



2021 First-Quarter Results

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*Please be reminded that the figures shown on these slides may differ from those shown in the financial statements as they are intended to facilitate the reader's understanding of individual businesses.

*For details of each term, please refer to annotations on slide 8 and 9.

FORWARD-LOOKING STATEMENTS

This presentation 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.

2021 First-Quarter Consolidated Results

(JPY BN)	Q1 2021	vs. PY
Reported		
Revenue	547.4	+5.3%
AOP	178.1	+21.3%
Operating profit	160.1	+24.2%
Profit	113.8	+31.7%

Adjusted Operating Profit (AOP) at constant FX: +27.2% vs. PY

- Driven by the strong business momentum of our tobacco businesses
 - High growth rate in Q1 due to factors such as temporary stronger domestic volume in some high margin markets as a result of travel restrictions in the international tobacco business

Revenue

- Led by the international tobacco business volume and price/mix contributions

AOP (Reported) and operating profit

- Grew on reported basis despite currency headwinds

Profit

- Increased due to improved financing costs

Each of the businesses continue to experience the COVID-19 impacts of second half of 2020. Duty-free business in tobacco business remains weak.

Note: The results for fiscal year 2021 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. 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.

Japanese-domestic tobacco business : Volume Performance and Financial Results

Volume (BnU)	Industry	JT	SoM/SoS
Total Tobacco*	35.6 (-6.5%)	15.9 (-11.7%)	44.8% (-2.6ppt)
RMC	25.0 (-13.0%)	14.9 (-13.3%)	59.5% (-0.2ppt)
RRP*	10.6 (+13.5%)	1.0 (+19.3%)	9.8% (+0.5ppt)
RRP market size*	29.7%	—	—

* JT estimate (shipment based)

Financials (BN)	Q1 2021	vs. PY
Core revenue	124.1	-1.4%
AOP	48.0	+11.1%

Industry volume

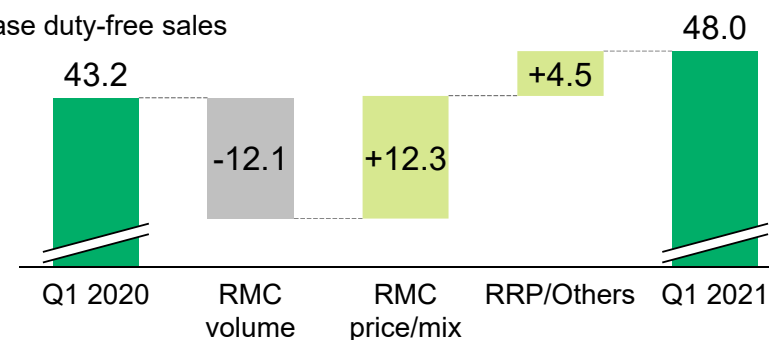
- **RMC**: decreased due to higher RRP consumer applications, price hike and the impact from COVID-19 as well as natural decline
- **RRP**: increased mainly due to ongoing changes in consumer behavior impacted from COVID-19

JT sales volume and share performance

- **RMC**: decreased due to lower industry volume as well as share decline from conversion to RRP and intense competition in the value segment caused by down-trading
- **RRP**: both JT volume and SoS increased year-on-year driven by the introduction of “Ploom S 2.0” and “Ploom TECH + with” in 2020

AOP variance factors (JPY BN)

- (+) RMC price/mix: October 2020 price hike effect
- (+) Increase in RRP refill sales volume
- (+) Lower marketing expense
- (-) RMC volume
- (-) Decrease duty-free sales



International tobacco business: Volume Performance and Financial Results

Volume (BnU)	Q1 2021	vs. PY
Total shipment volume	110.2	+5.8%
excl. inventory		+5.2%
GFB shipment volume	73.7	+9.1%

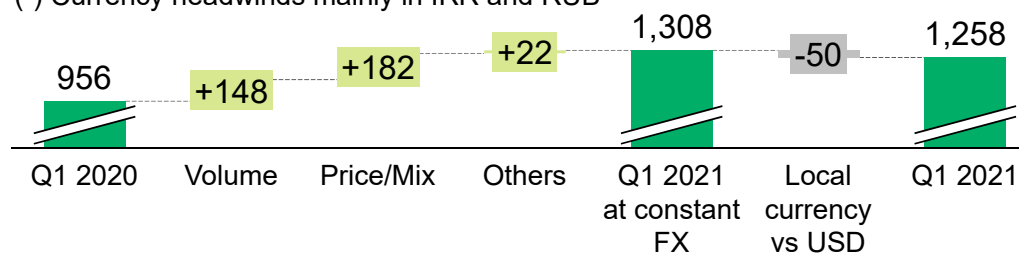
Financial			
Core revenue	349.0	JPY BN	+11.8%
at constant FX	3,268	USD MM	+14.0%
AOP	133.6	JPY BN	+28.4%
at constant FX	1,308	USD MM	+36.9%

Topline performance

- Strong share momentum, notably in our key markets, supported by:
 - Stronger domestic volume mainly in the high margin markets of Taiwan and the UK due to travel restrictions
 - Favorable inventory adjustments in Russia
- Pricing gains, notably in Iran, the Philippines and Russia

AOP variance factors (USD MM)

- (+) Robust topline performance
- (+) Lower marketing expense
- (-) Currency headwinds mainly in IRR and RUB



Note: The results for fiscal year 2021 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. 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 impact in the figure above includes the aforementioned adjustments in addition to the prevailing FX impacts.

