrying amount |
|-------------------------------------|----------------|----------------|---------------|----------------|--------------------|----------------------|-----------------|
| <b>Liquidity</b>                    |                |                |               |                |                    |                      |                 |
| <b>Recognised at amortised cost</b> |                |                |               |                |                    |                      |                 |
| Financial institutions              | 478.7          | 1,571.4        | -             | 2,050.1        | -                  | 1,883.4              | 1,883.4         |
| Bonds                               | 964.0          | 2,641.7        | -             | 3,605.7        | 3,119.3            | -                    | 3,075.0         |
| Trade payables                      | 383.6          | -              | -             | 383.6          | -                  | -                    | 383.6           |
| Lease liabilities                   | 66.7           | 136.1          | 217.7         | 420.5          | -                  | -                    | 410.7           |
| Other liabilities                   | 996.8          | 37.3           | -             | 1,034.1        | -                  | -                    | 1,029.3         |
| <b>Total</b>                        | <b>2,889.8</b> | <b>4,386.5</b> | <b>217.7</b>  | <b>7,494.0</b> | <b>3,119.3</b>     | <b>1,883.4</b>       | <b>6,782.0</b>  |
| <b>Recognised at fair value</b>     |                |                |               |                |                    |                      |                 |
| Currency swaps                      | 0.6            | -              | -             | 0.6            | -                  | 0.6                  | 0.6             |
| <b>Total</b>                        | <b>0.6</b>     | <b>-</b>       | <b>-</b>      | <b>0.6</b>     | <b>-</b>           | <b>0.6</b>           | <b>0.6</b>      |
| <b>Total financial liabilities</b>  |                |                |               |                |                    |                      |                 |
|                                     | <b>2,890.4</b> | <b>4,386.5</b> | <b>217.7</b>  | <b>7,494.6</b> | <b>3,119.3</b>     | <b>1,884.0</b>       | <b>6,782.6</b>  |
| <b>Recognised at amortised cost</b> |                |                |               |                |                    |                      |                 |
| Cash and cash equivalents           | 160.1          | -              | -             | 160.1          | -                  | -                    | 160.1           |
| Trade receivables                   | 1,213.7        | -              | -             | 1,213.7        | -                  | -                    | 1,213.7         |
| Other receivables                   | 206.7          | -              | -             | 206.7          | -                  | -                    | 206.7           |
| <b>Total</b>                        | <b>1,580.5</b> | <b>-</b>       | <b>-</b>      | <b>1,580.5</b> | <b>-</b>           | <b>-</b>             | <b>1,580.5</b>  |
| <b>Recognised at fair value</b>     |                |                |               |                |                    |                      |                 |
| Currency swaps                      | 0.3            | -              | -             | 0.3            | -                  | 0.3                  | 0.3             |
| <b>Total</b>                        | <b>0.3</b>     | <b>-</b>       | <b>-</b>      | <b>0.3</b>     | <b>-</b>           | <b>0.3</b>           | <b>0.3</b>      |
| <b>Total financial assets</b>       |                |                |               |                |                    |                      |                 |
|                                     | <b>1,580.8</b> | <b>-</b>       | <b>-</b>      | <b>1,580.8</b> | <b>-</b>           | <b>0.3</b>           | <b>1,580.8</b>  |

\* All cash flows are non-discounted and include all liabilities according to contracts. The DKK values of future interest and principal of loans in foreign currencies are calculated based on the rates at the balance sheet date.

\*\* The fair value of the financial liabilities is the present value of the expected future instalments and interest payments except for trade payables, other liabilities, trade receivables and other receivables which are stated at the net carrying amount at year-end.

## Financial risks

### Financial risk management policy and strategy

The Group has centralised the management of financial risks. The overall objectives and policies for the Group's financial risk management are outlined in the Treasury Policy approved by the Board of Directors.

The Group do not engage in financial transactions or manage risk exposures that are not related to the underlying business driven risks, and consequently, the Group does not enter into any speculative transactions.

The Group's financial risks is managed with the aim of protecting the value and financial stability of the Group, taking into consideration the cost and accounting consequences of such transactions.

The main financial risks that the Group is exposed to include foreign exchange risk, credit risk, interest rate risk and liquidity risk.

### Foreign exchange risk

Fluctuating currency rates influence the Group's reported income statement, balance sheet and value of future cash flows denominated in foreign currencies.

The Group closely monitors the foreign exchange risk mainly related to USD, NOK, GBP, CAD and AUD. The Group considers both DKK and EUR as base currencies due to the fixed currency band between DKK and EUR.

## Key currencies

Movement of exchange rates against DKK

| Exchange rate DKK | 2025   | 2024   |
|-------------------|--------|--------|
| <b>USD</b>        |        |        |
| Average           | 661.81 | 689.45 |
| Year-end          | 635.93 | 714.29 |
| Average change    | -4.0%  | 0.1%   |
| <b>NOK</b>        |        |        |
| Average           | 63.70  | 64.18  |
| Year-end          | 63.06  | 62.98  |
| Average change    | -0.8%  | -1.7%  |
| <b>GBP</b>        |        |        |
| Average           | 871.65 | 881.25 |
| Year-end          | 856.91 | 899.34 |
| Average change    | -1.1%  | 2.9%   |
| <b>CAD</b>        |        |        |
| Average           | 473.37 | 503.41 |
| Year-end          | 463.35 | 496.18 |
| Average change    | -6.0%  | -1.4%  |
| <b>AUD</b>        |        |        |
| Average           | 426.45 | 454.94 |
| Year-end          | 424.38 | 445.21 |
| Average change    | -6.3%  | -0.6%  |



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## 4.2 (continued)

# FINANCIAL RISKS AND INSTRUMENTS

Foreign exchange exposure in the Group consists of two types of risk (a) translation risk and (b) transaction risk.

### Translation risk

Translation risk arises from the translation of subsidiaries' income statement and net assets into DKK. The single most significant currency is USD.

The Group does not hedge with financial contracts against translation effects, although borrowings in currencies other than DKK are used to partly mitigate translation risk.

### Sensitivity Analysis on Exchange

#### 2025

| DKK million | Change in exchange rate | Net sales | EBITDA |
|-------------|-------------------------|-----------|--------|
| USD         | 5%                      | 224.9     | 45.7   |
| NOK         | 5%                      | 8.8       | 8.7    |
| GBP         | 5%                      | 14.4      | 11.0   |
| CAD         | 5%                      | 9.5       | 5.7    |
| AUD         | 5%                      | 5.4       | 5.3    |

#### 2024

| DKK million | Change in exchange rate | Net sales | EBITDA |
|-------------|-------------------------|-----------|--------|
| USD         | 5%                      | 231.1     | 55.1   |
| NOK         | 5%                      | 8.6       | 8.6    |
| GBP         | 5%                      | 14.2      | 11.5   |
| CAD         | 5%                      | 11.1      | 7.2    |
| AUD         | 5%                      | 7.8       | 7.7    |

### Transaction risk

Transaction risk arises from cash flows in currencies other than the functional currencies of the Group's subsidiaries. Transaction risk is not hedged with financial contracts as the impact from transaction risk is considered to be within the Group's risk appetite. The sensitivity analysis below shows the gain/loss on net profit for the year and other comprehensive income of a 5% percent increase in the specified currencies towards DKK.

#### 31 December 2025

| DKK million | Change in exchange rate | Net profit | Other comprehensive income |
|-------------|-------------------------|------------|----------------------------|
| USD         | 5%                      | -4.9       | -                          |
| CAD         | 5%                      | -0.1       | -                          |
| AUD         | 5%                      | -2.3       | -                          |
| GBP         | 5%                      | -2.1       | -                          |
| NOK         | 5%                      | -1.1       | -                          |

#### 31 December 2024

| DKK million | Change in exchange rate | Net profit | Other comprehensive income |
|-------------|-------------------------|------------|----------------------------|
| USD         | 5%                      | -1.7       | -                          |
| CAD         | 5%                      | -0.1       | -                          |
| AUD         | 5%                      | -2.4       | -                          |
| GBP         | 5%                      | -0.2       | -                          |
| NOK         | 5%                      | 0.2        | -                          |

The sensitivity analysis does not include financial assets and liabilities in the functional currency of the Group's subsidiaries or translation risk from consolidation of income statement.

### Interest rate risk

The Group's interest-bearing assets / liabilities consist of cash & cash equivalents, bank loans, revolving credit facility (RCF) at floating rate and EUR bond issued at fixed rate.

As of 31 december 2025, the Group has 46% of the total debt with fixed interest rate.

An increase in relevant interest rates of 1%-point would have decreased net profit by DKK 17.4 million (DKK 17.7 million). The estimate was based on the group's average floating rate loans and borrowings, i.e. disregarding cash and cash equivalents. The analysis assumes that all other variables remain constant.

### Credit risk

The Group's credit risk is primarily related to receivables, bank deposits and derivative financial instruments and can be divided into two main risk types.

### Operational credit risk

The Group's balance sheet at 31 december 2025 included trade receivables with a net book value of DKK 1,429.6 million (DKK 1,213.7 million), representing a gross receivable balance of DKK 1,453.2 million (DKK 1,232.3 million) and a provision for expected credit losses of DKK 23.6 million (DKK 18.6 million), based on the expected credit loss model (ECL). The ECLs on trade receivables are estimated by using a matrix based on aging of customers, and includes both historical as well as forward-looking information. The

estimation takes into account geography, past default experience, analysis of the debtor's current financial position, factors that are specific to the debtors, general economic conditions in which the debtors operate and an assessment of the forecast direction of developments at the reporting date.

The Group's net sales primarily comprise sales of tobacco to different distributors, retailers and direct to consumers. The Group has historically experienced limited risk with regard to the solvency of its customers. As part of the Group's internal procedures regarding risk management, the operational credit risk relating to customers is monitored on a monthly basis. The Group has no significant concentration of credit exposure as the exposure has been spread on a large number of creditworthy trading partners.

### Financial credit risk

Financial credit risk management has the objective of minimising financial loss through a financial distress or the default of a financial counterparty whether due to the financial insolvency of the counterparty, the inability of the counterparty to perform due to changed national legislation or any other circumstance.

The Group's exposure to counterparty risk is managed by establishing approved counterparty limits detailing the maximum exposure that the group is prepared to accept with respect to the individual counterparty.

### Liquidity risk

The Group ensures the availability of the required liquidity through a combination of cash management and uncommitted as well as committed credit facilities. To centralise and optimise liquidity, the Group utilises cash pooling, currency swaps, intercompany lending and borrowing.



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## 4.2 (continued)

# FINANCIAL RISKS AND INSTRUMENTS

The Group ensures diversification of debt portfolio, maturity dates and lenders to reduce refinancing risk. The Group has a committed revolving credit facility of EUR 500.0 million (EUR 450.0 million) maturing in 2030 equally split between providers. The undrawn amount of the credit facility at 31 December 2025 was EUR 300.1 million (EUR 252.9 million).

In addition, the Group has issued a rated bond of EUR 300 million maturing in 2029.

Financial instruments measured at fair value are broken down according to the following measuring hierarchy:

**Level 1:** Observable market prices of identical instruments.

**Level 2:** Valuation models primarily based on observable prices or traded prices of comparable instruments.

**Level 3:** Valuation models primarily based on non-observable prices.

The fair value of the Group's financial instruments (currency swaps) are considered a level 2 fair value measurement as the fair value is determined directly based on the published exchange rates, quoted swap and forward rates on the balance sheet date. There are no financial instruments in level 3 (none).

### Other transactions

The Group uses financial transactions which do not qualify as hedge accounting according to the IFRS.

The Group uses currency swaps to manage and centralise liquidity. These swaps are in USD, NOK, CAD, SEK, GBP to DKK and are actively managed. As of 31 December, the fair value of outstanding currency swaps was as stated below.

#### 2025

| DKK million (fair value) | Nominal | Fair value |
|--------------------------|---------|------------|
| Currency swaps, USD      | -34.5   | 0.7        |
| Currency swaps, NOK      | 19.8    | 0.0        |
| Currency swaps, CAD      | 3.0     | 0.1        |
| Currency swaps, SEK      | 34.0    | -0.1       |
| Currency swaps, GBP      | -6.8    | -0.5       |
| <b>Total</b>             |         | <b>0.1</b> |

#### 2024

| DKK million (fair value) | Nominal | Fair value  |
|--------------------------|---------|-------------|
| Currency swaps, USD      | 17.1    | -0.2        |
| Currency swaps, NOK      | 22.5    | 0.1         |
| Currency swaps, CAD      | 15.9    | -0.2        |
| Currency swaps, SEK      | 38.0    | -0.2        |
| Currency swaps, GBP      | 4.2     | 0.0         |
| <b>Total</b>             |         | <b>-0.5</b> |



### Accounting policies

#### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as other receivables/financial fixed assets and other liabilities, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualifies as hedge accounting, see below.

