

To Shareholders:

**THE 40TH ORDINARY GENERAL MEETING OF SHAREHOLDERS
OTHER MATTERS SUBJECT TO MEASURES FOR ELECTRONIC PROVISION
(MATTERS EXCLUDED FROM PAPER-BASED DOCUMENTS DELIVERED)**

Table of Contents

Business Report

Outline of the Business of NTT Group	
Main Businesses	1
Main Locations, etc.	2
Employment	2
Changes in Consolidated Assets and Consolidated Profit or Loss of NTT Group	3
Changes in Non-consolidated Assets and Non-consolidated Income of NTT	4
Matters Regarding Corporate Officers	
Agreements Limiting Liability	5
Matters Regarding Independent Auditors	5
Content of Resolutions Concerning the Design of Systems to Ensure the Propriety of NTT's Business	6
Outline of Operations of the Systems to Ensure the Propriety of NTT's Business	10

Consolidated Financial Statements

Consolidated Statement of Changes in Equity	13
Notes to Consolidated Financial Statements	14

Non-consolidated Financial Statements

Non-consolidated Statement of Changes in Shareholders' Equity and Other Net Assets	37
Notes to Non-consolidated Financial Statements	38

Pursuant to applicable laws and regulations, and NTT's Articles of Incorporation, the above matters are excluded from the paper-based documents delivered to shareholders who have made a request for the delivery of documents stating matters for which measures for providing information in electronic format are to be taken.

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

Business Report

Outline of the Business of NTT Group

Main Businesses

Category	Main businesses
Integrated ICT Business	Mobile phone services, domestic inter-prefectural communications services, international communications services, solutions services, and system development services and related services
Regional Communications Business	Domestic intra-prefectural communications services and related ancillary services
Global Solutions Business	System integration services, network system services, cloud services, global data center services, and related services
Others (Real Estate, Energy and Others)	Real estate business, energy business and others

Main Locations, etc.

1. NTT

- **Head Office**

Chiyoda-ku, Tokyo

- **Laboratories**

- Laboratory Groups

- IOWN Integrated Innovation Center (Minato-ku, Tokyo)
- Service Innovation Laboratory Group (Yokosuka-shi, Kanagawa)
- Information Network Laboratory Group (Musashino-shi, Tokyo)
- Science & Core Technology Laboratory Group (Atsugi-shi, Kanagawa)

- Total number of laboratories*:14

* The 14 laboratories are internal sections of the 4 Laboratory Groups.

2. Subsidiaries

Category	Name of Main Company	Main Location
Integrated ICT Business	NTT DOCOMO, INC.	Chiyoda-ku, Tokyo
	NTT Communications Corporation	Chiyoda-ku, Tokyo
	NTT COMWARE CORPORATION	Minato-ku, Tokyo
Regional Communications Business	Nippon Telegraph and Telephone East Corporation	Shinjuku-ku, Tokyo
	Nippon Telegraph and Telephone West Corporation	Miyakojima-ku, Osaka-shi, Osaka
Global Solutions Business	NTT DATA Group Corporation	Koto-ku, Tokyo
	NTT DATA, Inc.	Koto-ku, Tokyo
Others (Real Estate, Energy and Others)	NTT Urban Solutions, Inc.	Chiyoda-ku, Tokyo
	NTT URBAN DEVELOPMENT CORPORATION	Chiyoda-ku, Tokyo
	NTT FACILITIES, INC.	Minato-ku, Tokyo
	NTT Anode Energy Corporation	Minato-ku, Tokyo

Employment

Number of employees (as of March 31, 2025): 341,321 (an increase of 2,854 from the previous fiscal year)

Category	Number of Employees
Integrated ICT Business	51,698
Regional Communications Business	64,548
Global Solutions Business	197,777
Others (Real Estate, Energy and Others)	27,298

Changes in Consolidated Assets and Consolidated Profit or Loss of NTT Group

Category	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operating revenues (billions of yen)	12,156.4	13,136.2	13,374.6	13,704.7
Operating profit (billions of yen)	1,768.6	1,829.0	1,922.9	1,649.6
Profit before taxes (billions of yen)	1,795.5	1,817.7	1,980.5	1,564.7
Profit (billions of yen)	1,181.1	1,213.1	1,279.5	1,000.0
Earnings per share (yen)	13.17	13.92	15.09	11.96
Total assets (billions of yen)	23,862.2	25,308.9	29,604.2	30,062.5
Shareholders' equity (billions of yen)	8,282.5	8,561.4	9,844.2	10,221.6
Shareholders' equity per share (yen)	93.55	100.44	117.08	123.54

- Notes:
1. Profit reflects profit attributable to NTT (excluding the portion attributable to non-controlling interests).
 2. Earnings per share reflects profit per share attributable to NTT (excluding the portion attributable to non-controlling interests).
 3. Earnings per share is calculated based on the average number of shares outstanding, excluding treasury stock, during the fiscal year. Shareholders' equity per share is calculated based on the number of shares outstanding, excluding treasury stock, at the end of the fiscal year.
 4. Shares of NTT held by the officer compensation BIP trust that are recorded as treasury stock under shareholders' equity are included in the number of shares of treasury stock that is excluded from the average number of shares outstanding when calculating earnings per share. In addition, these shares are included in the number of shares of treasury stock that is excluded from the number of shares outstanding at the end of the fiscal year when calculating shareholders' equity per share.
 5. NTT implemented a 25-for-1 stock split of its common stock, with an effective date of July 1, 2023. Earnings per share and shareholders' equity per share have been adjusted to reflect the impact of this stock split.
 6. The consolidated financial statements of NTT Group are prepared in accordance with IFRS.

Changes in Non-consolidated Assets and Non-consolidated Income of NTT

Category	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operating revenues (billions of yen)	650.1	1,324.2	1,295.0	1,330.7
Operating income (billions of yen)	479.8	1,149.4	1,125.6	1,164.2
Recurring profit (billions of yen)	474.5	1,131.6	1,106.3	1,139.4
Net income (billions of yen)	470.5	1,152.9	1,166.9	1,145.1
Net income per share (yen)	5.25	13.23	13.76	13.70
Total assets (billions of yen)	11,664.3	11,805.9	12,284.9	11,966.9
Net assets (billions of yen)	5,012.2	5,194.1	6,048.9	6,463.0
Net assets per share (yen)	56.61	60.94	71.94	78.11

- Notes:
1. Net income per share is calculated based on the average number of shares outstanding, excluding treasury stock, during the fiscal year. Net assets per share is calculated based on the number of shares outstanding, excluding treasury stock, at the end of the fiscal year.
 2. Shares of NTT held by the officer compensation BIP trust that are recorded as treasury stock under net assets are included in the number of shares of treasury stock that is excluded from the average number of shares outstanding when calculating net income per share. In addition, these shares are included in the number of shares of treasury stock that is excluded from the number of shares outstanding at the end of the fiscal year when calculating net assets per share.
 3. NTT implemented a 25-for-1 stock split of its common stock, with an effective date of July 1, 2023. Net income per share and net assets per share have been adjusted to reflect the impact of this stock split.

Matters Regarding Corporate Officers

Agreements Limiting Liability

In accordance with Article 427, paragraph (1) of the Companies Act, NTT has concluded agreements with outside Members of the Board and Audit & Supervisory Board Members to limit their personal liability as provided in Article 423, paragraph (1) of that act, if they have acted in good faith and without gross negligence in performing their duties. The limitation of liability is the lowest amount permitted by Article 425, paragraph (1) of the Companies Act.

