

Financial Results Release

For the Year Ended March 31, 2019

May 10, 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 date of the ordinary general meeting of shareholders : June 25, 2019
 Scheduled date of dividend payments : June 26, 2019
 Scheduled filing date of securities report : June 28, 2019
 Supplemental material on financial results : Yes
 Presentation on financial results : Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Year Ended March 31, 2019 (April 1, 2018 - March 31, 2019)

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	
Year Ended March 31, 2019	11,879,842	0.8%	1,693,833	3.2%	1,671,861	(3.9%)	854,561	(4.8%)
Year Ended March 31, 2018	11,782,148	-	1,641,086	-	1,740,479	-	897,887	-

Note: 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	ROE (Ratio of Profit Attributable to NTT)	ROA (Ratio of Profit before Taxes to Total Assets)	Operating Profit Margin (Ratio of Operating Profit to Operating Revenues)
Year Ended March 31, 2019	440.25 (yen)	- (yen)	9.3%	7.6%	14.3%
Year Ended March 31, 2018	449.86 (yen)	- (yen)	10.2%	8.1%	13.9%

Notes: 1.Comprehensive income (loss) attributable to NTT: For the year ended March 31, 2019: 826,154 million yen ((13.1)%)

For the year ended March 31, 2018: 950,302 million yen (—%)

2.Equity in earnings (losses) of affiliated companies: For the year ended March 31, 2019: (10,075) million yen

For the year ended March 31, 2018: 4,966million 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
March 31, 2019	22,295,146	11,804,790	9,264,913	41.6%	4,832.03 (yen)
March 31, 2018	21,541,444	11,565,654	9,050,358	42.0%	4,591.58 (yen)

Note: Shareholders' Equity, Equity Ratio and Shareholders' Equity per Share for the fiscal year ended March 31, 2018 have been adjusted starting with this financial results release for the fiscal year ended March 31, 2019. Pre-adjustment numbers would be as follows: Shareholders' Equity: 9,062,752 million; Equity Ratio: 42.1%; Shareholders' Equity per Share: 4,597.87 per share.

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year ended March 31, 2019	2,406,157	(1,774,136)	(584,266)	946,134
Year ended March 31, 2018	2,541,270	(1,746,185)	(968,279)	895,003

2. Dividends

	Annual Dividends					Total Annual Dividends	Payout Ratio (Consolidated)	Ratio of Dividends to Shareholders' Equity (Consolidated)
	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)	298,314 ^(millions of yen)	33.3 %	3.4 %
Year Ending March 31, 2019	-	85.00 (yen)	-	95.00 (yen)	180.00 (yen)	347,927 ^(millions of yen)	40.9 %	3.8 %
Year Ending March 31, 2020 (Forecasts)	-	95.00 (yen)	-	95.00 (yen)	190.00 (yen)	-	41.7 %	-

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(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, 2020	11,830,000	(0.4)%	1,550,000	(8.5)%	1,569,000	(6.2)%	855,000	0.1%	456.00 (yen)

***Notes:**

- (1) Change in significant consolidated subsidiaries during the fiscal year ended March 31, 2019 that resulted in changes in the scope of consolidation: Yes
Newly added: Two companies (NTT, Inc. and NTT-SH Corporation)
- (2) Change of accounting policy and accounting estimates
 - i. Changes in accounting policy required by IFRS: Yes
 - ii. Changes other than (i): Yes
 - iii. Changes in accounting estimates: None
- (3) Number of shares outstanding (common stock)
 - i. Number of shares outstanding (including treasury stock):

March 31, 2019	: 1,950,394,470 shares
March 31, 2018	: 2,096,394,470 shares
 - ii. Number of shares of treasury stock:

March 31, 2019	: 32,997,746 shares
March 31, 2018	: 125,318,558 shares
 - iii. Weighted average number of shares outstanding:

For the Year Ended March 31, 2019	: 1,941,068,728 shares
For the Year Ended March 31, 2018	: 1,995,912,757 shares

(Reference) Non-Consolidated Financial Results

For the Year Ended March 31, 2019

[Japanese GAAP]

1. Non-consolidated Financial Results for the Year Ended March 31, 2019 (April 1, 2018 - March 31, 2019)

Amounts are rounded off per 1 million yen.

(1) Non-consolidated Results of Operations

(Millions of yen, except per share amounts)

	Operating Revenues		Operating Income		Recurring Profit		Net Income	
Year ended March 31, 2019	750,740	13.2%	613,833	15.7%	612,862	16.0%	1,192,784	64.5%
Year ended March 31, 2018	663,118	39.8%	530,552	56.2%	528,143	57.7%	724,908	151.6%

Note: Percentages above represent changes from the previous year.

	Earnings per Share	Diluted Earnings per Share
Year ended March 31, 2019	614.50 (yen)	- (yen)
Year ended March 31, 2018	363.20 (yen)	- (yen)

(2) Non-consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Equity Ratio (Ratio of Shareholders' Equity to Total Assets)	Net Assets per Share
March 31, 2019	7,098,890	5,222,248	73.6%	2,723.61 (yen)
March 31, 2018	6,710,444	4,602,591	68.6%	2,335.07 (yen)

(Reference) Shareholders' equity: For the year ended March 31, 2019: 5,222,248 million yen

For the year ended March 31, 2018: 4,602,591 million yen

2. Non-consolidated Financial Forecasts for the Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(Millions of yen, except per share amounts)

	Operating Revenues	Operating Income	Recurring Profit	Net Income	Earnings per Share
Year ending March 31, 2020	646,000 (14.0)%	509,000 (17.1)%	507,000 (17.3)%	508,000 (57.4)%	271.00 (yen)

Note: Percentages above represent changes from the previous year.

* This financial results release is not subject to the audit.

* Explanation of financial results 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 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, 2020, please refer to page 48.

As NTT evaluates its business performance on an annual basis, financial results forecasts for the six months ending September 30, 2019 have not been prepared.

On Friday, May 10, 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.

1. BUSINESS RESULTS

(1) Summary of Business Results

Overview of Consolidated Business Results (April 1, 2018 – March 31, 2019)

			(Billions of yen)	
	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Change	Percent Change
Operating revenues	11,782.1	11,879.8	97.7	0.8%
Operating expenses	10,141.1	10,186.0	44.9	0.4%
Operating profit	1,641.1	1,693.8	52.7	3.2%
Profit before taxes	1,740.5	1,671.9	(68.6)	(3.9)%
Profit attributable to NTT	897.9	854.6	(43.3)	(4.8)%

(Note): NTT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards. ("IFRS")

In the fiscal year ended March 31, 2019, the information and telecommunications market saw increased usage of a variety of digital services as a result of rapid advances in such areas as cloud services, IoT, big data and AI. The analysis and utilization (data management) of data accumulated through the use of such services are driving a global digital transformation resulting in reforms that will further take in a positive direction, such as by improving the convenience of people's daily lives, creating new business models and enhancing productivity. In addition, it is becoming increasingly necessary to take steps such as strengthening information security against increasingly sophisticated and complex cyberattacks, reinforcing anti-disaster measures, and contributing to the protection of the global environment. The role of information and telecommunications is becoming increasingly important in terms of resolving these wide-ranging social issues.

In light of these circumstances, during the fiscal year under review, NTT Group formulated and announced its new "Your Value Partner 2025" Medium-Term Management Strategy, with the aim of working together with our partners to promote initiatives to resolve social issues in its role as "Your Value Partner."

● Supporting our Customers' Digital Transformations

NTT Group has proceeded with initiatives including the promotion of the B2B2X model to support the creation of new value, initiatives to implement and launch 5G services, and increasingly personalized services to support lifestyle changes, among other efforts.

- In terms of supporting the creation of new value, NTT Group signed an agreement for comprehensive collaboration for realizing a super-smart society by utilizing public and private data with the city of Yokohama in Kanagawa Prefecture and Yokohama City University, and have begun initiatives to enhance the daily lives of City residents. In addition, NTT Group worked with Dell Technologies Inc. in the city of Las Vegas to conduct proof of concept testing for implementing public safety solutions by providing quick responses to accidents and incidents and predictive measures using AI. Furthermore, NTT Group concluded a capital and business alliance agreement with Netyear Group Corporation for the purpose of strengthening support for digital marketing. The B2B2X Strategy Committee has been established within the Company so as to expand these projects in cooperation with other members of the Group with the aim of further promoting this kind of B2B2X model.
- In the "DOCOMO 5G Open Partner Program," with a wide range of partners, we expanded initiatives aimed at creating new use cases for the implementation and launch of 5G services. Moreover, in outdoor trials of 5G, NTT Group achieved a world first by reaching a communication speed of 27Gbps, exceeding the 20Gbps communication speed to mobile devices required for 5G, in addition to advancing other initiatives related to the use of 5G in a wide range of environments.
- In order to promote the personalization of services and in response to diversifying customer lifestyles, it was decided that NTT DOCOMO would make NTT Plala its subsidiary as an effort to strengthen its video content business. In addition, NTT Plala took an equity stake in EAST GROUP HOLDINGS INC., a major program production company, with the aim of improving its proprietary content. In addition, we

launched the “Basic Share pack” and “Basic pack,” which are intended for the convenience of customers with low data usage, and the “Welcome Sumaho Wari” for customers who switch from feature phones to smartphones for the first time. The number of subscriptions to the “docomo with” discounted billing plan, which is for customers who use one device over a long period of time, exceeded 5 million.

