

Japan Tobacco Inc.

Fact Sheets

2019

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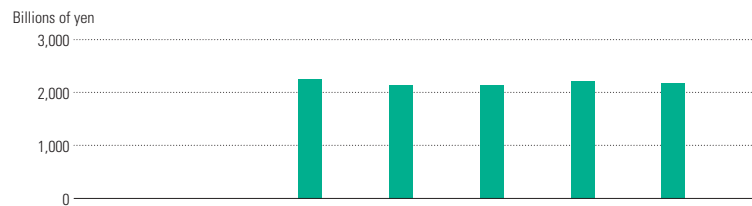
Fact Sheets

Financial Data

In 2015, the beverage business was classified as discontinued operations in accordance with IFRS requirements. Consequently, profit (loss) and some items from continuing operations and discontinued operations are presented separately for the financial results of 2015.

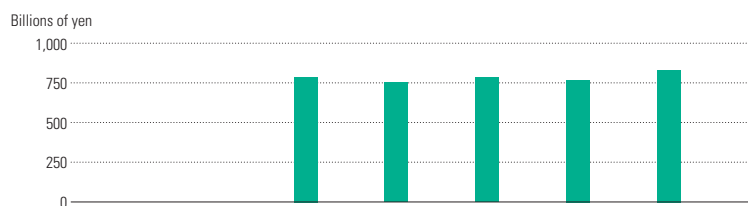
In these fact sheets, to provide a fair business performance comparison, we provide the figures of 2015 with a focus on continuing operations, except those related to the balance sheet, which are on a continuing and discontinued operations combined basis.

Revenue



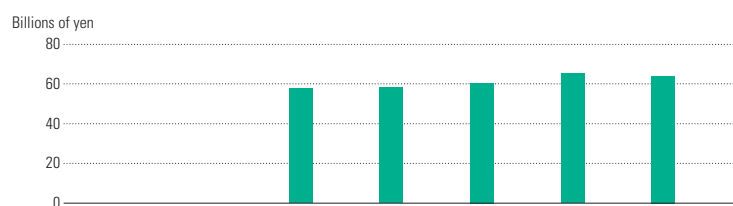
	2015	2016	2017	2018	2019
Total	2,252.9	2,143.3	2,139.7	2,216.0	2,175.6
International Tobacco Business	1,317.2	1,199.2	1,237.6	1,312.3	1,310.9
Japanese Domestic Tobacco Business	677.3	684.2	626.8	621.4	611.5
Pharmaceutical Business	75.6	87.2	104.7	114.0	88.5
Processed Food Business	165.8	164.1	163.1	161.4	158.6
Other Business	17.0	8.6	7.5	6.8	6.1
Core Revenue					
International Tobacco Business	1,252.5	1,138.8	1,177.0	1,250.7	1,253.0
Japanese Domestic Tobacco Business	642.2	649.7	590.6	582.4	568.9

SG&A Expenses



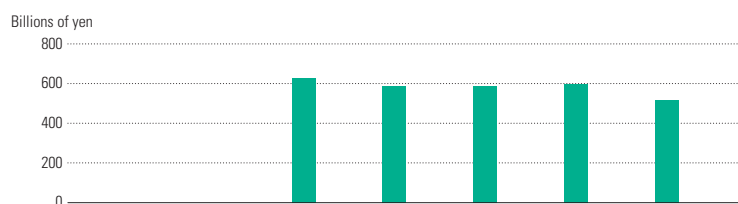
	2015	2016	2017	2018	2019
SG&A	789.3	754.1	786.9	770.4	831.7
Advertising expenses	25.6	26.1	24.4	29.1	33.5
Promotion expenses	120.3	124.8	112.2	106.2	102.1
Commission	51.3	50.9	54.5	52.7	55.5
Employee benefit expenses	264.7	241.8	254.0	269.0	309.6
Research and development expenses	57.8	58.2	60.6	65.4	64.1
Depreciation and amortization	66.0	79.1	81.3	87.9	106.1
Impairment losses on other than financial assets	9.5	1.2	3.4	8.5	16.1
Losses on sale and disposal of property, plant and equipment, intangible assets, and investment property	19.2	11.3	4.8	8.8	9.4
Other	174.9	160.9	191.6	142.8	135.3

R&D Expenses



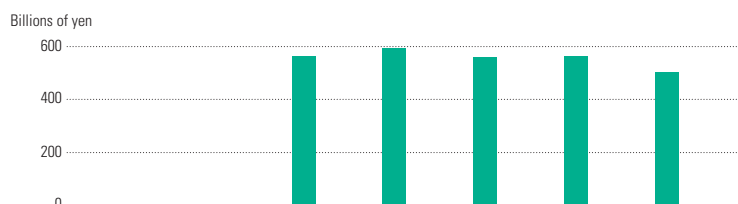
	2015	2016	2017	2018	2019
R&D	57.8	58.2	60.6	65.4	64.1
International Tobacco Business	8.3	8.3	8.0	8.5	9.1
Japanese Domestic Tobacco Business	17.4	17.8	18.5	18.1	20.1
Pharmaceutical Business	30.7	30.7	32.6	37.1	33.2
Processed Food Business	0.5	0.6	0.7	0.8	0.8
Other Business	0.7	0.8	0.8	0.8	0.8

Adjusted Operating Profit



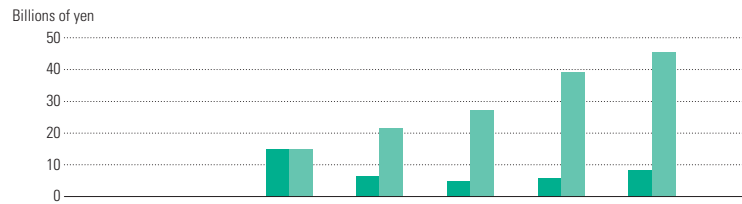
	2015	2016	2017	2018	2019
Adjusted Operating Profit	626.7	586.8	585.3	595.5	515.9
International Tobacco Business	394.4	336.2	351.3	384.5	340.8
Japanese Domestic Tobacco Business	254.1	260.2	232.3	209.0	187.2
Pharmaceutical Business	(2.3)	9.7	24.1	28.4	15.9
Processed Food Business	2.7	5.0	5.4	4.1	5.4
Other Business/Elimination	(22.2)	(24.4)	(27.8)	(30.6)	(33.4)

Operating Profit



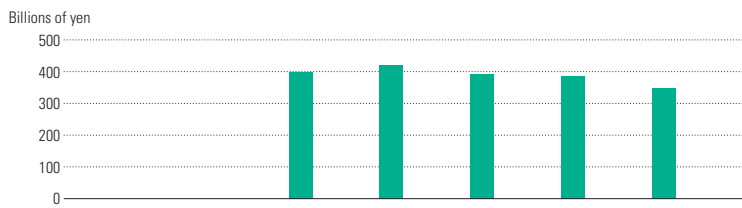
	2015	2016	2017	2018	2019
Operating Profit	565.2	593.3	561.1	565.0	502.4
International Tobacco Business	346.9	301.8	325.6	339.5	274.0
Japanese Domestic Tobacco Business	249.2	244.1	215.8	192.5	171.0
Pharmaceutical Business	(2.3)	9.7	24.1	26.3	72.7
Processed Food Business	3.2	5.0	5.4	2.9	5.5
Other Business	(31.8)	32.7	(9.8)	3.8	(20.8)

