

Financial Results Release

For the Nine Months Ended December 31, 2018

February 7, 2019

[IFRS]

Name of registrant : Nippon Telegraph and Telephone Corporation (“NTT”) / URL <http://www.ntt.co.jp/ir/>
 Code No. : 9432
 Stock exchanges on which the Company's shares are listed : Tokyo
 Representative : Jun Sawada, President and Chief Executive Officer
 Contact : Natsuko Fujiki, Head of IR, Finance and Accounting Department
 URL http://www.ntt.co.jp/ir/form_e/ref_contact.html
 Scheduled filing date of quarterly securities report : February 8, 2019
 Scheduled date of dividend payments : —
 Supplemental material on quarterly results : Yes
 Presentation on quarterly results : Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018 (April 1, 2018 - December 31, 2018)

Amounts are rounded to the nearest million yen.

(1) Consolidated Results of Operations

(Millions of yen)

	Operating Revenues		Operating Profit		Profit before Taxes		Profit Attributable to NTT	
Nine months ended December 31, 2018	8,795,215	0.6%	1,527,126	8.3%	1,530,421	0.1%	792,127	1.4%
Nine months ended December 31, 2017	8,746,913	-%	1,409,611	-%	1,528,771	-%	781,350	-%

Notes: 1. Comprehensive income (loss) attributable to NTT: For the nine months ended December 31, 2018: 787,248 million yen (9.2)%

For the nine months ended December 31, 2017: 866,802 million yen -%

2. Percentages above represent changes from the corresponding period of the previous fiscal year.

	Basic Earnings per Share Attributable to NTT	Diluted Earnings per Share Attributable to NTT
Nine months ended December 31, 2018	406.50 (yen)	- (yen)
Nine months ended December 31, 2017	390.34 (yen)	- (yen)

(2) Consolidated Financial Position

(Millions of yen, except equity ratio and per share amounts)

	Total Assets	Total Equity (Net Assets)	Shareholders' Equity	Equity Ratio (Ratio of Shareholders' Equity to Total Assets)	Shareholders' Equity per Share
December 31, 2018	21,899,828	11,730,403	9,243,504	42.2%	4,812.32 (yen)
March 31, 2018	21,541,444	11,565,654	9,062,752	42.1%	4,597.87 (yen)

2. Dividends

	Annual Dividends				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
Year Ended March 31, 2018	-	75.00 (yen)	-	75.00 (yen)	150.00 (yen)
Year Ending March 31, 2019	-	85.00 (yen)	-	-	-
Year Ending March 31, 2019 (Forecasts)	-	-	-	95.00 (yen)	180.00 (yen)

Note: Revision to the dividend forecasts from the latest announcement: Yes

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(Millions of yen, except per share amounts)

	Operating Revenues	Operating Profit	Profit before Taxes	Profit Attributable to NTT	Basic Earnings per Share Attributable to NTT
Year Ending March 31, 2019	11,900,000 -%	1,690,000 -%	1,686,000 -%	880,000 -%	451.00 (yen)

Notes: 1. Percentages above represent changes from the previous fiscal year.

2. Revision to the consolidated financial results forecasts from the latest announcement: None

***Notes:**

- (1) Change in significant consolidated subsidiaries during the nine months ended December 31, 2018 that resulted in changes in the scope of consolidation: Yes
Newly added: Two companies (NTT, Inc. and NTT-SH Corporation)
(For further details, please see “1. Summary Information (notes)” on page 3.)
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None
- (3) Change of accounting policy
 - i. Change due to revision of accounting standards and other regulations: Yes
 - ii. Other change: Yes
(For further details, please see “1. Summary Information (notes)” on page 3.)
- (4) Number of shares outstanding (common stock)
 - i. Number of shares outstanding (including treasury stock):

December 31, 2018	: 1,950,394,470 shares
March 31, 2018	: 2,096,394,470 shares
 - ii. Number of shares of treasury stock:

December 31, 2018	: 29,593,797 shares
March 31, 2018	: 125,318,558 shares
 - iii. Weighted average number of shares outstanding:

For the nine months ended December 31, 2018	: 1,948,669,239 shares
For the nine months ended December 31, 2017	: 2,001,718,206 shares

* This financial results release is not subject to the quarterly review.

*** Explanation of earnings forecasts and other notes:**

NTT Group has applied International Financial Reporting Standards (“IFRS”) beginning with the three months ended June 30, 2018. In addition, consolidated financial statements for the nine months ended December 31, 2017 and for the fiscal year ended March 31 2018 are also presented in accordance with IFRS.

Forward-looking statements in this earnings release, such as forecasts of results of operations, are based on the information currently available to NTT and certain assumptions that we regard as reasonable and therefore actual results may differ materially from those contained in or suggested by any forward-looking statements. With regard to the assumptions and other related matters concerning forecasts for the fiscal year ending March 31, 2019, please refer to page 32.

On Thursday, February 7, 2019, NTT will hold a presentation on its financial results for institutional investors and analysts. Shortly thereafter, NTT plans to post on its website explanatory details, along with the materials used at the presentation.

For further details on the financial results forecasts, please also see “Financial Results for the Nine Months Ended December 31, 2018,” which has been disclosed on TDnet on the same day as this financial results release.

1. Summary Information (notes)

- (1) Change in significant consolidated subsidiaries during the nine months ended December 31, 2018, that resulted in changes in the scope of consolidation: Yes

As part of its initiatives for the future growth of NTT Group's global business, in November 2018, NTT transferred shares it held of NTT Communications, Dimension Data, NTT DATA and other companies to NTT, Inc., a wholly owned subsidiary of NTT Group, through contributions-in-kind. As a result, NTT, Inc. became a specified subsidiary of NTT and was included in the scope of NTT's consolidated subsidiaries beginning with the nine months ended December 31, 2018.

As part of its initiatives for the promotion of NTT Group's urban solutions business, in December 2018, NTT transferred shares it held of NTT Urban Development to NTT-SH Corporation, a wholly owned subsidiary of NTT Group, through contributions-in-kind. As a result, NTT-SH Corporation became a specified subsidiary of NTT and was included in the scope of NTT's consolidated subsidiaries beginning with the nine months ended December 31, 2018.

- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None

- (3) Changes in Accounting Policy

NTT Group has applied IFRS 9, "Financial Instruments" (as published in July 2014) beginning of the fiscal year ending March 31, 2019 (April 1, 2018).

Based on exemptions under IFRS 1, previous fiscal years have not been restated when changing accounting policies pursuant to IFRS 9. The accounting standards in use as of the date of transition to IFRS and in previous fiscal years were generally accepted accounting principles in the United States ("U.S. GAAP").

Following this change in accounting policy, equity instruments whose fair value was not easily determined under conventional U.S. GAAP (under which they were measured using the cost method) will be measured at fair value at the beginning of the current fiscal year. As of the point that IFRS 9 was applied pursuant to IFRS 1, after making the irrevocable election that all subsequent changes in fair value must also be recorded as "other comprehensive income," any changes in fair value will be recognized as "other comprehensive income" in the condensed consolidated statement of comprehensive income.

Impact of this change on the consolidated statement of financial position:

(Millions of yen)

Accounting Item (Categories based on U.S. GAAP)	Balance at the end of previous fiscal year (March 31, 2018)	Balance at the beginning of current fiscal year based on IFRS 9 (April 1, 2018)	Correction Factor
Non-current assets			
Other financial assets (Investment using cost method)	54,364	67,258	Impact of using fair value measurements for unlisted stocks

Excluding the above-mentioned correction factor, the impact of this accounting policy change was not material.

Cumulative impact at the beginning of the current fiscal year as a result of the application of IFRS 9

(Millions of yen)

Accounting Item	Increase (Decrease)
Investments accounted for using equity method	4,993
Other financial assets (Non-current)	20,883
Deferred tax assets	(5,912)
Deferred tax liabilities	963
Retained earnings	14,033
Other components of equity	(2,432)
Non-controlling interests	7,565

The impact on "profit" and "basic earnings per share" for the nine months ended December 31, 2018 were not material.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Balance Sheets

	Millions of yen		
	Date of Transition to IFRS (April 1, 2017)	March 31, 2018	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents(*)	¥1,075,773	¥895,003	¥908,380
Trade and other receivables(*)	3,623,577	4,022,227	4,149,021
Other financial assets	167,410	123,344	122,697
Inventories	326,718	354,181	428,512
Other current assets	383,506	474,405	542,380
Sub Total	5,576,984	5,869,160	6,150,990
Assets held for sale	—	—	234,160
Total current assets	5,576,984	5,869,160	6,385,150
Non-current assets			
Property, plant and equipment	8,719,755	8,812,174	8,858,633
Goodwill	881,292	841,283	922,265
Intangible assets	1,609,598	1,589,448	1,610,208
Investment property	992,317	1,002,301	953,427
Investments accounted for using equity method	528,981	539,342	322,756
Other financial assets	1,010,546	1,068,799	1,111,406
Deferred tax assets	1,243,283	1,173,946	1,082,321
Other non-current assets	660,971	644,991	653,662
Total non-current assets	15,646,743	15,672,284	15,514,678
Total assets	¥21,223,727	¥21,541,444	¥21,899,828

* The last day of the fiscal year ended March 31, 2018 and third quarter ended December 31, 2018 fell on a non-business day, resulting in the due date for certain bills, including telecommunication service bills, being set to the first business day of the following month. Consequently, for the fiscal year ended March 31, 2018 and third quarter ended December 31, 2018 there were impacts of ¥231,929 million and ¥238,159 million respectively due to decreases of cash and cash equivalents and an increase of trade and other receivables.

	Millions of yen		
	Date of Transition to IFRS (April 1, 2017)	March 31, 2018	December 31, 2018
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debt	¥1,079,243	¥1,017,744	¥1,652,360
Trade and other payables	1,797,544	1,811,723	1,615,516
Other financial liabilities	45,727	50,711	89,132
Accrued payroll	450,360	455,007	382,755
Accrued taxes on income	233,817	240,670	156,708
Other current liabilities	958,862	1,046,582	947,313
Total current liabilities	4,565,553	4,622,437	4,843,784
Non-current liabilities			
Long-term debt	3,179,645	2,953,855	2,907,696
Other financial liabilities	201,789	190,356	170,356
Defined benefit liabilities	1,876,845	1,860,524	1,891,949
Deferred tax liabilities	99,038	74,095	71,177
Other non-current liabilities	258,428	274,523	284,463
Total non-current liabilities	5,615,745	5,353,353	5,325,641
Total liabilities	10,181,298	9,975,790	10,169,425
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	937,950	937,950	937,950
Additional paid-in capital	2,410,572	2,396,555	2,330,918
Retained earnings	5,480,639	6,138,351	5,919,290
Treasury stock	(375,223)	(610,742)	(135,244)
Other components of equity	179,453	200,638	190,590
Total NTT shareholders’ equity	8,633,391	9,062,752	9,243,504
Non-controlling interests	2,409,038	2,502,902	2,486,899
Total equity	11,042,429	11,565,654	11,730,403
Total liabilities and equity	¥21,223,727	¥21,541,444	¥21,899,828

(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statements of Profit or Loss

Nine Months Ended December 31

	Millions of yen except per share data		
	2017	2018	Increase (Decrease)
Operating revenues	¥8,746,913	¥8,795,215	¥48,302
Operating expenses			
Personnel expenses	1,800,713	1,785,820	(14,893)
Expenses for purchase of goods and services and other expenses	4,204,271	4,243,637	39,366
Depreciation and amortization	1,003,668	990,649	(13,019)
Expenses on disposal of fixed assets	97,444	93,227	(4,217)
Impairment losses			
Goodwill	25,308	-	(25,308)
Metal cables	124,800	66,003	(58,797)
Other	743	1,357	614
Taxes and dues	80,355	87,396	7,041
Total operating expenses	7,337,302	7,268,089	(69,213)
Operating profit	1,409,611	1,527,126	117,515
Finance income	43,153	17,827	(25,326)
Finance costs	83,347	25,451	(57,896)
Income from arbitration award	147,646	-	(147,646)
Share of profit (loss) of entities accounted for using equity method	11,708	10,919	(789)
Profit before taxes	1,528,771	1,530,421	1,650
Income taxes	484,002	495,114	11,112
Profit	1,044,769	1,035,307	(9,462)
Profit attributable to			
NTT	781,350	792,127	10,777
Non-controlling interests	263,419	243,180	(20,239)
Profit	¥1,044,769	¥1,035,307	¥(9,462)
Earnings per share attributable to NTT			
Basic earnings per share (yen)	¥390.34	¥406.50	

Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

	Millions of yen		
	2017	2018	Increase (Decrease)
Profit	¥1,044,769	¥1,035,307	¥(9,462)
Other comprehensive income (net of taxes)			
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets measured at fair value through other comprehensive income	—	1,595	1,595
Share of other comprehensive income of entities accounted for using equity method	(832)	(2,392)	(1,560)
Remeasurements of defined benefit plans	(353)	451	804
Total of items that will not be reclassified to profit or loss	(1,185)	(346)	839
Items that may be reclassified to profit or loss			
Unrealized gains (loss) on securities	32,714	—	(32,714)
Cash flow hedges	1,541	(2,652)	(4,193)
Foreign currency translation adjustments	51,726	10,318	(41,408)
Share of other comprehensive income of entities accounted for using equity method	37,477	(7,248)	(44,725)
Total of items that may be reclassified to profit or loss	123,458	418	(123,040)
Total other comprehensive income (net of taxes)	122,273	72	(122,201)
Total comprehensive income	1,167,042	1,035,379	(131,663)
Comprehensive income attributable to			
NTT	866,802	787,248	(79,554)
Non-controlling interests	300,240	248,131	(52,109)
	¥1,167,042	¥1,035,379	¥(131,663)

(3) Condensed Consolidated Statement of Changes in Equity

Nine Months Ended December 31, 2017

	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		
April 1, 2017	¥937,950	¥2,410,572	¥5,480,639	¥(375,223)	¥179,453	¥8,633,391	¥2,409,038	¥11,042,429
Comprehensive income								
Profit	—	—	781,350	—	—	781,350	263,419	1,044,769
Other comprehensive income	—	—	—	—	85,452	85,452	36,821	122,273
Total comprehensive income	—	—	781,350	—	85,452	866,802	300,240	1,167,042
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(271,405)	—	—	(271,405)	(125,809)	(397,214)
Transfer to retained earnings	—	—	(803)	—	803	—	—	—
Purchase and disposal of treasury stock	—	1	—	(193,455)	—	(193,454)	—	(193,454)
Changes in ownership interest in subsidiaries	—	(13,963)	—	—	—	(13,963)	(2,613)	(16,576)
Share-based compensation transactions	—	(8,352)	—	—	—	(8,352)	—	(8,352)
Put options granted to non-controlling interests	—	(2,866)	—	—	—	(2,866)	—	(2,866)
Total value of transactions with shareholders etc.	—	(25,180)	(272,208)	(193,455)	803	(490,040)	(128,422)	(618,462)
December 31, 2017	¥937,950	¥2,385,392	¥5,989,781	¥(568,678)	¥265,708	¥9,010,153	¥2,580,856	¥11,591,009

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		
March 31, 2018	¥937,950	¥2,396,555	¥6,138,351	¥(610,742)	¥200,638	¥9,062,752	¥2,502,902	¥11,565,654
Cumulative effect of adoption of IFRS 9 "Financial Instruments"	—	—	14,033	—	(2,432)	11,601	7,565	19,166
April 1, 2018	937,950	2,396,555	6,152,384	(610,742)	198,206	9,074,353	2,510,467	11,584,820
Comprehensive income								
Profit	—	—	792,127	—	—	792,127	243,180	1,035,307
Other comprehensive income	—	—	—	—	(4,879)	(4,879)	4,951	72
Total comprehensive income	—	—	792,127	—	(4,879)	787,248	248,131	1,035,379
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(313,605)	—	—	(313,605)	(141,502)	(455,107)
Transfer to retained earnings	—	—	6,642	—	(6,642)	—	—	—
Transfer to non-financial assets	—	—	—	—	3,905	3,905	—	3,905
Purchase and disposal of treasury stock	—	0	—	(242,762)	—	(242,762)	—	(242,762)
Cancellation of treasury stock	—	(2)	(718,258)	718,260	—	—	—	—
Changes in ownership interest in subsidiaries	—	(62,756)	—	—	—	(62,756)	(130,197)	(192,953)
Share-based compensation transactions	—	(6,217)	—	—	—	(6,217)	—	(6,217)
Put options granted to non-controlling interests	—	3,338	—	—	—	3,338	—	3,338
Total value of transactions with shareholders etc.	—	(65,637)	(1,025,221)	475,498	(2,737)	(618,097)	(271,699)	(889,796)
December 31, 2018	¥937,950	¥2,330,918	¥5,919,290	¥(135,244)	¥190,590	¥9,243,504	¥2,486,899	¥11,730,403

(4) Going Concern Assumption

None

(5) Subsequent Events

NTT's repurchase of its common stock

On November 6, 2018, the Board of Directors resolved that NTT may acquire up to 36 million shares of its outstanding common stock for an amount in total not exceeding ¥150 billion from November 7, 2018 through March 29, 2019. Based on this resolution, NTT repurchased 29,473,000 shares of its common stock for a total purchase price of ¥134,651 million between November 2018 and December 2018. NTT also repurchased 3,395,000 shares of its common stock for a total purchase price of ¥15,349 million in January 2019 and concluded the repurchase of its common stock authorized by Board of Directors' resolution.

(6) First-time Adoption of International Financial Reporting Standards (“IFRS”)

Transition to Financial Reporting in Accordance with IFRS

NTT Group has applied IFRS beginning with the three months ended June 30, 2018 (April 1, 2018 to June 30, 2018).

IFRS 1 requires that a company adopting IFRS for the first time applies IFRS retrospectively. However, as an exception under IFRS 1, retrospective application is prohibited for certain standards, for which application of IFRS is made from the date of transition to IFRS and thereafter. Additionally, under IFRS 1, certain exemption provisions may be voluntarily applied for certain standards required by IFRS. The effect of applying these provisions has been recognized at the date of transition to IFRS and an adjustment for the impact has been made within Retained earnings or Other components of equity.

The main voluntary exemption provisions stipulated in IFRS 1 and applied by NTT Group are described below.

① Business Combinations

NTT Group has not applied IFRS 3 retrospectively to business combinations arising prior to April 1, 2002. Goodwill resulting from business combinations arising prior to April 1, 2002 has been recognized using the carrying amount based on U.S. GAAP. For goodwill generated by business combinations that occurred prior to the date of transition to IFRS, an impairment test was implemented as of the date of transition to IFRS, regardless of whether there is any indication of impairment.

② Deemed Cost

NTT Group, for certain property, plant and equipment and investment property, uses the fair value as of the date of transition to IFRS that is a surrogate for cost at that date as the deemed cost.

