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Document to be filed:	Extraordinary Report
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	June 4, 2025
Company name (Japanese):	日本たばこ産業株式会社 (Nihon Tabako Sangyo Kabushiki-Kaisha)
Company name (English):	JAPAN TOBACCO INC.
Title and name of representative:	Masamichi Terabatake, President, Chief Executive Officer and Representative Director
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Contact person:	Hiromasa Furukawa, Senior Vice President, Chief Financial Officer, Corporate Communications
Places where the document is available for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

1. Reason for filing

At the 35th Ordinary General Meeting of Shareholders held on March 19, 2020, Japan Tobacco Inc. (hereinafter, “the Company”) obtained approval for the adoption of the Performance Share Unit Plan (hereinafter, the “Plan”) with the objective of Members of the Board who also serve as Executive Officers of the Company strengthening efforts to enhance corporate value over the mid to long term and of further promoting shared value with shareholders.

Based on the Plan, on June 3, 2025 the Company decided to grant base share units as the basis of Performance Share Units, to Members of the Board who also serve as Executive Officers of the Company with the performance evaluation period from the fiscal year ending December 31, 2025, to the fiscal year ending December 31, 2027. Therefore, this Extraordinary Report is filed pursuant to the provisions of Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, paragraph 2, item (ii)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs.

2. Content of report

(1) Issue name

Ordinary shares of Japan Tobacco Inc.

(2) Number of shares to be issued

27,275 shares

- * The number of shares to be issued assumes the scenario where the achievement level based on the Plan is the highest.

(3) Issue price and additional paid-in capital

Issue price: To be determined.

- * The issue price is to be determined by the Board of Directors based on the closing price of the Company’s ordinary shares at the Tokyo Stock Exchange as of the business day immediately preceding the resolution by the Board of Directors on the matters listed in each item of Article 199, paragraph 1 of the Companies Act (if the Company’s shares do not trade on 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) within a scope that is not particularly advantageous to the eligible officers who will receive such an allotment of shares.

Additional paid-in capital: Not applicable.

- * The allotment of the Company’s ordinary shares based on the Plan will be conducted through the disposal of treasury shares. As a result, the payment amount will not be incorporated into capital.

(4) Total issue price and total additional paid-in capital

Total issue price: To be determined.

Total additional paid-in capital: Not applicable.

(5) Details of the shares

Ordinary shares of the Company

These are shares with full voting rights, which are the Company’s standard class of shares with no rights limitations. Its share trading unit is 100 shares.

(6) The number of solicited parties and their composition

Members of the Board who also serve as Executive Officers of the Company: 3 persons

Executive Officers of the Company: 11 persons

- (7) In cases where the solicited parties are directors, etc., of the filing company's subsidiaries (as defined in Article 2-12, paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act), the relationship between the subsidiary and the filing company

Not applicable.

- (8) The content of the arrangements between the solicited parties and the filing company

- (i) Framework of Performance Share Unit Plan

The Plan provides monetary remuneration claims to allot the Company's ordinary shares and cash as a performance-linked stock compensation. The monetary remuneration claims and cash are calculated after the performance evaluation period that is aligned with the duration of the Company's three-year Business Plan that starts from the fiscal year subject to provision (hereinafter, the "Performance Evaluation Period") in accordance with the rate of achievement of performance and other targets during the Performance Evaluation Period, which are determined through deliberations of the Advisory Panel on Nomination and Compensation of the Company. Thus, the monetary remuneration claims to allot ordinary shares of the Company and cash are provided to Eligible Persons for Performance Share Units after the Performance Evaluation Period expires, in principle.

- (ii) Fiscal year subject to provision and Performance Evaluation Period

The fiscal year subject to provision was set as the fiscal year ending December 31, 2025, with the Performance Evaluation Period from the fiscal year ending December 31, 2025, to the fiscal year ending December 31, 2027.

