



Tokyo, October 29, 2021

## **2021 Third Quarter Results**

### **Year-to-Date Highlights (vs. 2020)**

- Revenue increased 10.9% to JPY 1,766.1 billion.
- Adjusted operating profit at constant currency increased 21.9% to JPY 538.1 billion.
- On a reported basis, adjusted operating profit increased 23.0% to JPY 542.9 billion.
- Operating profit increased 23.2% to JPY 480.7 billion.
- Profit attributable to owners of the parent company increased 31.3% to JPY 338.8 billion.

### **FY2021 Forecasts (vs. Previous Forecasts)**

- Revenue forecast is revised upward by JPY 80.0 billion.
- Adjusted operating profit at constant currency is revised upward by JPY 62.0 billion.
- Forecasts are revised upward for adjusted operating profit on a reported basis (JPY 71.0 billion) and operating profit (JPY 76.0 billion).
- Forecasts are revised upward for profit attributable to owners of the parent company (JPY 58.0 billion) and free cash flow (JPY 72.0 billion).
- The Company plans to offer an annual dividend per share of JPY 140.

Please refer to 'Data Sheets' (page 17) for more financial figures.

### **Masamichi Terabatake, President and Chief Executive Officer of the JT Group, said:**

"The JT Group reported a robust year-to-date performance, driven by strong momentum across the tobacco businesses. Our volume performance continued to be strong, driven by market share increases and stable industry volumes from longer than expected travel restrictions.

"We revised our full year forecasts upward, reflecting the robust results delivered in the first nine months of 2021 and also favorable currency trends. Following the upward revisions of our forecast, we are pleased to inform our plan to raise our annual dividend guidance by 10 yen to 140 yen per share.

"In Japan, we have received very encouraging feedback from consumers on Ploom X. However, the global semi-conductor shortage is impacting production of heated tobacco devices, so for the remainder of the year, we will prioritize the device supply in the Japanese market where we have already launched Ploom X. We will continue to strive to secure share growth.

"In addition, with our one tobacco business new operating model from January 2022, we will further strengthen our business foundation as well as build a more agile and consumer-centric organization."

#### **Investors' Meeting**

An investors' meeting (phone conference) with members of the investor community will be held on October 29, 2021 at 5:00pm Tokyo Time. An on-demand audio recording of this conference will be available on our website ([https://www.jt.com/investors/results/presentation\\_financial](https://www.jt.com/investors/results/presentation_financial)). For detailed information on the consolidated financial results, please visit the Company's website. (<https://www.jt.com/investors/>).

#### **Note on Hyperinflationary Adjustments**

The results and the forecasts for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, both the results and the forecasts on a constant currency basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

## 2021 Q3 Financial Results

### Consolidated Results

(billions of JPY)	2020 Q3	2021 Q3	Variance	2020 YTD	2021 YTD	Variance
<b>Revenue</b>	561.9	<b>621.5</b>	+10.6%	1,592.1	<b>1,766.1</b>	+10.9%
<b>Adjusted operating profit</b>	153.9	<b>184.7</b>	+20.0%	441.5	<b>542.9</b>	+23.0%
<b>Operating profit</b>	138.2	<b>158.6</b>	+14.8%	390.2	<b>480.7</b>	+23.2%
<b>Profit attributable to owners of the parent company</b>	85.5	<b>113.6</b>	+33.0%	257.9	<b>338.8</b>	+31.3%
<b>Adjusted operating profit at constant currency</b>	153.9	<b>173.0</b>	+12.4%	441.5	<b>538.1</b>	+21.9%

### **2021 Q3**

- **Revenue**  
Revenue increased by 10.6% to JPY 621.5 billion driven by increases in the international tobacco and Japanese-domestic tobacco businesses, partially offset by decreases in the pharmaceutical and processed food businesses.
- **Adjusted operating profit**  
At constant currency, adjusted operating profit increased by 12.4% to JPY 173.0 billion driven by increases in the international tobacco, Japanese-domestic tobacco and processed food businesses, partially offset by a decrease in the pharmaceutical business.  
On a reported basis, adjusted operating profit increased by 20.0% to JPY 184.7 billion driven by positive foreign currency impacts in the international tobacco business.
- **Operating profit**  
Operating profit increased by 14.8% to JPY 158.6 billion driven by an increase in adjusted operating profit.
- **Profit attributable to owners of the parent company**  
Profit attributable to owners of the parent company increased by 33.0% to JPY 113.6 billion driven by increases in operating profit and improved financing costs.

### **2021 YTD**

- **Revenue**  
Revenue increased by 10.9% to JPY 1,766.1 billion driven by increases in the international tobacco and Japanese-domestic tobacco businesses, partially offset by decreases in the pharmaceutical and processed food businesses.
- **Adjusted operating profit**  
At constant currency, adjusted operating profit increased by 21.9% to JPY 538.1 billion driven by increases in the international tobacco, Japanese-domestic tobacco and processed food businesses, partially offset by a decrease in the pharmaceutical business.  
On a reported basis, adjusted operating profit increased by 23.0% to JPY 542.9 billion, driven by positive foreign currency impacts in the international tobacco business.

- **Operating profit**  
Operating profit increased by 23.2% to JPY 480.7 billion driven by an increase in adjusted operating profit.
- **Profit attributable to owners of the parent company**  
Profit attributable to owners of the parent company increased by 31.3% to JPY 338.8 billion driven by increases in operating profit and improved financing costs.

The results for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, the results on a constant currency basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets

## Results by Business Segment

### International Tobacco Business

(billions of Units, billions of JPY)	2020 Q3	2021 Q3	Variance	2020 YTD	2021 YTD	Variance
<b>Total shipment volume</b>	118.0	<b>120.0</b>	+1.7%	330.0	<b>348.9</b>	+5.7%
<b>GFB shipment volume</b>	77.0	<b>81.7</b>	+6.2%	213.2	<b>235.2</b>	+10.3%
<b>Core revenue<sup>1</sup></b>	330.4	<b>390.6</b>	+18.2%	956.5	<b>1,126.9</b>	+17.8%
<b>Adjusted operating profit<sup>1</sup></b>	100.5	<b>128.8</b>	+28.2%	314.8	<b>399.0</b>	+26.7%

#### Reference (millions of USD)

<b>Core revenue<sup>1</sup></b>	3,116	<b>3,540</b>	+13.6% (+6.6%*)	8,901	<b>10,359</b>	+16.4% (+11.7%*)
<b>Adjusted operating profit<sup>1</sup></b>	949	<b>1,168</b>	+23.1% (+16.2%*)	2,929	<b>3,673</b>	+25.4% (+25.0%*)

\*at constant currency

#### 2021 Q3

- Volume and Market share<sup>2</sup>**

Total shipment volume increased 1.7%, including unfavorable inventory movements. Excluding inventory adjustments, total shipment volume grew 2.1%, building on quarterly market share gains in a stable industry volume, partially resulting from lower illicit trade volume. Share grew across the key markets of France, Italy, Russia, Spain, Turkey and the UK, in addition to many others, notably Brazil, Canada, the Czech Republic, Germany, Iran, the Philippines, Poland and Romania. GFB shipment volume increased 6.2%, driven by continued growth from Winston (+5.8%), notably in Iran, Italy, Poland, Turkey, and Camel (+21.7%), mainly in Russia.

- Core revenue and Adjusted operating profit<sup>1</sup>**

Core revenue and adjusted operating profit increased 18.2% and 28.2%, respectively, driven by a robust price/mix contribution, as well as favorable volume and currency movements.

On a USD constant currency basis, core revenue grew 6.6%, driven by a favorable price/mix contribution of USD 184 million, notably from Canada, Kazakhstan, the Philippines, Russia, Taiwan and Turkey, and a positive volume variance of USD 21 million. Adjusted operating profit increased by 16.2%, driven by a positive price/mix variance of USD 180 million and a favorable volume contribution of USD 13 million, partially offset by continued investments in the heated tobacco sticks segment.

#### 2021 YTD

- Volume and Market share<sup>2</sup>**

Total shipment volume increased 5.7%, including favorable inventory movements. Excluding inventory adjustments, total shipment volume grew 5.4%, driven by robust market share gains and favorable industry volume comparisons in several markets, mainly due to on-going travel restrictions and lower illicit trade volume. Market share continued to increase across all key markets as well as other markets, notably Austria, Brazil, Canada, the Czech Republic, Germany, Kazakhstan, the Philippines, Poland, Romania, Singapore and Ukraine. GFB shipment volume grew 10.3%, fueled by the solid performance of Winston (+9.8%), Camel (+23.6%) and Mevius (+2.8%).

- **Core revenue and Adjusted operating profit<sup>1</sup>**

Core revenue and adjusted operating profit increased 17.8% and 26.7%, respectively, driven by a strong volume contribution, solid price/mix variance and favorable currency movements.

On a USD constant currency basis, core revenue increased 11.7%, driven by a robust volume contribution of USD 481 million and a positive price/mix variance of USD 563 million, notably from Canada, Iran, Kazakhstan, the Philippines, Russia, Taiwan, Turkey and Ukraine. Adjusted operating profit grew 25.0%, driven by a favorable price/mix variance of USD 527 million and a positive volume contribution of USD 325 million.

