

CONEXIO INTEGRATED REPORT 2021

**“Conexio is to connect
people and values”**

Introduction

Corporate Philosophy

“Conexio is to connect people and values”

Our objectives
(reason for existence)

We aim to cherish one’s feelings,
touch customer’s heart,
and contribute to the realization of a secure
and comfortable life and society.

Our value
(management principles)

Everybody is the main player:

We will develop an environment in which autonomous
individuals respect each other.

Pleasure to connect:

We will broaden the circle of pleasure among all people
connected to each other and deepen the bond of trust
starting from our own personal growth.

Social responsibility and pride:

We are deeply aware and proud of the responsibility for
supporting the vital infrastructure for life and business.

Our behavioral guidelines
(code of conduct)

We are for our customers

Proactively

We will think proactively, act autonomously, and take
on new challenges.

Fairly

We will act in a fair manner with high moral standards.

Sincerely

We will act frankly with gratitude in mind.

With teamwork

We will deliver excellent results by taking advantage
of diversity.

Starting from the perspective of customers

We recognize the importance of job sites where we
interact with customers and will think and act
accordingly.

Think and Act

Origin of the Company name



Company name

CONEXIO Corporation

Origin of
the Company name

CONEXIO comes from a Latin for
“bond.”
The name CONEXIO represents our
aspiration and firm determination to
help each and every customer con-
nect, as well as to broaden the circle of
pleasure among all people connected to
each other and deepen the bond of
trust.

Meaning of
our corporate logo

The large arch that shapes the overall
logo illustrates a bridge between
people, companies, and values.
The logo represents our company’s
stance of extending excitement and
pleasure and creating new value by
connecting people and information.

Meaning of
our corporate color

Bright blue is a symbol of innovation
and freshness. The color represents
the future-oriented perspective and
sincerity of the company working on
the creation of services in anticipation
of the needs of each and every
customer.

10-year Vision

Create services in anticipation of the needs of each and every customer and
become the most trusted partner in the world of communication networks

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About this report

We consider it important that our integrated report informs our stakeholders about the process of achieving a medium- to long-term and sustainable increase in enterprise value. The report is issued as a tool for stakeholder communication, with the aim of publishing information that shows the relationship between our management strategy and financial and non-financial capital, etc. and thereby deepening mutual understanding through dialogue to upgrade our corporate management.

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Editorial policy

This Integrated Report integrates financial and non-financial information and is edited based on the Guidance for Collaborative Value Creation, published by the Ministry of Economy, Trade and Industry, and other reference materials. We plan to issue an integrated report every year, while making necessary improvements, as a tool for dialogue with all stakeholders. When there is a disagreement in the Japanese text and the translation published at the English site, they give priority to the contents of the Japanese text.



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- Period covered FY2020 (April 1, 2020 – March 31, 2021)
Past and most recent activities and initiatives may also be included.
CONEXIO Corporation and CONEXIO with Corporation
November 2021
- Organizations covered CONEXIO Corporation and CONEXIO with Corporation
- Issuance time November 2021

- Contact Sustainability Promotion Section, General Affairs Department Phone: 03-5331-3608
E-mail: sasutena@conexio.co.jp

*Office relocation is planned on January 11, 2022. The phone number for inquiries after the relocation is as follows.
Phone: 03-5408-3100 (switchboard)

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CONEXIO's Goal

Under the philosophy statement of “Conexio is to connect people and values,” we aim to deepen the bond of trust with all stakeholders and continue to increase enterprise value, by contributing to the realization of a secure and comfortable society.

Vision

Create new services and solutions by grasping the needs of digital society, and contribute to the enrichment of living and businesses

Quantitative targets for FY2023

Operating profit	Profit	ROE
12.0 billion yen	8.0 billion yen	12% or more

Strategy for achievement

Response to environmental changes

➔ See page 11 for details.

New medium-term management plan

➔ See page 15 for details.

Business strategy (Consumer Business)

➔ See page 21 for details.

Business strategy (Corporate Business)

➔ See page 25 for details.

Strengthening of business foundation

➔ See page 29 for details.

Promotion of SDGs management

➔ See page 33 for details.

External environment surrounding CONEXIO

➔ See page 11 for details.

Expand real contact opportunities with customers by shifting the focus from in-store sales activities to travelling to sell in shopping centers and areas away from the shops

Expand our support service to offer services not only at the but over the phone and online, out a range of device settings and remote support services

Spread “Mobile WorkPlace”, which creates a home environment equivalent the office and realizes and outside working to the environment in a new work style

To contribute to a growth of society, targets, and address under the leadership of Committee

sustainable set medium-term five important issues the SDGs Promotion

Decrease in the number of customers visiting shops and in-store sales, due to the popularity of online only plans

Diversification of customer contact in response to behavioral changes of customers

Expansion of telework and digital transformation utilizing cloud and mobile services, with an eye to the new normal era

Spread of SDGs management

Corporate Philosophy

“Conexio is to connect people and values”

CONEXIO's Business

CONEXIO offers a variety of products and services in the Consumer Business (business for individual customers), centered around telecom carrier-certified shops, and the Corporate Business (business for corporate customers), centered around mobile solutions.



Consumer Business

The consumer business consists of operating telecom carrier-certified shops, wholesale of smartphones, etc., to retailers, etc., as well as facilitating their sales, and operating the insurance shops, "HOKEN NO MADOGUCHI."

Telecom carrier-certified shops

We operate the telecom carrier-certified shops of NTT DOCOMO, KDDI Corp. (a.k.a. "au" and "UQ mobile"), and Rakuten Mobile, Inc. around the country. We are engaged in creating high value-added shops that are "preferred by the customers."



Unique smartphone services

We provide various services and content for our customers to enjoy their smartphones more.



PICK UP

"KURASHI NO SUMAHO KYOSHITSU"

To meet the requests from many customers who wish to make better use of their smartphones and learn how to use them more effectively, we launched "KURASHI NO SUMAHO KYOSHITSU" smartphone classes for those who want one-on-one individual curriculums and those who have finished learning the basics and want to further improve their skills.



PICK UP

"nexi smartphone support"

The service offers learning content linked to the curriculum of smartphone classes at docomo Shops operated by us. Customers who are not confident with using smartphones or looking to use them more effectively can easily learn about smartphone use whenever and wherever they wish.



Wholesale to retailers, etc.

In addition to engaging in the wholesale of smartphones, etc., to retailers, etc., we also provide in-store sales facilitation. At Distribution Center and Call Center, we provide powerful backup to in-store sales through the speedy distribution of inventory and high-precision activation services.



Insurance shops

We have concluded a partnership agreement with HOKEN NO MADOGUCHI GROUP INC., and operate the "HOKEN NO MADOGUCHI."



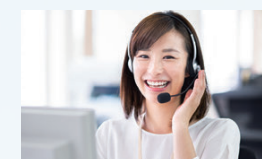
Corporate Business

In the Corporate Business, we sell smartphones, etc., as well as offer the "Managed Mobile Service" (helpdesk, etc.), solution products, IoT solutions, and payment services (sale of prepaid cards to convenience stores, among other services).

2,758 million yen
18%

Mobile solution

We propose solution services using smart devices to our corporate customers. We also support our customers' business activities through mobile helpdesk and handset set-up (kitting) that match the needs of each customer.



PICK UP

"Mobile WorkPlace"

"Mobile WorkPlace" is a mobile work related solution for corporate customers. We offer one-stop services from the provision of devices, lines, and applications to the "Managed Mobile Service", which operates and manages them on behalf of the customers.



IoT solutions

Engineers with more than 20 years of M2M/IoT experience, mid-career employees with a wealth of knowledge in various industries, and young employees with new ideas and dynamism are working hard every day to support the introduction and use of IoT at over 300,000 locations.



PICK UP

"Smart Ready IoT Solution Set"

Based on the know-how we have accumulated, the all-in-one package offers solutions specific to each industry and sector, from sensors to gateways, communication, and applications. The product realizes speedy IoT introduction.



Providing MVNO lines

We provide telecommunication infrastructure services that meet the needs of our customers including Internet lines and secure, high-quality VPN (Virtual Private Network), etc. for our corporate clients.



Payment service

Our payment services include selling prepaid cards to convenience stores.



Fiscal year ended
March 31, 2021
Operating profit*

12,462 million yen
82%

*Operating profit by segment and percentage breakdown are figures before the allocation of companywide costs.

CONEXIO's History

CONEXIO was established at Kitaaooyama, Minato-ku, Tokyo in 1997 as a wholly-owned subsidiary of ITOCHU Corporation, starting as a contractor for the mobile-related business of ITOCHU's Communication Network Division.

A spin-off absorption-type split in 2002 allowed us to succeed to the status of a primary distributor from ITOCHU Corporation, which shaped our core business. We have adapted to changes in the business environment, offered services expected from society, and seen a steady growth ever since.

2006

Listed on the Second Section of the Tokyo Stock Exchange

2007

Merged with Idomco Communications Co.
Established ITCN Assist Co., Ltd. as a wholly-owned subsidiary
Listed on the First Section of the Tokyo Stock Exchange



2008

Succeeded to the Mobile Communication Business of Hitachi Mobile Co., Ltd. through a company split

2012

Absorbed Panasonic Telecom Co., Ltd. through a merger

2013

Changed the trade name to CONEXIO Corporation



CONEXIO Plan 2020

"CONEXIO Plan 2023"

10.6 billion yen

12 billion yen

Operating profit

1997

2005

2006

2007

2008

2012

2013

2020

2023

Four types of assets



Number of telecom carrier-certified shops

Approx. **440** locations
(As of the end of September 2021)



Number of staff members with expertise*

Approx. **4,100**
(As of the end of August 2021)

*Number of persons with telecom carrier-certified qualifications at telecom carrier-certified shops, at retailers, and in the Corporate Business and Planner qualifications at insurance shops



Number of corporate customers

Approx. **7,000** companies
(As of the end of September 2021)



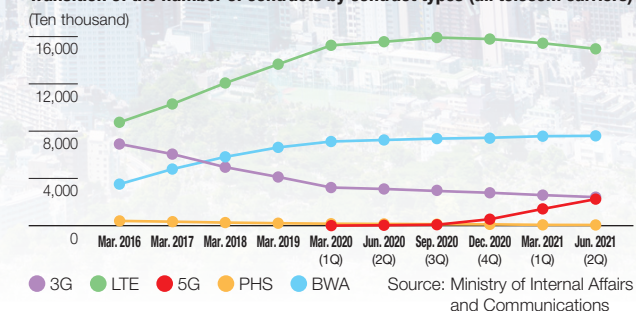
"Managed Mobile Service"(number of helpdesk lines)

Approx. **480** thousand lines
(As of the end of September 2021)

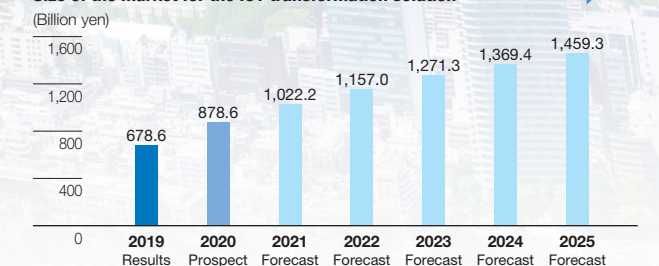
Business Environment

In the mobile phone market in which the Company mainly conducts its business activities, the market is foreseen to experience the revitalization and liquidation due to the reduction of prices by telecom carriers, and the popularity of online only plans over the next three years. On the other hand, the value of real contact opportunities with customers is expected to increase with greater information gaps due to the progress of digitalization, the wide spread availability of mobile handsets compatible with "5G" (the 5th generation mobile telecommunication system) and the advancement of related services. In addition, the shift into the new normal (new lifestyle) era is likely to accelerate continuously. In the corporate market, IT investment by companies to realize DX and "workstyle reform" will accelerate, raising expectation for the expansion of the scope of usage of mobile solutions for corporations and promotion of the use of IoT and 5G technologies.

Transition of the number of contracts by contract types (all telecom carriers)



Size of the market for the ICT transformation solution

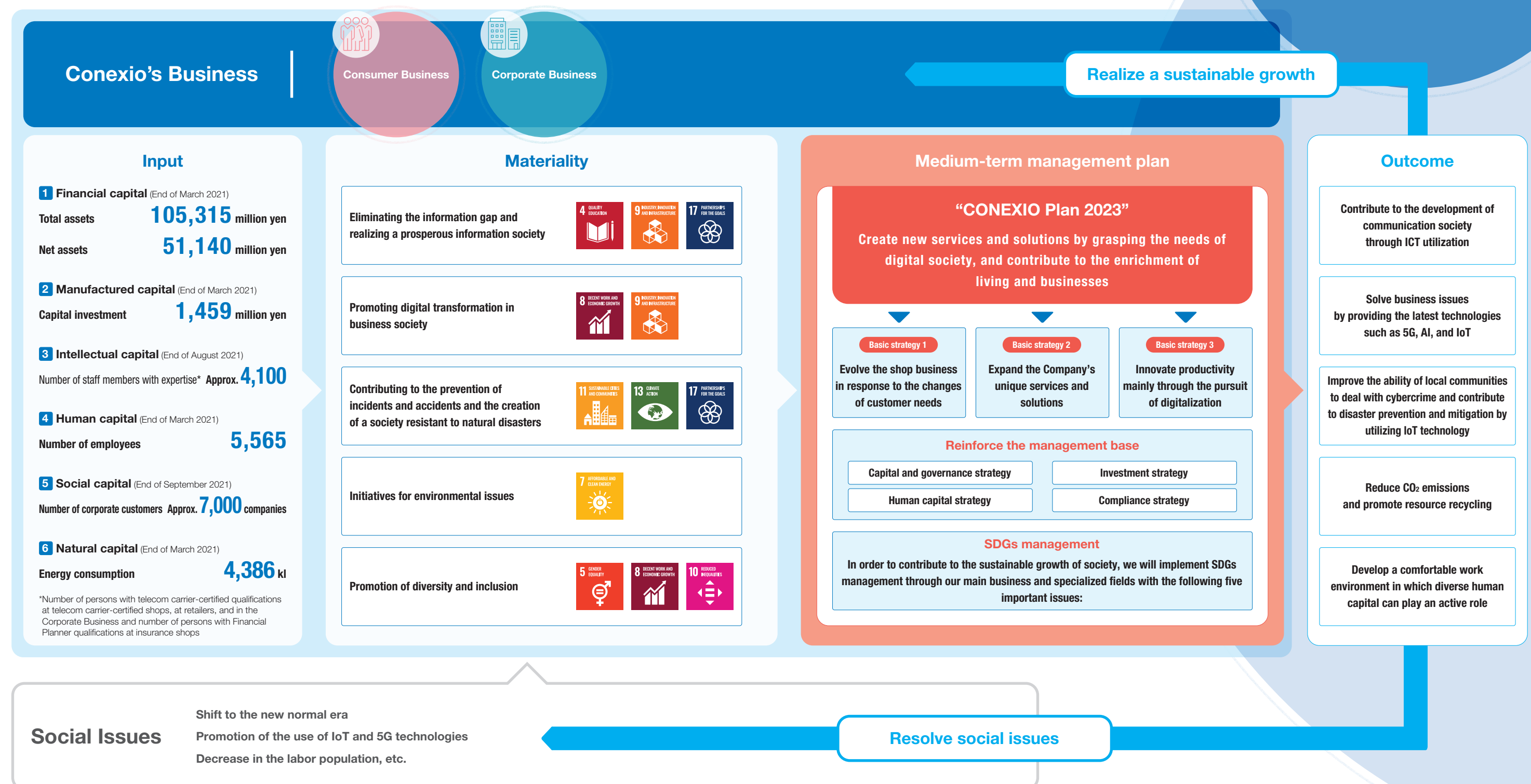


Our Value Creation Model

To achieve the medium-term management plan, CONEXIO flexibly responds to changes in the external environment surrounding us. In addition, the corporate philosophy is reflected in our management policies. The CONEXIO Plan 2023 aims to create economic and social value by grasping the needs of digital society, creating new services and solutions, and contributing to enrichment of living and businesses.

Corporate Philosophy

“Conexio is to
connect people
and values”



Response to the External Environment
(Risks and Opportunities)

The market surrounding CONEXIO is at a turning point, and our business is faced with significant changes.

We will identify risks and opportunities and implement measures for medium- to long-term growth.

Change in the business environment

Shift to the new normal era
(a remote type society)

Promotion of the use of IoT and 5G technologies

Revitalization and liquidation of the market due to the reduction of prices by telecom carriers

Decrease in the labor population

Environmental risks

TCFD
(Task Force on Climate-related Financial Disclosures)

Expressing support for the TCFD and participating in the TCFD Consortium

We work to reduce CO₂ emissions by shifting the energy we use in business activities, such as the operation of telecom carrier-certified shops and insurance shops, to renewable energy.



Analysis of the business environment

[Risks]

- Decrease in the number of customers visiting shops and in-store sales, due to the popularity of online only plans
- Decrease in agency commission

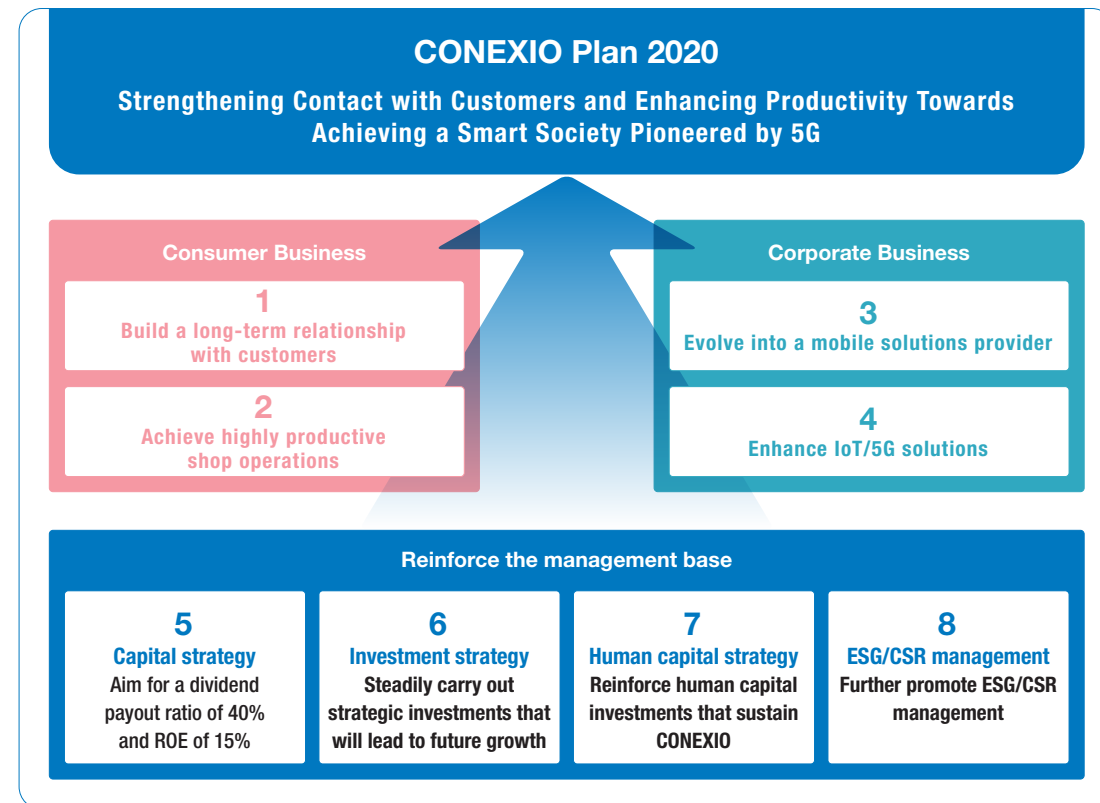
[Opportunities]

- Diversification of customer contact in response to behavioral changes of customers
- Increase in the needs for support and the value of real contact opportunities with customers, due to the widening of information gap against the backdrop of the progress of digitalization
- Expansion of operations at telecom carrier-certified shops
- Expansion of telework and digital transformation utilizing cloud and mobile services, with an eye to the new normal era
- Spread of new solutions that use IoT and 5G technologies
- Spread of SDGs management
- Promotion of diversity to empower diverse human capital
- Increase in the needs for provision against natural disasters, unknown diseases, and longer life expectancy

Our policy

- We will strive to expand real contact opportunities with customers by shifting the focus from in-store sales activities to pop-up shops in shopping centers and areas away from the shops.
- We will expand our services with higher added value by grasping major environmental changes as opportunities. In addition, we will work on productivity improvement by promoting the optimization of store operations and the use of IT through digital transformation.
- We will expand our support service lineup to offer services not only at the stores but over the phone and online, rolling out a range of device settings support and remote support services.
- We will roll out pop-up smartphone classes for beginners and the elderly, smartphone seminars in collaboration with local governments, etc., and other services that facilitate the shift from goods to services and experiences and lead to new discoveries.
- Services that add high value and meet customer needs, including unique content, will be expanded.
- We will spread “Mobile WorkPlace”, which creates a home and outside working environment equivalent to the environment in the office and realizes a new work style.
- We will promote collaboration with key partners; facilitate the use of field data in the manufacturing, construction, and public sectors; and offer solution packages and recurring businesses to customers struggling to overcome labor shortages.
- To contribute to a sustainable growth of society, we will set medium-term targets, and address five important issues under the leadership of the SDGs Promotion Committee.
- To enhance employee engagement, we will adopt working styles that are in line with the change in the environment and offer opportunities to take on new challenges, under the leadership of the Diversity Promotion Committee.
- “HOKEN NO MADOGUCHI” insurance shops will focus on locations that can attract a large number of customers, such as the Tokyo metropolitan area and large-scale commercial facilities, and we will aim to establish a new service model that can create synergy with the mobile phone distributors.

