



Company Announcement

No. 61/2024

Copenhagen, 12 November 2024

Interim report, 1 January - 30 September 2024

Scandinavian Tobacco Group A/S reports third quarter 2024 results and includes Mac Baren in full-year guidance

For the third quarter of 2024 Scandinavian Tobacco Group delivered a 7.1% increase in reported net sales to DKK 2.4 billion (DKK 2.3 billion) with an EBITDA margin before special items at 23.4% (26.5%). In a like-for-like comparison and excluding exchange rate developments, organic net sales decreased by 0.1%. Discontinuation of distribution of third-party nicotine pouches in the US impacted growth negatively by 1.0%. Growth in Machine-Rolled Cigars & Smoking Tobacco and Next Generation Products was partly offset by a decline in Handmade Cigars and accessories. The Next Generation Product (“NGP”) brand XQS increased 72%, though the absence of the mentioned distribution of nicotine pouches reduced category growth to 2%.

The expected decrease in the EBITDA margin was a result of our investment to support growth of our own NGP portfolio, especially the XQS brand; the currently lower profitability in Mac Baren, which has been consolidated from 1 July 2024, and the comparison to a very strong third quarter 2023. In the fourth quarter of the year the Group is expected to deliver slightly declining organic net sales growth and an unchanged EBITDA-margin compared with the fourth quarter of last year.

The integration of Mac Baren is expected to deliver synergies annually in the level of DKK 150 million with full effect in the financial year 2027. Special costs with cash impact to reach the targeted cost synergies are estimated at the level of 150 million.

Third Quarter 2024 - Financial Performance

- Net sales of DKK 2,431 million (DKK 2,269 million) with 0.1% negative organic growth.
- EBITDA before special items was DKK 568 million (DKK 602 million) with an EBITDA margin of 23.4% (26.5%).
- Adjusted Earnings Per Share (EPS) were DKK 4.1 (DKK 4.1).
- Free cash flow before acquisitions was DKK 275 million (DKK 622 million).
- Return on Invested Capital (ROIC) was 9.8% (12.9%).
- Growth Enablers delivered a double-digit growth rate and accounted for 9% of Group net sales (8%).
- Mac Baren delivered net sales of DKK 159 million with EBITDA before special items at DKK 30 million and an EBITDA margin before special items of 18.8%.
- In the first nine months of 2024, net sales increased by 4.5% to DKK 6.7 billion (DKK 6.5 billion), organic net sales growth was 0.9%, the EBITDA margin was 22.0% (24.6%), free cash flow before acquisitions was DKK 327 million (DKK 602 million) and Adjusted EPS were DKK 9.9 (DKK 10.8).

CEO Niels Frederiksen: “With the acquisition of Mac Baren, we are in 2024 on track to surpass DKK 9 billion in net sales for the first time ever and we expect the Mac Baren acquisition to deliver significant synergies as we implement the integration plan. In the third quarter market share in machine-rolled cigars in Europe stabilized and began to improve and in particular France showed promising progress. XQS performed well in both Sweden and in UK as well as in Denmark where the brand has recently been introduced. The remainder of the Growth Enablers also delivered growth. We remain committed to enhancing shareholder returns and we are about to complete our current share buyback, after which we will have returned almost DKK 1.5 billion to shareholders over the course of 2024”.

Financial Guidance 2024

The financial guidance 2024 now include the financial impact of the Mac Baren acquisition.

- Net sales in the level of DKK 9.1 billion (DKK 8.8-9.1 billion)
- EBITDA margin before special items in the range of 22-23% (22-24%)
- Free cash flow before acquisitions in the range DKK 0.8-0.9 billion (DKK 0.8-1.0 billion)
- Adjusted EPS in the level of DKK 12.5 (DKK 12.5-14.5).

Numbers in (brackets) are previous guidance, which didn't include Mac Baren.

Excluding Mac Baren, the Group is expected to deliver at the lower end of the previously communicated guidance driven by the market decline for our key cigar markets and the absence of third-party distribution of nicotine pouches in the US.

For further information, please contact:

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A conference call will be held on 13 November 2024 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	Q3 2024	Q3 2023	9M 2024	9M 2023	FY2023
INCOME STATEMENT					
Net sales	2,431	2,269	6,745	6,456	8,731
Gross profit before special items	1,126	1,092	3,116	3,115	4,204
EBITDA before special items	568	602	1,483	1,589	2,106
Special items	-49	-14	-131	-58	-92
EBIT	401	489	1,039	1,254	1,638
Net financial items ¹	-26	-44	-132	-98	-177
Profit before tax	383	453	927	1,180	1,491
Income taxes	-86	-102	-208	-266	-308
Net profit	297	351	719	914	1,182
BALANCE SHEET					
Total assets			16,803	16,484	15,853
Equity			8,698	9,511	9,434
Net interest-bearing debt (NIBD)			5,804	4,482	4,057
Investment in property, plant and equipment	69	54	169	142	199
Total capital expenditures	84	75	215	221	308
CASH FLOW STATEMENT					
Cash flow from operating activities	355	694	530	813	1,347
Cash flow from investing activities	-565	-72	-774	-794	-875
Free cash flow	-210	622	-245	19	472
Free cash flow before acquisitions	275	622	327	602	1,053
KEY RATIOS²					
Net sales growth	7.1%	-3.9%	4.5%	-1.8%	-0.4%
Gross margin before special items	46.3%	48.2%	46.2%	48.3%	48.2%
EBITDA margin before special items	23.4%	26.5%	22.0%	24.6%	24.1%
Effective tax percentage	22.4%	22.5%	22.5%	22.5%	20.7%
Equity ratio			51.8%	57.7%	59.5%
Cash conversion	111.6%	164.6%	86.1%	88.7%	103.0%
Organic net sales growth	-0.1%	-1.1%	0.9%	-1.2%	0.3%
Organic EBITDA growth	-9.2%	-0.1%	-8.5%	-4.7%	-5.0%
NIBD / EBITDA before special items			2.9	2.1	1.9
ROIC			9.8%	12.9%	11.4%
ROIC ex. Goodwill			15.5%	20.6%	18.1%
Adjusted earnings per share (DKK)	4.1	4.1	9.9	10.8	14.4
Basic earnings per share (DKK)	3.7	4.1	8.6	10.6	13.7
Diluted earnings per share (DKK)	3.6	4.0	8.6	10.5	13.6
Number of shares issued ('000)			86,000	87,000	87,000
Number of treasury shares ('000)			6,244	382	1,105
Number of outstanding shares ('000) ³			83,083	86,798	86,668
Share price at balance date (DKK)			102.80	107.50	117.30
Dividend per share (DKK)					8.40
Pay-out ratio					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 2023.

