Financial Results for the Fiscal Year Ended March 31, 2024 (25th Term)

May 10, 2024

Nippon Telegraph and Telephone East Corporation

Financial Results

In FY2023, <u>achieved increased revenues and profits</u>; 12th consecutive year of increased profits, setting a new record high
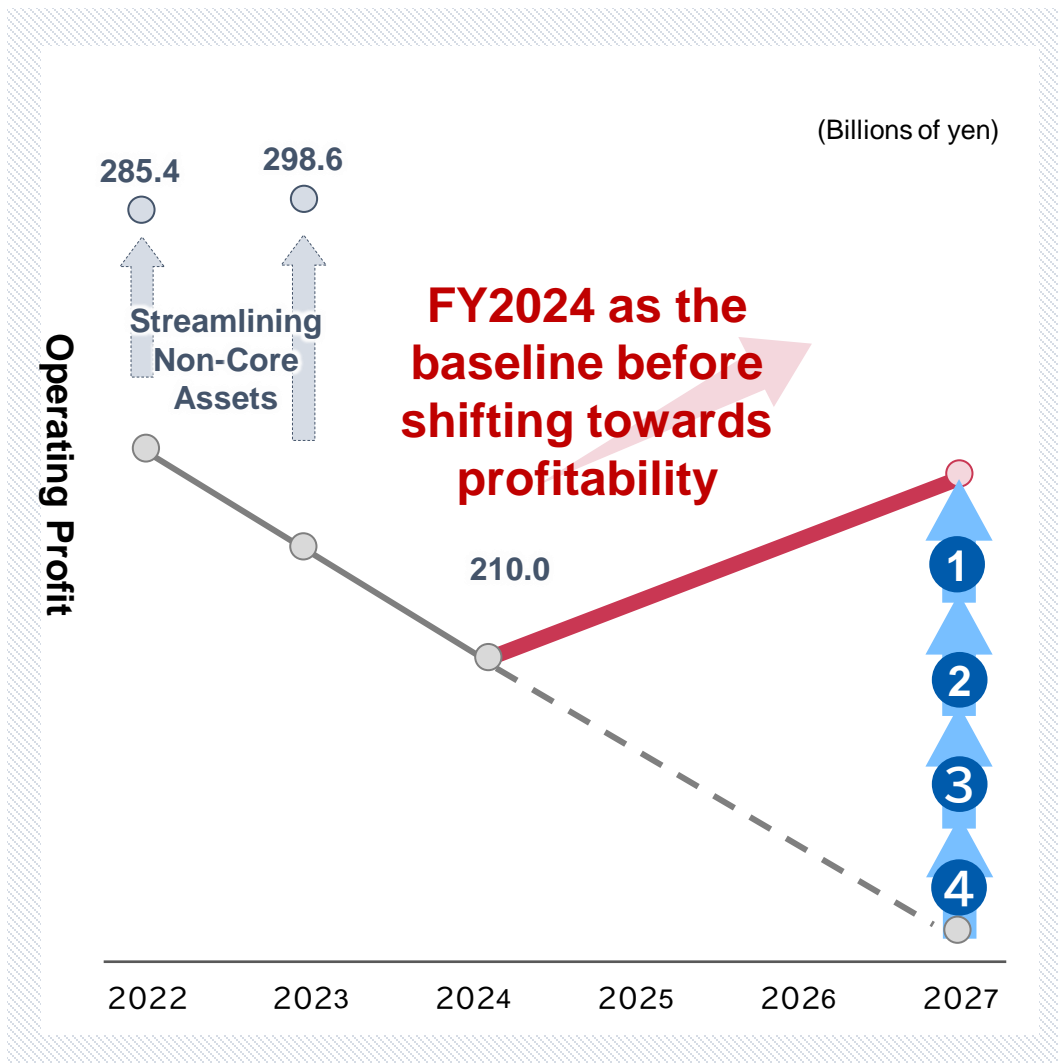
In FY2024, plan to increase revenues excluding the impact of the streamlining of non-core assets conducted in FY2023

