

New DOCOMO Group Medium-Term Strategy

Changing worlds with you.

NTT
docomo

October 25, 2021

Hi: I'm Li of DOCOMO. Thank you for gathering today, taking time out of your busy schedule. Now I would like to start briefing of the mid-term strategy of the New DOCOMO Group. The material has page numbers on the bottom right-hand corner for your reference.

1

Challenge of the New DOCOMO Group

2

**Medium-Term Strategy/
Management Target**

3

Execution Schedule

01

Frist page, I want to touch upon the 'Challenge of the New DOCOMO Group.'

Changing worlds with you.

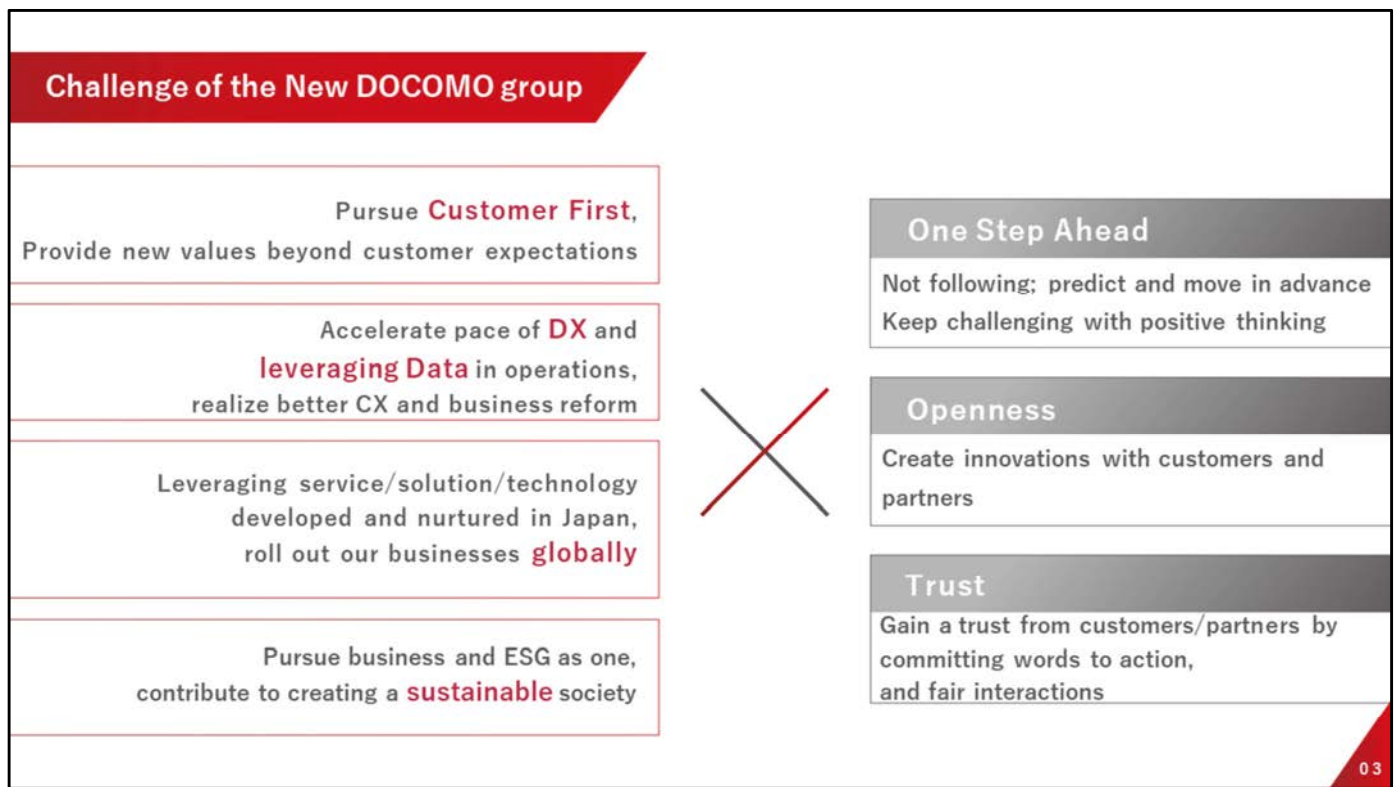
Creating innovation with our partners,
and bring about big changes to society

02

Second page, Changing the Worlds with You. This is what we announced this last July, as our new brand slogan, expressing our aspirations that we want to realize the new worlds with ALL you's.

Now we have welcomed NTT Communications and NTT COMWARE into the group, we continue our challenge toward bringing the new world into reality as the New DOCOMO Group.

