

[This is an English translation prepared for reference purpose only. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.]

To Our Shareholders and Investors

Business Report

Volume 63

<Logo> Report on the Consolidated Financial Results for the First Six Months of the Fiscal Year Ending
December 31, 2019

<Logo> JT NEWS

<JT logo>

TOP MESSAGE

Confirmed robust profit growth in the first half of the fiscal year

We will continue move forward towards achieving group-wide profit targets

Results for the first six months of the fiscal year ending December 31, 2019 (from January to June 2019)

In the first six months of the fiscal year ending December 31, 2019, group-wide adjusted operating profit at constant rates of exchange, a key performance indicator across the Group, grew by 5.9% from the same period of the previous year, indicating robust growth. This increase was driven by profit growth in the international tobacco and domestic tobacco businesses. Meanwhile, as for business results on a financial reporting basis encompassing foreign exchange effects, adjusted operating profit decreased by 9.4% due to significant adverse effects involving foreign exchange as anticipated in initial forecasts.

Please refer to page 6 and subsequent pages for details on performance results of JT's businesses.

In the domestic tobacco business, revenue and profit both increased due to the effects of favorable pricing for cigarettes in line with the retail price amendment associated with the October 2018 increase in the tobacco tax and increased sales volume of RRP. We continued to achieve favorable sales of Ploom TECH+ which was launched nationwide in mid-June 2019. Meanwhile, sales of Ploom S were expanded nationwide in August, one month ahead of our initial fiscal year plan to do so in September.

In the international tobacco business, shipment volume increased substantially due to positive effects of acquisitions conducted in FY2018 and market share gains in each market. In addition, due to effects of favorable pricing particularly in the Group's key markets, revenue and profit both increased on a U.S. dollar basis at constant rates of exchange despite ongoing business investment both in markets where we have made acquisitions thus far and in RRP. Meanwhile, revenue and profit both decreased on a financial reporting basis, due mainly to the adverse effects involving foreign exchange associated with weaker local currencies such as the Iranian rial and the Russian ruble.

In the pharmaceutical business, both revenue and profit decreased due to factors such as lower revenue generated by the Group company Torii Pharmaceutical amid effects of terminating exclusive licensing agreements in Japan pertaining to six anti-HIV drugs, and lower royalty revenue overseas.

In the processed food business, despite growth in sales of staple food products and seasonings, revenue decreased, due to a decline in sales of other products. However, profit increased due to effects of price amendment and efforts to reduce costs.

Forecasts for the fiscal year ending December 31, 2019 (FY2019)

Our target of ¥610.0 billion group-wide adjusted operating profit at constant rates of exchange remains unchanged from the initial forecast.

As for the domestic tobacco business, we have revised downward our forecast for core revenue, while also having revised our assumption for RRP sales volume to the equivalent of 4.0 billion cigarettes, from 5.0 billion previously, due to poor sales performance of Ploom TECH in the first half of the fiscal year. Adjusted operating profit was also revised downward amid a scenario where it was not possible to offset a decrease in top-line results despite having reduced costs by over ¥10.0 billion.

As for the international tobacco business, forecasts for core revenue and adjusted operating profit at constant rates of exchange (dollar-based) have been revised upward, reflecting the strong performance in the first half of the fiscal year. On a financial reporting basis, adjusted operating profit has also been downwardly revised given the likelihood of amplified adverse effects involving foreign exchange. We will earmark a portion of the upwardly revised revenue amount for re-investment in operations geared to achieving sustainable profit growth.

In the pharmaceutical business, we have upwardly revised both revenue and adjusted operating profit in part due to a scenario where Torii Pharmaceutical's first half sales were better than expected, and also as a result of having reassessed R&D costs. For the processed food business, forecasts remain unchanged from the initial forecasts.

As for dividend per share, our policy of aiming for stable and consistent growth remains unchanged. We plan to pay an annual dividend per share for FY2019 of ¥154, which remains unchanged from the initially disclosed amount and includes an interim dividend of ¥77 per share.

Throughout the first half of FY2019, we reaffirmed that cigarettes are a platform underpinning growth of the Group's business operations and will continue to act as a major category of the tobacco industry going forward. Meanwhile, RRPs stand as a pillar of our future business growth given that such products continue to achieve expansion both in Japan and overseas.

We are aware that Japan's RRP market is the world's most advanced and competitive, and one that is furthermore showing signs of intensifying competition amid its gradual expansion. Accordingly, we will make necessary investment while setting our sights on maximizing profit over the medium to long term and generating returns knowing that overcoming such grueling competition and gaining a solid presence in the market is bound to take some time.

