

[Translation]

Quarterly Securities Report

(The Third Quarter of the 39th Business Term)
From October 1, 2023 to December 31, 2023

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

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[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, 2023, which NTT filed on February 9, 2024 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]

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Part I Information on the Company

Item 1. Overview of the Company

1. Selected Financial Data

		Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Fiscal year ended March 31, 2023
Operating revenues [Three months ended December 31]	Millions of yen	9,572,594 [3,286,417]	9,716,856 [3,352,286]	13,136,194
Profit before taxes	Millions of yen	1,529,910	1,556,842	1,817,679
Profit attributable to NTT [Three months ended December 31]	Millions of yen	1,032,527 [335,920]	1,011,115 [340,271]	1,213,116
Comprehensive income (loss) attributable to NTT	Millions of yen	991,576	1,301,621	1,270,639
NTT shareholders' equity	Millions of yen	8,425,230	9,234,156	8,561,353
Total assets	Millions of yen	25,156,070	27,244,710	25,308,851
Basic earnings per share attributable to NTT [Three months ended December 31]	Yen	11.78 [3.90]	11.89 [4.02]	13.92
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	33.5	33.9	33.8
Cash flows from operating activities	Millions of yen	1,135,756	1,432,555	2,261,013
Cash flows from investing activities	Millions of yen	(1,296,527)	(1,628,263)	(1,736,912)
Cash flows from financing activities	Millions of yen	125,526	327,089	(590,197)
Cash and cash equivalents at end of period	Millions of yen	821,832	945,045	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, 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 nine and three months ended December 31, 2022, the fiscal year ended March 31, 2023, the nine and three months ended December 31, 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 nine months ended December 31, 2023.

NTT's publicly listed subsidiary, NTT DATA Corporation (NTT DATA), transitioned to a holding company structure on July 1, 2023, pursuant to an absorption-type company split agreement (the "Absorption-Type Company Split Agreement") regarding NTT DATA's domestic business, which was approved at NTT DATA's ordinary general meeting of shareholders on June 20, 2023, and the rights and obligations in the domestic business held by NTT DATA, as defined in the Absorption-Type Company Split Agreement, have been transferred to its wholly-owned subsidiary, NTT DATA Japan Preparation Corporation. As of the same date, the trade name of NTT DATA Corporation was changed to "NTT DATA Group Corporation" and the trade name of NTT DATA Japan Preparation Corporation was changed to "NTT DATA Japan Corporation." As a result, NTT DATA Japan Corporation became a significant affiliated company within the Global Solutions Business Segment.

Item 2. Business Overview

1. Risk Factors

There were no risks newly identified during the nine months ended December 31, 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

Nine-Month Period Ended December 31, 2023 (April 1, 2023 – December 31, 2023)

	(Billions of yen)			
	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Change	Percent Change
Operating revenues	9,572.6	9,716.9	144.3	1.5%
Fixed voice related services	658.0	608.6	(49.4)	(7.5)%
Mobile voice related services	790.0	742.2	(47.8)	(6.0)%
IP/packet communications services	2,579.6	2,588.3	8.7	0.3%
Sales of telecommunications equipment	530.8	625.8	95.0	17.9%
System integration services	3,291.6	3,500.2	208.7	6.3%
Other	1,722.7	1,651.8	(70.9)	(4.1)%
Operating expenses	8,051.8	8,230.7	178.9	2.2%
Personnel expenses	2,061.6	2,174.5	112.9	5.5%
Expenses for purchase of goods and services and other expenses	4,643.4	4,677.6	34.2	0.7%
Depreciation and amortization	1,176.7	1,201.9	25.2	2.1%
Others	170.1	176.7	6.6	3.9%
Operating profit	1,520.8	1,486.2	(34.6)	(2.3)%
Profit before taxes	1,529.9	1,556.8	26.9	1.8%
Profit attributable to NTT	1,032.5	1,011.1	(21.4)	(2.1)%

During the nine months ended December 31, 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 nine-month period ended December 31, 2023 were ¥9,716.9 billion (an increase of 1.5% from the same period of the previous fiscal year), consolidated operating expenses were ¥8,230.7 billion (an increase of 2.2% from the same period of the previous fiscal year), consolidated operating profit was ¥1,486.2 billion (a decrease of 2.3% from the same period of the previous fiscal year), profit before taxes was ¥1,556.8 billion (an increase of 1.8% from the same period of the

previous fiscal year), and profit attributable to NTT was ¥1,011.1 billion (a decrease of 2.1% 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 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, 2023 (April 1, 2023 – December 31, 2023)

(Billions of yen)

	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Change	Percent Change
Operating revenues	4,424.4	4,518.8	94.5	2.1%
Fixed voice related services	132.7	111.1	(21.6)	(16.3)%
Mobile voice related services	796.0	747.5	(48.5)	(6.1)%
IP/packet communications services	1,717.8	1,729.1	11.3	0.7%
Sales of telecommunications equipment	480.8	572.9	92.0	19.1%
System integration services	415.1	449.8	34.7	8.4%
Other	882.0	908.5	26.5	3.0%
Operating expenses	3,535.6	3,616.6	81.0	2.3%
Personnel expenses	360.7	376.6	15.9	4.4%
Expenses for purchase of goods and services and other expenses	2,543.4	2,588.6	45.2	1.8%
Depreciation and amortization	584.6	601.6	17.1	2.9%
Others	46.9	49.7	2.8	6.0%
Operating profit	888.8	902.2	13.5	1.5%

Operating revenues for the Integrated ICT Business Segment for the nine-month period ended December 31, 2023 increased 2.1% from the same period of the previous fiscal year to ¥4,518.8 billion. This increase was due to, among other factors, an increase in revenues from Sales of telecommunications equipment and System integration services revenues.

On the other hand, operating expenses for the nine-month period ended December 31, 2023 increased 2.3% from the same period of the previous fiscal year to ¥3,616.6 billion due to an increase in expenses, among other factors.

