

## Medium-term Management Strategy

# About Medium-Term Management Strategy

In November 2018, we announced NTT Group's medium-term management strategy, "Your Value Partner 2025." Based on the vision of working together with our partners to solve social issues through our business activities as "Your Value Partner," we have been making progress with our digital transformation as an enterprise with both public and corporate elements.

To respond to future changes in the operating environment, such as the advancement of digitization and DX, in October 2021, 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, we have been advancing nine initiatives in accordance with the three frameworks of: transformation to a new management style, enhancement of domestic and global business, and enhancement of corporate value.

### Directionality of NTT Group's Transformation and New Strategic Frameworks

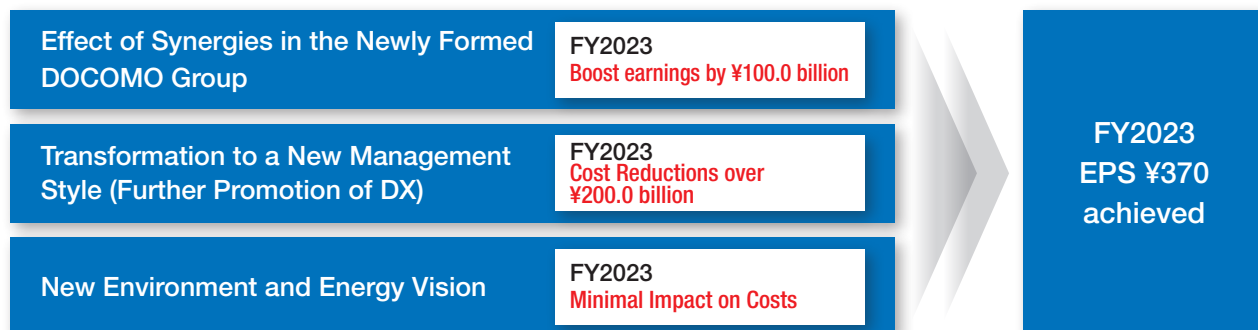
Social/Economic Directionality	NTT Group's Directionality	New Strategic Framework	Initiatives to Achieve the Strategy
Society During COVID-19 and Post-COVID-19	A New Management Style Suitable for a Decentralized Network Society	Transformation to a New Management Style	•New style premised on remote work
Advancement of Digitalization/DX	Enhance Domestic/Global Business	Enhance Domestic/Global Business	•Growth and strengthening of the newly formed DOCOMO Group •Promotion of the IOWN development/rollout plan •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	•New Environmental and Energy Vision •Disaster countermeasure initiatives •Enhancement of returns to shareholders

### Contribution to the Achievement of a Sustainable Society

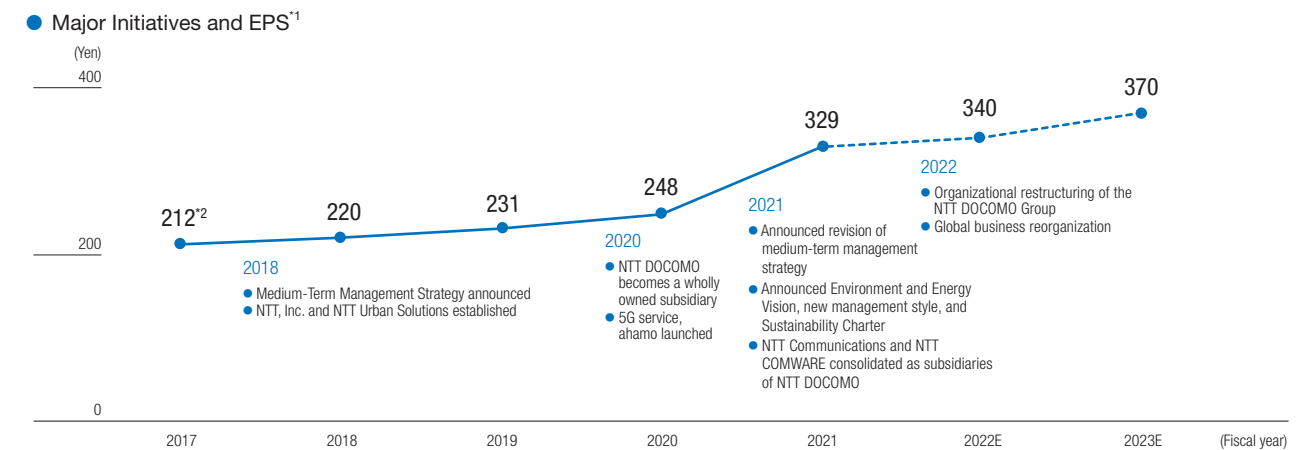
With regard to our medium-term management strategy, NTT has consistently positioned EPS as one of its main financial indicators to achieve steady profit growth and enhance shareholder returns, and it has set a target of 370 yen for the fiscal year ending March 31, 2024. To achieve this target, we will:

