Overview

Strategy

Operation

Financial Summary

NTT Group has applied International Financial Reporting Standards (IFRS) beginning with the three months ended June 30, 2018.

- Capital investment is on an accrual basis for the acquisition of property, plant and equipment.

- From the fiscal year ended March 31, 2017, the method for calculating EBITDA has been revised.

Balance sheet (At year-end)

<table>
<thead>
<tr>
<th>Financial data, performance indicators, etc.</th>
<th>2018</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net property, plant and equipment (Billions of yen)</td>
<td>¥9,821.0</td>
<td>¥9,730.0</td>
<td>¥91.0</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>¥8,812.2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>21,541.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>4,852.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>5,354.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital stock (common stock plus additional paid-in capital)</td>
<td>3,346.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total NTT shareholders’ equity</td>
<td>9,062.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>2,503.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total equity</td>
<td>¥11,565.7</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Profit and loss (For the year)

- Net cash provided by operating activities
- Net cash used in investing activities
- Net cash provided by operating activities
- Total equity

Net income attributable to NTT

- Non-controlling interests
- Net income
- Equity in earnings (losses) of affiliated companies
- Income tax expense

Operating revenues

- Professional services
- Other financial data, performance indicators, etc.
- Other financial data, performance indicators, etc.
- Operating profit
- EBIDTA margin

EBIDTA

- Operating income
- Other income (expenses)

EBITDA margin

- Interest-bearing liabilities
- D/E ratio

Investment income

- Capital investment
- Depreciation and amortization

Equity in earnings (losses) of affiliated companies

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.

EBITDA margin

- Interest-bearing liabilities
- D/E ratio

Investment income

- Capital investment
- Depreciation and amortization

Equity in earnings (losses) of affiliated companies

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
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- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
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- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
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- Net income attributable to NTT
- Other financial data, performance indicators, etc.

Depreciation and amortization

- Operating expenses
- Capital investment

EBITDA

- Research and development expenses

EBITDA margin

- Net income attributable to NTT
- Net income
- Net income attributable to NTT
- Other financial data, performance indicators, etc.
Overview

Strategy

Operation

Financial results based on IFRS have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

NIPPON TELEGRAPH AND TELEPHONE CORPORATION ANNUAL REPORT 2018

Total Operating Profit

Profit attributable to NTT

Operating profit

Operating revenues

Operating income / profit

Differences between capital investment

Reconciliation of Capital Investment

Reconciliation of EBITDA Margin

Average monthly revenue per unit (ARPU)

Method of calculating ARPU

(a) NTT East and NTT West

NTT computes the following two categories of ARPU for business conducted by each of NTT East and NTT West:

• Aggregate Fixed line ARPU (TelephoneNumber Subscriptions + INS-Net Subscriber Lines): Calculated based on revenues from monthly charges and call charges for Telephone Subscriber Lines and INS-Net Subscriber Lines, which are included in operating revenues from Voice Transmission Services (excluding IP Services), and revenues from FLET’S ADSL and FLET’S ISDN, which are included in operating revenues from IP Services.

• FLET’S Hikari ARPU: Calculated based on revenues from FLET’S Hikari (including FLET’S Hikari optional services), which are included in operating revenues from IP Services; revenues from monthly charges, call charges, and connection device charges for Hikari Denwa; and revenues from FLET’S Hikari optional services, which are included in Supplementary Business revenues.

(1) FLET’S Hikari includes B FLET’S, FLET’S Hikari Next, FLET’S Hikari Lite, FLET’S Hikari Lightplus, and FLET’S Hikari VAR Access provided by NTT East; and B FLET’S, FLET’S Hikari Prime, FLET’S Hikari Mytown Next, FLET’S Hikari Mytown, FLET’S Hikari Light, and FLET’S Hikari WiFi Access provided by NTT West. In addition, FLET’S Hikari also includes the Hikari Collaboration Model, the wholesale provision of services to service providers by NTT East and NTT West. FLET’S Hikari optional services include wholesale services provided to service providers by NTT East and NTT West.

