

[Translation]

# Quarterly Securities Report

(The First Quarter of the 39<sup>th</sup> Business Term)  
From April 1, 2023 to June 30, 2023

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

## Table of Contents

Item 1. Overview of the Company .....	4
1. Selected Financial Data .....	4
2. Description of Business .....	6
Item 2. Business Overview .....	7
1. Risk Factors .....	7
2. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flows .....	7
3. Material Contracts .....	17
Item 3. Information on NTT .....	18
1. Information on NTT's Shares .....	18
(1) Total Number of Shares .....	18
(2) Information on Share Acquisition Rights .....	18
(3) Information on Moving Strike Convertible Bonds .....	18
(4) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other .....	19
(5) Major Shareholders .....	19
(6) Information on Voting Rights .....	19
2. Changes in Directors and Senior Management .....	21
Item 4. Financial Information .....	22
Condensed Consolidated Financial Statements .....	23
(1) Condensed Consolidated Statement of Financial Position .....	23
(2) Condensed Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income .....	25
(3) Condensed Consolidated Statement of Changes in Equity .....	27
(4) Condensed Consolidated Statement of Cash Flows .....	29
Notes.....	31
1. Reporting Entity .....	31
2. Basis of Accounting.....	31
3. Material Accounting Policies .....	32
4. Significant Accounting Estimates and Judgments Involving Estimates .....	32
5. New Standards Not Yet Applied .....	32
6. Segment Information .....	33
7. Assets Held for Sale.....	35
8. Property, Plant and Equipment.....	37
9. Corporate Bonds.....	37
10. Equity and Other Equity Items .....	38
11. Operating Revenues .....	41
12. Finance Income .....	42
13. Financial Instruments .....	43
14. Subsequent Events .....	46

[Note]

This document is an English translation of certain items that were disclosed in NTT's Quarterly Securities Report for the three-month period ended June 30, 2023, which NTT filed on August 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]	August 10, 2023
[Fiscal Year]	The First Quarter of the 39 <sup>th</sup> Business Term (From April 1, 2023 to June 30, 2023)
[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

		Three Months Ended June 30,2022	Three Months Ended June 30,2023	Fiscal year ended March 31, 2023
Operating revenues	Millions of yen	3,068,871	3,111,073	13,136,194
Profit before taxes	Millions of yen	525,537	577,536	1,817,679
Profit attributable to NTT	Millions of yen	368,570	375,775	1,213,116
Comprehensive income (loss) attributable to NTT	Millions of yen	452,072	597,851	1,270,639
NTT shareholders' equity	Millions of yen	8,514,340	8,947,480	8,561,353
Total assets	Millions of yen	24,403,316	26,131,050	25,308,851
Basic earnings per share attributable to NTT	Yen	4.16	4.41	13.92
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	34.9	34.2	33.8
Net cash provided by operating activities	Millions of yen	413,167	340,876	2,261,013
Net cash provided by investing activities	Millions of yen	(454,966)	(450,772)	(1,736,912)
Net cash provided by financing activities	Millions of yen	103,549	311,065	(590,197)
Cash and cash equivalents at end of period	Millions of yen	924,727	1,017,909	793,920

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, changes in the 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 three months ended June 30, 2023, excluding treasury stock. In addition, 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.

(5) NTT conducted a 25-for-1 stock split of its common stock with an effective date of July 1, 2023.

The figures for Basic Earnings per Share Attributable to NTT for the three months ended June 30, 2022,

the fiscal year ended March 31, 2023, the three months ended June 30, 2023 have been adjusted to reflect the impact of the stock split.

## **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 three months ended June 30, 2023, nor were there any material changes in its subsidiaries and affiliated companies.

## Item 2. Business Overview

### 1. Risk Factors

There were no risks newly identified during the three months ended June 30, 2023. There was no material change in risk factors which were described in NTT's Annual Securities Report for the fiscal year ended March 31, 2023.

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

#### (1) Consolidated Results

Three-Month Period Ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(Billions of yen)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023	Change	Percent Change
Operating revenues	3,068.9	3,111.1	42.2	1.4%
Fixed voice related services	219.8	205.1	(14.7)	(6.7)%
Mobile voice related services	265.2	248.7	(16.5)	(6.2)%
IP/packet communications services	851.5	858.2	6.8	0.8%
Sales of telecommunications equipment	160.1	170.3	10.2	6.4%
System integration services	1,054.5	1,105.6	51.1	4.8%
Other	517.8	523.2	5.4	1.0%
Operating expenses	2,565.5	2,636.4	70.9	2.8%
Personnel expenses	674.7	705.1	30.4	4.5%
Expenses for purchase of goods and services and other expenses	1,443.7	1,473.6	29.9	2.1%
Depreciation and amortization	389.6	396.1	6.5	1.7%
Others	57.5	61.6	4.1	7.1%
Operating profit	503.4	474.7	(28.7)	(5.7)%
Profit before taxes	525.5	577.5	52.0	9.9%
Profit attributable to NTT	368.6	375.8	7.2	2.0%

During the three months ended June 30, 2023, pursuant to the NTT Group Medium-Term Management Strategy “New Value Creation & Sustainability 2027 Powered by IOWN” announced in May 2023, NTT Group promoted initiatives to become a supporter of global sustainability by providing new value to customers and society and by shifting NTT’s business activities themselves toward the achievement of a sustainable society. As a result of these efforts, NTT Group's consolidated operating revenues for the three-month period ended June 30, 2023 were ¥3,111.1 billion (an increase of 1.4% from the same period of the previous fiscal year), consolidated operating expenses were ¥2,636.4 billion (an increase of 2.8% from the same period of the previous fiscal year), consolidated operating profit was ¥474.7 billion (a decrease of 5.7% from the same period of the previous fiscal year), profit before taxes was ¥577.5 billion (an increase of 9.9% from the same period of the previous fiscal year), and profit



attributable to NTT was ¥375.8 billion (an increase of 2.0% from the same period of the previous fiscal year).

