



Tokyo, February 14, 2022

2021 Earnings Report

FY2021 Highlights (vs. 2020)

- Revenue increased by 11.1% to JPY 2,324.8 billion.
- Adjusted operating profit at constant FX increased by 22.9% to JPY 598.4 billion.
- On a reported basis, adjusted operating profit increased by 25.4% to JPY 610.4 billion.
- Operating profit increased by 6.4% to JPY 499.0 billion.
- Profit attributable to owners of the parent company increased by 9.1% to JPY 338.5 billion.
- Free cash flow decreased by JPY 21.9 billion to JPY 482.0 billion.
- The Company plans to pay an annual dividend per share of JPY 140 (a dividend payout ratio of 73.4%).

FY2022 Forecasts (vs. 2021)

- Revenue is forecast to decrease by 0.4% to JPY 2,315.0 billion.
- Core revenue at constant FX¹ is forecast to decrease by 0.1% to JPY 2,229.0 billion.
- Adjusted operating profit at constant FX is forecast to increase by 4.0% to JPY 635.0 billion.
- On a reported basis, adjusted operating profit is forecast to increase by 0.1% to JPY 611.0 billion.
- Operating profit is forecast to increase by 7.0% to JPY 534.0 billion.
- Profit attributable to owners of the parent company is forecast to increase by 5.2% to JPY 356.0 billion.
- Free cash flow is forecast to decrease by JPY 140.0 billion to JPY 342.0 billion.
- The Company plans to offer an annual dividend per share of JPY 150 (a dividend payout ratio of 74.8%).

Please refer to 'Data Sheets' on page 18 for more financial figures.

Masamichi Terabatake, President and Chief Executive Officer of the JT Group, said:

"The JT Group reported a robust performance in 2021, driven by strong momentum across the tobacco business. Our consumer-centric approach and strong brand portfolio have enabled share gains in the majority of our markets and resulted in a record sales volume in the international tobacco business. Despite a challenging operating environment, including the ongoing pandemic, the Group accomplished several important milestones in the year. We implemented measures to generate sustainable growth, notably in our priority investment category where we launched our new HTS (heated tobacco sticks) device, Ploom X, starting in Japan. We also successfully implemented various initiatives related to the new operating model for the consolidated tobacco business, which went live this January.

"Our aim to achieve mid to high single digit growth of adjusted operating profit at constant currency, in the mid to long term remains unchanged. Expansion of our presence in the RRP category is utmost priority. Even within the RRP category, we will primarily be prioritizing efforts and investments towards the HTS category. By 2027, our ambition is to reach break-even² in the RRP category by achieving a heated tobacco segment share in the mid-teens across our key HTS markets³. To reach this goal, we are accelerating necessary business investments and expect an annual average growth rate of adjusted operating profit at constant currency to be mid single digit during the 2022 business plan period. Furthermore, we plan to grow profit, which in turn will increase shareholder returns, in line with our shareholder return policy.

"Today, we also announced an upward revision of our sustainability targets embedded in the 'JT Group Environment Plan 2030', as well as our determination to achieve Net-Zero Greenhouse Gas emissions across our entire value chain by 2050. We believe, under the new operating model, all these measures will further strengthen our business foundation towards sustainable growth and help us build a more agile and consumer-centric organization."

¹ 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 between local currencies vs USD as well as the exchange rates between JPY and USD 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).

² Global basis (assumes the existing geographic footprint and the current expansion plan)

³ Japan, Russia, the UK, Italy

Investor Meeting

An investor meeting with members of the investor community will be held on February 15, 2022 at 5:00pm Tokyo Time. The on-demand audio of this meeting will be available on our website from February 16, 2022 (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

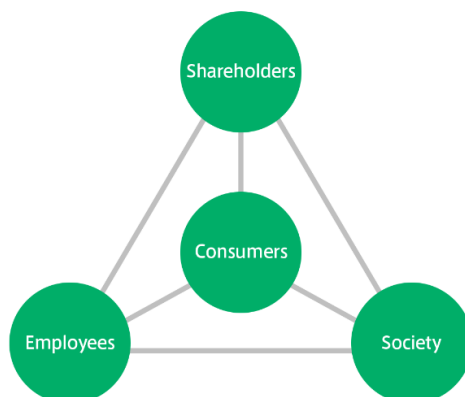
The results for fiscal year 2021 and the forecasts for fiscal year 2022 on a reported basis have been adjusted to include the impact of hyperinflationary accounting, which has been applied since Q3 2020, in accordance with the requirements stipulated in IAS 29. Starting from Q1 2021, the results for fiscal year 2021 on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

Business Plan 2022

● Our Management Principle: To pursue the 4S model

Under the 4S model, we strive to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups, and exceeding their expectations wherever we can. The 4S model has allowed us to achieve sustainable profit growth in the past years and this model will continue to increase our value in the mid to long term.

(The 4S Model)



● Mid- to Long-Term Target:

- Achieve mid to high single digit annual average growth rate of consolidated adjusted operating profit at constant FX
- Outlook 2022-2024: Annual average growth of a mid single digit rate despite significant investments towards RRP

● Resource Allocation Policy

➤ The 4S model guides our resource allocation

- Prioritize business investments¹ for sustainable profit growth in the mid to long term.
- Strike a balance between profit growth through business investments and shareholder returns.

➤ Shareholder Return Policy:

- Aim to enhance shareholder returns by realizing the Company's mid- to long-term profit growth, while maintaining a strong financial base².
- Target a dividend payout ratio of about 75%³, a competitive level⁴ in the capital markets.
- Consider implementing a share buy-back program, mainly taking into account the Company's financial outlook of the respective year and mid-term capital needs.

Notes:

¹ Investment towards the growth of the tobacco business is of our highest priority. Pursue growth of Adjusted Operating Profit at constant FX through quality top-line growth.

² The Company will maintain a strong financial base that secures stability in case of changes in business environment such as economic crises and flexibility enabling expeditious responses to business investment opportunities.

³ To be in the range of approximately $\pm 5\%$.

⁴ Monitor the shareholder return trends of Fast-Moving Consumer Goods companies which have a stakeholder model similar to our 4S model and have realized strong business growth.

FY2021 Financial Results

Consolidated Results

(billions of JPY)	2020 Q4	2021 Q4	Variance	FY2020	FY2021	Variance
Revenue	500.5	558.8	+11.6%	2,092.6	2,324.8	+11.1%
Adjusted operating profit	45.4	67.5	+48.7%	487.0	610.4	+25.4%
Operating profit	78.9	18.3	-76.8%	469.1	499.0	+6.4%
Profit attributable to owners of the parent company	52.3	-0.3	-	310.3	338.5	+9.1%
Adjusted operating profit at constant FX	45.4	60.4	+32.9%	487.0	598.4	+22.9%

2021 Q4

- **Revenue**
Revenue increased by 11.6% to JPY 558.8 billion driven by increases in the international tobacco and pharmaceutical businesses, partially offset by decreases in the Japanese-domestic tobacco and processed food businesses.
- **Adjusted operating profit**
At constant FX, adjusted operating profit increased by 32.9% to JPY 60.4 billion driven by increases in the international tobacco and processed food businesses, partially offset by decreases in the Japanese-domestic tobacco and pharmaceutical businesses.
On a reported basis, adjusted operating profit increased by 48.7% to JPY 67.5 billion driven by favorable currency movements in the international tobacco business.
- **Operating profit**
Operating profit decreased by 76.8% to JPY 18.3 billion mainly due to factors including one-time costs related to initiatives to strengthen competitiveness in the Japanese-domestic tobacco business in this year and an unfavorable comparison from one-time gains related to the sale of real estate, mainly the former JT head office building in the previous year, partially offset by an increase in adjusted operating profit.
- **Profit attributable to owners of the parent company**
Profit attributable to owners of the parent company decreased by JPY 52.6 billion due to a decrease in operating profit, recording a loss of JPY 0.3 billion.

Full Year 2021

- **Revenue**
Revenue increased by 11.1% to JPY 2,324.8 billion driven by increases in the international tobacco, Japanese-domestic tobacco and pharmaceutical businesses, partially offset by a decrease in the processed food business.
- **Adjusted operating profit**
At constant FX, adjusted operating profit increased by 22.9% to JPY 598.4 billion driven by increases in the international tobacco, Japanese-domestic tobacco and processed food businesses, partially offset by a decrease in the pharmaceutical business.
On a reported basis, adjusted operating profit increased by 25.4% to JPY 610.4 billion, driven by favorable currency movements in the international tobacco business.

- **Operating profit**

Operating profit increased by 6.4% to JPY 499.0 billion driven by an increase in adjusted operating profit, partially offset by factors including one-time costs related to initiatives to strengthen competitiveness in the Japanese-domestic tobacco business in this year and an unfavorable comparison from one-time gains related to the sale of real estate, mainly the former JT head office building in the previous year.

- **Profit attributable to owners of the parent company**

Profit attributable to owners of the parent company increased by 9.1% to JPY 338.5 billion driven by increases in operating profit and improved financing costs.

The results for fiscal year 2021 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.

Results by Business Segment

International Tobacco Business

(billions of Units, billions of JPY)	2020 Q4	2021 Q4	Variance	FY2020	FY2021	Variance
Total shipment volume	105.7	111.3	+5.3%	435.7	460.2	+5.6%
GFB shipment volume	68.7	76.5	+11.3%	282.0	311.7	+10.5%
Core revenue¹	294.3	355.3	+20.7%	1,250.8	1,482.1	+18.5%
Adjusted operating profit¹	26.1	55.4	+112.4%	340.9	454.4	+33.3%

Reference (millions of USD)

Core revenue¹	2,824	3,109	+10.1% (+7.1%*)	11,724	13,468	+14.9% (+10.6%*)
Adjusted operating profit¹	252	484	+91.8% (+82.7%*)	3,181	4,157	+30.7% (+29.6%*)

*at constant FX

2021 Q4

- Volume and Market share²**

Total shipment volume increased by 5.3%, or 2.5% excluding favorable inventory movements. Shipment volume grew driven by quarterly market share gains. Share grew across the key markets of France, Italy, Spain, Turkey and the UK, in addition to many others, notably Brazil, Canada, the Czech Republic, Germany, Iran, the Philippines, Poland, Romania and Ukraine. GFB shipment volume increased 11.3%, driven by continued growth from Winston (+11.3%), primarily in Iran, Poland, Turkey, and Camel (+25.4%), mainly in Russia, Spain and Turkey, as well as MEVIUS (+7.1%).

