



JT Group 2023 Six-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 17.

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 Six-Month Results

2023 Six-Month Consolidated Results

(JPY BN)	2023 Jan-Jun	vs. 2022
<u>Reported</u>		
Revenue	1,392.8	+9.9%
AOP	442.8	+6.7%
Operating profit	413.6	+8.0%
Profit	287.0	+8.7%

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.

Core revenue at constant FX: +6.8%

Adjusted operating profit (AOP) at constant FX: +4.7%

- Positive pricing contribution in the tobacco business

Revenue and AOP on a reported basis

- Revenue: increase driven by revenue growth in the tobacco and pharmaceutical businesses and favorable FX impact due to weak JPY
- AOP: growth generated across all businesses as well as favorable FX impact due to weak JPY
- Positive FX overall but unfavorable impact in the second quarter (April-June) due to the appreciation JPY against several local currencies

Operating profit

- Increase driven by AOP growth

Profit

- Increase driven by operating profit growth and lower corporate tax offsetting higher financing costs

Tobacco Business: Volume Performance

(BnU)	2023 Jan-Jun	vs. 2022
Total volume	269.3	+2.5%
Combustibles volume	265.2	+2.5%
RRP volume	4.2	+3.9%

Combustibles

- (+) Strong volume growth in the EMA cluster
 - Higher industry volume in Turkey
 - Continued recovery in Global Travel Retail
 - Strong momentum in several emerging markets
- (+) Resilient industry volume in Japan combined with segment share gains, mainly in the value price segment
- (-) Industry volume contraction in the Philippines and the U.K.
- (-) Business disruption in Sudan

RRP

- (+) HTS* segment share gains in Japan
- (+) Recent European launches of Ploom X
- (-) One-off unfavorable comparisons in selected markets

Tobacco Business: Financial Results & Drivers

(JPY BN)	2023 Jan-Jun	vs. 2022
Core revenue	1,217.2	+10.1%
at constant FX	1,180.6	+6.8%
AOP	450.2	+5.9%
at constant FX	441.7	+3.9%

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.

Core revenue

- (+) Pricing benefits in multiple markets, including Russia and the U.K.
- (+) Volume contribution from EMA cluster, as well as Japan

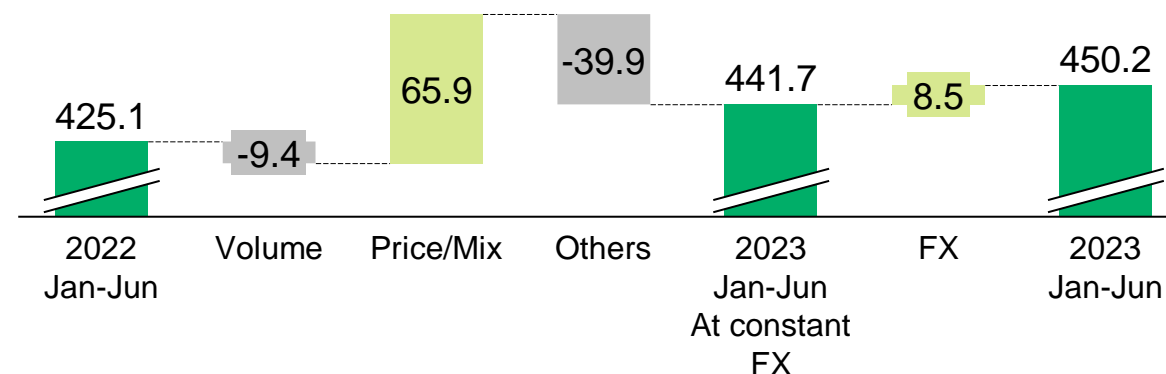
AOP

- (+) Top-line growth
- (-) Negative volume variance due to worsened market mix and continued downtrading in several markets
- (-) HTS investment for geo-expansion as well as higher input costs within the supply chain

FX impacts

- (+) Positive overall but unfavorable impact in the second quarter (April-June) due to the appreciation JPY against selected local currencies

Roadmap of AOP variance (JPY BN)



Tobacco Business: Key takeaways by cluster and key markets performance

ASIA

- **Japan:** Volume increased both in Combustibles and RRP. In Combustibles, Camel Craft and MEVIUS E-series fueled share gains. In RRP, Ploom X grew volume and HTS share.
- **The Philippines:** Lower total volume despite Camel share gains partially offsetting industry volume contraction
- **Taiwan:** Continued share expansion across the portfolio partially offset a lower industry volume