Matters Regarding Independent Auditors

1. Name of Independent Auditor

KPMG AZSA LLC

2. Compensation to Independent Auditor

Independent Auditor	Amount
KPMG AZSA LLC	¥325 million

Notes:

1. The audit engagement agreements between NTT and the independent auditor do not distinguish between compensation for audits performed pursuant to the Companies Act and compensation for audits performed pursuant to the Financial Instruments and Exchange Act, and since it is not practically possible to make such a distinction, the above amount represents the total figure for both audits.
2. The Audit & Supervisory Board consented to the compensation of the independent auditor pursuant to Article 399, paragraph (1) of the Companies Act after confirming and examining the details of the audit plan, the status of performing duties of financial audits, the basis for the calculation of the estimate of compensation of the independent auditor and other factors.

3. Total Monetary and Other Financial Benefits Payable by NTT and its Subsidiaries

Independent Auditor	Amount
KPMG AZSA LLC	¥3,542 million

Note: Of NTT's material subsidiaries, those overseas were audited by firms other than KPMG AZSA LLC.

4. Policies Concerning Decisions to Discharge or Not Reappoint Independent Auditor

In the event that the circumstances set forth in any item of Article 340, paragraph (1) of the Companies Act apply to the independent auditor, the independent auditor may be discharged by a unanimous resolution of the Audit & Supervisory Board.

In addition, if it is determined that it would be difficult for the independent auditor to perform proper audits, the Audit & Supervisory Board may propose a resolution to the Ordinary General Meeting of Shareholders that the independent auditor be discharged or that the independent auditor not be reappointed.

Content of Resolutions Concerning the Design of Systems to Ensure the Propriety of NTT's Business

The Company's Board of Directors resolved the NTT Group's Basic Policy on the Design of Internal Control Systems. The content of the resolution is set out below.

Basic Policy on the Design of Internal Control Systems

As a partner that enables society and industry to move ahead, NTT Group companies will not only provide services that support the safety and security of people around the world, but will also rise to the challenge of creating new value to make people's lives more comfortable and prosperous through continuous innovation, and the challenge of realizing of a global sustainable society.

In meeting these challenges, it is essential that the Company not only comply with laws and regulations, social norms, and internal policies both in each country and region, but also conduct our business with integrity and efficiency and high ethical standards.

We have established a basic policy to achieve the above. The President, as the chief executive officer, shall be responsible for the design and operation of the internal control systems in accordance with this Basic Policy.

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

The Company shall take the following actions to ensure that it not only complies with laws and regulations but also conducts its business with high ethical standards:

(1) Corporate Ethics and Compliance

- (i) The NTT Group Corporate Ethics Policy shall be established to lay out the basic principles of corporate ethics and provide specific guidelines for ethical behavior for all NTT Group Directors, etc. and employees.
- (ii) The Corporate Ethics Committee, chaired by a Senior Executive Vice President, shall be established to clarify the responsibilities of corporate ethics, promote corporate ethics, foster compliance awareness, maintain discipline, and conduct investigations and reviews of whistleblowing reports. In addition, to prevent harassment at the workplace, the Company shall establish an anti-harassment policy and prescribe the measures to be taken.
- (iii) The Company shall conduct corporate ethics training, etc., to continuously raise the awareness of Directors, etc., and employees regarding corporate ethics and compliance. In addition, the Company shall conduct awareness surveys, etc. to evaluate the effectiveness of these initiatives.
- (iv) The Company shall stipulate in an employment policy, etc., the obligations of employees to faithfully comply with laws, regulations, internal policies, and notices and to devote all efforts to the performance of their duties to operate the business properly and efficiently.
- (v) The Company shall establish a disciplinary policy, etc., and shall deal with any violations of laws, regulations, or internal policies in accordance with such policy.

(2) Whistleblowing

The Company shall endeavor to foster a more open corporate culture and shall establish a Corporate Ethics Help Line in each of NTT Group companies and an external Corporate Ethics Help Line contact point throughout the Group, staffed by lawyers, to receive whistleblowing reports, whether anonymous or named. The Company shall also establish an independent reporting channel to Audit & Supervisory Board Members. Whistleblowers shall be protected from any disadvantages because of making a report to the Corporate Ethics Help Line and/or to Audit & Supervisory Board Members.

(3) Internal Audit

- (i) In order to promote the efficient and effective internal audit activities, the Company shall formulate an internal audit policy, which shall determine the fundamental matters concerning the conduct of internal audits, and establish the Internal Audit Department as an independent

organization under the direct control of the President. The Internal Audit Department, whose mission is to increase the value of NTT Group and to contribute to the achievement of its business objectives, shall evaluate the adequacy and effectiveness of governance, risk management, and internal control processes and make recommendations from an independent and objective standpoint in accordance with the internal audit policy.

- (ii) The Internal Audit Department shall report the internal audit plan to the Board of Directors and Audit & Supervisory Board Members and shall periodically report the results of internal audits to the Board of Directors and Audit & Supervisory Board Members.

(4) Disclosure

- (i) The Company shall make reasonable efforts to ensure the reliability of its reports prepared in accordance with the Financial Instruments and Exchange Act and other applicable laws and regulations.
- (ii) The Company shall formulate an internal policy that establishes disclosure control procedures for important management information of the Company to provide timely, fair, and impartial disclosure of information of NTT Group and to facilitate appropriate investment decisions by investors, etc. The Company shall also formulate and disclose a Disclosure Policy as its fundamental policy for disclosure of information to investors, etc. and investor relations activities.
- (iii) The Company shall make disclosures in accordance with relevant domestic and foreign laws and stock exchange rules and will proactively endeavor to disclose such information as the Company believes may be useful in promoting shareholders' and investors' understanding with respect to NTT Group.

(5) Sustainability

The Company shall establish a Sustainability Committee and manage the action policies and progress of sustainability initiatives across the entire Group.

2. Policies and Other Systems Related to Risk Management

The Company shall take the following measures to effectively manage risks:

- (1) The Company shall establish a risk management policy, which defines fundamental policies concerning the risk management for appropriate and efficient business operations.
- (2) The Company shall establish a Business Risk Management Committee, chaired by a Senior Executive Vice President, to ensure that risk management functions effectively and strongly throughout the Company. The Business Risk Management Committee shall oversee overall risk management and establish policies for identifying and managing enterprise-wide risks.

3. System to Ensure the Efficient Execution of Duties by Directors, etc.

The Company shall take the following measures to ensure efficient business operations through an appropriate allocation of responsibilities and the oversight framework for Directors, etc.:

- (1) The Company shall establish a policy of the Board of Directors. In principle, the Board of Directors shall hold meetings once each month to make decisions on important management matters based on applicable laws and regulations, the principles of business judgment and the duty of care of a prudent manager, and Directors, etc., shall also report regularly on the status of the performance of their duties.
- (2) To strengthen the function of supervising the fairness of the performance of duties, the Board of Directors shall include outside independent directors.
- (3) The Company shall adopt an executive officer system to clearly separate the management decision-making and supervisory functions of the Board of Directors from the business execution functions of the executive officers, thereby enhancing management flexibility.
- (4) The Company shall establish an Executive Officers Meeting and committees under the Executive

Officers Meeting in charge of the important business execution to ensure the smooth conduct of business operations delegated by the Board of Directors.

- (5) The Company shall establish an organization policy that defines the structure of the internal organizations and the responsibilities of each organization, and an authority policy that defines the division of authority.

4. System for Retaining and Managing Information Related to the Performance of Duties by Directors, etc.

The Company shall take the following measures to manage information related to the performance of the duties of Directors, etc. and to contribute to the appropriate and efficient conduct of business:

- (1) The Company shall establish a document policy to regulate necessary matters regarding the management of documents (including related materials and electromagnetic records. The same shall apply hereinafter.) and other information. In addition, such documents shall be retained for the period prescribed by laws and regulations or for the period necessary for business operations.
- (2) The Company shall establish an information security management policy to define all fundamental matters related to the acquisition and management of information necessary for its business, and shall take information security measures to identify and prevent risks, and to minimize damage when a risk materializes.

