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FOR IMMEDIATE RELEASE

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**JT Completes Share Transfer of Indonesian Kretek Cigarette Company
and its Distributor**

Japan Tobacco Inc. (JT) (TSE: 2914) announced today that the JT Group has completed the transfer of the shares of PT. Karyadibya Mahardhika (KDM), a kretek cigarette company, and its distributor, PT. Surya Mustika Nusantara (SMN). The agreement to this acquisition was announced in the Company's August 4, 2017 statement¹.

The transaction is expected to be fully completed in the fourth quarter of the fiscal year 2017 following remaining regulatory clearances.

The acquisition is in line with the JT Group's geographic expansion for sustainable growth. It provides immediate scale and presence on a nationwide level in the Indonesian kretek market and offers a strong distribution platform.

The transaction will not have any material impact on the JT Group's consolidated performance for the fiscal year 2017.

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Japan Tobacco Inc. is a leading international tobacco company. Its products are sold in over 120 countries and its globally recognized brands include Winston, Camel, Mevius, LD and Natural American Spirit. With diversified operations, JT is also actively present in pharmaceuticals and processed foods. The company's revenue was ¥2.143 trillion (US\$19,703 million()) in the fiscal year ended December 31, 2016.*

**Translated at the rate of ¥108.78 per \$1*

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¹ https://www.jt.com/media/news/2017/pdf/20170804_E01.pdf

<Appendix>

Overview of KDM's Financial results for the year ended 31 December 2016

(1) Net assets	IDR 3,046.5 billion	(USD 228.9 million)
(2) Total assets	IDR 8,826.0 billion	(USD 663.2 million)
(3) Net assets per share	IDR 886.2 thousand	(USD 66.6)
(4) Gross sales	IDR 6,828.7 billion	(USD 513.1 million)
(5) Operating income	IDR 11.3 billion	(USD 0.9 million)
(6) Net income	IDR -87.1 billion	(USD -6.5 million)
(7) Net income per share	IDR -25.3 thousand	(USD -1.9)
(8) Dividend per share	-	

Overview of SMN's Financial results for the year ended 31 December 2016

(1) Net assets	IDR -185.8 billion	(USD -14.0 million)
(2) Total assets	IDR 715.8 billion	(USD 53.8 million)
(3) Net assets per share	IDR -1,622.5 thousand	(USD -121.9)
(4) Gross sales	IDR 5,808.4 billion	(USD 436.5 million)
(5) Operating income	IDR -117.3 billion	(USD -8.8 million)
(6) Net income	IDR -113.7 billion	(USD -8.5 million)
(7) Net income per share	IDR -993.2 thousand	(USD -74.6)
(8) Dividend per share	-	

Note: Financial results do not include SMN's subsidiaries.