



Company Announcement

No. 2/2025

Copenhagen, 6 March 2025

Full-year report, 1 January - 31 December 2024

Scandinavian Tobacco Group A/S Reports Full Year 2024 Results and Proposes a DKK 8.50 Dividend Per Share

Scandinavian Tobacco Group's reported net sales for the full year increased 5.4% to DKK 9.2 billion in 2024 with an organic growth of 0.4%. EBITDA before special items decreased 1.3% to DKK 2.1 billion with an EBITDA margin of 22.6%. Free cash flow before acquisitions was DKK 0.9 billion and the adjusted EPS were DKK 13.7. The Board of Directors will propose a 1.2% increase in the ordinary dividend per share to DKK 8.50.

For the fourth quarter reported net sales increased 8.0% to DKK 2.5 billion with an organic growth of -1.0%. EBITDA before special items increased 15.4% with an EBITDA margin of 24.3%. Free cash flow before acquisitions was DKK 0.6 billion.

The organic growth in net sales was in the fourth quarter impacted by the discontinued distribution of third-party NGP products in our online business and a decrease in handmade cigars in the US. The sales of our nicotine pouch brand XQS continued to deliver double-digit growth, and the product category Machine-Rolled Cigars & Smoking Tobacco delivered low single-digit growth.

The improvement in the EBITDA margin in the fourth quarter compared with 2023 was driven by favourable mix, in particular strong performance in smoking tobacco. Investments in our growth enablers and in machine-rolled cigars as well as the discontinued NGP-distribution business impacted margins negatively.

CEO Niels Frederiksen: *"2024 was another challenging year with a volatile business environment, but for the first time, we reported net sales exceeding DKK 9 billion and an EBITDA margin of 22.6% in a period where we invest in both our Growth Enablers and in the turnaround of our core machine-rolled cigar business. We returned DKK 1.5 billion to shareholders in 2024 and we propose a dividend payment of DKK 8.50 per share being the ninth consecutive year with an increase in the ordinary dividend."*

We are pleased with the progress we have achieved on the objectives set out in the five-year strategy - Rolling Towards 2025. Since its launch in 2020, we have added strong brands in both the US and in Europe, expanded our product portfolio to next generation products and launched an updated sustainability strategy. We have made multiple acquisitions; our Growth Enablers have gained traction, and we are creating a stronger platform with our many efforts within IT and digitalization. We are making good progress on creating a solid platform from which we can grow further".

Fourth Quarter 2024

- Reported net sales increased by 8.0% to 2.5 billion (DKK 2.3 billion)
- Organic net sales growth was negative at 1.0%
- Growth Enablers accounted for 10% of Group net sales.
- EBITDA before special items was DKK 596 million (DKK 517 million)
- The EBITDA margin was 24.3% (22.7%)
- Adjusted Earnings Per Share (EPS) were DKK 3.8 (DKK 3.6).
- Free cash flow before acquisitions was DKK 604 million (DKK 452 million).

Full year 2024

- Reported net sales increased by 5.4% to DKK 9.2 billion (DKK 8.7 billion)
- Organic net sales growth was 0.4%
- Growth Enablers accounted for 10% of Group net sales
- EBITDA before special items was 2.1 billion (2.1 billion)
- EBITDA margin was 22.6% (24.1%)
- Adjusted EPS were DKK 13.7 (DKK 14.4)
- Free cash flow before acquisitions was DKK 931 million (DKK 1,053 million).
- Return on Invested Capital (ROIC) was 9.4% (11.4%).

Financial expectations 2025

Reported net sales in 2025 will be positively impacted by the full year impact from the Mac Baren acquisition, whereas reported net sales will be negatively impacted by the discontinued NGP-distribution business as of the third quarter 2024 and the divestment of a smaller lighters business in France. Continued investments in both our Growth Enablers and in turning around our machine-rolled cigar business impact margins negatively, though being partly offset by synergies from the Mac Baren integration. Our expectations for 2025 are:

- Reported net sales in the range of DKK 9.2-9.7 billion
- EBITDA margin before special items in the range of 20-23%
- Free cash flow before acquisitions in the range DKK 0.8-1.1 billion
- Adjusted EPS in the range of 11.0-14.0.

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A conference call will be held on 7 March 2025 at 10.00 CEST. Dial-in information and an accompanying presentation will be available at investor.st-group.com/investor around 09:00 CEST.

Key Figures

DKK million	Q4 2024	Q4 2023	FY2024	FY2023
INCOME STATEMENT				
Net sales	2,458	2,275	9,202	8,731
Gross profit before special items	1,162	1,089	4,279	4,204
EBITDA before special items	596	517	2,079	2,106
Special items	-148	-35	-279	-92
EBIT	342	385	1,380	1,638
Net financial items ¹	-54	-79	-186	-177
Profit before tax	292	311	1,219	1,491
Income taxes	-71	-43	-280	-308
Net profit	221	268	940	1,182
BALANCE SHEET				
Total assets			17,104	15,853
Equity			9,217	9,434
Net interest-bearing debt (NIBD)			5,423	4,057
Investment in property, plant and equipment	47	57	216	199
Total capital expenditures	49	88	264	308
CASH FLOW STATEMENT				
Cash flow from operating activities	649	534	1,179	1,347
Cash flow from investing activities	-50	-81	-824	-875
Free cash flow	600	452	355	472
Free cash flow before acquisitions	604	452	931	1,053
KEY RATIOS²				
Net sales growth	8.0%	4.1%	5.4%	-0.4%
Gross margin before special items	47.3%	47.9%	46.5%	48.2%
EBITDA margin before special items	24.3%	22.7%	22.6%	24.1%
Effective tax percentage	24.4%	13.8%	22.9%	20.7%
Equity ratio			53.9%	59.5%
Cash conversion	136.5%	147.5%	100.8%	103.0%
Organic net sales growth	-1.0%	5.0%	0.4%	0.3%
NIBD / EBITDA before special items			2.6	1.9
ROIC			9.4%	11.4%
ROIC ex. Goodwill			14.7%	18.1%
Adjusted earnings per share (DKK)	3.8	3.6	13.7	14.4
Basic earnings per share (DKK)	2.8	3.1	11.5	13.7
Diluted earnings per share (DKK)	2.7	3.1	11.4	13.6
Number of shares issued ('000)			86,000	87,000
Number of treasury shares ('000)			7,266	1,105
Number of outstanding shares ('000) ³			82,162	86,668
Share price at balance date (DKK)			95.30	117.30
Dividend per share (DKK)			8.50	8.40
Pay-out ratio			77.8%	61.8%

