



Tokyo, October 31, 2022

2022 Third Quarter Results

Year-to-Date Highlights (vs. 2021)

- Revenue increased by 13.7% to JPY 2,008.5 billion.
- Core revenue at constant FX increased by 4.1% to JPY 1,765.8 billion.
- Adjusted operating profit at constant FX increased by 6.5% to JPY 578.4 billion. On a reported basis, adjusted operating profit increased by 17.5% to JPY 637.8 billion.
- Operating profit increased by 20.5% to JPY 579.3 billion.
- Profit increased by 19.2% to JPY 403.8 billion.

FY2022 Forecasts (vs. Previous Forecasts)

- Revenue forecast is revised upward by JPY 182.0 billion.
- Core revenue at constant FX is revised upward by JPY 57.0 billion.
- Adjusted operating profit at constant FX is revised upward by JPY 56.0 billion. On a reported basis, adjusted operating profit is revised upward by JPY 103.0 billion.
- Forecasts are revised upward for operating profit (JPY 100.0 billion) and profit (JPY 83.0 billion).
- Free cash flow is revised upward by JPY 77.0 billion.
- The Company plans to offer an annual dividend per share of JPY 188.

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

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

"In the nine-month results, the JT Group delivered a strong performance, mainly driven by robust pricing in the tobacco business. We are also encouraged by the Ploom X volume and share performance in Japan. We have launched Ploom X in the U.K. starting in London. We will accelerate Ploom X launches internationally from 2023.

"Also, we have entered into a joint venture with Altria Group to market and commercialize HTS (heated tobacco sticks) products in the U.S. and signed a long-term, non-binding global memorandum of understanding to explore commercial opportunities for a wide range of potentially reduced-risk products. I strongly believe that this cooperation will increase the global harm reduction possibilities for adult consumers, and drive incremental value for JT and Altria.

"We have revised our 2022 full year guidance upwards, driven by business momentum as well as favorable currency movements against the Japanese yen. Following the upward revisions of our guidance, we are pleased to share our plan to increase our annual dividend guidance by JPY 38 to JPY 188.

"Regarding Russia, while we continue to manufacture and distribute our products, the operating environment remains very challenging. Under these circumstances, the JT Group continues to take necessary decisions to address the changing situation in accordance with the Group's management principle, which is to pursue the 4S model*, as well as in compliance with applicable regulations and international sanctions."

* 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

Investors' Meeting

An investors' meeting with members of the investor community will be held on October 31, 2022 at 5:00pm Tokyo time. An on-demand audio recording of this conference will be available on our website (https://www.jt.com/investors/results/presentation_financial). 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 Q3 2022, the impacts of the hyperinflationary accounting and hyperinflation include those in Ethiopia, Iran, Sudan, and Turkey.

The impacts on the key financial indicators are as follows:

Consolidated/tobacco business results

Revenue:	JPY +29.1 billion
Adjusted operating profit:	JPY -9.6 billion
Profit:	JPY -19.8 billion

Q3 2022 Financial Results

Consolidated Results

(billions of JPY)	Q3 2022	Q3 2021	Variance	2022 YTD	2021 YTD	Variance
Revenue	741.7	621.5	+19.3%	2,008.5	1,766.1	+13.7%
Adjusted operating profit	223.0	184.7	+20.7%	637.8	542.9	+17.5%
Operating profit	196.4	158.6	+23.8%	579.3	480.7	+20.5%
Profit	139.7	113.6	+23.0%	403.8	338.8	+19.2%
Core revenue at constant FX	623.8	596.0	+4.7%	1,765.8	1,697.0	+4.1%
Adjusted operating profit at constant FX	191.7	184.7	+3.8%	578.4	542.9	+6.5%

Q3 2022

- **Revenue**
Revenue increased by 19.3% to JPY 741.7 billion, driven by increases across all businesses. At constant FX, core revenue increased by 4.7% to JPY 623.8 billion.
- **Adjusted operating profit**
At constant FX, adjusted operating profit increased by 3.8% to JPY 191.7 billion, driven by an increase in the tobacco business, partially offset by decreases in the pharmaceutical and processed food businesses. On a reported basis, adjusted operating profit increased by 20.7% to JPY 223.0 billion, driven by positive currency movements from a weaker Japanese yen.
- **Operating profit**
Operating profit increased by 23.8% to JPY 196.4 billion, driven by an increase in adjusted operating profit.
- **Profit**
Profit increased by 23.0% to JPY 139.7 billion, driven by an increase in operating profit, partially offset by increasing financing costs.

2022 YTD

- **Revenue**
Revenue increased by 13.7% to JPY 2,008.5 billion, driven by increases across all businesses. At constant FX, core revenue increased by 4.1% to JPY 1,765.8 billion.
- **Adjusted operating profit**
At constant FX, adjusted operating profit increased by 6.5% to JPY 578.4 billion, driven by increases in the tobacco and pharmaceutical businesses. On a reported basis, adjusted operating profit increased by 17.5% to JPY 637.8 billion, driven by positive currency movements from a weaker Japanese yen.

- **Operating profit**
Operating profit increased by 20.5% to JPY 579.3 billion, driven by an increase in adjusted operating profit.
- **Profit**
Profit increased by 19.2% to JPY 403.8 billion, driven by an increase in operating profit, partially offset by increasing financing costs.

Results by Business Segment

Tobacco Business

(billions of JPY)	Q3 2022	Q3 2021	Variance	2022 YTD	2021 YTD	Variance
Core revenue	655.4	539.5	+21.5% (+4.5%)*	1,760.7	1,532.1	+14.9% (+3.9%)*
Adjusted operating profit	228.3	190.2	+20.1% (+3.6%)*	653.4	562.9	+16.1% (+5.5%)*
Reference (billions of units, billions of JPY)						
Total volume	139.2	140.1	-0.6%	402.0	403.9	-0.5%
Combustibles volume	137.3	138.2	-0.7%	396.0	398.5	-0.6%
RRP volume	2.0	1.9	+3.5%	6.0	5.4	+10.7%
RRP-related revenue	19.7	19.7	+0.2%	58.9	58.3	+1.0%

*At constant FX

Q3 2022

- Core revenue and adjusted operating profit**

Core revenue and adjusted operating profit increased, driven by robust pricing contributions from all clusters, a resilient industry volume combined with market share gains, and favorable currency movements. Core revenue grew by 21.5%, and by 4.5% at constant FX, driven by a positive price/mix contribution of JPY 43.2 billion, more than offsetting a negative volume variance of JPY 19.1 billion. RRP-related revenue grew by 0.2%. Adjusted operating profit increased by 20.1%, and by 3.6% at constant FX, driven by the core revenue growth.

