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February 12, 2026

Consolidated Financial Results for the Fiscal Year Ended December 31, 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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Scheduled date of Annual General Meeting of Shareholders: March 25, 2026

Scheduled date to file Annual Securities Report: March 23, 2026

Scheduled starting date of the dividend payments: March 26, 2026

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 Fiscal Year Ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Revenue	Operating profit	Profit before income taxes	Profit for the year
Year ended	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %
December 31, 2025	3,467,675 13.4	867,038 175.9	739,786 229.8	513,214 181.1
December 31, 2024	3,056,709 –	314,223 –	224,333 –	182,596 (62.4)

	Profit attributable to owners of the parent company	Comprehensive income for the year	Basic earnings per share	Diluted earnings per share
Year ended	Millions of yen %	Millions of yen %	Yen	Yen
December 31, 2025	510,175 184.6	686,418 137.8	287.36	287.33
December 31, 2024	179,240 (62.8)	288,612 (56.8)	100.95	100.94

	Ratio of profit to equity attributable to owners of the parent company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
Year ended	%	%	%
December 31, 2025	13.0	8.8	25.0
December 31, 2024	4.7	2.9	10.3

Reference: Share of profit (loss) in investments accounted for using the equity method:

Fiscal year ended December 31, 2025: ¥13,332 million; Fiscal year ended December 31, 2024: ¥12,885 million

The Group has classified the Pharmaceutical Business as discontinued operations starting in the fiscal year ended December 31, 2025. As a result, profits or losses from discontinued operations are presented separately from continuing operations in the Consolidated Statement of Income. Therefore, revenue, operating profit, profit before income taxes, and the ratio of operating profit to revenue presented are figures from continuing operations.

Furthermore, the ratio of profit before income taxes to total assets is calculated and presented using profit before income taxes from continuing operations. In addition, percentages indicating year-on-year changes are not provided since the same reclassification has been made for the fiscal year ended December 31, 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 December 31, 2025	Millions of yen 8,419,240	Millions of yen 4,115,389	Millions of yen 4,086,933	% 48.5	Yen 2,301.99
December 31, 2024	8,370,732	3,848,727	3,766,623	45.0	2,121.33

(3) Consolidated Cash Flows

	Net cash flows from (used in) operating activities	Net cash flows from (used in) investing activities	Net cash flows from (used in) financing activities	Cash and cash equivalents at the end of the year
Year ended December 31, 2025	Millions of yen 514,056	Millions of yen (264,986)	Millions of yen (475,471)	Millions of yen 831,135
December 31, 2024	630,011	(439,766)	(94,906)	1,084,567

2. Cash Dividends

	Annual dividends per share					Total amount of dividends (total)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent company (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Year ended December 31, 2024	Yen —	Yen 97.00	Yen —	Yen 97.00	Yen 194.00	Millions of yen 344,461	% 192.2	% 9.1
Year ended December 31, 2025	—	104.00	—	130.00	234.00	415,537	81.4	10.6
Year ending December 31, 2026 (Forecast)	—	121.00	—	121.00	242.00		75.4	

In March 2025, a comprehensive settlement plan aimed at reaching a comprehensive settlement with creditors, including class action plaintiffs, in connection with litigation concerning smoking and health involving JTI-Macdonald Corp., our Canadian subsidiary, was approved by the Ontario Superior Court of Justice (hereinafter referred to as "the settlement of litigation in Canada").

The year-end dividend for the fiscal year is calculated using a payout ratio of 85.0%, based on profit from continuing operations for the year (¥488.6 billion) after adjustments for the impact of the remeasurement of liabilities associated with the settlement of litigation in Canada, as well as adjustments excluding the impact of the one-time loss from the disposal of goodwill due to the liquidation of the Sudanese subsidiary.

Additionally, the dividend (forecast) for the fiscal year ending December 31, 2026 is calculated using a payout ratio of 75.2%, based on profit for the year (¥571.0 billion) after adjustments for the impact of the settlement of litigation in Canada, including settlement payments and other related effects.

Furthermore, the Company has adopted a restricted stock unit program whereby shares of the Company acquired by a share delivery trust are delivered to Executive Officers at certain subsidiaries of the Company. The total amount of dividends for the fiscal year and for the fiscal year ending December 31, 2026 includes dividends on the Company shares held by the trust.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2026 (January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)

	Revenue	Operating profit	Profit attributable to owners of the parent company	Basic earnings per share			
Year ending December 31, 2026	Millions of yen 3,697,000	% 6.6	Millions of yen 921,000	% 6.2	Millions of yen 570,000	% 11.7	Yen 321.06

In the fiscal year ended December 31, 2025, due to the transfer of its Pharmaceutical Business to Shionogi & Co., Ltd. and the sale of shares in Torii Pharmaceutical Co., Ltd. held by the Company, it is expected that only profit and loss from continuing operations will be recorded for the fiscal year ending December 31, 2026. However, for forecasted profit attributable to owners of the parent company, the percentage in the table indicating year-on-year change is a comparison against the profit attributable to owners of the parent company including discontinued operations for the fiscal year ended December 31, 2025. The year-on-year change percentage when comparing the profit attributable to owners of the parent company from continuing operations for the fiscal year ended December 31, 2025, with the forecasted profit attributable to owners of the parent company for the fiscal year ending December 31, 2026, is as follows:

- Profit attributable to owners of the parent company from continuing operations for the fiscal year ended December 31, 2025: ￥499,081 million
- Year-on-year change percentage: 14.2%

[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 2026” (fiscal year ending December 31, 2026 to fiscal year ending December 31, 2028), which was announced on February 12, 2026.

(Percentages indicate year-on-year changes.)

Adjusted operating profit at constant FX		
	Millions of yen	%
Year ended December 31, 2025	885,154	—
Year ending December 31, 2026 (Forecast)	964,000	8.9

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 “1. Business Results” in attached materials.