(Units: Billions of yen, except Hikari Subscriptions)

IFRS (Consolidated)	FY2022 Results	FY2023 Results	Year-over-year	FY2024 Forecast	Year-over-year
Operating Revenues	1,702.2	1,710.5	+8.3	1,655.0	(55.5)
Operating Profit	285.4	298.6	+13.2	210.0	(88.6)
Profit*	202.4	206.9	+4.5	147.0	(59.9)
EBITDA	493.9	498.8	+4.9	414.0	(84.8)
Capital Investment	248.9	243.8	(5.0)	245.0	+1.2
Net increase (decrease) in Hikari Subscriptions (Number of Subscriptions)	+170,000 (13.33 million subscriptions)	+40,000 (13.37 million subscriptions)	(130,000)	+50,000 (13.42 million subscriptions)	+10,000

* Represents profit attributable to NTT East.

Initiatives to Restore Earning Ability

(Billions of yen)

285.4   298.6

Operating Profit

Streamlining Non-Core Assets

FY2024 as the baseline before shifting towards profitability

210.0

1 2 3 4

2022   2023   2024   2025   2026   2027

1 Migrating Legacy Services to Alternative Services, and Improving Customer Engagement through CX×DX

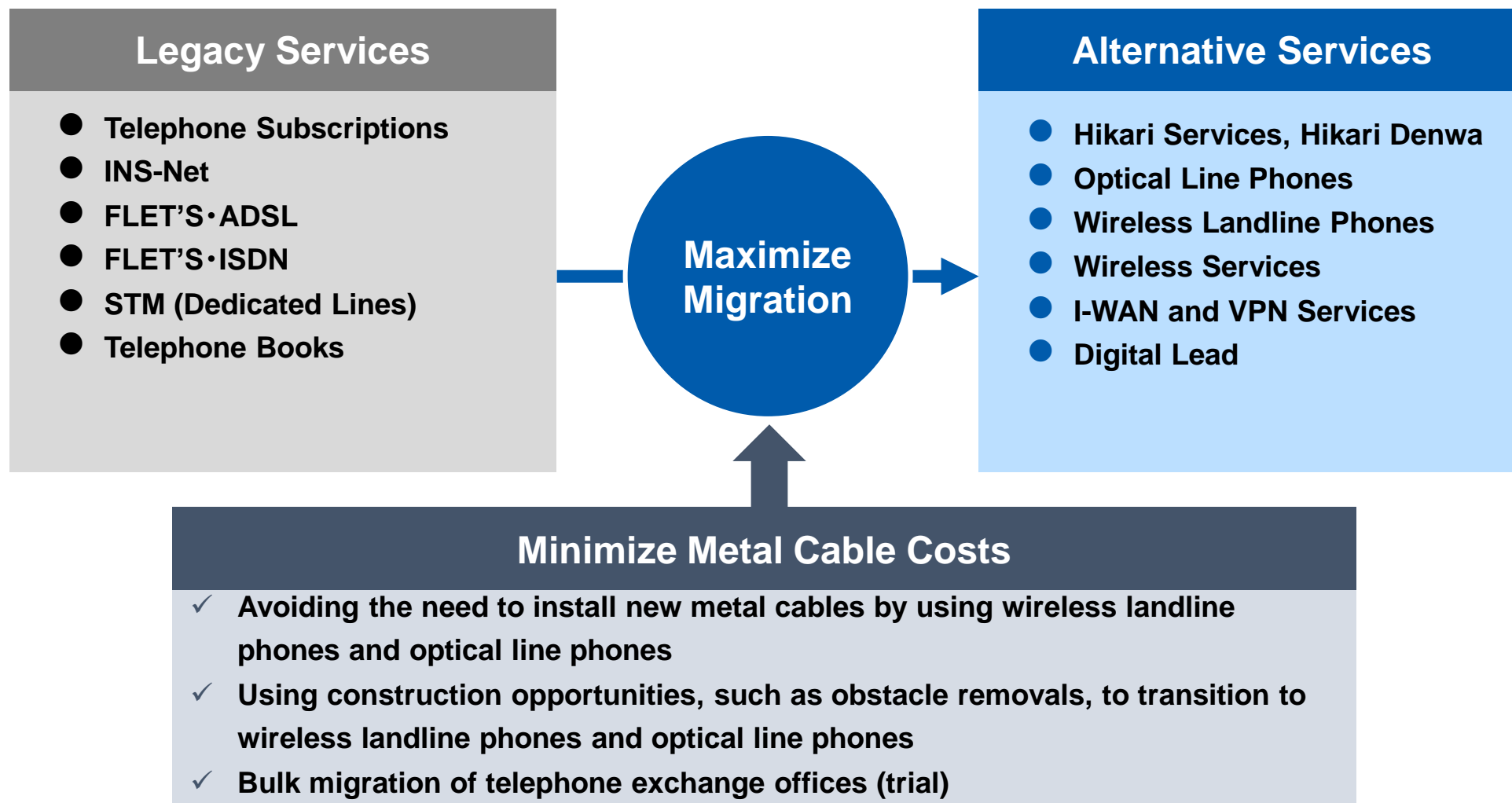**2** Developing Optical Demand to Capture High-Speed Needs

