



# Financial Results for the Fiscal Year Ended March 31, 2024 (25<sup>th</sup> Term)

May 10, 2024

This document is a translation of the Japanese original. The Japanese original is authoritative.

The forward-looking statements and projected figures concerning the future performance of NTT West and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT West in light of information currently available to it regarding NTT West and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT West and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, and other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein.

\* “E” in this material represents that the figure is a plan or projection for operation.

\*\* “FY” in this material indicates the fiscal year ending March 31 of the succeeding year.

# FY2023 Financial Results and FY2024 Financial Results Forecast

- In FY2023, operating revenues were ¥1,497.0 billion and operating profit was ¥138.9 billion, leading to decreased revenues and increased profits
- In FY2024, operating revenues are expected to be ¥1,445.0 billion and operating profit is expected to be ¥80.0 billion, leading to decreased revenues and decreased profit

(Billions of yen)

IFRS (Consolidated)	FY2022 Results	FY2023 Results	Year-over- year	FY2024 Forecast	Year-over- year
Operating Revenues	1,501.6	1,497.0	(4.6)	1,445.0	(52.0)
Operating Profit	134.9	138.9	+4.0	80.0	(58.9)
Profit*	93.2	98.8	+5.6	54.0	(44.8)
EBITDA	335.0	328.8	(6.2)	279.0	(49.8)
Capital Investment	249.2	237.2	(12.1)	237.0	(0.2)
Net Increase (Decrease) in Hikari Subscriptions (Number of Subscriptions)	+140,000 (10.25 million)	+40,000 (10.29 million)	(10,000)	+50,000 (10.34 million)	+10,000

\* Represents profit attributable to NTT West (after deducting income attributable to non-controlling interests).

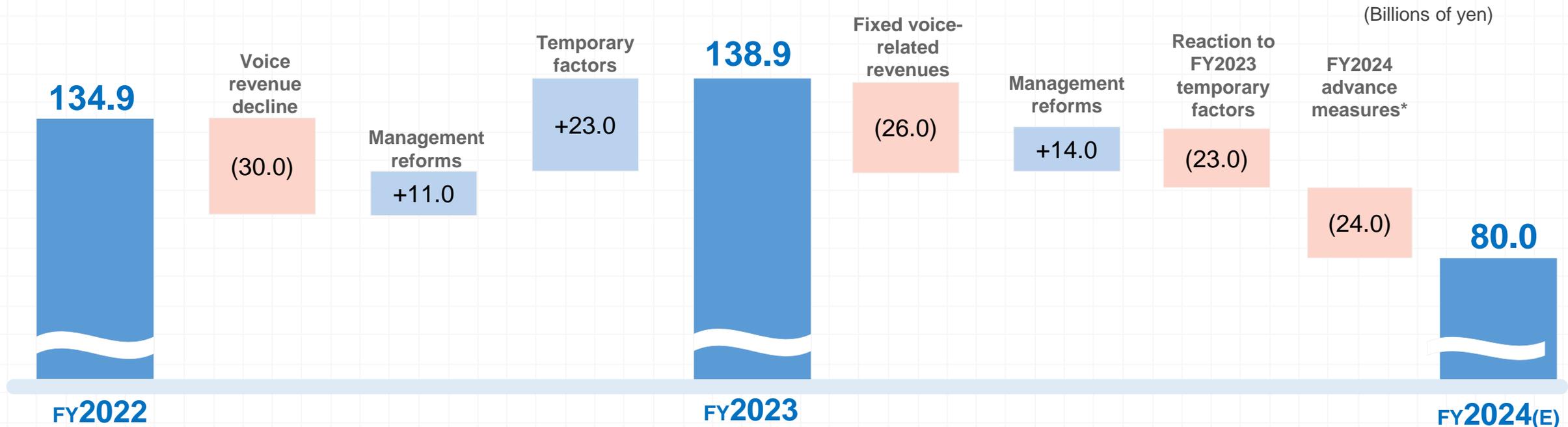
# Status and Forecast of Operating Profit

## FY2023

Although voice revenues decreased due to receded demand for remote work, NTT West was able to ensure a year-over-year increase in profits by expanding its growth businesses, implementing cost improvements and through temporary factors, such as the systematic sale of non-core assets to reduce future costs associated with asset holding

