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October 30, 2025

Consolidated Financial Results for the Nine Months Ended September 30, 2025 <under IFRS>

Name of the Listed Company: **JAPAN TOBACCO INC.** (Stock Code: 2914)
Listed Stock Exchange: Tokyo Stock Exchange
URL: <https://www.jt.com/>
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Chief Executive Officer
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Scheduled starting date of the dividend payments: –
Drawing up supplementary documents on financial results: Yes
Holding investors' meeting: Yes (for analysts and institutional investors)

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months of the Fiscal Year Ending December 31, 2025 (from January 1, 2025 to September 30, 2025)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	2,634,028	13.2	762,935	20.8	707,162	23.0	514,239	15.7
September 30, 2024	2,327,244	—	631,468	—	574,955	—	444,543	0.0

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2025	511,749	15.7	737,512	78.6	288.24	288.21
September 30, 2024	442,414	0.1	413,000	(45.4)	249.18	249.14

The Group has classified the Pharmaceutical Business as discontinued operations starting from the nine months ended September 30, 2025. As a result, profits or losses from discontinued operations are presented separately from continuing operations in the Condensed Interim Consolidated Statement of Income. Therefore, revenue, operating profit, and profit before income taxes, represent the amounts for continuing operations. In addition, percentages indicating year-on-year changes are not provided since the same reclassification has been made for the nine months ended September 30, 2024.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets	Equity attributable to owners of the parent company per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2025	8,195,045	4,168,764	4,142,487	50.5	2,333.29
December 31, 2024	8,370,732	3,848,727	3,766,623	45.0	2,121.33

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2024	-	97.00	-	97.00	194.00
Year ending December 31, 2025	-	104.00	-		
Year ending December 31, 2025 (Forecast)				130.00	234.00

Note: Revisions to the cash dividends forecasts most recently announced: Yes

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit attributable to owners of the parent company	Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
Year ending December 31, 2025	3,456,000	13.1	845,000	168.9	562,000	213.5
						316.55

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

[Additional Information] Growth rate in adjusted operating profit at constant FX:

The Group has set its group-wide target for annual average growth rate in adjusted operating profit at constant FX, at mid to high single-digit over the mid- to long-term, and will continue to pursue this goal. The Group expects an annual average of high-single digit growth during the period of the “Business Plan 2025” (fiscal year ending December 31, 2025 to fiscal year ending December 31, 2027), which was announced on February 13, 2025.

(Percentages indicate year-on-year changes.)

	Adjusted operating profit at constant FX	
	Millions of yen	%
Nine months ended September 30, 2025 (Cumulative)	848,991	27.2
Year ending December 31, 2025 (Forecast)	923,000	24.3

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

The Group also discloses certain non-GAAP financial measures that are not required or defined under IFRS Accounting Standards, which is the accounting standard the Company applies. These non-GAAP financial measures are used internally to manage each of the business operations to understand their underlying performance, in view of the Group’s target for mid- to long-term sustainable growth, and the Group believes that these financial measures are useful information for users of the financial statements to assess the Group’s performance. For details of these financial measures, please refer to “Proper use of earnings forecasts, and other special matters, (2).”

The Group has classified the Pharmaceutical Business as discontinued operations starting from the nine months ended September 30, 2025. As a result, profits or losses from discontinued operations are presented separately from continuing operations in the Condensed Interim Consolidated Statement of Income, and earnings forecasts. Therefore, revenue, operating profit, and adjusted operating profit at constant FX for the nine months ended September 30, 2025 (cumulative) and year ending December 31, 2025 (forecast) represent the amounts for continuing operations.

Profit attributable to owners of the parent company from continuing operations only, and basic earnings per share are as follows:

- Profit attributable to owners of the parent company: ¥555,000 million
- Basic earnings per share for the period: ¥312.60

For detailed information on the consolidated financial results, please refer to the materials for investors’ meeting that were released on the Company’s website on October 30, 2025.

- The Company’s website: <https://www.jt.com/investors/>

Notes

- (1) Significant changes in the scope of consolidation during the period: Yes
Excluded: One company (TORII PHARMACEUTICAL CO., LTD.)

- (2) Changes in accounting policies and changes in accounting estimates
- Changes in accounting policies due to revisions in accounting standards under IFRS Accounting Standards: Yes
 - Changes in accounting policies due to other reasons: None
 - Changes in accounting estimates: None

For details, please refer to “3. Condensed Interim Consolidated Financial Statements, (5) Changes in Accounting Policies and Changes in Accounting Estimates.”

