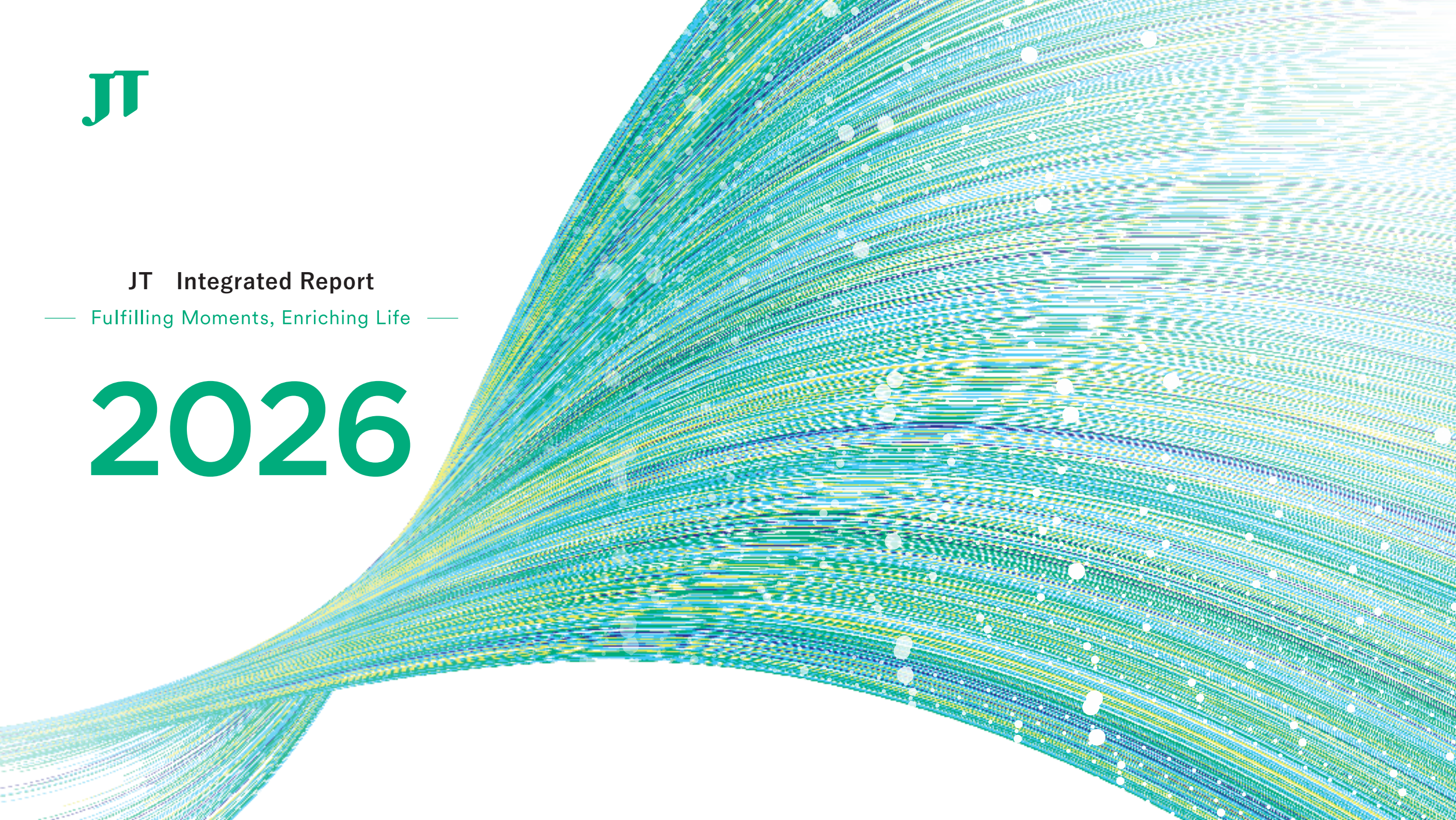




JT Integrated Report

— Fulfilling Moments, Enriching Life —

2026



JT Group Purpose

Fulfilling Moments, Enriching Life

We at JT Group have always been a part of moments that foster a more enriching life.

Regardless of the changing times, from advances in science and technology to diversifying values, we will continue to cherish a life that finds fulfillment in the moment.

The times we accept our true selves. The times we share the joy with loved ones, and the times we lift each other up. These strings of moments add to the beautiful days that make up a wonderful life. And we hope that these make a better society, a better world, and even a better future.

These were the times we shared over the years. JT Group will take these fulfilling moments to the next level. We will continue enriching lives through our businesses and endeavors with our growing customers and partners.

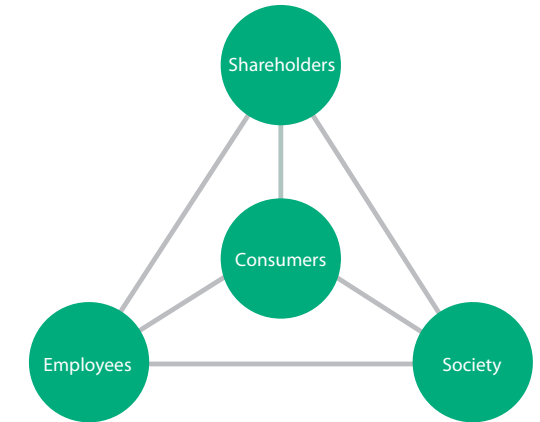
JT Group will do everything it can to make the world say that today is another good day.

Our management principle

■ To pursue the 4S model

Under the 4S model, we strive to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups and exceeding their expectations wherever we can.

By pursuing the 4S model, we aim to achieve sustainable profit growth over the medium and long terms. We firmly believe that pursuing the 4S model is the best approach to continuously grow our corporate value and serve our four stakeholder constituencies' common interests.



Consumers



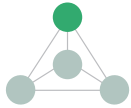
We provide exceptional products and services that deliver value beyond fulfillment of diverse needs and preferences. To keep doing so, we will upgrade our innovation capabilities by leveraging our Group's diversity.

Employees



We aim to be an appealing, highly esteemed company for which our employees are proud to work. While evaluating employees fairly and transparently and supporting their personal growth, we aim to foster a corporate culture that respects and embraces diverse values.

Shareholders



We aim to enhance shareholder returns by delivering medium-and long-term profit growth, placing priority on striking a balance between profit growth through business investments and shareholder returns.

Society



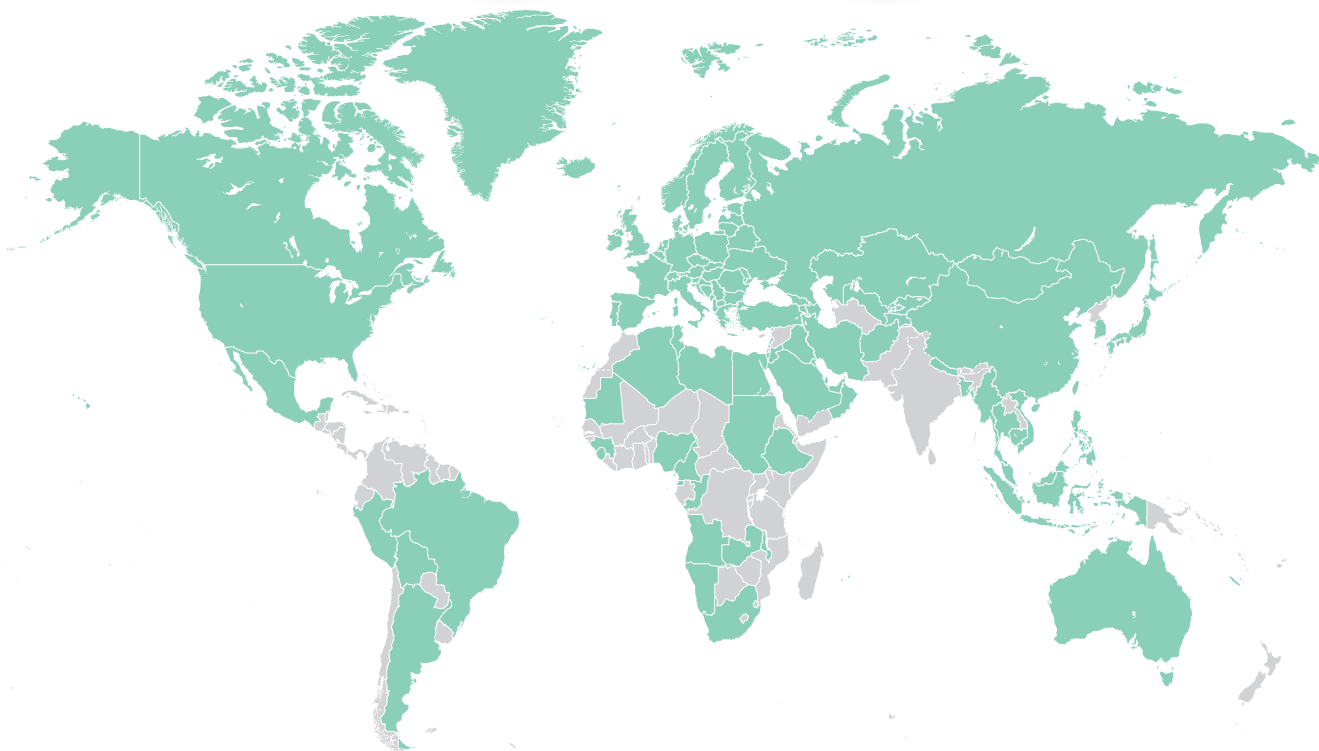
In order to fulfill our responsibility as a member of society and contribute to the sustainable development of society through our business, we will work with a wide range of stakeholders and strive to resolve various issues together.

At a Glance

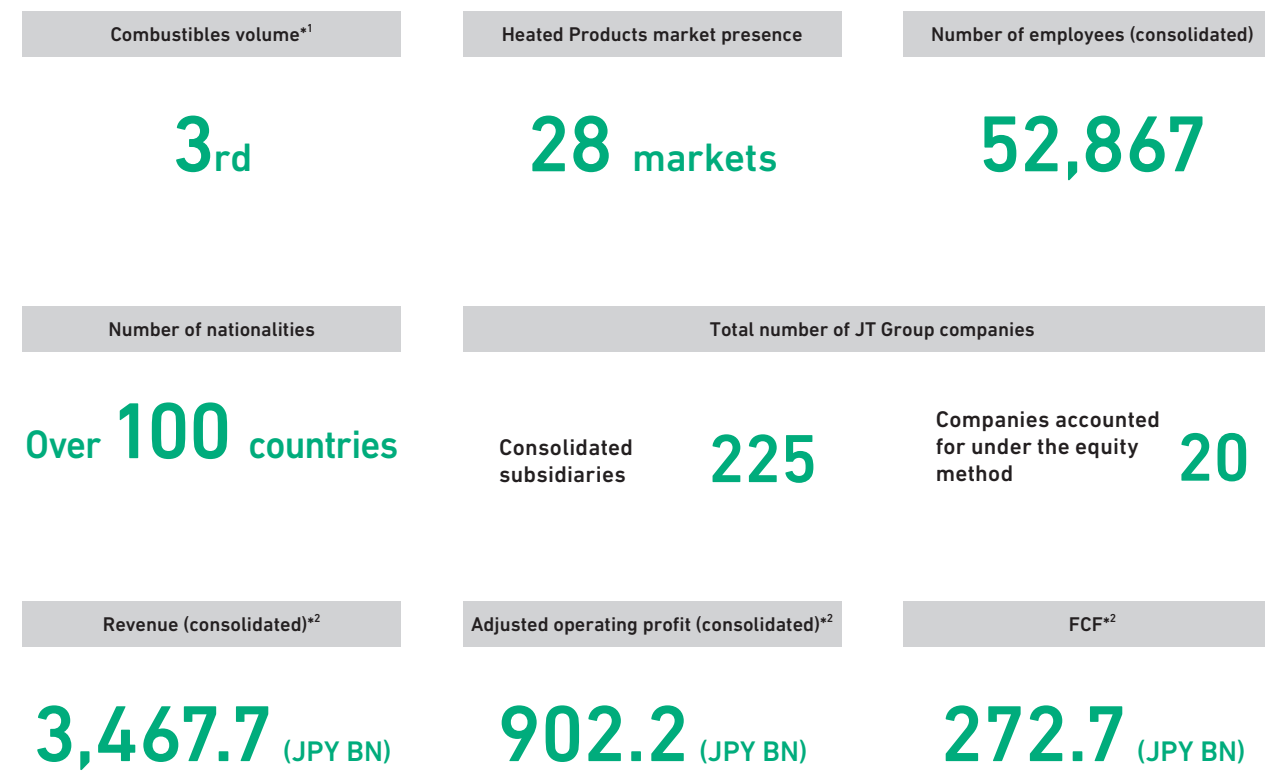
The JT Group is a global company with, at its core, the tobacco business selling products in more than 130 markets.

This page introduces an overview of the Group by highlighting key figures.

JT Group's global business platform



Overview of the JT Group (FY2025 or as of December 31, 2025)



*1 FY2024 data (based on data from Euromonitor, excluding China National Tobacco Corporation)
 *2 Includes the impact of the payment related to the settlement of litigation in Canada

At a Glance

Starting from our Purpose, “Fulfilling Moments, Enriching Life,” we place the 4S Model at the core of our corporate activities and strive to create optimal value for all stakeholders.

We believe this approach is the most certain path to medium- to long-term profit growth and increased corporate value.

The tobacco business serves as the core driver of medium- to long-term sustainable profit growth for the Group, while the processed food business complements this growth.

In addition, D-LAB, our corporate R&D organization, is pursuing research and exploring and creating future business seeds, guided by the concept of new forms of “Fulfilling Moments.”

Tobacco business

Creating fulfilling moments. Creating a better future.



Eddy Pirard

President & CEO,
JT International S.A.

Our Tobacco Business delivered an incredible performance in 2025, demonstrating once again the significant value of our strategic framework. This strategic framework is anchored on two pillars of growth. A Combustibles pillar, where our focus is to improve return on investment through quality top-line growth and efficient operations. And a RRP pillar, in which we prioritize investments behind Heated Products and our brand Ploom, while adopting a more selective approach in other categories, like E-Vapor and Modern oral.

Building on these pillars of growth, we reconfirm our intention to increase adjusted operating profit at a high single digit rate across the 2026-2028 period, despite continued downtrading, intensified competition across categories, and macroeconomic factors.

By accelerating consumer acquisition in RRP and sustaining strong momentum in Combustibles, we will navigate the evolving environment with confidence and deliver long lasting, high quality value to all our stakeholders.

Processed food business

Bringing Joy to Meals and Fun to the Table



Keisuke Nakagomi

Senior Vice President,
Food Business

The TableMark group, which is responsible for the frozen and ambient foods business, engages in the sale of multiple frozen foods that boast a top share*1 in their respective markets, including frozen udon noodles and okonomiyaki (Japanese savory pancakes). With a track record that spans over five decades, our frozen udon noodles hold the Guinness World Records™*2 for the highest global sales volume.

In addition, the Fuji Foods group, which is responsible for the seasonings business, manufactures in-house base extracts used in seasonings. Leveraging the group's seasoning processing expertise, we create original products that capture the taste trends of each country while conducting business worldwide.

Established in 2022, the Food Research Institute is active in the development of plant-based foods crafted for deliciousness while working to address such food-related issues as the future depletion of raw materials and environmental conservation. These efforts are in tune with the Purpose of the processed food business, “Bringing Joy to Meals and Fun to the Table,” worldwide. Moving forward, we will engage in future food-related research and focus on expanding into overseas markets where business opportunities continue to increase. At the same time, we will work to secure sustained profit growth by enhancing the value of flagship products.

*1 Fuji Keizai Co., Ltd. Processed foods marketing data book 2025: Vol.2, 2024 results from the frozen udon noodles, frozen okonomiyaki, frozen takoyaki and frozen meatballs

*2 ·Record name: Largest frozen noodle brand—current ·Products covered: Frozen noodles (excluding pasta) ·Basis of certification: verified by a third-party research firm
·Period covered: January-December 2024

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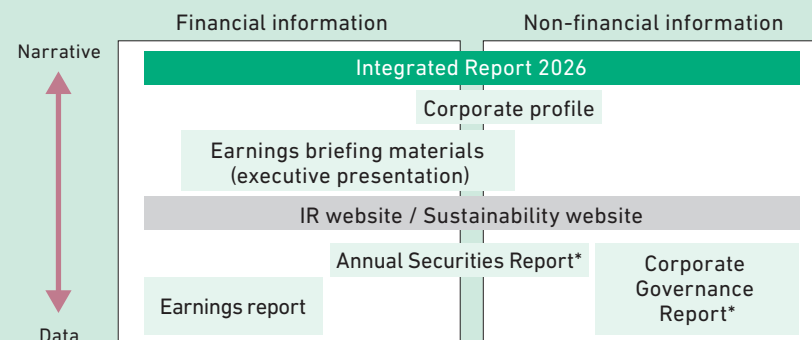
Editorial Policy

About the publication of Integrated Report 2026

The theme of Integrated Report 2026 is “Turning Change into Strength.” While confronting changes in its business environment and society, the JT Group has evolved through a process of self-transformation by repeatedly taking on challenges and following a path of trial-and-error. This report conveys in an easy-to-understand manner how we have achieved growth through specific initiatives amid these changes. This report employs messages from the CEO and other members of the management team and featured articles together with past case studies as a means of organizing and introducing the various changes we have faced in carrying out our business activities. It also highlights the initiatives that have allowed us to leverage each challenge as a driver for growth. By outlining our approach and initiatives for creating value from a perspective that goes beyond short-term outcomes to include a medium- to long-term horizon, we hope that stakeholders will better understand how we consistently work to evolve by transforming ourselves during this era of change.

About our Integrated Report

In this report, we integrate financial information such as management policies, business strategies, and performance trends with sustainability initiatives, a form of non-financial information, that support medium- to long-term growth. By illustrating the story of how we create value today and into the future, this report builds an understanding among a wide range of stakeholders, including shareholders and investors, and serves as a foundation for dialogue. Please take a look at the online version for enhanced readability.



* Statutory disclosures required under the Financial Instruments and Exchange Act, and other relevant laws/regulations

About the cover

Based on the theme of Integrated Report 2026, “Turning Change into Strength,” this year’s cover design serves as a visual that intuitively communicates our commitment to consistently evolve and transform ourselves by leveraging change as a driver for growth. By symbolically expressing our story of evolution from the past to the present and into the future, the design seeks to visually convey the message of this report.



Editorial policy

Period covered:

In principle, this report covers the period from January 1, 2025 to December 31, 2025, but also includes some information related to activities before and after this period.

Scope of report:

Japan Tobacco Inc., its affiliates and the value chain

Published:

June 2026

Referenced guidelines:

The IFRS Foundation’s “International Integrated Reporting Framework” was referred to in the writing of this report. In addition, the GRI Standards of the Global Reporting Initiative were referred to with regard to ESG information.

Forward-looking statements

This report 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 might 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 might 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 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.

GROWTH STORY

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CEO Message

Transforming ourselves and turning change into strength to deliver “fulfilling moments”

We recognize that as changes in the operating environment become more dynamic, both business risks and business opportunities are simultaneously expanding. We have proactively transformed ourselves and continued to move forward in order to steadily capture these opportunities. This has become the source of organizational strength for the JT Group. Toward the long-term realization of the JT Group Purpose, we will further deepen our understanding of consumers and continue to evolve the ways we deliver the value of “fulfilling moments,” as we remain committed to the sustainable growth of corporate value over the long term.

Representative Director and
President,
Chief Executive Officer

Takehiko Tsutsui

Aspiring to be a driving force that accelerates the growth of the JT Group

I am Takehiko Tsutsui, and I assumed the role of Representative Director and President, Chief Executive Officer in March 2026. Fiscal year 2026 marks exactly 30 years since I joined JT. Comparing the time I joined the Company to today, the JT Group’s business has evolved dramatically beyond anything I could have imagined. Personally, the sense that the Group continues to move forward while undergoing change has been a major source of motivation in my work, and I approach each day believing that “tomorrow, we can always take another step forward.” In the past, I often used “challenging the status quo” as a phrase to express my opinion, and at the core of my values is the constant belief that “we can always do better.” When I was involved in the acquisition of the U.K. company Gallaher Group Plc in 2007, I had no prior M&A experience, and since then, I have repeatedly found myself in roles I had never experienced before and taken on new challenges to deliver results. Through these experiences, I have come to believe that there is always more we can achieve and that new possibilities lie ahead, which has shaped my value of constantly striving for greater heights. Based on these personal values and experiences, I am confident that the Group has significant potential for further growth. Changing things requires tremendous energy, but by engaging many colleagues, facing difficulties together, and sharing the sense of accomplishment when we overcome them, we can inspire individual development and a challenging mindset. And by bringing together each person’s growth, we can transform it into great organizational strength. I am determined to serve as a driving force behind these initiatives. Looking back, after the Group was incorporated from the Japan Tobacco and Salt Public Corporation in 1985, we have pursued the globalization of the tobacco business as a key strategic priority. As a result, today the Group is among the world’s leading companies in the tobacco industry. We have also aimed at business diversification, and while we have

CEO Message

achieved certain results, we have not yet reached the state we originally envisioned. Taking this history into account, we established the JT Group Purpose, “Fulfilling Moments, Enriching Life,” in 2023, based on the values we have cherished since before incorporation, in order for the Group to continue delivering new “fulfilling moments” to consumers on a sustainable basis. As we pursue the realization of our Purpose over the long term, the key challenge in moving to the next phase is how we deliver value to consumers.

For many years, the Group has operated its tobacco business centered on combustibles*¹.

Meanwhile, as health consciousness rises and the business environment changes in various ways, the value that consumers and society seek from tobacco is also evolving, and in response to these changes, we have strengthened our efforts in RRP (Reduced-Risk Products)*². RRP is also an area where I led the business globally until 2025.

RRP is one example of how we seek to create new businesses based on our Purpose, evolve them to exceed consumer expectations, and deliver the value of “fulfilling moments” to consumers. I believe that as CEO, one of my most important missions is to drive such business transformation with unwavering leadership.

*¹ Combustibles: Combustibles include all tobacco products excluding contract-manufactured products and RRP.
*² Reduced-Risk Products (RRP): Products with the potential to reduce the risks associated with smoking. In JT’s portfolio, these products include Heated Products, Infused Product, E-Vapor, Modern Oral and Traditional Oral.

An organization that embraces self-transformation and pursues long-term growth

Looking back, the JT Group has gone through numerous transformations. For example, the process of transforming from the Japan Tobacco and Salt Public Corporation into a global tobacco company was by no means a straightforward journey. However, by setting a strategic direction with a view to the future and persistently pursuing our goal over the long term, I take pride in the Group’s organizational foundation that enables us to accomplish long-term objectives. In fact, there are very few tobacco companies in the world today that originated from a monopoly corporation.



Specifically, if Japanese practices are useful for the globalization we seek, we adopt them; if they become obstacles, we view them as challenges to overcome. When we acquired the non-U.S. tobacco business from RJR Nabisco Inc. in 1999, we chose a global management approach rather than the familiar Japanese style of management. We do not cling to past practices; instead, we are willing to transform ourselves to realize our long-term aspirations, and with this resolve, we have fundamentally transformed the Company and arrived at our current form. I am convinced that this organizational foundation is one of our sources of competitive advantage and will make a significant contribution to realizing the JT Group Purpose.

Engaging directly with consumers and providing diverse choices

In recent years, many tobacco companies have been shifting from combustibles to RRP. For the JT Group, while we recognize these changes, we believe it is important to engage sincerely with consumers*³ and provide choices that meet their diverse needs. When consumers desire combustibles, we want consumers to enjoy the very best products we can provide; for those who wish to take a step into a new category beyond combustibles, we provide Ploom, our global Heated Products*⁴ brand. By offering multiple options, we

enable consumers to make their own choices, which is the essence of the value we provide, and our tobacco business strategy is built on this philosophy. In addition, in our processed food business centered on TableMark Co., Ltd. and Fuji Foods Corporation, we hold the No. 1 domestic market share*⁵ for frozen categories such as udon, *okonomiyaki*, and *takoyaki*. In other words, by undertaking what other food manufacturers do not or cannot do, we are able to provide products that are indispensable to consumers. In this sense, we believe that engaging sincerely and directly with consumers and consistently delivering products that satisfy them is also one of the Group’s unique competitive strengths.

