

PROTOCOL OF ANNUAL GENERAL MEETING IN SCANDINAVIAN TOBACCO GROUP A/S

(CVR. no. 31080185)

On 26 April 2016, 4.30 pm. CET, the annual general meeting in Scandinavian Tobacco Group A/S (the "**Company**" or "**STG**") took place at "Axelborg", Copenhagen. The Board of Directors, the executive management and the auditor were present.

Jørgen Tandrup, chairman of the Board of Directors, welcomed the shareholders and others to the meeting.

Christian Lundgren had been appointed as chair of the meeting by the Board of Directors in accordance with Article 10.1 of the Articles of Association. The chair of the meeting noted that the general meeting would, consistent with the Articles of Association, be conducted in English, however the Board of Directors had resolved that questions and comments could be made in the Danish language. The chair of the meeting would under each item of the agenda provide a summary translation of the business conducted. In addition, a full translation into Danish of the Board of Directors' report, cf. item 1 on the agenda, had been made available and would also be uploaded on the Company's website.

A total of 234 attendance card had been issued. Present or represented (by proxy or postal votes) were a total of 249 shareholders representing 79,345,570 shares, equal to 79.3 per cent of the total number of voting rights in the Company.

The chair of the meeting announced that the meeting had been duly convened and constituted a quorum for the transaction of business as set out in the agenda, and that the agenda, the full text of all proposals to be submitted to the general meeting and the annual report including the audited financial statement etc. had been made available for inspection by the shareholders no less than three weeks before the date of the meeting.

The agenda was as follows:

1. Report of the board of directors on the Company's activities during the past financial year
2. Adoption of the audited annual report
3. Adoption of the remuneration of the board of directors and any board committees
4. Appropriation of profit or loss as recorded in the adopted annual report
5. Election of members to the board of directors
6. Election of auditor(s)
7. Any proposals by the board of directors and/or shareholders

1. Report of the board of directors on the Company's activities during the past financial year

The chairman of the Board of Directors, Jørgen Tandrup, and the CEO, Niels Frederiksen, presented the report of the Board of Directors and gave a more general introduction to STG.

The Chairman

The chairman gave an introduction to what characterizes STG other than revenue, EBITDA and cash flows. This was done *inter alia* by showing a video.

In 2010, Scandinavian Tobacco Group and Swedish Match combined most of their cigar, pipe tobacco and fine-cut tobacco operations. The combination was based on a desire to build a powerful business in the cigar and pipe tobacco categories. Since then, STG has become an even stronger player through acquisitions in both the United States and Europe.

By 2015, Scandinavian Tobacco Group had reached a stage where it was ready to take the next step in the plans made during the autumn of 2010: to float the Company. Preparing for the IPO was a demanding process. The huge amount of work it took to carry out the IPO would not have been possible, had it not been for the major contribution made by so many

of STG's valued employees. The chairman was pleased with the fact that the Company had also managed to deliver the best results in the new company's history.

Niels Frederiksen took over as the CEO in March 2015. Since taking up his position, Mr Frederiksen has put together his own management team, a team deeply committed to delivering on the long-term targets announced to the market in connection with the IPO. This especially applies to the Company's goal of reducing its operating costs by DKK 140 million and its working capital by DKK 500 million by the end of 2018 relative to 31 December 2014.

The chairman stated that the Company is, and should continue to be, known for its ability to generate strong and stable cash flows that provide the foundation for stable and attractive dividends. To this end, the company's Board of Directors has defined a financial policy consisting of two main components.

Consistently with the financial policy, the Board had proposed to the shareholders that the Company pay a dividend of DKK 5 per share in respect of the 2015 financial year. That equals a total payout of DKK 500 million and a payout ratio of approx. 75% of the reported net profit.

Prior to the meeting the Board of Directors had received a few advance questions from some of the shareholders, which were answered:

1) A shareholder had asked about the Company's strategic approach to the increase in tobacco regulation and whether it uses lobbyists. The chairman answered that STG works to ensure that politicians and civil servants are aware of the conditions specific to STG's products, typically through local and international industry organisations, such as what makes cigars different from cigarettes in relation to product costs, consumer profiles etc. The Company generally uses people in the industry organisations to communicate its views, but also uses lobbyists when deemed relevant.

2) A shareholder had asked whether Scandinavian Tobacco Group is contemplating involving a small group of shareholders in the company's board work. The chairman answered "no" to that question. The Board of Directors is made up of persons with very extensive experience and different background who are able to take into consideration the interests of all shareholders, also the smaller ones.