- Volume and market share¹**

Total volume was resilient, down only by 0.6%, with market share gains and continued growth in the EMA cluster, mainly in Global Travel Retail, Iran, Poland and Russia. These increases almost offset declines in the Asia and Western Europe clusters. In the RRP category, volume grew by 3.5% driven by the on-going HTS segment increase and Ploom X share gains in Japan, while combustibles volume slightly declined by 0.7%, mainly due to industry volume contraction in the key markets of Italy, Japan, the Philippines, and the U.K.

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

2022 YTD

- Core revenue and adjusted operating profit**

Core revenue and adjusted operating profit increased, driven by strong pricing from all three clusters, including the key markets of Japan, the Philippines, Romania, Russia, Spain, Taiwan, Turkey and the U.K. Other drivers included continued market share gains within a resilient industry volume and favorable currency movements. Core revenue grew by 14.9%, and by 3.9% at constant FX, driven by a solid price/mix contribution of JPY 104.4 billion, more than offsetting a negative volume variance of JPY 44.8 billion. RRP-related revenue increased by 1.0%. Adjusted operating profit increased by 16.1%, and by 5.5% at constant FX, driven by core revenue growth, which more than offset higher input costs within the supply chain.

- **Volume and market share¹**

Volume growth in the EMA cluster and continued market share gains resulted in total volume decreasing by only 0.5%, due to industry volume contraction in several key markets of the Asia and Western Europe clusters. Growth in Global Travel Retail, Iran, Myanmar, Poland, Spain and Taiwan, resulted in a moderate 0.6% decline in combustibles volume, partially offset by a 10.7% RRP volume increase, driven by Ploom X in Japan.

Market share gains continued in the key markets of Italy, the Philippines, Spain, Taiwan and Turkey.

Tobacco Business Performance Review by Cluster

Asia

(billions of JPY)	2022 YTD	2021 YTD	Variance
Core revenue	609.3	610.7	-0.2% (-4.1%)*
Adjusted operating profit	230.8	233.9	-1.4% (-2.3%)*

Reference (billions of units)

Total volume	95.8	102.4	-6.4%
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*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue decreased by 0.2%, and by 4.1% at constant FX, due to a negative volume variance, mainly in Japan and the Philippines, partially offset by a positive price/mix contribution, notably in the Philippines, and favorable currency movements.

Adjusted operating profit declined by 1.4%, and by 2.3% at constant FX, due to the negative volume variance, partially offset by a solid price/mix contribution as well as benefits from cost saving initiatives and favorable currency movements.

- **Volume and market share¹**

Total and GFB volumes declined by 6.4% and 4.4%, respectively, mainly due to Bangladesh, Japan and the Philippines. Market share increased in Cambodia, Indonesia, the Philippines, South Korea and Taiwan.

- **By market¹**

In Japan², due to a declining industry volume, total volume was down by 11.0% year-to-date, despite continued growth in the RRP category fueled by Ploom X. Camel Craft solid share gains, combined with share increases in the RRP category, drove a quarter-on-quarter share increase. Total market share reached 42.2% year-to-date (-2.7ppt).

In combustibles, volume decreased by 14.0%, due to an industry volume contraction estimated at 11.1% and market share losses (-1.9ppt to 57.7%), mainly due to intense competition in the value segment following continuous downtrading and consumer conversion to RRP. In RRP, a category estimated at 33.8% (shipment basis) of the total tobacco industry size, volume increased by 32.5% and JT RRP share grew by 2.2ppt to 12.0%. Within the HTS segment of RRP, Ploom X volume and share grew consecutively in the last three quarters, reaching an HTS segment share of 7.6%, up 3.7ppt year-to-date.

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

In the Philippines, total and GFB volumes declined by 10.0% and 4.7%, respectively, due to industry volume contraction related to the excise tax-led price increase in the first quarter. Year-to-date market share grew by an estimated 0.4ppt to 36.8%, fueled by Camel and Mighty. Core revenue at constant FX increased, driven by a strong price/mix contribution, more than offsetting a negative volume variance.

In Taiwan, total and GFB volumes increased by 3.4% and 2.6%, respectively, outperforming the industry volume trend, fueled by MEVIUS growth in the premium segment. Year-to-date market share increased by 0.7ppt to 48.8%, driven by Winston and MEVIUS. Core revenue at constant FX increased, driven by positive contributions from both volume and price/mix.

Western Europe

(billions of JPY)	2022 YTD	2021 YTD	Variance
Core revenue	413.4	389.9	+6.0% (+0.2%)*
Adjusted operating profit	193.2	180.4	+7.1% (+2.9%)*
Reference (billions of units)			
Total volume	84.0	87.6	-4.2%

*At constant FX

- Core revenue and adjusted operating profit**
 Core revenue increased by 6.0%, and by 0.2% at constant FX, driven by a positive price/mix contribution, mainly in Germany, Ireland, Spain, Switzerland and the U.K., and favorable currency movements, more than offsetting a negative volume variance, mainly in the U.K. Adjusted operating profit grew by 7.1%, and by 2.9% at constant FX, driven by the top-line increase and favorable currency movements.
- Volume and market share¹**
 Total volume decreased by 4.2%, mainly due to industry volume contraction resulting from the unwinding of COVID trends, notably in France, Germany and the U.K., despite continued market share gains. These market share gains contributed to GFB volume increasing by 0.8%. Market share grew in France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Spain and Switzerland.
- By market¹**
In Italy, total volume decreased by 0.9%, but grew by 1.2% when excluding inventory movements. GFB volume increased by 0.2%, driven by Winston, despite industry volume contraction for combustibles. Year-to-date combustibles market share grew by 0.8ppt to 27.3%, fueled by Winston. Core revenue at constant FX decreased due to negative variances in both volume and price/mix.

In Spain, total volume grew by 5.8%, and 7.6% when excluding inventory movements, driven by positive industry volume trends as travelers gradually returned. GFB volume increased by 3.6%, fueled by industry-leading market share. Year-to-date market share reached 28.4%, gaining 0.9ppt driven by Camel. Core revenue at constant FX increased, driven by positive contributions from both volume and price/mix.

In the U.K., against a difficult comparison, total volume declined by 17.0%, due to an acceleration of the industry volume contraction in the second and third quarters, resulting from the unwinding of COVID trends. Year-to-date combustibles market share declined by 0.7ppt to 45.1%, despite quarter-on-quarter share gains.

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

EMA

(billions of JPY)	2022 YTD	2021 YTD	Variance
Core revenue	737.9	531.5	+38.8% (+15.8%)*
Adjusted operating profit	229.4	148.5	+54.5% (+21.2%)*
Reference (billions of units)			
Total volume	222.2	213.9	+3.9%

*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue increased by 38.8%, and by 15.8% at constant FX, driven by a favorable volume variance, mainly in Global Travel Retail, Iran, Poland and the USA, and a positive price/mix contribution, notably in Canada, the Czech Republic, Global Travel Retail, Iran, Kazakhstan, Poland, Romania, Russia and Turkey, as well as favorable currency movements.