Summary of Medium-term Management Plan 2020



Quantitative targets

Net sales	Operating profit	Profit
280,000 million yen	11,000 million yen	7,200 million yen

Results and evaluation for the fiscal year ended March 31, 2021 (achievements and challenges)

Net sales	Operating profit	Profit
188,795 million yen (down 32.6% from the plan)	10,676 million yen (down 2.9% from the plan)	7,536 million yen (up 4.7% from the plan)

In the mobile phone market, commercial services of the new telecommunication standard 5G (the 5th generation telecommunication system) were launched and telecom carriers announced revamped pricing plans, revitalizing the market. However, due to the revised Telecommunications Business Act and the voluntary restraint on business activities amid the COVID-19 pandemic during the three months ended June 30, 2020, handset unit sales were limited to 1.81 million units and net sales to 188,795 million yen. Meanwhile, operating profit increased to 10,676 million yen, marking the 10th consecutive year of growth, and profit increased to 7,536 million yen, marking the 9th consecutive year of growth, due to the revenue growth achieved through our own initiatives (such as mobile help desk services for corporate clients) and increased sales of prepaid cards.

Key initiatives and results

Consumer Business

1 Build a long-term relationship with customers

- Enhancing services for which there is high customer demand, such as the expansion of smartphone classes
- Enhancing new customer contact by strengthening the pop-up shop system
- Store operations that offer safety and security by avoiding "3Cs" (closed spaces, crowded places, close-contact settings)

2 Achieve highly productive shop operations

- Establishing an operations system based on the premise of appointments for store visits, and shortening customer service time
- Investments to save labor in back office operations (shift creation tools and store visit appointment tools, etc.)

Strategic investment

- Launched Rakuten Mobile Shop Business, opening 23 directly managed stores
- Launched "HOKEN NO MADOGUCHI" insurance agency business, opening four directly-operated stores

Human capital investments

- Revised the personnel system, including improved conditions for shop staff



Smartphone class



Pop-up shop (scenes from a pop-up shop run on a remote island)

Corporate Business

3 Evolve into a mobile solutions provider

- Established an operations base for "Managed Mobile Service"
- Provided mobile solution services that promote "workstyle reforms"
- Established a sales system for solution products using digital marketing

4 Enhance IoT/5G solutions

- Developed edge computing gateway "CONEXIOBlackBear"
- Strengthened relationships with local 5G partners such as Nokia and NS Solutions
- Expanded package sales of IoT solutions and built a stock-type business model

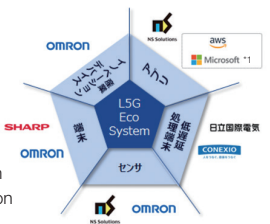
Nokia Local 5G Technology Partnership

Participating companies

Nokia Solutions and Networks Japan G.K.

OMRON Corporation
CONEXIO Corporation
Sharp Corporation

NS Solutions Corporation
Hitachi Kokusai Electric Inc.



*1: Nokia global alliance

Reinforce the management base

5 Capital strategy

- Aim for a dividend payout ratio of 40% and ROE of 15% We paid stable dividends of at least 60 yen of annual dividends during medium-term management plan 2020, with the aim of sustainably enhancing financial soundness and shareholder value. In addition, we increased annual dividends to 65 yen for fiscal year ended March 31, 2021.

6 Investment strategy

- Steadily carry out strategic investments that will lead to future growth
- We will actively invest in fields supporting business over the long term and new businesses, and launched the Rakuten Mobile shop business and the "HOKEN NO MADOGUCHI" agency business.

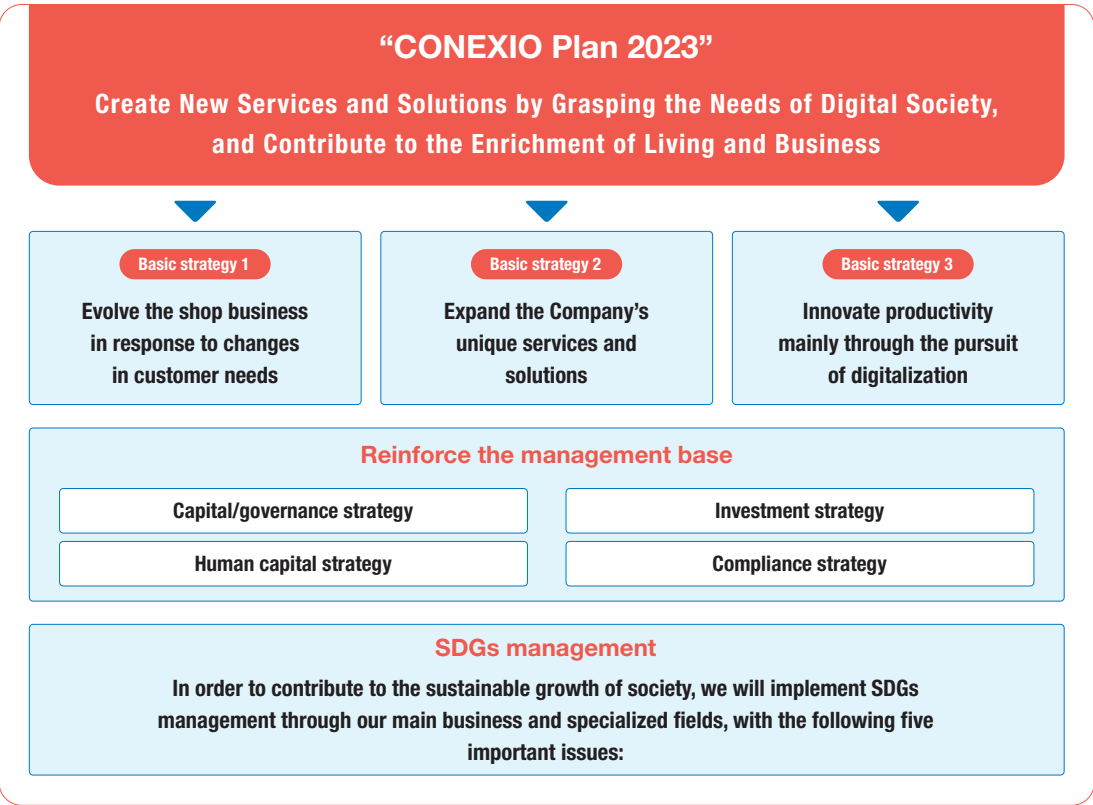
7 Human capital strategy

- Reinforce human capital investments that sustain CONEXIO In the aim of becoming a company in which diverse human capital can perform their highest capabilities, we launched a Diversity Promotion Committee and accelerated initiatives while also revising the personnel system, including improved conditions for shop staff.

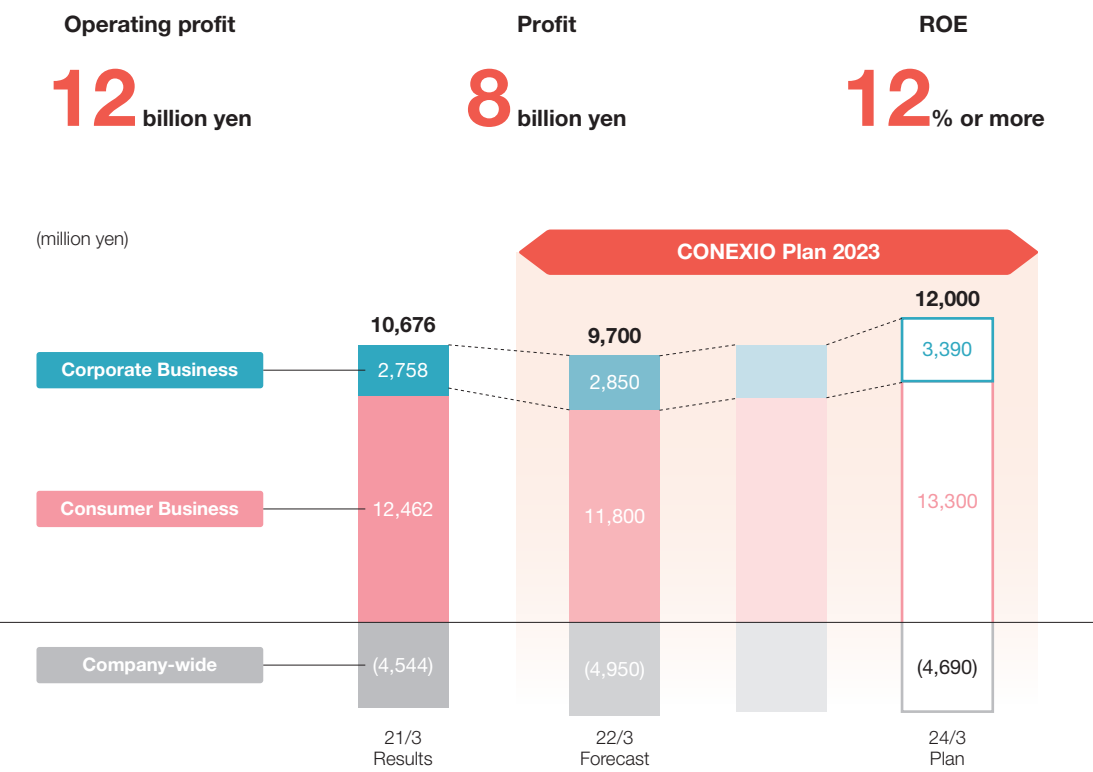
8 ESG/CSR management

- Further promote ESG/CSR management
- We worked to further promote ESG/CSR management, identifying challenges to address over the medium- to long-term, including: reducing the environmental burden of our business processes; promotion of the empowerment of female employees, diversity, and health management; and thorough governance, compliance, and information security.

Overview of Medium-term Management Plan 2023



Quantitative targets for FY2023



Key initiatives

Basic strategy 1

Evolve the shop business in response to changes of customer needs

Pursuing a new shop style that supports customers in improving their quality of life

In addition to in-store sales, we will strengthen the out-of-store sales activities of pop-up shops, door-to-door sales, and pop-up smartphone classes. Carrier shops will fulfil the role of offering what only physical stores can provide, such as experiences of 5G and other new technologies and providing services that lead to new discoveries. At the same time, we will leverage all contact with customers to expand sales activities.

Basic strategy 2

Expand the Company's unique services and solutions

Expanding gross profit margin to 1.3 times from the FY2020 level by FY2023 through CONEXIO's unique services and solutions

We see major changes in the environment as an opportunity, in addition to the greater flexibility of unique services and solutions for our telecom carrier-related businesses. In the Consumer Business, we will provide services for smartphone beginners and security functions, in addition to expanding HOKEN NO MADOGUCHI stores. In the Corporate Business, we will expand “Mobile WorkPlace”, a service that combines mobile and cloud technologies to realize new working styles by creating an environment where people can work to the same standard as in the office while at home or on the road. We will also promote collaboration with major partners.

Basic strategy 3

Innovate productivity mainly through the pursuit of digitalization

Improving productivity by restructuring business processes

In the Consumer Business, we will renew our POS system, improve operation of shop tasks, and introduce online customer service. In the Corporate Business, we will shift from the current phone-centric system to an online system for our mobile solution sales and help desk order reception, as well as digitizing internal processes. On a Company-wide basis, we will promote the digital transformation of core business operations such as network environment development, accounting operations, and contract operations.

Reinforce the management base

Further strengthening the management base on the four strategies

Capital/governance strategy: we will strive to pay a stable dividend of 70 yen or more per year during medium-term management plan 2023, with the aim of sustainably enhancing financial soundness and shareholder value. We will continually strengthen the corporate governance system.

Investment strategy: we will actively invest in fields supporting business over the long term and new business.

Human capital strategy: we will enhance employee engagement and promote diversity initiatives.

Compliance strategy: As the highest priority issue, we will continue to maintain a system that performs the checks and control functions of business activities

SDGs management

In order to contribute to the sustainable growth of society, we will implement SDGs management through our main business and specialized fields. Based on this policy, we will work to solve five important issues that directly link to the social significance of the Consumer Business and the Corporate Business, led by the SDGs Promotion Committee.

Message from the President

We will enhance our enterprise value as we work to achieve CONEXIO Plan 2023, which integrates growth strategy with SDGs management.

Hiroshi Suguta
President



1 Adapting to major changes to the business environment to achieve an increase in profit for the 9th consecutive year and a record profit

I am Hiroshi Suguta, appointed President in April 2021. With 30 years of experience in the field of information communication in a general trading company, I have been a Board Director of CONEXIO for seven years, during which time I have been in charge of management as a whole, including corporate sales and corporate planning. Leveraging the experience I have built up, I will work with enthusiasm to steer the future course for CONEXIO.

In the rapidly changing environment of the mobile phone industry, the Company has overcome many difficulties by responding to change with a field-oriented approach. In the previous medium-term management plan, CONEXIO Plan 2020, there was a drop in handset unit sales due to the introduction of discount sale restriction rules on smartphones by the revised Telecommunications Business Act in October 2019. This was later followed by declarations of a state of emergency in response to the COVID-19 pandemic, and we were in a very difficult situation in which we faced threats to continuing store operation. However, we have taken appropriate measures to cope with this situation and have come together as one to adapt to it. As a result, in the fiscal year ended March 31, 2021 (the previous fiscal year), which was the final fiscal year of CONEXIO Plan 2020, we achieved the profit target of our medium-term management plan. This marked an increase in profit for the 9th consecutive year and a record profit.

One important factor in being able to overcome this difficult environment and achieve profit growth and a new record was greatly demonstrating our CSR spirit—a sense of responsibility for providing the important social infrastructure of telecommunications and always placing importance on contributing to customers. Another key factor was the sense of unity in the company created by our corporate philosophy of “Conexio is to connect people and values.”

Specifically, in the Consumer Business, while receiving support and guidance from each telecom carrier, we shifted to an appointment-only system for customer store visits, introduced a two-shift system for shop staff to prevent crowding, equipped stores with infection prevention tools at an early stage, and took other measures to achieve the continuation of safe and secure store operations. Concerning the drop in handset unit sales, we improved gross profit per unit, made up for the fall in income by growing unique services and product sales, worked to curb selling, general and administrative expenses, and focused on improving our operating profit margin. Meanwhile, in the Corporate Business, we further accelerated the telework style of working that we had already introduced to respond to customer demand related to telework, which had grown rapidly, without sacrificing our sales capabilities. In this way, we were able to significantly grow our smartphone sales and unique mobile solutions business. Through these efforts, operating profit from the Corporate Business expanded 73% under CONEXIO Plan 2020, contributing to the achievement of the medium-term management plan for the whole company. In addition, we were also able to reward employees for their hard work during the

COVID-19 pandemic, paying special service bonuses to employees for two years in a row.

2 CONEXIO Plan 2023: integrating growth strategy with SDGs management

So, what kind of changes are predicted for the business environment surrounding the Company in future? I think that we will be seeing the competition in price plans among telecom carriers, which started at the end of last fiscal year, further intensify. I also think another big change will be growth in online smartphone sales and procedures. We must assume that these changes will lead to certain amount of negative impact, such as a fall in communications-related income for each telecom carrier, lower agency commission, and a further drop in handset unit sales at carrier shops. However, on the other hand, it is predicted that we will be seeing further growth in demand for support from users who are unable to keep up with these trends due to the rapid spread of smartphones and digitization. The Ministry of Internal Affairs and Communications has also made major efforts to widespread the use of smartphones with My Number Cards, with the goal of “people-friendly digitization that will leave no one behind,” and carrier shops are anticipated to play the role of local ICT hubs. Similarly in the Corporate field, demand for support for mobile utilization to be introduced by SMEs will likely continue to grow. Furthermore, new services created by the popularization of 5G will lead to more new business opportunities beyond our existing agency business. I consider this to be a positive aspect of the business

environment. Given these background factors, we put together the following three basic strategies for growth in our medium-term management plan CONEXIO Plan 2023.

Basic strategy 1 is “evolve the shop business in response to changes of customer needs.”

We will more accurately gauge the needs of customers—in other words, customer concerns and requests—and take advantage of the strengths of physical stores to evolve our sales activities. In an effort to expand contact with customers other than those who visit stores, we are venturing outside of stores to run initiatives such as counseling sessions to strengthen our sales activities to propose the optimal price plans and smartphone usage support. In addition, by shifting from a mindset of striving to sell a large number of telecom carrier products to proposal-based service sales that respond to the needs of customers, we would like to enhance our function into a base that supports our customers’ mobile life.

Basic strategy 2 is “expand the Company’s unique services and solutions.”

In the Consumer Business, we will focus even more than before on the expansion of unique products and services. We will expand the variety of smartphone classes for smartphone beginners to include formats such as one-on-one classes in accordance with the customer’s level. We will also link this service to “nexi smartphone support,” our app that provides content specialized in operational guidance and information for smartphone beginners, and provide services that contribute to eliminating the digital divide for many middle-aged and elderly users.

Changes in key management indicators

	Medium-term management plan	CONEXIO Plan 2020	CONEXIO Plan 2023
Indicator	Fiscal year ended March 2018	Fiscal year ended March 2021	Fiscal year ending March 2024
Operating profit	10.2 billion yen	10.6 billion yen	12 billion yen
Profit	6.7 billion yen	7.5 billion yen	8 billion yen
ROE	18.7%	15.5%	12% or more
Dividends	65 yen	65 yen	70 yen or more
Dividend payout ratio	43.2%	38.6%	40.0% or more

- We will also proactively participate in the Project on Digital Utilization Support for Users led by the Ministry of Internal Affairs and Communications, and promote regional expansion through initiatives such as running smartphone classes in public halls in collaboration with local governments and other venues outside of carrier shops.
 - We will continue to plan and develop unique products and services that are niche but beneficial to users, such as smartphone earphones and other accessories, smartphone coating services, and "nexi" service packages that provide security functions.
 - We are accelerating the expansion of our HOKEN NO MADOGUCHI business, which is an initiative to branch out into other industries by using our expertise in shop operation, and are considering opening stores in a new format that also offers smartphone consultations.
- Our plans for the Corporate Business are as follows.
- Promoting "Mobile WorkPlace", our environment for a new working style that enables users to complete tasks in any location at any time by linking mobile and cloud technologies, we are proactively pushing forward with the expansion of solution services for small and medium enterprise users.
 - In the field of IoT, we will utilize the expertise we have built up in systems development and joint proof-of-concept experiment to expand our activities with a focus on our IoT Solution Set, an all-in-one package covering everything from sensors to gateways, communications, and applications, and local 5G initiatives. By doing so, we will provide additional functions that are useful for the digital transformation of society and disaster prediction.

In this way, the pillar of the growth strategy of CONEXIO PLAN 2023 is expanding our unique businesses (with a medium-term management plan target of boosting its proportion of company-wide gross profit from the current 25% to 31%), while also maintaining the revenue of our telecom carrier agency business.

We established specific important issues "Materiality" to address through our main business and specialized fields. Incorporating SDGs management into the growth strategy of CONEXIO PLAN 2023 with the aim of enhancing enterprise value.

Basic strategy 3 is "innovate productivity mainly through the pursuit of digitalization."

In addition to renewing POS systems and optimizing shop operations, we will further promote the introduction of IT, such as by providing remote support for initial setup and other common tasks even in the field of in-store customer service. By doing so, we will boost the productivity of store operations. In the Corporate Business, we will introduce digital technologies to customer contact and expand our "Managed Mobile Service" that can swiftly respond to customer requests without missing any opportunities, and facilitate the optimization of operations.

3 Evolving from CSR to SDGs management through our main business and specialized fields

In addition to practicing the corporate philosophy of "Conexio is to connect people and values," the Company has carried out management based on the CSR Policy established in 2015. When CONEXIO Plan 2023 was being formulated, the Board of Directors resolved to evolve this CSR management to SDGs management that is more conscious of global standards, and specific important issues "Materiality" to address through our main business and specialized fields were established.

"Eliminating the information gap and realizing a prosperous information society," "promoting digital transformation in business society," and "contributing to the prevention of incidents and accidents and the creation of a society resistant to natural disasters" summarize the social reason for existence of the Company. We then also added "initiatives for environmental issues" and "promotion of diversity and inclusion" to form the five materiality issues. We decided on KPI targets as the five materiality issues and tied them to the goals of achieving the SDGs.