3) A shareholder had asked whether Scandinavian Tobacco Group has plans to launch products supporting smoking cessation? The answer to that question was 'no'.

Niels Frederiksen

Mr Frederiksen stated that 2015 was a year of significant change. However, the targets set out for 2015 had been met and Mr Frederiksen was pleased to present the best financial results in the history of Scandinavian Tobacco Group.

Mr Frederiksen gave a brief overview of the Company's business.

Mr Frederiksen noted that regulation is a very important matter for any tobacco company. Being one of the largest players in STG's tobacco categories, the ambition is to be at the forefront of any new regulations, and the Company aims to be in compliance with all requirements and to adapt to new regulations. Mr Frederiksen gave a brief account of the three important regulatory changes that STG is currently preparing for: the new EU Tobacco Products Directive (the TPD), pending new FDA regulations for pipe tobacco and cigars in the United States and, lastly, the potential lifting of the US embargo against Cuba.

Mr Frederiksen then turned to the financial results for 2015 and noted that he was pleased that STG had met all parts of the guidance it had provided for the 2015 financial year: The revenue was up by 9.9% to reach DKK 6,732 million. The guidance had been for growth in the high single digits. The adjusted EBITDA margin was 20.5%, compared to 20.3% in 2014. The overall capital expenditure amounted to DKK 236 million, against a guidance of about DKK 250 million. Currency effects

accounted for 7.8% out of the 9.9% revenue growth. The Company also had a positive contribution to revenue from the 2014 acquisition of Belgian cigar manufacturer Verellen. The four main categories generated combined organic growth of 1.2%.

The handmade cigar business delivered the highest growth rate. Cigar sales through the online business, Cigars International, remained strong in 2015. Online sales of handmade cigars continued to grow, and STG continued to win market share. The organic growth rate for the handmade cigar category was 7.9%. Pipe tobacco also delivered positive growth, but sales of both fine-cut tobacco and machine-made cigars fell by a respective 1.3% and 2.3%. STG achieved positive price/mix developments in all categories.

Gross profit was up by DKK 292 million to reach DKK 3,239 million. Every category but 'Other' made a positive contribution to growth. The reported gross margin was unchanged at 48.1%, while the gross margin net of non-recurring costs improved to a level of 48.7%.

EBITDA improved by DKK 70 million to a total of DKK 1,247 million. Non-recurring items lifted the improvement to DKK 138 million and brought the total to DKK 1,385 million.

Mr Frederiksen gave an account of the programme launched in 2015 to improve efficiencies and optimise STG's production footprint, aiming to lower not only the costs, but also the working capital, especially the capital tied up in inventories. The goal is, on a like-for-like basis, to lower the costs by DKK 140 million and the working capital by DKK 500 million. Both targets were set with end-2014 as the base, and the goal is to achieve them by the end of 2018. Mr Frederiksen gave an account of the progress seen in 2015.

Mr Frederiksen noted that the net profit after tax improved by 4.4% to reach DKK 668 million. This is STG's best performance since Scandinavian Tobacco Group was formed in 2010. The cash flow from operating activities was DKK 1,285 million, up 21.7% from DKK 1,056 million in 2014. Net of investing activities, STG's free cash flow amounted to DKK 1,057 million.

STG's equity amounted to DKK 8,998 million at 31 December 2015, slightly lower than the DKK 9,087 million at the end of 2014. This change was due in part to the positive contribution from the profit for 2015, in part due to the total dividends of DKK 1,327 million paid during the year.

Finally, Mr Frederiksen gave an update on STG's financial guidance, consistent with what has been previously communicated to the market.

The floor was opened for comments:

Jacob Johansen, representing ATP thanked the chairman and the CEO for the report and welcomed STG to circle of listed companies. ATP found that STG is an interesting investment, in particular due to its market leading positions, e.g. in US retail, its substantial cash flow and the plans for optimization. The latter must, in ATP's view be a top priority in the coming period, concurrently with seeking improvements in the underlying performance, e.g. via price increases. ATP recognizes the risks associated with realizing the strategy, in particular with regard to regulation (TPD, FDA deeming regulation and a potential lifting of the US Cuba-embargo. However, in ATP's view, STG is well-positioned to handle these issues. ATP welcomed the composition of the Board of Directors with focus on people having the required skills to ensure implementation of the strategy. Jacob Johansen asked what the most significant risks associated with implementation of the TPD would be.

