

# Mid-Term Management Plan

FY Mar.23-FY Mar.25



## The Past 30 Years

We have achieved sustainable growth since our founding by taking on numerous challenges and earning the support of the people of Okinawa Prefecture.

We have entered a phase of further growth, but we face major changes in our business environment, including the COVID-19 pandemic and telecom rate reductions.



1991

2021





2022

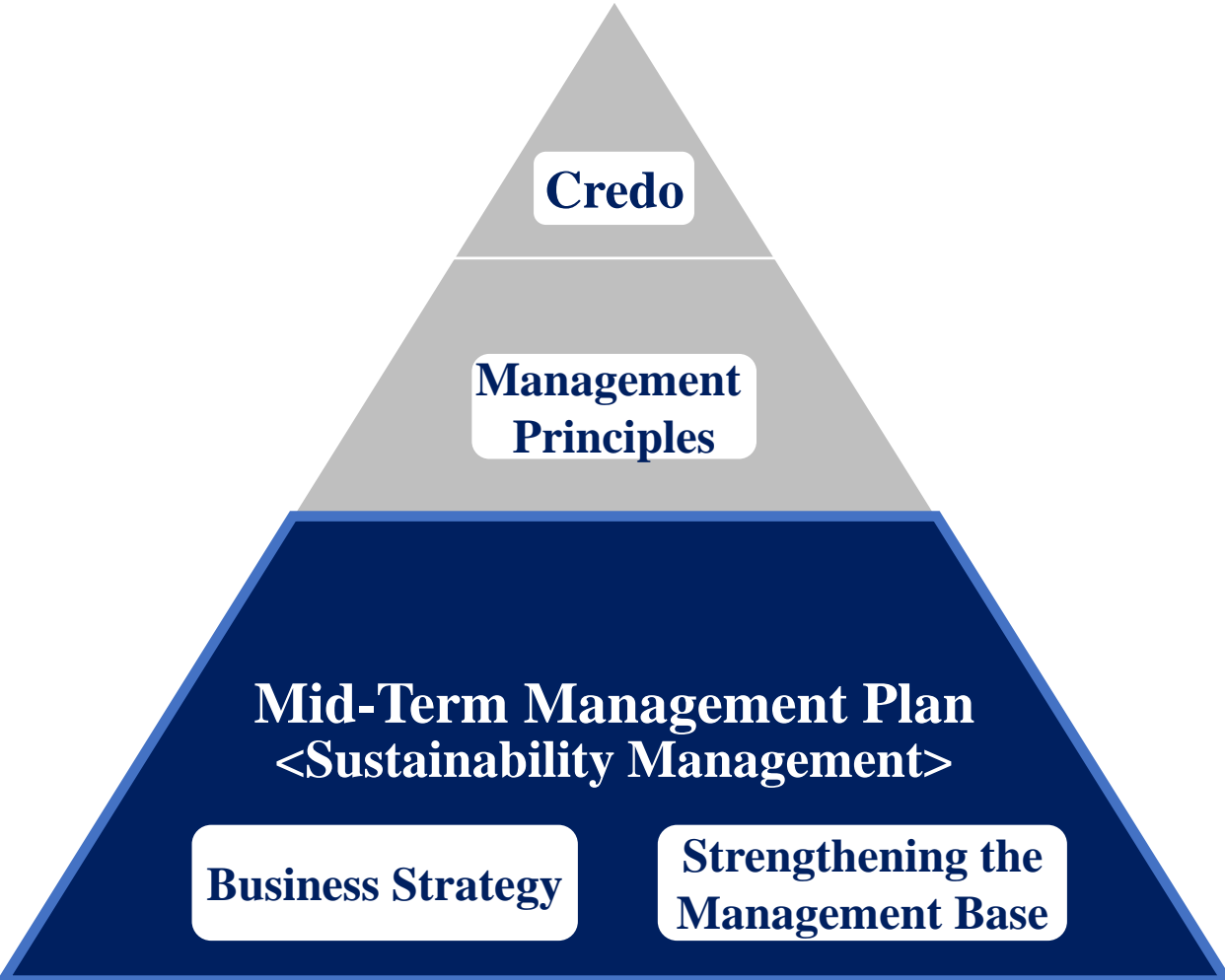
X

## The Next 30 Years

**This new Mid-Term Management Plan covers the first three years of the next 30 years.**

**Given the changes in our business environment, we will lead the economy of Okinawa by enhancing existing businesses and expanding growth areas.**

<b>I</b>	<b>Overview of Mid-Term Management Plan</b>
<b>II</b>	<b>Business Strategy</b>
<b>III</b>	<b>Strengthening the Management Base</b>
<b>IV</b>	<b>Financial Targets</b>



## Six Key Issues (Materiality)

- Promotion of innovation centered on telecommunications
- Realization of a safe, secure, and prosperous society
- Strengthening the management base through progressing governance
- Realization of carbon neutrality and conservation of Okinawa's environment
- Development of a diverse workforce and a rewarding work environment
- Advancing stakeholder engagement

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## Business Strategy

**An ambidextrous organization centered on telecommunications**

**Enhancing existing businesses**

**A 5G network strategy  
that supports enhancement**

**Maximizing revenues  
through 5G strategy and  
Multi-Brand promotion**

**Expanding growth areas**

**Promotion of energy business**

**Promotion of solutions business**

**Solving Okinawa's social issues through  
business creation**

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## To be Okinawa's **number one carrier** in the full-scale 5G era

**5G area**

**Population coverage of at least 95%,  
more than any other carrier**

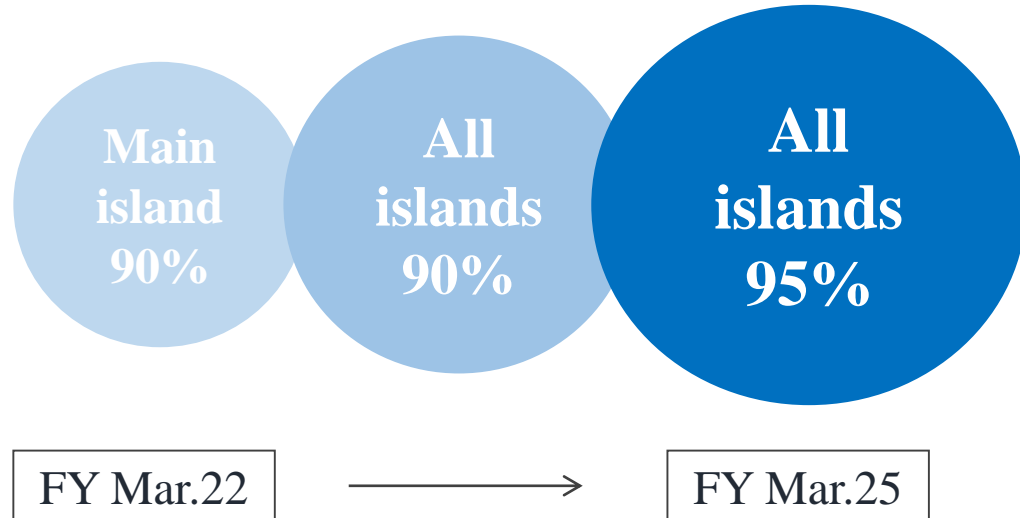
**5G compatibility for  
existing key facilities**