- Strengthen domestic and global operations and generating synergies (boost earnings by approximately ¥100.0 billion in the fiscal year ending March 31, 2024)
- Further promote DX and other initiatives as part of our transformation to a new management style to achieve ongoing cost reductions (over ¥200.0 billion in the fiscal year ending March 31, 2024), thus achieving the target primarily through profit growth.

### Initiatives for Accomplishing the ¥370 EPS Target

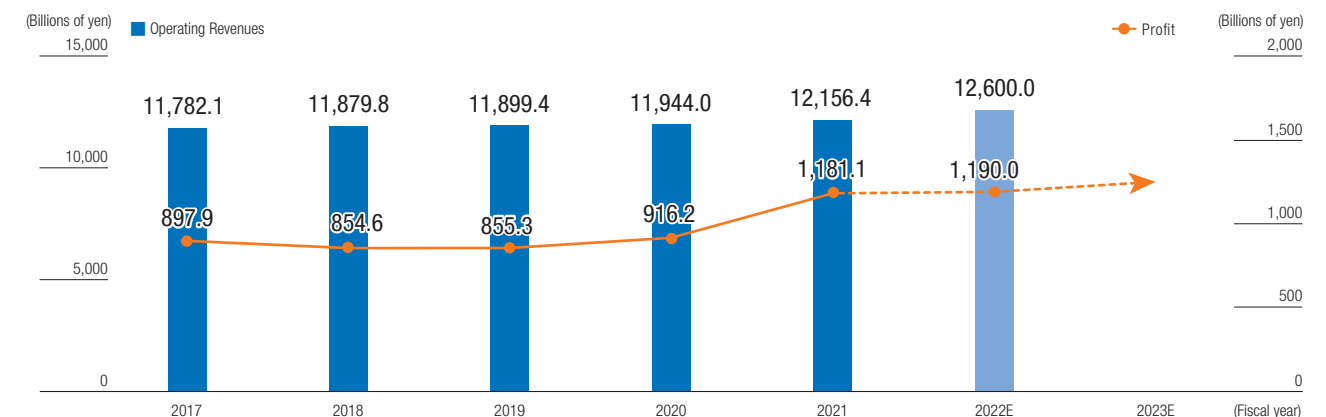


## Changes in EPS, Consolidated Operating Revenues, Profit



\*1 A 2-for-1 stock split of common stock, effective January 1, 2020, is taken into account for EPS.  
 \*2 Excluding the impact of the arbitration award received from Tata Sons Limited.

### Operating Revenues/Profit



\*The profit displayed is profit attributable to NTT less profit attributable to non-controlling interests.