## **(2) Segment Results**

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 transactions are included in the operating revenues, operating expenses and operating profit of operational results for each business segment).

## Integrated ICT Business Segment

Three-Month Period Ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(Billions of yen)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023	Change	Percent Change
Operating revenues	1,421.8	1,457.8	36.0	2.5%
Fixed voice related services	42.8	37.9	(4.9)	(11.4)%
Mobile voice related services	267.2	250.6	(16.6)	(6.2)%
IP/packet communications services	565.1	571.9	6.9	1.2%
Sales of telecommunications equipment	145.3	153.2	7.9	5.5%
System integration services	127.2	150.1	22.9	18.0%
Other	274.2	294.0	19.8	7.2%
Operating expenses	1,138.1	1,165.1	27.0	2.4%
Personnel expenses	119.7	122.6	2.9	2.4%
Expenses for purchase of goods and services and other expenses	807.0	824.0	17.1	2.1%
Depreciation and amortization	193.8	199.5	5.8	3.0%
Others	17.6	18.9	1.3	7.4%
Operating profit	283.7	292.7	9.0	3.2%

Operating revenues for the Integrated ICT Business Segment for the three-month period ended June 30, 2023 increased 2.5% from the same period of the previous fiscal year to ¥1,457.8 billion. This increase was due to, among other factors, an increase in system integration services revenues and an increase in other revenues.

On the other hand, operating expenses for the three-month period ended June 30, 2023 increased 2.4% from the same period of the previous fiscal year to ¥1,165.1 billion due to an increase in expenses, among other factors.

As a result, segment operating profit for the three-month period ended June 30, 2023 increased 3.2% from the same period of the previous fiscal year to ¥292.7 billion.

## Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2023	As of June 30, 2023	Change	Percent Change
Mobile Telecommunications Services	87,495	87,965	471	0.5%
Telecommunications Services (5G)	20,602	22,449	1,847	9.0%
Telecommunications Services (LTE (Xi))	57,771	56,985	(786)	(1.4)%
Telecommunications Services (FOMA)	9,122	8,532	(590)	(6.5)%
Plala (ISP)	3,733	3,685	(48)	(1.3)%
OCN (ISP)	7,301	7,350	49	0.7%
Hikari TV	884	857	(28)	(3.1)%

Note: The number of Mobile Telecommunications Services includes mobile line subscriptions of MVNOs and Communication Module subscriptions.

## Regional Communications Business Segment

Three-Month Period Ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(Billions of yen)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023	Change	Percent Change
Operating revenues	767.9	754.5	(13.5)	(1.8)%
Fixed voice related services	221.4	211.9	(9.5)	(4.3)%
IP/packet communications services	400.4	396.1	(4.4)	(1.1)%
Sales of telecommunications equipment	14.9	17.3	2.3	15.7%
System integration services	35.2	37.5	2.3	6.5%
Other	96.0	91.8	(4.2)	(4.3)%
Operating expenses	629.2	642.9	13.7	2.2%
Personnel expenses	163.8	162.5	(1.2)	(0.8)%
Expenses for purchase of goods and services and other expenses	331.4	349.7	18.2	5.5%
Depreciation and amortization	102.8	99.5	(3.4)	(3.3)%
Others	31.2	31.2	0.0	0.1%
Operating profit	138.7	111.6	(27.1)	(19.6)%

Operating revenues in the Regional Communications Business Segment for the three-month period ended June 30, 2023 decreased 1.8% from the same period of the previous fiscal year to ¥754.5 billion due to, among other factors, a decrease in fixed voice related services revenues.

On the other hand, operating expenses for the three-month period ended June 30, 2023 increased 2.2% from the same period of the previous fiscal year to ¥642.9 billion due to an increase in expenses, among other factors.

As a result, segment operating profit for the three-month period ended June 30, 2023 decreased 19.6% from the same period of the previous fiscal year to ¥111.6 billion.

## Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2023	As of June 30, 2023	Change	Percent Change
(NTT East)				
Telephone Subscriber Lines	6,142	6,035	(107)	(1.7)%
INS-Net	718	694	(24)	(3.4)%
FLET'S Hikari (including Hikari Collaboration Model)	13,326	13,350	24	0.2%
FLET'S ADSL	5	4	(1)	(18.8)%
Hikari Denwa (thousand channels)	10,058	10,001	(57)	(0.6)%
FLET'S TV Transmission Services	1,177	1,185	8	0.7%
(NTT West)				
Telephone Subscriber Lines	5,966	5,827	(139)	(2.3)%
INS-Net	716	690	(26)	(3.7)%
FLET'S Hikari (including Hikari Collaboration Model)	10,249	10,262	13	0.1%
FLET'S ADSL	53	48	(4)	(8.1)%
Hikari Denwa (thousand channels)	8,694	8,650	(44)	(0.5)%
FLET'S TV Transmission Services	888	898	10	1.1%

Notes: (1) The number of Telephone Subscriber Lines is the total of individual lines and central station lines (including the Subscriber Telephone Lite Plan).

