



JT Group 2022 Nine-Month Results

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*Please be reminded that the figures shown on these slides may differ from those shown in the financial statements as they are intended to facilitate the reader's understanding of individual businesses.

*For details of each term, please refer to annotations on slide 19.

FORWARD-LOOKING STATEMENTS

This presentation 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, changing consumer preferences and behavior;
- (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.



2022 Nine-Month Results

2022 Nine-Month Consolidated Results: Robust performance across all KPIs

(JPY BN)	2022 Jan-Sep	vs. 2021
<u>Reported</u>		
Revenue	2,008.5	+13.7%
AOP	637.8	+17.5%
Operating Profit	579.3	+20.5%
Profit	403.8	+19.2%

Core revenue at constant FX: +4.1% vs. 2021

Adjusted operating profit (AOP) at constant FX: +6.5% vs. 2021

- Driven by pricing contributions in the tobacco business

Revenue and AOP on a reported basis

- Increased year-on-year due to strong business momentum in the tobacco business and favorable FX impact due to weaker Japanese yen, as well as top-line growth in the pharmaceutical and processed food businesses

Operating profit

- Increased as a result of AOP growth and favorable comparison of the expenses we recorded last year: one-time compensation to Japanese leaf tobacco growers who decided to quit cultivation of tobacco and one-time costs related to initiatives to strengthen competitiveness in the tobacco business

Profit

- Increased due to operating profit growth despite higher financing costs

Note: The results for fiscal year 2021 and fiscal year 2022 on a reported basis have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29. The results for fiscal year 2021 and fiscal year 2022 on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

Tobacco Business: Solid volume fueled by share gains and better industry volume

Volume

(BnU)	2022 Jan-Sep	vs. 2021
Total volume	402.0	-0.5%
Combustibles volume	396.0	-0.6%
RRP volume	6.0	+10.7%

Total volume

- (+) Strong combustibles volume momentum in EMA cluster
- (+) RRP volume growth continued
- (-) Accelerated industry volume decline in the U.K.

Combustibles

- (+) Over 60 markets growing volume year-to-date
- (+) Continued market share gains across most key markets: Italy, the Philippines, Spain, Taiwan, Turkey
- (±) Gradual unwind of COVID trends
- (-) Japan, the Philippines and the U.K. volumes down due to industry volume contraction and intense competition in the value segment in Japan and the U.K.

RRP

- (+) on-going HTS* share gains in Japan

*heated tobacco sticks

Tobacco Business: Financial results driven by pricing

Financials

(JPY BN)	2022 Jan-Sep	vs. 2021
Core revenue	1,760.7	+14.9%
at constant FX	1,591.8	+3.9%
AOP	653.4	+16.1%
at constant FX	594.1	+5.5%

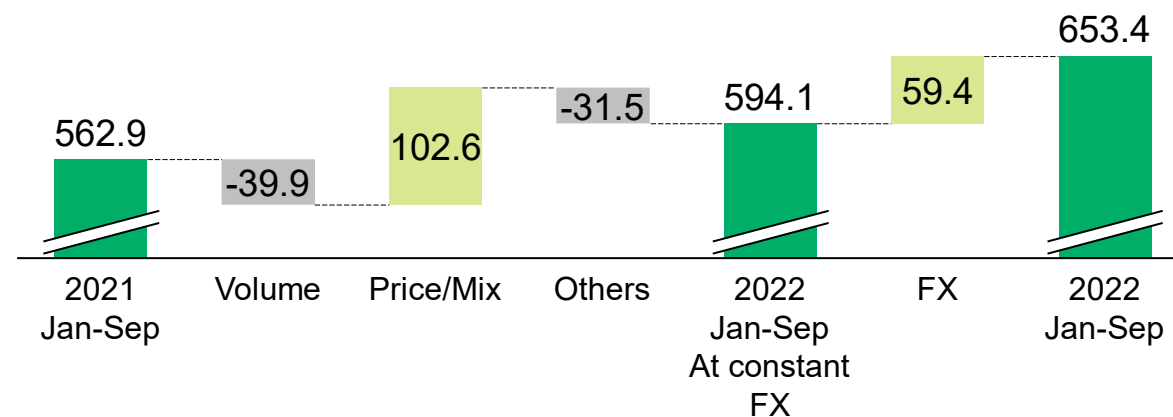
Core revenue and AOP

- Core revenue increased due to strong pricing benefits
- AOP increased driven by strong top-line growth, partially off-set by higher input cost associated to increased energy price and inflation

FX impacts

- Positive effect from weaker Japanese yen

Roadmap of AOP variance (JPY BN)



Note: The results for fiscal year 2021 and fiscal year 2022 on a reported basis have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29. The results for fiscal year 2021 and fiscal year 2022 on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

