



# JT Group 2023 First-Quarter Results

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\*Please be reminded that the figures shown on these slides may differ from those shown in the financial statements as they are intended to facilitate the reader's understanding of individual businesses.

\*For details of each term, please refer to annotations on slide 11.

# FORWARD-LOOKING STATEMENTS

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This presentation contains forward-looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as “may”, “will”, “should”, “would”, “expect”, “intend”, “project”, “plan”, “aim”, “seek”, “target”, “anticipate”, “believe”, “estimate”, “predict”, “potential” or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Actual results, performance or achievements, or those of the industries in which we operate, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. Forward-looking statements regarding operating results are particularly subject to a variety of assumptions, some or all of which may not be realized.

Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

- (1) increase in awareness of health concerns related to smoking;
- (2) regulatory developments; including, without limitation, tax increases and restrictions on sales, marketing, packaging, labeling and use of tobacco products, privately imposed restrictions and governmental investigations;
- (3) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products;
- (4) our ability to further diversify our business beyond the traditional tobacco industry;
- (5) our ability to successfully expand internationally and make investments outside Japan;
- (6) competition, changing consumer preferences and behavior;
- (7) our ability to manage impacts derived from business diversification or business expansion;
- (8) economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which we operate;
- (9) fluctuations in foreign exchange rates and the costs of raw materials; and
- (10) catastrophes, including natural disasters.

# 2023 First-Quarter Consolidated Results

(JPY BN)	2023 Jan-Mar	vs. 2022
<b><u>Reported</u></b>		
Revenue	<b>665.3</b>	+14.4%
AOP	<b>223.4</b>	+14.6%
Operating profit	<b>206.4</b>	+15.7%
Profit	<b>144.7</b>	+16.6%

Note: The results for fiscal year 2022 and fiscal year 2023 on a reported basis have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29. The results for fiscal year 2022 and fiscal year 2023 on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

**Core revenue at constant FX: +6.2%**

**Adjusted operating profit (AOP) at constant FX: +5.1%**

- Positive pricing contributions in the tobacco business

**Revenue on a reported basis**

- Increase driven by top-line growth in the tobacco and pharmaceutical businesses
- Favorable FX impact due to weak JPY in the tobacco business

**AOP on a reported basis and Operating profit**

- Growth fueled by all businesses
- Favorable FX impact due to weak JPY in the tobacco business

**Profit**

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

# Tobacco Business: Volume Performance

(BnU)	2023 Jan-Mar	vs. 2022
Total volume	130.2	+1.3%
Combustibles volume	128.2	+1.2%
RRP volume	2.0	+3.0%

## Total volume

- (+) Continued combustibles favorable momentum in EMA
- (+) On-going RRP volume growth
- (-) Industry volume decline in several key markets

## Combustibles

- (+) Segment share gains in Japan
- (+) Higher industry volume in Turkey
- (+) Recovery in Global Travel Retail and strong momentum in emerging markets
- (-) Industry volume contraction in the U.K.

## RRP

- (+) HTS\* segment share gains in Japan

\*heated tobacco sticks

# Tobacco Business: Financial Results & Drivers

(JPY BN)	2023 Jan-Mar	vs. 2022
Core revenue	579.1	+15.3%
at constant FX	533.6	+6.3%
AOP	225.1	+14.1%
at constant FX	206.5	+4.6%

## Core revenue

- (+) Pricing benefits in multiple markets, including Russia and the U.K.
- (-) Negative volume contribution due to lower market mix
- (-) Continued downtrading in several markets including Japan