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

Third Quarter 2024 - Financial performance

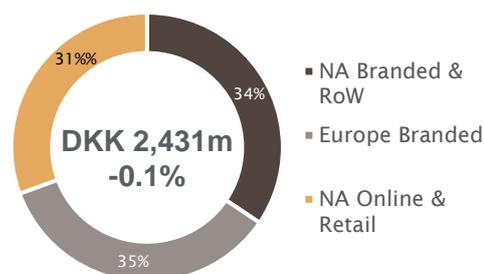
In the third quarter of 2024 the Group's net sales reported in DKK increased by 7.1% to DKK 2,431 million. The increase in reported net sales was impacted by the acquisition of Mac Baren by 7%, whilst the impact from exchange rate developments was close to 0%. The organic growth in net sales was negative by 0.1% (see Table 1).

The Group's organic net sales performance was comprised by positive contributions from the product categories Machine-Rolled Cigars & Smoking Tobacco and Next Generation Products, whereas the product category Handmade Cigars and Others (primarily accessories in Australia) delivered negative organic net sales growth. Measured by our reporting divisions, the organic net sales performance was driven by 6% growth in Europe Branded ("EUB") while the development was negative in both North America Online & Retail ("NAOR") with 1% and North America Branded & Rest of World ("NABROW") with 5%.

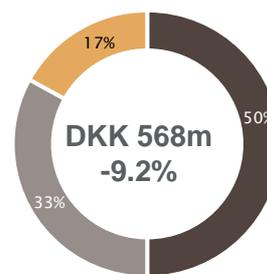
The EBITDA margin before special items decreased to 23.4% (26.5%). The margin decreased in all three reporting divisions compared to the third quarter of last year. The lower Group margin is primarily driven by the comparison to a strong third quarter 2023, the inclusion of Mac Baren, continued investments in our NGP category and the continued absence of the distribution of third-party NGP products in the US, which we communicated in our half-year report in August. The OPEX ratio increased to 23.3% in the quarter from 21.6% in the third quarter last year. Special items were DKK 49 million primarily relating to the Group's ERP implementation programme, One Process and the reorganisation to One Commercial Organisation. Net profit was DKK 297 million (DKK 351 million) with Adjusted Earnings Per Share at DKK 4.1 (DKK 4.1).

Divisional split Q3 2024

Net sales and organic growth



EBITDA before special items and organic growth



Group net sales and EBITDA Q3 2024

Table 1: Net sales

	Q3	Q3	Change
DKK million	2024	2023	in %
Net sales	2,431	2,269	7.1%
Acquisitions		173	
Currency development	8		
Organic net sales	2,439	2,442	-0.1%

Table 2: EBITDA before special items

	Q3	Q3	Change
DKK million	2024	2023	in %
EBITDA	568	602	-5.7%
Acquisitions		23	
Currency development	0		
Organic EBITDA	568	625	-9.2%

The Group's free cash flow before acquisitions was DKK 275 million (DKK 622 million). The development is negatively impacted by the operational performance as well as changes in working capital, which was negative by DKK 25 million in the third quarter of 2024 compared with positive DKK 303 million in the third quarter of 2023. The Group's leverage ratio was 2.9 times versus 1.9 times by the end of 2023 and 2.1 times by the end of the third quarter 2023. The leverage ratio is expected at about 2.7x times by the end of 2024 supported by a strong cash-flow in the fourth quarter.

The 12 months rolling **Return on Invested Capital (ROIC)** decreased to 9.8% versus 11.4% by the end of 2023 driven by the development in EBIT (12 months rolling). Invested capital showed a slight increase compared to 31 December 2023 and stood at DKK 14.5 billion (DKK 14.3 billion).

Update Strategy and Other Key Events

Integration of Mac Baren

Following the acquisition of Mac Baren Tobacco Company A/S ("Mac Baren") at a transaction value of DKK 535 million with effect from of 1 July 2024, the plan for the integration of Mac Baren into Scandinavian Tobacco Group has been completed.

The integration plan confirms the value creation by acquiring companies within our core product categories. The combination of Scandinavian Tobacco Group and Mac Baren is expected to deliver significant cost synergies within sales & marketing, back-office functions, and by combining the manufacturing footprint as well as by optimising the combined brand portfolios. The integration of Mac Baren is expected to deliver synergies in the level of DKK 150 million. The majority of the synergies are expected to be realised during 2025 and 2026 with full effect in 2027. Special costs to reach the targeted cost synergies are estimated at the level of 150 million. Additionally, capital expenditures in the level of DKK 125 million are expected in relation to the integration.

For the fourth quarter 2024, synergies as well as special costs will be immaterial. The timing of synergies as well as special costs will be communicated in relation to the announcement of the Annual Report 2024, in March 2025.

Mac Baren is a leading global smoking tobacco company, which includes a strong portfolio of pipe tobacco brands, fine-cut tobacco brands and brands within the nicotine pouch category.

Growth Enablers

Growth Enablers comprise international sales of handmade cigars (outside of the US), retail stores and Next Generation Products.

Cigars International opened one new retail superstore in August 2024, located in East Ridge, Tennessee to be followed by the opening of two stores, one in Jacksonville, Florida and another in South Fayette, Pennsylvania in the fourth quarter. Cigars International now operates 12 cigar super stores across four states in the US. The retail stores are accretive to both the EBITDA margin and to ROIC for the Group and have become an important part of the Group's ambition to grow the handmade cigar category through an increasing amount of consumer touchpoints. Retail delivered double-digit growth with same-store sales up by 11% in the third quarter.

International sales of handmade cigars continued to deliver growth in net sales and the expansion of the handmade cigar business outside the US remains a high priority and further expansion of consumer touchpoints will contribute to this growth.

Reported net sales for Next Generation Products (NGP) increased by a high double-digit percentage primarily driven by strong performance of the nicotine pouch brand XQS, which increased by 72%. Market share developments remain positive in Sweden and the recent launches in the UK market late in the second quarter have been positively received by consumers. The brand was also launched in the Danish market in September. We aim to take further market share in these markets.

As communicated in our results release in August, NGP net sales have since the beginning of the third quarter been negatively impacted by the absence of the third-party distribution of nicotine pouches in the US. The distribution will be discontinued.

Net sales from the Growth Enablers accounted for 9% of Group net sales in the third quarter of 2024 compared with 12% in the second quarter 2024, which included about 3% of group net sales from the mentioned third-party distribution agreement. The Growth Enablers accounted for 8% of Group net sales in the full-year 2023, which included about 1% of net sales from the above-mentioned third-party distribution agreement.

Capital Allocation

During the quarter, the Group repurchased 2,033,083 treasury shares at a total value of DKK 209 million as part of the up to DKK 850 million share buy-back programme which was launched November 2023. During the first nine months of 2024, the Group has repurchased shares at a total value of DKK 660 million.

By the end of the third quarter Scandinavian Tobacco Group owned a total of 6,243,982 treasury shares, corresponding to 7.3% of the total share capital.

