<table>
<thead>
<tr>
<th>Page</th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Philosophy</td>
</tr>
<tr>
<td></td>
<td>NTT Group’s Roots</td>
</tr>
<tr>
<td>4</td>
<td>NTT Group’s History</td>
</tr>
<tr>
<td>6</td>
<td>10 Years of Sustainability Conferences</td>
</tr>
<tr>
<td>10</td>
<td>Message from the CEO</td>
</tr>
<tr>
<td>18</td>
<td>NTT Group Sustainability</td>
</tr>
<tr>
<td>18</td>
<td>NTT’s Vision for a Sustainable Society</td>
</tr>
<tr>
<td>20</td>
<td>Key Sustainability Issues and Topics for Fiscal Year 2023</td>
</tr>
<tr>
<td>22</td>
<td>Climate Change</td>
</tr>
<tr>
<td>30</td>
<td>Human Capital</td>
</tr>
<tr>
<td>42</td>
<td>New Value Creation</td>
</tr>
<tr>
<td>46</td>
<td>Resilience</td>
</tr>
<tr>
<td>50</td>
<td>Growth Strategy</td>
</tr>
<tr>
<td>50</td>
<td>Medium-Term Management Strategy</td>
</tr>
<tr>
<td>52</td>
<td>Message from the CFO</td>
</tr>
<tr>
<td>56</td>
<td>Message from the CTO</td>
</tr>
<tr>
<td>58</td>
<td>IOWN</td>
</tr>
<tr>
<td>62</td>
<td>Intellectual Property Strategy</td>
</tr>
<tr>
<td>64</td>
<td>Operations in Review</td>
</tr>
<tr>
<td>68</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td>82</td>
<td>Data Section</td>
</tr>
</tbody>
</table>

**Forward-looking Statements**

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to in this report are based on a series of assumptions, projections, estimates, judgments, and beliefs of the management of NTT in light of information currently available to it regarding the economy, the telecommunications industry in Japan, and other factors. These projections and estimates may be affected by the future business operations of NTT 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 in this report.

**Editorial Policy**

This report has been compiled with the primary objective of helping our diverse stakeholders, including shareholders and investors, to better comprehend the NTT Group’s growth strategy. This strategy aims to create new value for our customers and society at large, and to transition towards a sustainable society through our business activities. Starting from fiscal 2023, we have merged the previously independent Annual Report and Sustainability Report into a single Integrated Report. This allows us to communicate more comprehensively to all our stakeholders about the NTT Group’s mid- to long-term corporate value enhancement efforts and initiatives. With regard to sustainability information, this report provides details on our materiality (key issues) and their relevance to our medium-term management strategy. Further details on our initiatives can be found on the Sustainability page of our corporate website. We sincerely hope this Integrated Report will assist all stakeholders in deepening their understanding of the NTT Group.

**Note about Abbreviations**


**Other Materials**

- Financial and Non-Financial Data
  https://group.ntt/en/csr/data/financial_nofinancial
- NTT Group Sustainability
  https://group.ntt/en/csr/
- Securities Report
  https://group.ntt/en/ir/library/yuho/
- Shareholders’ Meeting Materials
  https://group.ntt/en/ir/shares/shareholders_meeting/
- Corporate Governance Report
  https://group.ntt/en/ir/mgt/governance/
- Presentation Materials

NTT Group’s Roots

NTT Group has continued to develop a range of solutions as a partner that enables society and industry to move ahead.

It was some 70 years ago that the telephone and telegraph services provided by the Ministry of Communications and Ministry of Telecommunications were handed over to Nippon Telegraph and Telephone Public Corporation. With economic growth booming following the country’s post-war recovery, the company began exploring a range of avenues to meet growing public demand for telephone services that connect in an instant. The company was privatized as Nippon Telegraph and Telephone Corporation (NTT) in 1985. We have expanded our business into regional communications (telephone and FTTH, etc.), integrated ICT (mobile and internet), global solutions, real estate, energy, and others based on our corporate activities to respond to customers’ voices and industrial and social challenges.

Going forward, NTT will continue to take on challenges for new value creation and global sustainability.

Our Dynamic Loop – The Heart of NTT

The single continuous curve represents the dynamism and our commitment for continuous innovation and delivering value to people and society.

A small inner loop at the top of the mark ensures that the voice of customers and society is always heard. This symbol represents NTT’s vision and its commitment to developing a harmonious society through both business and cooperation.
NTT Group’s History

We are NTT.

NTT will continue to innovate through imagination and by challenging ourselves. We always listen to our clients, employees, and the world at large. NTT’s culture is based on our core belief of responding to the needs of our clients and society to help achieve their best future possible. This is NTT’s vision and its commitment to developing a harmonious society through both business and co-operation.

FY1985 sales 5.1 trillion yen

1985
- Nippon Telegraph and Telephone Corporation (NTT) established
- World’s first ISDN service launched

1986
- NTT Urban Development Corporation established

1988
- NTT DATA Communications Systems Corporation (currently NTT DATA Group) established

1989
- ISDN flat-rate services launched

1991
- NTT Mobile Communications Planning Co., Ltd. (currently NTT DOCOMO) established

1999
- “i-mode” launched

2000
- ISDN flat-rate services launched

2004
- Osaifu-Keitai (Mobile Wallet) launched

2008
- “Hikari TV” launched

2010
- LTE (4G) services launched

2015
- “Hikari Collaboration Model” launched

2019
- IOWN concept announced

2021
- Green Innovation toward 2040 announced

2023
- Medium-term management strategy titled “New Value Creation & Sustainability 2027 Powered by IOWN” announced

*The background design on this page is intended to symbolize the evolution of our business expansion.

1987
- Mobile telephone services launched

1996
- OCN internet connection services launched

2009
- Android OS smartphones launched

2016
- Acquired Dimension Data

2018
- Mobile payment service “d Payments” launched

2019
- Acquired Keane (currently NTT DATA, Inc.)

2020
- 5G services launched

2022
- FY2022 sales 13.1 trillion yen

1999
- Transitioned to holding company structure

1985 - 1990s
- Expansion of telephone services

2000s
- Shift to broadband

2010s
- Expansion of global business

2020s
- New structural transformation

The latest information from NTT Group's History.
10 Years of Sustainability Conferences

Transitioning from CSR to sustainability as a pillar of business strategy
- Initiatives launched from these conferences aim to achieve significant growth in a decade

**1st February 18, 2014**
- Public event, cloud-based to curb passing the buck in emergency medicine (NTT DATA Japan)
- Expanding across the nation after a decade

**2nd February 5, 2015**
- Grand Prize
  - Collaboration with the Valence Library on a digital archive project for preserving valuable human heritage (NTT DATA Japan)
  - Expanded “Digital Days” to 10 cities in Japan, expected to become the mainstay of the future

**3rd February 16, 2016**
- Grand Prize
  - Introducing “MoviePark,” a new text input app for smartphones (NTT DOCOMO)
- Excellence Award
  - Events foundation activities

**4th February 23, 2017**
- Grand Prize
  - Development of “Communication Engine COTOHAN,” an AI capable of natural Japanese conversations (NTT Communications)
  - Contributing to x-factor AI development

**5th February 16, 2018**
- First Grand Prize won by an overseas entrant—Software to combat local food resource recycling issues (NTT DATA India)

**6th February 15, 2019**
- Grand Prize
  - Leasing the Japanese IP to market through WinActor/Windirector deployment (NTT DATA Japan)
  - Contributing to solving labor shortages and youth job opportunities

**7th February 7, 2020**
- Grand Prize
  - Promoting food recycling through the deployment of local food resource recycling vehicles (NTT FIELD SYSTEMS CORPORATION)
  - Developing recycling-oriented business models

**8th March 1, 2021**
- Grand Prize
  - Taking on challenge of contributing to regional revitalization and cultivating future talent through local culture and art (NTT East)

**9th June 15, 2022**
- First-ever awards ceremony open to the media—Digital archive project for preserving the manuscripts from Mount Koya (NTT DOCOMO)

**Introducing Our 10th Conference MVPs June 12, 2023**

**Building a Supply Chain for Medical Supplies Using Drones NTT DATA Business Solutions (Germany)**

In Malawi, Africa, NTT DATA Business Solutions is addressing medical supply chain issues using high-performance drones by Wingcopter Inc. In Malawi, it took a full day or more to transport medical supplies from medical centers to rural clinics due to poor road infrastructure. In this initiative, the strong delivery capabilities of Wingcopters were expanded through a new digital logistics platform provided by SAP S/4HANA cloud, enabling local procurement of more than 100 types of medical supplies by delivery drone in just 20 minutes. Wingcopter’s drone-based delivery networks also create new high-tech job opportunities by training local youth to become Wingcopter drone pilots and technicians, helping to solve social issues in areas such as saving and improving lives.

**Using AI to Improve Recycle Park Convenience (UX) NTT Ltd Belgium (Belgium)**

NTT Ltd Belgium has optimized the replacement of containers for recycle by combining a camera developed in collaboration with Cisco and NTT’s AI technology for container detection and monitoring. The AI equipped in the camera reads the amount of garbage in real-time and analyzes it together with historical data, making it possible to predict the optimal timing of container replacement. By solving the problem of collection containers being full, NTT Ltd Belgium contributed to reducing the stress on the people of the city, as well as reducing illegal dumping.

**Achieving a Carbon-Neutral Society Through Forestry DX NTT West**

As part of its Forestry DX initiative, NTT WEST is providing a Forest Cloud application that uses satellite and drone measurements as well as AI analysis to collect forest information such as the number of trees, types, and height, calculate and data the asset value of the forest and the amount of CO2 absorbed, which can be viewed on smartphones and tablets. As a result, forest research operations will be reduced to 1/10 of the previous level, and timber supply and demand matching using the cloud will result in transactions at prices 2% higher than those in the general timber market (empirical results). In addition, carbon credit revenues, a new value added to forests, will be returned to affluent forest development, thereby contributing to the carbon neutrality of the region and companies (approximately 300 million yen worth of credits are expected to be generated). Target forest: Approximately 1,500ha, 16-year project
New Medium-Term Management Strategy

Innovating a Sustainable Future for People and Planet

1. NTT as a Creator of New Value and Accelerator of a Global Sustainable Society
   - IOWN-Driven Creation of New Value (from concept to commercialization)
     i. Establishment of manufacturing company for photonic-electronic convergence devices
     ii. Acceleration of IOWN research and development/commercialization
   - Data-Driven Creation of New Value
     i. Strengthening the personal business
     ii. Strengthening the use of DX/data in society and industry
     iii. Expansion and upgrade of data center infrastructure
   - Achievement of a Circular Economy Society
     i. Develop sustainability solutions for customers
     ii. Creating Circular Economy businesses
     iii. Progression towards Net-Zero
   - Further Strengthening of Business Foundations

2. Upgrading the Customer Experience (CX)
   - Fusion of Research and Development with a Market-Focused Strategy
   - Strengthening of Services that Emphasize Customer Experience (CX)

3. Improving the Employee Experience (EX)
   - Open and Innovative Corporate Culture
   - Support Career Growth
   - Global Benefits for Employees and their Families

Medium-Term Financial Targets

- **Company-wide Targets**
  - EBITDA
    - +20% increase\(^4\) (approx. ¥4.0 trillion) (FY2027)
  - EBITDA
    - +40% increase\(^4\) (FY2027)
  - Overseas Operating Income Margin\(^2\)
    - 10% (FY2025)
  - EBITDA
    - +10% increase\(^4\) (FY2027)
  - Return on Invested Capital (ROIC)
    - 9%\(^5\) (FY2027)

- **Growth Areas\(^1\)**
  - Overseas Operating Income Margin\(^2\)
    - +20% increase\(^4\) (FY2027)

- **Existing Areas\(^3\)**
  - Return on Invested Capital (ROIC)
    - 9%\(^5\) (FY2027)

Sustainability-Related Targets

- **New Female Manager Promotion Rate**
  - at least 30% each year

- **Greenhouse Gas Emissions**
  - Targeting carbon neutrality in 2040, as well as Net-Zero

- **Engagement Rate**
  - To be improved

---

\(^1\) IOWN, digital/data centers, power/energy, Smart Life, real estate, AI/robots, etc.

\(^2\) NTT DOCOMO Group consolidated. Excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

\(^3\) NTT DOCOMO’s consumer telecommunication businesses, NTT East and NTT West

\(^4\) Compared to FY2022

\(^5\) FY2022 result: 6.2%
Message from the CEO

Seizing the Age of Change as an Opportunity

The NTT Group has been taking proactive steps to transforming itself, evolving its business while consistently addressing social issues. Roughly 40 years ago, when NTT was privatized, it primarily generated revenue from its telephone business. However, nowadays, revenue from voice-related services accounts for only 15% of our total operating revenues. We have rapidly adapted to changes in technology and societal trends, reallocating our existing resources and incorporating new ones while keeping a close eye on the evolution of technologies and devices such as telephones, pagers, PCs, mobile devices, and smartphones, as well as other changes across the globe. Looking ahead to the years 2040 and 2050, there is no doubt that the world will differ significantly from what it is today. NTT views these impending changes as opportunities and is committed to its ongoing transformation. To that end, it is imperative for us to continuously evolve our business portfolio. However, this is not as simple as suddenly deciding to venture into entirely new business domains. It is crucial for the NTT Group to leverage its existing technologies and expertise, consolidate its personnel, collaborate with partners across various sectors, and work tirelessly to solve the issues facing society. To continue to be people’s company of choice, one that supports the sustainability of society, we will place emphasis on dialogue with our investors and with all other stakeholders as we continue to meet their expectations.

Connect, Trust, Integrity

One of NTT’s core strengths is its ongoing commitment to integrity, earning trust, and continuing to build on its efforts step by step. Delivering reliable products naturally leads to a greater degree of trust, and a consistent foundation of integrity is essential for this cycle to function. We define "Connect," "Trust," and "Integrity" as the Shared Values constituting the foundation that unites our employees—our DNA, as it were. These key terms have been established through extensive global discussions, and must be preserved moving forward. Given that NTT’s origins lie in telecommunications, the concept of "Connect" also encapsulates the critical element of human connection. Trust is indispensable when it comes to forming meaningful human connections, and establishing Trust requires a foundation of Integrity. With these three cornerstone values in place, customers can forge lasting relationships with NTT. This "DNA" also plays a pivotal role in contributing to the achievement of a sustainable society. For instance, NTT DATA Japan launched an emergency medical service in 2012 in which patients are loaded into ambulances and crucial data is quickly entered on a tablet in the ambulance to be sent to the receiving hospital. This solution was first provided in Takamatsu City. A decade later, it has expanded across Kagawa Prefecture and has been adopted in other prefectures as well.
Another example is a project that began 10 years ago to digitize ancient books in the Vatican Library. This project involves creating digital archives with funding in the form of donations from all over the world. Nowadays, this initiative has been extended to include efforts in Japan, such as digitizing texts from Mount Koya and the Kobo Daishi era from more than a thousand years ago. Additionally, NTT ArtTechnology Corporation, established in 2021, focuses on leaving a legacy for future generations. For example, the company is creating a business that digitizes Hokusai’s paintings and examines how to display them to future generations, as well as how to display other delicate items such as paintings created around the world. In this manner, we aim to achieve paintings and examine how to display them to future generations. For example, the company is creating a business that digitizes Hokusai’s paintings and examines how to display them to future generations, as well as how to display other delicate items such as paintings created around the world. In this manner, we aim to achieve

In addition, a conviction I have held since the beginning of my tenure is to always focus on the

NTT as a Creator of New Value and Accelerator of a Global Sustainable Society

This past May, we announced our new Medium-Term Management Strategy, “New Value Creation & Sustainability 2027 Powered by IOWN.” As our Basic Policy, we have declared that “Innovating a Sustainable Future for People and Planet.”

Based on this guiding philosophy, we have identified three major pillars for our specific initiatives. The first pillar is “NTT as a Creator of New Value and Accelerator of a Global Sustainable Society.” Sustainability and business do not conflict with one another. Our vision for a sustainable society is to realize both, rather than having to choose only one. We aim to resolve a variety of social issues, contributing to a world where Earth and humanity can sustainably coexist—striving for a resource-recycling future, not a resource-consuming one. This message is embedded within our medium-term strategy. The second and third pillars serve as mechanisms to support the first,
Message from the CEO

Contributing to the creation of a sustainable society through our business and delivering the resulting benefits to our shareholders remains a key management issue. Our approach of ensuring consistent dividend growth and flexible share buybacks remains unchanged within our new medium-term management strategy.

For fiscal 2023, we plan a 13th consecutive year of dividend growth, which will result in a 10-fold increase in the dividend per share compared to 20 years ago. Regarding share buybacks for fiscal 2023, a resolution was made in August to buy back up to 200 billion yen of our own shares. Additionally, in July, we dramatically reduced the investment unit through a 1:25 stock split.

In anticipation of the new NISA system starting in 2024, we aim to facilitate investment in NTT shares and broaden our individual investor base across a diverse range of generations who share our belief in the NTT Group’s sustained growth.

To meet the expectations of our many stakeholders, our mission is to continue to contribute to the realization of a better society by placing sustainability at the core of our management. We will continue to take on the challenge of making NTT an organization that supports a global sustainable society through the creation of new value.

We sincerely hope for your continued support in the years ahead.

Initiatives for Shareholder Returns/Expanding the Investor Base

Contributing to the creation of a sustainable society through our business and delivering the resulting benefits to our shareholders remains a key management issue. Our approach of ensuring consistent dividend growth and flexible share buybacks remains unchanged within our new medium-term management strategy.

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We sincerely hope for your continued support in the years ahead.

Dialogue with NTT DATA Business Solutions members (Germany)
NTT Group

NTT at a glance

Integrated ICT Business

The principal services in the Integrated ICT Business are mobile phone services, domestic inter-prefectural communications services, international communications services, solutions services, and system development services and related services.

Regional Communications Business

The principal services in the Regional Communications Business are domestic intraprefectural communications services, solutions services, inter-prefectural communications services, international communications services, and system development services and related services.

Global Solutions Business

The principal services in the Global Solutions Business are system integration services, network system services, cloud services, global data center services, and related services.

Others (Real Estate, Energy and Others)

Others include the real estate business, energy business and others.

Operating Revenues

<table>
<thead>
<tr>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥13,136.2 billion</td>
<td>¥12,156.4 billion</td>
<td>¥13,196.2 billion</td>
</tr>
</tbody>
</table>

Operating Profit

<table>
<thead>
<tr>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥1,829.0 billion</td>
<td>¥1,829.0 billion</td>
<td>¥1,829.0 billion</td>
</tr>
</tbody>
</table>

Financial Highlights

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>11,944.0 billion</td>
<td>12,156.4 billion</td>
<td>13,196.2 billion</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,671.4 billion</td>
<td>1,768.6 billion</td>
<td>1,829.0 billion</td>
</tr>
<tr>
<td>Profit attributable to NTT</td>
<td>916.2 billion</td>
<td>1,181.1 billion</td>
<td>1,213.1 billion</td>
</tr>
<tr>
<td>Total assets</td>
<td>22,965.5 billion</td>
<td>23,862.2 billion</td>
<td>25,308.9 billion</td>
</tr>
<tr>
<td>NTT shareholders’ equity ①</td>
<td>7,962.7 billion</td>
<td>8,262.5 billion</td>
<td>8,561.4 billion</td>
</tr>
<tr>
<td>Capital Investment</td>
<td>1,728.3 billion</td>
<td>1,687.6 billion</td>
<td>1,862.4 billion</td>
</tr>
<tr>
<td>EBITDA ②</td>
<td>3,111.6 billion</td>
<td>3,247.1 billion</td>
<td>3,290.2 billion</td>
</tr>
<tr>
<td>EPS (yen) after stock split ③</td>
<td>9.9 billion</td>
<td>13.2 billion</td>
<td>13.9 billion</td>
</tr>
<tr>
<td>EPS (yen) before stock split</td>
<td>248 billion</td>
<td>329 billion</td>
<td>348 billion</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>11.0%</td>
<td>14.9%</td>
<td>14.4%</td>
</tr>
<tr>
<td>ROIC (%)</td>
<td>7.2%</td>
<td>7.5%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Cash flows from operating activities ④</td>
<td>3,009.1 billion</td>
<td>3,010.3 billion</td>
<td>2,891.0 billion</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(1,424.5) billion</td>
<td>(1,699.2) billion</td>
<td>(1,736.9) billion</td>
</tr>
<tr>
<td>Free cash flows (Cash flows from operating activities + Cash flows from investing activities)</td>
<td>1,584.6 billion</td>
<td>1,311.1 billion</td>
<td>524.1 billion</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(1,689.5) billion</td>
<td>(1,093.9) billion</td>
<td>(900.2) billion</td>
</tr>
</tbody>
</table>

Non-financial Highlights

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenhouse Gas Emissions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1, 2</td>
<td>3.90 million tons</td>
<td>2.90 million tons</td>
<td>2.55 million tons</td>
</tr>
<tr>
<td>Scope 3 ⑤</td>
<td>22.23 million tons</td>
<td>20.82 million tons</td>
<td>19.49 million tons</td>
</tr>
<tr>
<td>Human capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Engagement Rate</td>
<td>57%</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>New Female Manager Promotion Rate</td>
<td>29.1%</td>
<td>29.7%</td>
<td></td>
</tr>
<tr>
<td>Male Childcare Leave Rate</td>
<td>114.1%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Direct Dialogue Rate with Key Suppliers</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Creating new value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of B2B2X Revenues</td>
<td>¥815.4 billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resilience</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Serious Incidents ⑥</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Number of Telecommunications Service Interruptions due to External Cyberattacks</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

① NTT shareholders’ equity does not include the portion attributable to non-controlling interests.
② EBITDA: operating income, depreciation and amortization, interest and dividend income, interest expense, impairment loss of investment, and other income and expense.
③ NTT shareholders’ equity for the calculation of EPS includes the portion attributable to non-controlling interests.
④ EBITDA includes capital expenditures.
⑤ EBITDA includes capital expenditures. However, the Scope 1, 2, and 3 greenhouse gas emissions do not include Scope 1, 2, and 3 emissions from the capital expenditure in FY2022.
⑥ NTT shares the responsibility for the management and reporting of greenhouse gas emissions with its parent company, NTT Group. The figures reflect the impact of the stock split.
⑦ A “significant incident” is defined as an event meeting the following conditions that disrupt or degrade the quality of telecommunications services:

- Interruptions due to external cyberattacks that result in four or more specified public institutions being unable to operate for more than 8 hours
- Interruptions due to external cyberattacks that result in 10,000 or more people being unable to operate for more than 24 hours
- Interruptions due to external cyberattacks that result in 200,000 or more people being unable to operate for more than 24 hours

⑧ NTT is a signatory to the United Nations Global Compact, a principle-based initiative that encourages businesses to align their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. NTT’s Global Compact Sustainability Report provides an overview of the company’s efforts to achieve these principles.

