



STG Global Finance B.V.
(the "Issuer")

(incorporated as a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) under the laws of the Netherlands)

EUR 300,000,000
1.375 per cent. Guaranteed Notes due 24 September 2025

guaranteed by

Scandinavian Tobacco Group A/S
(the "Guarantor" or "STG")

(incorporated with limited liability under the laws of the Kingdom of Denmark)

The issue price of the EUR 300,000,000 fixed rate Guaranteed Notes due 24 September 2025 (the "Notes") of the Issuer is 99.517 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 24 September 2025. The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Kingdom of Denmark or The Netherlands. The Notes may also be redeemed at the option of the Issuer, in whole but not in part: (a) pursuant to Condition 5(e) (*Redemption at the option of the Issuer (Make-Whole Call)*) at the Make Whole Redemption Price (as defined herein) at any time from, but excluding, the Issue Date to, but excluding, 24 June 2025 (the "Par Call Date"); or (b) pursuant to Condition 5(d) (*Redemption at the option of the Issuer (Par Call)*) at their principal amount on any date from and including the Par Call Date to, but excluding, the Maturity Date. In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem such Note at its principal amount in certain circumstances. See "*Terms and Conditions of the Notes—Redemption and Purchase*".

The Notes will bear interest from 24 September 2020 at the rate of 1.375 per cent. per annum payable annually in arrear on 24 September in each year commencing on 24 September 2021.

Payments on the Notes will be made in euros without deduction for or on account of taxes imposed or levied by The Netherlands or the Kingdom of Denmark to the extent described under "*Terms and Conditions of the Notes — Taxation*". The Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of all amounts at any time becoming due and payable in respect of the Notes (the "**Guarantee of the Notes**").

This Prospectus has been approved by the Danish Financial Supervisory Authority (*Finanstilsynet*) (the "FSA"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") for the purpose of giving information with regard to the issue of the Notes. The FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer or the Guarantor that are the subject of this Prospectus nor as an endorsement of the quality of any Notes. Investors should make their own assessment as to the suitability of investing in such Notes.

Application has been made to Nasdaq Copenhagen A/S ("**Nasdaq**") for the Notes to be admitted to the official list and trading on its regulated market. The regulated market of Nasdaq is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and the Council on markets in financial instruments (as amended, "**MiFID II**"). There can be no assurance that any such admission to trading will be obtained.

The Notes and the Guarantee of the Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the "**Securities Act**") and are subject to United States ("U.S.") tax law requirements. The Notes are being offered outside the U.S. by the Joint Bookrunners (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form and in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around 24 September 2020 (the "**Closing Date**") with a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**") and together with the Temporary Global

Note, the "**Global Notes**"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of EUR 100,000 and higher integral multiples of EUR 1,000 and with interest coupons attached. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Notes will be rated by Moody's Investors Service Ltd. ("**Moody's**"). Moody's is established in the United Kingdom and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

DANSKE BANK

NORDEA

NYKREDIT

22 September 2020

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IMPORTANT NOTICES

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus and declares that the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

Each of the Issuer and the Guarantor has confirmed to the Joint Bookrunners named under "*Subscription and Sale*" below (the "**Joint Bookrunners**") that this Prospectus contains all information regarding the Issuer, the Guarantor and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer or (as the case may be) the Guarantor are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

Neither the Issuer nor the Guarantor has authorised the making or provision of any representation or information regarding the Issuer, the Guarantor or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer and the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor or the Joint Bookrunners.

Neither the Joint Bookrunners nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for the acts or omissions of the Issuer, the Guarantor or any other person (other than the relevant Joint Bookrunner) in connection with the issue and offering of the Notes. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Guarantor since the date of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Joint Bookrunners to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

In particular, the Notes and the Guarantee of the Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the U.S. or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S. \$**", "**U.S. dollars**" or "**dollars**" are to United States dollars and references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro. References to "**billions**" are to thousands of millions.

PROHIBITION OF SALES TO EEA OR UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") or; (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

In connection with the issue of the Notes, Nordea Bank Abp (the "**Stabilisation Manager(s)**") (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

RESPONSIBILITY STATEMENT

This Prospectus has been prepared by the Issuer and the Guarantor and the Issuer and the Guarantor are responsible for the information provided in this Prospectus.

Each of the Issuer and the Guarantor declares to have taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

The Prospectus is signed by the Issuer's Executive Management and by the Guarantor's Executive Management on behalf of themselves and on behalf of the Guarantor's Board of Directors under power of attorney.

Gentofte, 22 September 2020.

Guarantor's Executive Management:

Niels Jørgen Frederiksen, CEO

Marianne Rørslev Bock, CFO

Issuer's Executive Management

Niels Jørgen Frederiksen, CEO

Marianne Rørslev Bock, CFO

Mette Valentin, Group General Counsel

INFORMATION INCORPORATED BY REFERENCE

The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Prospectus **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement.

Guarantor

- (i) the auditors' report and audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2019, as set out at pages 5, 17, 18, 22 and 34 to 91 (both pages inclusive);
- (ii) the auditors' report and audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2018, as set out at pages 34- to 89 (both pages inclusive); and
- (iii) the unaudited consolidated interim financial statements of the Guarantor for the six months ended 30 June 2020, as set out at pages 3, 18 to 28 (both pages inclusive).
- (iv) the unaudited consolidated interim financial statements of the Guarantor for the six months ended 30 June 2019, as set out at pages 3, 18 to 29 (both pages inclusive).
- (v) the unaudited consolidated interim financial statements of the Guarantor for the three months ended 31 March 2019, as set out at pages 3, 18 to 28 (both pages inclusive).
- (vi) the Guarantor's company announcement no. 11/2020 (titled "*Scandinavian Tobacco Group A/S reports on first quarter 2020 and presents new guidance for full year 2020*"), as set out at pages 1-3 and 18-28 (both pages inclusive).
- (vii) the Guarantor's company announcement no. 17/2020 (titled "*Scandinavian Tobacco Group A/S raises its full year guidance notice*").
- (viii) the Guarantor's company announcement no. 18/2020 (titled "*Scandinavian Tobacco Group A/S announces new financial reporting structure regarding new financial reporting structure*").
- (ix) the Guarantor's Company Announcement no. 21/2020 (titled "*Scandinavian Tobacco Group A/S: Share buy-back programme of up to DKK 300 million*")

Such documents will be made available, free of charge, during usual business hours at the specified offices of the Fiscal Agent and on the website of the Guarantor at <http://investor.st-group.com/financial-information/annual-reports>, unless such documents have been modified or superseded.

This Prospectus will be available, in electronic format, on the website of Nasdaq (<http://www.nasdaqomxnordic.com/>).

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference/included in the cross-reference list in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on the website does not form part of this Prospectus.

OVERVIEW

This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.

The Issuer:	STG Global Finance B.V.
The Guarantor:	Scandinavian Tobacco Group A/S
Joint Bookrunners:	Danske Bank A/S Nordea Bank Abp Nykredit Bank A/S
The Notes:	EUR 300,000,000 1.375 per cent. Guaranteed Notes due 24 September 2025
Issue Price:	99.517 per cent. of the principal amount of the Notes.
Issue Date:	Expected to be on or about 24 September 2020
Use of Proceeds:	The net proceeds will be used to refinance certain debt. See " <i>Use and estimated net amount of proceeds</i> ".
Interest:	The Notes will bear interest from 24 September 2020 at a rate of 1.375 per cent. per annum payable annually in arrear on 24 September in each year commencing 24 September 2021.
Status and Guarantee:	The Notes are senior, unsubordinated, unconditional and unsecured obligations of the Issuer. The Guarantee of the Notes is a senior, unsubordinated, unconditional and unsecured obligation of the Guarantor.
Form and Denomination:	The Notes will be issued in bearer form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.
Final Redemption:	24 September 2025
Optional Redemption:	The Notes may be redeemed at any time prior to 24 June 2025 at the option of the Issuer (in whole but not in part) at the Make Whole Redemption Price, as described in Condition 5(e) (<i>Redemption at the option of the Issuer (Make-Whole Call)</i>). The Notes may be redeemed from and including 24 June 2025 to but excluding the Maturity Date at the option of the Issuer (in whole but not in part) at their principal amount, as described in Condition 5(d) (<i>Redemption at the option of the Issuer (Par Call)</i>). The Notes may also be redeemed at their principal amount in the event that an aggregate amount equal to or exceeding 80 per cent. of the initial aggregate principal amount of the Notes have been purchased or redeemed and cancelled by the Issuer, as described in Condition 5(f) (<i>Redemption at the option of the Issuer (Clean-up Call)</i>)

Put Event:	Upon the occurrence of a Change of Control Put Event (as defined in Condition 5(c) (<i>Redemption at the option of the Noteholders in the event of a Change of Control (Put Option)</i>)), each Noteholder shall have the option to require the Issuer to redeem the Notes of such holder at a cash purchase price equal to the principal amount thereof plus accrued interest as described in Condition 5(c) (<i>Redemption at the option of the Noteholders in the event of a Change of Control (Put Option)</i>).
Tax Redemption:	In the event of certain tax changes, the Issuer may redeem the Notes in whole, but not in part, at any time at an amount equal to their principal amount, together with unpaid interest accrued to (but excluding) the date fixed for redemption, as more fully provided in Condition 5 (<i>Redemption and Purchase</i>).
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 3(<i>Negative Pledge</i>).
Cross Default:	The Notes will have the benefit of a cross default provision as described in Condition 8 (<i>Events of Default</i>).
Rating:	<p>The Notes are expected to be rated Baa3 by Moody's. Such credit rating will be assigned to the Notes at the request of the Issuer and in cooperation with the Issuer and the Guarantor.</p> <p>In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA or the United Kingdom but is endorsed by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA or the United Kingdom which is certified under the CRA Regulation.</p>
Withholding Tax:	All payments of principal and interest in respect of the Notes and the Coupons made by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or the Kingdom of Denmark, or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required. See further Condition 7 (<i>Taxation</i>).
Governing Law:	The Notes, the Agency Agreement, the Deed of Covenant and the Deed of Guarantee will be governed by English law.
Listing and Trading:	Application has been made for the Notes to be admitted to official listing and to trading on the regulated market of Nasdaq.

Estimate of the total expenses related to the admission to trading	EUR 5,000.
Clearing Systems:	Euroclear and Clearstream, Luxembourg
Selling Restrictions:	See "Subscription and Sale".
Risk Factors:	Investing in the Notes involves risks. See " <i>Risk Factors</i> ".
Financial Information:	See "Description of the Guarantor — Selected Financial Information".

RISK FACTORS

The Issuer believes that the following factors may adversely affect STG and its subsidiaries' (the "Group") operations or financial condition and cause harm to the Group's reputation and thereby affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes. Additional risks and uncertainties relating to the Issuer and the Group that are not currently known to the Issuer, or that the Issuer currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business activities, results of operations, financial condition and cash flows of the Issuer and the Group and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

The Issuer is a finance subsidiary of STG and the risks applicable to STG and the Group are also applicable to the Issuer. As a result, the risk factors relating to the Group are deemed to cover the Issuer as well.

In each sub-section below, the Issuer has arranged the risks with the most material risks first, in its assessment, considering the expected magnitude of their negative impact and the possibility of their occurrence

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the Guarantor and the industry in which each of them operates together with all other information contained in this Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

Risks Relating to the Issuer

The Issuer is a finance vehicle

The Issuer's primary business is the raising of external funds for the purpose of on-lending to other members of the Group. The Issuer is not an operating company; it is a special purpose vehicle with no other business other than issuing Notes. Substantially all the Issuer's assets will be loans and advances made by the Issuer to other members of the Group. The Issuer is, therefore, dependent upon the relevant members of the Group paying interest on, and repaying, its loans in a timely fashion. If such members of the Group fail to pay interest on, or repay, any loan in a timely fashion, this could have a material adverse effect on the ability of the Issuer to fulfil its obligations under the Notes. It is for this reason the Notes are guaranteed by STG. By virtue of its dependence on STG and the Group, each of the risks described herein that affect STG and the Group will also indirectly affect the Issuer.

Risks Relating to the Group

1. Risks Relating to the Group's Industry

Changes in excise tax rates on tobacco products, in particular alignment of excise tax rates across tobacco product categories, could have a material adverse effect on demand for the Group's products.

Excise tax rates are a major component of the retail price of tobacco products. The Group typically seeks to increase the sales price of its tobacco products to cover any increase in excise taxes. However, reflecting part of or all of an excise tax increase through an increase in the sales price may reduce consumption or cause demand to shift towards lower priced products or different product categories, or otherwise adversely affect demand for the Group's products. On the other hand, absorbing a tax increase without a sales price increase would directly reduce the Issuer's profitability. The Group is therefore sensitive to any movement in excise taxes.

Excise taxes on tobacco products in various countries around the world are considered a source of public finance and a measure to regulate consumption and promote public health. As such, the level of tobacco excise in individual jurisdictions is typically based on a number of factors, including fiscal, social and public health factors, and often takes the price level and excise tax rate on tobacco products in neighbouring jurisdictions and the impact on any cross-border trade into consideration.

- In the EU, the excise tax structures and minimum excise tax rates are prescribed by the EU directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco products (the "**Tobacco Products Excise Directive**"). Any EU member state may set excise tax rates higher than the minimum required by the Tobacco Products Excise Directive. The directive is currently under statutory review and although the time of completion of the review is currently uncertain, there is a risk that such review will lead to higher excise tax on the Group's products, including in the form of an alignment of the excise tax level applicable to various tobacco product categories, such as an alignment of the excise tax level for cigars with that applicable to cigarettes. Higher tobacco excise would generally have an impact on the consumer prices and could, therefore, influence consumer demand.
- In the U.S., federal excise tax is levied on all tobacco products upon production or importation into the U.S., and individual states levy additional state excise taxes on tobacco products. The state excise tax rates vary considerably across the states. Following a decision of the U.S. Supreme Court, states may require remote sellers to collect and remit sales tax. Thus, also online sales of tobacco products have in most states since 2018-2019 become subject to a requirement that the seller collects the sales tax applicable in the state where the customer is residing. Increases in tobacco related taxes, the introduction of new tobacco related taxes or changes to excise structures can limit the Group's ability to increase the prices on tobacco products or necessitate absorption of tax increases.

Additional sales and excise collection obligations levied on remote sellers in the U.S. could have a material adverse effect on the Group's sales volumes and revenues and, therefore, on its business, financial condition and results of operations.

In many of the Group's markets, tobacco excise tax rates vary by product category and each tobacco product category, notably cigarettes, cigars, pipe tobacco and fine-cut tobacco, is generally defined in the tobacco excise regulations. Considered as a percentage of the retail price, the excise tax rate is often higher for cigarettes than for fine-cut tobacco and cigars, and higher for fine-cut tobacco than for pipe tobacco due to the tax bearing capacity of the respective product category, demand patterns and considerable differences in the cost of the finished products (raw materials and production costs). This is reflected in, for example, the Tobacco Products Directive. Given the Group's different product offerings, the variation of excise taxes levied on each product category and the exact definitions of each such category are of significant importance to the Group. A complete or partial alignment of excise tax rates across product categories, including as a consequence of changed definitions of the various tobacco categories or changes in the excise tax structures or excise tax rates applicable to the Group's product categories could affect the retail prices of the Group's products. This, in turn, could adversely affect the Group's ability to attract smokers to its product categories and consumers of the Group's products may give up smoking or switch to other product categories.

Unusually large shifts in volumes from one category to another (e.g., from fine-cut tobacco to pipe tobacco) may indicate to regulators that the excise tax rates or structure should be revised to preserve revenue, limit consumption and eliminate exploitation of the excise differences. For example, the federal excise tax rate on pipe tobacco in the U.S. is significantly lower than the federal excise tax rates on other smoking tobacco products. In recent years, following an increase in the federal excise tax on fine-cut tobacco, the amount of pipe tobacco sold in the U.S. has grown significantly while the amount of tobacco sold as roll-your-own fine-cut tobacco has decreased significantly, reflecting the emergence of what could be termed "dual-usage" pipe tobacco products. This is due to the fact that neither the U.S. Tobacco Tax and Trade Bureau (the "**TTB**") nor the U.S. Food & Drug Administration (the "**FDA**") has implemented an objective, clear definition of pipe tobacco. Although there are currently no official proposals, if a clear definition of pipe tobacco including only traditional pipe tobacco were to be implemented in the U.S., the Group would not expect the change to have a material impact on its business as its market share in the "dual-usage" pipe tobacco market is small. However, should the excise tax rate for all pipe tobacco be aligned with that applied to roll-your-own fine-cut tobacco, the increase in excise taxes could adversely affect the sales volumes of

the Group's traditional pipe tobacco products and the profitability of such products if the Group is not able to pass the increase on to consumers through price increases.

