

# CORPORATE PROFILE

The JT Group is a leading global tobacco company operating in over 70 markets, and our products are sold in over 130 markets.

To provide an overview of the Group, this section discusses the Group management principle and vision that form its foundation for value creation, outlines its businesses, and presents key financial and non-financial performance indicators. The section also has a special section featuring a message from the CEO explaining initiatives the Group is undertaking to continuously deliver value.

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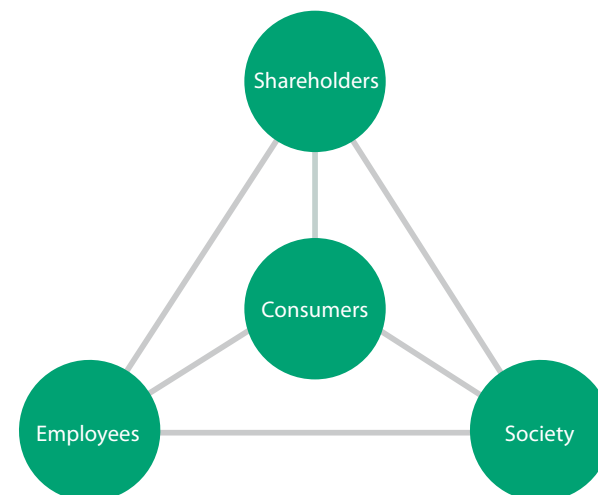
## Our management principle

### Management principle

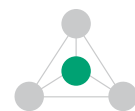
#### To pursue the 4S model

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 mid to long term. 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.

#### Shareholders



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

#### 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.

#### 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.

### VISION

#### To continue to be a growing global company that provides diverse value, unique to the JT Group.

Based on our 4S model, our vision is to continue to be a growing global company that provides diverse value, unique to the JT Group.

Our long, rich history has endowed us with three key strengths: a solid financial base, superior brand equity and a diverse workforce. To realize our vision, we plan to

leverage these strengths as sources of competitiveness in our business activities. We will create a variety of products and services that meet the needs of our consumers and society, enhance the corporate value of the JT Group, and create social value that contributes to the development of a sustainable society.

### The JT Group MISSION

**To create, develop and nurture our unique brands to win consumer trust, while understanding and respecting the environment, and the diversity of societies and individuals.**

### The JT Group WAY

- Act with integrity, always putting the consumer first.
- Continue to evolve while remaining committed to quality in all its aspects.
- Harness the power of diversity across the JT Group.

Our mission is to create, develop and nurture our unique brands to win consumer trust, while understanding and respecting the environment, and the diversity of societies and individuals through the 4S model. Our Code of Conduct and values guide the way in which every employee should act on a daily basis. We have codified these into three statements we call the JT Group WAY.

The world in which we live encompasses diverse natural environments, societies and peoples. By embracing such diversity, we believe we can create brands that offer value to our consumers.

We define a brand as all of the products, services and actions trusted by consumers and believe it is the key to forming deep bonds of trust between us and our consumers. Setting our brands as our most valuable management resource, we will continue to create, develop, and refine distinctive brands that win consumers' trust.

In order to achieve our mission, each and every one of us at the JT Group practices the JT Group WAY as a personal philosophy.





## Message from the CEO



**Masamichi Terabatake**  
Representative Director and President,  
Chief Executive Officer

*M. Terabatake*

### Driving changes on our own initiative

Since its inception, the JT Group has grown by keeping its focus on the future, anticipating challenges and adapting swiftly to change. I am convinced this proactive approach will continue to lead the JT Group towards more sustainable mid- to long-term growth, further supported by organizational reforms and cultivating a working environment where each and every employee can initiate changes on their own.

### Knowing the business environment

The JT Group's business environment remains difficult to predict because of changes in the international political situation, and risks related to exchange-rate fluctuations, as well as the persistent impact of the pandemic and the subsequent changes in consumer behavior and operations by businesses around the world.

