

# **Financial Results for the Fiscal Year Ended March 31, 2020 (21<sup>st</sup> Term)**

May 15, 2020

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

# 1. Financial Results for the Fiscal Year Ended March 31, 2020

- Operating revenues decreased 63.5 billion yen from the previous fiscal year to 1,677.1 billion yen  
Operating profit increased 13.4 billion yen from the previous fiscal year to 256.0 billion yen  
As a result, revenue decreased, profit increased over the previous fiscal year
- Net decrease in FLET'S Hikari subscriptions of 30,000 from the previous year to 360,000

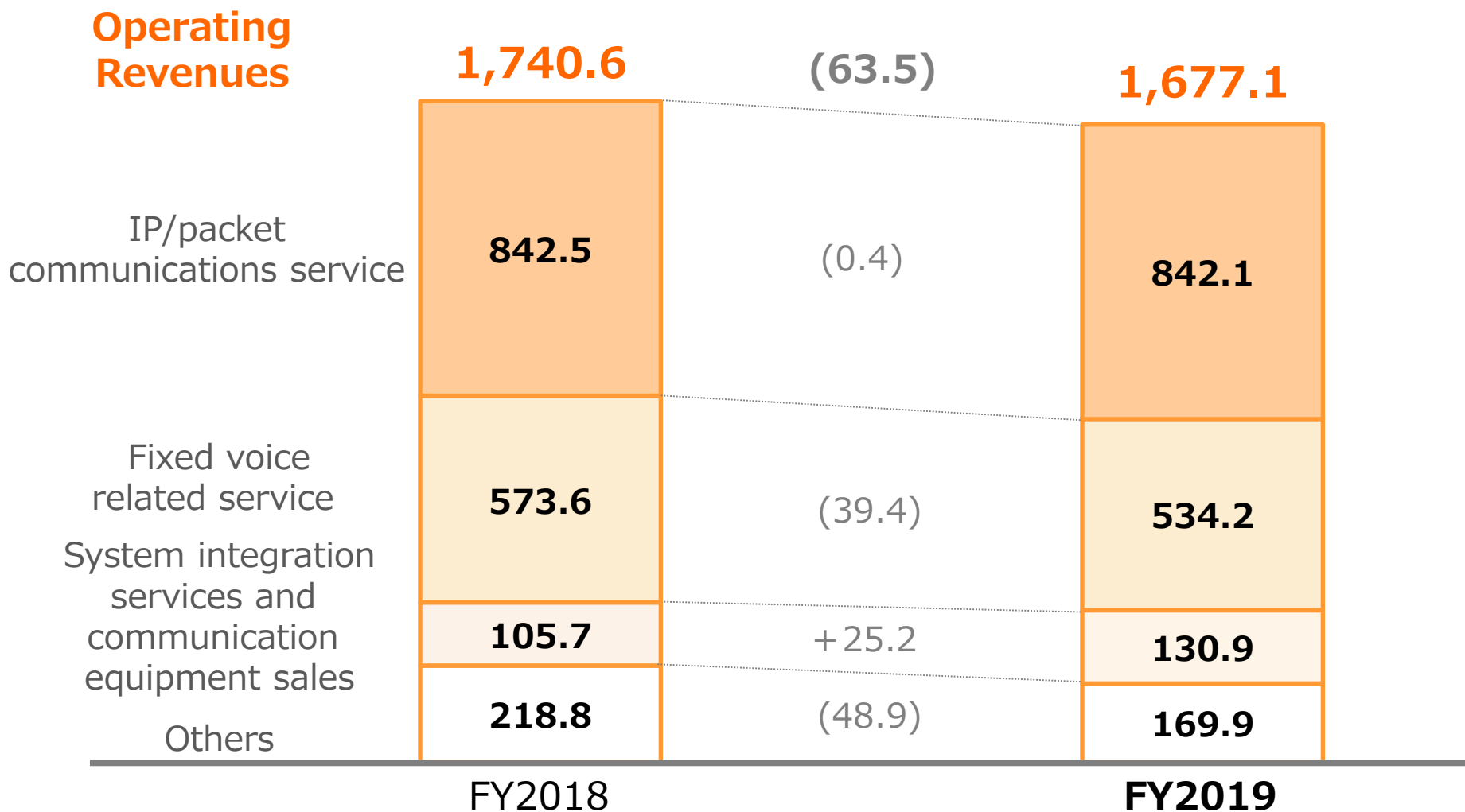
(Unit: Billions of yen, except FLET'S Hikari Subscriptions)

