



JT Group Business Plan 2024

Masamichi Terabatake
JT Group Chief Executive Officer

*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.

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.

- FY2023 Overview
- Business Plan 2024
- Sustainability
- JT Group Purpose / D-LAB
- Tobacco Business FY2023 Results and FY2024 Outlook
- JT Group FY2023 Financials and FY2024 Forecast
- Closing Remarks

FY 2023 Overview | Record high levels across all indicators*)



- All business segments delivered strongly, exceeding initial forecasts and prior year results
 - **Tobacco**
 - **Combustibles** | Continued share gains, fueled by GFBs, and pricing across clusters
 - **RRP** | Volume expansion driven by share gains in Japan and market launches
 - **Pharmaceutical** | Organic revenue growth and high royalties, plus one-time compensation gains
 - **Processed Food** | Profit growth fueled by recovery in demand for food services as well as pricing

(vs. 2022)

✓ Consolidated AOP at constant FX: **+5.2%**

✓ Profit: **+8.9%**

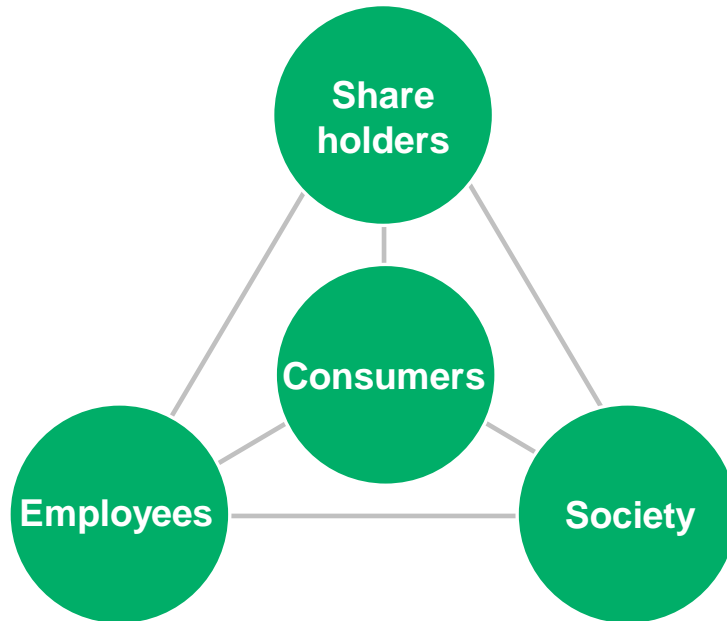
(vs. initial 2023 forecast)

✓ Consolidated AOP at constant FX: **+5.2%**

✓ Profit: **+9.6%**

- **DPS: JPY 194 (planned)**

4S Model



JT Group Purpose

Fulfilling Moments,
Enriching Life

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

Business Plan 2024

Pursue sustainable profit growth over mid to long term



Mid to Long Term Growth Algorithm Grow AOP*) at mid to high single digit rate

Outlook for 2024-2026: AOP expected to grow mid single digit, considering a flat AOP growth in FY24 to account for incremental investments towards RRP

Profit growth engine	Complementary profit growth areas	
Tobacco	Pharmaceutical	Processed Food
<p>Optimize top-line in combustibles and prioritize investments in HTS</p> <ul style="list-style-type: none">• Invest to grow and continuously improve ROI in combustibles• Grow HTS and explore other RRP segments• Continue strengthening company wide strategic capabilities	<p>Focus R&D investments towards next-generation strategic products and maximize value of each product</p> <ul style="list-style-type: none">• Reinforce drug discovery capabilities and build unique pipeline• Strengthen revenue base within Japan market• Improve productivity through optimization of mid- to long-term business base	<p>Realize profitable top-line growth</p> <ul style="list-style-type: none">• Optimize pricing opportunities• Allocate more management resources towards high value-added products• Accelerate initiatives for long-term business growth

Business Plan 2024 | FY2024-2026

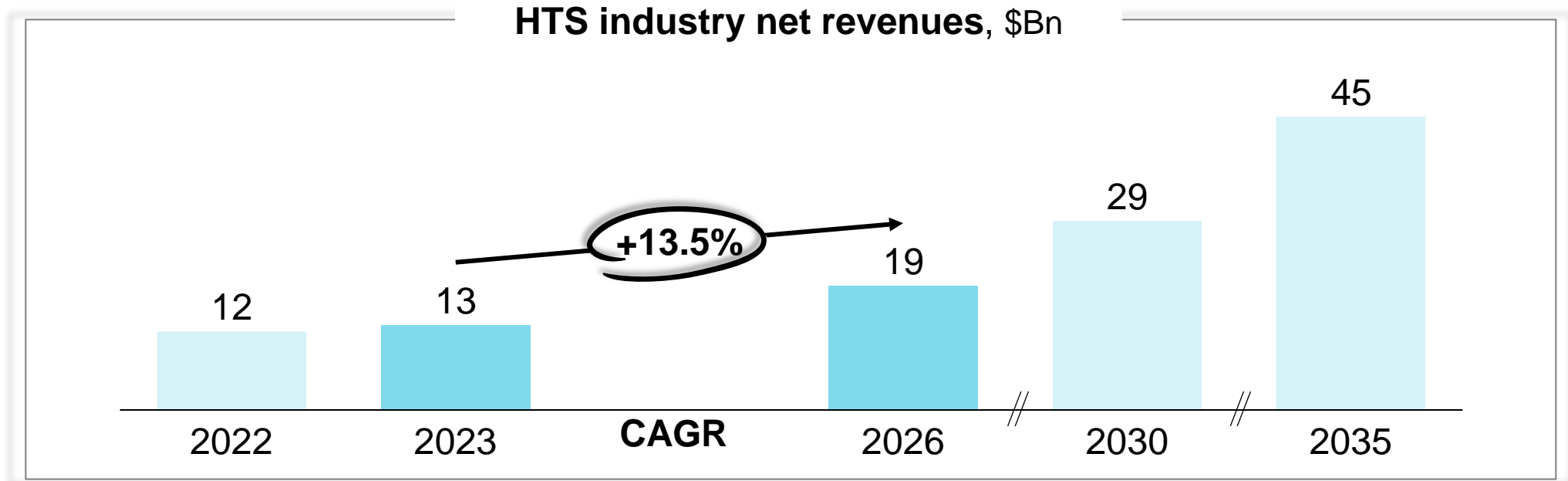
Tobacco | Combustibles growth expected to outperform industry estimates

JT

2024-2026 Combustibles assumptions		
	Volume	Net revenue
Industry	-2.6%	+1.8%
JT	<div>Continued market share gains & GFB momentum</div>	<div>Optimize pricing opportunities</div>
	-1.5 ~ -0.5%	Mid single digit growth

Business Plan 2024 | FY2024-2026

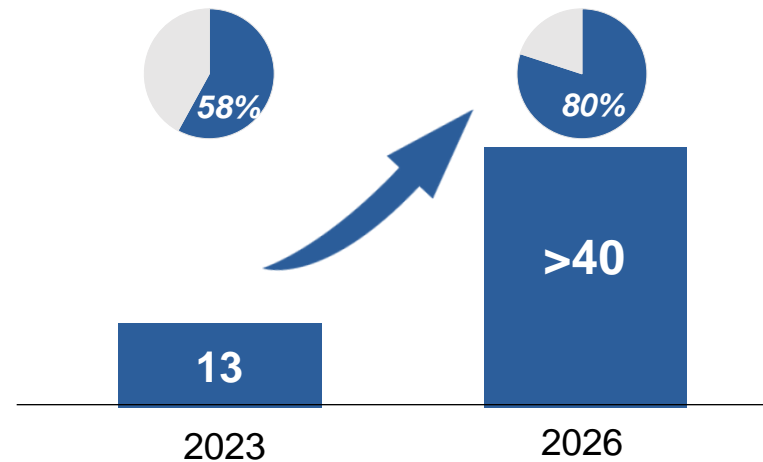
Tobacco | Accelerate revenue growth in HTS



