



JT Group 2022 First-Quarter 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 12.

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.

Humanitarian aid in Ukraine

- Supporting relocation of employees and their families to safer areas, including outside the country
- Committed \$5 million funding to support access to health, medical, food and daily necessities in Ukraine and surrounding countries through:
 - Contributing funds to Japanese and international humanitarian organizations and hospitals
 - Managing global humanitarian efforts by working closely with several aid organizations to establish relief efforts and provide immediate help to affected people
 - Implementing a campaign of matching personal humanitarian donations of employees.



Update on the Russia situation and potential impact on full-year forecasts

Business overview of Russian market

- Suspended all new investments and marketing activities as well as the planned launch of Ploom X
- Given the challenging and unpredictable environment, continuing to evaluate various options for the Russia business, including the potential transfer of ownership

Financial impact and potential implications to full-year earnings guidance

- Several risks of cost increases expected despite short-term cost-saving effects related to the suspension of Ploom X launch
 - Energy price hikes and increased import/export costs
- Implications on full-year earnings forecast cannot be reasonably estimated at present. Any forecast revision will be communicated along with the second quarter financial results or later.
- Russian market accounts for approximately 8% of revenue and 15% of adjusted operating profit in the 2022 consolidated financials forecast disclosed on 14th February, 2022
- FX: a 1% deviation of JPY against RUB from the assumption rates will lead to approximately JPY 1.5 billion impact on full year 2022 adjusted operating profit forecast*

*FX sensitivity guidance is as follows: 1% depreciation from the assumption rates against JPY by GBP leads to approximately +1.0 billion yen / by TWD leads to +1.0 billion yen / by PHP leads to +1.0 billion yen / by EUR leads to a little over +0.5 billion yen / by TRY leads to less than +0.5 billion yen / by CHF leads to -0.5 billion yen on full year 2022 adjusted operating profit forecast

2022 First-Quarter Consolidated Results

(JPY BN)	2022 Jan-Mar	vs. 2021
<u>Reported</u>		
Revenue	581.5	+6.2%
AOP	194.9	+9.4%
Operating Profit	178.4	+11.4%
Profit	124.1	+9.1%

Core revenue at constant FX: +3.8% vs. 2021

Adjusted operating profit (AOP) at constant FX: +4.5% vs. 2021

- Driven by increases across all businesses, mainly fueled by strong pricing in the tobacco business

Revenue, AOP and Operating profit on a reported basis

- Driven by top-line growth across all businesses along with favorable FX movements in the tobacco business

Profit

- Increased driven by operating profit growth, partially offset by higher corporate income tax

Note: The results for fiscal year 2021 and fiscal year 2022 on a reported basis shown above have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, results 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: Volume Performance

Volume (BnU)

	2022 Jan-Mar	vs. 2021
Total volume	128.5	+1.2%
Combustibles volume	126.6	+1.0%
RRP volume	2.0	+16.0%

Total volume

- Total volume increased by 1.2% despite the declining trend of industry volume in several markets. Sales volume increased in Global Travel Retail* and in emerging markets.

Combustibles

- On-going market share gains across most key markets: Italy, the Philippines, Romania, Spain, Taiwan, Turkey

RRP

- Driven by Ploom X growth in Japan

*Global Travel Retail is the new denomination reflecting the combination of the duty-free markets from the previous Japanese-domestic tobacco and international tobacco businesses. The performance of these markets is included in the EMA cluster.

Tobacco business: Financial Results

Financials (JPY BN)

