New Medium-Term Management Strategy
New Value Creation & Sustainability 2027

Powered by IOWN

May 12, 2023
Innovating a Sustainable Future for People and Planet
For that Purpose, We Will Increase Our Investments in Growth Areas

Will invest ~¥8.0 trillion in growth areas over the next 5 years

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Areas</th>
<th>Existing Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>¥0.6tn/year</td>
<td>¥1.0tn/year</td>
</tr>
<tr>
<td>FY 2022</td>
<td>¥1.0tn/year</td>
<td>¥1.5tn/year</td>
</tr>
<tr>
<td>FY 2027</td>
<td>~¥8.0 trillion over the next 5 years</td>
<td>~¥12.0 trillion in total</td>
</tr>
</tbody>
</table>
We Will Also Further Increase Our Cash-Generation Ability for the Future

Looking ahead to FY2027, aiming to increase our cash-generation ability for growth and reach EBITDA of ~¥4.0 trillion.
## Pillars of Our Initiatives

### 1. NTT as a Creator of New Value and Accelerator of a Global Sustainable Society

#### ① IOWN-Driven Creation of New Value
(from concept to commercialization)

- i. Establishment of manufacturing company for photonic-electronic convergence devices
- ii. Acceleration of IOWN research and development/commercialization

#### ② Data-Driven Creation of New Value

- i. Strengthening the personal business
- ii. Strengthening the use of DX/data in society and industry
- iii. Expansion and upgrade of data center infrastructure

#### ③ Achievement of a Circular Economy Society

- i. Develop sustainability solutions for customers
- ii. Creating Circular Economy businesses
- iii. Progression towards Net-Zero

### 2. Upgrading the Customer Experience (CX)

#### ⑤ Fusion of Research and Development with a Market-Focused Strategy

#### ⑥ Strengthening of Services that Emphasize Customer Experience (CX)

### 3. Improving the Employee Experience (EX)

#### ⑦ Open and Innovative Corporate Culture

#### ⑧ Support Career Growth

#### ⑨ Global Benefits for Employees and their Families
1. NTT as a Creator of New Value and Accelerator of a Global Sustainable Society
Will establish “NTT Innovative Devices Corporation” in June 2023 to rapidly commercialize photonic-electronic convergence devices that achieve low power consumption, as a solution to the growing power consumption caused by the increased use of AI (starting with an initial investment of ¥30.0 billion, with subsequent increases to be considered).

ii. Acceleration of IOWN (including 6G) research and development/commercialization

Total research and development for IOWN (including 6G) will be ~¥100.0 billion for FY2023 with continued investments thereafter, and accelerated commercialization of servers (SWB\(^{(1)}\)) and DTC\(^{(2)}\).

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1. NTT as a Creator of New Value and Accelerator of a Global Sustainable Society

① IOWN-Driven Creation of New Value

(from Concept to Commercialization)

i. Establishment of manufacturing company for photonic-electronic convergence devices

ii. Acceleration of IOWN (including 6G) research and development/commercialization

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(1) Super White Box  (2) Digital Twin Computing

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1. NTT as a Creator of New Value and Accelerator of a Global Sustainable Society

Data-Driven Creation of New Value (Smart World)

1. Strengthening personal business (strengthening DOCOMO’s Smart Life businesses)
   - Will actively invest in personal business and other growth areas (at least ~¥1.0tn/5 years)

Customers

Various Service Offerings

Approach

Proposal and offering of optimal personalized services

Feedback

Financial Services

Variety of services offered through a shared one-stop app

Healthcare/Medical Services

Receiving advanced medical services that leverage data

Accumulating Customer Information of Company/Partners

Data Platform

DOCOMO Customer Base

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Partners’ Customer Bases

AI-Driven Analysis

Gathering/Analysis/ Application of Data

Bio-Digital Twin

Account

Settlement

Insurance

Investment

Lending
1. NTT as a Creator of New Value and Accelerator of a Global Sustainable Society

