

[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.]



MEMBERSHIP  
May 9, 2024

## Consolidated Financial Results for the Three Months Ended March 31, 2024 <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: Masamichi Terabatake, 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 Quarterly Securities Report: May 9, 2024  
Scheduled starting date of the dividend payments: –  
Drawing up supplementary documents on quarterly financial results: Yes  
Holding quarterly 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 Three Months of the Fiscal Year Ending December 31, 2024 (from January 1, 2024 to March 31, 2024)

#### (1) Consolidated Operating Results (Cumulative) (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2024	740,333	11.3	215,818	4.6	201,266	9.9	157,766	8.6
March 31, 2023	665,278	14.4	206,404	15.7	183,146	4.8	145,226	16.6

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
March 31, 2024	157,266	8.7	339,015	99.1	88.58	88.57
March 31, 2023	144,684	16.6	170,311	(26.1)	81.52	81.49

#### (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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
March 31, 2024	7,159,003	4,072,470	3,989,504	55.7	2,247.18
December 31, 2023	7,282,097	3,912,491	3,830,156	52.6	2,157.46

## 2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2023	-	94.00	-	100.00	194.00
Year ending December 31, 2024	-				
Year ending December 31, 2024 (Forecast)		97.00	-	97.00	194.00

Note: Revisions to the cash dividends forecasts most recently announced: None

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(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, 2024	3,016,000	6.2	648,000	(3.6)	455,000	(5.7)	256.29

Note: Revisions to the consolidated earnings forecasts most recently announced: None

[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 mid-single digit growth during the period of the “Business Plan 2024” (fiscal year ending December 31, 2024 to fiscal year ending December 31, 2026), which was announced on February 13, 2024.

(Percentages indicate year-on-year changes.)

	Adjusted operating profit at constant FX	
	Millions of yen	%
Three months ended March 31, 2024 (Cumulative)	230,992	3.4
Year ending December 31, 2024 (Forecast)	728,000	(0.0)

Note: Revisions to the consolidated earnings forecasts most recently announced: None

The Group also discloses certain non-GAAP financial measures that are not required or defined under IFRS, which is the accounting standard the Company applies. These non-GAAP financial measures are used internally to manage each of the business operations to understand their underlying performance, in view of the Group’s target for mid- to long-term sustainable growth, and the Group believes that these financial measures are useful information for users of the financial statements to assess the Group’s performance. 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 May 9, 2024.

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

## Notes

(1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in change in scope of consolidation): None

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

a. Changes in accounting policies due to revisions in accounting standards under IFRS: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

For details, please refer to “1. Matters Regarding Summary Information, (1) 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 March 31, 2024 2,000,000,000 shares

As of December 31, 2023 2,000,000,000 shares

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

As of March 31, 2024 224,658,364 shares

As of December 31, 2023 224,692,028 shares

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

Three months ended March 31, 2024 1,775,336,403 shares

Three months ended March 31, 2023 1,774,914,730 shares

\* Quarterly financial results reports are exempt from quarterly 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, which is the accounting standard the Company applies. These non-GAAP financial measures are used internally to manage each of the business operations to understand their underlying performance, in view of the Group’s target for mid- to long-term sustainable growth, and the Group believes that these financial measures are useful information for users of the financial statements to assess the Group’s performance.

### Adjusted operating profit

Adjusted operating profit presented is operating profit (loss) less amortization cost of acquired intangibles arising from business acquisitions and adjustment items (income and costs). Adjustment items (income and costs) are impairment losses on goodwill, restructuring income and costs, and other items. Furthermore, adjusted operating profit at constant FX is also presented as additional information. The Group has set its group-wide target for annual average growth rate in adjusted operating profit at constant FX, at mid to high single-digit over the mid- to long-term, and will continue to pursue this goal. Adjusted operating profit at constant FX is a financial measurement that excludes foreign exchange effects calculated and translated using the foreign exchange rates of the same period of the previous year from core revenue from tobacco business or from adjusted operating profit for the current period in the Tobacco Business. The results for the three months ended March 31, 2024 on a constant FX basis exclude the increase in profit due to 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. Matters Regarding Summary Information.....	2
(1) Changes in Accounting Policies and Changes in Accounting Estimates .....	2
(2) Revisions to the consolidated earnings forecasts most recently announced .....	2
2. Condensed Interim Consolidated Financial Statements.....	4
(1) Condensed Interim Consolidated Statement of Financial Position.....	4
(2) Condensed Interim Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	6
(3) Condensed Interim Consolidated Statement of Changes in Equity .....	8
(4) Condensed Interim Consolidated Statement of Cash Flows .....	10
(5) Segment Information.....	12
(6) Note on Premise of Going Concern.....	16
(7) Subsequent Events .....	17

## 1. Matters Regarding Summary Information

### (1) 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, 2023 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, 2024.