1. Excl. share of profit of associated companies.

2. See definition/explanation of financial ratios in note 5.8 in the Annual Report 2024.

3. Average number of shares outstanding, including dilutive effect of PSUs.

Fourth Quarter 2024 - Financial performance

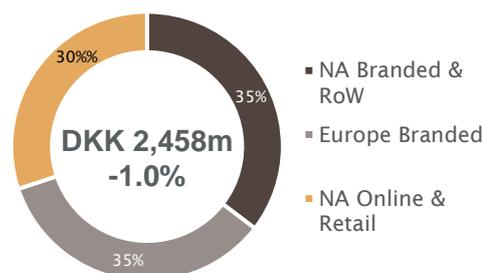
During the fourth quarter reported net sales for the Group increased by 8.0% to DKK 2.5 billion. Organic net sales growth was negative by 1.0% with growth being impacted by the acquisition of Mac Baren by 8.6% and exchange rates developments by 0.4% (see Table 1).

The organic growth in net sales was negatively impacted by the discontinued third-party distribution business. As result our Next Generation Product category decreased by 11%, but with the XQS brand delivering high double-digit growth. The product category Machine-Rolled Cigars & Smoking Tobacco delivered 2% positive growth and Handmade Cigars delivered 1% negative growth. Others delivered positive organic net sales growth, primarily driven by phasing between quarters. Measured by our reporting divisions, the organic net sales performance was driven by 4% growth in North America Branded & Rest of World ("NABROW") while the development was negative in both North America Online & Retail ("NAOR") and Europe Branded ("EUB") by 2% and 4%, respectively.

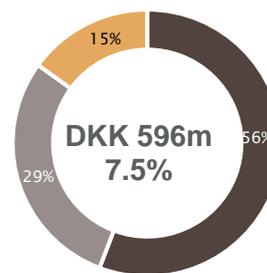
EBITDA before special items increased by 15.4% with an EBITDA margin before special items of 24.3% compared with 22.7% in 2023. The development in the margin was driven by NABROW, whereas both NAOR and EUB delivered decreasing margin compared with 2023. The increasing margin in NABROW is driven by favourable mix and refund of certain import tax payments. Our investments in the Growth Enablers (retail expansion, international sales of handmade cigars and nicotine pouches) as well as in regaining our market position in machine-rolled cigars in Europe, continued. The OPEX ratio decreased to 23.9% compared with 25.7% in 2023. Special items were negative by DKK 148 million relating to the integration of Mac Baren, reorganisations and the ERP implementation programme, called One Process. Net profit decreased by 17.5% to DKK 221 million while Adjusted Earnings Per Share increased by 5.6% to DKK 3.8.

Divisional split Q4 2024

Net sales and organic growth



EBITDA before special items and organic growth



Group net sales and EBITDA Q4 2024

Table 1: Net sales

	Q4 2024	Q4 2023	Change in %
DKK million			
Net sales	2,458	2,275	8.0%
Acquisitions		199	
Currency development	-9		
Organic net sales	2,449	2,474	-1.0%

Table 2: EBITDA before special items

	Q4 2024	Q4 2023	Change in %
DKK million			
EBITDA	596	517	15.4%
Acquisitions		32	
Currency development	-5		
Organic EBITDA	591	549	7.5%

The Group's free cash flow before acquisitions was DKK 604 million (DKK 452 million). The development is impacted by the operational performance, a lower tax paid being partly offset by higher special costs paid. Changes in working capital impacted positively DKK 164 million in the quarter compared with a positive DKK 254 million impact in 2023.

By the end of the year, the Group's leverage ratio was 2.6 times compared with 2.9 times by the end of the third quarter and 1.9 times by the end of 2023. The return on invested capital (ROIC) decreased to 9.4% versus 11.4% by the end of 2023. The development was primarily driven by higher special costs resulting in a decrease in the EBIT. The average invested capital in the year was DKK 14.7 billion compared with DKK 14.3 billion in 2023.

Strategy and Other Key Updates

Integrating mergers and acquisition

In relation to our third quarter results announcement in November, we disclosed key financial data relating to the acquisition of Mac Baren, a leading global smoking tobacco company, which includes a strong portfolio of pipe tobacco brands, fine-cut tobacco brands and brands within the nicotine pouch category.

We expect to create substantial value when the integration is completed and is another good example of the importance for our Group of acquiring companies within our core product categories.

In November, we communicated that the combination of Scandinavian Tobacco Group and Mac Baren is expected to deliver synergies in the level of DKK 150 million when fully integrated by the end of 2026. Special costs to reach the targeted cost synergies are estimated at the level of 150 million, whereof DKK 33 million has been expensed as of end 2024. Additionally, capital expenditures in the level of DKK 125 million are expected in relation to the integration.

Growth Enablers

Identifying new revenue streams is an essential part of our strategy. We have currently identified three Growth Enablers comprising international sales of handmade cigars (outside of the US), retail stores in the US and Next Generation Products with a focus on nicotine pouches. Each Growth Enabler is growing and by the end of 2024, they accounted for about 10% of group net sales.

Retails Stores: At the end of 2024 we had thirteen retail superstores, branded Cigars International, with three new stores being opened in the year. Two of these were opened in the fourth quarter with one located in Jacksonville, Florida and another in South Fayette, Pennsylvania. During the fourth quarter reported net sales from our retail stores increased by 18%. For the full year reported net sales increased by 16% compared with 2023 and same-store-sales was up by 5%. Retail stores which have been open for more than three years, all deliver EBITDA margins of more than 25% and combined these stores deliver a ROIC of more than 15%.