Any of the above could have a material adverse effect on Group's market share and sales volumes and, therefore, on its business, financial condition and results of operations.

The Group is subject to competition risks

The Group operates in competitive markets, which require an agile organisation in a continually changing environment. The Group continuously monitors the competitive environment and assesses changing consumer needs. To meet these consumer needs, the Group conducts consumer and market research and closely follows market trends. This insight forms the basis for the Group's product positioning, product portfolio decisions and product development. Despite the above measures taken by the Group to minimise the severity of competition risks, competitors may still develop and promote new products which could be more successful than the products developed and promoted by the Group. In such case where the Group cannot provide a better offering to the consumers than its competitors, or in case the competitive situation in the market changes, there is a risk that the Group's sales, both with respect to volume and price, will decline. This could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group is already subject to and faces increasing tobacco product related regulation, which could have a material adverse effect on its business, financial condition and results of operations.

The World Health Organisation's (the "**WHO**") Framework Convention on Tobacco Control ("**FCTC**") has globally been ratified by 182 countries as of the date of this Prospectus. The FCTC has led to increased efforts by tobacco control advocates and public health organisations to reduce the supply of and demand for tobacco products, encourage governments to further regulate the tobacco industry and exclude the industry from consultation processes. The WHO and anti-smoking groups also seek to diminish the social acceptability of smoking. The Group expects further tobacco regulation in most of the markets in which it operates, driven by the FCTC and by regulatory measures undertaken by the EU, the U.S. Food and Drug Administration (the "**FDA**") and other national regulators.

Consequently, most of the countries in which the Group operates have implemented regulation on tobacco products which restricts the way the Group can produce and market its products. Restrictions include (among others) restrictions on the product design, development, content, production, labelling, packaging, distribution, promotion, marketing, advertising, display, sale and consumption of tobacco products.

- In the EU, the European Union has adopted the EU Tobacco Products Directive (2014/40/EU) (the "**TPD**"), which regulates the manufacture, presentation and sale of tobacco products in the EU and which has been implemented in all member states. The TPD sets out restrictive measures on how tobacco products can be produced, presented and sold and aims to align the regulation of tobacco products across the EU member states. The restrictions include, among others, a prohibition of cigarettes and roll-your-own tobacco with characterising flavours, a requirement to report to EU countries on the ingredients used in tobacco products. The TPD also requires tobacco manufacturers to "track and trace" product movements and enable such tracking in most of the supply chain, increasing cost and complexity in the manufacturing and supply chain. Currently, the "track and trace" requirements apply to cigarettes and fine-cut tobacco. From May 2024 other tobacco product categories like cigars and pipe tobacco will also be subject to these rules. The "track and trace" regime applies to tobacco products that are present in the EU whether for sale in the EU or for export. (A few countries outside the EU have implemented or plan to implement "track & trace" systems, which are not compatible with the EU "track and trace" system, thus adding to the complexity). Manufacturers who only have manufacturing facilities in the EU and thus have to comply with the "track and trace" requirements also in respect of products for export out of EU may find the costs or complexity of compliance with the tracking regime to be disproportionate to their sales to a given export market and thus choose to discontinue such export.

The TPD is under statutory review, and although the time of completion of the review is currently uncertain there is a risk that such review will lead to stricter regulation on the Group's products. For the first 6 months of 2020, 44 per cent. of the Group's net sales were derived from the Europe.

- In the U.S., the FDA has since 2009 had the power to regulate the production, distribution and marketing of tobacco products pursuant to the Family Smoking Prevention and Tobacco Control Act, as amended (the "**Tobacco Control Act**"). This authority was initially utilised to regulate cigarettes, fine-cut tobacco and smokeless tobacco products but was subsequently expanded, under the Deeming Regulation, to also cover cigar and pipe tobacco which negatively affects the Group. The Group's products are subject to FDA regulation and the FDA has in the recent years issued draft rules and guidance documents covering several topics, including flavoured tobacco (other than tobacco and menthol flavoured) products and reduction of nicotine in tobacco products to minimal/non-addictive levels. In late 2019 the FDA has eased its focus on flavoured and nicotine. In addition to the federal legislation state level regulation includes restrictions on where smoking is permitted and a minimum age requirement to purchase tobacco products. Each state has legislation that restricts smoking indoors in public places, which often extends to parks or other outside public spaces. The federal minimum age to purchase tobacco products is 21 years. Both federal and state regulation in the U.S. could become materially more restrictive, which could result in a substantial decline in the demand for tobacco products generally or require producers (including the Group) to review and adapt their product portfolio or change their sales channels as a result of restrictions or bans. Complying with changing regulatory requirements could also increase the Group's costs, including costs related to increased complexity and to ensure regulatory compliance. For the first 6 months of 2020, 50 per cent. of the Group's net sales were derived from the U.S.

Increased tobacco-control regulation in any jurisdiction, including as discussed above, may impact the Group's ability to compete and differentiate its products, entail substantial costs for the Group, adversely impact the Group's results of operations and increase operational complexity. Further, taking into account the significant number of regulations that apply to the Group's businesses across the world, it is possible that the Group may be subject to claims for breach of such regulations, and there may be financial costs and reputational impacts related to such claims. This could have a material adverse effect on the Group's business, financial condition and results of operations.

A substantial decline in demand for the types of tobacco products that the Group produces, especially in certain of the Group's key geographic markets, could have a material adverse effect on the Group's results of operations.

While the Group's products are sold in more than 100 countries, a substantial decrease in demand for tobacco products in one or more key geographic markets could affect the Group's financial condition and results of operations. In addition, any substantial decline in the demand for tobacco products or a switch to less expensive products or brands, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's activities are subject to economic and trade sanction regimes and its governance and compliance processes may not prevent violations of such sanctions.

Economic and trade sanctions have expanded in the recent past and the Group operates in countries that are subject to sanctions, such as Russia. Similarly, the Group, including its sales and operations in the U.S., is subject to restrictions under the U.S. embargo on products of Cuban origin. Any new sanctions, changes to the current sanctions regimes, or a violation of sanctions could have a material adverse effect on the Group's business, financial condition and results of operations.

If the U.S. embargo against Cuba were to be lifted, it could have a material adverse effect on the Group's cigar sales in the U.S..

Since the early 1960s, the U.S. has maintained a comprehensive economic and trade embargo against Cuba, including a ban on the importation of Cuban origin cigars and a prohibition on persons subject to the jurisdiction of the U.S. to deal in most products of Cuban origin or with Cuban origin content. It is expected that any lifting could impact the Group's total sale of handmade cigar sales in the U.S. negatively. The impact on the Group's total handmade cigar sales in the U.S. of any such lifting would be uncertain and depends on various factors that are outside of the Group's control. If the embargo were to be lifted without balancing the interests of the non-Cuban and Cuban members of the cigar industry, it could distort competition in the U.S. market, particularly for handmade cigars. For example, if the embargo were to be lifted and non-Cuban companies were not given access to Cuban tobacco and to production facilities in Cuba, non-Cuban companies would not be able to supply cigars of Cuban origin and with Cuban tobacco

to the U.S. market. For the first 6 months of 2020, 33 per cent. of the Group's net sales were derived the sale of handmade cigars segment in the U.S..

Violation of anti-corruption or anti-bribery laws and regulations could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group operates globally, and its activities are subject to complex regulatory frameworks in areas such as anti-corruption and anti-bribery. The Group has operations in many jurisdictions, including less developed and newly industrialised countries such as Dominican Republic, Honduras, Indonesia, Nicaragua and Sri Lanka that have inherent risks associated with judicial enforcement of contractual rights and obligations, fraud, bribery, and corruption. Governments in industrialised countries have increasingly introduced comprehensive legislation to combat unsound international business practices, often referred to as anti-corruption or anti-bribery laws and regulations. The Group may not be able to detect all improper or unlawful conduct by its employees, suppliers or customers given the breadth and scope of its international operations. In addition, at the operational level, individual employees, agents or distributors may not comply with the Group's policies and guidelines and as a result may cause the Group to incur criminal sanctions (e.g., in the form of fines, which may be significant), compliance costs and cause reputational damage. The occurrence of any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

2. Risks Relating to the Group's Business

Disruptions in information technology systems or a security breach could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is dependent on information technology ("IT") systems to operate its business, enhance customer service, improve the efficiency of production and increase employee efficiency. In addition, the Group's business includes online, catalogue and retail sales of tobacco products and accessories directly to consumers. Online, catalogue and physical retail sales involve the processing of confidential customer information, such as payment information. The Group's IT systems are subject to potential damage or interruption from power outages, computer and telecommunications failures, computer viruses, catastrophic events and user errors. In addition, these IT systems are also subject to security breaches, including cyber security breaches and breaches of transaction processing that could result in the compromise of confidential information, including customer information and personal data. Any disruptions in IT systems or a security breach could have a material adverse effect on the Group's business including reputational harm and loss of customers.

If the supply of the Group's products to one or more markets were to be interrupted, it could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's ability to maintain and grow its market share is dependent on its ability to continuously supply its products to the market. If the supply of the Group's products to the market is interrupted for any reason, including weather and climate risks (storms, droughts, etc.) or the reasons discussed elsewhere in this section 2, it could result in lost sales and adversely affect consumer loyalty. For instance, the Group has historically experienced that some factories have not been able to follow a sudden change in demand which had then led to a backlog in relevant production.

The Group's brands are key assets of its business and changes in the reputations of its brands could have a material adverse effect on the Group's business.

The brands under which the Group's products are sold are key assets of the Group's business. The reputation of the Group's brands is a major factor for the consumers' recognition of and confidence in the products and their quality. Accordingly, brand reputation is important for sustaining and growing the Group's revenue and profitability and several factors may negatively affect the Group's brands, including:

- If the Group is further restricted in its marketing, labelling and packaging of its products. See also "*Risks Relating to the Group's Industry—Group faces increasing tobacco products related regulation, which could have a material adverse effect on its business, financial condition and results of operations*" above.

- If the Group's products become contaminated, for example, as a result of an accident during the production process or deliberately with malicious intent, or products may otherwise fail to comply with the Group's quality standards.

In any of these instances, significant costs may be incurred in recalling products from the market and consumers may lose confidence in the specific brand or brands affected by the contamination, resulting in a loss of sales volume, which may take a long time to recover or may not recover fully. During this time, the Group may lose market shares, which could be difficult and costly for the Group to subsequently regain.

Failure to manage any of the above factors or failure of the Group's sales and marketing and other activities to differentiate and further strengthen its brands could adversely affect the value and perception of the Group's brands and its ability to maintain existing consumers and attract smokers of tobacco products from competing suppliers, and, as a result, have a material adverse effect on the Group's business, financial condition and results of operations.

The Group could fail to attract or retain individuals with the capabilities required

The Group could fail to attract or retain individuals with the capabilities required. The Group's success will depend on the decisions of its senior management as well as its ability to attract and retain, among others, a qualified sales force, and employees with managerial, technical, sales, marketing, digital IT support skills as well as employees with other needed skills. Additionally, employee retention may be particularly challenging following acquisitions or divestures as the Group must continue to motivate employees and keep them focused on its strategies and goals. The failure to attract or retain individuals with key capabilities or the failure to retain or loss of the skills necessary to execute integration growth plans and deliver key customer programmes could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be unable to identify and complete acquisitions or disposals of assets, and any completed transactions may demand significant management involvement or may not yield expected results

The Group may be unable to identify and complete acquisitions or disposals of assets, and any completed transactions may demand significant management involvement and result in the diversion of other resources away from organic growth or may not yield expected results. Where the Group has identified acquisition opportunities, it has historically faced competition for these acquisitions. Such competition can raise the price of acquisitions and make them less attractive. In addition, if the Group is unable to secure the necessary financing, it may not be able to acquire businesses in furtherance of its strategy. The Group may identify assets that are less central to its strategic objectives, which it may seek to exit or divest in order to simplify the Group's business, enhance its financial performance and allocate its capital more effectively in line with its growth agenda. Any proposed disposals would require the attention of management and might divert management focus and other resources away from implementation of the Group's other strategic goals. In addition, the Group may fail to balance the Group's portfolio of business effectively or to effect disposals in a timely and effective manner. Even if management is able to identify potential acquisition or disposal opportunities, it may be difficult to complete such transactions, given antitrust considerations or other challenges, or due to reasons such as market and financial conditions. This could adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects. Although the Group anticipates synergies and cost savings may result from future acquisitions (depending on the nature of the business acquired) or disposals, it may not realise any or all of such synergies or cost savings that it believes can be realised from these transactions. The Group's ability to integrate and manage acquired businesses effectively and to handle any future growth will depend upon a number of factors, including, but not limited to, the size of the acquired businesses, the nature and geographical locations of their operations, and the resulting complexity of integrating its operations into the Group, and failure to manage growth effectively may adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects. Furthermore, there can be no assurance that the Group will be able to identify all actual or potential liabilities of a business prior to its acquisition or disposal (including, for example, environmental, litigation or health and safety liabilities). If the Group acquires a business or assets which result in the Group assuming unforeseen liabilities in respect of which it has not obtained contractual protections or for which protection is not available, this could adversely affect the Group's revenue, profit and financial condition which, in turn, could adversely affect the Guarantor's revenue, costs, profits, business, financial condition, results or prospects.

The Group is exposed to risks in relation to data protection

The Group holds, controls and processes personal data and could be adversely affected if any of this data were to be lost, compromised or not handled in accordance with the relevant data protection legislation. Regulation such as the California Consumer Privacy Act (the “CCPA”) and the EU General Data Protection Regulation (the “GDPR”) impose obligations on data controllers and data processors and rights for individuals which the Group needs to comply with. Non-compliance with data protection requirements may be sanctioned with a fine, which in the case of the GDPR could be of up to 4 per cent. of annual global turnover, and other sanctions that can be imposed on the Group as the result of non-compliance with the GDPR or other data protection regulations. Although the Group has data protection policies and procedures in place, it is primarily reliant upon the robustness of its IT security and the actions of its employees in complying with these policies and procedures to manage the risk.

Fluctuations in the availability of tobacco leaf and in tobacco leaf prices could have a material adverse effect on the Group's business, financial condition and results of operations.

Tobacco leaf represents approximately one third of the Group's cost of goods sold. The Group has limited involvement in the cultivation of tobacco leaf and its results of operations are, therefore, exposed to increases in prices of tobacco leaf and other commodities required in the production of its products. As with other agricultural commodities, the price of tobacco leaf tends to be cyclical, as supply and demand considerations influence tobacco plantings in the countries in which tobacco is grown. If the Group is not able to obtain the required tobacco for its cigar products, it may not be able to produce cigars of the same quality as previously, or at all.

COVID-19 Pandemic and Possible Similar Future Outbreaks.

Different regions in the world have from time to time experienced outbreaks of various viruses. At this time, a wide-spread global pandemic of severe acute respiratory syndrome coronavirus 2 (commonly known as SARS-CoV-2) and the infectious disease COVID-19, caused by the virus, is taking place. As the virus and diseases it causes are relatively new, effective cure and vaccines are yet to be developed.

While COVID-19 is still spreading and the full implications of the pandemic are difficult to estimate at this stage, it is clear that it will affect the lives of a large portion of the global population and have significant effects. At this time, the pandemic has caused states of emergency in various countries, travel restrictions, quarantines and closure of institutions and companies.

