

[Translation]

# Quarterly Securities Report

(The Third Quarter of the 38<sup>th</sup> Business Term)  
From October 1, 2022 to December 31, 2022

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

## Table of Contents

Item 1. Overview of the Company .....	4
1. Selected Financial Data .....	4
2. Description of Business .....	5
Item 2. Business Overview .....	6
1. Risk Factors .....	6
2. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flows .....	6
3. Material Contracts .....	16
Item 3. Information on NTT .....	17
1. Information on NTT's Shares .....	17
(1) Total Number of Shares .....	17
(2) Information on Share Acquisition Rights .....	17
(3) Information on Moving Strike Convertible Bonds .....	17
(4) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other .....	18
(5) Major Shareholders .....	18
(6) Information on Voting Rights .....	18
2. Changes in Directors and Senior Management .....	19
Item 4. Financial Information .....	20
1. Condensed Quarterly Consolidated Financial Statements .....	21
(1) Condensed Quarterly Consolidated Statements of Financial Position .....	21
(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income .....	23
(3) Condensed Quarterly Consolidated Statements of Changes in Equity .....	27
(4) Condensed Quarterly Consolidated Statements of Cash Flows .....	29
Notes to Condensed Quarterly Consolidated Financial Statements.....	31
1. Reporting Entity .....	31
2. Basis of Preparation.....	31
3. Significant Accounting Policies .....	32
4. Significant Accounting Estimates and Judgments Involving Estimates .....	32
5. New Standards Not Yet Applied .....	32
6. Segment Information .....	33
7. Impact on the condensed quarterly consolidated financial statements due to the non-business day for the third quarter ended December 31, 2021 and 2022.....	37
8. Assets Held for Sale.....	38
9. Property, Plant and Equipment.....	39
10. Corporate Bonds.....	39
11. Equity and Other Equity Items .....	42
12. Operating Revenues .....	45
13. Financial Instruments .....	47
14. Subsequent Events .....	49

[Note]

This document is an English translation of certain items that were disclosed in NTT's Quarterly Securities Report for the nine-month period ended December 31, 2022, which NTT filed on February 10, 2023 with the Financial Services Agency of Japan.

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT 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, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its website.

[Cover]

[Document Filed]	Quarterly Securities Report (“Shihanki Hokokusho”)
[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	February 10, 2023
[Fiscal Year]	The Third Quarter of the 38th Business Term (From October 1, 2022 to December 31, 2022)
[Company Name]	Nippon Denshin Denwa Kabushiki Kaisha
[Company Name in English]	NIPPON TELEGRAPH AND TELEPHONE CORPORATION
[Title and Name of Representative]	Akira Shimada, President and Chief Executive Officer
[Address of Head Office]	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	+81-3-6838-5481
[Contact Person]	Takuro Hanaki, Head of IR, Finance and Accounting Department
[Contact Address]	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	+81-3-6838-5481
[Contact Person]	Takuro Hanaki, Head of IR, Finance and Accounting Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Item 1. Overview of the Company

### 1. Selected Financial Data

IFRS

		Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Fiscal year ended March 31, 2022
Operating revenues	Millions of yen	8,923,226 [3,035,579]	9,572,594 [3,286,417]	12,156,447
Profit before taxes	Millions of yen	1,553,958	1,529,910	1,795,525
Profit attributable to NTT	Millions of yen	1,030,347 [354,514]	1,032,527 [335,920]	1,181,083
Comprehensive income (loss) attributable to NTT	Millions of yen	1,090,787	991,576	1,373,364
NTT shareholders' equity	Millions of yen	7,997,766	8,425,230	8,282,456
Total assets	Millions of yen	23,544,353	25,156,070	23,862,241
Basic earnings per share attributable to NTT	Yen	286.08 [ 99.36 ]	294.50 [97.43]	329.29
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	34.0	33.5	34.7
Cash flows from operating activities	Millions of yen	1,876,724	1,135,756	3,010,257
Cash flows from investing activities	Millions of yen	(1,411,720)	(1,296,527)	(1,699,152)
Cash flows from financing activities	Millions of yen	(584,510)	125,526	(1,438,130)
Cash and cash equivalents at end of period	Millions of yen	826,367	821,832	834,564

Notes: (1) NTT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

(2) As NTT prepares condensed consolidated financial statements, selected non-consolidated financial data, are not provided.

(3) Diluted earnings per share attributable to NTT is not stated because NTT did not have potentially dilutive common shares that were outstanding during the period.

(4) Basic earnings per share attributable to NTT is calculated based on the average number of shares outstanding during the nine months ended December 31, 2022, excluding treasury stock. In addition, beginning with the 37th business term, NTT adopted a BIP (Board Incentive Plan) trust stock compensation system for Members of the Board and Executive Officers. As a result, in calculating Basic earnings per share attributable to NTT, shares held by such trust are included in the amount of treasury stock to be deducted from the calculation.

## **2. Description of Business**

The principal business segments of NTT Group (NTT and its affiliated companies) are its Integrated ICT Business, Regional Communications Business, and Global Solutions Business.

There were no material changes in NTT Group's business during the nine months ended December 31, 2022.

In order to enhance its global governance and strengthen the competitiveness of its businesses for business users, NTT Group moved NTT, Inc. (“NTT, Inc.”), the global holding company of NTT Group, and NTT Limited (“NTT Ltd.”), which operates global IT services and communications businesses, under NTT DATA Corporation (“NTT DATA”), and the global businesses operated under NTT, Inc. and NTT Ltd. have been integrated into the global businesses of NTT DATA group. In connection with the foregoing, NTT, Inc. changed its company name to NTT DATA, Inc. on October 1, 2022.

## Item 2. Business Overview

### 1. Risk Factors

There were no risks newly identified during the nine months ended December 31, 2022. There was no material change in risk factors which were described in NTT's Annual Securities Report for the fiscal year ended March 31, 2022.

## 2. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flows

### (1) Consolidated Results

Nine-Month Period Ended December 31, 2022 (April 1, 2022 – December 31, 2022)

(Billions of yen)

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Change	Percent Change
Operating revenues	8,923.2	9,572.6	649.4	7.3%
Fixed voice related services	686.7	658.0	(28.7)	(4.2)%
Mobile voice related services	829.0	790.0	(39.0)	(4.7)%
IP/packet communications services	2,596.4	2,579.6	(16.8)	(0.6)%
Sales of telecommunications equipment	496.2	530.8	34.6	7.0%
System integration services	2,870.8	3,290.8	420.1	14.6%
Other	1,444.3	1,723.4	279.2	19.3%
Operating expenses	7,383.6	8,051.8	668.2	9.0%
Personnel expenses	1,906.7	2,061.6	154.9	8.1%
Expenses for purchase of goods and services and other expenses	4,144.6	4,643.4	498.8	12.0%
Depreciation and amortization	1,157.9	1,176.7	18.8	1.6%
Others	174.4	170.1	(4.3)	(2.5)%
Operating profit	1,539.7	1,520.8	(18.8)	(1.2)%
Profit before taxes	1,554.0	1,529.9	(24.0)	(1.5)%
Profit attributable to NTT	1,030.3	1,032.5	2.2	0.2%

During the nine months ended December 31, 2022, pursuant to the outline of NTT Group's Medium-Term Management Strategy "Your Value Partner 2025," which was announced in November 2018 (and revised in October 2021), NTT Group, in its role as "Your Value Partner," promoted initiatives through its business operation and worked with its partners to resolve social issues. As a result of these efforts, NTT Group's consolidated operating revenues for the nine-month period ended December 31, 2022 were ¥9,572.6 billion (an increase of 7.3% from the same period of the previous fiscal year), consolidated operating expenses were ¥8,051.8 billion (an increase of 9.0% from the same period of the previous fiscal year), consolidated operating profit was ¥1,520.8 billion (a decrease of 1.2% from the same period of the previous fiscal year), profit before taxes was ¥1,529.9 billion (a decrease of 1.5% from the same period of the previous fiscal year), and profit attributable to NTT was

¥1,032.5 billion (an increase of 0.2% from the same period of the previous fiscal year).

## **(2) Segment Results**

Effective from the fiscal year ended March 31, 2022, NTT Group has transitioned to a four-segment structure consisting of the Integrated ICT Business, Regional Communications Business, Global Solutions Business and Others (Real Estate, Energy and Others) segments, from its previous five-segment structure that consisted of the Mobile Communications Business, Regional Communications Business, Long Distance and International Communications Business, Data Communications Business, and Other Business segments. Results presented for the consolidated fiscal period ended December 31, 2021 have been restated to align with the segment classifications subsequent to the change. (See “Note 6. Segment Information.”)

The Integrated ICT Business Segment comprises fixed voice related services, mobile voice related services, IP/packet communications services, sales of telecommunications equipment, system integration services and other services.

The Regional Communications Business Segment comprises fixed voice related services, IP/packet communications services, sales of telecommunications equipment, system integration services and other services.

The Global Solutions Business Segment principally comprises system integration services.

Others (Real Estate, Energy and Others) principally comprises building maintenance, real estate rentals, sales of energy and other services related to research and development.

Results by business segment are as follows (intersegment revenues are included in the operating revenues, operating expenses and operating profit of operational results for each business segment).