② Data-Driven Creation of New Value (Smart World)

ii. Strengthening the Use of DX/Data in Society and Industry (use of AI/Robots)

- Will jointly develop technology and solutions globally, transforming industries that support day-to-day life and society

  (will make investments of at least ~¥3.0tn/5 years in digital business)
**Data-Driven Creation of New Value (Smart World)**

### iii. Expansion and Upgrade of Data Centers

- Will further expand the world’s third-largest\(^{(1)}\) data center infrastructure, and implement upgrades through the introduction of IOWN technology
  - (will make investments of at least \(~¥1.5tn/5\) years\(^{(2)}\))
- Achievement of carbon neutrality by FY2030\(^{(3)}\)

**Americas**
- 300 MW\(^{(4)}\)

**EMEA**
- 400 MW\(^{(4)}\)
  - Germany, England, the Netherlands, Switzerland, etc.

**India**
- 150 MW\(^{(4)}\)

**APAC**
- 250 MW\(^{(4)}\)
  - Japan, Indonesia, Malaysia, Singapore, etc.

**Nearly Doubling the Current Total of 1,100MW**

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\(^{(1)}\) Recalculated from Structure Research 2022 Report, excluding Chinese operators.
\(^{(2)}\) Does not include capital investments made using third-party capital.
\(^{(3)}\) The targets for reduction are Scope 1 (our own direct greenhouse gas emissions) and Scope 2 (indirect emissions associated with the purchase of electricity, heat and steam that are provided by other companies) under the GHG protocol for data centers.
\(^{(4)}\) IT power capacity of purpose-built datacenters owned by NTT Communications Group and NTT Ltd. Group (including JVs with third parties) as of March 2023.
Achievement of a Circular Economy Society

i. Develop sustainability solutions for customers

- Will promote green solutions that can be achieved by “Green Energy x ICT” (will make investments of ~¥1.0tn/5 years)
- Will expand our renewable energy generation business and achieve a stable supply of optimized and efficient energy directed towards local production for local consumption
Achievement of a Circular Economy Society

ii. Creating Circular Economy-Oriented Businesses

Will achieve a sustainable society by recycling resources across various industries and further accelerating regional revitalization.

- **Achievement of a circular economy society across various industries, with energy as the starting point**
- **Improved efficiency, value-addition and industrial development in primary industries**
- **IOWN, 5G/IoT, AI/Robots**

- **Smart Forestry**
  - IoT and digitalization of forestry, etc.

- **Smart Livestock Farming**
  - Operation that combines the livestock farming industry and ICT, etc.

- **Smart Aquaculture**
  - Aquaculture utilizing ICT
  - Utilization of genome-editing technologies, etc.

- **Garbage Recycling/Biomass Plants**
- **Leftover Food (Food Loss)**
- **Renewable Energy**
  - Water/wind/solar power, etc.

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1. NTT as a Creator of New Value and Accelerator of a Global Sustainable Society

Achievement of a Circular Economy Society

Progression towards Net-Zero

Looking ahead to FY2040, aiming to expand “NTT Green Innovation toward 2040” to Scope 3

NTT Green Innovation toward 2040(1)

2030
- 80% Reduction in Greenhouse Gas Emissions (compared to FY2013)
- Carbon-Neutral

Expansion to Scope 3
- Further Strengthening of Collaborations with Suppliers
- Customers’ Contributions to Decarbonization

2040
- Carbon-Neutral

Scope 3
- 22.23 million tons
- FY2022 Results: 20.03 million tons
- Plan: 3.075 million tons
- Customers’ Contributions to Decarbonization

Illustration of NTT Group Greenhouse Gas Emission Reductions (Domestic + Overseas)

(1) GHG Protocol: Scope 1 (our own direct greenhouse gas emissions) and Scope 2 (indirect emissions associated with the purchase of electricity, heat and steam that are provided by other companies)
1. NTT as a Creator of New Value and a Supporter of a Global Sustainable Society

