



FOR IMMEDIATE RELEASE

Tokyo, April 28, 2022

Allocation of Treasury Stock towards Restricted Stock Remuneration Plan

Japan Tobacco Inc. (“JT”) (TSE: 2914) announces today that the Company’s Board of Directors has resolved the allotment of treasury stock towards the Restricted Stock Remuneration Plan.

1. Overview of allocation

(1) Remuneration date	May 24, 2022
(2) Class and number of shares to be allotted	210,200 Ordinary shares of the company
(3) Allotment price	JPY 2,186.5 per share
(4) Total allotment value	JPY 459,602,300
(5) Beneficiaries	Members of the Board who also serve as Executive Officers, 4 people (88,600 shares) Executive Officers, 17 people (121,600 shares)
(6) Others	This allotment of treasury stock is subject to the validity of the securities registration statement based on the Financial Instruments and Exchange Act.

2. Objective and Rationale for issuance of Treasury Stock

The company received approval, at the 35th Ordinary General Meeting of Shareholders held on March 19, 2020, to grant Restricted Stock to Members of the Board who also serve as Executive Officers, and that the total amount of monetary remuneration claim for all Members of the Board who also serve as Executive Officers shall not exceed 210 million yen per year or the total number of ordinary shares of the company allotted by the Company shall not exceed 115,200 shares per year. Restricted Stock Remuneration Plan for Members of the Board who also serve as Executive Officers has been introduced with the objective to strengthen the efforts to enhance the mid- to long-term company value and to further promote the shared value between Members of the Board who also serve as Executive Officers and all the shareholders.

The Board of Directors has resolved today to allot 210,200 ordinary shares of the company as Designated Restricted Stock for the 38th business year’s Restricted Stock Remuneration Plan. The monetary remuneration claims (total 459,602,300 yen) are provided to four Members of the Board who also serve as Executive Officers and 17 Executive Officers as remuneration associated with restricted stocks, and each beneficiary receive ordinary shares of the company by providing all the monetary remuneration claims as a contribution in kind.

The amount of monetary remuneration claims for each beneficiary is determined by comprehensively considering various factors including the nature of his/her duties.

In addition, the allocation of monetary remuneration claims to the beneficiaries, assumes that each beneficiary accepts the terms and conditions, and enters into the restricted stock allotment agreement.

The transfer restriction period of Restricted Stock is set as 30 years in order to further promote the shared value of the company between the beneficiaries and shareholders, and to strengthen the effort to enhance the mid- to long-term company value as much as possible.

3. Overview of Allotment Agreement

I) Transfer Restriction Period and Conditions

Transfer Restriction Period (“Restriction Period”): May 24, 2022 to May 23, 2052

During this period restrictions will be applied on the allotted shares (“Allotted Shares”), so that each beneficiary is prohibited to transfer the Allotted Shares, pledge them, mortgage them, or use any arrangement to dispose them.

II) Removal of transfer restrictions

In case any beneficiary retires due to expiration of the term or resigns due to reasons deemed reasonable by the Company’s Board of Directors, from a position as Member of the Board, Audit & Supervisory Board Member or Executive Officer, during the transfer Restriction Period, the transfer restrictions will be removed on all the Allotted Shares. Transfer restrictions will also be removed if the beneficiary dies during the transfer Restriction Period.

III) Acquisition of Allotted Shares by company without any compensation

Allotted Shares will be revoked by the Company if a beneficiary violates any laws and regulations or any other event determined by the Company’s Board of Directors during the Restriction Period, the Company retains the right to acquire all or part of the Allotted Shares without any compensation.

IV) Conditions for Management of Shares

The beneficiary will deposit and maintain the Allotted Shares with SMBC Nikko Securities Co., Ltd., by opening an account to register and record the Allotted Shares until the transfer restrictions are lifted in the manner designated by the Company.

V) Treatment in the case of restructuring of the Company

During the transfer Restriction Period, if the Company becomes defunct due to merger or organization restructuring, the transfer restrictions for Allotted Shares will be lifted following the resolution of the Company’s Board of Directors before the effective date of such restructuring.

4. Basis for calculating the amount to be paid and the specific details thereof

The Allotment price of treasury stock is 2,186.5 yen, which is the closing price of our common stock on the Tokyo Stock Exchange on the business day immediately before the resolution date of the Board of Directors (April 27, 2022), in order to eliminate arbitrariness in determination of such price.

This is the market price immediately before the resolution date of the Board of Directors, and the Company believes this to be a reasonable and fair price.

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Japan Tobacco Inc. is a leading international tobacco company with operations in more than 130 countries. With approximately 58,000 employees, it manufactures and sells some of the world's best-known brands including Winston, Camel, MEVIUS and LD. The JT Group is committed to investing in Reduced-Risk Products (RRP) and currently markets its heated tobacco products under its Ploom brand and various e-cigarette products under its Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit <https://www.jt.com/>.

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