## Integrated ICT Business Segment

Nine-Month Period Ended December 31, 2022 (April 1, 2022 – December 31, 2022)

(Billions of yen)

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Change	Percent Change
Operating revenues	4,360.7	4,424.4	63.7	1.5%
Fixed voice related services	134.4	132.7	(1.7)	(1.3)%
Mobile voice related services	834.1	796.0	(38.1)	(4.6)%
IP/packet communications services	1,741.3	1,717.8	(23.5)	(1.4)%
Sales of telecommunications equipment	447.1	480.8	33.7	7.5%
System integration services	362.0	415.1	53.1	14.7%
Other	841.7	882.0	40.3	4.8%
Operating expenses	3,474.8	3,535.6	60.8	1.8%
Personnel expenses	356.1	360.7	4.7	1.3%
Expenses for purchase of goods and services and other expenses	2,482.1	2,543.4	61.3	2.5%
Depreciation and amortization	582.5	584.6	2.0	0.3%
Others	54.1	46.9	(7.2)	(13.3)%
Operating profit	885.9	888.8	2.9	0.3%

Operating revenues for the Integrated ICT Business Segment for the nine-month period ended December 31, 2022 increased 1.5% from the same period of the previous fiscal year to ¥4,424.4 billion. This increase was due to, among other factors, an increase in revenues from Sales of telecommunications equipment and System integration services revenues, partially offset by a decrease in Mobile voice related services revenues.

On the other hand, operating expenses for the nine-month period ended December 31, 2022 increased 1.8% from the same period of the previous fiscal year to ¥3,535.6 billion due to an increase in expenses, among other factors.

As a result, segment operating profit for the nine-month period ended December 31, 2022 increased 0.3% from the same period of the previous fiscal year to ¥888.8 billion.

# Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2022	As of December 31, 2022	Change	Percent Change
Mobile Telecommunications Services	84,752	86,543	1,790	2.1%
Telecommunications Services (5G)	11,530	18,217	6,686	58.0%
Telecommunications Services (LTE (Xi))	61,396	58,577	(2,819)	(4.6)%
Telecommunications Services (FOMA (3G))	11,826	9,749	(2,077)	(17.6)%
Plala (ISP)	3,889	3,779	(110)	(2.8)%
OCN (ISP)	7,018	7,197	179	2.5%
Hikari TV	2,952	904	(2,048)	(69.4)%

Note: Number of Mobile Telecommunications Services (including "Telecommunications Services (LTE (Xi))" and "Telecommunications Services (FOMA (3G))") includes MVNOs and Communication Module Services, and number of 5G Services includes MVNOs.

## Regional Communications Business Segment

Nine-Month Period Ended December 31, 2022 (April 1, 2022 – December 31, 2022)

(Billions of yen)

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Change	Percent Change
Operating revenues	2,351.9	2,330.0	(21.9)	(0.9)%
Fixed voice related services	697.9	659.1	(38.8)	(5.6)%
IP/packet communications services	1,196.7	1,202.6	6.0	0.5%
Sales of telecommunications equipment	49.4	50.5	1.1	2.2%
System integration services	134.9	125.6	(9.3)	(6.9)%
Other	273.0	292.2	19.2	7.0%
Operating expenses	1,917.2	1,943.3	26.2	1.4%
Personnel expenses	496.0	486.6	(9.4)	(1.9)%
Expenses for purchase of goods and services and other expenses	1,011.5	1,051.1	39.6	3.9%
Depreciation and amortization	314.5	311.5	(2.9)	(0.9)%
Others	95.2	94.1	(1.0)	(1.1)%
Operating profit	434.7	386.6	(48.1)	(11.1)%

Operating revenues in the Regional Communications Business Segment for the nine-month period ended December 31, 2022 decreased 0.9% from the same period of the previous fiscal year to ¥2,330.0 billion due to, among other factors, a decrease in Fixed voice related services revenues.

On the other hand, operating expenses for the nine-month period ended December 31, 2022 increased 1.4% from the same period of the previous fiscal year to ¥1,943.3 billion due to increases in expenses, among other factors.

As a result, segment operating profit for the nine-month period ended December 31, 2022 decreased 11.1% from the same period of the previous fiscal year to ¥386.6 billion.

## Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2022	As of December 31, 2022	Change	Percent Change
(NTT East)				
Telephone Subscriber Lines	6,597	6,269	(328)	(5.0)%
INS-Net	803	743	(60)	(7.5)%
FLET'S Hikari (including Hikari Collaboration Model)	13,156	13,316	159	1.2%
FLET'S ADSL	120	62	(57)	(48.0)%
Hikari Denwa (thousand channels)	10,075	10,074	(1)	(0.0)%
FLET'S TV Transmission Services	1,154	1,171	17	1.5%
(NTT West)				
Telephone Subscriber Lines	6,527	6,110	(417)	(6.4)%
INS-Net	801	742	(59)	(7.3)%
FLET'S Hikari (including Hikari Collaboration Model)	10,110	10,243	133	1.3%
FLET'S ADSL	166	93	(73)	(43.7)%
Hikari Denwa (thousand channels)	8,707	8,709	2	0.0%
FLET'S TV Transmission Services	841	875	34	4.1%

Notes: (1) Number of Telephone Subscriber Lines is the total of individual lines and central station lines

(Subscriber Telephone Light Plan is included).

(2) “INS-Net” includes “INS-Net 64” and “INS-Net 1500.” In terms of number of channels, transmission rate, and line use rate (base rate), “INS-Net 1500” is in all cases roughly ten times greater than “INS-Net 64.” For this reason, one “INS-Net 1500” subscription is calculated as ten “INS-Net 64” subscriptions (including subscriptions to the “INS-Net 64 Lite Plan”).

(3) Number of FLET'S Hikari (including Hikari Collaboration Model) subscribers includes subscribers to “FLET'S Hikari Cross,” “FLET'S Hikari Next,” “FLET'S Hikari Light,” “FLET'S Hikari Lightplus” and “FLET'S Hikari WiFi Access” provided by NTT East, subscribers to “FLET'S Hikari Cross,” “FLET'S Hikari Next,” “FLET'S Hikari Mytown Next,” and “FLET'S Hikari Light” provided by NTT West, and the subscribers to the “Hikari Collaboration Model,” the wholesale provision of services to service providers by NTT East and NTT West.

(4) Numbers of subscribers for “Hikari Denwa” and “FLET'S TV Transmission Services” include wholesale services provided to service providers by NTT East and NTT West.

## Global Solutions Business Segment

Nine-Month Period Ended December 31, 2022 (April 1, 2022 – December 31, 2022)

(Billions of yen)

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Change	Percent Change
Operating revenues	2,634.1	3,007.6	373.5	14.2%
System integration services	2,624.8	3,006.6	381.8	14.5%
Other	9.3	1.0	(8.3)	(88.7)%
Operating expenses	2,464.8	2,817.7	352.9	14.3%
Personnel expenses	923.0	1,083.3	160.3	17.4%
Expenses for purchase of goods and services and other expenses	1,298.9	1,485.3	186.4	14.3%
Depreciation and amortization	228.6	233.7	5.1	2.2%
Others	14.3	15.4	1.1	7.4%
Operating profit	169.3	190.0	20.7	12.2%

Operating revenues in the Global Solutions Business Segment for the nine-month period ended December 31, 2022 increased 14.2% from the same period of the previous fiscal year to ¥3,007.6 billion. This increase was due to, among other factors, increased capture of the demand for digitalization.

On the other hand, operating expenses for the nine-month period ended December 31, 2022 increased 14.3% from the same period of the previous fiscal year to ¥2,817.7 billion due to, among other factors, an increase in revenue-linked expenses.

As a result, segment operating profit for the nine-month period ended December 31, 2022 increased 12.2% from the same period of the previous fiscal year to ¥190.0 billion.

Others (Real Estate, Energy and Others)

Nine-Month Period Ended December 31, 2022 (April 1, 2022 – December 31, 2022)

(Billions of yen)

	<b>Nine Months Ended December 31, 2021</b>	<b>Nine Months Ended December 31, 2022</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	967.5	1,210.7	243.2	25.1%
System integration services	29.3	41.1	11.7	39.9%
Other	938.2	1,169.7	231.5	24.7%
Operating expenses	893.6	1,127.1	233.4	26.1%
Personnel expenses	182.3	194.1	11.8	6.4%
Expenses for purchase of goods and services and other expenses	610.4	819.9	209.4	34.3%
Depreciation and amortization	85.2	95.0	9.8	11.5%
Others	15.7	18.1	2.5	15.7%
Operating profit	73.9	83.6	9.8	13.2%

Operating revenues in Others (Real Estate, Energy and Others) for the nine-month period ended December 31, 2022 increased 25.1% from the same period of the previous fiscal year to ¥1,210.7 billion due to, among other factors, an increase in revenues from electricity billings in the energy business.

On the other hand, operating expenses for the nine-month period ended December 31, 2022 increased 26.1% from the same period of the previous fiscal year to ¥1,127.1 billion due to, among other factors, an increase in revenue-linked expenses.

As a result, segment operating profit for the nine-month period ended December 31, 2022 increased 13.2% from the same period of the previous fiscal year to ¥83.6 billion.

### (3) Analysis of Cash Flows and Financial Position

#### Cash Flows

(Billions of yen)

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Change	Percent Change
Cash flows provided by operating activities	1,876.7	1,135.8	(741.0)	(39.5)%
Cash flows provided by operating activities (excluding the impact of non-business days <sup>(1)</sup> ( <sup>(2)</sup> ))	2,105.5	1,359.8	(745.6)	(35.4)%
Cash flows used in investing activities	(1,411.7)	(1,296.5)	115.2	8.2%
Cash flows provided by financing activities	(584.5)	125.5	710.0	— %
Cash and cash equivalents	826.4	821.8	(4.5)	(0.5)%
Cash and cash equivalents (excluding the impact of non-business days <sup>(1)</sup> ( <sup>(2)</sup> ))	1,055.1	1,045.9	(9.2)	(0.9)%

Notes:(1) The impact in the amount of ¥228.8 billion, caused by the last day of the nine months ended December 31, 2021 falling on a non-business day, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.

