



**JT Group**  
**2024 Third-Quarter Results**

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**Hiromasa Furukawa**  
JT Group Chief Financial Officer

\*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 20.

# 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.

# **2024 Nine-Month Results**

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# 2024 Third-Quarter Consolidated Results:

## Solid top-line growth continued driven by the tobacco business



(JPY Bn)	2024 Jan-Sep	vs. 2023
At constant FX		
Core revenue	<b>2,214.0</b>	+6.8%
AOP	<b>681.7</b>	+2.6%
Reported		
Revenue	<b>2,393.3</b>	+11.0%
AOP	<b>672.5</b>	+1.2%
Operating profit	<b>636.6</b>	+0.8%
Profit	<b>442.4</b>	+0.1%
FCF	<b>260.5</b>	-159.8 Bn

### Revenue and AOP <sup>1)</sup>

- Revenue grew, mainly driven by solid pricing contributions in the tobacco business, more than offsetting declines in the pharmaceutical business
- AOP growth was fueled by the tobacco and processed food businesses, more than offsetting a decline in the pharmaceutical business

### Forex (Tobacco business)

- Unfavorable impact to AOP, driven by the depreciation of emerging currencies and the appreciation of cost-related currencies, more than offsetting the positive impact of a weaker JPY

### Operating profit

- Increase driven by AOP growth

### Profit

- In line with previous year, as the increase in operating profit offset higher financial costs

### FCF

- Decrease due to one-time deterioration in working capital, partially offset by AOP growth

*Note: The results for fiscal year 2023 and fiscal year 2024 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 2023 and fiscal year 2024 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: Strong first half momentum continued



(BnU)	2024 Jan-Sep	vs. 2023
Total volume	<b>419.5</b>	+2.2%
Combustibles	<b>411.6</b>	+1.8%
GFB	<b>307.3</b>	+4.0%
RRP	<b>7.9</b>	+22.8%

## Combustibles

- On-going market share momentum across the footprint
- GFB volume grew by 4.0%, fueled by Winston and Camel
- Strong volume growth in the EMA cluster
  - Strong momentum in emerging markets
  - Resilient industry volume overall
  - Continued recovery in Global Travel Retail, mainly in Asia
- Combustibles industry volume remained under pressure in Japan, the Philippines, and the UK

## RRP

- Continued HTS segment share gains in Japan
- Increased volume contribution from Ploom geo-expansion

# Tobacco Business Financial Performance: Pricing drove quality top line growth



(JPY BN)	2024 Jan-Sep	vs. 2023
Core revenue	<b>2,122.4</b>	+12.2%
at constant FX	<b>2,032.5</b>	+7.5%
AOP	<b>699.6</b>	+3.4%
at constant FX	<b>708.8</b>	+4.7%

## Volume

- Geographic mix resulted in a negative financial contribution

## Price/Mix

- Robust on-going positive variance driven by pricing benefits in multiple markets, more than offsetting the impact of the unfavorable product mix due to downtrading

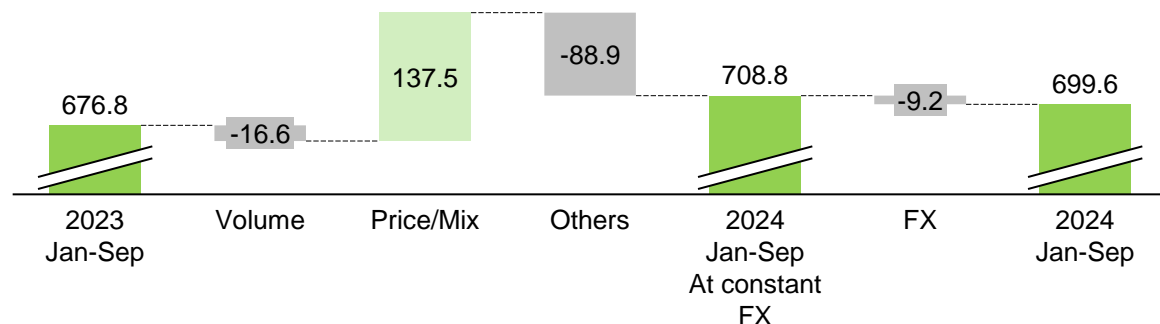
## Others

- Incremental investments towards Ploom
- Inflation-led cost increases within the supply chain

