



**“Conexio is to connect  
People and Values”**



The Future CONEXIO Will Create

By taking on the challenge of creating  
new value, we will continue to be the  
most reliable partner

CONEXIO has continued to grow since its foundation in 1997 as a wholly-owned subsidiary of ITOCHU Corporation keeping pace with the expansion of the mobile phone market and has become one of the leading companies in the industry now.

Today, CONEXIO is a driver of market growth, particularly with regard to smart-phones, and supports the smart lifestyle of customers in the Consumer Business and the smart business development and expansion of customers in the Corporate Business.

The speed of change in the business environment surrounding the Company is extremely high. However, the fundamental spirit of “Conexio is to connect people and values” that is our corporate philosophy remains unchanged. Under this mission, we intend to come together as one in responding to the changes of the business environment and continue to provide new value to customers moving forward.

We create services in anticipation of the needs of each and every customer in order to contribute to the realization of a secure and comfortable life and society, and in order to become the most reliable partner in the world of communication networks.

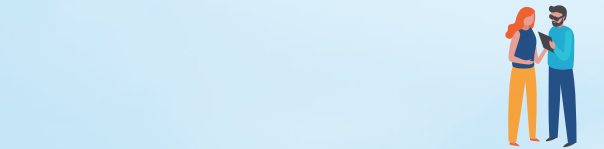
That is the future CONEXIO will create.

**Hiroshi Suguta**  
President



Profile

CONEXIO supports the telecommunication infrastructure of Japanese society.



Number of Mobile Phone Handsets Sold

1.8 million or more mobile devices a year  
(Fiscal year ended March 31, 2022)

We are an industry-leading dealer of mobile phone handset, selling more than 1.8 million devices a year. This business supports the telecommunication infrastructure of Japanese society, underpinned by our human capital with high levels of expertise and service-ability.

Number of Carrier Shops

440 shops  
(As of the end of March 2022)

We opened the first carrier shop in Japan, and have increased the number of shops in response to customers' requests. We currently operate 440 carrier shops across Japan, mainly in major cities.

Number of Help Desk Lines

More than 530 thousand lines  
(As of the end of March 2022)

We have a dedicated organization that has an extensive track record and can satisfy diverse needs. On behalf of our customers, we respond to a range of inquiries from their employees, including how to use the devices provide to them and how to deal with device troubles; handle loss and malfunctions; manage MDM operation; and receive a range of applications.

Percentage of Female Managers

15.5 %  
(As of April 1, 2022)

As over half of our workforce are women, we run courses to train future female managers, and 15 women have been promoted to managerial positions so far.

Cumulative Number of Smartphone Class Participants

430,867 persons  
(Fiscal year ended March 31, 2022)

We actively hold smartphone classes and pop-up smartphone classes for safe and convenient use of smartphones. These classes are popular among customers and our initiatives have produced steady results, with the cumulative number of participants totaling 430,867 for the fiscal year ended March 31, 2022.



Number of Corporate Customers

Approx. 7,700 companies  
(As of the end of March 2022)

Our one-stop services extend from selling devices and offering solutions to setting up (kitting) devices, managing lines, and supporting operation through a call center. Such services are highly regarded by our corporate customers, with more than 7,700 companies across Japan under contract with us.

Percentage of Employees who took Childcare Leave

Male 73.6 %  
(As of April 1, 2022)

We promote the use of childcare leave among not only female but also male employees. We work to spread the understanding through fine-tuned initiatives, including distribution at half birthdays of guidebooks for fathers, letters and guidance to encourage them to take childcare leave, and orientations for eligible employees and their supervisors. Such efforts have resulted in a year-by-year increase in employees who take long-term childcare leave.



Percentage of Paid Leave Used

64.2 %  
(As of April 1, 2022)

Believing that enhancing employees' physical and mental health and increasing job satisfaction will lead to a sustainable growth of the Company, we encourage our employees to take paid leave. We aim to achieve the government target of using 70% or more of paid leave.

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 connect, 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.

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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.

**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.



The media we use for our information disclosure

**Integrated Report**

**IR**

**Sustainability**

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

<https://sustainability.conexio.co.jp/en/>

● Period covered	FY2021 (April 1, 2021 – March 31, 2022) Past and most recent activities and initiatives may also be included.
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Message from the President



We will leverage customer contact and human capital, our greatest assets, to contribute to the elimination of the digital divide and the realization of a prosperous information society.

Hiroshi Suguta  
President

The mobile phone market has entered a turning point

I was appointed President in April 2021 and am now in my second year in this position. Looking back on my tenure so far, while facing the effects of an economy impacted by such matters as the extended COVID-19 pandemic and the situation in Ukraine, I have strived to create an environment that enables customers to visit stores and employees to work with peace of mind, continuing the Company's business operations.

Meanwhile, in the mobile phone market, I feel that business policy for telecom carriers has entered a significant turning point.

One example of this is the introduction of low-cost plans by telecom carriers, triggered by the Japanese government's calls for the "reduction of mobile phone charges"; and the intensifying competition for subscribers between four telecom carriers—including Rakuten Mobile, a new entrant to the market. As a result, telecom carrier revenue from telecom business activities is trending downward, and agencies are under pressure to optimize operations along with reduced commissions and financial support for sales promotion. Another example is the intensification of online sales channel creation, necessitating coexistence with physical shop sales channels moving forward. However, even with online sales, as long as there is a need for guidance on prices and services that better match customers, and for sales to which laws and ordinances apply, such as identity checks, it is expected that online sales will involve sales staff in the conclusion of contracts, and it is

anticipated that a so-called online and in-person hybrid model will become the norm for online sales.

In the 25 years since our founding, CONEXIO has entered into partnerships with telecom carriers and taken on the role of sales and customer contact across Japan. Moving forward, this role will remain unchanged. However, in order to grow in the future, I believe that it is necessary to develop and expand sales activities adapted to these changes in the sales environment, and to develop and expand business through our own unique services and products which make maximum use of our strength in customer contact opportunities.

Proprietary businesses which supplement our carrier agency business in a difficult environment

Regarding our performance in the fiscal year ended March 31, 2022, net sales increased 2.4% from the previous fiscal year to 193,247 million yen. However, gross profit decreased 2.8% from the previous fiscal year to 51,518 million yen. This was a result of a decrease in agency commissions due to changes in telecom carrier agency policy, in spite of securing the previous fiscal year's level in terms of the number of mobile phone handsets sold. With regard to selling, general and administrative expenses, as well, reductions in telecom carrier financial support resulted in an increase in labor and other costs, with operating profit decreasing 24.4% from the previous fiscal year to 8,072 million yen.

Looking at matters separately by each business, in the Consumer Business, proprietary business revenue from products

and services such as "Nexi Service Packages" and smartphone coatings grew. However, due to a significant decrease in revenue from our carrier agency business, which centers on commission income, operating profit decreased 23.2% from the previous fiscal year.

Concerning the Corporate Business, "Mobile WorkPlace," our service we provide directly to corporate customers, has grown steadily over the last few years. The resulting growth in proprietary business revenue supplemented the decrease in commission income from our carrier agency business, with operating profit increasing 12.4% from the previous fiscal year.

In this way, in the previous fiscal year, our carrier agency business struggled and profit decreased. However, proprietary businesses that we planned, developed, and provided to customers grew steadily in both our Consumer and Corporate segments, and we were able to expand the percentage of gross profit they occupy to 28%.

The background of our withdrawal of our medium-term management plan "CONEXIO Plan 2023"

In response to our performance in the fiscal year ended March 31, 2022, we made the difficult decision to revise "CONEXIO Plan 2023," our medium-term management plan scheduled to end in the fiscal year ending March 31, 2024.

The plan incorporated a certain degree of decline in agency commissions due to increasing price competition among telecom carriers. However, the speed and scale with which conditions worsened exceeded assumptions. Other conditions on which the plan was predicated at the time of its formulation also changed drastically, including reduction of physical shops as well as the establishment of a hybrid policy with in-person and online sales by some telecom carriers. Amid such extensive changes to the business environment, we determined that it was necessary to formulate a new strategy after reaffirming the direction of telecom carrier agency policy. Accordingly, we

chose to withdraw the medium-term management plan.

For the fiscal year ending March 31, 2023, as a single-year plan, we will be working to improve the profitability of our carrier agency business. At the same time, we will lay the groundwork for securing new business revenue sources in our proprietary businesses and pursue improved productivity company-wide.

In addition, we plan on formulating a new medium-term management plan which will start in the fiscal year ending March 3, 2024, and which we will release at a later date.

Our future image for our physical shops is as a "local ICT refuge"

As stated above, strengthening our proprietary businesses will be essential for CONEXIO's growth strategy moving forward.

The growth rate of our proprietary businesses in the fiscal year ended March 31, 2022 increased 8.6% from the previous fiscal year. However, from the fiscal year ending March 31, 2023 onward, we are aiming to increase this to over 10%. The proportion of proprietary businesses in the Consumer Business is approximately 20% (Fiscal year ended March 31, 2022, gross profit basis), while we have raised this proportion to close to 70% in the Corporate Business. Currently, proprietary businesses comprise approximately 30% of the Company overall, and I would like to raise this to 50% in the medium to long term. In short, we are aiming to increase the scale of our proprietary businesses to the same level as that of our carrier agency business.

One of our strengths that will make this possible is the asset that is the opportunities for direct contact with customers and the customer service know-how to propose and explain complex products and prices in a manner which will satisfy customers, both of which we have cultivated in our carrier agency business.

Currently, the proprietary businesses in the Consumer Business are primarily product-focused, such as a security app to

Performance Highlights

Indicator	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	188,795 million yen	193,247 million yen
Gross profit	53,007 million yen	51,518 million yen
Profit	7,536 million yen	5,618 million yen
Dividends	65 yen	70 yen
Dividend payout ratio	38.6%	55.7%



**In order to formulate a new strategy, we will be making preparations to secure new business revenue sources in our proprietary businesses.**

### **Supporting a convenient and prosperous life for customers through smartphones**

In April 2022, we established the New Business Development of Division, under the direct control of the President, in order to swiftly launch new businesses leveraging our aforementioned strength of physical shops.

As the first phase, we have started the “Smartphone Individual Classes,” which provide fee-based smartphone lessons, at all of our directly managed carrier shops. CONEXIO started offering smartphone classes in 2014, becoming the first in the industry to do so, and we have listened to our customers’ opinions and wishes since this time. Of particular note, in this time we have responded to customers’ wishes to receive thorough, unrushed explanations from instructors one-on-one; to be able to learn at their own pace; and to feel free to receive the same instruction over and over again, no matter how many classes they may attend. Moving forward, we are aiming to expand class venues to include locations such as other carrier shops and cultural centers, and, in three years, to achieve 100 thousand paid members.

In September, we partnered with the GMO Internet Group’s GMO Pepabo to launch “minne by GMO Pepabo KOZA” lessons as part of our “Smartphone Individual Classes.” “minne by GMO Pepabo KOZA” lessons teach participants how to buy products and open up their own shop on minne by GMO Pepabo, a handmade product market operated by GMO Pepabo, which is one of the largest market of its kind in Japan. Through partnerships with companies like this, we will further increase support options and content to support customers in enjoying lives that are even more comfortable and prosperous through smartphones. Our future outlook for the Consumer Business is to cultivate and expand these initiatives into a “digital life support business.”

make smartphones more pleasant to use, and scratch-resistant coatings and films. When considering the significance of physical shops, however, we came to believe that there would be major opportunities in line with the theme of eliminating the digital divide for customers, which is likely to continue to grow moving forward. Opportunities for utilizing smartphone apps have permeated into every situation imaginable in everyday life. There are many customers, however, particularly senior citizens, who are not receiving this benefit, and this trend is likely to increase in the future.

Accordingly, one future image we have for our carrier shops is as a kind of local ICT refuge for customers, and we believe that services suitable to this purpose will become an enormous opportunity for us to maximize our proprietary businesses.

Currently, we are actively participating in the Project on Digital Utilization Support for Users led by the Ministry of Internal Affairs and Communications. Specifically, we are holding classes at our carrier shops on conducting administrative procedures (such as applying for a My Number Card, how to use the Mynportal, and to use the e-Tax system) using a smartphone. In addition, in collaboration with local governments, we are using public halls and other public facilities to hold similar classes, dispatching instructors from our shops, and we are experiencing a solid response in this area. In the fiscal year ended March 31, 2022, we collaborated with 22 municipalities across Japan under this project, holding workshops over 700 times. In the fiscal year ending March 31, 2023, we have already established collaborations with 33 municipalities nationwide.

### **Collaboration with partner companies to strengthen the proprietary businesses of the Corporate Business**

We develop proprietary businesses in the Corporate Business primarily in the three fields of mobile solutions, IoT solutions, and retail services. The proprietary businesses in the Corporate Business are characterized as primarily being stock-type businesses capable of continuously earning revenue and can be expected to achieve stable growth. Moving forward, we will expand the customer base by expanding customer segments to include everything from major to small and medium enterprises through means such as digitization of customer contact and the standardization of products and services. In addition, we will promote the implementation of IoT solutions for such customer segments as production and construction sites and those in the field of 5G applications.

As a specific example, our “Mobile WorkPlace” service, a mobile solution lynchpin, deals in Managed Mobile Service in which we operate and manage smartphones on behalf of customers after customers have introduced them; as well as the provision of business app solutions in collaboration with vendor partners, such as attendance management, expense settlement, internal SNS, and security management. Further, from the fiscal year ended March 31, 2022, we have also been engaging in fixed mobile convergence (FMC) solutions, providing one-stop setup, maintenance, and operation of optimum mobile and landline phone deployment. We offer proposals covering everything from office phone environment and smartphone setup optimization to operation, supporting customers in developing more pleasant remote work environments.

With regard to IoT solutions, we are developing solution proposal activities, aiming to solve customers’ business challenges by turning all types of data obtainable from various sensors into meaningful information with a focus primarily on the manufacturing and construction industries as well as the field of social infrastructure. We will seek to collaborate with various partner companies to develop systems based on “CONEXIO-BlackBear,” our originally developed edge computing gateway, and contribute to companies moving forward with DX by intertwining AI, 5G, and other cutting-edge technologies.

### **Coming together as one to overcome a period of transformation in the industry and make the next leap forward**

The context for strengthening our proprietary businesses as described above is our approach to sustainability by “Eliminating the Information Gap (Digital Divide) and realizing a prosperous information society.” By implementing business initiatives to eliminate the digital divide, one of our Materiality (Important Issues) CONEXIO has identified, we intend to contribute to the sustainable development of society.

The business environment surrounding the Company is expected to remain difficult for the time being. However, we intend to overcome this period of revolution and advance to a new stage by proactively seizing investment opportunities through M&As and capital and business alliances with partner companies to accelerate the strengthening of our proprietary businesses; and by efficiently managing our existing carrier agency business and steadily adapting it to the changing environment.

In this section, I have largely focused on qualitative matters. However, we intend to engage in quantitative target-setting and explanations through the revision of our medium-term management plan from FY2023. I humbly ask our shareholders and all of our stakeholders that they continue to grant us their support moving forward.



**We will create the existential value of CONEXIO that provides learning and enjoyment through smartphones.**



Message from the CCO



Leveraging the human capital which is our greatest asset, we will advance toward the integration of sustainability into all of our businesses

**Shinji Nakata**  
Board Director and Senior Managing Executive Officer  
General Manager, Administration Group  
Chief Compliance Officer  
Sustainability Officer

The initiatives of the Administration Group  
—Providing information in order to be a presence management can depend on

The mobile phone agency industry stands at a great turning point due, among other factors, to the reduction of store visits by customers as a result of the COVID-19 pandemic, and the sale of low-cost plans and changes in agency policy by major telecom carriers starting in the fiscal year ended March 31, 2022. I will not deny that CONEXIO has been placed in a difficult position in terms of business performance.

It is precisely because of this state of affairs that I believe the Administration Group, which plays a pivotal role in this company, must be a presence upon which management and the Sales Divisions can depend.

In difficult times it is necessary to tighten one's belt. In doing so, I believe what is needed is not simple ideas for increasing efficiency but rather to identify which operations are intrinsically unnecessary and decide what you will not be doing. We understand the need to exercise wisdom in determining, in this difficult environment, to what degree to prune those jobs that we had performed so attentively in the environment we had been blessed with before.

It is not my belief that we simply must reduce personnel because our performance has declined. I believe it is important to reconsider operations themselves as well as how they are performed, revise and reform them, and adapt the personnel system in turn.

The way we work has changed drastically due to the COVID-19 pandemic. We are an onsite-oriented company. Accordingly, there are some aspects regarding our work

environments that could not be changed. However, by conducting tours of carrier shops and mass retailers, shop manager meetings, and one-on-one meetings online, we have been able to optimize communication between headquarters and branches and the field. In addition, for our new headquarters, we went with a hot desking system premised on combined use of telework. We have been able to continue to operate without issue with an average headquarters physical attendance rate of around 20% to 30%, and I believe this situation will continue even after the COVID-19 pandemic comes to an end. The diversification of working styles due to such factors as the promotion of telework also contributes to the diversity promotion CONEXIO is engaged in and, I believe, has established an environment that enables diverse employees to demonstrate their capabilities.

Of course, it is also necessary that we invest in future growth. We recognize that it is necessary for us to determine a balance between those fields we will eliminate and those we will invest in, and that we need to communicate how we will go about this.

Investment fields  
—Strengthening new businesses

An example of the investment we have engaged in since the preceding fiscal year is our opening of new shops for Rakuten Mobile, a new entrant to the mobile phone market. At the end of March 2021, there were 21 such shops. By the end of June 2022, there were 41. Rakuten Mobile's plan is to increase customer contact opportunities in order to acquire new users, and CONEXIO also intends to cultivate Rakuten

Mobile shops as a new business pillar.  
Further, strengthening of new businesses not bound by our conventional business fields is essential in order to realize the future growth of CONEXIO. In order to make this policy clear on an organizational level, in April 2022, we implemented an organizational restructuring and established a New Business Development of Division under the direct control of the President.

Currently, we have committed 120 people to the New Business Development of Division. We are aiming to move full speed ahead with the development of new, consumer-oriented businesses. We are also looking to leverage the entire Company's assets, know-how, and strengths to cultivate new business fields and build a business model that will become a next-generation pillar.

At the same time, we intend to make maximum use of the know-how we have cultivated to date, the nationwide shop network and smartphone class instructors to promote a "Digital life Support Business."