## FY2024

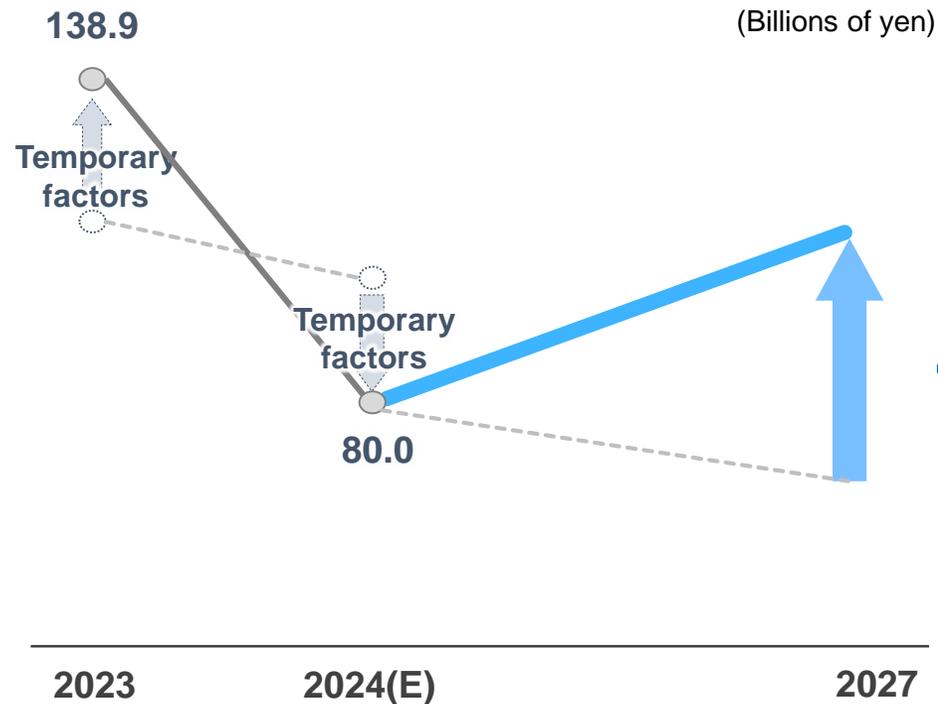
NTT West forecasts an operating profit of ¥80.0 billion, which represents a year-over-year decrease in profits, as a result of reactions to temporary factors and advance measures for future sustainable growth, among other factors, partially offset by the continued expansion of growth businesses and cost improvements



