

LINK Smart

Toward a shared, connected future

Medium-Term Management Plan (FY12/21-FY12/25)

Boosting Society 5.0!

Transformation 2025

February 12, 2021

Review of Previous Medium-Term Management Plan (FY12/16-FY12/20): Overview

Recurring revenue reached 129.7% of plan and recurring revenue ratio improved to over 50%

Targets

- **Net sales, recurring revenue, and recurring revenue ratio**
Achieved targets and established a foundation for stable earnings
- **Ordinary profit, Ordinary profit margin, and ROE**
Missed targets due to higher development expenses, but reached record high profit

| | FY12/15 |
|-------------------------|-------------------------------|
| | Results (non-consolidated) |
| Recurring revenue | JPY3.51bn |
| Recurring revenue ratio | 37.8% |
| Net sales | JPY9.29bn |
| Ordinary profit | JPY0.72bn |
| Ordinary profit margin | 7.8% |
| ROE | 14.7% |

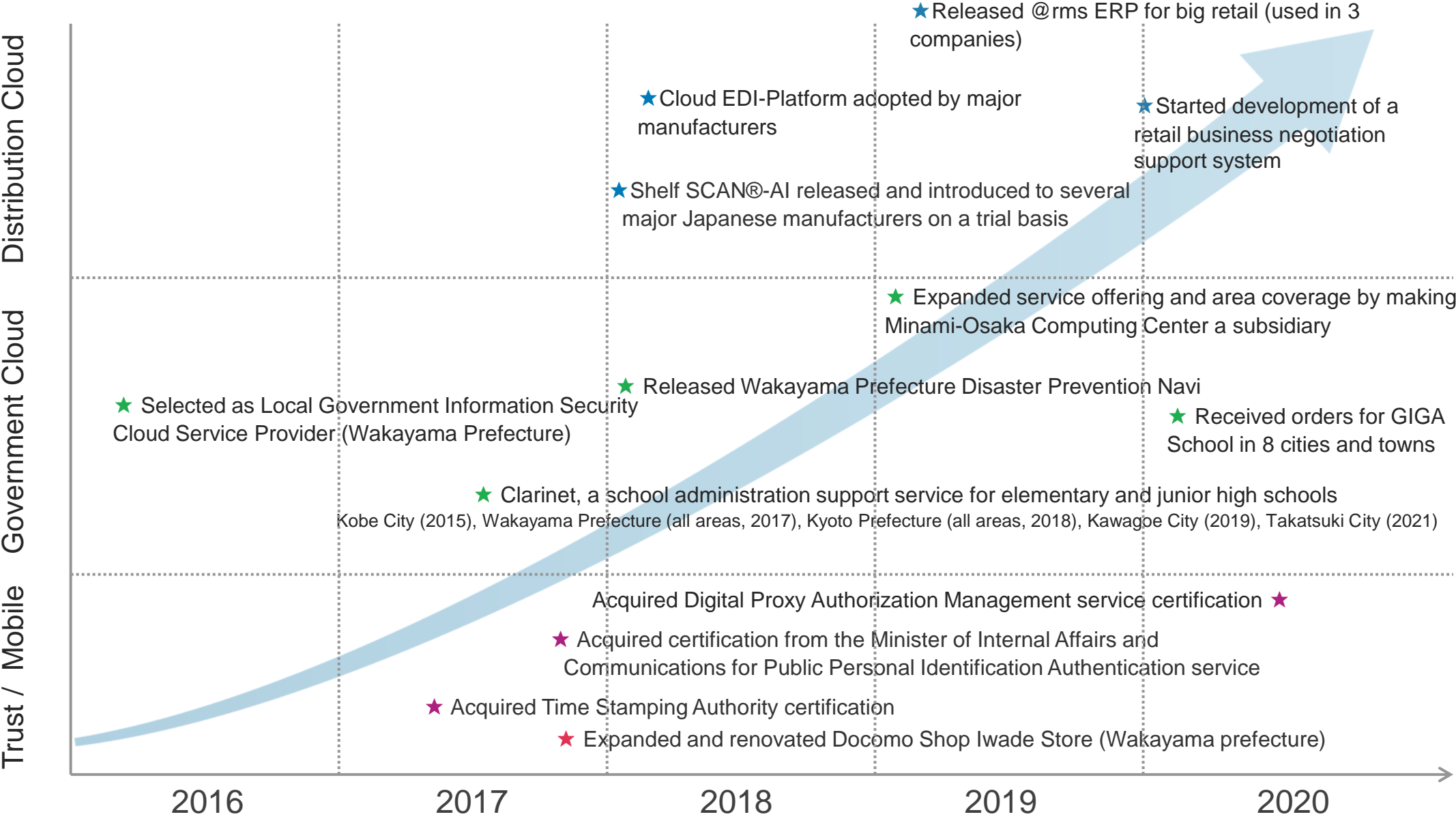


| FY12/20 | | |
|--------------------|---------------------------|---------------|
| Medium-term target | Results (consolidated) | vs. target |
| JPY4.95bn | JPY6.42bn | 129.7% |
| 46.1 % | 50.3 % | +4.2pt |
| JPY10.7bn | JPY12.77bn | 118.9% |
| JPY1.1bn | JPY0.95bn | 86.5% |
| 10.2 % | 7.4 % | -2.8pt |
| 15 % | 13.7 % | -1.3pt |

* Recurring revenue is revenue that can be earned on an ongoing basis, such as through information processing fees and maintenance fees, and is a management indicator unique to the Company, which aims to expand stable earnings.

Review of Previous Medium-Term Management Plan (FY12/16-FY12/20): Efforts and Achievements

■ Efforts and achievements by field



New Medium-Term Management Plan (FY12/21 - FY12/25): Trend Forecast

The Society 5.0 movement was already moving quickly, but two big waves helped accelerate it further!

