



Tokyo, July 29, 2022

## **2022 Second Quarter Results**

### **Year-to-Date Highlights (vs. 2021)**

- Revenue increased by 10.7% to JPY 1,266.8 billion.
- Core revenue at constant FX increased by 3.7% to JPY 1,142.0 billion.
- Adjusted operating profit at constant FX increased by 8.0% to JPY 386.7 billion.
- On a reported basis, adjusted operating profit increased by 15.8% to JPY 414.9 billion.
- Operating profit increased by 18.9% to JPY 383.0 billion.
- Profit increased by 17.3% to JPY 264.1 billion.
- The Company announced to offer an interim dividend of JPY 75 as initially planned.

### **FY2022 Forecasts (vs. Initial Forecasts)**

- Revenue forecast is revised upward by JPY 171.0 billion.
- Adjusted operating profit at constant FX is revised downward by JPY 31.0 billion.
- On a reported basis, adjusted operating profit is revised upward by JPY 14.0 billion.
- Forecasts are revised upward for operating profit (JPY 15.0 billion) and profit (JPY 6.0 billion).
- Free cash flow is revised upward by JPY 46.0 billion.
- As announced in the initial forecast, the Company plans to offer an annual dividend per share of JPY 150.

Please refer to 'Data Sheets' on page 14 for more financial figures.

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

"I would like to start by reiterating that the safety of our employees and their families remains our top priority. We are extending all possible support to affected people in Ukraine.

"In the first half, the JT Group delivered a robust performance, mainly driven by strong pricing. We are also encouraged by the Ploom X volume and share performance in Japan. In the second half of the year, we will be leveraging learnings from Japan for international Ploom X launches.

"We have revised our 2022 full year reported adjusted operating profit and profit guidance upwards, driven by favorable currency movements against the Japanese yen. However, the adjusted operating profit at constant FX is revised downwards considering higher input costs impacting our supply chain operations. Dividend per share guidance for full year remains unchanged at 150 yen per share. The interim dividend is 75 yen per share.

"Regarding Russia, while we continue to manufacture and distribute our products in full compliance with national and international sanctions, the operating environment is becoming increasingly complex. Under these circumstances, the JT Group continues to evaluate various options for its Russia business, including potentially transferring its ownership, and taking necessary decisions to address the changing situation in accordance with the Group's management principle, which is 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. For more details, please visit [https://www.jt.com/about/management\\_principles/index.html](https://www.jt.com/about/management_principles/index.html)

#### **Investors' Meeting**

An investors' meeting with members of the investor community will be held on July 29, 2022 at 6:00pm 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 for fiscal year 2021 and fiscal year 2022 as well as the forecasts for fiscal year 2022 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. Starting from Q2 2022, the impacts of the hyperinflationary accounting and hyperinflation include those of in Turkey in addition to Iran and Sudan.

The impacts on the key financial indicators are as follows:

### Consolidated/tobacco business results

Revenue:	JPY +17.8 billion
Adjusted operating profit:	JPY -4.0 billion
Profit:	JPY -11.4 billion

## Q2 2022 Financial Results

### Consolidated Results

(billions of JPY)	Q2 2022	Q2 2021	Variance	2022 YTD	2021 YTD	Variance
<b>Revenue</b>	<b>685.3</b>	597.2	+14.8%	<b>1,266.8</b>	1,144.5	+10.7%
<b>Adjusted operating profit</b>	<b>220.0</b>	180.1	+22.1%	<b>414.9</b>	358.2	+15.8%
<b>Operating profit</b>	<b>204.6</b>	162.0	+26.3%	<b>383.0</b>	322.1	+18.9%
<b>Profit</b>	<b>140.0</b>	111.4	+25.6%	<b>264.1</b>	225.2	+17.3%
<b>Core revenue at constant FX</b>	<b>595.0</b>	574.1	+3.6%	<b>1,142.0</b>	1,101.0	+3.7%
<b>Adjusted operating profit at constant FX</b>	<b>200.6</b>	180.1	+11.4%	<b>386.7</b>	358.2	+8.0%

### Q2 2022

- **Revenue**  
Revenue increased by 14.8% to JPY 685.3 billion driven by increases across all businesses. At constant FX, core revenue increased by 3.6% to JPY 595.0 billion.
- **Adjusted operating profit**  
At constant FX, adjusted operating profit increased by 11.4% to JPY 200.6 billion driven by increases in the tobacco and pharmaceutical businesses. On a reported basis, adjusted operating profit increased by 22.1% to JPY 220.0 billion driven by positive currency movements from a weaker Japanese yen.
- **Operating profit**  
Operating profit increased by 26.3% to JPY 204.6 billion driven by an increase in adjusted operating profit.
- **Profit**  
Profit increased by 25.6% to JPY 140.0 billion driven by an increase in operating profit, partially offset by increasing financing costs.

### 2022 YTD

- **Revenue**  
Revenue increased by 10.7% to JPY 1,266.8 billion driven by increases across all businesses. At constant FX, core revenue increased by 3.7% to JPY 1,142.0 billion.
- **Adjusted operating profit**  
At constant FX, adjusted operating profit increased by 8.0% to JPY 386.7 billion driven by increases in the tobacco and pharmaceutical businesses. On a reported basis, adjusted operating profit increased by 15.8% to JPY 414.9 billion driven by positive currency movements from a weaker Japanese yen.

- **Operating profit**  
Operating profit increased by 18.9% to JPY 383.0 billion driven by an increase in adjusted operating profit.
- **Profit**  
Profit increased by 17.3% to JPY 264.1 billion driven by an increase in operating profit, partially offset by increasing financing costs.

## Results by Business Segment

### Tobacco Business

(billions of JPY)	Q2 2022	Q2 2021	Variance	2022 YTD	2021 YTD	Variance
<b>Core revenue</b>	<b>603.2</b>	519.5	+16.1% (+3.7%)*	<b>1,105.3</b>	992.6	+11.3% (+3.6%)*
<b>Adjusted operating profit</b>	<b>227.8</b>	190.4	+19.6% (+9.5%)*	<b>425.1</b>	372.7	+14.1% (+6.5%)*
<b>Reference</b> (billions of units, billions of JPY)						
<b>Total volume</b>	<b>134.2</b>	136.7	-1.8%	<b>262.8</b>	263.7	-0.4%
<b>Combustibles volume</b>	<b>132.2</b>	134.9	-2.0%	<b>258.7</b>	260.2	-0.6%
<b>RRP volume</b>	<b>2.1</b>	1.8	+13.6%	<b>4.0</b>	3.5	+14.5%
<b>RRP-related revenue</b>	<b>20.1</b>	20.0	+0.6%	<b>39.1</b>	38.6	+1.4%

\*At constant FX

#### Q2 2022

- Core revenue and adjusted operating profit**

Core revenue and adjusted operating profit increased, driven by a solid pricing contribution from all clusters, continued market share gains and favorable currency movements. Core revenue grew by 16.1%, and 3.7% at constant FX, driven by a positive price/mix variance of JPY 35.6 billion, more than offsetting a negative volume contribution of JPY 16.4 billion. RRP-related revenue increased by JPY 0.1 billion. Adjusted operating profit increased by 19.6%, and 9.5% at constant FX, driven by core revenue growth.