*³ Adult consumers: The minimum legal age for smoking varies in accordance with the legislation in each country. In Japan, smoking by persons under the age of 20 is prohibited by law.

*⁴ Heated Products: Products that involve a battery-powered device which directly heats stick-shaped consumables similar to cigarettes. These consumables are referred to as HTS and HNS. Heated Nicotine Sticks (HNS) refers to consumables that deliver nicotine without tobacco leaves and are used with a Heated Products device that directly heats sticks.

*⁵ Fuji Keizai Co., Ltd. Processed foods marketing data book 2025: Vol. 2 2024 results for frozen udon noodles, frozen *okonomiyaki*, frozen *takoyaki*, and frozen meatballs.

Embracing and navigating change

The business environment surrounding the JT Group is becoming increasingly uncertain, with the expansion of geopolitical risks, regulatory challenges in the tobacco industry, and changes in consumer behavior, and we expect uncertainty

CEO Message

to continue to rise going forward. Generally, people tend to have a negative connotation of the word “uncertainty,” but we do not share this view. We believe that a high degree of uncertainty can also mean that the business environment is dynamically changing, in which both risks and opportunities are more likely to emerge. Therefore, it is important that we accurately recognize risks and consider and implement countermeasures, while also proactively mobilizing ourselves with agility in response to change and steadily capturing opportunities. Our tobacco business operates on a business model in which annual sales are determined by “approximately one purchase per day per consumer X number of consumers X number of days” across the globe, and this very structure forms the foundation of our stable earnings base and high resilience. From a medium- to long-term perspective, we expect combustibles industry volume to decline by approximately 2.5%*⁶ per year on average. Because combustibles account for a large portion of the Group’s revenue, we recognize this change as a significant risk that could affect our business model and earnings. Meanwhile, looking at RRP, we expect total demand to continue increasing over the long term, and in particular, we project that Heated Products will grow by approximately 8% per year on average through 2035*⁶. We currently view this change as a significant growth opportunity and are actively investing in RRP with a focus on Heated Products, steadily increasing our market share. Specifically, we plan to invest approximately 800 billion yen over the three years starting in 2026, with a focus on marketing investment. We will continue to examine the progress of our investments and consumer responses, flexibly adjust our plans as needed, and use the 2028 RRP medium-term ambition*⁷ as a milestone to drive further results. Since the integration of our Japanese and International tobacco business operations in 2022, the Group’s combustibles business has continued to increase market share, which is highly significant for the Group as a whole. Although the total demand for combustibles is expected to decline over the long term, by concentrating the profits we can reliably generate through market share gains and pricing into new areas such as RRP, we can accelerate the development of these new areas and expand their scale. That said, this does not mean we will compromise on our combustibles business. In the medium- to long-term, we aim to grow Heated Products within RRP into our second growth engine alongside combustibles and to further expand the range of options that meet consumer expectations,

thereby contributing to sustainable growth for the Group as a whole. Moreover, with respect to Heated Products, we consider it a significant change for the Group that we have launched and are nurturing the Ploom brand from the ground up. Our core combustibles brands, such as Camel, Winston, and MEVIUS, each have a history of 50 to 100 years including their predecessor eras, and the results of long-term investment have formed their foundation. We believe that being able to constantly launch new propositions and nurture them into core products, this ability to “create and nurture,” is one of the future visions we aspire to for the Group. Looking further into the future, we believe that the values people seek will continue to change. While it is difficult to predict the future with precision, we are confident that as technology rapidly advances and society increasingly demands convenience and rationality, the day will come when people place even greater importance on the meaning and significance of emotional value. As in the past, the Group remains committed to delivering “fulfilling moments,” and such changes in social needs present opportunities to broaden the scope of the value we provide.

*⁶ Based on internal forecasts. Industry volume excluding China (on a volume basis).

*⁷ By the end of 2028, reach mid-teens Heated Products SoS in key Heated Products markets and achieve break-even across the RRP business at brand contribution level representing gross margin less commercial expenditure and before allocation of overheads.

Delivering value to consumers through innovation

As social values and individual perspectives continue to evolve, we intend to flexibly adapt how we deliver the value of “fulfilling moments” so that we remain a trusted and relied-upon presence in this domain. To achieve this, we must accurately capture changes in social and individual values and appropriately evolve our business portfolio. The tobacco business will continue to serve as the JT Group’s core business and drive profit growth going forward. We expect the shift from combustibles to RRP to accelerate further across product categories. Among RRP, Heated Products, our current area of focus, represent a relatively new category, having emerged only about ten years ago. Many consumers are still new to this category or have limited experience with it, and a significant proportion are eager to try various options. While enhancing product performance through innovation is essential, we also recognize there is still considerable room to improve how we deliver value

to consumers, which in turn means significant growth potential remains. In product development, we are advancing technological innovation across various categories, focusing on Heated Products as well as Modern Oral*⁸ and E-Vapor*⁹. In addition, we are working to develop Next Generation Propositions that do not fit within existing category definitions, aiming to create new propositions that could expand future business opportunities.



Furthermore, we believe that the wider adoption of RRP is also significant from the perspective of potential health risk reduction. We will continue to develop products that can potentially reduce risk, while also focusing on accumulating scientific knowledge and investing in research and innovation for product development, so that consumers can make informed choices. Driving innovation is extremely important, but unless consumers themselves are motivated to embrace it, innovation will not succeed if it is imposed unilaterally by the Company. Some consumers are already enjoying Heated Products, but we do not believe that all consumers are fully satisfied at this stage. At such a juncture, innovation is highly effective. By delivering products

CEO Message

that meet and even exceed consumer expectations, we can promote broader support for RRP and believe there are significant opportunities for consumers to switch from competing products to ours. In any case, as it takes time for innovation to materialize in visible ways, it is essential to proactively prepare multiple initiatives at this stage.

From the perspective of how we deliver value to consumers, RRP is still in the process of establishing its foundation. We must explore how to actively gain consumer support by ensuring they fully understand the differences from combustibles. To gain further support, product performance alone is not sufficient; building ambassadors for our RRP will be a major challenge going forward.

The processed food business has significant global growth potential and will continue to play a complementary role in the Group's profit. As we work to expand the scale of this business, we also aim to further enhance its presence within the Group.

We position D-LAB, our corporate R&D organization, as a unit responsible for researching and exploring new forms of "fulfilling moments" that go beyond the extension of our existing businesses. We are currently in an investment phase for the future, but from a long-term perspective, we will create and nurture new businesses from these initiatives that will support the Group's future.

*8 Modern Oral: Products enjoyed in the mouth for their taste and aroma that do not use tobacco leaf as a raw material. Examples include nicotine pouches, which are enjoyed in the mouth and contain nicotine but do not use tobacco leaf.

*9 E-Vapor: A product (electronic cigarette) that does not use tobacco leaf, but instead electrically heats a liquid in the device or a dedicated cartridge to generate vapor for enjoyment.

Diverse talent delivering "fulfilling moments" to consumers

Looking ahead, as we continue to pursue the JT Group Purpose as our unwavering guiding star and create and nurture new businesses, it will become even more important for us to deepen our understanding of consumers.

What are the Group's consumers thinking, where are they, and in what ways do they feel satisfied or dissatisfied? Although consumers rarely express these needs directly, it is important for us to accurately capture such unspoken needs, reflect them in our products and services, and exceed their expectations. By doing so, we can help consumers more clearly recognize the value of "fulfilling moments," even if they

themselves have not yet fully realized it.

The key to these efforts lies in the strength of our talent. By providing a foundation and growth opportunities that enable diverse talent to thrive, and by continually deepening our understanding of consumers from multiple perspectives, the JT Group can continuously update and enhance its ability to capture consumer needs. We will heighten our sensitivity to consumers on a daily basis, embody this in our products and services, and deliver them to consumers in effective ways. We believe that further refining these cycles and making that a core strength will become a growth engine for the Group's future.

Enhancing corporate value through business growth and shareholder returns

We believe it is important to achieve sustainable growth through these initiatives and appropriately return the results to all stakeholders. With regard to shareholder returns, based on our management principle, the 4S model, we will continue to exceed the expectations of our shareholders by achieving a balance between profit growth through business investment and dividends. In fact, the results of our business investments to date have led to record-high profits in fiscal 2025. We intend to continue generating profit growth through business investment as a starting point, and to create a virtuous cycle of further growth and returns not only in the short term but also over the medium- to long-term. In addition, the feedback we receive through dialogue with investors provides important insights into the JT Group's leadership. We will continue to actively create such opportunities, place importance on constructive dialogue with the capital markets, and work to enhance corporate value over the long term.

Toward the long-term goal of realizing the JT Group Purpose, I will lead the transformation to achieve sustainable growth, ensure disciplined resource allocation, and consistently translate these results into steady shareholder returns, thereby continuously enhancing the Group's corporate value over the medium- to long-term.



Representative Director
and President,
Chief Executive Officer
Takehiko Tsutsui

Profile

Joined Japan Tobacco Inc. in 1997. After working at the Odawara Factory and the Manufacturing Department at headquarters, participated in acquisition projects in the Business Development & Corporate Strategy Division. Handled numerous M&A deals, including the acquisition and integration of the U.K. company Gallaher Group Plc.

Appointed Vice President of the Business Development & Corporate Strategy Division in 2012, leading various transformation projects.

Appointed as Executive Officer in 2014, promoted M&A deals and new business creation (including D-LAB and others).

In 2020, seconded again to JT International S.A., served as Senior Vice President, and appointed Executive Vice President of the company in 2024.

Oversaw the RRP domain, led the innovation of core products, and drove the expansion of global rollout including from Japan.

Appointed President and Executive Officer in January 2026 and Representative Director and President, Chief Executive Officer in March 2026.

The JT Group's History

Centered on the value of “fulfilling moments,” the JT Group has continued to evolve its business and organizational structure while addressing changes in the times and the external environment.

From a focus primarily on the domestic market to a business that encompasses the world stage, we remain committed to a process of continuous change and the creation of even greater value through new products and services.

Guided by the JT Group Purpose, we will work diligently toward our sustainable growth while expanding the value we provide to stakeholders going forward.

This page summarizes the major milestones throughout our ongoing history.

For more details on the background behind our transformation and the management decisions made, please refer to the special feature, “Turning change into strength, the JT Group continues to evolve.”

Origin of the JT Group and its vision for the future

Identifying the value of “fulfilling moments,” which later became the JT Group Purpose

1949

The founding of Japan Tobacco and Salt Public Corporation

1968

The New “43” Long-term Business Plan

The tobacco business is unique in its purpose of affording, in the brief moment of a puff, a broad range of multifaceted effects on the delicate human senses and psychology, to help alleviate the stress of daily life and offer rich delight.

Initiatives aimed at promoting growth triggered by incorporation

Expansion of options through incorporation

1985

The founding of Japan Tobacco Inc. (incorporation)

JT establishes its pharmaceutical and processed food businesses

Mission: “A marketing company that creates moments of pleasure”

1980

Taking on the challenge of globalization

JT establishes a management foundation geared toward global growth

1994

JT sets “Pursue the 4S model” as its management principle

JT joins the Tokyo Stock Exchange

1996

JT Management Vision ‘96

A new concept “delight,” encompassing moments of discovery, surprise, and joy in a wide range of encounters

1998

JT acquires a majority stake in Torii Pharmaceutical Co., Ltd.

1999

JT acquires the non-U.S. tobacco business of RJR Nabisco Inc. Turning point in the Company's management foundation expansion and efforts to accelerate global growth

[See Details](#) [Special feature \(P. 12\)](#)

2000

Significant strides toward becoming a global manufacturer

Commitment to expanding the Group's global business and sustainable growth

2002

Announcement of a new JT branding statement

Offering our stakeholders the unique added value of irreplaceable delight, surprise, and joy through our entire operation. In following through on this promise, we work to be irreplaceable to society at large

2003

Execution of “JT PLAN-V”

Reforms aimed at further strengthening the Company's management structure with a focus on profit growth

[See Details](#) [Special feature \(P. 12\)](#)

2007

JT acquires Gallaher Group Plc (U.K.)

2008

Announcement of JT-11

Long-term vision: A growing global company providing diverse value unique to the JT Group

JT acquires a majority stake in Katokichi Co., Ltd. (currently TableMark Co., Ltd.) and Fuji Foods Corporation

2010

Changes in the business environment and emergence of new product categories

Taking up the challenge of entering new frontiers and strengthening the business foundation in emerging markets

2012-2015 International tobacco business

Acquisitions (waterpipe, E-Vapor, etc.) designed to strengthen the product portfolio, including new product categories

2016-2018 International tobacco business

Acquisitions designed to further expand the geographic scope of the Group's operations (Ethiopia, the Philippines, Indonesia, Russia, Bangladesh, etc.)

2016

JT introduces “Ploom TECH” (Japan)

2020

JT Group Purpose Fulfilling Moments, Enriching Life

Start of the Group's development based on the JT Group Purpose

2020

Launch of the corporate R&D organization, D-LAB

2021

JT introduces “Ploom X” heated products (Japan)

2022

Consolidation of the domestic and international tobacco businesses into a single “One Team” structure

Strengthening the tobacco business operating model to enhance competitiveness and future profitability in new growth fields

[See Details](#) [Special feature \(P. 12\)](#)

2023

Establishment of the JT Group Purpose: “Fulfilling Moments, Enriching Life”

Clarification of the JT Group's core value proposition: “fulfilling moments”

[See Details](#) [Special feature \(P. 12\)](#)

2025

JT introduces “Ploom AURA” heated products (Japan)

Transfer of the pharmaceutical business and the shares in Torii Pharmaceutical Co., Ltd.

Special feature

Turning Change into Strength, the JT Group Continues to Evolve

The JT Group has evolved by embracing change as an opportunity, centered on the core value of “fulfilling moments.” This special feature outlines our journey and introduces the recent and forward-looking initiatives we continue to undertake to realize the JT Group Purpose.

A company that recognizes change as an opportunity for growth and self-transformation

Facing major changes in the external environment head on, the JT Group has consistently transformed itself by leveraging change as an opportunity for growth. While our efforts to take up each challenge have at times failed to yield the expected results, we have consistently faced the reality of our shortcomings, ultimately turning these missteps into learning experiences, and engaging in concrete action. Embracing both results and issues, we have persevered to the end and moved steadily forward. This sincere approach has underpinned the Group’s journey. Given today’s rapidly evolving society, we have reexamined the role we believe we should play and how we intend to contribute. In doing so, we arrived at the hypothesis that a backlash in value sets could occur—specifically, that people could find meaning within inconvenience and inefficiency as advances in science and technology increasingly optimize their lives. In fact, momentary scenes of everyday life that appear irrational at first are precisely the conduit through which to experience “fulfilling moments.” We believe that “fulfilling moments” for society as a whole and, ultimately, for future generations, take shape as these momentary scenes accrue. Taking into consideration these future changes, we rearticulated the values we have cherished over the years and seek to consistently provide, which are embodied in the JT Group Purpose: “Fulfilling Moments, Enriching Life.” Meanwhile, we must flexibly evolve the ways in which we deliver this value amid the fluid value sets held by society and individuals. The reason the Group continues to evolve is not simply to expand its business or secure a competitive advantage. Rather, it is about earning trust and remaining a reliable presence in society within the “fulfilling moments” field.

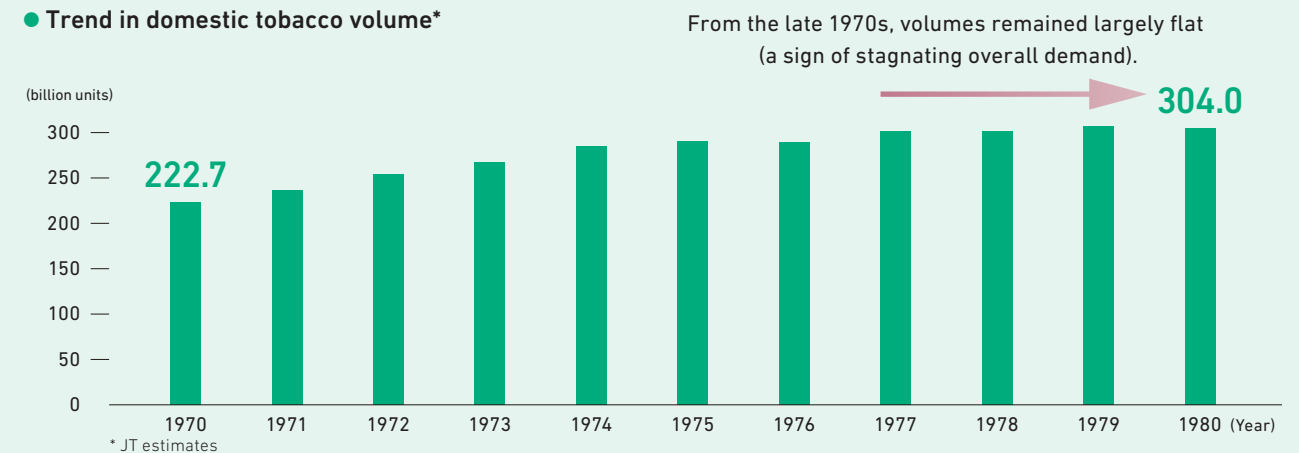
The backdrop behind transformation and challenge

The JT Group has continued to transform itself, focusing not only on short-term results, but also future growth. As our business environment and market structure have changed, our transformation through ongoing trial-and-error has emerged as the foundation for the Group’s current growth.

A healthy sense of urgency and aspiration toward growth

During the period of Japan Tobacco and Salt Public Corporation, which would later become Japan Tobacco Inc., the domestic tobacco market had already showed signs of sluggish overall demand. This was largely due to the declining adult population and growing social concern over the relationship between smoking and health. Conscious of the potential for a prolonged decline in overall demand, we (Japan Tobacco and Salt Public Corporation at the time) maintained a healthy sense of urgency, questioning whether sustainable growth could be attained given the prevailing conditions and outlook. At the same time, we felt that the tobacco business was unique in that it could enrich people’s lives, a value that we wanted to maintain into the future and develop further while addressing the demands of the times. Ensuring that this sense of urgency would not simply translate to anxiety, we continued to sincerely confront the question of what challenges we needed to confront in order to realize our aspirations. This led to our vision of becoming a global tobacco company. To realize this vision, we recognized the need to evolve into an enterprise that aggressively expanded into overseas markets and that could responsibly make management decisions and investments to compete on the world stage. In making a fresh start through the incorporation as Japan Tobacco Inc. in 1985, we established the framework necessary for taking on the immense challenge of globalization.

● Trend in domestic tobacco volume*

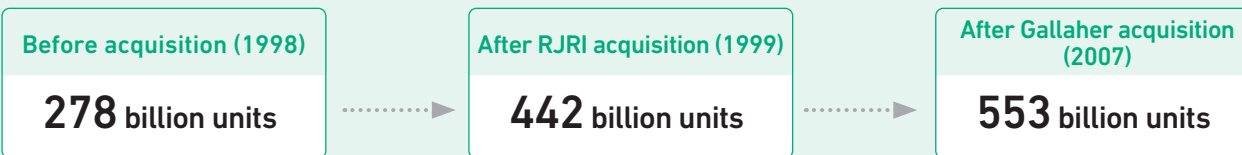


Special feature Turning Change into Strength, the JT Group Continues to Evolve

Taking up the challenge of globalization

During the latter half of the 1980s, we advanced overseas through an export model that shipped the products we manufactured in Japan to international markets and gradually expanded sales channels, while also working to accumulate knowledge and build a robust sales infrastructure across the globe. Meanwhile, we faced numerous challenges in international markets stemming from differences in regulatory environments, business practices, and competitive structures across countries and regions, as well as a shortage of human resources to expand into diverse global markets. Despite recognizing that the approach adopted in Japan may not fully support the development of our brand overseas, we continued our journey of evolving into a global enterprise and strengthened our efforts to tailor communication and product development to the preferences of consumers and their cultural backgrounds, build a sales foundation, and establish local operations. Large-scale acquisitions completed in 1999 and 2007 were pivotal in the dramatic expansion of our global growth foundation. By strengthening our brand equity through ongoing investments, the acquisitions made have grown significantly into GFB (Global Flagship Brands), which continue to drive the Group's growth today. Winston and Camel, in particular, have solidified their positions as the No. 2 and No. 3 global combustibles brands. Moreover, the number of Group employees has also increased roughly 2.5 times compared with pre-acquisition numbers. Hailing from more than 100 different countries, this diverse pool of human resources constitutes a key source of the Group's competitiveness. These acquisitions also marked the start of efforts to build a global management structure and our track record of addressing challenges in a bid to secure growth. The post-acquisition integration process and operating approach required ongoing refinement, as we navigated various challenges along the way. However, this experience helped create a global management framework that enables autonomous business operations under the appropriate delegation of authority.

● Total tobacco volumes



● Major acquisitions

- **1999: Acquired the non-U.S. tobacco business of RJR Nabisco Inc. (RJRI), for approximately 940 billion yen**
Acquired the Winston and Camel global brands, diverse human resources, and an extensive sales network



- **2007: Acquired U.K.-based Gallaher Group Plc (Gallaher) for approximately 2.25 trillion yen**
Helped complement the geographical scope of our operations through an expanded brand portfolio and a stronger presence in Europe and the Middle East



Strengthening the Japanese domestic business foundation toward sustainable growth

Although we had acquired a major growth platform for our overseas business, we continued to face declining overall demand on the domestic front due to a shrinking population and stricter regulations. In order to continue generating value and remain a company that grew into the future, we recognized the need to fundamentally review our domestic business foundation.

Under the medium-term management plan JT PLAN-V, covering fiscal 2003 to fiscal 2005, we took several proactive steps. These included consolidating tobacco manufacturing factories (from 25 to 10), reorganizing sales offices, and calling on tobacco leaf growers to terminate cultivation all while securing record-high profits for three consecutive years from 2000 to 2002. In similar fashion, we undertook additional measures to strengthen the domestic business foundation in 2015 and 2022. These reform measures were not simply about cutting costs. They also served to establish a more robust business foundation, strengthen competitiveness and future profitability, and ensure the Group's medium- to long-term growth. Even as the industrial landscape undergoes dramatic change, we are taking on the challenge of embracing the spirit of "One Team" with an eye to the future.

Striving for further evolution as One Team

The tobacco industry is currently undergoing intermittent change in a manner where previous approaches no longer suffice. This is illustrated by the rise of RRP (Reduced-Risk Products). Under these circumstances, we recognized the need to build a structure that maximizes the use of global resources and more effectively and efficiently delivers products and services that exceed consumers' needs in order to remain globally competitive and ensure sustained growth. With this in mind, in 2022 we decided to move to a One Team structure, consolidating our previously separate domestic and overseas tobacco businesses into a unified organization. We assigned the headquarters function to JT International (JTI), which did far more than simply unify reporting lines globally. This initiative helps put in place a system that maximizes the use of human and business resources worldwide by fundamentally transforming existing business assumptions. This includes integrating the formulation of strategies, decision-making process functions and mechanisms, and other systems, previously separated between the domestic and overseas businesses. As one example, we undertook a massive project of unprecedented proportions to unify the core systems used globally in more than 130 countries and regions with our domestic operations. Given the unique business processes and practices of each region, this project required more than five years from planning to execution as well as the coordination of more than 100 departments and sites. More than 2,000 employees were involved in the project, working to disseminate information internally and stabilize the system after implementation. Completed in January 2024, system integration has enabled more efficient operations under a globally unified system.