We will keep focusing on both cigarettes and RRPs going forward, with the aim of bringing about sustainable profit growth of the Group stemming from overall growth in profit of our tobacco business.

Masamichi Terabatake, Representative Director and President, Chief Executive Officer

<Photo>

- * Reduced-Risk Products (RRP) are products with potential to reduce the risks associated with smoking such as E-Vapor products and T-Vapor products. E-Vapor products do not use tobacco leaf, instead using electrical heating of a liquid inside a device or specialized cartridge to generate vapor for the user to enjoy. On the other hand, T-Vapor products do use tobacco leaf, but instead of burning the leaf, they use methods such as heating the leaf to generate vapor (which includes compounds derived from the tobacco leaf) for the user to enjoy.

Consolidated results for the first six months of the fiscal year ending December 31, 2019

(Billions of yen)

	From January to June 2018	From January to June 2019	Year-on-year change
At constant rates of exchange			
Adjusted operating profit ^{*1}	317.8	336.6	+5.9%
On a financial reporting basis			
Revenue	1,075.3	1,058.5	-1.6%
Adjusted operating profit ^{*1}	317.8	287.8	-9.4%
Operating profit	302.3	311.3	+3.0%
Profit for the period ^{*2}	216.1	226.5	+4.8%

Forecast for the fiscal year ending December 31, 2019 (FY2019)

(Billions of yen)

	FY2019 initial forecasts	Revised forecasts	Difference from initial forecasts	Year-on-year change
At constant rates of exchange				
Adjusted operating profit ^{*1}	610.0	610.0	–	+2.4%
On a financial reporting basis				
Revenue	2,200.0	2,170.0	-30.0	-2.1%
Adjusted operating profit ^{*1}	546.0	523.0	-23.0	-12.2%
Operating profit	540.0	518.0	-22.0	-8.3%
Profit for the year ^{*2}	370.0	360.0	-10.0	-6.7%

Dividend per share

(Yen)

	FY2018 results	FY2019 forecasts
Interim dividend	75	77
Year-end dividend	75	77
Annual dividend per share	150	154

1. Adjusted operating profit = operating profit + amortization cost of acquired intangibles arising from business acquisitions + adjustment items (income and costs)

* Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2. Profit attributable to owners of the parent company

Domestic Tobacco Business

Key points this fiscal term

- **JT cigarette sales volume:** Decreased due in part to the effect of retail price amendment implemented in October 2018, the expansion of RRP market and the downtrend in the business
- **Core revenue and adjusted operating profit:** Revenue and profit both increased due to the effects of favorable pricing for cigarettes and the increase in RRP-related revenue

Results summary

		Year-on-year change
JT cigarette sales volume	37.3 billion cigarettes	-3.0 billion cigarettes -7.5%
Core revenue	282.3 billion yen	+10.1 billion yen +3.7%
Adjusted operating profit	109.2 billion yen	+5.7 billion yen +5.5%

Market share of JT cigarettes^{*1} and focus brands

	From January to June 2018	From January to June 2019	Year-on-year change
<Logo>JT	61.2%	61.0%	-0.2%pt
<Logo>MEVIUS	31.3%	30.5%	-0.8%pt
<Logo>Winston	8.0%	7.8%	-0.2%pt
<Logo>Seven Stars	7.8%	7.8%	-0.0%pt
<Logo>Natural American Spirit	2.0%	1.9%	-0.1%pt

Sales volume of cigarettes

(Billions of cigarettes)

	From January to June 2018	From January to June 2019
JT cigarette sales volume ^{*1}	40.4	37.3

*1. Starting from this quarter, the sales volume and market share of cigarettes include little cigars (products that use cigarette paper made from tobacco leaves and are rolled in the same shape as cigarettes), and the values for the previous year have been retrospectively adjusted. In addition, JT cigarette sales volume does not include sales volume of domestic duty free, the China business, RRP, etc.

Financial results

(Billions of yen)

	From January to June 2018	From January to June 2019
Core revenue ^{*2}	272.2	282.3
Adjusted operating profit	103.5	109.2

*2. Includes revenue related to domestic duty free, the China business, RRP and little cigars, but excludes revenue from distribution of imported tobacco in the Japanese domestic tobacco business, among others

International Tobacco Business

Key points this fiscal term

- **Total shipment volume:** Increased due to the positive effects of acquisitions conducted in FY2018 and market share gains in each market
- **Core revenue and adjusted operating profit (at constant rates of exchange):** Revenue and profit both increased due to the effects of favorable pricing and the volume effects

