

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



July 30, 2026

Consolidated Financial Results for the Six Months Ended June 30, 2026 <under IFRS>

Name of the Listed Company: **JAPAN TOBACCO INC.** (Stock Code: 2914)
Listed Stock Exchange: Tokyo Stock Exchange
URL: <https://www.jt.com/>
Representative: Takehiko Tsutsui, Representative Director and President,
Chief Executive Officer
Contact: Hiromasa Furukawa, Senior Vice President, Chief Financial Officer and
Corporate Communications
Telephone: +81-3-6636-2914
Scheduled date to file Semi-annual Securities Report: July 30, 2026
Scheduled starting date of the dividend payments: September 1, 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 Six Months of the Fiscal Year Ending December 31, 2026 (from January 1, 2026 to June 30, 2026)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	1,986,070	17.7	644,940	29.0	605,999	32.4	433,181	34.5
June 30, 2025	1,686,789	—	500,129	—	457,755	—	321,965	4.8

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2026	431,829	35.0	543,292	16.1	243.24	243.22
June 30, 2025	319,905	4.8	467,791	(40.9)	180.19	180.17

Due to the transfer of the Company's Pharmaceutical Business to Shionogi & Co., Ltd. and the sale of shares in Torii Pharmaceutical Co., Ltd. held by the Company in the fiscal year ended December 31, 2025, the Group classified the Pharmaceutical Business as discontinued operations. 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 for the six months ended June 30, 2025 in the table represent the amounts for continuing operations, and percentages indicating year-on-year changes are not presented.

(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
June 30, 2026	8,669,953	4,423,050	4,393,958	50.7	2,474.86
December 31, 2025	8,419,240	4,115,389	4,086,933	48.5	2,301.99

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Year ended December 31, 2025	Yen —	Yen 104.00	Yen —	Yen 130.00	Yen 234.00
Year ending December 31, 2026	—	136.00			
Year ending December 31, 2026 (Forecast)			—	136.00	272.00

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

The dividends for the fiscal year ending December 31, 2026 are calculated using a payout ratio of 75.2%, based on profit for the year of ¥642.0 billion. The profit for the year used in this calculation excludes the impact of the settlement payments and other related effects arising from the settlement of litigation concerning smoking and health against tobacco companies, including the Company's Canadian subsidiary JTI-Macdonald, as a defendant.

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
	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
Year ending December 31, 2026	3,885,000	12.0	1,008,000	16.3	644,000	26.2
						362.74

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

Due to the transfer of the Company's Pharmaceutical Business to Shionogi & Co., Ltd. and the sale of shares in Torii Pharmaceutical Co., Ltd. held by the Company in the fiscal year ended December 31, 2025, the Group classified the Pharmaceutical Business as discontinued operations. As a result, only profit and loss from continuing operations will be recorded for the fiscal year ending December 31, 2026. Accordingly, the year-on-year changes in revenue and operating profit are displayed based on the figures from only profit and loss from continuing operations. 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, and includes profit and loss related to the transfer of the Pharmaceutical Business and the sale of shares in Torii Pharmaceutical Co., Ltd. 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: 29.0%

[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	
Six months ended June 30, 2026 (Cumulative)	Millions of yen 626,147	% 19.4
Year ending December 31, 2026 (Forecast)	Millions of yen 988,000	% 11.6

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

The year-on-year changes in the above table are displayed based on the figures from only profit and loss from continuing operations. Starting from the first quarter of the current fiscal year, the definition of adjusted operating profit has been revised as operating profit (loss) less the amortization cost of acquired intangibles arising from business acquisitions and adjustment items (income and costs), with the additional deduction profits corresponding to each annual payment related to settlement of the litigation concerning smoking and health against tobacco companies, including the Company’s Canadian subsidiary JTI-Macdonald, as a defendant. The same adjustments have been applied to the previous fiscal year, and percentages indicating year-on-year changes in the tables are calculated based on the adjusted figures.

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).”

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 July 30, 2026.