The ongoing COVID-19 pandemic and any possible future outbreaks of viruses may have a significant adverse effect on the Group. Firstly, a spread of such diseases amongst the employees of the Group, as well as any quarantines affecting the employees of the Group or the Group's facilities, may reduce the ability of the Group's personnel to carry out their work and thereby affect the Group's operations. Secondly, the current pandemic and any possible future outbreaks of viruses may have an adverse effect on the Group's suppliers and/or logistics providers, resulting in a lack of raw materials necessary for the Group to carry out its operations, or resulting in interruptions in the supply of finished products to the Group's customers. Thirdly, any quarantine or spread of virus may affect the possibility of the customers of the Group to carry out their operations (e.g. the possibility of retail stores to stay open), which may adversely affect the sale of the Group's products to end-consumers.

Further to the above, the Group may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any possible future outbreaks. While the final effects of the COVID-19 pandemic are at this stage difficult to assess, it is possible that it will have substantial negative effect on the economies where the Group operates. Such effects may also arise in case of potential future outbreaks. Any negative effect on the economy may negatively impact incomes of the end-customers of the Group and the demand for the Group's products. Such general negative effect on the economy may also result in the insolvency of the Group's business partners, which could affect the operations of the Group, as well as its financial standing. Lastly, in case of an economic downturn, the price of the Group's securities (including the Notes) and the possibility of the Group to acquire further financing may be adversely affected.

Any of the factors above could have an adverse effect on the Group's profits and financial position, and thereby affect the Group's ability to make the payments under the Notes.

The Group could face claims regarding the health consequences associated with the use of tobacco products and such claims cannot be covered by insurance.

Cigarette companies have for many years been subject to litigation and claims for damages, with cases being brought by both tobacco smokers and governmental authorities. While the Group has not so far faced claims regarding the health consequences associated with the use of tobacco products, it could, like other players in the tobacco industry at large, in the future face such claims, and such claims cannot be covered by insurance. Such claims could lead to litigation, which could entail significant costs, require significant management attention and lead to significant liabilities for the Group in the case of an adverse outcome or settlement. This, in turn, could have a material adverse effect on the Group's business, financial condition and results of operations.

Currency fluctuations could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group operates globally and has subsidiaries in various countries. The Group's reporting currency is the Danish krone, while the most significant currencies for its net sales are the U.S. dollar and euro. The Group also has external loans denominated in euros and U.S. dollars. The most significant currency fluctuation risk the Group faces is conversion risk, which the Group does not hedge against.

The Group enters into transactions denominated in currencies other than the local currencies in which the Group companies operate, exposing the Group to transaction risk.

Accordingly, currency fluctuations directly affect the Group's results of operations and financial condition.

Work stoppages and other labour matters could have a material adverse effect on the Group's business, financial condition and results of operations.

While the Group strives to maintain good relationships with its employees and their unions, such relationships may not continue to be amicable and the Group may be affected by further unionisation efforts, strikes, or other types of conflicts with labour unions or employees. The Group is subject to collective bargaining agreements in respect of its production operations in Europe and Indonesia.

The Group's dependence on third parties could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operations are dependent on third parties for, among other things, distribution and shipping of tobacco products and in some markets, the number of alternative distributors may be limited. There can be no assurance that the products or services provided by third parties will be acceptable to the Group or will be provided in a timeframe acceptable to the Group, or that third parties will continue to provide products and services to the Group at all.

The terms of the Group's financing arrangements may limit its commercial and financial flexibility.

The Group's financial covenants could limit its ability to finance future operations and capital needs and the Group's ability to pursue its business strategy. The Facilities Agreement (as defined on page 54) has references and impacts related to specified financial ratios and any future financing arrangements may also require the Group to maintain specified financial ratios.

The Facilities Agreement contains various restrictive covenants such as restrictions on mergers, change of business and paying dividends, negative pledge and requirements as to financial information. The Group may not make any new acquisitions or investments in companies, businesses, shares or similar assets, or make any dividend payments or redemptions of share capital if such action would result in the Group's net debt (as defined in the Facilities Agreement) exceeding four times the Group's EBITDA (as defined in the Facilities Agreement). Furthermore, the consolidated financial indebtedness of the Guarantor's subsidiaries may not exceed 25 per cent. of the total financial indebtedness of the Group. For additional information on the Facilities Agreement, see "*Operating and Financial Review—Liquidity and Capital Resources—Financial Indebtedness—Facilities Agreement*".

Additionally, a violation of certain sanctions (as specified in the Facilities Agreement) will give each lender under the Facilities Agreement a right to demand repayment of (and to cancel) its part of the facilities thereunder.

The Group's ability to meet the financial covenants under the Facilities Agreement and any future financing arrangements may be affected by events beyond the Group's control. In the event of a default under any of

the Group's debt obligations, the lenders could terminate their commitments, the Group's borrowings could become immediately due and payable. Defaulting on a financing agreement could also result in a cross-default on the Group's other financing agreements. The Group's assets and cash flow may not be sufficient to fully repay these debts in such circumstances, which could have a material adverse effect on the Group's business, financial condition, and results of operations.

The Group's insurance policies provide limited coverage, potentially leaving it uninsured against some risks.

The Group has global master insurance programmes that include property and business interruption insurance, liability insurance, marine cargo insurance and directors' and officers' liability insurance as well as local policies when required by law or it is cost efficient. Although the Group maintains insurance to the extent it considers to be adequate, there can be circumstances in which insurance would not cover, partially or fully, the consequences of a loss event. In addition, the Group could face claims on other liability events or incidents for which it either cannot obtain insurance, such as claims regarding the health consequences associated with the use of tobacco products, or has elected not to obtain insurance (whether on account of premium costs, significant risk retention or for other reasons).

The Group could fail to manage and protect its intellectual property rights.

The Group's brands are key assets for its business. The Group registers and protects its brands in the markets in which they are sold. However, there can be no assurance that the Group's actions will adequately protect its intellectual property in all situations. Furthermore, the risk of third parties infringing on the Group's intellectual property rights may be high in certain of the jurisdictions in which the Group operates as a result of limitations in judicial protection and/or inadequate enforceability.

STG owns the trademark rights to certain Cuban heritage brands in the U.S., such as Partagas, Punch, Hoyo de Monterrey and La Gloria Cubana. Should STG's status as the rightful owner of the rights to these or other trademarks be challenged, the outcome of any such challenge cannot be certain. See also about the Cohiba trademark under Legal Proceedings.

Failure in the establishment, protection or monitoring on the part of the Group's intellectual property rights could result in substantial erosion in the value of the Group's brands. In addition, if a third party were to register the same or similar trademarks as registered or utilised by or associated with the Group in a jurisdiction in which the Group has no trademark protection, the Group may not be able to sell its products under those trademarks in such jurisdiction or the Group may be required to enter into a licensing agreement, which may not be available to the Group on acceptable terms, or at all.

Breaches of third-party intellectual property rights or accusations of such breaches could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's commercial success depends in part on its ability to avoid infringing on the trademarks and other intellectual property rights of third parties. Claims by third parties that the Group's utilisation of any brands infringes on their trademark or other intellectual property rights, regardless of their merit, could require the Group to incur substantial costs and divert management attention to defend itself against such claims.

In free trade zones in Nicaragua, Honduras and the Dominican Republic, the Group produces certain brands of handmade cigars for the U.S. market that carry trademarks for which the Group does not hold trademark registrations in the country of production.

If the Group is found to be in breach of the intellectual property rights of a third party, the damages payable could be substantial and the Group could be required to withdraw affected products from the market or to enter into a licensing agreement with respect to such intellectual property, which may not be available to the Group on acceptable terms. Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to risks in connection with its pension commitments.

The Group provides pension plans to its employees in the countries in which it is market practice to do so. Most of the Group's pension plans are defined contribution plans. However, the Group also provides defined benefit plans where the obligation may fluctuate according to life-expectancy, salary changes as well as

discount rate. The Group provides defined benefit pension plans in certain countries, primarily in Belgium, Germany, Indonesia, the Dominican Republic, France and the U.S.. In most countries, the Group's defined benefit pension plans are unfunded. If the pension obligations fluctuate compared to actuarial assumptions or the actual returns on the pension plan assets are less than actuarial assumptions regarding the expected rate of return and other assumptions, it could result in a substantial coverage shortfall for these pension obligations, resulting in a significant increase in the Group's net pension obligations. The funded defined benefit pension plans are funded by payments from Group companies and by payments by the Group's employees to funds independent of the Group.

Risk Relating to the Notes

Dutch Withholding Tax Act 2021

Under current law, interest payments under the Notes are not subject to withholding tax in the Netherlands. However, on 27 December 2019, the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*) was published in the Dutch Official Gazette (Staatsblad 2019, 513). This legislation will enter in to effect (*in werking treden*) on 1 January 2021. As of this date the Dutch withholding tax may apply on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity of the Issuer if such entity (i) is considered to be resident of a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is a hybrid entity, or (v) is not resident in any jurisdiction, all within the meaning of the Dutch Withholding Tax Act 2021. The withholding tax rate will be 21.7 per cent. in 2021. However, this rate might be increased.

If interest payments to the Noteholders or the Couponholders were to be affected and, as such, withholding on interest payments to Noteholders or Couponholders were to arise, the Issuer does not have to pay additional amounts under Condition 7 (Taxation).

There is no active trading market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantor. Although application has been made for the Notes to be admitted to the official list and trading on the regulated market of Nasdaq, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

The Notes may be redeemed prior to maturity.

In the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or the Kingdom of Denmark or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In addition, the Terms and Conditions provide that the Notes are redeemable at the Issuer's option in certain other circumstances and accordingly the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor.

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer and the Guarantor will discharge their payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holder of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer or the Guarantor in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Minimum Denomination

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 (or its equivalent) that are not integral multiples of EUR 100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note (as defined on page 37) in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

Credit Rating

The Notes have been assigned a rating of "Baa3" by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA or the United Kingdom but is endorsed by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA or the United Kingdom which is certified under the CRA Regulation.

Limited enforcement

A judgement entered against a company incorporated in the Netherlands or Denmark in the courts of a state which is not, under the terms of (i) Regulation (EU) No. 1215/2012 of the European Parliament and of the Council on Jurisdiction and the Recognition and Enforcement of Judgments (the "**2012 Brussels Regulation**"), (ii) (as it pertains to Denmark) the bilateral agreement relating to the 2012 Brussels Regulation between Denmark and the European Community of 19 October 2005 (and any protocol and accession convention in respect thereof), (iii) (as it pertains to Denmark) Danish Act No. 1563 of 20 December 2006 (as amended), consolidated in Danish Consolidated Act No. 1282 of 14 November 2018, implementing the 2012 Brussels Regulation, (iv) the Convention on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters made at Lugano on 30 October 2007 (the

"**Lugano Convention**") or (v) the Convention on Choice of Court Agreements on 30 June 2005 (the "**Hague Choice of Court Convention**"), a Member State (as defined in the 2012 Brussels Regulation) or a Contracting State (as defined in the Lugano Convention and the Hague Choice of Court Convention), will be neither recognised nor enforced by the Dutch or Danish courts (as relevant) without re-examination of the substantive matters thereby adjudicated. In addition, a judgment entered against a company incorporated in the Netherlands or Denmark in the courts of a state which is a Contracting State under the Hague Choice of Court Convention will not be recognised nor enforced by the Dutch or Danish courts (as relevant) without re-examination of the substantive matters thereby adjudicated unless the parties had agreed to settle their disputes exclusively in the jurisdiction of one Contracting State. In connection with any re-examination, the judgment of a foreign court will generally be accepted as material evidence, but the parties must provide the Dutch or Danish courts (as relevant) with satisfactory information about the contents of the relevant law of the contract and, if they fail to do so, the Dutch or Danish courts (as relevant) may apply Dutch or Danish law (respectively) instead.

4. Risks related to the market generally

Incidental costs related in particular to the purchase and sale of Notes may have a significant impact on the profit potential of the Notes.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, investors may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third-party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), investors must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes. These additional costs may significantly reduce or eliminate any profit from holding the Notes.

The trading market for debt Notes may be volatile and may be adversely impacted by many events.

The market for debt Notes issued by the Issuer is influenced by a number of interrelated factors, including economic, financial and political conditions and events in the Kingdom of Denmark as well as economic conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Denmark, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. Accordingly, the price at which a holder will be able to sell his Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such holder.

Legal considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should determine whether the Notes are a lawful investment for it, and the regulatory implications for it of making such an investment.

Exchange rate risk and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currencies (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (a) the Investor's Currency equivalent yield on the Notes, (b) the Investor's Currency equivalent value of the principal payable on the Notes and (c) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that

could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Issuer currently maintains its place of effective management in Denmark. If it did not, as a Dutch B.V. both Denmark and the Netherlands could seek to assert taxing rights over the Issuer potentially leading to double taxation.

The Issuer is expected to be tax resident in Denmark by virtue of place of management, and if so, subject to Danish corporate income tax. Where the place of management is located is largely a question of fact based on all the circumstances, rather than a question of law. Nevertheless, the Issuer, a group finance company, is likely to be regarded as having become Danish tax resident and remaining so if the board of directors carries out the day to day management fully from within Denmark and all board meetings are held in Denmark with the board members not being physically present elsewhere.

Since the Issuer is incorporated in the Netherlands, it is also resident in the Netherlands for certain Dutch tax purposes including Dutch withholding tax purposes (see also the section under the heading "Dutch Withholding Tax" on page 62). However, with regards to the taxation of the income and gains of the Issuer itself, provided its place of effective management is located in Denmark, under the Netherlands– Denmark tax treaty the Issuer should be treated as resident solely in Denmark. If this were not the case both the Danish and Dutch tax authorities could seek to assert taxing rights over the Issuer's income and gains potentially leading to double taxation.

TERMS AND CONDITIONS OF THE NOTES

The EUR 300,000,000 1.375 per cent. Guaranteed Notes due 24 September 2025 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of STG Global Finance B.V. (the "**Issuer**") are the subject of (a) a deed of guarantee dated 24 September 2020 (as amended or supplemented from time to time, the "**Deed of Guarantee**") entered into by Scandinavian Tobacco Group A/S (the "**Guarantor**") and (b) a fiscal agency agreement dated 24 September 2020 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. **Form, Denomination and Title**

The Notes are serially numbered and in bearer form in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof with Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of the other denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

2. **Status and Guarantee**

- (a) *Status of the Notes*: The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Notes*: The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This guarantee (the "**Guarantee of the Notes**") constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. **Negative Pledge**

So long as any of the Notes remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor will secure, and shall procure that none of their respective Subsidiaries will secure, any existing or future Debt Obligations or guarantees of Debt Obligations by means of a mortgage, pledge, lien or other security upon, or with respect to, any of its present or future undertaking, revenues or assets (including any uncalled capital) unless all amounts payable by it under the Notes and the Coupons or the Guarantee of the Notes, as the case may be, are (i) secured equally and rateably by the same mortgage, pledge, lien or other security, or (ii) secured by such other mortgage, pledge, lien or other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

In these Conditions:

"Debt Obligations" means any indebtedness which is in the form of or represented by notes, bonds or other securities which are, or are to be, quoted, listed or dealt in or on any stock exchange or over-the-counter market;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

"Subsidiary" means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4. **Interest**

The Notes bear interest from 24 September 2020 (the **"Issue Date"**) at the rate of 1.375 per cent. per annum, (the **"Rate of Interest"**) payable in arrear on 24 September in each year (each, an **"Interest Payment Date"**), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be EUR 13.75 in respect of each Note EUR 1,000 denomination. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

"Calculation Amount" means EUR 1,000;

"Day Count Fraction" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"Regular Period" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

5. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 24 September 2025, subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if:

- (i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of The Netherlands or of the Kingdom of Denmark or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 September 2020; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) with respect to the Guarantee of the Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Denmark or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 September 2020; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent:

- (A) a certificate signed by two directors of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two directors of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

- (c) *Redemption at the option of the Noteholders in the event of a Change of Control (Put Option):* If at any time while any Note remains outstanding, there occurs:
 - (A) a Change of Control (as defined below), and, within the Change of Control Period, a Rating Event in respect of that Change of Control occurs (such Change of Control and Rating Event not having been cured prior to the expiry of the Change of Control Period), or
 - (B) a Change of Control (as defined below), and, on the occurrence of the Change of Control, the Notes are not rated by any Rating Agency (as defined below),

(each, a "**Change of Control Put Event**"), each Noteholder will have the option (the "**Change of Control Put Option**") unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice to redeem the Notes under Condition 5(b) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Notes, on the Optional Redemption Date (as defined below) at the principal amount outstanding of such Notes together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date.

