



Tokyo, July 31, 2023

2023 Second Quarter Results

2023 Second Quarter Highlights (vs. 2022)

- Revenue increased by 9.9% to JPY 1,392.8 billion.
- Core revenue at constant FX increased by 6.8% to JPY 1,302.4 billion.
- Adjusted operating profit at constant FX increased by 4.7% to JPY 434.3 billion.
- On a reported basis, adjusted operating profit increased by 6.7 % to JPY 442.8 billion.
- Operating profit increased by 8.0% to JPY 413.6 billion.
- Profit increased by 8.7% to JPY 287.0 billion.
- The Company announced to offer an interim dividend per share of JPY 94 as initially planned.

2023 Forecasts (vs. Initial Forecasts)

- Revenue forecast is revised upward by JPY 130.0 billion.
- Core revenue at constant FX is revised by JPY 31.0 billion.
- Adjusted operating profit at constant FX is revised by JPY 2.0 billion.
- On a reported basis, adjusted operating profit is revised by JPY 16.0 billion.
- Forecasts are revised upward for operating profit (JPY 21.0 billion) and profit (JPY 17.0 billion).
- Free cash flow is revised upward by JPY 76.0 billion.
- As announced in the initial forecast, 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:

“The JT Group posted another strong set of results for the first half. In particular, the tobacco business reported solid growth across its indicators, driven by a more resilient industry volume and continued market share gains, as well as robust pricing.

Considering the accelerated investment towards heated tobacco sticks (HTS) in the second half of 2023, we have kept the full year forecast for adjusted operating profit at constant FX unchanged. On a reported basis, recognizing the current positive foreign exchange trend, we have revised upward our forecast, including the adjusted operating profit. Dividend per share guidance for full year remains unchanged taking into account our dividend policy at 188 yen per share. The interim dividend is 94 yen per share.

As announced in February, we are accelerating investment towards HTS to establish the foundation of our future growth. Ploom X is now available in 6 markets, following the launch in the Czech Republic in June, and will be launched in Switzerland in September. Geographical expansion is on track with the expectation to complete launches in 14 markets by the end of 2023 and 28 markets by the end of 2024.

The JT Group will make appropriate management decisions in accordance with the 4S model*, our management philosophy, and will work as one to achieve our revised full-year forecasts. We will also make continuous efforts to bring to life our JT Group Purpose** and the purposes of each businesses.”

* 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

** 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.

Investors' Meeting

A conference call with members of the investor community will be held on July 31, 2023 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 2023 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. The results and forecast 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 Q2 2023, the impacts of the hyperinflationary accounting and hyperinflation include those in Ethiopia, Iran, Sudan and Turkey.

Q2 2023 Quarter Results

Consolidated Results

(billions of JPY)	Q2 2023	Q2 2022	Variance	2023 YTD	2022 YTD	Variance
Revenue	727.5	685.3	+6.2%	1,392.8	1,266.8	+9.9%
Adjusted operating profit	219.5	220.0	-0.2%	442.8	414.9	+6.7%
Operating profit	207.2	204.6	+1.2%	413.6	383.0	+8.0%
Profit	142.3	140.0	+1.7%	287.0	264.1	+8.7%
Core revenue at constant FX	707.8	659.5	+7.3%	1,302.4	1,219.1	+6.8%
Adjusted operating profit at constant FX	229.6	220.0	+4.4%	434.3	414.9	+4.7%

Q2 2023

- **Revenue**
Revenue increased by 6.2% to JPY 727.5 billion, driven by increases across all businesses. At constant FX, core revenue increased by 7.3 % to JPY 707.8 billion.
- **Adjusted operating profit**
At constant FX, adjusted operating profit increased by 4.4% to JPY 229.6 billion, driven by increases across all businesses. On a reported basis, adjusted operating profit decreased by 0.2% to JPY 219.5 billion, due to negative currency movements, mainly from the appreciation of the Japanese yen against several local currencies.
- **Operating profit**
Operating profit increased by 1.2% to JPY 207.2 billion, driven by lower trademark amortization in the tobacco business, partially offset by a decrease in adjusted operating profit.
- **Profit**
Profit increased by 1.7% to JPY 142.3 billion, mainly driven by an increase in operating profit.

2023 YTD

- **Revenue**
Revenue increased by 9.9% to JPY 1,392.8 billion, driven by an increase in the tobacco and pharmaceutical businesses, and positive currency movements from a weaker Japanese yen in the tobacco business. At constant FX, core revenue increased by 6.8% to JPY 1,302.4 billion.
- **Adjusted operating profit**
At constant FX, adjusted operating profit increased by 4.7% to JPY 434.3 billion, driven by increases across all businesses. On a reported basis, adjusted operating profit increased by 6.7% to JPY 442.8 billion, driven by positive currency movements from a weaker Japanese yen.
- **Operating profit**
Operating profit increased by 8.0% to JPY 413.6 billion, mainly driven by an increase in adjusted

operating profit.

- **Profit**

Profit increased by 8.7% to JPY 287.0 billion, driven by an increase in operating profit and lower corporate tax, partially offset by increased financing costs.

Results by Business Segment

Tobacco Business

(billions of JPY)	Q2 2023	Q2 2022	Variance	2023 YTD	2022 YTD	Variance
Core revenue	638.1	603.2	+5.8% (+7.3%)*	1,217.2	1,105.3	+10.1% (+6.8%)*
Adjusted operating profit	225.0	227.8	-1.2% (+3.2%)*	450.2	425.1	+5.9% (+3.9%)*

Reference (billions of units, billions of JPY)

Total volume	139.2	134.2	+3.7%	269.3	262.8	+2.5%
Combustibles volume	137.0	132.2	+3.7%	265.2	258.7	+2.5%
RRP volume	2.1	2.1	+4.7%	4.2	4.0	+3.9%
RRP-related revenue	19.2	20.1	-4.4%	39.5	39.1	+0.8%

*At constant FX

Q2 2023

- Core revenue and adjusted operating profit**

Core revenue increased by 5.8%, and by 7.3% at constant FX, driven by a positive volume variance of JPY 5.6 billion, mainly in the EMA cluster, and a strong price/mix contribution of JPY 38.1 billion from the Western Europe and EMA clusters, offsetting unfavorable currency movements. RRP-related revenue declined by 4.4%, due to unfavorable comparisons impacting the RRP volume performance. Adjusted operating profit decreased by 1.2%, due to unfavorable currency movements. At constant FX, adjusted operating profit increased by 3.2% as the positive price/mix contribution more than offset a negative volume variance and higher costs partly related to the Ploom X geo-expansion.