As a specific example, we were ahead of others in the industry to participate in the Project on Digital Utilization Support. This project can be considered to be an initiative that ties into sustainability and which possesses great significance for CONEXIO in increasing its new existential value and meaning of existence moving forward. In our society, the latest information is obtainable over the Internet, and increasing the public's smartphone literacy helps to bring us closer to a society in which everyone can equally obtain the latest information.

I believe that by not simply providing customers with devices but enabling customers to utilize these devices and going so far as to support them in actually making their lives convenient and prosperous, we can demonstrate CONEXIO's true meaning of significance.

Diversity and Inclusion

—Putting even greater value on respect for intrinsic diversity

To CONEXIO, human capital is our greatest asset. In order to fully elicit the potential of our human capital, I believe that one of our greatest management challenges is to create an organization that can capitalize on each individual employee's individuality.

In October 2020, we established the Diversity Promotion Committee. This committee aims to develop a workplace environment that appropriately adapts to diversifying lifestyles and values and that enables diverse human resources to fully demonstrate their capabilities.

Over half of our employees are women, making the empowerment of female employees an extremely important theme for us. In addition, the proportion of people with disabilities in our employees is over 2%, making the creation of work environments in which such people can work comfortably to be a significant issue. It is my desire to see employees with diverse characteristics demonstrate their capabilities through diverse working styles, and feel happy working for CONEXIO.

To date, discussions of diversity have largely been about external diversity characteristics—sex, age, and nationality. We recognize, however, that moving forward, that LGBTQ and other intrinsic diversity characteristics will also become a part of the discussion. I believe it is necessary that we aim to create an environment in which everyone recognizes and understands every kind of diversity as each other's individual characteristics, and in which everyone can work equally. In order to achieve this, I recognize that respect for each other and fundamental and mutual regard for each other's humanity are of the utmost importance. Learning through study sessions and workshops is also important, but I believe that communicating with respect for each other's humanity should be the foundation.

Key items for the fiscal year ending March 31, 2023

- Pursue productivity improvement: Accelerate systemization and digitization, thoroughly streamline operations
- Reinforce the management base: Investment strategy: Invest to strengthen new businesses  
Diversity and Inclusion: Realize a workplace environment in which employees can mutually understand not only external but also intrinsic aspects  
Human capital strategy: Realize the allocation of human capital with the right person in the right place leveraging our open job posting system  
Compliance strategy: Create mechanisms for avoiding deviations in awareness between management and the field
- SDGs management: Promote sustainability activities integrated into business activities

Materiality issues and the state of initiatives in the fiscal year ended March 31, 2022

- Materiality 1 Eliminating the Information Gap and Realizing a Prosperous Information Society  
• Contracted by the Ministry of Internal Affairs and Communications for its Project on Digital Utilization Support for Users  
• Implemented the "Smartphone Individual Classes"
- Materiality 2 Promoting Digital Transformation in Business Society  
• Provided one-stop support for customers' digital transformation (DX) through Mobile WorkPlace
- Materiality 3 Contributing to the Prevention of Incidents and Accidents and the Creation of a Society Resistant to Natural Disasters  
• Realized a secure society through the introduction of a multi-point observation system utilizing IoT water level gauges
- Materiality 4 Initiatives for Environmental Issues  
• Participated in "RE Action – Declaring 100% Renewable" • Endorsed the TCFD recommendations
- Materiality 5 Promotion of Diversity and Inclusion  
• Increased the percentage of female managers and rate of use of childcare leave among male employees

For example, for some time, CONEXIO has engaged in an initiative in which, when employees return to work at one of our shops after taking maternity and childcare leave, we ask them to come to the shop with their child and the rest of their family. The employees discuss how they will work after returning to the shop with the shop manager and staff of human resources. At the same time, the employee's colleagues get a chance to remember the child's face and name. Since the start of the COVID-19 pandemic, it has become impossible to do some things like this, but I believe that in addition to systems and rules, it is important for people to understand each other's situations and to create an environment in which people can work fairly.

### Human capital strategy

#### —Promoting internal communication and changing the mindset with an internal job application system

In this fiscal year, we restarted our open job posting system as part of our personnel system.

In order to plot its growth strategy, CONEXIO is aiming to restructure its businesses, and the optimum allocation of human capital is a challenge in doing so. The open job posting system is one measure for promoting this change. We have decided to utilize this system as a means of providing each individual with the opportunity to consider their own careers and make their ideas a reality when they so desire.

Previously, personnel rotations were decided by the Company. Amid the huge changes occurring in the industry, however, we anticipate that respecting the wishes of employees who want to take on new challenges will change the mindset among our employees and promote internal communication.

Of course, not every employee's aspiration will be granted based on their application. Fundamentally, departments that place job posting will select employees applying to them via the internal job application system according to the same standards as those used for mid-career hires. Our first round of open recruitment was conducted by the Corporate Business Group in August 2022. Applications were solicited for a little under 20 people, against which around 17 to 18 people applied. It was determined to transfer six people as a result of screening based on their resumes and interviews. I believe the selection process was more severe than expected by the applicants.

The strategic investment of human capital in growth fields is an important management challenge, but seeking people internally rather than externally also has the merit of reducing the risk of mismatches.

It has also had the effect of changing the mindset among personnel in managerial position. Every department's personnel in managerial position tend to want excellent employees to remain in their department if possible. Through discussion of the meaning of the open job posting system, however, many personnel in managerial positions have come to believe that excellent employees should be transferred to the departments that need them, all the more because they are best human capital. In that sense, I believe that the open job posting system has been a good measure for getting personnel in managerial positions to take a Company-wide perspective in having the right people in the right places.

The structures of the businesses in our Consumer Business and Corporate Business differ greatly. Because of this, there has been little exchange of human resources between the two Business Groups. With the transfer of personnel through the open job posting system, however, we expect the two Groups to share information with each other, and I feel that as internal communication improves, it will foment an atmosphere that enables people to say, "go ahead, and do your best over there!" Moving forward, we intend to strategically continue the open job posting system.

### Compliance strategy

#### —Conveying important issues directly from the top

CONEXIO views compliance to perpetually be one of its most important management issues. In looking at the issues occurring in society, I feel that it is often the case that the intrinsic problems at the root of these issues are deviations and differences in awareness between management and the field. I believe that for CONEXIO, as well, we must always be cognizant of these deviations and continue to strive to reduce and eliminate them.

In order to prevent gaps in recognition between management and the field, I believe it is necessary for management to

share its thinking with the field in good faith. As a company and as an organization, it is necessary to achieve numerical targets. First and foremost, however, I believe it is important to convey to people in the field in a way that they can understand what is important, what must be adhered to, and what must be taken care of.

I believe that CONEXIO is on the high end of the spectrum in terms of the amount of information top management shares with employees. In particular, President Suguta and myself share information with the entire Company in the form of written "Management Messages." For issues that we believe are particularly important, we also make use of video messages. We create these messages out of a sincere desire to deliver the information to people in the field, and utilize video as a means of strengthening engagement based on the belief that video may convey this a little better than writing.

### Sustainability initiatives

#### —Sustainability integrated into business

CONEXIO began engaging in full-fledged sustainability initiatives in the previous fiscal year. We understand that with regard to sustainability, in addition to actual activities, it is also important to provide explanations to our stakeholders. Accordingly, we implemented an organizational change to integrate sustainability into investor relations.

Of our five materiality issues, three will be implemented directly as part of our business activities. Here I would like to discuss some concrete examples with regard to these three materiality issues.

The first, as also stated in the discussion of the Project on Digital Utilization Support, is "eliminating the information gap (Digital Divide) and realizing a prosperous information society."

When there is an information gap between people who can use smartphones and those who cannot, it results in a social loss. For example, in providing information on the predicted course of a typhoon or evacuation information during a disaster, as of the present time, in response to the question of "Are we confident that releasing this information over the Internet would reach all residents?," the answer would have to be doubtful.

From the perspective of those providing information, something can only be deemed to be information infrastructure if everyone who is supposed to receive that information is able to do so. I believe we must contribute to the development of such information infrastructure. I intend to strengthen our initiatives to reduce the information gap with a focus on our carrier shops, which provide many opportunities for customer contact.

The second is "promoting digital transformation in business society." This is a challenge that we are mainly dealing with in our Corporate Business. In part because of the COVID-19 pandemic, many companies are incorporating remote work; however, there are also many small and medium enterprises that have not been able to do so. In order to develop information infrastructure which enables diverse working styles, we

will provide and support a variety of solutions, including with regard to security. In doing so, we will contribute to the stimulation of the economy and society as a whole, and this, I believe, is a significant role for CONEXIO.

The third is "contributing to the prevention of incidents and accidents and the creation of a society resistant to natural disasters." One typical example of an incident/accident is bank transfer scams. In fact, some customers have actually come to our shops for help when they have received a scam phone call. Providing appropriate assistance has prevented customers from becoming involved in such scams, and even led to our employees being honored by the police. This can also be seen as a good example of our carrier shops serving the role as a local ICT refuge.

In addition, in response to the recent frequent occurrence of natural disasters, we propose remote monitoring systems which use IoT technologies. For example, we offer a system which can remotely monitor for river overflowing by placing cameras and sensors to monitor water levels and send data via MVNO lines from gateways we developed.

I believe that our sustainability initiatives are the very business of the Company. They are the existential value of CONEXIO and I would like to increase the situations in which this is apparent to both our employees and society.

### Industry outlook and aspirations


#### —Demonstrating CONEXIO's existential value and differentiating ourselves

As I stated in the beginning, the mobile phone agency industry stands at a great turning point. Previously, the market as a whole had experienced constant soaring growth, but now it has hit a plateau. However, in any industry, the market will not experience unending growth, and there come times when it stalls. Difficult situations are also likely. I believe that the current mobile phone market industry has simply matured, and become an ordinary industry.

Moving forward, we must aim to differentiate ourselves, including with regard to our carrier agency business. If we do not differentiate the carrier shops we operate so that they are chosen over others, I believe it will be difficult for us to survive.

In our Corporate Business, our efforts have led to our customer businesses feeling that CONEXIO offers added value. In our carrier shop-focused Consumer Business, however, we have not yet reached this level. I believe that pursuing and realizing a form of added value and differentiation that our customers can realize will help lead us to our next growth trajectory.

In order to make our stakeholders once again confident that CONEXIO is a company that will grow sustainably, I would like to see us produce results as quickly as possible.



I am aiming for the Administration Group to be a presence that can be relied on precisely because we are facing a difficult time, and we will be implementing a variety of measures aimed at CONEXIO's next leap forward.



Our Value Creation Model

To achieve our corporate philosophy of “Conexio is to connect people and values,” we will create economic and social value by flexibly responding to changes in the external environment surrounding us and driving forward business and sustainability activities.

Corporate Philosophy

“Conexio is to connect People and Values”

Realize a Sustainable Growth

External Business Environment

1. Social Environment

- Response to climate change
- Enhancement of health and welfare systems
- Enhancement of human rights and education
- Diversity and Inclusion
- Achievement of work-life balance

2. Industry Trends

- Decrease in financial support from telecom carriers
- Intensified competition among telecom carriers for customer acquisition
- Decrease in the number of customers visiting stores
- Widened information gap (Digital Divide)
- Increased momentum for work-style reform

Input



Financial Capital (End of March 2022)

Total assets 100,965 million yen  
Net assets 53,625 million yen



Manufactured Capital (End of March 2022)

Capital investment 2,281 million yen



Intellectual Capital (End of August 2022)

Number of staff members with expertise\* Approx. 3,600



Human Capital (End of March 2022)

Number of employees 5,529



Social Capital (End of September 2022)

Number of corporate customers Approx. 7,700 companies

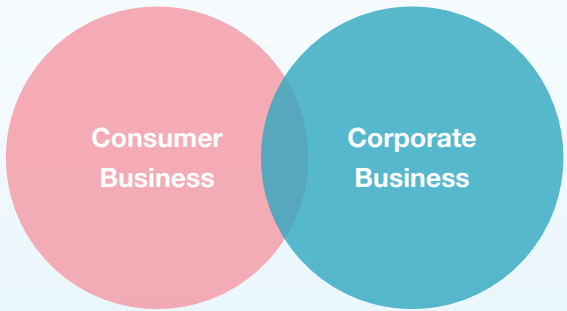


Natural Capital (End of March 2022)

Energy consumption 4,561 kl

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

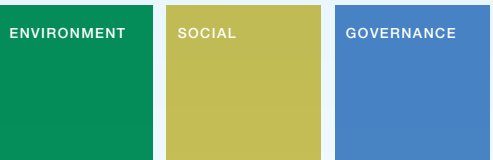
CONEXIO engages in two lines of business, creating people’s lives and business environments based on the keyword: mobile.



Business

Sustainability

CONEXIO's ESG



Five materiality issues for CONEXIO



Outcome

Contribute to the development of communication society through ICT utilization

Solve business issues by providing the latest technologies such as 5G, AI, and IoT

Improve the ability of local communities to deal with cybercrime and contribute to disaster prevention and mitigation by utilizing IoT technology

Reduce CO<sub>2</sub> emissions and promote resource recycling

Develop a comfortable work environment in which diverse human capital can play an active role

Resolve Social Issues

Six Types of Capital

Leveraging the following six capitals, we will offer services in anticipation of the needs of each and every customer and aim for sustainable growth together with society. By further strengthening these six capitals, we will improve our corporate value and also maximize the value we provide to society.



Importance to CONEXIO

We maintain financial reserves at all times in order to secure a solid financial base, essential for supporting sustainable growth; prepare for a variety of risks surrounding the market environment; and enable us to make agile and flexible investment decisions.	In order to offer even better services, we continuously invest in relocating and renovating carrier shops, and in strengthening the capabilities of management systems. In FY2021, we relocated our headquarters and also invested in initiatives to improve the workplace environment.	The expertise needed in all businesses we develop is increasing year by year. In order to meet customer needs going forward, we are enhancing employee education, including customer service skills, and are moving forward with initiatives for acquiring the skills we need.	Human capital is CONEXIO's greatest asset. We are aiming for and engaging in a variety of initiatives to achieve a workplace environment in which each person's individuality is respected, and all can demonstrate their capabilities, truly enjoy working, and maintain work-life balance.	We have built a solid customer base rooted in our track record, and this customer base is a key component connecting CONEXIO and society. In order to further expand this customer base, we are engaging in a variety of initiatives.	CONEXIO recognizes the response to environmental issues and climate change to be a serious risk, and for all of our locations where we directly sign contracts with electric power companies, we have switched over to green power.
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Other Indicators

- |                                                                                                                                                                                |                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                        |                                                                                                                                                                                |                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>● Cash flows from operating activities<br/>5,086 million yen</li><li>● ROE<br/>10.7%</li><li>● Dividend payout ratio<br/>55.7%</li></ul> | <ul style="list-style-type: none"><li>● Strengthened sales locations in Consumer Business</li><li>● Capital investment for services provision in the Corporate Business</li><li>● Investment in relocating headquarters and strengthening of internal management functions</li></ul> | <ul style="list-style-type: none"><li>● Provision of CONEXIO College</li><li>● Implementation of organizational capability improvement program</li><li>● Employee career development support</li></ul> | <ul style="list-style-type: none"><li>● Work-life balance promotion</li><li>● Initiatives for a safe, secure workplace environment</li><li>● Diversity and Inclusion</li></ul> | <ul style="list-style-type: none"><li>● Support for corporate telework and DX promotion</li><li>● Provision of Managed Mobile Service supporting everything from introduction to management of mobile tools</li><li>● Mobile WorkPlace promotion</li></ul> | <ul style="list-style-type: none"><li>● Participation in "RE Action – Declaring 100% Renewable"</li><li>● Collection of unwanted devices and promotion of paperless</li><li>● Information disclosure based on TCFD recommendations</li></ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



# 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)**

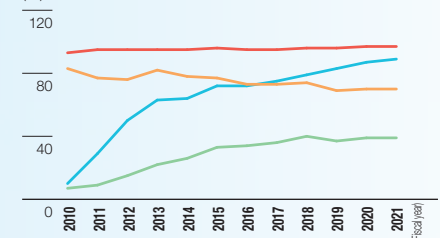
**Promotion of the use of IoT and 5G  
technologies**

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

**Decrease in the labor population**

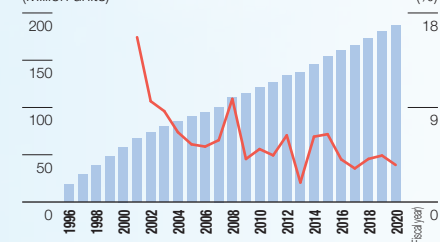
**Response to environmental issues  
and climate change**

Transition of the households possessing telecommunication devices  
(%)



Source: Communication Usage Trend Survey by the Ministry of Internal Affairs and Communications

Cumulative number of mobile device contracts and year-on-year growth  
(Million units) (%)



Source: the above chart is based on the data from the Telecommunications Carriers Association (TCA)

## 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
- Shift in telecom carriers' agency policies

### Opportunities

- Accelerated digitalization leading to after-purchase concerns when switching to a smartphone for the first time; turning digital life into a part of everyday life; and increasing needs for using various services
- Expansion of operations at carrier shops
- Increase in the needs for telework and digital transformation (DX), aiming to improve the efficiency of existing operations and to conduct operational reforms amid the COVID-19 pandemic
- 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, epidemic, and health and household financial issues associated with longer life expectancy

## Our Policy

- We will strive to expand contact opportunities with customers by establishing a dedicated team, which will shift the focus from in-store sales activities to on-site sales in shopping centers and areas away from the shops.
- We will take major environmental changes as an opportunity and work on initiatives to improve revenue, including consolidation and closure of shops, operational reform, and concentration of resources on growth areas (Our Proprietary Businesses) At shops, in particular, we will expand contact centers, which are responsible for part of reception tasks, and online centers, which enable us to remotely contact customers online. As a company-wide initiative, we will promote the use of information technology through digital transformation and work on productivity improvement.
- Taking advantage of our know-how as an industry pioneer of smartphone classes, we will hold the "Smartphone Individual Classes" at directly managed carrier shops across Japan. In addition, we intend to roll out a digital life support business with an eye to the era of 100-year life. To this end, we will expand our customer base by holding classes at carrier shops, too, and by collaborating with the Ministry of Internal Affairs and Communications and local governments on Project on Digital Utilization Support and with companies that have contacts with senior customers.
- We will enhance our unique products and content for safe and comfortable smartphone use by customers.
- 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 accelerate our efforts to put IoT solutions into practical use for customers struggling to overcome labor shortages.
- Desiring to present a clearer direction to promote sustainability, we had discussions on what value we would create and what efforts we would make, resulting in a revision of the Sustainability Policy in August 2022. We will step up our efforts to implement SDGs management through our main business and specialized fields.
- Aiming to realize a CONEXIO where all employees can work energetically in a way true to themselves and demonstrate their maximum individual capabilities, we promote Diversity and Inclusion.
- We will increase the number of shops for the insurance agency business of "HOKEN NO MADOGUCHI" and roll out a new type of shop under a concept underpinned by the keywords of childcare, money, and smart life where customers can select their own lifestyles.

