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MEMBERSHIP  
May 2, 2023

## Consolidated Financial Results for the Three Months Ended March 31, 2023 <under IFRS>

Name of the Listed Company: **JAPAN TOBACCO INC.** (Stock Code: 2914)  
Listed Stock Exchange: Tokyo Stock Exchange  
URL: <https://www.jti.co.jp/>  
Representative: Masamichi Terabatake, Representative Director and President,  
Chief Executive Officer  
Contact: Nobuya Kato, Senior Vice President, Chief Financial Officer and Corporate  
Communications  
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Scheduled date to file Quarterly Securities Report: May 2, 2023  
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, 2023 (from January 1, 2023 to March 31, 2023)

#### (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, 2023	665,278	14.4	206,404	15.7	183,146	4.8	145,226	16.6
March 31, 2022	581,505	6.2	178,368	11.4	174,699	11.7	124,602	9.3

	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, 2023	144,684	16.6	170,311	(26.1)	81.52	81.49
March 31, 2022	124,110	9.1	230,570	(5.2)	69.94	69.91

#### (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, 2023	6,346,628	3,586,249	3,507,288	55.3	1,976.03
December 31, 2022	6,548,078	3,616,761	3,540,435	54.1	1,994.78

## 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, 2022	-	75.00	-	113.00	188.00
Year ending December 31, 2023	-				
Year ending December 31, 2023 (Forecast)		94.00	-	94.00	188.00

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

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(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, 2023	2,629,000	(1.1)	612,000	(6.4)	440,000	(0.6)	247.91

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.

(Percentages indicate year-on-year changes.)

	Adjusted operating profit at constant FX	
	Millions of yen	%
Three months ended March 31, 2023 (Cumulative)	204,727	5.1
Year ending December 31, 2023 (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 (<https://www.jt.com/investors/>) on May 2, 2023.

## 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: YesFor 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, 2023	2,000,000,000 shares
As of December 31, 2022	2,000,000,000 shares
  - b. Number of treasury shares at the end of the period

As of March 31, 2023	225,079,867 shares
As of December 31, 2022	225,146,463 shares
  - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2023	1,774,914,730 shares
Three months ended March 31, 2022	1,774,562,503 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 adjusted operating profit for the current period in the Tobacco Business. The results for the three months ended March 31, 2023 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

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## 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, 2022 except the following item. The Group computes income taxes for the interim period based on the estimated average annual effective tax rate. The Company and certain subsidiaries transitioned from the consolidated taxation system to the group tax sharing system from the first quarter ended March 31, 2023.

(Changes in Accounting Policies)

The Group has adopted the following new accounting standards, amended standards and new interpretations from the beginning of the first quarter ended March 31, 2023.

IFRS		Description of new standards and amendments
IFRS 1	Presentation of Financial Statements	Amended in order to carry out disclosures using material accounting policies instead of significant accounting policies

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

(Changes in Accounting Estimates)

The Group had previously used a period of 10 to 15 years for the estimated useful lives of tobacco production machinery. However, in consideration of changes in the business environment, the Group has, from the year ending December 31, 2023, revised the estimated useful lives for some tobacco production machinery to 18 years based on estimated economically useful lives that are more consistent with actual conditions and applied this change prospectively.

As a result, operating profit for the three months ended March 31, 2023 increased by ¥2,388 million compared to the figure calculated using the previous method.

### (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 all applicable sanctions, restrictions, etc. 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, 2022	(Millions of yen) As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	866,885	665,152
Trade and other receivables	477,239	473,832
Inventories	691,906	705,160
Other financial assets	37,677	40,226
Other current assets	649,181	607,279
Subtotal	2,722,889	2,491,649
Assets held for sale	702	2,075
Total current assets	2,723,591	2,493,724
<b>Non-current assets</b>		
Property, plant and equipment	775,957	775,820
Goodwill	2,446,063	2,480,887
Intangible assets	246,442	236,533
Investment property	9,495	9,172
Retirement benefit assets	57,792	60,278
Investments accounted for using the equity method	56,943	53,426
Other financial assets	140,366	145,648
Deferred tax assets	91,430	91,140
Total non-current assets	3,824,487	3,852,904
<b>Total assets</b>	6,548,078	6,346,628