Optimizing the business base, financial base, and human capital that we have cultivated over the past 20 years, we will take on challenges as we move toward our next growth stage.



Firmly believing that our initiatives to address these important issues will facilitate the sustainable growth of the Company, we have incorporated SDGs management into the growth strategy of CONEXIO PLAN 2023 and aim to enhance our enterprise value.

4 Enhance our management base to meet the demands of the new market segments and strengthen shareholder returns

In July this year, it was confirmed that we meet the standards to be listed on the Prime Market, the new market segments scheduled to launch in April 2022. In September, the Board of Directors resolved to select the Prime Market. We will work to further strengthen our management base in the future, taking into account the revised Corporate Governance Code and the evaluation standards of investors in the new market.

- With our business domain in the regulated field of telecommunications, we continue to consider compliance, the most important factor in sustainable growth, to be a key management issue. We will work to boost awareness among employees and create a system with working check functions.
- Concerning our investment strategy, we will invest in development and expansion of carrier shops and HOKEN NO MADOGUCHI stores (including M&A), as well as technologies and companies that tie into the development of our unique products and services. We will also conduct investments to acquire solution functions, technologies, and human capital in line with the growth strategy of the Corporate Business.
- For our shareholders and investors, during CONEXIO Plan 2023 we will aim to maintain a ROE of 12% or more and a dividend payout ratio of 40%. If we achieve our profit target of

8 billion yen in the final year of the plan, the dividend payout ratio of 40% would be equivalent to dividends of 70 yen or more per year, and we hope to achieve this ahead of schedule (yearly dividends were 65 yen in the previous fiscal year ended March 31, 2021).

For fiscal year ending March 31, 2022, I regret to say that we predict a drop in profit to 9.7 billion yen of operating profit and 6.6 billion yen of profit due to a reduction in commission income as a result of telecom carriers' revised agency commission. However, moving forward, as I previously mentioned, we will aim to achieve a record profit of 12 billion yen of operating profit and 8 billion yen of profit for fiscal year ending March 31, 2024 by growing the revenue of our unique businesses while maintaining the revenue of our telecom carrier agency business.

The Company has grown with the strength of being able to accurately capture the needs of customers by directly dealing with user customers. Optimizing the business base, financial base, and human capital that we have cultivated over the past 20 years, we are determined to take on challenges as we move toward our next growth stage. To all of our stakeholders, I ask for your warm support as we, CONEXIO, take on challenges moving forward.

Message from the General Manager,
Consumer Business Group (Business Strategy)



Leveraging our industry-leading base and wealth of human capital that have overcome countless crises, we will aim for sustainable growth.

Riichiro Metoki
Board Director and Senior Managing Executive Officer
General Manager, Consumer Business Group

An industry-leading business base

The Consumer Business operates telecom carrier-certified shops of NTT DOCOMO, KDDI Corp. (a.k.a “au” and “UQ mobile”), and Rakuten Mobile throughout Japan. We have an industry-leading business base, with annual handset unit sales of approximately 1.7 million units, approximately 440 telecom carrier-certified shops, and over 9 million shop members. In addition to engaging in the wholesale of smartphones, etc., to retailers, we also provide in-store sales facilitation. At Distribution Center and Call Center, we provide powerful backup to in-store sales through the speedy distribution of inventory and high-precision activation services.

Furthermore, the Company also expends efforts on unique services such as “nexi smartphone support” for smartphone users, “nexi” service package security software, and adblocker app ADGUARD. We also started sales of content that can be viewed via smartphone as well as ENEOS Electricity as an infrastructure product that is highly compatible with phone bills, and are working to create high value-added shops that are “preferred by the customers.”

Furthermore, we have signed a partnership agreement with HOKEN NO MADOGUCHI GROUP INC., launching our HOKEN NO MADOGUCHI business from March 2020. We are currently operating five stores with the primary business of proposing and offering the insurance coverage (compensation) necessary for the everyday lives of the customers. Based on the thorough

customer-first philosophy that we have cultivated since our founding, we provide a wide range of services from proposing insurance products that align with the customers’ wishes to helping customers claim for benefits and insurance payments. Going forward, we plan to leverage our high customer service skills in mobile phone sales and our experience in the rapidly changing mobile phone industry to rapidly achieve proficiency in this field and proactively open stores. In addition, we are considering opening stores in a new format that also offers smartphone consultations run by sales staff who draw on their experience in mobile phone sales.

A year of overcoming double difficulties: falling handset unit sales and store visitors

In the fiscal year ended March 31, 2021 (the previous fiscal year), which was the final fiscal year of the previous medium-term management plan CONEXIO Plan 2020, an increase in the price of smartphone devices due to revisions to the Telecommunications Business Act in 2019 spurred on a drop in handset unit sales. Furthermore, there was also the impact of the state of emergency declarations due to the COVID-19 pandemic that urged the public at large to stay at home and for stores to close. As a result, we faced double difficulties: falling handset unit sales and store visitors.

With the support and guidance of telecom carriers, we have implemented thorough hygiene control measures such as ensuring social distance and setting up plastic barriers for face-to-face customer service in order to prevent virus transmission among shop employees and store visitors. Furthermore, we worked to ensure safe and secure store operations by strictly enforcing appointment-only store visits and introducing a two-shift system for shop staff. We also focused on boosting staff skills on days where it was not possible to carry out in-store duties, such as by running training and study sessions to hone their customer service skills. At the same time as implementing these measures, we also worked to curtail selling, general and administrative expenses, thus improving profit margins. As a result, operating profit was almost on target.

Solving social issues through new customer experiences with an eye to sustainable growth

Under CONEXIO Plan 2023, which was launched in April 2021, we will respond to the significant changes in the environment that have been continuing since the previous fiscal year and promote changes. We will move forward with the two key themes of “evolving the shop business” and “expanding unique services.”

Background factors to the theme of “evolving the shop business” include the environmental changes of intensifying competition among telecom carriers to acquire customers through price competition, and the resultant shift to performance-based agency commission. Furthermore, the COVID-19 pandemic has meant that store visits are mainly via appointment, and customer service time has also been restricted. Against this backdrop, it has become more important not to just wait in shops for customers to come, but to go outside of stores to conduct sales—in other words, pop-up shops. We head to

places where we can expect to attract a large number of customers, such as shopping malls, supermarkets, and other commercial facilities, drug stores and convenience stores, as well as remote islands. There, we increase our contact with customers, with a focus on users of other telecom carriers, and uncover new customers.

When running these pop-up shops, staff are required to have customer service skills that previously were not needed much, such as using a variety of approaches to strike up conversation with the people passing by, get them interested in the products and services that we handle, and get them to listen to what we have to say. At the moment, we are utilizing external specialized staff to achieve results in various regions. Moving forward, I would like many of our shop staff to acquire these skills so that we are able to achieve results on our own accord. This will be a big challenge for shop staff, but staff of retailers actually demonstrate these skills on a daily basis. Leveraging the strengths of our Consumer Business, we will transcend departmental boundaries to promote training sessions taught by retailer staff and personnel exchange, and ensure that the pop-up shop initiatives of our shops achieve results more efficiently.

Regarding “expanding unique services,” we will develop the smartphone classes that have been well received so far, enhance their added value, and expand them. Smartphone classes are currently provided in shops around Japan, but they originally started out at a service independently launched by one of our stores. Catching the attention of telecom carriers, smartphone classes were subsequently expanded and rolled out to shops around Japan as free classes. We have currently added the new “KURASHI NO SUMAHO KYOSHITSU” to service lineup as a premium class. One-on-one classes have been started as the first phase. Taking place in the free time between existing free classes, these classes offer counselling in accordance with the various requests and levels of the participants, who have reacted favorably to the classes. In future, we will



We will create shops that are pleasant for more customers to visit and for employees to work in.

expand the classes with an eye to online classes, classes run in partnership with companies, and more. We will renew and expand the lineup of existing unique services as appropriate, such as “nexi smartphone support” for smartphone beginners, “nexi” service package security software, and adblocker app ADGUARD.

We will also leverage the human capital and experience that we have cultivated through smartphone classes to strengthen initiatives aimed at eliminating the information gap (digital divide) in local communities. The Company was entrusted with the “Project on Digital Utilization Support for Users (regional collaboration type)” by the Ministry of Internal Affairs and Communications, for which we dispatch instructors as digital supporters in partnership with 22 municipalities around Japan. We run fundamental smartphone classes at venues such as public halls, which cover content including applying for a My Number Card. These classes have been well received. From the fiscal year ending March 31, 2023 onwards, we will expand this initiative to municipalities around Japan in line with the direction of the five-year plan of the Ministry of Internal Affairs and Communications to help eliminate the digital divide throughout local communities as a whole by dispatching supporters, training supporters, and other activities.

These initiatives embody the important issue (Materiality) “eliminating the information gap and realizing a prosperous information society” that we established as a social issue we need to solve. When 3G services are terminated in future, people buying smartphones for the first time and senior citizen will become new smartphone users. However, if they are unable

to use smartphones well enough, they may be left behind in the digitization process, creating a digital divide. We can play an important role in ensuring as many people as possible to reap the benefits of an abundant information society by making use of our expertise as a company that sells smartphones. As our carrier shops become local ICT hubs that help improve customers’ quality of life, we will find new revenue opportunities and work toward sustainable growth.

Leveraging the characteristics of regions to promote work-style reform for shop staff

Up until now, many of our shop operations involved instruction from telecom carriers, and were carried out face-to-face using old-fashioned methods. However, the COVID-19 pandemic has led to progress in the digitization of customer service methods, including the introduction of online customer service and video-based explanations. We have also started promoting our own digital transformation in the aim of shortening customer service time and optimizing staff operations. Promoting the use of originally developed reception aggregation and analysis tools, we will push forward with reforms to productivity and shop staff working styles.

Furthermore, we will analyze the needs of customers, store visits, and other factors by region to flexibly revise our operating hours to ensure we are able to serve even more customers. Enacting reforms on a store-to-store basis, such as making opening and closing times earlier and increasing regular closing



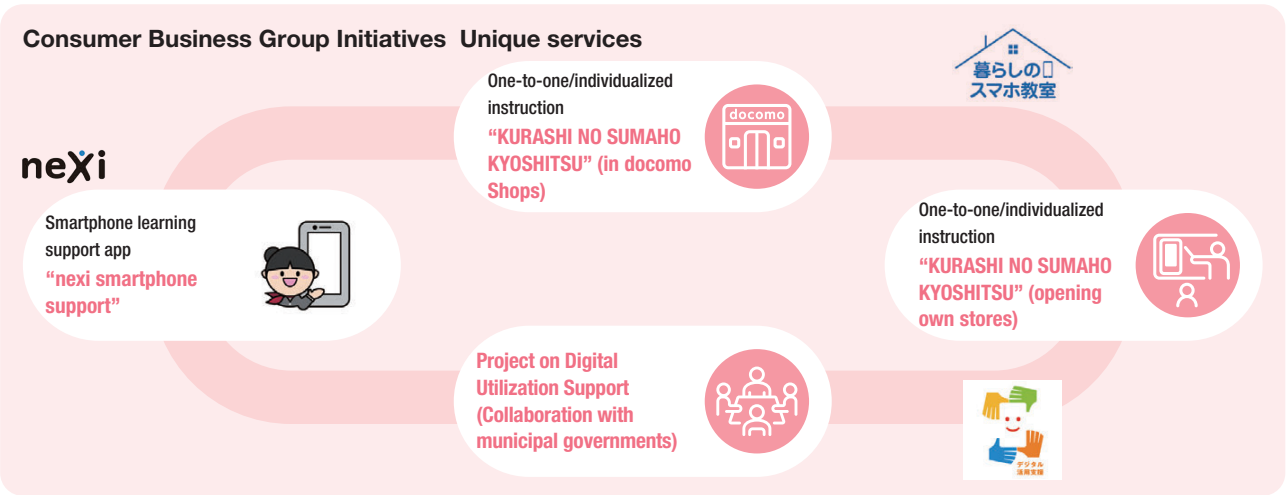
I will develop our unique services even more than before and aim for a Consumer Business that can realize high revenue and growth.

days, will give rise to a variety of benefits, including being able to secure more appointment slots in the morning, simplifying staff shifts, and rapidly sharing information by holding morning meetings in which all staff participate. In the future, we will continue to widely promote these reviews to create shops that are pleasant for more customers to visit and for employees to work in.

Leveraging our wealth of human capital that have reformed themselves to overcome a variety of crises

Our Consumer Business has faced a variety of difficulties, including the COVID-19 pandemic in the previous fiscal year. It has overcome them by reforming itself, and continued to grow. Now, we are entering another turning point, and we ourselves are required to embark on even larger reforms.

The source of sustainable growth for our Consumer Business is a wealth of human capital with strong customer service skills and growth mindset. To ensure success in our new challenge of pop-up shops, which seek to form diverse customer contact, and our smartphone classes, which seek to eliminate the digital divide, our wealth of human capital that have overcome a variety of difficulties need to come together as one to get closer to the customer. At the same time, it is important to reform the way we work, including the digitization of our operations, so that we can improve productivity and achieve results efficiently.



Message from the General Manager,
Corporate Business Group (Business Strategy)



Adhering to the customer-first philosophy that is our founding spirit, we will grow into a strong organization that pioneers the next generation in the wireless-first trend.

Naoki Inoue
Managing Executive Officer
General Manager, Corporate Business Group

The Corporate Business has its beginnings in sincerely caring for customers

The 2000s saw companies start to introduce mobile phones for corporate use. We were contracted to carry out after-sales support in response to requests by corporate managers who said they could not manage thousands of mobile phones, which led to the full-fledged launch of our Corporate Business. At the time, it was the norm for companies not to manage devices that employees would put in their pockets and carry around with them everywhere. However, mobile phones are information devices with security concerns, so all companies were perplexed at how to manage them. There were also companies that were reluctant to introduce mobile phones due to such issues.

Most mobile phone sales companies stubbornly stuck to their hands-off business model whereby their involvement would end once the phone was sold. Against this backdrop, we moved a step ahead of our competitors to take on this cumbersome and complex management support, going through great lengths to do so at the time. The reason why we did this is because our policy was not only to sell, but also make sure our customers properly use the product. Our management team, including top executives, gave the go-ahead from a long-term perspective. Thanks to this, many formerly reluctant companies were able to introduce mobile phones, and our relationships with major corporations called enterprises in particular continue to this very day.

The 2010s saw the advent of the smartphone, and phones shifted from being a tool for calling to a tool for information. Smartphones can be used in a variety of ways. When users install apps, they can use their phones for an even wider variety of purposes. We have diversified our service areas to include the provision of security, in addition to operation and management to ensure proper use by employees. In the past, being able to take voice calls via a mobile phone itself would have been a solution, but recent years have seen ICT solutions that also include the use of smartphones become mainstream.

Steady business expansion and revenue growth thanks to the spread of working from home

In the fiscal year ended March 31, 2021 (the previous fiscal year), the final fiscal year of the previous medium-term management plan CONEXIO Plan 2020, state of emergency declarations due to the COVID-19 pandemic urged the public at large to stay at home and for stores to close. Working from home was recommended in order to avoid crowding at offices and reduce the flow of people, and mobile work spread throughout companies. There was also rapid progress in technologies and services, giving rise to an abundance of various solution products for promoting digital transformation.

The spread of working from home has led to buoyant sales of smartphones in our Corporate Business, and there was growth

in new contracts and introductions of our mobile solution products that promote “workstyle reform”. There was an increase in subscriptions for “Managed Mobile Service” as existing customers promoted working from home, and sales per customer also increased thanks to factors such as an expansion in service scope following the switch to smartphones. Revenue grew as a result. Meanwhile, in the IoT solutions field, we participated in the Nokia Local 5G Technology Partnership in local 5G and private LTE with partner companies, and promoted proof-of-concept experiment for the development and provision of edge computing gateways that support local 5G/private LTE.

Reforming from a sales to solutions organization and establishing the base toward our next leap forward

Through the three years of medium-term management plan CONEXIO Plan 2023, the Corporate Business will work on reforming its entire business, moving from a sales-focused approach of selling smartphones and mobile solution products to an organization that can provide solutions that solve customer issues, while continuing to promote our existing growth strategy. I firmly believe that once this growth strategy and organizational reform is complete, the Corporate Business will be able to establish a base toward our next leap forward. I recognize that these three years will be important, as we promote both business growth and organizational reform.

CONEXIO Plan 2023 contains three basic strategies. Among them, the Corporate Business Group will push forward with its business activities in line with the strategy of “expand the

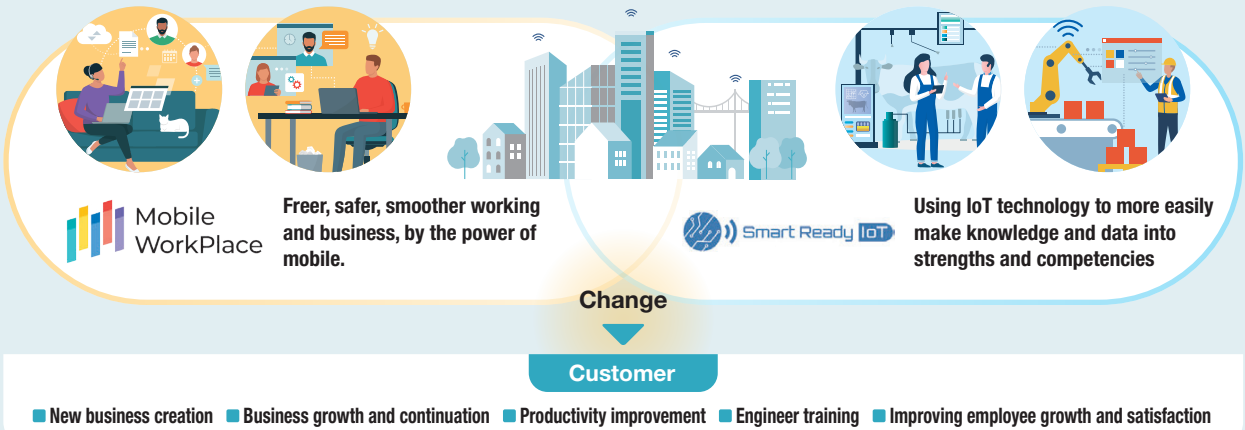
Company’s unique services and solutions.” This basic strategy links in to Materiality 2 “promoting digital transformation in business society,” and Materiality 3 “contributing to the prevention of incidents and accidents and the creation of a society resistant to natural disasters.”

The services run by the Corporate Business include: “Mobile WorkPlace”, our service that promotes work-style reform by digitizing work environments using the power of mobile and cloud technologies and creating an environment where users can conduct work and information sharing regardless of time and place; and IoT Solution Set, an all-in-one package covering everything from sensors to gateways, communications, and applications to solve customer issues, developed leveraging our experience in IoT system development and joint proof-of-concept experiment.

“Mobile WorkPlace” is a solution service that upgrades the “Managed Mobile Service” that we have provided so far to promote digital transformation and encourage the introduction of new working styles. Many small to medium companies do not have environments that large corporations have, such as information systems departments and abundant resources provided by partner systems integrators. The COVID-19 pandemic brought to light the necessity of promoting digital transformation, including working from home. However, even if companies realize this, they often do not know where to start. The majority of the over 7,000 customers of the Corporate Business are small to medium companies with such concerns.

With the advancement of IT technology, it has become possible to use a variety of services at low cost by implementing applications in cloud services. However, many small to

The business structure of the Corporate Business Group and current initiatives



medium companies find it difficult to effectively use these technologies and services effectively for their own business. "Mobile WorkPlace" is a one-stop, seamless solution service that properly combines these technologies and services to provide solutions that can empower their business models. Naturally, the service follows the policy of the Corporate Business since its founding: provide support right through to actual utilization. The customer-first philosophy concept that has evolved from the "Managed Mobile Service" caught the attention of many customers right after the service's launch.

The IoT Solution Set is a solution set specific to industry and business type that selects the core challenges from our development track record and joint proof-of-concept experiment that we have built up to solve customer issues. Our IoT Solution Department is based on the team that planned, designed, and produced wireless units at Panasonic Telecom Co., Ltd., which we acquired and absorbed in October 2012. Ever since the age of so-called M2M, the team has worked broadly to carry out proof-of-concept experiment from a variety of angles to test communications between machines connected wirelessly. In the past, the team has been involved in IoT solutions in various fields, such as vending machines, automobiles, construction machinery, electric meters for electronics companies, river water level gauges, and more.