COVID-19

→Telework→Digital Transformation (DX)

Digital Agency

→Local Government DX→Society-wide DX



2002

Biggest trend in IT industry was “cost reduction” → Shared Cloud

2012

Further efficiency through inter-company collaboration → C2PF negotiation support came online in 2021

2016

Decision-making shifting from humans to AI → AI @rms development set to start in 2023

2020~

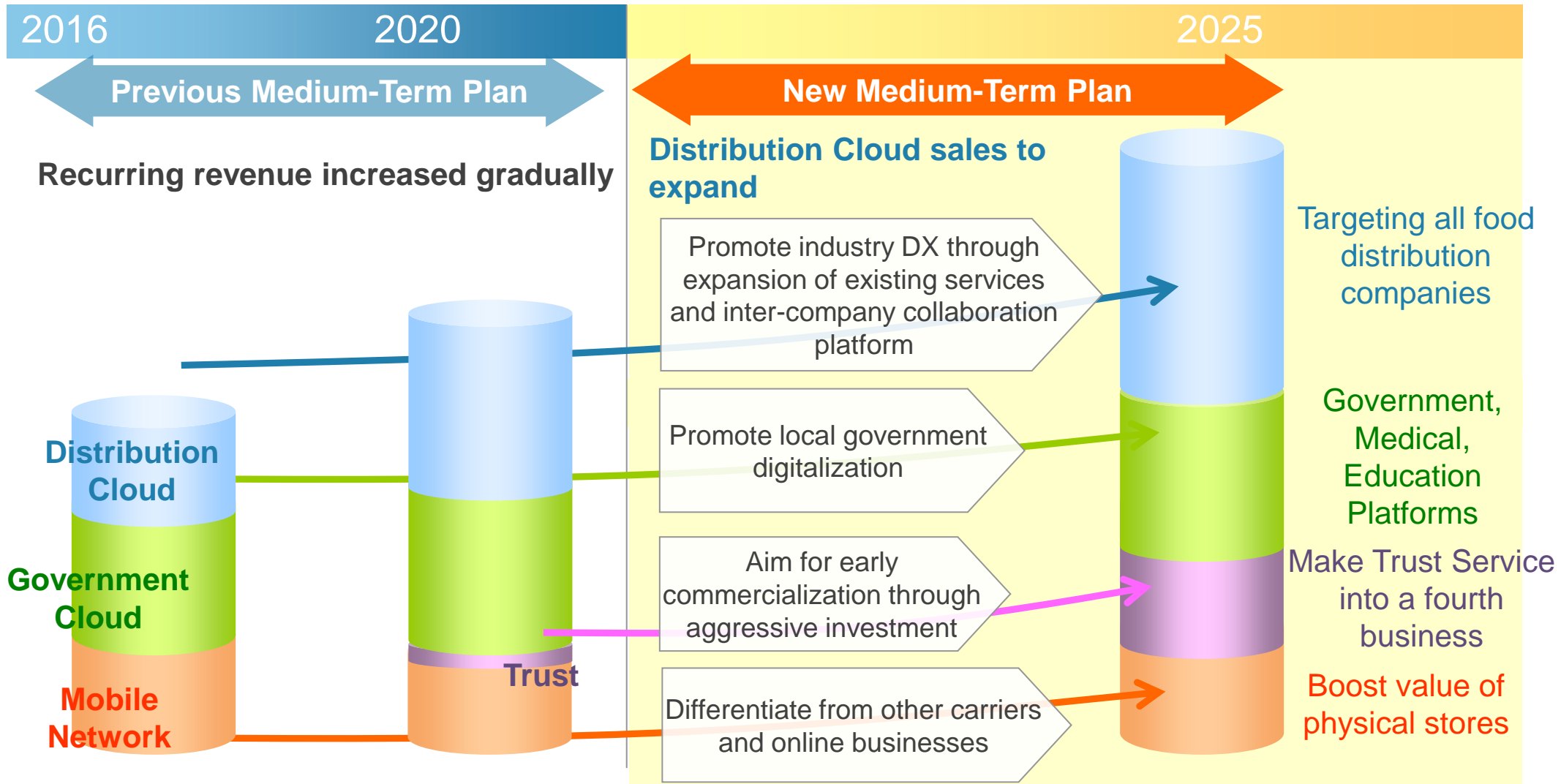
Thorough improvement in labor productivity in preparation for Society 5.0

- C2PF, a platform for inter-company collaboration (productivity improvement through industry DX)
- Automation and streamlining of internal operations (from 2020)

New Medium-Term Management Plan (FY12/21 - FY12/25): Growth Illustration

Distribution Cloud sales to rise from FY12/23

Also setting out to explore new business areas (Trust business) to establish a fourth business



Basic Policy

Transformation 2025

Working with industry and customers to improve productivity through DX

Key Strategies

Distribution: Achieve industry DX by launching an inter-company collaboration platform

Government: Support local governments in keeping up with the rapid progress of digitization

Trust: Develop business in the Trust field centered on the My Number Card

Mobile: Boost value of physical stores in the rapidly changing competitive environment

| Targets | FY12/25 (Final year) | vs. FY12/20 |
|-------------------------|----------------------|-------------|
| Recurring revenue | JPY9.0bn | 141.4% |
| Recurring revenue ratio | 62.5% | +12.2pt |
| Net sales | JPY14.5bn | 113.7% |
| Ordinary profit | JPY1.6bn | 168.1% |
| Ordinary profit margin | 11.0% | +3.5pt |
| ROE | Over 13% | — |