⑨ NTT is a signatory to the Principles for Responsible Investment (PRI). NTT’s PRI report outlines how the company integrates environmental, social, and governance (ESG) considerations into its investment and portfolio management practices.

⑩ NTT is a signatory to the Global Reporting Initiative (GRI). NTT’s GRI report provides a comprehensive overview of the company’s sustainability performance across its operations.

⑪ NTT is a signatory to the Carbon Disclosure Project (CDP). NTT’s CDP report highlights the company’s efforts to reduce greenhouse gas emissions and improve energy efficiency.

⑫ NTT is a signatory to the United Nations Framework Convention on Climate Change (UNFCCC). NTT’s UNFCCC report showcases the company’s commitment to climate action and transparency.

⑬ NTT is a signatory to the United Nations Global Compact (UNGC). NTT’s UNGC report details the company’s progress towards the UNGC’s ten principles, which are focused on human rights, labor, environment, and anti-corruption.

⑭ NTT is a signatory to the World Economic Forum’s (WEF) Global Risks Report. NTT’s WEF report highlights the company’s approach to managing and mitigating risks, including climate change and other global risks.

⑮ NTT is a signatory to the International Organization for Standardization (ISO) 22301:2017. NTT’s ISO 22301 report outlines the company’s emergency management system and its ability to respond to and manage crises.
Complementary Policies, etc.

New Management Style

Philosophy Message from the CEO

NTT Group

Sustainability Data Section

Growth Strategy

Corporate Governance

18

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

humanity, improving prosperity for all people and cultures, and maximizing well-being for all.

the realization of a sustainable society through initiatives for ensuring the positive coexisting of nature and initiatives founded on the principles of altruistic co-existence through which people will seek to increase their sustainable society.

Through this concept, people are encouraged to find themselves within the “We” and to realize that we are supported by the connections between diverse people, things, and technologies. We look to implement various initiatives founded on the principles of altruistic co-existence through which people will seek to increase their happiness along with the happiness of others. The “Self as We” concept casts light on the need to contribute to the realization of a sustainable society through initiatives for ensuring the positive coexisting of nature and humanity, improving prosperity for all people and cultures, and maximizing well-being for all.

NTT’s Vision for a Sustainable Society —NTT Group Global Sustainability Charter—

In today’s society, there exist conflicting phenomena that cannot be understood in a black-and-white manner, whether it be global versus local, environmental versus economic, or human rights issues. It is also true that a single phenomenon can have a different meaning and significance based on the perceiver.

NTT believes that realizing a paraconsistent society, in which these opposing concepts and phenomenon are included and diverse values are accepted, will contribute to the realization of a sustainable society.

The concept of “Self as We” will form the basis of NTT Group’s efforts to contribute to the realization of such a sustainable society.

Process for Selecting Important Issues (Comprehensiveness and Priority of the 30 Activities)

The 16 activities plotted in areas I, II, and III are classified into four more important categories (climate change, human capital, new value creation, and resilience). We disclosed our strategies, indicators, and targets for each of the more important items in our 38th Annual Securities Report, “Sustainability-Related Principles and Initiatives.”

STEP1 Identifying material issues

Using evaluation organizations like third party institutions, ISO 26000 and GRI Standards, global trends, internal workshops, and materiality at other companies as a guide, we identify material issues through comprehensive review of new problems related to sustainability. In order to discuss and select important issues that the NTT Group should address on a global scale.

STEP2 Setting priorities

NTT assesses the priorities to be addressed based on their impact on two aspects, “Growth as a company” and “Solving social issues.” To achieve management that simultaneously helps resolve social issues and achieve business growth, NTT assesses priorities by incorporating the opinions of outside experts.

STEP3 Confirming validity & approval

NTT also incorporates the opinions of third parties from a global perspective, which are then deliberated by the Sustainability Committee and approved by the Board of Directors.

Organization for Implementation

The NTT Group regards the promotion of sustainability as an important management issue, and items of particular importance, such as creating environmental targets for the entire Group, are decided based on discussions held with directors. Under the governance structure overseen by the Directors, we have established a Sustainability Committee (chaired by the President and Chief Executive Officer) directly reporting to the Board. This committee is responsible for managing the policy direction and progress of sustainability initiatives across the entire Group. Policies related to sustainability (the Charter and creating and abolishing accompanying policies, particularly deciding critical indicators) will be decided by the Board of Directors via the Sustainability Committee. In addition, the Sustainability Committee includes the Corporate Ethics Committee, Human Rights Committee, and Green Innovation Committee to handle the individual topics relevant to each sub-committee. Furthermore, Group Sustainability Committee meetings (with senior executive vice presidents and others from major Group companies) are held to share common challenges and successful examples from each Group company, as well as to monitor progress on sustainability implementation with respect to PDCA cycles and further promoting a sense of unity throughout the Group.
Key Sustainability Issues and Topics for Fiscal Year 2023

Out of the 30 activities outlined in NTT Group Global Sustainability Charter, 16 have been selected as key sustainability issues for this year. These issues are organized under the four main categories of Climate Change, Human Capital, New Value Creation, and Resilience, and key indicators have been established for each.

### Selection of Material Issues (16 Items)

<table>
<thead>
<tr>
<th>3 Themes</th>
<th>9 Challenges</th>
<th>30 Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring the positive coexisting of nature and humanity</td>
<td>Moving toward a decarbonized society</td>
<td>1) Promoting energy conservation 2) Reducing power consumption by introducing IOWN technologies 3) Developing and expanding the use of renewable energy 4) Providing new services that contribute to carbon neutrality 5) Creation of innovative environment and energy technology</td>
</tr>
<tr>
<td></td>
<td>A commitment to a resource-recycling future</td>
<td>6) Increasing the reuse and recycling of communications equipment, mobile terminals, and other technologies 7) Reduction in plastics use and promotion of recycling 8) Proper treatment, storage, and management of hazardous waste 9) Appropriate and efficient management of water resources</td>
</tr>
<tr>
<td></td>
<td>A future where people and nature are in harmony</td>
<td>10) Thoroughly implementing environmental assessments 11) Contributing to natural ecosystem conservation</td>
</tr>
<tr>
<td>Improving Prosperity for All People and Cultures</td>
<td>Establish shared ethical standards</td>
<td>12) Establishing and thoroughly complying with ethical standards 13) Appropriately managing conduct risk 14) Thoroughly reinforcing corporate governance and compliance 15) Sharing high ethical standards with business partners</td>
</tr>
<tr>
<td></td>
<td>Prepare for a new future with the power of digital technologies</td>
<td>16) Promoting the B2B2X model 17) Protection and respect for intellectual property 18) Contribution to the revitalization of local communities and economies</td>
</tr>
<tr>
<td></td>
<td>Moving toward a safe, secure, and resilient society</td>
<td>19) Ensuring the stability and reliability of services 20) Strengthening information security and personal information protection 21) Promoting a decentralized society based on remote work</td>
</tr>
<tr>
<td>Maximizing Well-being for All</td>
<td>Respect for human rights</td>
<td>22) Compliance with the NTT Group Global Human Rights Policy 23) Encouraging society as a whole to respect human rights</td>
</tr>
<tr>
<td></td>
<td>Diversity &amp; Inclusion</td>
<td>24) Promoting recruitment, training, and education of diverse human resources and women’s advancement in the workplace 25) Encouraging of understanding of LGBTQ and promoting the advancement of disabled people 26) Support for balancing work and life such as childcare and nursing care 27) Achieving zero fatal accidents as well as maintaining and promoting employee health 28) Supporting autonomous capacity development</td>
</tr>
<tr>
<td></td>
<td>Creating new work styles and workplaces</td>
<td>29) Promoting remote work and other workplace models 30) Promoting paperless operations</td>
</tr>
</tbody>
</table>

### Four Key Categories

- **Climate change**
  - Promoting energy conservation
  - Reducing power consumption by introducing IOWN technologies
  - Developing and expanding the use of renewable energy
  - Providing new services that contribute to carbon neutrality
  - Creation of innovative environment and energy technology
- **Human capital**
  - Compliance with the NTT Group Global Human Rights Policy
  - Encouraging society as a whole to respect human rights
  - Promoting recruitment, training, and education of diverse human resources and women’s advancement in the workplace
  - Encouraging of understanding of LGBTQ and promoting the advancement of disabled people
  - Support for balancing work and life such as childcare and nursing care
  - Achieving zero fatal accidents as well as maintaining and promoting employee health
  - Supporting autonomous capacity development
- **New value creation**
  - Amount of B2B2X Revenues
  - Ensuring the stability and reliability of services
  - Strengthening information security and personal information protection
- **Resilience**
  - Employee Engagement Rate
  - New Female Manager Promotion Rate
  - Male Childcare Leave Rate
  - Direct Dialogue Rate with Key Suppliers
  - Number of Serious Incidents
  - Number of Telecommunications Service Interruptions due to External Cyberattacks
Climate Change

Related New Medium-Term Management Strategy Initiatives

1. NTT as a Creator of New Values and Accelerator of a Global Sustainable Society
   - Global Value Creation through Innovation
   - Establishment of a Manufacturing plant for electronic devices convergence technologies
   - NTT DOCOMO Network development
   - Expansion of Data Centers
   - Open Innovation

2. NTT Group as an Innovation Driver
   - Opportunity to Use in Society and Industry
   - Stronger the Business
   - Strengthening the use of NTT in society and Industry
   - Expansion and upgrade of access to Customers

3. NTT Group as a Core of Innovation
   - NTT Data Centers
   - NTT Mobile
   - NTT Group

Indicators and Targets Related to Climate Change

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
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</tr>
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<tbody>
<tr>
<td>Greenhouse Gas Emissions</td>
<td>[Scope 1, 2] FY2030: 80% reduction (compared to FY2013)</td>
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<td>Scope 1 &amp; 2</td>
<td>Energy consumption outcome: will be approximately doubled by FY2040</td>
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<td>・ Approximately half of energy consumption will be reduced by introducing IOWN</td>
</tr>
<tr>
<td></td>
<td>Data Centers</td>
<td>・ Renewable energies will be introduced for the other approximately half</td>
</tr>
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</table>

Strategies Related to Climate Change

Risks

Given the widespread acknowledgement of climate change as a significant global risk, insufficient measures or disclosures on NTT Group’s part for climate change and resource circulation could potentially undermine the understanding and support of our stakeholders, including customers, partners, shareholders, employees, and communities, thereby affecting our business operations. Additionally, the introduction of new laws and regulations, or the tightening thereof, could increase our costs, impacting the NTT Group’s business performance and financial conditions.

Addressing Risks

To address these risks, NTT Group formulated its NTT “Green Innovation toward 2040” environment and energy vision and is advancing initiatives to reduce its environmental impact to achieve carbon neutrality by 2040. Besides promoting renewable energy usage as part of its own efforts to promote green power, the company is also working to enhance its environmental energy initiatives and information disclosure by promoting NTT research and development aimed at achieving extremely low power consumption, introducing an internal carbon pricing system, and utilizing green bonds.

Opportunities

With regard to opportunities, we are focusing on expanding renewable energy options at data centers, aiding in the development of processes for visualizing greenhouse gas emissions, and broadening the sale of green energy to both corporate and individual clients.

Indicators and Targets Related to Climate Change

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Reduction of greenhouse gas emissions for Scope 1, 2

Illustration of NTT Group Greenhouse Gas Emission Reductions (Domestic + Overseas)

NIT Group aims to simultaneously achieve zero environmental impact and economic growth by reducing the environmental impact of its business activities and coming up with breakthrough innovations. In accordance with the “NTT Green Innovation toward 2040” that NTT Group announced in September 2021, with the aim of achieving zero environmental impact, we aim to include Scope 3 emissions in addition to our Scope 1 and 2 initiatives.

- Increased use of renewable energy: Reduce greenhouse gas emissions by 45% †
- Lower energy consumption with IOWN technologies: Reduce greenhouse gas emissions by 45% ‡

*1 GHG protocol: Scope 1 (own direct emissions of GHG) and Scope 2 (indirect emissions from using electricity, heat and steam supplied by other companies)

*2 Estimated introduction of renewable energy through non-fossil fuel certificates FY2030: 1.0 billion kWh; FY2030 to FY2040: approx. 7.0 billion kWh
*3 Estimated introduction of renewable energy through the introduction of IOWN (comparison to outcome) FY2030: 45% reduction FY2040 target: Reduce by 7.0 billion kWh (45% reduction)
*4 Percentage of introduction of IOWN (photonics-electronics convergence technologies, etc.) out of total energy volume FY2030: 15%; FY2045: 45%
## Climate Change

### Expansion of Renewable Energy Generation Business

**Acquisition of Green Power Investment Corporation and Other Renewable Energy Operators**

On August 3, 2023, NTT Anode Energy and JERA Co., Inc. (JERA) completed the acquisition of shares in Green Power Investment Corporation (GPI), owned by U.S. renewable energy operator Pattern Energy Group LP, based on the stock purchase agreement concluded on May 18, 2023. Moving forward, NTT Anode Energy, JERA, and GPI will:

- **Assets Acquired Through the Acquisition (Including portions owned by other companies)**
  - **Operation**
    - Onshore wind: 28.1
    - Offshore wind: 11.2
  - **In development**
    - Onshore wind: Approx. 150
    - Offshore wind: Before Public Announcement

In the NTT Group, as declared in our Environment and Energy Vision “NTT Green Innovation toward 2040”, announced in September 2021, we are working towards the development of renewable energy power plants to achieve our target of an 80% reduction in greenhouse gas emissions by 2030. We have set a goal of introducing about 8 billion kW of renewable energy by 2030, and this acquisition has brought us much closer to achieving this goal.

### Examples of Business Opportunities Resulting from Climate Change

**Contributions to Reducing Society’s Environmental Impact**

NTT DATA Japan provides the greenhouse gas emissions visualization platform C-Turtle® to aid in the achievement of carbon neutrality for society as a whole. Recently, there has been a growing demand for companies to make their greenhouse gas emissions transparent. However, there are numerous options for calculation methods, making it challenging to select the most appropriate one. Typically, a company’s emissions are calculated using the formula “Activity Level (amount of procured products) x Emission Coefficient (a fixed emission level determined for each product, based on industry averages)”.

One problem with using industry averages is that it does not reflect any emission reductions made by individual suppliers in the company’s indirect emissions (Scope 3 Categories 1 and 2). An alternative is the “Total Emission Allocation Method,” which uses the formula “Activity Level (amount of transactions per supplier) x Emission Coefficient per Supplier (emissions per unit revenue for each supplier)” instead of industry averages. A unique feature of C-Turtle® is its adoption of the “Total Emission Allocation Method,” which not only calculates emissions but also incorporates actions taken by suppliers to reduce emissions, enabling collaborative efforts.

In August 2022, we became the first Japanese company to sign a usage license agreement for greenhouse gas emissions data and other data on global companies held by the international NGO CDP®. This allows C-Turtle® to combine data collected by NTT DATA Japan with data held by CDP, enabling accurate emission calculations consistent with each company’s actual emissions.

**Helping Reduce Society’s Environmental Impact**

NTT Business Solutions Corporation (NTT Business Solutions) has teamed up with NTT Anode Energy Group to launch N.mobi, an EV Adoption and Operational Support Solution for Municipalities and Corporations aiming to expedite the development of EVs and promote regional EV adoption. NTT Business Solutions Corporation and NTT Anode Energy Group aim to further enhance the utility of EVs by developing new features such as EV sharing between municipalities and corporations, and VPP® services that utilize numerous EVs within a community as virtual batteries.

Together with municipalities and corporations, we will contribute to the creation of prosperous and sustainable local communities through optimal EV utilization.

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*1 CDI is an NGO run by a British charitable organization that operates a global information disclosure system that collects information from companies on their operations, regions, and cities to manage their environmental impacts. [https://www.cdp.net/en](https://www.cdp.net/en)
NTT Group Sustainability

Climate Change

TCFD Governance

The NTT Group regards the promotion of sustainability as an important management issue, and items of particular importance, such as creating environmental targets for the entire Group, are decided based on discussions held with directors.

Under the governance structure overseen by the Directors, we have established a Sustainability Committee (chaired by the President and Chief Executive Officer) directly reporting to the Board. This committee is responsible for managing the policy direction and progress of sustainability initiatives across the entire Group. Policies related to sustainability (the Charter and creating and abolishing accompanying policies, particularly deciding critical indicators) will be decided by the Board of Directors via the Sustainability Committee.

In FY2021, for the processes selected as key issues and activities to be addressed, in addition to the sustainability-related issues, we used evaluation organizations like third party institutions, ISO 26000 and GRI Standards, global trends, internal workshops, and materiality at other companies as a guide to identify material issues through comprehensive review of new problems related to sustainability, in order to discuss and select issues that the NTT Group should address on a global scale. In addition, NTT assessed the priorities to be addressed based on their impact on two aspects, “Growth as a company” and “Solving social issues.” To achieve management that simultaneously impacts on two aspects, “Growth as a company” and “Solving social issues,” we have established a Sustainability Committee (chaired by the President and Chief Executive Officer) directly reporting to the Board of Directors via the Sustainability Committee.

The NTT Group Sustainability Committee, which includes all companies within the NTT Group, is responsible for managing the policies and strategies related to sustainability. The Sustainability Committee is supported by the Sustainability division, chaired by the senior executive vice president, which reports to the Board of Directors.

Strategy

The NTT Group formulated its Environment and Vision “NTT Green Innovation toward 2040” and is advancing initiatives to reduce its environmental impact to achieve carbon neutrality by 2040. Besides promoting renewable energy usage as part of its own efforts to promote green power, the company is also working to enhance its environmental energy initiatives and information disclosure by promoting IOWN research and development aimed at achieving extremely low power consumption, introducing an internal carbon pricing system, and utilizing green bonds.

With regard to opportunities, we are focusing on expanding renewable energy options at data centers, aiding in the development of processes for visualizing greenhouse gas emissions, and broadening the sale of green energy to both corporate and individual clients.

Also, in alignment with our new medium-term management strategy announced in May 2023, the NTT Group is committed to achieving a Circular Economy Society. This includes promoting green solutions through the combination of Green Energy and ICT, expanding our renewable energy generation business, optimizing and efficiently securing a stable supply of locally produced and consumed electricity, recycling resources among various industries, and further accelerating regional development, all with the aim of creating a sustainable society. At the same time, we aim to extend the scope of “NTT Green Innovation toward 2040” to include Scope 3, as part of our efforts to achieve net-zero emissions.