- Core revenue and Adjusted operating profit¹**

Core revenue and adjusted operating profit increased by 20.7% and 112.4%, respectively, driven by a robust price/mix contribution, as well as favorable volume and currency movements.

On a USD constant FX basis, core revenue grew by 7.1%, driven by a favorable price/mix contribution of USD 128 million, notably from Canada, the Philippines, Russia and Turkey, as well as a positive volume variance of USD 73 million. Adjusted operating profit increased by 82.7%, driven by a positive price/mix variance of USD 136 million, a favorable volume contribution of USD 34 million and a favorable comparison in cost of goods due to one-off items in the previous year, partially offset by investments notably in heated tobacco sticks.

2021 Full Year

- Volume and Market share²**

Total shipment volume increased by 5.6%, or 4.6% excluding favorable inventory movements. Shipment volume growth was driven by robust market share gains and favorable industry volume comparisons in several markets, notably in the first half, due to travel restrictions and lower illicit trade volume. Market share continued to increase across all key markets, as well as in other markets, primarily in Brazil, Canada, the Czech Republic, Germany, Hungary, Kazakhstan, the Philippines, Poland, Romania, Singapore, Switzerland and Ukraine. GFB shipment volume grew by 10.5%, fueled by the double-digit increase of Winston (+10.1%) and Camel (+24.1%).

- **Core revenue and Adjusted operating profit¹**

Core revenue and adjusted operating profit increased by 18.5% and 33.3%, respectively, driven by a strong volume contribution, solid price/mix variance and favorable currency movements.

On a USD constant FX basis, core revenue increased by 10.6%, driven by a robust volume contribution of USD 554 million and a positive price/mix variance of USD 690 million, notably from Canada, Kazakhstan, the Philippines, Russia, Taiwan, Turkey and Ukraine. Adjusted operating profit grew by 29.6%, driven by a favorable price/mix variance of USD 663 million and a positive volume contribution of USD 359 million.

International Tobacco Business (Quarterly) Performance Review by Cluster

South and West Europe

(billions of Units, millions of USD)	2020 Q4	2021 Q4	Variance
Total shipment volume	14.5	15.2	+4.9%
GFB shipment volume	12.2	13.0	+6.2%
Core revenue	453	473	+4.3% (+8.1%*)

*at constant FX

- **Volume and market share²**

Total shipment volume increased by 4.9%, or 2.0% excluding favorable inventory movements, mainly in Spain, driven by continued market share gains. Quarterly market share increased in Belgium, France, Greece, Italy, Luxembourg, the Netherlands, Spain and Switzerland. GFB shipment volume grew by 6.2% fueled by Winston and Camel.

Year-to-date, total and GFB shipment volumes grew by 4.2% and 5.7%, respectively.

- **Core revenue**

Core revenue increased by 4.3%, driven by a favorable volume contribution of USD 26 million and a positive price/mix contribution of USD 11 million, mainly in Spain. Excluding unfavorable currency movements of USD 17 million, core revenue increased by 8.1%.

Year-to-date, core revenue increased by 8.9% and 4.7% at constant FX.

- **By market²**

In France, excluding inventory movements and despite continued quarterly market share gains (+0.7ppt), total shipment volume decreased by 10.8% due to lower industry volume. Factoring in favorable inventory adjustments, total, GFB and fine cut shipment volumes declined by 5.7%, 4.2% and 16.3%, respectively. Currency-neutral core revenue declined due to negative volume and price/mix variances.

Year-to-date total shipment volume was down by 1.4%, with GFB shipment volume decreasing by 0.3% and fine cut shipment volume declining by 6.5%. Year-on-year market share increased by 1.8ppt to 28.9%, fueled by Winston and Camel.

In Italy, excluding inventory movements, total shipment volume increased by 3.9%, driven by continued quarterly market share gains (+1.0ppt). Accounting for unfavorable inventory adjustments, total, GFB and fine cut shipment volumes increased by 1.2%, 3.2% and 0.4%, respectively. Currency-neutral core revenue decreased, due to an unfavorable volume contribution.

Year-to-date total shipment volume grew by 3.7%, or 3.0% excluding inventory adjustments, with GFB and fine cut shipment volumes up by 5.9% and 1.5%, respectively. Year-on-year market share

increased by 0.9ppt to 26.7%, led by Winston.

In Spain, excluding inventory movements, total shipment volume grew by 10.5%, driven by quarterly market share gains (+1.1ppt). Factoring in favorable inventory adjustments, total, GFB and fine cut shipment volumes grew by 25.2%, 26.0% and 25.2%, respectively. Currency-neutral core revenue increased, driven by favorable volume and price/mix contributions.

Year-to-date total shipment volume increased by 7.0%, or 5.5% excluding inventory movements. GFB and fine cut shipment volumes increased by 7.7% and 7.6% respectively. Year-on-year market share increased by 1.1ppt to 27.8%, led by Winston and Camel.

North and Central Europe

(billions of Units, millions of USD)	2020 Q4	2021 Q4	Variance
Total shipment volume	15.9	16.4	+2.9%
GFB shipment volume	8.4	9.4	+11.5%
Core revenue	664	631	-4.9% (-4.1%*)

*at constant FX

- **Volume and market share²**

Total and GFB shipment volumes increased by 2.9% and 11.5%, respectively, driven by continued market share gains, notably in Poland. Quarterly market share grew in the Czech Republic, Germany, Hungary, Poland and the UK.

Year-to-date, total and GFB shipment volumes grew by 7.1% and 13.7%, respectively.

- **Core revenue**

Core revenue declined by 4.9%, due to an unfavorable price/mix variance of USD 29 million, mainly in the UK, partially offset by a positive volume contribution of USD 2 million, notably from Germany and Poland. Excluding unfavorable currency movements of USD 6 million, core revenue decreased by 4.1%.

Year-to-date, core revenue increased by 11.7% and 5.7% at constant currency.

- **By market²**

In Germany, total, GFB and fine cut shipment volumes increased by 4.9%, 5.1% and 1.2%, respectively, driven by quarterly market share gains (+0.7ppt) in both cigarettes and fine cut. Currency-neutral core revenue grew, driven by positive volume and price/mix variances.

Year-to-date shipment volumes increased by 6.4%, 6.7% and 3.5% in total, GFB and fine cut, respectively. Year-on-year market share grew by 0.7ppt to 9.7% driven by Winston and Camel.

In the UK, total and fine cut shipment volumes decreased by 3.4% and 4.1%, respectively, due to industry volume decline partially offset by continued quarterly market share gains (+0.3ppt). Currency-neutral core revenue decreased, due to unfavorable volume and price/mix contributions.

Year-to-date shipment volumes grew by 4.2% and 6.4% in total and fine cut, respectively. Year-on-year market share was up by 0.8ppt to 45.8%, driven by Benson & Hedges in cigarettes and Sterling in fine cut.

CIS+

(billions of Units, millions of USD)	2020 Q4	2021 Q4	Variance
Total shipment volume	29.3	29.8	+1.5%
GFB shipment volume	20.0	21.8	+8.7%
Core revenue	625	729	+16.7% (+14.0%*)

*at constant FX

- **Volume and market share²**

Total shipment volume grew by 1.5% but declined by 7.2% when excluding favorable inventory movements, mainly in Russia. Quarterly market share grew in Azerbaijan, Romania, Serbia and Ukraine. GFB shipment volume increased by 8.7% mainly driven by Camel. Year-to-date, total and GFB shipment volumes increased by 3.3% and 9.6%, respectively.

- **Core revenue**

Core revenue increased 16.7% driven by a favorable price/mix variance of USD 84 million, mainly from Kazakhstan and Russia, and a positive volume contribution of USD 3 million. Excluding favorable currency movements of USD 17 million, core revenue grew by 14.0%. Year-to-date, core revenue grew by 13.1% and 14.8% at constant FX.

- **By market²**

In Romania, total and GFB shipment volumes decreased by 3.2% and 5.8%, respectively, due to industry volume decline partially offset by quarterly market share gains (+0.2ppt). Currency-neutral core revenue decreased as a positive price/mix variance was offset by an unfavorable volume contribution.

Year-to-date shipment volumes grew by 4.6% and 2.4% in total and GFB, respectively. Year-on-year market share reached 29.8%, an increase of 0.7ppt driven by Winston, Camel and Sobranie.

In Russia³, excluding inventory movements, total shipment volume decreased by 8.6%, due to total tobacco industry volume⁴ decline estimated at 5.9% and a slightly lower quarterly market share. Accounting for unfavorable inventory adjustment in the prior year, total shipment volume increased by 6.3% while GFB shipment volume increased by 21.3%, driven by the solid performance of Camel. Ploom consumables grew share of segment by 1.2ppt to 3.8% in the quarter, driven by continued investments. Currency-neutral core revenue grew, driven by positive volume and price/mix contributions.

Year-to-date total shipment volume increased by 5.1%, or declined by 0.2% excluding inventory movements, and GFB shipment volume was up by 18.2%. Year-on-year total tobacco market share increased by 0.4ppt to 36.7%, driven by Camel, LD and Sobranie.

Rest-of-the-World

(billions of Units, millions of USD)	2020 Q4	2021 Q4	Variance
Total shipment volume	46.0	50.0	+8.6%
GFB shipment volume	28.1	32.4	+15.4%
Core revenue¹	1,082	1,276	+17.9% (+9.6%*)

*at constant FX

- **Volume and market share²**

Total shipment volume increased by 8.8% when excluding inventory movements, driven by solid quarterly market share gains. Factoring in unfavorable inventory adjustments, total and GFB shipment volumes increased by 8.6% and 15.4%, respectively, driven by all GFB. Quarterly market share grew across many markets, notably in Algeria, Brazil, Cambodia, Canada, Iran, Morocco, the Philippines, Saudi Arabia, Singapore, South Korea and Turkey.

Year-to-date, total and GFB shipment volumes grew by 7.2% and 12.7%, respectively.

- **Core revenue¹**

Core revenue increased by 17.9%, driven by a favorable price/mix variance of USD 62 million, notably in Canada, the Philippines and Turkey, and a positive volume contribution of USD 42 million, mainly in Iran. Excluding favorable currency movements of USD 90 million, core revenue grew by 9.6%.