Where:

"Change of Control" means any person or persons acting in concert gains direct or indirect control of the Guarantor (except for any of the Existing Principal Shareholders). For the purposes of this definition "control" of the Guarantor shall mean controlling influence (in Danish: *bestemmende indflydelse*) as defined in section 44 of the Danish Capital Markets Act (in Danish: *Kapitalmarksloven*) and "acting in concert" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the Guarantor by any of them, either directly or indirectly, to obtain or consolidate control of the Guarantor.

"Existing Principal Shareholders" means Augustinus Foundation (in Danish "Augustinus Fonden"), the Obel Family Foundation (in Danish "Det Obelske Familiefond") and any company directly or indirectly controlled by any such party.

A **"Rating Event"** shall be deemed to have occurred in respect of a Change of Control if (within the Change of Control Period) (A) the rating previously assigned to the Notes or to the Guarantor by any Rating Agency solicited by (or with the consent of) the Issuer or the Guarantor is (x) withdrawn or (y) changed from an investment grade rating BBB-/Baa3 or its equivalent for the time being, or better) to a non-investment grade rating BB+/Ba1 or its equivalent for the time being, or worse) or (z) (if the rating previously assigned to the Notes or to the Guarantor by any Rating Agency solicited by (or with the consent of) the Issuer/or the Guarantor was below an investment grade rating (as described above)), lowered by at least one full rating notch (for example, from BB+ to BB, or their respective equivalents) and (B) such rating is not within the Change of Control Period subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) either to an investment grade credit rating (in the case of (x) and (y)) or to its earlier credit rating or better (in the case of (z)) by such Rating Agency, *provided that* the Rating Agency withdrawing its rating or making the reduction in rating announces or publicly confirms or, having been so requested by the Issuer or the Guarantor, informs the Issuer or the Guarantor in writing that the lowering of the rating or the failure to assign an investment grade rating was the result, in whole or in part, of the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Event). If on the Relevant Announcement Date the Guarantor or the Notes carry a credit rating from more than one Rating Agency, at least one of which is an investment grade rating, then sub-paragraph (z) above will not apply.

In this Condition, a **"Rating Agency"** means any of the credit rating agencies of Fitch Ratings (**"Fitch"**), Moody's Investors Service (**"Moody's"**) or Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (**"Standard & Poor's"**) and their respective successors to their ratings business.

"Change of Control Period" means the period beginning on the date (the **"Relevant Announcement Date"**) that is the earlier of (A) the first public announcement by or on behalf of the Issuer or any bidder or any designated advisor, of the relevant Change of Control; and (B) the date of the earliest Potential Change of Control Announcement, and ending 90 days after the Relevant Announcement Date (such 90th day, the **"Initial Longstop Date"**); provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Event in respect of its rating of the Issuer or the Notes if a Rating Agency publicly announces, at any time during the period commencing on the date which is 60 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Issuer or the Notes under consideration for rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 60 days after the date of such public announcement by such Rating Agency.

"Potential Change of Control Announcement" means any public announcement or statement by the Issuer, the Guarantor, any actual or potential bidder or any designated adviser thereto relating to any specific and near-term potential Change of Control (where "near-term" shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, the Guarantor, any such actual or potential bidder or any such designated adviser to be intended to occur, within 180 days of the date of such announcement of statement).

Promptly upon the Issuer or the Guarantor becoming aware that a Change of Control Put Event has occurred, the Issuer or the Guarantor shall give notice (a **"Change of Control Put Event**

Notice") to the Noteholders in accordance with Condition 13 (*Notices*) specifying the nature of the Change of Control Put Event and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this Condition 5(c).

To exercise the Change of Control Put Option, a Noteholder must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Change of Control Put Option Notice (as defined below) for the account of the Issuer within the period (the "**Change of Control Put Period**") of 45 days after a Change of Control Put Event Notice is given together with a duly signed and completed notice of exercise in the then current form obtainable from the Fiscal Agent (a "**Change of Control Put Option Notice**") and in which the Noteholder may specify a bank account to which payment is to be made under this Condition 5(c).

A Change of Control Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Fiscal Agent for the account of the Issuer as described above by the date which is the fifth Business Day following the end of the Change of Control Put Period (the "**Optional Redemption Date**"). Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the bank account specified in the Change of Control Put Option Notice.

For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Change of Control Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

- (d) *Redemption at the option of the Issuer (Par Call)*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any date, from and including, 24 June 2025 (the "**Par Call Date**") to, but excluding, the Maturity Date (the "**Call Settlement Date**") at a price equal to 100 per cent. of their principal amount on the Issuer's giving not less than 15 nor more than 45 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the Call Settlement Date at such price plus accrued interest to such date).
- (e) *Redemption at the option of the Issuer (Make-Whole Call)*: The Notes may be redeemed at the option of the Issuer in whole but not in part at any time from, but excluding the Issue Date to, but excluding the Par Call Date (the "**Make-Whole Redemption Date**") at an amount equal to the higher of (i) 100 per cent. of the principal amount of such Notes and (ii) the principal amount of such Notes multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent (if applicable), at which the yield to the Par Call Date on such Notes on the Reference Date is equal to the sum of (x) the Reference Bond Rate at the Quotation Time on the Reference Date, plus (y) the Redemption Margin, as determined by the Determination Agent (the "**Make Whole Redemption Price**"), on the Issuer's giving not less than 15 nor more than 45 days' notice to the Noteholders (which notice shall be irrevocable, but may (at the option of the Issuer) be conditional on one or more conditions precedent being satisfied, or waived by the Issuer, and shall oblige the Issuer to redeem the Notes on the Make-Whole Redemption Date at the Make Whole Redemption Price plus accrued interest to (but excluding) such date).

Where:

"**DA Selected Bond**" means the government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the Remaining Term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in determining the redemption price of corporate debt securities denominated in the same currency as the Notes and with a comparable remaining maturity to the Remaining Term of the Notes;

"**Determination Agent**" means an independent adviser, investment bank or financial institution of recognised standing selected by the Issuer;

"**Quotation Time**" means CET 12:00;

"Reference Bond" means Germany, BUND 1 15 August 2025 or if this is no longer outstanding on the Reference Date, the DA Selected Bond;

"Reference Bond Price" means, with respect to the Reference Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations;

"Reference Bond Rate" means, with respect to any Reference Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) for the Remaining Term or interpolated yield for the Remaining Term (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reference Date;

"Reference Date" means the date falling three London Business Days prior to the Make-Whole Redemption Date;

"Reference Government Bond Dealer" means each of five banks selected by the Issuer (following, where practicable, consultation with the Determination Agent, if applicable), or their affiliates, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and the Reference Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

"Redemption Margin" means 0.35 per cent.;

"Remaining Term" means the term to the Par Call Date.

- (f) *Redemption at the option of the Issuer (Clean-up Call)*: In the event that Notes representing an aggregate amount equal to or exceeding 80 per cent. of the initial aggregate principal amount of the Notes have been purchased or redeemed and cancelled by the Issuer (other than as a result of the exercise by the Issuer of its redemption right under Condition 9(e) (*Redemption at the option of the Issuer (Make-Whole Call)*)), the Issuer may, on not less than 30 nor more than 60 days' irrevocable notice to the Noteholders in accordance with Condition 13 (*Notices*), redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at their principal amount, together with interest accrued to but excluding the date of redemption.
- (g) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to 5(f) (*Redemption at the option of the Issuer (Clean-up Call)*) above.
- (h) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price and such Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation, *provided that* if the Notes are to be cancelled, they are purchased together with all unmatured Coupons relating to them.
- (i) *Cancellation*: All Notes so redeemed and any unmatured Coupons attached to or surrendered with them shall be cancelled and all Notes so cancelled and any Notes cancelled pursuant to Condition (h) (*Purchase*) above (together with all unmatured Coupons cancelled with them) may not be reissued or resold.

6. **Payments**

- (a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside

the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) *Interest:* Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) *Interpretation:* In these Conditions:

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

and

"**TARGET System**" means the TARGET2 system.

(d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deduction for unmatured Coupons:* If a Note is presented without all unmatured Coupons relating thereto, then:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

- (f) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.
- (g) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the U.S..
- (h) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

7. **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or the Kingdom of Denmark or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon;
- (b) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.; or
- (c) starting from 1 January 2021, where such withholding or deduction is required to be made pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*).

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than The Netherlands or the Kingdom of Denmark respectively, references in these Conditions to The Netherlands or the Kingdom of Denmark shall be construed as references to The Netherlands or (as the case may be) the Kingdom of Denmark and/or such other jurisdiction.

8. Events of Default

If any of the following events occurs:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes on the due date for payment thereof and the default continues for a period of five business days in the case of principal or premium (if any) and ten business days in the case of interest; or
- (b) *Breach of other obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer, Guarantor or Material Subsidiary*:
 - (i) any Indebtedness of the Issuer, the Guarantor or any of their respective Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Material Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such Indebtedness *unless*, in the case of any such declaration of Indebtedness, such declaration is being contested in good faith by the Issuer, the Guarantor or the relevant Material Subsidiary on the basis of independent legal advice and such creditor (or creditors) has (or have) not obtained an enforceable judgment against the Issuer, the Guarantor or the relevant Material Subsidiary in respect of the same and the Issuer, Guarantor or the relevant Material Subsidiary has a reasonable prospect of successfully contesting such action (or actions) and has, if such action is adversely determined against the Issuer, the Guarantor or the relevant Material Subsidiary, sufficient and proper reserves in cash or other readily recognisable liquid assets have been made in accordance with IFRS to pay the relevant Indebtedness.; or
 - (iii) the Issuer, the Guarantor or any of their respective Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds EUR 15,000,000 (or its equivalent in any other currency or currencies).

For the purpose of these Conditions:

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Material Subsidiary" means a Subsidiary which:

- (i) at any time whose total assets, as calculated from the then latest annual financial statements, audited if prepared, of that Subsidiary (consolidated in the case of a Subsidiary which itself has subsidiaries) represent not less than 3 per cent. of the total assets of the Group (as shown in the latest audited consolidated accounts of the Group); or
- (ii) at any time whose total sales, as calculated from the then latest annual financial statements, audited if prepared, of that Subsidiary (consolidated in the case of a Subsidiary which itself has subsidiaries) represent not less than 3 per cent. of the consolidated total sales of the Group (as shown in the latest audited consolidated accounts of the Group); or
- (iii) at any time whose EBITDA before special items, as calculated from the then latest annual financial statements, audited if prepared, of that Subsidiary (consolidated in the case of a Subsidiary which itself has subsidiaries) represent not less than 3 per cent. of the consolidated EBITDA before special items of the Group (as shown in the latest audited consolidated accounts of the Group).

A report by an independent firm of accountants that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

In this condition, EBITDA means EBITDA before special items as used in the Guarantor's most recent published annual accounts from time to time; or

- (d) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or a Material Subsidiary (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (e) *Insolvency, etc.*: (i) the Issuer, the Guarantor or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, the Guarantor or any Material Subsidiary or the whole or any part of the undertaking, assets and revenues of the Issuer, the Guarantor or a Material Subsidiary, (iii) the Issuer, the Guarantor or a Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness of any Indebtedness given by it or (iv) the Issuer, the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business or the business of the Group (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent).

For the purpose of these Conditions, "**Group**" means the Guarantor and its Subsidiaries, taken as a whole; or

- (f) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer, the Guarantor or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (g) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Material Subsidiaries; or
- (h) *Analogous event*: any event occurs which under the laws of The Netherlands or the Kingdom of Denmark has an analogous effect to any of the events referred to in paragraphs (c) (*Winding up, etc.*) to (d) (*Insolvency, etc.*) above; or
- (i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Deed of Guarantee admissible in evidence in the courts of The Netherlands and the Kingdom of Denmark is not taken to the extent practically possible, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Guarantee; or
- (k) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect,

then any Note may, by written notice addressed by the holder thereof to the Issuer and the Guarantor delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

9. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

10. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. **Paying Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; *provided, however, that* the Issuer and the Guarantor shall at all times maintain a fiscal agent.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. Meetings of Noteholders; Modification; Substitution

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to amend the terms of the Guarantee of the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**") may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders, who for the time being are entitled to receive notice of a meeting of Noteholders, holding not less than two-thirds in nominal amount of the Notes outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Notes, these Conditions and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.
- (c) *Substitution:* The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes and the Coupons, any company (the "**Substitute**") that is the Guarantor or a Subsidiary of the Guarantor, *provided that* no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Coupon, the Deed of Guarantee or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Coupons and Deed of Covenant shall be unconditionally and irrevocably guaranteed by the Guarantor by means of the Deed of Guarantee, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Coupons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute, and in the case of the Deed Poll and the Deed of Guarantee of the Guarantor have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement,

with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions shall have been made available to the Noteholders (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in paragraph (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (iii) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents.

References in Condition 8(a)(*Events of Default – Breach of other Obligations*) to obligations under the Notes or the Guarantee shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 8(j) (*Events of Default – Guarantee not in force*) shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

13. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (except for the first payment of interest) so as to form a single series with the Notes.

14. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*). In addition, so long as Notes are admitted to trading on the regulated market of Nasdaq Copenhagen A/S it is a requirement that notices to Noteholders be published in accordance with Nasdaq Copenhagen A/S' Rules for issuers of bonds in force from time to time or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

15. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

16. **Governing Law and Jurisdiction**

- (a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute regarding any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

- (d) *Rights of the Noteholders to take proceedings outside England:* Notwithstanding Condition 16(b) (*English courts*), any Noteholder may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

- (e) *Service of Process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Kromann Reumert International A/S at 65 ST. Paul's Churchyard, London EC4M 8AB, United Kingdom or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note ("NGN") form. On 13 June 2006 the European Central Bank (the "ECB") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystem"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility - that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note and/or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR 100,000 and higher integral multiples of EUR 1,000, notwithstanding that no Definitive Notes will be issued with a denomination above EUR 199,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant dated 24 September 2020 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**business day**" means any day on which the TARGET System is open.

Exercise of put option: In order to exercise the option contained in Condition 5(c) (*Redemption at the option of the Noteholders in the event of a Change of Control (Put Option)*) the bearer of the Permanent Global Note must, within the period specified in the Terms and Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent, in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and/or other relevant clearing system, specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 14 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

Electronic Consent and Written Resolution: While any Global Note is held on behalf of a clearing system, then:

- (a) approval of a resolution proposed by the Issuer, the Guarantor given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons whether or not they participated in such Electronic Consent; and

- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer and the Guarantor shall be entitled to rely on consent or instructions given in writing directly to the Issuer and the Guarantor by (a) accountholders in the clearing system with entitlements to such Global Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Guarantor shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer, nor the Guarantor shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to EUR 297,726,000 will be used by the Issuer to refinance certain debts provided by the Joint Bookrunners.

DESCRIPTION OF THE ISSUER

1 Information about the Issuer

The Issuer, a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid), incorporated under the laws of The Netherlands, having its official seat (statutaire zetel) in Eersel, the Netherlands, registered with the Dutch trade register under number 80110606 and having Legal Entity Identifier 861557839, having its residence for tax purposes in Denmark, was incorporated on 20 August 2020 and is a wholly owned direct subsidiary of STG. The registered office of the Issuer is at Sandtoften 9, DK-2820 Gentofte, Denmark and the telephone number of the Issuer is +45 3955 6200. Any information available about the Issuer on the Issuer's website (hosted by the Guarantor), <https://www.st-group.com/>, does not form part of this Prospectus unless by specific reference.

2 Business Overview of the Issuer

The Issuer's principal activity is to provide financing to the Group in accordance with article 3 of its articles of association.

3 Organisational structure

The Issuer is a special purpose vehicle incorporated for the purpose of arranging for finance for the Group. STG is the ultimate holding company of the Group and Notes issued by the Issuer are guaranteed by STG. The Issuer is dependent on affiliates and subsidiaries within the Group for revenues and the provision of various corporate services, such as IT, legal and financial services.

4 Shareholders

The Issuer is directly and wholly owned by STG.

The Issuer, as at 22 September 2020, had 100 shares issued and EUR 100 paid-up.

5 Administrative, management and supervisory bodies

The members of the management board of the Issuer are set out below:

Niels Frederiksen, CEO

Marianne Rørslev Bock, CFO

Mette Valentin, Group General Counsel, SVP Legal, Public & Regulatory affairs

The business address of each member of the management board of the Issuer is Sandtoften 9, DK-2820 Gentofte, Denmark.

Statement of conflict of interest

No member of the management board of the Issuer as listed above has any conflict of interest between their duties to the Issuer or the Group and their private interests and/or other duties.

6 Material Contracts

The Issuer has not entered into any material contracts outside of its ordinary course of business which could result in any member of the Group being under an obligation or an entitlement that is material to the Issuer's ability to meet its obligations to holders of the Notes.

DESCRIPTION OF THE GUARANTOR

1. Information about STG

STG is a public limited liability company incorporated in Denmark and operating under Danish law and centrally registered with the Danish Business Authority (in Danish: Erhvervsstyrelsen) in Copenhagen, Denmark under CVR no. 31 08 01 85 and with the secondary name Skandinavisk Tobakskompagni A/S. The legal entity identifier of STG is 5299003KG4JS99TRML67. The shares of STG have been listed on Nasdaq Copenhagen A/S since February 2016. The principal registered office of STG is located at Sandtoften 9, DK-2820 Gentofte, Denmark, and the telephone number of STG is +45 3955 6200. The information available on STG's website, <https://www.st-group.com/>, does not form part of this Prospectus unless by specific reference.

The share capital of STG is DKK 100,000,000 and is divided into shares of DKK 1 each or multiples thereof. The issued share capital is fully paid-up.

According to Article 2 of STG's Articles of Association, the corporate objectives of STG are to carry on business at home and abroad, directly or through its subsidiaries, by manufacturing, distribution and marketing, and to undertake, perform and carry on all such other things incidental to the attainment of such objects.

STG was established in 2010 through the combination of the cigar, pipe tobacco, fine-cut tobacco and tobacco-related accessories businesses of the former Skandinavisk Tobakskompagni A/S, which changed its name to Scandinavian Tobacco Group A/S in 2008 (now Skandinavisk Holding A/S) and the cigar, pipe tobacco and tobacco-related accessories businesses of Swedish Match AB (excluding Swedish Match's U.S. mass-market cigar business and certain other assets). The businesses of each of the parties were contributed to or acquired by Scandinavian Tobacco Group A/S, which had not previously conducted any commercial activities. In 2010 STG's revenue amounted to DKK 5.4 bn.

Skandinavisk Tobakskompagni was founded in 1961 by three of Denmark's oldest and largest tobacco companies: Chr. Augustinus Fabrikker established in 1750, C.W. Obel established in 1787 and R. Færchs Fabrikker established in 1869. British American Tobacco became a shareholder of Skandinavisk Tobakskompagni in 1972.

In 2008, the Skandinavisk Tobakskompagni group and its ownership were reorganised. The cigarette and snus businesses were sold to the British American Tobacco group and the British American Tobacco group and R. Færchs Fabrikker left the group of shareholders, leaving the Augustinus Foundation and The Obel Family Foundation as the ultimate shareholders.

Prior to the reorganisation in 2008, the main activity of Skandinavisk Tobakskompagni was its cigarette business (House of Prince). It also had significant cigar, pipe tobacco and fine-cut tobacco operations. In 1996, Skandinavisk Tobakskompagni acquired Henri Wintermans Cigars and in 2000, it acquired the Colts and Old Port Canadian machine-made cigar brands. In 2007, it acquired the pipe tobacco brands Erinmore and Clan, the U.S. handmade cigar company CAO International, British American Tobacco's cigar production facilities in Belgium and certain cigar brands, including Mercator. Skandinavisk Tobakskompagni acquired the remaining 50 per cent. of Orlik Tobacco Company to become the sole shareholder, certain handmade cigar production facilities in Honduras and Nicaragua in 2008 and the Norwegian fine-cut tobacco brand Tiedemanns in 2009. In 2008, Skandinavisk Tobakskompagni changed its name to Scandinavian Tobacco Group A/S.

Following the establishment of STG in 2010, in 2011 STG initiated the "6-2-4" rationalising project which included the closure of two machine-made cigar production facilities in the following years. In 2011, STG acquired Lane Limited ("Lane"), a producer and brand owner of pipe tobacco, fine-cut tobacco and machine-made cigars in the U.S., from Reynolds American Inc. in 2011. Through the acquisition of Lane, STG acquired Captain Black (pipe tobacco and cigars), Bugler (fine-cut tobacco), Winchester (cigars) and other smaller brands. In 2013, STG acquired the Pipes and Cigars online retail business in the U.S., followed by the acquisitions of Verellen, a Belgian brand owner and producer of machine-made cigars, and the Toraño handmade cigar brand, both in 2014. Also in 2014, STG expanded its factory in Holstebro. In 2015, STG launched its optimisation

and efficiency program (140/500) which later led to the closure of the factories in Nykøbing and Wuustwezel, Belgium, both in 2017. Additionally, certain "lean" initiatives were initiated in 2016.

In 2016, STG's shares were listed on Nasdaq Copenhagen. STG's revenue amounted to DKK 6.7bn in 2016.

In 2018, STG acquired the business of Thompson and Co. of Tampa, Inc., a U.S. online cigar retailer, as well as the Peterson pipe tobacco business. Also in 2018, STG launched its "Fuelling the Growth" transformation program.

In 2019, STG acquired certain pipe tobacco trademarks and designs from Dunhill Tobacco Company of London Limited, a subsidiary of British American Tobacco plc. and expanded its U.S. retail operations.

Furthermore, on 2 January 2020, STG acquired Agio Beheer B.V., the holding company for the Agio Cigars group (a.k.a. "Royal Agio"), a leading European cigar business, in a deal with a transaction value of EUR 210 million. In 2020, STG received an investment grade rating (Baa3) from Moody's.

STG's revenue in 2019 amounted to DKK 6,719 million (and if the revenue generated by Agio for the same financial year was included, STG's revenue the revenue for 2019 would have amounted to DKK 7,740 million).

2. Business Overview

In STG's view, the company is a world leading manufacturer of cigars and traditional pipe tobacco. STG also produces fine-cut tobacco and sells tobacco-related accessories and fire lighting products. In the assessment of management based on publicly available information, STG is the leading online retailer of handmade cigars in the U.S. measured by volume.

As at the date of this Prospectus, STG is present with sales companies in 14 countries, employs approximately 11,000 persons worldwide and has 16 production sites. The 16 production sites will be decreased to 12 sites when STG's facilities in the U.S. (Tucker, Georgia), The Netherlands (Eersel and Duizel) and in the Dominican Republic (Moca) are closed pursuant to STG's plans as announced in October 2019 and April 2020. STG's brand portfolio includes more than 200 international, regional and locally established brands that target a wide range of consumer segments, local taste preferences and price points from premium to value.

STG is divided into three divisions:

- Division North America Online & Retail includes direct-to-consumer sales of all product categories sold via the online, catalogue and retail channels in North America.

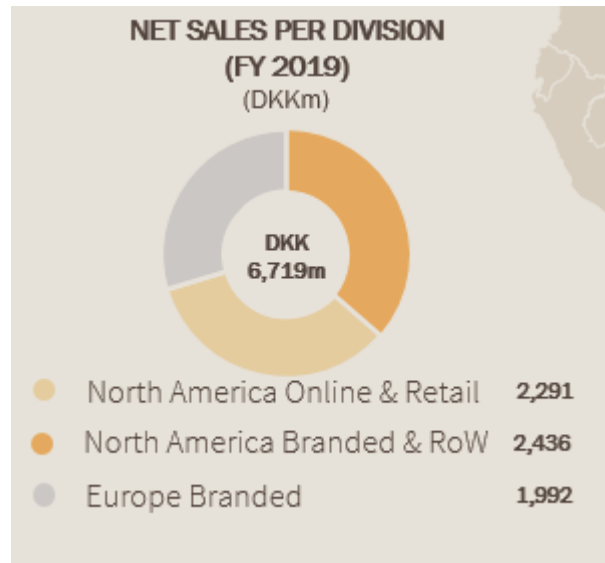
In 2019, North America Online & Retail accounted for 34 per cent. of Group net sales, 28 per cent of gross profit before special items and 23 per cent. of EBITDA before special items. In 2019, handmade cigars accounted for 83 per cent. of divisional net sales.

- Division North America Branded & Rest of World includes sales of all product categories to wholesalers and distributors that supply retail in US, Canada, Australia, New Zealand, International Sales (Norway, Finland, Switzerland, Israel and Russia), Asia, Global Travel Retail and contract manufacturing for third parties.

In 2019, North America Branded & Rest of World accounted for 36 per cent. of Group net sales, 38 per cent. of gross profit before special items and 51 per cent. of EBITDA before special items. In 2019, handmade cigars accounted for 25 per cent. of divisional net sales, and machine-made cigars for 29 per cent.

- Division Europe Branded includes sales of all product categories to wholesalers and distributors that supply retail in Germany, Denmark, Sweden, France, Italy, Belgium, the Netherlands, Luxembourg, Spain, Portugal, as well as the UK & Ireland.

In 2019 Europe Branded accounted for 30 per cent. of Group net sales, 34 per cent. of gross profit before special items and 31 per cent. of EBITDA before special items. In 2019, machine-made cigars accounted for 69 per cent. of divisional net sales.



In April 2020, STG restructured its divisions to the above. See "*Recent Group Developments*" for further information.

3. STG's Vision and Strategy

STG's vision is to be the undisputed leader in cigars and pipe tobacco.

STG's strategy is built on a framework with four business priorities and six must win battles. The four business priorities outline the strategic focus for decisions; and the six must win battles describe how the strategy will be executed.

Across categories and markets, STG's business priorities help STG to create value from its recognised brands, extensive tobacco expertise, global scale, market footprint and supply chain.

The four business priorities are as follows:

<p style="text-align: center;">OUTPERFORM</p> <p style="text-align: center;">To outperform the overall market where STG competes.</p> <p style="text-align: center;">STG focuses on winning market share and unlocking the value in market leadership.</p>	<p style="text-align: center;">SIMPLIFY</p> <p style="text-align: center;">To simplify.</p> <p style="text-align: center;">STG does more with less by improving efficiency and reducing complexity.</p>
<p style="text-align: center;">GLOBALISE</p> <p style="text-align: center;">To globalise STG's geographical</p>	<p style="text-align: center;">EMPOWER</p> <p style="text-align: center;">To foster speed, accountability</p>

footprint STG expands its business
into new markets by building,
acquiring or merging.

and motivation, STG empowers its
people to ensure engaged and enabled
employees with a winning mindset.

2019 development on must win battles:

1) Win in machine-made cigars

The goal is to increase market share and optimise and manage prices effectively. In 2019, STG saw a turnaround in the important French market, which was initiated and driven by a new brand launch in the growing and important "value for money" segment. Also, top brands Café Crème and Captain Black made a re-entry into the Turkish market, and general portfolio simplification continued.

2) Accelerate North America

The goal is to accelerate growth and improve efficiency across STG's business in North America. In 2019, Cigars International's retail expansion continued and plans for two new cigar superstores in Florida were disclosed. In addition, the integration of Thompson Cigar (which was acquired in 2018) was successfully completed, while a business analysis of the full online sales platforms was initiated.

3) Drive M&A

The goal is to develop and execute the M&A strategy to strengthen STG's position. In 2019, the acquisition of Agio Cigars represented the biggest acquisition in recent history of the Group, while the acquisition of pipe tobacco trademarks and designs from Dunhill Tobacco Company of London Limited reinforced the Group's position in the premium pipe tobacco category.

4) Lead performance to next level.

The goal is to improve efficiencies by developing leaner, faster and more agile operations. In 2019, STG implemented and completed a lean production method across all the Group's production facilities. The acceleration of lean efforts resulted in productivity improvements across production facilities.

5) Enable a winning organisation

The goal is to invest in stronger HR capabilities, create global excellence centres and increase focus on accountability and performance. In 2019 a new organisational structure and operating model was implemented across the global organisation. In addition, a new global IT system supporting standardisation and harmonisation of HR processes globally was rolled out.

6) Raise IT capabilities

The goal is to bring IT to the next level in order to fully support the business. In 2019, STG initiated a project of transforming and harmonising the enterprise resource planning system into one global platform, the "One Process" project. Additionally, STG took the first steps in a Group-wide data management process aiming to standardise all Group data and increase data transparency. The "One Process" project is expected to only require immaterial investments in 2020 while the scope of investments in the subsequent years will be communicated as details of the implementation have been finalised.

4. Transformational Programme

Launched in 2018, "Fuelling the Growth" is a Group-wide transformational program aiming to increase commercial competitiveness, gross margin enhancement, operational cost efficiency and savings.

The implementation of Fuelling the Growth accelerated in 2019 on several initiatives resulting in improved operational performance, increased cost efficiency and faster than expected net savings.

Focusing on commercial initiatives, cost reduction and cash flow improvement, Fuelling the Growth is integral to all aspects of the business. With a new organization and operating model improving competitiveness and with a persistent focus on efficiency and costs, the program is a key component in the execution of the strategy – and for future value creation at STG.

The program supports the financial ambition of an 3-5 per cent. annual average organic EBITDA growth. The operational efforts are organised under five overall initiatives: organisation, commercial resources, global logistics, global procurement and operational cost efficiency.

Fuelling the Growth creates shareholder value by ensuring strong competitiveness, strengthening earnings and dividend capabilities while simultaneously providing the possibility to participate in market consolidation.

Special Items

Special items from "Fuelling the Growth" remain front-loaded and will incur costs (special items) up to a level of DKK 250 million. Special items in relation to "Fuelling the Growth" in 2019 were DKK 32 million with special items totalling DKK 214 million for 2018-2019.

Net Savings

"Fuelling the Growth" is expected to deliver net savings of approximately DKK 250 million with a full-year run rate effect by the end of 2021. Net savings are front-loaded in the period 2019-2022 and have been realised faster than originally expected with more than a third realised in 2019.

5. Product Overview

STG produces and sells a diverse range of handmade cigars, machine-made cigars, smoking tobacco and tobacco-related accessories.

Handmade Cigars

STG produces and sells a diverse range of handmade cigars. The combination of a variety of sales channels (such as online and wholesale) enables STG to reach a wide range of consumers.

STG has access to high quality growers and suppliers of tobacco and leverages its global scale to achieve cost efficient sourcing, which gives STG a unique position in the market.

STG estimates that it holds a number one position in the handmade cigar markets in the U.S. measured by sales volume of own brands. STG estimates that it is the largest online and catalogue retailer in the US. STG estimates that it is approximately double size in terms of sales volumes compared to its closest competitor.

In 2019, 97 per cent. of the sales on handmade cigars derived from the US, while the rest of the world amounted to the remaining 3 per cent.. Of these global sales, 74 per cent. was sold online and via catalogues, while 26 per cent. was sold via wholesale and retail.

The COVID-19 pandemic has seen a shift in consumer behaviour in the U.S., as more people "work from home". STG believes this has resulted in an increase in the consumption of handmade cigars.

Machine-made cigars

STG produces and sells a diverse range of machine-made cigars.

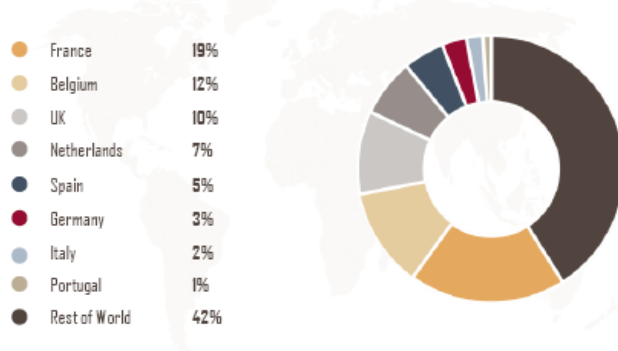
STG has a leading market position in the majority of the markets in which it operates and has a diversified and strong brand portfolio, with cross market brands such as "Café Crème" and "La Paz", but also local champions like "Captain Black" and "Mercator".