## Forex

- Unfavorable impact on AOP due to the depreciation of emerging currencies and appreciation of cost-related currencies, partially offset by the positive impact of weaker JPY

Roadmap of AOP variance (JPY BN)

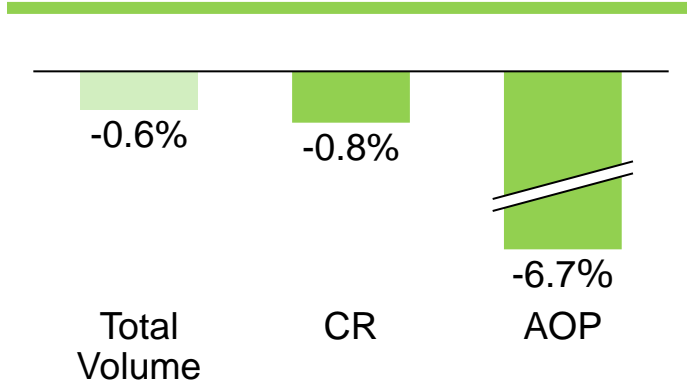


Note: The results for fiscal year 2023 and fiscal year 2024 on a reported basis have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29. The results for fiscal year 2023 and fiscal year 2024 on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

# Tobacco Business Results by Cluster



## ASIA



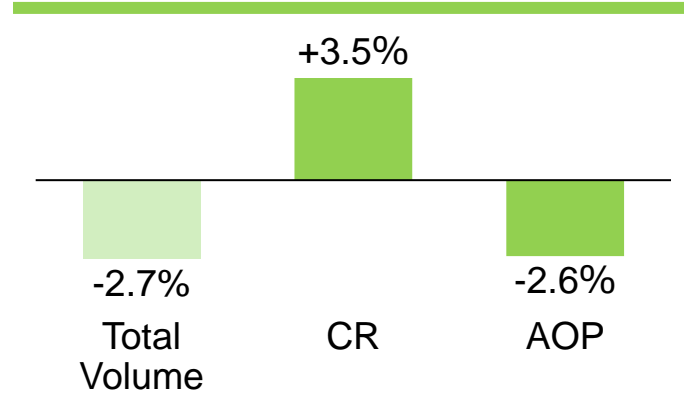
### Total Volume

- Market share gains in the Philippines and Taiwan
- Ploom volume and share growth in Japan
- Lower combustibles industry volume in Japan, the Philippines and Taiwan

### CR/AOP

- Pricing contribution in several markets, offset by the negative volume contribution
- Higher input costs in the supply chain

## WESTERN EUROPE



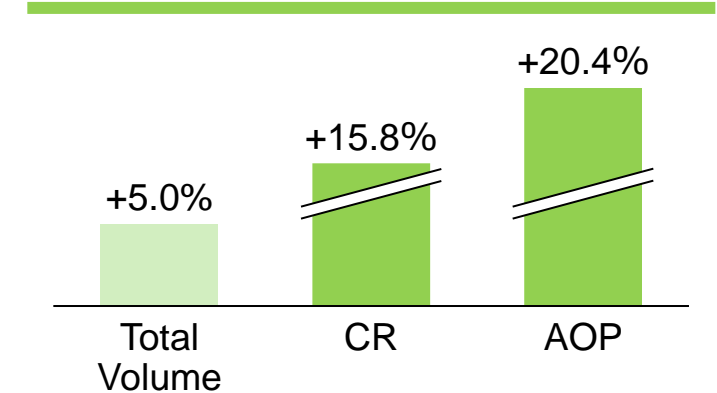
### Total Volume

- Market share gains in several markets, notably Italy
- Positive volume contribution from geo-expansion of Ploom
- Lower combustibles industry volume, mainly in the UK