- Due to the impact of the workstyle reforms trending recently, more than 3,000 companies have now introduced the “WinActor®” RPA tool provided by NTT Group.

● **Accelerating Our Own Digital Transformation**

NTT Group has advanced initiatives such as the “One NTT” global growth strategy to enhance the competitiveness of our global business and our digital transformation of the domestic business.

- In order to enhance the competitiveness of our global business, NTT Group newly established a global holding company under NTT (company name: NTT, Inc.), and transferred control of NTT Communications, Dimension Data, NTT Security, and NTT Data to this holding company. In order to activate investment, primarily into areas of technology for which the global market is expected to grow, a global innovation fund (company name: NTT Venture Capital, L.P.) has also been established. Furthermore, NTT has established in the United States a new company specializing in procurement (company name: NTT Global Sourcing, Inc.) for hardware, software and services purchased jointly by Group companies in order to centralize price negotiations and enter into comprehensive agreements with manufacturers and vendors around the globe.
 - * NTT, NTT East and NTT West are not covered by this procurement initiative.
- To enable NTT, NTT DOCOMO, NTT East, NTT West and NTT Communications to move forward with their own digital transformation, Chief Digital Officers (CDO) have been appointed in each company so as to further improve business process efficiency and provide new value-added services. The CDO of each company will be responsible for formulating and promoting a digital strategy to deal quickly and flexibly with a variety of changes in the business environment, such as the introduction of 5G and the PSTN migration.
 - * NTT Data had already assigned an operating officer to drive its digital strategy before the beginning of the fiscal year under review.
- NTT Communications promoted the digital transformation of contact centers through the creation of new points of contact with customers via live chat and AI-driven automatic chatbots with 24-hour-a-day availability, and introduced operator support systems that use voice recognition and analysis technology, causing chat-based inquiries at its contact center (Nagoya City, Aichi Prefecture) to increase by around 4.5 times. These moves have been well received in the industry, resulting in NTT Communications winning the “Best Technology Category Prize” at the Contact Center Awards 2018.

● **Leveraging Talent, Technologies and Assets**

NTT Group also worked on initiatives to utilize real estate, to create new businesses in such areas as the supply of energy, and to revitalize local communities and regional economies.

- NTT Group is promoting a new urban solutions business that goes beyond conventional real estate development by leveraging its strengths in real estate, ICT, energy and environmental technology and other fields to the fullest extent. Specifically, as a way of strengthening the structure to facilitate group-wide initiatives, preparations are under way to establish an urban solutions business promotion company (company name: NTT Urban Solutions, Inc.), including such measures as making NTT Urban Development, which plays a central role in the real estate business in the NTT Group, a wholly owned subsidiary through a tender offer.
- NTT created collaborative business operations to respond to societal demands for the promotion of energy conservation and decarbonization, and for energy supplies that are resistant to natural disasters, and also established a joint venture with Tokyo Electric Power Company Holdings, Inc. called TNcross Corporation with the aim of driving business development that is responsive to changes in markets and society. As a specific example of these measures, we have entered into an agreement with the city of Chiba in Chiba Prefecture relating to the testing of new energy solutions, with the goals of stabilizing residents’ daily lives as quickly as possible in times of natural disaster and of enhancing residential services in normal times.

- **Promoting ESG Management and Enhancing the Returns of Shareholders to Improve Corporate Value**

NTT Group considers the continuous enhancement of corporate value and the return of profits to shareholders to be important management issues, and is working to reduce its environmental impact, make use of diverse human resources, reinforce information security, and enhance the returns of shareholders.

- In terms of environmental initiatives, NTT is the first telecommunications operator worldwide to become a member of the “EP100” and “EV100” global initiatives operated by The Climate Group, an international NPO. We have worked to promote the introduction of high-efficiency DC power equipment, energy-saving in communications equipment, and EV conversions to reduce NTT’s environment impact and its vehicle ownership costs.
- As part of our cybersecurity initiatives, we participate in the Council to Secure the Digital Economy (CSDE), an international body established to work for the safety and security of the digital economy, and publish the International Anti-Botnet Guide, and contributed to the domestic rollout of this publication through ICT-ISAC Japan. Furthermore, to protect users of ICT and to improve the safety, stability and resilience of virtual space, NTT has endorsed the “Cybersecurity Tech Accord,” a shared commitment by more than 80 companies that underpin global communications and IT.
- Recognizing diversity management as a key part of our management strategy, we have striven to ensure that diverse personnel can demonstrate their talents. In terms of initiatives aimed at sexual minorities such as LGBT persons, we have extended overall systems relating to spouses and families, such as various allowances and benefits, to apply to same-sex partners. In addition, we are actively promoting diverse work styles by the use of working-from-home systems and other teleworking systems as well as flextime systems as an ICT provider. NTT Group participated in the Telework Days event that took place in July 2018. During this event, more than 15 thousand NTT Group employees took part in the flexible work styles.
- In recognition of the wide range of initiatives we have implemented for sustained improvements in corporate value, NTT was selected for inclusion in the Dow Jones Sustainability World Index (DJSI World), a leading global index of ESG investment, for the first time. NTT has also been selected for the Asia Pacific Index, a component index of the Asia Pacific area, for the fifth consecutive year.
- In terms of the returns of shareholders, the Company paid dividends and implemented share buybacks.

- **Status of Fundamental Research & Development, etc.**

In accordance with the “Your Value Partner 2025” Medium-Term Management Strategy, NTT is promoting innovative research and development with the aim of effecting global change. In order for research and development to be a wellspring of new value to be created in diverse fields, we have promoted initiatives together with parties in a wide range of industrial fields with the goal of enhancing industrial competitiveness and resolving societal issues.

- Research and Development to Promote the B2B2X Model
 - Together with Mitsubishi Heavy Industries, Ltd., we applied technology derived from optical fiber for communications use to laser processing with the aim of creating a revolution in manufacturing technology used in social infrastructure industries and succeeded in transmitting high-power single-mode laser light over distances ranging from several tens to several hundreds of meters, where previously it was able to transmit no more than a few meters, while maintaining a level of quality suitable for high-precision processing.
 - NTT and Mitsubishi Heavy Industries, Ltd. jointly developed a cybersecurity technology for critical infrastructure control systems that is able to detect anomalies caused by unknown cyberattacks and respond in real time, which was subsequently commercialized as “InteRSePT®” and is now on sale.
 - NTT and Toyota Motor Corporation, which is a joint research partner of ICT platforms for connected cars, have begun trials with the aim of establishing a technology platform for achieving automated driving.
 - With regard to MaaS, which the NTT Group is promoting for consideration in the “Mobility Innovation Consortium” founded by East Japan Railway Company, trials have begun that link transport operators, on-demand transportation and commercial facilities, using the SUICA authentication system, which is based on cloud-based ID authentication system developed along with associated services by NTT Data and JR EAST MECHATRONICS CO., LTD.

- NTT and Shochiku Co., Ltd. have entered into an agreement to jointly conduct new commercial performances of Kabuki by means of collaborations that involve Kabuki and the latest ICT. It has been announced that the first of these collaborations, hosted jointly by “NTT-Shochiku Partners,” a voluntary partnership established by both companies, will be held as the “Minamiza Reopening Commemorative Event ‘August Minamiza Chokabuki’” at the Kyoto Minamiza Theatre.
- Strengthening and Globalizing Research and Development
 - With the aim of accelerating digital transformation, NTT and major French telecommunications operator Orange, which primarily operates its business in Europe, have signed a strategic research and development (R&D) framework agreement to facilitate the mutual use of research findings in several key areas, including 5G, network transformation, AI, IoT and cybersecurity.
 - With the goal of solving social challenges that are common between Japan and Australia, NTT, Deakin University, Western Sydney University, and Dimension Data Australia have entered into a partnership agreement in order to share a vision of “a society in which elderly people can lead safe, healthy, and independent lives,” and to find innovative solutions to implement this vision.
- Research and Development Aimed at Achieving Immersive and Natural Worlds
 - NTT has further evolved its “Kirari!®” processing technology, which aims to create worlds that provide “just like being there,” ultrahigh-immersion experiences in real time that can be accessed anywhere. The newly developed techniques not only enable the processing and transmission of the image of subjects from video broadcasts, along with 3D positioning information, but also allows them to be reproduced at the destination in a pseudo-3D display that generates in the viewer the sense that the subjects also move towards and away from the viewer. This results in the achievement of an audience experience in which the subjects appear to move in three dimensions at the destination.
 - NTT has developed natural forms of AI that can be more easily integrated into society, such as angle-free rigid and non-rigid object information retrieval technology that can, for example, improve the efficiency of warehouse management and save labor in cash register operations by recognizing an object as the same item even after it has changed shape.
 - NTT has also started a new “Point of Atmosphere” program of research that allows not only electronic terminals but also various everyday objects to be used as devices to convey information more naturally.
- Promoting Cutting-edge Research
 - Given that it is anticipated that there will be further evolution of high-capacity optical networks in preparation for the full-scale adoption of IoT and 5G services, NTT has developed new proprietary technology for digital signal processing and ultra wide area optical devices, increasing the channel capacity per wavelength to the point that transmission speeds achieve a level more than 10 times that of current commercial systems, and succeeding in achieving a global first of 1 terabit/sec of capacity in long-distance wavelength-division multiplexed transmission trials.
 - We have succeeded in achieving high-capacity wireless transmissions at approximately 100 times the speed of LTE and Wi-Fi, and five times that of 5G, by using two technologies. First, we succeeded in wireless transmission at rates of 100Gb/sec in the 28GHz band by using a new principle called OAM multiplexing. Second, in a joint effort with National University Corporation Tokyo Institute of Technology, we developed an ultra-fast IC that enables wireless transmissions of 100Gb/sec in the 300GHz band, where it is relatively easy to expand the transmission band.
 - Through advances in the research and development of the LASOLV Laser ising machine, a new computer that is capable of solving difficult problems by using the physical properties of light, NTT researchers have enabled it to be applied to a variety of combinatorial optimization problems, which are expected to be used in such areas as drug discovery, relieving traffic congestion and AI machine learning.
 - Focusing on the trend towards enabling the devices in our daily lives to connect to the Internet, we have proposed a transparent battery that blends in with its surroundings without drawing attention to itself, and have confirmed its operation as a battery.

