

Protocol of Annual General Meeting in Scandinavian Tobacco Group A/S

(CVR no. 31080185)

On 26 March 2020, at 4.30 p.m. CET, the Annual General Meeting in Scandinavian Tobacco Group A/S (the "**Company**" or "**STG**") took place at the Company's office at Sandtoften in Gentofte.

Henrik Brandt, vice-chairman of the Board of Directors, welcomed the shareholders and others to the meeting. Mr. Brandt informed the meeting that to minimize the risk of spreading any infection, STG had limited the attendees from the Board of Directors and Management to STG's CEO, Niels Frederiksen and himself. Mr. Brandt also passed on apologies on behalf of the Chairman of the Board of Directors, Nigel Northridge, who due to the travel restrictions had stayed in the UK.

Mr. Brandt noted that as set out in the Company's Articles of Association, the general meeting would be conducted in English but as many of STG's shareholders are Danish, the Board of Directors had agreed with Pernille Høstrup Dalhoff that she would provide a short summary in Danish at the end of each agenda item.

Pernille Høstrup Dalhoff had been appointed as chair of the meeting by the Board of Directors in accordance with Article 10.1 of the Articles of Association.

Present or represented at the meeting were a total of 66,580,587 shares, equal to 66.77 % of the total voting rights in the Company. The General Meeting was webcast with access from the company's shareholder portal.

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
 - 7A: Proposal to extend the authorisation to the Board of Directors to increase the Company's share capital without pre-emptive subscription rights for the existing shareholders
 - 7B: Proposal to extend the authorisation to the Board of Directors for the Company to acquire own shares
 - 7C: Proposal to amend the agenda set out in the Articles of Association
 - 7D: Proposal to approve the revised remuneration policy

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

The Vice-chairman of the Board of Directors, Henrik Brandt presented the report of the Board of Directors. The report of the Board of Directors had been available for everyone at the company's website since Monday March 23 so that the shareholders could read beforehand, and so that the presentation could be shortened due to the special circumstances at the meeting. The report had been made available in both English and Danish.

Mr. Brandt started the summary report by noting that STG in 2019 saw strong results.

For the full year 2019, Scandinavian Tobacco Group delivered net sales of DKK 6,870 million and EBITDA before special items of DKK 1,513 million. This is a negative 2.6% organic growth in net sales and a 7.1% organic growth in EBITDA, and this is in line with the financial guidance for the year. Net profit was DKK 748 million, while free cash flow before acquisitions was at a record high DKK 1,187 million.

The Board of Directors proposed a dividend of DKK 6.10 per share, which is an increase of 1.7% compared to 2018 and an increase in the ordinary dividend for the fourth consecutive year. The DKK 6.10 per share means a total distribution of dividend of DKK 610 million for 2019. In addition, STG will in 2020 initiate a share buy-back programme with a total value of up to DKK 300 million. The Vice-chairman noted that the timing of the share buy-back may be affected by the uncertainties following the global outbreak of the Corona virus. The dividend and the share buy-back are testament to the strength of the underlying business and of Scandinavian Tobacco Group's ability to generate strong cash flow.

Mr. Brandt mentioned the acquisition of Agio Cigars in 2019 which was the largest acquisition in the recent history of the Group. With Agio Cigars' strong cigar portfolio and important market positions in key European machine-made cigar markets, this acquisition significantly strengthens Scandinavian Tobacco Group's position in several key machine-made cigar markets in Europe and enables the Group to deliver an even more attractive range of cigars of the highest standards to its consumers.

In 2019, Scandinavian Tobacco Group also made significant progress on Fuelling the Growth. Fuelling the Growth was launched in 2018 and is a groupwide transformational program, which is making Scandinavian Tobacco Group a stronger and more competitive company better equipped to achieve the vision of becoming the undisputed global leader in cigars and pipe tobacco. During 2019, the company saw accelerated implementation and good progress on several initiatives in the five overall workstreams of the program. This resulted in improved operational performance, increased cost efficiency and faster than expected net savings.

