

**Company Announcement**

No. 14/2025

Copenhagen, 27 August 2025

**Interim report, 1 January – 30 June 2025****Scandinavian Tobacco Group A/S Reports Second Quarter 2025  
Results and Reaffirms Expectations for Full-Year.**

For the second quarter 2025, reported net sales were DKK 2.4 billion with an organic net sales growth of -4%. EBITDA before special items was DKK 499 million with an EBITDA margin of 21.1% compared with 24.5% last year. Free cash flow before acquisitions was DKK 119 million and the adjusted EPS were DKK 3.3. The results support the expectations for the full year which are reaffirmed.

The reported net sales were enhanced by the addition of the Mac Baren business, whereas exchange rate developments impacted growth negatively. The development in organic net sales was flat excluding the discontinuation of distribution of ZYN in the US (-3%) and lower sales from contract manufacturing and of accessories in the profitable Australian market. Organic growth recovered in the product categories Handmade Cigars and Machine-Rolled Cigars & Smoking Tobacco and our nicotine pouch brand XQS continued to deliver double digit growth.

The EBITDA margin before special items recovered in the second quarter compared with the first quarter of the year leaving the margin for the first six months of the year at 18.8% (21.2%). The decline in the margin compared with 2024 is driven by a combination of product and market mix, investments in re-gaining market shares in machine-rolled cigars in key European markets, discontinuation of distribution of ZYN in the US and generally challenging market conditions. The discontinuation of ZYN will not impact the year-on-year comparisons from the third quarter and onwards. Free cash flow before acquisitions for the first six months improved to DKK 275 million.

**Second Quarter 2025**

- Reported net sales decreased by 0.2% to DKK 2.4 billion (DKK 2.4 billion)
- Organic net sales growth was negative by 4.1% (4.8%)
- EBITDA margin before special items was 21.1% (24.5%)
- Adjusted EPS were DKK 3.3 (DKK 4.1)
- Free cash flow before acquisitions was DKK 119 million (DKK 177 million).
- Return on Invested Capital (ROIC) was 8.3% (10.5%).

**First six months 2025**

- Reported net sales increased by 0.5% to DKK 4.3 billion (DKK 4.3 billion)
- Organic net sales growth was negative by 6.3% (1.5%)
- EBITDA margin before special items was 18.8% (21.2%)
- Adjusted EPS were DKK 4.7 (DKK 5.8)
- Free cash flow before acquisitions was DKK 275 million (DKK 52 million)

CEO Niels Frederiksen: “Despite the challenging market environment driven by tariffs and geopolitical unrest, I am pleased that we have remained focused on delivering on our strategic priorities. The Mac Baren integration is on track to create substantial value, our market positions in machine-rolled cigars have stabilized, and the Growth Enablers continue to enhance our net sales performance. Although the EBITDA margin decreased compared to last year, the results for the second quarter support our expectations for the full year, including delivery of DKK 800-1,000 million in free cash flow before acquisitions. We are in the process of updating our strategy for the next five years to 2030 and I look forward to sharing more details with you later in the year”.

## Financial expectations for full year 2025

The financial expectations for full year 2025 are maintained. The biggest uncertainties to the expectations are the market developments, including consumer behaviour and pricing for handmade cigars in the US as well as the development of the USD, which in particular can impact reported net sales.

Reported net sales	DKK 9.1-9.5 billion
EBITDA margin before special items	18-22%
Free cash flow before acquisitions	DKK 0.8-1.0 billion
Adjusted EPS	DKK 10-13

*Guidance and assumptions are based on no impact from potential new acquisitions and at exchange rates as of the reporting date. 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.*

### For further information, please contact:

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A conference call will be held on 28 August 2025 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 2025	Q2 2024	6M 2025	6M 2024	FY2024
<b>INCOME STATEMENT</b>					
Net sales	2,361	2,366	4,335	4,314	9,202
Gross profit before special items	1,063	1,109	1,930	1,990	4,279
EBITDA before special items	499	580	816	915	2,079
Special items	-35	-53	-105	-83	-279
EBIT	354	429	490	637	1,380
Net financial items <sup>1</sup>	-67	-53	-140	-107	-186
Profit before tax	295	385	362	544	1,219
Income taxes	-68	-88	-83	-122	-280
Net profit	227	297	279	422	940
<b>BALANCE SHEET</b>					
Total assets			16,245	16,428	17,104
Equity			8,135	8,881	9,217
Net interest-bearing debt (NIBD)			5,698	5,364	5,423
Investment in property, plant and equipment	38	50	60	100	216
Total capital expenditures	40	74	67	132	264
<b>CASH FLOW STATEMENT</b>					
Cash flow from operating activities	150	246	327	175	1,179
Cash flow from investing activities	-31	-118	-56	-210	-824
Free cash flow	119	129	271	-34	355
Free cash flow before acquisitions	119	177	275	52	931
<b>KEY RATIOS<sup>2</sup></b>					
Net sales growth	-0.2%	6.3%	0.5%	3.0%	5.4%
Gross margin before special items	45.0%	46.9%	44.5%	46.1%	46.5%
EBITDA margin before special items	21.1%	24.5%	18.8%	21.2%	22.6%
Effective tax percentage	23.0%	22.9%	23.0%	22.5%	22.9%
Equity ratio			50.1%	54.1%	53.9%
Cash conversion	61.2%	96.5%	89.8%	70.4%	100.8%
Organic net sales growth	-4.1%	4.8%	-6.3%	1.5%	0.4%
NIBD / EBITDA before special items			2.9	2.6	2.6
ROIC			8.3%	10.5%	9.4%
ROIC ex. Goodwill			13.0%	16.6%	14.7%
Adjusted earnings per share (DKK)	3.3	4.1	4.7	5.8	13.7
Basic earnings per share (DKK)	2.9	3.6	3.5	5.0	11.5
Diluted earnings per share (DKK)	2.9	3.5	3.5	5.0	11.4
Number of shares issued ('000)			80,000	86,000	86,000
Number of treasury shares ('000)			1,266	4,211	7,266
Number of outstanding shares ('000) <sup>3</sup>			78,855	84,354	82,162
Share price at balance date (DKK)			84.00	98.30	95.30
Dividend per share (DKK)					8.50
Pay-out ratio					77.8%

1. Excl. share of profit of associated companies.

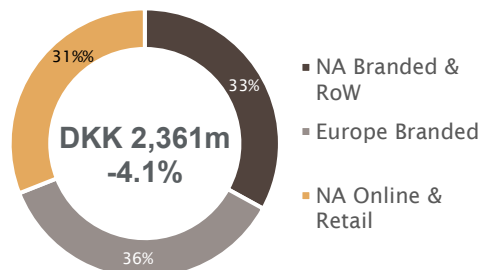
2. See definition/explanation of financial ratios in note 5.8 in the Annual Report 2024.