Adjusted operating profit grew by 54.5%, and by 21.2% at constant FX, driven by the top-line increase and favorable currency movements, partially offset by higher input costs within the supply chain.

- **Volume and market share¹**

Total and GFB volumes increased by 3.9% and 4.7%, respectively, driven mainly by Brazil, Iran, Morocco, Poland, the USA and the gradual recovery in Global Travel Retail. Market share increased in Algeria, Brazil, Canada, the Czech Republic, Hungary, Iran, Kazakhstan, Saudi Arabia, Serbia, South Africa, Tanzania, Turkey and the USA and others.

- **By market¹**

In Romania, total volume was resilient, decreasing only by 0.2% due to slight market share losses. GFB volume grew by 1.2%, fueled by Winston. Year-to-date market share decreased by 0.2ppt to 29.5%, despite gains by Winston and Sobranie.

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

In Russia², total volume increased in the third quarter, resulting in a year-to-date decline of 1.1%, and 1.4% when excluding inventory movements, while the industry volume contraction was estimated at -3.4% following excise tax-led price increases. GFB volume grew by 2.7%, fueled by the strong Camel performance. Year-to-date total market share was almost flat at 36.8%, despite share gains by Camel. Core revenue at constant FX increased, driven by a robust price/mix contribution, more than offsetting a negative volume variance.

In Turkey, total and GFB volumes decreased by 3.7% and 2.8%, respectively, due to an unfavorable industry volume trend in the third quarter, despite a stable market share across the quarters. Year-to-date market share increased by 0.2ppt to 27.9%, mainly driven by Winston.

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

¹ Source: The figures for Industry volume and market share are based on IRI, Logista, Nielsen, Panel Strator, JT Group estimates and others on year-to-date average, unless otherwise specified, for combustibles (excluding snus) at the end of September 2022. Year-to-date share of market growth for 2022 is calculated against year-to-date shares of market at the end of the respective period in 2021. the Philippines is on a 7-month average at the end of July 2022. Canada, France, Germany, Greece, Hungary, Iran, Kazakhstan, the Netherlands, Romania, South Africa, Spain, Switzerland and Tanzania are on an 8-month average at the end of August 2022.

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

Pharmaceutical Business

(billions of JPY)	Q3 2022	Q3 2021	Variance	2022 YTD	2021 YTD	Variance
Revenue	20.4	19.7	+3.2%	59.7	56.8	+5.1%
Adjusted operating profit	2.4	3.1	-21.3%	7.3	6.6	+10.0%

Q3 2022

- **Revenue and adjusted operating profit**
Revenue increased by 3.2% driven by top-line growth at our consolidated subsidiary, Torii Pharmaceutical.
Adjusted operating profit decreased by 21.3% due to an increase in R&D expenses.

2022 YTD

- **Revenue and adjusted operating profit**
Revenue increased by 5.1% for the same reason mentioned for the third quarter, and adjusted operating profit increased by 10.0% due to the revenue growth despite an increase in R&D expenses.

Processed Food Business

(billions of JPY)	Q3 2022	Q3 2021	Variance	2022 YTD	2021 YTD	Variance
Revenue	39.3	36.2	+8.6%	112.8	106.7	+5.8%
Adjusted operating profit	0.4	0.9	-54.8%	1.9	2.4	-21.2%

Q3 2022

- **Revenue and adjusted operating profit**
Revenue increased by 8.6% due to a positive contribution from price revisions in the frozen and ambient foods business.
Adjusted operating profit decreased by 54.8% as price revisions were unable to offset the significant increase in raw material costs and unfavorable currency movement.

2022 YTD

- **Revenue and adjusted operating profit**
Revenue increased by 5.8% and adjusted operating profit decreased by 21.2% for the same reasons mentioned for the third quarter.

FY2022 Revised Forecasts

Consolidated Forecasts

(billions of JPY)	2022 Revised Forecasts	2022 Previous Forecasts	Variance vs. Previous Forecasts	Variance vs. 2021 Results
Revenue	2,668.0	2,486.0	+182.0	+14.8%
Adjusted operating profit	728.0	625.0	+103.0	+19.3%
Operating profit	649.0	549.0	+100.0	+30.1%
Profit	445.0	362.0	+83.0	+31.5%
Free cash flow	465.0	388.0	+77.0	-
Core revenue at constant FX	2,305.0	2,248.0	+57.0	+3.3%
Adjusted operating profit at constant FX	660.0	604.0	+56.0	+8.1%
Basic EPS* (JPY)	250.74	203.97	+46.77	+31.4%

*Based on profit

- **Revenue**
Revenue forecast is revised upward by JPY 182.0 billion to JPY 2,668.0 billion, resulting in a 14.8% increase year on year, driven by upward revisions in the tobacco and pharmaceutical businesses, partially offset by a downward revision in the processed food business.
- **Adjusted operating profit**
Adjusted operating profit at constant FX is revised upward by JPY 56.0 billion to JPY 660.0 billion, resulting in an 8.1% increase year on year, driven by upward revisions in the tobacco and pharmaceutical businesses.
On a reported basis, adjusted operating profit is revised upward by JPY 103.0 billion to JPY 728.0 billion, resulting in a 19.3% increase year on year, due to the positive FX impact driven by a weaker Japanese yen.
- **Operating profit and profit**
Operating profit is revised upward by JPY 100.0 billion to JPY 649.0 billion, resulting in a 30.1% increase year on year, driven by an upward revision in adjusted operating profit.
Profit is revised upward by JPY 83.0 billion to JPY 445.0 billion, driven by an upward revision in operating profit. This represents a 31.5% increase year on year.
- **Free cash flow**
Free cash flow is revised upward by JPY 77.0 billion to JPY 465.0 billion, driven by an upward revision in adjusted operating profit and capital expenditures.

Forecasts by Business Segment

Tobacco Business

(billions of JPY)	2022 Revised Forecasts	2022 Previous Forecasts	Variance vs. Previous Forecasts	Variance vs. 2021 Results
Core revenue	2,330.0	2,148.0	+182.0	+16.4% (+3.3%)*
Adjusted operating profit	758.0	655.0	+103.0	+18.6% (+7.9%)*

**At constant currency*

- **Core revenue and adjusted operating profit**

Core revenue for the full year of 2022 is revised upward by JPY 182.0 billion, mainly reflecting a weaker JPY/local currencies, as well as a stronger volume contribution, driven by more resilient industry volume in several markets. Additional core revenue drivers include solid market share gains, and robust pricing. As a result, core revenue is now expected to increase by 16.4%, and 3.3% at constant FX, versus 2021.