**At least 50 locations,  
more than any other carrier**

**Building a 5G area with locally-focused convenience to cover at least 95% of the population in by FY Mar.25**

## Expanding 5G area in Okinawa Prefecture

Aiming for at least 95% population coverage to contribute to the Digital Garden City Nation vision



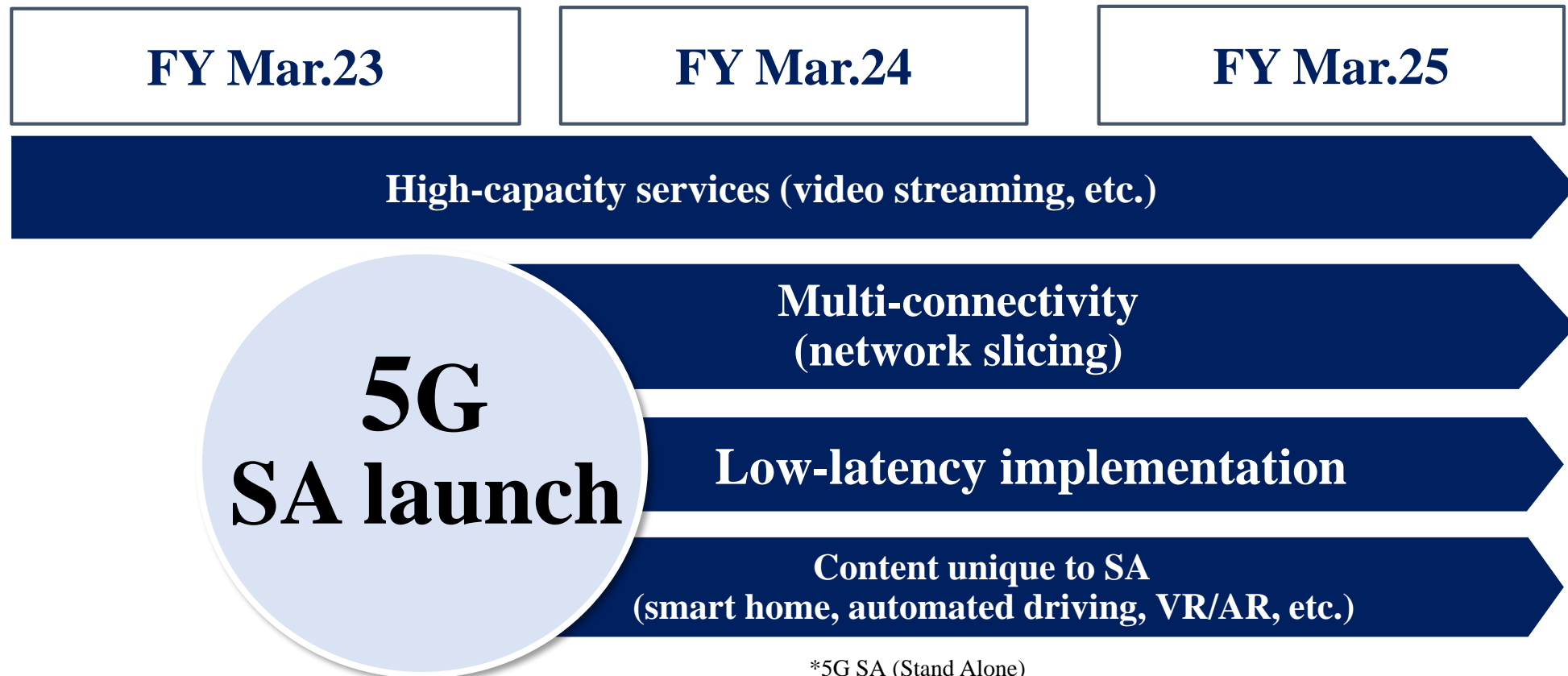
## Transitioning to 5G from a local perspective

Identifying spots that need 5G from a local perspective and converting them into areas

Event sites, residential areas, commercial facilities, etc.



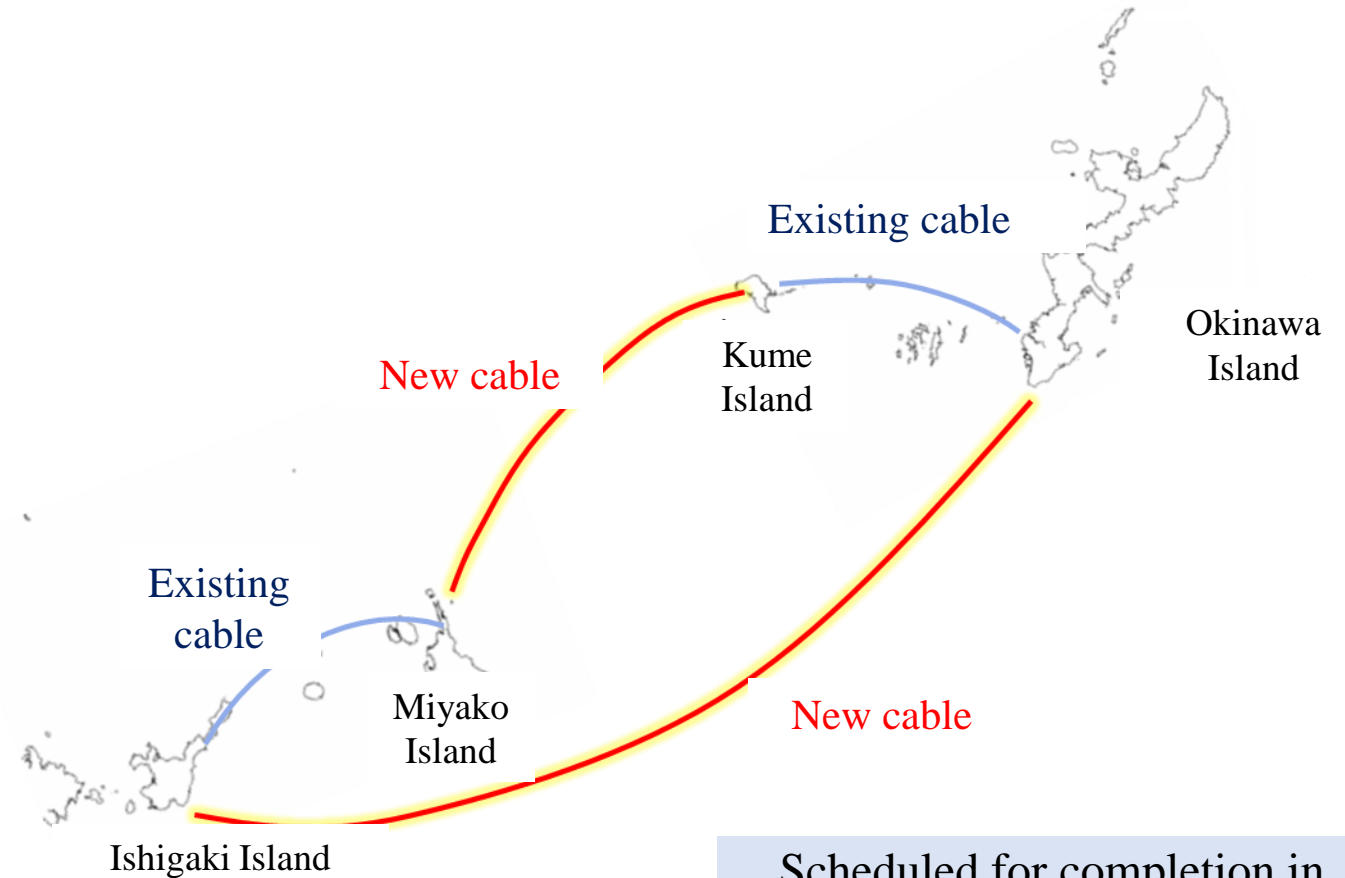
Along with high-capacity and ultra-fast capabilities, low-latency and multi-connectivity elements will be implemented with stand alone (SA) in FY Mar.23 for transition to a full-scale 5G era