## Business Strategy

### —Consumer Business Strategy—

#### Riichiro Metoki

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



Taking a change in the business environment as a good opportunity, we will aim to go beyond the boundaries of a traditional agency to make strides toward becoming a digital life partner for our customers.

### Analysis of the Business Environment

#### ●Diversification of customer contact due to behavioral changes of customers

As customer contacts diversify due to behavioral changes caused by the COVID-19 pandemic and other factors, we are diversifying our customer contacts beyond the framework of traditional in-store sales, by promoting on-site sales and opening satellite store at shopping malls, supermarkets, and other venues that draw in customers, providing online customer service, and offering support visits to customers' homes.

#### ●Increased freedom of products and services due to deregulation

We are taking advantage of deregulation on agencies to expand unique products and services. We are working on creating a structure to increase revenue rather than confining ourselves to smartphone commission business. In particular, the demand is growing for the screen coating services that are also effective against COVID-19, as well as for anti-virus apps.

#### ●Widening information gap (Digital Divide)

We are expanding our support services to dispel customer concerns about not being able to use their smartphones even after purchasing them, and to respond to the problems faced by customers and their wishes to learn how to effectively use their devices. We will improve revenue by developing the fee-based premium "Smartphone Individual Classes," a step further than our smartphone classes that provide guidance on basic use of smartphones.

#### ●Intensified competition among telecom carriers for customer acquisition

In addition to price competition among telecom carriers, competition to acquire customers is intensifying as companies try to attract users from other carriers by discounting smartphone device prices. Due to such drastic changes in the industry environment, it is now difficult for agencies to earn commission income.

#### ●Further decrease in the number of customers visiting shops

In addition to the impact of the COVID-19 pandemic, another factor accelerating the decline in the number of customers visiting shops is the use of online sales and longer replacement cycles. In particular, higher prices of smartphones have changed user attitudes and inclined them to use smartphones as long as possible, dampening the demand for upgrade sales.

#### ●Customer fluidity brought by competition to acquire new customers

Telecom carriers are giving top priority to preferential measures to attract new customers and are therefore not adequately addressing the needs of existing customers, including the need for upgrade sales. In addition, there is an increasing fluidity among customers to switch to telecom carriers with lower rates even by a small margin.

### Future Priority Measures and Growth Strategies

While adverse conditions continued from the previous fiscal year, in the Consumer Business, we intend to absorb as much risk as possible and successively lay the foundations for the next leap forward.

The core strategy for this is to improve revenue through operational reforms. In order to smoothly and speedily operate new products and services while restructuring the shop business in response to changes in customer behavior, operational reforms are essential, including optimizing personnel allocation and reviewing customer service methods. This is a great challenge for both the Company and employees, but it also presents an opportunity for change as it makes us deal with risk.

The first concrete measure based on this strategy is a proactive shift from a wait-and-see sales approach to an aggressive sales approach. To expand customer contacts, we need to create opportunities to go out and interact with customers, rather than just waiting for them to come to our shops as was the case in the past. On-site sales are one of the concrete measures to achieve this. By actively going to shopping malls, supermarkets, and other venues that draw in customers to hold events, there will be more opportunities for customer acquisition and sales increases. We have also begun opening sales-focused satellite shops in malls and providing support visits in some areas to go to customers' homes and address problems faced by them.

Along with launching these proactive sales activities, we have also newly established a call center that responds to customer calls transferred by a shop that has originally received, and an online center where online staff members take over some part of the in-store procedures. We are confident that a reduction of storefront operations assisted by proactive use of digital transformation will increase productivity and new revenue opportunities.

We are also taking advantage of deregulations to rapidly expand unique products and services. For example, antimicrobial coating services and anti-virus apps have received a great response. In addition, we have newly started offering ultra-low reflection film that enables clear smartphone images, and data backup products. We also started a trial effort to partition shop space for partial use as a coin-operated laundry, and we are also considering other new ways to make effective use of shop space.

Furthermore, besides the insurance agency business of "HOKEN NO MADOGUCHI", we launched as one of our unique services in 2020, we have also begun trial operations of a consultation service that functions as a gateway to connect customers with various specialists to solve problems in daily life, such as inheritance issues and mortgage reassessments.

Another example of our efforts is to strengthen initiatives to help eliminate information gaps (Digital Divide) in certain age groups and local communities. We have been supporting many customers to learn how to effectively use smartphones through our smartphone classes, in which we provide free lectures on basic usage. Based on the experience and know-how cultivated there, we have started the "Smartphone Individual Classes", where we offer a curriculum tailored to individual customers. We provide



high value-added support with various curriculums suitable for the fee-based smartphone class service, including one-on-one support. We will also meet the needs of senior citizens in local communities in an attentive manner, such as by helping them apply for My Number Cards (Project on Digital Utilization Support for Users, regional collaboration type) and dispatching staff to municipalities and other organizations to provide advice on how to operate and utilize smartphones.

The environment surrounding the Consumer Business is expected to remain challenging, but we are making preparations to create a system to respond to such environmental changes and deliver results. Going forward, we will aim to go beyond the boundaries of a traditional carrier agency to make strides toward becoming a digital life partner for our customers, by offering new products and services, based on our existing businesses, to add value.

### Content of Initiatives

#### Carrier Agency Business

Optimize and reform store operations in accordance with changes in an industry that is at a turning point

##### Shop operation reform

- Enhance results through qualitative and quantitative improvements to on-site sales (establish and expand dedicated units, and open satellite shops)
- Expand contact centers and online centers



#### Proprietary Businesses

Increase unique products to help customers enjoy a comfortable smart life, and increase carrier agency own revenue independent of carriers

##### Unique products and services

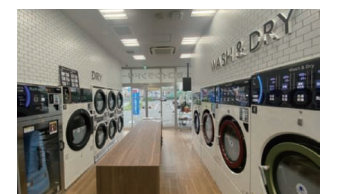
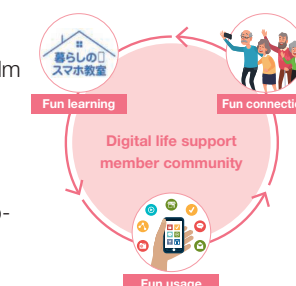
- Sell ultra-low reflection film and ultra-low reflection double-guard film

##### The "Smartphone Individual Classes"

- Develop CONEXIO's unique classrooms including one-on-one, group, and online lessons
- Promote lessons in cooperation with the New Business Development of Division

##### Shop space utilization business

- Launched a trial of the coin-operated laundry business in August





## Business Strategy

### —Corporate Business Strategy—

#### Naoki Inoue

Board Director and Managing Executive Officer  
General Manager, Corporate Business Group



Backed by growing momentum for work-style reform and strong partnerships, we will push forward our mobile and cloud-based solutions business.

### Analysis of the Business Environment

#### ●Growing momentum for work-style reform sparked by the COVID-19 pandemic

Telework and online business meetings conducted at home have become commonplace in the wake of the COVID-19 pandemic. As momentum for reforming work styles in anticipation of the new normal era grows ever stronger, our mobile and cloud-based solution proposals are gaining acceptance.

#### ●Solid network with partner companies

Collaboration with partner companies is essential to provide mobile and cloud solutions based on the Managed Mobile Service. Not only have we provided products and services of multiple telecom carriers, we have also supported more than 7,700 companies through our strong relationships with network integrators (Nler) and system integrators (Sler). Going beyond traditional boundaries, we are expanding our solution domains ranging from mobile and PC to landline telecommunications.

#### ●Hopes for new solutions that use IoT and 5G technologies

Amid growing expectations for the IoT utilization in various industries with the advent of 5G, we are developing diverse solution businesses, such as those for wastewater treatment plants and disaster prevention equipment. In local 5G, too, we will pioneer the technological development and service provision while keeping an eye on potential demand.

#### ●Changing the mindset and improvement in skills of internal staff

To develop a mobile and cloud-based solutions business, changing the mindset of employees is essential so that they can be free from the concept of just selling mobile phones. Ensuring smooth collaboration with partner companies, in particular, necessitates prompt development of human capital who are well-versed in network-related technologies.

#### ●Strengthening of customer relations through organizational restructuring

Such functions as promotion and marketing have been centralized in Sales Divisions so far. By subdividing these roles and restructuring organizations, we are working to establish a system that enables us to quickly identify customer needs and propose high value-added solutions.

#### ●Strengthening of our capabilities to serve small to medium companies

Our Managed Mobile Service has traditionally focused on enterprise companies, but we will need to cater to small to medium companies, too, in the future. To provide quality service at a reasonable cost, our most pressing need is to digitalize customer contact and to create a system that standardizes previously customized services and provides standardized services as an inexpensive package.

### Future priority Measures and Growth Strategies

The environment surrounding the Corporate Business has been changing rapidly in recent years, with the COVID-19 pandemic spreading and the DOCOMO and NTT Communications reorganized. However, we see these changes more as an opportunity to achieve a breakthrough than a risk.

Despite the lull in a temporary surge in demand following the worsening COVID-19 pandemic, awareness of the need to change work styles to accommodate the new normal era is increasing not only among enterprise companies but also among middle-sized companies. In addition, we have long maintained close partnerships with Nler companies. We are also convinced that the reorganization of DOCOMO and NTT Communications provides an opportunity to accelerate solutions business while

further leveraging synergies from the integration of mutual resources.

Under these circumstances, the most pressing need is to develop human resources and organizations within the Company. To develop our business in a speedy manner while communicating with our partner companies, it is essential to change employees' mindset so that they can be free from the concept of just selling mobile phones and to improve their skills in ICT technologies. Also, to identify the diverse needs of companies and provide solutions, reorganization is necessary so that we can also cover promotion and marketing in-house.

As a measure to strengthen this internal readiness, we have been developing a business promotion model called the



CONEXIO Model since 2019. This is a new business management initiative that aims for mutual collaboration while subdividing the roles of employees and organizations. Under collaboration with our partner companies, the human capital capable of driving network-related projects has been developed, and an organization of our engineering unit has taken shape. In addition, a call center handling customer inquiries has been reorganized into a customer relations center. At the same time, we promoted digital transformation within the Company to ensure smooth information sharing and improve service quality. As a result, we have successfully created an environment in which the majority of operational knowledge can be shared on a portal. We will aim for proactive customer relations by analyzing the customer information obtained through promotional activities and call centers to propose higher value-added solutions and facilitate business negotiations.

Leveraging results of these internal reforms in human capital, organization, and information as our business foundation, we are aggressively working on a mobile and cloud service to help

customers innovate their work styles and communication. This service, branded "Mobile WorkPlace," combines mobiles, cloud applications, and operations (Managed Mobile Service), and is more than just about providing solutions such as business apps, collaboration apps, and solutions for security and communication, among others. What differentiates this service from others and constitutes strength is its capabilities to provide a variety of managed services, from consulting to implementation design, as well as support for its operation and establishment, while effectively utilizing cloud computing. We will further seize opportunities to increase revenues while expanding the device domain, which had focused on mobile phone handset, to include PCs and landline phones.

Another pillar of the Mobile WorkPlace is IoT solutions. We provide remote support for tasks performed at hazardous sites or for those that require prolonged monitoring, such as by promoting practical application of IoT solutions, targeting customer segments working at manufacturing or construction sites and in the field of 5G application. In this way, IoT solutions, which can improve efficiency and reduce workload, truly change the front-line work. We aim to become the most reliable solutions partner by turning all types of data into meaningful information to solve customer issues. By standardizing a wide variety of services as a package and increasing the product and service lineup, we will achieve a firm position in this growing field.

Another retail service we are providing is the prepaid card planning and issuing business. We will continue to work on this project by identifying the needs of sponsor companies.

Our determination is to open up next possibilities. To this end, we will continue to promote the measures I have explained and provide better services by leveraging the strong partnerships and knowledge we have cultivated, while providing mobile and cloud solutions encompassing managed services.

### Content of Initiatives

#### Mobile Solutions

**Provide a structure for smooth business communication by using necessary data and services in a free and safe manner**

- Promote the introduction of Mobile WorkPlace
- Support remote work and digital transformation for small to medium companies in addition to large companies



#### IoT Solutions

**Become the most reliable solutions partner by turning all types of data into meaningful information to solve customer issues.**

- Provide a group of sensors, including IoT river observation systems
- Provide IoT gateway CONEXIOBlackBear
- TRIBE-biz, CONEXIO's original MVNO line
- Provide cloud services



#### Retail Services

**Work with partner companies to meet diverse needs of the market**

- Plan, sell, and issue prepaid cards



CONEXIO’s ESG

As interest in SDGs has grown in recent years, there is a need to correctly recognize how much each corporate activity contributes to solving social issues and draw on its strengths. In the hope of presenting a clearer direction as a company and promoting sustainability, we have examined the value we create and efforts we make, and revised the Sustainability Policy.

Sustainability Policy

Connect for the Future

For a sustainable future, CONEXIO will connect people and values, and work to solve social issues through our business.



How they are Connected to Our Business

	Key Initiatives (examples)	Related SDGs (examples)
Connect for Lives	<ul style="list-style-type: none"><li>Support the realization of a comfortable and prosperous life through the “Smartphone Individual Classes”</li><li>Support ICT utilization, etc. through participation in the “Project on Digital Utilization Support” organized by the Ministry of Internal Affairs and Communications and local governments</li></ul>	
Connect for Businesses	<ul style="list-style-type: none"><li>Support customers in their work styles and communication reforms through Mobile WorkPlace* and IoT solutions</li></ul> <p>* Mobile WorkPlace is a mobile work-related solution we provide to corporate customers.</p>	
Connect for Security and Safety	<ul style="list-style-type: none"><li>Provide IoT solutions that address natural disasters</li><li>Hold smartphone classes related to disasters</li><li>Place emergency storage batteries in shops, etc.</li></ul>	
Connect for Environment	<ul style="list-style-type: none"><li>Promote a shift to green power</li><li>Promote paperless</li><li>Promote collection activities to recycle unwanted devices, etc.</li></ul>	
Connect for Trust	<ul style="list-style-type: none"><li>Promote the empowerment of female employees</li><li>Further promote the support for balancing work and childcare</li><li>Promote the empowerment of Diverse Human Capital</li></ul>	

Chapter Summary

<b>MATERIALITY</b>	<p>In addition to “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,” which we had presented as our social reasons for existence, we have added “Initiatives for Environmental Issues” and “Promotion of Diversity and Inclusion.” We now recognize them as our five materiality issues, for which we have set KPIs respectively, and are promoting various efforts.</p> <ul style="list-style-type: none"><li>● Five materiality issues</li><li>● Progress in KPIs</li></ul>	<p>page 27</p> <p>page 28</p>
<b>ENVIRONMENT</b>	<p>We 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.</p> <ul style="list-style-type: none"><li>● Environmental Policy and Environmental Management System</li><li>● Efforts through business</li><li>● Special feature: Information disclosure according to the TCFD recommendations</li></ul>	<p>page 29</p> <p>page 29</p> <p>page 31</p>
<b>SOCIAL</b>	<p>Our business is supported by a range of stakeholders. We will contribute to the realization of a prosperous society by meeting our stakeholders’ expectations and earning their trust.</p> <ul style="list-style-type: none"><li>● Creating comfortable workplaces; developing human capital</li><li>● Promotion of Diversity and Inclusion</li><li>● Respect for human rights</li><li>● Efforts through business</li><li>● Special Feature: New value creation we aim at our new Headquarters</li></ul>	<p>page 33</p> <p>page 34</p> <p>page 36</p> <p>page 37</p> <p>page 39</p>
<b>GOVERNANCE</b>	<p>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.</p> <ul style="list-style-type: none"><li>● Special Feature: CONEXIO’s governance at a glance</li><li>● Corporate governance</li><li>● Compliance</li><li>● Information security</li></ul>	<p>page 41</p> <p>page 43</p> <p>page 49</p> <p>page 50</p>

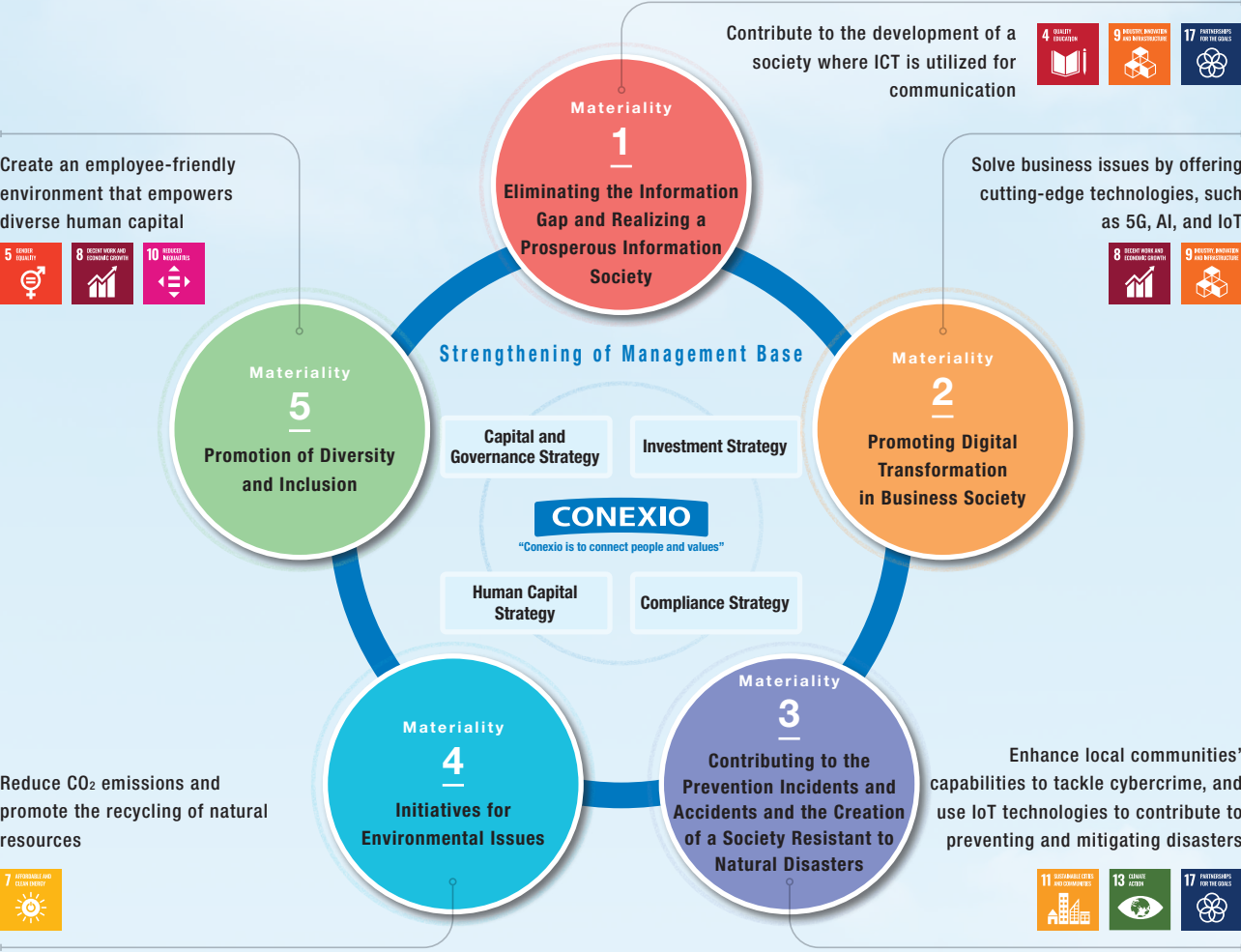




CONEXIO’s Materiality

In order to contribute to the sustainable growth of society, CONEXIO implements SDGs management through our main business and specialized fields, with the following five important issues (Materiality):

