



Company Announcement

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Scandinavian Tobacco Group A/S to acquire Mac Baren Tobacco Company A/S

Scandinavian Tobacco Group has today agreed on the terms and conditions for the acquisition of 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 will be financed by cash at hand and debt. Closing of the transaction is expected shortly.

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.

CEO of Scandinavian Tobacco Group, Niels Frederiksen says: "I am very pleased that we have taken this important step to strengthen our smoking tobacco business with the acquisition of Mac Baren. The acquisition will contribute to our already well-established position on the global market for pipe tobacco and will expand our attractive range of brands of the highest standards to our consumers. The combination with our existing business is expected to deliver meaningful synergies when fully integrated and good value for our shareholders."

Chairman of the Board of Halberg A/S, Torben Sørensen says: "Scandinavian Tobacco Group is acquiring a strong company with a lot of know-how, loved brands and skilled employees. Since its inception in 1826, a central part of Mac Baren's DNA has been its focus on new opportunities and ensuring optimal competitiveness. In light of this, it is timely prudence to now let the company become part of a stronger constellation. It is a particular pleasure that ownership has been retained in Danish hands. This is the best possible solution for both Mac Baren and Halberg."

Scandinavian Tobacco Group's full-year financial guidance for 2024, excluding the impact from the acquisition of Mac Baren Tobacco Company, remains unchanged. The financial impact of the acquisition will be communicated as soon as the integration planning period has been completed. The integration planning period is expected to take up to 120 days.

When fully integrated, the transaction is expected to be accretive to Group margin, EPS and ROIC. The Group leverage ratio (net interest-bearing debt/EBITDA) will, if the transaction proceeds to completion, temporarily exceed the target leverage ratio of 2.5x. The transaction will not impact the pending up to DKK 850 million share buy-back programme.

For further information, please contact:

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About Scandinavian Tobacco Group

Scandinavian Tobacco Group A/S is a world-leading manufacturer of handmade and machine-rolled cigars with an annual production of more than four billion cigars. The Group holds market-leading positions in several categories and its products are sold in more than 100 markets.

Scandinavian Tobacco Group has its headquarters in Copenhagen, Denmark – and employs approximately 10,000 people in Europe, the US, Canada, the Dominican Republic, Honduras, Nicaragua, Indonesia and Sri Lanka.

For more information, please visit www.st-group.com