- Volume and market share¹**

Total volume increased by 3.7%, driven by solid growth in the EMA cluster, partially offset by impacts from lower industry volume in Asia and Western Europe. Volume in the combustibles category grew by 3.7%, fueled by Winston (+11.8%), Camel (+21.3%) and continued market share gains. In the RRP category, volume grew by 4.7%, despite the disruption from one-off items impacting 2023, notably the discontinuation of Ploom S in Russia. Excluding these one-off items, RRP volume grew strongly driven by HTS, with Japan HTS volume increasing 41.8% plus the additional volume generated from new market launches.

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

2023 YTD

- Core revenue and adjusted operating profit**

Core revenue increased by 10.1%, and by 6.8% at constant FX, driven by a positive volume variance of JPY 5.1 billion from the Asia and EMA clusters, and a robust price/mix contribution of JPY 70.3 billion from the Western Europe and EMA clusters, as well as favorable currency movements. RRP-related revenue grew by 0.8%, impacted by unfavorable comparisons affecting the RRP volume performance.

Adjusted operating profit increased by 5.9%, and by 3.9% at constant FX, driven by the solid price/mix contribution and favorable currency movements, more than offsetting the negative volume, as well as

the impact of inflation and increased investment in the geo-expansion of Ploom X.

- **Volume and market share¹**

Total volume increased by 2.5%, driven by growth in the Asia and EMA clusters, 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 in the key markets of Spain and the U.K. Combustibles volume increased by 2.5%, fueled by Winston (+7.6%) and Camel (+18.3%). Including the disruption from one-off items mentioned in the quarterly performance, RRP volume grew by 3.9%. Excluding these one-off items, RRP volume grew strongly, fueled by HTS volume increasing 46.4% in Japan and HTS volume contribution from European market launches.

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

Tobacco Business Performance Review by Cluster

Asia

(billions of JPY)	2023 YTD	2022 YTD	Variance
Core revenue	392.6	400.5	-2.0% (-3.3%)*
Adjusted operating profit	145.2	156.5	-7.2% (-7.0%)*

Reference (billions of units)

Total volume	63.5	63.2	+0.5%
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*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue decreased by 2.0%, as the positive volume variance, mainly in Japan, and favorable currency movements, could not offset a negative price/mix contribution, primarily in Japan. At constant FX, core revenue decreased by 3.3%.

Adjusted operating profit decreased by 7.2%, and by 7.0% 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 0.5% and 7.9%, respectively, mainly driven by Bangladesh, Japan, Malaysia and Myanmar, with GFB volume also benefiting from the strong Camel growth in Indonesia and the Philippines. Market share increased in Bangladesh, Japan, Malaysia, the Philippines, Singapore, South Korea and Taiwan.

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

In Japan, total volume was up by 3.2%, driven by share gains in both combustibles and RRP, and a favorable industry volume trend fueled by the increase of the RRP category (+13.6%). Total market share increased by 0.7ppt to 42.8%.

In combustibles, volume increased by 1.4%, driven by category share gains (+3.5ppt to 60.7%), fueled by MEVIUS E-series and Camel Craft, which more than offset the category volume contraction estimated at 4.4%.

In RRP, a category estimated at 37.3% (shipment basis) of the total tobacco industry size, volume increased by 20.7% with RRP share increasing 0.7ppt to 12.7%. Within the HTS segment, Ploom X

grew volume by 46.4% and continued to gain share, reaching an HTS segment share of 9.4%, up by 2.0ppt.

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 36.5%, fueled by Camel. Total market share grew an estimated 3.5ppt to 40.1%, driven by Winston and 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 2.7% and 3.4%, respectively, due to industry volume contraction resulting from the gradual unwinding of COVID trends. Total market share increased 1.4ppt to 50.1%, 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	303.0	267.9	+13.1% (+5.5%)*
Adjusted operating profit	137.9	128.2	+7.5% (+4.0%)*
Reference (billions of units)			
Total volume	53.5	55.9	-4.2%

*At constant FX

- Core revenue and adjusted operating profit**
 Core revenue increased by 13.1%, driven by a positive price/mix contribution, mainly in France, Germany, Spain and the U.K., and by favorable currency movements, more than offsetting the negative volume variance, primarily in the U.K. At constant FX, core revenue increased by 5.5%.
 Adjusted operating profit increased by 7.5%, as the revenue growth and favorable currency movements more than offset higher costs related to Ploom X geo-expansions. At constant FX, adjusted operating profit grew by 4.0%.
- Volume and market share¹**
 Total and GFB volumes decreased by 4.2% and 0.9%, respectively, mainly due to industry volume contraction across the cluster, notably in France, Germany, Spain and the UK, despite continued market share gains. Market share increased in Belgium, France, Germany, Italy, Luxembourg, the Netherlands and Spain.
- By market^{1, 2}**
In Italy, total volume increased by 1.6%, and 0.9% when excluding inventory movements, driven by market share gains and an early volume contribution from Ploom X. GFB volume grew by 0.5%, fueled by Winston. Total market share increased by 0.1ppt to 22.9%.
 Core revenue at constant FX decreased as the favorable volume variance could not offset a negative price/mix contribution.

In Spain, total volume decreased by 5.3%, and 1.7% when excluding inventory movements, mainly

due to industry contraction resulting from the gradual normalization of post-COVID trends. GFB volume decreased 5.4%, as total market share was stable at 28.0%, including gains by Winston, the leading brand in the market.

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 17.7%, almost in line with the industry volume contraction resulting from the full unwinding of COVID trends and excise tax-led price increases. Total market share declined by 0.7ppt to 43.9%, despite Benson & Hedges gaining 1.0ppt of share.

Core revenue at constant FX increased, as the negative volume variance was more than offset by a solid price/mix contribution.