\*5G SA (Stand Alone)

SA is a network that can take advantage of the full functionality of 5G. The concept of network slicing makes it possible to divide according to characteristics, making it possible to select the most flexible network for each service.

## Construction of submarine cables for remote islands: Enhancing the network and expanding 5G throughout Okinawa



Scheduled for completion in  
summer 2023

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## Maximizing revenue through the 5G strategy and Multi-Brand promotion



*au* 5G

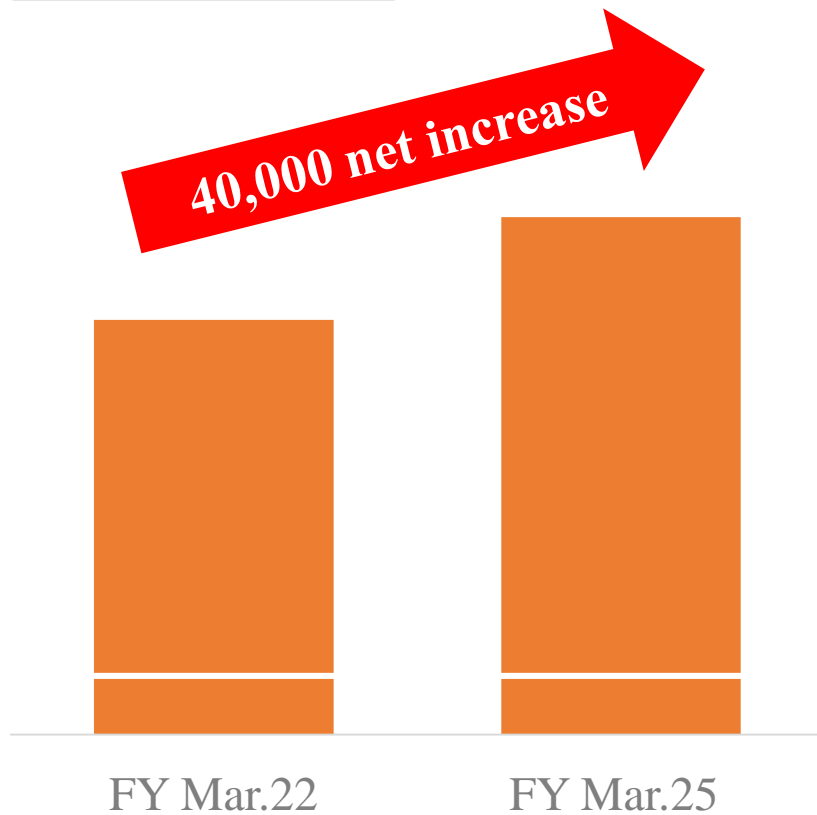
*au*  
Unlimited  
Next-gen  
experience/unlimited