# Initiatives for Sustainable Business Growth

## Operating Profit Forecast

Shifting towards increasing profitability, with FY2024 as a baseline

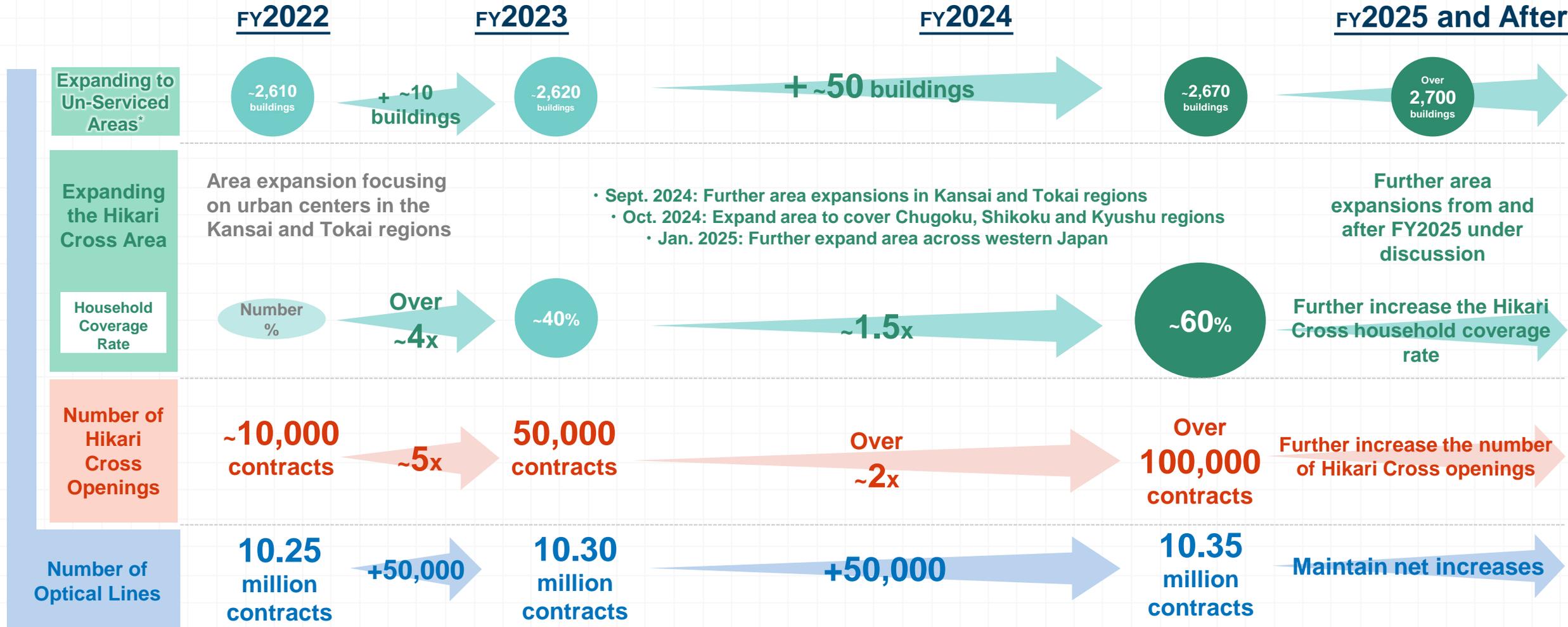


## Specific Initiatives

- 1 Growing and expanding Hikari services
- 2 Steadily migrating from legacy and other services
- 3 Expanding social infrastructure businesses in the public sector and elsewhere
- 4 Further expanding growth businesses
- 5 Improving CX and strengthening cost competitiveness

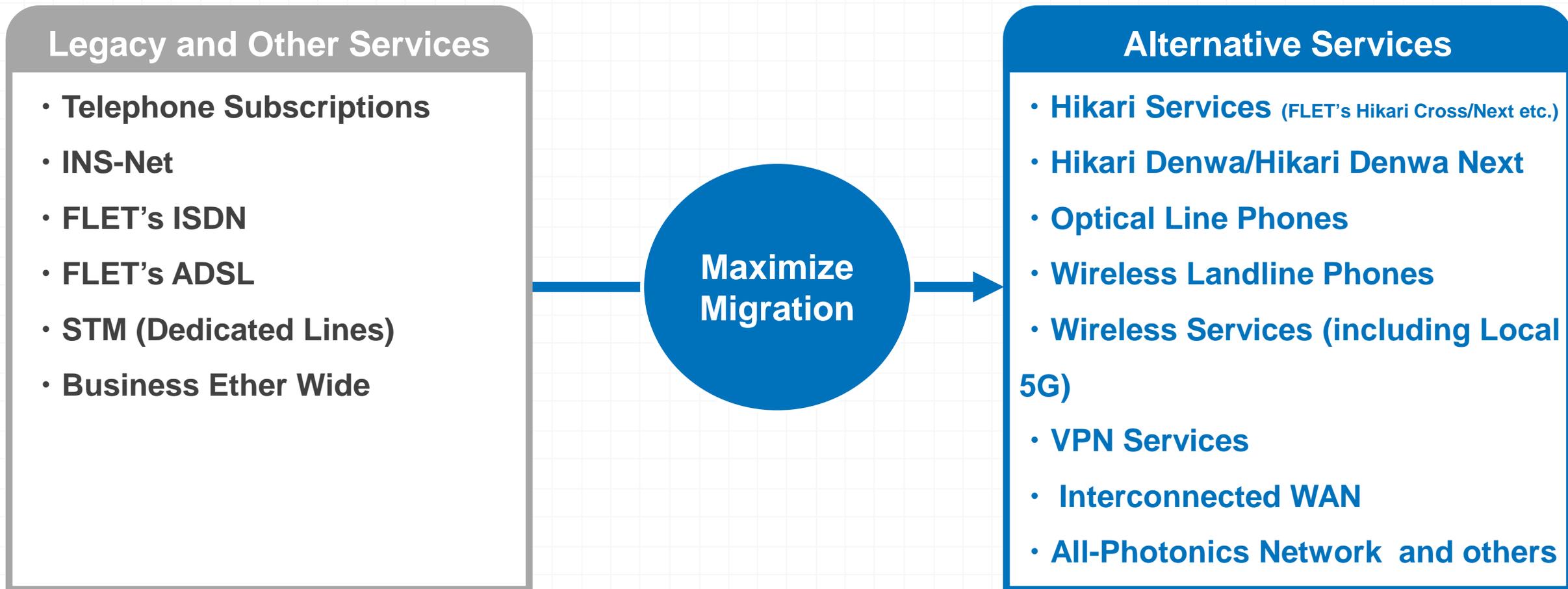
# 1. Growing and Expanding Hikari Services