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**4.3****FINANCIAL FIXED ASSETS****2025**

DKK million

|   | <b>Investments in associated companies</b> |
|---|--|
| Cost at 1 January                                     | 92.6                                       |
| Accumulated cost at 31 December                       | 92.6                                       |
| Accumulated revaluation and impairment at 1 January   | 169.3                                      |
| Dividends   | -12.6                                      |
| Currency translation                                  | -28.9                                      |
| Profit after tax                                      | 23.2                                       |
| Accumulated revaluation and impairment at 31 December | 151.0                                      |
| <b>Carrying amount at 31 December</b>                 | <b>243.6</b>                               |

**2024**

DKK million

|   | <b>Investments in associated companies</b> |
|---|--|
| Cost at 1 January                                     | 93.9                                       |
| Disposal  | -1.3                                       |
| Accumulated cost at 31 December                       | 92.6                                       |
| Accumulated revaluation and impairment at 1 January   | 140.1                                      |
| Disposal  | 2.5  |
| Dividends   | -12.9                                      |
| Currency translation                                  | 14.2                                       |
| Profit after tax                                      | 25.4                                       |
| Accumulated revaluation and impairment at 31 December | 169.3                                      |
| <b>Carrying amount at 31 December</b>                 | <b>261.9</b>                               |

In 2024 STG A/S acquired the remaining 50% of !Act A/S and by the end of 2024 the company was a wholly owned subsidiary.

**Dividend**  
DKK million

**12.6****Name and country of incorporation**

DKK million

**Profit or loss**

|                                   | <b>Caribbean Cigar Holdings Group Co. S.A, Panama*</b> |              |
|-----------------------------------|--|--------------|
|                                   | <b>2025</b>  | <b>2024</b>  |
| Revenue                           | 632.3  | 688.4        |
| Profit for the year               | 120.4  | 134.3        |
| <b>Total comprehensive income</b> | <b>120.4</b>   | <b>134.3</b> |

**Financial position**

|                         |            |            |
|-------------------------|------------|------------|
| Non-current assets      | 98.5       | 98.3       |
| Current assets          | 963.1      | 1,029.9    |
| Non-current liabilities | 2.6        | 2.7        |
| Current liabilities     | 78.7       | 87.9       |
| <b>% Interest held</b>  | <b>20%</b> | <b>20%</b> |

**Reconciliation carrying amount**

|  |              |              |
|--|--------------|--------------|
| Scandinavian Tobacco Group's share of equity | 196.1        | 207.5        |
| Goodwill                                     | 52.5         | 59.0         |
| Elimination of internal profit               | -5.0         | -4.6         |
| <b>Carrying amount at 31 December</b>        | <b>243.6</b> | <b>261.9</b> |

\* The financial information stated above is based on estimates, with subsequent adjustments in the current year.

**§ Accounting policies**

Investments in associated companies are recognised and measured under the equity method.

The item 'Investments in associated companies' in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of

negative differences (negative goodwill) calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The item 'Share of profit of associated companies, net of tax' in the income statement includes the proportionate share of the profit after tax for the year regarding the associated companies.

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## 4.4

**FINANCIAL INCOME AND COSTS**

| DKK million   | 2025        | 2024         |
|---|-------------|--------------|
| <b>Financial income</b>                             |             |              |
| Interest on deposits in financial institutions etc. | 3.3         | 3.1          |
| Exchange gains                                      | 65.4        | 82.5         |
| Other financial income                              | 2.6         | 44.6         |
| <b>Total</b>  | <b>71.3</b> | <b>130.2</b> |

| DKK million                   | 2025         | 2024         |
|-------------------------------|--------------|--------------|
| <b>Financial costs</b>        |              |              |
| Interest on borrowings        | 218.4        | 191.4        |
| Interest part of pension cost | 8.7          | 9.9          |
| Exchange losses               | 94.5         | 69.8         |
| Lease interest costs          | 6.3          | 9.5          |
| Other financial costs         | 31.0         | 35.9         |
| <b>Total</b>                  | <b>358.9</b> | <b>316.5</b> |

Effective interest expenses on financial liabilities measured at amortised cost amounted to DKK 225.0 million (DKK 200.9 million).

### § Accounting policies

Financial income and costs comprise interests, realised and unrealised exchange adjustments, hedging costs, interest part of pension costs, lease interest costs and other financial income and costs.

## 4.5

**SHARE CAPITAL, TREASURY SHARES, DIVIDEND AND EARNINGS PER SHARE**

Proposed dividend  
DKK million

**360**

| DKK million                         | Development in share capital |
|-------------------------------------|------------------------------|
| <b>2021</b>                         | <b>97.5</b>                  |
| 2022 reduction                      | -4.5                         |
| 2023 reduction                      | -6.0                         |
| 2024 reduction                      | -1.0                         |
| <b>At the beginning of the year</b> | <b>86.0</b>                  |
| 2025 reduction                      | -6.0                         |
| <b>At the end of the year</b>       | <b>80.0</b>                  |

At the Annual General Meeting on 9 April 2025, it was decided to reduce the share capital by DKK 6,000,000. The reduction of the share capital was effectuated

15 May 2025. At 31 December 2025, the share capital consists of 80,000,000 shares of a nominal value of DKK 1. No shares carry any special rights.

**Treasury shares**

|  | Nominal value (DKK million) | Number of shares (in thousands) | Purchase price (DKK million) | % of share capital |
|--|-----------------------------|---------------------------------|------------------------------|--------------------|
| Treasury shares at 1 January 2025          | 7.3                         | 7,266                           | 787.8                        | 8.4                |
| Addition                                   | -                           | -                               | -                            | -                  |
| Settlement of vested PSUs                  | -                           | -13                             | -1.4                         | -0.0               |
| Share capital reduction                    | -6.0                        | -6,000                          | -751.4                       | -7.0               |
| <b>Treasury shares at 31 December 2025</b> | <b>1.3</b>                  | <b>1,253</b>                    | <b>35.0</b>                  | <b>1.6</b>         |

The market value of treasury shares at 31 December 2025 was DKK 119.6 million (DKK 692.4 million). Treasury shares are acquired for the purpose of adjusting the Company's capital structure and to hedge the Group's share-based incentive programmes. According to the authorisation granted by the General Meeting, the Board of Directors may allow the Company to acquire treasury

shares up to a total holding of 10% of the nominal share capital at a price quoted on Nasdaq Copenhagen at the time of acquisition with a deviation of up to 10%. In addition, the Board of Directors is authorised to increase the share capital by up to 10%. The authorisation granted to the Board of Directors is in effect until 9 April 2030.

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## 4.5 (continued)

**SHARE CAPITAL, TREASURY SHARES, DIVIDEND AND EARNINGS PER SHARE**

|  | Dividend<br>DKK million | Per share<br>DKK |
|--|-------------------------|------------------|
| 2021 (proposed dividend in 2020 Annual Report) | 650.0                   | 6.5              |
| 2022 (proposed dividend in 2021 Annual Report) | 731.3                   | 7.5              |
| 2023 (proposed dividend in 2022 Annual Report) | 767.3                   | 8.3              |
| 2024 (proposed dividend in 2023 Annual Report) | 730.8                   | 8.4              |
| 2025 (proposed dividend in 2024 Annual Report) | 731.0                   | 8.5              |

Retained earnings end of 2025 include proposed dividend of DKK 360 million (DKK 4.5 per share).

**Earnings per share:**

Earnings per share are presented as both basic and diluted earnings per share. Basic earnings per share are calculated as net profit divided by the average number of shares outstanding. Diluted earnings per share are calculated as net profit divided by the sum of average

number of shares outstanding, including the dilutive effect of outstanding share bonus programmes. Please refer to note 5.8 'Explanation of financial ratios' for a description of the calculation of basic and diluted earnings per share.

| DKK million   | 2025   | 2024   |
|---|--------|--------|
| Net profit for the year   | 669.4  | 939.7  |
| Average number of shares outstanding (in 1,000 shares)                                    | 82,203 | 86,355 |
| Average number of treasury shares (in 1,000 shares)                                       | -3,462 | -4,293 |
| Average number of shares - basic (in 1,000 shares)  | 78,741 | 82,062 |
| Dilutive effect of outstanding PSUs (in 1,000 shares)                                     | 87     | 100    |
| Average number of shares outstanding, including dilutive effect of PSUs (in 1,000 shares) | 78,828 | 82,162 |
| Basic earnings per share (DKK)  | 8.5    | 11.5   |
| Diluted earnings per share (DKK)  | 8.5    | 11.4   |

## 4.6

**CHANGES IN WORKING CAPITAL (CASH FLOW STATEMENT)**

| DKK million           | 2025          | 2024          |
|-----------------------|---------------|---------------|
| Change in receivables | -253.9        | -148.3        |
| Change in inventories | 70.4          | 135.5         |
| Change in liabilities | -30.4         | -125.6        |
| <b>Total</b>          | <b>-213.9</b> | <b>-138.4</b> |

**Accounting policies**

Working capital is defined as current assets less current liabilities. It measures how much in liquid assets the Group has available for the business.

## 4.7

**NET INTEREST-BEARING DEBT**

| DKK million                       | 2025           | 2024           |
|-----------------------------------|----------------|----------------|
| Interest-bearing liabilities, net | 5,260.5        | 5,369.5        |
| Pensions                          | 194.6          | 213.7          |
| Cash equivalents                  | 6.3            | -160.1         |
| <b>Total</b>                      | <b>5,461.4</b> | <b>5,423.1</b> |

**Financial Policy**

According to the Financial Policy, the Group has a leverage ratio target of 2.5 (measured as net interest-bearing debt divided by EBITDA before special items)

while maintaining flexibility to increase leverage temporarily, for example to pursue acquisitions. At 31 December 2025, the ratio was 3.0 (2.6).