It is undeniable that all our business segments currently face, and will continue to face, increasingly challenging environments. The tobacco business continues to experience tighter regulations and higher taxes, combined with increasing demand for reduced-risk products (RRP), especially heated tobacco sticks (HTS). Meanwhile, the pharmaceutical business is facing higher hurdles for new drug approval and growing pressure to lower prices, while the processed food business is facing rising costs for personnel, distribution and raw materials.

In addition, digital technology is constantly progressing, consumer preferences and behaviors are evolving with increasing awareness of sustainability and ESG priorities, and the needs and expectations among our shareholders, as well

as society at large, are changing. Amid these major, rapid global trends, it is vital that we drive initiatives proactively rather than react passively.

2022 is also marked by the unprecedented crisis of the war in Ukraine. I would like to express my sincere condolences to those who have tragically lost loved ones in the war, and to the many others who have had to face devastating difficulties, such as having to leave everything behind in order to seek safety. I sincerely hope that peace will return soon.

While the JT Group's first priority is the safety and security of our employees and their families, we are also working hand in hand with international and local aid organizations to establish relief programs and provide immediate help to those affected. We will continue to closely monitor the situation and prioritize our employees and their families' safety, while extending all possible support to those in need, taking all necessary decisions to address the changing situation in accordance with our Group's management principle, which is to pursue the 4S model.

Note: The word, consumers, used in the context of the tobacco business means adult consumers. Minimum legal age for smoking varies in accordance with the legislation in each country.

## Message from the CEO

### Driving changes on our own initiative

The JT Group has always marked its growth by taking matters in its own hands, adapting swiftly and implementing strategic initiatives. An example of such growth is represented by our tobacco business, where we made large-scale acquisitions, like those of RJR and Gallaher; expanded geographically into emerging markets; enhanced equity, mainly for global flagship brands; and continuously allocated resources to increase presence in the expanding RRP category.

More recently, based on the anticipated, long-term business environment, and in order to increase profitability and strengthen our competitiveness in the tobacco business, we announced in February 2021 that we had refined our investment prioritization to two key categories – HTS and combustibles – and were introducing initiatives to strengthen the tobacco business operating model, including those aimed at combining the existing tobacco businesses and strengthening competitiveness in the Japanese market.

The road leading to the combination of the tobacco businesses took many steps. In the tobacco business, we formerly ran our Japanese-domestic and international tobacco businesses separately, which presented challenges for us when formulating and executing a globally uniform strategy, as well as when striving to ensure effective allocation of global resources. These challenges were especially apparent in the circumstances we faced to strengthen competitiveness in the RRP category. I believed it was urgent to establish an operating structure without divisional borders

between Japanese-domestic and international operations, or between JT and JTI, to allow speedy decision-making under unified management. Additionally, for the JT Group to follow through on its customer-first policy and maintain sustainable growth, we needed a structure enabling us to effectively and efficiently offer products and services that exceeded consumer needs and expectations.

Faced with these challenges, after taking charge as CEO, I worked to unify teams for R&D initiatives and RRP management both in Japan and abroad, led the transformation of our international tobacco business, and relocated the JT head office building in Tokyo. Through these initiatives, the Group has been reinforcing our foundation and sharpening our global competitiveness.

As a result of these initiatives, we kicked off January 2022 with our new operating model, built around a unified, global tobacco business, for the JT Group to further grow and evolve into a truly global company. With this step, the tobacco business headquarter function has been consolidated at the headquarters in Geneva, creating a simpler business operation structure, optimal for accelerating speed through efficient, effective decision-making. I firmly believe that this will enable us to strengthen our competitiveness in the growing RRP category, mainly in HTS, by leveraging and allocating global resources in a prioritized and timely manner with a global perspective, as well as building a system to maximize the value we offer our consumers. Furthermore, going forward, we also plan to share and deploy best practices on a global basis in a more energized and timely manner. In respect to the Japanese market, operations will continue under the global operating model, with Japan set as one of our key markets.

In preparation for the global tobacco business, in the Japanese market we determined that it is imperative that we increase competitiveness to further enhance value to our consumers in an environment where overall business volume has shrunk amidst growing uncertainty. As a result, we have executed initiatives conducive to overcoming anticipated challenges identified in this changing environment. Over the past few years, we have undertaken a number of initiatives, sometimes requiring difficult decisions, such as reforming the sales organization, closing some production

sites, implementing a voluntary retirement program, and reducing the total domestic tobacco cultivation area.

