

Refinement of Medium-Term Management Strategy

NTT Group works together with its partners as "Your Value Partner" to resolve social issues through its business operations and thereby respond to future changes in the operating environment, such as the advancement of digitization and DX. To guide us in this pursuit, we refined the NTT Group Medium-Term Management Strategy announced in November 2018 in order to accelerate our transformation into an open, global, and innovative new NTT.

Based on social and economic trends, the refined plan describes three strategic frameworks: transformation to a new management style, enhance domestic and global business, and enhancement of corporate value. We have also put forth nine initiatives in accordance with these frameworks.

At the same time, the Company has revised its medium-term financial targets for EPS and cost reductions. The target for EPS for the fiscal year ending March 31, 2024 has been raised by ¥50 from the prior target of ¥320, to ¥370. We will work to accomplish this target via earnings growth to be pursued by generating synergies at the new DOCOMO Group, which is expected to boost earnings by approximately ¥100.0 billion in the fiscal year ending March 31, 2024, and by reducing costs through the promotion of DX, which is projected to contribute to an increase of more than ¥200.0 billion in earnings in the same fiscal year.

Medium-Term Financial Targets

	Current Targets	New Targets	(Reference) FY2021 Plan
EPS	Approx. ¥320 (FY2023)	¥370 (FY2023)	¥302
Overseas Sales*1 *2	\$25B (FY2023)	— (FY2023)	\$19B
Overseas Operating Profit Margin*1	7% (FY2023)	7% (FY2023)	6%
Cost Reductions (In Fixed-Line / Mobile Access Networks)*3	At least ¥(800.0) billion (FY2023)	At least ¥(1,000.0) billion (FY2023)	¥(840.0) billion
ROIC	8% (FY2023)	8% (FY2023)	7.4%
Capex to Sales (Domestic Network Business)*4	13.5% or less (FY2021)	13.5% or less (FY2021)	13.5%

*1 Includes results from the global holding company, its subsidiaries and its affiliates.

Overseas Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

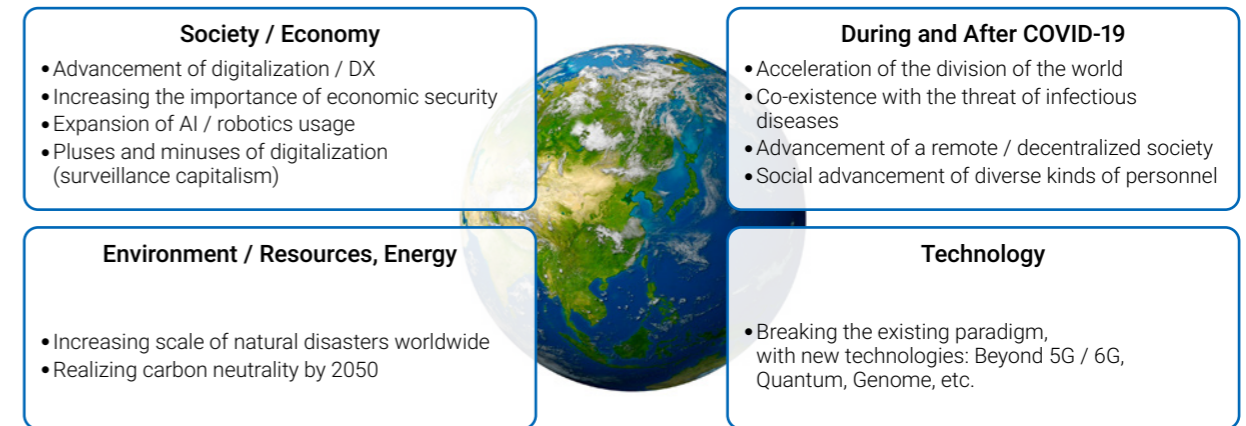
*2 In addition to the change in accounting for some of the income, the impact of COVID-19 is also significant, so no target is set.