### CR/AOP

- Pricing contribution, mainly in the UK, offset the negative volume contribution
- Investments towards Ploom geo-expansion
- Higher input costs in the supply chain

## EMA



### Total Volume

- Market share gains in many markets
- Global Travel Retail on-going volume recovery
- Limited decline in industry volume

### CR/AOP

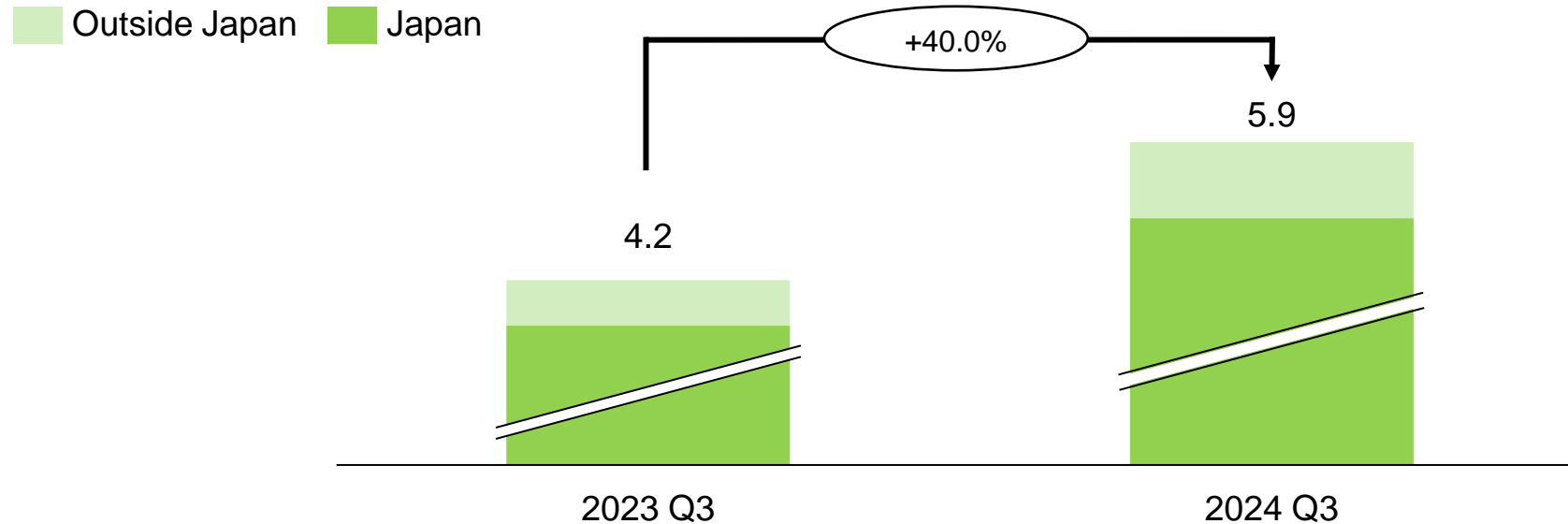
- Positive volume contribution
- Pricing contribution in several markets
- Investments towards Ploom geo-expansion
- Higher input costs in the supply chain