③ Operating Revenues

NTT Group has retrospectively applied IFRS 15 through the practical expedient set out in (d) under paragraph C5 of IFRS 15. In accordance with the provisions of the standard, in relation to the amount of consideration for goods or services to be provided from the next fiscal year and the explanation of when this amount is expected to be recognized as revenue, information concerning the date of transition to IFRS and the fiscal year ended March 31, 2018 is omitted.

④ Exemption from Restatement of Comparative Information in the Application of IFRS 9

At the date of transition to IFRS and in the fiscal year ended March 31, 2018, items included within the scope of application of IFRS 9 have been recognized and measured in accordance with U.S. GAAP which is previous accounting standards, without restatement in accordance with IFRS 9.

Reconciliations from U.S. GAAP to IFRS

Upon transitioning to IFRS, NTT has reconciled the amounts in the consolidated financial statements that were prepared based on U.S. GAAP. The impact on NTT Group as a result of transitioning from U.S. GAAP to IFRS in terms of financial position and results of operations is explained in the following reconciliation tables and in the notes to these tables.

In the reconciliation tables, “Reclassification” shows those items that have no impact on equity and comprehensive income, and “Recognition & Measurement Difference” shows those items that have an impact on equity and comprehensive income.

Reconciliation of Equity at the Date of Transition to IFRS (April 1, 2017)

Consolidated Statement of Financial Position

(Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Assets					(Assets)
Current assets					Current assets
Cash and cash equivalents	925,213	172,176	(21,616)	1,075,773	Cash and cash equivalents
Short-term investments	63,844	103,734	(168)	167,410	Other financial assets
Notes and accounts receivable, trade	2,699,708	932,534	(8,665)	3,623,577	Trade and other receivables
Allowance for doubtful accounts	(48,626)	48,626	—	—	
Accounts receivable, other	505,145	(505,145)	—	—	
Inventories	365,379	(7,767)	(30,894)	326,718	Inventories
Prepaid expenses and other current assets	573,170	(208,786)	19,122	383,506	Other current assets
Deferred income taxes	228,590	(228,590)	—	—	
Total current assets	5,312,423	306,782	(42,221)	5,576,984	Total current assets
Property, plant and equipment					Non-current assets
Telecommunications equipment	11,046,115	—	—	—	
Telecommunications service lines	16,064,732	—	—	—	
Buildings and structures	6,147,869	—	—	—	
Machinery, vessels and tools	2,032,389	—	—	—	
Land	1,292,685	—	—	—	
Construction in progress	421,819	—	—	—	
Accumulated depreciation	(27,286,588)	—	—	—	
Net property, plant and equipment	9,719,021	(989,364)	(9,902)	8,719,755	Property, plant and equipment
	—	1,032,675	(40,358)	992,317	Investment property
Investments and other assets					
Investments in affiliated companies	484,596	—	44,385	528,981	Investments accounted for using equity method
Marketable securities and other investments	495,290	517,251	(1,995)	1,010,546	Other financial assets
Goodwill	1,314,645	—	(433,353)	881,292	Goodwill
Software	1,209,485	(1,209,485)	—	—	
Other intangible assets	453,918	1,188,084	(32,404)	1,609,598	Intangible assets
Other assets	1,492,076	(887,552)	56,447	660,971	Other non-current assets
Deferred income taxes	768,871	228,590	245,822	1,243,283	Deferred tax assets
Total investments and other assets	6,218,881	—	—	—	
	15,937,902	(119,801)	(171,358)	15,646,743	Total non-current assets
Total assets	21,250,325	186,981	(213,579)	21,223,727	Total assets

(Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Liabilities and Equity					(Liabilities and Equity)
Current liabilities					Current liabilities
Short-term borrowings	227,207	864,726	(12,690)	1,079,243	Short-term debt
Current portion of long-term debt	681,904	(681,904)	—	—	
Accounts payable, trade	1,612,996	181,994	2,554	1,797,544	Trade and other payables
Current portion of obligations under capital leases	14,430	9,527	21,770	45,727	Other financial liabilities
Accrued payroll	443,308	16,147	(9,095)	450,360	Accrued payroll
Accrued taxes on income	239,755	(367)	(5,571)	233,817	Accrued taxes on income
Accrued consumption tax	75,083	(75,083)	—	—	
Advances received	324,342	(324,342)	—	—	
Other	512,368	174,131	272,363	958,862	Other current liabilities
Total current liabilities	4,131,393	164,829	269,331	4,565,553	Total current liabilities
Long-term liabilities					Non-current liabilities
Long-term debt (excluding current portion)	3,168,478	—	11,167	3,179,645	Long-term debt
Obligations under capital leases (excluding current portion)	25,568	116,770	59,451	201,789	Other financial liabilities
Liability for employees' retirement benefits	1,599,381	—	277,464	1,876,845	Defined benefit liabilities
Accrued liabilities for point programs	103,047	(103,047)	—	—	
Deferred income taxes	166,751	7,285	(74,998)	99,038	Deferred tax liabilities
Other	497,132	1,144	(239,848)	258,428	Other non-current liabilities
Total long-term liabilities	5,560,357	22,152	33,236	5,615,745	Total non-current liabilities
Total liabilities	9,691,750	186,981	302,567	10,181,298	Total liabilities
Redeemable non-controlling interests	50,819	—	(50,819)	—	
Equity					Equity
NTT Shareholders' equity					NTT Shareholders' equity
Common stock	937,950	—	—	937,950	Common stock
Additional paid-in capital	2,862,035	—	(451,463)	2,410,572	Additional paid-in capital
Retained earnings	5,626,155	—	(145,516)	5,480,639	Retained earnings
Accumulated other comprehensive income (loss)	1,562	—	177,891	179,453	Other components of equity
Treasury stock	(375,223)	—	—	(375,223)	Treasury stock
Total NTT shareholders' equity	9,052,479	—	(419,088)	8,633,391	Total NTT shareholders' equity
Non-controlling interests	2,455,277	—	(46,239)	2,409,038	Non-controlling interests
Total equity	11,507,756	—	(465,327)	11,042,429	Total equity
Total liabilities and equity	21,250,325	186,981	(213,579)	21,223,727	Total liabilities and equity

Reconciliation of Equity as of December 31, 2017

Consolidated Statement of Financial Position

(Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Assets					(Assets)
Current assets					Current assets
Cash and cash equivalents	766,581	112,959	12,690	892,230	Cash and cash equivalents
Short-term investments	44,094	86,125	(2,279)	127,940	Other financial assets
Notes and accounts receivable, trade	2,849,652	1,031,024	19,730	3,900,406	Trade and other receivables
Allowance for doubtful accounts	(52,835)	52,835	—	—	
Accounts receivable, other	658,418	(658,418)	—	—	
Inventories	459,442	(7,592)	(55,425)	396,425	Inventories
Prepaid expenses and other current assets	623,302	(104,045)	13,199	532,456	Other current assets
Total current assets	5,348,654	512,888	(12,085)	5,849,457	Total current assets
Property, plant and equipment					Non-current assets
Telecommunications equipment	10,991,048	—	—	—	
Telecommunications service lines	14,144,223	—	—	—	
Buildings & structures	6,236,623	—	—	—	
Machinery, vessels and tools	2,118,915	—	—	—	
Land	1,306,405	—	—	—	
Construction in progress	475,577	—	—	—	
Accumulated depreciation	(25,565,588)	—	—	—	
Net property, plant and equipment	9,707,203	(1,012,527)	4,410	8,699,086	Property, plant and equipment
	—	1,043,885	(38,399)	1,005,486	Investment property
Investments and other assets					
Investments in affiliated companies	507,216	—	33,864	541,080	Investments accounted for using equity method
Marketable securities and other investments	552,254	547,832	(145)	1,099,941	Other financial assets
Goodwill	1,355,737	—	(463,946)	891,791	Goodwill
Software	1,197,194	(1,197,194)	—	—	
Other intangible assets	412,118	1,174,672	9,063	1,595,853	Intangible assets
Other assets	1,558,670	(937,483)	14,854	636,041	Other non-current assets
Deferred income taxes	889,024	—	235,836	1,124,860	Deferred tax assets
Total investments and other assets	6,472,213	—	—	—	
	16,179,416	(380,815)	(204,463)	15,594,138	Total non-current assets
Total assets	21,528,070	132,073	(216,548)	21,443,595	Total assets

(Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Liabilities and Equity					(Liabilities and Equity)
Current liabilities					Current liabilities
Short-term borrowings	377,194	709,694	26,581	1,113,469	Short-term debt
Current portion of long-term debt	587,451	(587,451)	—	—	
Accounts payable, trade	1,365,246	210,952	(5,677)	1,570,521	Trade and other payables
Current portion of obligations under capital leases	13,011	13,622	23,971	50,604	Other financial liabilities
Accrued payroll	402,755	—	(11,615)	391,140	Accrued payroll
Accrued taxes on income	163,304	—	975	164,279	Accrued taxes on income
Accrued consumption tax	99,517	(99,517)	—	—	
Advances received	389,937	(389,937)	—	—	
Other	516,082	248,004	177,691	941,777	Other current liabilities
Total current liabilities	3,914,497	105,367	211,926	4,231,790	Total current liabilities
Long-term liabilities					Non-current liabilities
Long-term debt (excluding current portion)	3,154,018	—	8,970	3,162,988	Long-term debt
Obligations under capital leases (excluding current portion)	23,680	119,869	60,337	203,886	Other financial liabilities
Liability for employees' retirement benefits	1,645,420	—	266,483	1,911,903	Defined benefit liabilities
Accrued liabilities for point programs	102,115	(102,115)	—	—	
Deferred income taxes	137,675	—	(59,052)	78,623	Deferred tax liabilities
Other	504,835	8,952	(250,391)	263,396	Other non-current liabilities
Total long-term liabilities	5,567,743	26,706	26,347	5,620,796	Total non-current liabilities
Total liabilities	9,482,240	132,073	238,273	9,852,586	Total liabilities
Redeemable non-controlling interests	51,996	—	(51,996)	—	
Equity					Equity
NTT Shareholders' equity					NTT Shareholders' equity
Common stock	937,950	—	—	937,950	Common stock
Additional paid-in capital	2,841,567	—	(456,175)	2,385,392	Additional paid-in capital
Retained earnings	6,092,304	—	(102,523)	5,989,781	Retained earnings
Accumulated other comprehensive income (loss)	73,402	—	192,306	265,708	Other components of equity
Treasury stock	(568,678)	—	—	(568,678)	Treasury stock
Total NTT shareholders' equity	9,376,545	—	(366,392)	9,010,153	Total NTT shareholders' equity
Non-controlling interests	2,617,289	—	(36,433)	2,580,856	Non-controlling interests
Total equity	11,993,834	—	(402,825)	11,591,009	Total equity
Total liabilities and equity	21,528,070	132,073	(216,548)	21,443,595	Total liabilities and equity

Reconciliation of Equity as of March 31, 2018
Consolidated Statement of Financial Position

(Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Assets					(Assets)
Current assets					Current assets
Cash and cash equivalents	780,300	129,032	(14,329)	895,003	Cash and cash equivalents
Short-term investments	31,641	93,525	(1,822)	123,344	Other financial assets
Notes and accounts receivable, trade	2,976,467	1,055,447	(9,687)	4,022,227	Trade and other receivables
Allowance for doubtful accounts	(52,332)	52,332	—	—	
Accounts receivable, other	662,190	(662,190)	—	—	
Inventories	393,582	(6,550)	(32,851)	354,181	Inventories
Prepaid expenses and other current assets	575,704	(106,416)	5,117	474,405	Other current assets
Total current assets	5,367,552	555,180	(53,572)	5,869,160	Total current assets
Property, plant and equipment					Non-current assets
Telecommunications equipment	10,917,851	—	—	—	
Telecommunications service lines	14,217,566	—	—	—	
Buildings and structures	6,280,584	—	—	—	
Machinery, vessels and tools	2,127,201	—	—	—	
Land	1,307,985	—	—	—	
Construction in progress	438,604	—	—	—	
Accumulated depreciation	(25,468,698)	—	—	—	
Net property, plant and equipment	9,821,093	(1,009,723)	804	8,812,174	Property, plant and equipment
	—	1,040,512	(38,211)	1,002,301	Investment property
Investments and other assets					
Investments in affiliated companies	502,936	—	36,406	539,342	Investments accounted for using equity method
Marketable securities and other investments	525,170	546,481	(2,852)	1,068,799	Other financial assets
Goodwill	1,329,275	—	(487,992)	841,283	Goodwill
Software	1,223,985	(1,223,985)	—	—	
Other intangible assets	394,489	1,201,689	(6,730)	1,589,448	Intangible assets
Other assets	1,590,636	(957,959)	12,314	644,991	Other non-current assets
Deferred income taxes	920,634	—	253,312	1,173,946	Deferred tax assets
Total investments and other assets	6,487,125	—	—	—	
	16,308,218	(402,985)	(232,949)	15,672,284	Total non-current assets
Total assets	21,675,770	152,195	(286,521)	21,541,444	Total assets

(Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Liabilities and Equity				(Liabilities and Equity)	
Current liabilities				Current liabilities	
Short-term borrowings	270,743	765,246	(18,245)	1,017,744	Short-term debt
Current portion of long-term debt	624,385	(624,385)	—	—	
Accounts payable, trade	1,613,516	191,794	6,413	1,811,723	Trade and other payables
Current portion of obligations under capital leases	12,567	11,993	26,151	50,711	Other financial liabilities
Accrued payroll	460,357	—	(5,350)	455,007	Accrued payroll
Accrued taxes on income	245,326	—	(4,656)	240,670	Accrued taxes on income
Accrued consumption tax	88,420	(88,420)	—	—	
Advances received	374,444	(374,444)	—	—	
Other	549,263	237,300	260,019	1,046,582	Other current liabilities
Total current liabilities	4,239,021	119,084	264,332	4,622,437	Total current liabilities
Long-term liabilities				Non-current liabilities	
Long-term debt (excluding current portion)	2,947,945	—	5,910	2,953,855	Long-term debt
Obligations under capital leases (excluding current portion)	22,587	135,889	31,880	190,356	Other financial liabilities
Liability for employees' retirement benefits	1,619,907	—	240,617	1,860,524	Defined benefit liabilities
Accrued liabilities for point programs	105,037	(105,037)	—	—	
Deferred income taxes	128,833	—	(54,738)	74,095	Deferred tax liabilities
Other	529,959	2,259	(257,695)	274,523	Other non-current liabilities
Total long-term liabilities	5,354,268	33,111	(34,026)	5,353,353	Total non-current liabilities
Total liabilities	9,593,289	152,195	230,306	9,975,790	Total liabilities
Redeemable non-controlling interests	49,930	—	(49,930)	—	
Equity				Equity	
NTT Shareholders' equity				NTT Shareholders' equity	
Common stock	937,950	—	—	937,950	Common stock
Additional paid-in capital	2,853,613	—	(457,058)	2,396,555	Additional paid-in capital
Retained earnings	6,260,631	—	(122,280)	6,138,351	Retained earnings
Accumulated other comprehensive income (loss)	44,529	—	156,109	200,638	Other components of equity
Treasury stock	(610,742)	—	—	(610,742)	Treasury stock
Total NTT shareholders' equity	9,485,981	—	(423,229)	9,062,752	Total NTT shareholders' equity
Non-controlling interests	2,546,570	—	(43,668)	2,502,902	Non-controlling interests
Total equity	12,032,551	—	(466,897)	11,565,654	Total equity
Total liabilities and equity	21,675,770	152,195	(286,521)	21,541,444	Total liabilities and equity

Reconciliation of Comprehensive Income for the Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 2017)
Consolidated Statement of Profit or Loss (Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Operating revenues					Operating revenues
Fixed voice related services	858,886	—	—	—	
Mobile voice related services	706,412	—	—	—	
IP/packet communications services	2,860,996	—	—	—	
Revenues from the sale of telecommunications equipment	641,991	—	—	—	
System integration	2,479,868	—	—	—	
Other	1,173,883	—	—	—	
Total operating revenues	8,722,036	(10,016)	34,893	8,746,913	
Operating expenses					Operating expenses
Cost of services	1,700,865	(1,700,865)	—	—	
Cost of equipment sold	675,388	(675,388)	—	—	
Cost of system integration	1,774,817	(1,774,817)	—	—	
Depreciation and amortization	995,564	(995,564)	—	—	
Impairment losses					Impairment losses
Goodwill	18,864	—	6,444	25,308	Goodwill
Metal cables	124,800	—	—	124,800	Metal cables
Other	744	—	(1)	743	Other
Selling, general and administrative expenses	2,111,441	(2,111,441)	—	—	
	—	1,800,521	192	1,800,713	Personnel expenses
	—	4,160,512	43,759	4,204,271	Expenses for purchase of goods and services and other expenses
	—	995,564	8,104	1,003,668	Depreciation and amortization
	—	97,776	(332)	97,444	Expenses on disposal of fixed assets
	—	178,572	(98,217)	80,355	Taxes and dues
Total operating expenses	7,402,483	(25,130)	(40,051)	7,337,302	Total operating expenses
Operating income	1,319,553	15,114	74,944	1,409,611	Operating profit
Non-operating income (expenses)					
Interest and amortization of bond discounts and issue costs	25,276	57,004	1,067	83,347	Finance costs
Interest income	14,093	27,184	1,876	43,153	Finance income
Income from arbitration award	147,646	—	—	147,646	
Other, net	(14,706)	14,706	—	—	
	—	12,050	(342)	11,708	Share of profit (loss) of entities accounted for using equity method
Total non-operating income (expenses)	121,757	—	—	—	
Income before income taxes and equity in earnings (losses) of affiliated companies	1,441,310	12,050	75,411	1,528,771	Profit (loss) before taxes
Income tax expense (benefit)	457,585	—	26,417	484,002	Income taxes
Current	421,822	—	—	—	
Deferred	35,763	—	—	—	
Income before equity in earnings (losses) of affiliated companies	983,725	—	—	—	
Equity in earnings (losses) of affiliated companies	12,050	(12,050)	—	—	
Net income	995,775	—	48,994	1,044,769	Profit
					Profit attributable to
NTT	736,590	—	44,760	781,350	NTT
Non-controlling interests	259,185	—	4,234	263,419	Non-controlling interests

Consolidated Statement of Comprehensive Income

(Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Net income	995,775	—	48,994	1,044,769	Profit
Other comprehensive income (loss), net of tax					Other comprehensive income (net of taxes)
					Items that will not be reclassified to profit or loss
	—	—	(832)	(832)	Share of other comprehensive income of entities accounted for using equity method
Pension liability adjustments	5,670	—	(6,023)	(353)	Remeasurements of defined benefit plans
	—	—	—	(1,185)	Total of items that will not be reclassified to profit or loss
					Items that may be reclassified to profit or loss
Unrealized gain (loss) on securities	42,466	—	(9,752)	32,714	Unrealized gain (loss) on securities
Unrealized gain (loss) on derivative instruments	737	—	804	1,541	Cash flow hedge
Foreign currency translation adjustments	61,778	—	(10,052)	51,726	Foreign currency translation adjustments
	—	—	37,477	37,477	Share of other comprehensive income of entities accounted for using equity method
	—	—	—	123,458	Total of items that may be reclassified to profit or loss
Total other comprehensive income (loss)	110,651	—	11,622	122,273	Total other comprehensive income (net of taxes)
Total comprehensive income (loss)	1,106,426	—	60,616	1,167,042	Total comprehensive income
					Comprehensive income attributable to
NTT	811,781	—	55,021	866,802	NTT
Non-controlling interests	294,645	—	5,595	300,240	Non-controlling interests