Further Strengthening of Business Foundations

- We will make our networks/systems more resilient to withstand large-scale failures, cyberattacks or other occurrences in order to strengthen social infrastructure and enhance our countermeasures against increasingly severe natural disasters
  (will make investments of ¥160.0 billion\(^{(1)}\) by FY2025)

Further Strengthening of Disaster Countermeasures

<table>
<thead>
<tr>
<th>Proactive response and support leveraging AI and data, etc.</th>
<th>Power supply from EVs and on-site PPAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution of supply chain risk, regional distribution of offices, etc.</td>
<td>Strengthening of disaster-specific risk scenarios</td>
</tr>
</tbody>
</table>

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\(\text{(1)}\) Includes other reliability improvement measures. \(\text{(2)}\) Digital Twin Computing \(\text{(3)}\) Cognitive Foundation

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2. Upgrading the Customer Experience (CX)
2. Upgrading the Customer Experience (CX)

5. Fusion of Research and Development with a Market-Focused Strategy

- Will combine and strengthen our R&D capabilities with our market analysis and alliance capabilities at the holding company level
- Will enable us to strengthen our product-oriented R&D to develop products through co-creations on a global scale and promote strategic alliances with a variety of partners

Establishing a New R&D Organization with Market Analysis, Alliances and Planning Capabilities

- Research and Development Market Strategy Division (New)
- Market Planning & Analysis Department (New) (Market Research Capabilities)
- Alliances Department (New) (Alliance Capabilities)
- Feedback
- Research and Development Planning Department (Research and Development Capabilities)
- NTT Laboratories
- Each Group Company/Partners
- Product Offerings (Technology-Oriented)
- Product Offerings (Based on Market Needs)

Understanding Customer Needs

Global Customers (Including Japan)

Alliances with Partners

Each Group Company
2. Upgrading the Customer Experience (CX)

6. Strengthening of Services that Emphasize CX

Customer Experience First
With a Market-in Approach, Achieve Both Customer Satisfaction and Business Growth at the Same Time

Customers
(Individuals, businesses, local governments, government organizations, etc.)

Set/Implement KPIs that Track the Customer Journey
Each NTT Group Company/Partners

Offer New Experiences and Impressions that Exceed Customer Expectations
Each NTT Group Company/Partners

Further Improve and Update Services by Being Agile
NTT Holdco Market Planning & Analysis Department→ Research and Planning Division/Institute
Each NTT Group Company/Partners
3. Improving the Employee Experience (EX)
3. Improvement of Employee Experience (EX)

Open and Innovative Corporate Culture

- Foster a culture of openness, collaboration and trial and error for a better customer experience
- Continue to strengthen diversity and inclusion

Customer First

Openness
- Open discussions
- Transparency
- Healthy debate
- Psychological safety

Collaboration
- Collaborate globally
- Value differences

Trial & Error
- Overcome fear of failure and move forward
- Learn from failures by failing small and fast

Shared Values
- Connect
- Trust
- Integrity
Support Career Growth

Support employee career growth and increase investment in human capital to drive business growth.

- Onboarding
- Career Design
- Work Experience
- Training/Skill Improvements
- Review/Stock-Taking
- New Challenges/Transfers

Improve Expertise by Repeating the Cycle

Joining the Company

Developing Diverse Work Styles and Work Environments

EX Improvement
- Growth opportunity
- Work satisfaction
- Excitement
### 3. Improvement of Employee Experience (EX)

**Global Benefits for Employees and their Families**

- Expand the benefits that support a portion of educational expenses for children of deceased employees until they reach age 22