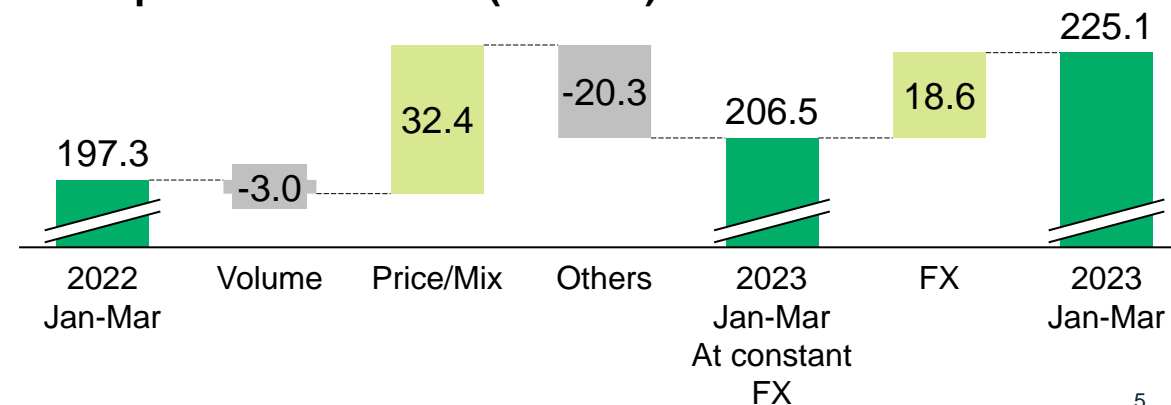
## AOP

- (+) Top-line growth
- (-) Higher input costs within the supply chain

## FX impacts

- (+) Positive FX impact due to weaker JPY

## Roadmap of AOP variance (JPY BN)



Note: The results for fiscal year 2022 and fiscal year 2023 on a reported basis have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29. The results for fiscal year 2022 and fiscal year 2023 on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

# Tobacco Business: Key takeaways by cluster and key market performance

## ASIA

**Cluster:** Volume increases partially offset lower price/mix effects, mainly in Japan

- **Japan:** Volume growth in HTS, fueled by Ploom X, and combustibles with MEVIUS E-series and Camel Craft capturing downtraders, cannot outweigh lower price/mix effects
- **The Philippines:** Strong pricing contribution and market share gains
- **Taiwan:** Continued market share gains partially offsetting industry volume contraction

## WESTERN EUROPE

**Cluster:** Pricing effects exceed negative impacts from lower industry volume and higher input costs

- **Italy:** Sustained market share gains fueled by Winston
- **Spain:** Positive pricing contribution offsetting lower volume
- **The U.K.:** Strong pricing variance offset industry volume contraction augmented by the lapping of COVID trends and price increases

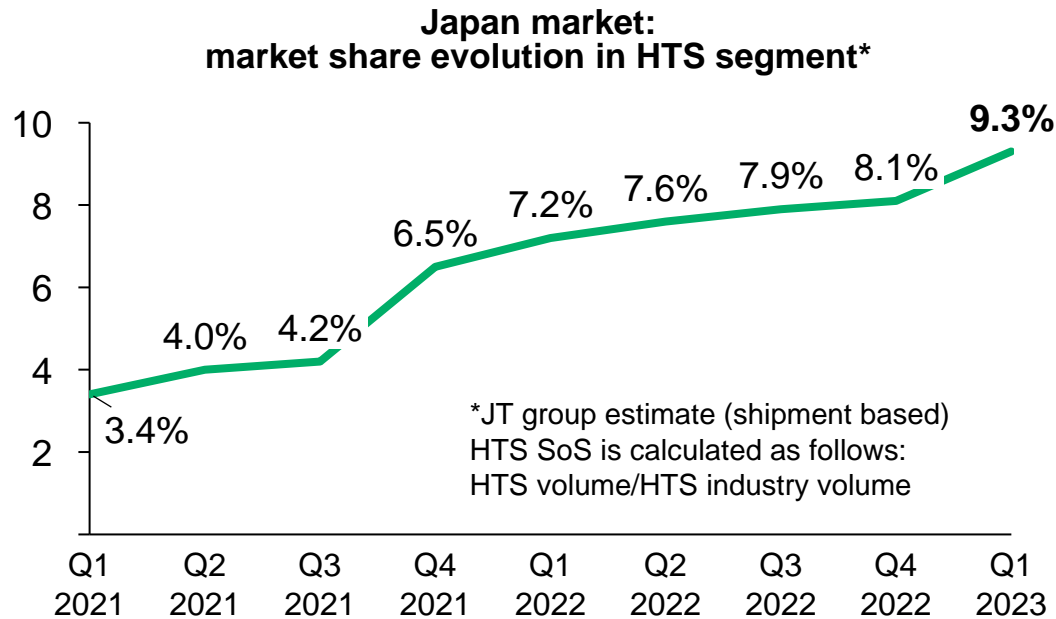
## EMA

**Cluster:** Higher volume, supported by GTR recovery, and strong pricing more than offsetting higher input costs

- **Romania:** Positive volume and pricing contribution
- **Russia:** Stable pricing contribution
- **Turkey:** Total volume increased supported by higher industry volume resulting from a favorable comparison to Q1'22

# Tobacco Business: Ploom X overview in Japan

- RRP, representing approx. 37% of total tobacco industry volume, grew driven by product launches and intensified sales promotions in HTS
- Ploom X gained further share of segment driven by:
  - Ploom X device price reduction in Nov. 2022
  - Relaunch of MEVIUS SKUs in Mar. 2023



This slide is intended only to explain operations of the JT Group, not to promote sales of tobacco or vaping products or encourage smoking or vaping among consumers.



