



Tokyo, February 13, 2024

2023 Earnings Report

FY2023 Highlights (vs. 2022)

- Achieved record highs across all indicators from revenue to profit*
- Revenue increased by 6.9% to JPY 2,841.1 billion
- Core revenue at constant FX increased by 6.1% to JPY 2,712.5 billion
- Adjusted operating profit at constant FX increased by 5.2% to JPY 765.7 billion
- On a reported basis, adjusted operating profit was flat at JPY 728.0 billion
- Operating profit increased by 2.9% to JPY 672.4 billion
- Profit increased by 8.9% to JPY 482.3 billion
- Free cash flow increased by JPY 60.8 billion to JPY 443.7 billion
- The Company plans to pay an annual dividend per share of JPY 194 (a dividend payout ratio of 71.4%)

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

FY2024 Forecasts (vs. 2023)

- Revenue is forecast to increase by 6.2% to JPY 3,016.0 billion
- Core revenue at constant FX is forecast to increase by 3.9% to JPY 2,836.0 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 5.5% to JPY 688.0 billion
- Operating profit is forecast to decrease by 3.6% to JPY 648.0 billion
- Profit attributable to owners of the parent company is forecast to decrease by 5.7% to JPY 455.0 billion
- Free cash flow is forecast to decrease by JPY 83.7 billion to JPY 360.0 billion
- The Company plans to offer an annual dividend per share of JPY 194 (a dividend payout ratio of 75.7%)

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

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

" I am pleased to report that the 2023 JT Group performance reached record high levels across all financial indicators, despite the challenges across our operating environment. Adjusted operating profit at constant FX, our main indicator, exceeded our guidance and grew by 5.2%, driven by all business segments.

In the Tobacco business, JT Group's profit growth engine, performance was driven by solid pricing and continued share gains in combustibles. We steadily expanded the geographic reach of Ploom X, making it available to adult consumers in 13 markets at the end of 2023. In addition, monthly HTS segment share in Japan, the largest HTS market, reached 11.4% in December 2023.

Taking into consideration the 2023 JT Group performance and our shareholders return policy, we plan to pay an annual dividend of 194 yen per share for FY2023.

In our Business Plan 2024, covering 2024 to 2026, we will continue to prioritize investments in HTS to fund the expansion of Ploom X, both in terms of share of segment and geographic footprint, in order to make Ploom X available in over 40 markets by the end of 2026. Combustibles will continue to drive profit by growing market share and revenue.

Adjusted operating profit at constant FX is forecast to grow mid-single digit on a compounded annual growth rate, despite remaining stable year-on-year in 2024. We will continue aiming to meet our mid to long term target of growing adjusted operating profit at constant FX at a mid to high single digit rate. Consequently, we intend to steadily grow the dividend in line with our shareholders return policy, which targets a dividend payout ratio of 75%.

In parallel, we have established 25 new sustainability targets, based on the 2023 JT Group Materiality Assessment, to further evolve our strategy towards becoming a more sustainable business for society at large, based on the JT Group Purpose*. As for D-LAB, our corporate R&D initiative to support the realization of the JT Group Purpose, we will continue to search and create future added-value business opportunities with a focus on the concept of “Fulfilling Moments” on a long-term perspective.

Amid increasing uncertainty and complexity in the operating environment, the JT Group will continue to take appropriate management decisions in accordance with the 4S model**, our management principle, and work as one team to achieve our business plan. We will also make continuous efforts to bring to life our JT Group Purpose and the purpose of each business.”

* The JT Group Purpose “Fulfilling Moments, Enriching Life” is designed to clarify the direction to being a sustainable entity. The area of “human enrichment” undergoes changes in various ways with the times and the people, and the JT Group strives to evolve constantly so that we can continue to be entrusted within this area by society and make valuable contributions in the future

** 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.it.com/about/management_principles/index.html

Investors’ Meeting

An investors’ meeting with members of the investor community will be held on February 14, 2024 at 5:00pm 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/>).

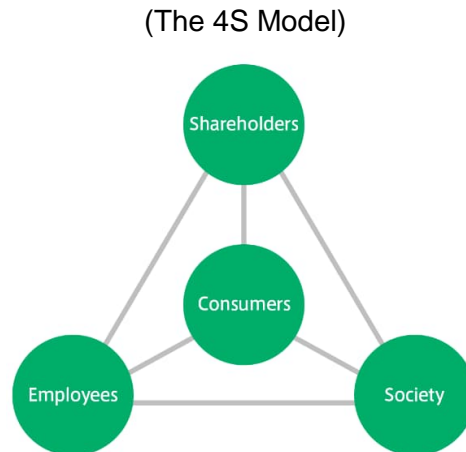
Note on Hyperinflationary Adjustments

The results for fiscal year 2022 and fiscal year 2023 as well as the forecasts for fiscal year 2024 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. 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 2023, the impacts of the hyperinflationary accounting and hyperinflation include those in Ethiopia, Iran, Sudan and Turkey.

Business Plan 2024

- **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 compounded annual 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.

FY2023 Financial Results

Consolidated Results

(billions of JPY)	Q4 2023	Q4 2022	Variance	FY2023	FY2022	Variance
Revenue	684.1	649.3	+5.4%	2,841.1	2,657.8	+6.9%
Adjusted operating profit	63.6	90.0	-29.2%	728.0	727.8	+0.0%
Operating profit	40.6	74.2	-45.4%	672.4	653.6	+2.9%
Profit	40.3	38.9	+3.5%	482.3	442.7	+8.9%
Free cash flow	-	-	-	443.7	382.9	-
Core revenue at constant FX	663.4	621.0	+6.8%	2,712.5	2,555.7	+6.1%
Adjusted operating profit at constant FX	90.2	90.0	+0.3%	765.7	727.8	+5.2%

Q4 2023

- **Revenue**
Revenue increased by 5.4% to JPY 684.1 billion, driven by an increase in the tobacco and pharmaceutical businesses. At constant FX, core revenue increased by 6.8% to JPY 663.4 billion.
- **Adjusted operating profit**
On a reported basis, adjusted operating profit decreased by 29.2% to JPY 63.6 billion, mainly due to a negative currency movement in the tobacco business, partially offset by an increase in the pharmaceutical and processed food businesses. At constant FX, adjusted operating profit increased by 0.3% to JPY 90.2 billion.
- **Operating profit**
Operating profit decreased by 45.4% to JPY 40.6 billion, due to a decrease in adjusted operating profit, as well as higher costs in adjusted items.
- **Profit**
Profit increased by 3.5% to JPY 40.3 billion, driven by lower financial costs and corporate income tax, partially offset by a decrease in operating profit.

Full Year 2023

- **Revenue**
Revenue increased by 6.9% to JPY 2,841.1 billion, driven by an increase in the tobacco and pharmaceutical businesses. At constant FX, core revenue increased by 6.1% to JPY 2,712.5 billion.
- **Adjusted operating profit**
On a reported basis, adjusted operating profit was stable at JPY 728.0 billion, due to negative currency movements, partially offset by increases across all businesses. At constant FX, adjusted operating profit increased by 5.2% to JPY 765.7 billion.

- **Operating profit**
Operating profit increased by 2.9% to JPY 672.4 billion, driven by an increase in sales of real estate and reduced trademark amortization.
- **Profit**
Profit increased by 8.9% to JPY 482.3 billion, driven by an increase in operating profit, as well as lower financial costs and corporate income tax.
- **Free cash flow**
Free cash flow increased by JPY 60.8 billion to JPY 443.7 billion, driven by a favorable comparison to 2022 due to the absence of costs related to initiatives to strengthen competitiveness in the Japanese-domestic tobacco business and lower corporate income tax, partially offset by an increase in capital expenditures.

