

Annual Securities Report

(41st Business Term)

From April 1, 2025 to March 31, 2026

NTT, Inc.

This document is an English translation of a report that has been generated/printed with a Table of Contents and page numbers attached to data from the Securities Report filed with the Financial Services Agency using EDINET (Electronic Disclosure for Investors' NETwork).

Included at the end of this report are English translations of the Report of Independent Registered Public Accounting Firm attached to the Securities Report filed in the manner described above and the Report on Internal Control and Confirmation Letter filed in conjunction with the above mentioned Securities Report.

The forward-looking statements and projected figures concerning the future performance of NTT, Inc. (the "Company" or "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 herein and in any other materials publicly disclosed by NTT on its website.

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[Cover]

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[Filed With]	Director, Kanto Local Finance Bureau
[Filing Date]	June 16, 2026
[Fiscal Year]	41 st Business Term (from April 1, 2025 to March 31, 2026)
[Company Name]	NTT Kabushiki Kaisha (Former company name: Nippon Denshin Denwa Kabushiki Kaisha)
[Company Name in English]	NTT, Inc. (Former 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]	Naoki Akaishi, 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]	Naoki Akaishi, Head of IR, Finance and Accounting Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

(Note) As described above, pursuant to a resolution approved at the 40th Ordinary General Meeting of Shareholders held on June 19, 2025, the company name was changed effective July 1, 2025.

PART I. INFORMATION ON THE COMPANY

ITEM 1. OVERVIEW OF THE COMPANY

1. Selected Financial Data

(1) Selected Consolidated Financial and Other Data of the Company

		IFRS				
		37 th Business Term	38 th Business Term	39 th Business Term	40 th Business Term	41 st Business Term
		Year Ended March 31, 2022	Year Ended March 31, 2023	Year Ended March 31, 2024	Year Ended March 31, 2025	Year Ended March 31, 2026
Operating revenues	Millions of yen	12,156,447	13,136,194	13,374,569	13,704,727	14,409,121
Profit before taxes	Millions of yen	1,795,525	1,817,679	1,980,457	1,564,696	1,581,923
Profit attributable to NTT	Millions of yen	1,181,083	1,213,116	1,279,521	1,000,016	1,037,032
Comprehensive income (loss) attributable to NTT	Millions of yen	1,373,364	1,270,639	1,962,087	1,034,737	1,719,075
NTT shareholders' equity	Millions of yen	8,282,456	8,561,353	9,844,160	10,221,587	9,727,623
Total assets	Millions of yen	23,862,241	25,308,851	29,604,223	30,062,483	46,721,259
NTT shareholders' equity per share	Yen	93.55	100.44	117.08	123.54	119.47
Basic earnings per share attributable to NTT	Yen	13.17	13.92	15.09	11.96	12.61
Diluted earnings per share attributable to NTT	Yen	—	—	—	—	—
Equity ratio (ratio of NTT shareholders' equity to total assets)	%	34.7	33.8	33.3	34.0	20.8
ROE (ratio of profit attributable to NTT)	%	14.9	14.4	13.9	10.0	10.4
Price earnings ratio	Multiple	10.8	11.4	11.9	12.1	12.5
Cash flows from operating activities	Millions of yen	3,010,257	2,261,013	2,374,159	2,364,031	1,485,190
Cash flows from investing activities	Millions of yen	(1,699,152)	(1,736,912)	(1,989,235)	(1,999,644)	(1,023,424)
Cash flows from financing activities	Millions of yen	(1,438,130)	(590,197)	(234,454)	(343,027)	441,332
Cash and cash equivalents at end of year	Millions of yen	834,564	793,920	982,874	1,000,994	1,921,882
Number of employees [Average number of temporary employees]	Number of people	333,840 [44,343]	338,651 [43,002]	338,467 [44,460]	341,321 [43,703]	344,196 [44,650]

Notes:1. NTT shareholders' equity does not include the portion attributable to non-controlling interests.

2. 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.

3. NTT shareholders' equity per share is calculated based on the number of shares outstanding at the end of the fiscal year, excluding treasury stock, and Basic earnings per share attributable to NTT is calculated based on the average number of shares outstanding during the fiscal year, excluding treasury stock. In addition to the BIP (Board Incentive Plan) trust stock compensation system for Members of the Board and Executive Officers, beginning with the 41st business term, NTT has adopted an ESOP (Employee Stock Ownership Plan) trust stock compensation system for NTT Group employees. As a result, in calculating NTT shareholders' equity per share and Basic earnings per share attributable to NTT, shares held by such trusts are included in the amount of treasury stock to be deducted from the calculation.

4. NTT conducted a 25-for-1 stock split of its common stock with an effective date of July 1, 2023. The figures for NTT shareholders' equity per share and Basic earnings per share attributable to NTT for each fiscal year have been adjusted to reflect the impact of this stock split.
5. Number of employees indicates the number of full-time employees as of March 31 of each of the years indicated. The average annual number of temporary employees for the fiscal years indicated is shown in brackets.
6. NTT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

(2) Selected Non-Consolidated Financial and Other Data of the Company

		37 th Business Term	38 th Business Term	39 th Business Term	40 th Business Term	41 st Business Term
		Year Ended March 31, 2022	Year Ended March 31, 2023	Year Ended March 31, 2024	Year Ended March 31, 2025	Year Ended March 31, 2026
Operating revenues	Millions of yen	650,116	1,324,225	1,294,957	1,330,710	1,155,687
Recurring profit	Millions of yen	474,497	1,131,632	1,106,278	1,139,405	901,422
Net income	Millions of yen	470,502	1,152,905	1,166,938	1,145,080	921,948
Common stock	Millions of yen	937,950	937,950	937,950	937,950	937,950
Shares outstanding at end of year	Shares	3,622,012,656	3,622,012,656	90,550,316,400	90,550,316,400	90,550,316,400
Net assets	Millions of yen	5,012,166	5,194,125	6,048,907	6,462,982	6,885,720
Total assets	Millions of yen	11,664,291	11,805,898	12,284,883	11,966,934	14,892,367
Net assets per share	Yen	56.61	60.94	71.94	78.11	84.57
Dividends per share [Interim dividend per share (included above)]	Yen	115.00 [55.00]	120.00 [60.00]	5.10 [2.50]	5.20 [2.60]	5.30 [2.65]
Earnings per share	Yen	5.25	13.23	13.76	13.70	11.21
Diluted net income per share	Yen	—	—	—	—	—
Capital to asset ratio	%	43.0	44.0	49.2	54.0	46.2
Return on equity	%	9.2	22.6	20.8	18.3	13.8
Price earnings ratio	Multiple	27.0	12.0	13.1	10.6	14.0
Payout ratio	%	87.7	36.3	37.1	38.0	47.3
Number of employees [Average number of temporary employees]	Number of people	2,486 [74]	2,454 [82]	2,492 [85]	2,554 [105]	2,606 [128]
Total shareholder return [Index: TOPIX including dividends]	% %	128.8 [102.0]	147.7 [107.9]	170.9 [152.5]	144.6 [150.2]	160.2 [202.2]
Highest stock price	Yen	3,671	4,128	4,427 □192.9	180.1	167.2
Lowest stock price	Yen	2,754	3,535	3,914 □157.6	142.5	135.2

Notes:1. Diluted net income per share is not listed as there are no applicable dilutive stock.

2. Net assets per share is calculated on the basis of the number of shares outstanding at the end of the fiscal year, excluding treasury stock, and earnings per share is calculated on the basis of the average number of outstanding shares during the fiscal year, excluding treasury stock. In addition to the BIP (Board Incentive Plan) trust stock compensation system for Members of the Board and Executive Officers, beginning with the 41st business term, NTT has adopted an ESOP (Employee Stock Ownership Plan) trust stock compensation system for NTT Group employees. As a result, in calculating NTT shareholders' equity per share and 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.

3. NTT conducted a 25-for-1 stock split of its common stock with an effective date of July 1, 2023. The figures for Net assets per share and Earnings per share for each fiscal year have been adjusted to reflect the impact of this stock split.

4. Number of employees indicates the number of full-time employees as of March 31 of each of the years indicated. The average annual number of temporary employees for the fiscal years indicated is shown in brackets.

5. The highest and lowest stock prices for dates on or prior to April 3, 2022 represent quoted prices on the First Section of the Tokyo Stock Exchange, while those on or after April 4, 2022 represent quoted prices on the Prime Market of the Tokyo Stock Exchange.
6. The highest and lowest stock prices shown in the upper figures for the 39th business term are from before the ex-date of the July 1, 2023 stock split, and the highest and lowest stock prices marked with a “□” symbol are from after the ex-date of this stock split.

2. History

(1) Background

On August 1, 1952, pursuant to the Nippon Telegraph and Telephone Public Corporation Act (Act No. 250 of July 31, 1952), NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION was incorporated, with its capital stock wholly owned by the Government. On April 1, 1985, pursuant to the Nippon Telegraph and Telephone Corporation Act (Act No. 85 of December 25, 1984), NTT was established, with its capital stock wholly owned by the Government. When NTT was established, it succeeded to all the rights and obligations of NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION.

NTT's Symbolic Mark, the "Dynamic Loop"

The single curve represents the dynamism of the company. NTT will continuously and perpetually innovate itself through repetitions of creation and challenge.

The small loop at the top of the mark represents NTT's corporate ethos of always taking in the voice of its customers and of society as the starting point of its business activities, and of serving a broad function within society.



(2) History

April 1985	NTT was incorporated as a limited liability, joint-stock company.
February 1987	NTT's shares were listed on the Tokyo Stock Exchange (the "TSE") and other stock exchanges in Japan (the TSE is currently the only stock exchange on which NTT shares are listed).
July 1988	NTT's DATA Communications Division was transferred to NTT DATA System Service Corporation.
April 1992	Implemented organizational reform corresponding to the long distance and regional communications service divisions through a review of, and commitment to, a divisional system.
July 1992	Business operations relating to car phones, mobile phones, maritime telephones, aircraft passenger telephones and radio paging were transferred to NTT Mobile Communications Network, Inc.
December 1992	NTT's electricity, construction and building management operations were transferred to NTT FACILITIES.
September 1994	NTT ADSs were listed on the New York Stock Exchange (the "NYSE") (delisted in April 2017).
October 1994	NTT's Shares were listed on the London Stock Exchange (delisted in March 2014).
April 1995	NTT DATA System Service Corporation was listed on the TSE (delisted in September 2025).
November 1995	NTT implemented a 1.02-for-1 common stock split (stock split without addition payments).
September 1997	NTT transferred its software headquarters business to NTT COMMUNICATIONWARE CORPORATION.
August 1998	NTT DATA System Service Corporation changed its business name to NTT DATA CORPORATION.
October 1998	NTT Mobile Communications Network, Inc. was listed on the TSE (delisted in December 2020).
July 1999	Implemented a group reorganization by which NTT became a holding company. Operation of NTT's intra-prefectural communications services was transferred to its two wholly owned subsidiaries, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION, and inter-prefectural communications services were transferred to NTT COMMUNICATIONS CORPORATION, also a wholly owned subsidiary of NTT.
April 2000	NTT Mobile Communications Network, Inc. changed its business name to NTT DOCOMO, INC.
November 2000	NTT COMMUNICATIONWARE CORPORATION changed its business name to NTT COMWARE CORPORATION.
March 2002	NTT DOCOMO, INC. was listed on the London Stock Exchange and the NYSE (delisted from the London Stock Exchange in March 2014, and delisted from the NYSE in April 2018).
November 2004	NTT URBAN DEVELOPMENT CORPORATION was listed on the TSE (delisted in December 2018).
January 2009	NTT implemented a 100-for-1 common stock split.
October 2013	NTT DOCOMO, INC. changed its trade name to NTT DOCOMO, INC. (in Japanese, with no change to the company's name in English).

- July 2015 NTT implemented a 2-for-1 common stock split.
- November 2018 NTT established a wholly owned subsidiary, NTT, Inc., and transferred NTT COMMUNICATIONS CORPORATION, Dimension Data Holdings, NTT DATA CORPORATION and other items under NTT, Inc..
- December 2018 Acquired NTT URBAN DEVELOPMENT CORPORATION as a wholly owned subsidiary.
- July 2019 NTT established a wholly owned subsidiary, NTT Urban Solutions, Inc., and established NTT URBAN DEVELOPMENT CORPORATION and NTT FACILITIES, INC. under it.
NTT, Inc. established a wholly owned subsidiary, NTT Ltd. and transferred its global businesses, including NTT COMMUNICATIONS CORPORATION and Dimension Data Holdings plc, under NTT Ltd.
- January 2020 NTT implemented a 2-for-1 common stock split.
- December 2020 Acquired NTT DOCOMO, INC. as a wholly owned subsidiary.
- January 2022 Transferred NTT COMMUNICATIONS CORPORATION and NTT COMWARE CORPORATION under NTT DOCOMO, INC.
- April 2022 NTT transferred to the Prime Market of the TSE.
- October 2022 Established NTT DATA, Inc. as an overseas operating company through the joint investment of NTT and NTT DATA CORPORATION, and moved the global business for business users within NTT DATA CORPORATION.
- July 2023 NTT DATA CORPORATION changed its trade name to NTT DATA Group Corporation and became a holding company, with a new domestic operating company (NTT DATA Japan Corporation) and NTT DATA, Inc., which oversees the overseas business, under its umbrella.
NTT implemented a 25-for-1 common stock split.

- July 2025 Corporate name was changed to NTT, Inc.
- September 2025 Acquired NTT DATA Group Corporation as a wholly owned subsidiary.

At the 40th Ordinary General Meeting of Shareholders held on June 19, 2025, amendments to the Articles of Incorporation, including a change of the corporate name were approved. Accordingly, our corporate name changed to NTT, Inc., effective July 1, 2025. As a positive force for people and the planet, NTT Group will continue to focus on the needs of our customers and drive dynamic innovation to create a more harmonious and prosperous future.

New Corporate Identity ("CI")



3. Description of Business

The NTT Group consists of NTT (as the holding company), its 1,026 subsidiaries and its 161 affiliated companies (as of March 31, 2026). The principal business segments of the NTT Group are its Integrated ICT Business, Global Solutions Business, Regional Communications Business, and Others (Real Estate, Energy and Others).

NTT qualifies as a specified listed company under Article 49, Paragraph 2 of the Cabinet Office Order on Restriction on Securities Transactions, and accordingly insignificance thresholds for material facts under insider trading regulations are determined on the basis of consolidated figures.

Details of the business and corporate position of the consolidated subsidiaries are described below.

The following four NTT Group business segments correspond to the segment classifications presented under “Note 2.1. - Segment Information” to the Consolidated Financial Statements.

(1) Integrated ICT Business

The principal services in the Integrated ICT Business are consumer telecommunications services (mobile phone services, optical broadband services, etc.), smart life services (financial services, content and lifestyle services, etc.), enterprise services (telecommunications services for enterprise customers, solutions services, system development services, etc.), and related services.

(Consolidated Subsidiaries)

NTT DOCOMO, INC., NTT DOCOMO BUSINESS, Inc., NTT DOCOMO SOLUTIONS, Inc., DOCOMO Finance, Inc., SBI Sumishin Net Bank, Ltd., and 149 other companies.

(2) Global Solutions Business

The principal services in the Global Solutions Business are consulting services, IT solutions services, system and software development services, maintenance and support services, data center services, and related services.

(Consolidated Subsidiaries)

NTT DATA Group Corporation, NTT DATA Japan Corporation, NTT DATA, Inc., NTT Ltd., DIMENSION DATA HOLDINGS, NTT America, NTT EUROPE, NTT Global Data Centers EMEA, NTT Global Data Centers Americas, NTT Global Networks, NTT Managed Services Americas Intermediate Holdings, Spectrum Holdings, NTT America Holdings II, Dimension Data Commerce Centre, NTT DATA Americas, NTT DATA Services Holdings, NTT DATA Services, NTT Data International, NTT DATA Europe & Latam, NTT DATA EUROPE, and 589 other companies.

(3) Regional Communications Business

The principal services in the Regional Communications Business are optical services, enterprise services, fixed-line services, and related services.

(Consolidated Subsidiaries)

NTT EAST, Inc., NTT WEST, Inc., and 58 other companies.

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

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

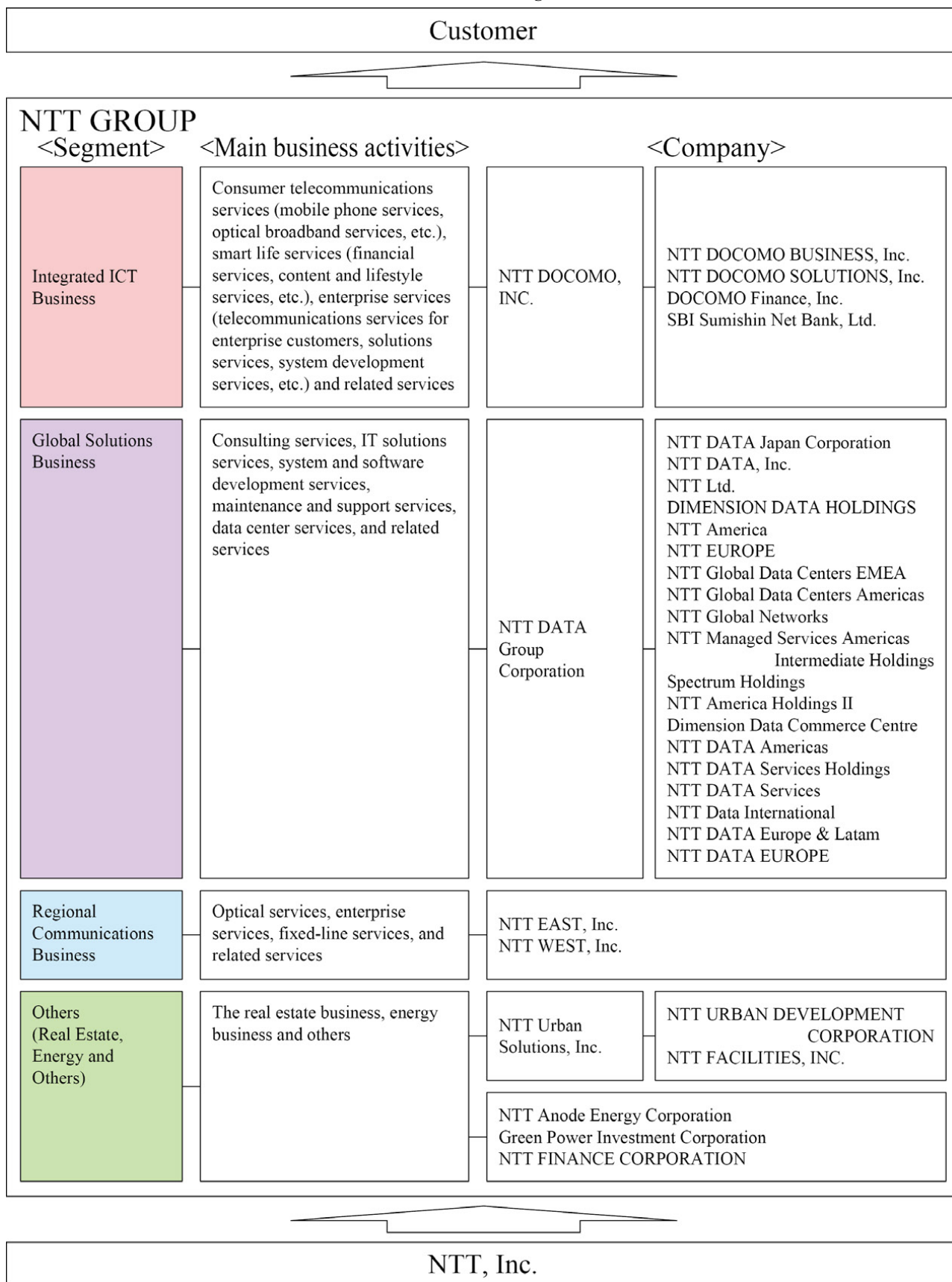
(Consolidated Subsidiaries)

NTT Urban Solutions, Inc., NTT URBAN DEVELOPMENT CORPORATION, NTT FACILITIES, INC., NTT Anode Energy Corporation, Green Power Investment Corporation, NTT FINANCE CORPORATION, and 197 other companies.

Note: In this Annual Securities Report, “NTT DOCOMO,” “NTT DOCOMO BUSINESS,” “NTT DOCOMO SOLUTIONS,” “NTT DATA Group,” “NTT DATA,” “NTT East,” and “NTT West” refer to NTT DOCOMO, INC., NTT DOCOMO BUSINESS, Inc., NTT DOCOMO SOLUTIONS, Inc., NTT DATA Group Corporation, NTT DATA Japan Corporation, NTT EAST, Inc., and NTT WEST, Inc., respectively.

A diagram of NTT Group's business lines is shown below.

Business Lines Diagram



4. Information on Subsidiaries and Affiliates

Name	Location	Capital Stock	Principal Business	Percentage of Voting Rights Held (%)	Relationship
(Consolidated Subsidiaries)		(millions of yen)			
NTT DOCOMO, INC. Notes: *1, *2, *3, *4	Chiyoda-ku, Tokyo	949,680	Integrated ICT Business	100.00	Provides mobile communication services and smart life-related services. Concurrent Officers: None
NTT DOCOMO BUSINESS, Inc. Notes: *1,*6	Chiyoda-ku, Tokyo	230,979	Integrated ICT Business	100.00 (100.00)	Provides ICT services and solutions business, international communications services. Concurrent Officers: None
NTT DOCOMO SOLUTIONS, Inc. Notes: *6	Minato-ku, Tokyo	20,000	Integrated ICT Business	100.00 (66.60)	Provides development, production, operation, and maintenance services for information communications systems and software. Concurrent Officers: None
DOCOMO Finance, Inc. Note: *6	Minato-ku, Tokyo	4,800	Integrated ICT Business	66.00 (66.00)	Provides Loan business, credit guarantee business, and mortgage banking business. Concurrent Officers: None
SBI Sumishin Net Bank, Ltd. Notes: *7	Minato-ku, Tokyo	46,000	Integrated ICT Business	50.00 (50.00)	Provides Digital banking business, mortgage loan business, BaaS (Banking as a Service) business. Concurrent Officers: None
NTT DATA Group Corporation Notes: *1, *2, *3	Koto-ku, Tokyo	142,520	Global Solutions Business	100.00	Provides strategic planning and policy promotion (including marketing, innovation and strategic investments), business management, technological development and maintenance of governance for the entire NTT DATA Group. Concurrent Officers: None

Name	Location	Capital Stock	Principal Business	Percentage of Voting Rights Held (%)	Relationship
NTT DATA Japan Corporation	Koto-ku, Tokyo	(millions of yen) 1,000	Global Solutions Business	100.00 (100.00)	Provides consulting, integrated IT solutions, systems and software development and maintenance and support services. Concurrent Officers: None
NTT DATA, Inc. Note: *1	Koto-ku, Tokyo	(millions of yen) 340,051	Global Solutions Business	100.00 (55.00)	Provides governance, strategy planning, and policy promotion services for the global business of the NTT DATA Group. Concurrent Officers: None
NTT Ltd. Note: *1	United Kingdom	(ten thousands of U.S. dollars) 1,023,657	Global Solutions Business	100.00 (100.00)	Provides IT services and communications and internet-related services for corporations. Concurrent Officers: None
DIMENSION DATA HOLDINGS Note: *1	United Kingdom	(ten thousands of U.S. dollars) 252,185	Global Solutions Business	100.00 (100.00)	Provides IT system building and maintenance support for corporations. Concurrent Officers: None
NTT America Note: *1	U.S.A.	(ten thousands of U.S. dollars) 534,181	Global Solutions Business	100.00 (100.00)	Provides ICT services in North America. Concurrent Officers: None
NTT EUROPE	United Kingdom	(Euro) 117	Global Solutions Business	100.00 (100.00)	Provides ICT services in Europe. Concurrent Officers: None
NTT Global Data Centers EMEA Note: *1	Luxembourg	(ten thousands of Euros) 122,759	Global Solutions Business	100.00 (100.00)	Provides data center-related services in Europe. Concurrent Officers: None
NTT Global Data Centers Americas Note: *1	U.S.A.	(ten thousands of U.S. dollars) 243,753	Global Solutions Business	100.00 (100.00)	Provides data center-related services in North America. Concurrent Officers: None

Name	Location	Capital Stock	Principal Business	Percentage of Voting Rights Held (%)	Relationship
NTT Global Networks	U.S.A.	(ten thousands of U.S. dollars) 51,353	Global Solutions Business	100.00 (100.00)	Provides network services. Concurrent Officers: None
NTT Managed Services Americas Intermediate Holdings Note: *1	U.S.A.	(ten thousands of U.S. dollars) 71,427	Global Solutions Business	100.00 (100.00)	Provides managed services in North America. Concurrent Officers: None
Spectrum Holdings Note: *1	British Virgin Islands	(ten thousands of U.S. dollars) 410,193	Global Solutions Business	100.00 (100.00)	Manages certain subsidiaries of NTT Ltd. in Europe and North America. Concurrent Officers: None
NTT America Holdings II Note: *1	U.S.A.	(ten thousands of U.S. dollars) 82,286	Global Solutions Business	100.00 (100.00)	Provides ICT services in North America. Concurrent Officers: None
Dimension Data Commerce Centre Note: *1	Isle of Man	(ten thousands of U.S. dollars) 78,267	Global Solutions Business	100.00 (100.00)	Manages certain subsidiaries of NTT Ltd. in Europe and North America. Concurrent Officers: None
NTT DATA Americas Note: *1	U.S.A.	(ten thousands of U.S. dollars) 575,851	Global Solutions Business	100.00 (100.00)	Provides consulting, system design and development services in North America. Concurrent Officers: None
NTT DATA Services Holdings Note: *1	U.S.A.	(ten thousands of U.S. dollars) 94,832	Global Solutions Business	100.00 (100.00)	Provides consulting, system design and development services. Concurrent Officers: None
NTT DATA Services Note: *1	U.S.A.	(ten thousands of U.S. dollars) 211,429	Global Solutions Business	100.00 (100.00)	Provides consulting, system design and development services in North America. Concurrent Officers: None

Name	Location	Capital Stock	Principal Business	Percentage of Voting Rights Held (%)	Relationship
NTT Data International Note: *1	U.S.A.	(ten thousands of U.S. dollars) 577,542	Global Solutions Business	100.00 (100.00)	Manages subsidiaries in North America. Concurrent Officers: None
NTT DATA Europe & Latam Note: *1	Spain	(ten thousands of Euros) 58,275	Global Solutions Business	100.00 (100.00)	Provides consulting, system design and development services. Concurrent Officers: None
NTT DATA EUROPE Note: *1	Germany	(ten thousands of Euros) 69,180	Global Solutions Business	100.00 (100.00)	Manages overseas SAP business subsidiaries. Concurrent Officers: None
NTT EAST, Inc. Notes: *1, *2, *3, *6	Shinjuku-ku, Tokyo	(millions of yen) 335,000	Regional Communications Business	100.00	Provides intra-prefectural communications services in the eastern part of Japan. NTT is the provider of a long-term capital loan to NTT East. Concurrent Officers: None
NTT WEST, Inc. Notes: *1, *2, *3, *6	Miyakojima-ku, Osaka	(millions of yen) 312,000	Regional Communications Business	100.00	Provides intra-prefectural communications services in the western part of Japan. NTT is the provider of a long-term capital loan to NTT West. Concurrent Officers: None
NTT Urban Solutions, Inc. Notes: *1, *2, *3	Chiyoda-ku, Tokyo	(millions of yen) 108,372	Other Business	100.00	Serves as a contact point for urban solutions business, and integrated management of urban solutions-related information. Concurrent Officers: None
NTT URBAN DEVELOPMENT CORPORATION Notes: *6	Chiyoda-ku, Tokyo	(millions of yen) 48,760	Other Business	100.00 (100.00)	Engages in real estate acquisition, development, leasing, and management. Concurrent Officers: None
NTT FACILITIES, INC.	Minato-ku, Tokyo	(millions of yen) 12,400	Other Business	100.00 (100.00)	Provides design, management, and maintenance services for buildings and equipment. Concurrent Officers: None

Name	Location	Capital Stock	Principal Business	Percentage of Voting Rights Held (%)	Relationship
NTT Anode Energy Corporation Note: *3	Minato-ku, Tokyo	(millions of yen) 7,924	Other Business	100.00	Provides smart energy solutions and related design, management and maintenance services for electric power facilities. Concurrent Officers: None
Green Power Investment Corporation	Minato-ku, Tokyo	(millions of yen) 10,787	Other Business	99.99 (99.99)	Operates in the general power generation business, including clean energy generation such as wind power, solar power and others. Concurrent Officers: None
NTT FINANCE CORPORATION Notes: *1, *3, *5	Minato-ku, Tokyo	(millions of yen) 16,771	Other Business	100.00	Provides billing and collection of charges for communications and other services, as well as credit card transaction settlement services. Concurrent Officers: None

Notes:1. The Principal Business column lists the segment of each company.

2. Numbers listed in parentheses under Percentage of Voting Rights Held indicate the percentage of voting rights held indirectly. Furthermore, Capital Stock figures for overseas subsidiaries include additional paid-in capital (APIC).

3. *1. Indicates a specified subsidiary.

4. *2. During the current fiscal year, the company entered into an agreement with NTT for the continued use of the results of NTT's core research and development, and paid consideration for the provision of comprehensive services related to core research and development.

5. *3. During the current fiscal year, 22 consolidated subsidiaries entered into agreements with NTT for group management aimed at maximizing the profits of each group company while respecting their independence and autonomy, and paid consideration for comprehensive services related to the promotion of group management.

6. *4. The ratio of the company's net sales (excluding intercompany sales among consolidated subsidiaries) to total consolidated sales exceeds 10%. Key information on profit and loss for such company is listed below.

7. *5. The company files an Annual Securities Report.

8. *6. On July 1, 2025, Nippon Telegraph and Telephone East Corporation, Nippon Telegraph and Telephone West Corporation, NTT Communications Corporation, NTT COMWARE CORPORATION, and NTT URBAN DEVELOPMENT CORPORATION changed their corporate names to NTT EAST, Inc., NTT WEST, Inc., NTT DOCOMO BUSINESS, Inc., NTT DOCOMO SOLUTIONS, Inc., and NTT URBAN DEVELOPMENT CORPORATION (in Japanese, with no change to the company's name in English), respectively. On April 1, 2025, ORIX Credit Corporation changed its corporate name to DOCOMO Finance, Inc.

9. *7. Although the Company owns 50% or less of the voting rights, it has determined that it effectively controls that company, taking into consideration factors such as the right to appoint directors.

10. As of March 31, 2026, the NTT Group comprised 1,026 consolidated subsidiaries and 161 equity method affiliates.

	Key Information on Profit and Loss				
	Operating Revenue (millions of yen)	Recurring Profit (millions of yen)	Net Income (millions of yen)	Net Assets (millions of yen)	Total Assets (millions of yen)
NTT DOCOMO, INC.	4,758,722	694,630	594,083	6,022,109	11,035,395

ITEM 2. BUSINESS OVERVIEW

1. Management Policy, Business Environment and Issues to be Addressed

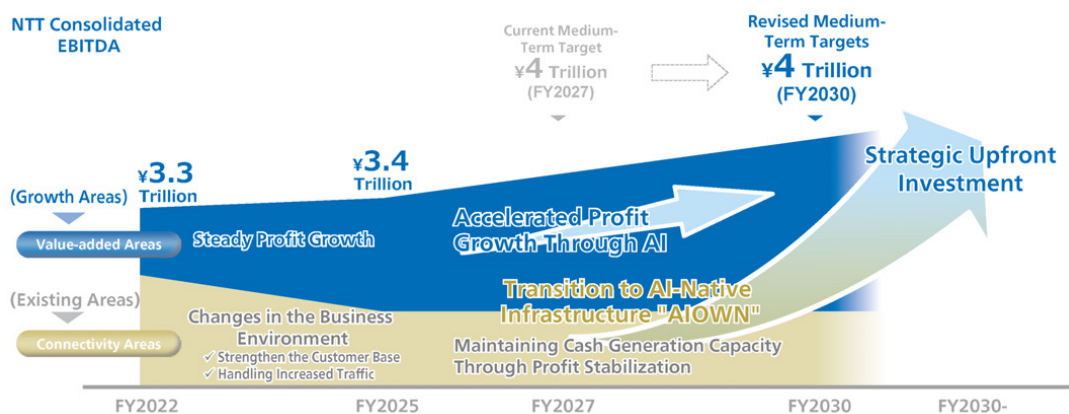
Forward-looking statements in this Annual Securities Report are based on judgments as of the filing date.

(1) Changes in the business environment

Amid progress in the digitalization of social and economic activities, DX has continued to advance, supported by the increasing sophistication of AI and robotics. On the other hand, negative aspects of digitalization have become apparent, such as increases in electricity consumption and proliferation of false and incorrect information from AI use, and misuse of AI. In addition, the business environment is changing dramatically due to the growing importance of economic security, mounting sophistication of cyberattacks, growing complexity of special fraud schemes, and the intensification of natural disasters on a global scale. Amid these circumstances, communication traffic has escalated significantly with respect to telecommunication services due to increasing data communication volume associated with the spread of generative AI, in addition to a post-COVID recovery of human movement along with higher levels of video streaming. Furthermore, telecommunication volume continues to rise on both fixed and mobile networks due to increasing cloud access and growing needs for multi-site connectivity, with investment burden for network expansion and quality maintenance also further escalating. Looking at the market, on the other hand, the net increase in optical lines has slowed amid a leveling off of telework demand and increasing competition, with companies also up against intensifying competition to attract customers in mobile communications. The NTT Group is operating in an increasingly severe business environment given other factors such as an expanding competitive arena encompassing entire economic spheres including finance and entertainment, along with rising network investment coupled with intensifying market competition.

(2) Business Development Based on the NTT Group’s Medium-Term Management Strategy

To balance medium- to long-term growth with a stable financial foundation, the NTT Group partially reviewed the medium-term management plan “New Value Creation & Sustainability 2027 Powered by IOWN,” announced in May 2023, in light of changes in the business environment, and subsequently announced in May 2026 “New Value Creation & Sustainability 2030 powered by AIOWN,” an initiative aimed at driving medium-term profit growth. We will change previous growth areas to “Value-added Areas” as we seek significantly higher profits centered on AI amid expectations of further business expansion, while we will change existing areas to “connectivity areas” and proceed with the transition to AI-native infrastructure, aiming to achieve EBITDA of ¥4 trillion in FY2030. Furthermore, to achieve greater capital efficiency while maintaining financial soundness, we aim to achieve ROIC (excluding the financial business) of 5.5% and reduce debt-to-EBITDA ratio (excluding the financial business) to approximately 3.5 times.



Achieving EBITDA of ¥4 Trillion in FY2030 Through the Creation of New Value, and Becoming NTT as an Accelerator of a Global Sustainable Society

In Value-added Areas, for the domestic enterprise services, we will seek to expand our customer base by shifting to business models from the perspective of value provided to customers and promoting the provision of high-value-added integration services in light of the rapid advancements in AI. In the overseas business, we will accelerate growth through full-stack services that leverage AI and data centers as growth drivers. Concretely speaking, in the IT service business, we will press ahead with the creation of AI-native businesses and the expansion of capabilities through M&A, while in the data center business, we will persist with growth investments while leveraging third-party capital to address robust demand. In the personal business primarily

involving finance, we seek to expand our financial customer base with payments and banking services as a starting point centered on the NTT DOCOMO Financial Group, Inc. scheduled to start operations in July 2026. We also aim to achieve more extensive revenue opportunities by encouraging use of investment, lending, and insurance services.

In connectivity areas, we will proceed with the transition to an AI-native next-generation infrastructure that optimizes resources such as GPUs, networks, and electric power “AIOWN,” against a backdrop of upgrading telecommunications and increased traffic accompanying developments in AI. In the consumer telecommunications business, we strive to maintain and improve our revenue base by maintaining the number of subscriptions and increasing ARPU by strengthening customer contact points and developing more sophisticated services using AI. In the Regional Communications Business, we aim to stabilize our revenue base through operational transformation and expansion of the optical services, enterprise services, and new business areas, in light of the decline of traditional services.

In pursuit of future growth, we aim to scale the IOWN APN nationwide while expanding the ecosystem for photonic- electronic convergence devices through collaboration with a diverse range of partners, accelerating the social implementation of IOWN. We will maintain strategic investments in fields such as mobility, space, and optical quantum computers to support sustainable growth beyond 2030.

We also work to further strengthen our business foundation. We are working on initiatives to promote green solutions that combine green energy with ICT and to create circular economy businesses that encourage waste reuse. Additionally, we will contribute to industrial promotion and regional revitalization in seeking to enhance the efficiency and added value of primary industries through the use of IOWN, 5G/IoT, and AI/robotics. Furthermore, we will build networks and systems capable of withstanding increasingly severe disasters based on past incidents and knowledge regarding natural disasters and telecommunication failures. We will implement world-standard cybersecurity measures against ransomware and other such cyberattacks in striving to provide safe and secure services.

Upgrading the Customer Experience (CX)

We will treat all stakeholders as customers and partners and promote customer experience first initiatives at all customer contact points. Specifically, centered on the Research and Development Market Strategy Division, which integrates the functions of R&D promotion, marketing, and alliance, we will further incorporate a market perspective into R&D, advance value creation with a view from R&D to social implementation and delivery, and expand the value we provide through co-creation with diverse partners. Additionally, by conducting experiential surveys up to the point of application, contract, and inquiry, we will work on improving customer contact points. By utilizing AI, we will accelerate improvements in customer support and communication quality, further enhancing CX. Going forward, we will continue to monitor CX indicators and realize an enhanced experiential value that keeps us chosen by customers through a cycle of analysis and improvement.

Improving the Employee Experience (EX)

As the transformation of the business portfolio progresses, maximizing the performance of personnel and organizations is essential to more effectively execute strategies.

Employee engagement surveys have revealed issues such as “strategy penetration,” “opportunities for dialogue,” and “career anxiety,” highlighting the need for each employee to be in a state where they connect the business strategy with their own work and can proactively take on challenges. To address these issues, the NTT Group positions EX as a management foundation and promotes support for autonomous career development, the cultivation of a corporate culture that respects diversity, and the realization of flexible and productive workstyles. In particular, efforts are being deepened into organizational transformation, such as establishing career autonomy and improving the quality of dialogue.

Additionally, in advanced areas such as AI, we will accelerate the development of human resources and the transformation of the human resource portfolio to not only provide value to customers but also to promote the transformation of our own business processes and workstyles as a whole.

(3) Medium-Term Financial Targets

Under “New Value Creation & Sustainability 2030 powered by ALOWN,” an initiative aimed at driving medium-term profit growth, we have revised our Medium-Term Financial Targets as follows.

Targets Indicators	Target Levels (FY2030)
EBITDA (Consolidated)	4 Trillion Yen
ROIC (Excluding Financial Businesses*)	5.5%

* NTT DOCOMO Financial Group consolidated figures.

In addition, there are no changes to sustainability-related indicators.

- Percentage of Female Employees among Newly Appointed Managers: at least 30% each year
- Greenhouse gas emissions: aiming to achieve carbon neutrality and net zero by fiscal year 2040
- Employee engagement rate: improvement

2. Sustainability-Related Principles and Initiatives

Forward-looking statements in this Annual Securities Report are based on judgments as of the filing date.

NTT Group Sustainability Charter

The NTT Group has established a Sustainability Charter. By promoting the IOWN concept, which is grounded in high ethical standards and advanced technology and innovation, the NTT Group is working towards (1)ensuring the positive coexistence of nature and humanity (addressing environmental challenges), (2)improving prosperity for all people and cultures (addressing social issues) and (3)maximizing well-being for all (addressing human rights, diversity & inclusion). Through these initiatives, the NTT Group seeks to achieve corporate growth and the resolution of social issues simultaneously, thereby contributing to the realization of a sustainable society.

NTT Group Global Sustainability Charter	
Ensuring the Positive Coexistence of Nature and Humanity	Addressing Environmental Challenges
Improving Prosperity for All People and Cultures	Addressing Social Issues
Maximizing Well-being for All	Addressing Human Rights, Diversity & Inclusion

In addition, the NTT Group partially revised its Medium-Term Management Strategy announced in May 2023 and, in May 2026, announced “New Value Creation & Sustainability 2030 Powered by ALOWN,” an initiative aimed at driving medium-term profit growth. Going forward, the NTT Group will continue to pursue its role as a creator of new value and accelerator of a global sustainable society, and is advancing a wide variety of other initiatives.

Fundamental Principles of the Medium-Term Management Strategy

Innovating a Sustainable Future for People and Planet

(1) Sustainability-Related Governance

The NTT Group considers the promotion of sustainability to be an important management issue, and particularly important matters are determined based on discussions with Members of the Board.

As part of the Board of Director’s oversight framework, NTT has established a Sustainability Committee, chaired by the President, directly under the Board. The Committee oversees group-wide activity policies and their progress. Policies related to sustainability (the establishment, revision or abolition of the charter and related policies, and the determination of particularly important indicators) are determined by the Board of Directors after going through the Sustainability Committee. Additionally, to strengthen alignment between initiatives to realize a sustainable society and business strategy, NTT has established a Sustainability Promotion Office within the Corporate Strategy Planning Division. This office monitors indicators related to key issues and activities and reports to the Sustainability Committee once a year.

With respect to the process for selecting important sustainability-related issues and activities, in fiscal year 2021 the NTT Group identified issues it should address on a global basis after comprehensively considering emerging sustainability challenges, with reference to third-party institutions, ISO 26000, the GRI Standards, the SDGs, global trends, internal workshops, and the materiality assessments of other companies. In addition, the level of priority for addressing these issues was assessed based on their impact on both “growth as a company” and “resolution of social issues,” with the aim of achieving both the resolution of social issues and business growth, while also incorporating opinions from external experts.

Sustainability-related issues and the appropriateness of their prioritization are reviewed as needed by the Board of Directors following deliberation by the Sustainability Committee and are revised as appropriate. The NTT Group has identified four key sustainability matters: (a) Climate Change, (b) Human Capital, (c) New Value Creation, and (d) Resilience.

(2) Sustainability-Related Risk Management

Risks and opportunities related to important sustainability issues are submitted for discussion to the Sustainability Committee, which reports on them to the Board of Directors. As part of the NTT Group's risk management process, the NTT Group has established risk management regulations that set forth fundamental risk management principles aimed at anticipating and preventing potential risks and minimizing losses should such risks materialize. Centered on the Business Risk Management Promotion Committee, which is chaired by the Executive Vice President, and Group Business Risk Management Promotion Committees, the NTT Group has established and operates a PDCA cycle for risk management. The processes for identifying, evaluating and managing sustainability-related risks are integrated into NTT Group's comprehensive risk management process.

(3) Strategies, Indicators and Targets

(a) Climate Change

Strategies Related to Climate Change (Initiatives for Risks and Opportunities)

Climate change is widely recognized as a significant global risk. If the NTT Group's responses to and disclosures regarding climate change, resource circulation, and natural capital are determined as insufficient, the NTT Group may face difficulties in business operations due to a lack of understanding from stakeholders, including customers, partners, shareholders, employees and local communities. Furthermore, in the event that new or stricter laws and regulations are adopted in the future, costs may increase, which may impact the NTT Group's financial condition and operational results.

In consideration of these risks, the NTT Group has established its environment and energy vision, NTT Green Innovation toward 2040, and is promoting environmental impact reduction initiatives to achieve carbon neutrality (Scope 1 & 2) in fiscal year 2040. The NTT Group has also expanded this initiative to Scope 3, and aims to achieve net-zero emissions (Scopes 1, 2 & 3) by fiscal year 2040. To this end, the NTT Group is promoting the use of renewable energy as part of its transition to green power, advancing research and development of IOWN aimed at achieving significantly lower power consumption, utilizing an internal carbon pricing system, making use of green bonds, strengthening collaboration with suppliers and contributing to the decarbonization of its customers. Furthermore, in response to risks related to resource circulation, the NTT Group is working to promote the reuse and recycling of telecommunications equipment and mobile devices (such as metals and plastics) as well as the proper processing, storage, and management of hazardous waste. In response to risks related to biodiversity, the NTT Group will continue to enhance surveys and disclosures regarding its business activities in nature reserves and similar areas.

As a response to this opportunity, the NTT Group is undertaking initiatives such as expanding its renewable energy offerings at data centers, supporting the establishment of processes to visualize greenhouse gas emissions and expanding sales of green power to both corporate and individual customers.

In addition, the NTT Group will promote green solutions realized through "Green Energy x ICT," expand its renewable energy generation business and achieve a stable supply of optimized and efficient energy based on local production for local consumption, promote resource circulation across industries and further accelerate regional revitalization through the creation of circular economy-oriented businesses.

Scenario Definitions

Scenario	Overview	Reference Methodology for Scenario
Transition Risk Scenario	Scenario in which the decarbonization of society is achieved rapidly ... A future in which the target increase of 1.5°C has been attained	IEA World Energy Outlook: NZE IPCC AR6 WG1: RCP 1-1.9
Physical Risk Scenario	Scenario in which physical risks materialize ... A future in which the average temperature has risen by 4°C	IEA World Energy Outlook: STEPS IPCC AR6 WG1: RCP 8.5

Risks and Opportunities Identified (Overview)

Overview	Target	Scenario		Type	Timeframe	Response
		1.5°C	4.0°C			
Increase in costs for decarbonization, renewable energy charges, and renewable energy implementation	Climate	LOSS ▼	—	Transition risk (policy/regulations)	Long-term	<ul style="list-style-type: none"> Initiatives for realizing the IOWN concept Introducing and expanding the use of renewable energy Promotion of energy conservation, high-efficiency data centers
Social criticism related to fewer efforts toward ESG (drop in market share)	Climate Nature	▼	Minor	Transition risk (market/criticism)	Long-term	<ul style="list-style-type: none"> Actively disclosing information on initiatives related to climate change, natural capital (biodiversity and water risk), and resource recycling
Expanding sales of services that help reduce society's environmental impact	Climate Nature	▲ ▲	Profit ▲	Opportunity (products and services, energy)	Long-term	<ul style="list-style-type: none"> Creating new services related to carbon neutrality, biodiversity conservation, and resource recycling Increase in green electricity retail
Achieve the IOWN concept	Climate	▲ ▲	▲	Opportunity (investment toward R&D)	Long-term	<ul style="list-style-type: none"> Acceleration of DX Reduction of greenhouse gases across the supply chain
Disasters caused by heavy rain and typhoons Droughts due to abnormal weather	Climate Nature	—	▼	Physical risk (acute)	Short-term	<ul style="list-style-type: none"> Provide disaster response and disaster prevention training Conserving water and monitoring the water withdrawal amount
Increased air-conditioning costs due to increasing temperatures	Climate	—	▼	Physical risk (chronic)	Long-term	<ul style="list-style-type: none"> Promoting energy conservation

Notes 1. Degree of impact under the 1.5°C scenario and the 4°C scenario in FY2030

2. There are three timeframes: short-term (less than 3 years), medium-term (3 to 6 years), and long-term (6 years or more).

There are also three degrees of impact

(▲: low, ▲▲: medium, and ▲▲▲: high).

3. To promote energy conservation, in April 2026, the NTT Group set its internal carbon price at ¥27,000/t-CO₂, based on the International Energy Agency's projected carbon price for 2035 (180 USD/t-CO₂), and it uses this price in decision-making related to procurement, including product selection.

Indicators and Targets Related to Climate Change

Indicator	Mid- to Long-Term Targets	FY2025 Results
Greenhouse Gas Emissions	[Scope 1 & 2] FY2030: 80% reduction (compared to FY2013) FY2040: Carbon neutrality [Scope 1, 2 & 3] FY2040: Net-Zero	[Scope 1 & 2] preliminary figures: 2.041 million tons, 56% reduction (compared to FY2013) [Scope 1, 2 & 3] preliminary figures: 20.32 million tons, 28% reduction (compared to FY2018)

Notes:1. The scope of aggregation for greenhouse gas emissions consists of NTT and its consolidated subsidiaries.

2. Confirmed figures for greenhouse gas emissions (Scope 1, 2 & 3) are expected to be posted on the NTT corporate website around October 2026.

• Environmental Activities, Environmental Data and Detailed Data for the NTT Group:

<https://group.ntt/en/sustainability/environment/decarbonization/>

3. For Scope 1 & 2, FY2013 has been set as the reference year in line with the Japanese government's global warming countermeasures plan. For Scope 1, 2 & 3, FY2018, which is the year when the NTT Group began calculations using the same scope of aggregation as currently applied, including overseas group companies, has been set as the reference year.

(b) Human Capital

Strategies Related to Human Capital (Initiatives for Risks and Opportunities; Policies for Human Capital Development, Including the Promotion of Diversity, and Policies for Improving the Work Environment)

Improving the Employee Experience (EX)

In the communications market and related markets, the business environment is changing at an unprecedented pace due to rapid advancements in AI and growing uncertainty, including international geopolitical developments. NTT Group believes that companies are now expected more than ever to play a role in supporting the sustainability of society and industry, in addition to their own growth. The Medium-Term Management Strategy announced in May 2023 (with partial revisions in May 2026), aims to accelerate AI-driven profit growth in enterprise businesses worldwide and in smart life businesses centered on financial services, while optimizing resources such as GPUs, networks, and power, and advancing initiatives to transition to “AIOwn,” the next-generation infrastructure for the AI era, which handles operations including edge computing. Through these initiatives NTT Group is striving to enhance corporate value over the medium to long term by contributing to the sustainable growth of society and industry. In this environment, strengthening EX is critical for improving productivity and creativity and for the retention of exceptional personnel. Decreased EX could adversely affect the NTT Group’s ability to develop new technologies, plan new services, improve existing services, and execute its growth strategy, which could in turn affect its operational results and financial condition.

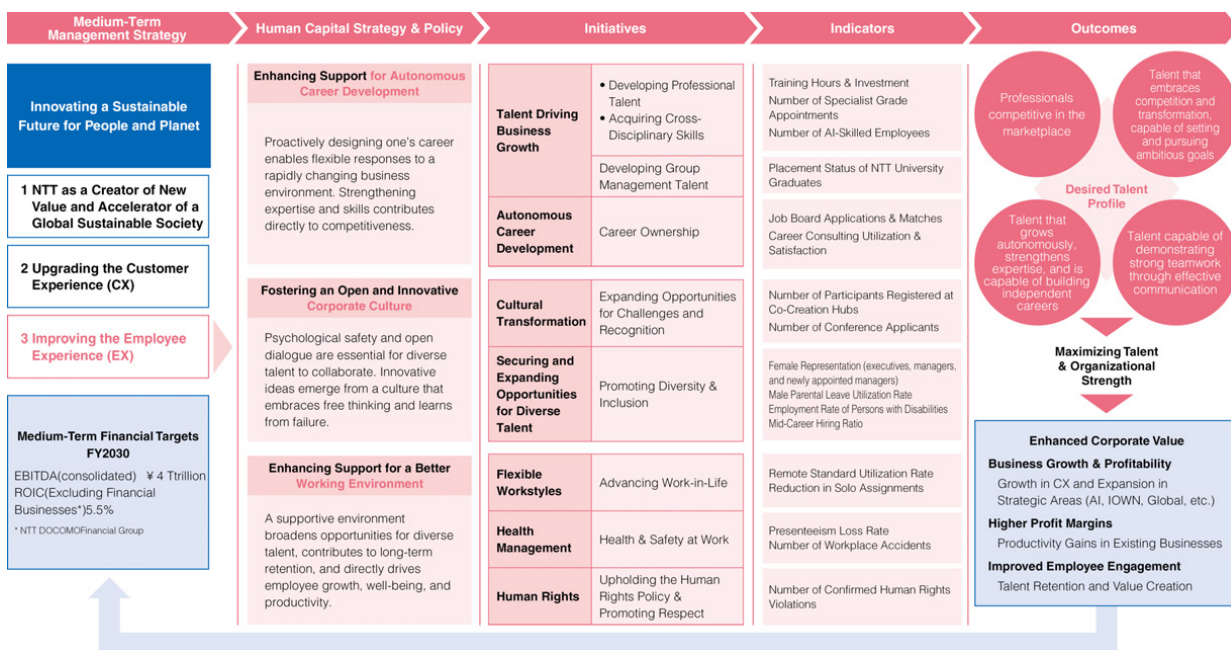
In response to these risks, the NTT Group has formulated a human resource strategy policy, and is strengthening its initiatives. In order to create new value, enhance customer experience (CX), and realize a sustainable society, the NTT Group emphasizes EX and aims to establish a positive cycle that generates new value. Specifically, the NTT Group will (i) strengthen support for autonomous career development, (ii) foster an open and innovative corporate culture, and (iii) create a comfortable working environment.

In addition, the NTT Group conducts employee engagement surveys and strengthens initiatives to address identified issues. The NTT Group analyzes the survey results, submits policies for improvement to the Sustainability Committee, and provides feedback to employees.

As a response to this opportunity, the NTT Group will set indicators for the three pillars of its human capital strategy and monitor the effectiveness of related measures over time. By appropriately reviewing and continuously implementing these measures, the NTT Group aims to increase CX and productivity, and to achieve business growth and enhanced corporate value.

Value Creation Process Related to Human Capital

- Promoting initiatives that strengthen talent and organizational capabilities



The NTT Group believes that improving EX depends on employees independently considering their careers from the time they join the company, gaining work experience, supplementing their skills through trainings and taking on new challenges through training reflection and self-assessment. In order to enable each employee to pursue autonomous career development, the NTT Group is implementing a range of environmental resource measures that support growth and promote diverse work styles and work environments.

(i) Support for autonomous career development

To support employee growth, beginning in October 2021, the NTT Group introduced a job-based personnel system and compensation plan for all managers, moving away from age and seniority-based practices and shifting from a traditional approach of assigning positions based on individuals to one that assigns individuals based on role requirements. Under this framework, compensation is more closely linked to both company performance and individual performance. Through this initiative, the NTT Group aims to place personnel in roles aligned with strategic needs and to expand opportunities for employees to take on new challenges. For non-managerial employees, the NTT Group introduced a new personnel system and compensation plan in April 2023 to support the development of professionals with high levels of expertise and skills who can proactively shape their own careers. Across all phases of recruitment, development, and placement, the NTT Group is shifting towards operations that emphasize specialization to support employees' autonomous career development.

Furthermore, the NTT Group has expanded its training programs to enhance the effectiveness of skill specialization acquisition. The NTT Group has prepared approximately 1,800 training courses, which employees can select based on their own career plans and skill development goals. In addition, beginning in July 2023, the NTT Group deployed career consultants to support employees in proactively designing their careers. These consultants, who hold national certifications and draw from rich sets of experiences, provide individualized career advice to each employee.

Additionally, the NTT Group promotes internal job postings and side jobs to enable diverse career paths. As a mechanism to support voluntary career challenges, the NTT Group operates the "NTT Group Job Board," which enables year-round applications. Between April 2025 and March 2026, approximately 1,400 applications were submitted, resulting in about 800 internal placements. In addition, to support employees' autonomous skill and career development, the NTT Group has established an internal side-job ("double-work") system that allows employees to allocate part of their working hours to other departments while remaining in their current roles. The NTT Group will continue to promote an environment that encourages employees to take on new challenges and pursue self-development.

(ii) Open and innovative corporate culture

To achieve the NTT Group's sustainable growth and the realization of a sustainable society, the NTT Group is strengthening its initiatives for an open and innovative corporate culture. In particular, the NTT Group is promoting initiatives to transform itself into an organization grounded in trial and error, openness, collaboration, and diversity and inclusion (D&I).

By expanding opportunities for dialogue between management and employees, and fostering a challenge-oriented mindset through conferences, the NTT Group communicates its initiatives and individual aspirations, and highlights employees who are taking on challenges in various fields, thereby strengthening a challenge-oriented culture across the Group.

In order to flexibly adapt to changes in the external environment and continue creating new value, the NTT Group believes it must transform itself from a homogeneous organization into one in which diverse talent can thrive. For this reason, the NTT Group is promoting diversity and inclusion. As a specific initiative, the NTT Group aims to continuously develop female core management talent by ensuring that approximately 30% of eligible participants at NTT University are women, setting a target of at least 30% women among newly appointed managers, and providing training programs for female employees at all levels. Furthermore, to create a workplace environment in which minorities such as women, persons with disabilities and LGBTQ individuals, as well as employees with childcare or care giving responsibilities can work comfortably, the NTT Group is building internal networks and providing training to enhance awareness among colleagues, particularly managers, promote mindset change, and foster an inclusive corporate culture.

(iii) Creating a comfortable working environment

The NTT Group has increased the opportunities for diverse talent to thrive. Notably, recognizing career disruption caused by life events, such as childcare, nursing care, or a partner's job transfer, as a challenge, the NTT Group has introduced systems to support employees. The NTT Group believes that promoting diverse work styles leads to improved productivity and motivation. The NTT Group will continue to listen to employee feedback and work to create an environment in which all employees can work in a way that reflects their individuality.

Specifically, the NTT Group is promoting hybrid work. By introducing measures such as a remote-work standard, flextime without core hours, and split-shift work, the NTT Group has increased flexibility in working hours, work locations, and places of residence, thereby further expanding work-style options aligned with employees' lifestyles. By implementing hybrid work that combines the strengths of in-person and remote work, the NTT Group aims to balance flexibility in work styles with improved organizational and team productivity. The NTT Group has identified a positive correlation between autonomous work styles and employee engagement, and will continue to promote diverse work styles and work environments.

In addition, to enhance employees' "work-in-life," the NTT Group is promoting a workplace environment that supports active participation in childcare and the balancing of work with caregiving or medical treatment. The rate of childcare leave and other leave taken by male employees for childcare purposes was 125.5%, exceeding the target of 100%. The NTT Group will continue to promote the creation of an environment where employees can more easily take long-term childcare leave.

Health and Safety

If employees' health and safety are not adequately ensured, labor productivity may decline, which could affect the NTT Group's operational results and financial condition.

In response to these risks, the NTT Group complies with the Labor Standards Act and other relevant laws and regulations and has established safety management and health management regulations for the purpose of ensuring workplace safety and employee health. The NTT Group as a whole, including its subcontractors and partner companies, continues to work on improving safety awareness and on a wide variety of measures in order to prevent accidents at construction sites for telecommunications facilities that support the NTT Group's business and to create safe work environments.

As a response to these opportunities, the NTT Group is promoting health management as part of its management strategy, based on the view that efforts to maintain and improve employee health, enhance motivation and productivity and contribute to revenue growth. In particular, the NTT Group is implementing initiatives such as promoting employee health activities through smartphone apps, conducting periodic surveys (pulse surveys) to monitor employees' health and providing health consultations and mental health counseling through external consultation services.

Human Rights

If human rights violations, including forced labor or child labor, were to occur within the NTT Group or in its supply chain, the NTT Group's credibility and corporate image could be undermined, which could adversely affect its operational results and financial condition.

In consideration of this risk, the NTT Group is working to strengthen its human rights management and improve human rights awareness throughout the group, including by conducting due diligence through external evaluation organizations, providing training on human rights issues, and establishing and operating consultation hotlines for human rights-related matters. In July 2024, the NTT Group formulated the "NTT Group Basic Policy on Customer Harassment." In light of the current trend toward greater emphasis on corporate efforts to respect human rights throughout the entire supply chain, the NTT Group is expanding the scope of its human rights due diligence, beyond suppliers to include internal operations.

As a response to these opportunities, the NTT Group believes that conducting direct dialogue with suppliers and NTT Group companies requiring improvement under its human rights due diligence, and disclosing related processes and outcomes, will enhance its brand image as a company trusted by stakeholders.

Indicators and Targets Related to Human Capital

Indicator	Mid- to Long-Term Targets	FY2025 Results
Employee Engagement Rate	Improvements (Compared to the Base Year (FY2022:57%))	64%
Percentage of Female Employees Among Newly Appointed Managers	Each year: 30%	28%
Percentage of Male Employees Taking Childcare Leave	Each year: 100%	125.5%
Direct Dialogue Rate with Suppliers Requested to Make Improvements	Each year: 100%	100%

Notes: 1. The employee engagement rate is the percentage of respondents who provide positive answers to the four indicators set as NTT Group KPIs for measuring engagement. The scope of aggregation for the employee engagement rate includes NTT, NTT DOCOMO, NTT DATA Group, NTT East, NTT West, NTT Urban Solutions, NTT Anode Energy, and their designated subsidiaries^{*1}.

*1 In addition to designated subsidiaries, the employee engagement survey is being expanded sequentially, and from FY2024 has also been conducted at overseas NTT Group companies.

2. The scope of aggregation for the Percentage of Female Employees Among Newly Appointed Managers and the Percentage of Male Employees Taking Childcare Leave consists of the five primary domestic companies (NTT, NTT DOCOMO*², NTT DATA Group*², NTT East and NTT West).

*² Figures for NTT DOCOMO include NTT DOCOMO BUSINESS. In addition, figures for NTT DATA Group include amounts for NTT DATA and NTT DATA, Inc.

3. The scope of aggregation for Direct Dialogue Rate with Suppliers Requested to Make Improvements consists of approximately 10 companies each year, selected based on third-party evaluation results, among the key suppliers (approximately 130 companies) that account for about 90% of the total amount of NTT Group's procurements.

(Reference) Other Indicators and Targets Related to Diversity

Indicator		Mid- to Long-Term Targets	FY2025 Targets	FY2025 Results
Women	Hiring Rate	Every year: 30%	30%	34.1%
	Managers (%)	FY2030: 20%	15%	14.7%
	Members of the Board and Executive Officers (%)	FY2030: more than 30%	25-30%	June 2026: 27.7%

Notes:1. The scope of aggregation for each of the indicators above consists of the five primary domestic companies (NTT, NTT DOCOMO,* NTT DATA Group,* NTT East, NTT West).

* Figures for NTT DOCOMO include NTT DOCOMO BUSINESS. In addition, while figures for NTT DATA Group include NTT DATA and NTT DATA, Inc., the percentage of female Members of the Board and Executive Officers does not include NTT DATA and NTT DATA, Inc.

2. The percentages of female Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers listed above are calculated on the assumption that, for companies that have not yet held their ordinary general meeting of shareholders as of the date of submission, the proposed resolutions for the election of Members of the Board of Directors and Audit & Supervisory Board Members to be submitted at that meeting will be approved as originally proposed; for companies that have already held their ordinary general meeting of shareholders, the ratios are calculated based on the resolutions passed at their respective ordinary general meeting of shareholders.

(c) New Value Creation

Strategies Related to New Value Creation (Initiatives for Risks and Opportunities)

Customer Experience (CX) Improvements

To enhance the creation of new and inspiring customer experiences, the NTT Group is promoting initiatives that aim to create new value and address social issues through collaborations with a wide range of partners. If the creation of businesses to offer customers new value does not progress as anticipated, the NTT Group's market competitiveness could decline, which could adversely affect the NTT Group's operational results and financial condition.

As a response to this risk, the NTT Group has established and operates a Marketing Strategy Committee, chaired by the President, and has also established CX promotion lines at each company. These initiatives include visualizing processes for collecting customer feedback and incorporating it into service improvements. In addition to establishing a CCXO at major companies, beginning with FY2024, customer engagement indicators have been established as key non-financial indicators for the focus area businesses of major companies to accelerate and strengthen the promotion of initiatives to improve the NTT Group's CX.

As a response to this opportunity, the NTT Group is working to expand its business through shared learning across each of its companies of best practices, including by convening group-wide in-house conferences while also striving to improve customer touchpoints by conducting surveys on the customer experience from application and contract signing to inquiries. Furthermore, by leveraging AI, the NTT Group will accelerate improvements in customer support and communication quality, and strive to further enhance the customer experience (CX). The NTT Group continues to monitor CX metrics and drive a cycle of analysis and improvement to deliver an experience that ensures the NTT Group remains the preferred choice for customers.

Promoting the Responsible Use of AI

To promote AI utilization, the NTT Group is pursuing fundamental business process reforms and new value creation through generative AI-related businesses, based on the concept of “what if all operations were entrusted to AI.” However, if such businesses fail to expand as anticipated due to factors such as delays in internal implementation frameworks, increased implementation costs, delays in model development in response to rapidly changing markets and needs, delays in collaboration with partners for ecosystem development, or delays in responding to legal regulations and social acceptance, the NTT Group may experience reduced competitiveness, higher costs to maintain service quality, and lost growth opportunities, which could adversely affect its operational results and financial condition.

As AI use has expanded across a wide variety of industries, inappropriate use of AI could result in financial burdens and could also harm the corporate image of the NTT Group and its customer companies. As a result, the NTT Group may be unable to fulfill its social responsibilities.

In light of these risks, the NTT Group is promoting training programs aimed at helping its approximately 340,000 employees acquire basic knowledge of AI and develop practical skills in its application. At the same time, the NTT Group has established regulations on AI governance to prevent serious incidents and ensure robust AI governance across the NTT Group. Furthermore, to avoid hindering the active use of AI, the NTT Group has adopted a risk-based approach tailored to the scale of each risk. Specifically, the NTT Group has established an AI management system to develop checklists based on past AI incident cases and government guidelines, classify risks, and have the AI risk management officers at each operating company work in collaboration with project managers to evaluate risks and develop and implement countermeasures for each AI project. The holding company will monitor the proper operation of the aforementioned AI management systems at each operating company and provide guidance as necessary. Through this AI governance framework, the NTT Group is committed to providing AI services that customers can use with confidence.

In addition, in response to market and customer needs, such as the growing adoption of AI in core business operations and the increasing importance of AI sovereignty, the NTT Group released “tsuzumi 2,” a model developed entirely in Japan that offers enhanced optimization and tuning capabilities tailored to the specific requirements of various industries and applications. The NTT Group will continue to enhance its features and performance in line with evolving customer needs. Furthermore, the NTT Group is actively collaborating with partners and other stakeholders to provide not only proprietary AI models but also the optimal AI models tailored to customers’ needs, as well as solutions that incorporate them. By accelerating these efforts and fostering business ecosystems both in Japan and overseas, the NTT Group will respond to evolving customer needs and support the application of AI to more sophisticated core business operations.

As a response to this opportunity, the NTT Group will support customers in accelerating innovation and growth through the power of AI by promoting collaboration with partners and providing a diverse range of generative AI services, including “tsuzumi 2,” aimed at transforming their value chains. Furthermore, to promote fundamental improvements in operational efficiency and innovation through the use of generative AI, and to foster corporate culture and drive transformation across the internal value chain, the NTT Group is promoting AI adoption across the entire Group by sharing best practices and rolling them out across the organization through regular meetings between each company and AI champions.

Intellectual Property

With respect to intellectual property rights and other rights held by third parties that are necessary for the Group and its business partners to conduct their businesses, as a matter of policy, the NTT Group and its business partners obtain licenses or other permissions from such third parties even when such rights are held only in part by other parties. If the NTT Group were to be unable to obtain licenses from such third parties, or if the licenses were to expire, there could be a risk that the NTT Group or its business partners would become unable to provide certain technologies, products or services.

If claims are made that the NTT Group has infringed the intellectual property rights of others, resolving such claims could require significant time and cost. Furthermore, if such claims are upheld by a court judgment or similar decision, the NTT Group risks being subject to damages or injunctions against the relevant business activities.

In addition, any unauthorized use by third parties of the NTT Group’s intellectual property and other rights could compromise the NTT Group’s competitive advantage, which could adversely affect the NTT Group’s operational results and financial condition.

As a response to this risk, the NTT Group is taking measures related to intellectual property rights held by others by conducting rights surveys to ascertain the status of such rights and implementing risk management and other measures.

As a response to this opportunity, the NTT Group aims to secure competitive advantages by proactively and appropriately protecting and managing R&D results, which are the basis for its business activities, either through intellectual property rights protections, including patents, or as internal expertise. The NTT Group aims to share the benefits of its R&D by broadly licensing out its technologies that help advance industry and technologies that can be standardized and used throughout society. When

deploying the results of R&D in their operations, each company in the NTT Group respects the intellectual property rights of other companies, while promoting diverse utilization and social implementation, aiming to create new value and contribute to the sustainability of the planet.

Indicators and Targets Related to New Value Creation

Indicator	Mid- to Long-Term Targets	FY2025 Results
Customer Engagement	[NPI] Improvements (year-on-year) [NPS] Improvements (year-on-year)	[NPI] 71.9% [NPS] -29.5

Note: Customer engagement NPI (Next Purchase Intention) measures customers' intention to continue using services, and NPS[®] (Net Promoter Score[®])^{*1} measures the degree to which customers recommend services to others. Customer engagement targets small- and medium-sized enterprise services which are the focus areas of NTT East, NTT West, NTT DOCOMO^{*2} and consumer services, which are the focus areas of NTT DOCOMO^{*2}. (Beginning fiscal year 2026, the scope is planned to be expanded to include services for large corporate customers).

^{*1} Net Promoter Score and NPS are registered trademarks of Bain & Company, Fred Reichheld and Satmetrix Systems (currently NICE Systems, Inc.).

^{*2} Figures for NTT DOCOMO include figures for NTT DOCOMO BUSINESS.

(d) Resilience

Strategies Related to Resilience (Initiatives to Address Risks and Opportunities)

Natural Disasters, Large-Scale Failures and Other Similar Events

The NTT Group has operations both in Japan and overseas, supporting society and business activities through its communications networks and information systems. In addition, the NTT Group provides numerous services that are essential lifelines for ensuring public safety and supporting daily life, such as financial and payment services.

With respect to the provision of these services, natural disasters such as earthquakes, tsunamis, typhoons and floods, physical attacks such as acts of war or terrorism, delays or failures in critical system development, or large-scale network outages could affect service provision to customers and potentially damage the NTT Group's credibility and reputation.

In response to these risks, the NTT Group has implemented a wide variety of measures to ensure the safe and stable operation of the systems and networks necessary for providing services, such as strengthening the earthquake resistance and flood prevention functions of its telecommunications facilities, diversifying transmission routes and reinforcing emergency power supplies for telecommunications facilities and base stations to prepare for long-term power outages.

In addition, in September 2020, the NTT Group launched the "Connect to Change" project in collaboration with KDDI Corporation as a joint initiative by domestic telecommunications carriers aimed at contributing to society. In December 2024, the NTT Group, together with SoftBank Corp. and Rakuten Mobile, Inc., established a new cooperative framework aimed at ensuring the rapid restoration of networks during large-scale disasters. Furthermore, in July 2025, this initiative expanded its scope of support to include evacuation shelters, and by sharing support information across companies, aims to provide rapid and efficient assistance.

In particular, as specific measures to prepare for large-scale outages, the NTT Group will rapidly and appropriately restore services, promptly determine the cause of failures and implement group-wide measures to achieve a more resilient network based on (1)comprehensive group-wide inspections and recurrence prevention of risks that have materialized, and (2)group-wide risk reviews, on the premise that unexpected events will always occur. In addition, the NTT Group launched "JAPAN RoamingTM" on April 1, 2026, with the aim of providing an alternative means of communication during emergencies.

In response to these opportunities, the NTT Group believes that improving the reliability of its telecommunications networks and information systems, by strengthening the resilience of its networks and accelerating recovery measures, will lead to improved customer satisfaction and brand image. In addition, for customers who require even higher reliability, the NTT Group will provide new value by enhancing its lineup of solutions for strengthening BCP.

Decrease in Service Levels and Information Leaks Due to Security Incidents

If cyberattacks or security incidents caused by deficiencies in the management of important information were to result in decreased service levels or information leaks, the NTT Group's credibility and reputation could be harmed, which could adversely affect the NTT Group's operational results and financial condition.

In addition, as societal demands for the protection of personal information increase, including customer information, legal requirements regarding personal information protection are also becoming more stringent. However, as criminal activities targeting personal information and other confidential information become increasingly advanced and sophisticated, it may not be possible to completely eliminate the risk of leaks or improper handling of such information.

In response to these risks, the NTT Group has established a management structure headed by the Group Chief Information Security Officer (CISO). Based on the premise that cyber incidents are inevitable and that minimizing damage is essential, the NTT Group, under the leadership of the holding company and each group company, is systematically implementing quarterly risk assessments and prioritizing information security measures utilizing the cybersecurity framework of the U.S. National Institute of Standards and Technology (NIST), which is widely used throughout the world.

Specific initiatives include the adoption of the “three lines of defense” principle, the development of policies that must be observed across the entire Group, migrations/innovations to zero-trust IT systems that provide secure remote work environments, the increase of security capabilities of each company through strengthening of “second line” initiatives and group-based human resource training, the collection/utilization of global threat information in light of geopolitical risks and security trends, the adoption of the latest technologies for early detection and rapid response, tests of security measures from the attacker’s perspective, collaboration with domestic and foreign government agencies and critical infrastructure providers and response training exercises in the event that any incidents do occur, countermeasures based on the latest cyberattacks, cybersecurity policies, and trends in laws and regulations related to the field of economic safety and security, training for all domestic Group company presidents, and training on basic actions for all employees.

In recent years, as digital transformation has progressed, systems have become increasingly interconnected in real time. Consequently, recovery from ransomware attacks has become more difficult, and the likelihood of prolonged business disruptions has increased. The NTT Group is advancing initiatives that incorporate the Group’s long-established disaster recovery mechanisms that are capable of handling recovery from cyberattacks including business continuity planning (BCP). Furthermore, while advances in generative AI may lead to increased automation of vulnerability scanning and attacks, thereby potentially raising the number of vulnerabilities discovered and attacks launched, the NTT Group is committed to ensuring business continuity by rigorously adhering to established standard operating procedures, strengthening defenses through the use of AI, and monitoring threat trends through public-private partnerships and information sharing among critical infrastructure operators.

In cases of decreased service levels or information leaks due to security incidents, the NTT Group ensures that lessons learned from actual incident responses are shared across the Group, and promotes group-wide countermeasures based on those lessons, which are implemented in accordance with each company’s business characteristics.

In addition, the NTT Group strives to strictly manage personal information and other confidential information, and has established the “NTT Group Information Security Policy,” while also developing internal management systems and conducting awareness activities for officers and employees.

As a response to these opportunities, the NTT Group is training security professionals with advanced expertise who are proficient in the use of cutting-edge technologies, and is leveraging the knowledge and insights accumulated through its risk response efforts to provide risk countermeasure support services to companies and communities outside of the Group.

