



Tokyo, May 2, 2023

2023 First Quarter Results

2023 First Quarter Highlights (vs. 2022)

- Revenue increased by 14.4% to JPY 665.3 billion.
- Core revenue at constant FX increased by 6.2% to JPY 594.6 billion.
- Adjusted operating profit at constant FX increased by 5.1% to JPY 204.7 billion.
- On a reported basis, adjusted operating profit increased by 14.6 % to JPY 223.4 billion.
- Operating profit increased by 15.7% to JPY 206.4 billion.
- Profit increased by 16.6% to JPY 144.7 billion.

Please refer to 'Data Sheets' on page 9 for more financial figures.

Comments from Masamichi Terabatake, President and CEO of the JT Group:

“JT Group delivered solid results in the first quarter, building on the positive momentum across its businesses. Robust pricing in the tobacco business continued to drive the strong performance of the Group.

In line with our plan to increase our presence in HTS (heated tobacco sticks) and establish the foundations for JT Group's future earnings growth, we successfully launched Ploom X in Italy and Lithuania in April, after an encouraging rollout in the U.K. We are making good progress for additional international launches, with a rollout in Portugal planned for mid May.

Guided by the Group's management principle, which is to pursue the 4S model*, and considering the recently announced JT Group Purpose**, we will continue to take all necessary decisions to address operational uncertainties, such as regulatory changes, economic instabilities and volatile foreign exchange rates.

Together as a Group, we are confident in our ability to deliver on our full year forecast.”

* Under the 4S model, we strive to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups and exceeding their expectations wherever we can. For more details, please visit https://www.jt.com/about/management_principles/index.html

** The JT Group Purpose “Fulfilling Moments, Enriching Life” is designed to clarify the direction to being a sustainable entity. The area of “human enrichment” undergoes changes in various ways with the times and the people, and the JT Group strives to evolve constantly so that we can continue to be entrusted within this area by society and make valuable contributions in the future.

Investors' Meeting

An investors' meeting with members of the investor community will be held on May 2, 2023 at 5:00pm Tokyo time. An on-demand audio recording of this conference will be available on our website (https://www.jt.com/investors/results/presentation_financial). For detailed information on the consolidated financial results, please visit the Company's website (<https://www.jt.com/investors/>).

Note on Hyperinflationary Adjustments

The results for fiscal year 2022 and fiscal year 2023 as well as the forecasts for fiscal year 2023 on a reported basis 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, the 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. As of Q1 2023, the impacts of the hyperinflationary accounting and hyperinflation include those in Ethiopia, Iran, Sudan and Turkey.

Q1 2023 Financial Results

Consolidated Results

(billions of JPY)	Q1 2023	Q1 2022	Variance
Revenue	665.3	581.5	+14.4%
Adjusted operating profit	223.4	194.9	+14.6%
Operating profit	206.4	178.4	+15.7%
Profit	144.7	124.1	+16.6%
Core revenue at constant FX	594.6	559.6	+6.2%
Adjusted operating profit at constant FX	204.7	194.9	+5.1%

Q1 2023

- **Revenue**
Revenue increased by 14.4% to JPY 665.3 billion, driven by an increase in the tobacco and pharmaceutical businesses as well as positive currency movements due to a weaker Japanese yen. At constant FX, core revenue increased by 6.2% to JPY 594.6 billion.
- **Adjusted operating profit**
Adjusted operating profit increased by 14.6 % to JPY 223.4 billion, driven by increases across all businesses and positive currency movements from a weaker Japanese yen. At constant FX, adjusted operating profit increased by 5.1 % to JPY 204.7 billion.
- **Operating profit**
Operating profit increased by 15.7 % to JPY 206.4 billion, driven by an increase in adjusted operating profit.
- **Profit**
Profit increased by 16.6 % to JPY 144.7 billion, driven by an increase in operating profit and lower corporate tax, partially offset by increased financing costs.

Results by Business Segment

Tobacco Business

(billions of JPY)	Q1 2023	Q1 2022	Variance
Core revenue	579.1	502.0	+15.3% (+6.3%)*
Adjusted operating profit	225.1	197.3	+14.1% (+4.6%)*

Reference (billions of units, billions of JPY)

Total volume	130.2	128.5	+1.3%
Combustibles volume	128.2	126.6	+1.2%
RRP volume	2.0	2.0	+3.0%
RRP-related revenue	20.3	19.1	+6.4%

*At constant FX

Q1 2023

- **Core revenue and adjusted operating profit**

Core revenue and adjusted operating profit increased, driven by continued market share gains, strong pricing contribution in combustibles, RRP-related revenue growth, and favorable currency movements due to the weak Japanese yen. Core revenue grew by 15.3%, and by 6.3% at constant FX, driven by a positive price/mix contribution of JPY 32.1 billion, mainly from Western Europe and EMA clusters, offsetting a slightly negative volume variance of JPY 0.5 billion due to the Western Europe cluster. RRP-related revenue grew by 6.4%, fueled by Ploom X in Japan. Adjusted operating profit increased by 14.1%, and by 4.6% at constant FX, driven by the core revenue growth, partially offset by higher input costs.

