



JAPAN TOBACCO INC.
2-1, Toranomom 2-chome, Minato-ku
Tokyo 105-8422 JAPAN
Phone:03-3582-3111

FOR IMMEDIATE RELEASE

Tokyo, November 29, 2018

**JT Terminates Agreements on Exclusive Rights to Develop, Commercialize
and Market of Six Anti-HIV Drugs in Japan**

Japan Tobacco Inc. (JT) (TSE: 2914) has announced today the termination of the license agreements with Gilead Sciences, Inc. (Gilead), under which Gilead grants an exclusive license to JT to develop and commercialize six anti-HIV drugs (Current HIV Drugs) in Japan.

JT has also announced today the termination of the license agreements with Torii Pharmaceutical Co., Ltd (Torii) (TSE: 4551), under which JT grants Torii the exclusive rights to market the Current HIV Drugs in Japan.

1. Rationale of the termination

As announced on August 27, 2018¹, JT agreed with Gilead and Torii, respectively, to initiate the discussion concerning the termination of license agreements (collectively, the “Original Agreements”). As the result of such discussion, JT agrees with Gilead and Torii, respectively, to terminate the Original Agreements.

2. Overview of the termination

Upon completion of necessary procedures, JT will terminate the Original Agreements with Gilead, scheduled to be completed in early 2019, and then transfer a marketing approval of the Current HIV Drugs in Japan to Gilead Sciences K.K. (Gilead K.K.), the Japanese subsidiary of Gilead, scheduled to be completed in 2019. Until the completion of said transfer, JT will purchase the Current HIV Drugs from Gilead and Torii will be responsible for the distribution of the Drugs in Japan, under the terms and conditions for a provisional measure. Gilead K.K. will be responsible to provide information relating to the Current HIV Drugs to all medical institutions in Japan.

Moreover, having respectively discussed with Gilead and Torii, it is agreed that JT will receive USD 559 million (approx. JPY 63.1 billion) from Gilead, and JT will pay JPY 43.2 billion to Torii in consideration of the termination of Original Agreements, of which figures are based on JT’s sales forecasts of the Current HIV Drugs in Japan.

¹ https://www.jt.com/media/news/2018/pdf/20180827_E02.pdf

3. Overview of Gilead and Torii

<Gilead>

(1) Name	Gilead Sciences, Inc.	
(2) Location	333 Lakeside Drive Foster City, California 94404 USA	
(3) Title and name of the representative	John F. Milligan (President and Chief Executive Officer).	
(4) Business contents	Research-based biopharmaceutical company that discovers, develops and commercializes innovative drugs mainly in areas of HIV, HCV and HBV.	
(5) Capital	USD 1.3 million	
(6) Date of establishment	June 22, 1987	
(7) Relationship with JT	Capital	None
	Personal	None
	Business	License in or out on anti-HIV medicine, and purchase of intermediate products.
(8) Financial results for the year ended 31 December, 2017		
Total equity	USD 20,501 million	(JPY 2,312.9 billion)
Total assets	USD 70,283 million	(JPY 7,929.3 billion)
Net assets per share	USD 15.63	(JPY 1,763)
Net sales	USD 26,107 million	(JPY 2,945.4 billion)
Operating income	USD 14,124 million	(JPY 1,593.5 billion)
Profit attributable to owners of the parent	USD 4,628 million	(JPY 522.1 billion)
Net income per share	USD 3.54	(JPY 399)
Dividend per share	USD 2.08	(JPY 235)

<Torii>

(1) Name	Torii Pharmaceutical Co., Ltd	
(2) Location	Torii Nihonbashi Bldg., 4-1, Nihonbashi-Honcho 3-chome, Chuo-ku, Tokyo	
(3) Title and name of the representative	Shoichiro Takagi (President and Representative Director).	
(4) Business contents	Manufacturing and marketing of pharmaceutical products.	
(5) Capital	JPY 5,190 million	
(6) Date of establishment	November 1, 1921	
(7) Major Shareholders (As of June 30, 2018)	Japan Tobacco Inc.	53.46%
	Tachibana Securities Co., Ltd	4.62%
	ECM MF	3.46%
	Japan Trustee Services Bank, Ltd. (Trust Account)	1.92%
	STATE STREET BANK AND TRUST COMPANY 505223	1.68%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	1.31%
	Sumitomo Mitsui Banking Corporation	1.18%
	Torii Pharmaceutical Co., Ltd. Employee Shareholdings association	1.12%
	STATE STREEET BANK AND TRUST COMPANY 505103	0.87%
	Japan Trustee Services Bank, Ltd. (Trust Account 5)	0.83%
(8) Relationship with JT	Capital	JT owns 53.5% of Torii's outstanding shares. (54.9% of Torii's voting rights)
	Personal	JT dispatches 88 employees to Torii.
	Business	Purchasing medical drugs, lending and borrowing of funds.
	Related party	Torii is JT's consolidated subsidiary, and thus JT's related party.
(9) Financial results (Year ended December 31, 2017)		
Total equity	JPY 87,119 million	
Total assets	JPY 104,741 million	
Net assets per share	JPY 3,105.68	

Net sales	JPY 64,135 million
Operating income	JPY 6,281 million
Income from ordinary operations	JPY 6,403 million
Profit attributable to owners of the parent	JPY 4,718 million
Net income per share	JPY 168.22
Dividend per share	JPY 48

4. Schedule

(1) The date of decision	November 26, 2018
(2) The date of agreement regarding the termination of Original Agreements	November 29, 2018
(3) The termination date of Original Agreements	Scheduled in early 2019
(4) The date of transferring a marketing approval	Scheduled in 2019

5. Future prospects

The revenue of the consideration will be recognized during 2019.

Therefore, there will be no impact on our consolidated business results for the fiscal year ended December 2018.

###

Japan Tobacco Inc. is a leading international tobacco company with operations in more than 130 countries. With close to 60,000 employees, it manufactures and sells some of the world's best-known brands including Winston, Camel, MEVIUS and LD. The JT Group is committed to investing in Reduced-Risk Products (RRP) and currently markets Ploom TECH, its tobacco vapor product, and various e-cigarette products under the Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit <https://www.jt.com/>.

Contact for Japan Tobacco Inc.:
Masahito Shirasu, General Manager
Media and Investor Relations Division
Japan Tobacco Inc. Tokyo: +81-3-5572-4292
E-mail: jt.media.relations@jt.com