Reconciliation of Comprehensive Income for the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Consolidated Statement of Profit or Loss

(Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Operating revenues					Operating revenues
Fixed voice related services	1,146,901	—	—	—	
Mobile voice related services	942,183	—	—	—	
IP/packet communications services	3,801,771	—	—	—	
Revenues from the sale of telecommunications equipment	843,548	—	—	—	
System integration	3,443,147	—	—	—	
Other	1,622,037	—	—	—	
Total operating revenues	11,799,587	(7,813)	(9,626)	11,782,148	
Operating expenses					Operating expenses
Cost of services	2,348,541	(2,348,541)	—	—	
Cost of equipment sold	915,540	(915,540)	—	—	
Cost of system integration	2,471,347	(2,471,347)	—	—	
Depreciation and amortization	1,339,423	(1,339,423)	—	—	
Impairment losses					Impairment losses
Goodwill	18,864	—	15,255	34,119	Goodwill
Metal cables	124,800	—	—	124,800	Metal cables
Other	18,505	—	445	18,950	Other
Selling, general and administrative expenses	2,919,724	(2,919,724)	—	—	
	—	2,408,321	(14,963)	2,393,358	Personnel expenses
	—	5,828,968	4,898	5,833,866	Expenses for purchase of goods and services and other expenses
	—	1,339,423	7,508	1,346,931	Depreciation and amortization
	—	153,656	505	154,161	Expenses on disposal of fixed assets
	—	237,269	(2,392)	234,877	Taxes and dues
Total operating expenses	10,156,744	(26,938)	11,256	10,141,062	Total operating expenses
Operating income	1,642,843	19,125	(20,882)	1,641,086	Operating profit
Non-operating income (expenses)					
Interest and amortization of bond discounts and issue costs	32,188	63,283	1,712	97,183	Finance costs
Interest income	19,094	22,387	2,483	43,964	Finance income
Income from arbitration award	147,646	—	—	147,646	Income from arbitration award
Other, net	(21,771)	21,771	—	—	
	—	5,551	(585)	4,966	Share of profit (loss) of entities accounted for using equity method
Total non-operating income (expenses)	112,781	—	—	—	

(Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Income before income taxes and equity in earnings (losses) of affiliated companies	1,755,624	5,551	(20,696)	1,740,479	Profit (loss) before taxes
Income tax expense (benefit)	541,864	—	(8,084)	533,780	Income taxes
Current	532,525	—	—	—	
Deferred	9,339	—	—	—	
Income before equity in earnings (losses) of affiliated companies	1,213,760	—	—	—	
Equity in earnings (losses) of affiliated companies	5,551	(5,551)	—	—	
Net income	1,219,311	—	(12,612)	1,206,699	Profit
					Profit attributable to
NTT	909,695	—	(11,808)	897,887	NTT
Non-controlling interests	309,616	—	(804)	308,812	Non-controlling interests

Consolidated Statement of Comprehensive Income

(Millions of yen)

U.S. GAAP Accounting Item	U.S. GAAP	Reclassification	Recognition & Measurement Difference	IFRS	IFRS Accounting Item
Net income	1,219,311	—	(12,612)	1,206,699	Profit
Other comprehensive income (loss), net of tax					Other comprehensive income (net of taxes)
					Items that will not be reclassified to profit or loss
	—	—	(432)	(432)	Share of other comprehensive income of entities accounted for using equity method
Pension liability adjustments	23,712	—	8,998	32,710	Remeasurements of defined benefit plans
	—	—	—	32,278	Total of items that will not be reclassified to profit or loss
					Items that may be reclassified to profit or loss
Unrealized gain (loss) on securities	25,720	—	(10,118)	15,602	Unrealized gain (loss) on securities
Unrealized gain (loss) on derivative instruments	1,982	—	275	2,257	Cash flow hedge
Foreign currency translation adjustment	9,419	—	(32,517)	(23,098)	Foreign currency translation adjustment
	—	—	41,258	41,258	Share of other comprehensive income of entities accounted for using equity method
	—	—	—	36,019	Total of items that may be reclassified to profit or loss
Total other comprehensive income (loss)	60,833	—	7,464	68,297	Total other comprehensive income (net of taxes)
Total comprehensive income (loss)	1,280,144	—	(5,148)	1,274,996	Total comprehensive income
					Comprehensive income attributable to
NTT	956,013	—	(5,711)	950,302	NTT
Non-controlling interests	324,131	—	563	324,694	Non-controlling interests

(i) Impairment on Non-Financial Assets

As the method of implementing the goodwill impairment test differs between U.S. GAAP and IFRS, a difference emerges in the amount recognized as an impairment loss. The main difference is the implementation unit of the impairment test.

Under U.S. GAAP, goodwill impairment tests are required to be carried out for each reporting unit (business segment or the constituent unit one level lower), whereas under IFRS, impairment tests are required be carried out for an each cash-generating unit or a group of cash-generating unit. When transitioning to IFRS, NTT Group divided certain reporting units into several cash generating units.

For goodwill, an impairment test was implemented as of the date of transition to IFRS, regardless of whether there was any indication of impairment or not.

The impact of this change were as follows.

	Millions of yen		
	As of Date of Transition to IFRS April 1, 2017	As of December 31, 2017	As of March 31, 2018
(Consolidated Statement of Financial Position)			
Goodwill	(74,972)	(80,955)	(88,019)
Other components of equity	1,454	1,206	(683)
Non-controlling interests	18,815	18,602	21,612
Adjustment to retained earnings	(54,703)	(61,147)	(67,090)

	Millions of yen	
	Nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)	Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Profit or Loss)		
Impairment losses - Goodwill	(6,444)	(15,360)
Increase(decrease) in adjustment to pretax income	(6,444)	(15,360)

(ii) Capitalization of Development Expenses

Certain development expenses that form part of R&D-related expenditure, which were recorded as expenses under U.S. GAAP, are recognized as assets in the consolidated statement of financial position and amortized using the straight line method over the estimated useful life as the capitalization requirements under IFRS are fulfilled.

The impact of this change were as follows.

	Millions of yen		
	As of the Date of Transition to IFRS April 1, 2017	As of December 31, 2017	As of March 31, 2018
(Consolidated Statement of Financial Position)			
Property, plant and equipment	15,998	17,198	19,448
Intangible assets	1,985	2,805	3,069
Deferred tax liabilities	(5,605)	(6,221)	(7,011)
Other components of equity	39	2	11
Non-controlling interests	(697)	(975)	(1,007)
Adjustment to retained earnings	11,720	12,809	14,510

	Millions of yen	
	Nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)	Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Profit or Loss)		
Expenses for purchase of goods and services and other expenses	6,114	10,237
Depreciation and amortization	(4,029)	(5,529)
Expenses on disposal of fixed assets	(154)	(241)
Increase(decrease) in adjustment to pretax income	1,931	4,467

(iii) Deemed Cost

In the application of IFRS, NTT Group applies the exemption provisions stipulated in IFRS 1, and for certain property, plant and equipment and investment property, uses the fair value as of the date of transition to IFRS as the deemed cost.

At the date of transition to IFRS, the previous carrying amount of property, plant and equipment and investment property is ¥525,178 million, and the fair value is ¥413,281 million.

As a result of the above, at the date of transition to IFRS “Property, plant and equipment” and “Investment property” decrease by ¥66,353 million and ¥45,544 million, respectively, and the net difference of, after deducting 34,789 million as an adjustment for deferred taxes, was included in “Retained earnings” in the amount of ¥55,450 million and “Non-controlling interests” in the amount of ¥21,658 million.

(iv) Revenues

With respect to the costs pertaining to the communications services provided in the Regional Communications Business, Long Distance and International Communications Business, and Mobile Communications Business, sales commissions and other charges were previously capitalized and amortized over the estimated average period of the subscription term, up to the amount of the non-recurring upfront fees such as income from installation fees and activation fees under U.S. GAAP, but under IFRS, the full amount of these respective costs regardless of the amount of non-recurring upfront fees will be capitalized. For this reason, part of the sales commissions and other charges that were previously treated as expenses will be recognized as additional assets. In addition, under U.S. GAAP, an allowance was recognized for points earned by customers in line with service usage, but under IFRS, part of the transaction consideration is recognized as contract liabilities and revenue is recognized when the points are used.

In the Mobile Communications Business, non-recurring upfront fees - the sum of income such as activation fees are deferred, and under U.S. GAAP, were recognized as revenues by type of service over the average expected period of subscription, under IFRS, these will be recognized over the period of provision of the "Monthly Support" discount program.

For cases in which it is difficult to make a reasonable estimate on the progress of the construction work, under U.S. GAAP, revenues were recognized upon completion of the contracted services, but under IFRS, revenues are recognized within the range of the costs that arise.

The impact of these changes were as follows.

	Millions of yen		
	As of the Date of Transition to IFRS April 1, 2017	As of December 31, 2017	As of March 31, 2018
(Consolidated Statement of Financial Position)			
Trade and other receivables	7	2,366	234
Inventories	(24,820)	(54,433)	(27,363)
Other current assets	6,844	29,574	4,784
Property, plant and equipment	—	(396)	(102)
Deferred tax assets	(55,776)	(45,301)	(46,542)
Other non-current assets	105,517	73,239	61,940
Trade and other payables	—	—	(908)
Other current liabilities	(123,295)	(131,600)	(128,301)
Other non-current liabilities	212,543	224,423	236,783
Non-controlling interests	(47,908)	(44,041)	(46,491)
Adjustment to retained earnings	73,112	53,831	54,034

	Millions of yen	
	Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Profit or Loss)		
Operating revenues	7,072	(32,357)
Personnel expenses	(13,212)	(5,473)
Expenses for purchase of goods and services and other expenses	(21,121)	10,202
Depreciation and amortization	(2,662)	(1,841)
Expenses on disposal of fixed assets	(202)	(260)
Taxes and dues	(11)	(1)
Increase(decrease) in adjustment to pretax income	(30,136)	(29,730)

(v) Employee Benefits

Under U.S. GAAP, service cost, interest cost and expected return on plan assets associated with post-retirement benefits under the defined benefit plans were recognized as profit or loss. Of the actuarial gains (losses) and prior service cost arising from the defined benefit plans, those that were not recognized as components of current net periodic pension cost recognized as “Other components of equity”, which would be recognized later through profit or loss over a certain future period.

Under IFRS, on the other hand, current service cost and past service cost under the defined benefit plans are recognized as profit or loss, while net interest cost is recognized at an amount calculated by multiplying the net defined benefit liabilities (assets) by discount rates in as profit or loss. Remeasurement of the net defined benefit liabilities (assets) (such as actuarial gains or losses) is recognized as other comprehensive income, which, upon its occurrence, is transferred directly from other components of equity to retained earnings, without going through profit or loss.

The Special Accounting Fund for the NTT CDBP is a social welfare pension plan and is considered a multi-employer plan, and therefore contributions are recognized as expenses under U.S. GAAP. Under IFRS, on the other hand, although the scheme is a social welfare pension scheme, it is considered a defined benefit plan, therefore the defined benefit obligations are recognized at the present value in the consolidated statement of financial position as defined benefit liabilities.

The impact of these changes were as follows.

	Millions of yen		
	As of the Date of Transition to IFRS April 1, 2017	As of December 31, 2017	As of March 31, 2018
(Consolidated Statement of Financial Position)			
Deferred tax assets	78,628	76,059	67,643
Other non-current assets	153	(2,505)	(453)
Defined benefit liabilities	(277,371)	(266,335)	(241,746)
Other components of equity	(197,121)	(193,339)	(175,688)
Non-controlling interests	(2,698)	(3,053)	(4,169)
Adjustment to retained earnings	(398,409)	(389,173)	(354,413)

	Millions of yen	
	Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Profit or Loss)		
Personnel expenses	15,769	20,746
Expenses for purchase of goods and services and other expenses	556	741
Increase(decrease) in adjustment to pretax income	16,325	21,487

(vi) Levies

Under U.S. GAAP, expenditure of levies such as real estate tax was expensed over the relevant accounting period. Under IFRS, however, the amounts of the expenditure is recognized as an expense in full at the time when payment obligation arises.

The impact of this changes were as follows.

	Millions of yen		
	As of the Date of Transition to IFRS April 1, 2017	As of December 31, 2017	As of March 31, 2018
(Consolidated Statement of Financial Position)			
Other current assets	—	(16,213)	—
Inventories	160	24	136
Deferred tax assets	41,563	10,473	40,505
Other current liabilities	(132,099)	(16,964)	(129,663)
Trade and other payables	(398)	0	(398)
Non-controlling interests	10,874	2,903	10,830
Adjustment to retained earnings	(79,900)	(19,777)	(78,590)

	Millions of yen	
	Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Profit or Loss)		
Taxes and dues	98,388	2,413
Increase(decrease) in adjustment to pretax income	98,388	2,413

(vii) Business Combinations

Under U.S. GAAP, with respect to the acquisition of non-controlling interests in a subsidiary that occurred prior to March 31, 2009, the acquisition cost was allocated to identifiable assets acquired and liabilities assumed, which were measured based on estimated fair value, with the excess of the acquisition cost over the net assets acquired recognized as goodwill. With regard to individual investments acquired in stages, the accounting method described above is applied, and the cumulative amount of their acquisition cost is then reflected. Under IFRS, changes in a parent's ownership interest in a subsidiary that do not result in a loss of the parent's control over the subsidiary are accounted for as capital transactions and with regard to individual investments acquired in stages, these are remeasured at fair value on the acquisition date entailing acquisition of control.

In addition, under U.S. GAAP, the non-controlling interest in the acquired company at the time of business combination is measured at fair value. Under IFRS, on the other hand, the non-controlling interest in the acquired company at the time of business combination can be measured, for each business combination transaction, at fair value or by proportional share in the acquired company's identifiable net assets.

The impact of these changes were as follows.

	Millions of yen		
	As of the Date of Transition to IFRS April 1, 2017	As of December 31, 2017	As of March 31, 2018
(Consolidated Statement of Financial Position)			
Property, plant and equipment	35,958	35,497	35,343
Investments accounted for using equity method	34,133	29,523	30,448
Goodwill	(384,201)	(385,104)	(384,584)
Intangible assets	(5,182)	(3,403)	(3,151)
Deferred tax assets	2,497	4,167	4,210
Deferred tax liabilities	1,734	1,177	1,099
Additional paid-in capital	260,796	261,996	266,166
Other components of equity	25,466	26,656	26,050
Non-controlling interests	70,932	72,463	68,029
Adjustment to retained earnings	42,133	42,972	43,610

	Millions of yen	
	Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Profit or Loss)		
Expenses for purchase of goods and services and other expenses	9	12
Depreciation and amortization	1,309	1,404
Share of profit (loss) of entities accounted for using equity method	(1,317)	(2,697)
Increase(decrease) in adjustment to pretax income	1	(1,281)

(viii) Income Taxes

With respect to taxable temporary differences pertaining to investments in domestic subsidiaries, under U.S. GAAP, unless the tax law provides a means by which the reported amount of that investment can be recovered tax-free and it can be expected that the company will ultimately use that means, deferred tax liabilities are recognized. Under IFRS, on the other hand, in cases where it is probable that the temporary difference will not reverse in a foreseeable future, deferred tax liabilities for taxable temporary differences pertaining to investments in subsidiaries are not recognized.

In addition, under U.S. GAAP, deferred tax liabilities recognized for taxable temporary differences pertaining to investments in affiliates are measured based on the future reversal of the taxable temporary differences resulting from the sale of investments. Under IFRS, on the other hand, the deferred tax liabilities recognized for future taxable temporary differences pertaining to investments in affiliates are measured based on the most probable manner of future reversal, such as the distribution of dividends.

The impact of these changes were as follows. This impact on consolidated statements of income is immaterial and omitted.

	Millions of yen		
	As of the Date of Transition to IFRS April 1, 2017	As of December 31, 2017	As of March 31, 2018
(Consolidated Statement of Financial Position)			
Deferred tax liabilities	209,210	212,951	195,476
Additional paid-in capital	130,046	133,417	152,648
Other components of equity	(6,995)	(9,535)	(9,480)
Non-controlling interests	(9,539)	(11,052)	(11,409)
Adjustment to retained earnings	322,722	325,781	327,235

(ix) Put Options Granted to Non-Controlling Interests

Under U.S. GAAP, with respect to written put options on subsidiary shares granted to the holders of certain non-controlling interests, as redemption of the non-controlling interests was not solely in the control of NTT Group, the estimated redemption amount was considered as “Redeemable non-controlling interests” and was presented in between liabilities and equity in the consolidated balance sheets. Changes in the estimated redemption amount were recognized as changes in retained earnings.

Under IFRS, on the other hand, as a general rule, the present value of the redemption amount of these options is recognized at first as other financial liabilities, and an equivalent amount is deducted from additional paid-in capital. After this initial recognition, they are measured at amortized cost based on the effective interest rate method, and their subsequent change is recognized as additional paid-in capital.

The impact of this change were as follows.

	Millions of yen		
	As of the Date of Transition to IFRS April 1, 2017	As of December 31, 2017	As of March 31, 2018
(Consolidated Statement of Financial Position)			
Redeemable non-controlling interests	50,819	51,996	49,930
Other financial liabilities (current)	(21,906)	(24,319)	(26,343)
Other financial liabilities (non-current)	(57,724)	(55,827)	(28,775)
Non-controlling interests	(32,222)	(31,662)	(27,044)
Retained earnings	—	—	(4,778)
Adjustment to additional paid-in capital	(61,033)	(59,812)	(37,010)

The main adjustments to equity and comprehensive income other than (i) to (ix) above are as follows.

Under U.S. GAAP, where the fiscal year-end date of a subsidiary or affiliated company differs from that of the parent company, material events or transactions occurring within the different periods are disclosed in the notes or are adjusted directly in the consolidated financial statements.

Under IFRS, where the fiscal year-end date of a subsidiary or affiliated company and joint venture differs from that of the parent company, the fiscal year-end date is unified or additional financial statements are prepared on the parent company's fiscal year-end date, except where doing that be impractical. If unifying the fiscal year-end date or preparing additional financial statements is impractical, an adjustment is made for the material events or transactions occurring within the different periods.

The impact of this change were as follows.