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

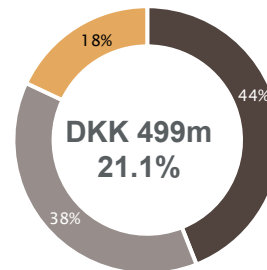
# Second Quarter 2025 - Financial performance

## Divisional split Q2 2025

### Net sales and organic growth



### EBITDA before special items and margin



### Sales

For the Group, the second quarter reported net sales at DKK 2.4 billion was in line with last year impacted positively by the acquisition of Mac Baren by 7% and exchange rates developments by -3%.

Organic net sales growth for the second quarter was -4%. Excluding the impact from the discontinuation of the distribution of ZYN in the US, organic net sales growth was -1%.

By the **three reporting divisions** the organic net sales performance in the second quarter was -2% in Europe Branded ("EUB"), -1% in North America Branded & Rest of World ("NABROW"), and -10% in North America Online & Retail ("NAOR"). The latter driven by the discontinuation of ZYN in the US.

For the first six months, organic net sales growth in the reporting divisions were -3% in EUB, -7% in NABROW and -10% in NAOR (-1% excluding ZYN).

By **product categories** the organic net sales development in the second quarter was 1% in Handmade Cigars ("HMC"), 3% in Machine-Rolled Cigars & Smoking Tobacco ("MRCST") and -43% in Next Generation Products ("NGP"). Our own nicotine pouch brand, XQS delivered 17% organic net sales growth.

For the first six months, organic net sales growth in the product categories were -4% in HMC, 0% in MRCST and -43% in NGP with the XQS brand growing 25%.

Table 1: Net sales

	Q2 2025	Q2 2024	Change in %
DKK million			
Reported net sales	2,361	2,366	-0.2%
Acquisitions		166	
Currency development	66		
<b>Organic net sales</b>	<b>2,427</b>	<b>2,532</b>	<b>-4.1%</b>

Table 2: Free Cash Flow before acquisitions

	Q2 2025	Q2 2024	Change in DKK
DKK million			
EBITDA	499	580	-81
Working Cap. changes	-238	-26	-212
Investments a.o.	-142	-377	+235
<b>FCF bef. acq.</b>	<b>119</b>	<b>177</b>	<b>-58</b>

### Profit and Cash Flow

For the second quarter 2025, EBITDA before special items decreased to DKK 499 million with an EBITDA margin before special items of 21.1% compared with 24.5% in the same quarter of 2024. The

OPEX ratio increased to 24.2% compared with 23.0% in 2024 as result of cost inflation and lower organic net sales.

Special items of DKK 35 million were expensed in the second quarter of 2025, mainly relating to the ERP implementation project, OneProcess, and reorganisations. Net profit decreased by 24% to DKK 227 million while Adjusted Earnings Per Share decreased by 20% to DKK 3.3.

The Group's free cash flow before acquisitions was DKK 119 million (DKK 177 million) in the second quarter 2025. The development primarily relates to a negative impact from changes in working capital being only partly offset by a positive impact from lower tax payments in the quarter compared with the same quarter last year. Changes in working capital impacted the quarter negatively by DKK 238 million compared with a negative impact of DKK 26 million in the second quarter of 2024. The development in working capital is mainly driven by a temporary increased level of inventories and trade receivables.

#### **Leverage and Return on Invested Capital**

By the end of the second quarter, the Group's leverage ratio was 2.9 times compared with 2.6 times by the end of 2024. The return on invested capital (ROIC) was 8.3% versus 9.4% by the end of 2024. The development was primarily driven by the operational performance. The average invested capital was DKK 14.8 billion compared with DKK 14.7 billion by the end of 2024.

## **Strategy and Other Key Updates**

#### **Growth Enablers**

In our strategy Rolling Towards 2025, we identified three revenue streams to support our ambition to become a larger company and to increase profits. These Growth Enablers comprise international sales of handmade cigars (outside of the US), retail stores in the US and Next Generation Products with a focus on nicotine pouches. Each will be discussed in more detail in the section Product Categories.

Nicotine pouches and the retail stores in the US continue to perform well and delivered meaningful net sales growth, whereas international sales of handmade cigars in the second quarter were negatively affected by lower sales to the Asian market.

In the second quarter as well as for the first six months of the year, the Growth Enablers accounted for 10% of Group net sales compared with about 9% for the full year of 2024\*.

\* Excluding net sales from the online distribution of ZYN in the US, which was discontinued as of the third quarter last year.

#### **Launch of New Strategy in November 2025**

The five-year strategy Rolling Towards 2025 is coming to an end and as previously communicated Scandinavian Tobacco Group will launch an updated strategy later in the year. We expect to launch the updated strategy 20 November 2025, where Group management will host a virtual Capital Market Event. More details will be announced closer to the event.

#### **Potential claim by Belgian excise authorities**

Scandinavian Tobacco Group has disposed tobacco waste without respecting the correct formalities. This is currently being audited by the Belgian customs and excise authorities and there is a risk that they will require the Group to pay excise duties (estimated at EUR 7-9 million) as if the waste had been sold on the market plus penalties and interest.

The Group's internal investigations as to the size and cause of the issue is still ongoing.

The Group is confident it can demonstrate that the waste has been destroyed and there is no risk of it having been sold on the market. Based on this, The Group does not consider it is liable for excise taxes. However, the outcome of the case is uncertain based on Belgium legal practice.

## Expectations for full year 2025

The financial performance during the second quarter of the year and in the beginning of the third quarter support the expectations for the full-year 2025, which were communicated 20 May.

The underlying business trends remain largely unchanged with consumption of handmade cigars continuing to contract and volumes of machine-rolled cigars in Europe decreasing by low single-digit percentages, albeit with variations from market to market. The uncertainty related to US consumer sentiment, down trading and retailer decisions on inventory across our product categories remain high.