Special feature Turning Change into Strength, the JT Group Continues to Evolve

One Team is an initiative designed to maximize the value we deliver to consumers on a global basis through the integration of organizations, functions, processes, and systems. We are strengthening the mindset of building a future together as One Team by overcoming organizational differences as well as physical and cultural disparities in our charge toward a common goal.

By taking on a series of challenges including large-scale acquisitions on a global basis, the transformation of our domestic business structure, and the implementation of One Team, the JT Group has steadily reinforced its foundation for growth. With our sights firmly set on the future, we believe that tirelessly transforming ourselves will serve as the engine for our medium- to long-term growth.

● Comparison of key metrics: 1985 vs 2025

	1985	2025
Profit*	JPY 33.5 billion	JPY 499.1 billion
Total tobacco volume	305.0 billion units	577.8 billion units
Number of employees	Approx. 20,000	Over 50,000

* Data for 1985 is based on publicly disclosed figures prepared under the accounting standards applicable at that time. Due to differences in accounting standards, changes in the scope of consolidation, and changes in business activities, these figures are not necessarily calculated on a basis comparable to those for 2025. The figures are presented for reference purposes only to illustrate changes in the overall scale of the JT Group over time. Since Q3 2025 the pharmaceutical business has been classified as discontinued operations. Profit for 2025 shown on this page are based on figures for continuing operations.

Toward future growth

Amid a constantly changing business climate, the JT Group is accelerating initiatives toward medium- to long-term growth and the realization of the JT Group Purpose. In addition to the tobacco business as the core driver of profit growth, the processed food business, which complements profit growth, and D-LAB, which aims to contribute over the long term to fostering “fulfilling moments” in society, are also broadening their scope of expansion through their respective roles.

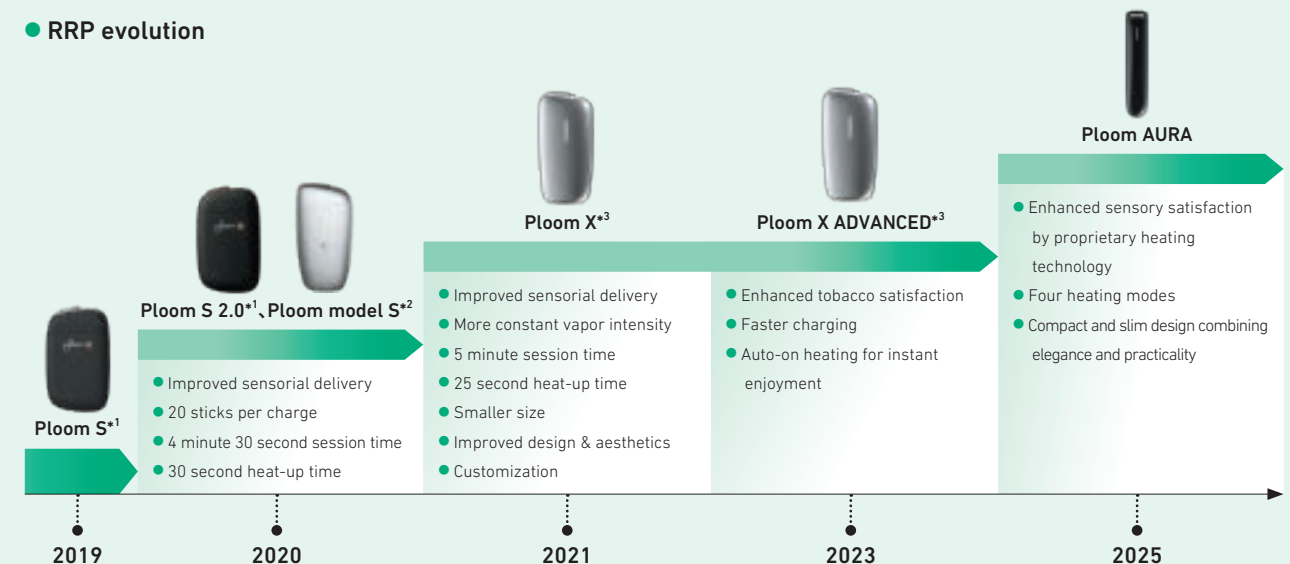
RRP growth in the tobacco business

Advancements in technology and varied consumer* values in the tobacco industry are driving the need for more diverse products, including RRP. The RRP market remains in an early stage, and we believe consumers are highly receptive to new value brought about by innovation. However, innovation cannot be realized through technology alone. Instead, it relies heavily on capturing the potential needs of consumers and effectively conveying its value.

Conscious from an early stage of the need to reduce the risk of smoking-related diseases, the JT Group was one of the first companies to recognize the need for RRP. As such, we released smokeless tobacco products like AIRS and ZERO STYLE to the market in Japan. However, we did not fully grasp consumers’ latent needs, and we were unable to deliver the value of these products to its fullest extent. Upon reflection, we continued to refine our uncompromising consumer-centric approach and established a product development and marketing system based on the true needs of consumers. As Heated Products we believe hold the greatest potential for growth, the category was popular when first released in Japan owing mainly to concerns over their peripheral effects and the importance placed on sound health. As the market expanded, however, consumer insights revealed increasing demand for flavor as a luxury item. We meticulously analyzed the experiences of consumers, from usage behavior to taste preferences, and barriers to the replacement of devices. This led us to comprehensively reflect consumer insights into every aspect of this product category, from device and refill design to packaging, in-store experience, and pricing strategy.

* Adult consumers. The minimum legal age for smoking varies in accordance with the legislation in each country.

● RRP evolution



*1 For Japan *2 Outside Japan *3 Global

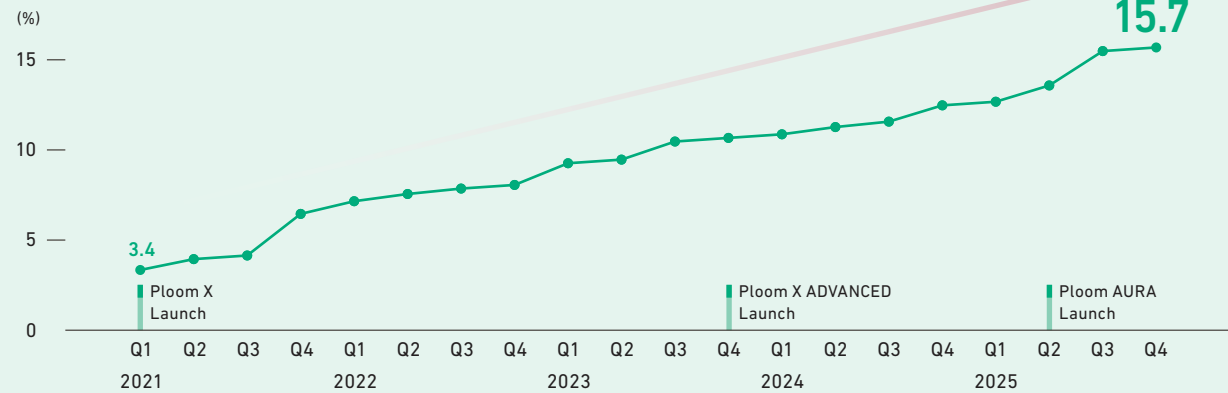
Special feature Turning Change into Strength, the JT Group Continues to Evolve

Released at the end of May 2025 in Japan, the largest market for Heated Products, Ploom AURA embodies this stance. Through flavor enhancements, device redesign, and innovative heating methods, Ploom AURA earned high consumer praise for its flavor, design, and functionality. This favorable assessment helped boost product sales, allowing us to capture a 15.7% share of the domestic Heated Products market during the fourth quarter of 2025. By sharing consumer insights and improvement cycles garnered in Japan with other markets through One Team, successful steps are being taken to roll out Heated Products in each market and accelerate Ploom’s market share growth.

Similarly, higher profitability for combustibles has generated investment capital, allowing us to concentrate business resources on Heated Products as our utmost priority. In fact, we now plan to strategically invest roughly 800 billion yen in RRP during the period covered by Business Plan 2026 (fiscal 2026 to fiscal 2028). In particular, we will lay the groundwork for establishing Heated Products as our second pillar of profit growth by strengthening our marketing efforts. Moreover, we will also work to uncover business opportunities and drive innovation in the area of Next Generation Propositions that transcend the scope of existing segment definitions with a view to identifying and creating future growth drivers for RRP.

[See Details](#) [Tobacco Business \(P. 57\)](#)

Ploom SoS in Heated Products in Japan*



* Ploom shipment volume / Heated Products industry shipment volume

Trend in the number of markets where Ploom is available

Ploom’s global total SoS* reached 9.7% as of the end of November 2025 (+2.0 ppt vs. the end of December 2024).



* SoS is calculated based on category share data from a total of 13 markets where launch was planned as of 2023.

Our approach to RRP

The JT Group has a long history of developing products with the potential to reduce the health risks associated with smoking. Over the past few years, many adult* smokers have chosen to use such products, in particular non-combustible products, which numerous public health bodies have actively endorsed for their reduced-risk potential. We develop both non-combusted tobacco products, such as heated tobacco products, snus and nicotine pouches, that dramatically reduce exposure to known harmful constituents in tobacco smoke and that we believe have the potential to lower the health risks of smoking.

We are committed to:

- bringing outstanding RRP to market as additional choices for existing adult smokers; and
- providing information to adult smokers about the potential health benefits of these new products.

We are currently conducting studies to evaluate scientifically its RRP. These include chemical and toxicological analyses of product emissions as well as human clinical studies. The results of our studies are available to the public on our science page.

We are also committed to presenting its data at scientific conferences and publishing in peer-reviewed scientific literature.

* The minimum legal age for smoking varies in accordance with the legislation in each country.

[See Details](#) [Tobacco Business \(P. 57\)](#)

Special feature Turning Change into Strength, the JT Group Continues to Evolve

We anticipate growth in the tobacco business, centered on combustibles, will remain firm going forward. Having said this, we acknowledge various uncertainties from a long-term perspective. Recognizing the need to factor in such uncertainties as regulatory changes, taxation, demographic trends, shifting values, and technological developments, we are expanding our RRP initiatives while also advancing our processed food business—which aligns closely with the concept of “fulfilling moments” by providing products and services that support everyday life—as well as the D-LAB initiative, which is dedicated to researching, exploring, and creating unique “fulfilling moments” from a long-term perspective. Through these initiatives, the JT Group will work diligently to grow as an entity that continues to earn the trust of society and to satisfy its responsibility to provide “fulfilling moments” in the future.

Processed food business—Creating everyday value and expanding value

The processed food business provides value across a broad range of everyday scenarios. This business provides value that differs from the Group’s tobacco operations, such as enhancing convenience by simplifying the cooking process and providing certain attributes, including excellent taste, safety, and security. In this way, the processed food business plays a role that complements the JT Group’s profit growth. While refining the value provided by frozen udon noodles, packed cooked rice, and other flagship products, this business is also focused on developing and providing high-add-value products that closely align with the values and interests of a diversifying consumer base. This includes Halal-certified products and products under the BEYOND FREE brand. In addition, our business provides the food service industry and processed food manufacturers with products that employ proprietary technologies, including blended seasonings and yeast extracts for commercial use, to enhance the convenience and abundance of authentic meals. Despite the challenges that continue to lie ahead, including an increasingly fierce domestic competitive environment as well as rising raw material and other business costs, we will work to secure steady growth by upgrading and expanding our product lineup and optimizing production systems and structures. Against the backdrop of growth opportunities, including the rising popularity of Japanese cuisine, we will apply the taste creation expertise developed in Japan to accelerate our expansion into overseas markets and to grow our business volume. Moreover, in order to create diverse consumer value and address future food issues, we will focus on research and development. Through these initiatives, we will contribute to the continuous growth of the entire JT Group.

[See Details](#) [Processed Food Business \(P. 63\)](#)



Corporate R&D D-LAB—Exploring “fulfilling moments” from a medium-to long-term perspective

D-LAB is the JT Group’s corporate R&D organization that engages in the research, exploration, and creation of unique “fulfilling moments” from a long-term perspective. It is unique in that it operates independently of any specific business, including tobacco and processed food, focusing instead on the value of “fulfilling moments.” Comprising roughly 100 employees, the organization brings together a diverse range of talent and maintains a global network, including bases in Japan, the U.S., Singapore, and Europe. D-LAB’s activities fall broadly into three areas. The first area encompasses multidisciplinary research into the value of “fulfilling moments.” The second and third areas entail the exploration and creation of future business seeds. Through joint research with universities and companies, D-LAB deepens understanding of “fulfilling moments,” and has embarked on activities to uncover future business candidates through technological exploration and market insights. D-LAB has also initiated steps to commercialize and sell products via Group companies and affiliates. Moreover, through aggressive external collaborations and investments, it is nurturing start-up companies and cooperating with global venture capitalists in an effort to pioneer new fields. Amid the dizzying pace at which society continues to evolve, D-LAB possesses the ability to adapt and generate change in its own right. In addition to nurturing “fulfilling moments” in society from a long-term perspective by leveraging the capabilities of its diverse members, the organization is committed to ensuring the JT Group’s profit growth.

[See Details](#) [Corporate R&D: D-LAB \(P. 66\)](#)



Realizing the JT Group Purpose

No matter how much society and the business environment continue to evolve, the core values held by the JT Group will remain unchanged. We will always stay closely tied to the moments people feel fulfilled through our products and services, and create those moments together. This desire represents the greatest value we pursue and serves as the axis that guides our future growth. Having said this, the manner in which we deliver this value will evolve with the times. As people’s values and lifestyles change, we will continue to refine how we provide “fulfilling moments.” The JT Group Purpose, “Fulfilling Moments, Enriching Life” does not seek short-term results. Instead, it is the guiding principle that we will consistently pursue over the ultra-long-term. In order to realize the Purpose and to contribute to an enriched society and future, we will continue to embrace change as an opportunity and tirelessly pursue evolution.

Value Creation Process

The JT Group will aim to realize the JT Group Purpose in accordance with the 4S model, based on the belief that people’s lives and corporate activities can only be sustainable if the natural environment and society are sustainable.

- Leveraging the JT Group’s strengths that we have built from the capital derived from nature and society, we will create new value through our business activities by pursuing the JT Group Materiality.
- By working together with various stakeholders and partners to create such value, we will contribute to the creation of a society in which each individual can experience more “fulfilling moments.”
- Harnessing the new capital gained from this process to promote further value creation, the JT Group will grow sustainably together with nature and society.

JT Group Purpose Fulfilling Moments, Enriching Life

Nurturing “fulfilling moments” within society through collaborations with various stakeholders/partners

The 4S model

We strive to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups, continuously working to exceed their expectations.

Our core capitals and strengths






Strengths cultivated from capital received from nature and society

Financial capital (Profit, capital, cash flow)	Solid financial base
Intellectual capital (Intellectual property, brand equity)	
Human capital (Our workforce)	Superior brand equity
Natural capital (Water, soil)	
Manufacturing capital (Manufacturing sites)	Diverse workforce
Social and relationship capital (Business footprint, growers, suppliers, etc.)	

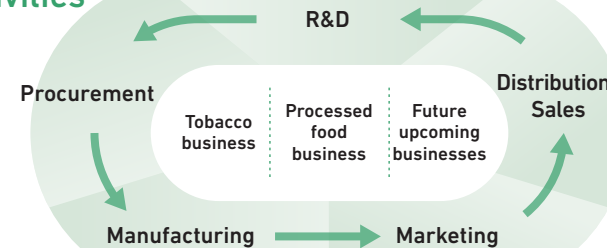
Activities to actualize the JT Group Purpose

Our business activities aimed at realizing a society in which everyone feels fulfilled

JT Group Materiality


 Living with the planet	 Value creation that exceeds consumer expectations	 Investing in our people and supporting their growth	 Responsible supply chain management	 Good governance
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Business Activities



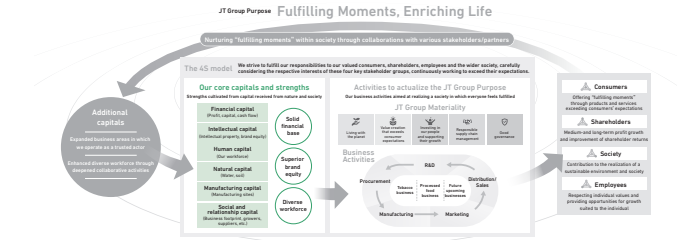
Additional capitals

- Expanded business areas in which we operate as a trusted actor
- Enhanced diverse workforce through deepened collaborative activities

 Consumers
Offering “fulfilling moments” through products and services exceeding consumers’ expectations
 Shareholders
Medium- and long-term profit growth and improvement of shareholder returns
 Society
Contribution to the realization of a sustainable environment and society
 Employees
Respecting individual values and providing opportunities for growth suited to the individual

Capitals and Strengths

The JT Group provides value to its stakeholders through its business activities by harnessing the various types of capital derived from nature and society. The JT Group believes that capital is cyclical, and uses the new capital created through co-creation between the JT Group and society to generate additional value. The capital accumulated through this process forms the strength of the JT Group.



Financial capital

Reinforce a strong financial foundation that is distinguished by both resiliency and flexibility

We will maintain a strong financial base that is both resilient enough to continue business in the event of a major risk, such as an economic crisis, and adaptable enough to respond flexibly to attractive investment opportunities

- **Adjusted operating profit:** 902.2 billion yen
- **Total equity:** 4,115.4 billion yen
- **Free cash flow:** 272.7 billion yen*

* Includes the impact of the payment related to the settlement of litigation in Canada



Intellectual capital

Further strengthen the value added by intellectual capital

We believe the brand equity we have developed in the tobacco business and the high level of R&D in each of our businesses are the source of the Group's long-term competitiveness and business growth, and we will further strengthen the added value (competitive advantage) that our intellectual capital brings to the Group.

- **R&D expenditures:** 52.4 billion yen
- **The JT Group owns 2 of the top 5 brands of combustibles in terms of global share by volume**



Human capital

Empower our people to realize fulfilling moments for society

We recognize that all efforts to fulfill the JT Group Purpose begin with each and every employee, and we focus on expanding and cultivating our human capital by enhancing our HR initiatives to bring our human best.

- **Number of nationalities represented in workforce:** More than 100 countries
- **Ratio of women in management positions:** 26.4%



Natural capital

Achieve both sustainable growth of the JT Group and a sustainable society

We believe the JT Group's efforts to mitigate the environmental impact of not only its own global operations but also throughout its value chain are necessary for the Company's sustainable growth, and we see this as an important responsibility to fulfill in order to realize a sustainable society.

- **Water withdrawal:** 8,590 thousand m³
- **Soil resources on directly contracted growers**



Manufacturing capital

Maintain a global manufacturing structure that enables efficient and timely product supply

To be able to supply safe products to the market in an efficient and timely manner, we will carry out aggressive capital investment to maintain and improve the optimized global manufacturing system we have established and the manufacturing facilities that ensure high quality and productivity.

- **Capital investment:** 155.1 billion yen
- **Number of tobacco manufacturing sites:** 39 plants (in 28 countries)
- **Number of processed food production sites:** 22 plants*

* ISO 22000 or FSSC 22000 certified except for one plant that started operation in FY2020



Social and relationship capital

Build trust with stakeholders

Recognizing that collaboration with stakeholders is essential for the JT Group to achieve sustainable growth, we aim to be a company that continues to exist within society by forging an extensive collaborative network based on relationships of trust developed through ongoing communication.

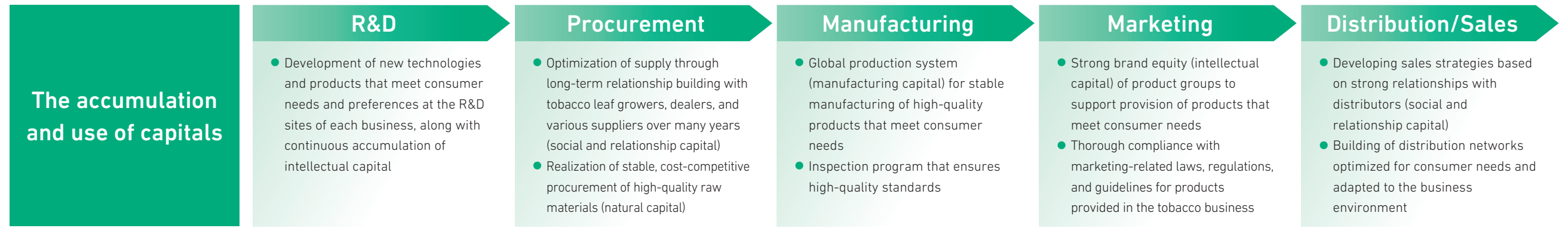
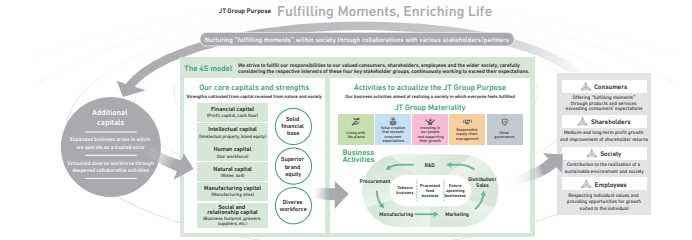
- **Number of countries and regions where our products are sold:** More than 130
- **Number of directly contracted leaf tobacco farmers:** More than 71,000
- **Number of shareholders:** 912,124



Capitals and Business Activities

The JT Group's capitals are employed and accumulated at each stage of the value chain. Leveraging these accumulated capitals, every effort is being made to increase the added value of the entire Group.

Within these, human capital and financial capital underpin and drive all activities throughout the value chain, and their abundance is the foundation of the JT Group's growth.



CORPORATE STRATEGY

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34	Responsible Supply Chain Management
36	Human Capital in the JT Group

Business Plan 2026

Every year, the JT Group publishes a three-year rolling business plan reflecting the changing operating environment, including economic trends, geopolitical risks and the competitive landscape. Business Plan 2026 covers the three years from 2026 to 2028. Given the increasing uncertainty and complexity in our business environment, we will build a business foundation for sustainable future profit growth through optimal leveraging of our resources on a global scale and aggressive business investment.

Operating environment outlook 2026-2028

Tobacco business

We anticipate that conditions throughout the tobacco business will remain highly uncertain owing to a variety of factors. This includes increasingly stark geopolitical risks on the global economy and trends in the real economies of various countries, including foreign currency exchange as well as interest rate fluctuation risks and hyperinflation in certain markets. In addition to the decline in total combustibles industry volume and ongoing down-trading, we expect business conditions will continue to face factors, such as intensifying competition in RRP (Reduced-Risk Products), including Heated Products, and the imposition of stricter smoking-related regulations.

Processed food business

Cost conditions in Japan are projected to perdure owing to such factors as the surge in labor and logistics costs, fluctuations in the costs of raw materials, and the impact on demand resulting from price increases attributable to these factors. Outside Japan, business opportunities are expected to increase against the backdrop of the rising popularity of Japanese cuisine.

Resource allocation policy

Resource allocation policy based on the 4S model and the JT Group Purpose

- Prioritize business investments*¹ for sustainable profit growth in the medium-to long-term
- Strike a balance between profit growth through business investments and shareholder returns

Shareholder return policy

- Enhance shareholder returns by delivering medium-to long-term profit growth while maintaining a strong financial base*²
- Target a dividend payout ratio of approximately 75%*³, a competitive level*⁴ in the capital markets
- Consider implementing a share buy-backs, mainly taking into account the Company's financial outlook for the respective year and mid-term capital needs

*¹ Investment in the growth of our tobacco business remains our highest priority. We will pursue adjusted operating profit (AOP) at constant FX growth by driving quality top-line growth, grounded in the continuous delivery of new value and satisfaction to our customers and society.

*² The Group will maintain a strong financial base that secures stability in case of volatile business environments, such as economic crises, and flexibility by enabling swift responses to business investment opportunities.