IFRS Accounting Standards		Description of new standards and amendments
IFRS 7	Financial Instruments: Disclosures	Providing requirements for disclosure relating to supplier finance arrangements
IAS 7	Statement of Cash Flows	

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

Part of the consolidated financial statements for the year ended December 31, 2023 have been reclassified to conform with the presentation for the beginning of first quarter ended March 31, 2024.

### (2) Revisions to the consolidated earnings forecasts most recently announced

No items to report.

## **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.

## 2. Condensed Interim Consolidated Financial Statements

### (1) Condensed Interim Consolidated Statement of Financial Position

	As of December 31, 2023	(Millions of yen) As of March 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,040,206	766,948
Trade and other receivables	535,302	571,262
Inventories	832,611	875,469
Other financial assets	58,633	50,459
Other current assets	789,888	717,788
Subtotal	3,256,639	2,981,925
Assets held for sale	2,921	2,887
Total current assets	3,259,561	2,984,811
<b>Non-current assets</b>		
Property, plant and equipment	821,499	846,256
Goodwill	2,616,440	2,731,698
Intangible assets	200,819	193,655
Investment property	9,338	9,370
Retirement benefit assets	65,856	70,084
Investments accounted for using the equity method	56,726	60,134
Other financial assets	155,267	160,113
Other non-current assets	7,212	6,928
Deferred tax assets	89,379	95,954
Total non-current assets	4,022,536	4,174,191
<b>Total assets</b>	7,282,097	7,159,003

	As of December 31, 2023	(Millions of yen) As of March 31, 2024
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	592,802	523,215
Bonds and borrowings	233,333	80,321
Income tax payables	29,647	37,456
Other financial liabilities	44,470	44,996
Provisions	18,634	17,384
Other current liabilities	1,008,390	926,436
Total current liabilities	1,927,276	1,629,808
<b>Non-current liabilities</b>		
Bonds and borrowings	908,926	939,268
Other financial liabilities	40,678	39,282
Retirement benefit liabilities	279,443	279,153
Provisions	45,527	45,790
Other non-current liabilities	127,170	113,845
Deferred tax liabilities	40,586	39,388
Total non-current liabilities	1,442,329	1,456,725
Total liabilities	3,369,605	3,086,533
<b>Equity</b>		
Share capital	100,000	100,000
Capital surplus	736,478	736,444
Treasury shares	(489,194)	(489,122)
Other components of equity	290,550	470,118
Retained earnings	3,192,323	3,172,063
Equity attributable to owners of the parent company	3,830,156	3,989,504
Non-controlling interests	82,336	82,966
Total equity	3,912,491	4,072,470
<b>Total liabilities and equity</b>	7,282,097	7,159,003



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

**Condensed Interim Consolidated Statement of Income  
Three months ended March 31, 2023 and 2024**

	(Millions of yen)	
	2023	2024
Revenue	665,278	740,333
Cost of sales	(262,332)	(320,101)
Gross profit	402,946	420,232
Other operating income	3,439	6,377
Share of profit in investments accounted for using the equity method	1,299	2,073
Selling, general and administrative expenses	(201,280)	(212,863)
Operating profit	206,404	215,818
Financial income	7,483	14,877
Financial costs	(30,741)	(29,429)
Profit before income taxes	183,146	201,266
Income taxes	(37,920)	(43,499)
Profit for the period	145,226	157,766
<b>Attributable to:</b>		
Owners of the parent company	144,684	157,266
Non-controlling interests	542	501
Profit for the period	145,226	157,766
<b>Interim earnings per share</b>		
Basic (Yen)	81.52	88.58
Diluted (Yen)	81.49	88.57