Results summary

		Year-on-year change
Total shipment volume	222.5 billion cigarettes	+16.9 billion cigarettes +8.2%
GFB shipment volume	136.3 billion cigarettes	+5.7 billion cigarettes +4.4%
Core revenue	At constant rates of exchange/ U.S. dollar-based 6,187 million dollars	+482 million dollars +8.5%
Adjusted operating profit	At constant rates of exchange/ U.S. dollar-based 2,155 million dollars	+183 million dollars +9.3%

Market share (12 months moving average)

	June 2018	June 2019	Year-on-year change
France	22.5%	24.0%	+1.5%pt
Italy	23.4%	24.2%	+0.8%pt
Russia	33.3%	38.7%	+5.4%pt
Spain	24.3%	25.1%	+0.8%pt
Taiwan	41.6%	43.9%	+2.3%pt
Turkey	28.1%	28.3%	+0.3%pt
U.K.	40.6%	42.4%	+1.8%pt

Sources: IRI, Nielsen, Logista, JTI estimates (reflects revisions in historical data from data source). The figure for Spain has been calculated on the basis of a 12-month moving average as of May 2019.

Shipment volume

(Billions of cigarettes)

	From January to June 2018	From January to June 2019
Total shipment volume* ¹	205.6	222.5
GFB* ² shipment volume	130.6	136.3

*1. Total shipment volume includes fine cut, cigars, pipe tobacco, snus and kretek but excludes waterpipe tobacco, RRP and contract manufactured products

*2. Global Flagship Brand (GFB) refers to four brands, which serve as flagships of the Group's brand portfolio -Winston, Camel, MEVIUS and LD

Financial results

(Millions of dollar)

	From January to June 2018	From January to June 2019
Core revenue* ³	5,705	5,520
Core revenue at constant rates of exchange	–	6,187
Adjusted operating profit	1,971	1,685
Adjusted operating profit at constant rates of exchange	–	2,155
Yen-based adjusted operating profit	214.3 billion yen	185.4 billion yen

*3. Includes revenue from waterpipe tobacco and RRP, but excludes revenues from distribution, contract manufacturing and other peripheral businesses

Pharmaceutical Business

Key points this fiscal term

- **Revenue and adjusted operating profit:** Revenue and profit both decreased due mainly to the effects of terminating exclusive licensing agreements in Japan pertaining to six anti-HIV drugs

Financial results

(Billions of yen)

	From January to June 2018	From January to June 2019
Revenue	53.2	41.8
Adjusted operating profit	11.4	5.7

	Year-on-year change
Revenue	-11.4 billion yen -21.4%
Adjusted operating profit	-5.7 billion yen -49.8%

Processed Food Business

Key points this fiscal term

- **Revenue:** Revenue decreased despite growth in sales of staple food products and others, due to a decline in sales of other products
- **Adjusted operating profit:** Profit increased mainly due to cost-reduction efforts

Financial results

(Billions of yen)

	From January to June 2018	From January to June 2019
Revenue	77.0	75.4
Adjusted operating profit	1.4	1.6

	Year-on-year change
Revenue	-1.6 billion yen -2.1%
Adjusted operating profit	+0.2 billion yen +11.6%

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as “may”, “will”, “should”, “would”, “expect”, “intend”, “project”, “plan”, “aim”, “seek”, “target”, “anticipate”, “believe”, “estimate”, “predict”, “potential” or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Actual results, performance or achievements, or those of the industries in which we operate, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. Forward-looking statements regarding operating results are particularly subject to a variety of assumptions, some or all of which may not be realized. Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

- (1) increase in awareness of health concerns related to smoking;
- (2) regulatory developments; including, without limitation, tax increases and restrictions on sales, marketing, packaging, labeling and use of tobacco products, privately imposed restrictions and governmental investigations;
- (3) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products;
- (4) our ability to further diversify our business beyond the traditional tobacco industry;
- (5) our ability to successfully expand internationally and make investments outside Japan;
- (6) competition and changing consumer preferences;
- (7) our ability to manage impacts derived from business diversification or business expansion;
- (8) economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which we operate;
- (9) fluctuations in foreign exchange rates and the costs of raw materials; and
- (10) catastrophes, including natural disasters.

Consolidated Financial Statements for the First Six Months of the Fiscal Year Ending December 31, 2019

Note: Yen amounts are rounded to the nearest million.