EMA

(billions of JPY)	2023 YTD	2022 YTD	Variance
Core revenue	521.7	436.9	+19.4% (+16.9%)*
Adjusted operating profit	167.2	140.4	+19.0% (+16.0%)*
Reference (billions of units)			
Total volume	152.4	143.7	+6.0%

*At constant FX

- Core revenue and adjusted operating profit**
Core revenue increased by 19.4%, and by 16.9% at constant FX, driven by a positive volume variance, mainly in Global Travel Retail, a robust price/mix contribution, and favorable currency movements. Adjusted operating profit grew by 19.0%, as the revenue growth and favorable currency movements more than offset a higher costs variance. At constant FX, adjusted operating profit increased by 16.0%.
- Volume and market share¹**
Total and GFB volumes increased by 6.0% and 10.3%, respectively, mainly driven by Azerbaijan, Egypt, Iran, Turkey and the ongoing recovery in Global Travel Retail. Market share increased in Azerbaijan, Brazil, Canada, the Czech Republic, Iran, Jordan, Lebanon, Russia, Saudi Arabia, South Africa, Tanzania and the USA.
- By market^{1, 2}**
In Romania, total and GFB volumes increased by 4.8% and 20.4%, respectively, outperforming the combustibles industry volume contraction. Camel gained share in combustibles, driving total market share to 27.2%.
Core revenue at constant FX increased, driven by the positive volume contribution.

In Russia, total volume declined by 1.0%, and by 0.9% when excluding inventory movements, due to an industry volume³ contraction estimated at -2.7% and the discontinuation of Ploom S. GFB volume grew by 3.7%, fueled by total market share gains of 0.4ppt to 37.0%, led by Winston and Camel. Core revenue at constant FX increased, driven by the positive price/mix contribution, more than offsetting the negative volume variance.

In Turkey, total volume grew by 16.4%, driven by a higher industry volume resulting from a favorable comparison to the same period last year and temporary incremental trade demand in June. GFB

volume increased 17.3%, fueled by Winston, Camel and LD. Total market share decreased 0.8ppt to 27.2%, 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 June 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. Brazil, Germany, Italy, Lebanon, the Netherlands, the Philippines, Saudi Arabia, South Korea, Tanzania and the USA are on a year-to-date average at the end of May 2023.

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 June 2023 for total tobacco data versus the same period last year.

Pharmaceutical Business

(billions of JPY)	Q2 2023	Q2 2022	Variance	2023 YTD	2022 YTD	Variance
Revenue	22.7	18.0	+4.7	47.7	39.3	+8.4
Adjusted operating profit	3.1	0.3	+2.8	10.0	4.9	+5.2

Q2 2023

- **Revenue and adjusted operating profit**

Revenue increased driven by one-time compensation gains from licensed compounds and top-line growth at the consolidated subsidiary, Torii Pharmaceutical.

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

2023 YTD

- **Revenue and adjusted operating profit**

Revenue and adjusted operating profit increased for the same reasons mentioned for the second quarter.

Processed Food Business

(billions of JPY)	Q2 2023	Q2 2022	Variance	2023 YTD	2022 YTD	Variance
Revenue	37.8	37.8	+0.0	73.4	73.5	-0.1
Adjusted operating profit	1.5	1.0	+0.5	2.9	1.4	+1.5

Q2 2023

- **Revenue and adjusted operating profit**

Revenue was broadly stable year on year, as an increase due to a positive contribution from price revisions in the frozen and ambient foods business implemented in the previous and current fiscal years, as well as an increase of food-service products due to the recovery of eating out demand, offset the impact of revenue loss due to the transfer of the bakery business.

Adjusted operating profit increased driven by positive contribution from price revisions implemented in the previous and current fiscal years and an increase of food-service products, offset the impact of further significant increases in raw material/distribution costs and the negative impact of exchange rates compared to the previous fiscal year.

2023 YTD

- **Revenue and adjusted operating profit**

Revenue was broadly stable year on year for the same reasons mentioned for the second quarter.

Adjusted operating profit increased for the same reasons mentioned for the second quarter.

FY2023 Revised Forecasts

Consolidated Forecasts

(billions of JPY)	2023 Revised Forecasts	2023 Initial Forecasts	Variance vs. Initial Forecasts	Variance vs. 2022 Results
Revenue	2,759.0	2,629.0	+130.0	+3.8%
Adjusted operating profit	683.0	667.0	+16.0	-6.2%
Operating profit	633.0	612.0	+21.0	-3.1%
Profit	457.0	440.0	+17.0	+3.2%
Free cash flow	478.0	402.0	+76.0	-
Core revenue at constant FX	2,637.0	2,606.0	+31.0	+3.2%
Adjusted operating profit at constant FX	730.0	728.0	+2.0	+0.3%
Basic EPS* (JPY)	257.46	247.91	+9.55	+3.9%

*Based on profit

- **Revenue**
Revenue forecast is revised upward by JPY 130.0 billion to JPY 2,759.0 billion, resulting in a 3.8% increase year on year, driven by upward revisions across all businesses and revised currency assumptions.
- **Adjusted operating profit**
Adjusted operating profit at constant FX is expected to be flat as the initial forecasts at JPY 730.0 billion, due to unchanged estimates for the tobacco and pharmaceutical businesses despite upward revision of the processed food business.
On a reported basis, adjusted operating profit is revised upward by JPY 16.0 billion to JPY 683.0 billion, resulting in a 6.2% decrease year on year, driven by revised currency assumptions towards JPY depreciation against most of the currencies.
- **Operating profit and profit**
Operating profit is revised upward by JPY 21.0 billion to JPY 633.0 billion, resulting in a 3.1% decrease year on year, driven by an upward revision in adjusted operating profit, as well as an increase in sales of real estate.
Profit is revised upward by JPY 17.0 billion to JPY 457.0 billion, resulting in a 3.2% increase year on year, driven by an upward revision in operating profit and lower corporate income tax, partially offset by increased financing costs.
- **Free cash flow**
Free cash flow is revised upward by JPY 76.0 billion to JPY 478.0 billion, mainly driven by an upward revision in adjusted operating profit and improvement in working capital.

