



## Company Announcement

No. 47/2024

Copenhagen, 22 August 2024

### Interim report, 1 January - 30 June 2024

## Scandinavian Tobacco Group A/S reports second quarter 2024 results and maintains full-year guidance

For the second quarter of 2024 Scandinavian Tobacco Group delivered a 6.3% increase in reported net sales by DKK 2.4 billion with an EBITDA margin before special items at 24.5%. Net sales increased 4.8% organically driven by Handmade Cigars and Next Generation Products. The decline rate in Machine-Rolled Cigars & Smoking Tobacco improved compared with the first quarter. The EBITDA margin is impacted by an improving, yet still negative, volume development, mix changes and investments in growth. In the second half of the year, the Group is expected to deliver organic net sales growth and a continued improvement in the EBITDA-margin. The full year guidance is maintained.

### Second Quarter 2024 - Financial Performance

- Net sales of DKK 2,366 million (DKK 2,225 million) with 4.8% positive organic growth.
- EBITDA before special items was DKK 580 million (DKK 514 million) with an EBITDA margin of 24.5% (23.1%).
- Adjusted Earnings Per Share (EPS) were DKK 4.1 (DKK 3.5).
- Free cash flow before acquisitions was DKK 177 million (DKK 159 million).
- Return on Invested Capital (ROIC) was 10.5% (13.1%).
- Growth Enablers delivered a high double-digit growth rate and accounted for 12% of Group net sales.
- In the first six months of 2024, net sales increased by 3.0% to DKK 4.3 billion (DKK 4.2 billion), organic net sales growth was 1.5%, the EBITDA margin was 21.2% (23.6%), free cash flow before acquisitions was DKK 52 million (DKK -20 million) and Adjusted EPS were DKK 5.8 (DKK 6.7).

CEO Niels Frederiksen: *“The second quarter financial performance supports our expectation for the full year. During the past months, we have taken material steps in executing our strategy and to safeguard our financial performance in challenging markets. The new commercial structure has been completed and we have taken additional steps to re-establish our market position in machine-rolled cigars and to improve our cost agility across the group. Further, the acquisition of Mac Baren strengthens our smoking tobacco business where the combination with our existing business will deliver meaningful synergies and good value for our shareholders”.*

### Acquisition of Mac Baren

With effect from 1 July 2024, Scandinavian Tobacco Group has acquired Mac Baren Tobacco Company A/S (“Mac Baren”) in a transaction valued at DKK 535 million. 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. Mac Baren adds a valuable portfolio of brands

within the smoking tobacco category, increases our presence in the nicotine pouch market and contributes to improved financial results.

### **Financial Guidance 2024**

The financial guidance 2024 is unchanged.

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

The full-year financial guidance for 2024 is exclusive of the impact from the acquisition of Mac Baren Tobacco Company. The financial impact of the acquisition will be communicated as soon as the integration planning period has been completed, but no later than at the release of the third quarter interim report, on 12 November 2024.

### **For further information, please contact:**

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A conference call will be held on 23 August 2024 at 10.00 CEST. Dial-in information and an accompanying presentation will be available at [investor.st-group.com/investor](https://investor.st-group.com/investor) around 09:00 CEST.

# Key Figures

DKK million	Q2 2024	Q2 2023	6M 2024	6M 2023	FY2023
<b>INCOME STATEMENT</b>					
Net sales	2,366	2,225	4,314	4,188	8,731
Gross profit before special items	1,109	1,044	1,990	2,023	4,204
EBITDA before special items	580	514	915	987	2,106
Special items	-53	-16	-83	-44	-92
EBIT	429	406	637	764	1,638
Net financial items <sup>1</sup>	-53	-22	-107	-53	-177
Profit before tax	385	392	544	727	1,491
Income taxes	-88	-88	-122	-164	-308
Net profit	297	304	422	563	1,182
<b>BALANCE SHEET</b>					
Total assets			16,428	16,350	15,853
Equity			8,881	8,994	9,434
Net interest-bearing debt (NIBD)			5,364	5,059	4,057
Investment in property, plant and equipment	50	40	100	88	199
Total capital expenditures	74	66	132	146	308
<b>CASH FLOW STATEMENT</b>					
Cash flow from operating activities	246	222	175	120	1,347
Cash flow from investing activities	-118	-132	-210	-722	-875
Free cash flow	129	90	-34	-603	472
Free cash flow before acquisitions	177	159	52	-20	1,053
<b>KEY RATIOS<sup>2</sup></b>					
Net sales growth	6.3%	-2.3%	3.0%	-0.7%	-0.4%
Gross margin before special items	46.9%	46.9%	46.1%	48.3%	48.2%
EBITDA margin before special items	24.5%	23.1%	21.2%	23.6%	24.1%
Effective tax percentage	22.9%	22.5%	22.5%	22.5%	20.7%
Equity ratio			54.1%	55.0%	59.5%
Cash conversion	96.5%	78.3%	70.4%	42.0%	103.0%
Organic net sales growth	4.8%	-1.8%	1.5%	-1.3%	0.3%
Organic EBITDA growth	11.4%	-2.9%	-8.1%	-7.5%	-5.0%
NIBD / EBITDA before special items			2.6	2.3	1.9
ROIC			10.5%	13.1%	11.4%
ROIC ex. Goodwill			16.6%	21.3%	18.1%
Adjusted earnings per share (DKK)	4.1	3.5	5.8	6.7	14.4
Basic earnings per share (DKK)	3.6	3.5	5.0	6.5	13.7
Diluted earnings per share (DKK)	3.5	3.5	5.0	6.5	13.6
Number of shares issued ('000)			86,000	87,000	87,000
Number of treasury shares ('000)			4,211	382	1,105
Number of outstanding shares ('000) <sup>3</sup>			84,354	86,786	86,668
Share price at balance date (DKK)			98.30	113.50	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.

## Second Quarter 2024 - Financial performance

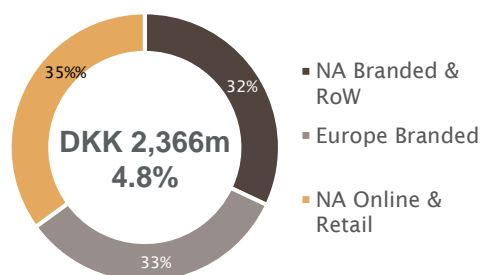
In the second quarter of 2024 the Group's net sales reported in DKK increased by 6.3% to DKK 2,366 million. Exchange rates developments impacted net sales positively by close to 1%, whilst the acquisition of the XQS brands also impacted net sales positively by close to 1%. The organic growth in net sales was positive by 4.8% (see Table 1).