Consolidated statement of financial position

(Millions of yen)

	As of December 31, 2018	As of June 30, 2019	Increase (Decrease)
Assets			
Current assets	1,809,406	1,863,049	53,643
Non-current assets	3,651,993	3,604,214	(47,779)
Property, plant and equipment	758,841	793,071	34,230
Goodwill	2,008,416	1,974,305	(34,111)
Intangible assets	503,076	465,830	(37,246)
Investment property	17,558	17,635	77
Retirement benefit assets	57,140	56,755	(386)
Investments accounted for using the equity method	66,807	48,030	(18,776)
Other financial assets	115,046	123,664	8,617
Deferred tax assets	125,109	124,925	(184)
Total assets	5,461,400	5,467,263	5,863

(Millions of yen)

	As of December 31, 2018	As of June 30, 2019	Increase (Decrease)
Liabilities and equity			
Liabilities			
Current liabilities	1,430,185	1,441,224	11,039
Non-current liabilities	1,330,770	1,300,024	(30,746)
Total liabilities	2,760,955	2,741,248	(19,707)
Equity			
Equity attributable to owners of the parent company	2,630,594	2,645,458	14,864
Share capital	100,000	100,000	–
Capital surplus	736,400	736,400	–
Treasury shares	(442,829)	(492,569)	(49,740)
Other components of equity	(423,357)	(451,132)	(27,775)
Retained earnings	2,660,381	2,752,759	92,378
Non-controlling interests	69,851	80,557	10,706
Total equity	2,700,445	2,726,015	25,570
Total liabilities and equity	5,461,400	5,467,263	5,863

Consolidated statement of income

(Millions of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019	Increase (Decrease)
Revenue	1,075,271	1,058,549	(16,721)
Cost of sales	(443,511)	(448,420)	(4,909)
Gross profit	631,760	610,129	(21,630)
Other operating income	18,775	66,494	47,719
Share of profit in investments accounted for using the equity method	2,947	2,606	(342)
Selling, general and administrative expenses	(351,152)	(367,903)	(16,752)
Adjusted operating profit ^(Note)	317,812	287,796	(30,016)
Operating profit	302,330	311,326	8,996
Financial income	2,976	4,109	1,133
Financial costs	(14,939)	(24,817)	(9,878)
Profit before income taxes	290,367	290,618	251
Income taxes	(72,807)	(52,194)	20,612
Profit for the period	217,560	238,424	20,863
Attributable to:			
Owners of the parent company	216,093	226,451	10,359
Non-controlling interests	1,468	11,972	10,505
Profit for the period	217,560	238,424	20,863

Note: Adjusted operating profit = operating profit + amortization cost of acquired intangibles arising from business acquisitions + adjustment items (income and costs) *

* Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

Consolidated statement of comprehensive income

(Millions of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019	Increase (Decrease)
Profit for the period	217,560	238,424	20,863
Other comprehensive income, net of taxes	(172,649)	(27,476)	145,173
Comprehensive income for the period	44,911	210,948	166,037
Attributable to:			
Owners of the parent company	44,005	199,375	155,370
Non-controlling interests	907	11,573	10,667
Comprehensive income for the period	44,911	210,948	166,037

Consolidated statement of cash flows

(Millions of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019	Increase (Decrease)
Cash flows from operating activities	229,158	221,938	(7,219)
Cash flows from investing activities	(60,815)	(82,263)	(21,448)
Cash flows from financing activities	(208,915)	(104,044)	104,872
Net increase (decrease) in cash and cash equivalents	(40,573)	35,631	76,204
Cash and cash equivalents at the beginning of the period	285,486	282,063	(3,424)
Effect of exchange rate changes on cash and cash equivalents	(7,561)	(8,535)	(974)
Cash and cash equivalents at the end of the period	237,353	309,159	71,806

JT NEWS

Introducing New Tobacco Products

Ploom TECH, Ploom TECH+, and Ploom S

All three *Ploom* brand products launched throughout Japan

JT has expanded its sales territory with respect to its *Ploom TECH+* low temperature tobacco vapor product and its *Ploom S* high temperature tobacco vapor product, having launched sales of those products on June 17 and August 5, respectively, at convenience stores and tobacco retail stores nationwide.

As a result, JT has made three *Ploom* brand products available for purchase nationwide: the *Ploom TECH* low temperature tobacco vapor product which provides the pleasure of a wide variety of flavors conveniently and cleanly (no smoke smell or influence on air quality in relation to smoking); the *Ploom TECH+* product which provides the pleasure of a robust smoking sensation while maintaining characteristics of a low temperature tobacco vapor product; and, the *Ploom S* high temperature tobacco vapor product which provides pleasure typical of the flavor associated with MEVIUS brand cigarettes. JT is committed to providing a variety of T-Vapor product options with the aim of enabling its customers to enjoy tobacco in a manner aligned with their needs and lifestyles.

<Photo>

During use, the temperature inside the tobacco capsule reaches about 30°C.

