



JAPAN TOBACCO INC.
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FOR IMMEDIATE RELEASE

Tokyo, February 13, 2024

Notice Concerning Payment of Dividends from Surplus

Japan Tobacco Inc. (JT) (TSE: 2914) hereby announces a resolution made today by the Board of Directors to pay dividends from surplus with a record date of December 31, 2023. The Company will submit this matter as a proposal at the 39th Ordinary General Meeting of Shareholders to be held on March 22, 2024.

1. Outline of Dividends

	FY2023 year-end dividend (resolved on February 7, 2024)	Most recent forecast for FY2023 year-end dividend (announced on February 14, 2023)	FY2022 year-end dividend
Record date	December 31, 2023	December 31, 2023	December 31, 2022
Dividend per share	¥100	¥94	¥113
Total dividend amount	¥177,531 million	—	¥200,558 million
Effective date	March 25, 2024	—	March 27, 2023
Source of dividend	Retained earnings	—	Retained earnings

2. Reason

The Company has adopted a management resource allocation policy, prioritizing business investments^(Note 1) for sustainable profit growth in the medium and long terms as well as balancing profit growth through business investments and shareholder returns.

In addition, the shareholder return policy has been set forth as follows:

- Work to enhance shareholder returns by realizing the Company's medium- and long-term profit growth, while maintaining a strong financial base^(Note 2)
- Target a dividend payout ratio of about 75%^(Note 3), a competitive level^(Note 4) 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

Note 1: 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

Note 2: The Company will maintain a strong financial base that secures stability in case of changes in the business environment such as economic crises and flexibility enabling expeditious responses to business investment opportunities

Note 3: To be in the range of approximately ±5%

Note 4: Monitor the shareholder return trends of Fast-Moving Consumer Goods companies which have a stakeholder model similar to our 4S model and have realized strong business growth

Based on the above policies, the Company is planning to pay 100 yen per share as a year-end dividends for fiscal year 2023, taking into comprehensive consideration various factors, including financial results of fiscal year 2023 as well as expected profit levels of fiscal year 2024. Therefore, the annual dividend per share of fiscal year 2023 is scheduled to be 194 yen, including the interim dividend of 94 yen for fiscal year 2023.

(Reference) Breakdown of annual dividends

Record date	Dividends per share		
	End of the second quarter	End of the year	Total amount of dividends per year
Results for the fiscal year Ended Dec 31, 2022	¥75	¥113	¥188
Results for the fiscal year Ended Dec 31, 2023	¥94	¥100 (Planned)	¥194 (Planned)
Forecast for the fiscal year Ending Dec 31, 2024	¥97	¥97	¥194

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Japan Tobacco Inc. is a leading international tobacco and vaping company and its products are sold in over 130 markets. With approximately 53,000 employees, it manufactures and sells some of the world's best-known brands including Winston, Camel, MEVIUS and LD. The JT Group is committed to investing in Reduced-Risk Products (RRP) and currently markets its heated tobacco products under its Ploom brand and various e-cigarette products under its Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit <https://www.jt.com/>.

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