**UQ** mobile  
Simple, for everyone  
Low-cost/secure quality

**povo**  
From zero, your way  
All toppings starting from  
zero

**Promoting the Multi-Brand strategy with au, UQ, and povo;  
Aiming for a 6% increase in HS subscribers vs. FY Mar.22**

HS subscribers

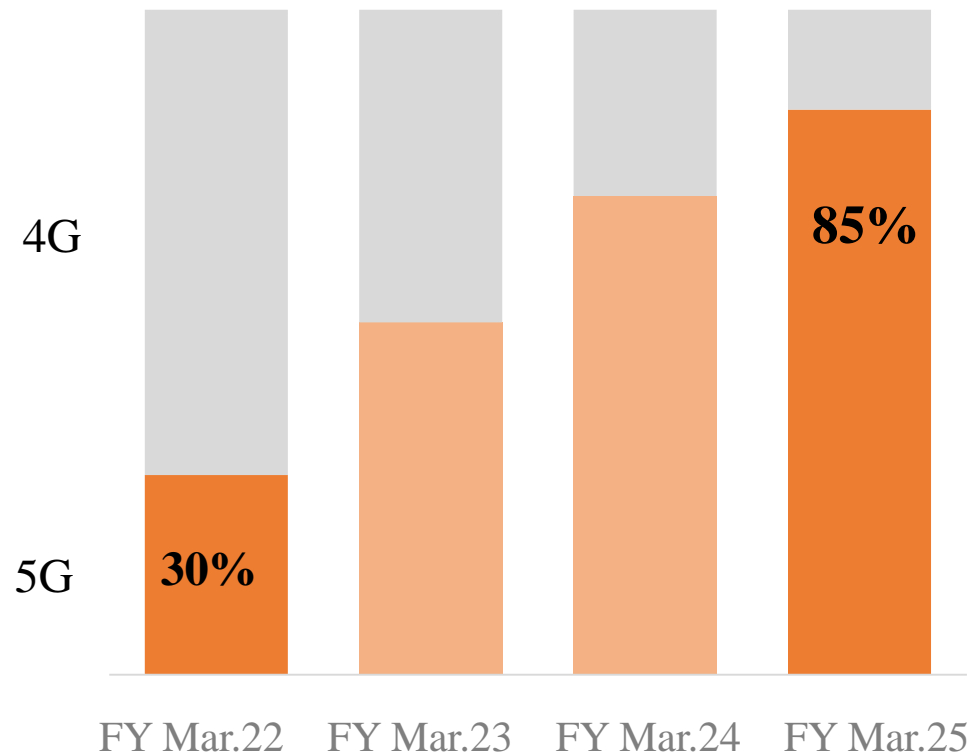


**40,000  
net increase**

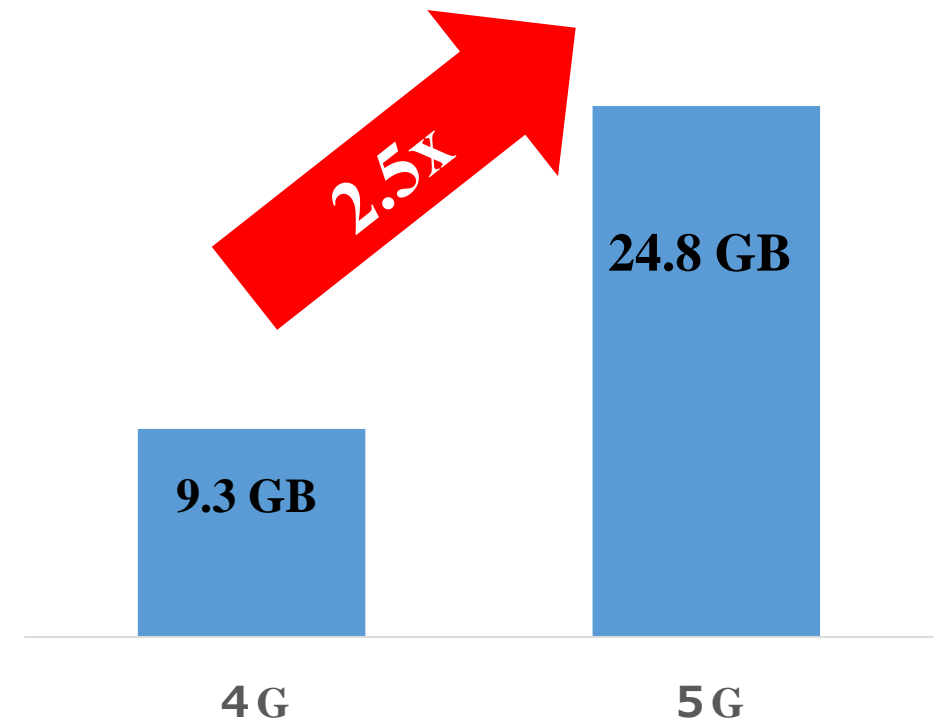
HS: Smartphones + Feature phones

Speeding up 5G transition and promoting data use;  
5G smartphones use 2.5x the traffic of 4G smartphones