5 materialities



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	<div>■ Hold community-based, appealing seminars that help eliminate the digital divide</div> <div>■ Realize new initiatives to eliminate the digital divide</div>	<div>4 QUALITY EDUCATION</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>
2 Promoting Digital Transformation in Business Society	Resolve business issues by offering cutting-edge technologies, such as 5G, AI, and IoT	<div>■ Spread the understanding and support the introduction of mobile telework that realizes diverse workstyles</div>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>
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	<div>■ Raise awareness of safe and secure device use that prevents contact with harmful websites, etc.</div> <div>■ Offer IoT services that contribute to the realization of a safe society</div> <div>■ Provide information useful in preparing for and at the time of disasters, and prepare stockpiles</div>	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>
4 Initiatives for Environmental Issues	Reduce CO <sub>2</sub> emissions and promote the recycling of natural resources	<div>■ Promote the collection for recycling of unwanted devices</div> <div>■ Promote paperless</div> <div>■ Contribute to a decarbonized society by introducing green electricity</div>	<div>7 AFFORDABLE AND CLEAN ENERGY</div>
5 Promotion of Diversity and Inclusion	Create an employee-friendly environment that empowers diverse human capital	<div>■ Promote the empowerment of female employees</div> <div>■ Create a culture that leverages each employee's personalities and values and empowers diverse human capital</div> <div>■ Encourage male employees to take childcare leave</div>	<div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>10 REDUCED INEQUALITIES</div>

Progress in KPIs

Important Issue	Initiative Content			Indicator	Target of Calculation	Calculation Method	FY2021 Results	FY2022 target
Eliminating the Information Gap and Realizing a Prosperous Information Society	M1-1	Hold community-based, appealing seminars that help eliminate the digital divide	Quantitative	Number of participants	- Number of smartphone class participants - Number of participants in digital utilization support seminars of "Project on Digital Utilization Support" held in cooperation with local governments	Cumulative number of participants	430,867	400,000 <sup>*1</sup>
	M1-2	Realize new initiatives to eliminate the digital divide	Qualitative	—	—	—	- Number of public applications adopted for "Project on Digital Utilization Support" <sup>*2</sup> - Opened the "Smartphone Individual Classes" (Tennoji School) <sup>*3</sup>	—
Promoting Digital Transformation in Business Society	M2	Spread the understanding and support the introduction of mobile telework that realizes diverse work styles	Quantitative	Number of digital transformation promotion projects	Digital transformation promotion projects	Cumulative number of projects	7 <sup>*4</sup>	The same as or more than the previous fiscal year
Contributing to the Prevention of Incidents and Accidents and the Creation of a Society Resistant to Natural Disasters	M3-1	Raise awareness of safe and secure device use that prevents contact with harmful websites, etc.	Qualitative	—	—	—	Held smartphone classes at all carrier shops that will lead to safe and secure use of devices	—
	M3-2	Offer IoT services that contribute to the realization of a safe society	Quantitative	Number of IoT services provided that contribute to the realization of a safe society	Number of IoT services provided that contribute to the realization of a safe society	Cumulative number of services provided	6 (2 companies) <sup>*5</sup>	The same as or more than the previous fiscal year
	M3-3	Provide information useful in preparing for and at the time of disasters, and prepare stockpiles	Qualitative	—	—	—	Surveyed the flood risk at all carrier shop	—
			Qualitative	—	—	—	Placed storage batteries to allow users to charge their cell phones for free in the event of a disaster <sup>*6</sup>	—
Initiatives for Environmental Issues	M4-1	Promote the collection for recycling of unwanted devices	Quantitative	Collection rate	Devices collected through trade-in / Used devices collected	Number of devices collected / Total number of devices sold at the shop	Carrier shops: 20% Home electronics mass retailers: 7%	The same as or more than the previous fiscal year
	M4-2	Promote paperless	Qualitative	—	—	—	Promoted electronic invoices <sup>*7</sup>	—
	M4-3	Contribute to a decarbonized society by introducing green power	Qualitative	—	—	—	Promoted a shift to green power in the electricity we purchase through direct contracts <sup>*8,9</sup>	—
Promotion of Diversity and Inclusion	M5-1	Promote the empowerment of female employees	Quantitative	Percentage of female managers	Percentage of female managers (L5 and above)	Number of female managers / total number of employees holding a managerial position	15.5% <sup>*10</sup>	The same as or more than the previous fiscal year <sup>*10</sup>
	M5-2	Create a culture that leverages each employee's personalities and values and empowers diverse human capital	Quantitative	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 LGBTQ, etc.)	Employees taking diversity training	Number of employees taking diversity training	869	1,000
	M5-3	Encourage male employees to take childcare leave	Quantitative	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	73.6%	75.0%

<sup>\*1</sup> We have set a target lower than the actual result for FY2021 as some of the free telecom carrier courses became fee-based services. However, we will continue to work to eliminate the digital divide through the "Smartphone Individual Classes," in which we are able to provide thorough one-on-one assistance to each customer, and "Project on Digital Utilization Support for Users," which we offer in cooperation with municipalities.  
<sup>\*2</sup> Reference) Offered in 22 municipalities, participated in by approx. 3,000 people.  
<sup>\*3</sup> Reference) "FY2022 Smartphone Individual Classes" were introduced in all docomo Shops.  
<sup>\*4</sup> Reference) Delivery of tablets (promotion of communication between shops), delivery and management of LINE WORKS (digital transition of customer contacts), delivery of cloud PBX (reduction of landline phone costs), etc.  
<sup>\*5</sup> Delivery of a water level management system for rivers (disaster mitigation measure), delivery of a predictive maintenance system (prevention of accidents due to equipment failure), etc.  
<sup>\*6</sup> Reference) 277/310 shops as of the end of March 2022  
<sup>\*7</sup> Reference) Proportion of electronic invoices: 52%  
<sup>\*8</sup> Excluding remote islands, etc., where green power contracts are not possible  
<sup>\*9</sup> Reference) Percentage of renewable energy used in the electricity we purchase through direct contracts: 74.8% (as of the end of March 2022)  
Percentage of renewable energy in the total electricity we use (including electricity we purchase through indirect contracts): 62.9%  
<sup>\*10</sup> As of April 1 of each year

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

1. Consideration for the environment

We will strive to conserve the environment, promoting initiatives to save energy, save resources, and prevent pollution.

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.

3. Co-existence with society

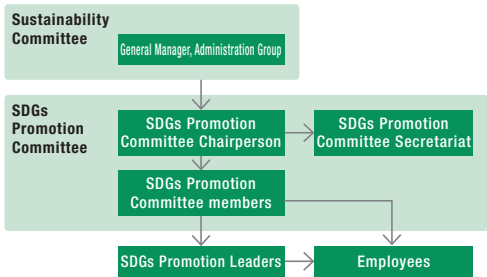
As a good corporate citizen, we will take initiative in working on community contribution activities, and strengthen the bonds of mutual trust.

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.

Environmental Management System

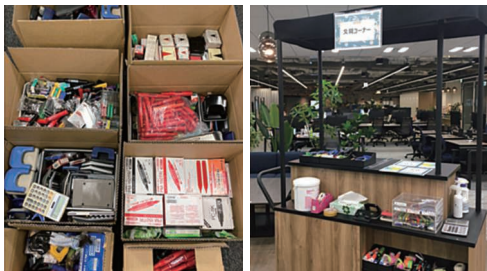
Based on our Environmental Policy, CONEXIO has established an environmental management system centered on the SDGs Promotion Committee (chaired by the General Manager, Financial Accounting Corporate Planning Digital Transformation Division), and promote environmental activities such as managing environmental 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. The Committee also formulates SDGs important issues (Materiality) and medium-term targets, and promotes their implementation.



Initiatives for Utilizing Resources (example)

When we relocated the headquarters in January 2022, we revised how we handle stationeries across the headquarters and designated a fixed location for keeping them, as part of our initiatives to utilize office spaces, so that stationeries in the office are used on an as-needed basis.

We considered ways of using surplus supplies that were collected—such as writing utensils and hole punchers—as resources, and are now sending them to the Philippines, with the cooperation of a company engaged in reuse efforts, as an aid to developing countries.



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. As of March 2022, we have completed a switch over to 100% green power 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). 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 the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and have participated in the TCFD Consortium, which comprises companies, financial institutions, and other such organizations that endorse these recommendations.

We will disclose information in line with the TCFD's recommended disclosure framework, and contribute to the sustainable growth of society.

Collection of Unwanted Devices

As part of our initiatives to address environmental issues, we collect unwanted devices for recycling. We are committed to the collection, for example, by preparing mailing kits at each store for customers who need to transfer their data, so that they can mail back such devices at a later date. Regarding the devices

collected through trade-in and the used devices collected, we have set KPIs of the collection rates that exceed those of the previous fiscal year (20% at carrier shops and 7% at home electronics mass retailers).

Setting of KPIs

Initiative content	Indicator	Target of calculation	Calculation method	FY2021 results	FY2022 target
Promotion of collection activities to recycle unwanted devices	Collection rate	Devices collected through trade-in Used devices collected	Number of devices collected / Total number of devices sold at the shop	Carrier shops: 20% Home electronics mass retailers: 7%	The same as or more than the previous fiscal year



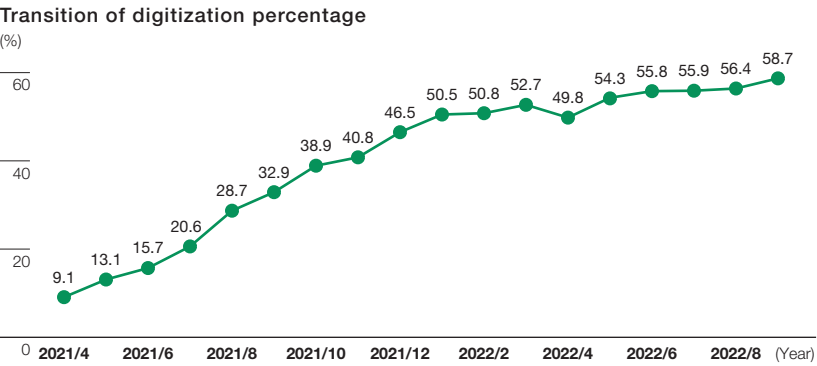
Paperless Initiatives

We have been introducing the digital transformation for accounting since last fiscal year, and are promoting the paperless invoice processing by leveraging a digital billing system (SAP Concur/BtoB platform).

We are asking customers who use paper invoices to switch to electronic invoicing, with the aim of achieving a paperless environment for both of us and our customers.

Although these efforts have gradually increased the percentage of electronic documents, situations vary from customer to customer: some of them have immediately digitized invoices, while others still need some time before digitization.

To efficiently process paper invoices for payment, we have changed the recipients of such invoices from sales locations to administrative departments, and are promoting the digitization of internal procedures in cooperation with our special subsidiary CONEXIO with Corporation.





Special feature: Information disclosure according to the TCFD recommendations

Task Force on Climate-related Financial Disclosures (TCFD) is a task force established by the Financial Stability Board (FSB), which published recommendations in June 2017 that encourage companies to identify and disclose the risks and opportunities posed by climate change. In line with the TCFD framework, we will continue to enhance our climate change-related disclosures.

Governance

With regard to the governance structure for sustainability, we have established the Sustainability Committee under the supervision of the Board of Directors. The Board of Directors receives reports on issues from the Sustainability Committee, deliberates on how to respond to them, and manages and supervises the Committee.

In addition, we have established various committees as bodies to identify issues to be discussed by the Sustainability Committee and to promote initiatives. One of these is the SDGs Promotion Committee, which was established to promote SDGs management. This committee formulates and promotes medium-term targets in line with important issues (Materiality), and also promotes participation in and initiatives for “RE Action – Declaring 100% Renewable.”

Strategy

We conduct scenario analysis to evaluate the financial and business impact under different scenarios (see table below), as well as to assess the resilience of our strategy for climate-related risks and opportunities.

The significant climate-related risks and opportunities identified and the results of the scenario analysis are as follows.

Reference Scenario

Classification	Scenario outline	Main reference scenario
Less than 2°C scenario	A scenario in which policies and regulations are implemented to achieve a decarbonized society and the global temperature increase from pre-industrial times is limited to less than 2°C. Climate-related regulations and policies will be strengthened, resulting in higher transition risks, such as higher carbon taxes, and lower physical risks, such as a reduction in floods.	IEA WEO “Sustainable Development Scenario (SDS)” “IPCC AR6 1.5°C standard”
4°C scenario	This scenario is based on the assumption that publicly-announced targets, such as the national targets in the Paris Agreement, will be achieved. Climate-related regulations and policies will not be strengthened to the extent of the less than 2°C scenario, resulting in lower transition risks, such as lower carbon taxes, and higher physical risks, such as an increase in floods.	IEA WEO “Stated Policies Scenario (STEPS)” “IPCC AR6 4°C standard”

Financial Impact and our Response Assuming 2030

Classification		Type	Details	Impact on business/finance		Our response to risk/details of opportunity
				Less than 2°C	4°C	
Risks	Transition risks	Policy/regulations	•Increased costs associated with stricter laws and regulations (Carbon Tax)	Small	Small	•Switch to renewable energy •Signing of optimal contracts with electric power companies
	Physical risks	Acute	•Suspension of operations due to natural disaster	Small	Small	•Implement disaster countermeasures such as checking hazard maps (consider relocation if necessary) and purchasing water bags
Opportunities	Products and services		•Response to changing consumer preferences	Small	Small	•Growth of agency sales using green power
	Market/resilience		•Various countermeasures to natural disasters	Small	Small	•Growth in sales of disaster response IoT products and mobile work-related solutions

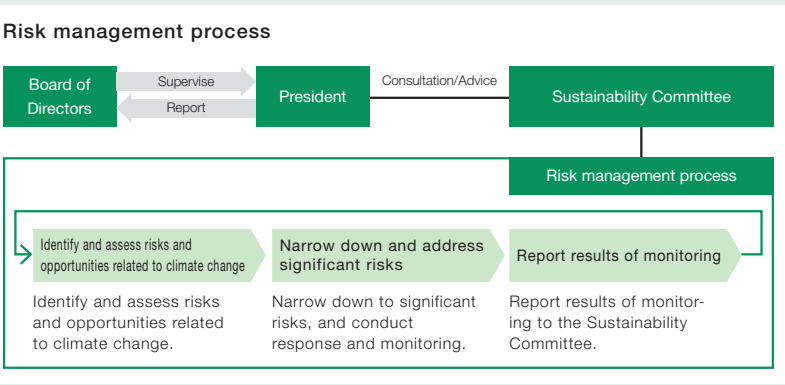
Evaluation of impact on business/finance  
Large: significant impact envisaged on business strategy or finance / Medium: medium impact envisaged on business strategy or finance / Small: small impact envisaged on business strategy or finance

More details can be found on our sustainability site.  
<https://sustainability.conexio.co.jp/en/environment/information-disclosure/>



Risk Management

Based on the “Management Review System,” which is a systematic review of risks affecting our management, we evaluate and analyze risks by degree of impact and frequency of occurrence, and identify risks of high significance. For risks of high significance, we consider countermeasures and discuss their effectiveness at meetings of the Board of Directors. In the future, the Board of Directors will similarly discuss the management of risks and opportunities arising from climate change.



Indicators and Targets

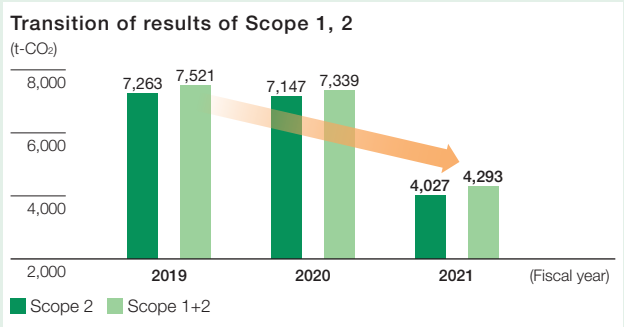
We recognize that addressing climate change is an important social issue. Regarding Scope 2 (CO<sub>2</sub> emissions amount), we

joined “RE Action – Declaring 100% Renewable” in 2021 and have set a goal of achieving 100% renewable energy by FY2030.

(Unit: t-CO<sub>2</sub>)

Item	Target year	Target details	FY2019 results	FY2020 results	FY2021 results
Scope 2*	FY2030	Switch over to 100% renewable energy	7,263	7,147	4,027
[Reference] Scope 1, 2*	—	—	7,521	7,339	4,293

\*For Scope 2, calculation is market-based.