Results by Business Segment

Tobacco Business

(billions of JPY)	Q4 2023	Q4 2022	Variance	2023 YTD	2022 YTD	Variance
Core revenue	587.3	554.6	+5.9% (+7.4%)*	2,478.6	2,315.2	+7.1% (+6.4%)*
Adjusted operating profit	72.9	100.5	-27.5% (-1.0%)*	749.8	754.0	-0.6% (+4.4%)*

Reference (billions of units, billions of JPY)

Total volume	129.5	125.3	+3.4%	540.1	527.3	+2.4%
Combustibles volume	127.1	123.4	+3.1%	531.3	519.4	+2.3%
RRP volume	2.4	1.9	+23.2%	8.8	7.9	+11.8%
RRP-related revenue	19.5	16.6	+17.8%	81.6	75.4	+8.3%

*At constant FX

Q4 2023

- **Core revenue and adjusted operating profit**

Core revenue increased by 5.9%, and by 7.4% at constant FX, driven by a strong price/mix variance of JPY 35.6 billion from the Western Europe and EMA clusters, and a positive volume contribution of JPY 5.5 billion in the Asia and EMA clusters, which more than offset unfavorable currency movements. RRP-related revenue grew by 17.8%, driven by the double-digit RRP volume increase fueled by Ploom X.

Adjusted operating profit decreased by 27.5%, mainly due to unfavorable currency movements. At constant FX, adjusted operating profit decreased by 1.0% as the solid core revenue increase was more than offset by high investments, partly related to the geo-expansion of Ploom X, and the impact of inflation on costs.

- **Volume and market share¹**

Total volume increased by 3.4%, driven by high single-digit growth in the EMA cluster and stable volume in Asia, offsetting impacts from lower industry volume in Western Europe. Volume in the combustibles category grew by 3.1%, fueled by continued market share gains and the performance of Winston (+7.9%), Camel (+15.3%) and LD (+2.6%). In the RRP category, volume grew by 23.2%, fueled by continued share gains in Japan and the geo-expansion of Ploom X.

Market share increased in the key markets of Italy, the Philippines, Russia and Taiwan.

2023 YTD

- **Core revenue and adjusted operating profit**

Core revenue increased by 7.1%, and by 6.4% at constant FX, driven by a robust price/mix variance of JPY 144.3 billion from the Western Europe and EMA clusters, and a positive volume contribution of JPY 2.8 billion from the Asia and EMA clusters, as well as favorable currency movements. RRP-related revenue grew by 8.3%, fueled by the RRP volume increase.

Adjusted operating profit decreased slightly by 0.6% due to unfavorable currency movements. At constant FX, adjusted operating profit increased by 4.4%, driven by a solid price/mix variance, which more than offset a negative volume contribution, the impact of inflation and increased investments in the geo-expansion of Ploom X.

- **Volume and market share¹**

Total volume increased by 2.4%, driven by mid-single-digit growth in the EMA cluster and stable volume in Asia, following continued market share gains, and favorable industry volume trends in selected markets. This more than offset a decline in Western Europe due to lower industry volumes, notably in the UK. Combustibles volume increased by 2.3%, fueled by Winston (+8.1%) and Camel (+17.5%). RRP volume grew by 11.8%, and by 20.5% when excluding one-off unfavorable comparisons. This volume growth was fueled by HTS volume increasing by 47.8% in Japan and HTS volume contributions from European market launches. Ploom X is now available in the Czech Republic, Greece, Hungary, Italy, Japan, Kazakhstan, Lithuania, Poland, Portugal, Romania, Slovenia, Switzerland and the UK.

Market share gains continued in the key markets of Italy, Japan, the Philippines, Russia and Taiwan.

Tobacco Business Performance Review by Cluster

Asia

(billions of JPY)	2023 YTD	2022 YTD	Variance
Core revenue	796.9	804.9	-1.0% (-2.1%)*
Adjusted operating profit	245.8	267.5	-8.1% (-6.7%)*

Reference (billions of units)

Total volume	127.8	127.4	+0.3%
---------------------	--------------	-------	-------

*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue decreased by 1.0%, as the positive volume contribution, mainly in Japan, and favorable currency movements, could not offset a negative price/mix variance, primarily in Japan. At constant FX, core revenue decreased by 2.1%.

Adjusted operating profit decreased by 8.1%, and by 6.7% at constant FX, due to the negative contribution from both volume and price/mix, partially offset by a favorable variance in costs.

- **Volume and market share¹**

Total and GFB volumes increased by 0.3% and 6.3%, respectively, mainly driven by the strong Camel growth in Bangladesh, Indonesia and Japan. Market share increased in Bangladesh, Cambodia, Japan, Malaysia, the Philippines, Singapore, South Korea and Taiwan.

- **By market^{1,2}**

In Japan, total volume was up by 1.3%, driven by share gains in both the combustibles and RRP categories. Total industry volume was up 0.5%, mainly fueled by the increase of the RRP category (+12.1%). Total market share increased by 0.3ppt to 42.8%.

In combustibles, share gains (+2.8ppt to 60.9%), fueled by Camel Craft, partially offset the category's industry volume contraction, estimated at 5.5%, resulting in combustibles volume declining by 1.0%. RRP volume increased by 23.2%, within a category estimated at 38.0% (shipment basis) of the total tobacco industry size. RRP category share increased 1.2ppt to 13.1%. Within the HTS segment, Ploom X grew volume by 47.8% and continued to gain share, reaching an HTS segment share of 10.2%, up by 2.3ppt.

Core revenue decreased due to the negative price/mix variance, more than offsetting the favorable volume contribution.

In the Philippines, total volume declined by 4.7%, due to industry volume contraction following excise tax-led price increases. GFB volume increased by a strong 35.5%, fueled by Camel. Total market share grew an estimated 3.9ppt to 42.4%, also driven by Camel.

Core revenue at constant FX increased, driven by a favorable price/mix contribution offsetting the negative volume variance.

In Taiwan, total and GFB volumes decreased by 3.4% and 3.9%, respectively, due to industry volume contraction, resulting from the gradual unwinding of COVID trends. Total market share increased 1.4ppt to 50.3%, driven by Winston and LD.

Core revenue at constant FX decreased due to unfavorable volume and price/mix variances.

Western Europe

(billions of JPY)	2023 YTD	2022 YTD	Variance
Core revenue	603.3	538.8	+12.0% (+2.5%)*
Adjusted operating profit	231.4	219.3	+5.5% (-0.4%)*
Reference (billions of units)			
Total volume	103.8	108.9	-4.7%

*At constant FX

- Core revenue and adjusted operating profit**
 Core revenue increased by 12.0%, driven by a positive price/mix contribution, mainly in France, Germany, Spain and the UK, and favorable currency movements. These drivers more than offset the negative volume variance, primarily in the UK. At constant FX, core revenue increased by 2.5%. Adjusted operating profit increased by 5.5%, as the revenue growth and favorable currency movements more than offset investments related to Ploom X geo-expansions. At constant FX, adjusted operating profit declined by 0.4%.
- Volume and market share¹**
 Total and GFB volumes decreased by 4.7% and 1.4%, respectively, due to industry volume contractions across the cluster, most notably in the UK, despite continued market share gains in several markets. Market share increased in Belgium, France, Italy, Luxembourg, the Netherlands, Portugal and Switzerland.
- By market^{1, 2}**
In Italy, total volume increased by 1.6%, and 1.5% when excluding inventory movements, driven by market share gains and volume contributions from Ploom X. GFB volume grew by 1.0%, fueled by Winston. Total market share increased by 0.2ppt to 23.2%. Core revenue at constant FX decreased as the favorable volume contribution could not offset a negative price/mix variance.

In Spain, total volume decreased by 5.0%, and 3.1% when excluding inventory movements, mainly due to industry contraction resulting from the stabilization of post-COVID trends and market share losses. GFB volume decreased by 5.4%, and total market share was down 0.1ppt to 27.9%.

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

In the UK, total volume declined by 18.7%, due to the large industry volume contraction, resulting mainly from excise tax-led price increases and the full unwinding of COVID trends in the first half. Total market share declined by 0.9ppt to 43.7%, while Benson & Hedges gained 0.8ppt of share. Core revenue at constant FX decreased, as the strong price/mix contribution could not offset the negative volume variance.