The U.S. market accounts for approximately 45% of the Group's net sales. Since the release of the 2025 financial outlook on 20 May, the U.S. dollar has depreciated by almost 4% against the Danish krone. The Group maintain the expectation to reported net sales for 2025 to be in the range of DKK 9.1-9.5 billion. Though, based on the current level of the USD, more likely in the lower end of the range. The opening of two retail super stores in the US, stabilisation of market shares in machine-rolled cigars, continued growth of XQS and pricing will support net sales performance in the second half the year.

The range for the full-year EBITDA margin is maintained in the range of 18-22%. A continued recovery of margins in machine-rolled cigars, integration benefits from the Mac Baren acquisition, pricing and cost discipline are expected to enhance the EBITDA margin during the second half of the year compared with the first half.

Free cash flow is projected at DKK 0.8–1.0 billion. The free cash flow for the full year is expected to be impacted by capex investments of up to DKK 300 million including factory consolidations, OneProcess investments and the opening of two new retail super stores in the US. Special cash items paid is expected at about DKK 200 million, primarily relating to the Mac Baren integration and roll-out of our SAP 4/Hana ERP solution. The cash flow generation will be stronger in the second half of the year compared with the first half primarily as result of the operational performance. Based on the expected normalisation of inventories and trade receivables, we are well on track to deliver within the projected range.

Based on these expectations, the leverage ratio is expected to decrease slightly by year-end compared to the end of the first half of the year.

Given these considerations our expectations for 2025 are:

Reported net sales	DKK 9.1-9.5 billion
EBITDA margin before special items	18-22%
Free cash flow before acquisitions	DKK 0.8-1.0 billion
Adjusted EPS	DKK 10-13

*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 June 2025 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.

# Product categories

## Net sales distribution and growth by product category

	Q2 2025			YTD / 6M 2025		
	% of Group	Organic Growth	Reported Growth	% of Group	Organic Growth	Reported Growth
Handmade Cigars	36%	1%	-4%	35%	-4%	-5%
Machine-Rolled Cigars & Smoking Tobacco	51%	3%	11%	51%	0%	11%
Next Generation Products	4%	-43%	-25%	4%	-43%	-23%
Other	9%	-23%	-20%	10%	-19%	-13%
<b>Total</b>	<b>100%</b>	<b>-4%</b>	<b>-0%</b>	<b>100%</b>	<b>-6%</b>	<b>1%</b>

### Handmade Cigars

The product category Handmade Cigars accounted for 36% of group net sales in the quarter. Reported net sales decreased by 4% compared with the same quarter last year driven by the decrease in the USD. Organic growth in net sales was 1%.

Sales of handmade cigars to wholesalers and distributors in the US recovered compared with previous quarters, whereas sales to international markets (excluding the US) continued to decrease. Online sales of handmade cigars were slightly down compared with the second of last year, while sales through our retail superstores continue to increase driven by new store openings.

In our business-to-business operation in NABROW, a low single-digit volume decline rate was more than offset by strong pricing as response to changes in tariffs on imported goods from predominantly the Caribbean countries. Pricing in our business-to-consumer operation (NAOR), has been more tactical.

International sales of handmade cigars, accounting for less than 3% of Group net sales, delivered negative growth in reported net sales during the quarter due to a lower sale to the Asian market. We estimate that our brands have a 6% volume share of the market for handmade cigars outside North America making Scandinavian Tobacco Group the third largest company in this segment.

### Machine-Rolled Cigars and Smoking Tobacco

The product category Machine-Rolled Cigars & Smoking Tobacco accounted for 51% of group net sales in the quarter. Reported net sales increased by 11% compared with the same quarter last year primarily impacted by the acquisition of Mac Baren. Organic growth in net sales was 3%.

Smoking tobacco delivered 42% growth in reported net sales and machine-rolled cigars delivered negative growth in reported net sales of 3%. Excluding the impact from acquisitions and exchange rates, smoking tobacco delivered 10% organic net sales growth in the quarter and machine-rolled cigars -2%.

Preliminary total market data for machine-rolled cigars in our key European markets indicate a recovery in volumes with an increase of 1.5% in the second quarter compared to the second quarter last year and a decline of 0.7% for the first half of the year compared with a decline rate of 3.5% for the full year of 2024. The preliminary data also indicate that our volume market share recovered to 27.7% compared with the temporary drop in the first quarter. For the first six months the market share is estimated at 27.3% compared with 27.8% for the first six months of 2024.



**Next Generation Products**

The product category Next Generation Products accounted for 4% of group net sales in the quarter. Reported net sales for NGPs decreased by 25% compared with the same quarter last year with organic net sales decreasing by 43%. The discontinuation of the distribution of ZYN in our US online business impacted organic net sales growth by -47% and the streamlining of the Mac Baren nicotine pouch brands, Ace and Gritt to fewer markets did also impact growth negatively. XQS delivered double-digit organic net sales growth both in Sweden and in the UK and the brand continues to take market share in Sweden now exceeding 12%.

**Other**

In the second quarter 2025, organic net sales in the category Other, decreased by 23%. The decrease primarily relates to lower contract manufacturing and lower sales of accessories in Australia as expected.

# Financial performance by division

## Net sales distribution and growth by division

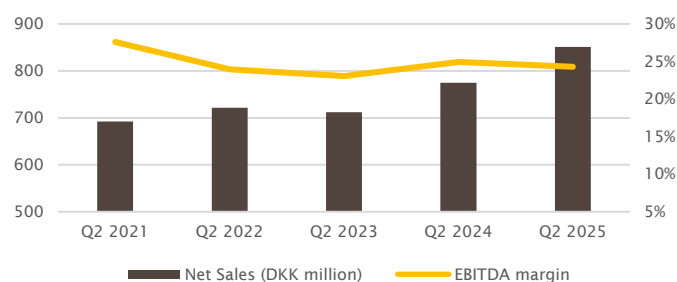
	Q2 2025			YTD / 6M 2025		
	% of Group	Organic Growth	Reported Growth	% of Group	Organic Growth	Reported Growth
Europe Branded	36%	-2%	10%	36%	-3%	11%
North America Branded & Rest of World	33%	-1%	4%	33%	-7%	1%
North America Online & Retail	31%	-10%	-13%	31%	-10%	-10%
<b>Total</b>	<b>100%</b>	<b>-4%</b>	<b>-0%</b>	<b>100%</b>	<b>-6%</b>	<b>1%</b>

## Europe Branded

During the second quarter reported net sales increased by 10% compared to the same quarter last year with acquisitions impacting reported growth by 11% and exchange rates by 1%. Organic net sales growth was -2% though positive in our nicotine pouch business, whereas the organic growth in both Handmade Cigars and in Machine-Rolled Cigars & Smoking Tobacco was negative with both product categories improving compared with the first quarter of the year.