As a result, segment operating profit for the nine-month period ended December 31, 2023 increased 1.5% from the same period of the previous fiscal year to ¥902.2 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2023	As of December 31, 2023	Change	Percent Change
Mobile Telecommunications Services	87,495	89,180	1,685	1.9%
Telecommunications Services (5G)	20,602	27,214	6,612	32.1%
Telecommunications Services (LTE (Xi))	57,771	54,355	(3,417)	(5.9)%
Telecommunications Services (FOMA (3G))	9,122	7,611	(1,511)	(16.6)%
Plala (ISP)	3,733	2,858	(876)	(23.5)%
OCN (ISP)	7,301	7,138	(163)	(2.2)%
Hikari TV	884	785	(100)	(11.3)%

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

Regional Communications Business Segment

Nine-Month Period Ended December 31, 2023 (April 1, 2023 – December 31, 2023)

(Billions of yen)

	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Change	Percent Change
Operating revenues	2,330.0	2,306.2	(23.7)	(1.0)%
Fixed voice related services	659.1	629.8	(29.2)	(4.4)%
IP/packet communications services	1,202.6	1,189.1	(13.6)	(1.1)%
Sales of telecommunications equipment	50.5	54.1	3.7	7.3%
System integration services	125.6	145.3	19.7	15.7%
Other	292.2	288.0	(4.2)	(1.5)%
Operating expenses	1,943.3	1,966.7	23.4	1.2%
Personnel expenses	486.6	482.1	(4.5)	(0.9)%
Expenses for purchase of goods and services and other expenses	1,051.1	1,082.2	31.1	3.0%
Depreciation and amortization	311.5	303.8	(7.8)	(2.5)%
Others	94.1	98.6	4.5	4.8%
Operating profit	386.6	339.6	(47.1)	(12.2)%

Operating revenues in the Regional Communications Business Segment for the nine-month period ended December 31, 2023 decreased 1.0% from the same period of the previous fiscal year to ¥2,306.2 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, 2023 increased 1.2% from the same period of the previous fiscal year to ¥1,966.7 billion due to an increase in expenses, among other factors.

As a result, segment operating profit for the nine-month period ended December 31, 2023 decreased 12.2% from the same period of the previous fiscal year to ¥339.6 billion.

Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2023	As of December 31, 2023	Change	Percent Change
(NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION ("NTT East"))				
Telephone Subscriber Lines	6,142	5,839	(303)	(4.9)%
INS-Net	718	648	(70)	(9.7)%
FLET'S Hikari (including Hikari Collaboration Model)	13,326	13,374	48	0.4%
FLET'S ADSL	5	3	(2)	(31.8)%
Hikari Denwa (thousand channels)	10,058	9,893	(164)	(1.6)%
FLET'S TV Transmission Services	1,177	1,198	21	1.8%
(NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION ("NTT West"))				
Telephone Subscriber Lines	5,966	5,599	(367)	(6.2)%
INS-Net	716	643	(73)	(10.2)%
FLET'S Hikari (including Hikari Collaboration Model)	10,249	10,288	39	0.4%
FLET'S ADSL	53	44	(8)	(15.8)%
Hikari Denwa (thousand channels)	8,694	8,573	(121)	(1.4)%
FLET'S TV Transmission Services	888	919	31	3.5%

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

(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) The 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," "FLET'S Hikari WiFi Access" and "Hikari Denwa Next (Hikari IP Phone)" provided by NTT East, subscribers to "FLET'S Hikari Cross," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "Hikari Denwa Next (Hikari IP Phone)" 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, 2023 (April 1, 2023 – December 31, 2023)

(Billions of yen)

	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Change	Percent Change
Operating revenues	3,007.6	3,176.2	168.5	5.6%
System integration services	3,007.6	3,176.2	168.5	5.6%
Operating expenses	2,817.7	2,979.1	161.4	5.7%
Personnel expenses	1,083.3	1,172.6	89.3	8.2%
Expenses for purchase of goods and services and other expenses	1,485.3	1,540.8	55.5	3.7%
Depreciation and amortization	233.7	249.4	15.7	6.7%
Others	15.4	16.3	1.0	6.5%
Operating profit	190.0	197.1	7.1	3.7%

Operating revenues in the Global Solutions Business Segment for the nine-month period ended December 31, 2023 increased 5.6% from the same period of the previous fiscal year to ¥3,176.2 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, 2023 increased 5.7% from the same period of the previous fiscal year to ¥2,979.1 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, 2023 increased 3.7% from the same period of the previous fiscal year to ¥197.1 billion.

Others (Real Estate, Energy and Others)

Nine-Month Period Ended December 31, 2023 (April 1, 2023 – December 31, 2023)

(Billions of yen)

	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Change	Percent Change
Operating revenues	1,210.7	1,123.1	(87.6)	(7.2)%
System integration services	41.1	44.1	3.0	7.4%
Other	1,169.7	1,079.0	(90.6)	(7.7)%
Operating expenses	1,140.9	1,067.7	(73.2)	(6.4)%
Personnel expenses	194.1	200.4	6.3	3.3%
Expenses for purchase of goods and services and other expenses	833.6	753.6	(80.0)	(9.6)%
Depreciation and amortization	95.0	95.9	0.8	0.9%
Others	18.1	17.8	(0.4)	(1.9)%
Operating profit	69.8	55.4	(14.4)	(20.7)%

Operating revenues in Others (Real Estate, Energy and Others) for the nine-month period ended December 31, 2023 decreased 7.2% from the same period of the previous fiscal year to ¥1,123.1 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 nine-month period ended December 31, 2023 decreased 6.4% from the same period of the previous fiscal year to ¥1,067.7 billion due to, among other factors, a decrease in revenue-linked expenses.

As a result, segment operating profit for the nine-month period ended December 31, 2023 decreased 20.7% from the same period of the previous fiscal year to ¥55.4 billion.

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 nine-month period ended December 31, 2022 has been restated. (See “Note 6. Segment Information.”)