## International Tobacco Business (Quarterly) Performance Review by Cluster

### South and West Europe

(billions of Units, millions of USD)	2020 Q3	2021 Q3	Variance
<b>Total shipment volume</b>	17.8	<b>17.2</b>	-3.4%
<b>GFB shipment volume</b>	15.1	<b>14.6</b>	-3.5%
<b>Core revenue</b>	560	<b>549</b>	-2.0% (-2.8%*)

\*at constant currency

- **Volume and market share<sup>2</sup>**

Total and GFB shipment volumes, including unfavorable inventory movements, decreased 3.4% and 3.5%, respectively. Excluding inventory adjustments, total shipment volume grew 0.5%, driven by continued market share gains. Quarterly market share increased in Belgium, France, Greece, Italy, the Netherlands, Spain and Switzerland.

- **Core revenue**

Core revenue decreased 2.0%, due to a negative volume contribution of USD 15 million, mainly from unfavorable inventory movements notably in France and Spain. Excluding favorable currency movements of USD 5 million, core revenue decreased 2.8%.

- **By market<sup>2</sup>**

**In France**, excluding inventory movements and despite continued quarterly market share gains (+1.2ppt) in cigarettes and fine cut, total shipment volume decreased 4.1% due to lower industry volume. Factoring in unfavorable inventory adjustments, total, GFB and fine cut shipment volumes declined 11.2%, 10.1% and 6.8%, respectively. Currency-neutral core revenue declined due to negative volume and price/mix variances. Year-to-date total shipment volume was down 0.1%, or up 1.3% excluding inventory movements, with GFB shipment volume increasing 0.8% and fine cut shipment volume declining 3.6%. Year-on-year market share increased 2.6ppt to 28.7%, fueled by Winston and Camel.

**In Italy**, excluding inventory movements and despite continued market share gains (+0.6ppt), total shipment volume decreased 0.6% due to lower industry volume versus the same quarter last year. Accounting for favorable inventory adjustments, total, GFB and fine cut shipment volumes increased 5.0%, 6.9% and 6.8%, respectively. Currency-neutral core revenue increased, driven by a solid volume contribution. Year-to-date total shipment volume grew 4.4%, or 2.8% excluding inventory adjustments, with GFB and fine cut shipment volumes up 6.6% and 1.8%, respectively. Year-on-year market share increased 1.1ppt to 26.3%, led by Winston.

**In Spain**, excluding inventory movements, total shipment volume grew 3.4%, driven by quarterly market share gains (+0.4ppt) in both cigarettes and fine cut. Factoring in unfavorable inventory adjustments, total and GFB shipment volumes declined 14.9% and 18.7%, respectively, while fine cut grew 3.2%. Currency-neutral core revenue decreased, mainly due to a negative volume variance. Year-to-date total shipment volume increased 2.7%, or 4.3% excluding inventory movements. GFB and fine cut shipment volume increased 3.3% and 3.6% respectively. Year-on-year market share increased 1.2ppt to 27.5%, led by Winston and Camel.

## North and Central Europe

(billions of Units, millions of USD)	2020 Q3	2021 Q3	Variance
<b>Total shipment volume</b>	17.6	<b>18.1</b>	+2.6%
<b>GFB shipment volume</b>	9.4	<b>10.1</b>	+6.6%
<b>Core revenue</b>	729	<b>768</b>	+5.3% (+1.4%*)

\*at constant currency

- Volume and market share<sup>2</sup>**  
 Total and GFB shipment volumes increased 2.6% and 6.6%, respectively, driven by continued market share gains. Quarterly market share grew in the Czech Republic, Germany, Hungary, Ireland, Poland, Sweden and the UK.
- Core revenue**  
 Core revenue grew 5.3% driven by a favorable volume contribution of USD 6 million, notably from Germany, Poland and the UK, combined with a positive price/mix variance of USD 4 million and favorable currency movements of USD 29 million. Excluding currencies, core revenue increased 1.4%.
- By market<sup>2</sup>**  
**In Germany**, total, GFB and fine cut shipment volumes increased 6.9%, 7.4% and 4.2%, respectively, driven by quarterly market share gains (+0.8ppt) in both cigarettes and fine cut. Currency-neutral core revenue grew, driven by a positive volume variance. Year-to-date shipment volumes increased 6.9%, 7.3% and 4.2% in total, GFB and fine cut, respectively. Year-on-year market share grew 0.6ppt to 9.4% driven by Winston and Camel.  
  
**In the UK**, total and fine cut shipment volume increased 4.1% and 5.5%, respectively, building on quarterly market share gains (+0.9ppt) in both cigarettes and fine cut. Currency-neutral core revenue increased, fueled by a favorable volume contribution. Year-to-date shipment volumes grew 6.8% and 10.1% in total and fine cut, respectively. Year-on-year market share was up 1.0ppt to 45.6%, driven by Benson & Hedges in cigarettes and Sterling in fine cut.

## CIS+

(billions of Units, millions of USD)	2020 Q3	2021 Q3	Variance
<b>Total shipment volume</b>	34.1	<b>34.3</b>	+0.6%
<b>GFB shipment volume</b>	22.8	<b>24.9</b>	+9.0%
<b>Core revenue</b>	779	<b>876</b>	+12.4% (+12.5%*)

\*at constant currency

- **Volume and market share<sup>2</sup>**

Total shipment volume, excluding inventory movements, increased 0.2%, driven by quarterly market share gains and favorable industry volume comparisons versus the same quarter last year. Factoring in favorable inventory adjustments, total and GFB shipment volumes increased 0.6% and 9.0%, respectively. Quarterly market share grew in Azerbaijan, Kazakhstan, Romania, Russia and Ukraine.

- **Core revenue**

Core revenue increased 12.4% driven by a favorable price/mix variance of USD 66 million, mainly from Kazakhstan and Russia, and a positive volume contribution of USD 32 million. Excluding unfavorable currency movements of USD 1 million, core revenue grew 12.5%.

- **By market<sup>2</sup>**

**In Romania**, total and GFB shipment volumes grew 2.8% and 1.3%, respectively, driven by quarterly market share gains (+0.6ppt). A positive price/mix variance drove an increase in currency-neutral core revenue. Year-to-date shipment volumes grew 7.3% and 5.3% in total and GFB, respectively. Year-on-year market share reached 29.7%, an increase of 1.1ppt driven by Winston, Camel and Sobranie.

**In Russia<sup>3</sup>**, excluding inventory movements, total shipment volume increased 0.3%, driven by quarterly total tobacco market share gains (+1.0ppt), mainly in combustibles. Total tobacco industry volume is estimated to decline by 3.7% year-on-year as the impact of the excise tax increase pass-on has become more evident. Accounting for favorable inventory adjustments, total shipment volume increased 1.1% while GFB shipment volume increased 16.8%, driven by the solid performance of Camel. Ploom consumables grew share of segment by 1.4ppt to 2.6% in the quarter, driven by continued investments. Subject to the shortage of semi-conductors' supply, the introduction of Ploom X is postponed to the first half of 2022. Currency-neutral core revenue grew, driven by positive volume and price/mix contributions. Year-to-date total shipment volume increased 4.8%, or 2.7% excluding inventory movements, and GFB shipment volume was up 17.3%. Year-on-year total tobacco market share increased to 36.7%.

## Rest-of-the-World

(billions of Units, millions of USD)	2020 Q3	2021 Q3	Variance
<b>Total shipment volume</b>	48.5	<b>50.4</b>	+4.0%
<b>GFB shipment volume</b>	29.6	<b>32.2</b>	+8.9%
<b>Core revenue<sup>1</sup></b>	1,047	<b>1,347</b>	+28.6% (+10.8%*)

\*at constant currency

- **Volume and market share<sup>2</sup>**

Total shipment volume increased 3.9% when excluding inventory movements, driven by solid quarterly market share gains. Factoring in favorable inventory adjustments, total and GFB shipment volumes increased 4.0% and 8.9%, respectively, driven by Winston and Camel. Quarterly market share grew across many markets, notably in Brazil, Cambodia, Canada, Iran, Morocco, the Philippines, Saudi Arabia, Singapore, South Korea and Turkey.

- **Core revenue<sup>1</sup>**

Core revenue increased 28.6%, driven by a favorable price/mix variance of USD 115 million, notably in Canada, the Philippines, Taiwan and Turkey, combined with favorable currencies of USD 187 million, which more than offset a negative volume contribution of USD 2 million. Excluding currency movements, core revenue grew 10.8%.

- **By market<sup>2</sup>**

**In Iran**, excluding inventory movements, total shipment volume grew 10.6%, driven by stronger industry volume trends and quarterly market share gains (+2.3ppt). Accounting for favorable inventory adjustments, total and GFB shipment volumes increased 11.1% and 18.9%, respectively. Currency-neutral core revenue decreased in the quarter. Year-to-date total and GFB shipment volumes grew 9.9% and 16.4%, respectively. Year-on-year market share declined 0.3ppt to 59.4%.

**In Taiwan**, total shipment volume decreased 8.7%, or 7.9% when excluding inventory movements, due to an unfavorable industry volume from heightened COVID restrictions. GFB shipment volume declined 8.9% while quarterly market share remained flat. Currency-neutral core revenue decreased, due to a negative volume variance more than offsetting a positive price/mix contribution. Year-to-date total shipment volume grew 1.1%, or 0.5% excluding inventory adjustments, and GFB shipment volume was up 0.2%. Year-on-year market share increased by 1.0ppt to 48.2%, driven by Mevius, LD and Winston.