## Second Quarter Development, 2021-2025

Net sales and EBITDA margin b.s.i.



For the second quarter EBITDA before special items increased by 7% with an EBITDA margin before special items of 24.3% compared with 24.9% in the same quarter last year. The decrease in the EBITDA margin is primarily a result of mix changes driven by the expansion of nicotine pouches and to a lesser extent cost inflation.

For the first six months of 2025 reported net sales increased to DKK 1.5 billion with an organic growth of -3%. Reported gross profit before special items increased by 6% to DKK 713 million and the gross margin was 46.4% (48.4%). Reported EBITDA before special items decreased by 1% to DKK 273 million with an EBITDA margin of 17.7% (19.9%).

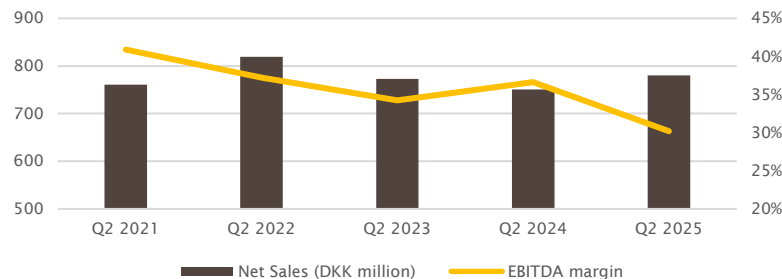
## North America Branded & Rest of World

During the second quarter reported net sales increased by 4% compared with the same quarter last year with acquisitions impacting reported growth by 9% and exchange rates impacting by -4%. Organic net sales growth was -1%. Handmade Cigars and Machine Rolled-Cigars & Smoking Tobacco delivered mid-single digit organic net sales growth in the second quarter driven by pricing reversing the negative development in the beginning of the year.

Volumes of handmade cigars was negative by almost five percent being more off set by strong pricing. Sales to international markets declined compared with 2024.

### Second Quarter Development, 2021-2025

Net sales and EBITDA margin b.s.i.



For the second quarter EBITDA before special items decreased by 14% with an EBITDA margin before special items of 30.2% compared with 36.6% in the same quarter last year. The development in the profitability was primarily result of mix changes. The mix changes include lower sales of accessories in Australia, lower fine-cut sales in Norway and an increase in net sales of handmade cigars to wholesalers and distributors.

For the first six months of 2025 reported net sales increased to DKK 1.4 billion with an organic growth of -7%. Gross profit before special items decreased by 6% to DKK 691 million and the gross margin was 47.7% (51.0%). EBITDA before special items decreased by 8% to DKK 445 million with an EBITDA margin of 30.7% (33.9%).

### North America Online & Retail

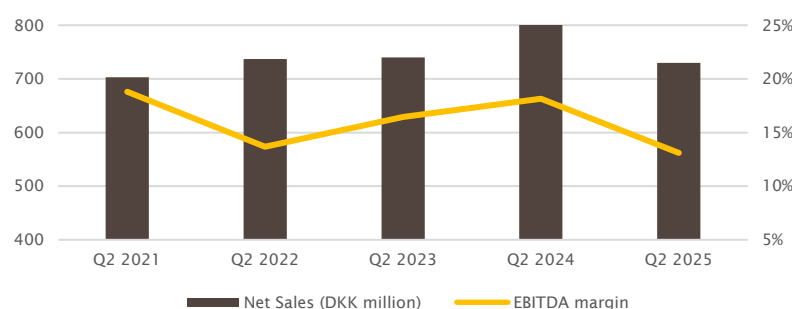
During the second quarter reported net sales decreased by 13% compared to the same quarter last year with acquisitions impacting reported growth by 1% and exchange rates by -5%. Organic net sales growth was -10% impacted by about 10% from discontinuation of the distribution of ZYN in the US online business. The online business, excluding the discontinued distribution, delivered stable net sales in the quarter, while the retail stores delivered double-digit organic growth.

In the online business the decline in the twelve months active consumer file continued primarily reflecting a decrease in new customer acquisition. The retention rate amongst existing customers continued to improve.

The double-digit growth in the retail business was driven by the opening of new super stores despite a decrease in same store sales.

### Second Quarter Development, 2021-2025

Net sales and EBITDA margin b.s.i.



For the second quarter EBITDA before special items decreased by 37% with an EBITDA margin before special items of 13.1% compared with 18.1% in the same quarter last year. The decreasing margin is

primarily driven by the discontinuation of the ZYN distribution and higher promotional activities more than offsetting the pricing impact.

For the first six months of 2025 reported net sales decreased to DKK 1.3 billion with an organic growth of -10%. Gross profit before special items decreased by 10% to DKK 526 million and the gross margin was 39.0% (39.3%). EBITDA before special items decreased by 27% to DKK 170 million with an EBITDA margin of 12.6% (15.7%).

