



Tokyo, February 14, 2023

2022 Earnings Report

FY2022 Highlights (vs. 2021)

- Achieved record highs across all indicators from revenue to profit*
- Revenue increased by 14.3% to JPY 2,657.8 billion.
- Core revenue at constant FX increased by 4.8% to JPY 2,338.5 billion.
- Adjusted operating profit at constant FX increased by 9.0% to JPY 665.7 billion.
- On a reported basis, adjusted operating profit increased by 19.2% to JPY 727.8 billion.
- Operating profit increased by 31.0% to JPY 653.6 billion.
- Profit increased by 30.8% to JPY 442.7 billion.
- Free cash flow decreased by JPY 99.1 billion to JPY 382.9 billion.
- The Company plans to pay an annual dividend per share of JPY 188 (a dividend payout ratio of 75.4%).

*Revenue, AOP, Operating Profit on values for continuing operations and Profit attributable to owners of the parent company on values for continuing operations

FY2023 Forecasts (vs. 2022)

- Revenue is forecast to decrease by 1.1% to JPY 2,629.0 billion.
- Core revenue at constant FX is forecast to increase by 2.0% to JPY 2,606.0 billion.
- Adjusted operating profit at constant FX is forecast to be flat at JPY 728.0 billion.
- On a reported basis, adjusted operating profit is forecast to decrease by 8.4% to JPY 667.0 billion.
- Operating profit is forecast to decrease by 6.4% to JPY 612.0 billion.
- Profit attributable to owners of the parent company is forecast to decrease by 0.6% to JPY 440.0 billion.
- Free cash flow is forecast to increase by JPY 19.1 billion to JPY 402.0 billion.
- The Company plans to offer an annual dividend per share of JPY 188 (a dividend payout ratio of 75.8%).

Please refer to 'Data Sheets' on page 16 for more financial figures.

Comments from Masamichi Terabatake, President and CEO of the JT Group:

“The JT Group reported another strong performance in 2022, driven by solid pricing and sustained market share gains in the tobacco business, overcoming the global challenges. We continued to make progress in the reduced-risk products (RRP) category, with Ploom X increasing share in the HTS (heated tobacco sticks) segment in Japan and the launch of Ploom X in London.

2022 marked the first year of the newly combined tobacco business structure, which has successfully strengthened our business fundamentals and capabilities through various initiatives. More is to come, especially regarding HTS – our RRP investment priority over the 2023-2025 Business Plan – with the acceleration of Ploom X market launches. This will support our 2028 ambition to reach break-even in the RRP category, by achieving a HTS segment share in the mid-teens across key HTS markets. During 2023, significant investments towards HTS will be necessary to establish the foundations for the JT Group's future earnings growth.

Another milestone was the articulation of the JT Group purpose, which now provides a clear direction to be a more sustainable business for all of society. The Group will further evolve to continuously be recognized as a company that can be counted on by the communities where we operate and contributes to society by creating "Fulfilling Moments".

We remain confident the stable contributions from combustibles and the improved HTS profitability to come will enable the JT Group to continue delivering on its target to achieve mid-to-high single digit growth of adjusted operating profit at constant FX in the mid-to-long term.

We also intend to steadily grow DPS in line with our shareholders return policy, which targets a dividend payout ratio of 75%, through sustainable growth of profit on a mid-to-long term. Amid increasing uncertainty and complexity in the operating environment, the JT Group will unite as one to achieve sustainable growth.”

Investors' Meeting

An investors' meeting with members of the investor community will be held on February 15, 2023 at 6:00pm Tokyo time. An on-demand audio recording of this conference will be available on our website (https://www.it.com/investors/results/presentation_financial). For detailed information on the consolidated financial results, please visit the Company's website (<https://www.it.com/investors/>).

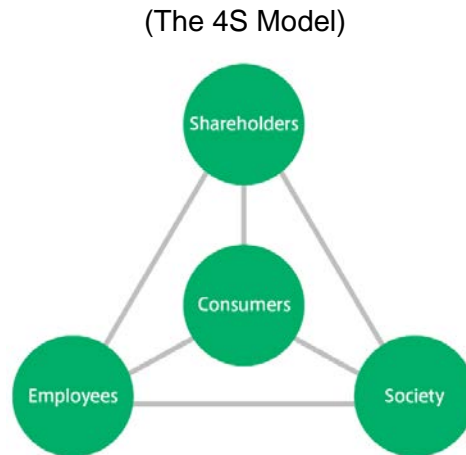
Note on Hyperinflationary Adjustments

The results for fiscal year 2021 and fiscal year 2022 as well as the forecasts for fiscal year 2023 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 FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets. As of Q4 2022, the impacts of the hyperinflationary accounting and hyperinflation include those in Ethiopia, Iran, Sudan and Turkey.

Business Plan 2023

- **Our Management Principle: To pursue the 4S model**

Under the 4S model, we strive to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups, and exceeding their expectations wherever we can. The 4S model has allowed us to achieve sustainable profit growth in the past years and this model will continue to increase our value in the mid to long term.



- **JT Group Purpose**

Fulfilling Moments, Enriching Life

We at JT Group have always been a part of moments that foster a more enriching life.

Regardless of the changing times, from advances in science and technology to diversifying values, we will continue to cherish a life that finds fulfillment in the moment.

The times we accept our true selves. The times we share the joy with loved ones, and the times we lift each other up. These strings of moments add to the beautiful days that make up a wonderful life. And we hope that these make a better society, a better world, and even a better future.

These were the times we shared over the years.

JT Group will take these fulfilling moments to the next level.

We will continue enriching lives through our businesses and endeavors with our growing customers and partners.

JT Group will do everything it can to make the world say that today is another good day.

- **Mid- to Long-Term Target:**

- Achieve mid to high single digit annual average growth rate of consolidated adjusted operating profit at constant FX.

● Resource Allocation Policy

➤ The 4S model guides our resource allocation

- Prioritize business investments¹ for sustainable profit growth in the mid to long term.
- Strike a balance between profit growth through business investments and shareholder returns.

➤ Shareholder Return Policy:

- Aim to enhance shareholder returns by realizing the Company's mid- to long-term profit growth, while maintaining a strong financial base².
- Target a dividend payout ratio of about 75%³, a competitive level⁴ in the capital markets.
- Consider implementing a share buy-back program, mainly taking into account the Company's financial outlook of the respective year and mid-term capital needs.

Notes:

1 Investment towards the growth of the tobacco business is of our highest priority. Pursue growth of Adjusted Operating Profit at constant FX through quality top-line growth through the continuous provision of new value and satisfaction to our customers and society.

2 The Company will maintain a strong financial base that secures stability in case of changes in business environment such as economic crises and flexibility enabling expeditious responses to business investment opportunities.

3 To be in the range of approximately $\pm 5\%$.

4 Monitor the shareholder return trends of Fast-Moving Consumer Goods companies which have a stakeholder model similar to our 4S model and have realized strong business growth.

FY2022 Financial Results

Consolidated Results

(billions of JPY)	Q4 2022	Q4 2021	Variance	FY2022	FY2021	Variance
Revenue	649.3	558.8	+16.2%	2,657.8	2,324.8	+14.3%
Adjusted operating profit	90.0	67.5	+33.2%	727.8	610.4	+19.2%
Operating profit	74.2	18.3	+305.1%	653.6	499.0	+31.0%
Profit	38.9	-0.3	-	442.7	338.5	+30.8%
Free cash flow	-	-	-	382.9	482.0	-
Core revenue at constant FX	572.7	534.7	+7.1%	2,338.5	2,231.7	+4.8%
Adjusted operating profit at constant FX	87.2	67.5	+29.2%	665.7	610.4	+9.0%

Q4 2022

- **Revenue**
Revenue increased by 16.2% to JPY 649.3 billion, driven by an increase in the tobacco and processed food businesses and favorable currencies. At constant FX, core revenue increased by 7.1% to JPY 572.7 billion.
- **Adjusted operating profit**
At constant FX, adjusted operating profit increased by 29.2% to JPY 87.2 billion, driven by increases in the tobacco and processed food businesses, partially offset by a decrease in the pharmaceutical business. On a reported basis, adjusted operating profit increased by 33.2% to JPY 90.0 billion, driven by positive currency movements from a historically weaker Japanese yen.
- **Operating profit**
Operating profit increased by 305.1% to JPY 74.2 billion, driven by an increase in adjusted operating profit and a favorable comparison mainly from costs related to initiatives to strengthen competitiveness in the Japanese-domestic tobacco business in the previous year.
- **Profit**
Profit increased by JPY 39.2 billion to JPY 38.9 billion, driven by an increase in operating profit, partially offset by increasing financing costs.