Forecasts by Business Segment

Tobacco Business

(billions of JPY)	2023 Revised Forecasts	2023 Initial Forecasts	Variance vs. Initial Forecasts	Variance vs. 2022 Results
Core revenue	2,400.0	2,293.0	+107.0	+3.7% (+3.1%)*
Adjusted operating profit	710.0	696.0	+14.0	-5.8% (+0.4%)*

*At constant FX

- **Core revenue and adjusted operating profit**

Core revenue forecast for the full year of 2023 is revised upward by JPY 107.0 billion, to reflect a stronger volume - resulting from improved industry volume trends and continued share gains, robust pricing contributions, and a weaker-than-expected Japanese Yen. Taking into account this solid underlying performance, core revenue is now expected to increase by 3.7%, and by 3.1% at constant FX, versus 2022.

Adjusted operating profit forecast for the full year of 2023 is revised upward by JPY 14.0 billion, mainly reflecting a weaker-than-expected Japanese Yen. As a result, adjusted operating profit is now expected to decline by 5.8%, versus 2022. At constant FX, year-on-year, the adjusted operating profit variance remains unchanged at +0.4%, as the higher revenue is offset by increased investments partly to support the geo-expansion of Ploom X, unfavorable indirect expenses due to inflation, and by one-off impacts, such as the business disruption in the Sudanese market.

- **Volume**

The forecast for total volume is revised upward to factor the improved industry volume trends and market share gains experienced in the first half. Total volume is now expected to decline by approximately 1%, versus 2022.

Pharmaceutical Business

(billions of JPY)	2023 Revised Forecasts	2023 Initial Forecasts	Variance vs. Initial Forecasts	Variance vs. 2022 Results
Revenue	92.0	89.5	+2.5	+9.1
Adjusted operating profit	13.5	13.5	-	+2.4

- **Revenue and adjusted operating profit**

Revenue is revised upward by JPY 2.5 billion, representing an increase versus the previous year, reflecting an increase in revenue from Torii Pharmaceutical and the upside of overseas royalty income due to yen depreciation.

Adjusted operating profit remains unchanged from the initial forecast due to an increase in R&D expenses despite an upward revision of revenue, representing an increase versus the previous year.

Processed Food Business

(billions of JPY)	2023 Revised Forecasts	2023 Initial Forecasts	Variance vs. Initial Forecasts	Variance vs. 2022 Results
Revenue	155.0	147.5	+7.5	-0.5
Adjusted operating profit	5.5	4.0	+1.5	+2.0

- **Revenue and adjusted operating profit**

Revenue is expected to be at the same level as previous fiscal year, with an upward revision of JPY 7.5 billion, reflecting a revenue increase of food-service products due to the early recovery of eating out demand in the frozen and ambient foods business.

Adjusted operating profit is revised upward by JPY 1.5 billion, representing an increase versus the previous year due to the upward revision of revenue.

Data Sheets

Results for 2023 Second Quarter

1. Summary of consolidated results

(Unit: JPY billion)

	Q2 YTD 2023	Q2 YTD 2022	Variance (abs)	Variance (%)
Revenue	1,392.8	1,266.8	+126.0	+9.9%
Operating profit	413.6	383.0	+30.6	+8.0%
Adjusted operating profit	442.8	414.9	+28.0	+6.7%
Profit before income taxes	373.4	361.0	+12.4	+3.4%
Profit	287.0	264.1	+22.9	+8.7%
Basic EPS*(JPY)	161.70	148.80	+12.90	+8.7%

*Based on profit

[Reference]

(Unit: JPY billion)

	Q2 YTD 2023	Q2 YTD 2022	Variance (abs)	Variance (%)
Core revenue at constant FX	1,302.4	1,219.1	+83.2	+6.8%
Adjusted operating profit at constant FX	434.3	414.9	+19.5	+4.7%

2. Results by business segment

(Unit: JPY billion)

	Q2 YTD 2023	Q2 YTD 2022	Variance (abs)	Variance (%)
Consolidated revenue	1,392.8	1,266.8	+126.0	+9.9%
Tobacco	1,271.0	1,153.0	+118.1	+10.2%
Core revenue	1,217.2	1,105.3	+111.9	+10.1%
Pharmaceutical	47.7	39.3	+8.4	+21.3%
Processed food	73.4	73.5	-0.1	-0.1%
Others	0.7	1.1	-0.4	-35.8%
Consolidated operating profit	413.6	383.0	+30.6	+8.0%
Tobacco	418.4	390.3	+28.1	+7.2%
Pharmaceutical	10.0	4.9	+5.2	+106.5%
Processed food	3.8	0.4	+3.4	+808.8%
Others/Elimination	-18.7	-12.6	-6.0	-
Adjustments, total	-29.3	-31.9	+2.6	
Tobacco	-31.8	-34.8	+3.0	
Pharmaceutical	-	-	-	
Processed food	0.8	-1.0	+1.9	
Others/Elimination	1.7	3.9	-2.3	
Consolidated adjusted operating profit	442.8	414.9	+28.0	+6.7%
Tobacco	450.2	425.1	+25.1	+5.9%
Pharmaceutical	10.0	4.9	+5.2	+106.5%
Processed food	2.9	1.4	+1.5	+103.5%
Others/Elimination	-20.3	-16.6	-3.8	-

Results for 2023 Second Quarter

3. Depreciation and amortization*

(Unit: JPY billion)

	Q2 YTD 2023	Q2 YTD 2022	Variance (abs)
Consolidated depreciation and amortization	74.7	86.3	-11.6
Tobacco	69.0	79.7	-10.7
Pharmaceutical	2.0	2.4	-0.4
Processed food	3.2	3.3	-0.1
Others/Elimination	0.5	0.9	-0.4

*Excluding depreciation from lease transactions

4. Consolidated financial position

(Unit: JPY billion)

	2023 Jun. end	2022 Dec. end	Variance (abs)
Total assets	6,974.4	6,548.1	+426.3
Total equity	3,949.7	3,616.8	+333.0
Equity attributable to owners of the parent company	3,867.6	3,540.4	+327.2
BPS (attributable to owners of the parent company) (JPY)	2,178.87	1,994.78	+184.10

5. Liquidity and interest-bearing debt

(Unit: JPY billion)

	2023 Jun. end	2022 Dec. end	Variance (abs)
Liquidity	896.5	880.4	+16.1
Interest-bearing debt	1,083.0	958.3	+124.7

6. Consolidated cash flow

(Unit: JPY billion)