International sales of handmade cigars delivered 2% growth in reported net sales during the fourth quarter and an 11% growth for the year compared with 2023. The expansion of the handmade cigar business outside the US remains a priority and further expansion of consumer touchpoints is expected to contribute to growth. We estimate that our brands have a 6% volume share of the market for handmade cigars outside North America making Scandinavian Tobacco Group the third largest company in this segment.

Next Generation Products with focus on nicotine pouches delivered 134% growth in reported net sales in the fourth quarter, excluding the impact from the discontinued distribution of third-party products, but including the acquired Mac Baren brands. Organic growth for our largest brand XQS was 89% in the fourth quarter, with XQS continuing to take market in Sweden and the UK. The market share in Sweden approached 10% by the end of the year. The brand was also launched in the Danish market in September. The brand portfolio was strengthened with the inclusion of Ace and Gritt from Mac Baren, whereas STRÖM was discontinued.

The Growth Enablers accounted for 10% of Group net sales in the fourth quarter compared with 9% in the third quarter. For the full year our Growth Enablers accounted for 10% of net sales. The distribution of third-party NGP products, which was discontinued from the beginning of the third quarter, accounted for about 1% of full year net sales.

Capital Allocation

During the quarter, the Group repurchased 1,021,643 treasury shares at a total value of DKK 105 million as part of the up to DKK 850 million share buy-back programme which was launched November 2023. During the year, the Group has repurchased shares at a total value of DKK 765 million.

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

The capital distribution to shareholders, including the ordinary dividend payment of DKK 731 million in April, amounts to DKK 1,496 million in 2024.

Financial Expectations 2025

The markets for our core product categories continue to be challenged. Decreasing demand for machine-rolled cigars in Europe continues and the consumption of handmade cigars in the US has reversed to pre-covid levels. Supply chain stability, tactical price management and cost control remain essential to protect sales, profitability and cash-flows over time.

With macro-economic developments, we assess the uncertainty to both consumer behaviour and cost developments in our operations as higher than normal for the coming year. This is reflected in broader than usual ranges for our financial expectations for 2025.

The financial expectations are based on assumptions of an unchanged volume decline rate in the European market for machine-rolled cigars and a low single-digit volume decline rate in the consumption of handmade cigars in the US, no significant disruptions in our supply chain and no unexpected changes to our cost base.

Reported net sales will be positively impacted by the full year impact from the Mac Baren acquisition by an estimated 3% and by about 1% from exchange rate developments based on current spot rates. The discontinuation of the NGP-distribution in the US as of the third quarter 2024 will impact reported net sales negatively by almost 1.5% and the divestment of a smaller lighters business in France by about 0.3%. Excluding these factors, we expect a flat to slightly positive increase in net sales driven by our Growth Enablers and a stabilisation to slightly declining impact from our core categories. We expect our Growth Enablers to deliver double-digit growth with the strongest growth by our nicotine pouch business.

Continued investments in both our Growth Enablers and in turning our machine-rolled cigar business around will impact margins negatively but is being somewhat compensated by Mac Baren synergies. We expect about half of the total synergies of about DKK 150 million to impact the result in 2025 and expect the full integration to be complete by the end of next year.

Uncertainties to our base assumptions for the year are higher than normal. These include volume and price developments for our core categories, cost inflation and supply chain stability. We remain committed to strengthen our platform, which is important for further growth, although it may temporarily impact profit margins, cash flows and return on invested capital. We are prioritizing actions that will strengthen the company and our market positions in the long-term, also at the cost of near-term profitability. Consequently, the range for the EBITDA margin is wider than normal to reflect this.

Despite the continued investments in strengthening the positions for the Growth Enablers, we expect profitability from each of them to improve compared with 2024 and for nicotine pouches we expect the EBITDA to be close to break even.

In the first quarter of 2025, we expect growth in reported net sales driven by the inclusion of Mac Baren, whereas organic growth is expected to be negative as result of portfolio optimisations in relation to the Mac Baren integration. The EBITDA margin is expected to be broadly unchanged compared with the first quarter 2024. In the following quarters the margin is expected to decrease compared with the comparable quarters in 2024 as result of the above-mentioned factors, but to remain well above the EBITDA margin in the first quarter.

Free cash flow is expected in the range of DKK 0.8-1.1 billion and will be impacted by capex investments of up to DKK 300 million including factory consolidations, OneProcess investments and the opening of 2 new retail super stores in the US. Special cash items paid is expected at about DKK 200 million, primarily relating to the Mac Baren integration and roll-out of our SAP 4/Hana ERP solution.

Working capital is expected to deliver a slightly positive contribution, whereas financial expenses paid increase as result of the refinancing of the corporate bond in September last year.

Given these considerations our expectations for 2025 are:

- Reported net sales in the range of DKK 9.2-9.7 billion
- EBITDA margin before special items in the range of 20-23%
- Free cash flow before acquisitions in the range DKK 0.8-1.1 billion
- Adjusted EPS in the range of 11.0-14.0.

Guidance and assumptions are based on no impact from potential new acquisitions and at current exchange rates*

* A 10% change in the USD/DKK exchange rate would impact group net sales by approximately 5 percentage points with EBITDA margins being only marginally impacted.

Events after the reporting period

There are no other events than those mentioned in the above that have occurred after 31 December 2024 and that are expected to have material impact on the financial position of the Group.

