

# MCSV Creation Forum

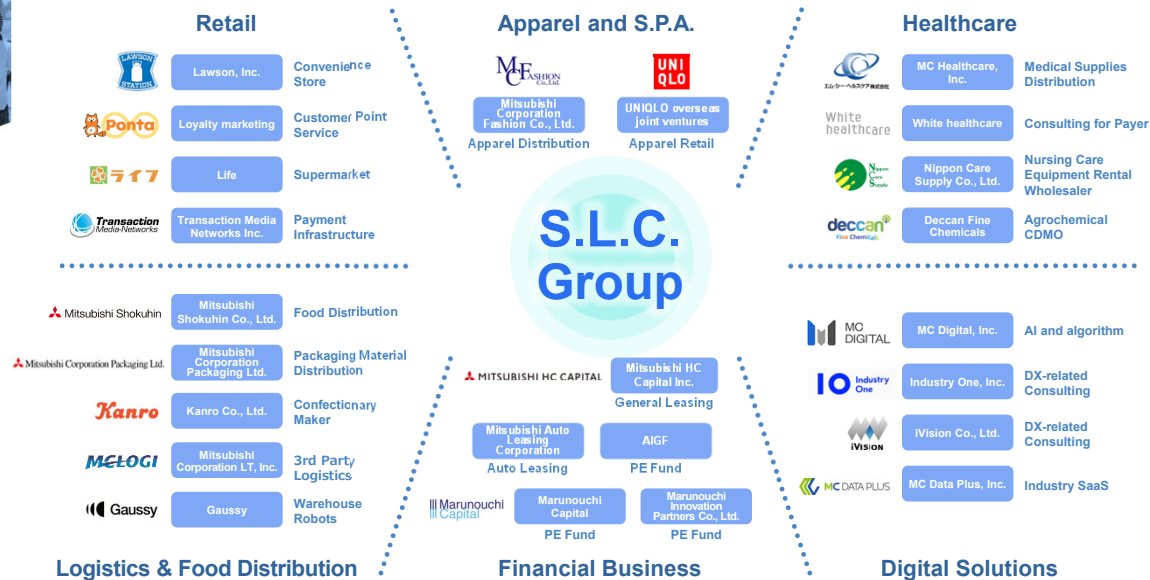
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Executive Vice President, Group CEO, Shota Kondo
- 4 Independent Directors  
Fireside Chat

I am Shota Kondo, S.L.C. Group CEO. First, let me briefly introduce myself.

After joining Mitsubishi Corporation in 1991, I was involved for quite a while in the energy business, especially the LNG business, and worked as an expat in Kuala Lumpur and Houston. In FY2022, I was appointed as the head of the Corporate Strategy & Planning Department until March this year, during which time I was focused on promoting the Midterm Corporate Strategy 2024. As shown by my career path, I have long been engaged in the upstream energy resource business. Now, as the newly appointed CEO of the S.L.C. Group, I would like to position consumer needs as the starting point of business. Over the course of my engagement in LNG-related operations, I was always mindful about the needs of our customers, namely, gas and power companies in Japan. Because of that, my focus on the customer perspective remains essentially unchanged. I believe that my transition to this new role simply means shifting from a B2B focus to a C2B focus.

Accordingly, I believe that Mitsubishi Corporation should shift to a more consumer-focused business approach and transform the company's ways of thinking accordingly. We should practice a "market-in" approach rather than a "product-out" approach. In other words, by adopting the "C2B" perspective instead of the "B2C" perspective, we can seek to realize businesses that can be delivered only by the newly established S.L.C. Group.

## S.L.C. Group Overview



The Group name stands for “Smart-Life Creation”. This represents the creation of an ever-smarter life. The S.L.C. Group was established via the consolidation of four organizations: the former Consumer Industry Group, the Industry DX Group, the Financial Business Division, and our Bio-Fine chemicals businesses.

The S.L.C. Group handles a diverse range of business fields, such as:

- Retail businesses, which encompass convenience stores, supermarkets, data marketing and payment services
- Logistics and food distribution business
- Apparel-related businesses, which encompass the manufacture and sale of clothing and household goods
- Financial businesses, which include private equity funds and leasing
- Healthcare-related businesses, which include the sale of medical equipment and medical supplies and rental, as well as the manufacture and sale of pharmaceuticals and agrochemicals, and
- Digital and AI-driven services related to business development, consulting and the provision of other solutions

I think that these descriptions will help you understand that our group is unrivalled by any other business unit within Mitsubishi Corporation in terms of the number of consumer contact points. This is a snapshot of the S.L.C. Group's structure and businesses it currently handles. Now, let's turn to the next page.