Full Year 2022

- **Revenue**
Revenue increased by 14.3% to JPY 2,657.8 billion, driven by increases across all businesses and favorable currencies. At constant FX, core revenue increased by 4.8% to JPY 2,338.5 billion.
- **Adjusted operating profit**
At constant FX, adjusted operating profit increased by 9.0% to JPY 665.7 billion, driven by increases in the tobacco and pharmaceutical businesses, partially offset by a decrease in the processed food

business. On a reported basis, adjusted operating profit increased by 19.2% to JPY 727.8 billion, driven by positive currency movements from a weaker Japanese yen.

- **Operating profit**

Operating profit increased by 31.0% to JPY 653.6 billion, driven by an increase in adjusted operating profit and favorable comparison mainly from costs related to initiatives to strengthen competitiveness in the Japanese-domestic tobacco business in the previous year.

- **Profit**

Profit increased by 30.8% to JPY 442.7 billion, driven by an increase in operating profit, partially offset by increasing financing costs.

- **Free cash flow**

Free cash flow decreased by JPY 99.1 billion to JPY 382.9 billion, mainly due to the negative impact of working capital, higher corporate income tax and costs related to initiatives to strengthen competitiveness in the Japanese-domestic tobacco business in the previous year, partially offset by an increase in adjusted operating profit.

Results by Business Segment

Tobacco Business

(billions of JPY)	Q4 2022	Q4 2021	Variance	FY2022	FY2021	Variance
Core revenue	554.6	469.9	+18.0% (+7.8%)*	2,315.2	2,002.0	+15.6% (+4.8%)*
Adjusted operating profit	100.5	76.4	+31.7% (+28.1%)*	754.0	639.2	+18.0% (+8.2%)*

Reference (billions of units, billions of JPY)						
Total volume	125.3	126.2	-0.7%	527.3	530.0	-0.5%
Combustibles volume	123.4	124.4	-0.8%	519.4	522.9	-0.7%
RRP volume	1.9	1.8	+9.2%	7.9	7.1	+10.3%
RRP-related revenue	16.6	13.9	+18.7%	75.4	72.2	+4.4%

*At constant FX

Q4 2022

- Core revenue and adjusted operating profit**

Core revenue and adjusted operating profit increased, driven by continued market share gains and strong pricing contribution in combustibles, RRP-related revenue growth, and favorable currency movements due to a weaker Japanese yen. Core revenue grew by 18.0%, and by 7.8% at constant FX, driven by a positive price/mix contribution of JPY 35.6 billion, mainly from Western Europe and EMA clusters, as well as a positive volume variance of JPY 0.8 billion driven by the Asia cluster. RRP-related revenue grew by 18.7%, fueled by Ploom X in Japan. Adjusted operating profit increased by 31.7%, and by 28.1% at constant FX, driven by the core revenue growth.

- Volume and market share¹**

Continued market share gains and sustained RRP volume growth, driven by Ploom X in Japan, resulted in total volume declining by only 0.7%. In Japan, total volume and total tobacco market share were up, building on the solid performance of MEVIUS, Camel and Ploom X, as well as benefiting from a favorable comparison related to excise tax calendars. RRP volume grew by 9.2%, driven by HTS, and combustibles volume was down by 0.8%, mainly due to industry volume contraction in the key markets of the Philippines, Russia and the U.K. GFB volume, fueled by the solid performance of Winston, Camel and MEVIUS, increased by 2.0%.

Market share grew in many markets, including Italy, Japan, Spain and Taiwan.

FY 2022

- Core revenue and adjusted operating profit**

Core revenue and adjusted operating profit increased, driven by strong pricing from all three clusters, including the key markets of Japan, the Philippines, Romania, Russia, Spain, Taiwan, Turkey and the U.K. Other drivers included sustained market share gains within a resilient industry volume, RRP growth and favorable currency movements, mainly due to a weaker Japanese yen. Core revenue grew by 15.6%, and by 4.8% at constant FX, driven by a solid price/mix contribution of JPY 140.0 billion, more than offsetting a negative volume variance of JPY 44.0 billion. RRP-related revenue increased by 4.4%. Adjusted operating profit increased by 18.0%, and by 8.2% at constant FX, driven by core revenue growth, which more than offset higher input costs within the supply chain.

- **Volume and market share¹**

Continued market share gains and volume growth in the EMA cluster, fueled notably by Brazil, Global Travel Retail, Iran, Poland and the U.S., almost fully offset the impact of industry volume contraction in several key markets of the Asia and Western Europe clusters. As a result, total volume was down by only 0.5%, while GFB volume grew by 1.9%, driven by Winston and Camel. RRP volume increased by 10.3%, building on the growth of Ploom X in Japan, while combustibles volume declined by 0.7%. Market share grew in the majority of markets, including the key markets of Italy, the Philippines, Spain, Taiwan, and Turkey.

Tobacco Business Performance Review by Cluster

Asia

(billions of JPY)	FY2022	FY2021	Variance
Core revenue	804.9	792.2	+1.6% (-2.4%)*
Adjusted operating profit	267.5	269.3	-0.6% (+0.1%)*
Reference (billions of units)			
Total volume	127.4	133.2	-4.3%

*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue increased by 1.6%, driven by a positive price/mix contribution, notably in the Philippines, and favorable currency movements, partially offset by a negative volume variance, mainly in Japan and the Philippines. At constant FX, core revenue decreased by 2.4%.

Adjusted operating profit declined by 0.6%, due to the negative volume variance and unfavorable currency movements, partially offset by a solid price/mix contribution as well as benefits from cost saving initiatives. At constant FX, adjusted operating profit increased by 0.1%.

- **Volume and market share¹**

Total and GFB volumes declined by 4.3% and 1.4%, respectively, mainly due to industry volume contraction in Japan and the Philippines. Market share increased in Cambodia, Indonesia, Malaysia, the Philippines, and Taiwan.

- **By market¹**

In Japan², due to a declining industry volume, total volume was down by 5.9%, despite continued growth in the RRP category, fueled by Ploom X, and despite total volume growing in the last quarter. Camel share gains in combustibles, combined with HTS share increases, drove a quarter-on-quarter total share increase. Total market share reached 42.4% year-to-date (-2.0ppt).

In combustibles, volume decreased by 8.6%, due to an industry volume contraction estimated at 7.2% and market share losses (-0.9ppt to 58.2%), mainly due to continuous downtrading and intense competition in the value segment, as well as consumer conversion to RRP. In RRP, a category estimated at 34.0% (shipment basis) of the total tobacco industry size, volume increased by 30.2% and JT RRP share grew by 1.7ppt to 11.9%. Within the HTS segment, Ploom X doubled its volume from the previous year and grew share all year long, reaching an HTS segment share of 7.7%, up by 3.2ppt year-to-date.

Core revenue decreased, due to negative variances in both volume and price/mix.

In the Philippines, total and GFB volumes declined by 10.8% and 1.3%, respectively, due to industry volume contraction following the excise tax-led price increase in the first quarter. Year-to-date market share grew by an estimated 0.4ppt to 37.1%, fueled by Camel.

Core revenue at constant FX increased, driven by a strong price/mix contribution, more than offsetting a negative volume variance.

In Taiwan, fueled by Winston, MEVIUS and LD growth, total and GFB volumes increased by 3.1% and 2.2%, respectively, outperforming the industry volume trend. Year-to-date market share increased by 0.8ppt to 48.9%, driven by gains from Winston and MEVIUS.

Core revenue at constant FX increased, driven by positive contributions from both volume and price/mix.

Western Europe

(billions of JPY)	FY2022	FY2021	Variance
Core revenue	538.8	503.1	+7.1% (+0.3%)*
Adjusted operating profit	219.3	208.0	+5.4% (+2.4%)*
Reference (billions of units)			
Total volume	108.9	113.5	-4.0%

*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue increased by 7.1%, and by 0.3% at constant FX, driven by a positive price/mix contribution, mainly in Germany, Spain and the U.K., and by favorable currency movements, more than offsetting a negative volume variance, mainly in the U.K.

Adjusted operating profit grew by 5.4%, and by 2.4% at constant FX, driven by the top-line increase and favorable currency movements.

- **Volume and market share¹**

Total volume decreased by 4.0%, due to industry volume contraction resulting from the unwinding of COVID trends, most notably in the U.K., despite continued market share gains. These market share gains contributed to GFB volume increasing by 1.2%, fueled by Winston and Camel. Market share grew in France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Spain and Switzerland.

- **By market¹**

In Italy, total volume increased by 0.7%, and by 1.2% when excluding inventory movements. GFB volume increased by 1.9%, driven by Winston, despite industry volume contraction in combustibles. Year-to-date combustibles market share grew by 0.8ppt to 27.4%.