# Tobacco Business Ploom Volume: Continued growth in Japan accelerated by volume in overseas markets



Ploom volume, BnU, 9-month total



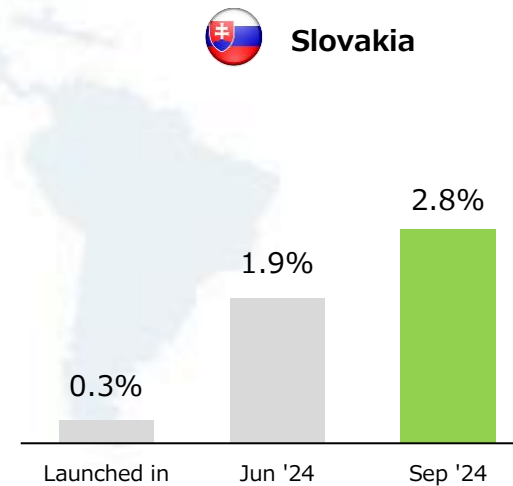
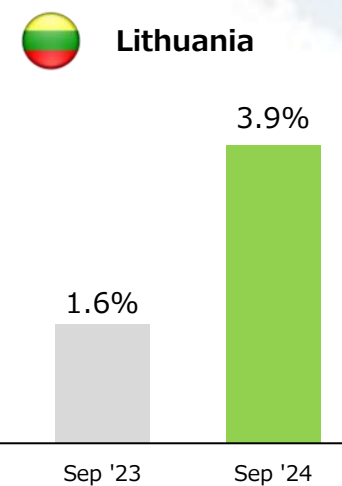
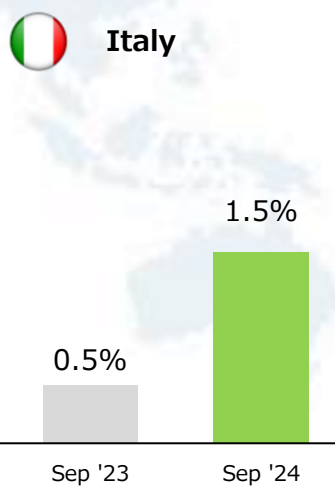
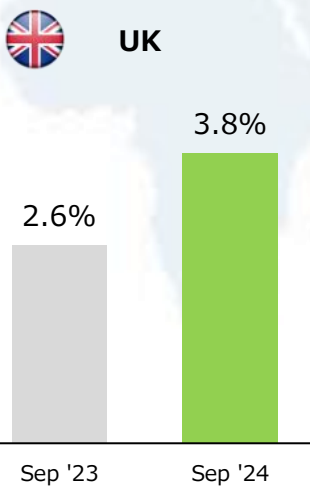
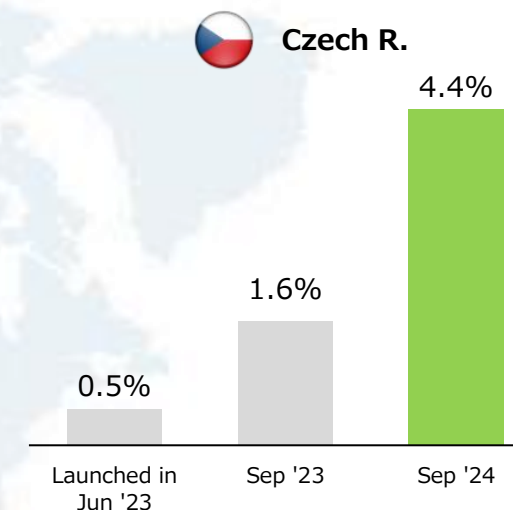
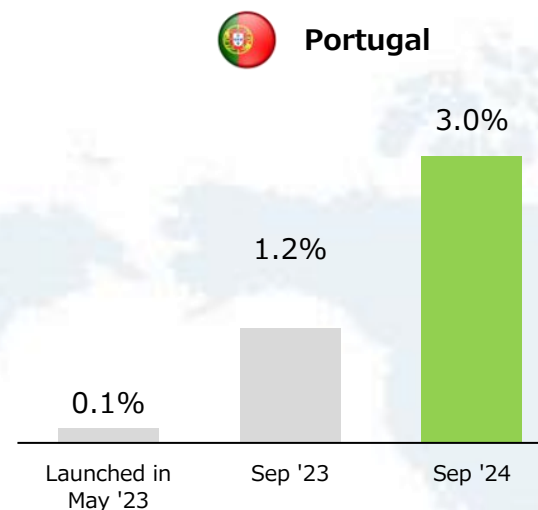