As a result of the above efforts, NTT Group’s consolidated operating revenues for the fiscal year ended March 31, 2019 were 11,879.8 billion yen (an increase of 0.8% from the previous fiscal year) and consolidated operating expenses were 10,186.0 billion yen (an increase of 0.4% from the previous fiscal year). As a result, consolidated operating profit was 1,693.8 billion yen (an increase of 3.2% from the previous fiscal year), consolidated profit before taxes was 1,671.9 billion yen (a decrease of 3.9% from the previous fiscal year), and consolidated profit attributable to NTT was 854.6 billion yen (a decrease of 4.8% from the previous fiscal year).

The consolidated financial forecast for the fiscal year ending March 31, 2020 is as follows: operating revenues of 11,830.0 billion yen, operating profit of 1,550.0 billion yen, profit before taxes of 1,569.0 billion yen, and profit attributable to NTT of 855.0 billion yen.

The business results for each business segment for the consolidated fiscal year ended March 31, 2019 are as follows.

■ Mobile Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2018 – March 31, 2019)

			(Billions of yen)	
	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Change	Percent Change
Operating revenues	4,762.3	4,840.8	78.6	1.7%
Operating expenses	3,775.3	3,827.2	51.9	1.4%
Operating profit	987.0	1,013.6	26.7	2.7%

Number of Subscriptions

			(Thousands of subscriptions)	
	As of March 31, 2018	As of March 31, 2019	Change	Percent Change
Mobile Telecommunications Services	76,370	78,453	2,083	2.7%
"Kake-hodai & Pake-aeru" billing plan	41,964	45,793	3,829	9.1%
Telecommunications Services (LTE (Xi))	50,097	55,872	5,775	11.5%
Telecommunications Services (FOMA (3G))	26,273	22,581	(3,692)	(14.1)%

Note: Number of Mobile Telecommunications Services (including "Telecommunications Services (LTE (Xi))" and "Telecommunications Services (FOMA (3G))") includes Communication Module Services.

In the Mobile Communications Business Segment, NTT Group worked to promote sales of the billing plans "docomo with" and "docomo Hikari" and also collaborated with various business partners in an effort to provide new value-added services in the smart life area.

● Details of Main Initiatives

- We worked to expand the number of retail outlets using the new "d Pay" smartphone payment service, which uses barcodes and QR codes, and to increase the number of retail outlets utilizing "d POINTs" both in Japan and overseas. As a result, the number of "d POINT CLUB" subscribers reached 70.15 million, while the number of registered "d POINT CARD" came to 33.72 million.
- By increasing the number of booked appointments to stores, revising explanation methods, and strengthening our web presence, we made efforts to reduce customer waiting times and support times at docomo Shops.
- By establishing systems whereby the information obtained from smartphones is used by AI to show recommended insurance plans, we aim to drive an evolution from "insurance for mobile phones" to "insurance entrusted to mobile phones," and to this end, we have come to an agreement with Tokio Marine & Nichido Fire Insurance Co., Ltd. to start studies on the "use of AI for insurance recommendation" and the "full digitization of insurance processes."
- For customers who are hard of hearing, we have begun offering the Mieru Denwa (literally "visible telephone"), in which the content of the other party's speech is shown as characters on a screen.
- In collaboration with AGC Inc., we became the first in the world to develop a glass antenna that can be fixed onto the inner surface of existing window glass to transmit and receive radio waves without disrupting screen visibility.

As a result of the above, consolidated operating revenues in the Mobile Communications Business Segment for the fiscal year ended March 31, 2019 were 4,840.8 billion yen (an increase of 1.7% from the previous fiscal year). On the other hand, consolidated operating expenses were 3,827.2 billion yen (an increase of 1.4% from the previous fiscal year). As a result, consolidated operating profit was 1,013.6 billion yen (an increase of 2.7% from the previous fiscal year).

■ Regional Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2018 – March 31, 2019)

(Billions of yen)

	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Change	Percent Change
Operating revenues	3,231.6	3,152.3	(79.2)	(2.5)%
Operating expenses	2,880.0	2,791.6	(88.4)	(3.1)%
Operating profit	351.6	360.7	9.1	2.6%

Number of Subscriptions

(Thousands of subscriptions)

	As of March 31, 2018	As of March 31, 2019	Change	Percent Change
FLET'S Hikari (including Hikari Collaboration Model) ⁽¹⁾	20,533	21,078	545	2.7%
NTT East	11,491	11,880	389	3.4%
NTT West	9,041	9,197	156	1.7%
Hikari Collaboration Model	11,117	12,690	1,573	14.1%
NTT East	6,602	7,470	868	13.1%
NTT West	4,515	5,220	705	15.6%
Hikari Denwa	18,032	18,244	212	1.2%
NTT East	9,558	9,759	201	2.1%
NTT West	8,474	8,485	11	0.1%

Notes:

- Number of "FLET'S Hikari (including Hikari Collaboration Model)" subscribers 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 subscribers to the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.
- The figures for Hikari Denwa indicate the number of channels (in thousands). Number of "Hikari Denwa" subscribers includes wholesale services provided to service providers by NTT East and NTT West.

In the Regional Communications Business Segment, NTT Group worked on the "Hikari Collaboration Model," which provides wholesale fiber-optic access services, among other things, to various service providers, as well as strengthening our solutions business with the aim of revitalizing local communities and regional economies.

● Details of Main Initiatives

- In the "Hikari Collaboration Model," NTT Group has developed a business model whereby NTT Group provide social infrastructure operators with an integrated service for end users that includes electricity, gas and fiber-optic services, to be used when opportunities arise, such as when end users are relocating, thus increasing our collaborations with other industries. Through such initiatives, the number of service providers providing wholesale services was approximately 750 companies at the end of the fiscal year ended March 31, 2019, while under the same model, the number of subscriptions to fiber-optic access services came to 12.69 million.
- NTT Group has begun offering IoT packages for factories that enable the visualization of production sites. The adoption of such packages enables the accumulation of operating data from production machinery, the use of alerts to allow the early discovery of abnormal stoppages, and the use of network cameras to record images from the time at which abnormal stoppages occurred. By combining such packages with such efforts as revising operating processes and ensuring the generational hand-down of employee skills, NTT Group has achieved improved productivity at production sites, reductions in labor used and development of human resources.
- As a first step towards the realization of the "Regional Revitalization Clouds" concept, NTT Group has begun a collaboration with Microsoft Japan Co., Ltd. to deploy and develop cloud service platforms for local governments, with the aim of supporting local government-led industrial revitalization, generating

employment and dealing with population aging, as well as delivering the improvements in work efficiency demanded by regional companies, which tend to struggle with labor shortages.

- In order to effectively encourage the use of the “Disaster Emergency Message Dial (171)” and “Disaster Emergency Bulletin Board (web171),” we have set up a trial usage period. In addition, during the training in countermeasures to assist those who are stranded as a result of natural disasters in Toshima-ku, Tokyo, we collaborated with Aquabit Spirals Inc. to offer a service that provides a simple display of emergency information in a person’s native language so that it can be shown to overseas visitors sheltering in hotels.

As a result of the above, consolidated operating revenues in the Regional Communications Business Segment for the fiscal year ended March 31, 2019 were 3,152.3 billion yen (a decrease of 2.5% from the previous fiscal year). On the other hand, consolidated operating expenses were 2,791.6 billion yen (a decrease of 3.1% from the previous fiscal year). As a result, consolidated operating profit was 360.7 billion yen (an increase of 2.6% from the previous fiscal year).