3 Turning Regional Customers in Loyal Customers

4 Strengthening Networks to Support Increasing Traffic

Maximizing the approx. ¥200.0 billion Legacy Service Revenues Base

Legacy Services		Alternative Services
● Telephone Subscriptions ● INS-Net ● FLET'S·ADSL ● FLET'S·ISDN ● STM (Dedicated Lines) ● Telephone Books	**Maximize Migration**	● Hikari Services, Hikari Denwa ● Optical Line Phones ● Wireless Landline Phones ● Wireless Services ● I-WAN and VPN Services ● Digital Lead

Minimize Metal Cable Costs

✓ Avoiding the need to install new metal cables by using wireless landline phones and optical line phones

✓ Using construction opportunities, such as obstacle removals, to transition to wireless landline phones and optical line phones

✓ Bulk migration of telephone exchange offices (trial)

Creating a simple business flow that aims to both improve customer engagement and optimize business efficiency

- Leveraging generative AI and other cutting-edge technologies
- Redeveloping operations systems

Shift to Web/ Tech Touch

Automated Flow-Through

Data-Driven

Manual Operation

tsuzumi

CX Improvement through **DX** Promotion
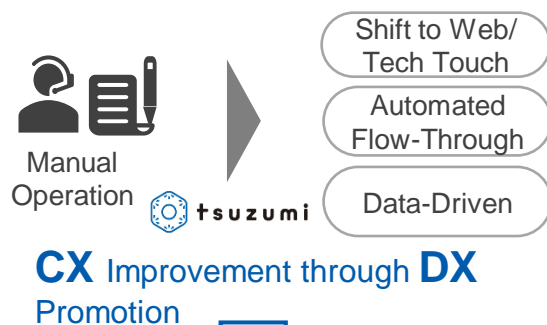
Cumulative from FY2024～FY2027

approx. **3,000** Positions Created

Develop business flow experts, and promote self-sufficiency and in-house development of business systems

- Migrating outsourced business systems to in-house infrastructure (cloud)
- Expanding the scope of in-house system development and operation

In-House

Third-Party Infrastructure

Company's Infrastructure
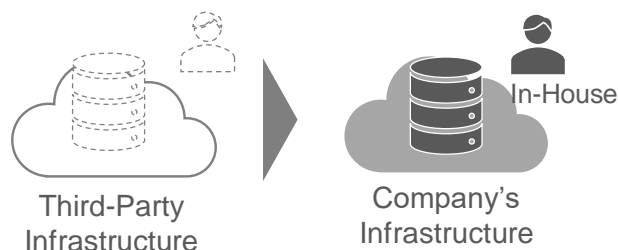
Cumulative from FY2024～FY2027