Benefiting from the same drivers as core revenue, adjusted operating profit for the full year of 2022 is revised upward by JPY 103.0 billion, resulting in an 18.6% year-on-year increase. At constant FX, adjusted operating profit is now expected to increase by 7.9% year-on-year, as cost increases are more than offset by the upward revision of core revenue.

- **Volume**

The forecasts for total and GFB volumes are revised upward to account for the stronger nine-month performance, driven by favorable industry volume trend comparisons in several markets and continued market share gains across most markets. GFB volume is now expected to be stable, while the total volume is expected to decline by approximately 2% versus 3% previously.

Pharmaceutical Business

(billions of JPY)	2022 Revised Forecasts	2022 Previous Forecasts	Variance vs. Previous Forecasts	Variance vs. 2021 Results
Revenue	83.5	82.5	+1.0	+3.9%
Adjusted operating profit	11.0	10.0	+1.0	-0.8%

- **Revenue and adjusted operating profit**

Revenue is revised upward by JPY 1.0 billion, representing an increase of 3.9% versus the previous year, reflecting the upside of overseas royalty income (including the impact of yen depreciation).

Adjusted operating profit is expected to be at the same level as the previous year due to the upward revision in revenue.

Processed Food Business

(billions of JPY)	2022 Revised Forecasts	2022 Previous Forecasts	Variance vs. Previous Forecasts	Variance vs. 2021 Results
Revenue	151.0	154.0	-3.0	+2.6%
Adjusted operating profit	2.0	2.0	-	-49.4%

- **Revenue and adjusted operating profit**

Revenue is revised downward by JPY 3.0 billion, representing an increase of 2.6% versus the previous year, reflecting the share transfer of Saint-Germain Co., Ltd. which is responsible for our bakery business and the delay in the recovery of food service product due to the spread of COVID impact this summer.

Adjusted operating profit remains unchanged from the previous forecast due to the cost reduction despite the unfavorable currency movement in the frozen and ambient foods business, representing a decrease of 49.4% versus the previous year.

Data Sheets

Results for 2022 Third Quarter

1. Summary of consolidated results

(JPY BN)

	Q3 YTD 2022	Q3 YTD 2021	Variance (abs)	Variance (%)
Revenue	2,008.5	1,766.1	+242.5	+13.7%
Operating profit	579.3	480.7	+98.6	+20.5%
Adjusted operating profit	637.8	542.9	+94.9	+17.5%
Profit before income taxes	535.6	463.8	+71.8	+15.5%
Profit	403.8	338.8	+65.0	+19.2%
Basic EPS*(JPY)	227.53	190.95	+36.59	+19.2%

*Based on profit

[Reference]

(JPY BN)

	Q3 YTD 2022	Q3 YTD 2021	Variance (abs)	Variance (%)
Core revenue at constant FX	1,765.8	1,697.0	+68.7	+4.1%
Adjusted operating profit at constant FX	578.4	542.9	+35.5	+6.5%

2. Results by business segment

(JPY BN)

	Q3 YTD 2022	Q3 YTD 2021	Variance (abs)	Variance (%)
Consolidated revenue	2,008.5	1,766.1	+242.5	+13.7%
Tobacco	1,834.5	1,601.2	+233.4	+14.6%
Core revenue	1,760.7	1,532.1	+228.6	+14.9%
Pharmaceutical	59.7	56.8	+2.9	+5.1%
Processed food	112.8	106.7	+6.1	+5.8%
Others	1.5	1.5	+0.1	+4.1%
Consolidated operating profit	579.3	480.7	+98.6	+20.5%
Tobacco	594.1	498.4	+95.6	+19.2%
Pharmaceutical	7.3	6.8	+0.5	+6.7%
Processed food	0.7	1.3	-0.6	-45.1%
Others/Elimination	-22.7	-25.9	+3.2	-
Adjustments, total	-58.5	-62.2	+3.7	
Tobacco	-59.4	-64.4	+5.0	
Pharmaceutical	-	0.2	-0.2	
Processed food	-1.1	-1.0	-0.1	
Others/Elimination	2.1	3.1	-1.0	
Consolidated adjusted operating profit	637.8	542.9	+94.9	+17.5%
Tobacco	653.4	562.9	+90.6	+16.1%
Pharmaceutical	7.3	6.6	+0.7	+10.0%
Processed food	1.9	2.4	-0.5	-21.2%
Others/Elimination	-24.8	-29.0	+4.2	-

Results for 2022 Third Quarter

3. Depreciation and amortization*

(JPY BN)

	Q3 YTD 2022	Q3 YTD 2021	Variance (abs)
Consolidated depreciation and amortization	135.0	125.1	+9.9
Tobacco	125.1	115.6	+9.4
Pharmaceutical	3.6	3.7	-0.1
Processed food	4.9	4.6	+0.4
Others/Elimination	1.3	1.1	+0.2

*Excluding depreciations from lease transactions

4. Consolidated financial position

(JPY BN)

	2022 Sep. end	2021 Dec. end	Variance (abs)
Total assets	6,728.2	5,774.2	+954.0
Total equity	3,865.9	2,886.1	+979.8
Equity attributable to owners of the parent company	3,789.4	2,809.3	+980.1
BPS (attributable to owners of the parent company) (JPY)	2,135.05	1,583.10	+551.94

5. Liquidity and interest-bearing debt

(JPY BN)

	2022 Sep. end	2021 Dec. end	Variance (abs)
Liquidity	789.4	730.2	+59.2
Interest-bearing debt	940.0	918.6	+21.4

6. Consolidated cash flow

(JPY BN)

	Q3 YTD 2022	Q3 YTD 2021	Variance (abs)
Cash flows from operating activities	343.6	428.9	-85.3
Cash flows from investing activities	-70.0	-70.1	+0.1
Cash flows from financing activities	-357.4	-291.3	-66.0
Cash and cash equivalents, beginning of the period	721.7	538.8	+182.9
Foreign currency translation adj. on cash & cash equivalents	140.5	24.3	+116.1
Cash and cash equivalents, end of the period	778.5	630.7	+147.8
FCF	279.5	350.6	-71.1

7. Capital expenditures

(JPY BN)

	Q3 YTD 2022	Q3 YTD 2021	Variance (abs)
Consolidated capital expenditures	59.6	64.6	-5.0
Tobacco	46.8	52.1	-5.3
Pharmaceutical	2.1	4.3	-2.2
Processed food	6.4	6.5	-0.1
Others/Elimination	4.3	1.7	+2.6