## Medium-term Financial Targets/Progress

	Initial Target <Announced November 8, 2018>	Current Target <Announced October 25, 2021>	FY2021 Results	Earnings Forecast for FY2022	Attainment Levels
EPS	Approximately ¥320 (FY2023)	¥370 (FY2023)	¥329	¥340	Initial target scheduled to be achieved two years ahead of schedule
Overseas operating profit margin <sup>1</sup>	7% (FY2023)	7% (FY2023)	6.3%	7.0%	Targets expected to be achieved a year ahead of schedule
Cost reductions <sup>2</sup>	At least ¥(800.0) billion (FY2023)	At least ¥(1,000.0) billion (FY2023)	¥(840.0) billion	¥(930.0) billion	Initial target scheduled to be achieved two years ahead of schedule
ROIC	8% (FY2023)	8% (FY2023)	7.5%	7.6%	Making steady progress
Capex to sales <sup>3</sup>	13.5% or less (FY2021)	13.5% or less (FY2021)	13.1%	—	FY2021 Target achieved

<sup>1</sup> The scope of aggregation is subsidiaries of NTT, Inc. at the time the medium-term plan was established (NTT Data's overseas operations, NTT Ltd., NTT Communications' overseas operations, etc.). Overseas Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

<sup>2</sup> Fixed-line/mobile access networks. Figures show cumulative reductions since FY2017.

<sup>3</sup> Domestic network business (excluding NTT Communications data centers, etc.)

## Medium-term Management Strategy

### Growth and Strengthening of the Newly Formed DOCOMO Group

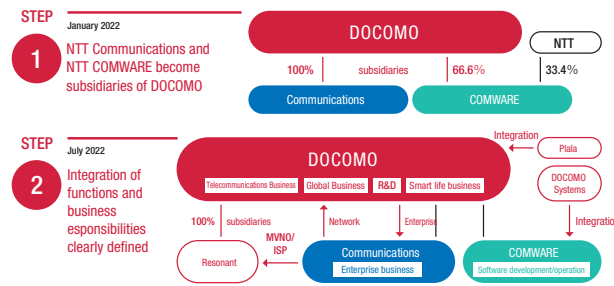
#### A New DOCOMO Group Structure for Becoming an Integrated ICT Company

The new DOCOMO Group, formed when NTT Communications and NTT Comware were made into subsidiaries in January 2022, launched a new structure in July 2022 to integrate functions and clarify business responsibilities.

In terms of our enterprise business, we will integrate it into NTT Communications to strengthen our sales structure across both large corporations and regional and small-to-medium-sized corporations, as well as expand our wired-and-wireless convergence services and solutions. In our Smart Life Business, NTT DOCOMO and NTT Plala's video businesses will be integrated to enhance content and strengthen cost competitiveness.

Through the three major synergies of the expansion of enterprise businesses, the development of a more competitive network, and strengthening the power of service creation and development and promoting DX, 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.



#### FY2022 Initiatives for Achieving the Medium-term Management Strategy

Enterprise Business	<ul style="list-style-type: none"> <li>Expand growth areas such as mobile and cloud solutions</li> <li>Leverage DOCOMO Communications' strengths to provide value to customers as a one-stop service, from large corporations to small- and medium-sized enterprises</li> </ul>	<h4>Implement a combined mobile-fixed line-cloud service</h4> <p>Provide a one-stop service that allows all customers to combine mobile, fixed-line, and cloud services as they please</p> <p><b>Mobile-Fixed Line Voice Call Service Packages</b> (Provided late October 2021) Cloud PBX, Fixed-line network (IP voice), Fixed call fee, Mobile network (DOCOMO phones), Corporate internal network, Operations, Branches, Remote work</p> <p><b>Speeding up and centralizing mobile access and cloud connectivity</b> (Provided late March 2022) Data centers, AWS, Azure, Cloud connection (FIC), Controllers, Mobile closed network (access premium), Centralized management via portal, 5G, Secure access, IoT</p>
Smart Life Business	<ul style="list-style-type: none"> <li>Additional expansion of financial, billing, and marketing solutions</li> <li>Expand new domains such as Denki, medical, and XR</li> </ul>	<h4>Business expansion initiatives</h4> <p>Obtain additional growth through utilization of membership base and data</p> <p><b>Expansion of Marketing Solutions</b> Franchise stores (d Points/d Pay), Manufacturers, Promotion/CRM support, Promotion optimization via on/off cross-section data, Repeat/cross-selling, DOCOMO customer base (89 million people)</p> <p><b>Increased growth of financial business</b> d CARD, d払い, New Membership Program, ドコモでんき Green, ドコモでんき Basic, Accelerated provision of bank accounts, insurance, loans, and other financial services, and strengthened monetization</p> <p><b>Provision of DOCOMO Denki</b> 200,000 applications (as of April 24, 2022), Home5G, Home5G+, ドコモでんき Green</p>
Consumer Communications Business	<ul style="list-style-type: none"> <li>New 5G services and expansion of customer base will place the company on a growth trajectory</li> <li>Maintain and increase profits through structural reform of sales channels and network</li> </ul>	<h4>Customer base expansion</h4> <p>Expand customer base by promoting billing plans that satisfy a diverse array of customer needs and cross-selling lifestyle-related services</p> <p><b>Enhancement of paid plans</b> ahamo Omori, ドコモの エコノミ-MVNO</p> <p><b>Cross-sales with life-style related services</b> home5G, home5G+, ドコモでんき</p> <p><b>Number of 5G contracts</b> (Unit: 10,000) FY2020: 309, FY2021: 1,153, FY2022E: 2,250</p>