<Photo>

During use, the temperature inside the tobacco capsule reaches about 40°C.

<Photo>

During use, the temperature inside the tobacco stick reaches about 200°C.

- * This page is intended as an explanation of the Group's business for shareholders. As such, it is not intended to promote product sales to customers or to encourage them to smoke.

JT NEWS

JT Group Products

Introducing New Processed Food Products and Renewed Products

Asari Clam Rice

Preparation: Microwave or fry pan

400g

<Photo> [New Product]

Boasting delicious asari clams and appetizing ginger aroma

Introducing a popular Japanese rice dish of autumn asari clam rice, featuring ample ingredients such as sweet asari clams, burdock root, carrots, and green beans, combined with Japanese rice cooked to plump perfection. Its appetizing ginger aroma lends it a delicious flavor reminiscent of autumn.

<Photo>

<Photo> [New Product]

Mini-pack Sanuki Udon 6 servings

Preparation: Microwave or hot pot cuisine

6 servings / 600g

- Introducing Sanuki udon noodles in individual small packages containing 100 grams of noodles per package, which is roughly half the normal volume per package. You can enjoy this convenient udon noodle dish in a manner tailored to various meal scenarios. For instance, a single package of noodles is ideal for those with a small appetite, those aiming to eat less, and children, or otherwise serve three packages of noodles when you desire an extra-large helping.

<Photo> [Renewed Product]

Koshihikari Rice, grown in Japan 3 packs

Preparation: Microwave or boiling water

180g × 3 servings

- Featuring a revamped packaged rice container design. The rice is cooked to plump perfection using a special two-step heating method. Each serving is prepared in a tray using delicious water from rice-growing region of Uonuma.

JT has been certified for the 3rd year in a row as an “Outstanding Company in Health and Productivity Management White 500”

On February 21, 2019, JT has been certified as an “Outstanding Company in Health and Productivity Management 2019 White 500,” under a program jointly conducted by the Japanese Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.

The “Outstanding Company in Health and Productivity Management 2019 White 500” program recognizes large companies which look at employees’ health issues from a management perspective and strategically carry out initiatives.

This certification was provided in recognition of our ongoing efforts regarding health and productivity management.

We regard our efforts to promote the physical and mental wellness of our employees as key tasks of management and as such we will continue to actively take on initiatives in that regard.

- Enhancement of health assistance program
- Initiatives for physical and mental wellness promotion
- Initiatives for Work Style Reform

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JT has been named a “Nadeshiko Brand 2019” company

Continuing to promote initiatives to further empower diverse human resources

On March 22, 2019, JT has been named a “Nadeshiko Brand” company. This marks the second time, the first in three years, that JT has been selected.

The “Nadeshiko Brand” is an initiative conducted by METI and the Tokyo Stock Exchange for the purpose of selecting certain enterprises that are outstanding in terms of encouraging the empowerment of women in the workplace and financial performance.

JT believes that sustainable growth of the company hinges on showing respect for differing backgrounds and values, while finding value in such differences, in terms of people’s gender, age and nationality, and also in terms of their personalities, experiences, expertise and other attributes. JT was selected this time around in recognition of its business performance and financial results achieved thanks to its diverse human resources.

Going forward, we will continue promoting initiatives to further empower diverse human resources with the aim of achieving sustainable growth.

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Report on Factory Tours

On June 6 and 7, 2019, factory tours for our shareholders were held at the JT Kita-Kanto Factory. Participants in the tours included shareholders and those accompanying them, selected by means drawing from among a pool of over 2,500 shareholder applicants.

On the days of the event, participants were able to observe processes for manufacturing cigarettes, and were furnished with explanations profiling the Group and the JT Kita-Kanto Factory.

We intend to plan and offer more factory tours going forward in order to foster greater understanding of the Group's business operations and create opportunities for more extensive communication with our shareholders.

<Photo>

Observation of processes for manufacturing

<Photo>

<Photo>

Feedback from tour participants

- Those in charge of the tours provided thorough explanations that were very easy to understand. It made me eager to encourage their efforts going forward.
- Being able to handle actual product components was a great experience.
- I gained a good sense of the attitudes factory employees have toward ensuring thorough quality control.

Donations through the Shareholder Special Benefit Plan

In the Shareholder Special Benefit Plan for shareholders as of December 31, 2018, we provided an option in which shareholders can opt to forego the complimentary gift and instead make a donation to reconstruction support in response to the Great East Japan Earthquake and the 2016 Kumamoto Earthquake. 8,357 shareholders chose to make a donation through this option.