	Millions of yen		
	As of the Date of Transition to IFRS April 1, 2017	As of December 31, 2017	As of March 31, 2018
(Consolidated Statement of Financial Position)			
Retained earnings	(687)	(4,131)	(1,816)
Other components of equity	(9,118)	6,738	(12,183)
Non-controlling interests	(2,464)	307	(1,185)

(i) Presentation of Deferred Tax Assets and Deferred Tax Liabilities

Under U.S. GAAP, deferred tax assets and deferred tax liabilities at the date of transition to IFRS (April 1, 2017) are shown as current assets and current liabilities, or as non-current assets and non-current liabilities. Under IFRS, all deferred tax assets and deferred tax liabilities are shown as non-current assets and non-current liabilities. At the end of the nine months ended December 31, 2017 and the end of the fiscal year ended March 31, 2018, there was no difference in this standard between U.S. GAAP and IFRS.

(ii) Classification of Financial Assets and Financial Liabilities

Under IFRS, other financial assets and other financial liabilities are presented separately, based on the rules of presentation.

(iii) Offsetting of Financial Assets and Financial Liabilities

Under U.S. GAAP, financial assets are presented offset against financial liabilities, under the certain requirements are met, even if the right of offset is conditional. Under IFRS, however, financial assets are not presented offset against financial liabilities, except in the situations in which an unconditional and legally enforceable right to offset exists at the end of the reporting period, and intention exists either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(iv) Presentation of Operating Expenses

Under U.S. GAAP, "Operating expenses" are presented using the function of expense method, whereby expenses are classified as cost of sales, selling expenses, or other categories of expenses based on their function. Under IFRS expenses are presented using the nature of expense method, whereby expenses are classified as personnel expenses, expenses for purchase of goods and services and other expenses, depreciation and amortization, or other categories of expenses based on their nature.

[Note]

This document is a translation of the Japanese original. The Japanese original is authoritative.

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



Financial Results for the Nine Months Ended December 31, 2018

February 7, 2019

This document is a translation of the Japanese original. The Japanese original is authoritative.

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

- * "E" in this material represents that the figure is a plan or projection for operation.
- ** "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.
- *** "3Q" in this material represents the nine-month period beginning on April 1 and ending on December 31.

Table of Contents

- **Overview of Consolidated Results**
 - **Status of Consolidated Results for FY2018.3Q**
 - **Contributing Factors by Segment for FY2018.3Q**
- **Topics**
- **Appendix**



Overview of Consolidated Results

Status of Consolidated Results for FY2018.3Q

- Both Operating Revenues and Operating Income increased to highest-ever 3Q levels
- Steady progress toward annual plan being achieved

Status of Consolidated Results

● Operating Revenues:	¥8,795.2B	(+¥48.3B [+0.6%] year-on-year)
● Operating Income:	¥1,527.1B	(+¥117.5B [+8.3%] year-on-year)
● Profit※ ¹ :	¥792.1B	(+¥10.8B [+1.4%] year-on-year)
● Overseas Sales※ ² :	\$14.0B	(+\$0.4B [+2.7%] year-on-year)
● Overseas Operating Income Margin ※ ² :	3.1%	(Reference: FY2017 Results: 3.1%)

※¹ Profit presented above represents the profit attributable to NTT, excluding non-controlling interests.

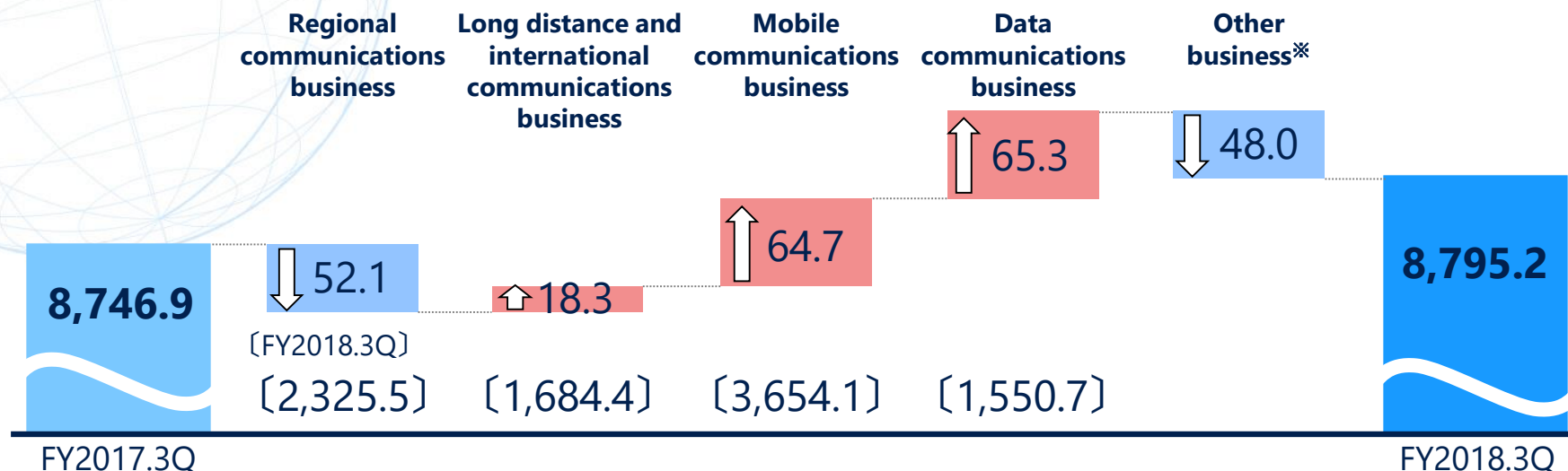
※² Including results from the global holding company, its subsidiaries and its affiliates. Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

Contributing Factors by Segment for FY2018.3Q

(Billions of yen)

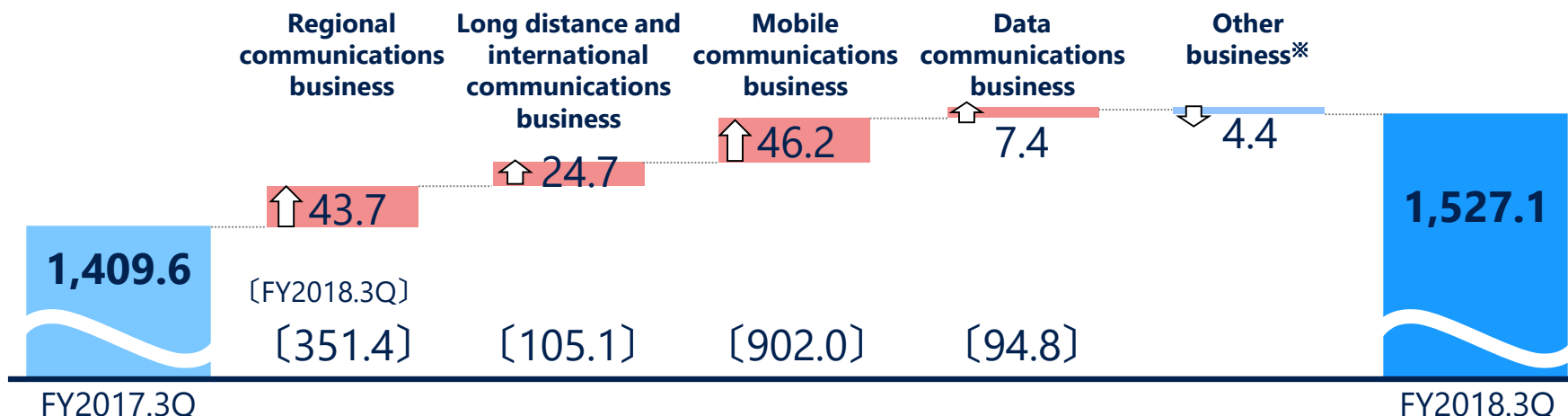
Operating Revenues

(Year-on-year: +48.3)



Operating Income

(Year-on-year: +117.5)



※Includes adjustments such as elimination of inter-segment transactions.



Topics

Promote B2B2X Model

Establish B2B2X Strategy Committee

- In order to further promote the B2B2X model, NTT established a B2B2X Strategy Committee within the company (January 28, 2019)
 - Shift from preliminary business creation led by the holding company to full-scale business development led by operating companies
 - Implement Group strategy formulation, goal management and business promotion

【Reference】 Examples of Recent B2B2X Model Initiatives

- ① Support the offering of new financing services by financial institutions
 - Credit scoring based on mobile data
 - Anticipated start of services to Shinsei Bank (starting Spring 2019)
- ② Offering DX Solutions to Contact Centers
 - Combine highly accurate interactive AI and RPA to automate entire processes for routine tasks
 - Joint field testing with restaurant reservation site (started December 2018)
- ③ Capital and Business Alliance Agreement with Netyear Group to strengthen digital marketing support

Provide Personal Services

Strengthen the Video Content Business

- **Subsidiary Acquisition of NTT Plala by NTT DOCOMO**
 - Develop a personalized new content business by joining NTT DOCOMO's membership base with NTT Plala's video content creation technology and know-how

【Example】 Launch of new live performance experience service “Shintaikan Live” by NTT DOCOMO (January 18, 2019)

Multi-Angle Live Events

Selectable views from preferred angles



AR Figurines

Programs featuring miniature CG artists



TIG ※

Touch-based interactive video technology

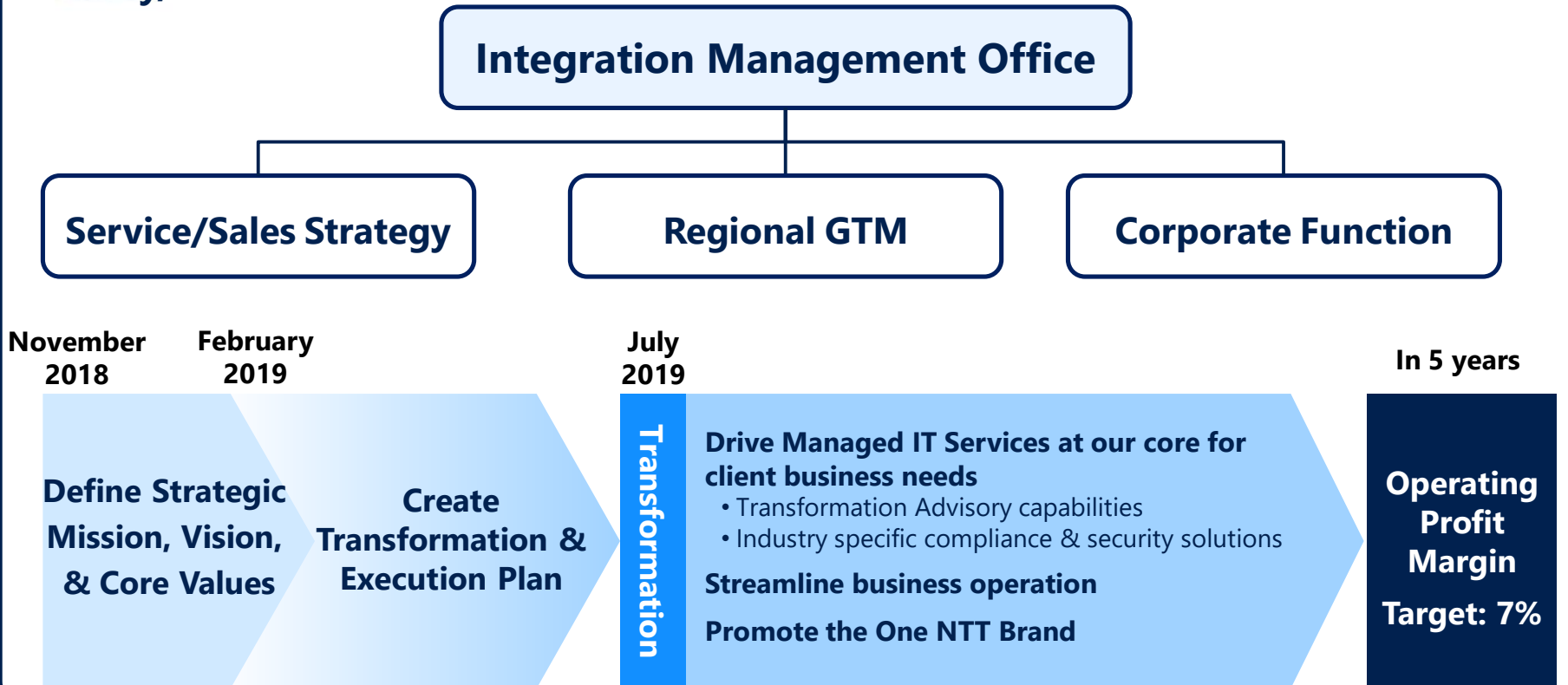


- **Capital Alliance between NTT Plala and EAST GROUP HOLDINGS**
 - Enhance original content by collaborating with a program production company

Enhance Competitiveness in Global Business①

Progress toward Establishing the Global OpCo

- Integration Management Office (IMO) delivered by 60 key leaders has been launched in November, 2018.
- IMO teams are creating the transformation plan, which will be executed in July, 2019.



Enhance Competitiveness in Global Business②

NTT, Inc. Leadership Structure

President and CEO	Jun Sawada	(President and CEO, NTT)
Senior Executive Vice President	Akira Shimada	(Senior Executive Vice President, NTT)
Member of the Board	Tsunehisa Okuno	(Executive Vice President, Head of Global Business, NTT)
Member of the Board	Brandon Lee	(Vice President, Global Business Office of NTT)
Member of the Board	Tetsuya Shoji	(President and CEO, NTT Communications)
Member of the Board	Yo Honma	(President and CEO, NTT DATA)
Member of the Board	Jason Goodall	(Dimension Data CEO)
Member of the Board	Bill Padfield	(Dimension Data COO)
Member of the Board	Tadao Yanase	(Former Vice-Minister for International Affairs, METI)
Full-time Audit & Supervisory Board Member	Takashi Enomoto	(Former Senior Executive Vice President, NTT DATA)
Audit & Supervisory Board Member	Takao Maezawa	(Audit & Supervisory Board Member, NTT)
Audit & Supervisory Board Member	Akiko Ide	(Audit & Supervisory Board Member, NTT)

Enhance Competitiveness in Global Business③

One NTT Branding

Partnership with INDYCAR, North America's Premier Car Race

- In January 2019, NTT became the IndyCar Series Title Sponsor
- NTT collaborates with INDYCAR to deliver digital innovation that enhance the fan experience and smart racing

Official logo



About IndyCar Series



"Indy 500" at Indianapolis Motor Speedway
(Image picture)

**Annual 17 races in 15 venues
across North America**

69 million fans
-Equivalent to 1/5th of US Population

All races on NBC network
-Average over 1 million viewers

World famous "Indy500"
-400,000 fans on-site
-Broadcast to 200 countries

Enhance Competitiveness in Global Business④

Exhibit at Mobile World Congress 2019

- Joint exhibition by NTT, NTT DOCOMO and other NTT Group companies
- Cases of digital transformation for achieving a Smart World, the latest cases of business collaborations created through 5G, and others



NTT Group MWC 19 Barcelona Special Website <http://www.ntt.co.jp/activity/mwc/en/>

MWC2019 Overview



25-28 February 2019

Dates	February 25, 2019 (Monday) to February 28, 2019 (Thursday)
Venue	Fira Gran Via, Fira Montjuïc (Barcelona, Spain)
Organizer	GSMA
Exhibitions	Over 2,400 companies
Attendees	Over 100,000 people

※ The booth design is only an image, and is subject to change.

Leverage Talent, Technologies, and Assets **NTT**

Develop Smart Energy Solutions Utilizing AI, Telecommunications Buildings and DC Technology

- Provide new energy solutions that meet the needs of local communities

Smart Energy Solutions

When Disasters Occur

- Maintain power at disaster response headquarters
- Optimize power provision based on the situation
- Provide people with timely power-related information

During Normal Times

- Promote the use of renewable energy
- Energy cost savings
- Foster local production for local consumption

Energy control through AI
and other ICT

Install lithium storage
batteries in
telecommunications buildings

Installation of DC technology

Use of power distribution
lines

Use of EVs

- Entered into a “Verification Collaboration Agreement” with the City of Chiba (February 5, 2019)

Dividends

- **Increase in the year-end dividend of ¥10 over the forecast at the beginning of FY2018 to ¥95**
- **Total full-year dividends of ¥180 per share for FY2018 (an increase of ¥30 over FY2017)**

Completion of Share Buybacks

- **Share Buybacks: Completed buybacks of ¥150.0 billion (32,868,000 shares) (on January 11, 2019)**
- **Aggregate number of repurchased shares in FY2018: ¥258.0 billion (53,646,000 shares)**