Adjusted operating profit at constant FX is presented with figures after adjustments for the impact of the settlement payments and other effects related to litigation in Canada. In addition, percentages indicating year-on-year changes are not provided since the same reclassification has been made for the fiscal year ended December 31, 2025.

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 February 12, 2026.

- 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. Consolidated Financial Statements and Major Notes (IFRS accounting standards), (6) Notes to Consolidated Financial Statements (Significant accounting estimates / Changes in accounting policies).”

(3) Number of shares issued (ordinary shares)

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

As of December 31, 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 December 31, 2025	224,611,666 shares
As of December 31, 2024	224,409,101 shares
- Average number of shares during the period

Fiscal year ended December 31, 2025	1,775,403,564 shares
Fiscal year ended December 31, 2024	1,775,508,620 shares

The Company has adopted a restricted stock unit system whereby shares of the Company acquired by a share delivery trust are transferred to Executive Officers at certain subsidiaries of the Company, and the number of treasury shares held by the trust is included in the number of treasury shares held at the end of the fiscal years listed above.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* 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.

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1. Overview of Business Results

(Non-GAAP Financial Measures)

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.

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, growth rate in 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.

Constant FX

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 adjusted operating profit, core revenue, or from core revenue from tobacco business for the current period in the Tobacco Business. Adjusted operating profit results at constant FX excludes the increase in revenue or profit caused by inflation in some markets calculated using certain methods.

Core revenue

The sum of core revenue from the Tobacco Business, Processed Food Business and other.

Core revenue from tobacco business

Regarding tobacco business, core revenue is disclosed. Core revenue excludes revenue related to the distribution business and contract manufactured products, among others.

(Hyperinflationary Accounting Adjustments)

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."

(Continuing and Discontinued Operations)

The Group has classified the Pharmaceutical Business as discontinued operations starting in the fiscal year ended December 31, 2025. Therefore, the consolidated business results are presented with the amounts for continuing operations, and the previous fiscal year's results have been similarly restated. As a result, profits or losses from discontinued operations are presented separately as "profit from discontinued operations (attributable to owners of the parent company)" and are distinguished from continuing operations. The consolidated earnings forecasts are also presented in the same manner.

(1) Consolidated Business Results

a. General summary

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	(Billions of yen)
			Change
Revenue	3,056.7	3,467.7	13.4%
Adjusted operating profit	742.6	902.2	21.5%
Operating profit ^(Note)	314.2	867.0	175.9%
Profit from continuing operations ^(Note) (attributable to owners of the parent company)	172.7	499.1	188.9%
Profit from discontinued operations (attributable to owners of the parent company)	6.5	11.1	70.8%
Profit attributable to owners of the parent company	179.2	510.2	184.6%
Core revenue at constant FX	2,938.3	3,347.8	13.9%
Adjusted operating profit at constant FX	742.6	927.5	24.9%

(Note)In the fiscal year ended December 31, 2024, we recorded a litigation provision of ¥375.6 billion as an operating expense in connection with the settlement of litigation in Canada. Excluding the impact of this item, the impact of the remeasurement of the related liabilities in the fiscal year ending December 31, 2025, and the one-time loss from the disposal of goodwill due to the liquidation of our Sudanese subsidiary recorded in the fiscal year ending December 31, 2025, operating profit and profit from continuing operations would have increased by 22.4% and 6.9%, respectively, compared to the previous fiscal year.

Revenue

Revenue increased by 13.4% from the previous year to ¥3,467.7 billion due to increases in the Tobacco Business and the Processed Food Business. Core revenue at constant FX increased by 13.9% from the previous year.

Adjusted operating profit

Adjusted operating profit at constant FX increased by 24.9% from the previous year, driven by profit growth in the Tobacco Business and Processed Food Business. Adjusted operating profit including foreign exchange effects increased by 21.5% from the previous year to ¥902.2 billion due to unfavorable currency movements as a result of the depreciation of emerging market currencies against the Japanese yen.

Operating profit

Operating profit increased by 175.9% from the previous year to ¥867.0 billion, mainly due to the absence of provision for loss on litigation related to the settlement of litigation in Canada in the Tobacco Business, as well as an increase in adjusted operating profit.

Profit attributable to owners of the parent company

Profit attributable to owners of the parent company increased by 184.6% from the previous year to ¥510.2 billion, as the increase in operating profit outweighed the deterioration in financial income and costs and the increase in corporate income tax expenses.

b. Review of operations by business segment

Please refer to the 2025 Earnings Report posted on the Company's website (<https://www.jt.com/investors/results/forecast/index.html>).

(2) Consolidated Financial Position and Cash Flow Position

a. Financial position

[Assets]

Total assets at the end of the current fiscal year increased by ¥48.5 billion from the end of the previous fiscal year to ¥8,419.2 billion. This was mainly due to increases in other current assets and inventories, despite a decrease in cash and cash equivalents.

[Liabilities]

Total liabilities at the end of the current fiscal year decreased by ¥218.2 billion from the end of the previous fiscal year to ¥4,303.9 billion. This was mainly due to the down payment of the settlement amount related to the settlement of litigation in Canada and a decrease in provisions due to revaluation.

[Equity]

Total equity at the end of the current fiscal year increased by ¥266.7 billion from the end of the previous fiscal year to ¥4,115.4 billion. This was mainly due to an increase in exchange differences on translation of foreign operations and an increase in retained earnings from the recording of profit attributable to owners of the parent company.

b. Cash flow position

Cash and cash equivalents at the end of the current fiscal year decreased by ¥253.4 billion from the end of the previous fiscal year to ¥831.1 billion. Cash and cash equivalents at the end of the previous fiscal year were ¥1,084.6 billion.

Cash flows from (used in) operating activities

Net cash flows provided by operating activities during the current fiscal year were ¥514.1 billion, compared with ¥630.0 billion provided in the previous fiscal 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 of the litigation in Canada in addition to paying corporate income tax and other taxes.

Cash flows from (used in) investing activities

Net cash flows used in investing activities during the current fiscal year were ¥265.0 billion, compared with ¥439.8 billion used in the previous fiscal year. This was mainly due to expenditures for the acquisition of property, plant and equipment.