	As of December 31, 2022	(Millions of yen) As of March 31, 2023
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	540,089	473,303
Bonds and borrowings	137,308	142,110
Income tax payables	37,470	71,351
Other financial liabilities	40,065	37,026
Provisions	26,610	24,306
Other current liabilities	781,093	676,161
Subtotal	1,562,635	1,424,257
Liabilities directly associated with assets held for sale	29	30
Total current liabilities	1,562,664	1,424,287
<b>Non-current liabilities</b>		
Bonds and borrowings	821,003	832,878
Other financial liabilities	41,735	40,431
Retirement benefit liabilities	244,116	242,057
Provisions	26,490	26,083
Other non-current liabilities	195,248	155,958
Deferred tax liabilities	40,061	38,685
Total non-current liabilities	1,368,653	1,336,091
Total liabilities	2,931,317	2,760,378
<b>Equity</b>		
Share capital	100,000	100,000
Capital surplus	736,400	736,400
Treasury shares	(490,183)	(490,038)
Other components of equity	104,309	126,692
Retained earnings	3,089,909	3,034,234
Equity attributable to owners of the parent company	3,540,435	3,507,288
Non-controlling interests	76,326	78,962
Total equity	3,616,761	3,586,249
<b>Total liabilities and equity</b>	6,548,078	6,346,628



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

**Condensed Interim Consolidated Statement of Income**  
**Three months ended March 31, 2022 and 2023**

	(Millions of yen)	
	2022	2023
Revenue	581,505	665,278
Cost of sales	(231,280)	(262,332)
Gross profit	350,224	402,946
Other operating income	2,616	3,439
Share of profit in investments accounted for using the equity method	816	1,299
Selling, general and administrative expenses	(175,288)	(201,280)
Operating profit	178,368	206,404
Financial income	5,150	7,483
Financial costs	(8,819)	(30,741)
Profit before income taxes	174,699	183,146
Income taxes	(50,097)	(37,920)
Profit for the period	124,602	145,226
<b>Attributable to:</b>		
Owners of the parent company	124,110	144,684
Non-controlling interests	492	542
Profit for the period	124,602	145,226
<b>Interim earnings per share</b>		
Basic (Yen)	69.94	81.52
Diluted (Yen)	69.91	81.49

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

	(Millions of yen)	
	2022	2023
Operating profit	178,368	206,404
Amortization cost of acquired intangibles arising from business acquisitions	16,267	15,068
Adjustment items (income)	(1,142)	(6)
Adjustment items (costs)	1,388	1,901
Adjusted operating profit	194,881	223,367

**Condensed Interim Consolidated Statement of Comprehensive Income**  
**Three months ended March 31, 2022 and 2023**

(Millions of yen)

	2022	2023
Profit for the period	124,602	145,226
<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	420	1,132
Remeasurements of defined benefit plans	20,055	-
Total of items that will not be reclassified to profit or loss	20,474	1,132
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translation of foreign operations	84,605	26,518
Net gain (loss) on derivatives designated as cash flow hedges	889	(2,564)
Total of items that may be reclassified subsequently to profit or loss	85,494	23,954
Other comprehensive income (loss), net of taxes	105,968	25,086
Comprehensive income (loss) for the period	230,570	170,311
<b>Attributable to:</b>		
Owners of the parent company	229,669	166,722
Non-controlling interests	902	3,589
Comprehensive income (loss) for the period	230,570	170,311

### (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	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income
<b>As of January 1, 2022</b>	100,000	736,400	(490,899)	1,202	(408,175)	(274)	7,161
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	84,176	889	444
Comprehensive income (loss) for the period	-	-	-	-	84,176	889	444
Acquisition of treasury shares	-	-	(0)	-	-	-	-
Disposal of treasury shares	-	-	94	(52)	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	(31)
Other increase (decrease)	-	-	-	-	-	(9)	-
Total transactions with the owners	-	-	93	(52)	-	(9)	(31)
<b>As of March 31, 2022</b>	<u>100,000</u>	<u>736,400</u>	<u>(490,806)</u>	<u>1,149</u>	<u>(323,999)</u>	<u>607</u>	<u>7,575</u>
<b>As of January 1, 2023</b>	100,000	736,400	(490,183)	1,001	85,796	8,546	8,966
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	23,590	(2,564)	1,013
Comprehensive income (loss) for the period	-	-	-	-	23,590	(2,564)	1,013
Acquisition of treasury shares	-	-	(0)	-	-	-	-
Disposal of treasury shares	-	-	145	(112)	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	(232)
Other increase (decrease)	-	-	-	-	-	688	-
Total transactions with the owners	-	-	145	(112)	-	688	(232)
<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>9,747</u>

(Millions of yen)