IoT is attracting attention across all industries, and is expected to see rapid market growth in future. Against this backdrop, our IoT Solution Set is a standardized package of IoT solutions selected from our track record. By using this in our explanations, we are able to share an image of the challenge at hand during negotiations with customers, enabling us to generate business at a faster speed. There are a wide range of key items included in the set, including: "pump safety packs"

that support both attended and unattended maintenances; "meter reading solutions" that turn figures from analog meters, etc., into data and IoT to achieve labor savings in patrol duties; "equipment device remote monitoring solutions," remote work tools for facilities and equipment devices; Space Time scene analytics, an anomaly detection solution using video analysis software; and an "AR equipment maintenance solution" that revolutionizes equipment maintenance tasks by displaying information on screen when a tablet is held up. It also presents "CONEXIOBlackBear", our originally developed the edge computing gateway that can be used overseas and in society. We will use this IoT Solution Set as an opportunity to establish a strong position in the IoT market, which is a future growth area.

Proactively forming partnerships during the favorable wireless-first trend

A strong network with partner companies is essential to achieving CONEXIO Plan 2023. We have already steadily formed partnerships with companies both inside and outside of Japan. Some examples include: a business alliance with OPTAGE Inc. (trade name changed from K-Opticom Corporation in April 2019); an AR solution for production sites by Schneider Electric Japan Holdings Ltd.; a capital and business alliance with Sun-Bridge Inc.; the launch of joint tests and business alliance in local 5G/private LTE with Nokia Solutions and Networks Japan G.K. and NS Solutions Corporation; entering into the Nokia Local 5G Technology Partnership agreement in local 5G/private LTE with Nokia; and a business alliance in the field of corporate mobile solutions with Needs Well Inc., an independent systems integrator.



We will use the IoT Solution Set as an opportunity to establish a strong position in the IoT market, which is a future growth area.

By promoting the digitization of operations, we will provide beneficial value to all customers.



Concerning IoT in particular, the advent of 5G/private LTE has increased system design freedom, mobility, and transferability, rapidly brought wireless into attention, and finally expanded our position. During this favorable wireless-first trend, we will proactively form partnerships and enter solution businesses in all fields.

Striving for a virtuous cycle of solving social issues and providing value through our business

CONEXIO Plan 2023 also contains plans for our internal digital transformation initiatives. The Corporate Business is moving forward with preparations to optimize its traditional sales activities by using digital marketing and handle post-contract after-sales service using digital methods. This naturally also includes not only cost reductions for the Company, but also value returned to the customer by making data out of information received through sales activities and inquiries and analyzing it. Using traditional methods, we were unable to provide such value to all customers due to workforce limitations. By promoting the digitization of operations, I firmly believe that we will be able to provide beneficial value to all customers.

The Corporate Business will strive to conduct business activities based on a positive Plan-Do-Check-Act cycle, whereby we solve social issues through our business activities, transform information obtained through our business activities into value, provide that value to customers, and then further solve social issues. Then, we will continue to grow into a strong organization that pioneers the next generation.

Message from the General Manager, Administration Group

Promoting a governance system that ensures independence and SDGs management, we aim to be an Administration Group that grows together with Sales Divisions.

Shinji Nakata

Board Director and Managing Executive Officer
General Manager, Administration Group



1 Summary of CONEXIO Plan 2020

CONEXIO Plan 2020 saw us work on reinforcing the management base from the aspects of capital strategy, investment strategy, human capital strategy, and ESG/CSR management, and I believe that we were able to achieve a certain level of results in each of these fields. I do wish that we were able to realize somewhat larger-scale investments that link into our future growth. Concerning corporate governance, on the other hand, I am proud of the efforts that we have made to anticipate the recent revisions to the Corporate Governance Code.

2 Strengthening governance to ensure independence

Ever since our founding, ITOCHU Corporation has been our parent company. In order to ensure that the existence of a controlling shareholder does not disadvantage our other shareholders, we have proactively worked to strengthen our governance ever since our initial listing on the stock exchange. In addition to having at least one third of all Board Directors be

Independent Outside Directors from an early stage, we have also appointed female Outside Directors and worked to ensure the diversity of our Board of Directors. Furthermore, we have invited specialists such as lawyers and certified public accountants to be our Outside Corporate Auditors and people with abundant business and management experience to be our Outside Board Directors, who engage in vigorous discussions with at the Board of Directors.

The telecommunications business, which is the core of our businesses, is conducted between telecom carriers, us, and our customers (users). ITOCHU Corporation has almost no involvement in this commercial channel. For this reason, there are almost no conflicts of interest with the controlling shareholder in the course of our usual sales activities, and we believe that our business model can ensure independence.

We have decided to select the Prime Market in the new market segments of the Tokyo Stock Exchange. The Prime Market will require an even higher level of governance than before. In addition to independence from controlling shareholder, we will enhance our SDGs and TCFD initiatives to realize a level of governance that will be well received by our investors even in the Prime Market.

3 Key points in reinforcing our management base under CONEXIO Plan 2023

Capital strategy:

Sustainably enhancing financial soundness and shareholder value

Under CONEXIO Plan 2023, we will continue to strive to sustainably enhance financial soundness and shareholder value, maintaining an ROE of 12% or more and paying an annual dividend of 70 yen or more. The idea is to promise to our shareholders that we will achieve the performance targets we have set for FY2023, and pay an annual dividend of 70 yen or more, which are calculated based on a dividend payout ratio of 40% for FY2023, ahead of schedule from FY2021 onwards. I hope that this will be seen as an expression of our strong commitment to achieving CONEXIO Plan 2023.

Investment strategy:

We will actively invest in fields supporting business over the long term and new businesses.

To date, we have conducted M&As of Idomco Communications Co., Hitachi Mobile Co., Ltd., and Panasonic Telecom Co., Ltd. when reorganizing carrier shops, which has become the driving force for further growth. During CONEXIO Plan 2020, we also searched for ways to invest in industry restructuring, but we were unable to realize such investments due to market prices remaining high.

Throughout the same period, the Consumer Business worked to steadily expand our business, opening 23 Rakuten shops and 4 shops of the new HOKEN NO MADOGUCHI business, as well as opening the Sapporo Telemarketing Center. The Corporate Business developed "CONEXIOBlackBear" as our unique product in the IoT field, and entered into a capital alliance with SunBridge Inc. as an investment to strengthen our solutions. These investments will start to properly generate revenue in the future, and I hope that we can grow them significantly under CONEXIO Plan 2023.

In addition to developing and strengthening store expansion in the Consumer Business, CONEXIO Plan 2023 will see us proactively conduct further investments that will

contribute to our long-term growth, primarily in the Corporate Business. We will expand the scope of our activities to voice and IT integration and fields that are related to our current business, and also look into venture companies, etc., that we had not proactively considered as an investment choice until now. I would like the Administration Group to fulfil its function even more than before in establishing and operating internal controls following investments.

Human capital strategy:

We will enhance employee engagement and promote diversity initiatives.

The level of expertise required in all the businesses we operate is steadily growing. In addition, we have many female employees, primarily in our carrier shops. Being a company where women can work for a long time with peace of mind could be said to be a necessary factor for our growth.

From this perspective, we focused on regular recruiting for new graduates, mid-career hiring of outstanding talent, and hiring dispatch staff who are enthusiastic to work at the Company as employees. In this way, we were able to raise the proportion of regular employees to 73.0% in the fiscal year ended March 31, 2021. Our human resources measures included the introduction of support systems for childcare and nursing care as well as a system that allows employees to opt out of transfers to different locations. We also carried an overhaul of our human resources systems, with a focus on improving the conditions for our shop staff. As a result of these initiatives, we managed to boost our employee retention rate from 92.0% in FY2019 to 93.8% in FY2020. We also encouraged the promotion of female employees through efforts such as running a female managers' school, in addition to conducting a variety of measures to ensure that maternity and childcare leave do not pose an obstacle to future career growth. As a result, we received grand prize in the Women's Participation Promotion Award from Tokyo Metropolitan Government in January 2019. We have received a variety of other awards, including an award in the shared philosophy category of the 6th White Company Award in June 2021 (this is the third time that we have received this award).

Under CONEXIO Plan 2023, we will promote various activities with engagement and diversity as keywords. We will continue to conduct the engagement surveys that we introduced in FY2019. Based on the result of these surveys,

we will bring Sales Divisions and human resources together to work on efforts to ensure that we are a company and organization at which employees truly want to keep working. In addition, we will also accelerate our efforts centered on the Diversity Promotion Committee, which was established in October 2020, with the aim of enabling diverse human resources to perform their highest capabilities, and foster a corporate culture wherein employees can freely and easily express creativity. We will strive to realize a CONEXIO where all employees can work energetically in a way true to themselves, and perform to their highest individual capabilities.

Compliance strategy:

Raising awareness and preventing problems through mechanisms

I believe that the fundamentals of compliance are raising employee knowledge and awareness related to compliance, and establishing and maintaining mechanisms to prevent the occurrence of incidents. As a telecom carrier agency, we need to pay great caution in handling personal information. In addition, we as a Company must in no circumstances allow a violation of the Mobile Phone Improper Use Prevention Act by neglecting identity checks and opening a line in another person's name. Unfortunately, such incidents have occurred in our Company twice in the past, which led to us receiving guidance from the Ministry of Internal Affairs and Communications. In order to ensure that such incidents never reoccur, we are using compliance training to repeatedly communicate to staff that the goal is to prevent phone lines from being used for bank transfer scams and other crimes, and are working to raise knowledge and awareness. At the same time, we are thoroughly implementing the "two-staff confirmation rule," whereby two staff members check that the name on the identity verification documents of the customer in store matches the name registered in the telecom carrier's system without any discrepancies. This is a rule that we introduced ahead of telecom carriers. While it does pose a quite a burden on the sales site, we plan to keep this rule in place as a mechanism to prevent incidents that absolutely must not occur.

We have summarized our compliance approach, various rules, training system, and other information into a compliance program that we continually develop and operate. Compliance can be considered to express the idea that it only takes a day to destroy what took ten years to build. We will continue to steadily operate compliance measures as an essential management base for our

sustainable growth and maintaining the trust and confidence in the Company that we have built over a long period of time.

4 Evolve from CSR to SDGs management

CONEXIO Plan 2023 contains plans to evolve from our existing CSR activities to SDGs management. While different companies may have different interpretations of the conventional idea of "corporate social responsibility," I recognize that the SDGs explicitly state that it is the responsibility of companies to contribute to 17 international goals. We have identified five important issues that CONEXIO should solve toward the achievement of SDGs as "Materiality." In other words, we have declared that it is our social responsibility to address these material issues in the course of running our business.

Materiality 1 is "eliminating the information gap and realizing a prosperous information society." Smartphones are becoming key devices for a convenient daily life in the rapidly moving internet society, and it is becoming increasingly possible to use them to carry out procedures for various municipal services using the My Number Cards promoted by the government. However, people who are unable to use smartphones well enough will be left behind in the digitization process, creating an information gap (digital divide). We recognize that eliminating this digital divide is a social issue that we, as a company that sells smartphones, need to solve to realize an abundant information society.

Materiality 2 is "promoting digital transformation in business society." Under the state of emergency declarations during the COVID-19 pandemic, the work style of telework has spread rapidly, especially in large companies. At the same time, promoting digital transformation is also progressing at a high speed. However, we have even seen cases of working from home itself being impossible for small to medium companies that do not have an adequate ICT base. Promoting digital transformation and diversifying working styles is becoming a prerequisite for corporate competitiveness. Against this backdrop, we will provide the optimal methods for implementing mobile-centric solutions to all companies, and contribute to the revitalization of small to medium companies that hold up the Japanese economy.

Materiality 3 is "contributing to the prevention of incidents and accidents and the creation of a society resistant to natural disasters." For me, I am able to reaffirm the significance of our business every time a large natural disaster occurs. Smartphones enable us to obtain information on disaster support and recovery status in a timely manner. However, some people can be caught up in crime through smartphones. We must make sure that people are able to get the necessary information in times of disaster at the same time as preventing cybercrimes before they occur. We provide IoT solutions that can be used to prevent and mitigate disasters by collecting data on water levels, etc., from cameras and sensors installed in locations such as rivers. By expanding our business fields, we will continue activities aimed at contributing to the prevention of crime and disasters in local communities even more than before.

Materiality 4 is "initiatives for environmental issues." The revised Corporate Governance Code calls for companies to run initiatives for a decarbonized society and disclose related information. We have set a goal of achieving 100% renewable energy by 2030. In sales locations where we directly sign electricity contracts, such as carrier shops, we are steadily switching over to renewable energy with zero CO₂ emissions, with complete roll-out scheduled for FY2023. At the same time, we are also proactively working to recycle resources, such as by collecting the used devices and reducing industrial waste.

Materiality 5 is "promotion of diversity and inclusion." So far, we have been promoting efforts to create a workplace where diverse human capital can thrive, such as promotion of the empowerment of female employees, recruitment and retention of people with disabilities, and LGBT-related initiatives. Thanks to these efforts, we have won numerous awards. Moving forward, we will continue to promote diversity and inclusion activities and focus on supporting the growth and career realization of employees.

Under CONEXIO Plan 2023, I would like to sincerely work on SDGs management efforts and make it the driving force for sustainable growth.

I firmly believe that solving the social issues outlined in our five materiality issues will facilitate continuous growth in revenue for the Company. Under CONEXIO Plan 2023, I would like to sincerely work on SDGs management efforts and make it the driving force for sustainable growth.

5 Aiming for a positive Administration Group

I have three personal mottos for myself: positive, fair, and respectful. Generally speaking, Administration Group may be required to act as a checking function on Sales Divisions. There are, of course, times when we need to stop Sales Divisions from doing some things. However, I would like for us to be an Administration Group that, in principle, considers matters together with Sales Divisions and moves forward together with them, while at the same time acting as a check function. That is the role I would like for us to fulfil. I would like the Administration Group to be able to provide insights that surprise Sales Divisions with regard to questions such as, how can Sales Divisions achieve the goals they want to achieve? How can they take the risks that they are thinking of taking? I hope that we can be a competent Administration Group that continually delivers positive messages for company growth.



CONEXIO's Sustainability

CONEXIO incorporates its goal in the philosophy statement of “Conexio is to connect people and values” and drives forward business activities to achieve the goal. Our business is supported by a range of stakeholders, and meeting their expectations and earning their trust will lead to increasing our existential value and fulfilling social responsibility. In September 2015, we established the CONEXIO CSR Policy centered around building trust with stakeholders, and made clear what CONEXIO should achieve through its business and judging criteria. In October 2021, we revised the CSR Policy into the Sustainability Policy to harmonize the contents with SDGs management.

Sustainability Policy

For CONEXIO, sustainability means realizing the corporate philosophy of “Conexio is to connect people and values” through our business. In the field of communication network, we, with our stakeholders, contribute to the realization of a prosperous society where people respect each other's human rights.

Customers

To contribute to the realization of a secure and comfortable society, our communication network keeps offering new value and services that exceed customer expectations.

Employees

Customer satisfaction cannot be achieved without employee satisfaction. We respect employees' diverse personalities and promote the creation of a workplace where each employee demonstrates their abilities and maintain work-life balance.

Business partners

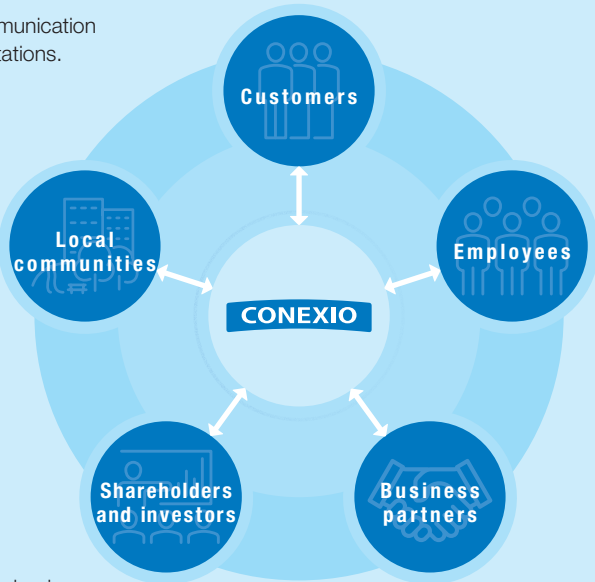
Through fair and sincere business transactions, we build relationships of co-existence and co-prosperity with telecommunications carriers and all other business partners. We meet the expectations and trust of every business partner with high ethical standards and responsible actions.

Shareholders and investors

We promote sound and transparent management and disclose our business performance and financial position in a timely and appropriate manner. To meet the expectations of our shareholders, we produce a high level of results and aim for a sustainable increase in enterprise value.

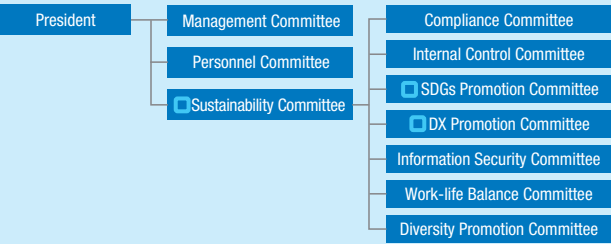
Local communities

We cooperate and collaborate with all local communities where we engage in business activities and, as a member of local communities, contribute to their development through our business.



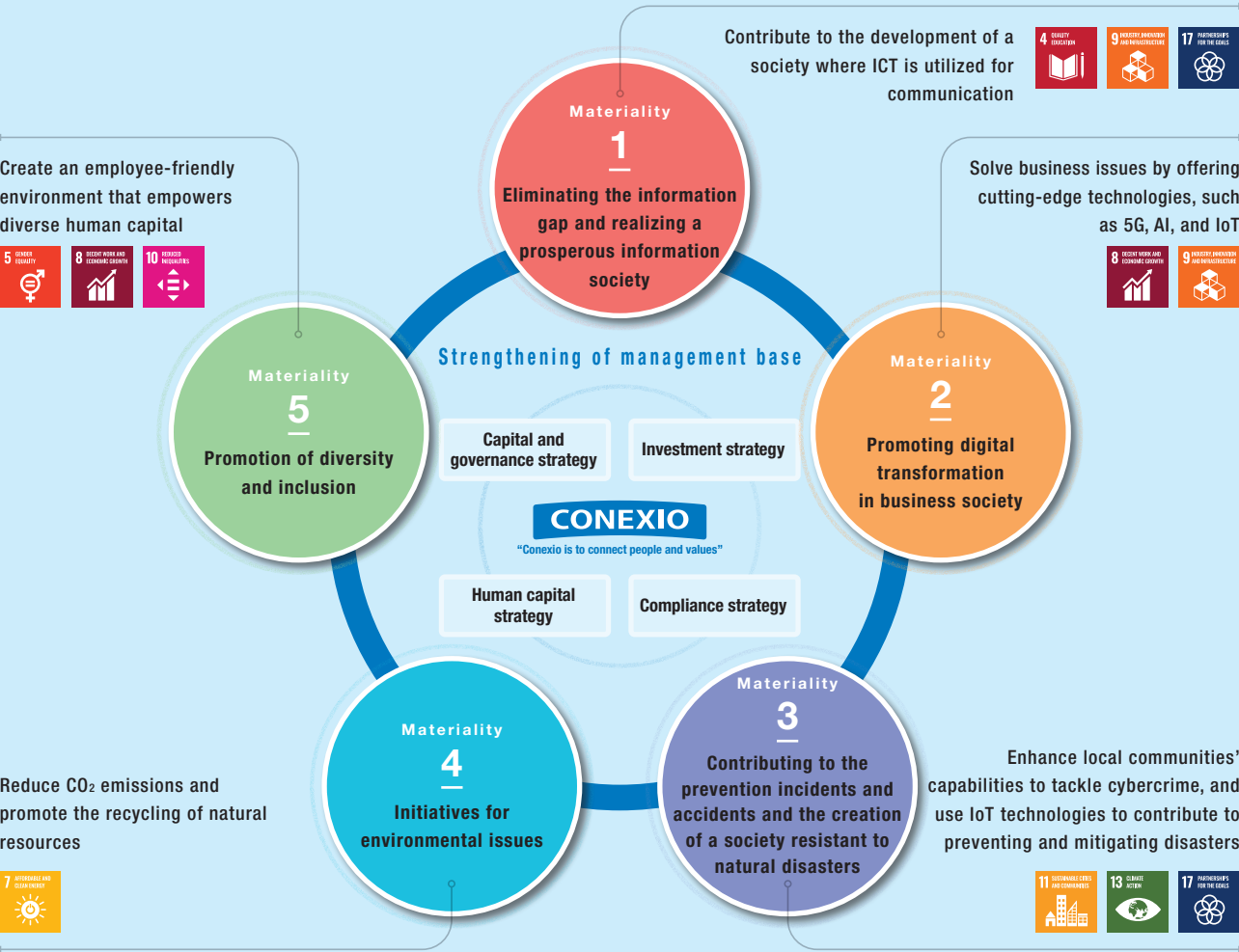
Organizational Structure for Promotion

In aiming to achieve a sustainable society and further implementing SDGs management, the CSR Committee and the Environmental Committee were reorganized into the Sustainability Committee and the SDGs Promotion Committee respectively, and the DX Promotion Committee was newly established.