# Quarterly Financial Data

DKK million	2025		2024			2025	2024	
	Q2	Q1	Q4	Q3	Q2	6M	6M	FY
<b>Reported data</b>								
Net sales	2,361	1,974	2,458	2,431	2,366	4,335	4,314	9,202
Gross profit before special items	1,063	867	1,162	1,126	1,109	1,930	1,990	4,279
EBITDA before special items	499	317	596	568	580	816	915	2,079
Special items	-35	-70	-148	-49	-53	-105	-83	-279
EBIT	354	136	342	401	429	490	637	1,380
Net financial items	-67	-73	-54	-26	-53	-140	-107	-186
Profit before tax	295	67	292	383	385	362	544	1,219
Income taxes	-68	-15	-71	-86	-88	-83	-122	-280
Net profit	227	52	221	297	297	279	422	940
<b>Other financial key data</b>								
Organic net sales growth	-4.1%	-8.8%	-1.0%	-0.1%	4.8%	-6.3%	1.5%	0.4%
Gross margin before special items	45.0%	43.9%	47.3%	46.3%	46.9%	44.5%	46.1%	46.5%
EBITDA margin before special items	21.1%	16.1%	24.3%	23.4%	24.5%	18.8%	21.2%	22.6%
Free cash flow before acquisitions	119	156	604	275	177	275	52	931
<b>North America Online &amp; Retail</b>								
Net sales	730	619	740	743	840	1,349	1,491	2,973
Gross profit before special items	274	252	286	292	331	526	586	1,164
EBITDA before special items	96	74	99	109	152	170	233	441
Net sales growth	-13.1%	-4.9%	0.2%	-0.2%	13.6%	-9.5%	11.1%	5.3%
Organic net sales growth	-9.8%	-9.6%	-2.4%	-0.9%	12.1%	-9.7%	10.8%	4.2%
Gross margin before special items	37.5%	40.8%	38.6%	39.3%	39.4%	39.0%	39.3%	39.1%
EBITDA margin before special items	13.1%	11.9%	13.4%	14.6%	18.1%	12.6%	15.7%	14.8%
<b>North America Branded &amp; RoW</b>								
Net sales	780	668	870	837	751	1,448	1,432	3,139
Gross profit before special items	360	330	445	418	391	691	731	1,595
EBITDA before special items	235	210	342	302	275	445	486	1,130
Net sales growth	3.9%	-2.0%	17.1%	3.5%	-2.9%	1.1%	-4.1%	3.1%
Organic net sales growth	-0.5%	-13.0%	3.5%	-4.8%	-3.5%	-6.5%	-4.8%	-2.6%
Gross margin before special items	46.2%	49.5%	51.2%	50.0%	52.0%	47.7%	51.0%	50.8%
EBITDA margin before special items	30.2%	31.4%	39.3%	36.1%	36.6%	30.7%	33.9%	36.0%
<b>Europe Branded</b>								
Net sales	851	687	848	850	775	1,539	1,391	3,090
Gross profit before special items	429	284	431	416	388	713	673	1,520
EBITDA before special items	207	66	183	189	193	273	276	649
Net sales growth	9.9%	11.4%	6.9%	18.8%	8.8%	10.6%	2.8%	7.9%
Organic net sales growth	-2.0%	-3.7%	-4.2%	5.8%	6.1%	-2.8%	-0.5%	0.1%
Gross margin before special items	50.4%	41.3%	50.8%	48.9%	50.0%	46.4%	48.4%	49.2%
EBITDA margin before special items	24.3%	9.6%	21.6%	22.3%	24.9%	17.7%	19.9%	21.0%
<b>Group costs</b>								
EBITDA before special items	-39	-32	-28	-33	-40	-71	-80	-141

# MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today considered and approved the Interim Report of Scandinavian Tobacco Group A/S for the period 1 January – 30 June 2025.

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 of 30 June 2025 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 June 2025.

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, 27 August 2025

## EXECUTIVE MANAGEMENT

Niels Frederiksen  
CEO

Marianne Rørslev Bock  
CFO

## BOARD OF DIRECTORS

Henrik Brandt  
CHAIRMAN

Anders C. Obel

Dianne Neal Blixt

Ricardo Cesar De Almeida  
Oberlander

Jörg Biebornick

Marlene Forsell

Karsten Dam Larsen

Thomas Thomsen

Mark Draper

**CONSOLIDATED STATEMENT OF INCOME****1 JANUARY - 30 JUNE**

DKK million	Note	Q2 2025	Q2 2024	6M 2025	6M 2024
<b>INCOME STATEMENT</b>					
<b>Net sales</b>	<b>2</b>	<b>2,361.4</b>	<b>2,365.8</b>	<b>4,335.1</b>	<b>4,314.1</b>
Cost of goods sold	2	-1,298.0	-1,256.6	-2,405.0	-2,323.7
<b>Gross profit before special items</b>	<b>2</b>	<b>1,063.4</b>	<b>1,109.2</b>	<b>1,930.1</b>	<b>1,990.4</b>
Other external costs	2	-277.0	-288.7	-562.9	-584.4
Staff costs	2	-294.2	-255.8	-569.1	-510.1
Other income		6.9	15.8	18.0	19.4
<b>Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)</b>	<b>2</b>	<b>499.1</b>	<b>580.5</b>	<b>816.1</b>	<b>915.3</b>
Depreciation and impairment		-61.4	-54.1	-124.4	-107.2
<b>Earnings before interest, tax, amortisation and special items (EBITA before special items)</b>		<b>437.7</b>	<b>526.4</b>	<b>691.7</b>	<b>808.1</b>
Amortisation and impairment		-49.0	-44.2	-97.3	-88.1
<b>Earnings before interest, tax and special items (EBIT before special items)</b>		<b>388.7</b>	<b>482.2</b>	<b>594.4</b>	<b>720.0</b>
Special items, costs and impairment	3	-34.7	-52.8	-104.5	-82.6
<b>Earnings before interest and tax (EBIT)</b>		<b>354.0</b>	<b>429.4</b>	<b>489.9</b>	<b>637.4</b>
Share of profit of associated companies, net of tax		7.8	8.3	11.7	13.4
Financial income		18.9	16.0	35.0	31.0
Financial costs		-85.9	-68.6	-174.9	-137.8
<b>Profit before tax</b>		<b>294.8</b>	<b>385.1</b>	<b>361.7</b>	<b>544.0</b>
Income taxes		-67.8	-88.3	-83.2	-122.4
<b>Net profit for the period</b>		<b>227.0</b>	<b>296.8</b>	<b>278.5</b>	<b>421.6</b>
<b>Earnings per share</b>					
Basic earnings per share (DKK)		2.9	3.6	3.5	5.0
Diluted earnings per share (DKK)		2.9	3.5	3.5	5.0
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Net profit for the period		<b>227.0</b>	<b>296.8</b>	<b>278.5</b>	<b>421.6</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		-495.9	61.8	-696.6	184.8
<b>Other comprehensive income for the period, net of tax</b>		<b>-495.9</b>	<b>61.8</b>	<b>-696.6</b>	<b>184.8</b>
<b>Total comprehensive income for the period</b>		<b>-268.9</b>	<b>358.6</b>	<b>-418.1</b>	<b>606.4</b>

### Net sales

In the second quarter of 2025, net sales were DKK 2,361 million (DKK 2,366 million). Adjusted for a negative exchange rate impact of DKK 66 million and acquisitions of DKK 166 million, the organic growth in net sales was negative by 4.1%, primarily driven by North America Online & Retail, but also North America Branded & Rest of World and Europe Branded delivered negative organic net sales growth.