These donations totaled ¥14,299,000, which were contributed to the Central Community Chest of Japan's "2nd Red Feather Disaster Relief Volunteer & NPO Support Fund" and "The Disaster Relief Volunteer & NPO Support Fund Kyushu" on June 28, 2019.

We would like to express our sincere gratitude to all of the shareholders who chose to make a donation.

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The Central Community Chest of Japan

The Central Community Chest of Japan is an alliance of community chests in all 47 prefectures of Japan. Under its Red Feather symbol, the organization carries out planning community chest campaigns

nationwide, awareness enhancing advertising, research and study, and supporting community chest activities in prefectures.

The organization has a large role in the promotion of public welfare business in the private sector through such means as the acceptance and coordination of donation money for use from a broad perspective nationwide and donation money for use by several prefectures, and management of private grant funds, charitable trusts and other such funding.

Report of Shareholder Questionnaire Results

The Company received completed questionnaires from about 15,000 shareholders for the survey targeting shareholders of record as of December 31, 2018. The following are answers we received with respect to the reasons for holding the Company’s stock and policy on shareholdings.

What are your reasons for holding the Company’s stock? (top answers, multiple answers possible)

Attracted by dividends	22.4%
Expecting stability in business results	15.9%
Attracted by Shareholder Special Benefit Plan	11.5%
Familiarity / brand power	8.2%
Sound financial composition	6.0%
Expecting growth in business results	6.0%

- With respect to the reasons for holding the Company’s stock, many of the respondents cited that they were attracted by dividends of and held expectations of stability in business results.
- In order to meet the expectations of our shareholders, our aims include achieving sustainable profit growth over the medium to long term while also continuing to achieve consistent and sustainable growth with respect to dividends per share.

How much longer do you intend to maintain your holdings of the Company’s stock? (choose one answer)

5 years or more	57.7%
Approximately 3 years to 5 years	16.0%
Approximately 1 year to 2 years	5.3%
I intend to sell, or have already sold, my holdings	2.3%
Undecided	18.7%

- With respect to the policy on shareholdings going forward, findings indicate that some 60% of the respondents intend to maintain their holdings of the Company’s stock for 5 years or more.
- We will accordingly consider specifics regarding our complementary gifts for shareholders (Shareholder Special Benefit Plan) and factory tours, while also taking steps to provide them with useful information, with the aim of gaining shareholder support over the medium to long term.

Company Profile

Trade name: Japan Tobacco Inc.

Location of head office: JT Building, 2-1, Toranomom 2-chome, Minato-ku, Tokyo 105-8422, Japan

Tel.: +81-3-3582-3111 (Main)

Fax: +81-3-5572-1441

<https://www.jti.co.jp/>

Established: April 1, 1985

Paid-in capital: ¥100 billion

Ordinary Shares (as of June 30, 2019)