Forward-looking statements

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

Sales performance by category

Net sales distribution and growth by category

	Q4 2024			YTD 2024		
	% of Group	Organic Growth	Reported Growth	% of Group	Organic Growth	Reported Growth
Handmade Cigars	34%	-0.5%	0.6%	36%	1.2%	2.0%
MRC & Smoking Tobacco	50%	1.6%	12.1%	48%	-2.0%	3.2%
Next Generation Products	4%	-38.0%	8.7%	5%	25.7%	117.8%
Other	12%	5.3%	14.3%	11%	0.6%	4.3%
Total	100%	-1.0%	8.0%	100%	0.4%	5.4%

Handmade Cigars

The product category Handmade Cigars accounted for 34% of group net sales in the quarter. Reported net sales increased by 0.6% compared with 2023 and organic growth was negative by 0.5%.

The development in reported net sales of handmade cigars was driven by a 2% growth in international markets (excl. the US) and a 6% growth in our retail superstores. Online sales were in line with Q4 2023 while reported net sales to wholesalers and distributors in the US increased by about 1%.

The development is impacted by an overall decline in consumption in the US, which is estimated to 5% for the year. Our online business has been able to offset a declining number of active consumers at file through pricing and an increase in the average basket size.

Machine-rolled Cigars and Smoking Tobacco

Reported net sales for the product category Machine-rolled cigars (MRC) & Smoking tobacco (ST) increased by 12.1% in the fourth quarter and organic growth was 1.6%. The acquisition of Mac Baren impacted growth by 10.3%.

Smoking tobacco delivered 50% growth in reported net sales and machine-rolled cigars a 3% negative growth primarily driven by Belgium, Sweden, Italy and France. Excluding the impact from the acquisition of Mac Baren, smoking tobacco delivered 13% organic net sales growth in the fourth quarter driven by pipe tobacco and in particular fine-cut tobacco.

Preliminary data for machine-rolled cigars for the total market development in our key European markets indicate a volume decline rate of 2.8% in the fourth quarter compared with a decline rate of 3.5% for the full year. Compared with the full year total market development, the decline rate improved in the fourth quarter in France, Belgium and the Netherlands, whereas the decline rate worsened in the UK, Germany, Spain and Italy. The preliminary data indicate that our volume market share was 28.1% in the fourth quarter compared with 28.1% in the third quarter and 27.9% for the full year to compare with 29.7% for the full year 2023. All markets except Germany experienced a declining market share in 2024 compared with 2023. During the year, we have increased investments to regain market shares in the category. Pricing remains sound in all major markets except France.

Next Generation Products

Reported net sales for the product category Next Generation Products (NGP) increased by 9% driven by continued high double-digit growth by the nicotine pouch brand XQS and the acquisition of the Mac Baren nicotine pouch brands Ace and Gritt, being partly offset by the discontinuation of the distribution of a third-party product in the US market. Organic growth was negative by 38% as result of the discontinued distribution.

NGP accounted for about 3.5% of Group net sales in the quarter and by 4.5% for the full year. Excluding the mentioned discontinued distribution in the US, NGP accounted for 3.0% in the full year. The strong performance by XQS is driven by the brand continuing taking market share in Sweden and the UK. The impact from the launch in the Danish market remains immaterial. The roll-out of the brand in additional markets is expected to continue during 2025.

Other

In the quarter organic net sales in the category Other, increased by 5%. The increase primarily relates to increasing bar sales in the US retail stores.

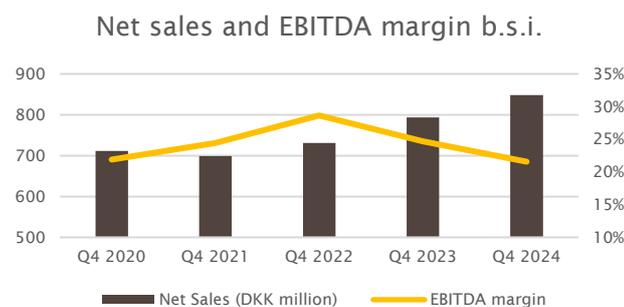
Financial performance by division

Europe Branded

During the fourth quarter reported net sales increased by 6.9% compared to 2023. Organic net sales growth was negative by 4.2% with acquisitions impacting growth by 10.8% and exchange rates by 0.3%. The organic net sales development is comprised by double-digit growth in our nicotine pouch business, single-digit growth in handmade cigars, whereas machine-rolled cigars and smoking tobacco delivered negative growth.

Our nicotine pouch brand XQS continued to take market share in Sweden, which by the end of the year was close to 10% and the market share in the UK continued its progress and is now above 1%. The development in market share for machine rolled cigars continued to stabilise from its low point in the beginning of the year and was 28.1% in the fourth quarter versus 27.9% for the full year 2024. Pricing cannot yet fully offset the volume decline.

Fourth Quarter Development, 2020-2024



For the fourth quarter EBITDA before special items decreased by 6.6% with an EBITDA margin before special items of 21.6% compared with 24.7% in 2023. The decrease in the EBITDA margin is driven by increased sales and marketing expenses to strengthen our market positions in machine-rolled cigars, investments in and the expansion of nicotine pouch business as well as the inclusion of Mac Baren.

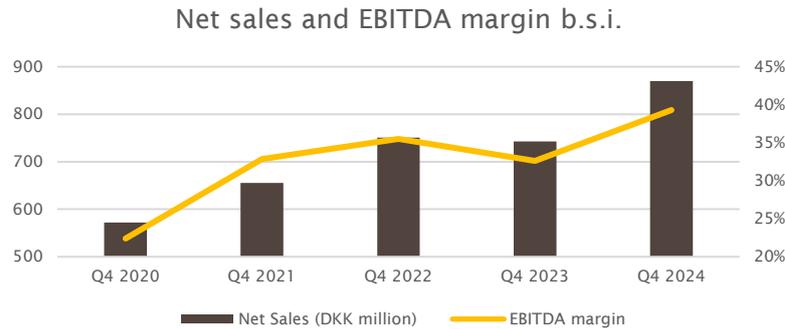
For the full year reported net sales increased by 7.9% to DKK 3.1 billion with a positive organic growth of 0.1%. Gross profit before special items increased by 3% and the gross margin was 49.2% compared with 51.5% in 2023. EBITDA before special items decreased by 5.0% with an EBITDA margin of 21.0% compared with 23.8% in 2023.

