

Financial Results for the Fiscal Year Ended March 31, 2019 (20th Term)

May 10, 2019

Nippon Telegraph and Telephone East Corporation
("NTT East")

1. Financial Results for the Fiscal Year Ended March 31, 2019

- Operating revenues decreased 46.2 billion yen from the previous fiscal year to 1,740.6 billion yen
Operating profit increased 9.9 billion yen from the previous fiscal year to 242.7 billion yen
As a result, both revenues and profits increased over the previous fiscal year
- Net increase in FLET'S Hikari subscriptions of 70,000 from the previous year to 390,000

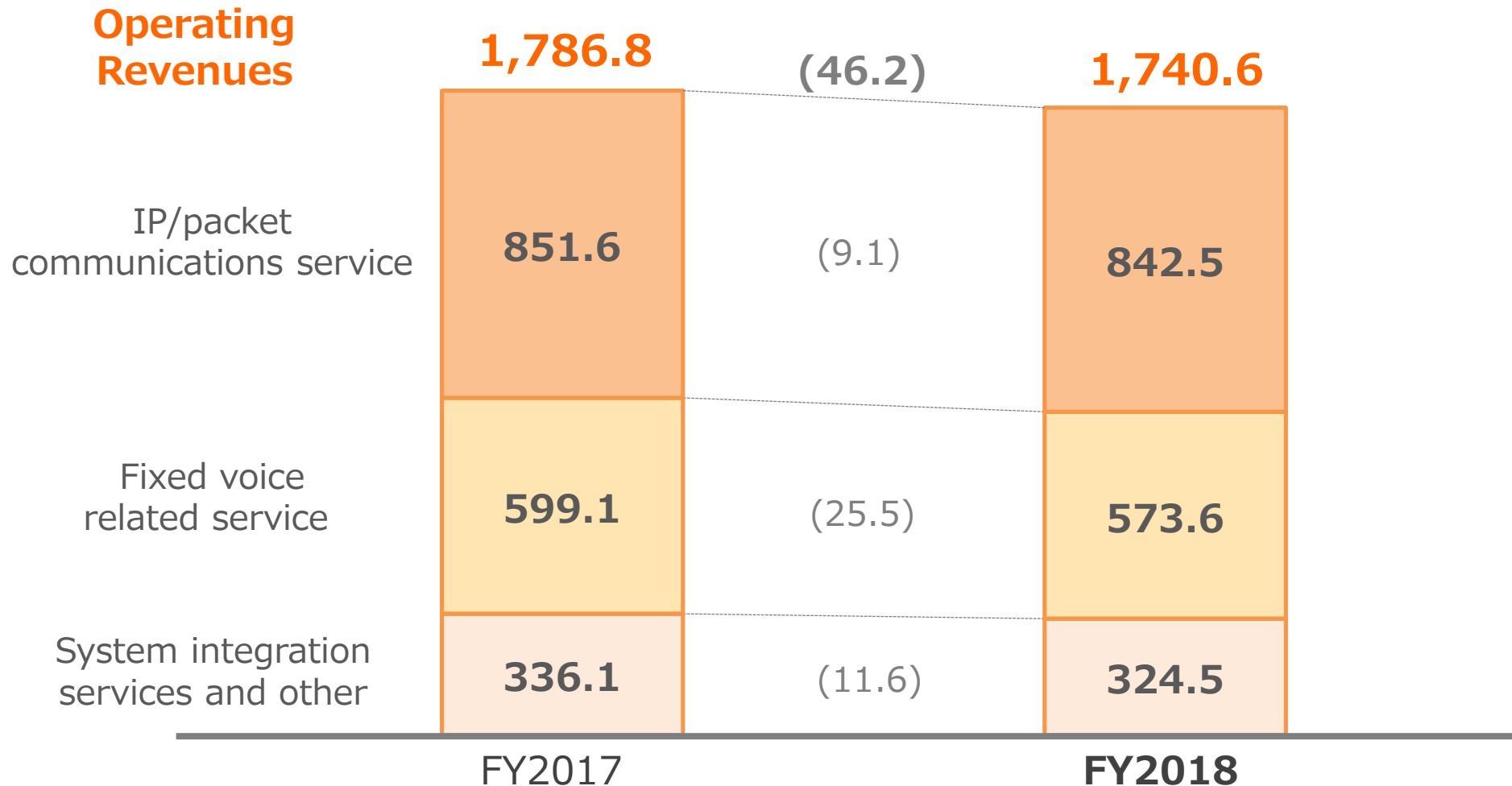
(Unit: Billions of yen, except FLET'S Hikari Subscriptions)

IFRS (Consolidated)	FY2017	FY2018	Increase (Decrease)	Change (%)
Operating Revenues	1,786.8	1,740.6	(46.2)	(2.6%)
Operating Expenses	1,554.1	1,498.0	(56.1)	(3.6%)
Operating Profit	232.7	242.7	+ 9.9	+ 4.3%
Profit Attributable to NTT East	162.4	166.0	+ 3.6	+ 2.2%
Net increase in FLET'S Hikari Subscriptions*	32	39	+7	+ 22.4%
Capital Investment	268.6	274.1	+5.4	+2.0%

* Unit: 10,000 subscriptions. Figures for FLET'S Hikari include subscriptions under the Hikari Collaboration Model.

