

This English text is a translation of the Japanese original. The Japanese original is authoritative.

March 1, 2024

**Submission for Approval of Business Operation Plan**

**for the Fiscal Year Ending March 31, 2025**

Nippon Telegraph and Telephone Corporation (“NTT”) today submitted its business operation plan (non-consolidated) for the fiscal year ending March 31, 2025 to the Minister for Internal Affairs and Communications for approval, as set forth below.

For inquiries, please contact:  
Business Planning Group Corporate Strategy  
Planning Department  
Nippon Telegraph and Telephone Corporation  
Tel: +81-3-6838-5151

## **I. Environment Surrounding Information and Communications**

In information and communications services, in addition to the enhancement of the broadband communications environment and the proliferation and penetration of smartphones, tablets and other devices, the expansion of fifth-generation mobile communication system (5G) services, and the growing use of cloud computing and new technologies such as AI, digital twin computing, quantum computing and Web3 are rapidly progressing. In addition, various types of data are being gathered, and through efforts to improve the data usage environment, data analysis and utilization are also advancing, enabling the creation and provision of new value in a wide range of fields including improvements in the convenience of people's lives and greater efficiency in each industry. It is expected that this type of creation of innovation will be accelerated even further by developments such as the initiatives to achieve the Digital Garden City Nation concept, and the Osaka Kansai Expo.

In the information and communications services market, a number of service providers have been working to generate an increasing variety of innovative new services through business partnerships that go beyond the boundaries of industry sectors and business types in order to contribute to sustainable economic growth, the vitalization of local economies and the resolution of Japan's social issues, such as the low birthrate and aging population.

At the same time, as co-existing real-world and online workstyles and lifestyles have become normalized, the role of information and communications services in achieving the secure and reliable operation of social systems and enriching people's lifestyles is becoming increasingly important, as demonstrated by the need to meet demand for the increase in data transmission volumes caused by the digital shift of social and economic activities, heightened expectations to create new value and resolve social issues, and strengthened countermeasures against increasingly sophisticated and complex security threats and intensifying disasters.

## **II. Responsibilities of NTT**

To help ensure that universal services are maintained amid this evolving information and communications environment, NTT intends to provide all necessary advice, coordination, and other assistance to Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation (the "regional companies"). NTT will also endeavor to promote research and development in information communications technology, which serves as a foundation for telecommunications.

In addition, although the Information and Communications Council is currently debating whether to eliminate NTT's responsibility to promote and disclose the results of research and development, even if this responsibility is eliminated, NTT will still continue to promote the research and development of telecommunications-related technologies, and will promote more agile and flexible partnerships with a wide variety of partners in order to expand the usage of its research and development results.

## **III. Fundamental Management Policy**

Based on NTT Group's Medium-Term Management Strategy, "New Value Creation & Sustainability 2027 Powered by IOWN," which was announced in May 2023, NTT Group will endeavor to create new value and achieve environmental sustainability. In particular, NTT Group will work to create IOWN-based and data-driven new value, achieve a recycling-oriented society, further improve its business foundations and enhance the customer experience (CX) and employee experience (EX) that support these, and will promote management that furthers the development of the entire group.

As NTT undertakes these initiatives, it intends to continue to ensure fair competitive conditions under

the existing legal framework.

#### **IV. Management Policy for the Fiscal Year Ending March 31, 2025**

For its management policy for the fiscal year ending March 31, 2025, based on these fundamental concepts, NTT will build an advanced broadband network and provide a variety of services that utilize 5G. In order to provide support for issues that face a sustainable growth society, NTT will also accelerate research on core networks linking mobile and fixed networks in anticipation of the Beyond 5G (6G) era with a particular focus on realizing the IOWN concept, which consists of the “All-Photonics Network,” “Digital Twin Computing” and “Cognitive Foundation” initiatives, to achieve new value creation through technological innovation.

NTT will seek to ensure the stable development of its operations in the future, and to proactively return the fruits of these efforts to customers, shareholders and society and contribute to the development of the information and communication industry by engaging in research and development activities that will produce the technology and human capital to support a new business model by sustaining and strengthening open innovation.

Furthermore, NTT will advance additional disaster relief initiatives, such as further improvements and increased resilience of its information and communications network, maintain safe and reliable ICT infrastructure, ensure a smooth transition to complete the migration of fixed voice telephones to IP networks, and promote returns to customers and research and development through cost reductions from joint procurement in compliance with guidelines.