(3) Analysis of Cash Flows and Financial Position

Cash Flows

(Billions of yen)

	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Change	Percent Change
Cash flows provided by operating activities	1,135.8	1,432.6	296.8	26.1%
Cash flows provided by operating activities (excluding the impact of non-business days ⁽¹⁾ (⁽²⁾)	1,359.8	1,648.5	288.7	21.2%
Cash flows used in investing activities	(1,296.5)	(1,628.3)	(331.7)	(25.6)%
Cash flows provided by financing activities	125.5	327.1	201.6	160.6%
Cash and cash equivalents	821.8	945.0	123.2	15.0%
Cash and cash equivalents (excluding the impact of non-business days ⁽¹⁾ (⁽²⁾)	1,045.9	1,161.0	115.1	11.0%

Notes:(1) 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.

(2) The impact in the amount of ¥216.0 billion, caused by the last day of the nine months ended December 31, 2023 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, 2023 was ¥1,648.5 billion. This was primarily due to profit (loss) 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 ¥2,262.4 billion. In addition, this represented an increase of ¥288.7 billion (21.2%) from the same period of the previous fiscal year, primarily due to a decrease in the amounts of payments for corporate taxes, among other factors. Cash flows provided by operating activities for the nine-month period ended December 31, 2023 was ¥1,432.6 billion.

Cash flows used in investing activities for the nine-month period ended December 31, 2023 was ¥1,628.3 billion. This was primarily due to payments for acquisitions of property, plant and equipment, intangible assets and investment properties reaching ¥1,445.1 billion. In addition, this represented an increase of ¥331.7 billion (25.6%) in payments from the same period of the previous fiscal year, primarily as a result of increased payments for investments and other items.

Cash flows provided by financing activities for the nine-month period ended December 31, 2023 was ¥327.1 billion., which included dividend payments of ¥436.7 billion and income from borrowings of ¥1,074.8 billion. This represented an increase of ¥201.6 billion (160.6%) in income from the same period of the previous fiscal year.

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, 2023 was ¥1,161.0 billion, an increase of ¥367.1 billion (46.2%) from the end of the previous fiscal year. Cash and cash equivalents as of December 31, 2023 was ¥945.0 billion.

Financial Position

(Billions of yen)

	March 31, 2023	December 31, 2023	Change
Assets	25,308.9	27,244.7	1,935.9
Liabilities	15,958.2	17,124.1	1,165.8
(incl.) Interest-bearing debt	8,230.5	9,665.7	1,435.1
Equity	9,350.6	10,120.6	770.0
(incl.) Total NTT shareholders' equity	8,561.4	9,234.2	672.8

Assets as of December 31, 2023 increased by ¥1,935.9 billion from the end of the previous fiscal year to ¥27,244.7 billion, due to among other factors, an increase in other financial assets and goodwill.

Liabilities as of December 31, 2023 increased by ¥1,165.8 billion from the end of the previous fiscal year to ¥17,124.1 billion, due to, an increase in borrowings for dividends and the payment of taxes, partially offset by a decrease in trade and other payables. The balance of interest-bearing debt was ¥9,665.7 billion, an increase of ¥1,435.1 billion from ¥8,230.5 billion as of the end of the previous fiscal year.

Shareholders' equity as of December 31, 2023 increased by ¥672.8 billion from the end of the previous fiscal year to ¥9,234.2 billion, due to an increase in profit for the quarter. The ratio of interest-bearing debt to shareholders' equity was 104.7% (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 ¥770.0 billion from the end of the previous fiscal year to ¥10,120.6 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, 2023, and no new additional issues arose during the period. In addition, during the nine months ended December 31, 2023, 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, 2023 were ¥167.4 billion. There were no material changes in NTT's research and development activities during the nine months ended December 31, 2023.

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, 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	154,823,022,500
Total	154,823,022,500

Issued Shares

Class	Number of Shares Issued as of December 31, 2023 (shares)	Number of Shares Issued as of the Filing Date (shares) (February 9, 2024)	Stock Exchange on which the Company is Listed	Description
Common Stock	90,550,316,400	90,550,316,400	Tokyo Stock Exchange (Prime Market)	The number of shares per one unit of shares is 100 shares
Total	90,550,316,400	90,550,316,400	—	—

(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, 2023 - December 31, 2023	—	90,550,316,400	—	937,950	—	2,672,826

(5) Major Shareholders

Not applicable for the nine months ended December 31, 2023.

(6) Information on Voting Rights

Issued Shares

As of December 31, 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.)	6,410,322,500 shares of common stock	—	—
Shares with Full Voting Rights (Others)	84,136,284,700 shares of common stock	841,362,547	—
Shares Representing Less than One Unit	3,709,200 shares of common stock	—	—
Number of Issued Shares	90,550,316,400 shares of common stock	—	—
Total Number of Voting Rights	—	841,362,547	—

Notes: (1) The total number of shares in “Shares with Full Voting Rights (Others)” includes 1,437,200 shares held in the name of the Japan Securities Depository Center. “Number of Voting Rights” includes 14,372 voting rights associated with “Shares with Full Voting Rights” held in the name of the Japan Securities Depository Center, and does not include 300 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 23,303,000 shares owned by BIP (Board Incentive Plan) Trust. “Number of Voting Rights” includes 233,030 voting rights associated with “Shares with Full Voting Rights” owned by BIP (Board Incentive Plan) Trust.

Treasury Stock

As of December 31, 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
Nippon Telegraph and Telephone Corporation	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	6,410,322,500	—	6,410,322,500	7.1%
Total	—	6,410,322,500	—	6,410,322,500	7.1%

Notes: (1) In addition to the above, there are 30,000 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 August 9, 2023, NTT acquired 1,120,458,800 shares of its outstanding common stock between September 7, 2023 and December 22, 2023.