Leaving no stone unturned, we also reorganized the Corporate function. In addition to fulfilling an administrative role, this institution acts to identify and address mid- to long-term management issues. It is designed to be an organization facilitating inter-division collaboration without the constraints of divisional walls, generating high-quality output that addresses issues identified by the JT Group.

The most important factors in these kinds of reform are for each employee to understand the goals, and

correspondingly change their awareness and behavior to become the ones initiating change. Consequently, every member of the Board of Directors, including myself, is actively communicating with employees about the background and intent of the reform initiatives we have been undertaking, so that this knowledge permeates our workforce. By helping each employee become more adaptive to change through these initiatives, we are in turn strengthening the JT Group as an organization. Just as we have been initiating change and overcoming challenges promptly through our strong leadership, we will promote behavioral changes and secure sustainable mid- to long-term growth.

### Business Plan 2022

As announced in February 2022, Business Plan 2022, our three-year business plan, marks the continuation of our fundamental pursuit of sustainable mid- to long-term profit growth. More specifically, we remain committed to achieving mid to high single digit average annual growth in adjusted operating profit at constant FX over the mid to long term. We also expect to steadily grow both profit and shareholder returns in line with our shareholder-return policy.

The key to achieving these objectives lies in growth of the tobacco business, which is the core driver of the JT Group's profit growth. Consequently, we will continue to focus on investing our management resources intensively for top-line growth and increasing profitability, designating HTS and combustibles as our top-priority categories. We see that the HTS segment provides the largest potential for sustainable profit growth within the RRP category, which we expect, with anticipated demand increases in this category, to become a strong pillar for our future growth. While the RRP category is our top investment priority in terms of future sustainability of the JT Group, we project nonetheless that combustibles will remain the tobacco industry's biggest category through the coming decade. Therefore, we will also support efforts to continue increasing combustibles' top-line contribution, while enhancing their profitability through lower costs and higher efficiency.

Moving on to our mid-term projections and goal, we project that HTS share in the tobacco industry as a whole will increase from the current 15% to about 20% by the end of

2027. Within this environment, the JT Group announced, in February 2022, its ambition to achieve HTS segment share in the mid-teens across our key markets by the end of 2027, and by doing so, reach break-even in the RRP business.

Having said this, in considering developments in the war in Ukraine, we have decided to suspend the launch of Ploom X in the Russian market, which was planned for 2022, and are reviewing our global launch plans to optimize the future development of Ploom X by being flexible and ensuring a state of readiness.

Needless to say, it is clear that RRP will be of significance in the industry; we expect that they will continue to gain increased attention and traction with consumers as these products have the potential to reduce the health risks associated with smoking by offering solutions that do not involve burning tobacco and produce no smoke and less odor. They thus significantly reduce not only the potentially harmful constituents in smoke generated from burning tobacco leaves, but also the inconvenience to non-smokers. However, all in all, we believe that tobacco consumer needs are diverse and require a broad range of choices, ensuring that every consumer can find a product offering a high level of satisfaction. To that end, the JT Group continues to expand product categories to meet global changes and improve the product value of all tobacco products.

Moving on to the pharmaceutical and processed food businesses, while they will continue to face a challenging business environment, their role of supplementing profit



## Message from the CEO

growth for the JT Group remains unchanged. In the pharmaceutical business, we will continue to enhance the value of products already introduced and still in development, as well as cultivating in- and out-licensing opportunities to reinforce our business foundation. In the processed food business, we will follow through on existing initiatives, such as allocating more resources to high-value-added and high-priced products, mainly in our core frozen and ambient food business, in order to promote a high-quality top-line increase leading to sustainable profit growth.

### Toward mid- to long-term growth

#### Pursuing the 4S model to provide higher value to stakeholders

Change in the social and business environments is accelerating, notably in terms of awareness of sustainable business practices as part of ESG considerations. I believe that a proactive and committed contribution to the development of society, through operations based on pursuing the 4S model, is essential to the long-term growth of the JT Group. To realize this ambition, we have identified, based on the 4S model, a set of priority issues (materiality) for our business and a wide range of stakeholders, and used these to focus our sustainability strategy.