Achieve industry DX by launching an inter-company collaboration platform

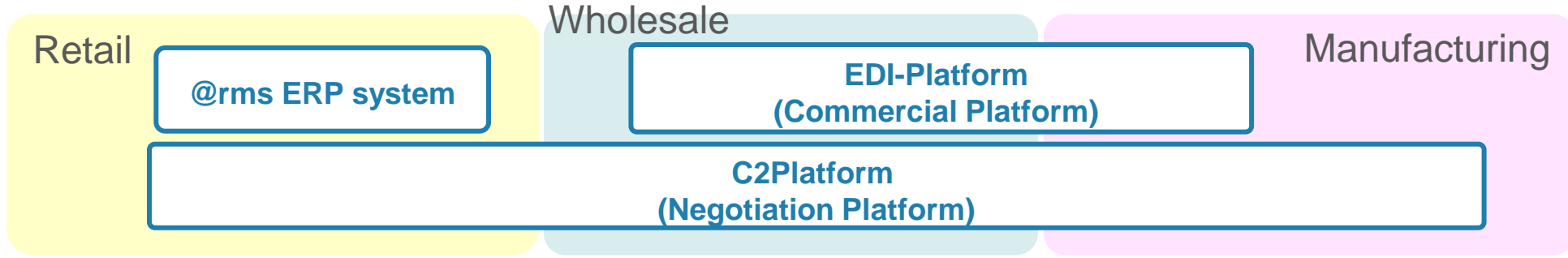
Targeting all food distribution companies to expand market share with affordable high-quality Shared Cloud

| Food Retail (@rms) | Overall market | FY12/20 Results | FY12/25 Targets | Target share |
|---------------------------|----------------|-----------------|-----------------|--------------|
| Market size (billion yen) | 20.0 | 2.11 | 2.6 | 7.0 (35%) |
| KPI: # of stores | 21,000 | 1,205 | 1,765 | — |

* # of stores: Number of stores using @rms ERP

| Processed Food Wholesale (EDI-Platform) | Overall market | FY12/20 Results | FY12/25 Targets | Target share |
|---|----------------|-----------------|-----------------|--------------|
| Market size (billion yen) | 4.0 | 0.78 | 1.1 | 3.2 (80%) |
| KPI: GTV (trillion yen) | 36 | 8.7 | 12.3 | — |

* Gross Transaction Value: The value of orders received and placed by customers using our services.



| Retail/Wholesale /Manufacturing (C2Platform) | Overall market | FY12/20 Results | FY12/25 Targets | Target share |
|--|----------------|-----------------|-----------------|--------------|
| Market size (billion yen) | 6.0 | 0.03 | 0.4 | 4.8 (80%) |
| KPI: # of IDs | 220,000 | 0 | 10,000 | — |

* FY12/20 results reflect sales from certain services that are being offered in advance

| Overall Food Distribution Market | Overall Market | FY12/20 Results | FY12/25 Targets | Target share |
|----------------------------------|----------------|-----------------|-----------------|--------------|
| Market size (billion yen) | 30.0 | 2.92 | 4.1 | 15.0 |

* Market size is estimated based on the fee structure of our service
 * Excludes the market for sales management systems for specialty stores

Focus on acquiring new users with PSTN and invoice support

For Retailers



Aiming to promote @rms ERP implementation (for medium & large retailers) to boost market share

- Planning to invest in R&D to expand functions (AI and automatic decision-making functions) for medium and large retailers from FY12/23
- Aiming to improve efficiency of implementation and operation work to raise annual implementation capacity and profitability
 - ERP implementation: Boost FY12/25 annual implementation to 180% of FY12/20 level
 - Operation and Maintenance: Aiming to reduce workload by 50% by FY12/23
- Software amortization for past development (next generation @rms) set to drop substantially in FY12/23

For Wholesalers



Aiming to build next generation EDI service for release in FY12/23

- Focus on capturing top 10 wholesalers and major manufacturers
- Automate existing customer implementations to reduce workload and shift personnel to new customer implementations
 - Standard implementation automation: Reduce FY12/25 workload to 40% of FY12/20 level
- Release Cloud Sales Management service for small manufacturers and wholesalers

Inter-company collaboration platform

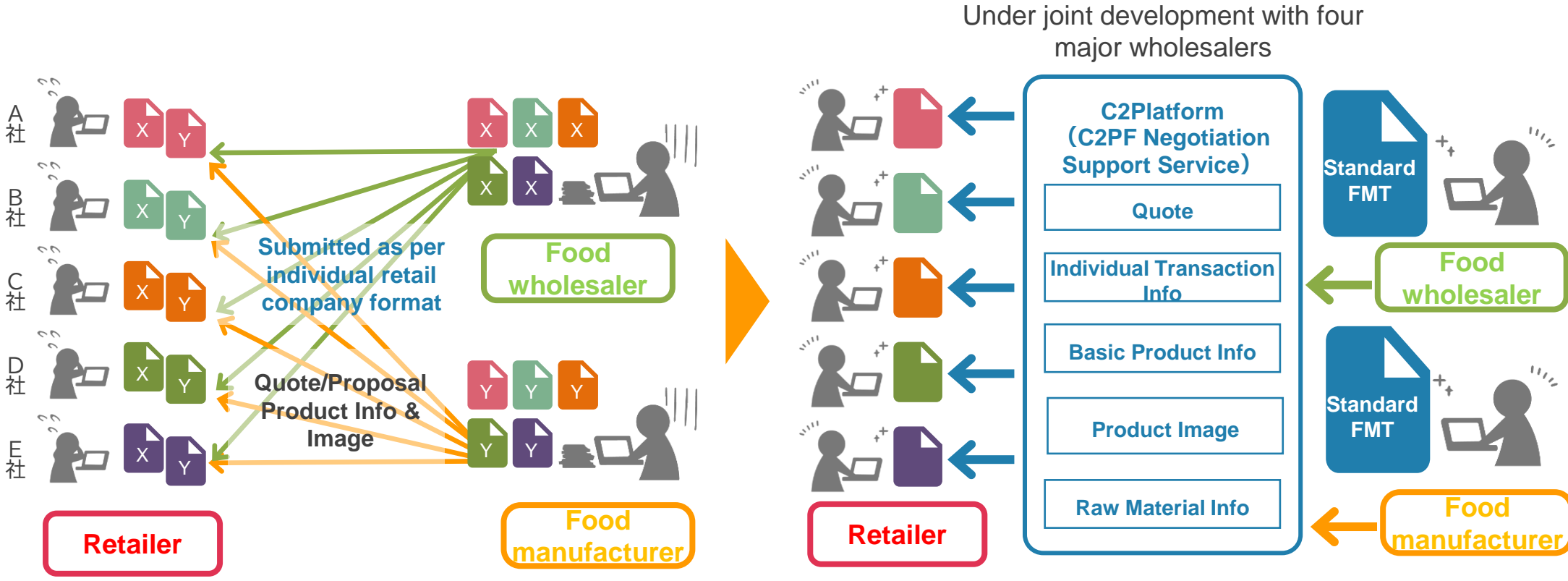
Released C2PF negotiation support service in 2021