- (3) Number of shares issued (ordinary shares)

- Total number of shares issued at the end of the period (including treasury shares)

As of September 30, 2025	2,000,000,000 shares
As of December 31, 2024	2,000,000,000 shares
- Number of treasury shares at the end of the period

As of September 30, 2025	224,612,191 shares
As of December 31, 2024	224,409,101 shares
- Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2025	1,775,408,742 shares
Nine months ended September 30, 2024	1,775,481,173 shares

* Review of the Japanese-language originals of the attached interim consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

- The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions and suppositions deemed to be reasonable by the Company. Actual business and other results may differ substantially due to various factors. These forward-looking statements are not intended to be construed as our assurance for it to materialize in the future. Please refer to “FORWARD-LOOKING STATEMENTS” for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecasts.
- The Group also discloses certain non-GAAP financial measures that are not required or defined under IFRS, which is the accounting standard the Company applies. These non-GAAP financial measures are used internally to manage each of the business operations to understand their underlying performance, in view of the Group’s target for mid- to long-term sustainable growth, and the Group believes that these financial measures are useful information for users of the financial statements to assess the Group’s performance.

Adjusted operating profit

Adjusted operating profit presented is operating profit (loss) less amortization cost of acquired intangibles arising from business acquisitions and adjustment items (income and costs). Adjustment items (income and costs) are impairment losses on goodwill, restructuring income and costs, and other items. Furthermore, adjusted operating profit at constant FX is also presented as additional information. The Group has set its group-wide target for annual average growth rate in adjusted operating profit at constant FX, at mid to high single-digit over the mid- to long-term, and will continue to pursue this goal. Adjusted operating profit at constant FX is a financial measurement that excludes foreign exchange effects calculated and translated using the foreign exchange rates of the same period of the previous year from core revenue from tobacco business or from adjusted operating profit for the current period in the Tobacco Business. Adjusted operating profit results at constant FX for the nine months ended September 30, 2025 excludes the increase in profit caused by inflation in some markets calculated using certain methods.

The Group makes accounting adjustments to the financial statements of subsidiaries that operate in hyperinflationary economies according to the requirements stipulated in IAS 29 “Financial Reporting in Hyperinflationary Economies.”

Attached Materials

Index

1. Overview of Business Results	2
2. Matters Regarding Summary Information	3
3. Condensed Interim Consolidated Financial Statements.....	5
(1) Condensed Interim Consolidated Statement of Financial Position.....	5
(2) Condensed Interim Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	7
(3) Condensed Interim Consolidated Statement of Changes in Equity	10
(4) Condensed Interim Consolidated Statement of Cash Flows.....	12
(5) Changes in Accounting Policies and Changes in Accounting Estimates	14
(6) Changes in Method of Presentation	14
(7) Segment Information.....	15
(8) Note on Premise of Going Concern.....	19
(9) Other.....	19

[INDEPENDENT ACCOUNTANT'S REVIEW REPORT]

1. Overview of Business Results

The results are presented in “2025 Third Quarter Results (CFO Presentation),” which was disclosed on TDnet and the Company’s website on October 30, 2025. Please refer to the following.

- 2025 Third Quarter Results (CFO Presentation):
https://www.jt.com/investors/results/forecast/pdf/2025/Third_Quarter/20251030_06.pdf

On May 7, 2025, the Company announced an agreement regarding the transfer of its Pharmaceutical Business to Shionogi & Co., Ltd. and the transfer of shares of its consolidated subsidiary, TORII PHARMACEUTICAL CO., LTD. Please refer to the links below for the details of the relevant announcements dated May 7, 2025.

- Notice regarding the transfer of JT Group’s Pharmaceutical Business through a company simplified absorption-type split
https://www.jt.com/media/news/2025/pdf/20250507_12.pdf
- Notice of Change in Consolidated Subsidiary (Transfer of Subsidiary Shares)
https://www.jt.com/media/news/2025/pdf/20250507_11.pdf

Additionally, as announced on September 1, 2025, the transfer of shares of TORII PHARMACEUTICAL CO., LTD. has been completed.