WESTERN EUROPE

- **Italy:** Winston share gains in Combustibles and the launch of Ploom X drove an increase in total volume
- **Spain:** Total volume decreased, due to lower Combustibles industry volume and unfavorable inventory movements
- **The U.K.:** Significant excise tax-led price increases drive a decline in volume, in line with industry contraction, offset by a robust pricing variance

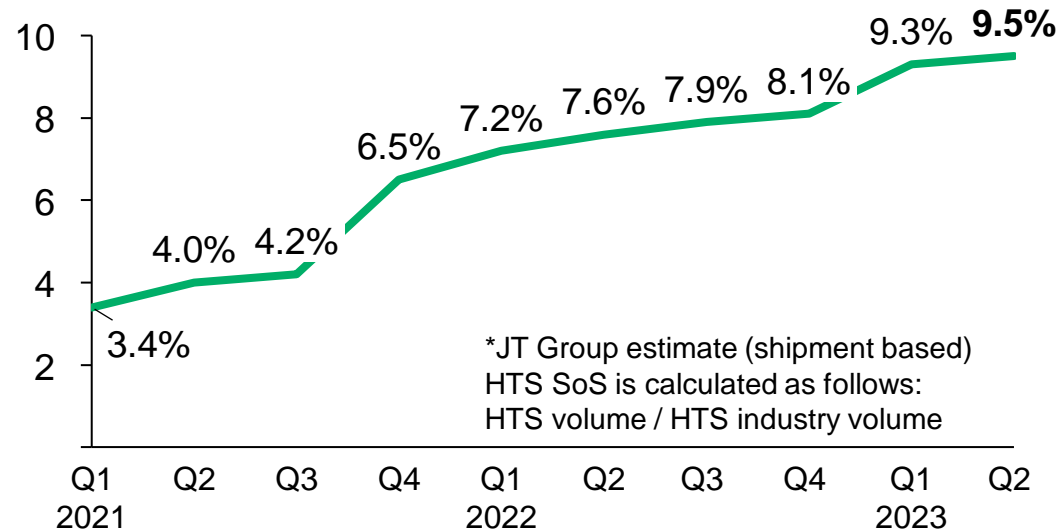
EMA

- **Romania:** Camel share gains in Combustibles drove an increase in total volume
- **Russia:** Industry contraction and the discontinuation of Ploom S partially offset by Combustibles segment share gains. Positive pricing contribution.
- **Turkey:** Total volume grew, mainly driven by higher industry volume and trade inventory build-up in June

Tobacco Business: Ploom X Japan overview

- Ploom X continued to gain share of segment despite intense competition
 - Relaunch of MEVIUS SKUs in March 2023
 - Ploom X device discount campaign from May to July 2023