In addition to creating new use cases for 5G, such as autonomous driving support and telemedicine, NTT will undertake initiatives to promote the spread of the high-capacity, low-latency All-Photonics Network (APN) and of NTT’s world-class, Japanese-capable, compact and power-saving large language model, “tsuzumi”. Furthermore, with respect to electronics-photonics convergence devices, NTT is promoting research on the development of board connection devices and on achieving even further power savings, and will contribute to reducing the environmental impact of society as a whole by significantly reducing power consumption.

Further, NTT will work towards the stable growth of its business by strengthening its personal business and its social and industrial DX/data utilization, and providing services that improve customer experience (CX), all in furtherance of data-driven creation of new value, while also working to improve employee experience (EX). In addition, NTT is earnestly working to even further strengthen and enhance its governance, such as its internal control functions, including information security. Furthermore, NTT will continue to advance initiatives to preserve economic security and to simultaneously achieve both net-zero emissions and economic growth.

Based on the concepts outlined above, pursuant to the business operation plan for the fiscal year ending March 31, 2025, NTT expects to manage its business by prioritizing the following activities, and doing so in a flexible manner so as to respond to changes in the business environment.

#### **V. Business Plan for the Fiscal Year Ending March 31, 2025**

##### **1. Advice, coordination, and other assistance**

NTT will aim to exercise appropriate shareholder rights and provide all necessary advice, coordination and other assistance to its regional companies to ensure the maintenance of high-quality and stable universal services. Such assistance will include planning and coordination relating to the quality and upgrading of telecommunications networks, deployment of control and coordination capabilities in the event of natural disasters and other emergencies, efficient financing, and formulation of policies for material procurement.

NTT will support the efforts of each NTT Group company, including the regional companies, to streamline their business operations and expand their business opportunities, and will assist with the development of human capital that will form the core of NTT Group, as well as strictly adhering to fair terms of competition within the current legal framework and complying with applicable regulations.

## 2. Promotion of basic research and development

In order to rapidly achieve the realization of the IOWN concept, including Beyond 5G (6G), that will be enabled by the commercialization of IOWN services and products, including accelerating the research and development for photonics-electronics convergence technology and upgrading the APN services that were launched in March 2023, NTT will work to harmonize network platform technologies, technologies that provide a basis for new services and applications and general advanced and basic technologies, while further focusing its efforts on high value-added research and development. NTT will continue to be actively involved in innovation and technology exchanges in collaboration with other research and development institutions and business partners and in expansion, intellectual property and standardization activities, both in Japan and abroad, starting with the IOWN Global Forum.

Furthermore, NTT continues to leverage the results of its basic research and development and offsets its ongoing costs with basic R&D revenues from regional companies and other NTT Group companies, with the aim of strengthening its research and development capabilities for the growth of NTT Group as a whole, while also further increasing efficiency.

Specifically, NTT will give priority to the following areas of NTT's research and development activities:

### (1) Infrastructure-related research and development

In order to develop an information network infrastructure to “connect” everything, NTT will continue to undertake research and development to realize a highly profitable information network that can flexibly respond to the various needs of the customers and service providers who use it.

Specifically, in addition to research and development on increasing the capacity and lowering the power consumption of APN services, NTT will pursue research and development related to, among other things, technology for transmission-related functions that combines general-use equipment to develop a flexible network, operational technology that enables automation and autonomy, a server architecture with high scalability and redundancy in which the scale can be changed flexibly using software in response to demand, and orchestration technologies for these.

NTT will also pursue research and development for technology related to the maintenance of communications facilities, a vital part of social infrastructure, research and development that supports disaster-resistant networks as well as research and development directed toward realizing common network platforms usable in different fields, with a view towards creating integrated mobile and fixed line services and space-based optical wireless communications between satellites.

### (2) User-related research and development

With a view toward creating advanced services that enrich the lives of and provide comfort to customers, NTT plans to continue to undertake research and development in technologies that integrate telecommunications and computer technology, such as AI, media processing, personalization, cloud services and security.

Specifically, NTT will promote research and development in the following technologies: technology for the real-time transmission of highly immersive videos with an eye on the remote world, large language models for generative AI, DTC (digital twin computing) for urban development, and security-related technologies that counteract cyberattacks, such as authentication and encryption, in

anticipation of a decentralized society, and technology that contributes to carbon neutrality.

NTT also intends to engage in activities that provide support to other companies, universities and other institutions with the goal of raising the skill level in all industries while simultaneously developing security experts within NTT Group.

### (3) Research and development in basic technologies

NTT is committed to contributing to innovative improvement and development of information and telecommunications in Japan to ensure a leading position in technology research that will support the future of telecommunications. To fulfill these commitments, NTT will continue to undertake research and development activities in basic technologies.

