

Financial Results Release

For the Nine Months Ended December 31, 2021

February 7, 2022

[IFRS]

Name of registrant : Nippon Telegraph and Telephone Corporation (“NTT”) / URL <https://group.ntt/en/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 <https://group.ntt/en/ir/contact>
 Scheduled filing date of quarterly securities report : February 8, 2022
 Scheduled date of dividend payments : —
 Supplemental material on quarterly results : Yes
 Presentation on quarterly results : Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 2021)

Amounts are rounded to the nearest million yen.

(1) Consolidated Results of Operations

(Millions of yen)

	Operating Revenues		Operating Profit		Profit before Taxes		Profit Attributable to NTT	
Nine months ended December 31, 2021	8,923,226	2.1%	1,539,668	2.5%	1,553,958	3.9%	1,030,347	24.0%
Nine months ended December 31, 2020	8,738,006	(1.4)%	1,502,326	3.6%	1,495,097	1.9%	831,174	4.3%

Notes: 1. Comprehensive income (loss) attributable to NTT: For the Nine months ended December 31, 2021: 1,090,787 million yen 7.5%
 For the Nine months ended December 31, 2020: 1,014,803 million yen 27.2%

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

	Basic Earnings per Share Attributable to NTT	Diluted Earnings per Share Attributable to NTT
Nine months ended December 31, 2021	286.08 (yen)	- (yen)
Nine months ended December 31, 2020	224.07 (yen)	- (yen)

(2) Consolidated Financial Position

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

	Total Assets	Total Equity (Net Assets)	Shareholders' Equity	Equity Ratio (Ratio of Shareholders' Equity to Total Assets)	Shareholders' Equity per Share
December 31, 2021	23,544,353	8,700,970	7,997,766	34.0%	2,258.31 (yen)
March 31, 2021	22,965,492	8,203,043	7,562,707	32.9%	2,087.98 (yen)

2. Dividends

	Annual Dividends				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
Year Ended March 31, 2021	-	50.00 (yen)	-	55.00 (yen)	105.00 (yen)
Year Ending March 31, 2022	-	55.00 (yen)	-		
Year Ending March 31, 2022 (Forecasts)				60.00 (yen)	115.00 (yen)

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

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(Millions of yen, except per share amount)

	Operating Revenues		Operating Profit		Profit before Taxes		Profit Attributable to NTT		Basic Earnings per Share Attributable to NTT
Year Ending March 31, 2022	12,180,000	2.0%	1,745,000	4.4%	1,736,000	5.0%	1,100,000	20.1%	306.00 (yen)

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

2. Revision to the consolidated financial results forecasts from the latest announcement: Yes

Reflecting strong business results, compared to the consolidated financial results forecasts announced on August 6, 2021, the forecast for operating revenues has been revised upwards by 180,000 million yen (+1.5%), the forecast for operating profit has been revised upwards by 15,000 million yen (+0.9%), the forecast for profit before taxes has been revised upwards by 20,000 million yen (+1.2%), the forecast for profit attributable to NTT has been revised upwards by 15,000 million yen (+1.4%), and the forecast for basic earnings per share attributable to NTT has been revised upwards by 4 yen (+1.3%) (with percentages in parentheses representing changes from the time of the previous forecast announcement).

***Notes:**

- (1) Change in significant subsidiaries during the nine months ended December 31, 2021 (change in specific subsidiaries involving changes in the scope of consolidation): None
- (2) Change of accounting policy and accounting estimates
 - i. Changes in accounting policy required by IFRS: None
 - ii. Changes other than (i): None
 - iii. Changes in accounting estimates: None
- (3) Number of shares outstanding (common stock)
 - i. Number of shares outstanding (including treasury stock):

December 31, 2021	: 3,622,012,656 shares
March 31, 2021	: 3,900,788,940 shares
 - ii. Number of shares of treasury stock:

December 31, 2021	: 80,537,372 shares
March 31, 2021	: 278,776,284 shares
 - iii. Weighted average number of shares outstanding:

For the nine months ended December 31, 2021	: 3,601,626,894 shares
For the nine months ended December 31, 2020	: 3,709,485,902 shares

* This Financial Results Release is not subject to the quarterly review by a certified public accountant or audit firm.

