Regional Communications Business

In the Regional Communications Business, NTT Group worked to develop its B2B2X business through the Hikari Collaboration Model, the wholesale provision of fiber-optic access infrastructure services to various service providers.

### Number of Subscriptions for Major Services (as of March 31, 2018)

- **FLET’S Hikari (FTTH)**
  - 20.53 million subscriptions (+20.53 million subscriptions from the previous fiscal year-end)
  - 11.12 million subscriptions (+11.12 million subscriptions from the previous fiscal year-end)

### Financial Results for the Year Ended March 31, 2018

- **Operating Revenues**
  - 3,232.9 billion
  - 3,407.9 billion
  - 3,408.2 billion
  - 3,232.9 billion

- **Operating Income**
  - 354.3 billion
  - 265.0 billion
  - 166.9 billion
  - 354.3 billion

### Details of Major Initiatives

1. **Expanding Collaboration with Service Providers in Other Industries under the Hikari Collaboration Model**
   - With regard to the Hikari Collaboration Model, the number of service providers providing wholesale services was approximately 700 companies at the end of the fiscal year ended March 31, 2018, as NTT Group continued to expand collaborative projects with not only business operators in the communications industry, energy industry, real estate industry, security industry, and housing industry, but also with business operators in diverse industries including social infrastructure operators and FinTech operators. New use cases were developed among business operators operating social infrastructure businesses, as the Hikari Collaboration Model was adopted to promote the conversion to fiber-optics in networks connected to traffic signals. As a result of these initiatives, the number of fiber-optic access service subscriptions using this model was 11.12 million.

2. **Continuously Reducing Costs and Raising Efficiency in Capital Investment**
   - By increasing productivity and streamlining development costs, among other measures, and through the systematization of work processes, NTT Group continued to reduce costs. Furthermore, by simplifying and streamlining networks and further increasing the use of existing facilities, NTT Group worked to make capital investment more efficient.

3. **Expanding Wi-Fi Service Coverage Areas**
   - As companies and local governments are proactively promoting the use of Wi-Fi as a powerful information service tool, in various regions NTT Group continuously worked to improve convenience for the increasing number of visitors to Japan by expanding the coverage areas of Wi-Fi, resulting in the number of Wi-Fi area owners reaching 744.

### Recent Project

**Wi-Fi Services for Customers and Cloud-Based Cameras at Restaurants**

Recently, Wi-Fi services at restaurants for customers have become indispensable to improving customer satisfaction. This trend has advanced to the point that Wi-Fi has become such a matter of consideration that the availability of these services is mentioned on restaurant information sites. NTT East has helped restaurant owners address the need for these services through the introduction of its Gigaraku Wi-Fi service for offices and stores, which enables restaurant owners to provide Wi-Fi services for customers. As an added bonus, these services have proven to be a draw for tourists from overseas.

Another recent trend is the increasing number of restaurants installing cloud-based surveillance cameras to monitor customer inflow and protect the premises. The Gigaraku Wi-Fi Camera Option Wi-Fi-compatible, cloud-based camera service makes it possible for restaurant staff to view footage from cameras in real-time via their smartphone during off-hours or at night. Moreover, cameras can be set to automatically record intrusions by reacting when they detect motion or noises.

**AI-Powered Road Surface Diagnosis Solution**

Efficient, Low-Cost Inspections of Aging Road Surfaces

Many of the roads in Japan used by people in their daily lives were built during the period of high economic growth, and the need of preventive maintenance of these roads is constantly rising. To address this need, NTT FIELDTECHNO CORPORATION has commercialized an ICT solution that makes it possible to perform low-cost inspections and diagnoses over wide stretches of road. Going forward, we will move ahead with the development of this solution to make greater contributions to the efficient maintenance and management of social infrastructure through features that allow for higher efficiency in inspections.
Long Distance and International Communications Business

In the Long Distance and International Communications Business, in addition to enhancing its provision of seamless ICT solutions combining network and security and other services, NTT Group worked to enhance its service provision in growth areas such as cloud services and IT outsourcing.