**In Turkey**, excluding inventory movements, total shipment volume grew 13.5% supported by an improved industry volume comparison and quarterly market share gains (+1.2ppt). Accounting for unfavorable inventory adjustments, total and GFB shipment volumes increased 13.0% and 14.0%, respectively. Currency-neutral core revenue grew, driven by favorable volume and price/mix contributions. Year-to-date total shipment volume increased 13.1%, or 13.8% excluding inventory adjustments, and GFB shipment volume grew 13.8%. Year-on-year market share increased 0.9ppt to 27.5% driven by Winston.

<sup>1</sup> The results for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, the results on a constant currency basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

<sup>2</sup> IRI, Logista, Nielsen, Panel Strator and JTI estimates on a 12-month rolling average and 3-month average, unless other specified, for cigarettes and fine cut (excluding snus) at the end of September 2021. Azerbaijan, Cambodia, Canada, Germany, Greece, Hungary, Iran, Italy, Kazakhstan, the Netherlands, the Philippines, Romania, Russia,



Spain, and the UK are on a 12-month rolling average and 2-month average at the end of August 2021. 12-month and 3-month shares of market growth for 2021 are calculated against 12-month and 3-month shares of market at the end of the respective period in 2020.

<sup>3</sup> From Q1 2021 onwards, shipment volume and market share data for Russia reflect total tobacco figures, i.e. cigarettes and heated tobacco sticks. 2020 data has been adjusted accordingly.

<sup>4</sup> Source: JTI estimates based on July-September 2021 total tobacco data versus the same period last year.

## Japanese-Domestic Tobacco Business

(billions of units, billions of JPY)	2020 Q3	2021 Q3	Variance	2020 YTD	2021 YTD	Variance
<b>Cigarette industry volume<sup>5</sup></b>	33.0	<b>30.3</b>	-8.2%	90.0	<b>82.2</b>	-8.7%
<b>Cigarette sales volume</b>	19.9	<b>18.1</b>	-9.0%	54.0	<b>49.0</b>	-9.3%
<b>Core revenue</b>	146.0	<b>148.9</b>	+2.0%	394.8	<b>405.2</b>	+2.6%
<b>Adjusted operating profit</b>	57.2	<b>60.8</b>	+6.3%	139.0	<b>162.1</b>	+16.6%

### 2021 Q3

- **Cigarette sales volume**

Cigarette industry volume<sup>5</sup> decreased by 8.2%, mainly due to a natural decline trend, growth in the RRP category and the impact of price revisions in October 2020.

Cigarette sales volume decreased by 9.0% due to cigarette industry volume contraction and a loss in cigarette market share<sup>5</sup>. Cigarette market share<sup>5</sup> decreased by 0.5ppt year on year to 59.7% due to growth in the RRP category and intense competition in the value segment, following downtrading.

- **Reduced-Risk Products (RRP) performance**

RRP industry volume<sup>6</sup> in Japan was 12.7 billion units, an increase of 1.3 billion units year on year. The overall RRP market size is estimated to represent 29.5% (shipment basis) of the total tobacco industry volume. JT's RRP sales volume was 1.2 billion units, an increase of 0.1 billion units year on year. JT's market share<sup>5</sup> in the RRP category is estimated to represent 9.6% (shipment basis).

- **Core revenue and adjusted operating profit**

Core revenue increased by 2.0%, mainly driven by a positive cigarette price/mix variance of JPY 13.8 billion and an increase in RRP-related revenue, despite an unfavorable cigarette sales volume variance of JPY 11.4 billion. RRP-related revenue increased by JPY 0.3 billion year on year to JPY 17.0 billion, driven by an increase in RRP sales volume.

Adjusted operating profit increased by 6.3%, mainly driven by a positive cigarette price/mix variance of JPY 13.8 billion. This was partially offset by an unfavorable cigarette sales volume variance of JPY 9.4 billion and higher sales promotion expenses towards the Ploom X launch.

### 2021 YTD

- **Cigarette sales volume**

Cigarette industry volume<sup>5</sup> decreased by 8.7%, mainly due to a natural decline trend, growth in the RRP category and the impact of price revisions in October 2020.

Cigarette sales volume decreased by 9.3% due to cigarette industry volume contraction, growth in the RRP category and a loss in cigarette market share<sup>5</sup>. Cigarette market share<sup>5</sup> decreased by 0.4ppt down to 59.6%, due to growth in the RRP category and intense competition in the value segment, following downtrading.

- **Reduced-Risk Products (RRP) performance**

RRP industry volume<sup>6</sup> in Japan was 34.4 billion units, an increase of 3.9 billion units year on year. The overall RRP market size is estimated to represent 29.5% (shipment basis) of the total tobacco industry volume. JT's RRP sales volume was 3.4 billion units, an increase of 0.4 billion units year on year. JT's market share<sup>5</sup> in the RRP category is estimated to represent 9.8% (shipment basis).

- **Core revenue and adjusted operating profit**

Core revenue increased by 2.6%, driven by a positive cigarette price/mix variance of JPY 39.4 billion and an increase in RRP-related revenue, despite factors including an unfavorable cigarette sales volume variance of JPY 32.0 billion. RRP-related revenue increased by JPY 3.7 billion year on year

to JPY 46.3 billion, driven by an increase in RRP sales volume.

Adjusted operating profit increased by 16.6%, mainly driven by a positive cigarette price/mix variance of JPY 39.4 billion and an increase in RRP-related revenue, partially offset by an unfavorable cigarette sales volume variance of JPY 26.6 billion. We continue to make necessary investments towards Ploom X.

<sup>5</sup> Source: JT estimates. Cigarette industry volume and cigarette market share include little cigars, which are classified as cigars as per the Tobacco Business Act of Japan, as well as combustible cigarettes.

<sup>6</sup> Source: JT estimates industry volume of RRP in the Japanese market by number of sticks based on internal assumptions, i.e. one pack of consumables is equivalent to 20 sticks of combustible cigarettes. This excludes RRP devices, RRP- related accessories, etc.

## Pharmaceutical Business

(billions of JPY)	2020 Q3	2021 Q3	Variance	2020 YTD	2021 YTD	Variance
<b>Revenue</b>	20.3	<b>19.7</b>	-2.6%	57.5	<b>56.8</b>	-1.3%
<b>Adjusted operating profit</b>	4.7	<b>3.1</b>	-34.9%	12.6	<b>6.6</b>	-47.6%

### 2021 Q3

- **Revenue and adjusted operating profit**

Revenue decreased by 2.6% mainly due to a decrease in overseas royalty income, which was partially offset by top-line growth in our consolidated subsidiary, Torii Pharmaceutical.

Adjusted operating profit decreased by 34.9%, due to the revenue decline as well as an increase in R&D expenditures and SG&A expenses of Torii Pharmaceutical.

### 2021 YTD

- **Revenue and adjusted operating profit**

Revenue and adjusted operating profit decreased by 1.3% and 47.6%, respectively, for the reasons mentioned for Q3.

## Processed Food Business

(billions of JPY)	2020 Q3	2021 Q3	Variance	2020 YTD	2021 YTD	Variance
<b>Revenue</b>	36.7	<b>36.2</b>	-1.4%	108.6	<b>106.7</b>	-1.8%
<b>Adjusted operating profit</b>	0.5	<b>0.9</b>	+78.2%	0.9	<b>2.4</b>	+175.4%

### 2021 Q3

- **Revenue and adjusted operating profit**

Revenue decreased by 1.4% mainly due to an impact of withdrawal of some products in the frozen and ambient food business. The revenue was also impacted by factors including the declaration of a state of emergency, which led to a decline in sales for food-service products within the frozen and ambient food as well as the seasonings businesses.

Adjusted operating profit increased by JPY 0.4 billion mainly due to a receipt of one-time fire insurance claim related to a fire at our subsidiary's factory in January 2021, as well as lower SG&A expenses, including a favorable comparison of impairment losses in the bakery business in the previous year. These factors more than offset the decline in the revenue.

### 2021 YTD

- **Revenue and adjusted operating profit**

Revenue decreased by 1.8%, mainly due to a relative decline in demand for household products in the frozen and ambient food business, which had temporarily increased in the same period of the previous year. The revenue also reflects an impact of withdrawal of some products in the frozen and ambient food business.

Adjusted operating profit increased by JPY 1.5 billion, for the reasons mentioned for Q3.