- Maintaining net increases in Hikari services by expanding the Hikari service area, among other measures
- For the Hikari Cross area, increasing market share and improving ARPU by thoroughly promoting a “Cross-first” approach



## 2-(1). Steadily Migrating from Legacy and Other Services

- Maximizing the retention of our customer base for legacy and other services (approx. ¥300.0 billion)



## 2-(2). Metal Migration Initiatives

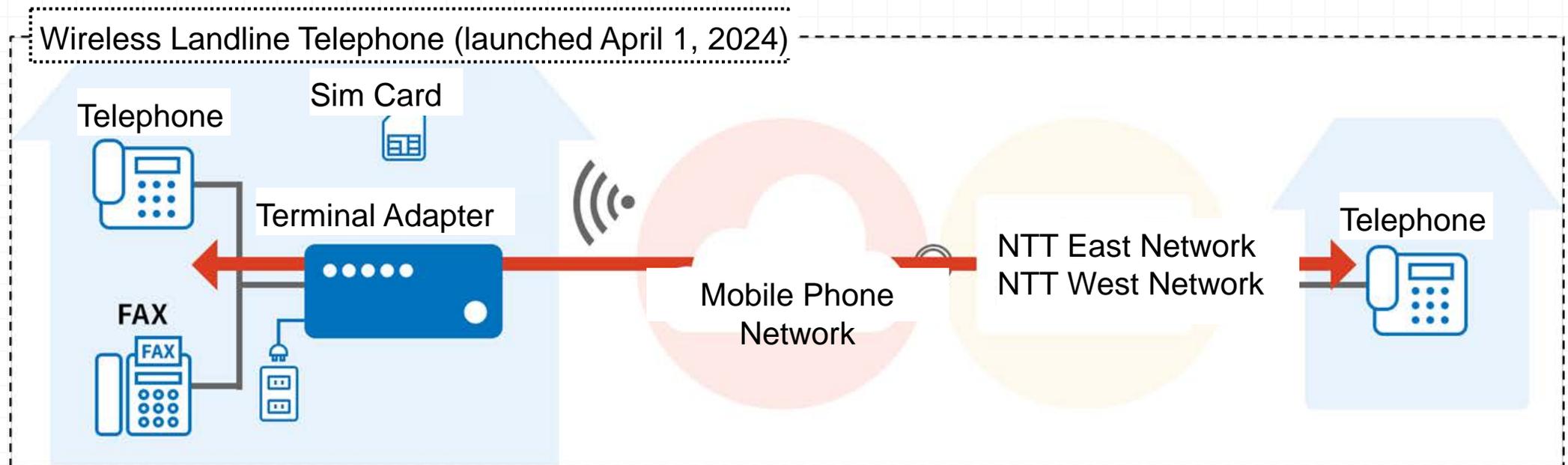
- We are utilizing wireless landline telephone services, which were launched in April, and also transitioning from metal services and creating and removing zero-capacity (unused) metal equipment  
(Removals completed in FY2023: 500 km of underground cables)

### Transitioning From Metal Services

- ✓ Started transitions of subscribed phone users in remote islands and rural areas **where costs for metal cable maintenance are high** and for customers whose metal cables need to be replaced
- ✓ **Utilizing wireless landline telephones** in addition to optical line telephones