#### Sustainability at the JT Group

In 2021, we continued to actively undertake initiatives based on our sustainability strategy. With ESG interest growing every year in the business world, we understand it is particularly important to reinforce the foundation of ESG, which is governance. To that end, we reflect our efforts to evolve corporate governance not only in our dialogue with stakeholders, including the capital markets, but also in appropriate responses to social demands related to governance, and analysis of the assessment of Board effectiveness, among other factors. What we have learned from these processes is reported to the management team and Board of Directors, whereupon, after conducting the necessary discussions, it has led to measures for improvement. Examples include a

Lastly, we will continue allocating management resources to, and prioritizing investment in, businesses delivering sustainable profit growth, particularly the tobacco business, the core driver of the JT Group. We will also aim to increase returns to shareholders through mid- to long-term profit growth while maintaining a target payout ratio of about 75%\*, and to achieve that objective, we will continue our efforts to grow adjusted operating profit at constant FX.

\*To be in the range of approximately ±5%.

We made it standard practice to involve the Board of Directors, and myself as CEO, in setting the goals for our sustainability strategy, and discussing and managing specific measures for achieving those goals, which we are firmly committed to deliver on. Since 2020, we have been holding regular Sustainability Advisory Forums, chaired by our CSO and involving representatives of JT Group businesses and functions, to discuss sustainability issues. Additionally, as we believe our proactive participation in the sustainability management process is essential, we made the Sustainability Management Division independent of other Corporate groups in January 2022, when we also reorganized our Corporate function.

revision of the director tenure policy and the disclosure of information related to our integrated report.

We are also reviewing the KPI related to executive remuneration in order to strengthen the commitment from management to deliver sustainable profit growth for the JT Group, and to reflect a multifaceted performance scorecard using not only financial indicators, which measure current business performance, but non-financial indicators as well.

Going forward, we will continue to enhance corporate governance based on dialogue with all our stakeholders, as laid out in our management principle of pursuing the 4S model.

As for the environment, climate change is a pressing challenge requiring worldwide attention. To further enhance our

environmental initiatives thus far, and contribute to the shift to a decarbonized society, the JT Group has revised its goals for energy consumption and greenhouse gas emissions in our Environment Plan 2030. We will further enhance and expand our initiatives to achieve carbon neutrality by 2030, and net zero for the entire value chain by 2050.

Concerning our responsibility to society, we have been

### Conclusion

Amid a business environment in which we are experiencing major, rapid global change, I believe it is important for us to take a fresh look at the value the JT Group offers to society, the reason for our existence, and the essence that has been, and will continue to be, at our core. In 2020, we created D-Lab within the Corporate research and development division, to explore opportunities beyond the existing scope of business. Today, D-Lab has various projects underway to strengthen our business portfolio, including new businesses.

conducting human rights due diligence assessments to overcome challenges across our supply chain. Furthermore, we have published the Group's first Human Rights Report. Our social initiatives are multifaceted, including a new Group goal to increase our proportion of women in management to 25% by 2030, while recognizing that it is desirable that this should eventually come to exceed 40%.

As such, we will keep striving to demonstrate to our consumers, shareholders and wider society they can entrust the JT Group to deliver "moments of pleasure" in the 20 to 30 years to come.

Lastly, I would like to stress my commitment to assuring the growth of the RRP category as top priority on my agenda, and I look forward to continuing to update you on what the future holds for the JT Group.





## VALUE CREATION

The JT Group enhances corporate value by providing a wide range of products and services that meet the needs of consumers and society. At the same time, the Group creates social value that contributes to the sustainable development of society.

This section illustrates the value-creation process that the JT Group has been pursuing by enhancing the value chain based on strengths honed over its entire history.

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## Our history

The JT Group has achieved sustainable growth by globalizing and diversifying its businesses through both organic growth and M&A.