Financial Income and Expenses



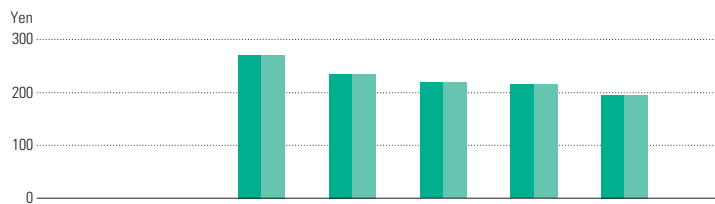
	2015	2016	2017	2018	2019
Financial Income	15.0	6.6	4.8	5.8	8.4
Financial Expenses	(15.1)	(21.7)	(27.3)	(39.3)	(45.5)

Profit (attributable to owners of the parent company)



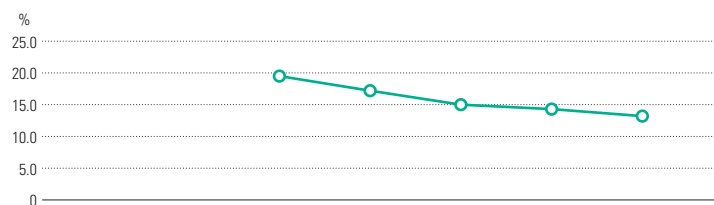
	2015	2016	2017	2018	2019
Profit (attributable to owners of the parent company)	398.5	421.7	392.4	385.7	348.2

Basic and Diluted Earnings per Share



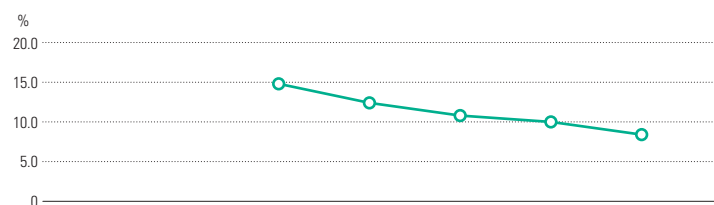
	2015	2016	2017	2018	2019
Basic Earnings per Share	270.54	235.47	219.10	215.31	195.97
Diluted Earnings per Share	270.37	235.33	218.97	215.20	195.87

Return on Equity (attributable to owners of the parent company)



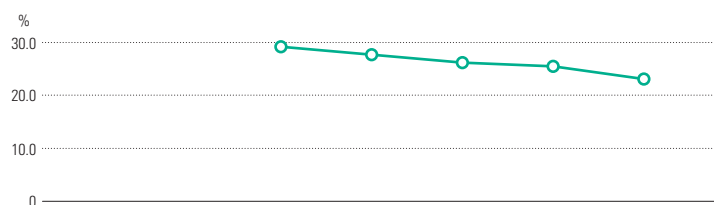
	2015	2016	2017	2018	2019
ROE (attributable to owners of the parent company)	19.5	17.2	15.0	14.3	13.2

Return on Assets (ROA)



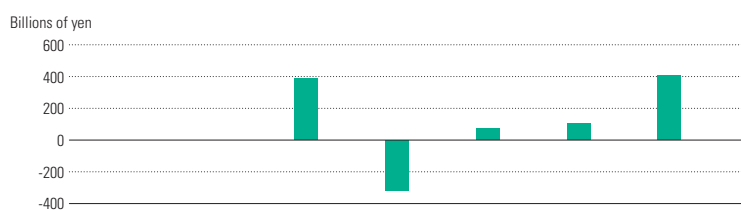
	2015	2016	2017	2018	2019
ROA	14.8	12.4	10.8	10.0	8.4

Operating Profit Margin



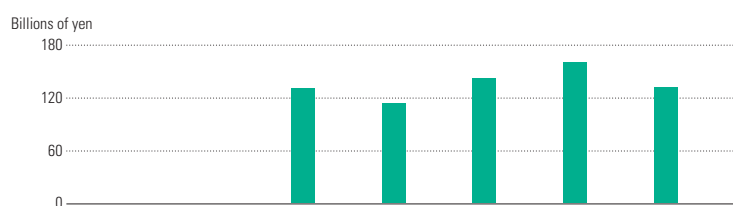
	2015	2016	2017	2018	2019
Operating Profit Margin	29.2	27.7	26.2	25.5	23.1

Free Cash Flow (FCF)



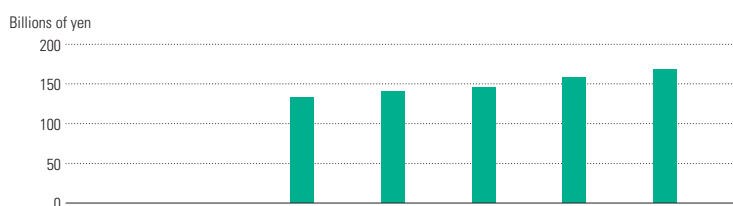
	2015	2016	2017	2018	2019
Free Cash Flow	386.7	(316.2)	72.6	105.6	404.2

Capital Expenditure (CAPEX)



	2015	2016	2017	2018	2019
Capital Expenditure	129.8	113.0	140.9	159.8	131.4
International Tobacco Business	77.2	70.6	68.4	75.7	78.3
Japanese Domestic Tobacco Business	37.4	29.8	51.5	55.4	34.8
Pharmaceutical Business	6.2	3.8	6.2	11.3	7.0
Processed Food Business	5.7	5.7	10.4	12.7	6.1
Other Business	3.3	3.1	4.3	4.6	5.2

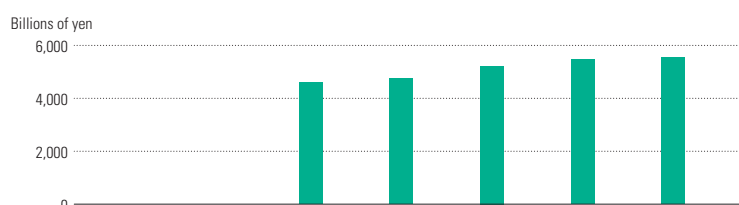
Depreciation and Amortization



	2015	2016	2017	2018	2019
Depreciation and Amortization	133.1	140.8	145.4	158.7	168.1
International Tobacco Business	76.0	69.1	76.1	89.9	98.1
Japanese Domestic Tobacco Business	43.7	58.0	56.0	55.0	55.6
Pharmaceutical Business	4.6	4.9	5.1	5.1	5.5
Processed Food Business	6.5	6.4	6.1	6.7	6.8
Other Business	2.4	2.3	2.1	2.0	2.1

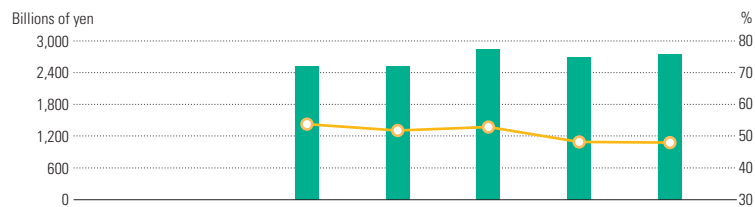
Note: Depreciation related to lease transactions have been excluded since 2019.