	2022 Jan-Mar	vs. 2021
Core revenue	502.0	+6.1%
at constant FX	489.4	+3.4%
AOP	197.3	+8.3%
at constant FX	188.6	+3.4%

Core Revenue and AOP

Operations

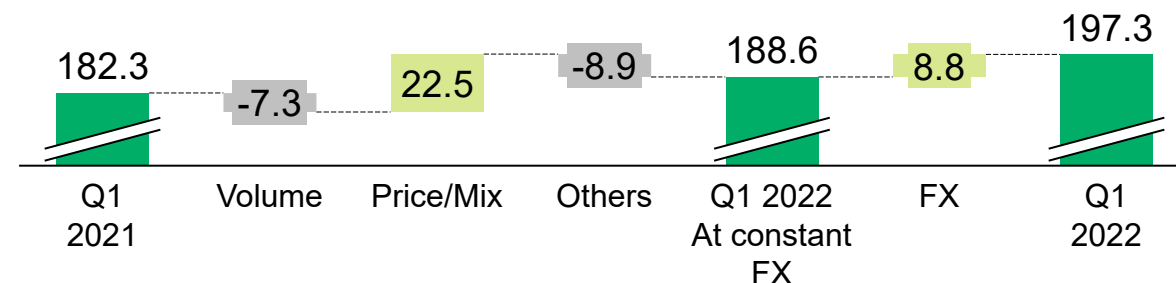
- Core revenue and AOP increased driven by robust pricing effects in several markets, notably Japan and Turkey
- Volume contribution was negative due to lower industry size in some high-margin markets caused by eased travel restrictions

FX

(+) weaker JPY against USD

(-) weaker TRY against JPY

Roadmap of AOP variance (JPY BN)



Note: The results for fiscal year 2021 and fiscal year 2022 on a reported basis shown above have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, results on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets. The FX impact in the figure above includes the aforementioned adjustments in addition to the prevailing FX impacts.

Tobacco business: key takeaways by cluster and key markets

Asia

Japan

- On-going down-trading trend in combustibles
- HTS volume and market share increase

The Philippines

- Market share gains driven by Camel and Mighty

Taiwan

- Winston and MEVIUS drove market share gains
- Total volume flat vs. PY despite the industry volume decline

WE

Italy

- Market share gains driven by Winston

Spain

- Total volume growth fueled by gradual unwind of COVID travel restrictions and market share gains

The UK

- Total volume decline due to gradual unwind of COVID travel restrictions

EMA

Romania

- Total volume growth and market share gains driven by Winston

Russia

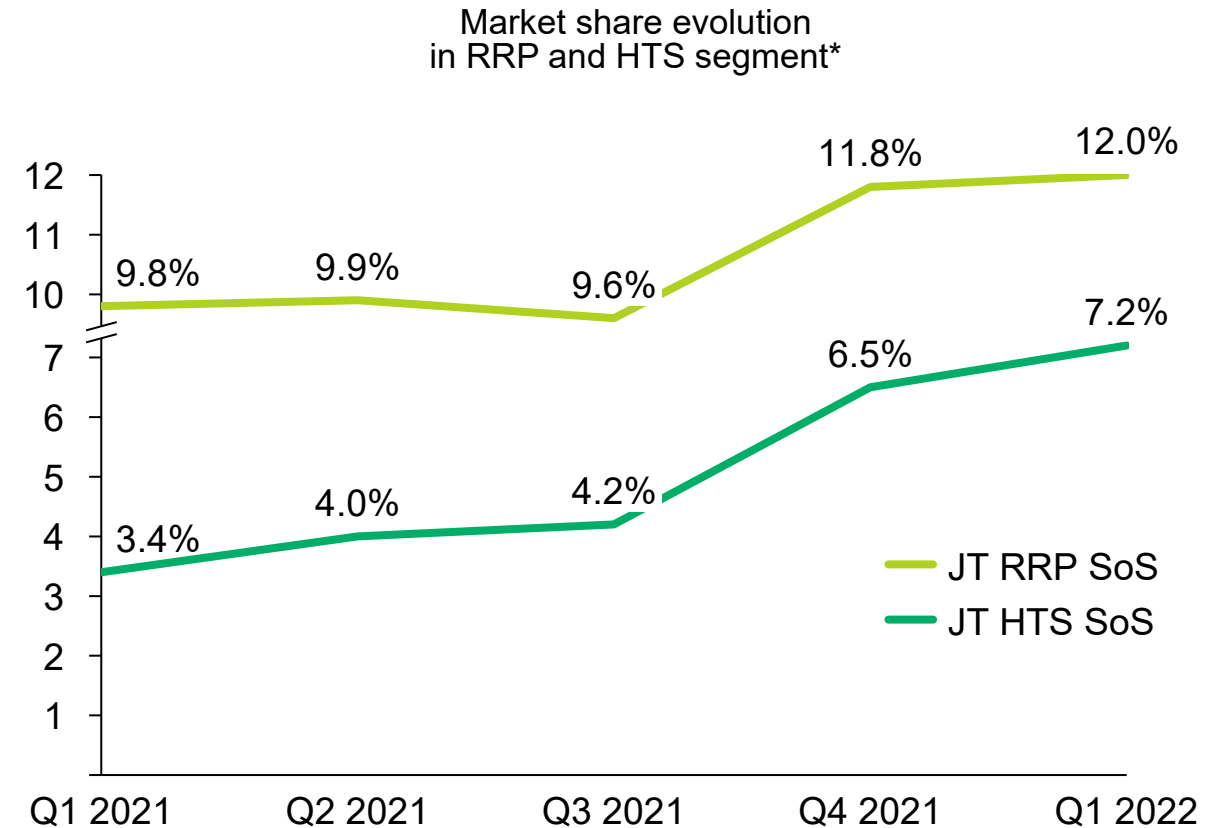
- Total volume decline due to continued industry volume contraction of combustibles
- HTS market share continued to grow

