

Japan Tobacco Inc.

Fact Sheets

2020

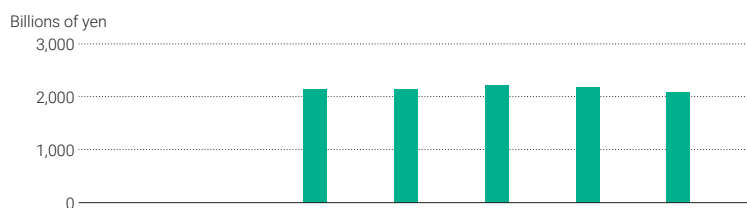
- 001** Financial Data
- 008** International Tobacco Business
- 011** Japanese-Domestic Tobacco Business
- 019** Number of Employees/Subsidiaries and Affiliates
- 020** Glossary of Terms



Fact Sheets

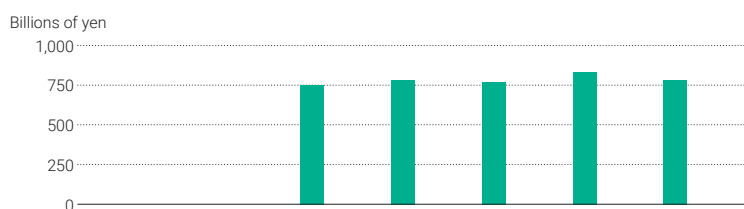
Financial Data

Revenue



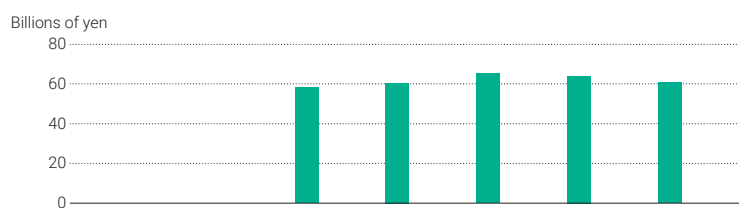
	2016	2017	2018	2019	2020
Total	2,143.3	2,139.7	2,216.0	2,175.6	2,092.6
International Tobacco Business	1,199.2	1,237.6	1,312.3	1,310.9	1,306.2
Japanese-Domestic Tobacco Business	684.2	626.8	621.4	611.5	555.6
Pharmaceutical Business	87.2	104.7	114.0	88.5	79.0
Processed Food Business	164.1	163.1	161.4	158.6	149.3
Other Business	8.6	7.5	6.8	6.1	2.5
Core Revenue					
International Tobacco Business	1,138.8	1,177.0	1,250.7	1,253.0	1,250.8
Japanese-Domestic Tobacco Business	649.7	590.6	582.4	568.9	515.7

SG&A Expenses



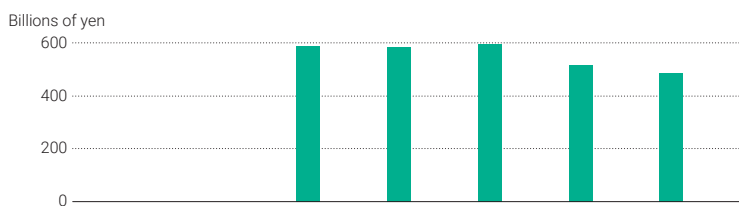
	2016	2017	2018	2019	2020
SG&A	754.1	786.9	770.4	831.7	784.5
Advertising expenses	26.1	24.4	29.1	33.5	27.3
Promotion expenses	124.8	112.2	106.2	102.1	92.1
Commission	50.9	54.5	52.7	55.5	57.6
Employee benefit expenses	241.8	254.0	269.0	309.6	307.2
Research and development expenses	58.2	60.6	65.4	64.1	60.8
Depreciation and amortization	79.1	81.3	87.9	106.1	103.7
Impairment losses on other than financial assets	1.2	3.4	8.5	16.1	12.6
Losses on sale and disposal of property, plant and equipment, intangible assets, and investment property	11.3	4.8	8.8	9.4	7.6
Other	160.9	191.6	142.8	135.3	115.6

R&D Expenses



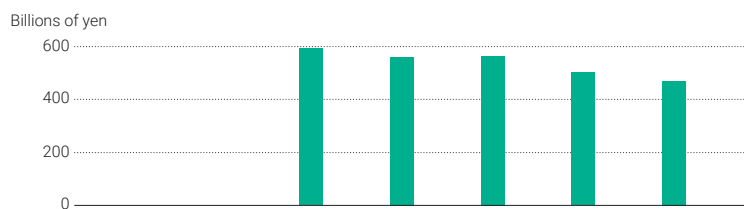
	2016	2017	2018	2019	2020
R&D	58.2	60.6	65.4	64.1	60.8
International Tobacco Business	8.3	8.0	8.5	9.1	9.2
Japanese-Domestic Tobacco Business	17.8	18.5	18.1	20.1	19.1
Pharmaceutical Business	30.7	32.6	37.1	33.2	25.2
Processed Food Business	0.6	0.7	0.8	0.8	0.8
Other Business	0.8	0.8	0.8	0.8	6.5

Adjusted Operating Profit



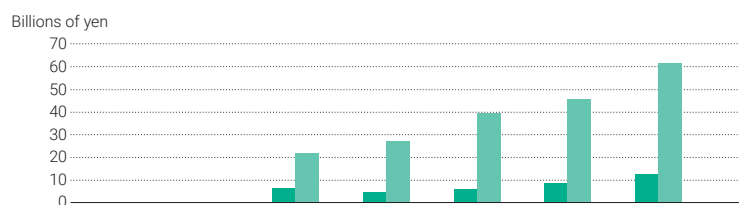
	2016	2017	2018	2019	2020
Adjusted Operating Profit	586.8	585.3	595.5	515.9	487.0
International Tobacco Business	336.2	351.3	384.5	340.8	340.9
Japanese-Domestic Tobacco Business	260.2	232.3	209.0	187.2	168.1
Pharmaceutical Business	9.7	24.1	28.4	15.9	17.2
Processed Food Business	5.0	5.4	4.1	5.4	(0.8)
Other Business/Elimination	(24.4)	(27.8)	(30.6)	(33.4)	(38.4)