Leveraging all the technologies each of us has nurtured so far, with all you's, i.e. the customers, and with partners, we create innovations and bring big changes into the society – and with this we will continue to change you and the world. That is the new challenge of the New DOCOMO Group.



Page 3, we will execute this challenge with four pillars.

First is to pursue customer first, and we provide speed beyond customer expectations, and new values.

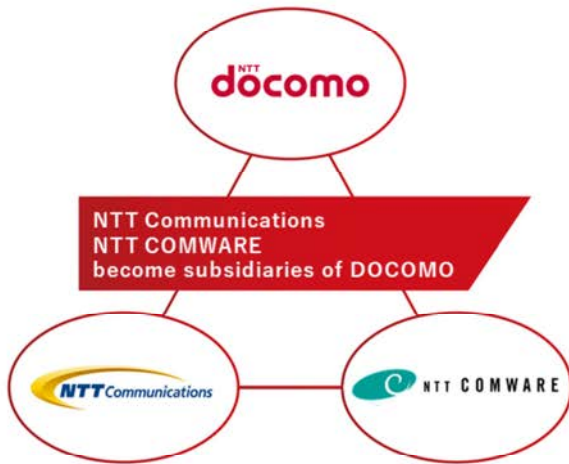
Second, we will realize enhanced customer experience, reform of business structures, and DX, through strongly pushing for digitalization of business operation and leveraging of data.

Third, leveraging services, solutions and technologies we nurtured in Japan, we launch businesses globally.

Finally, we pursue business operation and ESG in unison, thus we believe we can contribute towards creation of a sustainable society as well as growth of our business.

To this goal we want to stress three values as the DOCOMO Group: First, not becoming a follower, but looking one step ahead and predicting future, and challenge with positive thinking. Second is to keep an open mind and create innovations with our customers and partners. And finally, standing by our words and fair dealings, by which we can make our sincere efforts to continue to gain the trust of customers and partners.

As the New DOCOMO Group, we are expanding our business domain to encompass mobile, services, and solutions and create a new world



- Integration of the three companies
- Clear business responsibilities
- Structural reform of telecommunications business and expansion of enterprise/smart life businesses

04

Page 4, we accelerate this challenge and as the New DOCOMO Group, we go beyond the mobile, and expand such business areas like services and solutions. In order to create the new world, we take on the strategy to make NTT Communications and NTT COWARE our subsidiaries.

It is not a merger - they remain our subsidiaries. In other words management policies of the three companies are merged and functionally integrated, but the business responsibilities are clearly defined, enabling quick decision-making and agility in business management.

Through this, in telecommunications business, which is a category fiercely competitive and it is difficult to maintain profits, we would definitely maintain a profit through structural reform. Where we expect growth is enterprise business and smart life business – three companies work tightly together to expand these and achieve this goal.

Synergy Through Integration

Expansion of enterprise business

Integrate all enterprise business under the New DOCOMO Group; support all corporate customers through one stop - contribute toward DX of society and industry

More competitive network

Fixed and Mobile convergence brings higher quality and economical network; provide inexpensive cost, easy-to-use services and accelerate evolution toward 6G/IOWN

Strengthening the power of service creation and development and promoting DX

Integrate R&D of DOCOMO, services of Communications and software capability of COMWARE, leading to quick response in creating innovative services, and accelerating DX of the New DOCOMO Group

05

Next, page 5, what can we expect from our synergy – we are envisioning three larger categories. One is to expand enterprise business itself, rather than pursuing enterprise business separately and independently, we integrate functions where we can deal with corporate customers with one stop. We would like integrate this business as NTT Communications as a nucleus.

Next is beefing up competitiveness of the network – currently we are doing this separately - mobile and fixed networks with DOCOMO and Communications, but bring shift this function toward DOCOMO side, we can create a high-quality, economical network. We will provide inexpensive and easy-to-use services. Of course in order to be physically and truly together, it requires renewing equipment and increasing capacity, so we don't expect this integration to happen overnight. But with this direction we stop redundant investments and connect the functions aptly, thus creating the space for receiving the next-generation 6G and IOWN.

Third is building up the creative capacity for services as well as development steadily and pursuit of DX of the group, of ourselves. In the final analysis this kind of service creation and development capabilities will make a difference between winning and losing. R&D has been under DOCOMO, but its technology, implementation capabilities, and services, assets and solutions Communications inherently has, and software development and management capabilities will be integrated – we want to quickly create innovative services under one management policy. Additional result is that we will be able to pursue DX of the New DOCOMO Group as whole. Outsourcing this kind of critical function is not conducive to winning, so we want to strengthen it in-house.