(2) Aggregate Fixed Line ARPU (TelephoneNumber Subscriptions + INS-Net Subscriber Lines) and FLET’S Hikari ARPU do not include interconnection charges.

Average monthly revenue per unit (ARPU)

Business Segment Data

Total Operating Revenues

Total Operating Profit

Group Data

Financial Summary

Reference Information
For purposes of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), the number of subscribers is determined based on the number of subscriptions for fixed-line services (Telephone Subscriber Lines + INS-NET Subscriber Lines).

In terms of number of channels, transmission rate, and line use rate (base rate), INS-NET 1500 is in all cases roughly ten times greater than INS-NET 64. For this reason, for the purpose of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), one INS-NET 1500 subscription is calculated as ten INS-NET 64 subscriptions.

For purposes of calculating FLET’S Hikari ARPU, the number of subscribers is determined based on the number of FLET’S Hikari subscriber, which includes subscribers to B FLET’S, FLET’S Hikari Next, FLET’S Hikari Light, FLET’S Hikari Lightspeed 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 WiFi Light and FLET’S Hikari WiFi Access provided by NTT West, and the Hikari Collaboration Model, the wholesale provision of services to service providers by NTT East and NTT West.

Numbers of active subscribers used in the ARPU calculation of NTT East and NTT West are as below:
- Subscriptions of communication module services, number of active users = subscriptions
- The number of users used to calculate ARPU is total number of subscriptions, excluding the subscriptions listed below:
  - Sum of number of active users for each month (number of users at the end of previous month + number of users at the end of current month)/2 for each month from April to March

The following is the formula NTT use to compute ARPU for NTT DOCOMO.

\[
\text{Packet ARPU} = \frac{\text{Packet ARPU related revenues} + \text{voice communication charges}}{\text{Number of active users}}
\]

The number of active users used in the ARPU calculation of NTT DOCOMO are as described below.
- Numbers of active users used in the ARPU calculation of NTT DOCOMO are as below described:
  - Number of active users (subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for Xi or ROMA services in his/her name).
  - Note that revenues from communication module services, Phone Number Storage, Mail Address Storage, docomo Business Transceiver and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MNOs and Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for Xi or ROMA service in his/her name.

Voice ARPU: Voice ARPU related revenues (basic monthly charges and voice communications charges) / Number of active users Packet ARPU: Packet ARPU related revenues (basic monthly charges, packet communication charges) / Number of active users docomo Hikari ARPU: docomo Hikari ARPU related revenues (basic monthly charges, voice communication charges) / Number of active users

Voice ARPU: Voice ARPU related revenues (basic monthly charges and voice communications charges) / Number of active users Packet ARPU: Packet ARPU related revenues (basic monthly charges, packet communication charges) / Number of active users docomo Hikari ARPU: docomo Hikari ARPU related revenues (basic monthly charges, voice communication charges) / Number of active users

Note that the sum of Packet ARPU and docomo Hikari ARPU is referred to as “Data ARPU.”

For purposes of calculating FLET’S Hikari ARPU, the number of subscribers is determined based on the number of FLET’S Hikari subscriber, which includes subscribers to B FLET’S, FLET’S Hikari Next, FLET’S Hikari Light, FLET’S Hikari Lightspeed 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 WiFi Light and FLET’S Hikari WiFi Access provided by NTT West, and the Hikari Collaboration Model, the wholesale provision of services to service providers by NTT East and NTT West.