(2) The impact in the amount of ¥224.1 billion, caused by the last day of the nine months ended December 31, 2022 falling on a non-business day, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.

Cash flows provided by operating activities excluding the impact of non-business days, for the nine-month period ended December 31, 2022 was ¥1,359.8 billion. This was primarily due to profit as adjusted for non-cash items (profit for the period, plus non-cash items such as depreciation and losses on retirement of fixed assets) reaching ¥2,278.6 billion. In addition, this represented a decrease of ¥745.6 billion (35.4%) from the same period of the previous fiscal year due to, among other factors, an increase in the amount of corporate tax payments and an increase in working capital compared to the same period of the previous fiscal year. Cash flows provided by operating activities for the nine-month period ended December 31, 2022 was ¥1,135.8 billion.

Cash flows used in investing activities for the nine-month period ended December 31, 2022 was ¥1,296.5 billion. This was primarily due to payments for acquisitions of property, plant and equipment, intangible assets and investment properties reaching ¥1,314.7 billion. In addition, this represented a decrease of ¥115.2 billion (8.2%) in payments from the same period of the previous fiscal year due to, among other factors, a reduction in payments for the purchase of investments, in addition to an increase in income from sales of stock.

Cash flows provided by financing activities for the nine-month period ended December 31, 2022 was ¥125.5 billion., which included dividend payments of ¥438.6 billion and income from borrowings of ¥1,197.3 billion. This represented an increase of ¥710.0 billion in income from same period of the previous fiscal year due to, among other factors, an increase in proceeds from borrowings.

As a result of the above, NTT Group's consolidated cash and cash equivalents, excluding the impact of non-business days, as of December 31, 2022 was ¥1,045.9 billion, an increase of ¥211.4 billion (25.3%) from the end of the previous fiscal year. Cash and cash equivalents as of December 31, 2022 was ¥821.8 billion.

## **Financial Position**

(Billions of yen)

	<b>March 31, 2022</b>	<b>December 31, 2022</b>	<b>Change</b>
Assets	23,862.2	25,156.1	1,293.8
Liabilities	14,844.1	15,954.7	1,110.6
(incl.) Interest-bearing debt	7,364.3	8,715.8	1,351.5
Equity	9,018.1	9,201.4	183.2
(incl.) Total NTT shareholders' equity	8,282.5	8,425.2	142.8

Assets as of December 31, 2022 increased by ¥1,293.8 billion from the end of the previous fiscal year to ¥25,156.1 billion, due to among other factors, an increase in trade receivables and other current assets.

Liabilities as of December 31, 2022 increased by ¥1,110.6 billion from the end of the previous fiscal year to ¥15,954.7 billion, due to, among other factors, an increase in borrowings due to the acquisition of treasury stock and payment of taxes, and the impact of exchange rates on foreign currency-denominated debt. The balance of interest-bearing debt was ¥8,715.8 billion, an increase of ¥1,351.5 billion from ¥7,364.3 billion as of the end of the previous fiscal year.

Shareholders' equity as of December 31, 2022 increased by ¥142.8 billion from the end of the previous fiscal year to ¥8,425.2 billion, due to an increase in profit for the quarter. The ratio of interest-bearing debt to shareholders' equity was 103.4% (compared to 88.9% at the end of the previous fiscal year). In addition, equity, which consists of the sum of shareholders' equity and non-controlling interests, increased by ¥183.2 billion from the end of the previous fiscal year to ¥9,201.4 billion.

#### **(4) Urgent Operational and Finance Issues Facing the Corporate Group**

There were no material changes in urgent operational and finance issues facing the corporate group for the nine months ended December 31, 2022, and no new additional issues arose during the period. In addition, during the nine months ended December 31, 2022, there were no material changes in NTT Group's management policies or strategies.

#### **(5) Research and Development**

NTT's research and development expenses for the nine months ended December 31, 2022 were ¥166.7 billion. There were no material changes in NTT's research and development activities during the nine months ended December 31, 2022.

### **3. Material Contracts**

There were no material contracts relating to NTT's operations that were agreed upon or entered into during the nine months ended December 31, 2022.

### Item 3. Information on NTT

#### 1. Information on NTT's Shares

##### (1) Total Number of Shares

Total Number of Shares

Class	Total Number of Shares Authorized to be Issued (shares)
Common stock	6,192,920,900
Total	6,192,920,900

Issued Shares

Class	Number of Shares Issued as of December 31, 2022 (shares)	Number of Shares Issued as of the Filing Date (shares) (February 10, 2023)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,622,012,656	3,622,012,656	Tokyo Stock Exchange (Prime Market)	The number of shares per one unit of shares is 100 shares
Total	3,622,012,656	3,622,012,656	—	—

##### (2) Information on Share Acquisition Rights

###### (i) Description of Stock Option System

Not applicable.

###### (ii) Information on Shareholder Rights Plans

Not applicable.

##### (3) Information on Moving Strike Convertible Bonds

Not applicable.

(4) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in Common Stock (millions of yen)	Balance of Common Stock (millions of yen)	Change in Capital Reserve (millions of yen)	Balance of Capital Reserve (millions of yen)
October 1, 2022 - December 31, 2022	—	3,622,012,656	—	937,950	—	2,672,826

(5) Major Shareholders

Not applicable for the nine months ended December 31, 2022.

(6) Information on Voting Rights

Issued Shares

As of December 31, 2022

Classification	Number of Shares (shares)	Number of Voting Rights	Description
Shares without Voting Rights	—	—	—
Shares with Restricted Voting Rights (Treasury Stock, etc.)	—	—	—
Shares with Restricted Voting Rights (Others)	—	—	—
Shares with Full Voting Rights (Treasury Stock, etc.)	178,290,000 shares of common stock	—	—
Shares with Full Voting Rights (Others)	3,438,980,300 shares of common stock	34,389,791	—
Shares Representing Less than One Unit	4,742,356 shares of common stock	—	—
Number of Issued Shares	3,622,012,656 shares of common stock	—	—
Total Number of Voting Rights	—	34,389,791	—

Notes: (1) The total number of shares in “Shares with Full Voting Rights (Others)” includes 57,400 shares held in the name of the Japan Securities Depository Center, and the number of shares in “Shares Representing Less Than One Unit” includes 88 shares held in the name of the Japan Securities Depository Center. “Number of Voting Rights” includes 574 voting rights associated with “Shares with Full Voting Rights” held in the name of the Japan Securities Depository Center, and does not include 12 voting rights associated with “Shares with Full Voting Rights” recorded on the shareholder register under NTT, but not actually owned by NTT.

(2) The total number of shares in “Shares with Full Voting Rights (Others)” includes 1,033,400 shares owned by BIP (Board Incentive Plan) Trust, and the number of shares in “Shares Representing Less Than One Unit” includes 66 shares owned by BIP (Board Incentive Plan) Trust. “Number of Voting Rights” includes 10,334 voting rights associated with “Shares with Full Voting Rights” owned by BIP (Board Incentive Plan) Trust.

## Treasury Stock

As of December 31, 2022

Name of Shareholder	Address	Number of Shares Held Under Own Name (shares)	Number of Shares Held Under the Names of Others (shares)	Total Shares Held (shares)	Ownership Percentage to the Total Number of Issued Shares
Nippon Telegraph and Telephone Corporation	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	178,290,000	—	178,290,000	4.9%
Total	—	178,290,000	—	178,290,000	4.9%

Notes: (1) In addition to the above, there are 1,200 shares that are recorded on the shareholder register under NTT, but not actually owned by NTT. Such shares are included in “Shares with Full Voting Rights (Others)” under “Issued Shares”.

(2) Pursuant to the Board of Directors' resolution on November 8, 2022, NTT acquired 5,820,600 shares of its outstanding common stock between December 15, 2022 and December 23, 2022.

(3) Treasury Stock does not include shares owned by BIP (Board Incentive Plan) Trust.

## 2. Changes in Directors and Senior Management

Not applicable.

## **Item 4. Financial Information**

### **1. Basis of Preparation of Condensed Quarterly Consolidated Financial Statements**

In accordance with Article 93 of the “Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007) (the “Ordinance on Consolidated Financial Statements”), NTT Group prepares condensed quarterly consolidated financial statements pursuant to International Accounting Standard (“IAS”) No. 34, “Interim Financial Reporting.”

### **2. Auditor’s Report**

In accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, NTT Group’s condensed quarterly consolidated financial statements for the third quarter of the consolidated accounting period (from October 1, 2022 to December 31, 2022 and from April 1, 2022 to December 31, 2022) have been reviewed by KPMG AZSA LLC.

### **3. Special Measures to Ensure the Appropriateness of the Consolidated Financial Statements**

NTT Group undertakes special measures to ensure the appropriateness of its consolidated financial statements and put in place a structure to properly disclose consolidated financial statements in accordance with IFRS. The details of such measures are below:

(1) NTT Group participates in organizations such as the Financial Accounting Standards Foundation in order to put in place a system in which NTT Group can ensure it has an appropriate grasp on the contents of accounting standards and can accurately respond to changes in accounting standards. In addition, NTT Group periodically undertakes reviews of accounting standards, and maintains internal regulations.

