

[Translation]

ARTICLES OF INCORPORATION

NIHON TABAKO SANGYO KABUSHIKI KAISHA

(JAPAN TOBACCO INC.)

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CHAPTER I. GENERAL PROVISIONS

Article 1. (Corporate Name)

1. This Company, organized and incorporated under the Japan Tobacco Inc. Act, shall be called *Nihon Tabako Sangyo Kabushiki Kaisha* (hereinafter referred to as the "Company").
2. The Company shall be known in English as JAPAN TOBACCO INC.

Article 2. (Purpose)

The purpose of the Company shall be to engage in any and all of the following business activities:

- (1) manufacture, sale and import of manufactured tobacco products;
- (2) manufacture and sale of manure, agrochemicals, agricultural materials and gardening supplies and the production and sale of seedlings and gardening plants;
- (3) management and operation of sports facilities, hotels and restaurants;
- (4) warehousing;
- (5) lease, purchase and sale, mediating purchase and sale and appraisal and management of real estate holdings;
- (6) design, execution, administration and undertaking of engineering and construction works;
- (7) manufacture and sale of tobacco smoking equipments and the processing and sale of clothing and daily necessities utilizing tobacco designs;
- (8) manufacture and sale of soft drinks, confectionery and seasonings and the processing and sale of prepared food;
- (9) manufacture and sale of machinery and instruments for making manufactured tobacco products, vending machines, precision machines and instruments and other general industrial machines and instruments;
- (10) lease of personal estates;
- (11) engineering related to the manufacturing facilities of manufactured tobacco products, foods and agricultural materials;
- (12) manufacture and sale of pharmaceuticals, quasi drugs and aromatic products;
- (13) printing;
- (14) any and all businesses relating to the items above; and
- (15) any and all businesses necessary for attaining the purpose of the Company other than those mentioned in the preceding items.

Article 3. (Location of Head Office)

The Company shall have its head office in Minato-ku, Tokyo.

Article 4. (The Organs of the Company)

The Company, in addition to General Meeting of Shareholders and Directors, shall have the following organs:

- (1) Board of Directors;
- (2) Audit & Supervisory Board Members;
- (3) Audit & Supervisory Board; and
- (4) Accounting Auditors.

Article 5. (Method of Giving Public Notice)

1. Public notices by the Company shall be given by way of electric public notice. Where the method of electric public notice is not available due to unavoidable circumstances, the public notice may be given by publication in the *Nihon Keizai Shimbun*.
2. Notwithstanding the provision under the preceding paragraph, public notices, to be given under the provisions of the Tobacco Business Act, shall be subject to regulations prescribed by the ministerial ordinance of the Ministry of Finance.

CHAPTER II. SHARES

Article 6. (Authorized Shares)

The total number of shares to be issued by the Company shall be eight billion (8,000,000,000) shares.

Article 7. (The number of shares per share unit)

The number of shares per share unit of the Company shall be one hundred (100) shares.

Article 8. (Rights in respect of shares less than one share unit)

Any shareholder of the Company may not exercise any rights in respect of shares less than one share unit other than those listed below:

- (1) the rights as provided for in the items of Article 189, Paragraph 2 of the Companies Act;
- (2) the rights to the allocation of shares offered to shareholders and stock acquisition rights offered to shareholders, in proportion to the numbers of their respective shares; and
- (3) the rights to exercise a demand as provided for in Article 9 hereof.

Article 9. (Demand for sale of shares less than one share unit)

Any shareholder of the Company may demand the Company to sell the number of shares that would, collectively with the number of his/her shares less than one share unit, constitute one share unit.

Article 10. (Acquisition of the Company's Own Shares)

The Company may acquire its own shares through market trading, etc. by the resolution of the Board of Directors pursuant to the provision of Article 165, Paragraph 2 of the Companies Act.

Article 11. (Share Handling Regulations)

Procedures and fees relating to the share and stock acquisition rights of the Company shall be in

accordance with laws and regulations, these Articles of Incorporation as well as the Share Handling Regulations established by the resolution of the Board of Directors.

Article 12. (Notification of Address, etc.)