Cash flows from (used in) financing activities

Net cash flows used in financing activities during the current fiscal year were ¥475.5 billion, compared with ¥94.9 billion used in the previous fiscal year. This was mainly due to repayments of borrowings and the payment of cash dividends, despite income from financing activities.

(3) Outlook for the Next Fiscal Year

a. Consolidated earnings forecasts

(Billions of yen)

	Fiscal year ended December 31, 2025	Fiscal year ending December 31, 2026 (Forecast)	Change
Revenue	3,467.7	3,697.0	6.6%
Adjusted operating profit ^(Note)	885.2	955.0	7.9%
Operating profit	867.0	921.0	6.2%
Profit from continuing operations (attributable to owners of the parent company)	499.1	570.0	14.2%
Profit from discontinued operations (attributable to owners of the parent company)	11.1	—	—
Profit attributable to owners of the parent company	510.2	570.0	11.7%
Core revenue at constant FX ^(Note)	3,314.5	3,434.0	3.6%
Adjusted operating profit at constant FX ^(Note)	885.2	964.0	8.9%

(Note) The figures presented are after adjustments for the impact of settlement payments and other effects related litigation in Canada. Similarly, the figures for the fiscal year ended December 31, 2025, are displayed after rearrangement.

Revenue

Revenue is expected to increase by 6.6% from the current fiscal year to ¥3,697.0 billion mainly due to an increase in the Tobacco Business. Core revenue at constant FX is expected to increase by 3.6% from the current fiscal year.

Adjusted operating profit

Adjusted operating profit at constant FX is expected to increase by 8.9% from the current fiscal, mainly due to profit growth in the Tobacco Business. Adjusted operating profit including foreign exchange effects is expected to increase by 7.9% from the current fiscal year to ¥955.0 billion, due to the unfavorable impact of the depreciation of several local currencies.

Operating profit

Operating profit is expected to increase by 6.2%, mainly driven by an increase in adjusted operating profit and the absence of the one-time loss from the disposal of goodwill due to the liquidation of the Sudanese subsidiary, as well as a decrease in amortization of trademark rights arising from past company acquisitions. These are expected to more than offset the absence of contribution from revaluation of financial liability related to the settlement of litigation in Canada in 2025 and lower profit from sales of real estate.

Profit attributable to owners of the parent company

Profit attributable to owners of the parent company is expected to increase by 14.2% from the current fiscal year to ¥570.0 billion, mainly due to an increase in operating profit an improvement in financial income and expenses, including the absence of FX losses resulting from rapid depreciation in the exchange rate in Iran in 2025.

b. Review of operations by business segment

Please refer to the 2025 Earnings Report posted on the Company's website (<https://www.jt.com/investors/results/forecast/index.html>).

(4) Basic Policy on Profit Distribution and Dividends for Fiscal Years 2025 and 2026

The Company has adopted a management resource allocation policy, prioritizing business investments^(Note 1) for sustainable profit growth in the medium and long terms as well as balancing profit growth through business investments and shareholder returns.

In addition, the shareholder return policy has been set forth as follows:

- Work to enhance shareholder returns by realizing the Company's medium- and long-term profit growth, while maintaining a strong financial base^(Note 2)
- Target a dividend payout ratio of about 75%^(Note 3), a competitive level^(Note 4) in capital markets
- Consider implementing a share buy-back program, mainly taking into account the Company's financial outlook of the respective year and medium-term capital needs

Note 1: Grow adjusted operating profit at constant FX by placing top priority on growth-oriented investment in the tobacco business, while realizing high-quality, top-line growth through continuing provision of new value and satisfaction to consumers and society.

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

Note 3: To be in the range of approximately ±5%.

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

Based on the above policies, the Company is planning to pay 130 yen per share as a year-end dividend for fiscal year 2025. Therefore, the annual dividend per share of fiscal year 2025 is scheduled to be 234 yen, including the interim dividend of 104 yen for fiscal year 2025.

Regarding the dividend for the fiscal year ending December 31, 2026, the Company plans to pay an annual dividend of ¥242 per share (including a ¥121 interim dividend).

2. Basic Principle on the Choice of Accounting Standards

The Group has used the International Financial Reporting Standards (IFRS accounting standards) since the fiscal year ended March 31, 2012 in order to enhance the international comparability of its financial information in capital markets and to aim to diversify its financing methods in global markets.

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. Consolidated Financial Statements and Major Notes (IFRS accounting standards)

(1) Consolidated Statement of Financial Position

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	1,084,567	831,135
Trade and other receivables	568,982	640,681
Inventories	957,281	1,060,136
Other financial assets	120,211	195,816
Other current assets	826,766	977,640
Subtotal	<u>3,557,807</u>	<u>3,705,408</u>
Assets held for sale	19,765	5,689
Total current assets	<u>3,577,572</u>	<u>3,711,097</u>
Non-current assets		
Property, plant and equipment	907,700	979,800
Goodwill	2,914,254	2,923,096
Intangible assets	486,463	395,658
Investment property	3,716	3,068
Retirement benefit assets	89,573	29,946
Investments accounted for using the equity method	50,423	82,205
Other financial assets	151,940	131,600
Other non-current assets	5,500	4,240
Deferred tax assets	183,591	158,528
Total non-current assets	<u>4,793,160</u>	<u>4,708,143</u>
Total assets	<u><u>8,370,732</u></u>	<u><u>8,419,240</u></u>