Operating Profit



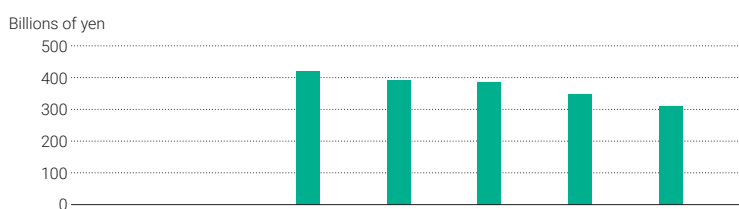
	2016	2017	2018	2019	2020
Operating Profit	593.3	561.1	565.0	502.4	469.1
International Tobacco Business	301.8	325.6	339.5	274.0	296.4
Japanese-Domestic Tobacco Business	244.1	215.8	192.5	171.0	151.8
Pharmaceutical Business	9.7	24.1	26.3	72.7	16.5
Processed Food Business	5.0	5.4	2.9	5.5	(0.8)
Other Business	32.7	(9.8)	3.8	(20.8)	5.1

Financial Income and Expenses



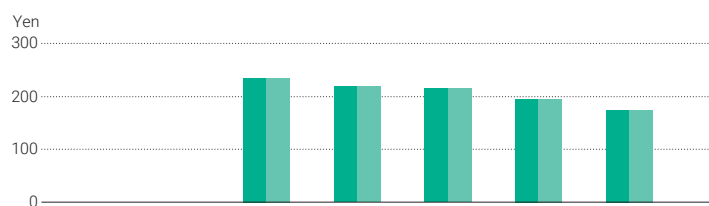
	2016	2017	2018	2019	2020
Financial Income	6.6	4.8	5.8	8.4	12.4
Financial Expenses	(21.7)	(27.3)	(39.3)	(45.5)	(61.3)

Profit (attributable to owners of the parent company)



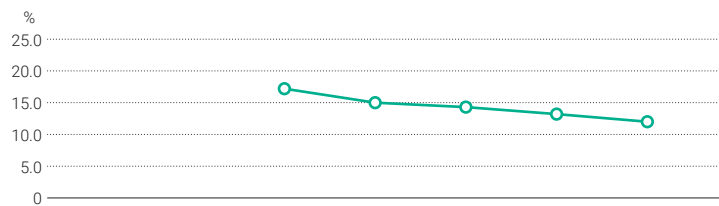
	2016	2017	2018	2019	2020
Profit (attributable to owners of the parent company)	421.7	392.4	385.7	348.2	310.3

Basic and Diluted Earnings per Share



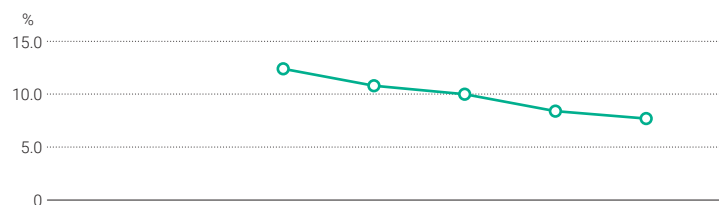
	2016	2017	2018	2019	2020
Basic Earnings per Share	235.47	219.10	215.31	195.97	174.88
Diluted Earnings per Share	235.33	218.97	215.20	195.87	174.80

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



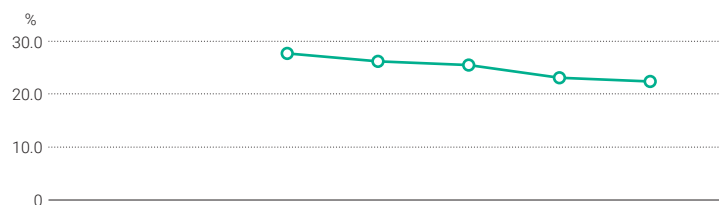
	2016	2017	2018	2019	2020
ROE (attributable to owners of the parent company)	17.2	15.0	14.3	13.2	12.0

Return on Assets (ROA)



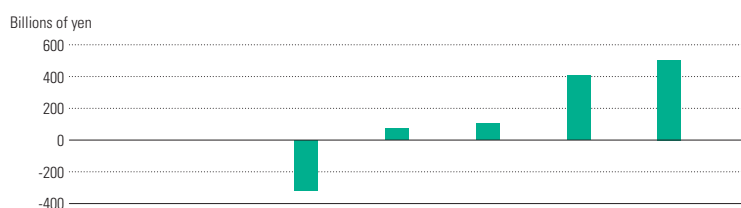
	2016	2017	2018	2019	2020
ROA	12.4	10.8	10.0	8.4	7.7

Operating Profit Margin



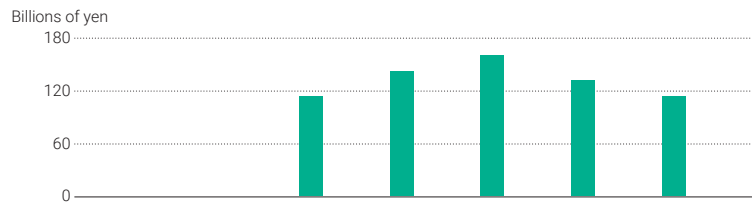
	2016	2017	2018	2019	2020
Operating Profit Margin	27.7	26.2	25.5	23.1	22.4

Free Cash Flow (FCF)



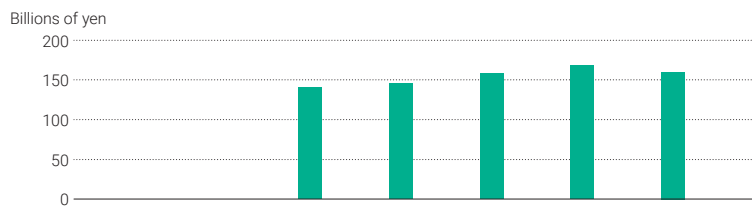
	2016	2017	2018	2019	2020
FCF	(316.2)	72.6	105.6	404.2	503.9