■ Long Distance and International Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2018 – March 31, 2019)

			(Billions of yen)	
	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Change	Percent Change
Operating revenues	2,242.2	2,278.7	36.5	1.6%
Operating expenses	2,151.6	2,178.5	26.9	1.3%
Operating profit	90.6	100.1	9.6	10.6%

In the Long Distance and International Communications Business Segment, in addition to enhancing its ability to provide ICT solutions, which combine network, security and other services, NTT Group worked to enhance its service provision in growth areas such as cloud services and IT outsourcing.

● Details of Main Initiatives

- By combining chat AI, including the “COTOHA⁰ Virtual Assistant” chat-based natural language analysis AI engine, with RPA such as “WinActor®,” NTT Group provided a “Contact Center DX Solution” that enables the automation of all processes from contact center responses to business processing, for significant increases in productivity. As a result, instead of the previous “person-centric” contact center response, NTT Group realized an environment in which “AI+RPA” provide the primary response and is able to complete all operations.
- In order to provide a comprehensive response to its customers’ security needs, NTT Group signed an agreement to acquire US-based WhiteHat Security, Inc., a leading application security operator, as its wholly owned subsidiary.
- To respond to demand for cloud services and data centers in various regions worldwide, NTT Group advanced the expansion of its service provision systems in various countries that have continuous market expansion. In addition, NTT Group established an investment subsidiary company, with the objective of centralizing the construction, ownership and the provision of wholesale equipment for data centers of the NTT Group.

As a result of the above, consolidated operating revenues in the Long Distance and International Communications Business Segment for the fiscal year ended March 31, 2019 were 2,278.7 billion yen (an increase of 1.6% from the previous fiscal year). On the other hand, consolidated operating expenses were 2,178.5 billion yen (an increase of 1.3% from the previous fiscal year). As a result, consolidated operating profit was 100.1 billion yen (an increase of 10.6% from the previous fiscal year).

■ Data Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2018 – March 31, 2019)

(Billions of yen)

	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Change	Percent Change
Operating revenues	2,045.2	2,163.6	118.4	5.8%
Operating expenses	1,922.0	2,015.9	93.9	4.9%
Operating profit	123.2	147.7	24.5	19.9%

In the Data Communications Business Segment, NTT Group responded to the acceleration of its customers' digital transformation at a global level, and to their increasingly diversified and sophisticated needs, by working to expand our business in the global market and to extend and consistently provide a range of IT services, such as offerings of digitalization and system integration, that are responsive to the changes in the market.

● Details of Main Initiatives

- In collaboration with local governments and local municipalities, NTT Group used “WinActor®” to research and test improvements in process efficiencies and workstyle reforms. As a result, NTT Group was able to confirm a reduction effect in routine work related to individual and corporate taxes, as well as high accuracy for AI-OCR when reading a variety of forms, and announced the practicality of the solutions.
- NTT Group decided to begin offering a service whereby retail operators can handle various code payment methods, such as QR codes and one-dimensional bar codes from both Japan and overseas, by using just one payment terminal or a single interface for “CAFIS,” the largest payment platform in Japan. Also, for local governments, NTT Group began offering the “Mobile Register Public Fund Credit Collection Service,” which enables credit payments via smartphone. Moreover, in preparation for expanding its electronic payments business in the APAC region, NTT Group took steps such as signing an agreement to acquire India-based Atom Technologies Limited a subsidiary, thus promoting initiatives to provide highly convenient and sophisticated pay-related services both in Japan and overseas.
- In order to further strengthen its service provision capabilities, primarily in the digital area, NTT Group acquired UK-based MagenTys Holdings Limited, Germany-based Sybit GmbH, and Canada-based Sierra Systems Group, Inc. as subsidiaries.

As a result of the above, consolidated operating revenues in the Data Communications Business Segment for the fiscal year ended March 31, 2019 were 2,163.6 billion yen (an increase of 5.8% from the previous fiscal year). On the other hand, consolidated operating expenses were 2,015.9 billion yen (an increase of 4.9% from the previous fiscal year). As a result, consolidated operating profit was 147.7 billion yen (an increase of 19.9% from the previous fiscal year).

■ Other Business Segment

Overview of Business Results by Business Segment (April 1, 2018 – March 31, 2019)

(Billions of yen)

	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Change	Percent Change
Operating revenues	1,214.6	1,240.3	25.7	2.1%
Operating expenses	1,115.9	1,154.6	38.7	3.5%
Operating profit	98.7	85.6	(13.1)	(13.2)%

In the Other Business Segment, NTT Group mainly provided services related to the real estate business, finance business, construction and electric power business, and system development business.

● Details of Main Initiatives

- Real Estate Business

In the Otemachi district of Chiyoda-ku, Tokyo, which is moving ahead to strengthen its functions to serve as an international business center, NTT Group completed construction of the Otemachi PLACE development, whose facilities include the highest-level communications environment in Japan and a large hall that can deal with international conferences. In addition, NTT Group moved ahead with preparations to establish an urban solutions business promotion company, which will centralize responsibility for the NTT Group's real estate business.

- Finance Business
NTT Group has developed financial services such as leasing and financing to facilitate the popularization of ICT devices and resolve social challenges revolving around the environmental, educational and medical fields. Furthermore, NTT Group provided billing and collection services for telecommunication service bills, and credit card transaction settlement services.
- Construction and Electric Power Business
By combining and utilizing its technologies in ICT, energy and construction to the fullest extent, NTT Group has implemented initiatives for the utilization of natural energy, such as by completing solar power plants, including the Minamisoma Kawabusa Power Generation Mega Solar Power Plant, as well as for the efficient, waste-free use of limited energy, working toward safe and secure urban development that is resilient against the risk of natural disaster.
- System Development Business
NTT Group worked to develop network operation systems and application services to provide optimized, high-quality ICT services. Additionally, NTT Group worked to develop solutions utilizing cutting-edge technologies such as IoT, big data and AI.

As a result of the above, consolidated operating revenues in the Other Business Segment for the fiscal year ended March 31, 2019 were 1,240.3 billion yen (an increase of 2.1% from the previous fiscal year). On the other hand, consolidated operating expenses were 1,154.6 billion yen (an increase of 3.5% from the previous fiscal year). As a result, consolidated operating profit was 85.6 billion yen (a decrease of 13.2% from the previous fiscal year).

(2) Summary of the Consolidated Financial Position

Cash flows provided by operating activities, excluding the impact of non-business days, for the fiscal year ended March 31, 2019 decreased by 375.3 billion yen (13.5%) from the previous fiscal year to 2,397.9 billion yen. This decrease was due to, among other factors, income from an arbitration award for the fiscal year ended March 31, 2018 and a decrease in collections of trade receivables for the fiscal year ended March 31, 2019. Cash flows provided by operating activities for the fiscal year ended March 31, 2019 was 2,406.2 billion yen.

Cash flows used in investing activities increased by 28.0 billion yen (1.6%) from the previous fiscal year to 1,774.1 billion yen. This increase was due to, among other factors, an increase in payments for acquisition of subsidiaries.

Cash flows used in financing activities decreased by 384.0 billion yen (39.7%) from the previous fiscal year to 584.3 billion yen. This decrease was due to, among other factors, an increase in debt.

As a result of the above, NTT Group's cash and cash equivalents, excluding the impact of non-business days, as of March 31, 2019 was 1,169.8 billion yen, increased by 42.9 billion yen (3.8%) from the end of the previous fiscal year. Cash and cash equivalents as of March 31, 2019 was 946.1 billion yen.

	(Billions of yen)			
	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Change	Percent Change
Cash flows provided by operating activities	2,541.3	2,406.2	(135.1)	(5.3)%
Cash flows provided by operating activities (Excluding the impact of non-business days ⁽¹⁾ (2))	2,773.2	2,397.9	(375.3)	(13.5)%
Cash flows used in investing activities	(1,746.2)	(1,774.1)	(28.0)	(1.6)%
Cash flows used in financing activities	(968.3)	(584.3)	384.0	39.7%
Cash and cash equivalents at the end of year	895.0	946.1	51.1	5.7%
Cash and cash equivalents at the end of year (Excluding the impact of non-business days ⁽¹⁾ (3))	1,126.9	1,169.8	42.9	3.8%

Note: (1) The impact in the amount of 231.9 billion yen, caused by the last day of the fiscal year ended March 31, 2018 falling on a non-business day, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.

(2) The impact in the amount of 8.3 billion yen, caused by the last days of the fiscal year ended March 31, 2018 and 2019 falling on non-business days, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.

(3) The impact in the amount of 223.7 billion yen, caused by the last day of the fiscal year ended March 31, 2019 falling on a non-business day, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.

2. BASIC APPROACH TO THE SELECTION OF ACCOUNTING STANDARDS

NTT Group has adopted International Financial Reporting Standards (“IFRS”) for its consolidated financial statements in order to improve the international comparability of its financial information in the capital markets, among other reasons, beginning with the first quarter of the fiscal year ended March 31, 2019.

3. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

	Millions of yen		
	Date of Transition to IFRS (April 1, 2017)	March 31, 2018	March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents(*)	¥1,075,773	¥895,003	¥946,134
Trade and other receivables(*)	3,623,577	4,022,227	4,391,434
Other financial assets	167,410	123,344	117,753
Inventories	326,718	354,181	331,634
Other current assets	383,506	474,405	550,487
Sub Total	5,576,984	5,869,160	6,337,442
Assets held for sale	—	—	242,524
Total current assets	5,576,984	5,869,160	6,579,966
Non-current assets			
Property, plant and equipment	8,719,755	8,812,174	9,012,947
Goodwill	881,292	841,283	886,531
Intangible assets	1,609,598	1,589,448	1,627,762
Investment property	992,317	1,002,301	967,006
Investments accounted for using equity method	528,981	539,342	298,261
Other financial assets	1,010,546	1,068,799	1,138,502
Deferred tax assets	1,243,283	1,173,946	1,124,467
Other non-current assets	660,971	644,991	659,704
Total non-current assets	15,646,743	15,672,284	15,715,180
Total assets	¥21,223,727	¥21,541,444	¥22,295,146

* The last days of the fiscal year ended March 31, 2018 and 2019 fell on a non-business days, resulting in the due date for certain bills, including telecommunication service bills, being set to the first business day of the following month. Consequently, on the last days of the fiscal year ended March 31, 2018 and 2019 cash and cash equivalents decreased by ¥231,929 million and ¥223,672 million respectively and trade and other receivables increased by the same amount.

	Millions of yen		
	Date of Transition to IFRS (April 1, 2017)	March 31, 2018	March 31, 2019
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debt	¥1,079,243	¥1,017,744	¥1,397,545
Trade and other payables	1,797,544	1,811,723	2,092,479
Other financial liabilities	45,727	50,711	44,305
Accrued payroll	450,360	455,007	468,216
Accrued taxes on income	233,817	240,670	237,282
Other current liabilities	958,862	1,046,582	988,244
Total current liabilities	4,565,553	4,622,437	5,228,071
Non-current liabilities			
Long-term debt	3,179,645	2,953,855	2,865,181
Other financial liabilities	201,789	190,356	175,087
Defined benefit liabilities	1,876,845	1,860,524	1,878,013
Deferred tax liabilities	99,038	74,095	61,189
Other non-current liabilities	258,428	274,523	282,815
Total non-current liabilities	5,615,745	5,353,353	5,262,285
Total liabilities	10,181,298	9,975,790	10,490,356
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	2,341,206
Retained earnings	5,468,245	6,125,957	5,954,305
Treasury stock	(375,223)	(610,742)	(150,635)
Other components of equity	179,453	200,638	182,087
Total NTT shareholders’ equity	8,620,997	9,050,358	9,264,913
Non-controlling interests	2,421,432	2,515,296	2,539,877
Total equity	11,042,429	11,565,654	11,804,790
Total liabilities and equity	¥21,223,727	¥21,541,444	¥22,295,146

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

Consolidated Statements of Profit or Loss

Year Ended March 31

	Millions of yen except per share data		
	2018	2019	Increase (Decrease)
Operating revenues	¥11,782,148	¥11,879,842	¥97,694
Operating expenses			
Personnel expenses	2,393,358	2,391,617	(1,741)
Expenses for purchase of goods and services and other expenses	5,833,866	5,917,693	83,827
Depreciation and amortization	1,346,931	1,333,647	(13,284)
Expenses on disposal of fixed assets	154,161	172,167	18,006
Impairment losses	177,869	126,398	(51,471)
Goodwill	34,119	39,443	5,324
Metal cables	124,800	66,003	(58,797)
Other	18,950	20,952	2,002
Taxes and dues	234,877	244,487	9,610
Total operating expenses	10,141,062	10,186,009	44,947
Operating profit	1,641,086	1,693,833	52,747
Finance income	43,964	24,465	(19,499)
Finance costs	97,183	36,362	(60,821)
Income from arbitration award	147,646	—	(147,646)
Share of profit (loss) of entities accounted for using equity method	4,966	(10,075)	(15,041)
Profit before taxes	1,740,479	1,671,861	(68,618)
Income taxes	533,780	533,174	(606)
Profit	1,206,699	1,138,687	(68,012)
Profit attributable to NTT	897,887	854,561	(43,326)
Profit attributable to Non-controlling interests	308,812	284,126	(24,686)
Earnings per share attributable to NTT			
Basic earnings per share (yen)	¥449.86	¥440.25	

Consolidated Statements of Comprehensive Income

Year Ended March 31

	Millions of yen		
	2018	2019	Increase (Decrease)
Profit	¥1,206,699	¥1,138,687	¥(68,012)
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	—	5,967	5,967
Share of other comprehensive income of entities accounted for using equity method	(432)	(4,637)	(4,205)
Remeasurements of defined benefit plans	32,710	(13,250)	(45,960)
Total of items that will not be reclassified to profit or loss	32,278	(11,920)	(44,198)
Items that may be reclassified to profit or loss			
Unrealized gains (loss) on securities	15,602	—	(15,602)
Cash flow hedges	2,257	(2,784)	(5,041)
Foreign currency translation adjustments	(23,098)	2,791	25,889
Share of other comprehensive income of entities accounted for using equity method	41,258	(12,025)	(53,283)
Total of items that may be reclassified to profit or loss	36,019	(12,018)	(48,037)
Total other comprehensive income (net of taxes)	68,297	(23,938)	(92,235)
Total comprehensive income	1,274,996	1,114,749	(160,247)
Comprehensive income attributable to NTT	950,302	826,154	(124,148)
Comprehensive income attributable to Non-controlling interests	¥324,694	¥288,595	¥(36,099)

(3) Consolidated Statement of Changes in Equity

Year Ended March 31, 2018

	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	¥5,468,245	¥(375,223)	¥179,453	¥8,620,997	¥2,421,432	¥11,042,429
Comprehensive income								
Profit	—	—	897,887	—	—	897,887	308,812	1,206,699
Other comprehensive income	—	—	—	—	52,415	52,415	15,882	68,297
Total comprehensive income	—	—	897,887	—	52,415	950,302	324,694	1,274,996
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(271,405)	—	—	(271,405)	(126,494)	(397,899)
Transfer to retained earnings	—	—	31,230	—	(31,230)	—	—	—
Purchase and disposal of treasury stock	—	1	—	(235,519)	—	(235,518)	—	(235,518)
Changes in ownership interest in subsidiaries	—	(22,467)	—	—	—	(22,467)	(104,336)	(126,803)
Share-based compensation transactions	—	(7,315)	—	—	—	(7,315)	—	(7,315)
Put options granted to non-controlling interests	—	15,764	—	—	—	15,764	—	15,764
Total value of transactions with shareholders etc.	—	(14,017)	(240,175)	(235,519)	(31,230)	(520,941)	(230,830)	(751,771)
March 31, 2018	¥937,950	¥2,396,555	¥6,125,957	¥(610,742)	¥200,638	¥9,050,358	¥2,515,296	¥11,565,654

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	¥6,125,957	¥(610,742)	¥200,638	¥9,050,358	¥2,515,296	¥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	6,139,990	(610,742)	198,206	9,061,959	2,522,861	11,584,820
Comprehensive income								
Profit	—	—	854,561	—	—	854,561	284,126	1,138,687
Other comprehensive income	—	—	—	—	(28,407)	(28,407)	4,469	(23,938)
Total comprehensive income	—	—	854,561	—	(28,407)	826,154	288,595	1,114,749
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(313,605)	—	—	(313,605)	(142,171)	(455,776)
Transfer to retained earnings	—	—	(8,383)	—	8,383	—	—	—
Transfer to non-financial assets	—	—	—	—	3,905	3,905	—	3,905
Purchase and disposal of treasury stock	—	0	—	(258,153)	—	(258,153)	—	(258,153)
Cancellation of treasury stock	—	(2)	(718,258)	718,260	—	—	—	—
Changes in ownership interest in subsidiaries	—	(61,233)	—	—	—	(61,233)	(135,038)	(196,271)
Share-based compensation transactions	—	(6,589)	—	—	—	(6,589)	—	(6,589)
Put options granted to non-controlling interests	—	12,475	—	—	—	12,475	5,630	18,105
Total value of transactions with shareholders etc.	—	(55,349)	(1,040,246)	460,107	12,288	(623,200)	(271,579)	(894,779)
March 31, 2019	¥937,950	¥2,341,206	¥5,954,305	¥(150,635)	¥182,087	¥9,264,913	¥2,539,877	¥11,804,790