- Volume and market share<sup>1</sup>**

Total volume decreased by 1.8%, due to declines in the Asia and Western Europe clusters, partially offset by continued growth in the EMA cluster, mainly in Global Travel Retail, Iran, Poland and Turkey. Combustibles volume declined by 2.0%, mainly due to industry volume contraction in the key markets of Italy, Japan, the Philippines, Russia and the UK. Market share gains continued in the key markets of Italy, the Philippines, Spain, Taiwan and Turkey. In the RRP category, volume grew by 13.6% driven by the on-going Ploom X HTS (heated tobacco sticks) share gains in Japan, in an increasing segment.

#### 2022 YTD

- Core revenue and adjusted operating profit**

Core revenue and adjusted operating profit increased, driven by solid pricing generated across all three clusters, continued market share gains and favorable currency movements. Core revenue grew by 11.3%, and 3.6% at constant FX, fueled by a positive price/mix contribution of JPY 61.2 billion, which more than offsets a negative volume variance of JPY 25.7 billion. RRP-related revenue increased by JPY 0.6 billion, up 1.4%. Adjusted operating profit was up 14.1%, and 6.5% at constant FX, driven by core revenue growth, despite continued investments in HTS.

- Volume and market share<sup>1</sup>**

Total volume decreased by 0.4%, due to declines in the Asia and Western Europe clusters, where industry volume contraction in several key markets could not be offset by the combination of growth in the EMA cluster, continued market share gains and RRP volume growth (+14.5%). Combustibles

volume declined by 0.6%, despite growth in Global Travel Retail, Iran, Myanmar, Poland, Romania, Spain and Turkey. Market share gains continued in the key markets of Italy, the Philippines, Romania, Spain, Taiwan and Turkey.

## Tobacco Business Performance Review by Cluster

### Asia

(billions of JPY)	2022 YTD	2021 YTD	Variance
<b>Core revenue</b>	<b>400.5</b>	394.4	+1.5% (-1.8%)*
<b>Adjusted operating profit</b>	<b>156.5</b>	153.3	+2.1% (+0.5%)*
<b>Reference</b> (billions of units)			
<b>Total volume</b>	<b>63.2</b>	66.6	-5.1%

\*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue grew by 1.5%, driven by favorable currency movements. At constant FX, the positive price/mix variance, mainly in the Philippines, was offset by the negative volume contribution, mainly in Japan, resulting in core revenue declining by 1.8%.

Adjusted operating profit increased by 2.1%, and by 0.5% at constant FX, driven by core revenue growth, favorable currency movements and benefits from cost saving initiatives in Japan.

- **Volume and market share<sup>1</sup>**

Total and GFB volumes declined by 5.1% and 4.5%, respectively, mainly due to Bangladesh, Japan and the Philippines. Market share increased in Cambodia, Indonesia, the Philippines, Singapore and Taiwan.

- **By market<sup>1</sup>**

**In Japan<sup>2</sup>**, due to a declining industry volume, total volume was down by 8.6% year-to-date, despite continued growth in the RRP category, fueled by Ploom X. Year-to-date total market share declined by 2.8ppt to 42.1%, as gains in the RRP category could not offset losses in combustibles.

In combustibles, volume decreased 11.5%, due to an industry volume contraction estimated at 8.0%, partially due to consumer conversion to RRP, and market share losses in combustibles (-2.3ppt to 57.2%), mainly due to intense competition in the value segment following continuous downtrading.

In RRP, a category estimated at 33.4% (shipment basis) of the total tobacco industry size, volume increased 34.0% and JT RRP share grew 2.1ppt to 12.0%. Within the HTS segment of RRP, Ploom X volume and share grew consecutively in the first two quarters, reaching a HTS share of segment of 7.4%, up 3.7ppt year-to-date.

Core revenue decreased due to the negative variance in both volume and price/mix.

**In the Philippines**, total and GFB volumes declined by 8.4% and 8.2%, respectively, due to industry volume contraction related to the excise tax led price increases in the first quarter. Sequential trends improved in the second quarter, leading to year-to-date market share growing an estimated 0.5ppt to 36.6%, fueled by Camel and Mighty.

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

the negative volume variance.

**In Taiwan**, total and GFB volumes increased by 0.8% and 0.2%, respectively, outperforming the industry volume contraction. The rise was fueled by growth in the premium segment, including MEVIUS. Year-to-date market share increased by 0.6ppt to 48.7%, driven by gains from Winston and MEVIUS.

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

## Western Europe

(billions of JPY)	2022 YTD	2021 YTD	Variance
<b>Core revenue</b>	<b>267.9</b>	260.6	+2.8% (-1.8%)*
<b>Adjusted operating profit</b>	<b>128.2</b>	122.9	+4.4% (+1.2%)*

### Reference (billions of units)

<b>Total volume</b>	<b>55.9</b>	58.9	-5.2%
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\*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue increased by 2.8%, driven by favorable currency movements. At constant FX, core revenue declined by 1.8%, due to the negative volume variance, mainly in the UK, more than offsetting the positive price/mix contribution, mainly in Germany and the UK.

Adjusted operating profit increased by 4.4%, and by 1.2% at constant FX, driven by the positive price/mix contribution and favorable currency movements.

- **Volume and market share<sup>1</sup>**

Total and GFB volumes decreased by 5.2% and 0.9%, respectively, mainly due to industry volume contraction resulting from the unwinding of COVID trends, notably in France and the UK, and despite continued market share gains. Market share increased in Belgium, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Spain and Switzerland.

- **By market<sup>1</sup>**

**In Italy**, total volume decreased by 3.0%, and grew by 2.5% when excluding inventory movements. GFB volume decreased by 1.3%, mainly due to the combustibles industry volume contraction and despite growth from Winston. Year-to-date combustibles market share grew by 0.9ppt to 27.2%, fueled by Winston.

Core revenue at constant FX decreased, due to the negative volume and price/mix contributions.