Capital Expenditure (CAPEX)



	2016	2017	2018	2019	2020
■ CAPEX	113.0	140.9	159.8	131.4	112.9
International Tobacco Business	70.6	68.4	75.7	78.3	66.6
Japanese-Domestic Tobacco Business	29.8	51.5	55.4	34.8	21.1
Pharmaceutical Business	3.8	6.2	11.3	7.0	9.1
Processed Food Business	5.7	10.4	12.7	6.1	8.0
Other Business	3.1	4.3	4.6	5.2	8.2

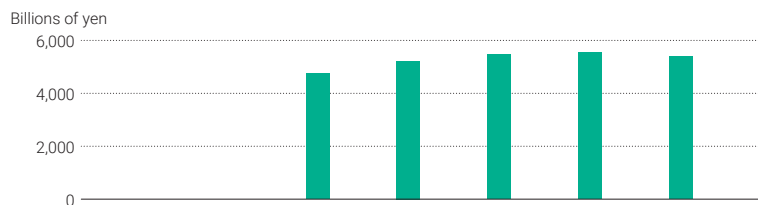
Depreciation and Amortization



	2016	2017	2018	2019	2020
■ Depreciation and Amortization	140.8	145.4	158.7	168.1	160.0
International Tobacco Business	69.1	76.1	89.9	98.1	93.7
Japanese-Domestic Tobacco Business	58.0	56.0	55.0	55.6	52.9
Pharmaceutical Business	4.9	5.1	5.1	5.5	5.0
Processed Food Business	6.4	6.1	6.7	6.8	6.7
Other Business	2.3	2.1	2.0	2.1	1.6

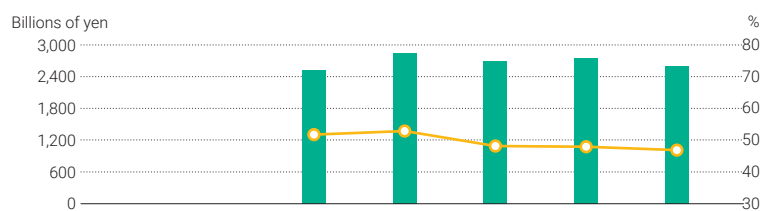
Note: Depreciation related to lease transactions have been excluded since 2019.

Total Assets



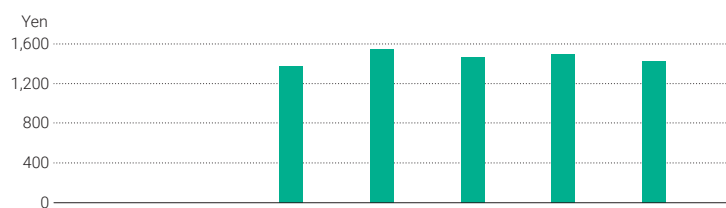
	2016	2017	2018	2019	2020
■ Total Assets	4,744.4	5,221.5	5,461.4	5,553.1	5,381.4

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



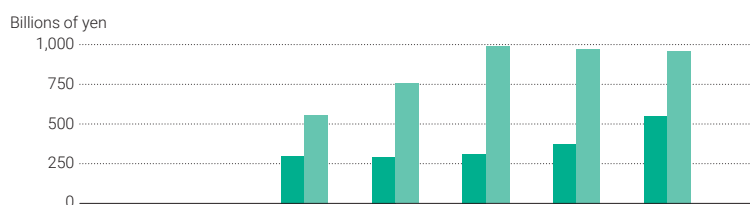
	2016	2017	2018	2019	2020
Total Equity	2,528.0	2,842.0	2,700.4	2,743.6	2,599.5
Equity Ratio (attributable to owners of the parent company)	51.77	52.89	48.17	47.95	46.88

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



	2016	2017	2018	2019	2020
Book Value per Share (attributable to owners of the parent company)	1,371.39	1,541.94	1,468.44	1,501.12	1,421.92

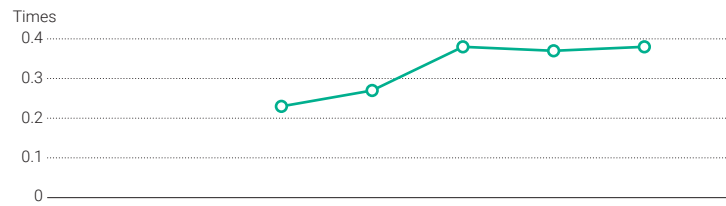
Liquidity and Interest-Bearing Debt



	2016	2017	2018	2019	2020
Liquidity	297.0	291.8	308.7	375.8	548.3
Interest-Bearing Debt	555.3	755.8	987.6	974.5	958.9