(2) With respect to the application of IFRS, NTT Group obtains press releases and statements of accounting principles published by the International Accounting Standards Board from time to time in order to gain an understanding of most recent standards. Furthermore, in order to prepare appropriate consolidated financial statements in accordance with IFRS, NTT Group developed group accounting policies and accounting guidelines in compliance with IFRS, and conducts its accounting in accordance with those policies and guidelines.

# 1. 【Condensed Quarterly Consolidated Financial Statements】

## (1) 【Condensed Quarterly Consolidated Statements of Financial Position】

	Millions of yen		
	Notes	As of March 31, 2022	As of December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	7	¥834,564	¥821,832
Trade and other receivables	7,13	3,604,959	4,093,871
Other financial assets	13	88,441	107,692
Inventories		408,362	495,818
Other current assets		574,922	947,277
Subtotal		5,511,248	6,466,490
Assets held for sale	8	205,344	208,879
Total current assets		5,716,592	6,675,369
Non-current assets			
Property, plant and equipment	9	9,326,888	9,411,821
Right-of-use asset		694,612	677,410
Goodwill		1,213,009	1,282,256
Intangible assets		1,951,824	2,053,743
Investment property		1,236,490	1,248,975
Investments accounted for using the equity method		429,806	458,892
Other financial assets	13	1,426,157	1,450,836
Deferred tax assets		970,432	979,008
Other non-current assets		896,431	917,760
Total non-current assets		18,145,649	18,480,701
Total assets		¥23,862,241	¥25,156,070

Millions of yen

	Notes	As of March 31, 2022	As of December 31, 2022
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	10,13	¥1,646,806	¥2,623,480
Trade and other payables		2,500,341	2,486,210
Lease liabilities		189,495	174,374
Other financial liabilities	13	29,566	34,404
Accrued payroll		544,455	455,634
Income taxes payables		210,964	158,495
Other current liabilities		1,129,851	1,002,940
Sub Total		6,251,478	6,935,537
Liabilities directly associated with assets held for sale	8	7,161	11,152
Total current liabilities		6,258,639	6,946,689
<b>Non-current liabilities</b>			
Long-term borrowings	10,13	5,717,465	6,092,311
Lease liabilities		655,729	653,727
Other financial liabilities	13	135,686	156,460
Defined benefit liabilities		1,561,049	1,590,669
Deferred tax liabilities		137,474	134,914
Other non-current liabilities		378,067	379,929
Total non-current liabilities		8,585,470	9,008,010
Total liabilities		14,844,109	15,954,699
<b>Equity</b>			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	11	937,950	937,950
Retained earnings	11	7,293,915	7,858,957
Treasury stock	11	(226,459)	(608,629)
Other components of equity	11	277,050	236,952
Total NTT shareholders’ equity		8,282,456	8,425,230
Non-controlling interests		735,676	776,141
Total equity		9,018,132	9,201,371
Total liabilities and equity		¥23,862,241	¥25,156,070

**(2) 【Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income】**

【Condensed Quarterly Consolidated Statements of Profit or Loss】

【Nine Months Ended December 31】

Millions of yen			
	Notes	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022
<b>Operating revenues</b>	6, 12	¥8,923,226	¥9,572,594
<b>Operating expenses</b>			
Personnel expenses		1,906,671	2,061,605
Expenses for purchase of goods and services and other expenses		4,144,582	4,643,357
Depreciation and amortization		1,157,904	1,176,675
Loss on disposal of property, plant and equipment and intangible assets		76,838	68,783
Impairment losses		1,581	236
Taxes and dues		95,982	101,109
Total operating expenses		7,383,558	8,051,765
<b>Operating profit</b>	6	1,539,668	1,520,829
Finance income		42,960	45,670
Finance costs		41,585	61,857
Share of profit (loss) of entities accounted for using the equity method		12,915	25,268
<b>Profit before taxes</b>		1,553,958	1,529,910
Income taxes		468,266	431,804
<b>Profit</b>		¥1,085,692	¥1,098,106
<b>Profit attributable to NTT</b>		1,030,347	1,032,527
Profit attributable to Non-controlling interests		55,345	65,579
Earnings per share attributable to NTT			
Basic earnings per share (yen)		286.08	294.50

【Condensed Quarterly Consolidated Statements of Comprehensive Income】

【Nine Months Ended December 31】

Millions of yen			
	Notes	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022
<b>Profit</b>		¥1,085,692	¥1,098,106
<b>Other comprehensive income (net of tax)</b>	11		
<b>Items that will not be reclassified to profit or loss</b>			
Change in the fair value of financial assets measured at fair value through other comprehensive income		22,623	(69,502)
Share of other comprehensive income of entities accounted for using the equity method		(487)	(58)
Remeasurements of defined benefit plans		(2)	(19)
Total of items that will not be reclassified to profit or loss		22,134	(69,579)
<b>Items that may be reclassified to profit or loss</b>			
Cash flow hedges		13,421	(43,689)
Hedges cost		7,962	6,565
Foreign currency translation adjustments		45,575	104,912
Share of other comprehensive income of entities accounted for using the equity method		184	9,701
Total of items that may be reclassified to profit or loss		67,142	77,489
<b>Total other comprehensive income (net of tax)</b>		89,276	7,910
<b>Total comprehensive income</b>		¥1,174,968	¥1,106,016
<b>Comprehensive income attributable to NTT</b>	11	1,090,787	991,576
Comprehensive income attributable to Non-controlling interests	11	84,181	114,440

【Condensed Quarterly Consolidated Statements of Profit or Loss】

【Three Months Ended December 31】

Millions of yen			
	Notes	Three Months Ended December 31, 2021	Three Months Ended December 31, 2022
<b>Operating revenues</b>	6, 12	¥3,035,579	¥3,286,417
<b>Operating expenses</b>			
Personnel expenses		647,957	703,136
Expenses for purchase of goods and services and other expenses		1,412,132	1,609,119
Depreciation and amortization		388,304	395,363
Loss on disposal of property, plant and equipment and intangible assets		24,681	21,420
Impairment losses		330	1
Taxes and dues		31,783	33,088
Total operating expenses		2,505,187	2,762,127
<b>Operating profit</b>	6	530,392	524,290
Finance income		17,458	4,586
Finance costs		12,635	27,065
Share of profit (loss) of entities accounted for using the equity method		3,449	8,647
<b>Profit before taxes</b>		538,664	510,458
Income taxes		166,323	153,392
<b>Profit</b>		¥372,341	¥357,066
<b>Profit attributable to NTT</b>		354,514	335,920
Profit attributable to Non-controlling interests		17,827	21,146
Earnings per share attributable to NTT			
Basic earnings per share (yen)		99.36	97.43

【Condensed Quarterly Consolidated Statements of Comprehensive Income】

【Three Months Ended December 31】

		Millions of yen	
	Notes	Three Months Ended December 31, 2021	Three Months Ended December 31, 2022
<b>Profit</b>		¥372,341	¥357,066
<b>Other comprehensive income (net of tax)</b>	11		
<b>Items that will not be reclassified to profit or loss</b>			
Change in the fair value of financial assets measured at fair value through other comprehensive income		(39,131)	(19,340)
Share of other comprehensive income of entities accounted for using the equity method		14	—
Remeasurements of defined benefit plans		—	(2)
<b>Total of items that will not be reclassified to profit or loss</b>		(39,117)	(19,342)
<b>Items that may be reclassified to profit or loss</b>			
Cash flow hedges		14,789	8,885
Hedges cost		(7,714)	22,463
Foreign currency translation adjustments		38,433	(131,959)
Share of other comprehensive income of entities accounted for using the equity method		(5,920)	(3,610)
<b>Total of items that may be reclassified to profit or loss</b>		39,588	(104,221)
<b>Total other comprehensive income (net of tax)</b>		471	(123,563)
<b>Total comprehensive income</b>		¥372,812	¥233,503
<b>Comprehensive income attributable to NTT</b>	11	345,355	221,311
Comprehensive income attributable to Non-controlling interests	11	27,457	12,192

### (3) 【Condensed Quarterly Consolidated Statements of Changes in Equity】

【Nine Months Ended December 31, 2021】

Millions of yen									
	Notes	NTT Shareholders' Equity						Non-controlling interests	Total equity
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
As of March 31, 2021		¥937,950	¥—	¥7,068,008	¥(704,793)	¥261,542	¥7,562,707	¥640,336	¥8,203,043
Comprehensive income									
Profit		—	—	1,030,347	—	—	1,030,347	55,345	1,085,692
Other comprehensive income	11	—	—	—	—	60,440	60,440	28,836	89,276
Total comprehensive income		—	—	1,030,347	—	60,440	1,090,787	84,181	1,174,968
Transactions with owners and other transactions									
Dividends of surplus	11	—	—	(396,963)	—	—	(396,963)	(16,614)	(413,577)
Transfer to retained earnings	11	—	6,704	3,012	—	(9,716)	—	—	—
Purchase and disposal of treasury stock	11	—	1	—	(253,433)	—	(253,432)	—	(253,432)
Cancellation of treasury stock	11	—	(1,292)	(730,623)	731,915	—	—	—	—
Changes in ownership interest in subsidiaries without loss of control	11	—	(1,789)	—	—	—	(1,789)	(4,324)	(6,113)
Share-based compensation transactions		—	(3,403)	—	—	—	(3,403)	29	(3,374)
Put options granted to non-controlling interests	11	—	(65)	—	—	—	(65)	(272)	(337)
Other		—	(156)	80	—	—	(76)	(132)	(208)
Total Transactions with owners and other transactions		—	—	(1,124,494)	478,482	(9,716)	(655,728)	(21,313)	(677,041)
As of December 31, 2021		¥937,950	¥—	¥6,973,861	¥(226,311)	¥312,266	¥7,997,766	¥703,204	¥8,700,970