- **Volume and market share¹**

Continued market share gains and sustained RRP volume growth resulted in total volume increasing by 1.3%. RRP volume grew by 3.0%, driven by continued HTS growth in Japan, and combustibles volume was up 1.2%, driven by the Asia and EMA clusters. Global Flagship Brands (GFB) grew volume by 4.2%, fueled by Winston (+3.2%) and Camel (+15.1%), while MEVIUS was almost flat (-0.4%).

Total tobacco market² share grew in many markets, including the key markets of Italy, Japan, the Philippines, Russia, and Taiwan.

Tobacco Business Performance Review by Cluster

Asia

(billions of JPY)	Q1 2023	Q1 2022	Variance
Core revenue	196.2	192.9	+1.7% (-1.0%)*
Adjusted operating profit	75.8	75.7	+0.2% (+0.5%)*
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Reference (billions of units)			
Total volume	32.1	31.5	+2.1%

*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue increased by 1.7%, driven by a positive volume variance, notably in Japan and Malaysia, and favorable currency movements, partially offset by a negative price/mix contribution, mainly in Japan. At constant FX, core revenue decreased by 1.0%.

Adjusted operating profit grew by 0.2%, as the positive volume variance and lower costs offset the negative price/mix contribution and unfavorable currency movements. At constant FX, adjusted operating profit increased by 0.5%.

- **Volume and market share¹**

Total and GFB volumes increased by 2.1% and 9.1%, respectively, mainly driven by sustained market share gains across the cluster. Total tobacco market share increased in Bangladesh, Japan, Malaysia, the Philippines, South Korea, and Taiwan.

- **By market¹**

In Japan, total volume grew by 4.5%, driven by market share gains and a favorable industry volume² trend fueled by RRP growth and low-single digit combustibles decline. Total market share reached 42.7% year to date (+0.6ppt).

In combustibles, volume increased by 2.6%, driven by category share gains (+3.5ppt to 60.6%), fueled by MEVIUS E-series and Camel Craft, which more than offset an industry volume contraction estimated at 3.3%.

In RRP, a category estimated at 37.4% (shipment basis) of the total tobacco industry size, volume increased by 22.4% with RRP share increasing by 0.7ppt to reach 12.7%. Within the HTS segment, Ploom X increased its volume by 51.8% and continued to grow share, reaching an HTS segment share of 9.3%, up by 2.1ppt year-to-date.

Core revenue decreased, due to the negative price/mix variance, partially offset by the positive volume contribution.

In the Philippines², total volume was stable, as industry volume contraction was offset by market share gains. GFB volume increased by a strong 34.0%, fueled by Camel. Year-to-date total market share grew by an estimated 2.1ppt to 38.4%.

Core revenue at constant FX increased, driven by a positive price/mix contribution.

In Taiwan², due to industry volume contraction following the gradual unwinding of COVID trends, total and GFB volumes decreased by 1.7% and 2.3%, respectively. Year-to-date market share increased by 1.3ppt to 50.0%, driven by gains from Winston and LD.

Core revenue at constant FX decreased, due to the negative variance from both volume and price/mix.

Western Europe

(billions of JPY)	Q1 2023	Q1 2022	Variance
Core revenue	140.5	125.2	+12.2% (+4.7%)*
Adjusted operating profit	64.7	61.2	+5.8% (+3.3%)*
Reference (billions of units)			
Total volume	26.1	27.5	-5.2%

*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue increased by 12.2%, and by 4.7% at constant FX, driven by a positive price/mix contribution, mainly in Germany, Spain and the U.K., and by favorable currency movements, more than offsetting a negative volume variance, mainly in Ireland, Spain and the U.K.

Adjusted operating profit grew by 5.8%, and by 3.3% at constant FX, driven by the core revenue increase and favorable currency movements.

- **Volume and market share¹**

Total volume decreased by 5.2%, due to industry volume contraction across most of the cluster, notably in the U.K. GFB volumes decreased by 2.1%, despite share gains by Winston and Camel. Total tobacco market share grew in Belgium, France, Germany, Italy, Luxembourg, and the Netherlands.

- **By market¹**

In Italy, total volume grew by 1.3%, and by 4.8% when excluding inventory movements, supported by temporary increase in trade demand ahead of excise tax increases. GFB volume increased by 1.5%, driven by Winston. Year-to-date total tobacco market share grew by 0.3ppt to 23.1%.

Core revenue at constant FX decreased as the negative price/mix variance more than offset the positive volume contribution.

In Spain, total volume declined by 6.2%, and by 2.1% when excluding inventory movements, due to industry volume contraction. GFB volume decreased by 6.8%, due to Winston and Camel. Year-to-date total tobacco market share fell 28.0%, down by 0.1ppt.

Core revenue at constant FX increased, driven by the positive price/mix contribution which exceeded the negative volume variance.

In the U.K., total volume declined by 17.1%, in line with the industry volume contraction, resulting from the full unwinding of COVID trends and excise-tax led price increases. Year-to-date total tobacco market share declined by 0.4ppt to 44.3%, despite share gains by Benson & Hedges.

Core revenue at constant FX increased as the positive price/mix contribution more than offset the negative volume variance.