*³ Includes a range of approximately ±5%

*⁴ Measured against shareholder return trends of Fast-Moving Consumer Goods companies, which have a stakeholder model similar to our 4S model and have realized strong business growth

Group profit targets

Medium-to long-term targets

Mid to high single digit annual average AOP growth rate (consolidated basis) at constant currency

Outlook for the business plan period

We foresee a high-single-digit annual average AOP growth rate (consolidated basis) at constant currency for the business plan period, driven by continued profit growth in the tobacco business.

Roles and targets for each business

Tobacco business

Core driver of profit growth

We foresee a high-single-digit annual average AOP growth rate at constant currency over the three-year period of the business plan given efforts to improve combustibles profitability and prioritize resources behind Heated Products to establish a second RRP profit growth engine.

[See Details](#) [Tobacco Business \(P. 57\)](#)

Processed food business

Complement the Group's profit growth

We project a mid-single-digit annual average AOP growth rate over the three-year period of the business plan due to top-line growth driven by business scale expansion in Japan and overseas and further improvements in profitability.

[See Details](#) [Processed Food Business \(P. 63\)](#)

CFO Message

Turning change into strength through a strong financial base and commitment to sustainable growth

Through a disciplined approach to financial management cultivated over many years, the JT Group has maintained a strong financial base that enables it to respond to a wide range of changes in its business environment. Even in today's increasingly uncertain climate, the Group remains committed to conducting business operations grounded in this strong financial base, and undertakes business investments aimed at future growth without hesitation. Rather than buckle under this volatile environment, we will embrace change as an opportunity to create new strengths and work toward our next leap forward. Looking ahead, we will address the expectations of stakeholders in a bid to ensure the sustainable growth of our corporate value.

Senior Vice President,
Chief Financial Officer
Hiromasa Furukawa

An increasingly complex environment

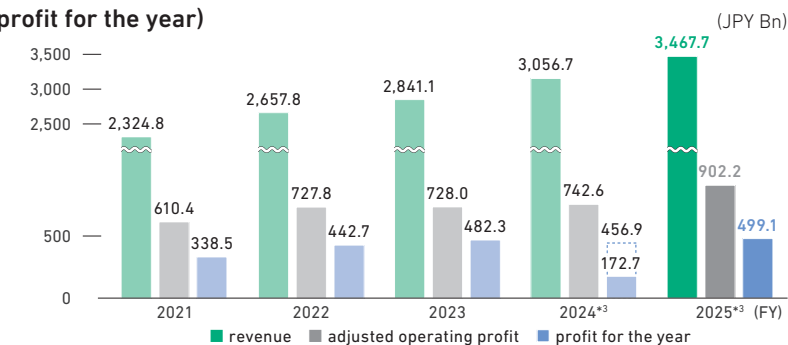
Looking back, I believe that we achieved outstanding financial results in fiscal 2025. Revenue, adjusted operating profit, operating profit, and profit for the year all reached record highs. In particular, pricing effects manifested strongly across many markets, including Japan, the Philippines, Russia, Turkey, and the U.K.

Moreover, the acquisition of U.S. company Vector Group Ltd., completed in October 2024, contributed to our performance. Similarly, the processed food business achieved higher revenues and profits, thereby contributing to the Group's results as a whole. We believe that our continue growth-oriented investments contribute to our results in fiscal 2025, reaffirming the resilience of our earnings base.

Meanwhile, looking at current conditions in my capacity as CFO, I recognize that we must remain mindful that the macroeconomic environment continues to be uncertain, influenced by a variety of factors, including growing geopolitical risk and foreign exchange fluctuations. In light of this business environment, identifying future assumptions and key risks has become more complex and challenging than ever.

Even as we find ourselves surrounded by a rapidly changing external environment, we continue to recognize the importance of building a financial structure that allows us to reliably execute business investments for the future. As CFO, it is my mission to fully maintain our financial base in a way that enables us to take any action required without being overwhelmed by uncertainty.

Financial performance trends (revenue, adjusted operating profit, profit for the year)



*1 Excludes the impact of the provision for a litigation loss related to the litigation in Canada

*2 Includes the impact of the provision for a litigation loss related to the litigation in Canada

*3 In fiscal 2025, the pharmaceutical business was classed as a discontinued operation following the transfer of the business and the shares of Torii Pharmaceutical Co., Ltd. Revenue, Adjusted operating profit and Profit for fiscal 2024 and 2025 shown in this graph are based on figures for continuing operations

[See Details](#) [Financial data](#)

CFO Message

Financial management in a highly uncertain environment

In this recent environment, my top priority from a financial management perspective is to continuously enhance corporate value over the medium- to long-term. We maintain an unwavering commitment to sustainable growth over the medium- to long-term, and just as we have in the past, recognize the critical need to undertake business investments for future growth. In addition, one of our key abilities is generating cash flow, which is essential to realizing business investments. Along with profit indicators, we constantly analyze and assess, from many perspectives, the degree to which we can consistently generate cash through business activities while at the same time testing whether we can appropriately control risk while maintaining a sound financial position. Regardless of how significantly the external and market environments evolve, we must avoid decisions that undermine future growth. Instead, we remain mindful of whether our decisions contribute to the sustainable creation of value.

To prepare for future uncertainty, we must also consider as many parallel scenarios as possible. Maintaining multiple scenarios will allow us to expand the available options for decision-making in accordance with conditions. In

the past, we were able to forecast outcomes based on simple causalities, such as pressing one button to turn on a single light. Today, we face a world that is far more complex, where pressing one button may turn on or off three lights. Regardless of how well we prepare in advance, today is an era in which unexpected phenomena can suddenly manifest. Moreover, there are now very few situations in the realm of management decision-making where we can pass judgment with all the necessary information at hand. In other words, in addition to numerical data and trends, the times demand comprehensive judgments that fully mobilize both creativity and experience. Which is exactly why the ability to identify the extent and quality of risks has become so important. Likewise, it is vital that we maintain a range of options, including course changes and measures to minimize risks, in the event that matters do not proceed exactly as planned. The key to financial management in an era of change is therefore options that allow us to flexibly handle any situation—options that emerge from identifying risks to the fullest extent possible and preparing countermeasures before falling into a desperate situation.

Healthy sense of urgency that supports globalization

One of the factors behind the financial discipline that the JT Group has cultivated lies in the many challenges we have faced throughout our journey toward globalization. When I joined the Company in 1993, JT's business structure was centered primarily on the domestic market. Despite an overwhelming share in Japan at the time, amid the progress of market liberalization, including the elimination of tariffs, and against the backdrop of a decline in overall tobacco demand, there was growing public skepticism about the industry's long-term prospects. As such, we harbored a genuine sense of urgency, and felt that failing to act would mean our business would end up in a state of shrinking equilibrium. Under these circumstances, the answer offered by the management team at

that time was to turn full sail toward international markets through M&As. The acquisition of RJR Nabisco Inc.'s non-U.S. tobacco business (RJRI) in 1999 was a historic turning point for the Group. While we faced a wide range of public reactions, including criticism, at the time, at the root of our thinking stood the strong yet healthy sense of urgency that we would fail to survive as a company if we did not make this move. At the same time, under a strong resolve to leverage our own strengths and "take the leap onto the global stage," we believe this led us to decisively shift course toward significant business growth.

That said, the acquisition of RJRI did not instantly transform us into a global company, nor did it immediately enable us to accelerate growth. Instead, we initially faced a series of challenges, causing many of our employees to struggle. Overcoming those challenges and gaining a wide range of accumulated experiences and lessons led to the subsequent acquisition of U.K.-based Gallaher Group Plc, ultimately contributing to our robust management foundation of today. The employees at the time had a shared long-term perspective of creating conditions that would allow us to grow sustainably across future generations, instead of simply chasing current performance. The very source of our strength today stems from this long-term perspective.

A financial base that balances resiliency with flexibility

Buoyed by this historical background and experience, we established the basic principles of our current financial strategy. This policy seeks to balance the resiliency to weather changes in the environment with the flexibility to seize growth opportunities.

The Group's basic management principle is to pursue the 4S model, which aims to fulfill our responsibilities to our valued consumers, shareholders, employees, and the wider society. In order to embody this principle, we must, more than anything else, ensure the continuity of our business. Acutely aware



CFO Message

of this demand during the Great East Japan Earthquake of 2011 and the COVID-19 pandemic, we also recognized that continuing to deliver products to consumers without suspending operations, regardless of whether society as a whole has fallen into turmoil, is at the core of a company's operations, which in turn demands a robust level of financial preparedness. Moreover, we strongly believe that the resilience to keep our feet firmly planted when emergencies occur is of paramount importance.

We engage in business across diverse markets in countries around the world, including emerging economies, and therefore manage our businesses under vastly different conditions in terms of market environments, regulations, and economics. In order to steadily capture growth opportunities within this environment, we must secure financial freedom to ensure business continuity even in the face of highly uncertain circumstances. On the other hand, large-scale business investments, including M&As, are indispensable to enhancing corporate value over the medium- to long-term. Such investment opportunities do not arrive at all times, making it critically important not to miss the right timing. To ensure that we do not lose valuable growth opportunities due to financial constraints when such opportunities do arise, it is equally essential to maintain financial flexibility during normal times.

We have the capability to generate stable free cash flow in the range of 400–500 billion yen annually. Although this level has not been achieved in recent years due to temporary factors such as M&A, this underlying strength supports our resilience and flexibility. By centrally managing the cash generated by each business entity at the Group level and maintaining a well-balanced approach among agile business investments, the acquisition of external resources, and shareholder returns, we achieve efficient and disciplined financial management across the Group as a whole.

Funding in preparation for unforeseen events and risk management

Although I have focused on our strong financial base, there is little meaning in

simply making a static assessment that the current balance sheet is healthy. Instead, what is really in question is whether we have made the necessary preparations to enable appropriate and swift decision-making and to execute the required measures in any situation. The resilience of our financial standing is reflected in our agile funding structure as well as our risk management system designed to address changes in the external environment.

As far as financing is concerned, the key point is much more than funding at hand. It is also about the breadth and depth of options for securing funds from external sources. For this reason, we have sought to diversify our funding tools, for example by issuing corporate bonds on multiple markets and securing credit lines from financial institutions. It is crucial here to maintain close communication with funding sources on a regular basis to deepen our mutual understanding. These daily efforts underpin the ability to undertake agile investments as and when required.

Moreover, as a company that is active globally, we assume a certain degree of exchange rate fluctuation and geopolitical risk. As part of our commitment to risk management, we identify and assess risks both from quantitative and qualitative perspectives, develop strategies tailored to the short, medium, and long term, and take unflinching action.

Along with collecting and monitoring information on each market in which we operate as part of necessary scenario planning, we have committed to several other steps over different time frames in preparation for emergencies, should they arise. For the short term, we have formulated countermeasures to maintain stable supplies of products using a geographically diversified global supply chain. For the medium- to long-term, we are working to strengthen and expand our global business foundation in order to mitigate the impacts of specific markets on the Group's performance, while also expanding accessible markets in which we can generate profits on an ongoing basis.

In risk management, it is essential to continuously improve forecasting accuracy, enhance sensitivity to change, and steadily strengthen our resilience to risks. We will also proactively work to enhance our capabilities in these areas.

Resource allocation and shareholder returns

We allocate resources to forward-looking business investments on a priority basis. While the tobacco industry is subject to various regulations and faces an evolving business environment, we believe there is still ample room for our tobacco business to grow. In specific terms, we intend to continue prioritizing investments in RRP, particularly the heated products category, which will drive strong future growth.

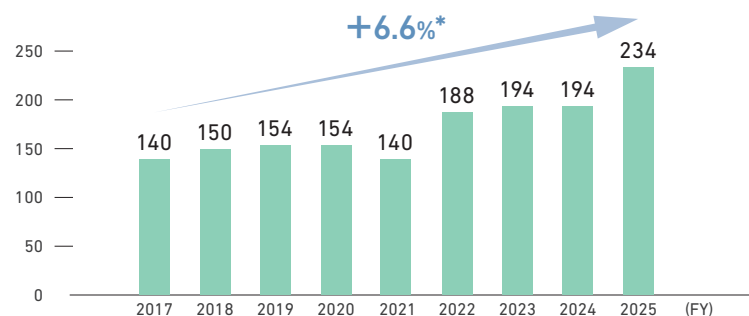
Meanwhile, for combustibles, a pillar that generates profits for the Group as well as investment funds for the future, we will improve return on investment (ROI) through various means, including brand portfolio optimization, pricing strategies, and cost optimization. These efforts will help maintain and strengthen our platform for generating cash. Leveraging the cash generation capability of the combustibles segment, we will also strengthen shareholder returns through business growth while making ongoing, medium- to long-term investments in RRP. In addition, we will enhance the competitiveness of the processed food business as an area that complements profit growth for the Group. Similarly, we will maintain our commitment to exploring new business opportunities through D-LAB.

Delivering returns to our shareholders is one of our core responsibilities. We therefore maintain our policy of targeting a dividend payout ratio of 75% +/-5% as the standard for competitiveness on the capital markets. Although we temporarily exceeded this in fiscal 2025, this decision was made based on the strength of our financial standing and our outlook for future profit growth. In short, our basic approach to shareholder returns and allocation of management resources remains unchanged.

[See Details](#) [Dividends](#)

CFO Message

● Trend of dividend per share (JPY)



* Compound annual growth rate from 2017 to 2025

Notes: 1. The dividend payout ratio for 2025 is 85.0%. This figure is calculated based on the profit for the year of 488.6 billion yen after the Canada Adjustment and deducting the one-time loss from the disposal of goodwill due to the liquidation of the Sudanese subsidiary.

2. In 2021, we revised our shareholder return policy and rebased the dividend per share.

Evaluation by the capital markets

We recognize that dialogue with investors is essential to promoting our financial strategy. Since our public listing, we have engaged in ongoing dialogue with our shareholders and investors and have developed our own approach to communication; however, this approach is not always optimal. Recognizing that market conditions and investor interests are constantly changing, we believe it is essential to maintain dialogue that is not bound by conventional frameworks in order to respond effectively. By increasing opportunities for dialogue, we aim to gain new insights and perspectives, enhance the quality of our communication, and at the same time reflect these insights in further improving our financial strategy and information disclosure. Through constructive dialogue with the capital markets, we will provide stakeholders with a deeper level of understanding regarding our approach to medium- to long-term value creation.

We also understand that investors increasingly view companies from a

sustainability perspective, whether in terms of financial and business performance or ESG concerns, and we therefore intend to further enhance our disclosure accordingly.

Turning change into strength to realize sustainable growth

In closing, I would like to convey my determination as CFO to enhance corporate value. In order for the Group to achieve sustainable growth, we must maintain an unwavering commitment to operations that enable us to execute investments and make decisions without missing opportunities even amid the uncertainties and various restrictions that exist in the external environment. We must without question possess the financial base and financial discipline that serve to underpin these operations, which is why we recognize the importance of maintaining a wide range of options, including external funding.

Because a company is a living, breathing entity, we must continue to secure options even under extremely uncertain circumstances without allowing funding and resources, the lifeblood of business, to run dry regardless of the environment.

We will continue to steadily execute investments aimed at future growth. We will also drive our business forward by firmly reinforcing our financial base, appropriately taking on risks, and cultivating a broad range of business seeds that will blossom in the future. We expect to face a range of environmental changes along the way; however, by turning those changes into our own strengths, we will further enhance our resilience. Moving forward, we will realize greater corporate value for the JT Group in a sustainable manner as we live up to the trust of our stakeholders.



CFO Message

Dialogue with investors in 2025

Number of meetings

- About 810

Meeting participants

- Wide range of equity and debt investors, both active and passive, in Japan and abroad
- Respondents with various roles including analysts, fund managers, ESG managers, and personnel with voting privileges

Dialogue format

- Dialogue is conducted in a range of formats, mainly through one-on-one meetings, participation in conferences hosted by securities houses, small meetings, and briefings for individual investors

JT personnel responsible

- CEO, Executive Vice President in charge of Finance, CFO, CSO, Outside Directors, among others

Main discussion themes

- **Financial performance**
Fiscal 2025 results, fiscal 2026 forecasts, profit growth outlook during Business Plan 2026
- **Medium- and long-term strategies**
RRP business strategy and progress toward future growth, Medium- to long-term growth strategy following the transfer of the pharmaceutical business, future business portfolio
- **Tax and regulatory situations in the tobacco business, progress in the integration plan after the Vector Group Ltd. acquisition**
- **Capital allocation policies**
- **Environment, Social, Governance (ESG)**
Environment: Initiatives for climate change, biodiversity, and resource circularity initiatives
Social: Promoting human rights due diligence, initiatives to expand human capital, addressing issues related to smoking and health
Governance: Effectiveness of the Board of Directors, policies and initiatives on governance of Group companies
- **Enhancement of disclosure information through the Integrated Report, etc.**
- **Company assessment in light of disclosure requirements of sustainability information**

Internal sharing of investor opinions

- Reports to the Board of Directors three times a year
- Quarterly report to Directors, Executive Officers, and related divisions on the status of IR efforts and investor opinions

Examples referencing investor opinions

- Enhancement of disclosure
- Continued ESG-related talks
- Dialogue with investors by Outside Directors

CSO Message

Pursuing “fulfilling moments” for sustainable growth

We view the essence of the JT Group’s sustainability strategy as a collection of strategic investments designed to maintain and expand our growth options, enabling the continued realization of our purpose of “Fulfilling Moments, Enriching Life” long into the future. We do not view sustainability as a peripheral activity. Rather, we trust it represents a core management decision that is fully integrated into our business strategy, risk management and capital allocation.

Senior Vice President
Chief Sustainability Officer
Hisato Imokawa

Our approach to sustainability

The environment surrounding companies is characterized by uncertainty, with geopolitics, technological innovation, regulatory trends and shifting social values all intricately intertwined. These discontinuous and structural changes pose business risks while also serving as catalysts for new value creation and growth opportunities. Rather than responding passively to changes in our operating environment, the JT Group has continued to evolve by transforming itself and moving forward. We believe that sustaining growth lies in continuously evolving the value of “fulfilling moments” in line with changes in society and the times, and carrying that value into the future.

In this context, if I were to express the essence of the JT Group’s sustainability strategy in my own words, I would say it is “a collection of strategic investments designed to maintain and expand our growth options, enabling us to continue realizing our purpose of ‘Fulfilling Moments, Enriching Life’ long into the future.” We treat sustainability not as a peripheral activity but we consider it as a management decision that is integral to business strategy, risk management and capital allocation.

When discussing sustainability, concerns are sometimes raised that the return on investment is difficult to quantify, or that it may conflict with growth. However, we do not view sustainability as “sacrificing the present for the sake of future generations.” In a world of uncertainty and conflict, we believe that sustainability is about enhancing resilience and

managerial flexibility, enabling companies to continue growing whilst adapting to environmental changes.

In periods of uncertainty, organizational capabilities that enable learning from change and rapid course correction, are more important than setting out a perfect plan. Sustainability is not about striving for perfection, rather it is about being able to look ahead and protect our future growth options. At the heart of our management decision-making is the constant question of whether a decision is narrowing our future growth options.

For example, initiatives relating to the environment and human rights are not factors that constrain business growth; they are prerequisites that determine future business continuity, market access and our ability to raise capital. By appropriately internalizing externalities, we convert potentially significant and uncertain future costs into manageable investments. We view this not as an idealistic act, but as an extremely rational and conservative management decision designed to safeguard long-term corporate value.

Furthermore, with a view to balancing the realization of our purpose with the strengthening of our medium- to long-term competitiveness, we regard sustainability as both a “prerequisite” and an “accelerator” for growth. This concept of sustainability is not a mere abstract discussion. Instead, we have developed and are implementing our own sustainability strategy to translate it into concrete management decisions and investment allocations.



CSO Message

Outline of our sustainability strategy

We have set our JT Group Purpose, “Fulfilling Moments, Enriching Life.” This guides the Group’s direction toward ensuring the sustainability of our society and our businesses. In pursuing our management principle, the 4S model, and by realizing the JT Group Purpose, we have identified the Group’s priority material topics. Specifically, we have identified five groups of material topics, which we refer to as the JT Group Materiality. These are “Living with the planet,” “Value creation that exceeds consumer expectations,” “Investing in our people and supporting their growth,” “Responsible supply chain management” and “Good governance.” In 2024, we set 24 specific targets and initiatives for these material topics. The JT Group Purpose, the JT Group Materiality and the related JT Group Sustainability Targets are the backbone of our sustainability strategy.



The Group targets are reviewed annually to ensure they are kept updated. This year’s review has resulted in several updates. The Board of Directors is involved in the formulation and implementation of the sustainability strategy. We communicate the progress and outcomes of our initiatives to stakeholders, as appropriate, via our website and Integrated Report.

Sustainability governance

We have set out a governance structure in which the Board of Directors is involved in setting and managing the sustainability strategy as well as updating the sustainability targets. Reviewing and identifying the JT Group Materiality, as well as setting group-wide sustainability policies for key strategic issues such as the environmental policy or human rights policy, are matters subject to resolutions by the Board of Directors. The Board also receives regular reports on the establishment, review and progress of the JT Group Sustainability Targets.

At the executive management level, we have held regular Sustainability Advisory Forums since 2020 to discuss the Group’s sustainability issues across our corporate functions. The Chief Sustainability Officer (CSO) chairs the forum, which is attended by the heads of all business units and corporate departments of our Group. In 2025, three forums were held to discuss and share information on topics such as updating and progress of the JT Group Sustainability Targets, progress on various climate change initiatives and targets, compliance with the EU Corporate Sustainability Reporting Directive (CSRD) and the Sustainability Standards Board of Japan (SSBJ) standards, non-financial data management, and stakeholder engagement, among others.

All matters discussed at the Sustainability Advisory Forum in 2025 were reported to the CEO and Board Directors with Executive Management responsibilities. Significant matters related to sustainability (those requiring resolution or reporting to the Board of Directors) were reported to the full Board of Directors, including non-executive directors.

Update and progress on the JT Group sustainability targets

Launched in February 2024, the JT Group Sustainability Targets now serve as a shared framework that guides the Group’s initiatives and underpins both internal implementation and dialogue with stakeholders. At the same time, we recognize the need to demonstrate more clearly how each target supports the JT Group’s medium- to long-term growth and value creation. With these challenges in mind, we have updated the targets focusing on those of greatest interest to stakeholders, clarifying the objectives, context and expected impact of our initiatives. We aim to clearly position our sustainability initiatives not as a future cost, but as manageable investments made today. Where prior targets have been achieved, we revised their ambition and scope to acknowledge last year’s results and to define a more advanced next stage. Through continuous improvement of our targets, we will ensure steady implementation of our sustainability strategy across the organization.

As for 2025 performance of our sustainability targets, progress has been broadly on track with solid momentum. For example, under our materiality “Living with the planet” the Group made steady progress toward our target to tackle climate change, reducing Scope 1 and 2 emissions over the year. We remain on track to meet the target set for 2030. Renewable-energy adoption increased, supported by cumulative improvements in energy efficiency. These efforts not only reduced our environmental impact but also strengthened our business foundation by stabilizing energy costs and enhancing our ability to comply with future regulations. However, reducing emissions across the entire value chain, including Scope 3, remains a significant challenge. Scope 3 emissions are inherently more difficult to manage than Scope 1 and 2 emissions because they are more susceptible to factors such as abnormal weather or fluctuations in procurement volumes due to annual variability. Looking ahead to 2030, we will continue to manage these emissions appropriately, including reviewing our policies as necessary in response to changing circumstances.

In relation to our goal to promote DE&I (Diversity, Equity & Inclusion), which

CSO Message

relates to our materiality “Investing in our people and supporting their growth,” there was positive progress toward greater representation of women in senior positions. The percentage of women in managerial positions within the JT Group improved rising from 24.9% in the prior year to 26.4%. This is solid progress, demonstrating the results of our ongoing efforts in talent development and appointments. We believe that creating an environment where diverse talent can demonstrate their capabilities enhances the quality of organizational decision-making, leading to innovation and the strengthening of the medium- to long-term competitiveness of our business.