- Strategy to prioritize and grow HTS is supported by RRP industry assumptions highlighting HTS as the largest and fastest growing RRP segment in value
- JT RRP revenue to increase by approx. 2.5 times by end of 2026 (vs. 2023)

of Ploom X markets

Global HTS volume market coverage








2028 RRP ambitions

Reach mid-teen HTS segment share


























Achieve break-even*) in the RRP category

- Continue to invest in HTS to account for increased marketing activities, including new HTS device launches during the plan period, intensified competitive environment, and additional market launches
 - Geographical expansion enable us to cover approximately 80% of the total global HTS demand by end of 2025. Ploom X to be available in over 40 markets by end of 2026
- Delivery of 2028 RRP ambitions is supported by the larger HTS footprint, share of segment growth and a gradual improvement in the RRP contribution

25 JT Group Sustainability Targets formulated

JT Group Purpose	Fulfilling Moments, Enriching Life				
JT Group Materiality	As nature, society, and people's lives are intertwined, sustaining our ways of living, and the activities of corporate entities, will depend on the sustainability of the environment and society in which we exist. In realizing the JT Group Purpose, we are contributing to that sustainability through our commitment to working on the issues identified in our materiality.				
	<div> Living with the Planet</div> <div>Preserve a harmonious relationship between our environment, people, and corporate organizations through initiatives to improve our impact on environment</div>	<div> Value Creation that Exceeds Consumer Expectations</div> <div>Create diverse products and services beyond consumer expectations</div>	<div> Investing in People and Provide Motivation</div> <div>Invest in people to support their development with attention to diversity, and enhance human capital by fostering a corporate culture that maximizes individuality and ability of each person</div>	<div> Responsible Supply Chain Management</div> <div>Create a sustainable supply chain capable of withstanding sudden changes in the business environment, by tackling social issues such as respecting human rights or preservation of our environment</div>	<div> Good Governance</div> <div>Enhance our governance by improving our stakeholder satisfaction and continue to be a trustworthy corporate entity</div>
JT Group Sustainability Targets	25 sustainability targets based on our materiality				

25 JT Group Sustainability Targets formulated

	Biodiversity impact assessment		Emissions reduction		Renewable energy
	Protecting water		Enhancing biodiversity – No deforestation, no conversion		Waste reduction
	Designing for circularity – Packaging, product and device		Sustainable agriculture		Reduced-Risk Products
	Transparency in reduced-risk science		Youth access prevention		Creating first-in-class drugs
	Food Inclusion		Diversity, equity & inclusion		Talent attraction
	Attractive working conditions		Health and safety		Development support
	Internal and external collaboration		Supplier screening and supply chain due diligence		Grower living income
	Human rights in grower communities		Grievance mechanisms		Community investment
	Internal control				

For details about the JT Group Sustainability Targets, please visit our website.
<https://www.jt.com/sustainability/index.html>

Update on corporate initiatives



JT Group Purpose

- New company purpose very well received by all stakeholders, notably employees
- Management team conducted dialogue with employees to promote the permeation and practice of the Purpose throughout the year

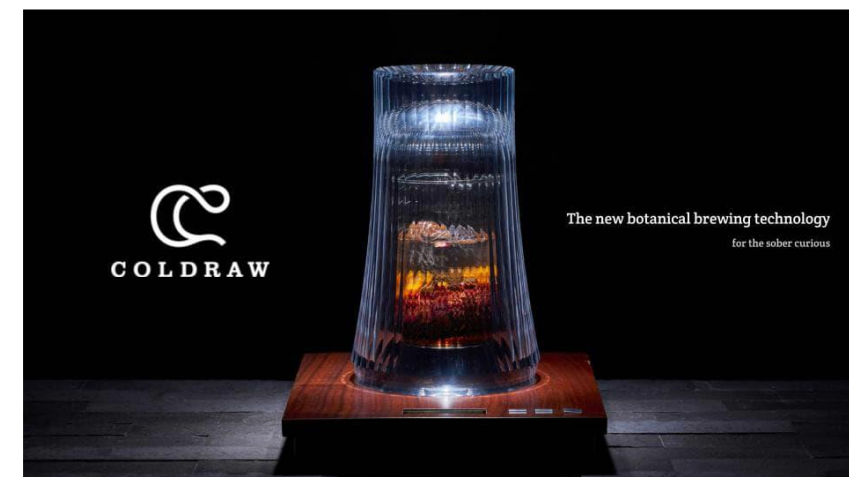
Fulfilling Moments,
Enriching Life

D-LAB

- A Corporate R&D organization that supports the realization of our Purpose
- D-LAB continues to explore long-term growth opportunities, focusing on the concept of “Fulfilling Moments, Enriching Life”



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JT Group - Tobacco Business 2023 Results & 2024 Outlook