EMA

(billions of JPY)	2023 YTD	2022 YTD	Variance
Core revenue	1,078.5	971.5	+11.0% (+15.4%)*
Adjusted operating profit	272.5	267.1	+2.0% (+19.6%)*
Reference (billions of units)			
Total volume	308.5	290.9	+6.0%

*At constant FX

- Core revenue and adjusted operating profit**
Core revenue increased by 11.0%, and by 15.4% at constant FX, driven by a positive volume variance, mainly in Egypt, Global Travel Retail, Iran, Morocco and Turkey, and by a robust price/mix contribution, including in Canada, Poland and Russia. These drivers more than offset unfavorable currency movements.
Adjusted operating profit grew by 2.0%, as the revenue growth more than offset a higher cost variance and unfavorable currency movements. At constant FX, adjusted operating profit increased by 19.6%.
- Volume and market share¹**
Total and GFB volumes increased by 6.0% and 11.2%, respectively, mainly driven by Azerbaijan, Egypt, Iran, Morocco, Turkey and the ongoing recovery in Global Travel Retail. Market share increased in Algeria, Azerbaijan, Brazil, Canada, the Czech Republic, Iran, Jordan, Lebanon, Mexico, Russia, Saudi Arabia, South Africa, Tanzania and the USA.
- By market^{1, 2}**
In Romania, total and GFB volumes increased by 4.6% and 18.0%, respectively, outperforming the industry volume growth. Camel grew solid share in combustibles, with total market share reaching 27.4%.
Core revenue at constant FX increased, driven by the positive volume and price/mix contributions.

In Russia, total volume grew by 0.7%, and by 1.5% when excluding inventory movements, outperforming an industry volume³ contraction estimated at 1.8%. GFB volume grew by 7.0%, fueled by total market share gains of 0.8ppt to 37.4%, led by Winston, Camel, LD and Sobranie.
Core revenue at constant FX increased, driven by the positive volume and price/mix contributions.

In Turkey, total volume grew by 12.8%, driven by a higher industry volume resulting from improved consumption and a decline in illicit trade volume. GFB volume increased 13.2%, fueled by Winston, Camel and LD. Total market share decreased by 0.9ppt to 26.9%, despite gains from Winston.
Core revenue at constant FX grew, driven by favorable volume and price/mix contributions.

¹ Source: the figures for total tobacco market share are based on JT Group estimates on year-to-date average, unless otherwise specified, based on total tobacco figures (i.e. combustibles and heated tobacco products) at the end of December 2023. Year-to-date share of market growth for 2023 is calculated against year-to-date total tobacco shares of market at the end of the respective period in 2022.

² From the first quarter of 2023 onward, the market share is computed based on combustibles and heated tobacco products (HTP) industry size for all key markets where the data is available. Prior to this disclosure, only the Japan and Russia markets were using this scope for market share. All other markets report combustibles market share.

³ Source: JT Group estimates based on a year-to-date average at the end of December 2023 for total tobacco data versus the last year.

Pharmaceutical Business

(billions of JPY)	Q4 2023	Q4 2022	Variance	FY2023	FY2022	Variance
Revenue	25.1	23.2	+1.8	94.9	82.9	+12.0
Adjusted operating profit	4.3	3.9	+0.4	17.4	11.1	+6.3

Q4 2023

- **Revenue and adjusted operating profit**

Revenue increased mainly driven by top-line growth at our consolidated subsidiary, Torii Pharmaceutical.

Adjusted operating profit grew driven by the increase in revenue, which more than offset higher R&D expenditures.

FY 2023

- **Revenue and adjusted operating profit**

Revenue increased due to one-time compensation gains from licensed compounds, as well as top-line growth at our consolidated subsidiary, Torii Pharmaceutical.

Adjusted operating profit increased for the same reasons highlighted in the fourth quarter.

Processed Food Business

(billions of JPY)	Q4 2023	Q4 2022	Variance	FY2023	FY2022	Variance
Revenue	42.4	42.7	-0.4	153.9	155.5	-1.7
Adjusted operating profit	2.2	1.7	+0.5	6.8	3.5	+3.3

Q4 2023

- **Revenue and adjusted operating profit**

Revenue was almost flat due to the impact of revenue losses caused by the transfer of the bakery business, partially offset by a positive contribution from price revisions, as well as top-line growth in food-service products due to a recovery of eating out demand in the frozen and ambient foods business.

Adjusted operating profit increased driven by a positive contribution from price revisions as well as top-line growth in food-service products within the frozen and ambient foods business, offsetting the impact of further increases in raw materials and other costs.

FY 2023

- **Revenue and adjusted operating profit**

Revenue was broadly stable year-on-year for the same reasons highlighted in the fourth quarter.

Adjusted operating profit increased for the same reasons given for the fourth quarter.

FY2024 Forecasts

Consolidated Forecasts

(billions of JPY)	2024 Forecasts	2023 Results	Variance
Revenue	3,016.0	2,841.1	+6.2%
Adjusted operating profit	688.0	728.0	-5.5%
Operating profit	648.0	672.4	-3.6%
Profit	455.0	482.3	-5.7%
Free cash flow	360.0	443.7	-
Core revenue at constant FX	2,836.0	2,728.8	+3.9%
Adjusted operating profit at constant FX	728.0	728.0	-0.0%
Basic EPS* (JPY)	256.29	271.69	-5.7%

*Based on profit

- **Revenue**
 Core revenue at constant FX is expected to increase by 3.9% to JPY 2,836.0 billion, driven by an increase in the tobacco and processed food businesses, partially offset by a decrease in the pharmaceutical business.
 On a reported basis, revenue is expected to increase by 6.2% to JPY 3,016.0 billion.
- **Adjusted operating profit**
 Adjusted operating profit at constant FX is expected to be flat at JPY 728.0 billion, due to a decrease in the pharmaceutical business, partially offset by an increase in the tobacco business.
 On a reported basis, adjusted operating profit is expected to decrease by 5.5% to JPY 688.0 billion, due to negative currency movements.
- **Operating profit and profit**
 Operating profit is expected to decrease by 3.6% to JPY 648.0 billion, due to a decrease in adjusted operating profit and sales of real estate, partially offset by lower trademark amortization.
 Profit is expected to decrease by 5.7% to JPY 455.0 billion due to a decrease in operating profit.
- **Free cash flow**
 Free cash flow is expected to decrease by JPY 83.7 billion to JPY 360.0 billion due to a decrease in adjusted operating profit and an increase in capital expenditures.

Tobacco Business

(billions of JPY)	2024 Forecasts	2023 Results	Variance
Core revenue	2,635.0	2,478.6	+6.3% (+4.5%)*
Adjusted operating profit	725.0	749.8	-3.3% (+2.0%)*

*at constant FX

- Core revenue and adjusted operating profit**
 Core revenue is forecast to increase by 6.3%, and by 4.5% at constant FX, driven by continued solid combustibles price/mix contribution and RRP-related revenue¹ growth, partially offset by a volume decline.

 Adjusted operating profit is expected to increase by 2.0% at constant FX, driven by revenue growth, partially offset by 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, adjusted operating profit is expected to decline by 3.3%.
- Volume**
 Continued market share gains in combustibles and continued RRP volume growth is expected to partially offset the combustibles industry volume contraction, resulting in the total volume being forecast to decline by between 0.5% and 1.0%.

Pharmaceutical Business

(billions of JPY)	2024 Forecasts	2023 Results	Variance
Revenue	88.5	94.9	-6.4
Adjusted operating profit	4.0	17.4	-13.4

- Revenue and adjusted operating profit**
 Revenue is expected to decrease by JPY 6.4 billion, due to the absence of one-time compensation gains from licensed compounds received in FY 2023 and lower overseas royalty income, despite top-line growth at our consolidated subsidiary, Torii Pharmaceutical.
 Adjusted operating profit is expected to decrease by JPY 13.4 billion due to the decrease in revenue and an increase in R&D expenditures.

