



JT Group

2023 Results & 2024 Forecasts

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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.

2023 Consolidated Results:

Achieved record highs across all indicators from revenue to profit¹⁾



(JPY BN)	FY2023	vs.2022 (%)
At constant FX		
Core revenue	2,712.5	+6.1%
AOP	765.7	+5.2%
Reported		
Revenue	2,841.1	+6.9%
AOP	728.0	+0.0%
Operating profit	672.4	+2.9%
Profit	482.3	+8.9%
FCF	443.7	+60.8 JPY BN

Note: The results for fiscal year 2022 and fiscal year 2023 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 2022 and fiscal year 2023 on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

1) Revenue, Adjusted operating profit, Operating profit and Profit attributable to owners of the parent company in the ongoing business

Revenue and AOP²⁾

- In the tobacco business, solid pricing contribution more than offset the impact of higher input costs and enhanced investments towards HTS³⁾
- AOP growth in the pharmaceutical and processed food businesses
- Unfavorable foreign exchange impact on AOP

Operating profit

- Increase driven by gains on sales of real estate as well as reduced amortization of trademark rights

Profit

- Increase driven by operating profit growth as well as lower financial costs and corporate income tax

FCF

- Year-on-year increase due to a favorable comparison to 2022 from the absence of payments related to initiatives to strengthen our competitiveness in Japan and lower corporate income tax, despite negative working capital

Tobacco Business Financial Results & Drivers:

Solid profit growth at constant FX driven by strong pricing contribution



(JPY BN)	FY2023	vs.2022 (%)
Core revenue	2,478.6	+7.1%
at constant FX	2,462.4	+6.4%
AOP	749.8	-0.6%
at constant FX	787.5	+4.4%

Volume

- Total volume growth was more than offset by an unfavorable market mix

Price/Mix

- Pricing contribution in multiple markets, including the Philippines, Russia and the UK, partially offset by lower product mix due to downtrading in key markets

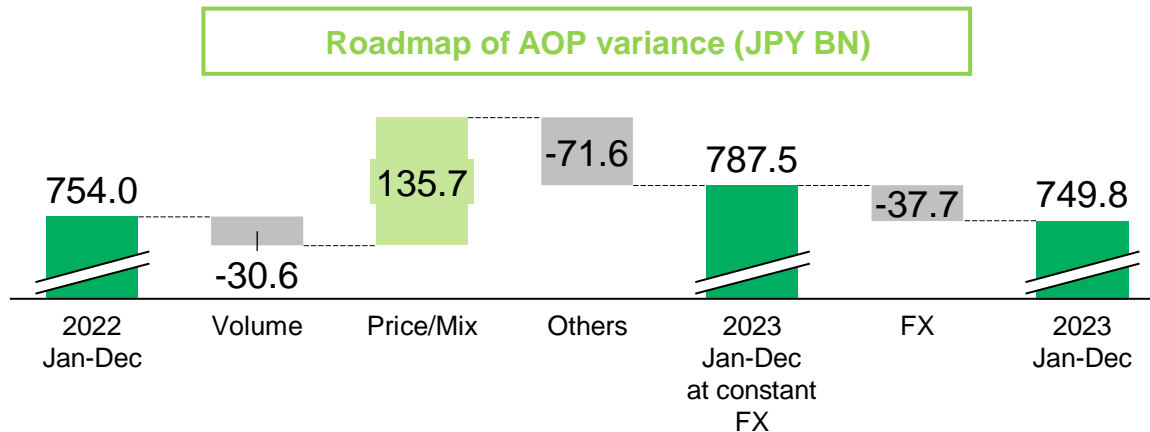
Others

- Higher input costs within the supply chain
- Investments towards both combustibles and HTS

FX

- Unfavorable foreign exchange impact on AOP, mainly due to the depreciation of several local currencies from emerging markets

Roadmap of AOP variance (JPY BN)



Note: The results for fiscal year 2022 and fiscal year 2023 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 2022 and fiscal year 2023 on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

Pharmaceutical and Processed Food Businesses: Positive profit contribution



Pharmaceutical Business

(JPY BN)	FY2023	vs.2022 (abs)
Revenue	94.9	+12.0
AOP	17.4	+6.3

Revenue

- Increased driven by one-time income from the licensing of patented JT compounds as well as sales growth at Torii Pharmaceutical, in the area of skin diseases and allergens

AOP

- Increased as the revenue growth more than offset higher R&D expenses

Processed Food Business

(JPY BN)	FY2023	vs.2022 (abs)
Revenue	153.9	-1.7
AOP	6.8	+3.3

Revenue

- Almost flat following price increases as well as top-line growth fueled by the recovery in demand for food services in the frozen and ambient foods segment, partially offsetting revenue losses from former bakery business

AOP

- Increased as benefits from price increases offset negative impacts stemming from soaring raw material costs. Recovery of sales in the food-service products also contributed.

2024 Consolidated Financial Forecasts



(JPY BN)	FY2024	vs. 2023 (abs)	vs. 2023 (%)
At constant FX			
Core revenue	2,836.0	+107.2	+3.9%
AOP	728.0	-0.0	-0.0%
Reported			
Revenue	3,016.0	+174.9	+6.2%
AOP	688.0	-40.0	-5.5%
Operating profit	648.0	-24.4	-3.6%
Profit	455.0	-27.3	-5.7%
FCF	360.0	-83.7	

Note: The forecasts for fiscal year 2024 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.

Revenue and AOP

AOP at constant FX expected in line with 2023

- **Revenue** expected to grow at both constant FX and reported, driven by pricing contributions in the tobacco business
- **AOP** at constant FX expected to be at the same level as 2023 due to the decrease in the pharmaceutical business, offset by an increase in the tobacco business. On a reported basis, unfavorable FX expected to drive the decrease vs 2023.