### The three strengths underpinned by our history and accomplishments

#### Solid financial base



- Sustainable profit growth backed by combination of organic growth and M&A
- Ability to generate stable cash flows underpinned by profit growth

#### Superior brand equity



- High brand equity through continuous investment in MEVIUS, our leading brand in Japan, as well as in Winston, Camel, LD and other global brands acquired through M&A
- Strong R&D and innovative product development capabilities

#### Diverse workforce



- Corporate culture that respects diversity and leverages it into value creation process
- Group that maximizes synergies generated from diversity

- 1949** Japan Tobacco and Salt Public Corporation founded
- 1957** HOPE launched
- 1969** Seven Stars launched
- 1977** MILD SEVEN launched

- 1985** Japan Tobacco Inc. established
- 1985** Food and pharmaceutical businesses established
- 1993** Central Pharmaceutical Research Institute established

- 1994** JT goes public on Tokyo Stock Exchange
- 1998** JT acquires majority stake in Torii Pharmaceutical Co., Ltd.
- 1999** JT acquires RJR Nabisco Inc.'s non-U.S. tobacco business



- 1999** JT acquires Asahi Kasei Corporation's food business, including Asahi Foods and seven other subsidiaries

- 2007** JT acquires Gallaher Group Plc (U.K.)
- 2008** JT acquires majority stake in Katokichi Co., Ltd. (currently TableMark Co., Ltd.) and Fuji Foods Corporation



- 2013** MILD SEVEN is renamed MEVIUS



- 2015** JT acquires E-Vapor company, Logic Technology Development LLC
- 2016** JT acquires Natural American Spirit's non-U.S. tobacco business
- 2016** Ploom TECH (Infused\*) launched
- 2016** JT conducts tobacco business acquisitions, notably in the Philippines, Indonesia, Russia and Bangladesh
- 2018**
- 2019** Ploom TECH+ (Infused\*) and Ploom S (HTS\*) launched

- 2021** Ploom X (HTS) launched



- 2022** JT starts new business operating model by combining former Japanese-domestic and International tobacco businesses

### 1970s and earlier

#### Origins of the modern Japanese tobacco industry

Japan Tobacco and Salt Public Corporation, under the authority of the Ministry of Finance, lays the foundation of the Japanese tobacco industry.

### 1985–

#### Privatizing and creating the base of the current business portfolio

The public corporation privatizes under the name Japan Tobacco Inc., founding the tobacco, pharmaceutical and processed food businesses, which persist to this day.

### 1994–

#### Stock listing and challenges for globalization

JT goes public aiming to be a multilateral and international company with tobacco business at its core.

Through M&A, JT obtains the world's leading brands and a global business foundation and grows to become the third largest global tobacco company.

### 2007–

#### Strengthening our position as a global tobacco company

By accelerating our global expansion, JT obtains a diverse workforce and foster its financial base.

### 2015–

#### Providing new value by addressing increasingly diverse consumer needs and preferences

JT strengthens the international tobacco business through both geographical expansion driven by M&A and organic growth in the existing markets, and provides a wide range of product choices, including RRP (Reduced-Risk Products).

### 2021–

#### Redefining our investment prioritization among tobacco categories and strengthening business operating model

JT allocates management resources especially towards HTS\* and Combustibles to strengthen its competitiveness and profitability aiming for its sustainable growth. By utilizing global resources at large with the combined tobacco business, JT endeavors to globally provide products and services exceeding consumer needs and preferences.