8. FX actual

	Q3 YTD 2022	Q3 YTD 2021	Variance (abs)	Variance (%)
100JPY/USD	0.78	0.92	-0.14	+18.2%
100JPY/RUB	56.03	68.19	-12.15	+21.7%
100JPY/GBP	0.62	0.67	-0.04	+6.9%
100JPY/EUR	0.74	0.77	-0.03	+4.7%
100JPY/CHF	0.75	0.84	-0.09	+12.6%
100JPY/TWD	22.89	25.77	-2.88	+12.6%
100JPY/TRY	*	7.44	*	
100JPY/PHP	41.88	45.01	-3.13	+7.5%

*In accordance with the requirements stipulated in IAS 29, the closing currency rates for the month ended September 2022 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen. (100JPY/TRY: 12.78, reference 100JPY/USD: 0.69)

FY2022 Revised Forecasts (as of October 31, 2022)

1. Summary of consolidated forecasts

(JPY BN)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)	Variance (%)
Revenue	2,668.0	2,324.8	+343.2	+14.8%
Operating profit	649.0	499.0	+150.0	+30.1%
Adjusted operating profit	728.0	610.4	+117.6	+19.3%
Profit	445.0	338.5	+106.5	+31.5%

[Reference]

(JPY BN)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)	Variance (%)
Core revenue at constant FX	2,305.0	2,231.7	+73.3	+3.3%
Adjusted operating profit at constant FX	660.0	610.4	+49.6	+8.1%

2. EPS, DPS, ROE

(JPY)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)	Variance (%)
Basic EPS*	250.74	190.76	+59.98	+31.4%
DPS	188	140	+48	+34.3%
ROE*	13.5%	12.7%	+0.8ppt	

*Based on profit

3. Forecasts by business segment

(JPY BN)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)	Variance (%)
Consolidated revenue	2,668.0	2,324.8	+343.2	+14.8%
Tobacco	2,431.0	2,095.1	+335.9	+16.0%
Core revenue	2,330.0	2,002.0	+328.0	+16.4%
Pharmaceutical	83.5	80.4	+3.1	+3.9%
Processed food	151.0	147.2	+3.8	+2.6%
Others	2.5	2.1	+0.4	+20.3%
Consolidated operating profit	649.0	499.0	+150.0	+30.1%
Tobacco	679.0	522.4	+156.6	+30.0%
Pharmaceutical	11.0	11.3	-0.3	-2.6%
Processed food	0.5	2.9	-2.4	-82.9%
Others/Elimination	-41.5	-37.6	-3.9	-
Consolidated adjusted operating profit	728.0	610.4	+117.6	+19.3%
Tobacco	758.0	639.2	+118.8	+18.6%
Pharmaceutical	11.0	11.1	-0.1	-0.8%
Processed food	2.0	4.0	-2.0	-49.4%
Others/Elimination	-43.0	-43.9	+0.9	-

FY2022 Revised Forecasts (as of October 31, 2022)

4. Free cash flow

(JPY BN)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)
FCF	465.0	482.0	-17.0

5. Capital expenditures

(JPY BN)

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)
Consolidated capital expenditures	109.0	100.9	+8.1
Tobacco	88.0	82.5	+5.5
Pharmaceutical	3.0	6.0	-3.0
Processed food	11.0	10.7	+0.3
Others/Elimination	7.0	1.7	+5.3

6. Assumptions of 2022 Forecasts

Tobacco business

- Total volume: a decrease of approx. 2% (vs. 530.0 billion units in 2021)
- GFB volume: almost flat (vs. 355.8 billion units in 2021)

<FX assumptions>

	FY2022 Revised Forecasts	FY2021 Results	Variance (abs)	Variance (%)
100JPY/USD	0.76	0.91	-0.15	+19.8%
100JPY/RUB	52.30	67.10	-14.80	+28.3%
100JPY/GBP	0.63	0.66	-0.03	+5.1%
100JPY/EUR	0.72	0.77	-0.05	+6.9%
100JPY/CHF	0.73	0.83	-0.10	+14.0%
100JPY/TWD	22.60	25.45	-2.85	+12.6%
100JPY/TRY	-	8.02	-	
100JPY/PHP	41.50	44.85	-3.35	+8.1%

**FY2022 Revised Forecasts
vs Previous Forecasts
(as of October 31, 2022)**

1. Summary of consolidated forecasts

(JPY BN)

	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Variance (abs)	Variance (%)
Revenue	2,668.0	2,486.0	+182.0	+7.3%
Operating profit	649.0	549.0	+100.0	+18.2%
Adjusted operating profit	728.0	625.0	+103.0	+16.5%
Profit	445.0	362.0	+83.0	+22.9%

[Reference]

(JPY BN)

	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Variance (abs)	Variance (%)
Core revenue at constant FX	2,305.0	2,248.0	+57.0	+2.5%
Adjusted operating profit at constant FX	660.0	604.0	+56.0	+9.3%

2. EPS, DPS, ROE

(JPY)

	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Variance (abs)	Variance (%)
Basic EPS*	250.74	203.97	+46.77	+22.9%
DPS	188	150	+38.00	+25.3%
ROE*	13.5%	12.2%	+1.3ppt	

*Based on profit

3. Forecasts by business segment

(JPY BN)

	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Variance (abs)	Variance (%)
Consolidated revenue	2,668.0	2,486.0	+182.0	+7.3%
Tobacco	2,431.0	2,247.0	+184.0	+8.2%
Core revenue	2,330.0	2,148.0	+182.0	+8.5%
Pharmaceutical	83.5	82.5	+1.0	+1.2%
Processed food	151.0	154.0	-3.0	-1.9%
Others	2.5	2.5	-	-
Consolidated operating profit	649.0	549.0	+100.0	+18.2%
Tobacco	679.0	585.0	+94.0	+16.1%
Pharmaceutical	11.0	10.0	+1.0	+10.0%
Processed food	0.5	1.0	-0.5	-50.0%
Others/Elimination	-41.5	-47.0	+5.5	-
Consolidated adjusted operating profit	728.0	625.0	+103.0	+16.5%
Tobacco	758.0	655.0	+103.0	+15.7%
Pharmaceutical	11.0	10.0	+1.0	+10.0%
Processed food	2.0	2.0	-	-
Others/Elimination	-43.0	-42.0	-1.0	-

**FY2022 Revised Forecasts
vs Previous Forecasts
(as of October 31, 2022)**

4. Free cash flow

(JPY BN)

	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Variance (abs)
FCF	465.0	388.0	+77.0

5. Capital expenditures

(JPY BN)

	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Variance (abs)
Consolidated capital expenditures	109.0	121.0	-12.0
Tobacco	88.0	98.0	-10.0
Pharmaceutical	3.0	3.0	-
Processed food	11.0	12.0	-1.0
Others/Elimination	7.0	8.0	-1.0