Tobacco Business: Key Takeaways by Cluster and Key Markets

Asia

Japan

- Camel growth slows combustibles share decline
- Limited negative impact stemming from the October RRP excise tax increase
- Lower core revenue despite pricing benefits

The Philippines

- Lower industry volume and sales volume due to tax-led price increase
- Share gains driven by Camel and Mighty
- Core revenue increased driven by pricing

Taiwan

- Stable industry volume
- Total volume growth outperformed industry driven by share gains by MEVIUS

WE

Italy

- Total volume increased excl. inventories
- Market share growth driven by Winston, fastest growing combustibles brand

Spain

- Improved industry volume due to eased travel restrictions
- Total volume increased driven by Camel market share gains, the fastest growing combustibles brand
- Core revenue grew driven by pricing

The U.K.

- Accelerated industry volume decline due to eased travel restrictions and price hike
- Share gains quarter-on-quarter, driven by Benson & Hedges and Sterling, widening the share gap to #2

EMA

Romania

- Robust industry volume
- Market share stable despite intensified competition in value
- Core revenue grew driven by pricing

Russia

- Combustibles industry volume declined due to price increase
- Total market share was stable
- Core revenue grew driven by pricing

Turkey

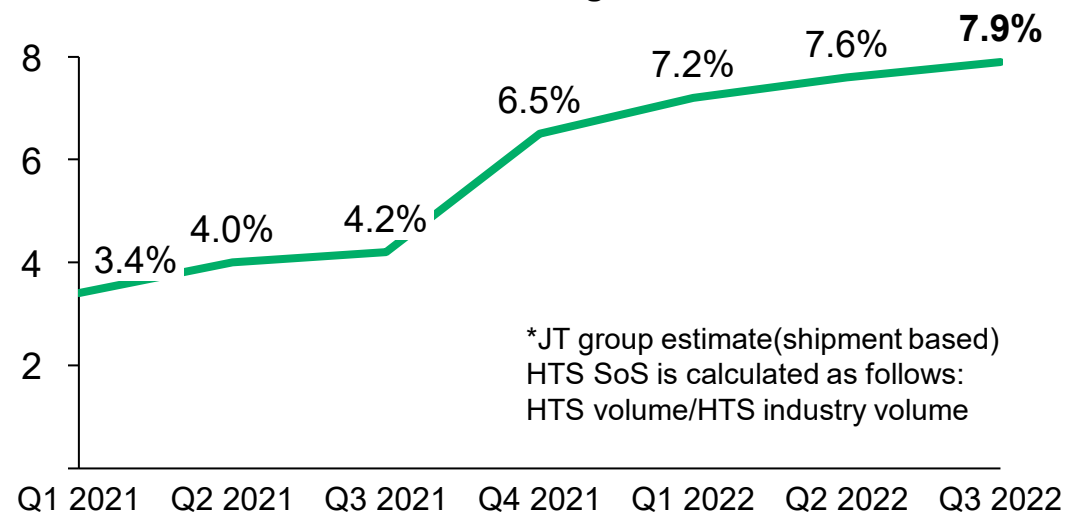
- Total volume decreased due to industry volume contraction following pricing to reflect tax hike and inflation
- Market share growth driven by Winston
- Solid pricing contribution to core revenue

Tobacco Business: Updates on Ploom X

Japan

- Continued share growth within the HTS segment driven by active sales promotions
- After price-hike in October, off-take base share shows steady performance

Japan market: market share evolution in HTS segment*



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Tobacco Business: Ploom X geo-expansion updates

Ploom X coming to London

- Launch in the Greater London region in October 2022
 - ✓ 9 SKUs available, including 3 capsule offerings
 - ✓ New online platform
 - ✓ Distribution through key accounts, accredited retailers & vape stores



Geo-expansion updates

- Improved semi-conductor availability and supply visibility secured until first half of 2023
- Ploom X launch will be accelerated internationally during 2023 and onward



Joint venture and strategic long-term global partnership with Altria

- Entered into a joint venture with Altria Group to market and commercialize HTS products in the U.S. with Ploom branded devices and Marlboro branded consumables.
- Also signed a long-term, non-binding global memorandum of understanding to explore commercial opportunities for a wide range of potentially RRP
- As a part of our strategic focus on HTS, this cooperation will increase the global harm reduction possibilities for adult consumers, and drive incremental value
- Combining the scientific and regulatory expertise of both companies to jointly prepare U.S. Food and Drug Administration filings, including a Premarket Tobacco Product Application for the latest version of Ploom HTS products, expected in first half of 2025