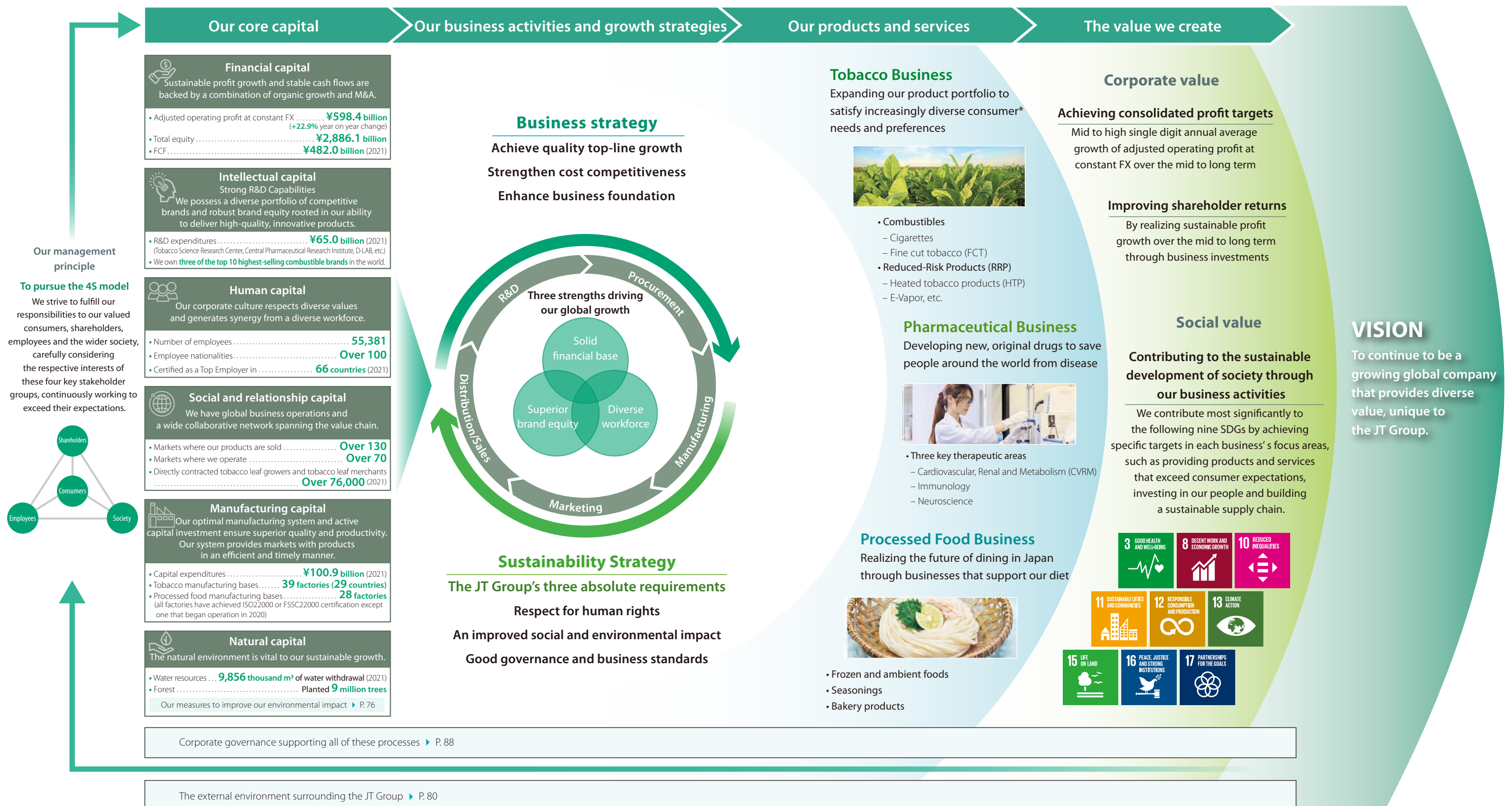
Profit  
JPY **338.5**BN

\* Infused: infused tobacco capsules, HTS: heated tobacco sticks



# Our value creation process

Our management principle pursues the 4S model. This principle guides our efforts to achieve our vision by enhancing corporate value and creating social value. We provide a wide range of products and services through business activities leveraging our three strengths: a solid financial base, superior brand equity and a diverse workforce.