North America Branded & Rest of World

During the quarter reported net sales increased by 17.1% compared with 2023. Organic net sales growth was 3.5% with acquisitions impacting growth by 13.6% and no impact from exchange. The organic net sales development was driven by the product category Machine-Rolled Cigars and Smoking Tobacco, in particular fine-cut tobacco to Global Travel Retail and machine-rolled cigars in Australia, being impacted by loading ahead of regulatory changes.

The organic development in net sales within handmade cigars to external wholesalers and distributors continue to reflect the overall market decline with pricing not being able to offset the volume decline. Organic growth in net sales of handmade cigars sold to international markets was about -3%.

Fourth Quarter Development, 2020-2024



For the fourth quarter EBITDA before special items increased by 41.3% with an EBITDA margin before special items of 39.3% compared with 32.6% in 2023. The development in the profitability was result of a lower OPEX partly including an expected DKK 21 million refund of certain import tax payments.

For the full year reported net sales increased 3.1% to DKK 3.1 billion with a negative organic growth of 2.6%. Gross profit before special items decreased by 0.7% and the gross margin was 50.8% compared with 52.8% in 2023. EBITDA before special items increased by 2.4% with an EBITDA margin of 36.0% compared with 36.3% in 2023.

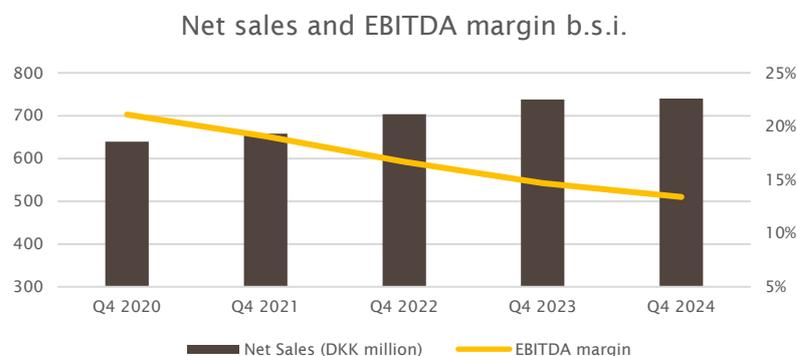
North America Online & Retail

During the fourth quarter reported net sales increased by 0.2% compared to 2023. Organic net sales growth was negative by 2.4% with acquisitions impacting growth by 1.8% and exchange rates by 0.8%. The organic net sales development was negatively impacted by about 6% from discontinuation of the distribution of third-party NGP products. The online business, excluding the discontinued distribution, delivered slightly positive growth in the quarter while the retail stores delivered 17% growth.

In the online business the development was driven by an increase in the average basket size offsetting a decline in our twelve months active consumer file. Although retention rates are improving, acquisition of new consumers at file is impacted by the overall market decline and promotional pressure in the market.

The double-digit growth in the retail business was driven by the opening of new super stores and a 6% increase in the same-store-sales. Two new stores were opened during the quarter leaving the total of new stores opened in the year at three and thirteen in total.

Fourth Quarter Development, 2020-2024



For the fourth quarter EBITDA before special items decreased by 8.3% with an EBITDA margin before special items of 13.4% compared with 14.7% in 2023. The development in the profitability was primarily

driven by mix changes as result of the discontinued distribution of third-party NGP products and the inclusion of net sales from Mac Baren. The OPEX ratio was almost unchanged compared with 2023.

For the full year reported net sales increased by 5.3% to DKK 3.0 billion with a positive organic growth of 4.2%. Gross profit before special items increased by 3.6% and the gross margin was 39.1% compared with 39.8% in 2023. EBITDA before special items decreased by 0.3% with an EBITDA margin of 14.8% compared with 15.7% in 2023.

Quarterly Financial Data

<i>DKK million</i>	2024				2023	2024	2023
	Q4	Q3	Q2	Q1	Q4	12M	12M
Reported data							
Net sales	2,458	2,431	2,366	1,948	2,275	9,202	8,731
Gross profit before special items	1,162	1,126	1,109	881	1,089	4,279	4,204
EBITDA before special items	596	568	580	335	517	2,079	2,106
Special items	-148	-49	-53	-30	-35	-279	-92
EBIT	342	401	429	208	385	1,380	1,638
Net financial items	-54	-26	-53	-54	-79	-186	-177
Profit before tax	292	383	385	159	311	1,219	1,491
Income taxes	-71	-86	-88	-34	-43	-280	-308
Net profit	221	297	297	125	268	940	1,182
Other financial key data							
Organic EBITDA grow th	7.5%	-9.2%	11.4%	-29.1%	-5.7%	-4.5%	-5.0%
Organic net sales grow th	-1.0%	-0.1%	4.8%	-2.1%	5.0%	0.4%	0.3%
Gross margin before special items	47.3%	46.3%	46.9%	45.2%	47.9%	46.5%	48.2%
EBITDA margin before special items	24.3%	23.4%	24.5%	17.2%	22.7%	22.6%	24.1%
Free cash flow before acquisitions	604	275	177	-126	452	931	1,053
North America Online & Retail							
Net sales	740	743	840	650	738	2,973	2,824
Gross profit before special items	286	292	331	255	293	1,164	1,124
EBITDA before special items	99	109	152	81	108	441	443
Net sales grow th	0.2%	-0.2%	13.6%	8.1%	4.9%	5.3%	1.7%
Organic net sales grow th	-2.4%	-0.9%	12.1%	9.2%	10.4%	4.2%	4.8%
Gross margin before special items	38.6%	39.3%	39.4%	39.2%	39.8%	39.1%	39.8%
EBITDA margin before special items	13.4%	14.6%	18.1%	12.5%	14.7%	14.8%	15.7%
North America Branded & RoW							
Net sales	870	837	751	681	743	3,139	3,044
Gross profit before special items	445	418	391	340	380	1,595	1,606
EBITDA before special items	342	302	275	211	242	1,130	1,104
Net sales grow th	17.1%	3.5%	-2.9%	-5.4%	-1.0%	3.1%	-4.7%
Organic net sales grow th	3.5%	-4.8%	-3.5%	-6.1%	-1.4%	-2.6%	-4.7%
Gross margin before special items	51.2%	50.0%	52.0%	50.0%	51.1%	50.8%	52.8%
EBITDA margin before special items	39.3%	36.1%	36.6%	31.2%	32.6%	36.0%	36.3%
Europe Branded							
Net sales	848	850	775	617	794	3,090	2,863
Gross profit before special items	431	416	388	286	416	1,520	1,474
EBITDA before special items	183	189	193	83	196	649	683
Net sales grow th	6.9%	18.8%	8.8%	-3.8%	8.6%	7.9%	2.6%
Organic net sales grow th	-4.2%	5.8%	6.1%	-7.7%	6.7%	0.1%	1.8%
Gross margin before special items	50.8%	48.9%	50.0%	46.3%	52.4%	49.2%	51.5%
EBITDA margin before special items	21.6%	22.3%	24.9%	13.8%	24.7%	21.0%	23.8%
Group costs							
EBITDA before special items	-28	-33	-40	-40	-30	-141	-123