Financial Results for the Year Ended March 31, 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Revenues (Billions of yen)</th>
<th>Operating Income (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,998.6</td>
<td>113.6</td>
</tr>
<tr>
<td>2016</td>
<td>2,250.9</td>
<td>96.7</td>
</tr>
<tr>
<td>2017</td>
<td>2,253.1</td>
<td>40.6*</td>
</tr>
<tr>
<td>2018</td>
<td>2,218.9</td>
<td>93.6</td>
</tr>
</tbody>
</table>

*Includes impairment losses accompanying the consolidation of security operations and one-time expenses related to structural reforms at Dimension Data (approximately ¥60.0 billion)

Proactively Expanding Cloud Service Platform

To respond to demand for cloud services and data centers in various regions worldwide, NTT Group advanced the expansion of its service provision systems in various countries with continuous market expansion. NTT Group launched Texas Dallas 1 (TX1) Data Center and Virginia Ashburn 3 (VA3) Data Center in the United States, Germany Munich 2 Data Center and Germany Rhein-Ruhr 1 Data Center in Germany, and new data center service in South Africa.

Stepping Up Provision of Services in Growth Fields

To strengthen the competitiveness of its cloud services, NTT Group promoted the consolidation and strengthening of the cloud services business, such as through the transfer of cloud service facilities, development, and operational tasks from Dimension Data to NTT Communications.

Reinforcement of Framework for Global Cloud Service Provision

Acquisition of Secure-24, Leading Provider of Managed Services in the U.S.

NTT Communications Corporation, the ICT solutions and international communications business within NTT Group, and Secure-24 Intermediate Holdings, Inc., a major U.S.-based leading provider of comprehensive IT-managed services, announced that NTT Communications has completed its 100% acquisition of Secure-24, effective immediately.

If-managed services are a key focus of NTT Group’s strategies for global growth. The acquisition of Secure-24 will enable NTT Communications, Dimension Data, and other NTT Group companies to strengthen their global capabilities to help enterprise customers effectively operate and maintain a wide range of enterprise applications, such as SAP and Oracle. Furthermore, NTT Group will combine its existing cloud, network, and data center services with Secure-24’s IT-managed services to respond to increasing global demand from customers looking to manage their hybrid IT environments.

Going forward, NTT Group will continue to strengthen the technical capabilities and global reach of its IT-managed services to help customers optimize their IT environments and digitally transform their businesses.
Mobile Communications Business

In the Mobile Communications Business, NTT Group has worked to promote sales of the billing plan "Kakehodai & Pake-aeru" and of "docomo Hikari," promoting collaboration with various business partners and providing new value-added services to enhance profitability in the smart life area.

Financial Results for the Year Ended March 31, 2018

<table>
<thead>
<tr>
<th>Operating Revenues (Billions of yen)</th>
<th>Operating Income (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015: ¥4,183.4</td>
<td>2015: ¥635.8</td>
</tr>
<tr>
<td>2016: ¥4,072.1</td>
<td>2016: ¥786.4</td>
</tr>
<tr>
<td>2017: ¥4,584.8</td>
<td>2017: ¥951.8</td>
</tr>
<tr>
<td>2018: ¥4,769.4</td>
<td>2018: ¥982.1</td>
</tr>
</tbody>
</table>

Details of Major Initiatives

1. Continuously Enhancing Billing Plans
   In addition to continuing to promote the sales of Kale-hodai & Pake-aeru, a billing plan tailored to suit a customer’s stage of life that offers more affordable rates to long-term users, NTT Group began offering its Simple Plan and docomo with, among other initiatives, working to enhance returns to its customers. As a result, the number of subscriptions to Kale-hodai & Pake-aeru reached 41.96 million.

2. Promoting Sales of docomo Hikari
   By utilizing the Hikari Collaboration Model from the Regional Communications Business, NTT Group promoted the sale of the "docomo Hikari Pack," which bundles fiber-optic access infrastructure services, Internet access services, and mobile services. As a result, the number of subscriptions to docomo Hikari reached 41.96 million.