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## 4.8

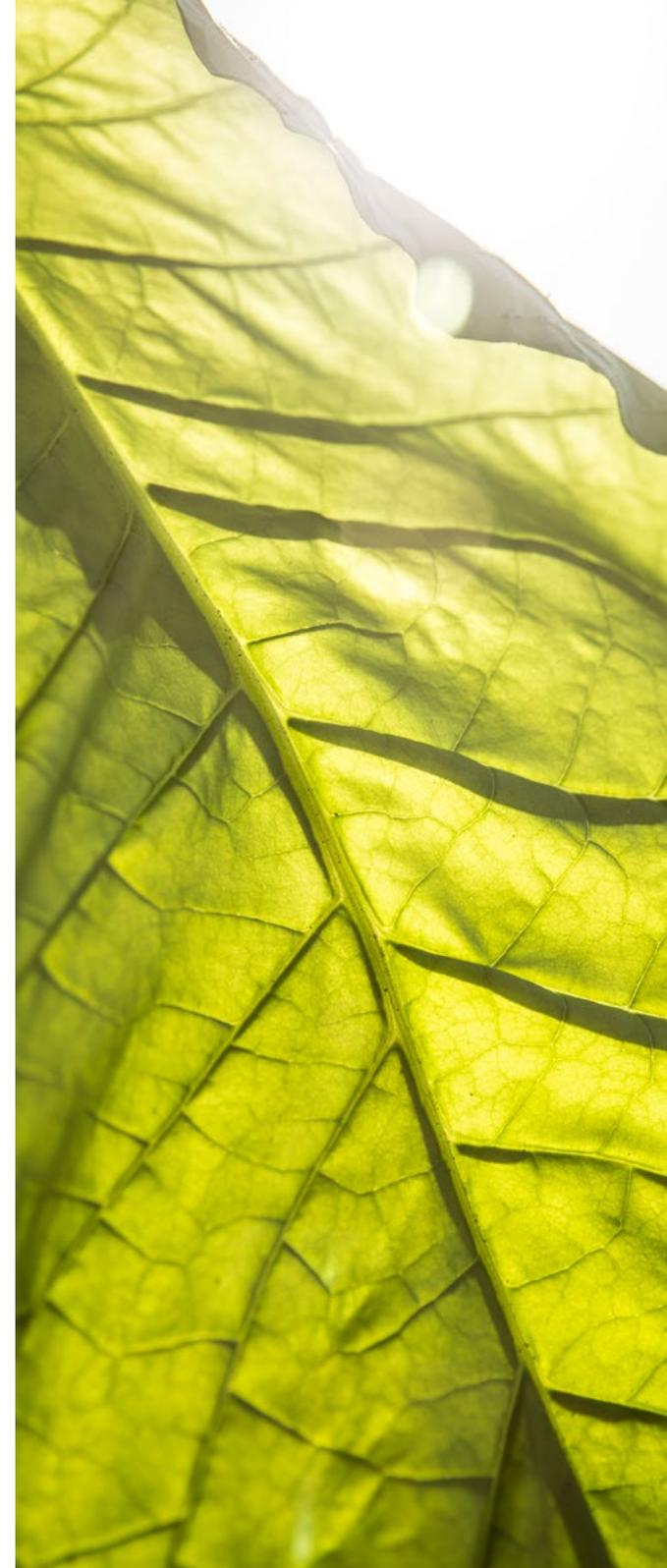
# CHANGES IN FINANCING LIABILITIES

### 2025

| DKK million                        | Beginning of the year | Cash movements |               |              | Non-cash movements |             |                          |            | End of the year |
|------------------------------------|-----------------------|----------------|---------------|--------------|--------------------|-------------|--------------------------|------------|-----------------|
|                                    |                       | Proceeds       | Repay-ments   | Additions    | Disposals          | Aquisitions | Exchange rate adjustment | Other      |                 |
| Lease liabilities                  | 410.7                 | -              | -80.3         | 112.7        | -26.9              | -           | -32.1                    | -          | 384.1           |
| Issued bonds                       | 3,075.1               | -              | -846.9        | -            | -                  | -           | 3.3                      | 0.8        | 2,232.3         |
| RCF                                | 1,470.7               | 110.4          | -             | -            | -                  | -           | -88.0                    | -          | 1,493.1         |
| Bank loans                         | 412.6                 | 750.0          | -10.5         | -            | -                  | -           | -0.9                     | -          | 1,151.2         |
| <b>Total financing liabilities</b> | <b>5,369.1</b>        | <b>860.4</b>   | <b>-937.7</b> | <b>112.7</b> | <b>-26.9</b>       | <b>-</b>    | <b>-117.7</b>            | <b>0.8</b> | <b>5,260.7</b>  |

### 2024

| DKK million                        | Beginning of the year | Cash movements |                 |              | Non-cash movements |             |                          |              | End of the year |
|------------------------------------|-----------------------|----------------|-----------------|--------------|--------------------|-------------|--------------------------|--------------|-----------------|
|                                    |                       | Proceeds       | Repay-ments     | Additions    | Disposals          | Aquisitions | Exchange rate adjustment | Other        |                 |
| Lease liabilities                  | 304.9                 | -              | -94.3           | 142.6        | 11.3               | 29.9        | 16.3                     | -            | 410.7           |
| Issued bonds                       | 2,227.7               | 2,233.0        | -1,355.0        | -            | -                  | -           | 0.8                      | -31.4        | 3,075.1         |
| RCF                                | 1,421.9               | 5.0            | -               | -            | -                  | -           | 43.8                     | -            | 1,470.7         |
| Bank loans                         | 7.1                   | 400.0          | -4.1            | -            | -                  | 9.3         | 0.3                      | -            | 412.6           |
| <b>Total financing liabilities</b> | <b>3,961.6</b>        | <b>2,638.0</b> | <b>-1,453.4</b> | <b>142.6</b> | <b>11.3</b>        | <b>39.2</b> | <b>61.2</b>              | <b>-31.4</b> | <b>5,369.1</b>  |





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## 5.1

# BUSINESS COMBINATIONS

### 2025

There has been no business combinations during 2025. Though, the Group has during 2025 received a closing balance adjustment of DKK 35.8m in cash, related to the Mac Baren acquisition. This was in the 2024 Annual Report presented as “receivable closing balance adjustment”.

### 2024

#### Mac Baren Tobacco company A/S

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.

#### 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 full-time employees.

|  |              |
|--|--------------|
| DKK million                                    | <b>2024</b>  |
| Trademarks                                     | 81.6         |
| Other intangible assets                        | 19.8         |
| Property, plant and equipment                  | 92.1         |
| Right-of-use assets                            | 29.9         |
| Deferred income tax assets                     | 43.6         |
| Inventories                                    | 249.5        |
| Trade receivables                              | 161.3        |
| Other receivables                              | 1.9          |
| Corporate tax                                  | 1.0          |
| Prepayments                                    | 3.1          |
| <b>Total assets</b>                            | <b>683.8</b> |
| Deferred income tax liabilities                | 25.0         |
| Trade payables                                 | 83.8         |
| Corporate tax                                  | 8.3          |
| Lease liabilities                              | 29.9         |
| Other liabilities                              | 82.9         |
| <b>Total liabilities</b>                       | <b>229.9</b> |
| <b>Acquired net assets</b>                     | <b>453.9</b> |
| <b>Acquisition (cash flow)</b>                 | <b>453.9</b> |
| Cash and cash equivalents in acquired business | 37.1         |
| <b>Consideration transferred</b>               | <b>491.0</b> |

### Impact on consolidated income statement

The Financial Statements include net sales of DKK 333 million and net profit of DKK 15 million from the acquisition for the period 1 July to 31 December 2024.

On a proforma basis, if the acquisition had been effective from 1 January 2024 the business of Mac Baren would in 2024 have contributed with DKK 670 million to net sales and DKK 24 million on net profit.

### Transaction costs

Total transaction costs related to the acquisition amount to DKK 7.0 million recognised in “Special Items” during 2024.

### !Act A/S

With effect from 18 December 2024, the Group acquired the remaining 50% of !Act A/S, and by the end of 2024 the company is included in the Consolidated Financial Statements as a wholly owned subsidiary.

Net sales of !Act A/S constitute less than 1% of the Group’s net sales and total assets of !Act constitute less than 1% of the Group’s total assets.

Given the financial insignificance of the acquisition, no information according to IFRS 3, Business Combinations has been disclosed.

### Key accounting estimates

The most significant assets acquired generally comprise goodwill, trademarks, tradenames, know-how, customer relations and inventories. As no active market exists for the majority of acquired assets, the fair value is based on Management’s projections and estimates. The methods applied are based on the present value of future cash flows related to the specific asset. Estimates of fair value are associated with uncertainty and may be adjusted subsequently.

### Accounting policies

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value.

Acquisition-related costs are expensed as incurred and, if material, included in “Special items” in the Income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. If uncertainties exist at the acquisition date regarding identification or measurement of identifiable assets, liabilities and contingent liabilities or regarding the consideration transferred, initial recognition will take place on the basis of provisionally determined fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up until 12 months after the acquisition date. Thereafter no adjustments are made to goodwill, and changes in estimates of contingent consideration relating to business combinations are recognised under “Other income and costs”.

Goodwill is initially measured at cost. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all assets acquired and all liabilities assumed, and the Group reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination.



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## 5.2

# CASH FLOW ADJUSTMENTS

For the purpose of presenting the cash flow statement, non-cash items with effect on the income statement must be reversed to identify the actual cash flow effect from the income statement. The adjustments are specified as follows:

| DKK million   | 2025         | 2024         |
|---|--------------|--------------|
| Financial items, net  | 287.6        | 186.3        |
| Share of profit of associated companies, net of tax           | -23.2        | -25.4        |
| Income taxes  | 208.4        | 279.6        |
| (Gains)/losses from sale of fixed assets                      | -2.8         | -1.7         |
| Special items, paid   | 242.2        | 211.0        |
| Other provisions movement                                     | -28.4        | 27.6         |
| Bad debt allowance and provision for obsolete stock movements | -8.4         | 4.3          |
| Other adjustments   | 12.2         | 13.1         |
| <b>Total</b>  | <b>687.6</b> | <b>694.8</b> |

## 5.3

# CONTINGENT LIABILITIES

### Guarantee obligations

The Group has (via 3rd parties) issued guarantees totalling DKK 1,028.2 million (DKK 1,059.8 million), which are primarily issued towards local tax authorities in relation to excise and tax stamps.

### Lawsuits etc.

From time to time, the Group faces legal claims and disputes as part of the ordinary course of business, mainly related to employees and trademarks. Management continuously assesses the risks associated with the legal claims and disputes and their likely outcome. It is the opinion of Management that, apart from items recognised in the financial statements, the outcome of any of these legal claims and disputes is highly uncertain and/or cannot be reliably estimated in terms of amount or timing.

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 Belgian legal practice and therefore no provision has been recognised.

The Group does not expect any of the pending claims or disputes to have a material impact on the Consolidated Financial Statements.

### Disclosure regarding change of control

The Group's loan facilities at financial institutions and issued bonds are subject to change of control clauses.

The Group's investments in associated companies are subject to change of control clauses.

## 5.4

# RELATED-PARTY TRANSACTIONS

The Group has had the following transactions with related parties, income/expense (+/-):

| DKK million   | 2025   | 2024   |
|---|--------|--------|
| <b>Caribbean Cigar Holdings Group Co. S.A.</b>          |        |        |
| Purchase of products by Scandinavian Tobacco Group      | -125.4 | -123.1 |
| <b>!Act A/S</b>   |        |        |
| Purchase of products by Scandinavian Tobacco Group      | -      | -1.3   |
| Sale of services provided by Scandinavian Tobacco Group | -      | 1.9    |

The Group has the following balances with related parties, receivables/payables (+/-):

| DKK million   | 2025 | 2024 |
|---|------|------|
| <b>Caribbean Cigar Holdings Group Co. S.A.</b>                  |      |      |
| Payables for products to Scandinavian Tobacco Group             | -5.4 | -5.4 |
| <b>!Act A/S</b>   |      |      |
| Receivables for services provided by Scandinavian Tobacco Group | -    | -    |

During 2025 Scandinavian Tobacco Group A/S has purchased nil (1,923,388) own shares from Chr. Augustinus Fabrikker A/S at a market value of DKK nil (DKK 205.3 million).

Related parties comprise companies controlled by the Augustinus Foundation, key management and the associated companies Caribbean Cigar Holdings Group Co. S.A and !Act A/S.

As per 18 December 2024 the Group acquired the remaining 50% of !Act A/S, and by the end of 2024 the company is included in the Consolidated Financial Statements as a wholly owned subsidiary. Disclosed transactions with !Act A/S for 2024 therefore cover the period 1 January - 18 December 2024.

Key management is Scandinavian Tobacco Group A/S' Board of Directors and Executive Board as well as management in the controlling companies.

For information on remuneration to the Management of Scandinavian Tobacco Group A/S, please refer to [note 2.2](#) and [note 2.3](#). For an overview of Group companies, please refer to [note 5.7](#). There have not been and there are no loans to key management personnel in 2025 or 2024.

Dividends to shareholders have not been included in the above overview. For further information around dividends received from associated companies, please refer to [note 4.3](#).

### Ownership and consolidated financial statements

For information concerning major shareholders, please refer to Shareholder information in the Management Report. No major shareholders have controlling influence on the Group.



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### 5.5

## EVENTS AFTER THE REPORTING PERIOD

The Group has not experienced any significant events after 31 December 2025 which have an impact on the Annual Report.

### 5.6

## FEE TO STATUTORY AUDITOR

| DKK million           | 2025        | 2024        |
|-----------------------|-------------|-------------|
| Statutory audit       | 6.8         | 6.9         |
| Assurance engagements | 2.2         | 2.2         |
| Tax advisory          | -           | 0.1         |
| Other services        | 1.4         | 2.9         |
| <b>Total</b>          | <b>10.4</b> | <b>12.1</b> |

Fees for services other than the statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group amounted to DKK 3.6 million. This includes other assurance opinions including limited assurance on the sustainability statement.