(4) Consolidated Statement of Cash Flows

Year Ended March 31

	Millions of yen		
	2018	2019	Increase (Decrease)
Cash flows from operating activities			
Profit	¥1,206,699	¥1,138,687	¥(68,012)
Depreciation and amortization	1,346,931	1,333,647	(13,284)
Impairment losses	177,869	126,398	(51,471)
Share of loss (profit) of entities accounted for using equity method	(4,966)	10,075	15,041
Losses on retirement of fixed assets	69,591	85,703	16,112
Gain on sales of fixed assets	(12,556)	(10,142)	2,414
Income taxes	533,780	533,174	(606)
Decrease (increase) in trade and other receivables (*)	(395,972)	(338,018)	57,954
Decrease (increase) in inventories	(44,770)	1,572	46,342
Decrease (increase) in other current assets	(36,754)	(11,538)	25,216
Increase (decrease) in trade and other payables / accrued payroll	70,900	99,452	28,552
Increase (decrease) in other current liabilities	111,414	12,511	(98,903)
Increase (decrease) in defined benefit liabilities	18,596	834	(17,762)
Increase (decrease) in other non-current liabilities	12,371	4,359	(8,012)
Other	49,599	15,359	(34,240)
Sub-total	3,102,732	3,002,073	(100,659)
Interest and dividends received	58,634	56,889	(1,745)
Interest paid	(45,461)	(39,416)	6,045
Income taxes paid	(574,635)	(613,389)	(38,754)
Net cash provided by (used in) operating activities	¥2,541,270	¥2,406,157	¥(135,113)

	Millions of yen		
	2018	2019	Increase (Decrease)
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property	¥(1,748,113)	¥(1,672,350)	¥75,763
Purchase of investments	(251,295)	(65,623)	185,672
Proceeds from sale or redemption of investments	268,370	55,178	(213,192)
Expenses due to acquisition of control of subsidiaries	(9,057)	(107,264)	(98,207)
Other	(6,090)	15,923	22,013
Net cash provided by (used in) investing activities	(1,746,185)	(1,774,136)	(27,951)
Cash flows from financing activities			
Net increase (decrease) in short-term debt	(2,370)	486,124	488,494
Proceeds from increases in long-term debt	449,857	434,922	(14,935)
Repayment of long-term debt	(636,853)	(627,680)	9,173
Payments for acquisition of interests in subsidiaries from non-controlling interests	(132,431)	(164,415)	(31,984)
Dividends paid	(271,405)	(313,605)	(42,200)
Dividends paid to non-controlling interests	(126,366)	(142,020)	(15,654)
Payments for purchase of treasury stock	(235,570)	(258,215)	(22,645)
Other	(13,141)	623	13,764
Net cash provided by (used in) financing activities	(968,279)	(584,266)	384,013
Effect of exchange rate change on cash and cash equivalents	(7,576)	3,376	10,952
Net increase (decrease) in cash and cash equivalents	(180,770)	51,131	231,901
Cash and cash equivalents as of April 1 (*)	1,075,773	895,003	(180,770)
Cash and cash equivalents as of March 31 (*)	¥895,003	¥946,134	¥51,131

* The last days of the fiscal year ended March 31, 2018 and 2019 fell on non-business days, resulting in the due date for certain bills, including telecommunication service bills, being set to the first business day of the following month. Consequently, on the last days of the fiscal year ended March 31, 2018 and 2019, cash and cash equivalents decreased by ¥231,929 million and ¥223,672 million respectively, and trade and other receivables increased by the same amount. Please see “1. BUSINESS RESULTS (2) Summary of Consolidated Financial Position” for details.

(5) Going Concern Assumption

None

(6) Basis for the Preparation of Consolidated Financial Statements

Principal Accounting Policies

1. Accounting standard for preparation of Consolidated Financial Statements

NTT Group has applied International Financial Reporting Standards (“IFRS”) from the current fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019). The date of transition to IFRS is April 1, 2017.

2. Financial Assets

Classification, recognition, and measurement

Upon initial recognition, financial assets are classified as (a) financial assets measured at amortized cost, (b) financial assets measured at fair value through other comprehensive income, or (c) financial assets measured at fair value through profit or loss. In each case, NTT Group initially recognizes these assets on the dates when NTT Group becomes party to the contract. If the contractual rights to the cash flows of the financial asset expire, or if the contractual rights to receive the cash flows of the financial asset are transferred and substantially all the risks and rewards of ownership of the financial asset are thereby transferred, the financial asset is derecognized and excluded from the consolidated statement of financial position.

(a) Financial Assets Measured at Amortized Cost

Of loans and other similar debt instruments, financial assets that satisfy both of the following conditions are classified as financial assets measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, these financial assets are measured at fair value plus any transaction costs directly attributable to the acquisition of the financial asset. Based on the timing of the payment of consideration for goods and services provided, the effect of the time value of money is immaterial, and trade receivables that do not include any significant financial elements are initially measured at their transaction price.

After initial recognition, they are measured at amortized cost by deducting loss allowance from the gross carrying amount calculated applying the effective interest method.

(b-1) Financial Assets Measured at Fair Value through Other Comprehensive Income (Debt Instruments)

Of corporate bonds and other similar debt instruments, debt instruments that satisfy both of the following conditions are classified as “financial assets measured at fair value through other comprehensive income.”

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the time of initial recognition, these financial assets are measured at fair value plus any transaction costs directly attributable to the acquisition of the financial asset. After initial recognition, they are measured at fair value and any subsequent changes in the fair value are recognized in other comprehensive income. Cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss when the asset is derecognized due to sales and other reasons.

(b-2) Financial Assets Measured at Fair Value through Other Comprehensive Income (Equity Instruments)

At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument such as stock that is not held for trading. NTT Group makes this designation for each financial instrument.

At the time of initial recognition, these financial assets are measured at fair value plus any transaction costs directly attributable to the acquisition of the financial asset. After initial recognition, they are measured at fair value and any subsequent changes in the fair value are recognized in other comprehensive income. Cumulative other comprehensive income recognized in “Other components of equity” is transferred to retained earnings and not to profit or loss, when these financial assets are derecognized. Dividends are recognized in profit or loss.

(c) Financial Assets Measured at Fair Value through Profit or Loss

Financial assets such as derivatives, other than those mentioned in (a), (b-1) and (b-2), are classified as financial assets measured at fair value through profit or loss.

At the time of initial recognition, these financial assets are measured at fair value, and any transaction costs directly attributable to the acquisition of the financial asset are recognized in profit or loss when incurred. After initial recognition, they are measured at fair value, with any subsequent changes in the fair value recognized in profit or loss.

Impairment

NTT Group determines the amount of impairment loss (loss allowance) for financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (debt instruments), lease receivables, contract assets, financial guarantee contracts, and loan commitments, based on the expected credit losses measured as below:

- If, at the end of the fiscal year, the credit risk on a financial asset has not increased significantly since initial recognition, the loss allowance is measured using the amount of the expected credit losses from a possible default within 12 months after the reporting date (12-month expected credit losses).
- If, at the end of the fiscal year, the credit risk on a financial asset has increased significantly since initial recognition, the loss allowance is measured using the amount of the expected credit losses from all possible defaults over the expected life of the financial instrument (lifetime expected credit losses).

Notwithstanding the above, the amounts of loss allowance for trade receivables and contract assets that do not include significant financial elements and lease receivables are always measured using the amount of the lifetime expected credit losses.

3. Inventories

Valuation standard

Inventories consist of telecommunications terminal equipment, materials to be sold, work in progress, and supplies, which are measured at the lower of cost and net realizable value (net realizable value is the estimated selling price in the ordinary course of business less estimated costs to sell).

Valuation method

The costs of telecommunications terminal equipment and materials to be sold are determined on a first-in, first-out basis. The cost of work in progress is mainly attributable to software production pursuant to contracts with customers and construction of real estate held for sale, including labor and subcontractors' costs. The cost of supplies is determined by the average cost method or the specific identification method.

4. Goodwill

Goodwill is not amortized, but are tested for impairment at the same time every year and goodwill is accounted for in the consolidated statement of financial position at the carrying amount by deducting the accumulated impairment losses from the cost.

5. Property, Plant and Equipment, Intangible Assets and Investment Property

Measurement method

NTT Group chooses the cost model which records an amount calculated by deducting accumulated depreciation and accumulated impairment losses from the acquisition cost.

Depreciation and amortization method

- (1) Property, Plant and Equipment
Straight-line method
- (2) Intangible Assets
Straight-line method, except that intangible assets with indefinite lives are not amortized, but are tested for impairment at the same time every year.
- (3) Investment Property
Straight-line method

6. Provisions

Provisions are recognized in cases where NTT Group has present legal or constructive obligations as a result of past events, as well as where it is probable that the obligations will be required to be settled and when it is possible to reliably estimate the amount of the obligation.

Using a pre-tax interest rate that reflects the time value of money, provisions are measured by discounting the estimated future cash flows to the present value, taking into account the risks and uncertainties related to the obligation as of the fiscal year end. The provisions that NTT Group recognizes are primarily asset retirement obligations, provisions for environmental measures, and provisions for points programs.

7. Employee Benefits

Liabilities recognized in connection with the defined benefit plans (defined benefit liabilities) are determined by deducting the fair value of the plans assets from the present value of the defined benefit obligations as of the end of the fiscal year.