Total Assets



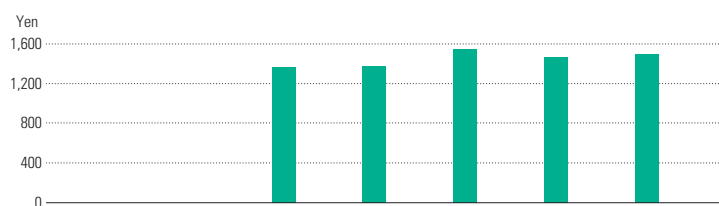
	2015	2016	2017	2018	2019
Total Assets	4,558.2	4,744.4	5,221.5	5,461.4	5,553.1

Total Equity and Equity Ratio (attributable to owners of the parent company)



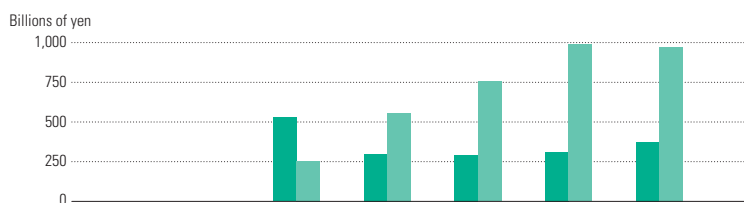
	2015	2016	2017	2018	2019
Total Equity	2,521.5	2,528.0	2,842.0	2,700.4	2,743.6
Equity Ratio (attributable to owners of the parent company)	53.8	51.8	52.9	48.2	48.0

Book Value per Share (attributable to owners of the parent company)



	2015	2016	2017	2018	2019
Book Value per Share (attributable to owners of the parent company)	1,369.06	1,371.39	1,541.94	1,468.44	1,501.12

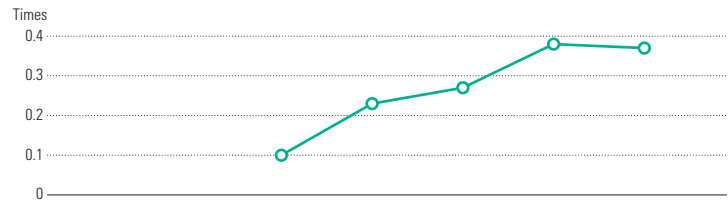
Liquidity and Interest-Bearing Debt



	2015	2016	2017	2018	2019
Liquidity	529.0	297.0	291.8	308.7	375.8
Interest-Bearing Debt	255.3	555.3	755.8	987.6	974.5

Note: Lease obligations have been excluded from Interest-Bearing Debt since 2019.

Debt/Equity Ratio



Debt/Equity Ratio

2015	2016	2017	2018	2019
0.10	0.23	0.27	0.38	0.37

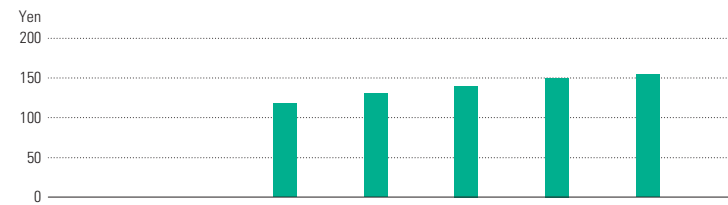
Interest Coverage Ratio



Interest Coverage Ratio

2015	2016	2017	2018	2019
132.4	55.5	38.0	33.7	22.2

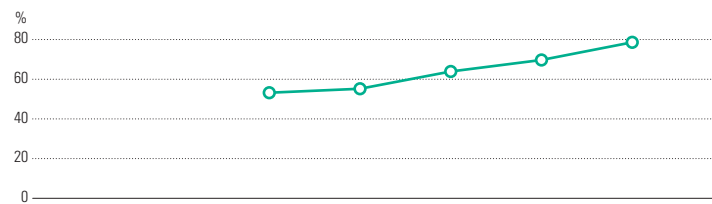
Annual Dividends per Share



Annual Dividends per Share

2015	2016	2017	2018	2019
118	130	140	150	154

Dividend Payout Ratio on a Consolidated Basis



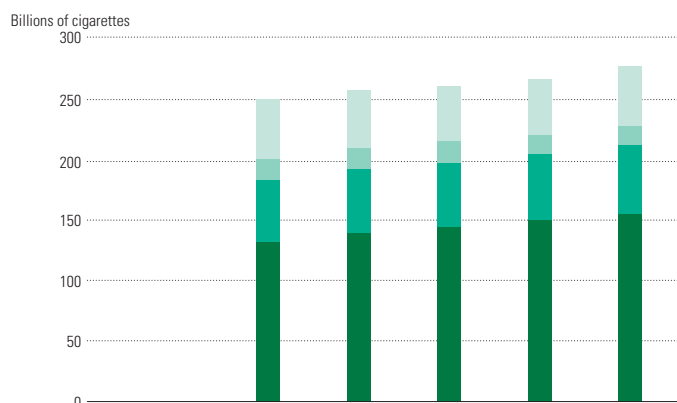
Dividend Payout Ratio

2015	2016	2017	2018	2019
53.2	55.2	63.9	69.7	78.6

International Tobacco Business

(Results for the 12 months ended December 31)

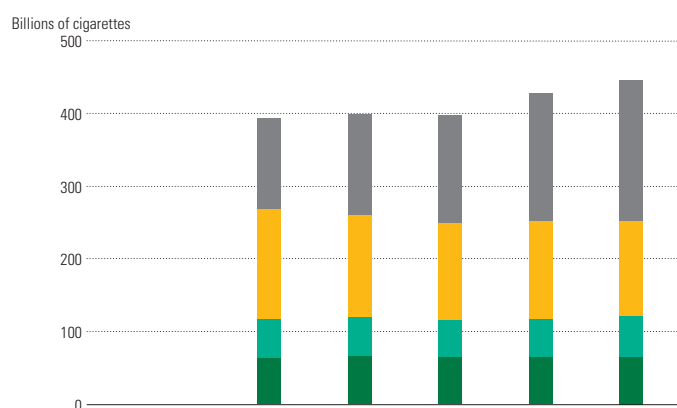
Tobacco Shipment Volume (by Brand)



	2015	2016	2017	2018	2019
GFB Total	273.6	283.7	285.9	266.4	277.0
■ Winston	132.1	139.3	144.3	149.9	154.6
■ Camel	50.9	52.2	52.7	54.2	57.1
■ MILD SEVEN/MEVIUS	17.1	17.9	17.8	15.7	15.9
■ LD	49.5	47.6	45.6	46.6	49.4

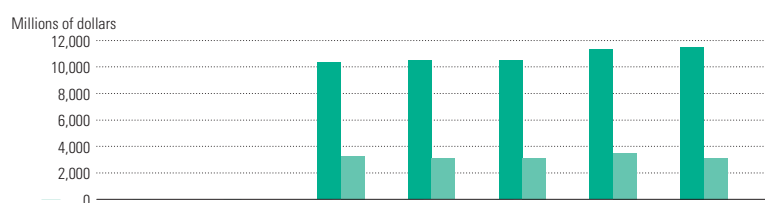
Note: We changed our definition of GFB from nine to these four brands in 2018.