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## 5.7

### ENTITIES IN SCANDINAVIAN TOBACCO GROUP

| Company   | Country         | Owner-ship | Activity    |                      |                 |         |
|---|-----------------|------------|-------------|----------------------|-----------------|---------|
|   |                 |            | Produc-tion | Sales and market-ing | Adminis-tration | Finance |
| <b>Parent company</b>                                 |                 |            |             |                      |                 |         |
| Scandinavian Tobacco Group A/S                        | Denmark         | -          | 🍃           | 🍃                    | 🍃               | 🍃       |
| <b>Subsidiaries by region</b>                         |                 |            |             |                      |                 |         |
| <b>Europe</b>   |                 |            |             |                      |                 |         |
| Scandinavian Tobacco Group Belux N.V.                 | Belgium         | 100%       |             | 🍃                    |                 |         |
| Scandinavian Tobacco Group Belgium Manufacturing N.V. | Belgium         | 100%       | 🍃           |                      |                 |         |
| Scandinavian Tobacco Group Belgium Services N.V.      | Belgium         | 100%       |             |                      | 🍃               |         |
| Insurgent Ventures II A/S                             | Denmark         | 100%       |             | 🍃                    |                 |         |
| !Act A/S  | Denmark         | 100%       |             | 🍃                    |                 |         |
| Mac Baren Tobacco Company A/S                         | Denmark         | 100%       | 🍃           | 🍃                    | 🍃               |         |
| Peter Stokkebye Tobaksfabrik A/S                      | Denmark         | 100%       |             | 🍃                    |                 |         |
| Scandinavian Tobacco Group France S.A.S               | France          | 100%       |             | 🍃                    |                 |         |
| Mac Baren Germany GmbH                                | Germany         | 100%       |             | 🍃                    |                 |         |
| Scandinavian Tobacco Group Deutschland GmbH           | Germany         | 100%       |             | 🍃                    |                 |         |
| Scandinavian Tobacco Group Italy S.R.L.               | Italy           | 100%       |             | 🍃                    |                 |         |
| Moderno Opificio del Sigaro Italiano S.r.l. **        | Italy           | 85%        | 🍃           | 🍃                    | 🍃               |         |
| Scandinavian Tobacco Group Norway AS                  | Norway          | 100%       |             | 🍃                    |                 |         |
| STG Portugal S.A.                                     | Portugal        | 100%       |             | 🍃                    |                 |         |
| STG Business Services S.A.                            | Portugal        | 100%       |             |                      | 🍃               |         |
| Scandinavian Tobacco Group Spain S.A.U.               | Spain           | 100%       |             | 🍃                    |                 |         |
| Mac Baren Ministry Of Snus AB                         | Sweden          | 100%       |             | 🍃                    |                 |         |
| STG Sweden AB   | Sweden          | 100%       |             | 🍃                    |                 |         |
| Agio Beheer B.V.                                      | The Netherlands | 100%       |             |                      | 🍃               |         |
| Agio Sigarenfabrieken N.V.                            | The Netherlands | 100%       |             | 🍃                    | 🍃               |         |

| Company   | Country                | Owner-ship | Activity    |                      |                 |         |
|---|------------------------|------------|-------------|----------------------|-----------------|---------|
|   |                        |            | Produc-tion | Sales and market-ing | Adminis-tration | Finance |
| P.G.C. Hajenius B.V.                              | The Netherlands        | 100%       |             | 🍃                    |                 |         |
| Scandinavian Tobacco Group Eersel B.V.            | The Netherlands        | 100%       |             | 🍃                    | 🍃               |         |
| Scandinavian Tobacco Group Nederland B.V.         | The Netherlands        | 100%       |             | 🍃                    |                 |         |
| ST Cigar Group Holding B.V.                       | The Netherlands        | 100%       |             |                      | 🍃               |         |
| Scandinavian Tobacco Group Bethlehem Sales B.V.   | The Netherlands        | 100%       |             | 🍃                    | 🍃               |         |
| Scandinavian Tobacco Group United Kingdom Limited | United Kingdom         | 100%       |             | 🍃                    |                 |         |
| <b>Asia</b>                                       |                        |            |             |                      |                 |         |
| Scandinavian Tobacco Group Hong Kong Limited      | Hong Kong              | 100%       |             | 🍃                    |                 |         |
| PT Scandinavian Tobacco Group Indonesia           | Indonesia              | 100%       | 🍃           |                      |                 |         |
| Agio Tobacco Processing Company Ltd.              | Sri Lanka              | 100%       | 🍃           |                      |                 |         |
| <b>Australia and New Zealand</b>                  |                        |            |             |                      |                 |         |
| Scandinavian Tobacco Group Australia Pty Ltd      | Australia              | 100%       |             | 🍃                    |                 |         |
| <b>America</b>                                    |                        |            |             |                      |                 |         |
| Agio Caribbean Tobacco Company Ltd.*              | British Virgin Islands | 100%       | 🍃           |                      |                 |         |
| Scandinavian Tobacco Group Canada Holding Inc.    | Canada                 | 100%       |             |                      | 🍃               |         |
| Scandinavian Tobacco Group Canada Inc.            | Canada                 | 100%       |             | 🍃                    |                 |         |
| General Cigar Dominicana S.A.S.                   | The Dominican Republic | 100%       | 🍃           |                      |                 |         |
| Honduras American Tabaco SA de CV                 | Honduras               | 100%       | 🍃           |                      |                 |         |
| Scandinavian Tobacco Group Danli S.A.             | Honduras               | 100%       |             |                      |                 | 🍃       |
| Scandinavian Tobacco Group Esteli, S.A.           | Nicaragua              | 100%       | 🍃           |                      |                 |         |
| Scandinavian Tobacco Group US Holding, Inc.       | United States          | 100%       |             |                      | 🍃               |         |
| General Cigar Co, Inc.                            | United States          | 100%       |             | 🍃                    |                 |         |



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| Company                                       | Country       | Owner-ship | Activity    |                      |                 |         |
|---|---------------|------------|-------------|----------------------|-----------------|---------|
|   |               |            | Produc-tion | Sales and market-ing | Adminis-tration | Finance |
| GCOMM Co., Inc.                               | United States | 100%       |             |                      | ☞               |         |
| Club Macanudo, Inc.                           | United States | 100%       |             | ☞                    |                 |         |
| Henri Wintermans Cigars USA, Inc.             | United States | 100%       |             |                      | ☞               |         |
| M&D Wholesale Distributors, Inc.              | United States | 100%       |             | ☞                    |                 |         |
| Bethlehem Shared Services, LLC                | United States | 100%       |             |                      | ☞               |         |
| Bethlehem Sales, LLC                          | United States | 100%       |             |                      | ☞               |         |
| Specialty Cigars, LLC                         | United States | 100%       |             | ☞                    |                 |         |
| BPA Sales, LP                                 | United States | 100%       |             | ☞                    |                 |         |
| Bethlehem IP Holdings, LLC                    | United States | 100%       |             |                      | ☞               |         |
| LVPenn Sales, LLC                             | United States | 100%       |             | ☞                    |                 |         |
| Scandinavian Tobacco Group Lane Holding, Inc. | United States | 100%       |             |                      | ☞               |         |
| Scandinavian Tobacco Group Lane Ltd           | United States | 100%       |             | ☞                    |                 |         |
| Mac Baren USA, Inc.                           | United States | 100%       |             |                      | ☞               |         |
| Sutliff Tobacco Company, LLC                  | United States | 100%       | ☞           | ☞                    | ☞               |         |
| STC Property, LLC                             | United States | 100%       |             |                      | ☞               |         |
| STC Holding, LLC                              | United States | 100%       |             | ☞                    |                 |         |
| Cigar Smokers Restaurant Holdings, Inc.       | United States | 100%       |             |                      | ☞               |         |
| Cigars International Kentucky, LLC            | United States | 100%       |             | ☞                    |                 |         |
| Cigars International Missouri, LLC            | United States | 100%       |             | ☞                    |                 |         |
| Cigars International Ohio, LLC                | United States | 100%       |             | ☞                    |                 |         |
| Cigars International Texas, LLC               | United States | 100%       |             | ☞                    |                 |         |
| Cigars International Tennessee, LLC           | United States | 100%       |             | ☞                    |                 |         |
| Bethlehem Restaurant Corporation, Inc.        | United States | 100%       |             |                      | ☞               |         |
| CI Hamburg Superstore Louge, LLC              | United States | 100%       |             | ☞                    |                 |         |
| CI Florida, LLC                               | United States | 100%       |             | ☞                    |                 |         |
| Lilly Online, LLC                             | United States | 100%       |             | ☞                    |                 |         |

| Company                           | Country       | Owner-ship | Activity    |                      |                 |         |
|-----------------------------------|---------------|------------|-------------|----------------------|-----------------|---------|
|                                   |               |            | Produc-tion | Sales and market-ing | Adminis-tration | Finance |
| Insurgent Ventures Holdings, Inc. | United States | 100%       |             |                      | ☞               |         |
| Insurgent Ventures, Inc.          | United States | 100%       |             | ☞                    |                 |         |

\* Doing business in the Dominican Republic.

\*\* The non-controlling shareholder holds a put option which is accounted for as if the put option has already been exercised. Accordingly, the subsidiary is consolidated with no non-controlling interest.



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## 5.8

# EXPLANATION OF FINANCIAL RATIOS

$$\text{Gross margin before special Items} = \frac{\text{Gross profit before special items}}{\text{Net sales}}$$

$$\text{EBIT margin} = \frac{\text{EBIT}}{\text{Net sales}}$$

$$\text{Cash Conversion} = \frac{\text{CFFO before interest and tax, excluding payment of special items – Maintenance CAPEX}}{\text{Adjusted operating profit (EBITA before special items)}}$$

$$\text{Net interest-Bearing Debt} = \frac{\text{Interest-bearing liabilities and pensions less cash equivalents and interest-bearing receivables}}{\text{Net sales}}$$

$$\text{Basic earnings per share} = \frac{\text{Net profit}}{\text{Average number of shares outstanding}}$$

$$\text{Dividend per share} = \frac{\text{Proposed and interim dividend}}{\text{Number of shares issued}}$$

$$\text{EBITDA margin Before special Items} = \frac{\text{EBITDA before special items}}{\text{Net sales}}$$

$$\text{Tax Percentage} = \frac{\text{Tax}}{\text{Profit before tax}}$$

$$\text{Leverage ratio} = \frac{\text{NIBD}}{\text{EBITDA before special items}}$$

$$\text{Equity Ratio} = \frac{\text{Equity}}{\text{Total assets}}$$

$$\text{ROIC} = \frac{\text{EBIT}}{\text{12 months average invested capital*}}$$

$$\text{ROIC ex. Goodwill} = \frac{\text{EBIT}}{\text{12 months average invested capital* ex. goodwill}}$$

$$\text{Adjusted earnings per share} = \frac{\text{Net profit adjusted for special items and fair value adjustments and currency gains/losses, net of tax}}{\text{Average number of shares outstanding}}$$

$$\text{Diluted earnings per share} = \frac{\text{Net profit}}{\text{Average number of shares outstanding + dilutive effect of the outstanding performance stock units (PSUs)}}$$

$$\text{Pay-out Ratio} = \frac{\text{Dividend per share}}{\text{Adjusted earnings per share}}$$

**Organic net sales growth**  
is defined as Growth in net sales before special items and Impact from currencies, acquisitions and Changes in accounting policies

**Organic EBITDA growth**  
is defined as growth in EBITDA before special items and impact from currencies, acquisitions and changes in accounting policies

\* Average invested capital comprises intangible assets, property, plant and equipment, right-of-use assets, inventories, receivables (excluding receivables recognised at fair value) and prepayments less trade creditors, provisions and other liabilities (excluding other liabilities recognised at fair value).