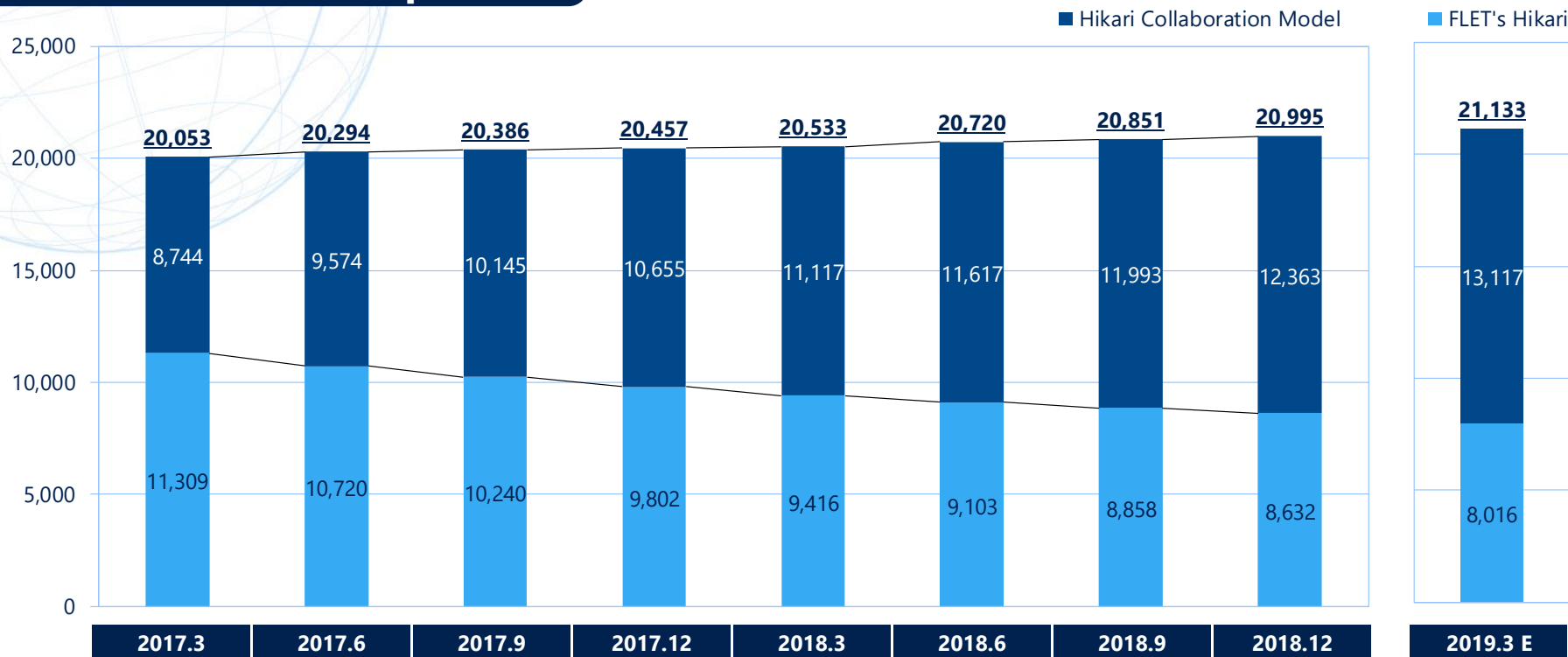
Appendix



Broadband Services

Fixed-Line Broadband Services Subscriptions

Number of Subscriptions



Net Increase

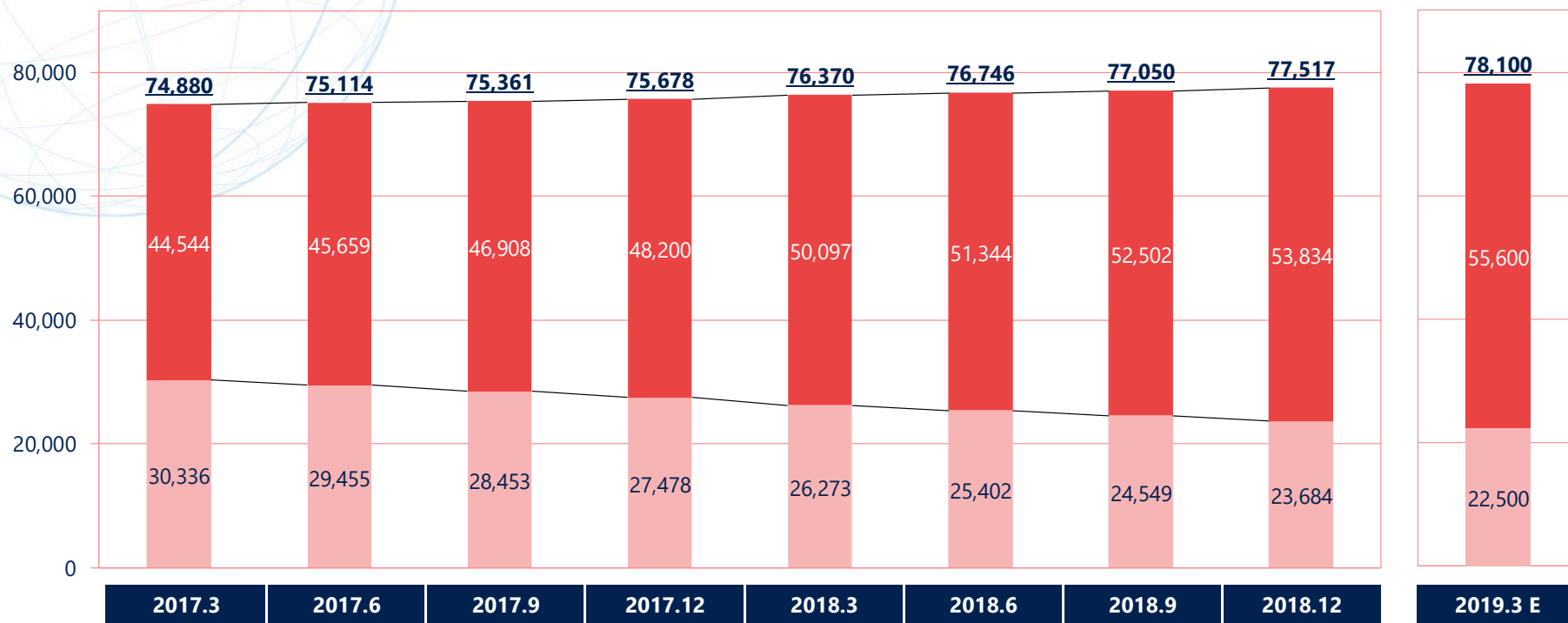
	2017 4-6	2017 7-9	2017 10-12	2018 1-3	2018 4-6	2018 7-9	2018 10-12	2018 4 - 2019 3 E
Total	+241	+92	+72	+75	+187	+131	+144	+600
	+480				+463			
Hikari Collaboration	+830	+571	+510	+462	+500	+376	+370	+2,000
	+2,373				+1,246			
FLET'S Hikari	(589)	(480)	(438)	(387)	(313)	(245)	(226)	(1,400)
	(1,894)				(784)			

Mobile Communications Services Subscriptions

Number of Subscriptions

(Thousands)

■ LTE(Xi) ■ FOMA



Net Increase

	2017 4-6	2017 7-9	2017 10-12	2018 1-3	2018 4-6	2018 7-9	2018 10-12	2018 4 - 2019 3 E
LTE(Xi) + FOMA	+234	+247	+317	+692	+376	+304	+467	+1,700
	+1,491			+1,147				



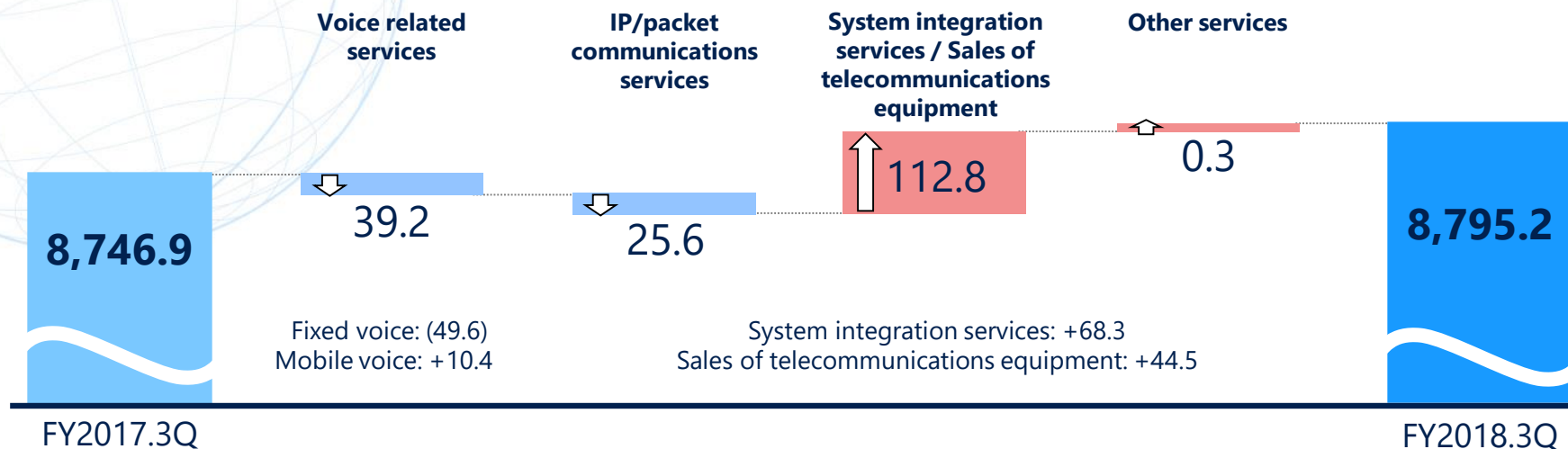
Financial Information

Details of Consolidated Statement of Income

(Billions of yen)

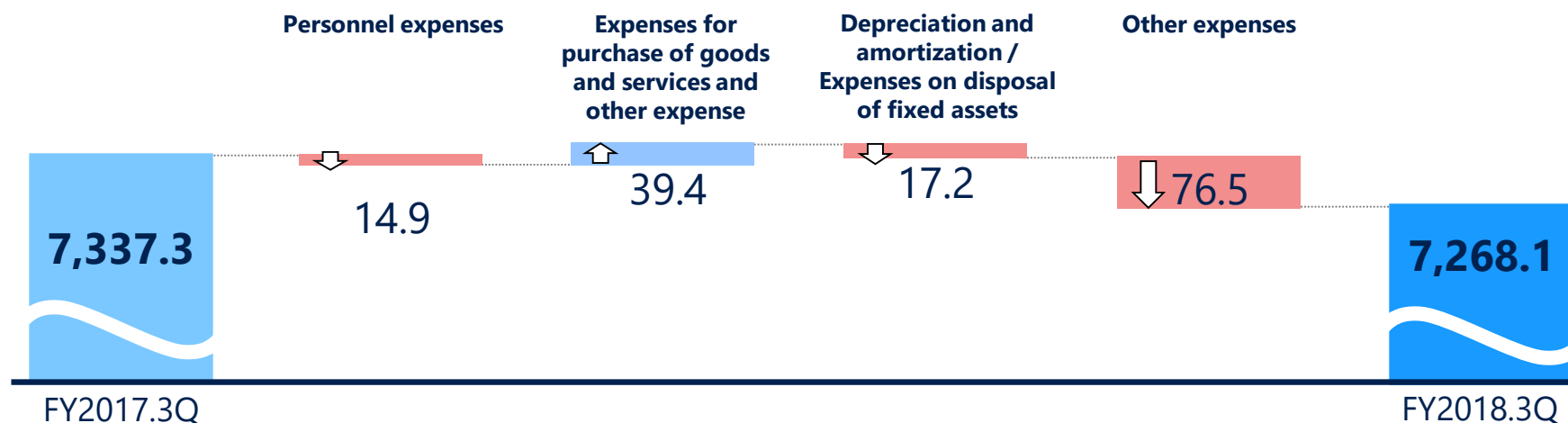
Operating Revenues

[Year-on-year: +48.3]



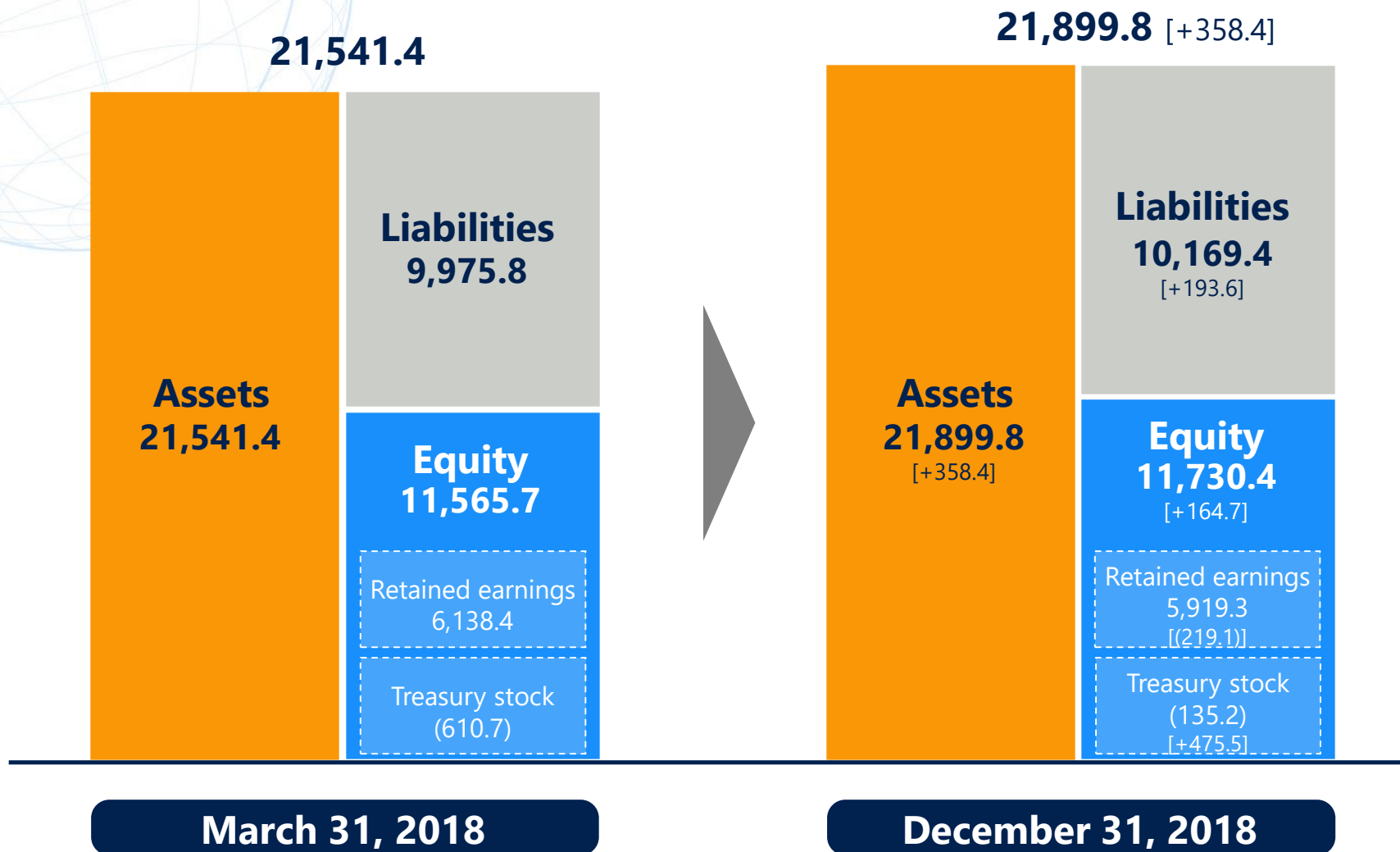
Operating Expenses

[Year-on-year: (69.2)]



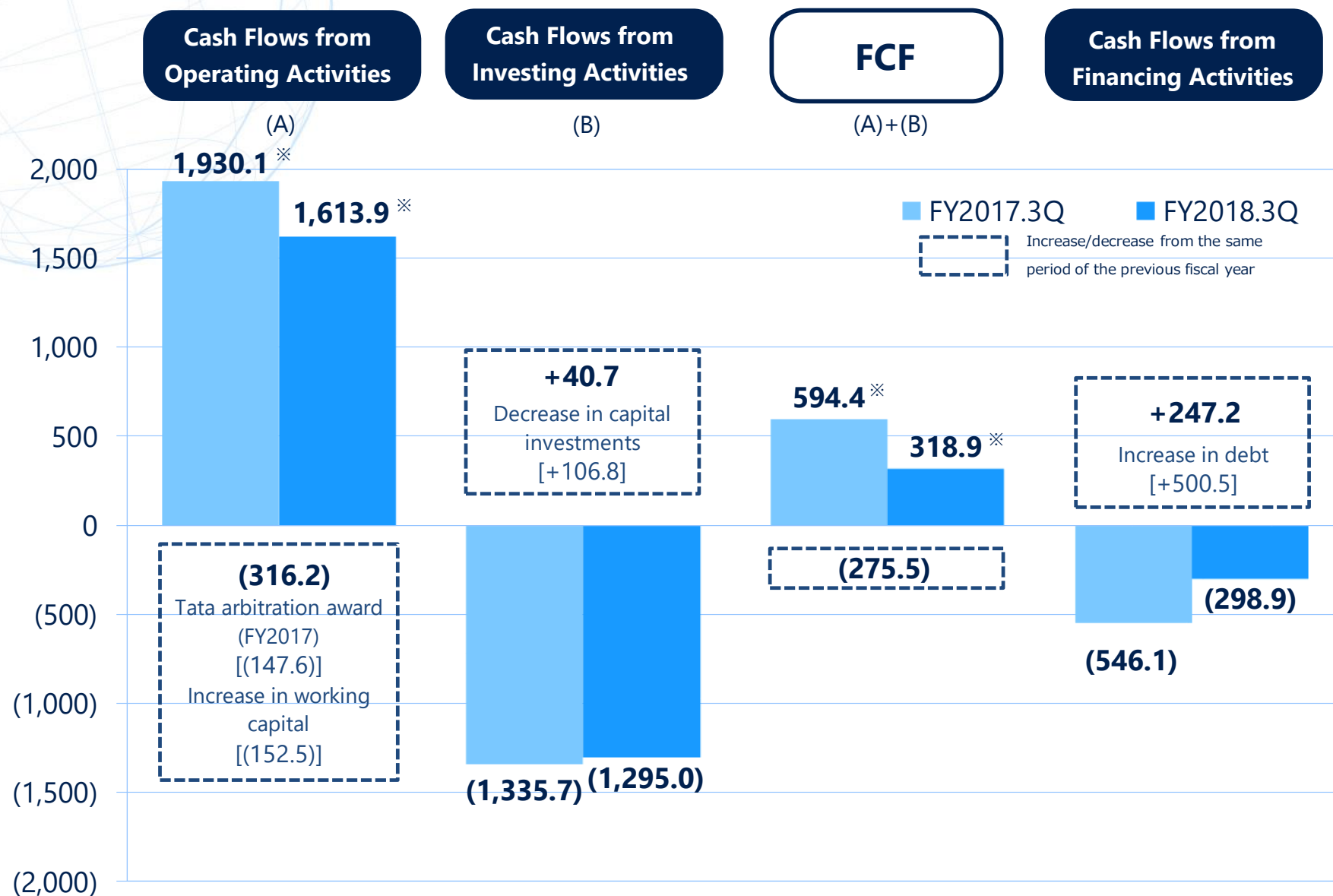
Details of Consolidated Balance Sheet

(Billions of yen)



Details of Consolidated Cash Flows

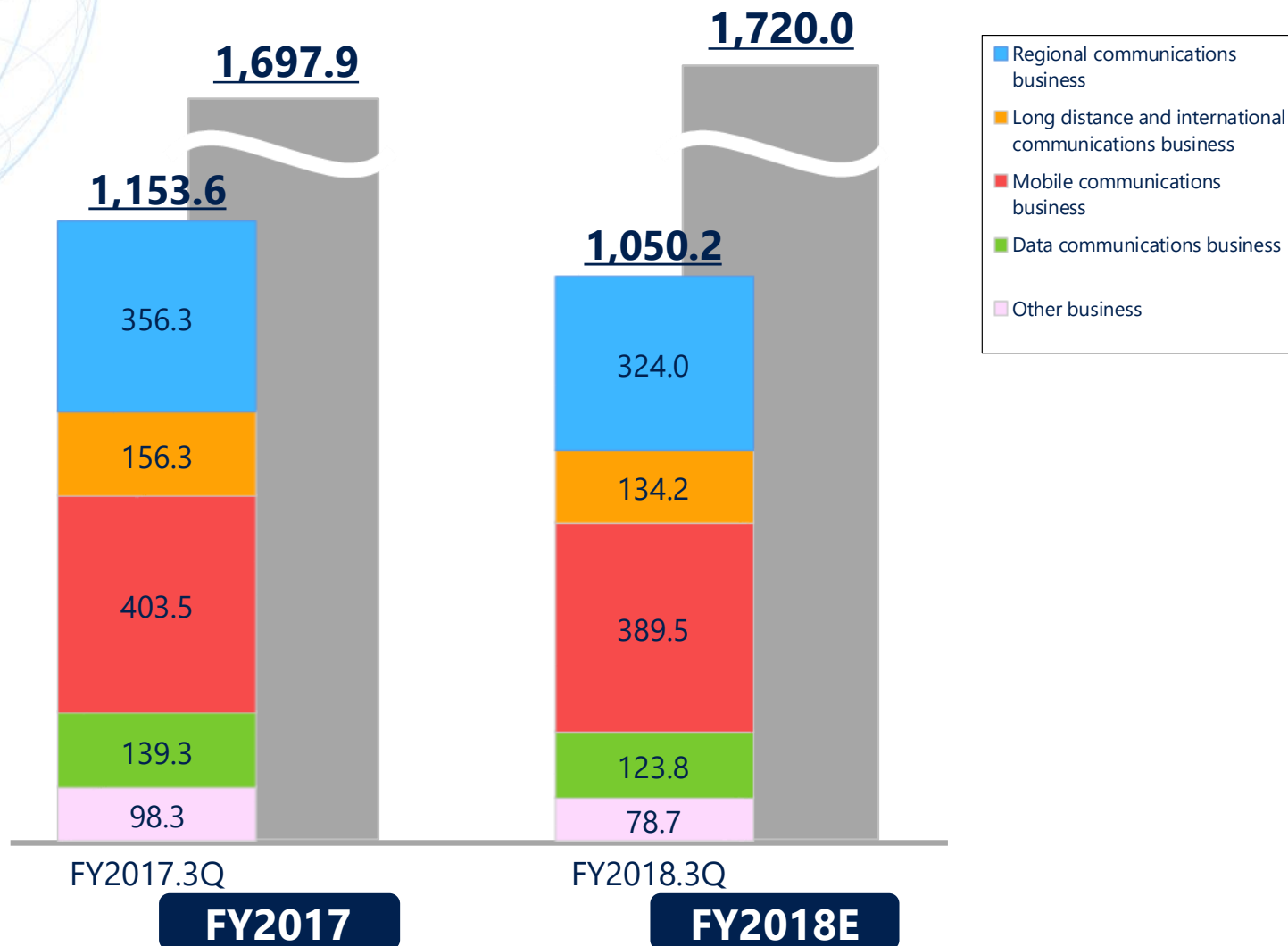
(Billions of yen)



※Amount excluding the impact of the last days of FY2017.3Q, FY2017 and FY2018.3Q having been non-business days.