- Sustainability Committee**
The Committee was reorganized as an organization that makes reports to the Board of Directors to allow the Board to engage in deeper discussions on responses to sustainability issues, which are important management issues that lead to revenue opportunities.
- SDGs Promotion Committee**
For a sustainable increase in enterprise value, the Environmental Committee was reorganized into an organization that further incorporates the SDGs into corporate management and business activities and promotes the implementation of SDGs management.
- Digital Transformation Promotion Committee**
The Committee was newly established as an organization that discusses IT strategies and makes decisions on IT policies.

Important Issues and KPI



Important issues (Materiality)	Medium-term goal	Initiative	Related SDGs
1 Eliminating the information gap and realizing a prosperous information society	Contribute to the development of a society where ICT is utilized for communication	<ul style="list-style-type: none">Hold community-based, appealing seminars that help eliminate the digital divideRealize new initiatives to eliminate the digital divide	4 Quality Education 9 Industry, Innovation and Infrastructure 17 Partnerships for the Goals
2 Promoting digital transformation in business society	Resolve business issues by offering cutting-edge technologies, such as 5G, AI, and IoT	<ul style="list-style-type: none">Spread the understanding and support the introduction of mobile telework that realizes diverse workstyles	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure
3 Contributing to the prevention of incidents and accidents and the creation of a society resistant to natural disasters	Enhance local communities' capabilities to tackle cybercrime, and use IoT technologies to contribute to preventing and mitigating disasters	<ul style="list-style-type: none">Raise awareness of safe and secure device use that prevents contact with harmful websites, etc.Offer IoT services that contribute to the realization of a safe societyProvide information useful in preparing for and at the time of disasters, and prepare stockpiles	11 Sustainable Cities and Communities 13 Climate Action 17 Partnerships for the Goals
4 Initiatives for environmental issues	Reduce CO ₂ emissions and promote the recycling of natural resources	<ul style="list-style-type: none">Promote the collection for recycling of unwanted devicesPromote paperlessContribute to a decarbonized society by introducing green electricity	7 Affordable and Clean Energy
5 Promotion of diversity and inclusion	Create an employee-friendly environment that empowers diverse human capital	<ul style="list-style-type: none">Promote the empowerment of female employeesCreate a culture that leverages each employee's personalities and values and empowers diverse human capitalEncourage male employees to take childcare leave	5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities

Eliminating the Information Gap and Realizing a Prosperous Information Society

As a community member, we are deepening our interaction with the localities where we do business and are contributing to the development of regional society through our business.

Opening of “KURASHI NO SUMAHO KYOSHITSU”, a fun learning smartphone class with one-on-one individualized instruction

In recent years many services have come on the market to make life convenient by using ever popular smartphones. However, by age group, the use of smartphones is not widespread among senior citizens aged 60 and above. One reason for this is that many senior citizens cannot dispel the fear that they may be unable to use a smartphone even though they buy one.

Conventional smartphone classes consist of multiple people learning a set curriculum, and many customers have requested to learn more about how to use smartphones. In response, we opened “KURASHI NO SUMAHO KYOSHITSU” smartphone classes for those who want one-on-one individual curriculums and those who have finished learning the basics and want to further improve their skills.

Three characteristics of “KURASHI NO SUMAHO KYOSHITSU” smartphone classes

- Customers are counseled and provided an individually tailored curriculum
- Customer proficiency is visualized, and dedicated instructors selected in telecom carrier-certified shops provide comprehensive support
- A rich curriculum is available and may be taken repeatedly until the customer is satisfied



Place: KURASHI NO SUMAHO KYOSHITSU Tennoji School

Opening of sign language smartphone classes

In 2019 we began sign language smartphone classes by a hearing-impaired instructor at a docomo Shop in the Kanagawa area in order to solve the smartphone problems faced by hearing-impaired persons. This class has been popular because communicating in sign language is smoother than in writing. The class has even been held at the Sign Language Festival in Kanagawa sponsored by the KANAGAWA Association of the Deaf.



Place: docomo Shop Totsuka

Contracted by the Ministry of Internal Affairs and Communications for its “Project on Digital Utilization Support for Users (regional collaboration type)”

The Basic Policy for Reforms toward the Realization of a Digital Society, which was decided by the Japanese Cabinet in December 2020, calls for “people-friendly digitization that leaves no one behind.” Since we started smartphone classes in 2014, we have opened classrooms at all of our telecom carrier-certified shops throughout Japan, as well as offered many pop-up smartphone classes through collaboration with community members. In recognition of our track record, we won the contract for the “Project on Digital Utilization Support for Users (regional collaboration type).”



Instructor: docomo Shop Chiba Chuo

KPI

	Description of initiative	KPI				
		Index	Target of calculation	Calculation method	FY2020 results	FY2021 target
Quantitative target	Offer appealing community-based courses that help to eliminate the digital divide	Number of participants	Number of smartphone class participants	Cumulative number of participants	419,000	500,000
Qualitative target	Realization of new initiatives to eliminate the digital divide	—	—	—	—	—

Round-table Discussion

Become the most reliable partner loved and preferred by customers

Smartphones that have enriched our lifestyle

Tanizaki I am in charge of Docomo smartphone classes, collaboration with municipalities, and CONEXIO's own classes (KURASHI NO SUMAHO KYOSHITSU) in the Consumer marketing Division/Marketing and Planning Department. Smartphones have been around for roughly 10 years now, and they have become a convenient tool that is useful for SNS and hobbies, as well as for collecting information about natural disasters, which have been increasing lately.

Saito I definitely think the lifestyles of customers who visit docomo Shops have dramatically changed. I think an environment is in place so that even people without a computer can easily use e-commerce, and the number of people who use LINE and other SNS apps has increased. Many customers who purchase smartphones for the first time say, “I switched to a smartphone because I wanted to use LINE.”

Wasada The KURASHI NO SUMAHO KYOSHITSU Tennoji School (“Tennoji School”) opened on August 23, 2021. Many customers who just recently switched to smartphones come to this school, and almost all of them are taking the LINE course. The desire to use LINE is very high.

Tanizaki Docomo smartphone classes start with basic courses, such as “How to Make Phone Calls” and “How to Input Text.” Then practical courses are available, such as “LINE,” “Using a Smartphone for Disaster Preparedness,” and “Cashless Payments.” The LINE course is the most popular of numerous courses. Many customers want to learn how to use a smartphone so that they can communicate with their children and grandchildren.

Inability to use a smartphone leads to information gap

Saito When we introduce smartphone classes to customers at the shop, they often say it is hard for them to attend classes. One reason is that there is not much public transportation in Iki, which makes it difficult for customers without a car to come to the shop for classes. Because of this,

Mr. Naoya Tanizaki
Consumer Marketing
Division
Deputy General Manager



in addition to classes at the Iki shop, we started collaborating with the silver human resource centers to go out into the community and offer pop-up smartphone classes. We are also thinking of offering classes at group homes in the future.

Tanizaki We began offering smartphone classes in 2014, and these expanded to carrier shops throughout Japan as free classes, but I have heard that they are often not useful, because individual attention cannot be given in classes with so many students. However, if people cannot use smartphones, they cannot access community and disaster information, which will lead to an information gap (digital divide). We started one-on-one “KURASHI NO SUMAHO KYOSHITSU” (one-to-one) smartphone classes with the goal of eliminating this digital divide.

Wasada At the KURASHI NO SUMAHO KYOSHITSU Tennoji School, we operate our courses under the motto, “Answer any question with a smile,” with the aim of being kind and considerate to customers so that it is easier for them to bring their questions to us than to their family. We have just started, but almost all of the customers who have taken courses have left with a smile and the ability to operate and use smartphones.

For all smartphone users, not just Docomo users

Tanizaki Digitalization is advancing rapidly in every municipality. In July 2021, we won the contract for the “Project on Digital Utilization Support for Users (regional collaboration type)” by the Ministry of Internal Affairs and Communications. As the use of smartphones is being incorporated into regional digitalization, we were selected to offer a “Smartphone Workshop” for all smartphone users at community centers and other places. We will include courses recommended by municipalities, such as how to use My Number Cards and the Mynportal, as well as actively provide support for administrative procedures. The first step is to work with a total of 22 municipalities in pushing forward this initiative.

Saito The Myna Points service was broadcasted frequently by the media, so we often received questions from customers who came to the shop. If our activities in collaboration with municipalities expand, I think we will be able to contribute more to the community.

Wasada The Tennoji School welcomes all smartphone users. While valuing collaboration with municipalities, we are also considering collaborations with companies at our school. We want to eliminate the digital divide for smartphone users at companies as well, for example, by offering courses at our school that teach how to use company-specific apps.

Smartphone courses that provide lifelong support

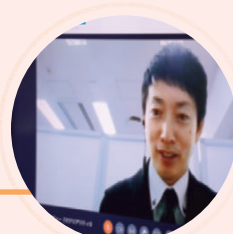
Wasada The Tennoji School is the nation's first smartphone school based on the concept of a fun learning smartphone class with one-on-one individualized instruction. We offer various courses so that coming to school becomes our customers' life mission, and we aim to be a school that is preferred and loved by everyone in the community. In the future, we would like to open a second school and then a third school.

Saito Despite the advancement of the Web and online activities, there are also actually many things that can only be done face to face. We will carefully monitor customer needs and respond to them. That is why the training of shop staff is important. We would like to work hard to offer pop-up smartphone classes as one way of creating a shop that customers prefer.

Tanizaki Once COVID-19 comes to an end and 5G service swings into full gear, I am confident that the appeal of in-person smartphone classes will be noticed again. At each shop, we will support regional digitalization through classes and contribute as “local ICT hubs” relied on by municipalities, merchants, and companies. We would like to offer smartphone courses that teach not only how to operate smartphones, but also provide lifelong support over a wider area.

Mr. Masaki Wasada

Shop Business Division
No. 3
Kansai Shop Business
Department
Planning Section, KURASHI
NO SUMAHO KYOSHITSU
Tennoji School
Team Leader



[Online participation]

Mr. Takumi Saito

Shop Business Division
No. 3
Kyushu Shop Business
Department
Business Section No. 2
docomo Shop Iki, Shop
Manager



[Online participation]

Promoting Digital Transformation in Business Society

We offer solution services using smart devices to corporate customers. In addition, we support customers' business activities through mobile help desk services and device setup (kitting) in accordance with each customer's needs.

Accelerating the promotion of companies' telework and digital transformation

Boasting an industry-leading corporate customer base of approximately 7,000 companies in Japan, CONEXIO leverages its extensive expertise and track record in the implementation, operation, and management of mobile solutions to promote the introduction of "Mobile WorkPlace", which enables users to work using mobile devices and cloud applications regardless of time and location.

"Mobile WorkPlace"

CONEXIO's concept that is essential for promoting telework, "Mobile WorkPlace" is a "new working style that connects people with value." The system enables smooth business communication by allowing users to utilize the necessary data and services freely and safely as they move around, using the mobile device and network environment that is appropriate to their situation.



Managed Mobile Service for mobile introduction, operation, and management

Leveraging our position as a telecom carrier sales agency, CONEXIO provides one-stop support on behalf of customers spanning everything from advice on purchasing mobile devices to consulting at the time of introduction, kitting, operation and management, and support with issues. Driven by the motto of "creating services that suit customer needs," we can fully outsource all tasks that require human support involving mobile device usage, management, and operation.

"Managed Mobile Service"

The direction of business can be radically transformed by working style reform, information provision, and behavioral support utilizing mobile technology. Additionally, new customer value can be realized, including contributing to solving social issues and achieving SDGs. CONEXIO's Managed Mobile Service is a solution that creates new value together with customers, primarily through mobile procurement and management. This "co-creation business" provides comprehensive support for customers.

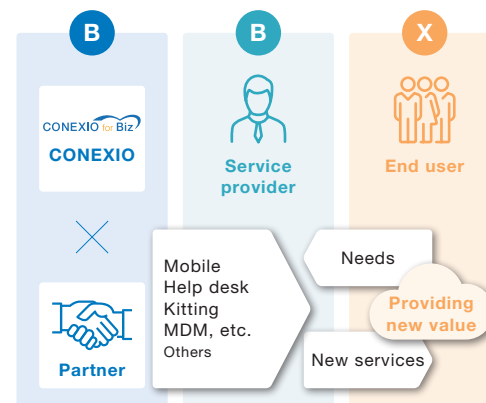
<Examples of services CONEXIO can provide>

- **Mobile introduction, procurement, operation, and maintenance**
Provided at the optimal introduction cost by using multi-carriers, multi-devices, and procurement from abroad, etc.
Unified management of device operation and maintenance by the help desk
- **Help desk kitting**
Help desk: Dealing with customer inquiries, line management, malfunctions, loss, and reporting
Kitting: performed on-site
- **MDM (security) and various solutions**
Various types of establishment and operation

<"Managed Mobile Service" Track Record>

CONEXIO pioneered the industry by launching this service in 2008. Leveraging our position of a telecom carrier sales agency and our strengths of having our own kitting center and help desk, we support everything from device procurement and setup to operation and disposal.

We meet customer needs with the expertise that comes from our outstanding track record.



KPI

	Initiative content	KPI				
		Indicator	Target of calculation	Calculation method	FY2020 results	FY2021 target
Qualitative target	Penetrating understanding of and providing implementation support for mobile telework, which enables diverse working styles	—	—	—	Digital transformation promotion projects*	—

*Reference: Introducing LineWorks (large life insurance company), introducing company-wide smartphones (large nonlife insurance company), introduction of tablets (large trading company), introduction of Salesforce (large food wholesaler), and more.

Round-table Discussion

Building medium- to long-term relationships with customers

Rapid progress in digital transformation during the COVID-19 pandemic

Karasawa Up until now, the mission of corporate sales has mainly been the popularization of mobile phones. However, in the past few years, there has been increasing needs for use of functions other than calling and sending messages. Compared to before, I feel like we are hearing more customers say things like they want more information on other companies' case stories, or that they want to hear one of our previous proposals one more time.

Niiyama That's true. Companies have been working on reforming working styles for a while now, but the COVID-19 pandemic has brought attention to telework and digital transformation, which have now spread throughout society as a whole. We have seen close to ten years' worth of dramatic change in just a year-and-a-half. We are now seeing a shift to customers wondering how they can put the mobile phones they have introduced to good use.

Fukushi We often hear that large corporate customers have begun to establish a telework environment, but that many Japanese companies still have not been able to introduce them. I believe that our role is to propose a wide range of operational reforms using devices and applications, primarily involving mobile phones. This materiality, "promoting digital transformation in business society" is precisely the mission of our business as a whole.

Proactive partnerships with telecom carriers and major systems integrators

Karasawa Our strength is our ability to offer the optimal telecom carrier and services in accordance with customer needs. We do not just conduct sales, but a wide range of services spanning everything from pre-introduction service comparison to post-introduction operational support. We excel at formulating plans that maximize the power of mobile, taking into the characteristics and environments of each customer.



Mr. Hiroki Niiyama
Corporate Sales Division
General Manager, Mobile
Solution Department No.3

Mr. Kazuo Fukushi

General Manager,
Corporate Sales Division



Niiyama We are in the neutral position of being able to handle almost anything, so we often get requests for device and application procurement and operation projects from major systems integrators.

Fukushi We are able to procure lines from various telecom carriers. That is how we differ from general vendors who focus on PCs. The spread of telework has led to demand for solutions to connect not only PCs, but also smartphones, to internal systems. While there are many major vendors, I feel that there are the domains are growing in which we are uniquely positioned to give proposals that our competitors cannot.

Pursuit of customer success made possible by lasting relationships

Fukushi The Corporate Sales Division has an extremely large number of customers. When it comes to smartphones and business applications, there is a need to carry out maintenance such as master data maintenance and adding and removing IDs when personnel rotations occur. In order to reduce the burden of operations on the customer, we have a help desk service that can handle all of these tasks on their behalf. I believe that the biggest key to successfully promoting the digital transformation of our customers and business society is how we refine this service.

Karasawa Important factors for being a long-lasting partner include just how well we know the customer and what kinds of products and services we can offer based on an understanding of the customer. We need to improve our products and knowledge and also establish an internal system that enables us to promptly respond to customer inquiries.

Niiyama The pursuit of customer success built together with our customers is also important. If customers are unable to effectively use the introduced products and services, that means that we were unable to provide the value that the customer wanted. We need to place importance on building true relationships of trust with

customers, based on the premise of a long-lasting relationship.

Working closely with customers as a "Mobile WorkPlace" integrator

Karasawa Some customers are resistance to digital transformation. For example, even if we suggest online meetings, they say that phone calls are enough and that there is no need to always be showing one's face. However, I hope that we can eliminate this resistance to digital transformation through sales activities that drive home the convenience of digital technology to customers, such as by telling them that it is possible to discuss while looking at documents in online meetings, and that negotiations can proceed in a more visually appealing and timely manner than with phone calls.

Niiyama When I picture CONEXIO 10 years down the line, I want us to be a renowned company. When CONEXIO comes up in conversation, I hope that people will say, "oh, I know CONEXIO. We use their services too." Backcasting from there, we are promoting activities to more deeply reach and deliver value many customers in order to encourage them to make use of mobile devices as we move toward 2023. I believe that working closely with customers as a "Mobile WorkPlace" integrator is an activity that puts us on the path toward that future.

Fukushi The Corporate Sales Division's "Mobile WorkPlace" literally means a workplace that can be moved around. It is a type of digital transformation that aims to create an environment in which users can work wherever they are, without being constrained to the office. It is a keyword in mobile solution proposals. To this end, I believe that we ourselves first have to embody new working styles. Not only will this make us a company where people work with vitality, but we will also deliver these real-life experiences, or in other words, services that truly provide value. I hope that by doing so, we can build medium- to long-term partnerships with customers.

Mr. Yuta Karasawa

Corporate Sales Division
Sales Section No.1,
Mobile Solution
Department No.2



Contributing to the Prevention of Incidents and Accidents and the Creation of a Society Resistant to Natural Disasters

We will work on activities to raise awareness about issues such as cybercrime and solving customer concerns and challenges by combining 5G, AI, and IoT.

Providing filtering services

In order to ensure that children use smartphones safely, we make sure to explain filtering services to guardians at our carrier shops.

Recent years have seen an increase in the number of children who get into trouble or harm as a result of social media and other sites on their smartphones and mobile phones. Around 90% of children identified as actually having been victimized did not use filtering at the time of the incident (according to a study by the Juvenile Division, Community Safety Bureau, National

Policy Agency). Against this backdrop, it is required by law to sign up for filtering services and set up filtering at the time of sales when signing a contract for smartphones and mobile phones intended for use by a child under the age of 18. By telling guardians about the importance of filtering services in order to protect children from trouble at our carrier shops, we contribute to creating environments where children can use their devices safely and securely.

Helping to solve corporate and social issues through new IoT solutions

CONEXIO has a long track record of equipping special vehicles, vending machines, construction machinery, agricultural machinery, electric meters, and other devices with communication functionality. Leveraging the abundant knowledge of communications that we have cultivated, we have solved a variety of issues that have actually occurred in the field. We help customers establish and operate IoT services by addressing a variety of issues that cannot be solved with software alone through services such as hardware customization in accordance with environment; providing safe and reliable data transmission methods, taking into consideration the burden on networks and applications; and support including on-site response.

Examples of IoT introduction

Monitoring water level information using IoT water level gauge (YDK Technologies Co., Ltd.)

Collecting information from water level gauges installed at various points of a river to visualize the status in order to detect danger factors such as rivers rising or overflowing and establish a rapid and appropriate disaster prevention information and evacuation system.



System structure



KPI

	Initiative content	KPI				
		Indicator	Target of calculation	Calculation method	FY2020 results	FY2021 target
Quantitative targets	Raising awareness about how to use devices safely and securely to prevent contact with dangerous websites, etc.	Number of smartphone classes held related to smartphone safety and security	The number of three types of smartphone classes held [Basic] "For safe and secure use" [Advanced] "Use devices safely and conveniently" "Prepare for disasters"	Total number of smartphone classes held related to safety and security	—	12,000 times
Qualitative target	Providing IoT services that contribute to the realization of a safe society	—	—	—	Solution package introduction projects ¹	—
	Preparing for disasters, and providing useful information and stockpiling items for times of disaster	—	—	—	Sites with storage batteries, track record ²	—

¹: Introduction of pump safety packs (major gas company), introduction of meter readers (large telecommunications company), introduction of remote monitoring of equipment devices (large general contractor), etc. ²: 273/303 shops as of the end of July 2021

Round-table Discussion

Continuing our journey of contributing to the safety and security of local communities

Providing solutions to minimize damage

Mikome With smartphone-related incidents and accidents making headlines on a daily basis, we have promoted a variety of initiatives at docomo Shops. When customers tell us that their young children racked up a large bill by paying for games, we show them bulk rejection settings in filtering. When elderly customers approach us about suspected social media scams, fake warnings, email threats, and other such matters, we give appropriate advice and, if necessary, guide them to the police or the National Consumer Affairs Center of Japan, or propose anti-virus software. We also raise awareness of safe and secure smartphone usage at our "KURASHI NO SUMAHO KYOSHITSU" smartphone classes.