Numbers of active subscribers used in the ARPU calculation of NTT East and NTT West are as below:
- Subscriptions of communication module services, number of active users = subscriptions
- The number of users used to calculate ARPU is total number of subscriptions, excluding the subscriptions listed below:
  - Sum of number of active users for each month (number of users at the end of previous month + number of users at the end of current month)/2 for each month from April to March

The following is the formula NTT use to compute ARPU for NTT DOCOMO.

\[
\text{Packet ARPU} = \frac{\text{Packet ARPU related revenues} + \text{voice communication charges}}{\text{Number of active users}}
\]

The number of active users used in the ARPU calculation of NTT DOCOMO are as described below.
- Numbers of active users used in the ARPU calculation of NTT DOCOMO are as below described:
  - Number of active users (subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for Xi or ROMA services in his/her name).
  - Note that revenues from communication module services, Phone Number Storage, Mail Address Storage, docomo Business Transceiver and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MNOs and Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for Xi or ROMA service in his/her name.

Voice ARPU: Voice ARPU related revenues (basic monthly charges and voice communications charges) / Number of active users Packet ARPU: Packet ARPU related revenues (basic monthly charges, packet communication charges) / Number of active users docomo Hikari ARPU: docomo Hikari ARPU related revenues (basic monthly charges, voice communication charges) / Number of active users

Voice ARPU: Voice ARPU related revenues (basic monthly charges and voice communications charges) / Number of active users Packet ARPU: Packet ARPU related revenues (basic monthly charges, packet communication charges) / Number of active users docomo Hikari ARPU: docomo Hikari ARPU related revenues (basic monthly charges, voice communication charges) / Number of active users

Note that the sum of Packet ARPU and docomo Hikari ARPU is referred to as “Data ARPU.”

For purposes of calculating FLET’S Hikari ARPU, the number of subscribers is determined based on the number of FLET’S Hikari subscriber, which includes subscribers to B FLET’S, FLET’S Hikari Next, FLET’S Hikari Light, FLET’S Hikari Lightspeed 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 WiFi Light and FLET’S Hikari WiFi Access provided by NTT West, and the Hikari Collaboration Model, the wholesale provision of services to service providers by NTT East and NTT West.

Numbers of active subscribers used in the ARPU calculation of NTT East and NTT West are as below:
- Subscriptions of communication module services, number of active users = subscriptions
- The number of users used to calculate ARPU is total number of subscriptions, excluding the subscriptions listed below:
  - Sum of number of active users for each month (number of users at the end of previous month + number of users at the end of current month)/2 for each month from April to March

The following is the formula NTT use to compute ARPU for NTT DOCOMO.

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\text{Packet ARPU} = \frac{\text{Packet ARPU related revenues} + \text{voice communication charges}}{\text{Number of active users}}
\]

The number of active users used in the ARPU calculation of NTT DOCOMO are as described below.
- Numbers of active users used in the ARPU calculation of NTT DOCOMO are as below described:
  - Number of active users (subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for Xi or ROMA services in his/her name).
  - Note that revenues from communication module services, Phone Number Storage, Mail Address Storage, docomo Business Transceiver and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MNOs and Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for Xi or ROMA service in his/her name.

Voice ARPU: Voice ARPU related revenues (basic monthly charges and voice communications charges) / Number of active users Packet ARPU: Packet ARPU related revenues (basic monthly charges, packet communication charges) / Number of active users docomo Hikari ARPU: docomo Hikari ARPU related revenues (basic monthly charges, voice communication charges) / Number of active users

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Note that the sum of Packet ARPU and docomo Hikari ARPU is referred to as “Data ARPU.”
Overview
Strategy
Operation

NIPPON TELEGRAPH AND TELEPHONE CORPORATION ANNUAL REPORT 2018

Consolidated Statements of Income and Comprehensive Income

Overview
Strategy
Operation

NIPPON TELEGRAPH AND TELEPHONE CORPORATION ANNUAL REPORT 2018

Consolidated Statements of Income

Year ended March 31

Consolidated Statements of Comprehensive Income

Overview
Strategy
Operation

NIPPON TELEGRAPH AND TELEPHONE CORPORATION ANNUAL REPORT 2018

Consolidated Statements of Income and Comprehensive Income

Overview
Strategy
Operation

NIPPON TELEGRAPH AND TELEPHONE CORPORATION ANNUAL REPORT 2018
Consolidated Statements of Cash Flows
Nippon Telegraph and Telephone Corporation and its subsidiaries
Year ended March 31