Operating profit and profit

Both operating profit and profit expected to decline

- **Operating profit** expected to decrease due to lower AOP and declines on sales of real estate, partially offset by lower trademark amortizations
- **Profit** expected to decrease due to lower operating profit and higher corporate income tax

FCF

Expected to decline significantly vs. 2023

- Expected to decline mainly due to lower AOP and an increase in capital expenditures

Tobacco Business: Volume Outlook and Financial Forecasts



Volume

	FY2024
Total volume	A decrease of -1.0% to -0.5% vs. 2023

Financials

(JPY BN)	FY2024	vs. 2023 (abs)	vs. 2023 (%)
Core revenue	2,635.0	+156.4	+6.3%
at constant FX	2,590.0	+111.4	+4.5%
AOP	725.0	-24.8	-3.3%
at constant FX	765.0	+15.2	+2.0%

Note: The forecasts for fiscal year 2024 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.

Volume assumption

- (+) Market share gains in Combustibles
- (+) Volume growth in Global Travel Retail
- (+) RRP volume growth, fueled by Ploom X
- (-) Combustibles industry volume contraction in key markets, namely in Japan, Russia, Taiwan and the UK

Financials constant FX basis

Core revenue: +4.5% vs.2023
AOP: +2.0% vs.2023

- (+) Continued pricing contribution expected in combustibles
- (+) RRP revenue growth, driven by RRP volume growth
- (-) On-going downtrading
- (-) Higher input costs within the supply chain and incremental investments towards HTS

Financials reported basis

Core revenue: +6.3% vs.2023
AOP: -3.3% vs.2023

- Unfavorable foreign exchange impact on AOP mainly due to negative movements from cost-related currencies and also several emerging market currencies

Pharmaceutical and Processed Food Businesses: Financial Forecasts



Pharmaceutical Business

(JPY BN)	FY2024	vs. 2023 (abs)
Revenue	88.5	-6.4
AOP	4.0	-13.4

Revenue

-6.4 JPY BN vs. 2023

- Decrease due to an unfavorable comparison to 2023 from the absence of one-time income from the licensing of patented JT compounds and lower royalty income, despite revenue growth at Torii Pharmaceutical

AOP

-13.4 JPY BN vs. 2023

- Expected to decrease significantly due to lower revenue and higher R&D expenses

Processed Food Business

(JPY BN)	FY2024	vs. 2023 (abs)
Revenue	156.0	+2.1
AOP	7.0	+0.2

Revenue

+2.1 JPY BN vs. 2023

- Increase driven by further recovery in demand for food services and pricing benefits. Sales initiatives of home-use products in the frozen and ambient foods segment, as well as overseas sales growth in the seasonings segment also contribute to revenue growth.

AOP

+0.2 JPY BN vs. 2023

- Increase due to top-line growth offsetting higher raw materials and logistics costs

Shareholder return policy

- Enhance shareholder returns by delivering mid to long term profit growth while maintaining a strong financial base¹⁾
- Target a dividend payout ratio of about 75%²⁾, a competitive level³⁾ in the capital markets
- Consider implementing a share buy-back program, mainly taking into account the Company's financial outlook of the respective year and mid-term capital needs

Solid track record in dividend per share (DPS)

- DPS has nearly doubled over the past 10 years
- 2023 planned annual DPS at JPY 194 (dividend payout ratio 71.4%)
- 2024 proposed annual DPS at JPY 194 (dividend payout ratio 75.7%)

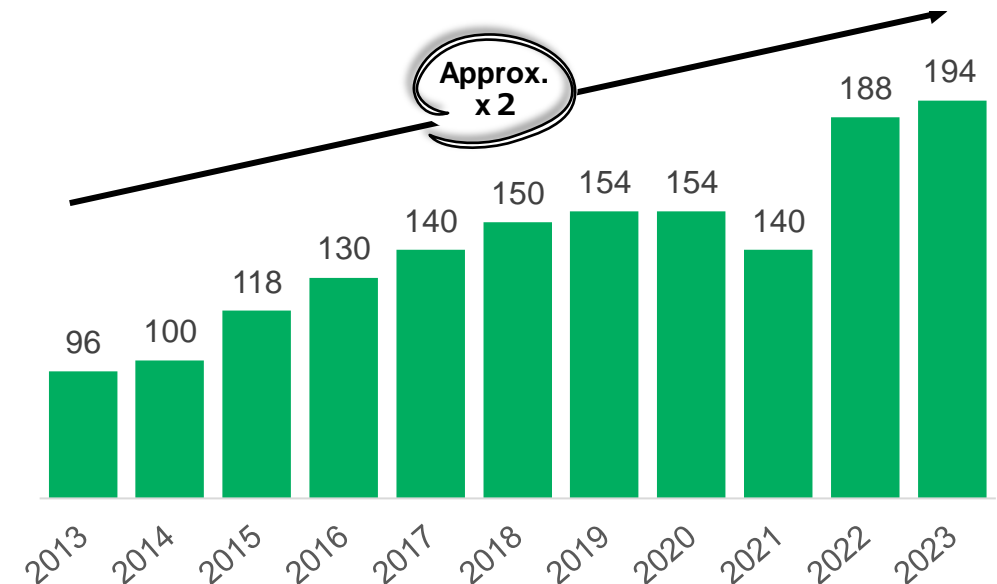
Notes:

1) The Company will maintain a strong financial base that secures stability in case of changes in business environment such as economic crises and flexibility enabling expeditious responses to business investment opportunities.

2) To be in the range of approximately $\pm 5\%$.

3) Monitor the shareholder return trends of Fast-Moving Consumer Goods companies which have a stakeholder model similar to our 4S model and have realized strong business growth.

Dividend per share historical trend, JPY



<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.