## FY2021 Revised Forecasts

### Consolidated

(billions of JPY)	2021 Forecast		Variance vs. Previous Forecast	Variance vs. 2020 Results
	Previous	Revised		
<b>Revenue</b>	2,200.0	<b>2,280.0</b>	+80.0	+9.0%
<b>Adjusted operating profit</b>	517.0	<b>588.0</b>	+71.0	+20.8%
<b>Operating profit</b>	402.0	<b>478.0</b>	+76.0	+1.9%
<b>Profit attributable to owners of the parent company</b>	272.0	<b>330.0</b>	+58.0	+6.4%
<b>Free cash flow</b>	383.0	<b>455.0</b>	+72.0	
<b>Adjusted operating profit at constant currency</b>	522.0	<b>584.0</b>	+62.0	+19.9%

- **Revenue**  
Revenue forecast is revised upward by JPY 80.0 billion to JPY 2,280.0 billion driven by upward revisions in the international tobacco and pharmaceutical businesses, partially offset by downward revision in the processed food business. As a result, revenue is now expected to increase by 9.0% year on year.
- **Adjusted operating profit**  
Adjusted operating profit at constant currency is revised upward by JPY 62.0 billion to JPY 584.0 billion, resulting in a 19.9% increase year on year, driven by upward revisions in the international tobacco, pharmaceutical and processed food businesses.  
On a reported basis, adjusted operating profit is revised upward by JPY 71.0 billion to JPY 588.0 billion, resulting in a 20.8% increase year on year, driven by the upward revisions in adjusted operating profit at constant currency and revised currency assumptions.
- **Operating profit and profit attributable to owners of the parent company**  
Operating profit is revised upward by JPY 76.0 billion to JPY 478.0 billion, driven by an upward revision in adjusted operating profit, resulting in a 1.9% increase year on year. Profit attributable to owners of the parent company is revised upward by JPY 58.0 billion to JPY 330.0 billion mainly driven by an upward revision in operating profit. This represents a 6.4% increase year on year.
- **Annual dividend**  
The upward revisions in profit attribute to owners of the parent is mainly driven by favorable business performance year to date. This year we revised the shareholders return policy, and the dividend payout ratio per initial guidance was 96.1%. With the revised forecast the initial guidance would now be slightly below the payout ratio range 75%±5%, so the annual dividend guidance is revised upward by JPY 10 to JPY 140.
- **Free cash flow**  
Free cash flow is revised upward by JPY 72.0 billion to JPY 455.0 billion, driven by an upward revision in adjusted operating profit and a revision in capital expenditures.

The forecasts for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, the forecasts on a constant currency basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

## Forecasts by Business Segment

### International Tobacco Business

(billions of JPY)	2021 Forecast		Variance vs. Previous Forecast	Variance vs. 2020 Results
	Previous	Revised		
<b>Total shipment volume</b>	Almost flat	<b>Approx. +4%</b>		
<b>GFB shipment volume</b>	Approx. +3%	<b>Approx. +8%</b>		
<b>Core revenue<sup>7</sup></b>	1,360.0	<b>1,440.0</b>	+80.0	+15.1%
<b>Adjusted operating profit<sup>7</sup></b>	377.0	<b>442.0</b>	+65.0	+29.7%

#### Reference (millions of USD)

<b>Core revenue<sup>7</sup></b>	12,500	<b>13,250</b>	+750	+13.0% (+9.6%*)
<b>Adjusted operating profit<sup>7</sup></b>	3,480	<b>4,060</b>	+580	+27.6% (+28.2%*)

\*at constant currency

- **Volume**

The forecasts for total and GFB shipment volumes are revised upwards to account for the stronger nine-month performance, driven by favorable industry volume comparisons in several markets, notably from the on-going travel restrictions and lower illicit trade, and continued market share gains across many markets. Total and GFB shipment volumes are now expected to increase by approximately 4% and 8%, respectively.

- **Core revenue and Adjusted operating profit<sup>7</sup>**

On a JPY basis, the forecasts for core revenue and adjusted operating profit are revised upward by JPY 80.0 billion and JPY 65.0 billion respectively, mainly driven by a stronger performance in the first nine months and revised currency assumptions. As a result, core revenue and adjusted operating profit will increase 15.1% and 29.7%, respectively.

On a USD basis, core revenue and adjusted operating profit are revised upward by USD 750 million and USD 580 million, respectively, versus previous forecast update. These upward revisions are driven by the stronger year-to-date performance, primarily in volume, as well as revised currency assumptions. On a constant currency basis, core revenue and adjusted operating profit are now expected to increase by 9.6% and 28.2%, respectively.

<sup>7</sup> The forecasts for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, the forecasts on a constant currency basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

## Japanese-Domestic Tobacco Business

(billions of JPY)	2021 Forecast		Variance vs. Previous Forecast	Variance vs. 2020 Results
	Previous	Revised		
<b>Cigarette industry volume<sup>8</sup></b>	Decline over 9.0%	<b>Decline upper 8.0%</b>		
<b>Cigarette sales volume</b>	Decline slightly less than 11.0%	<b>Decline approx. 10.0%</b>		
<b>Core revenue</b>	510.0	<b>510.0</b>	—	-1.1%
<b>Adjusted operating profit</b>	176.0	<b>176.0</b>	—	+4.7%

- **Volume**

The cigarette industry volume<sup>8</sup> decline assumption is revised upward from over 9.0% to upper 8.0%. JT's estimate for overall RRP market size remains for the full year unchanged at approximately 30% of the total tobacco industry volume. The total tobacco industry volume<sup>8</sup> decline assumption is revised upward from upper 3.0% to mid 3.0%, reflecting a resilient nine-month industry volume.

The assumption on JT cigarette sales volume decline is revised from slightly less than 11.0% to approximately 10.0%, reflecting the upward revision of cigarette industry volume<sup>8</sup>. The JT RRP sales volume estimate remains unchanged at over 4.5 billion units.

- **Core revenue and adjusted operating profit**

Despite the above revisions of volume assumption, core revenue and adjusted operating profit remain unchanged at JPY 510.0 billion and JPY 176.0 billion, respectively, due to the need to assess the competitive environment following price revision in October 2021.

<sup>8</sup> Source: JT estimates. Total tobacco industry volume and cigarette industry volume include little cigars, which are classified as cigars as per the Tobacco Business Act in Japan as well as combustible cigarettes.

## Pharmaceutical Business

(billions of JPY)	2021 Forecast		Variance vs. Previous Forecast	Variance vs. 2020 Results
	Previous	Revised		
<b>Revenue</b>	77.0	<b>80.0</b>	+3.0	+1.3%
<b>Adjusted operating profit</b>	7.0	<b>10.0</b>	+3.0	-41.7%

- **Revenue and adjusted operating profit**

Revenue forecast is revised upward by JPY 3.0 billion reflecting overseas royalty income, which is expected to exceed the previous forecast, as well as Torii Pharmaceutical's top-line growth. The revised forecast represents an increase of 1.3% versus the previous year.

Adjusted operating profit forecast is revised upward by JPY 3.0 billion mainly reflecting the revised revenue forecast. The forecast on adjusted operating profit represents a decrease of 41.7% versus the previous year by taking several factors into account including an increase in R&D expenditures.

## Processed Food Business

(billions of JPY)	2021 Forecast		Variance vs. Previous Forecast	Variance vs. 2020 Results
	Previous	Revised		
<b>Revenue</b>	150.0	<b>147.0</b>	-3.0	-1.6%
<b>Adjusted operating profit</b>	3.0	<b>3.5</b>	+0.5	—

- **Revenue and adjusted operating profit**

Revenue is revised downward by JPY 3.0 billion, representing a decrease of 1.6% versus the previous year. This reflects the sales recovery outlook, which is expected to be slower than that initially anticipated, in food-service products in the frozen and ambient food; seasonings; and bakery businesses despite the expected growth in sales of household products in the frozen and ambient food business.

Adjusted operating profit is revised upward by JPY 0.5 billion to JPY 3.5 billion despite the downward revision of revenue, reflecting effective cost execution and investments as well as a receipt of one-time fire insurance claim related to a fire at our subsidiary's factory in January 2021.



# Data Sheets

## Results for 2021 Third Quarter

The results for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, 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.

### 1. Summary of Consolidated results

(Unit: JPY billion)

	2020 Q3 YTD	2021 Q3 YTD	Variance (abs)	Variance (%)
Revenue	1,592.1	1,766.1	+174.0	+10.9%
Operating profit	390.2	480.7	+90.5	+23.2%
Adjusted operating profit	441.5	542.9	+101.4	+23.0%
Profit before income taxes	345.6	463.8	+118.3	+34.2%
Profit	259.6	340.3	+80.7	+31.1%
Profit (attributable to owners of the parent company)	257.9	338.8	+80.9	+31.3%
Basic EPS*(JPY)	145.40	190.95	+45.55	+31.3%

\*Based on profit attributable to owners of the parent company

[Reference] Consolidated results

(Unit: JPY billion)

	2020 Q3 YTD	2021 Q3 YTD	Variance (abs)	Variance (%)
Adjusted operating profit at constant FX	441.5	538.1	+96.5	+21.9%

### 2. Results by business segment

(Unit: JPY billion)