Public Relations Responses

Any spread of negative information about the NTT Group on the internet, delays in public communications in the event of system failures, network outages or service disruptions, or the dissemination of incorrect information, could lead to harm to the NTT Group’s credibility and brand image.

In response to these risks, the NTT Group has established systems to ensure compliance with the Ministry of Internal Affairs and Communications’ guidelines on public notifications and public announcements, with the aim of enabling prompt public communications in the event of failures. In addition, the NTT Group is working to improve the quality of public communications by horizontally sharing best practices among group companies for emergency public responses. By promoting these initiatives, the NTT Group believes it will contribute to improved customer satisfaction and brand image.

Compliance

The NTT Group is subject to a wide range of laws and regulations due to its numerous operations and the diverse products and services it provides both in Japan and overseas, and certain business activities require licenses, notifications, or regulatory approvals. In particular, in overseas operations, compliance burdens may increase due to the existence or absence of local laws, unpredictable interpretations of laws, or the introduction and amendments of regulations in the relevant jurisdictions. In recent years, in addition to laws and regulations, the handling of global-level risks that exist in the supply chain, such as human rights, child labor, destruction of the environment and intermediary exploitation, has also become an important issue.

With respect to these matters, it may not always be possible to eliminate compliance risk and reputational risk from loss of

credibility, including, for example, in the case of an employee’s improper personal behavior. The occurrence of any of the risks described above could undermine the NTT Group’s credibility and corporate image, and could affect its business, including its ability to obtain new subscribers or its eligibility to bid for new contracts, which could in turn adversely affect its operational results and financial condition.

In light of these risks, the NTT Group is further strengthening its compliance efforts, including the prevention of antitrust violations and bribery, both in Japan and overseas, based on the recognition that compliance with laws and regulations is an extremely important corporate responsibility.

Indicators and Targets Related to Resilience

Indicator	Mid- to Long-Term Targets	FY2025 Results
Number of Serious Incidents	Each year: Zero	3 Incidents
Number of Critical Incidents due to External Cyberattacks	Each year: Zero	Zero

- Notes: 1. The scope of aggregation for the number of serious incidents and the number of telecommunications service interruptions due to external cyberattacks covers the four telecommunications companies designated as public institutions (NTT DOCOMO, NTT DOCOMO BUSINESS, NTT East, and NTT West).
2. A serious incident is an incident that falls under Article 58, Paragraph 2 of the Regulations for Enforcement of the Telecommunications Business Act.
3. Critical incidents due to external cyberattacks refer to “Serious Incidents” caused by external cyberattacks.

3. Risk Factors

In addition to the information contained in this Annual Securities Report relating to the NTT Group's business, accounting and other matters, prospective investors should also carefully consider the risks described below, which are evaluated comprehensively from the perspectives of the NTT Group's business environment, business strategy and operations, as well as risks relating to regulations and relationships with the Government, and which may materially affect investors' judgment.

An overview of the NTT Group's business risk management, determination of risks, identification of material risks, risk factors and risk countermeasures is included below.

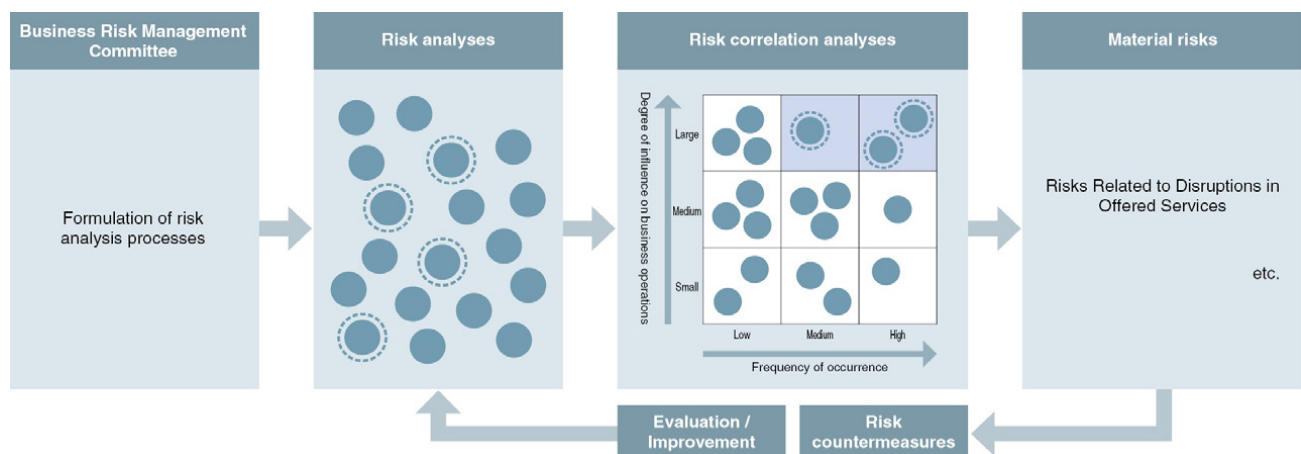
(1) Business Risk Management

The NTT Group has established Risk Management Rules stipulating basic policies on risk management with the aim of anticipating and preventing the occurrence of potential risks and minimizing losses should any risk materialize. Chaired by a senior executive vice president, the Business Risk Management Committee and the Group Business Risk Management Committee spearhead efforts to develop and operate a PDCA cycle for managing risks. During fiscal year 2025, the Business Risk Management Committee held two meetings, and the Group Business Risk Management Committee also held two meetings, during which discussions were held regarding the identification of risks expected to have a company-wide impact and policies for managing such risks.

The NTT Group has also formulated the NTT Group Business Risk Management Manual and distributed it to each Group company in order to promote Group-wide risk management initiatives. Based on this manual and related documents, the NTT Group has defined advance measures for potential risks, Group-wide coordination methods and response policies in the event risks materialize, as well as information communication flows, and has established and operates systems that enable swift responses.

(2) Risk Analysis and Identification of Material Risks

From time to time, the NTT Group reviews assumed risks and management policies based on changes in the social environment. In the identification of risks, the Business Risk Management Committee and the Group Business Risk Management Committee play the central role. Analysis processes for the risks faced by the NTT Group are formulated, and risk analysis is periodically implemented in accordance with these processes. In this way, company-wide risks are identified. In addition, correlation analyses are implemented for these risks. Those risks with the potential to have the greatest influence are specified as "material risks," and countermeasures are formulated.



(3) Risk Factors and Risk Countermeasures

Forward-looking statements in this Annual Securities Report are based on judgments as of the filing date. Additional risks not currently known to the Company or that the Company now deems immaterial may also impair the NTT Group's business operations. Furthermore, this Annual Securities Report includes information based on future prospects that also involve risks and uncertainties. The NTT Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks the NTT Group faces as described below and elsewhere in this Annual Securities Report.

Risks Associated with the NTT Group's Business Strategies

Risks Related to the NTT Group's Growth

If the NTT Group is unable to respond appropriately to changes in market structure or intensifying competition, its operating revenue may decline, capital investment efficiency may not be achieved, and expected cost reduction effects for selling expenses, equipment-related costs, personnel costs and other expenses may not be fully realized. In the information and communications market, if intensifying competition due to new market entrants and efforts to maintain and expand the customer base through new price plans do not proceed as anticipated, the NTT Group's operational results and financial condition could still be adversely affected. Moreover, in the information services market, the rapid growth of information service companies in countries such as India and China, is intensifying global competition and aggressive market entry may adversely affect the NTT Group's operational results and financial condition.

Furthermore, it is possible that each of the NTT Group's businesses in other markets will fail to achieve forecasted revenue, which may adversely affect the NTT Group's operational results and financial condition.

To promote AI utilization, the NTT Group is pursuing fundamental business process reforms and new value creation through generative AI-related businesses, based on the concept of "what if all operations were entrusted to AI." However, if such businesses fail to expand as anticipated due to factors such as delays in internal implementation frameworks, increased implementation costs, delays in model development in response to rapidly changing markets and needs, delays in collaboration with partners for ecosystem development, or delays in responding to legal regulations and social acceptance, the NTT Group may experience reduced competitiveness, higher costs to maintain service quality, and lost growth opportunities, which could adversely affect its operational results and financial condition.

Additionally, if the IOWN roadmap does not proceed as planned or if technological development and business expansion by competitors in the market accelerate, anticipated business expansion through the NTT Group's technological innovation and energy efficiency improvements based on IOWN, may not be realized, which could adversely affect the NTT Group's operational results and financial condition.

The NTT Group operates both in Japan and overseas, and the business activities, scale, business type, and regional characteristics of each group company vary widely. Under this group structure, while the NTT Group strives to strengthen governance across the entire group, there is a possibility that governance may not function as intended due to factors such as the increasing sophistication and complexity of business activities, the expansion of overseas and new businesses, and the diversification of business relationships, including those with contractors. If such risks materialize, they could hinder the smooth operation of the NTT Group's business, leading to the need to revise business plans and review business relationships, as well as incurring additional costs. Consequently, the NTT Group's operational results and financial condition may be adversely affected.

In consideration of these risks, and in light of changes in the business environment, the NTT Group partially revised its strategy based on changes in the business environment. In accordance with the "New Value Creation & Sustainability 2030 Powered by ALOWN," an initiative aimed at driving medium-term profit growth announced in May 2026, the NTT Group aims to achieve new value creation and global sustainability by building on the concepts and initiatives of its previous medium-term management strategy.

In order to increase capital expenditure efficiencies, the NTT Group is working to simplify and streamline the network in each company, and aims to further improve productivity in various operations by digitizing its own business processes using AI and other technologies. Furthermore, the NTT Group established a procurement company in the United States, NTT Global Sourcing, Inc., which engages in centralized price negotiations and the execution of comprehensive agreements with global vendors and other parties for hardware, software, and services purchased in common by each Group company, in order to reduce total procurement costs across the Group.

To strengthen the NTT Group's supply chain, the NTT Group is developing and implementing measures to minimize the impact on the Group's business caused by supply constraints and changes in the external environment. In addition, to prepare for potential risks, the Group is working to establish an operational framework for gathering information on partners' activities and identifying

challenges and requests through regular communication with key partners.

For IT systems, by transitioning to globally standardized systems, the NTT Group is working to promote efficiency through standardization and to ensure simple yet highly productive business operations.

The NTT Group views enhancing the effectiveness of governance one of the key challenges and is working to strengthen its corporate governance framework. For example, the NTT Group strives to ensure the effectiveness of governance across the entire Group through the following initiatives.

- Establishing and thoroughly disseminating Group-wide policies and regulations
- Clarifying consultation and reporting processes regarding important matters at subsidiaries and affiliates
- Conducting regular and focused internal audits
- Establishing a system to detect and identify misconduct at an early stage, including a whistleblower program
- Establishing and operating management and oversight systems that take into account the business and risk characteristics of each Group company

For more details on corporate governance, please refer to “Item 4. Information on NTT, 4. Status of Corporate Governance”.

With respect to the NTT Group’s investments, the NTT Group is working to achieve anticipated returns, such as by implementing periodic monitoring, among other measures.

With respect to IOWN, in order to ensure the achievement of the IOWN roadmap, the NTT Group is allocating and prioritizing resources for technological innovation and development, while also monitoring the progress of the IOWN business and technology development roadmap and examining and implementing measures necessary to ensure its achievement.

Risks Related to the Environment

Climate change is widely recognized as a significant global risk. If the NTT Group’s responses to and disclosures regarding climate change, resource circulation, and natural capital are determined as insufficient, the NTT Group may face difficulties in business operations due to a lack of understanding from stakeholders, including customers, partners, shareholders, employees and local communities. Furthermore, in the event that new or stricter laws and regulations are adopted in the future, costs may increase, which may impact the NTT Group’s financial condition and operational results.

For details on efforts undertaken in consideration of the risks related to climate change, resource circulation, and natural capital and similar issues, see “Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to Climate Change.”

Risks Related to Improving the Customer Experience (CX)

To enhance the creation of new and inspiring customer experiences, the NTT Group is promoting initiatives that aim to create new value and address social issues through collaborations with a wide range of partners. If the creation of businesses to offer customers new value does not progress as anticipated, the NTT Group’s market competitiveness could decline, which could adversely affect operational results and financial condition.

For details on efforts undertaken in consideration of the risk that initiatives to create new and inspiring customer experiences do not progress as anticipated, see “Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to New Value Creation.”

Risks Related to Improving the Employee Experience (EX)

In the communications market and related markets, the business environment is changing at an unprecedented pace due to rapid advancements in AI and growing uncertainty, including international geopolitical developments. NTT Group believes that companies are now expected more than ever to play a role in supporting the sustainability of society and industry, in addition to their own growth. The Medium-Term Management Strategy announced in May 2023 (with partial revisions in May 2026), aims to accelerate AI-driven profit growth in enterprise businesses worldwide and in smart life businesses centered on financial services, while optimizing resources such as GPUs, networks, and power, and advancing initiatives to transition to “AIOWN,” the next-generation infrastructure for the AI era, which handles operations including edge computing. Through these initiatives NTT Group is striving to enhance corporate value over the medium to long term by contributing to the sustainable growth of society and industry. In this environment, strengthening EX is critical for improving productivity and creativity and for the retention of exceptional personnel. Decreased EX could adversely affect the NTT Group’s ability to develop new technologies, plan new services, improve existing services, and execute its growth strategy, which could in turn affect its operational results and financial condition.

In addition, if employees’ health and safety are not adequately ensured, labor productivity may decline, which could affect the NTT Group’s operational results and financial condition.

For details on efforts undertaken in consideration of the risks related to improving the EX, see “Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to Human Resources.”

Risks Associated with the Business Environment

Risks Related to Financial Markets

Although the NTT Group conducts capital procurement through means such as issuing corporate bonds and obtaining loans, substantial fluctuations in the financial markets could restrict financing or increase financing costs.

In addition, the NTT Group owns investment securities and other financial assets. If the value of such assets were to decline due to a downturn in the stock market or other financial markets, impairment losses could occur and adversely affect the NTT Group's operational results, and the NTT Group's pension funds could also be affected.

In light of these risks, in addition to its cash and cash equivalents, the NTT Group has entered into agreements with its banks to provide for overdraft accounts and committed financing lines to ensure that it maintains the liquidity necessary for its business activities. In addition, the NTT Group is working to diversify its financing methods and to secure low-interest and stable funding. The NTT Group is also working to improve capital efficiency through measures such as receivables securitization. Furthermore, the NTT Group maintains a risk management policy, and in accordance with this policy, hedges risks using derivative transactions, including forward exchange contracts.

Risks Related to Unforeseeable Damage

If natural disasters such as earthquakes, tsunamis, typhoons and floods, physical attacks such as acts of war or terrorism, new outbreaks of disease, or any similar unforeseeable occurrences were to occur, they could harm the NTT Group's employees, telecommunications networks or information systems, affect the services provided to customers and, as a result, adversely affect the NTT Group's operational results and financial condition.

For details on efforts undertaken in consideration of risks related to natural disasters and physical attacks such as acts of war or terrorism, see "Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to Resilience."

Risks Related to Geopolitical Developments

The NTT Group engages in business both in Japan and overseas and therefore issues in international affairs, such as terrorism, armed conflicts or regional disputes, could threaten the safety of employees and other persons or cause buildings and other facilities to be destroyed. Furthermore, in light of recent concerns about economic security, the effects of such events on regional business operations, supply chains, procurement of funds and other areas may cause interruptions in the NTT Group's business continuity, such as by causing disruptions in the NTT Group's business or causing the NTT Group to be unable to provide stable services. In certain circumstances, it is possible that these issues would not be limited to the relevant countries or regions, and could impact global business continuity.

In addition, as a result of such events, employees could be directly harmed, networks and systems could require long periods of time for recovery, and the NTT Group could become unable to provide stable services as a result of difficulties in the procurement of fuel or equipment, among other possible effects, which could in turn cause reductions in revenue and require significant necessary expenditure on remediation costs. In certain circumstances, it is possible that the NTT Group may bear responsibility for certain related damages. Furthermore, such events could lead to a decline in the credibility and corporate image of the NTT Group.

In consideration of these risks, the NTT Group has strengthened its information management methods both in Japan and overseas, conducts regular training for confirmations of employee safety, ensures the security of important equipment such as telecommunications buildings, has designed redundant transmission routes, and has strengthened the emergency power supplies for telecommunications facilities and base stations as a measure against long-term power outages, among other measures. In addition, the NTT Group has published the NTT Group Supply Chain Sustainability Guidelines, and is preparing for situations that could significantly affect business continuity, such as increases in raw material prices, logistics disruptions and difficulties in procuring raw materials and parts arising from geopolitical developments. As part of these efforts, the NTT Group requests its suppliers to develop business continuity plans in order to minimize impacts on the supply chain, and works in coordination with relevant suppliers to reduce the impact of such events on its business should they occur. Through these efforts, the NTT Group ensures the safe and stable operation of the systems and networks necessary for business continuity.

Risks Related to Intellectual Property

With respect to intellectual property rights and other rights held by third parties that are necessary for the Group and its business partners to conduct their businesses, as a matter of policy, the NTT Group and its business partners obtain licenses or other permissions from such third parties even when such rights are held only in part by other parties. If the NTT Group were to be unable to obtain licenses from such third parties, or if the licenses were to expire, there could be a risk that the NTT Group or its business partners would become unable to provide certain technologies, products or services.

If claims are made that the NTT Group has infringed the intellectual property rights of others, resolving such claims could require significant time and cost. Furthermore, if such claims are upheld by a court judgment or similar decision, the NTT Group risks being subject to damages or injunctions against the relevant business activities.

In addition, any unauthorized use by third parties of the NTT Group's intellectual property and other rights could compromise the NTT Group's competitive advantage, which could adversely affect its operational results and financial condition.

For details on efforts undertaken in consideration of risks related to intellectual property, see "Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to New Value Creation."

Risks Associated with Business Activities

Risks Related to Disruptions in Offered Services

The NTT Group has operations both in Japan and overseas, supporting society and business activities through its communications networks and information systems. The NTT Group also provides numerous services that are essential lifelines for ensuring public safety and supporting daily life, such as financial and payment services.

With respect to the provision of these services, any delays or failures in critical system development or large-scale network outages could affect service provision to customers, and potentially damage the NTT Group's credibility and corporate image.

For details on efforts undertaken in consideration of risks related to system disruptions, network outages and service disruptions, see "Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to Resilience."

Risks Related to Security Incidents

If cyberattacks or security incidents caused by deficiencies in the management of important information were to result in decreased service levels or information leaks, the NTT Group's credibility and corporate image could be harmed, which could adversely affect the NTT Group's operational results and financial condition.

In addition, as societal demands for the protection of personal information increase, including customer information, legal requirements regarding personal information protection are also becoming more stringent. However, as criminal activities targeting personal information and other confidential information become increasingly advanced and sophisticated, it may not be possible to completely eliminate the risk of leaks or improper handling of such information.

For details on efforts undertaken in consideration of risks related to decreased service levels or information leaks due to security incidents, see "Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to Resilience."

Risks Related to Public Relations

Any spread of negative information about the NTT Group on the internet, delays in public communications in the event of system failures, network outages, service disruptions, or the dissemination of incorrect or false information, could harm the NTT Group's credibility and brand image.

For details on efforts undertaken in consideration of risks related to negative information or delays in public communications in the event of failures or similar events, see "Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to Resilience."

Risks Related to Human Rights

The NTT Group conducts its business operations in Japan and overseas, and if human rights violations, including forced labor or child labor, were to occur within the NTT Group or in its supply chain, the NTT Group's credibility and corporate image could be undermined, which could adversely affect its operational results and financial condition.

For details on efforts undertaken in consideration of risks related to human rights, see "Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to Human Resources."

Risks Related to Compliance

The NTT Group is subject to a wide range of laws and regulations due to its numerous operations and the diverse products and services it provides both in Japan and overseas, and certain business activities require licenses, notifications, and regulatory approvals. In particular, in overseas operations, compliance burdens may increase due to the existence or absence of local laws, or the unpredictable interpretations of laws, or the introduction or revision of regulations in the relevant jurisdictions. In recent years, in addition to laws and regulations, the handling of global-level risks that exist in the supply chain, such as human rights, child labor, destruction of the environment and intermediary exploitation, has also become an important issue.

With respect to these matters, it may not always be possible to eliminate compliance risk and reputational risk from loss of credibility, including, for example, in the case of an employee's improper personal behavior. The occurrence of any of the risks described above could undermine the NTT Group's credibility and corporate image, and could affect its business, including its ability to obtain new subscribers or its eligibility to bid for new contracts, which could in turn adversely affect its operational results and financial condition.

For details on efforts undertaken in consideration of risks related to compliance violations, see "Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to Resilience."

Risks Related to Contracts

If, in the course of its business operations, the NTT Group were to enter into any inappropriate contracts, there is a risk that the NTT Group could be subject to claims for damages or other financial burdens, and that its credibility and corporate image could be harmed, which could adversely affect the NTT Group's operational results and financial condition.

In consideration of these risks, the NTT Group has developed a contract review system and conducts internal training related to contracts. It also monitors litigation and other legal matters that have occurred or may potentially occur, and promptly takes measures as necessary.

Risks Related to Inappropriate Use of AI

As AI use has expanded across a wide variety of industries, inappropriate use of AI could result in financial burdens and could also harm the corporate image of the NTT Group and its customer companies. As a result, the NTT Group may be unable to fulfill its social responsibilities.

For information on measures taken in light of risks related to the inappropriate use of AI, please refer to "Item 2. Business Overview — Sustainability-Related Principles and Initiatives — Strategies Related to New Value Creation."

Risks to the NTT Group's Business Related to Regulatory Compliance and the Effect of Government Shareholdings

The NTT Group is exposed to the risk of being subject to regulatory actions in connection with its business operations.

The regulation of the Japanese telecommunications industry has evolved in many areas, including amendments to telecommunications laws aimed at promoting competition, protecting service users and other purposes.

Decisions relating to Government regulations and the resulting changes in the telecommunications industry may affect the NTT Group's operational results and financial condition.

In consideration of these risks, the NTT Group collects necessary information on developments relating to government information and telecommunications policies and regulations, and presents its views through public comments and hearings, as appropriate.

For a summary of Government regulations, see “Supplemental Information-Regulations Applicable to NTT’s Business- (1)Regulations.”

Further, the NTT Group has limited frequencies available for its services.

While the number of subscribers and the traffic per subscriber are expected to increase in conjunction with the expanded use of devices such as smartphones and tablets, if the NTT Group were to be unable to obtain the frequency spectrum required for unhindered operation or if the start of operations on new frequency bands did not progress as planned, the NTT Group may suffer degradation of service quality and incur additional costs. In addition, the NTT Group may face constraints in providing services or lose subscribers to competitors, which could have a material adverse effect on the NTT Group’s operational results or financial condition.

In consideration of these risks, the NTT Group is working to obtain new frequencies and expand its 5G area to improve the efficiency of frequency usage.

For additional details, see “Supplemental Information-Regulations Applicable to NTT’s Business- (1)Regulations- 3. Radio Act.”

In addition, as the NTT Group further develops its financial business, it may be unable to comply with regulations imposed by governmental or other regulatory authorities or address risks specific to financial businesses, which could result in the suspension of the NTT Group’s business operations by such authorities and, in turn, cause the NTT Group to lose the trust of its customers or otherwise adversely affect the growth of its business.

In light of these risks, the NTT Group is working to establish a management structure that is suitable for regulatory compliance and risks specific to the financial businesses, and is also working to retain and train financial business specialists.

The Government, through the Minister of Finance, currently owns 35.83% of NTT’s outstanding shares excluding treasury stock, which equates to 35.83% of the voting rights. The Government, in its capacity as a shareholder, votes at NTT shareholder meetings and, by virtue of its statutorily mandated position as the largest shareholder, has the power to exert considerable influence over decisions made at such meetings. In 1997, in a statement to the Diet, the Government indicated that it did not intend to actively use its position as a shareholder to direct the management of NTT. In reality, the Government has not historically used its power as a shareholder to direct the management of NTT. For details regarding the regulatory authority the Government legally has with respect to the NTT Group, see “Supplemental Information-Regulations Applicable to NTT’s Business- (1)Regulations.”

In addition, beginning in August 2023, the Information and Communications Council of the Ministry of Internal Affairs and Communications has held discussions on the “Act on Nippon Telegraph and Telephone Corporation, etc.” (the “NTT Act”). The supplementary provisions to the Amendment to the NTT Act promulgated in May 2025 stipulate that various matters regarding the NTT Act, including its amendment or repeal, will continue to be considered, and necessary measures will be taken. In the future, if the NTT Act is repealed and the Government’s shareholding requirement as set forth in Article 4 of the NTT Act (the requirement for the Government to hold at least one-third of the NTT’s shares) also ceases to be effective at such time, the Government may sell its shares in NTT. However, the Political Affairs Research Committee of the Liberal Democratic Party stated in a proposal dated December 5, 2023 that, “In the event that shares are to be sold, methods that consider the impact on the market should be chosen,” and NTT would also seek approaches that do not adversely impact the market.

Supplemental Information: Regulations Applicable to NTT's Business

(1) Regulations

The Ministry of Internal Affairs and Communications (the "MIC") is the main regulatory body in Japan responsible for the information and telecommunications industry. The Telecommunications Business Act gives the Minister the authority to regulate telecommunications companies. The Telecommunications Business Act came into effect in 1985 at the same time that NTT was incorporated as a private company and significant changes in the legislative and regulatory framework for telecommunications in Japan opened the Japanese information and telecommunications services industry to competition. Since then, the Government has taken various measures to promote competition in the Japanese telecommunications market. As a result, the NTT Group faces increasing competition in many of its business sectors from new companies that have entered or are about to enter the market.

NTT and certain of its subsidiaries are subject to regulations that affect their business under the NTT Act, the Radio Act, and the Telecommunications Business Act. A summary of these regulations is provided below.

The amendments to the Telecommunications Business Act and the NTT Act were promulgated in May 2025. Accordingly, amendments pertaining to obligations for providing universal services will take effect within two years of promulgation, while other amendments took effect in May 2026.

A summary of the current laws and amendments is provided below.

I. Telecommunications Business Act (Act No. 86 of 1984)

Regulations under the Telecommunications Business Act are as follows:

(a) Regulations applicable to telecommunications companies

a. Provision of Universal Telecommunications Services

- Provision of Universal Services (Article 7)

A telecommunications carrier that provides universal telecommunications services (meaning telecommunications services listed below that are to be provided nationwide due to their indispensability to the daily lives of the people) must make efforts to provide the services in an appropriate, fair and stable manner.

- Item (i) Universal Telecommunications Services:

Telephone subscriber lines (basic monthly charges) or optical IP telephones equivalent thereto, wireless fixed-line telephones, Type I public telephones (installed in accordance with MIC standards), disaster-use public telephones, and emergency call services (110, 118, 119), and similar services.

- Item (ii) Universal Telecommunications Services:

FTTH access services, CATV access services and dedicated wireless fixed broadband access services

b. Telecommunications Business Commencement, etc.

- Registration with the Minister regarding the commencement of telecommunications business (Article 9)

However, where the scale of the telecommunications circuit facilities and the geographic scope thereof do not exceed certain thresholds, or where no telecommunication circuit facilities are installed, notification to the Minister is sufficient (Article 16).

- Renewal of registration in the event of a merger, stock acquisition or other similar transaction (Article 12-2).

(As amended, effective May 2026)

- Matters subject to renewal of registration additionally include cases where NTT East and NTT West, as Category I designated telecommunications facility installers, or NTT DOCOMO, as a Category II designated telecommunications facility installer designated by the Minister, engage in a merger, company split or other such action with a juridical person that manages specified telecommunications business within other NTT Group companies as specified by MIC Ordinance (Article 12-2).

- Notification to the Minister as well as their service subscribers on matters relating to the suspension or discontinuation by telecommunications companies of their telecommunications business (Article 18, Article 26(4)).

c. Setting of Subscriber Rates and Other Terms of Service

- Notification to the Minister of standard contract conditions for universal telecommunications services (Article 19). Telecommunications carriers that provide universal telecommunications services are required to establish general conditions of contracts concerning charges and other terms and conditions for the provision of their universal telecommunications services and file them with MIC.
- Regulations relating to consumer protection
Telecommunications companies are subject to a range of consumer protection obligations, including obligations to provide explanations prior to contract execution (Article 26), to deliver documents (Article 26-2), to allow cancellation under the initial contract termination system (Article 26-3), notification obligations in the event of the suspension or discontinuation of telecommunications operations (Article 26-4), to appropriately handle complaints and inquiries (Article 27), prohibitions against false representations and continued solicitation (Article 27-2), and obligations to give guidance to agents and other entrusted intermediaries (Article 27-4).
(As amended, effective May 2026)
- Added a provision allowing the Minister to issue orders to change rates in areas outside urban areas where different rates are currently in effect (Article 19)

d. Interconnection

- Obligation to respond to requests from other telecommunications carriers regarding the connection of telecommunications circuit facilities (Article 32)

e. Universal Service Grant (“USG”)

The USG system is a framework under which the costs necessary to ensure the provision of universal services are shared among major telecommunications carriers. With respect to Category 1 universal telecommunications services, in order to ensure their provision, a support organization designated by the Minister provides grants to Category I eligible telecommunications carriers (Article 108), including for services provided in unprofitable regions, to cover a portion of the costs required for such provision (Article 107). In connection with this system, each telecommunications carrier is obligated to pay its proportional share of the costs required by the support organization (Article 110).

NTT EAST and NTT WEST have been designated by the Minister as Category I eligible telecommunications carriers, and the approved amounts of compensation paid to NTT EAST and NTT WEST were 6.4 billion yen in fiscal year 2024 and 6.5 billion yen in fiscal year 2025.

For item (ii) universal telecommunications services, as with item (i) universal telecommunications services, the support organization provides grants to eligible telecommunications carriers (Article 110-3) to cover a portion of the costs required for their provisions (Article 107), and each telecommunications carrier is obligated to pay its proportional share of the necessary costs (Article 110-5).

In March 2025, NTT East and NTT West were designated as Category II eligible telecommunications carriers by the Minister, and the amounts of compensation approved for NTT EAST and NTT WEST for fiscal year 2025 was 100 million yen.

Under the NTT Act, NTT EAST and NTT WEST are only required to provide Category 1 universal telecommunications services nationwide (Article 3).

(Amendments scheduled to take effect by May 2027 (to take effect within two years of promulgation))

- Revised to require NTT EAST and NTT WEST, as providers of last resort, to provide universal telecommunications services when no other telecommunications carrier is available to provide services in the same category (Article 25-2).
(In conjunction with this change, the obligation to universally provide telephone services nationwide under the NTT Act has been repealed.)

(b) Regulations Imposed Only on NTT EAST and NTT WEST

a. Rates and Other Terms of Service

- Requirement to submit general conditions of contracts for securing the provision of designated telecommunications services to the Minister (Article 20)

For designated telecommunications services provided using Category I designated telecommunications facilities, charges and other terms of service must be set out in applicable general conditions of contracts for securing the provision of the telecommunications services and submitted to the Minister, unless otherwise agreed with subscribers.

(As amended, effective May 2026)

- Repeal of regulations pertaining to telegram services (Article 5 of the Supplementary Provisions)
(Previously, any changes to telegram charges or contractual terms required the approval of the Minister)

(Notes)

- “Category I designated telecommunications facilities” comprise fixed terminal transmission line facilities installed by a telecommunications carrier where the facilities that have been installed by such carrier in its area of operation (which, for NTT East, consists of all of the eastern Japan area and, for NTT West, consists of all of the western Japan area) represent one-half or more of the total number of such facilities in the region, and other ancillary facilities installed together with these facilities whose connection with other telecommunications carriers is essential for improving convenience to subscribers, and for the comprehensive and reasonable development of telecommunications services (designated by the Minister of Internal Affairs and Communications). The main telecommunications facilities of NTT East and NTT West have been designated as Category I designated telecommunications facilities.
- “Designated telecommunications services” are services that are provided by a telecommunications carrier using a Category I designated telecommunications facility established by the carrier, and that have been designated as services for which “it is particularly necessary to protect the interests of customers by ensuring that the charges and other terms of service are fair and appropriate.” The determination of what constitutes a designated telecommunications service is based on a consideration of various factors, including whether alternative services are being adequately provided by other telecommunications carriers. Specifically, this refers to telephone subscriber line services, ISDN, public telephones, dedicated services, FLET’S Hikari, Hikari Denwa and other services, but excludes services providing supplementary functions that have minimal beneficial impact on subscribers.

b. Interconnection

- Ministerial approval requirement for general conditions of contracts for interconnection with Category I designated telecommunications facilities (Article 33)

As holders of Category I designated telecommunications facilities, NTT East and NTT West are required to establish general conditions of contracts for interconnection covering interconnection charges and conditions, and to obtain the approval of the Minister, provided that such charges are fair and appropriate in light of costs calculated in accordance with methods prescribed by MIC ordinances as reflecting proper costs under efficient management.

(Telephone Line Interconnection Charges)

In May 1998, in a joint report on deregulation and competition policy issued by the governments of Japan and the United States, the Japanese Government stated its intention to introduce a Long-Run Incremental Cost (“LRIC”) Methodology for interconnection charges. In May 2000, the Telecommunications Business Act was amended to provide for the introduction of the LRIC methodology, and interconnection charges have since been reduced under this methodology. As communication traffic declined significantly, it was decided, in order to avoid increases in call charges resulting from higher interconnection charges, that Non-Traffic Sensitive (“NTS”) costs (costs that do not depend on traffic volume) would be excluded from interconnection cost calculations and instead recovered through basic charges. This approach was based on a recommendation issued by the Telecommunications Council in October 2004.

In addition, with respect to a portion of NTS costs, when the Universal Service Fund was reviewed from the perspective of limiting increases in user burdens, it was determined that the costs arising from the narrowing of the scope of fund subsidies should be recovered fairly from all carriers rather than being borne solely by NTT East and NTT West. Accordingly, these costs were reintroduced into the calculation of interconnection costs.

As a result of deliberations by the Telecommunications Council in 2024, it was decided that, for interconnection charges from the fiscal year 2025 onward, following the transition to IP networks (from January 2025), interconnection charges combining metal wire housing facilities and IP networks would be applied. The LRIC Methodology will continue to be applied to metal wire housing facilities and similar equipment, while the actual cost method will be applied to IP networks.

(Optical Fiber Line Interconnection Charges)

The optical fiber owned by NTT East and NTT West constitutes Category I designated telecommunications facilities under the Telecommunications Business Act and therefore NTT East and NTT West are obligated to lease such optical fiber to other telecommunications carriers at regulated charges (“optical fiber interconnection charges”).

In order to create an environment that facilitates entry by other telecommunications carriers by providing visibility into lower interconnection charges, optical fiber interconnection charges are calculated using a forward-looking cost method with a five-year calculation period from fiscal year 2026 through fiscal year 2030. In calculating these interconnection charges, a variance adjustment mechanism has also been introduced under which the difference between the actual interconnection charge revenue and the actual costs is added to interconnection cost calculations for subsequent periods, and the NTT Group believes that there is no risk of unrecoverable amounts.

With respect to the issue of setting interconnection charges on a per-branch terminal line basis for subscriber optical fiber, deliberations by the Information and Communications Council and Postal Services Council concluded that a number of issues remain unresolved. This conclusion was based on a report issued by the Information and Communications Council and Postal Services Council in March 2012. Accordingly, interconnection charges on a per-branch terminal line basis have not been established.

- Advance notice requirement for suspension or discontinuation of functions relating to interconnection with Category I designated telecommunications facilities (Article 33-2)
If NTT East and NTT West intend to suspend or discontinue any functions relating to interconnection with Category I designated telecommunications facilities, they are required to provide advance notice to other telecommunications carriers that use such functions, in accordance with MIC ordinances.
- Notification requirement to the Minister for plans relating to the functions of Category I designated telecommunications facilities (Article 36)
NTT East and NTT West are required to notify the Minister of any plans to change or add functions relating to Category I designated telecommunications facilities.
- Notification requirement to the Minister for agreements concerning the sharing of Category I designated telecommunications facilities (Article 37)
NTT East and NTT West are required to notify the Minister of any agreements with other telecommunications carriers concerning the sharing of Category I designated telecommunications facilities.
- Notification and disclosure requirements for wholesale telecommunications services utilizing Category I designated telecommunications facilities (Articles 38-2 and 39-2)
If NTT East or NTT West starts, changes, or discontinues the provision of wholesale telecommunications services utilizing Category I designated telecommunications facilities, they are required to notify the Minister of such action, including the type of service and applicable rates and other terms for qualifying wholesale customers. The Minister is required to organize and publicly disclose information prepared or obtained in connection with such notifications.
- Obligation to provide specified wholesale telecommunications services using Category I designated telecommunications facilities that are recognized as affecting fair competition between telecommunications carriers (specified wholesale telecommunications services: FLET’S Hikari and Hikari Denwa) (Article 38-2)
NTT East and NTT West must not refuse, without justifiable grounds, to provide specified wholesale telecommunications services to wholesale customers.

c. Prohibited Activities

NTT East and NTT West, as market dominant telecommunications carriers, are prohibited from engaging in activities such as the use of interconnection-related information for purposes other than its intended use and from providing unfair preferential treatment to other telecommunications carriers (Article 30). Prohibitions are established on concurrent service as officers or similar positions at NTT East and NTT West and NTT DOCOMO BUSINESS and NTT DOCOMO, which have been designated by the Minister as specified related business operators (Article 31). Furthermore, NTT East and NTT West are required to exercise necessary and proper supervision of their subsidiaries, in order to ensure that such subsidiaries do not engage in prohibited activities. In addition, NTT East and NTT West are required to appropriately manage information obtained in connection with interconnection services, and to establish systems necessary to appropriately monitor the status of implementation of interconnection services (Article 31). As a result, there are certain limitations on the provision of services through exclusive collaboration among telecommunications carriers within the NTT Group. While the NTT Group’s policy is to provide services in response to market needs while ensuring fair

competitive conditions, including compliance with regulations on prohibited activities, these regulations may have impacts such as hindering the prompt provision of new services.

(As amended, effective May 2026)

- Information obtained by NTT East and NTT West in the course of providing wholesale services will be newly added to the categories of information subject to prohibition on use for purposes other than the intended use (Article 30).
- An additional prohibition has been introduced on concurrent appointments between NTT East and NTT West and specified related business operators (as designated by the Minister), whereby persons serving as directors or equivalent officers of NTT East or NTT West are prohibited from concurrently serving as directors or equivalent officers of specified related business operators, and employees of NTT East and NTT West are prohibited from concurrently serving as directors or equivalent officers of specified related business operators (Article 31).
- NTT East and NTT West are additionally prohibited from assigning key employees of specified relevant business operators (employees meeting the requirements prescribed by MIC Ordinance as playing important roles in the operation of such operators) to engage in certain specified operations of NTT East and NTT West (operations prescribed by MIC Ordinance as requiring particularly fair management in order to ensure appropriate competitive relationships among telecommunications carriers). Specified related business operators are prohibited from assigning persons engaged in specified operations of NTT East and NTT West to serve as key employees of specified relevant business operators (Article 31).
- A new prohibition has been introduced on certain transactions conducted between NTT East and NTT West and specified related business operators, as prescribed by MIC Ordinance (Article 31).

(c) Regulations Imposed on NTT DOCOMO

a. Interconnection

- Notification requirement to the Minister of general conditions of contracts for interconnection with Category II designated telecommunications facilities (Article 34)
NTT DOCOMO's main telecommunications facilities for mobile phones were designated by the Minister as Category II designated telecommunications facilities requiring a reliable connection with other telecommunications carriers. NTT DOCOMO is required to establish its interconnection charges and terms of interconnection in its general conditions of contracts for interconnection and to submit them to the Minister.
- Advance notice to other telecommunications carriers of the suspension or discontinuation of functions relating to interconnection with Category II designated telecommunications facilities (Article 34-2)
If NTT DOCOMO intends to suspend or discontinue any functions relating to interconnection with Category II designated telecommunications facilities, it is required to provide advance notice to other telecommunications carriers that use such functions, in accordance with MIC ordinances.
- Notification and disclosure requirements for wholesale telecommunications services utilizing Category II designated telecommunications facilities (Articles 38-2 and 39-2)
If NTT DOCOMO starts, changes, or discontinues the provision of wholesale telecommunications services utilizing Category II designated telecommunications facilities, it is required to notify the Minister of such action, including the type of service and applicable rates and other terms for qualifying wholesale customers. The Minister is required to organize and publicly disclose information prepared or obtained in connection with such notifications.
- Obligation to provide specified wholesale telecommunications services using Category II designated telecommunications facilities that are recognized as affecting fair competition between telecommunications carriers (specified wholesale telecommunications services: mobile phones, BWA access services, cellular LPWA) (Article 38-2)
NTT DOCOMO must not refuse, without justifiable grounds, to provide the specified wholesale telecommunications services to wholesale customers.

Regulations related to Category II designated telecommunications facilities apply to all telecommunications carriers that install Category II designated telecommunications facilities, including but not limited to NTT DOCOMO.

b. Prohibited Activities

From the perspective of ensuring a competitive environment among telecommunications carriers, NTT DOCOMO is prohibited from offering more favorable communications charges when devices are sold than when they are not sold, or from locking in users through excessively long contract periods and similar practices (Article 27-3). In addition to NTT

DOCOMO, this prohibition applies to all operators designated by the Minister.

Furthermore, as a market dominant carrier, NTT DOCOMO is prohibited from using interconnection information for purposes other than its intended use and from providing unfair preferential treatment to other NTT Group companies designated by the Minister (Article 30).

(Note)

“Category II designated telecommunications facilities” consist of (a) transmission line facilities connected to designated mobile equipment (including mobile phone devices and BWA devices) installed by telecommunications carriers which (i) are installed by the same telecommunications carriers, and (ii) represent ten percent or more of the total number of transmission line facilities in the entire service area, and (b) telecommunications facilities which were installed specifically to provide such telecommunications services for reliable connection with other telecommunications carriers designated by the Minister.

(As amended, effective May 2026)

- Information obtained by NTT DOCOMO in the course of providing wholesale services will be newly added to the categories of information subject to prohibition on use for purposes other than the intended use (Article 30).

2. NTT Act (Act No. 85 of 1984)

(a) Overview

The Act to Amend the Nippon Telegraph and Telephone Company Act was promulgated in June 1997 (the “1997 Amendment”) and came into effect in July 1999. As a result, the Nippon Telegraph and Telephone Company Act was re-titled the “Act on Nippon Telegraph and Telephone Corporation, etc.” and NTT was reorganized as a holding company.

The amendment to the NTT Act was promulgated in May 2025 (the “2025 Amendment”) and includes the following amendments: repeal of the universal telephone service obligation (revised to a provider of last resort obligation under the Telecommunications Business Act); revision of business scope regulations for NTT East and NTT West (reclassification of inter-prefectural communications services as core services, changing notification requirements for purpose-driven services to notification after the fact, changing to a system requiring notification of implementation standards pertaining to the utilization business, and for verification after the fact in regard to observing such implementation standards); addition of exceptions with respect to services subject to the facility self-installation obligation (inter-prefectural communications services, etc.); easing of approval requirements pertaining to resolutions on merger, company split or other such action by NTT East and NTT West (exceptions added for mergers, company splits and other such actions that are not subject to approval), and; addition of land, structures, and disposition specified by MIC Ordinance to the list of facilities and actions subject to the approval framework for transfer of critical facilities.

The Supplementary Provisions stipulate that a review is to be performed on an ongoing basis around three years after the 2025 Amendment comes into effect with respect to systems pertaining to NTT, NTT East, and NTT West, including the notion of amending or repealing provisions of the NTT Act taking into account technologies, usage trends, and the competitive landscape.

(b) Purpose, Business and Responsibilities

1-1. Purpose

The purpose of the NTT Act is to set forth provisions concerning NIPPON TELEGRAPH AND TELEPHONE CORPORATION (the “Company”), NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (“NTT East”) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (“NTT West”; collectively with NTT East, the “Regional Companies”).

1-2. Definition

- a. The NTT Act defines the Company, as a stock company whose purpose is to own all of the shares issued by NTT East and NTT West, to ensure that appropriate and stable telecommunications services are provided by these two companies, as well as to conduct research on telecommunications technologies that would form the basis of telecommunications, and includes any successor to the Company’s rights and obligations pursuant to Article 4-1 of the Supplementary Provisions.
- b. The NTT Act defines “NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION” as a stock company whose purpose is to manage the regional telecommunications business in the regions set forth in paragraph 2(c)(i)(A) below, and refers to the successor company to the Government’s business pursuant to Article 2(1) of the 1997 Amendment.
- c. The NTT Act defines “NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION” as a stock company whose purpose is to manage the regional telecommunications business in the regions set forth in paragraph 2(c)(i)(B) below, and refers to the successor company to the Government’s business pursuant to Article 2(1) of the 1997 Amendment.

(Notes)

- Article 4 (1) of the Supplementary Provisions:

NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION was dissolved at the time of the establishment of the Company, and all of its rights and obligations were assumed by the Company at such time.

- Article 2 (1) of the 1997 Amendment:

The Government established NTT East and NTT West, and had each company take over the domestic telecommunications services operated by NIPPON TELEGRAPH AND TELEPHONE CORPORATION that fell under the scope of regional telecommunications businesses specified under the amendment.

(As amended, effective May 2026)

- b. The NTT Act defines “NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION” as a stock company whose purpose is to manage the regional telecommunications business in the regions set forth in paragraph 2(c)(i)(A) below, and refers to the successor company to the Government’s business pursuant to Article 2(1) of the 1997 Amendment.
- c. The NTT Act defines “NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION” as a stock company whose purpose is to manage the regional telecommunications business in the regions set forth in paragraph 2(c)(i)(B) below, and refers to the successor company to the Government’s business pursuant to Article 2(1) of the 1997 Amendment.

2. Business Activities

- a. The NTT Act requires the Company to engage in the business activities described below:

- (i) accepting and holding the shares issued by NTT East and NTT West and exercising rights as a shareholder of such shares;
- (ii) offering necessary advice, assistance and other related support to NTT East and NTT West;
- (iii) conducting research on telecommunications technologies that would form the foundation for telecommunications;
- and
- (iv) engaging in business activities incidental to the activities set forth in (i), (ii) and (iii) above.

- b. In addition to the business activities set forth in paragraph 2(a) above, the NTT Act provides that the Company may, upon notification to the Minister, engage in business activities necessary to achieve its purpose.
- c. The NTT Act requires that NTT East and NTT West engage in the business activities described below:
- (i) regional telecommunications services in prefectures in the following regions:
 - A. NTT East: Hokkaido Prefecture, Aomori Prefecture, Iwate Prefecture, Miyagi Prefecture, Akita Prefecture, Yamagata Prefecture, Fukushima Prefecture, Ibaraki Prefecture, Tochigi Prefecture, Gunma Prefecture, Saitama Prefecture, Chiba Prefecture, Tokyo Metropolis, Kanagawa Prefecture, Niigata Prefecture, Yamanashi Prefecture and Nagano Prefecture; and
 - B. NTT West: Kyoto Prefecture, Osaka Prefecture and all other prefectures not listed above.
 - (ii) business activities incidental to the activities set forth in 2(c)(i).
- d. Upon notification to the Minister, the NTT Act permits NTT East and NTT West to engage in the business activities described below:
- (i) business activities necessary to achieve their respective purposes as described in paragraph 2(c) above, and
 - (ii) regional telecommunications services in any region or prefecture (Intended Business Areas) not otherwise designated.
- e. Regional telecommunications services must be conducted using facilities that have been installed by NTT East and NTT West themselves. If, however, it is determined to be necessary for ensuring that telephone services are universally provided appropriately, fairly and stably in an Intended Business Area, then with the approval of the Ministry of Internal Affairs and Communications, telephone services may be provided using the facilities (radio equipment) of other telecommunications operators.
- f. In addition to the business activities described in paragraphs 2(c) and 2(d) above, upon notification to the Minister, NTT East and NTT West may engage in telecommunications services and other business activities utilizing their equipment, technology or employees used in the operation of their business activities described in 2(c) above, to the extent that there is no interference with the smooth implementation of their regional telecommunications services and the maintenance of fair competition in regional telecommunications services.

(As amended, effective May 2026. Portions in section (e) rendered in square brackets ([]) are to be deleted within two years of promulgation)

2. Business Activities

- a. The NTT Act requires the Company to engage in the business activities described below:
- (i) subscribing for and holding the shares issued by NTT East and NTT West and exercising rights as a shareholder of such shares;
 - (ii) providing necessary advice, assistance and other related support to NTT East and NTT West;
 - (iii) engaging in research activities relating to telecommunications technologies that form the foundation for telecommunications; and
 - (iv) engaging in business activities incidental to the business activities set forth in (i), (ii) and (iii) above.
- b. In addition to the business activities set forth in paragraph 2(a) above, the NTT Act also provides that the Company may engage in actions necessary to complete such business activities after notifying the Minister.
- c. The NTT Act requires that NTT East and NTT West engage in the business activities described below:
- (i) regional telecommunications services (within the scope of such intended business, telecommunications services that involve providing universal telecommunications services and other telecommunications services (limited to those that involve intermediating communications, excluding the following services)):

- A. telecommunications services that use transmission line facilities specified by MIC Ordinance, which are connected to mobile equipment at one end; and
 - B. telecommunications services that use telecommunications facilities specified by MIC Ordinance, which are installed exclusively for the purpose of providing telecommunications services that enable connection to the Internet;
- (ii) engaging in business activities incidental to telecommunications services.
- d. NTT East and NTT West may engage in the business activities described below. In such cases, when NTT East or NTT West commence such business activities, notification must be provided to the Minister with respect to the matters specified by MIC Ordinance, in accordance with MIC Ordinance:
- (i) in addition to the business activities set forth in the preceding paragraph, business activities necessary to achieve the respective purposes of NTT East and NTT West; and
 - (ii) telecommunications services that intermediate communications and are provided within the Intended Business Area of the other regional company, either NTT East or NTT West (excluding the telecommunications services set forth in (c)(i)(A) and (c)(i)(B), above).
- e. Regional telecommunications business activities (excluding telecommunications services provided as telecommunications services for intermediating communications between areas of respective prefectures within the Intended Business Area and the areas of other prefectures within the Intended Business Area) must be conducted using telecommunications facilities that have been installed by NTT East and NTT West themselves. However, this shall not apply if it has been deemed necessary for ensuring that [telephone services are universally provided appropriately, fairly and stably in an Intended Business Area], or necessary for ensuring that telecommunications services pertaining to regional telecommunications services are provided appropriately and stably [(excluding services pertaining to telephone services)], upon having been granted approval of the Minister as specified by MIC Ordinance.
- f. In the preceding three paragraphs, the term “Intended Business Area” refers to the area specified in each of the following items with respect to NTT East and NTT West.
- (i) NTT EAST, Inc. (“NTT East”)

The combined area encompassing Hokkaido Prefecture, Aomori Prefecture, Iwate Prefecture, Miyagi Prefecture, Akita Prefecture, Yamagata Prefecture, Fukushima Prefecture, Ibaraki Prefecture, Tochigi Prefecture, Gunma Prefecture, Saitama Prefecture, Chiba Prefecture, Tokyo Metropolis, Kanagawa Prefecture, Niigata Prefecture, Yamanashi Prefecture, and Nagano Prefecture
 - (ii) NTT WEST, Inc. (“NTT West”)

The combined area encompassing Kyoto Prefecture, Osaka Prefecture, and all other prefectures not specified in the preceding item
- g. NTT East and NTT West may engage in telecommunications services and other business activities utilizing their equipment, technology or employees used in the operation of their business activities described in 2(c) above (excluding telecommunications services that involve providing the telecommunications services described in (c)(i)(A) and (B) above, and other business activities specified by MIC Ordinance; hereinafter referred to as “Utilization Business” in this Article).
- h. When NTT East or NTT West intends to engage in Utilization Business pursuant to the provisions of the preceding paragraph, it must set standards regarding implementation of the Utilization Business in advance as specified by MIC Ordinance (hereinafter referred to as the “Implementation Standards” in this Article), and furthermore must submit the Implementation Standards to the Minister and make them public. The same applies if NTT East or NTT West intends to change the Implementation Standards.
- i. The Implementation Standards must specify the necessary content, in accordance with MIC Ordinance, regarding the following matters that NTT East and NTT West must observe when engaging in Utilization Business:
- (i) matters related to measures for ensuring that Utilization Business is conducted to the extent that there is no interference with the smooth implementation of the business activities set forth in 2(c) above; and
 - (ii) matters related to measures for ensuring that Utilization Business is conducted to the extent that there is no interference with the maintenance of fair competition in telecommunications business activities.
- j. When engaging in Utilization Business, NTT East and NTT West must act in accordance with the Implementation Standards.
- k. Each fiscal year, NTT East and NTT West must, in accordance with MIC Ordinance, report to the Minister on the status of implementation of Utilization Business and other matters specified by MIC Ordinance, and make such information public.

- l. If the Minister finds that the Implementation Standards do not conform to the provisions of 2(i) above, the Minister may order NTT East or NTT West to amend such Implementation Standards.
- m. If the Minister finds that NTT East or NTT West has not observed the Implementation Standards, the Minister may order NTT East or NTT West to observe the Implementation Standards to the extent necessary for ensuring that Utilization Business is conducted to the extent that there is no interference with the smooth implementation of the business activities set forth in paragraph c, and conducted to the extent that there is no interference with the maintenance of fair competition in telecommunications business activities.

3. Obligations

NTT, NTT East and NTT West must, in conducting their respective businesses, always pay due attention to ensuring proper and efficient management and must endeavor to contribute to securing the appropriate, fair and stable provision of telephone services throughout Japan that are indispensable to people's daily lives, thereby promoting the public welfare.

(Amendments scheduled to take effect by May 2027 (to take effect within two years of promulgation))

- Repeal of provisions on obligations (Article 3)

(c) Matters Requiring the Approval of the Minister

The NTT Act requires that the Minister approve the following actions of NTT, NTT East or NTT West, as applicable:

- Issuing of new shares and bonds with share acquisition rights by NTT, NTT East and NTT West (Articles 4 and 5)
(Note) NTT may issue new shares upon notification to the Minister, without obtaining approval, until the number of shares reaches the threshold specified by MIC Ordinance (Supplementary Provisions, Article 14).
- Adopting resolutions on changes to the articles of incorporation, mergers, company splits and dissolution of NTT, NTT East or NTT West (Article 11)
(Note) Amendments to the articles of incorporation exclude resolutions to change the trade name of NTT, NTT East or NTT West.
- Business plans and amendments to business plans of NTT, NTT East or NTT West (Article 12)
- Transferring and provision of security interests over important facilities of NTT East or NTT West (Article 14)

(As amended, effective May 2026)

- Adopting resolutions on changes to the articles of incorporation, mergers, company splits and dissolution of NTT, NTT East or NTT West (Article 11).
(Note) Excludes (i) mergers in which a regional company succeeds to all rights and obligations of a juridical person that does not engage in telecommunications business and whose capital and other management scale does not meet the standards specified by MIC Ordinance, and (ii) mergers or company splits specified by MIC Ordinance relating to businesses of a regional company other than its telecommunications business.
- Transfer of, provision of security interests over, and disposition (as specified by MIC Ordinance) of (i) important facilities of NTT East and NTT West and (ii) buildings and other structures, and land (as specified by MIC Ordinance) necessary for the installation of telecommunications facilities (Article 14).

(d) Other Obligations to the Minister

- Notification to the Minister of appointments and resignations of NTT's representative directors, directors and auditors (Article 10)
(Note) A person who does not have Japanese nationality may not be appointed as a representative director of the Company, NTT East or NTT West.
(Note) For NTT, NTT East and NTT West, persons who do not have Japanese nationality may not account for one-third or more of their respective directors or auditors.

- Submission of balance sheets, profit and loss statements and business reports of NTT, NTT East and NTT West (Article 13)
- Obligation of NTT, NTT East and NTT West to comply with orders issued by the Minister (Article 16)
- Obligation to respond to requests for reports concerning the business of NTT, NTT East and NTT West (Article 17)

(As amended, effective May 2026)

- Repeal of the requirement to submit balance sheets, profit and loss statements, and business reports of NTT, NTT East and NTT West (Article 13)

3. Radio Act (Act No. 131 of 1950)

(a) Matters requiring a license from the Minister

- Establishment of radio stations (Article 4)

(b) Matters requiring permission from the Minister

- Changes to the purpose of a radio station, the other party to communications, the content of communications and other matters (Article 17)

(Spectrum Band Allocation for Mobile Communication Businesses)

In mobile communications services, operators are required to obtain a license from the Japanese government (MIC) to use radio frequency spectrum. Spectrum band allocations are governed by the Radio Act and related statutes and regulations.

(Amendment to take effect within nine months of promulgation)

Under the amended Radio Act, a system will be established to determine the operators to whom frequencies are allocated through price competition (under which the participant offering the highest price through bidding or auction is selected as the successful bidder).

(2) Matters Relating to Company Shares

1. Restrictions on the Ratio of Voting Rights Held by Foreign Nationals (Article 6 of the NTT Act)

If the ratio of foreign ownership of voting rights held by foreign nationals equals or exceeds one third of the total voting rights, the Company must not register or record their names and addresses in the shareholder register.

(Note) “Foreign nationals” refers to:

- (1) any person who does not have Japanese nationality;
- (2) any foreign government or its representative;
- (3) any foreign corporation or institution; or
- (4) any corporation or institution whose ratio of the number of direct voting rights held by the persons set forth in the preceding three items to the total number of voting rights exceeds the ratio prescribed by MIC Ordinance.

NTT’s Articles of Incorporation provide that dividends of surplus may be distributed to shareholders or registered pledgees whose names and shares are registered or recorded in the shareholder register, as well as to shareholders whose names or shares were not registered or recorded pursuant to Article 6 of the NTT Act, and to pledges of such shares.

2. Government Obligation to Hold Shares of the Company (Article 4 of the NTT Act)

The NTT Act requires the Japanese government, at all times, to own one-third or more of the total number of issued shares of the Company.

(Note) Special provisions regarding the method for calculating the total number of issued shares of the Company (NTT Act, Supplementary Provisions, Article 13)

- If shares are issued through a public offering, the exercise of share acquisition rights, or delivery of shares in exchange for shares with call or put provisions, the increase in the number of shares as a result therefrom (the “shares not included in the

calculation”) shall not be included in the total number of issued shares for the purposes of Article 4, paragraph 1 of the NTT Act.

- If a stock split or share consolidation occurs after the increase in shares described in the preceding paragraph, the number obtained by multiplying the shares not included in the calculation by the applicable split or consolidation ratio (or the product of such ratios if conducted in multiple stages) shall not be included in the total number of issued shares.

As of March 31, 2026, the total number of issued shares of the Company was 90,550,316,400, of which the Japanese government owned 29,199,362,000 shares or 35.83% of outstanding shares, excluding treasury stock.

(Note)

In December 2000, NTT issued 300,000 new shares in a public offering (equal to 3.0 billion shares after stock splits on January 4, 2009, July 1, 2015, January 1, 2020 and July 1, 2023). These shares are not included in the total number of issued shares when calculating the percentage of government-owned shares. The number of government-owned shares includes shares that are registered in the government’s name but are not substantively owned by the government, such as shares for which registration of transfer has not been completed. Such shares are excluded when calculating the percentage of government-owned shares. If these conditions are taken into account, the percentage of government-owned shares is 33.33%.

The NTT Group’s transactions with government divisions and agencies are arm’s-length transactions, with the relevant division or agency acting as an individual customer. In its capacity as a shareholder, the government is entitled to exercise voting rights at General Meetings of Shareholders and, as the largest shareholder, theoretically has the power to have a material impact on a large majority of shareholder meeting resolutions. However, the government historically has not exercised this authority and has not been directly involved in NTT’s management.

3. Disposition of Government-Owned Shares

The NTT Act requires that any disposition of shares owned by the government must not exceed the maximum number adopted by the Diet in the relevant annual budget (NTT Act, Article 7).

(a) Background and policy regarding disposition (From the 1st through to the 6th Offering)

NTT was established with 15.6 million issued shares, of which 10.4 million shares were eligible for sale by the government (excluding 5.2 million shares representing the one-third of issued shares that the government was required to hold), and 5.4 million of such shares were sold between fiscal years 1986 and 1988.

In addition, on December 17, 1990, the Ministry of Finance promulgated a sale policy under which, with respect to the 5.0 million shares that remained unsold at that point: (a) 2.5 million shares would systematically be sold at an approximate rate of 500,000 shares per year; (b) if in later years the market environment allowed it, such sales would be carried out earlier than scheduled; and (c) sales of the remaining 2.5 million shares would be frozen for a period of time. (However, until fiscal year 1997, no sales were actually carried out, due to the market environment and other factors.)

In fiscal year 1998, the government sold one million shares in December 1998.

In fiscal year 1999, one million shares were authorized for sale. Of these, 48,000 shares were sold through NTT’s repurchase of treasury shares, on July 13, 1999, and the remaining 952,000 shares were sold in November 1999. The above sale policy announced in December 1990 has expired.

In fiscal year 2000, the government sold one million shares in November 2000.

(b) Disposition of Government-owned shares

Sales of government-owned shares up to the date of submission of this Annual Securities Report are summarized below:

Fiscal Year	Government Sales		
	Sale Date	Number of Shares Sold	Sale Method
FY1986	February 1987 (1st offering)	200,000 shares	General public offering
		1,750,000 shares	Distribution by securities company
FY1987	November 1987 (2nd offering)	1,950,000 shares	Underwriting or distribution by securities company
FY1988	October 1988 (3rd offering)	1,500,000 shares	Underwriting or distribution by securities company
FY1998	December 1998 (4th offering)	1,000,000 shares	Sale through book-building method
FY1999	July 13, 1999	48,000 shares	Treasury stock repurchase
	November 1999 (5th offering)	952,000 shares	Sale through book-building method
FY2000	November 2000 (6th offering)	1,000,000 shares	Sale through book-building method
FY2002	October 8, 2002	91,800 shares	Treasury stock repurchase
FY2003	October 15, 2003	85,157 shares	Treasury stock repurchase
FY2004	November 26, 2004	800,000 shares	Treasury stock repurchase
FY2005	September 6, 2005	1,123,043 shares	Treasury stock repurchase
FY2011	July 5, 2011	57,513,600 shares	Treasury stock repurchase
	February 8, 2012	41,820,600 shares	Treasury stock repurchase
FY2013	March 7, 2014	26,010,000 shares	Treasury stock repurchase
FY2014	November 14, 2014	35,088,600 shares	Treasury stock repurchase
	November 28, 2014	1,068,100 shares	Treasury stock repurchase
FY2016	June 14, 2016	59,000,000 shares	Treasury stock repurchase
FY2019	September 11, 2019	48,666,700 shares	Treasury stock repurchase
FY2022	September 15, 2022	92,925,400 shares	Treasury stock repurchase

- Notes:
1. With an effective date of November 24, 1995, a stock split was implemented with a ratio of 1.02 shares per share of common stock.
 2. With an effective date of January 4, 2009, a stock split was carried out with a ratio of 100 shares per share of common stock.
 3. With an effective date of July 1, 2015, a stock split was implemented with a ratio of 2 shares per share of common stock.
 4. With an effective date of January 1, 2020, a stock split was implemented with a ratio of 2 shares per share of common stock.

4. Management Analysis of Financial Condition, Operational Results and Cash Flows

Summary of Operational Results

Forward-looking statements in this Annual Securities Report are based on judgments as of the filing date.

(1) Overview of Medium-Term Financial Targets

	FY2024	FY2025	Change	Percent Change
(in billions of yen)				
EBITDA	3,239.3	3,423.3	184.0	5.7 %
Overseas Operating Profit Margin	7.5%	11.7%	4.3points	—
ROIC (Existing Areas)	5.6%	4.3%	(1.3)points	—

Notes: 1. Depreciation and amortization expenses in EBITDA exclude all depreciation expenses related to right-of-use assets.

2. Overseas Operating Profit Margin excludes temporary expenses, such as amortization of intangible assets arising from acquisitions. The scope of calculation covers the overseas businesses of the NTT DATA Group.

3. The existing areas are defined as “NTT DOCOMO Group Consumer Telecommunications Business, NTT East Group, and NTT West Group.”

Based on the Medium-Term Management Strategy, “New Value Creation & Sustainability 2027 Powered by IOWN,” announced in May 2023, the NTT Group has been working to enhance its cash-generation capabilities through measures including the expansion of investment in growth areas. Progress toward the medium-term financial targets for the current consolidated fiscal year is as shown in the table above.

In May 2026, given changes in the business environment, the NTT Group partially revised its Medium-Term Management Strategy to balance medium- to long-term growth with a stable financial foundation. For details on the revised Medium-Term Management Strategy, please refer to “Item 2 Business Overview 1. Management Policy, Business Environment and Issues to be Addressed.”

(2) Analysis of Operating Results (Consolidated)



Operating Revenue

Operating revenue in the fiscal year under review increased 5.1% from the previous fiscal year to 14,409.1 billion yen.

This increase was due to such factors as the expansion of Enterprise Business across business segments, growth in the Smart Life Business within the Integrated ICT segment, and higher revenue resulting from the transfer of data center assets to a real estate investment trust (REIT).

Operating Expenses

Operating expenses in the fiscal year under review increased 5.4% from the previous fiscal year to 12,702.9 billion yen. The reasons for the increase are explained below.

Personnel Expenses

Personnel expenses in the fiscal year under review increased 3.8% from the previous fiscal year to 3,214.9 billion yen. The increase was mainly due to the increase in personnel expenses as a result of the expansion of businesses in the Global Solutions Business Segment, among other factors.

Expenses for Purchase of Goods and Services and Other Expenses

Expenses for purchase of goods and services and other expenses in the fiscal year under review, increased 5.7% from the previous fiscal year to 7,207.9 billion yen. The increase was mainly due to increased costs related to initiatives aimed at strengthening the customer base in the Consumer Communications Business within the Integrated ICT Segment, as well as an increase in revenue-linked costs in the Enterprise Business of the Regional Communications segment, among other factors.

Depreciation and Amortization Expenses

Depreciation and amortization expenses in the fiscal year under review increased 4.0% from the previous fiscal year to 1,791.0 billion yen.

Operating Profit and EBITDA

As a result of the foregoing, operating profit for the fiscal year under review increased 3.4% from the previous fiscal year to 1,706.2 billion yen, EBITDA for the fiscal year under review increased 5.7% from the previous fiscal year to 3,423.3 billion yen.

Finance Income and Costs

Finance income and costs for the fiscal year under review were (165.6) billion yen compared to (110.4) billion yen for the previous fiscal year. The decrease was mainly due to an increase in interest expenses, among other factors.

Share of Profit of Entities Accounted for Using Equity Method

Share of profit of entities accounted for using the equity method for the fiscal year under review increased 61.9% from the previous fiscal year to 41.3 billion yen.

Profit before Taxes

As a result of the foregoing, profit before taxes for the fiscal year under review increased 1.1% from the previous fiscal year to 1,581.9 billion yen.

Income Taxes

In the fiscal year under review, income taxes increased 3.5% from the previous fiscal year to 499.3 billion yen. Effective tax rates for the previous fiscal year and for the fiscal year under review were 30.82% and 31.56%, respectively.

Profit Attributable to NTT

As a result of the foregoing, profit for the fiscal year under review increased 0.0% from the previous fiscal year to 1,082.6 billion yen. Profit attributable to NTT (excluding the profit attributable to non-controlling interests) for the fiscal year under review increased 3.7% from the previous fiscal year to 1,037.0 billion yen.

Details of the operational results were as follows.

	FY2024	FY2025	Change	Percent Change
	(in billions of yen)			
Operating Revenue	13,704.7	14,409.1	704.4	5.1 %
Operating Expenses	12,055.2	12,702.9	647.7	5.4 %
Personnel Expenses	3,098.6	3,214.9	116.3	3.8 %
Expenses for Purchase of Goods and Services and Other Expenses	6,817.7	7,207.9	390.2	5.7 %
Depreciation and Amortization	1,722.0	1,791.0	68.9	4.0 %
Other	416.8	489.1	72.3	17.3 %
Operating Profit	1,649.6	1,706.2	56.7	3.4 %
Finance Income and Costs	(110.4)	(165.6)	(55.2)	—
Share of Profit (Loss) of Entities Accounted for Using Equity Method	25.5	41.3	15.8	61.9 %
Profit Before Tax	1,564.7	1,581.9	17.2	1.1 %
Income Taxes	482.3	499.3	17.0	3.5 %
Profit	1,082.4	1,082.6	0.2	0.0 %
Less: Profit Attributable to Non-Controlling Interests	82.4	45.6	(36.8)	(44.7) %
Profit Attributable to NTT	1,000.0	1,037.0	37.0	3.7 %
EBITDA	3,239.3	3,423.3	184.0	5.7 %

(3) Analysis of Operating Results (Segments)

Main Businesses



Integrated ICT Business



The principal services in the Integrated ICT Business are consumer telecommunications services (mobile phone services, optical broadband services, etc.), smart life services (financial services, content and lifestyle services, etc.), enterprise services (telecommunications services for enterprise customers, solutions services, system development services, etc.), and related services

Global Solutions Business



The principal services in the Global Solutions Business are consulting services, IT solutions services, system and software development services, maintenance and support services, data center services, and related services.

Regional Communications Business

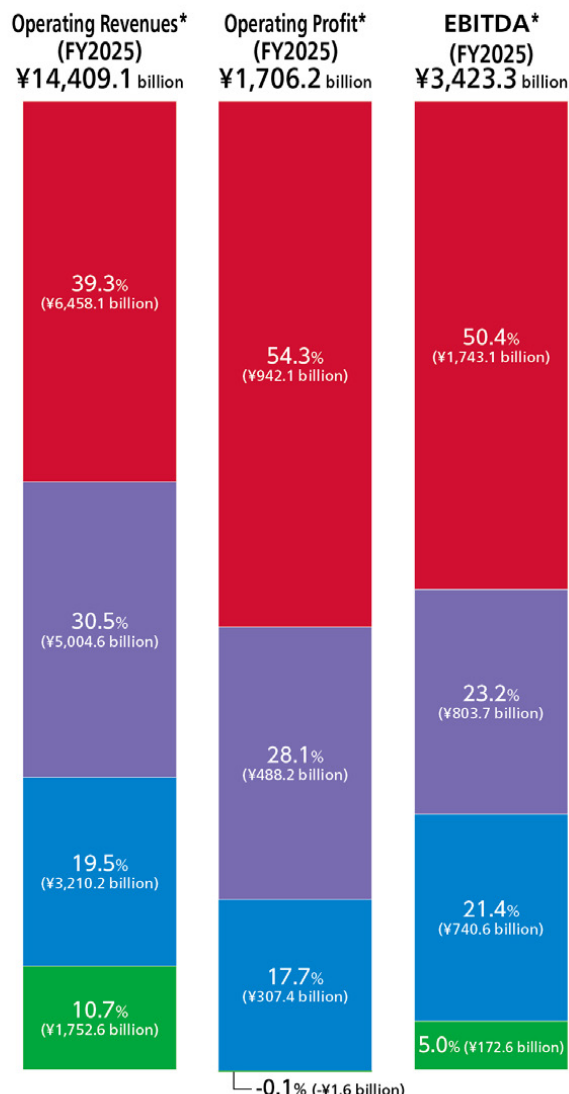


The principal services in the Regional Communications Business are optical services, enterprise services, fixed-line services, and related services.

Others (Real Estate, Energy and Others)



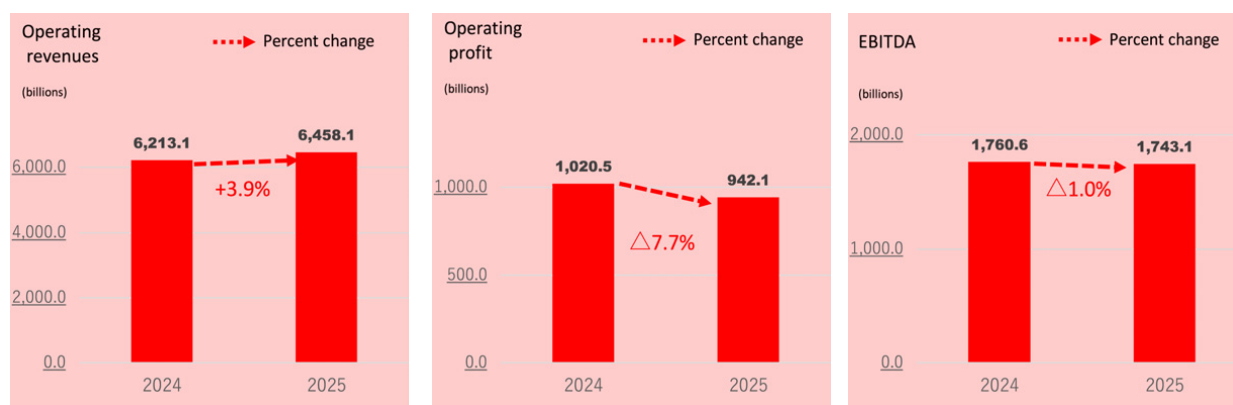
Others include the real estate business, energy business and others.



* Percentage of simple sum of each segment (including intersegment transactions)

An overview of the operating results for each business segment for the fiscal year under review is as follows. Intersegment transactions are included in operating revenue, operating expenses, operating profit and EBITDA for each business segment. Due to the difficulty associated with presenting production and order information, as the NTT Group operates businesses such as the telecommunications, the NTT Group does not disclose production or order volumes by segment in terms of amount or quantity. Accordingly, the summary of production, orders received and sales is presented in connection with operating results for each segment.