Aiming for an install base of 10,000 IDs by 2025



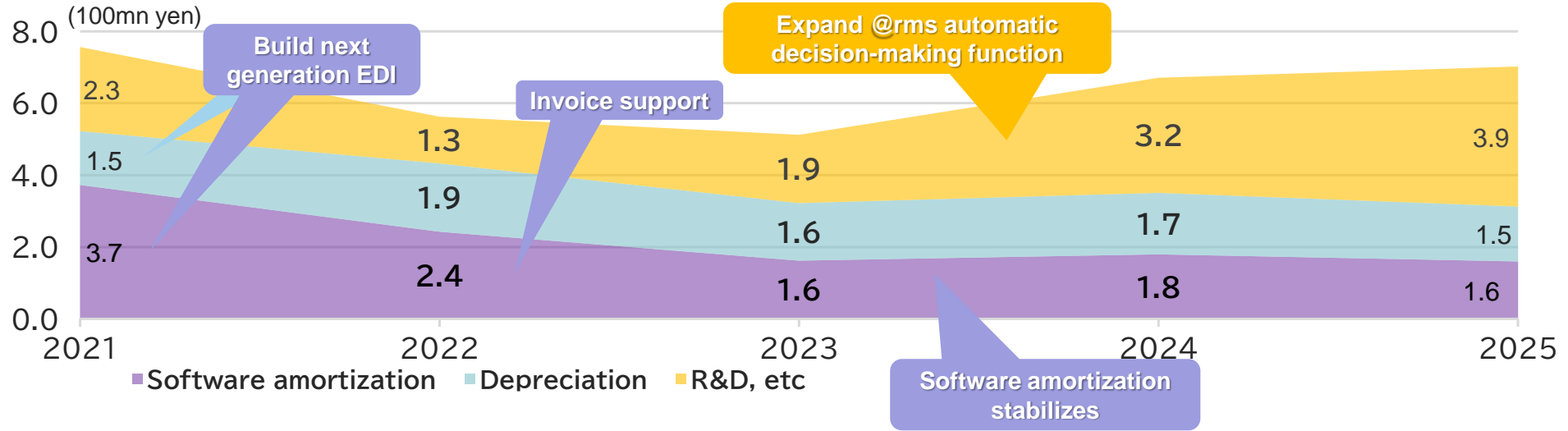
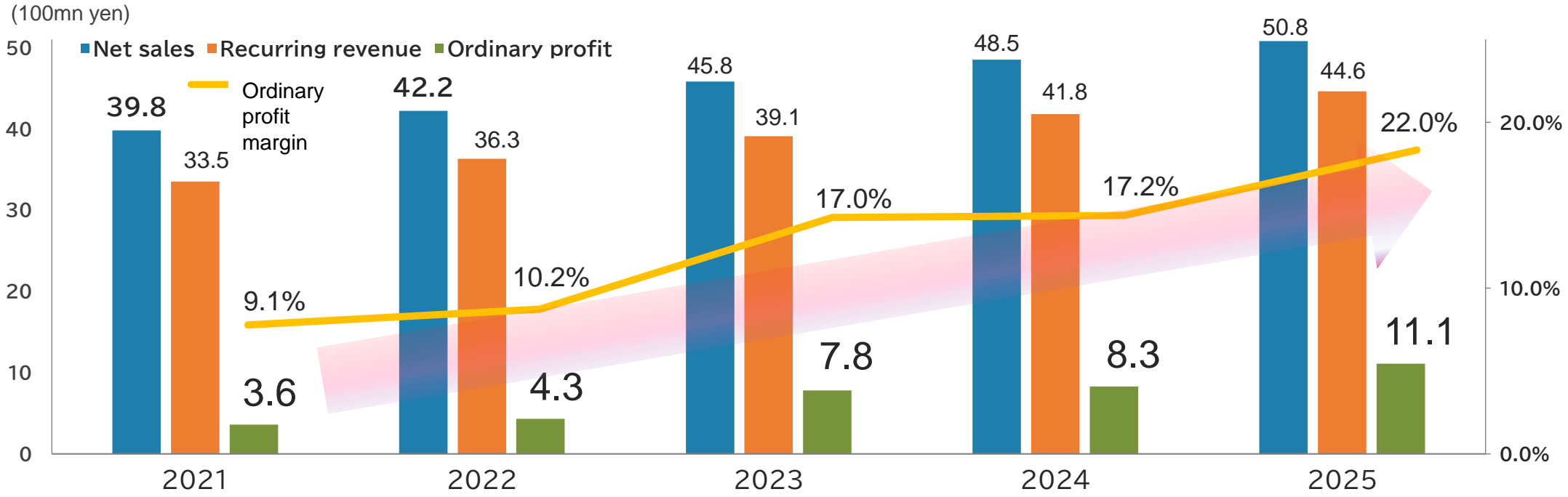
- Released quote creation support function in 2021, followed by gradual enhancements
- Aiming to expand to existing EDI customers from 2022 onward

Promote Food Distribution Industry DX!