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# INCOME STATEMENT – PARENT COMPANY

| DKK million  | Note | 2025           | 2024           |
|--|------|----------------|----------------|
| <b>Net sales</b>   | 2    | <b>1,475.4</b> | <b>1,692.6</b> |
| Cost of goods sold   |      | -720.9         | -792.8         |
| <b>Gross profit</b>  |      | <b>754.5</b>   | <b>899.8</b>   |
| Other external costs   |      | -387.2         | -327.7         |
| Staff costs  | 3    | -265.0         | -275.1         |
| Other income   |      | 368.2          | 160.2          |
| <b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b> |      | <b>470.5</b>   | <b>457.2</b>   |
| Depreciation and impairment  | 4    | -36.3          | -38.8          |
| <b>Earnings before interest, tax and amortisation (EBITA)</b>                |      | <b>434.2</b>   | <b>418.4</b>   |
| Amortisation and impairment  | 4    | -64.2          | -68.7          |
| <b>Earnings before interest and tax (EBIT)</b>                               |      | <b>370.0</b>   | <b>349.7</b>   |
| Result of investments in affiliated companies, net of tax                    | 5    | 102.8          | 378.4          |
| Financial income   | 6    | 248.2          | 235.0          |
| Financial costs  | 7    | -311.8         | -320.9         |
| <b>Profit before tax</b>   |      | <b>409.2</b>   | <b>642.2</b>   |
| Income taxes   | 8    | -97.3          | -72.6          |
| <b>Net profit for the year</b>   |      | <b>311.9</b>   | <b>569.6</b>   |
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# BALANCE SHEET AT 31 DECEMBER – PARENT COMPANY

| DKK million                           | Note      | 2025            | 2024            | DKK million  | Note | 2025            | 2024            |
|---------------------------------------|-----------|-----------------|-----------------|--|------|-----------------|-----------------|
| <b>Assets</b>                         |           |                 |                 | <b>Equity, provisions and liabilities</b>          |      |                 |                 |
| Trademarks                            | 10        | 329.5           | 361.2           | Share capital                                      |      | 80.0            | 86.0            |
| IT software                           | 10        | 46.8            | 62.5            | Retained earnings                                  |      | 3,094.5         | 3,814.5         |
| Other intangible assets               | 10        | 213.2           | 229.5           | Reserve for development costs                      |      | 7.6             | 10.9            |
| Intangible assets under construction  | 10        | 96.5            | 214.7           | Revaluation reserve according to the equity method |      | 430.8           | 814.6           |
| <b>Total intangible assets</b>        | <b>10</b> | <b>686.0</b>    | <b>867.9</b>    | Treasury shares                                    |      | -35.0           | -787.8          |
| Land and buildings                    | 11        | 64.2            | 69.3            | Proposed dividend                                  |      | 359.6           | 730.6           |
| Plant and machinery                   | 11        | 98.9            | 115.4           | <b>Equity</b>                                      |      | <b>3,937.5</b>  | <b>4,668.8</b>  |
| Equipment, tools and fixtures         | 11        | 6.7             | 7.8             | Deferred income tax liabilities                    | 8    | 103.8           | 134.1           |
| Leasehold improvements                | 11        | 1.4             | 1.9             | Other provisions                                   | 16   | 2.5             | 2.5             |
| Construction in process               | 11        | 31.4            | 1.5             | <b>Provisions</b>                                  |      | <b>106.3</b>    | <b>136.6</b>    |
| Right-of-use assets                   | 12        | 22.1            | 27.5            | Borrowings   | 17   | 3,725.4         | 3,698.0         |
| <b>Total tangible assets</b>          |           | <b>224.7</b>    | <b>223.4</b>    | Lease liabilities                                  | 18   | 17.3            | 22.6            |
| Investments in affiliated companies   | 13        | 4,926.5         | 6,456.0         | Liabilities to affiliated companies                |      | 35.0            | -               |
| Receivables from affiliated companies |           | 3,048.0         | 3,141.2         | Other liabilities                                  |      | 34.8            | 32.6            |
| <b>Financial fixed assets</b>         |           | <b>7,974.5</b>  | <b>9,597.2</b>  | <b>Long-term liabilities</b>                       |      | <b>3,812.5</b>  | <b>3,753.2</b>  |
| <b>Fixed assets</b>                   |           | <b>8,885.2</b>  | <b>10,688.5</b> | Borrowings   | 17   | 1,363.8         | 442.8           |
| <b>Inventories</b>                    | <b>14</b> | <b>371.5</b>    | <b>380.0</b>    | Liabilities to affiliated companies                |      | 2,186.7         | 4,472.6         |
| Receivables from affiliated companies |           | 2,115.4         | 2,377.7         | Income tax payable                                 |      | -               | -               |
| Trade receivables                     |           | 249.9           | 165.1           | Trade creditors                                    |      | 164.4           | 72.0            |
| Other receivables                     |           | 33.5            | 117.6           | Lease liabilities                                  | 18   | 7.1             | 8.2             |
| Income tax receivable                 |           | 24.2            | 6.5             | Other liabilities                                  |      | 152.5           | 218.4           |
| Prepayments                           | 15        | 51.1            | 37.2            | <b>Current liabilities</b>                         |      | <b>3,874.5</b>  | <b>5,214.0</b>  |
| <b>Total receivables</b>              |           | <b>2,474.1</b>  | <b>2,704.1</b>  | <b>Liabilities</b>                                 |      | <b>7,793.3</b>  | <b>9,103.8</b>  |
| <b>Current assets</b>                 |           | <b>2,845.6</b>  | <b>3,084.1</b>  | <b>Equity, provisions and liabilities</b>          |      | <b>11,730.8</b> | <b>13,772.6</b> |
| <b>Assets</b>                         |           | <b>11,730.8</b> | <b>13,772.6</b> | Contingent liabilities                             | 19   |                 |                 |
|                                       |           |                 |                 | Financial instruments                              | 20   |                 |                 |
|                                       |           |                 |                 | Related-party transactions                         | 21   |                 |                 |
|                                       |           |                 |                 | Fee to statutory auditor                           | 22   |                 |                 |
|                                       |           |                 |                 | Ownership  | 23   |                 |                 |
|                                       |           |                 |                 | Events after the reporting date                    | 24   |                 |                 |



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## STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

| DKK million   | Share capital | Retained earnings | Reserve for development costs | Revaluation reserve according to the equity method | Treasury shares | Proposed dividend | Total          | DKK million   | Share capital | Retained earnings | Reserve for development costs | Revaluation reserve according to the equity method | Treasury shares | Proposed dividend | Total          |
|---|---------------|-------------------|-------------------------------|--|-----------------|-------------------|----------------|---|---------------|-------------------|-------------------------------|--|-----------------|-------------------|----------------|
|   |               |                   |                               |  |                 |                   |                |   |               |                   |                               |  |                 |                   |                |
| <b>Equity at 1 January 2025</b>   | 86.0          | 3,814.5           | 10.9                          | 814.6  | -787.8          | 730.6             | 4,668.8        | <b>Equity at 1 January 2024</b>   | 87.0          | 4,082.6           | 9.0                           | 619.6  | -141.4          | 730.4             | 5,387.2        |
| Capital reduction   | -6.0          | -745.4            | -                             | -  | 751.4           | -                 | -              | Capital reduction   | -1.0          | -117.8            | -                             | -  | 118.8           | -                 | -              |
| Purchase of treasury shares   | -             | -                 | -                             | -  | -               | -                 | -              | Purchase of treasury shares   | -             | -                 | -                             | -  | -765.2          | -                 | -765.2         |
| Share-based payments  | -             | 3.3               | -                             | -  | -               | -                 | 3.3            | Share-based payments  | -             | 1.1               | -                             | -  | -               | -                 | 1.1            |
| Tax on share-based payments   | -             | -                 | -                             | -  | -               | -                 | -              | Tax on share-based payments   | -             | -                 | -                             | -  | -               | -                 | -              |
| Settlement of vested PSUs   | -             | -1.4              | -                             | -  | 1.4             | -                 | -              | Settlement of vested PSUs   | -             | -                 | -                             | -  | -               | -                 | -              |
| Settlement in cash of vested PSUs                                       | -             | -0.1              | -                             | -  | -               | -                 | -0.1           | Settlement in cash of vested PSUs                                       | -             | -                 | -                             | -  | -               | -                 | -              |
| Equity movement in subsidiaries   | -             | 6.7               | -                             | -  | -               | -                 | 6.7            | Equity movement in subsidiaries   | -             | -9.1              | -                             | -  | -               | -                 | -9.1           |
| Foreign exchange adjustments of net investments in foreign subsidiaries | -             | -                 | -                             | -383.8   | -               | -                 | -383.8         | Foreign exchange adjustments of net investments in foreign subsidiaries | -             | -                 | -                             | 195.0  | -               | -                 | 195.0          |
| Dividend paid to shareholders   | -             | -                 | -                             | -  | -               | -731.0            | -731.0         | Dividend paid to shareholders   | -             | -                 | -                             | -  | -               | -730.8            | -730.8         |
| Dividend, treasury shares   | -             | 61.7              | -                             | -  | -               | -                 | 61.7           | Dividend, treasury shares   | -             | 21.0              | -                             | -  | -               | -                 | 21.0           |
| Profit / loss for the year  | -             | -131.3            | 83.2                          | -  | -               | 360.0             | 311.9          | Profit / loss for the year  | -             | -163.3            | 1.9                           | -  | -               | 731.0             | 569.6          |
| <b>Equity at 31 December 2025</b>                                       | <b>80.0</b>   | <b>3,008.0</b>    | <b>94.1</b>                   | <b>430.8</b>                                       | <b>-35.0</b>    | <b>359.6</b>      | <b>3,937.5</b> | <b>Equity at 31 December 2024</b>                                       | <b>86.0</b>   | <b>3,814.5</b>    | <b>10.9</b>                   | <b>814.6</b>                                       | <b>-787.8</b>   | <b>730.6</b>      | <b>4,668.8</b> |

The share capital consists of 80,000,000 shares of a nominal value of DKK 1. No shares carry any special rights. The share capital was in May 2021 reduced by 2,500,000 shares, in May 2022 reduced by 4,500,000 shares, in May 2023 reduced by 6,000,000 shares, in May 2024 reduced by 1,000,000 shares and in May 2025 reduced by further 6,000,000 shares.

No other changes have been made to the share capital in the past five years.

The share capital consists of 86,000,000 shares of a nominal value of DKK 1. No shares carry any special rights. The share capital was in May 2021 reduced by 2,500,000 shares, in May 2022 reduced by 4,500,000 shares, in May 2023 reduced by 6,000,000 shares and in May 2024 reduced by further 1,000,000 shares. No other changes have been made to the share capital in the past five years.



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## 1

# ACCOUNTING POLICIES

### § Accounting policies

The Parent Company has prepared its Financial Statements in accordance with the provisions of the Danish Financial Statements Act (Class D) and other accounting regulations for companies listed on NASDAQ Copenhagen.

The accounting policies applied for the Consolidated Financial Statements regarding recognition and measurement have also been applied for the Parent Company with the below exceptions.

No separate statement of cash flows has been prepared for the Parent Company. Please refer to the Statement of cash flows for the Group.

Result of investments in affiliated companies, net of tax  
The item 'Result of investments in affiliated companies, net of tax' in the income statement includes the proportionate share of the profit for the year after tax less goodwill amortisation.

#### Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas. The maximum amortisation period is 20 years, the longest period applying to enterprises acquired for strategic purposes with a strong market position and a long earnings profile.

#### Trademarks

Trademarks are amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience. The maximum amortisation period is 20 years, the longest period applying to strategic trademarks with a strong market position and a long earnings profile.

#### Investments in affiliated companies

Investments in affiliated companies are recognised and measured under the equity method.

The item 'Investments in affiliated companies' in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to 'Reserve for retained earnings – equity method' under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

#### Defined benefit pension plans

In relation to defined benefit pension plans, the company follow the requirements in the Danish Financial Statement Act (dated 1 July 2015 for financial statements starting 1 January 2016), meaning that actuarial gains and losses are recognised directly in other comprehensive income instead of directly in the income statement. For the monetary impact, please refer to the statement of changes in equity and note 3.8 'Pension obligations' for the Group.

#### Share-based payments

In relation to share-based payments, the provisions in IFRS 2 have been adopted as the Danish Financial Statements Act does not regulate share-based payments settled via equity instruments, but only cash-settled share-based payments. Derogation from the Danish Financial Statements Act for share-based payments means that the year's cost for share-based payments are not recognised as a liability in the balance sheet, but directly in the statement of equity. For the monetary impact, please refer to the statement of changes in equity and note 3 'Staff costs'.

## 2

# NET SALES

DKK million

|   | 2025           | 2024           |
|---|----------------|----------------|
| <b>Category split, net sales</b>        |                |                |
| Handmade cigars                         | 3.3            | 3.6            |
| Machine-rolled cigars & Smoking tobacco | 1,170.9        | 1,375.3        |
| Next Generation Products                | 22.1           | 0.9            |
| Other                                   | 279.1          | 312.8          |
| <b>Total net sales</b>                  | <b>1,475.4</b> | <b>1,692.6</b> |

Licence income and other sales of DKK 68.5 million (DKK 71.9 million) are included in the category 'Other'.

DKK million

|                           | 2025           | 2024           |
|---------------------------|----------------|----------------|
| <b>Geographical split</b> |                |                |
| Americas                  | 107.4          | 151.6          |
| Europe                    | 1,071.2        | 1,244.6        |
| Rest of World             | 296.8          | 296.4          |
| <b>Total net sales</b>    | <b>1,475.4</b> | <b>1,692.6</b> |

### Geographical information

In the table above, sales to external customers are attributable to the country of the customers' domicile. STG A/S is domiciled in Denmark.