Core revenue at constant FX decreased as the negative price/mix variance more than offset the positive volume contribution.

In Spain, total volume grew by 5.7%, and 6.3% when excluding inventory movements, fueled by positive industry volume trends as travelers gradually returned. Continued industry-leading market

share gains also drove a 4.2% GFB volume increase. Year-to-date market share reached 28.5%, gaining 0.7ppt, led by Camel.

Core revenue at constant FX increased, driven by positive contributions from both volume and price/mix.

In the U.K., against a difficult comparison resulting from the unwinding of COVID impacts, total volume declined by 17.8%, due to a significant industry volume contraction and market share losses. Year-to-date combustibles market share declined by 0.6ppt to 45.1%, despite continued share gains by Benson & Hedges.

Core revenue at constant FX decreased as the positive price/mix contribution was more than offset by the negative volume variance.

EMA

(billions of JPY)	FY2022	FY2021	Variance
Core revenue	971.5	706.6	+37.5% (+16.1%)*
Adjusted operating profit	267.1	162.0	+64.9% (+29.3%)*
Reference (billions of units)			
Total volume	290.9	283.4	+2.7%

*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue increased by 37.5%, and by 16.1% at constant FX, driven by a favorable volume variance, mainly in Global Travel Retail, Iran, Poland and the U.S., and by a strong positive price/mix contribution, notably in Canada, the Czech Republic, Global Travel Retail, Kazakhstan, Poland, Romania, Russia and Turkey, as well as by favorable currency movements.

Adjusted operating profit grew by 64.9%, and by 29.3% at constant FX, driven by the solid top-line increase and favorable currency movements, partially offset by higher input costs within the supply chain.

- **Volume and market share¹**

Total and GFB volumes increased by 2.7% and 3.4%, respectively, driven mainly by Brazil, Global Travel Retail, Iran, Morocco, Poland and the U.S. Market share increased in Algeria, Azerbaijan, Brazil, Canada, the Czech Republic, Iran, Kazakhstan, Poland, South Africa, Sudan, Turkey and the U.S.

- **By market¹**

In Romania, total volume was resilient, decreasing only by 0.3% due to market share losses. GFB volume grew by 3.7%, fueled by Camel. Despite gains by Camel and Sobranie, year-to-date market share decreased by 0.3ppt to 29.5%.

Core revenue at constant FX increased, driven by a solid price/mix contribution.

In Russia², total volume decreased by 2.6%, and by 1.9% when excluding inventory movements, while the industry volume contraction was estimated at -3.7% following excise tax-led price increases. GFB volume declined by 0.6%, as the continued Camel performance almost fully offset the volume decline from Winston and LD. Year-to-date total market share was almost flat at 36.6%, with share gains by Camel.

Core revenue at constant FX increased, driven by a robust price/mix contribution, more than offsetting

a negative volume variance.

In Turkey, total volume decreased by 3.5%, and by 4.4% when excluding inventory movements, due to a lower industry volume. GFB volume was down by 2.5%. Year-to-date market share increased by 0.1ppt to 27.8%, driven by Winston market share gains.

Core revenue at constant FX increased, driven by a strong price/mix contribution, more than offsetting a negative volume variance.

¹ Source: the figures for market share are based on IRI, Logista, Nielsen, Panel Strator, and market share is estimated on year-to-date average, unless otherwise specified, for combustibles (excluding snus) at the end of December 2022. Year-to-date share of market growth for 2022 is calculated against year-to-date shares of market at the end of the respective period in 2021. The industry volume of Turkey is based on end of October 2022 result.

² Industry volume and Market share reflect combustibles and RRP (Reduced-Risk Products), unless otherwise specified.

Pharmaceutical Business

(billions of JPY)	Q4 2022	Q4 2021	Variance	FY2022	FY2021	Variance
Revenue	23.2	23.6	-1.6%	82.9	80.4	+3.1%
Adjusted operating profit	3.9	4.5	-13.5%	11.1	11.1	+0.5%

Q4 2022

- **Revenue and adjusted operating profit**

Revenue decreased by 1.6% due to lower one-time compensation gains related to licensed compounds despite top-line growth at our consolidated subsidiary, Torii Pharmaceutical.

Adjusted operating profit decreased by 13.5% mainly due to a decrease in revenue.

FY 2022

- **Revenue and adjusted operating profit**

Revenue increased by 3.1% driven by top-line growth at our consolidated subsidiary, Torii Pharmaceutical, despite lower one-time compensation gains related to licensed compounds and lower overseas royalty income.

Adjusted operating profit was broadly stable year-on-year as the increase in revenue offset the increase in R&D expenses at Torii Pharmaceutical.

Processed Food Business

(billions of JPY)	Q4 2022	Q4 2021	Variance	FY2022	FY2021	Variance
Revenue	42.7	40.6	+5.3%	155.5	147.2	+5.6%
Adjusted operating profit	1.7	1.6	+3.2%	3.5	4.0	-11.3%

Q4 2022

- **Revenue and adjusted operating profit**

Revenue increased by 5.3% mainly due to a positive contribution from price revisions in response to increased costs.

Adjusted operating profit increased by 3.2%, due to the revenue growth by a positive contribution from price revisions despite the significant increase in raw material costs and the unfavorable currency movement.

FY 2022

- **Revenue and adjusted operating profit**

Revenue increased by 5.6% for the same reasons highlighted for the fourth quarter.

Adjusted operating profit decreased by 11.3% as the revenue growth by a positive contribution from price revisions could not offset the unfavorable currency movement and the significant increase in raw material costs, as well as the rebound from a one-time fire insurance claim received in the previous fiscal year.

FY2023 Forecasts

Consolidated Forecasts

(billions of JPY)	2023 Forecasts	2022 Results	Variance
Revenue	2,629.0	2,657.8	-1.1%
Adjusted operating profit	667.0	727.8	-8.4%
Operating profit	612.0	653.6	-6.4%
Profit	440.0	442.7	-0.6%
Free cash flow	402.0	382.9	-
Core revenue at constant FX	2,606.0	2,555.7	+2.0%
Adjusted operating profit at constant FX	728.0	727.8	+0.0%
Basic EPS* (JPY)	247.91	249.45	-0.6%

*Based on profit

- **Revenue**
 Core revenue at constant FX is expected to increase by 2.0% to JPY 2,606.0 billion driven by increases in the tobacco and pharmaceutical businesses, partially offset by a decrease in the processed food business.
 On a reported basis, revenue is expected to decrease by 1.1% to JPY 2,629.0 billion due to negative foreign currency impact mainly from an assumed a stronger Japanese yen.
- **Adjusted operating profit**
 Adjusted operating profit at constant FX is expected to be flat at JPY 728.0 billion.
 On a reported basis, adjusted operating profit is expected to decrease by 8.4% to JPY 667.0 billion due to negative foreign currency impact from mainly an assumed a stronger Japanese yen.
- **Operating profit and profit**
 Operating profit is expected to decrease by 6.4% to JPY 612.0 billion due to a decrease in adjusted operating profit, partially offset by lower trademark amortization.
 Profit is expected to be broadly stable year-on-year at JPY 440.0 billion due to a decrease in operating profit, partially offset by improvement in financing costs.
- **Free cash flow**
 Free cash flow is expected to increase by JPY 19.1 billion to JPY 402.0 billion driven by a favorable comparison to 2022 from the absence of payments related to initiatives to strengthen our competitiveness in Japan and lower corporate income tax, partially offset by lower adjusted operating profit and an increase in capital expenditures.

Tobacco Business

(billions of JPY)	2023 Forecasts	2022 Results	Variance
Core revenue	2,293.0	2,315.2	-1.0% (+2.2%)*
Adjusted operating profit	696.0	754.0	-7.7% (+0.4%)*

*at constant FX

- **Core revenue and adjusted operating profit**

Continued solid combustibles price/mix contribution and RRP-related revenue growth, partially offset by a volume decline, are forecast to drive a 2.2% core revenue increase at constant FX. On a reported basis, due to unfavorable currency movements related to assumptions of a stronger Japanese yen, core revenue is expected to decline by 1.0%.

Adjusted operating profit is expected to increase by 0.4% at constant currency, driven by top-line growth, partially offset by higher investments to support the expansion of Ploom X and higher input costs within the supply chain. On a reported basis, due to unfavorable currency movements related to assumptions of a stronger Japanese yen, adjusted operating profit is expected to decline by 7.7%.

- **Volume**

Sustained market share gains in combustibles and continued RRP volume growth are expected to partially offset the combustibles industry volume contraction, resulting in the JT Group's total volume forecast to decline between 1.5% and 2.0%.