The Group's organic net sales performance was driven by positive contributions from the product categories Handmade Cigars and Next Generation Products, whereas the product category Machine-Rolled Cigars & Smoking Tobacco delivered negative, albeit compared to the first quarter an improving, organic net sales performance. Measured by our reporting divisions, the organic net sales performance was driven by North America Online & Retail ("NAOR") and Europe Branded ("EUB") while North America Branded & Rest of World ("NABROW") delivered a negative organic net sales development.

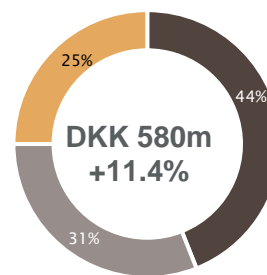
The EBITDA margin (before special items) increased to 24.5% (23.1%). The EBITDA margin improved in all three reporting divisions compared to the second quarter of last year. The improved margin is primarily driven by the net sales increase in NAOR and EUB and by an improved mix in NABROW. The OPEX ratio improved to 23.0% in the quarter from 23.8% in the second quarter last year partly driven by the sales increase and partly by general cost improvements. Investments in the Group's initiatives to strengthen long-term net sales and profit growth continue to impact margins negatively. Special items were DKK 53 million relating to the Group's ERP implementation programme, One Process, the reorganisation to One Commercial Organisation and integration and transaction costs relating to the Mac Baren acquisition. Net profit was DKK 297 million (DKK 304 million) with Adjusted Earnings Per Share at DKK 4.1 (DKK 3.5).

### Divisional split Q2 2024

#### Net sales and organic growth



#### EBITDA before special items and organic growth



### Group net sales and EBITDA Q2 2024

Table 1: Net sales

	Q2	Q2	Change
DKK million	2024	2023	in %
Net sales	2,366	2,225	6.3%
Acquisitions		16	
Currency development	-18		
<b>Organic net sales</b>	<b>2,348</b>	<b>2,241</b>	<b>4.8%</b>

Table 2: EBITDA before special items

	Q2	Q2	Change
DKK million	2024	2023	in %
EBITDA	580	514	13.0%
Acquisitions		1	
Currency development	-6		
<b>Organic EBITDA</b>	<b>574</b>	<b>515</b>	<b>11.4%</b>

The Group's free cash flow before acquisitions was DKK 177 million (DKK 159 million). The development is positively impacted by the operational performance as well as changes in working capital, which was negative by DKK 26 million in the second quarter of 2024 compared with negative DKK 142 million in the second quarter of 2023. The Group's leverage ratio was 2.6 times versus 1.9 times by the end 2023 and 2.3 times by the end of the second quarter 2023. Including the impact from Mac Baren the leverage ratio is expected at about the current by the end of 2024.

The 12 months rolling **Return on Invested Capital (ROIC)** decreased to 10.5% versus 11.4% by the end of 2023 driven by the development in EBIT (12 months rolling). Invested capital was almost unchanged compared to 31 December 2023 and stood at DKK 14.4 billion (DKK 14.3 billion).

## Update Strategy and Other Key Events

### Acquisition of Mac Baren

With effect from 1 July 2024, Scandinavian Tobacco Group has acquired Mac Baren Tobacco Company A/S ("Mac Baren") in a transaction valued at DKK 535 million. The acquisition will be financed by cash at hand and debt. 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 with reported annual net sales (April/2024) at DKK 723 million and a reported EBITDA of DKK 85 million.

Mac Baren will add a valuable portfolio of brands within the smoking tobacco category and expand our market positions within both pipe tobacco and fine-cut tobacco, Mac Baren will increase our presence in the nicotine pouch market with both brands and production capabilities and the acquisition will contribute to improved financial results.

The combination with our existing business is expected to deliver meaningful synergies when fully integrated and good value for our shareholders. The integration planning is taking place over the coming months and we will communicate more details no later than 12 November 2024 with the release of the third quarter interim report.

### Growth Enablers

The Growth Enablers comprise of international sales of handmade cigars (outside of the US), retail stores and Next Generation Products (including distribution of third-party products).

Cigars International opened two new retail superstores in 2023, both located in Texas, bringing the total number of superstores in the US to nine. The retail stores are accretive to both the EBITDA margin and to ROIC for the Group and with three additional openings expected in the second half of 2024, the retail stores have become an important part of the Group's net sales and growth. Retail delivered double-digit growth with same-store sales up by 5% in the second quarter.

International sales of handmade cigars delivered double-digit growth in net sales. 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 more than tripled for Next Generation Products (NGP) primarily driven by strong performance of the nicotine pouch brand XQS as well as growth in the distribution of third-party products in the US. XQS was launched in the UK market late in the second quarter and a roll-out of the

brand is expected in additional markets during the second half of 2024. The distribution of the third party NGP products in the US has been paused by the brand owner as of late June and it is uncertain if and when the distribution will be resumed.

Net sales from the Growth Enablers accounted for 12% of Group net sales in the second quarter of 2024 compared with 11% in the first quarter 2024 and 8% in the full-year 2023. The NGP portfolio accounted for 6% of Group net sales, with about half delivered by the mentioned third-party distribution agreement.

### **Capital Allocation**

During the quarter the Group repurchased 2,786,948 treasury shares at a total value of DKK 287 million as part of the up to 850 million share buy-back programme which was launched November 2023. During the first six months of 2024, the Group has repurchased shares at a total value of DKK 451 million.

By the end of the second quarter Scandinavian Tobacco Group owned a total of 4,210,899 own treasury shares, corresponding to 4.9% of the total share capital.

At the Annual General Meeting on 4 April 2024, the proposal to increase the ordinary dividend to DKK 8.40 per share was approved resulting in a total dividend payment of DKK 731 million.

The capital distribution to shareholders, including the ordinary dividend payment of DKK 731 million in April, amounts to DKK 1,182 million during the first six months of 2024.

10 May 2024, 1.0 million treasury shares were cancelled as approved at the Annual General Meeting, whereby the number of issued shares is 86.0 million.

## **Financial Guidance 2024**

The full-year 2024 expectations remain unchanged and are exclusive of the impact from the acquisition of Mac Baren Tobacco Company. The financial impact of the acquisition will be communicated as soon as the integration planning period has been completed, but no later than 12 November 2024 with the release of the third quarter interim report.

