

[This is an English translation prepared for reference purpose only. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.]

Securities Code: 2914
March 5, 2026

To Our Shareholders

Masamichi Terabatake
Member of the Board
Japan Tobacco Inc.
1-1, Toranomom 4-chome, Minato-ku, Tokyo

NOTICE OF CONVOCATION OF THE 41ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 41st Ordinary General Meeting of Shareholders of Japan Tobacco Inc. (“JT” or the “Company”), which will be held as set forth below.

Shareholders not attending the meeting in person are allowed to exercise their voting rights via the Internet or by mail. Please exercise your voting rights beforehand via the Internet or by mail instead, by 6:00 p.m. on Tuesday, March 24, 2026. (For the method of exercising voting rights via the Internet or by mail, please refer to page 3 of this document.)

Particulars

1. Date and Time of the Meeting: Wednesday, March 25, 2026 at 10:00 a.m.

2. Place of the Meeting: The Prince Park Tower Tokyo
Second basement, Convention Hall
8-1, Shibakoen 4-chome, Minato-ku, Tokyo

3. Purpose of the Meeting:

Matters to be Reported:

1. Report on the Business Report, the Consolidated Financial Statements, and the Independent Auditors’ Report and JT’s Audit & Supervisory Board Report on the Consolidated Financial Statements for the 41st Business Term (From January 1, 2025 to December 31, 2025)
2. Report on the Non-Consolidated Financial Statements for the 41st Business Term (From January 1, 2025 to December 31, 2025)

Matters to be Resolved:

- Item 1:** Appropriation of Surplus
Item 2: Election of Ten (10) Members of the Board

Decisions on convening the meeting

- * If the voting right is exercised both via the Internet and by mail, only the exercise of the voting right via the Internet shall be valid. If the voting right is exercised more than once via the Internet, only the last exercise of the voting right shall be valid.
- * If there is no indication of for or against on each proposal in the returned form, it shall be deemed that you have voted for the proposal.

Electronic provision measure

In convening the 41st Ordinary General Meeting of Shareholders, the Company has taken an electronic provision measure for providing information that constitutes the content of the Reference Documents for the General Meeting of Shareholders, etc. (matters for an electronic provision measure). To review the information, please access either of the following websites on which the information is posted.

[JT's website]

<https://www.jti.co.jp/investors/stock/meeting/index.html> (Japanese)

<https://www.jt.com/investors/shareholders/index.html> (English)

[Tokyo Stock Exchange (TSE) website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (Japanese)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show> (English)

(Please access the TSE website, and search by “Issue name” (Japan Tobacco) or “Code” (2914), select “Basic information” and then “Documents for public inspection/PR information” to review filed information.)

- * A change in matters for an electronic provision measure will be announced on the Company's website and the TSE website with a comparison before and after the revision.
- * Among matters for an electronic provision measure, under laws and regulations and the provision in Paragraph 2, Article 17 of the Articles of Incorporation of the Company, the paper-based documents delivered to shareholders who have made a request for delivery of such documents do not include the following:
 - “Matters Concerning Subscription Rights to Shares” and “Overview of the Resolutions on the Development of Systems Necessary to Ensure the Properness of Operations and the Operating Status of the Systems” on the Business Report
 - “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” on the Consolidated Financial Statements
 - “Non-Consolidated Statement of Changes in Net Assets” and “Notes to Non-Consolidated Financial Statements” on the Non-Consolidated Financial Statements

In addition, these items are included in the Consolidated and Non-Consolidated Financial Statements audited by the Independent Auditors in the course of preparing Independent Auditors' Report, and in the Business Report, and Consolidated and Non-Consolidated Financial Statements audited by Audit & Supervisory Board Members in the course of preparing Audit Report.

Operational arrangements

- * Please note that the meeting will be conducted in Japanese only. An interpreter, including a sign language interpreter, may accompany you. If you would like to have an interpreter accompany you, please tell so at the reception desk.
It is also possible for us to arrange a Japanese sign language interpreter for you. If you are in need of this service, please inquire with us in writing by March 18 (Wednesday) (your letter of inquiry must reach us by this date).
- * In the case of material changes in the operation of the General Meeting of Shareholders, you will be informed via the Company's website.

Instructions for Exercising Your Voting Rights

Exercise the Voting Rights via the Internet

Exercise due date



No later than 6:00 p.m., on Tuesday, March 24, 2026

Log in from your smartphone

Scan the QR Code at the lower right-hand side of the Voting Rights Exercise Form. Then, please indicate whether you are for or against each of the items following the directions on the website.

- ✓ It is not necessary to fill in or mail the usual form.
- ✓ It is not necessary to turn on your computer or type the Voting Rights Exercise Website address.
- ✓ It is not necessary to type a burdensome ID or password.

- * Depending on the smartphone model being used, it may not be possible to log in using the QR Code.
- * Depending on the app used to scan the QR Code, some additional operations may be necessary.
- * QR Code is a registered trademark of DENSO WAVE INCORPORATED.

Log in from your computer, etc.

Voting Rights Exercise Website: <https://evote.tr.mufg.jp/>

1. Access the Voting Rights Exercise Website.
2. Fill in the “Log-in ID” and the “Temporary Password” described on the lower right-hand side of the Voting Rights Exercise Form, and click the “Log-in” button.
3. Then, please indicate whether you are for or against each of the items following the directions on the website.

Enquiries on systems, etc.

Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division Help Desk

Tel: 0120-173-027 (Japanese-language only)

(Business hours: 9:00 to 21:00, Toll-free)

To institutional
investors

JT participates in the electronic voting rights exercise platform operated and
administered by ICJ, Inc.

Exercise the Voting Rights by Mail

Exercise due date



To be returned to us no later than 6:00 p.m., on Tuesday,
March 24, 2026

Please indicate whether you are for or against each of the items on the Voting Rights Exercise Form and return it to us. If there is no indication of for or against on each proposal, it shall be deemed that you have voted for the proposal.

- * In the event voting rights are exercised more than once:
 - (1) If the voting right is exercised both via the Internet and by mail, only the exercise of the voting right via the Internet shall be valid.
 - (2) If the voting right is exercised more than once via the Internet, only the last exercise of the voting right shall be valid.

REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Item 1: Appropriation of Surplus

The Group's mid- to long-term resources allocation policy is to prioritize business investments for sustainable profit growth in the mid- to long-term, while striking a balance between profit growth through business investments and shareholder returns, based on JT's management principle, the 4S model, which aims "to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups, and exceeding their expectations wherever we can," and the JT Group Purpose.

In accordance with the above policies, year-end dividends for the 41st Business Term will be paid as described below.

Year-end dividends

■ Type of assets to be paid as dividends:

Cash

■ Allotment of assets to be paid as dividends and their aggregate amount:

¥130 per share of ordinary shares of JT

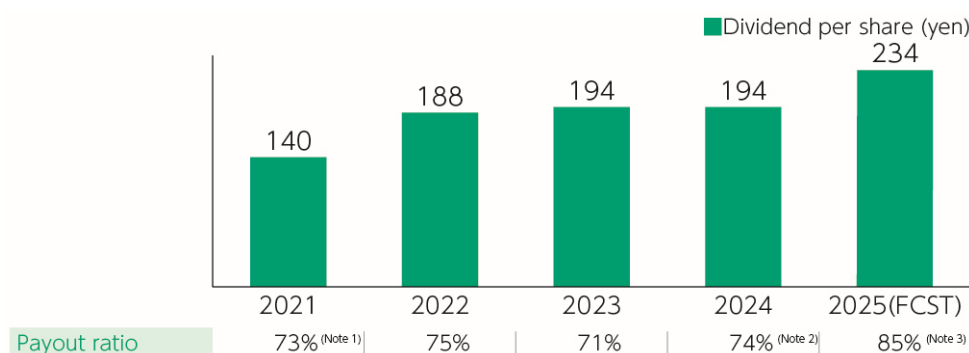
Aggregate amount: ¥230,854,060,190

Together with the interim dividends of ¥104 per share paid in September 2025, the annual dividends for the 41st Business Term will be ¥234 per share.

■ Effective date for distribution of surplus:

March 26, 2026

Reference: Trends in dividend per share (yen) and payout ratio



- (Notes) 1. In fiscal year 2021, we set a new policy to target a payout ratio of 75% (to be in the range of approximately $\pm 5\%$) as a competitive level in the capital markets.
2. From fiscal year 2024, we exclude the liabilities in Canada in connection with the settlement and the impact of its remeasurement. The payout ratio including this impact is 192%.
3. The year-end dividend for fiscal year 2025 is calculated based on profit from continuing operations (¥488.6 billion) after adjustments for the impact of the remeasurement of liabilities associated with the settlement of litigation in Canada, as well as adjustments excluding the impact of the one-time loss from the disposal of goodwill due to the liquidation of the Sudanese subsidiary. In this case, the payout ratio would be 85%. However, based on the strong business momentum centered on the tobacco business, we propose to maintain the ¥130 per share dividend announced in the revised forecast, which is based on the consolidated performance for the nine months ended September 30, 2025. The payout ratio including the exclusion impact is 81%.

Item 2: Election of Ten (10) Members of the Board

The terms of office of all ten (10) present Members of the Board will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we propose the election of ten (10) Members of the Board.

The candidates for the office of Member of the Board are as follows.

Candidate Number	Name		Gender	Positions and Responsibilities in the Company	Advisory Panel on Nomination and Compensation	Number of significant concurrent positions	Number of years as Member of the Board	Attendance at meetings of the Board of Directors
1	[Reappointed]	Shigeaki Okamoto	Male	Chairman of the Board	●	5	4 years	17/17 (100%)
2	[Reappointed]	Masamichi Terabatake	Male	Deputy Chairman of the Board	●	-	8 years	17/17 (100%)
3	[Newly appointed]	Takehiko Tsutsui	Male	Representative Director and President	-	1	-	-
4	[Reappointed]	Koji Shimayoshi	Male	Representative Director and Executive Vice President, Corporate Governance, Compliance, Corporate Strategy, Sustainability, People & Culture, Information Technology, Legal, Operation Review & Business Assurance and Food Business	-	-	2 years	17/17 (100%)
5	[Reappointed]	Kei Nakano	Male	Representative Director and Executive Vice President, Finance, Corporate Communications, Business Development and D-LAB	-	1	3 years	17/17 (100%)
6	[Reappointed]	Masato Kitera [Outside Director] [Independent Director]	Male	Outside Director	●	1	5 years	17/17 (100%)
7	[Reappointed]	Tetsuya Shoji [Outside Director] [Independent Director]	Male	Outside Director	●	4	4 years	17/17 (100%)
8	[Reappointed]	Hiroko Yamashina [Outside Director] [Independent Director]	Female	Outside Director	●	1	2 years	17/17 (100%)
9	[Reappointed]	Kenji Asakura [Outside Director] [Independent Director]	Male	Outside Director	●	1	2 years	17/17 (100%)
10	[Newly appointed]	Yukiko Uchida [Outside Director] [Independent Director]	Female	Outside Director	●	1	-	-

- (Notes)
- Positions and responsibilities in the Company and the Advisory Panel on Nomination and Compensation represent those planned subject to approval of the election of each candidate.
 - The Chairman of the Advisory Panel on Nomination and Compensation shall be elected from among Outside Directors (Independent Directors) by the Panel members themselves.

3. The number of significant concurrent positions represents the number as of the date of sending this Notice of Convocation.
4. The numbers of years as Member of the Board at the conclusion of this Ordinary General Meeting of Shareholders are presented.

Candidate Number			
1	Shigeaki Okamoto	Reappointed	Born February 20, 1961 (65 years old)
Brief Personal History, and Positions and Responsibilities in the Company April 1983 Entered Ministry of Finance July 2006 Director for the Budget Bureau, Planning and Administration Division of Budget Bureau, Ministry of Finance July 2009 Head of Secretariat Division, Minister’s Secretariat, Ministry of Finance August 2012 Deputy Director-General of the Budget Bureau, Ministry of Finance July 2015 Deputy Vice Minister, Ministry of Finance July 2017 Director-General of the Budget Bureau, Ministry of Finance July 2018 Administrative Vice Minister, Ministry of Finance (Retired in July 2020) June 2021 Outside Audit & Supervisory Board Member, Yomiuri Land Co., Ltd. (Current Position) December 2021 Outside Audit & Supervisory Board Member, The Yomiuri Shimbun Osaka Head Office (Current Position) Outside Audit & Supervisory Board Member, The Yomiuri Shimbun Seibu Head Office (Current Position) March 2022 Deputy Chairman of the Board of the Company (Current Position) June 2022 Outside Audit & Supervisory Board Member, The Yomiuri Shimbun Tokyo Head Office (Current Position) June 2025 Outside Director, Toyota Motor Corporation (Current Position)			 Attendance at meetings of the Board of Directors: 17/17 Number of the Company’s Shares Held: 1,900
Significant Concurrent Positions outside the Company Outside Audit & Supervisory Board Member, Yomiuri Land Co., Ltd. Outside Audit & Supervisory Board Member, The Yomiuri Shimbun Osaka Head Office Outside Audit & Supervisory Board Member, The Yomiuri Shimbun Seibu Head Office Outside Audit & Supervisory Board Member, The Yomiuri Shimbun Tokyo Head Office Outside Director, Toyota Motor Corporation			
Reasons for nomination as a candidate for Director Shigeaki Okamoto assumed the position of Deputy Chairman of the Board of the Company in March 2022. Having served important roles such as Administrative Vice Minister of the Ministry of Finance during his long years of service with ministries and bureaus, Shigeaki Okamoto possesses considerable knowledge and experience in general national policies. His broad outlook and high standing underpinned by his experience have contributed to the strengthening of the supervisory function of the Group and relationships with various stakeholders, which we deem to be essential for improving the corporate governance of the Group going forward. For this reason, we propose his reelection as a Member of the Board. Although Shigeaki Okamoto concurrently serving as an Outside Audit & Supervisory Board Member, Yomiuri Land Co., Ltd., The Yomiuri Shimbun Osaka Head Office, The Yomiuri Shimbun Seibu Head Office, and The Yomiuri Shimbun Tokyo Head Office, and Outside Director, Toyota Motor Corporation, he has attended all of the meetings of the Board of Directors, and Advisory Panel on Nomination and Compensation held since he assumed the office of Deputy Chairman of the Company in March 2022 and devoted his time to performing his duties appropriately.			

Candidate Number	
2	Masamichi Terabatake
Reappointed	
Born November 26, 1965 (60 years old)	
Brief Personal History, and Positions and Responsibilities in the Company	
April 1989	Joined the Company
July 2005	Vice President, Secretary's Office
July 2008	Vice President, Corporate Planning Division
June 2011	Senior Vice President, Chief Strategy Officer and in charge of Food Business
June 2012	Senior Vice President, Chief Strategy Officer
June 2013	Member of the Board
	Executive Vice President, JT International S.A.
January 2018	President and Chief Executive Officer
March 2018	Representative Director and President, Chief Executive Officer
January 2026	Member of the Board (Current Position)
Significant Concurrent Positions outside the Company	
None	
Reasons for nomination as a candidate for Director	
Masamichi Terabatake assumed the position of Representative Director and President of the Company in March 2018. He has experience of driving the growth of the Group even in unclear and uncertain operating environments, with his forceful execution of business backed by precise decision-making. In addition, his broad and deep knowledge and insights on global corporate management and business operations cultivated through his experience are expected to contribute to the strengthening of the supervisory function of the Group and relationships with various stakeholders, which we deem to be essential for improving corporate governance of the Group going forward. For this reason, we propose his reelection as a Member of the Board.	



Attendance at meetings
of the Board of Directors:
17/17

Number of the
Company's Shares Held:
375,335

* Masamichi Terabatake took office as Member of the Board without Representative rights from January 1, 2026.

Candidate Number			
3	Takehiko Tsutsui	Newly appointed	Born January 23, 1975 (51 years old)
Brief Personal History, and Positions and Responsibilities in the Company April 1997 Joined the Company March 2012 Vice President, Corporate Planning Division June 2014 Senior Vice President, Deputy Chief Strategy Officer January 2016 Senior Vice President, Business Development January 2020 Senior Vice President, JT International S.A. March 2024 Executive Vice President, JT International S.A. January 2026 President and Chief Executive Officer (Current Position) Chairman of Supervisory Board, JT International Holding B.V. (Current Position)			 Attendance at meetings of the Board of Directors: - Number of the Company's Shares Held: 41,500
Significant Concurrent Positions outside the Company Chairman of Supervisory Board, JT International Holding B.V.			
Reasons for nomination as a candidate for Director Takehiko Tsutsui was appointed President and Chief Executive Officer of the Company in January 2026. Having served important roles such as Vice President of Corporate Planning Division, Senior Vice President, Deputy Chief Strategy Officer, Senior Vice President, Business Development, and Executive Vice President of JT International S.A., a subsidiary of the Company, he has demonstrated strong leadership across a wide range of areas, including driving Group management strategies encompassing overseas M&A, exploring new business opportunities, and promoting the global strategy for the RRP category ^(Note) , one of the Company's focus areas, as well as establishing a foundation for further growth in the future, making significant contributions to the growth of the Group. We judge that his exceptionally high perspective and broad outlook, combined with his strong transformative capabilities, are indispensable for the management of the Group going forward, and for this reason we propose his election as a Member of the Board.			

* Takehiko Tsutsui has served concurrently as President, Tobacco Business since January 1, 2026.

(Note) Reduced-Risk Products (RRP) are products with the potential to reduce the risks associated with smoking. In the Group's portfolio, these products include Heated Products, Infused Tobacco, E-vapor, Modern Oral, and Traditional Oral.

Candidate Number			
4	Koji Shimayoshi	Reappointed	Born March 7, 1968 (58 years old)
Brief Personal History, and Positions and Responsibilities in the Company April 1993 Joined the Company July 2008 Vice President, Tobacco Business Planning Division, Tobacco Business July 2012 Vice President, Human Resources Division July 2014 Vice President, Human Resources Division and Human Resources Planning Division October 2015 Senior Vice President, Chief Human Resources Officer January 2017 Senior Vice President, Head of Tobacco Business Planning Division, Tobacco Business October 2017 Senior Vice President, JT International S.A. January 2018 Executive Vice President, JT International S.A. January 2024 Executive Vice President, Corporate Governance, Compliance, Corporate Strategy, Sustainability, People & Culture, Information Technology, Legal, Operation Review & Business Assurance, Pharmaceutical Business and Food Business of the Company March 2024 Representative Director and Executive Vice President, Corporate Governance, Compliance, Corporate Strategy, Sustainability, People & Culture, Information Technology, Legal, Operation Review & Business Assurance, Pharmaceutical Business and Food Business of the Company December 2025 Representative Director and Executive Vice President, Corporate Governance, Compliance, Corporate Strategy, Sustainability, People & Culture, Information Technology, Legal, Operation Review & Business Assurance and Food Business of the Company (Current Position)			 Attendance at meetings of the Board of Directors: 17/17 Number of the Company's Shares Held: 76,800
Significant Concurrent Positions outside the Company None			
Reasons for nomination as a candidate for Director Koji Shimayoshi was appointed Executive Vice President of the Company in January 2024 and then Representative Director and Executive Vice President in March 2024. He served in important roles including Head of Tobacco Business Planning Division, Vice President of Human Resources Division, Senior Vice President, Chief Human Resources Officer, Senior Vice President, Head of Tobacco Business Planning Division, and Tobacco Business, and Executive Vice President, JT International S.A., a subsidiary of the Company, using his strong leadership focusing on management strategies and business management both in and outside Japan, enhancement of organizational strength, and human resource management. We judge that his keen discernment and accurate decision-making based on his wide-ranging experience and advanced knowledge are indispensable for the management of the Group going forward, and hence we propose his reelection as a Member of the Board.			