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	659,510	711,721
Bonds and borrowings	178,668	79,627
Income tax payables	24,621	36,546
Other financial liabilities	59,965	62,068
Provisions	195,918	32,783
Other current liabilities	1,029,925	1,004,331
Subtotal	2,148,607	1,927,076
Liabilities directly associated with assets held for sale	—	177
Total current liabilities	2,148,607	1,927,252
Non-current liabilities		
Bonds and borrowings	1,548,120	1,599,061
Other financial liabilities	49,210	205,628
Retirement benefit liabilities	277,236	253,225
Provisions	253,949	54,355
Other non-current liabilities	120,427	134,724
Deferred tax liabilities	124,455	129,606
Total non-current liabilities	2,373,398	2,376,599
Total liabilities	4,522,005	4,303,851
Equity		
Share capital	100,000	100,000
Capital surplus	736,697	737,064
Treasury shares	(488,579)	(489,744)
Other components of equity	381,599	526,058
Retained earnings	3,036,905	3,213,555
Equity attributable to owners of the parent company	3,766,623	4,086,933
Non-controlling interests	82,104	28,456
Total equity	3,848,727	4,115,389
Total liabilities and equity	8,370,732	8,419,240

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

Consolidated Statement of Income

	(Millions of yen)	
	Year ended December 31, 2024	Year ended December 31, 2025
Continuing operations		
Revenue	3,056,709	3,467,675
Cost of sales	(1,379,284)	(1,519,091)
Gross profit	<u>1,677,425</u>	<u>1,948,585</u>
Other operating income	31,136	83,284
Share of profit in investments accounted for using the equity method	12,885	13,332
Selling, general and administrative expenses	<u>(1,407,224)</u>	<u>(1,178,162)</u>
Operating profit	<u>314,223</u>	<u>867,038</u>
Financial income	69,004	67,942
Financial costs	<u>(158,895)</u>	<u>(195,194)</u>
Profit before income taxes	<u>224,333</u>	<u>739,786</u>
Income taxes	(50,406)	(238,711)
Profit for the period from continuing operations	<u>173,927</u>	<u>501,075</u>
Discontinued operations		
Profit for the period from discontinued operations	8,669	12,139
Profit for the period	<u>182,596</u>	<u>513,214</u>
Attributable to:		
Owners of the parent company	179,240	510,175
Non-controlling interests	3,356	3,039
Profit for the period	<u>182,596</u>	<u>513,214</u>
Earnings per share		
Basic (Yen)		
Continuing operations	97.29	281.11
Discontinued operations	3.66	6.25
Total basic earnings per share for the interim period	<u>100.95</u>	<u>287.36</u>
Diluted (Yen)		
Continuing operations	97.28	281.08
Discontinued operations	3.66	6.25
Total diluted earnings per share for the interim period	<u>100.94</u>	<u>287.33</u>

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

(Millions of yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Continuing operations		
Operating profit	314,223	867,038
Amortization cost of acquired intangibles arising from business acquisitions	55,683	70,525
Adjustment items (income)	(15,621)	(68,115)
Adjustment items (costs)	388,345	32,759
Adjusted operating profit	<u>742,629</u>	<u>902,207</u>

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Profit for the period	182,596	513,214
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	2,339	937
Remeasurements of defined benefit plans	13,998	22,171
Total of items that will not be reclassified to profit or loss	16,337	23,109
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	93,852	150,168
Net gain (loss) on derivatives designated as cash flow hedges	(4,201)	(78)
Hedge costs	29	5
Total of items that may be reclassified subsequently to profit or loss	89,680	150,095
Other comprehensive income (loss), net of taxes	106,017	173,204
Comprehensive income (loss) for the period	288,612	686,418
Attributable to:		
Owners of the parent company	285,454	682,473
Non-controlling interests	3,159	3,945
Comprehensive income (loss) for the period	288,612	686,418

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent company						
	Other components of equity						
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	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)	-	-	-	-	93,999	(4,201)	29
Comprehensive income (loss) for the period	-	-	-	-	93,999	(4,201)	29
Acquisition of treasury shares	-	-	(2)	-	-	-	-
Disposal of treasury shares	-	220	617	(193)	-	-	-
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)	-	-	-	-	-	(918)	-
Total transactions with the owners	-	220	615	(193)	-	(918)	-
As of December 31, 2024	100,000	736,697	(488,579)	364	364,809	4,026	12
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	149,286	(78)	5
Comprehensive income (loss) for the period	-	-	-	-	149,286	(78)	5
Acquisition of treasury shares	-	-	(1,622)	-	-	-	-
Disposal of treasury shares	-	367	457	(74)	-	-	-
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)	-	-	-	-	-	(3,233)	-
Total transactions with the owners	-	367	(1,165)	(74)	-	(3,233)	-
As of December 31, 2025	100,000	737,064	(489,744)	291	514,095	715	17

(Millions of yen)

Equity attributable to owners of the parent company

	Other components of equity					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	Retained earnings	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	-	-	-	179,240	179,240	3,356	182,596
Other comprehensive income (loss)	2,333	14,054	106,214	-	106,214	(197)	106,017
Comprehensive income (loss) for the period	2,333	14,054	106,214	179,240	285,454	3,159	288,612
Acquisition of treasury shares	-	-	-	-	(2)	-	(2)
Disposal of treasury shares	-	-	(193)	(493)	151	-	151
Share-based payments	-	-	-	664	664	24	688
Dividends	-	-	-	(349,759)	(349,759)	(2,810)	(352,569)
Changes in the scope of consolidation	-	-	-	627	627	(66)	561
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	251	251	(539)	(287)
Transfer from other components of equity to retained earnings	1	(14,054)	(14,053)	14,053	-	-	-
Other increase (decrease)	-	-	(918)	-	(918)	-	(918)
Total transactions with the owners	1	(14,054)	(15,164)	(334,657)	(348,987)	(3,390)	(352,377)
As of December 31, 2024	12,388	-	381,599	3,036,905	3,766,623	82,104	3,848,727
Profit for the period	-	-	-	510,175	510,175	3,039	513,214
Other comprehensive income (loss)	938	22,147	172,298	-	172,298	906	173,204
Comprehensive income (loss) for the period	938	22,147	172,298	510,175	682,473	3,945	686,418
Acquisition of treasury shares	-	-	-	-	(1,622)	-	(1,622)
Disposal of treasury shares	-	-	(74)	(616)	134	-	134
Share-based payments	-	-	-	1,043	1,043	22	1,065
Dividends	-	-	-	(356,873)	(356,873)	(2,671)	(359,544)
Changes in the scope of consolidation	-	-	-	-	-	(56,129)	(56,129)
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	(1,561)	(1,561)	1,184	(377)
Transfer from other components of equity to retained earnings	(2,386)	(22,147)	(24,533)	24,533	-	-	-
Other increase (decrease)	-	-	(3,233)	(49)	(3,283)	-	(3,283)
Total transactions with the owners	(2,386)	(22,147)	(27,840)	(333,525)	(362,162)	(57,593)	(419,756)
As of December 31, 2025	10,940	-	526,058	3,213,555	4,086,933	28,456	4,115,389