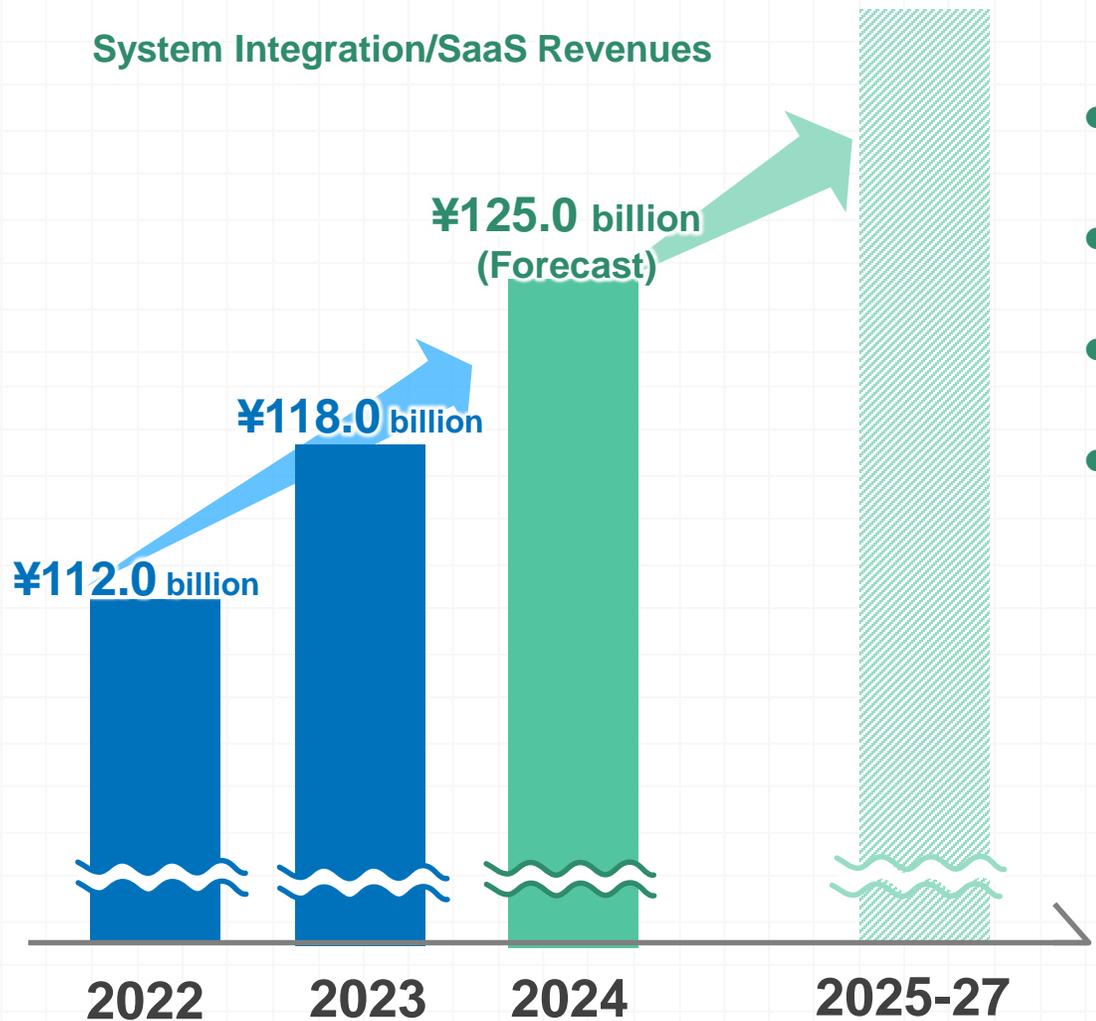
### Creating and Removing Zero-Capacity (Unused) Metal Equipment

- ✓ Proceeding with cable switching and integration of thick bundles of **underground cables**, thereby creating **zero-capacity (unused) cables**
- ✓ **Implementing cable removals** with funds from sales of cables



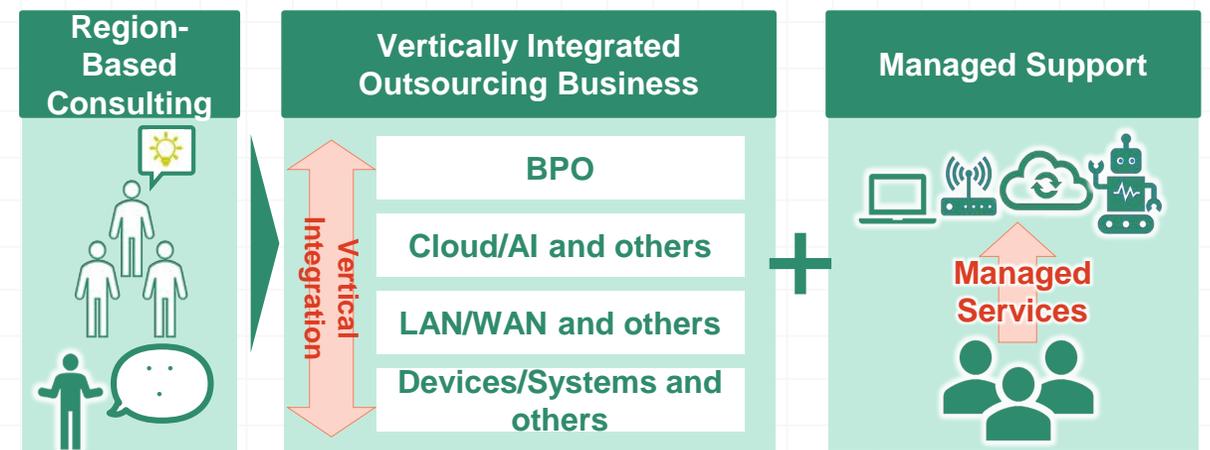
# 3. Expanding Social Infrastructure Businesses in the Public Sector and Elsewhere