The capital distribution to shareholders, including the ordinary dividend payment of DKK 731 million in April, amounts to DKK 1,391 million during the first nine months of 2024.

Refinancing

In September, Scandinavian Tobacco Group A/S issued 5-year senior unsecured notes for a principal amount of EUR 300 million with maturity in September 2029 and with a coupon of 4.875%. Moody's Investor Services has assigned the bond a rating of Baa3, in line with the rating of Scandinavian Tobacco Group A/S. The bond was issued on 12 September 2024 and is listed on the regulated market of Euronext Dublin.

Simultaneously, Scandinavian Tobacco Group launched a tender offer for its outstanding EUR 300 million corporate bond with a coupon of 1.375% and with expiration due 24 September 2025. As result of the tender a total of EUR 187 million have been repurchased, whereby the principal amount of 1.375% notes that remain outstanding is EUR 113 million.

Financial Guidance 2024

The full-year 2024 expectations have been updated to include the financial impact from Mac Baren, which was consolidated from 1 July 2024. Excluding the impacts from Mac Baren the expectations remain within the original guidance range, as communicated in August 2024, though in the lower end given the absence of the third-party distribution of nicotine pouches in the US and weaker total market developments.

The consumption of **handmade cigars** has been declining following the extraordinary growth during the pandemic in 2020 and 2021. Currently, the market is estimated to contract by a mid-single digit percentage and there are still no clear signs of when the decline rate will stabilise at a lower level due to low visibility of US consumer behaviour and spending. However, we continue to expect price increases on our products, continued growth in our online and retail distribution channels as well as in our international markets to more than offset the decrease in US-based consumption. For 2024, we expect organic net sales of handmade cigars to increase compared with last year.

The total market for **machine-rolled cigars** in our key markets in Europe has recently delivered improving volume decline rates compared with the first half of the year. Furthermore, the strategy to reverse our market share position by increased investments has started to pay off as we have seen the European market share index slightly improve for the second quarter in a row. However, our actions must continue to be based on up-to-date assessments of the market trends with our initiatives focusing on rebuilding our market positions further as well as to improve our cost agility, should market volumes trends deteriorate again.

We expect net sales from our own **NGP** brands to continue the current momentum and to increase versus last year by more than 50% for the full year driven by market share expansion and roll-out to new markets. The nicotine pouch business from Mac Baren will add to reported growth, while the organic growth rate for the product category will be negatively impacted by the discontinuation of the third-party distribution of nicotine pouches in the US.

Based on the above and at current exchange rates, the Group reported net sales are expected in the level of DKK 9.1 billion (2023: DKK 8.7 billion). The Growth Enablers are expected to account for about 10% of Group net sales in 2024.

The EBITDA margin before special items is expected in the range of 22-23% (2023: 24.1%). The margin is being diluted by increased investments in the roll-out of XQS to new markets, expansion of our retail network in the US, investments in regaining market positions in machine-rolled cigars in Europe as well as product and market mix changes, including the impact from Mac Baren. These factors are partly being offset by price increases, continued cost optimisations and the expected refund of certain import tax payments. With the continued uncertainty in volume trends for our core cigar categories, the Group ongoingly is implementing cost initiatives to optimise cost structures, increase agility and achieve efficiency gains like we have done with the implementation of One Commercial Organization.

Free cash flow is expected in the range of DKK 0.8-0.9 billion (DKK 1,053 million) and is impacted by investments of up to DKK 300 million compared with a level of DKK 200 million in 2023 in the retail expansion in the US, the completed track and trace implementation in the EU and in the ERP-roll-out. Despite an expected improvement in the fourth quarter, the working capital for the full year is expected to deliver a negative contribution primarily relating to the expected increase in net sales, higher cost prices and the expansion into new product groups.

Adjusted EPS is expected in the level of DKK 12.5 including an estimated impact from the share repurchase programme of DKK 0.7-0.8.

Given these considerations and including Mac Baren, guidance for 2024 is:

- Net sales in the level of DKK 9.1 billion (DKK 8.8-9.1 billion)
- EBITDA margin before special items in the range of 22-23% (22-24%)
- Free cash flow before acquisitions in the range DKK 0.8-0.9 billion (DKK 0.8-1.0 billion)
- Adjusted EPS in the level of DKK 12.5 (DKK 12.5-14.5).

Numbers in (brackets) are previous guidance, which didn't include Mac Baren.

For the fourth quarter of the year, the Group is expected to deliver a slightly declining organic net sales growth and an EBITDA margin at the level of the fourth quarter of last year.

The largest uncertainties for the guidance are ongoing changes in consumer behaviour, the market share development in machine-rolled cigars in Europe and changes in market and/or product mix. 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 30 September 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.

Financial calendar for 2025

Annual Report 2024	6 March	2025
Annual General Meeting	9 April	2025
Interim report Q1 2025	14 May	2025
Interim report Q2 2025	27 August	2025
Interim report Q3 2025	11 November	2025

Sales performance by category

Net sales distribution and growth by category

Table 3: 2024 Net sales distribution and growth by category	Q3 2024			YTD 2024		
	% of Group	Organic Growth	Reported Growth	% of Group	Organic Growth	Reported Growth
Handmade cigars	36%	-1%	-1%	37%	2%	2%
MRC and Smoking Tobacco	50%	3%	15%	47%	-3%	0%
Next Generation Products	4%	2%	72%	5%	80%	206%
Other	10%	-11%	-8%	11%	-2%	-1%
Group	100%	0%	7%	100%	1%	4%

Handmade Cigars

Handmade cigars net sales decreased in the third quarter of the year by 1% organically and by 1% in reported net sales. The impact from exchange rates have been immaterial during the quarter. Reported net sales of handmade cigars in international markets (excl. the US) increased 4%. Reported net sales of handmade cigars in our retail superstores in the US continued its healthy performance by delivering 14% growth as result of store openings in the previous two years as well as growth in the same-store sales. Reported net sales of handmade cigars sold online increased by 2% as an increase in the average basket size more than offset the decline in the number of active consumers, which has not yet fully stabilised. Reported net sales of handmade cigars to external wholesalers and distributors supplying retail in North America (within NAB) is primarily impacted by an overall consumption in the US, which as of end of September 2024, is estimated to have declined by more than 5%.

Machine-rolled Cigars and Smoking Tobacco

Machine-rolled cigars (MRC) and smoking tobacco (ST) net sales increased in the third quarter of the year by 3% organically and by 15% in reported net sales. The acquisition of Mac Baren increased net sales by 11%.

For the third quarter, improving volume decline in machine-rolled cigars, a positive organic growth for smoking tobacco in Europe, in particular fine-cut tobacco, and pricing across all categories contributed to the improved overall performance compared to a weak beginning to the year. The decrease in organic net sales in machine-rolled cigars was 2% compared with more than 5% in the second quarter.