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

Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

- a. Changes in accounting policies due to revisions in accounting standards under IFRS Accounting Standards: Yes
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None

Note: 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)

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

As of June 30, 2026 2,000,000,000 shares

As of December 31, 2025 2,000,000,000 shares

b. Number of treasury shares at the end of the period

As of June 30, 2026 224,560,241 shares

As of December 31, 2025 224,611,666 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2026 1,775,345,282 shares

Six months ended June 30, 2025 1,775,416,183 shares

Note: 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.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

- (1) 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.
- (2) 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) excluding amortization cost of acquired intangibles arising from business acquisitions and adjustment items (income and costs), and profits corresponding to each annual payment related to the settlement of litigation concerning smoking and health against tobacco companies, including the Company’s Canadian subsidiary JTI-Macdonald, as a defendant (hereinafter called “Canada adjustment (Annual contribution)”). 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 six months ended June 30, 2026 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

1. Overview of Business Results

The results are presented in “JT Group 2026 Second-Quarter (CFO Presentation),” which was disclosed on TDnet and the Company’s website on July 30, 2026. Please refer to the following.

- JT Group 2026 Second-Quarter (CFO Presentation):
https://www.jt.com/investors/results/forecast/pdf/2026/Second_Quarter/20260730_05.pdf

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

a. Financial position

[Assets]

Total assets at the end of the six months ended June 30, 2026 increased by ¥250.7 billion from the end of the previous fiscal year to ¥8,670.0 billion. This was mainly due to increases in trade and other receivables and goodwill.

[Liabilities]

Total liabilities at the end of the six months ended June 30, 2026 decreased by ¥56.9 billion from the end of the previous fiscal year to ¥4,246.9 billion. This was mainly due to a decrease in trade and other payables.

[Equity]

Total equity at the end of the six months ended June 30, 2026 increased by ¥307.7 billion from the end of the previous fiscal year to ¥4,423.0 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 six months ended June 30, 2026 decreased by ¥3.2 billion from the end of the previous fiscal year to ¥827.9 billion. Cash and cash equivalents at the end of the same period of the previous fiscal year were ¥865.2 billion.

[Net cash flows from operating activities]

Net cash flows provided by operating activities during the six months ended June 30, 2026 were ¥331.3 billion, compared with ¥167.5 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 the payment of income taxes.

[Net cash flows from investing activities]

Net cash flows used in investing activities during the six months ended June 30, 2026 were ¥58.4 billion, compared with ¥132.0 billion used in the same period of the previous year. This was mainly due to purchase of property, plant and equipment.

[Net cash flows from financing activities]

Net cash flows used in financing activities during the six months ended June 30, 2026 were ¥278.2 billion, compared with ¥230.9 billion used in the same period of the previous year. This was mainly due to the payment of cash dividends and the redemption of corporate bonds.

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.

(Billions of yen)

	Earnings forecasts	Changes from the consolidated earnings forecasts most recently announced		Year-on-year changes [%]
		Amount	%	
Revenue	3,885.0	188.0	5.1	12.0
Adjusted operating profit	1,035.0	80.0	8.4	16.9
Operating profit	1,008.0	87.0	9.4	16.3
Profit attributable to owners of the parent company	644.0	74.0	13.0	26.2
Adjusted operating profit at constant FX	988.0	24.0	2.5	11.6

The percentages indicating year-on-year changes in the above table are calculated based on profit or loss from continuing operations only. However, the year-on-year change in forecasted profit attributable to owners of the parent company is calculated by comparison with profit attributable to owners of the parent company for the fiscal year ended December 31, 2025, including discontinued operations, and that profit includes profit and loss related to the transfer of the Pharmaceutical Business and the sale of shares in Torii Pharmaceutical Co., Ltd.

In addition, starting from the first quarter of the current fiscal year, due to the definition of adjusted operating profit, the year-on-year changes in adjusted operating profit and adjusted operating profit at constant FX are also displayed based on amounts reclassified on a comparable basis.

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. At 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.