Pharmaceutical Business

(billions of JPY)	2023 Forecasts	2022 Results	Variance
Revenue	89.5	82.9	+8.0%
Adjusted operating profit	13.5	11.1	+21.1%

- Revenue and adjusted operating profit**
 Revenue is forecast to increase by 8.0% to JPY 89.5 billion, mainly due to one-time compensation gains related to licensed compounds and an increase in revenue at Torii Pharmaceutical, despite lower overseas royalty income.
 Adjusted operating profit is forecast to increase by 21.1% due to an increase in revenue despite increasing in R&D expenses.

Processed Food Business

(billions of JPY)	2023 Forecasts	2022 Results	Variance
Revenue	147.5	155.5	-5.2%
Adjusted operating profit	4.0	3.5	+14.0%

- Revenue and adjusted operating profit**
 Revenue is forecast to decrease by 5.2% to JPY 147.5 billion, due to the share transfer of bakery business, despite a positive contribution from price revisions in response to cost increases.
 Adjusted operating profit is forecast to increase by 14.0% as price revisions in the frozen and ambient food business and the seasonings business can offset the significant increase in raw material costs and the share transfer of bakery business.

Data Sheets

Results for FY2022

1. Summary of consolidated results

(JPY BN)

	YTD 2022	YTD 2021	Variance (abs)	Variance (%)
Revenue	2,657.8	2,324.8	+333.0	+14.3%
Operating profit	653.6	499.0	+154.6	+31.0%
Adjusted operating profit	727.8	610.4	+117.3	+19.2%
Profit before income taxes	593.5	472.4	+121.1	+25.6%
Profit	442.7	338.5	+104.2	+30.8%
Annual dividend (JPY)	188	140	+48	+34.3%
Basic EPS*(JPY)	249.45	190.76	+58.69	+30.8%
ROE*	13.9%	12.7%	+1.2ppt	

*Based on profit

[Reference]

(JPY BN)

	YTD 2022	YTD 2021	Variance (abs)	Variance (%)
Core revenue at constant FX	2,338.5	2,231.7	+106.8	+4.8%
Adjusted operating profit at constant FX	665.7	610.4	+55.2	+9.0%

2. Results by business segment

(JPY BN)

	YTD 2022	YTD 2021	Variance (abs)	Variance (%)
Consolidated revenue	2,657.8	2,324.8	+333.0	+14.3%
Tobacco	2,417.4	2,095.1	+322.3	+15.4%
Core revenue	2,315.2	2,002.0	+313.3	+15.6%
Pharmaceutical	82.9	80.4	+2.5	+3.1%
Processed food	155.5	147.2	+8.3	+5.6%
Others	2.0	2.1	-0.1	-4.9%
Consolidated operating profit	653.6	499.0	+154.6	+31.0%
Tobacco	679.4	522.4	+156.9	+30.0%
Pharmaceutical	11.1	11.3	-0.1	-1.3%
Processed food	4.2	2.9	+1.2	+42.5%
Others/Elimination	-41.1	-37.6	-3.5	-
Adjustments, total	-74.2	-111.4	+37.2	
Tobacco	-74.6	-116.8	+42.2	
Pharmaceutical	-	0.2	-0.2	
Processed food	0.7	-1.0	+1.7	
Others/Elimination	-0.2	6.2	-6.5	
Consolidated adjusted operating profit	727.8	610.4	+117.3	+19.2%
Tobacco	754.0	639.2	+114.8	+18.0%
Pharmaceutical	11.1	11.1	+0.1	+0.5%
Processed food	3.5	4.0	-0.4	-11.3%
Others/Elimination	-40.9	-43.9	+3.0	-

Results for FY2022

3. Adjusted operating profit (and total adjustments) by business segment

(JPY BN)

	YTD 2022	YTD 2021	Variance (abs)	Variance (%)
Consolidated: operating profit	653.6	499.0	+154.6	+31.0%
Adjustments, total	-74.2	-111.4	+37.2	-
Amortization of acquired intangibles	-71.4	-68.9	-2.5	-
Adjustments (income)	15.9	11.5	+4.4	-
Adjustments (costs)	-18.7	-54.0	+35.3	-
Consolidated: adjusted operating profit	727.8	610.4	+117.3	+19.2%
Tobacco: operating profit	679.4	522.4	+156.9	+30.0%
Adjustments, total	-74.6	-116.8	+42.2	-
Amortization of acquired intangibles	-71.4	-68.9	-2.5	-
Adjustments (income)	6.4	4.4	+2.0	-
Adjustments (costs)	-9.6	-52.3	+42.7	-
Tobacco: adjusted operating profit	754.0	639.2	+114.8	+18.0%
Pharmaceutical: operating profit	11.1	11.3	-0.1	-1.3%
Adjustments, total	-	0.2	-0.2	-
Amortization of acquired intangibles	-	-	-	-
Adjustments (income)	-	0.2	-0.2	-
Adjustments (costs)	-	0.0	-0.0	-
Pharmaceutical: adjusted operating profit	11.1	11.1	+0.1	+0.5%
Processed food: operating profit	4.2	2.9	+1.2	+42.5%
Adjustments, total	0.7	-1.0	+1.7	-
Amortization of acquired intangibles	-	-	-	-
Adjustments (income)	2.4	0.1	+2.3	-
Adjustments (costs)	-1.7	-1.2	-0.6	-
Processed food: adjusted operating profit	3.5	4.0	-0.4	-11.3%
Others / Elimination: operating profit	-41.1	-37.6	-3.5	-
Adjustments, total	-0.2	6.2	-6.5	-
Amortization of acquired intangibles	-	-	-	-
Adjustments (income)	7.1	6.7	+0.4	-
Adjustments (costs)	-7.4	-0.5	-6.8	-
Others / Elimination: adjusted operating profit	-40.9	-43.9	+3.0	-

4. Depreciation and amortization*

(JPY BN)

	YTD 2022	YTD 2021	Variance (abs)
Consolidated depreciation and amortization	176.9	167.1	+9.8
Tobacco	163.8	154.3	+9.5
Pharmaceutical	4.8	4.9	-0.1
Processed food	6.6	6.2	+0.4
Others/Elimination	1.8	1.7	+0.0

*Excluding depreciation from lease transactions

5. Consolidated financial position

(JPY BN)

	2022 Dec. end	2021 Dec. end	Variance (abs)
Total assets	6,548.1	5,774.2	+773.9
Total equity	3,616.8	2,886.1	+730.7
Equity attributable to owners of the parent company	3,540.4	2,809.3	+731.2
BPS (attributable to owners of the parent company) (JPY)	1,994.78	1,583.10	+411.67

6. Liquidity and interest-bearing debt

(JPY BN)

	2022 Dec. end	2021 Dec. end	Variance (abs)
Liquidity	880.4	730.2	+150.2
Interest-bearing debt	958.3	918.6	+39.7

Results for FY2022

7. Consolidated cash flow

(JPY BN)

	YTD 2022	YTD 2021	Variance (abs)
Cash flows from operating activities	483.8	598.9	-115.1
Cash flows from investing activities	-101.8	-97.5	-4.3
Cash flows from financing activities	-306.2	-353.1	+47.0
Cash and cash equivalents, beginning of the period	721.7	538.8	+182.9
Foreign currency translation adj. on cash & cash equivalents	69.4	34.6	+34.7
Cash and cash equivalents, end of the period	866.9	721.7	+145.2
FCF	382.9	482.0	-99.1

8. Capital expenditures

(JPY BN)

	YTD 2022	YTD 2021	Variance (abs)
Consolidated capital expenditures	101.0	100.9	+0.2
Tobacco	83.8	81.0	+2.8
Pharmaceutical	2.4	6.0	-3.6
Processed food	8.2	10.7	-2.6
Others/Elimination	6.6	3.2	+3.5

9. FX actual

	YTD 2022	YTD 2021	Variance (abs)	Variance (%)
100JPY/USD	0.76	0.91	-0.15	+19.8%
100JPY/RUB	53.06	67.10	-14.04	+26.5%
100JPY/GBP	0.62	0.66	-0.04	+7.2%
100JPY/EUR	0.73	0.77	-0.04	+6.1%
100JPY/CHF	0.73	0.83	-0.10	+14.1%
100JPY/TWD	22.72	25.45	-2.73	+12.0%
100JPY/TRY	*	8.02	*	
100JPY/PHP	41.55	44.85	-3.29	+7.9%

*In accordance with the requirements stipulated in IAS 29, the closing currency rates for the month ended December 2022 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen. (100JPY/TRY: 14.09, reference 100JPY/USD: 0.75)