5. System to Ensure the Proper Business Activities of NTT Group

The Company shall take the following measures to ensure that each of NTT Group companies complies with all applicable laws and regulations and, while fully respecting each other's independence and autonomy, conducts its business appropriately and efficiently and contributes to the growth and development of the Group as a whole:

- (1) In order to oversee and coordinate NTT Group and promote efficient and effective group management, the Company shall establish a system for reporting from each company on matters necessary for NTT Group's business operations.
- (2) The Company shall conduct education and training to employees to prevent fraud or misconduct in NTT Group.
- (3) The Company shall formulate a business risk management manual to enable NTT Group to prevent and prepare for risks in advance, and to respond to risk events appropriately and promptly, and shall manage risks on a Group-wide basis.
- (4) The Company shall establish NTT Group Information Security Regulations and provide the direction of essential principles and specific measures related to information security to be followed by the entire NTT Group.
- (5) The Company shall conduct internal audits of NTT Group companies, etc. in a risk-based manner, taking into consideration their business conditions and other factors.

6. Matters Relating to Employees Engaged to Assist Audit & Supervisory Board Members in the Performance of Their Duties and Matters Relating to the Independence of Such Employees from Directors, etc.

The Company shall take the following measures with respect to employees assigned to assist the Audit & Supervisory Board Members in the performance of their duties, to ensure the effective performance of the audits by Audit & Supervisory Board Members:

- (1) The Company shall establish the Office of Audit & Supervisory Board Members as an important structure under the Companies Act to provide dedicated employees to assist Audit & Supervisory Board Members in the performance of their duties.
- (2) Employees assigned to the Office of Audit & Supervisory Board Members shall perform their responsibilities under the direction and orders of Audit & Supervisory Board Members.
- (3) Decisions on the transfer of employees assigned to the Office of Audit & Supervisory Board Members, evaluations of such employees shall be made with due regard to the opinion of the Audit & Supervisory Board.

7. System for Reporting to Audit & Supervisory Board Members by Directors, etc. and Employees and System for Ensuring Effective Conduct of Audits by Audit & Supervisory Board Members

To ensure that audits by Audit & Supervisory Board Members are conducted effectively, the Company shall take the following measures, including the reporting to Audit & Supervisory Board Members by Directors, etc., and employees of important matters concerning the performance of their duties:

- (1) Directors, etc. shall report the following matters concerning the performance of their duties:
 - (i) Matters decided by the Executive Officers Meeting
 - (ii) Matters that have caused or may cause material damage to the Company
 - (iii) Monthly financial reports
 - (iv) Results of internal audits
 - (v) Matters involving a risk of violation of laws and regulations or the Articles of Incorporation
 - (vi) Status of whistleblower reports to the Help Line
 - (vii) Material matters reported by an NTT Group company
 - (viii) Other material compliance matters
- (2) Directors, etc., Independent Auditors and the Internal Audit Department shall exchange opinions with Audit & Supervisory Board Members on a regular or ad hoc basis.
- (3) Audit & Supervisory Board Members may attend meetings of the Board of Directors and other important meetings.
- (4) Audit & Supervisory Board Members may independently engage and obtain advice from external experts with respect to the performance of audit.
- (5) Audit & Supervisory Board Members may claim expenses necessary for the performance of their duties, and the Company shall pay such expenses based on such claim.
- (6) No person who reports to Audit & Supervisory Board Members shall be treated adversely because of such report.

Note: For purposes of this Basic Policy, "Directors, etc." means Directors, Executive Officers, and Senior Vice President of R&D.

Outline of Operations of the Systems to Ensure the Propriety of NTT's Business

The following section provides an outline of operations of the systems to ensure the propriety of NTT's business on the basis of the Basic Policy on the Design of Internal Control Systems for NTT Group.

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

NTT strives to maintain and heighten awareness regarding corporate ethics and compliance with the objective of ensuring that its business is conducted in compliance with laws and regulations and in accordance with high ethical standards.

With respect to corporate ethics, the NTT Group Corporate Ethics Policy and the employment policy are disseminated via NTT's intranet. NTT aims to maintain and heighten compliance awareness through its efforts geared to improving the level of understanding of such issues among officers and employees. To that end, NTT offers corporate ethics training to its officers and employees, and also provides them with detailed explanations on case studies involving corporate ethics issues through NTT's intranet. NTT also conducts employee awareness surveys regarding corporate ethics, which it draws on in its efforts to further instill increasingly widespread awareness of corporate ethics.

The Corporate Ethics Committee held two meetings during the fiscal year under review, and was tasked with investigating matters reported to the Corporate Ethics Help Line for whistleblowing, and then reporting such matters to the Board of Directors, along with the status of actions taken to address such matters. During the fiscal year under review, NTT Group's external Corporate Ethics Help Line received 642 reports. The Company shall deal with any violations of laws, regulations, or internal policies in accordance with a disciplinary policy, etc. NTT stipulates and appropriately implements regulations on Corporate Ethics Help Line operating procedures to ensure that whistleblowers will not suffer disadvantage as a result of using these help lines.

The Internal Audit Department reports to the Board of Directors and the Audit & Supervisory Board on the annual internal audit plan. It also reports to the President on audit results along with advice to improve and correct issues, while regularly and directly reporting audit results to and sharing them with the Board of Directors, the Audit & Supervisory Board and the Independent Auditors, and promoting necessary coordination.

With respect to disclosure, the Company provides timely, fair, and impartial disclosure of information of NTT Group based on the internal policy for disclosure, and discloses information to investors, etc. and conducts investor relations activities based on the Disclosure Policy.

Regarding sustainability, the Sustainability Committee, which was established directly under the Board of Directors and is chaired by the President, manages the action policies and progress of initiatives across the entire Group.

2. Policies and Other Systems Related to Risk Management

With respect to risk management, NTT has established a risk management policy stipulating fundamental policies on risk management with the aims of, among other things, anticipating and preventing materialization of potential risks, and also minimizing losses if any risk materializes. Chaired by the Senior Executive Vice President, the Business Risk Management Committee spearheads efforts to develop and operate a PDCA cycle for managing risk. During the fiscal year under review, the committee held two meetings during which discussions involved identifying risks that could potentially have a company-wide impact, policies for managing such risks, and other such matters.

3. System to Ensure the Efficient Execution of Duties by Directors, etc.

The Board of Directors makes decisions on matters stipulated in the policy of the Board of Directors, including those required by laws and regulations, as well as those involving other

important matters related to both corporate and Group management. Moreover, the Board of Directors supervises Directors, etc. in performing their duties through such means as receiving periodic status reports from the Directors and Executive Officers with respect to performance of their duties. The Board of Directors, which comprises ten members including five outside independent Directors, met 14 times during the fiscal year under review.

Important NTT decisions are deliberated and decided in principle at the Executive Officers Meeting, which was held 37 times during the fiscal year under review. Under the Executive Officers Meeting, NTT has also established subcommittees that deliberate on issues pertaining to both corporate management strategy and Group management strategy, and which convene as necessary. The major subcommittees and the number of times that meetings of the respective subcommittees were held during the fiscal year under review are as follows.

- Technology Strategy Committee (R&D vision, technology development strategy, R&D alliance strategy): 1
- Investment Strategy Committee (Investment strategy related to large investment projects, etc.): 27
- Finance Strategy Committee (Basic strategies related to finance, policies for addressing financial issues): 8

NTT executes operations on the basis of the organization policy governing the functions and operations of internal organizational groups, and under the supervision of the Board of Directors, makes decisions on the basis of the authority policy setting forth the allocation of responsibilities among the various organizational groups.