Since the extraordinary growth during the pandemic in 2020 and 2021, the consumption of handmade cigars in the US have been declining, though volumes remain above the pre-covid levels. Currently, the market is estimated to contract by a mid-single digit percentage, and it remains uncertain when the decline rate will stabilise at a lower level. One reason for this uncertainty is the US consumer behaviour and spending. However, we 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 continue to expect organic net sales of hand-made cigars to increase compared with last year.

The total market for machine-rolled cigars in our key markets in Europe declined at close to 5% during the first half of 2024. Consequently, the volume decline in Europe has accelerated compared to previous years and it remains uncertain whether this is temporary or a new level we must adapt to. Consequently, our actions must be based on up-to-date assessments of the market trends with our initiatives focused rebuilding our market positions and regain market share in our core markets as well as to improve our cost agility, should market volumes not improve.

We expect net sales from our own NGP brands will increase by more than 50% driven by market share expansion and roll-out to new markets. Following a launch of XQS in the UK market, the brand is planned to be introduced the Danish market during the third quarter.

Based on the above and at current exchange rates, the Group reported net sales are expected in the range of DKK 8.8-9.1 billion (2023: DKK 8.7 billion). North America Online & Retail and Europe Branded are expected to deliver growth in net sales compared with 2023 while the division North America Branded & Rest of World now is expected to deliver slightly lower net sales with the expected recovery in the consumption of handmade cigars in the US being delayed. 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 22-24% (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. These factors are partly being offset by price increases, continued cost optimisations and the expected refund of certain import tax payments.

Free cash flow is expected in the range of DKK 0.8-1.0 billion and are impacted by investments in the retail expansion in the US, the completed track and trace implementation in the EU and in the ERP-roll-out of up to DKK 300 million compared with a level of DKK 200 million in 2023. Working capital 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 range of DKK 12.5-14.5 including an estimated impact from the current share repurchase programme of DKK 0.7-0.8.

Given these considerations, guidance for 2024 is maintained:

- Reported net sales in the range of DKK 8.8-9.1 billion.
- EBITDA-margin before special items in the range of 22-24%.
- Free cash flow before acquisitions in the range of DKK 0.8-1.0 billion.
- Adjusted EPS in the range of DKK 12.5-14.5.

For the second half of the year, we expect a continued increase in net sales compared to the second half of last year with growth in all three commercial divisions. The EBITDA margin is expected to be lower for the group compared with the second half of last year as result of the continued expansion of our own NGP business and the comparison to a strong third quarter last year, which primarily was driven by a favourable mix in NABROW.

The largest uncertainties for the guidance are 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**

With effect from 1 July 2024, Scandinavian Tobacco Group acquired Mac Baren Tobacco Company A/S (“Mac Baren”) in a transaction valued at DKK 535 million. The acquisition is financed by cash at hand and debt. 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 nicotine pouches with reported annual net sales (April/2024) at DKK 723 million and a reported EBITDA of DKK 85 million.

There are no other events than those mentioned in the above that have occurred after 30 June 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

## Q2 2024: Net sales distribution and organic growth by category

Table 3: Q2 2024 Net sales distribution and organic growth by category	% of Group	Organic Growth
Handmade cigars	37%	3%
MRC and Smoking Tobacco	46%	-2%
Next Generation Products	6%	>100%
Other	11%	10%
<b>Group</b>	<b>100%</b>	<b>5%</b>

### Handmade Cigars

Handmade cigars net sales increased in the second quarter of the year by 3% organically and by 4% in reported net sales. The impact from exchange rates movements and acquisitions have been immaterial during the quarter. Reported net sales of handmade cigars in international markets (ex the US) increased 22% with particular good performance by markets in Southern Europe and Asia. Reported net sales of handmade cigars in our retail superstores in the US continued its healthy performance by delivering 15% growth primarily as result of store openings in the previous two years. Reported net sales of handmade cigars sold online increased by 4%, with a slight decline in the active consumer file offset by an increase in the average basket size. Reported net sales of handmade cigars to external wholesalers and distributors supplying retail in North America (within NAB) is primarily impacted by an estimated overall decline in consumption in the range of 4% to 5%, lower contract-manufacturing sales as well as inventory adjustments at some customers.

### Machine-rolled Cigars and Smoking Tobacco

Machine-rolled cigars (MRC) and smoking tobacco (ST) net sales decreased in the second quarter of the year by 2% organically and by 7% for the first six months of the year.

For the second quarter, an improved volume decline rate in machine-rolled cigars compared with the first quarter, a positive organic growth for smoking tobacco in Europe and pricing across all categories contributed to the improved overall performance compared to a weak first quarter of the year.

The development was driven by a decrease in organic net sales in machine-rolled cigars by more than 5% with European markets like the UK, Belgium, the Nordics, France and the Netherlands delivering higher than average volume decline rates. In our key European markets, preliminary data indicate the volume market share stabilised at 27.9% compared with 27.6% in the first quarter of 2024. The initiatives we are taking to rebuild market positions will take time to have effect. Pricing remains sound in all major markets.

The organic development within Smoking Tobacco was positive by 6% driven by a volume increase for both pipe tobacco and for fine-cut tobacco. Net sales of fine-cut tobacco were driven by international markets and good volume growth in Germany, where our brand BREAK continue to take market share.

## Next Generation Products

Reported net sales more than tripled for Next Generation Products (NGP) primarily driven by strong performance of the nicotine pouch brand XQS. Organic growth, i.e. excluding the impact from acquisition of XQS in May 2023, were above 100%. NGP accounted for 6% of Group net sales in the second quarter. The strong NGP development relates primarily to the XQS brand taking market share in Sweden as well as the growth in the distribution of third-party products in the US. XQS was launched in the UK market late in the second quarter and a roll-out of the brand is expected in additional markets during the second half of 2024. The distribution of the third party NGP products in the US has been paused by the brand owner as of late June and it is uncertain if and when the distribution will be resumed.