1. Integrated ICT Business Segment

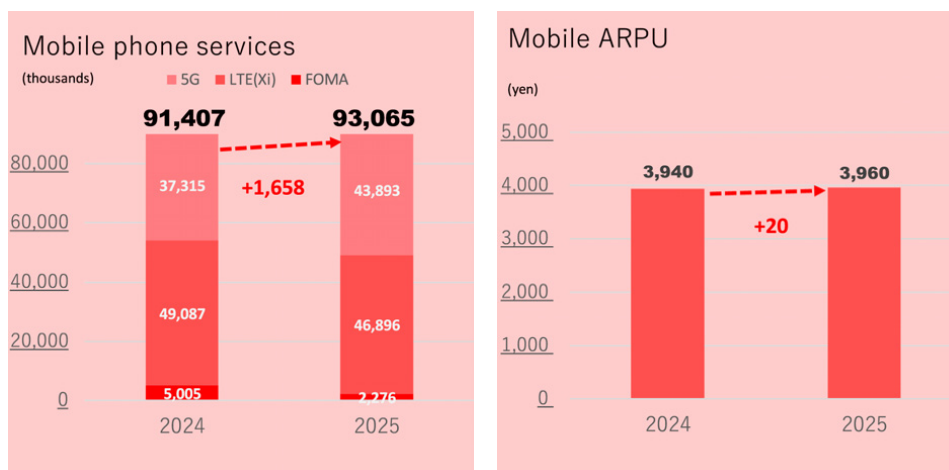


Operating revenue for the Integrated ICT Business Segment for the fiscal year under review increased to 6,458.1 billion yen (an increase of 3.9% from the previous fiscal year), driven by the expansion of the finance focused Smart Life Business, as well as the Enterprise Business, despite declines in mobile communication service revenue and handset sales revenue in the Consumer Communications Business. Operating expenses for the fiscal year under review increased to 5,516.0 billion yen (an increase of 6.2% from the previous fiscal year), reflecting higher expenses for initiatives to strengthen the customer base and improve network quality. As a result, segment operating profit for the fiscal year under review decreased to 942.1 billion yen (a decrease of 7.7% from the previous fiscal year) and EBITDA for the fiscal year under review decreased to 1,743.1 billion yen (a decrease of 1.0% from the previous fiscal year).

Summary of Segment Performance

	FY2024	FY2025	Change	Percent Change
	(in billions of yen)			
Operating Revenue	6,213.1	6,458.1	245.0	3.9 %
Consumer	4,539.8	4,667.4	127.6	2.8 %
Smart Life	1,227.9	1,432.7	204.8	16.7 %
Consumer Communications	3,354.5	3,284.6	(69.8)	(2.1) %
Enterprise	1,902.7	2,024.6	121.9	6.4 %
Operating Expenses	5,192.6	5,516.0	323.5	6.2 %
Personnel Expenses	541.1	557.6	16.5	3.1 %
Expenses for Purchase of Goods and Services and Other Expenses	3,683.9	3,921.6	237.7	6.5 %
Depreciation and Amortization	842.4	888.5	46.0	5.5 %
Other	125.2	148.4	23.2	18.5 %
Operating Profit	1,020.5	942.1	(78.5)	(7.7) %
EBITDA	1,760.6	1,743.1	(17.4)	(1.0) %

Number of Subscriptions and ARPU



As of March 31, 2026, the number of subscriptions to NTT DOCOMO mobile phone services reached 93.07 million subscriptions, an increase of 1.66 million from 91.41 million at the end of the previous fiscal year. In addition, churn rates increased by 10 basis points to 0.86%.

Mobile Communications ARPU increased by 20 yen (0.5%) to 3,960 yen for the fiscal year under review, from 3,940 yen for the previous fiscal year due to the expansion of high-capacity plans such as DOCOMO MAX.

Number of Subscriptions and Estimated Market Share of the Integrated ICT Business Segment

	FY2024	FY2025	Change	Percent Change
	(in thousands)			
Mobile Phone Service	91,407	93,065	1,658	1.8 %
5G Services	37,315	43,893	6,579	17.6 %
LTE (Xi) Services	49,087	46,896	(2,191)	(4.5) %
FOMA Services	5,005	2,276	(2,730)	(54.5) %
Of which: Handset Subscribers	53,123	52,971	(152)	(0.3) %
Estimated Mobile Phone Market Share	42.2%	39.9%	(2.3)points	—
Plala (ISP)	2,578	2,323	(256)	(9.9) %
OCN (ISP)	6,799	6,618	(181)	(2.7) %
Hikari TV	696	629	(68)	(9.7) %

Notes: 1. Mobile phone services subscriptions include contracts with MVNOs and communications module service subscriptions.

2. The number of handset subscriptions is stated as the number of contracts for billing plans that offer voice communication service (excluding 2in1 service).

3. Market share data is based on number of subscriptions of other carriers, which is computed based on figures released by the Telecommunications Carriers Association.

	ARPU			
	FY2024	FY2025	Change	Percent Change
Mobile Communications ARPU (yen)	3,940	3,960	20	0.5 %

Notes: 1. See "Note 2, 'Method of calculating ARPU-(b) NTT DOCOMO'" for a description of how ARPU is calculated for mobile phone services.

2. Mobile Communications ARPU is calculated to include OCN mobile-related revenue and subscription numbers.

2. Global Solutions Business Segment

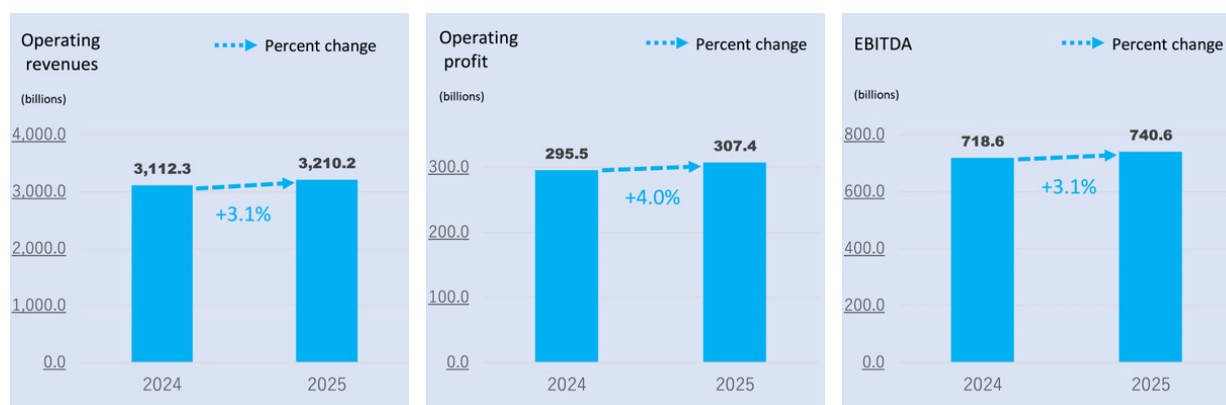


Operating revenue in the Global Solutions Business Segment for the fiscal year under review increased to 5,004.6 billion yen (an increase of 7.9% from the previous fiscal year), mainly due to business growth both domestically and internationally, as well as increased revenue from the transfer of data center assets to real estate investment trusts (REITs), despite a decline due to foreign exchange rate fluctuations. Operating expenses for the fiscal year under review increased to 4,516.4 billion yen (an increase of 4.7% from the previous fiscal year), primarily due to higher revenue-linked costs, despite a decline due to foreign exchange rate fluctuations. As a result, segment operating profit for the fiscal year under review increased to 488.2 billion yen (an increase of 50.7% from the previous fiscal year) and EBITDA for the fiscal year under review increased to 803.7 billion yen (an increase of 29.1% from the previous fiscal year).

Summary of Segment Performance

	FY2024	FY2025	Change	Percent Change
	(in billions of yen)			
Operating Revenue	4,638.7	5,004.6	365.9	7.9 %
Japan	1,933.2	2,072.7	139.5	7.2 %
Overseas	2,750.9	3,009.2	258.3	9.4 %
Operating Expenses	4,314.9	4,516.4	201.5	4.7 %
Personnel Expenses	1,723.4	1,825.2	101.8	5.9 %
Expenses for Purchase of Goods and Services and Other Expenses	2,196.7	2,276.1	79.4	3.6 %
Depreciation and Amortization	363.0	380.3	17.3	4.8 %
Other	31.7	34.8	3.1	9.9 %
Operating Profit	323.9	488.2	164.3	50.7 %
EBITDA	622.5	803.7	181.2	29.1 %

3. Regional Communications Business Segment



Operating revenue in the Regional Communications Business Segment for the fiscal year under review increased to 3,210.2 billion yen (an increase of 3.1% from the previous fiscal year), mainly due to increases in revenue in the Enterprise and Hikari Businesses, despite a decline in revenue in the Legacy Network Business. Operating expenses increased in the fiscal year under review to 2,902.8 billion yen (an increase of 3.1% from the previous fiscal year), primarily due to increased overhead costs, among other factors. As a result, segment operating profit for the fiscal year under review increased to 307.4 billion yen (an increase of 4.0% from the previous fiscal year) and EBITDA for the fiscal year under review increased to 740.6 billion yen (an increase of 3.1% from the previous fiscal year).

Summary of Segment Performance

	FY2024	FY2025	Change	Percent Change
	(in billions of yen)			
Operating Revenue	3,112.3	3,210.2	97.9	3.1 %
Enterprise business	701.5	793.1	91.5	13.0 %
Fiber-Optic business	1,440.9	1,479.8	38.9	2.7 %
Legacy network business	538.5	495.4	(43.1)	(8.0) %
Subsidiaries, new business, and others	431.3	441.9	10.5	2.4 %
Operating Expenses	2,816.8	2,902.8	86.0	3.1 %
Personnel Expenses	633.4	623.0	(10.4)	(1.6) %
Expenses for Purchase of Goods and Services and Other Expenses	1,536.4	1,624.6	88.2	5.7 %
Depreciation and Amortization	432.9	444.6	11.6	2.7 %
Other	214.1	210.6	(3.5)	(1.6) %
Operating Profit	295.5	307.4	11.9	4.0 %
EBITDA	718.6	740.6	22.0	3.1 %

Note: The "Legacy network business" includes services such as telephone subscriber lines, INS-Net, conventional leased circuits, high-speed digital transmission circuits, and other related services.

Numbers of Fixed-Line Telephone and INS-Net Subscriptions

	FY2024	FY2025	Change	Percent Change
	(in thousands)			
NTT East:				
Telephone Subscriptions	5,382	4,992	(390)	(7.2) %
INS-Net Subscriptions	547	482	(65)	(11.9) %
NTT West:				
Telephone Subscriptions	5,062	4,619	(444)	(8.8) %
INS-Net Subscriptions	544	474	(70)	(12.8) %

Note: 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 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 INS-Net 64 Lite Plan subscriptions).

As customer demand continues to shift to mobile telephones, IP phones and to free or low-priced communications services offered by OTT providers, the aggregate number of fixed-line subscriptions (fixed-line telephone & INS-Net) as of March 31, 2026 was 10,566 thousand, a decrease of (969) thousand from the previous fiscal year.

Numbers of Subscriptions for “FLET’S Hikari (including the Hikari Collaboration Model),” “FLET’S ADSL,” “Hikari Denwa,” and “FLET’S TV Transmission Service”

	FY2024	FY2025	Change	Percent Change
	(in thousands)			
NTT East:				
FLET’S Hikari (Including the Hikari Collaboration Model)	13,442	13,546	103	0.8 %
Of which: Hikari Collaboration Model	10,290	10,507	216	2.1 %
FLET’S ADSL	0	—	(0)	(100.0) %
Hikari Denwa (channels)	9,565	9,428	(137)	(1.4) %
FLET’S TV Transmission Service	1,238	1,265	27	2.2 %
NTT West:				
FLET’S Hikari (Including the Hikari Collaboration Model)	10,344	10,440	95	0.9 %
Of which: Hikari Collaboration Model	7,195	7,380	186	2.6 %
FLET’S ADSL	34	0	(34)	(100.0) %
Hikari Denwa (Channels)	8,314	8,184	(130)	(1.6) %
FLET’S TV Transmission Service	983	1,036	53	5.4 %

Notes: 1. FLET’S Hikari (including Hikari Collaboration Model) includes 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 (optical IP telephone) provided by NTT East, FLET’S Hikari Cross, FLET’S Hikari Next, FLET’S Hikari Mytown Next, FLET’S Hikari Light and Hikari Denwa Next (IP telephone service) provided by NTT West, and the “Hikari Collaboration Model,” the wholesale provision of services by NTT East and NTT West to service providers.
2. “Hikari Denwa” and “FLET’S TV Transmission Service” include wholesale services provided to service providers by NTT East and NTT West.

As a result of initiatives to expand the FLET'S Hikari Cross, the number of FLET'S Hikari subscriptions (including the Hikari Collaboration Model) as of March 31, 2026 was 23,985 thousand, an increase of 199 thousand (0.8%) from the previous fiscal year, the number of Hikari Denwa subscriptions was 17,612 thousand channels, a decrease of 268 thousand channels (1.5%), and the number of FLET'S TV subscriptions was 2,300 thousand, an increase of 80 thousand (3.6%).

ARPU of Fixed Line Services (Telephone Subscriber Lines + INS-NET Subscribers Lines) and FLET'S Hikari Services

	FY2024	FY2025	Change	Percent Change
NTT East:				
Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines)	2,560	2,560	—	— %
FLET'S Hikari ARPU	4,410	4,480	70	1.6 %
Basic Monthly Charge	3,320	3,410	90	2.7 %
Optional Services	1,090	1,070	(20)	(1.8) %
NTT West:				
Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines)	2,600	2,600	—	— %
FLET'S Hikari ARPU	4,450	4,510	60	1.3 %
Basic Monthly Charge	3,180	3,260	80	2.5 %
Optional Services	1,270	1,250	(20)	(1.6) %

Note: See notes "1. 'ARPU: Average monthly Revenue Per Unit'" for a description of ARPU, and "2. 'Method of calculating ARPU-(a) NTT East and NTT West'" for a description of how aggregate fixed-line ARPU is calculated.

For the fiscal year under review, aggregate fixed-line ARPU (telephone subscriber lines + INS-Net subscriber lines) remained at the same level as the previous fiscal year at 2,560 yen for NTT East and 2,600 yen for NTT West.

FLET'S Hikari ARPU for the fiscal year under review was 4,480 yen for NTT East and 4,510 yen for NTT West, an increase of 70 yen (1.6%) and 60 yen (1.3%), respectively, from the corresponding figures in the previous fiscal year. These increases were mainly due to an increase in basic monthly charge ARPU as a result of initiatives to expand FLET'S Hikari Cross, among other factors.

4. Others (Real Estate, Energy and Others)

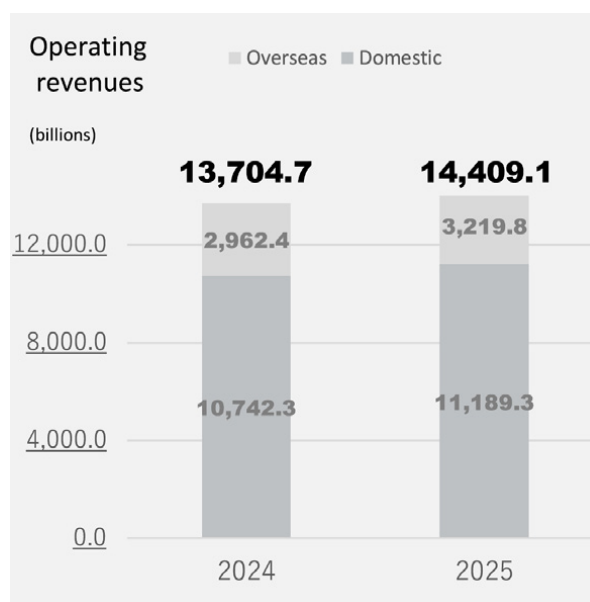


In Others (Real Estate, Energy and Others), operating revenue for the fiscal year under review increased to 1,752.6 billion yen (an increase of 1.5% from the previous fiscal year), mainly due to the expansion of the residential, office, and commercial real estate businesses. Operating expenses for the fiscal year under review increased to 1,754.2 billion yen (an increase of 5.0% from the previous fiscal year), primarily due to the recognition of impairment losses in the power business reflecting changes in the external environment, such as rising interest rates and construction costs. As a result, segment operating profit decreased to (1.6) billion yen (operating profit in the previous fiscal year was 55.8 billion yen), and EBITDA for the fiscal year under review decreased to 172.6 billion yen (a decrease of 9.2% from the previous fiscal year).

Summary of Segment Performance

	FY2024	FY2025	Change	Percent Change
(in billions of yen)				
Operating Revenue	1,726.5	1,752.6	26.1	1.5 %
Operating Expenses	1,670.7	1,754.2	83.4	5.0 %
Personnel Expenses	288.3	304.8	16.5	5.7 %
Expenses for Purchase of Goods and Services and Other Expenses	1,178.2	1,200.0	21.9	1.9 %
Depreciation and Amortization	149.8	146.4	(3.3)	(2.2) %
Other	54.5	102.9	48.4	88.7 %
Operating Profit	55.8	(1.6)	(57.4)	— %
EBITDA	190.2	172.6	(17.6)	(9.2) %

Reference: Information on Domestic and Overseas Revenue



Domestic operating revenue for the fiscal year under review increased to 11,189.3 billion yen (an increase of 4.2% from the previous fiscal year) mainly due to the expansion of Enterprise Business across business segments and growth in the Smart Life Business within the Integrated ICT segment. Overseas operating revenue for the fiscal year under review increased to 3,219.8 billion yen (an increase of 8.7% from the previous fiscal year), mainly due to increased revenue resulting from the transfer of data center assets in the Global Solutions segment to a real estate investment trust (REIT).

	FY2024	FY2025	Change	Percent Change
	(in billions of yen)			
Operating Revenue	13,704.7	14,409.1	704.4	5.1 %
Domestic	10,742.3	11,189.3	447.0	4.2 %
Overseas	2,962.4	3,219.8	257.4	8.7 %

Note: Figures are shown based on the geographic location of the services and products provided.

Notes:

1. ARPU (Average monthly Revenue Per Unit): Average monthly revenue per subscriber (user)

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenue on a per subscriber (user) basis. In the case of the NTT Group's Regional Communications Business, ARPU is calculated by dividing revenue included in operating revenue from fixed lines services (telephone subscriber lines and INS-Net subscriber lines) and FLET'S Hikari by the number of Active Subscribers to those services. In the case of the Integrated ICT Business, ARPU is calculated by dividing communications services revenue (including 5G, LTE (Xi) and FOMA services, excluding certain items) by the number of active users to those services. The calculation of these figures excludes revenue that is not representative of average monthly usage, such as telecommunications equipment sales, activation fees, and universal service charges.

NTT believes that its ARPU figures calculated in this way provide useful information regarding the monthly average usage of its subscribers. The revenue items included in the numerator of ARPU are calculated based on financial data prepared in accordance with IFRS.

2. Method of calculating ARPU

(a) NTT East and NTT West

ARPU for NTT East and NTT West is calculated based on the following two categories:

- Aggregate Fixed-line ARPU (Telephone Subscriber Lines + INS-Net Subscriber Lines): Calculated based on revenue from monthly charges and call charges for Telephone Subscriber Lines and INS-Net Subscriber Lines, which is included in operating revenue from Voice Transmission Services (excluding IP Services), and revenue from FLET'S ADSL and FLET'S

ISDN, which is included in operating revenue from IP Services.

- FLET'S Hikari ARPU: Calculated based on revenue from FLET'S Hikari (including FLET'S Hikari optional services), which is included in operating revenue from IP Services and Supplementary Business, revenue from monthly charges, call charges and device connection charges for Hikari Denwa, which is included in operating revenue from IP Services, and revenue from "FLET'S Hikari" optional services, which is included in Supplementary Business revenue.

- (1) The scope of aggregation for "FLET'S Hikari" is the same as that described in "(3) Analysis of Operating Results(Segments) 2. Regional Communications Business Segment: Numbers of Subscriptions for "FLET'S Hikari (including the Hikari Collaboration Model)," "FLET'S ADSL," "Hikari Denwa," and "FLET'S TV Transmission Service" (Note 1)", specifically, "FLET'S Hikari (including Hikari Collaboration Model)". FLET'S Hikari optional services include wholesale services provided to service providers by NTT East and NTT West.
- (2) Revenue from interconnection charges is excluded from the calculation of Aggregate Fixed-line ARPU (Telephone Subscriber Lines + INS-Net Subscriber Lines) and FLET'S Hikari ARPU.
- (3) For the purpose of calculating Aggregate Fixed-line ARPU (Telephone Subscriber Lines + INS-Net Subscriber Lines), the number of subscribers is the number of fixed-line subscriptions (telephone subscriber lines or INS Net subscriber lines).
- (4) 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.
- (5) The number of subscriptions used for calculating FLET'S Hikari ARPU follows the same aggregation scope as "FLET'S Hikari" included in operating revenue from IP Services.

- (6) The number of active subscriptions used in the ARPU calculation of NTT East and NTT West is as follows:

Full-year results: Sum of active subscriptions for each month in the applicable period

Active subscriptions = (number of subscriptions at end of previous month + number of subscriptions at end of current month)/2

(b) NTT DOCOMO

Mobile communications ARPU for NTT DOCOMO is calculated as follows:

Mobile Communications ARPU: Mobile Communications ARPU-related revenue (basic monthly charges, voice communication charges and packet communication charges) / Number of active users

- (1) Number of active users used in the ARPU calculation of NTT DOCOMO is as follows:

Sum of active users for each month during the applicable period

Active users = (number of users at end of previous month + number of users at end of current month)/2.

- (2) The number of users used to calculate ARPU is based on the total number of subscriptions, excluding the following:

Number of active users = subscriptions

- a. Subscriptions of communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MVNOs; and
- b. Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for 5G, Xi or FOMA services in his/her name.

Revenue from communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver," and wholesale telecommunications services and interconnecting telecommunications facilities provided to MVNOs, and the impact of "d POINTs"-related revenue, among others, is not included in the calculation of ARPU.

(4) Analysis of Cash Flows and Financial Position

Cash Flows

Cash flows for the previous fiscal year and the fiscal year under review were as follows.

	in billions of yen	
	FY2024	FY2025
Cash Flows Provided by Operating Activities	2,364.0	1,485.2
Cash Flows Provided by Operating Activities (excluding the impact of non-business days)*	2,171.2	1,485.2
Cash Flows Used in Investing Activities	(1,999.6)	(1,023.4)
Cash Flows Provided by Financing Activities	(343.0)	441.3
Cash and Cash Equivalents at the End of the Fiscal Year	1,001.0	1,921.9

*Note: The impact was 192.8 billion yen due to the last day of the fiscal year ended March 31, 2024 falling on a non-business day, which shifted the due date for certain bills, including telecommunication services charges, from the end of the month to the beginning of the following month.

At NTT Group, the stable cash flows generated by its business cover the expenditures necessary for recurring investment activities, such as capital investments, and provide the main source of funds for shareholder returns (dividends and share buy-backs) and repayments of borrowings.

Operating Cash Flows

Cash flows provided by operating activities during the fiscal year under review amounted to 1,485.2 billion yen.

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 property, plant and equipment) reaching 2,964.4 billion yen and loans for banking reaching 1,009.9 billion yen.

Furthermore, excluding the impact of non-business days, cash flows provided by operating activities represented a decrease of 686.0 billion yen from 2,171.2 billion yen in the previous fiscal year. This decrease was due to, in comparison to the prior fiscal year, loans for banking reaching 1,009.9 billion yen, among other factors. Including the impact of non-business days, cash flows provided by operating activities represented a decrease of 878.8 billion yen from 2,364.0 billion yen in the previous fiscal year.

Investing Cash Flows

Cash flows used in investing activities during the fiscal year under review amounted to 1,023.4 billion yen.

This was primarily due to payments for purchases of property, plant and equipment, intangible assets and investment property reaching 2,255.7 billion yen.

Furthermore, cash flows used in investing activities represented a decrease in net payments by 976.2 billion yen from 1,999.6 billion yen in the previous fiscal year. This decrease was due to, in comparison to the prior fiscal year, an increase of 1,438.9 billion yen in proceeds from acquisition of subsidiaries, among other factors.

Financing Cash Flows

Cash flows provided by financing activities during the fiscal year under review amounted to 441.3 billion yen.

This was primarily due to net income from borrowings reaching 3,685.0 billion yen, payments for acquisition of interests in subsidiaries from non-controlling interests of 2,395.7 billion yen and expenditures for shareholder returns reaching 663.2 billion yen.

Net income from borrowings consisted of 538.5 billion yen of income from an increase in short-term borrowings, 5,797.4 billion yen of income from an increase in long-term borrowings and 2,651.0 billion yen of expenditures for repayments of long-term borrowings. Furthermore, expenditures for shareholder returns consisted of 458.3 billion yen of dividend payments and expenditures of 204.9 billion yen for acquisitions of treasury stock.

In addition, in comparison to the prior fiscal year, cash flows provided by finance activities represented an increase in net income of 784.4 billion yen. This increase was due to, among other factors, an increase of 3,112.8 billion yen in net income from borrowings and an increase of 2,381.3 billion yen in payments for acquisition of interests in subsidiaries from non-controlling interests in comparison to the prior fiscal year.

Financial Position

Assets, liabilities and equity as of the end of the previous fiscal year and the fiscal year under review were as follows.

	in billions of yen		
	FY2024	FY2025	Change
Assets	30,062.5	46,721.3	16,658.8
Liabilities	18,717.8	36,503.7	17,785.9
Of which: Interest-bearing debt	10,010.1	15,711.6	5,701.5
Equity	11,344.6	10,217.5	(1,127.1)
Of which: Shareholders' Equity	10,221.6	9,727.6	(494.0)

Assets as of the end of the fiscal year under review increased by 16,658.8 billion yen from the end of the previous fiscal year to 46,721.3 billion yen, due to, among other factors, the consolidation of SBI Sumishin Net Bank, Ltd. as a subsidiary, as well as an increase in property, plant and equipment and other financial assets.

Liabilities as of the end of the fiscal year under review increased by 17,785.9 billion yen from the end of the previous fiscal year to 36,503.7 billion yen, due to, among other factors, the consolidation of SBI Sumishin Net Bank, Ltd. as a subsidiary, as well as an increase in borrowings. The balance of interest-bearing debt was 15,711.6 billion yen, an increase of 5,701.5 billion yen from 10,010.1 billion yen as of the end of the previous fiscal year.

Shareholders' equity as of the end of the fiscal year under review decreased by (494.0) billion yen from the end of the previous fiscal year to 9,727.6 billion yen, due to, among other factors, a decrease in retained earnings. The ratio of interest-bearing debt to shareholders' equity was 161.5% (compared to 97.9% at the end of the previous fiscal year). In addition, total equity, consisting of shareholders' equity and non-controlling interests, decreased by (1,127.1) billion yen from the end of the previous fiscal year to 10,217.5 billion yen.

Liquidity and Capital Resources

In addition to its cash and cash equivalents, the NTT Group has entered into agreements with its banks to provide overdraft accounts and committed financing lines to ensure that it maintains the liquidity necessary for its business activities. As of the end of the fiscal year under review, the NTT Group had cash and cash equivalents of 1,921.9 billion yen, an increase of 920.9 billion yen from 1,001.0 billion yen as of the end of the previous fiscal year. Cash and cash equivalents represent temporary surplus funds used to repay debt, make investments, and support working capital. Accordingly, the balance of cash and cash equivalents fluctuates each fiscal year depending on financing and working capital requirements at the time.

In addition, as of the end of the fiscal year under review, the NTT Group had 330.1 billion yen in undrawn committed lines of credit.

5. Significant Contracts

Not applicable.

6. Research and Development

We advanced initiatives to realize our AI strategy, achieve the social implementation of IOWN, and to roll out technologies and resolve issues in a range of industries.

Innovations in Computing with Photonics Technology (Toward IOWN 3.0)

- Advances in AI have caused an explosive increase in computer computation volume, making it essential to combine multiple GPUs to operate as a single large-scale computing resource. However, when data transmission between GPUs is performed electrically, constraints on transmission capacity and distance create limitations for configurations that span multiple racks. In IOWN 3.0, which we aim to realize in 2028, we have developed the extremely compact photonic-electronic convergence device PEC-3 using our proprietary technology of compound semiconductor thin-film (membrane) for optoelectronics, which optically and directly connects semiconductor packages such as CPUs and GPUs for data transmission. This makes it possible to build a large-scale computing platform that integrates numerous GPUs across multiple racks. We plan to begin providing commercial samples of PEC-3 in 2028.

Research and Development Toward Practical Application of Optical Quantum Computers

- Quantum computers are expected to be used for complex tasks that require enormous time to compute with conventional computers. Under the IOWN concept, we have pursued research and development of optical communication technologies such as optical amplification and optical multiplexing technologies, and we aim to apply these technologies to the practical application of an optical quantum computer. In November 2025, we signed a collaboration agreement with OptQC Corp. to pursue the development of scalable and highly reliable optical quantum computers with the goal of achieving a Japan-leading 10,000 qubits by 2027 and a world-leading 1 million qubits by 2030.

Research and Development Aimed at Expanding the Space Business

- The space market is currently attracting attention as a global growth industry, and the NTT Group is also engaged in initiatives in the communications and observation domains. In November 2025, we announced the world's first demonstration of a method to detect early signs of road cave-ins by using the reflected components of radio waves from synthetic aperture radar (SAR) satellites. This enables efficient risk assessment of potential road cave-in risks without on-site work, and we are developing wide-area infrastructure monitoring technology. In addition, against the backdrop of increasing data volumes handled in outer space, a shift from radio-wave communication to next-generation optical communication is expected, and we are working on the advancement of inter-satellite optical communication terminals. This will enable the construction of space infrastructure equipped with high-speed and large-capacity computing platforms based on IOWN technology. We will also take on the challenge of research and development with future lunar business in mind, and under the space business brand NTT C89 we aim for early business growth on the scale of 100 billion yen.

Development of Hydrogen Piping Technology Toward Realizing a Hydrogen Society

- We are developing proprietary piping technology to safely and efficiently transport hydrogen toward realizing a decarbonized society. While hydrogen is expected as a next-generation energy source, it has the property of degrading metals when transported via pipelines or cylinders, making the establishment of safe transportation technology an important issue. We have developed a special dual-layer structure pipe in an aim to realize a transportation method that achieves both enhanced safety and cost reduction by using technology to install these pipes while effectively utilizing existing underground spaces such as utility tunnels. In July 2025, we began joint research and demonstration of safety measures with the Tokyo Metropolitan Government Bureau of Port and Harbor and related Group companies, with the aim of commercializing these measures in the future.

The following table summarizes research and development by segment for the fiscal year under review:

Segment	Millions of yen	Summary
Integrated ICT Business	123,776	Research and development focused on high-quality, cost-efficient, high-performance networks integrating mobile and fixed communications to strengthen competitiveness in the telecommunications business, innovation in services and devices aimed at expanding the smart life business, and support for data-driven ESG management through enhanced software development capabilities to further expand the solutions business area.
Global Solutions Business	41,993	Technology development to strengthen competitiveness in Global Solutions and system integration.
Regional Communications Business	82,110	Research and development relating to the expansion of IP and broadband services, enhancement of access services to meet diversifying user needs, and the development of high value-added services.
Others (Real Estate, Energy and Others)	149,987	Research and development relating to fundamental technologies that enable advanced networks and new services supporting the development of an ICT society, technologies that contribute to reducing environmental impact, and new principles, components and materials expected to drive significant technological innovation in the information and communications sector.
Subtotal	397,866	
Elimination of inter-segment transactions	119,217	
Total	278,649	

The research and development costs shown in the above table represent expenses from basic and core research through applied R&D.

To commercialize technologies developed by the NTT Group, investment and expenses* related to service development totaled 360.3 billion yen, bringing the combined total of research and development and service development expenses to 638.9 billion yen.

* Includes investment in fixed assets (hardware, software, etc.) required for service development and functional enhancements, as well as personnel and outsourcing costs related to service development.

Furthermore, the NTT Group's total core research and development expenses were ¥130.6 billion (a 3.7% increase from the previous fiscal year), while core research and development revenue totaled ¥117.0 billion (unchanged from the previous fiscal year).

ITEM 3. PROPERTY, PLANT AND EQUIPMENT

1. Overview of Capital Investments

The NTT Group (including the Company and its consolidated subsidiaries) has shifted its investment focus from investments primarily centered on planned development of telecommunications infrastructure to investments responsive to various service needs.

The following table summarizes capital investments for the fiscal year under review:

Segment	Amount (millions of yen)	Percent Change from the Previous Fiscal Year	Summary
Integrated ICT Business	857,503	20.0%	Expansion and improvement of mobile communications equipment and data transmission equipment, and maintenance and improvement of voice communications equipment
Global Solutions Business	635,791	(5.9)%	Expansion and maintenance of data communications equipment and expansions of data centers
Regional Communications Business	526,584	7.2%	Expansion and maintenance of data communications equipment and expansions of data centers Maintenance and improvement of voice communications equipment, and expansion and improvement of data transmission equipment
Others (Real Estate, Energy and Others)	306,126	48.6%	Acquisition and development of real estate and energy generation facilities
Total	2,326,004	11.4%	

Notes:1. The required funds were financed through cash on hand, the issuance of corporate bonds and long-term borrowings.

2. Capital investments include investments related to the acquisition of intangible assets.

3. The amounts of capital investments shown above represent amounts determined on an accrual basis for the acquisition of property, plant and equipment, intangible assets, and investment property, less amounts related to non-current assets classified as held for sale and other items. As a result, the table below presents the difference between the amount of capital investments shown above and the amount presented on the consolidated statements of cash flows under "Purchase of property, plant and equipment, intangible assets, and investment property." In addition, increases in right-of-use assets, including items that meet the definition of investment property, are not included in capital investments.

	FY 2025 (millions of yen)
Payments for the acquisition of property, plant and equipment, intangible assets, and investment property	2,255,732
Difference from total capital investments	(70,272)

2. Major Property, Plant and Equipment

The status of property, plant and equipment of the NTT Group (the Company and its consolidated subsidiaries) was as follows:

(1) Breakdown by Segment

Segment	Book Value as of March 31, 2026 (millions of yen)					Number of Employees
	Telecommunications Equipment and Facilities	Land	Buildings	Other	Total	
Integrated ICT Business	1,528,522	182,459	422,917	2,809,264	4,943,162	53,780
Global Solutions Business	126,342	433,820	732,611	3,323,146	4,615,919	201,140
Regional Communications Business	3,734,474	237,840	644,577	771,233	5,388,124	61,567
Others (Real Estate, Energy and Others)	30,443	180,260	235,973	2,060,736	2,507,412	27,709
Total	5,419,781	1,034,379	2,036,078	8,964,379	17,454,617	344,196

Note: "Other" includes software, investment property, right-of-use assets, etc.

(2) Overview of the Company and Major Consolidated Subsidiaries

As of March 31, 2026

Company Name	Asset Category	Book Value (millions of yen)	Land Area (m ²)	Number of Offices	Number of Employees
NTT, Inc.	Network Equipment	—	818,320.09	Headquarters (1) Other (4)	2,606
	Antenna Systems	—			
	Communications Satellite Equipment	—			
	Terminal Devices	—			
	Local Line Equipment	—			
	Long-Distance Line Equipment	—			
	Civil Engineering Facilities	—			
	Submarine Cable Facilities	—			
	Land	27,746			
	Buildings	68,004			
	Leased Assets	68			
	Other	49,557			
	Total	145,376			
	NTT DOCOMO, INC.	Network Equipment			
Antenna Systems		386,353			
Communications Satellite Equipment		158			
Terminal Devices		18			
Local Line Equipment		39,416			
Long-Distance Line Equipment		—			
Civil Engineering Facilities		9,824			
Submarine Cable Facilities		—			
Land		179,227			
Buildings		237,590			
Leased Assets		167,138			
Other		1,051,171			
Total		3,119,327			

As of March 31, 2026

Company Name	Asset Category	Book Value (millions of yen)	Land Area (m ²)	Number of Offices	Number of Employees
NTT EAST, Inc.	Network Equipment	383,343	7,369,008.84	Headquarters (1) Offices (21)	6,359
	Antenna Systems	4,581			
	Communications Satellite Equipment	—			
	Terminal Devices	12,940			
	Local Line Equipment	1,076,060			
	Long-Distance Line Equipment	4,002			
	Civil Engineering Facilities	506,726			
	Submarine Cable Facilities	334			
	Land	183,140			
	Buildings	332,904			
	Leased Assets	69,681			
	Other	141,280			
	Total	2,714,992			
	NTT WEST, Inc.	Network Equipment			
Antenna Systems		10,597			
Communications Satellite Equipment		—			
Terminal Devices		3,790			
Local Line Equipment		1,149,169			
Long-Distance Line Equipment		2,011			
Civil Engineering Facilities		430,505			
Submarine Cable Facilities		3,407			
Land		158,616			
Buildings		302,353			
Leased Assets		142,472			
Other		138,206			
Total		2,690,626			
NTT DOCOMO BUSINESS, Inc.		Network Equipment	67,151	588,741.90	Headquarters (1) Offices (8)
	Antenna Systems	—			
	Communications Satellite Equipment	—			
	Terminal Devices	617			
	Local Line Equipment	—			
	Long-Distance Line Equipment	—			
	Civil Engineering Facilities	—			
	Submarine Cable Facilities	—			
	Land	48,297			
	Buildings	144,659			
	Leased Assets	72,895			
	Other	191,993			
	Total	525,611			

As of March 31, 2026

Company Name	Asset Category	Book Value (millions of yen)	Land Area (m ²)	Number of Offices	Number of Employees
NTT DATA Group Corporation	Network Equipment	114	143,189.18	Headquarters (1) Offices (—)	1,522
	Antenna Systems	—			
	Communications Satellite Equipment	—			
	Terminal Devices	0			
	Local Line Equipment	—			
	Long-Distance Line Equipment	—			
	Civil Engineering Facilities	—			
	Submarine Cable Facilities	—			
	Land	55,547			
	Buildings	85,891			
	Leased Assets	55			
	Other	65,597			
	Total	207,204			
	NTT DATA Japan Corporation	Network Equipment			
Antenna Systems		—			
Communications Satellite Equipment		—			
Terminal Devices		5,568			
Local Line Equipment		—			
Long-Distance Line Equipment		—			
Civil Engineering Facilities		—			
Submarine Cable Facilities		—			
Land		—			
Buildings		8,134			
Leased Assets		657			
Other		286,334			
Total		397,264			

Note: The “Book Value” is the amount based on Japanese accounting standards.

3. Planned Capital Investments and Disposals of Property

Capital investment plans of the NTT Group (including the Company and its consolidated subsidiaries) are generally formulated individually by each consolidated subsidiary. Planned capital investments (for new installation and expansion) for the one-year period following the end of the fiscal year under review are 2,430.0 billion yen, broken down by segment as follows:

Segment	Amount (millions of yen)	Description and Purpose of Investment
Integrated ICT Business	857,000	Expansion and improvement of mobile communications equipment and data transmission equipment, and maintenance and improvement of voice communications equipment
Global Solutions Business	804,000	Expansion and maintenance of data communications equipment and expansion of data centers
Regional Communications Business	522,000	Maintenance and improvement of voice communications equipment, and expansion and improvement of data transmission equipment

Note: the NTT Group plans to procure the required funds from cash on hand, the issuance of corporate bonds and long-term debt.

ITEM 4. INFORMATION ON THE COMPANY

1. Information on the Company's Shares

(1) Total Number of Shares, etc.

i. 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

ii. Issued Shares

Class	Number of Shares Issued as of March 31, 2026	Number of Shares Issued as of the Filing Date (June 16, 2026)	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, etc.

i. Description of the Stock Option System

Not applicable.

ii. Description of Shareholder Rights Plans

Not applicable.

iii. Information on Other Share Acquisition Rights, etc.

Not applicable.

(3) Status of Exercise of Bonds with Share Acquisition Rights Containing Exercise Price Adjustment Clauses

Not applicable.

(4) Changes in the Total Number of Issued Shares and Capital, etc.

Date	Changes in the Total Number of Issued Shares	Balance of the Total Number of Issued Shares	Changes in Capital (millions of yen)	Balance of Capital (millions of yen)	Change in Capital Reserve (millions of yen)	Balance of Capital Reserve (millions of yen)
November 17, 2021 ⁽¹⁾	(278,776,284)	3,622,012,656	—	937,950	—	2,672,826
July 1, 2023 ⁽²⁾	86,928,303,744	90,550,316,400	—	937,950	—	2,672,826

Notes:1. The Company cancelled 278,776,284 shares held as treasury stock on November 17, 2021.

2. The Company conducted a 25-for-1 stock split of its common stock with an effective date of July 1, 2023.

(5) Shareholder Composition

As of March 31, 2026

Class	Status of Shares (100 Shares per Trading Unit)								Shares Less than One Unit
	National and Local Governments	Financial Institutions	Financial Instruments Business Operators	Other Corporations	Foreign Shareholders		Individuals and Others	Total	
					Non-Individual	Individuals			
Number of Shareholders (people)	5	332	92	11,757	1,325	19,308	2,958,609	2,991,428	—
Share Ownership (units)	292,007,746	144,121,407	16,014,261	34,209,194	128,226,605	1,111,536	289,707,742	905,398,491	10,467,300
Percentage of Shares (%)	32.25	15.92	1.77	3.78	14.16	0.12	32.00	100.00	—

Notes:1. “Individuals and Others” and “Shares Less than One Unit” above include 90,633,762 units and 25 shares of treasury stock, respectively. Furthermore, there were 9,063,376,225 shares of treasury stock recorded in the shareholder register, and the actual number of treasury stock held was 9,063,346,225 shares as of March 31, 2026.

2. “Other Corporations” and “Shares Less than One Unit” above include 14,372 units registered in the name of Japan Securities Depository Center, Inc.

3. The number of shareholders holding shares less than one unit was 164,719.

(6) Major Shareholders

As of March 31, 2026

Name	Address	Number of Shares Held (thousands)	Percentage of Total Issued Shares (Excluding Treasury Stock) (%)
The Minister of Finance	1-1 Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	29,199,362	35.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	8-1 Akasaka 1-chome, Minato-ku, Tokyo	8,080,729	9.92
Custody Bank of Japan, Ltd. (Trust Account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	3,380,903	4.15
Toyota Motor Corporation	1 Toyota-Cho, Toyota City, Aichi	2,019,385	2.48
State Street Bank and Trust Company 505001 (Standing agent: Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (15-1 Konan 2-chome, Minato-ku, Tokyo)	876,103	1.08
NTT Employee Share-Holding Association	5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo	642,648	0.79
Nippon Life Insurance Company (Standing agent: The Master Trust Bank of Japan, Ltd.)	6-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo (8-1 Akasaka 1-chome, Minato-ku, Tokyo)	584,126	0.72
Custody Bank of Japan, Ltd. (Trust Account 4)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	483,164	0.59
Moxley & Co. LLC (Standing agent: MUFG Bank, Ltd.)	383 MADISON AVENUE, FLOOR 11 NEW YORK, NEW YORK 10179 U.S.A. (4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo)	435,334	0.53
JP MORGAN CHASE BANK 385781 (Standing agent: Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (15-1 Konan 2-chome, Minato-ku, Tokyo)	402,559	0.49
Total	—	46,104,315	56.58

(7) Information on Voting Rights**i. Issued Shares**

As of March 31, 2026

Classification	Number of Shares	Number of Voting Rights	Description
Shares without Voting Rights	—	—	—
Shares with Limited Voting Rights (Treasury Stock, etc.)	—	—	—
Shares with Limited Voting Rights (Others)	—	—	—
Shares with Voting Rights (Treasury Stock, etc.)	9,063,346,200 shares of common stock	—	—
Shares with Voting Rights (Others)	81,476,502,900 shares of common stock	814,765,029	—
Shares Representing Less than One Unit	10,467,300 shares of common stock	—	—
Total Number of Issued Shares	90,550,316,400 shares of common stock	—	—
Total Number of Voting Rights	—	814,765,029	—

- Notes: 1. The total number of shares in “Shares with Voting Rights (Others)” and “Shares Representing Less Than One Unit” includes 1,437,200 shares held in the name of the Japan Securities Depository Center, and “Number of Voting Rights” includes 14,372 voting rights associated with Shares with Voting Rights held in the name of the Japan Securities Depository Center, but excludes 300 voting rights associated with “Shares with Voting Rights” recorded on the shareholder register in the name of the Company, but not actually owned by the Company.
2. The total number of shares in “Shares with Voting Rights (Others)” and “Shares Less than One Unit” includes 31,611,838 shares held by the Board Incentive Plan (BIP) trust and 31,733,300 shares held by the Employee Stock Ownership Plan (ESOP) trust. “Number of Voting Rights” includes 316,118 voting rights associated with shares held by the BIP trust and 317,333 voting rights associated with shares held by the ESOP trust.

ii. Treasury Stock

As of March 31, 2026

Name	Address	Number of Shares Held in Own Name	Number of Shares Held in the Names of Others	Total Shares Held	Percentage of the Total Issued Shares (%)
NTT, Inc.	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	9,063,346,200	—	9,063,346,200	10.0%
Total	—	9,063,346,200	—	9,063,346,200	10.0%

- Notes: 1. In addition to the above, there are 30,000 shares recorded on the shareholder register in the name of the Company but not actually owned by the Company. Such shares are included in “Shares with Full Voting Rights (others)” under “Issued Shares” above.
2. Pursuant to a resolution of the Board of Directors at a meeting held on May 9, 2025, the Company repurchased 1,286,161,500 shares of treasury stock between May 12, 2025, and March 31, 2026.
3. Shares held by the BIP trust and the ESOP trust are not included in the treasury stock amounts listed above.

(8) Details of the Executive and Employee Stock Ownership Plan

Performance-Based Stock Compensation for Members of the Board and Officers

i. Overview of the BIP Trust

The Company introduced a performance-linked stock compensation plan (the “Compensation Plan”) using a Board Incentive Plan (BIP) trust approved for Members of the Board and Executive Officers of the Company and its principal subsidiaries designated by the Company (excluding outside Members of the Board and Members of the Board who are Audit and Supervisory Committee Members, and non-residents of Japan; hereinafter, the “Eligible Members of the Board and Officers”), pursuant to a resolution approved at the 36th Ordinary General Meeting of Shareholders held on June 24, 2021, and resolved to continue the Compensation Plan at a meeting of the Board of Directors held on August 7, 2024.

ii. Total number of shares to be acquired by the Eligible Members of the Board and Officers

In August 2021, the BIP trust acquired 27,265,000* shares. Following the decision to continue the Compensation Plan, the BIP trust acquired 15,626,400 shares in August 2024.

The number of the Company’s shares held by the trust as of the end of the fiscal year was 31,611,838 shares.

* Figures have been adjusted to reflect the Company’s 25-for-1 stock split of common stock effective date of July 1, 2023.

iii. Scope of beneficiaries

Eligible Members of the Board and Officers who meet the beneficiary requirements.

Stock Compensation for Group Employees

i. Overview of the ESOP Trust

On November 4, 2025, the Company decided to introduce a new stock grant program (“the Program”) for managerial employees (“Eligible Employees”) of the Company and its designated major group companies (“Eligible Subsidiaries”) who meet certain criteria, and to establish an ESOP trust (“the ESOP Trust”).

ii. Total number of shares to be acquired by Eligible Employees

In November 2025, the ESOP trust acquired 31,733,300 shares.

The number of the Company’s shares held by the trust as of the end of the fiscal year was 31,733,300 shares.

iii. Scope of beneficiaries

Eligible Employees who meet the beneficiary requirements.

2. Information on Acquisitions of Treasury Stock

Class of Shares: Acquisitions of common stock pursuant to Article 155, item (iii) and item (vii) of the Companies Act of Japan (the “Companies Act”).

(1) Status of Acquisitions of Treasury Stock Pursuant to Resolutions at the General Meeting of Shareholders

Not applicable.

(2) Status of Acquisitions of Treasury Stock Pursuant to Resolutions at Meetings of the Board of Directors

Acquisitions pursuant to Article 155, item (iii) of the Companies Act:

Classification	Numbers of Shares	Total Amount (yen)
Resolution of the Board of Directors on May 9, 2025 (Acquisition Period: May 12, 2025 to March 31, 2026)	1,500,000,000	200,000,000,000
Treasury stock acquired prior to the fiscal year under review	—	—
Treasury stock acquired during the fiscal year under review	1,286,161,500	199,999,991,590
Total number and aggregate value of remaining authorized treasury stock	213,838,500	8,410
Percentage unused as of the end of the fiscal year under review (%)	14.3	0.0
Treasury stock acquired during the current period	—	—
Percentage unused as of the filing date (%)	14.3	0.0

Classification	Numbers of Shares	Total Amount (yen)
Resolution of the Board of Directors on May 8, 2026 (Acquisition Period: May 11, 2026 to March 31, 2027)	1,400,000,000	200,000,000,000
Treasury stock acquired prior to the fiscal year under review	—	—
Treasury stock acquired during the fiscal year under review	—	—
Total number and aggregate value of remaining authorized treasury stock	—	—
Percentage unused as of the end of the fiscal year under review (%)	—	—
Treasury stock acquired during the current period	—	—
Percentage unused as of the filing date (%)	100.0	100.0

(3) Description of Acquisitions of Treasury Stock Not Made Pursuant to Resolutions at the General Meeting of Shareholders or Meetings of the Board of Directors

Acquisitions pursuant to Article 155, item (vii) of the Companies Act:

Classification	Numbers of Shares (shares)	Total Amount (yen)
Treasury stock acquired during the fiscal year under review	1,526	234,167
Treasury stock acquired during the current period	190	29,534

Note: “Treasury stock acquired during the current period” does not include acquisitions of shares constituting less than one unit from June 1, 2026 to the filing of this Annual Securities Report.

(4) Dispositions and Holdings Status of Acquired Treasury Stock

Classification	Fiscal year ended March 31, 2026		Current Period	
	Number of Shares (shares)	Total Disposition Amount (yen)	Number of Shares (shares)	Total Disposition Amount (yen)
Treasury stock disposed of through an offering to subscribers	—	—	—	—
Treasury stock canceled	—	—	—	—
Treasury stock transferred in connection with mergers, share exchanges offers, share transfers or company splits	—	—	—	—
Other (Sales in response to requests to purchase additional shares constituting less than one unit)	41	6,527	—	—
Total number of treasury stock held	9,063,346,225	—	9,063,346,415	—

Notes: 1. Treasury stock disposed of during the fiscal year under review does not include sales of shares constituting less than one unit from June 1, 2026 to the filing of this Annual Securities Report.

2. The total amount of treasury stock held does not include acquisitions or sales of shares constituting less than one unit from June 1, 2026 to the filing of this Annual Securities Report.

3. Dividend Policy

The Company positions the return of profits to shareholders, together with the sustainable enhancement of corporate value, as one of its key management priorities. The Company's basic policy for shareholder returns is to provide steady dividend increases, while treasury stock repurchases will be conducted in a flexible and timely manner. The Company intends to use retained earnings for investments aimed at capturing growth opportunities and for capital policies focused on capital efficiency, while maintaining a sound financial position.

The Company's basic policy is to pay dividends of surplus twice annually, as interim and year-end dividends. The Articles of Incorporation provide that matters including dividends of surplus may be determined by a resolution of the Board of Directors in accordance with Article 459, Paragraph 1 of the Companies Act.

For the fiscal year under review, pursuant to the dividend policy described above, the Company declared an interim dividend of 2.65 yen per share and a year-end dividend of 2.65 yen per share, resulting in an annual dividend of 5.30 yen per share.

Dividend payments for the fiscal year under review were as follows:

Date of Resolution	Total Amount of Dividends (millions of yen)	Dividends Per Share (yen)
November 4, 2025 Resolution of the Board of Directors	218,753	2.65
May 8, 2026 Resolution of the Board of Directors	215,940	2.65

4. Corporate Governance

Forward-looking statements in this Annual Securities Report are based on judgments as of the filing date.

(1) Overview of Corporate Governance

i. Basic Views of Corporate Governance

The Company believes that, in order to maximize corporate value while meeting the expectations of various stakeholders, including shareholders and other investors, as well as customers, business partners, and employees, it is important to strengthen its corporate governance system in accordance with the intent of each principle of the Tokyo Stock Exchange's Corporate Governance Code so that corporate governance functions effectively. Accordingly, the Company is following the fundamental policies of ensuring sound management, realizing appropriate decision-making and business execution, clarifying accountability, and ensuring thorough compliance.

Following approval at the 40th Ordinary General Meeting of Shareholders held on June 19, 2025, and authorization from the Minister for Internal Affairs and Communications regarding partial amendments to the Articles of Incorporation, the Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. The Company will work to further enhance its corporate governance system and to increase the corporate value of the NTT Group on a sustainable basis.

ii. Overview of Corporate Governance System

The Company has determined that an audit and supervision system overseen by an Audit and Supervisory Committee, which includes independent Outside Members of the Board, is an effective mechanism for supervising management. Accordingly, with the aim of further enriching discussions on management policies and strategies, further strengthening the Board of Directors' supervisory function, and establishing a governance structure that is easily understood by overseas investors and others as a global company, the Company adopted the structure of a company with an Audit and Supervisory Committee effective June 2025.

NTT has strengthened its ability to appropriately supervise business execution by appointing Outside Independent Members of the Board. Further, by introducing an executive officer system, NTT has established a framework that clearly separates the decision-making and supervisory functions of the Board of Directors from the business execution functions of executive officers, thereby improving management's agility.

Additionally, the Company has voluntarily established a Nomination Committee and a Compensation Committee, each consisting of five Members of the Board, including three Outside Independent Members of the Board, to further enhance the objectivity and transparency of decisions regarding nominations and compensation, and has determined that the governance functions under the structure of a company with an Audit and Supervisory Committee are sufficiently effective.

Business execution at the Company is conducted in accordance with organizational regulations that define the responsibilities of each organization. Important decisions are made under the supervision of the Board of Directors in accordance with authority regulations that define the responsibilities and authority of the President, Senior Executive Vice Presidents, Senior Vice Presidents and the head of each organization. In addition, the Company has established various meetings and committees as necessary to discuss important matters related to business execution in order to ensure appropriate decision-making for the promotion of Group management.

Activities of the Board of Directors

The Board of Directors meetings and discussion sessions are held regularly, where the Board of Directors makes decisions on matters stipulated by laws and regulations and on important matters defined in the Regulations of the Board of Directors, such as the Company management and Group management. Through such means as periodic reports from Members of the Board and Executive Officers on the status of business execution, the Board of Directors supervises the business execution of Members of the Board and Executive Officers. In fiscal year 2025, the Board of Directors met 11 times (all Members of the Board and Audit and Supervisory Board Members, prior to the transition to the Audit and Supervisory Committee attended all meetings).

Evaluation of Effectiveness of the Board of Directors

As a pure holding company, the Company’s Board of Directors is responsible for monitoring the specific business operations of Group companies based on Group’s medium- to long-term business strategy.

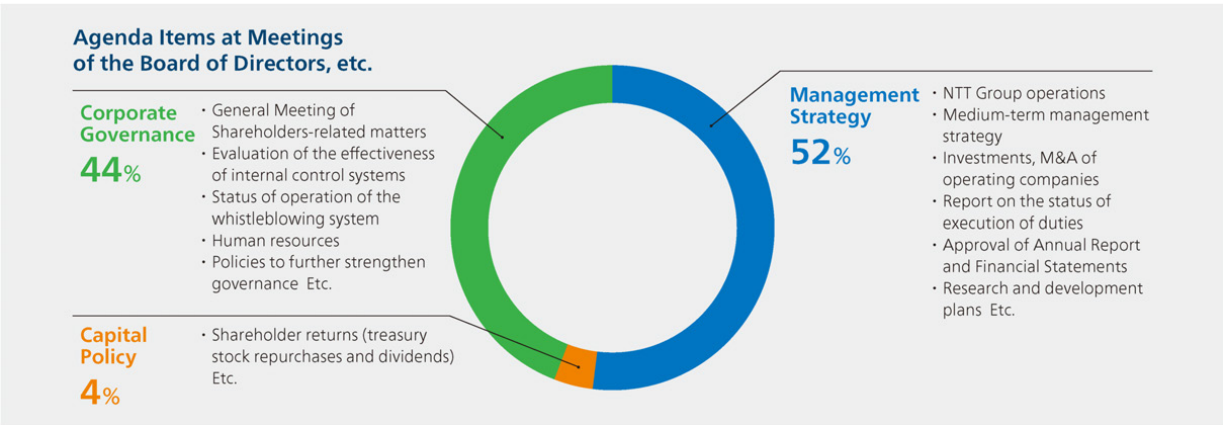
The Company’s Board of Directors makes decisions on important matters related to Group management following deliberations by the Executive Officers Meeting, which is composed of Executive Officers and others, as well as various committees chaired by the President or Senior Executive Vice Presidents and attended by the relevant Executive Officers, and monitors the status of the execution of duties by Members of the Board and Executive Officers.

At Board of Directors meetings, based on the responsibilities of individual Members of the Board, current issues in Group management, initiatives to address them, and initiatives for business expansion, such as investments and alliances, are reported and discussed. In fiscal year 2025, active discussions were held, focusing on the direction of the NTT Group’s business and future priority initiatives. In addition to providing Outside Independent Members of the Board with advance explanations of matters to be submitted to the Board, Representative Members of the Board explain current issues and the status of considerations and clarify execution priorities and the objectives of initiatives at discussion sessions, thereby creating an environment in which the Board of Directors can fully exercise its supervisory function.

To promote a deeper understanding of the Company’s business among Outside Independent Members of the Board (excluding the Audit and Supervisory Committee Members), discussion sessions were held between Outside Independent Members of the Board (excluding the Audit and Supervisory Committee Members) and Representative Members of the Board regarding management strategies. In addition, explanations were provided on cutting-edge research results and development exhibitions and introductions were given to lectures utilizing the latest ICT technologies. Additionally, the Outside Independent Members of the Board (excluding the Audit and Supervisory Committee Members) and Members of the Audit and Supervisory Committee exchanged opinions on management issues within the NTT Group. At these meetings, Outside Independent Members of the Board and the Audit and Supervisory Committee Members evaluated that adequate information is provided and active discussions are conducted regarding the Board of Directors, thereby ensuring its effectiveness.

The Company conducts an annual evaluation of the effectiveness of the Board of Directors with the aim of strengthening management governance through the continuous improvement of the effectiveness of the Board of Directors. In fiscal year 2025, the Company engaged a third-party organization to conduct a questionnaire survey of all Members of the Board and carried out an evaluation of Board effectiveness. Questions covered the roles and responsibilities of the Board, its composition, operation, and satisfaction levels. Based on the results compiled by the third-party organization, a majority of responses to all questions were positive, confirming that the Board is sufficiently fulfilling its expected roles and responsibilities.

Furthermore, through the holding of discussion sessions meetings to enhance strategic discussions, and the expansion of discussions on important matters, including the direction of the NTT Group’s business and future priority initiatives, positive opinions were obtained from all officers. Accordingly, the Company has evaluated that the effectiveness of the Board of Directors is ensured.



Nomination of Officers

The composition of the Company's Board of Directors is determined based on the management nomination policy set forth in the NTT Group Personnel Policy, and individuals with the skills necessary to address the NTT Group's challenges are broadly nominated from both inside and outside the Group. Outside Members of the Board are nominated with the expectation that they will provide opinions from a broad management perspective and as experts. In addition, both internal and outside Members of the Board are nominated with due consideration to the promotion of diversity. Pursuant to applicable laws (Articles 10, Paragraphs 1 and 2 of the Act on Nippon Telegraph and Telephone Corporation, etc.), the Company may not appoint non-Japanese Representative Members of the Board, nor may non-Japanese Members of the Board comprise one-third or more of the total number of Members of the Board.

NTT Group Personnel Policy

Basic Policy

The NTT Group aims to support a global sustainable society through the creation of new value and to contribute to resolving societal issues and realizing a safe, secure, and prosperous society. Individuals who share these values are broadly nominated from both inside and outside the Group for top management positions across the NTT Group.

Nomination Policy for Candidates for Members of the Board (Excluding Audit and Supervisory Committee Members)

Candidates for Members of the Board (excluding Audit and Supervisory Committee Members) are nominated from individuals who possess broad perspectives and experience, demonstrate strong management capability and leadership, and have business acumen and motivation, thereby contributing to the overall development of the NTT Group and enhancing its corporate value. In addition, from the perspective of strengthening the supervisory function over business execution, multiple Outside Independent Members of the Board are nominated, in principle, from among individuals who are not likely to have conflicts of interest with general shareholders.

Nomination Policy for Candidates for Members of the Board who are Audit and Supervisory Committee Members

Candidates for Members of the Board who are as Audit and Supervisory Committee Members are nominated from individuals who are expected to conduct audits and supervision based on specialized experience and insight.

From the perspective of ensuring fair audits of the execution of duties by Members of the Board (excluding Audit and Supervisory Committee Members), Outside Members of the Board who are Audit and Supervisory Committee Members are nominated from individuals not likely to have any conflicts of interest with general shareholders. In accordance with the Companies Act, the Company ensures that a majority of the Members of the Board are Audit and Supervisory Committee Members.

Candidates for Members of the Board are deliberated by the Nomination Committee, which consists of five Members of the Board, including three Outside Independent Members, followed by a resolution of the Board of Directors and submission to the Ordinary General Meeting of Shareholders. Candidates for Members of the Board who are Audit and Supervisory Committee Members, proposed by Members of the Board (excluding Audit and Supervisory Committee Members) are deliberated upon and approved by the Audit and Supervisory Committee prior to a resolution by the Board of Directors, in accordance with the relevant nomination policy.

(Reference) Skill Matrix for Members of the Board

(Note) The Company is proposing the "Election of Eleven (11) Members of the Board (excluding Audit and Supervisory Committee Members)" and "Election of One (1) Member of the Board who is an Audit and Supervisory Committee Member" as agenda items (resolutions) for the Ordinary General Meeting of Shareholders scheduled for June 18, 2026. Assumes approval and adoption of such resolutions.

The fields considered especially necessary for realizing the NTT Group Medium-Term Management Strategy are defined as 1) Business Management, 2) Marketing/Global Business, 3) IT/AI/R&D, 4) Legal/Risk Management/Public Policy, 5) HR, and 6) Accounting/Finance. Individuals with experience and skills in each field are appointed as Members of the Board. As stated in the Medium-Term Management Strategy, sustainability is positioned as a core element of the strategy. Accordingly, sustainability is considered a vital skill that all Members of the Board should possess and demonstrate.

	Name	Field					
		Business Management	Marketing/Global Business	IT/AI/R&D	Legal/Risk Management/Public Policy	HR	Accounting/Finance
Members of the Board (excluding Audit and Supervisory Committee Members)	Jun Sawada	●	●	●		●	●
	Akira Shimada	●	●		●	●	●
	Riaki Hoshino	●	●	●	●		●
	Yutaka Sasaki	●	●	●		●	●
	Sachiko Oonishi	●	●	●			
	Patrizio Mapelli	●	●	●			
	Ken Sakamura	●	●	●			
	Koichiro Watanabe	●	●				●
	Noriko Endo	●		●	●		
	Natsuko Takei	●	●		●		
	Miho Hanafusa	●		●		●	
Members of the Board who are Audit and Supervisory Committee Members	Kanae Takahashi			●	●	●	●
	Kensuke Koshiyama				●	●	●
	Takashi Nakamura	●			●	●	●
	Hideki Kanda				●	●	●
	Kaoru Kashima				●	●	●

Up to five fields in which particular expectations are placed on each Members of the Board are listed. The above table does not represent all knowledge and experience possessed by each Member of the Board.

Definition of Each Field

Business Management :

The skill to accurately identify opportunities and risks from a medium- to long-term perspective, contribute to resolving social issues toward the realization of a sustainable society, and exercise appropriate decision-making and supervisory functions to enhance corporate value.

Marketing/Global Business :

The skill to promote sustainable business growth through enhanced customer experience based on knowledge of marketing and business strategy, as well as the skill to expand business in global markets through knowledge of overseas business management and business environments.

IT/AI/R&D :

The skill to drive the creation of business models and the innovation of business processes based on knowledge of AI and promote the enhancement of corporate value by strengthening market competitiveness and governance. The skill to drive innovation through basic research and applied development toward the creation of new value centered on IOWN and the development of new technologies, products, and services.

Legal/Risk Management/Public Policy :

The skill to ensure thorough compliance with applicable laws and appropriately execute and supervise risk management, as well as the skill to promote business operations appropriately in light of domestic and international laws, regulations, and policies.

HR :

The skill to promote sustainable corporate growth by formulating and executing a talent strategy aligned with the management strategy. The skill to enhance employee experience in order to advance customer experience.

Accounting/Finance :

The skill to support sustainable corporate growth through knowledge of financing, capital management, cash flow optimization, and appropriate investment strategies. The skill to ensure financial soundness through knowledge and experience in financial reporting, cost management, and tax strategy.

Succession Planning

The Company recognizes the importance of securing successor candidates for the CEO and other positions who can respond to technological innovation, market trends, and rapid changes in the business environment. Candidate diversity is ensured through broad job experience and appointments to key positions, and candidates are developed so that individuals with strong integrity and insight who are suited to the times can be appointed. Appointments are determined by the Board of Directors following deliberation by the Nomination Committee, a preliminary deliberative body consisting of five Members of the Board, including three Outside Independent Members of the Board.

Future management candidates are selected regardless of age, gender, or field of expertise and are trained through NTT University, a program for cultivating management talent, with a focus on diverse individuals motivated to lead transformation. Approximately 190 students (25% female) in the Next Executive Course, which aims for appointment as Executive Officers within five years, and approximately 300 participants (31% female) in the Future Executive Course are working toward becoming the next generation of management leaders. Of the 233 graduates of the Next Executive Course, 105 (24% female) have been appointed as Members of the Board and Executive Officers.

(Note) The number of Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers listed above is calculated across NTT Group companies based on the following assumptions: For companies that have not yet held their ordinary general meeting of shareholders as of the date of submission, the proposed resolutions for the election of Members of the Board of Directors and Audit & Supervisory Board Members to be submitted at that meeting will be approved as originally proposed; for companies that have already held their ordinary general meeting of shareholders, the figures are calculated based on the resolutions passed at their respective ordinary general meeting of shareholders.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of five Members of the Board serving as Audit and Supervisory Committee Members, including two internal Members and three Outside Independent Members (two of whom are female). From an independent position separate from business execution, the Committee conducts operational and financial audits and audits the execution of duties by Members of the Board (excluding those who are Audit and Supervisory Committee Members).

For details, please refer to “(2) Members of the Board” and “(3) Audits (i) Audit and Supervisory Committee.”

Nomination Committee and Compensation Committee

With the objective of further strengthening independence, objectivity and accountability in decisions regarding the nomination and compensation of officers, the Company has voluntarily established a Nomination Committee and a Compensation Committee as preliminary deliberative bodies of the Board, each consisting of five Members of the Board, a majority of whom (three) are Outside Independent Members of the Board, thereby enhancing governance effectiveness.

As of the end of the fiscal year 2025 and as of June 16, 2026 (the date of filing of this Annual Securities Report), the members of each committee were Mr. Akira Shimada (Representative Member of the Board, President), Mr. Takashi Hiroi (Representative Member of the Board, Senior Executive Vice President), Mr. Ken Sakamura (Outside Member of the Board), Ms. Yukako Uchinaga (Outside Member of the Board), and Mr. Koichiro Watanabe (Outside Member of the Board), with Mr. Akira Shimada serving as chair of each committee. Furthermore, a resolution regarding the appointment of members to the Nomination Committee and the Compensation Committee is scheduled to be put to a vote at the Board of Directors meeting to be held following the Ordinary General Meeting of Shareholders scheduled for June 18, 2026. If approved, the Nomination Committee and the Compensation Committee will each consist of five Members of the Board (including three independent Members of the Board). The members of both committees will be Mr. Akira Shimada (President and Representative Member of the Board), Mr. Yutaka Sasaki (Executive Vice President and Representative Member of the Board), Mr. Ken Sakamura (Outside Member of the Board), Mr. Koichiro Watanabe (Outside Member of the Board), and Ms. Natsuko Takei (Outside Member of the Board), and Mr. Akira Shimada (President and Representative Member of the Board) will serve as the Chair of Committees. Resolutions of each committee are adopted by a majority vote of members present, with a majority of members in attendance. In fiscal year 2025, the Nomination Committee met six times and the Compensation Committee met two times, engaging in active discussions on subjects such as the nomination of officers, succession planning, and revising the officer compensation plan (all committee member attended all meetings).

Nomination Committee	Matters for Prior Deliberation	<ol style="list-style-type: none"> 1. Policies on the appointment and dismissal of Members of the Board and Executive Officers of the Group, and the nomination of candidates 2. Matters related to the appointment and dismissal of Members of the Board 3. Matters related to the appointment and dismissal of Representative Members of the Board of major group companies 4. Appointment and dismissal of Representative Members of the Board and other Members of the Board with specific titles 5. Appointment and dismissal of the Chairman 6. The order of succession among Members of the Board to assume the responsibilities of the President in the event that the President is unable to act 7. Determination of the allocation of responsibilities among Members of the Board and assignment of employee duties 8. Appointment and dismissal of Executive Officers and assignment of duties 9. In addition to the foregoing matters, other nomination-related matters concerning Members of the Board, Executive Officers and others referred to the Committee by the Board
	Specifically Delegated Matters	Matters specifically delegated by the Board of Directors regarding the nomination of Members of the Board, Executive Officers and others
Compensation Committee	Matters for Prior Deliberation	<ol style="list-style-type: none"> 1. Policies for determining compensation of Members of the Board and Executive Officers, including the structure and levels of compensation 2. In addition to the foregoing matters, other compensation-related matters concerning Members of the Board, Executive Officers and others referred to the committee by the Board
	Specifically Delegated Matters	<ol style="list-style-type: none"> 1. The ratios, calculation methods and individual compensation amounts for Members of the Board and Executive Officers 2. Matters specifically delegated by the Board of Directors regarding the determination of compensation for Members of the Board, Executive Officers, and others

Sustainability Committee

The Company positions its response to sustainability issues as an important management challenge and has voluntarily established the Sustainability Committee, chaired by the Representative Member of the Board, President, as a preliminary deliberative body of the Board of Directors in order to strengthen the supervisory function of Members of the Board over sustainability initiatives. The Committee discusses the NTT Group's fundamental sustainability strategies, the status of activities and related disclosures, and promotes these initiatives.

Executive Officers Meeting

In principle, important company decisions are made following deliberation by the Executive Officers Meetings, which is composed of Executive Officers and others and is held approximately once per week. To enhance the transparency of decision-making, one Member of the Board who is an Audit and Supervisory Committee Member also participates in the Meeting.

iv. Other Matters Related to Corporate Governance

Status of Development of Internal Control Systems and Systems to Ensure the Appropriateness of Subsidiary Operations

The Board of Directors resolved the Basic Policy on the Development of Internal Control Systems for the NTT Group and revised it effective June 19, 2025. The content of the resolution is as follows. Please note that, following approval at the 40th Ordinary General Meeting of Shareholders held on June 19, 2025, the Company transitioned to a structure with an Audit and Supervisory Committee on the same day. While the information below reflects the post-transition structure, the Company had already established and operated a similar system as a company with an Audit and Supervisory Board prior to the transition.

Basic Policy on the Development of Internal Control Systems

As a partner that supports society and industry, the NTT Group not only provides services that support the safety and security of people around the world, but will also pursue the creation of new value to make people's lives more convenient and prosperous through ongoing transformation and the realization of a global sustainable society.

In pursuing these challenges, it is essential to comply with laws and regulations, social norms, and internal rules both in Japan and overseas, and to conduct business operations with integrity, efficiency, and high ethical standards.

Accordingly, the Company has established a Basic Policy on the Development of Internal Control Systems. The President, as the chief executive responsible for business execution, implements and oversees the development and operation of the internal control systems in accordance with this Basic Policy.

1. Systems to Ensure that the Execution of Duties by Members of the Board, etc. and Employees Complies with Laws, Regulations, and the Articles of Incorporation

The Company implements the following initiatives to ensure compliance with laws and regulations and the conduct of business with high ethical standards:

(1) Corporate Ethics and Compliance

- (i) The NTT Group Corporate Ethics Code has been established to set forth the basic principles of corporate ethics and provide specific guidelines for ethical behavior for all Members of the Board, etc. and employees of the NTT Group.
- (ii) The Corporate Ethics Committee, chaired by a Senior Executive Vice President, has been established to clarify the responsibilities for corporate ethics, promote corporate ethics, foster compliance awareness, maintain discipline, and conduct investigations and reviews related to reports. In addition, to prevent workplace harassment, the Company establishes anti-harassment regulations and prescribes necessary measures.
- (iii) The Company conducts corporate ethics training, etc., to continuously promote awareness of corporate ethics and compliance among Members of the Board, etc. and employees. In addition, the Company conducts awareness surveys, etc. to evaluate the effectiveness of these initiatives.
- (iv) The Company stipulates in the Employee Work Rules and related regulations the obligation of employees to faithfully comply with laws, regulations, internal regulations, and directives and to devote themselves fully to the performance of their duties in order to ensure appropriate and efficient business operations.
- (v) The Company establishes disciplinary regulations, etc., and shall address any violations of laws and internal regulations in accordance with such regulations.

(2) Whistleblowing

The Company seeks to foster an open corporate culture and has established Corporate Ethics Helpline contact points within each NTT Group company as well as a Group-wide Corporate Ethics Helpline staffed by attorneys to receive reports on either an anonymous or named basis. The Company has also established an independent reporting channel to the Audit and Supervisory Committee. No person will be treated disadvantageously because they made a report to a Corporate Ethics Helpline or to the Audit and Supervisory Committee.

(3) Internal Audit

(i) To promote efficient and effective internal audit activities, the Company has established internal audit regulations that prescribe fundamental matters concerning the conduct of internal audits, and has established an Internal Audit Department as an organization independent from audited units and under the direct control of the President. The Internal Audit Department, whose mission is to enhance the value of the NTT Group and to contribute to the achievement of management objectives, evaluates the appropriateness and effectiveness of governance, risk management, and internal control processes and provides recommendations from an independent and objective standpoint in accordance with the internal audit regulations.

(ii) The Internal Audit Department formulates an internal audit plan, which is approved by the Board of Directors. The Internal Audit Department periodically reports the results of internal audits to the Board of Directors and Audit and Supervisory Committee.

(4) Information Disclosure

(i) The Company implements appropriate measures to ensure the reliability of reports prepared in accordance with the Financial Instruments and Exchange Act and other applicable laws and regulations.

(ii) The Company has established disclosure regulations that prescribe disclosure control procedures for important management information held by the Company in order to ensure timely, fair, and equitable disclosure of information concerning the NTT Group and support appropriate investment decisions by investors. The Company has also established and published a Disclosure Policy as the basic policy governing information disclosure to investors and investor relations activities.