4. System for Retaining and Managing Information Related to the Performance of Duties by Directors, etc.

NTT has established a document policy and an information security management policy with respect to its management of information, including information related to the performance of duties by Directors, etc. Those policies are disseminated via NTT's intranet. NTT retains documents (including electromagnetic records) for periods determined according to document type, as required by laws and regulations, and as necessary for business operations. In addition, based on the information security management policy, NTT establishes information security management systems and the related policies, and takes various information security measures.

5. System to Ensure the Proper Business Activities of NTT Group

NTT obtains necessary information regarding business operations of group companies including business planning and financial reporting of these companies. To that end, NTT has established systems for obtaining reports from each group company, and otherwise gets such information by gaining access to business reports, temporarily dispatching officers from NTT, and through other such means geared to the size and characteristics of its each group company.

Group companies appropriately report their financial status, including their quarterly and monthly results, to the parent company. Those results are reported as the monthly monitoring status to NTT's Executive Officers Meeting and its Board of Directors.

With the aim of maintaining and heightening compliance awareness across the entire NTT Group, NTT provides guidance to group companies on offering corporate ethics training sessions, and monitors progress of those training sessions.

NTT has also formulated the NTT Group business risk management manual, and distributed it to each group company, in order to facilitate group-wide risk management initiatives. Based on

this manual, NTT develops and implements systems that enable NTT Group to prevent and prepare for risks in advance, and to respond to risk events appropriately and promptly.

In terms of ensuring information security across the entire NTT Group, NTT has established the NTT Group Information Security Policy and disseminated via NTT's corporate website. Further, NTT has established the Group CISO Committee, whose membership consists of Chief Information Security Officers (CISOs) of each group company, as a forum for deliberating on risk management and solutions to issues pertaining to information security. The committee met twice during the fiscal year under review. NTT Group is working on group-wide security measures based on the belief that cybersecurity risks are a serious risk to companies, and that cyber incidents are inevitable and minimizing damage is crucial.

NTT's Internal Audit Department conducts internal audits of group companies as well as reviews the status of the implementation of internal audits of group companies.

6. Matters Relating to Employees Engaged to Assist Audit & Supervisory Board Members in the Performance of Their Duties and Matters Relating to the Independence of Such Employees from Directors, etc.

NTT has established Office of Audit & Supervisory Board Members to act as a system for supporting audits performed by Audit & Supervisory Board Members. The office comprises seven dedicated personnel who appropriately perform their responsibilities at the instruction and direction of Audit & Supervisory Board Members. Personnel matters of these staff members, such as transfers and evaluations, are coordinated with the Audit & Supervisory Board.

7. System for Reporting to Audit & Supervisory Board Members by Directors, etc. and Employees and System for Ensuring Effective Conduct of Audit & Supervisory Board Members

Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings. During the fiscal year under review, the Audit & Supervisory Board Members Preliminary Deliberation Meeting was held 34 times. Audit & Supervisory Board Members also hold periodic meetings for exchanges of ideas and opinions with Representative Directors, and otherwise engage in discussions with Directors on various topics. Through such forums, they gain access to status reports on matters such as performance of duties as indicated by NTT's Basic Policy, and also provide suggestions when necessary.

Audit & Supervisory Board Members also engage in initiatives that include: exchanging ideas and opinions with Independent Auditors and internal audit divisions; gaining access to reports containing explanations of audit plans, the operational status of operation of internal control systems and other such content; and providing suggestions when necessary.

Audit & Supervisory Board Members have contracted independently with attorneys and other external experts in order to seek advice with respect to the performance of audit operations, and NTT appropriately covers required costs incurred in that regard, along with other costs necessary for performing audits.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(from April 1, 2024 to March 31, 2025)

(Millions of yen)

	NTT shareholders' equity						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
At beginning of year	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	–	–	–	–	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	–	–	(436,766)	–	–	(436,766)	(23,667)	(460,433)
Transfer to retained earnings	–	18,744	84,957	–	(103,701)	–	–	–
Purchase and disposal of treasury stock	–	–	–	(201,879)	–	(201,879)	–	(201,879)
Changes in ownership interest in subsidiaries without loss of control	–	(4,149)	–	–	–	(4,149)	16,857	12,708
Share-based compensation transactions	–	(9,180)	–	–	–	(9,180)	(2,831)	(12,011)
Put options granted to non-controlling interests	–	(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)
At end of year	937,950	–	9,726,370	(1,139,170)	696,437	10,221,587	1,123,052	11,344,639

Note: Amounts are rounded to the nearest million yen.

Notes to Consolidated Financial Statements

Basis for the Preparation of Consolidated Financial Statements

Principal Accounting Policies

1. Standards for preparation of consolidated financial statements

The consolidated financial statements of NTT Group are prepared in accordance with International Financial Reporting Standards ("IFRS") under Article 120, Paragraph 1 of the Regulation on Corporate Accounting. However, certain supplementary material and notes required under IFRS are omitted pursuant to the second sentence of the same paragraph.

2. Financial assets

Recognition, classification and measurement

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.
- 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 that do not include any significant financial elements 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 an election (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

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.

3. Inventories

Valuation standard

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).

Valuation method

The costs of telecommunications terminal equipment and materials to be sold are determined mainly 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 by the average cost method or the specific identification method.

4. Goodwill

Goodwill is not amortized, but tested for impairment whenever there is an indication of impairment in cash-generating units or group of 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 at the carrying amount determined by deducting the accumulated impairment losses from the cost.

5. Property, plant and equipment, intangible assets and investment property

Measurement method

NTT Group chooses the cost model which deducts accumulated depreciation and accumulated impairment losses from the cost.

Depreciation and amortization method

(1) Property, Plant and Equipment

Principally straight-line method

(2) Intangible Assets

Straight-line method, except that intangible assets with indefinite lives and intangible assets that are not yet available for use are not amortized, but are tested for impairment at the same time every year.

(3) Investment Property

Principally straight-line method

6. Lease

Accounting treatment as a lessee

(1) Lease liabilities

Lease liabilities are initially measured at the present value of unpaid lease payments at the commencement date of the contract, discounted using NTT Group's incremental borrowing rate*. 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.

* As interest rate implicit in the lease cannot be readily determined, NTT Group uses incremental borrowing rate as discount rate.

(2) 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, 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 using the straight-line method. 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. 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.

7. Provisions

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.

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, provisions for points programs, and provisions for credit card rewards.

8. Defined benefit liabilities

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.

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.

9. Revenue

NTT Group provides the following six services: fixed voice-related services, mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services.

Regarding these services, revenue is recognized in an amount of the consideration to which NTT Group expects to be entitled in exchange for those goods or services transferred to customers based on the following five-step approach, excluding interest and dividend revenues pursuant to IFRS 9 and insurance premium revenues pursuant to IFRS 4.

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 mobile voice-related service and IP/packet communications 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 business categories: Integrated ICT Business, Regional Communications Business, Global Solutions Business, and Others (Real Estate, Energy and Others). Through these segments, the Group provides the following six services: fixed voice-related services, mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services.

(1) Fixed voice-related services

In the Integrated ICT Business and Regional Communications Business, fixed voice-related services including telephone subscriber lines, INS-Net, conventional leased circuits and high-speed digital circuits are provided to customers. NTT Group recognizes revenue according to the usage of these services because performance obligations are deemed to be satisfied as the services are used. Fixed voice-related services are billed monthly, and when payment is due is mainly one month after the period in which the services were used.

(2) Mobile voice-related services

In the Integrated ICT Business, mobile voice-related services such as LTE (Xi), 5G and other are provided to customers. NTT Group recognizes revenue according to the usage of these services because performance obligations are deemed to be satisfied as the services are used. Mobile voice-related services are billed monthly, and when payment is due is mainly the end of the month following the month in which the services were used. In some of its billing plans, NTT Group determines an amount of telecommunications traffic (for phone calls) 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 voice 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.