Details of Capital Investment

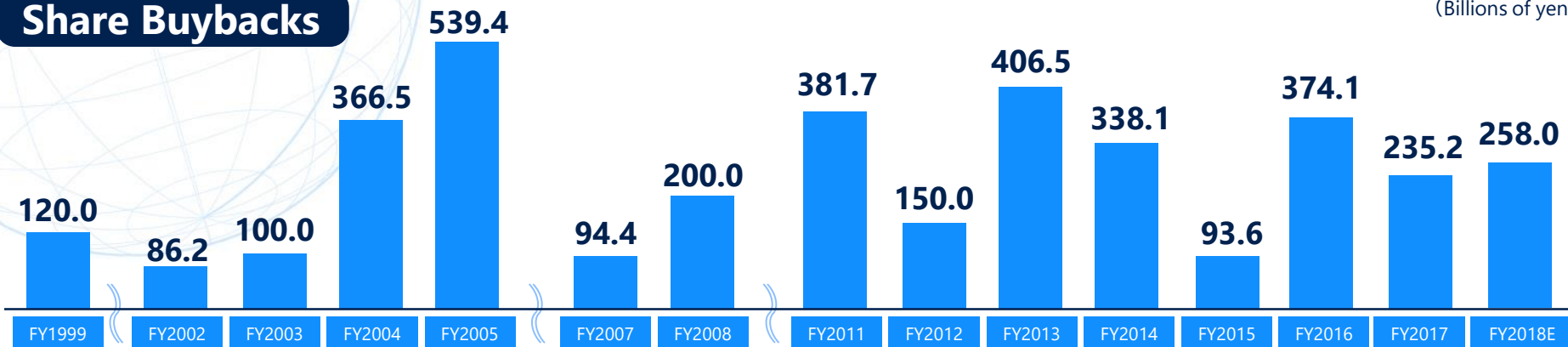
(Billions of yen)



Shareholder Returns

Share Buybacks

(Billions of yen)

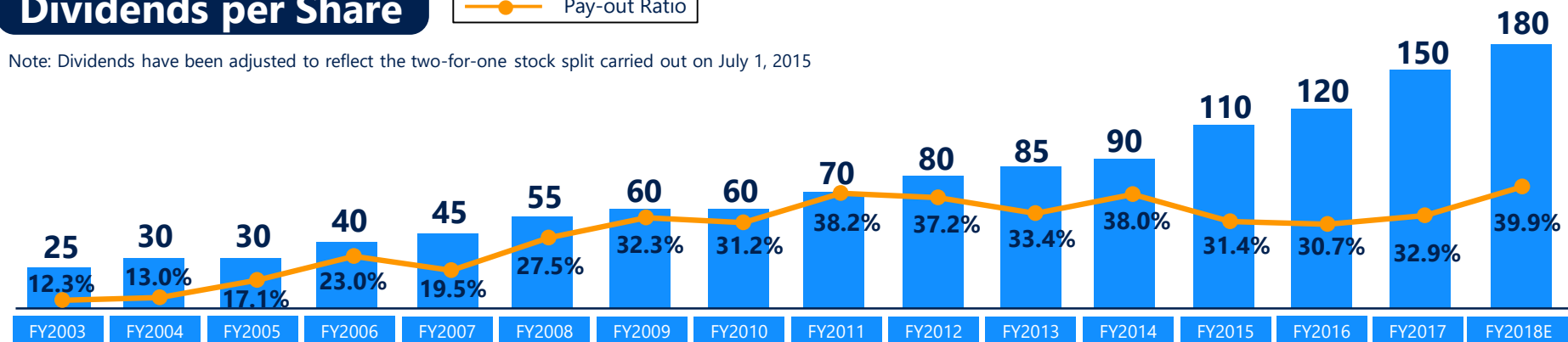


Dividends per Share

—●— Pay-out Ratio

(Yen)

Note: Dividends have been adjusted to reflect the two-for-one stock split carried out on July 1, 2015





Your Value Partner

Supplementary Data for the Nine Months Ended December 31, 2018

Contents

1. Financial Results Summary (Consolidated)	pages 1-3
2. Financial Results Summary (Subsidiary Groups)	pages 4-6
3. Operating Data	pages 7-9

Disclaimers

This document is a translation of the Japanese original. The Japanese original is authoritative. The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its website.

* "E" in this material represents that the figure is a plan or projection for operation.

** "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.

1. Financial Results Summary (NTT Consolidated)

NTT Consolidated Financial Results (IFRS)													(Billions of yen)
FY 2017							FY 2018						FY 2018 (E)
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31 ⁽¹⁾	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Year Ending March 31 (Forecast) ⁽²⁾
Consolidated													
Operating revenues	2,808.7	2,882.4	3,055.8	8,746.9	-	11,782.1	2,852.7	2,940.5	3,002.0	8,795.2	-	-	11,900.0
Fixed voice related services	290.2	280.8	287.8	858.9	-	1,146.9	272.2	266.1	271.0	809.3	-	-	-
Mobile voice related services	227.2	236.9	235.7	699.8	-	933.3	234.5	238.5	237.2	710.2	-	-	-
IP/packet communications services	939.5	949.6	939.1	2,828.1	-	3,757.4	938.0	930.5	934.1	2,802.5	-	-	-
Sales of telecommunications equipment	179.8	184.2	304.1	668.1	-	878.3	198.0	234.5	280.1	712.6	-	-	-
System integration services	792.2	855.2	884.0	2,531.5	-	3,457.4	837.7	877.2	884.9	2,599.7	-	-	-
Other	379.9	375.7	405.0	1,160.6	-	1,608.9	372.3	393.7	394.9	1,160.9	-	-	-
Operating expenses	2,284.1	2,368.7	2,684.5	7,337.3	-	10,141.1	2,315.5	2,406.9	2,545.6	7,268.1	-	-	10,210.0
Personnel expenses	591.6	594.9	614.2	1,800.7	-	2,393.4	592.1	590.7	603.0	1,785.8	-	-	-
Expenses for purchase of goods and services and other expenses	1,305.9	1,378.6	1,519.7	4,204.3	-	5,833.9	1,341.8	1,426.3	1,475.5	4,243.6	-	-	-
Depreciation and amortization	331.0	333.3	339.5	1,003.7	-	1,346.9	325.5	331.0	334.2	990.6	-	-	1,342.0
Impairment losses	-	0.7	150.1	150.9	-	177.9	-	0.0	67.3	67.4	-	-	-
Goodwill	-	-	25.3	25.3	-	34.1	-	-	-	-	-	-	-
Metal cable-related	-	-	124.8	124.8	-	124.8	-	-	66.0	66.0	-	-	-
Other	-	0.7	0.0	0.7	-	19.0	-	0.0	1.3	1.4	-	-	-
Expenses on disposal of fixed assets	27.3	35.5	34.7	97.4	-	154.2	26.8	32.4	34.1	93.2	-	-	-
Taxes and dues	28.3	25.7	26.3	80.4	-	234.9	29.3	26.6	31.5	87.4	-	-	-
Operating profit	524.7	513.7	371.3	1,409.6	-	1,641.1	537.2	533.5	456.4	1,527.1	-	-	1,690.0
Profit before taxes	527.8	514.1	486.8	1,528.8	-	1,740.5	542.7	535.7	452.1	1,530.4	-	-	1,686.0
Profit attributable to NTT	289.3	274.8	217.3	781.4	-	897.9	289.7	270.0	232.4	792.1	-	-	880.0
EBITDA and EBITDA margin with reconciliation													
EBITDA [a+b+c+d]	869.1	863.8	876.1	2,609.0	-	3,237.1	874.4	877.4	874.9	2,626.8	-	-	3,240.0
a Operating profit	524.7	513.7	371.3	1,409.6	-	1,641.1	537.2	533.5	456.4	1,527.1	-	-	1,690.0
b Depreciation and amortization	331.0	333.3	339.5	1,003.7	-	1,346.9	325.5	331.0	334.2	990.6	-	-	1,342.0
c Loss on sales and disposal of property, plant and equipment	13.5	16.1	15.2	44.8	-	71.2	11.7	12.9	17.0	41.6	-	-	208.0
d Impairment losses	-	0.7	150.1	150.9	-	177.9	-	0.0	67.3	67.4	-	-	-
EBITDA margin [(e/f)*100]	30.9%	30.0%	28.7%	29.8%	-	27.5%	30.7%	29.8%	29.1%	29.9%	-	-	27.2%
e EBITDA [a+b+c+d]	869.1	863.8	876.1	2,609.0	-	3,237.1	874.4	877.4	874.9	2,626.8	-	-	3,240.0
f Operating revenues	2,808.7	2,882.4	3,055.8	8,746.9	-	11,782.1	2,852.7	2,940.5	3,002.0	8,795.2	-	-	11,900.0
NTT Consolidated Financial Position (IFRS)													
FY 2017									FY2018				FY 2018 (E)
	As of June 30	As of September 30	As of December 31	As of March 31 ⁽¹⁾					As of June 30	As of September 30	As of December 31	As of March 31	As of March 31 (Forecast) ⁽²⁾
Assets	21,233.6	21,454.9	21,443.6	21,541.4					21,467.0	21,719.8	21,899.8	-	
Current assets	5,574.8	5,733.2	5,849.5	5,869.2					5,702.3	6,082.5	6,385.2	-	
(incl.) Cash and cash equivalents	1,161.7	984.4	892.2	895.0					797.1	889.6	908.4	-	
(incl.) Trade and other receivables	3,361.0	3,693.8	3,900.4	4,022.2					3,823.7	3,965.9	4,149.0	-	
Non-current assets	15,658.8	15,721.7	15,594.1	15,672.3					15,764.6	15,637.3	15,514.7	-	
(incl.) Property, plant and equipment	8,724.6	8,786.9	8,699.1	8,812.2					8,820.7	8,941.8	8,858.6	-	
Liabilities and Equity	21,233.6	21,454.9	21,443.6	21,541.4					21,467.0	21,719.8	21,899.8	-	
Liabilities	10,033.3	9,874.1	9,852.6	9,975.8					9,802.9	9,655.7	10,169.4	-	
Current liabilities	4,406.5	4,221.1	4,231.8	4,622.4					4,618.2	4,329.1	4,843.8	-	
(incl.) Trade and other payables	1,469.2	1,425.8	1,570.5	1,811.7					1,510.6	1,484.8	1,615.5	-	
Non-current liabilities	5,626.8	5,653.0	5,620.8	5,353.4					5,184.7	5,326.6	5,325.6	-	
(incl.) Long-term debt	3,178.2	3,185.1	3,163.0	2,953.9					2,793.1	2,936.3	2,907.7	-	
(incl.) Defined benefit liabilities	1,880.9	1,894.2	1,911.9	1,860.5					1,864.4	1,879.1	1,891.9	-	
Equity	11,200.3	11,580.8	11,591.0	11,565.7					11,664.0	12,064.1	11,730.4	-	
Interest-bearing liabilities (consolidated)													
Interest-bearing liabilities	4,636.9	4,315.6	4,276.5	3,971.6					4,359.5	4,064.1	4,560.1	-	4,100.0

(1) Full-year financial results based on IFRS (International Financial Reporting Standards) have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

(2) Forecasts for the year ending March 31, 2019 have not been changed from those announced in the financial results for the six months ended September 30, 2018.

1. Financial Results Summary (Capital Investment)

Capital Investment (IFRS)	FY2017 ⁽¹⁾						FY2018						(Billions of yen)
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	FY 2018 (E) Year Ending March 31 (Forecast) ⁽²⁾
Capital investment	369.1	401.2	383.3	1,153.6	-	1,697.9	321.4	361.1	367.6	1,050.2	-	-	1,720.0
Regional communications business	106.4	126.2	123.6	356.3	-	549.6	102.1	108.0	114.0	324.0	-	-	545.0
Long distance and international communications business	52.1	56.7	47.5	156.3	-	235.0	38.4	50.3	45.4	134.2	-	-	252.0
Mobile communications business	122.3	145.2	135.9	403.5	-	577.0	124.9	130.5	134.0	389.5	-	-	590.0
Data communications business	44.6	53.7	40.9	139.3	-	194.8	38.2	40.2	45.4	123.8	-	-	176.0
Other business	43.7	19.3	35.3	98.3	-	141.5	17.8	32.1	28.8	78.7	-	-	157.0
(Ref.) Capital investment by group													
NTT East Group	60.9	60.1	59.0	180.0	-	268.6	60.6	57.7	54.6	172.9	-	-	275.0
NTT West Group	45.5	66.1	64.7	176.3	-	281.0	41.5	50.3	59.4	151.2	-	-	270.0
NTT Communications Group	46.3	51.7	42.5	140.5	-	209.1	32.3	44.6	39.7	116.7	-	-	222.0
Dimension Data Consolidated	5.3	4.1	3.8	13.2	-	21.1	5.5	5.1	4.7	15.2	-	-	24.0

(1) Full-year financial results based on IFRS (International Financial Reporting Standards) have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

(2) Forecasts for the year ending March 31, 2019 have not been changed from those announced in the financial results for the six months ended September 30, 2018.