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## Regional and market conditions support sustainable growth

Our focus is on Japan and ASEAN (which we view as one combined consumer market) and North America in consideration of potential future growth and geopolitical risks.

Japan	2022	2030
Population	125 million	120 million
GDP (\$bn)	\$4,234	\$5,968
Average Age	49	52

Challenging environment due to an aging society with low birthrate and shrinking working-age population

North America	2022	2030
Population	330 million	350 million
GDP (\$bn)	\$25,774	\$36,474
Average Age	39	42

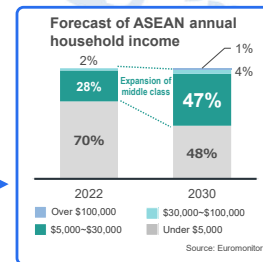
Outstanding economic scale and growth potential



ASEAN*	2022	2030
Population	600 million	640 million
GDP (\$bn)	\$3,500	\$6,063
Average Age	32	35

GDP is likely to exceed Japan for rapid market growth due to rising consumer income

Note: Total of Singapore, Malaysia, Thailand, Indonesia, the Philippines and Vietnam



On this page, I will explain our views on each region and market, which constitute the premise for our business strategy.

Although we do not necessarily limit our operations to three markets, our primary market regions are Japan, ASEAN and North America. The characteristics of each market are shown in region-specific macroeconomic features detailed on this page. In Japan, the economy has been gradually shrinking due to an aging society with a low birthrate and a declining working-age population. This, we believe, makes it difficult to quantitatively expand our existing businesses. Accordingly, we will take on the challenge of business model reforms or industry reorganization. By doing so, we will enhance our earnings model and increase its efficiency.

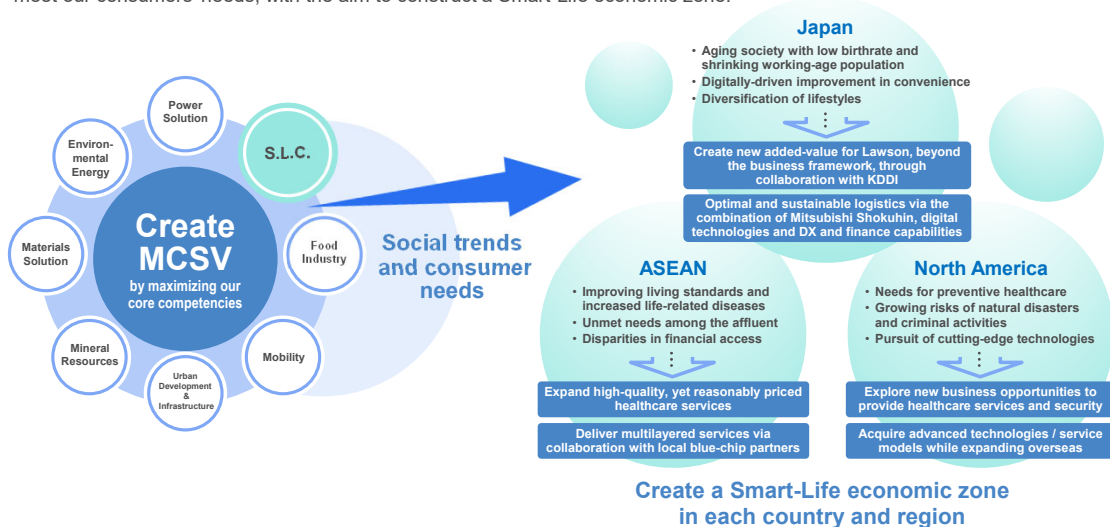
Meanwhile, ASEAN countries have enjoyed constant economic growth, with their population expanding on an ongoing basis. We also consider the ASEAN region to constitute a single market together with Japan due to the region's geographical proximity and cultural similarities. With this in mind, we will utilize the networks of our local blue-chip partners and other assets, with the aim of accommodating needs among the growing local middle-class population (an "OUT/OUT" approach) as well as seizing opportunities associated with the inbound tourism demand among the affluent visiting Japan (an "OUT/IN" approach).

Finally, the United States has unparalleled economic scale and is expected to enjoy stable growth. Through our operations in this region, we will gain fresh insights regarding cutting-edge technologies and C2B business models. Based on these insights, we will develop our own unique business models. Simultaneously, we will strive to horizontally roll out such business models in other regions, especially

ASEAN, as this region is much more receptive to new businesses than Japan due to the regulatory environment.