(2) "INS-Net" includes "INS-Net 64" and "INS-Net 1500." In terms of the number of channels, transmission rate, and line use rate (base rate), "INS-Net 1500" is in all cases approximately 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) The number of "FLET'S Hikari (including Hikari Collaboration Model)" subscriptions includes subscriptions to "FLET'S Hikari Cross," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" "FLET'S Hikari WiFi Access" and "Hikari Denwa Next (Hikari IP Phone)" provided by NTT East, subscriptions to "FLET'S Hikari Cross," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "Hikari Denwa Next (IP Phone Services)" provided by NTT West and subscriptions 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

Three-Month Period Ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(Billions of yen)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023	Change	Percent Change
Operating revenues	969.0	1,015.0	46.0	4.7%
System integration services	968.6	1,015.0	46.4	4.8%
Other	0.4	—	(0.4)	(100.0)%
Operating expenses	905.5	956.7	51.1	5.6%
Personnel expenses	345.0	372.7	27.7	8.0%
Expenses for purchase of goods and services and other expenses	479.3	495.8	16.6	3.5%
Depreciation and amortization	77.2	80.7	3.5	4.6%
Others	4.0	7.4	3.4	83.1%
Operating profit	63.4	58.3	(5.1)	(8.1)%

Operating revenues in the Global Solutions Business Segment for the three-month period ended June 30, 2023 increased 4.7% from the same period of the previous fiscal year to ¥1,015.0 billion. This increase was due to, among other factors, increased capture of the demand for digitalization.

On the other hand, operating expenses for the three-month period ended June 30, 2023 increased 5.6% from the same period of the previous fiscal year to ¥956.7 billion due to, among other factors, an increase in revenue-linked expenses.

As a result, segment operating profit for the three-month period ended June 30, 2023 decreased 8.1% from the same period of the previous fiscal year to ¥58.3 billion.

Others (Real Estate, Energy and Others)

Three-Month Period Ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(Billions of yen)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023	Change	Percent Change
Operating revenues	362.3	356.6	(5.7)	(1.6)%
System integration services	13.8	15.7	1.8	13.3%
Other	348.5	340.9	(7.5)	(2.2)%
Operating expenses	340.4	343.5	3.1	0.9%
Personnel expenses	63.9	66.1	2.3	3.5%
Expenses for purchase of goods and services and other expenses	238.9	240.0	1.0	0.4%
Depreciation and amortization	31.9	31.7	(0.2)	(0.6)%
Others	5.7	5.6	(0.1)	(1.1)%
Operating profit	21.9	13.2	(8.7)	(39.9)%

Operating revenues in Others (Real Estate, Energy and Others) for the three-month period ended June 30, 2023 decreased 1.6% from the same period of the previous fiscal year to ¥356.6 billion due to, among other factors, a decrease in revenues from electricity billings in the energy business.

On the other hand, operating expenses for the three-month period ended June 30, 2023 increased 0.9% from the same period of the previous fiscal year to ¥343.5 billion due to, among other factors, an increase in personnel expenses.

As a result, segment operating profit for the three-month period ended June 30, 2023 decreased 39.9% from the same period of the previous fiscal year to ¥13.2 billion.

Beginning with the three-month period ended June 30, 2023, the accounting method for certain expense-related line items under “Others (Real Estate, Energy and Others)” and “Elimination of inter-segment transactions” has been revised. In connection with this change, segment information for the three-month period ended June 30, 2022 has been restated. (See “Note 6. Segment Information.”)

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

#### Cash Flows

	(Billions of yen)			
	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023	Change	Percent Change
Cash flows provided by operating activities	413.2	340.9	(72.3)	(17.5)%
Cash flows used in investing activities	(455.0)	(450.8)	4.2	0.9%
Cash flows provided by financing activities	103.5	311.1	207.5	200.4%
Cash and cash equivalents	924.7	1,017.9	93.2	10.1%

Cash flows provided by operating activities for the three-month period ended June 30, 2023 was ¥340.9 billion. This was primarily due to profit (loss) as adjusted for non-cash items (profit for the period, plus profit (loss) for non-cash items such as depreciation and losses on retirement of fixed assets) reaching ¥794.4 billion. In addition, this represented a decrease of ¥72.3 billion (17.5%) from the same period of the previous fiscal year.

Cash flows used in investing activities for the three-month period ended June 30, 2023 was ¥450.8 billion. This was primarily due to payments for acquisitions of property, plant and equipment, intangible assets and investment properties reaching ¥537.2 billion. In addition, this represented a decrease of ¥4.2 billion (0.9%) in payments from the same period of the previous fiscal year.

Cash flows provided by financing activities for the three-month period ended June 30, 2023 was ¥311.1 billion, which included dividend payments of ¥215.0 billion and income from borrowings of ¥590.4 billion. This represented an increase of ¥207.5 billion (200.4%) in income from the same period of the previous fiscal year due to, among other factors, an increase in proceeds from borrowings during the current period compared to the previous fiscal year period.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of June 30, 2023 was ¥1,017.9 billion, an increase of ¥224.0 billion (28.2%) from the end of the previous fiscal year.



## **Financial Position**

(Billions of yen)

	<b>As of March 31, 2023</b>	<b>As of June 30, 2023</b>	<b>Change</b>
Assets	25,308.9	26,131.1	822.2
Liabilities	15,958.2	16,343.7	385.5
(incl.) Interest-bearing debt	8,230.5	9,067.3	836.8
Equity	9,350.6	9,787.4	436.7
(incl.) Total NTT shareholders' equity	8,561.4	8,947.5	386.1

Assets as of June 30, 2023 increased by ¥822.2 billion from the end of the previous fiscal year to ¥26,131.1 billion, due to, among other factors, an increase in other current assets and an increase in other financial assets, partially offset by a decrease in the recovery of trade receivables from the end of the previous fiscal year.

Liabilities as of June 30, 2023 increased by ¥385.5 billion from the end of the previous fiscal year to ¥16,343.7 billion, due to an increase in borrowings for dividends and the payment of taxes, partially offset by a decrease in trade and other receivables. The balance of interest-bearing debt was ¥9,067.3 billion, an increase of ¥836.8 billion from ¥8,230.5 billion as of the end of the previous fiscal year.

