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**FOR IMMEDIATE RELEASE**

Tokyo, May 7, 2025

## **Notice of Change in Consolidated Subsidiary (Transfer of Subsidiary Shares)**

**Japan Tobacco Inc. (JT) (TSE:2914)**, following a resolution of the Board today and the announced tender offer ("Tender Offer") by Shionogi & Co., Ltd. ("Offeror") for the common stock of TORII PHARMACEUTICAL CO., LTD. ("Torii Shares"), has entered into an agreement ("Agreement") with the Offeror.

Under this Agreement, JT will (i) not tender any Torii Shares held by JT of its consolidated subsidiary TORII PHARMACEUTICAL CO., LTD. ("Torii"), (ii) implement procedures to make JT and the Offeror the only shareholders of Torii after the completion of the Tender Offer (including a consolidation of Torii Shares ("Share Consolidation")), and (iii) transfer all Torii Shares held by JT through a share buyback conducted by Torii ("Share Transfer" and a series of other transactions necessary in connection therewith are collectively referred to as "Transactions"). As a result of the Transactions, JT will transfer all Torii Shares it holds, upon which Torii will cease to be a consolidated subsidiary of JT.

For details of the Transactions, please refer to Torii's press release disclosed today, "Announcement of Expression of Opinion in Support of the Tender Offer for Our Shares by Shionogi & Co., Ltd. and Recommendation to Tender Shares in the Tender Offer".

JT hereby announces the details as follows:

### **1. Reason and method of transfer**

As JT disclosed today in the press release "Notice regarding the transfer of JT Group's Pharmaceutical Business through a company simplified absorption-type split," JT has decided to transfer its Pharmaceutical Business ("Business") to the Offeror through a simplified absorption-type company split.

JT entered the Business in 1987 and acquired a majority stake in Torii in 1998, consolidating it as a group company. Over the years, together with Torii, JT established an efficient collaborative system by building an integrated value chain, in which JT conducts R&D while Torii handles manufacturing, sales and promotional activities. In addition, both companies created several synergies in various aspects through personnel exchanges as well as mutual utilization of technology and knowledge, such as joint development and collaboration for effective medical representative (MR) activities.

However, due to changes in the environment surrounding the Business and to ensure capabilities and benefits for patients continue to be developed, JT has determined that the best option is to transfer the Business to a company that values both the Business and Torii as well as focuses on new drug discovery. As part of this decision, JT has agreed to transfer the Business to the Offeror and to enter into the Agreement with the Offeror regarding the Tender Offer for Torii Shares.

Upon completion of the Transactions, Torii will cease to be a consolidated subsidiary of JT.

## 2. Outline of the subsidiary to be transferred (Torii)

(1)	Name	TORII PHARMACEUTICAL CO., LTD.		
(2)	Location	4-1, Nihonbashi-Honcho 3-chome, Chuo-ku, Tokyo		
(3)	Name of Representative and Job Title	Nobumasa Kondo, Representative Director, President and Chief Executive Officer		
(4)	Description of Business	Manufacturing and marketing of pharmaceutical products		
(5)	Paid-in capital	JPY 5,190 million (as of March 31, 2025)		
(6)	Date of establishment	November 1, 1921		
(7)	Major Shareholders and ownership ratio (As of December 31, 2024) (Note 1)	Japan Tobacco Inc.		54.77%
		The Master Trust Bank of Japan, Ltd. (Trust Account)		5.15%
		Tachibana Securities Co., Ltd		3.20%
		Custody Bank of Japan, Ltd. (Trust Account)		2.50%
		CEPLUX- THE INDEPENDENT UCITS PLATFORM 2		1.60%
		Tokai Tokyo Securities Co., Ltd		1.15%
		Torii Pharmaceutical Co.,Ltd. Employee Shareholdings association		0.96%
		BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY		0.90%
		Matsui Securities Co., Ltd		0.88%
		RE FUND 107-CLIENT AC		0.86%
(8)	Relationship between JT and Torii	Capital relationship	JT holds 15,398,800 shares (ownership ratio: 54.78%) of Torii (As of March 31, 2025)	
		Personnel relationship	One director of Torii is a former employee of JT. In addition, JT dispatches 37 employees to Torii and accepts 35 employees of Torii on secondment. (As of December 31, 2024)	
		Business relationship	Co-development, manufacturing, sales and promotion of prescription drugs including the Company's products)	
		Related Parties Status	Torii is a consolidated subsidiary of JT and is a related party.	
(9) Operating results and financial positions for the last three years				
As of Fiscal year ended (Millions of yen)		December. 31, 2022	December. 31, 2023	December. 31, 2024
Net assets		119,224	120,134	121,533
Total assets		133,689	133,432	140,664
Net assets per share (yen)		4,243.08	4,274.45	4,323.33
Net sales		48,896	54,638	60,426
Operating income		5,540	5,035	6,798
Ordinary income		5,537	5,307	6,926
Net income		3,944	4,119	5,042

Net income per share (yen)	140.39	146.60	179.38
Dividends per share (yen)	100	120	120

(Note 1) The information in "(7) Major Shareholders and ownership Ratio (as of Dec 31, 2024)" is taken from Torii's Annual Securities Report for the 133rd term filed on March 27, 2025.