Preliminary data for the total market development in our key European markets indicate a decline rate of 1.4% in the third quarter compared with a decline of 3.7% year-to-date. All markets delivered improved volume trends in the third quarter compared to the first half of the year. The UK market continue to decline by a low double-digit rate, whereas markets like France and Belgium have shown most improvement. In our key European markets, preliminary data indicate that our volume market share improved to 28.1% compared with 27.9% in the second quarter and 27.7% in the first quarter of 2024. France in particular is showing market share improvements in the third quarter compared to the second quarter. Pricing remains sound in all major markets supported by the initiatives we are taking to rebuild long-term market positions.

The organic development within Smoking Tobacco was positive by 11% driven by a double-digit volume increase for fine-cut tobacco and sound pricing in all categories. Net sales of fine-cut tobacco were driven by Germany, where our brand BREAK continue to take market share, Norway and Global Travel Retail.

Next Generation Products

Reported net sales for Next Generation Products (NGP) increased by 72% driven by the acquisition of the Mac Baren brands Ace and Gritt, continued high double-digit growth by the XQS brand being partly offset by the pause the distribution of a third-party NGP product in the US market. Organic growth, including the impact from acquisition of Mac Baren on a like-for-like basis was 2%.

NGP accounted for almost 4% of Group net sales in the third quarter compared with 2% in the third quarter of 2023. For the first nine months 2024, the share was 5% compared with 2% for the first nine months of 2023. The strong performance by the XQS brand relates to its launch in the UK and the Danish markets during 2024 and as the brand continue to take market share in its largest of markets, Sweden. The roll-out of the brand in additional markets is expected to continue during the coming quarters.

Other

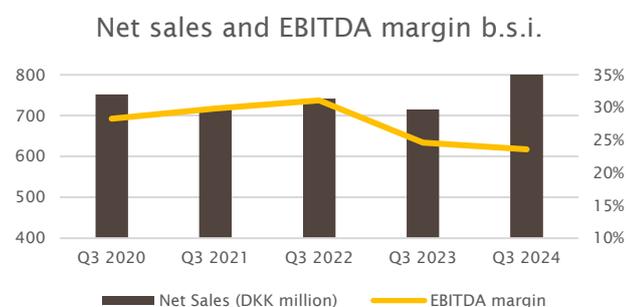
In the third quarter organic net sales in the category Other, declined by 11% organically. The decline primarily relates to lower sales of accessories in Australia.

Financial performance by division

Europe Branded

Europe Branded delivered 5.8% positive organic net sales growth in the third quarter of 2024, while reported net sales increased by 18.8%. Acquisitions impacted net sales by almost 12%. Handmade cigars, smoking tobacco and NGPs delivered double-digit organic net sales growth while the decline rate in organic net sales for machine-rolled cigars was about 1%. The development in market share for machine rolled cigars continued to improve from its low point in the beginning of the year and it remain a key focus for the Group to rebuild market share over time. The volume decline in the category is being partly offset by pricing.

Third Quarter Development, 2020-2024



For the third quarter of 2024, EBITDA before special items increased to DKK 200 million (DKK 176 million) with an EBITDA margin before special items of 23.6% (24.6%). The decrease in the EBITDA margin is primarily driven by the inclusion of Mac Baren and the investments in continued growth of our NGP business.

For the first nine months of 2024 reported net sales increased to DKK 2,242 million with a positive organic growth of 1.8%. Gross profit before special items increased by 3.4% to DKK 1,093 million and the gross margin was 48.8% (51.1%). EBITDA before special items decreased by 2.0% to DKK 477 million with an EBITDA margin of 21.3% (23.5%).

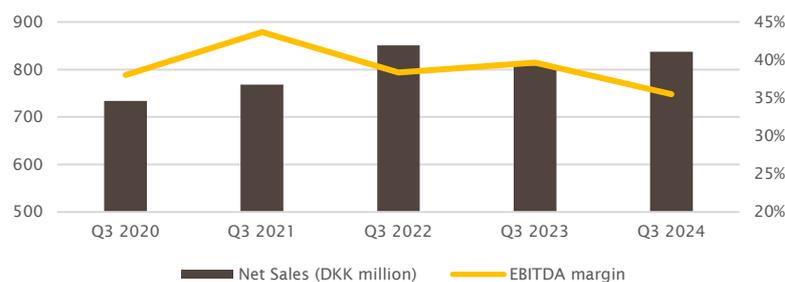
North America Branded & Rest of World

North America Branded & Rest of World delivered a 3.5% increase in reported net sales in the third quarter of 2024, while organic net sales decreased by 4.8%. The acquisition of Mac Baren added 8% to net sales, while the impact from exchange rate developments was immaterial.

The development was impacted by volume decline from handmade cigars in the US and lower contract manufacturing sales. Machine-rolled cigars and smoking tobacco delivered positive organic net sales growth. Net sales of handmade cigars in the US to external wholesalers and distributors declined by a high single digit percentage driven by the overall decline in consumption as well as lower contract manufacturing sales. Net sales to our international markets continue to develop well, although the growth rate was lower than in previous quarters.

Third Quarter Development, 2020-2024

Net sales and EBITDA margin b.s.i.



EBITDA before special items decreased to DKK 297 million (DKK 321 million) with an EBITDA margin before special items of 35.5% (39.7%). The development in the profitability was driven by a normalisation of mix compared to a strong third quarter last year as well as the impact of lower margin of the Mac Baren net sales. The OPEX ratio was almost unchanged.

For the first nine months of 2024 reported net sales decreased to DKK 2,269 million with organic growth being negative by 4.8%. Gross profit before special items decreased by 6.5% to DKK 1,147 million and the gross margin was 50.5% (53.3%). EBITDA before special items decreased by 9.1% to DKK 783 million with an EBITDA margin of 34.5% (37.4%).

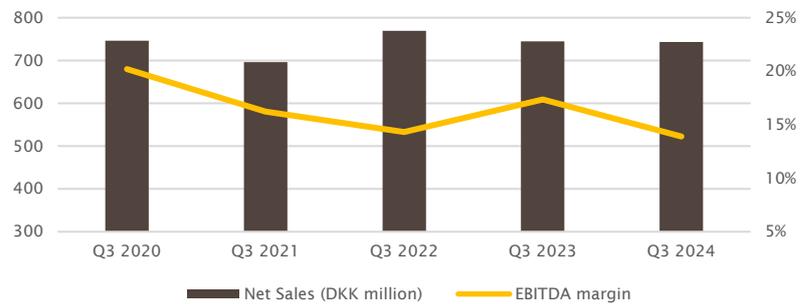
North America Online & Retail

North America Online & Retail delivered 0.9% negative organic net sales growth in the third quarter of 2024, while the reported net sales decreased by 0.2%. The acquisition of Mac Baren added 1.5% to net sales growth, while exchange rate developments impacted negatively by almost 1%.

