



FOR IMMEDIATE RELEASE

Tokyo, September 15, 2022

Notice Regarding Conclusion of Saint-Germain Share Transfer Agreement

Japan Tobacco Inc. (JT) (TSE: 2914) today announces that it has reached an agreement to transfer shares in its subsidiary Saint-Germain Co., Ltd (Saint-Germain) to create restaurants holdings inc. (Create Restaurants HD). Further, Hokkaido Saint-Germain Co., Ltd (Hokkaido Saint-German), a subsidiary of Saint Germain, will also become part of Create Restaurants HD.

1. Share transfer background and rationale

The JT Group first entered the processed food business in 1998 and since then expanded its business through M&A and capital alliances, in addition to autonomous growth. In the bakery business, the Group welcomed Saint-Germain in 2002 and Hokkaido Saint-Germain in 2004. The Group has developed the bakery chain, which provides high-quality bread utilizing its own technology, mainly in the Tokyo metropolitan area and Hokkaido prefecture.

The Group's bakery business has steadily achieved results through cost structure reforms while adapting to changes in the challenging business environment in the recent years, including the channel shift from bakeries to convenience stores and mass retailers, mainly due to changes in consumers' food purchasing behavior, as well as continued increases in costs including labor and raw materials.

However, to achieve sustainable business growth in Saint-Germain and Hokkaido Saint-Germain, it is necessary to improve store value by securing better locations than ever before and differentiating the value provided. In order to realize these, the Group concluded that the best option is to develop the businesses within a restaurant company which has the know-how. The JT Group has therefore decided to transfer all its shares in Saint-Germain to Create Restaurants HD after assessing bids from several companies.

Create Restaurants HD has more than 240 restaurant brands and store management know-how as well as a network cultivated through the development of many stores. The JT Group believes that such management know-how and a network can maximize the value of the brand and the human resources that both Saint-Germain and Hokkaido Saint-Germain have cultivated so far.

Although the Group has decided to transfer all of its shares in Saint-Germain, it will aim to achieve further sustainable profit growth in its processed foods business by focusing on the frozen and ambient foods as well as the seasonings businesses. Furthermore, the JT Group's subsidiary TableMark will continue to operate in the frozen baked bread segment.

The JT Group would like to express its sincere gratitude to its consumers for their patronage of the Group's products over the years since the start of the bakery business.

2. Saint-Germain company profile (as of August 31, 2022)

(1)	Name	Saint-Germain Co., Ltd		
(2)	Head office location	688 Nippacho, Kohoku-Ku, Yokohama-shi, Kanagawa		
(3)	Representative	Masahiro Akasu, President & CEO		
(4)	Business	Bakery business etc.		
(5)	Paid in capital	JPY 50 million		
(6)	Establishment	May 27, 1994 (Year of foundation: 1934)		
(7)	Number of stores	78 stores (including 51 Saint-Germain stores, 9 Premier Saint-Germain stores etc.)		
(8)	Ownership	Japan Tobacco Inc. (100%)		
(9)	Relationship between parties	Capital	JT owns 100%	
		Personnel	Two directors (one former employee of JT, one current employee of JT). Further one auditor is a current employee of JT.	
		Business relationship	JT's subsidiary TableMark Co., Ltd purchases frozen baked bread from Saint-German.	
(10)	Financial highlights in the recent 3 years (Unit: Million JPY unless mentioned)			
	Fiscal year ended	December 31, 2019	December 31, 2020	December 31, 2021
	Net assets	-1,239	-3,745	-3,929
	Total assets	5,807	4,126	4,401
	Net assets per share (JPY)	-206,541	-624,221	-654,886
	Net sales	10,429	8,608	9,075
	Operating income	-261	-1,254	-582
	Ordinary income	-266	-1,149	-242
	Net income	323	-2,506	-184
	Net income per share (JPY)	53,905	-417,680	-30,666

Reference: Hokkaido Saint-Germain company profile (as of August 31, 2022)

(1)	Name	Hokkaido Saint-Germain Co., Ltd
(2)	Head office location	11-2-43 Hassamu 8 Jo, Nishi-ku, Sapporo-shi, Hokkaido
(3)	Representative	Kiyoshi Kitajima, President & CEO
(4)	Business	Bakery business
(5)	Paid in capital	JPY 30 million
(6)	Establishment	April 28, 2005 (Year of foundation; 1991)
(7)	Number of stores	68 stores (including 55 L'airbon stores, 12 Cent Varie stores etc.)
(8)	Ownership	Saint-Germain (100%)

(9) Relationship between parties	Capital	Saint-Germain owns 100%	
	Personnel	One director and one auditor are current employees of Saint-Germain.	
	Business relationship	Saint-German sells frozen dough to Hokkaido Saint-German, etc.	
(10) Financial highlights in the recent 3 years (Unit: Million JPY unless mentioned)			
Fiscal year ended	December 31, 2019	December 31, 2020	December 31, 2021
Net assets	563	508	477
Total assets	1,035	920	875
Net assets per share (JPY)	7,502	6,771	6,356
Net sales	3,030	2,743	2,497
Operating income	34	-64	-32
Ordinary income	40	-56	-30
Net income	21	-55	-31
Net income per share (JPY)	283	-731	-415

3. Create Restaurants HD company profile (as of February 28, 2022)

(1) Company	create restaurants holdings inc.	
(2) Head office location	5-10-18 Higashi-gotanda, Shinagawa-ku, Tokyo	
(3) Representative	Jun Kawai, President & CEO	
(4) Business	Planning, development, operation, and overall business management of various food service businesses, including restaurants, izakaya, and food courts	
(5) Paid in capital	JPY 50 million	
(6) Establishment	April 22, 1997 (started a restaurant business in 1999)	
(7) Total capital	JPY 30.73 billion	
(8) Total assets	JPY 133.605 billion	
(9) Ownership	Goto International Commercial Research Institute (41.26%), The Master Trust Bank of Japan (trust account) (4.20%), Yurissa Co., Ltd. (2.53%)	
(10) Relationship between parties	Capital	None to be reported.
	Personnel	None to be reported.
	Business relationship	None to be reported.
	Applicable status to related parties	None to be reported.

4. Overview of transferred shares

(1) Number of shares held before the transfer	6,000 shares (percentage of voting right: 100%)
(2) Number of shares to be transferred	6,000 shares
(3) Transfer price	Transfer price is expected to be approximately 2.34 billion yen, subject to closing adjustments following the transfer completion.

(4)	Number of shares held after the transfer	0 shares (percentage of voting right: 0%)
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5. Schedule

(1)	Agreement date	September 15, 2022
(2)	Planned transfer completion date	December 1, 2022

6. Business Outlook

Upon completion of the share transfer, Saint-Germain and its subsidiaries will be excluded from JT's scope of consolidation.

In addition, the share transfer will not have a material impact on the JT's financial results for the fiscal year ending December 31, 2022.

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Japan Tobacco Inc. is a leading international tobacco company selling its products in more than 130 countries and regions. With approximately 55,000 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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