Notes on the Situation in the Middle East

The Group has business locations and customers in the Middle East, and will continue to monitor the situation in the region. However, at present, it does not recognize a major impact on its business or 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, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and cash equivalents	831,135	827,909
Trade and other receivables	640,681	753,747
Inventories	1,060,136	1,118,751
Other financial assets	195,816	205,435
Other current assets	977,640	942,389
Subtotal	3,705,408	3,848,232
Assets held for sale	5,689	4,885
Total current assets	3,711,097	3,853,117
Non-current assets		
Property, plant and equipment	979,800	994,977
Goodwill	2,923,096	2,986,714
Intangible assets	395,658	385,184
Investment property	3,068	3,139
Retirement benefit assets	29,946	31,083
Investments accounted for using the equity method	82,205	87,467
Other financial assets	131,600	159,234
Other non-current assets	4,240	3,964
Deferred tax assets	158,528	165,073
Total non-current assets	4,708,143	4,816,836
Total assets	8,419,240	8,669,953

		(Millions of yen)
	As of December 31, 2025	As of June 30, 2026
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	711,721	623,516
Bonds and borrowings	79,627	117,087
Income tax payables	36,546	77,316
Other financial liabilities	62,068	68,065
Provisions	32,783	19,776
Other current liabilities	1,004,331	979,079
Subtotal	1,927,076	1,884,837
Liabilities directly associated with assets held for sale	177	-
Total current liabilities	1,927,252	1,884,837
Non-current liabilities		
Bonds and borrowings	1,599,061	1,559,685
Other financial liabilities	205,628	210,106
Retirement benefit liabilities	253,225	249,967
Provisions	54,355	60,970
Other non-current liabilities	134,724	135,057
Deferred tax liabilities	129,606	146,281
Total non-current liabilities	2,376,599	2,362,066
Total liabilities	4,303,851	4,246,903
Equity		
Share capital	100,000	100,000
Capital surplus	737,064	737,472
Treasury shares	(489,744)	(490,165)
Other components of equity	526,058	633,046
Retained earnings	3,213,555	3,413,605
Equity attributable to owners of the parent company	4,086,933	4,393,958
Non-controlling interests	28,456	29,092
Total equity	4,115,389	4,423,050
Total liabilities and equity	8,419,240	8,669,953

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

Condensed Interim Consolidated Statement of Income

Six months ended June 30, 2025 and 2026

(Millions of yen)

	2025	2026
Continuing operations		
Revenue	1,686,789	1,986,070
Cost of sales	(715,439)	(816,081)
Gross profit	971,349	1,169,988
Other operating income	7,083	8,645
Share of profit in investments accounted for using the equity method	6,703	5,483
Selling, general and administrative expenses	(485,007)	(539,177)
Operating profit	500,129	644,940
Financial income	36,763	38,639
Financial costs	(79,136)	(77,580)
Profit before income taxes	457,755	605,999
Income taxes	(121,781)	(172,818)
Profit for the period from continuing operations	335,975	433,181
Discontinued operations		
Loss for the period from discontinued operations	(14,010)	-
Profit for the period	321,965	433,181
Attributable to:		
Owners of the parent company	319,905	431,829
Non-controlling interests	2,060	1,352
Profit for the period	321,965	433,181
Interim earnings (loss) per share		
Basic (Yen)		
Continuing operations	188.67	243.24
Discontinued operations	(8.48)	-
Total basic earnings per share for the interim period	180.19	243.24
Diluted (Yen)		
Continuing operations	188.64	243.22
Discontinued operations	(8.48)	-
Total diluted earnings per share for the interim period	180.17	243.22

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

(Millions of yen)

	2025	2026
Continuing operations		
Operating profit	500,129	644,940
Amortization cost of acquired intangibles arising from business acquisitions	35,045	24,335
Canada adjustment (Annual contribution)	(11,222)	(8,189)
Adjustment items (income)	(435)	(2,290)
Adjustment items (costs)	975	2,926
Adjusted operating profit	524,493	661,721

Condensed Interim Consolidated Statement of Comprehensive Income

Six months ended June 30, 2025 and 2026

(Millions of yen)