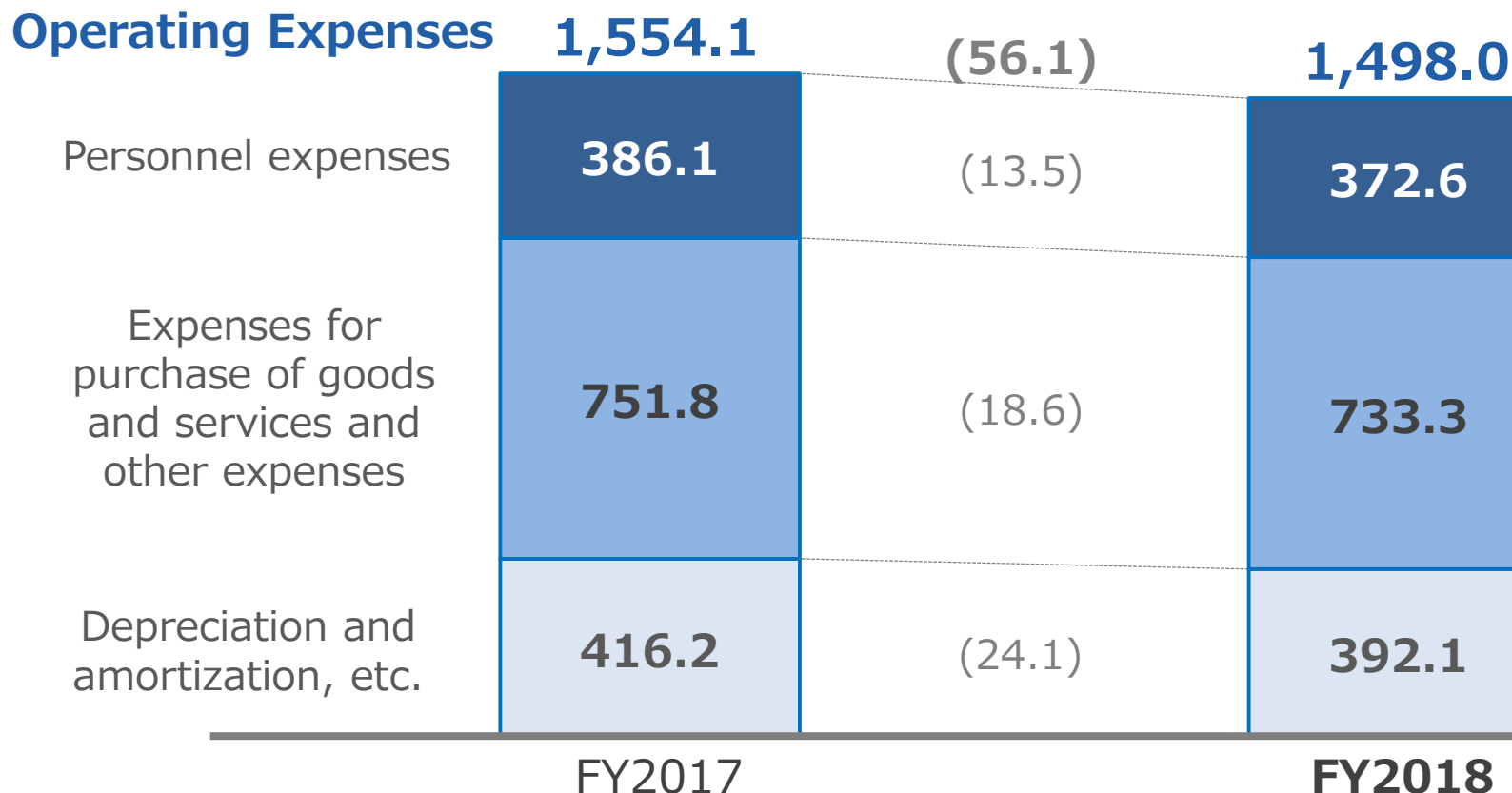
2. Changes in Operating Revenues

(Unit: Billions of yen)



3. Changes in Operating Expenses & Operating Income

(Unit: Billions of yen)



4. Forecast for FY2019

- Operating Revenues are expected to decrease 69.6 billion yen year-on-year to 1,671.0 billion yen.
- Operating Profit is expected to increase 10.4 billion yen year-on-year to 253.0 billion yen, due to the expected decrease in revenues being offset by a decrease in expenses.
- Profit Attributable to NTT East is expected to reach 175.0 billion yen.

