

Protocol of the Annual General Meeting in Scandinavian Tobacco Group A/S (CVR no. 31 08 01 85)

On 31 March 2022, at 4.30pm CET, the Annual General Meeting in Scandinavian Tobacco Group A/S (the "Company" or "STG") took place at Axelborg, Vesterbrogade 4A, 1620 Copenhagen V, with live webcast transmission available on the Investor Portal 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.

Present or represented at the General Meeting were a total of 69,839,528 shares, equal to 75.58% 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 as recorded in the adopted annual report
4. Presentation of the Company's remuneration report for an advisory vote
5. Adoption of the remuneration of the Board of Directors and Board committees
6. Any proposals by the Board of Directors and/or shareholders
 - 6A: Reduction of the Company's share capital
 - 6B: Change to Articles of Association: Election of vice-chairman optional
7. Election of members to the Board of Directors
8. Election of auditor(s)
9. Any other business

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.

Mr. Brandt started the report by mentioning that he would be reporting on record results and solid progress on STG's strategy. Mr. Brandt thanked all employees for their work in 2021.

Mr. Brandt commented on the situation in Ukraine and mentioned that STG strongly condemns the Russian invasion. Consequently, STG had decided to suspend all trading with Russia and Belarus as of 1 March 2022.

For the full year 2021, STG delivered a particularly strong result with net sales of DKK 8.233 billion and EBITDA before special items of DKK 2.233 billion. This represents a 4.5% organic growth in net sales and a 18.4 % organic growth in EBITDA. Net profits were DKK 1.391 billion, while free cash flow before acquisitions was DKK 1.393 billion. STG saw a strong improvement of ROIC at 14.5% and an increase in the adjusted earnings per share at DKK 14.8. The results were in line with the financial guidance for the year which STG were able to raise twice in the course of 2021. Mr. Brandt concluded that 2021 had been another record year for STG.

The Board of Directors proposed a dividend of DKK 7.50 per share, which is an increase of 15% compared to the ordinary dividend in 2020. DKK 7.50 per share corresponds to a total payment of approximately DKK 700 million to the shareholders. In addition, STG completed a DKK 300 million share buy-back programme in 2021 and further initiated a one-year programme at a total value of up to DKK 600 million which was recently completed. In 2022, STG will maintain its share buy-back activity and has launched a new one-year share buy-back programme at a total value of up to DKK 700 million.

Mr. Brandt presented the financial performance for 2021 in each of the three commercial divisions: (i) North America Online & Retail, (ii) North America Branded & Rest of World, and (iii) Europe Branded.

After presenting the financial results, Mr. Brandt turned to an update on the progress made during 2021 on the execution of the STG group strategy, Rolling Towards 2025, and he concluded that good progress was made in relation to all must-win battles in 2021.

Mr. Brandt then mentioned the launch of the STG group's first sustainability strategy in the past year as a notable achievement and that solid and steady progress was made in 2021. In addition, STG will present a new and upgraded sustainability strategy in the first half of 2022. As part of getting this new strategy well underway STG has committed DKK 10-20 million in 2022 to the ramp-up of the Company's sustainability initiatives.

Mr. Brandt then addressed the composition of the Board of Directors. Chairman Nigel Northridge and Luc Missorten have informed the Company that they will not stand for re-election. Mr. Brandt mentioned that they both contributed significantly to the professionalism of the Group and thanked them both for their contributions to STG. Mr. Brandt then commented on the self-assessment made by the Board of Directors in 2021. The overall result of the evaluation last year was that the Board of Directors is functioning well.

Mr. Brandt then addressed the Remuneration Report. Mr. Brandt mentioned that the remuneration of the Executive Management and the Board of Directors in 2021 was in accordance with the Remuneration Policy. The Board of Directors believes that the remuneration of the Executive Management and the Board of Directors in 2021 fairly reflects the results achieved by the Company. For the year 2021, the total cost of remuneration for the Executive Management amounted to DKK 22.3 million.

Mr. Brandt continued the summary report by looking forward at 2022.

In 2022, STG will continue to invest in the future of the business to create long-term value. STG's investment in the ERP project One Process will continue. The project represents the largest IT investment in the history of the STG group and will, when implemented, strengthen the Company's ability to deliver growth and profitability. The total investment is expected to amount to DKK 600-700 million in the period 2022-2025. STG will also continue the investment in the expansion of its retail footprint in the USA. STG will open at least one new cigar super-store in 2022 and has committed to opening 6-8 additional stores in the coming 2-3 years. Each store represents an investment of USD 4-7 million. Additionally, STG will grow and prioritize its Growth Incubator.

Mr. Brandt commented on the financial expectations for 2022. STG has set an ambition of an organic EBITDA growth between 0 and 6%, a free cash flow before acquisitions in the range of DKK 1.1-1.4 billion and an increase in adjusted earnings per share (EPS) of more than 5%.

Lastly, Mr. Brandt commented that the underlying overall financial ambitions are maintained, and that the shareholder return policy also remains unchanged.

Mr. Brandt then thanked the shareholders, business partners, customers and consumers for the interest and trust they have shown STG in 2021 and finished by congratulating all employees and the Executive Management on a job very well done in 2021, on the strong results, and by thanking them for a remarkable effort in an unprecedented year. Lastly, Mr. Brandt thanked his colleagues on the Board of Directors for their constructive and positive collaboration during the year.

As part of the report, Mr. Brandt commented on item 6B (change to the Articles of Association) to be covered further down the agenda.