Processed Food Business

(billions of JPY)	2024 Forecasts	2023 Results	Variance
Revenue	156.0	153.9	+2.1
Adjusted operating profit	7.0	6.8	+0.2

- Revenue and adjusted operating profit**
 Revenue is expected to increase by JPY 2.1 billion, driven by a recovery of eating out demand and a positive contribution from price revisions. Sales initiatives of home-use products in the frozen and ambient foods business, as well as growth in overseas sales in the seasonings business should also contribute to revenue growth.
 Adjusted operating profit is expected to grow by JPY 0.2 billion as top-line growth should be sufficient to offset the impact of further increases in raw materials and logistics costs.

Data Sheets

Results for FY2023

1. Summary of consolidated results

(JPY BN)

	YTD 2023	YTD 2022	Variance (abs)	Variance (%)
Revenue	2,841.1	2,657.8	+183.2	+6.9%
Operating profit	672.4	653.6	+18.8	+2.9%
Adjusted operating profit	728.0	727.8	+0.2	+0.0%
Profit before income taxes	621.6	593.5	+28.2	+4.7%
Profit	482.3	442.7	+39.6	+8.9%
DPS (JPY)	194	188	+6	+3.2%
Basic EPS*(JPY)	271.69	249.45	+22.24	+8.9%
ROE*	13.1%	13.9%	-0.9ppt	

*Based on profit

[Reference]

(JPY BN)

	YTD 2023	YTD 2022	Variance (abs)	Variance (%)
Core revenue at constant FX	2,712.5	2,555.7	+156.9	+6.1%
Adjusted operating profit at constant FX	765.7	727.8	+37.9	+5.2%

2. Results by business segment

(JPY BN)

	YTD 2023	YTD 2022	Variance (abs)	Variance (%)
Consolidated revenue	2,841.1	2,657.8	+183.2	+6.9%
Tobacco	2,590.9	2,417.4	+173.5	+7.2%
Core revenue	2,478.6	2,315.2	+163.4	+7.1%
Pharmaceutical	94.9	82.9	+12.0	+14.4%
Processed food	153.9	155.5	-1.7	-1.1%
Others	1.4	2.0	-0.5	-27.2%
Consolidated operating profit	672.4	653.6	+18.8	+2.9%
Tobacco	677.1	679.4	-2.3	-0.3%
Pharmaceutical	17.4	11.1	+6.3	+56.2%
Processed food	7.7	4.2	+3.5	+84.4%
Others/Elimination	-29.8	-41.1	+11.3	-
Adjustments, total	-55.6	-74.2	+18.6	
Tobacco	-72.7	-74.6	+2.0	
Pharmaceutical	-	-	-	
Processed food	0.8	0.7	+0.2	
Others/Elimination	16.2	-0.2	+16.5	
Consolidated adjusted operating profit	728.0	727.8	+0.2	+0.0%
Tobacco	749.8	754.0	-4.2	-0.6%
Pharmaceutical	17.4	11.1	+6.3	+56.2%
Processed food	6.8	3.5	+3.3	+95.2%
Others/Elimination	-46.0	-40.9	-5.1	-

Results for FY2023

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

(JPY BN)

	YTD 2023	YTD 2022	Variance (abs)	Variance (%)
Consolidated: operating profit	672.4	653.6	+18.8	+2.9%
Adjustments, total	-55.6	-74.2	+18.6	
Amortization of acquired intangibles	-58.8	-71.4	+12.6	
Adjustments (income)	18.7	15.9	+2.8	
Adjustments (costs)	-15.4	-18.7	+3.3	
Consolidated: adjusted operating profit	728.0	727.8	+0.2	+0.0%
Tobacco: operating profit	677.1	679.4	-2.3	-0.3%
Adjustments, total	-72.7	-74.6	+2.0	
Amortization of acquired intangibles	-58.8	-71.4	+12.6	
Adjustments (income)	0.4	6.4	-5.9	
Adjustments (costs)	-14.3	-9.6	-4.7	
Tobacco: adjusted operating profit	749.8	754.0	-4.2	-0.6%
Pharmaceutical: operating profit	17.4	11.1	+6.3	+56.2%
Adjustments, total	-	-	-	
Amortization of acquired intangibles	-	-	-	
Adjustments (income)	-	-	-	
Adjustments (costs)	-	-	-	
Pharmaceutical: adjusted operating profit	17.4	11.1	+6.3	+56.2%
Processed food: operating profit	7.7	4.2	+3.5	+84.4%
Adjustments, total	0.8	0.7	+0.2	
Amortization of acquired intangibles	-	-	-	
Adjustments (income)	0.9	2.4	-1.5	
Adjustments (costs)	-0.0	-1.7	+1.7	
Processed food: adjusted operating profit	6.8	3.5	+3.3	+95.2%
Others / Elimination: operating profit	-29.8	-41.1	+11.3	-
Adjustments, total	16.2	-0.2	+16.5	
Amortization of acquired intangibles	-	-	-	
Adjustments (income)	17.3	7.1	+10.2	
Adjustments (costs)	-1.1	-7.4	+6.2	
Others / Elimination: adjusted operating profit	-46.0	-40.9	-5.1	-

4. Depreciation and amortization*

(JPY BN)

	YTD 2023	YTD 2022	Variance (abs)
Consolidated depreciation and amortization	155.6	176.9	-21.3
Tobacco	144.0	163.8	-19.8
Pharmaceutical	4.0	4.8	-0.8
Processed food	6.5	6.6	-0.1
Others/Elimination	1.1	1.8	-0.6

*Excluding depreciation from lease transactions

5. Consolidated financial position

(JPY BN)

	2023 Dec. end	2022 Dec. end	Variance (abs)
Total assets	7,282.1	6,548.1	+734.0
Total equity	3,912.5	3,616.8	+295.7
Equity attributable to owners of the parent company	3,830.2	3,540.4	+289.7
BPS (attributable to owners of the parent company) (JPY)	2,157.46	1,994.78	+162.68

6. Liquidity and interest-bearing debt

(JPY BN)

	2023 Dec. end	2022 Dec. end	Variance (abs)
Liquidity	1,080.9	880.4	+200.6
Interest-bearing debt	1,142.3	958.3	+183.9

Results for FY2023

7. Consolidated cash flow

(JPY BN)

	YTD 2023	YTD 2022	Variance (abs)
Cash flows from operating activities	567.0	483.8	+83.2
Cash flows from investing activities	-126.1	-101.8	-24.3
Cash flows from financing activities	-270.5	-306.2	+35.7
Cash and cash equivalents, beginning of the period	866.9	721.7	+145.2
Foreign currency translation adj. on cash & cash equivalents	2.9	69.4	-66.4
Cash and cash equivalents, end of the period	1,040.2	866.9	+173.3
FCF	443.7	382.9	+60.8

8. Capital expenditures

(JPY BN)

	YTD 2023	YTD 2022	Variance (abs)
Consolidated capital expenditures	125.4	101.0	+24.3
Tobacco	105.1	83.8	+21.3
Pharmaceutical	7.3	2.4	+4.9
Processed food	5.8	8.2	-2.3
Others/Elimination	7.1	6.6	+0.4

9. FX actual

	YTD 2023	YTD 2022	Variance (abs)	Variance (%)
100JPY/USD	0.71	0.76	-0.05	+6.9%
100JPY/RUB	60.44	53.06	+7.38	-12.2%
100JPY/GBP	0.57	0.62	-0.04	+7.7%
100JPY/EUR	0.66	0.73	-0.07	+10.0%
100JPY/CHF	0.64	0.73	-0.09	+13.8%
100JPY/TWD	22.18	22.72	-0.53	+2.4%
100JPY/TRY*	20.75	14.08	+6.66	-32.1%
100JPY/PHP	39.63	41.55	-1.93	+4.9%

*In accordance with the requirements stipulated in IAS 29, the closing currency rates for the month ended December 2023 and 2022 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen.