Specifically, this will include research in areas such as: the next-generation high-capacity, long-distance fiber-optic communications infrastructure that can support connectivity of 1 Tbps, extra high-speed fiber-optic communications technologies, and electronics-photonics convergence devices and integrated Nanophotonics technologies that will lower power consumption, including in servers, in order to achieve carbon neutrality.

NTT will also pursue research on innovative principles and new concepts, including quantum computing-related technology that exceeds current information processing capabilities, materials and devices that account for environmental impact and improvement of convenience and a scientific analysis of the human sensory, physical and emotional mechanisms in various scenarios.

The following tables present an overview of NTT's capital investment plan for the above-mentioned activities.

## Table

### Capital Investment Plan for the Fiscal Year Ending March 31, 2025

(Billions of yen)

Item	Expected Investment
1. Research and development facilities	23
2. Other facilities	4
Total	27

**Attachment 1**  
**(Reference)**

**Revenues and Expenses Plan**  
**for the Fiscal Year Ending March 31, 2025**

(Billions of yen)

Item	Amount
Revenues	
Operating revenues	1,261*
Non-operating revenues	12
Total revenues	1,273
Expenses	
Operating expenses	155
Non-operating expenses	28
Total expenses	183
Recurring profit	1,090

\* This figure includes revenues from basic research and development of 117.0 billion yen and revenues from Group management and other sources of 18.0 billion yen.

**Attachment 2**  
**(Reference)**

**Planned Sources and Applications of Funds**  
**for the Fiscal Year Ending March 31, 2025**

(Billions of yen)

Item	Amount
Sources:	
Operational:	1,270
Operating revenues	1,258
Non-operating revenues	12
Financial:	885
Long-term loans and bonds	640
Other financial income	245
Estimated consumption tax receipts	15
Balance brought forward from previous fiscal year	1
Total	2,171
Applications:	
Operational:	164
Operating expenses	137
Non-operating expenses	27
Financial:	1,801
Capital investments	27
Other financial expenses	1,774
Account settlement expenses	192
Provisional consumption tax payments	13
Balance carried forward to following fiscal year	1
Total	2,171



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March 1, 2024

### **Submission for Approval of Business Operation Plan**

**for the Fiscal Year Ending March 31, 2025**

Nippon Telegraph and Telephone East Corporation (“NTT East”) today submitted its business operation plan (non-consolidated) for the fiscal year ending March 31, 2025 to the Minister for Internal Affairs and Communications for approval, as set forth below.

For inquiries, please contact:  
Corporate Strategy Planning Department  
Nippon Telegraph and Telephone East Corporation  
Tel: +81-3-5359-2997

## **I. Environment Surrounding Information and Communications**

Information and communications services have become an essential part of the infrastructure of socio-economic activity. These services are expected to make significant contributions to increasing the convenience of people's daily lives and the revitalization of local communities, while also improving corporate efficiency, creating new businesses and enhancing industry-wide international competitiveness. Their importance has further increased as a result of trend towards increased digitalization and online connectivity in all aspects of business and life being accelerated by the COVID-19 pandemic.

The information and communications market is undergoing structural changes beyond the existing framework, including an increasing shift to broadband services and globalization, the development of new technologies such as the metaverse, generative AI, digital twin computing, quantum computing, Web3, and the upgrading of mobile communications devices, in addition to initiatives utilizing smart agriculture, telemedicine, land-based aquaculture and other information and communications technologies to resolve social issues.

Regional telecommunications markets are also changing dramatically. The competition in services based on fiber-optic access is intensifying and new services using a variety of wireless devices are also expanding, leading to diversification in the way customers use these devices and to the expansion of the volume of data communications resulting from teleworking, among other factors.

## **II. Responsibilities of NTT East**

Amid such a challenging and volatile business environment, as a carrier with an important leadership role in the information and communications industry, NTT East will aim to continue providing high-quality, stable universal services and further strive to ensure that it strictly abides by fair competition and seeking to secure a stable and solid foundation for its business, as well as complying with applicable regulations.

In addition, NTT East will ensure its reputation as a provider of reliable social infrastructure, by developing sophisticated and resilient information and communications networks of the highest quality that leverage NTT East's regionally integrated engineering capabilities and are responsive to large-scale natural disasters, cybersecurity threats and the increasing volume of data traffic, and by strengthening its relationships with regional infrastructure businesses to enable the prompt restoration of services in times of disasters and other calamities.