approx. **¥30.0** billion in Reductions

Accelerate the early-stage transition of paper- and people-based services into digital services
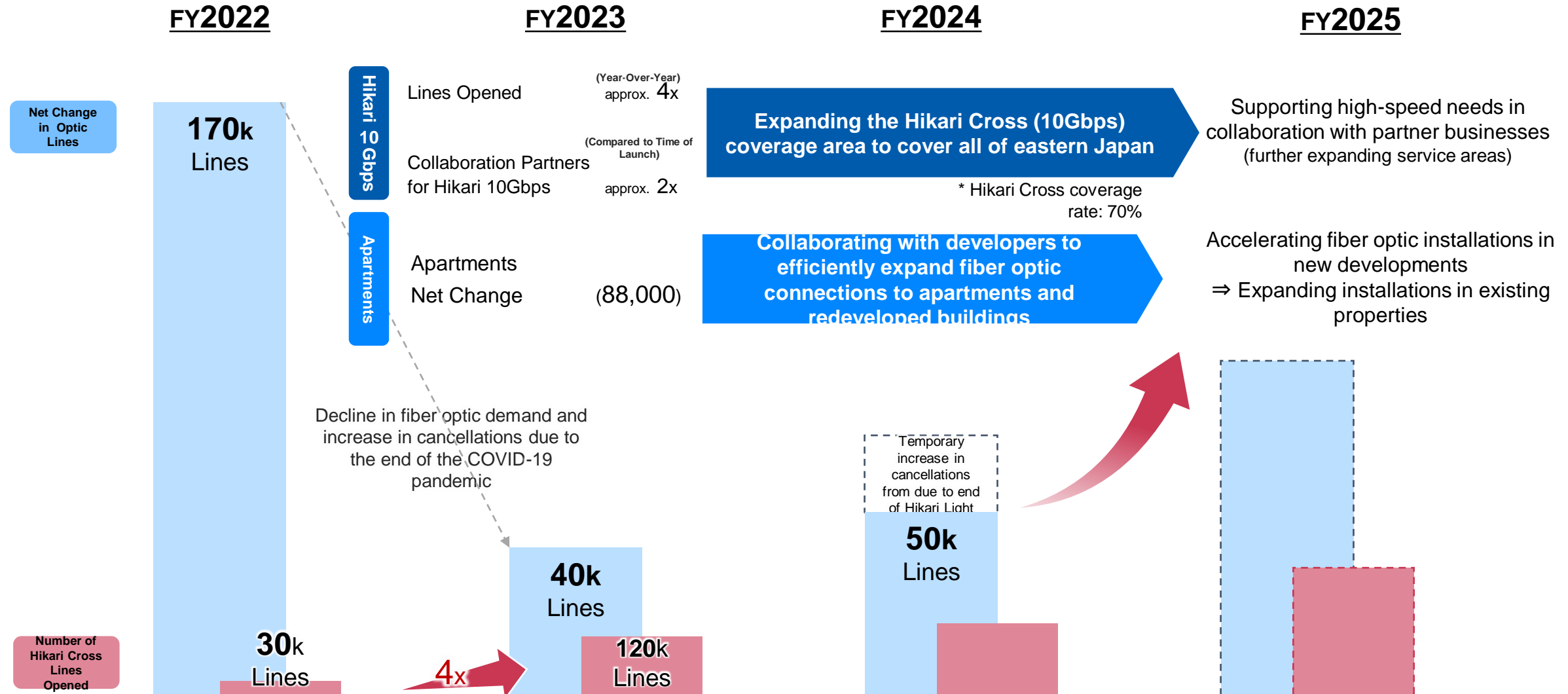
- Updating phone books into digital services((Digital Lead, iTownPage)
- Reducing environmental impact by eliminating paper forms

Paper Forms

Web-Based

Cumulative from FY2024～FY2027

approx. **¥10.0** billion in Reductions

② Developing Optical Demand to Capture High-Speed Needs

FY2022   **FY2023**   **FY2024**   **FY2025**

Net Change in Optic Lines

170k Lines

Hikari 10Gbps

Lines Opened — (Year-Over-Year) approx. **4x**

Collaboration Partners for Hikari 10Gbps — (Compared to Time of Launch) approx. **2x**