10. Pharmaceutical business

(JPY BN)

	YTD 2023	YTD 2022	Variance (abs)	Variance (%)
R&D expenses	32.2	29.8	+2.5	+8.3%

Results for FY2023

11. Consolidated statement of income

(JPY BN)

	YTD 2023	YTD 2022	Variance (abs)	Variance (%)
Revenue	2,841.1	2,657.8	+183.2	+6.9%
Cost of sales	1,226.0	1,091.0	+135.0	+12.4%
Gross profit	1,615.1	1,566.8	+48.3	+3.1%
Other operating income	30.0	20.3	+9.8	+48.2%
Share of profit in investments accounted for using the equity method	8.3	8.0	+0.3	+4.0%
SG & A	981.1	941.5	+39.5	+4.2%
Advertising expenses	39.3	28.9	+10.4	+35.9%
Promotion expenses	140.9	125.2	+15.6	+12.5%
Commission	79.3	79.2	+0.1	+0.1%
Employee benefit expenses	365.4	338.7	+26.7	+7.9%
R&D expenses	75.1	70.8	+4.3	+6.1%
Depreciation and amortization	104.9	114.3	-9.4	-8.2%
Impairment losses other than financial assets	13.7	27.5	-13.8	-50.2%
Losses on sale and disposal of PP&E, intangible assets and investment properties	4.3	7.4	-3.0	-41.0%
Other	158.1	149.5	+8.6	+5.8%
Operating profit	672.4	653.6	+18.8	+2.9%
Amortization of acquired intangibles	-58.8	-71.4	+12.6	
Adjustments (income)	18.7	15.9	+2.8	
Adjustments (costs)	-15.4	-18.7	+3.3	
Adjusted operating profit	728.0	727.8	+0.2	+0.0%
Financial income	44.4	31.1	+13.3	+42.6%
Dividend income	0.8	1.5	-0.7	-45.1%
Interest income	42.0	25.0	+17.0	+67.8%
Foreign exchange gain	-	-	-	-
Other	1.6	4.6	-3.0	-65.4%
Financial costs	95.2	91.3	+4.0	+4.3%
Interest expenses	28.5	27.0	+1.5	+5.5%
Employee benefit expenses	5.2	3.2	+2.0	+61.7%
Foreign exchange loss	51.9	35.1	+16.8	+47.9%
Other	9.6	26.0	-16.3	-62.9%
Profit before income taxes	621.6	593.5	+28.2	+4.7%
Income taxes	136.3	149.3	-13.0	-8.7%
Profit for the period	485.3	444.2	+41.1	+9.3%
Attributable to owners of the parent	482.3	442.7	+39.6	+8.9%
Attributable to non-controlling interests	3.0	1.5	+1.6	+107.3%

Results for FY2023

12. Consolidated financial position

(JPY BN)

	2023Dec.end	2022Dec.end	Variance (abs)
Current assets	3,259.6	2,723.6	+536.0
Cash and cash equivalents	1,040.2	866.9	+173.3
Trade and other receivables	535.3	477.2	+58.1
Inventories	832.6	691.9	+140.7
Other financial assets ^{*1}	58.6	37.7	+21.0
Other current assets	789.9	649.2	+140.7
Non-current assets held-for-sale	2.9	0.7	+2.2
Non-current assets	4,022.5	3,824.5	+198.0
Property, plant & equipment	821.5	776.0	+45.5
Goodwill ^{*2}	2,616.4	2,446.1	+170.4
Intangible assets ^{*3}	207.0	246.4	-39.5
Investment property	9.3	9.5	-0.2
Retirement benefit assets	65.9	57.8	+8.1
Investments accounted for using the equity method	56.7	56.9	-0.2
Other financial assets ^{*1}	156.3	140.4	+15.9
Deferred tax assets	89.4	91.4	-2.1
Total assets	7,282.1	6,548.1	+734.0

	2023Dec.end	2022Dec.end	Variance (abs)
Current liabilities	1,927.3	1,562.7	+364.6
Trade and other payables	592.8	540.1	+52.7
Bonds and borrowings ^{*4}	233.3	137.3	+96.0
Income tax payables	29.6	37.5	-7.8
Other financial liabilities ^{*4}	44.5	40.1	+4.4
Provisions	18.6	26.6	-8.0
Other current liabilities ^{*5}	1,008.4	781.1	+227.3
Liabilities directly associated with non-current assets held-for-sale	-	0.0	-0.0
Non-current liabilities	1,442.3	1,368.7	+73.7
Bonds and borrowings ^{*4}	908.9	821.0	+87.9
Other financial liabilities ^{*4}	40.7	41.7	-1.1
Retirement benefit liabilities	279.4	244.1	+35.3
Provisions	45.5	26.5	+19.0
Other non-current liabilities ^{*5}	127.2	195.2	-68.1
Deferred tax liabilities	40.6	40.1	+0.5
Total liabilities	3,369.6	2,931.3	+438.3
Equity	3,912.5	3,616.8	+295.7
Share capital	100.0	100.0	-
Capital surplus	736.5	736.4	+0.1
Treasury shares	-489.2	-490.2	+1.0
Other components of equity	290.5	104.3	+186.2
Retained earnings	3,192.3	3,089.9	+102.4
Non-controlling interests	82.3	76.3	+6.0
Total liabilities and equity	7,282.1	6,548.1	+734.0

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

Other financial assets	2023Dec.end	2022Dec.end	Variance (abs)
Derivative assets	19.2	24.3	-5.1
Equity securities	34.3	31.3	+2.9
Debt securities	70.1	38.2	+31.9
Time deposits	-	-	-
Other	97.8	90.5	+7.3
Allowance for doubtful accounts	-6.4	-6.2	-0.2

*4: Bonds and borrowings and other financial liabilities

(current & non-current combined)

Total financial liabilities	2023Dec.end	2022Dec.end	Variance (abs)
Derivative liabilities	25.1	21.0	+4.1
Short-term borrowings	209.0	63.7	+145.2
Commercial paper	-	-	-
Current portion of long-term borrowings	24.4	13.6	+10.8
Current portion of bonds	-	60.0	-60.0
Long-term borrowings	123.0	143.7	-20.6
Bonds	785.9	677.3	+108.6
Other	60.1	60.8	-0.7

*2: Goodwill ~ Cash-generating unit

Goodwill ~ Cash-generating unit	2023Dec.end	2022Dec.end	Variance (abs)
Tobacco	2,591.1	2,420.7	+170.4
Processed food	25.4	25.4	-

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

Total other liabilities	2023Dec.end	2022Dec.end	Variance (abs)
Tobacco excise tax payables	454.7	339.8	+114.9
Tobacco special excise tax payables	8.5	8.8	-0.3
Tobacco local excise tax payables	178.6	184.6	-6.0
Consumption tax payables	168.1	137.6	+30.5
Bonus to employees	83.3	74.8	+8.5
Employee's unused paid vacations liabilities	21.0	19.9	+1.2
Other	221.3	210.9	+10.4

*3: Intangible assets ~ Trademarks

Intangible assets ~ Trademarks	2023Dec.end	2022Dec.end	Variance (abs)
Tobacco	131.8	179.1	-47.4

FY2024 Forecasts (as of February 13, 2024)

1. Summary of consolidated forecasts

(JPY BN)

	FY2024 Forecasts	FY2023 Results	Variance (abs)	Variance (%)
Revenue	3,016.0	2,841.1	+174.9	+6.2%
Operating profit	648.0	672.4	-24.4	-3.6%
Adjusted operating profit	688.0	728.0	-40.0	-5.5%
Profit	455.0	482.3	-27.3	-5.7%

[Reference]

(JPY BN)

	FY2024 Forecasts	FY2023 Results	Variance (abs)	Variance (%)
Core revenue at constant FX	2,836.0	2,728.8	+107.2	+3.9%
Adjusted operating profit at constant FX	728.0	728.0	-0.0	-0.0%

2. EPS, DPS, ROE

(JPY)

	FY2024 Forecasts	FY2023 Results	Variance (abs)	Variance (%)
Basic EPS*	256.29	271.69	-15.40	-5.7%
DPS	194	194	-	-
ROE*	11.6%	13.1%	-1.5ppt	