Mr. Brandt mentioned that with the candidates up for election, the number of shareholder-elected members of the Board of Directors will be reduced to six. For that reason, and also to ensure flexibility for the Board, the Board of Directors proposes a change to the Company's Articles of Association. With the proposal it will be optional for the Board of Directors whether it elects only a chairman or both a chairman and a vice-chairman.

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 2021 audited annual report had been presented to the shareholders.

The General Meeting approved the annual report with the requisite majority.

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

The Board of Directors had proposed to the general meeting that the Company pays for the financial year 2021 a dividend of DKK 7.50 per share of DKK 1, which corresponds to a total dividend payment of approximately DKK 700 million.

The proposal was adopted by the General Meeting with the requisite majority.

4. Presentation of the Company's remuneration report for an advisory vote

Mr. Brandt had, in the Chairman's report, presented the remuneration report for 2021, which Christian Lundgren referred to.

The General Meeting approved the report on an advisory vote.

5. Adoption of the remuneration of the Board of Directors and Board committees

The Board of Directors had proposed that the remuneration of the Board of Directors for the financial year 2022 to be unchanged from the financial year 2021, which means that:

- Ordinary members of the Board of Directors shall be paid a base annual fee of DKK 440,000.
- The chairman shall receive three times the base annual fee.
- The vice-chairman shall receive two times the base annual fee.
- The chairman of the Audit Committee shall receive a fee corresponding to 75 percent of the base annual fee.
- Other members of the Audit Committee shall receive a fee corresponding to 37.5 percent of the base annual fee.
- The chairman of each of the Remuneration Committee and Nomination Committee shall receive a fee corresponding to 25 percent of the base annual fee.
- The members of each of the Remuneration Committee and Nomination Committee shall receive a fee corresponding to 12.5 percent of the base annual fee.
- The fees for the chairmen and members of the committees are in addition to their fee as chairman, vice-chairman or member of the Board of Directors.

In addition to the above, the Company may, in accordance with the Company's remuneration policy, also pay social contributions and similar fees that it 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 with the requisite majority.

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

There were two proposals 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:

6A: Reduction of the Company's share capital

6B: Change to Articles of Association: Election of vice-chairman optional

Re. proposal 6A:

The chair of the meeting presented the proposal, including the proposed amendment of Article 3.1 in the Company's Articles of Association.

The Board of Directors proposed that the Company's share capital is reduced.

On 10 March 2021, the Company announced a share buy-back programme with the purpose to adjust the Company's capital structure and meet obligations relating to the group's share-based incentive programme. The programme was completed on 28 February 2022.

Some of the treasury shares acquired are proposed to be cancelled resulting in the share capital being reduced by treasury shares of a nominal value of DKK 4,500,000 allocated to nominally DKK 4,500,000 shares with a nominal value of DKK 1 each. After the reduction, the nominal value of the Company's share capital will be DKK 93,000,000.

Prior to the implementation of the capital reduction, the Company's creditors will be requested to file within a period of 4 weeks any claims they may have against the Company. The request will be published via the Danish Business Authority's IT system. The capital reduction will be implemented after expiry of the said four-week deadline.

Adoption of the proposal implies the following amendment of Article 3.1 of the Articles of Association taking effect upon completion of the capital reduction:

"3.1 *The company's share capital is nominally DKK 93,000,000, divided into shares of DKK 1 or any multiple thereof."*

The proposal to amend Article 3.1 was adopted by the General Meeting with the requisite majority.

Re. proposal 6B:

The chair of the meeting presented the proposal, including the proposed amendment of Article 11.2 of the Company's Articles of Association.

The Board of Directors proposed the following amendment of Article 11.2 of the Articles of Association:

"11.2 The board of directors elects a chairman and may decide to elect a vice-chairman. No member of the executive management may be elected as chairman or vice-chairman."

With the proposal it will be optional for the Board of Directors whether it elects only a chairman or both a chairman and a vice-chairman.

The proposal was adopted by the General Meeting with the requisite majority.

7. 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 are elected for one year at a time.

The chair of the meeting noted that Nigel Northridge (Chairman) and Luc Missorten had informed the Company that they will not stand for re-election.

The Board of Directors proposed re-election of the following Board members: Henrik Brandt (Current Vice-chairman), Dianne Blixt, Marlene Forsell, Claus Gregersen, Anders Obel and Henrik Amsinck. Information about the candidates had been enclosed with the notice convening the General Meeting and had also been available on the Company's website (www.st-group.com).

The candidates were all re-elected by the General Meeting with the requisite majority.

8. 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 with the requisite majority.

9. Any other business

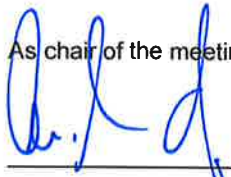
Claus Gregersen introduced himself as CEO of Chr. Augustinus Fabrikker Aktieselskab and emphasised that Chr. Augustinus Fabrikker Aktieselskab as the largest shareholder was highly satisfied with STG's performance. Consequently, Claus Gregersen thanked the STG group, the employees and the management for their efforts. He also thanked Nigel Northridge and Luc Missorten for their great work during the past years and Henrik Brandt for taking up the upcoming challenge as Chairman. Lastly, Claus Gregersen mentioned that Chr. Augustinus Fabrikker Aktieselskab fully supports STG's work with sustainability. Claus Gregersen thanked Christian Lundgren for chairing the General Meeting.

The chair of the meeting ascertained that there was no further business to be transacted and closed the General Meeting.

The chair of the meeting gave the floor to Vice-chairman Henrik Brandt who thanked the shareholders for attending the General Meeting.

The meeting was adjourned at 5.30pm CET.

As chair of the meeting



Christian Lundgren