Apartments

Apartments Net Change — (88,000)

Expanding the Hikari Cross (10Gbps) coverage area to cover all of eastern Japan

* Hikari Cross coverage rate: 70%

Supporting high-speed needs in collaboration with partner businesses (further expanding service areas)

Collaborating with developers to efficiently expand fiber optic connections to apartments and redeveloped buildings

Accelerating fiber optic installations in new developments
⇒ Expanding installations in existing properties

Decline in fiber optic demand and increase in cancellations due to the end of the COVID-19 pandemic

Temporary increase in cancellations from due to end of Hikari Light

50k Lines

40k Lines

Number of Hikari Cross Lines Opened

30k Lines

4x

120k Lines

③ Turning Regional Customers into Loyal Customers

Operating Revenues from Hikari-Related Businesses

(Billions of yen)

Loyal Customer Creation

Annual revenue increases of approximately **¥10.0** billion

+5.5

336.0   342.0

+9.5

Income from ancillary contract services

+2.5

Income from high value added services

(5.5)

Income from Hikari Denwa
(Basic fees + call charges)

2022   2023   2024   2025
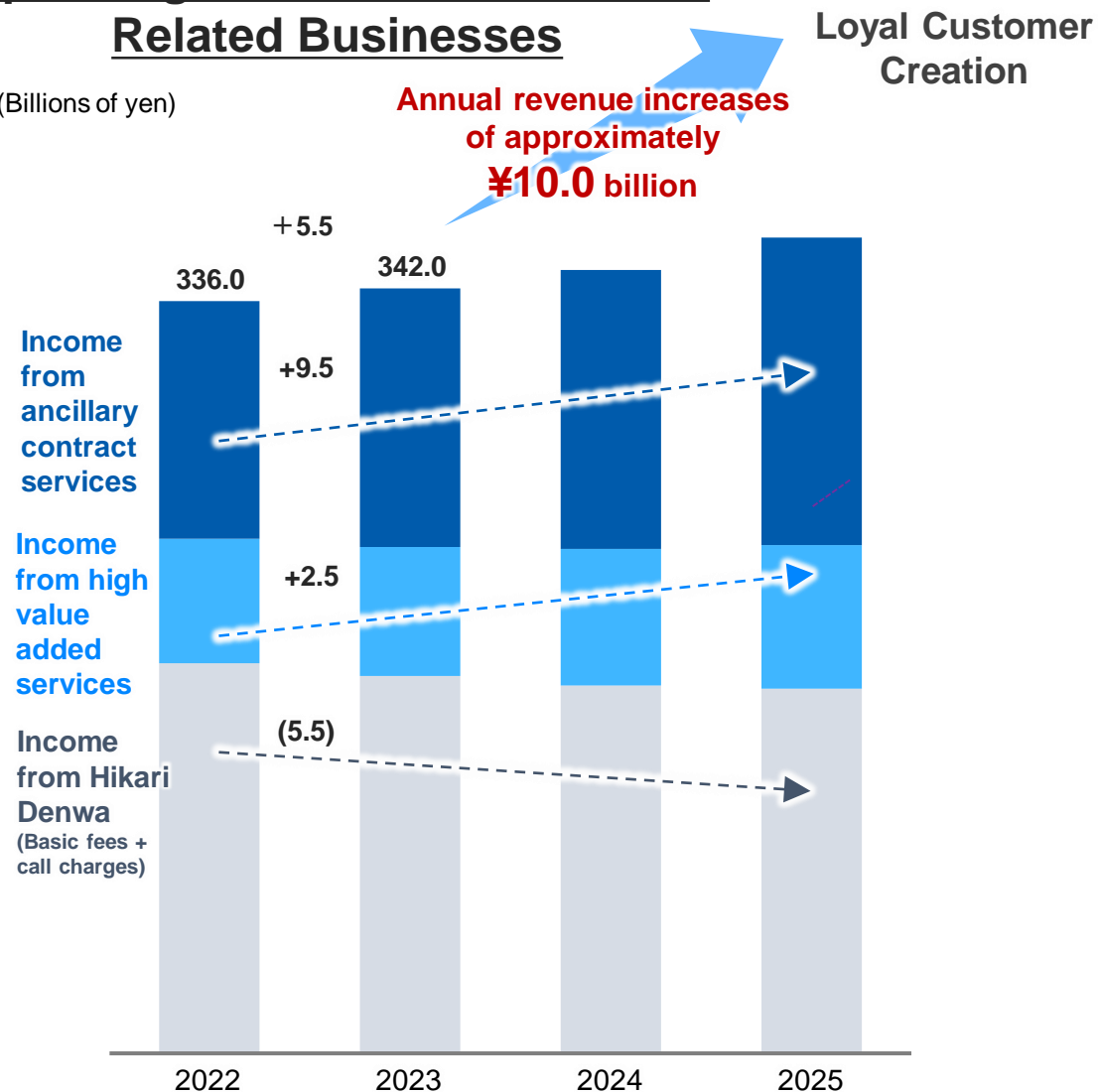
Supporting the Digitalization of Local Governments and Public Institutions