3. Strengthening Profitability in the Smart Life Area
   With Komatsu Ltd. and other parties, NTT Group agreed to jointly plan and operate "LANDLOG," a new platform connecting the entire construction manufacturing process. In addition to starting field testing of "LANDLOG," NTT Group implemented initiatives utilizing advanced technology, including the launch of "AI Taxi," a taxi ride demand forecasting service utilizing AI, as well as "5G Trial Life," advancing "d+" initiatives to jointly create new added value through collaboration with various business operators.

Number of Subscriptions for Major Services (as of March 31, 2018)

- **Number of mobile phone subscriptions**: 76.37 million subscriptions (+1.49 million subscriptions from the previous fiscal year-end)
- **Number of docomo Hikari Pack subscriptions**: 41.96 million subscriptions (+4.90 million subscriptions from the previous fiscal year-end)
- **Number of docomo Hikari Pack members**: Approximately 65.60 million subscriptions (+2.50 million subscriptions from the previous fiscal year-end)

Launch of my daiz AI Guide Service

On May 30, 2018, NTT DOCOMO launched my daiz™, an AI guide service that provides users with the information and services they need in their daily lives at the appropriate timing from NTT DOCOMO or its partners.

The my daiz service learns from the behavior of each individual customer to allow “members” (the guide services that can be provided through my daiz) of NTT DOCOMO and its partners to deliver information and services to customers’ smartphones or televisions that are tailored to the individual needs of each customer.

Moreover, my daiz predicts the needs of customers to enable members to supply information via voice chat, in-app information displays, and pop-ups on smartphone lock screens. It is also possible for my daiz to respond to requests from customers issued through voice commands or touch-screen operation in a conversation-like fashion. For example, my daiz can utilize other NTT DOCOMO services to search for products or contents; make reservations for partner company members, restaurants, and taxis; and respond to shopping-related consultations. The top menu of the my daiz app displays personalized information that a user is expected to need at any given time based on a learned understanding of the user’s behavior and tastes.

NTT DOCOMO Achieves World’s First 5G Wireless Data Transmission in Ultrahigh-Mobility Environment Exceeding 300 km/h

NTT DOCOMO announced that, together with NEC Corporation and NTT, it has achieved what is believed to be the world’s first successful 28 GHz wireless data transmission between a 5G base station and a 5G mobile station in 5G field trials using a car moving at 305 km/h. This trial utilized a car to simulate the provision of 5G services on high-speed railroads and in other ultrahigh-mobility environments.

Going forward, NTT DOCOMO will continue conducting 5G research with world-leading vendors and partners to expand 5G capabilities in a wide range of operating environments.
Data Communications Business

In the Data Communications Business, NTT Group responded to the acceleration of its customers’ expansion in the global market and the diversification and increased sophistication of their needs by working to expand its business in the global market and to expand and reliably provide a range of IT services, such as system integration, that are responsive to changes in the market.

Details of Major Initiatives

1. Expanding Business in the Global Market through M&A Activities
Under NTT DATA Services, launched in April 2017, NTT Group steadily achieved the integration of the former Dell Services Division, of which NTT Group completed the acquisition last year, and pursued the integration of its business centered on North America. In particular, NTT Group promoted initiatives to expand its businesses that utilize the Group’s abundant outsourcing results and knowledge in various fields, including healthcare, the public sector, and finance, and to further enhance its local presence.

2. Utilizing Blockchain Technologies in Initiatives Targeting the Financial Industry
NTT Group pursued initiatives to utilize cutting-edge blockchain technologies, established a consortium as the organizing office to complete a trade information collaborative platform, and promoted activities together with 14 companies representing various industries. Furthermore, NTT Group was selected as a partner vendor in the Japanese Bankers Association’s “Collaborative Blockchain Platform,” contributing to the promotion of practical testing to develop new services.

3. Promoting Sales of WinActor® RPA Solution
In terms of RPA solutions for the automation and streamlining of desk work, which is rapidly spreading due to the increasing move toward work style reforms in recent years, NTT Group promoted sales of WinActor®, a solution developed by NTT Group. In addition to launching the English-language version, by strengthening the functions for financial accounting operations, which have a particularly strong need for automation, and through other initiatives, NTT Group was able to introduce WinActor® to customers in a range of industries, supporting work style reforms.