*Based on profit

3. Forecasts by business segment

(JPY BN)

	FY2024 Forecasts	FY2023 Results	Variance (abs)	Variance (%)
Consolidated revenue	3,016.0	2,841.1	+174.9	+6.2%
Tobacco	2,770.0	2,590.9	+179.1	+6.9%
Core revenue	2,635.0	2,478.6	+156.4	+6.3%
Pharmaceutical	88.5	94.9	-6.4	-6.7%
Processed food	156.0	153.9	+2.1	+1.4%
Others	1.5	1.4	+0.1	+4.3%
Consolidated operating profit	648.0	672.4	-24.4	-3.6%
Tobacco	679.0	677.1	+1.9	+0.3%
Pharmaceutical	4.0	17.4	-13.4	-77.0%
Processed food	7.0	7.7	-0.7	-9.0%
Others/Elimination	-42.0	-29.8	-12.2	-
Consolidated adjusted operating profit	688.0	728.0	-40.0	-5.5%
Tobacco	725.0	749.8	-24.8	-3.3%
Pharmaceutical	4.0	17.4	-13.4	-77.0%
Processed food	7.0	6.8	+0.2	+2.2%
Others/Elimination	-48.0	-46.0	-2.0	-

FY2024 Forecasts (as of February 13, 2024)

4. FCF

(JPY BN)

	FY2024 Forecasts	FY2023 Results	Variance (abs)
FCF	360.0	443.7	-83.7

5. Capital expenditures

(JPY BN)

	FY2024 Forecasts	FY2023 Results	Variance (abs)
Consolidated capital expenditures	154.0	125.4	+28.6
Tobacco	134.0	105.1	+28.9
Pharmaceutical	9.0	7.3	+1.7
Processed food	10.0	5.8	+4.2
Others/Elimination	1.0	7.1	-6.1

6. Assumptions of 2024 Forecasts

Tobacco business

- Total volume: a decrease of 0.5%~1.0% (vs. 540.1 billion units in 2023)
- GFB volume: flat to an increase of 0.5% (vs. 389.8 billion units in 2023)

<FX assumptions>

	FY2024 Forecasts	FY2023 Results	Variance (abs)	Variance (%)
100JPY/USD	0.69	0.71	-0.02	+3.0%
100JPY/RUB	63.45	60.44	+3.01	-4.7%
100JPY/GBP	0.54	0.57	-0.03	+6.2%
100JPY/EUR	0.63	0.66	-0.03	+4.6%
100JPY/CHF	0.59	0.64	-0.05	+8.6%
100JPY/TWD	21.40	22.18	-0.78	+3.7%
100JPY/PHP	38.60	39.63	-1.03	+2.7%

Tobacco Business Data

1. Summary

2023	Q1	Q2	Q3	Q4	YTD	
Total volume	130.2	139.2	141.3	129.5	540.1	BNU
(vs. PY)	+1.3%	+3.7%	+1.5%	+3.4%	+2.4%	
Combustibles volume	128.2	137.0	139.0	127.1	531.3	BNU
(vs.PY)	+1.2%	+3.7%	+1.2%	+3.1%	+2.3%	
GFB volume	91.0	101.5	103.0	94.3	389.8	BNU
(vs.PY)	+4.2%	+10.5%	+7.7%	+7.7%	+7.6%	
RRP volume	2.0	2.1	2.3	2.4	8.8	BNU
(vs.PY)	+3.0%	+4.7%	+17.1%	+23.2%	+11.8%	
Core revenue	579.1	638.1	674.1	587.3	2,478.6	JPY BN
(vs. PY)	+15.3%	+5.8%	+2.8%	+5.9%	+7.1%	
	(+6.3%)*	(+7.3%)*	(+4.7%)*	(+7.4%)*	(+6.4%)*	
RRP-related revenue	20.3	19.2	22.7	19.5	81.6	JPY BN
(vs.PY)	+6.4%	-4.4%	+15.0%	+17.8%	+8.3%	
Adjusted operating profit	225.1	225.0	226.7	72.9	749.8	JPY BN
(vs. PY)	+14.1%	-1.2%	-0.7%	-27.5%	-0.6%	
	(+4.6%)*	(+3.2%)*	(+7.9%)*	(-1.0%)*	(+4.4%)*	

*at constant FX

2. Breakdown of core revenue

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2022	502.0	603.2	655.4	554.6	2,315.2
Volume	-0.5	+5.6	-7.8	+5.5	+2.8
Price/Mix	+32.1	+38.1	+38.4	+35.6	+144.3
2023@PY	533.6	647.0	686.1	595.7	2,462.4
FX	+45.5	-8.9	-12.0	-8.3	+16.3
2023	579.1	638.1	674.1	587.3	2,478.6

3. Breakdown of adjusted operating profit

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2022	197.3	227.8	228.3	100.5	754.0
Volume	-3.0	-6.4	-10.2	-11.0	-30.6
Price/Mix	+32.4	+33.5	+35.4	+34.4	+135.7
Others	-20.3	-19.7	-7.2	-24.5	-71.6
2023@PY	206.5	235.2	246.3	99.5	787.5
FX	+18.6	-10.1	-19.6	-26.6	-37.7
2023	225.1	225.0	226.7	72.9	749.8

Tobacco Business Data

4. Contribution by cluster (vs. PY)

Sales Volume

(BNU)

Asia	Q1 2023		Q2 2023		Q3 2023		Q4 2023		YTD	
Total volume	32.1	+2.1%	31.4	-1.1%	32.6	-0.3%	31.7	+0.6%	127.8	+0.3%
GFB volume	20.4	+9.1%	20.5	+6.7%	21.4	+4.7%	20.8	+4.9%	83.1	+6.3%
Western Europe	Q1 2023		Q2 2023		Q3 2023		Q4 2023		YTD	
Total volume	26.1	-5.2%	27.4	-3.3%	27.0	-4.1%	23.3	-6.6%	103.8	-4.7%
GFB volume	18.3	-2.1%	19.4	+0.1%	19.2	+0.9%	16.4	-4.9%	73.4	-1.4%
EMA	Q1 2023		Q2 2023		Q3 2023		Q4 2023		YTD	
Total volume	72.0	+3.4%	80.4	+8.4%	81.7	+4.2%	74.5	+8.3%	308.5	+6.0%
GFB volume	52.3	+4.7%	61.5	+15.7%	62.4	+11.2%	57.1	+13.2%	233.3	+11.2%

Financials

(JPY BN)

Asia	Q1 2023		Q2 2023		Q3 2023		Q4 2023		YTD	
Core revenue	196.2	+1.7%	196.4	-5.3%	206.5	-1.1%	197.9	+1.2%	796.9	-1.0%
		(-1.0%)*		(-5.4%)*		(-1.3%)*		(-0.3%)*		(-2.1%)*
AOP	75.8	+0.2%	69.3	-14.2%	67.7	-8.9%	33.0	-10.2%	245.8	-8.1%
		(+0.5%)*		(-14.1%)*		(-7.6%)*		(-3.6%)*		(-6.7%)*
Western Europe	Q1 2023		Q2 2023		Q3 2023		Q4 2023		YTD	
Core revenue	140.5	+12.2%	162.5	+13.9%	164.6	+13.1%	135.7	+8.2%	603.3	+12.0%
		(+4.7%)*		(+6.2%)*		(+1.2%)*		(-2.1%)*		(+2.5%)*
AOP	64.7	+5.8%	73.1	+9.1%	72.1	+10.9%	21.5	-17.8%	231.4	+5.5%
		(+3.3%)*		(+4.6%)*		(+1.7%)*		(-26.9%)*		(-0.4%)*
EMA	Q1 2023		Q2 2023		Q3 2023		Q4 2023		YTD	
Core revenue	242.4	+31.8%	279.2	+10.4%	303.0	+0.6%	253.8	+8.7%	1,078.5	+11.0%
		(+15.1%)*		(+18.2%)*		(+10.5%)*		(+19.0%)*		(+15.4%)*
AOP	84.6	+40.0%	82.6	+3.2%	86.9	-2.4%	18.5	-51.1%	272.5	+2.0%
		(+11.3%)*		(+19.6%)*		(+25.3%)*		(+19.4%)*		(+19.6%)*