(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, 2023 to December 31, 2023 and from April 1, 2023 to December 31, 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 Statements of Financial Position】

	Millions of yen		
	Notes	As of March 31, 2023	As of December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	7	¥793,920	¥945,045
Trade and other receivables	7,14	4,186,375	4,471,232
Other financial assets	14	98,653	108,243
Inventories		517,409	559,809
Other current assets		919,016	1,039,578
Subtotal		6,515,373	7,123,907
Assets held for sale	8	139,495	100,961
Total current assets		6,654,868	7,224,868
Non-current assets			
Property, plant and equipment	9	9,717,103	10,004,283
Right-of-use asset		718,531	796,008
Goodwill		1,283,448	1,682,661
Intangible assets		2,122,874	2,166,898
Investment property		1,242,591	1,265,126
Investments accounted for using the equity method		446,569	440,580
Other financial assets	14	1,241,331	1,826,757
Deferred tax assets		940,196	844,644
Other non-current assets		941,340	992,885
Total non-current assets		18,653,983	20,019,842
Total assets		¥25,308,851	¥27,244,710

Millions of yen

	Notes	As of March 31, 2023	As of December 31, 2023
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	10,14	¥1,840,381	¥2,786,681
Trade and other payables		2,807,286	2,554,209
Lease liabilities		205,074	187,197
Other financial liabilities	14	30,200	59,765
Accrued payroll		567,166	450,428
Income taxes payables		243,306	223,330
Other current liabilities		1,143,518	1,113,743
Sub Total		6,836,931	7,375,353
Liabilities directly associated with assets held for sale	8	3,055	4,819
Total current liabilities		6,839,986	7,380,172
Non-current liabilities			
Long-term borrowings	10,14	6,390,155	6,878,970
Lease liabilities		714,923	810,261
Other financial liabilities	14	148,431	125,064
Defined benefit liabilities		1,362,262	1,390,962
Deferred tax liabilities		143,326	156,190
Other non-current liabilities		359,141	382,446
Total non-current liabilities		9,118,238	9,743,893
Total liabilities		15,958,224	17,124,065
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	11	937,950	937,950
Retained earnings	11	8,150,117	8,730,476
Treasury stock	11	(737,290)	(930,897)
Other components of equity	11	210,576	496,627
Total NTT shareholders’ equity		8,561,353	9,234,156
Non-controlling interests		789,274	886,489
Total equity		9,350,627	10,120,645
Total liabilities and equity		¥25,308,851	¥27,244,710

(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, 2022	Nine Months Ended December 31, 2023
Operating revenues	6, 12	¥9,572,594	¥9,716,856
Operating expenses			
Personnel expenses		2,061,605	2,174,508
Expenses for purchase of goods and services and other expenses		4,643,357	4,677,578
Depreciation and amortization		1,176,675	1,201,877
Loss on disposal of property, plant and equipment and intangible assets		68,783	71,068
Impairment losses		236	1,577
Taxes and dues		101,109	104,061
Total operating expenses		8,051,765	8,230,669
Operating profit	6	1,520,829	1,486,187
Finance income	13	45,670	141,375
Finance costs		61,857	93,713
Share of profit (loss) of entities accounted for using the equity method		25,268	22,993
Profit before taxes		1,529,910	1,556,842
Income taxes		431,804	502,082
Profit		¥1,098,106	¥1,054,760
Profit attributable to NTT		1,032,527	1,011,115
Profit attributable to Non-controlling interests		65,579	43,645
Earnings per share attributable to NTT			
Basic earnings per share (yen) [※]		¥11.78	¥11.89

* "Basic earnings per share " figures for the nine months ended December 31, 2022 and 2023 have been adjusted to reflect the 25-for-1 stock split carried out. Additional information for the stock split is described in “Note 11. Equity and Other Equity Items (1) Issued Shares and Treasury Stock.”.

【Condensed Quarterly Consolidated Statements of Comprehensive Income】

【Nine Months Ended December 31】

Millions of yen			
	Notes	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023
Profit		¥1,098,106	¥1,054,760
Other comprehensive income (net of tax)	11		
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets measured at fair value through other comprehensive income		(69,502)	142,149
Share of other comprehensive income of entities accounted for using the equity method		(58)	889
Remeasurements of defined benefit plans		(19)	402
Total of items that will not be reclassified to profit or loss		(69,579)	143,440
Items that may be reclassified to profit or loss			
Cash flow hedges		(43,689)	18,265
Hedges cost		6,565	8,104
Foreign currency translation adjustments		104,912	144,367
Share of other comprehensive income of entities accounted for using the equity method		9,701	15,321
Total of items that may be reclassified to profit or loss		77,489	186,057
Total other comprehensive income (net of tax)		7,910	329,497
Total comprehensive income		¥1,106,016	¥1,384,257
Comprehensive income attributable to NTT	11	991,576	1,301,621
Comprehensive income attributable to Non-controlling interests	11	114,440	82,636

【Condensed Quarterly Consolidated Statements of Profit or Loss】
【Three Months Ended December 31】

Millions of yen			
	Notes	Three Months Ended December 31, 2022	Three Months Ended December 31, 2023
Operating revenues	6, 12	¥3,286,417	¥3,352,286
Operating expenses			
Personnel expenses		703,136	742,219
Expenses for purchase of goods and services and other expenses		1,609,119	1,613,882
Depreciation and amortization		395,363	407,070
Loss on disposal of property, plant and equipment and intangible assets		21,420	18,707
Impairment losses		1	1,186
Taxes and dues		33,088	33,981
Total operating expenses		2,762,127	2,817,045
Operating profit	6	524,290	535,241
Finance income		4,586	8,822
Finance costs		27,065	35,058
Share of profit (loss) of entities accounted for using the equity method		8,647	8,734
Profit before taxes		510,458	517,739
Income taxes		153,392	160,449
Profit		¥357,066	¥357,290
Profit attributable to NTT		335,920	340,271
Profit attributable to Non-controlling interests		21,146	17,019
Earnings per share attributable to NTT			
Basic earnings per share (yen) [※]		¥3.90	¥4.02

* "Basic earnings per share " figures for the three months ended December 31, 2022 and 2023 have been adjusted to reflect the 25-for-1 stock split carried out. Additional information for the stock split is described in “Note 11. Equity and Other Equity Items (1) Issued Shares and Treasury Stock.”.