Year-to-date, core revenue increased by 20.6% and 13.6% at constant FX.

- **By market²**

In Iran, excluding inventory movements, total shipment volume grew by 26.2%, driven by stronger industry volume trends and quarterly market share gains (+2.0ppt). Accounting for unfavorable inventory adjustments, total and GFB shipment volumes increased by 25.9% and 36.9%, respectively. Currency-neutral core revenue increased driven by a favorable volume contribution.

Year-to-date total and GFB shipment volumes grew by 13.8% and 21.5%, respectively. Year-on-year market share increased by 0.7ppt to 60.1% fueled by Camel.

In Taiwan, total shipment volume decreased by 4.3%, or 3.7% when excluding inventory movements, due to an unfavorable industry volume comparison and lower quarterly market share. GFB shipment volume declined by 4.8%. Currency-neutral core revenue decreased, due to a negative volume variance more than offsetting a positive price/mix contribution.

Year-to-date total shipment volume declined by 0.3%, or 0.6% excluding inventory adjustments, and GFB shipment volume was down by 1.1%. Year-on-year market share increased by 0.3ppt to 48.1%, mainly driven by MEVIUS.

In Turkey, excluding inventory movements, total shipment volume grew by 21.0% supported by an improved industry volume comparison and quarterly market share gains (+0.9ppt). Accounting for favorable inventory adjustments, total and GFB shipment volumes increased by 21.3% and 21.7%, respectively. Currency-neutral core revenue grew, driven by favorable volume and price/mix contributions.

Year-to-date total shipment volume increased by 15.1%, or 15.6% excluding inventory adjustments, and GFB shipment volume grew by 15.8%. Year-on-year market share increased by 1.1ppt to 27.7% driven by Winston.

¹ The results for fiscal year 2021 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 currency basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

² Source: IRI, Logista, Nielsen, Panel Strator and JTI estimates on a 12-month rolling average and 3-month average basis, unless other specified, for cigarettes and fine cut (excluding snus) at the end of December 2021. Hungary is on a 12-month rolling average and 2-month average at the end of November 2021. 12-month and 3-month shares of market growth for 2021 are calculated against 12-month and 3-month shares of market at the end of the respective period in 2020.

³ From Q1 2021 onwards, shipment volume and market share data for Russia reflect total tobacco figures, i.e. cigarettes and heated tobacco sticks. 2020 data has been adjusted accordingly.

⁴ Source: JTI estimates based on October-December 2021 total tobacco data versus the same period of prior year.

Japanese-Domestic Tobacco Business

(billions of units, billions of JPY)	2020 Q4	2021 Q4	Variance	FY 2020	FY 2021	Variance
Combustible industry volume	24.9	23.1	-7.3%	114.9	105.3	-8.4%
Combustible sales volume	14.7	13.2	-10.0%	68.7	62.2	-9.5%
Core revenue	120.9	114.6	-5.3%	515.7	519.8	+0.8%
Adjusted operating profit	29.1	20.4	-30.0%	168.1	182.4	+8.6%

2021 Q4

- **Combustible sales volume**

Combustible industry volume decreased by 7.3%, mainly due to the category's natural decline trend, growth in the RRP category and the impact of price revisions in October 2021.

Combustible sales volume decreased by 10.0% due to industry volume contraction and a loss in combustible market share⁵. Combustible market share⁵ decreased by 1.8ppt year on year to 57.3% mainly due to consumer conversion to RRP and intense competition in the value segment, following downtrading.

- **Reduced-Risk Products (RRP) performance**

RRP industry volume in Japan is estimated to be 10.7 billion units, an increase of 1.1 billion units year on year. The overall RRP market size is estimated to represent 31.7% (shipment basis) of the total tobacco industry volume. JT's RRP sales volume was 1.3 billion units, an increase of 0.3 billion units year on year. JT's market share⁵ in the RRP category is estimated to be 11.8% (shipment basis).

- **Core revenue and adjusted operating profit**

Core revenue decreased by 5.3%, mainly due to an unfavorable combustible sales volume variance of JPY 10.6 billion, despite a positive combustible price/mix variance of JPY 3.3 billion and an increase in RRP-related revenue. RRP-related revenue increased by JPY 0.3 billion year on year to JPY 13.6 billion, driven by an increase in RRP sales volume.

Adjusted operating profit decreased by 30.0%, mainly due to an unfavorable combustible sales volume variance of JPY 9.0 billion. This was partially offset by a positive combustible price/mix variance of JPY 3.3 billion.

Full Year 2021

- **Combustible sales volume**

Combustible industry volume decreased by 8.4%, mainly due to the category's natural decline trend, growth in the RRP category and the impact of price revisions.

Combustible sales volume decreased by 9.5% due to industry volume contraction and a loss in combustible market share⁵. Combustible market share⁵ decreased by 0.7ppt to 59.1%, mainly due to consumer conversion to RRP and intense competition in the value segment, following downtrading.

- **Reduced-Risk Products (RRP) performance**

RRP industry volume in Japan is estimated to be 45.1 billion units, an increase of 4.9 billion units year on year. The overall RRP market size is estimated to represent 30.0% (shipment basis) of the total tobacco industry volume. JT's RRP sales volume was 4.6 billion units, an increase of 0.7 billion units year on year. JT's market share⁵ in the RRP category is estimated to be 10.3% (shipment basis).

- **Core revenue and adjusted operating profit**

Core revenue increased by 0.8%, driven by a positive combustible price/mix variance of JPY 42.8 billion and an increase in RRP-related revenue, despite factors including an unfavorable combustible sales volume variance of JPY 42.5 billion. RRP-related revenue increased by JPY 4.0 billion year on year.

year to JPY 59.8 billion, driven by an increase in RRP sales volume.

Adjusted operating profit increased by 8.6%, mainly driven by a positive combustible price/mix variance of JPY 42.8 billion and an increase in RRP-related revenue, partially offset by an unfavorable combustible sales volume variance of JPY 35.6 billion. We continued to drive investments towards Ploom X.

⁵ Source: JT estimates. Combustible industry volume and combustible market share include little cigars, which are classified as cigars as per the Tobacco Business Act of Japan, as well as cigarettes.

Pharmaceutical Business

(billions of JPY)	2020 Q4	2021 Q4	Variance	FY2020	FY2021	Variance
Revenue	21.4	23.6	+10.2%	79.0	80.4	+1.8%
Adjusted operating profit	4.5	4.5	-1.1%	17.2	11.1	-35.4%

2021 Q4

- **Revenue and adjusted operating profit**

Revenue increased by 10.2% led by top-line growth at our consolidated subsidiary, Torii Pharmaceutical.

Adjusted operating profit was almost flat due to an increase in R&D expenditures and SG&A expenses at Torii Pharmaceutical which offset the top-line growth.

Full Year 2021

- **Revenue and adjusted operating profit**

Revenue increased by 1.8% due to top-line growth at Torii Pharmaceutical, which was partially offset by a decrease in overseas royalty income.

Adjusted operating profit decreased by 35.4% due to an increase in R&D expenditures and SG&A expenses at Torii Pharmaceutical.

Processed Food Business

(billions of JPY)	2020 Q4	2021 Q4	Variance	FY2020	FY2021	Variance
Revenue	40.8	40.6	-0.4%	149.3	147.2	-1.4%
Adjusted operating profit	-1.6	1.6	—	-0.8	4.0	—

2021 Q4

- **Revenue and adjusted operating profit**

Revenue was almost flat due to a decline in sales for food-service products within the frozen and ambient food as well as the seasonings businesses, which was partially offset by the sales recovery in the bakery business.

Adjusted operating profit increased by JPY 3.2 billion due to a favorable comparison of an impairment loss of assets in the bakery business, which was recorded in 2020 Q4.

Full Year 2021

- **Revenue and adjusted operating profit**

Revenue decreased by 1.4% mainly due to a relative decline in demand for household products in the frozen and ambient food business, which had temporarily increased in the previous year. The revenue also reflects a decline in sales for food-service products within the frozen and ambient food as well as the seasonings businesses.

Adjusted operating profit increased by JPY 4.7 billion mainly due to a favorable comparison of an impairment loss of assets in the bakery business, which was recorded in 2020, as well as lower SG&A expenses.

FY2022 Forecasts

Consolidated

(billions of JPY)	2021 Results	2022 Forecasts	Variance
Revenue	2,324.8	2,315.0	-0.4%
Adjusted operating profit	610.4	611.0	+0.1%
Operating profit	499.0	534.0	+7.0%
Profit attributable to owners of the parent company	338.5	356.0	+5.2%
Free cash flow	482.0	342.0	-
Core revenue at constant FX⁶	2,231.7	2,229.0	-0.1%
Adjusted operating profit at constant FX	610.4	635.0	+4.0%
Basic EPS* (JPY)	190.76	200.62	+5.2%

*Based on profit

- **Revenue**
On a reported basis, revenue is expected to decrease by 0.4% to JPY 2,315.0 billion due to a decrease in the tobacco business, partially offset by increases in the pharmaceutical and processed food businesses. Foreign currency impact on revenue is expected to be negative slightly.
- **Adjusted operating profit**
Adjusted operating profit at constant FX is expected to increase by 4.0% to JPY 635.0 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 is expected to increase by 0.1% to JPY 611.0 billion despite negative foreign currency impact in the tobacco business.
- **Operating profit and profit attributable to owners of the parent company**
Operating profit is expected to increase by 7.0% to JPY 534.0 billion mainly due to a favorable comparison of one-time expenses related to the initiatives in the previous year to strengthen competitiveness in the tobacco business in Japanese market.
Profit attributable to owners of the parent company is expected to increase by 5.2% to JPY 356.0 billion driven by an increase in operating profit, partially offset by an increase in financing costs.
- **Free cash flow**
Free cash flow is expected to decrease by JPY 140.0 billion to JPY 342.0 billion mainly due to factors including payments of expenses related to the initiatives to strengthen competitiveness in the tobacco business in the Japanese market and negative impact of working capital.

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.

⁶ The sum of revenues in the pharmaceutical business, processed food businesses, and others as well as the core revenue in the tobacco business, which is computed using the same foreign exchange rates between local currencies vs USD as well as the exchange rates between JPY and USD 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).