	Q2 YTD 2023	Q2 YTD 2022	Variance (abs)
Cash flows from operating activities	206.9	110.2	+96.7
Cash flows from investing activities	-102.7	-38.8	-63.8
Cash flows from financing activities	-163.3	-158.2	-5.2
Cash and cash equivalents, beginning of the period	866.9	721.7	+145.2
Foreign currency translation adj. on cash & cash equivalents	19.4	113.8	-94.3
Cash and cash equivalents, end of the period	827.2	748.7	+78.5
FCF	154.9	73.0	+81.9

7. Capital expenditures

(Unit: JPY billion)

	Q2 YTD 2023	Q2 YTD 2022	Variance (abs)
Consolidated capital expenditures	46.8	36.3	+10.5
Tobacco	40.2	28.3	+12.0
Pharmaceutical	3.6	0.8	+2.8
Processed food	2.0	4.0	-2.1
Others/Elimination	1.0	3.3	-2.2

8. FX actual

	Q2 YTD 2023	Q2 YTD 2022	Variance (abs)	Variance (%)
100YEN/USD	0.74	0.81	-0.07	+9.6%
100YEN/RUB	56.97	62.56	-5.59	+9.8%
100YEN/GBP	0.60	0.63	-0.03	+4.2%
100YEN/EUR	0.69	0.74	-0.06	+8.5%
100YEN/CHF	0.68	0.77	-0.09	+13.6%
100YEN/TWD	22.65	23.36	-0.71	+3.1%
100YEN/TRY*	17.92	12.20	5.72	-31.9%
100YEN/PHP	40.95	42.43	-1.48	+3.6%

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

FY2023 Revised Forecasts (as of July 31, 2023)

1. Summary of consolidated forecasts

(Unit: JPY billion)

	FY2023 Revised Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Revenue	2,759.0	2,657.8	+101.2	+3.8%
Operating profit	633.0	653.6	-20.6	-3.1%
Adjusted operating profit	683.0	727.8	-44.8	-6.2%
Profit	457.0	442.7	+14.3	+3.2%

[Reference]

(Unit: JPY billion)

	FY2023 Revised Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Core revenue at constant FX	2,637.0	2,555.7	+81.3	+3.2%
Adjusted operating profit at constant FX	730.0	727.8	+2.2	+0.3%

2. EPS, DPS, ROE

(Unit: JPY)

	FY2023 Revised Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Basic EPS*	257.46	249.45	+8.01	+3.2%
DPS	188	188	-	-
ROE*	12.5%	13.9%	-1.5ppt	

*Based on profit

3. Forecasts by business segment

(Unit: JPY billion)

	FY2023 Revised Forecasts	FY2022 Results	Variance (abs)	Variance (%)
Consolidated revenue	2,759.0	2,657.8	+101.2	+3.8%
Tobacco	2,510.0	2,417.4	+92.6	+3.8%
Core revenue	2,400.0	2,315.2	+84.8	+3.7%
Pharmaceutical	92.0	82.9	+9.1	+11.0%
Processed food	155.0	155.5	-0.5	-0.3%
Others	2.0	2.0	+0.0	+1.2%
Consolidated operating profit	633.0	653.6	-20.6	-3.1%
Tobacco	650.0	679.4	-29.4	-4.3%
Pharmaceutical	13.5	11.1	+2.4	+21.1%
Processed food	6.0	4.2	+1.8	+43.8%
Others/Elimination	-36.5	-41.1	+4.6	-
Consolidated adjusted operating profit	683.0	727.8	-44.8	-6.2%
Tobacco	710.0	754.0	-44.0	-5.8%
Pharmaceutical	13.5	11.1	+2.4	+21.1%
Processed food	5.5	3.5	+2.0	+56.8%
Others/Elimination	-46.0	-40.9	-5.1	-

FY2023 Revised Forecasts (as of July 31, 2023)

4. Free cash flow

(Unit: JPY billion)

	FY2023 Revised Forecasts	FY2022 Results	Variance (abs)
FCF	478.0	382.9	+95.1

5. Capital expenditures

(Unit: JPY billion)

	FY2023 Revised Forecasts	FY2022 Results	Variance (abs)
Consolidated capital expenditures	131.0	101.0	+30.0
Tobacco	110.0	83.8	+26.2
Pharmaceutical	8.0	2.4	+5.6
Processed food	6.5	8.2	-1.7
Others/Elimination	6.5	6.6	-0.1

6. Assumptions of 2023 Forecasts

Tobacco business

- Total volume: a decrease of approx. 1% (vs. 527.3 BnU in 2022)
- GFB volume: a increase of approx. 3% (vs. 362.4 BnU in 2022)

<FX assumptions>

	FY2023 Revised Forecasts	FY2022 Results	Variance (abs)	Variance (%)
100YEN/USD	0.73	0.76	-0.03	+4.1%
100YEN/RUB	58.80	53.06	+5.74	-9.8%
100YEN/GBP	0.59	0.62	-0.03	+4.7%
100YEN/EUR	0.66	0.73	-0.07	+9.9%
100YEN/CHF	0.65	0.73	-0.08	+12.2%
100YEN/TWD	22.04	22.72	-0.68	+3.1%
100YEN/PHP	40.50	41.55	-1.05	+2.6%

**FY2023 Revised Forecasts
vs Initial Forecasts
(as of July 31, 2023)**

1. Summary of consolidated forecasts

(Unit: JPY billion)

	FY2023 Revised Forecasts	FY2023 Initial Forecasts	Variance (abs)	Variance (%)
Revenue	2,759.0	2,629.0	+130.0	+4.9%
Operating profit	633.0	612.0	+21.0	+3.4%
Adjusted operating profit	683.0	667.0	+16.0	+2.4%
Profit	457.0	440.0	+17.0	+3.9%

[Reference]

(Unit: JPY billion)

	FY2023 Revised Forecasts	FY2023 Initial Forecasts	Variance (abs)	Variance (%)
Core revenue at constant FX	2,637.0	2,606.0	+31.0	+1.2%
Adjusted operating profit at constant FX	730.0	728.0	+2.0	+0.3%

2. EPS, DPS, ROE

(Unit: JPY)

	FY2023 Revised Forecasts	FY2023 Initial Forecasts	Variance (abs)	Variance (%)
Basic EPS*	257.46	247.91	+9.55	+3.9%
DPS	188	188	-	-
ROE*	12.5%	12.4%	+0.0ppt	

*Based on profit

3. Forecasts by business segment

(Unit: JPY billion)

	FY2023 Revised Forecasts	FY2023 Initial Forecasts	Variance (abs)	Variance (%)
Consolidated revenue	2,759.0	2,629.0	+130.0	+4.9%
Tobacco	2,510.0	2,390.0	+120.0	+5.0%
Core revenue	2,400.0	2,293.0	+107.0	+4.7%
Pharmaceutical	92.0	89.5	+2.5	+2.8%
Processed food	155.0	147.5	+7.5	+5.1%
Others	2.0	2.0	-	-
Consolidated operating profit	633.0	612.0	+21.0	+3.4%
Tobacco	650.0	636.0	+14.0	+2.2%
Pharmaceutical	13.5	13.5	-	-
Processed food	6.0	4.0	+2.0	+50.0%
Others/Elimination	-36.5	-41.5	+5.0	-
Consolidated adjusted operating profit	683.0	667.0	+16.0	+2.4%
Tobacco	710.0	696.0	+14.0	+2.0%
Pharmaceutical	13.5	13.5	-	-
Processed food	5.5	4.0	+1.5	+37.5%
Others/Elimination	-46.0	-46.5	+0.5	-

**FY2023 Revised Forecasts
vs Initial Forecasts
(as of July 31, 2023)**

4. Free cash flow

(Unit: JPY billion)

	FY2023 Revised Forecasts	FY2023 Initial Forecasts	Variance (abs)
FCF	478.0	402.0	+76.0

5. Capital expenditures

(Unit: JPY billion)

	FY2023 Revised Forecasts	FY2023 Initial Forecasts	Variance (abs)
Consolidated capital expenditures	131.0	130.0	+1.0
Tobacco	110.0	107.5	+2.5
Pharmaceutical	8.0	5.0	+3.0
Processed food	6.5	11.0	-4.5
Others/Elimination	6.5	6.5	-

6. Revised assumptions of 2022 Forecast

Tobacco business	Revised Forecasts	Initial Forecasts
Total volume	a decrease of approx. 1%	a decrease of approx. 1.5~2.0%
GFB volume	an increase of approx. 3%	a decrease of approx. 0.5~1.0%

<FX assumptions>

	FY2023 Revised Forecasts	FY2023 Initial Forecasts	Variance (abs)	Variance (%)
100YEN/USD	0.73	0.77	-0.04	+5.5%
100YEN/RUB	58.80	53.80	+5.00	-8.5%
100YEN/GBP	0.59	0.64	-0.05	+8.5%
100YEN/EUR	0.66	0.73	-0.07	+10.6%
100YEN/CHF	0.65	0.72	-0.07	+10.8%
100YEN/TWD	22.04	23.85	-1.81	+8.2%
100YEN/PHP	40.50	43.00	-2.50	+6.2%

Tobacco Business Data

1. Summary

2023	Q1	Q2	Q3	Q4	YTD	
Total volume	130.2	139.2			269.3	BNU
(vs. PY)	+1.3%	+3.7%			+2.5%	
Combustibles volume	128.2	137.0			265.2	BNU
(vs.PY)	+1.2%	+3.7%			+2.5%	
GFB volume	91.0	101.5			192.5	BNU
(vs.PY)	+4.2%	+10.5%			+7.4%	
RRP volume	2.0	2.1			4.2	BNU
(vs.PY)	+3.0%	+4.7%			+3.9%	
Core revenue	579.1	638.1			1,217.2	JPY BN
(vs. PY)	+15.3%	+5.8%			+10.1%	
	(+6.3%)*	(+7.3%)*			(+6.8%)*	
RRP-related revenue	20.3	19.2			39.5	JPY BN
(vs.PY)	+6.4%	-4.4%			+0.8%	
Adjusted operating profit	225.1	225.0			450.2	JPY BN
(vs. PY)	+14.1%	-1.2%			+5.9%	
	(+4.6%)*	(+3.2%)*			(+3.9%)*	

*at constant FX

2. Breakdown of core revenue

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2022	502.0	603.2			1,105.3
Volume	-0.5	+5.6			+5.1
Price/Mix	+32.1	+38.1			+70.3
2023@PY	533.6	647.0			1,180.6
FX	+45.5	-8.9			+36.6
2023	579.1	638.1			1,217.2

3. Breakdown of adjusted operating profit

(JPY BN)

	Q1	Q2	Q3	Q4	YTD
2022	197.3	227.8			425.1
Volume	-3.0	-6.4			-9.4
Price/Mix	+32.4	+33.5			+65.9
Others	-20.3	-19.7			-39.9
2023@PY	206.5	235.2			441.7
FX	+18.6	-10.1			+8.5
2023	225.1	225.0			450.2

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%			63.5	+0.5%
GFB volume	20.4	+9.1%	20.5	+6.7%			40.9	+7.9%
<hr/>								
Western Europe	Q1 2023		Q2 2023		Q3 2023	Q4 2023	YTD	
Total volume	26.1	-5.2%	27.4	-3.3%			53.5	-4.2%
GFB volume	18.3	-2.1%	19.4	+0.1%			37.8	-0.9%
<hr/>								
EMA	Q1 2023		Q2 2023		Q3 2023	Q4 2023	YTD	
Total volume	72.0	+3.4%	80.4	+8.4%			152.4	+6.0%
GFB volume	52.3	+4.7%	61.5	+15.7%			113.8	+10.3%

Financials (JPY BN)