Sakai At the IoT Solution Department, we use technologies and tools such as IoT, 5G, and AI to participate in environmental conservation activities that contribute to safety and security in our daily lives. Everyday we conduct our activities driven by a vision of becoming the most reliable partner by turning all types of data into meaningful information to solve customer issues. To give specific examples, this could mean proposals to minimize the damage from natural disasters such as flooding and river overflowing due to heavy and torrential rains, and social issues such as diversifying working styles in the wake of the COVID-19 pandemic. I believe that using IoT for these purposes is our mission.

Getting close to the local community to expand business

Sakai In CONEXIO Plan 2020, a key theme way breaking away from our "go-it-alone" tendency. In order to solve customer issues in the most efficient manner, it is necessary to proactively incorporate products from other companies and integrate them into proposals. Concerning natural disasters in particular, it is essential to partner with local organizations, including municipalities. The IoT multi-point observation system that we provide has been introduced in around 2,000 places around Japan. This system is operated jointly by local organizations, ensuring local



Mr. Mitsuhiro Kita
Smart Service Division
IoT Solution Department
Deputy General Manager



Mr. Kazunobu Sakai
Smart Service Division
Deputy General Manager

production for local consumption, through tie-ups with partner companies.

We have also developed solution sets for market-oriented challenges as well as those communicated by sites. This is a package of the greatest common denominators of issues faced by our customers as examples of solutions, and we have actively incorporated products from other companies. This has enabled us to efficiently propose the optimal solution to customers.

Mikome In Kyushu, there is a long distance between shops and it takes a while to travel between them, so we introduced Web cameras and meeting systems to optimize managers' shop patrol duties and various checks. Web cameras allow managers to check the status of the store from their computers, enabling them to immediately check and give appropriate instruction in the event of a natural disaster or other incident. Being able to take the appropriate action in accordance with the situation of the region allows the staff of each store to concentrate on their duties with peace of mind, and we were able to further promote activities rooted in each region.

Bringing safety and security to all industries and business types

Mikome In order for a shop preferred by the customers, it is important for staff to have consulting skills. Companies across all industries and business types provide information and services to customers via smartphone. Proposals that for using smartphones safely and security also links into initiatives to provide safety and security to local communities as a whole.

Kita As we evolve from ubiquitous computing and M2M to IoT, the IoT services we have handled have been installed and used in over 300,000 locations for a wide variety of purposes. We have been involved in remote monitoring, regular inspections, and malfunction predictions for manufacturing sites, remote monitoring of the operational status of special vehicles such as construction and agricultural

machineries, and management of social infrastructure facilities such as monitoring the water levels of rivers and electric meters.

Sakai I think that 5G will have fully spread by 2023, and AI will be more familiar to the public and incorporated as a part into daily life and society. I believe that the fields in which our IoT can be used will expand even further.

Making progress steadily, one step at a time

Kita Our vision remains the same—become the most reliable partner by turning all types of data into meaningful information to solve customer issues. We will accurately obtain data from the field and transform it into a useable format. Then, we will contribute to the safety and security of local communities by steadily making progress on solving issues, one step at a time.

Sakai Moving forward, technology will surely continue to evolve, just like when the LTE of the present day emerged ten years ago. What can we use these new technologies to achieve? Can we properly make proposals that solve issues, rather than simply providing a new technology? These questions are our mission, and our challenge. We will make business proposals while keeping our eyes wide open for new information, including tie-ups with partner companies and collaboration with local organizations to ensure local production for local consumption.

Mikome As local ICT hubs, we will focus on the customers who visit our shops as well as initiatives such as pop-up smartphone classes held in collaboration with municipalities, and ensure that we provide high quality products and services. We will also make efforts to maintain the batteries and storage batteries that are always available in the shop to respond to the needs for recharging devices in times of disaster. We will work on a daily basis to explore how our shops can bring safety and security to local communities, by continuing our existing efforts to conduct activities rooted in local communities and contribute to society.

Mr. Katsumasa Mikome
Shop Business Division
No.3
Kyushu Shop Business
Department
General Manager

[Online participation]



Initiatives for Environmental Issues

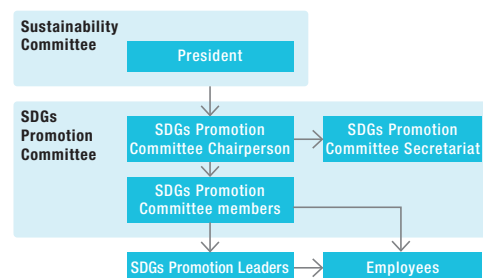
We will promote initiatives to save energy, save resources, and prevent pollution to reduce the environmental burden of our business processes. Engaging in environmental activities, raising our environmental awareness, and regularly assessing our impact on the environment we face, we work on environmental conservation activities while continually striving to improve.

Environmental Policy (excerpt)

Basic philosophy	Based on our corporate philosophy, we are conscious of our responsibility and pride in our role in society, and proactively work on efforts to address environmental issues such as global warming and resource depletion. With each and every one of us playing a leading role, we will contribute to the realization of a sustainable society.
Basic policy	<p>1. Consideration for the environment We will strive to conserve the environment, promoting initiatives to save energy, save resources, and prevent pollution.</p> <p>2. Compliance with environment-related laws and regulations We will comply with laws and regulations related to environmental conservation, as well as other requirements that are determined to have an impact on the environment and agreed upon.</p> <p>3. Co-existence with society As a good corporate citizen, we will take initiative in working on community contribution activities, and strengthen the bonds of mutual trust.</p> <p>4. Awareness raising activities To raise our awareness of environmental conservation and expand the scope of our activities, we will inform all employees of this Environmental Policy, publicize it outside the company, and proactively promote awareness-raising activities to ensure that all employees understand it and put it into practice.</p>

Environmental management system

Based on our Environmental Policy, CONEXIO has established an environmental management system centered on the SDGs Promotion Committee (chaired by the General Manager, Corporate Planning Division), and promote environmental activities such as managing environmental risks and reducing our environmental burden. The SDGs Promotion Committee identifies environmental issues deliberated by the Sustainability Committee, examines measures for implementation, and confirms the progress, facilitating continuous improvement. Additionally, the Corporate Business Group (headquarters, Toyosu Office, Nihonbashi Business Center, Akasaka Business Center) has acquired ISO14001 certification and works to maintain it.



Addressing climate change and global warming

We have introduced green power out of a desire to contribute as early as possible to global environmental issues, such as worsening climate change. We plan to switch over to 100% renewable energy by 2023 in all of our locations where CONEXIO directly signs electricity contracts (locations where we directly sign electricity contracts and are able to choose green power). In addition, we have joined "RE Action – Declaring 100% Renewable" as a participating organization, with a goal to achieve 100% renewable energy by 2030.



Endorsing TCFD recommendations/participating in the TCFD Consortium
As part of our efforts to conduct SDGs management through our main business and specialized fields, we have expressed our endorsement of Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, and have participated in the TCFD Consortium, which comprises companies, financial institutions, and other such organizations that endorse these recommendations. Moving forward, we will disclose information in line with the TCFD's recommended disclosure framework, and contribute to the sustainable growth of society.

KPI

	Initiative content	KPI				
		Indicator	Target of calculation	Calculation method	FY2020 results	FY2021 target
Quantitative targets	Promotion of collection activities to recycle unwanted devices	Number of devices collected	Devices collected through trade-in Used devices collected	Total number of devices collected	—	150,000 units
Qualitative targets	Promote paperless	—	—	—	Proportion of electronic invoices	—
Quantitative targets	Contributing to a decarbonized society through the introduction of green power	Renewable energy usage rate	Renewable energy amount	Green power usage amount/ electricity usage amount of our direct contracts*	—	60%

*Excluding remote islands, etc., where green power contracts are not possible

Round-table Discussion

Aiming for physical shops that contribute to the local community

Taking environmental issues as a matter of personal relevance

Kanno Our environmental initiatives started in 2004 when we obtained environmental ISO certification. To date, we have conducted a variety of initiatives. One of the themes of CONEXIO Plan 2020 was "reducing the environmental burden in business processes." In addition to strengthening our efforts such as collection of used mobile phones and reduction in electricity usage, we worked on SDGs that we were able to contribute to, including the environment, such as making videos on SDGs.

Hattori In our division, we have run SDGs study sessions in each department meetings. These sessions started with a basic overview of what SDGs are, and aimed to encourage a change in behavior from the meaning and understanding of the words. I feel that, while it may be gradual, staff have come to understand that initiatives to address environmental issues are used to determine the enterprise value.

Sato At shops, we have worked together with telecom carriers to promote the collection of unwanted devices and efforts to go paperless. The collection of unwanted devices is one of our activities that we have already been doing this from the perspective of recycling. As for going paperless, we have made progress with using Web screens where possible, as an alternative to the guides that we used to hand out in a paper format.

Kanno A big factor for going paperless was switching from desktop computers to laptops. Since we can carry them around, we no longer have to print documents for the conferences and meetings. The power consumption of computers was reduced by half or less. That, along with LED lighting that we had introduced since long ago, has contributed to a reduction in power usage. Additionally, we have switched over to eco-friendly cars (electric cars and hybrid cars, etc.) when buying or replacing company cars, and we are proud of our contribution to reducing CO₂ emissions, small as it may be.

Working together with customers to reduce environmental burden

Sato We need our customers' understanding and cooperation in order to collect unwanted



Mr. Katsuaki Hattori
Shop Business Division
No.4
General Manager

Mr. Noriaki Kanno
Corporate Planning
Division
General Manager



devices. To that end, we are working to put posters up in storefronts to show how the collected devices are utilized effectively. We have also successfully met targets for the number of devices collected.

Hattori Cooperation with telecom carriers is also an important factor in reducing our environmental burden. The devices collected in the shops are sent to the various designated locations with the support of telecom carriers. When it comes to going paperless in the shops, meanwhile, one of our initiatives to digitalize documents we hand over to customers is making progress. However, there are cases where we hand over paper documents, mainly for elderly customers and those who request it, so we need to continue to pay attention to handling personal information, in addition to reducing the environmental burden. There are some system-related matters for which we cannot do alone. Moving forward, we hope to promote paperless in collaboration with telecom carriers, in light of personal information protection.

Kanno Discussion between our headquarters and shops is also necessary. As a whole company, I believe that shop staff also understand our environmental policy. However, in terms of a specific action, we need to consider the optimal initiative depending on each situation. While we believe that our businesses do not have high environmental burdens, environmental issues cannot be solved unless each and every one of us will work on them. I will ask them to proceed step by step in line with the situation of the shop.

Aiming to introduce 100% renewable energy

Kanno In June 2021, we announced that we would switch over to 100% renewable green power, with no carbon dioxide emissions, for all the electricity for all of our locations where we directly sign contracts with power companies by FY2023. Moving forward, we will negotiate with developers and other related parties to switch over to green power in locations where we do not directly sign electricity contracts. Our plan is to aim for 100% renewable energy by 2030.

Sato Up until now, each shop has worked to the best of its abilities to reduce electricity

consumption. However, results and outcomes are difficult to see, and we sometimes came to a bit of a standstill. If shops in shopping centers are also given a policy by the company and actually switch over, I believe the contribution to reducing the environmental burden would be clear, and the results would be more keenly felt.

Hattori Some of the landlords of our shops on streets are individuals, and they may not even know what green power is. We need to take action to firmly discuss our policy and approach with them, and gain their understanding.

Pursuing the reason for existence of physical shops

Sato With online sales and services on the rise, we will aim to operate stores in a way that contributes to local communities, placing the customer first, working closely with the customer, and creating places where customers gather. In this context, I would like to contribute to reducing our environmental burden.

Hattori In order to provide valuable services to customers, sincerely dealing with customers is an important factor in being able to pursue the unique existence value of physical shops. I want our shops where the local community can rely on. I would like to focus on developing human resources who can respond flexibly to environmental changes and issues they have not experienced before, and at the same time, I believe it is important to boost staff satisfaction and sense of fulfillment.

Kanno As a whole company, we will aim to introduce renewable energy and make further progress with going paperless in accordance with the Electronic Books Preservation Act. I would also like to realize our physical shops that are able to contribute to the local community. In addition to the social contribution activities that we have conducted this far, such as smartphone classes and cleaning activities around shops, I would like to work on further reducing the environmental burden together with surrounding customers. Shops influence the local community in various ways. That's exactly why I want us to be shops that make people say "I really like that shop. They do this and that, and they even helped me with such and such."

Mr. Toshitsugu Sato
Shop Business Division
No.4
Sales Promotion
Supervision Department
Supervision Promotion
Section, Section Manager



Promotion of Diversity and Inclusion

With a declining birthrate and an aging population giving rise to a shrinking labor force, we believe it is necessary to accept diverse work-styles and values and demonstrate our collective strengths as a whole company. Based on this idea, CONEXIO is aiming to realize work-life balance by promoting flexible work-styles and creating workplace environments where each and every individual employee can play an even more active role.

In particular, we are working on a variety of initiatives to create workplace where both male and female employees can continue to work while raising children, and to become a company where employees can advance their careers while balancing work and childcare.

Creating comfortable workplaces

While respecting the individuality of each and every employee, we are working to create workplace environments where everyone can vibrantly demonstrate their capabilities and balance work and childcare.

Promoting work-life balance

The Safety and Health Committee, which focused on creating a comfortable workplace environment and promoting employees' mental and physical health, was developed into the Work-life Balance Committee in October 2020. In addition to creating comfortable workplace environments and promoting mental and physical health even more than before, we are working to create a balance between employees' work and private lives.

Initiatives to ensure a safe and secure workplace environment

In addition to the work-style reform of working from home and improving to deal with customers to prevent the spread of COVID-19, we worked on activities to promote the use of paid leave and ensure appropriate total working hours. In FY2020, all of our employees took five days of annual paid leave required under the Act on the Arrangement of Related Acts to Promote Work Style Reform. We continue to ensure employees to take the compulsory five days of paid leave by an early stage of the fiscal year, and aim to achieve the government target using up paid leave of 70% or more.

Initiatives to ensure a safe and secure workplace environment

In FY2020, we particularly focused on the following initiatives for employee health management.

Mental health measures

- Conducting stress checks in all offices and making use of the aggregated results
- Making use of a program to support employees who have taken sickness or injury leave to return to workplace

Initiatives to encourage communication

- Providing tools to encourage communication, such as Social Networking Service (SNS) and apps
- Proactive local community contribution activities and environmental conservation activities
- Employee award system
- Subsidizing the cost of social gatherings aimed at encouraging communication and friendship (Including online events due to the COVID-19 pandemic)

Initiatives to promote employee growth

We are working to create workplaces that accept and respect employees' diverse individualities, where each and every employee can demonstrate their capabilities and feel the joy of working.

CONEXIO College

Our education and training are split into three main systems as CONEXIO College. We provide education and training programs that leverage in-person and online formats with an eye to strengthening the growth of individual employee and their on-site capabilities.

CONEXIO College System diagram

3 Education by department: acquisition of knowledge, skills, and capabilities unique to each department			
Common company-wide education	2 Strengthening on-site capabilities	Sales and customer service	
		Human capital development and utilization	
	1 Basic education	Management	
		Stratified training	Selective training
		E-learning, distance learning, qualification acquisition	
		New employee basic training	Career design training

Mentor system and trainer system

We have introduced two systems, a mentor system and a trainer system, to educate new employees. Mentors are in charge of the education and follow-up of new employees. In addition to giving advice about their business affairs, mentors provide consultation of the various troubles and worries outside of work, both large and small, to support help them stand on their own two feet. In response to employees who said they were unable to find time to have a counseling session, we have introduced SNS for work use to create an environment where employees can feel free to consult.

One trainer is assigned to each shop or area. They work to follow up on employees' education and help them acquire qualifications. We have prepared resources such as training and e-learning to ensure that young employees are able to act as mentors and trainers.



Diversity promotion system

In October 2012, we established the Diversity Promotion Office, which promotes businesses dedicated to diversity, such as promotion of the empowerment of female employees, helping employees balance work and family life and enriching work-life balance, and work style reform.

In October 2020, we established the Diversity Promotion Committee under the CSR Committee (current Sustainability Committee) chaired by the President.

Through the Diversity Promotion Committee, we will further strengthen and promote our response to rapid changes to the external environment including lifestyle changes and diverse values brought about by the COVID-19 pandemic and aim to create a workplace environment where each and every employee can work vibrantly in a way true to themselves.

Diversity promotion initiatives

Further promotion of help balancing work and family life

In order to further promote our system to help balance work and family life, we will deliver messages from top management, run awareness raising activities among employees holding a managerial position and supervisors, and use guidebooks and support sheets to deepen mutual understanding between supervisors and subordinates.



Support for employees taking childcare leave

At pre-childcare leave training sessions, we give advice to women who are about to take childcare leave on how to find nurseries, how to spend their childcare leave, and how to balance their work and family life.



Gatherings of employees taking childcare leave

We organize a place for information exchange for employees on childcare leave and their families, where they can ask for advice related to parenting, finding a nursery, and returning to work. We also make use of SNS sites where employees on childcare leave can obtain company information.



Promoting use of childcare leave among male employees

We are further promoting the use of childcare leave among male employees, in addition to female employees. Initiatives include asking male employees who have taken childcare leave to write reports, which are featured in the internal newsletter and portal.



Hiring people with disabilities

By taking each individual's disability into consideration in their duties, we provide working environments where employees can work comfortably. We currently have around 100 employees with disabilities who engage in duties such as administrative work, in-store customer service, and back-office operations, including in our special subsidiary.



KPI

	Initiative content	KPI				
		Indicator	Target of calculation	Calculation method	FY2020 results	FY2021 target
Quantitative targets	Promote the empowerment of female employees	Percentage of female employees among all employees holding a managerial position	Number of female employees holding a managerial position (L5 and above)	Number of female employees holding a managerial position/total number of employees holding a managerial position	13.0%*	14.0%*
	Create a culture that leverages each employee's personalities and values and empowers diverse human capital	Number of people taking diversity training courses (training to promote the activities of employees who have time constraints due to childcare and caregiving, etc., employees with disabilities, and foreign national employees, as well as training to promote understanding of LGBT, etc.)	Employees taking diversity training	Total number of employees taking diversity training	500	700
	Encourage male employees to take childcare leave	Rate of use of childcare leave among male employees	Number of male employees using childcare leave	Number of male employees using childcare leave/number of births	87.9%	90.0%

*As of April 1 each year

Accelerating companywide initiatives to become a company where everyone can work vibrantly



Mr. Masato Kariatsumari
Corporate Administration Division
General Manager

An environment where human capital with abundant individualities can thrive, cultivated by repeated corporate mergers

Miyake CONEXIO has grown through a series of corporate mergers. As a result, we are naturally a gathering of human capital with diverse backgrounds and abundant individualities. With the proportion of female employees at 53%, women make up over half of our workforce. With many female employees, our diversity initiatives to date have been centered on promoting the empowerment of female employees.

Hayashi In the early days, we were short of staff and the mobile business was really just taking off, so anyone who could do a task would do it, regardless of whether they were a dispatch employee, part-time worker, or regular employee. It was truly a meritocracy, and new employees sometimes even had to give a presentation to the President at short notice. Employees sometimes clashed over differences in culture and way of working of their previous companies, but since this industry evolves so fast, those conflicts disappeared naturally.

Kariatsumari I joined as a mid-career hire, but I didn't feel anything different as a mid-career hire. After the major merger with Panasonic Telecom Co., Ltd. in 2012, a new corporate philosophy was put together and CONEXIO was built up as a new company in the aim of uniting employees who had belonged to various companies with diverse values. I am finally starting to feel that we have become united.

Diversity initiatives advanced to a company-wide level with the establishment of the Diversity Promotion Committee

Kariatsumari We established a Diversity Promotion Committee in October 2020. The committee promotes initiatives relating to all aspects of diversity from the empowerment of female employees to LGBT issue, with the aim of fostering a corporate culture in which employees can freely and easily express creativity. When establishing the committee, we had the President send out a message to all employees telling them that we would be promoting diversity on a companywide basis. This push from the top was extremely effective in promoting diversity.

Miyake Up until now, the Human Capital Development Department has been the initiator in conducting numerous grassroots activities. In this moment, diversity was transformed into a company-wide initiatives involving top management and all departments. Of course, in addition to internal communications, we also had the company express its commitment to external audiences by issuing press releases. I was also very happy about that.

Hayashi It's definitely important to have the kind of unity that comes when everyone is on board—when the President is saying it, when your supervisor is saying it, when people are taking action on site. When people are busy with their day-to-day sales work and have many things to do, we need to get them to understand the meaning behind diversity initiatives and give them a sense of contributing to the company. Young employees in particular consider SDGs and diversity to be a matter of common sense, so we should listen to what they have to say and change our organizational culture. I felt that the fact that top management recognizes this was extremely effective in encouraging a change in consciousness.