EMA

(billions of JPY)	Q1 2023	Q1 2022	Variance
Core revenue	242.4	183.9	+31.8% (+15.1%)*
Adjusted operating profit	84.6	60.4	+40.0% (+11.3%)*
Reference (billions of units)			
Total volume	72.0	69.6	+3.4%

*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue increased by 31.8%, and by 15.1% at constant FX, driven by a favorable volume variance, mainly in Egypt, Global Travel Retail and Romania, and by a strong positive price/mix contribution, notably in Canada, Iran, Kazakhstan, Poland, Russia and Turkey, as well as favorable currency movements.

Adjusted operating profit grew by 40.0%, and by 11.3% at constant FX, driven by the solid core revenue increase and favorable currency movements, partially offset by higher input costs within the supply chain.

- **Volume and market share¹**

Total and GFB volumes increased by 3.4% and 4.7%, respectively, mainly driven by Brazil, Egypt, Global Travel Retail, Jordan, Romania, and Turkey. Total tobacco market share increased across the cluster, including in Azerbaijan, Brazil, Canada, the Czech Republic, Iran, Jordan, Lebanon, Morocco, Russia, South Africa Tanzania, and the U.S.

- **By market¹**

In Romania, total and GFB volumes increased by 5.7% and 19.9%, respectively, driven by strong growth from Camel. Year-to-date total tobacco market share decreased by 0.5ppt to 27.5%, despite gains by Camel.

Core revenue at constant FX increased, driven by the positive variance of both volume and price/mix.

In Russia, total volume decreased by 4.5%, and by 2.7% when excluding inventory movements, while the industry volume³ contraction was estimated at -2.9% mainly due to excise tax-led price increases. GFB volume declined by 1.3%, despite growth from Winston and Camel. Year-to-date total tobacco market share was almost flat at 36.5%, despite share gains by Camel and Sobranie.

Core revenue at constant FX grew, driven by price/mix mainly due to excise-tax led price increases, more than offsetting a negative volume variance.

In Turkey², total volume increased by 7.7%, and by 10.7% when excluding inventory movements, supported by a higher industry volume resulting from a favorable comparison to the same period last year. GFB volume was up by 8.8%, fueled by Winston and Camel. Year-to-date total tobacco market share decreased by 0.8ppt to 27.2%, mainly due to Camel and LD.

Core revenue at constant FX increased, driven by the positive contribution of both volume and price/mix.

¹ Source: the figures for total tobacco market share are based on IRI, Logista, Nielsen, Panel Strator, and JT Group estimates on year-to-date average, unless otherwise specified, based on total tobacco figures (i.e. combustibles and heated tobacco products) at the end of March 2023. Year-to-date share of market growth for 2023 is calculated against

year-to-date total tobacco shares of market at the end of the respective period in 2022. Brazil, Czech Republic, Germany, Jordan, Lebanon, the Philippines, Romania, Spain and Tanzania are on a year-to-date average at the end of February 2023.

² From the first quarter of 2023 onward, the market share is computed based on combustibles and heated tobacco products (HTP) industry size, for all markets, however the market share for the Philippines, Taiwan and Turkey includes combustibles only. Prior to this disclosure, only the Japan and Russia market were using this scope for market share purposes, all other markets reported combustibles market share.

³ Source: JT Group estimates based on a year-to-date average at the end of March 2023 for total tobacco data versus the same period last year.

Pharmaceutical Business

(billions of JPY)	Q1 2023	Q1 2022	Variance
Revenue	24.9	21.3	+3.6
Adjusted operating profit	6.9	4.6	+2.4

Q1 2023

- **Revenue and adjusted operating profit**

Revenue increased driven by one-time compensation gains from licensed compounds and top-line growth at the consolidated subsidiary, Torii Pharmaceutical.

Adjusted operating profit grew driven by an increase in revenue, which more than offset an increase in R&D expenditures.

Processed Food Business

(billions of JPY)	Q1 2023	Q1 2022	Variance
Revenue	35.6	35.7	-0.1
Adjusted operating profit	1.4	0.4	+1.0

Q1 2023

- **Revenue and adjusted operating profit**

Revenue was broadly stable year on year, as an increase in revenue due to a positive contribution from price revisions implemented in the previous fiscal year, as well as the recovery of eating out demand, offset the impact of revenue loss due to the transfer of the bakery business.

Adjusted operating profit increased as the effect of the positive contribution from price revisions and increased revenue due to the recovery of eating out demand, offset the impact of significant increases in raw material costs that continued from the previous fiscal year.

Data Sheets

Results for 2023 First Quarter

1. Summary of consolidated results

(JPY BN)

	Q1 2023	Q1 2022	Variance (abs)	Variance (%)
Revenue	665.3	581.5	+83.8	+14.4%
Operating profit	206.4	178.4	+28.0	+15.7%
Adjusted operating profit	223.4	194.9	+28.5	+14.6%
Profit before income taxes	183.1	174.7	+8.4	+4.8%
Profit	144.7	124.1	+20.6	+16.6%
Basic EPS*(JPY)	81.52	69.94	+11.58	+16.6%

*Based on profit

[Reference]

(JPY BN)

	Q1 2023	Q1 2022	Variance (abs)	Variance (%)
Core revenue at constant FX	594.6	559.6	+34.9	+6.2%
Adjusted operating profit at constant FX	204.7	194.9	+9.8	+5.1%

2. Results by business segment

(JPY BN)

	Q1 2023	Q1 2022	Variance (abs)	Variance (%)
Consolidated: revenue	665.3	581.5	+83.8	+14.4%
Tobacco	604.3	523.9	+80.4	+15.3%
Core revenue	579.1	502.0	+77.0	+15.3%
Pharmaceutical	24.9	21.3	+3.6	+17.1%
Processed food	35.6	35.7	-0.1	-0.2%
Others	0.4	0.6	-0.2	-27.5%
Consolidated: operating profit	206.4	178.4	+28.0	+15.7%
Tobacco	208.8	181.3	+27.4	+15.1%
Pharmaceutical	6.9	4.6	+2.4	+51.6%
Processed food	1.3	0.3	+1.0	+313.7%
Others/Elimination	-10.6	-7.9	-2.7	-
Adjustments, total	-17.0	-16.5	-0.4	
Tobacco	-16.4	-16.0	-0.4	
Pharmaceutical	-	-	-	
Processed food	-0.1	-0.1	-0.0	
Others/Elimination	-0.5	-0.4	-0.1	
Consolidated: adjusted operating profit	223.4	194.9	+28.5	+14.6%
Tobacco	225.1	197.3	+27.8	+14.1%
Pharmaceutical	6.9	4.6	+2.4	+51.6%
Processed food	1.4	0.4	+1.0	+242.2%
Others/Elimination	-10.1	-7.4	-2.7	-

Results for 2023 First Quarter

3. Depreciation and amortization*

(JPY BN)

	Q1 2023	Q1 2022	Variance (abs)
Consolidated: depreciation and amortization	36.6	41.2	-4.6
Tobacco	33.7	38.0	-4.3
Pharmaceutical	1.0	1.2	-0.2
Processed food	1.6	1.6	-0.0
Others/Elimination	0.4	0.4	-0.0

*Excluding depreciation from lease transactions

4. Consolidated financial position

(JPY BN)

	2023 Mar. end	2022 Dec. end	Variance (abs)
Total assets	6,346.6	6,548.1	-201.5
Total equity	3,586.2	3,616.8	-30.5
Equity attributable to owners of the parent company	3,507.3	3,540.4	-33.1
BPS (attributable to owners of the parent company) (JPY)	1,976.03	1,994.78	-18.75

5. Liquidity and interest-bearing debt

(JPY BN)

	2023 Mar. end	2022 Dec. end	Variance (abs)
Liquidity	690.2	880.4	-190.2
Interest-bearing debt	975.0	958.3	+16.7

6. Consolidated cash flow

(JPY BN)

	Q1 2023	Q1 2022	Variance (abs)
Cash flows from operating activities	55.7	39.0	+16.7
Cash flows from investing activities	-41.7	-22.7	-19.0
Cash flows from financing activities	-196.4	-116.8	-79.6
Cash and cash equivalents, beginning of the period	866.9	721.7	+145.2
Foreign currency translation adj. on cash & cash equivalents	-19.3	34.0	-53.3
Cash and cash equivalents, end of the period	665.2	655.3	+9.9
FCF	26.2	18.4	+7.8

7. Capital expenditures

(JPY BN)

	Q1 2023	Q1 2022	Variance (abs)
Consolidated: capital expenditures	21.8	14.6	+7.3
Tobacco	17.8	10.8	+7.0
Pharmaceutical	2.5	0.2	+2.3
Processed food	1.0	2.0	-1.1
Others/Elimination	0.5	1.5	-1.0

8. FX actual

	Q1 2023	Q1 2022	Variance (abs)	Variance (%)
100YEN/USD	0.76	0.86	-0.10	+13.8%
100YEN/RUB	54.96	73.74	-18.78	+34.2%
100YEN/GBP	0.62	0.64	-0.02	+3.0%
100YEN/EUR	0.70	0.77	-0.06	+8.8%
100YEN/CHF	0.70	0.79	-0.10	+13.6%
100YEN/TWD	22.96	24.05	-1.09	+4.7%
100YEN/TRY	*	11.95	*	
100YEN/PHP	41.43	44.29	-2.87	+6.9%

*In accordance with the requirements stipulated in IAS 29, the closing currency rates for the month ended March 2023 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen. (100JPY/TRY: 14.34, reference 100JPY/USD: 0.75)

FY2023 Forecasts (as of February 14, 2023)

1. Summary of consolidated forecasts

(JPY BN)

	FY2023 Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Revenue	2,629.0	2,657.8	-28.8	-1.1%
Operating profit	612.0	653.6	-41.6	-6.4%
Adjusted operating profit	667.0	727.8	-60.8	-8.4%
Profit	440.0	442.7	-2.7	-0.6%

[Reference]

(JPY BN)

	FY2023 Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Core revenue at constant FX	2,606.0	2,555.7	+50.3	+2.0%
Adjusted operating profit at constant FX	728.0	727.8	+0.2	+0.0%

2. EPS, DPS, ROE

(JPY)

	FY2023 Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Basic EPS*	247.91	249.45	-1.54	-0.6%
DPS	188	188	-	-
ROE*	12.4%	13.9%	-1.5ppt	

*Based on profit

3. Forecasts by business segment

(JPY BN)

	FY2023 Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Consolidated revenue	2,629.0	2,657.8	-28.8	-1.1%
Tobacco	2,390.0	2,417.4	-27.4	-1.1%
Core revenue	2,293.0	2,315.2	-22.2	-1.0%
Pharmaceutical	89.5	82.9	+6.6	+8.0%
Processed food	147.5	155.5	-8.0	-5.2%
Others	2.0	2.0	-	+1.2%
Consolidated operating profit	612.0	653.6	-41.6	-6.4%
Tobacco	636.0	679.4	-43.4	-6.4%
Pharmaceutical	13.5	11.1	+2.4	+21.1%
Processed food	4.0	4.2	-0.2	-4.1%
Others/Elimination	-41.5	-41.1	-0.4	-
Consolidated adjusted operating profit	667.0	727.8	-60.8	-8.4%
Tobacco	696.0	754.0	-58.0	-7.7%
Pharmaceutical	13.5	11.1	+2.4	+21.1%
Processed food	4.0	3.5	+0.5	+14.0%
Others/Elimination	-46.5	-40.9	-5.6	-

FY2023 Forecasts (as of February 14, 2023)

4. FCF

(JPY BN)

	FY2023 Forecasts	FY2022 Results	Variance (abs)
FCF	402.0	382.9	+19.1

5. Capital expenditures

(JPY BN)

	FY2023 Forecasts	FY2022 Results	Variance (abs)
Consolidated: capital expenditures	130.0	101.0	+29.0
Tobacco	107.5	83.8	+23.7
Pharmaceutical	5.0	2.4	+2.6
Processed food	11.0	8.2	+2.8
Others/Elimination	6.5	6.6	-0.1

6. Assumptions of 2023 Forecast

2023 Tobacco business

- Total volume: a decrease of 1.5~2.0% (vs. 527.3 billion units in 2022)
- GFB volume: a decrease of 0.5~1.0% (vs. 362.4 billion units in 2022)

<FX assumptions>

	FY2023 Forecasts	FY2022 Results	Variance (abs)	Variance (%)
100YEN/USD	0.77	0.76	+0.01	-1.3%
100YEN/RUB	53.80	53.06	+0.74	-1.4%
100YEN/GBP	0.64	0.62	+0.02	-3.5%
100YEN/EUR	0.73	0.73	+0.00	-0.7%
100YEN/CHF	0.72	0.73	-0.01	+1.3%
100YEN/TWD	23.85	22.72	+1.13	-4.8%
100YEN/TRY	-	*	-	
100YEN/PHP	43.00	41.55	+1.45	-3.4%

*In accordance with the requirements stipulated in IAS 29, the closing currency rates for the month ended December 2022 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen. Result is only reported due to hyperinflationary adjustments. (100JPY/TRY: 14.09, reference 100JPY/USD: 0.75)

Tobacco Business Data

1. Summary

2023	Q1	Q2	Q3	Q4	YTD	
Total volume	130.2				130.2	BNU
(vs. PY)	+1.3%				+1.3%	
Combustibles volume	128.2				128.2	BNU
(vs.PY)	+1.2%				+1.2%	
GFB volume	91.0				91.0	BNU
(vs.PY)	+4.2%				+4.2%	
RRP volume	2.0				2.0	BNU
(vs.PY)	+3.0%				+3.0%	
Core revenue	579.1				579.1	JPY BN
(vs. PY)	+15.3%				+15.3%	
	(+6.3%)*				(+6.3%)*	
RRP-related revenue	20.3				20.3	JPY BN
(vs.PY)	+6.4%				+6.4%	
Adjusted operating profit	225.1				225.1	JPY BN
(vs. PY)	+14.1%				+14.1%	
	(+4.6%)*				(+4.6%)*	

*at constant FX

2. Breakdown of core revenue

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2022	502.0				502.0
Volume	-0.5				-0.5
Price/Mix	+32.1				+32.1
2023@PY	533.6				533.6
FX	+45.5				+45.5
2023	579.1				579.1

3. Breakdown of adjusted operating profit

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2022	197.3				197.3
Volume	-3.0				-3.0
Price/Mix	+32.4				+32.4
Others	-20.3				-20.3
2023@PY	206.5				206.5
FX	+18.6				+18.6
2023	225.1				225.1

Tobacco Business Data

4. Contribution by cluster (vs. PY)

Sales Volume (BNU)

Asia	Q1 2023		Q2 2023	Q3 2023	Q4 2023	YTD	
Total volume	32.1	+2.1%				32.1	+2.1%
GFB volume	20.4	+9.1%				20.4	+9.1%
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Western Europe	Q1 2023		Q2 2023	Q3 2023	Q4 2023	YTD	
Total volume	26.1	-5.2%				26.1	-5.2%
GFB volume	18.3	-2.1%				18.3	-2.1%
<hr/>							
EMA	Q1 2023		Q2 2023	Q3 2023	Q4 2023	YTD	
Total volume	72.0	+3.4%				72.0	+3.4%
GFB volume	52.3	+4.7%				52.3	+4.7%

Financials (JPY BN)