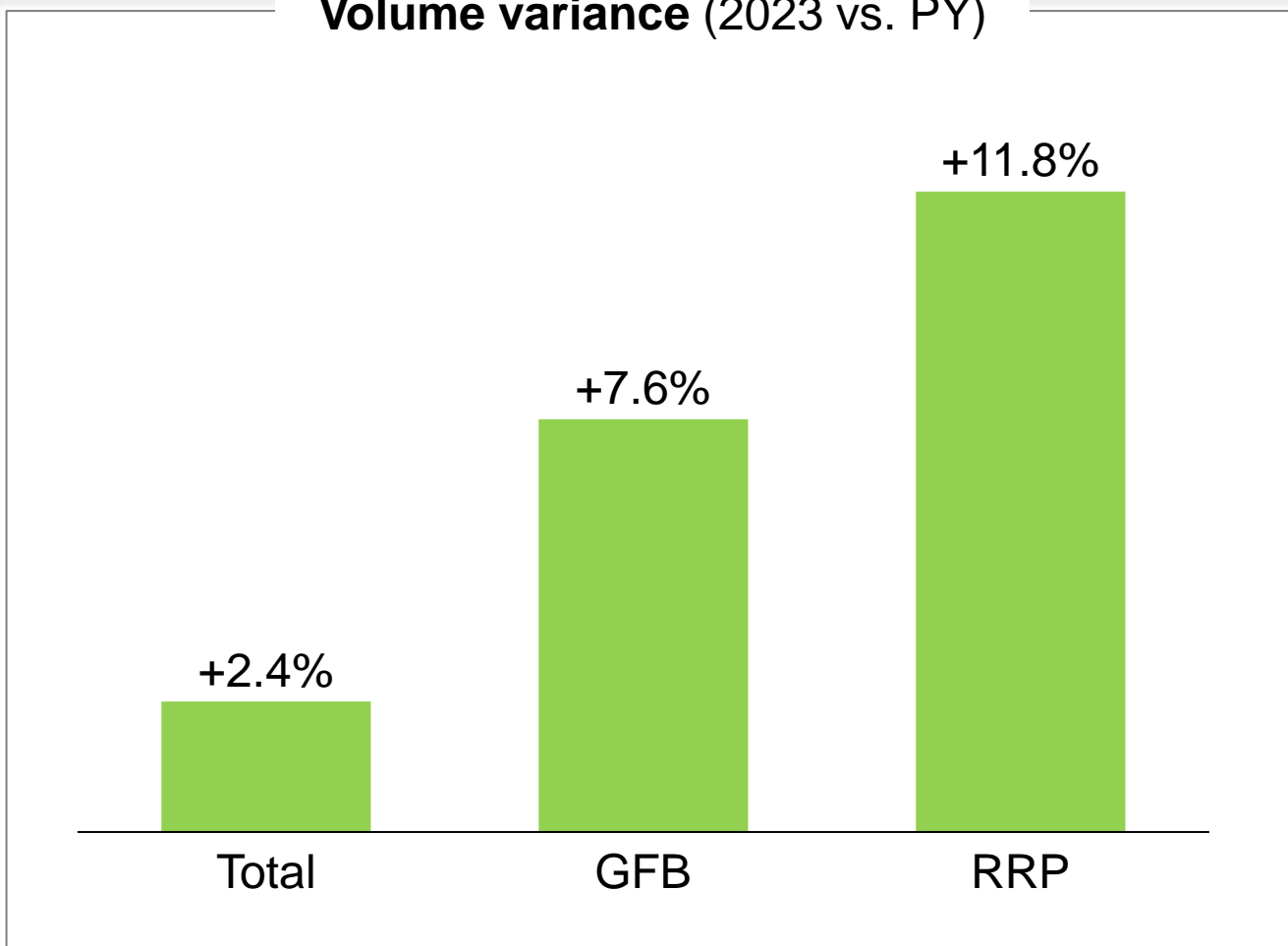
Eddy Pirard

JTI President & CEO

Outstanding volume performance driven by GFB and RRP

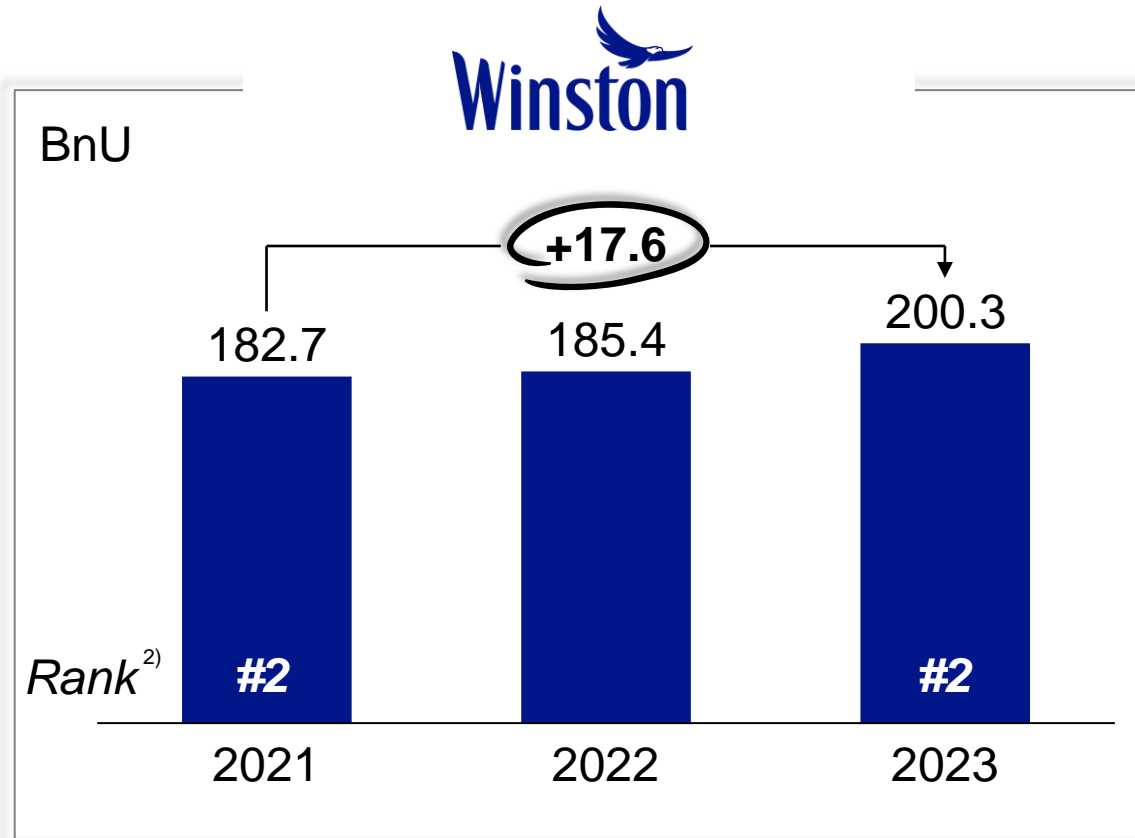


Volume variance (2023 vs. PY)

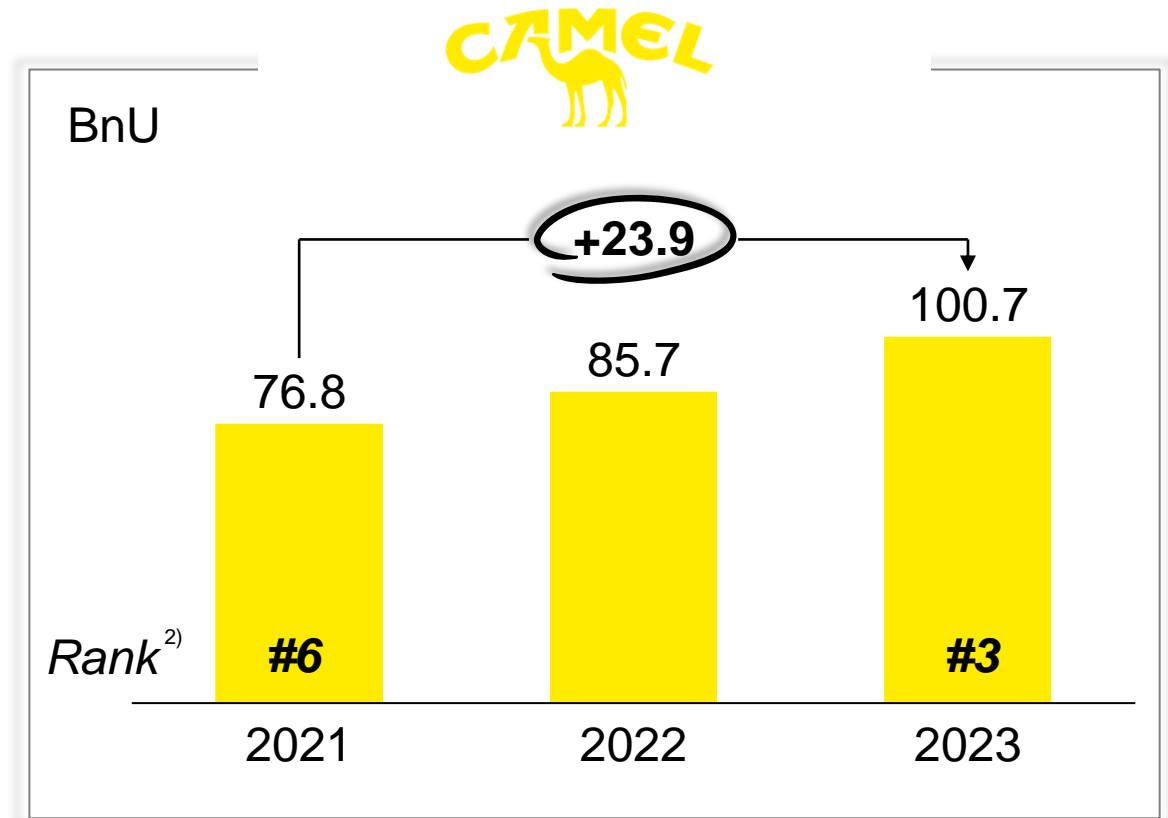


- Total volume grew despite industry volume declining at c. 1.4%¹⁾
 - Increased volume in 50+ markets
- GFB volume continued to grow to 72% of total volume:
 - Winston and Camel volume increased double-digit in 35+ markets
- RRP volume grew double-digit
 - Ploom X launched in 11 additional markets
 - Continued SoS gains in Japan