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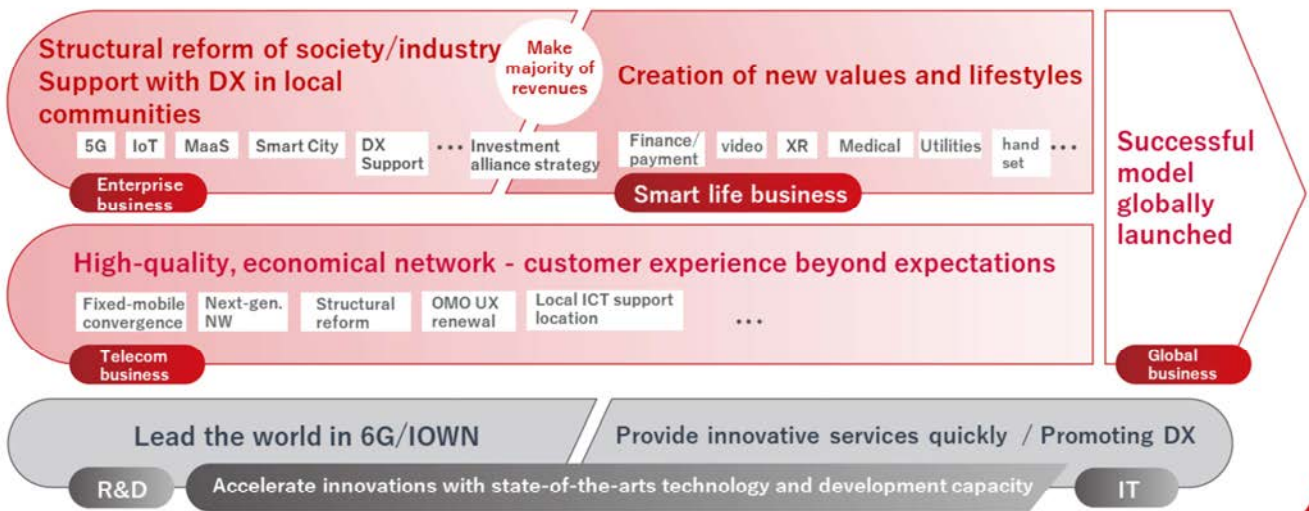
Execution Schedule

06

Page 6, I want to discuss our 'mid-term strategy and management goals.'

With 'Structural Reform' and 'Creation of New Lifestyles' we are...

Changing worlds with you.



07

Moving on to page 7, we want to briefly discuss the mid-term vision as a whole using this slide. In the interest of time, we want to skip presentation of each individual business from page 8.

First, the New DOCOMO Group, from corporate customers' point of view, will be a vehicle of structural reform for society/industry, and from personal customers' viewpoint will be creation of new lifestyles, and through these we will bring changes to the world. In terms of mid-term goal for the enterprise business in F/Y 2025, currently we have the total of ¥1.6 trillion with three companies, but we want to expand it to ¥2 trillion scale. And the revenue of the smart life business, though undisclosed, we want to double the current revenue if possible. We want to make efforts in making the revenue of these two businesses to account for more than half of total revenue. Currently they haven't reached that point.

The reason is that, the remaining telecommunications business will be even more competitive and it is difficult to imagine making huge revenues, so our strategy will be solidly maintaining the current profit level.

So we want to control and lower the cost, and we want to maintain the profit. If possible we want to add to it, but our current thinking is growth will be in enterprise and smart life businesses.

These successful parts, including the network technology, we want to bring it to global arena, and newly create a global business.

Our competition faces a similar situation in telecommunications business – technology keeps advancing and prices keeps going down. So the basis is that we need to catch up with this trend with cost reduction, which includes not only CAPEX and equipment also operation cost reduction with so-called DX, and sales cost includes telecommunications business as well, so the sale channel cost such as DOCOMO Shops will also be lowered with DX.

In order to pursue this we definitely need the fundamental capabilities of R&D and IT, and especially with new services we need agile capability for R&D, software development, and IT basis to achieve DX, and the speed outsourcing these functions provides will not do. This is the big picture of expanding and stepping up this business segment.

▀ 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 ¥2trillion in FY 2025

From page 8 we are describing what we covered from enterprise business sequentially, as you can see, but we would like to skip those details. Could you jump to page 20?