10. Pharmaceutical business

	YTD 2022	YTD 2021	Variance (abs)	Variance (%)
R&D expenses	29.8	29.0	+0.8	+2.8%

Results for FY2022

11. Consolidated statement of income (continuing operations)

(JPY BN)

	YTD 2022	YTD 2021	Variance (abs)	Variance (%)
Revenue	2,657.8	2,324.8	+333.0	+14.3%
Cost of sales	1,091.0	956.9	+134.1	+14.0%
Gross profit	1,566.8	1,368.0	+198.9	+14.5%
Other operating income	20.3	15.6	+4.6	+29.7%
Share of profit in investments accounted for using the equity method	8.0	4.0	+4.0	+100.3%
SG & A	941.5	888.6	+53.0	+6.0%
Advertising expenses	28.9	29.3	-0.4	-1.3%
Promotion expenses	125.2	108.7	+16.6	+15.2%
Commission	79.2	66.9	+12.4	+18.5%
Employee benefit expenses	338.7	355.0	-16.3	-4.6%
R&D expenses	70.8	65.0	+5.8	+8.9%
Depreciation and amortization	114.3	109.0	+5.3	+4.9%
Impairment losses other than financial assets	27.5	22.8	+4.8	+21.0%
Losses on sale and disposal of PP&E, intangible assets and investment properties	7.4	5.8	+1.5	+26.2%
Other	149.5	126.2	+23.4	+18.5%
Operating profit	653.6	499.0	+154.6	+31.0%
Amortization of acquired intangibles	-71.4	-68.9	-2.5	-
Adjustments (income)	15.9	11.5	+4.4	-
Adjustments (costs)	-18.7	-54.0	+35.3	-
Adjusted operating profit	727.8	610.4	+117.3	+19.2%
Financial income	31.1	19.0	+12.1	+63.8%
Dividend income	1.5	0.9	+0.6	+62.3%
Interest income	25.0	12.4	+12.6	+101.2%
Foreign exchange gain	-	-	-	-
Other	4.6	5.6	-1.0	-18.2%
Financial costs	91.3	45.6	+45.6	+100.0%
Interest expenses	27.0	23.1	+4.0	+17.2%
Employee benefit expenses	3.2	2.3	+0.9	+37.4%
Foreign exchange loss	35.1	15.6	+19.5	+125.4%
Other	26.0	4.7	+21.3	+453.7%
Profit before income taxes	593.5	472.4	+121.1	+25.6%
Income taxes	149.3	132.2	+17.1	+12.9%
Profit for the period	444.2	340.2	+104.0	+30.6%
Attributable to owners of the parent	442.7	338.5	+104.2	+30.8%
Attributable to non-controlling interests	1.5	1.7	-0.2	-13.8%

Results for FY2022

12. Consolidated financial position (continuing & discontinued operations combined)

(JPY BN)

	2022Dec.end	2021Dec.end	Variance (abs)
Current assets	2,723.6	2,321.3	+402.3
Cash and cash equivalents	866.9	721.7	+145.2
Trade and other receivables	477.2	456.6	+20.7
Inventories	691.9	563.2	+128.7
Other financial assets ^{*1}	37.7	17.3	+20.4
Other current assets	649.2	562.0	+87.1
Non-current assets held-for-sale	0.7	0.5	+0.2
Non-current assets	3,824.5	3,452.9	+371.6
Property, plant & equipment	776.0	755.8	+20.1
Goodwill ^{*2}	2,446.1	2,061.0	+385.1
Intangible assets ^{*3}	246.4	307.2	-60.7
Investment property	9.5	5.0	+4.5
Retirement benefit assets	57.8	53.2	+4.6
Investments accounted for using the equity method	56.9	41.7	+15.2
Other financial assets ^{*1}	140.4	108.7	+31.7
Deferred tax assets	91.4	120.4	-29.0
Total assets	6,548.1	5,774.2	+773.9
Current liabilities	1,562.7	1,500.3	+62.3
Trade and other payables	540.1	555.8	-15.7
Bonds and borrowings ^{*4}	137.3	142.9	-5.6
Income tax payables	37.5	30.8	+6.7
Other financial liabilities ^{*4}	40.1	28.3	+11.7
Provisions	26.6	24.9	+1.8
Other current liabilities ^{*5}	781.1	717.7	+63.4
Liabilities directly associated with non-current assets held-for-sale	0.0	-	+0.0
Non-current liabilities	1,368.7	1,387.8	-19.1
Bonds and borrowings ^{*4}	821.0	775.7	+45.3
Other financial liabilities ^{*4}	41.7	43.9	-2.2
Retirement benefit liabilities	244.1	296.2	-52.1
Provisions	26.5	22.9	+3.6
Other non-current liabilities ^{*5}	195.2	179.2	+16.1
Deferred tax liabilities	40.1	70.0	-29.9
Total liabilities	2,931.3	2,888.1	+43.2
Equity	3,616.8	2,886.1	+730.7
Share capital	100.0	100.0	-
Capital surplus	736.4	736.4	-
Treasury shares	-490.2	-490.9	+0.7
Other components of equity	104.3	-400.1	+504.4
Retained earnings	3,089.9	2,863.8	+226.1
Non-controlling interests	76.3	76.8	-0.5
Total liabilities and equity	6,548.1	5,774.2	+773.9

*1: Other financial assets (current & non-current combined)

Other financial assets	178.0	125.9	+52.1
Derivative assets	24.3	7.4	+16.9
Equity securities	31.3	27.8	+3.5
Debt securities	38.2	21.6	+16.6
Time deposits	-	1.3	-1.3
Other	90.5	74.3	+16.2
Allowance for doubtful accounts	-6.2	-6.4	+0.1

*2: Goodwill ~ Cash-generating unit

Tobacco	2,420.7	2,035.6	+385.1
Processed food	25.4	25.4	-

*3: Intangible assets ~ Trademarks

Tobacco	179.1	235.3	-56.1
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*4: Bonds and borrowings and other financial liabilities

(current & non-current combined)

Total financial liabilities	1,040.1	990.8	+49.3
Derivative liabilities	21.0	10.9	+10.1
Short-term borrowings	63.7	70.6	-6.9
Commercial paper	-	-	-
Current portion of long-term borrowings	13.6	42.3	-28.7
Current portion of bonds	60.0	30.0	+30.0
Long-term borrowings	143.7	154.7	-11.0
Bonds	677.3	621.0	+56.3
Other	60.8	61.3	-0.5

*5: Other liabilities (current & non-current combined)

Total other liabilities	976.3	896.8	+79.5
Tobacco excise tax payables	339.8	295.2	+44.6
Tobacco special excise tax payables	8.8	8.3	+0.5
Tobacco local excise tax payables	184.6	174.4	+10.2
Consumption tax payables	137.6	134.2	+3.4
Bonus to employees	74.8	69.5	+5.3
Employee's unused paid vacations liabilities	19.9	21.1	-1.2
Other	210.9	194.2	+16.7

FY2023 Forecasts (as of February 14, 2023)

1. Summary of consolidated forecasts

(JPY BN)

	FY2023 Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Revenue	2,629.0	2,657.8	-28.8	-1.1%
Operating profit	612.0	653.6	-41.6	-6.4%
Adjusted operating profit	667.0	727.8	-60.8	-8.4%
Profit	440.0	442.7	-2.7	-0.6%

[Reference]

(JPY BN)

	FY2023 Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Core revenue at constant FX	2,606.0	2,555.7	+50.3	+2.0%
Adjusted operating profit at constant FX	728.0	727.8	+0.2	+0.0%

2. EPS, DPS, ROE

(JPY)

	FY2023 Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Basic EPS*	247.91	249.45	-1.54	-0.6%
DPS	188	188	-	-
ROE*	12.4%	13.9%	-1.5ppt	

*Based on profit

3. Forecasts by business segment

(JPY BN)

	FY2023 Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Consolidated revenue	2,629.0	2,657.8	-28.8	-1.1%
Tobacco	2,390.0	2,417.4	-27.4	-1.1%
Core revenue	2,293.0	2,315.2	-22.2	-1.0%
Pharmaceutical	89.5	82.9	+6.6	+8.0%
Processed food	147.5	155.5	-8.0	-5.2%
Others	2.0	2.0	+0.0	+1.2%
Consolidated operating profit	612.0	653.6	-41.6	-6.4%
Tobacco	636.0	679.4	-43.4	-6.4%
Pharmaceutical	13.5	11.1	+2.4	+21.1%
Processed food	4.0	4.2	-0.2	-4.1%
Others/Elimination	-41.5	-41.1	-0.4	-
Consolidated adjusted operating profit	667.0	727.8	-60.8	-8.4%
Tobacco	696.0	754.0	-58.0	-7.7%
Pharmaceutical	13.5	11.1	+2.4	+21.1%
Processed food	4.0	3.5	+0.5	+14.0%
Others/Elimination	-46.5	-40.9	-5.6	-