【Nine Months Ended December 31, 2022】

Millions of yen

		NTT Shareholders' Equity						Non— controlling interests	Total equity
	Notes	Common stock	Additional paid—in capital	Retained earnings	Treasury stock	Other components of equity	Total		
As of March 31, 2022		¥937,950	¥—	¥7,293,915	¥(226,459)	¥277,050	¥8,282,456	¥735,676	¥9,018,132
Comprehensive income									
Profit		—	—	1,032,527	—	—	1,032,527	65,579	1,098,106
Other comprehensive income	11	—	—	—	—	(40,951)	(40,951)	48,861	7,910
Total comprehensive income		—	—	1,032,527	—	(40,951)	991,576	114,440	1,106,016
Transactions with owners and other transactions									
Dividends of surplus	11	—	—	(419,525)	—	—	(419,525)	(19,171)	(438,696)
Transfer to retained earnings	11	—	46,517	(47,370)	—	853	—	—	—
Purchase and disposal of treasury stock	11	—	3	—	(382,170)	—	(382,167)	—	(382,167)
Changes in ownership interest in subsidiaries without loss of control	11	—	(37,854)	—	—	—	(37,854)	(52,277)	(90,131)
Share-based compensation transactions		—	(5,559)	—	—	—	(5,559)	(243)	(5,802)
Put options granted to non-controlling interests	11	—	(2,837)	—	—	—	(2,837)	(1,743)	(4,580)
Other		—	(270)	(590)	—	—	(860)	(541)	(1,401)
Total Transactions with owners and other transactions		—	—	(467,485)	(382,170)	853	(848,802)	(73,975)	(922,777)
As of December 31, 2022		¥937,950	¥—	¥7,858,957	¥(608,629)	¥236,952	¥8,425,230	¥776,141	¥9,201,371

**(4) [Condensed Quarterly Consolidated Statements of Cash Flows]**

		Millions of yen	
	Notes	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022
<b>Cash flows from operating activities</b>			
Profit		¥1,085,692	¥1,098,106
Depreciation and amortization		1,157,904	1,176,675
Impairment losses		1,581	236
Share of loss (profit) of entities accounted for using the equity method		(12,915)	(25,268)
Losses on retirement of property, plant and equipment and intangible assets		34,056	28,835
Gain on sales of property, plant and equipment and intangible assets		(14,729)	(10,068)
Income taxes		468,266	431,804
Decrease (increase) in trade and other receivables	7	(35,661)	(465,561)
Decrease (increase) in inventories		(35,528)	(117,919)
Decrease (increase) in other current assets		(79,450)	(82,231)
Increase (decrease) in trade and other payables / accrued payroll		(179,697)	(18,053)
Increase (decrease) in other current liabilities		(93,579)	(145,766)
Increase (decrease) in defined benefit liabilities		33,900	30,518
Increase (decrease) in other non-current liabilities		(8,671)	19,901
Other, net		(68,365)	(88,361)
Sub-total		2,252,804	1,832,848
Interest and dividends received		67,708	80,941
Interest paid		(36,700)	(51,528)
Income taxes paid		(407,088)	(726,505)
Net cash provided by (used in) operating activities		1,876,724	1,135,756
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment, intangible assets and investment property		(1,295,124)	(1,314,659)
Proceeds from government grants		336	17,354
Purchase of investments		(101,292)	(58,791)
Proceeds from sale or redemption of investments		41,941	51,150
Proceeds from loss of control of subsidiaries		15,808	51,911
Acquisition of subsidiaries, net of cash acquired		(111,692)	(80,301)
Net decrease (increase) loan receivable		7,375	21,532
Other, net		30,928	15,277
Net cash provided by (used in) investing activities		(1,411,720)	(1,296,527)
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings		(1,077,747)	821,122
Proceeds from increases in long-term borrowings	10	1,682,448	615,559
Repayment of long-term borrowings	10	(358,237)	(239,360)
Repayment of lease liabilities		(148,759)	(168,480)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(16,025)	(83,685)
Dividends paid		(396,963)	(419,525)
Dividends paid to non-controlling interests		(16,567)	(19,124)
Purchase and sale of treasury stock		(253,478)	(382,299)
Other, net		818	1,318
Net cash provided by (used in) financing activities		(584,510)	125,526
Effect of exchange rate change on cash and cash equivalents		10,146	22,513

Millions of yen			
	Notes	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022
Net increase (decrease) in cash and cash equivalents		(109,360)	(12,732)
Cash and cash equivalents at the beginning of the year	7	935,727	834,564
Cash and cash equivalents at the end of the period	7	¥826,367	¥821,832

## 【Notes to Condensed Quarterly Consolidated Financial Statements】

### 1. Reporting Entity

NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) is a corporation domiciled in Japan. The address of NTT’s registered headquarters is disclosed on its website (<https://group.ntt/>). The condensed quarterly consolidated financial statements comprise NTT and its subsidiaries (“NTT Group” or “the Group”).

NTT Group’s business segments and major subsidiaries are as follows:

#### 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.

- NTT DOCOMO Corporation (“NTT DOCOMO”)
- NTT Communications Corporation (“NTT Communications”)

#### Regional Communications Business

The principal services in the Regional Communications Business are domestic intra-prefectural communications services and related ancillary services.

- NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (“NTT East”)
- NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (“NTT West”)

#### 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.

- NTT DATA Corporation (“NTT DATA”)
- NTT DATA, Inc.

### 2. Basis of Preparation

#### (1) Matters Regarding Compliance with IFRS

NTT Group meets the requirements of the “Specified Company complying with Designated International Accounting Standards” pursuant to Article 1-2 of the “Order on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Order No. 64 of 2007) (the “Order on Consolidated Financial Statements”). Consequently, in accordance with Article 93 of the Order on Consolidated Financial Statements, NTT Group prepares condensed quarterly consolidated financial statements pursuant to International Accounting Standard (“IAS”) No. 34, “Interim Financial Reporting.” The condensed quarterly consolidated financial statements were approved by the President and Chief Executive Officer Akira Shimada and Senior Executive Vice President and Chief Financial Officer Takashi Hiroi on February 9, 2023.

Since the statements do not include all the information and disclosures required for a complete set of financial statements, it should be read in conjunction with the consolidated financial statements for the year ended March 31, 2022.

#### (2) Basis for Measurement

The condensed quarterly consolidated financial statements are prepared on the basis of cost, with the exception of certain items such as financial instruments measured at fair value, and assets and liabilities recognized in relation to defined benefit plans.

#### (3) Functional Currency and Presentation Currency

The currency used to present the condensed quarterly consolidated financial statements is the Japanese yen, which is the currency used in the primary economic environment where NTT conducts its business activities (hereinafter referred to as the “functional currency”). Amounts are rounded to the nearest million yen.

### **3. Significant Accounting Policies**

The accounting policies applied on the condensed quarterly consolidated financial statements are consistent with those applied on the consolidated financial statements for the year ended March 31, 2022.

### **4. Significant Accounting Estimates and Judgments Involving Estimates**

In preparing the condensed quarterly consolidated financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies as well as the amounts reported for assets, liabilities, revenue and expenses. These estimates and assumptions are based on management's best judgments taking into account various factors that are considered reasonable as of the period end, based on past experience and currently available information. However, due to the nature of such judgments, the actual results in the future may differ from these estimates or assumptions.

Estimates and their underlying assumptions are continuously reviewed. The effect of revisions to accounting estimates is recognized in the consolidated accounting period when the estimates were adjusted and in future consolidated accounting periods.

The significant accounting judgements, estimates, and assumptions made in preparing the condensed consolidated financial statements are consistent with those made in preparing the consolidated financial statements for the year ended March 31, 2022.

As for the spread of the COVID-19 pandemic, as described in the section entitled "Risk Factors" in NTT's Annual Securities Report for the fiscal year ended March 31, 2022, as a result of the prolonged spread of the pandemic, it is possible that NTT Group's business activities will be materially affected, including through the reduction of its customers' business activities which may cause reductions in systems integration orders and in sales of various services and delays in planned construction. Furthermore, even after the abatement of the pandemic, it is possible that people's daily lives and the workstyles of businesses will significantly change, which may, as a result, impact NTT Group's business results and financial position. However, there was no material impact on the company's accounting estimates and judgements involving estimates at the end of the nine months ended December 31, 2022.

### **5. New Standards Not Yet Applied**

Standards and interpretations that were newly issued or revised prior to the date the condensed quarterly consolidated financial statements were approved, that NTT Group has not adopted earlier, and whose adoption may impact NTT Group significantly are not applicable.

## 6. Segment Information

For the strategic group-wide utilization of resources and assets and for speeding up decision-making, NTT Group has overhauled the corporate structure which has involved making NTT DOCOMO a wholly owned subsidiary in December 2020 and furthermore making NTT Communications and NTT Comware subsidiaries of NTT DOCOMO in January 2022. Accordingly, effective from the fiscal year ended March 31, 2022, the Group has transitioned to a four-segment structure consisting of the Integrated ICT Business, Regional Communications Business, Global Solutions Business, and Others (Real Estate, Energy and Others), from its previous five-segment structure consisting of the Mobile Communications Business, Regional Communications Business, Long Distance and International Communications Business, Data Communications Business, and Other Business. In accordance with this change, segment information for the first nine months and three months of the previous fiscal year has been restated according to the segmentation after the change.