### **III. Fundamental Management Policy**

NTT East will endeavor to enhance the broadband network environment and further expand fiber-optic access by offering new services and products that leverage the advantages of the telecommunications infrastructure. Through the use of ICT, NTT East will contribute to work style reforms and improvements of productivity and convenience in order to achieve its sustainable development goals (“SDGs”), and will commit to resolving various economic and social issues, including the low birthrate and related decline of the working-age population, and the achievement of carbon neutrality. NTT East will also strive to create new value locally and will work together with each community to co-create a recycling-oriented society that inspires hopes and dreams.

### **IV. Management Policy for the Fiscal Year Ending March 31, 2025**

With regard to the management of its business operations for the fiscal year ending March 31, 2025, NTT East plans to continue expanding and promoting the use of fiber-optic access, and aims to achieve the upgrade and increase of the speed of its broadband network infrastructure on the basis of its fundamental management policy and contribute to the advancement of society’s digital transformation. These objectives will be achieved through the creation of new uses for ICT that are closely connected to daily life at home and in the community, the enhancement of the ICT environment through, among other things, the use of SaaS and cloud computing, and the development and offering of services for business users that utilize local 5G and other kinds of networks. In particular, for the current year, NTT East will utilize the next-generation APN IOWN 1.0 communication service, which was launched for commercial use in March 2023, to promote the broader implementation of cutting-edge technologies that support a data-driven society. At the same time, with respect to the migration of landline phones to the IP network that began in January 2024, NTT East will promote a smooth migration in order to complete the switch to IP connectivity with connection providers (approximately January 2025).

NTT East plans to offer an even wider range of services including optical IP telephony services and video services as well as maintenance and support on this network infrastructure. As a “social innovation company that supports the future of its community,” NTT East aims to contribute to the expansion of regional value through the expansion of ICT and digital technologies, and the creation of customer value by achieving the Digital Garden City Nation concept. In addition, NTT East will provide service providers in a wide range of fields with fair and equal services on the basis of its world-class network through the Hikari Collaboration Model, as well as support a variety of value creation opportunities.

At the same time, NTT East will also advance its own digital transformation and, utilizing joint procurement in compliance with guidelines, will take steps to build a stable and stronger management base and to ensure steady business growth into the future by further increasing operating efficiency and productivity. NTT East will strive to return the results of these measures to customers, the local community and, through its holding company, to its shareholders.

## **V. Conclusion**

NTT East plans to manage its business in the fiscal year ending March 31, 2025 on the basis of the above outlined concepts, emphasizing the items outlined below, while maintaining the flexibility needed to respond to changes in the business environment.

## 1. Voice transmission services

### (1) Telephone subscriptions

NTT East will aim to respond promptly to all demands for telephone subscriptions, including the relocation of existing lines. The number of subscriptions is projected to total approximately 5.26 million by the end of the fiscal year ending March 31, 2025.

Item	Planned number (subscriptions)
Additional installations	(0.42 million)
Relocations	0.46 million

### (2) Social welfare telephones

As social welfare programs continue to expand and develop, social demand for welfare-oriented telecommunications services has increased. In response to this need, NTT East plans to continue to promote the provision of welfare-oriented products, such as its “Silver Phone series” (“Anshin” (relief), “Meiryō” (clearness), “Hibiki” (sound) and “Fureai” (communication)).

Item	Planned number (units)
Silver Phones	
Anshin (relief)	1,400
Meiryō (clearness)	0

### (3) Public telephones

NTT East plans to continue to ensure at least a minimum means of communication for safety and when outdoors, and, with respect to low-usage public telephones, will be streamlined in accordance with installation standards. NTT East will also strive to continue to improve

convenience by, among other things, publicizing the locations of public telephones in order to promote their increased usage and to prepare for disasters and other emergencies. The number of public telephone units is projected to total approximately 48,000 by the close of the fiscal year ending March 31, 2025.

Item	Planned number (units)
Public telephones	(6,000)

(4) Integrated digital communications services

The numbers of INS-Net 64 and INS-Net 1500 subscriber lines are projected to total approximately 491,000 and 6,000, respectively, by the close of the fiscal year ending March 31, 2025.

Item	Planned number (subscriptions)
INS-Net 64 subscriber lines	(71,000)
INS-Net 1500 subscriber lines	(1,000)

## 2. Data transmission services

To respond to the increasing demand for broadband services, NTT East will endeavor to expand its fiber-optic access services by targeting the appealing power of services unique to fiber-optic technologies, such as Hikari Denwa and video services, and will aim to provide a wide range of other services. The number of FLET's Hikari subscriptions is projected to total approximately 13.48 million by the close of the fiscal year ending March 31, 2025 (an estimated net increase of 0.1 million for the fiscal year ending March 31, 2024).