FY2023 Forecasts (as of February 14, 2023)

4. FCF

(JPY BN)

	FY2023 Forecasts	FY2022 Results	Variance (abs)
FCF	402.0	382.9	+19.1

5. Capital expenditures

(JPY BN)

	FY2023 Forecasts	FY2022 Results	Variance (abs)
Consolidated capital expenditures	130.0	101.0	+29.0
Tobacco	107.5	83.8	+23.7
Pharmaceutical	5.0	2.4	+2.6
Processed food	11.0	8.2	+2.8
Others/Elimination	6.5	6.6	-0.1

6. Assumptions of 2023 Forecasts

Tobacco business

- Total volume: a decrease of 1.5~2.0% (vs. 527.3 billion units in 2022)
- GFB volume: a decrease of 0.5~1.0% (vs. 362.4 billion units in 2022)

<FX assumptions>

	FY2023 Forecasts	FY2022 Results	Variance (abs)	Variance (%)
100JPY/USD	0.77	0.76	+0.01	-1.3%
100JPY/RUB	53.80	53.06	+0.74	-1.4%
100JPY/GBP	0.64000	0.61774	+0.02	-3.5%
100JPY/EUR	0.73	0.73	+0.00	-0.7%
100JPY/CHF	0.72	0.73	-0.01	+1.3%
100JPY/TWD	23.85	22.72	+1.13	-4.8%
100JPY/TRY	-	*	-	
100JPY/PHP	43.00	41.55	+1.45	-3.4%

*In accordance with the requirements stipulated in IAS 29, the closing currency rates for the month ended December 2022 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen. Result is only reported due to hyperinflationary adjustments. (100JPY/TRY: 14.09, reference 100JPY/USD: 0.75)

Tobacco Business Data

1. Summary (vs. PY)

2022	Q1	Q2	Q3	Q4	YTD	
Total volume	128.5	134.2	139.2	125.3	527.3	BNU
	+1.2%	-1.8%	-0.6%	-0.7%	-0.5%	
Combustibles volume	126.6	132.2	137.3	123.4	519.4	BNU
	+1.0%	-2.0%	-0.7%	-0.8%	-0.7%	
GFB volume	87.4	91.8	95.6	87.6	362.4	BNU
	+3.7%	+0.6%	+1.3%	+2.0%	+1.9%	
RRP volume	2.0	2.1	2.0	1.9	7.9	BNU
	+15.5%	+13.6%	+3.5%	+9.2%	+10.3%	
Core revenue	502.0	603.2	655.4	554.6	2,315.2	JPY BN
	+6.1%	+16.1%	+21.5%	+18.0%	+15.6%	
	(+3.4%)*	(+3.7%)*	(+4.5%)*	(+7.8%)*	(+4.8%)*	
RRP-related revenue	19.1	20.1	19.7	16.6	75.4	JPY BN
	+2.4%	+0.6%	+0.2%	+18.7%	+4.4%	
Adjusted operating profit	197.3	227.8	228.3	100.5	754.0	JPY BN
	+8.3%	+19.6%	+20.1%	+31.7%	+18.0%	
	(+3.4%)*	(+9.5%)*	(+3.6%)*	(+28.1%)*	(+8.2%)*	

*at constant FX

2. Breakdown of core revenue

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2021	473.1	519.5	539.5	469.9	2,002.0
Volume	-9.3	-16.4	-19.1	+0.8	-44.0
Price/Mix	+25.6	+35.6	+43.2	+35.6	+140.0
2022@PY	489.4	538.7	563.6	506.3	2,098.1
FX	+12.6	+64.5	+91.8	+48.3	+217.2
2022	502.0	603.2	655.4	554.6	2,315.2

3. Breakdown of adjusted operating profit

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2021	182.3	190.4	190.2	76.4	639.2
Volume	-7.3	-15.3	-17.3	+0.9	-39.0
Price/Mix	+22.5	+36.9	+43.3	+37.5	+140.1
Others	-8.9	-3.5	-19.1	-16.9	-48.4
2022@PY	188.6	208.4	197.1	97.8	691.9
FX	+8.8	+19.4	+31.3	+2.7	+62.1
2022	197.3	227.8	228.3	100.5	754.0

Tobacco Business Data

4. Contribution by cluster (vs. PY)

Sales Volume

(BNU)

	Q1			Q2			Q3			Q4			YTD	
	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.
Asia														
Total volume	31.5	32.8	-4.1%	31.7	33.8	-6.1%	32.7	35.8	-8.7%	31.5	30.8	+2.4%	127.4	-4.3%
GFB volume	18.7	19.6	-4.5%	19.2	20.1	-4.6%	20.5	21.4	-4.1%	19.8	18.3	+8.5%	78.2	-1.4%
Western Europe														
Total volume	27.5	28.7	-4.3%	28.4	30.2	-6.0%	28.1	28.7	-2.2%	24.9	25.8	-3.4%	108.9	-4.0%
GFB volume	18.7	18.8	-0.6%	19.4	19.6	-1.1%	19.0	18.3	+4.2%	17.3	16.8	+2.9%	74.4	+1.2%
EMA														
Total volume	69.6	65.5	+6.2%	74.1	72.8	+1.9%	78.4	75.6	+3.7%	68.8	69.5	-1.1%	290.9	+2.7%
GFB volume	50.0	45.9	+8.9%	53.2	51.5	+3.3%	56.1	54.7	+2.5%	50.5	50.8	-0.7%	209.7	+3.4%

Financials

(JPY BN)

	Q1			Q2			Q3			Q4			YTD	
	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.
Asia														
Core revenue	192.9	194.1	-0.6%	207.5	200.3	+3.6%	208.9	216.3	-3.4%	195.6	181.6	+7.7%	804.9	+1.6%
			(-2.9%)*			(-0.7%)*			(-8.4%)*			(+3.2%)*		(-2.4%)*
AOP	75.7	76.7	-1.3%	80.7	76.6	+5.4%	74.3	80.6	-7.9%	36.8	35.3	+4.0%	267.5	-0.6%
			(-1.5%)*			(+2.4%)*			(-7.7%)*			(+16.1%)*		(+0.1%)*
Western Europe														
Core revenue	125.2	122.4	+2.3%	142.7	138.2	+3.3%	145.5	129.4	+12.5%	125.4	113.2	+10.8%	538.8	+7.1%
			(-1.2%)*			(-2.3%)*			(+4.1%)*			(+0.9%)*		(+0.3%)*
AOP	61.2	57.8	+6.0%	67.0	65.1	+2.9%	65.0	57.5	+13.0%	26.1	27.6	-5.5%	219.3	+5.4%
			(+3.0%)*			(-0.4%)*			(+6.4%)*			(-0.7%)*		(+2.4%)*
EMA														
Core revenue	183.9	156.6	+17.5%	253.0	181.1	+39.7%	301.0	193.8	+55.3%	233.6	175.1	+33.4%	971.5	+37.5%
			(+14.9%)*			(+13.2%)*			(+19.1%)*			(+16.9%)*		(+16.1%)*
AOP	60.4	47.8	+26.3%	80.0	48.7	+64.3%	89.0	52.0	+71.1%	37.7	13.4	+180.6%	267.1	+64.9%
			(+11.8%)*			(+33.8%)*			(+18.1%)*			(+118.8%)*		(+29.3%)*

*at constant FX

Figures of FY2022 above in the section 4 are non-audited and subject to change.