Create innovations in society and industry with '*Mobile Cloud First*'

Structural reform of society/industry

With FMC services and advanced solution like 5G/IOT, create innovations with customers, leading to change in society/industry

Support with DX in local communities

With enhanced sales support and services for SME's nationwide, support DX adoption of all companies, and contribute toward solution of challenges in local communities

New brand

Launch a new enterprise business brand as the new DOCOMO Group

(Jump to page 20)



[\(Jump to page 20\)](#)

Smart Life Business

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

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(Jump to page 20)

**Boosting
existing
business****Finance/
payment**

Towards enhanced financial service that originates in payment, in addition to bank accounts, insurance, we are boosting the loan business

**Video/
entertainment**

To boost the content, and create new customer experience, we are integrating businesses of DOCOMO and Plala

**Expansion
of
new areas****Utilities**

Newly launching electricity retail business. With docomo Denki, accelerate the use of green power

Medical

With integrated service from check-up through diagnosis and filling prescription as a final goal, d-Account/data linkage on online diagnosis commences

XR

Looking toward a global launch, provide contents platform/handset using VR/AR/MR, and create a new market

**Linkage with services/smart
devices**

Services and a variety of handsets seamlessly linked, in indoors/public spaces, in response to usage scenes, creating new experiences, values

(Jump to page 20)

- ▶ 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**

(Jump to page 20)

Realizing High-quality, Economical Network

Quick expansion of 5G

- Coverage area superior to competition in speed, area and convenience, pursuing faster, higher quality customer experience
- Enhancement and sophistication of enterprise solution with 5G/SA

FMC Network

- Integrate infrastructure such as buildings, utilities and transmission network
- Looking toward 6G/IOWN, build next-generation network, e.g. transfer network/non-terrestrial system

Integrating and streamlining operations

- Non-touch operation using monitoring/analyzing/remote control, realize improvement and streamlining of network
- Through unified management from planning through operation, provide more reliable and secure network

(Jump to page 20)

Customer Experience Beyond Their Expectations

Response to diverse needs of customers

- In addition to Premier, ahamo, through 'economy' collaboration with MVNO operators, respond to the needs of low-end, small volume customer needs
- In addition to economy rates, provide customers with affordable/convenient values such as d POINT linkage and sale at docomo shops

Sales channel reform

- A shift to digital sales/procedures, plus the use of DX at docomo shops and call centers enable streamlining and improved customer experience
- Shift the role of docomo shops to providing new values as a center of ICT support for customers with use of DX

(Jump to page 20)

Develop Global Businesses Through converging Capabilities of DOCOMO and NTT Communications and Linkage with NTT Data, and NTT Ltd.

B2B2X business

Launch 5G/IoT solutions and Private 5G that are currently operated in Japan globally

O-RAN

Targeting overseas operators, build up organizations for creating new businesses with O-RAN, such as 5G network integration

Smart Life

Leveraging B2C business assets in Japan, pursue finance/payment PF or XR businesses

(Jump to page 20)

Strengthen the software development capability to quickly provide new services to customers , and to accelerate DX of the whole group

Service creation capabilities

Expand our organization for Agile Development to 5,000 experts in FY 2025, bring quick provision of smart life/enterprise services into reality

Bolster data utilization

Expand human resources for data utilization to 5,000 in FY 2025, and bring up the sophistication level of digital marketing/accelerate data driven management

Accelerate DX

Streamline development/operation by integrating COMWARE and DOCOMO Systems, and accelerate DX of the whole group

(Jump to page 20)

Creating values
with partners

- Create new values with partners in *Platform for Co-creating Innovation* and *Lifestyle Co-creation Lab*, leveraging technologies such as AI/IoT/XR

6G·IOWN

- Linking with NTT laboratories, DOCOMO leads R&D of practical usage side, aiming to quickly bring to practical application
- Non-terrestrial network using satellites/ HAPS
- Lead the world even in 6G standardization also and obtain indispensable patents

(Jump to page 20)

**Realize
carbon neutral
in 2030**

- Thorough power saving of network/data center;
Use of renewable energy
- Provide green power through eco-friendly *Green 5G* and *docomo Denki*
- Providing '*Caboneu*' platform everyone can participate and contribute toward reduction of CO2 in the world

**Pursue diversity;
work style
reform**

- Promote woman to managers/promote to executives, actively hire outside human resources
- Set the environment, pursue DX, change the system toward change to, and early realization of *Work in Life*, where employees themselves determine work location, residence and work hours, with remote work as its basis

(Jump to page 20)

Medium-term Management Goals		FY 2025
Growth	Ratio of smart life plus enterprise business revenue	50% or more
	Enterprise business revenue	2 trillion yen or more
Efficiency	Telecom CAPEX to Sales	16.5% or less
Capital productivity	ROIC	12% or more

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This is the figure for mid-term management goal. We have set the mid-term management goals for F/Y 2025 from the viewpoint of growth potential, efficiency and capital productivity.