Item	Planned number (subscriptions)
FLET'S Hikari*	0.05 million

\*This figure for FLET'S Hikari includes subscribers to the Hikari Collaboration Model.

## 3. Leased circuit services

Subscriptions for conventional leased circuit services and high-speed digital transmission services are projected to total approximately 83,000 and 6,000, respectively, by the close of the fiscal year ending March 31, 2025.

Item	Planned number (subscriptions)
Conventional leased circuit services	(4,000)
High-speed digital transmission services	(1,000)

## 4. Telegraph services

NTT East will conduct maintenance of its systems in order to promote the enhancement and operational efficiency of its telegraph services.

## 5. Improvements and advances in telecommunications facilities

### (1) Optical access network

NTT East plans to promote the efficient shift to fiber optics in its access network in response to, among other things, the demand for broadband services.

Item	Planned number (million fiber km)
Optical subscriber cables	0.7

### (2) Telecommunications network

In its telecommunications network, NTT East will aim to upgrade network services and improve network efficiency, among other things, while continuing its efforts to meet demand for broadband services.

### (3) Disaster prevention measures

NTT East expects to take necessary measures in response to disasters. Such measures would include disaster prevention measures to prepare for damage to telecommunications equipment and facilities, securing lines for emergency communications, strengthening its organizational structure for crisis management and restoring systems in the event of large-scale disasters, and supporting information distribution after a disaster.

### (4) Underground installation of transmission cables

In order to improve the reliability of communications facilities, ensure safe and pleasant roads and other transit areas, and enhance the appearance of the urban landscape, NTT East will work, in coordination with the national and local governments and with other companies, to install transmission cables underground.



(5) Facility maintenance

NTT East will aim to provide stable and high-quality services by conducting cable maintenance and replacement, and by ensuring quality customer services, safe operations, harmonization with the social environment and stabilization of communications systems.

NTT East will seek to minimize costs by making full use of existing equipment and facilities in improving and upgrading its communications facilities.

**6. Promotion of research and development activities**

In order to further stabilize and strengthen its management base and to provide better communication services to its customers, NTT East will continue to promote research and development in network systems and access systems, with the aim of advancing its telecommunications networks. In addition, NTT East will also conduct research and development in such areas as AI, IoT and digitalization to resolve local social issues through safe and convenient telecommunications services, and in furtherance of new regional value creation, including value-added businesses that utilize telecommunications networks.

The following tables present an overview of the business plans for the above principal services and capital investment plans.

**Table 1**

**Principal Services Plan  
for the Fiscal Year Ending March 31, 2025**

Type of Service	Plan
Voice transmission services	
Telephone subscriptions	
Additional installations	(0.42) million subscriptions
Relocations	0.46 million subscriptions
Social welfare telephones (Silver Phones)	1,500 units
Public telephones	(6,000) units
Integrated digital communications services	
INS-Net 64 subscriber lines	(71,000) subscriptions
INS-Net 1500 subscriber lines	(1,000) subscriptions
Data transmission services	
FLET'S Hikari*	0.05 million subscriptions
* Including the Hikari Collaboration Model	
Leased circuit services	
Conventional leased circuit services	(4,000 subscriptions)
High-speed digital transmission services	(1,000 subscriptions)

**Table 2**

**Capital Investment Plan  
for the Fiscal Year Ending March 31, 2025**

(Billions of yen)

Item	Expected Investment
1. Expansion and improvement of services	217*
(1) Voice transmission	108
(2) Data transmission	23
(3) Leased circuits	85
(4) Telegraph	1
2. Research and development facilities	1
3. Common facilities and others	12
Total	230

\* This figure includes approximately 83.0 billion yen to be invested in the fiber-optic access network.