*3 Figures above show cumulative reductions since FY2017.

*4 Excludes NTT Communications' data centers and certain other items.

Background for Medium-Term Management Strategy Refinement and New Strategic Frameworks

Future Changes in the Environment



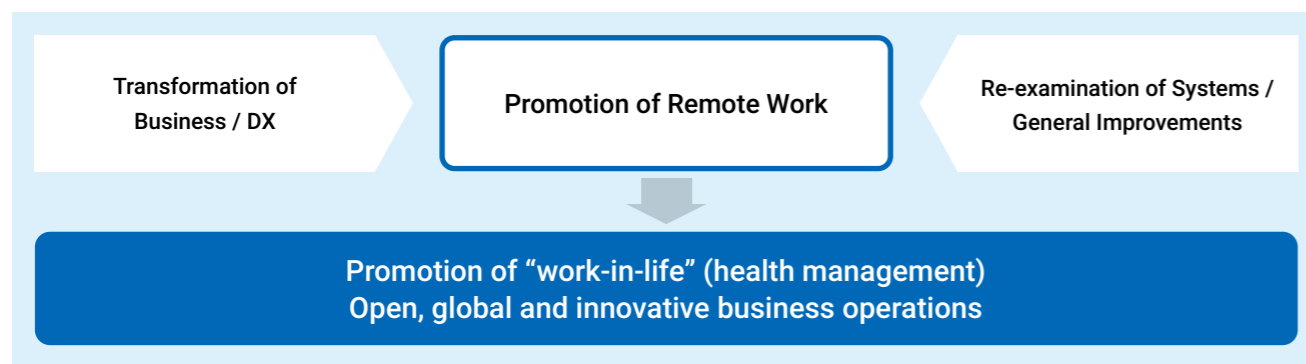
Directionality of NTT Group's Transformation and New Strategic Frameworks

Social / Economic Directionality	NTT Group's Directionality	New Strategic Frameworks	Initiatives to Achieve the Strategy
Society During COVID-19 and Post-COVID-19	A New Management Style Suitable for a Decentralized Network Society	Transformation to a New Management Style	<ul style="list-style-type: none"> • New style premised on remote work P.20-21, 46-47
Advancement of digitalization / DX	Enhance Domestic and Global Business	Enhance Domestic and Global Business	<ul style="list-style-type: none"> • Growth and strengthening of the newly formed DOCOMO Group P.22-23 • Promotion of the IOWN development / rollout plan P.26-31 • Enhance competitiveness in global business • Promote B2B2X model • Strengthening of new businesses
Realization of a Well-Being Society	Enhancement of Corporate Value through ESG Initiatives	Enhancement of Corporate Value	<ul style="list-style-type: none"> • New Environmental and Energy Vision P.36-39 • Disaster countermeasures initiatives P.42-43 • Enhancement of returns to shareholders P.13

Contribution to the Achievement of a Sustainable Society

Transformation to a New Management Style

Transformation to a New Style Premised on Remote Work



Initiatives to Achieve of a Management Style Transformation

Transformation of Business / DX

Introduction of Cloud-Based Systems / Zero-Trust Systems	
Development of an IT environment that enables employees to work from anywhere	Completion in FY2022 (Staff and sales teams) Completion in FY2023 (All)
Automation / Standardization of Business Processes (Sales, Maintenance, Development, etc.)	
Promote the conversion into a Connected Value Chain that includes partner companies	Automated Processes: 20 in FY2021 → Over 100 in FY2025
Expand customer reach through digital marketing (SMEs)	FY2025 Revenues: ¥140 billion
Contribute to the DX of society as a whole by offering the PF leveraged in our own DX to customers as well (Smart Infra Platform, etc.)	Completion in All Ordinance-Designated Cities in January 2023
Enhancement of Governance in Consideration of Conduct Risks	
Identifying more than 170 risks and implementing measures such as building appropriate relationships with stakeholders, accurately managing the life cycle of services and other items, and improving crisis management capabilities	From FY2021
Promotion of Paperless Operations (Including Invoices / Purchase Orders)	
Paper usage of NTT Group to be reduced to zero in principle* (FY2020: 6,000t) * Excluding paper usage based on customer requests, documents submitted to government offices, telegrams and telephone directories	By 2025