### Profit

Gross profit before special items for the second quarter of 2025 was DKK 1,063 million (DKK 1,109 million) mainly driven by negative mix and cost increases. Gross margin before special items decreased to 45.0% (46.9%).

Operating expenses for the second quarter of 2025 increased by 4.9% compared to the same quarter last year and stood at DKK 571 million (DKK 545 million). The OPEX ratio increased to 24.2% (23.0%).

EBITDA before special items for the second quarter of 2025 was DKK 499 million (DKK 580 million). The development is mainly explained by the lower gross profit and the increased OPEX ratio.

EBITDA margin before special items for the second quarter of 2025 was 21.1% (24.5%).

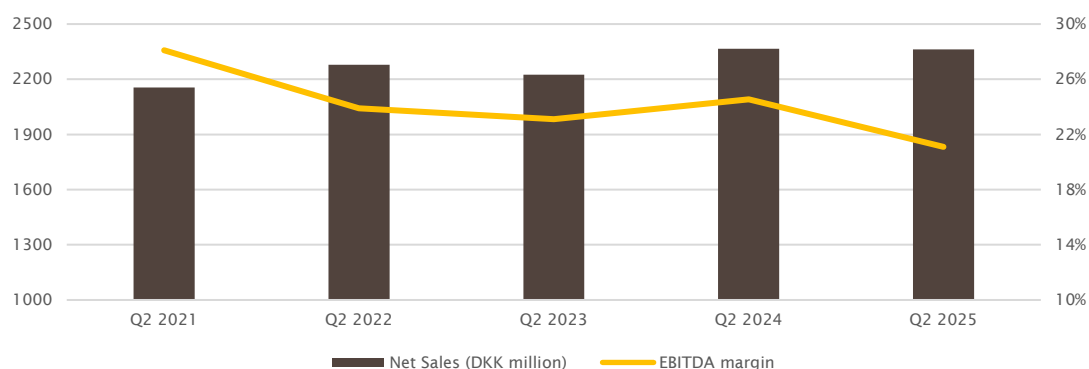
During the quarter DKK 35 million (DKK 53 million) have been expensed as special items, mainly relating to the ERP implementation project, OneProcess, and reorganisations. For further details, refer to note 3.

Net profit for the second quarter of 2025 was DKK 227 million (DKK 297 million). Earnings Per Share (EPS) were DKK 2.9 (DKK 3.6). Earnings Per Share adjusted for special items, fair value adjustments and currency gains/losses, net of tax stood at DKK 3.3 (DKK 4.1).

In the first six months of 2025, gross profit before special items was DKK 1,930 million (DKK 1,990 million) with a gross margin of 44.5% (46.1%). EBITDA before special items was DKK 816 million (DKK 915 million) with an EBITDA margin of 18.8% (21.2%). Special items of DKK 105 million were expensed (DKK 83 million), net profit was DKK 279 million (DKK 422 million) with an EPS adjusted for special items, fair value adjustments and currency gains/losses, net of tax at DKK 4.7 (DKK 5.8).

### Second Quarter Development, 2021-2025

Net sales and EBITDA margin b.s.i.





## CONSOLIDATED BALANCE SHEET

### ASSETS

DKK million	30 Jun 2025	30 Jun 2024	31 Dec 2024
<b>INTANGIBLE ASSETS</b>			
Goodwill	5,057.6	5,332.3	5,409.9
Trademarks	3,062.9	3,191.8	3,224.1
IT software	145.1	65.6	65.3
Other intangible assets	364.9	388.6	400.0
Intangible assets under development	129.8	214.4	215.5
<b>Total intangible assets</b>	<b>8,760.3</b>	<b>9,192.7</b>	<b>9,314.8</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Property, plant and equipment	1,850.9	1,868.5	2,066.5
Investments in associated companies	237.2	249.2	261.9
Deferred income tax assets	95.0	90.9	129.8
<b>Total non-current assets</b>	<b>10,943.4</b>	<b>11,401.3</b>	<b>11,773.0</b>
Inventories	3,578.6	3,506.8	3,478.2
Trade receivables	1,231.7	1,038.5	1,213.7
Other receivables	96.2	94.3	207.0
Corporate tax	128.9	159.2	97.4
Prepayments	163.1	138.3	174.6
Cash and cash equivalents	67.9	89.6	160.1
Assets classified as held for sale	35.3	-	-
<b>Total current assets</b>	<b>5,301.7</b>	<b>5,026.7</b>	<b>5,331.0</b>
<b>Total assets</b>	<b>16,245.1</b>	<b>16,428.0</b>	<b>17,104.0</b>

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

DKK million	30 Jun 2025	30 Jun 2024	31 Dec 2024
Share capital	80.0	86.0	86.0
Reserve for currency translation	395.1	950.2	1,091.7
Treasury shares	-36.4	-473.6	-787.8
Retained earnings	7,696.7	8,318.1	8,827.1
<b>Total equity</b>	<b>8,135.4</b>	<b>8,880.7</b>	<b>9,217.0</b>
Borrowings	3,171.5	4,807.3	3,710.6
Deferred income tax liabilities	710.5	702.9	742.3
Pension obligations	206.5	201.8	213.7
Other provisions	15.6	17.1	16.4
Lease liabilities	276.7	306.5	337.3
Other liabilities	33.7	29.9	32.5
<b>Total non-current liabilities</b>	<b>4,414.5</b>	<b>6,065.5</b>	<b>5,052.8</b>
Borrowings	2,054.8	-	1,247.8
Liabilities directly associated with assets classified as held for sale	7.8	-	-
Credit facilities	-	81.0	-
Trade payables	469.4	401.4	383.6
Corporate tax	61.7	62.1	85.1
Other provisions	43.5	18.9	46.9
Lease liabilities	55.6	57.8	73.4
Other liabilities	1,002.4	860.6	997.4
<b>Total current liabilities</b>	<b>3,695.2</b>	<b>1,481.8</b>	<b>2,834.2</b>
<b>Total liabilities</b>	<b>8,109.7</b>	<b>7,547.3</b>	<b>7,887.0</b>
<b>Total equity and liabilities</b>	<b>16,245.1</b>	<b>16,428.0</b>	<b>17,104.0</b>

**Net interest-bearing debt**

Net interest-bearing debt increased by DKK 275 million to DKK 5,698 million versus the end of 2024. The leverage ratio (net interest-bearing debt to LTM EBITDA before special items) was 2.9x compared to 2.6x at 31 December 2024. The development was driven by the decreased EBITDA as well as payment of ordinary dividends during the quarter.