**Attachment 1**  
**(Reference)**

**Revenues and Expenses Plan**  
**for the Fiscal Year Ending March 31, 2025**

(Billions of yen)

Item	Amount
Revenues	
Operating revenues	1,517
Voice transmission	374
Data transmission	265
Leased circuits	485
Telegraph	5
Others	388
Non-operating revenues	15
Total	1,532
Expenses	
Operating expenses	1,317
Operating costs	1,039
Taxes and dues	78
Depreciation	200
Non-operating expenses	2
Total	1,319
Recurring profit	213

**Attachment 2**  
**(Reference)**

**Planned Sources and Applications of Funds**  
**for the Fiscal Year Ending March 31, 2025**

(Billions of yen)

Item	Amount
Sources:	
Operational:	1,700
Operating revenues	1,685
Non-operating revenues	15
Financial:	91
Proceeds from issuance of long-term loans and bonds	20
Other financial income	71
Estimated consumption tax receipts	150
Balance brought forward from previous fiscal year	30
Total	1,971
Applications:	
Operational:	1,385
Operating expenses	1,383
Non-operating expenses	2
Financial:	270
Capital investments	230
Other financial expenses	40
Account settlement expenses	189
Provisional consumption tax payments	124
Balance carried forward to following fiscal year	3
Total	1,971

This English text is a translation of the Japanese original. The Japanese original is authoritative.

March 1, 2024

**Submission for Approval of Business Operation Plan  
for the Fiscal Year Ending March 31, 2025**

Nippon Telegraph and Telephone West Corporation (“NTT West”) today submitted its business operation plan (non-consolidated) for the fiscal year ending March 31, 2025 to the Minister for Internal Affairs and Communications for approval, as set forth below.

For inquiries, please contact:  
Business Management Unit,  
Public Relations Office  
Nippon Telegraph and Telephone West Corporation  
Tel: +81-6-6490-0024

## **I. Environment Surrounding Information and Communications**

Information and communications services are expected to make significant contributions to the invigoration and increased efficiency of social and economic activities, improvements in lifestyle convenience and the vitalization of local economies through the formation of a new ICT society from the development of generative AI, digital twin computing, quantum computing and Web3, and the government and the private sector have been working in partnership to achieve these goals. In this environment, co-existing real-world and online workstyles and lifestyles have become normalized, and the trend towards increased digitalization and online connectivity in all aspects of business and life has continued to develop. As the volume of data transmissions increases, the social infrastructure that supports it is also ever-increasing in importance.

Moreover, the information and telecommunications market is undergoing a structural change as a result of the shift to broadband and globalization, as well as the spread of smart devices and social media. The market is catering to increasingly sophisticated and diversified needs and patterns of usage by, among other things, utilizing Big Data and IoT, as well as expanding platform services and cloud services.

Telecommunications markets are also undergoing significant changes, such as the convergence of fixed and mobile services, and of telecommunications and broadcasting, and the introduction of new services as a result of the use of a diverse range of wireless devices. This is due in part to an increase in competition not only between the providers of fiber-optic access services but also between the various services made available by faster mobile connections.

## **II. Responsibilities of NTT West**

Within this dramatically changing business environment, NTT West is continuing to offer high-quality and stable universal services, develop highly advanced and resilient communications networks, ensure rapid recovery after disasters and similar events, and provide users with appropriate notification and guidance. With respect to the migration of landline phones to the IP network, NTT West is promoting a smooth migration in order to complete the switch to IP connectivity with connection providers. NTT West is also striving to enhance the fiber-optic access network that is the backbone of ICT, and aims to contribute to the development of fair telecommunications markets and promote applied research and development to ensure the reliability and public utilization of telecommunications services.

## **III. Fundamental Management Policy**

While continuing to offer an open telecommunications infrastructure that utilizes the unique characteristics of fiber optics, NTT West will promote data-driven new value creation and the realization of the IOWN concept based on cutting edge technologies and innovations. At the same time, NTT West will endeavor to contribute to the realization of a convenient and prosperous recycling-oriented society as well as environmental sustainability by providing diverse services that match each customer's patterns of usage.

In conducting its business activities, NTT West will strictly adhere to fair terms of competition within the current legal framework and encourage thorough compliance.

## **IV. Management Policy for the Fiscal Year Ending March 31, 2025**

Based on this fundamental management policy, for the business plan for the fiscal year ending March 31, 2025, NTT West expects to provide a more comfortable, safer and more secure telecommunications infrastructure. In addition, NTT West will strive to co-create new value as a member of regional communities so that all people can achieve a happy and prosperous future. NTT will do so by developing new ICT use cases that contribute to regional development, providing further increases in speed, offering the Hikari Collaboration Model to a wide range of service providers in an appropriate and fair manner and promoting business alliances in order to create new services. NTT

West will also promote the broader implementation of cutting-edge technologies that support a data-driven society, including the All-Photonics Network (APN) that was launched for commercial use in March 2023, and will pioneer IOWN APN use cases that global visitors can use to experience IOWN at the 2025 Osaka Kansai Expo. In addition, NTT West plans to maintain its community-oriented sales activities in order to respond to customers' opinions and requests in an appropriate and timely manner, while also leveraging management resources including the latest technology, facilities and bases to resolve social issues using digital strengths such as supporting community-based digital implementation initiatives and DX education, and contribute to the achievement of the Digital Garden City Nation concept.