Recent Project

Highly Convenient, Cutting-Edge Mobile Register® Public Fee Credit Payment Service for the Impending Era of FinTech

The recent advancement of FinTech has led to the proliferation of various payment services through smartphone apps along with a rise in demand for credit card payment services that can be used in such settings as shopping at brick-and-mortar stores or online. Meanwhile, the introduction of credit card payment systems for public fees has faced an obstacle in the form of the large initial installation cost of systems at local government agencies.

To address this situation, NTT DATA introduced a credit card payment function into its Mobile Register® QR code payment service for smartphones to commercialize the Mobile Register® Public Fee Credit Payment Service for local government agencies in April 2018. Mobile Register® is a service that allows for payments to be made via Internet banking by scanning QR codes printed on bills using a dedicated smartphone app. Initially launched in May 2009, Mobile Register® was Japan’s first service for paying public fees via mobile phones, and this QR code payment system has since been introduced by several local governments in Japan. The introduction of credit card payment services will make Mobile Register® the only smartphone app in Japan to offer three payment options: payment from a bank account, account-to-account transfer, and payment using a credit card. With its low introduction costs, we anticipate that Mobile Register® will contribute to increased rates of payments for public fees as citizens enjoy the additional convenience of being able to choose from various payment options through their smartphones.

Overview of Mobile Register® Public Fee Credit Payment Service

Results of Joint-Research Project with Local Government Using WinActor®

There is a strong need for work style reforms and work efficiency improvements at local government agencies. Rising to meet this need, NTT DATA partnered with the city of Tsukuba in Ibaraki Prefecture to conduct joint RPA research as part of an initiative based on the government task of using RPA to automate processes for performing the ever-increasing load of routine work tasks. NTT Group’s WinActor® and WinDirector® RPA solutions were adopted for this project. RPA refers to technologies that allow software-based robots to perform routine work tasks via computers.

Upon verifying the benefits of using WinActor® to automate principal tasks performed by Tsukuba City, it was found that this solution could massively lower workloads, including a 73.2% reduction in the workload of city government employees pertaining to processing tasks involving individual and corporate municipal taxes. These results indicate the potential for RPA to perform tasks that local government agencies would have previously addressed through increased labor, either via overtime work or the hiring of temporary employees.

Armed with the insight gained through this joint research project, NTT Group will support local governments as an IT partner to assist them in promoting work efficiency improvements and work style reforms.
Other Businesses

In other businesses, NTT Group mainly provided services related to the real estate business, the finance business, the construction and electric power business, and the system development business.

NTT Urban Development, which is the Group’s only comprehensive real estate company, developed its office building and commercial facility operations, as well as residential operations, which are implemented principally through the Wellith brand. This company also used the expertise cultivated through these businesses to advance global operations and conduct the development and operation of hotel resort facilities.

As the core finance company of NTT Group, NTT FINANCE provided leasing, installment payment, financing, and other financial services that are compatible with diversifying needs, changes in the economic climate, and the progress of globalization. NTT FINANCE also provided billing and collection services for telecommunications service bills as well as credit card transaction settlement services.

NTT FACILITIES provided one-stop solutions for buildings and energy facilities, ranging from planning and design services to construction, maintenance, operation, and upkeep services. NTT FACILITIES also utilized its technologies in the fields of ICT, energy, and construction to the fullest extent and integrated these technologies to develop smart cities that employ natural energy and use limited energy resources in an efficient and waste-free manner and realize safe cities that are resilient to natural disasters and other risks.

NTT COMWARE developed its systems integration business, which targets NTT Group as well as other customers. In this business, NTT COMWARE leveraged the strengths of the superior technological prowess and expertise that it has used to support Japan’s largest telecommunications carrier business as one of NTT Group’s IT companies. With regard to customers outside of NTT Group, NTT COMWARE expanded the range of industries it serves to include the financial and distribution industries, among others, and also developed solutions utilizing AI, deep learning, and other cutting-edge technologies.