1. Financial Results Summary (Business Segments)

Business Segments (IFRS)														(Billions of yen)
FY2017							FY2018							FY 2018 (E)
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31 ⁽¹⁾	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Year Ending March 31 (Forecast) ⁽³⁾	
Business segments ⁽²⁾														
Regional communications business														
Operating revenues	786.7	792.1	798.7	2,377.5	-	3,231.6	768.9	775.5	781.1	2,325.5	-	-	3,140.0	
Fixed voice related service	288.5	280.4	286.7	855.6	-	1,143.1	274.0	267.9	271.7	813.6	-	-	-	
IP/packet communications service	379.5	381.4	380.0	1,141.0	-	1,523.7	374.4	374.1	377.3	1,125.8	-	-	-	
Sales of telecommunications equipment	18.5	19.2	18.5	56.2	-	76.7	18.3	18.7	18.9	55.9	-	-	-	
System integration services	28.4	38.0	37.2	103.5	-	166.6	27.6	41.1	37.7	106.4	-	-	-	
Other	71.9	73.2	76.2	221.3	-	321.4	74.6	73.7	75.5	223.8	-	-	-	
Operating expenses	635.4	655.1	779.4	2,069.9	-	2,880.0	626.9	641.2	706.0	1,974.1	-	-	2,797.0	
Personnel expenses	190.6	184.7	182.8	558.1	-	736.8	178.4	178.4	177.9	534.7	-	-	-	
Expenses for purchase of goods and services and other expenses	301.3	323.2	324.8	949.3	-	1,345.4	305.1	318.7	317.0	940.8	-	-	-	
Depreciation and amortization	112.0	112.9	114.7	339.6	-	455.0	110.7	110.8	111.9	333.4	-	-	-	
Impairment losses	-	0.6	124.8	125.4	-	127.6	-	-	66.0	66.0	-	-	-	
Expenses on disposal of fixed assets	13.7	18.2	16.9	48.8	-	78.3	14.4	17.6	17.4	49.3	-	-	-	
Taxes and dues	17.9	15.5	15.5	48.8	-	136.9	18.3	15.8	15.8	49.9	-	-	-	
Operating profit	151.3	137.1	19.3	307.7	-	351.6	142.0	134.3	75.0	351.4	-	-	343.0	
Long distance and international communications business														
Operating revenues	533.4	562.7	570.0	1,666.1	-	2,242.2	541.2	572.0	571.3	1,684.4	-	-	2,310.0	
Fixed voice related service	60.4	59.1	60.8	180.3	-	239.9	55.7	56.8	56.0	168.5	-	-	-	
IP/packet communications service	99.8	101.8	103.4	305.0	-	410.2	106.0	105.8	107.9	319.7	-	-	-	
Sales of telecommunications equipment	4.7	3.9	1.6	10.2	-	14.7	1.6	4.4	1.9	7.9	-	-	-	
System integration services	325.5	357.8	362.2	1,045.5	-	1,404.0	338.6	363.3	357.4	1,059.4	-	-	-	
Other	43.0	40.1	42.0	125.1	-	173.4	39.3	41.6	48.1	128.9	-	-	-	
Operating expenses	492.3	523.7	569.7	1,585.7	-	2,151.6	509.1	532.6	537.6	1,579.3	-	-	2,180.0	
Personnel expenses	96.0	97.6	111.4	305.0	-	404.6	102.5	102.7	103.7	308.9	-	-	-	
Expenses for purchase of goods and services and other expenses	353.3	382.2	387.5	1,123.0	-	1,521.8	361.3	384.2	381.8	1,127.3	-	-	-	
Depreciation and amortization	40.5	41.2	42.5	124.2	-	167.8	42.8	43.3	43.8	129.9	-	-	-	
Impairment losses	-	0.2	25.3	25.5	-	37.1	-	-	0.2	0.2	-	-	-	
Expenses on disposal of fixed assets	0.9	0.9	1.4	3.2	-	5.4	0.7	0.7	2.4	3.8	-	-	-	
Taxes and dues	1.6	1.6	1.6	4.8	-	15.0	1.8	1.6	5.7	9.2	-	-	-	
Operating profit	41.1	39.1	0.3	80.4	-	90.6	32.0	39.4	33.6	105.1	-	-	130.0	
Mobile communications business														
Operating revenues	1,133.6	1,160.7	1,295.1	3,589.4	-	4,762.3	1,176.7	1,212.9	1,264.6	3,654.1	-	-	4,860.0	
Mobile voice related service	229.7	239.4	238.3	707.3	-	942.8	236.9	241.0	239.7	717.5	-	-	-	
IP/packet communications service	533.5	540.8	539.1	1,613.3	-	2,137.2	544.6	541.7	542.5	1,628.9	-	-	-	
Sales of telecommunications equipment	157.0	162.0	284.7	603.7	-	789.8	178.6	211.8	259.7	650.1	-	-	-	
Other	213.5	218.4	233.1	665.1	-	892.4	216.5	218.4	222.7	657.6	-	-	-	
Operating expenses	851.5	883.2	998.9	2,733.6	-	3,775.3	866.7	912.3	973.1	2,752.1	-	-	3,870.0	
Personnel expenses	72.6	71.4	72.2	216.3	-	288.1	73.0	72.3	72.6	217.9	-	-	-	
Expenses for purchase of goods and services and other expenses	644.8	671.7	786.2	2,102.7	-	2,881.8	666.6	706.1	766.1	2,138.7	-	-	-	
Depreciation and amortization	119.1	121.3	122.0	362.4	-	486.6	113.8	117.7	117.1	348.6	-	-	-	
Impairment losses	-	-	-	-	-	11.8	-	-	-	-	-	-	-	
Expenses on disposal of fixed assets	12.5	16.1	15.5	44.1	-	67.2	10.4	13.3	14.3	37.9	-	-	-	
Taxes and dues	2.5	2.7	2.9	8.1	-	39.8	3.0	3.0	3.1	9.0	-	-	-	
Operating profit	282.1	277.5	296.3	855.9	-	987.0	309.9	300.6	291.5	902.0	-	-	990.0	
Data communications business														
Operating revenues	472.1	491.9	521.4	1,485.4	-	2,045.2	505.2	517.5	528.0	1,550.7	-	-	2,100.0	
System integration services	472.1	491.9	521.4	1,485.4	-	2,045.2	505.2	517.5	528.0	1,550.7	-	-	-	
Operating expenses	445.7	461.9	490.4	1,398.0	-	1,922.0	476.0	486.4	493.5	1,455.9	-	-	1,958.0	
Personnel expenses	182.8	193.1	202.2	578.1	-	776.6	193.3	193.5	202.5	589.3	-	-	-	
Expenses for purchase of goods and services and other expenses	221.5	227.8	245.9	695.2	-	975.7	242.6	251.9	247.6	742.1	-	-	-	
Depreciation and amortization	38.5	38.1	39.1	115.7	-	153.9	37.2	38.3	39.9	115.4	-	-	-	
Impairment losses	-	-	-	-	-	1.7	-	-	-	-	-	-	-	
Expenses on disposal of fixed assets	0.3	0.5	0.3	1.1	-	2.4	0.2	0.2	0.6	0.9	-	-	-	
Taxes and dues	2.6	2.6	2.8	7.9	-	11.6	2.7	2.5	2.9	8.1	-	-	-	
Operating profit	26.4	30.0	31.0	87.4	-	123.2	29.3	31.1	34.5	94.8	-	-	142.0	
Other business														
Operating revenues	274.8	281.3	293.0	849.0	-	1,214.6	267.2	297.8	290.3	855.3	-	-	1,290.0	
IP/packet communications service	5.9	6.4	5.6	17.9	-	24.5	5.7	5.9	6.1	17.7	-	-	-	
System integration services	32.4	34.7	39.7	106.8	-	147.7	35.5	37.1	34.7	107.3	-	-	-	
Other	236.5	240.2	247.6	724.2	-	1,042.3	226.0	254.7	249.5	730.3	-	-	-	
Operating expenses	246.3	251.0	265.8	763.1	-	1,115.9	241.2	266.4	264.5	772.1	-	-	1,193.0	
Personnel expenses	63.2	62.6	62.1	187.9	-	253.5	61.6	61.3	61.4	184.3	-	-	-	
Expenses for purchase of goods and services and other expenses	158.6	164.7	177.8	501.2	-	743.8	152.8	178.9	176.3	508.1	-	-	-	
Depreciation and amortization	20.8	20.2	21.5	62.5	-	84.6	22.3	21.7	21.4	65.4	-	-	-	
Impairment losses	-	-	-	-	-	0.0	-	0.0	1.1	1.1	-	-	-	
Expenses on disposal of fixed assets	0.5	0.6	1.4	2.5	-	4.8	1.6	1.5	0.9	3.9	-	-	-	
Taxes and dues	3.2	2.8	2.9	9.0	-	29.3	2.9	3.0	3.4	9.3	-	-	-	
Operating profit	28.5	30.3	27.2	85.9	-	98.7	26.0	31.4	25.8	83.2	-	-	97.0	

(1) Full-year financial results based on IFRS (International Financial Reporting Standards) have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

(2) Figures for each segment include inter-segment transactions.

(3) Forecasts for the year ending March 31, 2019 have not been changed from those announced in the financial results for the six months ended September 30, 2018.

2. Financial Results Summary (NTT East Group, NTT West Group)

Overview of Financial Results (IFRS)

Overview of Financial Results (IFRS)	FY2017						FY2018						FY 2018 (E)	(Billions of yen) [Ref.] FY 2018 (E)
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Year Ending March 31 (Revised Forecast)	Year Ending March 31 (Forecast when previous 2Q results were announced)
NTT East Group ⁽¹⁾														
Operating revenues	430.2	432.3	441.2	1,303.7	-	1,786.8	424.2	425.6	431.7	1,281.5	-	-	1,735.0	1,735.0
Fixed voice related service	151.1	147.6	150.7	449.4	-	599.1	144.5	142.3	145.4	432.2	-	-	570.0	570.0
IP/packet communications service	210.8	212.9	212.8	636.5	-	851.6	209.7	210.6	211.5	631.8	-	-	838.0	838.0
Sales of telecommunications equipment	7.3	7.3	7.0	21.6	-	29.9	7.2	7.4	7.4	22.0	-	-	30.0	30.0
System integration services	14.0	16.8	17.9	48.8	-	80.0	13.0	18.5	17.7	49.2	-	-	80.0	80.0
Other	47.0	47.7	52.7	147.4	-	226.1	49.8	46.8	49.7	146.3	-	-	217.0	217.0
Operating expenses	341.3	352.9	413.3	1,107.4	-	1,554.1	336.6	340.4	378.2	1,055.2	-	-	1,502.0	1,502.0
Personnel expenses	99.8	96.8	95.6	292.2	-	386.1	93.6	93.4	92.7	279.8	-	-	375.0	375.0
Expenses for purchase of goods and services and other expenses	164.7	176.9	179.7	521.2	-	751.8	167.3	172.3	172.1	511.7	-	-	731.0	731.0
Depreciation and amortization	59.9	60.3	60.9	181.1	-	242.9	59.1	58.6	59.2	177.0	-	-	238.0	238.0
Impairment losses	-	0.6	60.9	61.5	-	63.0	-	-	36.1	36.1	-	-	36.0	-
Expenses on disposal of fixed assets	7.2	9.8	7.8	24.9	-	38.2	6.7	7.5	9.5	23.6	-	-	50.0	86.0
Taxes and dues	9.7	8.5	8.4	26.7	-	72.1	9.9	8.6	8.5	27.1	-	-	72.0	72.0
Operating profit	88.9	79.4	27.9	196.3	-	232.7	87.6	85.1	53.5	226.3	-	-	233.0	233.0
Profit before taxes	88.4	79.2	27.0	194.6	-	230.3	87.5	84.5	53.0	225.0	-	-	231.0	231.0
Profit attributable to NTT East	61.5	54.3	19.4	135.2	-	162.4	61.7	59.2	37.5	158.4	-	-	163.0	163.0
NTT West Group ⁽²⁾														
Operating revenues	366.6	370.7	368.1	1,105.4	-	1,494.0	354.1	359.9	361.7	1,075.7	-	-	1,454.0	1,454.0
Fixed voice related service	139.5	135.6	137.9	413.0	-	553.7	131.2	127.9	130.2	389.3	-	-	523.0	523.0
IP/packet communications service	168.9	168.7	167.3	504.8	-	672.5	164.8	163.7	165.9	494.4	-	-	656.0	656.0
Sales of telecommunications equipment	11.3	12.0	11.5	34.7	-	47.2	11.1	11.4	11.5	34.1	-	-	47.0	47.0
System integration services	14.8	21.6	19.8	56.1	-	88.9	15.0	23.0	20.5	58.5	-	-	89.0	89.0
Other	32.2	32.9	31.7	96.7	-	131.6	31.9	34.0	33.5	99.4	-	-	139.0	139.0
Operating expenses	304.2	312.9	376.7	993.8	-	1,374.7	299.8	310.8	339.8	950.4	-	-	1,344.0	1,344.0
Personnel expenses	91.0	88.1	87.5	266.6	-	352.1	85.1	85.2	85.5	255.7	-	-	340.0	340.0
Expenses for purchase of goods and services and other expenses	146.4	156.7	155.3	458.4	-	640.2	146.8	156.1	156.4	459.3	-	-	638.0	638.0
Depreciation and amortization	52.1	52.6	53.8	158.5	-	212.0	51.6	52.1	52.7	156.5	-	-	212.0	212.0
Impairment losses	-	-	63.9	63.9	-	64.6	-	-	29.9	29.9	-	-	30.0	-
Expenses on disposal of fixed assets	6.5	8.5	9.2	24.2	-	40.9	7.9	10.2	8.0	26.2	-	-	59.0	89.0
Taxes and dues	8.2	7.0	7.0	22.1	-	64.9	8.3	7.2	7.2	22.8	-	-	65.0	65.0
Operating profit	62.4	57.8	(8.6)	111.6	-	119.4	54.3	49.1	21.9	125.3	-	-	110.0	110.0
Profit before taxes	61.1	56.2	(10.1)	107.2	-	113.6	53.3	47.9	20.7	121.9	-	-	105.0	105.0
Profit attributable to NTT West	42.5	39.1	(6.2)	75.4	-	80.0	37.7	33.9	15.5	87.0	-	-	73.0	73.0

(1) The scope of aggregation for each of the figures presented for NTT East group is internal management figures after eliminating internal transactions between NTT East and its subsidiaries. Such figures are not audited and are provided for reference only.

(2) The scope of aggregation for each of the figures presented for NTT West group is internal management figures after eliminating internal transactions between NTT West and its subsidiaries. Such figures are not audited and are provided for reference only.

2. Financial Results Summary (NTT Communications Group, Dimension Data Consolidated)

Overview of Financial Results (IFRS)

	FY2017						FY2018						(Billions of yen)
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	FY 2018 (E) Year Ending March 31 (Forecast) ⁽⁵⁾
NTT Communications Group ⁽¹⁾													
Operating revenues ⁽²⁾	319.9	324.3	334.2	978.4	-	1,333.5	326.3	345.2	348.9	1,020.4	-	-	1,380.0
Cloud computing platforms	43.1	45.4	47.7	136.2	-	185.3	49.0	52.0	51.8	152.8	-	-	212.0
Data networks	118.7	120.0	122.0	360.6	-	480.8	122.4	121.2	122.2	365.9	-	-	488.0
Voice communications	68.7	69.1	71.1	208.9	-	276.3	66.8	66.8	69.1	202.8	-	-	270.0
Applications & content	29.8	30.6	31.2	91.6	-	125.8	30.6	31.5	33.9	96.0	-	-	130.0
Solution services	50.7	54.5	56.3	161.5	-	238.0	51.3	67.3	61.0	179.7	-	-	260.0
Other	9.0	4.9	5.8	19.6	-	27.3	6.1	6.4	10.8	23.3	-	-	20.0
Operating expenses	276.4	283.3	329.4	889.1	-	1,215.0	289.3	304.5	308.8	902.6	-	-	1,249.0
Personnel expenses	48.3	47.3	58.5	154.1	-	202.0	50.6	50.5	51.6	152.8	-	-	211.0
Expenses for purchase of goods and services and other expenses	193.2	200.2	208.4	601.8	-	832.7	200.6	215.2	215.9	631.7	-	-	865.0
Depreciation and amortization	32.5	33.5	34.4	100.3	-	135.2	35.7	36.5	37.2	109.3	-	-	154.0
Impairment losses	-	-	25.3	25.3	-	25.4	-	-	-	-	-	-	-
Expenses on disposal of fixed assets	0.9	0.8	1.4	3.1	-	5.3	0.6	0.7	2.4	3.7	-	-	5.0
Taxes and dues	1.5	1.5	1.5	4.5	-	14.4	1.8	1.6	1.7	5.0	-	-	14.0
Operating profit	43.5	41.0	4.8	89.3	-	118.5	37.1	40.7	40.1	117.9	-	-	131.0
Profit before taxes	44.6	43.3	4.4	92.3	-	115.8	37.9	41.1	39.4	118.4	-	-	131.0
Profit attributable to NTT Communications	31.6	31.4	(7.0)	56.0	-	78.8	27.1	28.2	28.2	83.6	-	-	88.0
Dimension Data Consolidated ⁽³⁾⁽⁴⁾													
Operating revenues	208.4	232.8	231.6	672.9	-	887.5	215.2	228.6	224.5	668.3	-	-	930.0
System integration services	208.4	232.8	231.6	672.9	-	887.5	215.2	228.6	224.5	668.3	-	-	930.0
Cost of sales	168.3	188.2	188.1	544.6	-	724.8	172.4	184.0	182.2	538.6	-	-	746.0
Gross profit	40.2	44.6	43.5	128.3	-	162.7	42.8	44.6	42.3	129.7	-	-	184.0
Selling, general and administrative expenses	36.9	41.3	42.7	121.0	-	160.9	39.3	38.4	38.3	116.1	-	-	163.0
Operating profit	3.3	3.3	0.8	7.4	-	1.8	3.4	6.1	4.0	13.6	-	-	21.0
Profit before taxes	1.9	1.9	0.1	4.0	-	15.9	1.4	3.3	2.7	7.5	-	-	18.0
Profit attributable to Dimension Data	0.1	2.3	(0.8)	1.6	-	9.7	0.3	0.5	0.6	1.4	-	-	13.0

- (1) The scope of aggregation for each of the figures presented for NTT Communications group is internal management figures after eliminating internal transactions between NTT Communications and its subsidiaries. Such figures are not audited and are provided for reference only.
- (2) The following are the main services included in each line item:
- Cloud computing platforms: "Data center services" and "Private cloud (Enterprise cloud, etc.)"
- Data networks: "Closed network services (Arcstar Universal One, etc.)" and "Open network service (OCN, etc.)"
- Voice communications: "Telephone services" and "VoIP services (050 plus, etc.)"
- Applications & content: "Application services (Mail services, etc.)"
- Solution services: "System integration services"
- (3) These are figures from the United Kingdom statutory financial reports of Dimension Data. The quarterly financial results above are not audited and are provided for reference only. The full-year financial results above have not been audited, and are provided for reference only. These full-year financial results are subject to change, pending results of the independent financial audit.
- (4) The USD/JPY conversion rate used for Dimension Data figures for the nine months ended December 31, 2018 is USD1.00 = JPY111.14
- (5) Forecasts for the year ending March 31, 2019 have not been changed from those announced in the financial results for the six months ended September 30, 2018.

2. Financial Results Summary (NTT DOCOMO Consolidated, NTT DATA Consolidated)

Overview of Financial Results (IFRS)

Overview of Financial Results (IFRS)	FY2017						FY2018						(Billions of yen)
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	FY 2018 (E) Year Ending March 31 (Forecast) ⁽³⁾
NTT DOCOMO Consolidated ⁽¹⁾													
Operating revenues	1,133.7	1,160.8	1,295.3	3,589.8	-	4,762.3	1,176.7	1,212.9	1,264.6	3,654.1	-	-	4,860.0
Telecommunications services	766.1	784.1	780.6	2,330.7	-	3,092.7	785.4	786.5	785.9	2,357.8	-	-	3,110.0
Mobile communications services	716.5	729.2	721.8	2,167.5	-	2,867.3	718.3	716.8	712.6	2,147.8	-	-	2,825.0
Voice	229.7	239.4	238.3	707.3	-	942.8	236.9	241.0	239.7	717.5	-	-	948.0
Packet communications	486.8	489.8	483.6	1,460.2	-	1,924.5	481.4	475.9	473.0	1,430.2	-	-	1,877.0
Optical-fiber broadband service and other telecommunications services	49.6	54.9	58.7	163.2	-	225.4	67.1	69.7	73.2	210.0	-	-	285.0
Equipment sales	157.0	162.0	284.7	603.7	-	789.8	178.6	211.8	259.7	650.1	-	-	868.0
Other	210.7	214.7	230.0	655.4	-	879.7	212.6	214.6	219.0	646.2	-	-	882.0
Operating expenses	851.6	882.9	999.0	2,733.6	-	3,775.3	866.7	912.3	973.1	2,752.1	-	-	3,870.0
Personnel expenses	72.6	71.4	72.2	216.3	-	288.1	73.0	72.3	72.6	217.9	-	-	292.0
Expenses for purchase of goods and services and other expenses	556.3	577.3	688.3	1,821.9	-	2,531.3	566.4	602.1	658.2	1,826.7	-	-	2,588.0
Depreciation and amortization	119.1	121.3	122.0	362.4	-	486.6	113.8	117.7	117.1	348.6	-	-	473.0
Impairment losses	-	-	-	-	-	11.8	-	-	-	-	-	-	-
Communication network charges	91.0	96.9	101.0	288.9	-	390.4	103.2	106.9	110.9	321.0	-	-	436.0
Expenses on disposal of fixed assets	12.5	16.1	15.5	44.1	-	67.2	10.4	13.3	14.3	37.9	-	-	81.0
Operating profit	282.1	277.8	296.2	856.2	-	987.0	309.9	300.6	291.5	902.0	-	-	990.0
Profit before taxes	289.8	285.5	445.3	1,020.6	-	1,141.7	317.1	304.1	290.5	911.6	-	-	1,005.0
Profit attributable to NTT DOCOMO, INC.	199.9	192.2	305.6	697.7	-	790.8	218.3	188.7	200.5	607.6	-	-	670.0
NTT DATA Consolidated ⁽²⁾													
Net sales	470.3	490.1	519.7	1,480.1	-	2,039.7	505.2	517.5	528.0	1,550.7	-	-	2,100.0
Public and social infrastructure	90.5	101.2	107.2	299.0	-	444.9	106.7	101.7	109.0	317.4	-	-	463.0
Financial	130.6	136.7	140.4	407.7	-	559.9	130.9	135.1	133.3	399.3	-	-	549.0
Enterprise and Solutions	107.2	114.0	122.1	343.2	-	478.1	120.7	129.9	130.3	380.9	-	-	493.0
North America	110.9	108.3	107.2	326.4	-	427.9	101.5	107.4	105.0	313.9	-	-	424.0
EMEA and LATAM	86.5	90.6	104.5	281.6	-	387.5	103.7	102.9	115.9	322.5	-	-	423.0
Eliminations or Corporate	(55.4)	(60.7)	(61.7)	(177.8)	-	(258.7)	(58.3)	(59.6)	(65.5)	(183.3)	-	-	(252.0)
Cost of sales	355.3	367.7	392.2	1,115.2	-	1,535.5	378.4	394.6	395.0	1,168.0	-	-	1,570.0
Gross profit	115.1	122.4	127.4	364.9	-	504.2	126.8	122.9	132.9	382.7	-	-	530.0
Selling, general and administrative expenses	88.8	92.4	96.6	277.7	-	381.0	97.7	92.0	98.7	288.3	-	-	388.0
Operating profit	26.3	30.0	30.8	87.2	-	123.1	29.1	30.9	34.2	94.3	-	-	142.0
Profit before taxes	26.9	28.2	30.7	85.9	-	122.7	30.2	30.8	33.6	94.6	-	-	141.0
Profit attributable to NTT DATA	16.9	18.4	20.9	56.2	-	82.4	20.8	17.9	20.9	59.5	-	-	90.0

(1) Full-year financial results based on IFRS (International Financial Reporting Standards) have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

(2) Full-year financial results for each business segment based on IFRS (International Financial Reporting Standards) have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

(3) Forecasts for the year ending March 31, 2019 have not been changed from those announced in the financial results for the six months ended September 30, 2018.