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

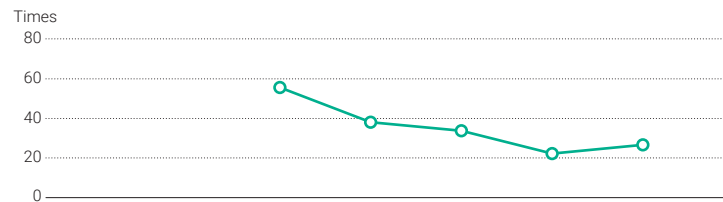
Debt/Equity Ratio



Debt/Equity Ratio

2016	2017	2018	2019	2020
0.23	0.27	0.38	0.37	0.38

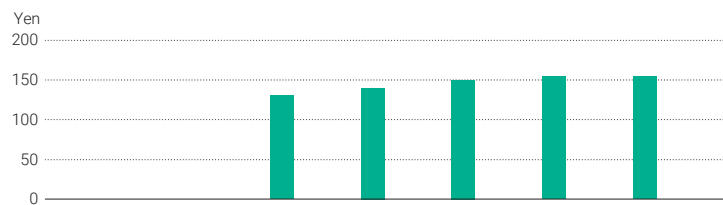
Interest Coverage Ratio



Interest Coverage Ratio

2016	2017	2018	2019	2020
55.5	38.0	33.7	22.2	26.6

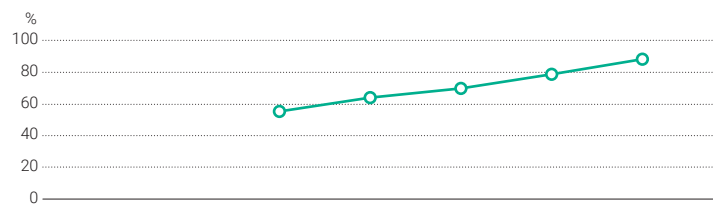
Annual Dividends per Share



Annual Dividends per Share

2016	2017	2018	2019	2020
130	140	150	154	154

Dividend Payout Ratio on a Consolidated Basis



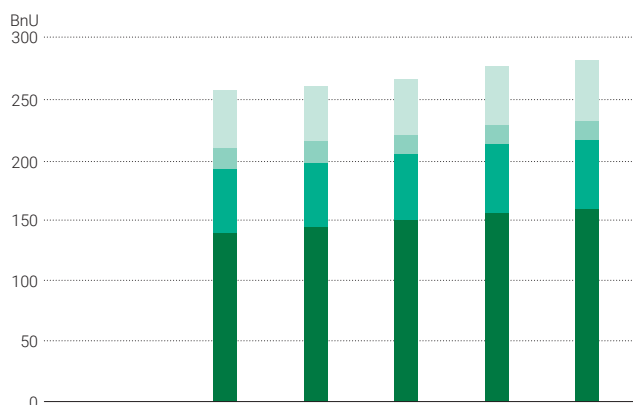
Dividend Payout Ratio

2016	2017	2018	2019	2020
55.2	63.9	69.7	78.6	88.1

International Tobacco Business

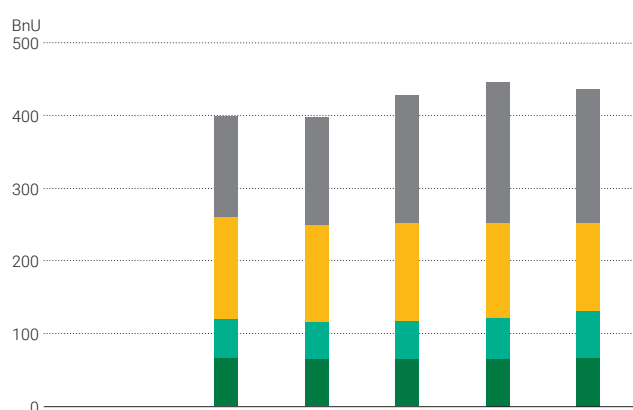
(Results for the 12 months ended December 31)

Total Shipment Volume (by Brand)



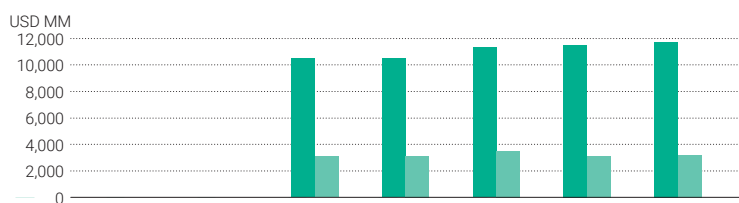
	2016	2017	2018	2019	2020
GFB Total	283.7	285.9	266.4	277.0	282.0
■ Winston	139.3	144.3	149.9	155.4	159.1
■ Camel	52.2	52.7	54.2	57.1	56.9
■ MEVIUS	17.9	17.8	15.7	15.9	15.3
■ LD	47.6	45.6	46.6	48.7	50.7

Total Shipment Volume (by Cluster)



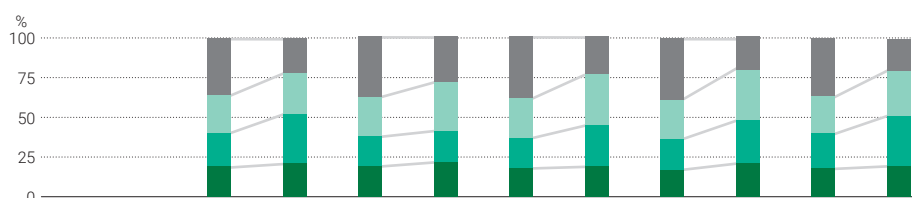
	2016	2017	2018	2019	2020
Total	398.7	398.5	427.6	445.8	435.7
■ South & West Europe	65.2	64.2	63.8	64.9	66.3
■ North & Central Europe	54.2	51.8	53.2	55.9	63.4
■ CIS+	141.4	133.0	134.0	131.5	122.2
■ Rest-of-the-World	137.9	149.5	176.6	193.5	183.8

Core Revenue and Adjusted Operating Profit



	2016	2017	2018	2019	2020
Core Revenue	10,490	10,498	11,330	11,496	11,724
Adjusted Operating Profit	3,095	3,138	3,493	3,126	3,181

Cluster Split



	2016		2017		2018		2019		2020	
	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	19	21	19	22	18	19	17	21	18	19
North & Central Europe	21	31	19	19	19	26	19	27	22	32
CIS+	24	26	25	31	25	32	25	32	23	28
Rest-of-the-World	36	22	38	29	39	24	39	21	37	20

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

	2016	2017	2018	2019	2020
France	22.0%	22.0%	23.2%	24.2%	27.1%
Italy	22.7%	23.1%	23.9%	24.5%	25.6%
Russia	32.8%	33.2%	35.6%	39.1%	38.4%
Spain	22.8%	24.0%	24.8%	25.7%	26.7%
Taiwan	39.9%	41.7%	42.5%	45.3%	47.7%
Turkey	29.4%	28.8%	27.7%	27.4%	26.6%
U.K.	41.7%	40.4%	41.3%	43.6%	45.0%

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

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

International Tobacco Manufacturing-related Factory Location

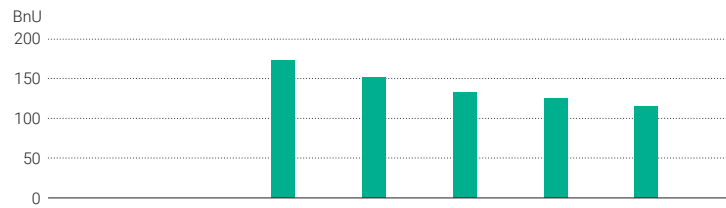
(As of December 31, 2020)

