



FOR IMMEDIATE RELEASE

Tokyo, January 28, 2025

Notice of Financing through New Subordinated Loan and Early Repayment of Existing Subordinated Loan

Japan Tobacco Inc. (JT) (TSE: 2914) hereby announces that it has decided today to finance by new subordinated loan* (the “Subordinated Loan”) for an amount of JPY100 billion and make an early repayment of the existing subordinated loan (the “Existing Subordinated Loan”; together with the Subordinated Loan, collectively the “Refinancing”).

1. Objective and Significance of the Subordinated Loan

In order for sustainable profit growth in the mid- to long-term, JT has adopted a financial policy to “maintain a strong financial position that combines resilience, which means the ability to maintain business despite significant or unexpected risks, such as economic crises, and flexibility, which mainly means the ability to nimbly take advantage of attractive investment opportunities”.

In accordance with the financial policy, JT has decided to carry out the Refinancing in order to achieve financial soundness and improve capital efficiency.

While classified as debt, it has features similar to those of equity. As the Subordinated Loan is eligible for equity treatment from rating agencies to the certain extent, it contributes to strengthening our financial base without causing dilution of shares.

2. Overview of the Subordinated Loan

Total Loan Amount	JPY 100 billion
Loan Agreement Date	January 28, 2025
Drawdown Date	January 31, 2025
Use of Loan Proceeds	Repayment of the Existing Subordinated Loan
Maturity Date	January 31, 2055 JT may, however, make a prepayment on any Interest Payment Date on or after the Interest Payment Date of January 2030.
Replacement Restrictions	There is no contractual provision on replacement restrictions. However, when making a prepayment for the Subordinated Loan, it is assumed that refinancing will be performed with a product with equity credit assigned by rating agencies to be equivalent to or higher than the Subordinated Loan. *

Interest Deferral Clause	JT may defer the payment of interest at its own discretion.
Subordination Clause	The lender shall have the right of subordinated claim in liquidation proceedings, bankruptcy proceedings, reorganization proceedings, civil rehabilitation proceedings or any other equivalent proceedings other than those under the laws of Japan. No terms and conditions of the Subordinated Loan Agreement may be amended in a manner detrimental in any way to any creditors of JT other than the creditors of the subordinated receivables.
Lenders	Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited
Evaluation of Equity Credit (expected)	Intermediate (S&P Global Ratings Japan Inc.)

* JT may decide not to replace the Subordinated Loan with other financial instruments that have an equal or higher equity credit, if JT satisfies predefined requirements.

3. Details of the early repayment of the Existing Subordinated Loan

Early repayment date	January 31, 2025
Total amount of early repayment	JPY 100 billion
Reason for early repayment	Pursuant to the early repayment clause of the Existing Subordinated Loan

Japan Tobacco Inc. (JT) is a global company headquartered in Tokyo, Japan. It is listed on the primary section of the Tokyo Stock Exchange (ticker: 2914.T). JT Group has approximately 53,000 employees and 62 factories worldwide, operating in three business segments: tobacco, pharmaceutical, and processed food. Within the tobacco business, the largest segment, products are sold in over 130 markets and its flagship brands include Winston, Camel, MEVIUS, and LD. The Group is committed to investing in Reduced-Risk Products and markets its heated tobacco products under its Ploom brand.

Consumers, shareholders, employees, and society are the four stakeholder groups (4S) at the heart of all of JT Group's activities. Inspired by its "Fulfilling Moment, Enriching Life" purpose, the Group aims to ensure sustainable and valuable contributions to its stakeholders over the long term. In addition to our three business segments, this goal is also supported by D-LAB, the JT Group's corporate R&D initiative, set up to search and create added-value business opportunities. For more information, visit <https://www.jt.com/>.

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* https://www.jt.com/media/news/2020/pdf/20200128_E01.pdf