

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

(CVR no. 31080185)

On 26 April 2018, at 4.30 pm. CET, the Annual General Meeting in Scandinavian Tobacco Group A/S (the "Company" or "STG") took place at "Axelborg", Copenhagen.

Nigel Northridge, chairman of the Board of Directors, welcomed the shareholders and others to the meeting. Mr. Northridge noted that the General Meeting would be conducted in English, however, the Board of Directors had resolved that questions and comments could be made in the Danish language. The chair of the meeting would provide on-going summary translation of the business conducted. In addition, a full translation into Danish of the Board of Directors' report, cf. item 1 on the agenda, had been made available and would also be uploaded on the Company's website.

Christian Lundgren had been appointed as chair of the meeting by the Board of Directors in accordance with Article 10.1 of the Articles of Association.

A total of 154 attendance cards had been issued. Present or represented were a total of 62,376,542 shares, equal to 62.6 % of the total voting rights in the Company.

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

The agenda was as follows:

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

1. Report of the Board of Directors on the Company's activities during the past financial year

The chairman of the Board of Directors, Nigel Northridge, and the CEO, Niels Frederiksen, presented the report of the Board of Directors.

The Chairman

Mr. Northridge started by noting that he was pleased to be reporting for the first time as chairman of the Board of Directors, particularly as STG continues to be a company in good shape. STG's second year as a listed company had been difficult. STG had encountered some financial headwind due to the implementation of a new IT system in Cigars International, the online retailer in the United States, and as a consequence had to issue a profit downgrade in May 2017. STG had delivered on the revised guidance with a total revenue of DKK 6,464 million and an adjusted EBITDA of DKK 1,283 million. This

equalled a 2.2% negative organic growth in net sales and an organic decline of 7.4% in EBITDA. Net profit for the year had increased by 4.4% to DKK 712 million while free cash flow was DKK 955 million. Despite the financial headwinds, STG was still able to deliver an extraordinary dividend of DKK 350 million to the shareholders and the chairman noted that the Board of Directors had proposed to the General Meeting to increase the ordinary dividend for the second year in a row to DKK 5.75 per share, which was an increase of 4.5% compared to 2016. The overall dividend for 2017 amounted to DKK 925 million, which, noted the chairman, was testament of the strong underlying business and cash flow in STG.

Mr. Northridge proceeded with an overview of the performance of each of STG's four main categories (handmade and machine-made cigars, pipe tobacco and fine-cut tobacco). Each category has its own scope and challenges, and STG is working diligently to deliver on the opportunities available in each category. STG overall has a strong, balanced business and opportunities to make its business even stronger. Thereafter, the chairman laid out the Company's model for creating shareholder value, i.e. moderate growth, increasing earnings and strong cash flows. Mr. Northridge noted that STG must also successfully contribute to industry consolidation by making value-adding acquisitions.

Mr. Northridge gave an overview of the Company's strategy, which is to outperform the market and win market share, globalise STG's business further and become more efficient. STG has a strong organisation with engaged employees and is investing to further strengthen the winning mind-set up in its organisation, build stronger HR capabilities, create global centres of excellence and achieve ambitious targets across the organisation. STG had finalised its optimisation and efficiency programmes from 2015 and 2016, which had delivered cost savings of DKK 200 million with full effect for 2018 and DKK 667 million in accumulated inventory reduction versus 2014, well beyond the original plan and one year ahead of time.

The chairman thanked Marlene Forsell, Conny Karlsson and Henning Kruse Petersen for their services to STG over the years and presented Anders Obel as new candidate to the Board of Directors. The Board of Directors had in 2017 for the first time completed a Board evaluation and had on this basis implemented a few changes to further optimise the composition and structure of Board meetings. Mr. Northridge also noted that the Board of Directors had discussed management remuneration in the past year. The objective is to align management's remuneration with the Company's goals for value creation. For that purpose, the total remuneration package consists of a fixed basic salary and both short-term and long-term incentive programmes. The chairman confirmed that the remuneration of the Executive Management is consistent with the Company's remuneration policy and considered appropriate by the Board.

Mr. Northridge finished his report by noting that STG looks forward to 2018 with confidence. STG is one of the world's largest manufacturers of cigars and pipe tobacco and remains committed to maximising total shareholder return and pursue the opportunities available in the form of organic growth, value-creating strategic acquisitions and pay-out of cash to shareholders. He noted that STG will continue to invest in the future of its business to create greater long-term value while driving cost and operational efficiency to optimise cash flow. This balance is key to creating shareholder value.

The meeting applauded the presentation by Mr. Northridge.

Niels Frederiksen

Mr. Frederiksen noted that the Company had delivered on its revised guidance for 2017.

In spite of this the Company considered the results to be unsatisfactory. The results were negatively affected by the implementation of a new IT system in Cigars International, which had caused disruptions in the customer service. The implementation of the system was now completed, and STG is left with a well-functioning and scalable IT-system.

Mr. Frederiksen went on to the performance in the Company's product categories and noted that with the decline in STG's four main categories, 2017 had been a difficult year financially for STG. The Company's underlying business, however, remained strong and throughout the year the business had been strengthened significantly. Mr. Frederiksen mentioned the expansion of STG's geographical footprint in Sweden and key markets in Europe, the new business unit in North America, the stronger HR capabilities and increased focus on performance culture and a winning organisation and expansion of retail presence in Texas, as examples hereof. He also mentioned the acquisition of Thompson in the United States that had strengthened the platform for future growth and finally the completion of STG's optimisation and efficiency programmes that had delivered cost savings of DKK 200 million and DKK 667 million, respectively.

In 2017, STG had started its preparations for a comprehensive tracking system to take effect in the EU in May 2019 for packs of cigarettes and fine-cut tobacco. Regulations are and will remain a constant factor in the industry and will continue to affect STG and impose extra costs. Mr. Frederiksen noted that as a large player in its product categories, STG is well positioned to address the challenges of regulation and pass the costs to end-users without losing them as consumers of cigars. In the United States, important deadlines for certain product related filings had been revised and extended, in some cases by several years, and the FDA had recently initiated a public process to assess if so-called premium cigars should be exempted from the current general regulation of cigars and instead due to their special characteristics be subject to specific regulation.

Lastly, Mr. Frederiksen commented on the Company's guidance for 2018.

The meeting applauded the presentation by Mr. Frederiksen.

The floor was opened for comments:

Dorthe Lønborg Friis asked if STG had experienced that investors had sold their shares in STG because sale of tobacco is considered unethical.

Both the chairman and CEO answered the question.

Mr. Northridge and Mr. Frederiksen answered that ethical considerations of investors in the industry had been an ongoing debate for years and that investors knowing STG's products must make their own decision whether they on this background will invest in STG. STG is aware that some investors are reluctant to invest in the tobacco industry because sale of tobacco products is considered unethical. This is, however, not of great concern to STG that has a broad, international investor base. STG is not aware of any sales of shares in the company by an investor for ethical reasons specifically.

The General Meeting took due notice of the report.

2. Adoption of the audited annual report

The chair of the General Meeting asked the General Meeting whether it could adopt the 2017 annual report.

The General Meeting approved the annual report.

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

The Board of Directors had proposed to the General Meeting that for the financial year 2017 the Company pays a dividend of DKK 5.75 per share of DKK 1.

The proposal was adopted by the General Meeting.

4. Adoption of the remuneration of the Board of Directors and any board committees

The Board of Directors had proposed to the General Meeting that compensation for the Board of Directors for the financial year 2018 be adopted based on a base annual fee of DKK 400,000 to each member. Furthermore, under this proposal, the chairman will receive three times the base annual fee and the vice-chairman will receive 1.75 times the base annual fee. The chairman of the Audit Committee will receive a fee corresponding to 75% of the base annual fee for members of the Board of Directors. Other members of the Audit Committee will receive a fee corresponding to 37.5% of the base annual fee for members of the Board of Directors. The members of each of the Remuneration Committee and Nomination Committee will receive a fee corresponding to 12.5% of the base annual fee for members of the Board of Directors. The chairman of each of the Remuneration Committee and Nomination Committee will receive a fee corresponding to 25% of the base annual fee for members of the Board of Directors. The fees for the chairmen and members of the committees are in addition to their fees as chairman, vice-chairman or member of the Board of Directors.

The proposal was adopted by the General Meeting.

5. Election of members to the Board of Directors

In accordance with Article 11.1 of the Articles of Association, all members of the Board of Directors elected by the General Meeting were up for election. The Board of Directors had received notice that Henning Kruse Petersen wished to resign from the Board of Directors. The Board of Directors had proposed that Anders Obel be elected as new member of the Board of Directors and that Nigel Northridge, Henrik Brandt, Søren Bjerre-Nielsen, Dianne Neal Blixt and Luc Missorten be re-elected as members of the Board of Directors. Information about the nominated candidates had been enclosed with the notice convening the General Meeting and had also been made available at the Company's website (www.st-group.com).

The candidates were re-elected, respectively elected by the General Meeting.

6. Election of auditor(s)

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

The proposal was adopted by the General Meeting.

7. Any proposals by the Board of Directors and/or shareholders

There were no proposals made by the Board of Directors or by the shareholders to be decided upon by the General Meeting.

The meeting was adjourned at 5.30 pm. CET.

As chair of the meeting

A handwritten signature in black ink, appearing to be 'CL' or similar initials, positioned above a horizontal line.

Christian Lundgren