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## 3

# STAFF COSTS

| DKK million   | 2025         | 2024         |
|---|--------------|--------------|
| Wages and salaries  | 366.1        | 315.0        |
| Pensions defined contribution plans                       | 31.2         | 30.0         |
| Social security costs                                     | 3.6          | 0.6          |
| <b>Total staff costs for the year</b>                     | <b>400.9</b> | <b>345.6</b> |
| Staff costs included in intangible assets                 | -3.1         | -3.4         |
| Change in employee costs included in inventories          | 0.3          | -2.2         |
| <b>Total staff costs expensed to the income statement</b> | <b>398.1</b> | <b>340.0</b> |

| DKK million                                   | 2025         | 2024         |
|---|--------------|--------------|
| Cost of goods sold                            | 133.1        | 64.9         |
| Staff costs                                   | 265.0        | 275.1        |
| <b>Total included in the income statement</b> | <b>398.1</b> | <b>340.0</b> |
| <b>Average number of employees</b>            | <b>408</b>   | <b>405</b>   |

### Remuneration of the board of directors and executive board\*

Total fees to the Board of Directors and Executive Board amounted to DKK 39.5 million (DKK 51.1 million).

#### 2025

| DKK million                  | Salary and benefits | Bonus      | Pension    | Stay-on bonus / loyalty programme | Share-based incentive programme | Total       |
|------------------------------|---------------------|------------|------------|-----------------------------------|---------------------------------|-------------|
| <b>Executive Management</b>  |                     |            |            |                                   |                                 |             |
| Niels Frederiksen            | 8.1                 | 1.1        | -          | -                                 | 1.1                             | 10.3        |
| Marianne Rørslev Bock        | 5.1                 | 0.7        | -          | -                                 | 0.6                             | 6.4         |
| <b>Total</b>                 | <b>13.2</b>         | <b>1.8</b> | <b>-</b>   | <b>-</b>                          | <b>1.7</b>                      | <b>16.7</b> |
| Other key management         | 12.2                | 1.5        | 1.1        | -                                 | 1.2                             | 16.0        |
| <b>Total Executive Board</b> | <b>25.4</b>         | <b>3.3</b> | <b>1.1</b> | <b>-</b>                          | <b>2.9</b>                      | <b>32.7</b> |

\* Executive Board comprises the Executive Management (registered members) and other key management (not registered members).

### Remuneration of the board of directors and executive board\*

Total fees to the Board of Directors and Executive Board amounted to DKK 51.1 million (DKK 43.8 million).

#### 2024

| DKK million                  | Salary and benefits | Bonus       | Pension    | Stay-on bonus / loyalty programme | Share-based incentive programme | Total       |
|------------------------------|---------------------|-------------|------------|-----------------------------------|---------------------------------|-------------|
| <b>Executive Management</b>  |                     |             |            |                                   |                                 |             |
| Niels Frederiksen            | 8.1                 | 3.5         | -          | -                                 | 0.4                             | 12.0        |
| Marianne Rørslev Bock        | 5.1                 | 2.2         | -          | -                                 | 0.2                             | 7.5         |
| <b>Total</b>                 | <b>13.2</b>         | <b>5.7</b>  | <b>-</b>   | <b>-</b>                          | <b>0.6</b>                      | <b>19.5</b> |
| Other key management         | 15.4                | 7.5         | 1.3        | -                                 | 0.7                             | 24.9        |
| <b>Total Executive Board</b> | <b>28.6</b>         | <b>13.2</b> | <b>1.3</b> | <b>-</b>                          | <b>1.3</b>                      | <b>44.4</b> |

\* Executive Board comprises the Executive Management (registered members) and other key management (not registered members).

| DKK thousand       | Position         | Joined the Board | Left the Board | Board        | Committees   | Other      | Total        |
|--------------------|------------------|------------------|----------------|--------------|--------------|------------|--------------|
| Henrik Brandt      | Chairman         | Apr 2017         |                | 1,320        | 440          | -          | 1,760        |
| Dianne Neal Blixt  | Board member     | Feb 2016         |                | 440          | 385          | -          | 825          |
| Anders C. Obel     | Board member     | Apr 2018         |                | 440          | 220          | -          | 660          |
| Marlene Forsell    | Board member     | Apr 2019         |                | 440          | 330          | -          | 770          |
| Henrik Amsinck     | Board member     | Apr 2021         | Apr 2025       | 121          | -            | 30         | 151          |
| Jörg Biebernick    | Board member     | Apr 2024         |                | 440          | 165          | -          | 605          |
| Ricardo Oberlander | Board member     | Apr 2025         |                | 319          | 156          | -          | 475          |
| Thomas Thomsen     | Employee-elected | Apr 2023         |                | 440          | -            | -          | 440          |
| Mark Draper        | Employee-elected | Apr 2023         | Oct 2025       | 367          | -            | -          | 367          |
| Karsten Dam Larsen | Employee-elected | Jun 2023         |                | 440          | -            | -          | 440          |
| Hanne Malling      | Employee-elected | Nov 2025         |                | 73           | -            | -          | 73           |
| <b>Total 2025</b>  |                  |                  |                | <b>4,840</b> | <b>1,696</b> | <b>30</b>  | <b>6,566</b> |
| <b>Total 2024</b>  |                  |                  |                | <b>4,840</b> | <b>1,540</b> | <b>110</b> | <b>6,490</b> |

### Social security taxes and similar taxes

In addition to the above remuneration to the Board of Directors, the Company may pay social security taxes and similar taxes imposed by non-Danish authorities

in relation to the remuneration. In 2025, the Company paid DKK 242 thousand compared to DKK 240 thousand in 2024.



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## 4 DEPRECIATION AND AMORTISATION

| DKK million                    | 2025        | 2024        |
|--------------------------------|-------------|-------------|
| <b>Depreciation</b>            |             |             |
| Land and buildings             | 5.2         | 8.2         |
| Plant and machinery            | 21.8        | 22.4        |
| Equipment, tools, and fixtures | 2.0         | 0.8         |
| Leasehold improvements         | 0.6         | 0.6         |
| Right-of-use assets            | 6.7         | 6.8         |
| <b>Total</b>                   | <b>36.3</b> | <b>38.8</b> |
| <b>Amortisation</b>            |             |             |
| Trademarks                     | 31.7        | 36.5        |
| IT software                    | 16.2        | 16.0        |
| Other intangible assets        | 16.3        | 16.2        |
| <b>Total</b>                   | <b>64.2</b> | <b>68.7</b> |

## 5 RESULT OF INVESTMENTS IN AFFILIATED COMPANIES, NET OF TAX

| DKK million   | 2025         | 2024         |
|---|--------------|--------------|
| Result of investments in affiliated companies, net of tax | 102.8        | 378.4        |
| <b>Total</b>  | <b>102.8</b> | <b>378.4</b> |

## 6 FINANCIAL INCOME

| DKK million  | 2025         | 2024         |
|--|--------------|--------------|
| Interest on deposits in financial institutions, etc. | 1.5          | 3.4          |
| Interest on balances with affiliated companies       | 246.0        | 206.7        |
| Exchange gains, net                                  | 0.7          | 24.8         |
| Other financial income                               | 0.0          | 0.1          |
| <b>Total</b>   | <b>248.2</b> | <b>235.0</b> |

## 7 FINANCIAL COSTS

| DKK million                                      | 2025          | 2024          |
|--|---------------|---------------|
| Interest on debt to financial institutions, etc. | -208.2        | -164.6        |
| Interest on balances with affiliated companies   | -84.5         | -143.1        |
| Other financing costs                            | -10.0         | -12.0         |
| Lease interest costs                             | -0.6          | -0.7          |
| Exchange losses, net                             | -8.5          | -0.5          |
| <b>Total</b>                                     | <b>-311.8</b> | <b>-320.9</b> |



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## 8 INCOME TAXES

| DKK million   | 2025        | 2024        |
|---|-------------|-------------|
| Current income tax                                    | 90.9        | 61.1        |
| Deferred income tax                                   | -5.9        | 17.0        |
| Adjustment regarding prior years, current income tax  | 36.7        | -21.7       |
| Adjustment regarding prior years, deferred income tax | -24.4       | 16.2        |
| <b>Total</b>  | <b>97.3</b> | <b>72.6</b> |

Scandinavian Tobacco Group A/S and its Danish subsidiaries are jointly taxed which is why all the Danish companies are jointly and individually liable for the joint taxation. The tax for the individual companies is allocated in full on the basis on the expected taxable

income. Scandinavian Tobacco Group A/S is the management company of the jointly taxed companies and settles corporate taxes with the tax authorities.

| DKK million                                   | 2025         | 2024         |
|---|--------------|--------------|
| <b>Breakdown of deferred income tax:</b>      |              |              |
| Intangible assets                             | 88.1         | 92.7         |
| Property, plant and equipment                 | 12.6         | 15.0         |
| Financial fixed assets                        | -            | -            |
| Receivables                                   | -0.2         | -            |
| Inventories                                   | 0.6          | 2.2          |
| Other liabilities                             | 2.7          | 24.2         |
| <b>Total</b>                                  | <b>103.8</b> | <b>134.1</b> |
| <b>Breakdown of income tax:</b>               |              |              |
| Tax calculated at 22% of profit before tax    | 90.0         | 141.3        |
| <b>Tax effect of:</b>                         |              |              |
| Adjustment regarding prior years              | 12.3         | -5.5         |
| Non-deductable costs                          | 1.7          | 17.4         |
| Other   | 15.9         | 2.6          |
| Result of investments in affiliated companies | -22.6        | -83.2        |
| <b>Total</b>                                  | <b>97.3</b>  | <b>72.6</b>  |
| Deferred income tax 1 January                 | 134.1        | 100.9        |
| Deferred income tax in income statement       | -30.3        | 33.2         |
| <b>Deferred income tax at 31 December</b>     | <b>103.8</b> | <b>134.1</b> |



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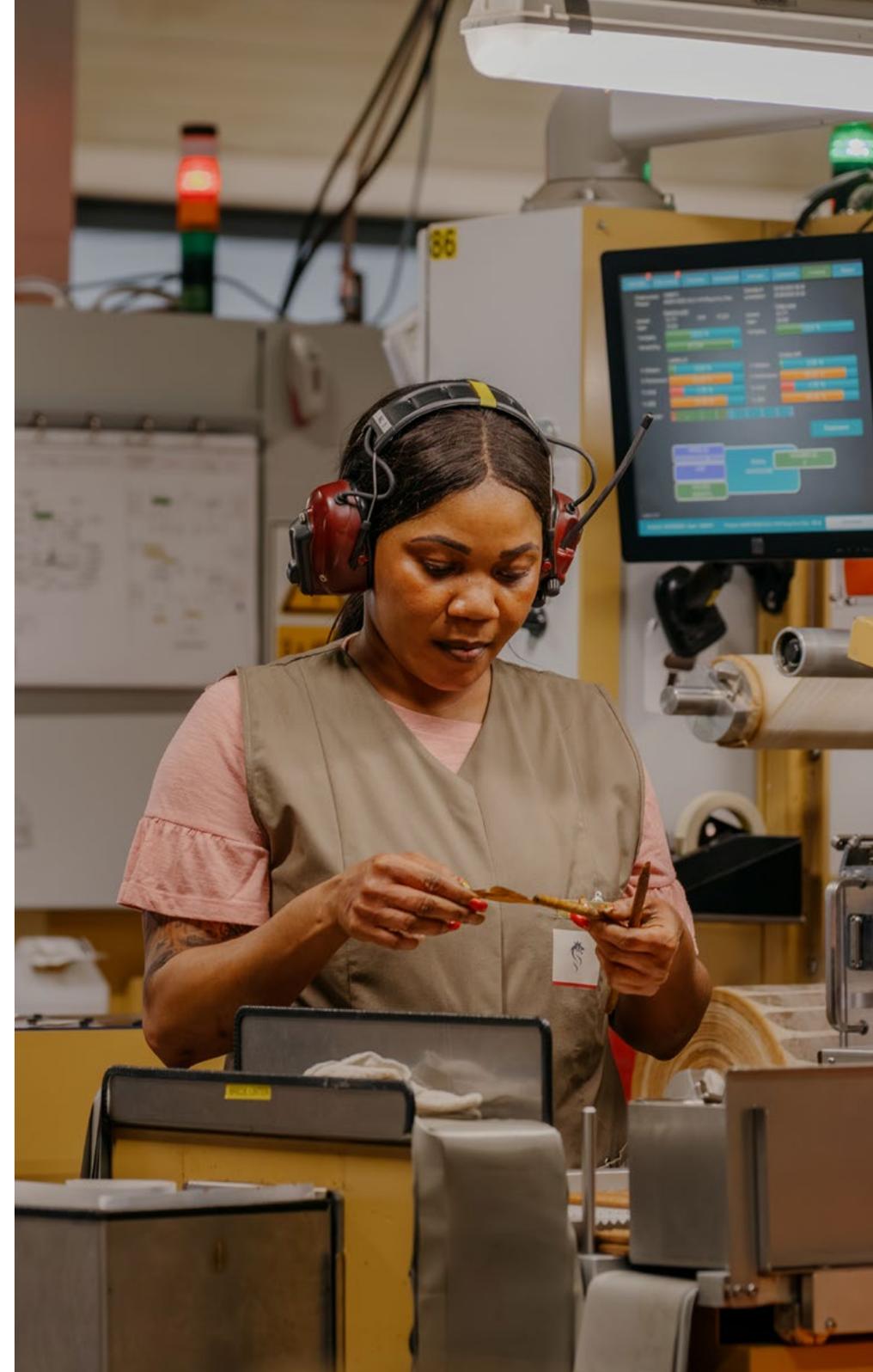
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# DISTRIBUTION OF PROFIT

| DKK million                             | 2025         | 2024         |
|---|--------------|--------------|
| <b>Distribution of profit</b>           |              |              |
| <b>Proposed distribution of profit:</b> |              |              |
| Proposed dividend                       | 360.0        | 731.0        |
| Retained earnings                       | -131.3       | -163.3       |
| Reserve for development costs           | 83.2         | 1.9          |
| <b>Total</b>                            | <b>311.9</b> | <b>569.6</b> |