6. Revised assumptions of 2022 Forecasts

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

<FX assumptions>

	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Variance (abs)	Variance (%)
100JPY/USD	0.76	0.79	-0.03	+3.9%
100JPY/RUB	52.30	64.50	-12.20	+23.3%
100JPY/GBP	0.63	0.61	+0.02	-3.2%
100JPY/EUR	0.72	0.73	-0.01	+1.4%
100JPY/CHF	0.73	0.75	-0.02	+2.7%
100JPY/TWD	22.60	23.00	-0.40	+1.8%
100JPY/TRY			-	
100JPY/PHP	41.50	41.30	0.20	-0.5%

Tobacco Business Data

1. Summary (vs. PY)

2022	Q1	Q2	Q3	Q4	YTD	
Total volume	128.5	134.2	139.2		402.0	BNU
	+1.2%	-1.8%	-0.6%		-0.5%	
Combustibles volume	126.6	132.2	137.3		396.0	BNU
	+1.0%	-2.0%	-0.7%		-0.6%	
GFB volume	87.4	91.8	95.6		274.8	BNU
	+3.7%	+0.6%	+1.3%		+1.8%	
RRP volume	2.0	2.1	2.0		6.0	BNU
	+16.0%	+13.6%	+3.5%		+10.7%	
Core revenue	502.0	603.2	655.4		1,760.7	JPY BN
	+6.1%	+16.1%	+21.5%		+14.9%	
	(+3.4%)*	(+3.7%)*	(+4.5%)*		(+3.9%)*	
RRP-related revenue	19.1	20.1	19.7		58.9	JPY BN
	+2.4%	+0.6%	+0.2%		+1.0%	
Adjusted operating profit	197.3	227.8	228.3		653.4	JPY BN
	+8.3%	+19.6%	+20.1%		+16.1%	
	(+3.4%)*	(+9.5%)*	(+3.6%)*		(+5.5%)*	

*at constant FX

2. Breakdown of core revenue

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2021	473.1	519.5	539.5		1,532.1
Volume	-9.3	-16.4	-19.1		-44.8
Price/Mix	+25.6	+35.6	+43.2		+104.4
2022@PY	489.4	538.7	563.6		1,591.8
FX	+12.6	+64.5	+91.8		+168.9
2022	502.0	603.2	655.4		1,760.7

3. Breakdown of adjusted operating profit

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2021	182.3	190.4	190.2		562.9
Volume	-7.3	-15.3	-17.3		-39.9
Price/Mix	+22.5	+36.9	+43.3		+102.6
Others	-8.9	-3.5	-19.1		-31.5
2022@PY	188.6	208.4	197.1		594.1
FX	+8.8	+19.4	+31.3		+59.4
2022	197.3	227.8	228.3		653.4

Tobacco Business Data

4. Contribution by cluster (vs. PY)

<i>Sales Volume</i>														(BNU)	
	Q1			Q2			Q3			Q4			Q3 YTD		
<i>Asia</i>	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
Total volume	31.5	32.8	-4.1%	31.7	33.8	-6.1%	32.7	35.8	-8.7%	30.8			95.8	-6.4%	
GFB volume	18.7	19.6	-4.5%	19.2	20.1	-4.6%	20.5	21.4	-4.1%	18.3			58.4	-4.4%	
Western Europe	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
Total volume	27.5	28.7	-4.3%	28.4	30.2	-6.0%	28.1	28.7	-2.2%	25.8			84.0	-4.2%	
GFB volume	18.7	18.8	-0.6%	19.4	19.6	-1.1%	19.0	18.3	+4.2%	16.8			57.1	+0.8%	
EMA	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
Total volume	69.6	65.5	+6.2%	74.1	72.8	+1.9%	78.4	75.6	+3.7%	69.5			222.2	+3.9%	
GFB volume	50.0	45.9	+8.9%	53.2	51.5	+3.3%	56.1	54.7	+2.5%	50.8			159.3	+4.7%	

<i>Financials</i>														(JPY BN)	
	Q1			Q2			Q3			Q4			Q3 YTD		
<i>Asia</i>	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
Core revenue	192.9	194.1	-0.6%	207.5	200.3	+3.6%	208.9	216.3	-3.4%	181.6			609.3	-0.2%	
			(-2.9%)*			(-0.7%)*			(-8.4%)*					(-4.1%)*	
AOP	75.7	76.7	-1.3%	80.7	76.6	+5.4%	74.3	80.6	-7.9%	35.3			230.8	-1.4%	
			(-1.5%)*			(+2.4%)*			(-7.7%)*					(-2.3%)*	
Western Europe	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
Core revenue	125.2	122.4	+2.3%	142.7	138.2	+3.3%	145.5	129.4	+12.5%	113.2			413.4	+6.0%	
			(-1.2%)*			(-2.3%)*			(+4.1%)*					(+0.2%)*	
AOP	61.2	57.8	+6.0%	67.0	65.1	+2.9%	65.0	57.5	+13.0%	27.6			193.2	+7.1%	
			(+3.0%)*			(-0.4%)*			(+6.4%)*					(+2.9%)*	
EMA	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	2021	Var.	2022	Var.	
Core revenue	183.9	156.6	+17.5%	253.0	181.1	+39.7%	301.0	193.8	+55.3%	175.1			737.9	+38.8%	
			(+14.9%)*			(+13.2%)*			(+19.1%)*					(+15.8%)*	
AOP	60.4	47.8	+26.3%	80.0	48.7	+64.3%	89.0	52.0	+71.1%	13.4			229.4	+54.5%	
			(+11.8%)*			(+33.8%)*			(+18.1%)*					(+21.2%)*	

*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	216.3		610.7
Volume	-8.4	-9.4	-19.4		-37.3
Price/Mix	+2.8	+7.9	+1.3		+12.1
2022@PY	188.5	198.8	198.2		585.4
FX	+4.4	+8.8	+10.7		+23.9
2022	192.9	207.5	208.9		609.3
<hr/>					
Western Europe	Q1	Q2	Q3	Q4	YTD
2021	122.4	138.2	129.4		389.9
Volume	-6.4	-12.4	-5.1		-23.9
Price/Mix	+5.0	+9.2	+10.4		+24.6
2022@PY	121.0	135.0	134.7		390.6
FX	+4.2	+7.7	+10.8		+22.8
2022	125.2	142.7	145.5		413.4
<hr/>					
EMA	Q1	Q2	Q3	Q4	YTD
2021	156.6	181.1	193.8		531.5
Volume	+5.6	+5.4	+5.5		+16.4
Price/Mix	+17.8	+18.5	+31.5		+67.8
2022@PY	180.0	205.0	230.8		615.7
FX	+4.0	+48.0	+70.3		+122.2
2022	183.9	253.0	301.0		737.9

6. Breakdown of adjusted operating profit by cluster

(JPY BN)