Candidate Number			
5	Kei Nakano	Reappointed	Born March 1, 1968 (58 years old)
Brief Personal History, and Positions and Responsibilities in the Company April 1991 Joined the Company April 2011 Vice President, M&S Strategy Department, Tobacco Business Division June 2014 President and Chief Executive Officer, TS Network Co., Ltd. January 2016 Senior Vice President, Communications of the Company October 2019 Senior Vice President, Corporate Strategy March 2020 Director, Japan Growth Investments Alliance, Inc. (Current Position) January 2022 Senior Vice President, Corporate Strategy of the Company January 2023 Executive Vice President, Finance, Corporate Communications, Business Development and D-LAB March 2023 Representative Director and Executive Vice President, Finance, Corporate Communications, Business Development and D-LAB (Current Position)			 Attendance at meetings of the Board of Directors: 17/17 Number of the Company's Shares Held: 82,941
Significant Concurrent Positions outside the Company Director, Japan Growth Investments Alliance, Inc.			
Reasons for nomination as a candidate for Director Kei Nakano was appointed Executive Vice President of the Company in January 2023 and then Representative Director and Executive Vice President in March 2023. He has acquired deep and wide-ranging knowledge in such areas of overall management strategies and business management, during his time serving in important roles, including President and Chief Executive Officer, TS Network Co., Ltd.; Senior Vice President, Communications of the Company; Senior Vice President, Corporate Strategy of the Company; and Senior Vice President, Corporate Strategy of the Company; and has utilized them to the fullest to contribute to the Company's growth. We judge that his diverse experience and strategic thinking and accurate decision-making based on such experience are indispensable for the management of the Group going forward, and hence we propose his reelection as a Member of the Board.			

Candidate Number			
6	Masato Kitera	Reappointed	Born October 10, 1952 (73 years old)
		Outside Director	
		Independent Director	
Brief Personal History, and Positions and Responsibilities in the Company April 1976 Joined the Ministry of Foreign Affairs January 2008 Director-General for Sub-Saharan African Affairs, Middle Eastern and African Affairs Bureau, and Secretary-General, TICAD IV, Ministry of Foreign Affairs July 2008 Director-General, International Cooperation Bureau, Ministry of Foreign Affairs January 2010 Deputy Minister, Ministry of Foreign Affairs September 2012 Assistant Chief Cabinet Secretary November 2012 Ambassador of Japan to the People’s Republic of China April 2016 Ambassador of Japan to the Republic of France June 2016 Ambassador of Japan to the Republic of France, Andorra and Monaco (Retired in December 2019) April 2020 Advisor of the Company June 2020 Outside Director, Marubeni Corporation Outside Director, NIPPON STEEL CORPORATION March 2021 Outside Director of the Company (Current Position) July 2025 Corporate Advisor, Marubeni Corporation (Current Position)		 Attendance at meetings of the Board of Directors: 17/17 Number of the Company’s Shares Held: 0 Number of years as Outside Director (at the conclusion of this Ordinary General Meeting of Shareholders) 5 years	
Significant Concurrent Positions outside the Company Corporate Advisor, Marubeni Corporation			
Reasons for nomination as a candidate for Outside Director and summary of expected roles Masato Kitera assumed the position of Outside Director of the Company in March 2021. He did not engage in corporate management previously other than serving as an outside director or an outside auditor. However, he held important positions over many years of service with the government, primarily in the Ministry of Foreign Affairs. With his extensive international experience and a high level of knowledge of international affairs cultivated during his diplomatic and other activities reflected in the management of the Group as it expands its business outside Japan at a time of globally increasing geopolitical risks, he has played a big role in providing advice and oversight which contribute to the further enhancement of corporate governance. We believe his high level of international experience and broad knowledge are essential for the Group management by the Company, and thus propose his reelection in expectation of his continuous contribution as Outside Director of the Company to improving corporate governance in the Group through his proactive recommendations and advice provided at the meetings of the Board of Directors and the Advisory Panel on Nomination and Compensation.			
Significant matters concerning candidate for Outside Director - Although the Company has a business relationship with Marubeni Corporation, of which he is a Corporate Advisor, the value of the business in fiscal year 2025 was negligible, coming to less than 0.1% of consolidated revenue for Marubeni Corporation in the fiscal year ended March 2025, and less than 0.1% of the Company’s consolidated revenue in fiscal year 2025. In addition, in April 2020 the Company entered into a part-time advisory agreement with Masato Kitera. The agreement was canceled as at the point when his election was approved at the 36th Ordinary General Meeting of Shareholders held on March 24, 2021. The consideration paid to Masato Kitera based on this agreement was not more than ¥10 million prescribed in the Company’s independence criteria of outside executives. We judge that these relationships have no impact on his independence. - NIPPON STEEL CORPORATION, where Masato Kitera served as an Outside Director, received an instructive document from Chiba Prefecture, Kisarazu City, Kimitsu City, and Futtsu City in August 2023 regarding incidents in the Kimitsu Area of its East Nippon Works, including the draining of colored effluent that flowed out, the draining of liquid exceeding the effluent standards at outlets, and the company’s handling of water quality measurement results. While Masato Kitera realized these facts only after they had been reported, he has fulfilled his duties through making recommendations and proposals, etc. from a legal compliance perspective at meetings of the Board of Directors on a day-to-day basis. In addition, after the above incidents were reported, he worked to review and make recommendations on the matters including the cause of occurrence, the adequacy of actions taken before and after the fact, and preventive measures.			

Candidate Number			
7	Tetsuya Shoji	Reappointed	Born February 28, 1954 (72 years old)
		Outside Director	
		Independent Director	
Brief Personal History, and Positions and Responsibilities in the Company			 Attendance at meetings of the Board of Directors: 17/17 Number of the Company's Shares Held: 0 Number of years as Outside Director (at the conclusion of this Ordinary General Meeting of Shareholders) 4 years
April 1977	Joined Nippon Telegraph and Telephone Public Corporation		
June 2006	Senior Vice President, General Manager of the Personnel Department, Nippon Telegraph and Telephone West Corporation (Current NTT WEST, Inc.)		
June 2009	Senior Vice President, Head of General Affairs, Nippon Telegraph and Telephone Corporation (Current NTT, Inc.)		
June 2012	Senior Executive Vice President, Representative Member of the Board, NTT Communications Corporation (Current NTT DOCOMO BUSINESS, Inc.)		
June 2015	President & CEO, Representative Member of the Board, NTT Communications Corporation		
October 2018	Representative Member of the Board, NTT, Inc.		
June 2020	Corporate Advisor, NTT Communications Corporation (Current NTT DOCOMO BUSINESS, Inc.) (Current Position)		
December 2020	Outside Director, circlace Inc.		
March 2021	Outside Director, Sapporo Holdings Limited (Current Position)		
June 2021	Outside Director, Hitachi Zosen Corporation (Current Kanadevia Corporation) (Current Position)		
June 2021	Outside Director, Mitsubishi Logistics Corporation (Current Position)		
March 2022	Outside Director of the Company (Current Position)		
Significant Concurrent Positions outside the Company			
Corporate Advisor, NTT DOCOMO BUSINESS, Inc.			
Outside Director, Sapporo Holdings Limited			
Outside Director, Kanadevia Corporation			
Outside Director, Mitsubishi Logistics Corporation			
Reasons for nomination as a candidate for Outside Director and summary of expected roles			
Tetsuya Shoji assumed the position of Outside Director of the Company in March 2022. He has served as a president and representative director for a telecommunications company, and has extensive experiences in business execution and corporate management and wide-ranging insights in corporate planning, human resources, global operations, and digitization promotion. With his such experiences and insights, he advised on the management of the Group as it expands its business globally and regards IT/information security as one of the increasingly important management foundations in the future. He also played a big role in supervising business execution from an independent and fair standpoint.			
We believe his extensive experience and broad knowledge are essential for the Group management by the Company and expect he will continue contributing to the improvement of the Group's corporate governance through his active recommendations and advice as an Outside Director at the Board of Directors and the Advisory Panel on Nomination and Compensation, etc., and hence we propose his reelection as an Outside Director.			
Although Shoji Tetsuya is a Corporate Advisor of NTT DOCOMO BUSINESS, Inc., concurrently serving as an Outside Director of Sapporo Holdings Limited, Kanadevia Corporation, and Mitsubishi Logistics Corporation, he has attended all of the meetings of the Board of Directors, and Advisory Panel on Nomination and Compensation held since he assumed the office of Outside Director of the Company in March 2022 and devoted his time to performing his duties appropriately.			
Significant matters concerning candidate for Outside Director			
- Although the Company has a business relationship with NTT DOCOMO BUSINESS, Inc., of which he is a Corporate Advisor, the value of this business in fiscal year 2025 was negligible, coming to less than 0.1% of consolidated operating revenue for NTT DOCOMO BUSINESS, Inc. in the fiscal year ended March 2025, and less than 0.1% of the Company's consolidated revenue in fiscal year 2025. In addition, the Company has a business relationship with Mitsubishi Logistics Corporation, of which he is an Outside Director, the value of this business in fiscal year 2025 was negligible, coming to less than 0.1% of consolidated operating revenue for Mitsubishi Logistics Corporation in the fiscal year ended March 2025, and less than 0.1% of the Company's consolidated revenue in fiscal year 2025.			
We judge that these relationships have no impact on his independence.			
- Kanadevia Corporation, where Tetsuya Shoji serves as an Outside Director, publicly disclosed in July 2024 inappropriate conduct regarding data related to fuel consumption and other matters in marine engines at its subsidiary. The company also publicly disclosed in February and April 2025 inappropriate conduct in businesses other than the marine engine business at the company and its group, including the involvement in welding work of individuals without the required welding qualifications and the falsification of repair records. While Tetsuya Shoji realized these facts only after they had been reported, he has been fulfilling his duties through making recommendations and proposals, etc. from a legal compliance perspective at meetings of the Board of Directors on a day-to-day basis. In addition, after the above incidents were reported, he has been making efforts to review and make recommendations on the matters including the cause of occurrence, the adequacy of actions taken before and after the fact, and preventive measures.			

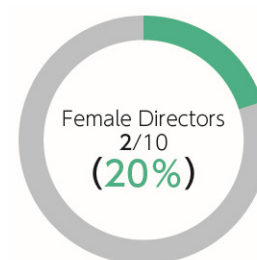
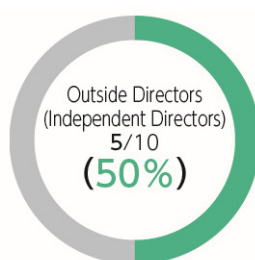
Candidate Number		Reappointed Outside Director Independent Director		Born May 20, 1963 (62 years old)
8	Hiroko Yamashina			
Brief Personal History, and Positions and Responsibilities in the Company April 1986 Joined Orient Leasing Co., Ltd. (Present ORIX Corporation) March 2007 Head of Office of Internal Controls, ORIX Corporation May 2010 Executive Officer, ORIX Life Insurance Corporation January 2013 Managing Executive Officer, ORIX Life Insurance Corporation January 2014 Corporate Officer, ORIX Corporation January 2016 Group Executive, ORIX Corporation President, ORIX Credit Corporation (Current DOCOMO Finance, Inc.) January 2021 Chairman, ORIX Credit Corporation (Current DOCOMO Finance, Inc.) March 2023 Outside Audit & Supervisory Board Member of the Company March 2024 Outside Director (Current Position) March 2024 Chairperson, ORIX Asset Management Corporation January 2025 Advisor, ORIX Corporation (Current Position)				 Attendance at meetings of the Board of Directors: 17/17 Number of the Company's Shares Held: 0 Number of years as Outside Director (at the conclusion of this Ordinary General Meeting of Shareholders) 2 years
Significant Concurrent Positions outside the Company Advisor, ORIX Corporation				
Reasons for nomination as a candidate for Outside Director and summary of expected roles Hiroko Yamashina assumed the position of Outside Director of the Company in March 2024. She has served in important roles such as Corporate Officer of a general financial service provider and President of a subsidiary of the company, and we have benefited from her extensive experience in corporate management and business operation and objective point of view based on her broad and deep insights being reflected in the management of the Group. She also played a big role in supervising business execution from an independent and fair standpoint. We judge that her broad outlook and high standing underpinned by her experience as a corporate manager are essential for the Group management by the Company and expect she will continue contributing to the improvement of the Group's corporate governance through her active recommendations and advice as an Outside Director at the Board of Directors and the Advisory Panel on Nomination and Compensation, etc., and hence we propose her reelection as an Outside Director.				
Significant matters concerning candidate for Outside Director Although the Company had a business relationship in 2024 with Mirai Leader's Link, a voluntary organization of which she is Chair and Director, the value of this business during 2024 was negligible, coming to less than ¥200,000 and less than 0.1% of the Company's consolidated revenue in fiscal year 2024, despite being equivalent to 2.2% of the revenue of Mirai Leader's Link in fiscal year 2024. In addition, she does not receive remuneration for serving as Chair and Director. Therefore, after receiving the approval of the Board of Directors of the Company, it is judged that she is in effect independent. Furthermore, the Company has not had a business relationship with Mirai Leader's Link since 2025.				

Candidate Number	
9	Kenji Asakura
	Reappointed
	Outside Director
	Independent Director
Born December 11, 1955 (70 years old)	
Brief Personal History, and Positions and Responsibilities in the Company	
April 1978	Joined Nagase & Co., Ltd.
April 2009	Executive Officer and General Manager of Automotive Solutions Dept.
June 2013	Director, Executive Officer
April 2015	Representative Director, President and CEO
April 2023	Representative Director, Chairman (Current Position)
March 2024	Outside Director of the Company (Current Position)
Significant Concurrent Positions outside the Company	
Representative Director, Chairman, Nagase & Co., Ltd.	
	
Attendance at meetings of the Board of Directors: 17/17	
Number of the Company's Shares Held: 0	
Number of years as Outside Director (at the conclusion of this Ordinary General Meeting of Shareholders) 2 years	
Reasons for nomination as a candidate for Outside Director and summary of expected roles	
Kenji Asakura assumed the position of Outside Director of the Company in March 2024. He has served in important roles such as Representative Director, President and CEO and Representative Director, Chairman of a trading company specializing in trading chemical products, and has outstanding experience and wide-ranging knowledge in global corporate management, business operation, and corporate cultural reform. These experiences and insights are reflected in the management of the Group as it expands its business globally, and he also played a big role in supervising business execution from an independent and fair standpoint. We judge that his broad outlook and high standing underpinned by his experience and track record as a top management member of a listed global company are essential for the Group management by the Company and expect he will continue contributing to the improvement of the Group's corporate governance through his active recommendations and advice as an Outside Director at the Board of Directors and the Advisory Panel on Nomination and Compensation, etc., and hence we propose his reelection as an Outside Director.	

Candidate Number			
10	Yukiko Uchida	Newly appointed	Born July 22, 1975 (50 years old)
		Outside Director	
		Independent Director	
Brief Personal History, and Positions and Responsibilities in the Company September 2003 Visiting Scholar, Institute for Social Research, University of Michigan September 2004 Visiting Scholar, Department of Psychology, Stanford University January 2008 Assistant Professor, Kokoro Research Center, Kyoto University April 2011 Associate Professor, Kokoro Research Center, Kyoto University April 2019 Professor, Kokoro Research Center, Kyoto University September 2019 Berggruen Fellow, Stanford University, Center for Advanced Study in the Behavioral Sciences April 2020 Vice Director, Kokoro Research Center, Kyoto University April 2022 Professor, Kyoto University Institute for the Future of Human Society (Current Position) April 2023 Director, Kyoto University Institute for the Future of Human Society (Current Position)			
Significant Concurrent Positions outside the Company Director and Professor, Kyoto University Institute for the Future of Human Society			Attendance at meetings of the Board of Directors: - Number of the Company's Shares Held: 0 Number of years as Outside Director (at the conclusion of this Ordinary General Meeting of Shareholders) -
Reasons for nomination as a candidate for Outside Director and summary of expected roles Yukiko Uchida has served in important roles such as board member of international academic organizations and committee member of government councils as an expert in well-being research, and possesses advanced expertise and extensive experience in social psychology and cultural psychology. Although she has not been involved in corporate management in the past except as an advisor or consultant, we expect that her outstanding knowledge and deep insights will be reflected in the management of the Group, which continues to evolve toward the realization of the JT Group Purpose, "Fulfilling Moments, Enriching Life," and that she will provide advice and oversight that will contribute to further enhancement of corporate governance, and for this reason we propose her election as an Outside Director.			
Significant matters concerning candidate for Outside Director - Although the Company has a business relationship with Kyoto University, where she serves as Director and Professor, the value of this business in fiscal year 2025 is negligible, coming to less than 0.1% of Kyoto University's revenue in fiscal year 2024 and less than 0.1% of the Company's consolidated revenue in fiscal year 2025. Therefore, it is judged that this does not affect her independence. - In addition, although the Company makes donations to Kyoto University, where she serves as Director and Professor, the amount of donations in fiscal year 2025 was negligible, coming to less than 0.1% of Kyoto University's revenue in fiscal year 2024 and less than 0.1% of the Company's consolidated revenue in fiscal year 2025. Therefore, it is judged that this does not affect her independence.			