Composition of shareholders

Public sector: 33.35%

Financial institutions: 19.03%

Individuals and others: 25.15%

Securities companies: 4.45%

Other institutions: 1.08%

Foreign institutions and others: 16.94%

Total number of shares authorized: 8,000,000,000 shares

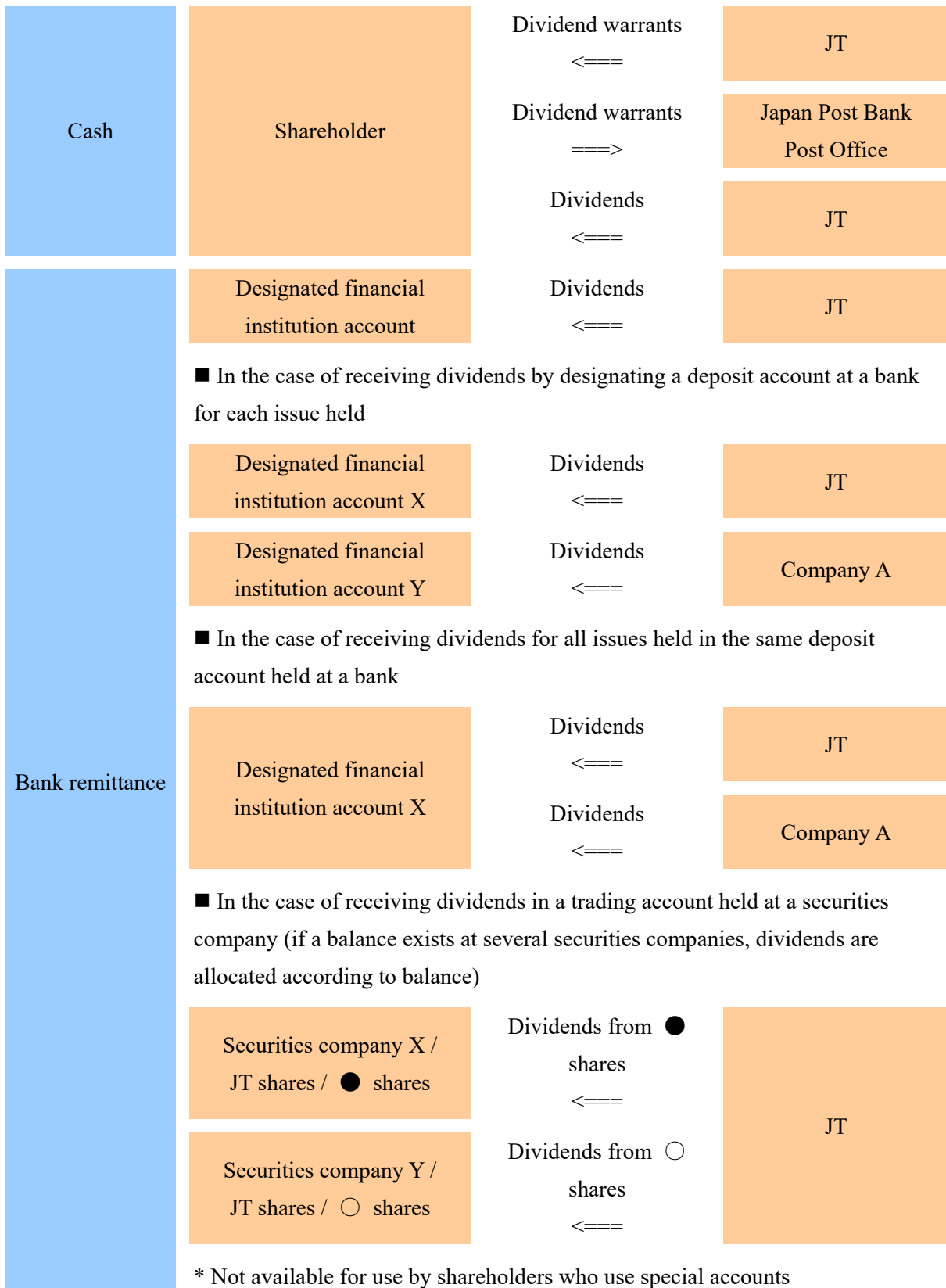
Total number of shares issued: 2,000,000,000 shares

(Number of treasury shares: 226,242,386 shares)

Number of shareholders: 448,630

How to Receive Dividends

Shareholders can receive dividends safely and securely by opting to receive them by bank remittance.



Memo for Shareholders

Closing date: December 31 of each year

Ordinary General Meeting of Shareholders: March of each year

Record date for year-end dividend: December 31 of each year

Record date for interim dividend: June 30 of each year

Share trading unit: 100 shares

Method of public notice:

Electronic public notice

Public notices will be posted on the Company's website: <https://www.jti.co.jp/>

* If the Company is unable to make electronic public notice due to an accident or any other compelling reason, it will make an alternative public notice in "The Nikkei" newspaper.

Shareholder registry administrator / special-account managing institution:

Mitsubishi UFJ Trust and Banking Corporation

■ Office for handling business

4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

■ Inquiry

1-1, Nikkocho, Fuchu-shi, Tokyo, Japan

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

0120-232-711 (toll-free number available only in Japan; 9 a.m. to 5 p.m. on weekdays)

■ Mailing address

P.O. Box No. 29, Shin-Tokyo Post Office, 137-8081, Japan

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

Share Handling Procedures

Shareholders holding accounts with securities companies

[Procedures and contents of inquiries]

- Change in registered address, name
- Change in method to receive dividends or remittance account
- Requests for purchase or sale of shares less than one unit
- Notification of My Number identification number of shareholders whose shares are managed by securities companies *
and similar matters

=> The securities company where the account is opened

- Shipment / return of mail items
- Dividends after the payment period has passed
- Problems including non-receipt of documents and loss of dividend warrants
and similar matters

=> Mitsubishi UFJ Trust and Banking Corporation

Shareholders using special accounts

[All procedures and inquiries]

- Change in registered address, name
- Change in method to receive dividends or remittance account
- Requests for purchase or sale of shares less than one unit
- Shipment / return of mail items
- Dividends after the payment period has passed
- Notification of My Number identification number of shareholders not transacting business with a securities company *
- Other general inquiries on business concerning shares
and similar matters

=> Inquiries

1-1, Nikkocho, Fuchu-shi, Tokyo, Japan

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

0120-232-711 (toll-free number available only in Japan; 9 a.m. to 5 p.m. on weekdays)

Mailing address

P.O. Box No. 29, Shin-Tokyo Post Office, 137-8081, Japan

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

* My Number identification number furnished by a shareholder's municipal government is required for tax-related procedures in relation to shareholdings. As such, we ask that shareholders provide their respective My Number identification number to securities companies and other entities handling transactions.