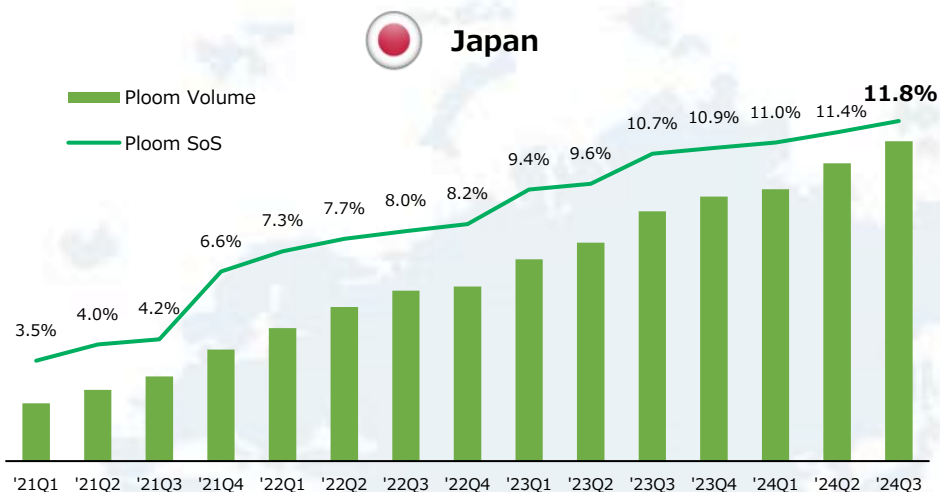
- Ploom is available in 23 markets as of Oct'24, including the launches in Jordan and the Philippines in October. South Korea is next in November
- Ploom volume increased driven by geo-expansion and continuous consumer and trade marketing activation
- RRP-related revenue increased by approx. 22% year-on-year, driven by Ploom volume growth