	2025	2026
Profit for the period	321,965	433,181
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	(85)	(262)
Remeasurements of defined benefit plans	185	-
Total of items that will not be reclassified to profit or loss	100	(262)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	150,415	102,089
Net gain (loss) on derivatives designated as cash flow hedges	(4,676)	8,925
Hedge costs	(14)	(642)
Total of items that may be reclassified subsequently to profit or loss	145,726	110,373
Other comprehensive income (loss), net of taxes	145,826	110,111
Comprehensive income (loss) for the period	467,791	543,292
Attributable to:		
Owners of the parent company	466,041	542,088
Non-controlling interests	1,750	1,204
Comprehensive income (loss) for the period	467,791	543,292

(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, 2025	100,000	736,697	(488,579)	364	364,809	4,026	12
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	150,714	(4,676)	(14)
Comprehensive income (loss) for the period	-	-	-	-	150,714	(4,676)	(14)
Acquisition of treasury shares	-	-	(1,579)	-	-	-	-
Disposal of treasury shares	-	368	453	(71)	-	-	-
Share-based payments	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
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)	-	-	-	-	-	88	-
Total transactions with the owners	-	368	(1,126)	(71)	-	88	-
As of June 30, 2025	100,000	737,065	(489,705)	293	515,523	(561)	(2)
As of January 1, 2026	100,000	737,064	(489,744)	291	514,095	715	17
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	102,237	8,925	(642)
Comprehensive income (loss) for the period	-	-	-	-	102,237	8,925	(642)
Acquisition of treasury shares	-	-	(858)	-	-	-	-
Disposal of treasury shares	-	408	437	(146)	-	-	-
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)	-	-	-	-	-	(3,148)	-
Total transactions with the owners	-	408	(421)	(146)	-	(3,148)	-
As of June 30, 2026	100,000	737,472	(490,165)	145	616,331	6,492	(625)

(Millions of yen)

Equity attributable to owners of the parent company							
	Other components of equity				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	Retained earnings			
As of January 1, 2025	12,388	-	381,599	3,036,905	3,766,623	82,104	3,848,727
Profit for the period	-	-	-	319,905	319,905	2,060	321,965
Other comprehensive income (loss)	(85)	196	146,136	-	146,136	(310)	145,826
Comprehensive income (loss) for the period	(85)	196	146,136	319,905	466,041	1,750	467,791
Acquisition of treasury shares	-	-	-	-	(1,579)	-	(1,579)
Disposal of treasury shares	-	-	(71)	(616)	134	-	134
Share-based payments	-	-	-	512	512	22	535
Dividends	-	-	-	(172,232)	(172,232)	(1,620)	(173,852)
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	(6)	(6)	1	(5)
Transfer from other components of equity to retained earnings	18	(196)	(179)	179	-	-	-
Other increase (decrease)	-	-	88	(0)	88	-	88
Total transactions with the owners	18	(196)	(161)	(172,164)	(173,084)	(1,596)	(174,680)
As of June 30, 2025	<u>12,320</u>	<u>-</u>	<u>527,574</u>	<u>3,184,646</u>	<u>4,059,580</u>	<u>82,258</u>	<u>4,141,838</u>
As of January 1, 2026	10,940	-	526,058	3,213,555	4,086,933	28,456	4,115,389
Profit for the period	-	-	-	431,829	431,829	1,352	433,181
Other comprehensive income (loss)	(261)	-	110,259	-	110,259	(148)	110,111
Comprehensive income (loss) for the period	(261)	-	110,259	431,829	542,088	1,204	543,292
Acquisition of treasury shares	-	-	-	-	(858)	-	(858)
Disposal of treasury shares	-	-	(146)	(584)	115	-	115
Share-based payments	-	-	-	616	616	-	616
Dividends	-	-	-	(230,800)	(230,800)	(1,110)	(231,911)
Changes in the scope of consolidation	-	-	-	-	-	(444)	(444)
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	(986)	(986)	986	-
Transfer from other components of equity to retained earnings	24	-	24	(24)	-	-	-
Other increase (decrease)	-	-	(3,148)	-	(3,148)	-	(3,148)
Total transactions with the owners	24	-	(3,270)	(231,780)	(235,063)	(568)	(235,631)
As of June 30, 2026	<u>10,703</u>	<u>-</u>	<u>633,046</u>	<u>3,413,605</u>	<u>4,393,958</u>	<u>29,092</u>	<u>4,423,050</u>