Tobacco Business Data

5. Breakdown of core revenue by cluster

(JPY BN)

Asia	Q1	Q2	Q3	Q4	YTD
2021	194.1	200.3	216.3	181.6	792.2
Volume	-8.4	-9.4	-19.4	+10.1	-27.2
Price/Mix	+2.8	+7.9	+1.3	-4.2	+7.8
2022@PY	188.5	198.8	198.2	187.4	772.9
FX	+4.4	+8.8	+10.7	+8.2	+32.0
2022	192.9	207.5	208.9	195.6	804.9
Western Europe					
	Q1	Q2	Q3	Q4	YTD
2021	122.4	138.2	129.4	113.2	503.1
Volume	-6.4	-12.4	-5.1	-8.0	-31.9
Price/Mix	+5.0	+9.2	+10.4	+9.0	+33.6
2022@PY	121.0	135.0	134.7	114.2	504.8
FX	+4.2	+7.7	+10.8	+11.2	+34.0
2022	125.2	142.7	145.5	125.4	538.8
EMA					
	Q1	Q2	Q3	Q4	YTD
2021	156.6	181.1	193.8	175.1	706.6
Volume	+5.6	+5.4	+5.5	-1.3	+15.2
Price/Mix	+17.8	+18.5	+31.5	+30.8	+98.6
2022@PY	180.0	205.0	230.8	204.7	820.4
FX	+4.0	+48.0	+70.3	+28.9	+151.2
2022	183.9	253.0	301.0	233.6	971.5

6. Breakdown of adjusted operating profit by cluster

(JPY BN)

Asia	Q1	Q2	Q3	Q4	YTD
2021	76.7	76.6	80.6	35.3	269.3
Volume	-6.4	-7.8	-13.1	+9.4	-18.0
Price/Mix	+2.7	+7.6	+2.4	-2.3	+10.4
Others	+2.6	+2.1	+4.5	-1.4	+7.8
2022@PY	75.6	78.5	74.4	41.0	269.5
FX	+0.1	+2.3	-0.1	-4.3	-2.0
2022	75.7	80.7	74.3	36.8	267.5
Western Europe					
	Q1	Q2	Q3	Q4	YTD
2021	57.8	65.1	57.5	27.6	208.0
Volume	-3.9	-9.3	-4.9	-7.3	-25.4
Price/Mix	+4.8	+9.0	+10.4	+9.2	+33.3
Others	+0.9	+0.0	-1.8	-2.1	-3.0
2022@PY	59.5	64.8	61.2	27.4	213.0
FX	+1.7	+2.2	+3.8	-1.3	+6.4
2022	61.2	67.0	65.0	26.1	219.3
EMA					
	Q1	Q2	Q3	Q4	YTD
2021	47.8	48.7	52.0	13.4	162.0
Volume	+3.0	+1.8	+0.7	-1.2	+4.3
Price/Mix	+15.0	+20.3	+30.5	+30.6	+96.3
Others	-12.4	-5.6	-21.8	-13.4	-53.2
2022@PY	53.5	65.1	61.4	29.4	209.4
FX	+6.9	+14.9	+27.6	+8.3	+57.7
2022	60.4	80.0	89.0	37.7	267.1

Tobacco Business Data

7. GFB volume by brand (vs. PY)

(BNU)

2022	Q1	Q2	Q3	Q4	YTD
Winston	44.7	47.2	48.6	44.8	185.4
	+3.8%	+1.0%	+0.5%	+0.8%	+1.5%
Camel	20.2	21.1	23.0	21.4	85.7
	+15.1%	+6.6%	+14.1%	+10.5%	+11.5%
MEVIUS	10.9	11.4	11.6	10.9	44.7
	-2.9%	-2.8%	-8.1%	+2.4%	-3.1%
LD	11.6	12.1	12.4	10.5	46.6
	-6.8%	-7.1%	-6.3%	-8.0%	-7.0%

8. FX actual (vs. PY)

2022	Q1	Q2	Q3	Q4	YTD
100JPY/USD	0.86	0.76	0.71	0.70	0.76
	+9.7%	+19.3%	+27.2%	+25.1%	+19.8%
100JPY/RUB	73.74	51.38	42.98	44.14	53.06
	-5.0%	+31.9%	+55.2%	+44.7%	+26.5%
100JPY/GBP	0.64	0.61	0.61	0.60	0.62
	+6.7%	+6.6%	+7.3%	+8.0%	+7.2%
100JPY/EUR	0.77	0.72	0.72	0.69	0.73
	+2.1%	+4.8%	+7.4%	+10.7%	+6.1%
100JPY/CHF	0.79	0.74	0.70	0.68	0.73
	+7.4%	+11.9%	+19.4%	+18.8%	+14.1%
100JPY/TWD	24.05	22.67	21.96	22.19	22.72
	+10.0%	+12.7%	+15.3%	+10.3%	+12.0%
100JPY/TRY	11.95	*	*	*	*
	-41.9%				
100JPY/PHP	44.29	40.57	40.77	40.59	41.55
	+2.8%	+8.4%	+11.6%	+9.3%	+7.9%

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

In accordance with the requirements stipulated in IAS 29, the closing currency rates for the month ended December 2022 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen (100JPY/TRY: 14.09 reference: 100JPY/USD: 0.75)

Tobacco Business Data

9. Key markets

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

Japan

Volume evolution					(BNU)
2022	Q1	Q2	Q3	Q4	YTD
Total volume	14.5	15.7	16.4	16.3	62.8
	-9.2%	-8.0%	-15.2%	+12.4%	-5.9%
Combustibles volume	13.1	14.2	14.8	14.7	56.8
	-12.1%	-11.0%	-18.3%	+11.3%	-8.6%
RRP volume	1.4	1.5	1.6	1.6	6.0
	+33.0%	+35.0%	+30.0%	+23.9%	+30.2%
HTS volume	0.8	0.9	1.0	1.0	3.7
	+129.5%	+116.5%	+101.3%	+56.8%	+94.4%

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	42.1%	42.1%	42.5%	43.0%	42.4%	-2.0ppt
Combustibles SoS	57.2%	57.3%	58.5%	59.7%	58.2%	-0.9ppt
GFB	38.8%	39.0%	40.3%	41.4%	39.9%	-0.4ppt
Winston	6.7%	6.6%	6.5%	6.4%	6.6%	-0.4ppt
Camel	5.3%	5.6%	7.3%	8.5%	6.7%	+0.9ppt
MEVIUS	26.7%	26.8%	26.4%	26.5%	26.6%	-0.9ppt
Seven Stars	7.3%	7.2%	7.4%	7.5%	7.4%	+0.0ppt
RRP SoS	12.0%	11.9%	12.0%	11.9%	11.9%	+1.7ppt
HTS SoS	7.2%	7.6%	7.9%	8.1%	7.7%	+3.2ppt
Total SoV	43.0%	42.9%	43.0%	43.4%	43.1%	-2.0ppt

The Philippines

Volume evolution					(BNU)
2022	Q1	Q2	Q3	Q4	YTD
Total volume	6.9	6.0	6.2	6.2	25.2
	-3.1%	-13.8%	-13.0%	-13.5%	-10.8%

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	36.3%	37.0%	37.6%	37.5%	37.1%	+0.4ppt
GFB	12.6%	13.4%	14.3%	15.3%	13.9%	+1.4ppt
Winston	10.5%	10.9%	11.0%	10.4%	10.7%	+0.0ppt
Camel	2.0%	2.4%	3.2%	4.9%	3.1%	+1.3ppt
Total SoV	34.0%	35.2%	35.4%	35.1%	34.9%	+1.9ppt

Taiwan

Volume evolution					(BNU)
2022	Q1	Q2	Q3	Q4	YTD
Total volume	3.6	3.6	3.7	3.6	14.5
	-0.2%	+1.8%	+8.9%	+2.2%	+3.1%

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	48.7%	48.7%	48.9%	49.2%	48.9%	+0.8ppt
GFB	40.1%	40.1%	40.3%	40.4%	40.2%	+0.4ppt
Winston	13.7%	13.8%	14.0%	14.1%	13.9%	+0.2ppt
MEVIUS	18.9%	18.8%	18.7%	18.7%	18.8%	+0.1ppt
LD	7.4%	7.5%	7.6%	7.7%	7.5%	+0.1ppt
Total SoV	53.0%	52.9%	53.0%	53.3%	53.1%	+0.7ppt

Tobacco Business Data

Italy

					(BNU)	
2022	Q1	Q2	Q3	Q4	YTD	
Total volume	4.8	4.7	5.0	4.0	18.5	
	-2.0%	-4.0%	+3.3%	+7.2%		+0.7%

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	27.3%	27.2%	27.5%	27.8%	27.4%	+0.8ppt
GFB	22.7%	22.7%	23.1%	23.3%	22.9%	+0.9ppt
Winston	14.1%	14.5%	14.8%	15.2%	14.7%	+1.4ppt
Camel	8.5%	8.2%	8.2%	8.1%	8.2%	-0.5ppt
Total SoV	26.8%	26.7%	27.0%	27.3%	27.0%	+0.7ppt

Spain

					(BNU)	
2022	Q1	Q2	Q3	Q4	YTD	
Total volume	4.0	4.3	3.6	3.4	15.2	
	+5.0%	+2.9%	+10.3%	+5.4%		+5.7%

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	28.5%	28.4%	28.1%	28.8%	28.5%	+0.7ppt
GFB	26.4%	25.7%	25.6%	26.5%	26.0%	+0.3ppt
Winston	14.9%	14.4%	14.1%	14.8%	14.5%	-0.3ppt
Camel	11.4%	11.3%	11.5%	11.6%	11.5%	+0.6ppt
Total SoV	28.3%	28.1%	27.8%	28.4%	28.2%	+0.8ppt

The U.K.