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NTT UD

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Finances Business

NTT FINANCE

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Details of Major Initiatives

Real Estate Business

NTT UD

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Finance Business

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Operating Revenues Operating Income

<table>
<thead>
<tr>
<th>Billons of yen</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>¥1,236.6 billion</td>
<td>¥1,236.6 billion</td>
<td>¥1,236.6 billion</td>
<td>¥1,236.6 billion</td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥78.6 billion</td>
<td>¥78.6 billion</td>
<td>¥78.6 billion</td>
<td>¥78.6 billion</td>
<td></td>
</tr>
</tbody>
</table>

Details of Major Initiatives

Completion of Otemachi PLACE Large-Scale Business Center

On August 1, 2018, the completion of Otemachi PLACE was completed. This building was constructed as part of the Otemachi 2-Chome Urban Area Redevelopment Project Type 1 advanced jointly by Urban Renaissance Agency and NTT Urban Development.

Otemachi PLACE contains an office space equipped with state-of-the-art infrastructure, business continuity plans, and ICT equipment as well as one of Japan’s highest-capacity Internet data centers. Furthermore, with power source redundancy, looped district heating and cooling systems, space for accommodating individuals who cannot return home, and emergency supply stockpiles, Otemachi PLACE helps ensure business continuity within the building as well as throughout the entire Otemachi area.

This building also boasts an international conference center with the Otemachi area’s largest hall in its lower levels. Meanwhile, its Sunken Garden area is an open space under the building featuring numerous unique shops and restaurants. Other distinctive characteristics of the building include the Central Promenade that divides the city block and the Ryukan Sakura Footbridge constructed over the Nihonbashi River. True to its name, Otemachi PLACE has been created as a place for exchanges, breathing new life into the Otemachi area.

Going forward, NTT Urban Development will continue to take part in real estate and urban development projects that lend additional appeal to the surrounding communities and areas.

Operating Revenues Operating Income

<table>
<thead>
<tr>
<th>Billons of yen</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>¥1,236.6 billion</td>
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<td>¥1,236.6 billion</td>
<td>¥1,236.6 billion</td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥78.6 billion</td>
<td>¥78.6 billion</td>
<td>¥78.6 billion</td>
<td>¥78.6 billion</td>
<td></td>
</tr>
</tbody>
</table>
NTT Group Topics (Fiscal year ended March 31, 2018)

In accordance with the "Towards the Next Stage 2.0," Medium-Term Management Strategy, each segment implemented initiatives to accelerate the process of self-transformation to become "Your Value Partner" and to return NTT Group to a profit growth track.

<table>
<thead>
<tr>
<th>First quarter</th>
<th>Second quarter</th>
<th>Third quarter</th>
<th>Fourth quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Holding Company (Groupwide Coordination)</strong></td>
<td><strong>Second quarter</strong></td>
<td><strong>Third quarter</strong></td>
<td><strong>Fourth quarter</strong></td>
</tr>
<tr>
<td>Commenced joint verification test of Japan's first scheme for measuring racing drivers’ biomechanical information using Hitoe® Analyzing driver biomechanical information and racing car information to contribute to higher levels of performance</td>
<td>Commenced public verification test on information universal design at Haneda Airport Moving to verification phase for world-leading hospitality provided at the entrance to Japan</td>
<td>Produced the ‘Touchless Entry Battery®’, a biodegradable battery made only of materials with a low environmental impact Creating new businesses in fields where harmony with nature is required</td>
<td>Commenced joint-research project for utilizing RPA at local government agencies Promoting work style reforms by verifying RPA-applicable procedures at government agencies</td>
</tr>
</tbody>
</table>

**Regional Communications Business**

- **NTT East** finalized decision to construct a new data center in Osaka during 2019

**Mobile Communications Business**

- **NTT East** commenced a joint verification test for using agricultural IoT to improve the productivity of agriculture business operations

**Data Communications Business**

- **NTT DATA was named a Leader in the IDC Market Scape: Worldwide**

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*Note: The above text is a summary of the annual report's content related to NTT Group's initiatives and achievements in the fiscal year ended March 31, 2018.*