



CONSUMER INDUSTRY GROUP

OUR VISION

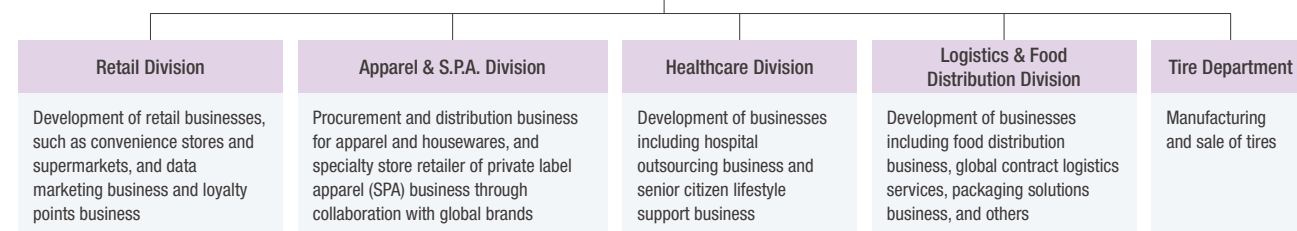
Taking advantage of our extensive contact area on the ground and on the Internet, we are working to deepen our understanding of regional consumers through consumer data, and to maximize customer lifetime value as well as revitalize regional economic zones. In the intermediary distribution business, we aim to utilize industrial data and our broad network of manufacturers and retailers to transform business models by creating demand and efficiency improvements.

Kiyotaka Kikuchi
Executive Vice President
Group CEO,
Consumer Industry Group

K. Kikuchi



Consumer Industry Group Organization



Risks and Opportunities in Light of Changes in the External Environment

Risks	Opportunities
<ul style="list-style-type: none"> Increase in CO₂ emissions and food loss due to inefficient supply chains Shortage of labor due to a declining population Diversification and fragmentation of consumers' needs as digital technologies become more advanced Decrease in domestic demand due to demographic aging 	<ul style="list-style-type: none"> Reduction of CO₂ emissions and food loss through utilizing digital technologies to optimize supply chains and enhancing competitiveness by streamlining operations Development of materials with low environmental impact and development of demand for new services Creation of new consumer value to meet the diversification of needs and changes in purchasing behavior Increase in demand for products and services for senior citizens Capturing of new demand due to growth in emerging countries and the modernization of retail market

Strengths of the Consumer Industry Group

- Mechanisms to accurately understand consumers' needs and to provide goods, services and information based on consumer data and our extensive contact area with consumers, particularly through physical stores
- Knowledge and a presence built up through our industry-leading intermediary distribution business, and networks of regional manufacturers, retailers, and healthcare facilities
- Development of the largest network of Japanese convenience stores in China, and a business platform with local roots

Elements of the Midterm Corporate Strategy 2021

We will promote the digital transformation (DX) of each business, and will build a business model aligned with the diverse societal issues appearing in mature markets, including demographic aging, labor shortages, logistics crises, and the weakening foundations of regional communities.

Progress for the fiscal year ended March 31, 2020

- In December 2019, we formed an agreement with KDDI CORPORATION, Loyalty Marketing, Inc., and Lawson, Inc. on an initiative aimed at creating a new consumption experience that fuses the Internet with the real world. In May 2020, au WALLETT points (issued by KDDI CORPORATION) was integrated with Ponta points.
- In December 2020, we reached an agreement on a capital and business alliance with SOHGO SECURITY SERVICES CO., LTD. (ALSOK) and Nippon Care Supply Co., Ltd. regarding family care and senior citizen lifestyle support business.
- We worked toward efficiency and optimization through DX in the intermediary distribution business, including food distribution, and verified the effectiveness of demand forecasting systems through AI.