- (iii) Method for calculating ordinary shares of the Company to be distributed to each Eligible Person for Performance Share Units and the amount of cash to be paid thereto

The Company determines indicators necessary for specifically calculating the number of shares to be distributed, including respective quantitative targets used in the Performance Share Unit Plan and performance-linked coefficients, upon having taken into account deliberations of the Advisory Panel on Nomination and Compensation of the Company. In the specific calculation, the number of ordinary shares of the Company to be distributed to each eligible person for Performance Share Units is calculated based on the formula in (a) below (however, any fraction of less than one share shall be rounded down), and the amount of cash to be paid as funds for tax payment to each eligible person for Performance Share Units is calculated based on the formula in (b) below. In the case of retirement or new appointment or alike during the Performance Evaluation Period, the number of ordinary shares of the Company or the amount of cash to be distributed to an eligible person for Performance Share Units, or his or her heir, may be adjusted reasonably as stipulated by the Company's Board of Directors. In case that the above total number of ordinary shares of the Company allotted to the eligible person for Performance Share Units is exceeded by allotting the number of ordinary shares of the Company calculated based on the formula in (a) to each eligible person for Performance Share Units, the number of shares to be allotted to each eligible person for Performance Share Units shall be reduced by a reasonable method specified by the Company's Board of Directors, including a pro-rata basis, within a range not exceeding such total number of shares.

- (a) Number of ordinary shares of the Company to be distributed to each eligible person for Performance Share Units

Number of base share units^{(*)1} x ratio of provision^{(*)2} x 50%

- (b) Amount of cash to be paid to each eligible person for Performance Share Units

(Number of base share units^{(*)1} x ratio of provision^{(*)2} – number of ordinary shares of the Company calculated in (a) above) x share price at the time of delivery^{(*)3}

*1 The number is determined by the Company's Board of Directors in accordance with duties of each eligible person for Performance Share Units and other factors.

*2 The ratio of provision is set in the range of 0 - 200% according to the achievement rate of each quantitative target during the Performance Evaluation Period, calculated using a method specified by the

Company's Board of Directors.

- *3 The share price is set as the closing price of the ordinary shares of the Company at the Tokyo Stock Exchange as of the business day immediately preceding the resolution by the Board of Directors for the allotment of the ordinary shares of the Company on the basis of the Performance Share Unit Plan after the Performance Evaluation Period expires. However, if the Company's shares do not trade on 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 share price will be decided by the Company's Board of Directors within a scope that is not particularly advantageous to the eligible person for Performance Share Units.

(iv) Pre-requisites for distribution

The Company shall provide the monetary remuneration claims and cash to each eligible person for Performance Share Units, and each eligible person for Performance Share Units is required to purchase ordinary shares of the Company with all the monetary remuneration claims received as contribution in kind, after the Performance Evaluation Period expires and the following conditions for distribution of the ordinary shares of the Company have been met.

- (a) Serving as Member of the Board or any other position separately specified by the Board of Directors during the fiscal year subject to provision
- (b) Non-existence of certain illegal acts
- (c) Other requirements considered necessary, which are stipulated by the Board of Directors

(v) Handling in the case of reorganization

During the Performance Evaluation Period, if the Company becomes defunct due to merger or organization restructuring, the Company's Board of Directors may, prior to the effective date of such reorganization, resolve to pay cash in lieu of the distribution of the Company's ordinary shares reasonably determined in accordance with the duration from the commencement date of the Performance Evaluation Period to the date of approval for such reorganization. The 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.

(vi) Other

The number of ordinary shares of the Company allotted to each eligible person for Performance Share Units, the amount of cash paid thereto, as well as conditions for rights forfeiture and other such details of the Performance Share Unit Plan are as stipulated in the Company's performance share unit regulations.

- (9) Method of managing the relevant stock certificates separately from other stocks, etc., that are not subject to transfer restrictions

During the Performance Evaluation Period, no shares will be distributed based on the base share units. Therefore, no shares will be distributed before the filing of the Company's Semi-annual Securities Report for first six months of the 41st term.

- (10) Payment date

To be determined

- (11) Name and address of book-entry transfer institution

Name: Japan Securities Depository Center, Incorporated

Address: 7-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo