



JT Group
Business Plan 2024

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JT Group Chief Executive Officer

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.

- FY2023 Overview
- Business Plan 2024
- Sustainability
- JT Group Purpose / D-LAB
- Tobacco Business FY2023 Results and FY2024 Outlook
- JT Group FY2023 Financials and FY2024 Forecast
- Closing Remarks

FY 2023 Overview | Record high levels across all indicators*)



- All business segments delivered strongly, exceeding initial forecasts and prior year results
 - **Tobacco**
 - **Combustibles** | Continued share gains, fueled by GFBs, and pricing across clusters
 - **RRP** | Volume expansion driven by share gains in Japan and market launches
 - **Pharmaceutical** | Organic revenue growth and high royalties, plus one-time compensation gains
 - **Processed Food** | Profit growth fueled by recovery in demand for food services as well as pricing

(vs. 2022)

✓ Consolidated AOP at constant FX: **+5.2%**

✓ Profit: **+8.9%**

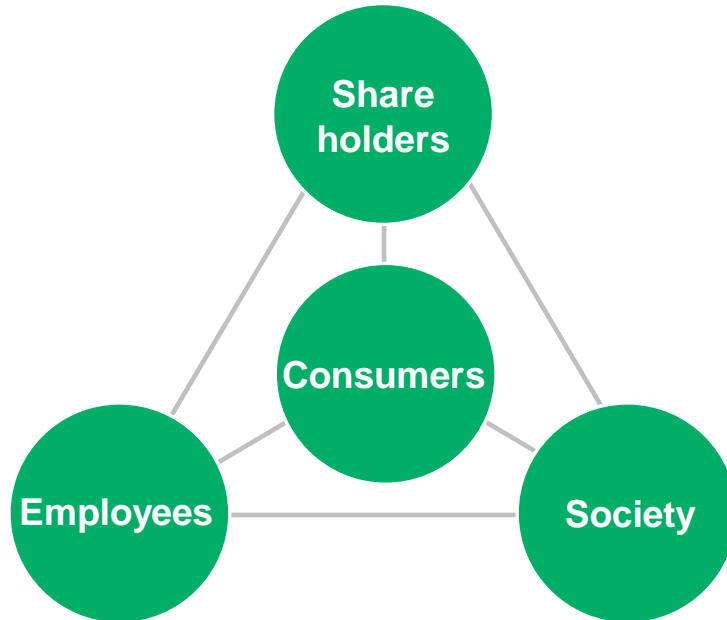
(vs. initial 2023 forecast)

✓ Consolidated AOP at constant FX: **+5.2%**

✓ Profit: **+9.6%**

- **DPS: JPY 194 (planned)**

4S Model



JT Group Purpose

Fulfilling Moments,
Enriching Life

- Prioritize business investments for sustainable profit growth in the mid to long term
- Strike a balance between profit growth, through business investments, and shareholder returns

Business Plan 2024

Pursue sustainable profit growth over mid to long term



Mid to Long Term Growth Algorithm Grow AOP*) at mid to high single digit rate

Outlook for 2024-2026: AOP expected to grow mid single digit, considering a flat AOP growth in FY24 to account for incremental investments towards RRP

| Profit growth engine | Complementary profit growth areas | |
|---|---|--|
| Tobacco | Pharmaceutical | Processed Food |
| Optimize top-line in combustibles and prioritize investments in HTS <ul style="list-style-type: none">Invest to grow and continuously improve ROI in combustiblesGrow HTS and explore other RRP segmentsContinue strengthening company wide strategic capabilities | Focus R&D investments towards next-generation strategic products and maximize value of each product <ul style="list-style-type: none">Reinforce drug discovery capabilities and build unique pipelineStrengthen revenue base within Japan marketImprove productivity through optimization of mid- to long-term business base | Realize profitable top-line growth <ul style="list-style-type: none">Optimize pricing opportunitiesAllocate more management resources towards high value-added productsAccelerate initiatives for long-term business growth |

Note: *) Consolidated adjusted operating profit at constant FX

Business Plan 2024 | FY2024-2026

Tobacco | Combustibles growth expected to outperform industry estimates

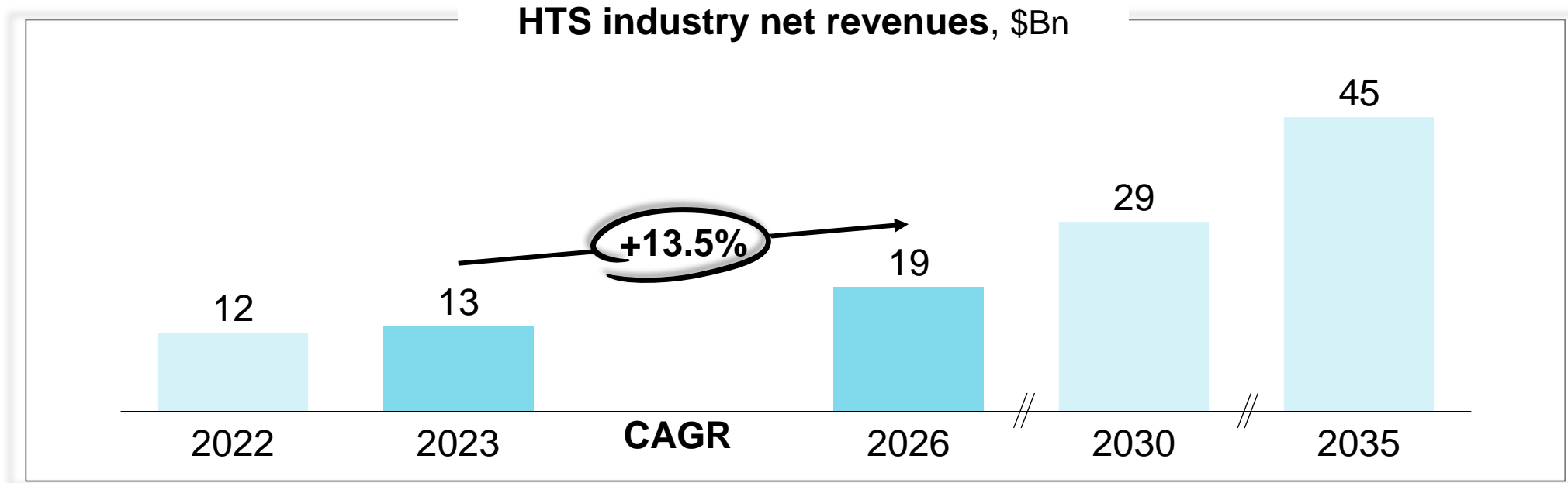


| 2024-2026 Combustibles assumptions | | |
|------------------------------------|---------------------|--------------------------------|
| | Volume | Net revenue |
| Industry | -2.6% | +1.8% |
| | | |
| | -1.5 ~ -0.5% | Mid single digit growth |

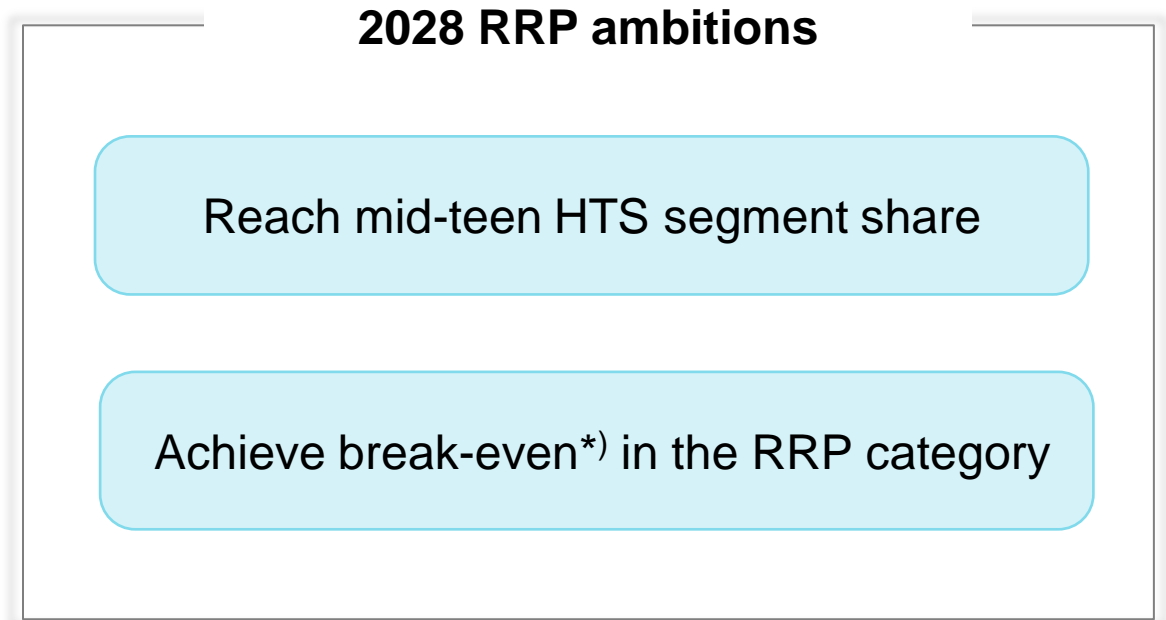
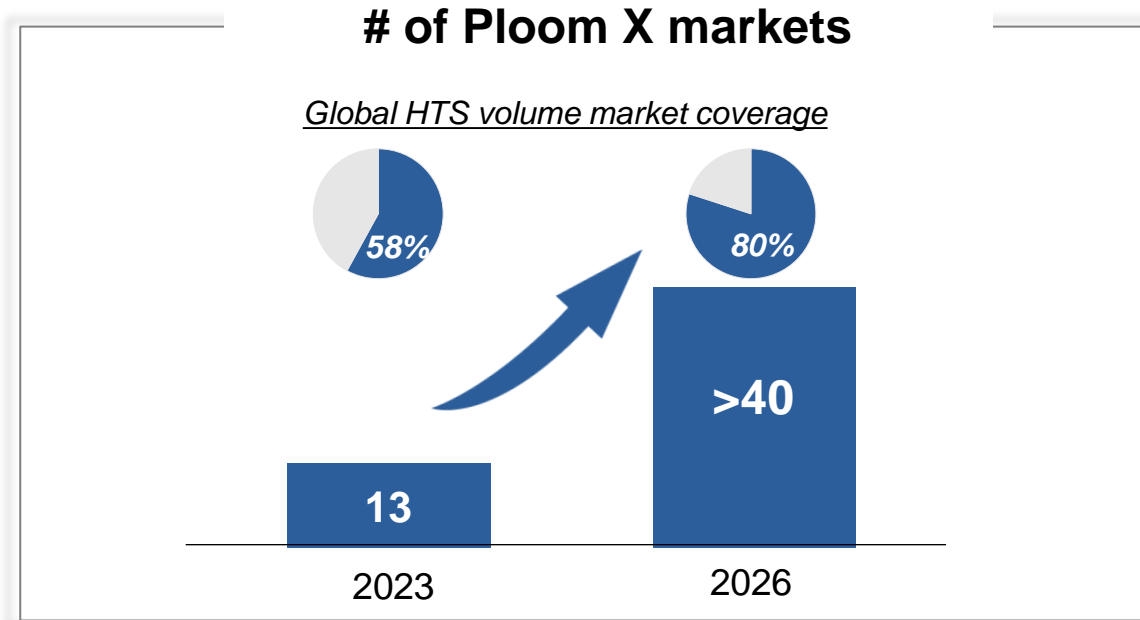
Note: Based on internal estimates. Industry volume and net revenues excluding China

Business Plan 2024 | FY2024-2026

Tobacco | Accelerate revenue growth in HTS



- Strategy to prioritize and grow HTS is supported by RRP industry assumptions highlighting HTS as the largest and fastest growing RRP segment in value
- JT RRP revenue to increase by approx. 2.5 times by end of 2026 (vs. 2023)