【Condensed Quarterly Consolidated Statements of Comprehensive Income】
【Three Months Ended December 31】

Millions of yen			
	Notes	Three Months Ended December 31, 2022	Three Months Ended December 31, 2023
Profit		¥357,066	¥357,290
Other comprehensive income (net of tax)	11		
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets measured at fair value through other comprehensive income		(19,340)	(2,176)
Share of other comprehensive income of entities accounted for using the equity method		—	1,295
Remeasurements of defined benefit plans		(2)	(66)
Total of items that will not be reclassified to profit or loss		(19,342)	(947)
Items that may be reclassified to profit or loss			
Cash flow hedges		8,885	30,926
Hedges cost		22,463	9,254
Foreign currency translation adjustments		(131,959)	(86,683)
Share of other comprehensive income of entities accounted for using the equity method		(3,610)	(410)
Total of items that may be reclassified to profit or loss		(104,221)	(46,913)
Total other comprehensive income (net of tax)		(123,563)	(47,860)
Total comprehensive income		¥233,503	¥309,430
Comprehensive income attributable to NTT	11	221,311	307,492
Comprehensive income attributable to Non-controlling interests	11	12,192	1,938

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

【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

【Nine Months Ended December 31, 2023】

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		
As of March 31, 2023		¥937,950	¥—	¥8,150,117	¥(737,290)	¥210,576	¥8,561,353	¥789,274
Comprehensive income								
Profit		—	—	1,011,115	—	—	1,011,115	43,645
Other comprehensive income	11	—	—	—	—	290,506	290,506	38,991
Total comprehensive income		—	—	1,011,115	—	290,506	1,301,621	82,636
Transactions with owners and other transactions								
Dividends of surplus	11	—	—	(417,438)	—	—	(417,438)	(19,460)
Transfer to retained earnings	11	—	15,762	(11,307)	—	(4,455)	—	—
Purchase and disposal of treasury stock	11	—	8	—	(193,607)	—	(193,599)	—
Changes in ownership interest in subsidiaries without loss of control		—	(9,751)	—	—	—	(9,751)	35,820
Share-based compensation transactions		—	(1,888)	—	—	—	(1,888)	(733)
Put options granted to non-controlling interests	11	—	(3,243)	—	—	—	(3,243)	(381)
Other		—	(888)	(2,011)	—	—	(2,899)	(667)
Total Transactions with owners and other transactions		—	—	(430,756)	(193,607)	(4,455)	(628,818)	14,579
As of December 31, 2023		¥937,950	¥—	¥8,730,476	¥(930,897)	¥496,627	¥9,234,156	¥886,489

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

Millions of yen			
	Notes	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023
Cash flows from operating activities			
Profit		¥1,098,106	¥1,054,760
Depreciation and amortization		1,176,675	1,201,877
Impairment losses		236	1,577
Share of loss (profit) of entities accounted for using the equity method		(25,268)	(22,993)
Losses on retirement of property, plant and equipment and intangible assets		28,835	27,225
Gain on sales of property, plant and equipment and intangible assets		(10,068)	(14,344)
Income taxes		431,804	502,082
Decrease (increase) in trade and other receivables	7	(465,561)	(162,195)
Decrease (increase) in inventories		(117,919)	(63,451)
Decrease (increase) in other current assets		(82,231)	(132,878)
Increase (decrease) in trade and other payables / accrued payroll		(18,053)	(276,462)
Increase (decrease) in other current liabilities		(145,766)	(64,658)
Increase (decrease) in defined benefit liabilities		30,518	27,208
Increase (decrease) in other non-current liabilities		19,901	2,455
Other, net		(88,361)	(207,776)
Sub-total		1,832,848	1,872,427
Interest and dividends received		80,941	86,775
Interest paid		(51,528)	(67,757)
Income taxes paid		(726,505)	(458,890)
Net cash provided by (used in) operating activities		1,135,756	1,432,555

Millions of yen			
	Notes	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property		(1,314,659)	(1,445,106)
Proceeds from sale of property, plant and equipment, intangible assets and investment property*		21,582	98,041
Proceeds from government grants		17,354	1,048
Purchase of investments		(58,791)	(72,936)
Proceeds from sale or redemption of investments		51,150	138,164
Proceeds from loss of control of subsidiaries		51,911	3,273
Acquisition of subsidiaries, net of cash acquired		(80,301)	(324,607)
Net decrease (increase) loan receivable		21,532	329
Other, net*		(6,305)	(26,469)
Net cash provided by (used in) investing activities		(1,296,527)	(1,628,263)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		821,122	651,244
Proceeds from increases in long-term borrowings	10	615,559	836,239
Repayment of long-term borrowings	10	(239,360)	(412,686)
Repayment of lease liabilities		(168,480)	(169,578)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(83,685)	(6,366)
Dividends paid		(419,525)	(417,438)
Dividends paid to non-controlling interests		(19,124)	(19,286)
Purchase and sale of treasury stock		(382,299)	(193,502)
Other, net		1,318	58,462
Net cash provided by (used in) financing activities		125,526	327,089
Effect of exchange rate change on cash and cash equivalents		22,513	19,744
Net increase (decrease) in cash and cash equivalents		(12,732)	151,125
Cash and cash equivalents at the beginning of the year	7	834,564	793,920
Cash and cash equivalents at the end of the period	7	¥821,832	¥945,045

*“Proceeds from sale of property, plant and equipment, intangible assets and investment property,” which had previously been presented within “Other, net” in cash flows from investing activities for the nine months ended December 31, 2022, is now presented separately for the nine months ended December 31, 2023 due to an increase in the materiality of the amount of this item.