3. Operating Data (Number of Subscriptions)

Number of Subscriptions

		FY2017				FY2018				FY 2018 (E)
		As of June 30	As of September 30	As of December 31	As of March 31	As of June 30	As of September 30	As of December 31	As of March 31	As of March 31 (Forecast) ⁽⁹⁾
Telephone subscriber lines ⁽¹⁾	(in thousands)	18,482	18,168	17,860	17,538	17,207	16,927	16,641	-	16,290
NTT East	(in thousands)	9,166	9,014	8,864	8,707	8,542	8,403	8,260	-	8,107
NTT West	(in thousands)	9,316	9,154	8,996	8,832	8,664	8,524	8,382	-	8,183
INS-Net ⁽²⁾	(in thousands)	2,488	2,440	2,386	2,331	2,277	2,230	2,185	-	2,134
NTT East	(in thousands)	1,269	1,244	1,217	1,188	1,160	1,135	1,111	-	1,088
NTT West	(in thousands)	1,219	1,196	1,170	1,143	1,117	1,095	1,074	-	1,046
Telephone subscriber lines + INS-Net	(in thousands)	20,970	20,609	20,246	19,869	19,484	19,157	18,826	-	18,424
NTT East	(in thousands)	10,434	10,258	10,081	9,895	9,703	9,538	9,370	-	9,195
NTT West	(in thousands)	10,535	10,350	10,166	9,975	9,781	9,619	9,456	-	9,229
Public telephones	(number)	160,396	159,485	158,693	157,875	157,023	156,338	155,875	-	154,640
NTT East	(number)	71,037	70,763	70,617	70,402	70,170	70,077	70,171	-	69,402
NTT West	(number)	89,359	88,722	88,076	87,473	86,853	86,261	85,704	-	85,238
FLET'S ISDN	(in thousands)	75	73	72	70	67	66	63	-	63
NTT East	(in thousands)	33	32	31	30	29	28	27	-	27
NTT West	(in thousands)	43	42	41	39	38	37	36	-	35
FLET'S ADSL	(in thousands)	881	849	819	780	735	690	641	-	653
NTT East	(in thousands)	394	379	365	342	315	294	276	-	282
NTT West	(in thousands)	487	470	454	438	420	396	364	-	371
FLET'S Hikari (including Hikari Collaboration Model) ⁽³⁾⁽⁴⁾⁽⁵⁾	(in thousands)	20,294	20,386	20,457	20,533	20,720	20,851	20,995	-	21,133
NTT East	(in thousands)	11,318	11,381	11,439	11,491	11,613	11,707	11,809	-	11,891
NTT West	(in thousands)	8,976	9,005	9,018	9,041	9,107	9,144	9,186	-	9,241
(incl.) Hikari Collaboration Model	(in thousands)	9,574	10,145	10,655	11,117	11,617	11,993	12,363	-	13,117
NTT East	(in thousands)	5,770	6,077	6,351	6,602	6,877	7,089	7,294	-	7,652
NTT West	(in thousands)	3,804	4,069	4,304	4,515	4,740	4,903	5,070	-	5,465
Hikari Denwa ⁽⁶⁾	(in thousands)	17,862	17,924	17,984	18,032	18,092	18,154	18,214	-	18,282
NTT East	(in thousands)	9,433	9,478	9,520	9,558	9,610	9,666	9,720	-	9,758
NTT West	(in thousands)	8,430	8,447	8,464	8,474	8,482	8,488	8,494	-	8,524
Conventional Leased Circuit Services	(in thousands)	224	222	220	218	217	216	214	-	211
NTT East	(in thousands)	109	108	106	106	105	105	104	-	102
NTT West	(in thousands)	115	115	114	113	111	111	110	-	110
High Speed Digital Services	(in thousands)	106	105	103	96	92	87	77	-	89
NTT East	(in thousands)	54	53	52	49	47	45	42	-	45
NTT West	(in thousands)	52	52	51	46	44	42	36	-	43
NTT Group Major ISPs ⁽⁷⁾	(in thousands)	11,189	11,157	11,110	11,057	11,002	10,977	10,969	-	10,874
(incl.) OCN	(in thousands)	7,678	7,637	7,595	7,521	7,458	7,414	7,375	-	7,309
(incl.) Plala	(in thousands)	3,124	3,135	3,129	3,145	3,155	3,169	3,194	-	3,170
Hikari TV	(in thousands)	3,021	3,018	3,015	3,016	3,010	3,015	2,998	-	3,050
FLET'S TV Transmission Services ⁽⁶⁾	(in thousands)	1,551	1,570	1,592	1,615	1,638	1,660	1,690	-	1,703
NTT East	(in thousands)	963	972	983	992	1,001	1,009	1,022	-	1,042
NTT West	(in thousands)	587	597	609	624	637	650	668	-	661
Mobile Telecommunications Services ⁽⁸⁾	(in thousands)	75,114	75,361	75,678	76,370	76,746	77,050	77,517	-	78,100
(incl.) "Kake-hodai & Pake-aeru" billing plan	(in thousands)	38,342	39,617	40,598	41,964	42,926	43,877	44,637	-	-
Telecommunications Services (LTE (Xi))	(in thousands)	45,659	46,908	48,200	50,097	51,344	52,502	53,834	-	55,600
Telecommunications Services (FOMA (3G))	(in thousands)	29,455	28,453	27,478	26,273	25,402	24,549	23,684	-	22,500
sp-mode	(in thousands)	36,671	37,418	37,979	38,998	39,638	40,239	40,809	-	-
i-mode	(in thousands)	14,662	13,809	13,030	12,111	11,375	10,641	9,963	-	-

- (1) The number of Telephone Subscriber Lines is the total of individual lines and central station lines (including the Subscriber Telephone Lite Plan).
- (2) "INS-Net" includes "INS-Net 64" and "INS-Net 1500." In terms of the number of channels, transmission rate, and line use rate (base rate), "INS-Net 1500" is in all cases approximately ten times greater than "INS-Net 64." For this reason, one "INS-Net 1500" subscription is calculated as ten "INS-Net 64" subscriptions (including subscriptions to the "INS-Net 64 Lite Plan").
- (3) The number of "FLET'S Hikari (including Hikari Collaboration Model)" subscriptions includes subscriptions to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscriptions to "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West and subscriptions to the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.
- (4) The comparative results for the nine months ended December 31, 2018 compared to the year ended March 31, 2018 for "FLET'S Hikari (including Hikari Collaboration Model)" are as follows: the numbers of new subscribers for NTT East and NTT West were 1,223 thousand lines and 902 thousand lines, respectively, for a total of 2,125 thousand lines; the numbers of new subscribers (excluding switchover lines) for the "Hikari Collaboration Model" for NTT East and NTT West were 891 thousand lines and 664 thousand lines, respectively, for a total of 1,556 thousand lines; and the numbers of switchover lines for NTT East and NTT West were 404 thousand lines and 350 thousand lines, respectively, for a total of 754 thousand lines.
- (5) The comparative forecast for the year ending March 31, 2019 (Forecast) compared to the results for the year ended March 31, 2018 for "FLET'S Hikari (including Hikari Collaboration Model)" are as follows: the numbers of new subscribers for NTT East and NTT West are expected to be 1,700 thousand lines and 1,250 thousand lines, respectively, for a total of 2,950 thousand lines; the numbers of new subscribers (excluding switchover lines) for the "Hikari Collaboration Model" for NTT East and NTT West are expected to be 1,250 thousand lines and 950 thousand lines, respectively, for a total of 2,200 thousand lines; and the numbers of switchover lines for NTT East and NTT West are expected to be 650 thousand lines and 600 thousand lines, respectively, for a total of 1,250 thousand lines.
- (6) The number of subscriptions for "Hikari Denwa" and "FLET'S TV Transmission Services" include wholesale services provided to service providers by NTT East and NTT West.
- (7) "NTT Group Major ISPs" includes "WAKWAK" and "InfoSphere," in addition to "OCN" and "Plala."
- (8) The number of Mobile Telecommunications Services (including "Telecommunications Services (LTE (Xi))" and "Telecommunications Services (FOMA (3G))") includes Communication Module Services.
- (9) Forecasts for the year ending March 31, 2019 have not been changed from those announced in the financial results for the six months ended September 30, 2018.

3. Operating Data (ARPU)

Average Monthly Revenue per Unit (ARPU)

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to each designated service on a per user basis. In the case of NTT Group's fixed-line business, ARPU is calculated by dividing revenue items included in the operating revenues of NTT Group's regional communications business segment, that is, fixed-line (telephone subscriber lines and INS-NET) and FLET'S Hikari, by the number of active subscribers to the relevant services. In the case of NTT Group's mobile communications business, ARPU is calculated by dividing revenue items included in operating revenues from its mobile communications business segment, such as revenues from LTE ("Xi") mobile phone services, FOMA (3G) mobile phone services and "docomo Hikari" services, that are incurred consistently each month, by the number of active users to the relevant services. The calculation of these figures excludes revenues that are not representative of monthly average usage, such as telecommunications equipment sales, activation fees and universal service charges. NTT believes that its ARPU figures calculated in this way provide useful information regarding the monthly average usage of its subscribers. The revenue items included in the numerators of NTT Group's ARPU figures are based on its financial results comprising its IFRS results of operations.

													(Yen)
							FY2017						FY 2018 (E)
							Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Nine Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Year Ending March 31 (Forecast) ⁽¹⁰⁾
NTT East ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾													
Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines)							2,580	2,580	2,590	2,580	2,560	2,580	2,540
FLET'S Hikari ARPU ⁽⁶⁾							5,120	5,090	5,080	5,100	5,030	5,080	4,880
Basic Monthly Charge							3,640	3,640	3,620	3,640	3,610	3,630	3,520
Optional Services							1,480	1,450	1,460	1,460	1,420	1,450	1,360
NTT West ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾													
Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines)							2,540	2,550	2,550	2,550	2,530	2,540	2,510
FLET'S Hikari ARPU ⁽⁶⁾							5,160	5,110	5,100	5,120	5,050	5,100	4,920
Basic Monthly Charge							3,550	3,510	3,490	3,510	3,470	3,500	3,380
Optional Services							1,610	1,600	1,610	1,610	1,580	1,600	1,540
NTT DOCOMO ⁽⁷⁾⁽⁸⁾⁽⁹⁾													
Aggregate ARPU							4,620	4,740	4,750	4,710	4,720	4,710	4,780
New	Mobile ARPU (LTE (Xi) + FOMA (3G))						4,320	4,410	4,390	4,380	4,340	4,370	4,340
	docomo Hikari ARPU						300	330	360	330	380	340	440
Old	Aggregate ARPU						4,600	4,710	4,720	4,680	4,690	4,680	-
	Voice ARPU (LTE (Xi) + FOMA (3G))						1,330	1,390	1,390	1,360	1,370	1,370	-
	Data ARPU						3,270	3,320	3,330	3,320	3,320	3,310	-
	Packet ARPU (LTE (Xi) + FOMA (3G))						2,970	2,990	2,970	2,990	2,940	2,970	-
	docomo Hikari ARPU						300	330	360	330	380	340	-

- (1) We compute the following two categories of ARPU for business conducted by each of NTT East and NTT West.
 - Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines): Calculated based on revenues from monthly charges and call charges for Telephone Subscriber Lines and INS-NET Subscriber Lines, which are included in operating revenues from Voice Transmission Services (excluding IP Services), and revenues from "FLET'S ADSL" and "FLET'S ISDN," which are included in operating revenues from IP Services.
 - FLET'S Hikari ARPU: Calculated based on revenues from "FLET'S Hikari" (including "FLET'S Hikari" optional services), which are included in operating revenues from IP Services, revenues from monthly charges, call charges and connection device charges for "Hikari Denwa," and revenues from "FLET'S Hikari" optional services, which are included in Supplementary Business revenues.
 - "FLET'S Hikari" includes "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, and "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West. In addition, "FLET'S Hikari" also includes the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.
 - "FLET'S Hikari" Optional Services includes wholesale services provided to service providers by NTT East and NTT West.
- (2) Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines) and FLET'S Hikari ARPU do not include interconnection charges.
- (3) Numbers of active subscribers used in the ARPU calculation of NTT East and NTT West are as below.
 - Quarterly Results: Sum of number of active subscribers {(number of subscribers at end of previous month + number of subscribers at end of the current month)/2} for each month in the relevant period
 - Nine-month Results (from April to December): Sum of number of active subscribers {(number of subscribers at end of previous month + number of subscribers at end of the current month)/2} for each month from April to December
 - FY Results: Sum of number of active subscribers{(number of subscribers at end of previous month + number of subscribers at end of the current month)/2} for each month from April to March
 - FY Forecast: Sum of number of active subscribers from April to September {(number of subscribers at end of previous month + number of subscribers at end of the current month)/2} for each month from April to September + sum of the average forecasted number of active subscribers from October to March {(number of subscribers at September 30, 2018 + expected number of subscribers at March 31, 2019)/2} x6
- (4) For purposes of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), the number of subscribers is determined based on the number of subscriptions for fixed-line services (Telephone Subscriber Lines + INS-NET Subscriber Lines).
- (5) In terms of number of channels, transmission rate, and line use rate (base rate), INS-Net 1500 is in all cases roughly ten times greater than INS-Net 64. For this reason, for the purpose of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), one INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions.
- (6) For purposes of calculating FLET'S Hikari ARPU, the number of subscribers is determined based on the number of FLET'S Hikari subscribers, which includes subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West, and the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.
- (7) The following is the formula we use to compute ARPU for NTT DOCOMO.
(New) Aggregate ARPU = Mobile ARPU + "docomo Hikari" ARPU
 - Mobile ARPU: Mobile ARPU related revenues (voice-related revenues (basic monthly charges, voice communication charges) + packet-related revenues (basic monthly charges, packet communication charges)) / No. of active users
 - "docomo Hikari" ARPU: "docomo Hikari" ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active users(Old) Aggregate ARPU =Voice ARPU + Packet ARPU + "docomo Hikari" ARPU
 - Voice ARPU: Voice ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active users
 - Packet ARPU: Packet ARPU Related Revenues (basic monthly charges, packet communication charges) / No. of active users
 - "docomo Hikari" ARPU: "docomo Hikari" ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active usersNote that the sum of Packet ARPU and "docomo Hikari" ARPU is referred to as Data ARPU.
- (8) Numbers of active users used in the ARPU calculation of NTT DOCOMO are as described below.
 - Sum of No. of active users for each month ((No. of users at the end of previous month + No. of users at the end of current month) / 2) during the relevant period
- (9) The number of "users" used to calculate ARPU is the total number of subscriptions, excluding the subscriptions listed below:
 - Subscriptions of communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MVNOs, and Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for "Xi" or "FOMA" services in his/her name.(New) Note that revenues from communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MVNOs and the impact on revenues from "dPOINT" program, etc. are not included in ARPU calculations.
(Old) Note that revenues from communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MVNOs are not included in ARPU calculations.
- (10) Forecasts for the year ending March 31, 2019 have not been changed from those announced in the financial results for the six months ended September 30, 2018.

3. Operating Data (Number of Employees)

Number of Employees	FY2017				FY2018				(Persons)
	As of June 30	As of September 30	As of December 31	As of March 31	As of June 30	As of September 30	As of December 31	As of March 31	FY 2018 (E) As of March 31 (Forecast) ⁽²⁾
NTT Consolidated Number of Employees	280,850	283,400	286,350	282,550	304,450	306,750	309,400	-	305,300
Regional communications business	70,000	70,300	71,450	67,600	82,400	82,900	83,350	-	79,350
Long distance and international communications business	43,850	44,200	44,650	45,350	47,100	47,400	48,000	-	48,350
Mobile communications business	28,150	28,050	27,950	27,450	28,550	28,450	28,350	-	28,100
Data communications business	113,950	115,900	117,350	118,000	120,550	122,000	123,650	-	123,950
Other business	24,900	24,950	24,950	24,150	25,850	26,000	26,050	-	25,550
Number of Employees, by Core Group Companies ⁽¹⁾									
NTT East Group	34,950	34,850	34,900	32,950	40,700	41,200	41,600	-	39,950
NTT West Group	35,050	35,450	36,550	34,650	41,750	41,700	41,750	-	39,400
NTT Communications Group	21,800	21,850	21,950	22,050	23,150	23,300	23,350	-	23,950
Dimension Data (Consolidated)	20,750	21,000	21,350	21,900	22,600	22,750	23,250	-	23,050

(1) Starting from the quarter ended December 31, 2016, "Number of Employees" includes employees whose contracts were changed from fixed-term contracts to open-ended contracts.

(2) Forecasts for the year ending March 31, 2019 have not been changed from those announced in the financial results for the six months ended September 30, 2018.