- Notice Regarding Completion of Transfer of Subsidiary Shares
https://www.jt.com/media/news/2025/pdf/20250901_02.pdf

The details of financial position and cash flow position are as follows.

a. Financial position

[Assets]

Total assets at the end of the nine months ended September 30, 2025 decreased by ¥175.7 billion from the end of the previous fiscal year to ¥8,195.0 billion. This was mainly due to a decrease in cash and cash equivalents despite an increase in goodwill.

[Liabilities]

Total liabilities at the end of the nine months ended September 30, 2025 decreased by ¥495.7 billion from the end of the previous fiscal year to ¥4,026.3 billion. This was mainly due to a decrease in provision resulting from a down payment as part of the settlement for the litigation in Canada.

[Equity]

Total equity at the end of the nine months ended September 30, 2025 increased by ¥320.0 billion from the end of the previous fiscal year to ¥4,168.8 billion. This was mainly due to an increase in exchange differences on translation of foreign operations as well as an increase in retained earnings due to the recording of profit attributable to owners of the parent company.

b. Cash flow position

Cash and cash equivalents at the end of the nine months ended September 30, 2025 decreased by ¥355.1 billion from the end of the previous fiscal year to ¥729.5 billion. Cash and cash equivalents at the end of the same period of the previous fiscal year were ¥794.8 billion.

[Net cash flows from operating activities]

Net cash flows provided by operating activities during the nine months ended September 30, 2025 were ¥287.0 billion, compared with ¥392.0 billion provided in the same period of the previous year. This was mainly due to the generation of a stable cash inflow from the tobacco business, despite a decrease in provision resulting from a down payment as part of the settlement for the litigation in Canada.

[Net cash flows from investing activities]

Net cash flows used in investing activities during the nine months ended September 30, 2025 were ¥171.3 billion, compared with ¥142.6 billion used in the same period of the previous year. This was mainly due to purchase of property, plant and equipment and subsequent payments for past fiscal years’ business combinations despite proceeds from sale and redemption of securities.

[Net cash flows from financing activities]

Net cash flows used in financing activities during the nine months ended September 30, 2025 were ¥473.9 billion, compared with ¥439.4 billion used in the same period of the previous year. This was mainly due to repayments of borrowings and the payment of cash dividends, despite income from financing activities.

2. Matters Regarding Summary Information

Revisions to the Consolidated Earnings Forecasts Most Recently Announced

The Group has revised the earnings forecasts in light of circumstances up until now.

The Group has classified the Pharmaceutical Business as discontinued operations starting from the nine months ended September 30, 2025. Therefore, the earnings forecasts represent the amounts for continuing operations, and the previous forecasts have been similarly reclassified for comparison. Additionally, profits or losses from discontinued operations are presented separately from continuing businesses as “profit from discontinued operations (attributable to owners of the parent company).”

(Billions of yen)

	Earnings forecasts	Changes from the consolidated earnings forecasts most recently announced		Year-on-year changes [%]
		Amount	%	
Revenue	3,456.0	181.0	5.5	13.1
Adjusted operating profit	903.0	89.0	10.9	21.6
Operating profit	845.0	94.0	12.5	168.9
Profit from continuing operations (attributable to owners of the parent company)	555.0	62.0	12.6	221.3
Profit from discontinued operations (attributable to owners of the parent company)	7.0	6.0	600.0	7.8
Profit attributable to owners of the parent company (attributable to owners of the parent company)	562.0	68.0	13.8	213.5
Adjusted operating profit at constant FX	923.0	71.0	8.3	24.3

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.

Notes on the Russia-Ukraine War

The Group is fully committed to complying with applicable regulations and international sanctions while continuing business operations. In parallel, given the continued challenging and complex environment, we continue to evaluate various options, including the potential transfer of ownership of our Russian tobacco business.

As this moment, the Company is unable to reasonably estimate the outlook and the impact on its financial results. The Company will promptly make announcements regarding this matter if anything occurs that should be disclosed.

3. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2024	As of September 30, 2025
Assets		
Current assets		
Cash and cash equivalents	1,084,567	729,463
Trade and other receivables	568,982	614,024
Inventories	957,281	1,003,588
Other financial assets	120,211	131,871
Other current assets	826,766	792,232
Subtotal	3,557,807	3,271,179
Assets held for sale	19,765	31,914
Total current assets	3,577,572	3,303,093
Non-current assets		
Property, plant and equipment	907,700	925,446
Goodwill	2,914,254	3,102,544
Intangible assets	486,463	393,856
Investment property	3,716	2,940
Retirement benefit assets	89,573	93,438
Investments accounted for using the equity method	50,423	75,621
Other financial assets	151,940	127,319
Other non-current assets	5,500	3,280
Deferred tax assets	183,591	167,509
Total non-current assets	4,793,160	4,891,952
Total assets	8,370,732	8,195,045

		(Millions of yen)
	As of December 31, 2024	As of September 30, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	659,510	597,373
Bonds and borrowings	178,668	74,287
Income tax payables	24,621	72,889
Other financial liabilities	59,965	51,142
Provisions	195,918	25,520
Other current liabilities	1,029,925	854,151
Subtotal	2,148,607	1,675,361
Liabilities directly associated with assets held for sale	-	16,525
Total current liabilities	2,148,607	1,691,886
Non-current liabilities		
Bonds and borrowings	1,548,120	1,539,781
Other financial liabilities	49,210	240,029
Retirement benefit liabilities	277,236	273,847
Provisions	253,949	41,433
Other non-current liabilities	120,427	124,221
Deferred tax liabilities	124,455	115,083
Total non-current liabilities	2,373,398	2,334,395
Total liabilities	4,522,005	4,026,281
Equity		
Share capital	100,000	100,000
Capital surplus	736,697	737,064
Treasury shares	(488,579)	(489,745)
Other components of equity	381,599	600,528
Retained earnings	3,036,905	3,194,640
Equity attributable to owners of the parent company	3,766,623	4,142,487
Non-controlling interests	82,104	26,277
Total equity	3,848,727	4,168,764
Total liabilities and equity	8,370,732	8,195,045

(2) Condensed Interim Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Condensed Interim Consolidated Statement of Income

Nine months ended September 30, 2024 and 2025

(Millions of yen)

	2024	2025
Continuing operations		
Revenue	2,327,244	2,634,028
Cost of sales	(1,020,316)	(1,126,032)
Gross profit	1,306,927	1,507,996
Other operating income	20,481	13,914
Share of profit in investments accounted for using the equity method	8,365	10,224
Selling, general and administrative expenses	(704,305)	(769,199)
Operating profit	631,468	762,935
Financial income	50,647	57,800
Financial costs	(107,160)	(113,574)
Profit before income taxes	574,955	707,162
Income taxes	(135,681)	(194,289)
Profit for the period from continuing operations	439,274	512,872
Discontinued operations		
Profit for the period from discontinued operations	5,269	1,367
Profit for the period	444,543	514,239
Attributable to:		
Owners of the parent company	442,414	511,749
Non-controlling interests	2,129	2,490
Profit for the period	444,543	514,239
Interim earnings per share		
Basic (Yen)		
Continuing operations	247.04	288.06
Discontinued operations	2.14	0.18
Total basic earnings per share for the interim period	249.18	288.24
Diluted (Yen)		
Continuing operations	247.00	288.03
Discontinued operations	2.14	0.18
Total diluted earnings per share for the interim period	249.14	288.21

Reconciliation from “Operating profit” to “Adjusted operating profit”

(Millions of yen)

	2024	2025
Continuing operations		
Operating profit	631,468	762,935
Amortization cost of acquired intangibles arising from business acquisitions	38,366	52,797
Adjustment items (income)	(9,270)	(3,128)
Adjustment items (costs)	6,762	2,100
Adjusted operating profit	667,326	814,704

Condensed Interim Consolidated Statement of Comprehensive Income

Nine months ended September 30, 2024 and 2025

(Millions of yen)

	2024	2025
Profit for the period	444,543	514,239
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	1,641	406
Remeasurements of defined benefit plans	16,360	185
Total of items that will not be reclassified to profit or loss	18,001	590
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(45,463)	223,191
Net gain (loss) on derivatives designated as cash flow hedges	(4,045)	(495)
Hedge costs	(35)	(14)
Total of items that may be reclassified subsequently to profit or loss	(49,543)	222,682
Other comprehensive income (loss), net of taxes	(31,542)	223,273
Comprehensive income (loss) for the period	413,000	737,512
Attributable to:		
Owners of the parent company	411,797	734,967
Non-controlling interests	1,203	2,544
Comprehensive income (loss) for the period	413,000	737,512