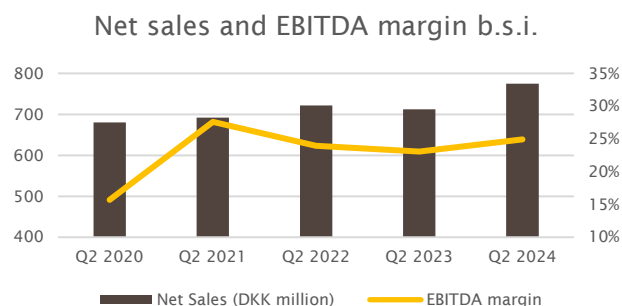
## Financial performance by division

### Europe Branded

Europe Branded delivered an 6.1% positive organic net sales growth in the second quarter of 2024, while reported net sales increased by 8.8%. Acquisitions impacted net sales by about 2%. 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 improved to -4%. The development in market shares for machine rolled cigars remain negative. The volume decline in the category is being partly offset by pricing.

Total market volumes for machine-rolled cigars in Europe is estimated to be negative by close to 5% for the second quarter in a row compared with a 3% decline for the full year 2023. According to preliminary data, the market share index for our seven key markets in machine-rolled cigars was 27.9% for the second quarter 2024 versus 27.6% for the first quarter of 2024. The development for the second quarter is primarily result of an increasing market share in Spain, a declining market share in the Netherlands, whereas our positions in the other markets were relatively stable versus the first quarter of the year.

### Second Quarter Development, 2020-2024



For the second quarter of 2024, EBITDA before special items increased to DKK 193 million (DKK 164 million) with an EBITDA margin before special items of 24.9% (23.1%). The margin development was driven by increasing net sales in the quarter. The gross margin was unchanged. The NGP category continue to dilute the divisional EBITDA margin as result of the ambition to grow market share and the roll-out to new markets.

For the first six months of 2024 reported net sales decreased to DKK 1,391 million with a negative organic growth of 0.5%. Gross profit before special items decreased by 3.8% to DKK 673 million and

the gross margin was 48.4% (51.7%). EBITDA before special items decreased by 10.9% to DKK 276 million with an EBITDA margin of 19.9% (22.9%).

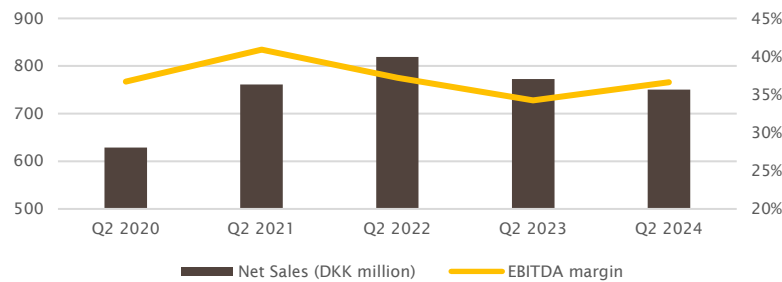
### North America Branded & Rest of World

North America Branded & Rest of World delivered a 3.5% negative organic net sales growth in the second quarter of 2024, while reported net sales decreased by 2.9% including a positive impact from exchange rate developments.

The development was impacted by a negative volume impact from machine-rolled cigars primarily in Middle East/Africa. In Canada the volume impact from machine-rolled cigars recovered as expected following the decline due to the implementation of plain packaging during the first quarter. The market share in Canada continued to improve during the quarter. Net sales of handmade cigars in the US to external wholesalers and distributors continued to decline by close to mid-single digit percentage driven by the overall decline in consumption as well as lower contract manufacturing sales and inventory adjustments at some customers, while net sales to our international markets continue to develop well, in line with our growth ambitions for the segment.

#### Second Quarter Development, 2020-2024

Net sales and EBITDA margin b.s.i.



EBITDA before special items increased to DKK 275 million (DKK 265 million) with an EBITDA margin before special items of 36.6% (34.2%). The development in the profitability was primarily result of an increase in the gross margin driven by mix changes (ex. machine-rolled cigars in Canada) and a lower OPEX ratio impacted by an expected DKK 16 million refund of certain import tax payments.

For the first six months of 2024 reported net sales decreased to DKK 1,432 million with organic growth being negative by 4.8%. Gross profit before special items decreased by 7.7% to DKK 731 million and the gross margin was 51.0% (53.1%). EBITDA before special items decreased by 10.2% to DKK 486 million with an EBITDA margin of 33.9% (36.2%).

### North America Online & Retail

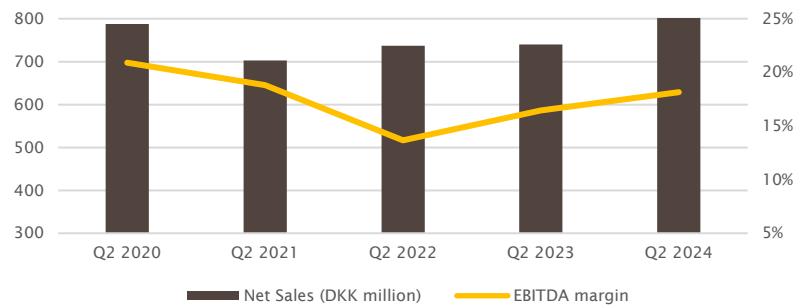
North America Online & Retail delivered a 12.1% organic net sales growth in the second quarter of 2024, while the reported net sales increased by 13.6% including a positive impact from exchange rates developments.

Organic net sales growth was driven by positive momentum in the online business driven by pricing in handmade cigars and increasing net sales of third-party next generation products. The number of active customers is slightly down with the volumes of handmade cigars sold being relatively stable and with the average spending per customer increasing. The distribution of third party NGP products has been paused by the brand owner and as it is uncertain if and when the distribution will be resumed the net sales development is expected to be negatively impacted in the division for the second half of the year.

The retail business continues to deliver double-digit net sales growth driven by the opening of new super stores in previous years and a 5% increase in the same-store-sales. Three new stores are expected to open during the second half of the year

### Second Quarter Development, 2020-2024

Net sales and EBITDA margin b.s.i.



EBITDA before special items increased to DKK 152 million (DKK 122 million) with an EBITDA margin before special items of 18.1% (16.4%). The development in the profitability was primarily result of the increase in net sales as well as general efficiency improvement.

For the first six months of 2024 net sales increased by 11.1% to DKK 1,491 million with an organic growth of 10.8%. Gross profit before special items increased by 10.3% to DKK 586 million and the gross margin was 39.3% (39.6%). EBITDA before special items increased by 14.0% to DKK 233 million with an EBITDA margin of 15.7% (15.3%).