* Explanation for the appropriate use of earnings forecasts and other notes:

This document is a translation of the authoritative Japanese original. The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein and in other materials being released on TDnet concurrently with these documents, 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 and in such other materials.

On Monday, February 7, 2022, 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. Summary Information (notes)

- (1) Change in significant consolidated subsidiaries during the nine months ended December 31, 2021, that resulted in changes in the scope of consolidation: None**

- (2) Changes in Accounting Policies and Estimates: None**

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

	Millions of yen		
	As of March 31, 2021	As of December 31, 2021	Increase (Decrease)
ASSETS			
Current assets			
Cash and cash equivalents	¥935,727	¥826,367	¥(109,360)
Trade and other receivables	3,534,555	3,590,822	56,267
Other financial assets	41,732	51,241	9,509
Inventories	315,437	351,673	36,236
Other current assets	498,106	624,118	126,012
Subtotal	5,325,557	5,444,221	118,664
Assets held for sale	816	97,769	96,953
Total current assets	5,326,373	5,541,990	215,617
Non-current assets			
Property, plant and equipment	9,282,286	9,385,290	103,004
Right-of-use asset	639,627	625,277	(14,350)
Goodwill	1,056,187	1,214,464	158,277
Intangible assets	1,765,858	1,821,870	56,012
Investment property	1,182,713	1,225,090	42,377
Investments accounted for using the equity method	411,033	469,477	58,444
Other financial assets	1,515,922	1,505,106	(10,816)
Deferred tax assets	993,858	908,826	(85,032)
Other non-current assets	791,635	846,963	55,328
Total non-current assets	17,639,119	18,002,363	363,244
Total assets	¥22,965,492	¥23,544,353	¥578,861

Millions of yen

	As of March 31, 2021	As of December 31, 2021	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	¥ 3,168,613	¥ 1,976,744	¥ (1,191,869)
Trade and other payables	2,356,705	2,121,551	(235,154)
Lease liabilities	193,915	166,462	(27,453)
Other financial liabilities	28,334	27,574	(760)
Accrued payroll	509,416	446,211	(63,205)
Income taxes payables	115,965	118,184	2,219
Other current liabilities	1,053,196	974,826	(78,370)
Sub Total	7,426,144	5,831,552	(1,594,592)
Liabilities directly associated with assets held for sale	18	20,855	20,837
Total current liabilities	7,426,162	5,852,407	(1,573,755)
Non-current liabilities			
Long-term borrowings	4,455,724	6,036,199	1,580,475
Lease liabilities	553,836	569,850	16,014
Other financial liabilities	137,620	137,749	129
Defined benefit liabilities	1,731,645	1,765,976	34,331
Deferred tax liabilities	81,420	110,689	29,269
Other non-current liabilities	376,042	370,513	(5,529)
Total non-current liabilities	7,336,287	8,990,976	1,654,689
Total liabilities	14,762,449	14,843,383	80,934
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	937,950	937,950	—
Retained earnings	7,068,008	6,973,861	(94,147)
Treasury stock	(704,793)	(226,311)	478,482
Other components of equity	261,542	312,266	50,724
Total NTT shareholders’ equity	7,562,707	7,997,766	435,059
Non-controlling interests	640,336	703,204	62,868
Total equity	8,203,043	8,700,970	497,927
Total liabilities and equity	¥ 22,965,492	¥ 23,544,353	¥ 578,861