As for targets linked to our materiality “Responsible supply chain management,” such as supplier screening and supply chain due diligence, good headway was made in 2025 in terms of both the coverage and quality of our initiatives. ESG screening of key suppliers was carried out almost comprehensively across the entire Group, and we worked to identify risks associated with key suppliers. Furthermore, we achieved our target of conducting human rights monitoring, including the monitoring of child labor, across 100% of our directly contracted growers. In doing so we have confirmed that our mechanisms for identifying human rights related risks and implementing prevention and remediation actions are functioning effectively. In particular, responses to salient human rights risks, including child labor, have been advanced from both preventive and corrective perspectives, strengthening our capacity to respond at the operational level.

[See Details](#) [Details of the JT Group Sustainability Targets \(P. 68\)](#)

Future challenges and outlook

We consider sustainability not as a passive response to societal demand or as a peripheral activity. We view sustainability as a management tool that enables us to retain our options for growth, maintaining and expanding our operational flexibility even during periods of high uncertainty. This approach will become increasingly important as we look ahead to future anticipated changes in the external environment.

Currently, against a backdrop of rising geopolitical tension, shifts in policy

stances and the emergence of energy and resource constraints, there is a significant shift in the conditions underpinning sustainability. Companies are being challenged more than ever to explain, in their own words, not only what they are working on, but also the rationale for initiatives in light of the business and its risk appetite, and how initiatives will create value in the future.

Addressing climate change is not just about considering how we can help mitigate climate change by setting medium- to long-term targets for GHG emissions reductions, there is growing interest in the practical and financial considerations involved in adapting to climate change. For example, considering how extreme weather conditions or changes in the natural environment might affect our raw material procurement, operations, logistics and cost structures. These are not just environmental issues—these are management challenges directly linked to our business resilience, capital efficiency or competitive advantage. We are therefore proceeding with our response accordingly.

On this note, the JT Group places great importance on integrating sustainability not just within the framework of regulatory compliance, but as an integral part of the management foundation that underpins long-term value creation. We view our response to upcoming disclosure regulations such as the SSBJ and CSRD, which will come into full effect within the next few years, not merely as a matter of compliance, but as an opportunity to establish an information infrastructure which can contribute to informed management decision-making.

Currently, a dedicated team is working in collaboration with relevant functions to identify and clarify data points and their definitions required for regulatory compliance, with a view to design and launch a data platform. The aim of this initiative is not only to ensure accurate disclosure, but also to identify future risks and opportunities at an earlier stage, thereby enhancing the quality and speed of decision-making at both management and operational levels.

Furthermore, regarding non-financial information in areas such as the natural environment, society, human resources and the supply chain,

coverage of information and data required by disclosure regulations will not be the end of the journey. We will be organizing and utilizing this information so it can be leveraged as a management resource, to evaluate and strengthen the resilience and growth potential of our business. We will be positioning non-financial data from a more holistic perspective, with an eye on information that may become increasingly important in the future or on indicators useful for management decisions. I believe that non-financial information will contribute to the long-term enhancement of corporate value.

For many sustainability initiatives, short-term results are difficult to see. However, appropriately internalizing externalities and converting uncertain and potentially disruptive future costs into manageable investments today, leads to reduced future risks and stable business operations. Consequently, we believe this contributes to the maintenance and enhancement of corporate value through the stability of medium- to long-term cash flows and improved capital efficiency.

Going forward, we will strive to quantify and visualize the effects of these non-financial initiatives wherever possible, and to further deepen our dialogue with investors. In this process, we intend to actively pursue collaboration with companies and partners possessing specialist expertise, rather than attempting to achieve this on our own.

In an era of increasing we believe that what is important is not to pursue short-term solutions, but to make a series of management decisions that make our business more resilient and able to adapt to future conditions. Without losing sight of our fundamental aim of enhancing the sustainability of both our business and society, we will continue to position sustainability as a foundation that supports and drives our business growth, and pursue our initiatives accordingly.

For us, continuing to evolve the value of “fulfilling moments” in line with changes in the times and society, and carrying it forward into the future, represents growth itself for the JT Group. As Chief Sustainability Officer, I am firmly committed to sustainable growth that connects “fulfilling moments” to the future, while continuing to engage in ongoing dialogue with our stakeholders.

Our Sustainability Strategy

Outline of our sustainability strategy

JT Group Purpose

Fulfilling Moments, Enriching Life

As nature, society, and people's lives are intertwined, sustaining our ways of living, and the activities of corporate entities, will depend on the sustainability of the environment and society in which we exist.
In realizing the JT Group Purpose, we are contributing to that sustainability through our commitment to working on the issues identified in our materiality.



Living with the Planet

Preserve a harmonious relationship between our environment, people, and corporate organizations through initiatives to improve our impact on the environment



Value Creation that Exceeds Consumer Expectations

Create diverse products and services beyond consumer expectations



Investing in our People and Supporting their Growth

Invest in people to support their development with attention to diversity, and enhance human capital by fostering a corporate culture that maximizes individuality and ability of each person



Responsible Supply Chain Management

Create a sustainable supply chain capable of withstanding sudden changes in the business environment, by tackling social issues such as respecting human rights or preservation of our environment



Good Governance

Enhance our governance by improving our stakeholder satisfaction and continue to be a trustworthy corporate entity

JT Group Sustainability Targets

24 Sustainability targets based on our materiality

In order to support the sustainability of our society and the business of the JT Group, we have set out the JT Group Purpose, which shows the direction for our organization. The Group's management principle is to pursue the 4S model. As nature, society, and people's lives are intertwined, sustaining our ways of living and the activities of businesses will depend on the sustainability of the environment and society in which we exist. We recognize that the strive to realize sustainability for nature, society and our business is fundamental to the Group's management.

Based on this, the JT Group's sustainability strategy, with the JT Group Purpose as its starting point, identifies five key issues that form the foundation of sustainability management as the JT Group Materiality. We then developed the JT Group Sustainability Targets; a set of 24 targets and initiatives that steer our sustainability performance. Our Board is involved in setting and overseeing the sustainability strategy, while progress against our targets is reviewed and assessed on a regular basis.

As part of the implementation process, we conduct annual reviews of our sustainability targets, making updates to ensure they continually evolve. In our most recent update, we focused on demonstrating how initiatives under each target contribute to the wider sustainability of the JT Group's business.

We remain strongly committed to supporting the sustainable growth of our society and the Group's business within it. Through our sustainability strategy, we will continue to create value in order to realize the JT Group Purpose of "Fulfilling Moments, Enriching Life."

Please visit the JT website for more information on our sustainability strategy, including our materiality.

[See Details](#) [JT Website](#)

Our Sustainability Strategy

The JT Group Materiality

Through comprehensive assessment and analysis of our material issues, and by engaging with our internal and external stakeholders, we have identified five key material issues to be prioritized as the JT Group Materiality. This section outlines our thinking behind each one.



Living with the planet

We recognize that people's lives, society, corporate activities, and the activities of all individuals exist within a shared ecosystem. Guided by this understanding, the JT Group is committed to conducting biodiversity impact assessments, emissions reduction, enhancing biodiversity (including no deforestation and no conversion), ensuring water security, waste reduction, and designing for circularity across packaging, products and devices, as well as other initiatives.

[See Details](#) [Details of the JT Group Sustainability Targets on \(P. 68\)](#) | [The JT Group's environmental initiatives in "Living with our planet" on \(P.32\)](#)



Value creation that exceeds consumer expectations

To remain a trusted corporation, we believe it is essential to deliver value that creates "fulfilling moments" for our consumers. We will continue to work toward achieving this goal through dedicated efforts in each of our business units. In our tobacco business, we are committed to expanding the geographical reach of our RRP* portfolio, and enhancing transparency in reduced-risk science to meet societal expectations regarding the potential for RRP to reduce the risks associated with smoking. In our processed food business, we will promote "food inclusion," demonstrating our ambition to contribute to a society where everyone can enjoy deliciously prepared food of their choosing, while embracing diverse perspectives and values. We aim to achieve this by further advancing efforts to develop and provide high-value-added products.

* RRP (Reduced-Risk Products)

[See Details](#) [Details of the JT Group Sustainability Targets on \(P. 68\)](#) | [Tobacco Business \(P. 57\)](#) | [Processed Food Business \(P. 63\)](#) | [D-LAB \(P. 66\)](#)



Investing in our people and supporting their growth

We believe the journey to fulfilling our Purpose begins with our employees. The importance of human capital will continue to grow in the future. To further support our people, we have set six priority themes: diversity, equity & inclusion, talent attraction, attractive working conditions, health & safety, development support and internal and external collaboration. We will continue to implement actions aligned with the metrics associated with each theme.

[See Details](#) [Details of the JT Group Sustainability Targets on \(P. 68\)](#) | [Human capital in the JT Group \(P. 36\)](#)
[Responsible supply chain management: Respect for human rights \(P. 34\)](#)



Responsible supply chain management

Our supply chain is fundamental to our business, and ensuring its resilience amid rapid changes in the external environment is essential. As a core initiative, we conduct supplier screenings and due diligence, and we are committed to addressing the social issues affecting our suppliers and the communities in which they operate.

[See Details](#) [Details of the JT Group Sustainability Targets on \(P. 68\)](#) | [Responsible supply chain management: Respect for human rights \(P. 34\)](#)
[Supply chain management of our tobacco business on \(P. 57\)](#) | [Supply chain management of our processed food business on \(P. 63\)](#)



Good governance

Good governance is the foundation for maintaining stakeholder confidence and for ensuring that the JT Group continues to operate as a trusted corporate entity. It underpins all our activities.

[See Details](#) [Details of the JT Group Sustainability Targets on \(P. 68\)](#) | [The JT Group's "Good governance" on \(P. 41\)](#)

Living with the Planet

The JT Group recognizes the vital interdependence between nature, people and business and deploys initiatives to improve its environmental impact. Based on this recognition, we have reviewed our environmental initiatives, considering the potential impacts of climate and dependency on nature on our business, as well as the impact that our business could have on the global ecosystem. To mitigate our potential impacts on climate and nature, we have established targets related to “Living with the planet.”

Climate change

Roadmap to Net-Zero

One of our key focus areas is Greenhouse Gas (GHG) emissions reduction. We are working to be carbon neutral in our own operations by 2030 and to achieve Net-Zero GHG emissions across our entire value chain by 2050. In support of this, we have absolute emissions reduction targets for 2030 and have established roadmaps as to how we will achieve those targets. We carry out annual reviews to ensure the feasibility and effectiveness of our strategy for achieving Net-Zero GHG emissions.

Across the JT Group, we reduced Scope 1 and 2 GHG emissions by 37% compared to 2019 (32% in 2024). On the other hand, Scope 3 Category 1 GHG emissions were down by 3% (15% in 2024), with the pace of reduction slowing, mainly driven by higher tobacco procurement volumes in 2025, particularly from countries with higher emissions intensity, and by elevated emission factors carried over from 2024, a year marked by significant global crop impacts due to extreme weather conditions.

Looking ahead, we will continue to monitor our progress and implement emissions-reducing measures. With respect to Scope 3 Category 1 emissions, we aim to achieve our 2030 reduction target through productivity gains and efficiency improvements, ensuring sustainable wood for curing, enhancing our emissions calculation and future predictions and engaging with our suppliers.

[See Details](#) [Tackling climate change](#)

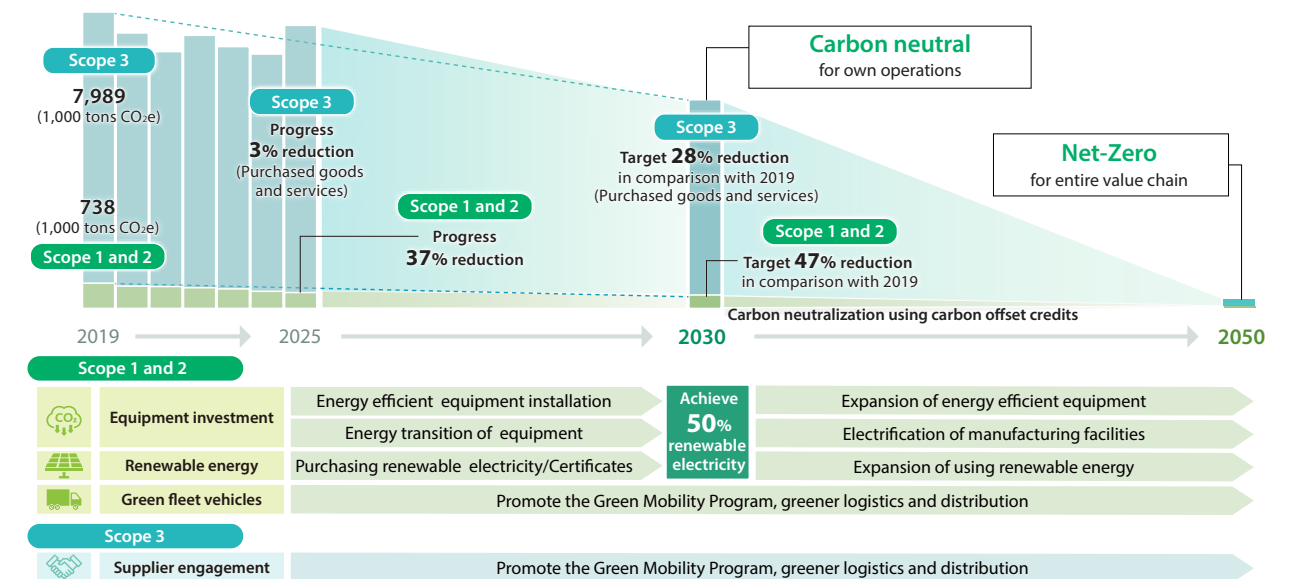
Climate scenario analysis

To identify risk factors that could have a material financial or strategic impact on its business, the JT Group conducted climate scenario analyses based on multiple global warming scenarios (including 1.5°C and 4°C). For these analyses, we utilized scenarios based on typical concentration pathways outlined by the Intergovernmental Panel on Climate Change (IPCC), such as Representative Concentration Pathways (RCP4.5, RCP8.5). As a result of the analyses we identified two major climate change-related risks to the JT Group: carbon pricing (increased carbon taxes) and

changes in farming environments due to rising average temperatures. With temperatures continuing to rise and given that our Group’s products are primarily made from raw materials derived from agricultural crops, we will implement measures to reduce our contribution to climate change, such as ongoing GHG emissions reduction, and promote resilient supply chains that can adapt to the impact of temperature rise on raw materials.

[See Details](#) [Addressing the TCFD recommendations](#)

How the JT Group plans to achieve Net-Zero



Science Based Targets (SBT)

Our GHG emissions reduction target for 2030 and our target to achieve Net-Zero GHG emissions across the entire value chain by 2050 have both been validated by the Science Based Targets initiative (SBTi), an international initiative on climate change.



Living with the Planet

Protecting water

Another of our key focus areas relates to protecting water. We aim to contribute to the preservation of a sustainable water environment by monitoring the appropriate use of water resources and preventing water pollution. Recognizing that water is a valuable shared resource, we have a target to acquire certification for eligible tobacco factories against the AWS* Standard, a key element of which is strengthening collaboration with other water-related stakeholders. The Torbali factory in Turkey became the first JT Group tobacco factory to receive AWS certification. In 2025, we conducted initiatives to increase the water recycling rate at our tobacco factories in 13 countries, including Japan. We also improved our water treatment processes in Turkey, the Philippines, and Bangladesh. As a result, water used in the tobacco business was reduced by 21% compared with 2019.

* Alliance for Water Stewardship (AWS) is a global membership collaboration comprising businesses, NGOs and the public sector. Its members contribute to the sustainability of local water resources.

[See Details](#) [Protecting water resources](#)

Protecting forests

Forest resources, such as paper and pulp, are important raw materials for the JT Group. We actively seek to protect forest resources, conserve nature, bolster supply chain resilience and support long-term business growth.

We are working toward achieving no deforestation of natural forests in our tobacco business supply chain. In 2025, we conducted a deforestation risk assessment for our tobacco leaf, paper, and pulp-based material supply chains, confirming that 94% of directly contracted tobacco leaf and 80% of globally procured paper and pulp-based materials originate from areas at negligible risk of deforestation. Going forward, we will complete our comprehensive risk assessment of third-party procured tobacco leaf and locally procured paper and pulp. Based on the results of that assessment, we will establish action plans to address remaining deforestation.

Building on this foundation, we are extending our approach beyond forests, updating geospatial systems to address ecosystem conversion risks and progressively expanding coverage across all natural lands. These efforts support our ambition to eliminate deforestation and avoid conversion of natural land across our entire supply chain by 2030. Where residual deforestation impacts remain unavoidable, we will compensate for those impacts through reforestation activities, to ensure zero net deforestation.

[See Details](#) [Protecting forest resources](#)

Biodiversity

Since the JT Group's business activities use raw materials from nature, such as tobacco leaf and other crops, the Group recognizes that the sustainability of the natural environment is a precondition for its business continuity. Moreover, as a leading global company, the JT Group has responsibilities to contribute to the conservation of the natural environment not only in its own operations, but also throughout its entire value chain. Based on these considerations, one of our key targets is to conduct biodiversity impact assessments to evaluate the impact and dependency each of our businesses has on biodiversity.

We follow the Science Based Targets for Nature (SBTN) process to create targeted, science-based action plans for nature-related issues. This approach helps develop specific strategies for each area and supports initiatives, recognizing that local characteristics and context greatly affect biodiversity.

In 2025, we enhanced the biodiversity impact assessments for the tobacco business conducted in 2024, by expanding the scope and geographical coverage. We also conducted biodiversity impact assessments of activity bases and major production areas for key raw materials in the processed food business.

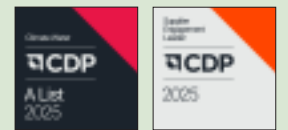
As a result, we were able to comprehensively understand the mutual relationships of impacts and dependences of our manufacturing sites and biodiversity in each business with respect to the atmosphere, natural resources, soil, and other aspects. In addition, we identified potential risks in our value chain arising from those mutual relationships, and for the processed food business confirmed that those nature-related risks were being appropriately managed through existing initiatives related to "Living with the planet." Looking across these initiatives made it clear once again that individual themes including climate change, biodiversity, water, and forests are intrinsically linked. They need to be addressed in combination rather than in isolation and an integrated approach adopted to their assessment and management.

[See Details](#) [Protecting biodiversity](#)

External recognition: CDP

We were selected by the international environmental disclosure platform CDP for inclusion in its 2025 "A List" for our outstanding initiatives and strategies addressing climate change and water security. This marks our eighth (seventh consecutive) selection for climate change and our fifth selection for water security.

In May 2026, we were also recognized as "Supplier Engagement Leader 2025" in CDP's Supplier Engagement Assessment for the seventh consecutive year.



Responsible Supply Chain Management

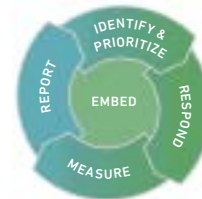
Respect for human rights

We view respect for human rights as a fundamental part of how we conduct our business, in line with our management principle, the 4S model. Human rights are a core component of the JT Group Materiality, which underpins our sustainability management, and are equally essential to effective supply chain management.

We respect human rights across our value chain, and recognize the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The JT Group Human Rights Policy follows the framework provided by the UN Guiding Principles on Business and Human Rights (UNGPs).

A five-pillar approach

Our human rights approach is based on five pillars. This cyclical approach provides a systematic way of conducting ongoing due diligence and is in line with the UNGP, the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the OECD-FAO (Food and Agriculture Organization) Guidance on Responsible Agricultural Supply Chains.



Grievance mechanisms

Our system for reporting concerns helps us ensure that we listen to and act on the grievances of those whose human rights might be impacted by our activities. Providing effective grievance mechanisms, we encourage employees and those who work for our business partners to speak up if they have concerns over the actual or potential violation of the JT Group Code of Conduct, including any human rights abuses.

Through the distribution of user guides and posters, we are working to increase awareness of our system for reporting concerns.

[See Details](#) [JT Website \(Our Codes of Conduct\)](#)

Our human rights due diligence

JT Group's salient human rights issues

We use the concept of prioritization to address the most important human rights issues for the JT Group. We have identified nine salient issues related to our own operations and value chain.

To do this, we identified various issues that potentially have a negative impact on human rights through our activities or business relationships. We then prioritized them based on their respective severity and likelihood.

- Child labor
- Environmental impacts
- Fair wage
- Forced labor
- Harassment and gender impacts
- Health and safety
- Health risk
- Non-discrimination and equality
- Working hours

Initiatives within our own operations

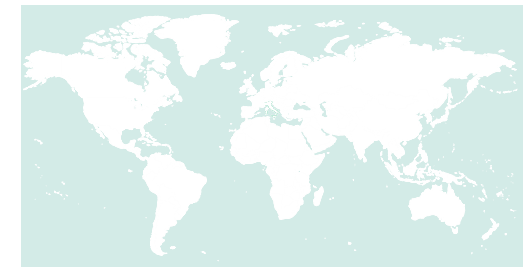
The five pillars outlined above are also the foundation of the human rights due diligence assessments conducted at our own sites. Please see the JT website for more details.

Human Rights Impact Assessments

We conduct assessments in countries where the greatest risks to people lie. We also review the classification of high-risk countries, considering changes in business and social environments.

Across the JT Group, as of the end of 2025, Human Rights Impact Assessments had been completed in 17 countries, and evaluations using self-assessment questionnaires had been conducted in 19 countries.

Please see our website where we publish key findings, including human rights risks that have been identified, our actions and the progress we have made in each country.



[See Details](#) [JT Website \(Human Rights Impact Assessment - Key Findings\)](#)

Supplier engagement

Business partners are essential for the JT Group to conduct its business and achieve sustainable growth. With this in mind, we believe it is important to engage in dialogue with them to understand the progress in their human rights-related initiatives and difficulties they may face so that we can appropriately cooperate with them.

In 2025, our tobacco business conducted human rights monitoring by verifying compliance with the Agricultural Labor Practices (ALP) and other relevant standards across directly contracted leaf tobacco growing regions. In the processed food business, with the aim of gaining a deeper understanding of the status of human rights initiatives, we expanded the scope of target suppliers in 2025 and carried out assessments through interviews and questionnaires.

[See Details](#) [Details of JT Group Sustainability Targets \(P. 68\)](#)

In view of the salient human rights issues outlined above, we recognize that the following supply chains, such as the leaf supply chain, are of particular importance, and we continue driving the initiatives linked below.

[See Details](#) [Tobacco leaf sourcing \(P. 61\)](#) | [RRP sourcing \(P. 61\)](#) | [Processed food business and supply chain](#)

Community Investment

For our Group to grow sustainably, it is vital for us to contribute to the sustainable development of our society. The JT Group Community Investment Policy determines a common goal across the JT Group: “To contribute to the development of inclusive and sustainable communities.” We believe that everyone should have the opportunity to participate in society, and that inclusive societies are better for business. In line with our community investment policy, and as a responsible local community member, we work with a wide range of stakeholders to resolve social issues.

Our focus areas

Through partnerships with local and international organizations, we implement various community investment programs that contribute to the development of inclusive and sustainable communities across the world. In 2025, we conducted 544 programs in 65 countries. The programs are designed to address both global social issues and challenges specific to local communities, with the following three areas positioned as focus areas.

Reducing inequalities

e.g., supporting vulnerable people to gain access to food and education

Example of initiatives

OrchLab—making a difference by making music



[See Details](#)

Improving community resilience

e.g., providing access to clean water

Example of initiatives

Partnership with Peace Winds Japan



© Peace Winds Japan

[See Details](#)

Protecting the environment

e.g., protecting and reinvigorating forests and green public spaces

Example of initiatives

Volunteering at JT Forest



[See Details](#)

[See Details](#) [The JT Group Community Investment Policy](#) | [Community investment](#)



Measurement and management

To measure the social impact of our efforts, we use the Business for Societal Impact (B4SI)* Framework provided by Corporate Citizenship.