Remeasurements of the net amount of assets and liabilities in the defined benefit plans consist of actuarial gains and losses and the return on plan assets (excluding amounts included in interest). They are recognized in other comprehensive income, with the cumulative amount being promptly reclassified from “Other components of equity” to retained earnings.

8. Revenue

The main services of the NTT Group are fixed voice-related services, mobile voice-related services, IP/packet communications services, system integration services, sales of telecommunications equipment, and other services.

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

- Step 1: Identifying the contract with the customer
- Step 2: Identifying the performance obligation in the contract
- Step 3: Determining the transaction price
- Step 4: Allocating the transaction price to separate performance obligations in the contract
- Step 5: Recognizing revenue when or as the performance obligation is satisfied

The part of incremental costs of obtaining a contract and costs to fulfill a contract with customers that is expected to be recoverable is recognized as an asset.

9. Consumption Taxes

Consumption tax is separately accounted for by excluding it from each transaction amount.

(7) Change in Basis for the Preparation of Consolidated Financial Statements

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

Based on the exemptions under IFRS 1, comparative figures have not been restated in accordance with IFRS 9. The accounting standards applied as of the transition date to IFRS and in the fiscal year ended March 31, 2018 were generally accepted accounting principles in the United States (“U.S. GAAP”).

Due to this change in accounting policies, equity instruments whose fair value was not easily determined and previously measured using the cost method under U.S. GAAP are measured at fair value from the beginning of the current fiscal year. Pursuant to the exemptions under IFRS 1, the irrevocable election was made at the time of the application of IFRS 9 that all subsequent changes in the fair value would be recorded as other comprehensive income. Any changes in the fair value are recognized in other comprehensive income in the consolidated statement of comprehensive income.

The impact of this change on the consolidated statement of financial position:

(Millions of yen)

Accounting item (Classifications under U.S. GAAP)	Balance as of the end of the previous fiscal year (March 31, 2018)	Balance at the beginning of the current fiscal year under IFRS 9 (April 1, 2018)	Adjustment factor
Non-current assets			
Other financial assets (Investment using cost method)	54,364	67,258	Impact of using fair value measurements for unlisted stocks

Except for the above-mentioned adjustment factor, the impact of this change in the accounting policy is not material.

The cumulative effects on values 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 current fiscal year is not material.

(8) Business Segments

1. Operating revenues

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Increase (Decrease)
Mobile Communications Business			
External customers	¥4,699,842	¥4,774,711	¥74,869
Intersegment	62,425	66,138	3,713
Sub-total	4,762,267	4,840,849	78,582
Regional Communications Business			
External customers	2,585,194	2,463,941	(121,253)
Intersegment	646,386	688,391	42,005
Sub-total	3,231,580	3,152,332	(79,248)
Long Distance and International Communications Business			
External customers	2,139,723	2,162,563	22,840
Intersegment	102,484	116,128	13,644
Sub-total	2,242,207	2,278,691	36,484
Data Communications Business			
External customers	1,927,244	2,037,782	110,538
Intersegment	117,966	125,843	7,877
Sub-total	2,045,210	2,163,625	118,415
Other Business			
External customers	430,145	440,845	10,700
Intersegment	784,438	799,425	14,987
Sub-total	1,214,583	1,240,270	25,687
Elimination	(1,713,699)	(1,795,925)	(82,226)
Consolidated total	¥11,782,148	¥11,879,842	¥97,694

2. Segment profit

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Increase (Decrease)
Segment profit			
Mobile Communications Business	¥986,981	¥1,013,644	¥26,663
Regional Communications Business	351,608	360,726	9,118
Long Distance and International Communications Business	90,560	100,148	9,588
Data Communications Business	123,218	147,717	24,499
Other Business	98,686	85,624	(13,062)
Total Segment profit	1,651,053	1,707,859	56,806
Elimination	(9,967)	(14,026)	(4,059)
Consolidated total	¥1,641,086	¥1,693,833	¥52,747

3. Segment assets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
Segment assets			
Mobile Communications Business	¥7,654,418	¥7,340,543	¥(313,875)
Regional Communications Business	6,831,933	6,884,134	52,201
Long Distance and International Communications Business	2,775,204	2,994,007	218,803
Data Communications Business	2,346,791	2,548,369	201,578
Other Business	10,951,797	11,546,523	594,726
Total segment assets	30,560,143	31,313,576	753,433
Elimination	(9,018,699)	(9,018,430)	269
Consolidated total	¥21,541,444	¥22,295,146	¥753,702

4. Other significant items

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Increase (Decrease)
Depreciation and amortization			
Mobile Communications Business	¥486,550	¥470,922	¥(15,628)
Regional Communications Business	454,977	447,984	(6,993)
Long Distance and International Communications Business	167,837	178,424	10,587
Data Communications Business	153,886	153,577	(309)
Other Business	84,557	90,943	6,386
Total segment	1,347,807	1,341,850	(5,957)
Elimination	(876)	(8,203)	(7,327)
Consolidated total	¥1,346,931	¥1,333,647	¥(13,284)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Increase (Decrease)
Capital investments for segment assets (*)			
Mobile Communications Business	¥577,037	¥593,749	¥16,712
Regional Communications Business	549,649	540,997	(8,652)
Long Distance and International Communications Business	234,977	244,326	9,349
Data Communications Business	194,814	179,214	(15,600)
Other Business	141,465	138,672	(2,793)
Consolidated total	1,697,942	1,696,958	(984)

(*) The figures for capital investments are the accrual-based amounts required for acquisition of property, plant and equipment, and intangibles. The differences from the figures for "Payments for property, plant and equipment" and "Payments for intangibles" in the consolidated statements of cash flows are as follows:

	Millions of yen		
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Increase (Decrease)
Purchase of property, plant and equipment, intangible assets and investment property	¥1,748,113	¥1,672,350	¥(75,763)
Difference from the total of capital investments	¥50,171	¥(24,608)	¥(74,779)

(9) Subsequent Events

NTT's resolution to repurchase its common stock

On May 10, 2019, the Board of Directors resolved that NTT may repurchase up to 53 million shares of its outstanding common stock for an amount in total not exceeding ¥250,000 million from May 13, 2019 through July 31, 2019.

NTT DOCOMO's resolution to repurchase its common stock

On April 26, 2019, the Board of Directors of NTT DOCOMO resolved that NTT DOCOMO may repurchase up to 128.3 million shares of its outstanding common stock for an amount in total not exceeding ¥300,000 million from May 7, 2019 through April 30, 2020.

Sale of shares in an affiliate

As of March 31, 2019, NTT Group held 34% of the outstanding common shares of Sumitomo Mitsui Card Company, Limited. ("Sumitomo Mitsui Card"). Sumitomo Mitsui Card is a credit card operator in Japan and a privately held company.

In July 2005, NTT DOCOMO, a subsidiary of NTT entered into an agreement with Sumitomo Mitsui Card, Sumitomo Mitsui Financial Group, Inc. (SMFG) and Sumitomo Mitsui Banking Corporation to jointly promote credit transaction services which use mobile phones compatible with the "Osafu-Keitai" (mobile wallet) service. The investment NTT DOCOMO made in Sumitomo Mitsui Card in accordance with this agreement had been accounted for using the equity method.

In September 2018, NTT DOCOMO entered into an agreement with Sumitomo Mitsui Card and Sumitomo Mitsui Financial Group, Inc. (SMFG) to sell all Sumitomo Mitsui Card shares in our possession to SMFG in April 2019.

Therefore, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," NTT Group reclassified its investment in Sumitomo Mitsui Card from "Investment accounted for using the equity method" to "Asset held for sale" In addition, the application of the equity method was discontinued and the asset was subsequently measured at the lower of its carrying amount and fair value less costs to sell. As a result, the asset is recorded at carrying amount at the time when the equity method was discontinued as of March 31, 2019.

As of March 31, 2019, the carrying amount of "Asset held for sale" regarding the investment in Sumitomo Mitsui Card is ¥234,160 million.

As of April 1, 2019, NTT DOCOMO sold all Sumitomo Mitsui Card shares in our possession to SMFG. Cumulative other comprehensive income (net of taxes) related to "Asset held for sale" amounted to ¥30,620 million (credit) and was included in "Other components of equity" in the consolidated statements of financial position as of March 31, 2019. All of this amount are not recognized in profit or loss but are directly reclassified to "Retained earnings" when the asset was sold. This sale had no material effect on the consolidated statements of profit or loss.

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

Transition to Financial Reporting in Accordance with IFRS

The NTT Group prepared the consolidated financial statements for the fiscal year ended March 31, 2019 as its first IFRS financial statements.

According to IFRS 1, an entity applying IFRS for the first time must apply it retrospectively. However, retrospective application is exceptionally prohibited for certain standards under IFRS 1, for which IFRS is applied prospectively from the date of transition to IFRS. Additionally, certain exemptions under IFRS 1 may be voluntarily applied to a part of the standards required to be applied under IFRS. The effect of applying these provisions has been recognized at the IFRS transition date in retained earnings or “Other components of equity.”