Major breakthrough from FY12/23 onward

Projected FY12/25 ordinary profit of JPY1.11bn, ordinary profit margin of 22.0%



Government digitization poses a great opportunity

We will support local governments in keeping up with the rapid progress of digitization

Support the smooth systemization of local governments in line with system standardizations driven by the Digital Agency

■ Promote local government digital services

Integrated document management system (integrate with our BPM tool TsunAG)

Digital application service for local governments (integrate with Trust services)

■ Develop and provide next-generation comprehensive disaster prevention services (new services, nationwide)

■ Expand installation base of school administration cloud service Clarinet

Currently installed in 473 schools → Aim for 2,000 schools

■ Expand information system service offering (to Kansai area)

Strengthen Local Government Shared Cloud service

■ Enhance measures for standardization and commonization of ERP systems

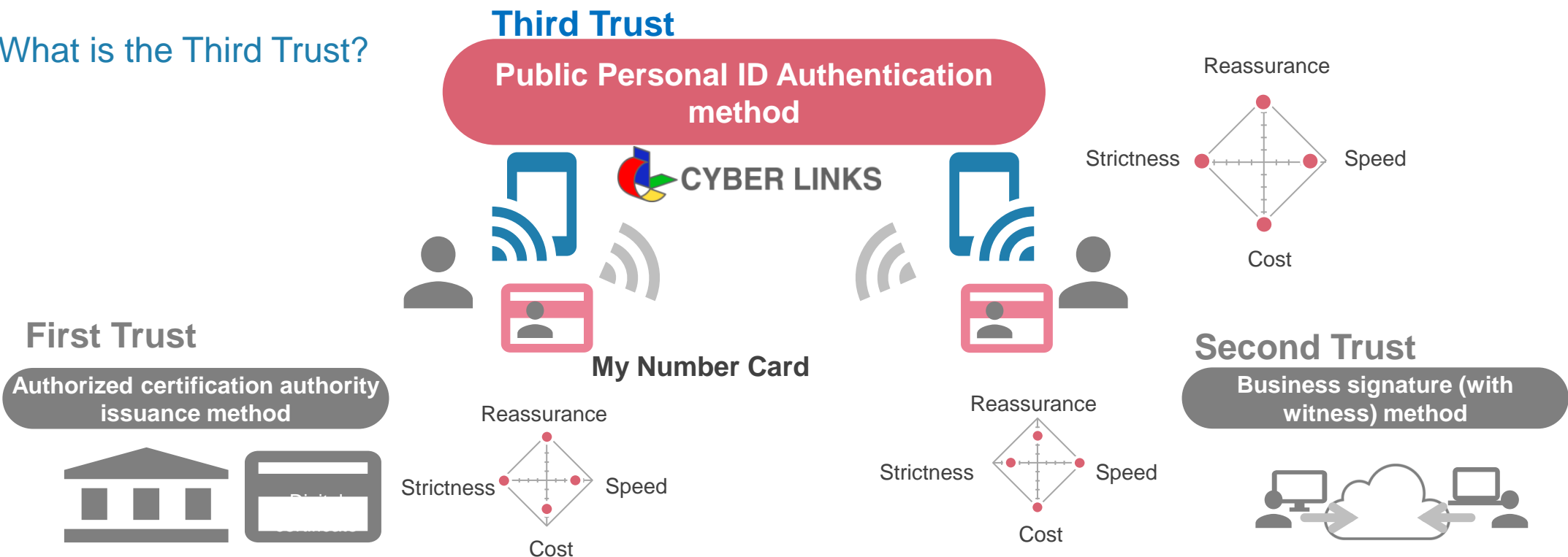
Develop a “Third Trust” service based on the My Number Card

Creating a society where everyone (all citizens) can use the Trust easily (and affordably) by utilizing the rapidly spreading My Number Card based on public certification

Trust-related efforts to date

- Acquired Time Stamping Authority (TSA) certification (April 2017)
- Acquired Public Personal ID Authentication service certification (December 2017)
- Acquired Digital Proxy Authorization Management service certification (July 2020)

What is the Third Trust?