In 2025, we invested around 7.4 billion yen in corporate community investment in countries where we operate. We encourage more accurate reporting and measurement to ensure all of our programs deliver social impact according to our policy.

* B4SI is the global standard in measuring and managing the social impact of corporate activities.

[See Details](#) [Business for Societal Impact \(B4SI\)](#)



Employee participation

We actively promote collaboration within and outside the organization to bring together diverse perspectives and insights, expanding possibilities for creating new value toward achieving the JT Group Purpose. As part of this, we actively encourage our employees to engage in social participation, where they gain an opportunity to experience social issues and work together with others to solve them. We do this by organizing programs and providing the necessary opportunities (information on programs and events aimed at solving social issues, volunteer leave, corporate matching, donations using cafeteria points, in-kind support for activities, etc.).

[See Details](#) [Employee participation](#)

2025 Highlights (Update on Targets)

Since announcing in 2019 the target of investing a total of 60 billion yen between 2015 and 2030 to help make communities inclusive and resilient, we have continuously implemented investments in the communities where we operate. Cumulative investments through to 2024 had already met our target for 2030 of 60 billion yen, and we therefore decided to increase the target to 100 billion yen.

Between 2015 and 2030, we will invest 100 billion yen to help make communities inclusive and resilient, with our employees contributing 300,000 volunteering hours.

[See Details](#) [Details of the JT Group Sustainability Targets - Community investment \(P. 76\)](#)

Human Capital in the JT Group

Message from the officer in charge of People & Culture



Human capital driving the realization of the JT Group Purpose

The JT Group Purpose, “Fulfilling Moments, Enriching Life,” defines the role the Group is expected to play in society and the direction of its approach to value creation. It also serves as the foundation for all management decisions and business activities, including our medium- to long-term and sustainability strategies. Realizing our Purpose is directly tied to both the sustainability of society and the medium- to long-term enhancement of the Group’s corporate value. The starting point for all efforts toward achieving our Purpose is each and every employee who drives value creation. As the officer responsible for human capital, I believe that the foundation for realizing our Purpose and enhancing corporate value lies in the strength of every individual employee.

Senior Vice Presidents
People & Culture

Yoshiyuki Mishima

Diverse talent driving transformation and advancing to new stages

We have long shared a healthy sense of urgency across the Group. This stems from our belief that standing still means falling behind, and that we cannot continue to meet society’s expectations and earn its trust unless we keep moving forward. Underlying this mindset is our recognition that, given our origins as a former public corporation, we were not always exposed to a truly competitive business environment. At the same time, the nature of the tobacco business historically made the medium- to long-term business environment relatively predictable, allowing us to pursue a variety of initiatives from a long-term perspective.

Since incorporation, we have established ourselves as an independent business enterprise, diversified beyond our tobacco business foundation, and steadily evolved our business portfolio through strategic focus and selective investments in response to changes in the business environment. In particular, the expansion of our international tobacco business through M&As not only broadened the Group’s geographic reach, but also served as a catalyst for evolving our management approach into one built on global competition.

While these challenges were driven by management decisions at each stage, it was each and every employee who embraced those directions, put them into action, and translated them into changes in their own behavior. Through these continued efforts to move the Group forward, we are now united under our Purpose by colleagues representing more than 100 nationalities. In the JT Group Human Resource Management Philosophy, we state that the diversity of our people is a source of our competitiveness. Even as uncertainty surrounding the business environment continues to grow, we believe that by maintaining and evolving an environment in which each employee can fully demonstrate their individuality and capabilities, inspire one another, take on new challenges, and overcome them together, we will continue to deliver sustainable value to society, shareholders, and consumers.

Our approach to human capital

We view human capital through three elements: Our People, Organizational Culture, and Ownership.

“Our People” are the starting point for all activities aimed at realizing our Purpose. They are the driving force behind our business activities and the source of our value creation. By enabling each employee to maximize their potential, and by

Human Capital in the JT Group

fostering collaboration among people with diverse experiences, backgrounds, and values, we support the Group's sustainable growth.

"Organizational Culture" refers to the shared values that are deeply rooted within the organization and serve as standards for decision-making and behavior. Over many years, we have fostered a culture grounded in integrity based on high ethical standards, mutual support for one another's growth, and the inclusion and empowerment of people with diverse backgrounds. Even in an era of increasingly diverse values, we believe that these shared values will continue to function as a common foundation for decision-making, enabling the JT Group to sustainably create value that is uniquely its own.

"Ownership," meanwhile, refers to the mindset of understanding and embracing our Purpose, and proactively putting the Group's values and expected behaviors into practice through one's own decisions and actions. We believe it is essential to create a mutually beneficial cycle in which each employee fully demonstrates their capabilities while the values shared across the organization become embedded throughout the Group as standards for decision-making and behavior. Ownership is the driving force behind this cycle.

Evolving people management to maximize individual potential

We have continuously evolved our people management approach with the aim of strengthening our human capital. For example, in 2006, based on the core concept that employees and the company contribute to and are rewarded through work, while growing together, we implemented major reforms, including the introduction of a job-based compensation system, the establishment of job categories aligned with expertise and skills, and various systems designed to support autonomous career development.

Then, beginning in 2022, we introduced significant changes to our people management framework under the concept of a "multi-package" approach, whereby different systems coexist within the same company to best support the execution of roles across businesses and functions with differing business

phases and competitive environments. In D-LAB, which is responsible for new business domains, we introduced a qualification and grading framework, along with related compensation, goal management, and evaluation systems, that are entirely different from those used in our existing businesses.

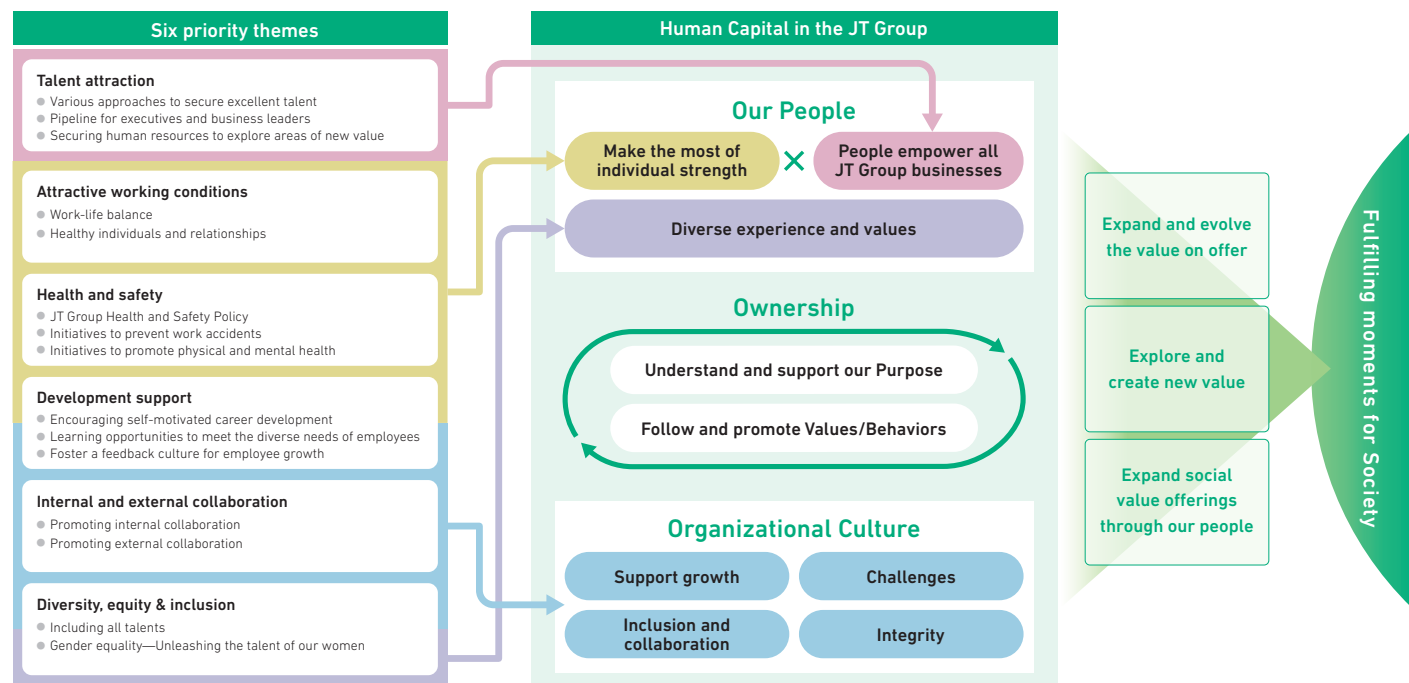
In addition, following the integration of the global management structure of the tobacco business, we have advanced the global standardization of HR systems and policies to maximize the use of the Group's human resources.

Most recently, we have been reviewing various systems to better support career development in an era of longer working lives, where living to 100 is becoming increasingly common, with the majority of these changes scheduled to be introduced from fiscal year 2027.

Pursuing continuous evolution

These initiatives represent only a part of the challenges we have undertaken in people management. Whenever we review systems that impact individual employees, as well as the organizational climate and corporate culture they collectively shape, top management becomes directly involved from the earliest stages, engaging in thorough discussions. We believe that the idea of "People come first"—the recognition that people are indispensable to corporate activities—is deeply embedded in the DNA of our Group.

Going forward, we will continue to evolve our people management approach so that we can consistently deliver value that surpasses the imagination and expectations of society, shareholders, and consumers, and earn their continued support as a Group that brings its Purpose to life.



Human Capital in the JT Group

Initiatives to strengthen human capital

Six priority themes

To strengthen our human capital, the JT Group aims to attract diverse talent from both inside and outside the Group, foster organizations where employees can thrive, and empower each individual to grow while maximizing their strengths and capabilities. To achieve this, we have established six priority themes. We have also established metrics to track the progress and effectiveness of initiatives under each theme, and continuously monitor them to verify and improve our initiatives. Going forward, we will continue promoting initiatives to strengthen human capital with the aim of further enhancing our corporate value.

Priority theme 1: Diversity, equity & inclusion

The JT Group believes that creating an environment where diverse people can continue to thrive leads to sustainable growth. We regard the various differences among employees, including their attributes and backgrounds, as valuable sources of competitiveness, and place great importance on diversity among our people. We are committed to creating an environment in which diverse people are treated fairly regardless of differences in attributes and values, and can continue to perform at their best.

● Promotion of diverse talent and support for their success

- We recruit people with diverse backgrounds and values, and provide employees with various training programs and awareness-building activities, including seminars and events, to deepen understanding of diversity.
- Aiming to create workplace environments where everyone can thrive, in Japan we are promoting initiatives to support the employment of people with disabilities and implementing multilingual measures to help employees of diverse nationalities succeed.

- As a result of our various initiatives supporting LGBTQ+ inclusion, in 2025 we received the highest Gold rating in the PRIDE Index for the 10th consecutive year, as well as our first Rainbow certification.



● Gender equity—Promotion of women's advancement

- We have established a Group target of achieving a 30% ratio of women in management positions by 2030. Beginning in 2025, the ratio of women in management positions was also introduced as a KPI linked to executive compensation. In 2025, the ratio of women in management positions reached 26.4% (+1.5 percentage points year on year), demonstrating steady progress.

* For fiscal 2025 results related to gender equity (male/female employee ratio, ratio of women in management positions, and gender pay gap), please refer to JT Group non-financial data (P. 79).

Item	Category	Male	Female	Total
Employee demographics	29 and younger	10.1	5.6	15.7
	30–49	48.9	17.5	66.4
	50 and older	13.6	4.3	17.9
Ratio of managerial positions		73.6	26.4	100
Gender wage differences*	Management	100	99.1	-
	Non-management	100	111.9	-

* Women's wages relative to men's (100%) were calculated by country and company, then weighted averages were calculated according to the number of employees.

Priority theme 2: Talent attraction

For the JT Group, which operates multiple businesses globally, sustainable growth requires securing the talent needed for each region and business. To remain a company of choice for diverse talent, we are working to secure highly capable people by establishing attractive compensation levels tailored to each region and business, as well as by recruiting talent in ways that reflect the characteristics of each business. In addition, we are focused on recruiting and supporting the growth of management talent who will lead the future of the Group, leaders for each business, talent that drives business expansion and optimization, and people who explore new areas of value for society.

● Various approaches to secure excellent talent

- We establish compensation benchmarks tailored to each region and business to ensure that our compensation levels remain attractive and competitive.
- JT International ("JTI") has been recognized as a Global Top Employer for 12 consecutive years, establishing a strong brand as an outstanding global company. At the same time, JTI conducts recruitment activities tailored to the circumstances of each country and region in order to attract highly capable talent.



● Pipeline for management and business leaders

- To secure management and business leaders over the medium to long term, we are enhancing selective early development programs and building talent pools of future management candidates at each organizational level.

Human Capital in the JT Group

- Approximately 500 employees participate in development programs as candidates for future management and business leadership roles. Of these, around 200 employees are directly supported by senior management and business leaders, who take responsibility for their development. In addition to monitoring their progress, management continuously engages in multifaceted discussions regarding each individual's potential, medium- to long-term development challenges, and career plans, while also incorporating perspectives such as objective external assessments and competitiveness in the labor market.

● Securing human resources to explore areas of new value

- D-LAB, the Group's corporate R&D organization, is engaged in activities aimed at providing "fulfilling moments" in new forms. By introducing HR systems tailored to the characteristics of these activities, D-LAB works to recruit and develop talent that supports new business development.

Priority theme 3: Attractive working conditions

The JT Group recognizes the importance of creating work environments that enable each employee to maximize their capabilities and contribute to organizational performance. We maintain systems that allow employees to autonomously choose workstyles that suit them, regardless of constraints related to work location or hours, or individual workstyle preferences. We are also working to create workplaces with a high level of psychological safety so that diverse talent can fully demonstrate their strengths and capabilities.

● Work-life balance

- We have introduced systems such as flextime without core hours and remote work arrangements, and are working to enhance organizational performance by enabling employees to maximize their capabilities through the best mix of flexible workstyles and work locations, including office-based and remote work.

- Under the "Global Family Leave Policy" at JT and JTI, all employees are entitled to paid equivalent leave of up to 20 weeks when they become parents, regardless of gender or sexual orientation.
- At JT, we introduced Wellness Advance as a new support initiative addressing health issues related to sex differences, including menstrual symptoms, menopause, declining fertility, and gender-specific cancers. We have also expanded support measures such as subsidies for egg freezing.
- In 2025, the ratio of employees across the Group taking parental leave and related leave improved to 102% (+4 percentage points year on year), while the ratio for male employees increased steadily to 102% (+6 percentage points year on year).
- As a target for the domestic Group, we aim to achieve a 100% uptake rate for parental leave and related leave among male employees by 2030.

[See Details](#) [JT Group Non-Financial Data \(P. 79\)](#)

Item	Male	Female	Total
Ratio of employees who took parental leave*	102	101	102

* Of the employees whose child was born, or whose partner gave birth, during the relevant fiscal year, the percentage of employees who took parental leave and related leave under applicable local laws and regulations, or childcare-related leave independently established by each company. If employees take parental leave or related leave in the current fiscal year for a child born in a previous fiscal year, the uptake rate may exceed 100% in the current fiscal year.

● Creating workplaces with high psychological safety

- We conduct annual employee engagement surveys across the Group. In the fiscal year 2025 engagement survey, the participation rate was 94%, unchanged from the previous year, while the employee satisfaction score improved by 1 point year on year to 79.
- We have also established a framework that enables pulse surveys to be conducted as needed by region or department to better understand organizational conditions and drive improvements. Through these initiatives, we are working to create organizations and workplaces where all employees feel safe and can make the most of their strengths and capabilities.

Priority theme 4: Health and safety

The JT Group recognizes that providing healthy, safe, and supportive working environments, both physically and mentally, is fundamental to enable all employees to perform at their full potential and to ensure stable and reliable business operations across the JT Group. That is why we uphold the philosophy of "People come first," placing the utmost importance on safety and health and aim for zero harm that is zero work-related physical injury or mental damage in the JT Group Health and Safety Policy. We put a range of measures in place, including strengthening safety culture and awareness, ensuring appropriate risk controls, and expanding health-related support under this policy.

[See Details](#) [JT Group Non-Financial Data \(P. 79\)](#) | [Health and safety](#)

● JT Group Health and Safety Policy

- To further promote health and ensure safety at work, we have established the JT Group Health and Safety Policy approved by the Board of Directors. In addition, we implement health and safety initiatives under the responsibility of the JT CEO and enhance group governance under a system supervised by the Board of Directors.

● Initiatives to prevent workplace accidents

- We are committed to achieving zero work-related accidents by implementing preventive measures tailored to the specific risks of each operation. Risk assessments have identified driving vehicles and machinery operation as high-risk activities.
- Based on these assessments, we are introducing an app at overseas locations that analyzes driver behavior and provides tailored individual advice, while also promoting the global acquisition of ISO 45001 certification at tobacco factories.
- In addition, we are implementing health and safety education and training at each company and location to foster awareness and knowledge of safety, as a foundation for continuous maintenance and improvement.

Human Capital in the JT Group

● Initiatives to maintain and promote physical and mental health

- At JT, KENKO Investment for Health is promoted under the leadership of the JT CEO. Through initiatives such as one-to-one interviews with employees conducted by occupational health staff across Japan, as well as seminars on self-care and managerial care, we support employees in promoting both physical and mental health so they can maximize their capabilities.
- Overseas, we are promoting various initiatives on a global basis, including data gathering related to occupational health to better understand risk and develop consistent approaches, as well as training Mental Health First Aiders who can provide an initial support within the workplace.



Priority theme 5: Development support

The JT Group believes that enabling each employee to realize the career they aspire to through their activities within the Group is important for strengthening human capital. As such, we actively support employees in independently thinking about and choosing their careers, and in taking action toward realizing their individual career plans.

● Mechanisms to encourage autonomous career development

- In addition to annual career discussions in which employees talk about their career plans, transfer preferences, and constraints, we also provide opportunities for employees to independently explore and pursue diverse career paths beyond their current departments.
- At JT, we have introduced a career challenge system that allows employees to apply once a year for transfers to organizations of their choice, and we also conduct career roundtables and internal internship programs.
- In the tobacco business, we operate a job posting system that globally discloses open positions and allows employees to apply independently. In 2025, 4,569 positions were posted internally, attracting a cumulative total of 8,146 applications.

● Learning opportunities to meet the diverse needs of employees

- We have introduced original, systematic learning programs that effectively combine on-the-job training, level-specific training, elective off-the-job training, and assessments, while identifying employees' strengths and challenges according to their stage of growth.

● Fostering a feedback culture that supports growth

- We have established systems such as performance review meetings that provide feedback on employees' strengths and challenges, as well as one-on-one meetings that encourage continuous dialogue and create opportunities for meaningful communication.
- Every year, all Group employees participate in meetings where they receive feedback on their performance and advice aimed at supporting improvement and growth.

Priority theme 6: Internal and external collaboration

The JT Group is working to create opportunities that foster collaboration across regions, functions, and employees within the Group. We also actively promote collaboration with external companies and community organizations, bringing together diverse perspectives and knowledge beyond the boundaries of the Group to encourage activities that create new forms of fulfilling moments.

● Promoting internal collaboration

- Using Workvivo, a digital communication tool shared across the Group, we encourage mutual understanding and knowledge sharing through the creation of various communities that transcend regions, businesses, and functions.
- As remote work becomes more widespread, we believe that offices are becoming increasingly important as places that promote collaboration. For example, at the JT Group head office, we regularly plan and hold events that encourage the use of the office for projects spanning regions, businesses, and functions, as well as interaction among employees beyond organizational boundaries, thereby creating opportunities for new ideas and collaboration.

● Promoting external collaboration

- We also place importance on providing opportunities for employees to engage with society as its members and proactively address social and regional issues. Through engagement with diverse external stakeholders, including companies, universities, research institutions, and community organizations, we are expanding opportunities for employees to gain perspectives and knowledge that cannot be obtained within the Group alone.
- As part of these efforts, we provide opportunities and establish programs that support employee participation in volunteer activities. Since 2015, employees have contributed a cumulative total of 296,595 hours to volunteer activities during working hours.

[See Details](#) [Details of the JT Group Sustainability Targets \(P. 68\)](#)

CORPORATE GOVERNANCE

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55	Skill Matrix

Roundtable Discussion with Directors

Fiscal year 2025 marked a period of significant change for the JT Group's management, including a transition in leadership and changes to the business portfolio. The Directors discussed key topics of interest raised through dialogue between Outside Directors and institutional investors. Presented below are excerpts from those discussions.

Deputy Chairman of the Board
Masamichi Terabatake

Outside Director
Kenji Asakura



Outside Director
Masato Kitera

Chairman of the Board
Shigeaki Okamoto

Outside Director
Yukiko Uchida

Q How does the Board of Directors view the JT Group's business portfolio, and what discussions are being held to enhance corporate value?

Transfer of the pharmaceutical business

Terabatake In fiscal year 2025, we made the bold decision to transfer the pharmaceutical business. The business had long contributed to the JT Group's profits through an integrated value chain together with Torii Pharmaceutical Co., Ltd. In recent years, however, it had faced growing uncertainty over its medium- to long-term growth potential within the Group due to factors such as the increasing difficulty of innovative drug discovery, intensifying global competition, and limitations on business activities associated with our position as a company centered on the tobacco business. At the same time, we believed that, in order to further develop the drug discovery capabilities and expertise cultivated within the JT Group into the future, the business should operate under a pharmaceutical company that recognizes the value of both the pharmaceutical business and Torii Pharmaceutical Co., Ltd., while placing a strong focus on innovative drug discovery. Following extensive discussions at the Board of Directors, we concluded that transferring the business to Shionogi & Co., Ltd., a pharmaceutical company with research and development at its core, was the best course of action.

As part of our corporate responsibility, we believe it is important to provide an environment in which the drug discovery capabilities we have built, together with the people supporting them, can continue to fully demonstrate their expertise. We also believe this will help foster and maintain the trust of our stakeholders. From this perspective, we view the transfer of the pharmaceutical business as a decision that will contribute to enhancing the JT Group's corporate value over the medium- to long-term.

Okamoto Looking back on the changes since JT's establishment in 1985, there are probably few Japanese companies that have undergone a transformation as dramatic as the JT Group. Even though the tobacco business was expected to remain stable in the years immediately following JT's establishment, the Group actively pursued diversification

and international expansion. I believe a sense of urgency about the Group's future served as a major driving force behind those efforts.

Discussions regarding the transfer of the pharmaceutical business extended beyond the future of a single business and were approached from a wide range of perspectives with the future of the Group as a whole in mind. At the Board of Directors, we shared an understanding of the situation regarding changes in the business environment surrounding the pharmaceutical business and its future growth potential, which enabled us to reach an appropriate decision regarding the transfer.

Toward the future growth of the JT Group

Terabatake To achieve sustainable profit growth over the medium- to long-term, the JT Group's business portfolio consists of the tobacco business, which serves as the core driver of profit growth, and the processed food business, which plays a complementary role in supporting profit growth. In the tobacco business, we position Reduced-Risk Products (RRP) as an important future growth area and plan to invest approximately 800 billion yen over the next three years. In the processed food business, we will leverage the strengths cultivated in Japan while focusing on expanding our core products, including noodles and seasonings, primarily in North America and Southeast Asia, as part of our medium- to long-term growth strategy. To continue delivering "fulfilling moments," we believe it is essential to continuously evolve the way we provide the value sought by society, guided by the realization of the JT Group Purpose. Through D-LAB, established in 2020, we are expanding our options for sustainable growth through the development of new businesses. Today, we are advancing more than 100 projects globally, some of which have already resulted in commercialized products. In addition, as of May 2026, the number of investments in startups had reached approximately 200. At the Board of Directors, while continuing to monitor the growth trajectory of our existing businesses, we also intend to support the continued growth of D-LAB.