au 5G ratio



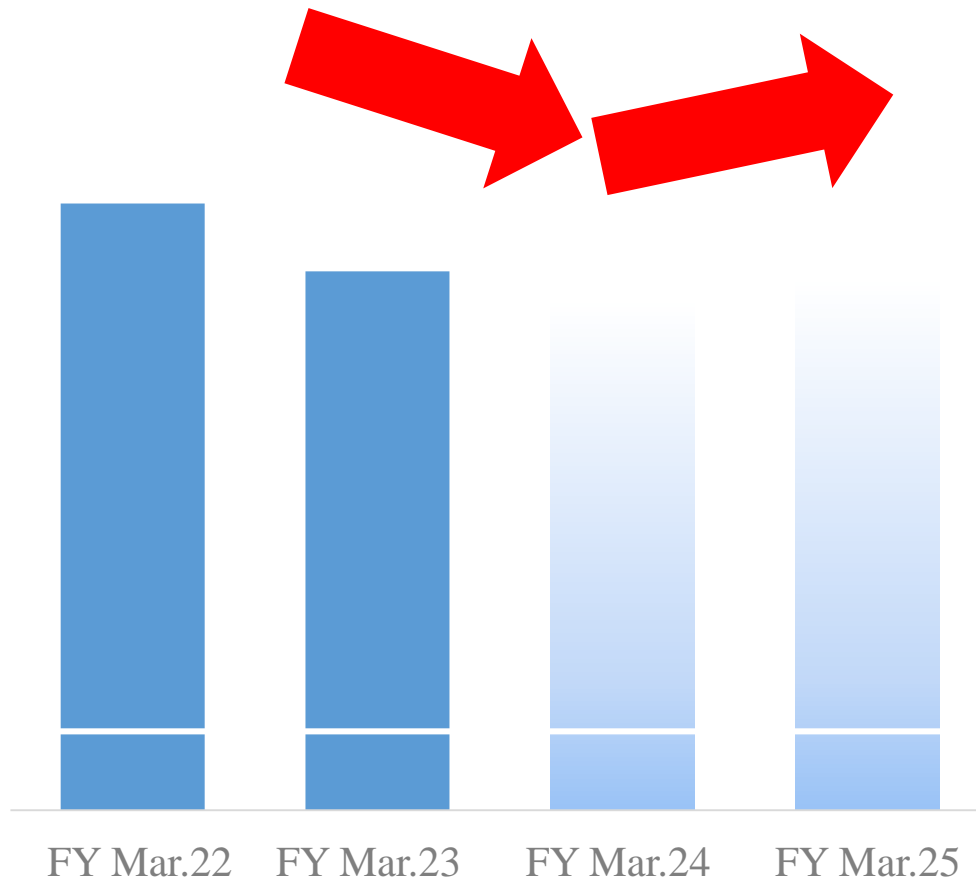
Monthly traffic volume





## Multi-Brand Communications ARPU Revenues

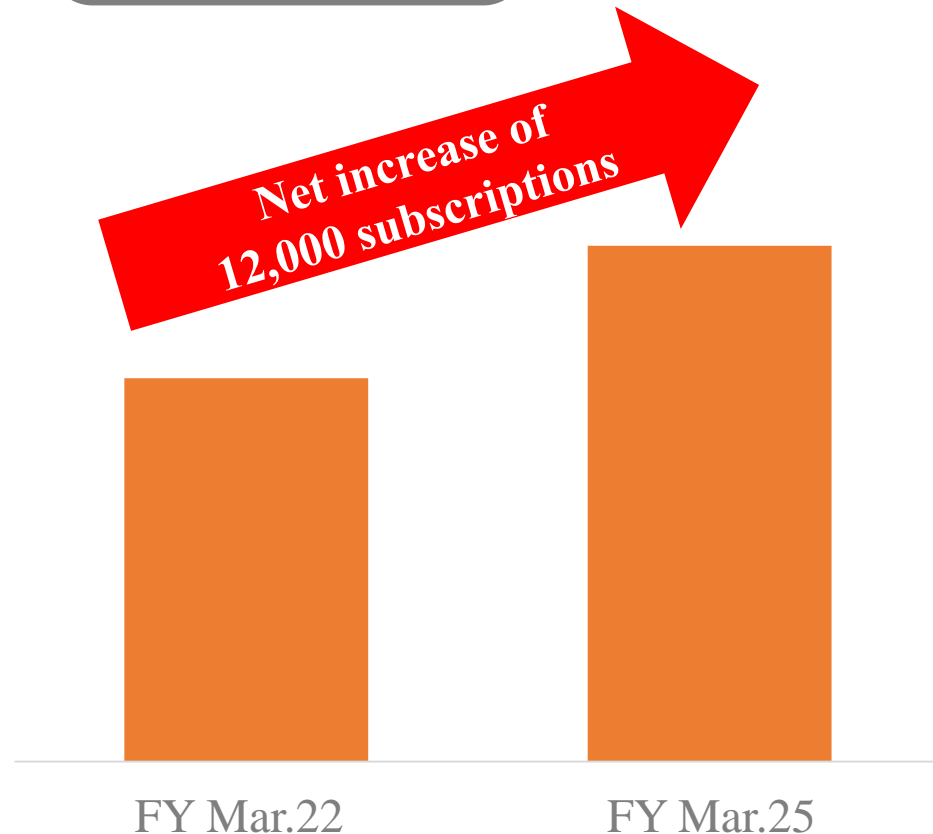
Unit: 100 million yen



**Communications ARPU  
Revenues rebound  
from bottom  
in FY Mar.24**

Aiming for 10% increase in total FTTH subscriptions  
over FY Mar.22

Total FTTH lines



Net increase of  
**12,000** subscriptions

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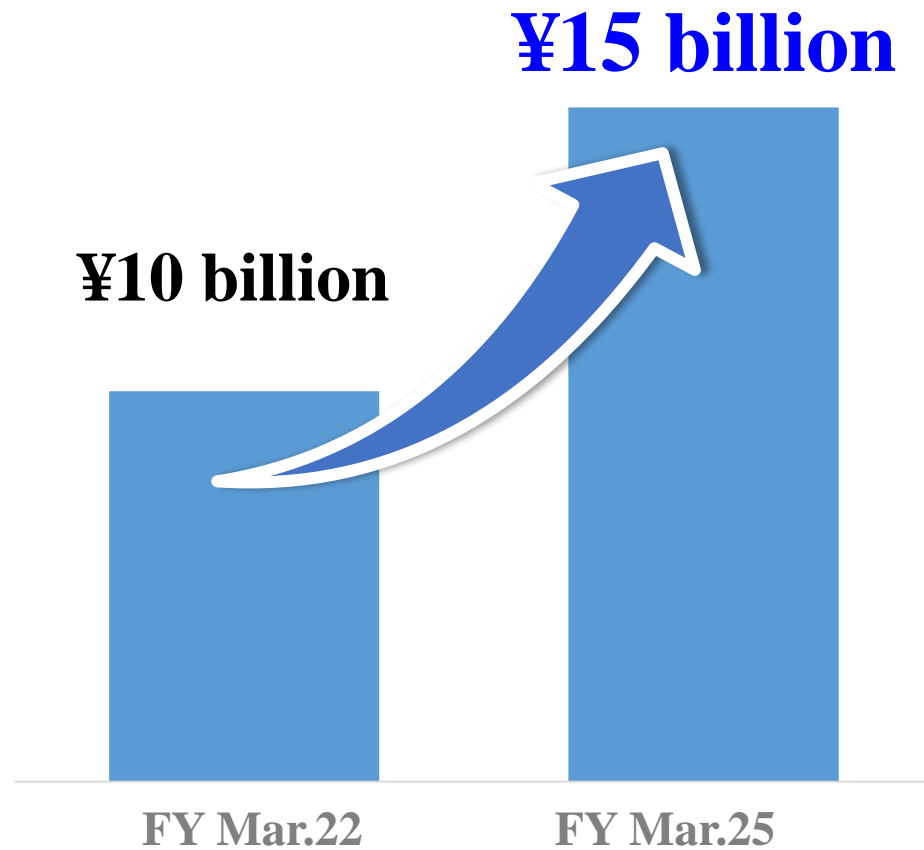
**Expanding growth areas**

**Promotion of energy business**

**Promotion of solutions business**

**Solving Okinawa's social issues through  
business creation**

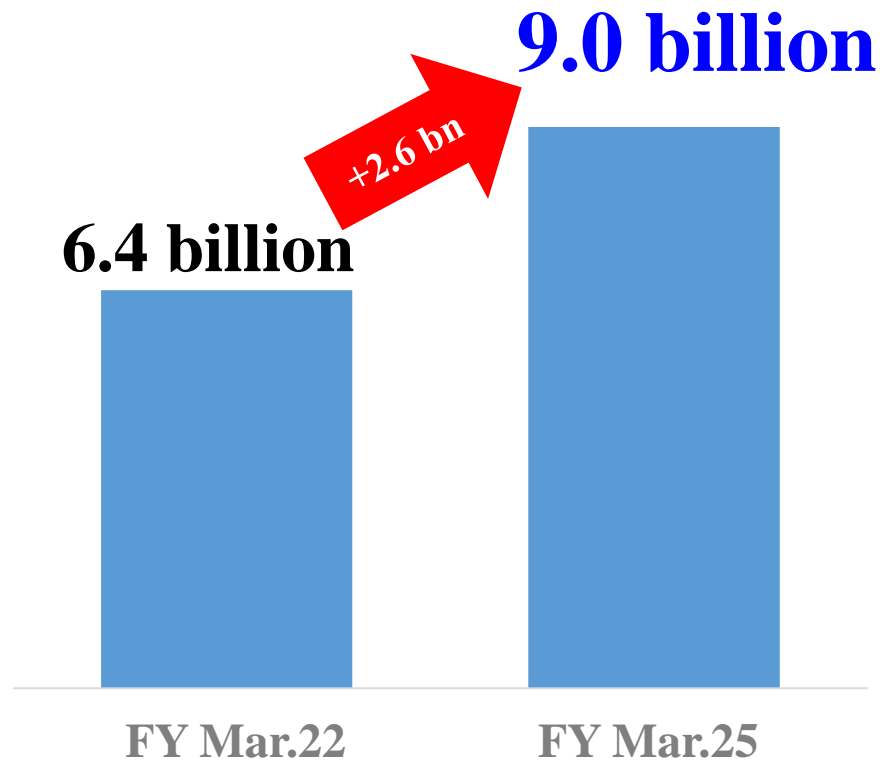
**Aiming for sales of 15 billion yen in growth areas**



**50% increase**

**Aiming for a 40% increase in sales over FY Mar.22**

au Denki sales



**40% increase**

Labor productivity

**Lowest**

All Japan: ¥5,364,000

Okinawa Prefecture: ¥3,798,000

Cloud service use

**44th**/47 prefectures

Japan average: 71.9%

Okinawa Prefecture: 43.9%

Online sales

**Less than 1/10** of

nationwide total

Japan average: ¥53.0 billion

Okinawa Prefecture: ¥4.2 billion

In addition to mobile, we provide solution businesses that contribute to corporate customers' operations

*Connecting  
Okinawa's businesses  
to the future*

**Bring your  
corporate  
concerns to  
Okinawa Cellular!**



Implement internal DX



Strengthen BCP strategy



Build/revise work-from-home environment



Reduce office work



Vitalize communications



Revise network environment

Accelerating growth by promoting digital transformation in business to solve management and social issues with the power of digital

## DX for OKINAWA

### Connecting Society and Business with DX





## Okinawa's health brand is disappearing!

Life expectancy by prefecture

**Males 36th** /47 prefectures

男性	全国	80.77	女性	全国	87.01
1位	滋賀	81.78	1位	長野	87.675
2位	長野	81.75	2位	岡山	87.673
3位	京都	81.40	3位	島根	87.64
4位	奈良	81.36	4位	滋賀	87.57
5位	神奈川	81.32	5位	福井	87.54
.....					
<b>36th</b>	<b>Okinawa</b>	<b>80.27</b>	<b>7th</b>	<b>Okinawa</b>	<b>87.44</b>