1. Shareholders, registered pledgees of shares or their statutory agents or representatives shall give notification of their names and addresses to the Company. The same shall apply in the event of changes thereto.
2. Shareholders, registered pledgees of shares or their statutory agents or representatives, residing in a foreign country shall specify a temporary address or an agent in Japan and shall give notification to the Company thereon. The same shall apply in the event of changes thereto.
3. The provision of paragraph 1 above shall apply *mutatis mutandis* to the agent set forth in paragraph 2.
4. The Company shall not be liable for any damages incurred by individuals due to failure of giving notification in accordance with paragraphs 1 to 3 above.

Article 13. (Record Date)

1. The Company shall deem any shareholder whose name appears in the Shareholder Registry as of December 31st of a year to be the shareholder who is entitled to exercise his/her rights in the ordinary General Meeting of Shareholders of each respective business year.
2. In addition to the preceding paragraph and the other Articles herein, where deemed necessary, the Company, by the resolution of the Board of Directors and by issuing prior public notice, shall be entitled to deem any shareholder or registered pledgee of shares whose name appears in the Shareholder Registry as of the record date to be the shareholder and the registered pledgee of shares who is entitled to exercise his/her rights.

Article 14. (Administrator of the Shareholders Registry)

1. The Company shall have an Administrator of the Shareholder Registry.
2. The Administrator of the Shareholder Registry and its place of business shall be designated by the resolution of the Board of Directors and announced in a public notice.
3. The preparation and retention of the Company's Shareholder Registry and registry of stock acquisition rights as well as other business related to the Shareholder Registry and registry of stock acquisition rights shall be handled by the Administrator of the Shareholder Registry and shall not be handled by the Company.

CHAPTER III. GENERAL MEETING OF SHAREHOLDERS

Article 15. (Convocation)

1. The ordinary General Meeting of Shareholders of the Company shall be convened in March of every year and the extraordinary General Meeting of Shareholders may be convened at any time when deemed necessary by the Member of the Board previously appointed by the Board of Directors pursuant to the resolution of the Board of Directors.

2. If the Member of the Board appointed pursuant to the preceding paragraph is prevented from so acting, one of the other Members of the Board shall convene the General Meeting of Shareholders in his/her place in the order previously determined by resolution of the Board of Directors.
3. The General Meeting of Shareholders of the Company may be convened at an undesignated location.

Article 16. (The Chairman of General Meeting of Shareholders)

1. The Member of the Board previously appointed by the Board of Directors shall act as chairman at the General Meeting of Shareholders.
2. If the Member of the Board appointed pursuant to the preceding paragraph is prevented from so acting, one of the other Members of the Board shall act on his/her behalf in the order previously determined by the resolution of the Board of Directors.

Article 17. (Electronic provision measure, etc.)

1. When convening the General Meeting of Shareholders, the Company shall take an electronic provision measure as set forth in Article 325-2 of the Companies Act for information that constitutes the contents of reference materials, etc., for the General Meeting of Shareholders.
2. The Company may not include all or part of the matters for an electronic provision measure as set forth in the ordinance of the Ministry of Justice in documents to be delivered to shareholders who submit a request for the delivery of written documents under Article 325-5 of the Companies Act by the record date for voting rights.

Article 18. (Resolution)

1. Unless otherwise specifically provided for by laws and regulations or hereby, the resolution of the General Meeting of Shareholders shall be adopted by a majority of the votes of the shareholders who are present at the meeting and entitled to exercise their voting rights.
2. The special resolution of General Meeting of Shareholders as provided under Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds or more of votes of the shareholders present at the meeting where the shareholders holding one-third of the total number of voting rights of shareholders who are entitled to exercise their voting rights are present.

Article 19. (Vote by Proxy)

1. A shareholder or his/her statutory representative may delegate one shareholder of the Company holding a voting right, to exercise his/her voting rights as a proxy. Provided, however, that if a shareholder is a governmental agency, a local public body or a legal entity, one government official, one local public service employee or one employee of that legal entity, respectively, may act as proxy in exercising the voting rights.
2. In order for a shareholder or his/her statutory representative to nominate a proxy to exercise such voting right, a power of attorney must be presented to the Company before each General Meeting of Shareholders.

CHAPTER IV. MEMBERS OF THE BOARD, BOARD OF DIRECTORS, ETC.

Article 20. (Number of Directors)

The number of the Members of the Board of the Company shall be fifteen (15) or less.

Article 21. (Resolution for Election of Members of the Board)

1. The resolution for the election of Members of the Board shall be adopted by a majority of the votes of the shareholders present at the meeting where the shareholders holding one-third of the total number of voting rights of shareholders who are entitled to exercise their voting rights are present.
2. The resolution provided for under the previous paragraph shall not be made by cumulative voting.