Altria



Pharmaceutical and Processed Food Businesses: Financial Results

Pharmaceutical Business

(JPY BN)	2022 Jan-Sep	vs. 2021
Revenue	59.7	+5.1%
AOP	7.3	+10.0%

Processed Food Business

(JPY BN)	2022 Jan-Sep	vs. 2021
Revenue	112.8	+5.8%
AOP	1.9	-21.2%

- **Revenue** increased year-on-year driven by sales growth at our consolidated subsidiary, Torii Pharmaceutical, from CORECTIM® Ointment in the area of skin diseases, CEDARCURE® Japanese Cedar Pollen Sublingual Tablets and MITICURE® House Dust Mite Sublingual Tablets in the area of allergens
- **AOP** increased year-on-year due to top-line growth at Torii Pharmaceutical
- **Revenue** increased year-on-year due to the price increases in the frozen and ambient foods segment
- **AOP** decreased year-on-year due to soaring raw material costs and unfavorable FX impacts despite the price increases



Full-year Revised Forecast

Update on the Russian Market and Impacts on the Revised Forecasts

Business overview of Russian market

- While we continue to manufacture and distribute our products, the operating environment remains very challenging
- Under these circumstances, the JT Group continues to take necessary decisions to address the changing situation in accordance with the Group's management principle, which is to pursue the 4S model, as well as in compliance with applicable regulations and international sanctions

Financial impact and impact on revised forecasts

- Russian market accounts for approximately 11% of revenue and 21% of adjusted operating profit in the revised 2022 consolidated financials forecasts
- Sensitivity guidance:
 - 1% deviation of JPY against RUB from the assumption rates will lead to more than JPY 2.0 billion impact on full year 2022 adjusted operating profit revised forecast*

*FX sensitivity guidance except RUB is as follows: 1% depreciation from the assumption rates against JPY by GBP leads to more than JPY +1.0 billion / by TWD leads to approx. JPY +1.0 billion / by PHP leads to approx. JPY +1.0 billion / by EUR leads to approx. JPY +1.0 billion / by CHF leads to approx. JPY -0.5 billion on full year 2022 adjusted operating profit revised forecast

Consolidated Revised Forecasts

(JPY BN)	FY2022 Revised forecasts	vs. Previous forecasts	vs. FY2021
<u>Reported</u>			
Revenue	2,668.0	+182.0	+14.8%
AOP	728.0	+103.0	+19.3%
Operating profit	649.0	+100.0	+30.1%
Profit	445.0	+83.0	+31.5%
FCF	465.0	+77.0	-17.0 JPY BN

Note: The forecasts for fiscal year 2022 on a reported basis shown above have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29. The forecasts on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

Core revenue at constant FX:

+2.5% vs. the previous forecast and +3.3% vs. 2021

- Upward revision due to incremental volume and additional pricing effects in the tobacco business

Adjusted operating profit (AOP) at constant FX:

+9.3% vs. the previous forecast and +8.1% vs. 2021

- Upward revision due to top-line growth off-setting higher input costs within the supply chain

Revenue and AOP on a reported basis

- Upward revision due to positive FX impact driven by weaker Japanese yen

Operating profit and profit

- Operating profit: upward revision due to an increased AOP
- Profit: upward revision due to an increased operating profit, lower effective tax rate, despite higher financing costs

FCF

- Upward revision of 77.0 billion yen, reflecting an increased AOP and lower CAPEX

Tobacco Business: Revised Forecasts

Volume

	FY2022 Revised forecast	Previous forecast
Total volume	A decrease of approx. 2% vs. 2021	A decrease of approx. 3% vs. 2021

Financials

(JPY BN)	FY2022 Revised forecasts	vs. Previous forecasts	vs. FY2021
<u>Reported</u>			
Revenue	2,330.0	+182.0	+16.4%
AOP	758.0	+103.0	+18.6%

Note: The forecasts for fiscal year 2022 on a reported basis shown above have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29. The forecasts on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

Volume assumptions

- Upward revision due to better industry volume and strong share momentum in several markets

Financials on a constant FX basis

Core revenue: +2.9% vs. the previous forecast

- Upward revision due to incremental volume and additional pricing effects

AOP: +8.8% vs. the previous forecast

- Upward revision due to top-line growth off-setting higher input costs within the supply chain

Financials on a reported basis

Core revenue and AOP:

- Both revised upward due to positive FX impact driven by weaker JPY

Pharmaceutical and Processed Food Businesses : Revised Forecasts

Pharmaceutical Business

(JPY BN)	FY2022 Revised forecasts	vs. Previous forecasts	vs. FY2021
Core revenue	83.5	+1.0	+3.9%
AOP	11.0	+1.0	-0.8%

- **Revenue: +1.2% vs. the previous forecast**
- **AOP: +10.0% vs. the previous forecast**