Source: Ministry of Health, Labour and Welfare  
Data on Specific Health Checkups and Specific Health Guidance

## Leafy vegetable shortages in summer

One head of lettuce costs ¥1350! Soaring vegetable prices hit Okinawa's remote islands

October 26, 2016 06:30

高騰 レタス タコライス

全国的に台風が相次いで襲来した影響などから野菜類の不作が広がって高値が続き、沖縄県の南大東島では10日前後にレタスが1玉1350円の高値で販売された。沖縄県内小売りでも高値傾向が続き、消費者の財布に“寒風”が吹いている。卸売業務を担う沖縄協同青果によると、競りでは野菜類全般で前年比1・5倍程度の値が付いており、価格が落ち着くのは県産野菜の出荷が軌道に乗る12月まで待ちそうだ。



全国的な不作で野菜の高値が続く＝25日、沖縄県那覇市の青果店

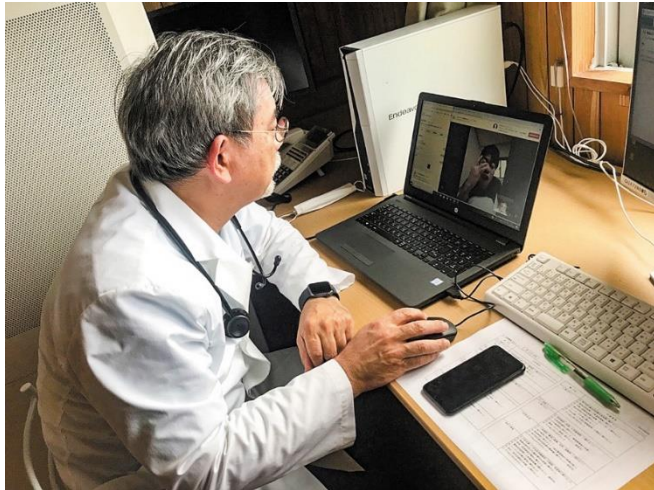
1350円のレタスを販売したJAおきなわAコープによると、高値で販売されたのは10月10日前後に仕入れたもの。仲卸業者から入荷した時点で1万円を超えており、南大東島までの輸送費も加えこの値段になった。南大東では通常レタスは300～400円程度という。Aコープは「値段が高過ぎてレタスを仕入れるのを一時的に止めた店もあれば、何とか価格を抑えようと半分サイズにカットするなど工夫をしている店もある」と厳しい現状を語った。

野菜高騰を受け、タコライスを販売する店ではレタスの量を減らすなどの対応を取るほか、八百屋などでも通常200円前後のキャベツ、大根が400円台と高騰している。

From The Ryukyu Shimpo newspaper

Solving Okinawa's social issues through business creation to achieve both sustainable development of local communities and earnings growth

## Digital x Medical/Healthcare



Online diagnosis/medicine guidance



Health management app

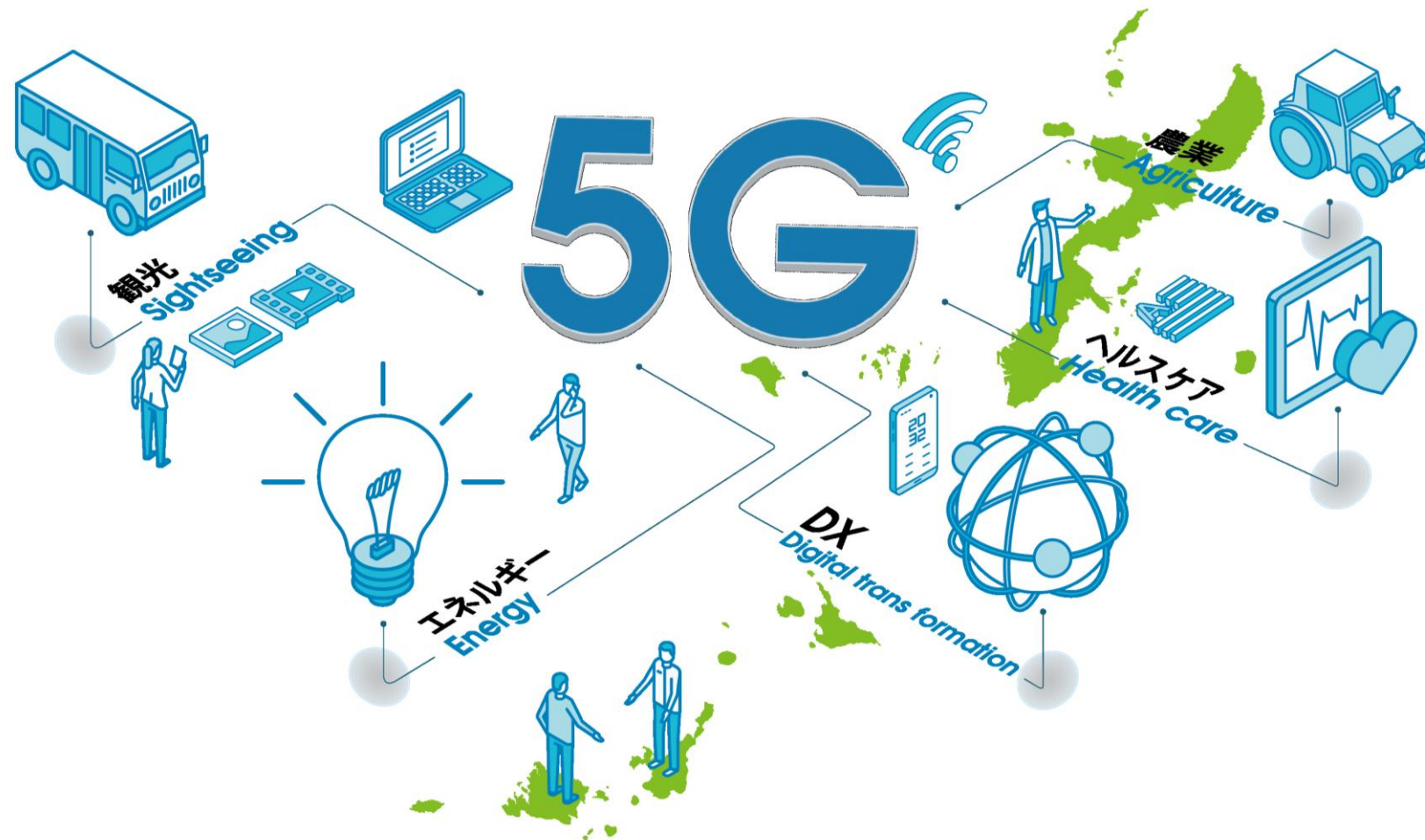
## Promoting smart agriculture through ICT



Smart agriculture / Vegetable factory

Export of factory-grown strawberries to Asia

Promoting an ambidextrous organization  
to enhance our telecom business with 5G at its core  
and expand growth areas