NTT Group's business segments are as follows, for which discrete financial information is available and whose operating results are utilized by NTT Group's management to make decisions about the allocation of resources and to assess business performance. Services included in each segment are as follows:

### Integrated ICT Business

Fixed voice-related services, Mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, System integration services, and other services

### Regional Communications Business

Fixed voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services

### Global Solutions Business

System integration services and other services

### Others (Real Estate, Energy and Others)

Services related to real estate business and energy business, etc.

## Operating Revenues

Nine Months Ended December 31

(Millions of yen)

	Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 2021)	Nine Months Ended December 31, 2022 (April 1, 2022 - December 31, 2022)
Integrated ICT Business		
Transactions with external customers	4,156,854	4,226,689
Inter-segment transactions	203,861	197,696
Subtotal	4,360,715	4,424,385
Regional Communications Business		
Transactions with external customers	1,826,736	1,813,097
Inter-segment transactions	525,140	516,886
Subtotal	2,351,876	2,329,983
Global Solutions Business		
Transactions with external customers	2,490,232	2,865,795
Inter-segment transactions	143,902	141,851
Subtotal	2,634,134	3,007,646
Others (Real Estate, Energy and Others)		
Transactions with external customers	449,404	667,013
Inter-segment transactions	518,126	543,710
Subtotal	967,530	1,210,723
Elimination of inter-segment transactions	(1,391,029)	(1,400,143)
Total	8,923,226	9,572,594

Three Months Ended December 31

(Millions of yen)

	Three Months Ended December 31, 2021 (October 1, 2021 - December 31, 2021)	Three Months Ended December 31, 2022 (October 1, 2022 - December 31, 2022)
Integrated ICT Business		
Transactions with external customers	1,407,352	1,453,091
Inter-segment transactions	72,642	71,456
Subtotal	1,479,994	1,524,547
Regional Communications Business		
Transactions with external customers	610,162	608,914
Inter-segment transactions	174,357	173,531
Subtotal	784,519	782,445
Global Solutions Business		
Transactions with external customers	859,097	984,244
Inter-segment transactions	48,596	50,441
Subtotal	907,693	1,034,685
Others (Real Estate, Energy and Others)		
Transactions with external customers	158,968	240,168
Inter-segment transactions	177,818	195,201
Subtotal	336,786	435,369
Elimination of inter-segment transactions	(473,413)	(490,629)
Total	3,035,579	3,286,417

Segment profit or loss

Nine Months Ended December 31

(Millions of yen)

	Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 2021)	Nine Months Ended December 31, 2022 (April 1, 2022 - December 31, 2022)
Segment profit		
Integrated ICT Business	885,911	888,768
Regional Communications Business	434,707	386,647
Global Solutions Business	169,328	189,987
Others (Real Estate, Energy and Others)	73,886	83,645
Total	1,563,832	1,549,047
Elimination of inter-segment transactions	(24,164)	(28,218)
Operating profit	1,539,668	1,520,829
Finance income	42,960	45,670
Finance costs	41,585	61,857
Share of profit of entities accounted for using equity method	12,915	25,268
Profit before taxes	1,553,958	1,529,910

Three Months Ended December 31

(Millions of yen)

	Three Months Ended December 31, 2021 (October 1, 2021 - December 31, 2021)	Three Months Ended December 31, 2022 (October 1, 2022 - December 31, 2022)
Segment profit		
Integrated ICT Business	310,001	312,314
Regional Communications Business	144,177	122,533
Global Solutions Business	62,628	75,538
Others (Real Estate, Energy and Others)	23,952	29,410
Total	540,758	539,795
Elimination of inter-segment transactions	(10,366)	(15,505)
Operating profit	530,392	524,290
Finance income	17,458	4,586
Finance costs	12,635	27,065
Share of profit of entities accounted for using equity method	3,449	8,647
Profit before taxes	538,664	510,458

During the first nine months and three months of the previous fiscal year and of the current fiscal year, there are no operating revenues recorded from transactions with a single external customer that account for 10% or more of total revenue.

**7. Impact on the condensed quarterly consolidated financial statements due to the non-business day for the third quarter ended December 31, 2021 and 2022.**

The last days of nine months ended December 31, 2021 and nine months ended December 31, 2022 fell on non-business days, resulting in the due date of certain bills, including telecommunication service bills, being set to the first business day of the following month. Consequently, the impact on the condensed quarterly consolidated financial statements is as follows.

	(Millions of yen)	
	As of March 31, 2022	As of December 31, 2022
(Condensed Quarterly Consolidated Statement of Financial Position)		
Cash and cash equivalents	¥—	¥(224,093)
Trade and other receivables	—	224,093

	(Millions of yen)	
	Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 2021)	Nine Months Ended December 31, 2022 (April 1, 2022 - December 31, 2022)
(Condensed Quarterly Consolidated Statement of Cash Flows)		
Decrease (increase) in trade and other receivables	¥(228,760)	¥(224,093)
Cash and cash equivalents as of April 1	—	—
Cash and cash equivalents as of December 31	(228,760)	(224,093)

## 8. Assets Held for Sale

### Transfer of towers to JTOWER Inc.

#### Overview

NTT DOCOMO decided, at a meeting of its Board of Directors held on March 25, 2022, to enter a master transaction agreement with JTOWER Inc. (“JTOWER”), under which a maximum of 6,002 telecommunications towers owned by NTT DOCOMO are to be transferred to JTOWER for a maximum of ¥106.2 billion, and NTT DOCOMO will lease these towers from JTOWER (the “Transaction”). The master transaction agreement was entered into on March 31, 2022. Under the master transaction agreement, NTT DOCOMO plans to sell the telecommunications towers to JTOWER during the fiscal year until March 31, 2023 and March 31, 2024.

JTOWER positions the purchase of existing telecommunications towers owned by telecommunications companies and the promotion of infra-sharing by attracting new tenants to these towers (carve-out) to be one of its key growth strategies. The Transaction will greatly expand its business foundation as a tower sharing operator. NTT DOCOMO is working to build an economical 5G network by promoting infra-sharing, and the Transaction will enable further streamlining of facilities operations.

#### Impact on accounting treatment and on the condensed quarterly consolidated financial statements

The assets related to the transfer of the towers are included in the Integrated ICT Business Segment. The assets, which have not been transferred yet, are classified as assets held for sale as of December 31, 2022. The classes of these assets are mainly property, plant and equipment, and the carrying amounts are ¥93,692 million. The amount of these assets held for sale are measured at its carrying amounts or its fair values less costs of disposal, whichever is lower.

The impact of the these accounting treatments on NTT’s condensed quarterly consolidated statement of profit or loss is immaterial.

### Sale of shares of data center holding company

#### Overview

On October 1, 2022, NTT Group combined the respective overseas businesses for business users that were operated by NTT DATA, NTT, Inc. and NTT Ltd., which have commenced operations as a single group.

NTT Group will sell portions of its shares of its data center holding company across Europe and North America and such shares were classified as assets held for sale. As a result of its business combination, NTT DATA now holds such shares of NTT Ltd. There are no material changes in the policy towards the sale.

#### Impact on accounting treatment and on the condensed quarterly consolidated financial statements

As of December 31, 2022, assets related to sale of shares of data center holding company and liabilities directly associated with the assets, which were included in Global Solutions Business Segment, were classified as assets held for sale and liabilities directly associated with assets held for sale until the completion of the share transfer, and were ¥110,084 million and ¥24,422 million, respectively. The amount of these assets and liabilities are measured at its carrying amounts because their fair values less costs of disposal exceeded the carrying amounts.

The major classes of assets and liabilities classified as held for sale are as below.

		(Millions of yen)	
Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Cash and cash equivalents	¥ 3,545	Trade and other payables	¥ 3,381
Trade and other receivables	2,746	Long-term borrowings	13,270
Inventories	3,855	Lease liabilities (Noncurrent)	4,427
Property, plant and equipment	94,305	Other	3,344
Right-of-use asset	4,247		
Other	1,386		
Total	¥ 110,084	Total	¥ 24,422

Amounts in the table above represent the figures before elimination of intercompany transactions. Intercompany transactions with consolidated subsidiaries are Long-term borrowings amounted to ¥ 13,270 million.