- One-stop provider of regional problem-solving and value creation, AI and digitalization needs from wide-ranging perspectives

Local Development / Renewable Energy / Smart Agriculture

Ministries	Local Government	Education	Medical
Government Solutions Services	Cloud Integration Platform 5th Generation LGWAN	GIGA School	National Medical Information Platform

Network / Disaster Prevention / BPO

Delivery   Operation and Maintenance   Zero Trust

Total Support for Small and Medium-Sized Enterprises

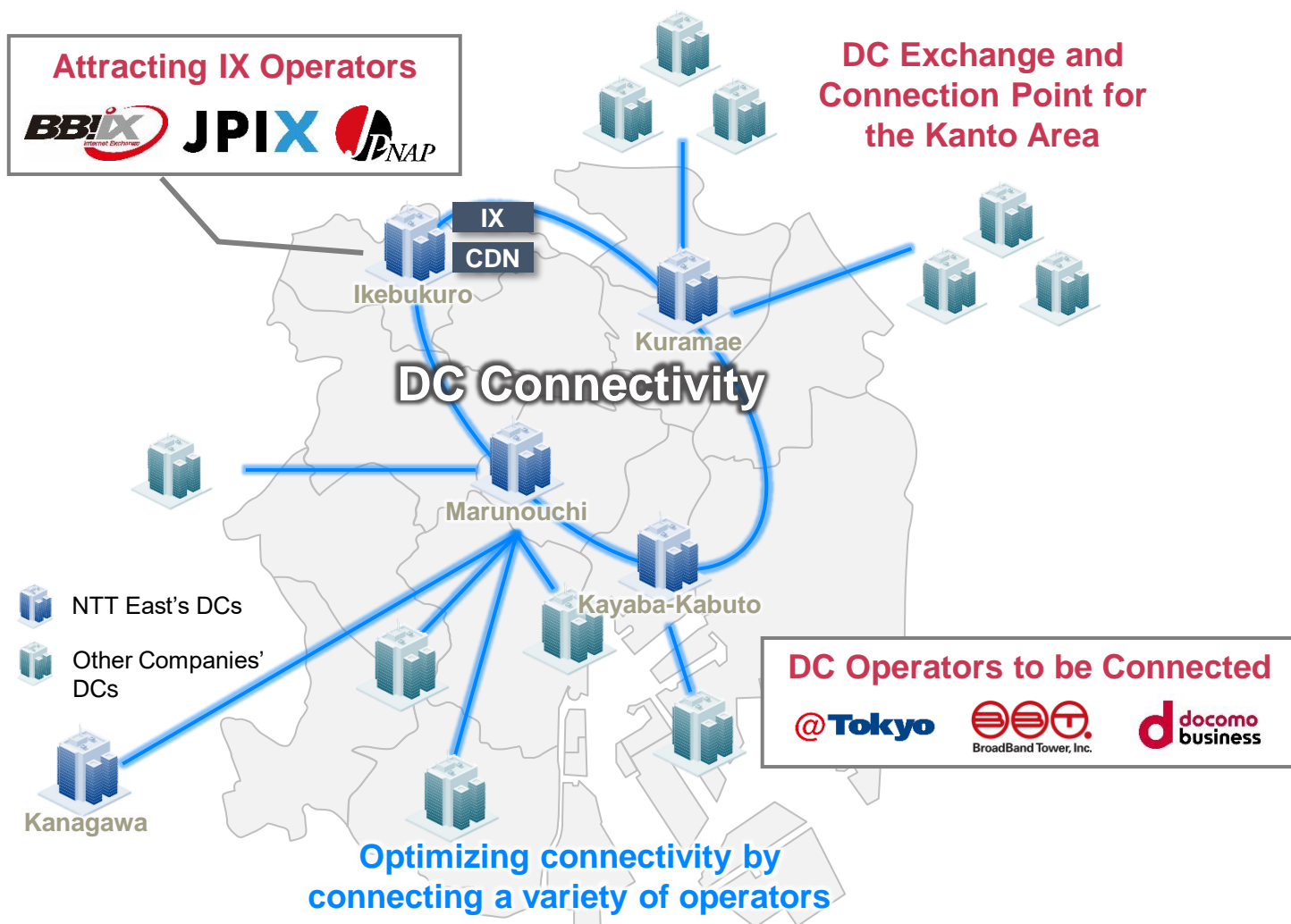- Proactive and total support for office ICT environments through multi-channel collaboration