# Ploom Global Overview: Steady HTS segment share gains in markets where launched



## Ploom SoS in HTS<sup>1) 2)</sup>



1) QTD basis for Japan 2) SoS in launch area for the markets excl. Japan

# Acquisition of Vector Group Ltd. (“VGR”)



## Strategic rationale

- Improve Return-On-Investment (ROI) in combustibles  
Increasing volume by approx. 9 BnU in one of the largest\* and most profitable tobacco markets in the world
- Expand JT Group’s presence in the US  
Increasing the US market share from 2.4% to 8.2%\*\* and getting full ownership of two of the top-10 US cigarette brands, Montego and LD.  
Improving competitiveness through an enlarged distribution network.
- Strengthen JT Group’s financial position  
Larger hard currency levels resulting in stable profit and cash flow contributions on a mid to long term



\*Excluding China

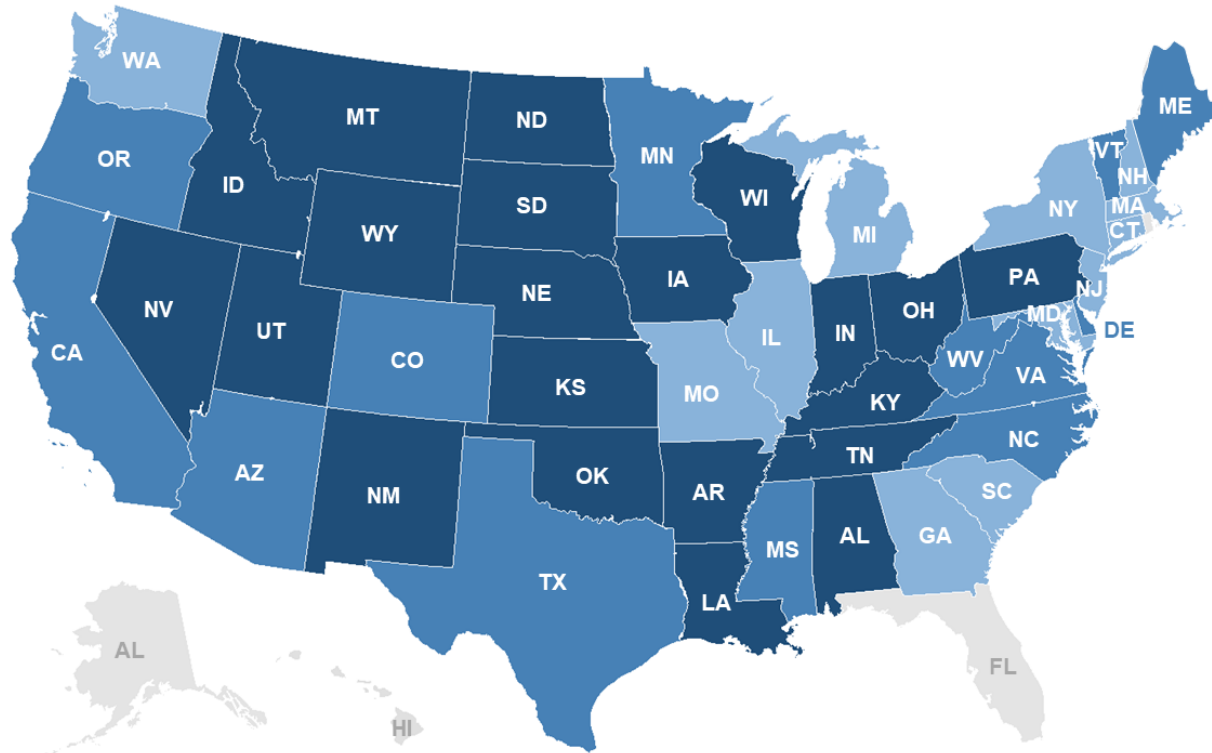
\*\*Based on Jan-Sep 2024 data

# Acquisition of Vector Group Ltd. (“VGR”)

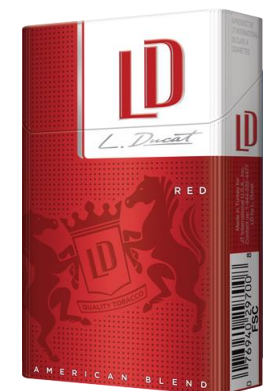


## JTI+VGR combined SOM by states

**21** states with >10% SOM    **13** states with 5-10% SOM  
**12** states with 1-5% SOM    **4** states with <1% SOM



- Now the 4<sup>th</sup> largest tobacco player in the US market
- Significant strengthening of the commercial span and geographic footprint
  - From 34 states to national coverage
  - Doubling the number of outlets covered
  - Better representation across all distribution channels
- Two of the top 5 fastest growing brands since 2021



Source: MSAi Q3'24

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# Pharmaceutical and Processed Food Businesses Financial Results



## Pharmaceutical Business

(JPY BN)	2024 Jan-Sep	vs. 2023 variance
Revenue	<b>67.0</b>	-2.8
AOP	<b>5.2</b>	-8.0

### Revenue

- Decrease mainly due to absence of one-time compensation gains from licensed compounds received in 2023 and lower overseas royalty income, despite sales growth in the area of skin diseases and allergens at our consolidated subsidiary, Torii Pharmaceutical

### AOP

- Decrease due to lower revenue and higher R&D expenditures

## Processed Food Business

(JPY BN)	2024 Jan-Sep	vs. 2023 variance
Revenue	<b>113.5</b>	+2.0
AOP	<b>6.4</b>	+1.7

### Revenue

- Increase due to price revisions implemented in the previous and current fiscal years, as well as the steady sales increase in the seasonings business