(3) Condensed Interim Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent company						
	Share Capital	Capital surplus	Treasury shares	Subscription rights to shares	Other components of equity		
					Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Hedge costs
As of January 1, 2024	100,000	736,478	(489,194)	557	270,810	9,145	(17)
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	(44,501)	(4,045)	(35)
Comprehensive income (loss) for the period	-	-	-	-	(44,501)	(4,045)	(35)
Acquisition of treasury shares	-	-	(2)	-	-	-	-
Disposal of treasury shares	-	221	614	(191)	-	-	-
Share-based payments	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in the scope of consolidation	-	-	-	-	-	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-
Other increase (decrease)	-	-	-	-	-	(1,611)	-
Total transactions with the owners	-	221	613	(191)	-	(1,611)	-
As of September 30, 2024	100,000	736,698	(488,582)	366	226,309	3,490	(52)
As of January 1, 2025	100,000	736,697	(488,579)	364	364,809	4,026	12
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	223,126	(495)	(14)
Comprehensive income (loss) for the period	-	-	-	-	223,126	(495)	(14)
Acquisition of treasury shares	-	-	(1,622)	-	-	-	-
Disposal of treasury shares	-	367	456	(73)	-	-	-
Share-based payments	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in the scope of consolidation	-	-	-	-	-	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-
Other increase (decrease)	-	-	-	-	-	(1,468)	-
Total transactions with the owners	-	367	(1,166)	(73)	-	(1,468)	-
As of September 30, 2025	100,000	737,064	(489,745)	292	587,934	2,063	(2)

(Millions of yen)

Equity attributable to owners of the parent company							
	Other components of equity			Retained earnings	Total	Non-controlling interests	Total equity
	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total				
As of January 1, 2024	10,054	-	290,550	3,192,323	3,830,156	82,336	3,912,491
Profit for the period	-	-	-	442,414	442,414	2,129	444,543
Other comprehensive income (loss)	1,604	16,361	(30,617)	-	(30,617)	(926)	(31,542)
Comprehensive income (loss) for the period	1,604	16,361	(30,617)	442,414	411,797	1,203	413,000
Acquisition of treasury shares	-	-	-	-	(2)	-	(2)
Disposal of treasury shares	-	-	(191)	(493)	151	-	151
Share-based payments	-	-	-	496	496	24	520
Dividends	-	-	-	(349,759)	(349,759)	(2,366)	(352,126)
Changes in the scope of consolidation	-	-	-	-	-	(71)	(71)
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	252	252	(539)	(287)
Transfer from other components of equity to retained earnings	(1,025)	(16,361)	(17,386)	17,386	-	-	-
Other increase (decrease)	-	-	(1,611)	-	(1,611)	-	(1,611)
Total transactions with the owners	(1,025)	(16,361)	(19,189)	(332,118)	(350,473)	(2,952)	(353,425)
As of September 30, 2024	10,632	-	240,744	3,302,619	3,891,480	80,587	3,972,067
As of January 1, 2025	12,388	-	381,599	3,036,905	3,766,623	82,104	3,848,727
Profit for the period	-	-	-	511,749	511,749	2,490	514,239
Other comprehensive income (loss)	406	196	223,219	-	223,219	54	223,273
Comprehensive income (loss) for the period	406	196	223,219	511,749	734,967	2,544	737,512
Acquisition of treasury shares	-	-	-	-	(1,622)	-	(1,622)
Disposal of treasury shares	-	-	(73)	(616)	134	-	134
Share-based payments	-	-	-	796	796	22	819
Dividends	-	-	-	(356,873)	(356,873)	(2,273)	(359,147)
Changes in the scope of consolidation	-	-	-	-	-	(56,129)	(56,129)
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	(20)	(20)	8	(12)
Transfer from other components of equity to retained earnings	(2,553)	(196)	(2,749)	2,749	-	-	-
Other increase (decrease)	-	-	(1,468)	(49)	(1,518)	-	(1,518)
Total transactions with the owners	(2,553)	(196)	(4,290)	(354,014)	(359,103)	(58,371)	(417,474)
As of September 30, 2025	10,241	-	600,528	3,194,640	4,142,487	26,277	4,168,764