Uchida D-LAB plays an extremely important role as the JT Group looks beyond the tobacco and processed food businesses and considers what its future should look like from a broader perspective. The concept of "fulfilling

Roundtable Discussion with Directors

moments” set forth in the JT Group Purpose is a very broad one, without a single fixed answer. “Fulfilling moments” can mean different things to different people, and the concept itself also varies across countries, cultures, and eras. Precisely because it is such a diverse concept, however, I believe it has the potential to resonate with a wide range of people. I hope D-LAB will continue to generate business seeds that people can relate to personally and offering perspectives that encourage people to think about the future of society and what “fulfilling moments” means. I would also like to contribute personally to helping advance those efforts.

Asakura Over the two years since I was appointed as an Outside Director, I have also seen a number of noteworthy initiatives in the tobacco business. For example, in 2024, the Group acquired Vector Group Ltd. in the United States, and more recently, technological development has been advancing rapidly in categories outside combustibles, including not only Heated Products but also Modern Oral and E-Vapor. I believe the continued strengthening of the portfolio—not only across businesses, but also across regions and product categories within the tobacco business itself—shows that the groundwork for medium- to long-term growth is being steadily put in place. At the same time, with respect to future growth areas, including the processed food business and D-LAB, a key issue will be how to chart a path for growth and nurture these areas into future business pillars while taking

into account their respective characteristics and time horizons. D-LAB in particular is an initiative aimed at expanding future options from a long-term perspective. Precisely because of this, I believe further discussions will be needed regarding the establishment of KPIs and milestones aligned with the progress of its initiatives, as well as roadmaps toward commercialization.

Kitera In 2025, together with Mr. Asakura, I participated for the first time in small meetings with institutional investors, where I was able to directly sense the strong interest investors have in the JT Group’s business portfolio transformation. Looking ahead, I hope to see the emergence of entirely new types of tobacco products as next-generation products in the tobacco business—products fundamentally different from conventional cigarettes and Heated Products. At the Board of Directors, we intend to closely monitor the direction of research and development with such possibilities in mind.

Q In 2025, JT appointed a new president for the first time in eight years. In making such an important management decision, what issues and considerations were discussed by the Board of Directors and the Advisory Panel on Nomination and Compensation in reaching that decision?

Okamoto At the JT Group, we continuously work to strengthen both the quality and depth of our pool of executive management candidates by identifying and developing individuals who are capable of advancing the Group’s management principle, the 4S model, and contributing to enhancement of corporate value over the medium- to long-term. With respect to the decision-making process, candidate proposals formulated by the president are deliberated by the Advisory Panel on Nomination and Compensation, with advice provided by the Outside Directors, before a final decision is made by the Board of Directors.

Terabatake During the process of selecting the next president, I, as the representative director at the time, regularly shared updates with each member of the Advisory Panel on Nomination and Compensation on the status of succession planning, beginning from the stage where multiple



candidates were under consideration. Discussions continued as the committee periodically reviewed progress. Once we had gained sufficient visibility on key issues such as the global expansion of RRP and the transfer of the pharmaceutical business, I explained to the committee that I wished to recommend Mr. Tsutsui as the most suitable candidate for the next president. Following deliberation, the committee determined that the recommendation was appropriate, which led to the public announcement last November.

Mr. Tsutsui brings extensive experience in business development, including past M&A initiatives. He was also involved in the launch of D-LAB, and in his previous role, he established the global operating structure for RRP and built a framework for expanding the product pipeline. He also led the development of Ploom AURA, a new Heated Products device, and successfully drove its rollout into global markets. These accomplishments clearly demonstrate both his expertise and leadership capabilities.

From my own experience working with him, one of Mr. Tsutsui’s greatest strengths is his strong commitment to innovation and consumer-centricity. He listens carefully and sincerely to consumers, stays close to the front lines of the business, and works tirelessly to implement improvements with a clear determination to deliver results. I believe this relentless drive to create new value is an essential quality for leading and growing the next generation of the JT Group.



Roundtable Discussion with Directors

Taking these experiences and leadership qualities into account, we concluded that his capabilities are well aligned with the challenges currently facing the JT Group, as well as those we expect to face going forward, and selected him as the next president.

Asakura Mr. Tsutsui has made a strong impression through his active participation in discussions at the Board of Directors. I also sense a strong commitment on his part to maintaining close communication with us Outside Directors through one-on-one meetings and other opportunities for dialogue. Going forward, I expect he will present a variety of new visions as the new president, and I look forward to seeing how those visions are translated into concrete strategies and KPIs.

Kitera Through my conversations with Mr. Tsutsui, I have come away with the impression that he is an excellent listener. I have high expectations that his strong communication skills will serve as an important foundation for demonstrating leadership as the new president.

As Mr. Okamoto also mentioned, securing the next generation of leadership talent is another important issue for the Board of Directors. We have had opportunities to engage in candid discussions with younger employees who will shape the future of the JT Group through sessions held between Outside Directors and younger employees of the Group. In conducting effective discussions at the Advisory Panel on Nomination and Compensation, I believe that this kind of direct dialogue with future executive management candidates is extremely valuable from a long-term perspective when considering management talent, and I hope we will continue these efforts going forward.

Q Governance across the JT Group's global operations is also an area of strong interest among institutional investors. How does the Board of Directors view governance across the Group as a whole?

Current state of global governance

Terabatake Since January 2022, we have unified the operating structures of the domestic and international tobacco businesses under a One Team structure in order to strengthen the management of the tobacco business.

The headquarters functions for the tobacco business, including the Japan market, were integrated into JTI in Switzerland, which serves as the headquarters for the international tobacco business. In addition to the R&D functions that had already been integrated, reporting lines for functions related to the tobacco business, including marketing, sales, manufacturing, leaf procurement, and quality assurance, have also been globally integrated. At the same time, strengthening governance in line with the One Team structure required us to establish both a robust foundational system and an organizational structure designed to minimize the risk of misconduct. Over the course of two years, we fully integrated the Enterprise Resource Planning (ERP) systems used in Japan and overseas in January 2024. Because we now operate a single global ERP instance and use common operational guidelines worldwide as the basis for decision-making, any decisions made overseas can be fully monitored by JT headquarters in Tokyo. In this way, our governance framework has also been strengthened from systems and infrastructure perspectives.

Okamoto Compared with other Japanese companies, the One Team structure may be considered a unique management model, but it was not established overnight. Through past overseas M&A, the JT Group expanded its business globally and, in the course of operating across more than 130 countries and regions, developed a management framework that respects autonomous decision-making at the local level based on appropriate governance—in other words, a management approach that empowers local organizations.

Under our rules governing authority and responsibilities, we clearly define responsibilities and decision-making authority related to organizational design and operations, while also establishing approval authority and procedures for important matters. For example, JT provides approvals, as appropriate, for matters such as business plans formulated by JTI, as well as investment proposals exceeding certain thresholds, thereby ensuring appropriate subsidiary governance.

In addition, the current management team includes members with extensive business experience at JTI, and we have adopted a structure under which the president of the Group also serves as president of tobacco



business. Under this framework, information is shared with the three directors concurrently serving as executive officers, including the president, in a timely manner. Through this structure, a strong relationship of trust has been fostered between JT's Board of Directors and JTI.

We believe governance is functioning effectively under the current structure. At the same time, amid growing uncertainty in the business environment, we believe it is important to continue engaging in effective discussions aimed at sustainable profit growth and enhancement of corporate value over the medium- to long-term, while continuously considering the form of governance best suited to the future of the JT Group.

Kitera What is most important is the awareness of management and the framework for information sharing. At the JT Group, information is promptly shared with the Board of Directors regardless of where issues arise, whether in Japan or overseas. Going forward, I believe it is important for the Board of Directors to maintain a strong awareness of global governance and to continue strengthening it through ongoing information sharing and discussions on a day-to-day basis.

Roundtable Discussion with Directors

Challenges ahead

Terabatake Governance of the tobacco business operates through two channels: involvement through the executive function and involvement through the oversight function. The executive function engages in regular and close communication with the head of JTI's tobacco business, including through in-person discussions, and shares updates with the oversight function on an ongoing basis. At the same time, Outside Directors have expressed a desire for even greater information sharing, and we recognize this as an issue to be addressed going forward. Under Mr. Tsutsui's leadership, we intend to further strengthen direct engagement between the oversight function and JTI.

Asakura I also believe there is room to further enhance information sharing between JTI and the Outside Directors. The execution function already maintains sufficient communication with JTI, and there are currently no major governance issues. However, as the business environment continues to change rapidly, it is important for Outside Directors to have timely and ongoing visibility into the key issues and risks facing JTI, including information that may be negative for the Group, in order to further strengthen the oversight function. For that reason, as Mr. Terabatake mentioned, I believe we should continue to expand opportunities for information sharing with Outside Directors, not only through meetings of the Board of Directors.



Q How do you intend to leverage your skills and experience to contribute to the enhancement of corporate value and the JT Group's sustainable growth?

Uchida The JT Group is a company centered on the tobacco business. However, I think it would be unfortunate if the Group's business activities were viewed in purely binary terms as either personally relevant or irrelevant depending solely on whether someone smokes. I am deeply interested in how the diverse concept of "fulfilling moments" will take shape, as well as how the JT Group will connect that concept to its business activities and articulate a broader vision for the future. As a Director, I hope to contribute from my own perspective by offering viewpoints and raising questions that may be difficult to recognize from within the organization alone, while supporting the process of cultivating and nurturing the seeds of "fulfilling moments."

Kitera The JT Group competes intensely with its competitors in markets around the world. Because market characteristics, regulations, and tax systems differ by country and region, I hope we can continue to create an environment globally that enables the Group to operate its businesses more effectively while taking these differences into account. At the Board of Directors as well, I intend to speak up based on my own convictions and fulfill my oversight role to help ensure that the JT Group stays on the right path.

Asakura I believe the areas where I can contribute most are business transformation and the creation of new businesses. As I mentioned earlier, D-LAB is currently engaged in a wide range of research initiatives. However, as these initiatives progress going forward, I believe there is room for improvement from a business management perspective, including clarifying specific progress indicators such as KPIs and designing roadmaps toward commercialization. While smaller-scale initiatives have already been commercialized the challenge will be how to grow them into the next generation of core businesses and over what kind of time horizon. As an Outside Director, I would like to continue encouraging further discussion and closely monitoring these efforts.

Terabatake Among the Directors who do not concurrently serve in executive roles, I am the only one with experience on the execution side within the Company. In that sense, I hope to serve as a bridge between the execution and oversight functions.



Under the new management structure, the immediate mission will be to grow the RRP business. Beyond that, however, the key challenge will be how to shape the business portfolio and enhance the growth potential of the JT Group as a whole.

Going forward, I expect Mr. Tsutsui to present a management vision that reflects his own perspective and looks even further ahead into the future. I intend to fully support those efforts while also ensuring that, should risks or other issues arise, consultations and reviews are initiated at an early stage so that the Board of Directors can engage in thorough discussions.

Okamoto As I mentioned at the outset, the dramatic transformation of the JT Group was driven by a constant sense of questioning and awareness of uncertainty about what the future might hold for the Company. Because the JT Group is a global company, it is particularly susceptible to the impacts of geopolitical developments and technological innovation. We must always remain highly attuned to changes in the world and continue adapting to them. The foundations for doing so were established during Mr. Terabatake's tenure as president, and going forward, I hope Mr. Tsutsui will continue to further evolve that framework.

By drawing on the expertise of our Outside Directors and ensuring that their perspectives are reflected in the Group's decision-making, we will continue working to strengthen the operation of the Board of Directors.

Corporate Governance

[See Details](#)
[Corporate Governance](#)
[JT Corporate Governance Policy](#)
[Corporate Governance Report](#)

This section introduces the basic approach, framework, and overview of operations for corporate governance as the foundation supporting the JT Group's growth.

Corporate governance structure

Basic policy

The JT Group believes that corporate governance is a framework for transparent, fair, timely and decisive decision-making in pursuit of the 4S model, our management principle. Pursuing the 4S model means striving to fulfill our responsibilities to our valued consumers, shareholders, employees and wider society, carefully considering the respective interests of these key stakeholder groups, and exceeding their expectations wherever we can.

We have established the JT Corporate Governance Policy in recognition that improvement in corporate governance is conducive to sustainable profit growth and corporate value over the medium- to long-term, and benefits our stakeholders and, in turn, helps to move the economy and society forward.

We will endeavor to continuously enhance our corporate governance as a key management priority.

Rationale behind the current governance regime

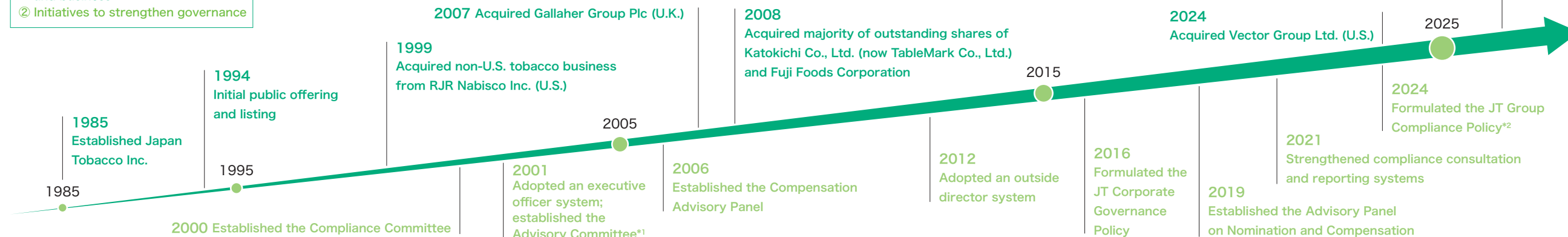
We are strengthening objective and impartial management oversight functions by positioning an independent and fair Audit & Supervisory Board that appropriately oversees the duties of Executive Officers and Members of the Board (hereinafter Directors). We have also streamlined our Board of Directors and expedited operational execution by delegating authority to Executive Officers, while establishing, on a voluntary basis, the JT Group Compliance Committee and the Advisory Panel on Nomination and Compensation. The former comprises the President and Chief Executive Officer (hereinafter CEO), Executive Vice Presidents and an outside expert; the latter consists entirely of Directors who do not serve as Executive Officers, and more than half the members are Independent Outside Directors. We have built an effective corporate governance regime.

Through such measures, we have adopted our current corporate governance regime as we believe it functions effectively with respect to operational execution and oversight.

● Evolution of the governance structure

① Major changes in management and business

② Initiatives to strengthen governance



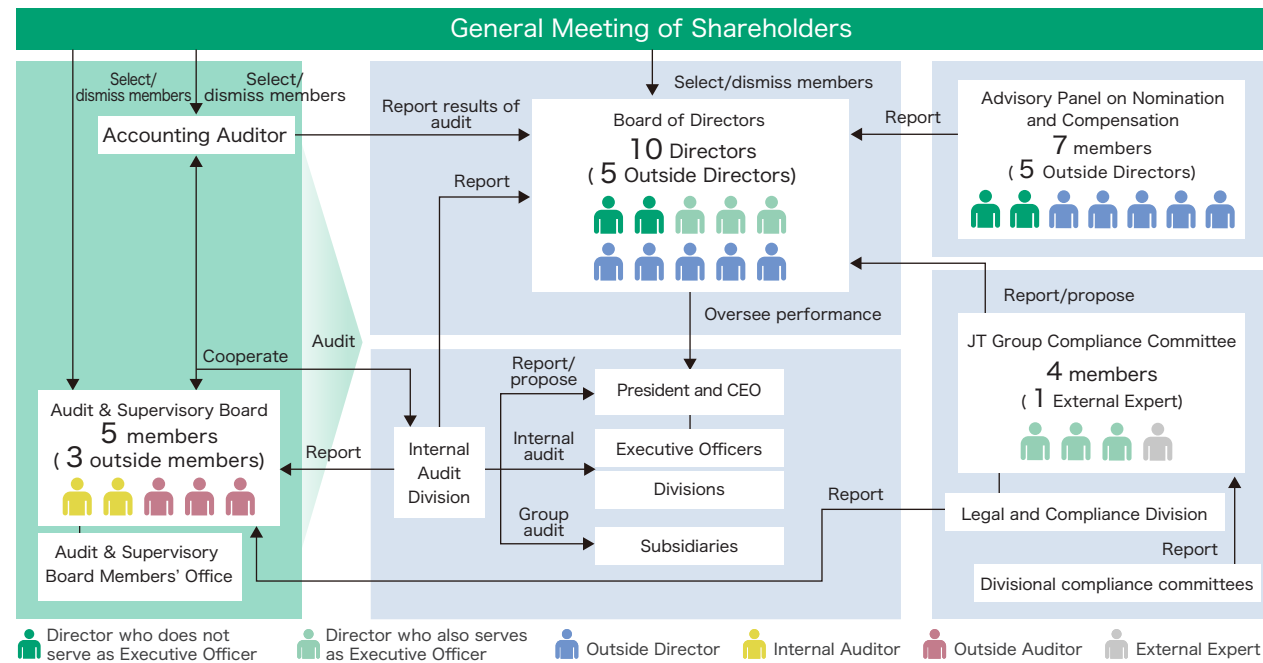
*1 The committee was abolished at the end of June 2014 following the introduction of the outside director system in June 2012.

*2 In conjunction with the restructuring of the Group compliance system, the Group's Code of Conduct was reorganized, and a policy summarizing the values and ethics of the JT Group, shared globally, was formulated.

Corporate Governance

An overview of the corporate governance structure of the Company is shown below.

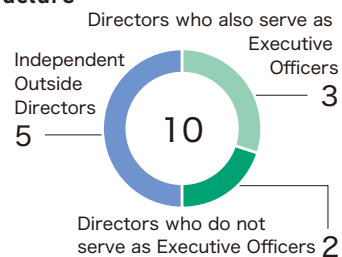
Corporate governance structure (As of March 25, 2026)



Board of Directors

The Board of Directors is the body responsible for determining JT Group management strategies and key issues, and for overseeing all business activities. Board of Directors meetings take place once a month in principle and additionally as needed in a timely manner, in order to make decisions on important matters, including those specified by laws and regulations, to supervise business execution, primarily through reports on the status of business execution.

Structure



Chairman: Shigeaki Okamoto (Chairman of the Board) **Number of meetings:** 17 in FY2025

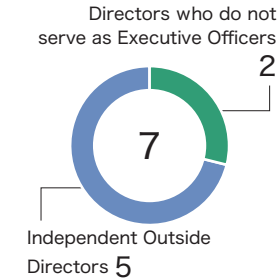
Key matters discussed (FY2025):

- Important matters such as formulation of management plans, appointment of Executive Officers, and withdrawal from the pharmaceutical business through its transfer
- Progress on financial results, financial matters, and sustainability strategies
- Matters related to Group compliance, risk management, and internal control
- Matters related to the evaluation of the effectiveness of the Board of Directors and the Advisory Panel on Nomination and Compensation

Advisory Panel on Nomination and Compensation

The Advisory Panel on Nomination and Compensation deliberates on matters including the selection of candidates for Directors and Audit & Supervisory Board Members and reports its recommendations to the Board of Directors. Based on these recommendations, the Board of Directors deliberates on executive appointments and remuneration, thereby further enhancing the objectivity and transparency of its decision-making and strengthening its oversight functions.

Structure



Chairman: Tetsuya Shoji (Independent Outside Director)

Number of meetings: 4 in FY2025

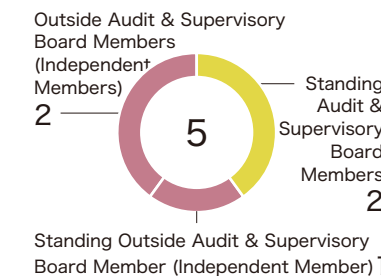
Key matters discussed (FY2025):

- Selection of candidates for the Board of Directors and discussions on the skills matrix
- Discussions regarding the selection of peer companies for benchmarking remuneration levels, etc.
- Confirmation of remuneration levels
- Review of executive candidate pool
- Discussions regarding key performance indicators for executive bonuses and performance share units

Audit & Supervisory Board

The Audit & Supervisory Board consists of five Audit & Supervisory Board Members with extensive experience in management, law, finance, accounting and other fields. The Audit & Supervisory Board conducts operational and accounting audits and actively exercises its authority as an independent body entrusted by shareholders, including attending and speaking at Board of Directors and other important meetings, as well as actively inspecting business sites. In addition, it conducts audits appropriately from an objective viewpoint in accordance with the respective roles of the Outside/Standing Audit & Supervisory Board Members.

Structure



Chairman: Hideaki Kashiwakura (Standing Audit & Supervisory Board Member)

Number of meetings: 14 in FY2025

Key matters discussed (FY2025):

- Discussion and preparation of audit policies
- Discussion and preparation of Audit & Supervisory Board audit reports

Corporate Governance

Evaluation of the effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors annually through a self-assessment questionnaire completed by all Directors and Audit & Supervisory Board Members, covering areas such as the Board's operational structure, oversight functions, and dialogue with shareholders and investors. The results are compiled, and the Board of Directors reviews and analyzes these results while addressing the issues identified.

Evaluation of effectiveness in FY2025

Evaluation items for the FY2025 questionnaire

The evaluation was conducted for a total of 15 Directors and Audit & Supervisory Board Members, covering the period from January to December 2025. In addition to items that should be continuously monitored, the questionnaire was designed to confirm improvements in issues identified in the fiscal 2024 evaluation. In addition, we designed questions to capture expectations regarding the establishment of a medium- to long-term governance structure and, from 2025, introduced new questions related to the individual evaluation of Outside Directors.

Evaluation items	1. Role, function and composition of the Board of Directors (5 questions)	5. Voluntary committees (2 questions)
	2. Operation of the Board of Directors (3 questions)	6. Assessment of progress on issues identified in the previous evaluation (5 questions)
	3. Collaboration with auditing organizations and risk management (3 questions)	7. Open-ended questions
	4. Relationships with shareholders and investors (3 questions)	8. Contributions of Outside Directors

Note: To ensure objectivity in the evaluation and further improve the effectiveness evaluation process, we engaged an external organization to provide advice on the design of the questionnaire and the analysis of the results.

Evaluation results in FY2025 and future initiatives

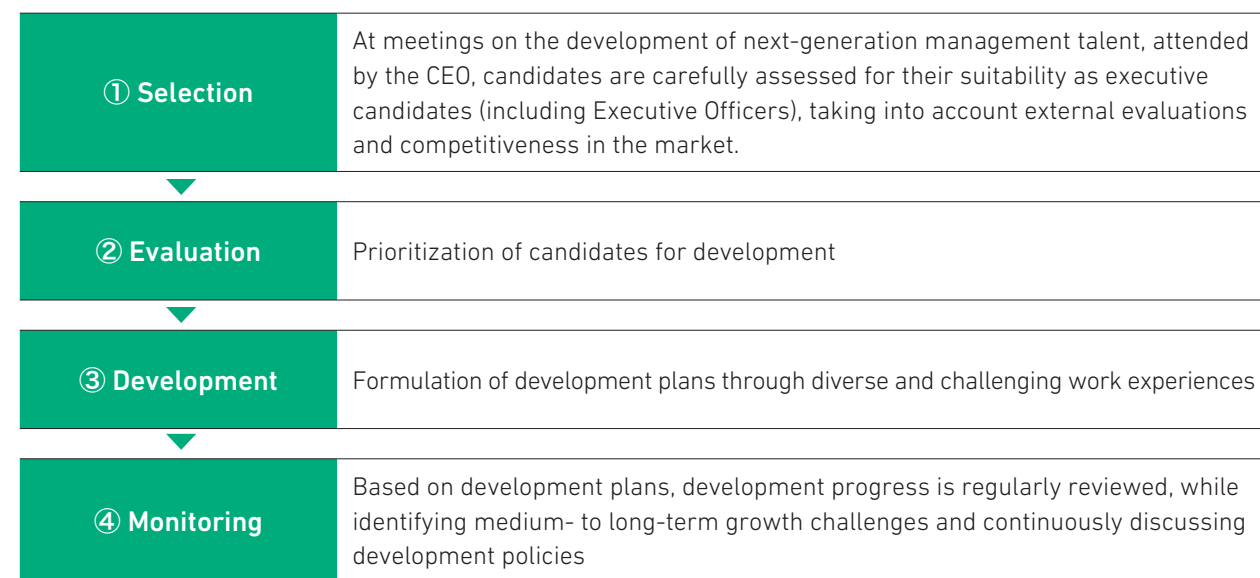
As in fiscal 2024, the Board effectiveness evaluation for fiscal 2025 yielded generally positive results across all evaluation items, confirming that the Board's effectiveness continues to improve and that it is operating effectively. In addition, the initiatives undertaken to address issues identified in the fiscal 2024 effectiveness evaluation were positively assessed, and continued efforts in these areas are expected. The Board will continue its deliberations and pursue further enhancement to improve its effectiveness on an ongoing basis.