Re-Examination of Systems / General Improvements

Re-Examination of Systems to Promote Business Transformation / DX	
Systematizing information security that is appropriate for remote work	From FY2022
Re-examination of the office environment (increase the amount of space per person in the office by 1.5x, and enhance the space for idea creation and co-creation)	
Development of core personnel for promoting DX (advanced personnel for data utilization, etc.)	
Active Promotion of Women, External Personnel and Foreigners	
Advancement of the promotion of female managers and directors Expansion of various kinds of support and training programs	New Manager Appointments: 30% in FY2021 Managers: 15% in FY2025 Directors: 25-30% in FY2025
Active recruitment of foreigners and external personnel, and development of global management personnel (expansion of overseas personnel development program)	Mid-Career Hire Ratio: 30% in FY2023 FY2025 Total Number: 200 persons
Introduction of Job-Based Personnel System (Released from Job Year-Based Placement)	
Expansion of job-based personnel system for all managers	October 2021
Promotion of autonomous career development (personnel self-selection)	FY2022

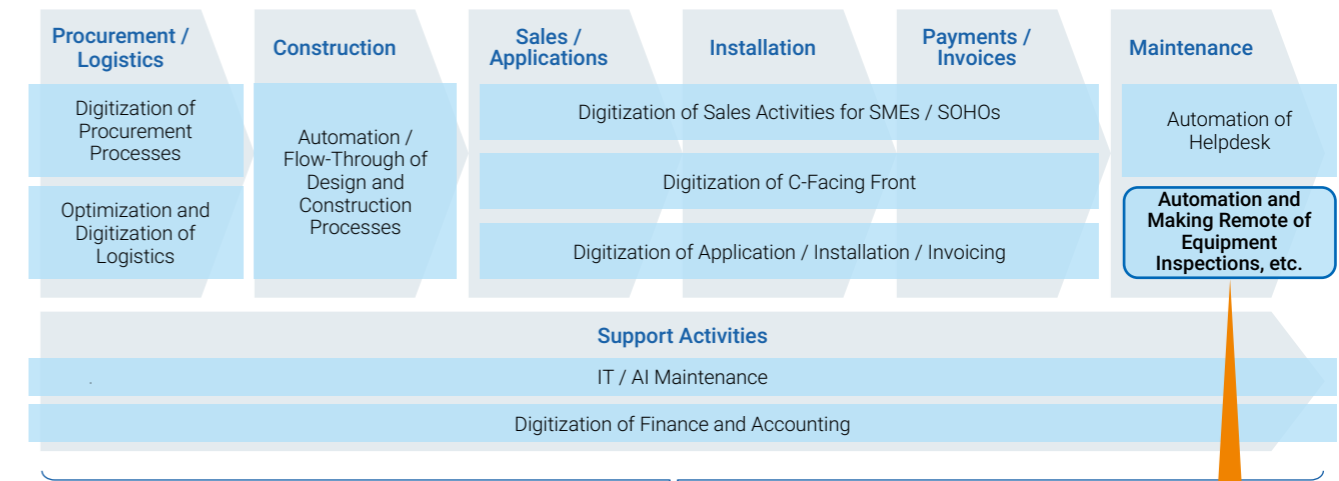
Promotion of Work-in-Life, and Open, Global and Innovative Business Operations