Winston and Camel growth fueled the GFB volume expansion

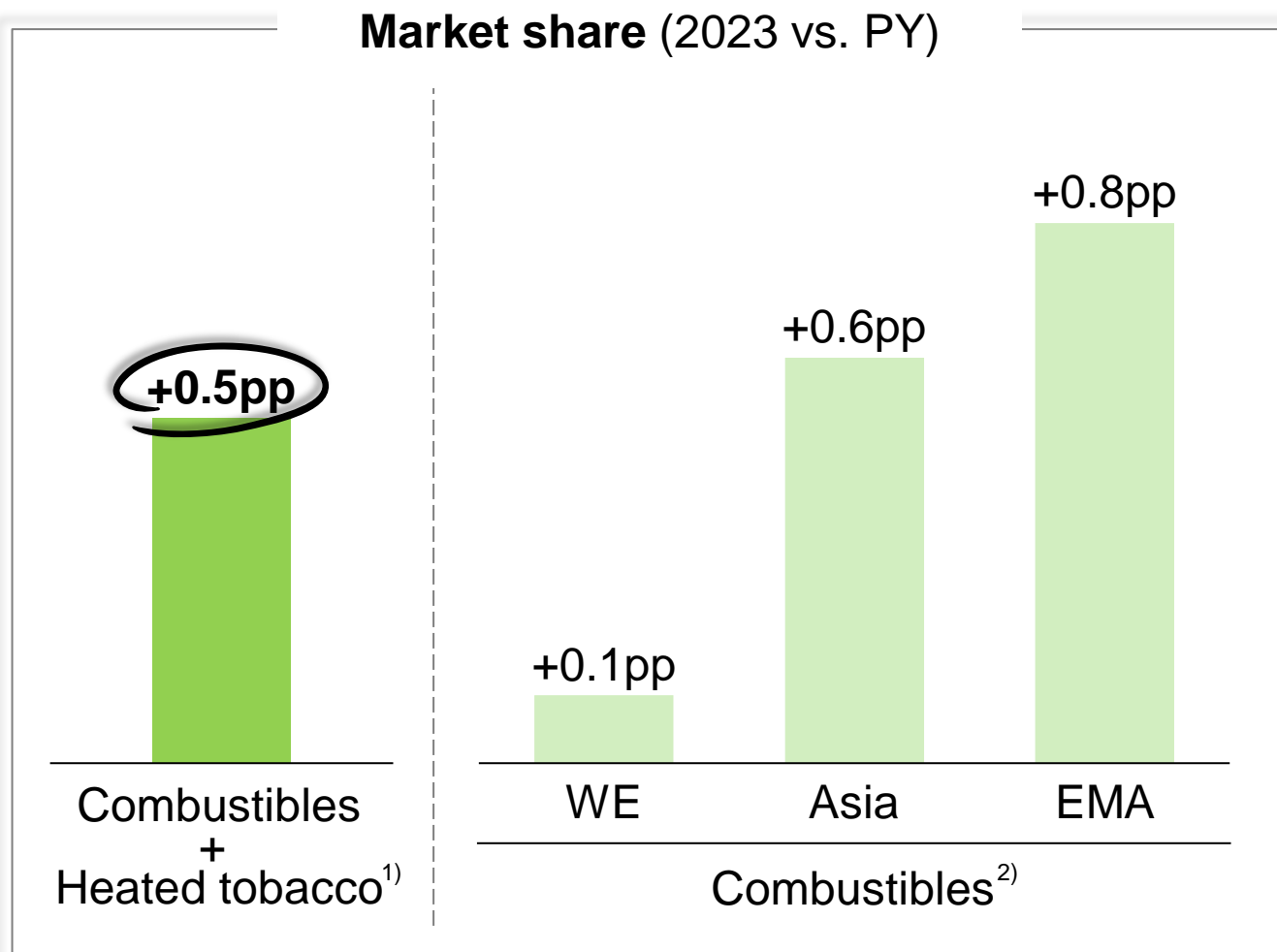


- Continued volume growth across the footprint
 - Volume increased 8.1% versus 2022
 - SoV up 0.7pp¹⁾ versus previous year



- Fastest growing brand in combustibles
 - Volume up 17.5% versus previous year
 - SoV increased by 0.7pp¹⁾ versus 2022

Market share gains continued across clusters

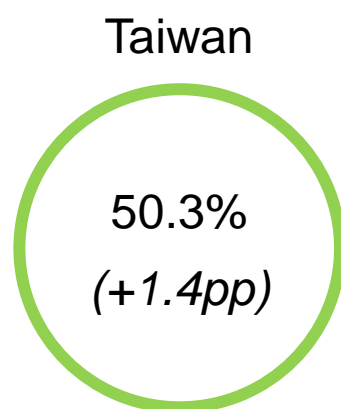
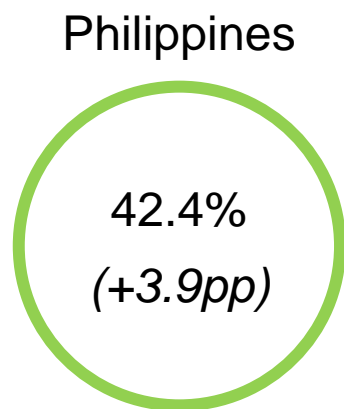
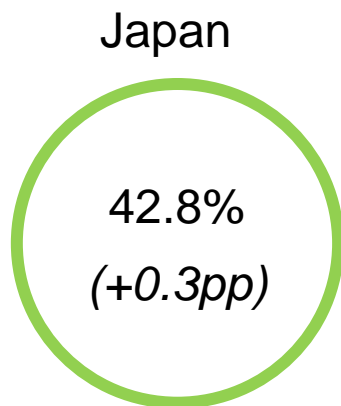
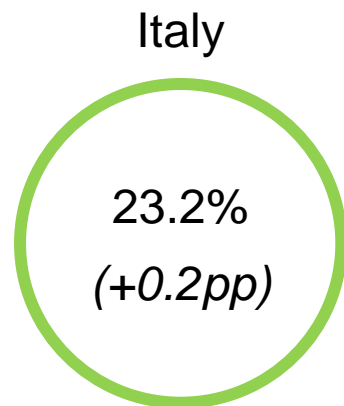


- Excellence in execution and brand building fueled another year of total share gains
- Total share reached record high
- Gains recorded in 50+ markets
- Key drivers by cluster were:
 - Western Europe | France, Germany & Italy
 - Asia | Japan, Philippines & Taiwan
 - EMA | Jordan, Kazakhstan & Romania