*at constant FX

Tobacco Business Data

5. Breakdown of core revenue by cluster

(JPY BN)

Asia	Q1	Q2	Q3	Q4	YTD
2022	192.9	207.5	208.9	195.6	804.9
Volume	+4.4	+0.2	-2.4	+0.1	+2.4
Price/Mix	-6.4	-11.4	-0.3	-0.7	-18.9
2023@PY	190.9	196.3	206.1	194.9	788.3
FX	+5.2	+0.1	+0.3	+2.9	+8.6
2023	196.2	196.4	206.5	197.9	796.9
Western Europe					
	Q1	Q2	Q3	Q4	YTD
2022	125.2	142.7	145.5	125.4	538.8
Volume	-8.6	-9.4	-11.1	-11.8	-40.9
Price/Mix	+14.5	+18.2	+12.9	+9.1	+54.6
2023@PY	131.1	151.5	147.3	122.7	552.5
FX	+9.4	+11.0	+17.4	+12.9	+50.7
2023	140.5	162.5	164.6	135.7	603.3
EMA					
	Q1	Q2	Q3	Q4	YTD
2022	183.9	253.0	301.0	233.6	971.5
Volume	+3.6	+14.8	+5.7	+17.2	+41.3
Price/Mix	+24.1	+31.4	+25.9	+27.3	+108.6
2023@PY	211.6	299.2	332.7	278.0	1,121.5
FX	+30.8	-20.0	-29.7	-24.2	-43.1
2023	242.4	279.2	303.0	253.8	1,078.5

6. Breakdown of adjusted operating profit by cluster

(JPY BN)

Asia	Q1	Q2	Q3	Q4	YTD
2022	75.7	80.7	74.3	36.8	267.5
Volume	+3.7	-6.0	-1.5	-8.2	-12.0
Price/Mix	-6.2	-10.8	-0.7	+0.8	-16.9
Others	+2.9	+5.4	-3.5	+6.1	+10.9
2023@PY	76.1	69.4	68.6	35.4	249.5
FX	-0.2	-0.1	-1.0	-2.4	-3.7
2023	75.8	69.3	67.7	33.0	245.8
Western Europe					
	Q1	Q2	Q3	Q4	YTD
2022	61.2	67.0	65.0	26.1	219.3
Volume	-9.9	-6.9	-10.7	-10.1	-37.6
Price/Mix	+16.0	+15.0	+12.2	+7.8	+51.0
Others	-4.1	-5.0	-0.4	-4.7	-14.2
2023@PY	63.2	70.1	66.1	19.1	218.5
FX	+1.5	+3.0	+6.0	+2.4	+12.9
2023	64.7	73.1	72.1	21.5	231.4
EMA					
	Q1	Q2	Q3	Q4	YTD
2022	60.4	80.0	89.0	37.7	267.1
Volume	+3.2	+6.4	+2.0	+7.3	+19.0
Price/Mix	+22.7	+29.3	+23.8	+25.8	+101.6
Others	-19.1	-20.0	-3.4	-25.9	-68.3
2023@PY	67.2	95.7	111.5	45.0	319.4
FX	+17.3	-13.1	-24.7	-26.6	-47.0
2023	84.6	82.6	86.9	18.5	272.5

Tobacco Business Data

7. GFB volume by brand (vs. PY)

(BNU)

2023	Q1	Q2	Q3	Q4	YTD
Winston	46.2	52.8	53.0	48.4	200.3
	+3.2%	+11.8%	+9.1%	+7.9%	+8.1%
Camel	23.2	25.6	27.2	24.6	100.7
	+15.1%	+21.3%	+18.1%	+15.3%	+17.5%
MEVIUS	10.8	11.3	11.4	10.5	44.0
	-0.4%	-1.1%	-1.9%	-2.9%	-1.6%
LD	10.8	11.8	11.4	10.8	44.8
	-6.8%	-2.4%	-7.8%	+2.6%	-3.8%

8. FX actual (vs. PY)

2023	Q1	Q2	Q3	Q4	YTD
100JPY/USD	0.76	0.73	0.69	0.67	0.71
	+13.8%	+5.3%	+3.7%	+4.1%	+6.9%
100JPY/RUB	54.96	58.98	65.08	62.76	60.44
	+34.2%	-12.9%	-33.9%	-29.7%	-12.2%
100JPY/GBP	0.62	0.58	0.55	0.55	0.57
	+3.0%	+5.4%	+12.4%	+10.8%	+7.7%
100JPY/EUR	0.70	0.67	0.64	0.63	0.66
	+8.8%	+8.2%	+12.9%	+10.4%	+10.0%
100JPY/CHF	0.70	0.65	0.61	0.60	0.64
	+13.6%	+13.7%	+14.3%	+13.7%	+13.8%
100JPY/TWD	22.96	22.33	21.90	21.54	22.18
	+4.7%	+1.5%	+0.3%	+3.0%	+2.4%
100JPY/TRY	*	*	*	*	*
100JPY/PHP	41.43	40.48	38.69	37.92	39.63
	+6.9%	+0.2%	+5.4%	+7.0%	+4.9%

*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 end of December 2023 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen (100JPY/TRY: 20.75 reference: 100JPY/USD: 0.71)

Tobacco Business Data

9. Key markets

Source: Based on JT Group estimates on year-to-date average, based on total tobacco figures at the end of December 2023.

Total SoV and SoM are computed based on combustibles and heated tobacco products (HTP) industry size.

Japan

Volume evolution

	(BNU)				
2023	Q1	Q2	Q3	Q4	YTD
Total volume	15.1	16.1	16.5	16.0	63.7
	+4.5%	+2.1%	+0.6%	-1.5%	+1.3%
Combustibles volume	13.4	14.3	14.5	14.0	56.3
	+2.6%	+0.3%	-1.8%	-4.6%	-1.0%
RRP volume	1.7	1.8	1.9	2.0	7.4
	+22.4%	+19.1%	+22.6%	+28.3%	+23.2%
HTS volume	1.2	1.3	1.5	1.6	5.5
	+51.8%	+41.8%	+46.5%	+51.4%	+47.8%

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	42.7%	42.8%	43.1%	42.5%	42.8%	+0.3ppt
Combustibles SoM	38.0%	38.1%	38.0%	37.2%	37.8%	-0.6ppt
GFB (SoM)	26.5%	26.6%	26.6%	26.0%	26.4%	+0.1ppt
Winston (SoM)	3.9%	3.8%	3.8%	3.5%	3.7%	-0.6ppt
MEVIUS (SoM)	16.8%	16.7%	16.4%	16.2%	16.5%	-1.0ppt
Seven Stars (SoM)	4.7%	4.7%	4.7%	4.6%	4.7%	-0.2ppt
Camel (SoM)	5.9%	6.0%	6.4%	6.2%	6.1%	+1.7ppt
RRP SoM*	4.8%	4.7%	5.1%	5.3%	5.0%	+0.9ppt
HTS SoS	9.4%	9.6%	10.7%	10.9%	10.2%	+2.3ppt
Total SoV	42.8%	42.9%	43.2%	42.7%	42.9%	-0.1ppt

*Data for RRP SoM reflects heated tobacco sticks (HTS) and infused tobacco capusles (Infused)

The Philippines*

Volume evolution

	(BNU)				
2023	Q1	Q2	Q3	Q4	YTD
Total volume	6.9	5.4	5.9	6.0	24.1
	+0.0%	-10.0%	-6.0%	-3.2%	-4.7%

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	40.7%	42.4%	43.2%	43.6%	42.4%	+3.9ppt
GFB (SoM)	18.5%	20.9%	21.9%	23.4%	21.1%	+6.2ppt
Winston (SoM)	11.4%	11.8%	11.7%	11.9%	11.7%	+0.1ppt
Camel (SoM)	7.1%	9.0%	10.2%	11.4%	9.4%	+6.1ppt
Total SoV	38.0%	39.5%	40.6%	41.5%	39.9%	+3.3ppt