STG's key markets within machine-made cigars have seen a declining market share, however, in 2019 STG managed to stabilise this trend, and thus only saw a slight decline in volume compared to the total market. However, STG's market share improved during the first months of 2020.

The loss of market share was driven by stock keeping unit rationalisation and performance issues in France. Both have been finalised and/or resolved with a change of management and a new operating model.

STG expects to experience a less steep decline in volume than the total market. This will be driven by portfolio simplification across markets as well as market specific marketing launches such as the introduction of the brand "Gold" in France.

SALES BY GEOGRAPHY (2019)



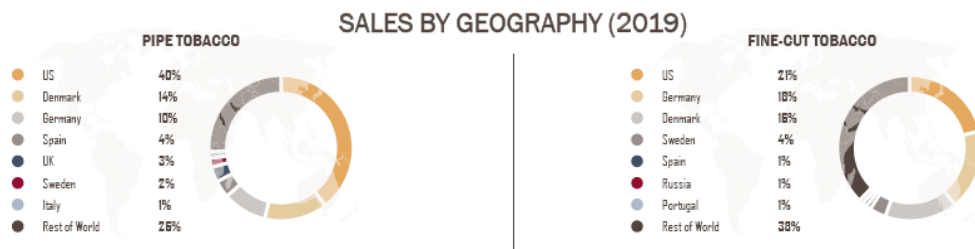
Smoking tobacco and other products

STG's other products can be divided into four subcategories:

- 1) Smoking tobacco, which is comprised of pipe tobacco and fine-cut tobacco.
- 2) Contract manufacturing of products to 3rd parties, sale of tobacco-related accessories and fire lighting products.
- 3) Sale of chewing tobacco to third parties in Australia, Canada and some EU countries.
- 4) Income from third party licensing of STG brands.

Within pipe tobacco, STG believes it has global leadership. Within fine-cut tobacco, STG considers itself to be market leader in its two core markets, the US and Denmark. STGs contract manufacturing supports capacity utilisation in its factories.

STG has a diversified and strong brand portfolio, including the "Colts" and "Escort" brands.



Comparison of cigars vs. cigarettes

Beyond the product characteristics, STG believes cigars differ from cigarettes in several respects including the following:

- Consumer Dynamics

Cigarettes are seen as homogeneous where taste and appearance are broadly the same across the world. Cigars, however, are differentiated with regional variations in consumption and taste. Further, global brands are less prominent in the cigar market.

- Market Dynamics

Since 2012, the cigarette market has had a negative volume development. For cigars, the volume development differs across geographies.

- Regulation and litigation

There has been a regulatory focus on enforcement of age limits for purchase of tobacco products, nicotine content and flavoured tobacco products, primarily targeting cigarettes. Further, the excise tax rate is often higher for cigarettes than for fine-cut tobacco and cigars. Product liability litigation has mainly involved manufacturers of cigarettes.

- Other

STG believes cigars are perceived differently by consumers than cigarettes; cigar smoking is driven by occasions and enjoyment, rather than the habits associated with cigarettes. Cigar manufacturing technology significantly differs from that used for cigarettes. Increased product regulation requires investments to remain compliant, which can prove challenging for small producers of cigars. The cigar market is also expected to further consolidate, which will favour the larger industry players, such as STG.

6. Competitive Situation

In STG's view, which is based on the Executive Management's best assessment, STG is a world leading manufacturer of cigars and traditional pipe tobacco measured by sales volume of own brands.

In the U.S., STG estimates that it holds a number one position in the handmade cigar market measured by sales volume of own brands.

STG estimates that it is the largest online and catalogue retailer of handmade cigars in the U.S. measured by sales volumes, selling both own and third-party brands. STG estimates that it has approximately double size in terms of sales volumes compared to its closest competitor.

The machine-made cigar market is more fragmented than the cigarette market with several medium and small sized players that are often family owned. STG estimates, that in Europe, STG is the largest machine-made cigar producer covering all major geographic markets with its own sales organisations. In selected European machine-made cigar markets (France, the United Kingdom, Belgium, the Netherlands and Denmark), STG estimates that it holds a number one position measured by sales volume.

STG estimates that it is the global leader in the traditional pipe tobacco segment measured by sales volumes, with number one positions in several countries, including Germany, Denmark, Spain, Belgium, Australia and the U.S. Within the fine-cut tobacco segment, STG is the leader in its key markets U.S. and Denmark.

7. Key Regulation in the EU and the US Relevant to STG

The below highlights certain regulation which is particular relevant for STG's business.

Tobacco Products Directive (2014/40/EU) ("TPD"):

The TPD includes regulation on how tobacco products can be produced, presented and sold and to a wide degree aligns the regulation of tobacco products within the EU. The directive requires standardised health warnings on the packaging of tobacco products and prescribes the size and placing of them. The directive also includes, among others, a prohibition of cigarettes and roll-your-own tobacco with characterising flavours and a requirement to report to EU countries on the ingredients used in tobacco products. Additionally, the TPD restricts what can be stated on the product packaging in terms of text, symbols, names etc., and further requires tobacco manufacturers to "track and trace" product movements within the EU and enable such tracking in most of the supply chain. Currently, the "track and trace" requirements apply to cigarettes and fine-cut tobacco. From May 2024 also other tobacco product categories like cigars and pipe tobacco will be subject to these rules. It also allows EU countries to prohibit cross-border internet sales of tobacco products to consumers. The TPD is currently undergoing a regular revision.

Tobacco Products Excise Directive (2011/64/EU) ("TED"):

The TED includes definitions of the various tobacco product categories for excise tax purposes and determines the structure and minimum levels of tobacco excise tax in the EU. The TED is currently undergoing a regular revision.

Regulation in the U.S.

In the U.S., the FDA has the regulatory responsibility for tobacco products, including cigars and pipe tobacco. The FDA regulation restricts in certain ways the access to market of tobacco products which were not already on the US market as of 15 February 2007 or that have been modified after that date.

The FDA has in recent years issued draft rules on flavoured tobacco products (other than tobacco- and menthol-flavoured) and on the reduction of nicotine in tobacco products to minimal/non-addictive levels for public comment. However, in 2019, the FDA signalled that regulation of flavours and nicotine is currently not a priority. In December 2019, an amendment to U.S. federal regulation made it illegal for a retailer to sell any tobacco product to anyone under 21 years (up from 18 years).

A U.S. Supreme Court decision in 2018 allowed U.S. states to require remote sellers to collect and remit sales tax. Since 2018, and throughout 2019-2020, U.S. states have gradually implemented sales tax on online sales. This implies that for online sales of tobacco products, the seller collects the sales tax applicable in the state where the customer is residing.

Impact of Regulation on STG

STG strives to be proactive and prepared ahead of time for the constantly changing regulatory environment.

By leveraging its know-how and scale compared to smaller competitors, STG has the potential to grow its market share when smaller competitors struggle to meet regulatory requirements.

8. Legal Proceedings in the U.S.

Since 1997, STG's U.S. subsidiary General Cigar Co. has in the courts and before the U.S. Trademark Trial and Appeal Board (the "TTAB") defended its trademark registrations in the U.S. for the Cohiba trademark. The matter is currently pending before the TTAB whose decision is expected in 2021 or 2022. The decision may be appealed. The ultimate outcome of this challenge cannot be predicted with certainty. In 2019, sales of Cohiba branded cigars accounted for 3 per cent. of STG's total handmade cigar net sales in the U.S. and 1 per cent. of STG's total net sales.

9. Recent Group Developments

Until May 2020, STG operated with four divisions and STG's 2019 annual report was prepared on this basis. On 19 May 2020, STG announced that STG's four divisions were reduced to three as the division *Region Smoking Tobacco & Accessories* was integrated into the divisions *North America Branded* and *Region Machine-Made Cigars*. The division *North America Branded* changed its name to *North America Branded & Rest of World* and the division *Region Machine-Made Cigars* changed its name to *Europe Branded*. The *North America Online & Retail* division remained unchanged, except for the fact that the cigar wholesale business was transferred to the division *North America Branded & Rest of World*. This new structure was reflected in the financial reporting from the second quarter of 2020. 2019 and 2018 figures were restated and published on 18 August 2020.

10. Corporate Social Responsibility

STG's code of conduct (the "Code" or "Code of Conduct") describes the behaviour STG expects from every one of its employees in order to ensure legal compliance and high ethical standards across its business. STG expects all employees to set a good example of responsible business conduct. The Code of Conduct also comprises STG's fundamental beliefs and general policies in the area of Social Responsibility, including STG's commitment to respect human rights and labour

rights, to limit its impact on the environment and its will to provide safe and healthy working conditions for its employees. Based on the Code of Conduct STG develops internal policies, guidelines and take initiatives to turn the Code into actions and to improve in terms of sustainability.

In 2019, STG's Executive Board (as defined below) decided to further strengthen STG's focus on CSR through a new governance structure and strategy. STG's new CSR organisation is overseen by a senior-level Steering Committee, chaired by STG's Chief Financial Officer, and is responsible for defining the overall framework and resource allocation for the Group's CSR activities.

In 2020, STG has also adopted a new CSR Strategy. This strategy identifies CSR focus areas for the Group – Governance, Ethics, Planet and People & Communities - and activities within those focus areas. As part of this strategy, STG also expects in due course to formally link the Group's CSR activities to relevant UN Sustainable Development Goals.

STG's efforts within CSR have recently resulted in:

- In 2019, a decrease of 6.4 per cent. of the Group's energy consumption in production facilities compared to 2018.
- In 2019, 6,000 new trees were planted in the Dominican Republic as part of a reforestation initiative.
- The amount of tobacco waste generated in the Group's production in 2019 decreased by 13.1 per cent. compared to 2018. The amount of general waste (non-tobacco) also decreased by 8 per cent..
- In 2019, the number of work-related accidents in the Group's production facilities was 54, down from 67 in 2018, a decrease of 19 per cent.. The accident rate (number of accidents per 200,000 hours worked) decreased from 1.01 in 2018 to 0.91 in 2019.

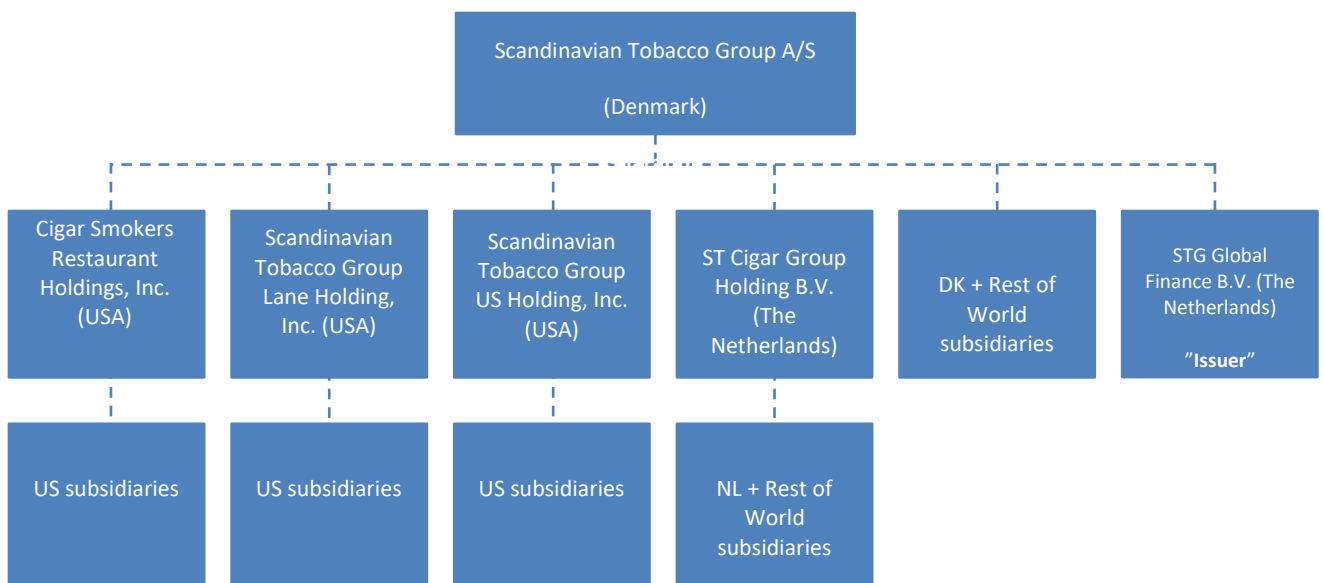
11. Organisational Structure

STG is the parent company of the Group, which consists of a number of 100 per cent. owned subsidiaries in Europe, Asia, Australia, New Zealand and Africa (under liquidation) and America. The Group is integrated with regard to both financial and operational matters. As manufacturing and sales and many related operations are carried out in, and many fixed assets and employees are held by, STG's subsidiaries, STG is dependent on other entities in the Group.

The chart below illustrates the relationship of STG with its directly owned subsidiaries (all of which are wholly owned by STG).

STG's directly owned subsidiaries

Chart below illustrates the relationship between STG and its directly owned subsidiaries.



12. Trend Information

There has been no significant change in the financial performance or financial position of the Group since 30 June 2020, and there has been no material adverse change in the prospects of STG since 30 June 2020. The negative impact of the COVID-19 pandemic on the Group's business has been less profound than anticipated earlier in the year as tobacco consumption across markets and categories has displayed significant resilience and increased consumption of handmade cigars brought on by the change in consumer behaviour in the US is likely to continue for the rest of the year.

A change in consumer behaviour in the U.S. as more people work from home has resulted in a likely overall increased consumption of handmade cigars and a strong growth in the online business. Combined with a stronger-than-anticipated resilience in sales volumes of machine-made cigars and smoking tobacco - and a continued strong internal cost focus - STG for the first six months of 2020 delivered 4.9 per cent. organic growth in net sales, 21.0 per cent. organic growth in EBITDA, and a free cash flow before acquisitions of DKK 547 million.

While visibility around the financial outlook remains lower than normal and financial performance in the second quarter of 2020 was positively impacted by phasing in certain markets, the Group raised its 2020 full-year guidance on 14 August 2020 (*see also Company Announcement no. 17, 2020*) based on the year-to-date numbers, a strong performance in the month of July, a successful initial integration of Agio Cigars and on the assumption there are no material disruptions to the Group's supply-chain.

- EBITDA: Organic growth >9 per cent (previously >2 per cent. *see Company Announcement no. 11/2020*.)
- Free cash flow before acquisitions: >DKK 1,000 million (previously ~DKK 850 million, *see Company Announcement no. 11/2020*.)

On 28 August 2020, the Board of Directors decided to initiate a share buy-back programme.

The purpose of the share buy-back programme is to adjust the STG's capital structure and meet STG's obligations relating to the Group's share-based incentive programme. The Board of Directors intends to propose to the annual general meeting in 2021 that the shares held by the Company, that do not relate to the incentive programme, be cancelled.

The share buy-back programme will run from 31 August 2020 to 26 February 2021 at the latest. However, STG may terminate the programme at any time. Under the program STG will buy own shares up to an aggregated price of DKK 300 million in accordance with Regulation No. 596/2014 of the European Parliament and Council of 16 April 2014 (the "Market Abuse Regulation") and Commission Delegated Regulation (EU) 2016/1052, also referred to as the Safe Harbour rules, *see Company Announcement no. 21/2020*.

The guidance set out above have been compiled and prepared on a basis which is both comparable with the historical financial information and consistent with the Group's accounting policies.

13. Administrative, Management and Supervisory Bodies

STG is governed by the board of directors (in Danish: *bestyrelsen*) (the "Board of Directors"), which has the overall responsibility for the management of STG's business. STG's Executive Management (in Danish: *direktionen*) (as defined below) oversees the day-to-day management and, in that capacity, follows the directions and guidelines provided by the Board of Directors.

According to the Articles of Association of STG, the Board of Directors must consist of six to ten members elected by the general meeting. The Board of Directors currently consists of seven members elected by the shareholders and three members elected by the employees.