Promotion of Work-in-Life (Health Management) through the Workplace-Residence Proximity	
Employees' work will be premised on remote work, and they can choose their own workplace (no need for relocations and unaccompanied assignments, recruitment of remote-based employees, expansion of satellite offices, etc.)	FY2022 260 or more locations (Satellite offices)
Transformation from a "highly centralized organization" into an autonomous, decentralized "network-like organization"	From FY2022
Decentralization of the Organization (Including Head Officers and Back-Offices)	
Decentralization of the organization from major metropolitan areas to regional areas (major urban areas)	From FY2022
Further acceleration of community-based regional revitalization businesses towards local primary industries	From FY2021
Promotion of the Development of Information Infrastructure	
Promote regional urban development and the introduction of new social infrastructure development (IOWN introduction plan, etc.)	
Contributing to the development of resilient infrastructure and disaster mitigation against increasingly large natural disasters	

To transform to a new management style, NTT will advance process reform, DX, system revision, and workplace environment cultivation initiatives in order to promote remote work and facilitate work-in-life (health management), and thereby realize work processes that are more open, global, and innovative. In terms of process reform and DX initiatives, we will introduce a cloud-based system to install IT infrastructure that will enable any employee to work in any location at any time. At the same time, we will digitize processes to facilitate automation and standardization while expanding the application of digital marketing sales approaches. Through the promotion of such DX, we will look to achieve cost reductions of more than ¥200.0 billion in the fiscal year ending March 31, 2024, which will make for an aggregate total of more than ¥1.0 trillion in cost reductions from the fiscal year ended March 31, 2018.

Process Automation and Standardization (Sales, Maintenance, Development, etc.)

We will digitize Group processes (sales, maintenance, development, etc.) in order to facilitate standardization and automation and thereby promote efficiency across the value chain, create new value through the use of data, and foster a workplace environment that is conducive to remote work.

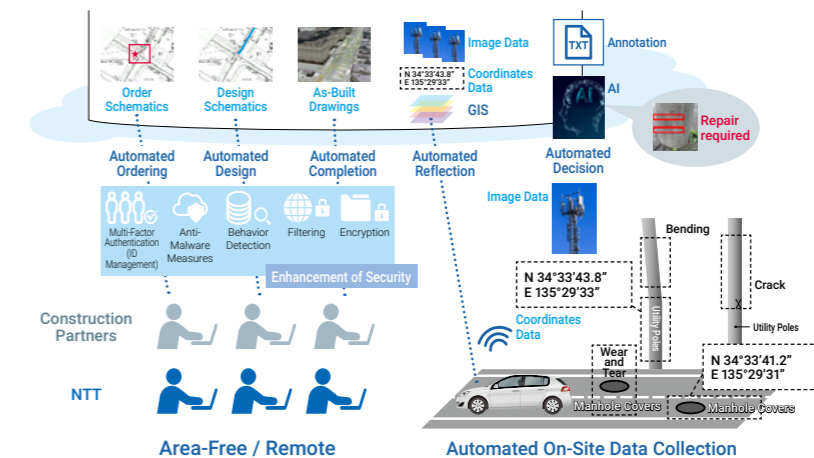


Approximately 100 automated processes for 10 DX initiatives

Example

Automated / Remote Equipment Inspections, etc.

