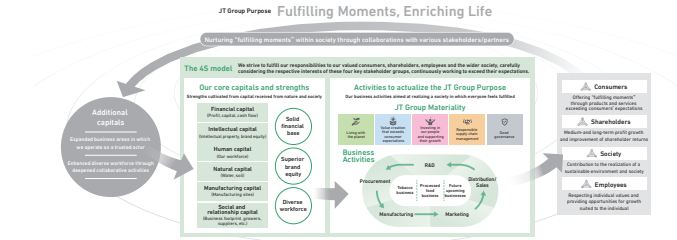


# Capitals and Business Activities

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.



## The accumulation and use of capitals

R&D	Procurement	Manufacturing	Marketing	Distribution/Sales
<ul style="list-style-type: none"> <li>Development of new technologies and products that meet consumer needs and preferences at the R&amp;D sites of each business, along with continuous accumulation of intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>Optimization of supply through long-term relationship building with tobacco leaf growers, dealers, and various suppliers over many years (social and relationship capital)</li> <li>Realization of stable, cost-competitive procurement of high-quality raw materials (natural capital)</li> </ul>	<ul style="list-style-type: none"> <li>Global production system (manufacturing capital) for stable manufacturing of high-quality products that meet consumer needs</li> <li>Inspection program that ensures high-quality standards</li> </ul>	<ul style="list-style-type: none"> <li>Strong brand equity (intellectual capital) of product groups to support provision of products that meet consumer needs</li> <li>Thorough compliance with marketing-related laws, regulations, and guidelines for products provided in the tobacco business</li> </ul>	<ul style="list-style-type: none"> <li>Developing sales strategies based on strong relationships with distributors (social and relationship capital)</li> <li>Building of distribution networks optimized for consumer needs and adapted to the business environment</li> </ul>

### Capitals in the RRP category

The JT Group is also employing various capitals in RRP, a category in which it actively invests. While this category is in an investment phase with substantial capital directed toward new accumulation, a capital circulation process that will support further future growth is taking shape.

#### Initiatives aimed at accumulating capitals

<p><b>Financial capital</b></p> <ul style="list-style-type: none"> <li>Drawing on combustibles' earnings to strategically invest in RRP: Investment plan of approximately 800 billion yen for 2026-2028 (comprising sales promotion 80%, R&amp;D 10%, CAPEX 10%)</li> <li>Contributing to profits through share growth and increased volume</li> </ul>	<p><b>Intellectual capital</b></p> <ul style="list-style-type: none"> <li>Engaging in fundamental and applied research as well as product development under a unified global R&amp;D organization</li> <li>Formulating a brand value communication strategy</li> <li>Undertaking RRP development that exceeds consumers' expectations; strengthening the product pipeline</li> <li>Strengthening Ploom brand equity</li> </ul>	<p><b>Human capital</b></p> <ul style="list-style-type: none"> <li>Sharing best practices with respect to RRP sales as well as market and other trends across markets</li> <li>Recruiting talent with specialized knowledge in such areas as the development of electronic devices</li> <li>Strengthening RRP sales talent training</li> <li>Accelerating and streamlining product development</li> </ul>	<p><b>Natural capital</b></p> <ul style="list-style-type: none"> <li>Responsibly sourcing conflict minerals used in RRP devices</li> <li>Introducing a collection and recycling program primarily targeting devices</li> <li>Mitigating and improving the impact that the Company's business activities and products have on the natural environment</li> </ul>	<p><b>Manufacturing capital</b></p> <ul style="list-style-type: none"> <li>Expanding the geographic scope of RRP markets and building a production system based on demand trends</li> <li>Constantly reviewing and optimizing the Company's manufacturing footprint, while improving manufacturing processes</li> <li>Engaging in the stable manufacture and supply of high-quality products that meet consumer needs</li> </ul>	<p><b>Social and relationship capital</b></p> <ul style="list-style-type: none"> <li>Collaborating with external parties in RRP research and development</li> <li>Building relationships with RRP devices and related product suppliers, logistics companies, and distributors</li> <li>Strengthening collaboration with external organizations based on the regulations of each country</li> <li>Upgrading RRP research and development, procurement, and the supply chain</li> <li>Addressing regulations in an appropriate manner</li> </ul>
--	--	---	---	--	---