### 3. Outline of the Tender Offeror

(1)	Name	Shionogi & Co., Ltd.	
(2)	Location	1-8, Doshomachi 3-chome, Chuo-ku, Osaka	
(3)	Name of Representative and Job Title	Isao Teshirogi, Ph.D., Representative Director, President and CEO	
(4)	Description of Business	Research, development, purchase, manufacturing and distribution of ethical drugs, and services incidental to the above	
(5)	Paid-in capital	JPY 21,279 million (as of December 31, 2024)	
(6)	Date of establishment	June 5, 1919	
(7)	Total Equity	JPY 1,362,606 million (as of December 31, 2024)	
(8)	Total Assets	JPY 1,516,585 million (as of December 31, 2024)	
(9)	Major Shareholders and Shareholding Ratio (As of September 30, 2024) (Note 1)	The Master Trust Bank of Japan, Ltd. (Trust account)	18.55%
		Custody Bank of Japan, Ltd. (Trust account)	8.50%
		SUMITOMO LIFE INSURANCE COMPANY	6.49%
		SMBC Trust Bank Ltd. (as a trustee for retirement benefit of Sumitomo Mitsui Banking Corporation)	3.30%
		NIPPON LIFE INSURANCE COMPANY	2.93%
		BANK OF CHINA (HONG KONG) LIMITED-PING AN LIFE INSURANCE COMPANY OF CHINA, LIMITED	2.21%
		STATE STREET BANK WEST CLIENT - TREATY 505234	2.15%
		JP Morgan Securities Japan Co., Ltd.	1.60%
		STATE STREET BANK AND TRUST COMPANY 505001	1.36%
		STATE STREET BANK AND TRUST COMPANY 505103	1.17%
(10)	Relationship between JT and Shionogi	Capital relationship	Not applicable.
		Personnel relationship	Not applicable.
		Business relationship	Not applicable.
		Related Parties Status	Not applicable.

(Note 1) The information in "(9) Major Shareholders and Shareholding Ratio (as of September 30, 2024)" is taken from the 160th Semi-annual Report submitted by the Offeror on November 8, 2024.

4. Number of shares to be transferred, transfer price and status of shares held before and after the Transaction

(1) Number of shares held by JT before the change	15,398,800 shares (Number of voting rights: 153,988) (Ownership percentage of voting rights: 54.84%) (Note 1)
(2) Number of shares to be transferred (planned)	15,398,800 shares (Note 2) (Number of voting rights: 153,988)
(3) Transfer price (planned)	70,342 Millions of yen (Note 3)
(4) Number of shares held by JT after the change	0 shares (Number of voting rights: 0) (Percentage of voting rights held: 0.00%)

(Note 1) The ownership percentage of voting rights is the ratio (rounded to two decimal places) to the total number of voting rights (280,817) of all shareholders as stated in Torii' Annual Securities Report for the 133rd term filed on March 27, 2025. Same standards apply to below Note 2 and Note 3.

(Note 2) Although the actual number of shares to be transferred is expected to change as a result of Share Consolidation, JT plans to transfer all Torii Shares which JT holds.

(Note 3) As a reference, the Transfer price is calculated by multiplying the number of shares to be transferred (15,398,800 shares) by 4,568 yen.

5. Schedule

(1) Date of resolution of the Board of Directors	May 7, 2025
(2) Date of execution of Agreement	May 7, 2025
(3) Planned Tender Offer Period	From May 8, 2025 to June 18, 2025
(4) Planned effective date of Share Consolidation	September, 2025
(5) Planned execution date of the Share Transfer	September, 2025

6. Future Outlook

As a result of the transfer of Torii Shares, the profit attributable to owners of the parent company for the fiscal year ending December 31, 2025 ("FY2025 profit") is expected to increase by approximately 13 billion Yen.

In addition, as a result of the absorption-type split mentioned in the press release disclosed by JT today, FY2025 profit is expected to decrease by approximately 18 billion Yen. In total, FY2025 profit is expected to decrease by approximately 6 billion Yen.

As the details regarding the full impact of these transactions are still under review, the consolidated earnings forecast for the fiscal year ending December 31, 2025 remains unchanged on the disclosure date of the first quarter 2025 financial results.

If all transactions progress as planned, the Business, including Torii, is expected to be classified as a discontinued operation from the third quarter of fiscal year ending December 31, 2025, and 6 billion Yen will be recorded under discontinued operations. The planned dividend for fiscal year 2025 will not be impacted by these transactions, as the dividend will be determined based on a payout ratio calculated on the basis of continuing operations.

*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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