(iii) The Company discloses information in accordance with applicable domestic and international laws and stock exchange rules and proactively discloses information that it considers useful in promoting understanding of the NTT Group.

(5) Sustainability

The Company has established a Sustainability Committee and oversees activity policies related to sustainability and their progress across the NTT Group.

2. Regulations and Other Systems Related to Risk Management

The Company implements the following initiatives to appropriately manage risks:

(1) The Company has established risk management regulations that prescribe fundamental matters for risk management in order to ensure appropriate and efficient business operations.

(2) The Company has established a Business Risk Management Promotion Committee, chaired by a Senior Executive Vice President, to ensure that risk management functions effectively across the Company and is strengthened on a company-wide basis. The Business Risk Management Promotion Committee oversees overall risk management and determines policies for identifying and managing company-wide risks.

3. Systems to Ensure the Efficient Execution of Duties by Members of the Board, etc.

The Company implements the following initiatives to ensure efficient business operations through an appropriate allocation of responsibilities and supervisory structures for Members of the Board, etc.

(1) The Company has established regulations for the Board of Directors and in principle, hold Board meetings on a regular basis to decide important management matters based on applicable laws and regulations, principles of business judgment, and the duty of care of a prudent manager, while Members of the Board, etc., report regularly on the status of execution of their duties.

(2) To strengthen the function of supervising the fairness of the execution of duties, the Board of Directors includes independent outside Members of the Board.

(3) The Company has introduced an Executive Officer system to establish a structure that clearly separates the decision-making and supervisory functions of the Board of Directors from the business execution functions by Executive Officers, thereby enhancing management agility.

(4) The Company has established an Executive Officers Meeting and committees responsible for important business execution under the Executive Officers Meeting in order to ensure the smooth execution of business operations delegated by the Board of Directors.

(5) The Company has established organizational regulations that define the organizational structure of and responsibilities of each organization, and authority regulations that define the allocation of authority.

4. Systems for the Retention and Management of Information Related to the Execution of Duties by Members of the Board, etc.
The Company implements the following initiatives to manage information related to the execution of duties by Members of the Board, etc. and to contribute to appropriate and efficient business operations.

(1) The Company has established document management regulations to prescribe necessary matters regarding the management of documents (including related materials and electromagnetic records and the same shall apply hereinafter.) and other information. Documents are retained not only for the period prescribed by laws and regulations but also for the periods necessary for business operations.

(2) The Company has established information security management regulations to prescribe all fundamental matters related to the acquisition and management of information handled in the course of business, and implements information security measures to identify and prevent risks and minimize damage when a risk materializes.

5. Systems to Ensure the Appropriateness of Operations Within the NTT Group

The Company implements the following initiatives to ensure that the Company and NTT Group companies comply with all applicable laws and regulations and, while fully respecting their respective independence and autonomy, conduct business appropriately and efficiently and contribute to the growth and development of the Group as a whole.

(1) The Company oversees and coordinates the NTT Group and has established a reporting system under which each company reports on matters necessary for the business operations of the NTT Group in order to promote efficient and effective Group management.

(2) The Company provides education and training to employees to prevent misconduct and similar incidents within the NTT Group.

(3) The Company has established a business risk management manual to prevent risks, ensure preparedness, and enable accurate and prompt responses when risks materialize, and conducts risk management on a unified Group-wide basis.

(4) The Company has established the NTT Group information security regulations that set forth the fundamental policies, strategic direction, and specific measures related to information security to be observed by the NTT Group.

(5) The Company conducts risk-based internal audits, taking into consideration the business conditions of NTT Group companies and other relevant factors.

6. Matters Relating to Employees Who Assist the Audit and Supervisory Committee in the Performance of Its Duties and Matters Relating to the Independence of Such Employees from Members of the Board, etc. (Excluding Members of the Board who are Audit and Supervisory Committee Members; the same shall apply in this section and the following section)

The Company implements the following initiatives with respect to employees who assist the Audit and Supervisory Committee in order to ensure effective audits by the Audit and Supervisory Committee.

(1) The Company has established an Audit and Supervisory Committee Office as an important organization under the Companies Act to provide dedicated employees to assist the Audit and Supervisory Committee in the performance of its duties.

(2) Employees assigned to the Audit and Supervisory Committee Office perform their duties under the direction and supervision of the Audit and Supervisory Committee.

(3) Decisions regarding personnel transfers, evaluations and other matters concerning employees assigned to the Audit and Supervisory Committee Office are made with due regard for the opinions of the Audit and Supervisory Committee.

7. Systems for Reporting to the Audit and Supervisory Committee by Members of the Board, etc. and Employees, and Other Systems to Ensure the Effective Conduct of Audits by the Audit and Supervisory Committee

The Company implements the following initiatives, including reporting by Members of the Board, etc. and employees to the Audit and Supervisory Committee on important matters related to the execution of duties, in order to ensure effective audits by the Audit and Supervisory Committee.

- (1) Members of the Board, etc. report the following matters regarding the status of the execution of their duties:
 - (i) Matters resolved by the Executive Officers Meeting
 - (ii) Matters that have caused, or may cause, significant damage to the Company
 - (iii) Monthly financial statements
 - (iv) Status of internal audits
 - (v) Matters that may involve violations of laws and regulations, the Articles of Incorporation, or other internal rules and regulations
 - (vi) Status of reports to helplines
 - (vii) Important matters reported by NTT Group companies
 - (viii) Other compliance-related matters of material importance
- (2) Members of the Board, etc., the Independent Auditor, and the Internal Audit Department exchange opinions with the Audit and Supervisory Committee on a regular or as-needed basis.
- (3) The Audit and Supervisory Committee, the Independent Auditor, and the Internal Audit Department maintain close coordination. The Audit and Supervisory Committee may issue instructions to the Internal Audit Department when it deems necessary.
- (4) Members of the Board who are Audit and Supervisory Committee Members may attend meetings of the Board of Directors and other important meetings.
- (5) The Audit and Supervisory Committee may engage external experts and obtain advice regarding audit activities.
- (6) Members of the Board who are Audit and Supervisory Committee Members may request reimbursement for expenses necessary for the execution of their duties, and the Company makes such payments accordingly.
- (7) No person who reports to the Audit and Supervisory Committee is subject to disadvantageous treatment on the grounds that they made such report.

For the purposes of this Basic Policy, unless otherwise stipulated, “Members of the Board, etc.” means Members of the Board, Executive Officers, and officers responsible for research and development.

Status of the Development of the Risk Management System

Information regarding business risks and the development of the risk management system is included in “Item 2. Business Overview - 3. Risk Factors.”

Overview of Limited Liability Agreements

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Members of the Board (excluding executive Members of the Board) to limit liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act. Under these agreements, the maximum amount of liability for damages is the minimum liability amount provided for in Article 425, Paragraph 1 of the Companies Act.

Directors and Officers Liability Insurance

The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act that covers damages and litigation expenses incurred by insured persons as a result of claims for damages arising from acts (including omissions) performed in their capacity as officers of the Company. However, losses arising from criminal acts such as bribery or intentional illegal conduct by the insured are excluded from coverage in order to ensure that the appropriateness of the execution of duties by officers is not impaired.

The insured parties under this policy consist of the Members of the Board, Audit and Supervisory Board Members, and Executive Officers of NTT and its subsidiaries, including NTT DOCOMO, NTT DOCOMO BUSINESS, NTT DOCOMO SOLUTIONS, NTT East, NTT West, NTT Urban Solutions, Inc., NTT URBAN DEVELOPMENT CORPORATION, NTT FACILITIES, Inc., NTT Anode Energy Corporation, NTT Integration Corporation, NTT Sonority, Inc., NTT Green & Food, Inc., and NTT AI-CIX, Inc., and certain subsidiaries of the aforementioned companies.

Number of Members of the Board

The Articles of Incorporation provide that the number of Members of the Board shall be no more than 17 (of whom no more than 5 may serve as Audit and Supervisory Committee Members).

Requirements for Resolutions to the Appointment of Members of the Board

The Articles of Incorporation provide that resolutions for the appointment of Members of the Board may be adopted by a majority of the voting rights held by shareholders present who hold at least one-third of the total voting rights of shareholders entitled to exercise their voting rights. The Articles of Incorporation further provide that such resolutions not be conducted by cumulative voting.

Matters Resolvable by the Board of Directors in Lieu of Resolutions of the General Meeting of Shareholders

The Articles of Incorporation provide that the Company may repurchase its own shares through market transactions or other means pursuant to a resolution of the Board of Directors. This is intended to enable the implementation of a flexible capital policy in response to changes in the business environment.

The Articles of Incorporation provide that matters set forth in the items of Article 459, Paragraph 1 of the Companies Act, including dividends of surplus, may be determined by a resolution of the Board of Directors. This is intended to enable agile shareholder returns.

The Articles of Incorporation provide that, pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may exempt Members of the Board from liability to the extent permitted by law by resolution of the Board of Directors. This is intended to enable Members of the Board to fully perform the roles expected of them in the execution of their duties.

Requirements for Special Resolutions of the General Meeting of Shareholders

The Articles of Incorporation provide that resolutions set forth in Article 309, Paragraph 2 of the Companies Act shall be adopted by at least two-thirds of the voting rights of the shareholders present who hold at least one-third of the voting rights of shareholders entitled to exercise their voting rights. This is intended to ensure that the quorum requirements are more reliably satisfied.

Support System for Outside Members of the Board

The secretariat of the Board of Directors serves as the point of contact for Outside Members of the Board (excluding Audit and Supervisory Committee Members), and provides ongoing support, including responding to inquiries from such Outside Members of the Board and providing information related to business execution. In addition, prior to meetings of the Board of Directors, the secretariat and other relevant departments provide advance explanations to Outside Members of the Board (excluding Audit and Supervisory Committee Members) regarding matters to be submitted for deliberation.

For Outside Members of the Board who are Audit and Supervisory Committee Members, the Company has established an Audit and Supervisory Committee Office to support the performance of Audit and Supervisory Committee in their auditing duties.

Training for Members of the Board

The Company provides officers of NTT Group companies with a variety of training opportunities covering global economic and social issues, compliance, and risk management, and promotes the development of candidates suitable for top management who are capable of responding to a rapidly changing management environment by enabling them to gain new professional experience. In addition, the Company provides Outside Independent Members of the Board with opportunities to further deepen their understanding of NTT Group businesses, including opportunities to enhance their knowledge of business trends at Group companies and the latest R&D results at the Company's research facilities.

Status of the Development of the Compliance Framework

Establishment of the NTT Group Corporate Ethics Code

Recognizing that compliance with laws and regulations and the conduct of business with high ethical standards are essential to promoting sound corporate activities, the Company established the NTT Group Corporate Ethics Charter (now the NTT Group Corporate Ethics Code) in November 2002.

The NTT Group Corporate Ethics Code sets forth the basic principles of corporate ethics and provides specific guidelines for conduct applicable to all officers and employees of the NTT Group. The guidelines stipulate that, as members of a corporate

group, with significant social responsibilities, officers and employees must strive to prevent fraud and misconduct, prevent the leakage of confidential corporate information, refrain from providing excessive benefits when interacting with customers and business partners, and act with highest ethical standards in both their professional and private lives.

Initiatives to Promote Awareness of the NTT Group Corporate Ethics Code

To ensure the effectiveness of the NTT Group Corporate Ethics Code, the Company provides corporate ethics training for employees and offers detailed explanations of the Code and examples of corporate ethics issues on an internal website to enhance employee understanding. The Company also conducts annual employee awareness surveys to measure the level of penetration and uses the results to further enhance awareness of corporate ethics.

Establishment of the Corporate Ethics Helpline (External Contact Point)

To prevent misconduct and scandals, each Group company has established an internal reporting contact point, and the Company has also established a Group-wide Corporate Ethics Helpline (external contact point), the operation of which is outsourced to a law firm.

Consultations and reports received are investigated and addressed, reported to the Corporate Ethics Committee of each Group company, and compiled at least once annually by the Company's Corporate Ethics Committee together with the status of responses, before being reported to the Board of Directors.

The NTT Group Corporate Ethics Code expressly provides that whistleblowers will be protected from any disadvantage resulting from making a report.

The Company has also established and operates an independent reporting channel to the Audit and Supervisory Committee, allowing direct reports to the Committee, as a contact point independent from management. Reports made through the external reporting point are, in principle, simultaneously forwarded directly to the Audit and Supervisory Committee, and it is also possible to report solely to the Audit and Supervisory Committee.

Prevention of Bribery

Recognizing that compliance with laws and regulations and the conduct of business with high ethical standards are essential, the NTT Group prohibits all forms of corruption, including bribery, improper benefits and facilitation payments*. In particular, the NTT Group has prepared an Anti-Bribery Handbook, distributed it to employees of Group companies, including overseas subsidiaries, and posted it on its internal website to promote thorough understanding. Furthermore, for NTT, NTT East and NTT West, bribery is prohibited under the NTT Act, and any violations are subject to legal penalties.

* Note: "Facilitation payments" are small payments made to facilitate procedures for ordinary administrative services.

Collaboration with Suppliers

The Company has established and published Supply Chain Sustainability Promotion Guidelines to fulfill its social responsibility by working with suppliers to comply with social norms and laws and prevent misconduct, including bribery, within the supply chain.

Through these guidelines, the Company requests that suppliers comply with requirements such as the prevention of corruption and illegal political contributions, the prohibition of inappropriate benefits and the conduct of fair business practices.

In addition, the NTT Group promotes confirmation of compliance with the Guidelines by conducting engagement activities with key suppliers, including sustainability assessments by external evaluation organizations and direct dialogue. If acts or events that fail to meet the requirements set forth in the Guidelines are identified, the NTT Group works with the relevant suppliers to prevent misconduct, including by requesting corrective measures.

Dialogue with Shareholders and Investors

The Company promotes management that emphasizes dialogue with shareholders. In addition to dialogue at the Ordinary General Meeting of Shareholders, senior management, including the President, actively promotes dialogue with shareholders through one-on-one meetings with institutional investors and briefings for individual investors, providing explanations and engaging in Q&A not only on business performance trends but also on medium-term management strategies and governance.

Opinions and other input received through dialogue with shareholders are appropriately shared within the Company. NTT considered and formulated the Medium-Term Management Strategy announced in May 2023, as well as its partial revision in May 2026, in light of shareholder opinions.

In engaging in dialogue with shareholders, the Company thoroughly manages insider information and proactively promotes information disclosure with due consideration to fair disclosure (timely, fair, and equitable information disclosure). To enhance

convenience for overseas investors, the Company endeavors to publish disclosure materials simultaneously in Japanese and English more than one month prior to the date of the Ordinary General Meeting of Shareholders.

Policy for Constructive Dialogue with Shareholders and Investors

(a) Designation of Management Responsible for Oversight

The Company has established an IR Office within the Finance and Accounting Department, with the Head of Finance and Accounting designated as the person responsible for investor relations activities.

(b) Measures to Ensure Organic Coordination

The Company works in coordination with relevant departments to enhance communication, including through periodic discussions of financial results.

(c) Enhancement of Means of Dialogue

In addition to one-on-one meetings, the Company holds theme-based briefings and other events reflecting investor needs.

(d) Effective Feedback

Opinions received from shareholders and investors are shared with senior management and Group companies and used to enhance communication.

(e) Management of Insider Information

The Company implements fair and equitable information disclosure in accordance with its disclosure policy.

Initiatives to Enhance Dialogue (Fiscal Year Under Review)

For institutional investors:

(Overview of dialogue initiatives)

- (a) Holding quarterly financial results briefings (four times)
- (b) Participating in IR conferences in Japan and overseas (ten times)
- (c) Holding NTT IR DAY (briefing for institutional investors) (once)
- (d) Conducting one-on-one briefings in Japan and overseas (more than 400 times)

(Overview of investors engaged in dialogue)

Investment styles included growth, value and dividend-focused

Roles included fund managers, analysts, ESG personnel, and proxy voting personnel

(Main dialogue topics)

Topics included the medium-term management strategy, business performance, shareholder returns, sustainability, and governance

For individual investors:

- (a) Holding company briefings (four times, of which three were company briefings conducted by senior management)
- (b) Disseminating information through our website, including shareholder newsletters (two times)

(2) Members of the Board

i. List of Members

(a) The composition of the Company's Board of Directors is as of June 16, 2026 (the date of filing of this Annual Securities Report) is as follows.

Composition: 10 male and 6 female Members of the Board (37.5% female)



Position and Responsibilities	Name	Date of Birth	Brief Career Summary	Term	Number of Shares Held
Chairman of the Board	Jun Sawada	July 30, 1955	<p>April 1978: Joined Nippon Telegraph and Telephone Public Corporation (currently NTT, Inc.)</p> <p>June 2008: Senior Vice President Executive Manager of Corporate Strategy Planning Department Member of the Board of NTT Communications Corporation (Currently NTT DOCOMO BUSINESS, Inc.)</p> <p>June 2011: Executive Vice President Executive Manager of Corporate Strategy Planning Department Member of the Board of NTT Communications Corporation</p> <p>June 2012: Senior Executive Vice President Executive Manager of Corporate Strategy Planning Department Representative Member of the Board of NTT Communications Corporation</p> <p>June 2013: Senior Executive Vice President Representative Member of the Board of NTT Communications Corporation</p> <p>June 2014: Senior Executive Vice President Representative Member of the Board of the Company</p> <p>June 2018: President and Chief Executive Officer Representative Member of the Board of the Company</p> <p>June 2020: President and Chief Executive Officer Representative Member of the Board of the Company</p> <p>June 2022: Chairman and Representative Member of the Board of the Company</p> <p>June 2024: Chairman and Member of the Board of the Company (current position)</p> <p>June 2025: Director of Sumitomo Mitsui Financial Group, Inc. (current position)</p> <p>June 2026: Director of Japan Exchange Group, Inc. (scheduled to assume office on June 19, 2026)</p> <p>June 2026: Director, Member of the Board of NIPPON STEEL CORPORATION (scheduled to assume office on June 23, 2026)</p>	Note 3	1,212,100

Position and Responsibilities	Name	Date of Birth	Brief Career Summary	Term	Number of Shares Held
Representative Member of the Board President Chief Executive Officer (CEO)	Akira Shimada	December 18, 1957	<p>April 1981: Joined Nippon Telegraph and Telephone Public Corporation (currently NTT, Inc.)</p> <p>June 2007: Vice President of Corporate Strategy Planning of the Company</p> <p>July 2007: General Manager of the Accounts and Finance Department of Nippon Telegraph and Telephone West Corporation (currently NTT WEST, Inc.)</p> <p>July 2009: General Manager of the General Affairs and Personnel Department of Nippon Telegraph and Telephone East Corporation (currently NTT EAST, Inc.)</p> <p>June 2011: Senior Vice President General Manager of the General Affairs and Personnel Department Member of the Board of Nippon Telegraph and Telephone East Corporation</p> <p>June 2012: Senior Vice President Head of the General Affairs Member of the Board of the Company</p> <p>June 2015: Executive Vice President Head of General Affairs Member of the Board of the Company</p> <p>June 2018: Senior Executive Vice President Representative Member of the Board of the Company</p> <p>June 2020: Senior Executive Vice President Representative Member of the Board of the Company</p> <p>June 2022: President and Chief Executive Officer Representative Member of the Board of the Company (current position)</p>	Note 3	909,300
Representative Member of the Board Senior Executive Vice President Responsible for Business Strategy Chief Financial Officer (CFO)	Takashi Hiroi	February 13, 1963	<p>April 1986: Joined Nippon Telegraph and Telephone Corporation (currently NTT, Inc.)</p> <p>May 2005: Vice President of Medium-Term Corporate Business Strategy of the Company</p> <p>June 2008: Vice President of Strategic Business Development of the Company</p> <p>July 2009: Vice President of Corporate Strategy Planning of the Company</p> <p>June 2014: Head of Finance and Accounting of the Company</p> <p>June 2015: Senior Vice President; Head of Finance and Accounting, Member of the Board of the Company</p> <p>June 2020: Executive Vice President; General Manager of Accounts and Finance Department; Member of the Board of Directors of NTT DOCOMO, INC.</p> <p>December 2020: Senior Executive Vice President; Representative Member of the Board of Directors of NTT DOCOMO, INC.</p> <p>June 2022: Senior Executive Vice President, Representative Member of the Board of the Company (current position)</p>	Note 3	443,800

Position and Responsibilities	Name	Date of Birth	Brief Career Summary	Term	Number of Shares Held
Representative Member of the Board Senior Executive Vice President Responsible for Technical Strategy Chief Technology Officer (CTO)	Riaki Hoshino	March 11, 1966	<p>April 1990: Joined Nippon Telegraph and Telephone Corporation (currently NTT, Inc.)</p> <p>July 2005: Vice President of Corporate Business Strategy of the Company</p> <p>July 2007: General Manager in charge of R&D Center of Network Business Headquarters of Nippon Telegraph and Telephone East Corporation (currently NTT EAST, Inc.)</p> <p>July 2010: General Manager in charge of Plant Department of Network Business Headquarters of Nippon Telegraph and Telephone East Corporation</p> <p>July 2014: General Manager of the Tokyominami Branch of Tokyo Division of Nippon Telegraph and Telephone East Corporation</p> <p>June 2016: General Manager in charge of Corporate Strategy Planning Department of Nippon Telegraph and Telephone East Corporation</p> <p>June 2018: Member of the Board Executive Manager of Strategic Network Management Department of Network Business Headquarters of Nippon Telegraph and Telephone East Corporation</p> <p>June 2021: Member of the Board Executive Officer Senior Executive Manager of Network Business Headquarters of Nippon Telegraph and Telephone East Corporation Senior Executive Vice President</p> <p>June 2022: Representative Member of the Board of Nippon Telegraph and Telephone East Corporation Senior Executive Vice President</p> <p>June 2025: Representative Member of the Board of the Company (current position)</p>	Note 3	484,100
Executive Member of the Board Executive Vice President Chief Customer Experience Officer (CCXO) Co-Chief Artificial Intelligence Officer (Co-CAIO)	Sachiko Oonishi	December 17, 1966	<p>April 1989: Joined Nippon Telegraph and Telephone Corporation (currently NTT, Inc.)</p> <p>July 2012: General Manager in charge of the New Business Development Headquarters of Nippon Telegraph and Telephone East Corporation (currently NTT EAST, Inc.)</p> <p>July 2014: General Manager of Stadium Wi-Fi Promotion Office of NTT Broadband Platform, Inc.</p> <p>July 2016: Vice President of Strategic Business Development of the Company</p> <p>June 2020: Member of the Board Head of Third Business Solutions, Business Solution Division of NTT Communications Corporation (currently NTT DOCOMO BUSINESS, Inc.)</p> <p>June 2021: Senior Vice President Head of Third Business Solutions, Business Solution Division of NTT Communications Corporation</p> <p>June 2023: Executive Vice President, Head of Research and Development Market Strategy of the Company</p> <p>June 2024: Executive Member of the Board, Executive Vice President, Head of Research and Development Market Strategy of the Company (current position)</p>	Note 3 Note 5	121,400
Member of the Board	Patrizio Mapelli	March 17, 1955	<p>September 1982: Joined Olivetti</p> <p>July 1995: Senior Partner of Ernst & Young</p> <p>July 2000: Vice President of A. T. Kearney</p> <p>October 2002: Senior Partner of Value Partners S.p.A.</p> <p>October 2002: CEO of Value Team S.p.A. (currently NTT DATA Italia S.p.A.)</p> <p>January 2013: CEO of NTT DATA EMEA LTD.</p> <p>April 2018: Chairman of the Board of NTT DATA Italia S.p.A.</p> <p>June 2020: Member of the Board of NTT DATA CORPORATION (currently NTT DATA Group Corporation)</p> <p>September 2021: Director of the Board of NTT DATA Europe & Latam, S.L.U.</p> <p>October 2022: Member of the Board of NTT DATA, Inc.</p> <p>June 2025: Member of the Board of Nippon Telegraph and Telephone Corporation (currently NTT, Inc.) (current position)</p>	Note 3	0

Position and Responsibilities	Name	Date of Birth	Brief Career Summary	Term	Number of Shares Held
Outside Member of the Board	Ken Sakamura	July 25, 1951	<p>April 2000: Professor of the Interfaculty Initiative in Information Studies and the Graduate School of Interdisciplinary Information Studies of the University of Tokyo</p> <p>January 2002: Director of YRP Ubiquitous Networking Laboratory (current position)</p> <p>April 2009: Director of Institute of Infrastructure Application of Ubiquitous Computing of the Interfaculty Initiative in Information Studies of the University of Tokyo</p> <p>October 2014: President of Vitalizing Local Economy Organization by Open Data & Big Data (currently the Organization for Vitalization of Local Economy by Digital transformation) (current position)</p> <p>April 2017: Professor and Dean of Faculty of Information Networking for Innovation and Design of Toyo University</p> <p>April 2017: Head of collaboration Hub for University and Business, Faculty of Information Networking for Innovation and Design of Toyo University (current position)</p> <p>June 2017: Emeritus Professor of the University of Tokyo (current position)</p> <p>June 2019: Member of the Board of Nippon Telegraph and Telephone Corporation (currently NTT, Inc.) (current position)</p> <p>August 2019: President of Association for IoT Services Coordination (current position)</p> <p>June 2026: Director, Digital Garage, Inc. (scheduled to assume office on June 24, 2026)</p>	Note 1 Note 3	74,000
Outside Member of the Board	Yukako Uchinaga	July 5, 1946	<p>July 1971: Joined IBM Japan, Ltd.</p> <p>April 2004: Director and Senior Executive Officer, IBM Japan, Ltd.</p> <p>April 2007: Technical Advisor of IBM Japan, Ltd.</p> <p>April 2007: Board Chair of Japan Women's Innovative Network</p> <p>April 2008: Representative Director, Chairman of the Board President & CEO of Berlitz Corporation</p> <p>October 2009: Director and Executive Vice President, Benesse Holdings, Inc.</p> <p>April 2013: Honorary Chairman, Berlitz Corporation</p> <p>September 2013: President and CEO, Globalization Research Institute, Inc. (current position)</p> <p>June 2021: Director, SINTOKOGIO, LTD. (current position)</p> <p>June 2022: Member of the Board of Nippon Telegraph and Telephone Corporation (currently NTT, Inc.) (current position)</p> <p>July 2022: Chairperson and Representative Director, Japan Women's Innovative Network, a non-profit organization</p> <p>April 2024: Founder and Honorary Chairperson of Japan Women's Innovative Network (current position)</p>	Note 1 Note 3	67,800

Position and Responsibilities	Name	Date of Birth	Brief Career Summary	Term	Number of Shares Held
Outside Member of the Board	Koichiro Watanabe	April 16, 1953	<p>April 1976: Joined The Dai-ichi Mutual Life Insurance Company (currently Daiichi Life Group, Inc.)</p> <p>April 2010: Representative Director</p> <p>October 2016: President of The Dai-ichi Mutual Life Insurance Company, Limited</p> <p>October 2016: Representative Director</p> <p>October 2016: President of Dai-ichi Life Holdings, Inc. (currently Daiichi Life Group, Inc.)</p> <p>October 2016: Representative Director</p> <p>October 2016: President of The Dai-ichi Life Insurance Company, Limited (new company that took over the domestic life insurance business)</p> <p>April 2017: Representative Director</p> <p>April 2017: Chairman of the Board of Dai-ichi Life Holdings, Inc.</p> <p>April 2017: Representative Director</p> <p>April 2017: Chairman of the Board of The Dai-ichi Life Insurance Company, Limited</p> <p>June 2020: Director</p> <p>June 2020: Chairman of the Board of Dai-ichi Life Holdings, Inc.</p> <p>June 2020: Director</p> <p>June 2020: Chairman of the Board of The Dai-ichi Life Insurance Company, Limited</p> <p>June 2022: Member of the Board of Nippon Telegraph and Telephone Corporation (currently NTT, Inc.) (current position)</p> <p>April 2023: Director of Dai-ichi Life Holdings, Inc.</p> <p>April 2023: Special Advisor of The Dai-ichi Life Insurance Company, Limited (current position)</p> <p>June 2024: Executive Director of Oriental Land Co., Ltd. (current position)</p>	Note 1 Note 3	82,900
Outside Member of the Board	Noriko Endo	May 6, 1968	<p>June 1994: Joined DIAMOND Inc.</p> <p>March 2006: Deputy Editor-in-Chief of Diamond Weekly of DIAMOND Inc.</p> <p>April 2015: Project Professor of Graduate School of Media and Governance of Keio University</p> <p>June 2016: Member of the Board of Director of NTT DOCOMO, INC.</p> <p>July 2018: Director of AIN HOLDINGS INC. (current position)</p> <p>June 2019: Director of Hankyu Hanshin Holdings, Inc. (current position)</p> <p>June 2021: Director of Japan Elevator Service Holdings Co., Ltd. (current position)</p> <p>June 2022: Member of the Board of the Nippon Telegraph and Telephone Corporation (currently NTT, Inc.) (current position)</p> <p>April 2024: Professor of Research Council of Waseda University (current position)</p>	Note 1 Note 3 Note 5	79,500
Outside Member of the Board	Natsuko Takei	February 10, 1961	<p>April 1983: Joined Sony Corporation (currently Sony Group Corporation)</p> <p>June 2013: SVP, Corporate Executive Officer, Head of Legal Division of Sony Corporation</p> <p>August 2013: SVP, Corporate Executive Officer, Head of Legal Division and Head of Compliance Division of Sony Corporation</p> <p>April 2019: Senior Vice President, Senior General Manager of Legal, Compliance and Privacy Department of Sony Corporation</p> <p>April 2020: Senior Vice President, Senior General Manager of Legal Department of Sony Corporation</p> <p>June 2021: Executive Vice President, Senior General Manager of Legal Department of Sony Group Corporation</p> <p>June 2023: Member of the Board of Tokyo Metro Co., Ltd. (current position)</p> <p>June 2023: Director of TBS HOLDINGS, INC. (current position)</p> <p>June 2024: Member of the Board of the Nippon Telegraph and Telephone Corporation (currently NTT, Inc.) (current position)</p>	Note 1 Note 3 Note 6	12,900

Position and Responsibilities	Name	Date of Birth	Brief Career Summary	Term	Number of Shares Held
Member of the Board (Full-time Audit and Supervisory Committee Member)	Keiichiro Yanagi	August 16, 1960	<p>April 1984: Joined Nippon Telegraph and Telephone Public Corporation (currently NTT, Inc.)</p> <p>April 2009: President and Representative Director of NTT DATA Getronics Corporation (currently NTT DATA Luweave Corporation)</p> <p>June 2012: Head of General Affairs Department of NTT DATA Corporation (currently NTT DATA Group Corporation)</p> <p>July 2013: Senior Vice President Head of Second Financial Sector of NTT DATA Corporation</p> <p>June 2016: Director and Executive Vice President Head of General Affairs Department Concurrently serving as Head of Human Resources Department of NTT DATA Corporation</p> <p>July 2017: Director and Executive Vice President Head of HR Headquarters Concurrently serving as Head of General Affairs Department of NTT DATA Corporation</p> <p>June 2018: Representative Director and Senior Executive Vice President Concurrently serving as Head of HR Headquarters of NTT DATA Corporation</p> <p>June 2020: Executive Advisor of NTT DATA Corporation</p> <p>June 2020: CEO and President of NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.</p> <p>June 2022: Full Time Audit & Supervisory Board Member of the Company</p> <p>June 2025: Member of the Board Full-time Audit and Supervisory Committee Member of the Company (current position)</p>	Note 4 Note 5	27,600
Member of the Board (Full-time Audit and Supervisory Committee Member)	Kanae Takahashi	July 17, 1963	<p>April 1987: Joined Nippon Telegraph and Telephone Corporation (currently NTT, Inc.)</p> <p>July 2013: Deputy Head of the Internal Control Office of the General Affairs Department of the Company</p> <p>June 2014: Head of the Internal Control Office of the General Affairs Department of the Company</p> <p>June 2016: Executive Manager of the Kanagawa Division and Manager of the Kanagawa Branch of the Kanagawa Division Member of the Board of Nippon Telegraph and Telephone East Corporation (currently NTT EAST, Inc.)</p> <p>June 2016: Executive Manager of the Kanagawa Division and General Manager of the Kanagawa Branch of the Kanagawa Division Member of the Board of NTT EAST-MINAMI KANTO CORPORATION</p> <p>June 2019: Executive Vice President Executive Manager of the Corporate Strategy Planning Department and the NW Facilities Business Department Member of the Board of NTT InfraNet Co., Ltd. (currently NTT InfraNet Corporation)</p> <p>June 2020: Full Time Audit & Supervisory Board Member of the Company</p> <p>June 2020: Auditor, NTT, Inc. (currently NTT DATA, Inc.)</p> <p>June 2025: Member of the Board Full-time Audit and Supervisory Committee Member of the Company (current position)</p>	Note 4	239,700
Outside Member of the Board (Full-time Audit and Supervisory Committee Member)	Kensuke Koshiyama	June 17, 1960	<p>April 1984: Joined Board of Audit of Japan</p> <p>December 2016: Senior ASG of Secretariat of Board of Audit of Japan</p> <p>April 2017: Director-General of 2nd Bureau of Board of Audit of Japan</p> <p>April 2018: Deputy Secretary-General of Board of Audit of Japan</p> <p>December 2018: Secretary-General of Board of Audit of Japan</p> <p>June 2022: Full-Time Audit & Supervisory Board Member of Nippon Telegraph and Telephone Corporation (currently NTT, Inc.)</p> <p>June 2025: Member of the Board Full-time Audit and Supervisory Committee Member of the Company (current position)</p>	Note 2 Note 4	0

Position and Responsibilities	Name	Date of Birth	Brief Career Summary	Term	Number of Shares Held
Outside Member of the Board (Audit and Supervisory Committee Member)	Hideki Kanda	September 24, 1953	<p>April 1977: Research Assistant of Faculty of Law of the University of Tokyo</p> <p>April 1980: Lecturer of Faculty of Law of Gakushuin University</p> <p>April 1982: Associate Professor of Faculty of Law of Gakushuin University</p> <p>April 1988: Associate Professor of Faculty of Law of the University of Tokyo</p> <p>April 1991: Associate Professor of Graduate Schools for Law and Politics of the University of Tokyo</p> <p>May 1993: Professor of Graduate Schools for Law and Politics of the University of Tokyo</p> <p>April 2016: Professor of Professional School of Law (Law School) of Gakushuin University</p> <p>June 2016: Emeritus Professor of the University of Tokyo (current position)</p> <p>June 2017: Director of Sumitomo Mitsui Trust Bank, Limited (current position)</p> <p>June 2019: Audit & Supervisory Board Member of Nippon Telegraph and Telephone Corporation (currently NTT, Inc.)</p> <p>June 2025: Member of the Board Audit and Supervisory Committee Member of the Company (current position)</p>	Note 2 Note 4	0
Outside Member of the Board (Audit and Supervisory Committee Member)	Kaoru Kashima	January 20, 1958	<p>November 1981: Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)</p> <p>April 1985: Registered as a certified public accountant (registration up-to-date)</p> <p>June 1996: Partner of Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>June 2002: Senior Partner of ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>July 2006: In charge of personnel of HR Development Headquarters of ShinNihon & Co.</p> <p>September 2010: Managing Director of Ernst & Young ShinNihon LLC In charge of Corporate Culture Promotion Office In charge of Public Relations Office</p> <p>July 2012: General Manager of Knowledge Headquarters Managing Director of Ernst & Young ShinNihon LLC</p> <p>July 2013: Representative Director of Ernst & Young Institute Co., Ltd.</p> <p>June 2019: Audit & Supervisory Board Member of Nippon Telegraph and Telephone Corporation (currently NTT, Inc.)</p> <p>June 2019: Director of Sumitomo Mitsui Trust Bank, Limited</p> <p>March 2020: Audit & Supervisory Board Member of Kirin Holdings Company, Limited (current position)</p> <p>June 2021: Director of Sumitomo Mitsui Trust Holdings, Inc. (currently Sumitomo Mitsui Trust Group, Inc.) (current position)</p> <p>June 2025: Member of the Board Audit and Supervisory Committee Member of the Company (current position)</p>	Note 2 Note 4 Note 5	0
Total					3,755,100

- Notes:1. Five Members of the Board, Mr. Ken Sakamura, Ms. Yukako Uchinaga, Mr. Koichiro Watanabe, Ms. Noriko Endo, and Ms. Natsuko Takei are Outside Members of the Board (excluding Audit and Supervisory Committee Members) designated as independent officers.
2. Three Audit and Supervisory Committee Members, Mr. Kensuke Koshiyama, Mr. Hideki Kanda and Ms. Kaoru Kashima, are Outside Members of the Board who are Audit and Supervisory Committee Members designated as independent officers.
3. The term of office of Members of the Board (excluding Audit and Supervisory Committee Members) elected at the Ordinary General Meeting of Shareholders held on June 19, 2025, shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last business year ending within one year from their assumption of office.
4. The term of office of Members of the Board who are Audit and Supervisory Committee Members elected at the Ordinary General Meeting of Shareholders held on June 19, 2025, shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last business year ending within two years from their assumption of office.
5. Ms. Sachiko Oonishi is registered as Sachiko Iijima in the family register, Ms. Noriko Endo is registered as Noriko Tsujihiro in the family register, and Ms. Kaoru Kashima is registered as Kaoru Taya in the family register.
6. In preparation for a situation in which the number of Members of the Board who are Audit and Supervisory Committee Members falls below the number required by laws and regulations, the Company has preemptively appointed one substitute Outside Member of the Board who is an Audit and Supervisory Committee Member. The biography of the substitute Member of the Board who is an Audit and Supervisory Committee Member is as follows.

Name	Date of Birth	Brief Career Summary	Share Ownership (shares)
Natsuko Takei	February 10, 1961	<p>April 1983: Joined Sony Corporation (currently Sony Group Corporation)</p> <p>June 2013: SVP, Corporate Executive Officer, Head of Legal Division of Sony Corporation (currently Sony Group Corporation)</p> <p>August 2013: SVP, Corporate Executive Officer, Head of Legal Division and Head of Compliance Division of Sony Corporation (currently Sony Group Corporation)</p> <p>April 2019: Senior Vice President, Senior General Manager of Legal, Compliance and Privacy Department of Sony Corporation (currently Sony Group Corporation)</p> <p>April 2020: Senior Vice President, Senior General Manager of Legal Department of Sony Corporation (currently Sony Group Corporation)</p> <p>June 2021: Executive Vice President, Senior General Manager of Legal Department of Sony Group Corporation</p> <p>June 2023: Member of the Board of Tokyo Metro Co., Ltd. (current position)</p> <p>June 2023: Director of TBS HOLDINGS, INC. (current position)</p> <p>June 2024: Member of the Board of Nippon Telegraph and Telephone Corporation (currently NTT, Inc.) (current position)</p>	12,900

(b) The Company proposing the following agenda items (resolutions) for the Ordinary General Meeting of Shareholders scheduled to be held on June 18, 2026: “Election of Eleven (11) Members of the Board (excluding Audit and Supervisory Committee Members)” and “Election of One (1) Member of the Board who is an Audit and Supervisory Committee Member.” If these proposals are approved, the Company’s Board of Directors is expected to be as follows. Please note that this description also includes the details of the matters to be resolved at the Board of Directors meeting scheduled to be held immediately following the Ordinary General Meeting of Shareholders (including positions and other details).

Composition: 10 male and 6 female Members of the Board (37.5% female)

Position and Responsibilities	Name	Date of Birth	Brief Career Summary	Term	Number of Shares Held
Chairman of the Board	Jun Sawada	As stated in a.	As stated in (a)	Note 3	1,212,100
Representative Member of the Board President Chief Executive Officer (CEO)	Akira Shimada	As stated in a.	As stated in (a)	Note 3	909,300
Representative Member of the Board Senior Executive Vice President Responsible for Technical Strategy Chief Technology Officer (CTO)	Riaki Hoshino	As stated in a.	As stated in (a)	Note 3	484,100
Representative Member of the Board Senior Executive Vice President Responsible for Business Strategy Chief Financial Officer (CFO)	Yutaka Sasaki	September 13, 1965	<p>April 1990: Joined NTT DATA Communications Systems Corporation (currently NTT DATA Group Corporation)</p> <p>June 2016: Senior Vice President, Head of Business Solutions Sector of NTT DATA Corporation</p> <p>June 2018: Senior Vice President, Head of Manufacturing IT Innovation Sector of NTT DATA Corporation</p> <p>June 2020: Executive Vice President, Head of Manufacturing IT Innovation Sector, and Head of Business Solutions Sector of NTT DATA Corporation</p> <p>June 2021: Director, Executive Vice President, and Head of Strategy Headquarters of NTT DATA Corporation</p> <p>June 2022: Executive Vice President and Head of Corporate Headquarters of NTT DATA Corporation</p> <p>June 2023: Representative Director and Senior Executive Vice President of NTT DATA Corporation</p> <p>July 2023: Representative Director, President and CEO of NTT DATA Japan Corporation</p> <p>June 2024: Representative Director, President and CEO of NTT DATA Group Corporation</p> <p>June 2026: Representative Member of the Board, Senior Executive Vice President of NTT, Inc. (current position)</p>	Note 3	46,200
Executive Member of the Board Executive Vice President Chief Customer Experience Officer (CCXO) Co-Chief Artificial Intelligence Officer (Co-CAIO)	Sachiko Oonishi	As stated in a.	As stated in (a)	Notes 3 and 6	121,400

Position and Responsibilities	Name	Date of Birth	Brief Career Summary	Term	Number of Shares Held
Member of the Board	Patrizio Mapelli	As stated in a.	As stated in (a)	Note 3	0
Outside Member of the Board	Ken Sakamura	As stated in a.	As stated in (a)	Notes 1 and 3	74,000
Outside Member of the Board	Koichiro Watanabe	As stated in a.	As stated in (a)	Notes 1 and 3	82,900
Outside Member of the Board	Noriko Endo	As stated in a.	As stated in (a)	Notes 1, 3 and 6	79,500
Outside Member of the Board	Natsuko Takei	As stated in a.	As stated in (a)	Notes 1, 3 and 7	12,900
Outside Member of the Board	Miho Hanafusa	February 16, 1965	<p>April 1989: Joined Mitsubishi Kasei Corporation (currently Mitsubishi Chemical Corporation)</p> <p>April 2009: General Manager of Commercialization Promotion Department of Mitsubishi Chemical Science and Technology Research Center, Inc.</p> <p>April 2010: Deputy Secretary General of Global Compact Network Japan</p> <p>April 2012: Group Manager of KAITEKI Group, Corporate Strategy Office of Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation)</p> <p>September 2014: Administrative Deputy Chief of the Center for Personnel Interchanges between the Government and Private Entities of Cabinet Office Deputy Director General for Gender Equality Bureau of Cabinet Office Deputy Secretary General of the Promotion Office for Creating a Society in Which All Women Shine of Cabinet Secretariat</p> <p>October 2016: Group Manager, Functional Chemical Planning Office, Functional Chemical Division of Mitsubishi Chemical Corporation (currently Mitsubishi Chemical Corporation; company' name in Japanese changed with English unchanged)</p> <p>April 2017: Senior Associate Director, General Manager of Information Electronics and Display Planning Department of Mitsubishi Chemical Corporation</p> <p>April 2018: Executive Officer, General Manager of Information Electronics and Display Planning Department of Mitsubishi Chemical Corporation</p> <p>April 2019: Executive Officer, General Manager of Development Division, General Manager of Research Promotion Department of Mitsubishi Chemical Corporation</p> <p>October 2020: Executive Management Position, General Manager of Research Promotion Department of Mitsubishi Chemical Corporation</p> <p>April 2021: President of Mitsubishi Chemical Research Corporation</p> <p>March 2026: Director of Sumitomo Heavy Industries, Ltd. (current position)</p> <p>June 2026: Member of the Board of NTT, Inc. (current position)</p> <p>June 2026: Member of the Board of Niterra Co., Ltd. (scheduled to assume office on June 26, 2026)</p>	Notes 1 and 3	0

Position and Responsibilities	Name	Date of Birth	Brief Career Summary	Term	Number of Shares Held
Member of the Board (Full-time Audit and Supervisory Committee Member)	Kanae Takahashi	As stated in a.	As stated in (a)	Note 4	239,700
Outside Member of the Board (Full-time Audit and Supervisory Committee Member)	Kensuke Koshiyama	As stated in a.	As stated in (a)	Notes 2 and 4	0
Member of the Board (Full-time Audit and Supervisory Committee Member)	Takashi Nakamura	May 15, 1964	<p>April 1987: Joined Nippon Telegraph and Telephone Corporation (currently NTT, Inc.)</p> <p>October 2002: General Manager in charge of Fourth Department of the Company</p> <p>April 2005: General Manager in charge of Finance Department of Nippon Telegraph and Telephone West Corporation (currently NTT WEST, Inc.)</p> <p>July 2008: General Manager in charge of Accounting Business Department of NTT BUSINESS ASSOCIE Corporation (currently NTT ExCPartner Corporation)</p> <p>July 2011: Vice President of Finance and Accounting of the Company</p> <p>June 2016: Senior Vice President, Head of Finance Department of NTT DATA Corporation (currently NTT DATA Group Corporation)</p> <p>June 2021: Executive Vice President in charge of supervising Finance Business of NTT FINANCE CORPORATION</p> <p>July 2021: Executive Vice President, Senior Executive Manager of Finance and Accounting Business Headquarters of NTT FINANCE CORPORATION</p> <p>June 2022: Senior Executive Vice President, Senior Executive Manager of Finance and Accounting Business Headquarters of NTT FINANCE CORPORATION</p> <p>June 2026: Member of the Board (Full-time Audit and Supervisory Committee Member) of the Company (current position)</p>	Note 5	45,600
Outside Member of the Board (Audit and Supervisory Committee Member)	Hideki Kanda	As stated in a.	As stated in (a)	Notes 2 and 4	0
Outside Member of the Board (Audit and Supervisory Committee Member)	Kaoru Kashima	As stated in a.	As stated in (a)	Notes 2, 4 and 6	0
Total					3,307,700

- (Note) 1. Five Members of the Board, Mr. Ken Sakamura, Mr. Koichiro Watanabe, Ms. Noriko Endo, Ms. Natsuko Takei, and Ms. Miho Hanafusa, are Outside Members of the Board (excluding Audit and Supervisory Committee Members) designated as independent officers.
2. Three Audit and Supervisory Committee Members, Mr. Kensuke Koshiyama, Mr. Hideki Kanda and Ms. Kaoru Kashima, are Outside Members of the Board who are Audit and Supervisory Committee Members designated as independent officers.
3. The term of office of Members of the Board (excluding Audit and Supervisory Committee Members) elected at the Ordinary General Meeting of Shareholders held on June 18, 2026, shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last business year ending within one year from their assumption of office.
4. The term of office of Members of the Board who are Audit and Supervisory Committee Members elected at the Ordinary General Meeting of Shareholders held on June 19, 2025, shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last business year ending within two years from their assumption of office.

5. The term of office of Members of the Board who are Audit and Supervisory Committee Members elected at the Ordinary General Meeting of Shareholders held on June 18, 2026, shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last business year ending within one year from their assumption of office.
6. Ms. Sachiko Oonishi is registered as Sachiko Iijima in the family register, Ms. Noriko Endo is registered as Noriko Tsujihiro in the family register, and Kaoru Kashima is registered as Kaoru Taya in the family register.
7. In preparation for a situation in which the number of Members of the Board who are Audit and Supervisory Committee Members falls below the number required by laws and regulations, the Company has preemptively appointed Ms. Natsuko Takei as substitute Outside Member of the Board who is an Audit and Supervisory Committee Member.

ii. Status of Outside Members of the Board

Nomination Procedures for Outside Members of the Board

From the perspectives of strengthening supervising functions over business execution and ensuring appropriate audits of the execution of duties by Members of the Board (excluding Audit and Supervisory Committee Members), the Company has a policy of appointing individuals who do not present a risk of conflicts of interest with general shareholders as outside Members of the Board. In addition to the independence criteria established by the Tokyo Stock Exchange, Inc., the Company designates outside Members of the Board who satisfy the following requirements as independent officers.

Independence Standards for Independent Officers

In order to meet the independence standards, a person may not fall under any of the categories below in the last three fiscal years:

- (1) A person who executes business at a business partner that exceeds the Company's thresholds ⁽¹⁾
- (2) A person who executes business at a lender that exceeds the Company's thresholds ⁽²⁾
- (3) A person who provides professional services, such as a consultant, accounting professional, or legal professional, and who has directly received monetary or other property benefits of 10 million yen or more per year, excluding officer compensation, from the Company or its major subsidiaries ⁽³⁾ in any of the last three fiscal years
- (4) A person who executes business at an organization that has received donations exceeding the Company's thresholds ⁽⁴⁾

Even if any of items (1) through (4) above applies, if the Company determines that the person is substantively independent, the reasons will be explained and disclosed at the time of designation as an independent officer.

- Notes: 1. "A business partner that exceeds the Company's thresholds" is defined as a company whose aggregate transactions with the Company and its major subsidiaries ⁽³⁾ in any of the last three fiscal years amounts to 2% or more of the total annual operating revenues of the Company and its major subsidiaries for the relevant fiscal year.
2. "A lender that exceeds the Company's thresholds" is defined as a lender from which the total amount borrowed on a consolidated basis in any of the last three fiscal years is equal to or greater than 2% of the Company's consolidated total assets for the relevant fiscal year.
3. The major subsidiaries are NTT DOCOMO, NTT DOCOMO BUSINESS, NTT DATA Group, NTT East and NTT West.
4. "An organization that has received donations exceeding the Company's thresholds" is defined as an organization for which the aggregate amount of donations received from the Company and its major subsidiaries ⁽³⁾ in any of the last three fiscal years exceeds 10 million yen per year or 2% of the organization's total annual income for the relevant fiscal year.

Criteria for Selection and Activities of Outside Members of the Board

The Company has appointed eight Outside Independent Members of the Board to strengthen the function of appropriately supervising business execution. Each Outside Independent Member of the Board possesses extensive experience as a leader of an academic institution, a corporate executive, or in promoting diversity, demonstrates excellent character and insight, and plays an important role in strengthening the supervisory function over business execution by providing advice from a broad managerial perspective.

Outside Independent Members of the Board receive reports on audit plans and results from the Audit and Supervisory Committee and the Internal Audit Department and oversee business operations by providing input as necessary.

The Company has appointed three Outside Independent Members of the Board out of a total of five Members of the Board who are Audit and Supervisory Committee Members. The Company expects each Outside Independent Member of the Board who are Audit and Supervisory Committee Members to conduct audits based professional experience and insight cultivated throughout their careers. The Company's Audit and Supervisory Committee, including Outside Independent Members of the Board, receives reports from the independent auditor regarding audit plans, and results and exchanges opinions as appropriate. The Audit and Supervisory Committee also receives reports from the Internal Audit Department on internal audit plans and results and exchanges opinions as appropriate.

- (a) The functions and roles expected of Outside Members of the Board as of June 16, 2026 (the date of submission of this Annual Securities Report) are as follows.

Position	Name	Functions and Roles
Outside Members of the Board (excluding Audit and Supervisory Committee Members)	Ken Sakamura	<p>Mr. Ken Sakamura has a wealth of experience as a leader of research institutions, including universities, and has a high level of integrity and insight. He was therefore elected at the Ordinary General Meeting of Shareholders held in June 2022 on the expectation that he would help strengthen the supervisory function for business execution and provide advice from his wide-ranging perspectives on management, and he has been serving as an Outside Member of the Board.</p> <p>Mr. Sakamura has provided advice at meetings of the Board of Directors and meetings held to exchange opinions with Representative Members of the Board, mainly on subjects such as research and development, the promotion of DX, and industry and technological trends regarding investment projects. In addition, on the Nomination Committee and the Compensation Committee he has offered advice on the appointment of officers, etc., succession planning, and revising the compensation system.</p>
	Yukako Uchinaga	<p>Ms. Yukako Uchinaga has a wealth of experience in global corporate management and diversity promotion, and has a high level of integrity and insight. She was therefore elected at the Ordinary General Meeting of Shareholders held in June 2022 on the expectation that she would help strengthen the supervisory function for business execution and provide advice from her wide-ranging perspectives on management, and she has been serving as an Outside Member of the Board.</p> <p>Ms. Uchinaga has provided advice at meetings of the Board of Directors and meetings held to exchange opinions with Representative Members of the Board, mainly on subjects such as global strategy, public relations strategy, and human resources strategy. In addition, on the Nomination Committee and the Compensation Committee she has offered advice on the appointment of officers, etc., succession planning, and revising the compensation system.</p>
	Koichiro Watanabe	<p>Mr. Koichiro Watanabe has a wealth of experience as a corporate manager, and has a high level of integrity and insight. He was therefore elected at the Ordinary General Meeting of Shareholders held in June 2022 on the expectation that he would help strengthen the supervisory function for business execution and provide advice from his wide-ranging perspectives on management, and he has been serving as an Outside Member of the Board.</p> <p>Mr. Watanabe has provided advice at meetings of the Board of Directors and meetings held to exchange opinions with Representative Members of the Board, mainly on subjects such as capital policy, marketing, and risk management, etc. In addition, on the Nomination Committee and the Compensation Committee he has offered advice on the appointment of officers, etc., succession planning, and revising the compensation system.</p>
	Noriko Endo	<p>Ms. Noriko Endo has a wealth of experience cultivated through her career, including reporting as the editor of a financial magazine, conducting research on public policy (in the fields of energy and economic security, etc.), and serving as an Outside director of corporations, and has a high level of integrity and insight. She was therefore elected at the Ordinary General Meeting of Shareholders held in June 2022 on the expectation that she would help strengthen the supervisory function for business execution and provide advice from her wide-ranging perspectives on management, and she has been serving as an Outside Member of the Board.</p> <p>Ms. Endo has provided advice at meetings of the Board of Directors and meetings held to exchange opinions with Representative Members of the Board, mainly on subjects such as Group management, strengthening governance, and public policy, etc.</p>

Position	Name	Function and Role
Outside Members of the Board (excluding Audit and Supervisory Committee Members)	Natsuko Takei	<p>Ms. Natsuko Takei has a wealth of experience as the person responsible for corporate legal affairs and compliance, and has a high level of integrity and insight. She was therefore elected at the Ordinary General Meeting of Shareholders held in June 2024 on the expectation that she would help strengthen the supervisory function for business execution and provide advice from her wide-ranging perspectives on management, and she has been serving as an Outside Member of the Board.</p> <p>Ms. Takei has provided advice at meetings of the Board of Directors and meetings held to exchange opinions with Representative Members of the Board, mainly on subjects such as strengthening governance, risk management, and compliance, etc.</p>
Outside Members of the Board (Audit and Supervisory Committee Members)	Kensuke Koshiyama	<p>Mr. Kensuke Koshiyama has a wealth of experience in finance and accounting, as well as auditing business execution through his career at the Board of Audit Japan and has a high level of integrity and insight. The Company expects him to provide appropriate supervision of business execution, and to conduct audits from a neutral standpoint. He was therefore elected at the Ordinary General Meeting of Shareholders held in June 2025, and has been appointed as an Outside Member of the Board.</p> <p>Mr. Koshiyama has provided advice as necessary at meetings of the Board of Directors, the Audit and Supervisory Board, the Audit and Supervisory Committee, at meetings held to exchange opinions with Representative Members of the Board and Outside Independent Members of the Board, and at meetings held to exchange opinions with Representative Members of the Board and Audit and Supervisory Board Members of Group companies, mainly from the perspective of promoting sustainability on subjects such as corporate governance and compliance. In addition, he actively provides advice that contributes to systems to ensure the proper conduct of business across the NTT Group and help prevent misconduct and other irregularities.</p>
	Hideki Kanda	<p>Mr. Hideki Kanda has a wealth of experience as a legal expert accumulated through his career as a university professor, and has a high level of integrity and insight. The Company expects him to provide appropriate supervision of business execution, and to conduct audits from a neutral standpoint. He was therefore elected at the Ordinary General Meeting of Shareholders held in June 2025, and has been appointed as an Outside Member of the Board.</p> <p>Mr. Kanda has provided advice as necessary at meetings of the Board of Directors, the Audit and Supervisory Board and the Audit and Supervisory Committee, at meetings held to exchange opinions with Representative Members of the Board and Outside Independent Member of the Board, and at meetings held to exchange opinions with Representative Members of the Board and Audit and Supervisory Board Members of Group companies, mainly from the perspective of promoting sustainability on subjects such as corporate governance and compliance. In addition, he actively provides advice and information, from the perspectives of the Companies Act and Corporate Governance Code, that contribute to the proper execution of business by the organizations that make up the NTT Group.</p>
	Kaoru Kashima	<p>Ms. Kaoru Kashima has a wealth of experience as an accounting expert accumulated through her career as a certified public accountant, and a high level of integrity and insight. The Company expects her to provide appropriate supervision of business execution, and to conduct audits from a neutral standpoint. She was therefore elected at the Ordinary General Meeting of Shareholders held in June 2025, and has been appointed as an Outside Member of the Board.</p> <p>Ms. Kashima has provided advice as necessary at meetings of the Board of Directors, the Audit and Supervisory Board and the Audit and Supervisory Committee, at meetings held to exchange opinions with Representative Members of the Board and Outside Independent Member of the Board, and at meetings held to exchange opinions with Representative Members of the Board and Audit and Supervisory Board Members of Group companies, mainly from the perspective of promoting sustainability, on subjects such as corporate governance, compliance, and promoting diversity. In addition to the above, at meetings held to exchange opinions with the independent auditor, she has actively provided advice that contributes to the enhancement of audit quality.</p>

- (b) The Company is proposing the following agenda items (resolutions) for the Ordinary General Meeting of Shareholders scheduled for June 18, 2026: “Election of Eleven (11) Members of the Board (excluding Audit and Supervisory Committee Members)” and “Election of One (1) Member of the Board who is an Audit and Supervisory Committee Member.” If these proposals be approved, the expected functions and roles of the Outside Members of the Board are as follows:

Position	Name	Function and Role
Outside Members of the Board (excluding Audit and Supervisory Committee Members)	Ken Sakamura	As stated in (a)
	Koichiro Watanabe	As stated in (a)
	Noriko Endo	As stated in (a)
	Natsuko Takei	As stated in (a)
	Miho Hanafusa	Ms. Hanafusa possesses extensive experience as a leader in research and development and corporate strategy, and is highly regarded for her character and insight. In anticipation of her contributions to strengthening oversight of business operations and her ability to provide advice from a broad managerial perspective, she was appointed as an Outside Members of the Board at the Company’s Ordinary General Meeting of Shareholders in June 2026.

Position	Name	Function and Role
Outside Members of the Board (Audit and Supervisory Committee Members)	Kensuke Koshiyama	As stated in (a)
	Hideki Kanda	As stated in (a)
	Kaoru Kashima	As stated in (a)

(3) Audits

i. Audit and Supervisory Committee

On June 19, 2025, the Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. The following sections, “Activities of the Audit and Supervisory Committee” and “Evaluation of the Effectiveness of the Audit and Supervisory Committee,” include activities pertaining to the period when the Company was a company with an Audit and Supervisory Board.

Composition of the Audit and Supervisory Committee

The Audit and Supervisory Committee comprises three Outside Independent Members of the Board who are Audit and Supervisory Committee Members and two internal Members of the Board who are Audit and Supervisory Committee Members (including two female members, one from each group), who possess expertise and insight in specialized fields such as academia and accounting, and NTT conducts effective audits by combining the independence of Outside Members with the advanced information-gathering capabilities of internal Members. As Audit and Supervisory Committee Member Mr. Keiichiro Yanagi is a certified member of the Securities Analysts Association of Japan, Outside Independent Audit and Supervisory Committee Member Mr. Kensuke Koshiyama has professional experience at the Board of Audit of Japan, and outside Audit and Supervisory Committee Member Ms. Kaoru Kashima is a Certified Public Accountant, all three possess considerable expertise in finance and accounting.

(Note) The Company proposing the “Election of One (1) Member of the Board who is an Audit and Supervisory Committee Member” as an agenda item (resolution) for the Ordinary General Meeting of Shareholders scheduled for June 18, 2026. Even if this proposal is approved, the Company will continue to have three Outside members of the Board serving as members of the Audit and Supervisory Committee and two Members of the Board serving as members of the Audit and Supervisory Committee (two of whom are female).

Please see “(2) Members of the Board” for additional details.

Activities of the Audit and Supervisory Committee

During fiscal year 2025, under the Medium-Term Management Strategy, the NTT Group accelerated value creation in growth areas such as the societal implementation of AI and IOWN, and conducted business activities aimed at global sustainability. In accordance with audits required by laws and regulations, the Audit and Supervisory Committee conducted focused audits on the progress of the Medium-Term Management Strategy; initiatives to maintain and enhance corporate governance, including those involving domestic and overseas subsidiaries; the thorough implementation of compliance; further strengthening of the business foundation; initiatives related to information security; and responses to sustainability-related issues. Furthermore, the Audit and Supervisory Board strived to conduct audits flexibly in response to events and changes that occurred during the period and to conduct effective audits based on dialogues between management and investors.

During fiscal year 2025, prior to the transition to a company with an Audit and Supervisory Committee, the Audit and Supervisory Board held 7 meetings (all Audit and Supervisory Board Members attended all meetings), and following the transition, the Audit and Supervisory Committee held 16 meetings (all Audit and Supervisory Committee Members attended all meetings). In addition, separate meetings of the Audit and Supervisory Board and the Audit and Supervisory were held 32 times to collect and share information, including receiving explanations from management regarding matters submitted to Executive Officers meetings. In addition, Audit and Supervisory Committee Members, including Outside Independent Members of the Board who are Audit and Supervisory Committee Members, attended meetings of the Board of Directors and other important meetings, held 49 opinion-exchange meetings with Representative Members of the Board and Outside Independent Members of the Board (excluding Audit and Supervisory Committee Members), conducted interviews with organizational heads, discussed management issues and responses, and audited the execution of duties by Members of the Board (excluding those who are members of the Audit and Supervisory Committee) and others. Furthermore, Audit and Supervisory Committee Members exchanged opinions with the independent auditor 13 times, working closely together to ensure appropriate financial audits by confirming audit status, discussing key audit matters, and continuously reviewing audit methods and results. The Audit and Supervisory Committee Members also met with the Internal Audit Department 18 times, received explanations of audit plans and reports on the status of internal control systems, shared information on governance in global operations and growth areas, engaged in regular discussions, made recommendations as necessary, and maintained close coordination with the Internal Audit Department.

With respect to initiatives involving Group companies, during fiscal year 2025, the Audit and Supervisory Committee Members exchanged opinions with representative directors, management, and auditors of Group companies, including overseas subsidiaries, and conducted 77 on-site inspections of the executive departments, thereby gaining an understanding of the status of the execution of duties by directors and others and making recommendations as necessary. In addition, to enhance the Group audit framework, the Audit and Supervisory Committee Members aligned their recognition of material risks selected from a

Group-wide perspective with auditors of major Group companies, conducted audits through those auditors, received reports on audit results, and exchanged opinions. Furthermore, the Audit and Supervisory Committee undertook initiatives to further enhance the activities of Group auditors by sharing case examples at liaison meetings of NTT Group Auditors, hosting lectures by experts on audit practices, and facilitating discussions on audit activities.

Through these activities, Audit and Supervisory Committee Members have contributed, from an independent perspective distinct from that of executive management, to the sound and sustainable growth and development of the Company and its Group companies, as well as to strengthening the corporate governance system and enhancing compliance awareness.

Evaluation of the Effectiveness of the Audit and Supervisory Committee

The effectiveness of the Audit and Supervisory Board prior to the transition to a company with an Audit and Supervisory Committee, as well as the effectiveness of the Audit and Supervisory Committee following the transition, has continued to be evaluated since fiscal year 2018, primarily for the purpose of reviewing the audit activities of the fiscal year, reflecting the results in the audit plan for the following fiscal year, and improving audit quality. In evaluating effectiveness for fiscal year 2025, in addition to questionnaires and interviews with all Audit and Supervisory Committee Members and an analysis of their activities based on various audit-related materials, interviews were conducted with two individuals, an Outside Member of the Board (who is not a Audit and Supervisory Committee Member) and the Head of Internal Audit, to verify the actual state of collaboration, as such collaboration is extremely important. To ensure anonymity and incorporate an objective perspective, a third-party organization was engaged to conduct the questionnaires and interviews and to analyze the aggregated results. The primary items of evaluation were the audit plan; proposals to management and audits of business execution; the Group audit framework; responses to fraud; collaboration among the “three audits”; and the operation of the Audit and Supervisory Committee. In their analysis and evaluation, the Audit and Supervisory Committee considered not only changes over time but also the progress made in addressing issues identified to further enhance effectiveness, as well as the status of audits, including key audit items and following discussions and verification by the Audit and Supervisory Committee, and based on the proper transition and succession from the Audit and Supervisory Board during the fiscal year, as well as the status of its operation, evaluated that the effectiveness of the Audit and Supervisory Committee has been ensured.

Going Forward, in light of the NTT Group’s global business development, to strengthen collaboration with the internal audit department, the independent auditor, Outside Members of the Board (excluding Audit and Supervisory Committee Members) and auditors of Group companies, and work to further enhance the Group audit framework. In addition, while audit plans will continue to be formulated annually taking into account changes in the internal and external environment and the status of the NTT Group’s business operations, the Audit and Supervisory Committee will continue its efforts to further enhance the effectiveness of the Audit and Supervisory Committee, conduct agile audits as necessary in response to events and changes arising during the fiscal year, thereby monitoring more closely the initiatives of Members of the Board (excluding Audit and Supervisory Committee Members) and Executive Officers and proactively making recommendations.

Nomination Policies and Procedure for Members of the Board who are Audit and Supervisory Committee Members

Candidates nominated as Members of the Board who are Audit and Supervisory Committee Members are nominated from individuals who are expected to conduct audits based on specialized experience and insight. From the perspective of ensuring fair audits of the execution of duties by Members of the Board (excluding Audit and Supervisory Committee Members), outside Members of the Board who are Audit and Supervisory Committee Members are nominated from individuals who are not likely to have conflicts of interest with general shareholders. In accordance with the Companies Act, a majority of the Members of the Board who are Audit and Supervisory Committee Members are appointed.

In the nomination procedure for candidates for Members of the Board who are Audit and Supervisory Committee Members, Members of the Board (excluding Audit and Supervisory Committee Members) propose candidates based on the nomination policy. Prior to meetings of the Board of Directors, the Audit and Supervisory Committee deliberates on and consents to the proposals, after which the Board of Directors resolves to submit them to the Ordinary General Meeting of Shareholders.

Support Structure for Audit and Supervisory Committee Activities

To support the activities of the Audit and Supervisory Committee, an office of the Audit and Supervisory Committee has been established comprising seven dedicated employees. In addition, arrangements are in place for the Company to retain external experts, including lawyers, at the Company’s expense and obtain advice. Upon appointment, training is provided on market trends and compliance. After appointment, they continue to receive training on wide range of topics, including domestic and international economic and social issues. In addition, for Outside Members of the Board who are Audit and Supervisory Committee Members, the Company provides opportunities such as site visits to further deepen their understanding of the Company and the NTT Group.

ii. Internal Audits

Following approval at the 40th Ordinary General Meeting of Shareholders held on June 19, 2025, and authorization from the Minister for Internal Affairs and Communications regarding partial amendments to the Articles of Incorporation, the Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee.

The Company has established Internal Audit Regulations that prescribe fundamental matters concerning the conducting of internal audits and has established an Internal Audit Department headed by an Executive Officer (16 personnel as of the filing date), as an organization independent from the audited units and under the direct authority of the President in order to promote internal audit activities efficiently and effectively.

The Internal Audit Department, whose mission is to enhance the value of the NTT Group and contribute to the achievement of management objectives, shall evaluate the appropriateness and effectiveness of governance, risk management, and internal control processes and provide recommendations to management and relevant departments from an independent and objective standpoint in accordance with the Internal Audit Regulations. The Internal Audit Department also conducts risk-based internal audits, taking into consideration the business condition of NTT Group companies and other relevant factors.

The Internal Audit Department periodically reports its internal audit plan and audit results to the Board of Directors and the Audit and Supervisory Committee and, as necessary, coordinates with Audit and Supervisory Committee Members and the independent auditor. In addition, through testing of the development and operation of internal control systems related to financial reporting pursuant to the Financial Instruments and Exchange Act of Japan, the Internal Audit Department verifies their effectiveness and works to strengthen them.

iii. Independent Auditor

Following approval at the 40th Ordinary General Meeting of Shareholders held on June 19, 2025, and authorization from the Minister for Internal Affairs and Communications regarding partial amendments to the Articles of Incorporation, the Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee.

Activities of the Independent Auditor

The Company has appointed KPMG AZSA LLC as its independent auditor since 1985.

The independent auditor conducts appropriate audits while maintaining close coordination with the Audit and Supervisory Committee and the Internal Audit Department, including by reporting audit plans and audit results to the Audit and Supervisory Committee and establishing, in collaboration with the Internal Audit Department, a framework for monitoring the status of controls as part of procedures for evaluating internal control over financial reporting. The certified public accountants who executed the audit for fiscal year 2025 were Yutaka Terasawa, Kotetsu Nonaka and Kei Sakayori, and the audit assistants comprised 32 certified public accountants and 79 other staff.

To maintain audit independence, engagement partners from KPMG AZSA LLC are appropriately rotated in accordance with the Certified Public Accountants Act of Japan, such that the lead engagement partner does not participate in audit engagements for more than five consecutive fiscal periods, after which an interval of five fiscal periods is required. Furthermore, engagement partners other than the lead engagement partner do not participate in audit engagements for more than seven consecutive fiscal periods, after which an interval of two fiscal periods is required.

Nomination Policy and Reasons for Appointing the Independent Auditor

The Company believes it is important for accounting audits to be conducted efficiently while maintaining and enhancing audit quality. Based on this approach, the Audit and Supervisory Committee evaluates candidates for independent auditor based on evaluation items including the independent auditor's independence and expertise and the appropriateness and validity of the audits performed by the independent auditor and, following a resolution of the Audit and Supervisory Committee, submits the proposal to the Ordinary General Meeting of Shareholders.

If the Audit and Supervisory Committee determines that the independent auditor falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act, it will dismiss the independent auditor with the unanimous consent of all Members of the Board serving as Audit and Supervisory Committee Members. In addition, if the Audit and Supervisory Committee determines that it is difficult for the independent auditor to perform appropriate audits, it will determine the content of proposals regarding the dismissal or non-reappointment of the independent auditor to be submitted to the General Meeting of Shareholders.

iv. Description of Audit Fees

Following approval at the 40th Ordinary General Meeting of Shareholders held on June 19, 2025, and authorization from the Minister for Internal Affairs and Communications regarding partial amendments to the Articles of Incorporation, the Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee.

Compensation Paid to the Independent Auditor

Category	FY2024		FY2025	
	Compensation for Audit Services (millions of yen)	Compensation for Non-Audit Services (millions of yen)	Compensation for Audit Services (millions of yen)	Compensation for Non-Audit Services (millions of yen)
NTT	325	—	344	—
Consolidated subsidiaries	3,025	192	3,259	224
Total	3,350	192	3,603	224

(FY2024)

Non-audit services for which the Company's consolidated subsidiaries pay compensation to KPMG AZSA LLC, the Company's independent auditor, include information security audit services related to registration under the Japanese government's Information System Security Management and Assessment Program (ISMAP).

(FY2025)

Non-audit services for which the Company's consolidated subsidiaries pay compensation to KPMG AZSA LLC, the Company's independent auditor, include information security audit services related to registration under the Japanese government's Information System Security Management and Assessment Program (ISMAP).

Compensation of the Same Network (KPMG Network) as the Independent Auditor (excluding the above compensation paid to the independent auditor)

Category	FY2024		FY2025	
	Compensation for Audit Services (millions of yen)	Compensation for Non-Audit Services (millions of yen)	Compensation for Audit Services (millions of yen)	Compensation for Non-Audit Services (millions of yen)
NTT	—	4	—	4
Consolidated subsidiaries	3,606	309	3,939	366
Total	3,606	313	3,939	370

(FY2024)

NTT and its consolidated subsidiaries pay compensation to KPMG AZSA LLC, NTT's Independent Auditor, and other member firms of the KPMG network for non-audit services, including assurance services related to sustainability information, as well as assistance with the preparation of tax returns and tax advisory services for 53 consolidated subsidiaries in Japan and overseas.

(FY2025)

NTT and its consolidated subsidiaries pay compensation to KPMG AZSA LLC, NTT's Independent Auditor, and other member firms of the KPMG network for non-audit services, including assurance services related to sustainability information, as well as assistance with the preparation of tax returns and tax advisory services for 76 consolidated subsidiaries in Japan and overseas.

Other Significant Fees for Audit and Assurance Services

Not applicable.

Policy for Determining Audit Fees

No specific policy has been established. However, audit fees are determined, with the consent of the Audit and Supervisory Committee in accordance with applicable laws and regulations, taking into consideration factors such as the size and characteristics of the Company and its consolidated subsidiaries and the number of audit days.

Evaluation of the Independent Auditor by the Audit and Supervisory Committee and Reasons

The Audit and Supervisory Committee evaluates the independence and expertise of the independent auditor and the appropriateness and validity of audits conducted by the independent auditor. Specifically, it evaluates matters including the independent auditor's quality control, the composition of the audit team, communication with the Audit and Supervisory Committee and management, the quality of overseas network firms, and audit reports and confirms that the independent auditor has the capabilities and quality control framework appropriate to serve as the Company's independent auditor.

Reasons for the Audit and Supervisory Committee's Consent to Compensation to the Independent Auditor

After confirming and reviewing matters including the details of the independent auditor's audit plan, the status of performance of accounting audit duties, and the basis for calculating the estimated compensation, the Audit and Supervisory Committee has provided its consent to such compensation pursuant to Article 399, Paragraph 1 of the Companies Act.

(4) Compensation for Members of the Board

1. Matters Concerning the Details and Decision-Making Process for Determining the Amounts of Compensation for Members of the Board and the Methods of Calculation

The Board of Directors resolved at a meeting held on May 8, 2026 to revise the policy concerning decisions on the details of individual compensation, etc. for Members of the Board (the “Determination Policy”). An overview of the Determination Policy is as follows.