Key issues	Initiatives going forward
<ul style="list-style-type: none"> Continued strengthening of the supervisory functions of the Board of Directors Continued enhancement of effective and efficient operations of the Board of Directors 	<ul style="list-style-type: none"> Further enhancing opportunities to focus on discussions of medium- to long-term governance and key management issues Further enhancing communication among Directors, including through opinion exchange meetings Continuous improvement of the operation of the Board of Directors

Development of next-generation management talent and succession planning

The Company recognizes that the continuous development of next-generation management talent to lead the future of the Group, as well as the qualitative and quantitative expansion of the candidate pool, is one of its key management priorities.

Talent development and evaluation process



Specific initiative: JT-Next Leaders Program (NLP)

The Company implements NLP with the aim of continuously developing young top management talent to lead the Group's operations both in Japan and overseas.

Launched in fiscal 2013, the program targets employees aged 40 or younger who meet the eligibility criteria. Candidates are selected through an objective process that combines multiple assessments, including interviews conducted by executives and external interviewers. Those selected receive prioritized development support over several years to foster their growth.

Through these initiatives, the Company is strengthening its management talent pool from a younger generation and enhancing the competitiveness of its talent.

Corporate Governance

Executive remuneration

Executive remuneration policy

The Board of Directors establishes policies on executive remuneration, including the method for determining individual remuneration for Directors. To ensure independence and objectivity, these policies are determined by the Board based on deliberations and recommendations by the Advisory Panel on Nomination and Compensation, which is composed entirely of Directors who do not serve as Executive Officers, with a majority being Independent Outside Directors.

Based on these policies, the Company's basic approach to executive remuneration is as follows:

- Set remuneration at a level appropriate to attract and retain highly capable personnel
- Implement a performance-linked remuneration system that incentivizes the achievement of business results
- Align remuneration with the Company's medium- to long-term corporate value
- Ensure transparency through objective and quantitative frameworks

Composition of executive remuneration

Executive remuneration consists of (1) a monthly "base salary" and (2) an "executive bonus" linked to the Company's business performance for a fiscal year, as well as (3) "restricted stock remuneration" and (4) "performance share units," both of which are linked to corporate value over the medium- to long-term.

The Company introduced restricted stock remuneration and performance share units in 2020 to strengthen initiatives that contribute to increasing corporate value over the medium- to long-term and to further align interests with shareholders.

The composition and components of executive remuneration are as follows.

		Base salary	Executive bonus	Restricted stock remuneration/ Performance share units
Internal Directors	Directors who also serve as Executive Officers	○	○	○
	Directors who do not serve as Executive Officers	○	-	-
Outside Directors		○	-	-
Audit & Supervisory Board Members		○	-	-

Internal directors who also serve as Executive Officers

For Directors who also serve as Executive Officers, remuneration consists of "base salary," "executive bonus," "restricted stock remuneration," and "performance share units," as they are expected to achieve performance targets through day-to-day business execution.

Monthly remuneration	Short-term incentive remuneration	Medium- to long-term incentive remuneration
Monetary remuneration		Equity remuneration
<ul style="list-style-type: none"> • Base salary 26 ~ 33% 	<ul style="list-style-type: none"> • Executive bonus (performance-linked) 26 ~ 30% 	<ul style="list-style-type: none"> • Restricted stock remuneration • Performance share units (PSU, performance-linked) 37 ~ 49%

Notes: *1 The composition ratios vary depending on the duties of Directors, with ranges indicated in the table.

*2 The ratio of restricted stock remuneration to performance share unit plan is approximately 3:1.

*3 Under the performance share unit scheme, 50% is paid in cash to cover tax obligations.

*4 The above table shows the composition ratios of remuneration assuming that the executive bonus and performance share units are paid at standard levels. These ratios may fluctuate depending on the Company's performance, share price, and remuneration levels of benchmark companies.

Internal Directors who do not serve as Executive Officers

Internal Directors and non-executive officers receive remuneration that consists solely of base salary and excludes performance-linked remuneration, as they are responsible for determining overall management strategies to enhance corporate value and for fulfilling oversight functions, including monitoring the execution of medium- to long-term growth strategies.

Outside Directors

Remuneration for Outside Directors consists solely of base salary and does not include performance-linked remuneration to ensure their independence. In addition, an Outside Director who serves as Chair of the Advisory Panel on Nomination and Compensation receives remuneration at a level that includes an additional amount reflecting the responsibilities of the Chair, on top of the standard remuneration level for Outside Directors.

Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board Members consists solely of base salary, in view of their primary responsibility for conducting compliance audits.

Corporate Governance

Components of executive remuneration

Base salary

Paid monthly at a level determined in accordance with roles and responsibilities

Executive bonus

Monetary remuneration reflecting performance for a single fiscal year

KPI for executive bonus	Purpose/Details	Ratio
Core revenue at constant currency	Assess the top-line growth rate. Introduced given the significance of assessing top-line growth to realize medium- to long-term sustainable profit growth	15%
Adjusted operating profit at constant currency	Assess the performance of business itself, which is the foundation of sustainable profit growth	35%
Adjusted operating profit at constant currency	Assess business performance including the FX impact. Introduced to assess current performance from a multifaceted perspective considering the balance between the constant FX basis and reported basis	25%
Profit	Introduced to promote the alignment of interests with shareholders by reflecting the achievement of profit growth in executive compensation.	25%
RRP-related qualitative evaluation index	Assess qualitatively the implementation of strategies and attainment rate regarding RRP, our focus area	±10%

Restricted stock remuneration

- A share-based remuneration system designed to further align interests with shareholders and enhance medium- to long-term corporate value
- Based on a resolution of the Board of Directors, monetary claims are granted each fiscal year as remuneration relating to restricted stock

Performance share units (PSU)

- A performance-linked share-based remuneration system designed to further align interests with shareholders, enhance medium- to long-term corporate value, and strengthen commitment to achieving medium-term performance targets
- After the three-year performance evaluation period commencing from the applicable fiscal year, monetary claims and cash are granted as remuneration for the delivery of the Company's common stock, based on the degree of achievement of performance targets during the evaluation period

KPI for PSU	Purpose/Details	Ratio
Profit	Introduced to promote the alignment of interests with shareholders by reflecting the achievement of profit growth in executive compensation.	100%
ESG indicators	Introduced to further enhance alignment with investors on evaluation perspectives. In addition to indicators related to efforts to achieve Net-Zero, the ESG-related index for fiscal 2025 will include those efforts to promote DE&I, which are part of the JT Group Sustainability Targets. Specifically, the indices are ① the achievement level of the greenhouse gas emissions reduction target and ② the achievement of a target ratio of female management positions	①±5% ②±5%
RRP-related quantitative evaluation index	Assesses quantitatively the degree of achievement of sales volume targets for Heated Products in RRP, a focus area	±10%

For details on executive remuneration, please visit the [Corporate Governance](#).

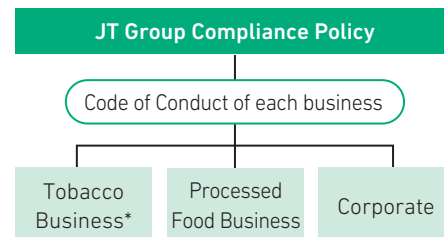
Systems for Supporting the Effectiveness of the Corporate Governance Structure

We have put in place internal control systems involving compliance, risk management, and internal audits for the purpose of supporting the effectiveness of the corporate governance structure, which is led by the Board of Directors. We will continue to periodically revise these existing systems on an ongoing basis in an effort to maintain and enhance the corporate structure for the appropriate execution of business.

Compliance system

Basic concept

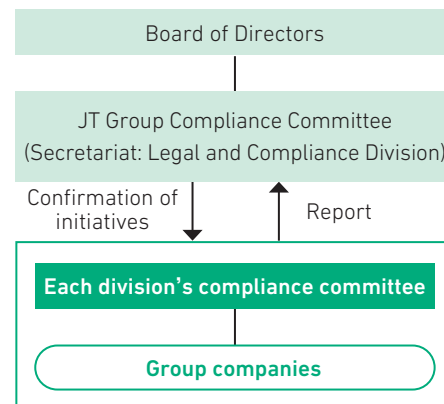
Based on the regulations established by the Board of Directors, we have formulated the JT Group Compliance Policy, which defines the globally shared values and ethics of the JT Group, to ensure that Directors and employees act appropriately and comply with laws and regulations, the Articles of Incorporation, and social norms. Accordingly, we have also established business unit compliance codes of conduct for each corporate and business division. These codes of conduct are aligned with the JT Group Compliance Policy and adapted to their unique environments and characteristics to ensure thorough compliance throughout the Group.



* In Japan, a code of conduct has been established and implemented by adding Japan-specific perspectives to the globally unified code of conduct

Promotion and supervisory systems

The Company has established the JT Group Compliance Committee, which consists of the CEO, Executive Vice Presidents, and external experts. This Committee oversees and promotes compliance across the JT Group as a whole and plays the role of a deliberative body that ensures accountability to the Board of Directors. The CEO serves as committee chair. The Company appoints an Executive Officer in charge of compliance who oversees the Legal and Compliance Division, thereby striving to establish/promote a crossover system on a Group-wide basis as well as to grasp the issues. Furthermore, the divisional compliance committees established within each corporate and business division autonomously deliberate on compliance-related matters for their respective divisions. The JT Group Compliance Committee, meanwhile, receives reports from each divisional compliance committee, and reports the details of these to the Board of Directors after grasping and deliberating on the status of JT Group-wide initiatives.



Compliance practice and improvement

In fiscal 2025, two JT Group Compliance Committee meetings were held to deliberate on initiatives aimed at promoting compliance and other matters. The results of these deliberations were reflected in the compliance action plan for fiscal 2026 formulated by each department.

The compliance promotion departments of the Company and its subsidiaries (namely, the Legal and Compliance Division in the Company, and corresponding departments in subsidiaries) distribute divisional compliance codes of conduct to the Directors and employees of the Company. The compliance promotion departments also conduct educational and awareness-raising activities through training and other programs in an effort to enhance the effectiveness of compliance.

Compliance survey implementation

We conduct a Group-wide compliance survey annually. The survey response rate for fiscal 2025 was 96.5%. The results of the survey are reported to Directors and employees, and the relevant departments use these results to evaluate compliance initiatives and to formulate and implement improvement measures.

Internal reporting system (whistleblower system)

Group companies have set up hotlines for Directors and employees and other parties to report acts suspected of being legal/regulatory violations and other such concerns. Compliance promotion departments that receive a report or query via their hotlines investigate its details and then take action, including recurrence prevention measures, as needed. Additionally, we have set up another hotline apart from the one staffed by the Legal and Compliance Division. The second hotline is independent of organizational units involved in operational execution and staffed by Audit & Supervisory Board Members, who investigate the details of any reports or queries received via the hotline. JT then takes action, including recurrence prevention measures, as needed, and refers or reports serious problems involving the JT Group to the divisional compliance committees and the JT Group Compliance Committee for further review as needed.



Compliance consultation reporting hotline guide

Systems for Supporting the Effectiveness of the Corporate Governance Structure

Risk management system

The JT Group has introduced enterprise risk management (ERM) across the entire Group in order to contribute to the Group's sustainable profit growth and enhancement of corporate value over the medium to long term, and to strengthen the framework that enables transparent, fair, swift, and definitive decision-making within the Group. By identifying risks that may impact the Group and evaluating them in terms of both impact and likelihood, we select important risks to be addressed as a priority, formulate response plans, and conduct monitoring. In promoting ERM, we have established a structure where the CEO serves as the responsible officer, and discussions are conducted with the Executive Vice Presidents and the Executive Officer in charge of ERM (Senior Vice President in charge of corporate governance) appointed by the CEO. ERM is also implemented in each business with the division heads of the tobacco and processed food businesses taking responsibility, and the details are reported to the Executive Officer in charge of ERM. The inclusion of the Executive Officer in charge of ERM, who oversees the risk status of the business, in discussions enables the identification of important risks across the Group. These important risks identified through discussions involving the CEO, Executive Vice Presidents, and the Executive Officer in charge of ERM are addressed under the responsibility of the response managers designated by the CEO (each business division head and the Executive Officer in charge of corporate), who formulate response plans and conduct monitoring, and the results are reported to the CEO, Executive Vice Presidents, and the Executive Officer in charge of ERM. The status of these initiatives is reported to the Board of Directors at least once a year. By appropriately managing risks, the Group is able to appropriately seize opportunities for business growth and strategic business development.

[See Details](#) [Risk factors \(P. 82\)](#)

Information security

We have established information security regulations to clearly demonstrate our commitment to information security and comprehensively promote information security measures on an ongoing basis. Specifically, we have adopted the JT Group IT Governance Policy and JT Group Information Security Standards and mandated and implemented the required IT risk mitigation measures, including access restrictions, antivirus defenses, education, audits, and monitoring. We strive to manage and safeguard our IT systems, data and other information assets in an appropriate manner. We are continuously pursuing initiatives to strengthen our information security with respect to both hardware and software.

Hardware-wise, we continually test and improve our key IT systems' security-related technologies and operations, including requests to suppliers. Software-wise, we conduct the i-SECURE information security educational program, which was developed by the Company on a global basis to promote proper handling of information assets by all employees. Among the multiple options offered through i-SECURE, 96% of all JT Group company employees attended e-learning programs. The i-SECURE program's effectiveness is regularly measured. Indications are that it is instrumental in raising awareness of information security among employees.



Scenes from the i-SECURE event held in Japan

Systems for Supporting the Effectiveness of the Corporate Governance Structure

Internal auditing

Company internal audits

Set up to be independent of organizational units involved in operational execution and reporting directly to the CEO, JT's Internal Audit Division seeks to enhance the adequacy and effectiveness of business management by examining and assessing controlling/operating systems that relate to all business activities, as well as the status of business execution, from an objective standpoint. To fulfill its responsibilities, the Company's Internal Audit Division has unrestricted authority to observe all activities, inspect all records, and question all personnel on a Group-wide basis.

Annual internal audit plans are subject to the CEO's approval. The head of the Internal Audit Division mandatorily reports internal audit results to the CEO, and reports to the Board of Directors annually. The head of this Division may freely and regularly confer with the CEO and our subsidiaries' senior-most executives about internal audit findings, internal control statuses and risk assessments.

Group subsidiary internal audits

Our subsidiaries may set up internal auditing organizations at their own discretion. Those that have done so include major subsidiaries JTI, TS Network, and TableMark. Subsidiaries' internal audit plans are approved by, and their audit results are reported to, their respective presidents or the Board of Directors. The Company's Internal Audit Division coordinates internal audits with subsidiaries' internal auditing organizations. Subsidiaries' annual internal audit plans and their internal audit results are reported to the Group CEO and our Board of Directors through our Internal Audit Division. To increase the efficiency and effectiveness of internal audits, we periodically hold meetings to improve audit quality through information sharing among internal auditing staff across the Group. We also conduct joint audits with and provide auditing assistance to subsidiaries as necessary.

Internal control system for JTI as the operator of the tobacco business

Executives of JT International Holding B.V., which serves as the holding company for JTI, also include JT's executive officers and others, who play a role in enhancing the effectiveness of strategic decision-making across the entire tobacco business.

In addition, important decision-making authority and approval procedures related to the tobacco business, including JTI, are stipulated in the authority regulations and other relevant policies. Although a certain degree of authority is delegated to JTI to ensure the agility of business operations, the Group strives to secure subsidiary governance by requiring the Company's approval for matters such as budgets and management plans formulated by JTI, as well as investment deals exceeding a certain amount.

In addition, the Company's Audit & Supervisory Board Members and the Internal Audit Division have the right to audit JTI. Accordingly, Audit & Supervisory Board Members conduct audits of JTI as appropriate. JTI's Internal Audit Division is the primary party responsible for conducting internal audits for the tobacco business, while JT's Internal Audit Division works closely with JTI's Internal Audit Division to conduct audits in areas of operations where the Company and JTI are working together.

Directors and Audit & Supervisory Board Members

C : Chairman of the Advisory Panel on Nomination and Compensation

M : Members of the Advisory Panel on Nomination and Compensation

10 Directors (including 5 Outside Directors)



Shigeaki Okamoto

M

Chairman of the Board

Date of birth: February 20, 1961
Tenure: 4 years
Number of shares held: 1,900



Masamichi Terabatake

M

Deputy Chairman of the Board

Date of birth: November 26, 1965
Tenure: 8 years
Number of shares held: 375,335



Takehiko Tsutsui*

Representative Director and President, CEO

Date of birth: January 23, 1975
New
Number of shares held: 41,500



Koji Shimayoshi*

Representative Director and Executive Vice President

Date of birth: March 7, 1968
Tenure: 2 years
Number of shares held: 76,800



Kei Nakano*

Representative Director and Executive Vice President

Date of birth: March 1, 1968
Tenure: 3 years
Number of shares held: 82,941



Masato Kitera

M

Director (Independent Outside Director)

Date of birth: October 10, 1952
Tenure: 5 years
Number of shares held: 0



Tetsuya Shoji

C M

Director (Independent Outside Director)

Date of birth: February 28, 1954
Tenure: 4 years
Number of shares held: 0



Hiroko Yamashina

M

Director (Independent Outside Director)

Date of birth: May 20, 1963
Tenure: 2 years
Number of shares held: 0



Kenji Asakura

M

Director (Independent Outside Director)

Date of birth: December 11, 1955
Tenure: 2 years
Number of shares held: 0



Yukiko Uchida

M

Director (Independent Outside Director)

Date of birth: July 22, 1975
New
Number of shares held: 0

5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members)



Hideaki Kashiwakura

Standing Audit & Supervisory Board Member

Date of birth: February 28, 1969
Tenure: 3 years
Number of shares held: 12,128



Tsutomu Hashimoto

Standing Audit & Supervisory Board Member

Date of birth: May 31, 1967
Tenure: 3 years
Number of shares held: 1,584



Shigeru Taniuchi

Standing Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)

Date of birth: September 7, 1962
Tenure: 3 years
Number of shares held: 0



Nobuo Inada

Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)

Date of birth: August 14, 1956
Tenure: 3 years
Number of shares held: 0



Emiko Takeishi

Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)

Date of birth: February 16, 1960
Tenure: 2 years
Number of shares held: 0

(As of March 25, 2026)

Notes: 1. Please refer to the [Notice of Convocation of the Ordinary General Meeting of Shareholders](#) for reasons for appointment of Directors and Audit & Supervisory Board Members.

2. We have established a set of independence criteria. Please refer to the [JT Corporate Governance Policy](#) for details.

3. The Directors marked with * also serve as Group Executive Officers.

[See Details](#)

[Executive Officers](#)

[JTI Executive Committee members](#)

Skill Matrix

The concept of skills necessary for the Directors

The Company will pursue the 4S model, the Group's management principle, and realize the JT Group Purpose. The area of "human enrichment" undergoes changes in various ways with the times and the people, and the Company will strive to evolve constantly so that it can continue to be trusted by society and make valuable contributions in this area in the future. On that basis, the Company believes that it is important for its Board of Directors to comprise diverse professionals who agree with the 4S model and the Purpose, with a high sense of ethics and integrity as well as knowledge, experience and skills.

In order for the Board of Directors, comprising members based on the above view, to properly fulfill its roles and responsibilities, the Company particularly expects each Member of the Board to demonstrate skills based on their knowledge and experience in the following areas, and believes that the Board of Directors as a whole has the necessary skills.

Areas in which skills are expected to be particularly effective

- "Corporate Management," including the JT Group's management strategy, operations, and business strategy that contribute to sustainable profit growth and enhancement of corporate value based on the 4S model, our management principle.
- "Global Management," which is essential for the JT Group, which operates globally, in order to achieve medium-to long-term business growth.
- "Corporate Finance, Accounting and Capital Policy" and "Legal, Compliance and Risk Management," which are the basis of decision-making for effective management and business activities for our corporate value growth and business continuity.
- "IT/Information Security," which is one of the important management foundations for strengthening the competitiveness of the JT Group and for business continuity.
- "Corporate Governance," which is the foundation of our corporate activities in order to maximize stakeholder value, pursue sustainable profit growth, and grow our corporate value over the long term.
- "Sustainability/Environment and Society," which we consider to be the core to our management initiatives and for which we formulate strategies based on the 4S model and materiality analysis, in order to contribute to building a sustainable environment and society through the realization of the JT Group Purpose.
- "DE&I (Diversity, Equity & Inclusion)/Organizational Behavior and Human Resource Management," to respect different backgrounds and values, such as gender, sexual orientation, age, and nationality, as well as experience and expertise, and promote investment in human resources including growth support focusing on personnel diversity, and the creation of an environment where diverse employees can perform to the best of their abilities.
- "Business Development/M&A" to formulate strategies and carry out measures for further development and business growth in order to continue providing "human enrichment" in accordance with an ever-changing society and the values of people.

In addition, in light of the roles and responsibilities of Audit & Supervisory Board Members to oversee the job performance of Members of the Board, we are particularly expecting Audit & Supervisory Board Members to demonstrate their skills in the areas of "Corporate Finance, Accounting and Capital Policy," "Legal, Compliance and Risk Management," and "Corporate Governance." We believe that the entire Audit & Supervisory Board has the necessary skills.

Skills matrix for proposed Directors and Audit & Supervisory Board Members (As of March 25, 2026)

Name	Position	Areas in which skills are expected to be particularly effective								
		Corporate Management	Global Management	Corporate Finance, Accounting and Capital Policy	Legal, Compliance and Risk Management	IT/Information Security	Corporate Governance	Sustainability/Environment and Society	DE&I/Organizational Behavior and Human Resource Management	Business Development/M&A
Shigeaki Okamoto	Chairman of the Board			●	●		●	●	●	
Masamichi Terabatake	Deputy Chairman of the Board	●	●		●	●	●	●	●	●
Takehiko Tsutsui	Representative Director	●	●	●	●		●	●	●	●
Koji Shimayoshi	Representative Director	●	●		●	●	●	●	●	●
Kei Nakano	Representative Director	●		●	●		●			●
Masato Kitera	Outside Director		●		●		●	●	●	
Tetsuya Shoji	Outside Director	●	●			●	●		●	●
Hiroko Yamashina	Outside Director	●		●	●		●		●	
Kenji Asakura	Outside Director	●	●			●	●	●		●
Yukiko Uchida	Outside Director		●				●	●	●	●
Hideaki Kashiwakura	Standing Audit & Supervisory Board Member	●	●	●			●		●	●
Tsutomu Hashimoto	Standing Audit & Supervisory Board Member		●	●	●	●	●			
Shigeru Taniuchi	Standing Audit & Supervisory Board Member Outside Audit & Supervisory Board Member			●	●		●	●	●	
Nobuo Inada	Outside Audit & Supervisory Board Member			●	●		●	●	●	
Emiko Takeishi	Outside Audit & Supervisory Board Member				●		●	●	●	