IFRS (Consolidated)		FY2018 Results	FY2019 Forecasts	Increase (Decrease)	Change (%)
Operating Revenues	Billions of yen	1,740.6	1,671.0	(69.6)	(4.0)%
Operating Profit		242.7	253.0	+ 10.4	+ 4.3%
Profit Attributable to NTT East		166.0	175.0	+ 9.0	+ 5.4%
Net Increase in FLET'S Hikari Subscriptions*	Ten thousands of subscriptions	39	40	+ 1	+ 2.8%
Capital Investment	Billions of yen	274.1	265.0	(9.1)	(3.3%)

* Figures for FLET'S Hikari include subscriptions under the Hikari Collaboration Model.

5. Revitalization of Regional Economies (1)

Providing Secure and Highly Reliable Information Communication Services

I. Establishing high speed broadband networks which connect regions

- Achieve the implementation of regional edge computing and build a high-volume transmission infrastructure to accommodate increased traffic



II. Making entire areas broadband-connected and diversifying access services

- Expand the Hikari coverage area by collaborating with local government organizations
- Improve the quality of access services for businesses
- Offer solutions leveraging wireless technology (Wi-Fi, LPWA, Local 5G)



III. Offering ICT Services that support customers' digital transformation

- Provide one-stop services (Access Service x IoT/AI x support) that relieve the shortage of workers
- Establish a new "Digital Transformation Headquarters" in order to strengthen support for customers' DX (planned for July 2019)

Expanding Business Areas to Revitalize Regional Economies

IV. Leveraging company assets

- Promote open innovation in collaboration with local universities, governments and businesses
- Support services that support local communities (respond to outsourcing needs)



V. Trying to make local areas more attractive for new businesses to create jobs

- Preserve local legacies (traditional techniques/crafts), revitalize towns through e-Sports, and commercialize agriculture x ICT

6. Revitalization of Regional Economies (2)

Develop “Food/Agriculture x ICT” Business

■ Implement IoT in Agriculture

- “Agri-Innovation Lab @ Yamanashi” collaborative project with the region (“Advanced IoT Project,” sponsored by the Ministry of Economy, Trade and Industry and others, and award-winner for revitalization of regional economies)

■ Provide Food and Agriculture Solutions

- Digitalization solutions for food hygiene management corresponding to HACCP
- Utilize ICT to provide solutions for environmental control and yield forecasting in next-generation horticultural facilities, contributing to improvements in agricultural productivity

Preserve Local Techniques/Cultural Assets

■ Visualization of the Sake Production Process

- Install a temperature sensor for manufacturing processes, and collect and analyze data in the cloud in order to stabilize quality and work toward the transfer of skilled techniques
(June 2018 in Kumagaya in Saitama Prefecture; October 2018 in Osaki in Miyagi Prefecture)

■ Preservation of Pottery and Other Cultural Assets

- Digitalization of experts’ know-how gained through years of experience and insight, and digitally archive local cultural assets
(April 2019 in Fujigawa in Yamanashi Prefecture)

Town Revitalization Leveraging ICT

■ Promote Smart Cities by Collaborating with Local Governments

- Started demonstration tests aimed at sustainable town renewal through the implementation of ICT
(March 2019 in Kisarazu in Chiba Prefecture)

■ Town Revitalization through e-Sports

- Provide ICT environments when events are hosted, in addition to support for event planning and management

Support the DX of Small and Medium Enterprise Customers

■ Automation and Visualization of Work Sites through IoT

- Started demonstration tests that used wearable devices for the visualization of the activities of warehouse workers and for health management (January 2018)
- Launched an IoT package for factories that uses cameras and sensors to visualize the operating status of manufacturing machinery (November 2018)

■ Optimize Office Work by Leveraging ICT

- Started offering “AI Reading/Omakase RPA”, which automates tasks from completing handwritten forms to system inputs, increasing office productivity (January 2019)


Leveraging Company Assets

■ Smart Innovation Lab Using Communications Buildings

- Established a lab for business co-creation, equipped with GPU servers and collaborative work spaces, in the Tokyo Kuramae Building (June 2018), and expanded to Sapporo and Sendai
- In Sendai, in addition to building redevelopment, created an environment where “knowledge” and “talent” from industry/academia/government can come together, and promoted open innovation in the region

■ BPO Utilizing Group Assets

- Promoted BPO to maintain local social infrastructure and services for local people by leveraging communications buildings and assets including technology, know-how and personnel



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