EQUITY IN EARNINGS FROM MAJOR GROUP COMPANIES

(Unit: billions of yen)

	Ownership (%)	2017/3	2018/3	2019/3	2020/3	2021/3
1 LAWSON, INC.*1	50.12	12.2	13.4	12.8	10.1	4.4
2 Mitsubishi Shokuhin Co., Ltd.	61.99	7.7	6.7	7.4	7.1	6.9
3 Mitsubishi Corporation LT, Inc.	100.00	5.3	1.8	3.7	1.5	0.7
4 Mitsubishi Corporation Fashion Co., Ltd.	100.00	3.2	2.4	2.5	3.1	2.1
5 MC Healthcare, Inc.	80.00	2.5	2.7	2.4	2.6	2.4
6 Nippon Care Supply Co., Ltd.*2	42.83	0.8	1.1	1.1	1.1	1.0
7 Life Corporation	23.21	1.9	1.5	1.7	1.8	4.1

*1 Ownership ratio was 33.5% through the fiscal year ended March 31, 2017. Equity gains and losses recorded in MC's overall consolidated financial results include consolidated adjustments of +0.2 billion yen for the fiscal year ended March 31, 2017, -4.1 billion yen for the fiscal year ended March 31, 2018, -4.0 billion yen for the fiscal year ended March 31, 2019, -3.4 billion yen for the fiscal year ended March 31, 2020, and -6.2 billion yen for the fiscal year ended March 31, 2021, with adjustments for amortization of assets valued at their fair value at the time of acquisition and differences in accounting standards, etc. In addition to these adjustments, there was a consolidated adjustment of -83.6 billion yen due to impairment losses on goodwill to the company and intangible assets.

*2 Consolidation of profit/loss of Nippon Care Supply Co., Ltd. is based on voting rights of 74.78% until the second quarter of the fiscal year ended March 31, 2021. Equity in earnings based on voting rights 42.83% starts from the third quarter of the fiscal year ended March 31, 2021.

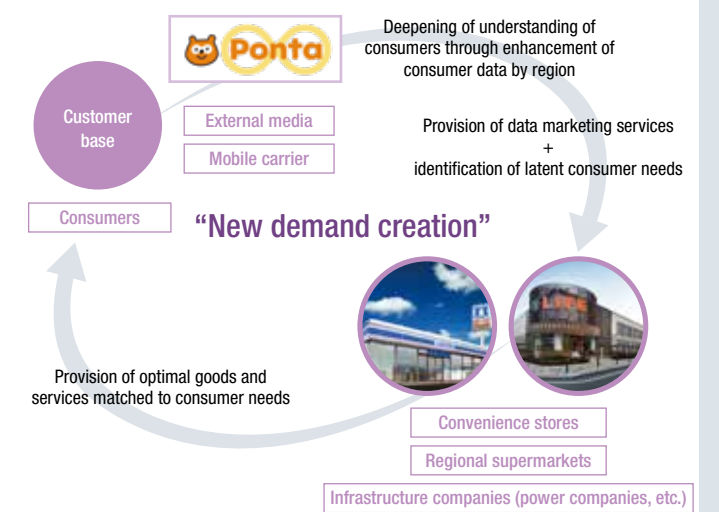
BUSINESS OVERVIEW OF THE CONSUMER INDUSTRY GROUP

Data Marketing Business

The Ponta point service operated by Loyalty Marketing, Inc. exceeded 100 million members (as of March 2021) following integration with au WALLETT points issued by KDDI CORPORATION in May 2020.

Through this membership base, we will deepen our understanding through consumer data and will offer optimal information, goods, and services by linking with information held by regional retail companies and infrastructure companies.

We will also promote cooperation with external media, with the aim of building a retail and distribution platform that offers higher utility value for consumers through a fusion of the real and digital worlds.



New Initiatives by the Healthcare Division

1. Capital and business alliance with SOHGO SECURITY SERVICES CO., LTD. (ALSOK)

In December 2020, we reached an agreement with ALSOK and Nippon Care Supply Co., Ltd. to form a capital and business alliance in the fields of long-term care and assisted living for seniors. By bringing together knowledge and our network of companies, we will enhance assisted living services for long-term care providers and for those who need long-term care including senior citizens, to offer means by which the latter groups can live in their communities with safety, security, and convenience.



Monitoring and long-term care for senior citizens

2. Establishment of Whitehealthcare Inc.

In July 2020, we established Whitehealthcare Inc. as a joint venture with Tokio Marine Holdings, Inc. (60% held by MC, 40% held by Tokio Marine Holdings, Inc.). Against the backdrop of rising medical expenses due to the aging of society and an increase in lifestyle-related diseases, we aim for the improvement of overall health and the reduction of medical costs through a preventive solutions business for consumers (insured persons, etc.) and the company health insurance, which is the core of the public health insurance system.



Whitehealthcare Inc. (established in July 2020)