Total support for the home environment   Multi-channel customer support

IOWN×REIWA
300 R&D Personnel

5,000 Digital Human Resources

World-Leading Information Superhighway

400 Urban Development Consultants

11,000 Communications Engineers

3,000 Regional Consultants

Region-Supporting Engineering Groups

Existing Assets

Community-Based Urban Development Experts

Sharing

Updating to Next-Generation Digital Infrastructure

Leveraging Assets to Create New Businesses and Diverse Services

④-2 Strengthening Networks To Support Increased Traffic

Network Infrastructure to Handle Increased Traffic

Attracting IX Operators

DC Exchange and Connection Point for the Kanto Area

IX
CDN
Ikebukuro

Kuramae

DC Connectivity

Marunouchi

Kayaba-Kabuto

NTT East's DCs

Other Companies' DCs

DC Operators to be Connected

@Tokyo
BroadBand Tower, Inc.
docomo business

Kanagawa

Optimizing connectivity by connecting a variety of operators

Future (Making Japan Asia's Data Hub)

Europe

Asia

North America

Australia

Leveraging IOWN-APN to increase connectivity with landing stations and local operators
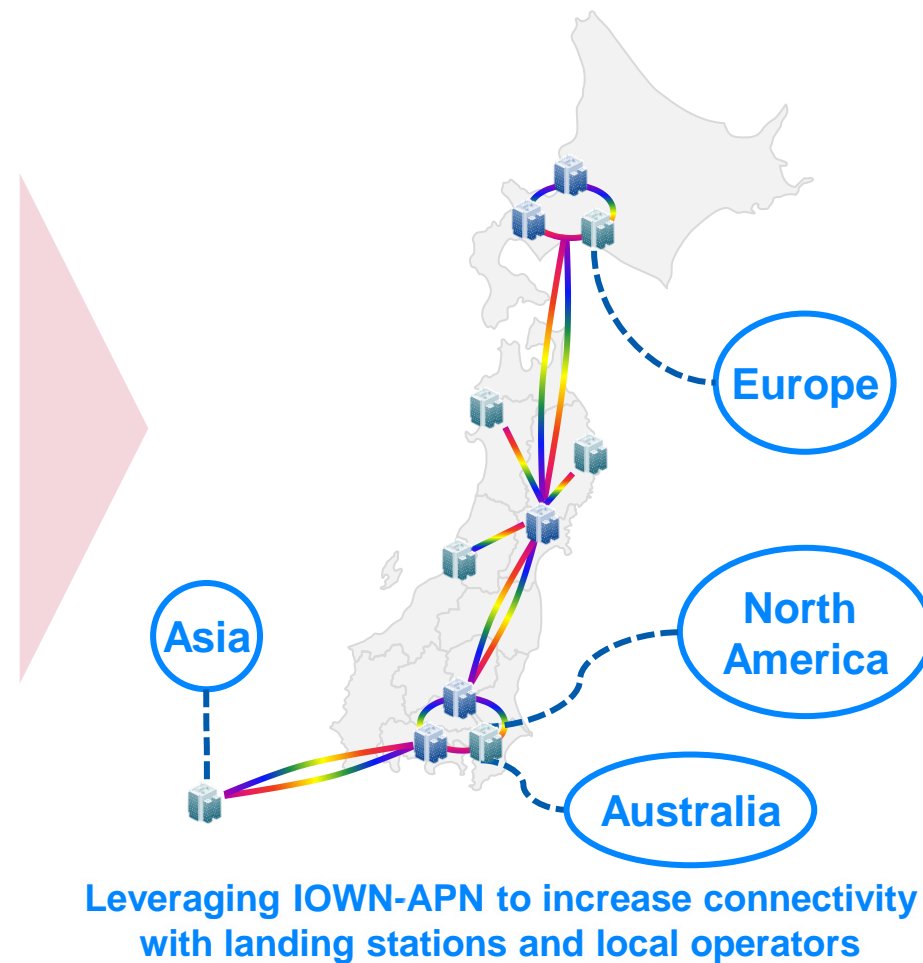
Major Topics and Collaborations

Smart Agriculture	• 【National Agriculture and Food Research Organization and Mirai Co-Creation Farm Akita】Launched the data-driven Remote Farming Support Project (June) • 【Plantio and Tanita】Entered into collaboration for new urban farming business (July) • 【Ichii and Okayama University of Science】Conducted demonstration experiments for the commercialization of land-based aquaculture of sockeye salmon in a complete closed-circuit system using optimal environmental water© (July) • 【Osaka University】Launched a freshness preservation consulting service to establish optimal preservation methods for local products (December) • 【Tsuno in Miyazaki Prefecture, and Okayama University of Science】Successfully bred high-end fish Kue-Tama and Tamakai in the world's first completely closed-circuit land-based aquaculture system (February)