# Quarterly Financial Data

DKK million	2024		2023			2024	2023	
	Q2	Q1	Q4	Q3	Q2	6M	6M	12M
<b>Reported data</b>								
Net sales	2,366	1,948	2,275	2,269	2,225	4,314	4,188	8,731
Gross profit before special items	1,109	881	1,089	1,092	1,044	1,990	2,023	4,204
EBITDA before special items	580	335	517	602	514	915	987	2,106
Special items	-53	-30	-35	-14	-16	-83	-44	-92
EBIT	429	208	385	489	406	637	764	1,638
Net financial items	-53	-54	-79	-44	-22	-107	-53	-177
Profit before tax	385	159	311	453	392	544	727	1,491
Income taxes	-88	-34	-43	-102	-88	-122	-164	-308
Net profit	297	125	268	351	304	422	563	1,182
<b>Other financial key data</b>								
Organic EBITDA grow th	11.4%	-29.1%	-5.7%	-0.1%	-2.9%	-8.1%	-7.5%	-5.0%
Organic net sales grow th	4.8%	-2.1%	5.0%	-1.1%	-1.8%	1.5%	-1.3%	0.3%
Gross margin before special items	46.9%	45.2%	47.9%	48.2%	46.9%	46.1%	48.3%	48.2%
EBITDA margin before special items	24.5%	17.2%	22.7%	26.5%	23.1%	21.2%	23.6%	24.1%
Free cash flow before acquisitions	177	-126	452	622	159	52	-20	1,053
<b>North America Online &amp; Retail</b>								
Net sales	840	650	738	745	740	1,491	1,342	2,824
Gross profit before special items	331	255	293	299	290	586	532	1,124
EBITDA before special items	152	81	108	129	122	233	205	443
Net sales grow th	13.6%	8.1%	4.9%	-3.2%	0.4%	11.1%	2.8%	1.7%
Organic net sales grow th	12.1%	9.2%	10.4%	4.4%	2.7%	10.8%	2.1%	4.8%
Gross margin before special items	39.4%	39.2%	39.8%	40.1%	39.2%	39.3%	39.6%	39.8%
EBITDA margin before special items	18.1%	12.5%	14.7%	17.4%	16.4%	15.7%	15.3%	15.7%
<b>North America Branded &amp; RoW</b>								
Net sales	751	681	743	809	773	1,432	1,493	3,044
Gross profit before special items	391	340	380	435	397	731	792	1,606
EBITDA before special items	275	211	242	321	265	486	541	1,104
Net sales grow th	-2.9%	-5.4%	-1.0%	-4.9%	-5.7%	-4.1%	-6.3%	-4.7%
Organic net sales grow th	-3.5%	-6.1%	-1.4%	-2.6%	-6.1%	-4.8%	-7.6%	-4.7%
Gross margin before special items	52.0%	50.0%	51.1%	53.8%	51.3%	51.0%	53.1%	52.8%
EBITDA margin before special items	36.6%	31.2%	32.6%	39.7%	34.2%	33.9%	36.2%	36.3%
<b>Europe Branded</b>								
Net sales	775	617	794	716	712	1,391	1,353	2,863
Gross profit before special items	388	286	416	359	357	673	699	1,474
EBITDA before special items	193	83	196	176	164	276	310	683
Net sales grow th	8.8%	-3.8%	8.6%	-3.5%	-1.3%	2.8%	2.7%	2.6%
Organic net sales grow th	6.1%	-7.7%	6.7%	-4.8%	-1.4%	-0.5%	3.0%	1.8%
Gross margin before special items	50.0%	46.3%	52.4%	50.1%	50.1%	48.4%	51.7%	51.5%
EBITDA margin before special items	24.9%	13.8%	24.7%	24.6%	23.1%	19.9%	22.9%	23.8%
<b>Group costs</b>								
EBITDA before special items	-40	-40	-30	-25	-37	-80	-68	-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 June 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 June 2024 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 June 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, 22 August 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 JUNE

DKK million	Note	Q2 2024	Q2 2023	6M 2024	6M 2023
<b>INCOME STATEMENT</b>					
<b>Net sales</b>	<b>2</b>	<b>2,365.8</b>	<b>2,224.8</b>	<b>4,314.1</b>	<b>4,187.7</b>
Cost of goods sold	2	1,256.6	1,181.0	-2,323.7	-2,164.7
<b>Gross profit before special items</b>	<b>2</b>	<b>1,109.2</b>	<b>1,043.8</b>	<b>1,990.4</b>	<b>2,023.0</b>
Other external costs	2	-288.7	-307.6	-584.4	-569.7
Staff costs	2	-255.8	-222.6	-510.1	-466.1
Other income		15.8	-	19.4	-
<b>Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)</b>	<b>2</b>	<b>580.5</b>	<b>513.6</b>	<b>915.3</b>	<b>987.2</b>
Depreciation and impairment		-54.1	-48.5	-107.2	-94.8
<b>Earnings before interest, tax, amortisation and special items (EBITA before special items)</b>		<b>526.4</b>	<b>465.1</b>	<b>808.1</b>	<b>892.4</b>
Amortisation and impairment		-44.2	-42.9	-88.1	-84.6
<b>Earnings before interest, tax and special items (EBIT before special items)</b>		<b>482.2</b>	<b>422.2</b>	<b>720.0</b>	<b>807.8</b>
Special items, costs and impairment	3	-52.8	-16.4	-82.6	-43.6
<b>Earnings before interest and tax (EBIT)</b>		<b>429.4</b>	<b>405.8</b>	<b>637.4</b>	<b>764.2</b>
Share of profit of associated companies, net of tax		8.3	7.8	13.4	16.1
Financial income		16.0	43.3	31.0	100.1
Financial costs		-68.6	-65.4	-137.8	-153.5
<b>Profit before tax</b>		<b>385.1</b>	<b>391.5</b>	<b>544.0</b>	<b>726.9</b>
Income taxes		-88.3	-88.0	-122.4	-163.5
<b>Net profit for the period</b>		<b>296.8</b>	<b>303.5</b>	<b>421.6</b>	<b>563.4</b>
<b>Earnings per share</b>					
Basic earnings per share (DKK)		3.6	3.5	5.0	6.5
Diluted earnings per share (DKK)		3.5	3.5	5.0	6.5
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Net profit for the period		<b>296.8</b>	<b>303.5</b>	<b>421.6</b>	<b>563.4</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<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		61.8	9.4	184.8	-98.9
<b>Other comprehensive income for the period, net of tax</b>		<b>61.8</b>	<b>9.4</b>	<b>184.8</b>	<b>-98.9</b>
<b>Total comprehensive income for the period</b>		<b>358.6</b>	<b>312.9</b>	<b>606.4</b>	<b>464.5</b>

## Net sales

In the second quarter of 2024, net sales were DKK 2,366 million (DKK 2,225 million). Adjusted for a positive exchange rate impact of DKK 18 million and acquisitions of DKK 16 million, the organic growth in net sales was positive by 4.8%. For the first six months of 2024, net sales came to DKK 4,314 million (DKK 4,188 million) with organic net sales growth being positive by 1.5%.