- (Notes)
1. No conflict of interest exists between the Company and each candidate.
 2. The age of each candidate is as of the conclusion of this Ordinary General Meeting of Shareholders.
 3. Masato Kitera, Tetsuya Shoji, Hiroko Yamashina, Kenji Asakura and Yukiko Uchida satisfy the Company's independence criteria of outside executives and the requirements of an independent director prescribed by the Tokyo Stock Exchange, Inc.
 4. The Company has designated Masato Kitera, Tetsuya Shoji, Hiroko Yamashina and Kenji Asakura as independent directors as prescribed by the Tokyo Stock Exchange, Inc. and intends to designate them as such again, should their election be approved. The Company also intends to designate Yukiko Uchida as an independent director as prescribed by the Tokyo Stock Exchange, Inc., should her election be approved.
 5. The Company has entered into an agreement with Shigeaki Okamoto, Masato Kitera, Tetsuya Shoji, Hiroko Yamashina, and Kenji Asakura as Members of the Board (excluding Directors who also serve as Executive Officers, etc.) to limit their liabilities stipulated in Paragraph 1, Article 423 of the Companies Act to the extent permitted by the laws and regulations. The Company intends to extend the respective agreement if their reelection is approved. The Company will also enter into an agreement to the same effect with Masamichi Terabatake and Yukiko Uchida as Member of the Board (excluding Directors who also serve as Executive Officers, etc.) subject to the approval of their election.
 6. The Company has entered into a liability agreement with each of its Members of the Board as stipulated in Paragraph 1, Article 430-2 of the Companies Act, whereby the Company shall compensate them for expenses incurred under item (i) of the same paragraph, and any losses incurred under item (ii) of the same paragraph, to the extent permitted by laws and regulations. If the reelection of the candidates is approved, the Company intends to extend the respective agreement. The Company will also enter into a liability agreement to the same effect with those to be newly elected subject to the approval of their election.
 7. The Company has entered into a liability insurance agreement for executive officers, etc. with an insurance company as stipulated in Paragraph 1, Article 430-3 of the Companies Act, and intends to renew this agreement in April 2026. Under the terms of this insurance agreement, litigation expenses and compensation for damages arising from legal action against the insured by third parties, shareholders or companies shall be supplemented, and a premium for the insurance agreement is fully borne by the Company. Among the candidates for Members of the Board, those to be reelected are already covered as the insured by the insurance agreement and remain so subject to the approval of their reelection. Those to be newly elected will be covered as the insured by the insurance agreement subject to the approval of their election.

【Reference】 Independence and Diversity of the Board of Directors
(in the case where Item 2 is approved and adopted as proposed)



【Reference】 Nomination of Member of the Board Candidates

In “JT Corporate Governance Policy,” the Company prescribes the following.

Nomination of candidates for Members of the Board and Audit & Supervisory Board Members, dismissal of Members of the Board from their roles as Executive Officer or other designated positions and related matters shall be conducted under the appropriate supervision of the Board of Directors, according to the following policies and procedures.

- JT shall work on expanding, in terms of quality and quantity, the group of executive candidates exhibiting qualities conducive to promoting sustainable profit growth and increased corporate value in the medium to long term by pursuing the 4S model.
Specifically, JT intends to enhance the development of a group of executive candidates and improve the substance of succession plans, along with the process for formulating such plans, while referring to outside opinions from the Advisory Panel on Nomination and Compensation, which is comprised entirely of Members of the Board who do not serve as Executive Officers and of which more than half are independent Outside Directors.
- Candidates for the Members of the Board shall be nominated by resolution of the Board of Directors. The resolution shall be made after securing opportunities to receive appropriate advice from independent Outside Directors by having the Advisory Panel on Nomination and Compensation deliberate on a candidate proposal formed by the President and report the content and results of its deliberations to the Board of Directors.
Candidates for the Audit & Supervisory Board Members shall be nominated by resolution of the Board of Directors as persons who are expected to perform their duties appropriately from a position independent of the Board of Directors. The resolution shall be made after securing opportunities to receive appropriate advice from independent Outside Directors by having the Advisory Panel on Nomination and Compensation deliberate on a candidate proposal formed by the President and report the content and results of its deliberations to the Board of Directors, upon receiving prior consent from the Audit & Supervisory Board.
- Dismissal of Members of the Board from their roles as Executive Officer or other designated positions in the cases where they do not meet the required qualifications or have become unable to perform their duties shall be made by resolution of the Board of Directors after securing opportunities to receive appropriate advice from independent Outside Directors by having those Members of the Board who are not subject to dismissal request the Advisory Panel on Nomination and Compensation to deliberate on the proposal for dismissal and report the content and results of its deliberations to the Board of Directors.

Further, when proposing candidates for the Board and Audit & Supervisory Board Members at shareholders’ meetings, the reasons for appointment of individual candidates shall be disclosed, likewise when the Board of Directors has resolved to dismiss Members of the Board from their roles as Executive Officer or other designated positions, the reason for dismissal shall be disclosed.

【Reference】 The Company's Independence Criteria of Outside Executives

The Company has established an independence criteria of Outside Executives and Independent Outside Directors/Audit & Supervisory Board Members must not fall under any of the following categories.

1. An Executive (referring to an Executive prescribed in Article 2, paragraph (3), item (vi) of the Ordinance for Enforcement of the Companies Act, and including Executive Directors, Executive Officers, and employees; the same shall apply hereinafter) of JT or JT's subsidiary (hereinafter the "JT Group") *When designating an Outside Director
2. A party who served as an Executive of the JT Group within the past 10 years (or in the case of a person who served as a Director, Accounting Advisor, or Audit & Supervisory Board Member of the JT Group (excluding a person who has served as an Executive) within the past 10 years, the 10 years prior to their appointment to that position) *When designating an Outside Director
3. A party who served as a Director, Accounting Advisor, Executive Officer, or employee of the JT Group within the past 10 years (or in the case of a person who served as an Audit & Supervisory Board Member of the JT Group within the past 10 years, the 10 years prior to their appointment to that position) *When designating an Outside Audit & Supervisory Board Member
4. A party whose transaction amount with JT exceeded 2% of the counterparty's or JT's consolidated revenue in any of the past three fiscal years (excluding cases in which the transaction amount was not more than 100 million yen); if such party is a corporation or other organization, the Executive of said corporation or other organization
5. An Executive of any financial institution mentioned as a major lender in JT's Business Report in any of the past three fiscal years
6. A party who has provided JT with expert services or consulting services concerning legal affairs, financial affairs, tax affairs or other affairs (hereinafter "Relevant Services") in any of the past three fiscal years and has received monetary consideration in excess of 10 million yen. In the case of a corporation or other organization, a person who belongs to an organization that, in any of the past three fiscal years, has received monetary consideration from JT in an amount equivalent to 2% or more of the organization's annual gross revenue (provided, however, that even if the amount received was less than 2% of the organization's annual gross revenue, a person who was involved in one or more Relevant Services provided to JT for which the total compensation exceeded 10 million yen shall be included)
7. A party who currently belongs or has belonged to an auditing firm acting as JT's accounting auditor in the past three years
8. A party who holds more than 10% of JT's issued stock or, if the shareholder is a corporation, its Executive or a person who has served as its Executive in the past three years
9. A spouse or a close relative (meaning a spouse or a relative within the second degree of kinship; the same shall apply in item 10 below) of an Executive of the JT Group, a person who was recently an Executive of the JT Group, a non-Executive Director of JT, or a person who falls under the criteria in 4 through 8 above (excluding those deemed immaterial) *When designating an Outside Director
10. A spouse or a close relative of an Executive, a non-Executive Director, or Accounting Advisor of the JT Group, a person who was recently in any of those positions, or a person who falls under the criteria in 4 through 8 above (excluding those deemed immaterial) *When designating an Outside Audit & Supervisory Board Member
11. An Executive of a company that accepts JT's Executive as an Outside Director or Outside Audit & Supervisory Board Member
12. A party who has received donations of more than 10 million yen from JT in any of the past three fiscal years. In the case of a corporation or other organization, an Executive of the organization that has received donations exceeding 2% of the annual gross revenue or consolidated revenue of the organization (excluding cases in which the donation amount was not more than 10 million yen)

Even in cases where any of the above items applies, in cases where a person is regarded as independent of JT substantially as a result of examination of that candidate's past career and current titles and the candidate satisfies the externality requirements set forth in the Companies Act, JT may appoint said candidate as an Independent Director/Auditor upon approval by the Board of Directors. In which case, JT shall explain reasons for its assessment externally.

Reference: Skills Matrix of Members of the Board and Audit & Supervisory Board Members (Including Candidates)

The concept of skills necessary for the Board of Directors

The Company will pursue the 4S model, the Group's management principle, and realize the JT Group Purpose. The area of "human enrichment" undergoes changes in various ways with the times and the people, and the Company will strive to evolve constantly so that it can continue to be trusted by society and make valuable contributions in the area in the future. On that basis, the Company believes that it is important for its Board of Directors to be comprised of diverse professionals who agree with the 4S model and JP Group Purpose, with a high sense of ethics and integrity as well as knowledge, experience and skills.

In order for the Board of Directors comprised of members based on the above view, to properly fulfill its roles and responsibilities, the Company particularly expects each Member of the Board to demonstrate skills based on their knowledge and experience in the following areas, and believes that the Board of Directors as a whole has the necessary skills.

Areas in which the skills are expected to be particularly effective

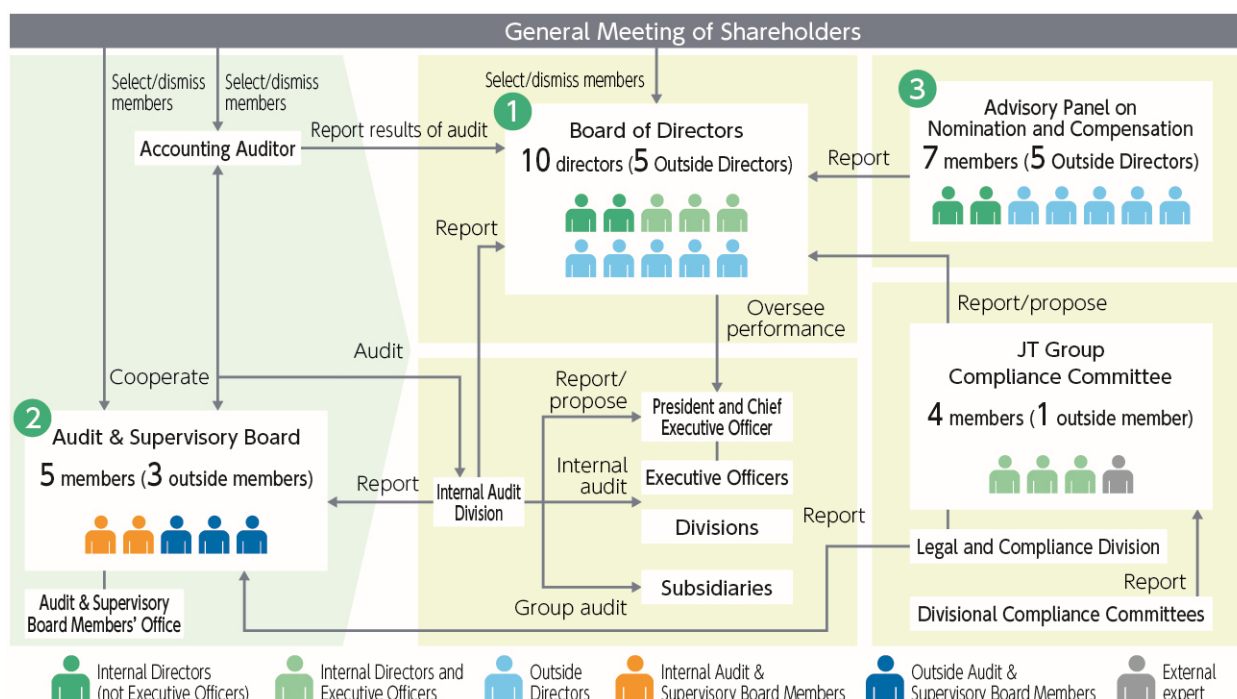
- **"Corporate Management,"** including the JT Group's management strategy, operations, and business strategy that contribute to sustainable profit growth and enhancement of corporate value based on the 4S model, our management principle.
- **"Global Management,"** which is essential for the JT Group, which operates globally, in order to achieve mid- to long-term business growth.
- **"Corporate Finance, Accounting and Capital Policy"** and **"Legal, Compliance and Risk Management,"** which are the basis of decision-making for effective management and business activities for our corporate value growth and business continuity.
- **"IT / Information Security,"** which is one of the important management foundations for strengthening the competitiveness of the JT Group and for business continuity.
- **"Corporate Governance,"** which is the foundation of our corporate activities in order to maximize stakeholder value, pursue sustainable profit growth, and grow our corporate value over the long term.
- **"Sustainability / Environment and Society,"** which we consider to be the core to our management initiatives and for which we formulate strategies based on the 4S model and materiality analysis, in order to contribute to building a sustainable environment and society through the realization of the JT Group Purpose.
- **"DE&I (Diversity, Equity & Inclusion) / Organizational Behavior and Human Resource Management,"** to respect different backgrounds and values, such as gender, sexual orientation, age, and nationality, as well as experience and expertise, and promote investment in human resources including growth support focusing on personnel diversity, and the creation of an environment where diverse employees can perform to the best of their abilities.
- **"Business Development / M&A,"** to formulate strategies and carry out measures for further development and business growth in order to continue providing "human enrichment" in accordance with ever-changing society and the values of people.

In addition, in light of the roles and responsibilities of Audit & Supervisory Board Members to oversee the job performance of Members of the Board, we are particularly expecting Audit & Supervisory Board Members to demonstrate their skills in the areas of "Corporate Finance, Accounting and Capital Policy," "Legal, Compliance and Risk Management," and "Corporate Governance." We believe that the entire Audit & Supervisory Board has the necessary skills.

	Name	Position	Corporate Management	Global Management	Corporate Finance, Accounting and Capital Policy	Legal, Compliance and Risk Management	IT / Information Security	Corporate Governance	Sustainability / Environment and Society	Diversity, Equity & Inclusion / Organizational Behavior and Human Resource Management	Business Development / M&A
1	Shigeaki Okamoto	Chairman of the Board			●	●		●	●	●	
2	Masamichi Terabatake	Deputy Chairman of the Board	●	●		●	●	●	●	●	●
3	Takehiko Tsutsui	Representative Director and President	●	●	●	●		●	●	●	●
4	Koji Shimayoshi	Representative Director and Executive Vice President	●	●		●	●	●	●	●	●
5	Kei Nakano	Representative Director and Executive Vice President	●		●	●		●			●
6	Masato Kitera	Outside Director		●		●		●	●	●	
7	Tetsuya Shoji	Outside Director	●	●			●	●		●	●
8	Hiroko Yamashina	Outside Director	●		●	●		●		●	
9	Kenji Asakura	Outside Director	●	●			●	●	●		●
10	Yukiko Uchida	Outside Director		●				●	●	●	●
11	Hideaki Kashiwakura	Standing Audit & Supervisory Board Member	●	●	●			●		●	●
12	Tsutomu Hashimoto	Standing Audit & Supervisory Board Member		●	●	●	●	●			
13	Shigeru Taniuchi	Standing Audit & Supervisory Board Member Outside Audit & Supervisory Board Member			●	●		●	●	●	
14	Nobuo Inada	Outside Audit & Supervisory Board Member			●	●		●	●	●	
15	Emiko Takeishi	Outside Audit & Supervisory Board Member				●		●	●	●	

【Reference】 Corporate Governance

JT's Corporate Governance System (as of December 31, 2025)



Fundamental Policy Concerning Corporate Governance

We have enhanced our corporate governance, based on our belief that it is the means for conducting transparent, fair, timely and decisive decision-making for pursuing JT's management principle, the 4S model. Specifically, the 4S model aims "to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups, and exceeding their expectations wherever we can."

We have set out the "JT Corporate Governance Policies" on February 4, 2016, and continuously strive to make enhancements based on our belief that it will enable us to achieve sustainable profit growth and enhancement of corporate value over the mid to long term, which will contribute to the development of our Group's stakeholders and eventually the economic society as a whole.

We will continue to strive to make the enhancement of corporate governance one of the key challenges for our management.

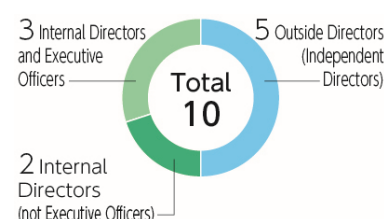
(1) Board of Directors:

The body assumes responsibility in making decisions for important issues including the JT Group management strategies as well as supervising all the activities of the Group.

In addition to meetings held in principle once a month, meetings are convened flexibly as necessary to make decisions on matters stipulated by laws and regulations and important issues, supervise business execution, and receive reports on the status of business execution from Members of the Board.

No. of meetings held in fiscal year 2025:	Main Matters Discussed and Deliberated
17	• Important issues, including the formulation of the management plan, nomination of Executive Officers, and withdrawal from the pharmaceutical business in connection with the transfer of such business • Financial results and finance-related matters, and progress on sustainability strategy • Matters related to Group compliance, risk management, and internal control • Matters related to evaluation of the effectiveness of the Board of Directors and the Advisory Panel on Nomination and Compensation

Composition



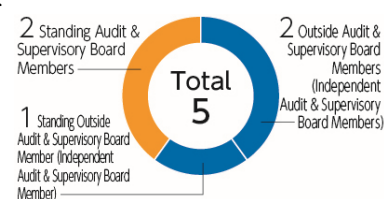
(2) Audit & Supervisory Board:

Conducts appropriate audits from an objective position corresponding to the nature of duties of Independent Outside Audit & Supervisory Board Members or standing Audit & Supervisory Board Members.

Audit & Supervisory Board Members, as an independent body mandated by the shareholders, conduct operational audits and accounting audits. In addition to participating in the Board of Directors meetings and other important meetings and making remarks, they actively exercise their authority such as by proactively inspecting business bases.

No. of meetings held in fiscal year 2025:	Main Matters Discussed and Deliberated
14	• Matters related to auditing policies • Matters related to the Audit & Supervisory Board's Audit Report

Composition



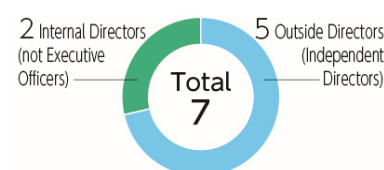
(3) Advisory Panel on Nomination and Compensation:

Deliberates on executive nomination and remuneration and reports to the Board of Directors.

The Panel, through deliberating on the development of a pool of executive candidates (including succession planning), the nomination of Member of the Board and Audit & Supervisory Board Member candidates, dismissal of Executive Directors and Members of the Board who also serve as Executive Officers, and matters regarding remuneration for Members of the Board and Executive Officers, reports to the Board of Directors.

No. of meetings held in fiscal year 2025:	Main Matters Discussed and Deliberated
4	• Deliberation on the nomination of the proposed Members of the Board and their skills matrix • Deliberation on selecting benchmark companies for the level of remuneration and other matters • Confirmation of the level of remuneration • Confirmation of the pool of executive candidates • Review of the key performance indicators (KPIs) for the executive bonuses and performance share units

Composition



【Reference】 Evaluation of Effectiveness of the Board of Directors of the Company

We annually evaluate the effectiveness of our Board of Directors. This is done by having all Directors and Audit & Supervisory Board Members complete a self-assessment questionnaire with regards to factors including the Board's operations, supervisory function and dialogues with shareholders and investors. We then compile the evaluation results. The results of the self-assessment are reviewed and analyzed at the Board of Directors, leading to further improvements in its effectiveness.