<table>
<thead>
<tr>
<th>U.S. GAAP</th>
<th>¥, millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2018</td>
</tr>
</tbody>
</table>

Cash Flows from operating activities:
- Net income                             ¥ 1,059,378
- Adjustments to reconcile net income to net cash provided by operating activities—
  - Depreciation and amortization         1,462,235
  - Impairment losses                   73,852
  - Dividend tax                        (4,341)
  - Losses on disposals of property, plant and equipment 105,790
  - Gains on sales of property, plant and equipment (15,633)
  - Equity in (earnings) losses of affiliated companies 21
  - Increase decrease in notes and accounts receivable, trade accounts, and inventory 63,442
- Cash and cash equivalents at end of year 925,213
- Cash and cash equivalents at beginning of year 1,088,275
- Net increase (decrease) in cash and cash equivalents (160,424)
- Effect of exchange rate changes on cash and cash equivalents (6,959)
- Net cash used in operating activities 2,917,257

Cash Flows from investing activities:
- Payments for property, plant and equipment (1,201,697)
- Payments for intangible assets (400,110)
- Proceeds from sales of property, plant and equipment 24,903
- Payments for purchases of non-current assets (40,314)
- Proceeds from sales and redemptions of non-current investments 58,835
- Acquisitions of subsidiaries, net of cash acquired (329,003)
- Payments for purchases of short-term investments (179,368)
- Proceeds from redemptions of short-term investments 146,132
- Other (89,103)
- Net cash used in investing activities (2,269,311)

Cash Flows from financing activities:
- Proceeds from issuance of long-term debt 320,464
- Payments for settlement of long-term debt 69,585
- Proceeds from issuance of short-term debt 4,897,024
- Dividends paid 247,994
- Proceeds from sale of payments for acquisition of treasury stock, net (371,438)
- Acquisitions of shares of subsidiaries from noncontrolling interests (115,306)
- Other (128,709)
- Net cash used in financing activities (881,311)

Net effect of exchange rate changes on cash and cash equivalents (9,699)
Net increase (decrease) in cash and cash equivalents (160,424)
Cash and cash equivalents at beginning of year 1,088,275
Cash and cash equivalents at end of year 925,213

Operating and Financial Review

Operating Revenues

Operating Revenues
Nippon Telegraph and Telephone Corporation's operating revenues are divided into six service categories, comprising fixed voice related services, mobile voice related services, IP/packet communications services, sales of telecommunications equipment, system integration and other.

Operating revenues in the fiscal year ended March 31, 2018 increased 3.6% from the previous fiscal year to ¥1,719.6 billion. This increase was due to such factors as an increase in revenues in the data communications business segment, primarily due to overseas sales, and an increase in revenues in the mobile communications business segment, primarily due to the expansion of mobile communications. Operating revenues for each service category for the fiscal year ended March 31, 2018 are summarized as follows:

■ Fixed Voice Related Services
Nippon Telegraph and Telephone Corporation's fixed voice related services include a portion of the services it provides in the mobile communications business segment and long distance and international communications business segment, such as telephone subscriber lines, Internet Protocol (IP) based voice and video services, and call termination services.

■ Mobile Related Services
Nippon Telegraph and Telephone Corporation's mobile related services include a portion of the services NTT Group provides in the mobile communications business segment, such as LTE 08.

■ System Integration
Nippon Telegraph and Telephone Corporation's system integration services include its data communications equipment business segment and a portion of the services it provides in the mobile communications business segment and the regional communications business segment.

■ Other
Nippon Telegraph and Telephone Corporation's other services principally comprise building maintenance, real estate rentals, systems development, leasing activities and the smart life area in the mobile communications business segment.