In answering this question, Mr Tandrup stated that the most significant risk for STG associated with TPD is the reaction of the consumers. However, STG is used to handle new regulation and in some ways new regulations may form a barrier to entry into the market.

Per Juul, representing the Danish Association of Shareholders ("DAF") took the floor and thanked the chairman and CEO for a good presentation. DAF acknowledges that STG operates in a low-growth or no-growth industry, but such industries can be a good place for investing as often no new competitors will enter the market. Per Juul saw 2015 as a good year for STG.

DAF also welcomed that STG has set longer term financial goals encouraging long term investments. Per Juul expressed that in DAF's opinion the proposed Board members have comprehensive both FMCG, international and industry specific experience, which was welcomed. DAF recommends that the Company publishes a short-form Danish version of its annual report going forward.

Per Juul asked what the financial impact would be for STG in the worst case scenario where only Cuban companies, in the event of a lifting of the US Cuba-embargo, could supply Cuban origin cigars to the US market. Second, Mr Juul asked what opportunities STG sees if the embargo is lifted.

In answering the first question, Mr Tandrup stated that the impact on STG in case the US Cuba-embargo is lifted, is very difficult to assess. However, STG would expect there would be room for negotiations, e.g. because Cuban companies do not hold the trademark rights in the US to several of the relevant brands where STG holds the trademark rights. With regard to the second question, a lifting of the US embargo could, among others, have a positive impact on STG's online US business (Cigars International).

The general meeting took due notice of the report.

2. Adoption of the audited annual report

The chair of the general meeting asked the general meeting whether it could adopt the 2015 annual report.

The general meeting approved the annual report.

3. Adoption of the remuneration of the board of directors and any board committees

The board of directors had proposed to the general meeting that compensation for the board of directors for the financial year 2016 be adopted based on a base annual fee of DKK 400,000 to each member. Furthermore, under this proposal, the chairman will receive three times the base annual fee and the vice-chairman will receive 1.75 times the base annual fee. The chairman of the Audit Committee will receive (in addition to the base annual fee as board member) a fee corresponding to 75 percent of the base annual fee for members of the board of directors. Other members of the Audit Committee will receive (in addition to the base annual fee as board members) a fee corresponding to 37.5 percent of the base annual fee for members of the board of directors. The members of each of the Remuneration Committee and Nomination Committee will receive (in addition to the base annual fee as board members), a fee corresponding to 12.5 percent of the base annual fee for members of the board of directors. The chairman of each of the Remuneration Committee and Nomination Committee will receive (in addition to the base annual fee as board member) a fee corresponding to 25 percent of the base annual fee for members of the board of directors.

The proposal was adopted by the general meeting.

4. Appropriation of profit or loss as recorded in the adopted annual report

The Board of Directors had proposed to the general meeting that for the financial year 2015 the Company pays a dividend of DKK 5.00 per share of DKK 1.

The proposal was adopted by the general meeting.

5. Election of members to the board of directors

In accordance with Article 11.1 of the Articles of Association, all members of the board of directors elected by the general meeting were up for election. The Board of Directors had received notice that Tommy Pedersen wished to resign from the Board of Directors. The Board of Directors had proposed that Nigel Northridge be elected as new member of the board of directors and that Jørgen Tandrup, Conny Karlsson, Søren Bjerre-Nielsen, Dianne Neal Blixt, Marlene Forsell, Luc Missorten and Henning Kruse Petersen be re-elected as members of the Board of Directors. Information about the nominated candidates had been included in the notice convening the general meeting and had also been made available at the Company's website (www.st-group.com).

The candidates were elected, respectively re-elected, by the general meeting.

6. Election of auditor(s)

The Board of Directors had proposed that PricewaterhouseCoopers Statsautoriseret Revisionspartnerskab be re-elected as auditor of the Company.

The proposal was adopted by the general meeting.

7. Any proposals by the board of directors and/or shareholders

There were no proposals by the Board of Directors or by the shareholders to be decided upon by the general meeting.

Jørgen Tandrup thanked Tommy Pedersen as well as Anders Obel, Lars Dahlgren and Fredrik Lagercrantz, who had all resigned from the Board of Directors in connection with the public listing of the Company in February, for their constructive contribution in the Board of Directors over several years. He also thanked the shareholders for their proposals and comments delivered at the general meeting, and finally also thanked Christian Lundgren for chairing the meeting.

The meeting was adjourned at 5.45 pm CET.

As chair of the meeting

A handwritten signature in black ink, appearing to be 'C. Lundgren', written over a horizontal line.

Christian Lundgren