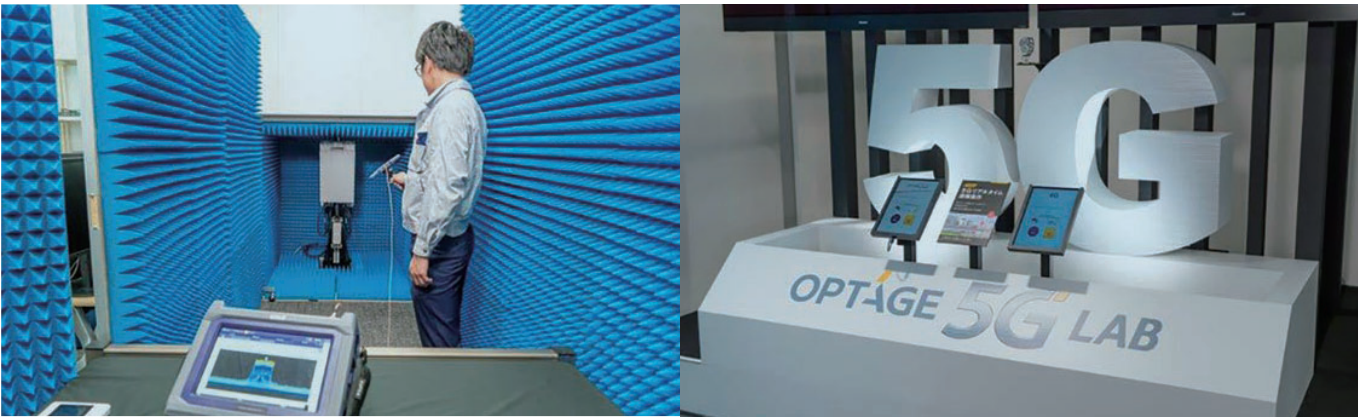


Business Segments

Information and Telecommunications Business

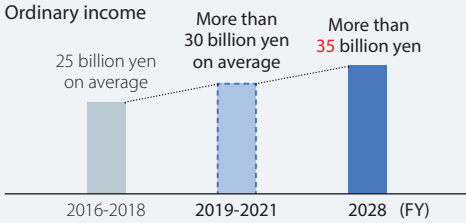
Toyokazu Misono
Director
Representative Executive
Officer, Vice President



Overview

Arranging an extensive menu of options properly that respond to customer needs, we are providing comprehensive IT services for households and business firms utilizing AI, IoT and other digital technologies. Moreover, through actively incorporating new information and telecommunication technologies such as 5G, we are committed to building on our contribution to our customers by developing new businesses and services, capitalizing on our Group's strength.

Medium-term Management Plan Targets



Business environment

- Decrease in the number of FTTH service subscribers due to the maturity of the fixed broadband market.
- Increasingly competitive mobile market associated with the emergence of 5G services.
- Growing cyber security risks.
- Growing needs for business efficiency and automation, with the shrinking workforce and advances in digital technologies.
- Growing demand for telework in the wake of the COVID-19 pandemic.
- Business expansion potential created by 5G, which provides high-speed, large-capacity services.

Medium-term Management Plan Strategies

What we aim to become in the future

By strengthening our customer base and creating added-value services, we will seek to be an IT business that is chosen by customers throughout the country.

Efforts (3-year Medium-term Management Plan)

- Create new solutions that address digitalization needs.
- Expand the infrastructure business dealing with the 5Gs
- Maintain and expand customer base for "eo Optical Fiber" and "mineo" services.
- Expand business fields using alliances, etc. and create new business.

Performance for fiscal year 2019

The eo Optical Fiber Services, offered by the group company OPTAGE Inc., are FTTH services consisting of eo Optical Fiber Internet, eo Optical Fiber Telephone and eo Optical Fiber Television, each of which capitalizes on a proprietary high-speed, reliable optical fiber network.

While fiscal 2019 saw an increase in demand for high-speed, high-capacity services, OPTAGE launched eo Optical Fiber Internet 10/5-GB Services to help customers select the best option. These services ranked first in customer satisfaction surveys.

OPTAGE will continue to provide infrastructure services that form the basis of comfortable living while developing new services to help families stay connected, taking into account their varying configurations.

OPTAGE also offers the cell-phone service mineo, where various unique services such as the Ambassador System and the Disaster Relief Tank are provided to mineo customers under the theme of co-creation.

Moreover, by taking its cue from customers, the company started providing the Yuzurune service in fiscal 2019, which also ranked first in customer satisfaction surveys.

The values unique to mineo (namely the co-creation strategy: co-creation and co-imagination) will be further enhanced to provide services to as many customers as possible.

Number of eo Optical Fiber FTTH contracts
(As of the end of March 2020)

About 1.65 million



Number of mineo cell phone service contracts
(As of the end of March 2020)

About 1.2 million



Customer satisfaction ranking
(determined by third parties)



Customer satisfaction ranking
No. 1



Source: Mobile Marketing Data Labo.
Customer satisfaction survey on reasonably-priced SIM card services (March 2020)

Yuzurune service

The objective of this service is to smooth the data traffic in the period (from 12:00 to 13:00, in weekdays), in which the data traffic is the most congesting because it's a lunch break to a lot of users, and they use their phone to browse, etc. The service encourages users to give up using data in the period "voluntarily" (meaning yuzurune) to those who really need. Also, the service gives voluntary users incentives depending on the number of times in a month such as free data during the night time (from 23:00-7:00).