The major items evaluated for fiscal year 2025 were as follows. We designed questions for confirming improvements to the issues identified in fiscal 2024 and understanding expectations for establishing a medium- to long-term governance structure in addition to items that should be continually checked. Furthermore, starting this fiscal year, we newly added questions about individual evaluations for Outside Directors.

We have entrusted external institutions with giving advice in preparing and analyzing the results of the questionnaire in order to ensure objectivity of evaluations and further improve the evaluation of effectiveness.

No.	Evaluation items	Number of questions
1	Roles, Functions and Composition of the Board of Directors	5
2	Operation of the Board of Directors	3
3	Cooperation with audit institutions and risk management	3
4	Relationship with shareholders and investors	3
5	Voluntary committees	2
6	Measurement of the effectiveness related to the previous issues	5
7	Other freeform questions	—
8	Contribution of Outside Directors	—

●Initiatives for fiscal year 2025

In fiscal year 2025, we took the following actions to address the issues identified in the effectiveness evaluation for fiscal year 2024.

Main issues	Details of actions
- Continued further strengthening of the supervisory function of the Board of Directors - Continued strengthening of the effectiveness and efficiency of the Board of Directors	- Further enhancement of opportunities to report and share various management issues - Enhancement of opportunities for communication among officers through the holding of meetings for opinion exchange, etc. - Optimization of explanations of agenda items in order to secure time for deliberation

●Results of evaluation for fiscal year 2025

In the evaluation of effectiveness conducted for fiscal year 2025, the items undergoing evaluation obtained good results on the whole as continuing from fiscal year 2024, allowing the Company to confirm that the effectiveness of the Board of Directors is improving, and the Board of Directors is functioning effectively. In particular, they were highly evaluated for their understanding of stakeholders' perspectives, sharing the 4S model as a common value standard, and providing appropriate supervision of the risk management system.

●Initiatives for fiscal year 2026 onwards

We recognize that the efforts to address the issues identified in the evaluation of effectiveness for fiscal year 2024 have been positively received, and ongoing efforts are anticipated. We will continue to engage in ongoing deliberations and strive for further advancement.

Main issues	Policy for improvements going forward
- Continued further strengthening of the supervisory function of the Board of Directors - Continued strengthening of the effectiveness and efficiency of the Board of Directors	- Establishment of opportunities that emphasize discussions on governance and major management issues from a medium- to long-term perspective - Further enhancement of opportunities for communication among officers through the holding of meetings for opinion exchange, etc. - Continued improvement of the operation of the Board of Directors

The Company will continue to implement improvements required to further enhance effectiveness, including the above-mentioned activities.

[For your reference, we have included various graphs and photographs.]

Business Report

(From January 1, 2025 to December 31, 2025)

I. Matters Concerning Present State of the Corporate Group^(Notes 1, 2)

1. Overview and Results of Operations

General summary

- **Revenue**

Core revenue^(Note 3) at constant FX^(Note 4), which is one of the Group's management benchmarks, increased by 13.9% year on year. Revenue increased by 13.4% to ¥3,467.7 billion due to increases in the tobacco business and the processed food business.

- **Adjusted operating profit, operating profit and profit attributable to owners of the parent company**

Adjusted operating profit^(Note 5) at constant FX, which is one of the Group's management benchmarks, increased by 24.9% year on year, driven by profit growth in the tobacco business and the processed food business. Adjusted operating profit increased by 21.5% to ¥902.2 billion due to unfavorable currency movements as a result of the depreciation of emerging market currencies against the Japanese yen.

Operating profit increased by 175.9% year on year to ¥867.0 billion, mainly due to the absence of provision for loss on litigation related to the settlement of litigation in Canada in the tobacco business, as well as an increase in adjusted operating profit.^(Note 6)

Profit attributable to owners of the parent company increased by 184.6% year on year to ¥510.2 billion, as the increase in operating profit outweighed the deterioration in financial income and costs and the increase in corporate income tax expenses.

JT Group Management Benchmarks

Core revenue at constant FX	+13.9% year on year	Adjusted operating profit at constant FX	+24.9% year on year
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Consolidated performance

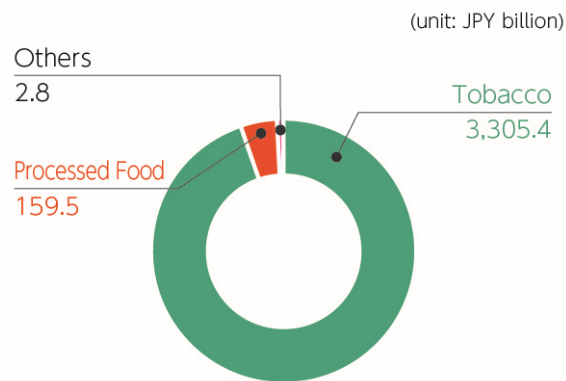
	[Billions of yen]	Year-On-Year Change [%]
Revenue	3,467.7	+13.4
Adjusted operating profit	902.2	+21.5
Profit attributable to owners of the parent company	510.2	+184.6

(Notes) 1. The Group has classified the pharmaceutical business as discontinued operations starting from the 41st Business Term, and presents reclassified figures for the 40th Business Term here. Accordingly, the revenue, core revenue at constant FX, operating profit, and adjusted operating profit for the 40th Business Term and the 41st Business Term represent the amounts and percent changes for continuing operations.

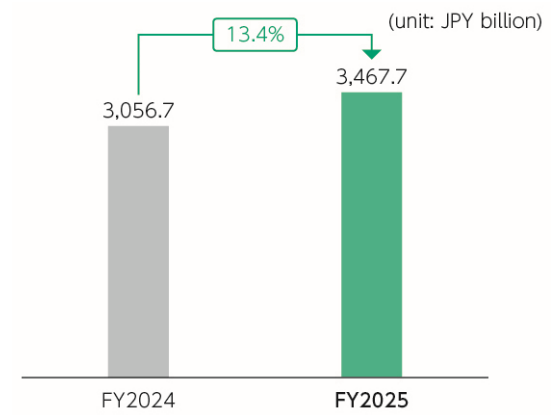
In addition, the figures for the 40th Business Term reflect the impact of a subsequent event adjustment associated with the settlement of litigation in Canada occurring after the audit report date for the fiscal year ended December 31, 2024.

2. The Group has applied accounting adjustments to the financial statements of subsidiaries that operate in hyperinflationary economies according to the requirements stipulated in IAS 29 “Financial Reporting in Hyperinflationary Economies.” Furthermore, adjusted operating profit results at constant FX is calculated by deducting increases in sales and revenue attributable to hyperinflation in specific markets calculated using certain methods.
3. Core revenue is the sum of revenues in the processed food business, and others, as well as the core revenue in the tobacco business.
4. Constant FX is a financial measurement that excludes foreign exchange effects calculated and translated using the foreign exchange rates of the same period of the previous fiscal year and the increase in revenue or profit caused by inflation in some markets calculated using certain methods from adjusted operating profit for the current period in the tobacco business, core revenue, or from core revenue from the tobacco business.
5. Adjusted operating profit is calculated by totaling operating profit, amortization cost of acquired intangibles arising from business acquisitions, and adjustment items (income and costs). Adjustment items (income and costs) are impairment losses on goodwill, restructuring income and costs, and other items.
6. In connection with litigation related to smoking and health against tobacco companies including the Company’s Canadian subsidiary, JTI-Macdonald Corp, following the approval by the Ontario Superior Court of a proposed plan aimed at reaching a final resolution with all claimants, including class action plaintiffs and all provincial and territorial governments, the Company recorded a provision for loss on litigation related to the settlement of litigation in Canada of ¥375.6 billion as an operating expense in fiscal year 2024. Excluding the effects of this provision and the impact of the remeasurement of liability in fiscal year 2025 related to the comprehensive settlement, and the one-time loss from the disposal of goodwill due to the liquidation of the Sudanese subsidiary recorded in fiscal year 2025, the year on year increase was 22.4%.

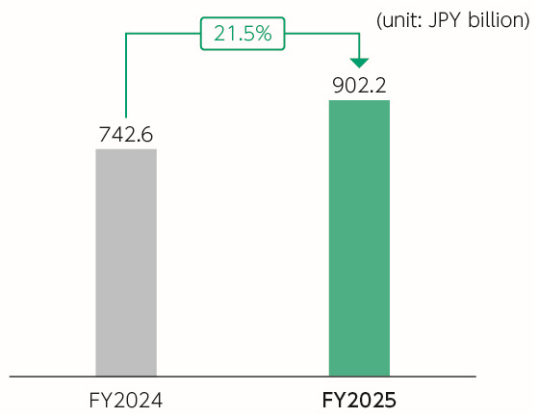
Revenue breakdown by business segment



Revenue

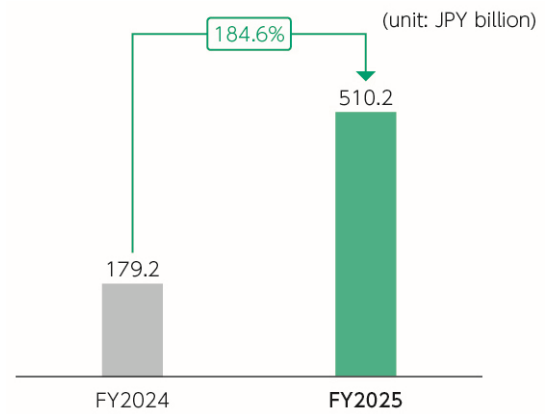


Adjusted operating profit

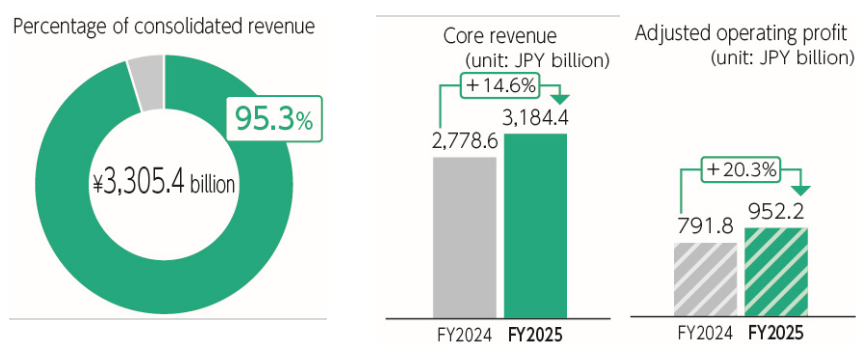


Profit

(Attributable to owners of the parent company)



Tobacco Business



In the current fiscal year, total volume^(Note 1) increased by 2.2% year on year to 577.8 billion units, led by continued market share gains in Combustibles, the acquisition effect of Vector Group Ltd. of the United States (hereinafter referred to as “VGR”), and significant growth in RRP^(Note 2) volume^(Note 3). Combustibles volume^(Note 4) increased by 1.7% to 563.8 billion units, driven by the growth in GFB^(Note 5) volume led by Winston and Camel. RRP volume grew by 28.0% to 14.0 billion cigarette equivalent units, driven by the growth in Ploom volume led by Japan.

Core revenue from the tobacco business^(Note 6) increased by 14.6% year on year (up 14.6% at constant FX), driven by a robust price/mix variance from all clusters^(Note 7) and a positive volume contribution including the acquisition effect of VGR. RRP-related revenue^(Note 8) increased by 23.9%, fueled by the contribution from Heated Products^(Note 9).

Adjusted operating profit increased by 20.3% year on year, driven by the strong growth in core revenue from the tobacco business, which more than offset the increased investments in RRP and inflation-led cost increases (up 23.5% at constant FX).

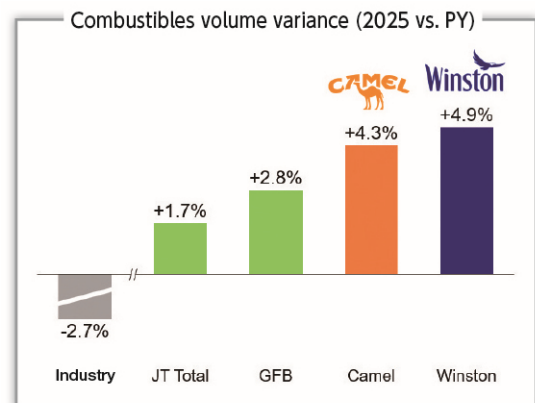
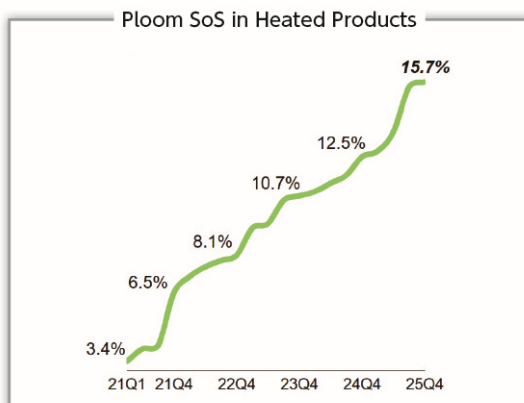
- (Notes)
1. Total volume is the volume of tobacco-based products which excludes contract-manufactured products, RRP devices and related accessories.
 2. Reduced-Risk Products (RRP) are products with the potential to reduce the risks associated with smoking. In the Group’s portfolio, these products include Heated Products, Infused Tobacco, E-vapor, Modern Oral, and Traditional Oral.
 3. RRP sales volume in cigarette-stick equivalent. This excludes RRP devices, RRP related accessories, etc.
 4. Combustible volume is the shipment volume of combustible tobacco products which exclude contract-manufactured products and RRP.
 5. GFB (Global Flagship Brands) includes four brands namely Winston, Camel, MEVIUS and LD.
 6. Core revenue includes all revenue excluding those from distribution, contract manufacturing and other peripheral businesses.
 7. The JT Group’s tobacco markets are divided into three distinctive clusters: Asia as the whole Asian region including Japan; Western Europe as Western Europe region; and EMA as Eastern Europe, Middle East, Africa, Turkey, Northern and Southern America and Global Travel Retail, for providing insight into the Group’s business for guidance purposes. Please note that these three clusters are specifically designed to provide insight into our business for guidance purposes only and do not reflect the JT Group’s management structure.
 8. RRP-related revenue is a part of core revenue from the tobacco business and represents all the sale of RRP, principally consumables, devices and the related accessories.
 9. Products that involve a battery-powered device which directly heats stick-shaped consumables similar to cigarettes. These consumables are referred to as HTS and HNS.

Progress of Ploom

- Ploom sales volumes in Japan increased by 35.0% year on year supported by contributions from Ploom AURA and EVO. Ploom's market share within the Heated Products category reached 15.7% as of the fourth quarter of fiscal year 2025, an increase of 3.2ppt from the same period of the previous year.
- With the launch of Ploom AURA, Ploom user numbers in Japan increased by 34% as of December 2025 compared with December 2024 prior to the launch. In addition, Ploom AURA was launched in 17 markets by the end of 2025.

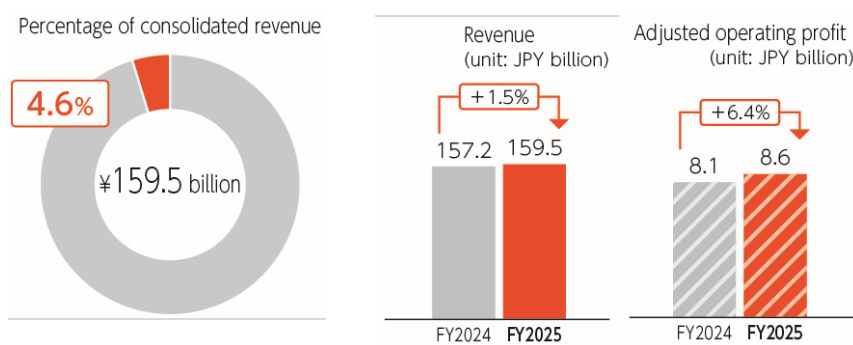
Combustibles performance

- Although industry volume^(Note) has been decreasing, in fiscal year 2025, combustibles volume increased by 1.7% year on year on account of increased sales volume in more than 50 markets, together with the impact of the acquisition of VGR.
- GFB volume grew for the seventh consecutive year, increasing by 2.8% year on year. Winston and Camel further strengthened their positions as, respectively, the second and third largest combustible brands globally.



(Note) Based on RMC, FCT (Fine cut tobacco: loose tobacco products also known as rolling tobacco. These can be used for both RYO (roll-your-own) cigarettes, i.e., using rolling papers, and MYO (make your-own) cigarettes, i.e., by filling a filter tube with cut tobacco) and little cigars in 70-plus markets that account for more than 90% of total sales volume.

Processed Food Business



In the current fiscal year, we concentrate on frozen and ambient foods segment and seasonings segment, and are working on initiatives to improve profitability.

In the frozen and ambient foods segment in the current fiscal year, we maintained high market shares in the domestic market for our focus areas including frozen noodles, packed rice, and okonomiyaki, while also launching 19 new household products and renewing 44 products for further competitiveness. In terms of new household products, we launched noodles with toppings (udon and ramen) that allow you to easily enjoy authentic flavors at home in the fall of 2025. In the seasonings segment, we are focusing on the sale of ramen-related products (ramen soup bases, flavored oils, etc.) for restaurants, and extract products (yeast extract, meat extracts, etc.) for processed food manufacturers. In addition, to achieve further growth, we are expanding exports overseas and launching new Western-style seasonings, working to create flavors across a wide range of regions and culinary fields.

Despite the challenging cost environment, driven by soaring raw material costs, we have exerted the utmost efforts to generate profits by implementing price revisions, in addition to continued initiatives to improve productivity and reduce costs.

Revenue increased by 1.5% year on year to ¥159.5 billion, driven by the positive contribution from price revisions in the frozen and ambient foods segment. Adjusted operating profit increased by 6.4% year on year to ¥8.6 billion, as the increase in revenue, etc. exceeded the impact of rising raw material costs.

2. Status of Capital Expenditures

In this fiscal year, we made capital expenditures totaling ¥155.1 billion.

For the tobacco business, the Group made business investments of ¥143.2 billion, for the purpose of RRP-related investments and renovation, maintenance and renewal of manufacturing equipment. In the processed food business, we invested ¥7.4 billion in improvement, maintenance and renewals of production capability.

- (Notes)
1. Capital expenditures include land; building and structures; machinery and vehicles; and other property, plant and equipment, as well as goodwill, right of trademark, software and other intangible assets, necessary for production improvements at factories and other facilities, strengthening competitiveness and executing business in a variety of fields, excluding assets acquired through business combinations.
 2. The Company transferred all shares of TORII PHARMACEUTICAL CO., LTD. (hereinafter, “Torii”) held by the Company on September 1, 2025, and following the transfer of the Company’s pharmaceutical business to Shionogi & Co., Ltd. (hereinafter “Shionogi”) on December 1, 2025 through a company split (simplified absorption-type split), the facilities of the headquarters and other business locations of Torii, as well as the research and development facilities of the pharmaceutical business were excluded from the Group’s major facilities. The book values of these facilities at the time of exclusion were ¥2,760 million and ¥6,620 million, respectively.