## Profit

Gross profit before special items for the second quarter of 2024 was DKK 1,109 million (DKK 1,044 million) explained by the development in net sales. Gross margin before special items was unchanged and came to 46.9% (46.9%).

Operating expenses for the second quarter of 2024 increased by 2.7% compared to same quarter last year and stood at DKK 545 million (DKK 530 million). The OPEX ratio decreased to 23.0% (23.8%).

EBITDA before special items for the second quarter of 2024 amounted to DKK 580 million (DKK 514 million). The development is mainly explained by the development in net sales and the decreased OPEX ratio. Organic EBITDA growth was positive by 11.4% (-2.9%).

EBITDA margin before special items for the second quarter of 2024 was 24.5% (23.1%).

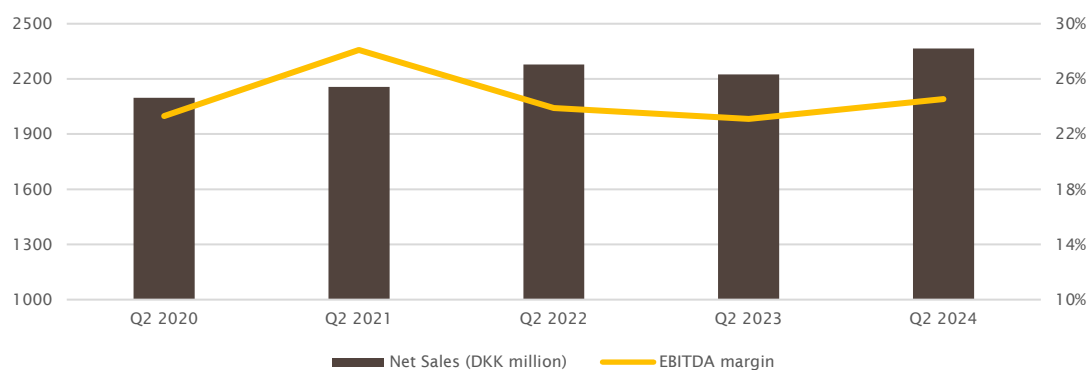
During the quarter DKK 53 million (DKK 16 million) have been expensed as special items, relating to the ERP implementation project, OneProcess, the reorganisation to One Commercial Organisation and transaction costs for the Mac Baren acquisition.

Net profit was DKK 297 million (DKK 304 million). Earnings Per Share (EPS) were DKK 3.6 (DKK 3.5). Earnings Per Share adjusted for special items, fair value adjustments and currency gains/losses, net of tax increased to DKK 4.1 (DKK 3.5).

In the first six months of 2024, gross profit before special items was DKK 1,990 million (DKK 2,023 million) with a gross margin of 46.1% (48.3%). EBITDA before special items was DKK 915 million (DKK 987 million) with an EBITDA margin of 21.2% (23.6%). Special items of DKK 83 million were expensed (DKK 44 million), net profit was DKK 422 million (DKK 563 million) with an EPS adjusted for special items, fair value adjustments and currency gains/losses, net of tax at DKK 5.8 (DKK 6.7).

## Second Quarter Development, 2020-2024

### Net sales and EBITDA margin b.s.i.





## CONSOLIDATED BALANCE SHEET

### ASSETS

DKK million	30 June 2024	30 June 2023	31 Dec 2023
<b>INTANGIBLE ASSETS</b>			
Goodwill	5,332.3	5,282.0	5,235.6
Trademarks	3,191.8	3,278.8	3,226.1
IT software	65.6	43.7	74.4
Other intangible assets	388.6	424.0	404.0
Intangible assets under development	214.4	181.3	183.1
<b>Total intangible assets</b>	<b>9,192.7</b>	<b>9,209.8</b>	<b>9,123.2</b>
Property, plant and equipment	1,868.5	1,746.8	1,759.7
Investments in associated companies	249.2	230.2	234.0
Deferred income tax assets	90.9	106.0	93.7
<b>Total non-current assets</b>	<b>11,401.3</b>	<b>11,292.8</b>	<b>11,210.6</b>
Inventories	3,506.8	3,576.0	3,269.6
Trade receivables	1,038.5	1,095.2	963.7
Other receivables	94.3	80.6	113.7
Corporate tax	159.2	81.3	63.3
Prepayments	138.3	111.7	132.9
Cash and cash equivalents	89.6	112.0	99.6
<b>Total current assets</b>	<b>5,026.7</b>	<b>5,056.8</b>	<b>4,642.8</b>
<b>Total assets</b>	<b>16,428.0</b>	<b>16,349.6</b>	<b>15,853.4</b>

**CONSOLIDATED BALANCE SHEET****EQUITY AND LIABILITIES**

DKK million	30 June 2024	30 June 2023	31 Dec 2023
Share capital	86.0	87.0	87.0
Reserve for currency translation	950.2	864.9	765.4
Treasury shares	-473.6	-56.2	-141.4
Retained earnings	8,318.1	8,098.6	8,723.0
<b>Total equity</b>	<b>8,880.7</b>	<b>8,994.3</b>	<b>9,434.0</b>
Borrowings	4,807.3	4,637.2	3,656.7
Deferred income tax liabilities	702.9	682.5	706.8
Pension obligations	201.8	214.1	195.3
Other provisions	17.1	17.5	17.9
Lease liabilities	306.5	273.6	245.8
Other liabilities	29.9	96.3	46.2
<b>Total non-current liabilities</b>	<b>6,065.5</b>	<b>5,921.2</b>	<b>4,868.7</b>
Credit facilities	81.0	-	-
Trade payables	401.4	443.2	508.2
Corporate tax	62.1	240.1	120.3
Other provisions	18.9	19.9	17.8
Lease liabilities	57.8	45.5	59.1
Other liabilities	860.6	685.4	845.3
<b>Total current liabilities</b>	<b>1,481.8</b>	<b>1,434.1</b>	<b>1,550.7</b>
<b>Total liabilities</b>	<b>7,547.3</b>	<b>7,355.3</b>	<b>6,419.4</b>
<b>Total equity and liabilities</b>	<b>16,428.0</b>	<b>16,349.6</b>	<b>15,853.4</b>

**Net interest-bearing debt**

Net interest-bearing debt increased by DKK 1,307 million to DKK 5,364 million versus the end of 2023. The development is mainly explained by additional draw on RCF/credit facilities during the first and the second 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) decreased to 10.5% versus 11.4% by the end of 2023, explained by a DKK 127 million decrease in EBIT (12 months rolling) driven by the operational performance. Invested capital was almost unchanged and stood at DKK 14.4 billion (DKK 14.3 billion).

## CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY - 30 JUNE

DKK million	Q2 2024	Q2 2023	6M2024	6M 2023
Net profit for the period	296.8	303.5	421.6	563.4
Depreciation, amortisation and impairment	98.3	91.4	195.3	179.4
Adjustments	157.3	141.9	258.1	272.0
Changes in working capital	-25.8	-141.5	-278.0	-594.0
Special items, paid	-43.5	-19.0	-67.4	-47.2
<b>Cash flow from operating activities before financial items</b>	<b>483.1</b>	<b>376.3</b>	<b>529.6</b>	<b>373.6</b>
Financial income received	10.8	10.6	20.1	22.9
Financial costs paid	-49.9	-36.8	-93.5	-92.9
<b>Cash flow from operating activities before tax</b>	<b>444.0</b>	<b>350.1</b>	<b>456.2</b>	<b>303.6</b>
Tax payments	-197.7	-127.8	-280.9	-184.0
<b>Cash flow from operating activities</b>	<b>246.3</b>	<b>222.3</b>	<b>175.3</b>	<b>119.6</b>
Acquisitions	-48.6	-68.9	-85.9	-582.5
Investment in intangible assets	-23.9	-26.2	-31.5	-58.3
Investment in property, plant and equipment	-50.3	-40.0	-100.2	-87.8
Sale of property, plant and equipment	1.7	0.1	1.7	0.2
Dividend from associated companies	3.3	2.7	6.3	6.0
<b>Cash flow from investing activities</b>	<b>-117.8</b>	<b>-132.3</b>	<b>-209.6</b>	<b>-722.4</b>
<b>Free cash flow</b>	<b>128.5</b>	<b>90.0</b>	<b>-34.3</b>	<b>-602.8</b>
Repayment of lease liabilities	-18.5	-15.9	-36.3	-31.7
RCF	964.7	771.7	1,124.3	1,551.0
Repayment bank loans	-1.0	-1.1	-2.0	-2.2
Dividend payment	-709.8	-714.6	-709.8	-714.6
Purchase of treasury shares	-275.9	-	-433.5	-103.8
<b>Cash flow from financing activities</b>	<b>-40.5</b>	<b>40.1</b>	<b>-57.3</b>	<b>698.7</b>
<b>Net cash flow for the period</b>	<b>88.0</b>	<b>130.1</b>	<b>-91.6</b>	<b>95.9</b>
Cash and cash equivalents, net at 1 April / 1 January	-79.7	-17.6	99.6	22.2
Exchange gains/losses on cash and cash equivalents	0.3	-0.4	0.6	-6.0
Net cash flow for the period	88.0	130.1	-91.6	95.9
<b>Cash and cash equivalents, net at 30 June</b>	<b>8.6</b>	<b>112.1</b>	<b>8.6</b>	<b>112.1</b>

## Cash flows

Cash flow from operations before changes in working capital in the second quarter of 2024 was DKK 272 million (DKK 364 million). The development was driven by higher special items payments, higher tax payments partly and higher net financial costs paid.

Changes in working capital in the second quarter of 2024 had a negative impact on the cash flow by DKK 26 million (negative DKK 142 million) mainly due to increased level of trade receivables.

Cash flow from investing activities amounted to DKK -118 million (DKK -132 million). The second quarter of 2024 was impacted by earn-out payments related to previous acquisitions. The second quarter of 2023 was impacted by the acquisition of XQS.

Free cash flow before acquisitions in the second quarter of 2024 was positive by DKK 177 million (DKK 159 million). The cash conversion ratio was 97% (78%).

For the first six months of 2024 cash flow from operations before changes in working capital was DKK 453 million (DKK 714 million). Working capital had a negative impact of DKK 278 million (DKK -594 million) mainly coming from a higher level of inventories, but also from increased trade receivables and a lower level of trade payables. Changes in working capital was less negative in the first six months of 2024 compared to last year, mainly due to a significantly larger negative impact from increased inventories and trade receivables last year. Free cash flow before acquisitions was positive by DKK 52 million (negative DKK 20 million) and the cash conversion ratio was 70% (42%).

## STATEMENT OF CHANGES IN GROUP EQUITY

1 JANUARY - 30 JUNE 2024

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
<b>Equity at 1 January 2024</b>	<b>87.0</b>	<b>765.4</b>	<b>-141.4</b>	<b>8,723.0</b>	<b>9,434.0</b>
<i>Comprehensive income for the period</i>					
<b>Net profit for the period</b>	-	-	-	<b>421.6</b>	<b>421.6</b>
<i>Other comprehensive income</i>					
Foreign exchange adjustments on net investments in foreign operations	-	184.8	-	-	<b>184.8</b>
<b>Total other comprehensive income</b>	-	<b>184.8</b>	-	-	<b>184.8</b>
<b>Total comprehensive income for the period</b>	-	<b>184.8</b>	-	<b>421.6</b>	<b>606.4</b>
<i>Transactions with shareholders</i>					
Capital reduction	-1.0	-	118.8	-117.8	-
Purchase of treasury shares	-	-	-451.0	-	<b>-451.0</b>
Share-based payments	-	-	-	1.1	<b>1.1</b>
Dividend paid to shareholders	-	-	-	-730.8	<b>-730.8</b>
Dividend, treasury shares	-	-	-	21.0	<b>21.0</b>
<b>Total transactions with shareholders</b>	<b>-1.0</b>	-	<b>-332.2</b>	<b>-826.5</b>	<b>-1,159.7</b>
<b>Equity at 30 June 2024</b>	<b>86.0</b>	<b>950.2</b>	<b>-473.6</b>	<b>8,318.1</b>	<b>8,880.7</b>

## Equity

Total shareholders' equity as at 30 June 2024 amounted to DKK 8,881 million (DKK 9,434 million on 31 December 2023). The equity was positively impacted by profit for the period and impact from foreign exchange adjustments on net investments in foreign operations, partly offset by purchase of treasury shares and dividend payments to shareholders. As of 30 June 2024, the equity ratio was 54.1% (59.5% on 31 December 2023).