Various model employees from Hokkaido to Kyushu

Miyake To promote diversity, we promoted diverse work-styles and enhanced the company's systems to allow motivated employees to continually contribute to society over the long-term with peace of mind. We also increased the percentage of female employees among all employees holding a managerial position and male employees taking childcare leave, and we saw a significant increase in the number of mothers raising children. With regards to female employees holding a managerial position, we recognize that we still have many issues when considering the proportion of women. Moving forward, we must continue to encourage various experiences through daily work and female manager's school activities, and accelerate the development of an environment in which people



Ms. Yuka Miyake
Corporate Administration Division
General Manager, Human Capital
Development Department
CONEXIO with Corporation
Representative Director and
President (concurrent position)

feel able to proactively volunteer themselves, as well as company-wide training. We have also put a system in place concerning LGBT matters, and we have held training for employees holding a managerial position. We have also set up opportunities for social gatherings and consultations for people with disabilities. We will further accelerate initiatives that allow people with diverse individualities to demonstrate their strengths as a matter of course.

Kariatsumari With locations from Hokkaido to Kyushu, we have over 6,000 employees. For this reason, we have a variety of model employees who embody diversity and inclusion, such as female employees holding a managerial position, mothers raising children, and active fathers. Regarding LGBT, I have spoken to an employee who has come out. The employee was already accepted in the workplace, and the atmosphere was that it was the norm. I still remember it now as a moment that I really felt our diversity.

Hayashi I am a leading mother raising children. The advice I have gained from my experiences up until now is if you want to continue working, and if there are any arrangements you want to be made, you should reach out more to everyone you know, including your supervisor. I want you to know that this is a company where, if you reach out to people, you will definitely find someone who knows what to do or will figure things out with you. However, right now there are many people who try to figure things out themselves, perhaps because they find it bothersome to reach out, or perhaps because they are afraid, or they think that they might not get an answer. I definitely want people to feel free to ask for advice, so I think we need to create an environment where people are approachable when help is needed.

An open, vibrant, lively, and energetic company

Hayashi In order to promote diversity and inclusion, we must become a company where employees who want to break away from their past selves and grow can work while feeling



Ms. Mika Hayashi
Corporate Planning Division
General Manager, Next-Generation
Business Promotion Department

at ease. I would like to further nurture and increase our ability to create new things by continually observing and acknowledging what people have done.

Miyake I think it's best when corporate philosophy and the direction of individuals' work are aligned. To that end, it is necessary for people to think themselves about what purpose they are working for and what they want to become. At the end of the day, it is boring when your work and your career are simply instructed to you by your supervisor and when the task of improving the company is left entirely up to supervisors. I think it is necessary to foster an environment where people independently think about and take action on their own careers, and where supervisors skillfully draw out the ideas and motivations of each of their subordinates.

Kariatsumari In order to address the points both of you have made, we have to change. Based on our engagement surveys, we have concluded that while we do have a culture of placing importance on the teamwork of individual organizations, we need to properly listen to the opinions of individual employees to spread this culture throughout the whole company. In other words, an open company fit for diversity and inclusion, where people can freely and easily say their individual opinions. Furthermore, we will strive to be a company that is vibrant, lively, and energetic, where people can say their opinions regardless of department.

TOPICS

Initiatives of special subsidiary CONEXIO with Corporation

In June 2007, CONEXIO with Corporation was established with the aim of proactively creating employment opportunities for people with disabilities as a special subsidiary of CONEXIO. Starting off with helping some of the mobile phone distribution duties of CONEXIO's businesses, the company's work has now expanded to creating promotional materials and supporting the work of non-sales divisions, taking on work from external customers, and more. The scope of its activities is expanding every year.

Acquiring ISO9001 (quality management system) certification in February 2009, opening its Kansai Office in October 2013, and newly acquiring ISO27001 (information security management system) in

August 2016, the company pursues high-quality service from the heart. All of its employees strive to be an indispensable existence to all stakeholders.

Designated as a welfare provider by the Tokyo Metropolitan Government in August 2017, the company was able to open labor transition support office "With Village." Providing a range of education and training to users with disabilities, the company will work tirelessly to support its users' efforts to get a job at a general company, as well as their hard work after employment.



Corporate Governance

Corporate Governance

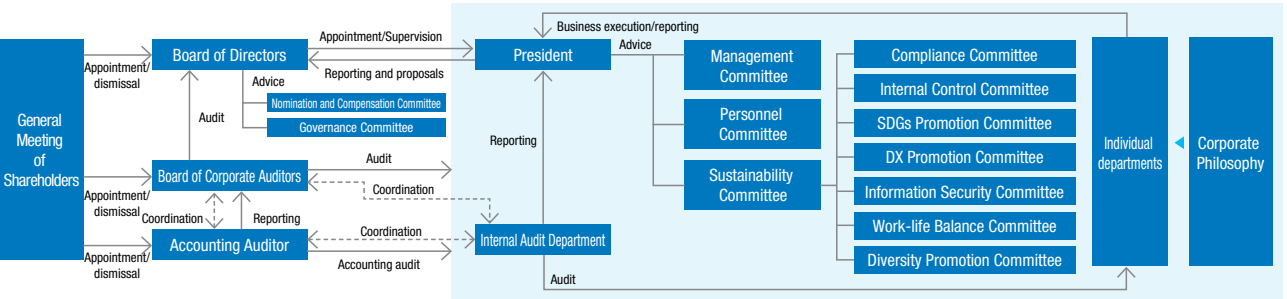
We work to enhance corporate governance, legal compliance, and risk management in order to ensure highly transparent and fair management and continue socially responsible behavior.

Under the philosophy statement “the Company is to connect people and values,” the Company desires to achieve sustainable growth of enterprise value by contributing to the realization of a secure and comfortable society and deepening the bond of trust with all stakeholders. As a basic policy to achieve this, the Company, recognizing the ongoing improvement of corporate governance as one of the important management issues, has strengthened the supervision of the management by, among others, appointing several Independent Outside Directors and Corporate Auditors in addition to the oversight by the Board of Corporate Auditors as a company adopting an

organizational structure with the presence of corporate auditors (and the Board of Corporate Auditors) (*kansayaku secchi kaisha*) and voluntarily establishing, as advisory committees to the Board of Directors, the Nomination and Compensation Committee and the Governance Committee consisting of members including Independent Outside Directors.

The Company has also strengthened the internal checking function of the organization by the Internal Audit Department and Internal Control Committee. In addition, the Company has taken appropriate measures to protect shareholders' rights and ensure equality among shareholders in effect and strives to disclose information in a timely and appropriate manner and to have fruitful dialogue with investors. Based on these basic views and policy on corporate governance, the Company strives to put in place an effective corporate governance system.

Corporate Governance Structure Chart (as of October 1, 2021)



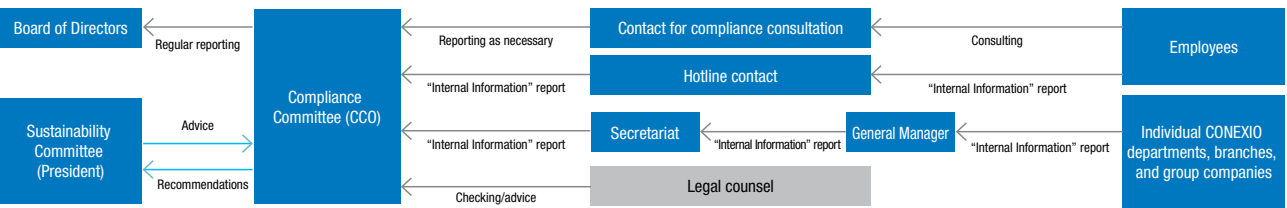
Compliance

Recognizing compliance as a matter that takes priority over everything, the Company will continue to build a structure for effective sustainable control over issues including willful negligence.

The Company established the Compliance Committee for the purpose of ensuring compliance within the Company. The Compliance Committee meets quarterly, and with the CCO acting as

chairperson, formulates specific policies and internal training methods in line with the Company's compliance program, as well as regularly monitors the implementation status of these policies. In addition, compliance matters concerning business activities are set forth in the Corporate Code of Conduct, which is written on a card along with the philosophy statement and carried by all officers and employees in their ID cases. As a result of this initiative, there were no major compliance violations in FY2020.

Compliance Structure Chart



Information Security

The Company believes that appropriately managing and protecting the enormous amount of customer information entrusted to us on a daily basis is its natural responsibility to earn the trust of society. The Company considers the fulfillment of this responsibility to be the most important management issue and has established an Information Security Policy and Basic Policy on the Protection of Personal Information. In August 2004, the Company was the first in the industry to obtain the certification of Information Security Management System (ISMS), and the Company has remained certified even after this system was switched to the accreditation criteria for ISO27001. Currently, the Corporate Sales Division (Headquarters, Nihonbashi Business Center, Akasaka Business Center, Kansai Branch, Toyosu Office), Smart Service Division, Large Retailers Business Division (Tatsumi Office, Sapporo Distribution Center, Sapporo Telemarketing Center), Consumer marketing Division (Shinjuku Higashiguchi Office), Information Systems Department, and special subsidiary CONEXIO with Corporation are certified.

For details of the “Information Security Policy” and the “Basic Policy on the Protection of Personal Information (Privacy Policy),” please refer to the Company's website.

[Information Security Policy
https://www.conexio.co.jp/policy/security](https://www.conexio.co.jp/policy/security)

[Basic Policy on the Protection of Personal Information \(Privacy Policy\)
https://www.conexio.co.jp/policy/privacy](https://www.conexio.co.jp/policy/privacy)

Efforts to Comply with the Mobile Phone Improper Use Prevention Act

At the Company's carrier shops, staff members that receive new contract applications are separate from those that reconfirm with customers to check for errors in applications. By double checking, we strive to prevent improper contracts.

DX initiatives

Viewing the increase in remote work and other major changes in working styles as a business chance, the Company is quickly promoting DX initiatives. We established the DX Promotion Committee consisting of representative members from senior management and divisions that use DX along with the IT Division, and we are working on new initiatives and solutions to management issues through information sharing and discussions. Based on the “2025 Digital Cliff” in Report on Digital Transformation (DX) by the Ministry of Economy, Trade and Industry, we are in the midst of renewing the existing systems to achieve more productive and efficient operations.

Efforts to increase awareness of security and compliance

The Company conducts regular security checks at each carrier shop such as docomo Shops, au shops, Rakuten Mobile shops, and elsewhere to prevent information security incidents and compliance incidents before they occur at shops. The Company strives to increase security awareness by providing the results of these checks to the sales administration departments of each shop as feedback.

Initiatives to respect human rights

Aiming to create a workplace that respects human rights and where there is no discrimination or harassment, we promote diversity management to enable all employees with their diverse personalities and values to be more active. Specific initiatives include providing the same benefits as in civil marriages to those with a partnership certificate or similar certificate issued by a public institution and establishing internal regulations that prohibit LGBT* harassment.

*An acronym for Lesbian, Gay, Bisexual, Transgender that is a term for sexual minorities.

Whistleblower program

The Company has put in place a system for proper reporting and has established a hotline contact for directly contacting the CCO, General Manager of the General Affairs Department, and an outside lawyer. Investigations are done with consideration to whistleblowers so that they do not suffer any disadvantages from reporting. In addition, the Contact for the Consultation posters are displayed in each workplace so that employees can consult at any time instead of worrying alone.



Efforts to promote SDGs

The Company has established the SDGs Promotion Committee for the purpose of managing SDGs throughout our core business and areas of expertise and contributing to the sustainable growth of society. The main role of the Committee is to formulate SDG important issues (Materiality) and medium-term targets and to promote their implementation. In addition, the Company has developed an environmental management system as set forth in the SDGs/ Environmental Management Regulations and its Corporate Business Group (Headquarters, Toyosu Office, Nihonbashi Business Center, Akasaka Business Center) has obtained ISO14001 certification. The Company strives to continue to improve.

Board Directors and Corporate Auditors



Hiroo Inoue
Executive Chairman

Mr. Hiroo Inoue has garnered sufficient experience in the ICT business and as Board Director. He also has contributed to the Company's management growth in his positions such as President of the Company, and has served as the Executive Chairman of the Company since April 2021.



Hiroshi Suguta
President

Mr. Hiroshi Suguta has garnered sufficient experience in the ICT business and as Board Director. He has also contributed to the Company's management growth as he had been in charge of general management of the Corporate Planning Division, Responsible for Operational Functions and Sales (in charge of Corporate Business), and in charge of general management of the Corporate Business Group, and has served as the Chairman of the Board of Directors as President of the Company since April 2021.



Riichiro Metoki
Board Director and Senior Managing Executive Officer
General Manager, Consumer Business Group

Mr. Riichiro Metoki has garnered sufficient experience in the ICT business. He has also helped strengthen the Consumer Business and contributed to the Company's management growth as General Manager of each Sales Division and Corporate Planning Division and the Executive Officer Responsible for Sales of the Company, and currently serves as Board Director and Senior Managing Executive Officer and General Manager, Consumer Business Group.



Shinji Nakata
Board Director and Managing Executive Officer
General Manager, Administration Group

Mr. Shinji Nakata has garnered sufficient experience in the ICT business. He has also helped strengthen the Company's administration function and contributed to the Company's management growth as he had been in charge of general management of the Administration Division and General Manager of Shop Sales Division, and currently serves as Board Director and Managing Executive Officer and General Manager, Administration Group and Chief Compliance Officer.



Hiroshi Kajiwara
Board Director (Part-Time)

Mr. Hiroshi Kajiwara has deep knowledge about the Company's business affairs and management status as the Chief Operating Officer of the ICT Division of ITOCHU Corporation, the parent company of the Company, and has experience service as an Outside Director of another company. Based on such experience and knowledge, Mr. Kajiwara provides advice on the management of the Company as a whole and has helped strengthen the Company's function to monitor the execution of duties by the Board Directors.



Kazuo Hosoi
Outside Board Director (Independent)

Mr. Kazuo Hosoi has sufficient experience and broad knowledge and insight as a manager as well as high expertise in the field of information technology. Based thereon, he gives advice to the businesses of the Company and helps in deliberating material management matters at the Board of Directors of the Company and monitoring the management of the Company.



Yuka Kawauchi
Outside Board Director (Independent)

Ms. Yuka Kawauchi has sufficient experience and broad knowledge and insight as a manager as well as high expertise in the field of human capital resources development. Based thereon, she gives advice to the businesses of the Company and helps in deliberating material management matters at the Board of Directors of the Company and monitoring the management of the Company.



Kazuyuki Shinno
Outside Board Director (Independent)

Mr. Kazuyuki Shinno has sufficient experience and broad knowledge and insight as a manager as well as high expertise in the field of information technology. Based thereon, he gives advice to the businesses of the Company and helps in deliberating material management matters at the Board of Directors of the Company and monitoring the management of the Company.



Takatoshi Otomura
Full-Time Corporate Auditor

Mr. Takatoshi Otomura has experience as a corporate auditor and CFO at another company and deep knowledge of corporate management and risk management from his many years of experience in credit and risk management operations. Based thereon, he has helped strengthen the Company's audit system.



Kota Shibachi
Corporate Auditor (Part-Time)

Mr. Kota Shibachi has deep knowledge of corporate management and risk management from his many years of experience in credit and risk management operations. Based thereon, he has helped strengthen the Company's audit system.



Osami Yoshida
Outside Corporate Auditor (Independent)

Mr. Osami Yoshida has helped strengthen the Company's audit system based on his expert knowledge and experience mainly in financial affairs and accounting as a certified public accountant.



Akane Tsuji
Outside Corporate Auditor (Independent)

Ms. Akane Tsuji has helped strengthen the Company's audit system based on her expert knowledge and experience mainly in corporate legal affairs as an attorney of law.

Nomination and Compensation Committee	Governance Committee
Main deliberation items: <ul style="list-style-type: none">· Composition of the Board of Directors· Nomination (appointment) criteria and process for candidates for Board Directors/Corporate Auditors and executive officers· Succession plan· The design of the compensation plan for Board Directors and executive officers· Compensation for Directors	Main deliberation items <ul style="list-style-type: none">· Basic governance policy· Evaluation of the effectiveness of the Board of Directors· Training policy· Conflicts of interest transactions

Composition of each committee

As of September 30, 2021

Position	Name	Nomination and Compensation Committee	Governance Committee
Executive Chairman	Hiroo Inoue		
President	Hiroshi Suguta	●	□
Board Director	Riichiro Metoki		
Board Director	Shinji Nakata		□
Board Director (Part-Time)	Hiroshi Kajiwara	□	□
Outside Board Director (Independent)	Kazuo Hosoi	□	●
Outside Board Director (Independent)	Yuka Kawauchi	□	□
Outside Board Director (Independent)	Kazuyuki Shinno	□	□
Full-Time Corporate Auditor	Takatoshi Otomura		
Corporate Auditor (Part-Time)	Kota Shibachi		
Outside Corporate Auditor (Independent)	Osami Yoshida		□
Outside Corporate Auditor (Independent)	Akane Tsuji		

* ● Committee Chairman □ Member

Skill Matrix

As of September 30, 2021

Officer data												
Attributes	Board Directors								Corporate Auditors			
	Inside					Outside			Inside		Outside	
Name	Hiroo Inoue	Hiroshi Suguta	Riichiro Metoki	Shinji Nakata	Hiroshi Kajiwara	Kazuo Hosoi	Yuka Kawauchi	Kazuyuki Shinno	Takatoshi Otomura	Kota Shibachi	Osami Yoshida (Certified public accountant)	Akane Tsuji (Attorney of law)
Age	69	64	62	58	54	62	61	67	58	52	70	47
Title	Executive Chairman	President	Board Director and Senior Managing Executive Officer	Board Director and Managing Executive Officer	Part-Time Board Director	Independent Outside Board Director	Independent Outside Board Director	Independent Outside Board Director	Full-Time Corporate Auditor	Part-Time Corporate Auditor	Independent Outside Corporate Auditor	Independent Outside Corporate Auditor
Years of service	9 years	7 years	7 years	2 years	5 years	6 years	2 years	1 year	2 years	Newly appointed	3 years	Newly appointed
Expertise and experience												
Corporate management	●	●	●	●	●	●	●	●			●	
Industry knowledge	●	●	●	●	●	●					●	
Sales/marketing	●	●	●	●	●	●	●	●				
Finance/accounting				●					●		●	
Legal affairs/risk management				●					●	●		●
Personnel/human capital resources development				●			●					
ICT	●	●	●	●	●	●		●				
ESG/SDGs		●		●			●					

*The above list does not indicate all of the expertise and experience of each Board Director and Corporate Auditor.