	2020 Q3 YTD	2021 Q3 YTD	Variance (abs)	Variance (%)
Consolidated: revenue	1,592.1	1,766.1	+174.0	+10.9%
Japanese-domestic tobacco	425.2	434.8	+9.7	+2.3%
Core revenue	394.8	405.2	+10.5	+2.6%
International tobacco	998.7	1,166.3	+167.6	+16.8%
Core revenue	956.5	1,126.9	+170.4	+17.8%
Pharmaceutical	57.5	56.8	-0.8	-1.3%
Processed food	108.6	106.7	-1.9	-1.8%
Others	2.1	1.5	-0.6	-29.8%
Consolidated: operating profit	390.2	480.7	+90.5	+23.2%
Japanese-domestic tobacco	126.8	138.2	+11.4	+9.0%
International tobacco	276.1	358.4	+82.3	+29.8%
Pharmaceutical	11.9	6.8	-5.1	-42.9%
Processed food	0.9	1.3	+0.5	+53.8%
Others/Elimination	-25.6	-24.1	+1.5	-
Adjustments, total	-51.4	-62.2	-10.8	
Japanese-domestic tobacco	-12.2	-23.9	-11.7	
International tobacco	-38.7	-40.5	-1.9	
Pharmaceutical	-0.7	0.2	+0.9	
Processed food	0.0	-1.0	-1.0	
Others/Elimination	0.2	3.1	+2.9	
Consolidated: adjusted operating profit	441.5	542.9	+101.4	+23.0%
Japanese-domestic tobacco	139.0	162.1	+23.1	+16.6%
International tobacco	314.8	399.0	+84.2	+26.7%
Pharmaceutical	12.6	6.6	-6.0	-47.6%
Processed food	0.9	2.4	+1.5	+175.4%
Others/Elimination	-25.8	-27.2	-1.4	-

[Reference] International tobacco business

(Unit: USD million)

	2020 Q3 YTD	2021 Q3 YTD	Variance (abs)	Variance (%)
Core revenue	8,901	10,359	+1,458	+16.4%
Core revenue at constant FX	8,901	9,944	+1,043	+11.7%
Adjusted operating profit	2,929	3,673	+744	+25.4%
Adjusted operating profit at constant FX	2,929	3,662	+733	+25.0%

## Results for 2021 Third Quarter

### 3. Depreciation and amortization\*

(Unit: JPY billion)

	2020 Q3 YTD	2021 Q3 YTD	Variance (abs)
Consolidated: depreciation and amortization	120.4	125.1	+4.7
Japanese-domestic tobacco	39.8	37.5	-2.3
International tobacco	70.3	78.2	+7.9
Pharmaceutical	3.8	3.7	-0.1
Processed food	5.0	4.6	-0.4
Others/Elimination	1.5	1.1	-0.4

\*Excluding depreciation from lease transactions

### 4. Consolidated financial position

(Unit: JPY billion)

	2020 Dec. end	2021 Sep. end	Variance (abs)
Total assets	5,381.4	5,629.9	+248.5
Total equity	2,599.5	2,866.5	+267.0
Equity attributable to owners of the parent company	2,522.8	2,790.0	+267.2
BPS (attributable to owners of the parent company) (JPY)	1,421.92	1,572.28	+150.36

### 5. Liquidity and interest-bearing debt

(Unit: JPY billion)

	2020 Dec. end	2021 Sep. end	Variance (abs)
Liquidity	548.3	640.3	+92.0
Interest-bearing debt	958.9	967.0	+8.1

### 6. Consolidated cash flow

(Unit: JPY billion)

	2020 Q3 YTD	2021 Q3 YTD	Variance (abs)
Cash flows from operating activities	398.2	428.9	+30.8
Cash flows from investing activities	-43.6	-70.1	-26.5
Cash flows from financing activities	-208.2	-291.3	-83.2
Cash and cash equivalents, beginning of the year	357.2	538.8	+181.7
Foreign currency translation adj. on cash & cash equivalents	-45.4	24.3	+69.8
Cash and cash equivalents, end of the year	458.1	630.7	+172.5
FCF	338.1	350.6	+12.5

### 7. Capital expenditures

(Unit: JPY billion)

	2020 Q3 YTD	2021 Q3 YTD	Variance (abs)
Consolidated: capital expenditures	74.3	64.6	-9.6
Japanese-domestic tobacco	12.8	12.7	-0.1
International tobacco	40.5	40.9	+0.5
Pharmaceutical	8.3	4.3	-4.0
Processed food	6.1	6.5	+0.4
Others/Elimination	6.7	0.2	-6.5

### 8. FX actual (Reference information)

	2020 Q3 YTD	2021 Q3 YTD	Variance (abs)	Variance (%)
USD/JPY	107.55	108.58	+1.03	+1.0%
USD/RUB	70.69	74.01	+3.32	-4.5%
USD/GBP	0.79	0.72	-0.07	+9.1%
USD/EUR	0.89	0.84	-0.05	+6.5%
USD/CHF	0.95	0.91	-0.04	+4.3%
USD/TWD	29.79	27.97	-1.82	+6.5%
USD/TRY	6.72	8.09	+1.37	-16.9%
USD/IRR*	253,917	233,660	-20,257	+8.7%

EUR/IRR is converted to USD/IRR in table by using cross rate

\*In accordance with the requirements stipulated in IAS 29, the closing currency rates for the month ended September 2021 and September 2020 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the US dollar. Similarly, the month-end rates are also applied upon conversions from the US dollar to the Japanese yen. (September 2021-end rate USD/JPY: 111.92, September 2020-end rate USD/JPY: 105.80)

## FY2021 Revised Forecasts (as of October 29, 2021)

The forecasts for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. 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.

### 1. Summary of consolidated forecasts

(Unit: JPY billion)

	2020 Results	2021 Revised Forecasts	Variance (abs)	Variance (%)
Revenue	2,092.6	2,280.0	+187.4	+9.0%
Operating profit	469.1	478.0	+8.9	+1.9%
Adjusted operating profit	487.0	588.0	+101.0	+20.8%
Profit (attributable to owners of the parent company)	310.3	330.0	+19.7	+6.4%

[Reference] Consolidated forecast

(Unit: JPY billion)

	2020 Results	2021 Revised Forecasts	Variance (abs)	Variance (%)
Adjusted operating profit at constant FX	487.0	584.0	+97.0	+19.9%

### 2. EPS, DPS, ROE

(Unit: JPY)

	2020 Results	2021 Revised Forecasts	Variance (abs)	Variance (%)
Basic EPS*	174.88	185.98	11.10	+6.3%
DPS	154	140	-14.00	-9.1%
ROE*	12.0%	12.2%	+0.3ppt	

\*Based on profit attributable to owners of the parent company

### 3. Forecasts by business segment

(Unit: JPY billion)

	2020 Results	2021 Revised Forecasts	Variance (abs)	Variance (%)
Consolidated: revenue	2,092.6	2,280.0	+187.4	+9.0%
Japanese-domestic tobacco	555.6	550.0	-5.6	-1.0%
Core revenue	515.7	510.0	-5.7	-1.1%
International tobacco	1,306.2	1,500.0	+193.8	+14.8%
Core revenue	1,250.8	1,440.0	+189.2	+15.1%
Pharmaceutical	79.0	80.0	+1.0	+1.3%
Processed food	149.3	147.0	-2.3	-1.6%
Others	2.5	3.0	+0.5	+21.3%
Consolidated: operating profit	469.1	478.0	+8.9	+1.9%
Japanese-domestic tobacco	151.8	115.0	-36.8	-24.3%
International tobacco	296.4	389.0	+92.6	+31.2%
Pharmaceutical	16.5	10.0	-6.5	-39.4%
Processed food	-0.8	2.5	+3.3	-
Others/Elimination	5.1	-38.5	-43.6	-
Consolidated: adjusted operating profit	487.0	588.0	+101.0	+20.8%
Japanese-domestic tobacco	168.1	176.0	+7.9	+4.7%
International tobacco	340.9	442.0	+101.1	+29.7%
Pharmaceutical	17.2	10.0	-7.2	-41.7%
Processed food	-0.8	3.5	+4.3	-
Others/Elimination	-38.4	-43.5	-5.1	-

[Reference] International tobacco business

(Unit: USD million)

	2020 Results	2021 Revised Forecasts	Variance (abs)	Variance (%)
Core revenue	11,724	13,250	+1,526	+13.0%
Core revenue at constant FX	11,724	12,850	+1,126	+9.6%
Adjusted operating profit	3,181	4,060	+879	+27.6%
Adjusted operating profit at constant FX	3,181	4,080	+899	+28.2%

## FY2021 Revised Forecasts (as of October 29, 2021)

### 4. Free cash flow

(Unit: JPY billion)

	2020 Results	2021 Revised Forecasts	Variance (abs)
FCF	503.9	455.0	-48.9

### 5. Capital expenditures

(Unit: JPY billion)

	2020 Results	2021 Revised Forecasts	Variance (abs)
Consolidated: capital expenditures	112.9	112.0	-0.9
Japanese-domestic tobacco	21.1	24.0	+2.9
International tobacco	66.6	67.0	+0.4
Pharmaceutical	9.1	6.0	-3.1
Processed food	8.0	13.0	+5.0
Others/Elimination	8.2	2.0	-6.2

### 6. Assumptions of 2020 Forecast

#### 2021 Japanese-domestic tobacco business

- Industry volume: a decrease of a mid 3% range (vs. 2020: 155.0 BnU)
- Cigarette industry volume: a decrease of an upper 8% range (vs. 2020 : 114.9 BnU)
- JT cigarette sales volume : a decrease of approx. 10% (vs. 2020 : 68.7 BnU)
- Reduced-Risk Products market share in tobacco industry (Shipment base) : approx. 30% (2020: approx. 26%)
- JT RRP sales volume : over 4.5 BnU stick equivalent

#### 2021 International tobacco business

- Total shipment volume : an increase of approx. 4% range (vs. 2020: 435.7 BnU)
- GFB shipment volume : an increase of approx. 8% (vs. 2020: 282.0 BnU)

#### <FX assumptions>

	2020 Results	2021 Revised Forecasts	Variance (abs)	Variance (%)
USD/JPY	106.76	108.93	+2.17	+2.0%
USD/RUB	72.07	74.00	+1.93	-2.6%
USD/GBP	0.78	0.72	-0.06	+8.3%
USD/EUR	0.88	0.84	-0.04	+4.5%
USD/CHF	0.94	0.91	-0.03	+3.2%
USD/TWD	29.47	28.00	-1.47	+5.2%
USD/TRY	7.01	8.20	+1.19	-14.5%

## FY2021 Revised Forecasts vs Previous Forecasts (as of October 29, 2021)

The forecasts for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. 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.