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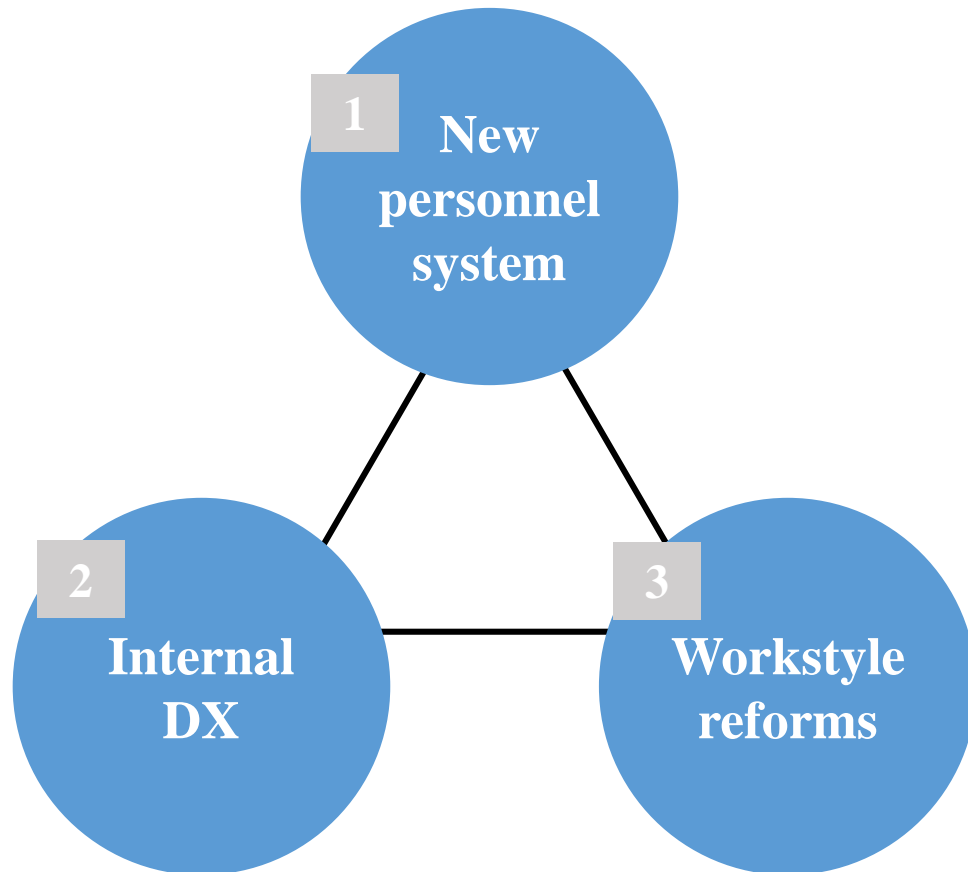
## Strengthening the Management Base

**Unified  
three-part reform**

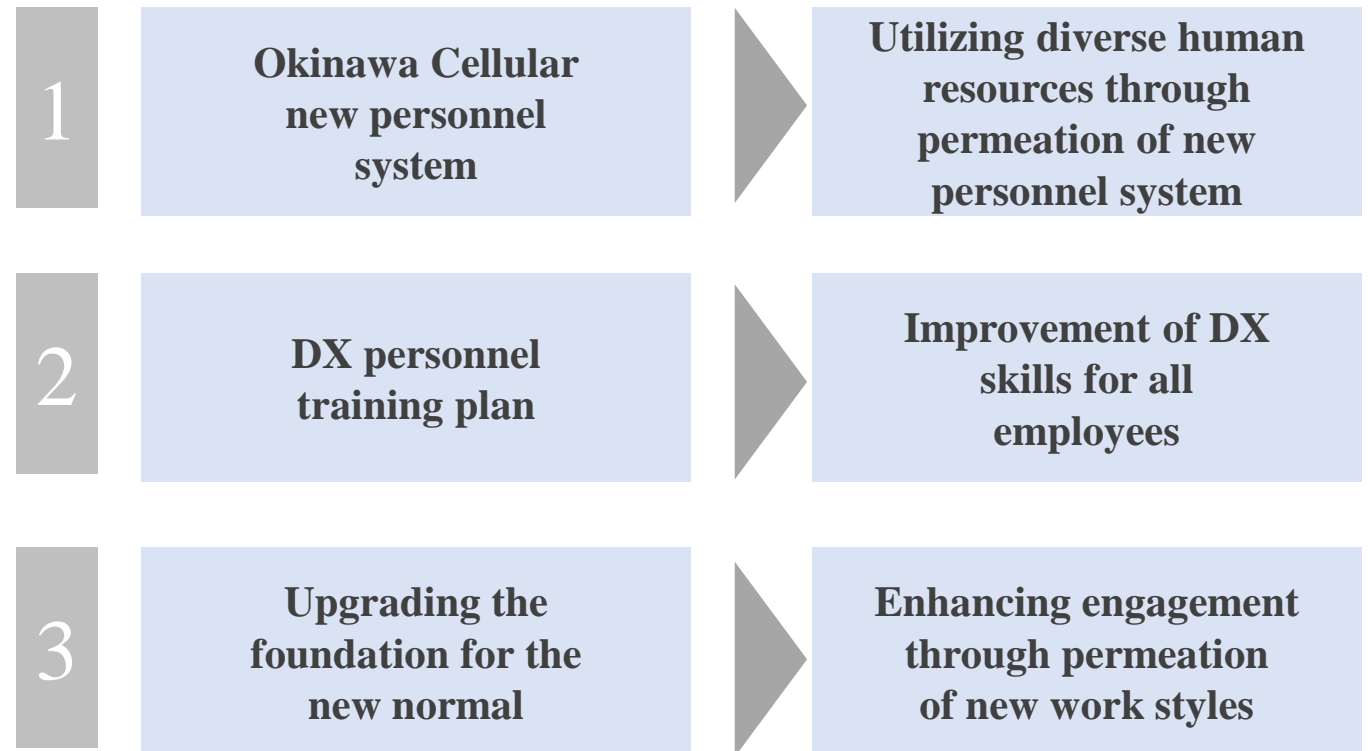
**DX personnel  
training**

**Carbon neutrality**

Promoting three-part reforms – New Personnel System, Internal DX, and Workstyle Reforms – focusing on human capital management that maximizes personnel value