Tobacco Shipment Volume (by Cluster)



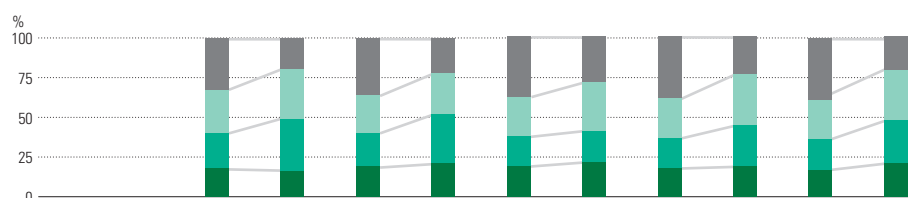
	2015	2016	2017	2018	2019
Total	393.9	398.7	398.5	427.6	445.8
■ South & West Europe	63.2	65.2	64.2	63.8	64.9
■ North & Central Europe	53.0	54.2	51.8	53.2	55.9
■ CIS+	152.5	141.4	133.0	134.0	131.5
■ Rest-of-the-World	125.2	137.9	149.5	176.6	193.5

Core Revenue and Adjusted Operating Profit



	2015	2016	2017	2018	2019
Core Revenue	10,338	10,490	10,498	11,330	11,496
Adjusted Operating Profit	3,257	3,095	3,138	3,493	3,126

Cluster Split



	2015		2016		2017		2018		2019	
	Core Revenue	Adjusted Operating Profit	Core Revenue	Adjusted Operating Profit	Core Revenue	Adjusted Operating Profit	Core Revenue	Adjusted Operating Profit	Core Revenue	Adjusted Operating Profit
South & West Europe	18	16	19	21	19	22	18	19	17	21
North & Central Europe	22	33	21	31	19	19	19	26	19	27
CIS+	27	31	24	26	25	31	25	32	25	32
Rest-of-the-World	33	20	36	22	38	29	39	24	39	21

Share of Key Markets (12-month moving average, December)

	2015	2016	2017	2018	2019
France	21.4%	22.0%	22.0%	23.2%	24.5%
Italy	21.1%	22.7%	23.1%	23.9%	24.5%
Russia	33.6%	32.8%	33.2%	35.6%	39.0%
Spain	22.3%	22.8%	24.0%	24.8%	25.7%
Taiwan	39.2%	39.9%	41.7%	42.5%	45.2%
Turkey	30.2%	29.4%	28.8%	27.7%	28.3%
U.K.	42.0%	41.7%	40.4%	41.3%	43.6%

Note 1: Market share of Russia includes Donskoy Tabak as of August 2018.

Note 2: Reflect the updates in historical data from the sources.

International Tobacco Manufacturing-related Factory Location

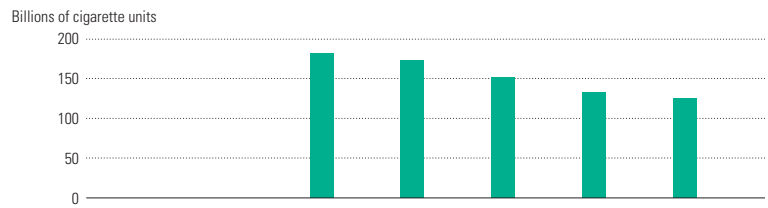
(As of December 31, 2019)

● Finished goods manufacturing factories ● Other tobacco-related factories



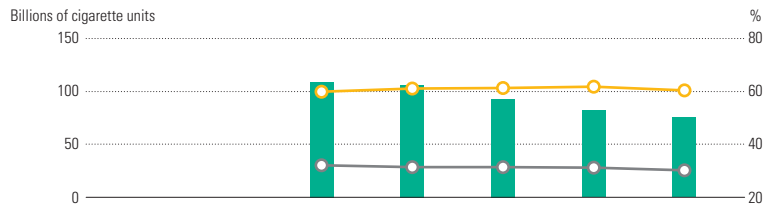
Japanese Domestic Tobacco Business

Cigarette Industry Volume (JT Estimate)



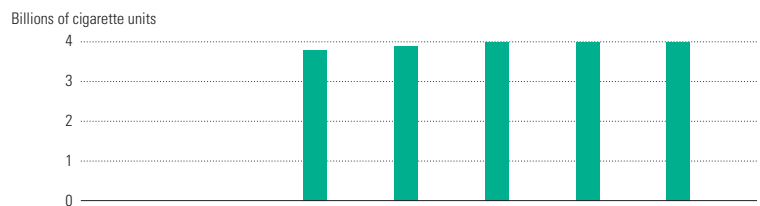
	2015	2016	2017	2018	2019
■ Cigarette Industry Volume (JT estimate)	182.3	173.8	151.4	133.6	125.1

JT Cigarette Sales Volume and Market Share in Cigarette Category



	2015	2016	2017	2018	2019
■ JT Cigarette Sales Volume	109.2	106.2	92.9	82.0	75.5
◊ JT Total Market Share in Cigarette Category (JT estimate)	59.9	61.1	61.3	61.4	60.4
◊ MEVIUS Share in Cigarette Category (JT estimate)	32.1	31.4	31.4	31.2	30.2

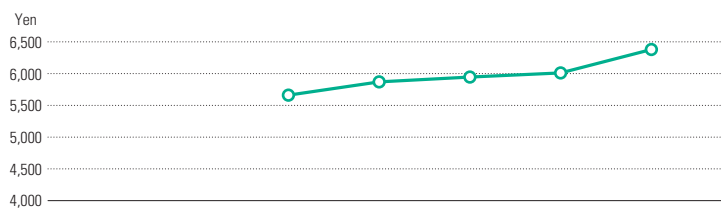
JT Sales Volume of China Business and Duty-Free in Japan



	2015	2016	2017	2018	2019
■ JT Sales Volume of China Business and Duty-Free in Japan	3.8	3.9	4.0	4.0	4.0

Note: China business covers China, Hong Kong, and Macau markets.

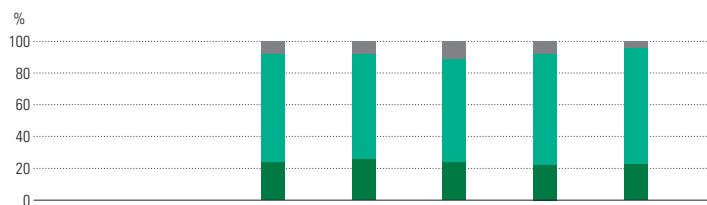
JT Revenue per Thousand Cigarettes



	2015	2016	2017	2018	2019
◆ JT Revenue per Thousand Cigarettes	5,661	5,870	5,946	6,011	6,380

Note: JT Revenue per thousand cigarettes = (retail price sales – retailer margins – consumption tax – excise taxes) / sales volume X 1,000
From 2018, the figure includes the effects of IFRS15 application.