**In Spain**, total volume grew by 3.9%, and 8.2% when excluding inventory movements, driven by positive industry volume trends as travelers returned gradually. GFB volume increased by 0.6% fueled by continued market share gains. Year-to-date market share reached 28.4%, gaining 0.8ppt, driven by Camel.

Core revenue at constant FX increased, driven by a favorable volume variance and positive price/mix contribution.

**In the UK**, total volume declined by 16.1%, due to an acceleration of the industry volume contraction in the second quarter, resulting from the unwinding of COVID trends. Year-to-date combustibles market share declined by 0.6ppt to 45.1%, despite share gains from Benson & Hedges and Sterling.

Core revenue at constant FX decreased, as the positive price/mix contribution could not offset the negative volume variance.

## EMA

(billions of JPY)	2022 YTD	2021 YTD	Variance
<b>Core revenue</b>	<b>436.9</b>	337.7	+29.4% (+14.0%)*
<b>Adjusted operating profit</b>	<b>140.4</b>	96.5	+45.5% (+22.9%)*
<b>Reference</b> (billions of units)			
<b>Total volume</b>	<b>143.7</b>	138.3	+4.0%

\*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue increased by 29.4%, and by 14.0% at constant FX, driven by a favorable volume variance, notably in Global Travel Retail, Iran, Poland and the USA, and a positive price/mix contribution, mainly in Canada, Iran, Romania, Russia and Turkey, as well as favorable currency movements.

Adjusted operating profit increased by 45.5%, and by 22.9% at constant FX, fueled by the top-line increase and favorable currency movements, partially offset by higher input costs within the supply chain.

- **Volume and market share<sup>1</sup>**

Total and GFB volumes increased by 4.0% and 5.9%, respectively, driven mainly by Iran, Poland and the gradual recovery in Global Travel Retail. Market share increased in Algeria, Azerbaijan, Brazil, Canada, the Czech Republic, Hungary, Iran, Kazakhstan, Morocco, Poland, Romania, Saudi Arabia, Serbia, South Africa, Turkey and the USA.

- **By market<sup>1</sup>**

**In Romania**, total volume grew by 1.6% driven by continued market share gains. GFB volume grew by 2.4%, fueled by Winston. Year-to-date market share reached 29.7%, an increase of 0.2ppt, driven by Winston and Sobranie.

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

**In Russia<sup>2</sup>**, total volume declined by 3.5%, and by 2.7% when excluding inventory movements, due to the industry volume<sup>3</sup> contraction estimated at 3.6%. Year-to-date total market share declined 0.3ppt to 36.4%, mainly due to Winston and LD.

In combustibles, the volume decline was mainly due to an industry volume contraction following price increases associated with tax hike and continued growth of the RRP category. GFB volume grew by 1.8%, fueled by the strong Camel performance, leading to a stable market share in combustibles. In RRP, volume increased, driven by the growth of the category as Ploom's share in the HTS segment was stable at 4.1% versus the first quarter.

Core revenue at constant FX increased, driven by the positive price/mix contribution.

**In Turkey**, total and GFB volumes grew by 2.2% and 3.1%, respectively, driven by a favorable industry volume and market share gains. Year-to-date market share increased by 0.3ppt to 28.0%, mainly driven by Winston.

Core revenue at constant FX grew, driven by a strong price/mix contribution, passing on taxation and



cost increases.

<sup>1</sup> IRI, Logista, Nielsen, Panel Strator and JT Group estimates on year to date average, unless other specified, for cigarettes and fine cut tobacco (excluding snus) at the end of June 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. Algeria, Azerbaijan, Germany, Hungary, Ireland, Italy, Morocco, the Netherlands, Russia, and South Africa are on a 2-month average at the end of May 2022.

<sup>2</sup> Market share reflects total tobacco figures for Japan (i.e. combustibles and heated tobacco products) and for Russia (i.e. cigarettes and heated tobacco sticks) unless stated otherwise.

<sup>3</sup> Source: JT Group estimates based on a 6-month average at the end of June 2022 total tobacco data versus the same period last year.

## Pharmaceutical Business

(billions of JPY)	Q2 2022	Q2 2021	Variance	2022 YTD	2021 YTD	Variance
<b>Revenue</b>	<b>18.0</b>	17.4	+3.5%	<b>39.3</b>	37.1	+6.1%
<b>Adjusted operating profit</b>	<b>0.3</b>	-0.7	-	<b>4.9</b>	3.6	+36.8%

### Q2 2022

- **Revenue and adjusted operating profit**  
Revenue increased by 3.5% driven by top-line growth at our consolidated subsidiary, Torii Pharmaceutical.  
Adjusted operating profit increased by JPY 1.0 billion driven by the increase in revenue.

### 2022 YTD

- **Revenue and adjusted operating profit**  
Revenue and adjusted operating profit increased by 6.1% and 36.8%, respectively, for the same reasons mentioned for Q2.

## Processed Food Business

(billions of JPY)	Q2 2022	Q2 2021	Variance	2022 YTD	2021 YTD	Variance
<b>Revenue</b>	<b>37.8</b>	36.7	+3.1%	<b>73.5</b>	70.4	+4.3%
<b>Adjusted operating profit</b>	<b>1.0</b>	1.1	-7.9%	<b>1.4</b>	1.5	-0.2%

### Q2 2022

- **Revenue and adjusted operating profit**  
Revenue increased by 3.1% mainly due to a positive contribution from price revisions in the frozen and ambient foods business.  
Adjusted operating profit decreased by 7.9% mainly due to an increase in expense including a significant rise in raw material cost and unfavorable currency movement, despite the increase in revenue.

### 2022 YTD

- **Revenue and adjusted operating profit**  
Revenue increased by 4.3% mainly driven by sales growth including a positive contribution from the price revisions in the frozen and ambient foods business.  
Adjusted operating profit was at the same level as previous year. Despite the increase in revenue and favourable comparison of one-time losses associated with a fire accident at our subsidiary's factory last year, these positive factors were offset by increasing expenses including a significant rise in raw material costs and unfavorable currency movements.