Mr. Brandt finished the summary report by looking forward to 2020. Scandinavian Tobacco Group had a good start to 2020 where the underlying business had performed in line with the expectations for the year as presented in the Annual Report. However, as a result of the global outbreak of the corona virus and the resulting lack of transparency, the Board of Directors had recently found it prudent to suspend the financial guidance for 2020. The Vice-chairman mentioned that the company expects to provide an update on the financial guidance for 2020 as soon as the impact of the corona virus on the business can be properly assessed. He underlined that Scandinavian Tobacco Group's business is fundamentally resilient with healthy earnings and strong cash flows, and the company is in a good position to deal with the issues it is currently facing due to the virus. All efforts are dedicating to protect Scandinavian Tobacco Group's employees, customers and business.

Mr. Brandt concluded by congratulating all employees and the Executive Management for a job very well done in 2019 and thanking his colleagues on the Board of Directors for their constructive and positive collaboration during the year.

The General Meeting took due notice of the report.

2. Adoption of the audited annual report

The chair of the General Meeting noted that the 2019 audited annual report had been presented to the shareholders.

The General Meeting approved the annual report. No shareholder requested a vote or a complete statement of the votes.

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 2019 the Company pays a dividend of DKK 6.10 per share of DKK 1.

The proposal was adopted by the General Meeting. No shareholder requested a vote or a complete statement of the votes.

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 2019 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 2 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 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 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 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.

In addition to the above, the Company may also pay social contributions and similar fees that may be charged by foreign authorities in relation to the fees paid to members of the Board of Directors. Further, the Company may pay travel expenses and other expenses related to the work as a member of the Board of Directors.

The proposal was adopted by the General Meeting. No shareholder requested a vote or a complete statement.

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. All members of the Board of Directors were prepared to be re-elected. Information about the 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 by the General Meeting. No shareholder requested a vote or a complete statement of the votes.

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. No shareholder requested a vote or a complete statement of the votes.

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

There were 4 proposals made by the Board of Directors to be decided upon by the General Meeting. No shareholders had presented proposals to be decided upon by the General Meeting.

The Board of Directors' proposals were as set out in the agenda:

7A: Proposal to extend the authorisation to the Board of Directors to increase the Company's share capital without pre-emptive subscription rights for the existing shareholders

7B: Proposal to extend the authorisation to the Board of Directors for the Company to acquire own shares

7C: Proposal to amend the agenda set out in the Articles of Association

7D: Proposal to approve the revised remuneration policy

Re proposal 7A:

The chair of the meeting presented the proposal, including the proposed amendments to Articles 5.1 and 5.2 in the Company's Articles of Association.

The chair of the meeting ascertained that the proposal was adopted by the General Meeting. No shareholder requested a vote or a complete statement of the votes.

Re proposal 7B:

The chair of the meeting presented the proposal, including the proposed amendment to Article 6.1 in the Company's Articles of Association.

The chair of the meeting ascertained that the proposal was adopted by the General Meeting. No shareholder requested a vote or a complete statement of the votes.

Re proposal 7C:

The chair of the meeting presented the proposal, including the proposed amendment to Article 8.2 in the Company's Articles of Association.

The chair of the meeting ascertained that the proposal was adopted by the General Meeting. No shareholder requested a vote or a complete statement of the votes.

Re proposal 7D:

The chair of the meeting presented the proposal for a new remuneration policy.

The chair of the meeting ascertained that the remuneration policy was adopted by the General Meeting. No shareholder requested a vote or a complete statement of the votes.

The chair of the meeting then announced that all proposals and items on the agenda had been adopted by the general meeting and ascertained that there was no further business to be transacted. The chair of the meeting resigned from her position as chair of the General Meeting and gave the floor to Vice-chairman Henrik Brandt who thanked the shareholders for attending the General Meeting, including via webcast and closed the meeting.

The meeting was adjourned at 4.55 p.m. CET.

As chair of the meeting


Pernille Høstrup Dalhoff