Composition of JT Products by Price Range



	2015	2016	2017	2018	2019
■ Products Priced at ¥510 or more per pack* ¹	23.7	25.8	23.6	22.2	22.3
■ Products Priced at ¥420~¥500 per pack* ²	68.1	66.1	65.3	69.4	73.2
■ Products Priced at ¥410 or less per pack	8.2	8.2	11.1	8.4	4.5

*1 ~ Sep. 2018: ¥450 or more, Oct. 2018 ~ Sep. 2019: ¥490 or more

*2 ~ Sep. 2018: ¥420~¥440, Oct. 2018 ~ Sep. 2019: ¥420~¥480

Taxation

All tobacco products sold in Japan are subject to the national tobacco excise tax, national tobacco special excise tax, and local tobacco excise tax. As of March 2020, the national tobacco excise tax is set at ¥5,802 per thousand cigarettes, the national tobacco special excise tax at ¥820 per thousand cigarettes, and the local tobacco excise tax is set at ¥6,622 per thousand cigarettes.

Incremental tax hikes will be implemented on tobacco products two times in October 2020 and October 2021, by ¥1 per cigarette unit each year.

In the past, T-Vapor was classified as "pipe tobacco." The taxable amount for T-Vapor products was determined through weight conversion to cigarette units. From October 2018, a new taxation category for T-Vapor was established, with T-Vapor products subsequently being taxed using a conversion method based on weight and retail price.

From 2018 to 2022, as a transitional measure for the change in the taxation system, the ratio of the conversion method under the former taxation system will be gradually reduced and the ratio of the conversion method under the new taxation system will be gradually increased.

In addition, the Consumption Tax Law imposes a 10% consumption tax on manufactured tobacco, as is the case with other goods and services. Manufactured tobacco is sold at retail list price, which is tax-inclusive.

Changes of Tobacco Excise Taxes

	Tobacco Consumption Tax			
	Apr. 1985		May 1986	
	Ad valorem (%)	Weight based (¥/1,000 units)	Ad valorem (%)	Weight based (¥/1,000 units)
National Tobacco Excise Tax	23.0	582	23.0	1,032
National Tobacco Special Excise Tax	—	—	—	—
Local Tobacco Excise Tax	22.4	550	22.4	1,000
Total Tobacco Excise Tax	45.4	1,132	45.4	2,032
Consumption Tax	—	—	—	—
Changes in Taxation	• Tobacco Consumption Tax introduced		• ¥1,000 deducted from tax base for Ad valorem • Tobacco Consumption Tax increased	
Reference				
Retail Price of MILD SEVEN/MEVIUS per pack	¥200		¥220	
Tax Rate on MILD SEVEN/MEVIUS per pack (incl. Consumption Tax)	56.7%		59.7%	

Breakdown of List Price per Pack

(As of March 2020)	Cigarette product (list price ¥490 per pack)		T-Vapor product (MEVIUS for Ploom TECH, list price ¥490 per pack)		T-Vapor product (MEVIUS for Ploom TECH+, list price ¥500 per pack)		T-Vapor product (MEVIUS for Ploom S, list price ¥490 per pack)	
Consumption Tax	¥44.55	9.09%	¥44.54	9.09%	¥45.45	9.09%	¥44.54	9.09%
Retailer's Margin	¥49.00	10.00%	¥49.00	10.00%	¥50.00	10.00%	¥49.00	10.00%
Total Tobacco Excise Tax	¥264.88	54.06%	¥92.26	18.83%	¥98.25	19.65%	¥164.44	33.56%
National Tobacco Excise Tax	¥116.04	23.68%	¥40.42	8.25%	¥43.04	8.61%	¥72.04	14.70%
National Tobacco Special Excise Tax	¥16.40	3.35%	¥5.71	1.17%	¥6.08	1.22%	¥10.18	2.08%
Local Tobacco Excise Tax	¥132.44	27.03%	¥46.13	9.41%	¥49.13	9.83%	¥82.22	16.78%
JT's Proceeds	¥131.57	26.85%	¥304.20	62.08%	¥306.30	61.26%	¥232.02	47.35%

	Tobacco Excise Tax													
	Apr. 1989	Apr. 1997	Dec. 1998	May 1999	Jul. 2003	Jul. 2006	Oct. 2010	Apr. 2014	Oct. 2018	Oct. 2019	Oct. 2020 (plan)	Oct. 2021 (plan)	Oct. 2022 (plan)	
	Weight based (¥/1,000 units)													
National Tobacco Excise Tax	3,126	3,126	3,126	2,716	3,126	3,552	5,302	5,302	5,802	5,802	6,302	6,802	6,802	
National Tobacco Special Excise Tax	—	—	820	820	820	820	820	820	820	820	820	820	820	
Local Tobacco Excise Tax	3,126	3,126	3,126	3,536	3,946	4,372	6,122	6,122	6,622	6,622	7,122	7,622	7,622	
Total Tobacco Excise Tax	6,252	6,252	7,072	7,072	7,892	8,744	12,244	12,244	13,244	13,244	14,244	15,244	15,244	
Consumption Tax	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	8.0%	8.0%	10.0%	10.0%	10.0%	10.0%	
Changes in Taxation	<ul style="list-style-type: none"> Consumption Tax introduced Tobacco Consumption Tax renamed Tobacco Excise Tax 	<ul style="list-style-type: none"> Consumption Tax was increased 	<ul style="list-style-type: none"> National Tobacco Special Excise Tax introduced 	<ul style="list-style-type: none"> Review of budget allocations in line with law revisions 	<ul style="list-style-type: none"> Tobacco Excise Tax increased 	<ul style="list-style-type: none"> Tobacco Excise Tax increased 	<ul style="list-style-type: none"> Tobacco Excise Tax increased 	<ul style="list-style-type: none"> Consumption Tax increased 	<ul style="list-style-type: none"> Tobacco Excise Tax increased Taxation system changed (first phase, only for T-Vapor) 	<ul style="list-style-type: none"> Consumption Tax increased Taxation system changed (second phase, only for T-Vapor) 	<ul style="list-style-type: none"> Tobacco Excise Tax increased Taxation system changed (third phase, only for T-Vapor) 	<ul style="list-style-type: none"> Tobacco Excise Tax increased Taxation system changed (fourth phase, only for T-Vapor) 	<ul style="list-style-type: none"> Tobacco Excise Tax increased Taxation system changed (fifth phase, only for T-Vapor) 	<ul style="list-style-type: none"> Taxation system changed
Reference														
Retail Price of MILD SEVEN/MEVIUS per pack	¥220	¥230	¥250	¥250	¥270	¥300	¥410	¥430	¥480	¥490	—	—	—	
Tax Rate on MILD SEVEN/MEVIUS per pack (incl. Consumption Tax)	59.7%	59.1%	61.3%	61.3%	63.2%	63.1%	64.5%	64.4%	62.6%	63.1%	—	—	—	

Note on Former Third Class Cigarettes:

The Tobacco Tax Law was amended in the 2015 tax reform, and the reduced tax rate for the former third class cigarettes was abolished in April 2016. Transitional measures have been taken to implement tax rate changes in stages for the period from inception through October 1, 2019.