Indicators and Targets

Climate Change Indicators and Targets

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<td>FY2040: Carbon Neutrality</td>
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</tr>
</tbody>
</table>

(Note 1) The scope of the greenhouse gas emission calculations includes our company and its consolidated subsidiaries.

2. Scope 1 and 2 are in line with the Plan for Global Warming Countermeasures, which is outlined by the Japanese government, using fiscal 2013 as the base year. For Scope 3, the base is fiscal 2018, the year calculations began under the same calculation scope currently being used, including our overseas Group companies.
Climate change

Column

Initiatives to reduce greenhouse gas emissions for Scope 3

To reduce greenhouse gas emissions under Scope 3, we will further strengthen cooperation with suppliers to reduce emissions during product manufacturing, and contribute to customers’ decarbonization efforts by reducing emissions during product use. As for our initiatives for suppliers, we are deepening understanding of decarbonization initiatives through briefings and direct dialogues on the NTT Group’s initiatives toward net zero emissions, as well as providing support for visualization of suppliers’ greenhouse gas emissions and formulation of emission reduction targets. In addition, we promote the introduction of renewable energy and energy-saving equipment to our customers. In fiscal 2022, we became the first telecommunications carrier in Asia to join Joint Audit Co-Operation (JAC), a joint audit consortium of global telecommunications carriers. Discussions are underway within the JAC through participation in the WorkStream toward reducing greenhouse gas emissions, and the entire telecommunications industry, beyond just our own companies, is working to reduce Scope 3 emissions.

Approx. 11%

Scopes 1 and 2
- Company’s own direct emissions, as well as indirect emissions from using electricity, heat and steam supplied by other companies
- FY2018: 2.53 million t-CO₂
- Compared to FY2014: 45% reduction

Approx. 89%

Scope 3
- Indirect emissions other than Scope 1 and Scope 2 (emissions in the supply chain including upstream (products’ manufacturing, procurement, transportation, etc.) and downstream (products’ use, disposal, leasing, etc.) of business activities)
- FY2018: 19.49 million t-CO₂
- Compared to FY2014: 18% reduction

Column

Procurement Through NTT Group Green Finance

NTT Group has formulated the NTT Group Green Finance Framework with the goal of strengthening its commitment to Group-wide efforts to achieve a sustainable society and promoting them vigorously, including from a financial perspective. Since its establishment in June 2020 as the NTT Group Green Bond Framework, this framework has been revised in accordance with the Group’s initiatives for making a sustainable society a reality: NTT FINANCE CORPORATION (NTT FINANCE), the Group’s core financial company, will issue green bonds or procure funds through green loans in accordance with the Green Finance Framework. The funds raised will be invested in projects that contribute to solving environmental issues at Group companies.

When raising funds, NTT FINANCE will evaluate and select investment projects based on conformity with the NTT Group Global Sustainability Charter. It will also centrally manage procured funds and confirm their appropriation for projects. The Group will report annually on the allocation of funds and the project’s environmental impact. The Green Finance Framework as well as Fund Allocation Reporting and Impact Reporting are available on the NTT FINANCE website.

Green Bond Issuance Status
- June 2020: ¥40 billion total (Target project: Green buildings)
- October 2021: ¥90 billion total (Target project: Green buildings)
- December 2021: EUR 1.5 billion total
- July 2022: USD 1.5 billion total
- July 2023: ¥30 billion total

Eligible projects:
- 5G-related investments, FTTH-related investments, R&D for achieving the IDWN concept, is considered equivalent

Column

Contributing to Biodiversity Preservation and Transitioning to a Circular Economy

In our core business of telecommunications, the NTT Group is somewhat reliant on certain natural capital when conducting business activities. With regard to our impact on natural capital, we investigated our impact on ecosystems with respect to the impact of mining on ecosystems and water resources resulting from use of metals in smartphones, and effects on the ecosystem with regard to the creation and operation of communication buildings, cables, wireless base stations, data centers, and renewable energy facilities. We acknowledge that we have a limited impact on natural capital. That being said, we believe the increasing focus on biodiversity and a recycling-oriented society opens up new business opportunities. We will continue to contribute to the achievement of a sustainable society through our business activities. We will continue to verify and disclose risks and opportunities related to biodiversity and resource circulation for the NTT Group.

TOPIC 1
Biodiversity

We at the NTT Group are committed to carrying out environmental assessments for our facilities, including data centers and solar power installations. Guided by our unique Green Building Design Guidelines, we make an effort to understand the historical, social, geographical, and biological aspects of the environmental characteristics of building sites and their surrounding regions, incorporating them into our designs as necessary. Additionally, we are engaged in supporting coral ecological surveys utilizing underwater drones to assist in the preservation of biodiversity in society.

TOPIC 2
Appropriate management of water resources

In the context of NTT Group’s business operations, we consume almost no water resources. According to statistics from the Ministry of Land, Infrastructure, Transport, and Tourism, the annual water usage in Japan* stands at approximately 25.2 billion cubic meters, comprising both residential and industrial consumption. By contrast, the NTT Group’s water withdrawal amount is about 4.63 million cubic meters, accounting for less than 0.02% of Japan’s total. Additionally, our water usage is dispersed across Japan, leading us to believe that there are no water sources significantly affected by our activities. Furthermore, the NTT Group has reduced its reliance on tap water by utilizing reclaimed water and rainwater.

At NTT DATA Italia, we offer cloud solutions optimized for water management operations to Acea, an Italian utility company involved in water and electricity services.

TOPIC 3
Increasing the reuse and recycling of communications equipment, mobile terminals, and other technologies

For fiscal 2030, the NTT Group has set the goal of achieving a recycling rate exceeding 99% for waste generated within the Group. Given that we offer a broad range of services, including telecommunications, significant resources are essential for maintaining business continuity. For this reason, we have established this objective to both mitigate business continuity risks and facilitate resource circulation. In fiscal 2022, our waste recycling rate stood at 98.2%. We are committed to furthering our recycling efforts to meet or surpass our target of 99%.

*Based on data from the Ministry of Land, Infrastructure, Transport, and Tourism, Water usage statistics for 2019 indicated an annual consumption of approximately 78.5 billion cubic meters—approx. 14.8 billion for residential use, approx. 10.3 billion for industrial uses, and approx. 53.3 billion for agricultural uses.
Group Human Resources Strategy

People are the driving force behind creating a sustainable society by delivering value to the world. We place a strong emphasis on Employee Experience (EX) and are committed to creating a positive cycle where people are the key drivers of value.

Within the NTT Group, we believe that the key to improving EX lies in a diverse group of employees taking charge of changing their career paths from the moment they are hired, gaining work experience, supplementing skills through training, and taking on new challenges after reflection and self-assessment.

To enable each employee to independently shape their career, as shown in the below diagram, we provide an environment of implementing various HR policies from both perspectives of Supporting Growth and Developing Diverse Work Styles and Work Environments. We strive to create an environment where each individual employee takes the initiative to act, thereby generating a sense of growth, job satisfaction, and excitement, and ultimately improving their EX.

Initiatives Related to Human Capital in the New Medium-Term Management Strategy (Support Career Growth)

We will expand our human capital investments to assist employees in autonomously shaping their careers, thereby supporting the growth of our business.

In line with the specialized personnel system introduced this past April, we will enhance support for obtaining external qualifications and enrich training programs across 18 specializations. We will also expand career consulting functions to offer career design advice. Additionally, we will offer comprehensive career development support that includes life events like childbirth, childcare, and nursing care.

Indicators and Targets Related to Strengthening Employee Engagement and Ensuring Diversity of Human Resources

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<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Engagement Rate</td>
<td>To be improved (year-over-year)</td>
<td>FY2022: 57%</td>
</tr>
<tr>
<td>New Female Manager Promotion Rate</td>
<td>Each year: 30%</td>
<td>FY2022: 29.7%</td>
</tr>
<tr>
<td>Male Childcare Leave Rate</td>
<td>FY2023: 100%</td>
<td>FY2022: 114.1%</td>
</tr>
<tr>
<td>Executive Officer Ratio</td>
<td>FY2023: 15%</td>
<td>FY2022: 10.4%</td>
</tr>
<tr>
<td>Hiring Ratio</td>
<td>Every year: 30%</td>
<td>FY2022: 35.8%</td>
</tr>
<tr>
<td>Management Ratio</td>
<td>FY2023: 25-30%</td>
<td>June 2023: 21.0%</td>
</tr>
<tr>
<td>Executive Officer Ratio</td>
<td>FY2023: 25-30%</td>
<td>June 2023: 21.0%</td>
</tr>
<tr>
<td>External Hires</td>
<td>FY2023: 30%</td>
<td>FY2022: 40.7%</td>
</tr>
</tbody>
</table>

*The scope of implementation of initiatives related to human capital described on page 33-38 applies to the main domestic group companies.
Supporting Growth: Reviewing the Human Resources System

As we shift our business structure and new value creation becomes a necessity, it is crucial to heighten the synergy between our business strategy and human resources more than ever.

The job-type personnel salary system we introduced for all management positions in October 2021 aims to break away from annual and seniority-based systems. It shifts the focus from placing the right person in the right job to finding the right job for the right person. This system more closely aligns compensation with both company and individual performance, thus enabling the positioning of talent where it is most needed to achieve strategies and creating expanded opportunities for employees to take on challenges.

- **Job-Grade System**

For regular employees, we introduced a new personnel and salary system this April aimed at nurturing them into true professionals with high levels of expertise and skills who can carve out their own careers.

Specifically, we have established 18 specialized areas with an awareness of external markets, including sales (sales, SE, etc.), development (services, product development, etc.), IT (IT architects, IT specialists, etc.), infrastructure engineers, corporate (general affairs, human resources, finance, etc.), real estate and construction, smart energy, and research and development. We have also established “grading standards” that clarify the required expertise and level of action for each area. In addition, based on these “grading standards,” we have implemented an absolute evaluation system that allows for treatment on par with management roles based solely on high levels of specialization—without the need to become a manager—we intend to broaden career options for our employees, thereby boosting motivation and performance even further.

- **Post-focused**

For high-performing employees to be duly recognized, abolished the minimum years of service required for promotions, and proceed with their learning accordingly.

- **Benefits determined by the job grade of the assigned post**

- **Benefits vary depending on assigned post**

- **Break away from annual and seniority-based elements**

- **Promotions based on merit and aptitude are available**

- **Benefits may be reduced depending on placement**

Supporting Growth: Training Options and Career Consulting

To enhance the effectiveness of skill acquisition in the 18 specialized areas attuned to external markets, we have expanded our training programs. These now include roughly 650 courses structured around three main frameworks: (1) Training to support acquiring external certifications tailored to each area of specialization, (2) Training to improve unique specialized skills not solely obtained through certifications, and (3) Training to gain common skills necessary in various fields, such as facilitating meetings. Employees can select from these training programs based on their own career plans and skill development goals, and proceed with their learning accordingly.

However, we recognize that employees may find it challenging to choose the most suitable training program from the multitude of options available. To address this issue, we plan to introduce recommendation features into our Group-wide talent management system that are tailored to each employee’s specialized field and rank.

In the context of our new personnel and salary system, it is essential that employees take an active and autonomous approach to designing their careers, leveraging their high levels of specialized expertise. However, a variety of factors, including the field in which they wish to work, desired roles and positions, specialized skills, strengths and weaknesses, and life events, can impact career planning. As such, some employees may require targeted support. To meet this need, we deployed Group-specific career consultants starting in July 2023. These consultants, who hold national certifications and are rich in experience, will provide individualized career advice to each employee.

Additionally, we plan to educate supervisors (primarily department heads; about 10,000 target individuals in fiscal 2023), who are considered the consultants most accessible to regular employees, on career consulting methodologies. By elevating the career consulting abilities of our supervisors, we aim to offer day-to-day and periodic interview-based support to employees as they shape their autonomous career paths.

Column

**NTT University**

In an ever-changing business environment, we operate NTT University as an initiative for developing a diverse range of management personnel who possess broad perspectives and experience and are fitted with the ambition to lead the world. In addition to the Next Executive Course (Next EC) aimed at those striving to be promoted to executive officers within five years, in July 2023, we launched the Future Executive Course (Future EC) aimed at potential future executives.

We select personnel regardless of their years of service or age who are committed to becoming executives based on meritocratic principles, and we support their growth as management-level personnel. Centered around difficult assignments that entail solving critical and challenging management issues, we provide a mentoring program that offers opportunities for learning and insights through dialogue with current executives, as well as external conferences, seminars, training, and other selective support programs.

A total of approximately 180 students (30% women) spanning the first through third years in Next EC, as well as 130 first-year students in Future EC, are committed to becoming the next generation of leaders.
Supporting Growth: Diverse Career Paths (Diversified Hiring and Employment) and Side Jobs

We conduct a wide range of recruitment activities, and we do not limit ourselves to hiring new graduates, but also actively recruit experienced professionals. While we set a target of 30% for fiscal 2023, our performance for fiscal 2022 significantly exceeded this, reaching 40.7%. Additionally, for both new graduates and experienced hires, we avoid uniform grading at the time of recruitment. Instead, to assign appropriate grades, we assess employee expertise and skills.

In terms of career planning after employees join the company, we have introduced a Specialist Grade and a Professional Employee System to better reward high-performing staff. Our employees are excelling across various industries and sectors. Moreover, we offer titles such as Fellow, Senior Special Researcher, and Special Researcher to individuals who have demonstrated high expertise in specific fields and are recognized globally as truly exceptional, top-class researchers with significant achievements.

Development of Diverse Work Styles and Work Environments: Gender pay gap (indicator)

In our human resources and salary system, there is no wage gap based on gender. The main factors for the wage disparity between men and women are as follows:

(1) For regular employees:
   - the ratio of women in managerial positions is lower than that of men
(2) For non-regular employees:
   - men occupy a larger percentage of high-paying specialized posts

NTT Group announced the Plan to Double the Number of Female Managers in December 2013, setting a target of 30% women in new graduate hires. Since fiscal 2013, we have been actively hiring women, leading to a younger age demographic among female employees, and currently, most are in non-managerial roles.

In September 2021, as part of the Transformation to a New Management Style, we set a target for 30% of newly appointed managers to be women. The numbers have been making steady gains, increasing to 29.1% in fiscal 2021 and 29.7% in fiscal 2022.

Column

NTT Group Job Board (Open Recruitment)

To enable each employee to take ownership of their careers and develop them autonomously, we have introduced a mechanism that supports personnel transfers for those who wish to take on challenges called the “NTT Group Job Board,” which facilitates constant and timely application opportunities. Since the initiation of this program on July 1, 2023, 602 job postings were listed by August.

We aim to continue transforming our company into one where employees are more active and each individual can experience growth, job satisfaction, and excitement.
Developing Diverse Work Styles and Work Environments: Empowering Those with Disabilities

The NTT Group has an employment rate of people with disabilities of 2.51% (+0.04 points over the previous year), and employs approximately 4,000 people with disabilities. Among them, about 1,000 are working in our special subsidiary companies. In addition to direct employment at workplaces, at our special subsidiaries, examples of work that are performed by people with disabilities include web accessibility diagnosis, production of hand-made paper from recycled paper, office massages, and agricultural and cleaning projects in cooperation with local communities. As a part of the initiative to promote the active participation of people with disabilities, we have been pushing forward with the NTT Art Contest and various initiatives using the remote-controlled robot OriHime.

NTT Group encourages active participation in childcare to enhance the work-in-life of employees. In accordance with the revision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, NTT Group revised its childcare leave system on April 1, 2022, prior to the revision of the Act, and enhanced the leave system for the period up to eight weeks after childbirth. Since fiscal 2021, we have been conducting seminars to encourage employees to actively participate in childcare, and are also working to foster such a workplace culture.

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24 NTT Group companies were awarded gold ratings in the PRIDE Index 2022, an evaluation index for LGBTQ initiatives in the workplace developed by the organization work with Pride, which indicates achievement in all five indicators of the certification criteria.

Developing Diverse Work Styles and Work Environments: Balancing Work and Childcare/Nursing Care/Medical Treatment

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The rate of paternal leave for childcare is calculated based on the Kinuren certification formula. Following amendments to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, we actively encouraged our employees to take advantage of the available leave systems through individual meetings and other channels. We managed to achieve a result of 114.1%, exceeding our fiscal 2022 target of 100%. However, the uptake is mostly for short-term leave at 71.6%, while long-term childcare leave is at 28.4%. To forge an environment in which it is easy to take long-term childcare leave, we will continue to not only promote uptake among individuals, but also actively encourage organizations and supervisors to support this.

In anticipation of an era of intensive nursing care, we are holding nursing care study sessions across Group companies to create an environment in which employees can balance work and nursing care. There is high interest among employees, and many have taken part. We plan to continue holding these sessions going forward.

Balancing Work and Nursing Care

To create a comfortable work environment for employees who have constraints due to medical treatment, we are implementing training to build human networks and to educate those around them (especially superiors) to foster better understanding and a transformed mindset and corporate culture. We have established systems for balancing work with taking leave for medical treatment and are working to create an environment in which it is easy to take leave. Optional seminars to foster understanding are being planned.

At NTT Group, to further the “work as a part of life” concept, we are creating a flexible work environment through enhancements such as a remote work system, remote work allowances, flexible hours, split shifts, and expanded satellite offices. In July 2022, we introduced the Remote Standard, aiming to eliminate the traditional work style that assumes relocations or temporary solo assignments away from family.

- Any residence in Japan is acceptable
- Any reasonable transportation method to and from work that can be considered travel expenses (lodging expenses provided as well) is acceptable
- No need to relocate to a remote location if the new location is an organization that accepts the Remote Standard

Since the introduction of the remote standard system, we have been enhancing work-life balance, including the decrease in the number of employees given solo transfer assignments by about 800, and the increase in the number of employees who work while residing in remote locations. The remote work implementation rate for fiscal 2022 was 74%. We also increased the number of satellite office locations to 580 by the end of FY2022, with the goal of 260 or more by the end of FY2023, in order to establish places to work outside of the home and office.

Due to the introduction of the Remote Standard and other measures, there is greater freedom in terms of working hours, locations, and places of residence, thereby expanding the options for work styles suited to individual lifestyles.

However, depending on the state of the team and the work situation, sometimes it is necessary to focus autonomously on work through remote work, while other times call for coming in to the office and working on-site to experience the work firsthand or to enhance teamwork. We believe that there is a need to devise further ways of working according to our objectives.

Moving forward, we will aim to implement an optimal work style (hybrid work) that combines the strengths of both face-to-face and remote interactions, aiming for both flexibility in the way employees work and increased organization and team productivity.
Employee Engagement Survey

At NTT Group, we commenced employee engagement surveys in fiscal 2021. Four indicators for measuring engagement have been established as NTT Group Key Performance Indicators (KPIs).

We have rolled out a Group-wide experience platform, Qualtrics, to approximately 100 Group companies in Japan. This has enabled us to measure engagement scores and pinpoint areas that require improvement. By performing analyses for the purpose of improving engagement, we hope to increase the number of highly engaged employees who identify with the company’s and organization’s policies and strategies, as well as feel pride and take initiative in their work.

Additionally, with the aim of improving employee engagement as a company, we have incorporated it as an indicator for executive compensation and also set it as a criterion for the performance bonuses of all management staff. As a company and as an organization, we are committed to elevating employee engagement.

NTT Group’s Four KPIs

—The willingness to make voluntary contributions—
(1) I am motivated to contribute more than is required to get the job done at the company
—Attachment to and pride in the company—
(2) I am proud to work at this company
—The willingness to make voluntary contributions—
(3) I recommend our company as a great place to work to those I know
—Job satisfaction—
(4) I gain a sense of personal accomplishment through my work

Specific Initiatives

We have conducted correlation analyses with engagement (four KPIs) and have identified the elements that have an impact, and we prioritize our strategies accordingly.

Areas Needing Improvement Initiatives

The items with a strong correlation to engagement but lower positive evaluations were “Opportunities for growth (ability to achieve career goals)” and “Strategy penetration (having confidence in the future of the company)/change management (receiving support for organizational change).”

To support growth, in April 2023, we revised the system to allow for salary increases and promotions depending on the acquisition and demonstration of expertise. We have also enriched the career consulting function, which allows employees across the Group to discuss their career plans. Additionally, we have established the NTT Group Job Board as a framework for supporting those who want to try to transfer jobs through public recruitment. This has made it possible for each employee to take ownership of their careers and act accordingly. Furthermore, we have prepared around 650 training courses both for specialized fields and as common training. Through NTT Group’s internal newsletters, we are also actively introducing a variety of role models. For specific measures, please refer to “Supporting Growth (P. 32-34)”.