- Continue to invest in HTS to account for increased marketing activities, including new HTS device launches during the plan period, intensified competitive environment, and additional market launches
 - Geographical expansion enable us to cover approximately 80% of the total global HTS demand by end of 2025. Ploom X to be available in over 40 markets by end of 2026
- Delivery of 2028 RRP ambitions is supported by the larger HTS footprint, share of segment growth and a gradual improvement in the RRP contribution





25 JT Group Sustainability Targets formulated

JT Group Purpose

Fulfilling Moments, Enriching Life

JT Group Materiality


























As nature, society, and people's lives are intertwined, sustaining our ways of living, and the activities of corporate entities, will depend on the sustainability of the environment and society in which we exist.
 In realizing the JT Group Purpose, we are contributing to that sustainability through our commitment to working on the issues identified in our materiality.

| | | | | |
|---|---|--|---|---|
|  <p>Living with the Planet</p> |  <p>Value Creation that Exceeds Consumer Expectations</p> |  <p>Investing in People and Provide Motivation</p> |  <p>Responsible Supply Chain Management</p> |  <p>Good Governance</p> |
| <p>Preserve a harmonious relationship between our environment, people, and corporate organizations through initiatives to improve our impact on environment</p> | <p>Create diverse products and services beyond consumer expectations</p> | <p>Invest in people to support their development with attention to diversity, and enhance human capital by fostering a corporate culture that maximizes individuality and ability of each person</p> | <p>Create a sustainable supply chain capable of withstanding sudden changes in the business environment, by tackling social issues such as respecting human rights or preservation of our environment</p> | <p>Enhance our governance by improving our stakeholder satisfaction and continue to be a trustworthy corporate entity</p> |

JT Group Sustainability Targets

25 sustainability targets based on our materiality

25 JT Group Sustainability Targets formulated

| | | |
|---|---|---|
|  Biodiversity impact assessment |  Emissions reduction |  Renewable energy |
|  Protecting water |  Enhancing biodiversity – No deforestation, no conversion |  Waste reduction |
|  Designing for circularity – Packaging, product and device |  Sustainable agriculture |  Reduced-Risk Products |
|  Transparency in reduced-risk science |  Youth access prevention |  Creating first-in-class drugs |
|  Food Inclusion |  Diversity, equity & inclusion |  Talent attraction |
|  Attractive working conditions |  Health and safety |  Development support |
|  Internal and external collaboration |  Supplier screening and supply chain due diligence |  Grower living income |
|  Human rights in grower communities |  Grievance mechanisms |  Community investment |
|  Internal control | | |

For details about the JT Group Sustainability Targets, please visit our website.
<https://www.jt.com/sustainability/index.html>

Update on corporate initiatives



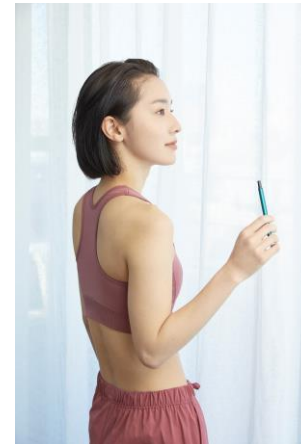
JT Group Purpose

- New company purpose very well received by all stakeholders, notably employees
- Management team conducted dialogue with employees to promote the permeation and practice of the Purpose throughout the year

D-LAB

- A Corporate R&D organization that supports the realization of our Purpose
- D-LAB continues to explore long-term growth opportunities, focusing on the concept of “Fulfilling Moments, Enriching Life”

Fulfilling Moments,
Enriching Life



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Closing Remarks

Masamichi Terabatake

JT Group Chief Executive Officer

- Delivered another strong set of results
 - Solid pricing and market share growth in Combustibles
 - HTS volume and share increases
 - Pharmaceutical and Processed Food business complemented the Group's profit growth
- Unchanged resource allocation policy, guided by the 4S Model and JT Group Purpose
- Accelerating strategic investments in RRP to make HTS the second growth engine next to Combustibles
- Consolidated AOP at constant FX expected to grow mid single digit during Business Plan 2024
- Aim to enhance shareholder returns by delivering sustainable profit growth mid to long term

Fulfilling Moments, Enriching Life