Robust performance in key markets

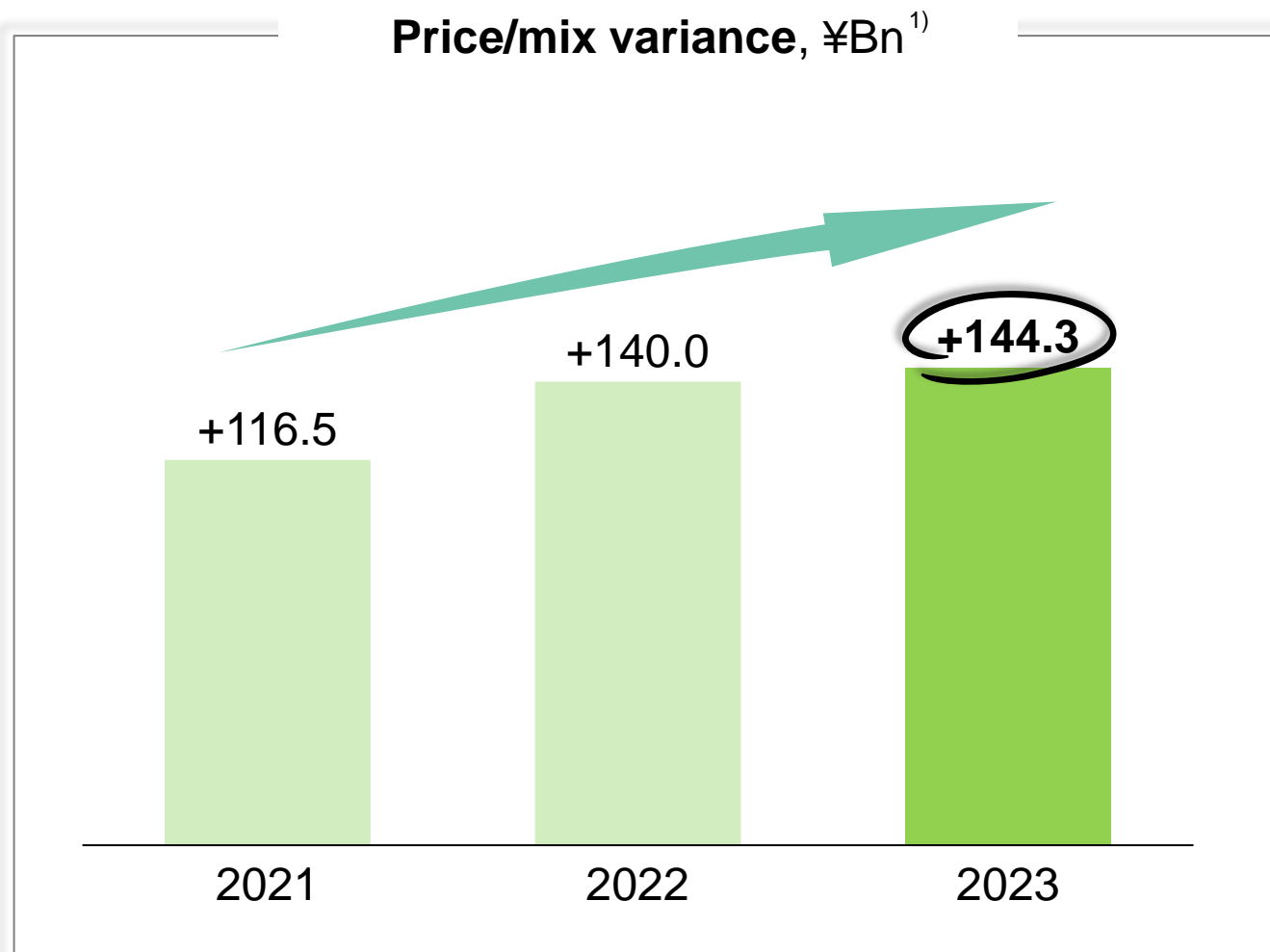


Selected key markets share (2023 vs. PY) ¹⁾



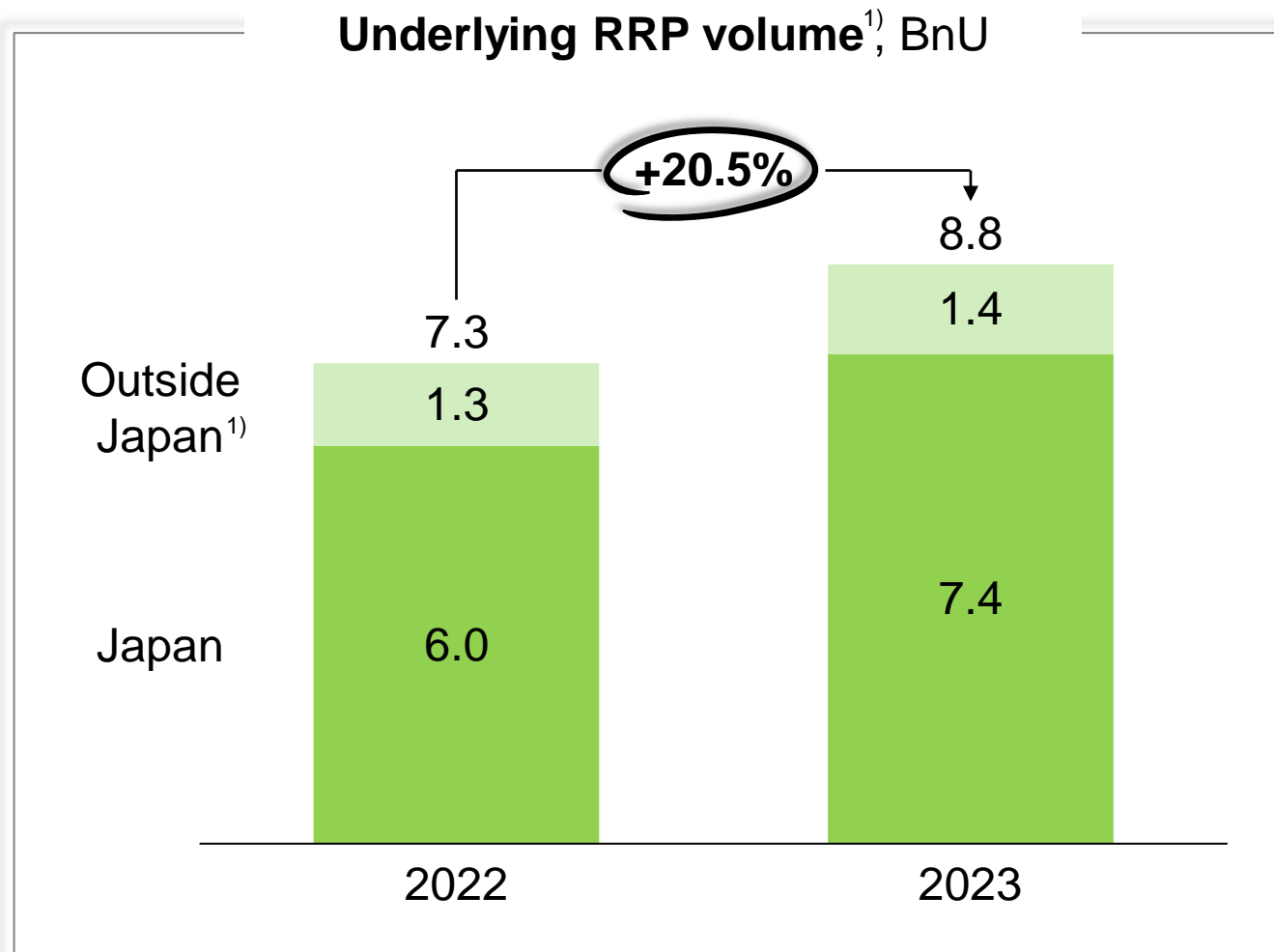
- In Italy, both combustibles and RRP grew share
- In Japan, share gains drove a positive volume variance, notably with continued share increase by Ploom
- The Philippines grew an impressive 3.9ppt in market share, fueled by Camel
- Taiwan exceeded the 50% market share level, thanks to Winston and LD
- In the UK, leadership position was maintained well above 40%

Another record year for price/mix



- Sustainable combustibles pricing more than compensated inflationary pressure
- Key contributors per cluster included:
 - Asia | Indonesia & Philippines
 - EMA | Canada, Romania, Russia & Turkey
 - Western Europe | Germany, Spain & UK
- Mix contribution to core revenue reflects ongoing downtrading and easing of travel restrictions

