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>Growth Areas</th>
<th>Existing Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td></td>
</tr>
<tr>
<td>¥0.6tn/year</td>
<td></td>
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<tr>
<td>¥1.0tn/year</td>
<td></td>
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<tr>
<td>FY2022</td>
<td></td>
</tr>
<tr>
<td>50%UP</td>
<td></td>
</tr>
<tr>
<td>¥1.0tn/year</td>
<td></td>
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<tr>
<td>¥1.5tn/year</td>
<td></td>
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<tr>
<td>FY2027</td>
<td></td>
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<tr>
<td>~¥8.0 trillion over the next 5 years</td>
<td></td>
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<tr>
<td>~¥12.0 trillion in total</td>
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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

<table>
<thead>
<tr>
<th>1. IOWN-Driven Creation of New Value</th>
<th>3. Achievement of a Circular Economy Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>(from concept to commercialization)</td>
<td></td>
</tr>
<tr>
<td>i. Establishment of manufacturing company for photonic-electronic convergence devices</td>
<td>i. Develop sustainability solutions for customers</td>
</tr>
<tr>
<td>ii. Acceleration of IOWN research and development/commercialization</td>
<td>ii. Creating Circular Economy businesses</td>
</tr>
<tr>
<td></td>
<td>iii. Progression towards Net-Zero</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>2. Data-Driven Creation of New Value</th>
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</thead>
<tbody>
<tr>
<td>i. Strengthening the personal business</td>
</tr>
<tr>
<td>ii. Strengthening the use of DX/data in society and industry</td>
</tr>
<tr>
<td>iii. Expansion and upgrade of data center infrastructure</td>
</tr>
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</table>

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

| 5. Fusion of Research and Development with a Market-Focused Strategy |
| 6. Strengthening of Services that Emphasize Customer Experience (CX) |
| 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
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

  - 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)

(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

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

i. 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

Proposal and offering of optimal personalized services

Approach

Feedback

Financial Services
 Variety of services offered through a shared one-stop app

Account
 Settlement
 Insurance
 Investment
 Lending

Healthcare/Medical Services
 Receiving advanced medical services that leverage data

Gathering/Analysis/ Application of Data

Bio-Digital Twin

Accumulating Customer Information of Company/Partners

Data Platform

DOCOMO Customer Base

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Partners’ Customer Bases

AI-Driven Analysis

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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)**

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

② 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 \(¥1.5\text{tn}/5\) years\(^{(2)}\))
- Achievement of carbon neutrality by FY2030\(^{(3)}\)

**Americas**

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

**EMEA**

- 400 MW\(^{(4)}\)

**India**

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

**APAC**

- 250 MW\(^{(4)}\)

Nearly Doubling the Current Total of 1,100 MW

\(^{(1)}\) 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
1. NTT as a Creator of New Value and Accelerator of a Global Sustainable Society

Achievement of a Circular Economy Society

iii. 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
- Renewable Energy
  - Water/wind/solar power, etc.

Leftover Food (Food Loss)
1. NTT as a Creator of New Value and Accelerator of a Global Sustainable Society

③ Achievement of a Circular Economy Society

ⅲ. Progression towards Net-Zero

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

### NTT Green Innovation toward 2040\(^{(1)}\)

<table>
<thead>
<tr>
<th>2030</th>
<th>80% Reduction in Greenhouse Gas Emissions (compared to FY2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile (NTT DOCOMO)</td>
<td>Carbon-Neutral</td>
</tr>
<tr>
<td>Data Centers</td>
<td></td>
</tr>
</tbody>
</table>

| 2040 | Carbon-Neutral |

### Expansion to Scope 3

- **Further Strengthening of Collaborations with Suppliers**
  - During product manufacturing, etc.

- **Customers’ Contributions to Decarbonization**
  - During Customer usage, etc.

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

- **Scope 3**
  - FY2022 Results: 22.23 million tons
  - Plan: 3.075 million tons
  - FY2040: 0.95 million tons

- **FY2022 Results:**
  - 20.03 million tons (estimate currently being calculated)

### GHG Protocol:

- Scope 1 (our own direct greenhouse gas emissions)
- Scope 2 (indirect emissions associated with the purchase of electricity, heat and steam that are provided by other companies)

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\(^{(1)}\) 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)
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)

Development of Resilient NW/Systems

- Visualization of NW Status
- Simulation
- Failure Prediction/Switching
- IOWN Technology
- Data Lake
- Detect and Cancel High-Volume Calls
- High-Volume Transmission
- Regulate the inflow of irregular traffic
- Detect Extent
- NW Equipment
- NW Equipment
- Extent
- NW Equipment

Further Strengthening of Disaster Countermeasures

- Proactive response and support leveraging AI and data, etc.
- Distribution of supply chain risk, regional distribution of offices, etc.
- Power supply from EVs and on-site PPAs
- Strengthening of disaster-specific risk scenarios

(1) Includes other reliability improvement measures. (2) Digital Twin Computing (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
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

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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

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

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

Collaboration
- Collaborate globally
- Value differences

Customer First

Shared Values
Connect  Trust  Integrity
3. Improvement of Employee Experience (EX)

8. Support Career Growth

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

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

- Developing Diverse Work Styles and Work Environments

- Improve Expertise by Repeating the Cycle

- 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>
</tr>
</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>Expand the current scheme</td>
</tr>
<tr>
<td>• In place since 1988</td>
<td>Employees</td>
</tr>
<tr>
<td></td>
<td>Consistent with the current benefits</td>
</tr>
<tr>
<td></td>
<td>• Details to be considered based on local laws and trends</td>
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</tbody>
</table>
Medium-Term Financial Targets
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<table>
<thead>
<tr>
<th>Targets Indicators</th>
<th>Target Levels (FY2027)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company-Wide Targets</strong></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td><strong>+ 20% increase</strong> (compared to FY2022)</td>
</tr>
<tr>
<td><strong>Growth Areas</strong>(1)</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td><strong>+ 40% increase</strong> (compared to FY2022)</td>
</tr>
<tr>
<td>Overseas Operating Income Margin(2)</td>
<td>10% (FY2025)</td>
</tr>
<tr>
<td><strong>Existing Areas</strong>(3)</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td><strong>+ 10% increase</strong> (compared to FY2022)</td>
</tr>
<tr>
<td>ROIC</td>
<td>9% (FY2022 Results: 8.2%)</td>
</tr>
</tbody>
</table>

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

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(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

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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%

**EBITDA Progress**

**NTT Consolidated Targets**

+20% Increase

≈¥3.3tn

≈¥4.0tn

FY2022

FY2027

**Growth Areas**

+40% Increase

≈¥1.3tn

≈¥1.9tn

FY2022

FY2027

(1) IOWN, digital/data centers, power/energy, Smart Life, real estate, AI/robots, etc.

- IOWN
- Digital/Data Centers (primarily globally)
- 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 ~¥8.0 trillion in the next five years\(^{(2)}\) (an increase of 50% over current levels), and plan for a total of ~¥12.0 trillion
- Maintain/reduce our debt-to-EBITDA ratio to ~2x

**Growth Investments (Capital Expenditures + Investments)**

- ~¥8.0 trillion in five years
- 50% UP
- ¥0.6tn/year
- ¥1.0tn/year
- ¥1.5tn/year

**Debt-to-EBITDA Ratio**

- ~2x
- 2.5x

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