Forecasts by Business Segment

Tobacco Business

The forecasts presented below represent the estimates for the JT Group's entire tobacco business following the consolidation of the Japanese-domestic tobacco and international tobacco businesses, previously reported individually.

(billions of JPY)	2021 Results	2022 Forecasts	Variance
Core revenue⁷	2,002.0	1,986.0	-0.8% (-0.5%)*
Adjusted operating profit⁷	639.2	640.0	+0.1% (+3.9%)*

*at constant FX

- **Core revenue and adjusted operating profit⁷**

While we expect solid combustible⁸ price/mix contribution and market share gains to continue, as well as limited RRP-related revenue⁹ contribution, core revenue is forecast to decline by 0.8%, and 0.5% at constant FX¹⁰, due to the JT Group's volume decline.

Adjusted operating profit is expected to increase by 0.1%, and 3.9% at constant FX¹⁰, driven by combustible⁸ pricing and benefits generated by the previously announced initiatives to strengthen the competitiveness of the tobacco business. This will be partially offset by an increase in investments to support the international expansion of Ploom X and marketing programs in Japan towards heated tobacco sticks.

- **Volume**

Despite continued market share gains in combustibles, the JT Group's total volume is expected to decline by approximately 3% due to the combustible industry volume¹¹ contraction, partially offset by RRP volume¹² growth, and the expected unfavorable comparison in the first half resulting from the gradual easing of COVID restrictions.

⁷ The forecasts for fiscal year 2022 on a reported basis shown above 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.

⁸ Combustibles include all tobacco products excluding contract manufactured products, waterpipe, heated tobacco products, oral and E-Vapor.

⁹ 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.

¹⁰ Constant FX is computed using the same foreign exchange rates between local currencies vs USD as well as the exchange rates between JPY and USD 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).

¹¹ Industry volume of combustibles by number of sticks based on internal estimates.

¹² RRP volume in cigarette-stick equivalent and excludes RRP devices and RRP related accessories.

Pharmaceutical Business

(billions of JPY)	2021 Results	2022 Forecasts	Variance
Revenue	80.4	81.5	+1.4%
Adjusted operating profit	11.1	10.0	-9.9%

- **Revenue and adjusted operating profit**

Revenue is forecast to increase by 1.4% to JPY 81.5 billion by taking into account top-line growth at Torii Pharmaceutical and an increase in one-time compensation gains from licensed compounds, which are expected to be partially offset by lower overseas royalty income.

Adjusted operating profit is forecast to decrease by 9.9% to JPY 10.0 billion due to an increase in SG&A expenses at Torii Pharmaceutical.

Processed Food Business

(billions of JPY)	2021 Results	2022 Forecasts	Variance
Revenue	147.2	153.0	+3.9%
Adjusted operating profit	4.0	2.5	-36.8%

- **Revenue and adjusted operating profit**

Revenue is forecast to increase by 3.9% to JPY 153.0 billion, reflecting the sales recovery outlook in the bakery business as well as food-service products in the frozen and ambient food and seasonings businesses. The forecast also takes into account an expected growth in sales of household products in the frozen and ambient food business and a positive contribution from price revisions.

Adjusted operating profit is forecast to decrease by 36.8% to JPY 2.5 billion, reflecting an increase in raw material costs. These factors are expected to be partially offset by top-line growth.

Data Sheets

Results for FY2021

The results for fiscal year 2021 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, 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.

1. Summary of Consolidated results

(Unit: JPY billion)

	2020 YTD	2021 YTD	Variance (abs)	Variance (%)
Revenue	2,092.6	2,324.8	+232.3	+11.1%
Operating profit	469.1	499.0	+30.0	+6.4%
Adjusted operating profit	487.0	610.4	+123.5	+25.4%
Profit before income taxes	420.1	472.4	+52.3	+12.5%
Profit	312.0	340.2	+28.2	+9.0%
Profit (attributable to owners of the parent company)	310.3	338.5	+28.2	+9.1%
Annual dividend (JPY)	154	140	-14	-9.1%
Basic EPS*(JPY)	174.88	190.76	+15.88	+9.1%
ROE*	12.0%	12.7%	0.7ppt	

*Based on profit attributable to owners of the parent company

[Reference] Consolidated results

(Unit: JPY billion)

	2020 YTD	2021 YTD	Variance (abs)	Variance (%)
Adjusted operating profit at constant FX	487.0	598.4	+111.5	+22.9%

2. Results by business segment

(Unit: JPY billion)

	2020 YTD	2021 YTD	Variance (abs)	Variance (%)
Consolidated: revenue	2,092.6	2,324.8	+232.3	+11.1%
Japanese-domestic tobacco	555.6	559.4	+3.9	+0.7%
Core revenue	515.7	519.8	+4.1	+0.8%
International tobacco	1,306.2	1,535.7	+229.4	+17.6%
Core revenue	1,250.8	1,482.1	+231.3	+18.5%
Pharmaceutical	79.0	80.4	+1.4	+1.8%
Processed food	149.3	147.2	-2.1	-1.4%
Others	2.5	2.1	-0.4	-16.0%
Consolidated: operating profit	469.1	499.0	+30.0	+6.4%
Japanese-domestic tobacco	151.8	125.5	-26.3	-17.3%
International tobacco	296.4	394.5	+98.0	+33.1%
Pharmaceutical	16.5	11.3	-5.2	-31.5%
Processed food	-0.8	2.9	+3.8	-
Others/Elimination	5.1	-35.2	-40.3	-
Adjustments, total	-17.9	-111.4	-93.5	
Japanese-domestic tobacco	-16.2	-56.9	-40.7	
International tobacco	-44.4	-59.9	-15.5	
Pharmaceutical	-0.7	0.2	+0.9	
Processed food	-0.0	-1.0	-1.0	
Others/Elimination	43.5	6.2	-37.3	
Consolidated: adjusted operating profit	487.0	610.4	+123.5	+25.4%
Japanese-domestic tobacco	168.1	182.4	+14.4	+8.6%
International tobacco	340.9	454.4	+113.5	+33.3%
Pharmaceutical	17.2	11.1	-6.1	-35.4%
Processed food	-0.8	4.0	+4.7	-
Others/Elimination	-38.4	-41.4	-3.1	-

[Reference] International tobacco business

(Unit: USD million)

	2020 YTD	2021 YTD	Variance (abs)	Variance (%)
Core revenue	11,724	13,468	+1,743	+14.9%
Core revenue at constant FX	11,724	12,969	+1,245	+10.6%
Adjusted operating profit	3,181	4,157	+975	+30.7%
Adjusted operating profit at constant FX	3,181	4,123	+942	+29.6%

Results for FY2021

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

(Unit: JPY billion)

	2020 YTD	2021 YTD	Variance (abs)	Variance (%)
Consolidated: operating profit	469.1	499.0	+30.0	+6.4%
Adjustments, total	17.9	111.4	+93.5	
Amortization of acquired intangibles	63.2	68.9	+5.7	
Adjustments (income)	-52.0	-11.5	+40.5	
Adjustments (costs)	6.7	54.0	+47.3	
Consolidated: adjusted operating profit	487.0	610.4	+123.5	+25.4%
Japanese-domestic tobacco: operating profit	151.8	125.5	-26.3	-17.3%
Adjustments, total	16.2	56.9	+40.7	
Amortization of acquired intangibles	16.2	16.2	-	
Adjustments (income)	-	-1.0	-1.0	
Adjustments (costs)	-	41.7	+41.7	
Japanese-domestic tobacco: adjusted operating profit	168.1	182.4	+14.4	+8.6%
International tobacco: operating profit	296.4	394.5	+98.0	+33.1%
Adjustments, total	44.4	59.9	+15.5	
Amortization of acquired intangibles	46.9	52.6	+5.7	
Adjustments (income)	-5.8	-3.4	+2.4	
Adjustments (costs)	3.3	10.7	+7.4	
International tobacco: adjusted operating profit	340.9	454.4	+113.5	+33.3%
Pharmaceutical: operating profit	16.5	11.3	-5.2	-31.5%
Adjustments, total	0.7	-0.2	-0.9	
Amortization of acquired intangibles	-	-	-	
Adjustments (income)	-0.2	-0.2	-0.1	
Adjustments (costs)	0.8	-	-0.8	
Pharmaceutical: adjusted operating profit	17.2	11.1	-6.1	-35.4%
Processed food: operating profit	-0.8	2.9	+3.8	-
Adjustments, total	0.0	1.0	+1.0	
Amortization of acquired intangibles	-	-	-	
Adjustments (income)	-0.0	-0.1	-0.1	
Adjustments (costs)	0.0	1.2	+1.1	
Processed food: adjusted operating profit	-0.8	4.0	+4.7	-
Others / Elimination: operating profit	5.1	-35.2	-40.3	-
Adjustments, total	-43.5	-6.2	+37.3	
Amortization of acquired intangibles	-	-	-	
Adjustments (income)	-46.1	-6.7	+39.3	
Adjustments (costs)	2.6	0.5	-2.0	
Others / Elimination: adjusted operating profit	-38.4	-41.4	-3.1	-

4. Depreciation and amortization*

(Unit: JPY billion)

	2020 YTD	2021 YTD	Variance (abs)
Consolidated: depreciation and amortization	160.0	166.9	+6.9
Japanese-domestic tobacco	52.9	49.8	-3.2
International tobacco	93.7	104.5	+10.8
Pharmaceutical	5.0	4.9	-0.1
Processed food	6.7	6.2	-0.5
Others/Elimination	1.6	1.5	-0.2

*Excluding depreciation from lease transactions

5. Consolidated financial position

(Unit: JPY billion)

	2020 Dec. end	2021 Dec. end	Variance (abs)
Total assets	5,381.4	5,774.2	+392.8
Total equity	2,599.5	2,886.1	+286.6
Equity attributable to owners of the parent company	2,522.8	2,809.3	+286.4
BPS (attributable to owners of the parent company) (JPY)	1,421.92	1,583.10	+161.18