## 9. Property, Plant and Equipment

### Component of Property, plant and equipment

	Millions of yen	
	As of March 31, 2022	As of December 31, 2022
Telecommunications equipment	¥10,908,428	¥11,000,187
Telecommunications service lines	16,813,435	16,909,214
Buildings and structures	5,716,825	5,786,338
Machinery, tools and fixtures	2,642,550	2,788,116
Land	723,645	770,381
Construction in progress	517,678	626,151
Subtotal	37,322,561	37,880,387
Accumulated depreciation and impairment losses	(27,995,673)	(28,468,566)
Property, plant and equipment - total	¥9,326,888	¥9,411,821

## 10. Corporate Bonds

### Details of corporate bonds transactions

Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT Finance Corporation	5th series of Eurodollar bonds	U.S.\$750 million	1.90%	July 21, 2016	July 21, 2021
Redemption	Nippon Telegraph and Telephone Corporation	62nd series of NTT bonds	¥70,000 million	1.02%	November 28, 2011	September 17, 2021
Redemption	NTT Finance Corporation	7th series of bonds (Former NTT Urban Development Corporation Corporation 11th series of bonds)	¥10,000 million	1.12%	March 31, 2020	September 17, 2021
Redemption	NTT Finance Corporation	1st series of bonds	¥20,000 million	0.05%	March 1, 2017	December 20, 2021
Issuance	NTT Finance Corporation	1st series of bonds (Only for Qualified Institutional Investors)	¥50,000 million	0.10%	June 28, 2021	June 19, 2026
Issuance	NTT Finance Corporation	2nd series of bonds (Only for Qualified Institutional Investors)	¥30,000 million	0.22%	June 28, 2021	June 20, 2030
Issuance	NTT Finance Corporation	3rd series of bonds (Only for Qualified Institutional Investors)	¥20,000 million	0.25%	June 28, 2021	June 20, 2031

Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)						
Issuance	NTT Finance Corporation	4th series of bonds (Only for Qualified Institutional Investors)	¥30,000 million	0.21%	September 29, 2021	September 20, 2030
Issuance	NTT Finance Corporation	5th series of bonds (Only for Qualified Institutional Investors)	¥20,000 million	0.24%	September 29, 2021	September 19, 2031
Issuance	NTT Finance Corporation	20th series of bonds (Green bond)	¥100,000 million	0.001%	October 28, 2021	October 28, 2024
Issuance	NTT Finance Corporation	21st series of bonds (Green bond)	¥100,000 million	0.10%	October 28, 2021	September 18, 2026
Issuance	NTT Finance Corporation	22nd series of bonds (Green bond)	¥100,000 million	0.27%	October 28, 2021	September 19, 2031
Issuance	minacolor, Inc.	1st series of convertible-bonds (Subordinated bond)	¥587 million	–	October 29, 2021	October 29, 2031
Issuance	NTT Finance Corporation	22nd series of Euro bonds (Green bond)	€ 650 million	0.082%	December 13, 2021	December 13, 2025
Issuance	NTT Finance Corporation	23rd series of Euro bonds (Green bond)	€ 850 million	0.399%	December 13, 2021	December 13, 2028

Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT DATA Corporation	26th series of bonds	¥25,000 million	0.95%	June 15, 2012	June 20, 2022
Redemption	NTT Finance Corporation	9th series of bonds (Former NTT Urban Development Corporation 13th series of bonds)	¥10,000 million	0.91%	October 26, 2012	September 20, 2022
Redemption	NTT Finance Corporation	4th series of bonds	¥10,000 million	0.06%	October 13, 2017	September 20, 2022
Issuance	NTT Finance Corporation	24th series of bonds (Green bond)	USD 500 million	4.142%	July 27, 2022	July 26, 2024

Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)						
Issuance	NTT Finance Corporation	25th series of bonds (Green bond)	USD 500 million	4.239%	July 27, 2022	July 25, 2025
Issuance	NTT Finance Corporation	26th series of bonds (Green bond)	USD 500 million	4.372%	July 27, 2022	July 27, 2027
Issuance	minacolor, Inc.	2nd series of convertible-bonds (Subordinated bond)	¥217 million	–	November 28, 2022	October 29, 2031

## 11. Equity and Other Equity Items

### (1) Issued Shares and Treasury Stock

#### Reconciliation of the number of issued shares and treasury stock

	(shares)	
	Issued Shares	Treasury Stock
As of April 1, 2021	3,900,788,940	278,776,284
Purchase of treasury stock under resolution of the board of directors	—	79,358,500
Repurchase of treasury stock based on less-than-one-unit share purchase demand	—	149,806
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(17,876)
Cancellation of treasury stock	(278,776,284)	(278,776,284)
As of March 31, 2022	3,622,012,656	79,490,430
Purchase of treasury stock under resolution of the board of directors	—	98,746,000
Repurchase of shares based on less-than-one-unit share purchase demand	—	57,469
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(3,872)
As of December 31, 2022	3,622,012,656	178,290,027

In addition to the above, 1,033,466 shares held by the BIP trust are recorded as “treasury stock” in Condensed Consolidated Financial Statements.

On November 10, 2021, the Board of Directors resolved that NTT would cancel 278,776,284 of its shares on November 17, 2021, and as a result of NTT cancelling such shares on November 17, 2021, additional paid-in capital decreased by ¥1,292 million and retained earnings decreased by ¥730,623 million.

#### The resolution of repurchasing its outstanding common stock by NTT's Board of Directors and status

The date of resolution	Plan			Result			
	Period of repurchases	Total number of shares to be repurchased (million shares)	Aggregate repurchase amount (million yen)	Period for repurchases	Total number of shares repurchased (shares)	Aggregate repurchase amount (million yen)	Status of repurchase
August 6, 2021	From August 10, 2021 to March 31, 2022	100	¥250,000	From August 2021 to December 2021	79,358,500	¥250,000	Concluded
May 12, 2022	From May 13, 2022 to March 31, 2023	110	400,000	September 2022	92,925,400	360,272	Concluded
November 8, 2022	From November 9, 2022 to March 31, 2023	41	150,000	December 2022 (January 2023)	5,820,600 (13,827,300)	21,852 (52,237)	—

\* Results in January 2023 are shown in parentheses

## **(2) Put Options Granted to Non-Controlling Interests**

With regard to written put options for subsidiary shares granted by NTT Group to the owners of non-controlling interests, the amounts deducted from additional paid-in capital were ¥15,664 million and ¥21,301 million, respectively, as at March 31, 2021 and December 31, 2022.

## **(3) Other Components of Equity**

The details and changes in other components of equity

Nine Months Ended December 31, 2021

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Hedges cost	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
As of March 31, 2021	¥228,114	¥(8,668)	¥(16,135)	¥—	¥58,231	¥261,542
Other comprehensive income	8,699	12,828	7,916	(1,155)	32,152	60,440
Transfer to retained earnings	(10,871)	—	—	1,155	—	(9,716)
As of December 31, 2021	¥225,942	¥4,160	(8,219)	¥—	¥90,383	¥312,266

Nine Months Ended December 31, 2022

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Hedges cost	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
As of March 31, 2022	¥152,701	¥(60,108)	¥(1,763)	¥—	¥186,220	¥277,050
Other comprehensive income	(67,148)	(44,638)	6,320	(1,288)	65,803	(40,951)
Transfer to retained earnings	(435)	—	—	1,288	—	853
As of December 31, 2022	¥85,118	¥(104,746)	¥4,557	¥—	¥252,023	¥236,952

#### **(4) Dividends**

The amount of dividends paid out in the nine months ended December 31, 2021 and 2022

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
June 24, 2021 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	¥199,211	¥55	March 31, 2021	June 25, 2021
November 10, 2021 Board of Directors* <sup>1</sup>	Common shares	Retained earnings	197,752	55	September 30, 2021	December 13, 2021
June 24, 2022 Ordinary General Meeting of Shareholders* <sup>2</sup>	Common shares	Retained earnings	212,551	60	March 31, 2022	June 27, 2022
November 8, 2022 Board of Directors* <sup>3</sup>	Common shares	Retained earnings	¥206,974	¥60	September 30, 2022	December 15, 2022

\*<sup>1</sup> Total dividend includes the dividend of ¥60 million for the Company's shares held by the BIP trust.

\*<sup>2</sup> Total dividend includes the dividend of ¥65 million for the Company's shares held by the BIP trust.

\*<sup>3</sup> Total dividend includes the dividend of ¥62 million for the Company's shares held by the BIP trust.

#### **(5) Equity Transactions with Non-controlling Interests**

On May 9, 2022, the Board of Directors resolved that NTT will acquire shares of NTT DATA up to 60 million shares or 100 billion yen through market transactions, from the perspective of enhancing the cooperation with NTT DATA. Based on this resolution, NTT acquired 37,704,400 shares of NTT DATA's common stock for ¥76,555 million from October 2022 through December 2022. As a result, NTT's ownership interest in NTT DATA increased from 54.2% to 56.9% and "Additional paid-in capital" decreased by ¥36,428 million in the Condensed Consolidated Statement of Financial Position as of December 31, 2022. In addition, equity transactions with non-controlling interests that occurred during the nine months ended December 31, 2022 with respect to the realignment of the global businesses did not have a material financial effect on NTT Group.

#### **(6) Other**

According to the Act on Nippon Telegraph and Telephone Corporation, etc., NTT must obtain authorization from the Minister of Internal Affairs and Communications for certain financial matters, including the issuance of new shares, bonds with a right to subscribe for new shares, and disposal of surplus.

## 12. Operating Revenues

### Relationship between Components of Revenues and Segment Revenues

For the Nine Months Ended December 31, 2021

(Millions of yen)

		Segment			Others (Real Estate, Energy and Others)	Total
		Integrated ICT Business Segment	Regional Communications Business	Global Solutions Business Segment		
Main Services	Fixed voice related services	¥115,023	¥571,637	¥—	¥—	¥686,660
	Mobile voice related services	828,964	—	—	—	828,964
	IP/packet communications services	1,726,109	870,315	—	—	2,596,424
	Sales of telecommunications equipment	446,847	49,303	—	—	496,150
	System integration services	248,101	119,893	2,482,940	19,843	2,870,777
	Other services	791,810	215,588	7,292	429,561	1,444,251
	Total	¥4,156,854	¥1,826,736	¥2,490,232	¥449,404	¥8,923,226

For the Nine Months Ended December 31, 2022

(Millions of yen)

		Segment			Others (Real Estate, Energy and Others)	Total
		Integrated ICT Business Segment	Regional Communications Business	Global Solutions Business Segment		
Main Services	Fixed voice related services	¥113,351	¥544,632	¥—	¥—	¥657,983
	Mobile voice related services	789,996	—	—	—	789,996
	IP/packet communications services	1,708,210	871,396	—	—	2,579,606
	Sales of telecommunications equipment	480,342	50,412	—	—	530,754
	System integration services	289,364	111,917	2,865,086	24,478	3,290,845
	Other services	845,426	234,740	709	642,535	1,723,410
	Total	¥4,226,689	¥1,813,097	¥2,865,795	¥667,013	¥9,572,594

In its four-segment structure of Integrated ICT Business, Regional communications business, Global Solutions Business, and Others (Real Estate, Energy and Others), NTT Group provides the following six services: fixed voice-related services, mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services.