Underlying RRP volume increased double-digit



- Strong underlying RRP volume increase, driven by the success of Ploom X in Japan
- Ploom X now available in 13 markets
- Outside of Japan, second half weighted Ploom X market launches contributed to the growth
- HTS share of segment estimated at 6.7%²⁾, on track with ambition to reach mid-teen segment share by 2028

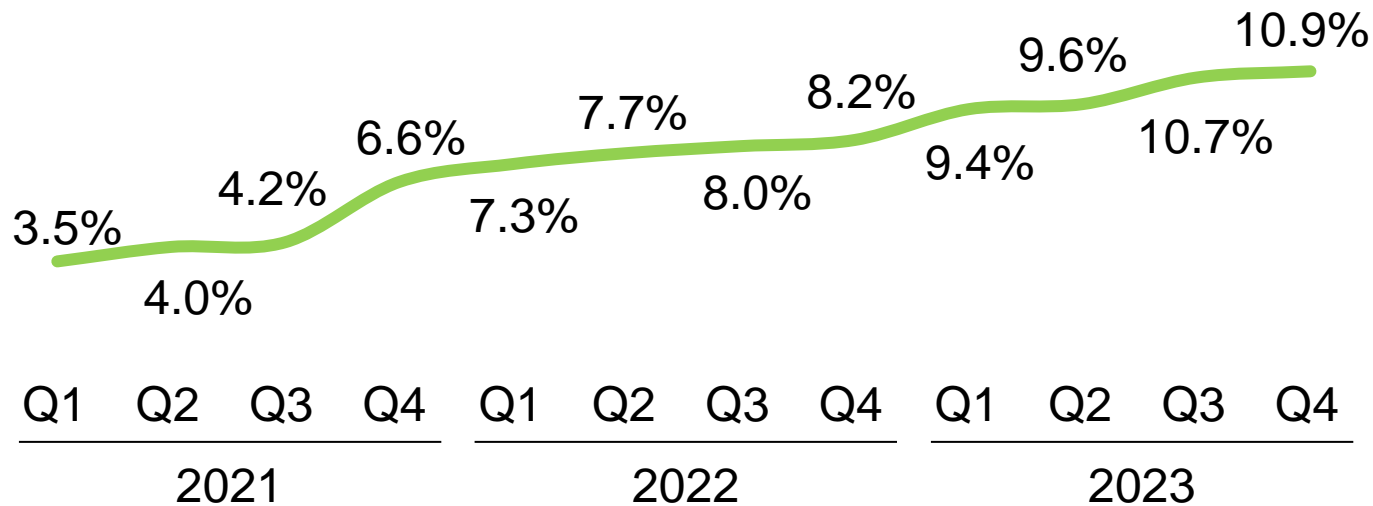
Ploom X continued to gain share in Japan



- Uninterrupted share gains in an increasingly competitive HTS segment, reaching an exit share of 11.4%
- Diversified portfolio of SKUs around MEVIUS and Camel, with flavors and tastes tailored to consumer needs
- Roll-out of Ploom X ADVANCED in November further strengthened consumer adoption and retention

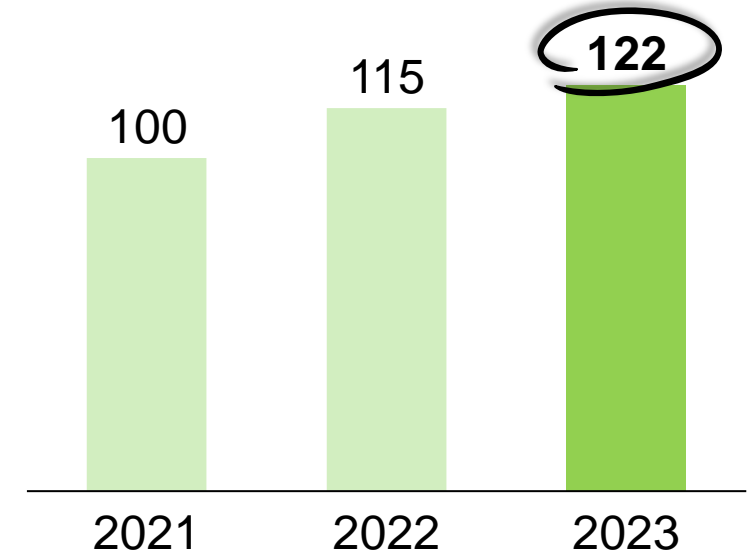


Ploom quarterly SoS in HTS¹⁾



Ploom Solus Ratio²⁾

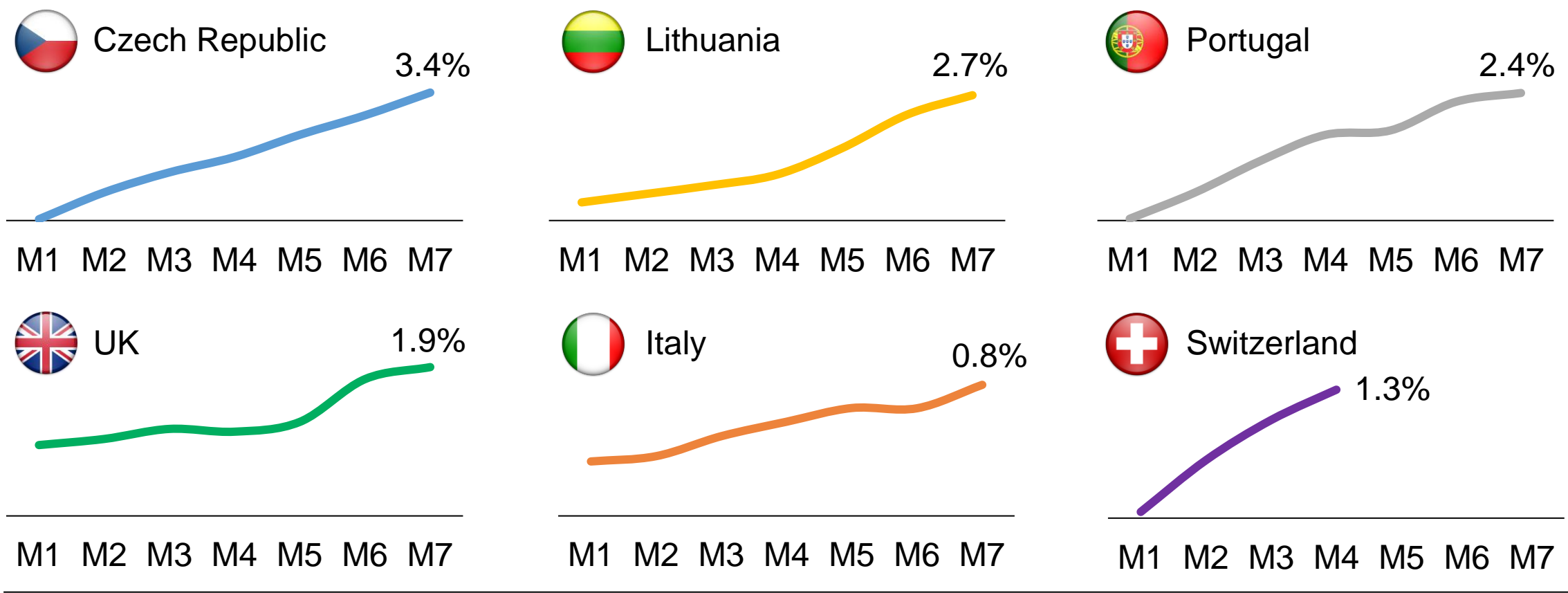
(Index, 2021 = 100)



Encouraging early results from Ploom X outside Japan



Ploom SoS in HTS (Launch Area), %



Months from Ploom X launch

Accelerate RRP investments in HTS

- Drive continuous share gains in Japan and existing footprint to support total volume
- Ploom X geo-expansion in additional markets to reach an HTS industry volume coverage of 80%