(4) Condensed Interim Consolidated Statement of Cash Flows

Six months ended June 30, 2025 and 2026

		(Millions of yen)
	2025	2026
Cash flows from operating activities		
Profit before income taxes	457,755	605,999
Profit (loss) before income taxes from discontinued operations	(19,934)	-
Depreciation and amortization	97,452	90,391
Impairment losses	25,183	1,038
Interest and dividend income	(36,307)	(38,599)
Interest expense	37,899	39,659
Share of profit in investments accounted for using the equity method	(6,703)	(5,483)
(Gains) losses on sale and disposal of property, plant and equipment, intangible assets and investment property	450	215
(Gains) losses on sale of investments in subsidiaries	-	(2,279)
(Increase) decrease in trade and other receivables	(60,647)	(100,562)
(Increase) decrease in inventories	(52,885)	(25,307)
Increase (decrease) in trade and other payables	(57,777)	(82,972)
Increase (decrease) in retirement benefit liabilities	(9,475)	(2,525)
(Increase) decrease in prepaid tobacco excise taxes	15,942	13,921
Increase (decrease) in tobacco excise tax payables	(122,440)	(38,793)
Increase (decrease) in consumption tax payables	10,810	44,905
Other	(47,798)	(35,725)
Subtotal	231,525	463,883
Interest and dividends received	75,867	42,407
Interest paid	(34,188)	(39,291)
Income taxes paid	(105,752)	(135,670)
Net cash flows from operating activities	167,451	331,329
Cash flows from investing activities		
Purchase of securities	(8,874)	(2,051)
Proceeds from sale and redemption of securities	46,272	281
Purchase of property, plant and equipment	(52,982)	(53,227)
Proceeds from sale of investment property	-	1,386
Purchase of intangible assets	(8,383)	(7,173)
Payments into time deposits	(138,520)	(241,958)
Proceeds from withdrawal of time deposits	120,115	246,301
Subsequent payments for past fiscal years' business combinations	(68,271)	-
Purchase of investments in associates	(22,873)	(1,065)
Other	1,550	(916)
Net cash flows from investing activities	(131,965)	(58,422)

		(Millions of yen)
	2025	2026
Cash flows from financing activities		
Dividends paid to owners of the parent company	(172,192)	(230,725)
Dividends paid to non-controlling interests	(2,002)	(1,366)
Increase (decrease) in short-term borrowings and commercial paper	9,973	36,209
Proceeds from long-term borrowings	99,437	-
Repayments of long-term borrowings	(666,593)	(290)
Proceeds from issuance of bonds	515,001	-
Redemption of bonds	-	(67,532)
Repayments of lease liabilities	(12,916)	(13,679)
Acquisition of treasury shares	(1,579)	(858)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(5)	-
Other	0	0
Net cash flows from financing activities	(230,877)	(278,240)
Net increase (decrease) in cash and cash equivalents	(195,391)	(5,334)
Cash and cash equivalents at the beginning of the period	1,084,567	831,135
Effect of exchange rate changes on cash and cash equivalents	(3,153)	2,091
Changes in cash and cash equivalents resulting from transfer to assets held for sale	(20,837)	17
Cash and cash equivalents at the end of the period	865,185	827,909

(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, 2025 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, 2026.

IFRS Accounting Standards		Description of new standards and amendments
IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	Clarifying classification of the financial instruments with ESG-linked features
IFRS 7		Clarifying derecognition of a financial liability settled through electronic transfer
IFRS 9	Amendments regarding the Contracts for Renewable Electricity	Providing requirements for accounting treatment and disclosure relating to power purchase agreements
IFRS 7		

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 prior year, 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 six months ended June 30, 2025 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.

In addition, the “Pharmaceutical Business” was classified as discontinued operations and excluded from reportable segments in the prior year.

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.