● Finished goods manufacturing factories ● Other tobacco-related factories



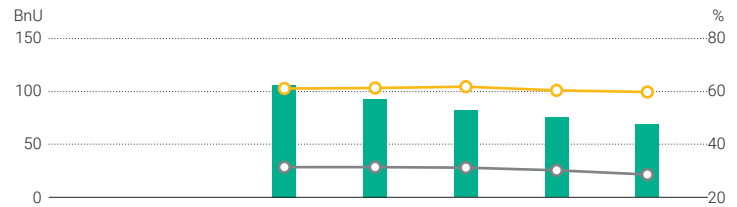
Japanese-Domestic Tobacco Business

Cigarette Industry Volume (JT Estimate)



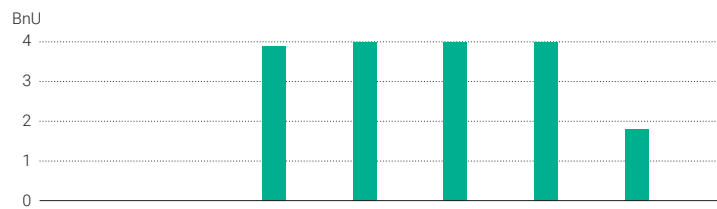
	2016	2017	2018	2019	2020
■ Cigarette Industry Volume (JT estimate)	173.8	151.4	133.6	125.1	114.9

JT Cigarette Sales Volume and Market Share in Cigarette Category



	2016	2017	2018	2019	2020
■ JT Cigarette Sales Volume	106.2	92.9	82.0	75.5	68.7
○ JT Total Market Share in Cigarette Category (JT estimate)	61.1	61.3	61.4	60.4	59.8
◐ MEVIUS Share in Cigarette Category (JT estimate)	31.4	31.4	31.2	30.2	28.6

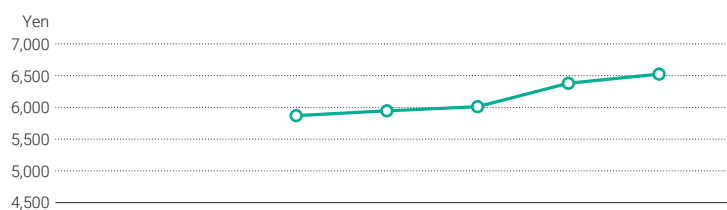
JT Sales Volume of China Business and Duty-Free in Japan



	2016	2017	2018	2019	2020
■ JT Sales Volume of China Business and Duty-Free in Japan	3.9	4.0	4.0	4.0	1.8

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

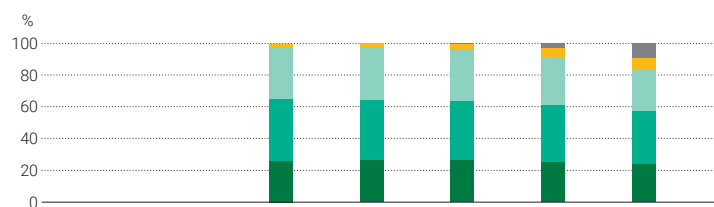
JT Revenue per Thousand Cigarettes



	2016	2017	2018	2019	2020
JT Revenue per Thousand Cigarettes	5,870	5,946	6,011	6,380	6,524

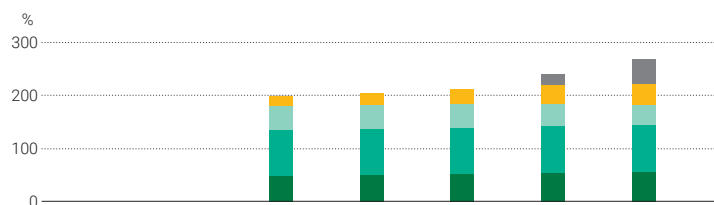
Note: JT Revenue per thousand cigarettes = (retail price sales – retailer margins – consumption tax – excise taxes) / sales volume X 1,000
From 2018, the figure includes the effects of IFRS15 application.

Price Point Composition



	2016	2017	2018	2019	2020
Prestige	25.9	26.2	26.2	25.1	23.8
Premium	39.0	38.1	37.6	36.0	33.4
Sub Premium	31.9	32.7	31.9	30.2	26.3
Value	3.1	2.9	3.7	5.9	7.1
Super Value	0.0	0.2	0.7	2.8	9.5

JT's Share in Each Price Point



	2016	2017	2018	2019	2020
Prestige	47.5	49.4	52.1	53.5	54.8
Premium	86.5	87.0	86.8	87.3	88.1
Sub Premium	45.2	44.3	44.0	42.4	38.3
Value	20.6	23.6	29.2	36.7	41.0
Super Value	0.0	0.0	0.0	19.4	46.7

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 2021, the national tobacco excise tax, the national tobacco special excise tax and the local tobacco excise tax are set at ¥6,302, ¥820 and ¥7,122 per thousand cigarettes, respectively.

Tax increases will be implemented on tobacco products in 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 was determined through weight conversion to cigarette units. Effective in October 2018, a new taxation category for T-Vapor is in place and T-Vapor are 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 is going to be gradually reduced and the ratio of the conversion method under the new taxation system is going to be gradually increased.