					(BNU)	
2022	Q1	Q2	Q3	Q4	YTD	
Total volume	4.8	4.8	4.9	4.2	18.7	
	-11.6%	-20.1%	-18.6%	-20.8%		-17.8%

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	45.2%	45.0%	45.2%	45.2%	45.1%	-0.6ppt
GFB	0.1%	0.1%	0.1%	0.1%	0.1%	-0.0ppt
Amber Leaf	11.8%	11.2%	10.9%	10.6%	11.1%	-1.4ppt
Sterling	13.7%	13.6%	13.5%	13.2%	13.5%	-0.1ppt
Benson & Hedges	10.2%	10.6%	11.2%	11.4%	10.8%	+0.8ppt
Total SoV	45.8%	45.6%	45.6%	45.4%	45.6%	-0.3ppt

Tobacco Business Data

Romania

Volume evolution

					(BNU)	
2022	Q1	Q2	Q3	Q4	YTD	
Total volume	1.6	1.9	2.0	1.7	7.2	
	+2.3%	+1.0%	-3.1%	-0.7%	-0.3%	

Share evolution

					(BNU)	
2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	30.1%	29.3%	28.9%	29.6%	29.5%	-0.3ppt
GFB	17.3%	16.8%	16.7%	18.1%	17.2%	+0.1ppt
Wisnton	15.2%	14.8%	14.5%	13.9%	14.6%	-0.1ppt
Camel	1.3%	1.3%	1.6%	3.7%	1.9%	+0.6ppt
Total SoV	30.5%	29.9%	29.5%	30.0%	29.9%	-0.0ppt

Russia*

Volume evolution

					(BNU)	
2022	Q1	Q2	Q3	Q4	YTD	
Total volume	18.4	19.5	21.9	16.9	76.7	
	-1.3%	-5.5%	+3.4%	-7.8%	-2.6%	

Share evolution

					(BNU)	
2022	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	36.5%	36.7%	37.1%	36.0%	36.6%	-0.1ppt
GFB	27.1%	27.4%	27.7%	26.7%	27.2%	+1.1ppt
Winston	12.0%	12.0%	11.9%	11.6%	11.9%	-0.8ppt
Camel	7.4%	7.8%	8.0%	7.8%	7.8%	+2.9ppt
LD	7.7%	7.7%	7.7%	7.4%	7.6%	-1.0ppt
Total SoV	37.3%	37.5%	38.1%	37.5%	37.6%	+0.1ppt

*Data for Russia reflects total tobacco figures, i.e. cigarettes and heated tobacco sticks.

Turkey

Volume evolution

					(BNU)	
2022	Q1	Q2	Q3	Q4	YTD	
Total volume	6.7	8.7	8.2	8.6	32.2	
	-1.7%	+5.3%	-13.1%	-2.7%	-3.5%	

Share evolution

					(BNU)	
2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	28.0%	28.0%	27.8%	27.5%	27.8%	+0.1ppt
GFB	25.5%	25.5%	25.4%	25.2%	25.4%	+0.2ppt
Wisnton	16.6%	17.0%	17.1%	17.2%	17.0%	+1.6ppt
Camel	6.4%	6.2%	6.1%	5.7%	6.1%	-0.8ppt
LD	2.4%	2.3%	2.2%	2.2%	2.3%	-0.5ppt
Total SoV	27.1%	27.3%	27.2%	26.8%	27.1%	+0.4ppt

Pharmaceutical Business

Clinical Development as of February 14, 2023

<In-house development>

Code (Generic Name)	Potential Indication/Dosage form	Mechanism		Phase (Region)	Origin	Note
JTE-052 (delgocitinib)	Autoimmune/allergic diseases /Oral, Topical	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	Phase1 (Japan)	In-house	
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)		
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	<ul style="list-style-type: none"> • In-license from Dermavant Sciences GmbH • Co-development with Torii
	Plaque psoriasis /Topical			Phase3 (Japan)		
	Atopic dermatitis (pediatric) /Topical			Phase2 (Japan)		
JTC-064	Neurodegenerative disease /Oral	PDHK inhibitor	Improves metabolic abnormalities by activation of pyruvate dehydrogenase (PDH)	Phase1 (Overseas)	In-house	

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 October 31, 2022

•JTE-451(Autoimmune/allergic diseases/Topical): terminated

•JTE-052(Atopic dermatitis(infant)/Topical): Revision of the package insert for CORECTIM Ointment 0.5%/0.25% in Japan (indication expansion for infant patients)

Definitions

Terms	Definitions
Revenue	Revenue excluding tobacco excise taxes and revenue from agent transactions.
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).
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).
Profit	Profit attributable to owners of the parent company.
Core revenue	Core revenue includes all revenue excluding those from distribution, contract manufacturing and other peripheral businesses.
RRP-related revenue	Reduced-Risk Products (RRP)-related revenue, as a part of core revenue, represents all the sale of RRP, principally consumables, devices and the related accessories.
Combustibles	Combustibles include all tobacco products excluding contract-manufactured products, waterpipe, heated tobacco products, oral and E-Vapor.
Cigarettes	Also known as Ready-Made-Cigarettes (RMC)
Fine cut tobacco (FCT)	Loose tobacco products also known as rolling tobacco. These can be used for both RYO (roll-your-own) cigarettes, i.e., using rolling papers, and MYO (make-your-own) cigarettes, i.e., by filling a filter tube with cut tobacco.
Cigarillo	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.
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 products (HTP)	Products that contain tobacco leaf and create a tobacco-enriched vapor by heating electronically the tobacco, either directly or indirectly, without any combustion.

Heated tobacco sticks (HTS)	High temperature heated tobacco products. One stick is equivalent to a stick of cigarettes.
Infused tobacco capsules (Infused)	Low temperature heated tobacco products. One pack of consumables is equivalent to 20 sticks of cigarettes.
E-Vapor	Products which consumers use by heating electronically a nicotine based liquid that contains no tobacco leaf. One closed tank capsule is equivalent to 20 sticks of cigarettes. A 10ml open tank refill is equivalent to 100 sticks of cigarettes.
Oral	Products delivering nicotine in the form of a closed pouch. These pouches can contain tobacco and are known as snus. Without tobacco, these consumables are referred to as nicotine pouches. To deliver nicotine and flavor, these pouches are inserted between the consumer's lip and gum. One snus or nicotine pouch is equivalent to a stick of cigarettes.
GFB (Global Flagship Brands)	GFB includes four Brands namely Winston, Camel, MEVIUS and LD
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.
GFB volume	GFB (Global Flagship Brands) volume is the volume of GFB combustibles and GFB snus products which are Winston, Camel, MEVIUS and LD.
RRP volume	Reduced-Risk Products (RRP) sales volume in cigarette-stick equivalent. This also excludes RRP devices, RRP related accessories, etc.
HTS volume	Heated tobacco sticks (HTS) sales volume. This excludes RRP devices, RRP related accessories, etc.
Share of Value (SoV)	Share of total retail value of the market, which is computed by multiplying volume and tax-included retail sales price.
Total tobacco industry volume	Industry volume by number of sticks based on internal estimates.
Combustibles industry volume	Industry volume of combustibles by number of sticks based on internal estimates.
RRP industry volume	Industry volume of Reduced-Risk Products (RRP) by number of sticks based on internal estimates.

Clusters	<p>The JT Group's tobacco markets are divided into three distinctive clusters: Asia, Western Europe, EMA. Please note that these three clusters are specifically designed to provide insight into our business for guidance purposes only and do not reflect the JT Group's management structure.</p> <ul style="list-style-type: none"> • Asia cluster includes the tobacco regions of Japan and Asia Pacific • EMA cluster includes the tobacco regions of Eastern Europe, MENEAT, Americas and Global Travel Retail
Global Travel Retail (GTR)	Global Travel Retail is the new denomination reflecting the combination of the duty-free markets from the previous Japanese-domestic tobacco and international tobacco businesses. The performance of these markets is included in the EMA cluster.
Liquidity	Cash and deposits + marketable securities + securities purchased under repurchase agreements
Interest-bearing debt	Short-term bank loans + commercial papers + bonds + long-term borrowings
Free cash flow (FCF)	<p>The sum of cash flows from operating activities and investing activities, excluding the following items:</p> <ul style="list-style-type: none"> • 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 (both short-term and long-term), payments into time deposits, proceeds from sale or redemption of investment securities (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 55,000 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 tobacco vapor 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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