**Return on Invested Capital**

The return on invested capital (ROIC) was 8.3% versus 9.4% by the end of 2024, explained mainly by a DKK 147 million reduction in EBIT (12 months rolling) and driven by the operational performance. Invested capital was stable and stood at DKK 14.8 billion (DKK 14.7 billion end of 2024).

## CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY - 30 JUNE

DKK million	Q2 2025	Q2 2024	6M 2025	6M 2024
Net profit for the period	227.0	296.8	278.5	421.6
Depreciation, amortisation and impairment	110.4	98.3	221.7	195.3
Adjustments	183.3	157.3	341.9	258.1
Changes in working capital	-237.5	-25.8	-196.3	-278.0
Special items, paid	-65.1	-43.5	-131.8	-67.4
<b>Cash flow from operating activities before financial items</b>	<b>218.1</b>	<b>483.1</b>	<b>514.0</b>	<b>529.6</b>
Financial income received	8.6	10.8	16.6	20.1
Financial costs paid	-42.8	-49.9	-81.1	-93.5
<b>Cash flow from operating activities before tax</b>	<b>183.9</b>	<b>444.0</b>	<b>449.5</b>	<b>456.2</b>
Tax payments	-34.4	-197.7	-122.7	-280.9
<b>Cash flow from operating activities</b>	<b>149.5</b>	<b>246.3</b>	<b>326.8</b>	<b>175.3</b>
Acquisitions	-	-48.6	-4.3	-85.9
Investment in intangible assets	-2.2	-23.9	-6.8	-31.5
Investment in property, plant and equipment	-37.9	-50.3	-60.4	-100.2
Sale of property, plant and equipment	6.7	1.7	9.1	1.7
Dividend from associated companies	2.9	3.3	6.4	6.3
<b>Cash flow from investing activities</b>	<b>-30.5</b>	<b>-117.8</b>	<b>-56.0</b>	<b>-209.6</b>
<b>Free cash flow</b>	<b>119.0</b>	<b>128.5</b>	<b>270.8</b>	<b>-34.3</b>
Repayment of lease liabilities	-17.9	-18.5	-41.6	-36.3
RCF and bank loan	630.0	964.7	360.0	1,124.3
Repayment bank loans	-0.8	-1.0	-1.9	-2.0
Dividend payment	-669.2	-709.8	-669.2	-709.8
Purchase of treasury shares	-	-275.9	-	-433.5
<b>Cash flow from financing activities</b>	<b>-57.9</b>	<b>-40.5</b>	<b>-352.7</b>	<b>-57.3</b>
<b>Net cash flow for the period</b>	<b>61.1</b>	<b>88.0</b>	<b>-81.9</b>	<b>-91.6</b>
Cash and cash equivalents, net at 1 April / 1 January	13.5	-79.7	160.1	99.6
Exchange gains/losses on cash and cash equivalents	-6.7	0.3	-10.3	0.6
Net cash flow for the period	61.1	88.0	-81.9	-91.6
<b>Cash and cash equivalents, net at 30 June</b>	<b>67.9</b>	<b>8.6</b>	<b>67.9</b>	<b>8.6</b>

## Cash flow

Cash flow from operations before changes in working capital in the second quarter of 2025 was DKK 387 million (DKK 272 million). The development was mainly driven by lower tax payments in the second quarter of 2025 compared to the same quarter last year. Changes in working capital in the second quarter of 2025 had a negative impact on the cash flow of DKK 238 million (DKK -26 million) mainly driven by an increased level of inventories and trade receivables.

Cash flow from investing activities in the second quarter of 2025 amounted to DKK -31 million (DKK -118 million). The second quarter of 2025 was mainly impacted by investments in property, plant and equipment, while the same quarter last year was also impacted by earn-out payments related to previous acquisitions.

Cash flow from financing activities in the second quarter of 2025 amounted to DKK -58 million (DKK -41 million). The second quarter of 2025 was mainly impacted by payment of dividend to shareholders, partly offset by secured additional short-term funding.

Free cash flow before acquisitions in the second quarter of 2025 was positive by DKK 119 million (DKK 177 million). The cash conversion ratio was 61% (97%).

For the first six months of 2025 cash flow from operations before changes in working capital was DKK 523 million (DKK 453 million). Working capital had a negative impact of DKK 196 million (DKK -278 million) mainly coming from a higher level of inventory only partly offset by a higher level of payables.

Free cash flow before acquisitions for the first six months of 2025 was positive by DKK 275 million (negative DKK 52 million) and the cash conversion ratio was 90% (70%).

## STATEMENT OF CHANGES IN GROUP EQUITY

DKK million	Share capital	Reserve for currency translation	Treasury shares	Retained earnings	Total
<b>Equity at 1 January 2025</b>	<b>86.0</b>	<b>1,091.7</b>	<b>-787.8</b>	<b>8,827.1</b>	<b>9,217.0</b>
<i>Comprehensive income for the period</i>					
<b>Net profit for the period</b>	-	-	-	<b>278.5</b>	<b>278.5</b>
<i>Other comprehensive income</i>					
Foreign exchange adjustments on net investments in foreign operations	-	-696.6	-	-	<b>-696.6</b>
<b>Total other comprehensive income</b>	-	<b>-696.6</b>	-	-	<b>-696.6</b>
<b>Total comprehensive income for the period</b>	-	<b>-696.6</b>	-	<b>278.5</b>	<b>-418.1</b>
<i>Transactions with shareholders</i>					
Capital reduction	-6.0	-	751.4	-745.4	-
Share-based payments	-	-	-	5.7	<b>5.7</b>
Dividend paid to shareholders	-	-	-	-731.0	<b>-731.0</b>
Dividend, treasury shares	-	-	-	61.8	<b>61.8</b>
<b>Total transactions with shareholders</b>	<b>-6.0</b>	-	<b>751.4</b>	<b>-1,408.9</b>	<b>-663.5</b>
<b>Equity at 30 June 2025</b>	<b>80.0</b>	<b>395.1</b>	<b>-36.4</b>	<b>7,696.7</b>	<b>8,135.4</b>

**STATEMENT OF CHANGES IN GROUP EQUITY (continued)****Equity**

Total shareholders' equity amounted to DKK 8,135 million on 30 June 2025 (DKK 9,217 million on 31 December 2024). The equity was negatively impacted by foreign exchange adjustments on net investments in foreign operations and dividend payments to shareholders being only partly offset by the positive impact from profit for the period. As of 30 June 2025, the equity ratio was 50.1% (53.9% on 31 December 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>

## NOTES

### NOTE 1

#### BASIS OF PREPARATION

The interim consolidated financial statements for the first six months of 2025, ending 30 June 2025, has been prepared in accordance with IAS 34, Interim Financial Reporting, and additional Danish disclosure requirements for listed companies.