NTT Group's operating revenues increased 5.8% from the previous fiscal year to ¥2,408.3 billion, accounting for 32.2% of total operating revenues. This increase was due to factors such as the impact of the expansion of consolidated subsidiaries resulting from the acquisition of the former Dell Services Division and a strong sales ramp-up in the mobile communications business segment.

Net cash used in operating activities—
- Depreciation and amortization 1,462,235
- Losses on disposals of property, plant and equipment 105,790
- Gains on sales of property, plant and equipment (15,633)
- Equity in (earnings) losses of affiliated companies 21
- Increase (decrease) in notes and accounts receivable, trade accounts, and inventory 63,442
- Increase (decrease) in inventories (731)
- Increase (decrease) in other current assets (30,143)
- Increase (decrease) in accounts payable, trade and accrued payroll 53,872
- Increase (decrease) in accrued consumption tax (7,258)
- Increase (decrease) in advances received 36,305
- Increase (decrease) in accrued taxes on income (9,501)
- Increase (decrease) in other current liabilities 8,913
- Increase (decrease) in liability for employees' retirement benefits 7,133
- Increase (decrease) in other long-term liabilities 41,785
- Other 71,627
- Net cash used in operating activities 2,917,257
Overview

Strategy

Operation

The fiscal year ended March 31, 2018, compared with the fiscal year ended March 31, 2017

Fiscal year ended March 31, 2018

In billions of yen

Operating revenues

$11,391.0

$11,795.6

$408.6

3.6%

Fixed voice-related services

1,233.9

1,146.9

(87.0)

(7.0)%

Mobile voice-related services

865.3

942.2

76.9

8.9%

IP / Packet communications services

3,809.0

3,801.8

(7.2)

(0.2)%

Sales of telecommunications equipment

606.5

843.5

237.1

4.6%

System integration

3,041.6

3,443.1

401.6

13.2%

Other

1,634.8

1,622.0

(12.7)

(0.8)%

Operating expenses

9,851.2

10,156.7

305.5

3.1%

Operating income

1,539.8

1,842.8

103.1

6.7%

Other income (expenses)

(12.0)

113.8

125.8

114.8

Income before income taxes and equity in earnings (losses) of affiliated companies

1,527.8

1,756.5

227.9

14.9%

Income tax expense (benefit)

468.4

541.9

73.5

13.7%

Equity in earnings (losses) of affiliated companies

3.0

5.6

2.6

56.8%

Net income

1,059.4

1,219.3

159.9

13.1%

Less—Net income attributable to noncontrolling interests

259.2

309.6

50.4

19.4%

Net income attributable to NTT

800.1

909.7

109.6

13.7%

Income before Income Taxes and Equity in Earnings (Losses) of Affiliated Companies

In the fiscal year ended March 31, 2018, income tax expense increased 15.7% from the previous fiscal year to ¥541.9 billion. This increase was due to an increase in income before income taxes, in addition to other factors. As a result, effective tax rates for the fiscal year ended March 31, 2017 and for the fiscal year ended March 31, 2018 were 30.66% and 30.86%, respectively.

Equity in Earnings (Losses) of Affiliated Companies

Equity in earnings (losses) of affiliated companies for the fiscal year ended March 31, 2018 was ¥5.5 billion compared to ¥0.2 billion for the previous fiscal year.

Net Income and Net Income Attributable to NTT

As a result, net income for the fiscal year ended March 31, 2018 increased 15.1% from the previous fiscal year to ¥1,219.3 billion. Net income attributable to NTT (excluding the portion attributable to non-controlling interests) for the fiscal year ended March 31, 2018 increased 13.7% from the previous fiscal year to ¥905.7 billion.