### AOP

- Increase due to higher revenue, offsetting increased raw material costs

# Full-year Revised Forecasts

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- In an effort to bring a comprehensive resolution of smoking and health related class actions and health-care cost recovery litigation in Canada, JTI-MC has been actively engaged in a confidential mediation process with plaintiffs and Canadian affiliates of British American Tobacco and Philip Morris International (the Companies) within a Court process under the Companies' Creditors Arrangement Act (CCAA). On Oct. 17, the Court-appointed Mediator and Monitors filed proposed Plans of Compromise and Arrangement.
- Under the proposed Plans, if ultimately approved and implemented, the Companies would pay an aggregate settlement amount of CAD 32.5 billion (approx. JPY 3,440 Bn), funded by:
  - an upfront payment equal to the Companies' cash and cash equivalents on hand in Canada less a working capital withholding of CAD 750 million which is to be allocated between the Companies, and
  - annual payments based on a percentage of the Companies' net income after taxes (excluding that generated by RRP etc.) until the settlement amount is paid.
- JTI-MC recognizes the significant progress that has been made in many areas of this very complex process. JTI-MC is supportive of a global settlement, but it does not consent to the proposed Plan in its current form. There are certain critical issues that would need to be resolved in order for a settlement plan to be workable.
- As a result, on Oct. 24 JTI-MC has advised the Court that it does not support the proposed Plan and has suggested how the issues JTI-MC has identified can be resolved.

\*At the end of September 2024, cash and cash equivalents on hand at JTI-Macdonald represented approx. JPY 158 Bn. The Plans proposed by the Mediator on October 17 states that allocation of the Global Settlement Amount as between the Companies remains unresolved



# 2024 Consolidated Forecasts Revised Upwards



(JPY BN)	FY2024 Revised forecasts	vs. Previous forecasts	vs. 2023
At constant FX			
Core revenue	<b>2,953.5</b>	+97.5	+8.2%
AOP	<b>774.0</b>	+29.0	+6.3%
Reported			
Revenue	<b>3,163.5</b>	+54.5	+11.3%
AOP	<b>746.0</b>	+36.0	+2.5%
Operating profit	<b>688.0</b>	+28.0	+2.3%
Profit	<b>467.0</b>	-8.0	-3.2%
FCF	<b>156.0</b>	-220.0	-287.7 Bn

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. The forecasts on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

## Revenue and AOP

**Upward revision for AOP, both at constant FX and reported**

- **Revenue:**
  - Upward revision driven by the tobacco and pharmaceutical businesses
  - Inclusion of VGR post acquisition
- **AOP:**
  - Revised upward in all business segments
  - Eased foreign exchange headwind vs. previous forecast

## Operating profit and Profit

**Upward revision for operating profit, downward revision for profit**

- **Operating profit:** Upward revision driven by the revised AOP more than offsetting the cost increase in adjusted items
- **Profit:** Revised downward to reflect negative impacts from financial costs and higher corporate tax in addition to VGR acquisition related costs

## FCF

**-220.0 BN vs. previous forecast**

- Revised downward due to payments related to the acquisition of VGR exceeding the AOP upward revision



# Tobacco Business:

## Strong momentum and VGR inclusion drive upward revision of forecast



### Volume

	FY2024 Revised forecast	Previous forecast
Total volume	<b>An increase of approx. +1.0% vs. 2023</b>	A decrease of -1.0% to -0.5% vs. 2023

**Volume assumption** Revised upward to approx. +1.0% vs. 2023

(+) Better-than-expected industry volume and on-going market share gains in several markets

### Financials

(JPY BN)	FY2024 Revised forecasts	vs. Previous forecasts	vs. 2023
Core revenue	<b>2,792.0</b>	<b>+45.0</b>	<b>+12.6%</b>
at constant FX	<b>2,702.0</b>	<b>+97.0</b>	<b>+9.0%</b>
AOP	<b>789.0</b>	<b>+34.0</b>	<b>+5.2%</b>
at constant FX	<b>817.0</b>	<b>+27.0</b>	<b>+9.0%</b>