The interim consolidated financial statements do not include all the information and disclosures as required for the annual financial statements and should therefore be read in conjunction with the information and disclosures given in the Group's Annual Report for 2024.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in preparation of Group's Annual Report for 2024, except for the adoption of new and amended accounting standards effective as of 1 January 2025.

One amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates relating to lack of exchangeability applies for the first time in 2025. The amendment does not impact the interim consolidated financial statements for the Group.

The Group has not early adopted any new standards, interpretations or amendments that has been issued but are not effective yet.

#### 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, refer to the Annual Report for 2024.

### NOTE 2

#### SEGMENT INFORMATION AND NET SALES

6M 2025 DKK million	North America Online & Retail	North America Branded & RoW	Europe Branded	Group costs / not allocated	Total
Net sales	1,349.0	1,447.5	1,538.6	-	4,335.1
Cost of goods sold	-822.7	-756.9	-825.4	-	-2,405.0
<b>Gross profit before special items</b>	<b>526.3</b>	<b>690.6</b>	<b>713.2</b>	<b>-</b>	<b>1,930.1</b>
Staff and other external costs	-356.8	-263.7	-440.2	-71.3	-1,132.0
Other income	-	18.0	-	-	18.0
<b>EBITDA before special items</b>	<b>169.6</b>	<b>444.9</b>	<b>273.0</b>	<b>-71.3</b>	<b>816.1</b>
Depreciation and impairment				-124.4	-124.4
Amortisation and impairment				-97.3	-97.3
<b>EBIT before special items</b>				<b>-293.0</b>	<b>594.4</b>
Special items, costs and impairment				-104.5	-104.5
<b>EBIT</b>				<b>-397.5</b>	<b>489.9</b>
Share of profit of associated companies, net of tax				11.7	11.7
Financial income				35.0	35.0
Financial costs				-174.9	-174.9
<b>Profit before tax</b>				<b>-525.7</b>	<b>361.7</b>

## NOTE 2

## SEGMENT INFORMATION AND NET SALES (continued)

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>

DKK million	6M 2025	6M 2024
<b>Category split, net sales</b>		
Handmade cigars	1,526.0	1,602.7
Machine-rolled cigars & Smoking Tobacco	2,206.4	1,991.7
Next Generation Products	185.7	239.6
Other	417.0	480.1
<b>Total net sales</b>	<b>4,335.1</b>	<b>4,314.1</b>

License income and other sales of DKK 8.3 million (DKK 8.0 million) are included in the category 'Machine-rolled cigars & Smoking Tobacco'. License income and other sales of DKK 30.9 million (DKK 30.1 million) are included in the category 'Other'.

DKK million	6M 2025	6M 2024
<b>Geographical split, net sales</b>		
Americas	2,247.8	2,426.7
Europe	1,842.8	1,682.8
Rest of World	244.5	204.6
<b>Total net sales</b>	<b>4,335.1</b>	<b>4,314.1</b>

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

DKK million	6M 2025	6M 2024
Integration and transaction costs (Mac Baren)	21.9	6.3
One Commercial Organisation	4.3	24.0
Solution Delivery Organisation	12.9	-
OneProcess	65.4	52.3
<b>Total special items</b>	<b>104.5</b>	<b>82.6</b>

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

With effect from 1 July 2024, Scandinavian Tobacco Group A/S acquired all the shares of Mac Baren Tobacco Company A/S ("Mac Baren") from Halberg A/S. The total consideration of DKK 491 million was paid in cash.

**Mac Baren**

Mac Baren was a family-owned business founded in 1826 and is a leading global smoking tobacco company, which includes pipe tobacco brands such as Mac Baren, Amphora and Holger Danske as well as fine-cut tobacco brands like Amsterdamer, Choice and Opal. The company also produces and sells nicotine pouches with the brands ACE and GRITT.

Mac Baren's products are sold in 74 countries with the majority of net sales generated in the US, Denmark and Germany. Other key markets include the UK, France, Spain and Italy. The company is based in Svendborg, Denmark with production facilities in Denmark and in Richmond, Virginia in the US. At the time of the acquisition, the company had approximately 200 fulltime employees.

**Transaction costs**

Total transaction costs related to the acquisition amount to DKK 7.0 million and was recognised in "Special Items" in Q2 and Q3 2024.



**NOTE 4****BUSINESS COMBINATIONS (continued)**

DKK million

Trademarks	81.6
Other intangible assets	19.8
Property, plant and equipment	109.5
Right-of-use assets	29.9
Deferred income tax assets	41.4
Inventories	249.5
Trade receivables	161.3
Other Receivables	1.9
Corporate tax	1.0
Prepayments	3.1
<b>Total assets</b>	<b>699.0</b>
Deferred income tax liabilities	25.0
Trade payables	83.8
Corporate tax	2.9
Lease liabilities	29.9
Other liabilities	103.5
<b>Total liabilities</b>	<b>245.1</b>
<b>Acquired net assets</b>	<b>453.9</b>
<b>Acquisition (cash flow)</b>	<b>453.9</b>
Cash and cash equivalents in acquired business	37.1
<b>Consideration transferred</b>	<b>491.0</b>

**NOTE 5****CONTINGENT LIABILITIES**

Scandinavian Tobacco Group has disposed tobacco waste without respecting the correct formalities. This is currently being audited by the Belgian customs and excise authorities and there is a risk that they will require the Group to pay excise duties (estimated at EUR 7-9 million) as if the waste had been sold on the market plus penalties and interest. The Group does not consider it is liable for excise taxes. However, the outcome of the case is uncertain based on Belgium legal practice and therefore no provision has been recognised.