In conjunction with this, and in recognition of its responsibilities as an operator of important social infrastructure, NTT West will aim to contribute to the creation of a safe and secure society by seeking to ensure the stable provision of communications services, attempting to prevent equipment failures, preparing for possible large-scale disasters, such as anti-flooding measures in communications buildings and building in redundancies in network relay systems and by extending the life of backup power supplies to minimize impact on service and other measures to strengthen facilities countermeasures, responding vigorously to restore service and providing victims and affected individuals with various means of communication in times of disaster, and bringing all of its group resources to bear on activities and services that will earn the continued trust of its customers. As a provider of communication services, which is important infrastructure, and in serious consideration of the breakdown of communications equipment that occurred in the fiscal year ending March 31, 2023, NTT West is fulfilling its social responsibility by continuing its efforts to improve network reliability through prevention measures, upgrading operations and enhancing and strengthening information coordination and dissemination to prevent a similar event from happening again.

NTT West will strive to continue to improve the efficiency of its operations and to achieve a stable and strong management base by accelerating its own digital transformation. In addition, NTT West is taking the 2023 incident in which customer information was taken from an NTT West group company very seriously, and is working to improve its governance to prevent similar incidents from occurring again in the future, including by strengthening its information security. NTT West will work to lay the foundations for the stable development of its business into the future by proactively working to facilitate connectivity and ensure the openness of its networks, actively promoting human resource development, expanding into new business areas in coordination with its group companies, making a positive contribution to reducing its burden on the environment and utilizing joint procurement. As these policies and programs bear fruit, NTT West will endeavor to share the benefits with its customers, local communities and, through its holding company, its shareholders.

## **V. Conclusion**

NTT West plans to manage its business on the basis of the above-outlined concepts, emphasizing the items outlined below, while maintaining the flexibility needed to respond to changes in the business environment.



## 1. Voice transmission services

### (1) Telephone subscriptions

NTT West will aim to promptly respond to all demands for telephone subscriptions, including the relocation of existing lines, and forecasts that it will have approximately 5.03 million subscriptions by the close of the fiscal year ending March 31, 2025.

Item	Projected number (subscriptions)
Additional installations	(0.42) million
Relocations	0.60 million

### (2) Social welfare telephones

As social welfare programs continue to expand and develop, social demand for welfare-oriented telecommunications services has increased. In response to this need, NTT West plans to continue to promote the provision of welfare-oriented products, such as its “Silver Phone series” (“Anshin” (relief), “Meiryō” (clearness), “Hibiki” (sound) and “Fureai” (communication)).

Item		Projected number (units)
Silver Phone	Anshin (relief)	1,600
	Meiryō (clearness)	100

### (3) Public telephones

NTT West plans to continue to maintain public telephone facilities to ensure public safety and meet the minimum requirements for providing a public means of communication. At the same time, NTT West will review its plan with respect to underutilized public telephones, and will also strive to provide social welfare services by continuing the maintenance of wheelchair-accessible public telephone booths. The number of public telephone units is projected to total approximately 50,000 by the close of the fiscal year ending March 31, 2025.

Item	Projected number (units)
Public telephones	(6,000)

(4) Integrated digital communications services

The total numbers of INS-Net 64 subscriber lines and INS-Net 1500 subscriber lines are projected to be approximately 560,000 and 3,000, respectively, by the close of the fiscal year ending March 31, 2025.

Item	Projected number (subscriptions)
INS-Net 64 subscriber lines	(50,000)
INS-Net 1500 subscriber lines	(1,000)

**2. Data transmission services**

To respond to the increasing demand for broadband services, NTT West will endeavor to expand its fiber-optic access services and provide a wider range of services. The number of FLET's Hikari subscriptions is projected to total approximately 10.35 million by the close of the fiscal year ending March 31, 2025, including a net increase of 0.05 million in the fiscal year ending March 31, 2025.

Item	Projected number (subscriptions)
FLET'S Hikari*	0.05 million

**3. Leased circuit services**

Subscriptions for conventional leased circuit services and high-speed digital transmission services are projected to total approximately 89,000 and 5,000, respectively, by the close of the fiscal year ending March 31, 2025.

Item	Projected number (subscriptions)
Conventional leased circuit services	(3,000)
High-speed digital transmission services	(2,000)

#### 4. Telegraph services

NTT West will conduct maintenance of its systems in order to promote the enhancement and operational efficiency of its telegraph services.