## Our value chains

	R&D	Procurement	Manufacturing	Marketing	Distribution/Sales	
Tobacco Business	Strengths	<ul style="list-style-type: none"> <li>5 R&amp;D centers covering scientific research, technology &amp; product development</li> <li>Consumer-driven R&amp;D focusing on what matters most to consumers*</li> <li>1,364 IP filings, 90+ innovation partnerships with third-party players</li> </ul>	<ul style="list-style-type: none"> <li>Leaf supply diversified across vertically integrated operations and third parties</li> <li>Reliability of leaf supply regardless of weather or market fluctuations</li> <li>Full compliance with regulations; assurance of leaf integrity and origin</li> </ul>	<ul style="list-style-type: none"> <li>39 factories across our footprint, out of which six produce RRP</li> <li>State-of-the-art equipment and manufacturing processes</li> <li>Industry-leading quality standards for all our products</li> </ul>	<ul style="list-style-type: none"> <li>Strong brand equity, notably Winston, Camel, MEVIUS &amp; LD</li> <li>Consumers* at center of our offerings: we provide freedom of choice and superior quality</li> <li>Full compliance with local regulation in all countries where we operate</li> </ul>	<ul style="list-style-type: none"> <li>Sales in 130+ markets</li> <li>Tailored RTC* on market-by-market basis</li> <li>Motivated salesforce with strong ties with trade</li> </ul> <p>*Route to consumer</p>
	Initiatives to maintain/upgrade strengths	<ul style="list-style-type: none"> <li>Moving from "site-based" teams to "outcome-based" global teams</li> <li>Enhancing cascading in R&amp;D of consumers* related data and analytics</li> <li>Protecting innovation with sound Intellectual Property (IP) strategy</li> </ul>	<ul style="list-style-type: none"> <li>Continuously balancing risk mitigation and sourcing flexibility</li> <li>Advanced planning and inventory management for uninterrupted manufacturing</li> <li>Increasing emphasis on social and environmental sustainability of supply</li> </ul>	<ul style="list-style-type: none"> <li>Constantly reviewing and optimizing our manufacturing footprint</li> <li>Ongoing capital expenditures to increase our RRP production capacity</li> <li>Kaizen approach for all our manufacturing processes</li> </ul>	<ul style="list-style-type: none"> <li>Continued investments behind our GFB and in building Ploom brand</li> <li>Nurturing consumer-centricity mindset across entire organization</li> <li>Additional internal initiatives as self-regulation and Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Regularly assessing entries in new markets / channels considering present and future profitability</li> <li>Optimizing RTC* based on evolving environment</li> <li>Strengthening relationships with key distributors and tobacconists</li> </ul> <p>*Route to consumer</p>
	Priorities and actions to achieve them	<ul style="list-style-type: none"> <li>As RRP (Reduced-Risk Products) industry innovation cycles get shorter, JTG is implementing initiatives to accelerate the development of new RRP platforms</li> </ul>	<ul style="list-style-type: none"> <li>As JTG exposure to RRP grows, we are adapting our device-procurement strategy to be more resilient in case of disruptions</li> </ul>	<ul style="list-style-type: none"> <li>To support the Paris Agreement on global climate change, we are accelerating the pace of our environmental impact reduction initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Given growing importance, expanding our capabilities in areas of digital, advanced analytics and B2C</li> </ul>	<ul style="list-style-type: none"> <li>Looking to enhance our e-commerce capabilities in markets where it is legal for nicotine and tobacco products</li> </ul>
Pharmaceutical Business	Strengths	<ul style="list-style-type: none"> <li>Develop of innovative drugs</li> </ul>		<ul style="list-style-type: none"> <li>Ability to stably manufacture high-quality pharmaceuticals</li> </ul>	<ul style="list-style-type: none"> <li>Conduct responsible detailing activities</li> </ul>	
	Initiatives to maintain/upgrade strengths	<ul style="list-style-type: none"> <li>Improving R&amp;D efficiency through concentration of resources in targeted disease domains</li> <li>Promoting efficient and expeditious clinical development through coordination among domestic and foreign R&amp;D sites</li> <li>Proactively pursuing opportunities to out- and in-license compounds</li> </ul>		<ul style="list-style-type: none"> <li>Formulated guidelines to verify conformity between drugs' approved specifications and actual manufacturing processes</li> <li>Continuing annual inspections of contract manufacturing plants based on guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Formulated internal standards based on guidelines on ethical drug detailing activity issued by Ministry of Health, Labour and Welfare</li> <li>Thoroughly complying with said standards through training of Torii Pharmaceutical's medical sales reps</li> </ul>	