In addition, NTT Group offers a point program whereby points are granted to customers depending on their use of mobile voice-related 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 value of products and services subject to exchanges for the points.

(3) IP/packet communications services

In the Integrated ICT Business, services such as the LTE (Xi), 5G, docomo Hikari, Arcstar Universal One, IP-VPN, and OCN are provided. In the Regional Communications Business, services are provided including FLET'S Hikari and Hikari Collaboration Model*.

The main performance obligations are identified as described below and recognized as revenue based on the contents of these services and the patterns of transfer to customers.

* Hikari Collaboration Model: Fiber-optic access services and others are provided on a wholesale basis to various operators by NTT East and NTT West.

Integrated ICT Business and Regional Communications Business

NTT Group recognizes revenue according to the usage of IP/packet communications services because performance obligations are deemed to be satisfied as the services are

used. IP/packet communications services for consumers are billed monthly, and when payment is due is mainly 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. IP/packet communications services for enterprise customers are billed at the contractually agreed time, and consideration for the services is mainly collected by the end of the month following the month in which the services were 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.

In addition, NTT Group offers a point program whereby points are granted to customers depending on their use of IP/packet communications 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.

Integrated ICT Business

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.

Regional Communications Business

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.

(4) 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. When payment is due is mainly 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 and timing of handsets return from customers under the program. Additionally, 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.

(5) System integration services

In the Integrated ICT Business and Regional Communications Business, 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 mainly 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 fiscal year in which the factual cause for the loss is confirmed.

(6) 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 provides services related to real estate business, energy business and others.

With respect to these services, NTT Group recognizes revenues either upon delivery or completion of services.

Scope of Consolidated Subsidiaries and Application of Equity Method Investments

As of March 31, 2025, NTT Group comprised 992 consolidated subsidiaries and 151 equity method affiliates.

Notes Concerning Revenue Recognition

1. Disaggregation of revenues

(1) Revenue from contracts with customers and others

(Millions of yen)

Revenue from contracts with customers	12,864,891
Revenue from other sources	839,836
Total	13,704,727

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 4.

(2) Relationship between disaggregated revenues and segment revenues

(Millions of yen)

Main Services	Segment			Others (Real Estate, Energy and Others)	Total
	Integrated ICT Business	Regional Communications Business	Global Solutions Business		
Fixed voice-related services	90,914	655,703	–	–	746,617
Mobile voice-related services	954,287	–	–	–	954,287
IP/packet communications services	2,240,358	1,155,658	–	–	3,396,016
Sales of telecommunications terminal equipment	780,879	71,408	–	–	852,287
System integration services	492,351	245,367	4,425,973	45,317	5,209,008
Other services	1,349,011	325,283	–	872,218	2,546,512
Total	5,907,800	2,453,419	4,425,973	917,535	13,704,727
Revenue from contracts with customers	5,692,434	2,286,323	4,121,458	764,676	12,864,891
Revenue from other sources	215,366	167,096	304,515	152,859	839,836

In its four business categories, Integrated ICT Business, Regional Communications Business, Global Solutions Business, and Others (Real Estate, Energy and Others), NTT Group provides the following six services: fixed voice-related services, mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services. Description is presented in "9. Revenue" of "Principal Accounting Policies."

2. Contract balances

Information on receivables, contract assets, and contract liabilities

	(Millions of yen)
Receivables from contracts with customers (Trade and other receivables)	2,827,725
Contract assets (Other current assets)	253,986
Contract liabilities (Other current liabilities and Other non-current liabilities)	1,002,269

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 FLET'S Hikari, 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, ¥395,294 million, were included in the balance of contract liabilities as of the beginning of the fiscal year.

The amount of revenue recognized in the fiscal year ended March 31, 2025 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	Description about the expected time of satisfaction of performance obligations
Installation fees, activation fees, point programs, and other fees in mobile voice-related service and IP/packet communications services	413,148	Expected to be satisfied within approximately 17 years
System integration services including development of system and software	4,622,766	Expected to be satisfied within approximately 4 years.
Other than above (mainly common service charges under non-cancelable lease contracts, construction work)	287,984	Common service charges under non-cancelable lease contracts are expected to be satisfied within approximately 23 years, construction works are within approximately 14 years, others are within approximately 9 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 mobile voice-related service and IP/packet communications services, in addition to system integration services. Remaining performance obligations related to contracts expected to be satisfied within one year are included. Other than above, the practical expedient has been applied, and remaining performance obligations related to contracts expected to be satisfied within one year are not included.

4. Assets recognized from the costs to obtain or fulfill a contract with a customer

(Millions of yen)

Assets recognized from the costs to obtain a contract	418,431
Assets recognized from the costs to fulfill a contract	62,936
Total	481,367

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 were ¥130,201 million, and no impairment losses occurred.

Notes on Accounting Estimates

There are items that have been recorded on consolidated financial statements for the fiscal year ended March 31, 2025 using accounting estimates, and the following matters may have a material impact on the consolidated financial statements in the following fiscal year.

1. Valuation of non-financial assets

In the consolidated statement of financial position as of March 31, 2025, NTT Group recorded property, plant and equipment of ¥10,662,316 million, right-of-use assets of ¥974,009 million, goodwill of ¥1,719,148 million, intangible assets of ¥2,483,238 million, and investment property of ¥1,341,188 million.

The recoverable amount in the impairment test is calculated as the higher of either the value in use or fair value less costs of disposal. For some recoverable amounts of impairment tests, the fair value less costs of disposal is used, and in such cases, the discounted cash flow method is applied for the valuation method. The discounted cash flow method includes estimates of cash flow projection calculated based on the business plan approved by management, discounting them at the weighted average cost of capital. Assumptions such as perpetuity growth rate and weighted average cost of capital are included when performing that calculation, and if those assumptions change, it may cause impairment loss.

2. Recognition of revenue

NTT Group provides telecommunication services, which include fixed voice-related services, mobile voice-related services, and IP/packet communications services, and sells telecommunications terminal equipment related to those services. In the fiscal year ended March 31, 2025, NTT Group recorded operating revenue of ¥13,704,727 million on its consolidated statement of profit or loss.

NTT Group conducts various estimates, including the following, when recognizing revenue relating to those telecommunication services and the sale of telecommunication terminal equipment.

(1) Telecommunication services (contract liabilities relating to points programs)

NTT Group offers point programs that allow customers to exchange points granted to them through their use of communication services for benefits regarding payments when purchasing products, communication charges, etc. 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 upon their use.

The estimates for contract liabilities related to points include assumptions such as the forfeiture rate, the cancellation rate, and the value per point, and there may be changes in the revenue that is recognized if there are changes in those assumptions.

(2) Sales of telecommunications terminal equipment (recognition of refund liabilities)

For the sale of telecommunications terminal equipment, NTT Group 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 NTT Group after use, among other requirements. The estimated amount we expect not to receive through the use of this program is deducted from revenues and recorded as refund liabilities in "Other current liabilities" and "Other non-current liabilities."

Refund liabilities are recognized to the extent that it is highly probable that a significant subsequent reversal of cumulative revenues will not arise, using such assumptions as the number of terminals returned by customers, and the timing of such returns. Therefore, there may be changes to the recognized revenue amount if there are changes in those assumptions.

3. Deferred tax assets

NTT Group recorded ¥665,474 million in deferred tax assets on the consolidated statement of financial position.

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 amount of deferred tax assets that are considered to be recoverable could change if there are changes in the assumptions for future taxable profit.

4. Defined benefit liabilities

NTT Group recorded ¥1,011,026 million in defined benefit liabilities on the consolidated statement of financial position.