The Company has established a Compensation Committee composed of a majority of Outside Independent Members of the Board to ensure objectivity and transparency in determining the policy, composition, and levels of compensation for Members of the Board (excluding Audit and Supervisory Committee Members), and compensation matters are decided by the Board of Directors after deliberation by the committee. Moreover, decisions on the composition ratios, calculation methods, and individual amounts of compensation for each Member of the Board are delegated from the Board of Directors to the Compensation Committee. The reason for this delegation is that the Compensation Committee is composed of Representative Members of the Board and Outside Members of the Board, and is therefore considered able to make appropriate judgements from an outside perspective while also taking a comprehensive view of the Company’s overall performance.

Compensation for individual Members of the Board (excluding Outside Members of the Board and Audit and Supervisory Committee Members) consists of monthly salary (base compensation), a bonus (short-term incentive), NTT stock purchases through the Board Members’ Shareholding Association, and performance-related stock compensation (medium- to long-term incentive).

Monthly salary is fixed compensation paid each month based on the scope of roles and responsibilities for each position, and bonuses are paid each June taking into account performance during the fiscal year under review. The financial targets of the medium-term management strategy have been selected as performance indicators for bonuses. This is because greater clarification of the link between compensation for Members of the Board and the Company’s corporate value increases the motivation to achieve the financial targets in the medium-term management strategy. In addition, bonuses are calculated by converting, for each indicator, the year-on-year improvement level or degree of achievement against the plan for each financial target into a payment rate with a predetermined method, calculating a weighted average based on the weight of each indicator, and multiplying the result by the bonus standard amount for each position. (Please refer to “Bonus Performance Indicators.”)

In addition, in order to reflect medium- to long-term performance, Members of the Board purchase the Company’s shares through the Board Members’ Shareholding Association using compensation for share acquisition paid monthly, and all shares purchased are to be held throughout their term of office.

Performance-related stock compensation uses a trust established by the Company and points are granted each June based on roles. In June of the fiscal year following the conclusion of the medium-term management strategy, a performance-related coefficient is determined based on the achievement of performance indicators. The number of shares to be granted is then calculated by multiplying the cumulative number of points by this coefficient. The granted shares are delivered to the Member of the Board upon retirement. The performance-linked coefficient shall be evaluated based on the financial targets and other criteria set forth in the Company’s Medium-Term Management Strategy, with EBITDA, the key indicator of the current Medium-Term Management Strategy, serving as the performance evaluation metric. Furthermore, in accordance with the “Partial Revision of the Medium-Term Management Strategy” announced on May 8, 2026 (the Revision), for the cumulative points for the two fiscal years ending March 31, 2025, and March 31, 2026, the number of shares to be granted will be calculated by multiplying the cumulative points by the performance-linked coefficient based on the degree of achievement of the financial targets set forth in the Medium-Term Management Strategy prior to the Revision, as of the end of fiscal year 2027, which was designated as the final fiscal year in the Medium-Term Management Strategy prior to the Revision. Furthermore, regarding the cumulative points for the five fiscal years ending March 31, 2027, through March 31, 2031, the number of shares to be granted will be calculated by multiplying the cumulative points by a performance-linked coefficient based on the degree of achievement of the financial targets and other factors as of the end of fiscal year 2030, which is the final fiscal year under the revised Medium-Term Management Strategy.

The remuneration structure includes the compensation ratio of monthly salary, short-term incentive, and medium- to long-term incentive is determined in accordance with responsibilities. Specifically, assuming standard performance, the compensation ratio for the Representative Member of the Board and President, and the Representative Member of the Board and Senior Executive Vice President, is approximately 40:35:25 for monthly salary, short-term incentive, and medium- to long-term incentive. For other Members of the Board (excluding outside Members of the Board and Audit and Supervisory Committee Members), the ratio is approximately 50:30:20. When appointing non-Japanese officers, compensation levels and composition may be determined individually, taking into consideration factors such as responsibilities and market levels.

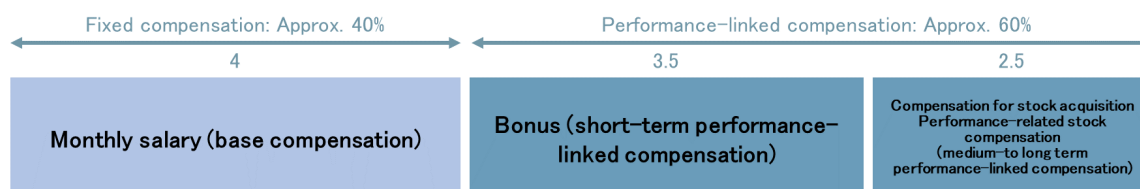
In order to ensure a high level of independence, compensation for Outside Members of the Board (excluding Audit and Supervisory Committee Members) consists only of fixed monthly salary, and is not linked to performance.

Note that an overview of the policy for determining the details of individual compensation, etc. for Members of the Board is as provided above, and when determining the details of the individual compensation, etc., the Compensation Committee considers matters from various angles, including consistency with the Determination Policy, and the Board of Directors respects its judgment. The details of individual compensation, etc. for Members of the Board for the fiscal year under review are judged to be in line with the Determination Policy.

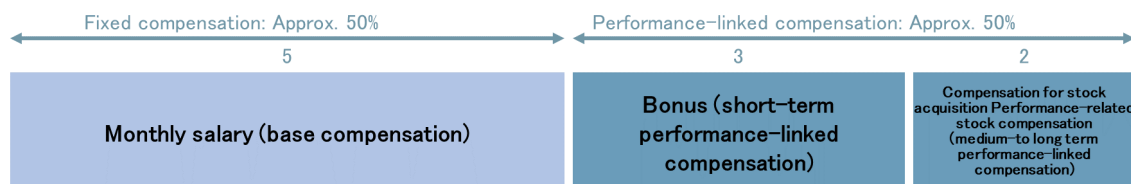
Compensation for Members of the Board who are Audit and Supervisory Committee Members is determined through consultation among such Members of the Board and consists only of fixed monthly salary, for the same reasons as those cited above with respect to Outside Members of the Board (excluding Audit and Supervisory Committee Members).

The Compensation Committee which was delegated by the Board of Directors to determine the details of individual compensation, etc. of Members of the Board for the fiscal year 2025 comprises Mr. Akira Shimada (Representative Member of the Board and President), Mr. Takashi Hiroi (Representative Member of the Board and Senior Executive Vice President), Mr. Ken Sakamura (Outside Member of the Board), Ms. Yukako Uchinaga (Outside Member of the Board), and Mr. Koichiro Watanabe (Outside Member of the Board). As of the filing date of this Annual Securities Report, there has been no changes in the members of the Compensation Committee.

Representative Member of the Board and President and Representative Member of the Board and Senior Executive Vice President



Other Members of the Board (excluding Outside Members of the Board and Audit and Supervisory Committee Members)



Bonus Performance Indicators

Financial targets and other measures set forth in the Medium-Term Management Strategy are used as performance indicators, and performance is evaluated based on the level of year-on-year improvement or the degree of achievement against the plan.

Category	Performance Indicators	Evaluation Weighting	Evaluation Method	Results (FY2024)	Results (FY2025)
Financial Indicators	EBITDA	25%	Year on year improvement	¥3,239.3 billion	¥3,423.3 billion
	EPS (Earnings Per Share)	10%		¥12.0	¥12.6

Category	Performance Indicators	Evaluation Weighting	Evaluation Method	Targets (FY2025)	Results (FY2025)	
Financial Indicators	EBITDA	25%	Achievement level of plan	¥3,390.0 billion	¥3,423.3 billion	
	Operating profit	10%		¥1,770.0 billion	¥1,706.2 billion	
	Overseas operating profit margin	10%		12.9%	11.7%	
	ROIC (return on invested capital)	5%		5.0%	4.3%	
Sustainability Indicators	Greenhouse gas emissions	5%	Achievement level of plan	2.069 million Tons or less	2.041 million tons	
	Percentage of female employees among newly appointed managers	2.5%		30%	28%	
	Employee engagement rate	2.5%		57%	64%	
	Customer engagement	NPI		2.5%	70.5%	71.9%
		NPS		2.5%	-31.3	-29.5

Notes: 1. The scope of aggregation for overseas operating profit margin is on a consolidated basis for the NTT DATA Group. Calculation excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

2. Existing areas refer to NTT DOCOMO's consumer telecommunications businesses, NTT East and NTT West.

3. GHG emissions figures are preliminary and are calculated in accordance with GHG protocol Scope 1 & 2.

4. The scope of aggregation for the percentage of female employees among newly appointed managers is for NTT, NTT DOCOMO*¹, NTT DATA Group*¹, NTT East and NTT West.

*¹ Figures for NTT DOCOMO include NTT DOCOMO BUSINESS. The NTT DATA Group also includes figures for NTT DATA and NTT DATA, Inc.

5. The employee engagement rate is the percentage of respondents who provide positive answers to the four indicators set as the NTT Group KPIs for measuring engagement. The scope of aggregation for the employee engagement rate includes NTT, NTT DOCOMO*², NTT DATA Group, NTT East, NTT West, NTT Urban Solutions, Inc., NTT Anode Energy Corporation, and their designated subsidiaries*³.

*² Figures for NTT DOCOMO include NTT DOCOMO BUSINESS.

*³ The employee engagement survey is being sequentially expanded to target subsidiaries other than designated subsidiaries. Commencing in fiscal year 2024, the survey is now conducted at NTT Group companies overseas.

6. Customer engagement NPI (Next Purchase Intention) measures customers' intention to continue using services, and NPS[®] (Net Promoter Score[®]) *⁴ measures the degree to which customers recommend services to others. Customer engagement targets small- and medium-sized enterprise services and consumer services, which are the focus areas of NTT East, NTT West, and NTT DOCOMO*⁵. (Beginning in fiscal year 2026, the scope is planned to be expanded to include services for large corporate customers.)

*⁴ Net Promoter Score and NPS are registered trademarks of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc. (currently NICE Systems, Inc.).

*⁵ Figures for NTT DOCOMO include NTT DOCOMO BUSINESS.

Based on the revised Medium-Term Financial Targets, the Company plan to revise the performance indicators for the fiscal year 2026 bonuses as follows.

Category	Performance Indicators	Evaluation Weighting	Evaluation Method
Financial Indicators	EBITDA	25%	Year on year improvement
	EPS (Earnings Per Share)	10%	
	EBITDA	25%	Achievement level of plan
	Operating profit	10%	
	ROIC (excluding financial businesses)	7.5%	
	Capital investments	7.5%	

Category	Performance Indicators	Evaluation Weighting	Evaluation Method
Sustainability Indicators	Customer engagement	5%	Year on year improvement
	Greenhouse gas emissions	5%	Achievement level of plan
	Percentage of female employees among newly appointed managers	2.5%	
	Employee engagement rate	2.5%	

Notes: 1. ROIC excludes NTT DOCOMO Financial Group consolidated figures.

2. GHG emissions figures are calculated in accordance with GHG protocol Scope 1 & 2.

3. The scope of aggregation for the percentage of female employees among newly appointed managers is for NTT, NTT DOCOMO*¹, NTT DATA Group*¹, NTT East, and NTT West.

*¹ Figures for NTT DOCOMO include NTT DOCOMO BUSINESS. NTT DATA Group also includes figures for NTT DATA and NTT DATA, Inc.

4. The employee engagement rate is the percentage of respondents who provide positive answers to the four indicators set as the NTT Group KPIs for measuring engagement. The scope of aggregation for the employee engagement rate includes NTT, NTT DOCOMO*², NTT DATA Group, NTT East, NTT West, NTT Urban Solutions, Inc. and NTT Anode Energy Corporation, and their designated subsidiaries*³.

*² Figures for NTT DOCOMO include NTT DOCOMO BUSINESS.

*³ The employee engagement survey is being sequentially expanded to target subsidiaries other than designated subsidiaries. Commencing in fiscal year 2024, the survey is now conducted at NTT Group companies overseas.

5. Customer engagement NPI (Next Purchase Intention) measures customers' intention to continue using services, and NPS[®] (Net Promoter Score[®]) *⁴ measures the degree to which customers recommend services to others. Customer engagement targets small- and medium-sized enterprise services and consumer services, which are the focus areas of NTT East, NTT West, and NTT DOCOMO*⁵ as well as NTT DATA and NTT DOCOMO BUSINESS's services targeted towards large corporate customers

*⁴ Net Promoter Score and NPS are registered trademarks of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc. (currently NICE Systems, Inc.).

*⁵ Figures for NTT DOCOMO include NTT DOCOMO BUSINESS.

2. Amounts of Compensation by Officer Category, Amounts by Type of Compensation, and Number of Officers Subject Thereto

Total Amount of Compensation for Members of the Board and Audit and Supervisory Committee Members for the Fiscal Year Ended March 31, 2026

Category	Number of Persons Paid	Fixed	Short-Term	Medium- to Long-Term		Total Compensation (millions of yen)
		Base Salary (millions of yen)	Bonuses (millions of yen)	Compensation for Stock Acquisition (millions of yen)	Performance-related Stock Compensation (millions of yen)	
Members of the Board (excluding Audit and Supervisory Committee Members)	12	356	213	39	59	667
Internal Members of the Board	7	262	213	39	59	573
Outside Members of the Board	5	95	-	-	-	95
Members of the Board (Audit and Supervisory Committee Members)	5	137	-	-	-	137
Internal Members of the Board	2	72	-	-	-	72
Outside Members of the Board	3	65	-	-	-	65
Auditors	5	43	-	-	-	43
Internal Members of the Board	2	23	-	-	-	23
Outside Members of the Board	3	20	-	-	-	20
Total	22	536	213	39	59	847
Internal Members of the Board	11	356	213	39	59	667
Outside Members of the Board	11	180	-	-	-	180

Notes: 1. The amounts above include one Member of the Board and five Auditors who retired upon the conclusion of the 40th Ordinary General Meeting of Shareholders held on June 19, 2025. Please note that on June 19, 2025, the Company transitioned from a company with a Board of Auditors to a company with an Audit and Supervisory Committee. The amounts of compensation for auditors represents the compensation received during the tenure of the five Auditors who retired upon the conclusion of the 40th Ordinary General Meeting of Shareholders held on June 19, 2025. As these five individuals retired as auditors upon the conclusion of the aforementioned Ordinary General Meeting of Shareholders and subsequently assumed new positions as Members of the Board (Audit and Supervisory Committee Members), the amounts paid and the number of individuals are reported separately: amounts for the period during which they served as auditors are included under “Auditors,” and amounts for the period during which they served as Members of the Board (Audit and Supervisory Committee Members) are included under “Members of the Board (Audit and Supervisory Committee Members).”

2. At the 40th Ordinary General Meeting of Shareholders held on June 19, 2025, it was resolved that compensation for Members of the Board (excluding Audit and Supervisory Committee Members) would be comprised of three components: (1)monetary compensation of up to 830 million yen per year (of which up to 200 million yen per year is for Outside Members of the Board); (2)amounts paid to Members of the Board (excluding Outside Members of the Board and Audit and Supervisory Committee Members) as funds to acquire the Company’s shares through the Board Members’ Shareholding Association, etc. of up to 70 million yen per year and up to 825,000 shares per year; and (3)amounts contributed to the performance-linked stock compensation plan of up to an amount calculated by multiplying 150 million yen per year by the number of years in the target period (the fiscal years covered by the Company’s Medium-Term Management Strategy) and up to 1,750,000 shares per year. At the conclusion of this Ordinary General Meeting of Shareholders, there were 11 Members of the Board (excluding Audit and Supervisory Committee Members), of whom 5 were Outside Members of the Board.
3. The amount of performance-linked stock compensation for Members of the Board (excluding Outside Members of the Board and Audit and Supervisory Committee Members) shown above is the amount recorded as an expense for point grants for the fiscal year under review.
4. The amount of compensation for Members of the Board who are Audit and Supervisory Committee Members was resolved to be up to 200 million yen per year at the 40th Ordinary General Meeting of Shareholders held on June 19, 2025. At the conclusion of this Ordinary General Meeting of Shareholders, there were five Members of the Board who are Audit and Supervisory Committee Members.
5. The composition ratio of compensation for Members of the Board (excluding Outside Members of the Board and Audit and Supervisory Committee Members) under standard performance is approximately Fixed: Short-term: Medium- to long-term = 50%: 30%: 20%.

3. Total Amount of Compensation, etc. for Individuals with Total Compensation of 100 million yen or more

Name (Position)	Category	Fixed	Short-Term	Medium- to Long-Term		Total Amount of Consolidated Compensation (millions of yen)
		Base Salary (millions of yen)	Bonuses (millions of yen)	Compensation for Stock Acquisition (millions of yen)	Performance-related Stock Compensation (millions of yen)	
Jun Sawada (Member of the Board)	NTT, Inc.	59	41	8	12	119
Akira Shimada (Representative Member of the Board)	NTT, Inc.	66	69	13	19	167

(5) Shareholdings

NTT does not hold shares for the purpose of creating stable shareholders, and has no plans to hold such shares in the future.

Criteria for and Approach to the Classification of Equity Securities for Investments

NTT defines shares held solely for investment purposes as shares held to obtain profits from short-term fluctuations in interest rates, currencies, securities market prices and market disparities, or to receive dividends or other income.

On the other hand, NTT defines strategic shareholdings as shares held as necessary to promote collaboration and open innovation with partners in various industries with the aim of enhancing corporate value over the medium- to long-term.

Equity Securities Held for Purposes other than Solely for Investment (Strategic Shareholdings)

NTT's business policy is to promote open innovation and collaboration with partners in a variety of industries with the aim of enhancing corporate value over the medium to long term. Based on this policy, NTT verifies the appropriateness of holding individual shares at Investment Strategy Committee meetings and other forums by comprehensively considering factors including their contribution to NTT's medium- to long-term business performance, the progress of business collaborations, future issues related to such collaborations, performance trends and future management strategies of the investee, and whether the benefits of holding such shares are commensurate with the capital cost and associated risks, and determines whether to continue holding or to sell such shares. In addition, with respect to strategic shareholdings held by NTT Group companies, reviews are conducted annually regarding the appropriateness of holding individual shares, and efforts are made to sell such shares as appropriate.

With respect to the exercise of voting rights of strategic shareholdings, NTT appropriately exercises its voting rights as a shareholder after reviewing whether the relevant initiatives contribute to the sustainable growth of the investee companies and to the enhancement of corporate value of both NTT and the investee companies over the medium to long term.

The status of shareholdings by NTT, which has the largest balance sheet amount of investment shares among NTT and its consolidated subsidiaries, is as follows:

(a) Number of issues and total balance sheet amount of equity securities held for purposes other than solely for investment

	Number of Issues	Total Balance Sheet Amount (millions of yen)
Unlisted shares	15	76,430
Shares other than unlisted shares	8	1,025,736

(Issues in which the number of shares increased during the fiscal year ended March 31, 2026)

	Number of Issues	Total acquisition cost relating to the increase in the number of shares (Millions of yen)	Reasons for the increase in the number of shares
Unlisted shares	1	5,496	• To strengthen the collaborative relationship with the business alliance partner.
Shares other than unlisted shares	1	110,886	• To strengthen the collaborative relationship with the business alliance partner.

(Issues in which the number of shares decreased during the fiscal year ended March 31, 2026)

Not applicable.

(b) Number of shares, balance sheet amounts, and other information for each issue of specified equity securities and deemed holdings

(Specified Equity Securities)

Issue Name	FY2025	FY2024	Purpose of Holding, Summary of Business Alliance, Quantitative Effects of Holding, and Reasons for the Increase in the Number of Shares	Whether the Investee Holds NTT's Shares
	Number of Shares	Number of Shares		
	Balance Sheet Amounts (millions of yen)	Balance Sheet Amounts (millions of yen)		
TOYOTA MOTOR CORPORATION	148,654,500	148,654,500	NTT entered into a capital and business alliance with the company in March 2020 and holds the company's shares primarily to strengthen the collaborative relationship in the smart city business. As the smart city business is a long-term, ongoing initiative that is expected to contribute to NTT's medium- to long-term business performance, NTT reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	Yes
	470,046	388,880		
NEC Corporation	65,118,000	13,023,600	NTT entered into a capital and business alliance with the company in June 2020 and holds such company's shares primarily to strengthen the collaborative relationship in joint research and development and global expansion, utilizing innovative optical and wireless technologies. In addition to the expected contribution to NTT's medium- to long-term business performance through expanded sales of jointly developed products, NTT reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies. It should be noted that NEC Corporation conducted a five-for-one stock split in April 2025, resulting in an increase in the number of shares.	No
	250,444	204,796		

Issue Name	FY2025	FY2024	Purpose of Holding, Summary of Business Alliance, Quantitative Effects of Holding, and Reasons for the Increase in the Number of Shares	Whether the Investee Holds NTT's Shares				
	Number of Shares	Number of Shares						
	Balance Sheet Amounts (millions of yen)	Balance Sheet Amounts (millions of yen)						
SBI Holdings, Inc.	54,000,000	—	<p>NTT entered into a capital and business alliance agreement with the company in May 2025 and holds such company's shares primarily for the purpose of creating new services centered on the financial field and expanding business opportunities.</p> <p>Through mutual utilization of the information and communications technologies and digital platforms held by the NTT Group and the business infrastructure and expertise in the financial field possessed by the company's group, contributions to the enhancement of NTT's medium- to long-term corporate value are expected. In addition, NTT reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and the status of collaboration.</p>	No				
	153,846	—			Tokyo Century Corporation	49,211,200	49,211,200	<p>NTT entered into a capital and business alliance with the company in February 2020 and holds the company's shares primarily to strengthen the collaborative relationship in the leasing and asset business fields. In addition to the expected contribution to NTT's medium- to long-term business performance through the strengthening of the leasing business and joint development of the asset business through the joint venture with the company, NTT reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.</p>
Tokyo Century Corporation	49,211,200	49,211,200	<p>NTT entered into a capital and business alliance with the company in February 2020 and holds the company's shares primarily to strengthen the collaborative relationship in the leasing and asset business fields. In addition to the expected contribution to NTT's medium- to long-term business performance through the strengthening of the leasing business and joint development of the asset business through the joint venture with the company, NTT reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.</p>	No				
	99,161	71,922						

Issue Name	FY2025	FY2024	Purpose of Holding, Summary of Business Alliance, Quantitative Effects of Holding, and Reasons for the Increase in the Number of Shares	Whether the Investee Holds NTT's Shares
	Number of Shares	Number of Shares		
	Balance Sheet Amounts (millions of yen)	Balance Sheet Amounts (millions of yen)		
Internet Initiative Japan Inc.	12,227,000	12,227,000	NTT entered into a capital and business alliance with the company in September 2003 and holds the company's shares primarily to establish a collaborative relationship for mutual business development and to acquire internet technologies and operational know-how. As the company is expected to contribute to the NTT Group's medium- to long-term business performance, including through the use of the NTT Group's facilities in providing internet access services, NTT reports to its Board of Directors that it will continue to hold shares of after regularly reviewing the company's business performance and future management strategies.	No
	29,926	31,778		
KADOKAWA CORPORATION	4,080,000	4,080,000	NTT entered into a capital and business alliance with the company in July 2013 and holds the company's shares primarily to strengthen the collaborative relationship in video and social services. As initiatives with the company are expected to expand the application areas of NTT's technologies and contribute to medium- to long-term business performance through the evolution of related services, NTT reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	No
	15,492	14,500		

Issue Name	FY2025	FY2024	Purpose of Holding, Summary of Business Alliance, Quantitative Effects of Holding, and Reasons for the Increase in the Number of Shares	Whether the Investee Holds NTT's Shares
	Number of Shares	Number of Shares		
	Balance Sheet Amounts (millions of yen)	Balance Sheet Amounts (millions of yen)		
ZENRIN CO., LTD.	4,200,000	4,200,000	NTT entered into a capital and business alliance with the company in March 2020 and holds the company's shares primarily to strengthen the collaborative relationship in advanced mapping. Since fiscal year 2020, the NTT Group and the company have jointly developed an "advanced geospatial information database" utilizing the NTT Group's high-precision positioning technologies and expertise in map development and infrastructure maintenance, together with the company's map production expertise, including diverse data collection capabilities. As the outcomes of these alliances are expected to help address social issues and create value in new business fields, NTT reports to its Board of Directors has reported that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	Yes
	4,158	4,456		
ACCESS CO., LTD.	5,134,600	5,134,600	NTT entered into a capital and business alliance with the company in December 2023 and holds the company's shares primarily to strengthen the collaborative relationship in the development and external sales of network OS (Beluganos). As expanded sales of developed products are expected to contribute to NTT's medium- and long-term business performance, NTT reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	No
	2,665	4,087		

Note: "-" indicates that NTT does not hold shares of the relevant issue.

(Deemed holdings of equity securities)

Not applicable.

Equity Securities Held Solely for the Purpose of Investment

Not applicable.

Equity Securities Reclassified from Solely Investment Purposes to Purposes Other than Solely Investment during the Fiscal Year Ended March 31, 2026

Not applicable.

Equity Securities Reclassified from Held for Purposes other than Solely Investment to Solely Investment during the Fiscal Year Ended March 31, 2026 and the preceding four fiscal years

Not applicable.

The status of NTT DOCOMO, which has the next-highest amount of investment shares on its balance sheet among NTT and its consolidated subsidiaries, is as follows:

Equity Securities Held for Purposes other than Solely for Investment

- a. Shareholding policy, methods of verifying the rationale for shareholdings, and details of verification by the Board of Directors regarding the appropriateness of holding individual issues

NTT DOCOMO verifies the appropriateness of holding its strategic shareholdings at meetings of its Board of Directors by considering factors including the status of achievement of investment objectives such as relationship strengthening and the promotion of collaboration, as well as whether returns and risks are commensurate with capital costs. If, in light of future changes in circumstances, the rationale for holding such shares is no longer recognized, NTT DOCOMO will review the holdings, including reducing the number of shares.

- b. Number of issues and total balance sheet amount

	Number of Issues	Total Balance Sheet Amount (millions of yen)
Unlisted shares	43	6,024
Shares other than unlisted shares	9	107,041

(Issues in which the number of shares increased during the fiscal year ended March 31, 2026)

	Number of Issues	Total Acquisition Cost Relating to the Increase in the Number of Shares (millions of yen)	Reasons for the Increase in the Number of Shares
Unlisted shares	2	856	• To strengthen the collaborative relationship with the business alliance partner.
Shares other than unlisted shares	1	847	• Due to the loss of significant influence, transfers were received from an affiliated company.

(Issues in which the number of shares decreased during the fiscal year ended March 31, 2026)

	Number of Issues	Total Sale Value Relating to the Decrease in the Number of Shares (millions of yen)
Unlisted shares	3	59
Shares other than unlisted shares	1	38,931

Note: Issues in which the number of shares increased or decreased excludes changes resulting from share consolidations, share splits, share transfers, share exchanges, mergers, or similar events.

c. Number of shares, balance sheet amounts, and other information for each issue of specified equity securities and deemed shareholdings

(Specified Equity Securities)

Issue Name	FY2025	FY2024	Purpose of Holding, Summary of Business Alliance, Quantitative Effects of Holding, and Reasons for the Increase in the Number of Shares	Whether the Investee Holds NTT's Shares
	Number of Shares	Number of Shares		
	Balance Sheet Amounts (millions of yen)	Balance Sheet Amounts (millions of yen)		
TBS HOLDINGS, INC.	5,713,000	5,713,000	NTT DOCOMO entered into a capital and business alliance with the company in September 2013 and holds the company's shares primarily to promote collaboration between NTT DOCOMO's services and the investee group's premium content and expertise. NTT DOCOMO reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	No
	31,941	24,360		
FUJI MEDIA HOLDINGS, INC.	7,700,000	7,700,000	NTT DOCOMO entered into a capital and business alliance with the company in January 2006 and holds the company's shares primarily to promote collaboration between NTT DOCOMO's services and the investee group's premium content and expertise. NTT DOCOMO reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	No
	30,762	19,650		
Nippon Television Holdings, Inc.	7,779,000	7,779,000	NTT DOCOMO entered into a capital and business alliance with the company in December 2006 and holds the company's shares primarily to promote collaboration between NTT DOCOMO's services and the investee group's premium content and expertise. NTT DOCOMO reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	No
	24,558	23,757		

Issue Name	FY2025	FY2024	Purpose of Holding, Summary of Business Alliance, Quantitative Effects of Holding, and Reasons for the Increase in the Number of Shares	Whether the Investee Holds NTT's Shares
	Number of Shares	Number of Shares		
	Balance Sheet Amounts (millions of yen)	Balance Sheet Amounts (millions of yen)		
KADOKAWA CORPORATION	2,408,416	2,408,416	NTT DOCOMO entered into a capital and business alliance with the company in October 2014 and holds the company's shares primarily to promote collaboration between NTT DOCOMO's services and the investee group's premium content and expertise. NTT DOCOMO reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	No
	9,145	8,560		
SKY Perfect JSAT Holdings Inc.	2,048,100	2,048,100	NTT DOCOMO entered into a capital and business alliance with the company in April 2007 and holds the company's shares primarily to provide services in the satellite communications field by leveraging the company's assets. NTT DOCOMO reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	No
	5,925	2,402		
Jimoty, Inc.	1,846,316	—	NTT DOCOMO entered into a capital and business alliance with the company in March 2019 and holds the company's shares primarily to create business synergies by leveraging the company's business platform and user base for its regional information platform operations. In addition, NTT DOCOMO reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies. In addition, in the fiscal year ended March 31, 2026, shares in such company were transferred from investments in affiliates to investment securities due to the loss of significant influence.	No
	1,477	—		
Oisix ra daichi Inc.	1,000,000	1,000,000	NTT DOCOMO entered into a capital and business alliance with the company in February 2018 and holds the company's shares primarily to promote collaboration in the food domain by leveraging the company's assets. NTT DOCOMO reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	No
	1,420	1,342		

Issue Name	FY2025	FY2024	Purpose of Holding, Summary of Business Alliance, Quantitative Effects of Holding, and Reasons for the Increase in the Number of Shares	Whether the Investee Holds NTT's Shares
	Number of Shares	Number of Shares		
	Balance Sheet Amounts (millions of yen)	Balance Sheet Amounts (millions of yen)		
IG Port, Inc.	1,008,000	1,008,000	NTT DOCOMO holds the company's shares primarily to utilize the company's video planning and production technologies in video distribution services provided by NTT DOCOMO. NTT Plala Inc. entered into a capital and business alliance with the company in May 2018 and in July 2022, in connection with the absorption-type merger of NTT Plala Inc., the company's shares were distributed in kind to NTT DOCOMO. NTT DOCOMO reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	No
	1,245	2,010		
PKSHA Technology Inc.	214,000	214,000	NTT DOCOMO entered into a capital and business alliance with the company in September 2016 and holds the company's shares primarily to provide AI-related services by leveraging the company's assets. NTT DOCOMO reports to its Board of Directors that it will continue to hold the shares after regularly reviewing the company's business performance and future management strategies.	No
	568	628		
M3, Inc.	—	20,200,000	NTT DOCOMO entered into a capital alliance agreement with the company in April 2019 and held the company's shares primarily for the purpose of collaboration in the medical and health fields, leveraging the company's assets; however, NTT DOCOMO sold all of its shares in January 2026.	No
	—	34,380		

Note: “-” indicates that NTT DOCOMO does not hold shares of the relevant issue.

(Deemed holdings of equity securities)

Not applicable.

Equity Securities Held Solely for the Purpose of Investment

Not applicable.

Equity Securities Reclassified from Solely Investment Purposes to Purposes Other than Solely Investment during the Fiscal Year Ended March 31, 2026

Not applicable.

Equity Securities Reclassified from Held for Purposes other than Solely Investment to Solely Investment during the Fiscal Year Ended March 31, 2026 and the preceding four fiscal years

Not applicable.

5. EMPLOYEES

(1) Basic Policy on Human Resources Strategy

The Company has established “NTT as a Creator of New Value and Accelerator of a Global Sustainable Society” as the first pillar of its medium-term management strategy, and is advancing initiatives that place sustainability at the core of its management strategy. Furthermore, to support this first pillar, the Company are advancing two additional pillars: “Upgrading the Customer Experience (CX)” and “Improving the Employee Experience (EX).” The Company recognizes its human resources strategy as a critical pillar supporting its management strategy and is actively implementing related initiatives. For details on these human resources strategies, please refer to “Item 2. Business Overview, 2. Sustainability-Related Principles and Initiatives — Strategies Related to Human Resources.”

Based on the basic strategy outlined above, the NTT Group, while taking into account trends in the business environment and the labor market, (1) has established human resources and compensation systems that contribute to both the personal career fulfillment of individual employees and the growth of the business, and (2) implements timely and appropriate wage increases on an ongoing basis to maintain competitive levels, enhance employee engagement, and further improve productivity.

Specifically, for managerial staff, the Company is transitioning to a system that places the right people in the right roles, implementing a job-based human resources and compensation system that more closely links pay to the company and individual performance. For general employees, the Company has introduced a competency-based human resources and compensation system that reflects employee expertise, skill level, and contribution to the business in their compensation. This structure is designed to create and expand opportunities for new challenges, regardless of seniority or tenure.

With regard to monthly wages, the Company has implemented adjustments for 13 consecutive years based on a policy of continuous wage improvement, and in fiscal year 2026, implemented an average increase of approximately 6%, including merit-based raises. Furthermore, ongoing improvements are being made aimed at further strengthening competitiveness in recruitment and securing highly capable talent, such as raising the starting salary for new university graduates to 300,000 yen or more per month in standard cases.

In November 2025, the Company introduced a stock grant program for managerial employees of the Company and certain major group companies designated by the Company who meet specific criteria. For further details, please refer to “1. Information on the Company’s Shares, (8) Details of the Executive and Employee Stock Ownership Plan.”

(2). Employees

(a) Consolidated Basis

Segment	Number of Employees
Integrated ICT Business	53,780 [7,379]
Global Solutions Business	201,140 [10,657]
Regional Communications Business	61,567 [20,541]
Others (Real Estate, Energy and Others)	27,709 [6,073]
Total	344,196 [44,650]

Note: Number of employees indicates the number of full-time employees. The average annual number of temporary employees for the fiscal year is shown in brackets.

(b) Non-Consolidated Basis of the Company

Number of Employees	Average Age	Average Length of Employment (years)	Average Annual Salary (yen)	Year-Over-Year Percentage Change in Average Annual Salary (%)
2,606 [128]	41.4	15.6	10,562,434	(1.2)

Segment	Number of Employees
Others (Real Estate, Energy and Others)	2,606 [128]
Total	2,606 [128]

Notes:1. Average Annual Salary includes both standard and non-standard salaries and bonuses.

2. Number of employees indicates the number of full-time employees. The average annual number of temporary employees for the fiscal year is shown in brackets.

(c) Companies with the Largest Number of Employees

(i) Company with the Largest Number of Employees

NTT DATA Japan Corporation

Number of Employees	Average Age	Average Length of Employment (years)	Average Annual Salary (yen)	Year-Over-Year Percentage Change in Average Annual Salary (%)
13,189 [1,799]	37.8	13.0	9,583,906	4.6

(ii) Company with the Next Largest Number of Employees

NTT Business Solutions Corporation

Number of Employees	Average Age	Average Length of Employment (years)	Average Annual Salary (yen)	Year-Over-Year Percentage Change in Average Annual Salary (%)
10,981 [3,088]	47.2	15.4	6,919,938	3.0

Notes:1. Since the reporting company's primary business is the management of its subsidiaries, this section lists the company within our Group with the largest number of employees during the current consolidated fiscal year. Furthermore, because the number of employees at the company with the largest workforce does not exceed half of NTT Group's total workforce, the company with the second-largest workforce is also listed.

2. Average Annual Salary includes both standard and non-standard salaries and bonuses.

3. Number of employees indicates the number of full-time employees. The average annual number of temporary employees for the fiscal year is shown in brackets.

4. As a subsidiary of the NTT DATA Group, NTT DATA primarily provides IT services, with a focus on system integration for government agencies, financial institutions, and corporations, offering a comprehensive range of services from consulting to system development, operation, and maintenance.

As a subsidiary of NTT West, NTT Business Solutions Corporation primarily provides ICT solutions and maintenance and operation services to corporations (mainly small and medium-sized businesses) and local governments.

(d) Labor Union Status

The relationship between management and labor at the NTT Group is stable, with no developments of note.

(e) Percentage of Female Employees in Managerial Positions, Percentage of Male Employees Taking Childcare Leave, and Gender Pay Gap

(i) Company

FY2025				
Percentage of Female Employees in Managerial Positions (%) ^{*1}	Percentage of Male Employees Taking Childcare Leave (%) ^{*2}	Gender Pay Gap (%) ^{*1}		
		All Employees	Regular Employees (including Indefinite-Term Employees)	Non-Regular Employees
12.7	113.3	79.1	78.5	79.8

*1. Calculated in accordance with the provisions of the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015).

*2. Calculated as the percentage if taking childcare leave and other leave for childcare purposes, as defined in Article 71, Paragraph (6)(ii) of the Ordinance for Enforcement of the Act on Childcare Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

(ii) Major Group Companies^{*1}

FY2025					
Name	Percentage of Female Employees in Managerial Positions (%) ^{*2}	Percentage of Male Employees Taking Childcare Leave (%) ^{*3}	Gender Pay Gap (%) ^{*2*5}		
			All Employees	Regular Employees (including Indefinite-Term Employees)	Non-Regular Employees
NTT DOCOMO, INC. ^{*4}	15.7	132.6	81.9	81.5	83.9
NTT EAST, Inc.	15.2	168.9	78.1	78.8	83.9
NTT WEST, Inc.	14.2	116.5	82.2	81.7	121.6
NTT DATA Group Corporation ^{*4}	14.0	103.1	79.7	78.5	97.1

*1. The Percentage of Female Employees in Managerial Positions at Major Group Companies based on the provisions of the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015), the Percentage of Male Employees Taking Childcare Leave, and Gender Pay Gap are presented herein. Information for consolidated subsidiaries, including Major Group Companies, is presented in “Item 7. Reference Information on the Company, 2. Other Reference Information (6) Percentage of Female Employees in Managerial Positions, Percentage of Male Employees Taking Childcare Leave, and Gender Pay Gap at Consolidated Subsidiaries.

*2. Calculated in accordance with the provisions of the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015).

*3. Calculated as the percentage if taking childcare leave and other leave for childcare purposes, as defined in Article 71, Paragraph (6)(ii) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

*4. NTT DOCOMO includes figures from NTT DOCOMO BUSINESS, Inc. Furthermore, NTT DATA Group includes figures from NTT DATA Japan and NTT DATA, Inc.

*5. Under the NTT Group human resources and salary systems, no wage differentials are established based on gender. The NTT Group analyzes that the gender pay gaps among regular employees is attributable to differences in the proportion of men in higher-level positions and the proportion of women working reduced hours due to childcare, while gender pay gaps among non-regular employees is attributable to differences in the gender ratio of high-paying specialized posts.

(Reference) Select Consolidated Group

FY2025				
Percentage of Female Employees in Managerial Positions (%) ^{*1}	Percentage of Male Employees Taking Childcare Leave (%) ^{*2}	Gender Pay Gap (%) ^{*1}		
		All Employees	Regular Employees (including Indefinite-Term Employees)	Non-Regular Employees
14.7	125.5	80.3	80.1 ^{*3}	74.2 ^{*3}

*1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

*2. Calculated as percentage if taking childcare leave and other leave for childcare purposes, as defined in Article 71, Paragraph (6)(ii) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

*3. Under the NTT Group human resources and salary system, no wage differentials are established based on gender. However, the NTT Group analyzes that gender pay gaps among regular employees is attributable to the percentage of female employees in managerial positions is lower than that of men, while gender pay gaps among non-regular employees is attributable to men accounting for a higher proportion of high-paying specialized posts.

Note: The scope of aggregation includes NTT, NTT DOCOMO*, NTT DATA Group*, NTT East and NTT West.

*Figures for NTT DOCOMO include NTT DOCOMO BUSINESS. Furthermore, figures for the NTT DATA Group include figures from NTT DATA and NTT DATA, Inc.

(f) Details of the Executive and Employee Stock Ownership Plan (Limited to Employees and Other Non-Director Personnel)

The Company has introduced an Executive and Employee Stock Ownership Plan limited to employees and other personnel excluding members of the board. Details of this Executive and Employee Stock Ownership Plan are described in "1. Information on the Company's Shares, (8) Details of the Executive and Employee Stock Ownership Plan."

Item 5. Financial Information

1. Basis of Preparation of the Consolidated Financial Statements

- (1) Pursuant to the provision of Article 312 of the “Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance of Japan No. 28 of 1976), NTT Group’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).
- (2) Pursuant to the provisions of the “Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Ordinance of the Ministry of Finance of Japan No. 59 of 1963), the NTT’s financial statements are prepared.

2. Auditor’s Report

In accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, NTT Group’s consolidated financial statements for the consolidated fiscal year (from April 1, 2025 to March 31, 2026) and non-consolidated financial statements for the fiscal year (from April 1, 2025 to March 31, 2026) have been audited by KPMG AZSA LLC.

3. Special Measures to Ensure the Appropriateness of the Consolidated Financial Statements and Structures to Properly Prepare the Consolidated Financial Statements in Accordance with IFRS

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

- (1) NTT Group is a member of organizations such as the Financial Accounting Standards Foundation in order to put in place a system in which NTT Group can ensure that it has an appropriate grasp on the contents of the accounting standards and can accurately respond to any changes in them. In addition, NTT Group periodically conducts reviews of the accounting standards and maintains internal regulations.
- (2) With respect to the application of IFRS, NTT Group obtains press releases and statements of the accounting principles published by the International Accounting Standards Board from time to time in order to gain an understanding of the most recent standards. Furthermore, 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. 【Consolidated Financial Statements】

(1) Consolidated Financial Statements

(i) 【Consolidated Statement of Financial Position】

(Millions of yen)

	Notes	As of March 31, 2025	As of March 31, 2026
ASSETS			
Current assets			
Cash and cash equivalents	4.2,4.3	¥ 1,000,994	¥ 1,921,882
Trade and other receivables	2.2,3.2 4.3,4.8	4,880,769	5,551,177
Short-term loans for banking	4.8	—	747,054
Other financial assets	4.4,4.8	973,465	1,446,264
Inventories	3.3	556,576	624,827
Other current assets	2.2,2.4	863,583	1,053,104
Subtotal		8,275,387	11,344,308
Assets held for sale	3.4	94,972	392
Total current assets		8,370,359	11,344,700
Non-current assets			
Property, plant and equipment	3.5	10,662,316	11,276,887
Right-of-use assets	3.6	974,009	1,021,044
Goodwill	3.7	1,719,148	2,079,718
Intangible assets	3.7	2,483,238	2,872,974
Investment property	3.8	1,341,188	1,523,792
Investments accounted for using the equity method	3.9	452,107	542,777
Long-term loans for banking	4.8	—	10,123,333
Securities for banking	4.8	—	825,684
Other financial assets	4.4,4.8	2,237,517	3,305,980
Deferred tax assets	2.4	665,474	460,837
Other non-current assets	2.2,3.11	1,157,127	1,343,533
Total non-current assets		21,692,124	35,376,559
Total assets		¥ 30,062,483	¥ 46,721,259

(Millions of yen)

	Notes	As of March 31, 2025	As of March 31, 2026
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	4.5,4.8	¥ 2,822,577	¥ 4,395,648
Trade and other payables	3.10,4.8	2,849,534	3,073,019
Short-term deposits for banking	4.8	—	10,950,069
Lease liabilities	3.6	231,665	249,991
Other financial liabilities	4.6,4.8	866,450	1,351,626
Accrued payroll		593,503	660,108
Income taxes payable		242,376	245,392
Other current liabilities	2.2,3.13	1,254,747	1,407,033
Subtotal		8,860,852	22,332,886
Liabilities directly associated with assets held for sale	3.4	4,411	—
Total current liabilities		8,865,263	22,332,886
Non-current liabilities			
Long-term borrowings	4.5,4.8	7,187,500	11,315,960
Long-term deposits for banking	4.8	—	55,911
Lease liabilities	3.6	929,471	957,941
Other financial liabilities	4.6,4.8	168,216	413,094
Defined benefit liabilities	3.11	1,011,026	714,718
Deferred tax liabilities	2.4	185,547	228,066
Other non-current liabilities	2.2,3.13	370,821	485,150
Total non-current liabilities		9,852,581	14,170,840
Total liabilities		18,717,844	36,503,726
Equity			
NTT, Inc. (“NTT”) shareholders’ equity			
Common stock	4.1	937,950	937,950
Retained earnings	4.1,4.4	9,726,370	8,926,197
Treasury stock	4.1	(1,139,170)	(1,343,643)
Other components of equity	4.1,4.4 4.8	696,437	1,207,119
Total NTT shareholders’ equity		10,221,587	9,727,623
Non-controlling interests	4.1	1,123,052	489,910
Total equity		11,344,639	10,217,533
Total liabilities and equity		¥ 30,062,483	¥ 46,721,259

(ii) 【Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income】
【Consolidated Statement of Profit or Loss】

(Millions of yen)

	Notes	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Operating revenues	2.1,2.2	¥ 13,704,727	¥ 14,409,121
Operating expenses			
Personnel expenses		3,098,603	3,214,887
Expenses for purchase of goods and services and other expenses	2.3,3.8	6,817,713	7,207,918
Depreciation and amortization	2.1,3.5 3.6,3.7 3.8	1,722,035	1,790,983
Loss on disposal of property, plant and equipment and intangible assets		121,680	119,782
Impairment losses	2.1		
Goodwill	3.7	—	57,466
Other		20,068	22,723
Taxes and dues	3.8	275,057	289,141
Total operating expenses		12,055,156	12,702,900
Operating profit	2.1	1,649,571	1,706,221
Finance income	4.4,4.7 4.8	59,151	74,505
Finance costs	4.4,4.7 4.8	169,514	240,068
Share of profit (loss) of entities accounted for using the equity method	2.1,3.9	25,488	41,265
Profit before taxes		1,564,696	1,581,923
Income taxes	2.4	482,261	499,285
Profit		¥ 1,082,435	¥ 1,082,638
Profit attributable to NTT		1,000,016	1,037,032
Profit attributable to Non-controlling interests		82,419	45,606
Earnings per share attributable to NTT			
Basic earnings per share (yen)	2.5	¥ 11.96	¥ 12.61

【Consolidated Statement of Comprehensive Income】

(Millions of yen)

	Notes	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit		¥ 1,082,435	¥ 1,082,638
Other comprehensive income (net of taxes)	4.1		
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		(66,384)	182,018
Share of other comprehensive income of entities accounted for using the equity method	3.9	(2,688)	(4)
Remeasurements of the defined benefit plans	3.11	75,485	202,748
Total of items that will not be reclassified to profit or loss		6,413	384,762
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	4.8	52,078	101,703
Hedges cost	4.8	2,026	(47,923)
Foreign currency translation adjustments		(32,355)	249,386
Share of other comprehensive income of entities accounted for using the equity method	3.9	8,940	(2,877)
Total of items that may be reclassified to profit or loss		30,689	300,289
Total other comprehensive income (net of taxes)		37,102	685,051
Total comprehensive income		¥ 1,119,537	¥ 1,767,689
Comprehensive income attributable to NTT		1,034,737	1,719,075
Comprehensive income attributable to Non-controlling interests		84,800	48,614

(iii) 【Consolidated Statement of Changes in Equity】

Fiscal year ended March 31, 2025

(Millions of yen)

	Notes	NTT shareholders' equity						Non-controlling interests	Total equity
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
As of April 1, 2024		¥937,950	¥—	¥9,078,084	¥(937,291)	¥765,417	¥9,844,160	¥1,048,899	¥10,893,059
Comprehensive income									
Profit		—	—	1,000,016	—	—	1,000,016	82,419	1,082,435
Other comprehensive income	4.1	—	—	—	—	34,721	34,721	2,381	37,102
Total comprehensive income		—	—	1,000,016	—	34,721	1,034,737	84,800	1,119,537
Transactions with owners and other transactions									
Dividends of surplus	4.1	—	—	(436,766)	—	—	(436,766)	(23,667)	(460,433)
Transfer to retained earnings	4.1	—	18,744	84,957	—	(103,701)	—	—	—
Purchase and disposal of treasury stock	4.1	—	0	—	(201,879)	—	(201,879)	—	(201,879)
Changes in ownership interest in subsidiaries without loss of control	4.1	—	(4,149)	—	—	—	(4,149)	16,857	12,708
Share-based compensation transactions	4.1	—	(9,180)	—	—	—	(9,180)	(2,831)	(12,011)
Put options granted to non-controlling interests	4.1	—	(5,224)	—	—	—	(5,224)	(1,461)	(6,685)
Other		—	(191)	79	—	—	(112)	455	343
Total Transactions with owners and other transactions		—	—	(351,730)	(201,879)	(103,701)	(657,310)	(10,647)	(667,957)
As of March 31, 2025		¥937,950	¥—	¥9,726,370	¥(1,139,170)	¥696,437	¥10,221,587	¥1,123,052	¥11,344,639

	Notes	NTT shareholders' equity					Total	Non-controlling interests	Total equity
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity			
As of April 1, 2025		¥937,950	¥—	¥9,726,370	¥(1,139,170)	¥696,437	¥10,221,587	¥1,123,052	¥11,344,639
Comprehensive income									
Profit		—	—	1,037,032	—	—	1,037,032	45,606	1,082,638
Other comprehensive income	4.1	—	—	—	—	682,043	682,043	3,008	685,051
Total comprehensive income		—	—	1,037,032	—	682,043	1,719,075	48,614	1,767,689
Transactions with owners and other transactions									
Dividends of surplus	4.1	—	—	(433,963)	—	—	(433,963)	(22,006)	(455,969)
Transfer to retained earnings	4.1	—	1,573,133	(1,401,772)	—	(171,361)	—	—	—
Purchase and disposal of treasury stock	4.1	—	0	—	(204,473)	—	(204,473)	—	(204,473)
Changes in ownership interest in subsidiaries without loss of control	4.1	—	(1,549,549)	—	—	—	(1,549,549)	(648,975)	(2,198,524)
Share-based compensation transactions	4.1	—	(17,231)	—	—	—	(17,231)	(10,939)	(28,170)
Put options granted to non-controlling interests	4.1	—	(6,060)	—	—	—	(6,060)	122	(5,938)
Other		—	(293)	(1,470)	—	—	(1,763)	42	(1,721)
Total Transactions with owners and other transactions		—	—	(1,837,205)	(204,473)	(171,361)	(2,213,039)	(681,756)	(2,894,795)
As of March 31, 2026		¥ 937,950	¥—	¥8,926,197	¥ (1,343,643)	¥ 1,207,119	¥9,727,623	¥489,910	¥10,217,533

(iv) 【Consolidated Statement of Cash Flows】

(Millions of yen)

	Notes	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities			
Profit		¥ 1,082,435	¥ 1,082,638
Depreciation and amortization		1,722,035	1,790,983
Impairment losses		20,068	80,189
Share of loss (profit) of entities accounted for using the equity method		(25,488)	(41,265)
Losses on retirement of property, plant and equipment and intangible assets		43,657	51,850
Gain on sales of property, plant and equipment and intangible assets		(25,141)	(74,113)
Gain on sale of shares of subsidiaries and associates ⁽¹⁾		(24,183)	(133,584)
Interest expenses		149,015	226,649
Income taxes		482,261	499,285
Decrease (increase) in trade and other receivables	4.3	(71,250)	(634,672)
Decrease (increase) in inventories		(86,181)	(136,675)
Decrease (increase) in other current assets		(79,807)	(139,147)
Increase (decrease) in trade and other payables / accrued payroll		(66,937)	64,233
Increase (decrease) in other current liabilities		(16,730)	126,547
Increase (decrease) in defined benefit liabilities		(64,718)	(73,593)
Decrease (increase) in non-current handset installment receivables		(178,734)	(83,735)
Increase (decrease) in other non-current liabilities		(1,122)	82,321
Decrease (increase) in loans for banking		—	(1,009,907)
Increase (decrease) in deposits for banking		—	1,347
Increase (decrease) in borrowings for banking		—	451,109
Other, net ⁽¹⁾		(75,108)	(58,979)
Subtotal		2,784,072	2,071,481
Interest and dividends received		108,253	118,575
Interest paid		(140,432)	(209,539)
Income taxes paid		(387,862)	(495,327)
Net cash provided by (used in) operating activities		2,364,031	1,485,190

(Millions of yen)

	Notes	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets, and investment property	2.1	(2,132,292)	(2,255,732)
Proceeds from sale of property, plant and equipment, intangible assets and investment property		87,608	151,060
Proceeds from government grants	2.2	2,772	2,671
Purchase of investments		(111,644)	(326,083)
Proceeds from sale or redemption of investments		187,980	115,175
Proceeds from loss of control of subsidiaries ⁽³⁾		65,129	183,148
Payments for acquisition of subsidiaries ⁽⁴⁾		(84,833)	(28,702)
Proceeds from acquisition of subsidiaries ⁽⁵⁾	3.1	—	1,438,878
Net decrease (increase) loan receivable		11,444	(1,103)
Purchases of securities for banking		—	(376,162)
Proceeds from sale and redemption of securities for banking		—	124,653
Other, net		(25,808)	(51,227)
Net cash provided by (used in) investing activities		(1,999,644)	(1,023,424)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	4.5	(1,955)	538,484
Proceeds from increases in long-term borrowings	4.5	1,540,780	5,797,443
Repayments of long-term borrowings	4.5	(966,690)	(2,650,974)
Repayment of lease liabilities	3.6,4.5	(261,687)	(278,074)
Payments for acquisition of interests in subsidiaries from non-controlling interests	4.1,4.5	(14,390)	(2,395,732)
Proceeds from sale of interests in subsidiaries to non-controlling interests ⁽²⁾		918	50,060
Proceeds from stock issuance to non-controlling interests ⁽²⁾		22,608	43,456
Dividends paid		(436,766)	(433,963)
Dividends paid to non-controlling interests		(23,643)	(24,316)
Purchase of treasury stock		(202,381)	(204,910)
Other, net ⁽²⁾		179	(142)
Net cash provided by (used in) financing activities		(343,027)	441,332
Effect of exchange rate changes on cash and cash equivalents		(3,240)	17,790
Net increase (decrease) in cash and cash equivalents		18,120	920,888
Cash and cash equivalents at the beginning of the year	4.3	982,874	1,000,994
Cash and cash equivalents at the end of the year		¥ 1,000,994	¥ 1,921,882

Notes:

(1) “Gain on sale of shares of subsidiaries and associates,” which had previously been presented within “Other, net” in cash flows from operating activities for the fiscal year ended March 31, 2025, is now presented separately for the fiscal year ended March 31, 2026, due to an increase in the materiality of the amount of this item. As a result of this change, the ¥(99,291) million amount that had previously been presented as “Other, net” in the consolidated statement of cash flows for the fiscal year ended March 31, 2025 has been reclassified and presented as ¥(24,183) million of “Gain on sale of shares of subsidiaries and associates,” and ¥ (75,108) million of “Other, net.”

(2) “Proceeds from sale of interests in subsidiaries to non-controlling interests,” and “Proceeds from stock issuance to non-controlling interests,” which had previously been presented within “Other, net” in cash flows from financing activities for the fiscal year ended March 31, 2025, are now presented separately for the fiscal year ended March 31, 2026, due to an increase in the materiality of these items. As a result of this change, the amount of ¥23,705 million that had previously been presented as “Other, net” in the consolidated statement of cash flows for the fiscal year ended March 31, 2025, has been reclassified and presented as ¥918 million of “Proceeds from sale of interests in subsidiaries to non-controlling interests,” ¥22,608 million of “Proceeds from stock issuance to non-controlling interests,” and ¥179 million of “Other, net.”

(3) Proceeds from loss of control of subsidiaries

The total amount of consideration received with respect to “Proceeds from loss of control of subsidiaries” for the fiscal year ended March 31, 2025 was ¥74,791 million. The portion of the consideration received that consisted of cash and cash equivalents was ¥74,544 million.

The assets and liabilities of the subsidiaries over which control was lost were as follows:

	(Millions of yen)
Current assets	22,187
(Incl.) Cash and cash equivalents	9,416
Non-current assets	146,780
Current liabilities	12,174
Non-current liabilities	106,713
Goodwill	11,761

The total amount of consideration received with respect to “Proceeds from loss of control of subsidiaries” for the fiscal year ended March 31, 2026 was ¥227,332 million. The portion of the consideration received that consisted of cash and cash equivalents was ¥189,622 million.

The assets and liabilities of the subsidiaries over which control was lost were as follows:

	(Millions of yen)
Current assets	22,880
(Incl.) Cash and cash equivalents	6,474
Non-current assets	90,450
Current liabilities	15,633
Non-current liabilities	2,602
Goodwill	262

(4) Payments for acquisition of subsidiaries

The total amount of consideration paid with respect to “Payments for acquisition of subsidiaries” for the fiscal year ended March 31, 2025 was ¥99,984 million. The portion of the consideration paid that consisted of cash and cash equivalents was ¥107,309 million, including changes in accounts payable.

The assets and liabilities of the acquired subsidiaries were as follows:

	(Millions of yen)
Current assets	42,930
(Incl.) Cash and cash equivalents	22,476
Non-current assets	39,344
Current liabilities	16,764
Non-current liabilities	21,062
Goodwill	51,678

The total amount of consideration paid with respect to “Payments for acquisition of subsidiaries” for the fiscal year ended March 31, 2026 was ¥53,811 million. The portion of the consideration paid that consisted of cash and cash equivalents was ¥48,335 million, including changes in accounts payable.

The assets and liabilities of the acquired subsidiaries were as follows:

	(Millions of yen)
Current assets	51,876
(Incl.) Cash and cash equivalents	19,633
Non-current assets	39,818
Current liabilities	40,474
Non-current liabilities	16,903
Goodwill	31,397

(5) Proceeds from acquisition of subsidiaries

The total amount of consideration paid with respect to "Proceeds from acquisition of subsidiaries" for the fiscal year ended March 31, 2026 was ¥420,575 million, which consisted of cash and cash equivalents.

The assets and liabilities of the acquired subsidiaries were as follows:

The major transactions are also disclosed in "3.1. Business combinations and Acquisition of Non-controlling Interests".

	(Millions of yen)
Current assets	2,649,184
(Incl.) Cash and cash equivalents	1,859,453
Non-current assets	10,273,096
Current liabilities	11,061,259
Non-current liabilities	1,622,666
Goodwill	263,725

【Notes to Consolidated Financial Statements】

NTT Group describes Notes summarizing in five groups by relevancy in order to enhance understandability of Consolidated Financial Statement.

1. Basis of Preparation
2. Results for the year
3. Assets and Liabilities (excluding Financial Instruments)
4. Equity and Financing
5. Other Notes

Each note describes the relevant accounting policies and the significant accounting estimates and judgments involving estimate.

1. Basis of Preparation

1.1. Reporting Entity

NTT, Inc. (“NTT”) is a corporation domiciled in Japan. The address of NTT’s registered headquarter is disclosed on its website (<https://group.ntt/en/>). The consolidated financial statements comprise NTT and its subsidiaries (“NTT Group” or “the Group”).

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

Integrated ICT Business

The principal services in the Integrated ICT Business are consumer telecommunications services (mobile phone services, optical broadband services, etc.), smart life services (financial services, content and lifestyle services, etc.), enterprise services (telecommunications services for enterprise customers, solutions services, system development services, etc.), and related services.

- NTT DOCOMO, Inc. (“NTT DOCOMO”)
- NTT DOCOMO BUSINESS, Inc. (“NTT DOCOMO BUSINESS”)

Global Solutions Business

The principal services in the Global Solutions Business are consulting services, IT solutions services, system and software development services, maintenance and support services, data center services, and related services.

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

Regional Communications Business

The principal services in the Regional Communications Business are optical services, enterprise services, fixed-line services, and related services.

- NTT EAST, Inc. (“NTT East”)
- NTT WEST, Inc. (“NTT West”)

1.2. Basis of Accounting

(1) Matters Regarding Compliance with IFRS

NTT Group meets the requirements of a “Specified Company complying with Designated International Accounting Standards” pursuant to Article 1-2 of the “Order on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976) (the “Order on Consolidated Financial Statements”). Consequently, in accordance with Article 93 of the Order on Consolidated Financial Statements, the Group has prepared the consolidated financial statements pursuant to International Financial Reporting Standards (“IFRS”). The 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 June 16, 2026.

The NTT Group's accounting policies are based on IFRS effective as of March 31, 2026, with the exception of IFRS which was not adopted early.

(2) Basis for Measurement

As described in “Note 1.3. Material Accounting Policies,” and the related notes to each item, the consolidated financial statements are prepared on the basis of cost, with the exception of certain items such as financial instruments measured at fair value, and assets and liabilities recognized in relation to the defined benefit plans.

(3) Functional Currency and Presentation Currency

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

(4) Changes in Accounting Policies

NTT Group did not adopt any new significant accounting policies in the current fiscal year.

1.3. Material Accounting Policies

The accounting policies adopted by NTT Group apply to all periods presented in the consolidated financial statements.

(1) Basis for Consolidation

(i) Subsidiaries

Subsidiaries are companies over which NTT Group has control.

Beginning and ending of consolidation

Subsidiaries are consolidated for the periods from the date when control is obtained until the date when control is lost.

Accounting policies adopted by subsidiaries

In the event that the accounting policies adopted by a subsidiary differ from those adopted by NTT Group, then the financial statements of the subsidiary are adjusted as required.

Subsidiaries whose fiscal year-end date is different from that of NTT Group

The consolidated financial statements include the financial statements of subsidiaries whose fiscal year-end date is different from that of NTT Group for practically unfeasible to align the year-end dates with that of NTT Group. The fiscal year-end date of such subsidiaries is mainly December 31. For such subsidiaries, adjustments are made for any significant transactions or events that occur due to the difference between such subsidiaries' fiscal year ends and that of NTT Group.

Non-controlling interests

Non-controlling interests are composed of the amount of equity held as of the beginning date of consolidation and any subsequent fluctuations in those non-controlling interests from that date. In general, subsidiaries' comprehensive income is allocated to shareholders' equity and non-controlling interests, even in the event that the non-controlling interests are negative balances.

Transactions eliminated in the preparation of the consolidated financial statements

The balances of intra-group receivables and payments, transactions, and unrealized gains and losses incurred from the intra-group transactions are eliminated.

Changes in a parent's ownership interest

Changes in equity interests are accounted for as equity transactions when additional equity in a subsidiary is gained or part of the equity in a subsidiary is disposed of, while control of the subsidiary is maintained. The carrying amounts of NTT Group's equity interests and non-controlling interests are adjusted to reflect any changes in NTT Group's equity interests in subsidiaries. Any difference between the adjusted value of non-controlling interests and the fair value of consideration paid or received is directly recognized in equity and is attributable to NTT.

When NTT Group loses control of a subsidiary, the related gains or losses are calculated as the difference between:

- the sum of the fair value of the consideration received and the fair value of the remaining equity interests; and
- the net carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the subsidiary on the date when control is lost.

(ii) Investments in associates and joint ventures

Associates are companies whose finances and management policies are significantly influenced by NTT Group, without exerting control or joint control. In principle, companies in which NTT Group holds 20% to 50% of the voting rights are included in associates. Companies in which NTT Group holds less than 20% of the voting rights may be considered as associates if the Group is considered to exert significant influence through the dispatch of officers or similar means.

Joint ventures are companies in which several parties (including NTT and/or its subsidiaries) invest and have rights to the net assets based on arrangements for joint control. Joint control is the sharing of control as contractually agreed. It exists only when all parties sharing control are required to be in unanimous consent when making decisions on relevant activities.

Investments in associates and joint ventures are accounted for using the equity method. The amounts invested in associates and joint ventures are initially recognized at cost. Subsequently, from the date when NTT Group starts to exert significant influence to the date when such influence ceases, the Group recognizes its share of profit or loss and other comprehensive income of the investees and adjusts the investment amount.

If any losses on investments in associates or joint ventures exceed NTT Group's invested interests in these companies, NTT Group only recognizes losses to the extent of its investment amount, except for cases where NTT Group bears legal or other similar obligations, or makes payments on behalf of such company.

Unrealized profit or loss arising from transactions with associates and joint ventures is added to, or deducted from, the investments in the associates and joint ventures, up to a maximum of NTT Group's share.

The amount of the cost of investment in an associate or joint venture that exceeds NTT Group's share of the net fair value of identifiable assets and liabilities recognized on the acquisition date is recognized as goodwill and included in the carrying amount of the investment in an associate or joint venture.

As this goodwill is not recognized separately, discrete impairment testing for goodwill is not performed. Instead, an impairment test is carried out on the total investment in associates and joint ventures deemed as a single asset if there is objective evidence to indicate that the investment may be impaired.

The consolidated financial statements include investments accounted for using the equity method which have different fiscal year-end dates than that of NTT Group due to the relationship with other shareholders or other circumstances that make it practically unfeasible to align the fiscal year-end dates with that of NTT Group. The fiscal year-end date of such equity method investments is mainly December 31. Adjustments are made for any significant transactions or events that occur during the period between the equity method investments' fiscal year ends and that of NTT Group.

(iii) Consolidated structured entities

Structured entities* that NTT Group has control over are consolidated. It has not provided, nor intends to provide, any significant financial support or other significant support to the consolidated structured entities without contractual obligation. Structured entities that third parties have control over are not consolidated and they are financing through investment by each partner.

* Structured entities:

Entities that are structured principally as venture funds in the form of partnerships, and Special Purpose Company in the form of limited partnerships for investment, and investment trusts with a purpose of securitizing property and financial assets. They are designed so that the voting rights or similar rights are not determinant in evaluating control.

Descriptions about subsidiaries and structured entities are presented in "Note 5.1. Major Subsidiaries."

(2) Foreign Currency Translation

(i) Transactions denominated in foreign currencies

The financial statements of NTT Group companies are prepared in their functional currency. Any transactions in currencies other than the functional currency (i.e., in a foreign currency) are translated using the exchange rate at the transaction date.

The exchange rate used for translation assets and liabilities denominated in foreign currencies into the functional currency

Items	Measurement method	Exchange rate	Example
Monetary assets and liabilities denominated in foreign currencies ^{*1}	—	At the end of the fiscal year	Trade receivables
Non-monetary assets and liabilities denominated in foreign currencies ^{*2}	Fair value	At the date of measurement fair value	Financial assets measured at fair value through other comprehensive income (equity instruments)
	Cost	At the transaction date	Property, Plant and Equipment

*1. Monetary assets and liabilities : The right to receive a fixed or a determinable number of monetary units (Assets) or the obligation (Liabilities) to deliver them.

*2. Non-monetary assets and liabilities : Assets and liabilities that do not have the characteristics of *1

Foreign currency translation differences are recognized in profit or loss. However, translation differences arising from financial assets that record subsequent changes in the fair value in other comprehensive income (equity instruments) and cash flow hedges (only to the extent the hedge is effective) are recognized in other comprehensive income.

(ii) Foreign operations (such as foreign subsidiaries)

In order to prepare the consolidated financial statements, the assets and liabilities of foreign operations (including any goodwill arising from acquisitions and fair value adjustments) are translated into Japanese yen using the exchange rate at the end of the fiscal year.

Revenue, expenses and cash flows are translated into Japanese yen using the average exchange rate for the period. However, if this translation result does not approximate the result using the exchange rate at the transaction date, the exchange rate at the transaction date is used for translation.

Foreign currency translation differences arising from the translation of foreign currency-denominated financial statements of foreign operations are recognized in other comprehensive income and accumulated in other components of equity.

If the control or significant influence over a foreign operation is lost, any accumulated foreign currency translation differences related to the foreign operation are recognized in profit or loss in the accounting period in which the control or influence is lost.

(3) Fair Value

The fair value is determined based on market information including market prices, and calculation techniques such as the market approach, income approach, and cost approach.

The assumptions (inputs) for valuation techniques used to measure fair value are required to be categorized into three levels based on their observability. The use of more observable inputs is required in valuation techniques. NTT Group categorizes the assumptions (inputs) used to measure fair value into the following three levels and puts Level 1 measurements as the highest priority:

- Level 1
Unadjusted market prices of identical assets or liabilities in active markets that the company can access at the measurement date
- Level 2
Of the inputs that are directly or indirectly observable, such as a market price of a similar asset or liability in an active market or a market price of an identical or similar asset or liability in an inactive market, those inputs that are other than market prices included in Level 1
- Level 3
Unobservable inputs for assets or liabilities

Changes between these levels are recognized as having occurred at the end of each quarter.

Description about the assumptions (inputs) used to measure fair value is presented in “Note 3.5. Property, Plant and Equipment (2) Impairment Losses”, “Note 3.7. Goodwill and Intangible Assets (3) Impairment Tests for Goodwill and Intangible Assets with Indefinite Useful Lives”, “Note 3.8. Investment Property (3) Fair Value”, and “Note 4.8. Financial Instruments (3) Fair Value of Financial Instruments”.

(4) Other Accounting Policies

Other accounting policies are described in the related notes as follows.

Note 2.1. Segment Information
Note 2.2. Operating Revenues
Note 2.4. Income Taxes
Note 2.5. Earnings per Share
Note 3.1. Business Combinations and Acquisitions of Non-controlling Interests
Note 3.3. Inventories
Note 3.4. Assets Held for Sale
Note 3.5. Property, Plant and Equipment
Note 3.6. Leases
Note 3.7. Goodwill and Intangible Assets
Note 3.8. Investment Property
Note 3.11. Employee Benefits
Note 3.12. Provisions
Note 4. Equity and Financing
Note 4.1. Equity
Note 4.2. Cash and Cash Equivalents

1.4. Significant Accounting Estimates and Judgments Involving Estimates

In preparing the 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 estimate is adjusted and in the future consolidated accounting periods.

The judgments, estimates, and assumptions that have a significant impact on NTT Group's consolidated financial statements

Judgments, Estimates, and Assumptions	Specific Items	Related Notes
The judgments of whether an entity is controlled by NTT Group in determining the scope of consolidation	<ul style="list-style-type: none"> • Presence of control • Presence of joint control • Presence of significant influence 	1.3. Material Accounting Policies (1) 5.1. Major Subsidiaries
Judgments of whether forecast transactions are eligible hedged items for hedge accounting	<ul style="list-style-type: none"> • Eligibility of the hedging instrument • Eligibility of hedged items • Evaluation of hedging effectiveness • Designation and documentation of the hedging relationship and the purpose of risk management at the inception of a hedging transaction 	4. Equity and Financing
Estimates of the fair value of assets acquired and liabilities assumed in a business combination	—	3.1. Business Combinations and Acquisition of Non-controlling Interests
Fair value measurements of financial assets measured at fair value through other comprehensive income (FVTOCI)	—	4. Equity and Financing 4.8. Financial Instruments (3)
Estimates of amortization periods and for impairment of financial assets measured at amortized cost	<ul style="list-style-type: none"> • The credit risk on a financial asset • The expected credit losses from a possible default 	4. Equity and Financing 4.8. Financial Instruments (1)
Fair value measurements of derivatives	—	4. Equity and Financing 4.4. Other Financial Assets 4.6. Other Financial Liabilities 4.7. Finance Income and Finance Costs 4.8. Financial Instruments (3)
Estimates of useful lives of property, plant and equipment, right-of-use assets, intangible assets and investment property	—	3.5. Property, Plant and Equipment 3.6. Leases 3.7. Goodwill and Intangible Assets 3.8. Investment Property
Lease term	—	3.6. Leases
Estimates for impairment of property, plant and equipment, right-of use asset, intangible assets, investment property and goodwill	<ul style="list-style-type: none"> • Judgments whether there are any indications of impairment • The recoverable amount of individual assets, cash-generating unit, groups of cash-generating units • Judgement whether there are any indications that an impairment loss recognized in prior years may no longer exist or may decrease (excluding goodwill) 	3.5. Property, Plant and Equipment 3.6. Leases 3.7. Goodwill and Intangible Assets 3.8. Investment Property

Judgments, Estimates, and Assumptions	Specific Items	Related Notes
Measurement of defined benefit obligations	<ul style="list-style-type: none"> • The discount rates used to determine projected benefit obligations • Expected rates of salary increase • Average life expectancy of pension recipients at the age of 65 as of the end of the year 	3.11. Employee Benefits
Judgments and estimates for recognition and measurement of provisions	<ul style="list-style-type: none"> • The probability that the obligations will be required to be settled • The amount of provisions 	3.12. Provisions
Recognition of revenue	<ul style="list-style-type: none"> • The amount of telecommunications traffic (for phone calls) that are unused in the current month but are expected to be used in the following month or afterward in the Telecommunication services • The portion of granted points to customers depending on their use of the Telecommunication services which is expected to be used by customers in future • The amount of telecommunications traffic (for data communications) that are unused in the current month but are expected to be used in the following month or afterward in the Telecommunication services • The rate of amounts paid as sales incentives for ongoing use at the time of future annual contract renewal for Telecommunication services • The estimated average period of the end customers' subscription to defer revenues from non-recurring upfront fees such as installation charges and activation fees in the Telecommunication services • Refund liabilities in the sales of telecommunications terminal equipment • The expected losses occurrence in the system integration services • Recoverability related to assets recognized from contract costs 	2.2. Operating Revenue (2)~(4)
Assessment of recoverability of deferred tax assets	<ul style="list-style-type: none"> • The expected level of future taxable profit • Tax planning opportunities • The expected timing of the reversal of deferred tax liabilities 	2.4. Income Taxes

1.5. New Standards Not Yet Applied

IFRS 18 (Presentation and Disclosure in Financial Statements)

IFRS 18, which was issued in April 2024, will be adopted for fiscal years that begin from and after January 1, 2027. IFRS 18 will replace IAS 1 (Presentation of Financial Statements), and IAS 1 will be discontinued. IFRS 18 sets out new requirements for the presentation and disclosure of information, particularly in statements of profit or loss. In addition, in connection with the announcement of IFRS 18, IAS 7 (Statement of Cash Flows) has also been amended. The impact of adopting these standards on the consolidated financial statements is currently under review.

2. Results for the year

This section presents operating results for the NTT Group, including segment information, operating revenues, operating expenses, income taxes, and earnings per share .

Impairment losses on property, plant and equipment are included in "3. Assets and Liabilities (excluding Financial Instruments)".