### 1. Summary of consolidated forecasts

(Unit: JPY billion)

	2021 Previous Forecasts	2021 Revised Forecasts	Variance (abs)	Variance (%)
Revenue	2,200.0	2,280.0	+80.0	+3.6%
Operating profit	402.0	478.0	+76.0	+18.9%
Adjusted operating profit	517.0	588.0	+71.0	+13.7%
Profit (attributable to owners of the parent company)	272.0	330.0	+58.0	+21.3%

[Reference] Consolidated forecast

(Unit: JPY billion)

	2021 Previous Forecasts	2021 Revised Forecasts	Variance (abs)	Variance (%)
Adjusted operating profit at constant FX	522.0	584.0	+62.0	+11.9%

### 2. EPS, DPS, ROE

(Unit: JPY)

	2021 Previous Forecasts	2021 Revised Forecasts	Variance (abs)	Variance (%)
Basic EPS	153.29	185.98	+32.69	+21.3%
DPS	130	140	+10.00	+7.7%
ROE (attributable to owners of the parent company)	11%	12%	+1.6ppt	

### 3. Forecasts by business segment

(Unit: JPY billion)

	2021 Previous Forecasts	2021 Revised Forecasts	Variance (abs)	Variance (%)
Consolidated: revenue	2,200.0	2,280.0	+80.0	+3.6%
Japanese-domestic tobacco	550.0	550.0	-	-
Core revenue	510.0	510.0	-	-
International tobacco	1,420.0	1,500.0	+80.0	+5.6%
Core revenue	1,360.0	1,440.0	+80.0	+5.9%
Pharmaceutical	77.0	80.0	+3.0	+3.9%
Processed food	150.0	147.0	-3.0	-2.0%
Others	3.0	3.0	-	-
Consolidated: operating profit	402.0	478.0	+76.0	+18.9%
Japanese-domestic tobacco	114.0	115.0	+1.0	+0.9%
International tobacco	321.0	389.0	+68.0	+21.2%
Pharmaceutical	7.0	10.0	+3.0	+42.9%
Processed food	2.0	2.5	+0.5	+25.0%
Others/Elimination	-42.0	-38.5	+3.5	-
Adjusted operating profit	517.0	588.0	+71.0	+13.7%
Japanese-domestic tobacco	176.0	176.0	-	-
International tobacco	377.0	442.0	+65.0	+17.2%
Pharmaceutical	7.0	10.0	+3.0	+42.9%
Processed food	3.0	3.5	+0.5	+16.7%
Others/Elimination	-46.0	-43.5	+2.5	-

[Reference] International tobacco business

(Unit: USD million)

	2021 Previous Forecasts	2021 Revised Forecasts	Variance (abs)	Variance (%)
Core revenue	12,500	13,250	+750	+6.0%
Core revenue at constant FX	12,100	12,850	+750	+6.2%
Adjusted operating profit	3,480	4,060	+580	+16.7%
Adjusted operating profit at constant FX	3,550	4,080	+530	+14.9%

**FY2021 Revised Forecasts  
vs Previous Forecasts  
(as of October 29, 2021)**

**4. Free cash flow**

(Unit: JPY billion)

	2021 Previous Forecasts	2021 Revised Forecasts	Variance (abs)
FCF	383.0	455.0	+72.0

**5. Capital expenditures**

(Unit: JPY billion)

	2021 Previous Forecasts	2021 Revised Forecasts	Variance (abs)
Consolidated	132.0	112.0	-20.0
Japanese-domestic tobacco	28.0	24.0	-4.0
International tobacco	82.0	67.0	-15.0
Pharmaceutical	6.0	6.0	-
Processed food	14.0	13.0	-1.0
Others/Elimination	2.0	2.0	-

**6. Revised assumptions of FY2021 Forecast (vs FY2020 results)**

Japanese-domestic tobacco business	Previous Forecasts	Revised Forecasts
Total Industry volume*	a decrease of an upper 3% range	<b>a decrease of a mid 3% range</b>
Cigarette industry volume*	a decrease of a lower 9% range	<b>a decrease of an upper 8% range</b>
RRP market share in tobacco industry*	<b>approx. 30%</b>	
JT cigarette sales volume	a decrease of a slightly less than 11%	<b>a decrease of approx. 10%</b>
JT RRP sales volume	<b>over 4.5 BnU stick equivalent</b>	

\* JT estimate based on shipment, annual base

International tobacco business	Previous Forecasts	Revised Forecasts
Total shipment volume	almost flat	<b>an increase of approx. 4%</b>
GFB shipment volume	an increase of approx. 3%	<b>an increase of approx. 8%</b>

<FX assumptions>

	2021 Previous Forecasts	2021 Revised Forecasts	Variance (abs)	Variance (%)
USD/JPY	108.91	108.93	+0.02	+0.0%
USD/RUB	74.00	74.00	-	-
USD/GBP	0.72	0.72	-	-
USD/EUR	0.83	0.84	+0.01	-1.2%
USD/CHF	0.91	0.91	-	-
USD/TWD	28.00	28.00	-	-
USD/TRY	8.60	8.20	-0.40	+4.9%

<FX sensitivity>

FX Sensitivity Guidance for FX impact on 2021 adjusted operating profit of USD 4,060 MM based on the assumptions:

USD vs. Local currency

1% deviation from the revised assumption rates against USD by all the currencies in the same direction (excluding JPY) leads to approximately USD 66MM impacting on USD based adjusted operating profit

This amount of approximately USD 66MM composed of:

RUB approx. 20%, GBP approx. 15%, TWD 15%-, EUR approx. 10%, TRY 5%-, CHF just less than -10%

USD vs. JPY

USD/JPY move of 1 yen from the assumption leads to approximately JPY 4.1 billion impact on JPY-based adjusted operating profit

## Tobacco Business Data

### International Tobacco Business

#### 1. Summary (YTD)

The results for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, 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.

	2020 Q3	2021 Q3	Variance	Variance (%)	
<b>Total shipment volume</b>	330.0	348.9	+18.9	+5.7%	BNU
<b>GFB shipment volume</b>	213.2	235.2	+21.9	+10.3%	BNU
<b>Core revenue</b>	956.5	1,126.9	+170.4	+17.8%	JPY BN
<b>Adjusted operating profit</b>	314.8	399.0	+84.2	+26.7%	JPY BN

#### [USD Reference information]

<b>Core revenue</b>	8,901	10,359	+1,458	+16.4%	USD MM
<b>Adjusted operating profit</b>	2,929	3,673	+744	+25.4%	USD MM
<b>Constant FX basis</b>					
<b>Core revenue</b>	8,901	9,944	+1,043	+11.7%	USD MM
<b>Adjusted operating profit</b>	2,929	3,662	+733	+25.0%	USD MM

#### · Contribution by cluster (vs. PY) (BNU/USD MM)

##### Reported basis

2021	Total shipment volume		GFB shipment volume		Core revenue	
<b>SWE</b>	53.9	+4.1%	45.9	+5.6%	1,763	+10.2%
<b>NCE</b>	51.5	+8.5%	28.5	+14.4%	2,217	+17.6%
<b>CIS+</b>	96.5	+3.8%	69.0	+9.9%	2,387	+12.1%
<b>RoW</b>	147.0	+6.7%	91.9	+11.8%	3,992	+21.5%
<b>Total</b>	348.9		235.2		10,359	

#### 2. Total shipment volume by cluster / market (vs. PY)

2021	Q1	Q2	Q3	Q4	YTD
<b>SWE</b>	<b>+2.0%</b>	<b>+14.5%</b>	<b>-3.4%</b>		<b>+4.1%</b>
<b>France</b>	+16.6%	-4.3%	-11.2%		-0.1%
<b>Italy</b>	-6.0%	+16.4%	+5.0%		+4.4%
<b>Spain</b>	-8.8%	+41.4%	-14.9%		+2.7%
<b>NCE</b>	<b>+11.6%</b>	<b>+12.4%</b>	<b>+2.6%</b>		<b>+8.5%</b>
<b>Germany</b>	+13.7%	+0.9%	+6.9%		+6.9%
<b>UK</b>	+9.4%	+7.3%	+4.1%		+6.8%
<b>CIS+</b>	<b>+8.8%</b>	<b>+3.1%</b>	<b>+0.6%</b>		<b>+3.8%</b>
<b>Romania</b>	+2.2%	+18.2%	+2.8%		+7.3%
<b>Russia*</b>	+16.5%	-0.5%	+1.1%		+4.8%
<b>RoW</b>	<b>+3.7%</b>	<b>+12.9%</b>	<b>+4.0%</b>		<b>+6.7%</b>
<b>Iran</b>	+3.1%	+16.1%	+11.1%		+9.9%
<b>Taiwan</b>	+12.7%	+1.0%	-8.7%		+1.1%
<b>Turkey</b>	+0.4%	+26.2%	+13.0%		+13.1%
<b>Total</b>	<b>+5.8%</b>	<b>+10.1%</b>	<b>+1.7%</b>		<b>+5.7%</b>

\*From Q1 2021 onwards, shipment volume data for Russia reflects total tobacco figures, i.e. cigarettes and heated tobacco sticks. 2020 data has been adjusted accordingly.