As mentioned, growth is making the enterprise and smart life business account for more than 50% of the total profits. Currently it is around 45%, and we like to see growth there. It doesn't make sense to have a reduced figure for telecommunications and the resulting increase in percentage, so we maintain the profit of telecommunications business. For enterprise business, we have noted that the sales figure is over ¥2 trillion. Through this we intend to solve social issues.

Regarding telecommunications business, we use the figure of Capex to Sales, and we target lowering it to 16.5% or less. Currently we believe it is around 17%, and we want to decrease that. But that is telecom Capex, and we plan to separately designate growth investment to expand necessary businesses.

As to capital productivity for the group, we set ROIC at 12% or more. Currently I believe it is 11 to 12% range, so we want to increase that.

Toward these targets, specifically for synergy among DOCOMO, Communications and COMWARE, for F/Y 2023 we will achieve ¥100 billion, F/Y 2025 more than ¥200 billion, continuing to increase revenues and achieving growth.

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Execution Schedule

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Next, page 22, schedule.

2-Step Execution To Move To the New Formation

STEP

January 2022

1

Communications and COMWARE becomes subsidiaries

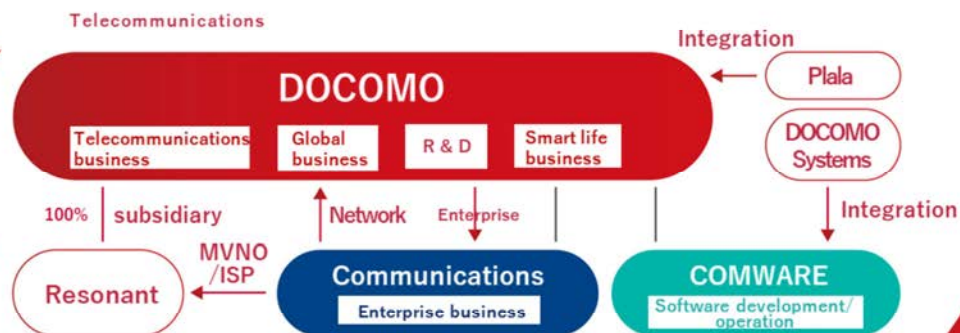


STEP

Around Q2 FY2022
(direction set)

2

Integration of functions and business responsibilities clearly defined



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We have to change formation toward achieving mid-term strategy. We will execute this in two steps.

First step is making Communications and COMWARE our subsidiaries in January of next year. Step 2 is F/Y2022, and although there is not much time, we will integrate function of each business in six months afterward. Specifically, we review organization, shift personnel, and do the actual work of functional integration.

Enterprise business will be integrated to Communications, so the corporate business or customers will all be shifted to Communications.

And the network function of Communications will be integrated to DOKOMO, where fixed-mobile conversion will be enabled. Consumer business Communications is doing will be transferred to Resonant. Specifically, OCN Mobile ONE, an MVNO business, will all be transferred to Resonant, and Resonant itself will be 100% subsidiary of DOKOMO. In other words, it will be an MVNO company.

In order to bolster video and entertainment, we will re-integrate NTT Plala to DOKOMO itself. DOKOMO will strengthen the smart life for consumers.

DOKOMO Systems is currently a DOKOMO subsidiary managing software development – they will be integrated into COMWARE, beefing up software development capability, as well as operation and management, targeting enhanced software capability of the whole group.

With this Step 2, we finally made this announcement, so we can review organization, transfer and personnel, and we make another announcement what kind of organization we are going to have sometime around December. Actual execution will be in second quarter of next year.



Next page, we would like to ask Mr. Maruoka of NTT Communications to give you a briefing on enterprise business of the New DOCOMO Group. Mr. Maruoka...

Maruoka: I'm Maruoka of Communications.

Mid-Term Strategy of Enterprise Business

Corporate Vision

Realize a sustainable future through co-creation with customers and partners, defining new values in *With/After COVID-19 era*, and “*Re-connecting*” society/industry with fixed-mobile convergence services/solutions

ReconnectX

Challenges

As the core company for enterprise business of the New DOCOMO Group

- Provide one-stop service to enterprise customers, from large enterprises to small and medium-sized enterprises
- Strive to being a leading company in DX of society/industry through “*Mobile/Cloud First*”

1.6 trillion
yen
FY2020

FY2025

Enterprise
business
revenue

2 trillion yen or more

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Regarding the mid-term strategy, I want to mention that as our business vision, Communications has stressed Re-connect X. In a nutshell, it has expressed our vision ‘to re-connect’ with everything in with/after COVID-19, but with present re-integration of functions, we will be modifying this to mean reconnect by fixed-mobile convergence services, as well as solutions.