Pharmaceutical and Processed food businesses: Financial Results

Pharmaceutical Business

(JPY BN)	Q1 2021	vs. PY
Revenue	19.7	-5.2%
AOP	4.2	-35.7%

- Revenue and AOP decreased, mainly due to lower overseas royalty income

Reference: Clinical development updates, received following approvals (March 23)

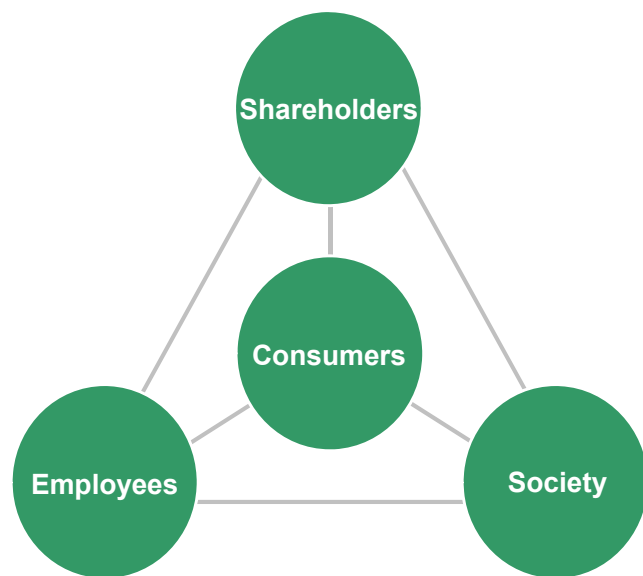
- CORECTIM® Ointments for the treatment of pediatric atopic dermatitis in Japan
- Riona® for additional indication for iron deficiency anemia in Japan

Processed food Business

(JPY BN)	Q1 2021	vs. PY
Revenue	33.8	-8.0%
AOP	0.3	-22.2%

- Revenue and AOP decreased, mainly due to sales declined in frozen and ambient foods
 - Products for the food service industry: sales decreased due to ongoing impacts from COVID-19
 - Products for household products: sales declined due to an unfavorable comparison with the same period last year, a temporary increase in demand associated with COVID-19

Closing remarks



- Robust performance in Q1 2021 due to strong momentum in our tobacco businesses with some one-time favorable factors
 - Combustibles market share continued to grow
 - RRP sales volume increased steadily in Japan, largest market for heated tobacco sticks
 - Launch of “Ploom X”, our next generation HTS device, early in the second half of this year
 - The recent semiconductor crisis could impose certain restrictions on the quantity of the devices for “Ploom X” we can supply
- Full-year forecast is not revised as we continue to closely monitor the affects of COVID-19 beyond Q2 to determine its impact on our business and financials going forward
 - The current FX rates have been favorable compared to the initial assumptions, assuming the favorable trends continues we expect an upside of over JPY 20.0 BN to AOP
- Steady progress toward combining the existing tobacco businesses into one tobacco business from 2022

<Definitions>

Adjusted operating profit (AOP):	Adjusted operating profit = 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:	For International tobacco business, the same foreign exchange rates between local currencies vs. USD and JPY vs. USD as same period in previous fiscal year are applied
Profit:	Profit attributable to owners of the parent company
Reduced-Risk Products (RRP):	Products with potential to reduce the risks associated with smoking
GFB:	Global Flagship Brands: Winston, Camel, MEVIUS and LD (4 brands)
Total shipment volume: (International tobacco business)	Includes fine cut tobacco, cigars, pipe tobacco, snus, kretek and heated tobacco products but excludes contract manufactured products, waterpipe, and E-Vapor
Core revenue: (International tobacco business)	Includes revenue from waterpipe and RRP, but excludes revenues 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 as same period in previous fiscal year are applied

<Definitions>

Total tobacco industry volume:
(Japanese-domestic tobacco business)

Industry volume in Japan market by number of sticks based on the internal estimate. This includes cigarettes, little cigars, RRP and others

RMC:
(Japanese-domestic tobacco business)

Ready made cigarettes

RMC industry volume:
(Japanese-domestic tobacco business)

Industry volume of ready-made-cigarette in Japan market by number of sticks based on the internal estimate. This includes little cigars but excludes RRP, etc.

RMC sales volume:
(Japanese-domestic tobacco business)

JT's cigarette sales volume excluding the volume of domestic Duty-Free and the China businesses. This includes little cigars but excludes RRP, etc.

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

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 cigarettes. This also excludes RRP devices, RRP related accessories, etc.

Little cigars:

Products rolled in tobacco-based paper with the similar format to cigarette and classified as "cigars" under the Tobacco Business Act of Japan

Core revenue:
(Japanese-domestic tobacco business)

Excluding revenue from distribution of imported tobacco in the Japanese-domestic tobacco business, among others, but including revenue from domestic Duty-free and the China business, as well as the revenue from RRP and little cigars