IFRS (Consolidated)	FY2018	<b>FY2019</b>	Increase (Decrease)	Change (%)
Operating Revenues	1,740.6	<b>1,677.1</b>	(63.5)	(3.6)%
Operating Expenses	1,498.0	<b>1,421.1</b>	(76.9)	(5.1)%
Operating Profit	242.7	<b>256.0</b>	+ 13.4	+ 5.5%
Profit Attributable to NTT East	166.0	<b>178.4</b>	+ 12.3	+ 7.4%
Net increase (decrease) in FLET'S Hikari Subscriptions*	39	<b>36</b>	(3)	(7.7)%
Capital Investment	274.1	<b>271.0</b>	(3.0)	(1.1)%

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

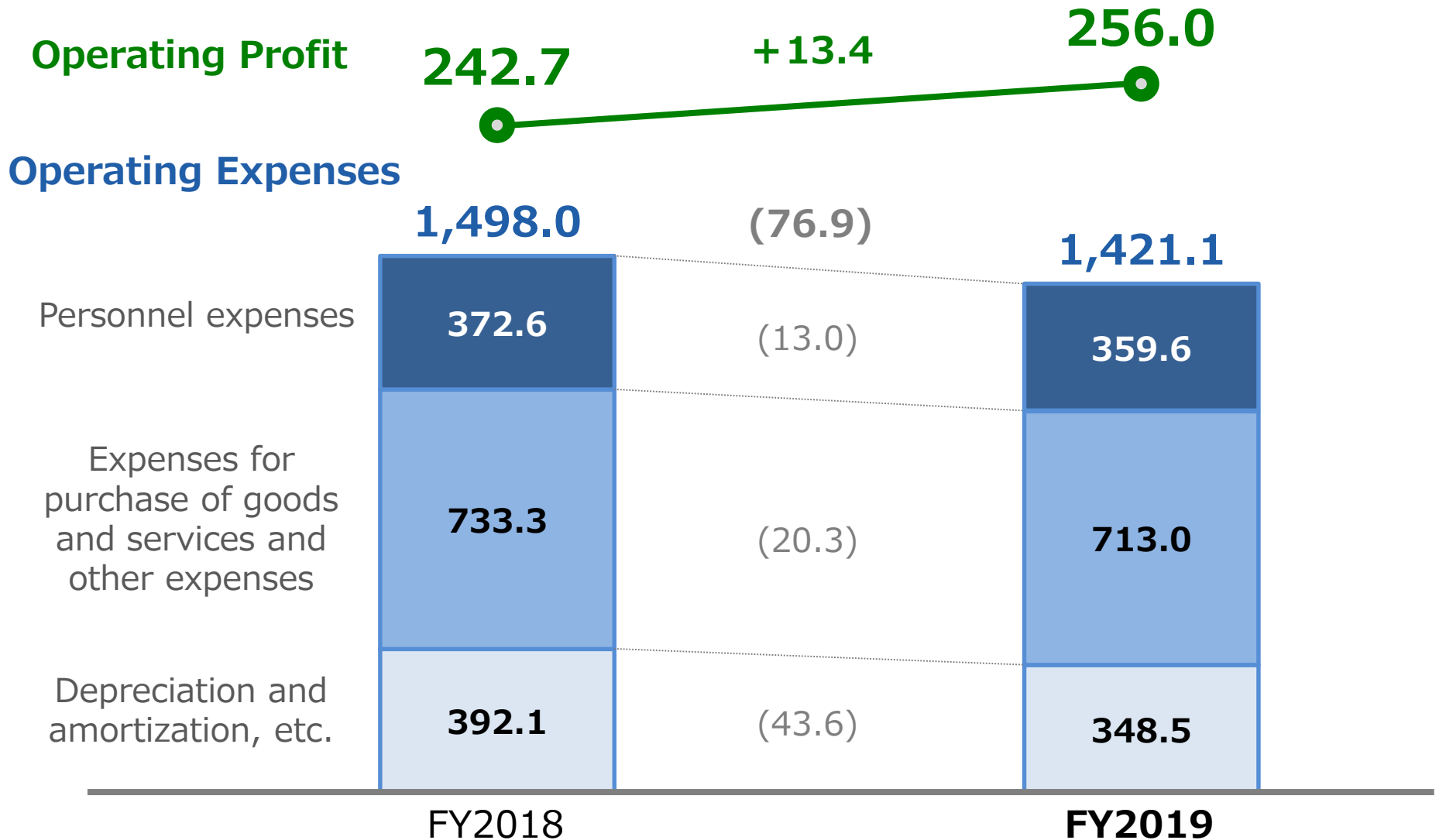
## 2. Changes in Operating Revenues

(Unit: Billions of yen)