2.1. Segment Information

(Accounting Policies)

An operating segment is a component of business activities that earn revenues and incur expenses including revenues and expenses relating to transactions with other operating segments. For the operating results of all operating segments, discrete financial information is available, and the operating results are regularly reviewed by NTT's Board of Directors to facilitate the allocation of management resources to individual segments and to assess business performance.

NTT Group's business segments are as below, 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

Consumer telecommunications services (mobile phone services, optical broadband services, etc.), smart life services (financial services, content and lifestyle services, etc.), enterprise services (telecommunications services for enterprise customers, solutions services, system development services, etc.), and related services

Global Solutions Business

Consulting services, IT solutions services, system and software development services, maintenance and support services, data center services, and related services

Regional Communications Business

Optical services, enterprise services, fixed-line services, and related services

Others (Real Estate, Energy and Others)

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

The accounting policies of the reporting business segments are largely consistent with those described under "Note 1.3. Significant Accounting Policies." In addition, transactions between segments are recorded at arm's-length prices.

Operating revenues

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Integrated ICT Business		
Transactions with external customers	¥ 5,907,800	¥ 6,146,232
Inter-segment transactions	305,272	311,841
Subtotal	6,213,072	6,458,073
Global Solutions Business		
Transactions with external customers	4,425,973	4,754,653
Inter-segment transactions	212,748	249,961
Subtotal	4,638,721	5,004,614
Regional Communications Business		
Transactions with external customers	2,453,419	2,555,241
Inter-segment transactions	658,868	654,966
Subtotal	3,112,287	3,210,207
Others (Real Estate, Energy and Others)		
Transactions with external customers	917,535	952,995
Inter-segment transactions	808,996	799,604
Subtotal	1,726,531	1,752,599
Elimination of inter-segment transactions	(1,985,884)	(2,016,372)
Total	¥ 13,704,727	¥ 14,409,121

Segment profit or loss

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Segment profit		
Integrated ICT Business	¥ 1,020,520	¥ 942,062
Global Solutions Business	323,863	488,211
Regional Communications Business	295,460	307,402
Others (Real Estate, Energy and Others)	55,786	(1,572)
Total	¥ 1,695,629	¥ 1,736,103
Elimination of inter-segment transactions	(46,058)	(29,882)
Operating profit	¥ 1,649,571	¥ 1,706,221

Segment profit is calculated by deducting Operating expenses from Operating revenues.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Share of profit (loss) of entities accounted for using the equity method		
Integrated ICT Business	¥ 18,762	¥ 20,896
Global Solutions Business	1,395	4,279
Regional Communications Business	200	1,474
Others (Real Estate, Energy and Others)	5,131	14,616
Total	¥ 25,488	¥ 41,265

Segment assets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Segment assets		
Integrated ICT Business	¥ 11,391,032	¥ 26,107,756
Global Solutions Business	7,868,877	8,719,754
Regional Communications Business	7,123,356	7,252,758
Others (Real Estate, Energy and Others) ^{*1}	18,877,665	22,516,727
Total	¥ 45,260,930	¥ 64,596,995
Elimination of inter-segment transactions ^{*2}	(15,198,447)	(17,875,736)
Total	¥ 30,062,483	¥ 46,721,259

*1. "Others (Real Estate, Energy and Others)" includes stocks of subsidiaries held by NTT.

*2. "Elimination of inter-segment transactions" includes the offset between the investment account and the capital account, etc.

Goodwill recognized in an acquisition is allocated to the segments to which the acquired business belongs. Description of goodwill by segment is presented in "Note 3.7 Goodwill and Intangible Assets (3) Impairment Tests for Goodwill and Intangible Assets with Indefinite Useful Lives."

Other significant accounts

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Depreciation and Amortization		
Integrated ICT Business	¥ 842,446	¥ 888,469
Global Solutions Business	362,995	380,279
Regional Communications Business	432,924	444,569
Others (Real Estate, Energy and Others)	149,771	146,423
Total	¥ 1,788,136	¥ 1,859,740
Elimination of inter-segment transactions	(66,101)	(68,757)
Total	¥ 1,722,035	¥ 1,790,983

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Capital investment		
Integrated ICT Business	¥ 714,336	¥ 857,503
Global Solutions Business	675,683	635,791
Regional Communications Business	491,398	526,584
Others (Real Estate, Energy and Others)	205,939	306,126
Total	¥ 2,087,356	¥ 2,326,004

The figures for capital investments are the amounts determined on an accrual basis that are required for the acquisition of property, plant and equipment, intangible assets and investment property, deducting amounts related to non-current assets classified as assets held for sale and other items during the fiscal year ended March 31, 2025 and March 31, 2026. As a result, the differences from the figures for “Purchase of property, plant and equipment, intangible assets, and investment property” in the Consolidated Statements of Cash Flows are as follows.

In addition, increases in the amounts of right-of-use assets, including those that meet the definition of investment property, are not included in the figures for capital investments.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Purchase of property, plant and equipment, intangible assets and investment property	¥ 2,132,292	¥ 2,255,732
Difference from the total of capital investments	¥ 44,936	¥ (70,272)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Impairment losses - Goodwill		
Integrated ICT Business	¥ —	¥ 6,025
Others (Real Estate, Energy and Others)	—	51,441
Total	¥ —	¥ 57,466

Impairment losses for goodwill are presented in “Note 3.7. Goodwill and Intangible Assets (3) Impairment Tests for Goodwill and Intangible Assets with Indefinite Useful Lives.”

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Impairment losses - Other		
Integrated ICT Business	¥ 2,631	¥ 4,755
Global Solutions Business	6,300	7,381
Regional Communications Business	1,862	5,332
Others (Real Estate, Energy and Others)	9,275	5,255
Total	¥ 20,068	¥ 22,723

Geographic information

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Operating revenues		
Japan	¥ 10,742,293	¥ 11,189,280
Overseas	2,962,434	3,219,841
Total	¥ 13,704,727	¥ 14,409,121

1. Operating revenues are classified into “Japan” or “Overseas” according to the locations of customers to whom the goods and services are provided. Overseas non-current assets are not disclosed as they are immaterial.
2. For the fiscal years ended March 31, 2025 and March 31, 2026, there was no operating revenue from transactions with a single external customer that accounted for 10% or more of NTT Group’s total operating revenues.

2.2. Operating Revenues

(Accounting Policies)

Revenue is recognized at an amount of the consideration to which NTT Group expects to be entitled in exchange for the goods or services transferred to customers based on the following five-step approach, excluding interest and dividend revenues pursuant to IFRS 9, insurance premium revenues pursuant to IFRS 17 and real estate rental income and lease income pursuant to IFRS 16.

Step 1: Identifying the contract with the customer

Step 2: Identifying performance obligations in the contract

Step 3: Determining the transaction price

Step 4: Allocating the transaction price to separate performance obligations in the contract

Step 5: Recognizing revenue when or as the performance obligation is satisfied

The part of incremental costs of obtaining a contract and costs to fulfill a contract with customers that is expected to be recoverable is recognized as an asset. Incremental costs of obtaining a contract are those incurred in obtaining a contract with a customer that would not have incurred if the contract had not been obtained. Costs to fulfill a contract are costs incurred for fulfilling contracts before goods or services are transferred to customers. NTT Group applies the practical expedient of Paragraph 94 of IFRS 15 except for installation fees, activation fees, point programs, and other fees in telecommunication services and system integration services and recognizes incremental cost of obtaining a contract as expenses when incurred if the amortization period of the asset that otherwise would have been recognized is less than 1 year.

NTT Group has four-segment structure: Integrated ICT Business, Global Solutions Business, Regional Communications Business, and Others (Real Estate, Energy and Others). Through these segments, the Group provides the following four services: telecommunication services, sales of telecommunications equipment, system integration services, and other services.

(i) Telecommunication services

In the Integrated ICT Business, services such as the LTE (Xi), 5G, DOCOMO Hikari, Arcstar Universal One, IP-VPN, OCN, and other packet services are provided. In the Regional Communications Business, services are provided including FLET'S Hikari, Hikari Collaboration Model*, telephone subscriber lines, INS-Net, conventional leased circuits, and high-speed digital circuits. NTT Group recognizes revenue according to the usage of these services because performance obligations are deemed to be satisfied as the services are used. Telecommunication services for consumers are billed monthly, and the payment due date is typically the end of the month following the month in which the services were used or one month after the period in which the services were used. Telecommunication services for enterprise customers are billed at the contractually agreed time, and consideration for the services is typically collected by the end of the month following the month in which the services were used.

In addition, NTT Group offers a point program whereby points are granted to customers depending on their use of telecommunication services and the points can be appropriated to payments on merchandise and mobile phone charges. Transaction prices are allocated for the telecommunication services and points based on the respective ratio of standalone selling prices. Of the transaction price allocated for points, the unused portion is recorded in "Other current liabilities" as contract liabilities, and after that, those points are recognized as revenue as the points are used. The standalone selling prices are estimated by taking into account assumptions including a portion of points that is expected to expire due to future cancellation and the value of products and services subject to exchanges for the points.

In some of its billing plans, NTT Group determines an amount of telecommunications traffic (for data communications) available within the scope of the fixed charge of each billing plan, offering a service of automatically carrying forward to the following month the unused amount of telecommunications traffic. For these services, the portion of revenue corresponding to the data allowances that are unused in the current month but are expected to be used in the following month or afterward is deferred, and deferred amounts are recognized as revenue when such allowances are used.

Non-recurring upfront fees such as installation charges and activation fees are deferred and recognized as revenues over the estimated average period of the end customers' subscription for FLET'S Hikari and Hikari Collaboration Model.

New sales incentives paid to collaboration model operators for new contracts under the Hikari Collaboration Model are deferred as "Other non-current assets" in the consolidated statement of financial position, and are deducted from revenues over the estimated average period of the end customers' subscription from the time of payment. The amounts paid as sales incentives for ongoing use at the time of future annual contract renewal are estimated as variable consideration mainly based on historical performance and deducted from revenues for one year from the time of initial contract conclusion or the most recent contract renewal.

* Hikari Collaboration Model: Fiber-optic access services and others are provided on a wholesale basis to various operators by NTT East and NTT West.

(ii) Sales of telecommunications terminal equipment

In the Integrated ICT Business, telecommunications terminal equipment is sold mainly to sales agents. NTT Group recognizes revenue upon delivery of the equipment to sales agents. Upon delivery to sales agents, revenues from sales of telecommunications terminal equipment are recognized after deducting certain agency commissions and incentives given to subscribers. Subscribers have an option to select installment payments for the purchase of handsets from sales agents and others over a period of 12 or 24 months. When installment payments are selected, under the agreements entered into between NTT Group, subscribers, and sales agents, NTT Group makes payments to sales agents for the handsets in place of the subscribers. NTT Group then charges the subscribers for the purchased handsets, together with basic monthly charges and communication charges, over the term of installment payments. The payment due date is typically the end of the month following the month in which the services were used. Because terminal equipment sales are recognized upon delivery of handsets to sales agents, advance payments for the purchased handsets to sales agents and subsequent cash collection of the installment receivable from subscribers do not impact NTT Group's revenues.

Integrated ICT Business offers a program in which we give a waiver on the payment of some installment sales receivables on the sale of a handset, on condition of returning the handset to us after use, among other requirements. The amount which we do not expect to be paid by the customers due to this program is recognized as refund liabilities upon the sale of handset, and deducted from revenues. The refund liabilities are included in "Other current liabilities" and "Other non-current liabilities" in the consolidated statement of financial position. The refund liabilities are calculated as the amount which we do not expect to be paid by the customers, and are estimated by taking into account return rate and timing of handset return for each type of product based on our historical experiences. The amount is calculated and recognized only to the extent that it is highly probable that significant reversal in the cumulative revenue recognized will not occur. The calculation includes assumptions such as return rate of handsets from customers under the program. The refund liabilities are presented in "Note 3.13 Other Liabilities". On the other hand, the right of collection of handsets from customers in exchange for settlement of the refund liability is recorded in "Other current assets" and "Other non-current assets" respectively in the consolidated statement of financial position. These assets are measured at the amount equal to carrying amount of the product less any expected costs to recover those handsets (including potential decreases in the value to the entity of returned handsets) when they are sold.

(iii) System integration services

In the Integrated ICT Business and Regional communications business segment, NTT Group provides system development services and other services, while in the Integrated ICT Business and Global Solutions Business, the Group provides system integration services; both of these services are mainly provided to customers. With respect to system integration services, NTT Group recognizes revenue over the course of the installation period, as the benefits transfer to customers as the installation progresses. As cost is deemed to arise in proportion to the degree of installation progress, the cost-based input method is used for recognition of revenue. Contract consideration is usually invoiced upon delivery, and consideration for the services is typically collected within 30 days from the day immediately following the invoice date.

When losses are expected to arise, an allowance for losses is recognized based on the estimates of all revenues and expenses expected to accrue upon delivery. As a result, revenues and expenses may be reasonably estimated at different stages until completion of benefits transfer. Recognized losses may be reassessed as the contract progresses and are

recorded in the consolidated fiscal year in which the factual cause for the loss is confirmed.

(iv) Other services

In the Integrated ICT Business, NTT Group offers services including distribution services of movies, music, and e-books; financial and payment services; shopping services; services to support activities of daily living; and “Mobile Device Protection Service.”

In addition, NTT Group primarily provides services including real estate business, energy business, and others.

With respect to these services, NTT Group recognizes revenues either upon delivery or completion of services.

Government grants related to revenue are recognized when there is reasonable assurance that the conditions for receiving the grant are met and the grant will be received.

(Accounting Estimates and Judgments Involving Estimates)

Recognition of revenue is estimated described as above. And recoverability related to assets recognized from contract costs is estimated.

(1) Disaggregation of Revenues

(i) Revenue from contracts with customers and others

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Revenue from contracts with customers	¥12,872,715	¥13,234,229
Revenue from other sources	832,012	1,174,892
Total	¥13,704,727	¥14,409,121

Revenues recognized from other sources mainly comprises real estate rental income and lease income under IFRS 16, interest and dividend income under IFRS 9, and insurance income under IFRS 17.

(ii) Relationship between disaggregated revenues and segment revenues

(Millions of yen)

	Fiscal year ended March 31, 2025		
	Revenue	Intersegment revenue	Total
Integrated ICT Business Segment	¥5,907,800	¥305,272	¥6,213,072
Mobile communications services	2,471,145	12,113	2,483,258
Equipment sales, SI, Other	3,436,655	293,159	3,729,814
Global Solutions Business Segment	4,425,973	212,748	4,638,721
System integration services	4,425,973	212,748	4,638,721
Regional Communications Business Segment	2,453,419	658,868	3,112,287
Enterprise business, Fiber-Optic business etc	1,952,211	621,571	2,573,782
Legacy network business	501,208	37,297	538,505
Others (Real Estate, Energy and Others)	917,535	808,996	1,726,531
Total	¥13,704,727	¥1,985,884	¥15,690,611

(Millions of yen)

	Fiscal year ended March 31, 2026		
	Revenue	Intersegment revenue	Total
Integrated ICT Business Segment	¥6,146,232	¥311,841	¥6,458,073
Mobile communications services	2,435,850	11,488	2,447,338
Equipment sales, SI, Other	3,710,382	300,353	4,010,735
Global Solutions Business Segment	4,754,653	249,961	5,004,614
System integration services	4,754,653	249,961	5,004,614
Regional Communications Business Segment	2,555,241	654,966	3,210,207
Enterprise business, Fiber-Optic business etc	2,088,237	626,533	2,714,770
Legacy network business	467,004	28,433	495,437
Others (Real Estate, Energy and Others)	952,995	799,604	1,752,599
Total	¥14,409,121	¥2,016,372	¥16,425,493

Regarding the components of operating revenues, we have changed to a new classification due to revising some of our internal management classifications. Mobile communications services include revenues from mobile voice related services as well as IP/packet communications services associated with mobile, which were previously part of the old classification. Legacy network business includes revenues from fixed voice related services such as telephone subscriber lines, INS-Net, conventional leased circuits, and high-speed digital circuits, which were also previously part of the old classification.

In its four-segment structure of Integrated ICT Business, Global Solutions Business, Regional Communications Business, and Others (Real Estate, Energy and Others), NTT Group provides the following four services: telecommunication services, sales of telecommunications terminal equipment, system integration services, and other services. Details are provided under the section entitled “Accounting Policies” in this note.

(2) Contract Balances

Information on receivables, contract assets, and contract liabilities

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Receivables from contracts with customers (Trade and other receivables)	¥2,827,725	¥3,188,471
Contract assets (Other current assets)	253,986	312,866
Contract liabilities (Other current liabilities and Other non-current liabilities)	¥1,002,269	¥1,110,995

Contract assets are mainly related to NTT Group's rights to compensation for its work on system integration that has created a customer-controlled asset as of the reporting date, but for which the Group has not yet billed. Contract assets are transferred to receivables when the right to payment becomes unconditional. Contract liabilities are mainly related to unused points that have been granted to customers as they use mobile phones, and to consideration received in advance and accounted for as deferred revenues from the initial construction fees for FLET'S Hikari and DOCOMO Hikari and activation. Contract liabilities are transferred to revenue at the time goods or services are transferred to the customer.

Of the revenues recognized in the fiscal year ended March 31, 2025 and March 31, 2026, ¥395,294 million and ¥428,007 million, respectively, were included in the balance of contract liabilities as of the beginning of the fiscal year.

The amount of revenue recognized in the fiscal years ended March 31, 2025 and March 31, 2026 due to performance obligations satisfied, or partially satisfied, in the past periods was immaterial.

(3) Transaction Price Allocated to the Remaining Performance Obligations

(Millions of yen)

Types of performance obligations	As of March 31, 2025	As of March 31, 2026	Description about the expected time of satisfaction of performance obligations
Installation fees, activation fees, point programs, and other fees in telecommunication services	¥413,148	¥463,820	Expected to be satisfied within approximately 17 years
Development of system and software in system integration services	4,622,766	5,678,217	Expected to be satisfied within approximately 4 years.
Other than above (mainly common service charges under non-cancelable lease contracts, construction work)	¥287,984	¥352,393	Common service charges under non-cancelable lease contracts are expected to be satisfied within approximately 22 years, construction works are within approximately 13 years, others are within approximately 13 years.

The practical expedient of Paragraph 121 of IFRS 15 has not been applied to residual performance obligations related to installation fees, activation fees, point programs, and other fees in telecommunication services, in addition to system integration services. Remaining performance obligations related to contracts expected to be satisfied within 1 year are included. Other than above, the practical expedient has been applied, and remaining performance obligations related to contracts expected to be satisfied within 1 year are not included.

(4) Assets Recognized from the Costs to Obtain or Fulfill a Contract with a Customer

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets recognized from the costs to obtain a contract	¥418,431	¥478,953
Assets recognized from the costs to fulfill a contract	62,936	60,099
Total	¥481,367	¥539,052

NTT Group recognizes as an asset the incremental cost of obtaining a contract and the cost to fulfill a contract with a customer if it expects to recover those costs. The asset is recorded in “Other non-current assets” in the consolidated statement of financial position. The incremental costs of obtaining a contract are those that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The costs to fulfill a contract are those that the Group incurs to fulfill a contract generated before it transfers goods or services to a customer.

The incremental costs of obtaining a contract, which NTT Group recognizes as an asset, are mainly commissions to sales agents that were incurred to acquire customers, and incremental costs that would not have been incurred if the contract had not been obtained. The costs to fulfill a contract are mainly direct personnel expenses related to the reception clerical work to accept new contracts, and costs directly related to the service provided to the customer. When recognizing as an asset the incremental cost for obtaining a contract and the cost to fulfill a contract, only the amount expected to be recovered is recognized as an asset, taking into account the cancellation rates of customers (contractors). The asset is amortized over the estimated average contract term of the related service.

Assets recognized from contract costs are reviewed quarterly for recoverability. The Group assesses whether the carrying amount of the asset exceeds the remaining consideration that is expected to be received during the contract term of providing related services in consideration of the cancellation rates and other factors less costs that are directly related to the goods or services provided and not yet recognized as an expense. These estimates and assumptions may have a significant impact on the amount of assets recognized from contract costs if the underlying circumstances change and impairment loss is recognized for the assets. Therefore, NTT Group considers that such estimates are important.

The amounts of amortization on the assets recognized from contract costs for the fiscal year ended March 31, 2025 and 2026 were ¥130,201 million and ¥144,269 million, respectively, and no impairment losses occurred.

2.3. Operating Expenses

(1) Expenses for purchase of goods and services and other expenses

Details of items recorded as expenses for purchase of goods and services and other expenses

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Outsourcing expense	¥2,194,284	¥2,282,002
Cost of equipment sold	742,010	773,847
*Cost of goods	921,590	1,034,368
Agency commissions	313,255	363,901
Other	2,646,574	2,753,800
Total	¥6,817,713	¥7,207,918

* Cost of goods mainly includes purchase of goods for sales and materials for construction work.

(2) Research and development expenses

The research and development expenses that were treated as operating expenses when incurred in the fiscal years ended March 31, 2025 and 2026 amounted to ¥274,855 million and ¥278,649 million, respectively. Description of research and development expenses is presented in “ITEM2 BUSINESS OVERVIEW 6. Research and Development” and accounting method is presented in “Note 3.7 Goodwill and Intangible Assets”.

2.4. Income Taxes

(Accounting Policies)

Income taxes consist of current taxes and deferred taxes, and are recognized in profit or loss, excluding taxes arising from business combinations, as well as taxes incurred from items directly recognized in other comprehensive income or equity.

Current taxes

Current taxes are measured as the amount expected to be paid to, or recovered from, the tax authorities. Tax calculations use the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred taxes

Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that deductible temporary differences and the unused tax losses and unused tax credits can be utilized against the future taxable profit. The probability of realizing deferred tax assets will depend on whether taxable profit will be available during the periods in which deductible temporary differences will reverse or unused tax losses can be utilized. In this assessment, NTT Group considers the expected level of future taxable profit, tax planning opportunities, and the expected timing of the reversal of deferred tax liabilities. The probability of realizing deferred tax assets depends mainly on the future taxable profit, and NTT Group considers that sufficient taxable profit will be available on an ongoing basis. However, when the estimate of probable future taxable profit for the periods decreases, the net amount of deferred tax assets expected to be realized may be reduced. A reassessment of the recoverability of deferred tax assets is conducted at the end of the fiscal year.

Note, however, that deferred tax assets are not recognized for temporary differences arising from the initial recognition of assets or liabilities in transactions that are not business combinations, and that do not affect either accounting profit or taxable profit at the time of the transaction, or do not give rise to equal amounts of future taxable amounts and future deductible amounts at the time of the transaction.

Deferred tax assets are recognized for deductible temporary differences arising from investments in subsidiaries, associates, and interests in joint ventures only if it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Recognition of deferred tax liabilities

Deferred tax liabilities are generally recognized for taxable temporary differences, with the exception of the temporary differences listed below:

- temporary differences arising from the initial recognition of an asset or a liability in transactions that are not business combinations, that does not affect either accounting profit or taxable profit at the time of the transaction, or do not give rise to equal amounts of future taxable amounts and future deductible amounts at the time of the transaction
- taxable temporary differences arising from the initial recognition of goodwill
- taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures for which the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future

Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured using the tax rate expected to be applied at the time the asset is realized or the liability is settled, based on the law that has been enacted or substantially enacted by the end of the fiscal year.

Presentation of deferred tax assets and liabilities

Deferred tax assets and liabilities are offset if NTT Group has a legally enforceable right to offset current tax assets and liabilities and income taxes are imposed on the same taxpayer by the same taxation authority.

(Accounting Estimates and Judgments Involving Estimates)

The recoverability of deferred tax assets is estimated described as above.

(1) Deferred Tax Assets and Deferred Tax LiabilitiesDetails and changes of deferred tax assets and deferred tax liabilities by major factor

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Defined benefit liabilities	¥321,578	¥224,191
Accrued enterprise tax	14,668	14,851
Property, plant and equipment and intangible assets	323,921	315,706
Accrued payroll	129,844	133,017
Unused tax losses	152,871	154,100
Provision for point programs	8,802	9,606
Investments accounted for using the equity method	5,333	2,495
Equity instruments	33,717	44,723
Accounts receivable - trade	18	20
Real estate tax payable	36,896	37,889
Contract liabilities	96,264	103,305
Loss allowance	30,589	35,094
Cash flow hedges	16,297	1,578
Hedges cost	2,004	24,855
Lease liabilities	199,960	208,701
Refund liabilities	16,356	25,605
Long-term loans for banking	-	46,304
Other	147,088	167,267
Total	¥1,536,206	¥1,549,307
Offset to deferred tax liabilities	(870,732)	(1,088,470)
Net deferred tax assets	¥665,474	¥460,837

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Deferred tax liabilities		
Equity instruments	¥158,091	¥226,296
Property, plant and equipment	236,678	253,715
Intangible assets	123,489	201,609
Investments accounted for using the equity method	928	995
Plan assets related to the defined benefit plan	71,703	81,530
Contract cost	180,676	208,570
Cash flow hedges	901	31,550
Right-of-use asset	184,293	198,192
Other	99,520	114,079
Total	¥1,056,279	¥1,316,536
Offset to deferred tax assets	(870,732)	(1,088,470)
Net deferred tax liabilities	¥185,547	¥228,066

Changes of net deferred tax assets

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at the beginning of the year	¥491,945	¥479,927
Amount recognized in profit or loss	(17,699)	(34,857)
Amount recognized as other comprehensive income		
Cash flow hedges	(23,033)	(46,471)
Hedges cost	(952)	22,830
Financial assets measured at fair value through other comprehensive income	56,619	(90,556)
Remeasurements of the defined benefit plans	(35,188)	(91,696)
Share of other comprehensive income of entities accounted for using the equity method	(11)	(86)
Total	¥471,681	¥239,091
Others*	8,246	(6,320)
Balance at the end of the year	¥479,927	¥232,771

* The main effects were foreign currency translation differences and business combinations.

Deductible temporary differences and unused tax losses for which no deferred tax assets are recognized

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Deductible temporary differences	¥276,837 ¥ (28,020)	¥273,962 ¥ (28,482)
Unused tax losses		
Expiration date Within 5 years	78,681 (11,715)	94,861 (16,132)
Expiration date Over 5 years and within 20 years	689,352 (153,842)	787,860 (158,493)
Indefinite periods	305,460 (77,837)	350,232 (88,712)
Total unused tax losses	1,073,493 (243,394)	1,232,953 (263,337)
Total deductible temporary differences and unused tax losses	¥1,350,330 ¥ (271,414)	¥1,506,915 ¥ (291,819)

The amounts of deductible temporary differences and unused tax losses are based on temporary differences, and those presented in parentheses are on a tax basis.

For entities subject to Japanese group relief system, recoverability of national corporate tax is assessed based on the estimate of future taxable income of the tax sharing group, while recoverability of local taxes is assessed based on the future taxable income of each entity. When local taxes are deemed as not recoverable, the amounts of future deductible temporary differences and unused tax losses on a temporary difference basis are multiplied by local tax rates and presented as the amount on a tax basis.

NTT America, Inc.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Unused tax losses ^{*1}	¥898,538	¥880,172
Unused tax losses for which no deferred tax assets are recognized ^{*2,3}	472,737 (115,333)	458,437 (125,612)
Net deferred tax assets related to unused tax losses	103,882	115,556
Future taxable income needed to realize the net deferred tax assets related to unused tax losses	^{*4} ¥425,801	^{*5} ¥421,735

*1. Unused tax losses can be used to offset future taxable income until the end of the fiscal year ending March 31, 2036, other than certain losses that can be carried forward indefinitely.

*2. Large amounts of unused tax losses for which no deferred tax assets are recognized were due to, among other factors, insufficient taxable income expected to be earned in the future not large enough compared with the unused tax losses and the uncertainties about the future plans for generating taxable income. Deferred tax assets related to unused tax losses is reassessed at the end of each fiscal year based on the forecast for taxable income and the recoverability of deferred tax assets. The amount of the carryforward of unused tax losses for which no deferred tax assets are recognized may decrease in the future.

*3. The amounts of unused tax losses for which no deferred tax assets are recognized are based on temporary differences, and those presented in parentheses are on a tax basis.

*4. Calculated on the basis of US\$1 = ¥149.52 (as of March 31, 2025)

*5. Calculated on the basis of US\$1 = ¥159.93 (as of March 31, 2026)

(2) Details of Income Taxes

Details of total income taxes

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Income taxes recognized in profit or loss		
Current tax expenses	¥464,562	¥464,428
Deferred tax expenses		
Origination and reversal of temporary differences	16,913	27,875
Recognition of previously unrecognized (derecognition of previously recognized) deductible temporary differences	29,220	33,875
Recognition of unused tax losses not recognized in prior years	(19,270)	(26,893)
Effect of changes in tax rates	(9,164)	-
Total deferred tax expenses	17,699	34,857
Total income taxes recognized in profit or loss	482,261	499,285
Total income taxes recognized in other comprehensive income *	31,176	210,214
Total income taxes	¥513,437	¥709,499

* The details of total income taxes recognized in other comprehensive income are presented in “Note 4.1. Equity”.

The majority of the NTT Group’s profit before taxes and tax expenses was generated in Japan. For the fiscal years ended March 31, 2025 and 2026, NTT and NTT’s domestic subsidiaries were subject to national corporate tax of 24.22%, local corporate inhabitant tax of approximately 3.78%, and local deductible corporate enterprise tax of approximately 5.04%. The applicable tax rates were 31.46%, respectively. The rates of corporate inhabitant tax and corporate enterprise tax differ depending on the municipality.

Foreign subsidiaries are subject to local corporate taxes.

NTT Group accounts for and prepares the consolidated financial statements under the Japanese group relief system. Under the Japanese group relief system, tax expenses for each fiscal year are calculated by aggregating taxable income of the tax sharing companies, and the recoverability of deferred tax assets related to national corporate tax is assessed on the basis of the aggregated estimate of future taxable income of the consolidated taxpaying companies. As of March 31, 2026, NTT and its 136 wholly owned subsidiaries in Japan, such as NTT DOCOMO, NTT East, NTT West, and NTT DOCOMO BUSINESS, Inc., are included in the tax sharing companies.

Details of major items for the difference between the applicable tax rate and average effective tax rate

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Applicable tax rate	31.46%	31.46%
(Adjustment)		
Effect of reassessment of recoverability of deferred tax assets	0.26%	1.49%
Effect of tax credits	(1.94%)	(3.82%)
Effect of non-deductible expenses	2.43%	3.65%
Other	(1.39%)	(1.22%)
Average effective tax rate	30.82%	31.56%

(3) Income taxes receivable included in other current assets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Income taxes receivable	¥51,997	¥75,655

(4) Global Minimum Tax Regime

With respect to the Income Inclusion Rule (IIR), which was introduced in Japan based on the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, the NTT Group has recognized an estimated top-up tax amount based on the NTT Group's financial information available as of March 31, 2026. The effect on the consolidated financial statements is immaterial.

In addition, in accordance with the exemptive provisions of IAS 12 (Income Taxes), NTT Group has not recognized any deferred tax assets or liabilities related to corporate income taxes resulting from this tax regime.

2.5. Earnings per Share

(Accounting Policies)

Basic earnings per share (“EPS”) is calculated based on the average number of outstanding shares during the fiscal year (excluding treasury shares). Diluted EPS is calculated by taking into account the effect of dilution caused by the exercise of the rights to issue new shares, the performance of contracts, or the conversion to new shares. However, NTT has not issued dilutive securities for any fiscal year, and there is therefore no difference between basic EPS and diluted EPS.

Basic earnings per share

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit attributable to NTT (millions of yen)	¥ 1,000,016	¥ 1,037,032
Weighted average number of the outstanding common shares (share)	83,610,854,500	82,258,269,145
Basic earnings per share (yen)	¥ 11.96	¥ 12.61

The weighted average number of the outstanding common shares is calculated excluding treasury stock, including the Company's shares held by the BIP trust and the ESOP trust.

Diluted earnings per share attributable to NTT is not stated, because NTT did not have potentially dilutive common shares during the periods.

3 Assets and Liabilities (excluding Financial Instruments)

This section presents items related to assets used to generate operating revenues and liabilities that arise as a result. Items related to cash management are described in "4. Equity and Financing".

3.1. Business Combinations and Acquisitions of Non-controlling Interests

(Accounting Policies)

The consideration delivered at the time of business combination is measured as the sum of the fair value of assets transferred by NTT Group and the liabilities of the former owner of the acquired company assumed by NTT Group. Acquisition-related expenses are recognized in profit or loss at the time they are incurred.

Any identifiable assets acquired and liabilities of the former owner of the acquired company assumed by NTT Group on the date when control is obtained are measured at fair value as of that date, with the exception of the following:

- Deferred tax assets/deferred tax liabilities and assets/liabilities relating to employee benefits are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits," respectively.
- The acquired company's share-based compensation agreements, or any liabilities or equity instruments alternatively issued to convert such agreements to NTT Group's scheme, are measured on the date when control is obtained (acquired) in accordance with IFRS 2 "Share-based Payment."
- Assets classified as held for sale or disposal groups are measured in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations."

Goodwill is measured as the excess amount if the sum of the transferred consideration and the amount of the non-controlling interests in the acquired company exceeds the net amount of identifiable assets and liabilities on the date when control is obtained. If the difference is a negative amount, it is immediately recognized in profit or loss. Goodwill generated by a business combination is allocated to cash-generating units that benefit from the business combination on the date when control is obtained.

On a case-by-case basis for each business combination transaction, NTT Group chooses to measure non-controlling interests in the acquiree either at fair value or, alternatively, as a proportion of the identifiable net assets in the acquired company recognized by NTT Group. In case of business combinations achieved in stages, the equity interest in the acquired company previously held by NTT Group is remeasured at fair value on the date when control is obtained. Any differences arising from remeasurements are recognized in profit or loss or other comprehensive income, and then transferred to retained earnings.

The amount of other comprehensive income pertaining to changes in the amount of interests in the acquired company which was recorded prior to the date when control was obtained is accounted for using the same method as would be used if NTT Group were to directly dispose of those interests, and is recognized in profit or loss or other comprehensive income.

If the initial accounting for business combinations is not completed by the end of the fiscal year, NTT Group reports provisional amounts for those items related goodwill, identifiable assets acquired and liabilities assumed. Subsequently, if any new facts and circumstances are found to have existed as of the date when control was obtained, and if such facts or circumstances are deemed to affect the recognized amount of the business combination, the provisional amounts as of the date when control was obtained are retrospectively adjusted for up to one year from the date when control is obtained.

(Accounting Estimates and Judgments Involving Estimates)

Assets acquired through the business combination and liabilities of the former owner of the acquired company is estimated described as above.

<Fiscal year ended March 31, 2025>

There was no significant business combination.

<Fiscal year ended March 31, 2026>

Acquisition of Shares of SBI Sumishin Net Bank, Ltd.

Overview

At the Board of Directors meeting held on May 29, 2025 of NTT DOCOMO, the NTT Group determined to acquire SBI Sumishin Net Bank, Ltd.'s (the "Target Company") common stock (the "Target Company Stock") through a tender offer (the "Tender Offer"), pursuant to the Financial Instruments and Exchange Act, and to execute business alliance agreements between NTT DOCOMO and the Target Company.

The Tender Offer was completed on July 10, 2025, and NTT DOCOMO purchased the Target Company Stock for a total purchase price of ¥182.6 billion. Additionally, as a result of a series of transactions in order to take the Target Company private, NTT DOCOMO's voting rights in the Target Company increased to 50.00%.

The Target Company became a consolidated subsidiary of NTT DOCOMO on October 1, 2025, as a result of the entering into the Shareholders' Agreement and a series of transactions, in order to take the Target Company private.

The purpose of the acquisition is to acquire general banking business capabilities, including know-how and technology, and to expand the NTT Group's financial business in the smart life area.

The purchase price, including the Tender Offer, totaled ¥420.0 billion, and the form of consideration was cash.

Acquired assets, assumed liabilities, non-controlling interests and goodwill

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.

(Millions of yen)

	As of the Acquisition Date
Current assets	
Short-term loans for banking ^(*1)	580,936
Other	2,019,135
Non-current assets	
Long-term loans for banking ^(*1)	9,275,791
Securities for banking	613,079
Other	383,774
Acquired assets Total	12,872,716
Current liabilities	
Short-term deposits for banking	10,495,302
Other	516,599
Non-current liabilities	
Long-term deposits for banking	509,331
Other	1,113,097
Assumed liabilities Total	12,634,329
Net assets acquired Total	238,386
Non-controlling interests ^(*2)	△81,506
Goodwill	263,079
Total	419,959

*1 Regarding the fair value of ¥9,856,727 million in the acquired "Short-term loans for banking" and "Long-term loans for banking," the total contract amount is ¥9,992,728 million, and the estimated unrecoverable amount is ¥3,753 million.

*2 Non-controlling interests are measured as a proportion of the identifiable net assets in the acquired company.

Operating revenues and profit or loss after the acquisition date

Operating revenues and profit that arose after the acquisition date are ¥92,378 million and ¥12,010 million, respectively.

Operating revenues and profit or loss assuming the business combination had taken place at the beginning of the fiscal year (unaudited information)

The impact assuming the business combination had taken place at the beginning of the fiscal year is not disclosed as it is immaterial.

Transaction making NTT DATA Group Corporation a wholly owned subsidiary of NTT

Description about transaction making NTT DATA Group Corporation a wholly owned subsidiary of NTT is presented in “Note 4.1. Equity (7) Equity Transactions with Non-controlling Interests.”

3.2. Trade and Other Receivables

Trade and other receivables are classified as financial assets measured at amortized cost, except for lease receivables.

Details of trade and other receivables

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Notes and accounts receivables - trade*	¥3,082,641	¥3,537,181
Accounts receivable - other	1,516,815	1,843,001
Lease receivables	196,531	191,130
Operating loans	224,809	99,077
Loss allowance	(140,027)	(119,212)
Total	¥4,880,769	¥5,551,177

* Short-term telecommunications terminal equipment installment sales receivables of ¥325,508 million and ¥432,863 million were included in “Notes and accounts receivables - trade” for the fiscal year ended March 31, 2025, and 2026, respectively.

Trade and other receivables that are expected to be collected later than 12 months from the end of each reporting period (March 31, 2025, or March 31, 2026) were ¥322,339 million, and ¥176,385 million, respectively. The details of lease receivables that are expected to be collected later than 12 months from the end of the reporting period are not included in these amounts and are described in “Note 3.6 Leases.”

Trade and other receivables on the consolidated statement of financial position represents the amount after deducting loss allowance.

3.3. Inventories

(Accounting Policies)

Inventories consist of telecommunications terminal equipment, materials to be sold, work in progress, and supplies, which are measured at the lower of cost and net realizable value (net realizable value is the estimated selling price in the ordinary course of business less estimated costs to sell). The costs of telecommunications terminal equipment and materials to be sold are mainly determined on a first-in, first-out basis. The cost of work in progress is mainly attributable to software production pursuant to contracts with customers and construction of real estate held for sale, including labor and subcontractors' costs. The cost of supplies is determined the average cost method or the specific identification method.

Details of inventories

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Telecommunications terminal equipment and materials to be sold	¥161,655	¥186,475
Work in progress	284,354	301,005
Supplies	110,567	137,347
Total	¥556,576	¥624,827

Amounts of inventories recognized as expenses, write-down of inventories, and reversal of write-down

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Inventories recognized as expenses	¥1,365,429	¥1,590,980
Write-down of inventories	3,505	6,372
Reversal of write-down of inventories	(120)	(19)

3.4. Assets Held for Sale

(Accounting Policies)

Non-current assets that are determined to recover their carrying amount principally through a sale transaction rather than through continuing use, as well as non-current assets that have ceased to be used in an ongoing capacity and that are determined to be disposed of (collectively, the “disposal group”) are classified as held for sale. These assets are measured at the lower of their carrying amount and their fair value less costs to sell. Such assets are not depreciated. An impairment loss is recognized if the fair value less costs to sell falls below the carrying amount. In the event of a subsequent increase in the fair value less costs to sell, the previously recognized impairment loss is reversed. The maximum amount by which the impairment loss can be reversed is the amount of the impairment loss previously recognized. If the asset no longer satisfies the requirements to be held for sale, it will cease to be classified as held for sale. In such case, the asset will be measured at the lower of the applicable carrying amount had it not been classified as held for sale or its recoverable amount as of the date it ceases to meet the requirements to be classed as held for sale.

Sale of shares of data center holding companies

Overview

NTT DATA Group plans to sell some of the shares of the companies it owned that hold data centers. These shares have been classified as the assets held for sale.

Impact on accounting treatment and on the consolidated financial statements

The assets related to the sale of the shares of the companies that hold data centers and the liabilities directly associated with these assets, which are included in the Overseas Segment, have been classified as assets held for sale and liabilities directly associated with assets held for sale. This is based on the decision made in the third quarter of the previous fiscal year under review to proceed with the sale procedures within one year. These assets and liabilities have been measured at their book value, as the fair value less costs of disposal exceeds the book value.

(Millions of yen)

Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Cash and cash equivalents	¥ 3,513	Trade and other payables	¥ 2,796
Trade and other receivables	4,658	Other	1,614
Property, plant and equipment	82,811		
Other	1,585		
Total	¥ 92,567	Total	¥ 4,411

Sale of shares of onshore wind power generation SPCs

Overview

Green Power Investment Co., Ltd. (“GPI”) and its subsidiary Green Power Investment Fund Management No. 2 LLC jointly formed the “Green Power Renewable No. 2 Investment Limited Liability Partnership” with Sumitomo Mitsui Trust Investment Co., Ltd., JA Mitsui Energy Solutions, Ltd., and other investors, and have sold a portion of the shares of the onshore wind power generation SPCs held by the Company to Green Power Renewable No. 2 Investment Limited Liability Partnership. This transaction was carried out as part of capital recycling for the development of a new renewable energy business.

Impact on accounting treatment and on the consolidated financial statements

The assets related to the sale of the shares of the onshore wind power generation SPCs and liabilities directly associated with these assets, which were included in the Others (Real Estate, Energy and Others) under Segment Information, were classified as assets held for sale and as liabilities directly related to assets held for sale, as GPI made a decision in the third quarter of the previous fiscal year to carry out procedures for the sale of the shares within one year. Accordingly, the sale was completed in the fourth quarter of the previous fiscal year. The breakdown of assets and liabilities at the time of sale is as follows. Additionally, the impact of these treatments on NTT’s consolidated statement of profit or loss is immaterial.

(Millions of yen)

Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Property, plant and equipment	¥ 73,982	Trade and other payables	¥ 59,603
Intangible assets	40,333	Other	31,312
Other	19,433		
Total	¥ 133,748	Total	¥ 90,915

Sale of shares of data center holding companies

Overview

NTT DATA Group has listed the real estate investment trust “NTT DC REIT”, which is managed by NTT DC REIT Manager Pte, Ltd, on the Singapore Exchange, and has sold some of the shares of the companies owned by a consolidated subsidiary that own data center assets to the REIT and acquired a portion of the Units of the REIT.

Impact on accounting treatment and on the consolidated financial statements

The assets related to the sale of the shares of the companies that hold data centers and the liabilities directly associated with these assets, which are included in the Global Solutions Business Segment, have been classified as assets held for sale and liabilities directly associated with assets held for sale. This is based on the decision made in the third quarter of the previous fiscal year under review to proceed with the sale procedures within one year. Accordingly, the sale of assets has been completed in the second quarter of the current fiscal year. The ¥129,451 million gain on sale from such transaction in the Global Solutions Business Segment has been recorded under operating profit in the Consolidated Statements of Profit or Loss for the current consolidated accounting period, and the total consideration received from the transaction was ¥222,159 million. The portion of the consideration received that consisted of cash and cash equivalents was ¥184,291 million.

The major classes of assets and liabilities at the time of such sale were as set forth below.

(Millions of yen)

Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Cash and cash equivalents	¥4,307	Trade and other payables	¥3,819
Trade and other receivables	5,568	Other	2,760
Property, plant and equipment	83,635		
Other	1,056		
Total	¥94,566	Total	¥6,579

3.5. Property, Plant and Equipment

(Accounting Policies)

Recognition

Property, plant and equipment are measured using the cost model, which deducts accumulated depreciation and accumulated impairment losses from cost. The cost includes expenses directly attributable to the acquisition of an asset and the cost of borrowings to be capitalized.

Government grants related to assets are recognized by deducting the amount of the grant from the carrying amount of the asset when there is reasonable assurance that the conditions for receiving the grant are met and the grant will be received.

Depreciation

Depreciation is calculated principally using the straight-line method over the estimated useful life of each component. The depreciable amount is calculated by deducting the residual value of an asset from the cost of the asset. Land and construction in progress are not depreciated.

The estimated useful lives of major items of property, plant and equipment are as follows:

Telecommunications equipment

Digital switch equipment (including wireless communication equipment)... 8 to 16 years

Telecommunications service lines

Cables..... 13 to 36 years

Tubes and tunnels..... 50 years

Buildings and structures

Reinforced concrete buildings..... 42 to 56 years

Machinery, tools and fixtures..... 3 to 26 years

NTT Group reviews the depreciation methods, useful lives, and residual values at the end of each fiscal year. Any changes are accounted for as changes in accounting estimates on a prospective basis.

(Accounting Estimates and Judgments Involving Estimates)

As described in the above accounting policies, the useful lives of property, plant and equipment are estimated.

(1) Changes

Changes in carrying amounts, costs, accumulated depreciation, and accumulated impairment losses of property, plant and equipment

Carrying amounts of property, plant and equipment

(Millions of yen)

	Telecom- munications equipment	Telecom- munications service lines	Buildings and structures	Machinery, tools and fixtures	Land	Construction in progress	Total
As of April 1, 2024	¥2,437,114	¥2,914,581	¥1,964,278	¥1,397,210	¥857,327	¥851,476	¥10,421,986
Acquisition	2,175	3	34,056	112,969	123,986	1,201,286	1,474,475
Acquisition in business combination	—	—	814	2,866	541	5,250	9,471
Sale or disposal	(18,077)	(10,232)	(15,345)	(23,056)	(2,674)	(22,450)	(91,834)
Transfer between accounts	437,644	202,977	232,895	307,937	8,304	(1,198,792)	(9,035)
Depreciation*	(440,603)	(158,393)	(131,832)	(222,526)	—	—	(953,354)
Impairment*	—	—	(1,788)	(725)	—	(5)	(2,518)
Foreign currency translation adjustments	(41)	215	(8,199)	(7,694)	(4,126)	(2,710)	(22,555)
Transfer to assets held for sale	(750)	—	(38,747)	(120,772)	(3,174)	(1,880)	(165,323)
Transfer from assets held for sale	3,074	—	685	3	—	—	3,762
Other	6,956	1,465	123	1,624	(4,065)	(8,862)	(2,759)
As of March 31, 2025	¥2,427,492	¥2,950,616	¥2,036,940	¥1,447,836	¥976,119	¥823,313	¥10,662,316
Acquisition	3,299	391	37,171	138,167	51,676	1,313,009	1,543,713
Acquisition in business combination	—	—	4,506	3,238	230	5,317	13,291
Sale or disposal	(23,357)	(9,001)	(10,851)	(17,873)	(16,489)	(10,598)	(88,169)
Transfer between accounts	462,559	212,834	193,796	229,586	(3,042)	(1,109,759)	(14,026)
Depreciation*	(456,825)	(151,703)	(133,354)	(241,717)	—	—	(983,599)
Impairment*	(161)	—	(4,887)	(5,122)	(2)	(2,087)	(12,259)
Foreign currency translation adjustments	(42)	305	43,019	70,240	26,126	25,071	164,719
Transfer to assets held for sale	—	—	—	—	—	—	—
Transfer from assets held for sale	867	—	403	19	14	—	1,303
Other	887	1,620	5,067	(3,502)	(253)	(14,221)	(10,402)
As of March 31, 2026	¥2,414,719	¥3,005,062	¥2,171,810	¥1,620,872	¥1,034,379	¥1,030,045	¥11,276,887

* Depreciation and impairment are included in “Depreciation and amortization” and “Impairment losses” in the consolidated statement of profit or loss, respectively.

Cost

(Millions of yen)

	Telecom- munications equipment	Telecom- munications service lines	Buildings and structures	Machinery, tools and fixtures	Land	Construction in progress	Total
As of April 1, 2024	¥11,194,957	¥17,103,905	¥6,069,227	¥3,368,925	¥862,583	¥851,580	¥39,451,177
As of March 31, 2025	11,388,005	17,248,199	6,209,204	3,467,665	980,596	823,313	40,116,982
As of March 31, 2026	¥11,592,433	¥17,404,778	¥6,429,787	¥3,819,435	¥1,038,417	¥1,032,049	¥41,316,899

Accumulated depreciation and impairment losses

(Millions of yen)

	Telecom- munications equipment	Telecom- munications service lines	Buildings and structures	Machinery, tools and fixtures	Land	Construction in progress	Total
As of April 1, 2024	¥8,757,843	¥14,189,324	¥4,104,949	¥1,971,715	¥5,256	¥104	¥29,029,191
As of March 31, 2025	8,960,513	14,297,583	4,172,264	2,019,829	4,477	—	29,454,666
As of March 31, 2026	¥9,177,714	¥14,399,716	¥4,257,977	¥2,198,563	¥4,038	¥2,004	¥30,040,012

(2) Impairment Losses

(Accounting Policies)

NTT Group determines whether there are any indications of impairment at each reporting date. The recoverable amount in the impairment test is calculated as the higher of either the value in use or the fair value less costs of disposal. The value in use is calculated by discounting estimated future cash flows to present value using a pre-tax discount rate that reflects the time value of money and the inherent risk of the asset.

If there are indications of impairment, the recoverable amounts are estimated. If the recoverable amount of individual assets cannot be estimated, an estimate is made of the recoverable amount for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest unit of an asset group that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

In the event that the recoverable amount of the asset or the cash-generating unit falls below the carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss.

On each reporting date, NTT Group assesses whether there is any indication that an impairment loss recognized in prior years may no longer exist or may have decreased. If any such indication exists, NTT Group estimates the recoverable amount of the asset or cash-generating unit. In the event that the recoverable amount exceeds the carrying amount of the asset or the cash-generating unit, the impairment loss is reversed, with the upper limit set at the lower of the recoverable amount and the carrying amount net of amortization or depreciation that would have been determined if no impairment loss had been recognized in prior years. There was no reversing an impairment loss for the fiscal years ended March 31, 2025 and 2026.

(Accounting Estimates and Judgments Involving Estimates)

Impairment of property, plant and equipment are estimated as described above.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

There was no significant impairment loss.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

There was no significant impairment loss.

(3) Assets Pledged as Collateral

The amounts of property, plant and equipment that are pledged as collateral for corporate bonds and loans are stated in “Note 4.5. Short-Term Borrowings and Long-Term Borrowings.”

(4) Assets with Restricted Ownership

Under leases liabilities recognized in the fiscal year ended March 31, 2025 and 2026, the Group bears obligations and lessors reserve ownership of right-of-use assets. The details of right-of-use assets are presented in “Note 3.6. Leases.”

(5) Borrowing Costs

Of the borrowing costs (interest paid) related to the construction of property, plant and equipment, those that are incurred during the construction periods are included in the cost of the asset. Borrowing costs on the development of internal-use software are also included in the cost of the software. Borrowing costs included in the costs are depreciated over the estimated useful life of the relevant asset. For the fiscal year ended March 31, 2025 and 2026, the amounts of borrowing costs incurred were ¥165,483 million and ¥239,217 million, respectively, of which ¥16,468 million and ¥12,568 million were included in the costs of the assets. Interest paid in the fiscal years ended March 31, 2025 and 2026 were ¥140,432 million and ¥209,539 million, respectively.

The capitalization rate applied in capitalizing the borrowing costs was 0.35% to 8.45%.

3.6. Leases

(Accounting Policies)

(i) Accounting treatment as a lessee

(a) Lease liabilities

Lease liabilities are initially measured at the present value of unpaid lease payments^{*1} at the commencement date of the contract, discounted using NTT Group's incremental borrowing rate^{*2}. Lease payments are accounted as payments for interest calculated applying the effective interest method and payments for principal. Payments for interest are presented as finance cost in the Consolidated Statement of Profit or Loss and classified as cash flows from operating activities in the Consolidated Statement of Cash Flows. Payments for principal are classified as cash flows from financing activities.

*1. An option to extend the lease shall be exercised when it is determined that it is necessary to exercise the option after comprehensively taking into consideration the necessity of the business execution of the assets subject to the contract, the difficulty of acquisition of alternative assets, exercise conditions of the option, etc. For material lease contracts, NTT Group estimates a reasonably certain period of a lease term by taking the option into consideration at the commencement date of the contract, and utilizes estimated lease payments during the lease term to measure lease liabilities.

*2. As interest rate implicit in the lease cannot be readily determined, NTT Group uses incremental borrowing rate as discount rate.

(b) Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the amount of the initial measurement of the lease liabilities, adjusted for any initial direct costs incurred and prepaid lease payments, etc. After the initial measurements, right-of-use assets are depreciated over the useful life or the lease term of the underlying asset, whichever is shorter, from the commencement date of the contract. The estimated useful life of right-of-use assets is determined as same as owned property, plant and equipment. Right-of-use assets are deducted by impairment if identified and adjusted at remeasurement of the specific lease liabilities. Accounting Policies related to the judgement whether there are any indications of impairment of right-of-use assets, calculation about the recoverable amount in the impairment test and the value in use are same as presented in "3.5. Property, Plant and Equipment (2) Impairment loss".

A part of right-of-use assets which satisfies the definition of investment property is presented as Investment property in the Consolidated Statements of Financial Position.

(ii) Accounting treatment as a lessor

Identification and classification

NTT Group determines whether or not a contract constitutes a lease or contains a lease based on the actual substance of the contract at the commencement date of the contract.

Lease transactions are classified as finance leases when they transfer to the lessee substantially all the risks and rewards incidental to ownership of the asset, while other lease transactions are classified as operating leases.

Substantially all the risks and rewards incidental to ownership of the asset are deemed to have been transferred if the lease term accounts for the majority of the asset's economic life, or if the present value of the minimum lease payments is approximately equivalent to the full fair value of the asset. The lease term is set as the sum of the non-cancellable period and periods during which a renewal option is considered reasonably certain to be exercised on the commencement date of the lease.

Recognition and measurement

(i) Finance lease transactions

The net investment in the lease is recognized as a lease receivable, and the total lease payment receivable is allocated to an amount equivalent to principal of the lease receivable and an amount equivalent to interest. The amount allocated to interest on the lease payment receivable is calculated using a method that reflects a constant periodic rate of return on the lessor's net investment in the lease. The net investment in the lease is the sum of the uncollected lease payment receivable by a lessor under a finance lease and any unguaranteed residual value (the portion of the residual value of the lease assets, which a lessee does not guarantee, or only a party related to the lessor guarantees), discounted by the interest rate implicit in the lease.

(ii) Operating lease transactions

The total lease payment receivable over the term of the operating lease is recognized as revenue using the straight-line method over the lease term.

(Accounting Estimates and Judgments Involving Estimates)

The useful lives of right-of-use assets are estimated as described above.

The lease terms are estimated as described above.

Impairment of right-of-use assets are estimated as described above.

(1) Lessee

The NTT Group has concluded lease contracts for land, buildings (office space), company housing facilities, and various other facilities primarily for the purpose of ensuring flexibility in asset replacement, reducing the administrative burden associated with asset administration, and increasing the efficient use of funds.

Among the contracts above, leases of primarily land, buildings (office space), and various types of equipment have an option for extension by the lessee with the objective of ensuring flexibility in the allocation of NTT Group business sites and personnel. Lease payments during the period in which the lease is extendable by exercising the option to extend the lease and such extendable period are generally the same as or similar to the original contract period and lease payments.

Both the option to extend the lease and the option to terminate the lease are reviewed on an annual basis to determine whether they may be exercised or not. The financial impact of this revision is immaterial in the current consolidated fiscal year.

For the NTT Group, leases that include variable lease payments and residual value guarantees or that have been entered into but not yet commenced are immaterial.

In addition, the NTT Group may engage in sales and leaseback transactions, in which it sells telecommunications equipment, buildings and structures to a leasing company and enters into a lease agreement at the same time. The reason for this is to collect funds related to the purchase of assets as soon as possible and to reduce the risks associated with holding assets. The gain or loss on sale caused by such transactions during the fiscal years ended March 31, 2025 and March 31, 2026 was immaterial.

Details of right-of-use assets

Carrying amounts

(Millions of yen)

	Class of underlying asset				Total
	Telecommunications equipment	Buildings and structures	Machinery, tools and fixtures	Land	
As of March 31, 2025	¥ 243,062	¥ 487,107	¥ 125,910	¥ 117,930	¥ 974,009
As of March 31, 2026	¥ 273,892	¥ 431,314	¥ 193,476	¥ 122,362	¥ 1,021,044

Cost

(Millions of yen)

	Class of underlying asset				Total
	Telecommunications equipment	Buildings and structures	Machinery, tools and fixtures	Land	
As of March 31, 2025	¥ 282,344	¥ 860,131	¥ 225,105	¥ 157,152	¥ 1,524,732
As of March 31, 2026	¥ 330,597	¥ 771,467	¥ 389,765	¥ 171,005	¥ 1,662,834

Accumulated depreciation and impairment losses

(Millions of yen)

	Class of underlying asset				Total
	Telecommunications equipment	Buildings and structures	Machinery, tools and fixtures	Land	
As of March 31, 2025	¥ 39,282	¥ 373,024	¥ 99,195	¥ 39,222	¥ 550,723
As of March 31, 2026	¥ 56,705	¥ 340,153	¥ 196,289	¥ 48,643	¥ 641,790

Changes in carrying amounts of right-of-use assets

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Depreciation		
Class of Underlying asset: Telecommunications equipment	¥ 10,587	¥ 14,088
Class of Underlying asset: Buildings and structures	145,693	129,204
Class of Underlying asset: Machinery, tools and fixtures	38,056	56,663
Class of Underlying asset: Land	10,115	9,003
Total of Depreciation	¥ 204,451	¥ 208,958
Increase	¥ 315,872	¥ 276,543

Impact on Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Interest on lease liabilities	¥ 20,190	¥ 21,156
Expenses relating to low-value assets	¥ 59,673	¥ 64,787

Impact on Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Total cash outflow for leases	¥ 341,550	¥ 364,017

Total cash outflow for leases includes Repayment of lease liabilities on Consolidated Statement of Cash Flows, Interest on lease liabilities and Expenses relating to low-value assets, too.

Details of lease liabilities by due date

As of March 31, 2025

(Millions of yen)

	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Lease liabilities	¥ 249,996	¥ 531,659	¥ 601,653	¥ 1,383,308

As of March 31, 2026

(Millions of yen)

	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Lease liabilities	¥ 273,027	¥ 570,282	¥ 634,153	¥ 1,477,462

(2)Lessor

(i) Finance leases

NTT Group leases office space and other assets under finance leases lease agreements. These leased assets are exposed to the risk of being damaged by the use, intent or negligence of the lessee beyond the normal use of such assets. In order to avoid or reduce these risks, the NTT Group requires the lessee to make a certain security deposit or residual value guarantee in the lease agreement, or attaches insurance to the lease agreement, and if the assets are actually damaged, income from these measures is appropriated for the loss.

Income from finance lease

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Selling profit or loss	¥ 3,190	¥ 3,906
Finance income on the net investment in the lease	¥ 3,078	¥ 3,095

Details of finance lease receivable by due date

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Less than 1 year	¥ 51,237	¥ 50,155
One to two years	32,681	31,329
Two to three years	15,509	11,939
Three to four years	9,473	10,087
Four to five years	8,625	7,717
More than five years	107,099	107,823
Total	¥ 224,624	¥ 219,050
Less unearned finance income	28,093	27,920
Net investment in the lease (Present value)	¥ 196,531	¥ 191,130

(ii) Operating leases

NTT Group leases real estate, including buildings and land, and machinery and other assets under operating lease agreements. These leased assets are exposed to the risk of being damaged by the use, intent or negligence of the lessee beyond the normal use of such assets. In order to avoid or reduce these risks, the NTT Group requires the lessee to make a certain security deposit or guarantee deposit in the lease agreement, or attaches insurance to the lease agreement, and if the assets are actually damaged, income from these measures is appropriated for the loss.

Income from operating lease

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Lease income	¥ 627,285	¥ 725,129

Details of operating lease income by due date

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Less than 1 year	¥ 513,904	¥ 642,599
One to two years	419,638	516,099
Two to three years	376,207	442,114
Three to four years	328,986	394,620
Four to five years	277,383	361,973
More than five years	1,131,397	1,597,130
Total	¥ 3,047,515	¥ 3,954,535

Underlying assets subject to an operating lease are recognized on "Property, plant and equipment" or "Investment property" in Consolidated Statement of Financial Position.

Underlying assets subject to an operating lease

Carrying amounts

(Millions of yen)

	Telecommunications service lines	Buildings and structures	Machinery, tools and fixtures	Land	Investment Property
As of March 31, 2024	¥ 71,529	¥ 494,298	¥ 598,770	¥ 183,244	¥ 1,122,774
Acquisition	5,026	107,853	254,816	144,204	24,479
Acquisition in business combination	—	—	46	—	—
Sale or disposal	(400)	(2,915)	(5,236)	(3,984)	(7,754)
Commencement or end of lease	233	970	14,807	—	110,512
Transfer between accounts	—	(1)	—	—	(16,447)
Depreciation	(3,311)	(21,435)	(87,944)	—	(26,287)
Impairment	—	—	—	—	(1,536)
Foreign currency translation adjustments	—	(7,315)	(7,108)	(3,705)	(3,455)
Transfer to assets held for sale	—	(29,058)	(45,507)	(2,862)	(4,813)
Other	(6)	35,403	57,071	(20,025)	(3,624)
As of March 31, 2025	¥ 73,071	¥ 577,800	¥ 779,715	¥ 296,872	¥ 1,193,849
Acquisition	5,198	76,011	216,252	48,874	23,023
Acquisition in business combination	—	131	124	—	—
Sale or disposal	(365)	(1,867)	(8,728)	(37)	(14,652)
Commencement or end of lease	(180)	990	11,482	—	81,328
Transfer between accounts	—	—	—	—	(27,689)
Depreciation	(3,474)	(23,017)	(104,013)	—	(28,767)
Impairment	—	(339)	(1,164)	—	(1,486)
Foreign currency translation adjustments	—	35,611	60,432	22,607	18,061
Transfer to assets held for sale	—	—	—	—	(572)
Other	15	(11,544)	(37,368)	(11,687)	(1,444)
As of March 31, 2026	¥ 74,265	¥ 653,776	¥ 916,732	¥ 356,629	¥ 1,241,651

Cost

(Millions of yen)

	Telecommunications service lines	Buildings and structures	Machinery, tools and fixtures	Land	Investment Property
As of March 31, 2025	¥ 512,938	¥ 757,786	¥ 1,067,439	¥ 296,872	¥ 1,693,316
As of March 31, 2026	¥ 506,271	¥ 858,088	¥ 1,310,683	¥ 356,629	¥ 1,769,973

Accumulated depreciation and impairment losses

(Millions of yen)

	Telecommunications service lines	Buildings and structures	Machinery, tools and fixtures	Land	Investment Property
As of March 31, 2025	¥ 439,867	¥ 179,986	¥ 287,724	¥ —	¥ 499,467
As of March 31, 2026	¥ 432,006	¥ 204,312	¥ 393,951	¥ —	¥ 528,322

3.7. Goodwill and Intangible Assets

(Accounting Policies)

Goodwill

NTT Group measures goodwill as the excess amount if the sum of the transferred consideration and the amount of the non-controlling interests in the acquired company exceeds the net amount of identifiable assets and liabilities on the date when control of the company is obtained.

Goodwill is not amortized, but tested for impairment whenever there is an indication of impairment in cash-generating units or groups of cash-generating units to which goodwill is allocated, and at the same time every year irrespective of whether there is any indication of impairment.

Goodwill is accounted for in the consolidated statement of financial position at the carrying amount determined by deducting the accumulated impairment losses from the cost.

Intangible Assets

Intangible assets are measured using the cost model, which deducts the accumulated amortization and accumulated impairment losses from the cost.

Intangible assets individually acquired are measured at cost at initial recognition. Intangible assets acquired through business combinations are recognized separately from goodwill at the time of initial recognition and are measured at fair value as of the date when control is obtained. Research and development expenses incurred within NTT Group are recognized as intangible assets (internally generated intangible assets) when expenditures for development activities meet the requirements for capitalization, measured at the time of initial recognition as the sum of expenditures incurred from the date when all requirements for capitalization are met, to the date when the development is completed. Other expenditures are expensed when incurred. Description of research and development expenses that are expensed is presented in “Note 2.3. Operating Expenses.”

Some intangible assets have definite useful lives, while others do not.

Intangible assets with definite useful lives are amortized using the straight-line method over the estimated useful lives of the assets.

The main intangible asset with a definite useful life is computer software. Internal-use software is capitalized if it has a useful life of more than one year. Subsequent costs of adding to, modifying, or improving internal-use software is capitalized only to the extent that they add new functions to the software. Software maintenance and training costs are expensed as incurred. Capitalized computer software is amortized on a straight-line basis over approximately five to seven years.

NTT Group reviews the amortization method, useful lives, and residual values at the end of each fiscal year. Any changes are accounted for as changes in accounting estimates on a prospective basis.

The main intangible assets with indefinite useful lives are trademarks and trade names.

NTT Group does not amortize intangible assets with indefinite useful lives or intangible assets that are not yet available for use, but test them for impairment whenever there is an indication of impairment, and at the same time every year irrespective of whether there is any indication of impairment. Description regarding the accounting policy of the impairment of such assets is presented in “Note 3.5. Property, Plant and Equipment (2) Impairment”.

(Accounting Estimates and Judgments Involving Estimates)

The useful lives of intangible assets are estimated as described above.

(1) Changes

Changes in carrying amounts, costs, accumulated amortization, and accumulated impairment losses

Carrying amount

(Millions of yen)

	Goodwill	Intangible assets				
		Software	Rights to use facilities	Intangible assets recognized in business combinations	Other	Total
As of April 1, 2024	¥ 1,698,851	¥1,810,965	¥37,835	¥581,623	¥80,300	¥2,510,723
Acquisition	—	10,335	1,207	—	11,834	23,376
Increase due to internal development	—	551,289	—	—	—	551,289
Acquisition in business combination	51,145	727	—	21,615	1,428	23,770
Sale or disposal	(980)	(16,997)	(228)	(9,157)	(5,200)	(31,582)
Amortization	—	(481,417)	(1,624)	(47,674)	(8,073)	(538,788)
Impairment	—	(4,904)	—	(6,291)	(632)	(11,827)
Foreign currency translation adjustments	(18,395)	(1,043)	(58)	(1,704)	(93)	(2,898)
Transfer to assets held for sale	(10,749)	(438)	(477)	(40,396)	—	(41,311)
Other	(724)	(30)	239	544	(267)	486
As of March 31, 2025	¥1,719,148	¥1,868,487	¥36,894	¥498,560	¥79,297	¥2,483,238
Acquisition	—	13,364	1,228	—	54,235	68,827
Increase due to internal development	—	618,534	—	—	—	618,534
Acquisition in business combination	296,880	32,722	—	250,786	3,290	286,798
Sale or disposal	(294)	(24,012)	—	—	(473)	(24,485)
Amortization	—	(511,224)	(1,608)	(49,004)	(10,289)	(572,125)
Impairment	(57,466)	(6,391)	—	—	(57)	(6,448)
Foreign currency translation adjustments	122,706	5,591	177	14,912	153	20,833
Other	(1,256)	600	13	(1,495)	(1,316)	(2,198)
As of March 31, 2026	¥2,079,718	¥1,997,671	¥36,704	¥713,759	¥124,840	¥2,872,974

* Amortization and impairment are included in “Depreciation and amortization” and “Impairment losses” in the consolidated statement of profit or loss, respectively.

Cost

(Millions of yen)

	Goodwill	Intangible assets				
		Software	Rights to use facilities	Intangible assets recognized in business combinations	Other	Total
As of April 1, 2024	¥1,811,453	¥8,178,670	¥345,681	¥994,598	¥216,099	¥9,735,048
As of March 31, 2025	1,831,750	8,545,605	345,184	942,233	232,080	10,065,102
As of March 31, 2026	¥2,249,786	¥8,936,689	¥346,888	¥1,252,824	¥221,586	¥10,757,987

Accumulated depreciation and impairment losses

(Millions of yen)

	Goodwill	Intangible assets				
		Software	Rights to use facilities	Intangible assets recognized in business combinations	Other	Total
As of April 1, 2024	¥112,602	¥6,367,705	¥307,846	¥412,975	¥135,799	¥7,224,325
As of March 31, 2025	112,602	6,677,118	308,290	443,673	152,783	7,581,864
As of March 31, 2026	¥170,068	¥6,939,018	¥310,184	¥539,065	¥96,746	¥7,885,013

* Goodwill which is fully impaired is excluded from the cost and the accumulated impairment losses.

Carrying amounts of internally generated intangible assets related to software

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Software		
Internally generated intangible assets	¥1,831,101	¥1,956,423

Carrying amounts of intangible assets with indefinite useful lives

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Intangible assets recognized in business combinations	¥12,688	¥12,655
Other	23,297	23,285
Total	¥35,985	¥35,940

Intangible assets with indefinite useful lives are not amortized as the limit of the contractual terms of trademarks and trade names included in “Intangible assets recognized in business combinations,” among others, have not been determined and the cost to maintain the value of those rights is immaterial.

(2) Assets Pledged as Collateral

The amounts of intangible assets pledged as collateral for corporate bonds and loans are stated in “Note 4.5. Short-Term Borrowings and Long-Term Borrowings.”

(3) Impairment Tests for Goodwill and Intangible Assets with Indefinite Useful Lives

Carrying amounts of goodwill by segment

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Integrated ICT Business	¥96,588	¥361,648
Global Solutions Business	1,442,605	1,589,556
Others (Real Estate, Energy and Others)	179,955	128,514
Total	¥1,719,148	¥2,079,718

(Accounting Policies)

Accounting Policies related to the judgement whether there are any indications of impairment of intangible assets, calculation about the recoverable amount in the impairment test and the value in use are same as presented in "3.5. Property, Plant and Equipment (2) Impairment loss".

(i) Impairment of intangible assets

Accounting Policies are same as presented in "3.5. Property, Plant and Equipment (2) Impairment loss". And Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment whenever there is an indication of impairment, and at the same time every year irrespective of whether there is any indication of impairment.

(ii) Impairment of goodwill

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to enjoy the benefits resulting from the business combination. Goodwill is tested for impairment whenever there is an indication of impairment in the cash-generating units, and at the same time every year irrespective of whether there is any indication of impairment. If the recoverable amount of the cash-generating unit is less than its carrying amount in the impairment test, the impairment loss is deducted from the carrying amount of goodwill allocated to the cash-generating units or groups of cash-generating units. It is then deducted from the carrying amount of each asset in proportion to the carrying amounts of the assets other than goodwill in the cash-generating unit or groups of cash-generating units.

Impairment losses for goodwill are recognized in profit or loss and are not reversible in the subsequent periods.

(Accounting Estimates and Judgments Involving Estimates)

Impairment of intangible assets and goodwill are estimated as described above.

Cash-generating units or groups of cash-generating units containing significant goodwill

Fiscal Year ended March 31, 2025

Name of cash-generating unit or group of cash-generating units	North America	Global Technology Services
Carrying amount of goodwill (millions of yen)	¥658,788	¥377,950
Permanent growth rate (%)	3.5	3.5
Weighted average cost of capital (%)	9.6	8.6
Measurement method of recoverable amount	The fair value less costs of disposal, discounted cash flow method	The fair value less costs of disposal, discounted cash flow method
Segment	Global Solutions Business	Global Solutions Business

The discounted cash flow method includes estimates of future cash flows (8 - 10 years) calculated based on the business plan approved by management, discounting them at the weighted average cost of capital. These estimates include assumptions such as forecasts for acquisitions of new contracts, profitability improvements resulting from structural changes and capital expenditure plans and their outcomes, and the outlook for growth of the global economy and the IT services industry. The assumptions (inputs) used to measure fair value defined in “Note 1.3. Material Accounting Policies (3) Fair Value” are classified as Level 3.

Although long-term interest rates, which are an element of the calculation of discount rates, have increased in the fiscal year ended March 31, 2025, the same impacts are incorporated in the above assumptions included in estimates of future cash flows and other items. The recoverable amounts of cash-generating units or groups of cash-generating units including these goodwill exceeded the carrying amounts. In the fiscal year ended March 31, 2025, if the discount rates of North America and Global Technology Services increase by 0.5% and 0.4%, respectively, there would be a possibility of an impairment loss. The headroom of those cash-generating unit or groups of cash-generating units were 77,833 million yen and 326,156 million yen, respectively.

Fiscal Year ended March 31, 2026

Name of cash-generating unit or group of cash-generating units	North America	Global Technology Services
Carrying amount of goodwill (millions of yen)	¥718,405	¥427,629
Permanent growth rate (%)	3.5	3.5
Weighted average cost of capital (%)	9.6	8.2
Measurement method of recoverable amount	The fair value less costs of disposal, discounted cash flow method	The fair value less costs of disposal, discounted cash flow method
Segment	Global Solutions Business	Global Solutions Business

The discounted cash flow method includes estimates of future cash flows (8 - 10 years) calculated based on the business plan approved by management, discounting them at the weighted average cost of capital. These estimates include assumptions such as forecasts for acquisitions of new contracts driven by growth investments in data centers and AI, profitability improvements and capital expenditure plans and their outcomes including the utilization of third-party capital in the data center business, and the outlook for growth of the IT services and economies in various countries. The assumptions (inputs) used to measure fair value defined in “Note 1.3. Material Accounting Policies (3) Fair Value” are classified as Level 3.

The discount rates includes long-term interest rates as one of its components, and changes in interest rates are appropriately incorporated into the measurement of the recoverable amounts. The recoverable amounts of cash-generating units or groups of cash-generating units including these goodwill exceeded the carrying amounts. In the fiscal year ended March 31, 2026, if the discount rates of North America and Global Technology Services increase by 0.5% and 0.6%, respectively, there would be a possibility of an impairment loss. The headroom of those cash-generating unit or groups of cash-generating units were 74,679 million yen and 535,198 million yen, respectively.

