

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 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"> ▪ Heated Products: Products that involve a battery-powered device which directly heats stick-shaped consumables similar to cigarettes. These consumables are referred to as HTS and HNS. <ul style="list-style-type: none"> -Heated Tobacco Sticks (HTS): Consumables containing tobacco leaves to be used with a Heated Products device that directly heat sticks. -Heated Nicotine Sticks (HNS): Consumables that deliver nicotine without tobacco leaves to be used with a Heated Products device that directly heat sticks. ▪ Infused Tobacco (Infused): Infused Products involve a battery-powered device that heats a liquid capsule to generate a vapor which passes through a tobacco containing consumable. ▪ E-Vapor: Products that involve a battery-powered device which heats a consumable containing a nicotine-based liquid without tobacco leaves. ▪ Modern Oral: Products that deliver nicotine in the form of a closed pouch and contain no tobacco leaf as raw materials. These products are also known as nicotine pouches. ▪ Traditional Oral: Products that deliver nicotine in the form of a closed pouch and contain tobacco leaf. These products are also known as snus.
Sustainability	
ALP	Agricultural Labor Practices
CDP	Headquartered in London, CDP is the leading international nonprofit organization that accelerates action to achieve a sustainable economy, assessing disclosure and actions by companies from around the world.
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 the 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.
TCFD (Task Force on Climate-related Financial Disclosures)	The TCFD was established by the Financial Stability Board (FSB) to examine how climate-related information should be disclosed, and how financial institutions should respond. The 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. The minimum legal age for smoking varies in accordance with the legislation in each country.
BnU	Billion cigarette equivalent units
JPY BN	Billion Japanese yen