**Financials constant FX basis** Core revenue: + 97 BN vs. previous forecast  
AOP: +27 BN vs. previous forecast

(+) Continued strong pricing contributions and improved volume  
(+) Inclusion of VGR post acquisition  
(+) Contained cost increases  
(-) Incremental investment towards Ploom and combustibles

**Financials reported basis** Core revenue: +45 BN vs. previous forecast  
AOP: +34 BN vs. previous forecast

*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. The forecasts 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 Revised Forecasts



## Pharmaceutical Business

(JPY BN)	FY2024 Revised forecasts	vs. Previous forecasts	vs. 2023 variance
Revenue	<b>94.0</b>	+1.0	-0.9
AOP	<b>8.0</b>	+1.0	-9.4

### Revenue

**+1.0 BN vs. previous forecast**

- Upward revision incorporating higher revenue at Torii Pharmaceutical

### AOP

**+1.0 BN vs. previous forecast**

- Upward revision due to improved revenue as well as scrutiny of R&D expenditures

## Processed Food Business

(JPY BN)	FY2024 Revised forecasts	vs. Previous forecasts	vs. 2023 variance
Revenue	<b>156.0</b>	-0.5	+2.1
AOP	<b>7.5</b>	+0.5	+0.7

### Revenue

**-0.5 BN vs. previous forecast**

- Downward revision reflecting the recent sales trend

### AOP

**+0.5 BN vs. previous forecast**

- Upward revision due to efficient cost management including SG&A expenses, despite higher operating costs such as raw material costs

# **Closing remarks**

## 2024 Jan-Sep results

- Strong top-line growth driven by solid pricing contributions in the tobacco business. AOP at constant FX grew 2.6% year-on-year, driven by the strong performance of the tobacco and processed food businesses.

## 2024 full-year revised forecasts

- Upward revision of consolidated AOP at constant FX to mid to high single digit growth of 6.3%, reflecting strong momentum in the tobacco business, as well as the contribution from VGR acquisition
- Profit is expected broadly in line with the previous forecast, as the incremental performance is offset by higher financial costs, higher corporate tax and VGR acquisition related costs

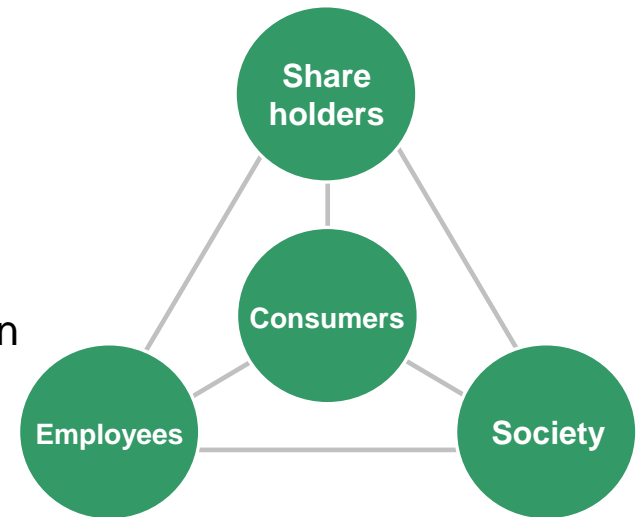
## Acquisition of Vector Group Ltd.

- Improve Return-On-Investment (ROI) in combustibles by expanding JT Group's presence in the US market
- Strengthen financial position through sustainable levels of hard currency profit and cash flows mid to long term

## Shareholder returns

- Proposed annual dividend per share remains unchanged: JPY 194

## Fulfilling Moments, Enriching Life



# <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 excludes RRP devices, RRP related accessories, etc.
Ploom volume :	Sales volume of Ploom heated tobacco sticks (HTS). This excludes Ploom devices, Ploom related accessories, etc.
Core revenue :	Core revenue includes all revenue, excluding those from distribution, contract manufacturing and other peripheral businesses.