Organic net sales growth was negatively impacted by the discontinuation of distribution of third party NGP products. The positive momentum of handmade cigars in both the online business and in our retail stores continued. In the online business growth was driven by an increase in the average basket size while double digit net sales in the retail business were driven by the opening of new super stores in previous years and a 11% increase in the same-store-sales. One new store was opened during the third quarter of the year with an additional two stores being opened in the early part of the fourth quarter.

Third Quarter Development, 2020-2024

Net sales and EBITDA margin b.s.i.



EBITDA before special items decreased to DKK 103 million (DKK 129 million) with an EBITDA margin before special items of 13.9% (17.4%). The development in the profitability was a result of the absence of third-party distribution of NGP products, impacting OPEX ratio negatively as well as the inclusion of Mac Baren net sales.

For the first nine months of 2024 net sales increased by 7.1% to DKK 2,234 million with an organic growth of 6.6%. Gross profit before special items increased by 5.5% to DKK 876 million and the gross margin was 39.2% (39.8%). EBITDA before special items increased by 0.7% to DKK 336 million with an EBITDA margin of 15.1% (16.0%).

Quarterly Financial Data

DKK million	2024			2023		2024	2023	
	Q3	Q2	Q1	Q4	Q3	9M	9M	12M
Reported data								
Net sales	2,431	2,366	1,948	2,275	2,269	6,745	6,456	8,731
Gross profit before special items	1,126	1,109	881	1,089	1,092	3,116	3,115	4,204
EBITDA before special items	568	580	335	517	602	1,483	1,589	2,106
Special items	-49	-53	-30	-35	-14	-131	-58	-92
EBIT	401	429	208	385	489	1,039	1,254	1,638
Net financial items	-26	-53	-54	-79	-44	-132	-98	-177
Profit before tax	383	385	159	311	453	927	1,180	1,491
Income taxes	-86	-88	-34	-43	-102	-208	-266	-308
Net profit	297	297	125	268	351	719	914	1,182
Other financial key data								
Organic EBITDA growth	-9.2%	11.4%	-29.1%	-5.7%	-0.1%	-8.5%	-4.7%	-5.0%
Organic net sales growth	-0.1%	4.8%	-2.1%	5.0%	-1.1%	0.9%	-1.2%	0.3%
Gross margin before special items	46.3%	46.9%	45.2%	47.9%	48.2%	46.2%	48.3%	48.2%
EBITDA margin before special items	23.4%	24.5%	17.2%	22.7%	26.5%	22.0%	24.6%	24.1%
Free cash flow before acquisitions	275	177	-126	452	622	327	602	1,053
North America Online & Retail								
Net sales	743	840	650	738	745	2,234	2,086	2,824
Gross profit before special items	290	331	255	293	299	876	831	1,124
EBITDA before special items	103	152	81	108	129	336	334	443
Net sales growth	-0.2%	13.6%	8.1%	4.9%	-3.2%	7.1%	0.5%	1.7%
Organic net sales growth	-0.9%	12.1%	9.2%	10.4%	4.4%	6.6%	2.9%	4.8%
Gross margin before special items	39.0%	39.4%	39.2%	39.8%	40.1%	39.2%	39.8%	39.8%
EBITDA margin before special items	13.9%	18.1%	12.5%	14.7%	17.4%	15.1%	16.0%	15.7%
North America Branded & RoW								
Net sales	837	751	681	743	809	2,269	2,301	3,044
Gross profit before special items	416	391	340	380	435	1,147	1,227	1,606
EBITDA before special items	297	275	211	242	321	783	861	1,104
Net sales growth	3.5%	-2.9%	-5.4%	-1.0%	-4.9%	-1.4%	-5.8%	-4.7%
Organic net sales growth	-4.8%	-3.5%	-6.1%	-1.4%	-2.6%	-4.8%	-5.8%	-4.7%
Gross margin before special items	49.7%	52.0%	50.0%	51.1%	53.8%	50.5%	53.3%	52.8%
EBITDA margin before special items	35.5%	36.6%	31.2%	32.6%	39.7%	34.5%	37.4%	36.3%
Europe Branded								
Net sales	850	775	617	794	716	2,242	2,069	2,863
Gross profit before special items	420	388	286	416	359	1,093	1,058	1,474
EBITDA before special items	200	193	83	196	176	477	487	683
Net sales growth	18.8%	8.8%	-3.8%	8.6%	-3.5%	8.3%	0.5%	2.6%
Organic net sales growth	5.8%	6.1%	-7.7%	6.7%	-4.8%	1.8%	0.1%	1.8%
Gross margin before special items	49.5%	50.0%	46.3%	52.4%	50.1%	48.8%	51.1%	51.5%
EBITDA margin before special items	23.6%	24.9%	13.8%	24.7%	24.6%	21.3%	23.5%	23.8%
Group costs								
EBITDA before special items	-33	-40	-40	-30	-25	-113	-93	-123

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today considered and approved interim report of Scandinavian Tobacco Group A/S for the period 1 January – 30 September 2024.

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

In our opinion, the interim consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position as at 30 September 2024 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 September 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, 12 November 2024

EXECUTIVE MANAGEMENT

Niels Frederiksen
CEO

Marianne Rørslev Bock
CFO

BOARD OF DIRECTORS

Henrik Brandt
CHAIRMAN

Anders C. Obel

Dianne Neal Blixt

Henrik Amsinck

Jörg Biebernck

Marlene Forsell

Karsten Dam Larsen

Thomas Thomsen

Mark Draper

CONSOLIDATED STATEMENT OF INCOME

1 JANUARY - 30 SEPTEMBER

DKK million	Note	Q3 2024	Q3 2023	9M 2024	9M 2023
INCOME STATEMENT					
Net sales	2	2,430.5	2,268.7	6,744.6	6,456.4
Cost of goods sold	2	-1,304.5	-1,176.3	-3,628.2	-3,341.0
Gross profit before special items	2	1,126.0	1,092.4	3,116.4	3,115.4
Other external costs	2	-293.8	-277.8	-878.2	-847.5
Staff costs	2	-272.9	-212.6	-783.0	-678.7
Other income	2	8.4	-	27.8	-
Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)	2	567.7	602.0	1,483.0	1,589.2
Depreciation and impairment		-68.9	-52.3	-176.1	-147.1
Earnings before interest, tax, amortisation and special items (EBITA before special items)		498.8	549.7	1,306.9	1,442.1
Amortisation and impairment		-48.9	-46.2	-137.0	-130.8
Earnings before interest, tax and special items (EBIT before special items)		449.9	503.5	1,169.9	1,311.3
Special items, costs and impairment	3	-48.8	-14.2	-131.4	-57.8
Earnings before interest and tax (EBIT)		401.1	489.3	1,038.5	1,253.5
Share of profit of associated companies, net of tax		7.5	8.1	20.9	24.2
Financial income		52.8	61.3	83.8	161.4
Financial costs		-78.4	-105.7	-216.2	-259.2
Profit before tax		383.0	453.0	927.0	1,179.9
Income taxes		-85.9	-102.0	-208.3	-265.5
Net profit for the period		297.1	351.0	718.7	914.4
Earnings per share					
Basic earnings per share (DKK)		3.7	4.1	8.6	10.6
Diluted earnings per share (DKK)		3.6	4.0	8.6	10.5
STATEMENT OF COMPREHENSIVE INCOME					
Net profit for the period		297.1	351.0	718.7	914.4
OTHER COMPREHENSIVE INCOME					
<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		-271.0	164.7	-86.2	65.8
Other comprehensive income for the period, net of tax		-271.0	164.7	-86.2	65.8
Total comprehensive income for the period		26.1	515.7	632.5	980.2