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# INTANGIBLE ASSETS

### 2025

| DKK million                                    | Trademarks     | IT software  | Other intangible assets | Other intangible assets under construction | Total          |
|--|----------------|--------------|-------------------------|--|----------------|
| Accumulated cost at 1 January                  | 1,044.8        | 228.2        | 597.2                   | 214.7                                      | 2,084.9        |
| Acquisition                                    | -              | -            | -                       | -  | -              |
| Additions                                      | -              | 0.4          | -                       | 22.7                                       | 23.1           |
| Disposals                                      | -              | -31.8        | -1.2                    | -140.1                                     | -173.1         |
| Transfers                                      | -              | 0.8          | -                       | -0.8                                       | -              |
| <b>Accumulated cost at 31 December</b>         | <b>1,044.8</b> | <b>197.6</b> | <b>596.0</b>            | <b>96.5</b>                                | <b>1,934.9</b> |
| Accumulated amortisation at 1 January          | 683.6          | 165.7        | 367.7                   | -  | 1,217.0        |
| Amortisation                                   | 31.7           | 16.2         | 16.3                    | -  | 64.2           |
| Disposals                                      | -              | -31.1        | -1.2                    | -  | -32.3          |
| <b>Accumulated amortisation at 31 December</b> | <b>715.3</b>   | <b>150.8</b> | <b>382.8</b>            | <b>-</b>                                   | <b>1,248.9</b> |
| <b>Carrying amount at 31 December</b>          | <b>329.5</b>   | <b>46.8</b>  | <b>213.2</b>            | <b>96.5</b>                                | <b>686.0</b>   |

### 2024

| DKK million                                    | Trademarks     | IT software  | Other intangible assets | Other intangible assets under construction | Total          |
|--|----------------|--------------|-------------------------|--|----------------|
| Accumulated cost at 1 January                  | 1,044.8        | 220.5        | 597.2                   | 182.6                                      | 2,045.1        |
| Acquisition                                    | -              | -            | -                       | -  | -              |
| Additions                                      | -              | -            | -                       | 39.8                                       | 39.8           |
| Disposals                                      | -              | -            | -                       | -  | -              |
| Transfers                                      | -              | 7.7          | -                       | -7.7                                       | -              |
| <b>Accumulated cost at 31 December</b>         | <b>1,044.8</b> | <b>228.2</b> | <b>597.2</b>            | <b>214.7</b>                               | <b>2,084.9</b> |
| Accumulated amortisation at 1 January          | 647.1          | 149.7        | 351.5                   | -  | 1,148.3        |
| Amortisation                                   | 36.5           | 16.0         | 16.2                    | -  | 68.7           |
| Disposals                                      | -              | -            | -                       | -  | -              |
| <b>Accumulated amortisation at 31 December</b> | <b>683.6</b>   | <b>165.7</b> | <b>367.7</b>            | <b>-</b>                                   | <b>1,217.0</b> |
| <b>Carrying amount at 31 December</b>          | <b>361.2</b>   | <b>62.5</b>  | <b>229.5</b>            | <b>214.7</b>                               | <b>867.9</b>   |



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# PROPERTY, PLANT AND EQUIPMENT

### 2025

| DKK million                                    | Land and buildings | Plant and machinery | Equipment, tools and fixtures | Leasehold improvements | Construction in progress | Total        |
|--|--------------------|---------------------|-------------------------------|------------------------|--------------------------|--------------|
| Accumulated cost at 1 January                  | 224.8              | 442.2               | 35.5                          | 7.0                    | 1.5                      | 711.0        |
| Additions                                      | 0.1                | 3.8                 | 0.9                           | 0.1                    | 31.4                     | 36.3         |
| Disposals                                      | -                  | -                   | -0.5                          | -0.4                   | -                        | -0.9         |
| Transfers                                      | -                  | 1.5                 | -                             | -                      | -1.5                     | -            |
| <b>Accumulated cost at 31 December</b>         | <b>224.9</b>       | <b>447.5</b>        | <b>35.9</b>                   | <b>6.7</b>             | <b>31.4</b>              | <b>764.4</b> |
| Accumulated depreciation at 1 January          | 155.5              | 326.8               | 27.7                          | 5.1                    | -                        | 515.1        |
| Depreciation                                   | 5.2                | 21.8                | 2.0                           | 0.6                    | -                        | 29.6         |
| Disposals                                      | -                  | -                   | -0.5                          | -0.4                   | -                        | -0.9         |
| <b>Accumulated depreciation at 31 December</b> | <b>160.7</b>       | <b>348.6</b>        | <b>29.2</b>                   | <b>5.3</b>             | <b>-</b>                 | <b>543.8</b> |
| <b>Carrying amount at 31 December</b>          | <b>64.2</b>        | <b>98.9</b>         | <b>6.7</b>                    | <b>1.4</b>             | <b>31.4</b>              | <b>202.6</b> |

### 2024

| DKK million                                    | Land and buildings | Plant and machinery | Equipment, tools and fixtures | Leasehold improvements | Construction in progress | Total        |
|--|--------------------|---------------------|-------------------------------|------------------------|--------------------------|--------------|
| Accumulated cost at 1 January                  | 224.1              | 429.5               | 28.2                          | 7.0                    | 10.9                     | 699.7        |
| Additions                                      | 0.7                | 2.3                 | 3.2                           | -                      | 5.1                      | 11.3         |
| Transfers                                      | -                  | 10.4                | 4.1                           | -                      | -14.5                    | -            |
| <b>Accumulated cost at 31 December</b>         | <b>224.8</b>       | <b>442.2</b>        | <b>35.5</b>                   | <b>7.0</b>             | <b>1.5</b>               | <b>711.0</b> |
| Accumulated depreciation at 1 January          | 147.3              | 304.4               | 26.9                          | 4.5                    | -                        | 483.1        |
| Depreciation                                   | 8.2                | 22.4                | 0.8                           | 0.6                    | -                        | 32.0         |
| <b>Accumulated depreciation at 31 December</b> | <b>155.5</b>       | <b>326.8</b>        | <b>27.7</b>                   | <b>5.1</b>             | <b>-</b>                 | <b>515.1</b> |
| <b>Carrying amount at 31 December</b>          | <b>69.3</b>        | <b>115.4</b>        | <b>7.8</b>                    | <b>1.9</b>             | <b>1.5</b>               | <b>195.9</b> |



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# RIGHT-OF-USE ASSETS

### 2025

| DKK million                                    | Land, buildings, offices, and warehouses | Motor vehicles | Other equipment | Total       |
|--|--|----------------|-----------------|-------------|
| Accumulated cost at 1 January                  | 44.4                                     | 7.6            | 2.9             | 54.9        |
| Additions                                      | -  | 1.2            | 0.1             | 1.3         |
| Disposals                                      | -  | -1.5           | -0.1            | -1.6        |
| <b>Accumulated cost at 31 December</b>         | <b>44.4</b>                              | <b>7.3</b>     | <b>2.9</b>      | <b>54.6</b> |
| Accumulated depreciation at 1 January          | 23.0                                     | 3.3            | 1.1             | 27.4        |
| Depreciation                                   | 4.4                                      | 1.8            | 0.5             | 6.7         |
| Depreciation on disposals                      | -  | -1.5           | -0.1            | -1.6        |
| <b>Accumulated depreciation at 31 December</b> | <b>27.4</b>                              | <b>3.6</b>     | <b>1.5</b>      | <b>32.5</b> |
| <b>Carrying amount at 31 December</b>          | <b>17.0</b>                              | <b>3.7</b>     | <b>1.4</b>      | <b>22.1</b> |

### 2024

| DKK million                                    | Land, buildings, offices, and warehouses | Motor vehicles | Other equipment | Total       |
|--|--|----------------|-----------------|-------------|
| Accumulated cost at 1 January                  | 44.4                                     | 8.7            | 2.3             | 55.4        |
| Additions                                      | -  | 3.8            | 0.6             | 4.4         |
| Disposals                                      | -  | -4.9           | -               | -4.9        |
| <b>Accumulated cost at 31 December</b>         | <b>44.4</b>                              | <b>7.6</b>     | <b>2.9</b>      | <b>54.9</b> |
| Accumulated depreciation at 1 January          | 18.6                                     | 6.0            | 0.6             | 25.2        |
| Depreciation                                   | 4.4                                      | 1.9            | 0.5             | 6.8         |
| Depreciation on disposals                      | -  | -4.6           | -               | -4.6        |
| <b>Accumulated depreciation at 31 December</b> | <b>23.0</b>                              | <b>3.3</b>     | <b>1.1</b>      | <b>27.4</b> |
| <b>Carrying amount at 31 December</b>          | <b>21.4</b>                              | <b>4.3</b>     | <b>1.8</b>      | <b>27.5</b> |



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**INVESTMENTS IN AFFILIATED COMPANIES**

| DKK million  | 2025             | 2024            |
|--|------------------|-----------------|
| Accumulated cost at 1 January                                | 14,887.2         | 14,290.1        |
| Additions  | 62.9             | 597.1           |
| Disposals  | -                | -               |
| <b>Accumulated cost at 31 December</b>                       | <b>14,950.1</b>  | <b>14,887.2</b> |
| <b>Revaluation and impairment</b>                            |                  |                 |
| Accumulated revaluation and impairment at 1 January          | -8,431.2         | -7,528.5        |
| Dividends  | -1,318.1         | -1,467.0        |
| Currency translation   | -383.8           | 195.0           |
| Equity adjustments   | 6.7              | -9.1            |
| Disposals  | -                | -               |
| Profit after tax   | 102.8            | 378.4           |
| <b>Accumulated revaluation and impairment at 31 December</b> | <b>-10,023.6</b> | <b>-8,431.2</b> |
| <b>Carrying amount at 31 December</b>                        | <b>4,926.5</b>   | <b>6,456.0</b>  |

Goodwill of DKK 1,563.7 million (DKK 1,932.4 million) is included in the carrying amount at 31 December 2025.