Shareholders' equity as of June 30, 2023 increased by ¥386.1 billion from the end of the previous fiscal year to ¥8,947.5 billion, due to an increase in other comprehensive income and an increase in profit. The ratio of interest-bearing debt to shareholders' equity was 101.3% (compared to 96.1% 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 ¥436.7 billion from the end of the previous fiscal year to ¥9,787.4 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 three months ended June 30, 2023, and no new additional issues arose during the period. In addition, during the three months ended June 30, 2023, there were no material changes in NTT Group's management policies or strategies.

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

NTT's group-wide research and development expenses for the three months ended June 30, 2023 were ¥52.3 billion. There were no material changes in NTT's research and development activities during the three months ended June 30, 2023.

### **3. Material Contracts**

There were no material contracts relating to NTT's operations that were agreed upon or entered into during the three months ended June 30, 2023.

### 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

Note: On May 12, 2023, the Board of Directors approved a resolution to conduct a stock split and to partially amend the Articles of Incorporation in connection with the stock split. As a result of this stock split, the total number of authorized shares of the Company increased by 148,630,101,600 shares to 154,823,022,500 shares as of July 1, 2023, the effective date of the stock split.

###### Issued Shares

Class	Number of Shares Issued as of June 30, 2023 (shares)	Number of Shares Issued as of the Filing Date (shares) (August 10, 2023)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,622,012,656	90,550,316,400	Tokyo Stock Exchange (Prime Market)	The number of shares per one unit of shares is 100 shares
Total	3,622,012,656	90,550,316,400	—	—

Note: In accordance with a resolution authorized at a meeting of NTT's board of directors on May 12, 2023, NTT conducted a 25-for-1 stock split of its common stock, with an effective date of July 1, 2023. As a result of the stock split, the total number of shares outstanding increased by 86,928,303,744 shares to 90,550,316,400 shares.

##### (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)
April 1, 2023 - June 30, 2023	—	3,622,012,656	—	937,950	—	2,672,826

Note: Although NTT conducted a 25-for-1 stock split of its common stock with an effective date of July 1, 2023, the figures presented above represent information from prior to the stock split.

(5) Major Shareholders

Not applicable for the three months ended June 30, 2023.

(6) Information on Voting Rights

Issued Shares

As of June 30, 2023

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.)	211,594,400 shares of common stock	—	—
Shares with Full Voting Rights (Others)	3,405,146,000 shares of common stock	34,051,448	—
Shares Representing Less than One Unit	5,272,256 shares of common stock	—	—
Number of Issued Shares	3,622,012,656 shares of common stock	—	—
Total Number of Voting Rights	—	34,051,448	—

Note: 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 1,005,700 shares owned by BIP (Board Incentive Plan) Trust, and the number of shares in “Shares Representing Less Than One

Unit” includes 20 shares owned by BIP (Board Incentive Plan) Trust. “Number of Voting Rights” includes 10,057 voting rights associated with “Shares with Full Voting Rights” owned by BIP (Board Incentive Plan) Trust.

3. Although NTT conducted a 25-for-1 stock split of its common stock with an effective date of July 1 2023, the figures presented above represent information from prior to the stock split.

## Treasury Stock

As of June 30, 2023

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
(Treasury Stock) Nippon Telegraph and Telephone Corporation	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	211,594,400	—	211,594,400	5.8%
Total	—	211,594,400	—	211,594,400	5.8%

- 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” above.
2. Shares held by the BIP stock compensation trust are not included in the amounts of treasury stock listed above.
3. Although NTT conducted a 25-for-1 stock split of its common stock with an effective date of July 1 2023, the figures presented above represent information from prior to the stock split.

## 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 first quarter of the consolidated accounting period (from April 1, 2023 to June 30, 2023) 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 Statement of Financial Position】

Millions of yen			
	Notes	As of March 31, 2023	As of June 30, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		793,920	1,017,909
Trade and other receivables	13	4,186,375	3,876,566
Other financial assets	13	98,653	123,174
Inventories		517,409	558,601
Other current assets		919,016	1,270,627
Subtotal		6,515,373	6,846,877
Assets held for sale	7	139,495	121,109
Total current assets		6,654,868	6,967,986
<b>Non-current assets</b>			
Property, plant and equipment	8	9,717,103	9,782,134
Right-of-use asset		718,531	744,952
Goodwill		1,283,448	1,389,850
Intangible assets		2,122,874	2,133,680
Investment property		1,242,591	1,258,167
Investments accounted for using the equity method		446,569	421,136
Other financial assets	13	1,241,331	1,571,377
Deferred tax assets		940,196	902,799
Other non-current assets		941,340	958,969
Total non-current assets		18,653,983	19,163,064
Total assets		25,308,851	26,131,050



Millions of yen

	Notes	As of March 31, 2023	As of June 30, 2023
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	9,13	1,840,381	2,620,975
Trade and other payables		2,807,286	2,512,625
Lease liabilities		205,074	205,177
Other financial liabilities	13	30,200	43,157
Accrued payroll		567,166	448,601
Income taxes payables		243,306	165,349
Other current liabilities		1,143,518	1,182,800
SubTotal		6,836,931	7,178,684
Liabilities directly associated with assets held for sale	7	3,055	3,959
Total current liabilities		6,839,986	7,182,643
<b>Non-current liabilities</b>			
Long-term borrowings	9,13	6,390,155	6,446,321
Lease liabilities		714,923	734,512
Other financial liabilities	13	148,431	129,505
Defined benefit liabilities		1,362,262	1,366,485
Deferred tax liabilities		143,326	153,199
Other non-current liabilities		359,141	331,019
Total non-current liabilities		9,118,238	9,161,041
Total liabilities		15,958,224	16,343,684
<b>Equity</b>			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	10	937,950	937,950
Retained earnings	10	8,150,117	8,316,304
Treasury stock	10	(737,290)	(737,504)
Other components of equity	10	210,576	430,730
Total NTT shareholders’ equity		8,561,353	8,947,480
Non-controlling interests		789,274	839,886
Total equity		9,350,627	9,787,366
Total liabilities and equity		25,308,851	26,131,050

