News Release

Japan Credit Rating Agency, Ltd.

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November 20, 2026

JAPAN TOBACCO Announces Recognition of Loss on Deconsolidation of Russian Subsidiaries Following Loss of Control—Limited Impact on Creditworthiness

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on JAPAN TOBACCO INC.'s (security code: 2914) exclusion of its seven Russian consolidated subsidiaries from the scope of consolidation.

(1) JAPAN TOBACCO INC. (the "Company"), on November 19, announced that it would exclude its group's seven Russian consolidated subsidiaries, which were placed under temporary management by a Russian presidential decree, from the scope of consolidation as of November 6. Accordingly, the Company expects to record a loss of approximately 1,377 billion yen due to the loss of control of its subsidiaries in the fiscal year ending December 2026 (FY2026). Additionally, the Company announced that it has revised its full-year forecast for FY2026 downward, with an operating loss of 368 billion yen (previously forecast as a profit of 1,041 billion yen) and a loss attributable to owners of the parent of 724 billion yen (previously forecast as a profit of 662 billion yen).

(2) The Russian business accounts for approximately 10% of the group's revenue and approximately 25% of its adjusted operating profit, making its contribution to performance significant. In addition, due to the exclusion of the Russian local subsidiaries from consolidation, the Company expects to record a large loss on loss of control, which seems to have a substantial impact on its financial structure. On the other hand, the business base remains strong even excluding the Russian business. Overall performance is also expected to trend favorably, with adjusted operating profit on a constant exchange rate basis for the entire company expected to grow at an annual rate of over 10% from 2027 to 2029. Although the deconsolidation is expected to decrease equity and deteriorate financial indicators, the impact on creditworthiness is believed to be limited, considering the cash flow generation capacity and the Company's financial management policy. JCR will continue to closely monitor the status of the temporary management, the impact on assets and rights related to the Russian business, and changes in the future financial structure.

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<Reference>
Issuer: JAPAN TOBACCO INC.
Long-term Issuer Rating: AA+ Outlook: Stable

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