Results for FY2021

6. Liquidity and interest-bearing debt (Unit: JPY billion)

	2020 Dec. end	2021 Dec. end	Variance (abs)
Liquidity	548.3	730.2	+181.9
Interest-bearing debt	958.9	918.6	-40.3

7. Consolidated cash flow (Unit: JPY billion)

	2020 YTD	2021 YTD	Variance (abs)
Cash flows from operating activities	519.8	598.9	+79.1
Cash flows from investing activities	5.4	-97.5	-102.9
Cash flows from financing activities	-297.4	-353.1	-55.7
Cash and cash equivalents, beginning of the year	357.2	538.8	+181.7
Foreign currency translation adj. on cash & cash equivalents	-46.1	34.6	+80.7
Cash and cash equivalents, end of the year	538.8	721.7	+182.9
FCF	503.9	482.0	-21.9

8. Capital expenditures (Unit: JPY billion)

	2020 YTD	2021 YTD	Variance (abs)
Consolidated: capital expenditures	112.9	100.9	-12.0
Japanese-domestic tobacco	21.1	20.0	-1.0
International tobacco	66.6	62.5	-4.1
Pharmaceutical	9.1	6.0	-3.1
Processed food	8.0	10.7	+2.8
Others/Elimination	8.2	1.7	-6.5

9. FX actual (Reference information)

	2020 YTD	2021 YTD	Variance (abs)	Variance (%)
USD/JPY	106.76	109.90	+3.14	+2.9%
USD/RUB	72.07	73.66	+1.59	-2.2%
USD/GBP	0.78	0.73	-0.05	+7.3%
USD/EUR	0.88	0.85	-0.03	+3.8%
USD/CHF	0.94	0.91	-0.03	+2.8%
USD/TWD	29.47	27.94	-1.53	+5.5%
USD/TRY	7.01	8.84	+1.83	-20.7%
USD/IRR*	258,747	247,776	-10,971	+4.4%

EUR/IRR is converted to USD/IRR in table by using cross rate

*In accordance with the requirements stipulated in IAS 29, the closing currency rates for the month ended December 2021 and December 2020 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the US dollar. Similarly, the month-end rates are also applied upon conversions from the US dollar to the Japanese yen. (December 2020-end rate USD/JPY: 103.50, December 2021-end rate USD/JPY: 115.02)

10. Pharmaceutical business

	2020 YTD	2021 YTD	Variance (abs)	Variance (%)
R&D expenses	25.2	29.0	+3.8	+15.0%

Results for FY2021

11. Consolidated statement of income (continuing operator)

(Unit: JPY billion)

	2020 YTD	2021 YTD	Variance (abs)	Variance (%)
Revenue	2,092.6	2,324.8	+232.3	+11.1%
Cost of sales	898.0	956.9	+58.9	+6.6%
Gross profit	1,194.6	1,368.0	+173.4	+14.5%
Other operating income	54.9	15.6	-39.3	-71.6%
Share of profit in investments accounted for using the equity method	4.0	4.0	-0.0	-1.1%
SG & A	784.5	888.6	+104.1	+13.3%
Advertising expenses	27.3	29.3	+2.0	+7.5%
Promotion expenses	92.1	108.7	+16.5	+17.9%
Commission	57.6	66.9	+9.3	+16.1%
Employee benefit expenses	307.2	355.0	+47.8	+15.6%
R&D expenses	60.8	65.0	+4.2	+6.9%
Depreciation and amortization	103.7	109.0	+5.3	+5.1%
Impairment losses other than financial assets	12.6	22.8	+10.2	+81.1%
Losses on sale and disposal of PP&E, intangible assets and investment properties	7.6	5.8	-1.8	-23.1%
Other	115.6	126.2	+10.6	+9.2%
Operating profit	469.1	499.0	+30.0	+6.4%
Amortization of acquired intangibles	63.2	68.9	+5.7	
Adjustments (income)	-52.0	-11.5	+40.5	
Adjustments (costs)	6.7	54.0	+47.3	
Adjusted operating profit	487.0	610.4	+123.5	+25.4%
Financial income	12.4	19.0	+6.7	+53.9%
Dividend income	0.9	0.9	0.0	+0.8%
Interest income	6.4	12.4	+6.0	+94.6%
Foreign exchange gain	-	-	-	-
Other	5.0	5.6	+0.6	+12.0%
Financial costs	61.3	45.6	-15.7	-25.6%
Interest expenses	22.5	23.1	+0.5	+2.3%
Employee benefit expenses	2.2	2.3	+0.2	+7.8%
Foreign exchange loss	35.8	15.6	-20.2	-56.5%
Other	0.8	4.7	+3.9	+467.7%
Profit before income taxes	420.1	472.4	+52.3	+12.5%
Income taxes	108.0	132.2	+24.2	+22.4%
Profit for the period	312.0	340.2	+28.2	+9.0%
Attributable to owners of the parent	310.3	338.5	+28.2	+9.1%
Attributable to non-controlling interests	1.8	1.7	-0.1	-4.7%

Results for FY2021

12. Consolidated financial position (continuing & discontinued operations combined)

(Unit: JPY billion)

	2020 Dec. end	2021 Dec. end	Variance (abs)
Current assets	2,003.9	2,321.3	+317.4
Cash and cash equivalents	538.8	721.7	+182.9
Trade and other receivables	412.1	456.6	+44.4
Inventories	539.8	563.2	+23.4
Other financial assets ^{*1}	18.8	17.3	-1.6
Other current assets	494.0	562.0	+68.0
Non-current assets held-for-sale	0.3	0.5	+0.2
Non-current assets	3,377.5	3,452.9	+75.5
Property, plant & equipment	759.3	755.8	-3.4
Goodwill ^{*2}	1,909.4	2,061.0	+151.6
Intangible assets ^{*3}	363.6	307.2	-56.5
Investment property	4.7	5.0	+0.2
Retirement benefit assets	70.5	53.2	-17.4
Investments accounted for using the equity method	40.2	41.7	+1.5
Other financial assets ^{*1}	107.1	108.7	+1.5
Deferred tax assets	122.5	120.4	-2.1
Total assets	5,381.4	5,774.2	+392.8
Current liabilities	1,323.8	1,500.3	+176.5
Trade and other payables	436.5	555.8	+119.2
Bonds and borrowings ^{*4}	141.5	142.9	+1.4
Income tax payables	46.5	30.8	-15.7
Other financial liabilities ^{*4}	27.6	28.3	+0.8
Provisions	19.4	24.9	+5.4
Other current liabilities ^{*5}	652.3	717.7	+65.3
Liabilities directly associated with non-current assets held-for-sale	-	-	-
Non-current liabilities	1,458.1	1,387.8	-70.3
Bonds and borrowings ^{*4}	817.4	775.7	-41.7
Other financial liabilities ^{*4}	50.2	43.9	-6.3
Retirement benefit liabilities	331.8	296.2	-35.6
Provisions	31.3	22.9	-8.5
Other non-current liabilities ^{*5}	163.0	179.2	+16.2
Deferred tax liabilities	64.4	70.0	+5.5
Total liabilities	2,781.9	2,888.1	+106.2
Equity	2,599.5	2,886.1	+286.6
Share capital	100.0	100.0	-
Capital surplus	736.4	736.4	-
Treasury shares	-491.5	-490.9	+0.6
Other components of equity	-605.8	-400.1	+205.7
Retained earnings	2,783.7	2,863.8	+80.1
Non-controlling interests	76.7	76.8	+0.2
Total liabilities and equity	5,381.4	5,774.2	+392.8

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

Other financial assets	2020 Dec. end	2021 Dec. end	Variance (abs)
Derivative assets	8.6	7.4	-1.2
Equity securities	26.7	27.8	+1.1
Debt securities	18.8	21.6	+2.8
Time deposits	0.9	1.3	+0.3
Other	76.8	74.3	-2.6
Allowance for doubtful accounts	-5.9	-6.4	-0.5

*2: Goodwill ~ Cash-generating unit

Cash-generating unit	2020 Dec. end	2021 Dec. end	Variance (abs)
Japanese-domestic tobacco	265.9	265.9	-
International tobacco	1,618.1	1,769.7	+151.6
Processed food	25.4	25.4	-

*3: Intangible assets ~ Trademarks

Trademarks	2020 Dec. end	2021 Dec. end	Variance (abs)
Japanese-domestic tobacco	82.1	65.6	-16.5
International tobacco	205.2	169.7	-35.6

*4: Bonds and borrowings and other financial liabilities

(current & non-current combined)

Total financial liabilities	2020 Dec. end	2021 Dec. end	Variance (abs)
Derivative liabilities	10.3	10.9	+0.6
Short-term borrowings	51.6	70.6	+19.0
Commercial paper	-	-	-
Current portion of long-term borrowings	12.2	42.3	+30.0
Current portion of bonds	77.6	30.0	-47.6
Long-term borrowings	192.7	154.7	-38.0
Bonds	624.7	621.0	-3.7
Other	67.4	61.3	-6.1

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

Total other liabilities	2020 Dec. end	2021 Dec. end	Variance (abs)
Tobacco excise tax payables	268.6	295.2	+26.6
Tobacco special excise tax payables	8.5	8.3	-0.2
Tobacco local excise tax payables	158.9	174.4	+15.5
Consumption tax payables	129.8	134.2	+4.4
Bonus to employees	57.0	69.5	+12.5
Employee's unused paid vacations liabilities	20.3	21.1	+0.8
Other	172.2	194.2	+22.0

FY2022 Forecasts (as of February 14, 2022)

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.

1. Summary of consolidated forecasts

(Unit: JPY billion)

	FY2021 Results	FY2022 Forecasts	Variance (abs)	Variance (%)
Revenue	2,324.8	2,315.0	-9.8	-0.4%
Operating profit	499.0	534.0	+35.0	+7.0%
Adjusted operating profit	610.4	611.0	+0.6	+0.1%
Profit (attributable to owners of the parent company)	338.5	356.0	+17.5	+5.2%

[Reference] Consolidated forecast

(Unit: JPY billion)

	FY2021 Results	FY2022 Forecasts	Variance (abs)	Variance (%)
Core revenue at constant FX*	2,231.7	2,229.0	-2.7	-0.1%
Adjusted operating profit at constant FX	610.4	635.0	+24.6	+4.0%

*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 between local currencies vs USD as well as the exchange rates between JPY and USD 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).