Turkey

- Market share gains driven by Winston

Tobacco business: Ploom X progress in Japan market

- Since the national launch of Ploom X in August 2021, HTS market share has grown steadily achieving 7.2% within the HTS segment



*JT Group estimate (shipment based)
HTS SoS is calculated as follows: HTS volume/HTS industry volume

This slide is intended only to explain operations of the JT Group, not to promote sales of tobacco or vaping products or encourage smoking or vaping among consumers.

Pharmaceutical and Processed food businesses: Financial Results

Pharmaceutical Business

(JPY BN)	2022 Jan-Mar	vs. 2021
Revenue	21.3	+8.3%
AOP	4.6	+8.0%

- **Revenue** increased by 8.3% driven by sales growth at our consolidated subsidiary, Torii Pharmaceutical, CORECTIM® Ointment in the area of skin diseases and CEDARCURE® Japanese Cedar Pollen Sublingual Tablets in the area of allergens.
- **AOP** increased by 8.0% due to top line growth at Torii more than offsetting the R&D cost at JT.

Processed Food Business

(JPY BN)	2022 Jan-Mar	vs. 2021
Revenue	35.7	+5.5%
AOP	0.4	+26.4%

- **Revenue** increased by 5.5% from frozen and ambient foods segment fueled by the expansion of both household frozen and food service products.
- **AOP** increased by 26.4% driven by top-line growth and favorable normalized costs despite unfavorable currency movements and an increase in costs including raw material costs. In 2021, costs were higher due to a one-time impairment loss related to a fire accident.

Closing remarks

2022 Jan-Mar results

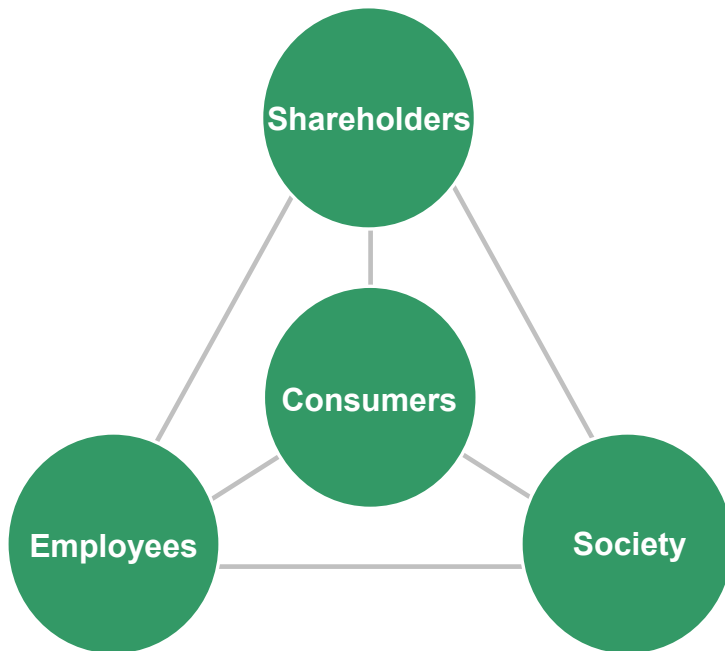
- Tobacco Business
 - Gradual unwind of COVID trends has been observed in several markets
 - Strong performance fueled by pricing in line with the full-year forecasts

2022 Full-year earnings forecasts

- Guidance remains unchanged for now, given the challenging and unpredictable environment in Russia and Ukraine. Any forecast revision will be announced with the second quarter financial results or later.

Tobacco Investor Conference

- Initially scheduled to be held on 19th May
- Decision to postpone due to uncertainties in the operating environment



<Definitions>

Adjusted operating profit (AOP):	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
Consolidated adjusted operating profit 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.