## FY2022 Revised Forecasts

### Consolidated Forecasts

(billions of JPY)	2022 Revised Forecasts	2022 Initial Forecasts	Variance vs. Initial Forecasts	Variance vs. 2021 Results
<b>Revenue</b>	<b>2,486.0</b>	2,315.0	+171.0	+6.9%
<b>Adjusted operating profit</b>	<b>625.0</b>	611.0	+14.0	+2.4%
<b>Operating profit</b>	<b>549.0</b>	534.0	+15.0	+10.0%
<b>Profit</b>	<b>362.0</b>	356.0	+6.0	+6.9%
<b>Free cash flow</b>	<b>388.0</b>	342.0	+46.0	-
<b>Core revenue at constant FX</b>	<b>2,248.0</b>	2,229.0	+19.0	+0.7%
<b>Adjusted operating profit at constant FX</b>	<b>604.0</b>	635.0	-31.0	-1.1%
<b>Basic EPS* (JPY)</b>	<b>203.97</b>	200.62	+3.36	+6.9%

\*Based on profit

- **Revenue**  
Revenue forecast is revised upward by JPY 171.0 billion to JPY 2,486.0 billion, resulting in a 6.9% increase year on year, driven by upward revisions across all businesses. Foreign currency impact is expected to be positive.
- **Adjusted operating profit**  
Adjusted operating profit at constant currency is revised downward by JPY 31.0 billion to JPY 604.0 billion, resulting in a 1.1% decrease year on year, due to downward revisions in the tobacco and processed food businesses.  
On a reported basis, adjusted operating profit is revised upward by JPY 14.0 billion to JPY 625.0 billion, resulting in a 2.4% increase year on year, driven by revised currency assumptions.
- **Operating profit and profit**  
Operating profit is revised upward by JPY 15.0 billion to JPY 549.0 billion, resulting in a 10.0% increase year on year, driven by an upward revision in adjusted operating profit.  
Profit is revised upward by JPY 6.0 billion to JPY 362.0 billion driven by an upward revision in operating profit. This represents a 6.9% increase year on year.
- **Free cash flow**  
Free cash flow is revised upward by JPY 46.0 billion to JPY 388.0 billion driven by an upward revision in adjusted operating profit and an improvement in working capital.

## Forecasts by Business Segment

### Tobacco Business

(billions of JPY)	2022 Revised Forecasts	2022 Initial Forecasts	Variance vs. Initial Forecasts	Variance vs. 2021 Results
<b>Core revenue</b>	<b>2,148.0</b>	1,986.0	+162.0	+7.3% (+0.4%)*
<b>Adjusted operating profit</b>	<b>655.0</b>	640.0	+15.0	+2.5% (-0.8%)*

\*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue for the full year of 2022 is revised upward by JPY 162.0 billion, reflecting favorable JPY/USD movements as well as stronger pricing contributions. As a result, core revenue is now expected to increase by 7.3%, and 0.4% at constant FX, versus 2021.

Adjusted operating profit for the full year of 2022 is revised upward by JPY 15.0 billion, resulting in a 2.5% year-on-year increase, driven by favorable JPY/USD movements. At constant FX, adjusted operating profit is now expected to decline by 0.8% due to higher than anticipated input costs within the supply chain.

- **Volume**

The forecast for total volume remains unchanged, expecting a decline of approximately 3% year on year, due to the combustibles industry volume contraction, partially offset by RRP volume growth, supported by on-going investments.

## Pharmaceutical Business

(billions of JPY)	2022 Revised Forecasts	2022 Initial Forecasts	Variance vs. Initial Forecasts	Variance vs. 2021 Results
<b>Revenue</b>	<b>82.5</b>	81.5	+1.0	+2.6%
<b>Adjusted operating profit</b>	<b>10.0</b>	10.0	-	-9.9%

- **Revenue and adjusted operating profit**

Revenue is revised upward by JPY 1.0 billion, representing an increase of 2.6% versus the previous year, reflecting the upside of overseas royalty income due to the depreciation of the yen and the expected increase in the revenue at our subsidiary, Torii Pharmaceutical from the initial forecast.

Adjusted operating profit remains unchanged despite the revenue growth, due to an increase in R&D expenses, representing a decrease of 9.9% versus the previous year.

## Processed Food Business

(billions of JPY)	2022 Revised Forecasts	2022 Initial Forecasts	Variance vs. Initial Forecasts	Variance vs. 2021 Results
<b>Revenue</b>	<b>154.0</b>	153.0	+1.0	+4.6%
<b>Adjusted operating profit</b>	<b>2.0</b>	2.5	-0.5	-49.4%

- **Revenue and adjusted operating profit**

Revenue is revised upward by JPY 1.0 billion, representing an increase of 4.6% versus the previous year, reflecting an additional positive contribution from price revisions in the frozen and ambient foods business for the second half of the year.

Adjusted operating profit is revised downward by JPY 0.5 billion, representing a decrease of 49.4% versus the previous year, mainly due to the full-scale increase in costs including raw material costs expected in the second half, despite the revenue growth.

# Data Sheets

## Results for 2022 Second Quarter

### 1. Summary of consolidated results

(Unit: JPY billion)

	Q2 YTD 2022	Q2 YTD 2021	Variance (abs)	Variance (%)
Revenue	1,266.8	1,144.5	+122.3	+10.7%
Operating profit	383.0	322.1	+60.9	+18.9%
Adjusted operating profit	414.9	358.2	+56.6	+15.8%
Profit before income taxes	361.0	314.1	+46.9	+14.9%
Profit	264.1	225.2	+38.9	+17.3%
Basic EPS*(JPY)	148.80	126.92	+21.88	+17.2%

\*Based on profit

[Reference]

(Unit: JPY billion)

	Q2 YTD 2022	Q2 YTD 2021	Variance (abs)	Variance (%)
Core revenue at constant FX	1,142.0	1,101.0	+41.0	+3.7%
Adjusted operating profit at constant FX	386.7	358.2	+28.5	+8.0%

### 2. Results by business segment

(Unit: JPY billion)

	Q2 YTD 2022	Q2 YTD 2021	Variance (abs)	Variance (%)
Consolidated revenue	1,266.8	1,144.5	+122.3	+10.7%
Tobacco	1,153.0	1,036.1	+116.8	+11.3%
Core revenue	1,105.3	992.6	+112.6	+11.3%
Pharmaceutical	39.3	37.1	+2.2	+6.1%
Processed food	73.5	70.4	+3.0	+4.3%
Others	1.1	0.9	+0.2	+23.2%
Consolidated operating profit	383.0	322.1	+60.9	+18.9%
Tobacco	390.3	337.7	+52.6	+15.6%
Pharmaceutical	4.9	3.8	+1.1	+29.5%
Processed food	0.4	0.5	-0.1	-11.3%
Others/Elimination	-12.6	-19.8	+7.2	-
Adjustments, total	-31.9	-36.1	+4.3	
Tobacco	-34.8	-35.0	+0.2	
Pharmaceutical	-	0.2	-0.2	
Processed food	-1.0	-1.0	-0.1	
Others/Elimination	3.9	-0.4	+4.3	
Consolidated adjusted operating profit	414.9	358.2	+56.6	+15.8%
Tobacco	425.1	372.7	+52.4	+14.1%
Pharmaceutical	4.9	3.6	+1.3	+36.8%
Processed food	1.4	1.5	-0.0	-0.2%
Others/Elimination	-16.6	-19.5	+2.9	-