# Tobacco Business: Ploom X global overview

## The U.K.

- HTS represented ~1%\* of total tobacco industry volume
- Positive consumer feedback on device quality and design, refills and price positioning

## Italy

- HTS represented ~16%\* of total tobacco industry volume
- Successful launch in Milan early April
- Gradual expansion planned

## Lithuania

- HTS represented ~27%\* of total tobacco industry volume
- Successful launch in Vilnius mid-April
- Gradual expansion to come

## Other launches announced

- Lisbon (Portugal) in mid-May
- Planning a total of 10+ markets by end of 2023

\*FY2022 YTD





# Pharmaceutical and Processed Food Businesses: Financial Results & Drivers

## Pharmaceutical Business

(JPY BN)	2023 Jan-Mar	vs. 2022 variance
Revenue	24.9	+3.6
AOP	6.9	+2.4

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

## Processed Food Business

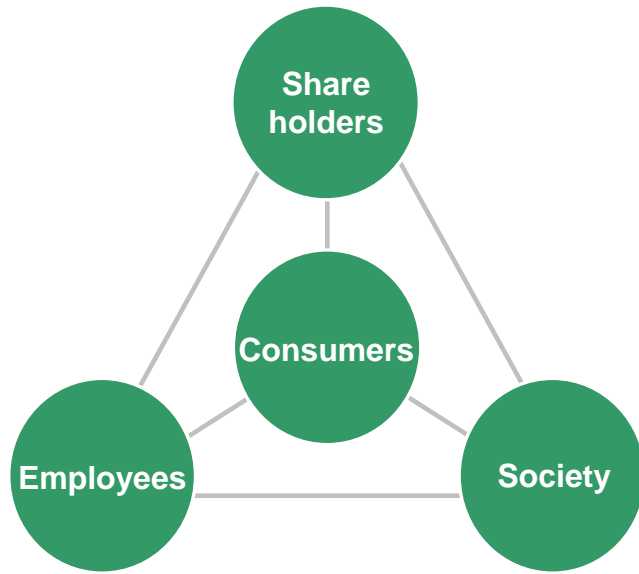
(JPY BN)	2023 Jan-Mar	vs. 2022 variance
Revenue	35.6	-0.1
AOP	1.4	+1.0

- **Revenue** was almost flat year-on-year following price increases implemented last year as well as the recovery of sales in the food service industry, including the frozen and ambient foods segment, offsetting revenue losses associated with the share transfer agreement of former bakery business
- **AOP** increased significantly year-on-year as benefits from price increases offset negative impacts stemming from soaring raw material costs. Recovery of sales in the food service industry also contributed

# Closing Remarks

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## Fulfilling Moments, Enriching Life



### 2023 Jan-Mar results

- Strong performance supported by pricing contribution and market share gains in the tobacco business
- Supportive profit growth in the pharmaceutical and processed food businesses

### 2023 full-year earnings forecasts

- Guidance is unchanged as operational uncertainties remain and volatile foreign exchange rate needs to be carefully monitored
- Forecast revisions, if any, could be announced during second quarter financial results or later

### Tobacco Investor Conference

- Scheduled to be held on 8th May
- Focus on the tobacco business' growth strategy and RRP efforts

# <Definitions>

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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>

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Total volume:	The volume of tobacco-based products which excludes contract-manufactured products, waterpipe, RRP devices and related accessories.
Combustibles volume:	The shipment volume of combustibles which excludes contract-manufactured products, snus, waterpipe, heated tobacco products and E-Vapor.
RRP volume:	Reduced-Risk Products (RRP) volume in cigarette-stick equivalent. This also excludes RRP devices, RRP related accessories, etc.
Core revenue:	Core revenue includes all revenue excluding those from distribution, contract manufacturing and other peripheral businesses.