

Business Segments

Information and Telecommunications Business

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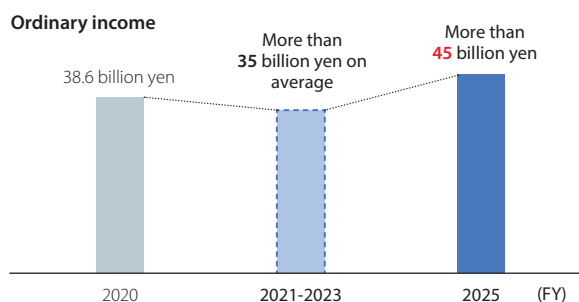


Overview

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.

Going forward, we are committed to building on our contribution to our customers and society by capitalizing on our Group's strengths in development of new businesses and services, such as provision of 5G-based high value-added solutions, creation of new solutions that support cloud computing and DX needs, and promotion of a green data center with an eye toward decarbonization.

Medium-term Management Plan Targets



Business environment

Opportunities

- Increase in demand for telework solutions for FTTH service subscribers and corporate customers
- Growing needs for business efficiency and automation, with the acceleration of DX promotion

Risks

- Changes in competitive environment caused by new entrants
- Changes in business structure with the emergence of innovative new technologies
- Intensifying price-cutting competition

Business strategies

Directions to take

- ① Demonstrate overwhelming competitiveness in information and communication infrastructure services in the Kansai region, and increase profits.
- ② Promote provision of high value-added services and creation of new solutions that contribute to increasing the value of information and communication infrastructure services as well as operating outside the Kansai region.

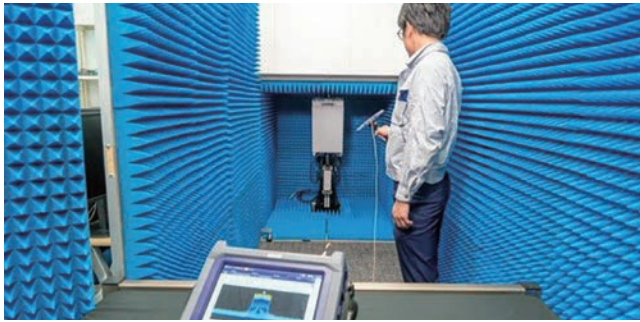
5-year Efforts

① Increase profitability

- Provide eo's ultra high-speed services and mineo's (Personal / Business) unique community-based services.
- Develop next-generation data centers.
- Provide Group assets (optical fiber, station buildings, transmission towers, utility poles, etc.) toward the spread of 5G communications.

② Solutions

- Provide IoT and high value-added solutions centering on the 5G core network.
- Provide new solutions to respond to the needs of cloud computing and DX.
- Set up new green data centers and promote green power source procurement.



Initiatives in fiscal 2020

Consumer services

The eo Hikari services, offered by the group company OPTAGE Inc., are FTTH services consisting of eo Hikari Net, eo Hikari Denwa (telephone) and eo Hikari TV, each of which capitalizes on a proprietary high-speed, reliable optical fiber network.

In fiscal 2020, OPTAGE launched ultra-high-speed optical internet services, such as Kansai's first 10-GB eo Hikari Net service for an entire condominium.

OPTAGE will continue to provide infrastructure services that from the basis for comfortable living while developing services to help families stay connected, taking into account varying family structures.



Customer satisfaction ranking No.1

Ranked first among providers in the Kinki region in the 2020 Oricon Customer Satisfaction Survey®

OPTAGE also offers the cell-phone service mineo (Personal / Business), where various unique services such as the Ambassador System and Yuzurune service are provided to mineo customers under the theme of co-creation. With the launch of mineo 5G and the new rate plan "My Pita" in fiscal 2020, OPTAGE is working to improve customer convenience and reduce service charges; accordingly, their efforts won first place in recommendable cell phone services and are also

evaluated highly in terms of customer satisfaction.

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.



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

Services for corporate customers

As services for corporate customers, we are taking on new challenges such as creation of new solutions that meet digital needs for sustainable growth.

In fiscal 2020, we established Neutrix Cloud Japan (NCJ), a new company that provides the multi-cloud storage service Neutrix Cloud in Japan. Now that companies have accumulated enormous amounts of data, NCJ started to provide services at lower prices while ensuring the high level of security and reliability required for cloud-connected storage. Demonstration experiments at factories and apartments are also ongoing to develop new services that utilize Local 5G, which is a next-generation technology.

We will continue to contribute to promoting DX in society through creation of new services.



5G services

5G, the 5th generation mobile communication system, is a technology expected to satisfy a broad range of needs. At OPTAGE, we have started to provide 5G services through mineo for the purpose of steadily keeping up with technological progress and contributing to enhancing customer convenience. We remain committed to developing and providing new services to enable OPTAGE 5G to solve a variety of problems.