IOWN	• 【NEC and Kajima】Completed the world's first successful demonstration experiment for construction vibration detection using communication optical fibers (August) • 【TV Tokyo】Conducted the world's first live broadcast using APN IOWN 1.0. on TV Tokyo and BS TV Tokyo for the "Tokyu Silvester Concert 2023-2024" (December) • 【Mitsubishi Electric and NEC】Opened the "IOWN Lab" to create use cases using IOWN technology (January)
Local 5G and Wireless	• 【18 5G Vendors】Launched a new co-creation project to accelerate social implementation of local 5G systems (November) • 【JIG-SAW】Became the first Japanese telecommunications company to join the Connectivity Standards Alliance (CSA) and entered into a business alliance for the development of services to encourage widespread adoption of smart homes using the "Matter" standard (November) • Opened the "Local 5G Smart Factory and Logistics Lab" (January)
Creating a Recycling-Oriented Society	• 【Yokohama】Signed an agreement related to promoting "urban development aimed at creating a city where people want to live, continue living, and is chosen by others" (September） • 【University of Tokyo】Signed an industry-academia collaboration agreement with the aim of creating a next-generation digital network infrastructure and social entrepreneurs in order to achieve a regional recycling-oriented society (FY24, April)
Other	• To prevent fraud, number display and number request services were made free for senior citizens (May) • Bulk banning of phone numbers owned by scam call-forwarding companies (July)

地域の価値創造企業へ

SOCIAL
INNOVATION
パートナー

NTT東日本グループ