Defined benefit liabilities are calculated 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. Assumptions such as discount rates are included when measuring the defined benefit obligations, and the amount of defined benefit liabilities could change if those assumptions change.

Notes to Consolidated Statement of Financial Position

- Other components of equity include the change in the fair value of financial assets measured at fair value through other comprehensive income, cash flow hedge, hedges cost, remeasurements of defined benefit plans, and foreign currency translation adjustment.

- Assets offered as security and secured liabilities

(1) Assets offered as security

(Millions of yen)

	Value reported on consolidated statement of financial position
Cash and cash equivalents	12,438
Other financial assets	122,303
Trade and other receivables	40,409
Property, plant and equipment	99,255
Intangible assets	1,520
Investment property	89,464
Other non-current assets	3,643
Other	1,086
Total	370,118

(2) Secured liabilities

(Millions of yen)

	Value reported on consolidated statement of financial position
Short-term borrowings	6,844
Other current liabilities	2,203
Corporate bonds	100
Long-term borrowings*	243,096
Total	252,243

* Long-term borrowings include the current portion.

- Debt guarantees and others ¥1,084,468 million
- Loss allowance deducted directly from assets
 - Trade and other receivables ¥140,027 million
 - Other financial assets ¥5,097 million

5. Component of Property, plant and equipment

(Millions of yen)

	Value reported on consolidated statement of financial position
Telecommunications equipment	11,388,005
Telecommunications service lines	17,248,199
Buildings and structures	6,209,204
Machinery, tools and fixtures	3,467,665
Land	980,596
Construction in progress	823,313
Sub-total	40,116,982
Accumulated depreciation and impairment losses	(29,454,666)
Property, plant and equipment - total	10,662,316

6. Accumulated depreciation and impairment losses of right-of-use assets ¥550,723 million
7. Accumulated depreciation and impairment losses of investment property ¥509,728 million

Notes to Consolidated Statement of Changes in Equity

- Number and class of shares issued and outstanding as of the end of the fiscal year ended March 31, 2025

Common stock: 90,550,316,400 shares

- Dividends

(1) Payment of dividends

Resolution	Class of Shares	Total Dividends (Millions of yen)	Dividends per Share (Yen)	Record Date	Effective Date
June 20, 2024 Ordinary general meeting of shareholders*1	Common stock	218,673	2.6	March 31, 2024	June 21, 2024
November 7, 2024 Board of Directors meeting*2	Common stock	218,093	2.6	September 30, 2024	November 29, 2024

*1 Total dividends include the dividend of ¥61 million paid for the Company's shares held by the BIP trust.

*2 Total dividends include the dividend of ¥90 million paid for the Company's shares held by the BIP trust.

(2) Dividends for which the record date fell in the fiscal year ended March 31, 2025 with an effective date falling in the following fiscal year

Proposed Resolution	Class of Shares	Source of Dividends	Total Dividends (Millions of yen)	Dividends per Share (Yen)	Record Date	Effective Date
June 19, 2025 Ordinary general meeting of shareholders*3	Common stock	Retained earnings	215,210	2.6	March 31, 2025	June 20, 2025

*3 Total dividends include the dividend of ¥90 million paid for the Company's shares held by the BIP trust.

Notes Concerning Financial Instruments

1. Qualitative information on financial instruments

NTT Group owns financial instruments mainly listed in "2. Fair value of financial instruments" below and 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, NTT Group reports on the status of major financial risk management to its management.

NTT Group has established risk management policies to alleviate market risk and is conducting derivative transactions, such as forward foreign exchange contracts, interest rate swaps, and currency swaps. NTT Group does not conduct derivative transactions for speculative purposes.

2. Fair value of financial instruments

(Millions of yen)

	Carrying amount on consolidated statement of financial position	Fair value	Difference
Financial liabilities measured at amortized cost			
Long-term debt (including current portion or balance due within 1 year)	(8,415,490)	(8,157,025)	258,465
Financial assets and financial liabilities measured at fair value			
Other financial assets (Current / Non-current)			
Investments in capital	101,323	101,323	–
Equity securities	1,116,321	1,116,321	–
Trust of money	348,077	348,077	–
Other financial assets / Other financial liabilities (Current / Non-current)			
Derivatives	322,907	322,907	–

*1 Amounts of assets and liabilities related to derivatives are presented in net amounts.

*2 Amounts reported as liabilities are shown in parentheses.

Note: Assets and liabilities with carrying amounts that approximate fair values, such as cash and cash equivalents, trade and other receivables, short-term borrowings, trade and other payables, and accrued payroll, are not included in the above table.

3. Components, etc. of financial instruments by their appropriate fair value classification

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.

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

The carrying amount and estimated fair value of financial instruments not measured at a fair value
(Millions of yen)

	Carrying amount	Fair value
Long-term borrowings (including current portion or balance due within 1 year)	8,415,490	8,157,025

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

With the exception of the above-mentioned items, the financial instruments not measured at fair value are not included in the table, because their carrying amounts approximate their fair values. The fair values of Long-term borrowings (including current portion or balance due within 1 year) 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.

(2) Fair value measurement
Assets and liabilities measured at fair value

(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
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
Trust of money	348,077	–	–	348,077
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

There was no material transfer between levels.

Reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis

(Millions of yen)

Classifi- cation	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 compre- hensive income					Profit
Financial assets:								
Invest- ments 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	–

Notes:

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) Loans receivable
The fair value of loans receivable is calculated primarily by discounting the total principal and interest using interest rates assumed for similar new transactions.
- (iii) 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 values of currency swap agreements and interest rate swap agreements are measured by using underlying conditions that are observable in markets, such as interest rate index and exchange rates, and by discounting future cash flows to present value.
- (iv) Equity securities and investments in capital
The fair values of equity securities and investments in capital are 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.

Notes Concerning Investment Property

1. Investment property
NTT Group owns leased office buildings and others.

2. Fair value of investment property

(Millions of yen)	
Carrying amount on consolidated statement of financial position *1	Fair value *2
1,341,188	2,816,219

*1 Carrying amount on consolidated statement of financial position represents the cost reduced by the accumulated depreciation and accumulated impairment losses.

*2 Fair value 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.

Notes Concerning Financial Data Per Share

Shareholders' equity per share:	¥123.54
Basic earnings per share attributable to NTT:	¥11.96

Note: Shares of NTT held by the officer compensation BIP trust that are recorded as treasury stock under shareholders' equity are included in the number of shares of treasury stock that is excluded from the average number of shares outstanding when calculating basic earnings per share attributable to NTT.

In addition, these shares are included in the number of shares of treasury stock that is excluded from the number of shares outstanding at the end of the fiscal year when calculating shareholders' equity per share.

Notes Concerning Significant Subsequent Events

1. Tender Offer for Shares of NTT DATA Group Corporation

NTT decided by a resolution of its board of directors on May 8, 2025 to conduct a series of transactions by implementing a tender offer (the “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 (the “Transaction”). NTT has positioned the businesses undertaken by its listed subsidiary, NTT DATA Group—such as the promotion of digital transformation and data utilization across society and industry, including the system integration business, and the expansion and enhancement of data centers in response to the rapid growth in demand for cloud services, AI and related areas—as a key driver for the growth of the NTT Group. To further reinforce its global solutions portfolio, NTT intends to pursue more flexible and agile growth investments, and made the decision to achieve this.

In addition, in order to secure the funds required for the Transaction, NTT has decided to borrow a total of up to 2,380 billion yen from financial institutions.

The outline of the Tender Offer is as follows.

(1) Period for the Purchase, etc.

From May 9, 2025 (Friday) through June 19, 2025 (Thursday) (30 business days)

(2) Price for the Purchase, etc.