## Constructing Smart-Life economic zone

By combining our capabilities in the consumer industry, Digital Transformation (DX) and finance capabilities, and leveraging our core competencies, we will launch projects to address social issues in Japan and its regional communities as well as to meet our consumers' needs, with the aim to construct a Smart-Life economic zone.



Moving on, I will discuss more specific details of our initiatives targeting each region and market.

The fundamental concept of Midterm Corporate Strategy 2024 is to take full advantage of MC's core competencies and create MC Shared Value on an ongoing basis via the resolution of social issues. Based on this concept, we launched multiple businesses equipped with attractive features designed to address social issues and consumer needs, with the C2B approach as a starting point. As a business group targeting business segments that are closest to consumers, we will thereby aim to develop a Smart-Life economic zone. For example, Japan has been confronting social issues arising from the aging of society, a low birthrate and the declining working-age population while seeing growing consumer needs for digital-driven solutions designed to enhance convenience and accommodate diversified lifestyles. In response, we will endeavor to create new added value through Lawson, Inc. in tandem with KDDI, with the aim of delivering innovative living infrastructure that transcends the conventional framework of convenience stores.

Moreover, with the inclusion of asset financing in the S.L.C. Group's functions, we will combine this function with Mitsubishi Shokuhin's logistics capabilities. In this way, we aim to realize optimal and sustainable logistics operations so that Mitsubishi Corporation can play its part to resolve the "2024 problem"\* from the enforcement of limits on overtime work hours for vehicle operators. Meanwhile, ASEAN has seen a range of emerging social issues and consumer needs, including growing cases of lifestyle-related diseases on the back of improvement in living standards and a resulting rise in medical expenses, in addition to unmet needs among the affluent for high-quality services due to the absence of local businesses capable of delivering such services. The region is also facing inequalities in financial access, with 40% to 70% of the population classified as underbanked (those who have bank accounts but do not utilize financial

services) or unbanked (those who have no bank accounts). To address these issues and needs, we will take advantage of the widespread use of smartphones and provide high-quality health care services at appropriate prices to those who do not have bank accounts and use digital financial services while taking full advantage of our relationships with blue-chip partners based in each region and country in order to deliver collaborative, multilayered C2B services.

In North America, preventive healthcare needs have grown stronger than ever before due to the shortage of physicians and rising medical expenses, while citizens are confronted by such risks as hurricanes and other natural disasters, as well as a deterioration in safety and security due to the growing threat of criminal activities. We will develop opportunities for market entry where we can provide healthcare and security offerings.

Thus, we will launch multiple strong businesses aimed at serving C2B customer bases in each country and region. Furthermore, each business will deliver its own proposals and services to customers of other adjacent businesses even as they collaborate with one another. We believe that, as a result, consumers surrounded by Mitsubishi Corporation's businesses and services will be enabled to enjoy an ever-smarter life. This is our definition of the Smart-Life economic zone we aim to develop. In other words, we are committed to working toward the creation of a better life for consumers through MCSV.

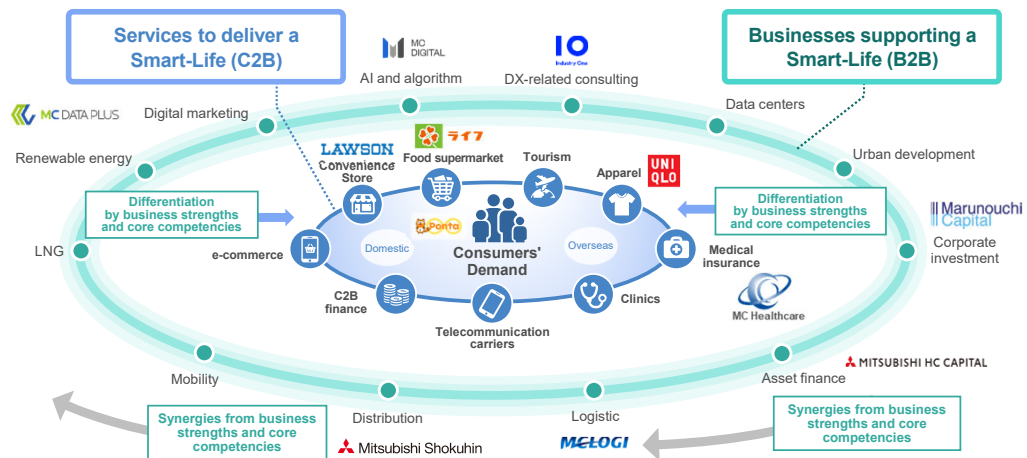
(\*) 2024 problem: In April 2024, a Japanese regulation was put into effect to limit truck drivers' overtime hours to 960 hours per year, resulting in a serious concern for lack of manpower in the logistics business.