3. Status of Financing

For the purpose of allocating funds for the repayment of interest-bearing debt, the Company issued straight bonds with general mortgage of total amount ¥70.0 billion on April 10, 2025 and foreign-currency-denominated straight bonds of total amount \$2.5 billion (equivalent to about ¥390.2 billion) on April 15, 2025.

(Note) For Japanese yen translation purposes, the exchange rate as of the end of December 2025 is used (\$= ¥156.06).

4. Business Transfers, Absorption-Type Company Split or Incorporation-Type Company Split

At its Board of Directors meeting held on May 7, 2025, the Company resolved to transfer its pharmaceutical business to Shionogi through a company split (simplified absorption-type split) (hereinafter, the “Absorption-type Split”) and entered into an agreement related to the Absorption-type Split. The Absorption-type Split was completed on December 1, 2025.

5. Business Transfers from Other Companies

No items to report.

6. Succession of Rights and Obligations Relating to Other Entities’ Business as a Result of Absorption-Type Merger or Company Split

No items to report.

7. Acquisition or Disposal of Shares, Other Equities or Subscription Rights to Shares of Other Companies

At the Board of Directors meeting held on May 7, 2025, the Company resolved to enter into an agreement with Shionogi in relation to the tender offer for ordinary shares of Torii (hereinafter, “Torii Shares”), the Company’s consolidated subsidiary, by Shionogi (“Tender Offer”), which includes the following terms and conditions: (i) not tender all of Torii Shares held by the Company, (ii) implement procedures to make the Company and Shionogi the only shareholders of Torii after the completion of the Tender Offer (including a consolidation of Torii Shares), and (iii) transfer all Torii Shares held by the Company through the acquisition of treasury shares conducted by Torii (hereinafter, the “Share Transfer”), and entered into an agreement related to the Tender Offer. The Share Transfer was completed on September 1, 2025.

8. Trends in Assets and Operating Results

(1) Trends in assets and operating results of the JT Group [Consolidated]

	38th term From January 1, 2022 to December 31, 2022	39th term From January 1, 2023 to December 31, 2023	40th term From January 1, 2024 to December 31, 2024	41st term From January 1, 2025 to December 31, 2025
Revenue (Millions of yen)	2,657,832	2,841,077	3,056,709	3,467,675
Profit before income taxes (Millions of yen)	593,450	621,601	224,333	739,786
Profit attributable to owners of the parent company (Millions of yen)	442,716	482,288	179,240	510,175
Basic earnings per share (Yen)	249.45	271.69	100.95	287.36
Total assets (Millions of yen)	6,548,078	7,282,097	8,370,732	8,419,240
Total equity (Millions of yen)	3,616,761	3,912,491	3,848,727	4,115,389

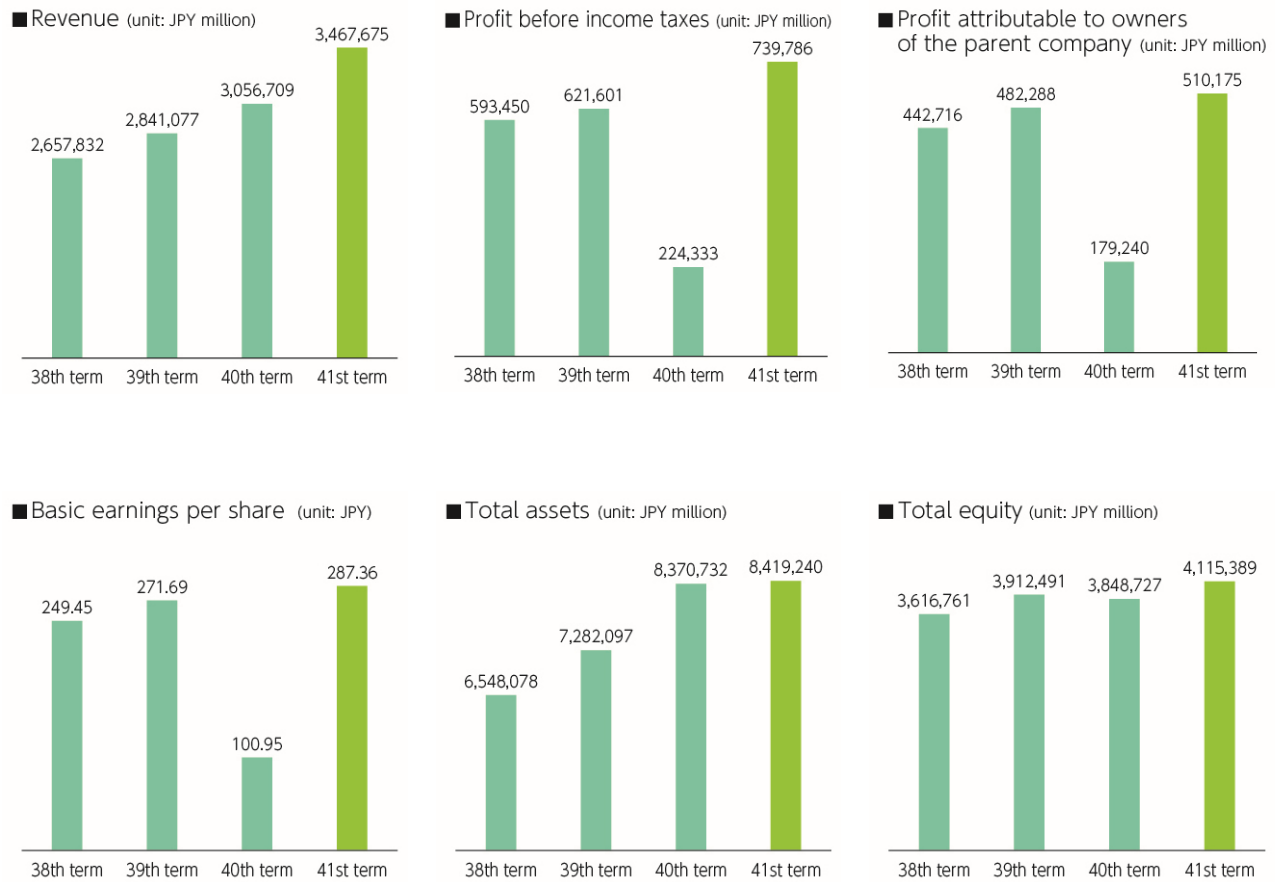
- (Notes)
1. Consolidated financial statements of the JT Group are prepared based on IFRS Accounting Standards.
 2. Starting from the 41st term, the Group has classified the pharmaceutical business as discontinued operations, and presents reclassified figures for the 40th term here. Accordingly, revenue and profit before income taxes for the 40th term and 41st term are shown for continuing operations. Additionally, the figures for the 40th term reflect the impact of a subsequent event adjustment associated with the settlement of litigation in Canada that occurred after the date of the auditor's report for the fiscal year ended December 31, 2024.

(2) Trends in assets and non-consolidated operating results of JT [Non-consolidated]

	38th term From January 1, 2022 to December 31, 2022	39th term From January 1, 2023 to December 31, 2023	40th term From January 1, 2024 to December 31, 2024	41st term From January 1, 2025 to December 31, 2025
Net sales (Millions of yen)	542,181	537,261	530,247	566,521
Ordinary income (Millions of yen)	273,734	185,665	404,377	472,561
Net income (Millions of yen)	283,461	184,788	404,849	491,698
Basic earnings per share (Yen)	159.72	104.10	228.02	276.90
Total assets (Millions of yen)	2,363,267	2,293,951	2,303,789	2,742,366
Net assets (Millions of yen)	1,368,643	1,179,577	1,214,895	1,338,384

(Note) Non-consolidated financial statements of the Company are prepared based on Japanese GAAP.

Trends in assets and operating results of the JT Group [Consolidated]



9. Issues to Be Addressed

(1) Basic management policy

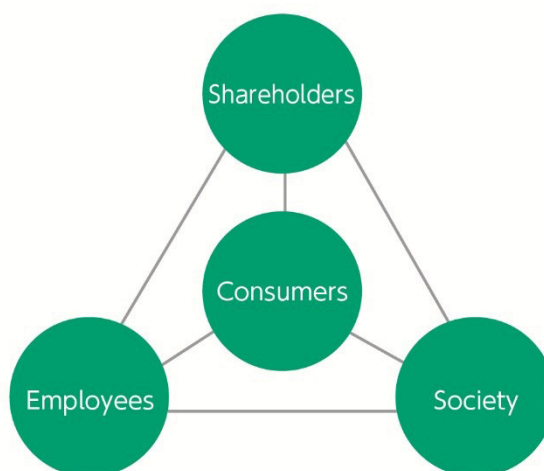
Our management principle is based on the pursuit of the 4S model. The model requires us to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups, and exceeding their expectations wherever we can.

By pursuing the 4S model, we aim to achieve sustainable profit growth over the mid to long term. Since achieving sustainable profit growth requires us to continue to provide new value and satisfaction to consumers, we believe it is essential to steadily make business investments for future profit growth on a mid-to long- term perspective.

We firmly believe that pursuing the 4S model is the best approach to continuously grow our corporate value over the mid to long term and serve the common interests of our four stakeholders, including shareholders.

Management Principle

We strive to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups, and exceeding their expectations wherever we can.



The JT Group Purpose “Fulfilling Moments, Enriching Life” is designed to clarify the direction to being a sustainable entity in a situation where discontinuous changes are occurring on various scales in nature, society, and individuals, as well as the uncertainty and complexity in the operating environment is increasing. The area of “human enrichment” undergoes changes in various ways with the times and the people, and the JT Group strives to evolve constantly so that we can continue to be entrusted within this area by society and make valuable contributions in the future. Moreover, we have formulated the Purpose of each business so that we can realize the JT Group Purpose. The Group aims to realize the JT Group Purpose by producing results and making achievements through the implementation of business strategies and the practice of the behavioral guidelines.

Business Purpose

- Tobacco business: Creating fulfilling moments. Creating a better future.
- Processed food business: Bringing joy to meals and fun to the table.

(2) Mid- to long-term management strategy and issues

The Group's mid- to long-term resources allocation policy is to prioritize business investments^(Note) for sustainable profit growth in the mid to long term, while striking a balance between profit growth through business investments and shareholder returns, based on the 4S model and the JT Group Purpose.

With the tobacco business as the Group's core business and profit growth engine, the Group prioritizes business investments in the tobacco business for its sustainable profit growth. On the other hand, we will make necessary investments for the processed food business to complement profit growth for the Group as a whole.

The mid- to long-term targets for each business are as follows.

Tobacco business	Aim for an average annual growth rate of mid to high single digit for adjusted operating profit at constant FX over the mid to long term as the core business and profit growth engine of the Group
Processed food business	Strive to make profit contribution to the Group through mid- to long-term profit growth with high-quality top-line growth

The Group formulates its three-year business plan by renewing it each year on a rolling basis to assess the increasingly uncertain operating environment accurately and speed up reinforcing its competitive edge. The Group has set mid- to long-term direction for the group-wide profit targets and the shareholder returns in the "Business Plan 2026" in line with its management principle and resources allocation policy.

Under the "Business Plan 2026," the Group positions the tobacco business as its "core business and profit growth engine" and expects a high single digit annual average growth rate in adjusted operating profit at constant FX during the period. The Group is aiming to achieve a mid- to high single digit annual average growth rate over the mid to long term.

(Note) Grow adjusted operating profit at constant FX by placing top priority on growth-oriented investment in the tobacco business, while realizing high-quality, top-line growth through continuing provision of new value and satisfaction to consumers and society

In terms of "prioritize business investments for sustainable profit growth over the mid to long term" and "strike a balance between profit growth through business investments and shareholder returns" under the resources allocation policy based on the 4S model and the JT Group Purpose, our shareholder returns policy is set as follows:

- Work to enhance shareholder returns by realizing the Company's mid- to long-term profit growth, while maintaining a strong financial base^(Note 1)
- Target a dividend payout ratio of 75%^(Note 2), a competitive level^(Note 3) in capital markets
- Consider implementing a share buy-back program, mainly taking into account the Company's financial outlook of the respective year and medium-term capital needs

To achieve its overall profit objectives, the Group has set out three key strategic pillars, "high-quality top-line growth," "improve cost competitiveness," and "improve business foundations." Of these, the Group places the highest priority on "high-quality top-line growth" and is concentrating resources on each business' key focus areas to enhance the added value of our products and services. Additionally, for each business, our strategic focus is to improve cost competitiveness and business foundations that support these efforts, thereby achieving sustainable profit growth.

The business environment in which the Group operates is characterized by an increasing degree of uncertainty, such as the impact from the emergence of geopolitical risks on the global economy, business continuity concerns in certain markets, and trends in the macroeconomics of countries including foreign exchange risks and interest rate trends. Enhancing adaptability to such a changing environment is critical to

achieve sustainable profit growth by overcoming the uncertain operating environment and adequately executing business on a global scale. “Adaptability” refers to the ability to assume a wider range of contingencies than in the past, during the planning phase, and to quickly and flexibly respond to changes and events that surpass the assumptions so that the Group can deal with uncertainty over the future. The Group believes that how well and how quickly companies can overcome uncertainties will continue as the key to determine their competitiveness.

Moving forward, in line with the 4S model and the JT Group Purpose, we will enhance our “adaptability to change” while proactively and rapidly transforming behaviors and mindsets. Through these efforts, we will consistently execute growth strategies across our businesses, realizing sustainable profit growth, and pursuing ongoing enhancement of corporate value over the medium- to long-term.

- (Notes)
1. The Company will maintain a strong financial base that secures stability in case of changes in business environment such as economic crises and flexibility enabling expeditious responses to business investment opportunities.
 2. To be in the range of approximately $\pm 5\%$.
 3. Monitor the shareholder return trends of global Fast-Moving Consumer Goods (FMCG) companies which have a stakeholder model similar to our 4S model and have realized strong business growth

【Reference】 Measures to promote management with an awareness of capital costs and share price

In drawing up a business plan, we calculate and examine our capital costs and report them to the Board of Directors. We check and confirm that our return on equity (ROE) is well above capital costs. We set up a hurdle rate, taking into consideration risks associated with each country in which we operate, as well as inflation and other external risks, and use that as our baseline for profitability. By maintaining that discipline, we make sure our ROE is always above capital costs. The Group uses adjusted operating profit at constant FX as a key performance indicator, which excludes the effects of exchange rate fluctuations that can be substantial due to temporary factors, as well as depreciation costs related to M&A activities for the previous year. We work to grow profit, including for the current term, by achieving mid to high single digit growth in the KPI over the medium and long terms. We also believe that together with the operation of investment discipline by the hurdle rate, it leads to improved ROE.

A comparison of our total shareholder returns (TSR), including dividends, with the TOPIX (total return) shows that our TSR has outperformed the TOPIX over the most recent five years, thanks to profit growth during the period and enhancement of shareholder returns. Continuous profit growth is important to the medium- and long-term stability of our equity value. We also believe that increasing quantitative corporate value through profit growth, while fostering an understanding of the Group through enhanced information disclosure from a qualitative perspective, will lead to higher TSR.

【Reference】 Our Sustainability Initiatives JT Group’s Sustainability Strategy

In order to ensure the sustainability of our society and the business of the JT Group within it, the JT Group has created the JT Group Purpose, which sets out the direction the JT Group should take. The Group’s management principle is to pursue the 4S model. As nature, society and people’s lives are intertwined, sustaining our ways of living, and the activities of businesses, will depend on the sustainability of the environment and society in which we exist. We recognize that our striving to achieve sustainability for nature, society and our Group’s business is fundamental to the management of our Group. On this note with the JT Group Purpose as the starting point, the JT Group Materiality were identified, setting out five groups of materiality as priority material issues for the Group.

Furthermore, we have formulated the “JT Group Sustainability Targets,” consisting of a total of 24 items of targets and initiatives to drive our sustainability performance. The Board of Directors is involved in setting and managing the sustainability strategy while the targets are reviewed and assessed on a regular basis.

We are strongly committed to the sustainable growth of our society and the Group’s business within it. Through our sustainability strategy, we will continue to provide value in order to realize the JT Group Purpose “Fulfilling Moments, Enriching Life.”



Please refer to our website for further details on our sustainability strategy and the JT Group Sustainability Targets. We will also report our progress on achieving these targets through our Integrated Report and other materials.
https://www.jt.com/sustainability/strategy/materiality_strategy_sdgs/index.html

The JT Group Initiatives Based on the Materiality

Living with the Planet

We believe that people’s lives, society, corporate activities, and the activities of all people are part of the ecosystem. Based on this idea, the JT Group is committed to conducting biodiversity impact assessment, emissions reduction^(Note), enhancing biodiversity (no deforestation, no conversion), ensuring water security, waste reduction, designing for circularity (packaging, product and device), and other initiatives.

(Note) All JT Group operations will be carbon neutral by 2030, and the entire value chain will achieve Net-Zero by 2050.

Value Creation that Exceeds Consumer Expectations

To remain a trusted corporation, we believe it is essential for the JT Group to provide value centered around “fulfilling moments” to our consumers. We will continue to work towards achieving this goal through dedicated efforts in each of our business units. In the tobacco business, we are committed to the geographical expansion of our RRP as well as transparency in reduced risk science to meet societal expectations for RRP related to the potential to reduce the risks associated with smoking. In the processed food business, we will pursue “food inclusion” which demonstrates our will to contribute to a society where everyone can enjoy any deliciously

prepared food of their choice, while embracing diverse perspectives and values. We aim to achieve this target by further advancing efforts to develop and provide high-value-added products.

Investing in our People and Supporting their Growth

We believe that each of our employees is the starting point of realizing our Purpose. The importance of human resources will continue to grow in the future. To further cultivate our human capital, we have set six priority themes (“diversity, equity & inclusion,” “talent attraction,” “attractive working conditions,” “health & safety,” “development support,” “internal and external collaboration”) and will take actions based on each theme’s metric.

Responsible Supply Chain Management

Our supply chain is essential for our business. It is crucial for our supply chain to be resilient to rapid changes in the business environment. As part of the key initiative, we perform supplier screenings and due diligence and are committed to addressing the social issues facing our suppliers and the communities in which they operate.

Good Governance

Good governance is the foundation for improving the satisfaction of various stakeholders and for our Group to continue to be a trustworthy corporate entity. We believe that this is the basis for all our activities. Please refer to page 22 for further details on the JT Group’s governance.

External Recognition

Our initiatives are recognized by various rating agencies. Please visit our website for further details.

https://www.jt.com/sustainability/external_recognition/index.html

10. Main Business Contents

Business segment	Main business
Tobacco business	Manufacture and sale of tobacco products, mainly Winston and Camel
Processed food business	Manufacture and sale of frozen and ambient foods, seasonings, etc.