(4) Condensed Interim Consolidated Statement of Cash Flows

Nine months ended September 30, 2024 and 2025

		(Millions of yen)
	2024	2025
Cash flows from operating activities		
Profit before income taxes	574,955	707,162
Profit before income taxes from discontinued operations	5,317	(14,668)
Depreciation and amortization	130,252	146,280
Impairment losses	11,468	27,069
Interest and dividend income	(49,973)	(57,208)
Interest expense	24,652	55,798
Share of profit in investments accounted for using the equity method	(8,365)	(10,224)
(Gains) losses on sale and disposal of property, plant and equipment, intangible assets and investment property	(6,234)	(2,468)
(Increase) decrease in trade and other receivables	(32,726)	(85,511)
(Increase) decrease in inventories	(66,455)	(79,717)
Increase (decrease) in trade and other payables	(92,010)	(34,515)
Increase (decrease) in retirement benefit liabilities	(6,922)	(7,991)
(Increase) decrease in prepaid tobacco excise taxes	115,780	22,559
Increase (decrease) in tobacco excise tax payables	(176,406)	(129,194)
Increase (decrease) in consumption tax payables	12,334	20,928
Increase (decrease) in provisions	1,847	(184,762)
Other	46,558	12,624
Subtotal	484,072	386,160
Interest and dividends received	48,525	99,874
Interest paid	(23,751)	(43,535)
Income taxes paid	(116,831)	(155,502)
Net cash flows from operating activities	392,015	286,997
Cash flows from investing activities		
Purchase of securities	(54,101)	(10,104)
Proceeds from sale and redemption of securities	54,410	51,780
Purchase of property, plant and equipment	(86,208)	(94,438)
Proceeds from sale of investment property	6,437	3,650
Purchase of intangible assets	(16,919)	(12,214)
Payments into time deposits	(47,657)	(234,400)
Proceeds from withdrawal of time deposits	-	174,332
Subsequent payments for past fiscal years' business combinations	-	(68,271)
Proceeds from transfer of business	-	36,064
Purchase of investments in associates	-	(23,091)
Other	1,399	5,416
Net cash flows from investing activities	(142,640)	(171,277)

		(Millions of yen)
	2024	2025
Cash flows from financing activities		
Dividends paid to owners of the parent company	(349,057)	(356,455)
Dividends paid to non-controlling interests	(2,321)	(2,064)
Capital contribution from non-controlling interests	115	-
Increase (decrease) in short-term borrowings and commercial paper	(152,814)	14,832
Proceeds from long-term borrowings	100	99,437
Repayments of long-term borrowings	(4,481)	(666,609)
Proceeds from issuance of bonds	97,616	577,483
Redemption of bonds	(8,719)	(120,165)
Repayments of lease liabilities	(19,758)	(18,767)
Acquisition of treasury shares	(2)	(1,622)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(100)	(12)
Other	0	0
Net cash flows from financing activities	(439,420)	(473,942)
Net increase (decrease) in cash and cash equivalents	(190,046)	(358,221)
Cash and cash equivalents at the beginning of the period	1,040,206	1,084,567
Effect of exchange rate changes on cash and cash equivalents	(55,312)	5,330
Changes in cash and cash equivalents resulting from transfer to assets held for sale	-	(2,212)
Cash and cash equivalents at the end of the period	794,847	729,463

(5) Changes in Accounting Policies and Changes in Accounting Estimates

The material accounting policies adopted for the condensed interim consolidated financial statements are the same as those for the consolidated financial statements for the year ended December 31, 2024 except for the following item. The Group computes income taxes for the interim period based on the estimated average annual effective tax rate.

(Changes in Accounting Policies)

The Group has adopted the following new accounting standards, amended standards and new interpretations from the year ending December 31, 2025.

	IFRS Accounting Standards	Description of new standards and amendments
IAS 21	The Effects of Changes in Foreign Exchange Rates	Providing requirements for accounting treatment and disclosure relating to currencies that lack exchangeability

The adoption of the above standards and interpretations does not have a material impact on the condensed interim consolidated financial statements.

(6) Changes in Method of Presentation

For the nine months ended September 30, 2025, continuing operations and discontinued operations have been presented separately, as a result of the classification of the pharmaceutical business as discontinued operations. To reflect the changes in method of presentation, the condensed interim consolidated statement of income and the condensed interim consolidated statement of cash flows for the nine months ended September 30, 2024 have been accordingly changed.

(7) Segment Information

A. Outline of Reportable Segments

The reportable segments of the Group are determined based on the operating segments that are components of the Group for which separate financial information is available and are evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Group is mainly engaged in the manufacture and sale of tobacco products and processed foods.

The reportable segments of the Group are composed of two segments: “Tobacco Business,” and “Processed Food Business.”

The “Tobacco Business” consists of the manufacture and sale of tobacco products in domestic areas and overseas.