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today considered and approved the Annual Report 2024 of Scandinavian Tobacco Group A/S including the audited consolidated financial statements. The Board of Directors and Executive Management have also approved this financial statement containing condensed financial information for 2024.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements are prepared in accordance with additional Danish disclosure requirements for listed companies. The Management Report is also prepared in accordance with Danish disclosure requirements for listed companies.

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

In our opinion, this company announcement gives a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2024 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 December 2024 and the fourth quarter of 2024.

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

Gentofte, 6 March 2025

EXECUTIVE MANAGEMENT

Niels Frederiksen
CEO

Marianne Rørslev Bock
CFO

BOARD OF DIRECTORS

Henrik Brandt
CHAIRMAN

Anders C. Obel

Dianne Neal Blixt

Henrik Amsinck

Jörg Biebernick

Marlene Forsell

Karsten Dam Larsen

Thomas Thomsen

Mark Draper

CONSOLIDATED STATEMENT OF INCOME

1 JANUARY - 31 DECEMBER

DKK million	Q4 2024	Q4 2023	FY 2024	FY 2023
INCOME STATEMENT				
Net sales	2,457.5	2,274.5	9,202.1	8,730.9
Cost of goods sold	-1,295.4	-1,185.8	-4,923.6	-4,526.8
Gross profit before special items	1,162.1	1,088.7	4,278.5	4,204.1
Other external costs	-312.6	-295.1	-1,190.8	-1,142.6
Staff costs	-274.2	-289.3	-1,057.2	-968.0
Other income	20.7	12.2	48.5	12.2
Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)	596.0	516.5	2,079.0	2,105.7
Depreciation and impairment	-60.2	-53.9	-236.3	-201.0
Earnings before interest, tax, amortisation and special items (EBITA before special items)	535.8	462.6	1,842.7	1,904.7
Amortisation and impairment	-46.5	-43.2	-183.5	-174.0
Earnings before interest, tax and special items (EBIT before special items)	489.3	419.4	1,659.2	1,730.7
Special items, costs and impairment	-147.6	-34.6	-279.0	-92.4
Earnings before interest and tax (EBIT)	341.7	384.8	1,380.2	1,638.3
Share of profit of associated companies, net of tax	4.5	5.2	25.4	29.4
Financial income	46.4	23.2	130.2	184.6
Financial costs	-100.3	-102.3	-316.5	-361.5
Profit before tax	292.3	310.9	1,219.3	1,490.8
Income taxes	-71.3	-42.9	-279.6	-308.4
Net profit for the period	221.0	268.0	939.7	1,182.4
Earnings per share				
Basic earnings per share (DKK)	2.8	3.1	11.5	13.7
Diluted earnings per share (DKK)	2.7	3.1	11.4	13.6
STATEMENT OF COMPREHENSIVE INCOME				
Net profit for the period	221.0	268.0	939.7	1,182.4
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be recycled subsequently to the Consolidated Income Statement:</i>				
Actuarial gain and losses on pension obligations	-11.1	12.8	-11.1	12.8
Tax on actuarial gain and losses on pension obligations	2.0	-3.0	2.0	-3.0
<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	412.5	-264.2	326.3	-198.4
Other comprehensive income for the period, net of tax	403.4	-254.4	317.2	-198.4
Total comprehensive income for the period	624.4	13.6	1,256.9	993.8

Net sales

In the fourth quarter of 2024, net sales were DKK 2,458 million (DKK 2,275 million). Adjusted for a positive exchange rate impact of DKK 9 million and acquisitions of DKK 199 million, the organic growth in net sales was negative by 1.0%. For the full year of 2024, net sales increased by 5.4% to DKK 9,202 million (DKK 8,731 million) driven by impact from acquisitions of 4.9%, a positive exchange rate development of 0.1% and positive organic growth in net sales of 0.4%. Organic net sales were primarily driven by North America Online & Retail and Europe Branded partly offset by negative organic growth in North America Branded & Rest of World.

Profit

Gross profit before special items for the fourth quarter of 2024 was DKK 1,162 million (DKK 1,089 million) driven by the increase in net sales. Gross margin before special items decreased to 47.3% (47.9%).

Operating expenses for the fourth quarter of 2024 was in line with the same quarter last year and stood at DKK 587 million (DKK 584 million). The OPEX ratio decreased to 23.9% (25.7%).

EBITDA before special items for the fourth quarter of 2024 amounted to DKK 596 million (DKK 517 million). The development is mainly explained by the decreased OPEX ratio. Organic EBITDA growth was positive by 7.5% (-5.7%).

EBITDA margin before special items for the fourth quarter of 2024 was 24.3% (22.7%).