Effective from the fiscal year ended March 31, 2022, NTT Group has changed its segmentation. The details are presented in “Note 6. Segment Information.” In accordance with this change, segment information for the first nine months of the previous fiscal year has been restated according to the segmentation after the change.

For the Three Months Ended December 31, 2021

(Millions of yen)

		Segment			Others (Real Estate, Energy and Others)	Total
		Integrated ICT Business Segment	Regional Communications Business	Global Solutions Business Segment		
Main Services	Fixed voice related services	¥38,649	¥191,709	¥—	¥—	¥230,358
	Mobile voice related services	272,417	—	—	—	272,417
	IP/packet communications services	565,025	290,059	—	—	855,084
	Sales of telecommunications equipment	180,113	15,724	—	—	195,837
	System integration services	82,734	42,289	856,234	6,980	988,237
	Other services	268,414	70,381	2,863	151,988	493,646
	Total	¥1,407,352	¥610,162	¥859,097	¥158,968	¥3,035,579

For the Three Months Ended December 31, 2022

(Millions of yen)

		Segment			Others (Real Estate, Energy and Others)	Total
		Integrated ICT Business Segment	Regional Communications Business	Global Solutions Business Segment		
Main Services	Fixed voice related services	¥36,923	¥180,390	¥—	¥—	¥217,313
	Mobile voice related services	261,222	—	—	—	261,222
	IP/packet communications services	578,557	291,150	—	—	869,707
	Sales of telecommunications equipment	176,419	20,764	—	—	197,183
	System integration services	104,863	38,089	984,244	8,342	1,135,538
	Other services	295,107	78,521	—	231,826	605,454
	Total	¥1,453,091	¥608,914	¥984,244	¥240,168	¥3,286,417

In its four-segment structure of Integrated ICT Business, Regional communications business, Global Solutions Business, and Others (Real Estate, Energy and Others), NTT Group provides the following six services: fixed voice-related services, mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services.

Effective from the fiscal year ended March 31, 2022, NTT Group has changed its segmentation. The details are presented in “Note 6. Segment Information.” In accordance with this change, segment information for the three months of the previous fiscal year has been restated according to the segmentation after the change.

## 13. Financial Instruments

### (1) Continuing Involvement in Derecognized Financial Asset

#### Credit card receivables

NTT Group concluded an agreement for the transfer to third parties of the rights to receive cash flows from credit card receivables (trade and other receivables) for a period until March 31, 2023, and transferred such rights on June 29, 2022, September 29 and December 27, 2022 during the nine months ended December 31, 2022.

The credit card receivables subject to the transfer are classified into senior, mezzanine and subordinated portions based on the risk of default. For the mezzanine portion, NTT Group deposits cash for third parties and bears the credit risk.

Although NTT Group bears the credit risk for the mezzanine portion as stated above, the credit risk assumed by the NTT Group is insignificant because the default risk is highly likely to be absorbed by the subordinated portion. NTT Group is also properly monitoring the default risk by tracking that actual collections of the transferred receivables are adequate. Claim rights against the third parties for the cash deposit portions are recognized as "Trade and other receivables" in the condensed quarterly consolidated statement of financial position.

In the fiscal year ended March 31, 2022 and the nine months ended December 31, 2022, NTT Group derecognized the transferred assets because substantially all the risks and rewards of ownership had been transferred to third parties.

Of the transferred assets, the total amount of cash deposits provided by NTT Group to third parties as of March 31, 2022 and December 31, 2022 was ¥47,859 million and ¥63,694 million, respectively.

The fair value of the derecognized assets as of March 31, 2022 and December 31, 2022 is same as its book value.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2022 and December 31, 2022 was ¥47,859 million and ¥63,694 million, respectively, which represents the total amount of cash deposits provided by NTT Group to the third parties.

The losses recognized in these transfer transactions during the nine months ended December 31, 2021 and the nine months ended December 31, 2022 were immaterial.

The largest transfer transactions during the nine months ended December 31, 2021 and the nine months ended December 31, 2022 occurred on December 27, 2021 and December 27, 2022, respectively.

The amounts of credit card receivables that were derecognized are ¥477,725 million and ¥643,370 million, respectively, and the considerations received for transferred assets were ¥429,945 million and ¥579,026 million.

No credit losses were incurred in the nine months ended December 31, 2021 or in the nine months ended December 31, 2022.

#### Telecommunications terminal equipment installment sales receivables

In the fiscal year ended March 31, 2022, NTT Group concluded an agreement for the transfer to third parties of financial assets related to telecommunications terminal equipment installment sales receivables (trade and other receivables), and transferred such assets on September 17, 2021 and March 30, 2022.

The telecommunications terminal equipment installment sales receivables subject to the transfer are classified into senior, mezzanine and subordinated portions based on the risk of default. For the mezzanine portion, NTT Group holds the rights to receive cash flows and bears the credit risk.

Although NTT Group bears the credit risk for the mezzanine portion as stated above, the credit risk assumed by the NTT Group is insignificant because the default risk is highly likely to be absorbed by the subordinated portion. NTT Group is also properly monitoring the default risk by tracking that actual collections of the transferred receivables are adequate. The rights to receive cash flows for the mezzanine portion are recognized as "Trade and other receivables" and "Other financial assets" in the condensed quarterly consolidated statement of financial position.

In the fiscal year ended March 31 2022, NTT Group derecognized the transferred assets because substantially all the risks and rewards of ownership had been transferred to third parties.

Of the transferred assets, the total amounts of cash deposits provided by NTT Group to third parties as of March 31, 2022 and December 31, 2022 were ¥34,889 million and ¥34,785 million, respectively. The fair value of the derecognized assets as of March 31, 2022 and December 31, 2021 is same as its book value.

The maximum amounts of exposure to losses pertaining to this matter as of March 31, 2022 and December 31, 2022 were ¥34,889 million and ¥34,785 million, respectively, which represents the total amount of cash deposits provided by NTT Group to the third parties.

The losses recognized in these transfer transactions during the nine months ended December 31, 2021 were immaterial.

The largest transfer transactions during the nine months ended December 31, 2021 occurred on September 17, 2021, respectively.

The amounts of the telecommunications terminal equipment installment sales receivables that were derecognized are ¥247,721 million and the consideration received for transferred assets was ¥220,458 million.

There were no transfers of financial assets to third parties during the nine months ended December 31, 2022.

No credit losses were incurred in the nine months ended December 31, 2021 or in the nine months ended December 31, 2022.

## (2) Fair Value of Financial Instruments

### (i) The fair value of financial instruments not measured at fair value

The carrying amount and estimated fair value of financial instruments not measured at a fair value

(Millions of yen)

	Year Ended March 31, 2022		Nine Months Ended December 31, 2022	
	Carrying amount	Fair Value	Carrying amount	Fair value
Long-term borrowings (including current portion or balance due within 1 year)	¥6,437,530	¥6,325,007	¥6,946,965	¥6,641,333

With regard to the above-mentioned items, the assumptions (inputs) used to measure fair value are classified as Level 2.

With the exception of the above-mentioned items, the financial instruments not measured at fair value are not included in the table, because their carrying amounts approximate their fair values. The measurement methods of fair value are consistent with those applied in the consolidated financial statements for the fiscal year ended March 31, 2022.

### (ii) Fair Value Measurement

Assets and liabilities measured at fair value

As of March 31, 2022

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Investments in capital	—	8,314	53,575	61,889
Derivatives financial assets				
Applied hedge accounting	—	92,902	—	92,902
Not applied hedge accounting	—	4,054	—	4,054
Financial assets measured at fair value through other comprehensive income				
Equity securities	793,751	—	131,356	925,107
Total	793,751	105,270	184,931	1,083,952
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	—	11,440	—	11,440
Not applied hedge accounting	—	1,463	—	1,463
Total	—	12,903	—	12,903

As of December 31, 2022

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit/loss				
Investments in capital	—	10,264	53,878	64,142
Derivatives financial assets				
Applied hedge accounting	—	160,189	—	160,189
Not applied hedge accounting	—	1,696	—	1,696
Financial assets measured at fair value through other comprehensive income				
Equity securities	684,455	—	142,243	826,698
Total	684,455	172,149	196,121	1,052,725
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	—	26,747	—	26,747
Not applied hedge accounting	—	1,171	—	1,171
Total	—	27,918	—	27,918

1. In the nine months ended December 31, 2022, there was no material transfer between levels.
2. Level 3 reconciliation is not disclosed, as there was no material fluctuation among financial instruments classified in Level 3 in the nine months ended December 31, 2022.

The valuation techniques to measure fair value of financial instruments are consistent with those applied on the consolidated financial statements for the year ended March 31, 2022.

Financial instruments classified as Assets held for sale are not included in the tables above.

## 14. Subsequent Events

### The Company's repurchase of treasury stock.

The Company's repurchase of treasury stock is described in (1) Issued Shares and Treasury Stock under Note 11. Equity and Other Components of Equity.