Status of Our Russian Operations and Future Growth of the JT Group

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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.

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Overview of the Situation and the JT Group’s Response

- Since 2022, the Group has continued to operate its business in Russia in full compliance with all domestic and international laws and sanctions. However, under Russian presidential decrees dated November 5 and 6, 2026, all seven of the Group's local entities in Russia (hereinafter, the Russian entities) were placed under temporary administration.

- Therefore, while the JT Group is still the legal owner of the Russian entities, the Group is no longer in a position to make decisions regarding those operations in the same way as before.

- In light of these circumstances, these entities are to be excluded from the Group's scope of consolidation in accordance with International Financial Reporting Standards. This deconsolidation does not mean the relinquishment, sale of legal ownership, or withdrawal from the Russian business.

- Over the period, the Company has continuously assessed various options in light of the evolving business environment in Russia. Taking into account laws and sanctions, as well as the impact on stakeholders and other relevant factors, at each point in time, the Company has determined that continuing operations was reasonable among the feasible options available.

- Although temporary administration has created a situation significantly different from before, we will continue to comply with laws and sanctions and aim to maintain local business operations, with employee safety as our highest priority. We will also take all available measures to fulfill our responsibilities to stakeholders and protect our business foundations, rights and assets.

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Our Commitment to Sustainable Profit Growth and Shareholder Returns Remains Unchanged Following the Deconsolidation of Our Russian Operations

Resource Allocation and Shareholder Returns

- Prioritize business investments that support sustainable profit growth over the medium to long term
- Aim to increase shareholder returns over the medium to long term by delivering profit growth while maintaining a strong financial position
    - DPS forecast for 2026 is JPY 204. Guided by the 4S Model, our management principle, we made this decision after thorough assessments of growth investment, the financial impact of deconsolidating our Russian business, financial discipline and future FCF, also taking into account our confidence in sustainable profit growth excluding our Russian business
    - To continue growth investment without slowing and support sustainable dividend growth, we currently plan to target a payout ratio of 70% from 2027 onward for the time being, within the 75% ± 5% range of our current shareholder return policy
    - We expect strong profit growth driven by the tobacco business over 2027-2029 and are confident in our ability to continue increasing DPS from JPY 204

Profit Growth Outlook: Above 10%

(CAGR of consolidated adjusted operating profit at constant FX for 2027–2029, on a comparable basis excluding Russia)

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Our Tobacco Business Strategy Remains Unchanged, Targeting Sustainable Growth Over the Medium to Long Term

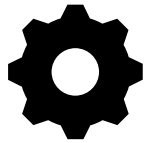
Tobacco Business Strategy

Combustibles

Improve Profitability

Drive top-line growth
through pricing and market share gains

Optimize investment and reduce costs



RRP

Prioritize Resources on Heated Products to Establish a Second Growth Engine

Grow Ploom's top-line and improve its profitability within Heated Products

Explore business opportunities in each category and continue selective investments based on strategies tailored to each category

Acquiring external resources, including through M&A, remains a strategic option
for growth in Combustibles and RRP

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Enhancing Corporate Value Through a Virtuous Cycle of Growth Investment, Profit Growth, Shareholder Returns and Financial Strength

Profit Growth

Sustainable profit and cash generation following the deconsolidation of the Russian operations

Growth Investment

Disciplined investment in RRP and priority markets



Shareholder Returns

Sustainable increases in shareholder returns, primarily through dividends

Financial Strength

Financial soundness, maintained financial discipline and ample funding capacity

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Accounting Treatment and Financial Impact

- Following the placement of our Russian subsidiaries under temporary administration, the Group has lost effective control over its Russian operations and has deconsolidated the affected entities in compliance with IFRS 10

- Expected accounting treatment in the consolidated financial statements upon deconsolidation

P&L：
- Exclusion of profits and losses attributable to the affected entities and related operations. For 2026, this covers the period from Nov. 1 through Dec. 31
- Recognition of a loss on deconsolidation of the net assets of the affected entities and related operations, including goodwill, impairment losses on intercompany loans, and reclassification of cumulative foreign currency translation differences and other items to profit or loss
- Recognition of tax effects relating to retained earnings

B/S：Derecognition of assets of approx. JPY 1,500 billion and liabilities of approx. JPY 200 billion associated with the affected entities and related operations