**Investments in affiliated companies can be specified as follows:**

| Name  | Country                | Ownership |
|---|------------------------|-----------|
| Scandinavian Tobacco Group Australia Pty Ltd  | Australia              | 100%      |
| Mac Baren Tobacco Company A/S                 | Denmark                | 100%      |
| Peter Stokkebye Tobaksfabrik A/S              | Denmark                | 100%      |
| Insurgent Ventures II A/S                     | Denmark                | 100%      |
| General Cigar Dominicana S.A.S.               | The Dominican Republic | 100%      |
| Scandinavian Tobacco Group Esteli S.A.        | Nicaragua              | 100%      |
| Scandinavian Tobacco Group Danli S.A.         | Honduras               | 100%      |
| Scandinavian American Tabaco SA de CV         | Honduras               | 100%      |
| Scandinavian Tobacco Group Hong Kong Limited  | Hong Kong              | 100%      |
| Scandinavian Tobacco Group Italy S.R.L.       | Italy                  | 100%      |
| Moderno Opificio del Sigaro Italiano S.r.l. * | Italy                  | 85%       |
| ST Cigar Group Holding B.V.                   | The Netherlands        | 100%      |
| Scandinavian Tobacco Group Norway AS          | Norway                 | 100%      |
| STG Portugal S.A.                             | Portugal               | 100%      |
| STG Business Services S.A.                    | Portugal               | 100%      |
| Scandinavian Tobacco Group Spain S.A.U.       | Spain                  | 100%      |
| STG Sweden AB                                 | Sweden                 | 100%      |
| Cigar Smokers Restaurant Holdings, Inc.       | United States          | 100%      |
| Insurgent Ventures Holdings, Inc.             | United States          | 100%      |
| Scandinavian Tobacco Group Lane Holding, Inc. | United States          | 100%      |
| Scandinavian Tobacco Group US Holding, Inc.   | United States          | 100%      |

\* The non-controlling shareholder holds a put option which is accounted for as if the put option has already been exercised. Accordingly, the subsidiary is consolidated with no non-controlling interest.

For a complete list of all entities in the Group please refer to Group [note 5.7](#).

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21. Related-party transactions
22. Fee to statutory auditor
23. Ownership
24. Events after the reporting date

**14  
INVENTORIES**

| DKK million   | 2025         | 2024         |
|---|--------------|--------------|
| Raw materials and consumables                             | 236.8        | 194.5        |
| Work in progress  | 31.6         | 20.4         |
| Finished goods, goods for resale and excise stamps        | 103.1        | 165.1        |
| <b>Total</b>  | <b>371.5</b> | <b>380.0</b> |
| Movements in provision for obsolete stock are as follows: |              |              |
| Provision for obsolete stock 1 January                    | -3.4         | -2.5         |
| Additions for the year                                    | -15.8        | -3.2         |
| Reversal for the year                                     | 3.6          | -            |
| Write-downs during the year                               | 8.5          | 2.3          |
| <b>Total provision at 31 December</b>                     | <b>-7.1</b>  | <b>-3.4</b>  |

**15  
PREPAYMENTS**

Prepayments comprise prepaid costs relating to up-front fee, licences, etc.



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## 16 OTHER PROVISIONS

2025

| DKK million                   | Other provisions |
|-------------------------------|------------------|
| Balance at 1 January          | 2.5              |
| Utilised during the year      | -                |
| <b>Balance at 31 December</b> | <b>2.5</b>       |
| Expected due:                 |                  |
| Within 1 year                 | -                |
| Between 1 and 5 years         | -                |
| After 5 years                 | 2.5              |
| <b>Total</b>                  | <b>2.5</b>       |

## 17 BORROWINGS

| DKK million             | 2025           | 2024           |
|-------------------------|----------------|----------------|
| Within 1 year           | 1,363.8        | 442.8          |
| Between 1 and 5 years   | 3,725.4        | 3,698.0        |
| After 5 years           | -              | -              |
| <b>Total borrowings</b> | <b>5,089.2</b> | <b>4,140.8</b> |

## 18 LEASE LIABILITIES

| DKK million           | 2025        | 2024        |
|-----------------------|-------------|-------------|
| Expected due:         |             |             |
| Within 1 year         | 7.1         | 8.2         |
| Between 1 and 5 years | 17.3        | 22.6        |
| After 5 years         | -           | -           |
| <b>Total</b>          | <b>24.4</b> | <b>30.8</b> |

## 19 CONTINGENT LIABILITIES

**Guarantee obligations**

The Company has guarantee obligations totalling DKK 1,028 million at 31 December 2025 (DKK 1,031 million).

## 20 FINANCIAL INSTRUMENTS

Reference is made to Group note 4.2.

## 21 RELATED-PARTY TRANSACTIONS

Related parties comprise companies controlled by the Augustinus Foundation and key management. Key management is Scandinavian Tobacco Group A/S' Board of Directors and Executive Board (Executive Management and other key management) as well as management in the controlling companies.

The income statement includes the following transactions with related parties:

| DKK million   | 2025     | 2024    |
|---|----------|---------|
| <b>Affiliated companies</b>                         |          |         |
| Services provided by Scandinavian Tobacco Group A/S | 1,851.9  | 1,778.5 |
| Services provided to Scandinavian Tobacco Group A/S | -1,003.8 | -813.7  |
| Financial income                                    | 246.0    | 206.7   |
| Financial costs                                     | -84.5    | -143.1  |

For information on remuneration to the Management of Scandinavian Tobacco Group A/S, please refer to note 3. For an overview of affiliated companies, please refer to note 13. There has not been and there are no loans to key management personnel in 2025 or 2024.

## 22 FEE TO STATUTORY AUDITOR

| DKK million           | 2025       | 2024       |
|-----------------------|------------|------------|
| Statutory audit       | 1.5        | 1.0        |
| Assurance engagements | 0.1        | 0.2        |
| Tax advisory          | -          | -          |
| Other services        | 1.4        | 1.8        |
| <b>Total</b>          | <b>3.0</b> | <b>3.0</b> |

## 23 OWNERSHIP

As of 28 February 2026, the following investors have reported holdings of more than 5% of Scandinavian Tobacco Group's share capital/voting rights:

|  |       |
|--|-------|
| Chr. Augustinus Fabrikker Aktieselskab | > 25% |
| C.W.Obel A/S                           | > 10% |

## 24 EVENTS AFTER THE REPORTING DATE

The Company has not experienced any significant events after 31 December 2025 which have an impact on the Annual Report.



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# MANAGEMENT'S STATEMENT

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Scandinavian Tobacco Group A/S for the financial year 1 January – 31 December 2025.

The Consolidated Financial Statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2025 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for 2025.

In our opinion, Management's Review includes a fair review of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty, which the Group and the Parent Company are facing.

Additionally, the sustainability statement, which is part of Management's Review, has been prepared, in all material respects, in accordance with paragraph 99 a of the Danish Financial Statements Act. This

includes compliance with the European Sustainability Reporting Standards (ESRS) including that the process undertaken by Management to identify the reported information (the "Process") is in accordance with the description set out in the section titled Double Materiality Assessment. Furthermore, disclosures within the subsection titled EU taxonomy in the Sustainability Statement are, in all material respects, in accordance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

The sustainability statement includes forward-looking statements based on disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

In our opinion, the Annual Report of Scandinavian Tobacco Group A/S for the financial year 1 January to 31 December 2025 with the file name 5299003KG4JS99TRML67-2025-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend the Annual Report to be adopted at the Annual General Meeting.

**Gentofte, 4 March 2026**

### Executive Management

**Niels Frederiksen**  
Chief Executive Officer

**Marianne Rørslev Bock**  
Chief Financial Officer

### Board of Directors

**Henrik Brandt**  
Chair of the Board of Directors

**Marlene Forsell**

**Dianne Neal Blixt**

**Anders C. Obel**

**Ricardo Cesar De Almeida Oberlander**

**Jörg Biebernick**

**Hanne Malling**

**Thomas Thomsen**

**Karsten Dam Larsen**



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# INDEPENDENT AUDITOR'S REPORTS

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2025 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2025 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2025 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2025 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

### What we have audited

The Consolidated Financial Statements of Scandinavian Tobacco Group A/S for the financial year 1 January to 31 December 2025 comprise the income statement and statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes, including material accounting policy information.

The Parent Company Financial Statements of Scandinavian Tobacco Group A/S for the financial year 1 January to 31 December 2025 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including material accounting policy information. Collectively referred to as the "Financial Statements".

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities, and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

### Appointment

We were first appointed auditors of Scandinavian Tobacco Group A/S on 26 April 2017 for the financial year 2017. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 9 years including the financial year 2025.



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## INDEPENDENT AUDITOR'S REPORTS

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2025. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key audit matter

#### Impairment of trademarks

The principal risks are in relation to Management's assessment of the carrying values of the trademarks reclassified during the year from having indefinite useful lives to finite-lives as well as the trademarks with indefinite useful lives.

In accordance with IFRS Accounting Standards as adopted by the EU, Management carried out an impairment test for reclassified trademarks to assess if any potential impairment exists. In addition, the annually required impairment test was carried out for trademarks with indefinite useful lives.

Relevant assumptions in both tests include Management's assumptions related to future timing

and amount of cash flows that are used to project the recoverability of the carrying amount. There are specific risks related to macroeconomic conditions and volatile earnings caused by volume decline, intensified competition and changed regulations in key markets. Bearing in mind the generally long-lived nature of the assets, the significant assumptions are Management's view of prices, volumes, costs, useful lives, terminal growth rates and discount rates.

We focused on this area, as there is a high level of subjectivity exercised by Management in determining significant assumptions and estimating cash flows.

The key assumptions are disclosed in [note 3.1](#) to the Consolidated Financial Statements.

### How our audit addressed the key audit matter

We assessed whether the Group's accounting policies are in accordance with the IFRS Accounting Standards as adopted by the EU.

We updated our understanding of relevant controls, including Group controlling procedures and IT systems, and business processes regarding impairment testing of trademarks. For the controls, we assessed whether they were designed and implemented to effectively address the risk of material misstatement.

We obtained and assessed the impairment tests of the reclassified trademarks during the year to finite-lives as well as the trademarks with indefinite useful lives. We examined the methodology used by Management to assess the carrying amounts of trademarks. We the mathematical accuracy of the relevant value-in-use models prepared by Management.

We made use of our internal valuation specialists to independently challenge the key inputs used in calculating the discount rates and to assess the methodologies applied.

We challenged Management and evaluated the appropriateness of the significant assumptions regarding prices, volumes, costs, useful lives, terminal growth rates and discount rates applied by Management in the net present value.

As part of this we also assessed Management's sensitivity calculations and assessed the appropriateness of the disclosures.



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## INDEPENDENT AUDITOR'S REPORTS

### Statement on Management review

Management is responsible for the Management review.

Our opinion on the Financial Statements does not cover the Management review, and we do not as part of the audit express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Management review and, in doing so, consider whether the Management review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether the Management review includes the disclosures required by the Danish Financial Statements Act. This does not include the requirements in paragraph 99 a related to the sustainability statement covered by the separate auditor's limited assurance report hereon.

Based on the work we have performed, in our view, the Management review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act, except for the requirements in paragraph 99 a related to the sustainability statement, cf. above. We did not identify any material misstatement in the Management review.

### Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our



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## INDEPENDENT AUDITOR'S REPORTS

auditor's report unless law or regulation precludes public disclosure about the matter.

### Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Scandinavian Tobacco Group A/S for the financial year 1 January to 31 December 2025 with the filename 5299003KG4JS99TRML67-2025-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Scandinavian Tobacco Group A/S for the financial year 1 January to 31 December 2025 with the file name 5299003KG4JS99TRML67-2025-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 4 March 2026

### PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

**Michael Groth Hansen**  
State authorised  
public accountant  
mne33228

**Anette Beltrão-Primdahl**  
State authorised  
public accountant  
mne45854



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To the shareholders of Scandinavian Tobacco Group A/S

# INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY STATEMENT

## Limited assurance conclusion

We have conducted a limited assurance engagement on the sustainability statement of Scandinavian Tobacco Group A/S (the "Group") included in the Management review (the "Sustainability Statement") for the financial year 1 January – 31 December 2025.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in the section "Double Materiality Assessment"; and
- compliance of the disclosures in the section "EU Taxonomy" of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

## Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical*

*financial information* ("ISAE 3000 (Revised)") and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Auditor's responsibilities for the assurance engagement* section of our report.

## Our independence and quality management

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Management's responsibilities for the Sustainability Statement

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process as included in the section "Double Materiality Assessment" of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, which includes the information identified by the Process, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- compliance with the ESRS;
- preparing the disclosures as included in the section "EU Taxonomy" of the Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

## Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

## Auditor's responsibilities for the assurance engagement

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or



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## INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY STATEMENT

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgment and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Process include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the section "Double Materiality Assessment".

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management; and reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in the section "Double Materiality Assessment".

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement including the consolidation processes by obtaining an understanding of the

Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;

- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement are in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;

**Hellerup, 4 March 2026**

### PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

**Michael Groth Hansen**  
State authorised public accountant  
mne33228

**Anette Beltrão-Primdahl**  
State authorised public accountant  
mne45854

- Performed substantive assurance procedures on selected information in the Sustainability Statement;
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and the Management review;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information; and
- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

**Scandinavian Tobacco Group A/S**

CVR 31 08 01 85

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Denmark