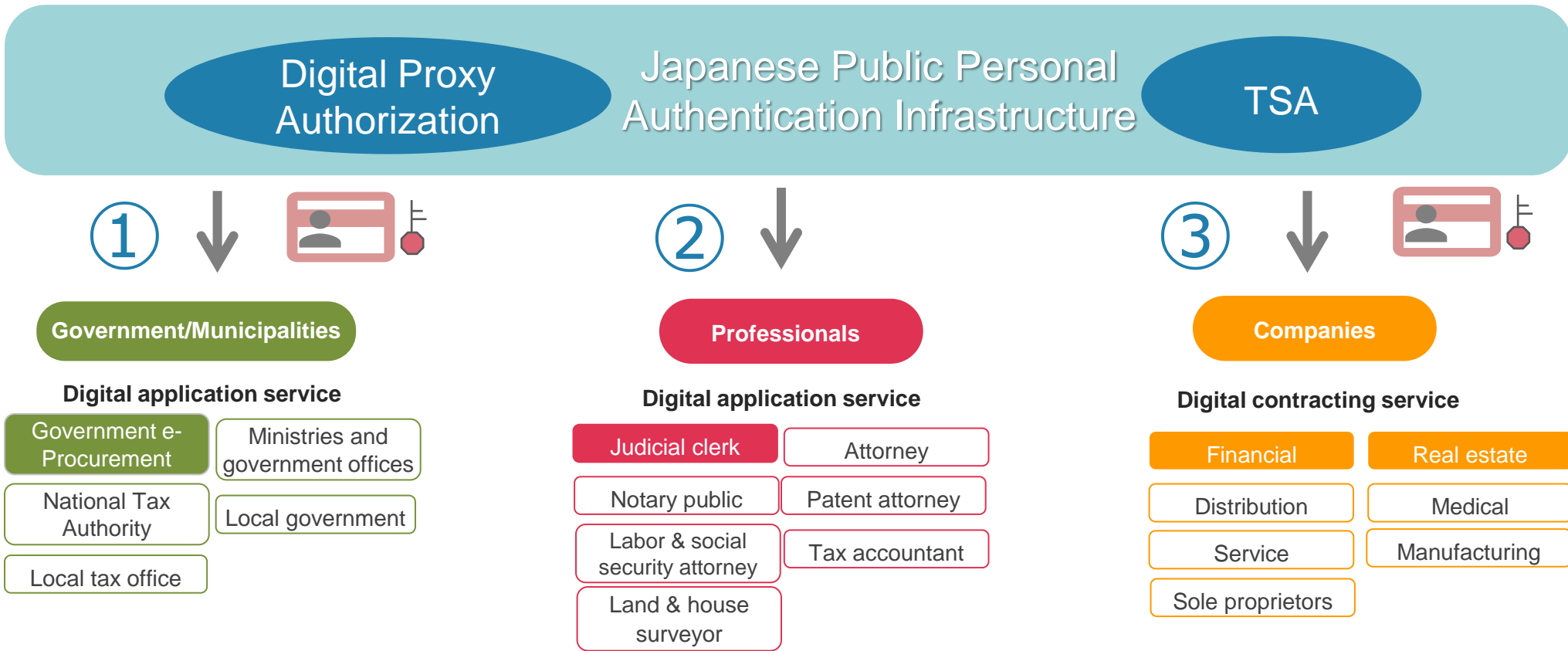
Concept of Third Trust service development

- Ministry of Internal Affairs and Communications "Survey on the promotion of various administrative procedures using digital proxy"
- Government e-Procurement (GEPS) connection is being tested



Using our experience as a foothold, we are expanding into industries that demand high reliability (i.e., Trust)

Illustration of future service development



Boost value of physical stores in the rapidly changing competitive environment

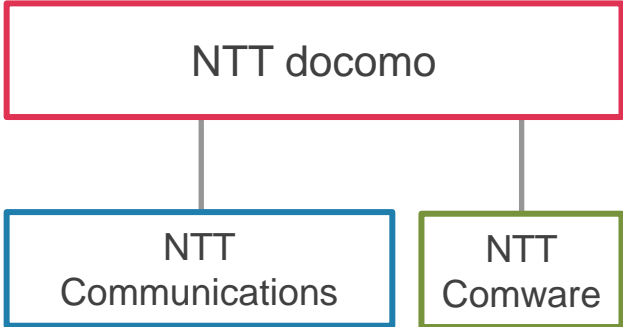
Differentiate from other carriers and online services to become a comprehensive support center for a digital society

Revitalize **docomo** through **ahamo** !!

- Enhance family port-in through **ahamo**
- Strengthen **non-telecom business** to generate new revenue
- Encourage migration from feature phones in preparation for **3G phaseout in March 2026**
- Promote door-to-door sales, on-site smartphone classes, and door-to-door activities
- Relocation and renovation of **Tanabe store** in August 2021

Strengthen corporate sales

- NTT Communications became a subsidiary of docomo, and **corporate sales has been centralized**
- Strengthen corporate sales structure to boost sales of products for corporate customers, including fixed line services



Enhance employee job satisfaction to maximize effectiveness of the Group's business activities

Creating a healthy, vibrant, and fulfilling workplace

- Reduce overtime and improve paid leave usage to create a healthy work environment for employees
- Secure a diverse workforce by providing a highly flexible location-independent work style
- Create a safe and comfortable work space for both teleworking and office work
- Improve engagement with employees and their families