2. EPS, DPS, ROE

(Unit: JPY)

	FY2021 Results	FY2022 Forecasts	Variance (abs)	Variance (%)
Basic EPS*	190.76	200.62	9.86	+5.2%
DPS	140	150	+10	+7.1%
ROE*	12.7%	12.5%	-0.2ppt	

*Based on profit attributable to owners of the parent company

3. Forecasts by business segment

(Unit: JPY billion)

	FY2021 Results	FY2022 Forecasts	Variance (abs)	Variance (%)
Consolidated: revenue	2,324.8	2,315.0	-9.8	-0.4%
Tobacco	2,095.1	2,078.0	-17.1	-0.8%
Core revenue*	2,002.0	1,986.0	-16.0	-0.8%
Pharmaceutical	80.4	81.5	+1.1	+1.4%
Processed food	147.2	153.0	+5.8	+3.9%
Others	2.1	2.5	+0.4	+20.3%
Consolidated: operating profit	499.0	534.0	+35.0	+7.0%
Tobacco	522.4	572.0	+49.6	+9.5%
Pharmaceutical	11.3	10.0	-1.3	-11.5%
Processed food	2.9	2.0	-0.9	-31.7%
Others/Elimination	-37.6	-50.0	-12.4	-
Consolidated: adjusted operating profit	610.4	611.0	+0.6	+0.1%
Tobacco	639.2	640.0	+0.8	+0.1%
Pharmaceutical	11.1	10.0	-1.1	-9.9%
Processed food	4.0	2.5	-1.5	-36.8%
Others/Elimination	-43.9	-41.5	+2.4	-

*Core revenue includes all revenue excluding those from distribution, contract manufacturing and other peripheral businesses.

FY2022 Forecasts (as of February 14, 2022)

4. Free cash flow

(Unit: JPY billion)

	FY2021 Results	FY2022 Forecasts	Variance (abs)
FCF	482.0	342.0	-140.0

5. Capital expenditures

(Unit: JPY billion)

	FY2021 Results	FY2022 Forecasts	Variance (abs)
Consolidated: capital expenditures	100.9	131.0	+30.1
Tobacco	82.5	106.0	+23.5
Pharmaceutical	6.0	3.0	-3.0
Processed food	10.7	12.5	+1.8
Others/Elimination	1.7	9.5	+7.8

6. Assumptions of 2022 Forecast

2022 Tobacco business

- Total volume*: a decrease of approx. 3% (vs. 2021: 528.8 BnU)
- GFB volume**: a decrease of approx. 2% (vs. 2021: 355.3 BnU)

*The volume of tobacco-based products which excludes contract manufactured products, waterpipe, RRP devices and related accessories.

**GFB (Global Fragship Brands) volume is the volume of GFB cigarette products which are Winston, Camel, MEVIUS and LD.

<FX assumptions>

	FY2021 Results	FY2022 Forecasts	Variance (abs)	Variance (%)
100YEN/USD	0.91	0.88	-0.03	+3.8%
100YEN/RUB	67.10	70.20	+3.10	-4.4%
100YEN/GBP	0.66	0.64	-0.02	+3.4%
100YEN/EUR	0.77	0.76	-0.01	+1.3%
100YEN/CHF	0.83	0.80	-0.03	+4.0%
100YEN/TWD	25.45	24.55	-0.90	+3.7%
100YEN/TRY	8.02	13.15	+5.13	-39.0%
100YEN/PHP	44.85	45.60	+0.75	-1.6%

Tobacco Business Data

International Tobacco Business

1. Summary (YTD)

The results for fiscal year 2021 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, 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.

	2020 Q4	2021 Q4	Variance	Variance (%)	
Total shipment volume	435.7	460.2	+24.5	+5.6%	BNU
GFB shipment volume	282.0	311.7	+29.7	+10.5%	BNU
Core revenue	1,250.8	1,482.1	+231.3	+18.5%	JPY BN
Adjusted operating profit	340.9	454.4	+113.5	+33.3%	JPY BN

[USD Reference information]

Core revenue	11,724	13,468	+1,743	+14.9%	USD MM
Adjusted operating profit	3,181	4,157	+975	+30.7%	USD MM
Constant FX basis					
Core revenue	11,724	12,969	+1,245	+10.6%	USD MM
Adjusted operating profit	3,181	4,123	+942	+29.6%	USD MM

· Contribution by cluster (vs. PY)

(BNU/USD MM)

Reported basis

2021	Total shipment volume		GFB shipment volume		Core revenue		Adjusted Operating Profit	
SWE	69.1	+4.2%	58.8	+5.7%	2,236	+8.9%	762	+23.6%
NCE	67.9	+7.1%	37.9	+13.7%	2,848	+11.7%	1,178	+16.7%
CIS+	126.2	+3.3%	90.7	+9.6%	3,116	+13.1%	1,083	+19.9%
RoW	197.0	+7.2%	124.3	+12.7%	5,268	+20.6%	1,134	+73.9%
Total	460.2		311.7		13,468		4,157	

At constant FX

2021	Core Revenue		Adjusted Operating Profit	
SWE	2,148	+4.7%	698	+13.3%
NCE	2,695	+5.7%	1,066	+5.6%
CIS+	3,164	+14.8%	1,188	+31.5%
RoW	4,963	+13.6%	1,170	+79.6%
Total	12,969		4,123	

2. Total shipment volume by cluster / market (vs. PY)

2021	Q1	Q2	Q3	Q4	YTD
SWE	+2.0%	+14.5%	-3.4%	+4.9%	+4.2%
France	+16.6%	-4.3%	-11.2%	-5.7%	-1.4%
Italy	-6.0%	+16.4%	+5.0%	+1.2%	+3.7%
Spain	-8.8%	+41.4%	-14.9%	+25.2%	+7.0%
NCE	+11.6%	+12.4%	+2.6%	+2.9%	+7.1%
Germany	+13.7%	+0.9%	+6.9%	+4.9%	+6.4%
UK	+9.4%	+7.3%	+4.1%	-3.4%	+4.2%
CIS+	+8.8%	+3.1%	+0.6%	+1.5%	+3.3%
Romania	+2.2%	+18.2%	+2.8%	-3.2%	+4.6%
Russia*	+16.5%	-0.5%	+1.1%	+6.3%	+5.1%
RoW	+3.7%	+12.9%	+4.0%	+8.6%	+7.2%
Iran	+3.1%	+16.1%	+11.1%	+25.9%	+13.8%
Taiwan	+12.7%	+1.0%	-8.7%	-4.3%	-0.3%
Turkey	+0.4%	+26.2%	+13.0%	+21.3%	+15.1%
Total	+5.8%	+10.1%	+1.7%	+5.3%	+5.6%

*From Q1 2021 onwards, shipment volume data for Russia reflects total tobacco figures, i.e. cigarettes and heated tobacco sticks. 2020 data has been adjusted accordingly.

3. GFB shipment volume by brand (vs. PY)

(BNU)

2021	Q1	Q2	Q3	Q4	YTD
Winston	41.2	44.8	46.1	43.1	175.2
	+9.4%	+14.5%	+5.8%	+11.3%	+10.1%
Camel	16.0	18.1	18.4	18.1	70.6
	+11.4%	+39.3%	+21.7%	+25.4%	+24.1%
MEVIUS	4.0	4.0	4.0	3.9	15.9
	+1.2%	+9.9%	-2.0%	+7.1%	+3.8%
LD	12.4	13.0	13.2	11.5	50.1
	+7.9%	-0.6%	-6.9%	-4.2%	-1.3%

Tobacco Business Data

4. GFB shipment volume by cluster / market (vs. PY)

2021	Q1	Q2	Q3	Q4	YTD
SWE	+4.8%	+16.5%	-3.5%	+6.2%	+5.7%
France	+19.2%	-4.7%	-10.1%	-4.2%	-0.3%
Italy	-5.3%	+21.0%	+6.9%	+3.2%	+5.9%
Spain	-4.6%	+42.7%	-18.7%	+26.0%	+7.7%
NCE	+18.1%	+20.2%	+6.6%	+11.5%	+13.7%
Germany	+14.5%	+0.9%	+7.4%	+5.1%	+6.7%
UK	-12.4%	+0.5%	-13.8%	-8.2%	-8.3%
CIS+	+14.1%	+7.4%	+9.0%	+8.7%	+9.6%
Romania	+0.9%	+14.7%	+1.3%	-5.8%	+2.4%
Russia	+29.9%	+8.2%	+16.8%	+21.3%	+18.2%
RoW	+5.6%	+21.9%	+8.9%	+15.4%	+12.7%
Iran	+6.8%	+24.1%	+18.9%	+36.9%	+21.5%
Taiwan	+10.4%	+0.5%	-8.9%	-4.8%	-1.1%
Turkey	+1.3%	+26.5%	+14.0%	+21.7%	+15.8%
Total	+9.1%	+16.1%	+6.2%	+11.3%	+10.5%

5. Share of market by key markets

	12-month moving average			3-month average				
	2020	2021	Variance	2020	2021	2021	2021	2021
	Dec.	Dec.		Q4	Q1	Q2	Q3	Q4
France	27.1%	28.9%	+1.8ppt	28.3%	28.8%	29.0%	28.8%	29.0%
Italy	25.7%	26.7%	+0.9ppt	26.0%	26.2%	26.5%	26.9%	27.0%
Russia*	36.3%	36.7%	+0.4ppt	36.7%	36.7%	36.8%	36.7%	36.6%
Spain	26.7%	27.8%	+1.1ppt	27.4%	27.5%	27.7%	27.4%	28.6%
Taiwan	47.8%	48.1%	+0.3ppt	48.6%	48.1%	48.1%	48.0%	48.1%
Turkey	26.6%	27.7%	+1.1ppt	26.8%	27.5%	27.8%	27.7%	27.8%
UK	45.0%	45.8%	+0.8ppt	45.3%	45.4%	45.9%	46.1%	45.6%

Source: IRI, Nielsen, Logista, Panel Strator / Reflects the changes in historical data from the sources.

*From Q1 2021 onwards, market share data for Russia reflects total tobacco figures, i.e. combustibles and heated tobacco sticks. 2020 data has been adjusted accordingly.