## Enhance Competitiveness in Global Business

#### Integration of NTT DATA and NTT Ltd.

In May 2022, it was announced that global business for business users conducted by NTT DATA and NTT Ltd. will be consolidated under the NTT DATA umbrella, and that both companies will operate their businesses in a more integrated

manner.

An overseas operating company will be jointly established in October 2022, with NTT owning 45% and NTT DATA owning 55%.

#### The goals of global business integration

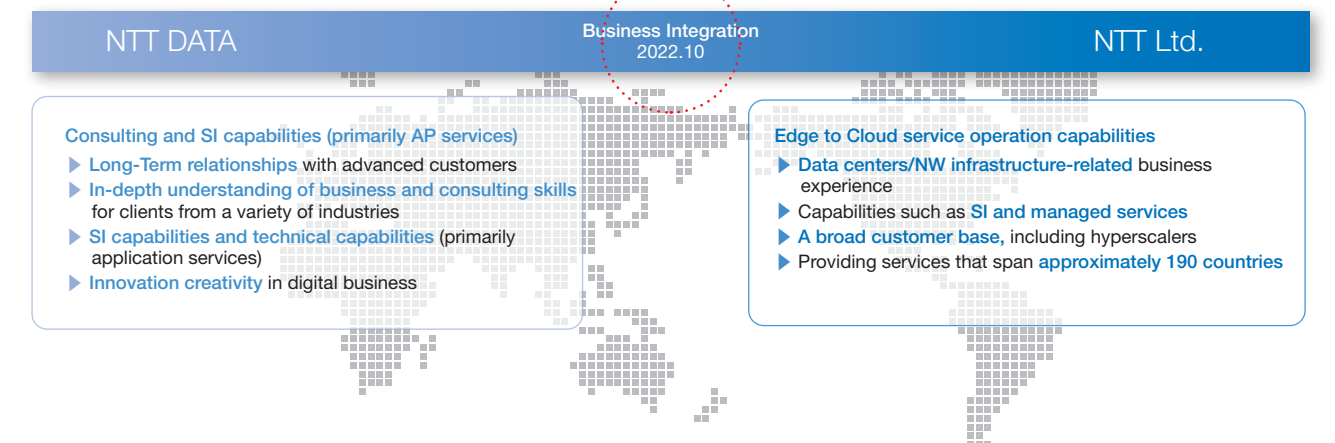
(1) Enhancing global governance	<ul style="list-style-type: none"> <li>Integrate NTT Group's global human resources, providing autonomous management under leadership with expertise in global governance</li> <li>Achieve a stable profit structure by expanding business portfolio</li> </ul>
(2) Strengthening global business capabilities for business users	<ul style="list-style-type: none"> <li>Business consulting and a full stack of service operations, from IoT devices to cloud computing</li> <li>Aim to be a valued partner that can implement a digital platform capable of being leveraged by multiple customers and industries</li> </ul>

We will combine NTT DATA's system integration capabilities (the power to create), primarily in consulting and application development, with NTT Ltd.'s Edge to Cloud service operation capabilities (the power to connect), primarily in data centers, networks, and managed services, to provide Edge to Cloud services that leverage data and a number of points of contact with customers to create a new social platform that transcends corporate and industry boundaries.