Japan market:
market share evolution in HTS segment*

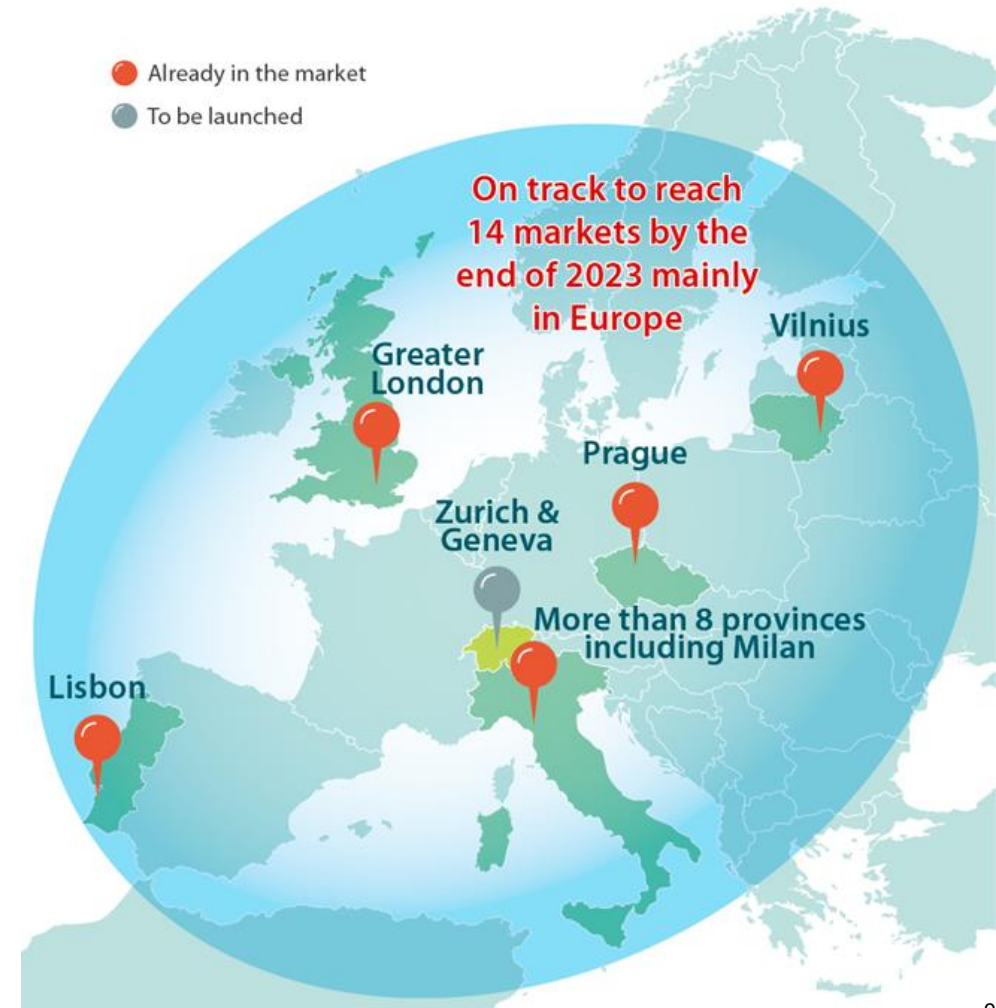


Tobacco Business: Ploom X global overview

- On track to be present in 14 markets by the end of 2023
 - Assuming Ploom X availability in 28 markets by the end of 2024
- **The Czech Republic**
 - HTS represented ~15%* of total tobacco industry volume
 - Expect to have higher margins
 - Successful launch in Prague and selected key accounts early June. National rollout in early August
- **Switzerland**
 - HTS represented ~6%* of total tobacco industry volume
 - Expect to have higher margins
 - Planned launch in Zurich and Geneva and selected key accounts in early September
- Positive consumer feedback from each market for both device and heated tobacco sticks

*FY2022 YTD

Ploom X geo-expansion



Pharmaceutical and Processed Food Businesses: Financial Results

Pharmaceutical Business

(JPY BN)	2023 Jan-Jun	vs. 2022 variance
Revenue	47.7	+8.4
AOP	10.0	+5.2

- **Revenue** increased year-on-year driven by one-time income from the licensing of patented JT compounds as well as sales growth in the area of skin diseases and allergens at Torii Pharmaceutical
- **AOP** increased year-on-year as the revenue growth more than offset higher R&D expenses

(Reference) Clinical development updates regarding out-licensed compounds: Shenzhen Salubris Pharmaceuticals Co., Ltd. announced that Enarodustat, a HIF-PH Inhibitor, received regulatory approval in mainland China

Processed Food Business

(JPY BN)	2023 Jan-Jun	vs. 2022 variance
Revenue	73.4	-0.1
AOP	2.9	+1.5

- **Revenue** was almost flat year-on-year following price increases as well as the top-line growth of food-service products due to a recovery in demand for food services including the frozen and ambient foods segment, offsetting revenue losses from former bakery business
- **AOP** increased year-on-year as benefits from price increases offset negative impacts stemming from soaring raw material costs. Recovery of sales in the food-service product also contributed



Full-year Revised Forecast

2023 Consolidated Revised Forecasts

(JPY BN)	FY2023 Revised forecasts	vs. Initial forecasts	vs. 2022
Reported			
Revenue	2,759.0	+130.0	+3.8%
AOP	683.0	+16.0	-6.2%
Operating profit	633.0	+21.0	-3.1%
Profit	457.0	+17.0	+3.2%
FCF	478.0	+76.0	+95.1 JPY BN

Note: The forecasts for fiscal year 2023 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 in the first half of 2023 due to hyperinflation in certain markets.

Core revenue at constant FX: +1.2% vs. the initial forecast (+3.2% vs. 2022)

- Upward revision driven by improved forecasts across all businesses, notably the tobacco business, reflecting first half volume momentum and pricing contributions

Adjusted operating profit (AOP) at constant FX:

+0.3% vs. the initial forecast (+0.3% vs. 2022)

- Almost flat vs. the initial forecast due to unchanged estimates for the tobacco and pharmaceutical businesses despite upward revision of the processed food business (+JPY 2.0 billion)

Revenue and AOP on a reported basis: revised upward

- Improved FX impact from the revision of initial assumptions driven by the depreciation of JPY against most currencies