The major voluntary exemptions 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 that arose before April 1, 2002. Goodwill resulting from business combinations that arose before April 1, 2002 has been recognized at the carrying amount based on the U.S. GAAP. For goodwill generated in business combinations that occurred before the date of transition to IFRS, impairment testing was implemented as of the date of transition to IFRS, regardless of whether there was any indication of impairment.

② Deemed Cost

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

③ Operating Revenues

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

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

At the date of transition to IFRS and for the fiscal year ended March 31, 2018, items included within the scope of application of IFRS 9 have been restated in accordance with IFRS 9. These are recognized and measured in accordance with the previous accounting standards (U.S. GAAP).

Reconciliations from U.S. GAAP to IFRS

Upon transition to IFRS, NTT Group has adjusted the amounts in the consolidated financial statements that were prepared based on the U.S. GAAP. The impact of transition from the U.S. GAAP to IFRS on the Group’s financial position, results of operations, and cash flows is explained in the following reconciliation tables and the notes to these tables.

In the reconciliation tables, “Reclassification” shows those items that have no impact on equity and comprehensive income, and “Recognition and 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	—	(157,910)	5,468,245	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	—	(431,482)	8,620,997	Total NTT shareholders' equity
Non-controlling interests	2,455,277	—	(33,845)	2,421,432	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 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	—	(134,674)	6,125,957	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	—	(435,623)	9,050,358	Total NTT shareholders' equity
Non-controlling interests	2,546,570	—	(31,274)	2,515,296	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 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 March 31, 2018
(Consolidated Statement of Financial Position)		
Goodwill	(74,972)	(88,019)
Other components of equity	1,454	(683)
Non-controlling interests	18,815	21,612
Adjustment to retained earnings	(54,703)	(67,090)

	Millions of yen	
	Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	
(Consolidated Statement of Profit or Loss)		
Impairment losses - Goodwill		(15,360)
Increase(decrease) in adjustment to pretax income		(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 March 31, 2018
(Consolidated Statement of Financial Position)		
Property, plant and equipment	15,998	19,448
Intangible assets	1,985	3,069
Deferred tax liabilities	(5,605)	(7,011)
Other components of equity	39	11
Non-controlling interests	(697)	(1,007)
Adjustment to retained earnings	11,720	14,510

	Millions of yen
	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	10,237
Depreciation and amortization	(5,529)
Expenses on disposal of fixed assets	(241)
Increase(decrease) in adjustment to pretax income	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 March 31, 2018
(Consolidated Statement of Financial Position)		
Trade and other receivables	7	234
Inventories	(24,820)	(27,363)
Other current assets	6,844	4,784
Property, plant and equipment	—	(102)
Deferred tax assets	(55,776)	(46,542)
Other non-current assets	105,517	61,940
Trade and other payables	—	(908)
Other current liabilities	(123,295)	(128,301)
Other non-current liabilities	212,543	236,783
Non-controlling interests	(47,908)	(46,491)
Adjustment to retained earnings	73,112	54,034

	Millions of yen
	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Profit or Loss)	
Operating revenues	(32,357)
Personnel expenses	(5,473)
Expenses for purchase of goods and services and other expenses	10,202
Depreciation and amortization	(1,841)
Expenses on disposal of fixed assets	(260)
Taxes and dues	(1)
Increase(decrease) in adjustment to pretax income	(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 March 31, 2018
(Consolidated Statement of Financial Position)		
Deferred tax assets	78,628	67,643
Other non-current assets	153	(453)
Defined benefit liabilities	(277,371)	(241,746)
Other components of equity	(197,121)	(175,688)
Non-controlling interests	(2,698)	(4,169)
Adjustment to retained earnings	(398,409)	(354,413)

	Millions of yen
	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Profit or Loss)	
Personnel expenses	20,746
Expenses for purchase of goods and services and other expenses	741
Increase(decrease) in adjustment to pretax income	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 March 31, 2018
(Consolidated Statement of Financial Position)		
Inventories	160	136
Deferred tax assets	41,563	40,505
Other current liabilities	(132,099)	(129,663)
Trade and other payables	(398)	(398)
Non-controlling interests	10,874	10,830
Adjustment to retained earnings	(79,900)	(78,590)

	Millions of yen
	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Profit or Loss)	
Taxes and dues	2,413
Increase(decrease) in adjustment to pretax income	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 March 31, 2018
(Consolidated Statement of Financial Position)		
Property, plant and equipment	35,958	35,343
Investments accounted for using equity method	34,133	30,448
Goodwill	(384,201)	(384,584)
Intangible assets	(5,182)	(3,151)
Deferred tax assets	2,497	4,210
Deferred tax liabilities	1,734	1,099
Additional paid-in capital	260,796	266,166
Other components of equity	25,466	26,050
Non-controlling interests	70,932	68,029
Adjustment to retained earnings	42,133	43,610

	Millions of yen
	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	12
Depreciation and amortization	1,404
Share of profit (loss) of entities accounted for using equity method	(2,697)
Increase(decrease) in adjustment to pretax income	(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 was immaterial and omitted.

	Millions of yen	
	As of the Date of Transition to IFRS April 1, 2017	As of March 31, 2018
(Consolidated Statement of Financial Position)		
Deferred tax liabilities	209,210	195,476
Additional paid-in capital	130,046	152,648
Other components of equity	(6,995)	(9,480)
Non-controlling interests	(9,539)	(11,409)
Adjustment to retained earnings	322,722	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 statement of financial position. 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 March 31, 2018
(Consolidated Statement of Financial Position)		
Redeemable non-controlling interests	50,819	49,930
Other financial liabilities (current)	(21,906)	(26,343)
Other financial liabilities (non-current)	(57,724)	(28,775)
Non-controlling interests	(32,222)	(27,044)
Retained earnings	—	(4,778)
Adjustment to additional paid-in capital	(61,033)	(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 March 31, 2018
(Consolidated Statement of Financial Position)		
Retained earnings	(687)	(1,816)
Other components of equity	(9,118)	(12,183)
Non-controlling interests	(2,464)	(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 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.

Adjustment to Consolidated Statement of Cash Flows

The impact of the change from consolidated statement of cash flows prepared based on U.S. GAAP to that of IFRS were as follows.

	(Millions of yen)
	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Cash Flows)	
Net cash provided by (used in) operating activities	(96,277)
Net cash provided by (used in) investing activities	95,592
Net cash provided by (used in) financing activities	(36,621)

The key adjustments are the two points described below.

- ① Under U.S. GAAP, cash flows relating to loans and the collection of loans are recorded under cash flows from investing activities. Under IFRS, however, cash flows related to loans and collection of loans that are related to principal operating activities are recorded under cash flows from operating activities. The impact of this change were as follows.

	(Millions of yen)
	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Cash Flows)	
Net cash provided by (used in) operating activities	(47,544)
Net cash provided by (used in) investing activities	47,544

- ② Due to the changes in the consolidated statement of financial position described under section “Note on Changes in Presentation of Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss (iii)” above, under IFRS, certain short-term debt and cash and cash equivalents are presented in a gross basis. The impact of this change were as follows.

	(Millions of yen)
	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Consolidated Statement of Cash Flows)	
Net cash provided by (used in) financing activities	(43,105)

4. OTHER

CHANGES IN BOARD OF DIRECTORS

Scheduled appointment date: June 25, 2019

(1) Candidates for Member of the Board

Atsuko Oka (Member of the Board of NTT Resonant Incorporated)

Ken Sakamura (Professor and Dean of Faculty of Information Networking for Innovation and Design of Toyo University)

Keiko Takegawa (Professor of Showa Women's University)

(2) Candidates for Audit & Supervisory Board Member

Hideki Kanda (Professor of Professional School of Law (Law School) of Gakushuin University)

Kaoru Kashima (CPA)

(3) Audit & Supervisory Board Members scheduled to resign from office

Michiko Tomonaga

Seiichi Ochiai

(4) Candidate scheduled to be elected as Executive Vice President, Member of the Board

Hiroki Kuriyama (Senior Vice President, Member of the Board)

(5) New Executive Positions and Organizational Responsibilities

Scheduled appointment date: June 25, 2019

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
Senior Executive Vice President In charge of technical strategy In charge of international standardization Representative Member of the Board	Motoyuki Ii	Senior Executive Vice President In charge of technical strategy In charge of international standardization Head of Technology Planning Representative Member of the Board
Executive Vice President Head of Strategic Business Development In charge of 2020 Project Member of the Board	Hiroki Kuriyama	Senior Vice President Head of Strategic Business Development In charge of 2020 Project Member of the Board
Senior Vice President Head of Technology Planning Member of the Board	Atsuko Oka	
Member of the Board	Ken Sakamura	
Member of the Board	Keiko Takegawa	

(Notes)

Of the candidates for Members of the Board, Ken Sakamura and Keiko Takegawa are candidates for Outside Members of the Board.

Of the candidates for Audit & Supervisory Board Member, Hideki Kanda and Kaoru Kashima are candidates for Outside Audit & Supervisory Board Members. Kaoru Kashima is scheduled to take office as an Audit & Supervisory Board Member on June 26, 2019.

[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.