Asia	Q1 2023		Q2 2023	Q3 2023	Q4 2023	YTD	
Core revenue	196.2	+1.7%				196.2	+1.7%
		(-1.0%)*					(-1.0%)*
AOP	75.8	+0.2%				75.8	+0.2%
		(+0.5%)*					(+0.5%)*
<hr/>							
Western Europe	Q1 2023		Q2 2023	Q3 2023	Q4 2023	YTD	
Core revenue	140.5	+12.2%				140.5	+12.2%
		(+4.7%)*					(+4.7%)*
AOP	64.7	+5.8%				64.7	+5.8%
		(+3.3%)*					(+3.3%)*
<hr/>							
EMA	Q1 2023		Q2 2023	Q3 2023	Q4 2023	YTD	
Core revenue	242.4	+31.8%				242.4	+31.8%
		(+15.1%)*					(+15.1%)*
AOP	84.6	+40.0%				84.6	+40.0%
		(+11.3%)*					(+11.3%)*

*at constant FX

Tobacco Business Data

5. Breakdown of core revenue by cluster

(JPY BN)

Asia	Q1	Q2	Q3	Q4	YTD
2022	192.9				192.9
Volume	+4.4				+4.4
Price/Mix	-6.4				-6.4
2023@PY	190.9				190.9
FX	+5.2				+5.2
2023	196.2				196.2
<hr/>					
Western Europe	Q1	Q2	Q3	Q4	YTD
2022	125.2				125.2
Volume	-8.6				-8.6
Price/Mix	+14.5				+14.5
2023@PY	131.1				131.1
FX	+9.4				+9.4
2023	140.5				140.5
<hr/>					
EMA	Q1	Q2	Q3	Q4	YTD
2022	183.9				183.9
Volume	+3.6				+3.6
Price/Mix	+24.1				+24.1
2023@PY	211.6				211.6
FX	+30.8				+30.8
2023	242.4				242.4

6. Breakdown of adjusted operating profit by cluster

(JPY BN)

Asia	Q1	Q2	Q3	Q4	YTD
2022	75.7				75.7
Volume	+3.7				+3.7
Price/Mix	-6.2				-6.2
Others	+2.9				+2.9
2023@PY	76.1				76.1
FX	-0.2				-0.2
2023	75.8				75.8
<hr/>					
Western Europe	Q1	Q2	Q3	Q4	YTD
2022	61.2				61.2
Volume	-9.9				-9.9
Price/Mix	+16.0				+16.0
Others	-4.1				-4.1
2023@PY	63.2				63.2
FX	+1.5				+1.5
2023	64.7				64.7
<hr/>					
EMA	Q1	Q2	Q3	Q4	YTD
2022	60.4				60.4
Volume	+3.2				+3.2
Price/Mix	+22.7				+22.7
Others	-19.1				-19.1
2023@PY	67.2				67.2
FX	+17.3				+17.3
2023	84.6				84.6

Tobacco Business Data

7. GFB volume by brand (vs. PY)

(BNU)

2023	Q1	Q2	Q3	Q4	YTD
Winston	46.2 +3.2%				46.2 +3.2%
Camel	23.2 +15.1%				23.2 +15.1%
MEVIUS	10.8 -0.4%				10.8 -0.4%
LD	10.8 -6.8%				10.8 -6.8%

8. FX actual (vs. PY)

2023	Q1	Q2	Q3	Q4	YTD
100JPY/USD	0.76 +13.8%				0.76 +13.8%
100JPY/RUB	54.96 +34.2%				54.96 +34.2%
100JPY/GBP	0.62 +3.0%				0.62 +3.0%
100JPY/EUR	0.70 +8.8%				0.70 +8.8%
100JPY/CHF	0.70 +13.6%				0.70 +13.6%
100JPY/TWD	22.96 +4.7%				22.96 +4.7%
100JPY/TRY	*				*
100JPY/PHP	41.43 +6.9%				41.43 +6.9%

Local currency vs JPY variance: (Local currency exchange rates of same period in previous year / Local currency exchange rates of current period) -1

In accordance with the requirements stipulated in IAS 29, the closing currency rates for the end of March 2023 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen (100JPY/TRY: 14.34 reference: 100JPY/USD: 0.75)

Tobacco Business Data

9. Key markets

Source: IRI, Logista, Nielsen, Panel Strator and JT Group estimates / Reflects the changes in historical data from the sources.

The Philippines, Romania and Spain are on a 2-month average at the end of February 2023.

Total SoV and SoM are computed based on combustibles and heated tobacco products (HTP) industry size.

Japan

					(BNU)
2023	Q1	Q2	Q3	Q4	YTD
Total volume	15.1				15.1
	+4.5%				+4.5%
Combustibles volume	13.4				13.4
	+2.6%				+2.6%
RRP volume	1.7				1.7
	+22.4%				+22.4%
HTS volume	1.2				1.2
	+51.8%				+51.8%

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	42.7%				42.7%	+0.6ppt
Combustibles SoM	38.0%				38.0%	-0.1ppt
GFB (SoM)	26.5%				26.5%	+0.7ppt
Winston (SoM)	3.9%				3.9%	-0.6ppt
MEVIUS (SoM)	16.8%				16.8%	-1.0ppt
Seven Stars (SoM)	4.7%				4.7%	-0.2ppt
Camel (SoM)	5.9%				5.9%	+2.3ppt
RRP SoM*	4.8%				4.8%	+0.8ppt
HTS SoS	9.3%				9.3%	+2.1ppt
Total SoV	42.8%				42.8%	-0.1ppt

*Data for RRP SoM reflects total tobacco figures, of heated tobacco sticks (HTS) and infused tobacco capusles (Infused)