- **Current initiatives**
  - Promote switching over to renewable energy contracts at locations that can make direct contracts
- **Evaluation**
  - Significantly reduced Scope 2 emissions in FY2021 by promoting the above initiatives
- **Future initiatives**
  - Will introduce renewable energy or purchase non-fossil fuel certificates at tenant contract shops

[Reference] Various Numerical Data

(Unit: t-CO<sub>2</sub>)

Item	FY2017	FY2018	FY2019	FY2020	FY2021
Scope 1	253	254	258	192	265
Scope 2 (Location-based)	8,906	8,829	8,102	8,014	7,852
Scope 2 (Market-based)	—	—	7,263	7,147	4,027
Scope 3	1,140,271	972,383	756,709	686,733	686,904

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 life.

Initiatives to promote work-life balance and health management

The Work-life Balance Committee plays a central role in creating a comfortable work environment and fostering a culture in which employees are interested in maintaining and improving their health and are voluntarily doing so. The Committee conducts initiatives to achieve a work-life harmony that enables employees to work and live with vigor and vitality.

Initiatives to ensure a safe and secure workplace environment

We will increase communication opportunities by establishing new communication styles in line with the new normal era and effectively disseminating and sharing information, thereby creating a safer and more secure work environment. We continue to ensure appropriate total working hours and to have employees take the compulsory five days of annual paid leave. Our aim is to have employees take the compulsory five days of paid leave by an early stage of the fiscal year so that we can achieve the government target using up paid leave of 70% or more.

Initiatives to ensure a safe and secure workplace environment and health management

In FY2021, we particularly focused on the following initiatives for employee health management.

<b>Mental health measures</b> <ul style="list-style-type: none"><li>•Conducting stress checks in all offices</li><li>•Strengthening self-care and line care in collaboration with our industrial physicians (use the EAP consultation desk; deliver information that integrates health and benefits)</li><li>•Making use of a program to support employees who have taken sickness or injury leave to return to workplace</li></ul>	<b>Physical care measures</b> <ul style="list-style-type: none"><li>•Aiming for 100% participation rate of regular health checkups</li><li>•Strengthening health guidance for lifestyle-related diseases (those with potential)</li><li>•Actively developing health promotion measures (assistance to those seeing an outpatient doctor for smoking cessation treatment; walking measures; sleep medicine classes)</li></ul>
<b>Initiatives to encourage communication</b> <ul style="list-style-type: none"><li>•Providing tools to encourage communication, such as Social Networking Service (SNS) and apps</li><li>•Subsidizing the cost of social gatherings aimed at encouraging communication and friendship (including online events due to the COVID-19 pandemic)</li><li>•Promoting cross-departmental communication by introducing a hybrid work style that combines in-office work and telecommuting, as well as hot desking system</li></ul>	

Developing Human Capital

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

CONEXIO College

Our education and training are split into two 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

2 Education by department: acquisition of knowledge, skills, and capabilities unique to each department		
1 Common company-wide education	Career design training (Three courses: 277 participants)	
	Training for promoted employees (10 courses: 498 participants)	Selective training (Four courses: 57 participants)
	Open training (17 courses: 1,254 participants)	
	E-learning (Approx. 560 subjects: taken 22,149 times) Distance learning (Approx. 100 subjects) Qualification acquisition (25 recommended courses)	
	New employee basic training, follow-up training after hiring	

Figures in parentheses are FY2021 results

(1) Common company-wide education

•Basic education

A program to strengthen the fundamentals and foundation for working adults, regardless of industry or job type. In addition to in-person and online group training programs such as training for new graduates in their first to third year, stratified training, and training schools for next-generation leaders and future female managers, we also provide e-learning programs that offer approximately 200 courses ranging from company knowledge to general education at no charge.

•Strengthening on-site capabilities

Open training for all employees with voluntary participation. This program provides an opportunity for employees to learn various business skills regardless of departmental and generational boundaries, and employees can exchange opinions and information with each other as well as acquire skills.

(2) Education by department

Based on the common company-wide education, this education and training program is intended to provide employees with the specific knowledge, skills, and abilities required for the work of each department. The Employee Active Promotion Department and each department co-create training content to achieve more effective and practical education and training to address department-specific issues.

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.

Organizational capability improvement program

Based on the results of engagement surveys conducted to date and the ideal future state of the Company, the task of “creating an organization with an open culture” was formed through interviews with Board Directors and workshops for our management team. We have conducted workshops for all levels of employees to gain a common understanding of engagement and a shared awareness of the need to improve the organizational culture, and we have launched the One Action activity as one of the company-wide initiatives.

Currently, those in management to supervisory positions are continuing initiatives, and efforts to improve engagement in each department are beginning to be in full swing.



Employee career development support

Believing that proactive career development is necessary to make the Company a place where each and every employee is motivated and energetic, we are focusing on five measures from this fiscal year. Employees are basically encouraged to develop their careers on their own initiative with the support of their supervisors. As the Company’s systems and mechanisms, we have an open job posting system and Career Support Desk in place. The open job posting system is intended to assist employees in realizing their proactive and positive career plans, such as by motivating them to take on a new challenge in new departments or giving them opportunities to engage in a job for which they can leverage their own skills. In the case of feeling they lack the skills necessary to become their ideal selves, such employees can study and acquire the skills on their own, or they can work on self-improvement at open training sessions held by CONEXIO College. The Career Support Desk is staffed by employees who are nationally certified career consultants, and provides consultation on general work issues including skill development, career development, career change, and retirement. The Desk provides supports to the employees seeking advice so that they can solve their issues and take action on their own accord.

For employees	Career training focusing on younger employees
	Revision of career plan declaration system
For supervisors	Training to support the careers of subordinates
Systems/mechanisms	Open job posting system
	Career Support Desk

Promotion of Diversity and Inclusion

We have recently changed our basic approach to accelerate “Promotion of Diversity and Inclusion,” one of the important issues in our SDGs management.

Our goal is to become a company where each and every employee can play an even more active role than before. To do so, we accept diverse personalities, values, and work styles, including foreign nationals and LGBTQs, in addition to the existing efforts to support work-life balance, the empowerment of female employees, and recruitment of people with disabilities.

Basic approach to promotion of Diversity and Inclusion

We believe that we can “touch customer’s heart, and contribute to the realization of a secure and comfortable life and society” by fostering an environment where each and every employee takes a central role and respects each other, in line with our corporate philosophy of “Conexio is to connect people and values.” Based on this belief, we have worked to promote flexible work styles and create a flexible workplace environment.

Today, the environment surrounding the Company is undergoing rapid changes, including a declining birthrate, aging and shrinking population, diversification of work styles and ways of thinking, technological advancements, and the COVID-19 pandemic.

To provide services that deliver excitement to our increasingly diverse customers, we believe it is necessary to foster a fair corporate culture that allows for greater freedom and creativity. Based on this belief, we will work to promote diversity and inclusion (D&I).



Diversity and Inclusion promotion system

In October 2012, we established the Diversity Promotion Office (now the Diversity Promotion Section), which promotes businesses dedicated to diversity and inclusion, such as promotion of the empowerment of female employees, helping employees balance work and family life, and promotion of hiring people with disabilities.

Diversity and Inclusion promotion initiatives

Further promoting help balancing work and childcare

To further promote our system to help balance work and family life, we will deliver messages of expectation from top management, run awareness raising activities among supervisors, and use guidebooks and lifestyle support sheets to deepen mutual understanding between supervisors and subordinates.

Our initiatives also include provision of subsidies to employees who work using extended daycare, childcare for sick children, babysitters, and other support services.



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, concerns regarding returning to work.

We are now holding the gathering online, thus enabling those on childcare leave to easily participate from all over Japan.



Running a female managers' school

We run courses that are approximately eight months long with the aim of training future female managers.

The course aims to help women develop as leaders by teaching the necessary knowledge for management and having them try solving the issues of their own divisions.

The school started in 2014, and so far, 103 students have graduated from it, and it has produced 15 female managers.



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

Support for employees taking childcare leave

We hold training sessions for female employees prior to starting maternity leave to dispel concerns about balancing childcare and work and to provide advice for returning to work.

Our support encompasses holding a seminar to help people returning to work remove any unconscious bias they may have and create their ideal career vision while balancing work and childcare.



Promoting use of childcare leave among male employees

Anticipating revisions of laws with regard to childcare leave at birth and split leave acquisition scheduled in October 2022, we already revised our system and implemented it from April 1, 2022.

For better understanding and promotion of male employees taking childcare leave, our efforts include holding explanatory meetings for eligible employees and managers, and having members of the Diversity Promotion Committee encourage male employees to take childcare leave.

To further increase the number of male employees taking childcare leave, we started holding an explanatory meeting not only for those eligible for such leave but also for managers from this fiscal year.

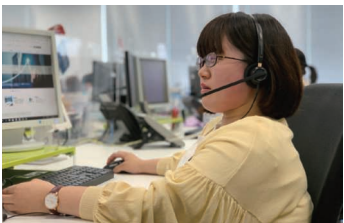
\*Achievement in the first half of FY2022: Each held 8 times



Promoting active participation of people with disabilities

The entire CONEXIO Group, together with its special subsidiary CONEXIO with Corporation, creates a comfortable work environment that accommodates characteristics of individual disabilities, and promotes further active participation of these employees as well.

Currently, approximately 100 employees are working across Japan, each making the most of their individuality.

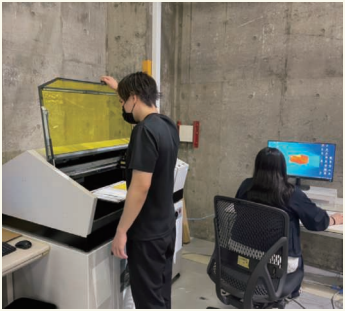


Special subsidiary CONEXIO with Corporation

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.



Respect for Human Rights

To achieve corporate management that respects human rights, we have newly formulated Human Rights Policy.

Basic Approach of Human Rights Policy

Based on our corporate philosophy, the Corporate Code of Conduct, and the Sustainability Policy, we have established our Human Rights Policy (hereinafter referred to as the "Policy") to connect people and values and to respect human rights of all stakeholders, for a sustainable future.

We respect the human rights and individuality of all people associated with the Company and fulfill our responsibility to promote the respect for human rights.

CONEXIO's Human Rights Policy

1. Scope of application and expectations for business partners	The Policy applies to all officers and employees of the Company. The Company will encourage its business partners and other stakeholders to support the Policy and to respect human rights.
2. Upholding of, and respect for, international norms	The Company upholds internal norms related to human rights, such as the Universal Declaration of Human Rights and the International Labour Organization (ILO)'s "ILO Declaration on Fundamental Principles and Rights at Work." The Company respects human rights in accordance with the United Nations Guiding Principles on Business and Human Rights.
3. Compliance with applicable laws and regulations, and respect for internationally-recognized human rights	The Company complies with the laws and regulations of Japan as well as those of each country or region in which it operates. If there is any conflict between internationally-recognized human rights and the laws and regulations, etc. of each country or region, the Company will pursue ways to maximize the respect for international human rights principles.
4. Organizational structure for promotion	The Company clarifies an officer in charge of implementing the Policy to ensure its effectiveness.
5. Human rights due diligence	In accordance with the United Nations Guiding Principles on Business and Human Rights, the Company conducts human rights due diligence to identify, prevent, and mitigate negative impacts on human rights and to ensure accountability for these impacts.
6. Remedy and rectification	If the Company's business activities have caused, or have been found to contribute to, negative impacts on human rights, the Company will work to rectify such impacts through appropriate procedures and dialogues.
7. Dialogue and consultation	In our human rights due diligence initiatives, the Company utilizes independent external human rights expertise while having sincere dialogue and consultation with potentially affected groups and other relevant stakeholders.
8. Education and awareness raising	The Company provides appropriate training to all officers and employees to ensure that the Policy is incorporated into and implemented in all of its business activities, and works to raise awareness of human rights.
9. Disclosure of the Policy and reporting of human rights initiatives	The Policy is decided by the Sustainability Committee, approved by the Board of Directors, and then widely disclosed to the public. The Company reports on its human rights initiatives in line with the Policy on its website and in its Integrated Report.

As an initiative to promote management that respects human rights, we will push forward with internal awareness-raising activities through the Diversity Promotion Committee, and human rights due diligence, including assessment of negative impacts on human rights.



## Rollout of the “Smartphone Individual Classes”, CONEXIO’s Unique Smartphone Classes, Throughout Japan

As a service to support digital life, we have started the “Smartphone Individual Classes” to assist customers in operating and utilizing smartphones at approximately 240 of our directly-managed carrier shops across Japan.

As digital society progresses, the use of smartphones is essential for people of all ages, but there is still a digital divide (Information Gap) among senior citizens. To motivate customers who are not yet proficient in using their devices, we aim to provide a classroom where they can enjoy learning, using, and

connecting. By holding the “Smartphone Individual Classes” at docomo Shops throughout Japan, we provide a place where people can feel reassured that they can learn by visiting a docomo Shop near them.

In the one-on-one courses that we have already started, we have received positive comments from customers, such as, “I have fun every day now that I can use the apps,” and “I want to master my devices in more ways.” As these comments show, those who have taken the courses have been very satisfied.

### Four characteristics of the “Smartphone Individual Classes”

- Full support for everything from basic operations to handy uses
- Customers can choose from one-on-one and group course styles to suit their needs
- Customers can choose from a diverse variety of courses to suit their needs
- By enjoying the experience of learning how to use smartphones and making the most of the device, customers will be able to connect with family, friends, and new friends and expand their circle of community



## Holding VR Course (trial) at the “Smartphone Individual Classes” Tennoji School

We held a trial of VR course content program for senior citizens to experience while having fun. By providing experiences of the new and as-yet-unknown world of the virtual space, it was an opportunity for participants to become more interested in interacting with the digital world, with them finding the experience fun and becoming curious about various aspects. We will continue to plan and create a variety of content to meet the needs of our customers and hold courses in the future.



Place: The “Smartphone Individual Classes” Tennoji School

Selected as a Project Implementation Organization 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.” CONEXIO was selected as a project implementation organization for the “FY2022 Project on Digital Utilization Support for Users (Regional Collaboration Type)” by the Ministry of Internal Affairs and Communications, for which we collaborate with 33 municipalities around Japan. This project is now in its second year, and we are developing training sessions in more municipalities.

We strive to help eliminate the digital divide for local residents, by drawing on our experience from the previous fiscal year as well as our know-how in operating smartphone classes conducted at our nationwide network of carrier shops and the “Smartphone Individual Classes” that we offer as a unique CONEXIO service.



Instructor: docomo Shop Yamatokoriyama

## Providing ICT Support for School Teachers

We support high school teachers in their daily use of ICT, including assistance in creating lesson plans and preparing and operating ICT equipment. We have received positive feedback that the support they received has helped them improve their teaching efficiency and reduce their work hours.



## Offering Workplace Visits

As part of school activities to broaden students' career horizons, a school principal requested us for cooperation for workplace tours, and we conducted such tours for a neighboring junior high school. It was a great opportunity for us to contribute to the community as well as to introduce CONEXIO's work at docomo Shops to the participants.



## “Changing” Work Styles Through Mobile and Cloud Solutions

We have successfully supported the work-style reform and communication transformation at more than 7,700 companies with solutions that transcend the boundaries of “fixed/mobile,” “on-premise/cloud,” and “LTE/5G.”

Boasting an industry-leading corporate customer base of approximately 7,700 companies in Japan, CONEXIO uses its own know-how and strong partnerships with partner companies that have expertise in various fields to go beyond traditional business boundaries, and to expand the domain of various communication devices and cloud solutions. By doing so, we support our customers' digital transformation with our extensive knowledge and experience.



Managed Mobile Service for mobile and cloud application introduction, operation, and management

Under the motto: Make where you are an office, CONEXIO leverages its track record and experience gained through more than 10 years of customer support to provide one-stop support on behalf of customers, spanning everything from advice on introducing various telecoms devices, telecoms networks, and cloud applications to consulting at the time of introduction, kitting, operation and management, and support with issues. With a focus on “creating services that suit customer needs,” Managed Mobile Service solves operational issues related to the use, management, and operation of various solutions centered on mobile phone handset.



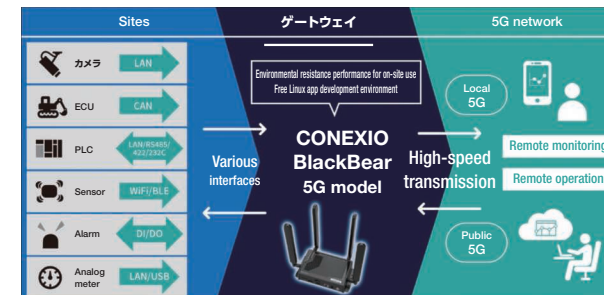
IoT solutions that enable remote monitoring of job sites anytime, anywhere, by anyone

We work with our partner companies to provide a package of IoT solutions that contribute to such areas as productivity improvement, remote monitoring, and safety improvement in industries including manufacturing and construction, by incorporating the latest technologies such as 5G, AI/AR, and others. We will further increase and improve our offerings to solve our customers' issues.

By solving social and everyday issues through the use of these services, we will address the SDGs and contribute to the realization of a sustainable society.

CONEXIO's Managed Mobile Service is a service to solve issues that arise before, during, and after companies' introduction of mobile and cloud solutions

Introduced at: over 300 companies  
Number of lines supported: over 530 thousand lines  
Operational track record: over 10 years



## Retail relation business

We are expanding our functions and roles in the prepaid card planning, sales, and issuance business to meet diverse needs of the market together with our partner companies.





Special  
Feature:New value creation we aim  
at our new Headquarters

In January 2022, we relocated our headquarters to Kamiyacho Trust Tower. By assembling our three offices in Tokyo all on the same floor, we realized a compact and efficient office environment. Our aim is for employees to independently choose where to work flexibly as appropriate to the situation and their purposes, to “co-create” new businesses beyond the boundaries of departments and divisions, to realize the streamlining of operations not bound by conventional mechanisms, and for our new headquarters to be a place for creating new value.

Let's see what our employees have to say about our new headquarters!

## Minami Isono

Consumer Business Group,  
Shop Business Division No. 5  
Sales Promotion Department No. 2,  
Sales Section No. 1



**A1** I work in the Human Resources Department, but within the East Japan Human Resources Section, I am in charge of “external” company matters such as mid-career hires.

**A2** With the hot desking system, the thing I was most worried about was having to carry my stuff around. However, thanks in part to a variety of DX measures being implemented all at once, I was able to declutter and my fears ended up being unfounded.