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Year ended December 31, 2024	Year ended December 31, 2025
Cash flows from operating activities		
Profit before income taxes	224,333	739,786
Profit (loss) before income taxes from discontinued operations	9,434	(4,962)
Depreciation and amortization	179,837	195,899
Losses (gains) on liquidation of subsidiary	—	27,128
Impairment losses	17,370	34,892
Interest and dividend income	(67,562)	(67,271)
Interest expense	42,485	76,157
Share of profit in investments accounted for using the equity method	(12,885)	(13,332)
(Gains) losses on sale and disposal of property, plant and equipment, intangible assets and investment property	(7,374)	(13,570)
(Gains) losses on sale of investments in subsidiaries	(1,722)	—
(Gains) losses on transfer of business	—	(4,725)
(Increase) decrease in trade and other receivables	45,770	(33,364)
(Increase) decrease in inventories	(96,566)	(121,938)
Increase (decrease) in trade and other payables	(46,221)	42,139
Increase (decrease) in retirement benefit liabilities	(7,175)	(12,335)
(Increase) decrease in retirement benefit assets	39	69,804
(Increase) decrease in prepaid tobacco excise taxes	13,802	(78,877)
Increase (decrease) in tobacco excise tax payables	4,973	(21,495)
Increase (decrease) in consumption tax payables	4,126	21,208
Increase (decrease) in provisions	381,670	(177,164)
Increase (decrease) in settlement liabilities on litigation in Canada	—	(49,645)
Other	75,259	66,554
Subtotal	759,591	674,889
Interest and dividends received	65,353	111,202
Interest paid	(33,980)	(64,041)
Income taxes paid	(160,953)	(207,993)
Net cash flows from operating activities	630,011	514,056
Cash flows from investing activities		
Purchase of securities	(65,514)	(12,585)
Proceeds from sale and redemption of securities	81,318	52,073
Purchase of property, plant and equipment	(127,769)	(143,204)
Proceeds from sale of investment property	9,753	18,604
Purchase of intangible assets	(22,598)	(19,182)
Payments into time deposits	(48,262)	(321,591)
Proceeds from withdrawal of time deposits	—	207,252
Payments for business combinations	(265,667)	—
Subsequent payments for past fiscal years' business combinations	—	(68,271)
Proceeds from transfer of business	—	42,811
Purchase of investments in associates	—	(24,752)
Proceeds from sale of investments in associates	414	2,272
Other	(1,441)	1,586
Net cash flows from investing activities	(439,766)	(264,986)

	(Millions of yen)	
	Year ended December 31, 2024	Year ended December 31, 2025
Cash flows from financing activities		
Dividends paid to owners of the parent company	(349,645)	(356,853)
Dividends paid to non-controlling interests	(2,701)	(2,691)
Capital contribution from non-controlling interests	130	—
Increase (decrease) in short-term borrowings and commercial paper	(150,105)	20,365
Proceeds from long-term borrowings	581,380	99,437
Repayments of long-term borrowings	(236,538)	(666,626)
Proceeds from issuance of bonds	97,616	577,483
Redemption of bonds	(8,722)	(120,165)
Repayments of lease liabilities	(26,218)	(24,787)
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	(94,906)	(475,471)
Net increase (decrease) in cash and cash equivalents	95,339	(226,400)
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	(50,978)	(27,015)
Changes in cash and cash equivalents resulting from transfer to assets held for sale	—	(17)
Cash and cash equivalents at the end of the period	1,084,567	831,135

(5) Notes on Premise of Going Concern

No items to report.

(6) Notes to consolidated financial statements

(Significant accounting estimates)

For recent situation in Russia and Ukraine, there is no material impact on the accounting estimates and judgments at present.

(Changes in accounting policies)

The Group has adopted the following new accounting standards, amended standards and new interpretations from the fiscal year ended 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 consolidated financial statements.

(Changes in Method of Presentation)

For the year ended December 31, 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 consolidated statement of income and the consolidated statement of cash flows for the year ended December 31, 2024 have been accordingly changed.

(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 three 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. (Torii Pharmaceutical), a pharmaceutical subsidiary of the Group, held by the Company were transferred to Torii Pharmaceutical on September 1, 2025, and 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, the “Pharmaceutical Business” has been classified as discontinued operations in the current fiscal year and excluded from reportable segments.

The transfer of pharmaceutical business was completed on December 1, 2025.

B. Revenues and Performances of Reportable Segments

Revenues and performances of reportable segments from continuing operations 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.

Year ended December 31, 2024

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Revenue						
External revenue	2,896,984	157,183	3,054,168	2,541	-	3,056,709
Intersegment revenue	1	28	29	2,052	(2,081)	-
Total revenue	2,896,986	157,211	3,054,197	4,593	(2,081)	3,056,709
Segment profit (loss)						
Adjusted operating profit (Note 1)	791,773	8,071	799,844	(57,214)	0	742,629
Other items						
Depreciation and amortization (Note 3)	162,129	7,312	169,441	5,452	-	174,893
Impairment losses on other than financial assets	16,549	12	16,561	810	-	17,370
Reversal of impairment losses on other than financial assets	825	-	825	-	-	825
Share of profit (loss) in investments accounted for using the equity method	12,793	26	12,819	66	-	12,885
Capital expenditures (Note 4)	134,963	6,116	141,080	2,610	-	143,690

¥2,778,610 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.