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

Changes of Tobacco Excise Taxes

	Tobacco Excise 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 Excise Tax introduced		• ¥1,000 deducted from tax base for Ad valorem • Tobacco Excise 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 2021)	Cigarette product (list price ¥540 per pack)		T-Vapor (MEVIUS for Ploom TECH, list price ¥540 per pack)		T-Vapor (MEVIUS for Ploom TECH+, list price ¥550 per pack)		T-Vapor (MEVIUS for Ploom S, list price ¥540 per pack)	
Consumption Tax	¥49.09	9.09%	¥49.09	9.09%	¥50.00	9.09%	¥49.09	9.09%
Retailer's Margin	¥54.00	10.00%	¥54.00	10.00%	¥55.00	10.00%	¥54.00	10.00%
Total Tobacco Excise Tax	¥284.88	52.76%	¥131.02	24.26%	¥139.14	25.30%	¥197.60	36.59%
National Tobacco Excise Tax	¥126.04	23.34%	¥57.97	10.73%	¥61.56	11.19%	¥87.42	16.19%
National Tobacco Special Excise Tax	¥16.40	3.04%	¥7.54	1.40%	¥8.01	1.46%	¥11.38	2.11%
Local Tobacco Excise Tax	¥142.44	26.38%	¥65.51	12.13%	¥69.57	12.65%	¥98.80	18.30%
JT's Proceeds	¥152.03	28.15%	¥305.89	56.65%	¥305.86	55.61%	¥239.31	44.32%

	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	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	• Consumption Tax introduced	• Consumption Tax increased	• National Tobacco Special Excise Tax introduced	• Review of budget allocations in line with law revisions	• Tobacco Excise Tax increased	• Tobacco Excise Tax increased	• Tobacco Excise Tax increased	• Consumption Tax increased	• Tobacco Excise Tax increased	• Consumption Tax increased	• Tobacco Excise Tax increased	• Tobacco Excise Tax increased	• Tobacco Excise Tax increased	• Taxation system changed (fifth phase, only for T-Vapor)
	• Tobacco Consumption Tax renamed Tobacco Excise Tax								• Taxation system changed (first phase, only for T-Vapor)	• Taxation system changed (second phase, only for T-Vapor)	• Taxation system changed (third phase, only for T-Vapor)	• Taxation system changed (fourth phase, only for T-Vapor)		
Reference														
Retail Price of MILD SEVEN/MEVIUS per pack	¥220	¥230	¥250	¥250	¥270	¥300	¥410	¥430	¥480	¥490	¥540	—	—	
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%	61.8%	—	—	

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 were taken to implement tax rate changes in stages until October 1, 2019.

Changes of Tax Rates (T-Vapor)

Former Taxation System

T-Vapor is 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, 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

Effective in October 2018, a new taxation category for T-Vapor is in place which applies both a weight-based tax and ad valorem tax.

New standard defines the weight-based taxable amount as the weight of leaf tobacco and glycerin filler in products (the weight of roll paper and capsules is 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, 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 retail price (excluding consumption tax) is divided by the amount equivalent to one cigarette unit (14.244 yen*/0.6), then multiplied by 0.5.

*As of March 2021

(The retail price of our T-Vapor, MEVIUS for Ploom TECH, is 490.91 yen.* If the new taxation system is fully applied at 100%, the ad valorem tax of MEVIUS for Ploom TECH will be equivalent to 10.339 cigarette units.)

*As of March 2021, excluding consumption tax

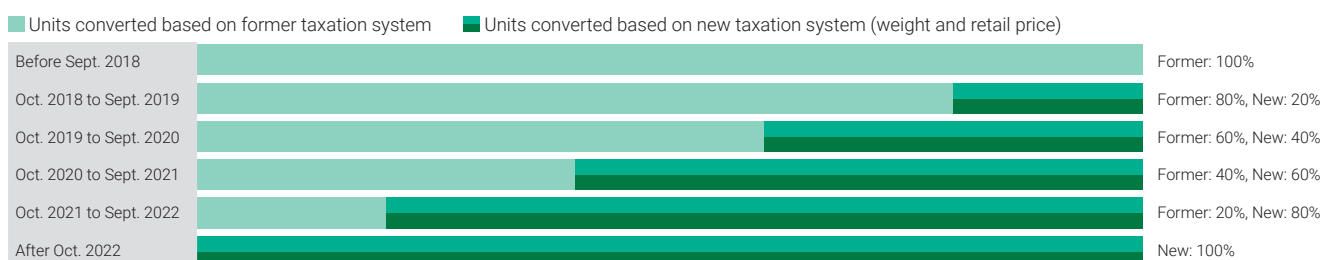
Transitional Measures

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

As a result, the taxable amount of T-Vapor converted into cigarette units is calculated (as of March 2021) as the sum of the:

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

(For example, as of March 2021, the taxable amount per pack of our T-Vapor, MEVIUS for Ploom TECH, is equivalent to 9.199 cigarette units.)



Reference

Changes in 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	Before Sept. 2020 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 6.967 Total tobacco excise tax per unit: ¥13.244	After Oct. 2020 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 9.199 Total tobacco excise tax per unit: ¥14.244
National Tobacco Excise Tax	14.84	28.55	40.42	57.97
National Tobacco Special Excise Tax	2.30	4.03	5.71	7.54
Local Tobacco Excise Tax	17.14	32.59	46.13	65.51
Total Tobacco Excise Tax	34.27	65.17	92.26	131.02
Consumption Tax	34.07	36.29	44.54	49.09
Retail Price of MEVIUS for Ploom TECH per pack	¥460	¥490	¥490	¥540
Tax Rate on MEVIUS for Ploom TECH per pack (incl. Consumption Tax)	14.9%	20.7%	27.9%	33.4%

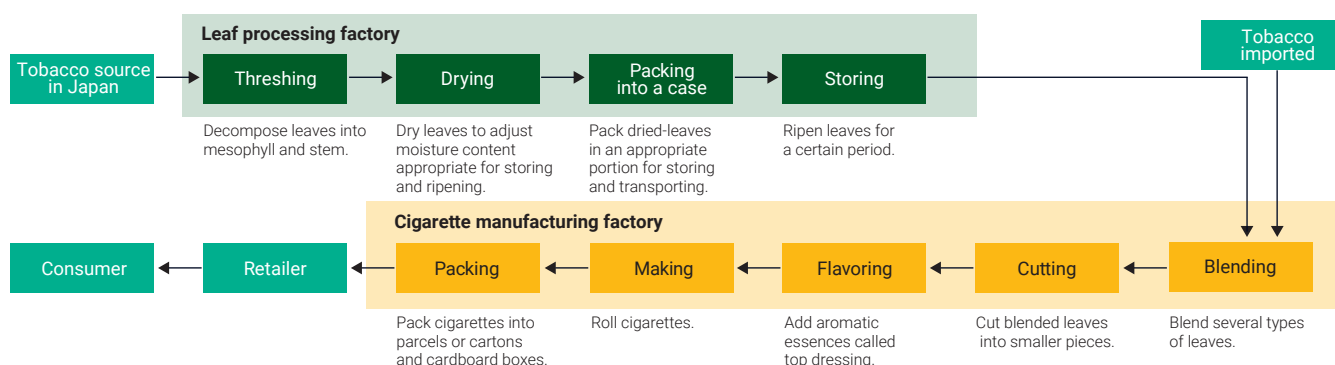
Changes in Tobacco Excise Tax on MEVIUS for Ploom TECH+