As a result of this change, the ¥15,277 million amount that had previously been presented as “Other, net” in the condensed quarterly consolidated statement of cash flows for the nine months ended December 31, 2022 has been reclassified and presented as ¥21,582 million of “Proceeds from sale of property, plant and equipment, intangible assets and investment property” and ¥(6,305) million of “Other, net.”

【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 Group Corporation (“NTT DATA Group”)
- NTT DATA Japan 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 8, 2024.

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)

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

Nine Months Ended December 31

(Millions of yen)

	Nine Months Ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Integrated ICT Business		
Transactions with external customers	¥4,226,689	¥4,315,467
Inter-segment transactions	197,696	203,382
Subtotal	4,424,385	4,518,849
Regional Communications Business		
Transactions with external customers	1,813,097	1,804,857
Inter-segment transactions	516,886	501,390
Subtotal	2,329,983	2,306,247
Global Solutions Business		
Transactions with external customers	2,865,795	3,031,810
Inter-segment transactions	141,851	144,352
Subtotal	3,007,646	3,176,162
Others (Real Estate, Energy and Others)		
Transactions with external customers	667,013	564,722
Inter-segment transactions	543,710	558,382
Subtotal	1,210,723	1,123,104
Elimination of inter-segment transactions	(1,400,143)	(1,407,506)
Total	¥9,572,594	¥9,716,856

Three Months Ended December 31

(Millions of yen)

	Three Months Ended December 31, 2022 (October 1, 2022 - December 31, 2022)	Three Months Ended December 31, 2023 (October 1, 2023 - December 31, 2023)
Integrated ICT Business		
Transactions with external customers	¥1,453,091	¥1,505,266
Inter-segment transactions	71,456	67,212
Subtotal	1,524,547	1,572,478
Regional Communications Business		
Transactions with external customers	608,914	611,504
Inter-segment transactions	173,531	167,735
Subtotal	782,445	779,239
Global Solutions Business		
Transactions with external customers	984,244	1,048,383
Inter-segment transactions	50,441	49,266
Subtotal	1,034,685	1,097,649
Others (Real Estate, Energy and Others)		
Transactions with external customers	240,168	187,133
Inter-segment transactions	195,201	187,840
Subtotal	435,369	374,973
Elimination of inter-segment transactions	(490,629)	(472,053)
Total	¥3,286,417	¥3,352,286

Segment profit or loss

Nine Months Ended December 31

(Millions of yen)

	Nine Months Ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Segment profit		
Integrated ICT Business	¥888,768	¥902,223
Regional Communications Business	386,647	339,556
Global Solutions Business	189,987	197,057
Others (Real Estate, Energy and Others)	69,848	55,400
Total	¥1,535,250	¥1,494,236
Elimination of inter-segment transactions	(14,421)	(8,049)
Operating profit	¥1,520,829	¥1,486,187
Finance income	45,670	141,375
Finance costs	61,857	93,713
Share of profit of entities accounted for using equity method	25,268	22,993
Profit before taxes	¥1,529,910	¥1,556,842

Three Months Ended December 31

(Millions of yen)

	Three Months Ended December 31, 2022 (October 1, 2022 - December 31, 2022)	Three Months Ended December 31, 2023 (October 1, 2023 - December 31, 2023)
Segment profit		
Integrated ICT Business	¥312,314	¥321,448
Regional Communications Business	122,533	123,405
Global Solutions Business	75,538	75,186
Others (Real Estate, Energy and Others)	22,125	21,191
Total	¥532,510	¥541,230
Elimination of inter-segment transactions	(8,220)	(5,989)
Operating profit	¥524,290	¥535,241
Finance income	4,586	8,822
Finance costs	27,065	35,058
Share of profit of entities accounted for using equity method	8,647	8,734
Profit before taxes	¥510,458	¥517,739

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 first nine months and three months of the previous fiscal year has been restated.

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, 2022 and 2023.

The last days of nine months ended December 31, 2022 and nine months ended December 31, 2023 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, 2023	As of December 31, 2023
(Condensed Quarterly Consolidated Statement of Financial Position)		
Cash and cash equivalents	¥—	¥(215,980)
Trade and other receivables	—	215,980

	(Millions of yen)	
	Nine Months Ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 - December 31, 2023)
(Condensed Quarterly Consolidated Statement of Cash Flows)		
Decrease (increase) in trade and other receivables	¥(224,093)	¥(215,980)
Cash and cash equivalents as of April 1	—	—
Cash and cash equivalents as of December 31	(224,093)	(215,980)

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. In addition, in connection with the Transaction, NTT DOCOMO entered into a new master transaction agreement with JTOWER on September 26, 2023 under which a maximum of 1,552 telecommunications towers owned by NTT DOCOMO are similarly to be transferred to JTOWER for a maximum of ¥17.0 billion, and NTT DOCOMO will lease these towers from JTOWER.

Under the master transaction agreements, NTT DOCOMO is proceeding with the sale 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 December 31, 2023.

The classes of these assets are mainly property, plant and equipment, and the carrying amount of March 31, 2023 and December 31, 2023 was ¥89,688 million and ¥32,208 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 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

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.

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

As of March 31, 2023 and December 31, 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 December 31, 2023

(Millions of yen)

Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Trade and other receivables	¥ 590	Trade and other payables	¥ 2,772
Inventories	15	Short-term borrowings	14,182
Property, plant and equipment	61,030	Other	1,247
Other	1,035		
Total	¥ 62,670	Total	¥ 18,201

Amounts in the table above represent the figures before elimination of intercompany transactions. Intercompany transactions with consolidated subsidiaries consisted of Short-term borrowings that amounted to ¥ 14,182 million.