Operating profit and Profit: revised upward

- Operating profit: revised upward due to AOP growth as well as an increase in gains on sales of real estate
- Profit: revised upward due to operating profit growth and lower corporate tax despite increased financing costs

FCF

- Significant upward revision mainly due to increased AOP and improved working capital

Tobacco Business: Revised Forecasts

Volume

	FY2023 Revised forecast	Initial forecast
Total volume	A decrease of approx. -1.0% vs.2022	A decrease of -1.5 to -2.0% vs. 2022

Financials

(JPY BN)	FY2023 Revised forecasts	vs. Initial forecasts	vs. 2022
<u>Reported</u>			
Core revenue	2,400.0	+107.0	+3.7%
AOP	710.0	+14.0	-5.8%

Note: The forecasts for fiscal year 2023 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 in the first half of 2023 due to hyperinflation in certain markets.

Volume assumptions: revised upward to decline by approx. 1%

- Includes strong first half momentum, notably in Japan, Turkey and Global Travel Retail
- Expects challenging second half due to:
 - Unfavorable comparison and one-off items in several markets
 - Temporary business suspension in Sudan

Financials on a constant FX basis

Core revenue: +0.9% vs. the initial forecast (+3.1% vs. 2022)

- Upward revision reflecting first half volume momentum and pricing contributions

AOP: unchanged vs. the initial forecast (+0.4% vs 2022)

- Stronger revenue offset by higher indirect expenses driven by inflationary pressure, incremental business investments and one-off items such as write-off in Sudan

Financials on a reported basis

Core revenue and AOP: revised upward

- Revised to reflect JPY depreciation against most of the currencies

Pharmaceutical and Processed Food Businesses: Revised Forecasts

Pharmaceutical Business

(JPY BN)	FY2023 Revised forecasts	vs. Initial forecasts	vs. 2022 variance
Revenue	92.0	+2.5	+9.1
AOP	13.5	-	+2.4

- **Revenue: +JPY 2.5 billion vs. the initial forecast**
Increase driven by revenue growth at Torii Pharmaceutical and an upswing in overseas royalty income due to JPY depreciation
- **AOP: unchanged vs. the initial forecast**
Unchanged as the revenue growth is expected to be offset by increased R&D expenses

Processed Food Business

(JPY BN)	FY2023 Revised forecasts	vs. Initial forecasts	vs. 2022 variance
Revenue	155.0	+7.5	-0.5
AOP	5.5	+1.5	+2.0

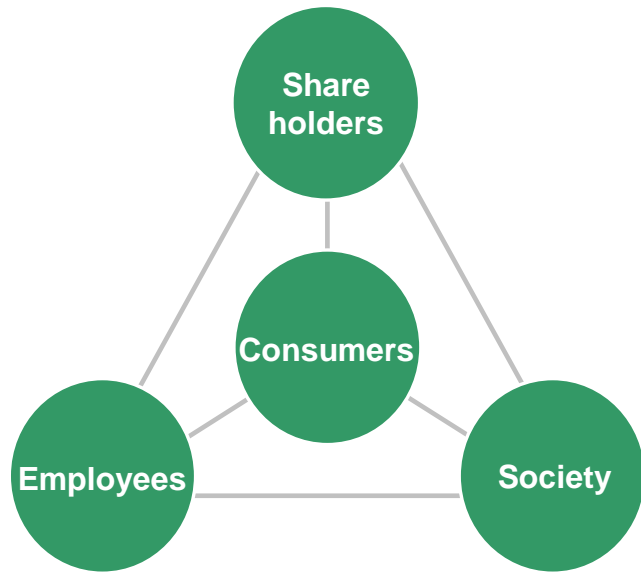
- **Revenue: +JPY 7.5 billion vs. the initial forecast**
Increase reflecting top-line growth following an early recovery in demand for the food service industry in the frozen and ambient foods business
- **AOP: +JPY 1.5 billion vs. the initial forecast**
Increase due to upward revision of revenue



Closing Remarks

Closing Remarks

Fulfilling Moments, Enriching Life



2023 consolidated first-half actuals

- Strong set of results driven by pricing contributions, resilient industry volume and market share gains in the tobacco business
- Additional profit growth from the pharmaceutical and processed food businesses

2023 consolidated full-year revised forecasts

- AOP at constant FX is broadly flat as the revenue increase is offset by higher indirect costs, incremental business investments and one-off items in the tobacco business
- Upward revision of reported AOP and profit reflecting weaker JPY

Shareholder returns

- Proposed annual dividend per share remains unchanged: JPY 188
- Interim dividend per share: JPY 94

<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.