Members of the Board, Audit & Supervisory Board Members, and Executive Officers
(as of July 1, 2019)

■ Members of the Board

Chairman of the Board	Yasutake Tango
Representative Director and President	Masamichi Terabatake
Representative Director and Executive Vice President	Mutsuo Iwai
Representative Director and Executive Vice President	Naohiro Minami
Representative Director and Executive Vice President	Kiyohide Hirowatari
Member of the Board	Kazuhito Yamashita
Member of the Board	Main Kohda*
Member of the Board	Koichiro Watanabe*
Member of the Board	Yukiko Nagashima*

* Members of the Board Main Kohda, Koichiro Watanabe and Yukiko Nagashima are Outside Directors provided for in Article 2, item 15 of the Companies Act.

■ Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member	Ryoko Nagata
Standing Audit & Supervisory Board Member	Hiroshi Yamamoto
Standing Audit & Supervisory Board Member	Toru Mimura*
Audit & Supervisory Board Member	Hiroshi Obayashi*
Audit & Supervisory Board Member	Koji Yoshikuni*

* Standing Audit & Supervisory Board Member Toru Mimura and Audit & Supervisory Board Members Hiroshi Obayashi and Koji Yoshikuni are Outside Audit & Supervisory Board Members provided for in Article 2, item 16 of the Companies Act.

■ Executive Officers

President, Chief Executive Officer	Masamichi Terabatake
Executive Vice President, President, Tobacco Business	Mutsuo Iwai
Executive Vice President, Chief Finance Officer and Communications	Naohiro Minami
Executive Vice President, Corporate, Pharmaceutical Business and Food Business	Kiyohide Hirowatari
Senior Vice President, Compliance, Sustainability Management and General Affairs	Kazuhito Yamashita
Senior Vice President, President, Japanese Tobacco Business, Tobacco Business	Chito Sasaki
Senior Vice President, Tobacco Business Planning, Corporate, Scientific & Regulatory Affairs, Tobacco Business	Junichi Fukuchi
Senior Vice President, Sales, Tobacco Business	Eiichi Kiyokawa

Senior Vice President, Leaf Procurement, Tobacco Business	Kenji Ogura
Senior Vice President, Quality Assurance, Tobacco Business	Hiroyuki Ikuma
Senior Vice President, RRP Development, Tobacco Business	Yasuhiro Nakajima
Senior Vice President, Marketing, Tobacco Business	Shuichi Hirosue
Senior Vice President, R&D, Tobacco Business	Hiroyuki Miki
Senior Vice President, Manufacturing, Tobacco Business	Akihiro Koyanagi
Senior Vice President, Head of China Division, Tobacco Business	Toru Oguchi
Senior Vice President, President, Pharmaceutical Business	Muneaki Fujimoto
Senior Vice President, Head of Central Pharmaceutical Research Institute, Pharmaceutical Business	Shigenori Ohkawa
Senior Vice President, Food Business	Atsuhiko Kawamata
Senior Vice President, Legal	Haruhiko Yamada
Senior Vice President, Corporate Strategy	Yuki Maeda
Senior Vice President, Business Development	Takehiko Tsutsui
Senior Vice President, Communications	Kei Nakano
Senior Vice President, Digitalization	Takehisa Shibayama
Senior Vice President, General Affairs	Takanori Kikuchi
Senior Vice President, Sustainability Management	Chigusa Ogawa
Senior Vice President, Human Resources	Koichi Mori

Trends in Share Price

Share prices of the Company, from IPO on October 27, 1994 to July 2019 (closing prices on the TSE, monthly basis)

<Chart of share price>

First sale

Sale by bidding

Contract price ¥1,362,000 to ¥2,110,000 (fixed date of the contract price August 29, 1994)

Sale without bidding

Sale price ¥1,438,000 (fixed date of the sale price August 31, 1994)

Second sale

Sale price ¥815,000 (fixed date of the sale price June 17, 1996)

Third sale

Sale price ¥843,000 (fixed date of the sale price June 7, 2004)

Fourth sale

Sale price ¥2,949 (fixed date of the sale price March 11, 2013)

* Due to a share split of 5-for-1 on April 1, 2006, and a share split of 200-for-1 on July 1, 2012, share prices reflect post-split levels.