<table>
<thead>
<tr>
<th>Current</th>
<th>Future</th>
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</thead>
<tbody>
<tr>
<td><strong>Scheme</strong></td>
<td>Scholarship fund</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>Japan-based employees</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Support a portion of educational expenses until reaching age 22</td>
</tr>
<tr>
<td>• For children of deceased employees</td>
<td>• Details to be considered based on local laws and trends</td>
</tr>
<tr>
<td>• In place since 1988</td>
<td></td>
</tr>
</tbody>
</table>
Medium-Term Financial Targets
## Medium-Term Financial Targets

<table>
<thead>
<tr>
<th>Targets Indicators</th>
<th>Target Levels (FY2027)</th>
</tr>
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<tbody>
<tr>
<td><strong>Company-Wide Targets</strong></td>
<td><strong>EBITDA</strong></td>
</tr>
<tr>
<td><strong>Growth Areas(^{(1)})</strong></td>
<td><strong>EBITDA</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Overseas Operating Income Margin(^{(2)})</strong></td>
</tr>
<tr>
<td><strong>Existing Areas(^{(3)})</strong></td>
<td><strong>EBITDA</strong></td>
</tr>
<tr>
<td></td>
<td><strong>ROIC</strong></td>
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In addition to the above, we are setting sustainability-related targets:

- **New Female Manager Promotion Rate**: at least 30% each year
- **Greenhouse Gas Emissions**: targeting carbon neutrality in 2040, as well as Net-Zero
- **Engagement Rate**: To be improved

\(^{(1)}\) IOWN, digital/data centers, power/energy, Smart Life, real estate, AI/robots, etc.
\(^{(2)}\) NTT DATA consolidated. Excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.
\(^{(3)}\) NTT DOCOMO’s consumer telecommunications businesses, NTT East and NTT West
Strengthening Our Ability to Generate Cash for Growth
(with EBITDA as a Key Indicator)

- We will strengthen initiatives focused on our cash generation abilities to achieve further sustainable growth and have set EBITDA as a key indicator, aiming for an increase of 20% to reach ¥4.0 trillion by FY2027.
  (We will continue to balance sustainable growth and shareholder returns, and are aiming for EPS to grow consistently with previous levels)
- In the growth areas(1) that will be drivers of that growth, we are aiming for an EBITDA increase of 40%.

**NTT Consolidated Targets**

- **+20% Increase**
  - FY2022: ≈¥3.3tn
  - FY2027: ≈¥4.0tn

**Growth Areas**

- **+40% Increase**
  - FY2022: ≈¥1.3tn
  - FY2027: ≈¥1.9tn

(1) IOWN, digital/data centers, power/energy, Smart Life, real estate, AI/robots, etc.
Increase Investments to Achieve Further Growth

- We will make investments/contributions to our growth areas\(^{(1)}\) amounting to \(\sim ¥8.0\) trillion in the next five years\(^{(2)}\) (an increase of 50% over current levels), and plan for a total of \(\sim ¥12.0\) trillion.
- Maintain/reduce our debt-to-EBITDA ratio to \(\sim 2x\).

Growth Investments
(Capital Expenditures + Investments)

- \(¥0.6\)tn/year \(\uparrow\) 50% \(\uparrow\) \(¥1.0\)tn/year \(\uparrow\) \(¥1.5\)tn/year \(\uparrow\) \(\sim ¥12.0\)tn Total

Debt-to-EBITDA Ratio

- FY2022: \(2.5x\) \(\downarrow\) \(\sim 2x\) \(\uparrow\) FY2027

\(^{(1)}\) IOWN, digital/data centers, power/energy, Smart Life, real estate, AI/robots, etc.
\(^{(2)}\) From FY2023 – FY2027.

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Fundamental Policy on Shareholder Returns

**Dividend Policy**

Our basic policy is to implement steady increases in dividends

**Share Buybacks**

We will flexibly conduct share buybacks to improve capital efficiency
This document is a translation of the Japanese original. The Japanese original is authoritative.

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, and other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT’s most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its website.

* "E" in this material represents that the figure is a plan or projection for operation.
** "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.
Innovating a Sustainable Future for People and Planet