Asia	Q1	Q2	Q3	Q4	YTD
2021	76.7	76.6	80.6		233.9
Volume	-6.4	-7.8	-13.1		-27.3
Price/Mix	+2.7	+7.6	+2.4		+12.7
Others	+2.6	+2.1	+4.5		+9.1
2022@PY	75.6	78.5	74.4		228.5
FX	+0.1	+2.3	-0.1		+2.3
2022	75.7	80.7	74.3		230.8
<hr/>					
Western Europe	Q1	Q2	Q3	Q4	YTD
2021	57.8	65.1	57.5		180.4
Volume	-3.9	-9.3	-4.9		-18.1
Price/Mix	+4.8	+9.0	+10.4		+24.1
Others	+0.9	+0.0	-1.8		-0.9
2022@PY	59.5	64.8	61.2		185.6
FX	+1.7	+2.2	+3.8		+7.7
2022	61.2	67.0	65.0		193.2
<hr/>					
EMA	Q1	Q2	Q3	Q4	YTD
2021	47.8	48.7	52.0		148.5
Volume	+3.0	+1.8	+0.7		+5.5
Price/Mix	+15.0	+20.3	+30.5		+65.8
Others	-12.4	-5.6	-21.8		-39.8
2022@PY	53.5	65.1	61.4		180.0
FX	+6.9	+14.9	+27.6		+49.4
2022	60.4	80.0	89.0		229.4

Tobacco Business Data

7. GFB volume by brand (vs. PY)

(BNU)

2022	Q1	Q2	Q3	Q4	YTD
Winston	44.7	47.2	48.6		140.6
	+3.8%	+1.0%	+0.5%		+1.7%
Camel	20.2	21.1	23.0		64.3
	+15.1%	+6.6%	+14.1%		+11.9%
MEVIUS	10.9	11.4	11.6		33.9
	-2.9%	-2.8%	-8.1%		-4.7%
LD	11.6	12.1	12.4		36.0
	-6.8%	-7.1%	-6.3%		-6.7%

8. FX actual (vs. PY)

2022	Q1	Q2	Q3	Q4	YTD
100JPY/USD	0.86	0.76	0.71		0.78
	+9.7%	+19.3%	+27.2%		+18.2%
100JPY/RUB	73.74	51.38	42.98		56.03
	-5.0%	+31.9%	+55.2%		+21.7%
100JPY/GBP	0.64	0.61	0.61		0.62
	+6.7%	+6.6%	+7.3%		+6.9%
100JPY/EUR	0.77	0.72	0.72		0.74
	+2.1%	+4.8%	+7.4%		+4.7%
100JPY/CHF	0.79	0.74	0.70		0.75
	+7.4%	+11.9%	+19.4%		+12.6%
100JPY/TWD	24.05	22.67	21.96		22.89
	+10.0%	+12.7%	+15.3%		+12.6%
100JPY/TRY	11.95	*	*		*
	-41.9%				
100JPY/PHP	44.29	40.57	40.77		41.88
	+2.8%	+8.4%	+11.6%		+7.5%

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 September 2022 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen. (100JPY/TRY: 12.78 reference: 100JPY/USD: 0.69)

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 the Philippines is on a 7-month average at the end of July 2022 and ones of Spain and Romania are on a 8-months average at the end of August 2022.

Japan

Volume evolution					(BNU)
2022	Q1	Q2	Q3	Q4	YTD
Total volume	14.5	15.7	16.4		46.6
	-9.2%	-8.0%	-15.2%		-11.0%
Combustibles volume	13.1	14.2	14.8		42.1
	-12.1%	-11.0%	-18.3%		-14.0%
RRP volume	1.4	1.5	1.6		4.5
	+33.0%	+35.0%	+30.0%		+32.5%
HTS volume	0.8	0.9	1.0		2.7
	+129.5%	+116.5%	+101.3%		+114.0%

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	42.1%	42.1%	42.5%		42.2%	-2.7ppt
Combustibles SoS	57.2%	57.3%	58.5%		57.7%	-1.9ppt
GFB	38.8%	39.0%	40.3%		39.4%	-1.3ppt
Winston	6.7%	6.6%	6.5%		6.6%	-0.5ppt
Camel	5.3%	5.6%	7.3%		6.1%	+0.1ppt
MEVIUS	26.7%	26.8%	26.4%		26.7%	-1.0ppt
Seven Stars	7.3%	7.2%	7.4%		7.3%	-0.1ppt
RRP SoS	12.0%	11.9%	12.0%		12.0%	+2.2ppt
HTS SoS	7.2%	7.6%	7.9%		7.6%	+3.7ppt
Total SoV	43.0%	42.9%	43.0%		43.0%	-2.5ppt

The Philippines

Volume evolution					(BNU)
2022	Q1	Q2	Q3	Q4	YTD
Total volume	6.9	6.0	6.2		19.1
	-3.1%	-13.8%	-13.0%		-10.0%

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	36.3%	37.0%	37.7%		36.8%	+0.4ppt
GFB	12.6%	13.4%	14.2%		13.1%	+0.6ppt
Winston	10.5%	10.9%	11.1%		10.7%	+0.1ppt
Camel	2.0%	2.4%	3.0%		2.3%	+0.5ppt
Total SoV	34.0%	35.2%	35.7%		34.7%	+2.0ppt

Taiwan

Volume evolution					(BNU)
2022	Q1	Q2	Q3	Q4	YTD
Total volume	3.6	3.6	3.7		10.9
	-0.2%	+1.8%	+8.9%		+3.4%

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	48.7%	48.7%	48.9%		48.8%	+0.7ppt
GFB	40.1%	40.1%	40.3%		40.2%	+0.4ppt
Winston	13.7%	13.8%	14.0%		13.8%	+0.1ppt
MEVIUS	18.9%	18.8%	18.7%		18.8%	+0.2ppt
LD	7.4%	7.5%	7.6%		7.5%	+0.1ppt
Total SoV	53.0%	52.9%	53.0%		53.0%	+0.7ppt

Tobacco Business Data

Italy

<i>Volume evolution</i>						(BNU)	
2022	Q1	Q2	Q3	Q4	YTD		
Total volume	4.8	4.7	5.0		14.5		
	-2.0%	-4.0%	+3.3%		-0.9%		

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	27.3%	27.2%	27.5%		27.3%	+0.8ppt
GFB	22.7%	22.7%	23.1%		22.8%	+0.9ppt
Winston	14.1%	14.5%	14.8%		14.5%	+1.4ppt
Camel	8.5%	8.2%	8.2%		8.3%	-0.6ppt
Total SoV	26.8%	26.7%	27.0%		26.9%	+0.7ppt

Spain

<i>Volume evolution</i>						(BNU)	
2022	Q1	Q2	Q3	Q4	YTD		
Total volume	4.0	4.3	3.6		11.8		
	+5.0%	+2.9%	+10.3%		+5.8%		

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	28.5%	28.4%	28.4%		28.4%	+0.9ppt
GFB	26.4%	25.7%	26.0%		26.0%	+0.5ppt
Winston	14.9%	14.4%	14.2%		14.5%	-0.3ppt
Camel	11.4%	11.3%	11.8%		11.5%	+0.8ppt
Total SoV	28.3%	28.1%	28.1%		28.2%	+1.2ppt

The U.K.