Net sales

In the third quarter of 2024, net sales were DKK 2,431 million (DKK 2,269 million). Adjusted for a negative exchange rate impact of DKK 8 million and acquisitions of DKK 173 million, the organic growth in net sales was negative by 0.1%. For the first nine months of 2024, net sales came to DKK 6,745 million (DKK 6,456 million) with organic net sales growth being positive by 0.9%.

Profit

Gross profit before special items for the third quarter of 2024 was DKK 1,126 million (DKK 1,092 million) driven by the increase in net sales. Gross margin before special items decreased to 46.3% (48.2%).

Operating expenses for the third quarter of 2024 increased by 15.6% compared to same quarter last year and stood at DKK 567 million (DKK 490 million). The OPEX ratio increased to 23.3% (21.6%).

EBITDA before special items for the third quarter of 2024 amounted to DKK 568 million (DKK 602 million). The development is mainly explained by the decreased gross margin and increased OPEX ratio. Organic EBITDA growth was negative by 9.2% (-0.1%).

EBITDA margin before special items for the third quarter of 2024 was 23.4% (26.5%).

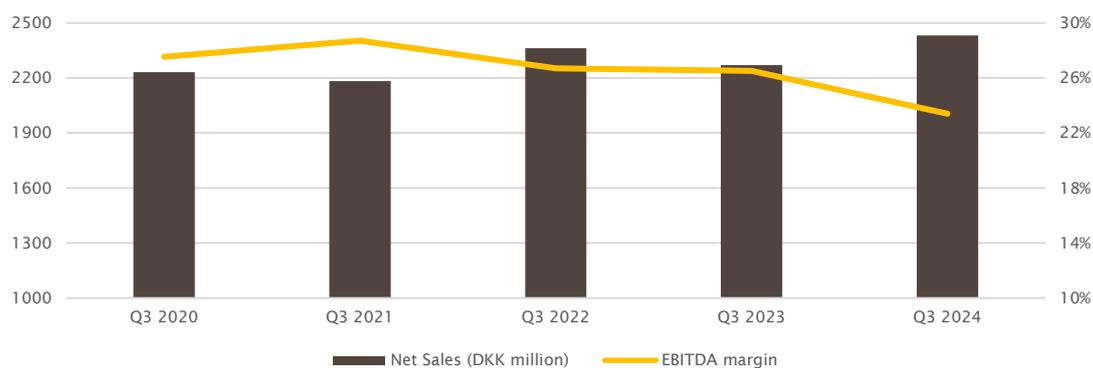
During the quarter DKK 49 million (DKK 14 million) have been expensed as special items, relating to the ERP implementation project, OneProcess, the reorganisation to One Commercial Organisation and transaction costs for the Mac Baren acquisition.

Net profit was DKK 297 million (DKK 351 million). Earnings Per Share (EPS) were DKK 3.7 (DKK 4.1). Earnings Per Share adjusted for special items, fair value adjustments and currency gains/losses, net of tax was unchanged compared to same quarter last year and stood at DKK 4.1 (DKK 4.1).

In the first nine months of 2024, gross profit before special items was DKK 3,116 million (DKK 3,115 million) with a gross margin of 46.2% (48.3%). EBITDA before special items was DKK 1,483 million (DKK 1,589 million) with an EBITDA margin of 22.0% (24.6%). Special items of DKK 131 million were expensed (DKK 58 million), net profit was DKK 719 million (DKK 914 million) with an EPS adjusted for special items, fair value adjustments and currency gains/losses, net of tax at DKK 9.9 (DKK 10.8).

Third Quarter Development, 2020-2024

Net sales and EBITDA margin b.s.i.



CONSOLIDATED BALANCE SHEET

ASSETS

DKK million	Note	30 Sep 2024	30 Sep 2023	31 Dec 2023
INTANGIBLE ASSETS				
Goodwill		5,197.6	5,363.8	5,235.6
Trademarks		3,199.2	3,287.3	3,226.1
IT software		68.6	78.7	74.4
Other intangible assets		394.8	416.3	404.0
Intangible assets under development		220.7	152.9	183.1
Total intangible assets		9,080.9	9,299.0	9,123.2
Property, plant and equipment		1,988.2	1,779.8	1,759.7
Investments in associated companies		242.3	242.3	234.0
Deferred income tax assets		125.1	109.9	93.7
Total non-current assets		11,436.5	11,431.0	11,210.6
Inventories		3,658.5	3,543.7	3,269.6
Trade receivables		1,185.6	1,117.8	963.7
Other receivables		129.3	95.3	113.7
Corporate tax		160.0	104.8	63.3
Prepayments		167.8	137.6	132.9
Cash and cash equivalents		64.8	53.9	99.6
Total current assets		5,366.0	5,053.1	4,642.8
Total assets		16,802.5	16,484.1	15,853.4

CONSOLIDATED BALANCE SHEET**EQUITY AND LIABILITIES**

DKK million	Note	30 Sep 2024	30 Sep 2023	31 Dec 2023
Share capital		86.0	87.0	87.0
Reserve for currency translation		679.2	1,029.6	765.4
Treasury shares		-682.8	-56.2	-141.4
Retained earnings		8,615.2	8,450.8	8,723.0
Total equity		8,697.6	9,511.2	9,434.0
Borrowings	4	4,020.5	4,000.1	3,656.7
Deferred income tax liabilities		719.5	687.3	706.8
Pension obligations		203.4	219.9	195.3
Other provisions		17.1	17.5	17.9
Lease liabilities		332.0	282.8	245.8
Other liabilities		31.1	99.3	46.2
Total non-current liabilities		5,323.6	5,306.9	4,868.7
Borrowings	4	1,243.8	-	-
Trade payables		481.3	578.2	508.2
Corporate tax		81.3	233.4	120.3
Other provisions		18.3	17.2	17.8
Lease liabilities		67.9	34.5	59.1
Other liabilities		888.7	802.7	845.3
Total current liabilities		2,781.3	1,666.0	1,550.7
Total liabilities		8,104.9	6,972.9	6,419.4
Total equity and liabilities		16,802.5	16,484.1	15,853.4

Net interest-bearing debt

Net interest-bearing debt increased by DKK 1,747 million to DKK 5,804 million versus the end of 2023. The development is mainly explained by additional draw on RCF during the first half of 2024 and the bond issuance in the third quarter of 2024. The leverage ratio (net interest-bearing debt to LTM EBITDA before special items) increased to 2.9x (1.9x on 31 December 2023) partly as result of the Mac Baren acquisition being consolidated as from 1 July 2024.