#### 3. GFB shipment volume by brand (vs. PY) (BNU)

2021	Q1	Q2	Q3	Q4	YTD
<b>Winston</b>	<b>41.2</b>	<b>44.8</b>	<b>46.1</b>		<b>132.1</b>
	+9.4%	+14.5%	+5.8%		+9.8%
<b>Camel</b>	<b>16.0</b>	<b>18.1</b>	<b>18.4</b>		<b>52.5</b>
	+11.4%	+39.3%	+21.7%		+23.6%
<b>MEVIUS</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>		<b>11.9</b>
	+1.2%	+9.9%	-2.0%		+2.8%
<b>LD</b>	<b>12.4</b>	<b>13.0</b>	<b>13.2</b>		<b>38.6</b>
	+7.9%	-0.6%	-6.9%		-0.4%



## Tobacco Business Data

### 4. GFB shipment volume by cluster / market (vs. PY)

2021	Q1	Q2	Q3	Q4	YTD
<b>SWE</b>	<b>+4.8%</b>	<b>+16.5%</b>	<b>-3.5%</b>		<b>+5.6%</b>
France	+19.2%	-4.7%	-10.1%		+0.8%
Italy	-5.3%	+21.0%	+6.9%		+6.6%
Spain	-4.6%	+42.7%	-18.7%		+3.3%
<b>NCE</b>	<b>+18.1%</b>	<b>+20.2%</b>	<b>+6.6%</b>		<b>+14.4%</b>
Germany	+14.5%	+0.9%	+7.4%		+7.3%
UK	-12.4%	+0.5%	-13.8%		-8.3%
<b>CIS+</b>	<b>+14.1%</b>	<b>+7.4%</b>	<b>+9.0%</b>		<b>+9.9%</b>
Romania	+0.9%	+14.7%	+1.3%		+5.3%
Russia	+29.9%	+8.2%	+16.8%		+17.3%
<b>RoW</b>	<b>+5.6%</b>	<b>+21.9%</b>	<b>+8.9%</b>		<b>+11.8%</b>
Iran	+6.8%	+24.1%	+18.9%		+16.4%
Taiwan	+10.4%	+0.5%	-8.9%		+0.2%
Turkey	+1.3%	+26.5%	+14.0%		+13.8%
<b>Total</b>	<b>+9.1%</b>	<b>+16.1%</b>	<b>+6.2%</b>		<b>+10.3%</b>

### 5. Share of market by key markets

	12-month moving average			3-month average				
	2020	2021	Variance	2020	2020	2021	2021	2021
	Sep.	Sep.		Q3	Q4	Q1	Q2	Q3
France	26.1%	28.7%	+2.6%ppt	27.6%	28.3%	28.8%	29.0%	28.8%
Italy	25.3%	26.3%*	+1.1%ppt	26.2%	26.0%	26.2%	26.5%	26.8%*
Russia**	36.6%	36.7%*	+0.1%ppt	35.8%	36.7%	36.7%	36.8%	36.8%*
Spain	26.3%	27.5%*	+1.2%ppt	27.0%	27.4%	27.5%	27.7%	27.5%*
Taiwan	47.2%	48.2%	+1.0%ppt	48.0%	48.5%	48.1%	48.1%	48.0%
Turkey	26.5%	27.5%	+0.9%ppt	26.5%	26.8%	27.5%	27.8%	27.7%
UK	44.6%	45.6%*	+1.0%ppt	45.3%	45.3%	45.4%	45.9%	46.2%*

Source: IRI, Nielsen, Logista, Panel Strator / Reflects the changes in historical data from the sources.

\*12-month moving average and 2-month average at the end of August 2021, respectively.

\*\*From Q1 2021 onwards, market share data for Russia reflects total tobacco figures, i.e. cigarettes and heated tobacco sticks. 2020 data has been adjusted accordingly.

### 6. Core revenue at constant FX by cluster (vs. PY)

(USD MM)

2021	Q1	Q2	Q3	Q4	YTD
<b>SWE</b>	<b>543</b>	<b>570</b>	<b>545</b>		<b>1,658</b>
	-0.5%	+15.7%	-2.8%		+3.7%
<b>NCE</b>	<b>620</b>	<b>698</b>	<b>739</b>		<b>2,058</b>
	+13.3%	+14.7%	+1.4%		+9.1%
<b>CIS+</b>	<b>774</b>	<b>801</b>	<b>876</b>		<b>2,451</b>
	+21.5%	+12.1%	+12.5%		+15.1%
<b>RoW</b>	<b>1,331</b>	<b>1,286</b>	<b>1,160</b>		<b>3,777</b>
	+17.1%	+16.7%	+10.8%		+15.0%
<b>Total</b>	<b>3,268</b>	<b>3,355</b>	<b>3,321</b>		<b>9,944</b>
	+14.0%	+15.0%	+6.6%		+11.7%

## Tobacco Business Data

### 7. Breakdown of core revenue

The results for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, 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. The FX impact in the figures below include the aforementioned adjustments in addition to the prevailing FX impact.

• USD basis					(USD MM)
	Q1	Q2	Q3	Q4	YTD
2020	2,866	2,918	3,116		8,901
Volume	+214	+246	+21		+481
Price/Mix	+187	+192	+184		+563
2021 at constant	3,268	3,355	3,321		9,944
FX	+16	+179	+220		+415
2021	3,284	3,535	3,540		10,359

  

• JPY basis					(JPY BN)
	Q1	Q2	Q3	Q4	YTD
2020	312.0	314.0	330.4		956.5
Operations	+43.7	+47.1	+22.0		+112.7
Local currencies vs. USD	+1.7	+19.3	+24.2		+45.2
JPY vs. USD	-8.5	+6.8	+14.1		+12.4
2021	349.0	387.3	390.6		1,126.9

### 8. Breakdown of adjusted operating profit

The results for fiscal year 2021 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, 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. The FX impact in the figures below include the aforementioned adjustments in addition to the prevailing FX impact.

• USD basis					(USD MM)
	Q1	Q2	Q3	Q4	YTD
2020	956	1,025	949		2,929
Volume	+148	+163	+13		+325
Price/Mix	+182	+165	+180		+527
Others	+22	-101	-40		-119
2021 at constant	1,308	1,251	1,102		3,662
FX	-50	-5	+66		+11
2021	1,258	1,247	1,168		3,673

  

• JPY basis					(JPY BN)
	Q1	Q2	Q3	Q4	YTD
2020	104.1	110.3	100.5		314.8
Operations	+38.4	+24.4	+16.6		+79.4
Local currencies vs. USD	-5.5	-0.5	+7.0		+1.0
JPY vs. USD	-3.3	+2.4	+4.7		+3.7
2021	133.6	136.6	128.8		399.0

### 9. FX actual vs. PY

	2021	Q1	Q2	Q3	Q4	YTD
USD/RUB		74.34	74.22	73.47		74.01
		-10.8%	-2.8%	+0.2%		-4.5%
USD/GBP		0.73	0.72	0.73		0.72
		+7.8%	+12.5%	+6.9%		+9.1%
USD/EUR		0.83	0.83	0.85		0.84
		+9.4%	+9.4%	+1.0%		+6.5%
USD/CHF		0.90	0.91	0.92		0.91
		+7.1%	+5.7%	+0.3%		+4.3%
USD/TWD		28.07	27.99	27.86		27.97
		+7.3%	+6.9%	+5.4%		+6.5%
USD/TRY		7.37	8.37	8.53		8.09
		-17.2%	-18.0%	-15.5%		-16.9%
USD/IRR		*	*	*		*
USD/JPY		106.09	109.52	110.11		108.58
		-2.5%	+1.8%	+3.7%		+1.0%

Local currency vs USD variance: (Local currency exchange rates of same period in previous year / Local currency exchange rates of current period) -1

JPY vs USD variance: (JPY exchange rates of current period / JPY exchange rates of same period in previous year) -1

EUR/IRR is converted to USD/IRR by using cross rate.