In line with the Medium-Term Management Strategy "Towards the Next Stage 2.0", NTT Group has continued to reform its business structure. Regarding the financial targets of the Medium-Term Management Strategy from the fiscal year ended March 31, 2016 through the fiscal year ended March 31, 2018, in the fiscal year under review, the target fiscal year, EPS (earnings per share), the most important target, reached ¥456, achieving the target of ¥440 or more. In terms of the other targets, regarding capital investment in the domestic network business, NTT Group reduced costs by ¥204.9 billion compared to its target of ¥200.0 billion or more, and regarding fixed-line/mobile access-related costs, NTT Group reduced costs by ¥846.0 billion compared to its target of ¥800.0 billion or more, achieving both targets.

Furthermore, overseas sales and overseas operating income totaled US$7.9 billion and US$0.1 billion, respectively, compared to targets of US$22.6 billion and US$1.0 billion. NTT Group will continue to work to achieve its targets.

While continuing to focus on profit growth by promoting the initiatives described below, NTT Group will also increase its capital efficiency through stock repurchases and other measures, aiming to further grow its EPS.

Note 1. Increased efficiency in capital investment (telecommunications and network businesses) is in comparison to the fiscal year ended March 31, 2015 and excludes NTT Communication's data centers and certain other assets.

Cost reductions (fixed-line/mobile access-related) are in comparison to the fiscal year ended March 31, 2015 and excludes the impact of the change in depreciation methodology, plant and equipment.

2. Overseas operating income excludes M&A-related temporary expenses, such as depreciation costs of intangible fixed assets.

Net cash provided by operating activities during the fiscal year ended March 31, 2018, increased the effect of a non-business day, amounted to ¥8,863.2 billion, a decrease of ¥74.7 billion from ¥2,917.4 billion in the fiscal year ended March 31, 2017. This decrease was primarily due to a decrease in the amount of accounts receivable collected in the fiscal year ended March 31, 2018 compared to the fiscal year ended March 31, 2017. Net cash provided by operating activities during the fiscal year ended March 31, 2018, was ¥2,637.5 billion.

Net cash provided by the net cash provided by operating activities primarily to acquire property, plant and equipment, pay dividends and complete stock repurchases.

Net cash used in investing activities during the fiscal year ended March 31, 2018 amounted to ¥3,443.1 billion, a decrease of ¥74.7 billion from ¥3,517.8 billion in the fiscal year ended March 31, 2017. This decrease was due to, among other things, a decrease of ¥360.4 billion in expenditures on acquisitions of subsidiaries, despite an increase of ¥879.9 billion in investments in property, plant and equipment and intangibles on a cash basis.

The increase in payments for investments in property, plant and equipment and intangibles for the fiscal year ended March 31, 2018 resulted from, among other things, an increase in capital expenditures due to the expansion of the scope of large-scale projects in the data communications business, despite a decrease in capital expenditures due to a reduction in fiber-optic-related capital expenditures in the regional communications business and improved efficiency in the construction of base stations in the mobile communications business.

The total amount of expected capital investments includes ¥45.0 billion in the regional communications business and ¥70.0 billion in the mobile communications business. The actual amount of capital investments may be different from expected one, since capital investments may be influenced by trends in demand, the competitive environment and other factors. In addition, the actual amount of NTT Group’s financing will depend on its future performance, market conditions and other factors, and is therefore difficult to predict.

Liquidity

As of March 31, 2018, NTT Group had cash and cash equivalents balance including short-term investments with principal maturities of less than three months, excluding the effect of a non-business day, at the end of the fiscal year of ¥1,012.2 billion, an increase of ¥87.6 billion compared to the balance of ¥925.2 billion as of March 31, 2017. Cash equivalents represent a temporary cash surplus used to repay debt and make capital investments, among other things, and are used as working capital. Accordingly, the balance of cash equivalents fluctuates each fiscal year depending on particular financing and working capital requirements. Cash and cash equivalents at the end of the year for the fiscal year ended March 31, 2018 were ¥780.3 billion.