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

	(Millions of yen)	
	2023	2024
Operating profit	206,404	215,818
Amortization cost of acquired intangibles arising from business acquisitions	15,068	12,952
Adjustment items (income)	(6)	(1,963)
Adjustment items (costs)	1,901	(112)
Adjusted operating profit	223,367	226,695

**Condensed Interim Consolidated Statement of Comprehensive Income**  
**Three months ended March 31, 2023 and 2024**

(Millions of yen)

	2023	2024
Profit for the period	145,226	157,766
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	1,132	1,220
Total of items that will not be reclassified to profit or loss	1,132	1,220
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translation of foreign operations	26,518	183,361
Net gain (loss) on derivatives designated as cash flow hedges	(2,564)	(3,104)
Hedge costs	-	(229)
Total of items that may be reclassified subsequently to profit or loss	23,954	180,028
Other comprehensive income (loss), net of taxes	25,086	181,248
Comprehensive income (loss) for the period	170,311	339,015
<b>Attributable to:</b>		
Owners of the parent company	166,722	337,642
Non-controlling interests	3,589	1,373
Comprehensive income (loss) for the period	170,311	339,015

### (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
<b>As of January 1, 2023</b>	100,000	736,400	(490,183)	1,001	85,796	8,546	-
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	23,590	(2,564)	-
Comprehensive income (loss) for the period	-	-	-	-	23,590	(2,564)	-
Acquisition of treasury shares	-	-	(0)	-	-	-	-
Disposal of treasury shares	-	-	145	(112)	-	-	-
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)	-	-	-	-	-	688	-
Total transactions with the owners	-	-	145	(112)	-	688	-
<b>As of March 31, 2023</b>	<u>100,000</u>	<u>736,400</u>	<u>(490,038)</u>	<u>889</u>	<u>109,385</u>	<u>6,670</u>	<u>-</u>
<b>As of January 1, 2024</b>	100,000	736,478	(489,194)	557	270,810	9,145	(17)
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	182,493	(3,104)	(229)
Comprehensive income (loss) for the period	-	-	-	-	182,493	(3,104)	(229)
Acquisition of treasury shares	-	-	(1)	-	-	-	-
Disposal of treasury shares	-	(34)	74	(40)	-	-	-
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)	-	-	-	-	-	(703)	-
Total transactions with the owners	-	(34)	73	(40)	-	(703)	-
<b>As of March 31, 2024</b>	<u>100,000</u>	<u>736,444</u>	<u>(489,122)</u>	<u>517</u>	<u>453,303</u>	<u>5,339</u>	<u>(247)</u>

(Millions of yen)

Equity attributable to owners of the parent company							
	Other components of equity			Retained earnings	Total	Non-controlling interests	Total equity
	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total				
<b>As of January 1, 2023</b>	8,966	-	104,309	3,089,909	3,540,435	76,326	3,616,761
Profit for the period	-	-	-	144,684	144,684	542	145,226
Other comprehensive income (loss)	1,013	-	22,038	-	22,038	3,047	25,086
Comprehensive income (loss) for the period	1,013	-	22,038	144,684	166,722	3,589	170,311
Acquisition of treasury shares	-	-	-	-	(0)	-	(0)
Disposal of treasury shares	-	-	(112)	(33)	0	-	0
Share-based payments	-	-	-	-	-	-	-
Dividends	-	-	-	(200,558)	(200,558)	(973)	(201,531)
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	1	1	19	20
Transfer from other components of equity to retained earnings	(232)	-	(232)	232	-	-	-
Other increase (decrease)	-	-	688	-	688	-	688
Total transactions with the owners	(232)	-	344	(200,358)	(199,869)	(954)	(200,823)
<b>As of March 31, 2023</b>	<u>9,747</u>	<u>-</u>	<u>126,692</u>	<u>3,034,234</u>	<u>3,507,288</u>	<u>78,962</u>	<u>3,586,249</u>
<b>As of January 1, 2024</b>	10,054	-	290,550	3,192,323	3,830,156	82,336	3,912,491
Profit for the period	-	-	-	157,266	157,266	501	157,766
Other comprehensive income (loss)	1,217	-	180,376	-	180,376	872	181,248
Comprehensive income (loss) for the period	1,217	-	180,376	157,266	337,642	1,373	339,015
Acquisition of treasury shares	-	-	-	-	(1)	-	(1)
Disposal of treasury shares	-	-	(40)	-	0	-	0
Share-based payments	-	-	-	123	123	-	123
Dividends	-	-	-	(177,531)	(177,531)	(897)	(178,428)
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	(182)	(182)	154	(28)
Transfer from other components of equity to retained earnings	(64)	-	(64)	64	-	-	-
Other increase (decrease)	-	-	(703)	-	(703)	-	(703)
Total transactions with the owners	(64)	-	(808)	(177,525)	(178,294)	(743)	(179,037)
<b>As of March 31, 2024</b>	<u>11,206</u>	<u>-</u>	<u>470,118</u>	<u>3,172,063</u>	<u>3,989,504</u>	<u>82,966</u>	<u>4,072,470</u>