Impairment of goodwill

<Fiscal year ended March 31, 2025>

NTT Group did not recognize a significant impairment loss.

<Fiscal year ended March 31, 2026>

An impairment test was performed on Green Power Investment, a cash-generating unit included in “Others (Real Estate, Energy and Others)” within segment information, and an impairment loss was recognized. This was due to a decrease in the recoverable amount of the cash-generating unit following a revision of the medium-term business outlook, taking into account factors such as rising interest rates, increases in equipment costs associated with foreign exchange fluctuations and inflation, and the progress of individual projects. The impairment loss has been fully allocated to goodwill. The assumptions (inputs) used to measure fair value defined in “Note 1.3. Material Accounting Policies (3) Fair Value” are classified as Level 3.

Impairment loss recognized, recoverable amount, and key assumptions used in estimating the recoverable amount

Name of cash-generating unit or group of cash-generating units	Green Power Investment
Impairment loss (millions of yen)	¥51,441
Recoverable amount (millions of yen)	¥187,689
Cost of equity (%)	5.6
Measurement method of recoverable amount	The fair value less costs of disposal, discounted cash flow method
Segment	Ohters (Real Estate, Energy and Others)

3.8. Investment Property

(Accounting Policies)

Overview

Investment property is real estate held to earn rentals, or capital gains on sales and other dispositions, or both. It does not include property sold in the ordinary course of business, property used in the production or sale of goods or services, or property used for any other administrative purposes.

Measurement

After initial recognition, NTT Group measures investment property using the cost model, which deducts accumulated depreciation and accumulated impairment losses from cost.

With the exception of land, investment property is depreciated over its estimated useful life primarily based on the straight-line method, with an estimated life of 2 to 50 years. NTT Group reviews the depreciation method, useful lives, and residual values at the end of each year, and any changes are accounted for as changes in accounting estimates on a prospective basis.

(Accounting Estimates and Judgments Involving Estimates)

NTT Group estimates the useful lives of its investment properties.

(1) Changes

Changes in carrying amounts, costs, accumulated depreciation, and accumulated impairment losses of investment property

Carrying amount

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at the beginning of the year	¥ 1,305,219	¥ 1,341,188
Acquisition	108,857	195,490
Sale or disposal	(35,745)	(18,428)
Transfer between accounts	2,575	4,919
Depreciation	(27,351)	(29,418)
Impairment	(1,548)	(1,796)
Foreign currency translation adjustments	(3,832)	20,642
Transfer to assets held for sale	(5,430)	(572)
Other	(1,557)	11,767
Balance at the end of the year	¥ 1,341,188	¥ 1,523,792

Note: Depreciation and impairment are included in “Depreciation and amortization” and “Impairment losses” in the consolidated statement of profit or loss, respectively.

Costs, accumulated depreciation, and accumulated impairment losses

(Millions of yen)

	Cost	Accumulated depreciation and impairment losses
As of March 31, 2025	¥1,850,916	¥509,728
As of March 31, 2026	¥2,056,889	¥533,097

NTT Group owns leased office buildings.

Investment property is grouped based on the smallest identifiable group of assets that generates largely independent cash inflows.

(2) Impairment Losses

(Accounting Policies)

Accounting Policies are same as presented in “3.5. Property, Plant and Equipment (2) Impairment loss”.

(Accounting Estimates and Judgments Involving Estimates)

NTT Group estimates the impairment of its investment properties.

In the fiscal years ended March 31, 2025 and March 31, 2026, there were no significant impairment losses recorded relating to investment property.

(3) Fair Value

Fair value of investment property

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Fair value	¥2,816,219	¥3,080,454

Fair value of investment property is mainly an appraisal value by an independent real estate appraisal expert, and is based on an evaluation by the discount cash flow method or observable market prices of similar assets.

The assumptions (inputs) used to measure fair value of investment property defined in “Note 1.3. Material Accounting Policies (3)Fair Value” are classified as Level 3.

(4) Revenues and Expenses from Investment Property

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Rental income	¥129,805	¥133,901
Rental expenses	87,124	89,635
Profit	42,681	44,266
Gains (losses) on sale of investment property	¥15,859	¥28,785

Rental income from investment property is included in “Operating revenues” in the consolidated statement of profit or loss.

Rental expenses are expenses incurred to generate rental income, such as depreciation, repair expenses, insurance expenses, taxes and dues, and included in “Expenses for purchase of goods and services and other expenses”, “Depreciation and amortization”, and “Taxes and dues” in the consolidated statement of profit or loss.

3.9. Investments Accounted for Using the Equity Method

Information on sum of investments in non-significant associates and joint ventures

Information on sum of non-significant investments accounted for using the equity method (total share of NTT Group)

(1) Details of carrying amounts of investments accounted for using the equity method

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Interests in associates	¥278,815	¥349,486
Interests in joint ventures	173,292	193,291
Total	¥452,107	¥542,777

(2) NTT Group's share of comprehensive income of associates and joint ventures accounted for using the equity method (net of taxes)

(i) Associates

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit(losses)	¥11,745	¥23,315
Other comprehensive income	5,913	(8,079)
Total comprehensive income	¥17,658	¥15,236

(ii) Joint ventures

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit(losses)	¥13,743	¥17,950
Other comprehensive income	339	5,198
Total comprehensive income	¥14,082	¥23,148

3.10. Trade and Other Payables

Trade and other payables are classified as financial liabilities measured at amortized cost.

Details of trade and other payables

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Accounts payable - trade	¥ 1,152,612	¥ 1,253,164
Accounts payable - other	1,331,748	1,375,605
Accrued expenses	216,954	276,185
Deposits received	148,220	168,065
Total	¥ 2,849,534	¥ 3,073,019

3.11. Employee Benefits

(Accounting Policies)

NTT Group primarily has defined contribution plans and defined benefit plans.

(i) Defined contribution plans

Contributions to the defined contribution plans are recognized as expenses when an employee renders service each fiscal year. Unpaid contributions are recognized as liabilities.

(ii) Defined benefit plans

Liabilities recognized in connection with the defined benefit plans (defined benefit liabilities) are determined by deducting the fair value of the plan assets from the present value of the defined benefit obligations as of the end of the fiscal year.

Defined benefit obligations are calculated by an independent pension actuary using the projected unit credit method. In the projected unit credit method, each period of service gives rise to an additional unit of benefit entitlement in exchange for services provided by an employee, and each unit is measured separately to build up the final obligation. Costs pertaining to the defined benefit plans are composed of service costs, interest on the net amount of defined benefit liabilities and assets, and remeasurements of the net amount of defined benefit liabilities and assets. Service costs and interest are recognized in profit or loss. Interest amounts are calculated using discount rates determined by referring to the market yields on high-quality corporate bonds as of the fiscal year end that reflect the estimated timing and amount of benefit payments.

Remeasurements of the net amount of assets and liabilities in the defined benefit plans consist of actuarial gains and losses and the return on plan assets (excluding amounts included in interest). They are recognized in other comprehensive income, with the cumulative amount being promptly reclassified from "Other components of equity" to retained earnings.

(Accounting Estimates and Judgments Involving Estimates)

NTT Group measures defined benefit liabilities.

(1) Defined Contribution Pension Plans

Retirement benefit expenses recorded by NTT and part of its subsidiaries related to the defined contribution benefit plans

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Retirement benefit expenses	¥39,998	¥43,329

(2) Defined Benefit Plans

(i) Lump-sum payments on retirement and contract-type corporate pension plans

The employees of NTT Group are generally entitled to lump-sum payments on retirement determined by reference to the employee's basic rate of pay, length of service, and other conditions.

NTT and certain subsidiaries sponsor non-contributory contract-type corporate pension plans, which provide pensions from funds equivalent to 28% of the lump-sum payments on retirement. The employees have an option to receive the benefit in a lump-sum payment.

NTT Group has transferred from the contract-type corporate pension plans to a defined contribution pension plan regarding the future contributions made on or after April 1, 2014. The Group's contract-type corporate pension plan continues to remain for the contributions made until March 31, 2014.

(ii) NTT Kigyō-Nenkin-Kikin (NTT Corporate Defined Benefit Pension Plan (“NTT CDBP”)) (former NTT Welfare Pension Plan) and NTT Special Accounting Fund for NTT CDBP (former NTT Special Accounting Fund for NTT Welfare Pension Plan)

a) NTT CDBP (former NTT Welfare Pension Plan)

NTT CDBP is a pension plan to which both NTT Group and its employees make contributions, to add employees’ own additional benefits to the basic pension and the welfare pension under the public pension scheme.

b) NTT Special Accounting Fund for NTT CDBP (former NTT Special Accounting Fund for NTT Welfare Pension Plan)

NTT Special Accounting Fund for the NTT CDBP is a transitionally managed pension plan to liquidate the former NTT Mutual Aid Plan pursuant to the Law to Partially Amend the Japanese Welfare Pension Insurance Law and other legislations. This aims to provide pension benefits based on the former Public Corporation Employee Mutual Aid Association Law, following the integration of the former NTT Mutual Aid Plan into the welfare pension insurance in April 1997.

NTT Special Accounting Fund for the NTT CDBP is a public welfare pension scheme and falls under a multiple-employer defined benefit plan.

In accordance with the provisions of the Law and other legislations, NTT Group pays contributions determined by the Japanese government every year based on the pay-as-you-go system to NTT Special Accounting Fund for the NTT CDBP (former NTT Special Accounting Fund for NTT Welfare Pension Plan). Such contributions are made pursuant to the former Public Corporation Employee Mutual Aid Association Law to cover the costs of pension benefits for the period of service in and prior to June 1956 for employees who worked at NTT, Nippon Telegraph and Telephone Public Corporation, and/or its former government organizations (the Ministry of Communications in the area of telecommunications and the Ministry of Telecommunications) and retired in July 1956 or later.

For NTT CDBP and NTT Special Accounting Fund for NTT CDBP in (ii) above, defined benefit obligations are calculated separately from lump-sum payments on retirement and contract-type corporate pension plans in (i) above.

These defined benefit plans are exposed to actuarial risks (investment risk, interest risk, longevity risk, and inflation risk).

Changes in the present value of retirement benefit obligations and fair value of plan assets under the defined benefit plans

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Changes in the present value of defined benefit obligations		
At the beginning of the year	¥2,910,659	¥2,659,879
Current service cost	81,522	77,123
Interest cost	43,305	61,660
Remeasurements	(165,679)	(239,330)
Changes in demographic assumptions	1,764	27,118
Changes in financial assumptions	(169,336)	(270,445)
Experience adjustments	1,894	3,996
Past service cost	62	552
Benefit payments (lump-sum payments on retirement and pension)	(203,199)	(202,059)
Other	(6,791)	(4,010)
At the end of the year	¥2,659,879	¥2,353,815
Changes in fair value of plan assets		
At the beginning of the year	1,962,045	1,861,909
Interest income	31,020	45,801
Income related to plan assets excluding interest income	(54,810)	54,348
Employer contributions	19,329	18,391
Employee contributions	4,253	4,475
Benefit payments (pension)	(96,476)	(96,809)
Other	(3,452)	(3,206)
At the end of the year	¥1,861,909	¥1,884,909
Net defined benefit liabilities	¥ (797,970)	¥ (468,906)

The measurement date is March 31.

Amounts recorded in the consolidated statement of financial position

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Defined benefit liabilities	¥ (1,011,026)	¥ (714,718)
Other non-current assets	213,056	245,812
Net defined benefit liabilities	¥ (797,970)	¥ (468,906)

Details of amounts recorded as retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Retirement benefit expenses		
Current service cost	¥77,269	¥72,648
Past service cost	62	552
Interest cost (income)	12,285	15,859
Total	¥89,616	¥89,059

Details of amounts recorded in other comprehensive loss (income)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Other comprehensive loss (income)		
Remeasurements	¥ (110,869)	¥ (293,678)
Other	249	1
Total	¥ (110,620)	¥ (293,677)

Actuarial assumptions for pension

	As of March 31, 2025	As of March 31, 2026
Assumptions used to determine projected benefit obligations		
Discount rate	1.4%~ 2.5%	2.1%~3.5%
Expected rates of salary increase	3.2%	3.6%
Average life expectancy of pension recipients at the age of 65 as of the end of the year (year)		
Male	19.4	20.0
Female	24.2	24.9

The weighted average duration of defined benefit obligations (the weighted average of the periods until when benefits arise divided by the defined benefit obligation for each period) for the fiscal years ended March 31, 2025 and 2026 was 17.0 years and 16.1 years, respectively.

NTT Group expects to contribute ¥15,246 million to NTT CDBP in the fiscal year ending March 31, 2027.

Sensitivity analysis of defined benefit obligations

Effect on defined benefit obligations if one of the actuarial assumptions fluctuates within a reasonably possible extent at the end of the fiscal year, provided that no other assumptions have changed

(Millions of yen)

	As of March 31, 2025		As of March 31, 2026	
	Increase	Decrease	Increase	Decrease
Discount rate (change of 0.5%)	¥(142,309)	¥155,758	¥(113,376)	¥122,979

This analysis does not exhaustively consider the cash flow distribution expected under the plans, but provides an overview of the sensitivity of the assumptions presented above.

Fair value of plan assets under the defined benefit plans at the end of the year

(Millions of yen)

	As of March 31, 2025		
	Total	With quoted market price in an active market	Without quoted market price in an active market
Cash and cash equivalents	¥59,396	¥59,396	¥—
Debt instruments			
Japanese government bonds and local government bonds	522,216	451,048	71,168
Domestic corporate bonds	145,976	—	145,976
Foreign government bonds	23,027	15,334	7,693
Foreign corporate bonds	1,437	—	1,437
Equity securities			
Domestic securities	135,515	135,515	—
Foreign securities	62,312	61,113	1,199
Beneficiary certificates of securities investment trust	317,108	—	317,108
Pooled funds	254,296	—	254,296
Life insurance company general accounts	231,634	—	231,634
Other	108,992	—	108,992
Total	¥1,861,909	¥722,406	¥1,139,503

(Millions of yen)

	As of March 31, 2026		
	Total	With quoted market price in an active market	Without quoted market price in an active market
Cash and cash equivalents	¥46,389	¥46,389	¥—
Debt instruments			
Japanese government bonds and local government bonds	491,512	455,971	35,541
Domestic corporate bonds	145,947	—	145,947
Foreign government bonds	22,029	14,410	7,619
Foreign corporate bonds	1,140	—	1,140
Equity securities			
Domestic securities	137,887	136,445	1,442
Foreign securities	72,127	72,121	6
Beneficiary certificates of securities investment trust	330,475	—	330,475
Pooled funds	294,235	—	294,235
Life insurance company general accounts	219,028	—	219,028
Other	124,140	—	124,140
Total	¥1,884,909	¥725,336	¥1,159,573

Funding policy

NTT Group's funding policy takes into account various factors such as funded status of the plan assets, and actuarial calculations. Contributions to the plan assets are intended to cover benefits for services to be provided in the future.

In order to be able to maintain financial balance over the future, NTT CDBP and the contract-type corporate pension plans stipulate that the amount of the premium be recalculated every five years and every three years, respectively, as of the end of the fiscal year. However, if there is a significant change in the environment surrounding the pension finance, NTT Group will review the financial status as necessary.

Management policy with respect to pension assets

NTT Group's management policy with respect to pension assets is formulated with the objective of ensuring steady disbursement of benefits in future periods. Therefore, the long-term aim of asset management is to secure the total profits deemed necessary to ensure sound pension financing. To achieve this, NTT Group selects various investments and takes into consideration their expected return and risks, and the correlation among the selected investments. The Group then sets the target of allocation ratio for plan assets and endeavors to maintain that ratio. The target allocation ratio for plan assets is determined from a mid- to long-term perspective and is reviewed annually. In the event that there is a significant change in the investment environment, the Group reviews the target allocation ratio for plan assets as necessary.

Target allocation ratio for plan assets

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Domestic bonds • Life insurance company general accounts	65.2%	64.0%
Domestic stocks	12.8%	13.0%
Foreign bonds	2.8%	3.0%
Foreign stocks	10.7%	11.0%
Other	8.5%	9.0%
Total	100.0%	100.0%

“Other” includes investments in alternative assets such as privately placed REITs (Real Estate Investment Trust). Alternative assets have different risk-return characteristics from traditional investments such as stocks and bonds.

3.12. Provisions

(Accounting Policies)

Provisions are recognized in cases where NTT Group has present legal or constructive obligations as a result of past events, as well as where it is probable that the obligations will be required to be settled and when it is possible to reliably estimate the amount of the obligation. A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies, or others, and the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Using a pre-tax interest rate that reflects the time value of money, provisions are measured by discounting the estimated future cash flows to the present value, taking into account the risks and uncertainties related to the obligation as of the fiscal year end.

The provisions that NTT Group recognizes are primarily asset retirement obligations, provision for point programs, and provision for credit card rewards.

(i) Asset retirement obligations

NTT Group recognizes legal obligations related to the disposal of property, plant and equipment as asset retirement obligations, and upon recognition the carrying amount of the related asset is increased.

NTT Group considers its main legal obligations to be the restoration of leased land and buildings for installing telecommunications equipment to their original condition and recognizes these as asset retirement obligations.

(ii) Provision for point programs

NTT Group grants "points" to customers based on the usage of mobile, credit card service, and other services, which may be appropriated to payments on merchandise and mobile phone charges. In determining the provisions for point programs, point usage rates and other calculation elements are estimated, reflecting the portion of points that is expected to expire due to future cancellation and other reasons when such portion can be estimated.

(iii) Provision for credit card rewards

NTT Group grants rewards to customers based on their annual usage of credit card service, and recognizes provisions to prepare for the cost burden derived from the usage of rewards in the future. The recorded amount is an estimate based on actual usage rate, which is used to estimate usage for the fiscal year ending March 31, 2027 and thereafter.

(Accounting Estimates and Judgments Involving Estimates)

NTT Group makes judgments and estimates for recognition and measurement of provisions.

Changes in provisions

As of March 31, 2025

(Millions of yen)

	Asset retirement obligations	Provision for point programs	Provision for credit card rewards	Other	Total
As of April 1, 2024	¥ 55,572	¥ 27,341	¥ 22,831	¥ 43,988	¥ 149,732
Increase	11,991	19,468	16,612	18,869	66,940
Business combinations	(470)	-	-	89	(381)
Increase due to passage of time	327	-	-	-	327
Utilize	(3,658)	(19,839)	(15,147)	(17,756)	(56,400)
Reversal	-	(444)	-	(6,348)	(6,792)
Foreign currency translation adjustments	4	-	-	(379)	(375)
Other	(10,044)	724	-	(4)	(9,324)
As of March 31, 2025	¥ 53,722	¥ 27,250	¥ 24,296	¥ 38,459	¥ 143,727
Current liabilities	5,284	27,096	24,296	29,984	86,660
Non-current liabilities	48,438	154	-	8,475	57,067
	¥ 53,722	¥ 27,250	¥ 24,296	¥ 38,459	¥ 143,727

As of March 31, 2026

(Millions of yen)

	Asset retirement obligations	Provision for point programs	Provision for credit card rewards	Other	Total
As of April 1, 2025	¥53,722	¥27,250	¥24,296	¥38,459	¥143,727
Increase	25,787	22,340	15,852	20,886	84,865
Business combinations	1,181	-	-	2,020	3,201
Increase due to passage of time	635	-	-	-	635
Utilize	(3,969)	(20,208)	(16,808)	(10,685)	(51,670)
Reversal	-	(310)	(1,926)	(7,874)	(10,110)
Foreign currency translation adjustments	462	-	-	2,021	2,483
Other	2,087	666	-	(458)	2,295
As of March 31, 2026	¥79,905	¥29,738	¥21,414	¥44,369	¥175,426
Current liabilities	3,476	28,913	21,414	35,667	89,470
Non-current liabilities	76,429	825	-	8,702	85,956
	¥79,905	¥29,738	¥21,414	¥44,369	¥175,426

The provisions are primarily asset retirement obligations, provisions for point programs, and provisions for credit card rewards. Asset retirement obligations are expected to be used at the time that asset retirement/disposal costs and remediation costs are incurred, and provisions for point programs are to be used when the points are consumed, and provisions for credit card rewards are to be used at the time that the rewards are utilized. However, the amount and the timing of payments are based on current projections and are subject to change.

3.13. Other Liabilities

Details of other liabilities

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Contract liabilities	¥ 1,002,269	¥1,110,995
Real estate tax payable and others	114,366	115,118
Accrued consumption tax	109,834	107,673
Provisions	143,727	175,426
Advances received (leasing out)	26,922	26,472
Refund liabilities	78,478	174,513
Other	149,972	181,986
Total	¥ 1,625,568	¥1,892,183
Current liabilities	1,254,747	1,407,033
Non-current liabilities	370,821	485,150
Total	¥ 1,625,568	¥1,892,183

4. Equity and Financing

This section describes equity management, equity structure and financing of the NTT Group.

(Accounting Policies)

(i) Financial assets

Recognition, classification, and measurement of financial assets

NTT Group recognizes these assets on the dates when NTT Group becomes party to the contract. Financial assets are classified as (a) financial assets measured at amortized cost, (b) financial assets measured at fair value through other comprehensive income, or (c) financial assets measured at fair value through profit or loss.

If the contractual rights to the cash flows of the financial asset expire, or if the contractual rights to receive the cash flows of the financial asset are transferred and substantially all the risks and rewards of ownership of the financial asset are thereby transferred, the financial asset is derecognized and excluded from the consolidated statement of financial position.

(a) Financial assets measured at amortized cost

Of loans and other similar debt instruments, financial assets that satisfy both of the following conditions are classified as financial assets measured at amortized cost:

- The financial asset is held within a business model* whose objective is to hold financial assets in order to collect contractual cash flows.
- * business model: An entity's business model refers to how an entity manages its financial assets in order to generate cash flows (collecting contractual cash flows, selling financial assets or both).
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, these financial assets are measured at fair value plus any transaction costs directly attributable to the acquisition of the financial asset. Based on the timing of the payment of consideration for goods and services provided, the effect of the time value of money is immaterial, and trade receivables are initially measured at their transaction price without adjustment of the effect of the time value of money.

After initial recognition, they are measured at amortized cost by deducting loss allowance from the gross carrying amount calculated applying the effective interest method.

(b-1) Financial assets measured at fair value through other comprehensive income (debt instruments)

Of corporate bonds and other similar debt instruments, debt instruments that satisfy both of the following conditions are classified as "financial assets measured at fair value through other comprehensive income."

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the time of initial recognition, these financial assets are measured at fair value plus any transaction costs directly attributable to the acquisition of the financial asset. After initial recognition, they are measured at fair value and any subsequent changes in the fair value are recognized in other comprehensive income. Cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss when the asset is derecognized due to sales and other reasons.

(b-2) Financial assets measured at fair value through other comprehensive income (equity instruments)

At initial recognition, an entity may make elect (irrevocable to change after the election) to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument such as stock that is not held for trading. NTT Group makes this designation for each financial instrument.

At the time of initial recognition, these financial assets are measured at fair value plus any transaction costs directly attributable to the acquisition of the financial asset. After initial recognition, they are measured at fair value and any subsequent changes in the fair value are recognized in other comprehensive income. Cumulative other comprehensive income recognized in "Other components of equity" is transferred to retained earnings and not to profit or loss, when these financial assets are derecognized. Dividends are recognized in profit or loss.

(c) Financial assets measured at fair value through profit or loss

Financial assets such as derivatives, other than those mentioned in (a), (b-1) and (b-2), are classified as financial assets measured at fair value through profit or loss.

At the time of initial recognition, these financial assets are measured at fair value, and any transaction costs directly attributable to the acquisition of the financial asset are recognized in profit or loss when incurred. After initial recognition, they are measured at fair value, with any subsequent changes in the fair value recognized in profit or loss.

Impairment of financial assets

NTT Group determines the amount of impairment loss (loss allowance) for financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (debt instruments), lease receivables, contract assets, financial guarantee contracts, and loan commitments, based on the expected credit losses measured as below:

- If, at the end of the fiscal year, the credit risk on a financial asset has not increased significantly since initial recognition, the loss allowance is measured using the amount of the expected credit losses from a possible default within 12 months after the reporting date (12-month expected credit losses).
- If, at the end of the fiscal year, the credit risk on a financial asset has increased significantly since initial recognition, the loss allowance is measured using the amount of the expected credit losses from all possible defaults over the expected life of the financial instrument (lifetime expected credit losses).

Notwithstanding the above, the amounts of loss allowance for trade receivables and contract assets that do not include significant financial elements and lease receivables are always measured using the amount of the lifetime expected credit losses.

NTT Group recognizes and measures the expected credit losses as follows:

- (i) Measurement of the expected credit losses on trade and other receivables, and other assets (including lease receivables and contract assets)

The Group measures the expected credit losses on trade and other receivables, and other financial assets (including lease receivables and credit card receivables).

The reserve matrix is designed to calculate loss allowance for the balance of each receivable at the end of the fiscal year based on the classification of receivables by the delinquency period and the default rate for each delinquency period.

The default rates are determined based on historical credit loss experience during the life of each receivable and adjusted for forward-looking estimates (including the probability of deterioration of economic environment during the following fiscal year).

- (ii) Measurement of the expected credit losses on other financial assets (debt securities, trade loan receivables and others)

The Group determines whether credit risk of financial assets has increased significantly since initial recognition by considering reasonable and supportable information. This information includes past information, external ratings, past due information, as well as forward-looking information.

The Group determines that credit risk has increased significantly since initial recognition when, for example, a borrower falls under any of the following conditions:

- the external rating of the borrower is deemed ineligible for investment; or
- the delinquency period exceeds 30 days.

The Group defines that a default has occurred when a borrower falls under any of the following conditions:

- it is judged that there is almost no possibility that the borrower pays obligations to the Group without executing the security interest; or
- the delinquency period exceeds 90 days.

The Group divides financial instruments by the following groups and measures the expected credit losses on a collective basis:

- types of financial products
- geographic locations of borrowers

The Group determines that a financial asset has been impaired when any of the following situations is confirmed:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

A financial asset is written off when there is no reasonable expectation of recovering it in its entirety or a portion thereof.

If the contractual terms of a financial asset have been modified and the financial asset has not been derecognized, NTT Group assesses whether there has been a significant increase in the credit risk of the financial asset by comparing:

- (a) the risk of a default occurring at the reporting date (based on the modified contractual terms); and
- (b) the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

(iii) Measurement of the expected credit losses on loan commitments and financial guarantee contracts

As the expected credit losses on the unexecuted balance of loan commitments related to the credit card business cannot be identified separately from those related to the credit card receivables, they are recognized together with the loss allowance on credit card receivables. The measurement method in (ii) above is followed to determine whether the unexecuted balance of loan commitments related to loan receivables and the credit risk of financial guarantee contracts have significantly increased since initial recognition.

(iv) Others

In estimating the expected credit losses, unemployment rates are incorporated as forward-looking information. There is no change in the estimation technique or important assumptions used in estimating the expected credit losses during the reporting period.

(ii) Financial liabilities

At initial recognition, all financial liabilities are classified as financial liabilities measured at amortized cost, with the exception of those financial liabilities that are measured at fair value through profit or loss. NTT Group initially recognizes these financial liabilities on the dates when NTT Group becomes party to the contracts.

A financial liability is derecognized and excluded from the consolidated statement of financial position when it is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires.

Financial liabilities measured at amortized cost

Of financial liabilities such as loans and corporate bonds, those that are not measured at fair value through profit or loss are classified as financial liabilities measured at amortized cost. At initial recognition, these financial liabilities are measured at fair value minus any transaction costs directly attributable to the issuance of the liability. After initial recognition, such liabilities are measured at amortized cost applying the effective interest rate method.

Financial liabilities measured at fair value through profit or loss

Financial liabilities held for trading and measured at fair value through profit or loss, such as derivatives, are measured at fair value at the time of initial recognition. These financial liabilities continue to be measured at fair value after initial recognition, with any subsequent changes recognized in profit or loss.

(iii) Derivatives and hedge accounting

Objective of derivative transactions

NTT Group formulates risk management policies for hedging foreign currency risk and interest rate risk, as well as conducts derivative transactions, such as forward foreign exchange contracts, interest rate swaps, and currency swaps. The Group does not conduct derivative transactions for speculative purposes.

At the inception of a hedging transaction, NTT Group designates the hedging relationship and documents a risk management objective in conducting the hedge transaction. This documentation includes the designation of hedging instruments, the items or transactions being hedged, the nature of the risks being hedged, and methods for assessing the effectiveness of the hedging instruments used in offsetting changes in the fair value or in cash flows of the hedged items.

Assessment of hedging effectiveness

NTT Group confirms at the inception of a hedge transaction and during the hedge duration that an economic relationship exists between the hedged item and the hedging instrument, which offsets changes in the cash flows of the hedged item against changes in the cash flows of the hedging instrument through qualitative and quantitative assessments. The qualitative assessment concludes whether the critical terms of the hedging instrument and the hedged item match or are closely aligned, and the quantitative assessment concludes whether the hedged item and the hedging instrument is in a relationship that offset their value changes arising from the same risk.

At the inception of the hedging relationship, NTT Group estimates the ratio of the change in the value of the hedged item resulting from the change in the value of the hedged item to the change in the value of the hedging instrument and determine the required quantity of hedging instruments. In principle, the hedge ratio is 1:1.

Generally, no material hedge ineffectiveness is expected to arise as the Group conducts highly effective hedging transactions.

Recognition and measurement

Derivatives are initially recognized at fair value. After initial recognition, they are measured at fair value and subsequent changes are accounted for as follows:

Cash flow hedges

As a cash flow hedge, NTT Group designates forward exchange contracts and currency swaps to fix the changes in the cash flows of foreign currency-denominated receivables and payables, foreign currency-denominated firm commitments, and foreign currency-denominated forecast transactions. It also designates interest rate swaps to fix floating interest on floating-rate assets and liabilities.

Of the changes in the fair value of derivatives that are hedging instruments, the portions determined to be effective are recognized in other comprehensive income, with the cumulative changes recognized in "Other components of equity." In the accounting period in which the gain or loss on the hedged item is recognized, the cumulative amount recognized in other components of equity is transferred to profit or loss. If, however, the hedged item is a forecast transaction that gives rise to a non-financial asset or liability, the amount cumulatively recognized in "Other components of equity" is transferred as an adjustment to the initial carrying amount of the non-financial asset or liability. The ineffective portion of the changes in the fair value of derivatives as hedging instruments is recognized in profit or loss.

As hedging instruments of cash flow hedges, NTT Group designates only the change in the value of the spot element of a forward exchange contract and the change in the fair value of a currency swap excluding that of the foreign currency basis spread. Changes in fair value for other part than designated as hedging instruments of cash flow hedges above are recognized in "Hedges Costs" of other comprehensive income, with cumulative changes recognized in "Other components of equity."

In the previous fiscal year and the current fiscal year, the impact of the amounts that have been recognized in profit or loss due to hedge ineffectiveness or for the portions excluded from the assessment of hedge effectiveness is not material. The amount of the effect of the termination of hedge accounting and the reclassification of the valuation difference on cash flow hedges because the occurrence of forecasted transactions was not expected into profit or loss were not material.

Fair value hedges

As a fair value hedge, NTT Group designates currency swaps for hedging the risks of changes in the fair values of foreign currency-denominated receivables and payables and foreign currency-denominated firm commitments, and interest rate swaps for transforming fixed interest on fixed-rate assets and liabilities to floating interest.

Changes in the fair value of derivatives that are hedging instruments are recognized in profit or loss. Changes in the fair value of hedged items that correspond to hedged risk adjust the carrying amounts of the hedged items and are recognized in profit or loss.

Derivatives not designated as hedging instruments

NTT Group has entered into forward exchange contracts, interest rate swap agreements, currency swap agreements, currency option agreements, and forward contracts to mitigate the risks from changes in interest rates and foreign exchange rates, of which there are some agreements to which hedge accounting is not applied. Changes in the fair value of derivatives are recognized in profit or loss.

Description about financial instruments is presented in "Note 3.2. Trade and Other Receivables", "Note 3.10. Trade and Other Payables", "Note 4.4. Other Financial Assets", "Note 4.5. Short-Term Borrowings and Long-Term Borrowings", "Note 4.6. Other Financial Liabilities" and "Note 4.8. Financial Instruments". Description about finance income and finance costs is presented in "Note 4.7. Finance Income and Finance Costs".

(Accounting Estimates and Judgments Involving Estimates)

NTT Group makes estimates of amortization periods and for impairment of financial assets measured at amortized cost.

NTT Group makes estimates of fair value measurements of financial assets measured at fair value through other comprehensive income (FVTOCI).

NTT Group makes estimates of judgments of whether forecast transactions are eligible hedged items for hedge accounting and fair value measurements of derivatives.

4.1. Equity

(1) Total number of authorized shares, issued shares and treasury stock

(Accounting Policies)

When NTT acquires treasury stock, the consideration paid including direct acquisition costs (after adjustment of tax effect) is recognized as an item of capital deduction. No gain or loss is recognized on the purchase, sale or cancellation of the treasury stock. Any difference in the carrying amount and the consideration paid at the time of sale is recognized as additional paid-in capital.

All shares issued by the Company are common shares with no par value, and the issued shares have been fully paid.

Changes in the total number of authorized shares, the number of issued shares and treasury stock

	Total number of authorized shares	Issued shares	Treasury stock
As of April 1, 2024	154,823,022,500	90,550,316,400	6,445,465,847
Purchase of treasury stock under resolution of the Board of Directors	—	—	1,331,715,900
Repurchase of treasury stock based on less-than-one-unit share purchase demand	—	—	1,593
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	—	(100)
As of March 31, 2025	154,823,022,500	90,550,316,400	7,777,183,240
Purchase of treasury stock under resolution of the Board of Directors	—	—	1,286,161,500
Repurchase of treasury stock based on less-than-one-unit share purchase demand	—	—	1,526
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	—	(41)
As of March 31, 2026	154,823,022,500	90,550,316,400	9,063,346,225

In addition to the above, 31,611,838 shares held by the BIP trust and 31,733,300 shares held by the ESOP trust are recorded as “treasury stock” in Consolidated Statement of Financial Position.

Performance-linked stock compensation (officer compensation BIP trust)

(1) Overview of transactions

NTT Group has adopted a performance-related stock compensation plan (the “Plan”) in the form of an officer compensation BIP trust. The purposes are to provide increased incentive to achieve the financial targets set forth in the medium-term management strategy, and further promote shared value with shareholders by advancing ownership of NTT’s shares.

Under the Plan, the Group has established a trust into which it contributes funds that constitute the source of the funds for the stock compensation, and NTT’s shares, which are acquired using the funds in the trust, are delivered in accordance with the degree of achievement of performance targets and other factors.

(2) Shares of NTT held by the Trust

The carrying amount and number of the shares of NTT held by the Trust as of the end of the fiscal year ended March 31, 2026 were ¥4,160 million and 31,611,838 shares, respectively, and the shares are treated as “Treasury stock” on the consolidated statement of financial position.

Major resolutions 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
August 7, 2024	From August 8, 2024 to March 31, 2025	1,400	¥ 200,000	From September 2024 to February 2025	1,331,715,900	¥ 200,000	Concluded
May 9, 2025	From May 12, 2025 to March 31, 2026	1,500	¥ 200,000	From September 2025 to February 2026	1,286,161,500	¥ 200,000	Concluded

(2) Distribution of Retained Earnings

The amount of surplus available for distribution under the Companies Act of Japan as of March 31, 2026 was ¥2,720,192 million. Dividends from surplus for the fiscal year are not recorded in the financial statements for that fiscal year, but are recorded in the following fiscal year after they have been determined by a resolution of the Board of Directors. Retained earnings on the consolidated financial statements for the current fiscal year include a dividend of ¥215,940 million (¥2.65 per share) determined by a resolution of the Board of Directors on May 8, 2026.

(i) The amount of dividends paid out in the fiscal years ended March 31, 2025 and March 31, 2026

Resolution	Class of shares	Source of dividends	Total dividend (millions of yen)	Dividend per share (yen)	Record date	Effective date
June 20, 2024 Ordinary General Meeting of Shareholders* ¹	Common shares	Retained earnings	¥ 218,673	¥ 2.6	March 31, 2024	June 21, 2024
November 7, 2024 Board of Directors* ²	Common shares	Retained earnings	¥ 218,093	¥ 2.6	September 30, 2024	November 29 , 2024
June 19, 2025 Ordinary General Meeting of Shareholders* ³	Common shares	Retained earnings	¥215,210	¥2.6	March 31, 2025	June 20, 2025
November 4, 2025 Board of Directors* ⁴	Common shares	Retained earnings	¥218,753	¥2.65	September 30, 2025	November 28 , 2025

*1 Total dividend includes the dividend of ¥61 million for the Company's shares held by the BIP trust.

*2 Total dividend includes the dividend of ¥90 million for the Company's shares held by the BIP trust.

*3 Total dividend includes the dividend of ¥90 million for the Company's shares held by the BIP trust.

*4 Total dividend includes the dividend of ¥84 million for the Company's shares held by the BIP trust.

(ii) Dividends declared with a record date during the fiscal year ended March 31, 2026 and an effective date during the fiscal year ending March 31, 2027

Resolution	Class of shares	Source of dividends	Total dividend (millions of yen)	Dividend per share (yen)	Record date	Effective date
May 8, 2026 Board of Directors* ⁵	Common shares	Retained earnings	¥215,940	¥2.65	March 31, 2026	June 1, 2026

*5 Total dividend includes the dividend of ¥84 million for the Company's shares held by the BIP trust and the dividend of ¥84 million paid for shares held by the stock-granting ESOP trust.

(3) Capital Management

In order to achieve sustainable development, NTT aims to ensure financial soundness and improve capital efficiency by acquiring treasury stock while focusing on profit growth. Following are the main indicators that the Company uses in capital management:

- Earnings per share (EPS): Basic earnings per share

In addition, SBI Sumishin Net Bank, a consolidated subsidiary of the Company, uses its consolidated capital adequacy ratio as a management indicator.

Description about Basic earnings per share is presented in “Note 2.5. Earnings per Share.”

SBI Sumishin Net Bank is in compliance with the capital adequacy ratio required under the Banking Act. If the capital adequacy ratio falls below a certain level, the Financial Services Agency may implement actions, including the submission of a business improvement plan, business improvement orders, and orders for suspension of business operations.

(4) Put Options Granted to Non-controlling Interests

(Accounting Policies)

Generally, short put options on subsidiary shares (the right to sell to NTT Group) that NTT Group has granted to non-controlling interest holders are initially recognized as “other financial liabilities” at the present value of the redemption amounts, with the same amount deducted from additional paid-in capital. After initial recognition, the options are measured at amortized cost using the effective interest rate method, while any subsequent changes in value are recognized as additional paid-in capital.

With regard to short put options for subsidiary shares that the NTT Group has granted to the owners of non-controlling interests, the amounts deducted from additional paid-in capital were ¥78,936 million, and ¥81,400 million, respectively, at the end of the fiscal year ended March 31, 2025 and the end of the fiscal year ended March 31, 2026.

(5) Other Components of Equity

Details and changes in other components of equity

(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 adjustment	Total
As of April 1, 2024	¥ 361,002	¥ (79,330)	¥ (6,345)	¥ —	¥ 490,090	¥ 765,417
Other comprehensive income	(72,159)	50,335	2,088	68,317	(13,860)	34,721
Transfer to retained earnings	(35,384)	—	—	(68,317)	—	(103,701)
As of March 31, 2025	¥ 253,459	¥ (28,995)	¥ (4,257)	¥ —	¥ 476,230	¥ 696,437
Other comprehensive income	184,071	101,665	(47,833)	201,864	242,276	682,043
Transfer to retained earnings	30,503	—	—	(201,864)	—	(171,361)
As of March 31, 2026	¥ 468,033	¥ 72,670	¥ (52,090)	¥ —	¥ 718,506	¥ 1,207,119

The details of other comprehensive income included in non-controlling interests is as follows.

(Millions of yen)

	Changes 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 adjustment	Total
From April 1, 2024 to March 31, 2025	¥ 5,310	¥ 725	¥ (62)	¥ 4,945	¥ (8,537)	¥ 2,381
From April 1, 2025 to March 31, 2026	¥ (2,444)	¥ 801	¥ (90)	¥ 1,271	¥ 3,470	¥ 3,008

(6) Other Comprehensive Income

Details of other comprehensive income and related tax effects

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income		
Amounts arising during the period	¥ (94,392)	¥ 276,794
Before tax effect	(94,392)	276,794
Tax effect	28,008	(94,776)
After tax effect	¥ (66,384)	¥ 182,018
Remeasurements of the defined benefit plans		
Amounts arising during the period	¥ 110,673	¥ 294,444
Before tax effect	110,673	294,444
Tax effect	(35,188)	(91,696)
After tax effect	¥ 75,485	¥ 202,748
Share of other comprehensive income of entities accounted for using the equity method		
Amounts arising during the period	¥ (2,688)	¥ 10
Before tax effect	(2,688)	10
Tax effect	—	(14)
After tax effect	¥ (2,688)	¥ (4)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
Amounts arising during the period	¥ (318,155)	¥ 498,095
Amounts reclassified to profit	393,266	(349,921)
Before tax effect	75,111	148,174
Tax effect	(23,033)	(46,471)
After tax effect	¥ 52,078	¥ 101,703
Hedges cost		
Amounts arising during the period	¥ (1,246)	¥ (36,239)
Amounts reclassified to profit	4,224	(34,514)
Before tax effect	2,978	(70,753)
Tax effect	(952)	22,830
After tax effect	¥ 2,026	¥ (47,923)
Foreign currency translation adjustments		
Amounts arising during the period	¥ (32,355)	¥ 249,427
Amounts reclassified to profit	—	(41)
Before tax effect	(32,355)	249,386
Tax effect	—	—
After tax effect	¥ (32,355)	¥ 249,386
Share of other comprehensive income of entities accounted for using the equity method		
Amounts arising during the period	¥ 8,951	¥ (2,790)
Amounts reclassified to profit	—	—
Before tax effect	8,951	(2,790)
Tax effect	(11)	(87)
After tax effect	¥ 8,940	¥ (2,877)
Total other comprehensive income		
Amounts arising during the period	¥ (329,212)	¥ 1,279,741
Amounts reclassified to profit	397,490	(384,476)
Before tax effect	68,278	895,265
Tax effect	(31,176)	(210,214)
After tax effect	¥ 37,102	¥ 685,051

(7) Equity Transactions with Non-controlling Interests

Changes in additional paid-in capital due to equity transactions with non-controlling interests

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Changes in NTT's ownership interest by making NTT DATA Group a wholly owned subsidiary		
Effect of changes in NTT's ownership interest by NTT DATA Group's share repurchase of its treasury stock	¥ —	¥ (1,571,028)
Other	(4,149)	21,479
Net increase (decrease) in additional paid-in capital due to transactions with non-controlling interests	¥ (4,149)	¥ (1,549,549)

Transaction making NTT DATA Group Corporation a wholly owned subsidiary of NTT

NTT has been completed by a resolution of its board of directors on May 8, 2025 to conduct a series of transactions by implementing a tender offer for the common stock of NTT DATA Group Corporation (“NTT DATA Group”, and its common stock, excluding the shares owned by NTT and the treasury shares owned by NTT DATA Group, the “NTT DATA Group Shares”), in accordance with the Financial Instruments and Exchange Act, with the aim of acquiring all NTT DATA Group Shares and making NTT DATA Group a wholly-owned subsidiary of NTT.

Tender Offer

On May 8, 2025, NTT resolved to acquire all of the NTT DATA Group Shares through the tender offer, and purchased the NTT DATA Group Shares for a total purchase price of ¥1,347.2 billion from May 9, 2025 to June 19, 2025. As a result of the tender offer, NTT Group's ownership interests in the NTT DATA Group increased from 57.73% to 81.75%

Share Consolidation

At the Board of Directors meeting held on July 24, 2025, NTT DATA Group resolved to submit a proposal to an extraordinary general meeting of shareholders to conduct a share consolidation whereby 256,029,428 shares would be consolidated into 1 share, with the objective of making NTT DATA Group a wholly owned subsidiary of NTT. The proposal was approved as originally proposed at the extraordinary general meeting of shareholders held on August 29, 2025. As a result, NTT's ownership interests in the NTT DATA Group is accounted for as 100% since the day of the resolution and the approval.

Details of the transaction with non-controlling interest (NCI) in the acquisition of the NTT DATA Group Shares

(Millions of yen)

	Fiscal year ended March 31, 2026
Carrying amount of NCI acquired	797,321
Consideration paid to NCI ^{(*)1}	2,368,349
Decrease in Equity attributable to NTT shareholders ^{(*)2}	(1,571,028)

*1 Consideration paid to NCI does not include transaction costs.

*2 As for a portion that additional paid-in capital becomes negative figure due to Consideration paid to NCI exceeding Carrying amount of NCI acquired, we deducted the portion from Retained earnings.

Funds for the acquisition

In order to secure the funds for the acquisition, based on the resolution by the Board of Directors of NTT on May 8, 2025, NTT Group made borrowings from financial institutions as necessary within a threshold of ¥2,380 billion.

(8) Other

The “Act to Partially Amend the Nippon Telegraph and Telephone Corporation Act (the “NTT Act”)” was promulgated and went into effect in April 2024, and although the requirement for NTT to receive approvals for resolutions related to distributions of surplus has been repealed, NTT must still obtain authorization from the Minister of Internal Affairs and Communications (the “Minister”) for certain financial matters, including the issuance of new shares. An overview of the NTT Act is presented in “Item 2. Business Overview, 3. Risk Factors.”

4.2. Cash and Cash Equivalents

(Accounting Policies)

Cash and cash equivalents consist of following items:

- cash at hand
- deposits that can be withdrawn as required
- short-term investments that can be readily converted to cash and only have an insignificant risk of changes in value whose term to maturity falls within three months of the acquisition date.

Cash and cash equivalents are classified as financial assets measured at amortized cost.

Details of cash and cash equivalents

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Cash and deposits	¥932,358	¥1,882,519
Term deposits, certificates of deposits, and others	68,636	39,363
Total	¥1,000,994	¥1,921,882

Our subsidiary engaged in banking operations, SBI Sumishin Net Bank, is required under the “Act on Reserve Requirement System” to deposit with the Bank of Japan an amount equal to or greater than a certain percentage of the deposits and other liabilities it accepts (the statutory reserve requirement).

As of March 31, 2026, SBI Sumishin Net Bank deposits held at the Bank of Japan totaled 888,209 million yen, representing an amount exceeding the statutory reserve requirement.

4.3. Impact on the Consolidated Financial Statements Due to the Last Day of Fiscal Year Fallen on a Non-business Day

The last day of the fiscal year ended March 31, 2024 fell on a non-business day, 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 consolidated financial statements is as follows.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
(Consolidated Statement of Cash Flows)		
Decrease (increase) in trade and other receivables	192,820	—
Cash and cash equivalents as of April 1	(192,820)	—
Cash and cash equivalents as of March 31	—	—

4.4. Other Financial Assets

(Accounting Estimates and Judgments Involving Estimates)

NTT Group makes estimates of fair value measurements of financial assets measured at fair value through other comprehensive income (FVTOCI)

NTT Group estimates fair value measurements of derivatives.

Details of other financial assets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Current assets		
Financial assets measured at fair value through profit or loss		
Investments in capital	¥ 4,007	¥3,696
Derivative financial assets		
Applied hedge accounting	65,561	168,166
Not applied hedge accounting	17,371	23,095
Financial assets measured at fair value through other comprehensive income		
Equity securities	10,044	11,591
Money held in trust	348,077	187,042
Securities for banking	—	122,076
Financial assets measured at amortized cost		
Debt securities	—	26,110
Loans receivables	11,047	431
Short-term investments	65,613	80,173
Call loans for banking	—	53,500
Money held in trust	176,638	381,393
Margin transaction assets	210,344	260,542
Other	64,769	128,450
Loss allowance	(6)	(1)
Subtotal	973,465	1,446,264
Non-current assets		
Financial assets measured at fair value through profit or loss		
Investments in capital	97,316	129,121
Derivative financial assets		
Applied hedge accounting	272,436	551,207
Not applied hedge accounting	72	39,961
Financial assets measured at fair value through other comprehensive income		
Equity securities	1,106,277	1,482,751
Financial assets measured at amortized cost		
Debt securities	2,006	50,489
Loans receivables	14,613	188,243
Long - term telecommunications terminal equipment receivables	649,826	746,465
Leasehold and guarantee deposits	79,849	91,749
Other	20,213	49,287
Loss allowance	(5,091)	(23,293)
Subtotal	2,237,517	3,305,980
Total	¥3,210,982	¥4,752,244

Investments in the above equity securities are classified as financial assets measured at fair value through other comprehensive income as NTT Group holds all of them for maintaining and strengthening transactional relationships with the investees.

Major financial assets measured at fair value through other comprehensive income

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
TOYOTA MOTOR CORPORATION	¥388,880	¥470,046
NEC Corporation	204,796	250,444
SBI Holdings, Inc.	—	153,846
Tokyo Century Corporation	71,947	99,161
SKY Perfect JSAT Holdings Inc.	35,980	88,740
HERE International B.V.	50,862	49,917
Internet Initiative Japan Inc.	52,986	49,897
TBS HOLDINGS, INC.	27,613	31,941
FUJI MEDIA HOLDINGS, INC.	19,650	30,762
May Mobility Inc.	19,087	28,404
KADOKAWA CORPORATION	23,060	24,637
Nippon Television Holdings, Inc.	23,757	24,558
StarHub Ltd	22,559	21,645
NTT UD REIT Investment Corporation	10,596	12,903
Rapidus Corporation	—	11,500
AALTO HAPS Limited	7,477	9,596
Mujin, Inc.	—	8,758
M3, Inc.	34,380	—
Other	122,691	127,587
Total	¥1,116,321	¥1,494,342

Information on financial assets measured at fair value through other comprehensive income that were derecognized mainly due to sales in line with revised business policies

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Fair value at derecognition	¥128,941	¥50,976
Accumulated gains (losses) at derecognition	96,480	12,654
Dividend received	154	78

Accumulated gains or losses relating to financial assets measured at fair value through other comprehensive income were transferred from other components of equity to retained earnings at the time of derecognition.

Dividends received relating to financial assets measured at fair value through other comprehensive income are discussed in Note "4.7. Finance Income and Finance Costs".

4.5. Short-Term Borrowings and Long-Term Borrowings

Short-term borrowings and Long-term borrowings are classified as financial liabilities measured at amortized cost.

(1) Details of Short-Term Borrowings and Long-Term Borrowings

Details of short-term borrowings

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Debt denominated in Japanese yen		
Secured loans from financial institutions	-	¥250,000
	(-)	(0.50%)
Unsecured loans from financial institutions	131,389	219,754
(weighted average interest rate: %)	(0.80%)	(1.31%)
Commercial paper	226,917	1,214,861
(weighted average interest rate: %)	(0.58%)	(1.04%)
Debt denominated in foreign currencies		
Secured loans from financial institutions	6,845	4,489
(weighted average interest rate: %)	(7.53%)	(6.77%)
Unsecured loans from financial institutions	226,391	201,892
(weighted average interest rate: %)	(4.72%)	(3.91%)
Commercial paper	1,003,045	526,385
(weighted average interest rate: %)	(3.66%)	(2.91%)
Total Short-term borrowings	¥1,594,587	¥2,417,382

Short-term borrowings including current portion or balance due within 1 year are shown in Long-term borrowings.

Details of long-term borrowings

(Millions of yen)

	Maturity date	As of March 31, 2025	As of March 31, 2026
Debt denominated in Japanese yen			
Corporate bonds			
0.10–2.72% fixed rate corporate bonds	2026–2035	¥2,480,807	¥2,550,680
1.55–1.75% floating rate corporate bonds	2028-2032	130	120
Secured loans from financial institutions			
0.27% (weighted average) fixed rate loans	2027-2044	51,317	960,409
1.48% (weighted average) floating rate loans	2026-2055	131,320	211,781
Unsecured loans from financial institutions			
0.53% (weighted average) fixed rate loans	2026–2057	2,832,610	2,597,288
1.17% (weighted average) floating rate loans	2026–2063	45,981	922,487
Subtotal		5,542,165	7,242,765
Debt denominated in foreign currencies			
Corporate bonds			
1.16–5.50% fixed rate U.S. dollar corporate bonds	2026-2035	1,323,252	2,973,768
4.39–5.28% floating rate U.S. dollar corporate bonds	2028-2031	0	239,820
0.34–4.09% fixed rate Euro corporate bonds	2027-2038	535,140	1,522,615
2.35–2.53% floating rate Euro corporate bonds	2027-2028	0	385,161
4.76% fixed rate British pound corporate bonds	2032	0	73,861
Secured loans from financial institutions			
6.64% (weighted average) fixed rate U.S. dollar loans	2026-2031	30,257	20,131
5.43% floating rate U.S. dollar loans	2026	16,857	22,377
7.35% (weighted average) floating rate INR loans	2038-2039	13,067	24,106
Other loans	2026	274	29
Unsecured loans from financial institutions			
4.78% (weighted average) fixed rate U.S. dollar loans	2026-2029	355,793	188,481
4.68% (weighted average) floating rate U.S. dollar loans	2027-2031	383,367	326,414
2.65% (weighted average) fixed rate Euro loans	2026-2029	99,552	112,572
6.43% (weighted average) fixed rate INR loans	2026-2037	3,904	10,679
7.50% (weighted average) floating rate INR loans	2027-2038	86,018	82,942
5.18% floating rate British pound loans	2030	0	52,758
3.90% fixed rate MYR loans	2030	0	11,109
Other loans	2026-2030	34,769	25,170
Subtotal		2,882,250	6,071,993
Total principal of Long-term borrowings		8,424,416	13,314,758
Less discount or premium on bonds		8,926	20,532
Total principal of Long-term borrowings (Less discount or premium on bonds)		8,415,490	13,294,226
Less current portion		¥1,227,990	¥1,978,266
Total Long-term borrowings		¥7,187,500	¥11,315,960

Interest rates and maturity dates in the above table are those as of March 31, 2026.

Some of the corporate bonds as of March 31, 2026 may be redeemed by NTT at par before maturity dates. Corporate bonds are generally repurchased in the market or from the bond holders.

Unused lines of credit under commitment line contracts with banks

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Unused lines of credit	¥330,100	¥330,100

(2) Pledged Assets and Secured Debts

Assets pledged as collateral and secured debts are as follows.

(Consolidated subsidiaries)

As a Japanese business practice regarding short-term and long-term bank loans, collateral and guarantees may be pledged for current and future debt in a written transaction contract, if required by the bank. When the payment becomes due or the repayment falls in default, the bank has the right to offset the debt with the bank deposit of the debtor.

Various transaction contracts stipulate that banks may require debtors to pledge additional collateral or they may take out a lien on certain assets.

Assets pledged as collateral by consolidated subsidiaries

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents	¥ 12,438	¥ 14,137
Loans for banking	—	2,445,959
Securities for banking	—	367,489
Other financial assets	122,303	127,106
Trade and other receivables	40,409	49,718
Property, plant and equipment	99,255	97,314
Intangible assets	1,520	20,373
Investment property	89,464	77,559
Other non-current assets	3,643	3,458
Other	1,086	1,461
Total	¥ 370,118	¥ 3,204,574

In addition to the above, NTT Group pledges subsidiary shares, which is eliminated in the consolidated statements of financial position, amounting ¥11,173 million as of March 31, 2025 and amounting ¥18,723 million as of March 31, 2026.

Liabilities corresponding to assets pledged as collateral

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Other current liabilities	¥ 2,203	¥ 2,542
Other financial liabilities ^{*1}	—	211,319
Short-term borrowings ^{*2}	6,844	714,489
Corporate bonds	100	100
Long-term borrowings ^{*2 *3}	247,435	778,869
Total	¥ 256,582	¥ 1,707,319

*1. Cash collateral received for securities lent, corresponding to the collateral of the subsidiary engaged in banking accounts for the majority.

*2. Borrowings corresponding to the collateral of the subsidiary engaged in banking account for the majority.

*3. Long-term borrowings include the current portion.

(3) Reconciliation of Changes in Liabilities Relating to Cash Flows from Financing Activities

(Millions of yen)

	Borrowings	Lease liabilities	Put options granted to non-controlling interests	Derivative financial liabilities (assets) held for hedging liabilities arising from financing activities	Total
As of April 1, 2024	¥ 9,591,014	¥ 1,122,997	¥ 73,280	¥ (309,252)	¥ 10,478,039
Changes in cash flows from financing and repayments					
Net increase (decrease) in Short-term borrowings	(4,319)	—	—	2,364	(1,955)
Proceeds from increases in Long-term borrowings	1,540,780	—	—	—	1,540,780
Repayments of Long-term borrowings	(1,001,944)	—	—	35,254	(966,690)
Repayments of lease liabilities	—	(261,687)	—	—	(261,687)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	—	(2,820)	—	(2,820)
Total changes in liabilities relating to cash flows from financing activities	¥ 534,517	¥ (261,687)	¥ (2,820)	¥ 37,618	¥ 307,628
Changes as a result of obtaining or losing control of a subsidiary or other business	(80,033)	(18,760)	6,732	—	(92,061)
Effect of changes in foreign currency exchange rates	(94,402)	(3,133)	(178)	—	(97,713)
Accrued lease liabilities	—	346,782	—	—	346,782
Changes in fair value liabilities	—	—	—	(47,233)	(47,233)
Other changes	58,981	(25,063)	1,922	—	35,840
As of March 31, 2025	¥ 10,010,077	¥ 1,161,136	¥ 78,936	¥ (318,867)	¥ 10,931,282
Changes in cash flows from financing and repayments					
Net increase (decrease) in Short-term borrowings	537,164	—	—	1,320	538,484
Proceeds from increases in Long-term borrowings	5,797,443	—	—	—	5,797,443
Repayments of Long-term borrowings	(2,706,840)	—	—	55,866	(2,650,974)
Repayments of lease liabilities	—	(278,074)	—	—	(278,074)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	—	(12,558)	—	(12,558)
Total changes in liabilities relating to cash flows from financing activities	¥ 3,627,767	¥ (278,074)	¥ (12,558)	¥ 57,186	¥ 3,394,321
Changes as a result of obtaining or losing control of a subsidiary or other business	3,909	4,417	7,675	—	16,001
Effect of changes in foreign currency exchange rates	467,481	17,998	3,184	—	488,663
Accrued lease liabilities	—	320,646	—	—	320,646
Changes in fair value liabilities	—	—	—	(423,906)	(423,906)
Other changes	19,664	(18,191)	4,163	—	5,636
As of March 31, 2026	¥ 14,128,898	¥ 1,207,932	¥ 81,400	¥ (685,587)	¥ 14,732,643

The above reconciliation includes only changes in the balances of liabilities arising from financing activities and does not include capital arising from financing activities or borrowings for banking which have been classified as cash flows from operating activities in the Consolidated Statement of Cash Flows (beginning of the previous fiscal year: - million yen; end of the previous fiscal year: - million yen; end of the current fiscal year: 1,582,710 million yen).

4.6. Other Financial Liabilities

(Accounting Estimates and Judgments Involving Estimates)
NTT Group estimates fair value measurements of derivatives.

Details of other financial liabilities

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Current liabilities		
Financial liabilities measured at fair value through profit or loss		
Derivative financial liabilities		
Applied hedge accounting	¥6,438	¥198
Not applied hedge accounting	16,781	23,336
Contingent consideration	16,135	13,349
Financial liabilities measured at amortized cost		
Margin transaction liabilities	28,631	25,318
Loans payable secured by securities	73,495	92,101
Deposits received	304,348	360,375
Guarantee deposits received	242,247	290,073
Call money	115,000	140,000
Banking - Call money	—	25,000
Banking - Cash received as collateral for securities lending	—	211,319
Banking - Other	—	35,328
Other	40,590	115,667
Put options granted to non-controlling interests	22,785	19,562
Subtotal	866,450	1,351,626
Non-current liabilities		
Financial liabilities measured at fair value through profit or loss		
Derivative financial liabilities		
Applied hedge accounting	4,583	13,807
Not applied hedge accounting	4,731	48,749
Contingent consideration	—	1,380
Financial liabilities measured at amortized cost		
Lease and guarantee deposits received	94,783	99,111
Banking - Other	—	157,686
Other	7,968	30,523
Put options granted to non-controlling interests	56,151	61,838
Subtotal	168,216	413,094
Total	¥1,034,666	¥1,764,720

4.7. Finance Income and Finance Costs

(Accounting Estimates and Judgments Involving Estimates)

NTT Group estimates fair value measurements of derivatives.

Details of finance income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Interest income *1		
Financial assets measured at amortized cost	¥20,387	¥25,062
Dividend income		
Financial assets measured at fair value through other comprehensive income	23,347	27,200
Net changes in fair value of financial assets measured at fair value through profit or loss	1,271	4,367
Gain on sale of securities	8,975	6,145
Other	5,171	11,731
Total	¥59,151	¥74,505

*1. Gains or losses on valuation derived from interest rate swap contracts designated as hedging instruments are included in the interest income.

“Net changes in fair value of financial assets measured at fair value through profit or loss” include changes in fair value, interest income, dividend income, and foreign exchange translation gain or loss.

In addition to the above, Interest income and Trading income on financial assets measured at fair value through profit or loss of ¥8,644 million and ¥9,546 million were included in “Operating revenues” for the fiscal year ended March 31, 2025 and the fiscal year ended March 31, 2026, respectively.

Interest income on financial assets measured at amortized cost included in “Operating revenues” amounted to ¥59,320 million from the banking for the fiscal year ended March 31, 2026, and ¥63,526 million and ¥70,708 million from non-banking for the fiscal years ended March 31, 2025 and 2026, respectively.

Details of finance costs

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Interest expenses *1		
Financial liabilities measured at amortized cost	¥128,825	¥205,493
Lease liabilities	20,190	21,156
Net exchange differences *2	3,812	110
Net changes in fair value of financial assets measured at fair value through profit or loss	5,670	1,202
Loss on sale of securities	3,266	5,029
Other	7,751	7,078
Total	¥169,514	¥240,068

*1. Gains or losses on valuation derived from interest rate swap contracts designated as hedging instruments are included in the interest expenses.

*2. Gains or losses on valuation derived from forward foreign-exchange contracts and currency swap contracts designated as hedging instruments are included in the net exchange differences.

Impairment losses of ¥53,405 million and ¥21,246 million on financial assets measured at amortized cost were included in the operating expenses for the fiscal year ended March 31, 2025 and 2026, respectively.

Interest expense on financial liabilities measured at amortized cost included in “Operating expenses” amounted to ¥27,504 million from the banking for the fiscal year ended March 31, 2026.

4.8. Financial Instruments

(Accounting Estimates and Judgments Involving Estimates)

NTT Group estimates the amortization periods and for impairment of financial assets measured at amortized cost.

(1) Financial Risk Management

NTT Group is exposed to financial risks (credit risk, liquidity risk, and market risk) in conducting business activities. In order to avoid or reduce such risks, it manages risks based on certain policies. In addition, the Group reports on the status of major financial risk management to its management.

(i) Credit risk management

Receivables arising from NTT Group's business activities are exposed to the credit risk of customers. Bonds held for the management of surplus and shares held for business policy purposes are mainly exposed to the credit risk of the issuer. In addition, derivative transactions conducted by NTT Group for the purpose of hedging foreign exchange risk and interest rate risk are exposed to the credit risk of counterparty financial institutions.

To appropriately manage the credit risk on trade receivables, NTT Group, in principle, defines credit limits or transaction conditions based on its credit management rules and monitors the balance of receivables from business partners with high credit risk. In addition, the Group has collateral or credit enhancement for specific credit exposures.

For the management of surplus and derivative transactions, in order to prevent the occurrence of credit risk based on the Group's financial rules, the Group, in principle, invests in bonds that meet certain rating criteria or conducts transactions with high-rating financial institutions, and monitors the status. NTT Group does not have any excessive concentration of business transactions with a single party or a group to which the party belongs.

Regarding receivables related to margin transactions, in addition to receiving security deposits or collateral, exposure to the credit risk of customers is limited due to systems such as compulsory settlement.

Maximum credit risk exposure of NTT Group

(i) Trade and other receivables (including lease receivables and contract assets)

Credit risk exposures on trade and other receivables and loss allowance

As of March 31, 2025

(Millions of yen)

Overdue period	Total carrying amounts	Loss allowance	Credit impairment
Within 30 days	¥5,468,053	¥ (43,633)	N
31-90 days	120,023	(10,064)	N
More than 90 days	231,774	(90,239)	Y
Total	¥5,819,850	¥ (143,936)	

* Accounts receivable - other, telecommunications terminal equipment installment sales receivables (total amount is ¥2,444,497 million) from other than contracts with customers are included in the table above.

As of March 31, 2026

(Millions of yen)

Overdue period	Total carrying amounts	Loss allowance	Credit impairment
Within 30 days	¥6,391,651	¥ (46,940)	N
31-90 days	125,441	(7,476)	N
More than 90 days	287,931	(86,752)	Y
Total	¥6,805,023	¥ (141,168)	

* Accounts receivable - other, telecommunications terminal equipment installment sales receivables (total amount is ¥3,007,035 million) from other than contracts with customers are included in the table above.

(ii) Other financial assets (debt securities)

Credit risk exposures on other financial assets (debt securities) measured at an amortized cost

As of March 31, 2025

(Millions of yen)

External rating	Amortized cost method	
	Recorded at the same amount as the 12-month expected credit losses	Recorded at the same amount as the lifetime expected credit losses
External rating	¥2,406 ¥(-)	¥- ¥(-)
No external rating	182,487 (1,010)	247 (186)
Total	¥184,893 ¥(1,010)	¥247 ¥(186)

As of March 31, 2026

(Millions of yen)

External rating	Amortized cost method	
	Recorded at the same amount as the 12-month expected credit losses	Recorded at the same amount as the lifetime expected credit losses
External rating	¥76,599 ¥(-)	¥- ¥(-)
No external rating	343,462 (1,103)	457 (235)
Total	¥420,061 ¥(1,103)	¥457 ¥(235)

Of the table above, those with external rating are rated investment grade equivalent. Those with no external rating have been verified as equivalent to an investment grade based on the debtor's financial status and information from credit research companies. There are no debt securities that are overdue.

The amounts mentioned above are total carrying amounts. The amounts of loss allowance are presented in parentheses.

(iii) Loans for banking

NTT Group classifies credit exposures mentioned below based on the substantive judgment, taking into consideration not only the information on overdue periods but also the information available, such as external ratings.

Credit risk exposure on loans for banking

As of March 31, 2025

None.

As of March 31, 2026

(Millions of yen)

Overdue period	Recorded at the same amount as the 12-month expected credit losses	Recorded at the same amount as the lifetime expected credit losses		Credit impaired financial assets purchased or structured	Total
		Not credit impaired financial assets	Credit impaired financial assets		
Within 30 days	¥10,867,916 ¥ (2,247)	¥285 ¥ (15)	¥2,429 ¥ (644)	¥— ¥ (—)	¥10,870,630 ¥ (2,906)
31-90 days	1,324 (10)	30 (1)	128 (37)	— (—)	1,482 (48)
More than 90 days	130 (0)	338 (27)	822 (345)	— (—)	1,290 (372)
Total	¥10,869,370 ¥ (2,257)	¥653 ¥ (43)	¥3,379 ¥ (1,026)	¥— ¥ (—)	¥10,873,402 ¥ (3,326)

The amounts mentioned above are total carrying amounts. The amounts of loss allowance are presented in parentheses.

(iv) Loan commitments and financial guarantee contracts

NTT Group conducts the cashing business incidental to the credit card business and offers loan contracts that promise to lend funds up to a certain limit, and enters into commitment contracts related to loans for banking. As of March 31, 2025 and March 31, 2026 the credit risk exposures of the unused loan commitments under the cashing business were ¥474,570 million (of which, ¥167,612 million was related to the credit card business) and ¥687,950 million (of which, ¥96,839 million was related to the credit card business, and ¥290,138 million was related to loans for banking), respectively.

NTT Group also conducts the financial guarantee business against receivables of third parties. As of March 31, 2025 and March 31, 2026, the credit risk exposures of the financial guarantee contracts were ¥398,355 million (including ¥18,574 million regarding jointly controlled entities) and ¥414,263 million (including ¥15,383 million regarding jointly controlled entities), respectively. The earliest period during which these loan commitments and financial guarantee contracts may be exercised is within 1 year.

The above exposures of loan commitments and financial guarantee contracts are recorded at the same amount as the 12-month expected credit losses and loss allowance is little considering feasibility.

Changes in loss allowance during the period

As of March 31, 2025

(Millions of yen)

Classification	Recorded at the same amount as the 12-month expected credit losses	Recorded at the same amount as the lifetime expected credit losses			Credit impaired financial assets purchased or structured	Total
		Not credit impaired financial assets	Credit impaired financial assets	Trade receivables, contract assets, or leased assets*		
As of April 1, 2024	¥2,533	¥1,260	¥13,095	¥119,987	¥—	¥136,875
Increase	1,289	1,380	3,362	104,324	—	110,355
Decrease	(811)	(659)	(924)	(99,718)	—	(102,112)
As of March 31, 2025	¥3,011	¥1,981	¥15,533	¥124,593	¥—	¥145,118

As of March 31, 2026

(Millions of yen)

Classification	Recorded at the same amount as the 12-month expected credit losses	Recorded at the same amount as the lifetime expected credit losses			Credit impaired financial assets purchased or structured	Total
		Not credit impaired financial assets	Credit impaired financial assets	Trade receivables, contract assets, or leased assets*		
As of April 1, 2025	¥3,011	¥1,981	¥15,533	¥124,593	¥—	¥145,118
Increase	3,949	1,487	7,407	83,523	—	96,366
Decrease	(1,224)	(1,208)	(2,273)	(90,947)	—	(95,652)
As of March 31, 2026	¥5,736	¥2,260	¥20,667	¥117,169	¥—	¥145,832

* Loss allowance for accounts receivable - other, telecommunications terminal equipment installment sales receivables from other than contracts with customers are included.

Main form of collateral by type of financial assets

The following mainly correspond to financial assets for which a loss allowance is recorded at the same amount as the 12-month expected credit losses.

As of March 31, 2025

(Millions of yen)

Classification	Carrying amount	Main forms of collateral held
Trade and Other Receivables		
Operating loans	¥28,177	Insurance payment
Loans for banking	¥—	

As of March 31, 2026

(Millions of yen)

Classification	Carrying amount	Main forms of collateral held
Trade and Other Receivables		
Other financial asset		
Operating loans	¥33,128	Insurance payment
Loans for banking	¥7,533,363	Property

Fair value of securities accepted from customers or other counterparties which are permitted to be sold or repledged

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Collateral securities for loans on margin transactions ^{*1}	¥181,694	¥231,651
Securities borrowing on margin transactions ^{*2}	4,719	1,827
Securities borrowing on loan contracts	198,482	250,738
Substitute securities for guarantee deposits received	693,274	869,110
Total	¥1,078,169	¥1,353,326

For securities accepted which are permitted to be sold or to be repledged as collateral, contractual terms generally requires that the equivalent securities be returned when transactions are settled.

Fair value of securities pledged to customers or other counterparties to sell or repledge the collateral included

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Securities lending on margin transactions ^{*2}	¥23,322	¥23,292
Collateral securities for borrowings on margin transactions ^{*1}	5,602	3,551
Securities lending on loan contracts	67,127	84,372
Securities pledged as other collateral ^{*3}	7,258	22,479
Total	¥103,309	¥133,694

*1 NTT lends funds necessary for the purchase of securities to customers, and receives a pledge of purchased securities as collateral. If, at such time, the funds necessary for the purchase were borrowed from a securities finance company, such securities are pledged to the securities finance company as collateral.

*2 NTT lends securities necessary for the sale of securities, and receives a pledge of the proceeds from such sale as collateral. If, at such time, the securities necessary for the sale were borrowed from a securities finance company, such sale proceeds are pledged to the securities finance company as collateral.

*3 In the event that NTT accepts bids for a securities finance company's lending transaction, NTT pledges securities to the securities finance company, and receives a pledge of funds in the market value amount at such time as collateral.

(ii) Liquidity risk management

Liquidity risk is mainly the risk that NTT Group faces in fulfilling its obligations related to financial liabilities that are settled by cash or other financial assets. The Group's basic policy is to generate funds necessary for its business activities on its own in promoting its business. The funds generated are managed efficiently through inter-group financing. Moreover, the Group aims to secure stable, low-cost funds when raising funds to support business activities.

As of March 31, 2025 and March 31, 2026, NTT Group's cash and deposits and cash equivalents amounted to ¥1,000,994 million and ¥1,921,882 million, respectively. Cash equivalents are temporary surplus that will be used as working capital, mainly for debt repayment and investment. Therefore, the balance of cash equivalents changes every year depending on the status of the funding and working capital at that time.

Details of financial liabilities (excluding obligations under finance leases) by due date

As of March 31, 2025

	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Short-term borrowings	¥1,594,587	¥—	¥—	¥1,594,587
Trade and other payables	2,849,534	—	—	2,849,534
Long-term borrowings	1,351,721	5,276,382	2,302,810	8,930,913
Other financial liabilities	870,126	124,277	40,263	1,034,666
Derivatives	23,219	6,441	2,873	32,533
Other than derivatives	846,907	117,836	37,390	1,002,133

(Millions of yen)

As of March 31, 2026

	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Deposits for banking	¥10,950,069	¥55,911	¥—	¥11,005,980
Short-term borrowings	2,417,382	—	—	2,417,382
Trade and other payables	3,073,019	—	—	3,073,019
Long-term borrowings	2,264,420	8,434,853	4,168,676	14,867,949
Other financial liabilities	1,354,862	230,393	179,465	1,764,720
Derivatives	23,534	26,333	36,223	86,090
Other than derivatives	1,331,328	204,060	143,242	1,678,630

(Millions of yen)

Long-term borrowings include the current portion or balance due within 1 year.

Fair value adjustments arising from fair value hedge accounting are not included.

Details of obligations under finance leases by the due date is presented in "Note 3.6. Leases."