	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	Before Sept. 2020 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 7.419 Total tobacco excise tax per unit: ¥13.244	After Oct. 2020 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 9.768 Total tobacco excise tax per unit: ¥14.244
National Tobacco Excise Tax	30.45	43.04	61.56
National Tobacco Special Excise Tax	4.30	6.08	8.01
Local Tobacco Excise Tax	34.75	49.13	69.57
Total Tobacco Excise Tax	69.50	98.26	139.14
Consumption Tax	37.03	45.45	50.00
Retail Price of MEVIUS for Ploom TECH+ per pack	¥500	¥500	¥550
Tax Rate on MEVIUS for Ploom TECH+ per pack (incl. Consumption Tax)	21.3%	28.7%	34.4%

Changes in Tobacco Excise Tax on MEVIUS for Ploom S

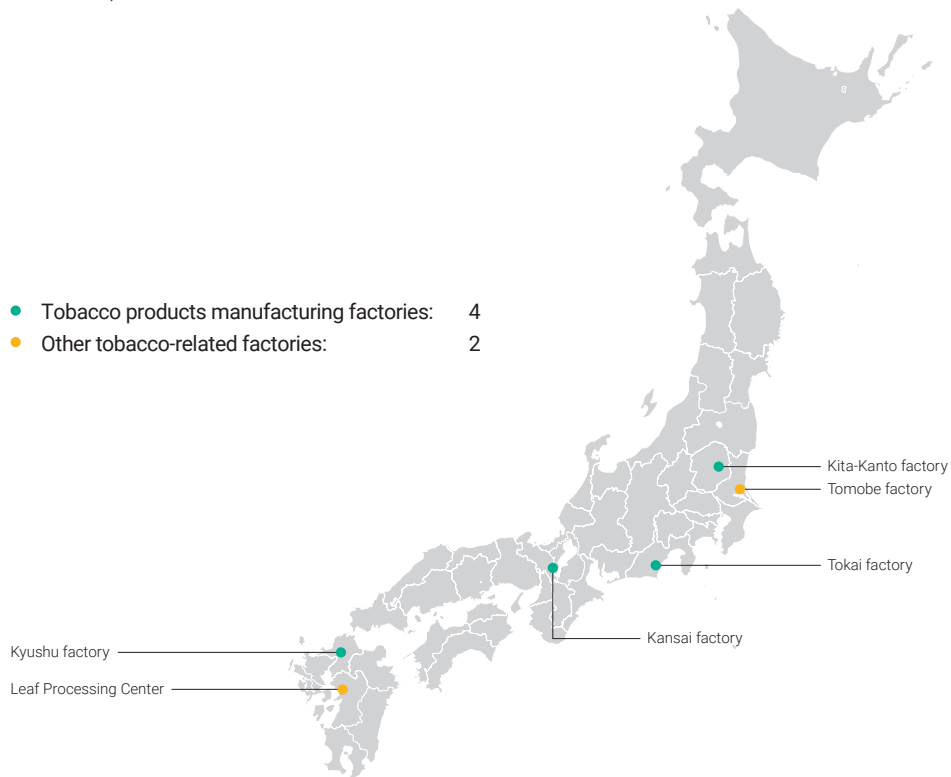
	Before Sept. 2019 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 11.424 Total tobacco excise tax per unit: ¥13.244	Before Sept. 2020 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 12.417 Total tobacco excise tax per unit: ¥13.244	After Oct. 2020 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 13.874 Total tobacco excise tax per unit: ¥14.244
National Tobacco Excise Tax	66.28	72.04	87.42
National Tobacco Special Excise Tax	9.37	10.18	11.38
Local Tobacco Excise Tax	75.65	82.22	98.80
Total Tobacco Excise Tax	151.29	164.44	197.6
Consumption Tax	35.55	44.54	49.09
Retail Price of MEVIUS for Ploom S per pack	¥480	¥490	¥540
Tax Rate on MEVIUS for Ploom S per pack (incl. Consumption Tax)	38.9%	42.6%	45.7%