**(4) Condensed Interim Consolidated Statement of Cash Flows**  
**Three months ended March 31, 2023 and 2024**

	2023	(Millions of yen) 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	183,146	201,266
Depreciation and amortization	42,230	43,965
Impairment losses	756	190
Interest and dividend income	(7,479)	(14,231)
Interest expense	6,811	7,477
Share of profit in investments accounted for using the equity method	(1,299)	(2,073)
(Gains) losses on sale and disposal of property, plant and equipment, intangible assets and investment property	59	(1,829)
(Increase) decrease in trade and other receivables	6,099	(19,610)
(Increase) decrease in inventories	(14,370)	(10,873)
Increase (decrease) in trade and other payables	(62,781)	(80,986)
Increase (decrease) in retirement benefit liabilities	(5,529)	(12,259)
(Increase) decrease in prepaid tobacco excise taxes	11,639	59,795
Increase (decrease) in tobacco excise tax payables	(82,635)	(49,852)
Increase (decrease) in consumption tax payables	7,238	10,511
Other	6,590	(36,634)
Subtotal	90,474	94,857
Interest and dividends received	7,525	14,537
Interest paid	(7,018)	(7,569)
Income taxes paid	(35,319)	(39,991)
Net cash flows from operating activities	55,663	61,833
<b>Cash flows from investing activities</b>		
Purchase of securities	(23,684)	(10,171)
Proceeds from sale and redemption of securities	8,530	9,646
Purchase of property, plant and equipment	(22,234)	(26,491)
Proceeds from sale of investment property	1,132	2,079
Purchase of intangible assets	(6,794)	(2,362)
Proceeds from sale of investments in associates	973	-
Other	370	(376)
Net cash flows from investing activities	(41,707)	(27,674)

	2023	(Millions of yen) 2024
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the parent company	(195,461)	(172,715)
Dividends paid to non-controlling interests	(1,033)	(897)
Capital contribution from non-controlling interests	25	92
Increase (decrease) in short-term borrowings and commercial paper	4,445	(156,465)
Proceeds from long-term borrowings	1,239	197
Repayments of long-term borrowings	(54)	(36)
Redemption of bonds	-	(4,819)
Repayments of lease liabilities	(5,560)	(6,504)
Acquisition of treasury shares	(0)	(1)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(0)	(99)
Other	0	0
Net cash flows from financing activities	(196,398)	(341,248)
<b>Net increase (decrease) in cash and cash equivalents</b>	(182,442)	(307,089)
<b>Cash and cash equivalents at the beginning of the period</b>	866,885	1,040,206
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(19,291)	33,831
<b>Cash and cash equivalents at the end of the period</b>	665,152	766,948

## **(5) 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, prescription drugs and processed foods.

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

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

The “Pharmaceutical Business” consists of the research and development, manufacture, and sale of prescription drugs. The “Processed Food Business” consists of the manufacture and sale of frozen and ambient processed foods and seasonings.

## 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.

Three months ended March 31, 2023

(Millions of yen)

	Reportable Segments				Other (Note 2)	Elimination	Consolidated
	Tobacco	Pharmaceuticals	Processed Food	Total			
<b>Revenue</b>							
External revenue	604,331	24,925	35,579	664,835	443	-	665,278
Intersegment revenue	61	-	8	69	654	(723)	-
Total revenue	<u>604,392</u>	<u>24,925</u>	<u>35,586</u>	<u>664,904</u>	<u>1,097</u>	<u>(723)</u>	<u>665,278</u>
<b>Segment profit (loss)</b>							
Adjusted operating profit (Note 1)	<u>225,142</u>	<u>6,924</u>	<u>1,409</u>	<u>233,475</u>	<u>(10,116)</u>	<u>8</u>	<u>223,367</u>

¥579,070 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)	<u>196,152</u>	<u>140,487</u>	<u>242,431</u>	<u>579,070</u>
Adjusted operating profit (Note 1)	<u>75,843</u>	<u>64,736</u>	<u>84,563</u>	<u>225,142</u>

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.