As the challenges, it is also what we aspire to, but as a nucleus company of enterprise business of the New DOCOMO Group, we want to respond to all corporations, large and small, with one stop, and we strive to be a leading company of DX of society/industry with Mobile Cloud First. As to the numerical figure, we want to proceed with the target of more than ¥2 trillion in 2025.

Values We Can Present and Realize in *Mobile/Cloud First*

Structural reform of society/industry

- Promote DX in society/industry through co-creation with customers and partners by adding COMWARE's software development capabilities and rapidly providing new services/solution in a global scale
- Enhancing platforms and total managed & security services to realize flexible, secure and safe utilization of diverse data generated from IT/OT environments in a distributed society

New work style

- Through our own experiences, we can co-create flexible and hybrid workstyle with customers in *With/After COVID-19* era

Support for DX of local communities

- Integrate DOCOMO and Communications' nationwide enterprise sales function and create an organization that provides one-stop service to customers in the local community
- Provide SMEs with mobile-based applications and DX support that can compensate shortage of IT personnel
- Provide safe and convenient digital touch points such as business d account and marketplaces for enterprise customers

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Next, page 25 please. What is described here is the values we want to offer going forward. One is structural reform of society/industry – as mentioned earlier, since there are many changes in customers and their social life, we want to seek its DX. We want to reinforce platform etc. for exchanging the data including managed security.

Next regarding the new work style. Communications has remote work ratio of roughly 80%, but looking toward after COVID-19 we envision various types of work style and many changes in the world. For that we exercise the change of work styles ourselves, and we want to create new work style with customers.

And the third is support for DX of local communities. Toward this goal, we will integrate enterprise business functions of DOCOMO and Communications and build an organization that could respond with one stop, and we would like to provide diverse services and support for DX for customers and SMEs.

For Sustainable Growth of Enterprise Business

Energy and environment

- Carbon neutrality in data centers and networks (by 2030*)
- Visualizing CO2 emissions of major services and solutions
- Implement IOWN in the data centers and promote open innovation

New enterprise business brand

- Launch new enterprise business brand as the New DOCOMO Group

Venue for co-creating with partners - real and digital

- Interact with customers/partners and create inspiration for the future
 - *OPEN HUB for Smart World* (Workplace planned for launch in February 2022)
 - *CROSS LAB for Smart City* (Launched in April 2021)

* Subject of Carbon Neutral are Scope 1 (direct emissions of own greenhouse gases) and Scope 2 (indirect emission from the use of electricity, heat and steam supplied by other companies)

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Next, page 26. Towards sustainable growth, we have set the target as a group, but in Communications we aim to make our network data centers carbon neutral, and we make carbon emissions visible to customers, and pursue open innovation towards the installation of IOWN at data centers.

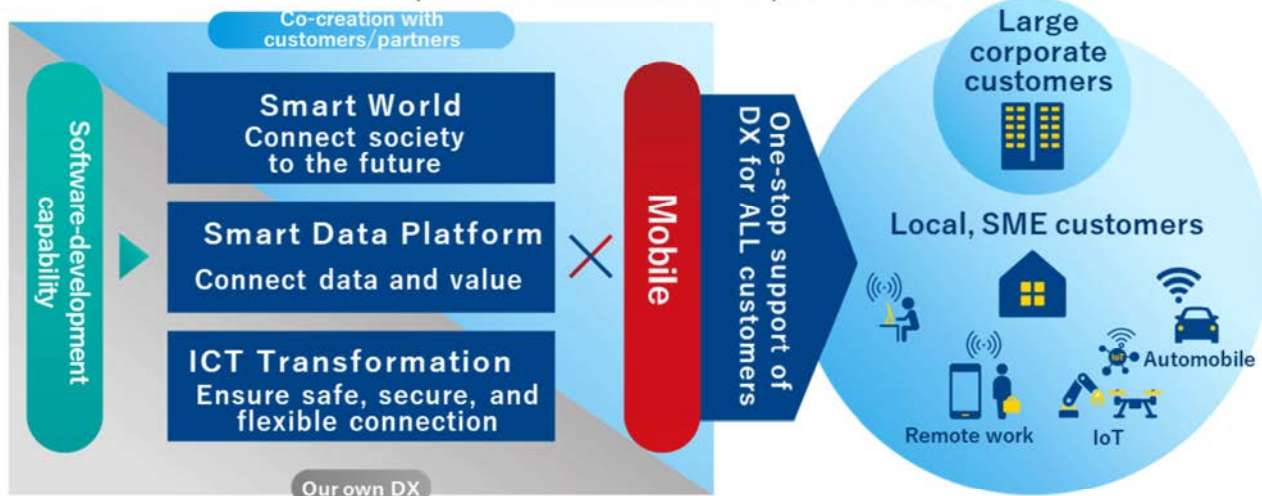
Regarding the enterprise business brand, today we announced 'DOCOMO Business.' We want to work together with all of our employees so as to have everyone trust this brand.