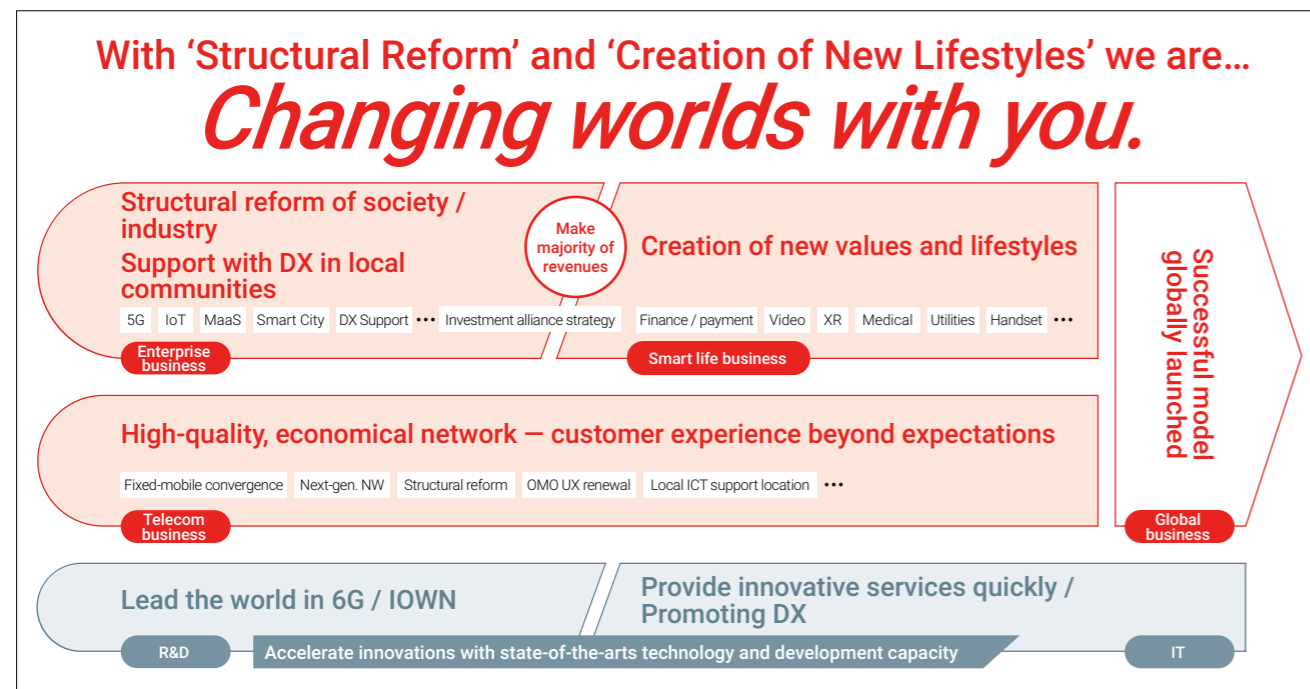
Previously, inspections and diagnoses of telephone poles needed to be conducted on-site. However, the introduction of a mobile mapping system that employs vehicle-mounted cameras has made it possible to use images from this system to conduct remote, AI-powered automatic detection of deterioration in poles. This approach has reduced labor requirements.



Automating Inspection Work: On-site operations to be reduced by 50% (FY2023)
Automating Equipment Diagnostics Work (AI): Intensive operations to be reduced by 50% (FY2025)