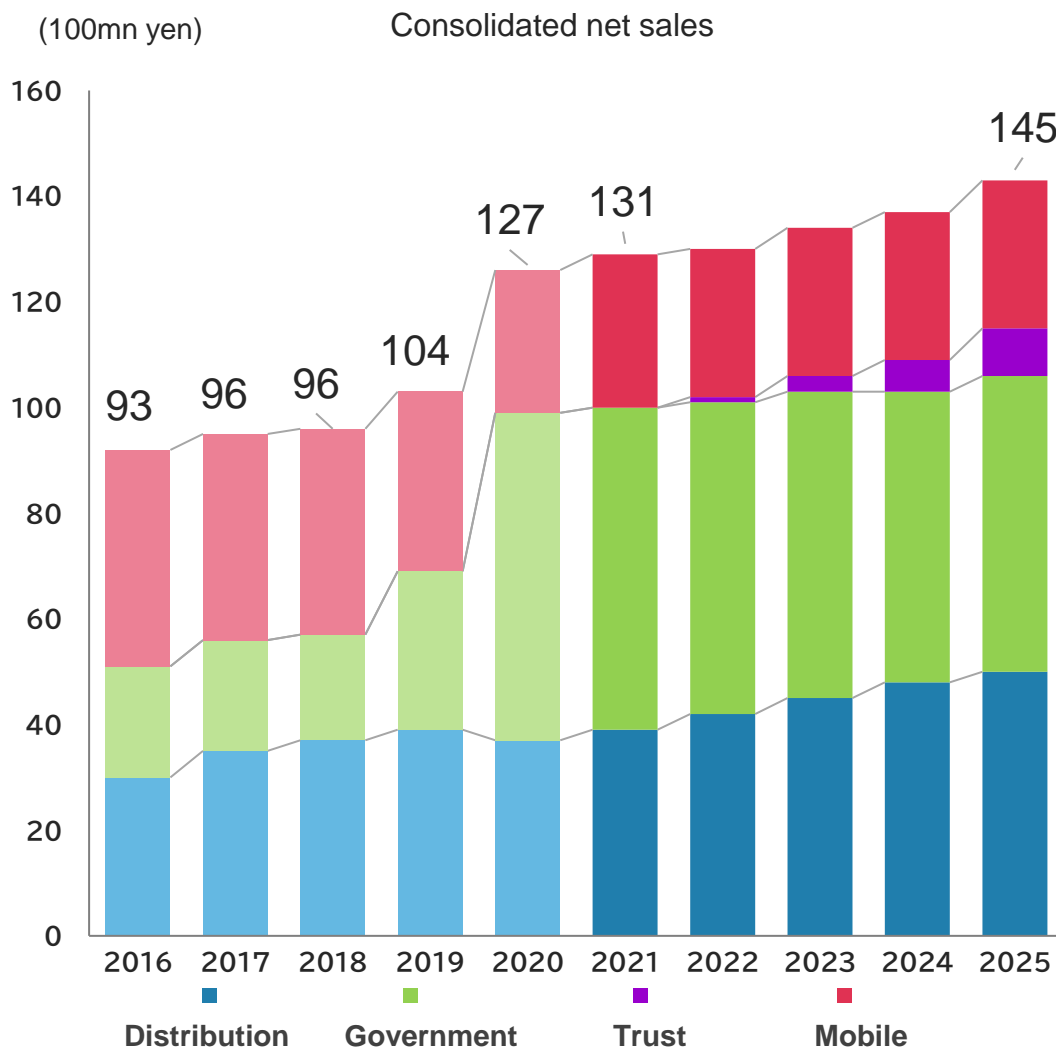
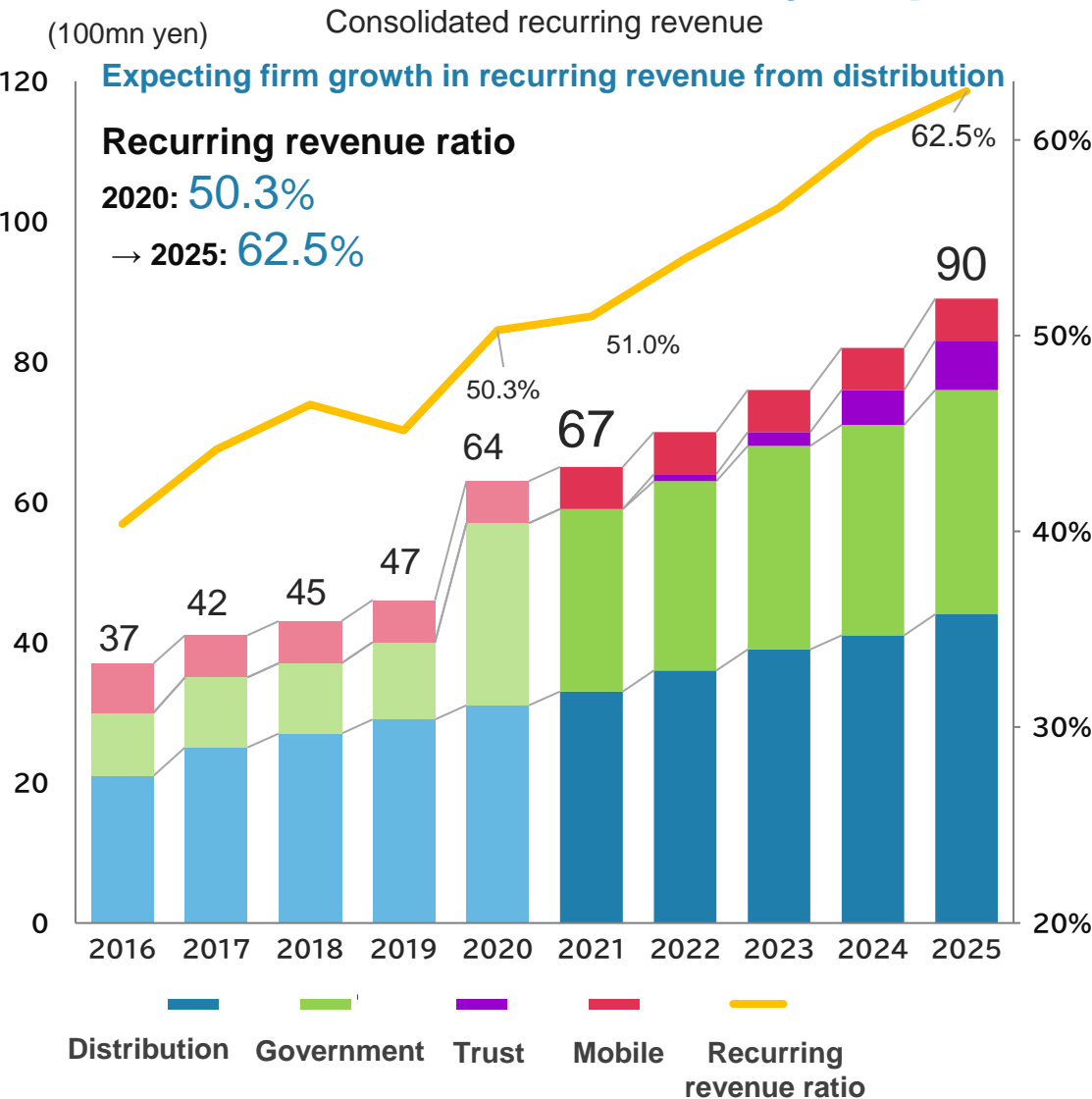
Investing in Growth