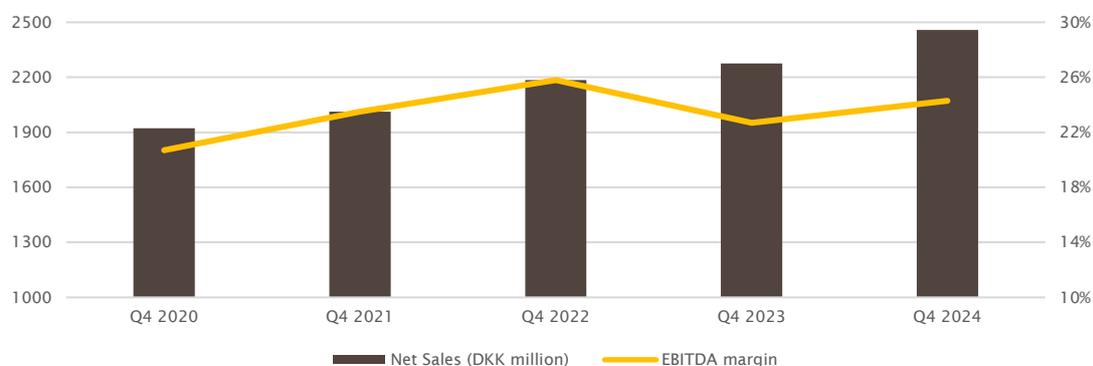
During the quarter DKK 148 million (DKK 35 million) have been expensed as special items, relating to the ERP implementation project, OneProcess, transaction and integration costs for the Mac Baren acquisition, the reorganisation Commercial Organisation and costs for establishing the Solution Delivery Organisation.

Net profit was DKK 221 million (DKK 268 million). Earnings Per Share (EPS) were DKK 2.8 (DKK 3.1). Earnings Per Share adjusted for special items, fair value adjustments and currency gains/losses, net of tax stood at DKK 3.8 (DKK 3.6).

In the full year of 2024, gross profit before special items was DKK 4,279 million (DKK 4,204 million) with a gross margin of 46.5% (48.2%). EBITDA before special items was DKK 2,079 million (DKK 2,106 million) with an EBITDA margin of 22.6% (24.1%). Special items of DKK 279 million were expensed (DKK 92 million), net profit was DKK 940 million (DKK 1,182 million) with an EPS adjusted for special items, fair value adjustments and currency gains/losses, net of tax at DKK 13.7 (DKK 14.4).

Fourth Quarter Development, 2020-2024

Net sales and EBITDA margin b.s.i.



CONSOLIDATED BALANCE SHEET**ASSETS**

DKK million	31 Dec 2024	31 Dec 2023
INTANGIBLE ASSETS		
Goodwill	5,409.9	5,235.6
Trademarks	3,224.1	3,226.1
IT software	65.3	74.4
Other intangible assets	400.0	404.0
Intangible assets under development	215.5	183.1
Total intangible assets	9,314.8	9,123.2
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	2,066.5	1,759.7
Investments in associated companies	261.9	234.0
Deferred income tax assets	129.8	93.7
Total non-current assets	11,773.0	11,210.6
Inventories	3,478.2	3,269.6
Trade receivables	1,213.7	963.7
Other receivables	207.0	113.7
Corporate tax	97.4	63.3
Prepayments	174.6	132.9
Cash and cash equivalents	160.1	99.6
Total current assets	5,331.0	4,642.8
Total assets	17,104.0	15,853.4

CONSOLIDATED BALANCE SHEET**EQUITY AND LIABILITIES**

DKK million	31 Dec 2024	31 Dec 2023
Share capital	86.0	87.0
Reserve for currency translation	1,091.7	765.4
Treasury shares	-787.8	-141.4
Retained earnings	8,827.1	8,723.0
Total equity	9,217.0	9,434.0
Borrowings	3,710.6	3,656.7
Deferred income tax liabilities	742.3	706.8
Pension obligations	213.7	195.3
Other provisions	16.4	17.9
Lease liabilities	337.3	245.8
Other liabilities	32.5	46.2
Total non-current liabilities	5,052.8	4,868.7
Borrowings	1,247.8	-
Trade payables	383.6	508.2
Corporate tax	85.1	120.3
Other provisions	46.9	17.8
Lease liabilities	73.4	59.1
Other liabilities	997.4	845.3
Total current liabilities	2,834.2	1,550.7
Total liabilities	7,887.0	6,419.4
Total equity and liabilities	17,104.0	15,853.4

Net interest-bearing debt

Net interest-bearing debt increased by DKK 1,366 million to DKK 5,423 million versus the end of 2023. The development is mainly explained by the bond issuance in the third quarter of 2024. The leverage ratio (net interest-bearing debt to LTM EBITDA before special items) increased to 2.6x (1.9x on 31 December 2023).

Return on Invested Capital

The return on invested capital (ROIC) was 9.4% (11.4%) with a DKK 258 million reduction in EBIT, mainly driven by an increased level of special items compared to 2023. Also, the increased invested capital of DKK 14.7 billion (DKK 14.3 billion) had a negative impact on the ROIC.

CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY - 31 DECEMBER

DKK million	Q4 2024	Q4 2023	FY 2024	FY 2023
Net profit for the period	221.0	268.0	939.7	1,182.4
Depreciation, amortisation and impairment	106.7	97.1	419.8	375.0
Adjustments	259.6	81.1	694.8	513.0
Changes in working capital	164.3	254.4	-138.4	-36.7
Special items, paid	-89.1	-34.1	-211.0	-98.3
Cash flow from operating activities before financial items	662.5	666.5	1,704.9	1,935.4
Financial income received	25.7	11.8	51.4	49.9
Financial costs paid	-45.0	-74.0	-226.1	-248.7
Cash flow from operating activities before tax	643.2	604.3	1,530.2	1,736.6
Tax payments	6.1	-70.6	-351.1	-389.6
Cash flow from operating activities	649.3	533.7	1,179.1	1,347.0
Acquisitions	-4.1	0.8	-575.6	-581.7
Investment in intangible assets	-1.8	-30.4	-48.3	-109.4
Investment in property, plant and equipment	-47.2	-57.1	-216.0	-199.0
Sale of property, plant and equipment	-	2.2	2.9	2.4
Dividend from associated companies	3.3	3.2	12.9	12.4
Cash flow from investing activities	-49.8	-81.3	-824.1	-875.3
Free cash flow	599.5	452.4	355.0	471.7
Repayment of lease liabilities	-20.7	-17.2	-94.3	-67.8
RCF and bank loan	-364.5	-310.0	405.0	581.0
New external funding - bond issuance	-	-	2,233.0	-
Repurchase of bonds	-	-	-1,355.0	-
Repayment bank loans	-1.2	-1.0	-4.1	-4.2
Dividend payment	-	-	-709.8	-714.6
Purchase of treasury shares	-123.1	-76.8	-773.6	-180.6
Cash flow from financing activities	-509.5	-405.0	-298.8	-386.2
Net cash flow for the period	90.0	47.4	56.2	85.5
Cash and cash equivalents, net at 1 October / 1 January	64.8	53.9	99.6	22.2
Exchange gains/losses on cash and cash equivalents	5.3	-1.7	4.3	-8.1
Net cash flow for the period	90.0	47.4	56.2	85.5
Cash and cash equivalents, net at 31 December	160.1	99.6	160.1	99.6

Cash flow

Cash flow from operations before changes in working capital in the fourth quarter of 2024 was DKK 485 million (DKK 279 million). The development was driven by the operational result and lower tax payments, being partly offset by higher special item payments. Changes in working capital in the fourth quarter of 2024 had a positive impact on the cash flow by DKK 164 million (DKK 254 million) mainly due to decreased level of trade receivables partly offset by increased inventories.

Cash flow from investing activities in the fourth quarter of 2024 amounted to DKK -50 million (DKK -81 million).

Cash flow from financing activities in the fourth quarter of 2024 amounted to DKK -510 million (DKK -405 million). The fourth quarter of 2024 was mainly impacted draw on the RFC and purchasing of treasury shares.

Free cash flow before acquisitions in the fourth quarter of 2024 was positive by DKK 604 million (DKK 452 million). The cash conversion ratio was 137% (148%).

For the full year 2024 cash flow from operations before changes in working capital was DKK 1,318 million (DKK 1,384 million). Working capital had a negative impact of DKK 138 million (DKK -37 million) mainly coming from a decreased level of trade payables. Free cash flow before acquisitions for the full year was positive by DKK 931 million (DKK 1,053 million) and the cash conversion ratio was 101% (103%).

STATEMENT OF CHANGES IN GROUP EQUITY

1 JANUARY - 31 DECEMBER 2024

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
Equity at 1 January 2024	87.0	765.4	-141.4	8,723.0	9,434.0
<i>Comprehensive income for the period</i>					
Net profit for the period	-	-	-	939.7	939.7
<i>Other comprehensive income</i>					
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
Total other comprehensive income	-	326.3	-	-9.1	-317.2
Total comprehensive income for the period	-	326.3	-	930.6	1,256.9
<i>Transactions with shareholders</i>					
Capital reduction	-1.0	-	118.8	-117.8	-
Purchase of treasury shares	-	-	-765.2	-	-765.2
Share-based payments	-	-	-	1.1	1.1
Dividend paid to shareholders	-	-	-	-730.8	-730.8
Dividend, treasury shares	-	-	-	21.0	21.0
Total transactions with shareholders	-1.0	-	-646.4	-826.5	-1,473.9
Equity at 31 December 2024	86.0	1,091.7	-787.8	8,827.1	9,217.0

Equity

Total shareholders' equity as at 31 December 2024 amounted to DKK 9,217 million (DKK 9,434 million on 31 December 2023). The equity was positively impacted by profit for the period and foreign exchange adjustments on net investments in foreign operations being offset by purchase of treasury shares and dividend payments to shareholders. As of 31 December 2024, the equity ratio was 53.9% (59.5% on 31 December 2023).

STATEMENT OF CHANGES IN GROUP EQUITY (continued)

1 JANUARY – 31 DECEMBER 2023

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
Equity at 1 January 2023	93.0	963.8	-748.1	9,032.9	9,341.6
<i>Comprehensive income for the period</i>					
Net profit for the period	-	-	-	1,182.4	1,182.4
<i>Other comprehensive income</i>					
Foreign exchange adjustments on net investments in foreign operations	-	-198.4	-	-	-198.4
Actuarial gains and losses on pension obligations	-	-	-	12.8	12.8
Tax of actuarial gains and losses on pension obligations	-	-	-	-3.0	-3.0
Total other comprehensive income	-	-198.4	-	9.8	-188.6
Total comprehensive income for the period	-	-198.4	-	1,192.2	993.8
<i>Transactions with shareholders</i>					
Capital reduction	-6.0	-	762.7	-756.7	-
Purchase of treasury shares	-	-	-181.1	-	-181.1
Share-based payments	-	-	-	0.5	0.5
Tax on share-based payments	-	-	-	0.7	0.7
Settlement of vested PSUs	-	-	25.1	-25.1	-
Settlement in cash of vested PSU's	-	-	-	-6.9	-6.9
Dividend paid to shareholders	-	-	-	-767.3	-767.3
Dividend, treasury shares	-	-	-	52.7	52.7
Total transactions with shareholders	-6.0	-	606.7	-1,502.1	-901.4
Equity at 31 December 2023	87.0	765.4	-141.4	8,723.0	9,434.0

NOTES**NOTE 1****BASIS OF PREPARATION**

This unaudited report has been prepared in accordance with IAS 34 and additional Danish disclosure requirements for listed companies.

Significant accounting estimates

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

Accounting policies

This report has been prepared in accordance with the accounting policies set out in the Annual Report for 2024.