### 3. Changes in Operating Expenses & Operating Profit

(Unit: Billions of yen)



# 4. The impact of the COVID-19

## Impact on our business

- **Data communications (Internet) traffic increased by up to 60%\*, voice traffic almost flat**  
\* Comparison of the week of April 20, 2020 and the week of February 25, 2020  
(Data communication traffic)
  - Weekday daytime : Up to 56% increase in data communication traffic due to increases in self-quarantining and telework
  - Weekday nighttime, Saturday, Sunday : Increase of about 10-15%Because the network design is based on the peak traffic volume, the capacity of the entire network is sufficiently secured.
- **The number of applications for various services from customers and the number of reported failures have not changed from previous years**
  - Approximately 10% of each service application and malfunction report has been shifted to Web support (flets.com Web116 Web113)⇒ Focusing on further shift to Web support by advancing DX in order to improve automation, labor saving and disaster resistance
  - Sales activities have shifted to "non-face-to-face sales" utilizing remote tools, etc.
- **Operations such as NW monitoring and information security are maintained 24 hours a day, 365 days a year**  
Telework implementation rate is approximately 70%, except for work that cannot be done at home, such as NW equipment maintenance, opening work, and repairs.

**As a designated public institution, we will endeavor to maintain the information and communication infrastructure in response to requests from the community and society**

# 5. Initiatives based on COVID-19 (1)

## Initiatives to Support Local Customers

- **Extending the payment deadline for various service fees until the end of June 2020**
- **Support for introduction of telework**
  - Partial free provision of "FLET'S Azukeru PRO Plan," which enables secure file sharing on the cloud
  - Partial free provision of "Hikari Cloud PBX," which allows making calls using internal extension numbers between employees on a smartphone
- **Support for online learning**
  - Free of charge for maintenance of communication environment and usage fee for a certain period for new online learning schools
  - Free provision of "Omakase Classroom," a cloud service for learning support
- **Providing various support for the maintenance and operation of the usage environment in the following three fields**

Consultation content (example)		Contact information
<b>Telework consultation</b>	<ul style="list-style-type: none"><li>■ Want to use a PC at home or on the go, just like at work</li><li>■ Want to make and receive calls using my company phone number</li></ul>	0120-765000 Reception time_9: 00-17: 00 (Open all year round) URL: <a href="https://business.ntt-east.co.jp/content/remotework/">https://business.ntt-east.co.jp/content/remotework/</a>
<b>Online learning consultation</b>	<ul style="list-style-type: none"><li>■ Want to set up an online learning environment</li><li>■ Want to try it once to test if it can be used in the actual class</li></ul>	
<b>Telemedicine consultation</b>	<ul style="list-style-type: none"><li>■ Want to establish the minimum necessary environment for telemedicine</li><li>■ Want to know how much installation cost is required</li></ul>	

**We will enhance "local companies' BCP support" and "customers' lifestyle support" to assist in the resolution of local issues with all of our efforts**

## 6. Initiatives based on COVID-19 (2)

### Initiatives to revitalize the region

#### Responding to contactless and online needs

- Increase in demand for hosting and operating virtual events on the premise of being at home to maintain self-quarantining and social distancing [NTTe-Sports]
- As an initiative for regional revitalization through the transmission of local culture and art, demand has emerged for a "distributed virtual museum" through the distribution of digitalized cultural art works
- Providing a food value chain system that manages production, distribution, and sales on the cloud to improve agricultural productivity and domestic food self-sufficiency [NTT AgriTechnology Corporation (May 2020) ]

#### Increased sophistication of information and communication networks that support the region, strengthening of promotion system

- Established smart innovation labs and co-creation spaces in Kuramae, Sendai, and Sapporo as regional edges to build a secure large-capacity transmission platform that connects regions [REIWA project]
- ⇒Developing use cases based on actual conditions that differ from region to region, such as the impact of COVID-19
- Commencement of demonstration experiment utilizing local 5G [Local 5G Open Lab (May 2020)]
- ⇒Industry promotion and smart city development through industry-academia-government collaboration
- Established the "Regional Revitalization Promotion Department" to carry out project promotion function for regional revitalization

### Contributing to the sustainable development of local communities by developing ICT solutions tailored to the actual conditions in each region