Continue to focus on growth and returns in combustibles

- Build on share of market momentum and GFB strong equity to offset industry volume contraction
- Fuel core revenue growth and margin improvement through sustainable pricing

Enhanced competitiveness

- Continued cost containment through efficiency initiatives



JT Group

2023 Results & 2024 Forecasts

Hiromasa Furukawa

JT Group Chief Financial Officer

2023 Consolidated Results:

Achieved record highs across all indicators from revenue to profit¹⁾



(JPY BN)	FY2023	vs.2022 (%)
At constant FX		
Core revenue	2,712.5	+6.1%
AOP	765.7	+5.2%
Reported		
Revenue	2,841.1	+6.9%
AOP	728.0	+0.0%
Operating profit	672.4	+2.9%
Profit	482.3	+8.9%
FCF	443.7	+60.8 JPY BN

Note: The results for fiscal year 2022 and fiscal year 2023 on a reported basis have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29. The results for fiscal year 2022 and fiscal year 2023 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) Revenue, Adjusted operating profit, Operating profit and Profit attributable to owners of the parent company in the ongoing business

Revenue and AOP²⁾

- In the tobacco business, solid pricing contribution more than offset the impact of higher input costs and enhanced investments towards HTS³⁾
- AOP growth in the pharmaceutical and processed food businesses
- Unfavorable foreign exchange impact on AOP

Operating profit

- Increase driven by gains on sales of real estate as well as reduced amortization of trademark rights

Profit

- Increase driven by operating profit growth as well as lower financial costs and corporate income tax

FCF

- Year-on-year increase due to a favorable comparison to 2022 from the absence of payments related to initiatives to strengthen our competitiveness in Japan and lower corporate income tax, despite negative working capital

Tobacco Business Financial Results & Drivers:

Solid profit growth at constant FX driven by strong pricing contribution



(JPY BN)	FY2023	vs.2022 (%)
Core revenue	2,478.6	+7.1%
at constant FX	2,462.4	+6.4%
AOP	749.8	-0.6%
at constant FX	787.5	+4.4%

Volume

- Total volume growth was more than offset by an unfavorable market mix

Price/Mix

- Pricing contribution in multiple markets, including the Philippines, Russia and the UK, partially offset by lower product mix due to downtrading in key markets

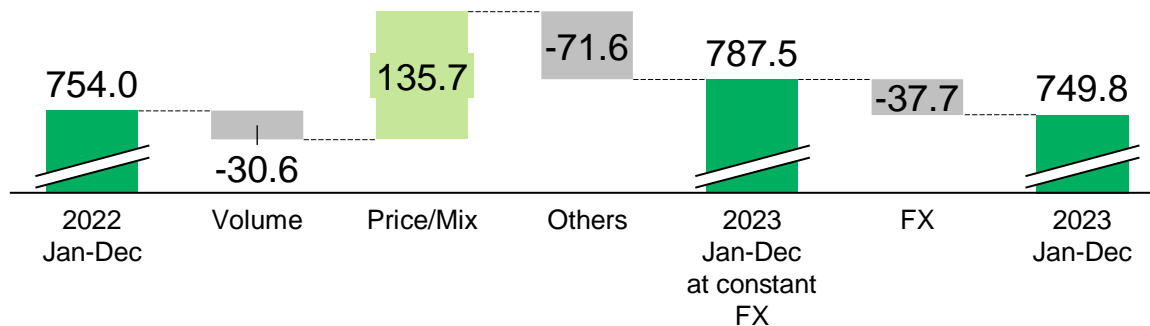
Others

- Higher input costs within the supply chain
- Investments towards both combustibles and HTS

FX

- Unfavorable foreign exchange impact on AOP, mainly due to the depreciation of several local currencies from emerging markets

Roadmap of AOP variance (JPY BN)



Note: The results for fiscal year 2022 and fiscal year 2023 on a reported basis have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29. The results for fiscal year 2022 and fiscal year 2023 on a constant FX basis have been calculated to exclude amounts of revenue and profit that have increased due to hyperinflation in certain markets.

Pharmaceutical and Processed Food Businesses:

Positive profit contribution



Pharmaceutical Business

(JPY BN)	FY2023	vs.2022 (abs)
Revenue	94.9	+12.0
AOP	17.4	+6.3

Revenue

- Increased driven by one-time income from the licensing of patented JT compounds as well as sales growth at Torii Pharmaceutical, in the area of skin diseases and allergens

AOP

- Increased as the revenue growth more than offset higher R&D expenses

Processed Food Business

(JPY BN)	FY2023	vs.2022 (abs)
Revenue	153.9	-1.7
AOP	6.8	+3.3

Revenue

- Almost flat following price increases as well as top-line growth fueled by the recovery in demand for food services in the frozen and ambient foods segment, partially offsetting revenue losses from former bakery business

AOP

- Increased as benefits from price increases offset negative impacts stemming from soaring raw material costs. Recovery of sales in the food-service products also contributed.

2024 Consolidated Financial Forecasts



(JPY BN)	FY2024	vs. 2023 (abs)	vs. 2023 (%)
At constant FX			
Core revenue	2,836.0	+107.2	+3.9%
AOP	728.0	-0.0	-0.0%
Reported			
Revenue	3,016.0	+174.9	+6.2%
AOP	688.0	-40.0	-5.5%
Operating profit	648.0	-24.4	-3.6%
Profit	455.0	-27.3	-5.7%
FCF	360.0	-83.7	

Note: The forecasts for fiscal year 2024 on a reported basis shown above have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29.

Revenue and AOP

AOP at constant FX expected in line with 2023

- **Revenue** expected to grow at both constant FX and reported, driven by pricing contributions in the tobacco business
- **AOP** at constant FX expected to be at the same level as 2023 due to the decrease in the pharmaceutical business, offset by an increase in the tobacco business. On a reported basis, unfavorable FX expected to drive the decrease vs 2023.

Operating profit and profit

Both operating profit and profit expected to decline

- **Operating profit** expected to decrease due to lower AOP and declines on sales of real estate, partially offset by lower trademark amortizations
- **Profit** expected to decrease due to lower operating profit and higher corporate income tax

FCF

Expected to decline significantly vs. 2023

- Expected to decline mainly due to lower AOP and an increase in capital expenditures

Tobacco Business: Volume Outlook and Financial Forecasts



Volume

FY2024	
Total volume	A decrease of -1.0% to -0.5% vs. 2023

Financials

(JPY BN)	FY2024	vs. 2023 (abs)	vs. 2023 (%)
Core revenue	2,635.0	+156.4	+6.3%
at constant FX	2,590.0	+111.4	+4.5%
AOP	725.0	-24.8	-3.3%
at constant FX	765.0	+15.2	+2.0%

Note: The forecasts for fiscal year 2024 on a reported basis shown above have been adjusted to include the impact of hyperinflationary accounting in accordance with the requirements stipulated in IAS 29.