(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】

Millions of yen except per share data

	Notes	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023
<b>Operating revenues</b>	6,11	3,068,871	3,111,073
<b>Operating expenses</b>			
Personnel expenses		674,709	705,114
Expenses for purchase of goods and services and other expenses		1,443,663	1,473,580
Depreciation and amortization		389,642	396,147
Loss on disposal of property, plant and equipment and intangible assets		21,560	25,393
Impairment losses		311	165
Taxes and dues		35,634	36,024
Total operating expenses		2,565,519	2,636,423
<b>Operating profit</b>	6	503,352	474,650
Finance income	12	29,048	126,795
Finance costs		16,312	31,074
Share of profit (loss) of entities accounted for using the equity method		9,449	7,165
<b>Profit before taxes</b>		525,537	577,536
Income taxes		135,255	187,371
<b>Profit</b>		390,282	390,165
<b>Profit attributable to NTT</b>		368,570	375,775
Profit attributable to Non-controlling interests		21,712	14,390
Earnings per share attributable to NTT			
Basic earnings per share (yen) <sup>※</sup>		4.16	4.41

\* "Basic earnings per share " figures for the three months ended June 30, 2022 and 2023 have been adjusted to reflect the 25-for-1 stock split carried out on July 1, 2023. Additional information for the stock split is described in “Note 10. Equity and Other Equity Items (1) Issued Shares and Treasury Stock.”.

【Condensed Quarterly Consolidated Statements of Comprehensive Income】

		Millions of yen	
	Notes	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023
<b>Profit</b>		390,282	390,165
<b>Other comprehensive income (net of tax)</b>	10		
<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		(16,594)	97,003
Share of other comprehensive income of entities accounted for using the equity method		92	(1,758)
Remeasurements of defined benefit plans		(126)	463
Total of items that will not be reclassified to profit or loss		(16,628)	95,708
<b>Items that may be reclassified to profit or loss</b>			
Cash flow hedges		(21,557)	(21,863)
Hedges cost		(19,003)	3,887
Foreign currency translation adjustments		170,495	183,096
Share of other comprehensive income of entities accounted for using the equity method		6,223	5,459
Total of items that may be reclassified to profit or loss		136,158	170,579
<b>Total other comprehensive income (net of tax)</b>		119,530	266,287
<b>Total comprehensive income</b>		509,812	656,452
<b>Comprehensive income attributable to NTT</b>	10	452,072	597,851
Comprehensive income attributable to Non-controlling interests	10	57,740	58,601

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

【Three Months Ended June 30, 2022】

Millions of yen									
		NTT Shareholders' Equity						Non—	Total equity
	Notes	Common stock	Additional paid—in capital	Retained earnings	Treasury stock	Other equity components	Total	controlling interests	
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		—	—	368,570	—	—	368,570	21,712	390,282
Other comprehensive income	10	—	—	—	—	83,502	83,502	36,028	119,530
Total comprehensive income		—	—	368,570	—	83,502	452,072	57,740	509,812
Transactions with owners and other transactions									
Dividends of surplus	10	—	—	(212,551)	—	—	(212,551)	(10,719)	(223,270)
Transfer to retained earnings	10	—	7,614	(7,154)	—	(460)	—	—	—
Purchase and disposal of treasury stock	10	—	1	—	(23)	—	(22)	—	(22)
Changes in ownership interest in subsidiaries without loss of control		—	(389)	—	—	—	(389)	(3,294)	(3,683)
Share-based compensation transactions		—	(8,072)	—	—	—	(8,072)	12	(8,060)
Put options granted to non-controlling interests	10	—	1,323	—	—	—	1,323	1,096	2,419
Other		—	(477)	—	—	—	(477)	(402)	(879)
Total Transactions with owners and other transactions		—	—	(219,705)	(23)	(460)	(220,188)	(13,307)	(233,495)
As of June 30, 2022		937,950	—	7,442,780	(226,482)	360,092	8,514,340	780,109	9,294,449

【Three Months Ended June 30, 2023】

Millions of yen

	Notes	NTT Shareholders' Equity						Non-controlling interests	Total equity
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other equity components	Total		
As of March 31, 2023		937,950	—	8,150,117	(737,290)	210,576	8,561,353	789,274	9,350,627
Comprehensive income									
Profit		—	—	375,775	—	—	375,775	14,390	390,165
Other comprehensive income	10	—	—	—	—	222,076	222,076	44,211	266,287
Total comprehensive income		—	—	375,775	—	222,076	597,851	58,601	656,452
Transactions with owners and other transactions									
Dividends of surplus	10	—	—	(204,629)	—	—	(204,629)	(10,586)	(215,215)
Transfer to retained earnings	10	—	6,548	(4,626)	—	(1,922)	—	—	—
Purchase and disposal of treasury stock	10	—	8	—	(214)	—	(206)	—	(206)
Changes in ownership interest in subsidiaries without loss of control		—	(197)	—	—	—	(197)	4,878	4,681
Share-based compensation transactions		—	(5,778)	—	—	—	(5,778)	(1,797)	(7,575)
Put options granted to non-controlling interests	10	—	441	—	—	—	441	133	574
Other		—	(1,022)	(333)	—	—	(1,355)	(617)	(1,972)
Total Transactions with owners and other transactions		—	—	(209,588)	(214)	(1,922)	(211,724)	(7,989)	(219,713)
As of June 30, 2023		937,950	—	8,316,304	(737,504)	430,730	8,947,480	839,886	9,787,366