The “Processed Food Business” consists of the manufacture and sale of frozen and ambient processed foods and seasonings.

The shares of Torii Pharmaceutical Co., Ltd., a pharmaceutical subsidiary of the Group, held by the Company were transferred to Torii Pharmaceutical Co., Ltd. on September 1, 2025. In addition, an absorption-type split contract regarding the transfer of the Company’s pharmaceutical business to Shionogi & Co., Ltd. was concluded on September 25, 2025. Accordingly, for the nine months ended September 30, 2025, the “Pharmaceutical Business” has been classified as discontinued operations and excluded from reportable segments.

B. Revenues and Performances of Reportable Segments

Revenues and performances of reportable segments are as follows. The Board of Directors assesses segment performance and determines resource allocation after reviewing revenues and adjusted operating profit. Since financial income, financial costs and income taxes are managed by the Group head office, these income and expense categories are excluded from segmental performance. Transactions within segments are primarily based upon prevailing market prices.

Nine months ended September 30, 2024

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Revenue						
External revenue	2,212,027	113,487	2,325,515	1,729	-	2,327,244
Intersegment revenue	1	21	22	1,513	(1,535)	-
Total revenue	2,212,028	113,508	2,325,536	3,242	(1,535)	2,327,244
Segment profit (loss)						
Adjusted operating profit (Note 1)	699,602	6,355	705,957	(38,651)	20	667,326

¥2,122,355 million of the external revenue from the tobacco business is core revenue.

Breakdown of core revenue from tobacco business and adjusted operating profit by cluster is as follows.

(Millions of yen)

	Clusters			
	Asia	Western Europe	EMA	Total
Core revenue (Note 3)	609,018	536,469	976,868	2,122,355
Adjusted operating profit (Note 1)	194,657	224,638	280,306	699,602

Asia: All over Asia including Japan

Western Europe: Western Europe region

EMA: Africa, Middle East, Eastern Europe, Turkey, Americas and all duty-free markets

Asia includes Taiwan, Japan, the Philippines, etc.

Western Europe includes Italy, the United Kingdom, Spain, etc.

EMA includes Turkey, Romania, Russia, etc.

Nine months ended September 30, 2025

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Revenue						
External revenue	2,516,859	115,247	2,632,106	1,922	-	2,634,028
Intersegment revenue	1	23	23	1,958	(1,981)	-
Total revenue	<u>2,516,859</u>	<u>115,270</u>	<u>2,632,129</u>	<u>3,880</u>	<u>(1,981)</u>	<u>2,634,028</u>
Segment profit (loss)						
Adjusted operating profit (Note 1)	<u>845,386</u>	<u>5,548</u>	<u>850,933</u>	<u>(36,236)</u>	<u>7</u>	<u>814,704</u>

¥2,428,517 million of the external revenue from the tobacco business is core revenue.

Breakdown of core revenue from tobacco business and adjusted operating profit by cluster is as follows.

(Millions of yen)

	Clusters			
	Asia	Western Europe	EMA	Total
Core revenue (Note 3)	639,070	565,252	1,224,195	2,428,517
Adjusted operating profit (Note 1)	195,256	251,588	398,542	845,386

Asia: All over Asia including Japan

Western Europe: Western Europe region

EMA: Africa, Middle East, Eastern Europe, Turkey, Americas and all duty-free markets

Asia includes Taiwan, Japan, the Philippines, etc.

Western Europe includes Italy, the United Kingdom, Spain, etc.

EMA includes Turkey, Romania, Russia, etc.

Reconciliation from “Adjusted operating profit” to “Profit before income taxes”

Nine months ended September 30, 2024

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Adjusted operating profit (Note 1)	699,602	6,355	705,957	(38,651)	20	667,326
Amortization cost of acquired intangibles arising from business acquisitions	(38,366)	-	(38,366)	-	-	(38,366)
Adjustment items (income) (Note 4)	3,141	-	3,141	6,130	-	9,270
Adjustment items (costs) (Note 5)	(5,974)	(30)	(6,004)	(758)	-	(6,762)
Operating profit (loss)	658,403	6,325	664,727	(33,279)	20	631,468
Financial income						50,647
Financial costs						(107,160)
Profit before income taxes						574,955

Nine months ended September 30, 2025

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Adjusted operating profit (Note 1)	845,386	5,548	850,933	(36,236)	7	814,704
Amortization cost of acquired intangibles arising from business acquisitions	(52,797)	-	(52,797)	-	-	(52,797)
Adjustment items (income) (Note 4)	349	901	1,250	1,878	-	3,128
Adjustment items (costs) (Note 5)	(659)	(23)	(682)	(1,418)	-	(2,100)
Operating profit (loss)	792,279	6,425	798,704	(35,776)	7	762,935
Financial income						57,800
Financial costs						(113,574)
Profit before income taxes						707,162

(Note 1) For adjusted operating profit, amortization cost of acquired intangibles arising from business acquisitions, and adjustment items (income and costs) are excluded from operating profit (loss).