Both revenue and AOP revised upward due to royalty income upswing including favorable FX impact

Processed Food Business

(JPY BN)	FY2022 Revised forecasts	vs. Previous forecasts	vs. FY2021
Core revenue	151.0	-3.0	+2.6%
AOP	2.0	-	-49.4%

- **Revenue: -1.9% vs. the previous forecast**
Downward revision due to share transfer agreement regarding our bakery business and delayed recovery in food service product following the COVID impact this summer
- **AOP: unchanged from the previous forecast**
Cost reduction initiatives in the frozen and ambient foods segment to offset unfavorable FX impacts



Closing Remarks

Closing Remarks

Nine-month results

- Strong performance fueled by robust pricing and favorable FX impact due to weaker JPY

2022 Full-year revised forecasts

- Upward revision due to incremental volume and additional pricing effects
- Positive FX impact on reported AOP and profit driven by weaker Japanese yen

Our Ploom X progress

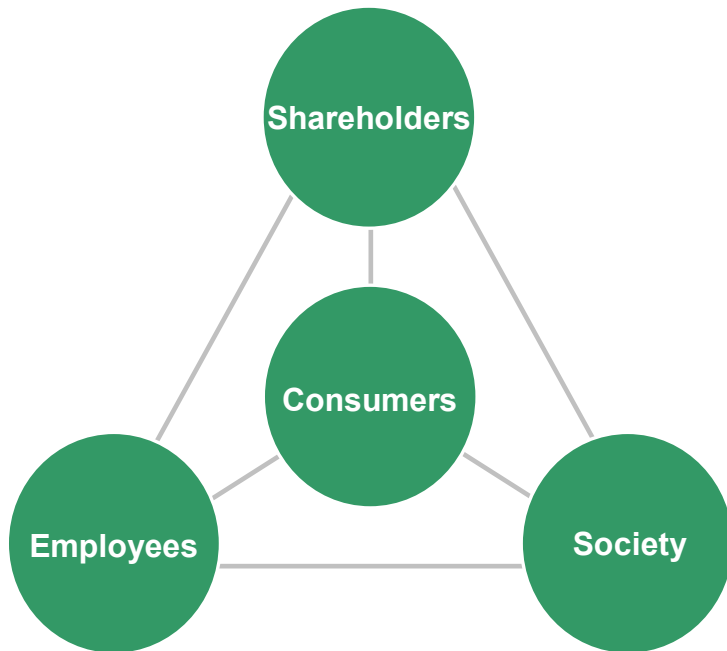
- Continued growth in Japan market reaching 7.9% of market share within the HTS segment
- Ploom X launched in London and intent to accelerate international launch plans in 2023 and onward

JV in the U.S. and a strategic long-term global partnership

- Part of our strategic focus on HTS
- Will expand the global harm reduction possibilities for adult consumers, and drive incremental value

Shareholder returns

- Annual dividend guidance to be revised upward by JPY 38 to JPY 188 based on the upward revised full-year forecast and our shareholder return policy



<Definitions>

Adjusted operating profit (AOP):	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
~at constant FX:	Constant FX 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 FX are provided additionally and are not an alternative to financial reporting under International Financial Reporting Standards (IFRS).
Core revenue at constant FX	The sum of revenues in the pharmaceutical business, processed food business, and others, as well as the core revenue in the tobacco business, which is computed using the same foreign exchange rates as in the equivalent period in the previous fiscal year. Results at constant FX are provided additionally and are not an alternative to financial reporting under International Financial Reporting Standards (IFRS).
Profit:	Profit attributable to owners of the parent company
Reduced-Risk Products (RRP):	Products with the potential to reduce the risks associated with smoking. In JT's portfolio, these products include heated tobacco sticks (HTS), infused-tobacco capsules (Infused), E-Vapor and Oral.
Heated tobacco sticks (HTS) :	High temperature heated tobacco products. One stick is equivalent to a stick of cigarettes.
Combustibles :	Combustibles include all tobacco products excluding contract manufactured products, waterpipe, heated tobacco products, oral and E-Vapor.
GFB : (Global Flagship Brands)	Global Flagship Brands: Winston, Camel, MEVIUS and LD (4 brands)

<Definitions>

Total volume:	The volume of tobacco-based products which excludes contract-manufactured products, waterpipe, RRP devices and related accessories.
Combustibles volume:	The shipment volume of combustibles which excludes contract-manufactured products, snus, waterpipe, heated tobacco products and E-Vapor.
RRP volume:	Reduced-Risk Products (RRP) volume in cigarette-stick equivalent. This also excludes RRP devices, RRP related accessories, etc.
Core revenue:	Core revenue includes all revenue excluding those from distribution, contract manufacturing and other peripheral businesses.