	Equity attributable to owners of the parent company					Total equity
	Other components of equity		Retained earnings	Total	Non-controlling interests	
	Remeasurements of defined benefit plans	Total				
<b>As of January 1, 2022</b>	-	(400,086)	2,863,843	2,809,258	76,823	2,886,081
Profit for the period	-	-	124,110	124,110	492	124,602
Other comprehensive income (loss)	20,049	105,559	-	105,559	409	105,968
Comprehensive income (loss) for the period	20,049	105,559	124,110	229,669	902	230,570
Acquisition of treasury shares	-	-	-	(0)	-	(0)
Disposal of treasury shares	-	(52)	(41)	0	-	0
Dividends	-	-	(133,089)	(133,089)	(405)	(133,495)
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	(20,049)	(20,080)	20,080	-	-	-
Other increase (decrease)	-	(9)	-	(9)	-	(9)
Total transactions with the owners	(20,049)	(20,141)	(113,051)	(133,098)	(405)	(133,504)
<b>As of March 31, 2022</b>	-	(314,668)	2,874,902	2,905,828	77,319	2,983,147
<b>As of January 1, 2023</b>	-	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)	-	22,038	-	22,038	3,047	25,086
Comprehensive income (loss) for the period	-	22,038	144,684	166,722	3,589	170,311
Acquisition of treasury shares	-	-	-	(0)	-	(0)
Disposal of treasury shares	-	(112)	(33)	0	-	0
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	-	-	-
Other increase (decrease)	-	688	-	688	-	688
Total transactions with the owners	-	344	(200,358)	(199,869)	(954)	(200,823)
<b>As of March 31, 2023</b>	-	126,692	3,034,234	3,507,288	78,962	3,586,249

**(4) Condensed Interim Consolidated Statement of Cash Flows**  
**Three months ended March 31, 2022 and 2023**

	2022	(Millions of yen) 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	174,699	183,146
Depreciation and amortization	46,372	42,230
Impairment losses	110	756
Interest and dividend income	(3,222)	(7,479)
Interest expense	6,092	6,811
Share of profit in investments accounted for using the equity method	(816)	(1,299)
(Gains) losses on sale and disposal of property, plant and equipment, intangible assets and investment property	(741)	59
(Increase) decrease in trade and other receivables	22,904	6,099
(Increase) decrease in inventories	(2,262)	(14,370)
Increase (decrease) in trade and other payables	(77,420)	(62,781)
Increase (decrease) in retirement benefit liabilities	(5,369)	(5,529)
(Increase) decrease in prepaid tobacco excise taxes	24,134	11,639
Increase (decrease) in tobacco excise tax payables	(79,872)	(82,635)
Increase (decrease) in consumption tax payables	(5,667)	7,238
Other	(19,484)	6,590
Subtotal	79,458	90,474
Interest and dividends received	3,386	7,525
Interest paid	(7,005)	(7,018)
Income taxes paid	(36,856)	(35,319)
Net cash flows from operating activities	38,983	55,663
<b>Cash flows from investing activities</b>		
Purchase of securities	(11,965)	(23,684)
Proceeds from sale and redemption of securities	7,917	8,530
Purchase of property, plant and equipment	(16,386)	(22,234)
Proceeds from sale of investment property	352	1,132
Purchase of intangible assets	(3,236)	(6,794)
Payments into time deposits	(0)	-
Proceeds from withdrawal of time deposits	1,252	-
Proceeds from sale of investments in associates	-	973
Other	(659)	370
Net cash flows from investing activities	(22,726)	(41,707)

	2022	(Millions of yen) 2023
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the parent company	(129,249)	(195,461)
Dividends paid to non-controlling interests	(314)	(1,033)
Capital contribution from non-controlling interests	13	25
Increase (decrease) in short-term borrowings and commercial paper	17,849	4,445
Proceeds from long-term borrowings	34	1,239
Repayments of long-term borrowings	(208)	(54)
Repayments of lease liabilities	(4,892)	(5,560)
Acquisition of treasury shares	(0)	(0)
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(0)
Other	0	0
Net cash flows from financing activities	(116,767)	(196,398)
<b>Net increase (decrease) in cash and cash equivalents</b>	(100,510)	(182,442)
<b>Cash and cash equivalents at the beginning of the period</b>	721,731	866,885
<b>Effect of exchange rate changes on cash and cash equivalents</b>	34,039	(19,291)
<b>Cash and cash equivalents at the end of the period</b>	655,260	665,152

## **(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, 2022

(Millions of yen)