Changes of Tax Rates (T-Vapor)

Former taxation system

T-Vapor classified as “pipe tobacco” for taxation.

The tax for pipe tobacco is calculated by converting each taxable gram (the weight of leaf tobacco and roll paper or capsules) into one cigarette unit. (For example, our T-Vapor product, MEVIUS for Ploom TECH, had 2.8 taxable grams per pack under the former taxation system, equivalent to 2.8 cigarette units.)

New taxation system

From October 2018, a new taxation category for T-Vapor was established that applies both a weight-based tax and ad valorem tax.

New standard defining the weight-based taxable amount: the weight of leaf tobacco and glycerin filler in products (the weight of roll paper and capsules are excluded).

- Calculation method to convert the taxable portion based on weight to the number of cigarette units: 0.4 taxable grams are converted to 0.5 cigarette units.

(For example, our T-Vapor product, MEVIUS for Ploom TECH, has 2.5 taxable grams per pack under the new taxation system. If the new taxation system is fully applied at 100%, the weight-based tax on MEVIUS for Ploom TECH will be equivalent to 3.125 cigarette units.)

- Calculation method to convert the taxable portion based on retail price to the number of cigarette units: T-Vapor product retail price (excluding consumption tax) is divided by the amount equivalent to one cigarette unit (13.244 yen*/0.6), then multiplied by 0.5.

*As of March 2020

(The retail price of our T-Vapor product, MEVIUS for Ploom TECH, is 445.45 yen.* If the new taxation system is fully applied at 100%, the ad valorem tax of MEVIUS for Ploom TECH will be equivalent to 10.092 cigarette units.)

*As of March 2020, excluding consumption tax

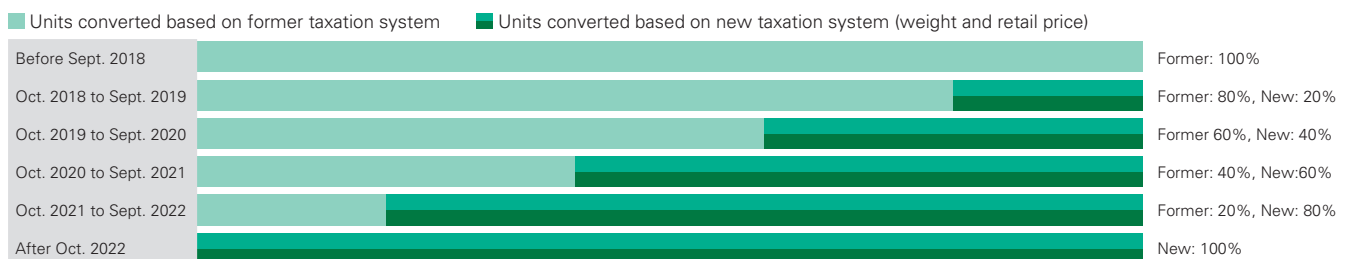
Transitional Measures

During the period from October 2018 to September 2022, the former and new taxation systems will be combined, with the application ratio of the new taxation system raised in five stages.

As a result, the taxable amount of T-Vapor products converted into cigarette units is calculated (as of March 2020) to be the sum of the:

- number of units converted based on the former taxation system x 0.6
- number of units converted based on weight under the new taxation system x 0.4
- number of units converted based on retail price under the new taxation system x 0.4

(For example, as of March 2020, the taxable amount per pack of our T-Vapor product, MEVIUS for Ploom TECH, is equivalent to 6.967 cigarette units.)



Reference

Changes of Tobacco Excise Tax on MEVIUS for Ploom TECH

	Before Sept. 2018 Former taxation system Taxable amount converted to cigarette units: 2.8 Total tobacco excise tax per unit: ¥12,244	Before Sept. 2019 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 4.921 Total tobacco excise tax per unit: ¥13,244	After Oct. 2019 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 6.967 Total tobacco excise tax per unit: ¥13,244
National Tobacco Excise Tax	14.84	28.55	40.42
National Tobacco Special Excise Tax	2.30	4.03	5.71
Local Tobacco Excise Tax	17.14	32.59	46.13
Total Tobacco Excise Tax	34.27	65.17	92.26
Consumption Tax	34.07	36.29	44.54
Retail Price of MEVIUS for Ploom TECH per pack	¥460	¥490	¥490
Tax Rate on MEVIUS for Ploom TECH per pack (incl. consumption tax)	14.9%	20.7%	27.9%

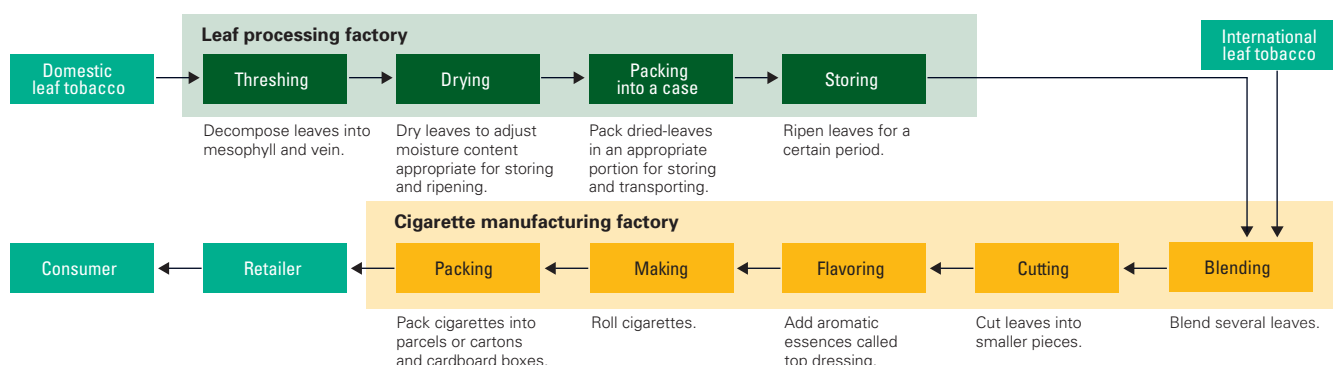
Changes of Tobacco Excise Tax on MEVIUS for Ploom TECH+

	Before Sept. 2019 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 5.248 Total tobacco excise tax per unit: ¥13,244	After Oct. 2019 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 7.419 Total tobacco excise tax per unit: ¥13,244
National Tobacco Excise Tax	30.45	43.04
National Tobacco Special Excise Tax	4.30	6.08
Local Tobacco Excise Tax	34.75	49.13
Total Tobacco Excise Tax	69.50	98.26
Consumption Tax	37.03	45.45
Retail Price of MEVIUS for Ploom TECH+ per pack	¥500	¥500
Tax Rate on MEVIUS for Ploom TECH+ per pack (incl. consumption tax)	21.3%	28.7%