- Promote operational efficiency by investing in DX such as ERP systems and other internal systems
- Strengthen M&A activities as well as capital and business alliances to speed up growth
- Focus on training the next generation of executives for the future
- Continuously improve benefits to boost employee satisfaction and attract talented people

Toward a sustainable and prosperous society

- Carry out SDGs activities through initiatives aimed at achieving the medium-term management plan
- Establish programs and environments that empower women, such as for balancing work and childcare
- Strengthen our Group governance system to achieve growth and enhance corporate value
- Continuously support local cultural activities and contribute to the development of local communities

Aiming for recurring revenue of JPY9.0bn and recurring revenue ratio of 62% in FY12/25 by expanding cloud services

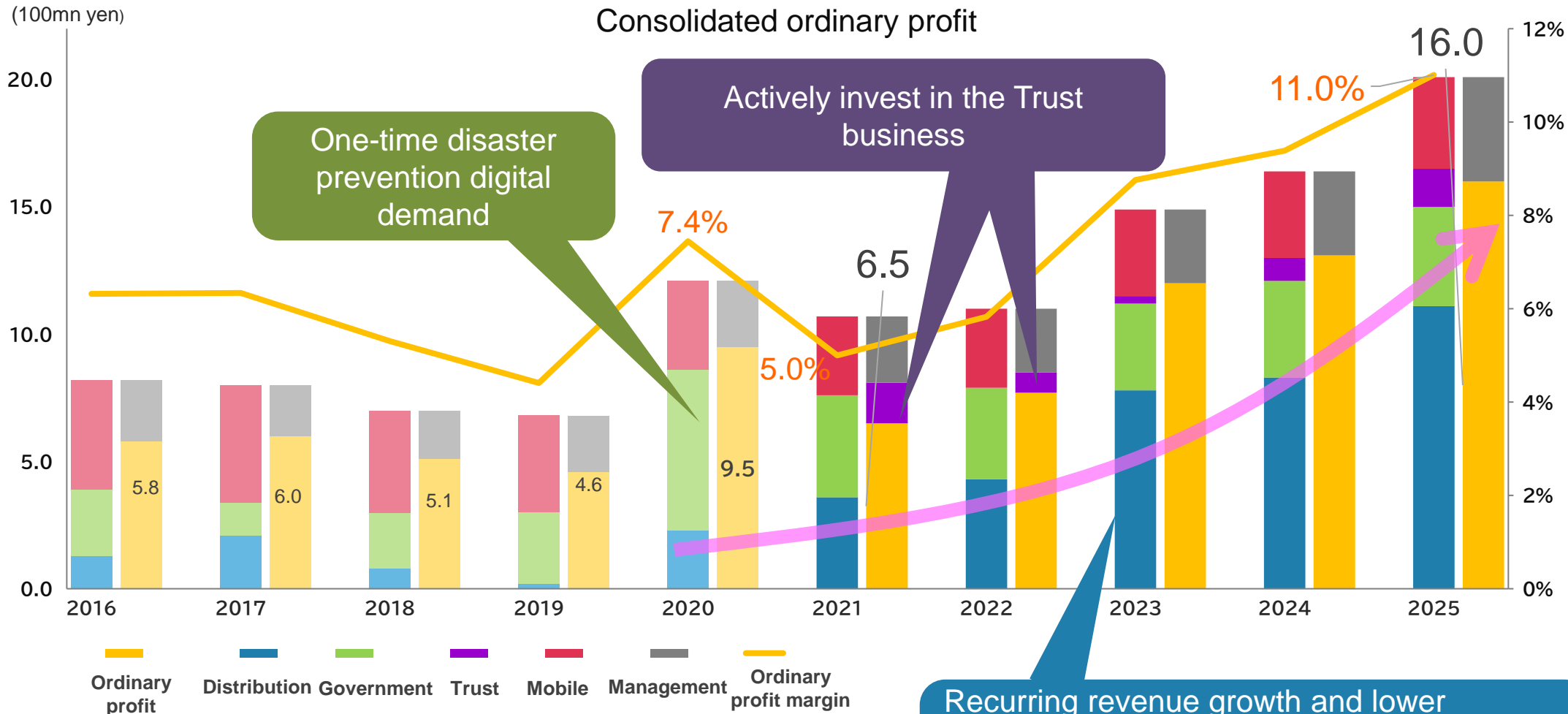


*1 Figures for FY12/19 and before are non-consolidated, figures for FY12/20 onward are consolidated.
 *2 Net sales and recurring revenue from the Trust business prior to FY12/20 are included in Distribution Cloud.

New Medium-Term Management Plan (FY12/21 - FY12/25): Profit targets

FY12/21 and FY12/22 will be spent actively investing in establishing the Trust business with an aim to achieve ordinary profit of JPY1.6bn and ordinary profit margin of 11%

~Ordinary profit margin for Distribution Cloud expected to surpass 20% in FY12/25~



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 *2 Net sales and recurring revenue from the Trust business prior to FY12/20 are included in Distribution Cloud.

Recurring revenue growth and lower amortization expected for Distribution; Profitability to improve substantially from FY12/23 onward

WiLL makes anything Everything starts with an idea



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WiLL makes anything