Asia	Q1 2023		Q2 2023		Q3 2023	Q4 2023	YTD	
Core revenue	196.2	+1.7%	196.4	-5.3%			392.6	-2.0%
		(-1.0%)*		(-5.4%)*				(-3.3%)*
AOP	75.8	+0.2%	69.3	-14.2%			145.2	-7.2%
		(+0.5%)*		(-14.1%)*				(-7.0%)*
<hr/>								
Western Europe	Q1 2023		Q2 2023		Q3 2023	Q4 2023	YTD	
Core revenue	140.5	+12.2%	162.5	+13.9%			303.0	+13.1%
		(+4.7%)*		(+6.2%)*				(+5.5%)*
AOP	64.7	+5.8%	73.1	+9.1%			137.9	+7.5%
		(+3.3%)*		(+4.6%)*				(+4.0%)*
<hr/>								
EMA	Q1 2023		Q2 2023		Q3 2023	Q4 2023	YTD	
Core revenue	242.4	+31.8%	279.2	+10.4%			521.7	+19.4%
		(+15.1%)*		(+18.2%)*				(+16.9%)*
AOP	84.6	+40.0%	82.6	+3.2%			167.2	+19.0%
		(+11.3%)*		(+19.6%)*				(+16.0%)*

*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			400.5
Volume	+4.4	+0.2			+4.6
Price/Mix	-6.4	-11.4			-17.8
2023@PY	190.9	196.3			387.3
FX	+5.2	+0.1			+5.3
2023	196.2	196.4			392.6
<hr/>					
Western Europe	Q1	Q2	Q3	Q4	YTD
2022	125.2	142.7			267.9
Volume	-8.6	-9.4			-18.0
Price/Mix	+14.5	+18.2			+32.7
2023@PY	131.1	151.5			282.5
FX	+9.4	+11.0			+20.4
2023	140.5	162.5			303.0
<hr/>					
EMA	Q1	Q2	Q3	Q4	YTD
2022	183.9	253.0			436.9
Volume	+3.6	+14.8			+18.4
Price/Mix	+24.1	+31.4			+55.5
2023@PY	211.6	299.2			510.8
FX	+30.8	-20.0			+10.9
2023	242.4	279.2			521.7

6. Breakdown of adjusted operating profit by cluster

(JPY BN)

Asia	Q1	Q2	Q3	Q4	YTD
2022	75.7	80.7			156.5
Volume	+3.7	-6.0			-2.3
Price/Mix	-6.2	-10.8			-17.0
Others	+2.9	+5.4			+8.3
2023@PY	76.1	69.4			145.5
FX	-0.2	-0.1			-0.3
2023	75.8	69.3			145.2
<hr/>					
Western Europe	Q1	Q2	Q3	Q4	YTD
2022	61.2	67.0			128.2
Volume	-9.9	-6.9			-16.8
Price/Mix	+16.0	+15.0			+31.0
Others	-4.1	-5.0			-9.2
2023@PY	63.2	70.1			133.3
FX	+1.5	+3.0			+4.6
2023	64.7	73.1			137.9
<hr/>					
EMA	Q1	Q2	Q3	Q4	YTD
2022	60.4	80.0			140.4
Volume	+3.2	+6.4			+9.6
Price/Mix	+22.7	+29.3			+51.9
Others	-19.1	-20.0			-39.1
2023@PY	67.2	95.7			162.9
FX	+17.3	-13.1			+4.3
2023	84.6	82.6			167.2

Tobacco Business Data

7. GFB volume by brand (vs. PY)

(BNU)

2023	Q1	Q2	Q3	Q4	YTD
Winston	46.2	52.8			99.0
	+3.2%	+11.8%			+7.6%
Camel	23.2	25.6			48.8
	+15.1%	+21.3%			+18.3%
MEVIUS	10.8	11.3			22.1
	-0.4%	-1.1%			-0.8%
LD	10.8	11.8			22.6
	-6.8%	-2.4%			-4.5%

8. FX actual (vs. PY)

2023	Q1	Q2	Q3	Q4	YTD
100JPY/USD	0.76	0.73			0.74
	+13.8%	+5.3%			+9.6%
100JPY/RUB	54.96	58.98			56.97
	+34.2%	-12.9%			+9.8%
100JPY/GBP	0.62	0.58			0.60
	+3.0%	+5.4%			+4.2%
100JPY/EUR	0.70	0.67			0.69
	+8.8%	+8.2%			+8.5%
100JPY/CHF	0.70	0.65			0.68
	+13.6%	+13.7%			+13.6%
100JPY/TWD	22.96	22.33			22.65
	+4.7%	+1.5%			+3.1%
100JPY/TRY	*	*			*
100JPY/PHP	41.43	40.48			40.95
	+6.9%	+0.2%			+3.6%

*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 June 2023 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the Japanese yen (100JPY/TRY: 17.92 reference: 100JPY/USD: 0.69)

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 June 2023.

Italy and the Philippines are on a year-to-date average at the end of May 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			31.2	
	+4.5%	+2.1%			+3.2%	
Combustibles volume	13.4	14.3			27.7	
	+2.6%	+0.3%			+1.4%	
RRP volume	1.7	1.8			3.5	
	+22.4%	+19.1%			+20.7%	
HTS volume	1.2	1.3			2.5	
	+51.8%	+41.8%			+46.4%	

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	42.7%	42.8%			42.8%	+0.7ppt
Combustibles SoM	38.0%	38.1%			38.0%	-0.1ppt
GFB (SoM)	26.5%	26.6%			26.6%	+0.7ppt
Winston (SoM)	3.9%	3.8%			3.9%	-0.6ppt
MEVIUS (SoM)	16.8%	16.7%			16.8%	-1.1ppt
Seven Stars (SoM)	4.7%	4.7%			4.7%	-0.1ppt
Camel (SoM)	5.9%	6.0%			5.9%	+2.3ppt
RRP SoM*	4.8%	4.7%			4.7%	+0.7ppt
HTS SoS	9.3%	9.5%			9.4%	+2.0ppt
Total SoV	42.8%	42.9%			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			12.2	
	+0.0%	-10.0%			-4.7%	

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	39.3%	41.4%			40.1%	+3.5ppt
GFB (SoM)	17.5%	19.9%			18.4%	+5.4ppt
Winston (SoM)	10.7%	11.4%			10.9%	+0.2ppt
Camel (SoM)	6.7%	8.4%			7.4%	+5.2ppt
Total SoV	36.6%	38.4%			37.3%	+2.7ppt