For strategic penetration/change management, we are broadening the scope of management outreach. We are also holding discussions regarding survey results within each company and organization, consistently deliberating over organizational-specific issues. We also implement initiatives that get leaders at each level to commit to their respective actions.

Promotion of Health Management

Health management is pursued as a key corporate strategy with the understanding that initiatives for maintaining and improving employee health also enhance motivation and productivity and ultimately lead to higher corporate earnings. We also believe that giving due consideration for the health of our employees as well as their families will motivate and invigorate each of them (improve EQ) and lead to the growth and development of the Group as a whole. Below, we introduce key initiatives being undertaken in NTT Group on various fronts to help employees maintain and improve their health while collecting and analyzing various types of data (HR, work information, etc.).

Promoting health activities and behavioral changes with “d Healthcare” at the core (healthcare portal)

We are working to implement effective measures through central management and analysis of various information on health promotion measures that have been individually developed. As part of these efforts, we implemented initiatives to make d Healthcare into a portal for an array of healthcare services.

2023 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category [White 500])

We were chosen as a 2023 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category [White 500]) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. We will continue to strengthen our efforts to further encourage health management.

Initiatives Related to Human Capital in the New Medium-Term Management Strategy (Global Benefits for Employees and their Families)

As a way to strengthen and enhance our support programs, including for the families of our employees worldwide, we will enhance our program to partially support the educational expenses of employees’ children up to college graduation in the event of an employee’s death.
Value Chain Management

Policy and Approach

In recent years, companies find themselves required to monitor the ESG risks and impact on sustainability, including consideration of human rights and mitigation of environmental impacts, of not only their own Group companies, but also throughout the entire value chain, from raw materials and supplies procurement to disposal and recycling. The NTT Group is committed to deepening mutual understanding and building a trustful relationship with all the suppliers that make up our supply chain. By dedicating ourselves to creating and sustaining a safe and reliable supply chain with everyone under high ethical standards, we aspire to proactively and enthusiastically contribute to a sustainable society. To implement this vision, we have established the “NTT Group Basic Procurement Policy”.

For our suppliers, we have published the NTT Group Supply Chain Sustainability Promotion Guidelines, which contain detailed requirement items in the seven areas of human rights/labor, health/safety, the environment, fair trade/ethics, quality/safety, information security, and business continuity plans. We ask suppliers to comply with these guidelines by including them in contracts and other agreements. In addition, we have also published the NTT Group Green Procurement Standards as a supplement to our environmental guidelines and are advancing efforts to reduce greenhouse gas emissions throughout the supply chain.

Basic Procurement Policy

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Supplier Engagement Initiatives

Building upon the aforementioned NTT Group Supply Chain Sustainability Promotion Guidelines, we are conducting activities aimed at establishing a reliable partnership with our suppliers. While NTT Group previously conducted an NTT-specific Supply Chain Sustainability Survey for the Group’s key suppliers, beginning in fiscal 2022, we initiated new ESG risk assessments carried out by EcoVadis, a third-party evaluation organization. Based on the results of these surveys, we are promoting the enhancement of supplier engagement activities, including direct dialogue with suppliers.

Additionally, in July 2022, our company joined Joint Audit Co-Operation (JAC), a joint audit consortium consisting of global telecommunications carriers, and we became the first telecommunications provider from Asia to do so. Starting in fiscal 2023, we are planning to conduct sustainability audits at the factories of NTT Group suppliers based on JAC’s audit standards. Through these activities, NTT Group will help make a sustainable society a reality by building and maintaining a safe and secure supply chain.
The NTT Group is committed to the B2B2X business model, which aims to create new value and solve social issues in collaboration with various partners to enhance the customer experience. Should the progress of the B2B2X model not proceed as expected, it could adversely affect our market competitiveness, thereby potentially impacting NTT Group’s financial standing and business performance.

To mitigate such risks, we have established a Marketing Strategy Committee, chaired by the President, to facilitate project expansion while ensuring alignment within the NTT Group. Additionally, we strive to grow our B2B2X business through intra-Group conferences, which serve to share best practices among our various companies.

With regard to opportunities, we believe that combining the expertise and customer bases that our partners possess with the NTT Group’s digital services and data management technologies will allow us to offer new value to our partners’ customers (users). Specifically, we are implementing initiatives across the full breadth of the NTT Group in areas such as 1) the evolution of industrial value chains, 2) advancements in customer relations, 3) the utilization of mobile data, and 4) the development of community-rooted services and urban planning.

### Indicators and Targets Related to New Value Creation

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FY2023: ¥870.0 billion</th>
<th>FY2022: ¥815.4 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of B2B2X Revenues</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*Note: The scope of B2B2X earnings includes the Integrated ICT Business Segment, the Regional Communications Business Segment, and the Global Solutions Business Segment.)*

We are actively expanding the data center infrastructure of the NTT Group, which currently ranks as the third largest in the world. Additionally, we plan to further expand this infrastructure and enhance its capabilities through the introduction of IOWN technologies. Toward this goal, we will invest over 1.5 trillion yen over the next five years, doubling the current data center capacity of 1,100 MW.

For corporate clients, we will leverage technologies such as AI, robotics, IOWN, digital twins, and security to offer solution and platform services on a global scale, thereby transforming industries that underpin daily life and society.

We invest over three trillion yen in this area.

### Initiatives Related to New Value Creation in the New Medium-Term Management Strategy

- **Establishment of manufacturing company for photonic-electronic convergence devices**
- **Acceleration of IOWN research and development/commercialization**

In light of the increased energy consumption accompanying the widespread adoption of AI, we established NTT Innovative Devices Corporation in June 2023 to expedite the commercialization of photonic-electronics convergence devices that achieve low energy consumption. The company was launched with an initial investment of 30 billion yen, and we are considering subsequent capital increases. Our aim is to broadly provide photonic-electronics convergence products to hyperscalers and IT/communication equipment vendors. In addition to recruiting external talent and gathering the necessary resources for development, we will integrate NTT Electronics Corporation, which possesses hardware manufacturing capabilities, to accelerate the development of products and services.

For the accelerated R&D and practical application of IOWN, including 6G, we plan to invest approximately 100 billion yen in fiscal 2023. We will continue to invest funds and accelerate the practical application of servers and digital twin computing, among other technologies.

(See please page 58-61 for more details on IOWN.)
We will also work towards a sustainable society by promoting the reuse of waste across various industries and enabling resource circulation. With the application of technologies like IOWN, 5G/IoT, and AI/Robotics, we will improve the efficiency and value-added attributes of primary industries, thereby contributing to industrial development and regional revitalization.

Achievement of a circular economy society across various industries, with energy as the starting point

- Renewable Energy
  - Water/wind/solar power, etc.
- Garbage Recycling/Biomass Plants
- Leftover Food (Food Loss)

Improved efficiency, value-addition and industrial development in primary industries

- IOWN, 5G/IoT, AI/Robots
- Smart Forestry
  - IoT and digitalization of forestry, etc.
- Smart Livestock Farming
  - Operation that combines the livestock farming industry and ICT, etc.
- Smart Aquaculture
  - Aquaculture utilizing ICT
  - Utilization of genome-editing technologies, etc.

Fusion of Research and Development with a Market-Focused Strategy, Strengthening of Services that Emphasize CX

We established a new Research and Development Market Strategy Division by integrating and strengthening our research, marketing, and alliance functions as an R&D organization with marketing capabilities. In addition to strengthening product-out R&D, we will collaborate with customers and partners globally to carry out everything from R&D to product delivery, promoting alliances with a variety of partners.

We will consider all stakeholders to be customers and partners and prioritize customer experiences. By constantly improving and updating our services in an agile manner, we aim to exceed customer expectations and provide new experiences and excitement in an effort to be the NTT Group that continues to be people’s choice.

Column

NTT Group and The Norinchukin Bank Group Business Collaboration to Achieve a Recycling-oriented Society and the SDGs

NTT Business Solutions Corporation (NTT Business Solutions) provides a local food waste recycling solution in which it recycles food waste from food-related businesses for composting and channeling this into new crop production. In August 2022, companies from both The Norinchukin Bank Group and NTT Group began a business collaboration aimed at achieving a recycling-oriented society and the SDGs. This collaboration involves offering this solution to customers deeply involved in the food processing and retail industries, among others, to effectively utilize food waste and reduce food loss. Measures include supplying compost generated from food waste to producers.

Going forward, we will contribute to solving local issues such as food loss and the creation of a recycling-oriented society through our local food waste recycling solution. This entails linking various data from waste generated by businesses, the process leading up to composting, and the compost required by producers, as well as creating a sustainable social system in which we assist businesses in reducing their waste and improving their recycling rates while also supplying the necessary compost to producers.

In this manner, B2B2X businesses become initiatives that improve customer value and solve societal issues through the use of data. We strive to cultivate a culture where we all understand each other’s projects and take on new challenges based on new concepts. To this end, we held an internal conference aimed at sharing useful example cases across the Group on February 22, 2023, to advance initiatives across the entire NTT Group.

* Biostock Corporation, NTT Communications, NTT Business Solutions
Resilience

Resilience Strategies (1) «Natural Disasters, Large-Scale Failures and Other Similar Events»

The NTT Group is active around the globe, providing a myriad of services that sustain both social and economic activities as well as safeguarding daily life. These include communications networks, information systems, and other essential life-supporting services such as finance and payment solutions. There is a risk that the provision of these services could be compromised due to natural disasters like earthquakes, tsunamis, typhoons, and floods, as well as physical attacks including military invasions and terrorism, delays in development or glitches in vital systems, or the occurrence of significant network malfunctions. Such events have the potential to negatively impact the trustworthiness and corporate image of the NTT Group.

Addressing Risks

To address such risks, the NTT Group has implemented a variety of strategies to ensure that the systems and networks necessary for service delivery operate safely and reliably. These strategies include

- Fortifying the seismic and flood-resistant capabilities of communication building structures, diversifying communication transmission routes, and enhancing emergency power supplies for communication buildings and base stations during extended power outages. Particularly for large-scale failures, our concrete measures involve not only swift and accurate service restoration, but also rapid identification of the root causes. We will continue to enact cross-NTT Group initiatives aimed at 1) comprehensive assessments and recurrence prevention for apparent risks, and 2) building a more resilient network based on an inventory of cross-Group risks, considering that unforeseen incidents are inevitable.

In terms of seizing opportunities, we believe that improvements in network resilience and faster recovery capabilities will boost the reliability of our communication networks and information systems. This, in turn, will elevate customer satisfaction and enhance our brand image. For customers demanding higher reliability, we will offer new value by expanding our range of solutions designed to reinforce their Business Continuity Plans.

Opportunities

Initiatives for Rapid Public Announcement Responses during Large-Scale Failures

To achieve swift public relations responses when issues such as system malfunctions, network failures, or service glitches occur, the NTT Group has been working on establishing a framework in compliance with the guidelines set by the Ministry of Internal Affairs and Communications for public notification and communication. By sharing best practices for emergency public relations throughout our Group companies, we are committed to improving the quality of our public relations responses. We believe that driving these initiatives forward will lead to higher levels of customer satisfaction and a stronger brand image.

Disaster Countermearures Initiatives

As a designated public organization, the NTT Group is making a daily effort to ensure emergency and critical communication channels. Furthermore, in recent years, there is an escalating risk of physical attacks, such as armed assaults and acts of terrorism, on top of the increasing frequency of large-scale, expansive, and long-lasting natural disasters. Recognizing the potential for natural disasters to have greater impacts on telecommunications facilities and services for and recovery efforts to be prolonged, NTT is increasing the resilience of its facilities and taking steps to expedite recovery efforts.

Improving communication network reliability

Building facilities resistant to disasters such as earthquakes, fires, and wind and flood damage, as well as different transmission routes. Network restoration plans (Shura and 356-seis) are key.

- Earthquake-resistant design of communication buildings to withstand magnitude 7.0 tremors
- Implementing cross-NTT Group and facility-resilient building features, including the shutters and the doors in telecom equipment rooms
- Tsunami and flood countermearures with water barriers and reinforcement materials
- Installation of backup power supplies such as batteries and generators
- Geospatial deposit of key communication buildings to avoid simultaneous impact from disasters
- Training and education for personnel engaged in maintenance and operations etc.

Further Enhancing Our Ability to Respond to Severe Disasters

Consideration of our disaster response based on unexpected scenarios for possible future catastrophic disasters

- Faster: Predictive support for complex troubleshooting that exceeds human judgment through DX, such as AI and data utilization
- Stronger: Utilizing self-supplied energy, such as battery-equipped electric vehicles and on-site renewable energy generation
- Safer: Implement BCP measures such as diversifying supply chains and dispersing business locations and employee residences

Initiatives Related to Resilience in the New Medium-Term Management Strategy (Further Strengthening of Business Foundations)

Learning from past experiences and lessons in telecommunications failures, we will create a robust network/ system that takes into account the occurrence of major malfunctions and cyber-attacks, thereby strengthening social infrastructure. In addition, we will strengthen measures to cope with natural disasters, which are becoming increasingly severe. Looking toward this goal, we will invest around 160 billion yen*1 by fiscal 2025.

To build a resilient network system, we will proceed based on the assumption that unexpected events will inevitably occur, implementing preventive measures against human errors and malfunctions while minimizing the impact if a failure does occur.

Futhermore, we will enhance disaster preparedness and globally standardized cybersecurity measures, with a view toward safe and secure service delivery.

- Development of Resilient NW/Systems
  - Prevention of human error
  - Cybersecurity
  - Proactive response and support leveraging AI and data, etc.
  - Power supply from EVs and on-site PPAs
  - Strengthening of disaster-specific risk scenarios etc.

*1 Including other reliability enhancement measures
Resilience Strategies (2) <Security>

**Risks**
Should we experience security incidents such as cyber-terrorism that lead to service outages, degradation in service quality, or the leakage, alteration, or loss of information, there is a risk that the NTT Group's reputation and corporate image could suffer. This, in turn, could potentially impact our business performance and financial stability.

**Addressing Risks**
To mitigate such risks, the NTT Group is actively engaged in risk-based information security initiatives. These are grounded in the belief that cyber incidents are inevitable and that minimizing damage is crucial. Measures include the implementation of a "3 lines of defense" principle, performing a fundamental review of Group-wide regulations to achieve a secure remote work environment and transitioning to Zero Trust IT systems, collecting and utilizing global threat information, adopting the latest technologies for early detection and quick response, verifying security measures from an attacker’s perspective, practicing incident response for potential scenarios, and delivering basic operational training to all employees.

**Opportunities**
As for capitalizing on opportunities, we are committed to nurturing security specialists endowed with state-of-the-art technology and deep expertise. Furthermore, we are actively offering risk management support services to businesses and communities outside the Group by leveraging the knowledge and insights accumulated through our risk-mitigation efforts.

### Indicators and Targets Related to Security

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suspension of telecommunications services due to external cyberattacks</td>
<td>FY2023: 0</td>
<td>FY2022: 0</td>
</tr>
</tbody>
</table>

**Organization for Implementation**

- **Board of Directors**
  - President (Executive Officers Meeting)

- **Group CISO Committee**
  - Committee Secretariat: Group CISO
  - Members: CO, Head of Technology Planning, Head of Research and Development Planning, Head of Cybersecurity, Head of Business Continuity Management, Head of Global

- **Information Security Liaison Meeting**
  - NTT CERT
  - Internal Audit Department

- **Group companies**
  - NTT DOCOMO
  - NTT East
  - NTT West
  - NTT DATA Group
  - NTT Urban Solutions
  - NTT Security Holdings

**NTT Group's Security Governance Goals**

- **Workplaces (First Line)**
  - Secure execution of duties
    - Company-wide rules provided
    - Measures for ensuring security at each workplace
    - Compliance inspections, etc.

- **Security-promoting organization (Second Line)**
  - Verification

- **Audit organization (Third Line)**
  - Verification

**Enhancing Security 1) Global Collaboration**

**Collection and Utilization of Global Threat Information**

NTT has joined the Joint Cyber Defense Collaborative (JCDC), a U.S. government cybersecurity and resilience initiative, as its first Asian member. Established by the U.S. Cybersecurity and Infrastructure Security Agency (CISA) in 2021, the JCDC is spearheading the collaborative development of cyber defense plans, information sharing on cybersecurity, and the dissemination of cyber defense guidance to reduce risks to critical infrastructure and essential national functions. Private sector members include major telecommunication companies, technology giants, and major security companies, such as AT&T, Verizon, Lumen, Microsoft, Google, Cisco, Mandiant, and Palo Alto Networks. Moreover, U.S. government intelligence agencies and cybersecurity-related departments from countries allied with the U.S. are also participating. By leveraging the global intelligence gained from the JCDC, NTT can offer more effective protection of vital information networks and improved responses to cyber incidents. Additionally, sharing information with other JCDC members enables NTT to further advance its own cybersecurity initiatives.

Building on our existing foundation of trust and collaboration with CISA and the U.S. government, we will contribute a unique Asian perspective to the JCDC while sharing NTT’s leadership along with its expansive global experience and specialized expertise in security. In an era of continued global uncertainty surrounding cybersecurity, we firmly believe that a collaborative approach between the public and private sectors in cybersecurity is essential, not just in the United States but also globally, to defend against cyberattacks that threaten the critical social infrastructure upon which our daily lives depend.

**Enhancing Security 2) Defense from an Attacker’s Perspective**

**Red Team**

NTT formed a Red Team in 2019. A Red Team conducts simulated cyberattacks from the perspective of external attackers. In the realm of cybersecurity, it is a never-ending game of cat and mouse, with new types of attacks emerging no matter how much one defends. Moreover, while attackers only need to succeed once with any variety of assaults, defenders must block every single one, creating an imbalance that favors the attackers. To address this challenge, NTT’s Red Team was established to formulate countermeasures from the attacker’s viewpoint. The ultimate goal is to improve defensive capabilities; the activities are not limited to just conducting simulated attacks. The Red Team’s activities also include analyzing and reporting vulnerabilities and organizational challenges in the targeted systems after the simulated attacks, and even providing actionable advice for improvement. In some cases, the team may assist with implementing these improvements.

**Bug Bounty Program**

NTT began a Bug Bounty Program on a trial basis in 2022 and fully launched it in 2023. A bug bounty is a reward given to individuals who discover security loopholes in an information system. NTT has implemented this program with two specific aims:

1) To identify and rectify vulnerabilities before they can be exploited by malicious third parties, thereby enhancing the overall security posture of the NTT Group.

2) To offer employees who participate an avenue to refine their security skills from an attacker’s viewpoint, thereby nurturing the development of security talent.

The trial phase demonstrated that the program not only contributed to enhancing corporate security, but also helped in discovering undiscovered security talent and further honing their skills. Although fully operational only since 2023, the program will be continually refined, and we aim to broaden the understanding that improving security is a collaborative effort involving all employees.
Medium-Term Management Strategy

— Our New Medium-term Management Strategy —

Innovating a Sustainable Future for People and Planet

Medium-Term Financial Targets

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>Establishing Sustainability Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Areas ¹</td>
<td>EBITDA +10% increase (compared to FY2022)</td>
</tr>
<tr>
<td>Overseas Operating Income Margin ¹</td>
<td>+5% increase (compared to FY2022)</td>
</tr>
<tr>
<td>Existing Areas ²</td>
<td>EBITDA +15% increase (compared to FY2022)</td>
</tr>
<tr>
<td>ROIC ³</td>
<td>9% (FY2022: Renewal: 8.2%)</td>
</tr>
</tbody>
</table>

¹ IOWN, digital/data centers, power/energy, Smart Life, real estate, AI/robots, etc. ² NTT DATA Group consolidated. Excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets. ³ NTT DOCOMO’s consumer telecommunications businesses, NTT East and NTT West.

Company-Wide Targets

Target Indicators

- EBITDA
- Overseas Operating Income Margin
- ROIC

Target Levels (FY2027)

- +25% increase compared to FY2022
- +10% (FY2022: Renewal: 8.2%)

Establishing Sustainability Indicators

- New Female Manager Promotion Rate: at least 30% each year
- Greenhouse Gas Emissions: targeting carbon neutrality in 2040, as well as Net-Zero
- Engagement Rate: To be improved

Expansion of Investment for Further Growth

We plan to allocate approximately 8 trillion yen toward investments and capital contributions in growth sectors over the next five years, representing a 50% increase over previous levels. Over all, we are planning investments totaling about 12 trillion yen. Although the larger scale of investment for further growth will increase our need for capital, we aim to maintain or reduce the level of interest-bearing debt at around twice the level of EBITDA, with attention given to capital efficiency.