### STATEMENT OF CHANGES IN GROUP EQUITY (continued)

1 JANUARY - 30 JUNE 2023

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
<b>Equity at 1 January 2023</b>	<b>93.0</b>	<b>963.8</b>	<b>-748.1</b>	<b>9,032.9</b>	<b>9,341.6</b>
<i>Comprehensive income for the period</i>					
<b>Net profit for the period</b>	-	-	-	<b>563.4</b>	<b>563.4</b>
<i>Other comprehensive income</i>					
Foreign exchange adjustments on net investments in foreign operations	-	-98.9	-	-	<b>-98.9</b>
<b>Total other comprehensive income</b>	-	<b>-98.9</b>	-	-	<b>-98.9</b>
<b>Total comprehensive income for the period</b>	-	<b>-98.9</b>	-	<b>563.4</b>	<b>464.5</b>
<i>Transactions with shareholders</i>					
Capital reduction	-6.0	-	762.7	-756.7	-
Purchase of treasury shares	-	-	-95.9	-	<b>-95.9</b>
Share-based payments	-	-	-	5.7	<b>5.7</b>
Settlement of vested PSUs	-	-	25.1	-25.1	-
Settlement in cash of vested PSU's	-	-	-	-7.0	<b>-7.0</b>
Dividend paid to shareholders	-	-	-	-767.3	<b>-767.3</b>
Dividend, treasury shares	-	-	-	52.7	<b>52.7</b>
<b>Total transactions with shareholders</b>	<b>-6.0</b>	-	<b>691.9</b>	<b>-1,497.7</b>	<b>-811.8</b>
<b>Equity at 30 June 2023</b>	<b>87.0</b>	<b>864.9</b>	<b>-56.2</b>	<b>8,098.6</b>	<b>8,994.3</b>

## 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 second 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**

6M 2024 DKK million	North America Online & Retail	North America Branded & RoW	Europe Branded	Group costs / not allo- cated	Total
Net sales	1,490.6	1,432.0	1,391.5	-	4,314.1
Cost of goods sold	-904.2	-701.0	-718.5	-	-2,323.7
<b>Gross profit before special items</b>	<b>586.4</b>	<b>731.0</b>	<b>673.0</b>	<b>-</b>	<b>1,990.4</b>
Staff and other external costs	-353.0	-264.8	-396.6	-80.1	-1,094.5
Other income	-	19.4	-	-	19.4
<b>EBITDA before special items</b>	<b>233.4</b>	<b>485.6</b>	<b>276.4</b>	<b>-80.1</b>	<b>915.3</b>
Depreciation and impairment				-107.2	-107.2
Amortisation and impairment				-88.1	-88.1
<b>EBIT before special items</b>				<b>-275.4</b>	<b>720.0</b>
Special items, costs and impairment				-82.6	-82.6
<b>EBIT</b>				<b>-358.0</b>	<b>637.4</b>
Share of profit of associated companies, net of tax				13.4	13.4
Financial income				31.0	31.0
Financial costs				-137.8	-137.8
<b>Profit before tax</b>				<b>-451.4</b>	<b>544.0</b>

## SEGMENT INFORMATION AND NET SALES (continued)

6M 2023 DKK million	North America Online & Retail	North America Branded & RoW	Europe Branded	Group costs / not allo- cated	Total
Net sales	1,341.6	1,492.8	1,353.3	-	4,187.7
Cost of goods sold	-809.8	-700.8	-654.1	-	-2,164.7
<b>Gross profit before special items</b>	<b>531.8</b>	<b>792.0</b>	<b>699.2</b>	-	<b>2,023.0</b>
Staff and other external costs	-327.0	-251.3	-389.0	-68.5	-1,035.8
<b>EBITDA before special items</b>	<b>204.8</b>	<b>540.7</b>	<b>310.2</b>	<b>-68.5</b>	<b>987.2</b>
Depreciation and impairment				-94.8	-94.8
Amortisation and impairment				-84.6	-84.6
<b>EBIT before special items</b>				<b>-247.9</b>	<b>807.8</b>
Special items, costs and impairment				-43.6	-43.6
<b>EBIT</b>				<b>-291.5</b>	<b>764.2</b>
Share of profit of associated companies, net of tax				16.1	16.1
Financial income				57.7	57.7
Financial costs				-111.1	-111.1
<b>Profit before tax</b>				<b>-328.8</b>	<b>726.9</b>

DKK million	6M 2024	6M 2023
<b>Category split, net sales</b>		
Handmade cigars	1,602.4	1,534.7
Machine-rolled cigars	1,341.5	1,488.9
Smoking tobacco	642.5	635.2
Accessories, Contract Manufacturing & other	727.7	528.9
<b>Total net sales</b>	<b>4,314.1</b>	<b>4,187.7</b>

License income and other sales of DKK 38.1 million (DKK 40.0 million) are included in the category 'Accessories, Contract Manufacturing & other'.

DKK million	6M 2024	6M 2023
<b>Geographical split, net sales</b>		
Americas	2,426.7	2,290.0
Europe	1,682.8	1,640.4
Rest of World	204.6	257.3
<b>Total net sales</b>	<b>4,314.1</b>	<b>4,187.7</b>

**NOTE 3****SPECIAL ITEMS**

DKK million	6M 2024	6M 2023
Integration and transaction costs (Mac Baren)	6.3	-
One Commercial Organisation	24.0	-
OneProcess	52.3	43.6
<b>Total special items</b>	<b>82.6</b>	<b>43.6</b>

**NOTE 4****BUSINESS COMBINATIONS**

With effect from 1<sup>st</sup> July 2024, Scandinavian Tobacco Group A/S acquired, all the shares of Mac Baren Tobacco Company A/S (“Mac Baren”) from Halberg A/S. On a debt and cash free basis (the enterprise value), the transaction is valued at DKK 535 million. The acquisition is financed by cash at hand and debt and the total consideration of DKK 535 million has been paid in cash.

Due to the timing of the acquisition no provisional figures are disclosed in the Interim Report. In compliance with IFRS 3 net assets will be recorded based on provisional figures, which are subject to adjustments within a 12 month period of the acquisition date. 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.

**Transaction costs**

Total transaction costs related to the acquisition amount to DKK 6.3 million and is recognised in “Special Items”.