**(4) 【Condensed Quarterly Consolidated Statements of Cash Flows】**

Millions of yen

	Notes	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023
<b>Cash flows from operating activities</b>			
Profit		390,282	390,165
Depreciation and amortization		389,642	396,147
Impairment losses		311	165
Share of loss (profit) of entities accounted for using the equity method		(9,449)	(7,165)
Losses on retirement of property, plant and equipment and intangible assets		10,953	15,104
Gain on sales of property, plant and equipment and intangible assets		(4,655)	(851)
Income taxes		135,255	187,371
Decrease (increase) in trade and other receivables		311,561	377,886
Decrease (increase) in inventories		(16,613)	(44,427)
Decrease (increase) in other current assets		(102,318)	(76,497)
Increase (decrease) in trade and other payables / accrued payroll		(84,757)	(246,004)
Increase (decrease) in other current liabilities		(88,341)	14,260
Increase (decrease) in defined benefit liabilities		2,273	3,234
Increase (decrease) in other non-current liabilities		(10,918)	(32,366)
Other, net		(73,083)	(182,224)
Sub-total		850,143	794,798
Interest and dividends received		34,357	39,569
Interest paid		(15,431)	(23,129)
Income taxes paid		(455,902)	(470,362)
Net cash provided by (used in) operating activities		413,167	340,876
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment, intangible assets and investment property		(526,691)	(537,194)
Proceeds from government grants		6,695	1,048
Purchase of investments		(17,734)	(27,017)
Proceeds from sale or redemption of investments	12	20,154	96,641
Proceeds from loss of control of subsidiaries		49,465	—
Acquisition of subsidiaries, net of cash acquired		(14,652)	(993)
Net decrease (increase) loan receivable		20,295	(569)
Other, net		7,502	17,312
Net cash provided by (used in) investing activities		(454,966)	(450,772)
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings		398,489	685,931
Proceeds from increases in long-term borrowings	9	159,532	3,130
Repayment of long-term borrowings	9	(167,519)	(98,684)
Repayment of lease liabilities		(61,000)	(63,215)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(3,058)	(2,189)
Dividends paid	10	(212,551)	(204,629)
Dividends paid to non-controlling interests		(10,532)	(10,405)
Purchase and sale of treasury stock		(82)	(182)
Other, net		270	1,308
Net cash provided by (used in) financing activities		103,549	311,065
Effect of exchange rate change on cash and cash equivalents		28,413	22,820
Net increase (decrease) in cash and cash equivalents		90,163	223,989

	Millions of yen	
	Notes	Three Months Ended June 30, 2023
	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023
Cash and cash equivalents at the beginning of the year	834,564	793,920
Cash and cash equivalents at the end of the period	924,727	1,017,909

## **【Notes to Condensed Consolidated Financial Statement】**

### **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 Accounting**

#### **(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 August 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, 2023.

#### **(2) 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. Material 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, 2023, other than as described below.

#### Amendments to IAS 12 (Income Taxes)

Beginning with the three months ended June 30, 2023, NTT Group has adopted the amendments to IAS 12 (Income Taxes), which clarify the accounting treatment of deferred tax related to assets and liabilities arising from a single transaction. The adoption of this standard did not have a material effect on the condensed quarterly consolidated financial statements.

### **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, 2023.

### **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

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:

(Millions of yen)

	Three Months Ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Integrated ICT Business		
Transactions with external customers	1,354,975	1,384,663
Inter-segment transactions	66,816	73,111
Subtotal	1,421,791	1,457,774
Regional Communications Business		
Transactions with external customers	595,974	587,644
Inter-segment transactions	171,954	166,818
Subtotal	767,928	754,462
Global Solutions Business		
Transactions with external customers	925,632	965,841
Inter-segment transactions	43,350	49,114
Subtotal	968,982	1,014,955
Others (Real Estate, Energy and Others)		
Transactions with external customers	192,290	172,925
Inter-segment transactions	170,003	183,689
Subtotal	362,293	356,614
Elimination of inter-segment transactions	(452,123)	(472,732)
Total	3,068,871	3,111,073

Segment profit or loss

(Millions of yen)

	Three Months Ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Segment profit		
Integrated ICT Business	283,727	292,699
Regional Communications Business	138,707	111,561
Global Solutions Business	63,446	58,304
Others (Real Estate, Energy and Others)	21,892	13,163
Total	507,772	475,727
Elimination of inter-segment transactions	(4,420)	(1,077)
Operating profit	503,352	474,650
Finance income	29,048	126,795
Finance costs	16,312	31,074
Share of profit of entities accounted for using equity method	9,449	7,165
Profit before taxes	525,537	577,536

Beginning with the three months ended June 30, 2023, the accounting method for certain expense-related line items under “Others (Real Estate, Energy and Others)” and “Elimination of inter-segment transactions” has been revised for the purpose of managing business performance more appropriately. In connection with this change, segment information for the three months ended June 30, 2022 has been restated.

In the first 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. 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 is proceeding with the sell of the telecommunications towers to JTOWER during the fiscal years covering the period from April 1, 2022 to 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 the 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 network operations.

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

The assets related to the transfer of 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 March 31, 2023 and June 30, 2023. The classes of these assets are mainly property, plant and equipment, and the carrying amount of March 31, 2023 and June 30, 2023 was ¥89,688 million and ¥58,448 million. The amount of these assets held for sale is measured at its carrying amount or its fair value less costs of disposal, whichever is lower.

The impact of the these accounting treatments on NTT’s condensed quarterly consolidated statements 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 (currently NTT DATA Group), NTT, Inc. (currently NTT DATA, Inc.) and NTT Ltd., which have commenced operations as a single group.

NTT Group plans to sell portions of its shares of its data center holding company across North America, and classified such shares as assets held for sale. As a result of its business combination, NTT DATA Group now holds such data center holding company shares of NTT Ltd.