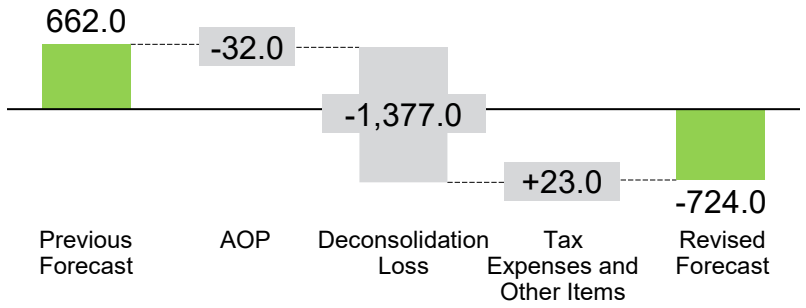
CF：Cash outflow associated with cash and deposits of approx. JPY 400 billion

- 2026 DPS Forecast: JPY 204 (Interim: JPY 136 / Year-end: JPY 68)

Revised Full-Year 2026 Forecast
Reflecting the Impact of Deconsolidation

(JPY BN)	FY2026	vs. Previous Forecast	vs. PY*1
Revenue	**3,840.0**	-63.0	+10.7%
Core revenue at constant FX*2	**3,487.0**	-71.0	+5.2%
AOP*2	**1,047.0**	-32.0	+18.3%
AOP at constant FX*2	**995.0**	-33.0	+12.4%
Operating profit	**-368.0**	-1,409.0	-
Profit	**-724.0**	-1,386.0	-
FCF	**178.0**	-418.0	-94.7

Profit Bridge (JPY BN)



1: PY results are presented on a continuing operations basis, except for FCF.
2: As stated in definitions, the Canada Adjustment (deduction of Annual contribution) has been implemented starting from Q1 FY2026. Year-on-year comparisons are on a like-for-like basis.
Note: The financial statements of subsidiaries operating in a hyperinflationary economy have been adjusted in accordance with the requirements of IAS 29, "Financial Reporting in Hyperinflationary Economies". 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.

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Definitions

Adjusted operating profit (AOP)	Operating profit + amortization cost of acquired intangibles arising from business acquisitions + adjusted items (income and costs) * - Canada Adjustment (Annual contribution**) *Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others **Annual contribution corresponds to the portion of profit equivalent to each annual payment of the settlement of the lawsuits related to smoking and health against tobacco companies, including the Company‘s Canadian subsidiary, JTI-Macdonald Corp.
~ 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 (consolidated)	The sum of revenues in the processed food business, and others, as well as the core revenue at constant FX in the tobacco business.
Core revenue (tobacco business)	Core revenue includes all revenue excluding those from distribution, contract manufacturing and other peripheral businesses and deducting Canada adjustments (Annual contribution*) *Annual contribution corresponds to the portion of revenue equivalent to each annual payment of the settlement of the lawsuits related to smoking and health against tobacco companies, including the Company's Canadian subsidiary, JTI-Macdonald Corp.
RRP-related revenue	RRP-related revenue, as a part of core revenue, represents all the sale of RRP, principally consumables, devices and the related accessories.
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 Products, Infused Product, E-Vapor, Modern Oral and Traditional Oral.
Heated Products	Products that involve a battery-powered device which directly heats stick-shaped consumables similar to cigarettes. These consumables are referred to as HTS and HNS.
Heated Tobacco Sticks (HTS)	Consumables containing tobacco leaves to be used with a Heated Products device that directly heat sticks. One stick is equivalent to a stick of cigarettes.
Heated Nicotine Sticks (HNS)	Consumables that deliver nicotine without tobacco leaves to be used with a Heated Products device that directly heat sticks. One stick is equivalent to a stick of cigarettes.

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Definitions

Infused Tobacco (Infused)	Infused Products involve a battery-powered device that heats a liquid capsule to generate a vapor which passes through a tobacco containing consumable (i.e. not on a stick but rather a capsule or pod). One pack of consumables is equivalent to 20 sticks of cigarettes.
Combustibles	Combustibles include all tobacco products excluding contract-manufactured products and RRP.
Total volume	The volume of tobacco-based products which excludes contract-manufactured products, RRP devices and related accessories.
Combustibles volume	The shipment volume of Combustibles which excludes contract-manufactured products and RRP.
RRP volume	RRP sales volume in cigarette-stick equivalent. This excludes RRP devices, RRP related accessories, etc.
Heated Products volume / Ploom volume	Sales volume of Heated Products (Ploom) in cigarette-stick equivalent. This excludes Ploom devices, Ploom related accessories, etc.
Global Flagship Brands (GFB)	GFB includes four Brands namely Winston, Camel, MEVIUS and LD.

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