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

Condensed Quarterly Consolidated Statements of Profit or Loss

	Millions of yen except per share data		
	Nine-month ended December 31, 2020	Nine-month ended December 31, 2021	Increase (Decrease)
Operating revenues	¥8,738,006	¥8,923,226	¥185,220
Operating expenses			
Personnel expenses	1,825,801	1,906,671	80,870
Expenses for purchase of goods and services and other expenses	4,104,361	4,144,582	40,221
Depreciation and amortization	1,121,332	1,157,904	36,572
Loss on disposal of property, plant and equipment and intangible assets	90,470	76,838	(13,632)
Impairment losses	2,012	1,581	(431)
Taxes and dues	91,704	95,982	4,278
Total operating expenses	7,235,680	7,383,558	147,878
Operating profit	1,502,326	1,539,668	37,342
Finance income	21,396	42,960	21,564
Finance costs	34,914	41,585	6,671
Share of profit (loss) of entities accounted for using the equity method	6,289	12,915	6,626
Profit before taxes	1,495,097	1,553,958	58,861
Income taxes	453,204	468,266	15,062
Profit	¥1,041,893	¥1,085,692	¥43,799
Profit attributable to NTT	831,174	1,030,347	199,173
Profit attributable to Non-controlling interests	210,719	55,345	(155,374)
Earnings per share attributable to NTT			
Basic earnings per share (yen)	¥224.07	¥286.08	

Condensed Quarterly Consolidated Statements of Comprehensive Income

	Millions of yen		
	Nine-month ended December 31, 2020	Nine-month ended December 31, 2021	Increase (Decrease)
Profit	¥1,041,893	¥1,085,692	¥43,799
Other comprehensive income (net of tax)			
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	215,847	22,623	(193,224)
Share of other comprehensive income of entities accounted for using the equity method	577	(487)	(1,064)
Remeasurements of defined benefit plans	53	(2)	(55)
Total of items that will not be reclassified to profit or loss	216,477	22,134	(194,343)
Items that may be reclassified to profit or loss			
Cash flow hedges	2,927	13,421	10,494
Hedges cost	1,076	7,962	6,886
Foreign currency translation adjustments	(2,541)	45,575	48,116
Share of other comprehensive income of entities accounted for using the equity method	6,216	184	(6,032)
Total of items that may be reclassified to profit or loss	7,678	67,142	59,464
Total other comprehensive income (net of tax)	224,155	89,276	(134,879)
Total comprehensive income	¥1,266,048	¥1,174,968	¥(91,080)
Comprehensive income attributable to NTT	1,014,803	1,090,787	75,984
Comprehensive income attributable to Non-controlling interests	251,245	84,181	(167,064)

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Nine Months Ended December 31, 2020

	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, 2020	¥937,950	¥2,252,672	¥6,499,942	¥(653,369)	¥23,908	¥9,061,103	¥2,401,524	¥11,462,627
Comprehensive income								
Profit	—	—	831,174	—	—	831,174	210,719	1,041,893
Other comprehensive income	—	—	—	—	183,629	183,629	40,526	224,155
Total comprehensive income	—	—	831,174	—	183,629	1,014,803	251,245	1,266,048
Transactions with owners and other transactions								
Dividends of surplus	—	—	(358,470)	—	—	(358,470)	(151,571)	(510,041)
Transfer to retained earnings	—	114,715	(111,784)	—	(2,931)	—	—	—
Purchase and disposal of treasury stock	—	0	—	88,741	—	88,741	—	88,741
Changes in ownership interest in subsidiaries without loss of control	—	(2,367,543)	—	—	—	(2,367,543)	(1,891,270)	(4,258,813)
Share-based compensation transactions	—	409	—	—	—	409	—	409
Put options granted to non-controlling interests	—	(1,956)	—	—	—	(1,956)	(2,074)	(4,030)
Other	—	1,703	(1,057)	—	—	646	786	1,432
Total Transactions with owners and other transactions	—	(2,252,672)	(471,311)	88,741	(2,931)	(2,638,173)	(2,044,129)	(4,682,302)
December 31, 2020	¥937,950	¥—	¥6,859,805	¥(564,628)	¥204,606	¥7,437,733	¥608,640	¥8,046,373