Changes of Tobacco Excise Tax on MEVIUS for Ploom S

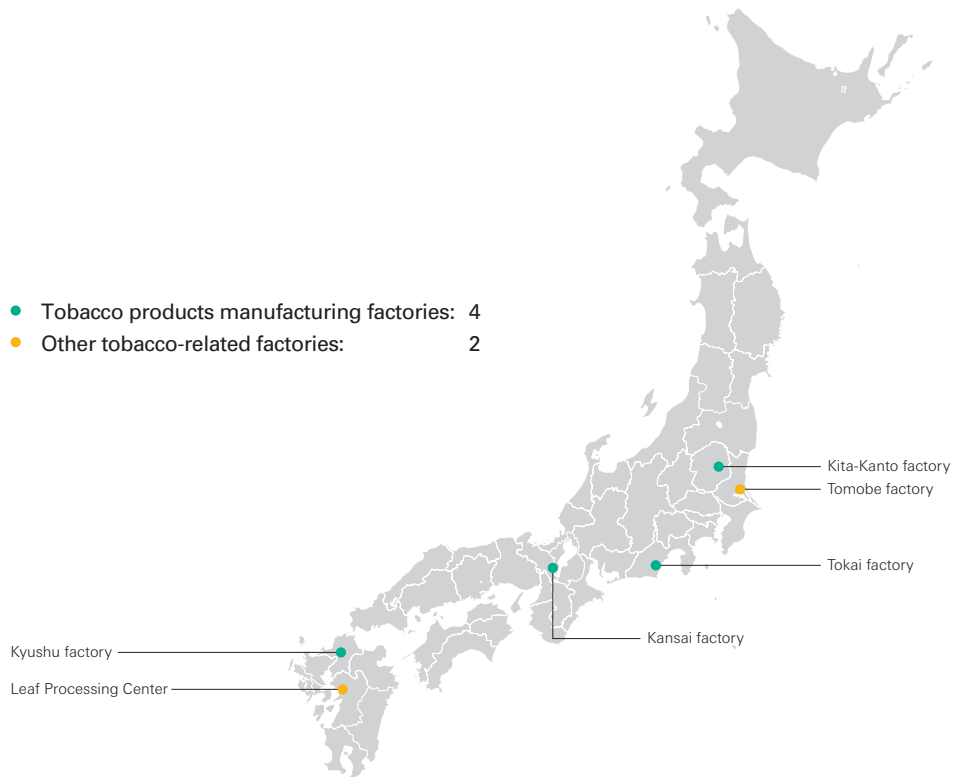
	Before Sept. 2019 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 11.424 Total tobacco excise tax per unit: ¥13,244	After Oct. 2019 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 12.657 Total tobacco excise tax per unit: ¥13,244
National Tobacco Excise Tax	66.28	72.04
National Tobacco Special Excise Tax	9.37	10.18
Local Tobacco Excise Tax	75.65	82.22
Total Tobacco Excise Tax	151.29	164.44
Consumption Tax	35.55	44.54
Retail Price of MEVIUS for Ploom S per pack	¥480	¥490
Tax Rate on MEVIUS for Ploom S per pack (incl. consumption tax)	38.9%	42.6%

Tobacco Manufacturing System

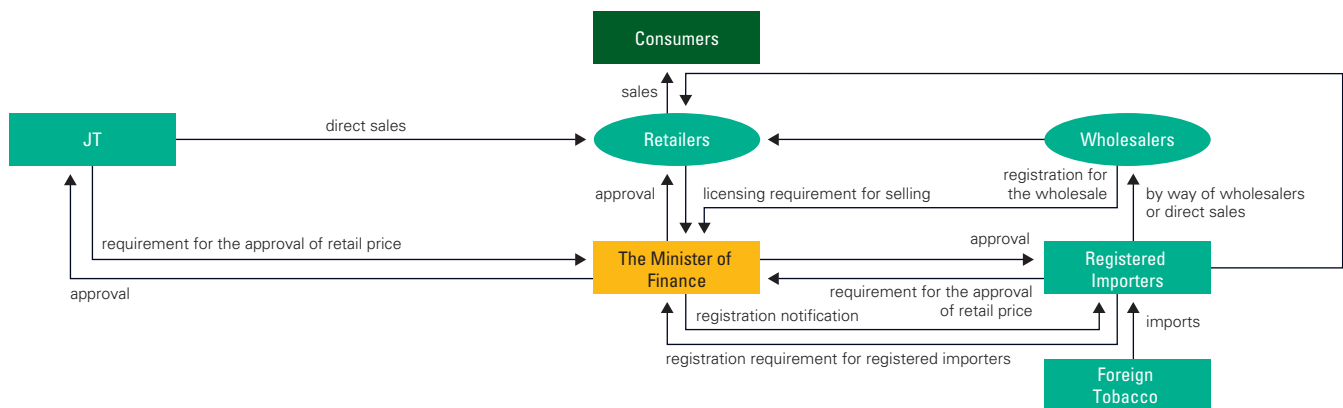


Tobacco Manufacturing-related Factory Location

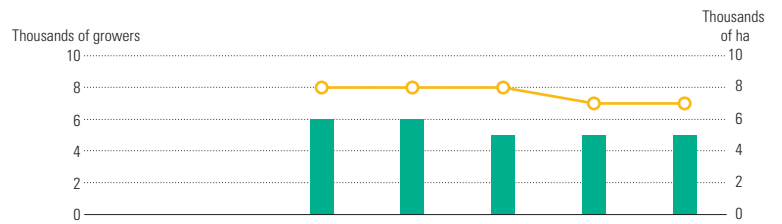
(As of December 31, 2019)



Tobacco Sales System

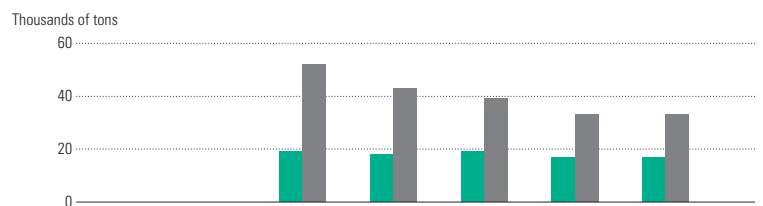


Number of Domestic Tobacco Growers and Area under Domestic Leaf Tobacco Cultivation



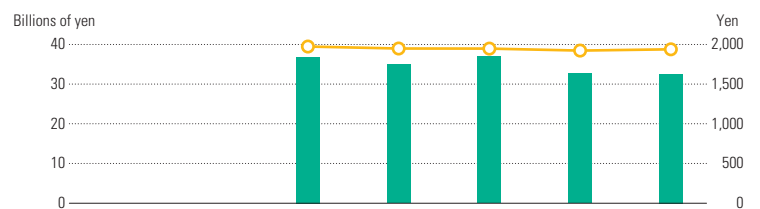
(Contracted in that year)	2015	2016	2017	2018	2019
■ Number of Domestic Tobacco Growers	6	6	5	5	5
○ Area under Domestic Leaf Tobacco Cultivation	8	8	8	7	7