- Taking advantage of opportunities such as the lift of core local government processes to the government cloud, and investing resources and products into the social infrastructure business field



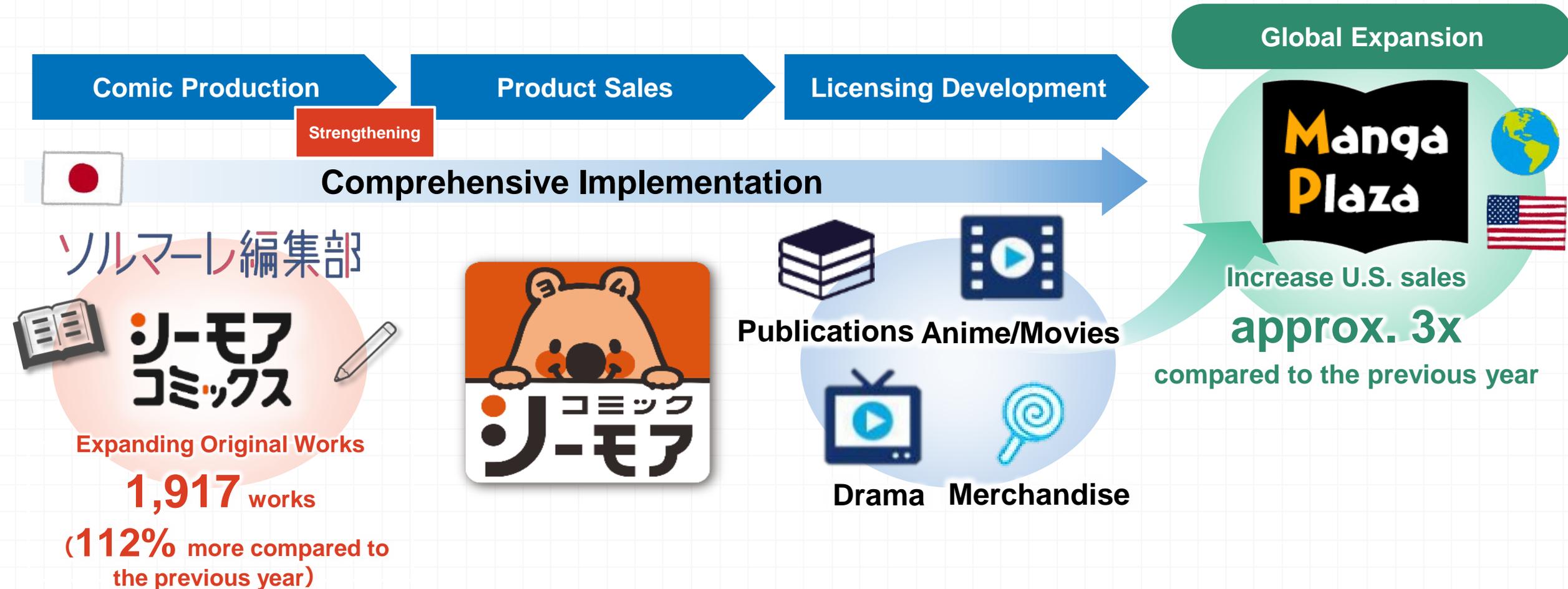
## Specific Initiatives

- Shifting operating resources (800 people) to social infrastructure businesses (local governments, education, medical, environmental, etc.)
- Increasing the number of specialists in the cloud and security fields (Currently: approx. 3,000 people → FY2027: approx. 5,000 people)
- Enhancing managed services (Launched the “Government Cloud Connection Support Service” on April 17)
- From LAN/WAN to cloud/AI, providing total support to solve customer problems, starting from the consulting stage