*Data for SoM and SoV includes combustibles only

Taiwan*

Volume evolution

						(BNU)
2023	Q1	Q2	Q3	Q4	YTD	
Total volume	3.5	3.4			7.0	
	-1.7%	-3.6%			-2.7%	

Share evolution

2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM	50.0%	50.2%			50.1%	+1.4ppt
GFB (SoM)	40.8%	41.0%			40.9%	+0.8ppt
Winston (SoM)	14.1%	14.4%			14.3%	+0.5ppt
LD (SoM)	7.7%	7.8%			7.8%	+0.3ppt
MEVIUS (SoM)	18.9%	18.8%			18.8%	-0.0ppt
Total SoV	54.0%	54.2%			54.1%	+1.1ppt

*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			9.6	
		+1.3%	+1.9%				+1.6%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		23.1%	22.6%			22.9%	+0.1ppt
GFB (SoM)		19.4%	18.7%			19.1%	+0.1ppt
Winston (SoM)		12.7%	12.0%			12.4%	+0.4ppt
Camel (SoM)		6.6%	6.8%			6.7%	-0.3ppt
Total SoV		23.0%	22.4%			22.7%	+0.1ppt

Spain

Volume evolution

						(BNU)	
	2023	Q1	Q2	Q3	Q4	YTD	
Total volume		3.7	4.1			7.8	
		-6.2%	-4.6%				-5.3%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		27.9%	28.1%			28.0%	+0.0ppt
GFB (SoM)		25.8%	25.3%			25.5%	-0.2ppt
Winston (SoM)		14.7%	14.3%			14.5%	+0.0ppt
Camel (SoM)		11.0%	11.0%			11.0%	-0.2ppt
Total SoV		27.7%	28.0%			27.8%	+0.1ppt

The U.K.

Volume evolution

						(BNU)	
	2023	Q1	Q2	Q3	Q4	YTD	
Total volume		4.0	3.9			7.8	
		-17.1%	-18.2%				-17.7%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		44.3%	43.5%			43.9%	-0.7ppt
GFB (SoM)		0.1%	0.1%			0.1%	-0.0ppt
Amber Leaf (SoM)		10.4%	10.0%			10.2%	-1.1ppt
Sterling (SoM)		12.9%	12.2%			12.5%	-1.0ppt
Benson & Hedges (SoM)		11.2%	11.4%			11.3%	+1.0ppt
Total SoV		45.0%	44.6%			44.8%	-0.6ppt

Tobacco Business Data

Romania

Volume evolution

		(BNU)				
	2023	Q1	Q2	Q3	Q4	YTD
Total volume		1.7	1.9			3.7
		+5.7%	+4.1%			+4.8%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		27.2%	27.2%			27.2%	-0.1ppt
GFB (SoM)		17.3%	17.5%			17.4%	+1.8ppt
Wisnton (SoM)		12.0%	11.8%			11.9%	-1.8ppt
Camel (SoM)		4.9%	5.5%			5.2%	+4.1ppt
Total SoV		28.0%	28.0%			28.0%	-0.2ppt

Russia

Volume evolution

		(BNU)				
	2023	Q1	Q2	Q3	Q4	YTD
Total volume		17.6	20.0			37.6
		-4.5%	+2.4%			-1.0%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		36.5%	37.4%			37.0%	+0.4ppt
GFB (SoM)		27.7%	29.3%			28.5%	+1.2ppt
Winston (SoM)		11.8%	12.9%			12.4%	+0.4ppt
Camel (SoM)		8.2%	8.5%			8.4%	+0.8ppt
LD (SoM)		7.5%	7.8%			7.7%	+0.0ppt
Total SoV		37.7%	38.6%			38.2%	+0.8ppt

Turkey *

Volume evolution

		(BNU)				
	2023	Q1	Q2	Q3	Q4	YTD
Total volume		7.2	10.8			18.0
		+7.7%	+23.1%			+16.4%

Share evolution

	2023	Q1	Q2	Q3	Q4	YTD	Var.
Total SoM		27.2%	27.1%			27.2%	-0.8ppt
GFB (SoM)		25.0%	24.9%			24.9%	-0.6ppt
Wisnton (SoM)		17.2%	17.2%			17.2%	+0.4ppt
Came (SoM)		5.7%	5.5%			5.6%	-0.7ppt
LD (SoM)		2.1%	2.1%			2.1%	-0.2ppt
Total SoV		26.5%	26.3%			26.4%	-0.8ppt

*Data for SoM and SoV includes RMC only

Pharmaceutical Business

Clinical Development as of July 31, 2023

<In-house development>

Code (Generic Name)	Potential Indication/Dosage form	Mechanism		Phase (Region)	Origin	Note
JTE-052 (delgocitinib)	Autoimmune/allergic diseases /Oral, Topical	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	Phase1 (Japan)	In-house	
JTE-051	Autoimmune/allergic diseases /Oral	Interleukin-2 inducible T cell kinase inhibitor	Suppresses overactive immune response via inhibition of the signal to activate T cells related to immune response.	Phase2(Japan)	In-house	
				Phase2 (Overseas)		
JTT-662	Type 2 diabetes mellitus /Oral	SGLT1 inhibitor	Suppresses postprandial hyperglycemia and normalizes blood glucose level via inhibition of SGLT1.	Phase1 (Overseas)	In-house	
JTT-861	Chronic heart failure /Oral	PDHK inhibitor	Improves cardiac function by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase1 (Overseas)	In-house	
JTE-061 (tapinarof)	Atopic dermatitis /Topical	AhR modulator	Suppresses skin inflammation via activation of the aryl hydrocarbon receptor (AhR)	Phase3 (Japan)	In-license	<ul style="list-style-type: none"> • In-license from Dermavant Sciences GmbH • Co-development with Torii
	Plaque psoriasis /Topical			Phase3 (Japan)		
	Atopic dermatitis (pediatric) /Topical			Phase2 (Japan)		
JTC-064	Neurodegenerative disease /Oral	PDHK inhibitor	Improves metabolic abnormalities by activation of pyruvate dehydrogenase (PDH)	Phase1 (Overseas)	In-house	
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.	
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 May 2, 2023

•JTE-162 has entered the clinical trial stage (Phase1) in overseas

•enarodustat (HIF-PH Inhibitor) : JT's license partner Salubris announced that Enarodustat tablets (恩那罗®) received regulatory approval in Mainland China

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 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.

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