Finally, I would like to talk about venue for co-creation. DOCOMO, and Communications also, firmly believes that this venue for co-creation is very important. For us, we plan to set up OPEN HUB Otemachi Place this February, and we want to proceed with this kind of endeavor.

(For info.)

Growth Strategy for Enterprise Business

Integrate the enterprise business capabilities of DOCOMO, Communications, and COMWARE



27

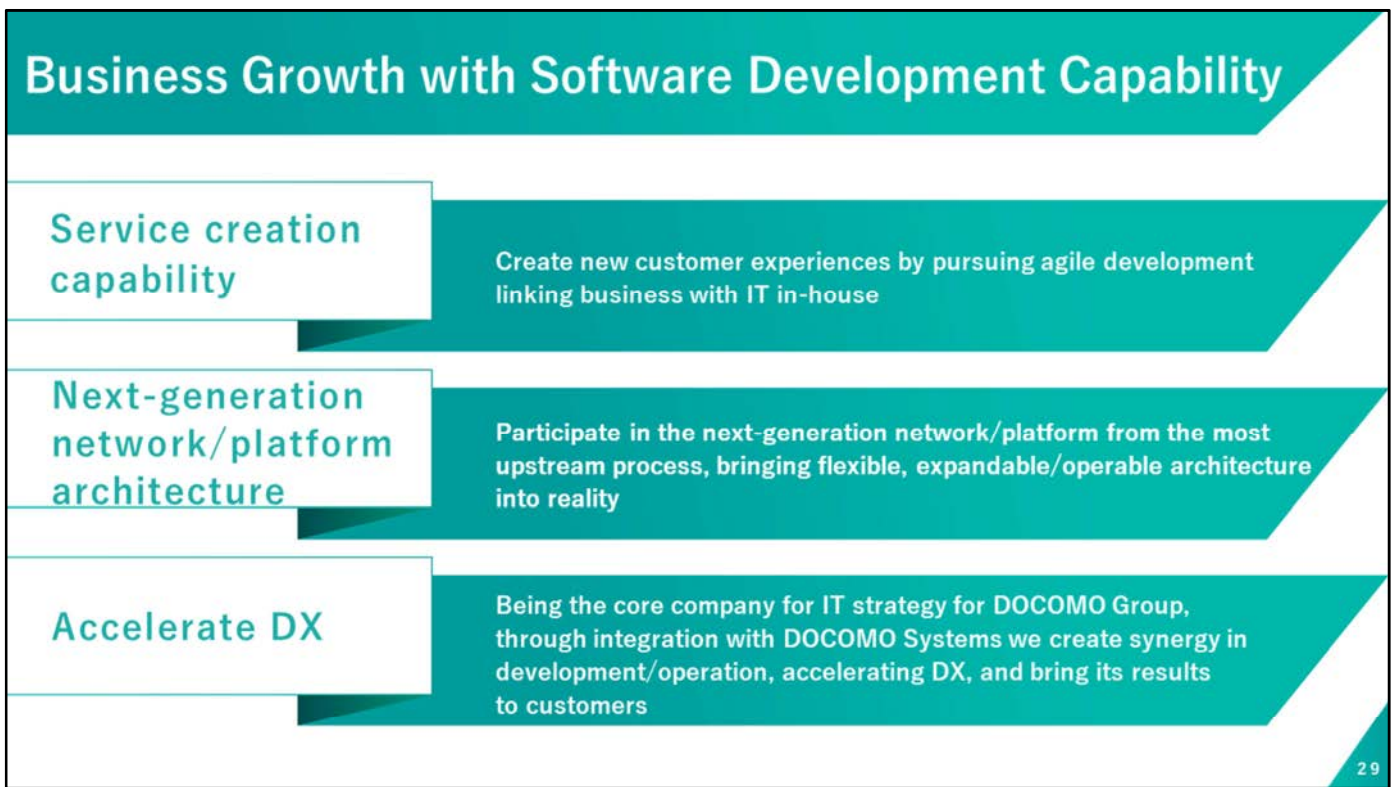
Page 27 is a summary of what I just describe, so I would like to skip this.

Thank you very much for your attention.