## Results for 2022 Second Quarter

### 3. Depreciation and amortization\*

(Unit: JPY billion)

	Q2 YTD 2022	Q2 YTD 2021	Variance (abs)
Consolidated depreciation and amortization	86.3	81.9	+4.3
Tobacco	79.7	75.7	+4.0
Pharmaceutical	2.4	2.5	-0.0
Processed food	3.3	3.0	+0.2
Others/Elimination	0.9	0.8	+0.2

\*Excluding depreciation from lease transactions

### 4. Consolidated financial position

(Unit: JPY billion)

	2022 Jun. end	2021 Dec. end	Variance (abs)
Total assets	6,648.9	5,774.2	+874.7
Total equity	3,754.6	2,886.1	+868.5
Equity attributable to owners of the parent company	3,677.1	2,809.3	+867.9
BPS (attributable to owners of the parent company) (JPY)	2,071.80	1,583.10	+488.70

### 5. Liquidity and interest-bearing debt

(Unit: JPY billion)

	2022 Jun. end	2021 Dec. end	Variance (abs)
Liquidity	758.7	730.2	+28.5
Interest-bearing debt	1,002.4	918.6	+83.8

### 6. Consolidated cash flow

(Unit: JPY billion)

	Q2 YTD 2022	Q2 YTD 2021	Variance (abs)
Cash flows from operating activities	110.2	174.9	-64.7
Cash flows from investing activities	-38.8	-46.5	+7.6
Cash flows from financing activities	-158.2	-212.7	+54.5
Cash and cash equivalents, beginning of the period	721.7	538.8	+182.9
Foreign currency translation adj. on cash & cash equivalents	113.8	26.1	+87.6
Cash and cash equivalents, end of the period	748.7	480.7	+268.0
FCF	73.0	125.4	-52.4

### 7. Capital expenditures

(Unit: JPY billion)

	Q2 YTD 2022	Q2 YTD 2021	Variance (abs)
Consolidated capital expenditures	36.3	38.8	-2.5
Tobacco	28.3	29.7	-1.4
Pharmaceutical	0.8	4.0	-3.2
Processed food	4.0	3.9	+0.1
Others/Elimination	3.3	1.2	+2.0

### 8. FX actual

	Q2 YTD 2022	Q2 YTD 2021	Variance (abs)	Variance (%)
100YEN/USD	0.81	0.93	-0.12	+14.2%
100YEN/RUB	62.56	68.92	-6.36	+10.2%
100YEN/GBP	0.63	0.67	-0.04	+6.7%
100YEN/EUR	0.74	0.77	-0.03	+3.4%
100YEN/CHF	0.77	0.84	-0.07	+9.6%
100YEN/TWD	23.36	26.01	-2.65	+11.3%
100YEN/TRY	*	7.29	*	
100YEN/PHP	42.43	44.76	-2.33	+5.5%

In accordance with the requirements stipulated in IAS 29, the closing currency rates for the month ended June 2022 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen. (100JPY/TRY: 12.20, reference 100JPY/USD: 0.73)



## FY2022 Revised Forecasts (as of July 29, 2022)

### 1. Summary of consolidated forecasts

(Unit: JPY billion)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)	Variance (%)
Revenue	2,486.0	2,324.8	+161.2	+6.9%
Operating profit	549.0	499.0	+50.0	+10.0%
Adjusted operating profit	625.0	610.4	+14.6	+2.4%
Profit	362.0	338.5	+23.5	+6.9%

[Reference]

(Unit: JPY billion)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)	Variance (%)
Core revenue at constant FX	2,248.0	2,231.7	+16.3	+0.7%
Adjusted operating profit at constant FX	604.0	610.4	-6.4	-1.1%

### 2. EPS, DPS, ROE

(Unit: JPY)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)	Variance (%)
Basic EPS*	203.97	190.76	+13.21	+6.9%
DPS	150	140	+10	+7.1%
ROE*	12.2%	12.7%	-0.5ppt	

\*Based on profit

### 3. Forecasts by business segment

(Unit: JPY billion)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)	Variance (%)
Consolidated revenue	2,486.0	2,324.8	+161.2	+6.9%
Tobacco	2,247.0	2,095.1	+151.9	+7.2%
Core revenue	2,148.0	2,002.0	+146.0	+7.3%
Pharmaceutical	82.5	80.4	+2.1	+2.6%
Processed food	154.0	147.2	+6.8	+4.6%
Others	2.5	2.1	+0.4	+20.3%
Consolidated operating profit	549.0	499.0	+50.0	+10.0%
Tobacco	585.0	522.4	+62.6	+12.0%
Pharmaceutical	10.0	11.3	-1.3	-11.5%
Processed food	1.0	2.9	-1.9	-65.8%
Others/Elimination	-47.0	-37.6	-9.4	-
Consolidated adjusted operating profit	625.0	610.4	+14.6	+2.4%
Tobacco	655.0	639.2	+15.8	+2.5%
Pharmaceutical	10.0	11.1	-1.1	-9.9%
Processed food	2.0	4.0	-2.0	-49.4%
Others/Elimination	-42.0	-43.9	+1.9	-

## FY2022 Revised Forecasts (as of July 29, 2022)

### 4. Free cash flow

(Unit: JPY billion)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)
FCF	388.0	482.0	-94.0

### 5. Capital expenditures

(Unit: JPY billion)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)
Consolidated capital expenditures	121.0	100.9	+20.1
Tobacco	98.0	82.5	+15.5
Pharmaceutical	3.0	6.0	-3.0
Processed food	12.0	10.7	+1.3
Others/Elimination	8.0	1.7	+6.3

### 6. Assumptions of 2022 Forecasts

#### Tobacco business

- Total volume: a decrease of approx. 3% (vs. 528.8 BnU in 2021)
- GFB volume: a decrease of approx. 1% (vs. 355.8 BnU in 2021)

#### <FX assumptions>

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)	Variance (%)
100YEN/USD	0.79	0.91	-0.12	+15.0%
100YEN/RUB	64.50	67.10	-2.60	+4.0%
100YEN/GBP	0.61	0.66	-0.05	+8.5%
100YEN/EUR	0.73	0.77	-0.04	+5.4%
100YEN/CHF	0.75	0.83	-0.08	+11.0%
100YEN/TWD	23.00	25.45	-2.45	+10.6%
100YEN/TRY	*	8.02	*	
100YEN/PHP	41.30	44.85	-3.55	+8.6%