Volume assumption

- (+) Market share gains in Combustibles
- (+) Volume growth in Global Travel Retail
- (+) RRP volume growth, fueled by Ploom X
- (-) Combustibles industry volume contraction in key markets, namely in Japan, Russia, Taiwan and the UK

Financials constant FX basis

Core revenue: +4.5% vs.2023
AOP: +2.0% vs.2023

- (+) Continued pricing contribution expected in combustibles
- (+) RRP revenue growth, driven by RRP volume growth
- (-) On-going downtrading
- (-) Higher input costs within the supply chain and incremental investments towards HTS

Financials reported basis

Core revenue: +6.3% vs.2023
AOP: -3.3% vs.2023

- Unfavorable foreign exchange impact on AOP mainly due to negative movements from cost-related currencies and also several emerging market currencies

Pharmaceutical and Processed Food Businesses: Financial Forecasts



Pharmaceutical Business

(JPY BN)	FY2024	vs. 2023 (abs)
Revenue	88.5	-6.4
AOP	4.0	-13.4

Revenue

-6.4 JPY BN vs. 2023

- Decrease due to an unfavorable comparison to 2023 from the absence of one-time income from the licensing of patented JT compounds and lower royalty income, despite revenue growth at Torii Pharmaceutical

AOP

-13.4 JPY BN vs. 2023

- Expected to decrease significantly due to lower revenue and higher R&D expenses

Processed Food Business

(JPY BN)	FY2024	vs. 2023 (abs)
Revenue	156.0	+2.1
AOP	7.0	+0.2

Revenue

+2.1 JPY BN vs. 2023

- Increase driven by further recovery in demand for food services and pricing benefits. Sales initiatives of home-use products in the frozen and ambient foods segment, as well as overseas sales growth in the seasonings segment also contribute to revenue growth.

AOP

+0.2 JPY BN vs. 2023

- Increase due to top-line growth offsetting higher raw materials and logistics costs

Shareholder return policy

- Enhance shareholder returns by delivering mid to long term profit growth while maintaining a strong financial base¹⁾
- Target a dividend payout ratio of about 75%²⁾, a competitive level³⁾ 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

Solid track record in dividend per share (DPS)

- DPS has nearly doubled over the past 10 years
- 2023 planned annual DPS at JPY 194 (dividend payout ratio 71.4%)
- 2024 proposed annual DPS at JPY 194 (dividend payout ratio 75.7%)

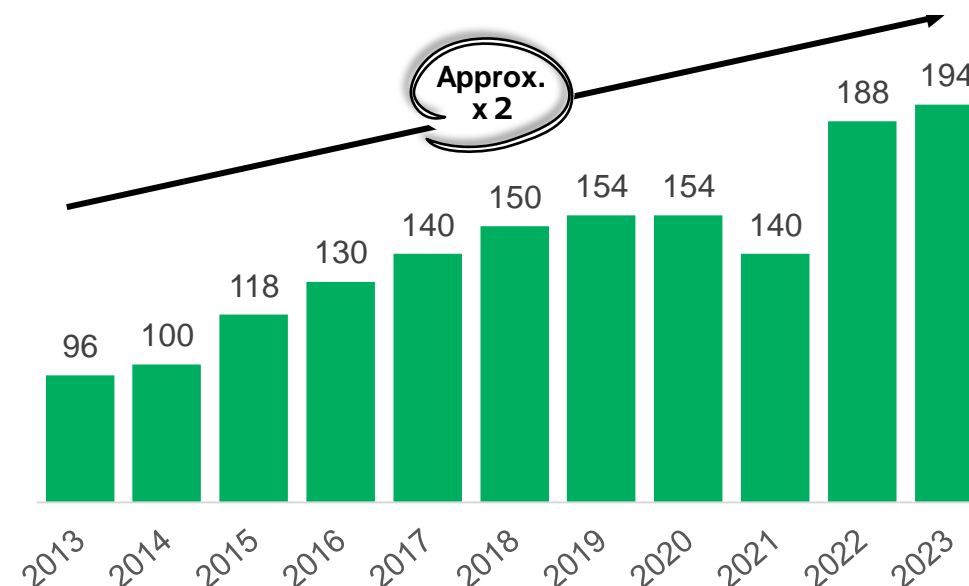
Notes:

1) 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.

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

3) 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.

Dividend per share historical trend, JPY



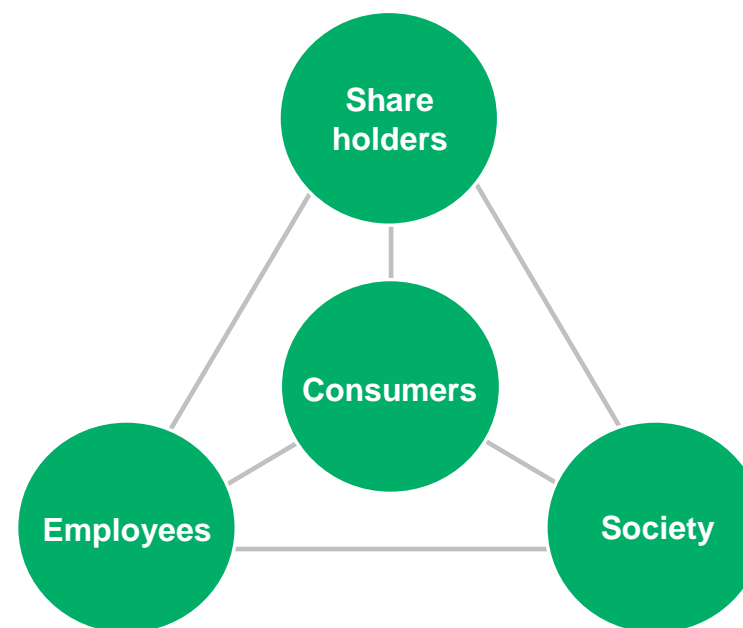
Closing Remarks

Masamichi Terabatake

JT Group Chief Executive Officer

- Delivered another strong set of results
 - Solid pricing and market share growth in Combustibles
 - HTS volume and share increases
 - Pharmaceutical and Processed Food business complemented the Group's profit growth
- Unchanged resource allocation policy, guided by the 4S Model and JT Group Purpose
- Accelerating strategic investments in RRP to make HTS the second growth engine next to Combustibles
- Consolidated AOP at constant FX expected to grow mid single digit during Business Plan 2024
- Aim to enhance shareholder returns by delivering sustainable profit growth mid to long term

Fulfilling Moments, Enriching Life



<Definitions>



Adjusted operating profit(AOP) :	Operating profit + amortization cost of acquired intangibles arising from business acquisitions + adjusted items (income and costs)* * Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
~at constant FX :	Constant FX is computed using the same foreign exchange rates as in the equivalent period in the previous fiscal year for the tobacco business. Results at constant FX are provided additionally and are not an alternative to financial reporting under International Financial Reporting Standards (IFRS).
Core revenue at constant FX :	The sum of revenues in the pharmaceutical business, processed food business, and others, as well as the core revenue in the tobacco business, which is computed using the same foreign exchange rates as in the equivalent period in the previous fiscal year. Results at constant FX are provided additionally and are not an alternative to financial reporting under International Financial Reporting Standards (IFRS).
Profit: :	Profit attributable to owners of the parent company
Reduced-Risk Products (RRP) :	Products with the potential to reduce the risks associated with smoking. In JT's portfolio, these products include heated tobacco sticks (HTS), infused-tobacco capsules (Infused), E-Vapor and Oral.
Heated tobacco sticks (HTS) :	High temperature heated tobacco products. One stick is equivalent to a stick of cigarettes.
Combustibles :	Combustibles include all tobacco products excluding contract manufactured products, waterpipe, heated tobacco products, oral and E-Vapor.
GFB : (Global Flagship Brands)	Global Flagship Brands: Winston, Camel, MEVIUS and LD (4 brands)

<Definitions>



Total volume :	The volume of tobacco-based products which excludes contract-manufactured products, waterpipe, RRP devices and related accessories.
Combustibles volume :	The shipment volume of combustibles which excludes contract-manufactured products, snus, waterpipe, heated tobacco products and E-Vapor.
RRP volume :	Reduced-Risk Products (RRP) volume in cigarette-stick equivalent. This also excludes RRP devices, RRP related accessories, etc.
Core revenue :	Core revenue includes all revenue excluding those from distribution, contract manufacturing and other peripheral businesses.