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

As of March 31, 2023 and June 30, 2023, assets related to the sale of shares of the data center holding company and liabilities directly associated with the assets, which were included in the Global Solutions Business Segment, were classified as assets held for sale and as liabilities directly associated with assets held for sale until the completion of the share transfer. The amounts of these assets and liabilities are measured at their 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.

As of March 31, 2023

		(Millions of yen)	
Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Cash and cash equivalents	¥ 1,697	Trade and other payables	¥ 1,883
Trade and other receivables	2,519	Long-term borrowings	13,354
Inventories	12	Other	1,156
Property, plant and equipment	40,626		
Other	188		
Total	¥ 45,042	Total	¥ 16,393

Amounts in the table above represent the figures before elimination of intercompany transactions. Intercompany transactions with consolidated subsidiaries consisted of Long-term borrowings that amounted to ¥13,354 million.

As of June 30, 2023

(Millions of yen)

Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Cash and cash equivalents	¥ 354	Trade and other payables	¥ 2,842
Trade and other receivables	3,827	Long-term borrowings	14,499
Inventories	13	Other	1,117
Property, plant and equipment	49,289		
Right-of-use asset	1		
Other	634		
Total	¥ 54,118	Total	¥ 18,458

Amounts in the table above represent the figures before elimination of intercompany transactions. Intercompany transactions with consolidated subsidiaries consisted of Long-term borrowings that amounted to ¥14,499 million.

## 8. Property, Plant and Equipment

### Component of Property, plant and equipment

	Millions of yen	
	As of March 31, 2023	As of June 30, 2023
Telecommunications equipment	¥11,081,055	¥11,111,717
Telecommunications service lines	16,962,569	16,991,602
Buildings and structures	5,880,467	5,939,639
Machinery, tools and fixtures	2,897,348	2,998,291
Land	779,210	791,459
Construction in progress	661,315	685,617
Subtotal	38,261,964	38,518,325
Accumulated depreciation and impairment losses	(28,544,861)	(28,736,191)
Property, plant and equipment - total	¥9,717,103	¥9,782,134

## 9. Corporate Bonds

### Details of corporate bonds transactions

Three Months Ended June 30, 2022 (April 1, 2022 to June 30, 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

Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT DATA Corporation	27th series of bonds	¥25,000 million	0.90%	June 14, 2013	June 20, 2023
Redemption	NTT Finance Corporation	14th series of bonds (Green bond)	¥40,000 million	0.001%	June 25, 2020	June 20, 2023
Redemption	NTT Finance Corporation	13th series of Euro-denominated bonds	€ 100 million	0.26%	June 25, 2019	June 26, 2023
Issuance	minacolor, Inc.	3rd series of convertible-bonds (Subordinated bond)	¥217 million	—	June 16, 2023	October 29, 2031

## 10. 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, 2022	3,622,012,656	79,490,430
Purchase of treasury stock under resolution of the board of directors	—	131,851,800
Repurchase of shares based on less-than-one-unit share purchase demand	—	192,326
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(10,248)
As of March 31, 2023	3,622,012,656	211,524,308
Repurchase of shares based on less-than-one-unit share purchase demand	—	85,112
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(14,928)
As of June 30, 2023	3,622,012,656	211,594,492

In addition to the above, 1,005,720 shares held by the BIP trust are recorded as “treasury stock” in Condensed Quarterly Consolidated Statements of Financial Position.

#### Stock Split

NTT conducted a 25-for-1 stock split of its common stock, with a record date of June 30, 2023 and an effective date of July 1, 2023 based on the resolution at a meeting of board of directors on May 12, 2023. Per share information for the three months ended June 30, 2022 and 2023 reflects the impact of the stock split.

#### 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 repurchased amount (million yen)	Status of repurchase
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	From December 2022 to March 2023	38,926,400	150,000	Concluded
August 9, 2023	From August 10, 2023 to March 29, 2024	1,400	200,000	—	—	—	—

## **(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 ¥24,581 million and ¥24,507 million, respectively, as at the end of the fiscal year ended March 31, 2023, and the three months ended June 30, 2023.

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

The details and changes in other components of equity

Three Months Ended June 30, 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	(12,858)	(21,768)	(18,828)	(7)	136,963	83,502
Transfer to retained earnings	(467)	—	—	7	—	(460)
As of June 30, 2022	139,376	(81,876)	(20,591)	—	323,183	360,092

Three Months Ended June 30, 2023

(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, 2023	52,832	(94,019)	(10,339)	—	262,102	210,576
Other comprehensive income	92,930	(22,170)	3,896	(603)	148,023	222,076
Transfer to retained earnings	(2,525)	—	—	603	—	(1,922)
As of June 30, 2023	143,237	(116,189)	(6,443)	—	410,125	430,730



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

##### Matters Concerning Dividends

The amount of dividends paid out in the three months ended June 30, 2022 and the three months ended June 30, 2023.

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
June 24, 2022 Ordinary General Meeting of Shareholders <sup>*1</sup>	Common shares	Retained earnings	212,551	60	March 31, 2022	June 27, 2022
June 22, 2023 Ordinary General Meeting of Shareholders <sup>*2</sup>	Common shares	Retained earnings	204,629	60	March 31, 2023	June 23, 2023

\*1 Total dividend includes the dividend of ¥65 million for the Company's shares held by the BIP trust.

\*2 Total dividend includes the dividend of ¥62 million for the Company's shares held by the BIP trust.