4,000 yen per share of common stock

(3) Number of Shares to be Purchased

Number of Shares to be Purchased	592,810,968 shares
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Minimum Number of Shares to be Purchased	125,314,700 shares
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Maximum Number of Shares to be Purchased	- shares
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Note: If the total number of the tendered shares is less than the minimum number of shares to be purchased (125,314,700 shares), NTT will not purchase any of the tendered shares. Because NTT has not set a maximum number of shares to be purchased, if the total number of the tendered shares is equal to or exceeds the minimum number of shares to be purchased, NTT will purchase all of the tendered shares

(4) Purchase Price

	2,371,243,872,000 yen
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Note: The purchase price is the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (592,810,968 shares) by the price for the purchase, etc. (4,000 yen per share).

(5) Commencement Date of the Settlement

June 26, 2025 (Thursday)

(6) Policy of Restructuring, etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)

NTT intends to make NTT DATA Group a wholly-owned subsidiary of NTT, and if NTT is not able to acquire all of the NTT DATA Group Shares through the Tender Offer, NTT plans on conducting procedures for the purpose of owning all of the NTT DATA Group Shares by either demand for share transfers or share consolidation.

2. Sale of shares of data center holding companies

At the Board of Directors meeting held on May 8, 2025 of NTT DATA Group, NTT Group determined to transfer shares of asset holding companies under NTT Limited owning six data center assets (hereinafter referred to as the "Target Assets"), to a proposed Singapore real estate investment trust NTT DC REIT (hereinafter referred to as the "REIT") scheduled to be newly listed on the Singapore Exchange in the future.

NTT group views the expanding global demand for data centers as a business opportunity and has been actively investing in this area. Through the formation and operation of this REIT, we aim to introduce a capital recycling model for data center assets, thereby promoting further growth in our data center business and maximizing corporate value. Our group plans to utilize this REIT as a scheme to accelerate the investment recovery cycle for data centers, generate additional investment funds, and maintain financial soundness. As part of this initiative, we will transfer the Target Assets. Additionally, our group holds other data center assets that can be sold to this REIT in the future, providing us with the option to secure growth capital flexibly while maintaining our balance sheet.

However, for the Units of the REIT to be listed on the Singapore Exchange, various authorizations and approvals will have to be sought from the Singapore Exchange and relevant authorities. At this point in time, there is no guarantee regarding whether the listing will proceed or the timing of the listing. The transfer of the Target Assets will not take place should the REIT not obtain the relevant authorizations or approvals or fail to list on the Singapore Exchange for any reason. Upon the completion of the share transfer and the listing, our group is expected to lose control over those asset holding companies.

The planned transfer price of the Target Assets is expected to be approximately 240.7 billion yen (1,573 million USD). An estimated transfer gain of approximately 155.4 billion yen (1,016 million USD) will be recorded under operating profit in the consolidated statements of income for the fiscal year ending March 31, 2026. (The Japanese yen amounts above have been converted at an exchange rate of 1 USD = 153 JPY.)

Target Assets were classified as assets held for sale. Relevant information is provided in "2. Assets held for sale" of "Other."

Other

1. Performance-related stock compensation for officer 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 were ¥4,577 million and 34,782,500 shares, respectively, and the shares are treated as "Treasury stock" on the consolidated statement of financial position.

2. Assets held for sale

Sale of shares of data center asset holding company

(1) Overview

NTT DATA Group plans to transfer a portion of shares of data center asset holding company which is held by a consolidated subsidiary, and has classified such shares as assets held for sale.

(2) Accounting treatment and Impact on the consolidated financial statements

The assets associated with the transfer of the shares of the data center asset holding company and the liabilities directly associated with these assets, which were in the Global Solutions Business Segment, were classified as assets held for sale and liabilities directly associated with assets held for sale in the third quarter of the fiscal year under review due to a decision to proceed with the sale within one year. Furthermore, as the fair value after deduction of the sale costs exceeds the carrying amount, these assets and liabilities are measured at carrying amount.

(Millions of yen)

Accounting item	
ASSETS	
Cash and cash equivalents	3,513
Trade and other receivables	4,658
Property, plant and equipment	82,811
Other	1,585
Total	92,567

Accounting item	
LIABILITIES	
Trade and other payables	2,796
Other	1,614
Total	4,411

Sale of shares of onshore wind power generation SPCs

(1) Overview

Green Power Investment Corporation ("GPI") and its subsidiary Green Power Investment Fund Management No. 2 formed Green Power Renewable No. 2 Investment Business Limited Partnership jointly with SUMITOMO MITSUI TRUST INVESTMENT CO., LTD. and JA MITSUI ENERGY SOLUTIONS, LTD. NTT Group sold a part of the onshore wind power SPC shares that it held to the aforementioned fund. NTT implemented this transaction as part of a capital recycling initiative for the development of new renewable energy projects.

(2) Accounting treatment and Impact on the consolidated financial statements

The assets associated with the sale of the onshore wind power generation SPC shares and the liabilities directly associated with these assets, which were included in Others (Real Estate, Energy and Others) in the segment information, were classified as assets held for sale and liabilities directly associated with assets held for sale in the third quarter of the fiscal year under review due to a decision to proceed with the sale within one year at GPI. However, the sale was completed in the fourth quarter of the fiscal year under review. The breakdown of assets and liabilities at the time of sale is as follows. The impact on the consolidated statement of profit or loss resulting from this transaction is minor.

		(Millions of yen)	
Accounting item		Accounting item	
ASSETS		LIABILITIES	
Property, plant and equipment	73,982	Long-term borrowings	59,603
Intangible assets	40,333	Other	31,312
Other	19,433		
Total	133,748	Total	90,915

Non-consolidated Financial Statements

Non-consolidated Statement of Changes in Shareholders' Equity and Other Net Assets (from April 1, 2024 to March 31, 2025)

(Millions of yen)

(millions of yen)												
	Shareholders' equity									Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus			Legal reserve	Earned surplus		Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other earned surplus	Total earned surplus					
At beginning of year	937,950	2,672,826	15	2,672,841	135,333	2,858,471	2,993,805	(937,291)	5,667,304	381,603	381,603	6,048,907
Net change during the annual period												
Cash dividends	—	—	—	—	—	(436,766)	(436,766)	—	(436,766)	—	—	(436,766)
Net income	—	—	—	—	—	1,145,080	1,145,080	—	1,145,080	—	—	1,145,080
Payments to acquire treasury stock	—	—	—	—	—	—	—	(202,359)	(202,359)	—	—	(202,359)
Resale of treasury stock	—	—	0	0	—	—	—	480	480	—	—	480
Others, net	—	—	—	—	—	—	—	—	—	(92,361)	(92,361)	(92,361)
Total net change during the annual period	—	—	0	0	—	708,314	708,314	(201,879)	506,435	(92,361)	(92,361)	414,074
At end of year	937,950	2,672,826	15	2,672,841	135,333	3,566,786	3,702,119	(1,139,170)	6,173,740	289,242	289,242	6,462,982

Note: Amounts are rounded to the nearest million yen.

Notes to Non-consolidated Financial Statements

Notes Concerning Principal Accounting Policies

1. Valuation standard and method for certain assets

(1) Valuation standard and method for securities

[1] Investments in subsidiaries and affiliated companies

Investments in subsidiaries and affiliated companies are stated at cost, which is determined by the moving average method.

[2] Other securities

(a) Securities, other than shares, etc., that do not have a market price

The securities are stated at fair value, which includes market price, as of the balance sheet date, with valuation differences directly reported as a separate component of net assets. The cost of securities sold is determined by the moving average method.

(b) Shares, etc. that do not have a market price

The shares are stated at cost, which is determined by the moving average method.

(2) Valuation standard and method for inventories

Supplies are stated at cost, which is determined by the last purchase cost method (balance sheet amount is computed by devaluing the book price to reflect declines in profitability).