It's also great that just by moving around a little, I can quickly get in contact with people from various departments, making me more familiar with what's going on in other departments than before.

**A3** The reception space just past the entrance on the left is really attractive. The entrance at the old headquarters was also quite beautiful in terms of its appearance as the “face” of the Company, but in comparison, it was a businesslike space that gave off a “this is the reception area” vibe and was a little sterile.

The entrance of the new headquarters gives colorful and bright impressions, with ornamental plants; colorful tables, chairs, and carpet; and stylish lamps, making it feel less like a company reception space and more like a hotel lobby.

## Jun Okubo

Human Resources General Affairs Compliance Division,  
Human Resources Department

- Q1** Please introduce yourself.  
**Q2** What's your impression of the new headquarters and its usability?  
**Q3** What are some things you like about the new headquarters?

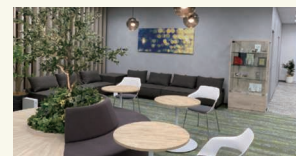
**A1** In Sales Promotion Department No. 2, Sales Section No. 1, I am in charge of six stores in the Kanto and Hokuriku areas.

**A2** I can change where I work each day. This enables me to always work with a fresh feeling, which has manifested in terms of my efficiency, as well.

At our old headquarters, the spaces for each department and also our desks were designated. So, I would get nervous just visiting the space of another department, but the departments are open now and I don't get nervous.

**A3** Being able to choose my desk and workspace depending on how I feel each day is very nice.

Also, things like the chairs differ depending on the desk, so it's also nice that I can choose different places depending on TPO (time, place, and occasion), like when I want to concentrate or relax.



Reception/the entrance



## Izumi Minagawa

Corporate Business Division 1  
Mobile Solution Department 1



**A1** Mobile Solution Department No. 1's customers are primarily small and medium enterprises. We sell DOCOMO devices and propose solutions, including unique CONEXIO products.

**A2** This is obvious because it's a new building, but the entire office is so clean and comfortable. The refresh area has a stylish atmosphere as well as counters and sofas, so you can eat a lunch with elegance here. Just working in an office that

is stylish and clean increases my motivation to work. Another nice thing is that it's connected directly to the station, so you can get to work without getting wet when it rains. In terms of practicality, everything is gathered together on a single floor, making it easy to coordinate work with other departments and hand over documents.

**A3** The thing I like most is that you can see the Tokyo Tower up close from the refresh area. At night, you can see the beautiful scenery with the tower lit up, and it refreshes me when I'm tired.



The Tokyo Tower as seen from the office (at night)

**A1** Currently, I am primarily in charge of pay-related matters—payroll calculation, year-end tax adjustments, inhabitant taxes, and personnel expense-related duties.

**A2** The office I have worked in previously was nice, but I don't think it had a spot I could relax. There's a bit of playfulness, and I am proud to be working for this company.

When I want to refresh myself a little, my mood just lightens by walking around the floor aimlessly.

Also, thanks to the hot desking system, I no longer carry around excess stuff.

**A3** The freely-useable space near the entrance is nice and gives you breathing room.

Also, I've never used it to work, but the tent space is a very fun idea.



The tent space

## Sachiko Shimazaki

Human Resources General Affairs Compliance Division,  
Human Resources Department, Human Resources Section



## Narumi Saga

Corporate Business Division 2  
Corporate Supervision Department,  
Corporate Human Capital Development Section

**A1** In the Corporate Human Capital Development Section, I engage in duties concerning human capital development, training, and education for the entire Corporate Businesses with the aim of realizing sales organizations that continue to produce superior results.

**A2** My first thought was simply “What a stylish office!” The lack of ceilings makes things open and airy, and wood-grain desks and ornamental plants scattered here and there create a calm and welcoming feeling. It's completely different from the inorganic offices of the old headquarters, and it's got this cafe-like atmosphere that makes it easy to relax. Also, I think the complete hot-desking system makes it easy to engage in communication with people outside one's own department.

**A3** With WorkstyleOS Portal and the monitors set up in the office, you can see where anyone is sitting. We used a hot desking system at the old headquarters, as well, but there was no way to look up who was sitting where before, so the only thing you could do was to ask people around you. Now you can look it up yourself without wasting anyone's time, which I think also helps increase overall work efficiency.



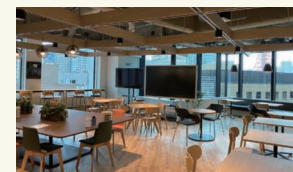
A seating chart displayed on a monitor using WorkstyleOS Portal

**A1** In my work, I am in charge of planning content for seminars and workshops provided through “KURASHI NO SODAN MADOGUCHI” shops (consultation counter for insurance and smartphones).

**A2** The first time I visited headquarters, I was surprised by how stylish it was. Everything felt so chic, including the long tables that looked like they belonged to a cafe, the round tables that enable quick and easy discussions, the lights, the sofas, and the chairs. Having actually used the office, my impression has been that it is very compact

yet open, making it easy for staff from different sections to engage in communication. At present, I go into the office around two to three times a week, and when I do I make a conscious effort to communicate with various other staff members.

**A3** I often have the opportunity to work with members from the same section around one of the round tables. This makes it easy to talk and exchange a variety of information.



The refresh area

## Masaya Naito

New Business Development of Division  
New Generation Business Development Department  
New Generation Business



**A1** As the DOCOMO corporate representative, I am in charge of the accounts of approximately 60 companies. I primarily offer mobile solution services and products in line with customer needs.

**A2** When I first saw headquarters, my honest impression was that it was quite modern.

There are no assigned desks, so there are also no landline phones. It's an office that truly embodies the concept of being able to work anywhere. It feels completely different from the office we used to work at and at offices I had worked at before in other jobs.

## Takayuki Nishimura

Corporate Business Group, Corporate Business Division 1  
Mobile Solution Department 1



**A1** In the Planning Section of the Sales Promotion Department No. 2, I engage in planning for the operation of Rakuten Mobile shops.

**A2** My impression is that it is a very modern office and feels like it could appear in a television drama.

In the old headquarters, I had an assigned desk, so I had a vague idea about what was going on in nearby departments, but no clue about ones farther away.

Now I enjoy hearing how the sales calls are going for the corporate staff and watching how people work in various departments.

I can change desks any time and engage in discussions, and there are also spaces where you can be alone and concentrate, so this office is very comfortable and has a lot of freedom.

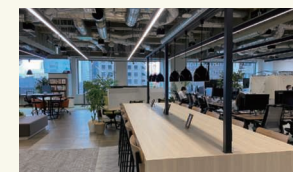
**A3** There are many things I like, but what I like the most is being able to see the Tokyo Tower from a desk. Thanks to our location in Kamiyacho, it looks huge, and it's a beautiful sight from morning to night. There's also the unfinished ceilings and the high counter-like desks (the high table space), and I like being able to work in whatever environment I want depending on my mood and current work.

## Kyoko Ichikawa

Consumer Business Group, Shop Business Division No. 5  
Sales Promotion Department No. 2,  
Planning Section



The Tokyo Tower as seen from the office (day)



The high table space



**A1** I am engaging in drafting plans based on themes such as postretirement life and “smart” lifestyles, and in making these plans a reality through negotiations with parties both in and outside the Company.

**A2** I really like how convenient it is, and its openness.

All of the areas are connected together on a single floor, and the desks are arranged like in a cafe, so I can work without feeling stiff or stuffy. In particular, since switching to a hot desking system after the headquarters relocation, it has become easier to engage in communication that isn't bound by the department you belong to. Of course, I like being able to communicate with relevant departments on a plan that is moving forward, but in addition, there are simply limits to the work you can do with planning when thinking by yourself, so I also really appreciate being able to easily exchange opinions with people who have diverse backgrounds.

**A3** The WORK BOXes and refresh area.

Thanks to the introduction of the WORK BOXes, I no longer have to worry about where to do online meetings when I go into the office. Additionally, they are thoroughly soundproofed, making them also useful when I want to focus on a task.

The refresh area is located in the center of the floor, and because it is so easy to access, I visit it more frequently than the break area at the old headquarters. The scenery is also great, and I can take a break while taking in a view of the Tokyo Tower, so I use it frequently when I want to refresh my mood.



The WORK BOXes\*

\*Telephone booth-shaped single-person private meeting spaces. Furnished with power outlets and LED downlights, as well as a ventilation function which takes into account internal air circulation and controlling temperature increases.

become so common due to the COVID-19 pandemic.

**A3** A variety of measures have been taken in the headquarters office to support work-style reform, and we can introduce these measures and our work-style reform initiatives in the form of office tours to customers.

These office tours actually make it possible to convey to customers how our new office is used and its value, and I've used them as part of sales activities.

One time I invited a customer on an office tour and showed them around our headquarters, and this led to an order for the BIZTEL cloud PBX system, so from a frontline sales perspective, I like the fact that our headquarters initiatives are also helping us to solve customer challenges.



A freely-useable space

In particular, because we can change where we work depending on the day's schedule and how we feel, when I go into the office, I make extensive use of the freely-useable spaces arranged aptly for each area, as well as the private booths (the WORK BOXes), which are designed for the online meetings which have



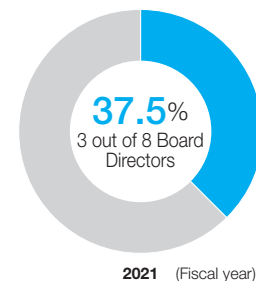
Special  
Feature:

## CONEXIO's Governance at a Glance

## Features of CONEXIO's Governance

## 1 Effective use of Independent Outside Board Directors

To conduct management by continually paying consideration to minority shareholders other than the parent company while placing an importance on our independence from the parent company, we have set the proportion of Independent Outside Board Directors on the Board of Directors to at least one-third, which meets the standard required for companies listed on the Prime Market.



## 2 Use of voluntary mechanisms to enhance governance functions

Not only do we appoint several Independent Outside Board Directors and Corporate Auditors, we have in place the Nomination and Remuneration Committee, the Governance Committee, and the Special Committee, each of which comprises members including Independent Outside Board Directors, as voluntary advisory committees to the Board of Directors.

## Voluntary Committees

- Nomination and Remuneration Committee
- Governance Committee
- Special Committee

## Status of the Board of Directors, the Board of Corporate Auditors, and Various Committees

Inside Board Directors Outside Board Directors Inside Corporate Auditors Outside Corporate Auditors

Body	Chairman/Committee Chairman	Number of People and Composition	Main Roles	Main Issues	Average Attendance Rate (FY2021)
Board of Directors	President Suguta		Making decisions on important management matters and supervises the execution of duties by Board Directors in accordance with the provisions of laws and regulations, the articles of incorporation, the Board of Directors Regulations, etc.	To continue activities to strengthen the effectiveness of the Board of Directors ①To establish an environment that facilitates decision-making on matters such as management strategy ②To promote ESG/SDGs	100%
Board of Corporate Auditors	Full-Time Corporate Auditor Otomura		Conducting audits of the appropriateness of the execution of duties by Board Directors by attending meetings of the Board of Directors and other important meetings, investigating the state of operations and assets, and co-operating with the Accounting Auditor, among other activities.	To express opinions based on the knowledge of each Corporate Auditor at meetings of the Board of Directors, etc.	100%
Nomination and Remuneration Committee	President Suguta		Advisory body of the Board of Directors • 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 Board Directors	To establish and further enhance the operation of the nomination process, which was improved in FY2021	100%
Governance Committee	Board Director Hosoi		Advisory body of the Board of Directors • Basic governance policy • Evaluation of the effectiveness of the Board of Directors • Training policy	To Continue activities to strengthen corporate governance	100%
Special Committee	Board Director Hosoi		Advisory body of the Board of Directors • Conflicts of interest transactions	To appropriately operate this committee, which was newly established in April 2022	—

## Changes in Corporate Governance

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Overall Image										
Management structure	Company with a Board of Corporate Auditors									
Composition of the Board of Directors										
Number of members	7	6	6	7	7	6	6	8	8	8
Outside Board Directors	2: 28.5%	2: 33.3%	1: 16.6%	2: 28.5%	2: 28.5%	2: 33.3%	2: 33.3%	3: 37.5%	3: 37.5%	3: 37.5%
Female Board Directors	—	—	—	—	—	—	—	1	1	1
Composition of the Board of Corporate Auditors										
Number of members	3	4	3	4	4	4	4	4	4	4
Outside Corporate Auditors	2	3	2	2	2	2	2	2	2	2
Female Corporate Auditors	—	—	—	—	—	—	—	—	—	1
Voluntary Committees										
					Nomination and Remuneration Committee					
					Governance Committee					
					Special Committee established in FY2022					



Corporate Governance

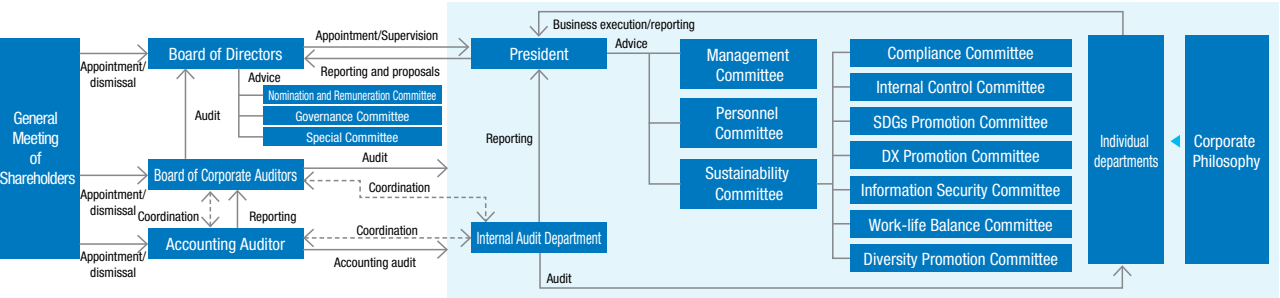
Basic approach

Under the philosophy statement “Conexio 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 Board 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 Remuneration Committee and the

Governance Committee, consisting of members including Independent Outside Board Directors, and the Special Committee, consisting only of Independent Outside Board Directors and Independent Outside Corporate Auditors. 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, 2022)



Attendance at the meetings of the Board of Directors (FY2021)

Position	Name	Attendance
Executive Chairman	Hiroo Inoue	100% (17/17)
President	Hiroshi Suguta	100% (17/17)
Board Director and Senior Managing Executive Officer	Riichiro Metoki	100% (17/17)
Board Director and Managing Executive Officer	Shinji Nakata	100% (17/17)
Board Director (Part-Time)	Hiroshi Kajiware	100% (17/17)
Independent Outside Board Director	Kazuo Hosoi	100% (17/17)
Independent Outside Board Director	Yuka Kawauchi	100% (17/17)
Independent Outside Board Director	Kazuyuki Shinno	100% (17/17)

Attendance at the meetings of the Board of Corporate Auditors (FY2021)

Position	Name	Attendance
Full-Time Corporate Auditor	Takatoshi Otomura	100% (14/14)
Outside Corporate Auditor (Independent)	Takashi Endo	100% (3/3)
Outside Corporate Auditor (Independent)	Osami Yoshida	100% (14/14)
Part-Time Corporate Auditor	Tatsushi Iwasaki	100% (3/3)
Outside Corporate Auditor (Independent)	Akane Tsuji	100% (11/11)
Part-Time Corporate Auditor	Kota Shibachi	100% (11/11)

\*For Outside Corporate Auditor (Independent) Takashi Endo and Part-Time Corporate Auditor Tatsushi Iwasaki, status until their retirement on June 23, 2021 is shown.  
For Outside Corporate Auditor (Independent) Akane Tsuji and Part-Time Corporate Auditor Kota Shibachi, status after they took office on June 23, 2021 is shown.

Board of Directors

The Board of Directors consists of eight Board Directors (including three Outside Board Directors (Independent)) and holds regular meetings once a month. It makes decisions on important management matters and supervises the execution of duties by the Directors in accordance with the provisions of laws and regulations, the articles of incorporation, the Board of Directors Regulations, etc. Based on their roles determined by the Board of Directors, it executes the businesses of the Company in accordance with the provisions of laws and regulations, the articles of incorporation, the Board of Directors Regulations, and other internal regulations. President and the Board Directors who execute the businesses of the Company report the status of the execution of their duties to the Board of Directors once a month, in principle.

Board of Corporate Auditors

The Board of Corporate Auditors consists of four Corporate Auditors (including two Outside Corporate Auditors (Independent)) and holds regular meetings once a month. The Board of Corporate Auditors, pursuant to the Board of Corporate Auditors Regulations and the Corporate Auditor Audit Standards, decides audit policies, audit plans, and the division of duties, and engages in audit activities based on attendance at important meetings and information sharing from Full-Time Corporate Auditors, and expresses opinions and provides advice to management as appropriate.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee, which consists of the President (Committee Chairman), one Board Director (Part-Time), and three Independent Outside Board Directors, deliberates on the criteria and process for nominating (appointing) candidates for Board Directors, Corporate Auditors, and executive officers; the design of the compensation plan for Board Directors and executive officers; compensation for Board Directors, among other matters. The Committee also provides its opinions and advice to the Board of Directors. The Committee seeks to improve the supervisory function of the Board of Directors and further enhance its corporate governance function by ensuring objectivity and transparency in procedures related to decisions on nominations, compensation, and other matters, utilizing the knowledge and advice of a diverse range of Outside Board Directors and Outside Corporate Auditors.

Governance Committee

The Governance Committee comprises Chief Independent Outside Board Director (Committee Chairman), President, two Inside Board Directors (including one Part-Time Director), two Independent Outside Board Directors, and one Independent Outside Corporate Auditor. It deliberates on basic governance policy, evaluation of effectiveness of the Board of Directors, and training policy, and provides its opinions and advice to the Board of Directors.

Special Committee

Special Committee comprises Chief Independent Outside Board Director (chairperson), two Independent Outside Board Directors, and two Independent Outside Corporate Auditors. By the resolution of the Board of Directors on April 27, 2022, the Special Committee was established to take over one of the main matters for deliberation by the Governance Committee, which is conflicts of interest transactions.

Management Committee

Consisting of the President, General Managers of Groups and Divisions, the Management Committee advises the President on important decision-making regarding matters under the authority of the President's business execution.

Personnel Committee

Consisting of the President, General Managers of Groups and Divisions, the Personnel Committee advises the President on important matters related to human resources.