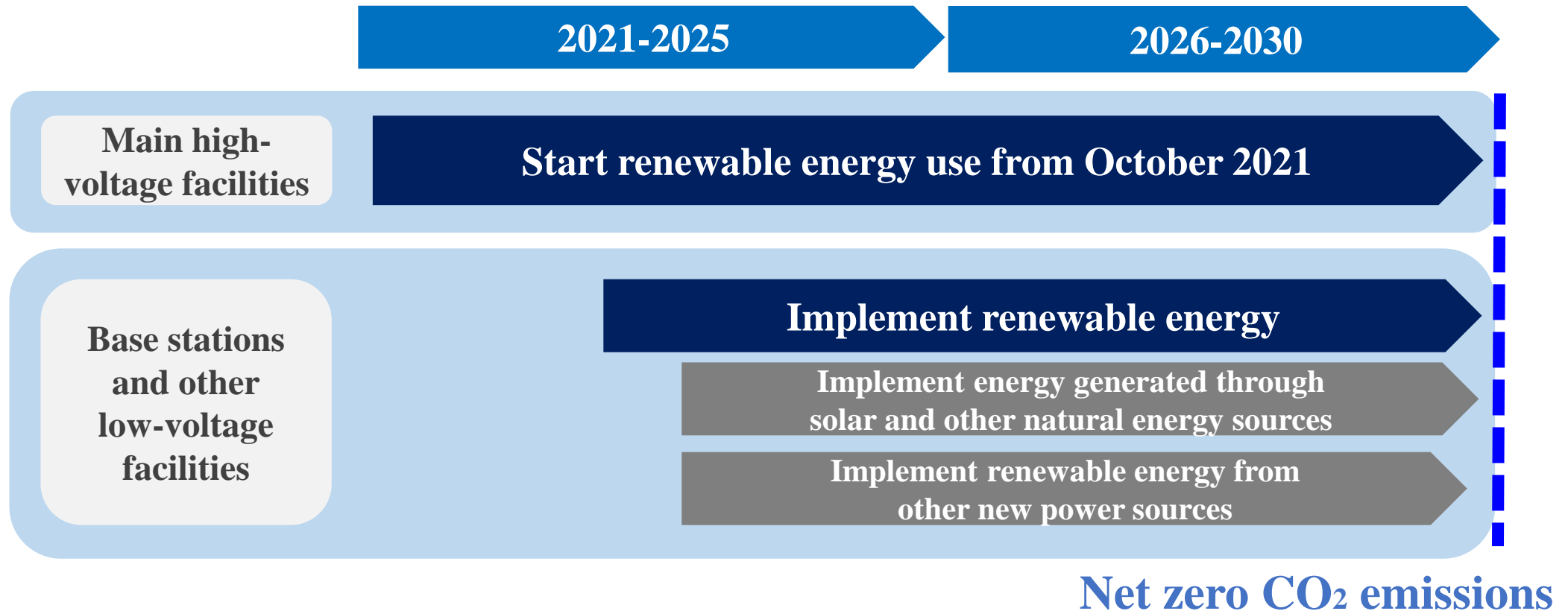
## Mid-Term Plan (FY Mar.23-FY Mar.25)



## Training professional personnel in specialized fields with a basis of DX skills

Skill	Personnel	Mid-Term Plan (FY Mar.23-FY Mar.25)
<b>DX core specialized skills</b>	<b>Training highly specialized personnel in various fields of specialty</b>	<b>Selected within company for intensive training</b>
<b>DX basic skills</b>	<b>Spreading basic DX knowledge and mindset as a basis for business transformation</b>	<b>All employees</b>

## Implementing Okinawa Cellular Clean Energy Roadmap 2030 to lead clean energy in Okinawa

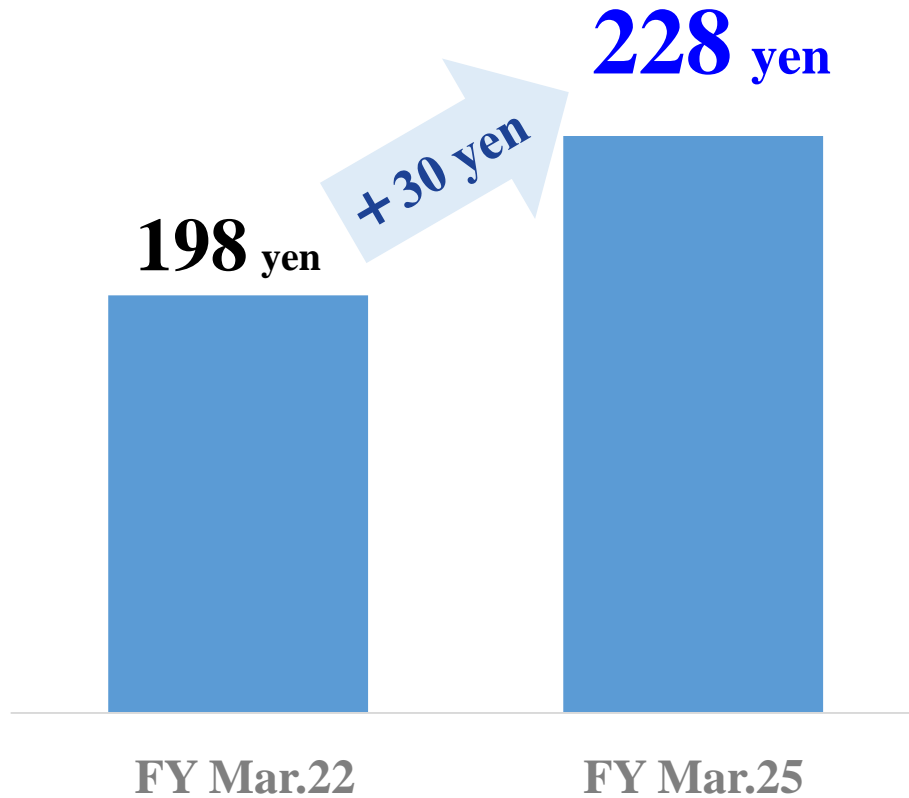




**I****Overview of Mid-Term Management Plan****II****Business Strategy****III****Strengthening the Management Base****IV****Financial Targets**

Aiming for FY Mar.25 EPS of 228 yen (15% increase from FY Mar.22)

EPS



**15% increase**

**Steady implementation of 5G and other capital investments  
along with growth-oriented strategic investments**

**Operating cash flow (FY Mar.23-FY Mar.25 total about ¥50 billion)**

CF  
generation

**Capital investment in 5G, etc.**

FY Mar.23-FY Mar.25 total  
about **¥20 billion**

CF  
generation

**Growth-oriented  
strategic investment**

**Shareholder returns through dividend increases  
and flexible share buybacks**

<b>Sustainability</b>	<b>Aiming for sustainable value creation, sustainable growth of society, and enhancement of corporate value by promoting an ambidextrous organization centered on telecommunications and strengthening the management base</b>
<b>Business Growth</b>	<b>• Rebounding from bottom in communications ARPU revenues through 5G promotion (FY Mar.24)</b>
	<b>• Expansion of growth areas – around ¥15 billion in sales (FY Mar.25)</b>
<b>Financial Policy</b>	<b>• Steady implementation of capital investment in 5G and growth areas</b>
	<b>• Three increases (revenues, income, consecutive dividends) + dividend payout ratio over 40%</b>
	<b>• Flexible share buybacks</b>
<b>EPS Growth</b>	<b>Aim for 15% growth over FY Mar.22</b>



Kita-Daito Island Base Station

*Our Mind, Timeless*  
**Our Challenge, Timeless**  
**沖縄セルラー**

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