2. Depreciation and amortization of fixed assets

(1) Property, plant and equipment (except lease assets)

Property, plant and equipment are depreciated using the straight-line method.

The useful life of assets is primarily as follows, and the residual values are calculated based on real residual values.

Buildings:	4 to 56 years
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Tools, furniture and fixtures:	3 to 26 years
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(2) Intangible fixed assets (except lease assets)

Intangible assets (except lease assets) are amortized using the straight-line method.

Internal-use software is amortized using the straight-line method over its estimated useful life (within 5 years).

(3) Lease assets

Financial leases other than those deemed to transfer ownership of properties to lessees

The useful lives of the assets are the terms of leases, and the residual values are calculated based on real residual values using the straight-line method.

3. Accounting standard for allowances

(1) Allowance for doubtful accounts

To cover expected losses from bad debts, estimated uncollectible amounts are accrued for general claims on the basis of historical bad-debt ratios, and for specific claims, including doubtful accounts, on the basis of their recoverability.

No allowance was accrued as of the end of the fiscal year ended March 31, 2025.

(2) Liability for employees' retirement benefits

To provide for employees' retirement benefits, benefit obligations and plan assets are estimated and accrued as of the end of the fiscal year ended March 31, 2025.

[1] Period allocation method of projected retirement benefits

When calculating retirement benefit obligations, the benefit formula method is used in determining the amount of the expected retirement benefit obligations attributed to the period up to the end of the fiscal year ended March 31, 2025.

[2] Method of recognizing actuarial differences and prior service costs

The amount of a prior service cost is accounted for as an expense from the fiscal year during which it arises, and calculated by using the straight-line method based on the average remaining service period of the employees in service.

Actuarial differences are accounted for as an expense from the fiscal year following the fiscal year in which such gains or losses are incurred, and calculated by using the straight-line method based on the average remaining service period of the employees in service.

4. Basis for recording revenues and expenses

Revenue from promised goods or services is recognized at the time the control of said goods or services is transferred to the customer at the amount expected to be received upon the exchange of said goods or services.

NTT's major revenues from contracts with customers are revenues from basic R&D. NTT centrally performs basic research and development for the Group and enters into agreements with its subsidiaries regarding continuous use of the fruits of NTT's basic research and development. For said agreements, NTT's provision of comprehensive services related to the basic research and development to its subsidiaries is identified as performance obligations. Because said performance obligations are satisfied over the passage of time, revenue is recorded at an amount that has been averaged over the period of the agreement for use of the fruits of basic research and development.

5. Other material matters relating to the preparation of financial statements

(1) Accounting for hedging activities

Hedging activities are principally accounted for under "deferral hedge accounting." The designation "hedge accounting" is applied to forward exchange contracts and other foreign exchange contracts, and the designation "exceptional accounting" is applied to interest-rate swaps that qualify for "exceptional accounting" (Accounting Standards for Financial Instruments, Footnote 14).

(2) Adoption of group tax sharing system

NTT applies for the group tax sharing system.

Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation on property, plant and equipment: ¥325,050 million
2. Debt guarantees
NTT has made the following debt guarantees.
 - (1) Corporate bond issuances of subsidiaries
NTT Finance Corporation ¥1,884,440 million
 - (2) Electric power supply contract of subsidiaries
NTT Anode Energy Corporation ¥100,000 million
3. Accounts receivable from and payable to affiliates are as follows (excluding those otherwise classified):

Short-term accounts receivable:	¥192,186 million
Long-term accounts receivable:	¥1,509 million
Short-term accounts payable:	¥653,904 million
Long-term accounts payable:	¥2,325 million

Notes to Non-consolidated Statement of Income

Transactions with affiliated companies

Balance of operating transactions	
Operating revenues	¥140,328 million
Operating expenses	¥60,242 million
Balance of non-operating transactions	¥49,601 million

Notes to Non-consolidated Statement of Changes in Shareholders' Equity and Other Net Assets

Number of shares of treasury stock outstanding as of the end of the fiscal year ended March 31, 2025.

Common stock: 7,777,183,240 shares

(Note) Shares of NTT held by the officer compensation BIP trust are not included in the above number of shares of treasury stock.

Notes Concerning Tax Effect Accounting

1. The major causes of the occurrence of deferred tax assets were "securities" and "fixed assets." The major cause of occurrence of deferred tax liabilities was "net unrealized gains (losses) on securities."
Deferred tax assets exclude ¥194,202 million in valuation allowance.
2. Accounting for income taxes and local income taxes, and related tax effect accounting
NTT has adopted the group tax sharing system. NTT accounts for and discloses income taxes, local income taxes and the related tax effects in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

Notes Concerning Related Party Transactions

Subsidiaries

(Millions of yen)

Affiliation	Name	Voting Rights Ownership Ratio	Relationship with Affiliated Party	Transaction Details	Transaction Amount	Category	Balance at End of Term
Subsidiary	Nippon Telegraph and Telephone East Corporation	100% direct ownership	Exercise of rights as shareholder, offering intermediary advice, and other support	Loan of capital ¹	20,000	Long-term loans to subsidiaries	198,000
				Receipt of interest ¹	1,025	Other current assets	91
Subsidiary	Nippon Telegraph and Telephone West Corporation	100% direct ownership	Exercise of rights as shareholder, offering intermediary advice, and other support	Loan of capital ¹	230,000	Short-term loans receivable	150,000
						Long-term loans to subsidiaries	530,000
				Receipt of interest ¹	2,518	Other current assets	869
Subsidiary	NTT Finance Corporation	100% direct ownership	Exercise of rights as shareholder, offering intermediary advice, and other support	Borrowing of capital ²	1,069,566 ³	Current portion of long-term borrowings from subsidiaries	590,454
						Short-term borrowings	616,614
						Long-term borrowings from subsidiaries	3,777,507
				Payment of interest ²	21,643	Accrued expense	4,846
				Debt guarantees ⁴	1,884,440	—	—

Transaction Conditions and Standards for Determining Transaction Conditions

Notes:

- 1 Loan conditions are the same as those for procurement of capital by NTT. No security is provided.
- 2 Interest on borrowing of capital is set taking into consideration market rates. No security is provided.
- 3 For borrowings from the Cash Management System (CMS), the transaction amount that corresponds to the day-to-day operational funds is recorded as the average balance during the fiscal year. For other borrowings, the transaction amount is the total amount.
- 4 NTT has made debt guarantees regarding corporate bonds issued by NTT Finance Corporation, and does not receive any guarantee fees.

Notes Concerning Financial Data per Share

Net assets per share	¥78.11
Net income per share	¥13.70

Note: Shares of NTT held by the officer compensation BIP trust that are recorded as treasury stock under shareholders' equity are included in the number of shares of treasury stock that is excluded from the average number of shares outstanding when calculating net income per share. In addition, these shares are included in the number of shares of treasury stock that is excluded from the number of shares outstanding at the end of the fiscal year when calculating net assets per share.

Notes Concerning Significant Subsequent Events

Tender Offer for Shares of NTT DATA Group Corporation

An overview of the tender offer for shares of NTT DATA Group is presented in "Notes Concerning Significant Subsequent Events" in "Notes to Consolidated Financial Statements."

Other

Performance-related stock compensation for officer compensation (officer compensation BIP trust)

1. Overview of transactions
An overview of the transactions is presented in "1. Performance-related stock compensation for officer compensation (officer compensation BIP trust)" of "Other" in "Notes to Consolidated Financial Statements."
2. Shares of NTT held by the officer compensation BIP trust
The carrying amount and number of the shares of NTT held by the officer compensation BIP trust as of the end of the fiscal year under review were ¥4,577 million and 34,782,500 shares, respectively, and the shares are treated as "Treasury stock" on the non-consolidated balance sheet.