Nine Months Ended December 31, 2021

Millions of yen

	NTT Shareholders' Equity						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other equity components	Total		
March 31, 2021	¥937,950	¥—	¥7,068,008	¥(704,793)	¥261,542	¥7,562,707	¥640,336	¥8,203,043
Comprehensive income								
Profit	—	—	1,030,347	—	—	1,030,347	55,345	1,085,692
Other comprehensive income	—	—	—	—	60,440	60,440	28,836	89,276
Total comprehensive income	—	—	1,030,347	—	60,440	1,090,787	84,181	1,174,968
Transactions with owners and other transactions								
Dividends of surplus	—	—	(396,963)	—	—	(396,963)	(16,614)	(413,577)
Transfer to retained earnings	—	6,704	3,012	—	(9,716)	—	—	—
Purchase and disposal of treasury stock	—	1	—	(253,433)	—	(253,432)	—	(253,432)
Cancellation of treasury stock	—	(1,292)	(730,623)	731,915	—	—	—	—
Changes in ownership interest in subsidiaries without loss of control	—	(1,789)	—	—	—	(1,789)	(4,324)	(6,113)
Share-based compensation transactions	—	(3,403)	—	—	—	(3,403)	29	(3,374)
Put options granted to non-controlling interests	—	(65)	—	—	—	(65)	(272)	(337)
Other	—	(156)	80	—	—	(76)	(132)	(208)
Total Transactions with owners and other transactions	—	—	(1,124,494)	478,482	(9,716)	(655,728)	(21,313)	(677,041)
December 31, 2021	¥937,950	¥—	¥6,973,861	¥(226,311)	¥312,266	¥7,997,766	¥703,204	¥8,700,970

(4) Going Concern Assumption

None

(5) Subsequent Events

Subscribing to the tender offer of Recruit Holdings Co., Ltd.

On January 28, 2022, NTT DATA resolved to enter into a subscription agreement with Recruit Holdings Co., Ltd. ("RHC") concerning RHC's tender offer of treasury shares ("Tender Offer") at its board of directors meeting.

(1) Reasons for subscribing to the Tender Offer

As part of its efforts to review its strategic shareholdings (cross-shareholdings), NTT DATA and RHC have been internally discussing the partial sale of its RHC shares. While examining the optimal capital relationship between the two companies, NTT DATA received a proposal from RHC for subscribing to the Tender Offer, and as a result of the examination of the contents of the proposal, NTT DATA decided to subscribe to the Tender Offer, as the conditions, such as the tender offer price, are considered appropriate.

(2) Status of shares held before and after the Tender Offer

Number of shares held before the Tender Offer 28,350,000 shares

Number of shares to be tendered through the Tender Offer 19,700,000 shares

Number of shares held after the Tender Offer 8,650,000 shares

(Note) Number of shares held after the Tender Offer indicates the number of shares held in the event that the Tender Offer is completed and all 19,700,000 shares of RHC common stock tendered by NTT DATA are purchased by RHC. Since the maximum number of shares to be purchased by RHC is set at 34,000,000 shares in the Tender Offer, it is possible that all 19,700,000 shares to be tendered by NTT DATA may not be purchased, depending on the tendering status of other shareholders of RHC.

(3) Purchase Price of the Tender Offer

4,581 JPY per share

(4) Schedule of the Tender Offer (Planned)

Public Notice of Commencement of Tender Offer January 31, 2022

Tender Offer Period From January 31, 2022 to March 1, 2022

Settlement Commencement Date March 24, 2022

(5) Impact on NTT group's performance

In the case the Tender Offer will be successfully closed and a portion of the shares of RHC will be transferred, as NTT group classifies the shares as "Financial assets measured at fair value through other comprehensive income", the profit or loss on sale of the shares will not be recorded in a consolidated profit and loss statement. The effects of the Tender Offer will be recorded in a consolidated statement of comprehensive income statement in the account title of "Change in the fair value of financial assets measured at fair value through other comprehensive income"