The Board of Directors has appointed STG's Executive Management, comprised of a Chief Executive Officer (the "CEO") and a Chief Financial Officer (the "CFO"). The CEO and CFO comprise STG's executive management (the "**Executive Management**") and are registered managers with the Danish Business Authority. The day-to-day operations of STG are managed by

a wider group, namely the executive board (the "**Executive Board**"). Further description of members of the Executive Board can be found on STG's website, <https://www.st-group.com/>.

The business address of the Board of Directors and Executive Management is Sandtoften 9, DK-2820 Gentofte, Denmark.

Board of Directors

The members of the Board of Directors, as at the date of this Prospectus, are:

- Nigel Northridge, Chairman
- Henrik Brandt, Vice-chairman
- Anders C. Obel, Board member
- Claus Gregersen, Board member
- Marlene Forsell, Board member
- Dianne Neal Blixt, Board member
- Luc Missorten, Board member
- Lindy Larsen, Board member (elected by the employees)
- Hanne Malling, Board member (elected by the employees)
- Mogens Olsen, Board member (elected by the employees)

In addition, the employee-elected Deputy Board members as at the date of this Prospectus, are:

- Hans Greibe Hansen, Deputy Board member (elected by the employees)
- Kurt Asmussen, Deputy Board member (elected by the employees)

Nigel Northridge is the Chairman of the Board of Directors. He was elected as Vice-chairman in 2016 and as Chairman in 2017. He holds an HND in Business Studies from Northern Ireland Polytechnic, Sullivan Upper School, Belfast. He also serves as non-executive chairman of Belfast City Airport and director of Board of London Irish Holdings Ltd.

Henrik Brandt is the Vice-chairman of the Board of Directors. He was elected as Vice-chairman in 2017. He holds an MBA from Stanford University and a Master of Science (Econ) from Copenhagen Business School. He also serves as chairman of the board of directors of Toms Gruppen A/S, Fritz Hansen A/S, Intervare A/S (and its subsidiary nemlig.com A/S) and Danish Bake Holding ApS (Ole & Steen). Furthermore, he serves as a member of the board of directors of Ferd Holding as, Norway, Gerda & Victor B. Strands Foundation and Gerda & Victor B. Strand Holding A/S.

Anders C. Obel is a member of the Board of Directors. He was elected in 2018. He holds a BSc in Economics and Business Administration from Copenhagen Business School. He also serves as chairman of the board of directors of C.W. Obel Bolig A/S, C.W. Obel Ejendomme A/S, Obel-LFI Ejendomme A/S, Semco Maritime A/S, Semco Maritime Holding A/S, Goodvalley A/S (board committee; audit committee; member, nomination committee; member, remuneration committee; chairman) and Haxholm v/ Anders Christen Obel. Furthermore, he serves as vice-chairman of the board of directors of Fritz Hansen A/S and Skandinavisk Holding A/S, and as a member of the board of directors of Scandinavian Tobacco Group's Gavefond, Erhvervsinvest Management A/S, Minkpapir A/S, PAL-CUT A/S, C.W. Obels Fond, Danmark-Amerika Fondet, Fonden Det Obelske Jubilæumskollegium, Mullerupgaard- og Gl. Estrupfonden, Høvdingsgaard Fonden, Skjørringefonden, Woodmancott Fonden, Kilsmark A/S and Rexholm A/S. He also serves as the CEO of C.W. Obel A/S and Anders Christen Obel ApS.

Claus Gregersen is a member of the Board of Directors. He was elected in 2019. He holds a Bachelor of Commerce degree (HD) in Business Finance from Copenhagen Business School. He serves as chairman of the board of directors of Vækstfonden (board committee: remuneration committee; chairman, credit committee; chairman), Skandinavisk Holding A/S, Skodsborg Sundhedscenter A/S, Kurhotel Skodsborg A/S, Rungsted Sundpark A/S and Skodsborg Sundpark A/S. He also serves as the vice-chairman of the board of directors of Jeudan A/S (board committee: remuneration committee; member, nomination committee; member), and as member of the board of directors of Gyldendal A/S, Fritz Hansen A/S, Tivoli A/S (board committee: audit committee; member), Axcel Future, Scandinavian Tobacco Group's Gavefond and Søren Gyldendal Fonden. He also serves as the CEO of Chr. Augustinus Fabrikker Aktieselskab and CAF Invest A/S, and as a member of the management of CG61 ApS.

Marlene Forsell is a member of the Board of Directors. She was elected in 2019. She holds a Master of Science degree in Business Administration and Economics from Stockholm School of Economics. She also serves as member of the board of directors of Kambi Group plc (board committee: audit committee; chairman), Lime Technologies AB (board committee: audit committee; chairman), Nobia AB (board committee: audit committee; chairman) and InDex Pharmaceuticals Holding AB.

Dianne Neal Blixt is a member of the Board of Directors. She was elected in 2016. She holds a master's degree in Business Administration and Finance from the University of North Carolina at Greensboro. She also serves as member of the board of directors of Ameriprise Financial Services, Inc. (board committee: compensation committee; chairman, audit committee; member), Triad Business Bank (board committee: executive committee; member), and as a member of the board of directors of the non-profit entity Reynolda House Museum of American Art (board committee: finance committee; member). Furthermore, she serves as chairperson of the board of directors of National Sports Media Association (board committee: finance and governance; chair).

Luc Missorten is a member of the Board of Directors. He was elected in 2016. He holds a law degree from the Catholic University of Leuven, a Certificate of Advanced European Studies from the College of Europe, Bruges and a Master of Laws from the University of California, Berkeley. He also serves as chairman of the board of directors of Ontex Group NV (board committee: audit and risk committee; member, remuneration committee; member), and as member of the board of directors of Barco NV (board committee: audit committee; chairman, remuneration committee; member), Recitel NV/SA (board committee: audit committee; chairman, remuneration committee; member), GIMV NV (board committee: audit committee; chairman) and Mateco Sarl (board committee: remuneration committee; member).

Lindy Larsen is a member of the Board of Directors. He was elected in 2016 by the employees and was re-elected in 2019. He is Finance Business Partner, Business Services and holds an MSc. Business Administration & Auditing from Copenhagen Business School. He also serves as member of the board of directors and as manager of Scandinavian Tobacco Group Nykøbing ApS.

Hanne Malling is a member of the Board of Directors. She was elected in 2010 by the employees and was most recently re-elected in 2019. She is Trademark Manager and holds a bi-lingual Commercial Correspondent degree from Aarhus School of Business.

Mogens Olsen is a member of the Board of Directors. He was elected in 2017 by the employees and was re-elected in 2019. He is an Operator in the Primary.

Hans Greibe Hansen and Kurt Asmussen are deputy members of the Board of Directors elected by the employees in 2019. Hans Greibe is International Brand Manager, and Kurt Asmussen is a mechanic.

Executive Management

The members of STG's Executive Management, as at the date of this Prospectus, are:

- Niels Frederiksen, President and CEO
- Marianne Rørslev Bock, Executive Vice President and CFO

Niels Frederiksen became CEO of STG in 2015 and has held various positions in STG since 1999, including Senior Vice President and Executive Vice President. He is currently also the chairman of the board of directors of Boman A/S, member of the board of directors of Ingeniør Kaptajn Aage Nielsens Familiefond as well as a member of the board of directors or management of several STG subsidiaries.

Marianne Rørslev Bock joined STG in 2018 as Executive Vice-President and CFO. She joined STG from a position as CFO of Brdr. Hartmann A/S and has previously held various finance leadership positions in Danisco (1994-2012). She currently holds board positions at Kemp & Lauritzen, Dansk Landbrugs Grovvareselskab A.m.b.a., the Danish Financial Supervisory Authority, Axel Muusfeldts Foundation and Axel Muusfeldts Fond Holding A/S. Furthermore, she is a member of the board of directors or management of numerous STG subsidiaries.

Statement of Conflicts of Interests

No member of STG's Board of Directors or Executive Management as listed above has any conflict of interest between their duties to STG and their private interests and/or other duties. We note that Claus Gregersen also serves as CEO of Chr. Augustinus Fabrikker Aktieselskab, STG's major shareholder. We further note that Anders C. Obel is the CEO of C.W. Obel A/S, which holds approx. 10 per cent. of the shares in STG.

Major Shareholders

As at the date of this Prospectus, Chr. Augustinus Fabrikker Aktieselskab holds more than 25 per cent. ownership interest in STG. Other shareholders holding 5 per cent. or more of the ownership interest and/or voting rights in STG are C.W. Obel A/S (more than 10 per cent.) and Parvus Asset Management Europe (more than 5 per cent.).

No shareholder has a controlling interest in STG. Each share has one vote and all shares have the same rights.

STG is neither aware of any agreements between the shareholders of STG concerning the ownership of shares in STG nor is STG aware of any agreements which could result in a change of control of STG. STG has implemented specific take-over guidelines which apply in the event a takeover offer for the shares of STG is presented or if STG is approached by an acquirer wanting to initiate a takeover offer for STG.

14. Material Legal Proceedings

STG has no pending governmental, legal or arbitration proceedings (including any proceedings which are threatened of which STG is aware) which may have, or have had, in the past 12 months, a significant effect on the financial position or profitability of the Group or STG.

15. Material Contracts

Except as disclosed below, STG has not entered into any material contracts outside of its ordinary course of business which could result in any member of the Group being under an obligation or an entitlement that is material to the STG's ability to meet its obligations to holders of the Notes.

16. Facilities Agreement

STG entered into a facilities agreement (the "**Facilities Agreement**") on 19 March 2020 with certain Nordic banks as lenders. The Facilities Agreement provides a committed credit facility with the final maturity date on 19 March 2025 (the "**Final Maturity Date**"). Pursuant to the terms of the Facilities Agreement, STG has the right to request a 12-month extension of the Final Maturity Date prior to each of the first and the second anniversary of the Facilities Agreement, such extensions being subject to the approval of the lenders.

The Facilities Agreement is a revolving facility in the amount of EUR 450 million (the "**Revolving Facility**") and a bridge-to-bond facility of EUR 300 million (the bridge-to-bond facility is expected to be redeemed with proceeds from the offering of the Notes). The Revolving Facility is available for general corporate purposes, including distributions of dividends. New drawings on the

Revolving Facility may be made until one month prior to the Final Maturity Date. The Revolving Facility bears interest at a variable rate and includes a margin adjustment based on the Group's leverage. STG has committed facilities through its core banking group.

Under the Facilities Agreement, STG has made a number of customary representations and warranties on the date of execution of the Facilities Agreement, certain of which are deemed to be repeated in certain circumstances thereafter. In addition, the Facilities Agreement contains certain covenants in respect of the future maintenance and conduct of the Group's business (subject to agreed exceptions and limitations), including, among others, various restrictive covenants such as restrictions on mergers, change of business and payment of dividends, negative pledge and requirements as to financial information.

Additionally, the Facilities Agreement imposes certain restrictions on the Group with respect to making new acquisitions or investments in companies, businesses, shares or similar assets, or make any dividend payments or redemptions of share capital, as such actions will have to comply with specific financial performance requirements set out in the Facilities Agreement.

The facilities under the Facilities Agreement may become wholly or partly pre-payable on the occurrence of certain customary events, including a change of control or breach of international financial sanctions. A "change of control" is defined under the Facilities Agreement as the situation in which any person gains control of STG (except for the existing shareholders). The "existing shareholders" are defined as the Augustinus Foundation and The Obel Family Foundation and any company directly or indirectly controlled by any such party, and "control" is defined as controlling influence (in Danish: bestemmende indflydelse) as defined in section 44 of the Danish Capital Markets Act.

The Facilities Agreement contains customary events of default subject to specified exceptions, materiality, grace periods, baskets, thresholds, qualifications and remedy periods, including, among others, non-payment of principal or interest, breach of financial or other covenants, material breach of representations and warranties, cross-default above a certain agreed threshold amount, certain insolvency and bankruptcy events and judgements against the Group in excess of a certain agreed threshold and a material adverse change.

Indebtedness under the Facilities Agreement may be voluntarily prepaid in whole or part, subject to notice, minimum amounts and early repayment fees.

SELECTED FINANCIAL INFORMATION OF THE GUARANTOR

Financial information concerning STG's assets and liabilities, financial position and profits and losses

Historical financial information

The financial statements of the Guarantor are prepared in accordance with International Financial Reporting Standards as adopted by the European Commission (IFRS). Such financial statements, together with the reports of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab ("PwC") and the accompanying notes, appear elsewhere in this Prospectus. The financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto.

STG has increased its net sales, gross profits before special items and net profit from 2018 to 2019. Further, a strong free cash flow before acquisitions was generated. There was a decrease in net profits in H1 2020 in comparison with H1 2019 due to an increase in special items.

The following tables set out in summary form balance sheet and income statement information relating to the Guarantor. Such information is derived from the unaudited consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2020 and from the unaudited and restated consolidated financial statements of the Guarantor as at and for the years ended 31 December 2019 and 31 December 2018.

Two-year summary (2018 - 2019)

	H1 2020	H1 2019	2019 (Full year)	2018 (Full year)
DKK million				
INCOME STATEMENT				
Net sales	3,852	3,212	6,719	6,563
Gross profits before special items	1,721	1,479	3,142	3,044
EBITDA before special items	815	637	1,513	1,304
Special items	-234	-44	-133	-266
EBIT	370	399	977	738
Net financial items	-45	-26	-45	-37
Income taxes	-57	-83	-201	-51
Net profit	274	298	748	666
BALANCE SHEET				
Total assets	14,911	13,660	13,872	13,403
Equity	8,664	8,547	9,103	8,818
Net interest-bearing debt (NIBD)	3,995	3,184	2,330	2,585
Investment in property, plant and equipment	91	31	94	110
Total capital expenditures	106	52	122	125
CASH FLOW STATEMENT				
Cash flow from operating activities	649	363	1,300	785
Cash flow from investing activities	-1,662	-48	-50	-511
Free cash flow	-1,013	316	1,250	274
Free cash flow before acquisitions	547	316	1,187	668

Restated financial information

In order to increase speed to market and unlock synergies, on 19 May 2020 STG announced a new organisational structure with three new commercial divisions (see "*Recent Group Developments*" for further information). To align financial reporting with the new organisational structure and ensure consistency with internal management reporting, STG's external reporting structure was revised accordingly. As a result, comparative figures have been restated to reflect the new reporting structure, as set out in the Guarantor's company announcement no. 18/2020 (incorporated by reference into this Prospectus). Consequently, STG's restated revenue for the financial year ended 31 December 2019 amounts to DKK 6,719 million EBITDA before special items amounts to DKK 1,513 million and NIBD/EBITDA before special items amounts to 1.5x and the free cash flow before acquisitions amounts to DKK 1,187 million. Such restated figures have not been audited or reviewed by the Company's auditors.

Impact from the Agio Acquisition

If the Agio acquisition is included in the selected restated financial figures above, for the financial year ending 31 December 2019, the Guarantor's revenue would have amounted to DKK 7,740 million, the EBITDA before special items would amount to DKK 1,718 million and the NIBD/EBITDA before special items would amount to 2.3x. Lastly, the free cash flow before acquisitions would amount to DKK 1,236 million.

Accounting standards

STG's consolidated financial statements covering the last two years have been audited by PwC in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. The consolidated financial statements were prepared in accordance with additional Danish disclosure requirements for listed companies. STG implemented IFRS 16 in the 2019 financial statements. STG's 2018 financial statements are prepared in accordance with IFRS 15.

STG's annual reports covering the last two financial years have been independently audited by PwC in accordance with IFRS and additional requirements in the Danish Financial Statements Act.

Financial Statements of the Issuer

The Issuer has elected PricewaterhouseCoopers Accountants N.V., the Netherlands as its auditor. The Issuer has not yet published any financial statements. Consequently, there are no historic selected financial information for the Issuer to disclose and neither can the Issuer provide any update or statements relating to trend information with respect to itself.

DESCRIPTION OF ALTERNATIVE PERFORMANCE MEASURES

This section provides further information in relation to alternative performance measures applied by STG for the purposes of the guidelines published by ESMA.