**FY2022 Revised Forecasts  
vs Initial Forecasts  
(as of July 29, 2022)**

**1. Summary of consolidated forecasts**

(Unit: JPY billion)

	FY2022 Revised Forecasts	FY2022 Initial Forecasts	Variance (abs)	Variance (%)
Revenue	2,486.0	2,315.0	+171.0	+7.4%
Operating profit	549.0	534.0	+15.0	+2.8%
Adjusted operating profit	625.0	611.0	+14.0	+2.3%
Profit	362.0	356.0	+6.0	+1.7%

[Reference]

(Unit: JPY billion)

	FY2022 Revised Forecasts	FY2022 Initial Forecasts	Variance (abs)	Variance (%)
Core revenue at constant FX	2,248.0	2,229.0	+19.0	+0.9%
Adjusted operating profit at constant FX	604.0	635.0	-31.0	-4.9%

**2. EPS, DPS, ROE**

(Unit: JPY)

	FY2022 Revised Forecasts	FY2022 Initial Forecasts	Variance (abs)	Variance (%)
Basic EPS*	203.97	200.62	+3.36	+1.7%
DPS	150	150	-	-
ROE*	12.2%	12.5%	-0.3ppt	

\*Based on profit

**3. Forecasts by business segment**

(Unit: JPY billion)

	FY2022 Revised Forecasts	FY2022 Initial Forecasts	Variance (abs)	Variance (%)
Consolidated revenue	2,486.0	2,315.0	+171.0	+7.4%
Tobacco	2,247.0	2,078.0	+169.0	+8.1%
Core revenue	2,148.0	1,986.0	+162.0	+8.2%
Pharmaceutical	82.5	81.5	+1.0	+1.2%
Processed food	154.0	153.0	+1.0	+0.7%
Others	2.5	2.5	-	-
Consolidated operating profit	549.0	534.0	+15.0	+2.8%
Tobacco	585.0	572.0	+13.0	+2.3%
Pharmaceutical	10.0	10.0	-	-
Processed food	1.0	2.0	-1.0	-50.0%
Others/Elimination	-47.0	-50.0	+3.0	-
Consolidated adjusted operating profit	625.0	611.0	+14.0	+2.3%
Tobacco	655.0	640.0	+15.0	+2.3%
Pharmaceutical	10.0	10.0	-	-
Processed food	2.0	2.5	-0.5	-20.0%
Others/Elimination	-42.0	-41.5	-0.5	-

**FY2022 Revised Forecasts  
vs Initial Forecasts  
(as of July 29, 2022)**

**4. Free cash flow**

(Unit: JPY billion)

	FY2022 Revised Forecasts	FY2022 Initial Forecasts	Variance (abs)
FCF	388.0	342.0	+46.0

**5. Capital expenditures**

(Unit: JPY billion)

	FY2022 Revised Forecasts	FY2022 Initial Forecasts	Variance (abs)
Consolidated capital expenditures	121.0	131.0	-10.0
Tobacco	98.0	106.0	-8.0
Pharmaceutical	3.0	3.0	-
Processed food	12.0	12.5	-0.5
Others/Elimination	8.0	9.5	-1.5

**6. Revised assumptions of 2022 Forecast**

Tobacco business	Revised Forecasts	Initial Forecasts
Total volume	a decrease of approx. 3%	
GFB volume	a decrease of approx. 1%	a decrease of approx. 2%

<FX assumptions>

	FY2022 Revised Forecasts	FY2022 Initial Forecasts	Variance (abs)	Variance (%)
100YEN/USD	0.79	0.88	-0.08	+10.7%
100YEN/RUB	64.50	70.20	-5.70	+8.8%
100YEN/GBP	0.61	0.64	-0.03	+4.9%
100YEN/EUR	0.73	0.76	-0.03	+4.1%
100YEN/CHF	0.75	0.80	-0.05	+6.7%
100YEN/TWD	23.00	24.55	-1.55	+6.7%
100YEN/TRY	*	13.15	*	
100YEN/PHP	41.30	45.60	-4.30	+10.4%

## Tobacco Business Data

### 1. Summary

2022	Q1	Q2	Q3	Q4	YTD	
<b>Total volume</b>	128.5	134.2			262.8	BnU
(vs. PY)	+1.2%	-1.8%			-0.4%	
<b>Combustibles volume</b>	126.6	132.2			258.7	BnU
(vs. PY)	+1.0%	-2.0%			-0.6%	
<b>GFB volume</b>	87.4	91.8			179.2	BnU
(vs. PY)	+3.7%	+0.6%			+2.1%	
<b>RRP volume</b>	2.0	2.1			4.0	BnU
(vs. PY)	+16.0%	+13.6%			+14.5%	
<b>Core revenue</b>	502.0	603.2			1,105.3	JPY BN
(vs. PY)	+6.1%	+16.1%			+11.3%	
	(+3.4%)*	(+3.7%)*			(+3.6%)*	
<b>RRP-related revenue</b>	19.1	20.1			39.1	JPY BN
(vs. PY)	+2.4%	+0.6%			+1.4%	
<b>Adjusted operating profit</b>	197.3	227.8			425.1	JPY BN
(vs. PY)	+8.3%	+19.6%			+14.1%	
	(+3.4%)*	(+9.5%)*			(+6.5%)*	

\*at constant FX

### 2. Breakdown of core revenue

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2021	473.1	519.5			992.6
Volume	-9.3	-16.4			-25.7
Price/Mix	+25.6	+35.6			+61.2
2022@PY	489.4	538.7			1,028.1
FX	+12.6	+64.5			+77.1
2022	502.0	603.2			1,105.3

### 3. Breakdown of adjusted operating profit

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2021	182.3	190.4			372.7
Volume	-7.3	-15.3			-22.6
Price/Mix	+22.5	+36.9			+59.3
Others	-8.9	-3.5			-12.4
2022@PY	188.6	208.4			397.0
FX	+8.8	+19.4			+28.1
2022	197.3	227.8			425.1