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## S.L.C. Group vision

### Vision

We will create a Smart-Life economic zone by offering a diverse range of C2B services for smarter lifestyles based on our consumers' needs in conjunction with our finance, digital and logistics capabilities as well as energy and other B2B businesses.



This diagram shows the S.L.C. Group's vision for what it aims to become in Japan and overseas via engagement in the existing businesses and new initiatives I have discussed thus far. The inner circle represents C2B services the company currently develops or will develop in the future to help consumers enjoy an ever "smarter life". The outer circle consists of distribution, logistics, digital, finance and other B2B business functions supporting the Smart-Life economic zone within it. We will facilitate organic coordination between the outer and inner circles to promote sustainable growth from both.

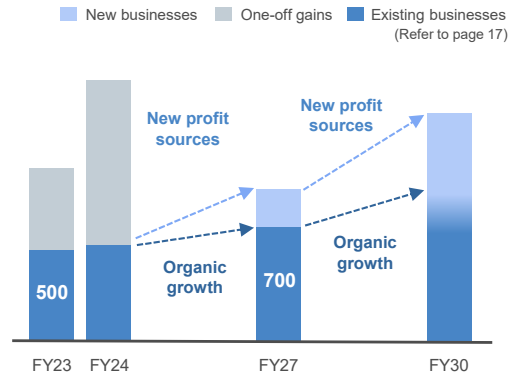
In addition to the S.L.C. Group's existing businesses, which are presented on the page along with their respective brand logos, our Smart-Life economic zone will involve close collaboration with B2B businesses in other fields in which Mitsubishi Corporation boasts strength, such as mobility solutions, natural gas, renewable energy and urban development. In this way, we aim to expand to create a flourishing economic zone that leverages our core competencies.

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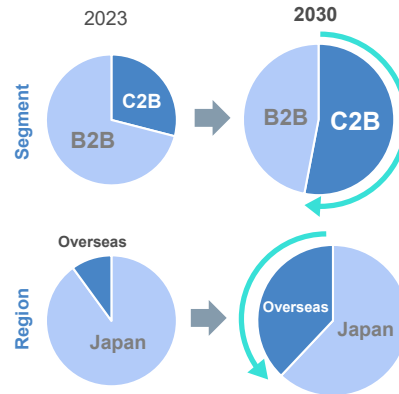
## Business Group portfolio and future performance

We will strengthen our core businesses and develop new opportunities with the aim of doubling our earnings by FY2030. We will also significantly shift the composition of our profit portfolio to a roughly 50:50 split between B2B and C2B businesses by FY2030, with a roughly 60:40 portfolio split between our domestic and overseas operations.

### S.L.C. Group long-term growth plan



### S.L.C. Group profitability by segment and region



Lastly, I will discuss our quantitative plans for FY2030 and the shift of our portfolio.

Starting with quantitative plans presented on the left of the page, FY2023 consolidated net income from existing businesses totaled more than ¥50 billion, excluding one-off gains. The existing businesses mentioned here are listed in the “Group Overview” on page 1 at the beginning of my presentation. Of these, major profit contributors include Lawson, Mitsubishi HC Capital, Mitsubishi Shokuhin and an overseas joint venture business with UNIQLO. Going forward, we plan to enhance earnings from existing businesses and raise net income, which currently exceeds ¥50 billion, to ¥70 billion by the end of FY2027 through organic growth measures, such as upgrading the operations of each business and streamlining costs. Although I will refrain from going into detail, I have also engaged in dialogue with our management teams and partners for each business and I am convinced that it is possible to meet this ¥70 billion earnings target for FY2027. In conjunction with the pursuit of the above plan, we will “Accelerate” our growth and develop new business targeting priority markets, which I discussed earlier. We aim to become capable of stably securing more than ¥100 billion in profit by the end of FY2030, based on the combination of ongoing organic growth to be achieved by existing businesses and profit contribution by new businesses.

Please take a look at the profit portfolio presented on the right of the page. Currently, B2B businesses account for around 70% of the group’s portfolio, while, geographically, the proportion of businesses targeting Japan constitutes roughly 90%. We aim to adjust this mix by implementing C2B businesses while combining them with digital, finance and other businesses, using consumer needs as a starting point. By the end of 2030, we plan to realize the significant transformation of our portfolio, shifting segment composition to a roughly 50:50 split between B2B and C2B businesses, with a roughly 60:40 portfolio split



between our domestic and overseas operations, capitalizing on the growth of overseas markets.

That is all for my explanation. Thank you.