Sustainability Committee

Consisting of the President, General Managers of Groups and Divisions, the Sustainability Committee advises the President in the fields of compliance (Compliance Committee), internal control (Internal Control Committee), SDGs (SDGs Promotion Committee), digital transformation (DX) (DX Promotion Committee), information security (Information Security Committee), work-life balance (Work-life Balance Committee), and diversity (Diversity Promotion Committee), etc., while having these committees carry out various activities that enable the Company to fulfill its social responsibilities and increase the chance of survival.

Appointment and dismissal of Board Directors and executive officers, and procedures thereof

Nomination of candidates for Board Directors or executive officers is first deliberated by the Nomination and Remuneration Committee, then proposed to the Board of Directors by the President in accordance with the nomination criteria below determined at a meeting of the Board of Directors, and finalized at a meeting of the Board of Directors. Similarly, when the dismissal criteria below for Board Directors and executive officers are met, a relevant Board Directors will be given a recommendation for resignation, and a relevant executive officer will be dismissed.

[Nomination criteria for candidates for Board Directors (excluding Outside Board Directors)]

- A person who has integrity, extensive practical experience in the information and communications industry, and strong management skills and insight

[Dismissal criteria for Board Directors]

- If a Board Director is suspected of performing any wrongdoing or breaching trust, or he/she does not have an aptitude for Board Director

[Nomination criteria for candidates for executive officers]

- A person who is excellent in terms of both character and insight; capable of fulfilling duties as an executive officer, and has no reason for disqualification

[Dismissal criteria for executive officers]

- If an executive officer violates the rules of executive officers, or he/she is deemed unsuitable for executive officer for other reasons

Reasons for appointment as Outside Board Directors and Outside Corporate Auditors and their expected roles

We appoint those with diverse knowledge and backgrounds who are well-versed in management, legal affairs, financial accounting, and other areas as Outside Board Directors or Outside Corporate Auditors as appropriate. They are expected to fulfil the roles of giving advice to the businesses of the Company, deliberating material management matters at the Board of Directors, and monitoring the management of the Company.

Evaluation of the effectiveness of the Board of Directors

The Company regards efforts to improve the effectiveness of the Board of Directors as an important part of its continuous improvement of corporate governance. As part of these efforts, the Company evaluates said effectiveness once a year in principle, with the evaluation for the fiscal year ended March 31, 2022 conducted as below.

[Process for evaluation of the effectiveness]

Evaluation of the effectiveness of the Board of Directors was conducted under the leadership of the Governance Committee, a voluntary advisory committee to the Board of Directors and chaired by an Independent Outside Board Director. Results of the evaluation were reviewed and confirmed at a meeting of the Board of Directors.

Evaluation Method	
1	Board Directors and Corporate Auditors perform a self-analysis (answer a questionnaire)
2	Results are tabulated by the secretariat and reported to the Governance Committee
3	The Governance Committee makes an analysis and evaluation and summarizes future initiatives as recommendations
4	The Board of Directors decides future initiatives based on the report and recommendations from the Governance Committee

Questionnaire Items	
1	Composition of the Board of Directors: Composition and appointment method of the Board of Directors
2	Foundation for the operation of the Board of Directors: How a concept underpinning the operation of the Board of Directors is shared
3	Operation of the Board of Directors: Number of the meetings of the Board of Directors held, number of agenda items, length of such meetings, and excessiveness or insufficiency of materials
4	Decision-making process at the Board of Directors: Appropriateness of the decision-making process
5	Provision of training opportunities to Board Directors and Corporate Auditors: Adequacy of training opportunities
6	Inspection of offices: Adequacy of inspection of offices, etc.
7	Other: Additional opinions and comments

[Evaluation results of the effectiveness]

Having confirmed through the above-mentioned evaluation process that results were generally appropriate in overall questionnaire items, the Company concluded that the effectiveness of the Board of Directors was ensured.

The Company also determined that all of the items identified in FY2021 as those requiring further steps have been addressed and most of them were improved. However, we recognized “Approach to decision-making” and “Strengthen the promotion of ESG/SDGs” as ongoing issues to be addressed since we received new opinions and suggestions to improve effectiveness further.

<Future Initiatives>

Approach to decision-making (continued)

Identify management issues from the perspective of timely response to environmental changes, in addition to the existing medium- to long-term perspective, create more opportunities to share information necessary for discussions, and continue to establish an environment to facilitate decision-making on management strategies.

Strengthening of the promotion of ESG/SDGs (continued)

Further enhance collaboration with the Sustainability Committee, a body established to review and promote sustainability issues across the entire Company, deepen discussion and review of sustainability at meetings of the Board of Directors, and promote initiatives as part of business activities.

Policy on determining compensation for Board Directors

Compensation for Board Directors needs to be at a level of amount appropriate for securing and retaining outstanding human capital and to strongly motivate them to strive for sustainably increasing corporate value. At the same time, compensation for Board Directors is an important corporate governance matter; and accordingly, it is necessary to establish an adequate framework which (i) provides adequate transparency, fairness, and reasonability; (ii) is determined through an appropriate process to ensure such transparency, fairness, and reasonability; and (iii) prevents any wrongdoing.

Under these concepts, the Company makes it its basic policy to determine compensation for individual Board Directors at an appropriate level based on such factors as execution of their job responsibilities and practice of corporate ethics, compliance

with the Corporate Code of Conduct, and organizational operation from a long-term perspective. More specifically, compensation for Executive Board Directors consists of compensation for Board Directors and compensation for executive officers (both are fixed compensation), both of which are basic compensation (monetary compensation), and performance-based compensation (consisting of performance-based compensation to be paid every year as bonuses and medium- to long-term performance-based compensation, namely medium- to long-term incentives), while compensation for Outside Board Directors, who perform the supervisory function, consists only of compensation for Board Directors, which is basic compensation (monetary compensation), in light of their duties.

Position	Number of Persons to be paid to	Total Amount of Compensation, etc. (millions of yen)	Total Amount of Compensation, etc., by type (millions of yen)		Compensation Limit Amount (millions of yen)
			Basic Compensation, etc.	Performance-Based Compensation, etc.	
Board Directors (of which Outside Board Directors)	8 (3)	169 (21)	164 (21)	5 (–)	350 (60)
Corporate Auditors (of which Outside Corporate Auditors)	6 (3)	42 (13)	42 (13)	– (–)	60

Notes:1. The number of Corporate Auditors to be paid above includes two Corporate Auditors who resigned at the 24th Annual General Meeting of Shareholders held on June 23, 2021.  
2. Bonuses were paid to Executive Board Directors as performance-based compensation. The medium-term management plan “CONEXIO Plan 2023” has been withdrawn and there were no medium- to long-term incentive payments.

Policy on protecting minority shareholders

ITOCHU Corporation is a controlling shareholder of the Company. Although we have certain transactions with ITOCHU Corporation including sales of mobile-related products such as accessories, and the payment of salary to seconded employees, etc., the Company enters into fair transactions with ITOCHU Corporation under the terms and conditions that are consistent with those of normal transactions with independent third parties. The transactions with FamilyMart Co., Ltd., which comes under the same parent company, are also conducted under the same general terms and conditions for the transactions with independent third parties.

It is prescribed in the Corporate Code of Conduct and the Sustainability Policy that the Company shall carry out fair transactions with all its business partners. This rule is strictly enforced under the oversight of the Corporate Planning Department, which serves as the secretariat for the Sustainability Committee, and compliance with the rules is regularly checked by our legal counsel, Corporate Auditors, and the Internal Audit Department.

Policy on strategic shareholdings

While the Company may acquire shares of business partners as a means of creating business opportunities or strengthening business relationships, the holding of such shares is limited to the minimum amount necessary. If the holding of such shares is deemed inappropriate, the Company will sell such shares by comprehensively taking factors into consideration, including the impact on the market.



Board Directors and Corporate Auditors



**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.



**Naoki Inoue**  
Board Director and Managing Executive Officer General Manager, Corporate Business Group

Mr. Naoki Inoue has garnered sufficient experience in the ICT business. He has also strengthened the Corporate Business and contributed to the Company's management growth as he had been in charge of general management of each sales division, and currently serves as Board Director and Managing Executive Officer and General Manager, Corporate Business Group.



**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.



**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.



**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.



**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.



**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.



**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.



**Shinji Nakata**  
Board Director and Senior Managing Executive Officer General Manager, Administration Group Chief Compliance Officer, Officer in charge of Sustainability, Officer in charge of IR

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.



**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.



**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.



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

Composition of each Committee

As of June 30, 2022

Position	Name	Nomination and Remuneration Committee	Governance Committee	Special Committee
President	Hiroshi Suguta	●	□	
Board Director	Riichiro Metoki			
Board Director	Shinji Nakata		□	
Board Director	Naoki Inoue			
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 June 30, 2022

Officer data												
Attributes	Board Directors								Corporate Auditors			
	Inside				Outside				Inside		Outside	
Name	Hiroshi Suguta	Riichiro Metoki	Shinji Nakata	Naoki Inoue	Hiroshi Kajiwara	Kazuo Hosoi	Yuka Kawauchi	Kazuyuki Shinno	Takatoshi Otomura	Kota Shibachi	Osami Yoshida (Certified public accountant)	Akane Tsuji (Attorney of law)
Age	64	62	58	54	55	63	62	68	58	53	71	47
Title	President	Board Director and Senior Managing Executive Officer	Board Director and Senior Managing Executive Officer	Board Director and Senior 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	8 years	8 years	3 years	New appointed	6 years	7 years	3 years	2 years	3 years	1 years	Re appointed	1 years
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.

Compliance

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 FY2021.

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 Legal Compliance 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.

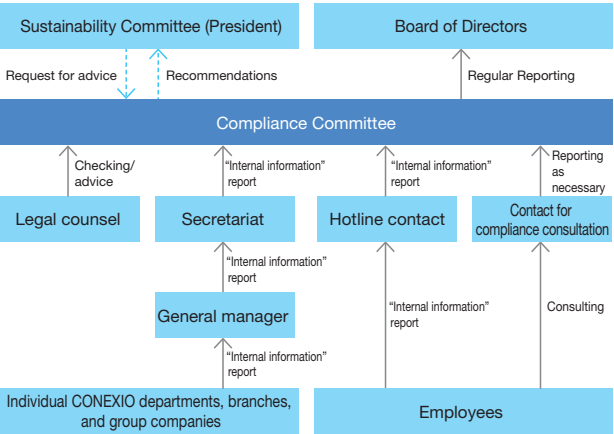
We have also taken measures such as revising our regulations in accordance with the revised Whistleblower Protection Act, which was enforced in June 2022.

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.



Corporate Governance Structure Chart



Initiatives to instill awareness of compliance

To instill compliance awareness in our employees, the Company's compliance program and Our Laws and Regulations Handbook, which describes the laws and regulations related to our business and points to note, are posted on our intranet for employees to review as needed.

New employees and mid-career hires receive training at the time of hiring to ensure that they are familiar with the spirit of compliance and never commit misconduct.

As an initiative targeting all employees, Compliance Enhancement Week is held twice a year, during which examples and reminders on specific themes were distributed online on a daily basis to raise awareness of compliance. We also hold the Training for Persons Responsible for Compliance annually for section managers, area managers, shop managers, and assistant shop managers to provide them with the necessary knowledge as a manager and supervisor and to eliminate compliance incidents.

Our initiatives also include distribution of the information on cases that require caution, encouraging all employees to understand the cases and rules. We check if they have understood them. Through these initiatives, we minimize the lack of thoroughness and misinterpretation of rules.



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 Business Group (Headquarters, Kansai Branch, Toyosu Office), Large Marketing Retailers Business Division (Fukagawa Office, Sapporo Distribution Center, Sapporo Tele-marketing Center), Consumer marketing Division (Shop Business Development Department, New Business Development Section), and special subsidiary CONEXIO with Corporation are certified.

Efforts to increase awareness of security

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.

DX Initiatives

Viewing the increase in remote work and other major changes in work styles as a business chance, the Company is quickly promoting DX initiatives. At the DX Promotion Committee, consisting of representative members from senior management and divisions that use DX along with the IT Division, 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.

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> (Japanese only)

Basic Policy on the Protection of Personal Information (Privacy Policy)  
<https://www.conexio.co.jp/policy/privacy> (Japanese only)

In addition, the Company has established rules for countermeasures against cyberattacks, which have been increasing in recent years, and is working to reduce the risk of information leaks and the risk to business continuity by taking necessary measures including training and education.





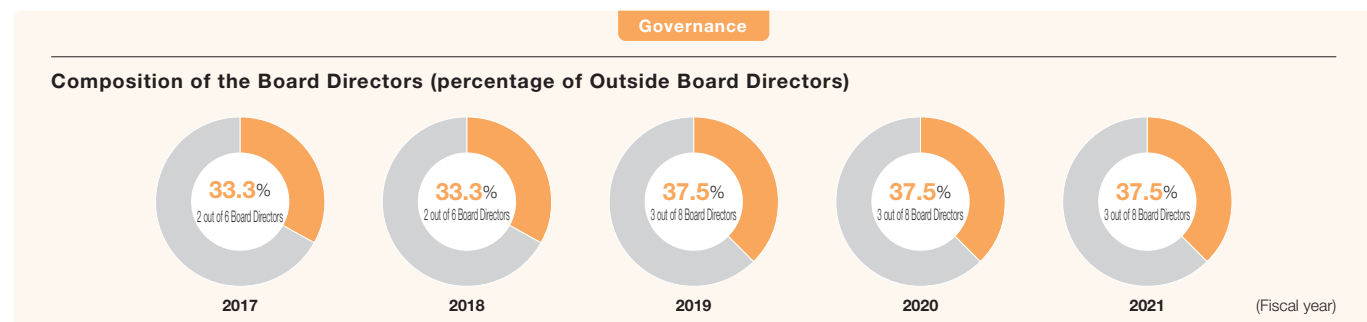
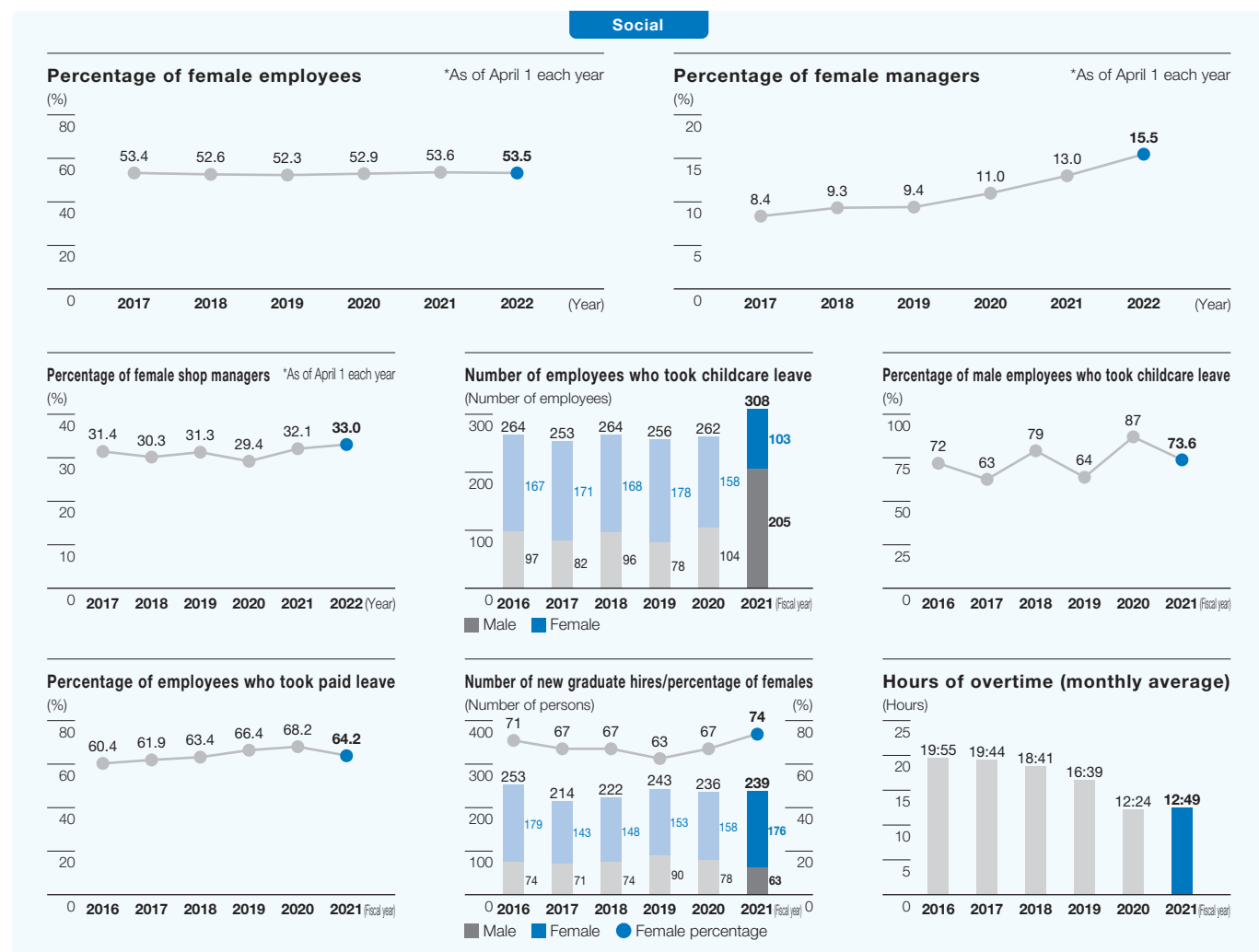
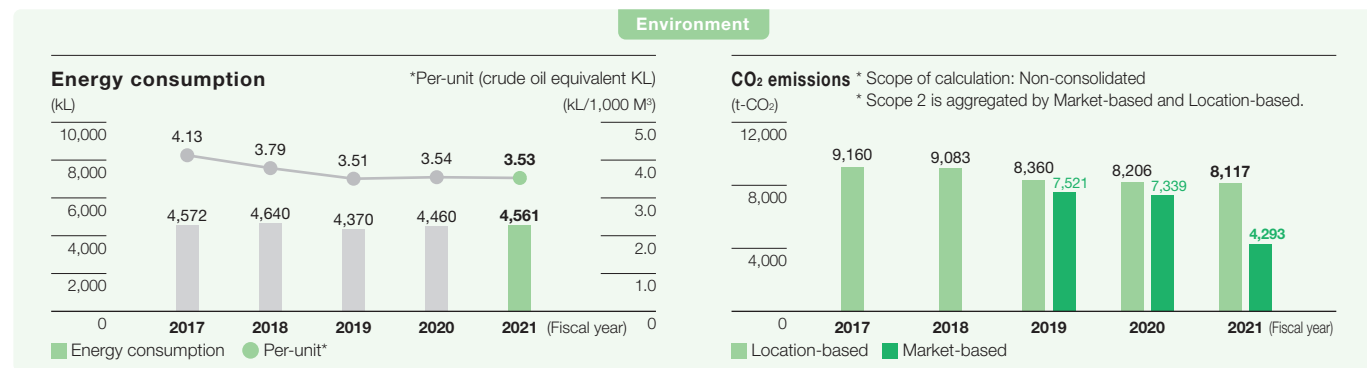
Financial Highlights