(Note 2) “Other” includes business activities relating to real estate rental and corporate expenditure relating to corporate communication and operation of the head office.

(Note 3) Core revenue from tobacco business does not include revenue related to the distribution business and contract manufacturing.

(Note 4) The breakdown of “Adjustment items (income)” is as follows:

Nine months ended September 30, 2024 and 2025

(Millions of yen)

	2024	2025
Restructuring incomes	6,130	1,878
Other	3,141	1,250
Adjustment items (income)	9,270	3,128

Restructuring incomes for the nine months ended September 30, 2024 and 2025 mainly related to gains on sale of real estate.

Other (income) for the nine months ended September 30, 2024 mainly related to gains on deconsolidation of subsidiaries.

(Note 5) The breakdown of “Adjustment items (costs)” is as follows:

Nine months ended September 30, 2024 and 2025

(Millions of yen)

	2024	2025
Restructuring costs	6,094	1,442
Other	668	658
Adjustment items (costs)	6,762	2,100

Restructuring costs for the nine months ended September 30, 2024 mainly related to rationalization in a market in the “Tobacco Business.”

(8) Note on Premise of Going Concern

No items to report

(9) Other

The Company’s Canadian subsidiary, JTI-Macdonald Corp. (hereinafter referred to as “JTI-Mac”), together with local subsidiaries of two other tobacco companies, deposited a total of approximately ¥1,361 billion as an upfront payment in accordance with the court-approved CCAA Plan. Of this amount, JTI-Mac contributed approximately ¥180 billion. The Plan came into effect on August 29, 2025. Therefore, the Company utilized an amount equal to JTI-Mac’s deposit payment from the provision for loss on litigation in Canada recorded in the previous fiscal year and reclassified the remaining balance to “Other financial liabilities” on the condensed interim consolidated statement of financial position.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

October 30, 2025

To the Board of Directors of
Japan Tobacco Inc.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant: Koji Ishikawa

Designated Engagement Partner,
Certified Public Accountant: Takeshi Ito

Designated Engagement Partner,
Certified Public Accountant: Akifumi Horie

Accountant's Conclusion

We have reviewed the condensed interim consolidated financial statements of Japan Tobacco Inc. and its consolidated subsidiaries (the "Group") included in the Appendix to Consolidated Financial Results, namely, the condensed interim consolidated statement of financial position as of September 30, 2025, and the condensed interim consolidated statement of income, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the nine-month period then ended, and the related notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with the Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements.

Basis for Accountant's Conclusion

We conducted our review in accordance with interim review standards generally accepted in Japan. Our responsibility under those standards is further described in the Accountant's Responsibility for the Review of the Condensed Interim Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as accountants. We believe that we have obtained the evidence to provide a basis for our review conclusion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Condensed Interim Consolidated Financial Statements

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with the Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, and for such internal control as management determines is necessary to enable the preparation of condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed interim consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Accountant's Responsibility for the Review of the Condensed Interim Consolidated Financial Statements

Our objective is to issue an accountant's report that includes our conclusion.

As part of a review in accordance with interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude whether nothing has come to our attention, based on the evidence obtained, related to going concern that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with the Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, if we conclude that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountant's report to the related disclosures in the condensed interim consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether nothing has come to our attention that causes us to believe that the overall presentation and disclosures of the condensed interim consolidated financial statements are not prepared in accordance with the Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements.
- Obtain evidence regarding the financial information of the entities or business units within the Group as a basis for forming a conclusion on the condensed interim consolidated financial statements. We are responsible for the direction, supervision and review of the interim review of the condensed interim consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the review and significant findings that we identify during our review.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Accountant's Review Report

This is an English translation of the independent accountant's review report as originally issued in Japanese for the conveniences of the reader.