	Priorities and actions to address them	<ul style="list-style-type: none"> <li>Add more research themes and expedite progress</li> <li>Develop proprietary drug-discovery technologies</li> </ul>		<ul style="list-style-type: none"> <li>Continuously monitor in compliance with laws/regulations</li> </ul>	<ul style="list-style-type: none"> <li>Continue above initiative</li> </ul>	
Processed Food Business	Strengths	<ul style="list-style-type: none"> <li>Proprietary yeast, processing and freezing technologies</li> <li>Ability to develop high-value-added products that meet consumer needs and preferences</li> </ul>	<ul style="list-style-type: none"> <li>Stable, cost-competitive sourcing of high-quality ingredients (extensive supplier network and inspection program)</li> </ul>	<ul style="list-style-type: none"> <li>Management systems that ensure stable, efficient (low-cost) manufacturing of high-quality food products based on food safety management</li> </ul>	<ul style="list-style-type: none"> <li>Top-market-share* products/brands (<i>Sanuki Udon</i>, <i>Gottsu-umai</i>)</li> <li>*Fuji Keizai Co., Ltd. Foodstuff Marketing Handbook 2022: Vol. 2, 3 2020 results</li> <li>Market insight based on communication with consumers (identification of consumers' increasingly diverse needs/preferences, e.g. by using fan sites.)</li> </ul>	<ul style="list-style-type: none"> <li>Sales force capable of proposing products that meet consumer needs with an extensive product lineup</li> </ul>
	Initiatives to maintain/upgrade strengths	<ul style="list-style-type: none"> <li>Develop new products tailored to consumer needs based on market/competition research and analysis</li> <li>Develop new technologies and production methods through external collaborations</li> </ul>	<ul style="list-style-type: none"> <li>Verifying ingredients' safety based on quality specification certifications submitted by suppliers</li> <li>Monitoring main ingredients' pesticide residue content and periodically inspecting ingredient production plants in accord with applicable laws/regulations and our own standards</li> <li>Inspecting source farms' soil and water quality, verifying crop conditions, checking pesticide management practices, and inspecting livestock and fish farms</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory certification of compliance with ISO 22000 or FSSC 22000 international food safety standard across all JT-affiliated plants and contract manufacturing plants globally</li> <li>Verifying end products' compliance with pesticide content and other safety standards through monitoring inspections</li> <li>Reducing contamination risk by establishing and complying with food defense guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Conducting consumer-centric market analysis to develop product proposals that add new value</li> <li>Building more brand equity through product line expansion and effective sales promotion</li> <li>Stepping up marketing/sales activities that prioritize highly-profitable products</li> </ul>	<ul style="list-style-type: none"> <li>Expanding in-store product selection and gaining preferential display locations through aggressive sales approach targeted primarily at supermarkets and convenience stores</li> <li>Strengthening communication with consumers through online disclosure of product information and labeling of products with production location, main ingredients' place of origin, and contact information for consumer inquiries/feedback</li> <li>Improving safety visibility through traceability of inspection/audit results across the entire value chain from raw material sourcing through production, processing, distribution and sales</li> </ul>
	Priorities and actions to achieve them	<ul style="list-style-type: none"> <li>Develop high-value-added products that meet consumer needs and preferences</li> <li>Develop new products that take into account environmental impact and sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen supply chain to enable sourcing of safe, high-quality ingredients</li> <li>Building a sustainable supply chain by fostering transparent relationships with suppliers and taking human rights and environment into account when sourcing ingredients</li> </ul>	<ul style="list-style-type: none"> <li>Manufacture safe, high-quality food products</li> <li>Building optimal production systems that ensure efficiency and product quality</li> <li>Install energy-efficient equipment to reduce environmental impacts</li> <li>Pursuing transition to clean energy</li> </ul>	<ul style="list-style-type: none"> <li>Propose products and promote sales strategies in response to increasingly diverse consumer needs and trends</li> <li>Proposing products personalized to consumers' individual preferences and lifestyles</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen sales capabilities and disclose information to reassure consumers</li> <li>Disclosing more information, e.g. on website and product packaging</li> <li>Stably supply consumers</li> <li>Building an optimal logistics network that maximally utilizes in-house logistics (in response to Japanese government's logistics-reform initiative)</li> </ul>

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