11. Status of Important Subsidiaries

Company name	Capital	Equity ownership (%)	Main business
TS Network Co., Ltd.	(Millions of yen) 460	74.5	Distribution and wholesale of tobacco products
Japan Filter Technology Co., Ltd.	(Millions of yen) 461	100.0	Manufacture and sale of filters for tobacco products
JT International S.A.	(Thousands of CHF) 923,723	(100.0)	Manufacture and sale of tobacco products
Gallaher Ltd.	(Thousands of GBP) 50,374	(100.0)	Manufacture and sale of tobacco products
TableMark Co., Ltd.	(Millions of yen) 22,500	100.0	Manufacture and sale of processed foods

- (Notes)
- Figures in parentheses in the “Equity ownership” column indicate indirect holding rates.
 - On the last day of the fiscal year ended December 31, 2025, there were 225 consolidated subsidiaries, including 5 above-mentioned important subsidiaries, as well as 20 affiliates accounted for by the equity method.
 - On the last day of the fiscal year ended December 31, 2025, there were no specified wholly owned subsidiaries as stipulated in Article 118, item 4 of the Regulations for Enforcement of the Companies Act.

12. Major Lenders

Lender	Outstanding balance (Millions of yen)
Subordinated syndicated loan	100,000

(Note) The subordinated syndicated loan was financed jointly by four banks, with Mizuho Bank, Ltd. acting as the arranger and agent.

13. Major Sales Offices and Factories

(1) JT

Headquarters: 1-1, Toranomom 4-chome, Minato-ku, Tokyo, Japan

Sales branches: Hokkaido, Miyagi, Tokyo, Aichi, Osaka, Hiroshima, Kagawa, Fukuoka, and other 39 sales branches

Factories: Kita-Kanto (Tochigi), Tokai (Shizuoka), Kansai (Kyoto), and Tomobe (Ibaraki)

Laboratories: Tobacco Science Research Center (Kanagawa),
and Leaf Tobacco Research Center (Tochigi)

(2) Subsidiaries

TS Network Co., Ltd. (Tokyo)

Japan Filter Technology Co., Ltd. (Tokyo)

JT International S.A. (Switzerland)

Gallaher Ltd. (U.K.)

TableMark Co., Ltd. (Tokyo)

(Note) Text in parentheses shows the location of head office.

14. Status of Employees

(1) Employees of the JT Group [Consolidated]

Business segment	Number of employees (Person)
Tobacco business	47,900
Processed food business	3,906
Common company-wide services within JT	1,061
Total	52,867

(Note) The above number of employees indicates the number of working employees.

(2) Employees of JT [Non-consolidated]

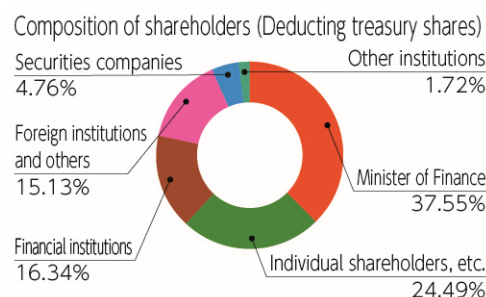
Male/Female	Number of employees (Person)	Year-on-year variance (Person)	Average age (Year old)	Average years of service (Year)
Male	4,153	(580)	42.1	15.7
Female	1,150	(111)	37.3	11.1
Total or average	5,303	(691)	41.0	14.7

(Notes) 1. The above number of employees indicates the number of working employees.

2. The number of employees decreased by 691 compared to the end of the previous fiscal year, mainly due to the transfer of the pharmaceutical business in December 2025.

II. Matters Concerning Shares of JT

- 1. Total number of shares authorized:** 8,000,000,000 shares
- 2. Total number of shares issued:** 2,000,000,000 shares
(Including treasury shares held by the Company 224,199,537 shares)
- 3. Number of shareholders:** 912,124



4. Major shareholders

Name of shareholders	Number of shares held (Share)	Equity ownership (%)
Minister of Finance	666,885,200	37.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	185,067,100	10.42
Custody Bank of Japan, Ltd. (Trust Account)	61,682,800	3.47
SMBC Nikko Securities Inc.	25,349,545	1.43
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	23,081,600	1.30
STATE STREET BANK AND TRUST COMPANY 505001	22,464,277	1.27
JP MORGAN CHASE BANK 385781	16,019,033	0.90
Barclays Securities Japan Limited BNYM	15,000,000	0.84
JPMorgan Securities Japan Co., Ltd.	14,991,295	0.84
JAPAN SECURITIES FINANCE CO., LTD.	13,105,400	0.74

(Note) Equity ownership is calculated after deducting treasury shares held by the Company (224,199,537 shares).

5. Status of shares granted to Members of the Board and Audit & Supervisory Board Members of the Company as consideration for execution of duties during the current fiscal year

Persons eligible for the granting	Number of shares	Number of persons eligible for the granting
Members of the Board (excluding Outside Directors)	100,244 shares	3
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

- (Notes) 1. The Company's stock remuneration system is comprised of two kinds of stock remuneration: restricted stock remuneration and performance share units. For details, please refer to pages 52 to 56 of the Business Report.
2. The above shares are shares granted as two kinds of stock remuneration: restricted stock remuneration and performance share units. On June 27, 2025, the Company disposed of 139,700 treasury shares (including 82,000 shares granted to Members of the Board) for the allotment of restricted stock remuneration to three Members of the Board who also serve as Executive Officers, and to 11 Executive Officers (including two Executive Officers who retired), and disposed of 30,344 treasury shares (including 18,244 shares granted to Members of the Board) for the allotment of performance share units to two Members of the Board who also serve as Executive Officers, and to six Executive Officers.
3. The retired Executive Officers who received the allotment of restricted stock remuneration are those who retired as Executive Officer of the Company on November 30, 2025 and no longer held a position as Member of the Board, Audit & Supervisory Board Member or Executive Officer of the Company as of December 1, 2025.

6. Other significant matters concerning shares

No items to report.

【Reference】 Strategic shareholdings

As stipulated in the "JT Corporate Governance Policy," the Company maintains strategic shareholdings only in cases where it has concluded that they will contribute to mid- to long-term sustainable profit growth and to increases in corporate value. Such shareholdings are subject to detailed investigations, such as whether the purpose of holding each issue is appropriate, and whether the benefits and risks associated with the shareholding are reasonable in the light of capital costs, and the suitability of holding is subject to verification by the Board of Directors every year. In cases where, as a result of this verification, a stock is recognized to be lacking the rationale for holding, the stock is sold as and when appropriate.

The ratio of strategic shareholdings (total balance sheet amount) to total equity (consolidated net assets) in the consolidated statement of financial position as of the end of the fiscal year under review is approximately 0.3%.

	Fiscal year ended December 31, 2025	
	Number of issues (Issue)	Balance sheet amount (Millions of yen)
Unlisted stocks	36	1,101
Stocks other than unlisted stocks	5	13,518

III. Matters Concerning Members of the Board and Audit & Supervisory Board Members of JT

1. Members of the Board and Audit & Supervisory Board Members

Position	Name	Responsibility	Significant concurrent positions outside the Company
Chairman of the Board	Mutsuo Iwai		Outside Director, TDK Corporation Outside Director, &Capital Inc. Senior Vice Chairperson, Japan Association of Corporate Executives Member of the Board of Governors, Japan Broadcasting Corporation
Deputy Chairman of the Board	Shigeaki Okamoto		Outside Audit & Supervisory Board Member, Yomiuri Land Co., Ltd. Outside Audit & Supervisory Board Member, The Yomiuri Shimbun Osaka Head Office Outside Audit & Supervisory Board Member, The Yomiuri Shimbun Seibu Head Office Outside Audit & Supervisory Board Member, The Yomiuri Shimbun Tokyo Head Office Outside Director, Toyota Motor Corporation
Representative Director and President	Masamichi Terabatake	Chief Executive Officer	Chairman of Supervisory Board, JT International Holding B.V.
Representative Director and Executive Vice President	Koji Shimayoshi	Corporate Governance, Compliance, Corporate Strategy, Sustainability, People & Culture, Information Technology, Legal, Operation Review & Business Assurance and Food Business	
Representative Director and Executive Vice President	Kei Nakano	Finance, Corporate Communications, Business Development and D-LAB	Director, Japan Growth Investments Alliance, Inc.
Member of the Board	Yukiko Nagashima		Standing Audit & Supervisory Board Member, Recruit Holdings Co., Ltd. Standing Audit & Supervisory Board Member, Recruit Co., Ltd. Outside Director, Audit & Supervisory Committee Member, SUMITOMO CORPORATION

Position	Name	Responsibility	Significant concurrent positions outside the Company
Member of the Board	Masato Kitera		Corporate Advisor, Marubeni Corporation
Member of the Board	Tetsuya Shoji		Corporate Advisor, NTT DOCOMO BUSINESS, Inc. Outside Director, Sapporo Holdings Limited Outside Director, Kanadevia Corporation Outside Director, Mitsubishi Logistics Corporation
Member of the Board	Hiroko Yamashina		Advisor, ORIX Corporation
Member of the Board	Kenji Asakura		Representative Director, Chairman, Nagase & Co., Ltd.
Standing Audit & Supervisory Board Member	Hideaki Kashiwakura		
Standing Audit & Supervisory Board Member	Tsutomu Hashimoto		
Standing Audit & Supervisory Board Member	Shigeru Taniuchi		
Audit & Supervisory Board Member	Nobuo Inada		Attorney at Law, Inada Law Firm Outside Director, an Audit & Supervisory Committee Member, Nomura Securities Co., Ltd. Outside Director, Audit & Supervisory Committee Member, SUMITOMO CORPORATION
Audit & Supervisory Board Member	Emiko Takeishi		Professor, Faculty of Lifelong Learning and Career Studies, Hosei University Outside Audit & Supervisory Board Member, Tokio Marine & Nichido Fire Insurance Co., Ltd. Outside Audit & Supervisory Board Member, KAJIMA CORPORATION

- (Notes)
1. Members of the Board Yukiko Nagashima, Masato Kitera, Tetsuya Shoji, Hiroko Yamashina and Kenji Asakura are Outside Directors.
 2. Audit & Supervisory Board Members Shigeru Taniuchi, Nobuo Inada and Emiko Takeishi are Outside Audit & Supervisory Board Members.
 3. Members of the Board Yukiko Nagashima, Masato Kitera, Tetsuya Shoji, Hiroko Yamashina and Kenji Asakura, and Audit & Supervisory Board Members, Shigeru Taniuchi, Nobuo Inada and Emiko Takeishi are designated as independent officers (directors and auditors) as prescribed by the Tokyo Stock Exchange, Inc.
 4. As Audit & Supervisory Board Member Hideaki Kashiwakura has served as Deputy Chief Financial Officer of the Company, Audit & Supervisory Board Member Tsutomu Hashimoto has served as Vice President, Internal Audit Division of the Company, Audit & Supervisory Board Member Shigeru Taniuchi has served in a wide range of important positions in the Ministry of Finance, and Audit & Supervisory Board Member Nobuo Inada has served as Outside Director,

an Audit & Supervisory Committee Member of Nomura Securities Co., Ltd., they have relevant knowledge about financing and accounting.

5. As of June 26, 2025, Tetsuya Shoji retired from the position of Outside Director of circlace Inc.
6. The Company has entered into agreements with each of its Members of the Board (excluding Members of the Board who also serve as Executive Officers) and Audit & Supervisory Board Members with respect to the liability set forth in Paragraph 1, Article 423 of the Companies Act, by which the liability for damages of each of them is limited to the minimum amount set forth in Paragraph 1, Article 425 of the same Act, provided they perform their duties without knowledge of such damages and without gross negligence.
7. The Company has entered into liability agreements with each of its Members of the Board and Audit & Supervisory Board Members above as stipulated in Paragraph 1, Article 430-2 of the Companies Act, whereby the Company shall compensate them for expenses incurred under item (i) of the same paragraph, and any losses incurred under item (ii) of the same paragraph, to the extent permitted by laws and regulations. However, to provide coverage for losses incurred under item (ii) of the same paragraph, measures have been put into place to ensure that the proper performance of duties of insureds is not impaired, by making such coverage premised upon a final judgment or the reaching of a judicial settlement (including cases where the Company recognizes there is a due process that is equivalent to this) and requiring a resolution by the Board of Directors of the matter after it has been deliberated by the Advisory Panel on Nomination and Compensation of the Company.
8. The Company has entered into a liability insurance agreement for executive officers, etc. with an insurance company as stipulated in Paragraph 1, Article 430-3 of the Companies Act, under which all Members of the Board, Audit & Supervisory Board Members, and Executive Officers are the insured. Under the terms of this insurance agreement, litigation expenses and compensation for damages arising from legal action against the insured by third parties, shareholders or companies shall be supplemented, and its premium is fully borne by the Company. Note that any damages, etc., incurred by the insured in association with his/her criminal act or violation of laws and regulations while he/she is aware of that are not subject to the coverage; as such, a measure is taken to ensure/maintain the appropriateness in the execution of duties by the insured.
9. Changes in officers' responsibilities, etc. after the end of the fiscal year under review

Name	Position, Responsibility and Significant concurrent positions outside the Company	
	As of December 31, 2025	As of January 1, 2026
Masamichi Terabatake	Representative Director and President Chief Executive Officer Chairman of Supervisory Board, JT International Holding B.V.	Member of the Board

2. Remunerations for Members of the Board and Audit & Supervisory Board Members

(1) Total remunerations for Members of the Board and Audit & Supervisory Board Members

Category	Total remunerations (Millions of yen)	Total remuneration by type (Millions of yen)				Number of eligible officers (Person)
		Base salary	Executive bonus	Restricted stock remuneration	Performance share units	
Members of the Board (Outside Directors)	1,999 (122)	631 (122)	557 (-)	362 (-)	449 (-)	10 (5)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	170 (81)	170 (81)	- (-)	- (-)	- (-)	5 (3)
Total (Outside Director and Outside Audit & Supervisory Board Members)	2,169 (203)	802 (203)	557 (-)	362 (-)	449 (-)	15 (8)

- (Notes)
1. For executive bonuses, the amounts planned to be paid are shown.
 2. For performance share units, the amount to be recorded as expenses for the fiscal year under review is listed.
 3. Executive bonus and performance share units of the above fall under performance-linked remuneration and others.
 4. Restricted stock remuneration and performance share units of the above fall under non-monetary remuneration and others.

(2) The remuneration amount for Members of the Board and Audit & Supervisory Board Members or the policy concerning the remuneration calculation method thereof and the method of determining the policy

1. Executive Remuneration Policy

The Board of Directors determines the policies on executive remuneration including the methodology on determination of remuneration of each Member of the Board. These policies are determined after being deliberated and reported by the Advisory Panel on Nomination and Compensation comprised entirely of the Members of the Board who do not serve as Executive Officers, in which more than half of whose members being Independent Outside Directors, in order to ensure independence and objectivity.

Based on these policies, the Company's basic concept on executive remuneration is as follows:

- Set the remuneration at an adequate level to retain personnel with superior capabilities.
- Link the remuneration to the Company's performance so as to motivate executives to achieve their performance targets.
- Link the remuneration to corporate value over the medium and long term.
- Ensure transparency by implementing objective and quantitative frameworks.

2. Executive Remuneration Composition

The remuneration for Members of the Board and Audit & Supervisory Board Members is made of four components. In addition to the monthly "base salary," there is an "executive bonus," which reflects the Group's business performance in the relevant fiscal year, a "restricted stock remuneration plan" and "performance share unit plan," which are linked to the medium- and long-term corporate value of the Group. The Restricted Stock Remuneration Plan and the Performance Share Unit Plan were introduced in 2020 in order to strengthen the efforts to enhance the medium- and long-term corporate value and to further promote shared value with shareholders.

The composition of remuneration by member category is as follows:

- Members of the Board who also serve as Executive Officers

Remuneration for the Members of the Board who also serve as Executive Officers comprises “base salary,” “executive bonus,” “restricted stock remuneration plan” and “performance share unit plan” as they are required to achieve results by executing their duties on a daily basis.

The composition ratio for each type of remuneration, assuming executive bonus and performance share unit are paid at the standard amount, is as follows.

Composition	Monetary Remuneration	Monetary Remuneration (Performance-Linked)	Stock Remuneration	Stock Remuneration (Performance-Linked)
Ratio (Note 1)	Base Salary 26-33%	Executive Bonus 26-30%	Restricted Stock Remuneration (Note 2)	Performance Share Unit (Note 2)
			37-49%	

- (Notes)
- The composition ratios vary depending on the duties of Members of the Board and the ranges are indicated in the illustration.
 - The ratio of restricted stock remuneration plan and performance share unit plan is about 3 to 1.
 - Under performance share unit, 50% is paid as cash towards tax payment.
 - The figure above shows the composition ratio of remuneration if executive bonus and performance share units are paid at the standard amount. The ratio may fluctuate depending on performance and share price of the Company, and the remuneration levels of our benchmark companies, among other things.

- Members of the Board (excluding Outside Directors) who do not serve as Executive Officers

For Members of the Board (excluding Outside Directors) who do not serve as Executive Officers, remuneration is not linked to business performance but is composed of “base salary” only, as they are required to make decisions on the JT Group management strategies aimed at enhancing corporate value and to fulfill supervisory functions including monitoring the implementation of medium- and long-term growth strategies, etc.

- Outside Directors

Remuneration for Outside Directors is composed of “base salary” only and does not include performance-linked remuneration to ensure their independence. At the Board of Directors of the Company held on February 14, 2022, a resolution was adopted that from the meeting of the Advisory Panel on Nomination and Compensation held on March 23, 2022, the Chairman shall be elected from among Independent Outside Directors by themselves, and that the Outside Director who serves as the Chairman shall receive the remuneration at a level of the amount corresponding to the duty of the Chairman, in addition to the remuneration other Outside Directors receive.

- Audit & Supervisory Board Members

In the light of the role of Audit & Supervisory Board Members, which is primarily to conduct audits on legal compliance, their remuneration is composed of “base salary” only.

<Remuneration structure for Members of the Board and Audit & Supervisory Board Members>

		Base salary	Executive bonus	Restricted stock remuneration plan / Performance share units plan
Members of the Board (excluding Outside Directors)	Executive Officer	Applicable	Applicable	Applicable
	Not an Executive Officer	Applicable	Not applicable	Not applicable
Outside Directors		Applicable	Not applicable	Not applicable
Audit & Supervisory Board Members		Applicable	Not applicable	Not applicable

3. Ceiling of the Total Executive Remuneration and Approval Process

Regarding the amount of remuneration for Members of the Board of the Company (ten (10) Members as of December 31, 2025), at the 38th Ordinary General Meeting of Shareholders held on March 24, 2023, approval was obtained for an upper limit to base salary of ¥0.8 billion per year for all Members of the Board (including

¥160 million per year for Outside Directors) (nine (9) Members of the Board was subject to this rule at the time of the resolution, including four (4) Outside Directors). In addition to this remuneration, at the 38th Ordinary General Meeting of Shareholders held on March 24, 2023, approval was obtained for executive bonuses to the Members of the Board who also serve as an Executive Officer not exceeding 0.3% of profit (attributable to owners of the parent company), restricted stock remuneration not exceeding ¥600 million (or 300,000 shares) annually, and performance share units not exceeding the amount obtained by multiplying fixed number of base share units^(Note 1) (up to 200,000 shares) with share price at offering^(Note 2) (or 100,000 shares) (for three (3) Members of the Board were subject to this rule at the time of the resolution).