Article 22. (Term of Office of Members of the Board)

1. The term of office of a Member of the Board shall expire at the close of the ordinary General Meeting of Shareholders for the latest business year ending within one year after his/her election.
2. The term of office of a Member of the Board who is elected to fill a vacancy or in addition to those already in office shall be conterminous with the remaining term of office of the other Members of the Board in office.

Article 23. (Representative Director, Executive Director, etc.)

1. The Company shall elect one President and, as the needs arise, a certain number of Executive Vice Presidents, from among the Members of the Board and the Executive Officers, by the resolution of the Board of Directors.
2. The Company shall elect, as the needs arise, one Chairman and a certain number of Deputy Chairmen of the Board from among the Members of the Board by the resolution of the Board of Directors.
3. The Company may appoint by the resolution of the Board of Directors a certain number of Executive Directors who have the authority to represent the Company.
4. The President presides, oversees and manages the business of the Company in accordance with the resolution of the Board of Directors.
5. Executive Vice Presidents shall execute the business of the Company as assistants to the President.
6. If the President is prevented from performing his/her duty, the other Members of the Board or Executive Officers shall act on his/her behalf in the order previously determined by the resolution of the Board of Directors.

Article 24. (Board of Directors)

1. The Member of the Board previously appointed by the Board of Directors shall convene the meeting of the Board of Directors and shall act as chairman of the meeting.
2. Notwithstanding the provision of the preceding paragraph, any meeting of the Board of Directors shall be convened by the Chairman of the Board if such officer is appointed, and the Chairman of the Board shall act as chairman thereof; provided, however, that if the Chairman of the Board is prevented from so acting, the other Members of the Board shall convene the meeting and act as its chairman in the order previously determined by the resolution of the Board of Directors.
3. For the convocation of the meeting of the Board of Directors, a notice thereon shall be given at least three (3) days prior to the date of the meeting to each Member of the Board and each Audit & Supervisory Board Member; provided, however, that such period may be shortened when the

convocation of the meeting is urgent.

4. If a Member of the Board makes a proposal on any agenda concerning the objectives of resolution of the Board of Directors and all Members of the Board who may participate in the voting for such agenda unanimously agree to his/her proposal in writing or by electromagnetic records, the Company shall deem that such proposal is adopted by the resolution of the Board of Directors unless objected by an Audit & Supervisory Board Member.
5. Other matters in respect of the Board of Directors shall be in accordance with the Regulations of the Board of Directors adopted by the resolution of the Board of Directors.

Article 25. (Limitation of Liability of Members of the Board)

1. In accordance with the provision of Article 426, Paragraph 1 of the Companies Act, the Company may, by the resolution of the Board of Directors, exempt any Member of the Board (including any former Member of the Board) from the liabilities under Article 423, Paragraph 1 of the Companies Act, to the extent permitted by laws and regulations.
2. In accordance with the provision of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Members of the Board (excluding those are Executive Directors, etc.) to limit the liability under Article 423, Paragraph 1 of the Companies Act to the amount provided by laws and regulations.

Article 26. (Executive Officers)

The Company may, by the resolution of the Board of Directors, appoint Executive Officers, set forth their duties and responsibilities, and cause them to execute business of the Company.

**CHAPTER V. AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT &
SUPERVISORY BOARD**

Article 27. (Number of Audit & Supervisory Board Members)

The number of the Audit & Supervisory Board Members of the Company shall be five (5) or less.

Article 28. (Resolution for Election of Audit & Supervisory Board Members)

The resolution for the election of Audit & Supervisory Board Members shall be adopted by a majority of votes of the shareholders present at the meeting where the shareholders holding one-third of the total number of voting rights of shareholders who are entitled to exercise their voting rights are present.

Article 29. (Term of Office of Audit & Supervisory Board Members)

1. The term of office of a Audit & Supervisory Board Member shall expire at the close of the ordinary General Meeting of Shareholders for the latest business year ending within four years after his/her election.
2. The term of office of a Audit & Supervisory Board Member newly elected to fill the vacancy left by a predecessor shall be the same as the remaining term of office of his/her predecessor.