9. Property, Plant and Equipment

Component of Property, plant and equipment

	Millions of yen	
	As of March 31, 2023	As of December 31, 2023
Telecommunications equipment	¥11,081,055	¥11,115,883
Telecommunications service lines	16,962,569	17,055,752
Buildings and structures	5,880,467	5,981,543
Machinery, tools and fixtures	2,897,348	3,178,375
Land	779,210	826,234
Construction in progress	661,315	811,529
Subtotal	38,261,964	38,969,316
Accumulated depreciation and impairment losses	(28,544,861)	(28,965,033)
Property, plant and equipment - total	¥9,717,103	¥10,004,283

10. Corporate Bonds

Details of corporate bonds transactions

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	0.950%	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	0.910%	October 26, 2012	September 20, 2022
Redemption	NTT Finance Corporation	4th series of bonds	¥10,000 million	0.060%	October 13, 2017	September 20, 2022
Issuance	NTT Finance Corporation	24th series of USD bonds (Green Bond)	USD 500 million	4.142%	July 27, 2022	July 26, 2024
Issuance	NTT Finance Corporation	25th series of USD bonds (Green Bond)	USD 500 million	4.239%	July 27, 2022	July 25, 2025
Issuance	NTT Finance Corporation	26th series of USD 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

Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT DATA Corporation	27th series of bonds	¥25,000 million	0.900%	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	0.260%	June 25, 2019	June 26, 2023
Redemption	NTT Finance Corporation	12th series of Euro-denominated bonds	€ 60 million	0.631%	August 9, 2018	August 9, 2023
Redemption	NTT Finance Corporation	10th series of bonds (Former NTT Urban Development Corporation 14th series of bonds)	¥10,000 million	0.750%	October 31, 2013	September 20, 2023
Redemption	NTT Finance Corporation	19th series of bonds (Former NTT DOCOMO 20th series of bonds)	¥50,000 million	0.730%	November 21, 2013	September 20, 2023
Redemption	NTT Finance Corporation	15th series of bonds	¥100,000 million	0.050%	December 18, 2020	December 20, 2023
Issuance	minacolor, Inc.	3rd series of convertible-bonds (Subordinated bond)	¥217 million	-	June 16, 2023	October 29, 2031
Issuance	NTT Finance Corporation	23rd series of bonds (Green Bond)	¥30,000 million	0.230%	July 21, 2023	June 19, 2026
Issuance	NTT Finance Corporation	24th series of bonds (Green Bond)	¥110,000 million	0.395%	July 21, 2023	June 20, 2028
Issuance	NTT Finance Corporation	25th series of bonds (Green Bond)	¥50,000 million	0.648%	July 21, 2023	June 20, 2030
Issuance	NTT Finance Corporation	26th series of bonds (Green Bond)	¥190,000 million	0.838%	July 21, 2023	June 20, 2033
Issuance	NTT Finance Corporation	27th series of bonds (Green Bond)	¥30,000 million	0.420%	November 29, 2023	September 18, 2026
Issuance	NTT Finance Corporation	28th series of bonds (Green Bond)	¥90,000 million	0.614%	November 29, 2023	September 20, 2028

Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)						
Issuance	NTT Finance Corporation	29th series of bonds (Green Bond)	¥10,000 million	0.860%	November 29, 2023	September 20, 2030
Issuance	NTT Finance Corporation	30th series of bonds (Green Bond)	¥90,000 million	1.213%	November 29, 2023	September 20, 2033

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, 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
Purchase of treasury stock under resolution of the board of directors	—	1,120,458,800
Repurchase of shares based on less-than-one-unit share purchase demand	—	86,519
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(14,928)
Increase by stock split	86,928,303,744	5,078,267,808
As of December 31, 2023	90,550,316,400	6,410,322,507

In addition to the above, 23,303,000 shares held by the BIP trust are recorded as “treasury stock” in Condensed Consolidated Financial Statements.

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 nine and three months ended December 31, 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 repurchase 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	From September 2023 to December 2023 (January 2024)	1,120,458,800 (5,275,800)	¥193,606 (¥946)	—

* Results in January 2024 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 ¥24,581 million and ¥27,857 million, respectively, as at the end of the fiscal year ended March 31, 2023 and the nine months ended December 31, 2023.

(3) Other Components of Equity

The details and changes in other components of equity

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

Nine Months Ended December 31, 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)	¥—	¥261,102	¥210,576
Other comprehensive income	138,559	16,178	8,229	(1,717)	129,757	290,506
Transfer to retained earnings	(6,172)	—	—	1,717	—	(4,455)
As of December 31, 2023	¥185,219	¥(77,841)	¥(2,110)	¥—	¥391,359	¥496,627

(4) Dividends

The amount of dividends paid out in the nine months ended December 31, 2022 and 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* ¹	Common shares	Retained earnings	¥212,551	¥60	March 31, 2022	June 27, 2022
November 8, 2022 Board of Directors* ²	Common shares	Retained earnings	206,974	60	September 30, 2022	December 15, 2022
June 22, 2023 Ordinary General Meeting of Shareholders* ³	Common shares	Retained earnings	204,629	60	March 31, 2023	June 23, 2023
November 7, 2023 Board of Directors* ^{4,5}	Common shares	Retained earnings	¥212,809	¥2.5	September 30, 2023	December 18, 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.

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

*⁴ Total dividend includes the dividend of ¥58 million for the Company's shares held by the BIP trust.

*⁵ Dividend per Share reflects the impact of the stock split.

(5) Equity Transactions with Non-controlling Interests

On May 9, 2022, the Board of Directors resolved that NTT will acquire shares of NTT DATA (currently NTT DATA Group) 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, "Additional paid-in capital" decreased by ¥36,428 million in the Condensed Consolidated Statement of Financial Position as of December 31, 2022.

(6) Other

According to the Act on Nippon Telegraph and Telephone Corporation, etc. (the "NTT Act"), 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, 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	2,865,795	24,478	3,291,554
	Other services	845,426	234,740	—	642,535	1,722,701
	Total	¥4,226,689	¥1,813,097	¥2,865,795	¥667,013	¥9,572,594

For the Nine Months Ended December 31, 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	¥93,787	¥514,769	¥—	¥—	¥608,556
	Mobile voice related services	742,208	—	—	—	742,208
	IP/packet communications services	1,722,572	865,722	—	—	2,588,294
	Sales of telecommunications equipment	571,690	54,110	—	—	625,800
	System integration services	309,594	131,944	3,031,810	26,886	3,500,234
	Other services	875,616	238,312	—	537,836	1,651,764
	Total	¥4,315,467	¥1,804,857	¥3,031,810	¥564,722	¥9,716,856

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.