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Profit and Loss (Unit: million yen)										
Net sales* <sup>1</sup>	209,303	292,364	282,961	281,307	260,016	264,897	263,925	209,005	188,795	193,247
Consumer Business	191,546	275,170	263,994	263,834	242,954	245,534	244,587	191,810	169,858	176,887
Corporate Business	17,757	17,193	18,967	17,472	17,061	19,362	19,337	17,194	18,937	16,359
Operating profit	5,903	6,968	8,592	9,203	9,978	10,207	10,277	10,330	10,676	8,072
Consumer Business	7,276	8,506	10,131	10,598	11,796	12,625	13,566	13,196	12,462	9,568
Corporate Business	1,859	2,313	2,223	2,154	2,115	1,591	977	1,714	2,758	3,100
Adjustment amount* <sup>2</sup>	(3,232)	(3,851)	(3,762)	(3,550)	(3,933)	(4,009)	(4,266)	(4,580)	(4,544)	(4,596)
Ordinary profit	6,034	7,050	8,682	9,294	10,046	10,293	10,539	10,515	11,075	8,202
Profit	3,092	4,002	5,013	6,149	6,469	6,738	6,921	7,000	7,536	5,618
Financial Condition (Unit: million yen)										
Net assets	28,262	21,443	25,731	29,850	34,016	38,174	42,106	46,287	51,140	53,625
Total assets	86,624	97,113	100,656	94,832	93,790	99,407	103,506	95,757	105,315	100,965
Shareholders' equity	28,262	21,443	25,731	29,850	34,016	38,174	42,106	46,287	51,140	53,625
Cash Flows (Unit: million yen)										
Cash flows from operating activities	(7,913)	12,012	7,266	8,392	8,635	7,574	8,558	13,118	5,329	5,086
Cash flows from investing activities	(11,709)	(1,178)	(1,911)	(1,811)	(1,904)	(2,079)	(2,108)	(1,290)	(1,473)	(2,078)
Cash flows from financing activities	8,715	(8,542)	(5,509)	(7,490)	(4,805)	(2,685)	(2,909)	(2,685)	(2,687)	(3,132)
Cash and cash equivalents at the end of period	1,860	4,151	3,997	3,088	5,013	7,821	11,360	20,499	21,665	21,542
Per Share Information (Unit: yen)										
Net assets per share	505.38	479.32	575.17	667.23	760.35	853.30	941.18	1,034.64	1,143.13	1,198.66
Cash dividend per share	26.50	31.50	40.00	48.00	56.00	65.00	60.00	60.00	65.00	70.00
Basic earnings per share	61.46	82.16	112.07	137.45	144.60	150.62	154.72	156.48	168.45	125.58
Financial indicator (Unit: %)										
ROE	12.9	16.1	21.3	22.1	20.3	18.7	17.2	15.8	15.5	10.7
ROA	4.6	4.4	5.1	6.3	6.9	7.0	6.8	7.0	7.5	5.4
Capital adequacy ratio	32.6	22.1	25.6	31.5	36.3	38.4	40.7	48.3	48.6	53.1
Payout ratio	43.1	38.3	35.7	34.9	38.7	43.2	38.8	38.3	38.6	55.7
Dividend yield	3.3	3.9	3.7	4.2	3.3	2.9	4.3	4.4	4.7	5.0
Total shareholder yield	-	-	-	-	-	136.8	89.1	90.3	96.0	101.1

(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, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	21,550	<b>21,425</b>
Notes and accounts receivable - trade	29,038	<b>27,996</b>
Merchandise and finished goods	6,295	<b>6,437</b>
Raw materials and supplies	62	<b>52</b>
Prepaid expenses	1,056	<b>927</b>
Accounts receivable - other	27,788	<b>26,065</b>
Deposits paid	114	<b>117</b>
Other	12	<b>12</b>
Allowance for doubtful accounts	(5)	<b>(6)</b>
Total current assets	85,914	<b>83,028</b>
Non-current assets		
Property, plant and equipment		
Buildings	5,769	<b>5,987</b>
Accumulated depreciation	(3,359)	<b>(3,614)</b>
Buildings, net	2,410	<b>2,373</b>
Structures	374	<b>375</b>
Accumulated depreciation	(152)	<b>(174)</b>
Structures, net	221	<b>201</b>
Machinery and equipment	9	<b>9</b>
Accumulated depreciation	(4)	<b>(5)</b>
Machinery and equipment, net	4	<b>4</b>
Tools, furniture and fixtures	4,708	<b>4,850</b>
Accumulated depreciation	(3,454)	<b>(3,509)</b>
Tools, furniture and fixtures, net	1,253	<b>1,341</b>
Land	52	<b>52</b>
Leased assets	3	<b>8</b>
Accumulated depreciation	(0)	<b>(1)</b>
Leased assets, net	2	<b>7</b>
Construction in progress	69	<b>0</b>
Total property, plant and equipment	4,014	<b>3,979</b>
Intangible assets		
Goodwill	1,306	<b>1,183</b>
Software	426	<b>518</b>
Software in progress	15	<b>23</b>
The right of career shop management	7,654	<b>6,949</b>
Other	8	<b>8</b>
Total intangible assets	9,410	<b>8,683</b>
Investments and other assets		
Investment securities	217	<b>213</b>
Shares of subsidiaries and associates	13	<b>13</b>
Long-term prepaid expenses	178	<b>118</b>
Deferred tax assets	1,805	<b>850</b>
Leasehold and guarantee deposits	3,637	<b>4,032</b>
Other	162	<b>81</b>
Allowance for doubtful accounts	(39)	<b>(35)</b>
Total investments and other assets	5,976	<b>5,274</b>
Total non-current assets	19,401	<b>17,936</b>
Total assets	105,315	<b>100,965</b>

	(Million yen)	
	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	14,756	<b>15,391</b>
Accrued agency commission	6,370	<b>6,757</b>
Accounts payable - other	14,505	<b>13,154</b>
Accrued expenses	3,267	<b>3,103</b>
Income taxes payable	2,022	<b>275</b>
Accrued consumption taxes	876	<b>325</b>
Advances received	49	<b>27</b>
Deposits received	804	<b>825</b>
Provision for bonuses	4,829	<b>1,852</b>
Provision for bonuses for directors (and other officers)	81	<b>5</b>
Lease obligations	0	<b>1</b>
Other	18	<b>126</b>
Total current liabilities	47,583	<b>41,848</b>
Non-current liabilities		
Provision for retirement benefits	5,894	<b>3,178</b>
Asset retirement obligations	595	<b>624</b>
Lease obligations	1	<b>5</b>
Other	100	<b>1,682</b>
Total non-current liabilities	6,591	<b>5,491</b>
Total liabilities	54,174	<b>47,339</b>
Net assets		
Shareholders' equity		
Share capital	2,778	<b>2,778</b>
Capital surplus		
Legal capital surplus	580	<b>580</b>
Other capital surplus	4	<b>4</b>
Total capital surplus	585	<b>585</b>
Retained earnings		
Legal retained earnings	113	<b>113</b>
Other retained earnings		
General reserve	2,469	<b>2,469</b>
Retained earnings brought forward	45,190	<b>47,677</b>
Total retained earnings	47,774	<b>50,260</b>
Treasury shares	(0)	<b>(0)</b>
Total shareholders' equity	51,138	<b>53,624</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2	<b>0</b>
Total valuation and translation adjustments	2	<b>0</b>
Total net assets	51,140	<b>53,625</b>
Total liabilities and net assets	105,315	<b>100,965</b>



Statements of Income

	(Million yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales		
Net sales of goods	115,402	120,934
Commission income	73,393	72,312
Total net sales	188,795	193,247
Cost of sales		
Beginning merchandise inventory	4,922	6,295
Cost of purchased goods	111,993	116,494
Total	116,916	122,789
Ending merchandise inventory	6,136	6,470
Valuation loss on goods	(158)	13
Cost of goods sold	110,621	116,333
Agent fee	25,166	25,396
Total cost of sales	135,788	141,729
Gross profit	53,007	51,518
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	189	206
Salaries and allowances	10,813	13,397
Bonuses	2,003	2,890
Provision for bonuses	4,829	1,852
Provision for bonuses for directors (and other officers)	81	5
Retirement benefit expenses	613	755
Legal welfare expenses	4,011	3,738
Temporary staffing expense	1,936	2,309
Packing and delivery expenses	389	393
Promotion expenses	2,447	2,872
Communication expenses	618	614
Rent expenses on land and buildings	4,543	4,716
Repair and maintenance expenses	1,620	1,789
Outsourcing expenses	1,178	1,085
Rent expenses	169	180
Depreciation	1,932	2,069
Amortization of goodwill	131	123
Provision of allowance for doubtful accounts	0	1
Other	4,821	4,439
Total selling, general and administrative expenses	42,331	43,445
Operating profit	10,676	8,072
Non-operating income		
Interest income	0	0
Dividend income	0	0
Support money of store move etc. income	146	58
Subsidies for employment adjustment	259	-
Surrender value of insurance policies	-	31
Other	48	47
Total non-operating income	455	137
Non-operating expenses		
Interest expenses	0	0
Loss on sale and retirement of non-current assets	11	-
Loss on cancellation of contracts	35	0
Loss on investments in investment partnerships	4	1
Other	4	5
Total non-operating expenses	56	7
Ordinary profit	11,075	8,202
Extraordinary income		
Gain on sale of non-current assets	24	-
Gain on sale of investment securities	-	46
Compensation for forced relocation	-	430
Gain on revision of retirement benefit plan	-	280
Other	0	13
Total extraordinary income	25	769
Extraordinary losses		
Head office relocation expenses	-	167
Loss on store closings	36	139
Loss on sale and retirement of non-current assets	43	35
Impairment losses	181	257
Other	5	-
Total extraordinary losses	268	599
Profit before income taxes	10,832	8,373
Income taxes - current	3,672	1,794
Income taxes - deferred	(375)	960
Total income taxes	3,296	2,755
Profit	7,536	5,618

Statements of Cash Flows

	(Million yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	10,832	8,373
Depreciation	1,932	2,069
Amortization of goodwill	131	123
Impairment losses	181	257
Increase (decrease) in allowance for doubtful accounts	(2)	(2)
Increase (decrease) in provision for bonuses	178	(2,976)
Increase (decrease) in provision for bonuses for directors (and other officers)	46	(75)
Increase (decrease) in provision for retirement benefits	313	(2,435)
Gain on revision of retirement benefit plan	-	(280)
Interest and dividend income	(0)	(0)
Interest expenses	0	0
Subsidies for employment adjustment	(259)	-
Compensation for forced relocation	-	(430)
Head office relocation expenses	-	167
Foreign exchange losses (gains)	2	(1)
Loss (gain) on sale of investment securities	-	(46)
Decrease (increase) in trade receivables	11,381	1,020
Decrease (increase) in accounts receivable - other	(18,976)	1,723
Decrease (increase) in inventories	(1,345)	(109)
Increase (decrease) in trade payables	(2,395)	1,022
Increase (decrease) in accounts payable - other	7,639	(1,296)
Increase (decrease) in accrued consumption taxes	(613)	(551)
Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan	-	1,915
Other, net	61	(165)
Subtotal	9,106	8,301
Interest and dividends received	0	0
Interest paid	(0)	(0)
Subsidies for employment adjustment received	259	-
Proceeds from compensation for forced relocation	-	430
Income taxes refund (paid)	(4,160)	(3,524)
Other, net	123	(120)
Net cash provided by (used in) operating activities	5,329	5,086
Cash flows from investing activities		
Purchase of property, plant and equipment	(943)	(1,291)
Purchase of intangible assets	(268)	(239)
Proceeds from sale of investment securities	-	71
Purchase of investment securities	(30)	(30)
Payments of leasehold and guarantee deposits	(175)	(585)
Proceeds from refund of leasehold and guarantee deposits	198	221
Purchase of long-term prepaid expenses	(77)	(57)
Other, net	(177)	(165)
Net cash provided by (used in) investing activities	(1,473)	(2,078)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,685)	(3,132)
Other, net	(1)	(0)
Net cash provided by (used in) financing activities	(2,687)	(3,132)
Effect of exchange rate change on cash and cash equivalents	(2)	1
Net increase (decrease) in cash and cash equivalents	1,165	(122)
Cash and cash equivalents at beginning of period	20,499	21,665
Cash and cash equivalents at end of period	21,665	21,542

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	5,529  *As of Mar. 31, 2022
President and CEO	Hiroshi Suguta	Stock Listing	Tokyo Stock Exchange, Prime Market (Stock code: 9422)
Capital	2,778 million yen		

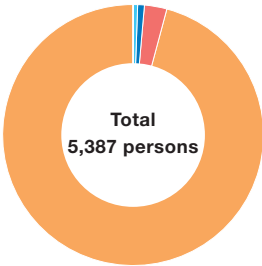
Stock Information (As of March 31, 2022)

Number of Shares Authorized	Common stock	153,600,000 shares
Number of Shares Issued	Common stock	44,737,744 shares (Excluding 194 treasury stock)
Number of Shareholders		5,387 persons

Status of Share Distribution (As of March 31, 2022)

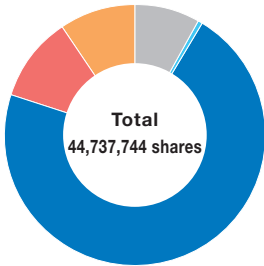
Distribution by Shareholder

Financial Institutions	0.26%
Financial Instruments Business Operators	0.46%
Other Corporations	0.80%
Overseas Corporations	2.67%
Japanese Individuals and Others	95.81%



Distribution by Shareholding

Financial Institutions	8.23%
Financial Instruments Business Operators	0.54%
Other Corporations	71.39%
Overseas Corporations	10.58%
Japanese Individuals and Others	9.26%



Major Stockholders (As of March 31, 2022)

Name of Shareholders	Number of Shares Held	Voting Rights Percentage
ITOCHU Corporation	26,996,000	60.34
HIKARI TSUSHIN, Inc.	3,350,200	7.49
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,395,500	5.35
NCSN - SHOKORO LIMITED	1,233,600	2.76
GOLDMAN SACHS INTERNATIONAL	766,120	1.71
SIL, Inc.	716,800	1.60
UH Partners 2, Inc.	707,100	1.58
CONEXIO Employee Stock Ownership Association	697,577	1.56
Custody Bank of Japan, Ltd. (Trust Account)	533,900	1.19
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	425,000	0.95

Note: Treasury stock (194 shares) is deducted from Voting Rights Percentage.

Evaluation from Society

Selected as a constituent of an ESG investment index “FTSE Blossom Japan Sector Relative Index”

The Company has been selected as a constituent of the “FTSE Blossom Japan Sector Relative Index,” an index for Japanese companies actively working on ESG.



FTSE Blossom Japan Sector Relative Index

The index is calculated by FTSE Russell of the U.K. and reflects the performance of Japanese companies that are relatively excellent in addressing environmental, social, and governance (ESG) issues in each industry. The Government Pension Investment Fund (GPIF) has adopted this index as a benchmark for passive ESG investment.

We espouse SDGs management and have been implementing it through our main business and specialized fields in order to contribute to the sustainable growth of society. We will further promote our SDGs initiatives and strive to achieve sustainable growth and increase corporate value over the medium to long term.

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

The Company received 3-star “Eruboshi” certification (The Highest Rank) 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 a managerial position,” and “variety in career courses.” In June 2020, Platinum Eruboshi certification system was established: companies that have been granted an Eruboshi certification will be awarded Platinum Eruboshi if they meet certain requirements, such as being particularly excellent at achieving the goals of the employer’s action plan and implementing measures to promote the active participation of women. The Company has met all the standards in these five areas and received the 3-star “Eruboshi” certification (The Highest Rank).



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 aim for the Platinum Eruboshi certification and provide career training and life stage-based training, as well as promote long-term continued employment and participation in the workplace.

2022 Hataraku Yell Awards

The Company was certified as a company with excellent comprehensive benefits in the 2022 Hataraku Yell Awards, which award and certify companies that strive to enhance employee benefits, for being a company that is making particularly outstanding efforts. They valued our awareness of the current situation, strong and broad understanding of the purpose of welfare programs for management and human resources, and our recognition of a wide range of matters, such as recruitment and retention, means of utilizing diverse employees, improvement of labor productivity, and increasing motivation.



“Platinum Kurumin” and “Kurumin” (Second Time) certification mark for childcare supporting companies

As a “childcare supporting company,” the Company received “Kurumin” certification for the second time 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.

2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program, the Certified Health & Productivity Management Organization Recognition Program

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



- Prevention of disease aggravation for people at high risk of diseases, such as lifestyle diseases
- Mental health measures
- Addressing health issues, and maintaining and improving health
- Optimization of working hours and work-life balance

In recognition of these efforts, the Company was recognized by the Ministry of Economy, Trade and Industry (METI) as an organization under the 2022 Certified Health & Productivity Management Outstanding Organizations Program, an award that highlights outstanding enterprises engaging in health and productivity management.

Registration as a company that promotes support for work and family-life balance in Tokyo

The Company registered as a company that promotes support for work and family-life balance in Tokyo in December 2019 and renewed the registration in April 2022.



At the registration, the status of development of systems and the record of their usage are evaluated for each of two categories: “balance between childcare and work” and “balance between caregiving and work.” A Mark for a Company That Promotes Support for Work and Family-life Balance is given and the mark has one to three stars (one set each for childcare and nursing care) depending on the status and the record.

We have been given two stars for our support for balance between childcare and work and three stars (The Highest Mark) for our support for balance between caregiving and work.

We will continue to promote efforts to support work and family-life balance, such as encouraging not only female employees but also male employees to take childcare leave.





**"Conexio is to connect people and values"**

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