Article 30. (Audit & Supervisory Board)

1. For the convocation of the meeting of the Audit & Supervisory Board, a notice thereon shall be given at least three (3) days prior to the date of the meeting to each Audit & Supervisory Board Member; provided, however, that such period may be shortened when the convocation of the meeting is urgent.
2. Other matters in respect of the Audit & Supervisory Board shall be governed by the Regulations of the Audit & Supervisory Board adopted by the resolution of the Audit & Supervisory Board.

Article 31. (Limitation of Liability of Audit & Supervisory Board Members)

1. In accordance with the provision of Article 426, Paragraph 1 of the Companies Act, the Company may, by the resolution of the Board of Directors, exempt any Audit & Supervisory Board Member (including any former Audit & Supervisory Board Member) from the liabilities under Article 423, Paragraph 1 of the Companies Act, to the extent permitted by laws and regulations.
2. In accordance with the provision of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Audit & Supervisory Board Members to limit liability under Article 423, Paragraph 1 of the Companies Act to the amount provided by laws and regulations.

CHAPTER VI. ACCOUNTS**Article 32. (Business Year)**

The business year of the Company shall commence on January 1st and end on December 31st.

Article 33. (Year-End Dividends)

1. The Company shall, by the resolution of the General Meeting of Shareholders, pay monetary dividends of its retained earnings (hereinafter referred to as “Year-End Dividends”) to the shareholders or registered pledgees of shares who are recorded in the Shareholder Registry as of December 31st of every year.
2. With respect to Year-End Dividends, the Company shall be exempted from the obligation to pay Year-End Dividends when such dividends fail to be collected within a period of three (3) years reckoned from the commencing day of the payment of such dividends.
3. No interest shall accrue on Year-End Dividends during the period as mentioned in paragraph 2.

Article 34. (Interim Dividends)

1. The Company may, by the resolution of the Board of Directors, pay dividends of its retained earnings as set forth in Article 454, Paragraph 5 of the Companies Act (hereinafter referred to as “Interim Dividends”) to the shareholders or registered pledgees of shares who are recorded in the Shareholder Registry as of June 30th of every year.
2. The provisions of paragraphs 2 and 3 of Article 33 hereof are applicable *mutatis mutandis* to the payment of Interim Dividends.

SUPPLEMENTARY PROVISIONS

Article 1. (Shares to be Issued upon Incorporation of the Company)

The total number of shares to be issued upon the incorporation of the Company is two million. The issuing price of one share is four hundred eighteen thousand and two hundred yen (¥ 418,200) and of this issuing price, the amount not included into the capital is three hundred sixty eight thousand and two hundred yen (¥ 368,200).

Article 2. (Initial Investment upon Incorporation of the Company)

Upon incorporation of the Company, the Japan Tobacco & Salt Public Corporation will invest all of its assets and liabilities in compliance with the provision of Article 6 of the Supplemental Provisions of Japan Tobacco Inc. Act, excepting those provided for separately by laws and regulations. The total value of net assets so invested amounts to eight hundred thirty six point four billion yen (¥ 836.4 billion), which is in exchange for two million shares issued.

Article 3. (Term of Office of the Initially Elected Directors and Auditors)

The term of office of the Members of the Board and auditors of the Company elected at the time of the incorporation of the Company shall expire at the close of the first ordinary General Meeting of Shareholders to be held subsequent to their election.

Article 4. (Costs of Incorporation)

The costs of incorporation of the Company shall not exceed ten million yen (¥ 10 million.)

Article 5. (Transitional measures for electronic provision measure, etc.)

1. The deletion of the current Article 17 (Deemed provision of the disclosure via the Internet of reference materials, etc., for the General Meeting of Shareholders) of the Articles of Incorporation and the creation of the proposed amendment in Article 17 (Electronic provision measure, etc.) shall be effective from the date of enforcement of the amending provisions provided in the proviso to Article 1 of the Supplementary Provisions of the Act for Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Enforcement Date”).
2. Notwithstanding the preceding paragraph, the current Article 17 of the Articles of Incorporation shall be still effective for the General Meeting of Shareholders whose date falls within six months from the Enforcement Date.
3. This article shall be deleted after the later of either the date six months from the Enforcement Date or the date three months from the date of the General Meeting of Shareholders as set forth in the preceding paragraph.

ON MARCH 20, 1985 ORIGINAL ARTICLES OF INCORPORATION WAS APPROVED BY
MINISTER OF FINANCE

ON MARCH 23, 2022 LATEST AMENDMENT TO THE ARTICLES OF INCORPORATION WAS
APPROVED BY MINISTER OF FINANCE