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

For the Three Months Ended December 31, 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	¥31,731	¥172,507	¥—	¥—	¥204,238
	Mobile voice related services	247,045	—	—	—	247,045
	IP/packet communications services	573,142	288,652	—	—	861,794
	Sales of telecommunications equipment	236,919	17,998	—	—	254,917
	System integration services	111,686	53,130	1,048,383	9,020	1,222,219
	Other services	304,743	79,217	—	178,113	562,073
	Total	¥1,505,266	¥611,504	¥1,048,383	¥187,133	¥3,352,286

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.

13. 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 nine months ended December 31, 2023. During the nine months ended December 31, 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.

14. 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, September 28, 2023 and December 27, 2023 during the nine months ended December 31, 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 nine months ended December 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 amount of cash deposits provided by NTT Group to third parties as of March 31, 2023 and December 31, 2023 was ¥58,920 million and ¥71,501 million, respectively.

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

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2023 and December 31, 2023 was ¥58,920 million and ¥71,501 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 nine months ended December 31, 2022 and the nine months ended December 31, 2023 were immaterial.

The largest transfer transactions during the nine months ended December 31, 2022 and the nine months ended December 31, 2023 occurred on December 27, 2022 and December 27, 2023, respectively.

The amounts of credit card receivables that were derecognized are ¥643,370 million and ¥722,230 million, respectively, and the consideration received for transferred assets was ¥579,026 million and ¥650,003 million.

No credit losses were incurred in the nine months ended December 31, 2022 or in the nine months ended December 31, 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 December 31, 2023 were ¥51,945 million and ¥31,989 million, respectively.

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

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2023 and December 31, 2023 was ¥51,945 million and ¥31,989 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 nine months ended December 31, 2022 or the nine months ended December 31, 2023.

No credit losses were incurred in the nine months ended December 31, 2022 or in the nine months ended December 31, 2023.

(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, 2023		Nine Months Ended December 31, 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	¥7,635,059	¥7,381,354

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 December 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	¥—	¥14,946	¥51,611	¥66,557
Derivatives financial assets				
Applied hedge accounting	—	258,139	—	258,139
Not applied hedge accounting	—	1,673	—	1,673
Financial assets measured at fair value through other comprehensive income				
Equity securities	909,941	—	121,679	1,031,620
Total	¥909,941	¥274,758	¥173,290	¥1,357,989
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	—	3,030	—	3,030
Not applied hedge accounting	—	9,717	—	9,717
Total	¥—	¥12,747	¥—	¥12,747

1. In the nine months ended December 31, 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 nine months ended December 31, 2023.

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, 2023.

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

15. Business Combinations

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

On August 3, 2023, NTT Anode Energy Corporation (“NTT Anode Energy”) acquired 80% of the equity of Green Power Investment Corporation and its group companies (collectively, “GPI Group”), and GPI Group became a subsidiary of NTT Anode Energy.

The purpose of the acquisition is to strengthen NTT Group's wind power generation business by incorporating GPI Group's wind power development, construction and operational know-how into the wind power generation projects of NTT Anode Energy.

The purchase price totaled ¥257.6 billion, and the form of consideration was cash.

The amounts of acquired assets, assumed liabilities, non-controlling interests and goodwill, each as of the acquisition date, are as set forth below. Goodwill arises from the ability to earn excess profits, synergies with existing businesses and other factors. In addition, as the allocation of the purchase price to acquired assets and assumed liabilities has not yet been completed at this time, provisional amounts have been recorded in the condensed quarterly consolidated statement of financial position.

(Millions of yen)

	As of the Acquisition Date
Current assets	¥148,486
Non-current assets	129,558
Acquired assets Total	278,044
Current liabilities	109,466
Non-current liabilities	118,018
Assumed liabilities Total	227,484
Net assets acquired Total	50,560
Non-controlling interests	(40,463)
Goodwill	247,504
Total	¥257,601

16. Contingent Liabilities

As announced on October 17, 2023, it was determined that a former temporary employee of NTT Business Solutions stole customer information of NTT Marketing ACT ProCX, a subsidiary of Nippon Telegraph and Telephone West Corporation, and leaked it to third parties. As of the date hereof, it has been determined that customer information from 9.28 million customers and 69 clients was stolen. NTT Group is currently in the process of dealing with clients whose information has been determined to have been leaked, and as of December 31, 2023, NTT Group is unable to reliably estimate the potential impact on NTT Group's condensed quarterly consolidated financial statements.

17. Subsequent Events

Commencement of Capital and Business Alliance with Monex Group and Monex

In connection with the capital and business alliance agreement entered into on October 4, 2023 between NTT DOCOMO, Monex Group, Inc. and Monex, Inc. (“Monex”), on January 4, 2024, NTT DOCOMO completed a series of capital alliance transactions in which it acquired 49% of the shares and voting rights of an intermediate holding company, Docomo Monex Holdings, Inc. (“Docomo Monex Holdings”), formed by means of share-transfer by Monex. In addition, as NTT DOCOMO has the right to appoint a majority of Docomo Monex Holdings' directors, Docomo Monex Holdings and its subsidiary, Monex, became subsidiaries of NTT DOCOMO. The purchase price totaled ¥48.6 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.

2. 【Other】

At a meeting of its board of directors held on November 7, 2023, NTT authorized an interim dividends for the 39th fiscal year to be paid to shareholders entered or recorded in the register of shareholders as of September 30, 2023, as follows:

- | | |
|--|-------------------|
| (1) Total interim dividends: | ¥212,809 million |
| (2) Interim dividends per share: | ¥2.5 |
| (3) Entitlement date and commencement date of the payment: | December 18, 2023 |

Part II Information on Guarantors for the Company

Not applicable.