6. Core revenue at constant FX by cluster (vs. PY)

(USD MM)

2021	Q1	Q2	Q3	Q4	YTD
SWE	543	570	545	490	2,148
	-0.5%	+15.7%	-2.8%	+8.1%	+4.7%
NCE	620	698	739	637	2,695
	+13.3%	+14.7%	+1.4%	-4.1%	+5.7%
CIS+	774	801	876	713	3,164
	+21.5%	+12.1%	+12.5%	+14.0%	+14.8%
RoW	1,331	1,286	1,160	1,186	4,963
	+17.1%	+16.7%	+10.8%	+9.6%	+13.6%
Total	3,268	3,355	3,321	3,025	12,969
	+14.0%	+15.0%	+6.6%	+7.1%	+10.6%

Tobacco Business Data

7. Breakdown of core revenue

The results for fiscal year 2021 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, 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. The FX impacts in the figures below include the aforementioned adjustments in addition to the prevailing FX impact.

• USD basis					(USD MM)
	Q1	Q2	Q3	Q4	YTD
2020	2,866	2,918	3,116	2,824	11,724
Volume	+214	+246	+21	+73	+554
Price/Mix	+187	+192	+184	+128	+690
2021 at constant	3,268	3,355	3,321	3,025	12,969
FX	+16	+179	+220	+84	+499
2021	3,284	3,535	3,540	3,109	13,468

• JPY basis					(JPY BN)
	Q1	Q2	Q3	Q4	YTD
2020	312.0	314.0	330.4	294.3	1,250.8
Operations	+43.7	+47.1	+22.0	+22.1	+134.8
Local currencies vs. USD	+1.7	+19.3	+24.2	+8.3	+53.5
JPY vs. USD	-8.5	+6.8	+14.1	+30.6	+43.1
2021	349.0	387.3	390.6	355.3	1,482.1

8. Breakdown of adjusted operating profit

The results for fiscal year 2021 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, 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. The FX impacts in the figures below include the aforementioned adjustments in addition to the prevailing FX impact.

• USD basis					(USD MM)
	Q1	Q2	Q3	Q4	YTD
2020	956	1,025	949	252	3,181
Volume	+148	+163	+13	+34	+359
Price/Mix	+182	+165	+180	+136	+663
Others	+22	-101	-40	+39	-80
2021 at constant	1,308	1,251	1,102	461	4,123
FX	-50	-5	+66	+23	+34
2021	1,258	1,247	1,168	484	4,157

• JPY basis					(JPY BN)
	Q1	Q2	Q3	Q4	YTD
2020	104.1	110.3	100.5	26.1	340.9
Operations	+38.4	+24.4	+16.6	+22.1	+101.5
Local currencies vs. USD	-5.5	-0.5	+7.0	+2.4	+3.5
JPY vs. USD	-3.3	+2.4	+4.7	+4.8	+8.5
2021	133.6	136.6	128.8	55.4	454.4

9. FX actual vs. PY

2021	Q1	Q2	Q3	Q4	YTD
USD/RUB	74.34	74.22	73.47	72.61	73.66
	-10.8%	-2.8%	+0.2%	+5.0%	-2.2%
USD/GBP	0.73	0.72	0.73	0.74	0.73
	+7.8%	+12.5%	+6.9%	+2.1%	+7.3%
USD/EUR	0.83	0.83	0.85	0.87	0.85
	+9.4%	+9.4%	+1.0%	-4.0%	+3.8%
USD/CHF	0.90	0.91	0.92	0.92	0.91
	+7.1%	+5.7%	+0.3%	-1.9%	+2.8%
USD/TWD	28.07	27.99	27.86	27.83	27.94
	+7.3%	+6.9%	+5.4%	+2.4%	+5.5%
USD/TRY	7.37	8.37	8.53	11.08	8.84
	-17.2%	-18.0%	-15.5%	-29.0%	-20.7%
USD/IRR	*	*	*	*	*
USD/JPY	106.09	109.52	110.11	113.71	109.90
	-2.5%	+1.8%	+3.7%	+8.8%	+2.9%

Local currency vs USD variance: (Local currency exchange rates of same period in previous year / Local currency exchange rates of current period) -1

JPY vs USD variance: (JPY exchange rates of current period / JPY exchange rates of same period in previous year) -1

EUR/IRR is converted to USD/IRR by using cross rate.

*The closing currency rates for the month ended December 2021 and December 2020 have been applied when converting financial statements for subsidiaries located in hyperinflationary economies to the US dollar. Similarly, the month-end rates are also applied upon conversions from the US dollar to the Japanese yen. (December 2021-end rate USD/IRR: 247.776 USD/JPY: 115.02, December 2020-end rate USD/IRR: 258,747 USD/JPY: 103.50)

Tobacco Business Data

10. Key markets

Source: IRI, Nielsen, Logista, Panel Strator / Reflect the changes in historical data from the sources.

Italy

• Industry volume evolution

(BNU)

	FY2020	FY2021	Var.
Combustible industry volume	68.9	68.2	-1.0%
Cigarettes	61.7	61.1	-1.0%
Fine cut tobacco	7.1	7.1	-0.6%

• Share evolution

	FY2020	FY2021	Var.	Q1 2021	Q2 2021	Q3 2021	Q4 2021
JTI SoM	25.7%	26.7%	+0.9ppt	26.2%	26.5%	26.9%	27.0%
GFB SoM	20.8%	22.0%	+1.3ppt	21.5%	21.9%	22.3%	22.4%
Winston SoM	11.3%	13.3%	+2.0ppt	12.6%	13.1%	13.5%	13.9%
Camel SoM	9.5%	8.8%	-0.7ppt	8.9%	8.8%	8.8%	8.6%
Benson & Hedges SoM	3.7%	3.5%	-0.2ppt	3.6%	3.5%	3.4%	3.5%
JTI SoV	25.3%	26.2%	+0.9ppt	25.7%	26.1%	26.4%	26.6%

France

• Industry volume evolution

(BNU)

	FY2020	FY2021	Var.
Combustible industry volume	48.1	44.7	-7.0%
Cigarettes	35.8	33.5	-6.5%
Fine cut tobacco	12.3	11.3	-8.5%

• Share evolution

	FY2020	FY2021	Var.	Q1 2021	Q2 2021	Q3 2021	Q4 2021
JTI SoM	27.1%	28.9%	+1.8ppt	28.8%	29.0%	28.8%	29.0%
GFB SoM	22.6%	24.4%	+1.8ppt	24.4%	24.5%	24.3%	24.6%
Winston SoM	12.3%	13.5%	+1.3ppt	13.6%	13.7%	13.5%	13.4%
Camel SoM	10.4%	10.9%	+0.5ppt	10.8%	10.8%	10.8%	11.1%
Benson & Hedges SoM	1.6%	1.6%	+0.0ppt	1.6%	1.5%	1.6%	1.6%
Fleur de Pays SoM	2.6%	2.6%	+0.0ppt	2.6%	2.6%	2.6%	2.5%
JTI SoV	24.9%	26.8%	+1.9ppt	26.7%	26.9%	26.8%	26.8%

Spain

• Industry volume evolution

(BNU)

	FY2020	FY2021	Var.
Combustible industry volume	50.5	51.0	+1.2%
Cigarettes	40.8	41.5	+1.6%
Fine cut tobacco	9.7	9.6	-0.8%

• Share evolution

	FY2020	FY2021	Var.	Q1 2021	Q2 2021	Q3 2021	Q4 2021
JTI SoM	26.7%	27.8%	+1.1ppt	27.5%	27.7%	27.4%	28.6%
GFB SoM	24.5%	25.7%	+1.2ppt	25.7%	25.8%	25.1%	26.3%
Winston SoM	14.5%	14.9%	+0.3ppt	15.2%	15.0%	14.3%	15.0%
Camel SoM	10.0%	10.8%	+0.9ppt	10.6%	10.8%	10.8%	11.3%
JTI SoV	26.1%	27.4%	+1.2ppt	27.0%	27.2%	26.9%	28.3%

Tobacco Business Data

UK

• Industry volume evolution (BNU)

	FY2020	FY2021	Var.
Combustible industry volume	45.3	45.8	+1.0%
Cigarettes	24.4	23.9	-2.1%
Fine cut tobacco	20.9	21.9	+4.7%

• Share evolution

	FY2020	FY2021	Var.	Q1 2021	Q2 2021	Q3 2021	Q4 2021
JTI SoM	45.0%	45.8%	+0.8ppt	45.4%	45.9%	46.1%	45.6%
GFB SoM	0.1%	0.1%	-0.0ppt	0.1%	0.1%	0.1%	0.1%
Amber Leaf SoM	13.4%	12.5%	-0.9ppt	13.2%	12.7%	12.3%	11.9%
Sterling SoM	12.3%	13.6%	+1.4ppt	13.1%	13.6%	14.0%	14.0%
Benson & Hedges SoM	9.6%	10.0%	+0.5ppt	9.6%	10.0%	10.2%	10.2%
Silk Cut SoM	1.4%	1.3%	-0.1ppt	1.3%	1.3%	1.2%	1.2%
Mayfair SoM	2.2%	2.1%	-0.1ppt	2.1%	2.1%	2.1%	2.0%
JTI SoV	45.2%	45.9%	+0.8ppt	45.5%	46.0%	46.3%	45.9%

Russia*

• Industry volume evolution (BNU)

	FY2020	FY2021	Var.
Total tobacco industry volume	223.4	217.1	-2.8%

• Share evolution

	FY2020	FY2021	Var.	Q1 2021	Q2 2021	Q3 2021	Q4 2021
JTI SoM	36.3%	36.7%	+0.4ppt	36.7%	36.8%	36.7%	36.6%
GFB SoM	23.7%	26.3%	+2.6ppt	25.1%	26.1%	26.8%	27.0%
Winston SoM	14.1%	12.6%	-1.5ppt	13.0%	13.0%	12.4%	12.1%
LD SoM	8.6%	8.6%	-0.0ppt	9.0%	8.9%	8.5%	8.0%
Peter 1 SoM	2.3%	1.8%	-0.5ppt	2.0%	1.9%	1.7%	1.6%
JTI SoV	37.3%	37.5%	+0.2ppt	37.2%	37.6%	37.7%	37.5%

*From Q1 2021 onwards, data for Russia reflects total tobacco figures, i.e. combustibles and heated tobacco sticks. 2020 data has been adjusted accordingly.