Non-IFRS Measures

To account for the nature of its operations, the Group reports on certain performance measures which captures the financial position, performance or cash flows not described by the International Financial Reporting Standards ("IFRS"). Such measures are included to reflect the acquisitive nature of the Group, adjust for non-recurring items or separate currency gains and losses from operational gains. Below are examples of alternative performance measures reported by the Group:

- "**Annual growth in ordinary dividends**" is defined as annual growth in ordinary dividends.
- "**Annual growth in free cash flow**" is defined as the annual growth in free cash flow.
- "**Cash conversion**" is calculated as CFFO (cash flow from operating activities) before interest and tax, excluding payment of special items - Maintenance CAPEX, divided by the adjusted operating profit (EBITA before special items).
- "**EBIT**" is calculated as earnings before interest and tax.
- "**EBITA**" is calculated as earnings before interest, tax and amortisation.
- "**EBITA before special items**" is calculated as earnings before interest, tax, amortisation and special items.
- "**EBIT before special items**" is calculated as earnings before interest, tax, and special items.
- "**EBITDA**" is calculated as earnings before interest, tax, depreciation and amortisation.
- "**EBITDA before special items**" is calculated as earnings before interest, tax, depreciation, amortisation and special items.
- "**EBITDA Growth**" is defined as growth in EBITDA.
- "**EBITDA margin**" is calculated as earnings before interest, tax, depreciation and amortisation relative to net sales.
- "**EBITDA margin before special items**" is calculated as earnings before interest, tax, depreciation, amortisation and special items relative to reported net sales.
- "**Effective tax rate (%)**" is defined as income taxes relative to profit before tax
- "**Equity Ratio**" is defined as equity relative to total assets.
- "**Financial expenses, excluding currency losses or gains and fair value adjustments**" is defined as financial expenses before currency impact and fair value adjustments.
- "**Free cash flow before acquisitions**" is calculated as cash flow from operating activities less cash flow from investing activities adjusted for acquisitions/divestments.
- "**Gross profit margin**" means gross profit divided by net sales.
- "**Gross margin before special items**" means gross profit before special items divided by net sales.
- "**Leverage-ratio**" is defined as net interest bearing debt divided by EBITDA before special items.
- "**Leverage target**" is defined as 2.5x NIBD divided by EBITDA before special items.

- "**Net interest bearing debt**" or "**NIBD**" is defined as interest-bearing liabilities and pensions less cash equivalents and interest-bearing receivables.
- "**Net Working Capital**" is defined as the sum of receivables, inventory and payables.
- "**NIBD/EBITDA ratio before special items**" is defined as NIBD divided by EBITDA before special items.
- "**Net sales growth**" is defined as growth in net sales.
- "**Net Savings**" refer to savings incurred from project "Fuelling the Growth".
- "**Organic net sales growth**" is defined as growth in net sales before special items and impact from currencies, acquisitions and change in accounting policies.
- "**Organic EBITDA growth**" is defined as growth in EBITDA before special items and impact from currencies, acquisitions and change in accounting policies.
- "**Pay-out ratio**" means the proposed and interim dividend divided by Net profit.
- "**Return on Invested Capital**" or "**ROIC**" means EBIT divided by 12 months average invested capital ("**average invested capital**" comprises intangible assets, property, plant and equipment, right-of-use assets, inventories, receivables (excluding receivables recognised at fair value) and prepayments less trade creditors, provisions and other liabilities (excluding other liabilities recognised at fair value)).
- "**ROIC excluding goodwill**" means EBIT divided by 12 months average invested capital excluding goodwill.

The non-IFRS measures may not be comparable to other similarly titled measures of other companies and should be considered together with STG's IFRS results. Non-IFRS measures and ratios are not measurements of STG's performance or liquidity under IFRS as adopted by the EU and investors should bear this in mind when considering non-IFRS measures as alternatives to operating profit or profit for the year or other performance measures derived in accordance with IFRS as adopted by the EU or any other generally accepted accounting principles, or as alternatives to cash flow from operating, investing or financing activities. Investors should rely on STG's IFRS results, supplemented by its non-IFRS measures, to evaluate STG's performance.

TAXATION

The tax laws of the investor's jurisdiction and of the Issuer's and Guarantor's jurisdiction might have an impact on the income received from the Notes. The following is a general description of certain Danish and Dutch tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of The Netherlands and the Kingdom of Denmark of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

The Netherlands

The following summary outlines certain principal Dutch tax consequences of the acquisition, holding, redemption and disposal of Notes, but does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant. For purposes of Dutch tax law, a holder of Notes may include an individual or entity who does not have the legal title of these Notes, but to whom nevertheless the Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Notes or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, redemption and disposal of Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch corporate and individual income tax consequences for:

- (a) investment institutions (*fiscale beleggingsinstellingen*);
- (b) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch tax resident entities that are not subject to or exempt from Dutch corporate income tax;
- (c) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutorily defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit-sharing rights in the Issuer;
- (d) persons to whom the Notes and the income therefrom are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*);
- (e) entities which are a resident of Aruba, Curacao or Sint Maarten and that have an enterprise which is carried on through a permanent establishment or a permanent representative on

Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative; and

- (f) individuals to whom Notes or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Dutch Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

However, as of 1 January 2021 Dutch withholding tax may apply on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity of the Issuer if such entity (i) is considered to be resident of a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is a hybrid entity, or (v) is not resident in any jurisdiction, all within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

Corporate and Individual Income Tax

Residents of the Netherlands

If a holder of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25 per cent.).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch individual income tax purposes, income derived from the Notes and gains realised upon the redemption or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 49.50 per cent.) under the Dutch Income Tax Act 2001, if:

- (a) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (b) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (a) nor condition (b) above applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain

qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 30 per cent..

Non-residents of the Netherlands

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, such person is not liable to Dutch income tax in respect of income derived from the Notes and gains realised upon the redemption or disposal of the Notes, unless:

- (a) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative the Notes are attributable, or (2) is, other than by way of securities, entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Dutch corporate income tax at up to a maximum rate of 25 per cent..

- (b) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities in the Netherlands which include activities with respect to the Notes that exceed regular, active portfolio management, or (3) is, other than by way of securities, entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) by an individual is subject to individual income tax at progressive rates up to a maximum rate of 49.50 per cent.. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on savings and investments (as described above under "Residents of the Netherlands").

Gift and Inheritance tax

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of the Notes by way of gift by, or on the death of, a holder of Notes, unless:

- (a) the holder of the Notes is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or
- (b) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

The Kingdom of Denmark

The comments below, which are of a general nature, are a summary of the Issuer's understanding of current Danish tax law as applied in Denmark relating to certain aspects of the Danish withholding tax treatment at the date hereof in relation to payments of interest (as that term is understood for Danish tax purposes) in respect of the Notes. They do not deal with any other Danish taxation aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and do not apply to certain classes of person (such as dealers and persons connected with the Issuer). Furthermore, the comments are made under the assumption that the Notes qualify as a debt instrument under Danish tax law, that the general anti avoidance rule in Section 3 of the Danish Tax Assessment Act does not apply, and that the terms of the Notes constitutes arm's length terms.

Prospective holders of Notes should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The Danish tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective holders of Notes who may be liable to tax in a jurisdiction other than Denmark are strongly advised to consult their own professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions). The comments assume that no security will be created for the benefit of the Notes, that there will be no substitution of the Issuer and do not address the consequences of such substitution (notwithstanding that such substitution is permitted by the terms and conditions of the Notes), that the Issuer will not issue any Notes from or through any branch situated outside Denmark. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Taxation at source

Under existing Danish tax laws, no general withholding tax or coupon tax will apply to payments of interest, principal or other amounts due on the Notes, other than in certain cases on payments of controlled debt in relation to the Issuer as referred to in sec. 2(1)(d) of the Danish Corporation Tax Act (cf. consolidated act no. 1084 of 26 June 2020, as amended). This will not have any impact on holders of Notes who are not in a relationship whereby they control, or are controlled by, the Issuer.

Resident holders of Notes

Private individuals, including persons who are engaged in financial trade, companies and similar entities resident in Denmark for tax purposes or entities receiving interest on the Notes through their permanent establishment in Denmark, are liable to pay tax on interest received on the Notes.

Capital gains are taxable to individuals and corporate entities in accordance with the Danish Act on taxation of gains and losses on claims, debt and financial contracts (in Danish: "*Kursgevinstloven*") (the "**Act**"). Gains and losses on Notes held by corporate entities are generally included in their taxable income in accordance with mark-to-market principles (in Danish: "*lagerprincippet*"), i.e. on a non-realised basis. Gains and losses on Notes held by individuals are generally included in their taxable income on a realised basis and if the annual gains or losses do not exceed DKK 2,000, the gains or losses will be exempt from taxation.

Pension funds and other entities governed by the Danish act on taxation of pension yield (in Danish: "*Pensionsafkastbeskatningsloven*") would be taxed on the annual value increase or decrease of the Notes according to mark-to-market principles as specifically laid down in the Act.

Non-Resident holders of Notes

Under existing Danish tax laws, payments of interest or redemption of principal amounts to any non-resident holders of Notes are not subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under "Taxation at source" above.

No Danish withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange, transfer or retirement of a Note will not be subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under "*Taxation at source*" above.

This tax treatment applies solely to holders of Notes who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the jurisdiction of the Issuer and the Guarantor) have entered into, or have agreed in substance to, intergovernmental agreements with the U.S. to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. (including by reason of a substitution of the Issuer). However, if additional notes (as described under "*Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

Prohibition of Sales to EEA or UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area or the United Kingdom.

For the purposes of this provision the expression "retail investor" means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Joint Bookrunner has further represented, warranted and undertaken that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes in the United Kingdom other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes and the Guarantee of the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the U.S. and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Bookrunner has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the U.S. or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the U.S. or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the U.S. by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Kingdom of Denmark

Each Joint Bookrunner has represented and agreed that it has not offered or sold, and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of a public offering, unless in compliance with the Danish Capital Markets Act, consolidated act no. 337 of 2 April 2020, as amended, and any executive orders issued thereunder and in compliance with Executive Order no. 1580 of 17 December 2018 issued pursuant to, inter alia, the Danish Financial Business Act, consolidated act no. 937 of 6 September 2019, as amended, to the extent applicable.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, each Joint Bookrunner has represented and agreed, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

General

Each Joint Bookrunner has undertaken to the Issuer and the Guarantor that, to the best of its knowledge and belief, it will comply in all material respects with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer, the Guarantor and the Joint Bookrunners to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Notes has been authorised by a resolution of the management board of the Issuer dated 21 September 2020. The giving of the Guarantee of the Notes has been authorised by a resolution of the Board of Directors of the Guarantor dated 28 August 2020.

Legal and Arbitration Proceedings

2. Save as disclosed in this Prospectus, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer or the Guarantor and its subsidiaries.

Significant/Material Change

3. Save as disclosed in this Prospectus, since its date of incorporation there has been no material adverse change in the prospects of the Issuer nor any significant change in the financial position or financial performance of the Issuer. Save as disclosed in this Prospectus, since 31 December 2019 there has been no material adverse change in the prospects of the Guarantor or the Guarantor and its Subsidiaries nor since 30 June 2020 been any significant change in the financial position or financial performance of the Guarantor or the Guarantor and its Subsidiaries.

Auditors

4. The consolidated financial statements of the Guarantor have been audited without qualification for the years ended 31 December 2019 and 31 December 2018 by PwC, both by state-authorized public accountants, Torben Jensen and Søren Ørjan Jensen. Both state-authorized public accountants are members of FSR - danske revisorer.
5. The Issuer has elected PricewaterhouseCoopers Accountants N.V., the Netherlands as its auditor. The Issuer has not yet published any financial statements.

Validity of the Prospectus and Prospectus Supplements

6. This Prospectus is valid for twelve months. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies when this Prospectus is no longer valid.

Documents on Display

6. Copies of the following documents (together with English translations thereof) can be found on STG's website, <https://www.st-group.com> from the date of this Prospectus:
 - (a) the deed of incorporation, including the articles of association (*statuten*), of the Issuer (<https://www.st-group.com/en/our-company/governance/reports-and-documents>);
 - (b) the Articles of Association of the Guarantor (<https://www.st-group.com/en/our-company/governance/reports-and-documents>);
 - (c) the Deed of Covenant and the Deed of Guarantee;
 - (d) the audited consolidated financial statements of the Guarantor for the years ended 31 December 2019 and 31 December 2018;
 - (e) the unaudited consolidated interim financial statements of the Guarantor for the six months ended 30 June 2019;
 - (f) the unaudited consolidated interim financial statements of the Guarantor for the three months ended 31 March 2019

- (g) the unaudited consolidated interim financial statements of the Guarantor for the six months ended 30 June 2020;
- (h) the Guarantor's company announcement no. 11/2020 (titled "*Scandinavian Tobacco Group A/S reports on first quarter 2020 and presents new guidance for full year 2020*")
- (i) the Guarantor's company announcement no. 17/2020 (titled "*Scandinavian Tobacco Group A/S raises its full year guidance notice*").
- (j) the Guarantor's company announcement no. 18/2020 (titled "*Scandinavian Tobacco Group A/S announces new financial reporting structure regarding new financial reporting structure*").

Yield

- 7. On the basis of the issue price of the Notes of 99.517 per cent. of their principal amount, the yield of the Notes is 1.476 per cent on an annual basis.

Legend Concerning U.S. Persons

- 8. The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*".

ISIN and Common Code

- 15. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS2237302646 and the common code is 223730264. The Financial Instrument Short Name and the Classification of Financial Instruments Code can be obtained from the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

The Legal Entity Identifier

- 16. The Legal Entity Identifier ("**LEI**") code of the Issuer is 984500BEA5E8CT9EF758.
- 17. The Legal Entity Identifier ("**LEI**") code of the Guarantor is 5299003KG4JS99TRML67.

Conflicts of Interest

- 18. Certain of the Joint Bookrunners have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and their affiliates in the ordinary course of business. Certain of the Joint Bookrunners and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor and their affiliates. Certain of the Joint Bookrunners or their affiliates that have a lending relationship with the Issuer and the Guarantor routinely hedge their credit exposure to the Issuer, the Guarantor and their affiliates consistent with their customary risk management policies. Typically, such Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial

instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Documents available

19. The following documents can be found on STG's website, <https://www.st-group.com>.
- The up-to-date memorandum and Articles of Association of the Issuer (<https://www.st-group.com/en/our-company/governance/reports-and-documents>); and
 - The up-to-date Articles of Association of STG (<https://www.st-group.com/en/our-company/governance/reports-and-documents>); and
 - Annual reports for 2018 and 2019 (<https://www.st-group.com/annualreport2018> and <https://www.st-group.com/annualreport2019>).

REGISTERED OFFICE OF THE ISSUER

STG Global Finance B.V.

Sandtoften 9
DK-2820 Gentofte
Denmark

REGISTERED OFFICE OF THE GUARANTOR

Scandinavian Tobacco Group A/S

Sandtoften 9
DK-2820 Gentofte
Denmark

FISCAL AGENT AND PAYING AGENT

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

JOINT BOOKRUNNERS

Danske Bank A/S
2-12 Holmens Kanal
DK-1092 Copenhagen K
Denmark

Nordea Bank Abp
c/o Nordea Danmark, Filial af Nordea
Bank Abp
Finland
Grønjordsvej 10
2300 Copenhagen
Denmark

Nykredit Bank A/S
Kalvebod Brygge 1-3
DK-1780
Copenhagen V
Denmark

LEGAL ADVISERS

To the Issuer as to Dutch law:

Allen & Overy LLP
Apollolaan 15
1077 AB Amsterdam
The Netherlands

To the Guarantor as to Danish law:

Kromann Reumert
Sundkrogsgade 5
DK-2100 Copenhagen OE
Denmark

To the Joint Bookrunners as to English law:

Clifford Chance LLP
10 Upper Bank Street
London E145JJ
United Kingdom

AUDITORS TO THE ISSUER

PricewaterhouseCoopers Accountants N.V.
Thomas R. Malthusstraat 5
1066 JR Amsterdam
The Netherlands

AUDITORS TO THE GUARANTOR

**PricewaterhouseCoopers Statsautoriseret
Revisionspartnerselskab**
Strandvejen 44
DK-2900 Hellerup
Denmark