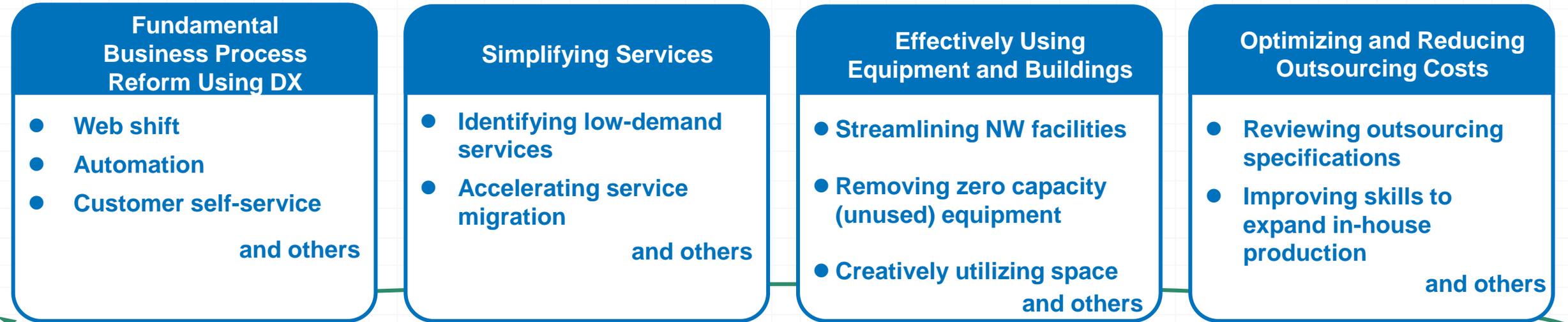
## 4. Further Expanding Growth Businesses (Solmare Expansion)

- One of the largest e-book stores in Japan (with more than 35 million monthly users and over 1.34 million books)
- Strengthening comprehensive efforts, from original comic production to licensing development, and expanding business into global markets



# 5. Improving CX and Strengthening Cost Competitiveness

- Leveraging DX and AI to strengthen both CX and cost competitiveness at the same time



## Improving CX

Starting in FY2024: Establishing a CCXO (Chief CX Officer) and CX Improvement Committee  
Improving customer loyalty (customer recommendation levels, likelihood of repeat purchases, etc.)