#### 5. Improvement and advances in telecommunications facilities

##### (1) Optical access networks

NTT West plans to efficiently promote the shift to fiber optics in its access network in response to, among other things, the demand for broadband services.

Item	Projected number (million fiber km)
Optical subscriber cables	0.60

##### (2) Telecommunications network

In its telecommunications network, NTT West will aim to upgrade network services, improve network efficiency and increase reliability, among other things, while working to meet demand for broadband services.

##### (3) Disaster prevention measures

NTT West expects to take necessary measures in response to disasters. Such measures would include disaster prevention measures to prepare for damage to telecommunications equipment and facilities, securing lines for emergency communications, strengthening its organizational structure for crisis management and restoring systems in the event of large-scale disasters, and supporting information distribution after a disaster.

##### (4) Underground installation of transmission cables

In order to improve the reliability of communications facilities, ensure safe and pleasant roads and other transit areas, and enhance the appearance of the urban landscape, NTT West will work in coordination with the national and local governments and with other companies in installing transmission cables underground.

##### (5) Facility maintenance

NTT West will conduct necessary cable maintenance and replacements to provide stable and high-quality services and ensure quality customer services, safe operations, harmonization with the social environment and stabilization of communications systems.

NTT West will seek to minimize costs by making full use of existing equipment and facilities in improving and upgrading communications facilities.

## **6. Promotion of research and development activities**

With the aim of utilizing ICT and IoT technology to find solutions to social problems, NTT West will promote a policy of technological experimentation and research, focusing on the following three points:

- (1) Consideration of the utilization of Beyond 5G/6G network technologies and AI technology.
- (2) Consideration of the implementation of cost-effective, high-speed and high capacity networks and a sophisticated and efficient operations practice.
- (3) Consideration of the implementation of security and other technologies that utilize flexible networks, cloud computing and data to respond to changes in the diversifying customer environment.

The following tables present an overview of the business plan for the above principal services and capital investment plans.

**Table 1**

**Principal Services Plan  
for the Fiscal Year Ending March 31, 2025**

Type of Service	Plan
Voice transmission services	
Telephone subscriptions	
Additional installations	(0.42) million subscriptions
Relocations	0.60 million subscriptions
Social welfare telephones (Silver Phones)	1,700 units
Public telephones	(6,000) units
Integrated digital communications services	
INS-Net 64 subscriber lines	(50,000) subscriptions
INS-Net 1500 subscriber lines	(1,000) subscriptions
Data transmission services	
FLET'S Hikari*	0.05 million subscriptions
* Including the Hikari Collaboration Model	
Leased circuit services	
Conventional leased circuit services	(3,000 subscriptions)
High-speed digital transmission services	(2,000 subscriptions)

**Table 2**

**Capital Investment Plan  
for the Fiscal Year Ending March 31, 2025**

(Billions of yen)

Item	Expected Investment
1. Expansion and improvement of services	203*
(1) Voice transmission	106
(2) Data transmission	17
(3) Leased circuits	79
(4) Telegraph	1
2. Research and development facilities	1
3. Common facilities and others	16
Total	220

\* This figure includes approximately 79.0 billion yen to be invested in the fiber-optic access network.

**Attachment 1**  
**(Reference)**

**Revenues and Expenses Plan**  
**for the Fiscal Year Ending March 31, 2025**

(Billions of yen)

Item	Amount
Revenues	
Operating revenues	1,259
Voice transmission	351
Data transmission	210
Leased circuits	381
Telegraph	5
Others	312
Non-operating revenues	12
Total	1,271
Expenses	
Operating expenses	1,174
Operating costs	914
Taxes and dues	63
Depreciation	197
Non-operating expenses	3
Total	1,177
Recurring profit	94

**Attachment 2**  
**(Reference)**

**Planned Sources and Applications of Funds**  
**for the Fiscal Year Ending March 31, 2025**

(Billions of yen)

Item	Amount
Sources:	
Operational:	1,331
Operating revenues	1,319
Non-operating revenues	12
Financial:	295
Proceeds from issuance of long-term loans and bonds	225
Other financial income	70
Estimated consumption tax receipts	132
Balance brought forward from previous fiscal year	1
Total	1,759
Applications:	
Operational:	1,058
Operating expenses	1,055
Non-operating expenses	3
Financial:	445
Capital investments	220
Other financial expenses	225
Account settlement expenses	134
Provisional consumption tax payments	121
Balance carried forward to following fiscal year	1
Total	1,759