	Clusters				(Millions of yen)
	Asia	Western Europe	EMA	Total	
Core revenue (Note 5)	802,325	688,921	1,287,364	2,778,610	
Adjusted operating profit	219,645	257,106	315,022	791,773	

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.

Year ended December 31, 2025

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Revenue						
External revenue	3,305,407	159,513	3,464,920	2,756	-	3,467,675
Intersegment revenue	1	35	35	2,652	(2,687)	-
Total revenue	3,305,408	159,547	3,464,955	5,408	(2,687)	3,467,675
Segment profit (loss)						
Adjusted operating profit (Note 1)	952,161	8,589	960,750	(58,569)	27	902,207
Other items						
Depreciation and amortization (Note 3)	179,712	7,389	187,101	5,170	-	192,270
Impairment losses on other than financial assets	8,977	712	9,690	856	-	10,546
Reversal of impairment losses on other than financial assets	537	-	537	-	-	537
Share of profit (loss) in investments accounted for using the equity method	13,212	(8)	13,204	127	-	13,332
Capital expenditures (Note 4)	143,181	7,392	150,573	4,565	-	155,138

¥3,184,384 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.

	Clusters				(Millions of yen)	
	Asia	Western Europe	EMA	Total		
Core revenue (Note 5)	864,223	735,554	1,584,608	3,184,384		
Adjusted operating profit	224,554	277,562	450,045	952,161		

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”

Year ended December 31, 2024

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Adjusted operating profit (Note 1)	791,773	8,071	799,844	(57,214)	0	742,629
Amortization cost of acquired intangibles arising from business acquisitions	(55,683)	-	(55,683)	-	-	(55,683)
Adjustment items (income) (Note 6)	5,568	446	6,013	9,607	-	15,621
Adjustment items (costs) (Note 7)	(387,074)	(511)	(387,585)	(760)	-	(388,345)
Operating profit (loss)	354,584	8,005	362,589	(48,367)	0	314,223
Financial income						69,004
Financial costs						(158,895)
Profit before income taxes						224,333

Year ended December 31, 2025

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Adjusted operating profit (Note 1)	952,161	8,589	960,750	(58,569)	27	902,207
Amortization cost of acquired intangibles arising from business acquisitions	(70,525)	-	(70,525)	-	-	(70,525)
Adjustment items (income) (Note 6)	53,232	1,134	54,365	13,750	-	68,115
Adjustment items (costs) (Note 7)	(29,515)	(1,826)	(31,341)	(1,418)	-	(32,759)
Operating profit (loss)	905,353	7,896	913,249	(46,237)	27	867,038
Financial income						67,942
Financial costs						(195,194)
Profit before income taxes						739,786

(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 associated with the utilization of idle properties and corporate expenditure relating to corporate communication and operation of the head office.

(Note 3) Depreciation of right-of-use assets included in "Depreciation and amortization" is as follows:

	Year ended December 31, 2024	Year ended December 31, 2025	(Millions of yen)
Tobacco	22,794	23,574	
Processed Food	503	475	
Other	3,174	2,930	
Depreciation of right-of-use assets	26,471	26,979	

(Note 4) The increase of right-of-use assets is excluded.

(Note 5) Core revenue from tobacco business does not include revenue related to the distribution business and contract manufacturing.

(Note 6) The breakdown of "Adjustment items (income)" is as follows:

	Year ended December 31, 2024	Year ended December 31, 2025	(Millions of yen)
Restructuring incomes	7,885	13,982	
Gain on remeasurement of liability related to litigation in Canada	-	52,883	
Other	7,736	1,250	
Adjustment items (income)	15,621	68,115	

Restructuring incomes for the years ended December 31, 2024 and 2025 mainly related to gains on sale of real estate. Other (income) for the year ended December 31, 2024 mainly related to gains on deconsolidation of subsidiaries.

(Note 7) The breakdown of "Adjustment items (costs)" is as follows:

	Year ended December 31, 2024	Year ended December 31, 2025	(Millions of yen)
Restructuring costs	6,077	4,068	
Loss on liquidation of subsidiary	-	27,128	
Loss on litigation in Canada	375,636	-	
Other	6,631	1,563	
Adjustment items (costs)	388,345	32,759	

Restructuring costs for the year ended December 31, 2024 mainly related to rationalization in a market in the "Tobacco Business." Other (costs) for the year ended December 31, 2024 mainly related to impairment loss on trademark and transaction costs of the business combination in the "Tobacco Business."

C. Geographic information

The regional breakdown of non-current assets and external revenue from continuing operations as of each fiscal year end is as follows:

Non-current Assets

	As of December 31, 2024	As of December 31, 2025	(Millions of yen)
Japan	575,799	566,564	
Overseas	3,736,334	3,739,299	
Consolidated	<u>4,312,132</u>	<u>4,305,864</u>	

(Note) Non-current assets, exclusive of financial instruments, deferred tax assets and retirement benefits assets, are segmented by the location of the assets.

External Revenue from continuing operations

	Year ended December 31, 2024	Year ended December 31, 2025	(Millions of yen)
Japan	609,129	627,099	
Overseas	2,447,580	2,840,577	
Consolidated	<u>3,056,709</u>	<u>3,467,675</u>	

(Note) Revenue is segmented by the sales destination.

D. Major customers information

The “Tobacco Business” of the Group sells products to the Megapolis Group that engages in distribution and wholesale business in Russia and other countries. The external revenues from the Megapolis Group were ¥416,186 million (13.6% of consolidated revenue) for the year ended December 31, 2024 and ¥497,488 million (14.3% of consolidated revenue) for the year ended December 31, 2025.

