

[This is an English translation prepared for reference purpose only. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.]

Overview of Business and Trends in Principal Management Benchmarks

1. Overview of Business (as of December 31, 2022)

The Group, consisting of the Company, its 223 consolidated subsidiaries and 14 affiliates accounted for by the equity method, is a global company operating Tobacco Business, Pharmaceutical Business and Processed Food Business. The main business activities operated by the Group and the positioning of each of the subsidiaries, affiliates, etc. in relation to the Group's business activities are stated below.

Tobacco Business

The Tobacco Business consists of manufacture and sale of tobacco products around the world with JT International S.A. as the core company.

Major subsidiaries and affiliates

JT International S.A., LLC JTI Russia, Gallaher Ltd., LLC Petro, JT International Germany GmbH, JTI Polska Sp. z o. o., JTI Tütün Ürünleri Sanayi A.Ş., TS Network Co., Ltd., JT Logistics Co., Ltd., Japan Filter Technology Co., Ltd., Fuji Flavor Co., Ltd., JT Engineering Inc., TRUE SPIRIT TOBACCO COMPANY

Besides the companies named above, there are 164 consolidated subsidiaries and 14 affiliates accounted for by the equity method.

Regarding JT Engineering Inc., liquidation is planned in April 2023.

Pharmaceutical Business

The Pharmaceutical Business consists of research and development, manufacture, sale and promotion of prescription drugs. The Company concentrates on research and development while Torii Pharmaceutical Co., Ltd. manufactures, sells and promotes drugs (including the Company's products).

Major subsidiaries and affiliates

Torii Pharmaceutical Co., Ltd., Akros Pharma Inc.

Processed Food Business

In the Processed Food Business, TableMark Co., Ltd. and certain other subsidiaries are engaged in manufacture and sale of frozen and ambient foods and seasonings.

Major subsidiaries and affiliates

TableMark Co., Ltd.

Besides the companies named above, there are 22 consolidated subsidiaries and 2 affiliates accounted for by the equity method.

In addition to the reportable segments mentioned above, the Group runs businesses, including business relating to the rent of real estate. There are 21 consolidated subsidiaries and 2 companies accounted for by equity method deemed as subsidiaries and affiliates not affiliated to any reportable segment.

2. Trends in principal management benchmarks

(1) Management benchmarks (consolidated)

Term	34th term	35th term	36th term	37th term	38th term
Accounting period	From January 1, 2018 to December 31, 2018	From January 1, 2019 to December 31, 2019	From January 1, 2020 to December 31, 2020	From January 1, 2021 to December 31, 2021	From January 1, 2022 to December 31, 2022
Revenue (Millions of yen)	2,215,962	2,175,626	2,092,561	2,324,838	2,657,832
Profit before income taxes (Millions of yen)	531,486	465,232	420,063	472,390	593,450
Profit for the year (Millions of yen)	387,431	361,622	312,029	340,181	444,174
Profit attributable to owners of the parent company (Millions of yen)	385,677	348,190	310,253	338,490	442,716
Comprehensive income (loss) for the year (Millions of yen)	129,302	365,816	132,883	540,258	998,229
Total equity (Millions of yen)	2,700,445	2,743,611	2,599,495	2,886,081	3,616,761
Total assets (Millions of yen)	5,461,400	5,553,071	5,381,382	5,774,209	6,548,078
Equity attributable to owners of the parent company per share (Yen)	1,468.44	1,501.12	1,421.92	1,583.10	1,994.78
Basic earnings per share (Yen)	215.31	195.97	174.88	190.76	249.45
Diluted earnings per share (Yen)	215.20	195.87	174.80	190.68	249.36
Ratio of equity attributable to owners of the parent company to total assets (%)	48.17	47.95	46.88	48.65	54.07
Ratio of profit to equity attributable to owners of the parent company (%)	14.30	13.16	11.97	12.70	13.94
Price earnings ratio (PER) (Times)	12.15	12.41	12.02	12.17	10.67
Net cash flows from operating activities (Millions of yen)	461,389	540,410	519,833	598,909	483,799
Net cash flows from investing activities (Millions of yen)	(383,307)	(123,571)	5,354	(97,499)	(101,822)
Net cash flows from financing activities (Millions of yen)	(62,360)	(333,832)	(297,404)	(353,138)	(306,176)
Cash and cash equivalents at the end of the year (Millions of yen)	282,063	357,158	538,844	721,731	866,885
Number of employees [Separately, average number of temporary employees] (Person)	63,968 [6,618]	61,975 [7,116]	58,300 [6,681]	55,381 [6,942]	52,640 [6,726]

Notes: 1. The Group prepares the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).
2. The yen amounts are rounded to the nearest million.

(2) Filing company's management benchmarks (non-consolidated)

Term	34th term	35th term	36th term	37th term	38th term
Accounting period	From January 1, 2018 to December 31, 2018	From January 1, 2019 to December 31, 2019	From January 1, 2020 to December 31, 2020	From January 1, 2021 to December 31, 2021	From January 1, 2022 to December 31, 2022
Net sales (Millions of yen)	696,250	660,805	596,887	592,220	542,181
Ordinary income (Millions of yen)	190,343	278,968	240,491	278,809	273,734
Net income (Millions of yen)	164,595	262,469	241,752	216,896	283,461
Capital stock (Millions of yen)	100,000	100,000	100,000	100,000	100,000
Total number of shares issued (Thousands of shares)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Net assets (Millions of yen)	1,493,562	1,417,365	1,390,011	1,344,696	1,368,643
Total assets (Millions of yen)	2,670,883	2,614,357	2,597,930	2,487,979	2,363,267
Net assets per share (Yen)	832.87	798.18	782.73	757.10	770.57
Cash dividends per share (Yen) [Interim dividends per share] (Yen)	150 [75]	154 [77]	154 [77]	140 [65]	188 [75]
Net income per share (Yen)	91.89	147.72	136.27	122.23	159.72
Diluted net income per share (Yen)	91.84	147.65	136.21	122.18	159.66
Equity ratio (%)	55.9	54.2	53.5	54.0	57.9
Return on equity (ROE) (%)	10.68	18.05	17.24	15.88	20.91
Price earnings ratio (PER) (Times)	28.48	16.47	15.43	19.00	16.66
Dividend payout ratio (%)	163.2	104.3	113.0	114.5	117.7
Number of employees [Separately, average number of temporary employees] (Person)	7,457 [1,225]	7,464 [1,221]	7,366 [1,183]	7,154 [1,174]	5,819 [461]
Total shareholder return [Comparative index: dividend included TOPIX] (%)	76.2 (84.0)	75.4 (99.2)	70.5 (106.6)	80.4 (120.2)	94.9 (117.2)
Highest stock price (Yen)	3,708.0	2,899.0	2,437.5	2,417.0	2,871.5
Lowest stock price (Yen)	2,481.0	2,179.0	1,796.5	1,898.0	2,000.0

Notes: 1. The financial statements of the filing company are prepared in accordance with Japanese GAAP.

2. The yen amounts are rounded to the nearest million.

3. The highest and lowest stock prices are the ones in Tokyo Stock Exchange [Prime Market] from April 4, 2022, and the ones before the date are in Tokyo Stock Exchange [First Section].