Ii: Now I would like to ask Mr. Kuroiwa, President of COMWARE to describe software development of the New DOCOMO Group.

Kuroiwa: Hello, I'm Kuroiwa from COMWARE. We want to maximize software development capabilities, and focus our efforts in three endeavors that will be the drivers for business growth.



First, on page 29, we will create new customer experience by pursuing agile development in-house in close collaboration with business.

Second, we participate in the next-generation network platform from the most upstream stage, and realize a flexible, highly scalable/operable architecture.

Third, we take on the task of creating IT strategy for DOCOMO Group, and create synergy through integration with DOCOMO Systems, and in addition accelerate DX, and provide the fruit of its results to customers.

Boosting Software Development Capabilities

- Agile development experts

5,000 (FY2025)

- Data utilization experts

5,000 (FY2025)

Design capability

Design systems as a whole and experiences, with awareness of architecture

Software development capability

Engineering capability

Develop software in a timely and assured manner, we provide stable, efficient services

Technical expertise

Making the best use of individual elements, e.g. cloud, AI

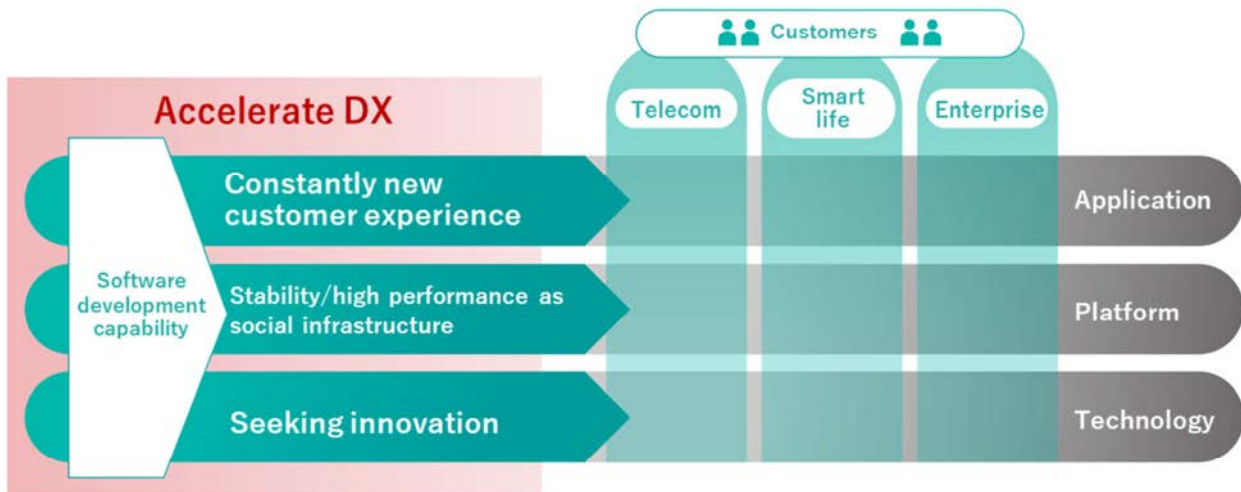
As the New DOCOMO Group, boost HR assets centered around software development capability

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Next, on page 30, the key to business growth is human resources, and especially this at time, we place particular emphasis on agile personnel/data usage personnel, and our target in F/Y2025 is to have 5,000.

Quickly provide innovative
services and the fruits of DX

Changing worlds with you.



Page 31, which is the last slide, has the values the software provides. By quickly providing these values listed, we to change worlds with you. That concludes my presentation.

Changing worlds with you.



li: That concludes our presentation on the New DOCOMO Group mid-term strategy. For those parts we skipped, if you have questions we want to discuss the issues at hand using those pages. At any rate, from Step 2 it requires the biggest muscle, and the challenge still remains that we have to proceed with reform of the businesses according to this blue print, and complete the definition of business responsibilities in a short time.

But we are already proceeding with discussion, so we will start from whatever we can, so that we can create synergy effect rapidly toward F/Y 2023. We are already moving towards this goal. Okay, if you have any questions, please ask them.

Special Note Regarding Forward-Looking Statements

All forward-looking statements and projected figures concerning our future performance contained or referred to in this document are based on a series of assumptions, projections, estimates, judgments and beliefs of the management that have been made in light of the information currently available to it. Some of the projected numbers in this report were derived using certain assumptions that were indispensable for making such projections in addition to historical facts. These projections and estimates may be affected by our future business operations, the state of the economy in Japan and abroad, possible fluctuations in the securities markets or other changes in circumstances that could cause the actual results to differ materially from the forecasts contained or referred to herein.

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