The Philippines*

					(BNU)
2023	Q1	Q2	Q3	Q4	YTD
Total volume	6.9				6.9
	+0.0%				+0.0%

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	38.4%				38.4%	+2.1ppt
GFB (SoM)	16.7%				16.7%	+4.1ppt
Winston (SoM)	10.4%				10.4%	-0.1ppt
Camel (SoM)	6.2%				6.2%	+4.2ppt
Total SoV	35.9%				35.9%	+1.9ppt

*Data for SoM and SoV includes combustibles only

Taiwan*

					(BNU)
2023	Q1	Q2	Q3	Q4	YTD
Total volume	3.5				3.5
	-1.7%				-1.7%

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	50.0%				50.0%	+1.3ppt
GFB (SoM)	40.8%				40.8%	+0.7ppt
Winston (SoM)	14.1%				14.1%	+0.4ppt
LD (SoM)	7.7%				7.7%	+0.3ppt
MEVIUS (SoM)	18.9%				18.9%	-0.0ppt
Total SoV	54.0%				54.0%	+1.0ppt

*Data for SoM and SoV includes combustibles only

Tobacco Business Data

Italy

Volume evolution

		(BNU)				
	2023	Q1	Q2	Q3	Q4	YTD
Total volume		4.8				4.8
		+1.3%				+1.3%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		23.1%				23.1%	+0.3ppt
GFB (SoM)		19.4%				19.4%	+0.4ppt
Winston (SoM)		12.7%				12.7%	+0.9ppt
Camel (SoM)		6.6%				6.6%	-0.5ppt
Total SoV		23.0%				23.0%	+0.3ppt

Spain

Volume evolution

		(BNU)				
	2023	Q1	Q2	Q3	Q4	YTD
Total volume		3.7				3.7
		-6.2%				-6.2%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		28.0%				28.0%	-0.1ppt
GFB (SoM)		25.9%				25.9%	-0.1ppt
Winston (SoM)		14.8%				14.8%	+0.1ppt
Camel (SoM)		11.0%				11.0%	-0.2ppt
Total SoV		27.7%				27.7%	-0.2ppt

The U.K.

Volume evolution

		(BNU)				
	2023	Q1	Q2	Q3	Q4	YTD
Total volume		4.0				4.0
		-17.1%				-17.1%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		44.3%				44.3%	-0.4ppt
GFB (SoM)		0.1%				0.1%	-0.0ppt
Amber Leaf (SoM)		10.4%				10.4%	-1.2ppt
Sterling (SoM)		12.9%				12.9%	-0.7ppt
Benson & Hedges (SoM)		11.2%				11.2%	+1.0ppt
Total SoV		45.0%				45.0%	-0.5ppt

Tobacco Business Data

Romania

Volume evolution

		(BNU)				
	2023	Q1	Q2	Q3	Q4	YTD
Total volume		1.7				1.7
		+5.7%				+5.7%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		27.5%				27.5%	-0.5ppt
GFB (SoM)		17.3%				17.3%	+1.2ppt
Wisnton (SoM)		12.3%				12.3%	-1.8ppt
Camel (SoM)		4.6%				4.6%	+3.4ppt
Total SoV		28.3%				28.3%	-0.6ppt

Russia

Volume evolution

		(BNU)				
	2023	Q1	Q2	Q3	Q4	YTD
Total volume		17.6				17.6
		-4.5%				-4.5%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		36.5%				36.5%	+0.0ppt
GFB (SoM)		27.7%				27.7%	+0.5ppt
Winston (SoM)		11.8%				11.8%	-0.2ppt
Camel (SoM)		8.2%				8.2%	+0.9ppt
LD (SoM)		7.5%				7.5%	-0.1ppt
Total SoV		37.7%				37.7%	+0.4ppt

Turkey *

Volume evolution

		(BNU)				
	2023	Q1	Q2	Q3	Q4	YTD
Total volume		7.2				7.2
		+7.7%				+7.7%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		27.2%				27.2%	-0.8ppt
GFB (SoM)		25.0%				25.0%	-0.5ppt
Wisnton (SoM)		17.2%				17.2%	+0.6ppt
Came (SoM)		5.7%				5.7%	-0.8ppt
LD (SoM)		2.1%				2.1%	-0.3ppt
Total SoV		26.5%				26.5%	-0.6ppt