Six months ended June 30, 2025

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Revenue						
External revenue	1,608,779	76,747	1,685,527	1,262	-	1,686,789
Intersegment revenue	0	14	14	1,306	(1,320)	-
Total revenue	<u>1,608,780</u>	<u>76,761</u>	<u>1,685,541</u>	<u>2,568</u>	<u>(1,320)</u>	<u>1,686,789</u>
Segment profit (loss)						
Adjusted operating profit (Note 1)	<u>544,920</u>	<u>2,568</u>	<u>547,488</u>	<u>(22,993)</u>	<u>(3)</u>	<u>524,493</u>

¥1,534,808 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			
	Asia	Western Europe	EMA	Total
Core revenue (Note 3)	417,314	363,802	753,692	1,534,808
Adjusted operating profit (Note 1)	136,912	160,094	247,914	544,920

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, the United States of America, Romania, Russia, etc.

Six months ended June 30, 2026

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Revenue						
External revenue	1,905,593	79,237	1,984,830	1,240	-	1,986,070
Intersegment revenue	0	18	18	1,487	(1,505)	-
Total revenue	1,905,593	79,255	1,984,848	2,727	(1,505)	1,986,070
Segment profit (loss)						
Adjusted operating profit (Note 1)	682,902	4,070	686,971	(25,269)	18	661,721

¥1,828,405 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)	457,531	427,315	943,559	1,828,405
Adjusted operating profit (Note 1)	167,782	188,464	326,655	682,902

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, the United States of America, Romania, Russia, etc.

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

Six months ended June 30, 2025

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Adjusted operating profit (Note 1)	544,920	2,568	547,488	(22,993)	(3)	524,493
Amortization cost of acquired intangibles arising from business acquisitions	(35,045)	-	(35,045)	-	-	(35,045)
Canada adjustment (Annual contribution) (Note 4)	11,222	-	11,222	-	-	11,222
Adjustment items (income) (Note 5)	4	424	428	7	-	435
Adjustment items (costs) (Note 6)	(152)	(10)	(162)	(814)	-	(975)
Operating profit (loss)	520,949	2,983	523,931	(23,800)	(3)	500,129
Financial income						36,763
Financial costs						(79,136)
Profit before income taxes						457,755

Six months ended June 30, 2026

(Millions of yen)

	Reportable Segments			Other (Note 2)	Elimination	Consolidated
	Tobacco	Processed Food	Total			
Adjusted operating profit (Note 1)	682,902	4,070	686,971	(25,269)	18	661,721
Amortization cost of acquired intangibles arising from business acquisitions	(24,335)	-	(24,335)	-	-	(24,335)
Canada adjustment (Annual contribution) (Note 4)	8,189	-	8,189	-	-	8,189
Adjustment items (income) (Note 5)	11	2,279	2,290	-	-	2,290
Adjustment items (costs) (Note 6)	(852)	(1,983)	(2,835)	(91)	-	(2,926)
Operating profit (loss)	665,915	4,366	670,281	(25,360)	18	644,940
Financial income						38,639
Financial costs						(77,580)
Profit before income taxes						605,999

(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). The Canada adjustment (Annual contribution) is also excluded, effective from the three months ended March 31, 2026. In addition, the figure for the six months ended June 30, 2025, has been retrospectively adjusted to reflect the change.

(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) Core revenue from tobacco business does not include revenue related to the distribution business and contract manufacturing. The Canada adjustment (Annual contribution) is also excluded, effective from the three months ended March 31, 2026. In addition, the figure for the six months ended June 30, 2025, has been retrospectively adjusted to reflect the change.

(Note 4) The Canada adjustment (Annual contribution) is revenue and profit corresponding to each annual payment related to the settlement of the litigation concerning smoking and health against tobacco companies, including the Company’s Canadian subsidiary, JTI-Macdonald Corp., as a defendant.

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

Six months ended June 30, 2025 and 2026

		(Millions of yen)
	2025	2026
Restructuring incomes	7	2,279
Other	428	11
Adjustment items (income)	435	2,290

Restructuring incomes for the six months ended June 30, 2026 mainly related to gains on sale of investments in subsidiaries.

(Note 6) The breakdown of “Adjustment items (costs)” is as follows:

Six months ended June 30, 2025 and 2026

		(Millions of yen)
	2025	2026
Restructuring costs	966	2,831
Other	10	94
Adjustment items (costs)	975	2,926

(8) Note on Premise of Going Concern

No items to report