Cigarette Manufacturing Process

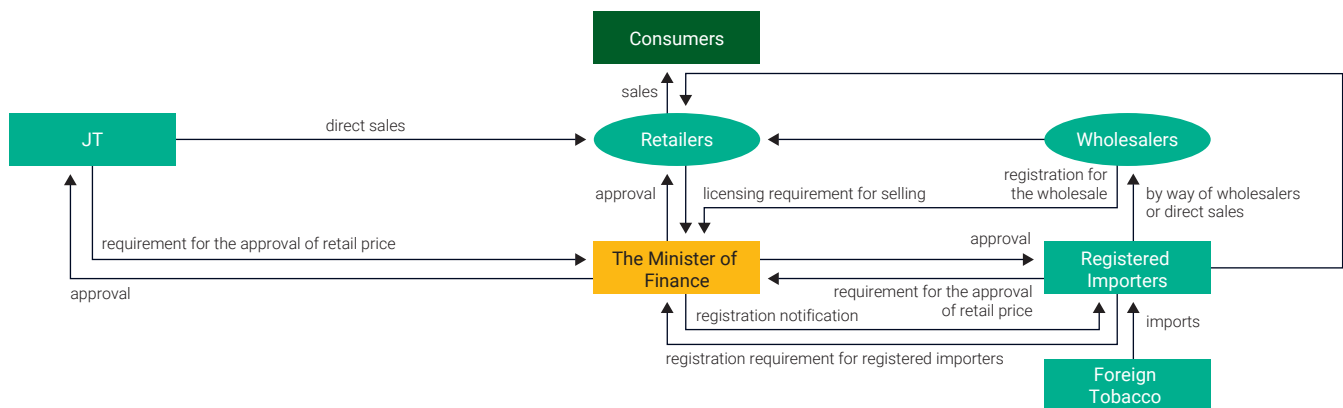


Tobacco Manufacturing-related Factory Location

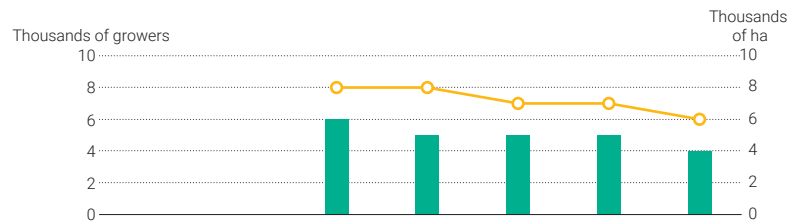
(As of December 31, 2020)



Tobacco Sales Process

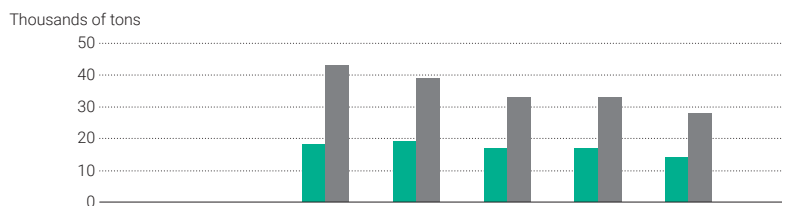


Number of Domestic Tobacco Leaf Growers and Area under Domestic Leaf Tobacco Cultivation



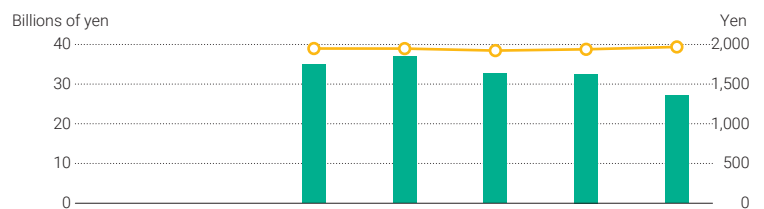
(Contracted in the year)	2016	2017	2018	2019	2020
■ Number of Domestic Tobacco Leaf Growers	6	5	5	5	4
◆ Area under Domestic Leaf Tobacco Cultivation	8	8	7	7	6

Sourcing Volume of Domestic and International Leaf Tobacco



(Produced in the year)	2016	2017	2018	2019	2020
■ Domestic Leaf Tobacco	18	19	17	17	14
■ International Leaf Tobacco	43	39	33	33	28

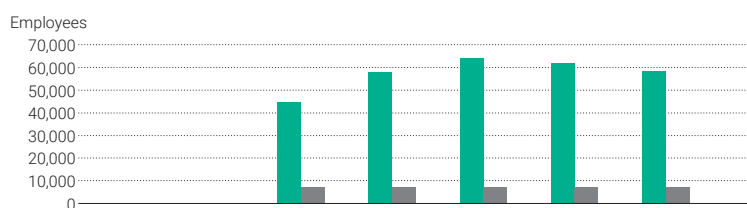
Total Payment for Domestic Leaf Tobacco and Price per 1 kg



(Produced in the year)	2016	2017	2018	2019	2020
■ Total Payment for Domestic Leaf Tobacco	35.0	37.0	32.7	32.6	27.1
◆ Price per 1 kg	1,949	1,948	1,923	1,939	1,969

Number of Employees/Subsidiaries and Affiliates

Number of Employees



	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31	2019 Dec. 31	2020 Dec. 31
Total	44,667	57,963	63,968	61,975	58,300
Tobacco Business					
International Tobacco Business	26,558	39,281	45,319	43,868	40,576
Japanese-Domestic Tobacco Business	9,486	10,291	10,566	10,508	10,354
Pharmaceutical Business	1,850	1,883	1,877	1,485	1,379
Processed Food Business	5,683	5,489	5,303	5,169	5,021
Corporate	1,090	1,019	903	945	970

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

	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31	2019 Dec. 31	2020 Dec. 31
Number of Employees (parent company)	7,298	7,336	7,457	7,464	7,366
Number of Employees Based on Enrollment (parent company)	7,965	8,051	8,131	8,064	7,920

Subsidiaries and Affiliates

(As of December 31, 2020)

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	100
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
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)
JTI Polska Sp. z o. o.	Poland	thousands PLN 200,000	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 Tütün Urunleri Sanayi A.S.	Turkey	thousands TRY 148,825	International Tobacco	100 (100)
Torii Pharmaceutical Co., Ltd.	Chuo-ku, Tokyo	5,190	Pharmaceuticals	54.9
Akros Pharma Inc.	U.S.	thousands USD 1	Pharmaceuticals	100 (100)
TableMark Co., Ltd.	Chuo-ku, Tokyo	22,500	Processed Food	100

Note 1: In addition to the above, JT has 217 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
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 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 – From operating CF: Depreciation from lease transactions, interest received, dividends received, interest paid and income taxes related to these items excluding lease transactions, and other items
Global Flagship Brands (GFB) (International Tobacco Business)	Winston, Camel, MEVIUS, 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
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]
Revenue	Excluding tobacco excise taxes and revenue from agent transactions. – Core revenue (International tobacco business): Includes revenue from waterpipe tobacco and RRP (Reduced-Risk Products),* 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 devices, capsules and sticks.
Volume, JT Cigarette Sales (Japanese-Domestic Tobacco Business)	Excludes sales volume of domestic Duty-Free, the China business and RRP while including little cigars.
Volume, Total Shipment (International Tobacco Business)	The shipment volume of tobacco-based products which includes fine cut tobacco, cigars, pipe, oral (snus, nicotine pouch), kretek and T-Vapor but excludes contract manufactured products, waterpipe tobacco and E-Vapor.