(Per share information)

(1) Basis of Calculating Basic Earnings per Share

A. Profit attributable to ordinary shareholders of the parent company

	Year ended December 31, 2024	Year ended December 31, 2025	(Millions of yen)
Profit for the period attributable to owners of the parent company	179,240	510,175	
Profit not attributable to ordinary shareholders of the parent company	-	-	
Profit for the period used for calculation of basic earnings per share	179,240	510,175	
Profit for the period from discontinued operations attributable to ordinary shareholders of the parent company	6,495	11,094	
Profit for the period from continuing operations used for calculation of basic earnings per share	172,745	499,081	

B. Weighted-average number of ordinary shares outstanding during the period

	Year ended December 31, 2024	Year ended December 31, 2025	(Thousands of shares)
Weighted-average number of shares during the period	1,775,509	1,775,404	

(2) Basis of Calculating Diluted Earnings per Share

A. Profit attributable to diluted ordinary shareholders

	Year ended December 31, 2024	Year ended December 31, 2025	(Millions of yen)
Profit for the period used for calculation of basic earnings per share	179,240	510,175	
Adjustment	-	-	
Profit for the period used for calculation of diluted earnings per share	179,240	510,175	
Profit for the period from discontinued operations attributable to ordinary shareholders of the parent company	6,495	11,094	
Profit for the period from continuing operations used for calculation of diluted earnings per share	172,745	499,081	

B. Weighted-average number of diluted ordinary shares outstanding during the period

	Year ended December 31, 2024	Year ended December 31, 2025	(Thousands of shares)
Weighted-average number of ordinary shares during the period	1,775,509	1,775,404	
Increased number of ordinary shares under subscription rights to shares	264	193	
Weighted-average number of diluted ordinary shares during the period	1,775,773	1,775,597	

(Significant subsequent events)

No items to report.

4. Non-consolidated financial statements and major notes (Japanese GAAP)

(1) Non-consolidated balance sheet

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	205,764	252,923
Securities	-	21,000
Accounts receivable - trade	35,420	39,953
Merchandise and finished goods	38,813	39,084
Semi-finished goods	76,050	44,220
Work in process	1,726	1,644
Raw materials and supplies	42,204	38,622
Advance payments - trade	1,641	2,626
Prepaid expenses	5,364	3,418
Short-term loans receivable from subsidiaries and affiliates	39,264	119,092
Other	33,922	31,224
Allowance for doubtful accounts	(31)	(31)
Total current assets	480,137	593,774
Noncurrent assets		
Property, plant and equipment		
Buildings	65,106	49,966
Structures	1,849	1,641
Machinery and equipment	28,822	37,322
Vehicles	961	1,277
Tools, furniture and fixtures	12,401	11,008
Land	43,669	37,449
Construction in progress	6,605	5,392
Total property, plant and equipment	159,412	144,054
Intangible assets		
Right of trademark	16,422	96
Software	16,481	14,699
Goodwill	35,771	-
Other	6,831	4,670
Total intangible assets	75,505	19,464
Investments and other assets		
Investment securities	21,707	22,521
Shares of subsidiaries and affiliates	1,508,834	1,652,493
Long-term loans receivable from subsidiaries and affiliates	5,488	269,132
Long-term prepaid expenses	9,714	6,794
Deferred tax assets	25,981	17,266
Other	17,102	16,933
Allowance for doubtful accounts	(90)	(64)
Total investments and other assets	1,588,735	1,985,074
Total noncurrent assets	1,823,652	2,148,593
Total assets	2,303,789	2,742,366

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	15,261	17,001
Short-term borrowings	100,000	-
Current portion of bonds	25,000	-
Lease obligations	182	90
Accounts payable - other	71,164	82,268
National tobacco excise taxes payable	66,209	66,788
National tobacco special excise taxes payable	7,982	8,052
Local tobacco excise taxes payable	76,693	74,945
Income taxes payable	1,330	1,446
Accrued consumption taxes	26,994	25,705
Cash management system deposits received	292,571	275,181
Provision for bonuses	13,396	13,843
Other provisions	3,471	1,379
Other	53,561	58,338
Total current liabilities	753,816	625,035
Noncurrent liabilities		
Bonds payable	100,000	559,543
Long-term borrowings	120,000	120,000
Lease obligations	616	955
Provision for retirement benefits	98,521	86,089
Long-term income taxes payable	-	936
Other	15,943	11,424
Total noncurrent liabilities	335,079	778,948
Total liabilities	1,088,895	1,403,983

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus		
Legal capital surplus	636,400	636,400
Other capital surplus	100,297	100,664
Total capital surpluses	736,697	737,064
Retained earnings		
Legal retained earnings	18,776	18,776
Other retained earnings		
Reserve for investment loss on developing new business	243	223
Reserve for reduction entry	31,382	22,486
Special account for reduction entry	877	822
Retained earnings brought forward	831,979	975,733
Total retained earnings	883,256	1,018,039
Treasury shares	(488,579)	(488,124)
Total shareholders' equity	1,231,375	1,366,980
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,052	6,503
Deferred gains or losses on hedges	(23,896)	(35,389)
Total valuation and translation adjustments	(16,844)	(28,887)
Subscription rights to shares	364	291
Total net assets	1,214,895	1,338,384
Total liabilities and net assets	2,303,789	2,742,366

(2) Non-consolidated statement of income

(Millions of yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Net sales	530,247	566,521
Cost of sales	195,050	216,731
Gross profit	335,197	349,790
Selling, general and administrative expenses	341,273	355,879
Operating loss	(6,076)	(6,090)
Non-operating income		
Interest income	141	10,626
Dividends income	423,513	483,530
Other	10,280	11,485
Total non-operating income	433,934	505,641
Non-operating expenses		
Interest expenses	2,341	3,659
Interest on bonds	1,013	16,080
Foreign exchange losses	18,370	2,976
Other	1,758	4,274
Total non-operating expenses	23,482	26,990
Ordinary income	404,377	472,561
Extraordinary income		
Gain on sales of noncurrent assets	7,898	13,748
Gain on sales of shares of subsidiaries	-	28,761
Other	1,324	1,526
Total extraordinary income	9,223	44,035
Extraordinary losses		
Loss on sales of noncurrent assets	196	21
Loss on retirement of noncurrent assets	1,455	2,351
Impairment loss	4,504	2,534
Loss on liquidation of business	-	15,494
Other	1,894	693
Total extraordinary losses	8,048	21,093
Income before income taxes	405,552	495,504
Income taxes - current	2,309	(1,993)
Income taxes - deferred	(1,606)	5,798
Total income taxes	703	3,805
Net income	404,849	491,698