Volume of Domestic and International Leaf Tobacco Purchase



(Produced in that year)	2015	2016	2017	2018	2019
■ Domestic Leaf Tobacco	19	18	19	17	17
■ International Leaf Tobacco	52	43	39	33	33

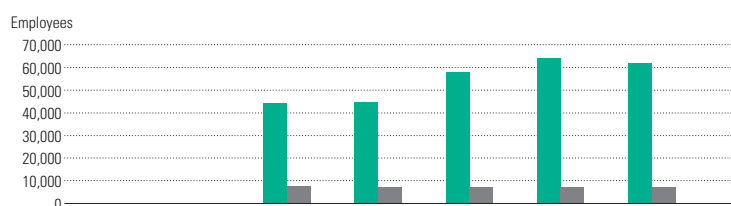
Total Payment for Domestic Leaf Tobacco and Price per 1 kg



(Produced in that year)	2015	2016	2017	2018	2019
■ Total Payment for Domestic Leaf Tobacco	36.9	35.0	37.0	32.7	32.6
○ Price per 1 kg	1,974	1,949	1,948	1,923	1,939

Number of Employees/Subsidiaries and Affiliates

Number of Employees



	2015 Dec. 31	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31	2019 Dec. 31
Total	44,485	44,667	57,963	63,968	61,975
Tobacco Business					
International Tobacco Business	26,200	26,558	39,281	45,319	43,868
Japanese Domestic Tobacco Business	9,470	9,486	10,291	10,566	10,508
Pharmaceutical Business	1,839	1,850	1,883	1,877	1,485
Processed Food Business	5,798	5,683	5,489	5,303	5,169
Corporate	1,178	1,090	1,019	903	945

Note: The number of employees includes only those who are presently working directly for the Group. It excludes those who are seconded, on extended leave, etc.

	2015 Dec. 31	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31	2019 Dec. 31
Number of Employees (parent company)	7,549	7,298	7,336	7,457	7,464
Number of Employees Based on Enrollment (parent company)	8,194	7,965	8,051	8,131	8,064

Subsidiaries and Affiliates

(As of December 31, 2019)

Name	Location	Capital (Millions of yen)	Principal business	Holding rate of voting rights (%)
TS Network Co., Ltd.	Taito-ku, Tokyo	460	Japanese Domestic Tobacco	85.3
JT Logistics Co., Ltd.	Chuo-ku, Tokyo	207	Japanese Domestic Tobacco	100
Japan Filter Technology Co., Ltd.	Sumida-ku, Tokyo	461	Japanese Domestic Tobacco	88.9
Fuji Flavor Co., Ltd.	Hamura-shi, Tokyo	196	Japanese Domestic Tobacco	100
JT Engineering Inc.	Sumida-ku, Tokyo	200	Japanese Domestic Tobacco	100
TRUE SPIRIT TOBACCO COMPANY	Minato-ku, Tokyo	45	Japanese Domestic Tobacco	100
JT International Group Holding B.V.	Netherlands	thousands USD 1,800,372	International Tobacco	100 (100)
JT International Holding B.V.	Netherlands	thousands USD 1,800,372	International Tobacco	100 (100)
JT International S.A.	Switzerland	thousands CHF 923,723	International Tobacco	100 (100)
LLC JTI Russia	Russia	thousands RUB 108,700	International Tobacco	100 (100)
Gallaher Group Plc	U.K.	thousands GBP 172,495	International Tobacco	100 (100)
LLC Petro	Russia	thousands RUB 328,439	International Tobacco	100 (100)
JT International Germany GmbH	Germany	thousands EUR 37,394	International Tobacco	100 (100)
JTI Polska Sp. z o. o.	Poland	thousands PLN 200,000	International Tobacco	100 (100)
JTI Tütün Urunleri Sanayi A.S.	Turkey	thousands TRY 148,825	International Tobacco	100 (100)
Torii Pharmaceutical Co., Ltd.	Chuo-ku, Tokyo	5,190	Pharmaceutical	54.9
Akros Pharma Inc.	U.S.	thousands USD 1	Pharmaceutical	100 (100)
TableMark Co., Ltd.	Chuo-ku, Tokyo	22,500	Processed Food	100 (100)

Note 1: In addition to the above, JT has 213 consolidated subsidiaries and 13 companies accounted for by the equity method.

Note 2: The figures in parentheses in the "Holding rate of voting rights" column are indirect holding rates included in the figures outside the parentheses.

Glossary of Terms

Adjusted Operating Profit	Operating profit + Amortization cost of acquired intangibles arising from business acquisitions + Adjusted items (income and costs)* * Adjusted items (income and costs) = Impairment losses on goodwill ± restructuring income and costs ± others
Core Revenue (International Tobacco Business)	Includes revenue from waterpipe tobacco and RRP,* but excludes revenue from distribution, contract manufacturing and other peripheral businesses. * Reduced-Risk Products (RRP): Products with the potential to reduce the risks associated with smoking.
Core Revenue (Japanese Domestic Tobacco Business)	Excludes revenue from distribution of imported tobacco in the Japanese domestic tobacco business, among others, but includes revenue from domestic duty free, the China business, little cigars and RRP* such as Ploom TECH devices and capsules.
Depreciation and Amortization	Depreciation of tangible fixed assets + Amortization of intangible fixed assets
Free Cash Flow (FCF)	FCF is sum of cash flows from operating activities and investing activities, but excludes the following items: – From operating CF: depreciation from lease transactions, interest received, dividends received, interest paid and income taxes related to these items excluding lease transactions – From investing CF: purchase of investment securities (both short-term and long-term), payments into time deposits, proceeds from sale or redemption of investment securities (both short-term and long-term), proceeds from withdrawal of time deposits and other investing activities not for business operation purposes
Global Flagship Brand (GFB) (International Tobacco Business)	Winston, Camel, MEVIUS and LD
Interest-Bearing Debt	Short-term bank loans + CP + Bonds + Long-term borrowings + Lease obligations* * Lease obligations have been excluded from interest-bearing debt since 2019.
Interest Coverage Ratio	Cash flow from operating activities / Interest paid* * Amount on Cash Flow Statement
JT Cigarette Sales Volume (Japanese Domestic Tobacco Business)	Excludes sales volume of domestic duty free, the China business and RRP.*
Liquidity	Cash and deposits + Marketable securities + Securities purchased under repurchase agreements
Return on Assets (ROA)	$ROA = (\text{Profit before income taxes}) / \text{Total assets [average of beginning and ending balance for the period]}$
Total Shipment Volume (International Tobacco Business)	Includes Fine Cut, cigars, pipe tobacco, snus, kretek, and T-vapor but excludes contract manufactured products, waterpipe tobacco and E-vapor.