Return on Invested Capital

The return on invested capital (ROIC) decreased to 9.8% versus 11.4% by the end of 2023, explained by a DKK 215 million decrease in EBIT (12 months rolling) driven by the operational performance. Invested capital showed a slight increase and amounted to DKK 14.5 billion (DKK 14.3 billion).

CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY - 30 SEPTEMBER

DKK million	Q3 2024	Q3 2023	9M 2024	9M 2023
Net profit for the period	297.1	351.0	718.7	914.4
Depreciation, amortisation and impairment	117.8	98.5	313.1	277.9
Adjustments	177.1	159.9	435.2	431.9
Changes in working capital	-24.7	302.9	-302.7	-291.1
Special items, paid	-54.5	-17.0	-121.9	-64.2
Cash flow from operating activities before financial items	512.8	895.3	1,042.4	1,268.9
Financial income received	5.6	15.2	25.7	38.1
Financial costs paid	-87.6	-81.8	-181.1	-174.7
Cash flow from operating activities before tax	430.8	828.7	887.0	1,132.3
Tax payments	-76.3	-135.0	-357.2	-319.0
Cash flow from operating activities	354.5	693.7	529.8	813.3
Acquisitions	-485.6	-	-571.5	-582.5
Investment in intangible assets	-15.0	-20.7	-46.5	-79.0
Investment in property, plant and equipment	-68.6	-54.1	-168.8	-141.9
Sale of property, plant and equipment	1.2	-	2.9	0.2
Dividend from associated companies	3.3	3.2	9.6	9.2
Cash flow from investing activities	-564.7	-71.6	-774.3	-794.0
Free cash flow	-210.2	622.1	-244.5	19.3
Repayment of lease liabilities	-37.3	-18.9	-73.6	-50.6
RCF	-354.8	-660.0	769.5	891.0
New external funding - bond issuance	2,233.0	-	2,233.0	-
Repurchase of bonds	-1,355.0	-	-1,355.0	-
Repayment bank loans	-0.9	-1.0	-2.9	-3.2
Dividend payment	-	-	-709.8	-714.6
Purchase of treasury shares	-217.0	-	-650.5	-103.8
Cash flow from financing activities	268.0	-679.9	210.7	18.8
Net cash flow for the period	57.8	-57.8	-33.8	38.1
Cash and cash equivalents, net at 1 July / 1 January	8.6	112.1	99.6	22.2
Exchange gains/losses on cash and cash equivalents	-1.6	-0.4	-1.0	-6.4
Net cash flow for the period	57.8	-57.8	-33.8	38.1
Cash and cash equivalents, net at 30 September	64.8	53.9	64.8	53.9

Cash flow

Cash flow from operations before changes in working capital in the third quarter of 2024 was DKK 379 million (DKK 391 million). The development was driven by the operational result, higher special item payments and slightly higher net financial costs paid, being partly offset by lower tax payments.

Changes in working capital in the third quarter of 2024 had a negative impact on the cash flow by DKK 25 million (positive DKK 303 million) mainly due to increased level of trade receivables partly offset by reduced inventories.

Cash flow from investing activities amounted to DKK -565 million (DKK -72 million). The third quarter of 2024 was impacted by the acquisition of Mac Baren, 1 July 2024.

Cash flow from financing activities amounted to DKK 268 million (DKK -680 million). The third quarter of 2024 was impacted by issuance of a new bond with external funding of DKK 2,233 million, being partly offset by repurchase of the existing bond (only partly repurchased), repayment of credit facilities and purchase of treasury shares. The third quarter of 2023 consisted of repayment on credit facilities.

Free cash flow before acquisitions in the third quarter of 2024 was positive by DKK 275 million (DKK 622 million). The cash conversion ratio was 112% (165%).

For the first nine months of 2024 cash flow from operations before changes in working capital was DKK 833 million (DKK 1,104 million). Working capital had a negative impact of DKK 303 million (DKK -291 million) mainly coming from a higher level of inventories, but also from increased trade receivables and a lower level of trade payables. Free cash flow before acquisitions for the first nine months was positive by DKK 327 million (DKK 602 million) and the cash conversion ratio was 86% (89%).

STATEMENT OF CHANGES IN GROUP EQUITY

1 JANUARY - 30 SEPTEMBER 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	-	-	-	718.7	718.7
<i>Other comprehensive income</i>					
Foreign exchange adjustments on net investments in foreign operations	-	-86.2	-	-	-86.2
Total other comprehensive income	-	-86.2	-	-	-86.2
Total comprehensive income for the period	-	-86.2	-	718.7	632.5
<i>Transactions with shareholders</i>					
Capital reduction	-1.0	-	118.8	-117.8	-
Purchase of treasury shares	-	-	-660.2	-	-660.2
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	-	-541.4	-826.5	-1,368.9
Equity at 30 September 2024	86.0	679.2	-682.8	8,615.2	8,697.6

Equity

Total shareholders' equity as at 30 September 2024 amounted to DKK 8,698 million (DKK 9,434 million on 31 December 2023). The equity was positively impacted by profit for the period being partly offset by negative impact from foreign exchange adjustments on net investments in foreign operations, purchase of treasury shares and dividend payments to shareholders. As of 30 September 2024, the equity ratio was 51.8% (59.5% on 31 December 2023).

STATEMENT OF CHANGES IN GROUP EQUITY (continued)

1 JANUARY - 30 SEPTEMBER 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	-	-	-	914.4	914.4
<i>Other comprehensive income</i>					
Foreign exchange adjustments on net investments in foreign operations	-	65.8	-	-	65.8
Total other comprehensive income	-	65.8	-	-	65.8
Total comprehensive income for the period	-	65.8	-	914.4	980.2
<i>Transactions with shareholders</i>					
Capital reduction	-6.0	-	762.7	-756.7	-
Purchase of treasury shares	-	-	-95.9	-	-95.9
Share-based payments	-	-	-	6.9	6.9
Settlement of vested PSUs	-	-	25.1	-25.1	-
Settlement in cash of vested PSU's	-	-	-	-7.0	-7.0
Dividend paid to shareholders	-	-	-	-767.3	-767.3
Dividend, treasury shares	-	-	-	52.7	52.7
Total transactions with shareholders	-6.0	-	691.9	-1,496.5	-810.6
Equity at 30 September 2023	87.0	1,029.6	-56.2	8,450.8	9,511.2

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 2023.

