

Glossary of terms



Unless otherwise stated, terms and numbers reported in this glossary are in accordance with IFRS (International Financial Reporting Standards).

Financials	
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
Adjusted operating profit at constant FX	Constant currency is computed using the same foreign exchange rates as in the equivalent period in the previous fiscal year for the tobacco business. Results at constant currency are provided additionally and are not an alternative to finance reporting under IFRS.
Clusters	The JT Group's tobacco markets are divided into three distinctive clusters: Asia, Western Europe, and EMA. Please note that these three clusters are specifically designed to provide insight into our business for guidance purposes only and do not reflect the JT Group's management structure. <ul style="list-style-type: none"> • Asia cluster includes the tobacco regions of Japan and Asia Pacific • EMA cluster includes the tobacco regions of Eastern Europe, MENEAT, Americas and Global Travel Retail
Core revenue at constant FX (consolidated)	The sum of revenues in the pharmaceutical business, processed food business, and others, as well as the core revenue at constant FX in the tobacco business.
Free cash flow (FCF)	The sum of cash flows from operating activities and investing activities, excluding the following items: <ul style="list-style-type: none"> • 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 • 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
IFRS (International Financial Reporting Standards)	The JT Group adopted IFRS from the fiscal year ended March 31, 2012.
Profit	Profit attributable to owners of the parent company.
Revenue	Revenue excluding tobacco excise taxes and revenue from agent transactions. <ul style="list-style-type: none"> • Core revenue: Core revenue includes all revenue excluding those from distribution, contract manufacturing and other peripheral businesses.
RRP-related revenue (Tobacco business)	RRP-related revenue, as a part of core revenue, represents all sales of RRP, principally consumables, devices and related accessories.
Total volume (Tobacco business)	The volume of tobacco-based products which excludes contract-manufactured products, RRP devices and related accessories.

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Products	
Combustibles	Combustibles include all tobacco products excluding contract-manufactured products and RRP.
Fine cut tobacco (FCT)	Loose tobacco products also known as rolling tobacco. These can be used for both RYO (roll-your-own) cigarettes, i.e. using rolling papers, and MYO (make-your-own) cigarettes, i.e. by filling a filter tube with cut tobacco.
Global Flagship Brands (GFB)	GFB includes four brands namely Winston, Camel, MEVIUS and LD.
Reduced-Risk Products (RRP)	<p>Products with the potential to reduce the risks associated with smoking.</p> <ul style="list-style-type: none">• E-Vapor: Products which consumers use by heating electronically a nicotine based liquid that contains no tobacco leaf. A 2ml of liquid is equivalent to 20 sticks of cigarettes.• HTP (heated tobacco products): Products that contain tobacco leaf and create a tobacco-enriched vapor by heating electronically the tobacco, either directly or indirectly, without any combustion.• HTS (heated tobacco sticks): Heated tobacco products that directly heat tobacco sticks.• Infused (infused tobacco capsules): Heated tobacco products that indirectly heat tobacco leaves.• Oral: Products delivering nicotine in the form of a closed pouch. These pouches can contain tobacco and are known as snus. Without tobacco, these consumables are referred to as nicotine pouches. To deliver nicotine and flavor, these pouches are inserted between the consumer's lip and gum.
Sustainability	
ALP	Agricultural Labor Practices
CDP	Headquartered in London, CDP is the leading international non-profit organization that accelerates action to achieve a sustainable economy, assessing disclosure and actions by companies from around the world.
DJSI (Dow Jones Sustainability Indices)	The DJSI was created jointly by S&P Dow Jones Indices and SAM. It is a recognized worldwide ESG stock index and a global sustainability benchmark that tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria.
GHG emissions	<p>Greenhouse gas emissions</p> <ul style="list-style-type: none">• Scope 1 emissions: Direct GHG emissions from corporate activities, such as burning of fossil fuels at factories.• Scope 2 emissions: Indirect GHG emissions from consumption of purchased electricity, heat or steam.• Scope 3 emissions: Other indirect emissions, including from manufacture of products bought from other companies.
SBTi (Science Based Targets initiative)	The SBTi was formed in 2015 by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). The SBTi validates targets submitted by companies to confirm and communicate that they are science-based and in line with the Paris Agreement.
SDGs	The Sustainable Development Goals (SDGs) were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.
TCFD (Task Force on Climate-related Financial Disclosures)	TCFD was established by the Financial Stability Board (FSB) to examine how climate-related information should be disclosed, and how financial institutions should respond. TCFD positions climate change as a serious risk to the world's economy and publishes its recommendations for companies to identify and disclose items such as "Governance," "Strategy," "Risk Management" and "Metrics and Targets."
Others	
Consumers (Tobacco business)	Adult consumers. Minimum legal age for smoking varies in accordance with the legislation in each country.
BnU	Billion cigarette equivalent units
JPY BN	Billion Japanese yen
USD MM	Million US dollars

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