Medium-Term Financial Goals

Presented in the table below are the financial targets for our Medium-term Financial Goals. These targets are in alignment with our Fundamental Policy on Shareholder Returns and Dividend Policy, which aim for a steady increase in dividends and share buybacks, respectively.

Fundamental Policy on Shareholder Returns

- Dividend Policy: Our basic policy is to implement steady increases in dividends.
- Share Buybacks: We will flexibly conduct share buybacks to improve capital efficiency.

Regarding our fundamental policy on shareholder returns, we will continue to principally aim for a steady increase in dividends, while flexibly conducting share buybacks to improve capital efficiency.

Stock Split

On July 1, 2023, NTT executed a stock split in which each share held as of June 30, 2023 would be split into 25 shares. As a result, the investment unit for NTT shares was significantly reduced, becoming a level comparable to that of blue-chip stocks in the U.S. stock market.

We expect that this initiative will expand the individual investor base for NTT stock to a wide range of generations, including younger investors with less capacity for investment.
Message from the CFO

Enhancing Sustainable Corporate Value by Achieving Both Business Growth and Strengthening of Sustainability

As society and the economy undergo significant transformations, NTT has been proactive in self-reforming and contributing to the achievement of a sustainable society by addressing various social issues via its business activities. For continued medium- to long-term growth, it has become important to comprehensively promote management strategy and sustainability.

In recent years, we have shifted our style to place importance not only on financial management but, non-financial management as well. On the financial side, we integrated ROIC into our medium-term goals alongside the traditional EPS goal, starting in fiscal 2018. By adopting a management strategy that prioritizes capital productivity within the Group, we have managed to instill a mindset throughout the organization to a significant degree, and it has been particularly noticeable when discussing various efficiency of invested capital. This has been instilled within the Group, we have managed to instill a mindset management strategy that prioritizes capital productivity among other efforts.

In May 2023, we announced a new medium-term management strategy that declared our new basic approach as follows: "Innovating a Sustainable Future for People and Planet." We aim to deepen our existing initiatives and further improve corporate value by tackling the enhancement of business growth and sustainability simultaneously. To this end, we have set financial targets for growth areas and existing areas, and we have also set sustainability-related indicators such as the achievement of net-zero by 2040, among other efforts.

Business Strategy and Sustainability

Investment in Growth Areas

As expectations for digitalization, cloud services, and AI increase in the market, we recognize that increased investment in growth areas is essential for the NTT Group’s sustainable growth in the future. The main sectors where we will expand our investments include DX business, data centers, smart life, green solutions, and the IOWN sector.

Among these, the sectors where significant investment amounts are expected and short-term growth is likely are our DX business (approximately 3 trillion yen over 5 years) and data centers (approximately 1.5 trillion yen over 5 years). Given the robust market demand, we have already been investing, but we will scale up our investment for further growth.

For our Smart Life business (approximately 1 trillion yen over 5 years), we plan to expand our business, mainly focusing on financial and payment services and other related businesses. In the implementation phase. In March 2023, we launched APN IOWN 1.0, which leverages one of IOWN’s key features, low latency. In June 2023, we established NTT Innovative Devices Corporation to commercialize photonics-electronics convergence devices. We anticipate investing around 100 billion yen in fiscal 2023, including a 30-billion yen investment in NTT Innovative Devices Corporation, and will decide on further investment expansion based on the progress of photonics-electronics convergence devices.

We aim to achieve net-zero emissions by fiscal 2040 and develop solution services that combine green energy with ICT. In August 2023, we acquired Green Power Investment Corporation, which has expertise and experience in wind power generation, with the goal being long-term, stable returns based on the FIT system, in addition to securing renewable energy sources for achieving net-zero by fiscal 2040.

As for IOWN, which is a next-generation communications infrastructure initiative we are promoting, it has now transitioned from the conceptual phase to the implementation phase. In March 2023, we launched APN IOWN 1.0, which leverages one of IOWN’s key features, low latency. In June 2023, we established NTT Innovative Devices Corporation to commercialize photonics-electronics convergence devices. We anticipate investing around 100 billion yen in fiscal 2023, including a 30-billion yen investment in NTT Innovative Devices Corporation, and will decide on further investment expansion based on the progress of photonics-electronics convergence devices.

Investments in Growth Areas

Since fiscal 2012, NTT Group has set EPS as a key performance indicator, and it has achieved EPS growth through steady implementation of its Medium-term management strategy for profit growth coupled with share buybacks. During this period, EPS increased approximately fourfold from 3.7 yen in fiscal 2011 to 13.9 yen in fiscal 2022, and our stock price has also risen in tandem. However, EBITDA has been hovering around 3 trillion yen, and we believe it is critical to enhance corporate value by increasing our cash-generating ability and achieving profit growth for the sake of sustainable growth going forward. Based on this belief, in our new Medium-term management strategy, we have set EBITDA as a key indicator and aim to expand it through increased investments in growth areas. At the same time, enhancing shareholder returns remains one of our most critical management issues, and we will work to accomplish this while simultaneously expanding investments in growth areas.

Capital Allocation in the New Medium-Term Management Strategy

Since fiscal 2012, NTT Group has set EPS as a key performance indicator, and it has achieved EPS growth through steady implementation of its Medium-term management strategy for profit growth coupled with share buybacks. During this period, EPS increased approximately fourfold from 3.7 yen in fiscal 2011 to 13.9 yen in fiscal 2022, and our stock price has also risen in tandem. However, EBITDA has been hovering around 3 trillion yen, and we believe it is critical to enhance corporate value by increasing our cash-generating ability and achieving profit growth for the sake of sustainable growth going forward. Based on this belief, in our new Medium-term management strategy, we have set EBITDA as a key indicator and aim to expand it through increased investments in growth areas. At the same time, enhancing shareholder returns remains one of our most critical management issues, and we will work to accomplish this while simultaneously expanding investments in growth areas.
Improving Return on Invested Capital

As previously mentioned, in our new medium-term management strategy, we plan to actively invest in growth areas. For existing areas, however, we aim to maintain service quality while promoting efficiency, thereby adequately controlling the total investment amount. Moreover, when executing investments in growth areas, we will hold discussions from various perspectives with the Directors and Audit & Supervisory Board Members, and make implementation decisions using hurdle rates such as ROIC in pursuit of appropriate returns. We have accumulated know-how and experience in line with the expansion of our business, such as DX business and data centers, and have begun to achieve steady growth. After carrying out investments, we will monitor them regularly to check for any deviations between initial plans and actual performance and promptly take corrective measures.

Enhancing Shareholder Returns

Our core philosophy regarding shareholder returns continues to prioritize steady dividend growth and aims to improve capital efficiency through flexible share buybacks. This stance remains unchanged in our new Medium-term management strategy.

Regarding dividends, we have planned for a 0.2 yen per share increase in fiscal 2023, marking our 13th consecutive year of dividend growth. This means that compared to fiscal 2003, the per-share dividend is expected to have increased tenfold, reaching 5 yen. For share buybacks, as of fiscal 2022, we have executed approximately 5.3 trillion yen’s worth and have set a cap of 200 billion yen for fiscal 2023.

The Company’s total shareholder return, which accounts for dividends and stock price fluctuations, was 46.4% over the past 10 years, outperforming the TOPXDVNET index, which is calculated post-tax and including dividends.

Interest-Bearing Debt

We believe that the stable cash flows generated by our business activities will be sufficient to cover the increased cash outflow arising from both expansion of investments into growth areas and enhancements in shareholder returns. While investments in growth areas may include projects that generate returns over the long term, causing them to be viewed as initial investments, we do anticipate that the interest-bearing debt/EBITDA ratio could temporarily rise. However, we will maintain our financial health. In the medium term, we plan to bring down the interest-bearing debt/EBITDA ratio to around two by fiscal 2027 by expanding EBITDA in growth areas through investments.

Key Issues in Sustainability

In fiscal 2022, we conducted regular reviews while checking the progress of activities and indicators set forth in the NTT Group Global Sustainability Charter, and we conducted a re-evaluation of our materiality. Discussions were held in the Sustainability Committee, which reports directly to the Board of Directors, and decisions were made regarding the selection of key issues, setting of key performance indicators, and establishment of KPIs for executive compensation.

The method for selecting material issues incorporates a variety of perspectives, including disclosure ordinances, corporate governance codes, opinions from investors obtained during dialogue concerning ESG, inquiries from sustainability research institutions, and exchanges of opinions with experts, all based on two axes: “Growth as a company” and “Solving social issues.” The Global Sustainability Charter stipulates that regular reviews will be conducted annually, and for fiscal 2022, four key sustainability categories have been selected.

The first category is addressing climate change. With the goal of achieving Scope 1 and 2 carbon neutrality by 2040, we have been promoting energy conservation, expanding the use of renewable energy, and implementing IOWN. Our greenhouse gas emissions for fiscal 2022 stood at 2.53 million tons, a 45% reduction compared to 2013, so we are making steady progress. We also aim to achieve net-zero emissions by 2040, including Scope 3, in our new medium-term management strategy. From upstream suppliers to downstream customers throughout our supply chain, we aim to expand decarbonization initiatives through dialogue and engagement. We intend to apply the expertise gained from being an early adopter in emerging markets such as emissions visualization and green solutions to convert business opportunities into reliable sources of revenue.

The second category is human capital. In fiscal 2022, we introduced the Remote Standard system and have developed diverse work styles and environments. In April 2023, we introduced a new personnel salary system focused on expertise, enrich mechanisms for employee growth, and create an environment where employees can fully utilize their capabilities. We believe that increasing employee engagement by enhancing job satisfaction and the desire for challenges will contribute to productivity and innovation. Although efforts are being made to introduce the system, various issues need to be addressed for the system’s operation and implementation, and it is important to better link management and human resource strategies in order to resolve issues in these operations. We will continue to work on visualizing human capital by identifying talent that aligns with business strategies, devising acquisition and development tactics, and setting monitoring indicators and objectives.

The third category is resilience. We hope to provide new experiences and emotional engagement that exceed our customers’ expectations. Under our new medium-term management strategy, in addition to global co-creation, NTT’s R&D will focus on enhancing customer experience (CX) more than ever thanks to the establishment of a new R&D organization that includes marketing functions. The fourth category is resilience. As a company providing communication services, we see this materiality as our duty. In addition to dealing with large-scale outages caused by natural disasters, our response to cybersecurity is backed by specialists with advanced strategy and expertise. We strive for further strengthening of our business foundation to continuously achieve NTT’s values of Connect, Trust, and Integrity in the future.

Strengthening Engagement and Dialogue with Stakeholders

To support the NTT Group’s business growth and sustainability enhancement, we are looking to enhance our information disclosures. We will also accelerate the PDCA cycle in order to incorporate feedback that has further enriched dialogue with all of our stakeholders into our business strategies and develop new initiatives as appropriate, which will lead to enhanced corporate value. Specifically, regarding the goals and measures of our new Medium-term management strategy, we intend to keep everyone updated on our performance while also enriching our disclosures and providing comprehensive explanations.

Additionally, we will respect the perspectives of a diverse range of stakeholders—not just shareholders and investors, but also business partners across our supply chain and alliances, as we strive to transition toward an open and innovative corporate culture. We also intend to instill a culture that emphasizes trial and error among our employees through ongoing town meetings and similar forums.

As we continue to shoot for sustainable growth in the NTT Group, we look forward to engaging in meaningful dialogue with everyone as we strive to stay ahead in a rapidly changing society.
We Will Achieve A World of Well-Being Through NTT’s Technology

Katsuhiko Kawazoe
Representative Member of the Board
Senior Executive Vice President
CTO, CDO

Steady Progress Towards Practical Applications of the IOWN Concept

With regard to NTT’s R&D, our endeavors are aimed at ushering in a new smart society, and we are making concerted efforts to achieve the groundbreaking IOWN initiative as the innovation necessary for this vision. In March 2023, we launched our first IOWN commercial service (IOWN 1.0), the low-latency network part of this initiative. When we first introduced the IOWN initiative in 2019, our goal was to offer a package that included low latency, high bandwidth, and low power consumption, targeting a 10-year timeline. However, the spike in communication traffic amid the pandemic reaffirmed the necessity for IOWN, prompting us to accelerate its deployment.

Numerous use cases have already emerged. For example, in the realm of telemedicine, we have connected the remote surgical support robot “hironot” from Medicaroid Corporation to its operators via the All-Photonics Network (APN), achieving low-latency and stable data transmission, which in turn enables stable robotic operations in the field of financial transactions, when accessing the processing system in Tokyo from Sapporo or Osaka within the Japan Exchange Group, latency occurred due to transmission distance. However, with the introduction of APN, it is possible not only to suppress overall latency, but also to adjust the latency difference due to distance using the latency adjustment function. This ensures the fairness of the entire system regardless of transmission distance.

IOWN is the cornerstone of the strategy in our new Medium-term Management Strategy “New Value Creation & Sustainability 2027” supported by IOWN, which was announced in May 2023. As mentioned above, NTT East and NTT West have already started commercial provision of APN IOWN 1.0. In addition to progress in introduction by a variety of private companies, its use is also spreading to the national government and local governments. For example, Shibuya city agreed on collaboration for new urban development utilizing IOWN in June 2023. In recognition of these efforts to realize the IOWN initiative, I received the special award “2023 CTO of the Year” chosen by Nikkei xTECH.” As the CTO, I will continue to provide steady management.

Furthermore, it is indispensable to involve global partners and solidify specifications and standards to promote the spread of IOWN. The IOWN Global Forum, for which I have served as President and Chairperson since its establishment in January 2020, has more than 130 member organizations and is working to establish de facto standards. De jure standards set by international organizations are also important for standardization. Since January 2023, Mr. Seizo Onoe, originally from NTT, has been serving as the Director of the Telecommunication Standardization Bureau of the International Telecommunication Union (ITU). We believe this will provide a significant breakthrough for future IOWN deployment.

Technology for Achieving Sustainability and Creating New Value

ChatGPT and other forms of generative AI have been the focus of much attention recently, but while AI is extremely useful, it requires large amounts of data processing and power consumption. In order to meet the ever-increasing needs of society, NTT Laboratories is advancing efforts to form an AI community where there is connection and collaboration of sustainable forms of AI.

By connecting multiple forms of small, low power consumption AI developed by NTT Laboratories in real time via IOWN, highly accurate answers and future predictions can be realized in a sustainable manner. Furthermore, by linking multiple highly specialized forms of AI through IOWN, an AI community can be formed that contributes to AI governance. As an organization that connects people, NTT aims to create new value by connecting AI as well.

To create and provide this kind of new value, it is essential to secure personnel with higher expertise and skills than ever before and to generate added value in various fields. We will continue to expand human capital investments so that we can secure excellent external talent and support employee growth.

In June 2023, we newly established the Research and Development Market Strategy Division, an R&D organization that includes marketing functions.

While growing together globally with our customers and partners, we will consistently provide research and development and products that contribute to solving social issues, and promote our alliances with various partners. Of course, we must also fulfill our mission of supporting social infrastructure. We are working on building resilient network systems in anticipation of large-scale failures and cyberattacks, and advancing efforts across the entire NTT Group to prevent recurrence of failures.

I also serve in roles including CIO and CDO. As CIO, I had the core systems of approximately 100 NTT Group companies simultaneously updated in April 2023. The different systems for each company were unified as our Group-wide IT, standardizing the processes and data of each company. As a result, the utilization of data and the standardization of business processes intermediated by the core system (common system) have been dramatically improved. This would not have been possible without the cooperation of everyone on the frontlines. Furthermore, as CDO, I am promoting the standardization and streamlining of operations through the use of digital technology. For example, we are not only promoting operational efficiency by effectively utilizing large amounts of information and data that had been lying dormant in each Group company through the introduction of the aforementioned Group-wide IT, but also through guidelines on purpose and conduct via internal DX promotion events as well as further fostering a culture of DX. We will leverage the elevation of employee experience (EX) gained in the process of reform to also elevate customer experience (CX). There is no other example of such success in the world, and we were selected as a finalist for the PM Award 2023, which recognizes outstanding projects in Japan.

Going forward, under the title of “aggressive DX,” we will continue to promote further measures to tackle reform themes centering on customers, led by DX promotion leaders (Change Agents) appointed by the CDOs of each company.

As CTO, I must always be looking 10 steps ahead. What we ultimately aim for is a world characterized by both physical and mental well-being. “Well-being” does not refer to momentary gladness or pleasure—commonly known as “happiness”—but rather the cumulative total of these things for society as a whole over time. By breaking through the current limitations of technology by utilizing NTT’s technology, including IOWN, we will achieve both value creation for a world where human beings can live happily and sustainability of the Earth. In addition, by promoting collaboration not only in Japan but also on a global scale, NTT itself will play a major role in the world and expand the business of the entire Group.

For NTT to lead the world in technology and continually improve its corporate value while turning its ideal future into reality, investments in intellectual property and human capital are essential. We will continue to generate returns that justify those investments and apply them toward additional future-oriented investments, ensuring that the cycle continues. The NTT Group will move forward as a single united entity to meet the expectations of our shareholders and investors.

NTT’s Ideal World

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In March 2023, NTT East and NTT West initiated the first commercial service under the IOWN framework. This high-speed broadband access service, powered by IOWN, is called the All-Photonics Network (APN). APN provides an optical-wavelength-exclusive service across the entire communications network. By implementing OTU4*, which uses optical wavelengths exclusively in all sections of the communications network and enables multi-accommodation within the optical transmission network at the interface level, we have achieved a latency that is an astounding 1/200th of conventional latency*. With conventional IP/Ethernet services, the way latency occurred was inconsistent, making it difficult to predict and thereby complicating intricate remote tasks. With APN, the absence of signal fluctuations and a consistent latency level have made it possible to predict delays, thereby enabling a wide range of applications. Furthermore, adjustments and visualization of latency make it possible to synchronize timing between remote locations.

What is APN?

Current networks consume a significant amount of energy by repeatedly converting between optical and electrical signals. Moreover, latency issues arise due to communication traffic management. APNs seek to overcome these limitations.

Features of APN

- Expansion of APN services
- We plan to incrementally expand APN services between major cities with the goal of enhancing the value proposition for our users and expanding our business operations.

IOWN

Launch of APN IOWN 1.0

What is the IOWN (Innovative Optical and Wireless Network) Concept?

IOWN is a framework involving devices, networks, and information processing infrastructure built on optical and other innovative technologies, to deliver high-speed and high-capacity communications, and vast computing resources. IOWN consists of three key areas of technology: the All Photonics Network (APN), which applies optical technology; Digital Twin Computing (DTC), which enables advanced, real-time interaction between objects and people in cyberspace; and the Cognitive Foundation (CF), which deploys various ICT resources efficiently, including the aforementioned.

APN IOWN 1.0 Applications

- Telemedicine
  - Complex surgeries can now be performed remotely thanks to high-capacity, low-latency, and zero-fluctuation communications
  - Surgery sites (Remote hospitals) 
  - Surgeons' remote desk

- Smart factories
  - Interconnecting data centers via APN makes it possible for functional distribution and increases availability
  - The use of renewable energy is encouraged through the utilisation of small- and medium-sized regional data centers

- e-Sports
  - Even in e-Sports, where slight latency can affect the outcome, fair competitions between remote venues is enabled
  - The latency of the network is crucial for maintaining the quality of the game

Data center interconnectivity

Collaboration with Partners

We are in discussions with various potential partners, including companies and organizations that are considering using APN IOWN 1.0 on a paid basis (as shown in the figure on the right). We aim to promote business demonstrations and new business creation using APN IOWN 1.0 together with our partners.

Oracle Corporation
Amazon Web Service Japan LLC
Shibuya Ward
Sustainability Growth Strategy Data Section
Tokyo Land Corporation
Business A
Minato
Gateway
Ctrl
API
Business B
API
Regional data centers
APN-T
ApN-G
User data
Distributed data centers
Interconnecting data centers via APN

● Interconnecting data centers via APN makes it possible for functional distribution and increases availability
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● The latency of the network is crucial for maintaining the quality of the game
Innovative Optical and Wireless Network

IOWN

Future Developments of Photonics-Electronics Convergence Devices

APN IOWN 1.0, which we launched in March 2023, offers ultra-low latency as a significant value. Still, the most distinctive feature of APN is its improved energy efficiency, the key to which is photonics-electronics convergence devices. Photonics-electronics convergence means fusing optical and electrical circuits to achieve various performance improvements, including miniaturization and economicalization as well as high speed and low power consumption. We aim to apply this not just to networks, but also to the computing realm to significantly reduce power consumption.

For photonics-electronics convergence devices, we plan to start by commercializing low-power devices for network applications in fiscal 2023. This involves integrating multiple devices that used to be separate into a single package, thereby significantly reducing the size and achieving lower power consumption.