(3) Non-consolidated statement of changes in net assets

Year ended December 31, 2024

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for investment loss on developing new business	Other retained earnings	Reserve for reduction entry	Special account for reduction entry	Retained earnings brought forward
Balance at the beginning of current period	100,000	736,400	78	736,478	18,776	326	32,922	914	775,229	828,167
Changes of items during the period										
Reversal of legal capital surplus	-	(100,000)	100,000	-	-	-	-	-	-	-
Provision of reserve for investment loss on developing new business	-	-	-	-	-	243	-	-	(243)	-
Reversal of reserve for investment loss on developing new business	-	-	-	-	-	(326)	-	-	326	-
Provision of reserve for reduction entry	-	-	-	-	-	-	918	-	(918)	-
Reversal of reserve for reduction entry	-	-	-	-	-	-	(2,458)	-	2,458	-
Provision of special account for reduction entry	-	-	-	-	-	-	-	877	(877)	-
Reversal of special account for reduction entry	-	-	-	-	-	-	-	(914)	914	-
Dividends from surplus	-	-	-	-	-	-	-	-	(349,759)	(349,759)
Net income	-	-	-	-	-	-	-	-	404,849	404,849
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	220	220	-	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-
Total changes of items during the period	-	(100,000)	100,220	220	-	(83)	(1,540)	(38)	56,750	55,089
Balance at the end of current period	100,000	636,400	100,297	736,697	18,776	243	31,382	877	831,979	883,256

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of current period	(489,194)	1,175,451	6,545	(2,975)	3,569	557	1,179,577
Changes of items during the period							
Reversal of legal capital surplus	-	-	-	-	-	-	-
Provision of reserve for investment loss on developing new business	-	-	-	-	-	-	-
Reversal of reserve for investment loss on developing new business	-	-	-	-	-	-	-
Provision of reserve for reduction entry	-	-	-	-	-	-	-
Reversal of reserve for reduction entry	-	-	-	-	-	-	-
Provision of special account for reduction entry	-	-	-	-	-	-	-
Reversal of special account for reduction entry	-	-	-	-	-	-	-
Dividends from surplus	-	(349,759)	-	-	-	-	(349,759)
Net income	-	404,849	-	-	-	-	404,849
Purchase of treasury shares	(2)	(2)	-	-	-	-	(2)
Disposal of treasury shares	617	836	-	-	-	-	836
Net changes of items other than shareholders' equity	-	-	507	(20,921)	(20,414)	(193)	(20,607)
Total changes of items during the period	615	55,924	507	(20,921)	(20,414)	(193)	35,317
Balance at the end of current period	(488,579)	1,231,375	7,052	(23,896)	(16,844)	364	1,214,895

Year ended December 31, 2025

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Total capital surplus	Legal retained earnings	Retained earnings				Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus			Reserve for investment loss on developing new business	Other retained earnings	Special account for reduction entry	Retained earnings brought forward	
Balance at the beginning of current period	100,000	636,400	100,297	736,697	18,776	243	31,382	877	831,979	883,256	
Changes of items during the period											
Reversal of legal capital surplus	-	-	-	-	-	-	-	-	-	-	
Provision of reserve for investment loss on developing new business	-	-	-	-	-	223	-	-	(223)	-	
Reversal of reserve for investment loss on developing new business	-	-	-	-	-	(243)	-	-	243	-	
Provision of reserve for reduction entry	-	-	-	-	-	-	-	-	-	-	
Reversal of reserve for reduction entry	-	-	-	-	-	-	(8,896)	-	8,896	-	
Provision of special account for reduction entry	-	-	-	-	-	-	-	822	(822)	-	
Reversal of special account for reduction entry	-	-	-	-	-	-	-	(877)	877	-	
Dividends from surplus	-	-	-	-	-	-	-	-	(356,915)	(356,915)	
Net income	-	-	-	-	-	-	-	-	491,698	491,698	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	
Disposal of treasury shares	-	-	367	367	-	-	-	-	-	-	
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	
Total changes of items during the period	-	-	367	367	-	(20)	(8,896)	(55)	143,754	134,783	
Balance at the end of current period	100,000	636,400	100,664	737,064	18,776	223	22,486	822	975,733	1,018,039	

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of current period	(488,579)	1,231,375	7,052	(23,896)	(16,844)	364	1,214,895
Changes of items during the period							
Reversal of legal capital surplus	-	-	-	-	-	-	-
Provision of reserve for investment loss on developing new business	-	-	-	-	-	-	-
Reversal of reserve for investment loss on developing new business	-	-	-	-	-	-	-
Provision of reserve for reduction entry	-	-	-	-	-	-	-
Reversal of reserve for reduction entry	-	-	-	-	-	-	-
Provision of special account for reduction entry	-	-	-	-	-	-	-
Reversal of special account for reduction entry	-	-	-	-	-	-	-
Dividends from surplus	-	(356,915)	-	-	-	-	(356,915)
Net income	-	491,698	-	-	-	-	491,698
Purchase of treasury shares	(1)	(1)	-	-	-	-	(1)
Disposal of treasury shares	457	824	-	-	-	-	824
Net changes of items other than shareholders' equity	-	-	(549)	(11,493)	(12,042)	(74)	(12,116)
Total changes of items during the period	456	135,605	(549)	(11,493)	(12,042)	(74)	123,489
Balance at the end of current period	(488,124)	1,366,980	6,503	(35,389)	(28,887)	291	1,338,384

(4) Notes on premise of going concern

No items to report.

(5) Notes to Non-consolidated Financial Statements

(Significant subsequent events)

No items to report.