Growth and Reinforcement of New DOCOMO Group

Overview of Medium-Term Strategy for New DOCOMO Group

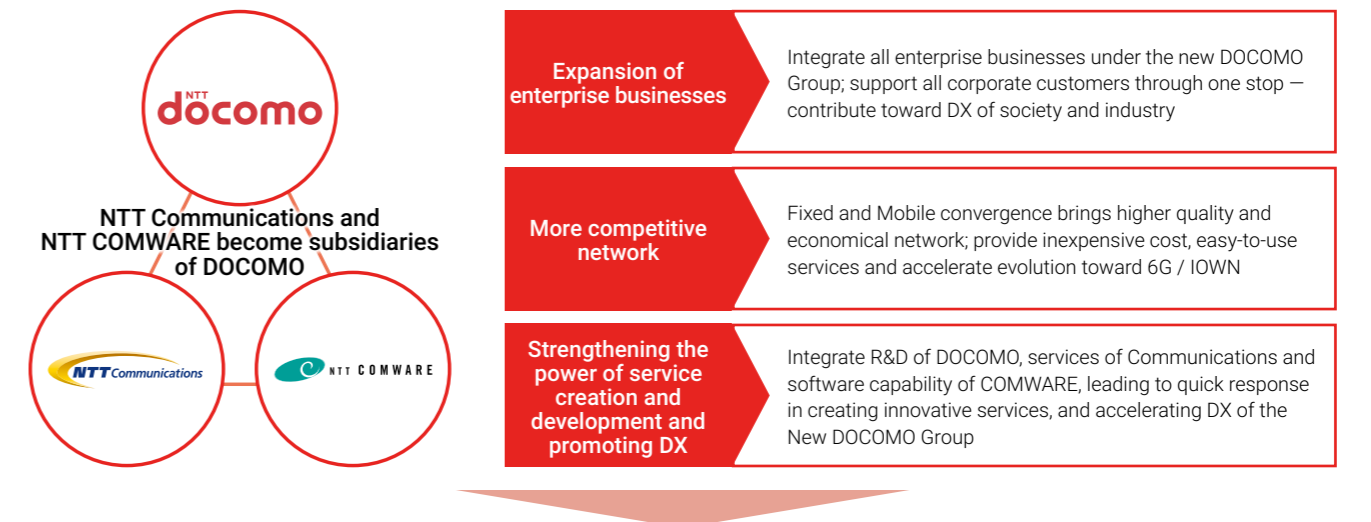


Initiatives by Business Segments

Enterprise Business	<ul style="list-style-type: none"> Integrate enterprise business as the new DOCOMO Group Support all corporate customers with one stop through building up sales organization and enhancing FMC services / solutions Expand enterprise revenue to over ¥2 trillion in FY2025 	
Smart Life Business	<ul style="list-style-type: none"> Through seamlessly linking membership base, data usage and services with a variety of handsets, co-create new values and lifestyles with partners Boosting existing businesses like finance / payment and video / entertainment, plus expansion into new domain will lead the growth of the new DOCOMO Group Make the majority of revenues of the new DOCOMO Group in FY2025 with smart life business and enterprise business 	
Telecommunications Business	<ul style="list-style-type: none"> Quick expansion of 5G, and integration of network of DOCOMO and Communications realizes a higher-quality, economical network, enabling inexpensive, easy-to-use fixed / mobile services We realize with partners rates / services that meet diverse needs as well as reform of sales channels, and create customer experience beyond their expectations Maintain mid-term profit in telecommunications business / Realize a shift to the growth trajectory 	
Global Business	<ul style="list-style-type: none"> Develop global businesses through converging capabilities of DOCOMO and NTT Communications and linkage with NTT Data, and NTT Ltd. 	
IT	<ul style="list-style-type: none"> Strengthen the software development capability to quickly provide new services to customers, and to accelerate DX of the whole group 	
R&D	<ul style="list-style-type: none"> Lead the open innovation, and change the world with partners 	
ESG	<ul style="list-style-type: none"> Pursue business and ESG comprehensively, and contribute toward creation of sustainable society 	

NTT DOCOMO is slated to convert NTT Communications and NTT COMWARE into subsidiaries. This reorganization will entail integrating the management policies of these three companies, merging their functions, and clarifying their divisions of responsibility. The new DOCOMO Group will thereby seek to expedite decision-making and facilitate flexible business operation while accelerating the reformation of telecommunications businesses and the expansion of corporate client and smart life businesses. In addition, the new DOCOMO Group will endeavor to generate massive synergies through the expansion of enterprise businesses, the development of a more competitive network, and strengthening the power of service creation and development and promoting DX. Through these synergies, this Group will target earnings of ¥100.0 billion in the fiscal year ending March 31, 2024, and more than ¥200.0 billion in the fiscal year ending March 31, 2026. Such ongoing increases in earnings are anticipated to drive the rapid growth of the new DOCOMO Group.

Synergies through Integration



As the synergistic effect of integrating NTT DOCOMO, NTT Communications and NTT Comware, Create profits of ¥100.0 billion in FY2023, and over ¥200.0 billion in FY2025

(Reference) Execution Flow to Move to the New Formation