## Tobacco Business Data

### 4. Contribution by cluster (vs. PY)

<i>Sales Volume</i>													(BnU)		
	Q1			Q2			Q3			Q4			Q2 YTD		
Asia	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
<b>Total volume</b>	31.5	32.8	-4.1%	31.7	33.8	-6.1%							30.8	63.2	-5.1%
<b>GFB volume</b>	18.7	19.6	-4.5%	19.2	20.1	-4.6%							18.3	37.9	-4.5%
<b>Western Europe</b>	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
<b>Total volume</b>	27.5	28.7	-4.3%	28.4	30.2	-6.0%							25.8	55.9	-5.2%
<b>GFB volume</b>	18.7	18.8	-0.6%	19.4	19.6	-1.1%							16.8	38.1	-0.9%
<b>EMA</b>	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
<b>Total volume</b>	69.6	65.5	+6.2%	74.1	72.8	+1.9%							69.5	143.7	+4.0%
<b>GFB volume</b>	50.0	45.9	+8.9%	53.2	51.5	+3.3%							50.8	103.2	+5.9%

<i>Financials</i>													(JPY BN)		
	Q1			Q2			Q3			Q4			Q2 YTD		
Asia	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
<b>Core revenue</b>	192.9	194.1	-0.6%	207.5	200.3	+3.6%							181.6	400.5	+1.5%
			(-2.9%)*			(-0.7%)*									(-1.8%)*
<b>AOP</b>	75.7	76.7	-1.3%	80.7	76.6	+5.4%							35.3	156.5	+2.1%
			(-1.5%)*			(+2.4%)*									(+0.5%)*
<b>Western Europe</b>	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
<b>Core revenue</b>	125.2	122.4	+2.3%	142.7	138.2	+3.3%							113.2	267.9	+2.8%
			(-1.2%)*			(-2.3%)*									(-1.8%)*
<b>AOP</b>	61.2	57.8	+6.0%	67.0	65.1	+2.9%							27.6	128.2	+4.4%
			(+3.0%)*			(-0.4%)*									(+1.2%)*
<b>EMA</b>	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
<b>Core revenue</b>	183.9	156.6	+17.5%	253.0	181.1	+39.7%							175.1	436.9	+29.4%
			(+14.9%)*			(+13.2%)*									(+14.0%)*
<b>AOP</b>	60.4	47.8	+26.3%	80.0	48.7	+64.3%							13.4	140.4	+45.5%
			(+11.8%)*			(+33.8%)*									(+22.9%)*

\*at constant FX

Figures of FY2021 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			394.4
Volume	-8.4	-9.4			-17.8
Price/Mix	+2.8	+7.9			+10.7
2022@PY	188.5	198.8			387.3
FX	+4.4	+8.8			+13.2
2022	192.9	207.5			400.5
<b>Western Europe</b>					
	Q1	Q2	Q3	Q4	YTD
2021	122.4	138.2			260.6
Volume	-6.4	-12.4			-18.8
Price/Mix	+5.0	+9.2			+14.2
2022@PY	121.0	135.0			255.9
FX	+4.2	+7.7			+12.0
2022	125.2	142.7			267.9
<b>EMA</b>					
	Q1	Q2	Q3	Q4	YTD
2021	156.6	181.1			337.7
Volume	+5.6	+5.4			+11.0
Price/Mix	+17.8	+18.5			+36.3
2022@PY	180.0	205.0			384.9
FX	+4.0	+48.0			+52.0
2022	183.9	253.0			436.9

### 6. Breakdown of adjusted operating profit by cluster

(JPY BN)

Asia	Q1	Q2	Q3	Q4	YTD
2021	76.7	76.6			153.3
Volume	-6.4	-7.8			-14.2
Price/Mix	+2.7	+7.6			+10.3
Others	+2.6	+2.1			+4.7
2022@PY	75.6	78.5			154.1
FX	+0.1	+2.3			+2.4
2022	75.7	80.7			156.5
<b>Western Europe</b>					
	Q1	Q2	Q3	Q4	YTD
2021	57.8	65.1			122.9
Volume	-3.9	-9.3			-13.2
Price/Mix	+4.8	+9.0			+13.8
Others	+0.9	+0.0			+0.9
2022@PY	59.5	64.8			124.3
FX	+1.7	+2.2			+3.9
2022	61.2	67.0			128.2
<b>EMA</b>					
	Q1	Q2	Q3	Q4	YTD
2021	47.8	48.7			96.5
Volume	+3.0	+1.8			+4.8
Price/Mix	+15.0	+20.3			+35.3
Others	-12.4	-5.6			-18.0
2022@PY	53.5	65.1			118.6
FX	+6.9	+14.9			+21.8
2022	60.4	80.0			140.4

## Tobacco Business Data

### 7. GFB volume by brand (vs. PY)

(BnU)

2022	Q1	Q2	Q3	Q4	YTD
<b>Winston</b>	44.7 +3.8%	47.2 +1.0%			92.0 +2.3%
<b>Camel</b>	20.2 +15.1%	21.1 +6.6%			41.3 +10.6%
<b>MEVIUS</b>	10.9 -2.9%	11.4 -2.8%			22.3 -2.9%
<b>LD</b>	11.6 -6.8%	12.1 -7.1%			23.6 -6.9%

### 8. FX actual (vs. PY)

2022	Q1	Q2	Q3	Q4	YTD
<b>100JPY/USD</b>	0.86 +9.7%	0.76 +19.3%			0.81 +14.2%
<b>100JPY/RUB</b>	73.74 -5.0%	51.38 +31.9%			62.56 +10.2%
<b>100JPY/GBP</b>	0.64 +6.7%	0.61 +6.6%			0.63 +6.7%
<b>100JPY/EUR</b>	0.77 +2.1%	0.72 +4.8%			0.74 +3.4%
<b>100JPY/CHF</b>	0.79 +7.4%	0.74 +11.9%			0.77 +9.6%
<b>100JPY/TWD</b>	24.05 +10.0%	22.67 +12.7%			23.36 +11.3%
<b>100JPY/TRY</b>	11.95 -41.9%	*			*
<b>100JPY/PHP</b>	44.29 +2.8%	40.57 +8.4%			42.43 +5.5%

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 June 2022 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen. (100JPY/TRY: 12.20 reference: 100JPY/USD: 0.73)



## 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.

Data associated with shares in Italy and Russia are on a 2-month average at the end of May 2022.