Next, we plan to commercialize photonics-electronics convergence devices for board connections in fiscal 2025, enabling optical connections between boards and between boards and external interfaces. This will allow for the use of light not only in networks, but also in computing.

Subsequently, with an eye toward fiscal 2029, we plan to make chip-to-chip connections within boards possible using photonics-electronics convergence technology, and beyond fiscal 2030, we aim for connections within the chips themselves to be optical.

In addition to photonics-electronics convergence devices, we are considering improvements in wavelength technology and optical fiber technology. Starting in fiscal 2025 with IOWN 2.0, we expect a 13-fold improvement in power efficiency in the APN section and an 8-fold improvement in the server section, with a more than 6-fold increase in capacity.

Moreover, in fiscal 2029 with IOWN 3.0, we aim for further performance improvements, reaching up to 125-fold in terms of capacity. The power efficiency depends on the deployment of the device, but its performance will exceed that of IOWN 2.0, and it is expected to improve performance about 20-fold in the server section compared to existing solutions.

Furthermore, we aim to achieve a 100-fold improvement in overall power efficiency, 125-fold in capacity, and 1/200th of the latency with IOWN 4.0 looking toward fiscal 2030 and beyond.

We aim to refine IOWN by applying the aforementioned photonics-electronics convergence devices to both APN services and servers.

First, in fiscal 2023, we plan to reduce the power consumption of network-oriented small devices and apply them to APN services to improve their power efficiency.

Next, for IOWN 2.0 starting in fiscal 2025, we will expand the application scope by using the devices for board connections in not only APN services, but also the server sector.

According to the current schedule, our goal is to commercialize low-power servers using these photonics-electronics convergence devices in fiscal 2026.

Further, for IOWN 3.0 starting in fiscal 2029, we aim to develop devices for chip-to-chip connections and, for IOWN 4.0 in fiscal 2030 and beyond, to make the chip interiors themselves optical to drastically reduce power consumption.

We want to make the IOWN concept a reality, we have been promoting it around the world with partners through the IOWN Global Forum (IOWN GF), and 129 organizations and groups are taking part (as of August 2023).

In April 2023, we held the first annual meeting in Osaka in the post-COVID-19 period, with 386 participants attending in person and 174 attending remotely, mainly from Europe and Asia. Discussions about future developments are steadily evolving, and we have received a message from Prime Minister Kishida as well.

IOWN Global Forum Initiative

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IOWN GF Sponsor Members (34)

<table>
<thead>
<tr>
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<th>Global Members (77)</th>
<th>Academic or Research Members (16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chunghwa Telecom</td>
<td>NTT Communications</td>
<td>Accenture Co., Ltd.</td>
</tr>
<tr>
<td>China Mobile</td>
<td>KDDI Corporation</td>
<td>Accenture Co., Ltd.</td>
</tr>
<tr>
<td>China Telecom</td>
<td>KDDI Corporation</td>
<td>Accenture Co., Ltd.</td>
</tr>
<tr>
<td>China Unicom</td>
<td>KDDI Corporation</td>
<td>Accenture Co., Ltd.</td>
</tr>
<tr>
<td>ChinaTelecom</td>
<td>KDDI Corporation</td>
<td>Accenture Co., Ltd.</td>
</tr>
<tr>
<td>ChinaTelecom</td>
<td>KDDI Corporation</td>
<td>Accenture Co., Ltd.</td>
</tr>
</tbody>
</table>

* Super White Box
Providing security and safety for NTT Group’s businesses and supporting their growth

**Intellectual Property Strategy**

The NTT Intellectual Property Center takes appropriate action to protect the results of intellectual property investment for new value creation and the sustainability of the planet, promoting its use while respecting the intellectual property of others.

**NTT Intellectual Property Center Activity Policy**

NTT Group, which engages in R&D, from basic to applied, in a wide range of technological fields, has accumulated intellectual property investments (R&D investments) over the years as a telecommunications operator that is unparalleled around the globe. The NTT Intellectual Property Center has established an Activity Policy to provide security and safety and support the growth of the NTT Group’s businesses as they continue to take on the challenge of creating new value and contributing to the sustainability of the planet. It promotes the formulation of an intellectual property strategy and appropriate protections for the intellectual property gained from our investments, all while respecting the intellectual property of others.

For example, in the transition from the conceptual phase of IOWN to the implementation phase, we launched NTT Innovative Devices Corporation and are facilitating further investments in R&D. However, this is not an endeavor that can be accomplished by the NTT Group alone. The NTT Intellectual Property Center will continue to contribute to the creation of new value by supporting collaborations with our partners around the globe through various activities aligned with our policy objectives.

**Formulating and Advancing Our Intellectual Property Strategy**

As NTT Group’s core organization for managing intellectual property, we aim to secure competitive advantages by proactively and appropriately protecting and managing intellectual property rights (i.e., patents), or internal expertise, gained from the results of R&D, the source of our business activities.

NTT aims to share the benefits of its R&D by broadly licensing out its technologies that help advance industry and technologies can be standardized and used throughout society. When deploying the results of R&D in their operations, each company in NTT Group respects the intellectual property rights of other companies.

With our intellectual property strategy as the basis of these activities, we take a three-pronged approach to formulating and advancing our business strategies and R&D strategy for the sake of creating new value and contributing to the sustainability of the planet: (1) develop strategic intellectual property rights, (2) manage risks, and (3) deploy the intellectual property we own.

**IPR-DAY (initiative for raising interest in intellectual property across the Group)**

The NTT Intellectual Property Center has been holding a cross-Group comprehensive event known as IPR-DAY since last fiscal year, with the aim of elevating the level of interest in intellectual property among Group employees and helping them integrate this knowledge into their daily work.

IPR-DAY 2022, conducted last November, saw the participation of 242 individuals from 55 Group companies, covering a diverse range of professions. During the event, lively discussions took place on timely topics provided not only by the NTT Intellectual Property Center, but also by intellectual property managers from various Group companies. Feedback from these discussions included comments saying that the content was overall refreshing and useful, leading to a significant rise in interest and understanding of intellectual property across the NTT Group.

* Intellectual Property Right
Integrated ICT Business

In the Integrated ICT Business, with the start of a new structure as the newly formed DOCOMO Group, we advanced initiatives to create the three major synergies of expansion of the enterprise business, more competitive network, and strengthening the power of service creation and development and promoting DX, while also promoting sales of 5G services.

Operating revenues

Capital Investment

Operating profit

Results for the Fiscal Year Ended March 31, 2023

<table>
<thead>
<tr>
<th></th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023 (Outlook)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues (Billions of yen)</td>
<td>¥6,059.0</td>
<td>¥6,090.0</td>
<td>¥6,110.0</td>
</tr>
<tr>
<td>Operating profit (Billions of yen)</td>
<td>¥1,093.9</td>
<td>¥1,164.0</td>
<td></td>
</tr>
<tr>
<td>Capital Investment (Billions of yen)</td>
<td>¥706.3</td>
<td>¥728.0</td>
<td></td>
</tr>
</tbody>
</table>

Key Initiatives

- The Next Stage of Innovation: Transform our business portfolio to become an integrated ICT company and achieve sustainable growth

Enterprise Business
- Resolving social and industrial challenges through the improvement of our integrated solutions
- Supporting business efficiency through the fusion of mobile and fixed-line services

Smart Life Business
- Achieving both organic and disruptive growth
- Achieving both immediate business expansion and long-term growth initiatives

Consumer Communications Business
- Implementing channel reforms in both real and online environments to create new, hybrid customer experiences
- Continuing efforts to improve network quality and reliability

NTT Com, Takenaka and Shimizu to collaborate on digital transformation of construction sites

NTT Communications Corporation (NTT Com), Takenaka Corporation, and Shimizu Corporation began their collaboration on the digital transformation of construction sites in July 2023. Through collaboration and joint study, the three companies aim to improve the productivity of the entire construction management operations that occur at construction sites daily by digitalizing and linking information used for process management, material logistics, work instructions, etc., in process charts and daily work reports.

Launch of “d Smart Bank” Digital Account Service

NTT DOCOMO, in collaboration with MUFG Bank, Ltd., launched the digital account service “d Smart Bank” in December 2022. This digital account service allows customers to accumulate “d Point” when using it for automatic payments, such as for “d Card” usage or mobile phone bills, as well as for receiving wages and other payments exceeding a certain amount. Through this service, we will continue to expand our financial services that can be securely and conveniently used in various scenarios as part of our commitment to individually supporting each customer’s approach to managing their finances.

Introduction of the new services “eximo” and “irumo”

In July 2023, NTT DOCOMO began offering new price plans, “eximo” and “irumo.” The “eximo” plan is designed to cater to a wide array of customer needs, from those who use little data to those who wish to use data without any restrictions when watching videos on the go, for instance. Conversely, “irumo” is aimed at customers who not only have data restrictions but also are looking for a more economical rate. Along with the existing “ahamo” plan, we will continue to offer a mix of attractive services that include financial and payment solutions as well as video and other services, with the aim of maximizing the value provided to our customers.

Topics

- NTT East - Intensifying efforts to support a recycling-oriented economy in local communities
- NTT West - Contributing to the Resolution of Social Issues Through Businesses in Growing Sectors

Launch of APN IOWN 1.0

NTT East and NTT West have launched the All-Photonics Network (APN) IOWN 1.0 as the first commercial service aimed at achieving the IOWN concept, in which all sections of a communications network use optical wavelengths exclusively. APN IOWN 1.0 ensures high speed, high capacity and low latency, and zero fluctuation. Additionally, integrating OTN Anywhere, launched concurrently, enables the visualization and adjustment of latency. We will continue to work with our customers to expand use cases, including remote performances, remote lessons, e-sports, remote equipment operation, and tight integration between data centers. Moreover, we are advancing our R&D efforts to enhance APN-related technologies, with the goal of offering a firsthand IOWN experience at the 2025 World Exposition (Osaka-Kansai Expo).
Global Solutions Business

In the Global Solutions Business, NTT DATA Group worked to extend and consistently provide a range of IT services, such as offerings of digitalization and system integration, that are responsive to the changes in the market, as well as to strengthen its ability to provide services in growth areas such as the data center business and managed services.

Operations in Review

Key Initiatives

- Capitalize on the convergence IT & Connectivity
- Strengthen consulting with foresight
- Evolve to an asset-based business model
- Enhance advanced & development technology
- Be the best place to work

Strategic in the Medium-term Management Plan of the NTT DATA Group

As a Trusted Global Innovator, NTT DATA Group aims to create value for the future and achieve a sustainable society along with its customers by forging connections between various people and technology.

Results for the Fiscal Year Ended March 31, 2023

Operating revenues (Billions of yen) 2021 2022 2023 (Outlook)

Operating profit (Billions of yen) 2021 2022 2023 (Outlook)

Capital Investment (Billions of yen) 2021 2022 2023 (Outlook)

TOPIC

Generative AI service launched capable of crafting evidence-based responses by securely linking a variety of data— including internal regulations, business documents, and public data—through generative AI. NTT DATA Japan already introduced the text-interpretation AI tool LITRON, which uses large-scale language models, to the market a few years ago, and it has continued to engage in research and development. This new service benefits from those efforts. Additionally, by leveraging NTT DATA Japan’s data analysis platform, we alleviate customer security concerns while accelerating the adoption of cutting-edge AI technologies.

Collaboration with Mitsubishi Heavy Industries to build a rack-type liquid immersion cooling system for existing data centers

NTT DATA Japan, in partnership with Mitsubishi Heavy Industries, Ltd., has developed a rack-type liquid immersion cooling system that allows for the direct cooling of servers and other IT equipment in liquid and can be applied to existing data centers. This system submerges IT equipment in a specialized insulating liquid for efficient cooling. Following real-world testing at Mita Data Center EAST, we confirmed a 92% reduction in cooling energy consumption based on our internal building standards, as well as a 173% improvement in operational efficiency compared to conventional systems. Building on these findings, NTT DATA Japan aims to apply this cooling system to its own data centers and provide services to contribute to both the NTT Group’s decarbonization targets and customer efforts toward decarbonization and energy efficiency while endeavoring to offer eco-friendly system services.

Others (Real Estate, Energy and Others)

In the Real Estate Business, NTT Urban Solutions has taken the lead in utilizing a wide range of resources— including ICT, real estate, energy, and environmental technology—to spearhead the development of vibrant and unique communities. In the Energy Business, our focus has been on NTT Anode Energy. We have pushed forward with the development of renewable energy power plants, local production and local consumption of energy using energy management systems, and rolled out solutions aimed at decarbonization.

Operations in Review

Key Initiatives

- Consulting, data collection, research, and analysis of basic information related to urban solutions
- Real estate development and management
- Design, engineering, and facility solutions
- Property management, ICT management, and energy management

Smart Energy Business

NTT Anode Energy contributes to the realization of a decarbonized society through its smart energy business.

Achieved Level 4 ISO 37106 Certification, the international standard for smart cities, the second such instance in the world

The Higashi-Sakura 1-chome Area in Higashi Ward, Nagoya City, managed by NTT Urban Solutions, has achieved Level 4 certification, currently the highest level of the ISO 37106 international standard for smart city operation models. This is only the second such certification worldwide. Going forward, the NTT Group will continue to expand its support for sustainable urban solutions focused on well-being, run by and for local residents, with the goal of maximizing community and individual well-being.

Acquisition of Green Power Investment Corporation and other renewable energy operators

NTT Anode Energy, in collaboration with JERA Co., Inc. (JERA), has completed acquisition of shares of Green Power Investment Corporation (GPI), which is owned by Pattern Energy Group LP; a U.S.-based renewable energy operator. Moving forward, NTT Anode Energy, JERA, and GPI will synergize their respective expertise, insights, and strengths in renewable energy operations, with the goal of contributing to Japan’s goal of becoming carbon neutral by 2050 through further initiatives, thereby promoting the adoption of renewable energy within Japan. (See page 24 for details)
Corporate Governance
— Reinforcement of Governance for Sustained Growth —

Basic Views of Corporate Governance

We believe that strengthening the system of corporate governance in accordance with the purposes of each principle of the "Corporate Governance Code" of the Tokyo Stock Exchange is an important management issue for maximizing corporate value while meeting the expectations of various stakeholders, including shareholders and other investors, as well as customers, business partners, and employees. Therefore, we are working to strengthen corporate governance based on our fundamental policies of ensuring sound management, executing appropriate decision-making and business activities, clarifying accountability, and maintaining thorough compliance.

Overview of Corporate Governance Structure

NTT believes that an auditing system based on Audit & Supervisory Board Members, including outside independent Audit & Supervisory Board Members, is an effective means of supervising management. Accordingly, we have adopted the model of having a company with an Audit & Supervisory Board. In addition, through the election of outside independent Members of the Board, NTT has strengthened the function of appropriately supervising business execution. Furthermore, through its adoption of an executive officer system, NTT intends to clearly separate management-related decision-making and supervisory functions from business execution functions and improve its management flexibility. Additionally, NTT has voluntarily established a "Nomination Committee," each of which consists of five directors, including three outside independent Members of the Board, to further increase the objectivity and transparency of decisions relating to appointment and compensation. NTT has determined that governance functions based on an Audit & Supervisory Board are sufficiently effective to achieve this purpose.

Members of our Board

*As of the end of June 2023

Jun Sawada
Chairperson and Executive Director

Akira Shimada
President and Chief Executive Officer

Katsuhiko Kawazoe
Senior Executive Vice President

Takashi Hiroi
Senior Executive Vice President

Akiko Kudo
Member of the Board

Ken Sakamura
Outside Member of the Board

Yukako Uchinaga
Outside Member of the Board

Ryooji Chubachi
Outside Member of the Board

Koichiro Watanabe
Outside Member of the Board

Noriko Endo
Outside Member of the Board

Members of the Audit & Supervisory Board

*As of the end of June 2023

Keiichiro Yanagi
Full-Time Audit & Supervisory Board Member

Kanae Takahashi
Full-Time Audit & Supervisory Board Member

Kensuke Koriyama
Full-Time Audit & Supervisory Board Member

Hideki Kanda
Outside Audit & Supervisory Board Member

Koaru Kashima
Outside Audit & Supervisory Board Member

Skill Matrix

(For background information and other details about the Directors and Audit & Supervisory Board Members, please see page 78.)
**Board of Directors**

The Board of Directors comprises ten directors, including five outside independent Members of the Board (including two women) and five internal directors (including one woman), and accordingly, the ratio of outside independent Members of the Board is 50%. In addition, the introduction of an executive officer system that clearly separates the management decision-making and oversight functions from the business execution function ensures closer supervision of execution and better business management flexibility. In principle, the ordinary meetings of the Board of Directors are held once per month, and extraordinary meetings are held as needed. The Board of Directors discusses the group management strategies and makes decisions on matters stipulated by laws and regulations and on important matters related to company management and group management. Moreover, through such means as periodic reports from Directors and Executive Officers on the status of business execution, the Board of Directors supervises the business execution of the Directors and Executive Officers.

Each outside independent Member of the Board has extensive experience and a high level of integrity and insight. We believe that the outside independent Members of the Board will help strengthen the supervisory function for business execution and expect to incorporate the opinions they provide from their wide-ranging managerial perspective.

With the objective of further strengthening the independence, objectivity, and accountability in decisions with respect to appointments and compensation of officers and related matters made by the Board of Directors, the Company has voluntarily established a Nominating Committee and Compensation Committee, each consisting of five directors, of which a majority (three) are outside independent Members of the Board, and the ordinary reviews institutions of the Board of Directors, thereby increasing the effectiveness of governance.

Moreover, in recognition of the fact that responding to sustainability issues is an important management issue, the Company has voluntarily established a Sustainability Committee that reports directly to the Board of Directors. The committee will work to further promote initiatives after important issues and indicators have been decided by resolution of the Board of Directors.

**Audit & Supervisory Board**

**activities of the Audit & Supervisory Board**

For the fiscal year ended March 31, 2023, amid continued significant changes in management such as the restructuring of our global business, the Audit & Supervisory Board conducted an NTT conducts effective audits by combining the independence of outside Audit & Supervisory Board Members with the superior information collection capabilities of internal Audit & Supervisory Board Members. Among the Audit & Supervisory Board, the Audit & Supervisory Board Members of Group companies 65 times to inquire about and hold discussions on the status of progress on the Medium-Term Management Strategy, the status of corporate governance and initiatives to maintain and improve it, the status of compliance, and stable provision of telecommunication services on the basis of the audit plan.

Audit & Supervisory Board Members, including outside independent Audit & Supervisory Board Members, attend meetings of the Board of Directors and other important meetings. In addition, Audit & Supervisory Board Members meet with Representative Members of the Board and outside independent Members of the Board to exchange ideas and opinions, as well as hold meetings to exchange ideas and opinions for certain topics with representative Members of the Audit & Supervisory Board Members of Group companies, including overseas subsidiaries. In order to maintain an understanding of the status of the execution of duties by Directors and Executive Officers, and to provide their opinions as needed.

In the fiscal year ended March 31, 2023, Audit & Supervisory Board Members met to exchange ideas and opinions with Representative Members of the Board, Outside independent Members of the Board and others 40 times about management issues and responses. In fiscal 2022, we held 26 Audit & Supervisory Board meetings Ken'ichi Takahashi and Takashi Iida both attended all 26 meetings, Hideki Kanda and Kaoru Kashima both attended 25 out of 26 meetings, Katsuyoshi Yamaguchi and Syuji Yoshioka both attended all 17 of their respective meetings, and Takao Maezawa attended all 9 of his respective meetings.

Moreover, separate meetings from the Audit & Supervisory Board, the Audit & Supervisory Board Members Preliminary Deliberation Meeting was held 36 times. These meetings provide a venue for the sharing of information. For example, at these meetings Audit & Supervisory Board Members receive explanations from corporate officers of matters to be discussed at the Executive Officers Meeting. Furthermore, the Audit & Supervisory Board Members work closely with the Accounting Auditors and the Internal Audit Department. The Audit & Supervisory Board Members exchanged opinions with Accounting Auditors 11 times and with the Internal Audit Department 13 times, and received explanations of audit plans and reports on the status of internal control systems and provided advice as needed.

In initiatives related to Group companies, in order to improve the Group audit growth of NTT and Nippon Telegraph & Telephone Corporation, the Group audit growth of NTT and Nippon Telegraph & Telephone Corporation, the Group audit growth of NTT and Nippon Telegraph & Telephone Corporation.

Additionally, with regard to coordination with related audit organizations and inspections, we have been handling matters through our web conferencing systems and site visits to enhance the effectiveness of audits.

