

JT GROUP 2022 FINANCIAL RESULTS & 2023 FORECAST

FY2022 Highlights (vs. 2021)

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

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

FY2023 Forecasts (vs. 2022)

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

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

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

“The JT Group reported another strong performance in 2022, driven by solid pricing and sustained market share gains in the tobacco business, overcoming the global challenges. We

continued to make progress in the reduced-risk products (RRP) category, with Ploom X increasing share in the HTS (heated tobacco sticks) segment in Japan and the launch of Ploom X in London.

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

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

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

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

Investors' Meeting

An investors' meeting with members of the investor community will be held on February 15, 2023 at 6:00pm Tokyo time. An on-demand audio recording of this conference will be available on our website (https://www.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 2023 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, the results on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets. As of Q4 2022, the impacts of the hyperinflationary accounting and hyperinflation include those in Ethiopia, Iran, Sudan and Turkey.