Turkey

• Industry volume evolution (BNU)

	FY2020	FY2021	Var.
Combustible industry volume	115.4	128.5	+11.4%
Cigarettes	115.4	125.1	+8.4%
Fine cut tobacco	0.0	3.4	-

• Share evolution

	FY2020	FY2021	Var.	Q1 2021	Q2 2021	Q3 2021	Q4 2021
JTI SoM	26.6%	27.7%	+1.1ppt	27.5%	27.8%	27.7%	27.8%
GFB SoM	24.0%	25.1%	+1.2ppt	25.0%	25.2%	25.2%	25.2%
Camel SoM	7.5%	6.9%	-0.5ppt	7.3%	7.1%	6.9%	6.6%
Winston SoM	13.4%	15.4%	+2.1ppt	14.7%	15.2%	15.5%	16.0%
LD SoM	3.1%	2.8%	-0.4ppt	2.9%	2.9%	2.7%	2.6%
Monte Carlo SoM	2.7%	2.6%	-0.1ppt	2.6%	2.6%	2.6%	2.6%
JTI SoV	26.1%	26.7%	+0.6ppt	26.7%	26.8%	26.6%	26.7%

Taiwan

• Industry volume evolution (BNU)

	FY2020	FY2021	Var.
Cigarette industry volume	29.7	29.4	-1.0%

• Share evolution

	FY2020	FY2021	Var.	Q1 2021	Q2 2021	Q3 2021	Q4 2021
JTI SoM	47.8%	48.1%	+0.3ppt	48.1%	48.1%	48.0%	48.1%
GFB SoM	39.8%	39.8%	+0.0ppt	39.5%	39.8%	40.0%	39.9%
Mevius SoM	18.4%	18.6%	+0.2ppt	18.6%	18.5%	18.7%	18.8%
Winston SoM	13.9%	13.7%	-0.1ppt	13.6%	13.8%	13.8%	13.7%
LD SoM	7.5%	7.4%	-0.0ppt	7.3%	7.5%	7.5%	7.5%
Mi-Ne SoM	3.5%	3.6%	+0.1ppt	3.7%	3.6%	3.5%	3.6%
JTI SoV	51.6%	52.3%	+0.7ppt	52.4%	52.3%	52.2%	52.4%

Tobacco Business Data

Japanese-Domestic Tobacco Business

1. Summary (YTD)

	2020 Q4	2021 Q4	Variance	Variance (%)	
Combustible industry volume (JT estimate)	114.9	105.3	-9.6	-8.4%	BNU
Combustible shipment volume	68.7	62.2	-6.5	-9.5%	BNU
Excludes volumes of domestic Duty-Free, China businesses (1.8BNU in 2020 Q4 and 1.7BNU in 2021 Q4, respectively) and RRP sales					
Core revenue	515.7	519.8	+4.1	+0.8%	JPY BN
Adjusted operating profit	168.1	182.4	+14.4	+8.6%	JPY BN

2. Combustible shipment volume

	(BNU)				
	Q1	Q2	Q3	Q4	FY
2020	17.2	17.0	19.9	14.7	68.7
2021	14.9	16.0	18.1	13.2	62.2
Variance	-13.3%	-5.7%	-9.0%	-10.0%	-9.5%

3. Revenue per thousand combustibles

	(JPY)				
	Q1	Q2	Q3	Q4	FY
2020	6,326	6,344	6,369	7,172	6,524
2021	7,155	7,174	7,134	7,425	7,211

Revenue per thousand combustibles = (retail price sales - retailer margins - consumption tax - excise taxes)/sales volume × 1,000

4. Results of Reduced-Risk Products

	(BNU / JPY BN)				
2021	Q1	Q2	Q3	Q4	YTD
RRP shipment volume	1.0	1.1	1.2	1.3	4.6
RRP-related revenue	14.7	14.6	17.0	13.6	59.8

5. Breakdown of financial results

	(JPY BN)				
	Q1	Q2	Q3	Q4	YTD
Core revenue					
2020	125.8	123.0	146.0	120.9	515.7
Combustible volume	-14.5	-6.2	-11.4	-10.6	-42.5
Combustible price/mix	+12.3	+13.3	+13.8	+3.3	+42.8
RRP/Others	+0.4	+2.1	+0.5	+0.9	+3.8
2021	124.1	132.2	148.9	114.6	519.8
Adjusted OP					
2020	43.2	38.6	57.2	29.1	168.1
Combustible volume	-12.1	-5.1	-9.4	-9.0	-35.6
Combustible price/mix	+12.3	+13.3	+13.8	+3.3	+42.8
RRP/Others	+4.5	+6.5	-0.8	-3.1	+7.2
2021	48.0	53.3	60.8	20.4	182.4

6. Combustible market share (JT estimate)

	(%)				
	Q1	Q2	Q3	Q4	FY
JT Total					
2020	59.7	60.1	60.2	59.0	59.8
2021	59.5	59.5	59.7	57.3	59.1
MEVIUS					
2020	28.9	28.8	28.9	27.4	28.6
2021	27.6	27.5	27.8	26.9	27.5
Winston					
2020	7.3	7.3	7.3	7.1	7.2
2021	7.1	7.1	7.1	6.7	7.0
Seven Stars					
2020	7.5	7.5	7.6	7.1	7.4
2021	7.4	7.3	7.5	7.1	7.3
Natural American Spirit					
2020	2.0	2.0	1.9	2.1	2.0
2021	2.1	2.1	2.0	2.2	2.1

(Reference) Restated Tobacco Business Data by New Cluster Composition

Associated with the consolidation of the business management structure in the tobacco business from January 2022, the clusters* in the whole tobacco business including the Japan market have been reorganized into new 3 clusters, namely Asia (Japan + Asia Pacific) , WE (Western Europe) and EMA (Eastern Europe + MENEAT + Americas).

*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.

1. Contribution by new cluster on a reported basis*

(BNU/JPY BN)

The results for fiscal year 2021 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.

2021	Total shipment volume	Core revenue	Adjusted operating profit
Asia	133.2	792.2	279.9
WE	112.6	503.1	206.7
EMA	283.0	706.6	152.6
Total	528.8	2,002.0	639.2

*Core revenue and adjusted operating profit above are unaudited figures.

Pharmaceutical Business

Clinical Development as of February 14, 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-251	Type 2 diabetes mellitus /Oral	PDHK inhibitor	Decreases blood glucose by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase1 (Overseas)	In-house	
JTT-662	Type 2 diabetes mellitus /Oral	SGLT1 inhibitor	Suppresses postprandial hyperglycemia and normalizes blood glucose level via inhibition of SGLT1.	Phase1 (Overseas)	In-house	
JTT-861	Chronic heart failure /Oral	PDHK inhibitor	Improves cardiac function by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase1 (Overseas)	In-house	
JTE-061 (Tapinarof)	Atopic dermatitis /Topical	AhR modulator	Suppresses skin inflammation via activation of the aryl hydrocarbon receptor (AhR)	Phase3 (Japan)	In-license	· In-license from Dermavant Sciences GmbH · Co-development with Torii Pharmaceutical
	Plaque psoriasis /Topical			Phase3 (Japan)		
	Atopic dermatitis (pediatric) /Topical			Phase2 (Japan)		

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

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

<Licensed compounds>

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

Updates since the previous announcement on October 29, 2021:

- JTE-061 (pediatric atopic dermatitis /Topical): advanced to Phase2 in Japan

Definitions

Terms	Definitions
Adjusted operating profit (AOP)	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
Consolidated adjusted operating profit at constant FX	The same foreign exchange rates between local currencies vs USD as well as the exchange rates between JPY and USD are applied as in the equivalent period in the previous fiscal year for the international tobacco business.
Reduced-Risk Products (RRP)	Reduced-Risk Products are products with the potential to reduce the risks associated with smoking.
Global flagship brands (GFB)	GFB includes four brands namely Winston, Camel, MEVIUS and LD.
Total shipment volume (International tobacco business)	Total shipment volume is the shipment volume of tobacco-based products which includes fine cut tobacco, cigars, pipe tobacco, snus, kretek and T-Vapor but excludes contract manufactured products, waterpipe tobacco and E-Vapor.
Core revenue (International tobacco business)	Core revenue includes waterpipe tobacco and RRP, but excludes revenue from distribution, contract manufacturing and other peripheral businesses.
Core revenue / Adjusted operating profit at constant FX (International tobacco business)	The same foreign exchange rates between local currencies vs USD are applied as in the equivalent period in the previous fiscal year for international tobacco business.
Industry volume (Japanese-domestic tobacco business)	Industry volume in the Japanese market by number of sticks based on internal estimates. This includes cigarettes, little cigars, RRP and others.
Combustible industry volume (Japanese-domestic tobacco business)	Industry volume of combustibles in the Japanese market by number of sticks based on the internal estimates. This includes little cigars but excludes RRP.
RRP industry volume (Japanese-domestic tobacco business)	Industry volume of RRP in the Japanese market by number of sticks based on the internal estimates. One pack of consumables is equivalent to 20 sticks of combustible cigarettes. This excludes RRP devices, RRP related accessories, etc.
Combustible sales volume (Japanese-domestic tobacco business)	JT's combustible sales volume excluding the volume of domestic Duty-Free and the China businesses. This includes little cigars but excludes RRP.
RRP sales volume (Japanese-domestic tobacco business)	JT's RRP sales volume excluding the volume of domestic Duty-Free business. One pack of consumables is equivalent to 20 sticks of combustible cigarette. This also excludes RRP devices, RRP related accessories, etc.
Little cigars	Products rolled in tobacco-based paper with a similar format to cigarettes and classified as "cigars" under the Tobacco Business Act of Japan.
Core revenue (Japanese-domestic tobacco Business)	Core revenue, excludes revenue from distribution of imported tobacco in the Japanese domestic tobacco business, among others, but includes revenue from domestic Duty-free and the China businesses as well as the revenue from RRP and little cigars.
RRP-related revenue (Japanese-domestic tobacco business)	RRP-related revenue, as a part of core revenue, represents the sale of RRP including domestic Duty-Free, principally the device and the related accessories.
Liquidity	Cash and deposits + marketable securities + securities purchased under repurchase agreements
Interest-bearing debt	Short-term bank loans + CP + bonds + long-term borrowings
Free cash flow (FCF)	FCF is sum of cash flows from operating activities and investing activities, but excludes the following items: - 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 (for both short-term and long-term), payments into time deposits, proceeds from sale or redemption of investment securities (for 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 58,000 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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