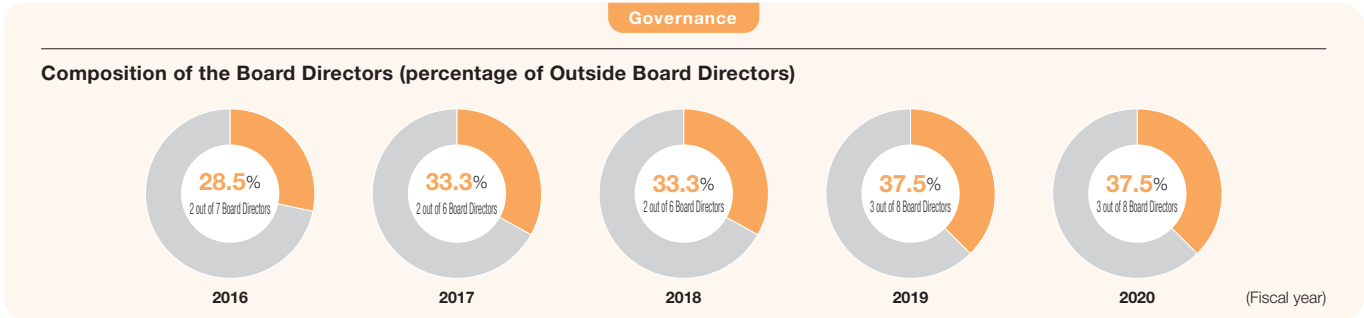
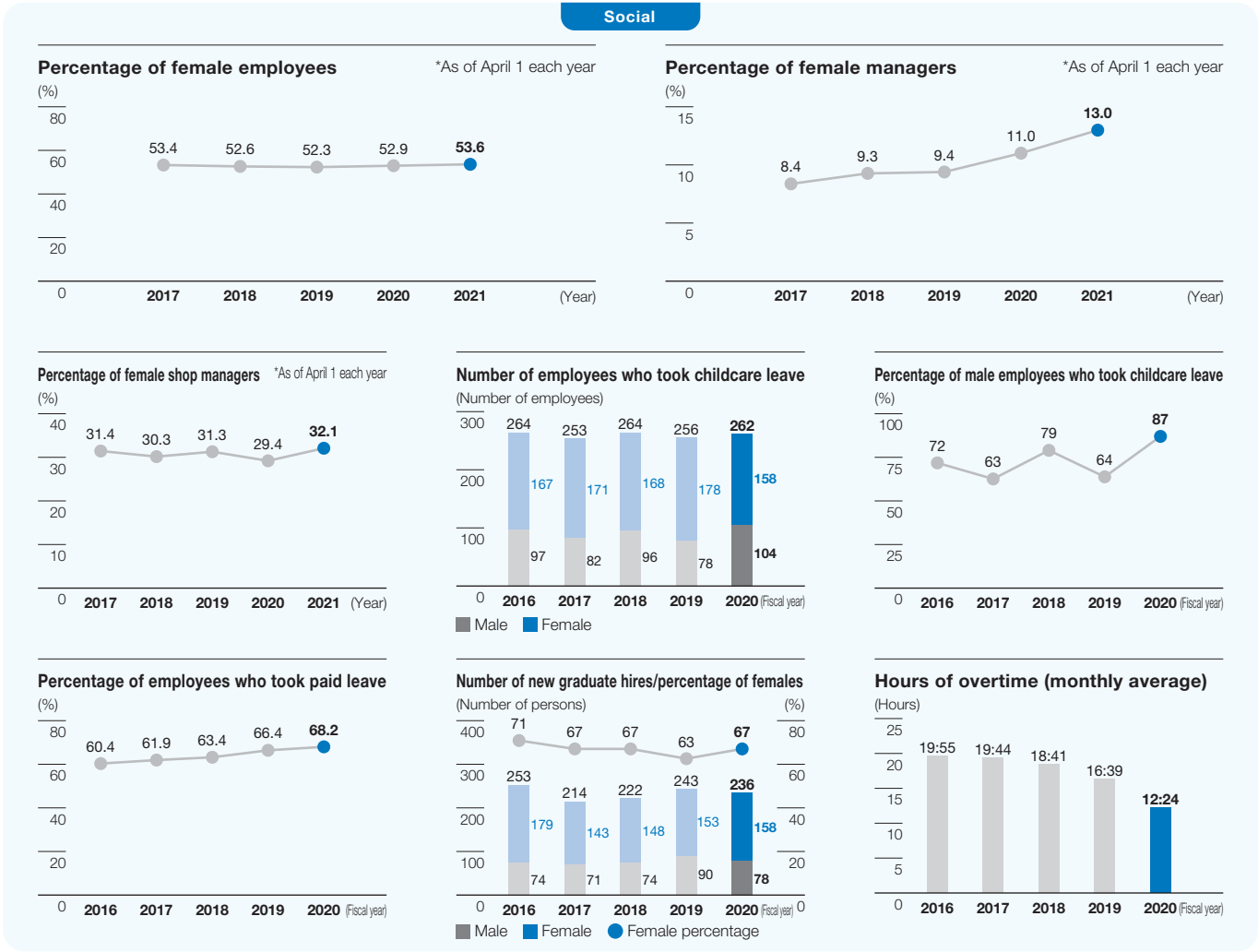
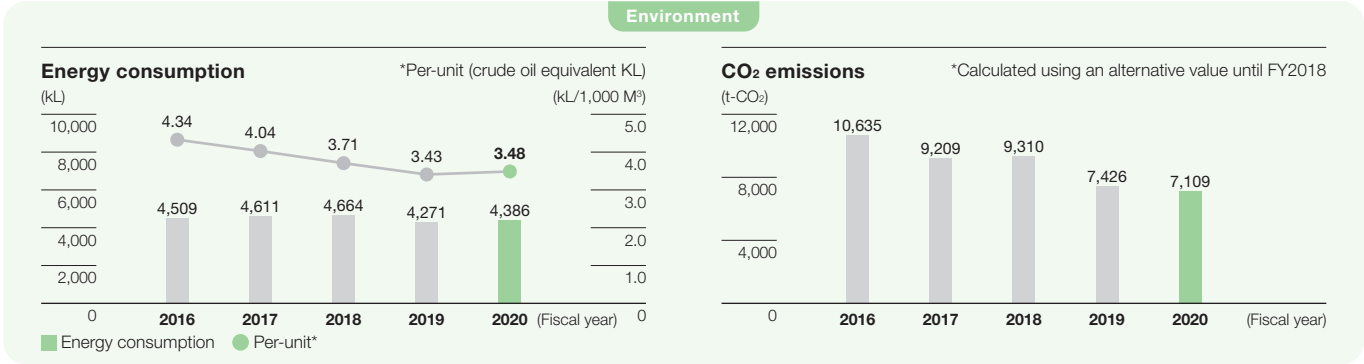
Financial highlights

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Profit and Loss (Unit: million yen)										
Net sales* ¹	128,694	209,303	292,364	282,961	281,307	260,016	264,897	263,925	209,005	188,795
Consumer Business	113,433	191,546	275,170	263,994	263,834	242,954	245,534	244,587	191,810	169,858
Corporate Business	15,260	17,757	17,193	18,967	17,472	17,061	19,362	19,337	17,194	18,937
Operating profit	4,924	5,903	6,968	8,592	9,203	9,978	10,207	10,277	10,330	10,676
Consumer Business	5,019	7,276	8,506	10,131	10,598	11,796	12,625	13,566	13,196	12,462
Corporate Business	2,105	1,859	2,313	2,223	2,154	2,115	1,591	977	1,714	2,758
Adjustment amount* ²	(2,200)	(3,232)	(3,851)	(3,762)	(3,550)	(3,933)	(4,009)	(4,266)	(4,580)	(4,544)
Ordinary profit	4,996	6,034	7,050	8,682	9,294	10,046	10,293	10,539	10,515	11,075
Profit	2,269	3,092	4,002	5,013	6,149	6,469	6,738	6,921	7,000	7,536
Financial Condition (Unit: million yen)										
Net assets	19,677	28,262	21,443	25,731	29,850	34,016	38,174	42,106	46,287	51,140
Total assets	48,944	86,624	97,113	100,656	94,832	93,790	99,407	103,506	95,757	105,315
Shareholders' equity	19,677	28,262	21,443	25,731	29,850	34,016	38,174	42,106	46,287	51,140
Cash Flows (Unit: million yen)										
Cash flows from operating activities	3,300	(7,913)	12,012	7,266	8,392	8,635	7,574	8,558	13,118	5,329
Cash flows from investing activities	(755)	(11,709)	(1,178)	(1,911)	(1,811)	(1,904)	(2,079)	(2,108)	(1,290)	(1,473)
Cash flows from financing activities	(1,184)	8,715	(8,542)	(5,509)	(7,490)	(4,805)	(2,685)	(2,909)	(2,685)	(2,687)
Cash and cash equivalents at the end of period	9,461	1,860	4,151	3,997	3,088	5,013	7,821	11,360	20,499	21,665
Per Share Information (Unit: yen)										
Net assets per share	439.83	505.38	479.32	575.17	667.23	760.35	853.30	941.18	1,034.64	1,143.13
Cash dividend per share	26.50	26.50	31.50	40.00	48.00	56.00	65.00	60.00	60.00	65.00
Basic earnings per share	50.73	61.46	82.16	112.07	137.45	144.60	150.62	154.72	156.48	168.45
Financial indicator (Unit: %)										
ROE	11.9	12.9	16.1	21.3	22.1	20.3	18.7	17.2	15.8	15.5
ROA	5.0	4.6	4.4	5.1	6.3	6.9	7.0	6.8	7.0	7.5
Capital adequacy ratio	40.2	32.6	22.1	25.6	31.5	36.3	38.4	40.7	48.3	48.6
Payout ratio	52.2	43.1	38.3	35.7	34.9	38.7	43.2	38.8	38.3	38.6
Dividend yield	5.1	3.3	3.9	3.7	4.2	3.3	2.9	4.3	4.4	4.7
Total shareholder yield	-	-	-	-	-	154.8	209.9	138.5	140.2	148.9

(Note 1) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of FY2021, but retrospective adjustments are not made as there is no material effect on net sales before FY2020.

(Note 2) "Adjustment" includes corporate expenses not allocated to each reportable segment. Corporate expenses are primarily general and administrative expenses that are not attributable to any reportable segments.

Non-financial Highlights



Balance Sheets

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	20,387	21,550
Notes and accounts receivable - trade	40,380	29,038
Merchandise and finished goods	4,922	6,295
Raw materials and supplies	36	62
Prepaid expenses	877	1,056
Accounts receivable - other	8,812	27,788
Deposits paid	111	114
Other	-	12
Allowance for doubtful accounts	(5)	(5)
Total current assets	75,524	85,914
Non-current assets		
Property, plant and equipment		
Buildings	5,705	5,769
Accumulated depreciation	(3,053)	(3,359)
Buildings, net	2,651	2,410
Structures	356	374
Accumulated depreciation	(134)	(152)
Structures, net	222	221
Machinery and equipment	9	9
Accumulated depreciation	(4)	(4)
Machinery and equipment, net	5	4
Tools, furniture and fixtures	4,581	4,708
Accumulated depreciation	(3,256)	(3,454)
Tools, furniture and fixtures, net	1,325	1,253
Land	52	52
Leased assets	-	3
Accumulated depreciation	-	(0)
Leased assets, net	-	2
Construction in progress	6	69
Total property, plant and equipment	4,262	4,014
Intangible assets		
Goodwill	1,390	1,306
Software	407	426
Software in progress	18	15
The right of career shop management	8,319	7,654
Other	9	8
Total intangible assets	10,146	9,410
Investments and other assets		
Investment securities	189	217
Shares of subsidiaries and associates	13	13
Long-term prepaid expenses	276	178
Deferred tax assets	1,410	1,805
Leasehold and guarantee deposits	3,827	3,637
Other	149	162
Allowance for doubtful accounts	(42)	(39)
Total investments and other assets	5,824	5,976
Total non-current assets	20,233	19,401
Total assets	95,757	105,315

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	13,394	14,756
Accrued agency commission	10,128	6,370
Accounts payable - other	6,874	14,505
Accrued expenses	2,980	3,267
Income taxes payable	2,547	2,022
Accrued consumption taxes	1,490	876
Advances received	10	49
Deposits received	959	804
Provision for bonuses	4,651	4,829
Provision for bonuses for directors (and other officers)	34	81
Lease obligations	-	0
Other	27	18
Total current liabilities	43,099	47,583
Non-current liabilities		
Provision for retirement benefits	5,580	5,894
Asset retirement obligations	668	595
Lease obligations	-	1
Other	122	100
Total non-current liabilities	6,371	6,591
Total liabilities	49,470	54,174
Net assets		
Shareholders' equity		
Share capital	2,778	2,778
Capital surplus		
Legal capital surplus	580	580
Other capital surplus	4	4
Total capital surplus	585	585
Retained earnings		
Legal retained earnings	113	113
Other retained earnings		
General reserve	2,469	2,469
Retained earnings brought forward	40,339	45,190
Total retained earnings	42,922	47,774
Treasury shares	(0)	(0)
Total shareholders' equity	46,286	51,138
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	2
Total valuation and translation adjustments	0	2
Total net assets	46,287	51,140
Total liabilities and net assets	95,757	105,315

Statements of Income

	(Million yen)	
	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net sales		
Net sales of goods	137,409	115,402
Commission income	71,596	73,393
Total net sales	209,005	188,795
Cost of sales		
Beginning merchandise inventory	8,221	4,922
Cost of purchased goods	128,757	111,993
Total	136,979	116,916
Ending merchandise inventory	5,092	6,136
Valuation loss on goods	169	(158)
Cost of goods sold	132,056	110,621
Agent fee	24,703	25,166
Total cost of sales	156,760	135,788
Gross profit	52,245	53,007
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	179	189
Salaries and allowances	11,087	10,813
Bonuses	1,356	2,003
Provision for bonuses	4,651	4,829
Provision for bonuses for directors (and other officers)	34	81
Retirement benefit expenses	553	613
Legal welfare expenses	3,891	4,011
Temporary staffing expense	2,029	1,936
Packing and delivery expenses	382	389
Promotion expenses	2,439	2,447
Communication expenses	554	618
Rent expenses on land and buildings	4,518	4,543
Repair and maintenance expenses	1,364	1,620
Outsourcing expenses	1,086	1,178
Rent expenses	173	169
Depreciation	2,032	1,932
Amortization of goodwill	125	131
Provision of allowance for doubtful accounts	-	0
Other	5,452	4,821
Total selling, general and administrative expenses	41,914	42,331
Operating profit	10,330	10,676
Non-operating income		
Interest income	0	0
Dividend income	4	0
Support money of store move etc. income	148	146
Subsidies for employment adjustment	-	259
Other	45	48
Total non-operating income	199	455
Non-operating expenses		
Interest expenses	0	0
Loss on sale and retirement of non-current assets	4	11
Rental expenses on real estate	2	-
Loss on cancellation of contracts	3	35
Other	4	8
Total non-operating expenses	14	56
Ordinary profit	10,515	11,075
Extraordinary income		
Gain on sale of non-current assets	-	24
Gain on sale of investment securities	174	-
Other	11	0
Total extraordinary income	186	25
Extraordinary losses		
Loss on store closings	48	36
Loss on sale and retirement of non-current assets	18	43
Impairment losses	244	181
Other	2	5
Total extraordinary losses	314	268
Profit before income taxes	10,386	10,832
Income taxes - current	4,130	3,672
Income taxes - deferred	(744)	(375)
Total income taxes	3,386	3,296
Profit	7,000	7,536

Statements of Cash Flows

	(Million yen)	
	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	10,386	10,832
Depreciation	2,032	1,932
Amortization of goodwill	125	131
Impairment losses	244	181
Increase (decrease) in allowance for doubtful accounts	(2)	(2)
Increase (decrease) in provision for bonuses	826	178
Increase (decrease) in provision for bonuses for directors (and other officers)	0	46
Increase (decrease) in provision for retirement benefits	328	313
Interest and dividend income	(4)	(0)
Interest expenses	0	0
Subsidies for employment adjustment	-	(259)
Foreign exchange losses (gains)	3	2
Loss (gain) on sale of investment securities	(174)	-
Decrease (increase) in trade receivables	8,901	11,381
Decrease (increase) in accounts receivable - other	4,102	(18,976)
Decrease (increase) in inventories	3,293	(1,345)
Increase (decrease) in trade payables	(8,360)	(2,395)
Increase (decrease) in accounts payable - other	(5,468)	7,639
Increase (decrease) in accrued consumption taxes	723	(613)
Other, net	(283)	61
Subtotal	16,673	9,106
Interest and dividends received	4	0
Interest paid	(0)	(0)
Subsidies for employment adjustment received	-	259
Income taxes refund (paid)	(3,700)	(4,160)
Other, net	140	123
Net cash provided by (used in) operating activities	13,118	5,329
Cash flows from investing activities		
Purchase of property, plant and equipment	(902)	(943)
Purchase of intangible assets	(208)	(268)
Proceeds from sale of investment securities	242	-
Purchase of investment securities	(157)	(30)
Payments of leasehold and guarantee deposits	(192)	(175)
Proceeds from refund of leasehold and guarantee deposits	80	198
Purchase of long-term prepaid expenses	(82)	(77)
Other, net	(69)	(177)
Net cash provided by (used in) investing activities	(1,290)	(1,473)
Cash flows from financing activities		
Purchase of treasury shares	-	(0)
Dividends paid	(2,685)	(2,685)
Other, net	-	(1)
Net cash provided by (used in) financing activities	(2,685)	(2,687)
Effect of exchange rate change on cash and cash equivalents	(3)	(2)
Net increase (decrease) in cash and cash equivalents	9,139	1,165
Cash and cash equivalents at beginning of period	11,360	20,499
Cash and cash equivalents at end of period	20,499	21,665

Corporate data

Corporate information

Company Name	CONEXIO Corporation	Fiscal Year End	March (Annual)
Address	37F Shinjuku Grand Tower 17-1, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo 160-6137, Japan TEL: 03-5331-3700 Plan to relocate on January 11, 2022 7F Kamiyacho Trust Tower, 4-1-1, Toranomon, Minato-ku, Tokyo 105-6950 Japan TEL: 03-5408-3100	Incorporated	August, 1997
		Major shareholders	ITOCHU Corporation
		Main Business	Retail/Wholesale of mobile phones and provision of solution services using smartphones
		Number of Employees	5,565 *As of Mar. 31, 2021
President and CEO	Hiroshi Suguta	Stock listing	First section of the Tokyo Stock Exchange (Stock code: 9422)
Capital	2,778 million yen		

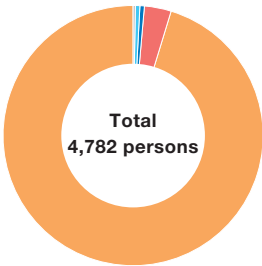
Stock information (As of March 31, 2021)

Number of shares authorized	Common stock	153,600,000 shares
Number of shares issued	Common stock	44,737,785 shares (Excluding 153 treasury stock)
Number of shareholders		4,782 persons

Status of share distribution (As of March 31, 2021)

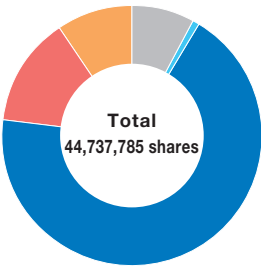
Distribution by shareholder

Financial institutions	0.38%
Financial instruments business operators	0.50%
Other corporations	0.63%
Overseas corporations	3.37%
Japanese individuals and others	95.12%



Distribution by shareholding

Financial institutions	8.01%
Financial instruments business operators	0.70%
Other corporations	68.38%
Overseas corporations	13.61%
Japanese individuals and others	9.30%



Major Stockholders (As of March 31, 2021)

Name of Shareholders	Number of Shares Held	Voting Rights Percentage
ITOCHU Corporation	26,996,000	60.34%
Hikari Tsushin K.K.	3,424,700	7.66%
The Master Trust Bank of Japan, Ltd. (Trust account)	1,400,000	3.13%
NPBN - SHOKORO LIMITED	1,371,600	3.07%
GOLDMAN SACHS INTERNATIONAL	768,800	1.72%
Custody Bank of Japan, Ltd. (Trust account)	748,000	1.67%
CONEXIO Group Employee Stock Ownership Association	682,501	1.53%
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	510,000	1.14%
GOVERNMENT OF NORWAY	332,741	0.74%
NORTHER TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	285,000	0.64%

Note: Treasury stock (153 shares) is deducted from Voting Rights Percentage.

External Evaluation

“Platinum Kurumin” and “Kurumin” (second time) certification mark for childcare supporting companies

As a “childcare supporting company”, the Company received “Kurumin” certification on July 27, 2018, under the Act on Advancement of Measures to Support Raising Next-Generation Children established by the Ministry of Health, Labour and Welfare. At the same time, the Company received “Platinum Kurumin” certification as special recognition for fulfilling the requirements of providing childcare support at a higher standard.



CONEXIO will continue to promote flexible work styles and develop a workplace environment to enable all employees with their diverse personalities and values to be more active.

“Eruboshi” certification mark for promotion of the empowerment of female employees

The Company received the highest level “Eruboshi” certification by the Minister of Health, Labour and Welfare as an outstanding company for promoting the empowerment of female employees. “Eruboshi” certification is granted based on the Act on Promotion of Women’s Participation and Advancement in the Workplace (“Women’s Participation Promotion Act”) to companies that have made excellent efforts in the following five areas: “recruitment,” “continued employment,” “working hours and other work styles,” “percentage of employees holding in a managerial position,” and “variety in career courses.” The Company has met all the standards in these five areas and received 3-star “Eruboshi” certification, the highest ranking.



In line with the employer’s action plan based on the Women’s Participation Promotion Act, the Company promotes a work environment in which women can participate, which has led to an increase in the number of employees who take short-term childcare leave and the number of female employees holding a managerial position. We will continue to provide career training and life stage-based training, as well as promote long-term continued employment and participation in the workplace.

2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program, the Certified Health & Productivity Management Organization Recognition Program

The Company makes efforts not only in workstyle improvement, but also in employee health management, and we promote the following:



- ・ Maintenance and improvement of employee health
 - ・ Promotion of work-life balance
 - ・ Severe disease prevention support measures
 - ・ Mental health measures
- In recognition of these efforts, the Company was recognized by the Ministry of Economy, Trade and Industry (METI) as an organization under the 2021 Certified Health & Productivity Management Outstanding Organizations Program, an award that highlights outstanding enterprises engaging in health and productivity management.

2021 Hataraku Yell Awards

The Company was certified as a company with excellent comprehensive benefits in the 2021 Hataraku Yell Awards, which award and certify companies that strive to enhance employee benefits. The Company was praised for its use of employee benefits in personnel training and for resolving personnel and labor issues through the use of employee benefits.



White Company Certification 2021

The Company received a Gold rating in the FY2021 White Company Awards from Japan White Spread (JWS). The White Company Certification is Japan’s only comprehensive recognition system companies in good standing. In the White Company Award for the First Half of 2021 by JWS, the Company was awarded in the category for sharing its corporate philosophy. Previously, the Company received an award in the childcare support category and the IkuBoss category in 2018 and in the diversity and inclusion category in 2020.





"Conexio is to connect people and values"

<https://www.conexio.co.jp/>