## Strengthening Cost Competitiveness

Total from FY2024~FY2027: Cost Reduction Effect: over **¥30.0 billion**

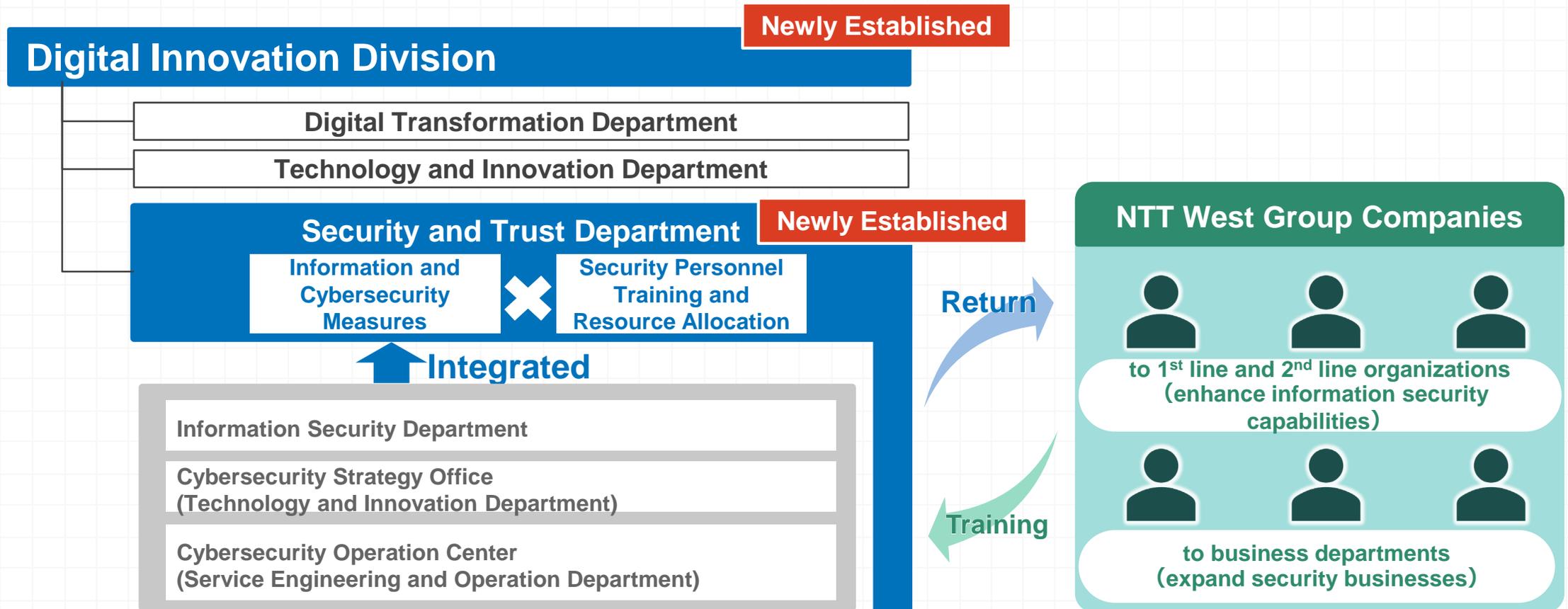
Positions Created: over **4,000**



# Topics

# ① Developing an Organization with Total Management of DX, Security and Other Matters

- Established a new “Digital Innovation Division” (with three departments under its supervision) to strongly promote company-wide DX/systemization, innovation, security and other matters
- Newly established the “Security and Trust Department” to handle total management of information and cybersecurity measures and the training of security personnel



## ② Status of Response to the 2024 Noto Peninsula Earthquake

- Emergency restoration work has been completed except for areas that are difficult to access. The entire NTT Group is continuing to work with local governments to achieve a full-scale recovery

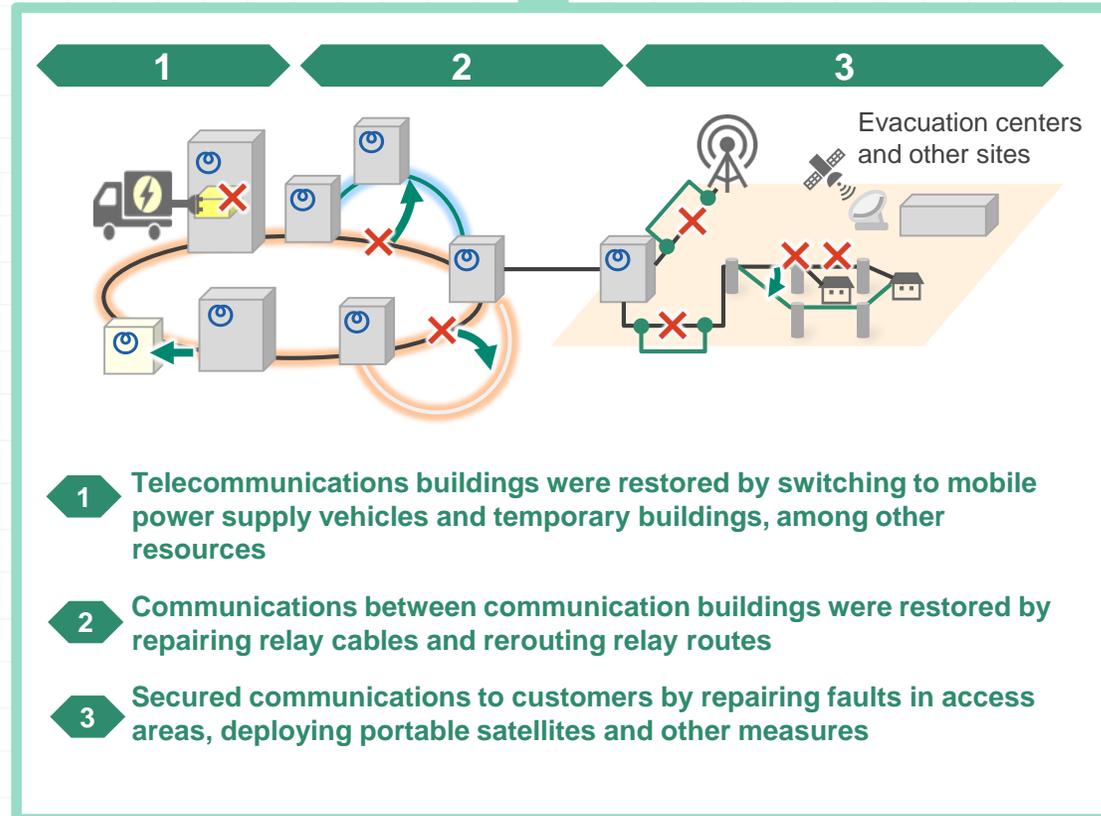
Status after the Disaster  
(January 3, around 15:30)

Impacted Services  
(by number of buildings):  
up to 20 buildings

Services Restored to **19** Buildings

Current Status  
(as of May 10)

Remaining Impacted Services  
(by number of buildings):  
**1** building



**Nishiho Building**

# 「つなぐ」その先に「ひらく」 あたらしい世界のトビラを

私たちは、地域社会の一員として、  
あらゆる人々が幸せで豊かな未来の姿を追求しつづけます。  
そのために、技術と知恵をみがき、新たな価値の共創に挑戦します。