<i>Volume evolution</i>						(BNU)	
2022	Q1	Q2	Q3	Q4	YTD		
Total volume	4.8	4.8	4.9		14.4		
	-11.6%	-20.1%	-18.6%		-17.0%		

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	45.2%	45.0%	45.2%		45.1%	-0.7ppt
GFB	0.1%	0.1%	0.1%		0.1%	-0.0ppt
Amber Leaf	11.8%	11.2%	10.9%		11.3%	-1.4ppt
Sterling	13.7%	13.6%	13.5%		13.6%	+0.1ppt
Benson & Hedges	10.2%	10.6%	11.2%		10.7%	+0.7ppt
Total SoV	45.8%	45.6%	45.6%		45.7%	-0.3ppt

Tobacco Business Data

Romania

<i>Volume evolution</i>						(BNU)	
2022	Q1	Q2	Q3	Q4	YTD		
Total volume	1.6	1.9	2.0		5.5		
	+2.3%	+1.0%	-3.1%		-0.2%		

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	30.1%	29.4%	29.0%		29.5%	-0.2ppt
GFB	17.3%	16.8%	16.6%		16.9%	-0.1ppt
Winston	15.2%	14.8%	14.6%		14.9%	+0.3ppt
Camel	1.3%	1.3%	1.4%		1.3%	-0.0ppt
Total SoV	30.5%	29.9%	29.6%		30.0%	+0.2ppt

Russia*

<i>Volume evolution</i>						(BNU)	
2022	Q1	Q2	Q3	Q4	YTD		
Total volume	18.4	19.5	21.9		59.8		
	-1.3%	-5.5%	+3.4%		-1.1%		

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	36.5%	36.7%	37.1%		36.8%	+0.0ppt
GFB	27.1%	27.4%	27.7%		27.4%	+1.5ppt
Winston	12.0%	12.0%	11.9%		12.0%	-0.8ppt
Camel	7.4%	7.8%	8.0%		7.8%	+3.5ppt
LD	7.7%	7.7%	7.7%		7.7%	-1.1ppt
Total SoV	37.3%	37.5%	38.1%		37.6%	+0.1ppt

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

Turkey

<i>Volume evolution</i>						(BNU)	
2022	Q1	Q2	Q3	Q4	YTD		
Total volume	6.7	8.7	8.2		23.7		
	-1.7%	+5.3%	-13.1%		-3.7%		

Share evolution

2022	Q1	Q2	Q3	Q4	YTD	Var.
Combustibles SoM	28.0%	28.0%	27.8%		27.9%	+0.2ppt
GFB	25.5%	25.5%	25.4%		25.4%	+0.3ppt
Winston	16.6%	17.0%	17.1%		16.9%	+1.7ppt
Camel	6.4%	6.2%	6.1%		6.2%	-0.9ppt
LD	2.4%	2.3%	2.2%		2.3%	-0.5ppt
Total SoV	27.1%	27.3%	27.2%		27.2%	+0.5ppt

Pharmaceutical Business

Clinical Development as of October 31, 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 γ antagonist	Suppresses overactive immune response via inhibition of ROR γ related to Th 17 activation.	Phase2 (Japan)	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)		
JTC-064	Neurodegenerative disease /Oral	PDHK inhibitor	Improves metabolic abnormalities by activation of pyruvate dehydrogenase (PDH)	Phase1 (Overseas)	In-house	

Clinical trial phase presented above is based on the first dose.

We are also conducting additional studies to examine the potential for use in additional dosage forms.

<Licensed compounds>

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

Updates since the previous announcement on July 29, 2022

• JTC-064 has entered the clinical trial stage (Phase1) in overseas.

• JTT-251 (Type 2 diabetes mellitus/Oral): terminated

Definitions

Terms	Definitions
Revenue	Revenue excluding tobacco excise taxes and revenue from agent transactions.
Core revenue at constant FX	The sum of revenues in the pharmaceutical business, processed food business, and others, as well as the core revenue in the tobacco business, which is computed using the same foreign exchange rates as in the equivalent period in the previous fiscal year. Results at constant FX are provided additionally and are not an alternative to financial reporting under International Financial Reporting Standards (IFRS).
Adjusted operating profit (AOP)	Operating profit + amortization cost of acquired intangibles arising from business acquisitions + adjusted items (income and costs) * *Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
~ at constant FX	Constant FX is computed using the same foreign exchange rates as in the equivalent period in the previous fiscal year for the tobacco business. Results at constant FX are provided additionally and are not an alternative to financial reporting under International Financial Reporting Standards (IFRS).
Profit	Profit attributable to owners of the parent company.
Core revenue	Core revenue includes all revenue excluding those from distribution, contract manufacturing and other peripheral businesses.
RRP-related revenue	Reduced-Risk Products (RRP)-related revenue, as a part of core revenue, represents all the sale of RRP, principally consumables, devices and the related accessories.
Combustibles	Combustibles include all tobacco products excluding contract-manufactured products, waterpipe, heated tobacco products, oral and E-Vapor.
Cigarettes	Also known as Ready-Made-Cigarettes (RMC)
Fine cut tobacco (FCT)	Loose tobacco products also known as rolling tobacco. These can be used for both RYO (roll-your-own) cigarettes, i.e., using rolling papers, and MYO (make-your-own) cigarettes, i.e., by filling a filter tube with cut tobacco.
Cigarillo	Products rolled in tobacco-based paper with a similar format to ready-made cigarettes and classified as "cigars" under the Tobacco Business Act of Japan.
Reduced-Risk Products (RRP)	Products with the potential to reduce the risks associated with smoking. In JT's portfolio, these products include heated tobacco sticks (HTS), infused-tobacco capsules (Infused), E-Vapor and Oral.
Heated tobacco products (HTP)	Products that contain tobacco leaf and create a tobacco-enriched vapor by heating electronically the tobacco, either directly or indirectly, without any combustion.

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

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

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

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Japan Tobacco Inc. is a leading international tobacco company with operations in more than 130 countries. With approximately 55,000 employees, it manufactures and sells some of the world's best-known brands including Winston, Camel, MEVIUS and LD. The JT Group is committed to investing in Reduced-Risk Products (RRP) and currently markets its tobacco vapor products under its Ploom brand and various e-cigarette products under its Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit <https://www.jt.com/>.

FORWARD-LOOKING STATEMENTS

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

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

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

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