*Data for SoM and SoV includes combustibles only

Pharmaceutical Business

Clinical Development as of May 2, 2023

<In-house development>

Code (Generic Name)	Potential Indication/Dosage form	Mechanism		Phase (Region)	Origin	Note
JTE-052 (delgocitinib)	Autoimmune/allergic diseases /Oral, Topical	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	Phase1 (Japan)	In-house	
JTE-051	Autoimmune/allergic diseases /Oral	Interleukin-2 inducible T cell kinase inhibitor	Suppresses overactive immune response via inhibition of the signal to activate T cells related to immune response.	Phase2(Japan)	In-house	
				Phase2 (Overseas)		
JTT-662	Type 2 diabetes mellitus /Oral	SGLT1 inhibitor	Suppresses postprandial hyperglycemia and normalizes blood glucose level via inhibition of SGLT1.	Phase1 (Overseas)	In-house	
JTT-861	Chronic heart failure /Oral	PDHK inhibitor	Improves cardiac function by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase1 (Overseas)	In-house	
JTE-061 (tapinarof)	Atopic dermatitis /Topical	AhR modulator	Suppresses skin inflammation via activation of the aryl hydrocarbon receptor (AhR)	Phase3 (Japan)	In-license	<ul style="list-style-type: none"> • In-license from Dermavant Sciences GmbH • Co-development with Torii
	Plaque psoriasis /Topical			Phase3 (Japan)		
	Atopic dermatitis (pediatric) /Topical			Phase2 (Japan)		
JTC-064	Neurodegenerative disease /Oral	PDHK inhibitor	Improves metabolic abnormalities by activation of pyruvate dehydrogenase (PDH)	Phase1 (Overseas)	In-house	
JTV-161	Pulmonary arterial hypertension /Oral	Pim-1 inhibitor	Suppresses pulmonary vascular cell proliferation by inhibiting Pim-1	Phase1 (Overseas)	In-house	

Clinical trial phase presented above is based on the first dose.

We are also conducting additional studies to examine the potential for use in additional dosage forms.

<Licensed compounds>

Compound (JT's code)	Licensee	Mechanism		Note
trametinib	Novartis	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK pathway.	
Anti-ICOS monoclonal antibody	AstraZeneca	ICOS antagonist	Suppresses overactive immune response via inhibition of ICOS which regulates activation of T cells.	
delgocitinib	LEO Pharma ROHTO Pharmaceutical	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	
enarodustat	JW Pharmaceutical Salubris	HIF-PH inhibitor	Increases red blood cells by stimulating production of erythropoietin, an erythropoiesis-stimulating hormone, via inhibition of HIF-PH.	

Updates since the previous announcement on February 14, 2023

•JTV-161 has entered the clinical trial stage (Phase1) in overseas.

Definitions

Terms	Definitions
Revenue	Revenue excluding tobacco excise taxes and revenue from agent transactions.
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).
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).
Profit	Profit attributable to owners of the parent company.
Core revenue	Core revenue includes all revenue excluding those from distribution, contract manufacturing and other peripheral businesses.
RRP-related revenue	Reduced-Risk Products (RRP)-related revenue, as a part of core revenue, represents all the sale of RRP, principally consumables, devices and the related accessories.
Combustibles	Combustibles include all tobacco products excluding contract-manufactured products, waterpipe, heated tobacco products, oral and E-Vapor.
Cigarettes	Also known as Ready-Made-Cigarettes (RMC)
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.
Cigarillo	Products rolled in tobacco-based paper with a similar format to ready-made cigarettes and classified as "cigars" under the Tobacco Business Act of Japan.
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 products (HTP)	Products that contain tobacco leaf and create a tobacco-enriched vapor by heating electronically the tobacco, either directly or indirectly, without any combustion.

Heated tobacco sticks (HTS)	High temperature heated tobacco products. One stick is equivalent to a stick of cigarettes.
Infused tobacco capsules (Infused)	Low temperature heated tobacco products. One pack of consumables is equivalent to 20 sticks of cigarettes.
E-Vapor	Products which consumers use by heating electronically a nicotine based liquid that contains no tobacco leaf. One closed tank capsule is equivalent to 20 sticks of cigarettes. A 10ml open tank refill is equivalent to 100 sticks of cigarettes.
Oral	Products delivering nicotine in the form of a closed pouch. These pouches can contain tobacco and are known as snus. Without tobacco, these consumables are referred to as nicotine pouches. To deliver nicotine and flavor, these pouches are inserted between the consumer's lip and gum. One snus or nicotine pouch is equivalent to a stick of cigarettes.
GFB (Global Flagship Brands)	GFB includes four Brands namely Winston, Camel, MEVIUS and LD
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.
GFB volume	GFB (Global Flagship Brands) volume is the volume of GFB combustibles and GFB snus products which are Winston, Camel, MEVIUS and LD.
RRP volume	Reduced-Risk Products (RRP) sales volume in cigarette-stick equivalent. This also excludes RRP devices, RRP related accessories, etc.
HTS volume	Heated tobacco sticks (HTS) sales volume. This excludes RRP devices, RRP related accessories, etc.
Share of Value (SoV)	Share of total retail value of the market, which is computed by multiplying volume and tax-included retail sales price.
Total tobacco industry volume	Industry volume by number of sticks based on internal estimates.
Combustibles industry volume	Industry volume of combustibles by number of sticks based on internal estimates.
RRP industry volume	Industry volume of Reduced-Risk Products (RRP) by number of sticks based on internal estimates.

Clusters	<p>The JT Group's tobacco markets are divided into three distinctive clusters: Asia, Western Europe, 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.</p> <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
Global Travel Retail (GTR)	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.
Liquidity	Cash and deposits + marketable securities + securities purchased under repurchase agreements
Interest-bearing debt	Short-term bank loans + commercial papers + bonds + long-term borrowings
Free cash flow (FCF)	<p>The sum of cash flows from operating activities and investing activities, excluding the following items:</p> <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"

Additional definitions are provided at <https://www.jt.com/media/glossary/index.html>

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Japan Tobacco Inc. is a leading international tobacco company and our products are sold in over 130 markets. With approximately 53,000 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 its heated tobacco products under its Ploom brand and various e-cigarette products under its Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit <https://www.jt.com/>.

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, 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.

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