Accounting policies

This report has been prepared in accordance with the accounting policies set out in the Annual Report for 2023.

Based on an assessment of new or amended and revised accounting standards and interpretations ('IFRS') issued by the International Accounting Standards Board (IASB) and IFRS, endorsed by the European Union, effective on or after 1 January 2024, it has been assessed that the application of these new IFRS has not had a material impact on the Consolidated Financial Statements as per the end of the third quarter of 2024, and the Group does not anticipate any significant impact on future periods from the adoption of these new IFRS. The Group has adopted all new, amended, and revised standards and interpretations.

NOTE 2

SEGMENT INFORMATION AND NET SALES

9M 2024 DKK million	North America Online & Retail	North America Branded & RoW	Europe Branded	Group costs / not allo- cated	Total
Net sales	2,233.8	2,269.2	2,241.6	-	6,744.6
Cost of goods sold	-1,357.5	-1,122.6	-1,148.1	-	-3,628.2
Gross profit before special items	876.3	1,146.6	1,093.5	-	3,116.4
Staff and other external costs	-539.9	-391.4	-616.8	-113.1	-1,661.2
Other income	-	27.8	-	-	27.8
EBITDA before special items	336.4	783.0	476.7	-113.1	1,483.0
Depreciation and impairment				-176.1	-176.1
Amortisation and impairment				-137.0	-137.0
EBIT before special items				-426.2	1,169.9
Special items, costs and impairment				-131.4	-131.4
EBIT				-557.6	1,038.5
Share of profit of associated companies, net of tax				20.9	20.9
Financial income				83.8	83.8
Financial costs				-216.2	-216.2
Profit before tax				-669.1	927.0

SEGMENT INFORMATION AND NET SALES (continued)

9M 2023 DKK million	North America Online & Retail	North America Branded & RoW	Europe Branded	Group costs / not allo- cated	Total
Net sales	2,086.2	2,301.3	2,068.9	-	6,456.4
Cost of goods sold	-1,255.5	-1,074.6	-1,010.9	-	-3,341.0
Gross profit before special items	830.7	1,226.7	1,058.0	-	3,115.4
Staff and other external costs	-496.5	-365.3	-571.4	-93.0	-1,526.2
EBITDA before special items	334.2	861.4	486.6	-93.0	1,589.2
Depreciation and impairment				-147.1	-147.1
Amortisation and impairment				-130.8	-130.8
EBIT before special items				-370.9	1,311.3
Special items, costs and impairment				-57.8	-57.8
EBIT				-428.7	1,253.5
Share of profit of associated companies, net of tax				24.2	24.2
Financial income				161.4	161.4
Financial costs				-259.2	-259.2
Profit before tax				-502.3	1,179.9

DKK million	9M 2024	9M 2023
Category split, net sales		
Handmade cigars	2,468.5	2,409.5
Machine-rolled cigars	2,103.5	2,260.7
Smoking tobacco	1,098.0	925.7
Accessories, Contract Manufacturing & other	1,074.6	860.5
Total net sales	6,744.6	6,456.4

License income and other sales of DKK 64.3 million (DKK 61.4 million) are included in the category 'Accessories, Contract Manufacturing & other'.

DKK million	9M 2024	9M 2023
Geographical split, net sales		
Americas	3,691.1	3,567.1
Europe	2,721.9	2,496.4
Rest of World	331.6	392.9
Total net sales	6,744.6	6,456.4

NOTE 3**SPECIAL ITEMS**

DKK million	9M 2024	9M 2023
Integration and transaction costs (Mac Baren)	7.0	-
One Commercial Organisation	35.8	-
OneProcess	88.6	57.8
Total special items	131.4	57.8

NOTE 4**BORROWINGS**

On 12 September 2024 we issued 5-year senior unsecured notes for a principal amount of EUR 300 million with maturity in September 2029 and with a coupon of 4.875%. The bond is listed on the regulated market of Euronext Dublin.

The proceeds of the issuance will be used for general corporate purposes, including to refinance certain existing debt.

Borrowings are recognised in the balance sheet as follows:

DKK million	30 Sep 2024	31 Dec 2023
Non-current liabilities	4,020.5	3,656.7
Current liabilities	1,243.8	-
Total borrowings	5,264.3	3,656.7

Currency	Fixed/floating	Term/revolving credit facility/bond/annuity	Maturity date	30 Sep 2024	31 Dec 2023
USD	Floating	RCF	19/03/2027	732.5	741.9
DKK	Floating	RCF	19/03/2027	975.0	680.0
EUR	Floating	RCF	19/03/2027	74.6	-
EUR	Floating	Term	Multiple	4.2	7.1
EUR	Fixed	Bond	24/09/2025*	843.8	2,227.7
EUR	Fixed	Bond	12/09/2029	2,225.5	-
DKK	Fixed	Term	15/11/2024	400.0	-
USD	Fixed	Annuity	04/12/2034	8.7	-
Total				5,264.3	3,656.7

* Bond was partly repaid during September 2024.

NOTE 5**BUSINESS COMBINATIONS**

With effect from 1st 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 transferred of DKK 523 million was paid in cash.

The disclosure for the business combination is considered provisional as the figures are based on the unaudited closing balance of Mac Baren. The provisional figures can be changed up until 30 June 2025.

Mac Baren

Mac Baren is a family-owned business founded in 1826 and is a leading global smoking tobacco company, which includes a strong portfolio of 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. The company has approximately 200 full-time employees.

Mac Baren's reported annual net sales (April/2024) were DKK 723 million with a reported EBITDA of DKK 85 million. Nicotine pouches accounted for close to 20% of net sales with a small negative contribution to EBITDA.

Fair value of acquired net assets

Net assets are provisional and may be adjusted and off-balance sheet items may be recorded within the 12 months period of the acquisition date in compliance with IFRS 3. Net assets have been adjusted to comply with the Group's accounting policies and financial reporting requirements.

Transaction costs

Total transaction costs related to the acquisition amount to DKK 7.0 million and is recognised in "Special Items".

NOTE 5

BUSINESS COMBINATIONS (continued)

DKK million	Provisional fair value at date of acquisition
Trademarks	81.6
Other intangible assets	19.9
Property, plant and equipment	78.9
Right-of-use assets	29.9
Deferred income tax assets	35.2
Inventories	271.8
Trade receivables	169.8
Other Receivables	1.3
Corporate tax	1.0
Prepayments	3.1
Total assets	692.5
Deferred income tax liabilities	25.0
Trade payables	86.3
Corporate tax	7.4
Lease liabilities	29.9
Other liabilities	58.3
Total liabilities	206.9
Acquired net assets	485.6
Acquisition (cash flow)	485.6
Cash and cash equivalents in acquired business	37.2
Consideration transferred	522.8