#### Japan

##### Volume evolution

						(BnU)
	2022	Q1	Q2	Q3	Q4	YTD
<b>Total volume</b>		14.5	15.7			30.2
		-9.2%	-8.0%			-8.6%
<b>Combustibles volume</b>		13.1	14.2			27.3
		-12.1%	-11.0%			-11.5%
<b>RRP volume</b>		1.4	1.5			2.9
		+33.0%	+35.0%			+34.0%
<b>HTS volume</b>		0.8	0.9			1.7
		+129.5%	+116.5%			+122.3%

##### Share evolution

	2022	Q1	Q2	Q3	Q4	YTD	Var.
<b>Total SoM</b>		42.1%	42.1%			42.1%	-2.8ppt
<b>Combustibles SoS</b>		57.2%	57.3%			57.2%	-2.3ppt
GFB		38.8%	39.0%			38.9%	-1.8ppt
Winston		6.7%	6.6%			6.7%	-0.4ppt
MEVIUS		26.7%	26.8%			26.8%	-0.7ppt
Seven Stars		7.3%	7.2%			7.3%	-0.1ppt
Camel		5.3%	5.6%			5.4%	-0.6ppt
<b>RRP SoS</b>		12.0%	11.9%			12.0%	+2.1ppt
<b>HTS SoS</b>		7.2%	7.6%			7.4%	+3.7ppt
<b>Total SoV</b>		43.0%	42.9%			42.9%	-2.4ppt

#### The Philippines

##### Volume evolution

						(BnU)
	2022	Q1	Q2	Q3	Q4	YTD
<b>Total volume</b>		6.9	6.0			12.8
		-3.1%	-13.8%			-8.4%

##### Share evolution

	2022	Q1	Q2	Q3	Q4	YTD	Var.
<b>Combustibles SoM</b>		36.3%	37.0%			36.6%	+0.5ppt
GFB		12.6%	13.4%			13.0%	+0.5ppt
Winston		10.5%	10.9%			10.7%	+0.1ppt
Camel		2.0%	2.4%			2.2%	+0.4ppt
<b>Total SoV</b>		34.0%	35.2%			34.5%	+2.1ppt

#### Taiwan

##### Volume evolution

						(BnU)
	2022	Q1	Q2	Q3	Q4	YTD
<b>Total volume</b>		3.6	3.6			7.2
		-0.2%	+1.8%			+0.8%

##### Share evolution

	2022	Q1	Q2	Q3	Q4	YTD	Var.
<b>Combustibles SoM</b>		48.7%	48.7%			48.7%	+0.6ppt
GFB		40.1%	40.1%			40.1%	+0.4ppt
Winston		13.7%	13.8%			13.8%	+0.1ppt
LD		7.4%	7.5%			7.4%	+0.1ppt
MEVIUS		18.9%	18.8%			18.9%	+0.3ppt
<b>Total SoV</b>		53.0%	53.0%			53.0%	+0.6ppt

## Tobacco Business Data

### Italy

#### Volume evolution

					(BnU)	
2022	Q1	Q2	Q3	Q4	YTD	
<b>Total volume</b>	4.8	4.7			9.5	
	-2.0%	-4.0%			-3.0%	

#### Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
<b>Combustibles SoM</b>	27.3%	27.1%			27.2%	+0.9ppt
GFB	22.7%	22.6%			22.6%	+0.9ppt
Winston	14.1%	14.4%			14.3%	+1.4ppt
Camel	8.5%	8.2%			8.4%	-0.5ppt
<b>Total SoV</b>	26.8%	26.6%			26.8%	+0.8ppt

### Spain

#### Volume evolution

					(BnU)	
2022	Q1	Q2	Q3	Q4	YTD	
<b>Total volume</b>	4.0	4.3			8.3	
	+5.0%	+2.9%			+3.9%	

#### Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
<b>Combustibles SoM</b>	28.5%	28.4%			28.4%	+0.8ppt
GFB	26.4%	25.7%			26.0%	+0.3ppt
Winston	14.9%	14.4%			14.6%	-0.5ppt
Camel	11.4%	11.3%			11.4%	+0.7ppt
<b>Total SoV</b>	28.3%	28.1%			28.2%	+1.1ppt

### The UK

#### Volume evolution

					(BnU)	
2022	Q1	Q2	Q3	Q4	YTD	
<b>Total volume</b>	4.8	4.8			9.5	
	-11.6%	-20.1%			-16.1%	

#### Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
<b>Combustibles SoM</b>	45.2%	45.0%			45.1%	-0.6ppt
GFB	0.1%	0.1%			0.1%	-0.0ppt
Amber Leaf	11.8%	11.2%			11.5%	-1.5ppt
Sterling	13.7%	13.6%			13.6%	+0.3ppt
Benson & Hedges	10.2%	10.6%			10.4%	+0.6ppt
<b>Total SoV</b>	45.8%	45.6%			45.7%	-0.1ppt

## Tobacco Business Data

### Romania

#### Volume evolution

						(BnU)	
2022	Q1	Q2	Q3	Q4	YTD		
<b>Total volume</b>	1.6	1.9			3.5		
	+2.3%	+1.0%				+1.6%	

#### Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
<b>Combustibles SoM</b>	30.1%	29.4%			29.7%	+0.2ppt
GFB	17.3%	16.8%			17.0%	+0.0ppt
Winston	15.2%	14.8%			15.0%	+0.4ppt
Camel	1.3%	1.3%			1.3%	-0.0ppt
<b>Total SoV</b>	30.5%	29.9%			30.2%	+0.5ppt

### Russia\*

#### Volume evolution

						(BnU)	
2022	Q1	Q2	Q3	Q4	YTD		
<b>Total volume</b>	18.4	19.5			37.9		
	-1.3%	-5.5%				-3.5%	

#### Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
<b>Total SoM</b>	36.5%	36.4%			36.4%	-0.3ppt
GFB	27.1%	27.2%			27.1%	+1.7ppt
Winston	12.0%	11.9%			12.0%	-1.0ppt
Camel	7.4%	7.7%			7.5%	+4.0ppt
LD	7.7%	7.6%			7.6%	-1.3ppt
<b>Total SoV</b>	37.3%	37.2%			37.3%	-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		
<b>Total volume</b>	6.7	8.7			15.5		
	-1.7%	+5.3%				+2.2%	

#### Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
<b>Combustibles SoM</b>	28.0%	28.0%			28.0%	+0.3ppt
GFB	25.5%	25.5%			25.5%	+0.4ppt
Winston	16.6%	17.0%			16.8%	+1.8ppt
Camel	6.4%	6.2%			6.3%	-0.9ppt
LD	2.4%	2.3%			2.4%	-0.6ppt
<b>Total SoV</b>	27.1%	27.3%			27.2%	+0.5ppt

## Pharmaceutical Business

### Clinical Development as of July 29, 2022

<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)		
	Atopic dermatitis (pediatric) /Topical			Phase2 (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.	

No updates since the previous announcement on April 28, 2022

## 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"> <li>• Asia cluster includes the tobacco regions of Japan and Asia Pacific</li> <li>• EMA cluster includes the tobacco regions of Eastern Europe, MENEAT, Americas and Global Travel Retail</li> </ul>
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"> <li>• 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</li> <li>• 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"</li> </ul>

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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