*Data for SoM and SoV includes combustibles only

Taiwan*

Volume evolution

	(BNU)				
2023	Q1	Q2	Q3	Q4	YTD
Total volume	3.5	3.4	3.5	3.5	14.0
	-1.7%	-3.6%	-5.6%	-2.4%	-3.4%

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	50.0%	50.2%	50.5%	50.5%	50.3%	+1.4ppt
GFB (SoM)	40.8%	41.0%	41.2%	41.2%	41.1%	+0.9ppt
Winston (SoM)	14.1%	14.4%	14.6%	14.7%	14.5%	+0.5ppt
LD (SoM)	7.7%	7.8%	7.9%	7.7%	7.8%	+0.3ppt
MEVIUS (SoM)	18.9%	18.8%	18.7%	18.8%	18.8%	+0.0ppt
Total SoV	54.0%	54.2%	54.1%	54.2%	54.1%	+1.0ppt

*Data for SoM and SoV includes combustibles only

Tobacco Business Data

Italy

Volume evolution

(BNU)

2023	Q1	Q2	Q3	Q4	YTD
Total volume	4.8	4.8	5.0	4.1	18.7
	+1.3%	+1.9%	+1.2%	+2.0%	+1.6%

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	23.1%	23.0%	23.6%	23.4%	23.2%	+0.2ppt
GFB (SoM)	19.4%	19.1%	19.8%	19.5%	19.4%	+0.2ppt
Winston (SoM)	12.7%	12.3%	12.9%	13.0%	12.7%	+0.4ppt
Camel (SoM)	6.6%	6.8%	6.8%	6.6%	6.7%	-0.2ppt
Total SoV	23.0%	22.8%	23.3%	23.1%	23.0%	+0.2ppt

Spain

Volume evolution

(BNU)

2023	Q1	Q2	Q3	Q4	YTD
Total volume	3.7	4.1	3.7	2.9	14.4
	-6.2%	-4.6%	+5.1%	-15.0%	-5.0%

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	27.9%	28.1%	27.7%	27.9%	27.9%	-0.1ppt
GFB (SoM)	25.8%	25.3%	25.4%	25.7%	25.5%	-0.1ppt
Winston (SoM)	14.7%	14.3%	14.0%	14.5%	14.4%	+0.0ppt
Camel (SoM)	11.0%	11.0%	11.4%	11.2%	11.2%	-0.2ppt
Total SoV	27.7%	28.0%	27.5%	27.7%	27.7%	+0.0ppt

The UK

Volume evolution

(BNU)

2023	Q1	Q2	Q3	Q4	YTD
Total volume	4.0	3.9	3.8	3.5	15.2
	-17.1%	-18.2%	-22.1%	-17.0%	-18.7%

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	44.3%	43.5%	43.5%	43.6%	43.7%	-0.9ppt
GFB (SoM)	0.1%	0.1%	0.1%	0.1%	0.1%	-0.0ppt
Amber Leaf (SoM)	10.4%	10.0%	9.9%	9.7%	10.0%	-1.0ppt
Sterling (SoM)	12.9%	12.2%	11.7%	11.6%	12.1%	-1.3ppt
Benson & Hedges (SoM)	11.2%	11.4%	11.8%	11.9%	11.5%	+0.8ppt
Total SoV	45.0%	44.6%	44.3%	44.3%	44.5%	-0.8ppt

Tobacco Business Data

Romania

Volume evolution

					(BNU)	
2023	Q1	Q2	Q3	Q4	YTD	
Total volume	1.7	1.9	2.1	1.8	7.6	
	+5.7%	+4.1%	+2.7%	+6.6%	+4.6%	

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	27.8%	27.6%	27.5%	26.8%	27.4%	-0.1ppt
GFB (SoM)	17.6%	17.7%	17.9%	17.7%	17.7%	+1.8ppt
Winston (SoM)	12.3%	12.0%	11.8%	11.3%	11.8%	-1.7ppt
Camel (SoM)	5.0%	5.6%	6.1%	6.3%	5.8%	+3.9ppt
Total SoV	28.4%	28.3%	28.2%	27.5%	28.1%	-0.2ppt

Russia

Volume evolution

					(BNU)	
2023	Q1	Q2	Q3	Q4	YTD	
Total volume	17.6	20.0	21.0	18.7	77.3	
	-4.5%	+2.4%	-4.0%	+10.5%	+0.7%	

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	36.5%	37.4%	37.7%	37.8%	37.4%	+0.8ppt
GFB (SoM)	27.7%	29.3%	30.1%	30.4%	29.4%	+2.1ppt
Winston (SoM)	11.8%	12.9%	13.4%	13.5%	12.9%	+1.1ppt
Camel (SoM)	8.2%	8.5%	8.9%	9.1%	8.7%	+0.9ppt
LD (SoM)	7.5%	7.8%	7.8%	7.7%	7.7%	+0.1ppt
Total SoV	37.7%	38.6%	38.8%	39.0%	38.6%	+1.0ppt

Turkey *

Volume evolution

					(BNU)	
2023	Q1	Q2	Q3	Q4	YTD	
Total volume	7.2	10.8	9.4	9.0	36.4	
	+7.7%	+23.1%	+14.1%	+5.0%	+12.8%	

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	27.2%	27.1%	26.9%	26.6%	26.9%	-0.9ppt
GFB (SoM)	25.0%	24.9%	24.6%	24.3%	24.7%	-0.7ppt
Winston (SoM)	17.2%	17.2%	17.2%	17.0%	17.1%	+0.1ppt
Camel (SoM)	5.7%	5.5%	5.4%	5.2%	5.4%	-0.7ppt
LD (SoM)	2.1%	2.1%	2.1%	2.1%	2.1%	-0.2ppt
Total SoV	26.5%	26.3%	26.3%	26.1%	26.3%	-0.8ppt

*Data for SoM and SoV includes RMC only

Pharmaceutical Business

Clinical Development as of February 13, 2024

<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.	Phase2 (Overseas)	In-house	
JTE-061 (tapinarof)	Atopic dermatitis /Topical	AhR modulator	Suppresses skin inflammation via activation of the aryl hydrocarbon receptor (AhR)	NDA filed (Japan)	In-license	<ul style="list-style-type: none"> • In-license from Dermavant Sciences GmbH • Co-development with Torii
	Plaque psoriasis /Topical			NDA filed (Japan)		
	Atopic dermatitis (pediatric) /Topical			Phase3 (Japan)		
JTC-064	Neurodegenerative disease /Oral	PDHK inhibitor	Improves metabolic abnormalities by activation of pyruvate dehydrogenase (PDH)	Phase1 (Overseas)	In-house	
JTV-161	Pulmonary arterial hypertension /Oral	Pim-1 inhibitor	Suppresses pulmonary vascular cell proliferation by inhibiting Pim-1	Phase1 (Overseas)	In-house	
JTE-162	Autoinflammatory/ Autoimmune diseases /Oral	NLRP3 inhibitor	Suppresses immune response by inhibition of NLRP3 inflammasome	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.	
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, 2023
 •JTT-861 (Chronic heart failure/Oral) : advanced to Phase2 in Overseas
 •Anti-ICOS monoclonal antibody: Termination of license agreement with AstraZeneca

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>

###

Japan Tobacco Inc. is a leading international tobacco and vaping company and its products are sold in over 130 markets. With approximately 53,000 employees, it manufactures and sells some of the world's best-known brands including Winston, Camel, MEVIUS and LD. The JT Group is committed to investing in Reduced-Risk Products (RRP) and currently markets its heated tobacco products under its Ploom brand and various e-cigarette products under its Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit <https://www.jt.com/>.

FORWARD-LOOKING STATEMENTS

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

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

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

Contact Information:

Media and Investor Relations Division
Japan Tobacco Inc.

For Investors: jt.ir@jt.com

For Media: jt.media.relations@jt.com