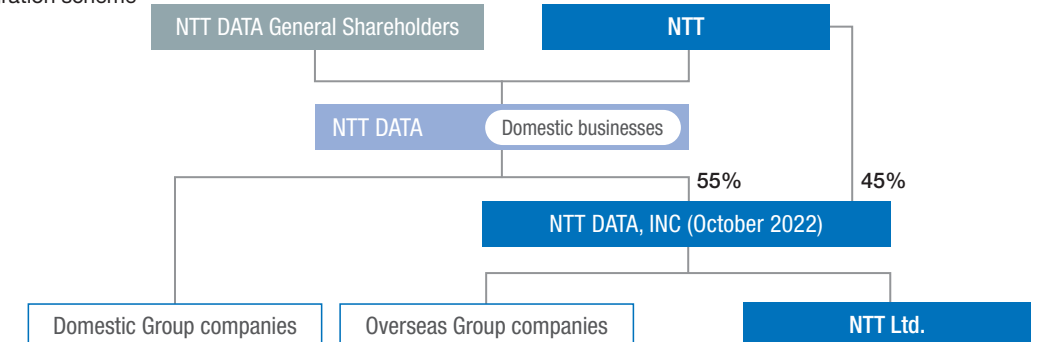
We will not limit ourselves to consulting and application development, but also develop the integrated service lineup

necessary for DX that encompasses the domain of connectivity so that we can meet the increasingly diverse and sophisticated needs of our customers on a global level. Over the long term, we will also develop innovative services that utilize IOWN technology at a global scale.

Furthermore, integrating NTT Group's global human resources will allow for prompt decision-making tailored to business and customer characteristics in overseas regions, as well as strengthen global governance.



#### Business integration scheme



## Medium-term Management Strategy

# Transformation to a New Management Style

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.

### Transformation to a New Style Premised on Remote Work



## Key Initiatives and Results

Implementing zero-trust system	<ul style="list-style-type: none"> <li>Development of an IT Environment that Enables Employees to Work From Anywhere(Staff/Sales): Scheduled to complete introduction in FY2022 (NTT Communications, NTT DATA, NTT: complete; NTT East/West, NTT DOCOMO: scheduled to be completed in FY2022)</li> </ul>
Promotion of female managers	<ul style="list-style-type: none"> <li>% of new manager appointments: 29.1% (FY2021 target: 30%) (Six companies: NTT Docomo, NTT Communications, NTT East, NTT West, NTT Data, NTT Holdings)</li> <li>Increase the ratio of female directors, Audit &amp; Supervisory Board Members, and executive officers to more than 30%</li> </ul>
Promotion of work-in-life (health management) through the workplace-residence proximity	<ul style="list-style-type: none"> <li>Remote work ratio: 74% (FY2021 average)</li> <li>Creating an environment that offers greater choice of work location                             <ul style="list-style-type: none"> <li>Remote work that does not require approval on a case-by-case basis, elimination of restrictions on residential areas for employees who can work remotely, and sharing costs and other expenses associated with commuting to work from remote locations (FY2022 onward)</li> <li>Expand the number of organizations that support remote work through DX (establish security requirements at major contact centers, begin introducing tools to prevent peeping)</li> <li>Satellite offices: 496 sites (March 31, 2022)</li> </ul> </li> </ul>
Decentralization of the organization	<ul style="list-style-type: none"> <li>Decentralizing of organization from metropolitan areas to regional areas (core cities)                             <ul style="list-style-type: none"> <li>Trial run for dispersing the organization across regions is scheduled to begin at the holding company (starting in October 2022)</li> <li>From the standpoint of resilience, we will aim for sustainable business operations by opening offices in Takasaki City and Kyoto City and promoting staggered work hours</li> <li>Introduce a working style based on telework in which employees engage in head office operations while residing in a distant location</li> <li>Introduce a "hometown double work" program to contribute to the revitalization of local communities and areas associated with the Company while continuing current assignments</li> </ul> </li> </ul>