	Reportable Segments				Other (Note 3)	Elimination	Consolidated
	Tobacco	Pharmaceuticals	Processed Food	Total			
<b>Revenue</b>							
External revenue	523,936	21,294	35,664	580,893	611	—	581,505
Intersegment revenue	59	—	0	59	1,226	(1,284)	—
Total revenue	<u>523,994</u>	<u>21,294</u>	<u>35,664</u>	<u>580,952</u>	<u>1,837</u>	<u>(1,284)</u>	<u>581,505</u>
<b>Segment profit (loss)</b>							
Adjusted operating profit (Note 1)	<u>197,343</u>	<u>4,567</u>	<u>412</u>	<u>202,322</u>	<u>(7,403)</u>	<u>(38)</u>	<u>194,881</u>

¥502,037 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 2)	192,925	125,200	183,912	502,037
Adjusted operating profit (Note 1)	75,723	61,210	60,410	197,343

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, 2023

(Millions of yen)

	Reportable Segments				Other (Note 3)	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 2)	196,152	140,487	242,431	579,070
Adjusted operating profit (Note 1)	75,843	64,736	84,563	225,142

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, 2022

(Millions of yen)

	Reportable Segments				Other (Note 3)	Elimination	Consolidated
	Tobacco	Pharmaceuticals	Processed Food	Total			
Adjusted operating profit (Note 1)	197,343	4,567	412	202,322	(7,403)	(38)	194,881
Amortization cost of acquired intangibles arising from business acquisitions	(16,267)	—	—	(16,267)	—	—	(16,267)
Adjustment items (income) (Note 4)	955	—	—	955	186	—	1,142
Adjustment items (costs) (Note 5)	(696)	—	(94)	(789)	(599)	—	(1,388)
Operating profit (loss)	181,337	4,567	318	186,221	(7,815)	(38)	178,368
Financial income							5,150
Financial costs							(8,819)
Profit before income taxes							<u>174,699</u>

Three months ended March 31, 2023

(Millions of yen)

	Reportable Segments				Other (Note 3)	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							<u>183,146</u>

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

(Note 3) “Other” includes business activities relating to real estate rental and corporate expenditure relating to corporate communication and operation of the head office.

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

Three months ended March 31, 2022 and 2023

	2022	(Millions of yen) 2023
Restructuring incomes	79	6
Other	1,063	-
Adjustment items (income)	1,142	6

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

Three months ended March 31, 2022 and 2023

	2022	(Millions of yen) 2023
Restructuring costs	1,378	1,899
Other	10	2
Adjustment items (costs)	1,388	1,901

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

No items to report

**(7) Subsequent Events**

Japan Tobacco Inc. (JT) issued 15th, 16th and 17th series straight bonds on April 20, 2023 as follows.

	Japan Tobacco Inc. 15th Straight bonds with General Mortgage (7 years)
1. Total amount of issue	10 billion yen
2. Interest rate	0.713% per annum
3. Issue price	100 yen per face value of 100 yen
4. Redemption price	100 yen per face value of 100 yen
5. Settlement date	April 20, 2023
6. Maturity date	April 19, 2030
7. Redemption	The bonds will be redeemed in full upon maturity. JT may, at any time after the date of payment, purchase the bonds and have such purchased bonds canceled.
8. Mortgage	General mortgage under the Japan Tobacco Inc. Act
9. Use of proceeds	Proceeds are intended to be used for the repayment of interest-bearing debt

	Japan Tobacco Inc. 16th Straight bonds with General Mortgage (10 years)
1. Total amount of issue	30 billion yen
2. Interest rate	0.920% per annum
3. Issue price	100 yen per face value of 100 yen
4. Redemption price	100 yen per face value of 100 yen
5. Settlement date	April 20, 2023
6. Maturity date	April 20, 2033
7. Redemption	The bonds will be redeemed in full upon maturity. JT may, at any time after the date of payment, purchase the bonds and have such purchased bonds canceled.
8. Mortgage	General mortgage under the Japan Tobacco Inc. Act
9. Use of proceeds	Proceeds are intended to be used for the repayment of interest-bearing debt

	Japan Tobacco Inc. 17th Straight bonds with General Mortgage (20 years)
1. Total amount of issue	20 billion yen
2. Interest rate	1.630% per annum
3. Issue price	100 yen per face value of 100 yen
4. Redemption price	100 yen per face value of 100 yen
5. Settlement date	April 20, 2023
6. Maturity date	April 20, 2043
7. Redemption	The bonds will be redeemed in full upon maturity. JT may, at any time after the date of payment, purchase the bonds and have such purchased bonds canceled.
8. Mortgage	General mortgage under the Japan Tobacco Inc. Act
9. Use of proceeds	Proceeds are intended to be used for the repayment of interest-bearing debt