#### **(5) 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.

## 11. Operating Revenues

### Relationship between Components of Revenues and Segment Revenues

Three Months Ended June 30, 2022 (April 1, 2022 to June 30, 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	¥36,465	¥183,334	¥—	¥—	¥219,799
	Mobile voice related services	265,196	—	—	—	265,196
	IP/packet communications services	561,572	289,880	—	—	851,452
	Sales of telecommunications equipment	145,164	14,914	—	—	160,078
	System integration services	89,748	30,756	925,601	8,400	1,054,505
	Other services	256,830	77,090	31	183,890	517,841
	Total	¥1,354,975	¥595,974	¥925,632	¥192,290	¥3,068,871

Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(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	¥31,440	¥173,614	¥—	¥—	¥205,054
	Mobile voice related services	248,720	—	—	—	248,720
	IP/packet communications services	570,009	288,205	—	—	858,214
	Sales of telecommunications equipment	153,034	17,245	—	—	170,279
	System integration services	97,272	33,351	965,841	9,108	1,105,572
	Other services	284,188	75,229	—	163,817	523,234
	Total	¥1,384,663	¥587,644	¥965,841	¥172,925	¥3,111,073

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.

## 12. Finance Income

### Sale of a Portion of Internet Initiative Japan Inc. Common Stock

NTT sold a portion of its Internet Initiative Japan Inc. common stock for a total amount of ¥77.2 billion during the three months ended June 30, 2023. During the three months ended June 30, 2023, NTT Group recorded ¥55.2 billion of finance income as a result of this sale, and also recorded ¥43.9 billion of finance income as the fair value assessment of its remaining interest in the company due to the discontinuation of the application of the equity method for the company.

## 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, 2024, and transferred such rights on June 29, 2023, during the three months ended June 30, 2023.

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, 2023 and the three months ended June 30, 2023, 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, 2023 and June 30, 2023 was ¥58,920 million and ¥62,663 million, respectively.

The fair value of the derecognized assets as of March 31, 2023 and June 30, 2023 is same as its book value.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2023 and June 30, 2023 was ¥58,920 million and ¥62,663 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 the three months ended June 30, 2022 and the three months ended June 30, 2023 were immaterial.

The largest transfer transactions during the three months ended June 30, 2022 and the three months ended June 30, 2023 occurred on June 29, 2022 and June 29, 2023, respectively. The amounts of credit card receivables that were derecognized are ¥538,940 million and ¥632,960 million, respectively, and the consideration received for transferred assets was ¥485,041 million and ¥569,672 million.

No credit losses were incurred in the three months ended June 30, 2022 or in the three months ended June 30, 2023.

#### Telecommunications terminal equipment installment sales receivables

In the fiscal year ended March 31, 2023, 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 March 30, 2023.

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 2023, 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 the rights to receive cash flows for the mezzanine portion as of March 31, 2023 and June 30, 2023 were ¥51,945 million and ¥42,947 million, respectively. The fair value of the derecognized assets as of March 31, 2023 and June 30, 2023 is same as its book value.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2023 and June 30, 2023 was ¥51,945 million and ¥42,947 million, respectively, which represents the total amount of the rights to receive cash flows for the mezzanine portion.

There were no transfers of financial assets to third parties during the three months ended June 30, 2022 or the three months ended June 30, 2023.

No credit losses were incurred in the three months ended June 30, 2022 or in the three months ended June 30, 2023.

## (2) Fair Value of Financial Instruments

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

(Millions of yen)

	As of March 31, 2023		As of June 30, 2023	
	Carrying amount	Fair Value	Carrying amount	Fair value
Long-term borrowings (including current portion or balance due within 1 year)	6,972,397	6,742,667	7,064,139	6,805,660

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, 2023.

(ii) Fair Value Measurement

Assets and liabilities measured at fair value

As of March 31, 2023

(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	—	11,604	56,654	68,258
Derivatives financial assets				
Applied hedge accounting	—	129,480	—	129,480
Not applied hedge accounting	—	1,394	—	1,394
Financial assets measured at fair value through other comprehensive income				
Equity securities	652,346	—	101,198	753,544
Total	652,346	142,478	157,852	952,676
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	—	24,949	—	24,949
Not applied hedge accounting	—	2,265	—	2,265
Total	—	27,214	—	27,214

As of June 30, 2023

(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	—	13,061	59,714	72,775
Derivatives financial assets				
Applied hedge accounting	—	236,253	—	236,253
Not applied hedge accounting	—	688	—	688
Financial assets measured at fair value through other comprehensive income				
Equity securities	835,312	—	105,242	940,554
Total	835,312	250,002	164,956	1,250,270
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	—	2,093	—	2,093
Not applied hedge accounting	—	6,625	—	6,625
Total	—	8,718	—	8,718

1. In the three months ended June 30, 2023, 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 three months ended June 30, 2023.

The valuation techniques to measure fair value of financial instruments are consistent with those applied in the consolidated financial statements for the fiscal year ended March 31, 2023.

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

## 14. Subsequent Events

### Stock Split

The stock split is described in “Note 10. Equity and Other Equity Items (1) Issued Shares and Treasury Stock.”

### Issuance of corporate bonds (Green bond)

On July 21, 2023, NTT group issued corporate bonds (Green bond) totaling ¥380,000 million in the domestic market.

### Completion of Acquisition of Shares of Green Power Investment Corporation, a renewable energy power generation company, and Other Businesses

In connection with the share purchase agreement executed on May 18, 2023, on August 3, 2023, NTT Anode Energy Corporation (“NTT Anode Energy”) and JERA Co., Inc. completed the acquisition of the shares of Green Power Investment Corporation (“GPI”) and other businesses held by American renewable energy company Pattern Energy Group LP, and GPI became a subsidiary of NTT Anode Energy. The purchase price totaled ¥256.0 billion, and the form of consideration was cash. Detailed information is not being disclosed as the initial accounting treatment for the business combination has not yet been completed at this time.

### The Company’s repurchase of treasury stock and resolution

The Company’s repurchase of treasury stock is described in “Note 10. Equity and Other Equity Items, (1) Issued Shares and Treasury stock”