# Strengthening of New Businesses

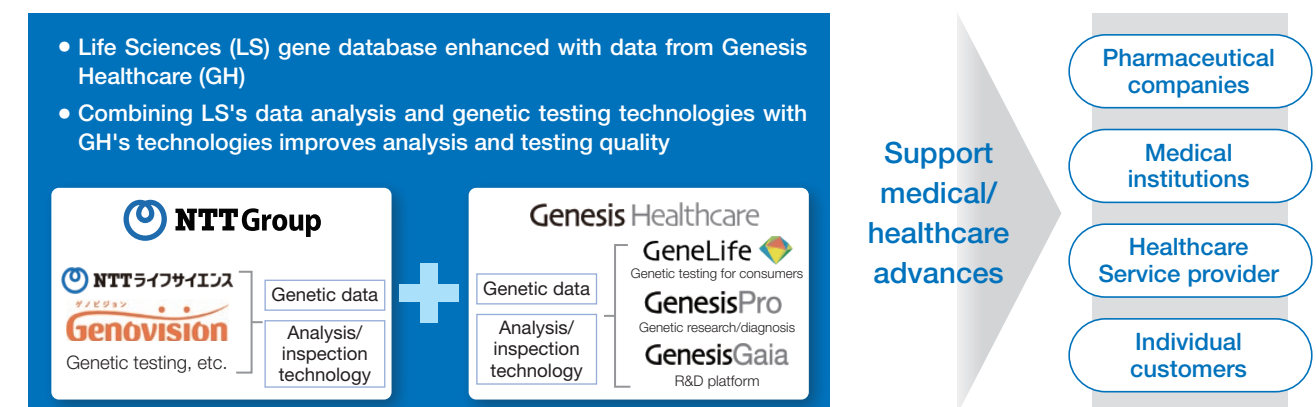
## Capital alliance formed with Genesis Healthcare Co.

In the healthcare and medical business domain, NTT Group is working to achieve Smart Healthcare that leads to a well-being society by promoting comprehensive DX, from healthcare to medical care, through the use of data for individual consumers, as well as by supporting the advancement of medical care in a data-driven manner.

Genesis Healthcare is a pioneer in genetic testing and research in Japan. In addition to "GeneLife," a genetic test for general consumers, the Company offers "GenesisPro," a genetic analysis service commissioned by medical institutions, and "GenesisGaia," a bioinformatics and data science (genome AI) service for pharmaceutical companies

and research institutions.

The two companies agreed to enter into a capital and business partnership with the aim of accelerating the acquisition, analysis, utilization, and distribution of medical and healthcare data, including genetic data, by leveraging and complementing each other's broad knowledge base and expertise. They also aim to contribute to the creation of a healthy society that respects humanity and recognizes diversity rooted in genetics, as well as one where each person can benefit from personalized, optimized precision services.



## NTT EDX, a company working to advance higher education, newly established

NTT West, Dai Nippon Printing, and NTT East have been working together to accumulate know-how in the digitization of education using ICT, with the aim of enhancing cooperation with publishers of textbooks and teaching materials and expanding the effectiveness of their collaborative efforts.

For previous efforts, we provided individual solutions to institutions of higher education, but we deemed it necessary to provide this service as a platform service so that we can provide more advanced functions at a reasonable price,

and to expand the service to institutions of higher education nationwide as soon as possible. In addition, a number of institutions of higher education, publishers of textbooks and teaching materials, and bookstores that have sold textbooks for many years have requested that we commercialize this service and make students' education more convenient and resolve issues related to textbooks and teaching materials. We established our joint venture to address these requests.