Further, the maximum amount of the annual aggregate remuneration for all Audit & Supervisory Board Members (five (5) Members as of December 31, 2025) was approved at the 34th Ordinary General Meeting of Shareholders held on March 20, 2019 and shall not exceed ¥240 million. (five (5) Audit & Supervisory Board Members were subject to this rule at the time of the resolution).

- (Notes)
1. Number of base share units (determined by the Board of Directors of the Company based on the duties, etc., of respective eligible Members of the Board) x Offering ratio/percentage (For the performance evaluation periods starting from fiscal year 2022, fiscal year 2023 and fiscal year 2024, performance-linked payout is set to be in the range of 0% to 190% based on profit achievement and either -10%, 0% or +10% is added/deducted to results depending on evaluations of the ESG-related index. For the performance evaluation period starting from fiscal year 2025, performance-linked payout is set to be in the range of 0% to 180% based on the KPI (i.e., profit) achievement, with either -5%, 0% or +5% added/deducted to results depending on the target attainment rates to reduce Greenhouse Gas emissions of the ESG-related index, either -5%, 0% or +5% added/deducted to results depending on evaluations of the percentage of women in JT Group management positions, and either -10%, 0% or +10% added/deducted to results depending on evaluations of the RRP-related quantitative evaluation index. The RRP-related quantitative evaluation index is a quantitative evaluation indicator pertaining to the level of target achievement for Heated Products volume in RRP, which is a focus area.)
 2. After the performance evaluation period ends, based on the closing price of the ordinary shares of the Company on the Tokyo Stock Exchange on the preceding business day of the date of the resolution by the Board of Directors of the Company concerning the allotment of the ordinary shares of the Company under the plan (or the closing price on the immediately preceding business day, if transactions are not executed on that day), the amount shall be determined by the Board of Directors of the Company within the range not particularly favorable to eligible Members of the Board.

Determination of the amount of remuneration for each Member of the Board is benchmarked based on a survey of remuneration of directors conducted by third parties, based on the remuneration levels of major domestic manufacturers that are expanding overseas with the similar size and profits (benchmark companies). To be more specific, after benchmarking the level of base salary and the percentage of variable remuneration in executive bonuses and medium- and long-term incentives, the Representative Director and President decides the amount of remuneration for Members of the Board based on the results of the review by the Advisory Panel on Nomination and Compensation, in line with the methods of calculation as set forth in the internal rules, and within the maximum remuneration approved at the General Meeting of Shareholders. At this point, because the Representative Director and President is judged suitable for overseeing the Company's management and consolidated performance to decide the amount of remuneration for Members of the Board by considering the evaluation of their execution of duties, the Representative Director and President is delegated to make such decisions. As to the remuneration for the fiscal year under review, based on the details of the review by the Advisory Panel on Nomination and Compensation, Masamichi Terabatake, who served as Representative Director and President (responsibility: Chief Executive Officer) for the fiscal year under review (currently Member of the Board), has decided the amount of remuneration for Members of the Board relating to base salary, the monetary remuneration claim toward the allotment of restricted stock, and the monetary remuneration claim toward the allotment of performance share units, by following the methods of calculation as set forth in the internal rules; and the Board of Directors judges that its details are in compliance with the determination policy. Additionally, as to the amount of remuneration for Members of the Board relating to executive bonuses for the fiscal year under review, if the "Election of Ten (10) Members of the Board" proposal (matter to be resolved) for the Ordinary General Meeting of Shareholders scheduled on March 25, 2026 is approved and adopted, based on the review by the Advisory Panel on Nomination and Compensation, Takehiko Tsutsui, who is scheduled to be appointed as Representative Director and President, will determine the amounts by following the methods of calculation as set forth in the internal rules.

The remuneration of Audit & Supervisory Board Members is also benchmarked in the same way, and is determined by deliberation among the Audit & Supervisory Board Members within the maximum remuneration approved at the General Meeting of Shareholders.

4. Executive Remuneration Details

- Base salary

Executives will be remunerated with monthly base salary as per their responsibilities. Members of the Board who also serve as Executive Officers will be individually evaluated for achievement of their performance targets through execution of their duties that will lead to the Group's sustainable profit growth. Performance targets are set through interviews with the Company's President and Chief Executive Officer at the beginning of the fiscal year and evaluated at the end of fiscal year. The base salary for the following fiscal year will be set within certain range reflecting the individual performance evaluations. However, an individual performance evaluation will not be applicable for the Company's President and Chief Executive Officer.

- Executive bonus

Executive bonus for Members of the Board who also serve as Executive Officers will be paid as monetary remuneration reflecting the performance of a single fiscal year. Core revenue at constant FX, adjusted operating profit (AOP) at constant FX, adjusted operating profit, profit results, and an RRP-related qualitative evaluation index ^(Note) will be the key performance indicators (KPI) for the calculation of executive bonuses, which will be used to measure the performance of the business itself, which is the foundation of sustainable profit growth, as well as the achievement rate of profit growth, from the viewpoint of providing shared value with the shareholders and setting indices conducive to sustainable profit growth over the medium and long term. In calculating the amounts of executive bonuses, 15% accounts for core revenue at constant FX, 35% for AOP at constant FX, 25% for adjusted operating profit and 25% for profit. The ratio that performance, including the impact of foreign exchange (adjusted operating profit and profit), accounts for on the KPIs used to determine executive bonuses has been set to 50%. Performance-linked payout is based on the KPI achievement in the range of 0% to 190% and either -10%, 0% or +10% is added/deducted to results depending on evaluations of the RRP-related qualitative evaluation index. In a case where a Member of the Board who is a recipient of executive bonus has carried out certain wrongful behavior, the officer involved will be required to refund a part of the executive bonus already paid.

(Note) Qualitative evaluation indicators pertaining to the implementation of strategies and level of achievement related to RRP (Reduced-Risk Products), which is a focus area.

Consolidated performance indicators and actual results related to executive bonus for the fiscal year under review are as follows:

Performance indicator (Consolidated)	Fiscal year ended December 31, 2025	
	Target (Billions of yen)	Actual (Billions of yen)
Core revenue at constant FX	3,160.0	3,347.8
Adjusted operating profit at constant FX	825.0	926.6
Adjusted operating profit	746.0	901.3
Profit (Profit attributable to owners of the parent company)	449.0	487.7

(Note) Due to the transfer of the pharmaceutical business and other factors, the consolidated performance indicators and actual results related to executive bonus are adjusted.

- Restricted stock remuneration

The Restricted Stock Remuneration Plan is designed to strengthen the shared value with shareholders and to enhance the corporate value over the medium and to long term. Members of the Board who also serve as Executive Officers ("Eligible Directors") are eligible to receive monetary remuneration claims every fiscal year towards restricted stock and the Eligible Directors will receive the allocation of Company's ordinary shares by paying all of the monetary remuneration claims in kind in accordance with the resolution of the Board of Directors (the allotment is made by means of disposal of treasury shares). In disposal of ordinary shares of the Company due to this Plan, a restricted stock allotment agreement shall be concluded between the Company and each Eligible Director.

The monetary compensation towards the purchase of the Company's restricted stock will be decided based on the closing price of the Company's share at the Tokyo Stock Exchange as of the business day immediately preceding the resolution by the Board of Directors. However, if the Company share is not traded at the Tokyo Stock Exchange on the day prior to the resolution of the Company's Board of Directors, the closing price of the

immediately preceding trading day will be used. This price of share will be decided by the Company's Board of Directors within a scope that is not particularly advantageous to the Eligible Directors who will receive the restricted stock.

In addition, the allocation of monetary remuneration claims to the Eligible Directors assumes that such director accepts the compensation as contribution in kind and enters into the restricted stock allotment agreement.

The specific details of the Plan are as follows. Any other matters regarding the Plan shall be determined by the Company's Board of Directors.

- i The total amount of monetary remuneration claims and the upper limit of the total number of shares
The total amount of monetary remuneration claims for all Eligible Directors together shall not exceed ¥600 million per year or the total number of ordinary shares allotted by the Company shall not exceed 300,000 shares per year. If there is a stock split, stock consolidation, or any other event requiring adjustment to the total number of shares to be allocated after this Restricted Stock Remuneration Plan has been approved in the 35th Ordinary General Meeting of Shareholders held on March 19, 2020, the relevant total number shall be adjusted accordingly within a reasonable range.
- ii Transfer restriction period and details
Members of the Board who have received the allotted restricted stock ("Allotted Shares") are prohibited to transfer to a third party the Allotted Shares, pledge them, mortgage them, or use any arrangement to dispose them over 30 years ("Restriction Period").
- iii Removal of transfer restrictions
In case any Member of the Board who has received the allotted restricted stock 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 or any other positions separately specified by the Company's Board of Directors during the Restriction Period, the transfer restrictions will be removed on all the Allotted Shares.
- iv Revocation of Allotted Shares without any compensation
Allotted Shares will be revoked by the Company if a Member of the Board who has received the allotted restricted stock violates any laws and regulations or falls under any other event specified 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.
- v Handling in the case of reorganization
During the Restriction Period, if the Company becomes defunct due to merger or organizational restructuring, the transfer restrictions for Allotted Shares will be removed following the resolution of the Company's Board of Directors before the effective date of such reorganization.

- Performance share units

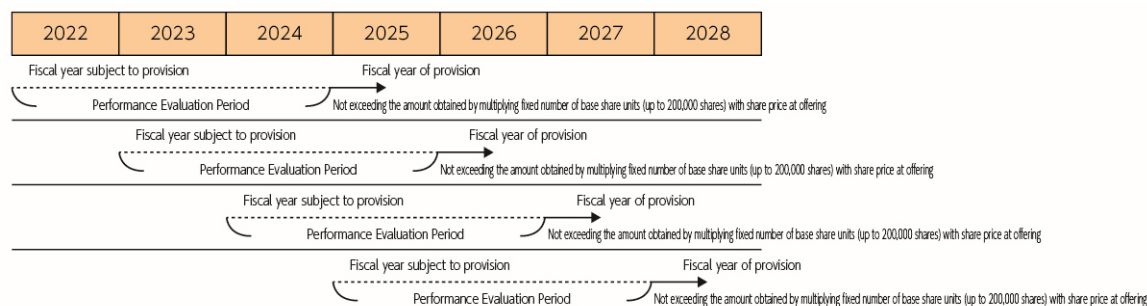
The Performance Share Unit Plan is a performance-linked stock compensation system that aims to strengthen the shared value with shareholders, to enhance the corporate value over the medium and long term and to commit to achieving business results over the medium term.

Members of the Board who also serve as Executive Officers are eligible to receive monetary remuneration claims and cash towards the acquisition of ordinary shares after the performance evaluation period ("Performance Evaluation Period") ^(Note), which is comprised of three fiscal years starting from the fiscal year subject to provision, in accordance with the rate of achievement of performance and other multi-year performance targets during the Performance Evaluation Period. The Advisory Panel on Nomination and Compensation deliberates and decides on the achievement rate of such targets for performance and other items during the Performance Evaluation Period. The remuneration for the performance share units will be disbursed after the Performance Evaluation Period expires, in principle, as monetary remuneration claims and cash towards the acquisition of ordinary shares. Each of the Eligible Directors will receive the allocation of Company's ordinary shares by paying all of the monetary remuneration claims in kind (the allotment is made by means of disposal of treasury shares).

The monetary compensation towards the purchase of the Company's ordinary shares will be decided based on the closing price of the Company's share at the Tokyo Stock Exchange as of the business day immediately preceding the resolution by the Board of Directors. However, if the Company share is not traded at the Tokyo Stock Exchange on the day prior to the resolution of the Company's Board of Directors, the closing price of the immediately preceding trading day will be used. This price of share will be decided by the Company's Board of Directors within a scope that is not particularly advantageous to the Eligible Directors who will receive the performance share units. In addition, since monetary remuneration claims and cash to deliver the Company's ordinary shares are granted according to the above achievement rate of performance, the allocation of the monetary remuneration claims and cash to the Eligible Directors, the amount of the claims and cash to deliver

the Company's ordinary shares, and the number of shares delivered are not decided by the expiration of the Performance Evaluation Period.

(Note) For 2022, Performance Evaluation Period is three fiscal years, from the fiscal year ended December 31, 2022, to the fiscal year ended December 31, 2024. For 2023, Performance Evaluation Period is three fiscal years, from the fiscal year ended December 31, 2023, to the fiscal year ended December 31, 2025. For 2024, Performance Evaluation Period is three fiscal years, from the fiscal year ended December 31, 2024, to the fiscal year ending December 31, 2026. For 2025, Performance Evaluation Period is three fiscal years, from the fiscal year ended December 31, 2025, to the fiscal year ending December 31, 2027. From 2026 forward, to the extent approved at the 38th Ordinary General Meeting of Shareholders held on March 24, 2023 (not exceeding the amount obtained by multiplying fixed number of base share units (up to 200,000 shares) with share price at offering), the Company will implement the performance-linked stock compensation plan, with respective fiscal years set as the year for offering with a new (performance evaluation) period of three consecutive fiscal years starting thereof.



The specific details of the Plan are as follows. Any other matters regarding the Plan shall be determined by the Company's Board of Directors.

i The total amount of monetary remuneration claims and cash and the upper limit of the total number of shares
The total amount of monetary remuneration claims and cash for all Eligible Directors together shall not exceed the amount obtained by multiplying fixed number of base share units (up to 200,000 shares) with share price at offering. The total number of ordinary shares allotted annually for all Eligible Directors together shall not exceed 100,000 shares. If a stock split, stock consolidation, or any other event requiring adjustment to the total number of shares to be allocated arises after the 35th Ordinary General Meeting of Shareholders held on March 19, 2020, the relevant total number shall be adjusted accordingly within a reasonable range.

ii Share allotment and cash calculation methodology

The Company determines performance indicators and others such as performance-linked figures for the Plan which are necessary to specifically calculate the number of shares to be distributed taking into account the review conducted by the Advisory Panel on Nomination and Compensation of the Company. For the evaluation period starting in fiscal year 2022, the Company introduced an ESG-related index on top of profit, in order for the Company and shareholders to seek an alignment on a mutual perspective of evaluating and being evaluated. The same performance indicators will also be applied to the evaluation periods starting in fiscal year 2023, fiscal year 2024, and fiscal year 2025. In fiscal year 2022, fiscal year 2023, and fiscal year 2024, the Company has adopted its progress on initiatives to realize net zero as an ESG-related index, specifically the target attainment rates to reduce Greenhouse Gas emissions. In fiscal year 2025, in addition to its progress on initiatives to realize net zero as an ESG-related index, the Company will add a Diversity, equity & inclusion-related index within the JT Group Sustainability Targets. Specifically, the Company includes the achievement level of the JT Group's target for the percentage of women in management positions as an evaluation criterion. Additionally, for the performance indicators for the evaluation period starting in fiscal year 2025, the Company introduced a RRP-related quantitative evaluation index^(Note) on top of profit and the ESG-related index to further provide shared value with shareholders by contributing to the achievement of performance indicators over the medium term and enhance corporate value.

For the details of calculations, the number of the ordinary shares of the Company to be issued to Eligible Directors and the amount of cash to be paid to Eligible Directors as funds toward tax payment shall be calculated based on the formula (i) and (ii) below, respectively (Note that any fractions less than one share shall be rounded off). Further, in the event of retirement or appointment during the Performance Evaluation Period, reasonable adjustments may be made in the number of the ordinary shares of the Company or the amount to be offered to the Eligible Director or his/her inheritors, in accordance with the provisions set by the Board of Directors of the Company. If the number of the ordinary shares of the Company allotted to Eligible Directors calculated by the formula (i) is greater than the maximum aggregate number of the ordinary shares of the Company to be allotted to Eligible Directors, it shall be deducted in a reasonable manner, such as a proportional distribution, as laid down by the Board of Directors of the Company, within the range not exceeding the maximum aggregate number.

(Note) A quantitative evaluation indicator pertaining to the level of target achievement for Heated Products volume in RRP (Reduced-Risk Products), which is a focus area.

(i) Number of the ordinary shares of the Company to be issued to Eligible Directors

Number of base share units x Offering ratio/percentage x 50%

(ii) Amount of cash to be paid to eligible Members of the Board

(Number of base share units x Offering ratio/percentage – Number of ordinary shares of the Company calculated in (i)) x Share price at the time of issue

iii Pre-requisites for distribution

The Company shall provide the monetary remuneration claims and cash to Eligible Directors, and Eligible Directors are required to purchase the Company's ordinary shares with all the monetary remuneration claims received as contribution in kind, after the Performance Evaluation Period expires and the following conditions for distribution of Company's ordinary shares are met.

(i) Remaining in his/her term of office as Member of the Board, Executive Officer or any other positions separately specified by the Board of Directors during the fiscal year subject to provision

(ii) Non-existence of certain illegal acts

(iii) Other requirements considered necessary, which are stipulated by the Board of Directors

iv Handling in the case of reorganization

During the Performance Evaluation Period, if the Company becomes defunct due to merger or other organizational restructuring, the Company's Board of Directors may, prior to the effective date of the said organizational restructuring, decide to pay towards performance share units in accordance with the duration from the commencement date of the Performance Evaluation Period to the date of approval for the said organizational restructuring. However, in lieu of the aforementioned allocation of the Company's ordinary shares, cash will be reasonably calculated by the Company's Board of Directors as the amount equivalent to the said ordinary shares, within the limit of the remuneration for the Performance Share Unit Plan.

A performance indicator and an actual result related to the Performance Share Unit Plan for the performance period that began in fiscal year 2022 are as follows:

Performance indicator (Consolidated)	From the fiscal year ended December 31, 2022 to the fiscal year ended December 31, 2024	
	Target (Billions of yen)	Actual (Billions of yen)
Cumulative profit (attributable to owners of the parent company) for the three fiscal years from fiscal year 2022 to fiscal year 2024	1,124.0	1,383.4
Target attainment rates to reduce Greenhouse Gas emissions (in comparison with 2019)	Scope 1 and 2 47% reduction by 2030	31%
	Scope 3 (Category 1) 28% reduction by 2030	19%

(Note) The impact of the acquisition of VGR and the effects of the judicial settlement with plaintiffs reached by the Canadian local subsidiary of the tobacco business in relation to litigation pertaining to smoking and health have been excluded from profit for the three fiscal years from the fiscal year ended December 31, 2022 to the fiscal year ended December 31, 2024.

3. Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

(1) Significant concurrent positions outside the Company

Category	Name	Organizations where concurrent positions are held	Position
Member of the Board	Yukiko Nagashima	Recruit Holdings Co., Ltd.	Standing Audit & Supervisory Board Member
		Recruit Co., Ltd.	Standing Audit & Supervisory Board Member
		SUMITOMO CORPORATION	Outside Director, Audit & Supervisory Committee Member
	Masato Kitera	Marubeni Corporation	Corporate Advisor
	Tetsuya Shoji	NTT DOCOMO BUSINESS, Inc.	Corporate Advisor
		Sapporo Holdings Limited	Outside Director
		Kanadevia Corporation	Outside Director
		Mitsubishi Logistics Corporation	Outside Director
	Hiroko Yamashina	ORIX Corporation	Advisor
	Kenji Asakura	Nagase & Co., Ltd.	Representative Director, Chairman
Audit & Supervisory Board Member	Nobuo Inada	Inada Law Firm	Attorney at Law
		Nomura Securities Co., Ltd.	Outside Director, an Audit & Supervisory Committee Member
		SUMITOMO CORPORATION	Outside Director, Audit & Supervisory Committee Member
	Emiko Takeishi	Hosei University	Professor, Faculty of Lifelong Learning and Career Studies
		Tokio Marine & Nichido Fire Insurance Co., Ltd.	Outside Audit & Supervisory Board Member
		KAJIMA CORPORATION	Outside Audit & Supervisory Board Member

(Note) There are no special relationships to be mentioned between the above organizations in which concurrent positions are held and JT.

(2) Major activities during this fiscal year

Category	Name	Status of main activities
Member of the Board	Yukiko Nagashima	Yukiko Nagashima attended all 17 Board of Directors meetings held during the fiscal year under review. Her contribution toward improving the Group corporate governance was expected based on her experience in corporate management and execution of business in a wide range of fields, such as emerging businesses and temporary staffing and objective point of view based on her experience as a Member of the Audit & Supervisory Board, she fulfilled her duties adequately as an Outside Director by providing advice and recommendations on business strategy, sustainability strategy, and other areas.
	Masato Kitera	Masato Kitera attended all 17 Board of Directors meetings held during the fiscal year under review. His contribution toward improving the Group corporate governance was expected based on his extensive international experience and a high level of knowledge of international affairs cultivated during his diplomatic and other activities, and he held important positions over many years of service with the government, primarily in the Ministry of Foreign Affairs, he fulfilled his duties adequately as an Outside Director by providing advice and recommendations on business strategy, sustainability strategy, and other areas.
	Tetsuya Shoji	Tetsuya Shoji attended all 17 Board of Directors meetings held during the fiscal year under review. He has extensive experience, track record, and insight into corporate management. His contribution toward improving the Group corporate governance was expected based on his wide experience in areas such as corporate planning, human resources, global operations, and digitalization promotion, he fulfilled his duties adequately as an Outside Director by providing advice and recommendations on sustainability strategy, IR and other areas.
	Hiroko Yamashina	Hiroko Yamashina attended all 17 Board of Directors meetings held during the fiscal year under review. Her contribution toward improving the Group corporate governance was expected based on her extensive experience and broad and deep insight in areas such as corporate management and business operation, and objective point of view based on her experience as a Member of the Audit & Supervisory Board, she fulfilled her duties adequately as an Outside Director by providing advice and recommendations on business strategy, IR, and other areas.
	Kenji Asakura	Kenji Asakura attended all 17 Board of Directors meetings held during the fiscal year under review. His contribution toward improving the Group corporate governance was expected based on his outstanding experience and wide-ranging knowledge in global corporate management, business operation, and corporate cultural reform, he fulfilled his duties adequately as an Outside Director by providing advice and recommendations on business strategy, IR, and other areas.

Category	Name	Status of main activities
Audit & Supervisory Board Member	Shigeru Taniuchi	Shigeru Taniuchi attended all 17 Board of Directors meetings, as well as all 14 meetings of the Audit & Supervisory Board, held during the fiscal year under review. Based on his extensive experience and broad and deep insight in finance and legal affairs, he has fulfilled his duties as an Audit & Supervisory Board Member, providing advice and recommendations on the Company's governance system, including crisis management system, etc.
	Nobuo Inada	Nobuo Inada attended all 17 Board of Directors meetings, as well as all 14 meetings of the Audit & Supervisory Board, held during the fiscal year under review. Based on his extensive experience and broad and deep insight in legal affairs and compliance, he has fulfilled his duties as an Audit & Supervisory Board Member, providing advice and recommendations on the Company's governance system including compliance system, etc.
	Emiko Takeishi	Emiko Takeishi attended all 17 Board of Directors meetings, as well as all 14 meetings of the Audit & Supervisory Board, held during the fiscal year under review. Based on her extensive experience and broad and deep knowledge in personnel systems, labor policies, and corporate governance, she has fulfilled her duties as an Audit & Supervisory Board Member, providing advice and recommendations on the Company's governance system including human resource management, etc.

(3) Total amount of remunerations

Category	Outside Director		Outside Audit & Supervisory Board Member		Total	
	Number to be paid (Person)	Amount to be paid (Millions of yen)	Number to be paid (Person)	Amount to be paid (Millions of yen)	Number to be paid (Person)	Amount to be paid (Millions of yen)
Base salary	5	122	3	81	8	203

IV. Matters Relating to Independent Auditor

1. **Name of Independent Auditor:** Deloitte Touche Tohmatsu LLC

2. **Fees for Independent Auditor relating to this fiscal year**

(1) **Fees for Independent Auditor relating to this fiscal year of JT**

- | | |
|--|--------------|
| i) Fees for audit attestation based on Paragraph 1, Article 2 of the Certified Public Accountants Act: | ¥426 million |
| ii) Fees for tasks other than audit attestation based on Paragraph 1, Article 2 of the Certified Public Accountants Act: | ¥164 million |

(2) **Amount of cash and other financial benefits to be paid by JT and its subsidiaries:**

¥699 million

(3) **Reasons for approval of the Independent Auditor's remuneration by the Audit & Supervisory Board:**

When the Company concluded an audit contract with Independent Auditor, the Audit & Supervisory Board Members obtained necessary materials and received reports from the Members of the Board, relevant internal departments, and the Independent Auditor, and performed verification to confirm that the amount of remuneration to be paid to the Independent Auditor, the persons in charge of the audits, and other details of the audit contract were appropriate.

Based upon this verification, the Audit & Supervisory Board checked and examined matters including the content of the Independent Auditor's audit plan, the status of the performance of the auditing duties, and the basis for calculation of the fee estimate, and, as a result, determined that approval was fair and reasonable.

- (Notes)
1. Fees paid under the terms of the audit contract concluded between Deloitte Touche Tohmatsu LLC and JT in relation to audit attestation based on the Companies Act and the Financial Instruments and Exchange Act are not clearly classified, and since they cannot be effectively classified, their total is indicated in the amount in "(1), i)" above.
 2. JT retains Deloitte Touche Tohmatsu LLC for tasks other than audit attestation based on Paragraph 1, Article 2 of the Certified Public Accountants Act, which consist of advisory services on addressing sustainability disclosure and the issuance of the comfort letter in relation to the bond issuing, for which a consideration is paid to the same.
 3. Among the important subsidiaries of JT, JT International S.A. is audited by Deloitte AG, and Gallaher Ltd. is audited by Deloitte & Touche LLP.

3. **Policy on dismissal or non-reappointment of Independent Auditor**

In the case that an Independent Auditor is adjudged to fall within any of the items listed in Paragraph 1, Article 340 of the Companies Act, with the agreement of all of the Audit & Supervisory Board Members, the Company shall dismiss the Independent Auditor. Additionally, apart from the above, should an incident occur casting serious doubt on the ability of the Independent Auditor to continue to perform its duties, the Audit & Supervisory Board shall decide the content of proposal and submit such proposal to the General Meeting of Shareholders that the Independent Auditor should be dismissed or should not be reappointed.

* All figures contained in this Business Report are rounded to the nearest unit.

Consolidated Statement of Financial Position

(As of December 31, 2025)

(Millions of yen)

Account title	Amount	Account title	Amount
Current assets		Current liabilities	
Cash and cash equivalents	831,135	Trade and other payables	711,721
Trade and other receivables	640,681	Bonds and borrowings	79,627
Inventories	1,060,136	Income tax payables	36,546
Other financial assets	195,816	Other financial liabilities	62,068
Other current assets	977,640	Provisions	32,783
Subtotal	3,705,408	Other current liabilities	1,004,331
Assets held for sale	5,689	Subtotal	1,927,076
Total current assets	3,711,097	Liabilities directly associated with assets held for sale	177
		Total current liabilities	1,927,252
Non-current assets		Non-current liabilities	
Property, plant and equipment	979,800	Bonds and borrowings	1,599,061
Goodwill	2,923,096	Other financial liabilities	205,628
Intangible assets	395,658	Retirement benefit liabilities	253,225
Investment property	3,068	Provisions	54,355
Retirement benefit assets	29,946	Other non-current liabilities	134,724
Investments accounted for using the equity method	82,205	Deferred tax liabilities	129,606
Other financial assets	131,600	Total non-current liabilities	2,376,599
Other non-current assets	4,240		
Deferred tax assets	158,528	Total liabilities	4,303,851
Total non-current assets	4,708,143	Equity	
		Share capital	100,000
		Capital surplus	737,064
		Treasury shares	(489,744)
		Other components of equity	526,058
		Retained earnings	3,213,555
		Equity attributable to owners of the parent company	4,086,933
		Non-controlling interests	28,456
		Total equity	4,115,389
Total assets	8,419,240	Total liabilities and equity	8,419,240

Consolidated Statement of Income

(Year ended December 31, 2025)

(Millions of yen)

Account title	Amount
Continuing operations	
Revenue	3,467,675
Cost of sales	(1,519,091)
Gross profit	1,948,585
Other operating income	83,284
Share of profit in investments accounted for using the equity method	13,332
Selling, general and administrative expenses	(1,178,162)
Operating profit	867,038
Financial income	67,942
Financial costs	(195,194)
Profit before income taxes	739,786
Income taxes	(238,711)
Profit for the period from continuing operations	501,075
Discontinued operations	
Profit for the period from discontinued operations	12,139
Profit for the period	513,214
Attributable to:	
Owners of the parent company	510,175
Non-controlling interests	3,039

Nonconsolidated Balance Sheet

(As of December 31, 2025)

(Millions of yen)

Account title	Amount	Account title	Amount
ASSETS		LIABILITIES	
Current assets	593,774	Current liabilities	625,035
Cash and deposits	252,923	Accounts payable-trade	17,001
Securities	21,000	Lease obligations	90
Accounts receivable-trade	39,953	Accounts payable-other	82,268
Merchandise and finished goods	39,084	National tobacco excise taxes payable	66,788
Semi-finished goods	44,220	National tobacco special excise taxes payable	8,052
Work in process	1,644	Local tobacco excise taxes payable	74,945
Raw materials and supplies	38,622	Income taxes payable	1,446
Advance payments-trade	2,626	Accrued consumption taxes	25,705
Prepaid expenses	3,418	Cash management system deposits received	275,181
Short-term loans receivable from subsidiaries and affiliates	119,092	Provision for bonuses	13,843
Other	31,224	Other provisions	1,379
Allowance for doubtful accounts	(31)	Other	58,338
Noncurrent assets	2,148,593	Noncurrent liabilities	778,948
Property, plant and equipment	144,054	Bonds payable	559,543
Buildings	49,966	Long-term borrowings	120,000
Structures	1,641	Lease obligations	955
Machinery and equipment	37,322	Provision for retirement benefits	86,089
Vehicles	1,277	Long-term income taxes payable	936
Tools, furniture and fixtures	11,008	Other	11,424
Land	37,449	Total liabilities	1,403,983
Construction in progress	5,392	NET ASSETS	
Intangible assets	19,464	Shareholders' equity	1,366,980
Right of trademark	96	Capital stock	100,000
Software	14,699	Capital surplus	737,064
Other	4,670	Legal capital surplus	636,400
Investments and other assets	1,985,074	Other capital surplus	100,664
Investment securities	22,521	Retained earnings	1,018,039
Shares of subsidiaries and affiliates	1,652,493	Legal retained earnings	18,776
Long-term loans receivable from subsidiaries and affiliates	269,132	Other retained earnings	999,263
Long-term prepaid expenses	6,794	Reserve for investment loss on developing new business	223
Deferred tax assets	17,266	Reserve for reduction entry	22,486
Other	16,933	Special account for reduction entry	822
Allowance for doubtful accounts	(64)	Retained earnings brought forward	975,733
Total assets	2,742,366	Treasury shares	(488,124)
		Valuation and translation adjustments	(28,887)
		Valuation difference on available-for-sale securities	6,503
		Deferred gains or losses on hedges	(35,389)
		Subscription rights to shares	291
		Total net assets	1,338,384
		Total liabilities and net assets	2,742,366

Nonconsolidated Statement of Income

(Year ended December 31, 2025)

(Millions of yen)

Account title	Amount	
Net sales		566,521
Cost of sales		216,731
Gross profit		349,790
Selling, general and administrative expenses		355,879
Operating loss		(6,090)
Non-operating income		
Interest income	10,626	
Dividends income	483,530	
Other	11,485	505,641
Non-operating expenses		
Interest expenses	3,659	
Interest on bonds	16,080	
Foreign exchange losses	2,976	
Other	4,274	26,990
Ordinary income		472,561
Extraordinary income		
Gain on sales of noncurrent assets	13,748	
Gain on sales of shares of subsidiaries	28,761	
Other	1,526	44,035
Extraordinary losses		
Loss on sales of noncurrent assets	21	
Loss on retirement of noncurrent assets	2,351	
Impairment loss	2,534	
Loss on liquidation of business	15,494	
Other	693	21,093
Income before income taxes		495,504
Income taxes-current	(1,993)	
Income taxes-deferred	5,798	3,805
Net income		491,698

INDEPENDENT AUDITOR'S REPORT

February 12, 2026

To the Board of Directors of
Japan Tobacco Inc.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant: Koji Ishikawa

Designated Engagement Partner,
Certified Public Accountant: Takeshi Ito

Designated Engagement Partner,
Certified Public Accountant: Akifumi Horie

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Japan Tobacco Inc. and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of December 31, 2025, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2025 to December 31, 2025, and the related notes of significant matters for preparing the consolidated financial statements and other related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025, and its consolidated financial performance for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As discussed in (Note) to the Consolidated Statement of Changes in Equity included in the consolidated financial statements, the effect of ¥284,129 million on retained earnings arising from the settlement of litigation in Canada, which occurred subsequent to the date of the independent auditor's report in accordance with the Companies Act for the year ended December 31, 2024, has been reflected in the current consolidated financial statements as an adjustment to the opening balance as of January 1, 2025. Our opinion is not qualified in respect of this matter.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the IASB.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the IASB, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. The other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

INDEPENDENT AUDITOR'S REPORT

February 12, 2026

To the Board of Directors of
Japan Tobacco Inc.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant: Koji Ishikawa

Designated Engagement Partner,
Certified Public Accountant: Takeshi Ito

Designated Engagement Partner,
Certified Public Accountant: Akifumi Horie

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Japan Tobacco Inc. (the "Company"), namely, the nonconsolidated balance sheet as of December 31, 2025, and the nonconsolidated statement of income and nonconsolidated statement of changes in net assets for the 41st fiscal year from January 1, 2025 to December 31, 2025, and the related notes of significant accounting policies and other related notes to the nonconsolidated financial statements, and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in the "Opinion" section of this English translation are not included in the attached financial documents. In addition, the other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

[The following represents a translation, for convenience only, of the original report issued in the Japanese language.]

Audit Report of the Audit & Supervisory Board

AUDIT REPORT

Regarding the performance of duties by the Members of the Board for the 41st fiscal year from January 1, 2025 to December 31, 2025, the Audit & Supervisory Board hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Audit & Supervisory Board Member.

1. Auditing Methods Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board and Details of Such Methods

(1) The Audit & Supervisory Board established auditing policies, allocation of duties, and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding his or her audits and results thereof, as well as received reports from the Members of the Board, other relevant personnel, and Independent Auditors regarding performance of their duties, and sought explanations as necessary.

(2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the auditing policies, allocation of duties, and other relevant matters, communicated with the Members of the Board, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and conducted his or her audits in the following methods:

i) We participated in the Board of Directors' meetings and other important meetings, received reports from the Members of the Board, and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important documents, and studied the operations and financial positions at the head office and principal offices. With respect to subsidiaries, we communicated and exchanged information with Members of the Board, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.

ii) We monitored and verified the details of the resolution of the Board of Directors related to the system that ensures Members of the Board are carrying out their duties in compliance with laws and regulations and the Articles of Incorporation, and other systems that ensure the propriety of the operations of the corporate group comprised of a stock company and its subsidiaries, which are described in Paragraphs 1 and 3 of Article 100 of the Regulations for Enforcement of the Companies Act. We also monitored and verified the condition of the system (internal control system) put in place in accordance with the aforesaid resolution.

iii) We monitored and verified whether the Independent Auditors maintained their independence and implemented appropriate audits, and we received reports from the Independent Auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the Independent Auditors that "the system for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Regulations on Corporate Accounting) is organized in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council) and other relevant regulations, and sought explanations as necessary.

Based on the above methods, we examined the business report and the accompanying supplemental schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and the

accompanying supplemental schedules, as well as consolidated financial statements (consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements, which omit some disclosure items required under International Financial Reporting Standards (IFRS) in accordance with the provision of the second sentence of Paragraph 1, Article 120 of the Regulations on Corporate Accounting) related to the relevant fiscal year.

2. Audit Results

(1) Results of Audit of Business Report and Other Relevant Documents

1. In our opinion, the business report and the accompanying supplemental schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent JT's condition.
2. With regard to the performance of duties by the Members of the Board, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
3. In our opinion, the contents of the resolutions of the Board of Directors regarding the internal controls system are fair and reasonable, and, furthermore, the development, implementation and maintenance of the internal controls system are appropriate.

(2) Results of Audit of Non-Consolidated Financial Statements and the accompanying supplemental schedules

In our opinion, the methods and results employed and rendered by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

February 18, 2026

The Audit & Supervisory Board, Japan Tobacco Inc.

Standing Audit & Supervisory Board Member	Hideaki Kashiwakura	(seal)
Standing Audit & Supervisory Board Member	Tsutomu Hashimoto	(seal)
Standing Audit & Supervisory Board Member	Shigeru Taniuchi	(seal)
Audit & Supervisory Board Member	Nobuo Inada	(seal)
Audit & Supervisory Board Member	Emiko Takeishi	(seal)

(Note) Standing Audit & Supervisory Board Member Shigeru Taniuchi and Audit & Supervisory Board Members Nobuo Inada and Emiko Takeishi are Outside Audit & Supervisory Board Members provided for by Article 2, item 16 and Paragraph 3, Article 335 of the Companies Act.