<table>
<thead>
<tr>
<th>Opinion Exchange Meetings Held</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opinion exchanges with Representative Members of the Board</td>
<td>40 times</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board</td>
<td>26 times</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Preliminary Deliberation Meeting</td>
<td>36 times</td>
</tr>
<tr>
<td>Opinion exchange meetings with Accounting Auditors</td>
<td>11 times</td>
</tr>
<tr>
<td>Opinion exchange meetings with Internal Audit Department</td>
<td>13 times</td>
</tr>
<tr>
<td>Opinion exchange meetings with Representative Members of the Board and Audit &amp; Supervisory Board Members from Group companies</td>
<td>65 times</td>
</tr>
</tbody>
</table>

**Details on Board of Directors Resolutions and Reporting Items**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>52%</td>
</tr>
<tr>
<td>Capital Policy</td>
<td>6%</td>
</tr>
<tr>
<td>Management Strategy</td>
<td>12%</td>
</tr>
</tbody>
</table>

**Evaluation of the Effectiveness of the Board of Directors**

**Overview of Evaluation**

- **Participants:** All 10 Directors and 6 Audit & Supervisory Board Members
- **Period:** March 2023
- **Questionnaire Format:** Anonymous surveys comprised 27 questions involving 4-level rankings as well as open-ended questions
- **Major Subjects:** Roles and responsibilities of Directors and of the Board of Directors itself, composition of the Board of Directors, operation of the Board of Directors, support systems for outside Members of the Board
- **Results Aggregation and Analysis Method:** After aggregation to third-party organization and analysis of Board of directors’ organizing office, the results are shared and issues and improvement measures are discussed at Board of Directors’ meeting

**Evaluation Results**

- **Number of Board of Directors’ Meetings held in:** March 31, 2023: 14
- **Management Strategy:** 12%
  - NTT Group operations
  - Review of NTT Group operational structure
  - Global strategy
  - M&A matters
  - Report on the status of execution of duties
  - Approval of Annual Report and financial statements
  - Research and development plans, etc.

- **Financing and loans, etc.**
  - Returns to shareholders (share buybacks and dividends)
  - 6%

- **Research and development plans, etc.**
  - Approval of Annual Reports and financial statements
  - 42%

- **Global strategy**
  - Review of NTT Group operational structure
  - 32%

- **NTT Group operations**
  - Review of NTT Group operational structure
  - 24%
Message from an Outside Member of the Board

I have been involved in research and development and standardization activities for over 40 years on a computer system responsible for controlling various machines named TRON (The Real-time Operating system Nucleus), and have contributed to the realization of ubiquitous computing and IoT by openly and freely disseminating its achievements worldwide. Based on this experience, I have made suggestions primarily in the field of technology, including research and development, DX promotion, and social implementation of technology, at NTT’s Board of Directors meetings.

The new medium-term management strategy, which has been publicized after discussions that also involved Outside Members of the Board, is well-balanced, incorporating growth areas like IOWN, AI, and robotics, as well as the public sectors unique to NTT, which supports the communications infrastructure that is the foundation of society. With regard to AI, I have recommended that the NTT Group comprehensively consider both the risks involved in using generative AI in operations and the risks that may affect the Group’s performance and services if the utilization of generative AI does not progress. From the perspective of Japan’s national security, I believe it is important to promote and strengthen the domestic development infrastructure for AI, and I think NTT is best suited to be the leading entity in this regard.

During the Nomination Committee and Compensation Committee, I have been supervising strategy formulation and execution by the management team by giving suggestions regarding the appointment of officers, operation planning, and remuneration systems, while also conducting appropriate evaluations. Going forward, by offering advice and insight from an independent position as an outside independent Member of the Board, I aim to contribute to NTT Group’s sustainable growth as it takes on the challenge of new technologies like IOWN and continues to create value.

Due to advancements in technology, business models are undergoing rapid changes. To thrive in such an environment, it is insufficient to run a company solely with individuals who share the same values. Rather, it is essential to incorporate fresh perspectives and value systems through the promotion of diversity, thereby driving innovation forward. I became the first female Board Member at IBM Japan. While there, I established the NPO Japan Women’s Innovative Network and have worked hard to promote diversity management at companies.

Within NTT’s Board of Directors, I contribute to informed decision-making by offering insights and recommendations that cover not just a human resources strategy inclusive of diversity, but also global business development with a conscious regard for our relationships and positioning vis-a-vis competitors worldwide, as well as assured responses to risks associated with global governance.

Given that Japan stands at 125th out of 164 countries in the World Economic Forum’s (WEF) “Gender Gap Index” for 2023, it appears that many Japanese companies have yet to fully grasp the core essence of promoting diversity. Given the context, I commend the various initiatives that the NTT Group has undertaken, including the promotion of active roles for women, foreign nationals, and external talent, as well as the implementation of a remote work standard system to enhance flexibility in living location. For fiscal 2022, the percentage of women newly promoted to management positions narrowly missed the 30% target. I sincerely hope that this goal will be achieved in fiscal 2023.

As an outside Member of the Board, it is equally crucial for me to support the company in taking calculated risks. Going forward, I am leveraging my past experience and continue to contribute to the proper business operations of the NTT Group and medium- to long-term corporate value enhancement through vigilant oversight of decision-making and business execution from an independent, objective standpoint.
Nomination Committee and Compensation Committee Composition and Activities

With the objective of further strengthening independence, objectivity, and accountability in decisions made by the Board of Directors with respect to appointments and compensation of the Members of the Board and officers, the Company has voluntarily established a Nomination Committee and a Compensation Committee, each consisting of five Directors, of which a majority (three) are Outside Independent Members of the Board, as preliminary review institutions of the Board of Directors, thereby increasing the effectiveness of governance. As of the end of fiscal 2022, the membership of each committee consisted of Akira Shimada (Representative Member of the Board, Senior Executive Vice President), Kien Sakamura (Outside Member of the Board), Yukako Uchinaga (Outside Member of the Board) and Koichiro Kan (Outside Member of the Board), with Akira Shimada (Representative Member of the Board, President) serving as chairperson to oversee the proceedings of each committee. In the submission date of this report, there has been no changes in the members or chairpersons of both committees who oversee meeting operations and agenda setting. In each committee, resolutions are made with the approval of the majority of the attendance of more than half of the committee members.

During fiscal 2022, the Nomination Committee convened five times, and the Compensation Committee once, engaging in robust discussions on matters such as the appointment of officers, succession planning, and the nature of the executive compensation system (all committee members were present at all meetings).

### Nomination Committee and Compensation Committee Composition

<table>
<thead>
<tr>
<th>Nomination Committee</th>
<th>Preliminary Deliberation Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Policies with respect to the appointment and dismissal of directors and executive officers of the whole group, and the nomination of candidates</td>
<td></td>
</tr>
<tr>
<td>2. Matters related to the appointment and dismissal of Directors</td>
<td></td>
</tr>
<tr>
<td>3. Matters related to the selection and dismissal of representative Members of the Board of major group companies</td>
<td></td>
</tr>
<tr>
<td>4. Selection and dismissal of representative Members of the Board and other named roles of Directors</td>
<td></td>
</tr>
<tr>
<td>5. Selection and dismissal of the Chairman</td>
<td></td>
</tr>
<tr>
<td>6. The order of Directors to assume the responsibilities of the President of the Company in the event that anything occurs to the President</td>
<td></td>
</tr>
<tr>
<td>7. Determination of the allocation of responsibilities for Directors and assignment of employee duties</td>
<td></td>
</tr>
<tr>
<td>8. Appointment and dismissal of executive officers and assignment of duties</td>
<td></td>
</tr>
<tr>
<td>9. In addition to the foregoing matters, other nomination-related matters regarding directors, executive officers and others, for which the committee receives requests for deliberation from the Board of Directors</td>
<td></td>
</tr>
</tbody>
</table>

### Compensation Committee

<table>
<thead>
<tr>
<th>Preliminary Deliberation Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Policies for determining compensation of directors and executive officers, and composition and levels of compensation</td>
</tr>
<tr>
<td>2. In addition to the foregoing matters, other compensation-related matters regarding directors and executive officers, for which the committee receives requests for deliberation from the Board of Directors</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Specifically Delegated Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ratios, calculation methods and amounts of compensation for each individual directors and executive officers</td>
</tr>
<tr>
<td>2. Other matters that are specifically delegated by the Board of Directors regarding the determination of compensation-related decisions of directors and executive officers</td>
</tr>
</tbody>
</table>

Board Member Compensation

### Board Member Compensation Determination Policy and Process

Regarding the composition and level of compensation for directors of NTT under the Determination Policy, in order to secure objectivity and transparency, NTT established the Compensation Committee, comprising five directors, including three outside independent members of the Board. Moreover, decisions on the ratios and calculation methods for compensation for Members of the Board, and amounts of compensation for individual Members, are delegated from the Board of Directors to the Compensation Committee. The reason for delegating these authorities to the Compensation Committee is that such committee is composed of two Representative Members of the Board and three Outside Members of the Board, and we believe that it is able to make the appropriate judgements from an outside perspective while also taking a bird’s-eye view of the Company’s overall performance.

Compensation of individual directors (excluding outside Members of the Board) consists of a monthly salary (base salary) and a bonus (compensation related to performance over the short term). NTT stock purchase through Board Members Shareholding Association and performance-linked stock compensation (compensation related to performance over the medium to long term). The composition ratio of compensation in a case where standard business results are achieved is roughly as follows: Fixed compensation: Short-term performance-linked compensation: Medium- to long-term performance-linked compensation = 50%: 30%: 20%.

<table>
<thead>
<tr>
<th>Monthly salary (base compensation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus (short-term performance-linked compensation)</td>
</tr>
<tr>
<td>Compensation for stock acquisition Performance-linked stock compensation (medium- to long-term performance-linked compensation)</td>
</tr>
</tbody>
</table>

#### Nomination Committee and Compensation Committee Composition and Activities

In order to maintain a high level of independence, compensation of outside Members of the Board consists of a monthly fixed compensation only, and is not linked to NTT’s business results. Compensation of Audit & Supervisory Board Members is determined by resolution of the Audit & Supervisory Board and consists of a monthly salary only, for the same reasons as those cited above with respect to outside Members of the Board.

Fixed compensation: Approx. 50%

Performance-linked compensation: Approx. 50%
### Bonus Performance Indicators

<table>
<thead>
<tr>
<th>Category</th>
<th>Financial indicators</th>
<th>Sustainability indicators</th>
</tr>
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<tbody>
<tr>
<td>EPS (earnings per share)</td>
<td>Operating profit</td>
<td>Greenhouse Gas Emissions</td>
</tr>
<tr>
<td>Evaluation Weight</td>
<td>35%</td>
<td>5%</td>
</tr>
<tr>
<td>Evaluation method</td>
<td>Year-on-year improvement</td>
<td>Achievement of targets</td>
</tr>
<tr>
<td>FY2022 targets</td>
<td>¥1.82 trillion</td>
<td>3.075 million tons or less</td>
</tr>
<tr>
<td>FY2022 Results</td>
<td>¥1.829 trillion</td>
<td>¥2.534 million tons</td>
</tr>
<tr>
<td>New Female Manager Promotion Rate</td>
<td>ROIC</td>
<td>Amount of B2B2X Revenues</td>
</tr>
<tr>
<td>Evaluation Weight</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Evaluation method</td>
<td>Achievement of targets</td>
<td>Year-on-year improvement</td>
</tr>
<tr>
<td>FY2022 Targets</td>
<td>30%</td>
<td>¥600.0 billion</td>
</tr>
<tr>
<td>FY2022 Results</td>
<td>29.7%</td>
<td>¥815.4 billion</td>
</tr>
</tbody>
</table>

### Notes
1. The Earnings Per Share (EPS) figures are presented based on amounts before taking into account the impact of the 25-for-1 stock split of common stock, effective as of July 1, 2023.
2. The scope of aggregation for overseas operating profit margin is subsidiaries of NTT, Inc. at the time the medium-term management strategy was established (NTT DATA Corporation’s overseas operations, NTT Ltd., NTT Communications’ overseas operations, etc.). In addition, operating profit is calculated while excluding temporary expenses, such as M&A-related depreciation costs of intangible assets.
3. The target for GHG emissions is GHG protocol Scope 1 + 2.
4. The scope of B2B2X earnings includes the Integrated ICT Business Segment, the Regional Communications Business Segment, and the Global Solutions Business Segment. The scope for the percentage of women newly promoted to management positions includes six major domestic companies: NTT, NTT DOCOMO, NTT Communications, NTT East, NTT West, and NTT DATA Japan.
5. Additionally, starting from fiscal 2023, for the performance indicators associated with bonuses, we plan to introduce EBITDA as part of the financial indicators. This shift aligns with our new medium-term management strategy, which places greater emphasis on growth and cash generation capabilities than before. As for sustainability indicators, we incorporated Engagement Rate, aimed at fostering an environment where employees, the source of revenue generation, can elevate their expertise and experience both growth and job satisfaction.
Member of the Board

Jun Sawada
Chairman of the Board
Shares Owned ———— 9
Share Owned (9)

Akira Shimada
Representative Member of the Board
Shares Owned ———— 1
Share Owned (1)

Katsuhiko Kawaoze
Representative Member of the Board
Chief Information Officer (CIO)
Chief Digital Officer (CDO)
Shares Owned ———— 1
Share Owned (1)

Noriko Endo
Outside Member of the Board
Share Owned ———— 1
Share Owned (1)

Keiichiro Yanagi
Audit & Supervisory Board Member
Shares Owned ———— 4
Share Owned (4)

Kanae Takahashi
Audit & Supervisory Board Member
Shares Owned ———— 1
Share Owned (1)

Takashi Hiroi
Representative Member of the Board
Senior Executive Vice President
in charge of business strategy
Chief Financial Officer (CFO)
Chief Compliance Officer (CCO)
Chief Human Resource Officer (CHRO)
Shares Owned ———— 2
Share Owned (2)

Kensuke Koshiyama
Audit & Supervisory Board Member
Shares Owned ———— 0
Share Owned (0)

Hideki Kanda
Outside Audit & Supervisory Board Member
Shares Owned ———— 0
Share Owned (0)

Koichiro Watanabe
Outside Member of the Board
Shares Owned ———— 1
Share Owned (1)

Yukako Uchinaga
Outside Member of the Board
Shares Owned ———— 1
Share Owned (1)

Ryoji Chubachi
Outside Member of the Board
Shares Owned ———— 1
Share Owned (1)

Executive Officers

Akira Shimada
Representative Member of the Board
Senior Executive Officer (CEO)

Katsuhiko Kawaoze
Chief Information Officer (CIO)
Chief Digital Officer (CDO)

Takashi Hiroi
Chief Financial Officer (CFO)

Kensuke Koshiyama
Audit & Supervisory Board Member
Share Owned ———— 4
Share Owned (4)

Hideki Kanda
Outside Audit & Supervisory Board Member
Shares Owned ———— 4
Share Owned (4)

Koichiro Watanabe
Outside Member of the Board

Yukako Uchinaga
Outside Member of the Board

Ryoji Chubachi
Outside Member of the Board

Philo Shinya
Professor of Graduate Schools for Law and Politics of Gakushuin University (present post)
Stakeholder Engagement

NTT Group delivers products and services to a diverse set of stakeholders worldwide, and its value chain is expanding on a global scale and becoming increasingly complex each year. Given these developments, there is also a diversification in what our stakeholders expect and require from our business. It is crucial to accurately grasp and incorporate these demands and expectations into our operations through stakeholder engagement.

Customers (Corporations and Individuals)

All individuals and corporations making use of NTT Group's services

<table>
<thead>
<tr>
<th>NTT Group’s Approach</th>
<th>Methods of Engagement (Examples)</th>
<th>Reasons for Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Establishment of a point of contact for customer inquiries</td>
<td>The objective is to understand our customers' needs and positions to deliver higher-quality services and products. This will not only improve customer satisfaction, but also position NTT Group as “Your Value Partner.”</td>
</tr>
</tbody>
</table>

Shareholders and Investors

All individual and institutional investors, including shareholders and creditors of the NTT Group

<table>
<thead>
<tr>
<th>NTT Group’s Approach</th>
<th>Methods of Engagement (Examples)</th>
<th>Reasons for Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shareholder Meetings and financial results announcements</td>
<td>The purpose is to provide information essential for investment decisions through communication with our shareholders and investors, receive appropriate evaluations, and also consider your opinions as references in our group management.</td>
</tr>
</tbody>
</table>

Employees (Employees, Families, Retirees)

Employees working in the NTT Group and their families, as well as retirees who support the NTT Group's sustainability

<table>
<thead>
<tr>
<th>NTT Group’s Approach</th>
<th>Methods of Engagement (Examples)</th>
<th>Reasons for Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Implementation of employee satisfaction surveys</td>
<td>We aim to provide a supportive work environment and support for the livelihood of our employees so that each employee can fully utilize their skills and approach their work with a high awareness of CSR.</td>
</tr>
</tbody>
</table>

Local Communities

Local communities engaged with the NTT Group through our business activities

<table>
<thead>
<tr>
<th>NTT Group’s Approach</th>
<th>Methods of Engagement (Examples)</th>
<th>Reasons for Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Conducting supportive and collaborative activities through social contributions</td>
<td>Our objective is to contribute to prosperous local communities through our business by understanding and tackling the challenges they face.</td>
</tr>
</tbody>
</table>

Business Partners

All the business partners who provide various forms of cooperation in delivering NTT Group’s services

<table>
<thead>
<tr>
<th>NTT Group’s Approach</th>
<th>Methods of Engagement (Examples)</th>
<th>Reasons for Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Setting up an inquiry form</td>
<td>Our aim is to procure products that are consistent with the environment and human rights, and to build fair partnerships. By doing so, we fulfill our corporate social responsibilities and aim for sustained growth together with our business partners.</td>
</tr>
</tbody>
</table>

Competitors and Industry Associations

All those engaged in ICT services like the NTT Group, and industry associations dedicated to the advancement of information and communication technology

<table>
<thead>
<tr>
<th>NTT Group’s Approach</th>
<th>Methods of Engagement (Examples)</th>
<th>Reasons for Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participation in industry organizations and initiatives</td>
<td>Our aim is both to promote overall vitality within the industry and to contribute to society through the development and advancement of information and communications technology.</td>
</tr>
</tbody>
</table>

National and Government Agencies

Agencies governing policies in fields like information and communications, employment, economy, and environment at the national, administrative, and local government levels

<table>
<thead>
<tr>
<th>NTT Group’s Approach</th>
<th>Methods of Engagement (Examples)</th>
<th>Reasons for Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Compliance with laws and regulations</td>
<td>We aim to properly comply with the policies, laws, and regulations set forth by national, administrative, and local governments and conduct appropriate business activities, and contribute to solving the social issues these governments and citizens face.</td>
</tr>
</tbody>
</table>

NGOs, NPOs/Experts

NGOs, NPOs, and experts focused on the domains where the NTT Group operates, including sustainability

<table>
<thead>
<tr>
<th>NTT Group’s Approach</th>
<th>Methods of Engagement (Examples)</th>
<th>Reasons for Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participation and collaboration in study groups and activities conducted by various organizations</td>
<td>The goal is to carry out appropriate and effective business activities by gaining specialized insights from NGOs, NPOs, and experts, as the services provided by the NTT Group extend beyond just information and communications to broader fields.</td>
</tr>
</tbody>
</table>
### Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>End of FY2021 (As of March 31, 2022)</th>
<th>End of FY2022 (As of March 31, 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>824,664</td>
<td>793,920</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>824,664</td>
<td>793,920</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>3,604,959</td>
<td>4,186,375</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>88,441</td>
<td>98,653</td>
</tr>
<tr>
<td>Inventories</td>
<td>406,362</td>
<td>517,409</td>
</tr>
<tr>
<td>Other current assets</td>
<td>574,962</td>
<td>919,018</td>
</tr>
<tr>
<td>Sub Total</td>
<td>5,511,248</td>
<td>6,515,273</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>205,344</td>
<td>139,495</td>
</tr>
<tr>
<td>Total current assets</td>
<td>5,716,592</td>
<td>6,654,868</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>9,326,888</td>
<td>9,717,103</td>
</tr>
<tr>
<td>Right-of-use asset</td>
<td>694,612</td>
<td>466,569</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,213,009</td>
<td>1,241,331</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,951,824</td>
<td>2,122,874</td>
</tr>
<tr>
<td>Investment property</td>
<td>1,236,490</td>
<td>940,196</td>
</tr>
<tr>
<td>Investments accounted for using equity method</td>
<td>429,806</td>
<td>6,134,931</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>1,426,157</td>
<td>1,446,569</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>970,432</td>
<td>940,196</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>896,431</td>
<td>941,540</td>
</tr>
<tr>
<td>Sub Total</td>
<td>23,662,241</td>
<td>25,308,851</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>18,145,649</td>
<td>18,853,983</td>
</tr>
<tr>
<td>Total assets</td>
<td>23,862,241</td>
<td>25,308,851</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Profit or Loss