Three months ended March 31, 2024

(Millions of yen)

	Reportable Segments				Other (Note 2)	Elimination	Consolidated
	Tobacco	Pharmaceuticals	Processed Food	Total			
<b>Revenue</b>							
External revenue	680,981	23,341	35,689	740,011	322	-	740,333
Intersegment revenue	64	-	6	69	705	(774)	-
Total revenue	<u>681,045</u>	<u>23,341</u>	<u>35,695</u>	<u>740,080</u>	<u>1,027</u>	<u>(774)</u>	<u>740,333</u>
<b>Segment profit (loss)</b>							
Adjusted operating profit (Note 1)	<u>231,883</u>	<u>3,842</u>	<u>2,021</u>	<u>237,746</u>	<u>(11,074)</u>	<u>24</u>	<u>226,695</u>

\653,314 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)	199,519	172,595	281,201	653,314
Adjusted operating profit (Note 1)	73,586	78,846	79,451	231,883

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”

Three months ended March 31, 2023

(Millions of yen)

	Reportable Segments				Other (Note 2)	Elimination	Consolidated
	Tobacco	Pharmaceuticals	Processed Food	Total			
Adjusted operating profit (Note 1)	225,142	6,924	1,409	233,475	(10,116)	8	223,367
Amortization cost of acquired intangibles arising from business acquisitions	(15,068)	-	-	(15,068)	-	-	(15,068)
Adjustment items (income) (Note 4)	0	-	3	3	3	-	6
Adjustment items (costs) (Note 5)	(1,319)	-	(97)	(1,416)	(485)	-	(1,901)
Operating profit (loss)	208,756	6,924	1,315	216,994	(10,598)	8	206,404
Financial income							7,483
Financial costs							(30,741)
Profit before income taxes							183,146

Three months ended March 31, 2024

(Millions of yen)

	Reportable Segments				Other (Note 2)	Elimination	Consolidated
	Tobacco	Pharmaceuticals	Processed Food	Total			
Adjusted operating profit (Note 1)	231,883	3,842	2,021	237,746	(11,074)	24	226,695
Amortization cost of acquired intangibles arising from business acquisitions	(12,952)	-	-	(12,952)	-	-	(12,952)
Adjustment items (income) (Note 4)	7	-	-	7	1,956	-	1,963
Adjustment items (costs) (Note 5)	291	-	(20)	271	(159)	-	112
Operating profit (loss)	219,229	3,842	2,001	225,072	(9,278)	24	215,818
Financial income							14,877
Financial costs							(29,429)
Profit before income taxes							201,266

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

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

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

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

Three months ended March 31, 2023 and 2024

	2023	(Millions of yen) 2024
Restructuring incomes	6	1,956
Other	-	7
Adjustment items (income)	6	1,963

Restructuring incomes for three months ended March 31, 2024 mainly related to gains on sale of real estate.

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

Three months ended March 31, 2023 and 2024

	2023	(Millions of yen) 2024
Restructuring costs	1,899	(112)
Other	2	-
Adjustment items (costs)	1,901	(112)

**(6) Note on Premise of Going Concern**

No items to report

**(7) Subsequent Events**

The Group's subsidiary, JT International Financial Services B.V. issued senior notes with an aggregate principal amount of EUR 600 million due 2034 on April 11, 2024 as follows.

	Euro-denominated senior notes due 2034
1. Total amount of issue	EUR 600 million
2. Interest rate	3.625% per annum
3. Offering price	97.976% of nominal amount
4. Redemption price	100% of nominal amount
5. Settlement date	April 11, 2024
6. Maturity date	April 11, 2034
7. Redemption	The senior notes will be redeemed in full upon maturity. JT International Financial Services B.V. may, at any time after the date of payment, purchase the senior notes and have such purchased senior notes cancelled.
8. Guarantor	Japan Tobacco Inc.
9. Use of proceeds	Proceeds are intended to be used for general corporate purposes.