(iii) Market risk management

Market risk is the risk of fluctuations in market prices, such as foreign exchange rates, interest rates, and stock prices, which affects NTT Group's earnings or the value of its financial instruments. The purpose of market risk management is to control market risk exposure by managing it within acceptable parameters, while maximizing return.

Risk management of foreign exchange and interest rate fluctuations

NTT Group uses derivatives, such as forward exchange contracts, interest rate swap contracts, currency swap contracts, and interest rate option contracts, as necessary, to limit the exposure related to debt and loss of assets that may arise from fluctuations in foreign exchange rates and interest rates. Except for banking, the Group does not enter into derivative transactions for trading purposes. Derivative transactions are carried out in accordance with internal regulations, and are managed by NTT Group.

(a) Management of foreign exchange rate fluctuation risk

NTT Group performs corporate activities globally, which exposes it to exchange rate fluctuation risks associated with transactions, financing, and investment in currencies other than the functional currency of each local company. NTT Group enters into forward foreign exchange contracts, currency swap agreements, and currency option agreements to hedge the risk of fluctuations in foreign currency exchange rates principally associated with foreign currency-denominated long-term borrowings issued by NTT Group. Such contracts and agreements have the same maturity as the underlying debt. NTT Group judges whether these transactions effectively offset the impact of foreign currency rate fluctuations. The main causes of ineffectiveness in these hedge relationships are currency basis spreads, spot-forward differences on forward exchange contracts, and credit risk of counterparties. The currency basis spreads and the spot-forward differences of forward exchange contracts are excluded from the designation of hedging instruments. The main currencies to be hedged are US dollars and the euros.

(i) Currency risk exposure

Major currency risk exposure (net)

Currency	As of March 31, 2025	As of March 31, 2026
USD (thousand USD)	3,293,497	2,775,050
EUR (thousand euros)	178,706	(773,618)

The amount of foreign exchange risk hedged by derivatives is excluded.

(ii) Sensitivity analysis of foreign exchange risk

(a) Estimated amount of increase in profit before taxes assuming that Japanese yen depreciated by ¥1

(Millions of yen)

Currency	As of March 31, 2025	As of March 31, 2026
USD	¥3,235	¥2,715
EUR	¥179	¥(775)

The amount of decrease in profit before taxes assuming that the Japanese yen appreciated by ¥1 is the same amount.

(b) Estimated amount of increase in equity assuming that Japanese yen depreciated by ¥1

(Millions of yen)

Currency	As of March 31, 2025	As of March 31, 2026
USD	¥2,257	¥1,902
EUR	¥122	¥(530)

The amount of decrease in equity assuming that the Japanese yen appreciated by ¥1 is the same amount.
Foreign currency translation adjustment is excluded.

(b) Management of interest rate risk

NTT Group (excluding banking businesses) pays interest incurred to procure funds that are necessary for working capital and capital investment to promote business activities. For such debts, the generally adopted policy is to fix future cash flows and borrows, mainly at fixed interest rates. If borrowings are made at a floating interest rate, there is an exposure to the risk of fluctuations in future cash flows of interest, as interest is subject to fluctuations in market interest rates. Therefore, interest rate swap contracts that pay or receive the difference of floating interest rate received and fixed interest paid have been executed in order to curb the increase in interest payments due to rising interest rates for long-term borrowings with floating interest rates. These instruments are executed with creditworthy financial institutions.

At our consolidated subsidiary, SBI Sumishin Net Bank, interest rate risk is managed through the comprehensive management of financial assets and liabilities (ALM). The interest rate and maturity profiles of financial assets and liabilities are monitored on a daily basis, and market risk (Value at Risk, or VaR) analysis, gap analysis, and interest rate sensitivity analysis is used to track the impact of market interest rate fluctuations on revenue and economic value. In calculating VaR, NTT Group uses the variance-covariance method (holding period: 21 days, confidence interval: 99%, observation period: 1 year (260 business days)). As of the end of the current fiscal year (March 31, 2026), the total market risk exposure was 18,854 million yen. Please note that VaR measures the amount of market risk at a given probability of occurrence, calculated statistically based on past market fluctuations and therefore may not capture risks arising from market conditions that undergo drastic changes beyond what is normally anticipated.

The NTT Group appropriately manages the impact of fluctuations in the market interest rate through fixed-rate funding, derivative transactions, and ALM.

Fair value hedges

The carrying amount of hedging instruments

(Millions of yen)

Risk	As of March 31, 2025		As of March 31, 2026	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Rate	—	—	¥ 28,282	¥ 76

The designated hedging instruments are included in the “Other financial liabilities” in the consolidated statement of financial position.

The carrying amount of hedged items and the accumulated fair value hedge adjustments related to the hedged items

(Millions of yen)

Risk	Line item in consolidated statement of financial position	As of March 31, 2025		As of March 31, 2026	
		Carrying amount	Accumulated fair value hedg adjustments	Carrying amount	Accumulated fair value hedg adjustments
Rate	Securities for banking	—	—	¥ 246,947	¥ (12,250)

Cash flow hedges

Notional principal and average price of major hedging instruments

As of March 31, 2025

Classification	Contents	Notional principal and average price	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Cash flow hedges	Interest rate swaps to fix the floating interest rates* ¹	Notional principal (millions of yen)	72,983	191,978	117,821	382,782
	Foreign exchange contracts and forecast transactions of RMB	Notional principal (millions of RMB)	997	146	—	1,143
		Average price (JPY/RMB)	19.43	19.32	—	—
	Foreign exchange contracts and forecast transactions of USD	Notional principal (millions of USD)	1,604	16	—	1,620
		Average price (JPY/USD)	152.50	108.80	—	—
	Foreign exchange contracts and forecast transactions of EUR	Notional principal (millions of EUR)	1,764	10	—	1,774
		Average price (JPY/EUR)	156.88	157.58	—	—
	Currency swaps and borrowings in USD* ²	Notional principal (millions of USD)	1,302	5,279	1,850	8,431
		Average price (JPY/USD)	124.39	110.13	130.64	—
	Currency swaps and borrowings in EUR	Notional principal (millions of EUR)	650	1,850	700	3,200
		Average price (JPY/EUR)	127.99	128.56	163.21	—

*1. The major condition of interest rates for interest rate swaps is floating interest rate receivable of compounded SOFR in arrears to fixed interest rate payable of 3.8% to 6.1%.

*2. The major condition of interest rates for currency swaps is U.S. dollar fixed interest rate receivable of 1.2% to 5.1% to Japanese yen fixed interest rate payable of 0.2% to 1.4%.

As of March 31, 2026

Classification	Contents	Notional principal and average price	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Cash flow hedges	Interest rate swaps to fix the floating interest rates* ¹	Notional principal (millions of yen)	—	424,385	118,114	542,499
	Foreign exchange contracts and forecast transactions of RMB	Notional principal (millions of RMB)	949	788	—	1,737
		Average price (JPY/RMB)	19.81	19.61	—	—
	Foreign exchange contracts and forecast transactions of USD	Notional principal (millions of USD)	290	87	—	377
		Average price (JPY/USD)	154.88	132.79	—	—
	Foreign exchange contracts and forecast transactions of EUR	Notional principal (millions of EUR)	751	4	—	755
		Average price (JPY/EUR)	182.34	168.02	—	—
	Currency swaps and borrowings in USD* ²	Notional principal (millions of USD)	3,000	8,530	6,850	18,380
		Average price (JPY/USD)	106.10	138.94	141.89	—
	Currency swaps and borrowings in EUR	Notional principal (millions of EUR)	—	4,650	4,650	9,300
		Average price (JPY/EUR)	—	154.42	175.87	—
	Currency swaps and borrowings in GBP	Notional principal (millions of GBP)	—	—	350	350
		Average price (JPY/GBP)	—	—	210.83	—
	Currency swaps and borrowings in EUR	Notional principal (millions of SGD)	100	—	—	100
		Average price (JPY/SGD)	118.75	—	—	—

*1. The major condition of interest rates for interest rate swaps is floating interest rate receivable of compounded SOFR in arrears to fixed interest rate payable of 3.8% to 5.1%.

*2. The major condition of interest rates for currency swaps is U.S. dollar fixed interest rate receivable of 1.2% to 5.5% to Japanese yen fixed interest rate payable of 0.2% to 2.7%.

Derivatives designed as hedging instruments

As of March 31, 2025

(Millions of yen)

	Notional principal	Carrying amount (millions of yen)		Line item in consolidated statement of financial position	Gain or loss on hedges recognized in the period in other comprehensive income *1	Amount reclassified from cash flow hedge reserve to profit or loss as reclassification adjustment *1	Major line item in consolidated statement of profit or loss for reclassification adjustment
		Asset	Liability				
Interest rate swaps	¥382,782	¥7,294	¥1,902	*2	¥3,568	¥ (1,899)	*3
Foreign exchanges	546,840	10,284	6,247	*2	(6,424)	5,542	*3
Currency swaps	1,420,284	320,419	2,872	*2	(316,545)	393,847	*3

*1. The amounts are presented before adjustment of tax effect.

*2. "Other financial assets (current)," "Other financial assets (non-current)," "Other financial liabilities (current)," and "Other financial liabilities (non-current)"

*3. "Finance income" or "Finance costs"

As of March 31, 2026

(Millions of yen)

	Notional principal	Carrying amount (millions of yen)		Line item in consolidated statement of financial position	Gain or loss on hedges recognized in the period in other comprehensive income *1	Amount reclassified from cash flow hedge reserve to profit or loss as reclassification adjustment *1	Major line item in consolidated statement of profit or loss for reclassification adjustment
		Asset	Liability				
Interest rate swaps	¥548,499	¥14,850	¥1,872	*2	¥8,808	¥ (1,281)	*3
Foreign exchanges	228,358	7,361	198	*2	1,654	4,696	*3
Currency swaps	4,096,842	697,162	11,935	*2	451,395	(387,850)	*3

*1. The amounts are presented before adjustment of tax effect.

*2. "Other financial assets (current)," "Other financial assets (non-current)," "Other financial liabilities (current)," and "Other financial liabilities (non-current)"

*3. "Finance income" or "Finance costs"

Changes in amounts recorded in other components of equity in the consolidated statement of financial position related to cash flow hedge reserve and hedges cost.

As of March 31, 2025

(Millions of yen)

	Cash flow hedge reserve			Hedges cost	
	Interest rate swaps	Foreign exchanges	Currency swaps	Foreign exchanges	Currency swaps
Balance at the beginning of the current fiscal year	¥6,397	¥306	¥ (86,033)	¥101	¥ (6,446)
Amount arising during the period	2,220	(5,074)	(212,389)	354	(1,176)
Reclassification adjustments to profit	(1,622)	4,035	263,165	(306)	3,216
Balance at the end of the current fiscal year	¥6,995	¥ (733)	¥ (35,257)	¥149	¥ (4,406)

As of March 31, 2026

(Millions of yen)

	Cash flow hedge reserve			Hedges cost	
	Interest rate swaps	Foreign exchanges	Currency swaps	Foreign exchanges	Currency swaps
Balance at the beginning of the current fiscal year	¥6,995	¥ (733)	¥ (35,257)	¥149	¥ (4,406)
Amount arising during the period	5,801	(707)	333,549	669	(25,223)
Reclassification adjustments to profit	(930)	3,589	(239,637)	(428)	(22,851)
Balance at the end of the current fiscal year	¥11,866	¥2,149	¥58,655	¥390	¥ (52,480)

The main item of reclassification adjustments to profit is the transfer from other components of equity to profit or loss during the accounting period in which gain or loss on the hedged item is recognized.

Management of stock price fluctuation risk

As of the end of the previous consolidated fiscal year and the end of the current consolidated fiscal year, NTT Group held marketable shares, mainly those of its business partners and affiliated companies, and assumed the risk of fluctuations in share prices. Based on its risk management strategy, NTT Group manages the risk of fluctuations in share prices by periodically monitoring the fair value and unrealized gains and losses of each investee.

If the stock price had risen or fallen 10% as of March 31, 2025 and March 31, 2026, total equity would have increased or decreased by about ¥96,806 million and ¥131,770 million, respectively.

(2) Transfers of Financial Assets

(i) Continuing Involvement in Derecognized Financial Assets

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, 2026, and transferred such rights on June 27, 2025, September 29, 2025, December 25, 2025 and March 30, 2026, during the fiscal year ended March 31, 2026.

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 consolidated statement of financial position.

In the fiscal years ended March 31, 2025 and 2026, 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, 2025 and 2026 was ¥91,416 million and ¥87,669 million, respectively, and the fair value of the derecognized assets as of March 31, 2025 and 2026 was same as their book value.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2025 and 2026 were the same as the amounts described above, which represent the total amount of cash deposits provided by NTT Group to the third parties.

The losses recognized in these transfer transactions during the fiscal year ended March 31, 2025 and 2026 were immaterial.

The largest transfer transactions during the fiscal years ended March 31, 2025 and 2026 occurred on March 27, 2025 and September 29, 2025, respectively.

The amounts of credit card receivables that were derecognized were ¥923,396 million and ¥977,280 million, respectively, and the consideration received for the transferred assets was ¥830,524 million and ¥879,107 million, respectively.

No credit losses were incurred in the fiscal year ended March 31, 2025 and 2026.

Telecommunications terminal equipment installment sales receivables

In the fiscal year ended March 31, 2025, 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 28, 2025.

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 consolidated statement of financial position.

In the fiscal year ended March 31, 2025, 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 the rights to receive cash flows for the mezzanine portion as of March 31, 2025 was ¥31,485 million, and the fair value of the derecognized assets as of March 31, 2025 was same as its book value.

The maximum amount of exposure to losses pertaining to this matter was the same as the amount described above.

The losses recognized in these transfer transactions during the fiscal year ended March 31, 2025 were immaterial.

The largest transfer transaction during the fiscal year ended March 31, 2025 occurred on March 28, 2025.

The amount of telecommunications terminal equipment installment sales receivables that was derecognized was ¥79,746 million, and the consideration received for the transferred assets was ¥70,211 million.

No credit losses were incurred in the fiscal years ended March 31, 2025 and 2026.

(ii) Transfers of Financial Assets That Do Not Meet the Requirements for Derecognition

Mortgage and auto loan receivables

In the fiscal year ended March 31, 2026 and prior to the acquisition of control over SBI Sumishin Net Bank by the NTT Group, SBI Sumishin Net Bank concluded agreements for the transfer to third parties of mortgage and auto loan receivables for financing purposes.

Under these transactions, NTT Group transfers loan receivables to third parties and receives cash and retained subordinated interests in the transferred receivables, or assumes an obligation to repurchase the receivables from the transferee up to a specified amount in the event of default on the transferred receivables.

With respect to these receivables, NTT Group retains substantially all of the risks and rewards associated with ownership of the transferred assets and therefore does not meet the requirements for derecognition of the financial assets. Accordingly, the transferred assets have not been derecognized.

In the consolidated statement of financial position, these assets are recognized as “Loans for banking” under current assets and non-current assets in the amount of ¥614,478 million, and the proceeds arising from the transfers are recognized in “Short-term borrowings,” “Long-term borrowings” and “Other financial liabilities” under current liabilities and non-current liabilities in the amount of ¥565,724 million.

The related liabilities are settled each time payments are made by the original obligors, but NTT Group cannot use the transferred assets until the liabilities are settled or such payments are made.

The principal difference between the financial assets and the related liabilities represents the retained subordinated interests. The fair value of these assets and the related liabilities is equal to their carrying amounts.

(3) Fair Value of Financial Instruments

(Accounting Estimates and Judgments Involving Estimates)

Fair value measurements of financial assets measured at fair value through other comprehensive income (FVTOCI).

Fair value measurements of derivatives.

(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

As of March 31, 2025

(Millions of yen)

Classification	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Loans for banking	—	—	—	—	—
Financial liabilities:					
Long-term borrowings (including current portion or balance due within 1 year)	¥8,415,490	—	¥8,157,025	—	¥8,157,025

As of March 31, 2026

(Millions of yen)

Classification	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Loans for banking	¥10,870,387	—	—	¥10,845,182	¥10,845,182
Financial liabilities:					
Long-term borrowings (including current portion or balance due within 1 year)	¥13,294,226	—	¥12,974,488	—	¥12,974,488

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 valuation techniques for each item are as follows:

(i) Loans for banking

The total amount of principal and interests is calculated for each category based on the type of loan, internal rating, and term, and the fair values are measured by discounting at the interest rate expected to be applied if similar new transactions were made.

(ii) Deposits for banking

For deposits, specifically demand deposits that are paid immediately upon demand on the fiscal year end, the relevant amount is used as the fair value. Moreover, time deposits are classified into certain periods, and the fair values are measured based on the present value obtained by discounting future cash flows. The discount rate is the interest rate used when new deposits are received. For those with a short deposit period (within 1 year), the carrying amount is used as the fair value, as the fair value approximates the carrying amount. The relevant market value is classified as Level 2.

(iii) Long-term borrowings (including current portion or balance due within 1 year)

The fair values are measured by discounting future cash flows using discount rates assumed for similar new debt, except for floating rate debt whose carrying amounts and fair values are deemed almost equivalent.

(ii) Assets and liabilities measured at fair value
As of March 31, 2025

(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	¥73	¥28,966	¥72,284	¥101,323
Securities for banking	—	—	—	—
Derivatives financial assets				
Applied hedge accounting	—	337,997	—	337,997
Not applied hedge accounting	—	17,443	—	17,443
Financial assets measured at fair value through other comprehensive income				
Equity securities	968,061	—	148,260	1,116,321
Money held in trust	348,077	—	—	348,077
Securities for banking	—	—	—	—
Total	¥1,316,211	¥384,406	¥220,544	¥1,921,161
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	—	11,021	—	11,021
Not applied hedge accounting	—	21,512	—	21,512
Total	¥—	¥32,533	¥—	¥32,533

In the fiscal year ended March 31, 2025, there was no material transfer between levels.

As of March 31, 2026

(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	¥ 602	¥47,775	¥84,440	¥132,817
Securities for banking	3,751	55,371	—	59,122
Derivatives financial assets				
Applied hedge accounting	—	719,373	—	719,373
Not applied hedge accounting	—	63,056	—	63,056
Financial assets measured at fair value through other comprehensive income				
Equity securities	1,317,703	—	176,639	1,494,342
Money held in trust	187,042	—	—	187,042
Securities for banking	518,690	369,948	—	888,638
Total	¥2,027,788	¥1,255,523	¥261,079	¥3,544,390
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	—	14,005	—	14,005
Not applied hedge accounting	—	72,085	—	72,085
Total	¥—	¥86,090	¥—	¥86,090

In the fiscal year ended March 31, 2026, there was no material transfer between levels.

Reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis

As of March 31, 2025

(Millions of yen)

Classification	Balance at the beginning of the year	Gain (Losses)		Increase by purchases	Decrease by sales	Other changes	Balance at the end of the year	Gain (Losses) for the period relating to assets held at the end of the year
		Profit	Other comprehensive income					Profit
Financial assets:								
Investments in capital	¥59,747	¥3,495	—	¥13,457	¥(6,158)	¥1,743	¥72,284	¥2,231
Equity securities	119,385	—	14,041	20,169	(2,985)	(2,350)	148,260	—

1. “Increase by purchases” and “Decrease by sales” include increases or decreases from new consolidations, deconsolidations, and transfers from (to) other accounts.

2. Gains or Losses included in the “Profit” are included in the “Finance income” or “Finance costs” in the consolidated statement of profit or loss.

As of March 31, 2026

(Millions of yen)

Classification	Balance at the beginning of the year	Gain (Losses)		Increase by purchases	Decrease by sales	Other changes	Balance at the end of the year	Gain (Losses) for the period relating to assets held at the end of the year
		Profit	Other comprehensive income					Profit
Financial assets:								
Investments in capital	¥72,284	¥6,437	—	¥10,808	¥ (4,379)	¥ (710)	¥84,440	¥7,760
Equity securities	148,260	—	726	35,593	(3,638)	(4,302)	176,639	—

1. “Increase by purchases” and “Decrease by sales” include increases or decreases from new consolidations, deconsolidations, and transfers from (to) other accounts.
2. Gains or Losses included in the “Profit” are included in the “Finance income” or “Finance costs” in the consolidated statement of profit or loss.

Valuation techniques used to measure fair value of financial instruments

In the consolidated statement of financial position, the valuation techniques used to measure fair value of financial instruments classified as Level 2 and Level 3 are as follows:

(i) Debt securities

Debt securities include corporate bonds and others. Their fair value is measured based on the pricing models developed independently by financial and other institutions using underlying conditions that are observable in markets, such as credit ratings and discount rates.

(ii) Securities for banking

Corporate bonds, local government bonds, and short-term corporate bonds for banking are classified as Level 3 when significant unobservable inputs are used in valuation, and as Level 2 when they are not. In the evaluation process, observable inputs are utilized to the maximum extent possible, and these inputs include market interest rates.

For other securities, the prices provided by counterparty financial institutions and others are used as the fair value. However, if significant unobservable inputs are used, they are classified as Level 3; otherwise, they are classified as Level 2.

(iii) Loans receivables

The fair values of loans receivable are calculated primarily by discounting the total principal and interest using interest rates assumed for similar new transactions.

(iv) Derivatives

Derivatives mainly comprise forward exchange contracts, currency swap agreements and interest rate swap agreements. The fair value of forward exchange contracts is measured using underlying conditions that are observable in markets, such as exchange rates. The fair value of currency swap agreements and interest rate swap agreements is measured by using underlying conditions that are observable in markets, such as Secured Overnight Financing Rate (SOFR), swap rates, and exchange rates, and by discounting future cash flows to present value.

(v) Equity securities and investments in capital

The fair value of equity securities and investments in capital is measured using an evaluation model that is selected through appropriate processes and that suits the circumstances of the investee, including reasonable estimates of inputs. As a result, these fair values are primarily measured using the adjusted net asset method.

(4) Netting Financial Assets and LiabilitiesReconciliation of Gross and Net Amounts of Financial Instruments that are Subject to Enforceable Master Netting Agreements and Similar Agreements

<Fiscal year ended March 31, 2025>

Financial Assets

(Millions of yen)

	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)	(f)	(g)=(c)+(f)
	Financial instruments that are subject to enforceable master netting agreements or similar agreements						Financial instruments not subject to enforceable master netting agreements and similar agreements	Total
	Total amount of financial assets recognized	Total recognized financial liabilities netted in the consolidated financial statements	Net financial assets presented in the consolidated financial statements	Amounts not netted in the consolidated financial statements		Net amount		
Financial instruments				Cash received as collateral				
Cash and cash equivalents	¥3,216	¥—	¥3,216	¥—	¥—	¥3,216	¥997,778	¥1,000,994
Other Financial Assets								
Derivative financial assets	314,838	—	314,838	16,568	13,499	284,771	40,602	355,440
Margin transaction assets	210,344	—	210,344	194,076	16,268	—	—	210,344
Others	24,774	—	24,774	1,649	4,641	18,484	60,208	84,982
Total	¥553,172	¥—	¥553,172	¥212,293	¥34,408	¥306,471	¥1,098,588	¥1,651,760

Financial Liabilities

(Millions of yen)

	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)	(f)	(g)=(c)+(f)
	Financial instruments that are subject to enforceable master netting agreements or similar agreements						Financial instruments not subject to enforceable master netting agreements and similar agreements	Total
	Total amount of financial liabilities recognized	Total recognized financial assets netted in the consolidated financial statements	Net financial liabilities presented in the consolidated financial statements	Amounts not netted in the consolidated financial statements		Net amount		
Financial instruments				Cash received as collateral				
Other Financial Liabilities								
Derivative financial liabilities	¥29,585	¥—	¥29,585	¥16,568	¥—	¥13,017	¥2,948	¥32,533
Margin transaction liabilities	28,631	—	28,631	27,804	—	827	—	28,631
Loans payable secured by securities	73,495	—	73,495	67,127	—	6,368	—	73,495
Deposits received	275,428	—	275,428	4,628	—	270,800	28,920	304,348
Guarantee deposits received	241,718	—	241,718	31,254	—	210,464	529	242,247
Total	¥648,857	¥—	¥648,857	¥147,381	¥—	¥501,476	¥32,397	¥681,254

Amounts listed under Columns (d) in the tables above are amounts that have not been netted in the consolidated financial statements, either because NTT does not have a legally enforceable, present set-off right for the recognized amounts, as the set-off rights for the financial assets and liabilities that are subject to enforceable master netting agreements and similar agreements are enforceable only in events of default or other specified circumstances that are not expected to occur in the ordinary course of business, or otherwise because NTT does not intend to settle the amount on a net basis.

Amounts listed above under Columns (e) in the tables above include deposits received from customers and guarantee deposits, which are managed separately through establishing separate customer money trusts.

<Fiscal year ended March 31, 2026>

Financial Assets

(Millions of yen)

	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)	(f)	(g)=(c)+(f)
	Financial instruments that are subject to enforceable master netting agreements or similar agreements						Financial instruments not subject to enforceable master netting agreements and similar agreements	Total
	Total amount of financial assets recognized	Total recognized financial liabilities netted in the consolidated financial statements	Net financial assets presented in the consolidated financial statements	Amounts not netted in the consolidated financial statements		Net amount		
Financial instruments				Cash received as collateral				
Cash and cash equivalents	¥3,351	¥—	¥3,351	¥—	¥—	¥3,351	¥1,918,531	¥1,921,882
Other Financial Assets								
Derivative financial assets	739,366	—	739,366	45,917	13,878	679,571	43,063	782,429
Margin transaction assets	260,542	—	260,542	240,864	19,678	—	—	260,542
Others	30,186	—	30,186	1,560	4,006	24,620	147,551	177,737
Total	¥1,033,445	¥—	¥1,033,445	¥288,341	¥37,562	¥707,542	¥2,109,145	¥3,142,590

Financial Liabilities

(Millions of yen)

	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)	(f)	(g)=(c)+(f)
	Financial instruments that are subject to enforceable master netting agreements or similar agreements						Financial instruments not subject to enforceable master netting agreements and similar agreements	Total
	Total amount of financial liabilities recognized	Total recognized financial assets netted in the consolidated financial statements	Net financial liabilities presented in the consolidated financial statements	Amounts not netted in the consolidated financial statements		Net amount		
Financial instruments				Cash received as collateral				
Other Financial Liabilities								
Derivative financial liabilities	¥76,538	¥—	¥76,538	¥45,917	¥—	¥30,621	¥9,552	¥86,090
Margin transaction liabilities	25,318	—	25,318	24,537	—	781	—	25,318
Loans payable secured by securities	92,101	—	92,101	84,372	—	7,729	—	92,101
Deposits received	309,722	—	309,722	3,967	—	305,755	50,653	360,375
Guarantee deposits received	289,236	—	289,236	52,843	—	236,393	837	290,073
Cash collateral received for securities lent	211,319	—	211,319	210,576	—	743	—	211,319
Total	¥1,004,234	¥—	¥1,004,234	¥422,212	¥—	¥582,022	¥61,042	¥1,065,276

Amounts listed under Columns (d) in the tables above are amounts that have not been netted in the consolidated financial statements, either because NTT does not have a legally enforceable, present set-off right for the recognized amounts, as the set-off rights for the financial assets and liabilities that are subject to enforceable master netting agreements and similar agreements are enforceable only in events of default or other specified circumstances that are not expected to occur in the ordinary course of business, or otherwise because NTT does not intend to settle the amount on a net basis.

Amounts listed above under Columns (e) in the tables above include deposits received from customers and guarantee deposits, which are managed separately through establishing separate customer money trusts.

5. OTHER NOTES

5.1. Major Subsidiaries

(Accounting Estimates and Judgments Involving Estimates)

The judgments of whether an entity is controlled by NTT Group in determining the scope of consolidation.

(1) Subsidiaries

The major subsidiaries of the Group are as described in “PART 1 INFORMATION ON THE COMPANY, ITEM 1 OVERVIEW OF THE COMPANY, 1. Status of Company, 4 Status of Affiliates.”

In addition, Although NTT DOCOMO does not hold a majority of the voting rights in Sumishin SBI Net Bank or Docomo Monex Holdings, NTT has determined that NTT DOCOMO effectively controls these companies because, among other factors, NTT DOCOMO has the right to appoint a majority of their respective boards of directors. Accordingly, NTT has consolidated these companies and their subsidiaries as subsidiaries.

(2) Structured Entities

Consolidated structured entities

NTT Group consolidates certain structured entities. NTT Group has not provided, and does not intend to provide, financial or other support to these structured entities without a contractual obligation to do so.

Non-consolidated structured entities

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Total asset of non-consolidated structured entities	¥238,486	¥1,153,568
NTT Group’s maximum loss exposure	62,178	170,444
Carrying amount of investments that NTT Group has recognized	54,219	163,459
Commitment contracts for additional investment	7,960	6,985

- In the consolidated statement of financial position, NTT Group’s investments are included and presented in “Investments accounted for using the equity method” or “Other financial assets (non-current).” The Group has not recognized any liability for the non-consolidated structured entities.
- The potential maximum loss exposure arising from the involvement with the structured entities is limited to the total of the carrying amount of NTT Group’s investment and the commitment for additional investment.
- NTT Group’s maximum loss exposure shows the maximum amount of loss that may occur. It does not mean the amount of loss expected from engaging in the structured entities.
- The Group has neither provided, nor intended to provide, financial or any other significant support to the above non-consolidated structured entities without contractual obligations.

(3) Condensed Consolidated Financial Information of Subsidiaries in which NTT Group has Significant Non-controlling Interests

As a result of NTT Group's acquisition of 100% of NTT DATA Group, there has been no significant non-controlling interests in the subsidiaries included in the NTT Group's consolidated financial statements as of the fiscal year ended March 31, 2026.

Condensed consolidated financial information of subsidiaries in which NTT Group has significant non-controlling interests NTT DATA Group

General information

	As of March 31, 2025
Share of interests held by non-controlling interests (%)	42.24
Cumulative non-controlling interests in subsidiary groups (millions of yen)	¥773,187

(Millions of yen)

	Fiscal year ended March 31, 2025
Profit or loss allocated to non-controlling interests of subsidiary groups	¥60,172

Condensed consolidated financial information

(Millions of yen)

	As of March 31, 2025
Current assets	¥2,754,729
Non-current assets	5,022,655
Current liabilities	2,833,056
Non-current liabilities	2,075,836
Equity	2,868,492

(Millions of yen)

	Fiscal year ended March 31, 2025
Sales	¥4,638,721
Profit	139,260
Comprehensive income	135,992

The dividend paid from NTT DATA Group to the non-controlling interests during the fiscal year ended March 31, 2025 was ¥14,218 million.

(Millions of yen)

	Fiscal year ended March 31, 2025
Net cash provided by (used in) operating activities	¥397,148
Net cash provided by (used in) investing activities	(669,743)
Net cash provided by (used in) financing activities	289,409
Effect of exchange rate changes on cash and cash equivalents	(3,953)
Net increase (decrease) in cash and cash equivalents	16,814

5.2. Related Parties

(1) Relationships and Transactions with the Government of Japan

The Government of Japan currently holds 33.33% of the issued shares of the Company. As a shareholder, the government holds the right to vote at the general meeting of shareholders of the Company, and as the largest shareholder, theoretically has the power to exercise a great influence over the decisions of the general meeting of shareholders. However, in its 1997 Diet statement, the government announced that it does not exercise shareholder rights to be actively involved in the management of the Company. In fact, the government has never exercised such authority to be directly involved in the Company's management in the past.

Transactions with the Group and various departments or organizations of the government are conducted as an independent customer based on arm's length prices.

(2) Transactions with Related Parties

NTT Group is engaged in a variety of transactions with associates and jointly controlled entities, the most important of which are the purchase of terminal equipment and materials, and outsourcing of various services. Transactions with associates and jointly controlled entities are conducted based on arm's length prices.

Balances of receivables from and payables to associates and jointly controlled entities

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Balance of receivables		
Associates	¥ 5,195	¥7,043
Jointly controlled entities	86,046	105,822
Total	¥ 91,241	¥112,865
Balance of payables		
Associates	6,003	6,151
Jointly controlled entities	414,038	441,821
Total	¥ 420,041	¥447,972

Amount of transactions with associates and jointly controlled entities

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Operating revenues		
Associates	¥ 33,122	¥153,386
Jointly controlled entities	153,734	196,272
Total	¥ 186,856	¥349,658
Operating expenses		
Associates	32,510	26,634
Jointly controlled entities	33,829	31,295
Total	¥ 66,339	¥57,929

(3) Remuneration for Key Management

Remuneration for key management

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Monthly remuneration	¥ 306	¥356
Board member bonuses	75	213
Share-based payments	74	98
Total	¥ 455	¥667

5.3. Purchase Commitments

On the date of March 31, 2025 and March 31, 2026, purchase commitments for property, plant and equipment, intangible assets, investment property and inventories amounted to ¥737,657 million, and ¥1,041,378 million, respectively. These are mainly for unperformed contracts related to the purchase of fixed assets.

5.4. Contingent Liabilities

As of March 31, 2026, contingent liabilities related to guaranteed debt and others stood at ¥1,053,861million.

As of March 31, 2026, NTT Group had no outstanding lawsuits, disputes, and damages that have a significant impact on the financial position and results of operations.

Contingent liabilities that were occurred in relation to joint ventures are described in "Note 4.8, Financial Instruments."

5.5. Subsequent Events

NTT's repurchase of treasury stock

NTT resolved at the Board of Directors meeting held on May 8, 2026 to repurchase up to 1.4 billion shares of its outstanding common stock for an amount in total not exceeding ¥200,000 million from May 11, 2026 through March 31, 2027.

(2) Other

Semi-annual Information, etc. for the current fiscal year

Cumulative period	Six months ended September 30, 2025	Fiscal year ended March 31, 2026
Operating revenue(Millions of yen)	¥ 6,772,713	¥ 14,409,121
Semi-annual profit before taxes (current period)(Millions of yen)	889,305	1,581,923
Semi-annual (current period) profit attributable to NTT(Millions of yen)	595,651	1,037,032
Semi-annual (current period) basic earnings attributable to NTT per share(yen)	¥ 7.20	¥ 12.61

ITEM 6. STOCK-RELATED ADMINISTRATION FOR THE COMPANY

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	During June
Record Date	March 31
Record Date for Distributions of Surplus	September 30 March 31
Number of Shares Constituting One Unit	100 shares
Purchases and Sales of Less-than-one-Unit Shares	
Handling Office	Sumitomo Mitsui Trust Bank, Limited(Headquarters), 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding Address	—
Purchase and Sale Fees	None
Method of Public Notice	NTT's method of public notice is through electronic disclosure. However, if NTT cannot use electronic disclosure due to accidents or for other unforeseen circumstances, NTT will provide public notice through <i>Nihon Keizai Shimbun</i> . NTT's URL for public notice is: https://group.ntt/en/ir/
Special Benefits to Shareholders	Not applicable.
Restrictions on Shareholder Eligibility	Pursuant to Article 6 of the Act on Nippon Telegraph and Telephone Corporation, Etc., the ratio of foreign ownership of voting rights to the total amount of voting rights of NTT's shares is permitted to be up to one-third.

Note: Pursuant to NTT's Articles of Incorporation, shareholders of NTT may not exercise rights with respect to shares representing less than one unit other than the following rights: rights set forth in Article 189, Paragraph 2 of the Companies Act; the right of request pursuant to the stipulations of Article 166, Paragraph 1 of the Companies Act; the right to receive allocations of offered shares and offered stock acquisition rights in accordance with the number of shares owned by the Shareholder; and the right to request the Company to sell shares in a number which, when combined with the shares representing less than one unit.

ITEM 7. REFERENCE INFORMATION ON THE COMPANY

1. Information about the Parent Company of the Company

NTT has no “parent company” as such term is defined in Article 24, Paragraph 7-1 of the Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

NTT filed the following materials during period from April 1, 2025 to the date of the filing of this Annual Securities Report:

(1) Annual Securities Report, Including Attachments and Confirmation Letter

Fiscal Year (40th Business Term) (from April 1, 2024 to March 31, 2025)

Filed with the Director of the Kanto Local Finance Bureau on June 20, 2025

(2) Internal Control Report, Including Attachments

Fiscal Year (40th Business Term) (from April 1, 2024 to March 31, 2025)

Filed with the Director of the Kanto Local Finance Bureau on June 20, 2025

(3) Semi-annual Securities Report and Confirmation Letters

The first half, 41st Business Term (from April 1, 2025 to September 30, 2025)

Filed with the Director of the Kanto Local Finance Bureau on November 7, 2025

(4) Extraordinary Reports

Extraordinary Report Pursuant to Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.

Filed with the Director of the Kanto Local Finance Bureau on June 20, 2025

(5) Stock Repurchase Status Reports

Reporting Period (from May 1, 2025 to May 31, 2025)

Filed with the Director of the Kanto Local Finance Bureau on June 2, 2025

Reporting Period (from June 1, 2025 to June 30, 2025)

Filed with the Director of the Kanto Local Finance Bureau on July 1, 2025

Reporting Period (from July 1, 2025 to July 31, 2025)

Filed with the Director of the Kanto Local Finance Bureau on August 1, 2025

Reporting Period (from August 1, 2025 to August 31, 2025)

Filed with the Director of the Kanto Local Finance Bureau on September 1, 2025

Reporting Period (from September 1, 2025 to September 30, 2025)

Filed with the Director of the Kanto Local Finance Bureau on October 1, 2025

Reporting Period (from October 1, 2025 to October 31, 2025)

Filed with the Director of the Kanto Local Finance Bureau on November 4, 2025

Reporting Period (from November 1, 2025 to November 30, 2025)

Filed with the Director of the Kanto Local Finance Bureau on December 1, 2025

Reporting Period (from December 1, 2025 to December 31, 2025)

Filed with the Director of the Kanto Local Finance Bureau on January 5, 2026

Reporting Period (from January 1, 2026 to January 31, 2026)

Filed with the Director of the Kanto Local Finance Bureau on February 2, 2026

Reporting Period (from February 1, 2026 to February 28, 2026)

Filed with the Director of the Kanto Local Finance Bureau on March 2, 2026

Reporting Period (from March 1, 2026 to March 31, 2026)

Filed with the Director of the Kanto Local Finance Bureau on April 1, 2026

Reporting Period (from May 1, 2026 to May 31, 2026)

Filed with the Director of the Kanto Local Finance Bureau on June 1, 2026

(6) Percentage of Female Employees in Managerial Positions, Percentage of Male Employees Taking Childcare Leave, and Gender Pay Gap at consolidated subsidiaries

FY2025					
Name	Percentage of Female Employees in Managerial Positions (%) ^{*1}	Percentage of Male Employees Taking Childcare Leave (%) ^{*2}	Gender Pay Gap (%) ^{*1}		
			All Employees	Regular Employees (including Indefinite-Term Employees)	Non-Regular Employees
Integrated ICT Business					
NTT DOCOMO, INC.	15.9	134.3	82.1	82.2	79.0
DOCOMO CS, Inc.	10.9	203.3	82.8	77.1	84.5
DOCOMO Support Inc.	23.4	150.0	85.9	83.7	66.4
DOCOMO Technology, Inc.	3.5	277.7	75.2	74.2	58.8
DOCOMO CS Hokkaido, Inc.	17.9	175.0	84.3	76.7	87.4
DOCOMO CS Tohoku, Inc.	16.0	112.5	84.8	79.5	68.0
DOCOMO CS Tokai, Inc.	11.0	116.6	96.1	82.9	87.4
DOCOMO CS Hokuriku, Inc.	38.7	200.0	91.1	84.7	86.0
DOCOMO CS Kansai, Inc.	13.5	150.0	86.0	78.1	88.8
DOCOMO CS Chugoku, Inc.	17.9	158.3	85.4	77.9	80.1
DOCOMO CS Shikoku, Inc.	23.1	122.2	86.9	78.0	78.0
DOCOMO CS Kyushu, Inc.	16.0	161.5	86.5	75.7	86.4
D2C inc.	20.2	78.6	78.3	82.6	63.3
OAK LAWN MARKETING, INC.	32.7	100.0	51.7	70.9	53.0
Tower Records Japan Inc.	22.9	0.0	49.9	72.6	108.3
INTAGE Inc.	29.6	104.5	77.9	81.4	67.1
INTAGE TECHNOSPHERE Inc.	19.7	100.0	53.9	85.5	45.5
INTAGE ASSOCIATES Inc.	60.0	—	—	—	—
INTAGE RESEARCH Inc.	21.7	0.0	—	—	—
INTAGE HEALTHCARE Inc.	44.6	—	—	—	—
Monex, Inc.	14.3	83.3	78.6	80.2	63.6
DOCOMO Finance, Inc.	32.0	100.0	67.3	72.9	52.1
SBI Sumishin Net Bank, Ltd.	13.2	72.2	64.4	64.5	67.2
NTT DOCOMO BUSINESS, Inc.	4.1	80.0	90.1	76.6	87.9
DOCOMO Business Solutions, Inc.	4.5	76.9	83.7	68.5	85.3
NTT DOCOMO BUSINESS ENGINEERING, Inc.	8.1	73.9	91.4	84.0	86.4

FY2025					
Name	Percentage of Female Employees in Managerial Positions (%) ^{*1}	Percentage of Male Employees Taking Childcare Leave (%) ^{*2}	Gender Pay Gap (%) ^{*1}		
			All Employees	Regular Employees (including Indefinite-Term Employees)	Non-Regular Employees
NTT PC Communications Incorporated	5.5	100.0	80.7	76.1	79.9
NTT DOCOMO SOLUTIONS, Inc.	13.9	123.9	91.7	82.1	102.4
NTT INTERNET INC.	12.5	100.0	80.9	77.2	—
DOCOMO DATAcom, Inc.	8.6	300.0	81.6	80.9	72.3
Global Solutions Business					
NTT DATA Group Corporation	20.6	116.2	87.0	86.1	109.0
NTT DATA Japan Corporation	13.0	102.9	78.8	77.6	79.4
NTT DATA, Inc.	14.6	42.9	75.0	74.9	—
NTT DATA Financial Technology Corporation	5.6	92.9	79.1	78.4	65.6
NTT DATA i CORPORATION	7.2	83.3	77.7	77.6	78.5
NTT DATA INTELLILINK Corporation	7.2	63.4	80.6	81.6	66.3
NTT DATA HOKKAIDO CORPORATION	—	50.0	83.4	84.0	65.9
NTT DATA TOHOKU CORPORATION	13.2	92.3	81.9	81.7	50.2
NTT DATA SHINETSU CORPORATION	—	100.0	—	—	—
NTT DATA TOKAI CORPORATION	7.4	86.7	78.4	76.7	64.5
NTT DATA HOKURIKU CORPORATION	17.2	—	—	—	—
NTT DATA KANSAI CORPORATION	6.1	120.0	76.8	75.6	94.5
NTT DATA CHUGOKU CORPORATION	5.1	100.0	75.8	78.2	49.4
NTT DATA SHIKOKU CORPORATION	7.7	40.0	81.0	79.8	—
NTT DATA KYUSHU CORPORATION	4.3	100.0	76.6	73.3	—
NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.	19.5	41.2	76.0	77.4	32.2
NTT DATA SMS CORPORATION	5.7	66.7	76.0	77.4	36.7
NTT DATA CUSTOMER SERVICE Corporation	6.1	157.9	79.2	75.3	87.5
NTT DATA WITH Corporation	23.1	60.0	65.4	65.7	76.5
NTT DATA FORCE CORPORATION	9.7	88.9	79.6	79.4	73.0
NTT DATA FRONTIER CORPORATION	11.7	117.4	78.5	78.4	80.2

FY2025					
Name	Percentage of Female Employees in Managerial Positions (%) ^{*1}	Percentage of Male Employees Taking Childcare Leave (%) ^{*2}	Gender Pay Gap (%) ^{*1}		
			All Employees	Regular Employees (including Indefinite-Term Employees)	Non-Regular Employees
NTT DATA UNIVERSITY CORPORATION	30.3	100.0	—	—	—
NTT DATA WAVE Corporation	8.4	100.0	82.5	79.8	72.6
NTT DATA Information Technology Co.,Ltd.	9.2	0.0	82.7	82.7	80.1
NTT DATA SOFIA CORPORATION	37.7	175.0	92.1	92.4	67.2
Fortience Consulting Inc.	8.4	58.6	64.9	67.8	22.4
NTT DATA BUSINESS SYSTEMS CORPORATION	5.8	100.0	78.7	78.4	67.4
NTT DATA CUSTOMER SERVICE TECHNOLOGY CORPORATION	0.0	133.3	105.8	101.2	—
NTT DATA SEKISUI SYSTEMS CORPORATION	6.1	116.7	77.8	77.9	96.5
NTT DATA ENGINEERING SYSTEMS CORPORATION	7.7	100.0	81.2	82.1	79.8
NTT DATA NCB CORPORATION	5.3	—	—	—	—
NTT DATA Luweave Corporation	12.1	95.2	80.5	82.4	48.6
NTT DATA CCS CORPORATION	7.9	100.0	68.4	66.5	88.5
NTT DATA MSE CORPORATION	3.7	140.0	76.5	75.2	81.9
JSOL CORPORATION	14.5	89.3	76.7	76.4	101.9
NTT DATA NJK Corporation	7.5	100.0	83.9	83.7	63.2
NTT DATA Global Services Corporation	17.6	—	—	—	—
NTT DATA EMAS Corporation	5.8	100.0	77.6	82.6	47.0
NTT DATA BEEN SERVICE CORPORATION	33.3	0.0	57.4	84.1	94.4
NTT DATA Mathematical Systems Inc.	25.0	80.0	93.2	92.6	—
Japan Information Processing Service Co., Ltd.	14.3	81.8	57.5	69.0	31.3
JIP Techno Science Corporation	8.0	—	—	—	—
JSF INFORMATION TECHNOLOGY CO.,LTD.	7.4	100.0	82.0	82.9	63.9
NTT DATA Global Solutions Corporation	12.5	83.3	77.5	78.9	44.0

FY2025					
Name	Percentage of Female Employees in Managerial Positions (%) ^{*1}	Percentage of Male Employees Taking Childcare Leave (%) ^{*2}	Gender Pay Gap (%) ^{*1}		
			All Employees	Regular Employees (including Indefinite-Term Employees)	Non-Regular Employees
DACS Inc	12.5	100.0	76.3	79.1	69.3
NTT DATA SBC Corporation	7.8	100.0	87.9	87.9	123.9
NTT DATA NEWSON CORPORATION	9.8	50.0	86.7	86.0	102.3
NTT DATA MHI Systems Corporation	12.9	88.9	83.6	83.7	74.5
Netyear Group Corporation	35.5	—	67.2	67.7	32.8
JASTEC Co.,Ltd.	4.1	118.8	87.2	87.7	57.7
Regional Communications Business					
NTT EAST, Inc.	15.2	168.9	78.1	78.8	83.9
NTT EAST-MINAMIKANTO CORPORATION	22.2	130.0	92.0	74.3	97.8
NTT EAST-KANSHINETSU CORPORATION	33.3	91.7	101.6	83.7	90.0
NTT EAST-TOHOKU CORPORATION	0.0	200.0	107.5	84.5	91.3
NTT EAST-HOKKAIDO CORPORATION	0.0	100.0	97.7	76.2	91.1
NTT-ME CORPORATION	2.6	233.6	79.2	74.3	84.2
NTT EAST Service Corporation	15.4	700.0	79.9	80.3	75.7
NTT Printing Corporation	9.8	100.0	75.7	74.3	61.0
NTT Nexia CORPORATION	12.1	70.0	63.6	66.9	65.3
NTT TownPage Corporation	11.8	50.0	72.3	70.7	81.5
TelWel East Japan Corporation.	10.0	75.0	47.8	65.6	69.8
TelWel-IPS Co., Ltd.	7.7	—	—	—	—
NTT WEST, Inc.	14.2	116.5	82.2	81.7	121.6
NTT Business Solutions corporation	8.2	115.4	84.2	73.6	76.6
NTT FIELDTECHNO CORPORATION	0.0	133.0	78.8	73.0	72.3
NTT BUSINESS ASSOCIE WEST Co., Ltd.	0.0	300.0	102.0	81.6	86.9
NTT MARKETING ACT ProCX	—	100.0	74.1	—	74.1
NTT-WEST BUSINESS FRONT CORPORATION	13.3	96.7	72.0	66.4	90.8
NTT WEST LUCENT CORPORATION	33.3	100.0	106.4	111.5	94.6
TelWel West Nippon Corporation.	10.9	100.0	58.7	57.0	62.4

FY2025					
Name	Percentage of Female Employees in Managerial Positions (%) ^{*1}	Percentage of Male Employees Taking Childcare Leave (%) ^{*2}	Gender Pay Gap (%) ^{*1}		
			All Employees	Regular Employees (including Indefinite-Term Employees)	Non-Regular Employees
NTT SOLMARE CORPORATION	0.0	200.0	67.4	70.2	96.4
NTT WEST ASSETPLANNING CORPORATION	25.0	—	88.6	77.6	74.3
DATAPLUS Corp.	0.0	—	39.4	58.9	66.7
Koukokutsuushinsha Inc.	18.9	0.0	59.0	73.6	26.7
Others (Real Estate, Energy and Others)					
NTT URBAN DEVELOPMENT CORPORATION	14.5	103.7	77.7	74.6	73.5
NTT Urban Development Hotel Management Corporation	33.0	83.3	76.0	80.9	87.6
NTT FACILITIES, INC.	8.9	103.3	79.1	73.2	86.4
NIHON MECCS CO.,LTD.	1.7	72.0	56.6	73.6	39.2
NSF Engagement Corporation	23.2	100.0	76.4	74.7	63.2
NTT FACILITIES ENGINEERING, INC.	2.6	50.0	82.6	70.8	132.4
NTT Urban Value Support, Inc.	1.4	85.7	87.4	69.9	102.8
NTT Anode Energy Corporation	3.2	157.4	80.6	77.9	81.9
NTT FINANCE CORPORATION	16.7	191.7	52.3	47.3	54.0
NTT Integration Corporation	12.3	114.3	76.1	77.2	62.8
NlandC SOFT Inc.	10.0	100.0	89.2	91.4	81.7
NlandC NETSYSTEM Inc.	0.0	100.0	86.1	87.4	55.0
NlandC Partners Inc.	20.0	100.0	97.5	102.4	104.1
NTT TechnoCross Corporation	8.8	108.3	80.2	77.6	81.9
NTT LOGISCO Service Inc.	4.2	56.0	55.4	53.6	72.3
NTT CLARUTY CORPORATION	12.2	300.0	84.8	94.2	57.0
NTT InfraNet Co., Ltd.	2.2	104.5	68.6	66.5	93.0
NTT ADVANCED TECHNOLOGY CORPORATION	12.0	125.0	80.7	80.7	—
NTT-AT SYSTEMS CORPORATION	8.3	100.0	88.8	90.4	66.7
NTT-AT TECHNO COMMUNICATIONS CORPORATION	31.6	100.0	87.9	87.7	—
NTT-AT IPS CORPORATION	28.9	100.0	85.3	67.5	79.7
NTT ExCPartner Corp.	24.1	80.0	80.6	80.9	58.8

FY2025					
Name	Percentage of Female Employees in Managerial Positions (%) ^{*1}	Percentage of Male Employees Taking Childcare Leave (%) ^{*2}	Gender Pay Gap (%) ^{*1}		
			All Employees	Regular Employees (including Indefinite-Term Employees)	Non-Regular Employees
NTT BUSINESS ASSOCIE EAST Co., Ltd.	13.3	—	85.8	77.0	78.8
NTT AD, INC.	18.3	150.0	87.9	86.6	63.3
NTT Innovative Devices Corporation	5.3	0.0	75.0	74.6	52.7

*1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

*2. Calculated as the percentage if taking childcare leave and other leave for childcare purposes, as defined in Article 71, Paragraph (6)(ii) of the Ordinance for Enforcement of the Act on Childcare Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

Note: As for the Company and Major Group Companies, the Percentage of Female Employees Employees in Managerial Positions, Percentage of Male Employees Taking Childcare Leave, and Gender Pay Gap are stated in "PART 1. Information on the company, ITEM 4. Information on NTT, 5. Employees, (2) Employees (e) Percentage of Female Employees in Managerial Positions, Percentage of Male Employees Taking Childcare Leave, and Gender Pay Gap."

PART II. INFORMATION ABOUT GUARANTORS OF THE COMPANY

Not applicable.

[English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

To the Board of Directors of NTT, Inc.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of NTT, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to "(7)Equity Transactions with Non-controlling Interests," Note 4.1. "Equity" to the consolidated financial statements, which describes that the Company conducted a series of transactions with the aim of making NTT DATA Group Corporation a wholly owned subsidiary of the Company. The Group entered into borrowings from financial institutions in order to secure the funds necessary to finance the aforementioned transactions.

We draw attention to "Acquisition of Shares of SBI Sumishin Net Bank, Ltd.," Note 3.1. "Business Combinations and Acquisitions of Non-controlling Interests" to the consolidated financial statements, which describes that NTT DOCOMO, INC. conducted a series of transactions, including the execution of the Shareholders' Agreement and the transaction to take SBI Sumishin Net Bank, Ltd. private, as a result of which SBI Sumishin Net Bank, Ltd. became a consolidated subsidiary of NTT DOCOMO, INC. on October 1, 2025.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition, “Accuracy of revenue recognition for revenues from the telecommunications services” was identified as one of the key audit matters in the audit of the consolidated financial statements for the previous fiscal year. Of that matter, “Accuracy of revenue recognition for revenues from the telecommunications services included in other services in the Integrated ICT Business and in the Regional Communications Business” has not been identified as a key audit matter in the audit of the consolidated financial statements for the current fiscal year because the relative risk has decreased. Furthermore, “Reasonableness of the estimates used in revenue recognition for revenue from telecommunications services and from the sales of telecommunications terminal equipment” was identified as one of the key audit matters in the audit of the consolidated financial statements for the previous fiscal year. Of that matter, “Reasonableness of the estimate of contract liabilities related to a point program primarily for telecommunications services” has not been identified as a key audit matter in the audit of the consolidated financial statements for the current fiscal year because the relative risk has decreased.

Valuation of goodwill of North America	
The Key Audit Matter	How the Matter Was Addressed in the Audit
<p>As described in Note 3.7. “Goodwill and Intangible Assets” to the consolidated financial statements, NIPPON TELEGRAPH AND TELEPHONE CORPORATION and its subsidiaries (hereinafter collectively referred to as “the Group”) reported goodwill of JPY2,079,718 million in the consolidated statement of financial position as of March 31, 2026. Included therein was JPY718,405 million of goodwill allocated to a cash-generating unit (“CGU”) related to North America.</p> <p>Goodwill is required to be tested for impairment annually and whenever it is determined that there is an impairment indicator. If the recoverable amount of a CGU to which goodwill is allocated is less than its carrying amount, the carrying amount shall be reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is determined as the higher of either the value in use (“VIU”) or the fair value less costs of disposal (“FVLCD”).</p> <p>In the annual impairment test for the current fiscal year, the FVLCD, used as the recoverable amount of the CGU related to North America, exceeded the carrying amount by JPY74,679 million; and therefore, it was determined that the recognition of an impairment loss was not necessary.</p> <p>The Group uses the discounted cash flow (“DCF”) method as a valuation technique to</p>	<p>In order to assess the reasonableness of the estimated FVLCD of the CGU related to North America to which goodwill is allocated, we primarily performed the following procedures:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Group’s internal controls relevant to estimating the FVLCD, with a particular focus on the following controls:</p> <ul style="list-style-type: none"> ● Controls to ensure the reasonableness of the estimated future cash flows; and ● Controls to evaluate the qualification, competency and other necessary credentials of the experts engaged by the Group who assisted in estimating the FVLCD. <p>(2) Assessment of the reasonableness of the estimated FVLCD</p> <p>We assessed the appropriateness of key assumptions included in the business plan of North America, which formed the basis for estimating future cash flows, by inquiring of the CFO in charge of the North American business unit regarding the rationale for each assumption. In addition, we:</p> <ul style="list-style-type: none"> ● assessed the accuracy of the estimates by comparing the business plan for the previous fiscal year with actual results, and compared the revenue growth rate embedded in the business plan with the market outlook for future revenue in the IT

measure the FVLCD. The future cash flows used in the DCF method are estimated based on the business plan by incorporating expectations of market participants. Key assumptions used in developing these estimates included the prospects for acquiring new orders and profitability improvements driven by growth investments in AI and related fields, and growth of the IT services industry and the economy of each country, which involved a high degree of uncertainty.

In addition, selecting appropriate models and input data for estimating the discount rate used in the DCF method requires a high degree of valuation expertise.

We, therefore, determined that our assessment of the reasonableness of the estimated FVLCD of the CGU related to North America to which goodwill is allocated was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

services industry published by an external research organization;

- evaluate the feasibility of generating revenue included in the business plan for the next fiscal year by tracing orders corresponding to revenue for the next fiscal year, selected from the latest order information, to contracts with major customers on a sample basis; and
- evaluated the reasonableness of the expected profitability improvements in AI and related fields included in the business plan by comparing the planned profit margin with those of comparable peer companies.

In addition, we involved corporate valuation specialists within our global network firms who assisted, among others, in our assessment of:

- the appropriateness of the valuation technique and models adopted by management;
- the appropriateness of the perpetual growth rates by comparing them with the long-term growth rates of the IT services industry and the U.S. economy, as well as with inflation expectations; and
- the appropriateness of the models for estimating the discount rate, as well as the appropriateness of key input data by comparing them with relevant external data.

Further, we analyzed the sensitivity of the FVLCD to changes in each assumption, including the discount rate, and assessed their impact, if any, on management's judgment as to whether an impairment loss should be recognized.

Valuation of goodwill of Global Technology Services	
The Key Audit Matter	How the Matter Was Addressed in the Audit
<p>As described in Note 3.7. “Goodwill and Intangible Assets” to the consolidated financial statements, NIPPON TELEGRAPH AND TELEPHONE CORPORATION and its subsidiaries (hereinafter collectively referred to as “the Group”) reported goodwill of JPY2,079,718 million in the consolidated statement of financial position as of March 31, 2026. Included therein was JPY427,629 million of goodwill allocated to a cash-generating unit (“CGU”) related to Global Technology Services.</p> <p>Goodwill is required to be tested for impairment annually and whenever it is determined that there is an impairment indicator. If the recoverable amount of a CGU to which goodwill is allocated is less than its carrying amount, the carrying amount shall be reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is determined as the higher of either the value in use (“VIU”) or the fair value less costs of disposal (“FVLCD”).</p> <p>In the annual impairment test for the current fiscal year, the FVLCD, used as the recoverable amount of the CGU related to Global Technology Services, exceeded the carrying amount by JPY535,198 million, and therefore, it was determined that the recognition of an impairment loss was not necessary.</p> <p>The Group uses the discounted cash flow (“DCF”) method as a valuation technique to measure the FVLCD. The future cash flows used in the DCF method are estimated based on the business plans by incorporating expectations of market participants. Key assumptions used in developing these estimates included the prospects for growth of the relevant IT services industry, future revenue increases from capital investments utilizing third-party capital, and acquiring new orders and profitability improvements driven by growth investments in data centers, which involved a high degree of uncertainty.</p> <p>In addition, selecting appropriate models and input data for estimating the discount rate used in the DCF method requires a high degree of valuation expertise.</p>	<p>In order to assess the reasonableness of the estimated FVLCD of the CGU related to Global Technology Services to which goodwill is allocated, we primarily performed the following procedures:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Group’s internal controls relevant to estimating the FVLCD, with a particular focus on the following controls:</p> <ul style="list-style-type: none"> ● Controls to ensure the reasonableness of the estimated future cash flows; and ● Controls to evaluate the qualification, competency and other necessary credentials of the experts engaged by the Group who assisted in estimating the FVLCD. <p>(2) Assessment of the reasonableness of the estimated FVLCD</p> <p>We assessed the appropriateness of key assumptions included in the business plans of Global Technology Services, which formed the basis for estimating future cash flows, by inquiring of management of the Group about the rationale for each assumption—particularly, the feasibility of capital investments utilizing third-party capital and the specific revenue and profit generation scenarios. In addition, we:</p> <ul style="list-style-type: none"> ● assessed the feasibility of the capital investment plan by comparing the current fiscal year’s plan, included in the previous year’s capital investment plan, with actual results, and also assessed the reasonableness of the ratio of securable power capacity relative to the capital investment plan, as well as the ratio of the projected future revenue relative to such power capacity, by obtaining the data center power capacity expansion plan and analyzing those ratios based on historical results; ● assessed the accuracy of the estimates by comparing the business plan of the previous fiscal year with actual results, and then compared the assumptions regarding the prospects for growth of the relevant IT services industry and future revenue increases from capital investments with the market outlook for

We, therefore, determined that our assessment of the reasonableness of the estimated FVLCD of the CGU related to Global Technology Services to which goodwill is allocated was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

future revenue and capital investments in the relevant IT service industry published by an external research organization;

- assessed the likelihood of generating future revenue and profit by obtaining customer contracts for new orders and conforming the extent of contributions of such long-term contracts to future revenue and profit generation;
- evaluated the reasonableness of the effect of profitability improvements driven by growth investments in data centers included in the business plan by comparing the planned profit margin with those of comparable peer companies; and
- assessed the reasonableness of the expected utilization of third-party capital by obtaining plans for individual data centers for which the utilization of third-party capital was reflected in the future cash flows, and performing analyses such as comparison of these plans with the historical power capacity and profitability of the data centers, as well as with past transfer transactions.

In addition, we involved corporate valuation specialists within our global network firms who assisted, among others, in our assessment of:

- the appropriateness of the valuation technique and models adopted by management;
- the appropriateness of the perpetual growth rates by comparing them with the long-term growth rates of the economy of each country and the IT services industry, as well as with inflation expectations; and
- the appropriateness of the models for estimating the discount rate, as well as the appropriateness of key input data by comparing them with relevant external data.

Further, we analyzed the sensitivity of the FVLCD to changes in each component, including the discount rate and the utilization of third-party capital, and assessed their impact, if any, on management's judgment as to whether an impairment loss should be recognized.

Revenue recognition for mobile telecommunications services and sales of telecommunications terminal equipment

The Key Audit Matter	How the Matter Was Addressed in the Audit		
<p><Accuracy of revenue recognition for mobile telecommunications services provided by NTT DOCOMO, INC.></p> <p>As described in Note 2.2. “Operating Revenue” to the consolidated financial statements, NIPPON TELEGRAPH AND TELEPHONE CORPORATION and its subsidiaries (hereinafter collectively referred to as “the Group”) recognized operating revenues of JPY14,409,121 million in the consolidated statement of profit or loss for the current fiscal year. Included therein were revenues from the following mobile telecommunications services:</p> <table border="1" data-bbox="162 729 753 812"> <tr> <td>Revenues from mobile communications services</td> <td>JPY2,435,850 million</td> </tr> </table> <p>The mobile telecommunications services provided by NTT DOCOMO, INC. (hereinafter referred to as “NTT DOCOMO”), a consolidated subsidiary, are composed of multiple layers of charges with different pricing structures, including a fixed basic charge and variable charges such as a packet communications charge and a call charge that are calculated based on usage. The pricing structures, which comprise various combinations of these charges, are diverse and complex. Moreover, the volume of transactions for mobile telecommunications services is extremely high, and the entire revenue recognition process—from the commencement of services to billing and collection—is highly dependent upon multiple IT systems which involves complex processing.</p> <p>In particular, the following business processing is complex, and there is a risk that the automated processing and data transfers included in the process may not be performed appropriately:</p> <ul style="list-style-type: none"> Automated business processing related to the creation of packet transmission and call records, the calculation of charges and discounts for packet transmissions and calls, the determination of basic charges according to contractual terms and actual usage, the calculation of billing amounts and recognized revenue, and the generation of accounting entries; and 	Revenues from mobile communications services	JPY2,435,850 million	<p>The primary procedures we performed to assess the accuracy of revenue recognition for mobile telecommunications services provided by NTT DOCOMO included the following:</p> <p>(1) Internal control testing</p> <p>In order to assess the accuracy of revenue recognition for mobile telecommunications services, we obtained an understanding of the IT systems that calculate mobile telecommunications service charges with the assistance of IT specialists within our firm. Then, we tested the design and operating effectiveness of certain automated IT application controls that ensure the accuracy, completeness and validity of data, including:</p> <ul style="list-style-type: none"> Controls over the automated calculation of charges and discounts for packet transmissions and calls based on packet usage and call data, and unit price data in the billing system and the calculation and billing of basic charges according to contractual terms and actual usage; and Controls over data interface processing across IT systems, such as the customer management system, switching system, the billing system and the accounting system. <p>Furthermore, regarding IT systems which were subjected to the testing of automated IT application controls, we identified the general IT controls that ensure the consistency in automated processing, including program development and change management, and system operation management, and then tested the design and operating effectiveness of those controls.</p> <p>(2) Assessment of the accuracy of revenue recognition</p> <p>We assessed the accuracy of revenue recognition for mobile telecommunications services by performing the following procedures, among others:</p> <ul style="list-style-type: none"> Recalculated the amount of revenue for mobile communications services recorded based on the billing to customers, on a sample basis selected at the individual contract level for various
Revenues from mobile communications services	JPY2,435,850 million		

- Automated business processing related to data transfers across systems

We, therefore, determined that our assessment of the accuracy of revenue recognition for mobile telecommunications services provided by NTT DOCOMO was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

telecommunications services, using the relevant pricing plans and usage data;

- For the selected samples, compared the amount of revenue recorded based on the billing to customers with cash receipt and other information for each contract; and
- Estimated revenue for each service based on historical trends of charge rates and the number of contracts output from the customer management system, which formed the basis for billing amounts, and compared the results with actual revenue recognized.

<Reasonableness of the estimate used in revenue recognition for sales of telecommunications terminal equipment of NTT DOCOMO>

As described in Note 2.2. “Operating Revenue” to the consolidated financial statements, JPY3,710,382 million of terminal equipment, system integration services, and other services in the Integrated ICT Business under operating revenues included revenues from sales of telecommunications terminal equipment. As described in Note 2.2. “Operating Revenue” and Note 3.13. “Other Liabilities,” NTT DOCOMO provides a program under which certain installment receivables from sales of telecommunications terminal equipment to subscribers are waived on the condition that the equipment is returned, and recognized refund liabilities of JPY174,199 million related to this program.

Under the program that waives part of installment receivables from sales of telecommunications terminal equipment on the condition that the equipment is returned, the amount expected to be waived is recorded as refund liabilities and deducted from revenues from sales of telecommunications terminal equipment. The refund liabilities are required to be estimated at an amount such that a significant reversal of revenue will not occur in subsequent fiscal years. For this reason, assumptions regarding the return rate arising from subscribers’ use of the program are complex and involve uncertainty, and therefore requires significant management judgement.

We, therefore, determined that our assessment of the reasonableness of the estimate used in revenue recognition for sales of telecommunications terminal equipment was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

The primary procedures we performed to assess the reasonableness of the estimate used in revenue recognition for sales of telecommunications terminal equipment included the following:

(1) Internal control testing

We tested the design and operating effectiveness of certain of the Group’s internal controls relevant to the estimate used in revenue recognition. These controls included a comparison of historical estimates with actual results and an analysis of any variances, which were performed by management.

(2) Assessment of the reasonableness of the estimate used in revenue recognition

We assessed the reasonableness of the estimate of refund liabilities related to the program that waives part of installment receivables from sales of telecommunications terminal equipment on the condition that the equipment is returned, by performing the following procedures, among others:

- Compared the return rate arising from subscribers’ use of the program, which formed the basis for estimating refund liabilities, with the historical results of the program; and
- Inquired of management regarding the assumptions supporting its determination that it is highly probable that a significant reversal of revenue will not occur in subsequent fiscal years, which are reflected in the estimate of refund liabilities, and inspected relevant supporting materials. In addition, we assessed the reasonableness of the estimate of refund liabilities by evaluating the extent of differences between management’ estimate and our own estimate developed using alternative assumptions regarding the return rate arising from subscribers’ use of the program.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee is responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards.

The audit and supervisory committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of NTT, Inc. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) as at March 31, 2026, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2026, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the Internal Control Report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Internal Control

Report section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The audit and supervisory committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in Status of Corporate

Governance, (3) [Audit and Supervisory Committee, Independent Auditor and Internal Control] included in “Information on NTT.”

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Audit Report:

The Independent Auditor’s Report herein is the English translation of the Independent Auditor’s Report as required by the Financial Instruments and Exchange Act of Japan.

Yutaka Terasawa
Designated Engagement Partner
Certified Public Accountant

Kotetsu Nonaka
Designated Engagement Partner
Certified Public Accountant

Kei Sakayori
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan

June 16, 2026

[Cover]

[Document Filed]	Internal Control Report
[Applicable Law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed With]	Director, Kanto Local Finance Bureau
[Filing Date]	June 16, 2026
[Company Name]	NTT Kabushiki Kaisha (Former company name: Nippon Denshin Denwa Kabushiki Kaisha)
[Company Name in English]	NTT, Inc. (Former company name in English: NIPPON TELEGRAPH AND TELEPHONE CORPORATION)
[Title and Name of Representative]	Akira Shimada, President and Chief Executive Officer
[Title and Name of Chief Financial Officer]	Takashi Hiroi, Senior Executive Vice President
[Address of Head Office]	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

(Note) As described above, pursuant to a resolution approved at the 40th Ordinary General Meeting of Shareholders held on June 19, 2025, the company name was changed effective July 1, 2025.

1. Matters Related to the Basic Framework for Internal Control over Financial Reporting

Mr. Akira Shimada, President and Chief Executive Officer, and Mr. Takashi Hiroi, Senior Executive Vice President, are responsible for the maintenance and operation of internal control over financial reporting of NTT. We maintain and operate internal control over financial reporting in accordance with the basic framework of internal control indicated in “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

In addition, internal control seeks to achieve its purpose within a reasonable range through the organic combination and functioning of its basic elements. As a result, internal control over financial reporting may not be able to completely prevent or detect false statements in financial reporting.

2. Matters Related to Scope of Assessment, Record Date, and Assessment Procedures

The evaluation of internal control over financial reporting is conducted with a record date of March 31, 2026, which is the last day of the current consolidated fiscal year, and is made in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, management conducted an evaluation of internal controls that have a material effect on the entirety of NTT’s financial reporting on a consolidated basis (“company-level controls”), and based on the results of that evaluation, selected business processes to be evaluated. In management’s evaluation of those business processes, management analyzed the selected business processes, identified key controls that have a material effect on the reliability of the NTT’s financial reporting, and assessed the maintenance and operation status of these key controls. These procedures were the basis of management’s evaluation of the effectiveness of NTT’s internal control.

Management determined the required scope of assessment of internal control over financial reporting for NTT, its consolidated subsidiaries and its affiliates accounted for under the equity method from the perspective of the materiality of the effect on the reliability of financial reporting. This materiality of the effect on the reliability of financial reporting is determined by assessing the quantitative and qualitative impacts and the possibility of its occurrence. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes based on the results of our evaluation of company-level controls of NTT and its consolidated subsidiaries included in the scope of assessment. Consolidated subsidiaries and affiliates accounted for under the equity method who were determined to have a minimal impact on the reliability of financial reporting were not included in the scope of evaluation of company-level controls.

The NTT Group’s main businesses are the Integrated ICT Business, Global Solutions Business, and Regional Communications Business, and it has been determined that operating revenues (after eliminating intercompany transactions) is an appropriate indicator of the scale of business activities and therefore it has been used as the applicable metric for the purpose of identifying significant business units. Due to the effectiveness of our company-wide internal controls, we have identified four business units that accounted for approximately 2/3 of consolidated operating revenues (after eliminating intercompany transactions) as significant business units subject to internal control assessments over business processes.

At the selected significant business units, we identified the following line items as those most closely related to the NTT Group’s business objectives, taking into account the characteristics of each business and their proportion of the NTT Group’s total assets. Accordingly, we have added business processes relating to the following line items to the scope of our assessment.

- Operating revenues
- Operating receivables and other receivables (trade notes and accounts receivable)
- Inventories and property, plant and equipment (telecommunications equipment and telecommunications line facilities)

Furthermore, with respect to the selected significant business units and other business units, we have identified business processes that involve a high likelihood of material misstatement, important line items involving estimates and projections and businesses or operations related to high-risk transactions as highly material business processes due to their impact on financial reporting. Accordingly, we have added business processes relating to the following line items to the scope of our assessment.

- Goodwill
- Impairment losses
- Retirement benefit obligations
- Deferred tax assets

- Short-term deposits for banking
- Loans for banking
- Securities for banking
- Loss allowance (only in connection with Loans for banking)

In addition, one business unit (Integrated ICT Business) involving business processes leading to operating revenue, operating receivables and other receivables, and one business unit (Others (Real Estate, Energy and Others.) involving business processes leading to operating receivables and other receivables were added as business units for assessment, but only the business processes leading to those respective line items are subject to evaluation due to the scale of such amounts and their continuity. In addition, we reassessed whether business units and business processes that had been excluded from the scope of assessment for an extended period should be included within the scope of assessment, considering the potential for disclosure deficiencies or fraud, as well as changes in the environment surrounding the NTT Group. However, as the inclusion of such business units and business processes would not have a material impact on our financial reporting, they have not been included in the scope of assessment.

3. Matters Related to the Results of the Assessment

As a result of the assessment described above, management concluded that, as of March 31, 2026, NTT's internal control over financial reporting is effective based on those criteria.

4. Supplementary Matters

None.

5. Special Notes

None.

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[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed With]	Director, Kanto Local Finance Bureau
[Filing Date]	June 16, 2026
[Company Name]	NTT Kabushiki Kaisha (Former company name: Nippon Denshin Denwa Kabushiki Kaisha)
[Company Name in English]	NTT, Inc. (Former company name in English: NIPPON TELEGRAPH AND TELEPHONE CORPORATION)
[Title and Name of Representative]	Akira Shimada, President and Chief Executive Officer
[Title and Name of Chief Financial Officer]	Takashi Hiroi, Senior Executive Vice President
[Address of Head Office]	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

(Note) As described above, pursuant to a resolution approved at the 40th Ordinary General Meeting of Shareholders held on June 19, 2025, the company name was changed effective July 1, 2025.

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Mr. Akira Shimada, President and Chief Executive Officer, and Mr. Takashi Hiroi, Senior Executive Vice President, confirmed that statements contained in the Annual Securities Report for the 41st Business Term (from April 1, 2025 to March 31, 2026) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.