<table>
<thead>
<tr>
<th>FY2021 (Fiscal year ended March 31, 2021)</th>
<th>FY2022 (Fiscal year ended March 31, 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>12,156,447</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>2,566,127</td>
</tr>
<tr>
<td>Expenses for purchase of goods and services and other expenses</td>
<td>8,539,441</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,561,183</td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment and intangible assets</td>
<td>132,073</td>
</tr>
<tr>
<td>Impairment losses</td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>226</td>
</tr>
<tr>
<td>Other</td>
<td>37,824</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>10,387,854</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,768,593</td>
</tr>
<tr>
<td>Finance income</td>
<td>63,471</td>
</tr>
<tr>
<td>Finance costs</td>
<td>56,250</td>
</tr>
<tr>
<td>Share of profit (loss) of entities accounted for using equity method</td>
<td>19,711</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>1,795,525</td>
</tr>
<tr>
<td>Income taxes</td>
<td>539,531</td>
</tr>
<tr>
<td>Profit</td>
<td>1,255,994</td>
</tr>
<tr>
<td>Profit attributable to NTT</td>
<td>1,181,083</td>
</tr>
<tr>
<td>Profit attributable to Non-controlling interests</td>
<td>74,911</td>
</tr>
<tr>
<td>Earnings per share attributable to NTT (yen)</td>
<td>13.17</td>
</tr>
<tr>
<td>*Amounts reflect the 25 for one stock split with an effective date of July 1, 2023.</td>
<td></td>
</tr>
</tbody>
</table>

### Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th>FY2021 (Fiscal year ended March 31, 2021)</th>
<th>FY2022 (Fiscal year ended March 31, 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>1,205,994</td>
</tr>
<tr>
<td>Other comprehensive income (net of taxes)</td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss</td>
<td></td>
</tr>
<tr>
<td>Change in the fair value of financial assets measured at fair value through other comprehensive income</td>
<td>205,462</td>
</tr>
<tr>
<td>Share of other comprehensive income of entities accounted for using the equity method</td>
<td></td>
</tr>
<tr>
<td>Remeasurements of the defined benefit plans</td>
<td>131,032</td>
</tr>
<tr>
<td>Total of items that will not be reclassified to profit or loss</td>
<td>105,048</td>
</tr>
<tr>
<td>Items that may be reclassified to profit or loss</td>
<td></td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td>(50,748)</td>
</tr>
<tr>
<td>Hedges cost</td>
<td>14,434</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>167,668</td>
</tr>
<tr>
<td>Share of other comprehensive income of entities accounted for using the equity method</td>
<td>(83)</td>
</tr>
<tr>
<td>Total of items that may be reclassified to profit or loss</td>
<td>130,539</td>
</tr>
<tr>
<td>Total other comprehensive income (net of taxes)</td>
<td>236,087</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>1,442,081</td>
</tr>
<tr>
<td>Comprehensive income attributable to NT</td>
<td>1,373,364</td>
</tr>
<tr>
<td>Comprehensive income attributable to Non-controlling interests</td>
<td>76,717</td>
</tr>
</tbody>
</table>
### Consolidated Statement of Changes in Equity

#### FY2021 (Fiscal year ended March 31, 2022)

<table>
<thead>
<tr>
<th>NTT Shareholders' Equity</th>
<th>Unit: Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>937,950</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>7,568,058</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>261,542</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>7,562,707</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>640,336</td>
</tr>
<tr>
<td>Total</td>
<td>8,203,043</td>
</tr>
</tbody>
</table>

#### Comprehensive income

- Profit: 1,181,083
- Other comprehensive income: 175,904

#### Transactions with owners and other transactions

- Dividends of surplus: (396,362)
- Transfer to retained earnings: (4,377)
- Purchase and disposal of treasury stock: (8)
- Cancellation of treasury stock: (1,754)
- Changes in ownership interest in subsidiaries without loss of control: (1,754)
- Share-based compensation transactions: 235
- Put options granted to non-controlling interests: (943)
- Other share-based compensation transactions: (50,284)
- Sales of property, plant and equipment: (30,208)
- Income taxes: (539,531)
- Decrease (increase) in trade and other receivables: 828
- Decrease (increase) in inventories: (86,555)
- Decrease (increase) in other current assets: (33,609)
- Increase (decrease) in other current liabilities: 37,188
- Increase (decrease) in defined benefit liabilities: (15,908)
- Increase (decrease) in other non-current liabilities: 5,304
- Other net: (81,066)

#### Net cash provided by (used in) operating activities: 3,010,257

#### FY2022 (Fiscal year ended March 31, 2023)

<table>
<thead>
<tr>
<th>NTT Shareholders' Equity</th>
<th>Unit: Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>937,950</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>7,393,915</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>277,268</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>8,282,456</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>8,282,456</td>
</tr>
<tr>
<td>Total</td>
<td>9,018,132</td>
</tr>
</tbody>
</table>

#### Comprehensive income

- Profit: 1,231,116
- Other comprehensive income: 113,208

#### Transactions with owners and other transactions

- Dividends of surplus: (419,525)
- Transfer to retained earnings: 54,926
- Purchase and disposal of treasury stock: 8
- Changes in ownership interest in subsidiaries without loss of control: 57,529
- Share-based compensation transactions: 235
- Put options granted to non-controlling interests: (4,805)
- Other share-based compensation transactions: 524,923
- Sales of property, plant and equipment: (396,963)
- Income taxes: (539,531)
- Decrease (increase) in trade and other receivables: (510,968)
- Decrease (increase) in inventories: (510,968)
- Decrease (increase) in other current assets: (510,968)
- Increase (decrease) in other current liabilities: 524,923
- Increase (decrease) in defined benefit liabilities: (510,968)
- Increase (decrease) in other non-current liabilities: 524,923
- Other net: 7,511

#### Net cash provided by (used in) operating activities: 2,381,013

### Consolidated Statement of Cash Flows

#### FY2021 (Fiscal year ended March 31, 2022)

<table>
<thead>
<tr>
<th>Unit: Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit: 1,255,994</td>
</tr>
<tr>
<td>Depreciation and amortization: 1,582,625</td>
</tr>
<tr>
<td>Impairment losses: 19,711</td>
</tr>
<tr>
<td>Losses on retirement of property, plant and equipment and intangible assets: 48,518</td>
</tr>
<tr>
<td>Gain on sales of property, plant and equipment and intangible assets: 46,259</td>
</tr>
<tr>
<td>Income taxes: 524,923</td>
</tr>
<tr>
<td>Decrease (increase) in trade and other receivables: 524,923</td>
</tr>
<tr>
<td>Decrease (increase) in inventories: 140,855</td>
</tr>
<tr>
<td>Decrease (increase) in other current assets: 33,609</td>
</tr>
<tr>
<td>Increase (decrease) in other current liabilities: 252,270</td>
</tr>
<tr>
<td>Increase (decrease) in defined benefit liabilities: 6,301</td>
</tr>
<tr>
<td>Increase (decrease) in other non-current liabilities: 21,286</td>
</tr>
<tr>
<td>Interest and dividends received: 95,023</td>
</tr>
<tr>
<td>Interest paid: 87,224</td>
</tr>
<tr>
<td>Income taxes paid: 736,596</td>
</tr>
<tr>
<td>Dividends paid: 31,352</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities: 3,010,257</td>
</tr>
<tr>
<td>Cash flows from investing activities: 2,071,572</td>
</tr>
<tr>
<td>Cash flows from financing activities: 1,370,639</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities: 1,736,912</td>
</tr>
</tbody>
</table>

#### FY2022 (Fiscal year ended March 31, 2023)

<table>
<thead>
<tr>
<th>Unit: Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit: 1,292,756</td>
</tr>
<tr>
<td>Depreciation and amortization: 1,582,625</td>
</tr>
<tr>
<td>Impairment losses: 19,711</td>
</tr>
<tr>
<td>Losses on retirement of property, plant and equipment and intangible assets: 48,518</td>
</tr>
<tr>
<td>Gain on sales of property, plant and equipment and intangible assets: 46,259</td>
</tr>
<tr>
<td>Income taxes: 524,923</td>
</tr>
<tr>
<td>Decrease (increase) in trade and other receivables: 524,923</td>
</tr>
<tr>
<td>Decrease (increase) in inventories: 140,855</td>
</tr>
<tr>
<td>Decrease (increase) in other current assets: 33,609</td>
</tr>
<tr>
<td>Increase (decrease) in other current liabilities: 252,270</td>
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</tr>
<tr>
<td>Interest and dividends received: 95,023</td>
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<tr>
<td>Interest paid: 87,224</td>
</tr>
<tr>
<td>Income taxes paid: 736,596</td>
</tr>
<tr>
<td>Dividends paid: 31,352</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities: 2,381,013</td>
</tr>
<tr>
<td>Cash flows from investing activities: 2,071,572</td>
</tr>
<tr>
<td>Cash flows from financing activities: 1,370,639</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities: 1,736,912</td>
</tr>
</tbody>
</table>

(Fiscal year ended March 31, 2023)
Results of Operations

Operating Revenues

NTT Group’s operating revenues are divided into six service categories, comprising fixed voice related services, mobile voice related services, telecommunications services, sales of telecommunications equipment, system integration and other. Operating revenues in the fiscal year ended March 31, 2023 increased 8.1% from the fiscal year ended March 31, 2022 to ¥13,162.2 billion. This increase was due to factors such as increased system integration revenues and other revenues, partially offset by a decrease in fixed voice related revenues and mobile voice-related revenues.

Operating revenues for each service category for the fiscal year ended March 31, 2023 are summarized as follows:

- **Fixed Voice Related Services**
  - NTT Group’s fixed voice related services include a portion of the services it provides in the Regional Communications Business segment and Integrated ICT Business Segment, such as telephone subscriber lines, INS-Net, conventional leased circuits and high-speed digital.
  - Fixed voice related revenues for the fiscal year ended March 31, 2023 decreased 4.9% from the fiscal year ended March 31, 2022 to ¥717.2 billion. This decrease was due to a continued decline in the number of subscriptions for telephone subscriber lines and INS-Net caused by the increased popularization of mobile phones and IP telephony, and an increase in free or low-priced communications services offered by providers of over-the-top content (OTT) content distribution service utilizing other companies’ communications infrastructures, although to a lesser extent than without owning its own communications infrastructures.

- **Mobile Voice Related Services**
  - Mobile voice related services include a portion of the services NTT Group provides in the Integrated ICT Business Segment, such as 5G, LTE (x) and other services.
  - Mobile voice-related revenues for the fiscal year ended March 31, 2023 decreased 5.1% from the fiscal year ended March 31, 2022 to ¥1,046.4 billion. This decrease was primarily due to a decrease in revenues resulting from the enhancement of functions in the smartphone and the introduction of 5G and other billing plans.

- **IP/Packet Communications Services**
  - NTT Group’s IP/packet communications services include a portion of the services it provides in the Regional Communications Business Segment, such as FLET'S Hikari, and a portion of the services it provides in the Regional Communications Business Segment.
  - IP/Packet Communications Services increased 8.9% from the fiscal year ended March 31, 2022 to ¥1,130.7 billion. This increase was mainly due to an increase in electricity revenues in the energy business, among other factors.

- **System Integration**
  - NTT Group’s system integration services include a portion of the services it provides in the Global Solutions Business Segment, the Integrated ICT Business Segment and the Regional Communications Business Segment.
  - In the fiscal year ended March 31, 2023, revenues from system integration increased 13.4% from the fiscal year ended March 31, 2022 to ¥14,046.5 billion. This increase was due to factors such as capturing increased demand for digitalization both domestically and abroad in the Global Solutions Business Segment.

- **Other Operating Revenues**
  - Other services principally comprise building maintenance, real estate rental, sales of electricity and other Smart Life businesses in the Integrated ICT Business Segment.
  - In the fiscal year ended March 31, 2023, revenues from other services increased 24.2% from the fiscal year ended March 31, 2022 to ¥2,473.0 billion. This increase was due to an increase in electricity revenues in the energy business, among other factors.

Operating Expenses

Operating expenses in the fiscal year ended March 31, 2023 increased 8.9% from the fiscal year ended March 31, 2022 to ¥11,307.2 billion. The reasons for the increase are discussed below.

- **Personnel Expenses**
  - Personnel expenses in the fiscal year ended March 31, 2023 increased 7.9% from the fiscal year ended March 31, 2022 to ¥2,768.7 billion. This increase was mainly due to the increase in personnel expenses as a result of the expansion of businesses in the Global Solutions Business Segment.

- **Expenses for Purchase of Goods and Services**
  - Expenses for purchase of goods and services include non-cash items such as depreciation and losses on retirement of property, plant and equipment, and depreciation and amortization expenses.
  - In the fiscal year ended March 31, 2023, expenses for purchase of goods and services increased 12.4% from the fiscal year ended March 31, 2022 to ¥6,563.3 billion. This increase was mainly due to an increase in sales-related costs resulting from the increase in electricity revenues, among other factors.

- **Depreciation and Amortization Expenses**
  - Depreciation and amortization expenses in the fiscal year ended March 31, 2023 increased 1.4% from the fiscal year ended March 31, 2022 to ¥1,562.6 billion.

Operating Profit

As a result of the foregoing, operating profit for the fiscal year ended March 31, 2023 increased 3.4% to ¥1,817.7 billion.

Profit Before Taxes

As a result of the foregoing, profit before taxes for the fiscal year ended March 31, 2023 increased 1.2% from the fiscal year ended March 31, 2022 to ¥1,213.1 billion.

Incorporate Profit Attributable to NTT

As a result of the foregoing, profit for the fiscal year ended March 31, 2023 increased 2.9% from the fiscal year ended March 31, 2022 to ¥1,292.8 billion. Profit attributable to NTT (excluding the profit attributable to non-controlling interests) for the fiscal year ended March 31, 2023, increased 2.7% from the fiscal year ended March 31, 2022 to ¥1,213.1 billion.

Cash Flows and Financial Position

Cash Flows

Cash flows generated by operating activities during the fiscal year ended March 31, 2023 amounted to ¥2,261.0 billion. This was primarily due to profit (loss) as adjusted for non-cash items including depreciation and amortization expenses.

Operating Cash Flows

Cash flows provided by operating activities during the fiscal year ended March 31, 2023 amounted to ¥2,261.0 billion. This was primarily due to profit (loss) as adjusted for non-cash items increasing by ¥29.4 billion while cash outflows increased by ¥778.6 billion, primarily due to increases in working capital and corporate taxes.

Investment Cash Flows

Cash flows used in investment activities during the fiscal year ended March 31, 2023 amounted to ¥1,736.5 billion. This was primarily due to payments for purchase of property, plant and equipment, intangible assets and investment property reaching ¥1,851.9 billion.

Further, cash flows used in investment activities represented an increase of net payments by ¥371.8 billion from ¥1,699.2 billion in the fiscal year ended March 31, 2022. This increase was due to, among other factors, an increase of ¥90.8 billion of payments for purchase of property, plant and equipment, intangible assets and investment property in the fiscal year ended March 31, 2023 compared to the fiscal year ended March 31, 2022.

Financing Cash Flows

Cash flows used in financing activities during the fiscal year ended March 31, 2023 amounted to ¥960.8 billion while net income from borrowings was ¥890.0 billion. Expenditures for shareholder returns consisted of ¥439.7 billion of dividend payments and expenditures of ¥511.1 billion for acquisitions of treasury stock. Net income from borrowings consisted of ¥90.8 billion of income from an increase in short-term borrowings, ¥1,090.9 billion of income from an increase in long-term borrowings and ¥89.3 billion of expenditures for repayments of long-term borrowings. In the long-term borrowings there were repayments of ¥677.7 billion of green financings during the fiscal year ended March 31, 2023. The proceeds from these financings were allocated to projects that contribute to the resolution of environmental issues (5G-related investments, FTTH-related investments, research and development for achieving the IDNN concept and renewable energy). Further, in fiscal activities in financial activities represented a decrease in payments of ¥847.9 billion from ¥1,438.1 billion in the fiscal year ended March 31, 2022. This decrease was due to, among other factors, an increase of ¥238.9 billion in proceeds from borrowings, partially offset by an increase of ¥257.4 billion in payments for acquisitions of treasury stock in comparison to the prior fiscal year.

Financial Position

As of the end of the fiscal year ended March 31, 2023, assets increased by ¥1,446.6 billion from the end of the fiscal year ended March 31, 2022 to ¥25,308.9 billion, due to among other factors, increases in trade receivables and other current assets.

Liabilities as of the end of the fiscal year ended March 31, 2023 increased by ¥1,114.1 billion from the end of the fiscal year ended March 31, 2022 to ¥16,084.2 billion, due to among other factors, an increase in borrowings for the acquisition of treasury stock and payment of taxes, and an increase in liabilities resulting from the refund of contributions given to the National Tax Agency. The ratio of interest-bearing debt to shareholders’ equity was 96.1% (compared to 88.9% at the end of the fiscal year ended March 31, 2022). In addition, equity, which consists of the sum of shareholders’ equity and non-controlling interests, increased by ¥332.5 billion from the end of the fiscal year ended March 31, 2022 to ¥9,350.6 billion.

Liquidity and Capital Resources

In addition to its cash and cash equivalents, NTT Group has entered into agreements with its banks to provide for overdraft accounts and committed financing lines to ensure that it maintains the liquidity necessary for its business activities. As of the end of the fiscal year ended March 31, 2023, NTT Group had a cash and cash equivalents balance of ¥793.9 billion, a decrease of ¥40.6 billion compared to the balance of ¥834.6 billion as of the end of the fiscal year ended March 31, 2022. Cash and cash equivalents represented a temporary cash surplus that was used to repay debts and make capital investments, among other factors, and is used to repay debts and make capital investments, among other factors. Accordingly, the balance of cash and equivalents fluctuates each fiscal year depending on particular financing and working capital requirements.

In addition, as of the end of the fiscal year ended March 31, 2023, NTT Group had undrawn committed lines of credit of ¥318.2 billion.
External Evaluations (As of September 30, 2023)

Dow Jones Sustainability Index (DJSI)

DJSI is a stock index jointly developed by S&P Dow Jones Indices in the United States and RobecoSAM in Switzerland. It conducts annual evaluations of companies’ sustainability from an ESG perspective and selects the best companies overall while taking into account their market capitalization. The Company has been selected as a constituent of the Asia/Pacific Index.

FTSE4Good Index

The Company has been selected as a constituent of the FTSE4Good index, a global ESG index developed by FTSE Russell in the United Kingdom.

FTSE Blossom Japan Index

The company has been selected as a constituent of the FTSE Blossom Japan Index, an index created by FTSE Russell that reflects the performance of Japanese companies that excel in ESG response.

MSCI Japan Empowering Women Index

The Company has been selected as a constituent of the MSCI Japan Empowering Women Index, which selects companies that promote gender diversity among their employees and lead their industries in the participation and job promotions of women as well as promotion of diversity.

Best IR Award

NTT won the IR Grand Prix given by the Japan Investor Relations Association in its 2022 IR Awards, which aim to select and honor companies that deeply understand the purpose of IR, are actively involved and have achieved outstanding results, such as earning high support from market participants.

Awards for Excellence in Corporate Disclosure

In the 28th (FY2022) Awards for Excellence in Corporate Disclosures by The Securities Analysts Association of Japan, we were selected as the No. 1 excellent company in the Telecommunications / Internet category.

Eruboshi (Rank 3)

Eruboshi is a certification system based on the Act on Promotion of Female Participation and Advancement in the Workplace, and is issued to companies that meet certain criteria and have an excellent status regarding the promotion of women’s active engagement in professional life. The company has obtained Eruboshi (Rank 3) certification, which means that it meets all five criteria.

Platinum Kurumin

Issued by the Ministry of Health, Labour and Welfare based on the Act on Advancement of Measures to Support Raising Next-Generation Children, Platinum Kurumin is issued to companies that have formulated an action plan for business owners, have achieved the goals set forth in the plan, and meet certain criteria. Among Kurumin certified companies, Platinum Kurumin certification is given to excellent companies that are working to support child rearing with higher standards.

PRIE Index Gold status

For the seventh year in a row, we have received the PRIE Index Gold status, which recognizes outstanding companies in the PRIE Index, an index developed by the private organization “work with Pride” to evaluate LGBTIQ-related efforts in the workplace.