\*The closing currency rates for the month ended September 2021 and September 2020 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the US dollar. Similarly, the month-end rates are also applied upon conversions from the US dollar to the Japanese yen. (September 2021-end rate USD/IRR: 233,660 USD/JPY: 111.92, September 2020-end rate USD/IRR: 253,917 USD/JPY: 105.80)

## Tobacco Business Data

### Japanese-Domestic Tobacco Business

#### 1. Summary (YTD)

	2020 Q3	2021 Q3	Variance	Variance (%)	
<b>Cigarette industry volume (JT estir)</b>	90.0	82.2	-7.8	-8.7%	BNU
<b>Cigarette sales volume</b>	54.0	49.0	-5.0	-9.3%	BNU
Excludes volumes of domestic Duty-Free, China businesses (1.3BNU in 2020 Q3 and 1.3BNU in 2021 Q3, respectively) and RF					
<b>Core revenue</b>	394.8	405.2	+10.5	+2.6%	JPY BN
<b>Adjusted operating profit</b>	139.0	162.1	+23.1	+16.6%	JPY BN

#### 2. Cigarette sales volume

	Q1	Q2	Q3	Q4	FY
2020	17.2	17.0	19.9	14.7	68.7
2021	14.9	16.0	18.1		
Variance	-13.3%	-5.7%	-9.0%		

#### 3. Revenue per thousand cigarettes

	Q1	Q2	Q3	Q4	FY
2020	6,326	6,344	6,369	7,172	6,524
2021	7,155	7,174	7,134		

Revenue per thousand cigarettes = (retail price sales - retailer margins - consumption tax - excise taxes)/sales volume×1,000

#### 4. Results of Reduced-Risk Products

	Q1	Q2	Q3	Q4	YTD
2021					
<b>RRP sales volume</b>	1.0	1.1	1.2		3.4
<b>RRP-related revenue</b>	14.7	14.6	17.0		46.3

#### 5. Breakdown of financial results

	Q1	Q2	Q3	Q4	YTD
<b>Core revenue</b>					
2020	125.8	123.0	146.0		394.8
Cigarette volume	-14.5	-6.2	-11.4		-32.0
Cigarette price/mix	+12.3	+13.3	+13.8		+39.4
RRP/Others	+0.4	+2.1	+0.5		+3.0
2021	124.1	132.2	148.9		405.2
<b>Adjusted OP</b>					
2020	43.2	38.6	57.2		139.0
Cigarette volume	-12.1	-5.1	-9.4		-26.6
Cigarette price/mix	+12.3	+13.3	+13.8		+39.4
RRP/Others	+4.5	+6.5	-0.8		+10.2
2021	48.0	53.3	60.8		162.1

#### 6. Cigarette market share (JT estimate)

	Q1	Q2	Q3	Q4	FY
<b>JT Total</b>					
2020	59.7	60.1	60.2	59.0	59.8
2021	59.5	59.5	59.7		
<b>MEVIUS</b>					
2020	28.9	28.8	28.9	27.4	28.6
2021	27.6	27.5	27.8		
<b>Winston</b>					
2020	7.3	7.3	7.3	7.1	7.2
2021	7.1	7.1	7.1		
<b>Seven Stars</b>					
2020	7.5	7.5	7.6	7.1	7.4
2021	7.4	7.3	7.5		
<b>Natural American Spirit</b>					
2020	2.0	2.0	1.9	2.1	2.0
2021	2.1	2.1	2.0		

## Pharmaceutical Business

### Clinical Development as of October 29, 2021

<In-house development>

Code (Generic Name)	Potential Indication/Dosage form	Mechanism		Phase (Region)	Origin	Note
JTE-052 (delgocitinib)	Atopic dermatitis (infant) /Topical	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	Phase3 (Japan)	In-house	· Co-development with Torii Pharmaceutical
	Autoimmune/allergic diseases /Oral, Topical			Phase1 (Japan)		
JTE-051	Autoimmune/allergic diseases /Oral	Interleukin-2 inducible T cell kinase inhibitor	Suppresses overactive immune response via inhibition of the signal to activate T cells related to immune response.	Phase2(Japan)	In-house	
				Phase2 (Overseas)		
JTE-451	Autoimmune/allergic diseases /Topical	ROR $\gamma$ antagonist	Suppresses overactive immune response via inhibition of ROR $\gamma$ related to Th 17 activation.	Phase2 (Japan)	In-house	
JTT-251	Type 2 diabetes mellitus /Oral	PDHK inhibitor	Decreases blood glucose by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase1 (Overseas)	In-house	
JTT-662	Type 2 diabetes mellitus /Oral	SGLT1 inhibitor	Suppresses postprandial hyperglycemia and normalizes blood glucose level via inhibition of SGLT1.	Phase1 (Overseas)	In-house	
JTT-861	Chronic heart failure /Oral	PDHK inhibitor	Improves cardiac function by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase1 (Overseas)	In-house	
JTE-061 (tapinarof)	Atopic dermatitis /Topical	AhR modulator	Suppresses skin inflammation via activation of the aryl hydrocarbon receptor (AhR)	Phase3 (Japan)	In-license	· In-license from Dermavant Sciences GmbH · Co-development with Torii Pharmaceutical
	Plaque psoriasis /Topical			Phase3 (Japan)		

Clinical trial phase presented above is based on the first dose.  
We are also conducting additional studies to examine the potential for use in additional dosage forms.

<Licensed compounds >

Compound (JT's code)	Licensee	Mechanism		Note
trametinib	Novartis	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK pathway.	
Anti-ICOS monoclonal antibody	AstraZeneca	ICOS antagonist	Suppresses overactive immune response via inhibition of ICOS which regulates activation of T cells.	
delgocitinib	LEO Pharma ROHTO Pharmaceutical	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	
enarodustat	JW Pharmaceutical Salubris	HIF-PH inhibitor	Increases red blood cells by stimulating production of erythropoietin, an erythropoiesis-stimulating hormone, via inhibition of HIF-PH.	

Updates since the previous announcement on July 30, 2021:

- JTE-451 (Autoimmune/allergic diseases/Topical): advanced to Phase2 in Japan
- JTE-061 (Atopic dermatitis, Plaque psoriasis): advanced to Phase3 in Japan

## Definitions

Terms	Definitions
Adjusted operating profit (AOP)	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
Consolidated adjusted operating profit at constant FX	The same foreign exchange rates between local currencies vs USD as well as the exchange rates between JPY and USD are applied as in the equivalent period in the previous fiscal year for international tobacco business.
Reduced-Risk Products (RRP)	Reduced-Risk Products are products with the potential to reduce the risks associated with smoking.
GFB (Global flagship brands)	GFB includes four brands namely Winston, Camel, MEVIUS and LD.
Total shipment volume: (International tobacco business)	Total shipment volume is the shipment volume of tobacco-based products which includes fine cut tobacco, cigars, pipe tobacco, snus, kretek and heated tobacco products but excludes contract manufactured products, waterpipe, and E-Vapor.
Core revenue (International tobacco business)	Core revenue includes waterpipe, and RRP, but excludes revenue from distribution, contract manufacturing and other peripheral businesses.
Core revenue / Adjusted operating profit at constant FX (International tobacco business)	The same foreign exchange rates between local currencies vs USD are applied as in the equivalent period in the previous fiscal year for international tobacco business.
Industry volume (Japanese-domestic tobacco business)	Industry volume in the Japanese market by number of sticks based on internal estimates. This includes cigarettes, little cigars, RRP and others.
Cigarette industry volume (Japanese-domestic tobacco business)	Industry volume of ready-made cigarettes in the Japanese market by number of sticks based on the internal estimates. This includes little cigars but excludes RRP.
RRP industry volume (Japanese-domestic tobacco business)	Industry volume of RRP in the Japanese market by number of sticks based on the internal estimates. One pack of consumables is equivalent to 20 sticks of combustible cigarettes. This excludes RRP devices, RRP related accessories, etc.
Cigarette sales volume (Japanese-domestic tobacco business)	JT's cigarette sales volume excluding the volume of domestic Duty-Free and the China businesses. This includes little cigars but excludes RRP.
RRP sales volume (Japanese-domestic tobacco business)	JT's RRP sales volume excluding the volume of domestic Duty-Free business. One pack of consumables is equivalent to 20 sticks of combustible cigarettes. This also excludes RRP devices, RRP related accessories, etc.
Little cigars	Products rolled in tobacco-based paper with a similar format to ready-made cigarettes and classified as "cigars" under the Tobacco Business Act of Japan.
Core revenue (Japanese-domestic tobacco Business)	Core revenue, excludes revenue from distribution of imported tobacco in the Japanese-domestic tobacco business, among others, but includes revenue from domestic Duty-free and the China businesses as well as the revenue from RRP and little cigars.
RRP related revenue (Japanese-domestic tobacco business)	RRP related revenue, as a part of core revenue, represents the sale of RRP including domestic Duty-Free, principally the device and the related accessories.
Liquidity	Cash and deposits + marketable securities + securities purchased under repurchase agreements
Interest-bearing debt	Short-term bank loans + CP + bonds + long-term borrowings
FCF	FCF is sum of cash flows from operating activities and investing activities, but excludes the following items: - From operating CF: depreciation from lease transactions, interest received, dividends received, interest paid and income taxes related to these items excluding lease transactions, and other items - From investing CF: purchase of investment securities (for both short-term and long-term), payments into time deposits, proceeds from sale or redemption of investment securities (for both short-term and long-term), proceeds from withdrawal of time deposits and other investing activities not for business operation purposes

Additional definitions are provided at <https://www.jt.com/media/glossary/index.html>

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*Japan Tobacco Inc. is a leading international tobacco company with operations in more than 130 countries. With approximately 58,000 employees, it manufactures and sells some of the world's best-known brands including Winston, Camel, MEVIUS and LD. The JT Group is committed to investing in Reduced-Risk Products (RRP) and currently markets its heated tobacco products under its Ploom brand and various e-cigarette products under its Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit <https://www.jt.com/>.*

## FORWARD-LOOKING STATEMENTS

This document 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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