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NTT ANNUAL REPORT 2021

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Forward-Looking Statements
The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to in this report 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 the economy, the telecommunications industry in Japan, 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 in laws and regulations affecting the telecommunications industry in Japan and elsewhere, and other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to in this report.

Editorial Policy
This is an integrated report that combines information that is important to shareholders and investors, including not only such information as growth strategies and financial results but also sustainability-related information. The report focuses on explanations of NTT Group’s initiatives targeting increases in corporate value over the medium to long term. The report is intended to help readers better understand NTT Group, which is accelerating its self-transformation to become “Your Value Partner” and working to increase corporate value by contributing to the realization of a sustainable society.

Report Scope

Directly Affiliated Companies (8 Companies)
NTT, NTT DOCOMO, NTT East, NTT West, NTT Communications, NTT DATA, NTT FACILITIES, NTT COMWARE

Their Affiliated Companies (10 Companies)
Six NTT East Group Companies (NTT EAST-HOKKAIDO, NTT EAST-TOHOKU, NTT EAST-KANSHINETSU, NTT EAST-MINAMI KANTO, NTT EAST SERVICE, NTT ME), and Four NTT West Group Companies (NTT MARKETING ACT, NTT Business Solutions, NTT Field Technical, NTT Business Associate WEST).


Other Materials
- Presentation Materials: https://group-ir.ntt/en/library/presentation/
- Shareholders’ Meeting Materials: https://group-ir.ntt/en/shares/shareholders_meeting/
NTT Group is pursuing increases in corporate value through the refined medium-term management strategy, which is centered on a new management system that focuses on remote work to respond to social trends during and after the COVID-19 pandemic.

Jun Sawada
President and Chief Executive Officer, Member of the Board

Operating Environment Changes and Course of NTT Group’s Transformation

The accelerated division of the world driven by the COVID-19 pandemic, coupled with the rapid spread of digitization and digital transformation, has expedited the shift toward a remote world and a decentralized society. These is also a rising movement to fundamentally transform society in order to achieve carbon neutrality as abnormal weather events continue to spark catastrophic natural disasters around the world. Meanwhile, we are witnessing swift progress in research and development on Beyond 5G, 6G, quantum, and other new technologies with the potential to shatter existing paradigms. These changes in the operating environment signal a need to alter the approaches toward business that we have adopted previously.

NTT Group has charted a new course for its transformation in response to these major operating environment changes. On this course, we will transition to a new management style that is more compatible with the remote world and decentralized society expected to become the norm during and after the pandemic. Enhance domestic and global businesses amid the advancing trends toward digitization and digital transformation, and move forward with the enhancement of corporate value through environmental, social, and governance (ESG) initiatives in response to society’s increased emphasis on well-being. By developing its business with these focuses, NTT Group will contribute to the realization of a sustainable society.

Looking back at our history, it could be said that NTT has been contributing to the realization of a sustainable society through its business activities since its establishment through the privatization of Nippon Telegraph and Telephone Public Corporation. Going forward, NTT Group will need to fulfill the missions of both a public utility and a private company, which it has embraced since its founding, in order to contribute to society as a sustainable entity. These missions will not change, no matter how significantly COVID-19 changes the economy and society. Telecommunications services are an important part of social infrastructure. Our mission of providing reliable, uninterrupted telecommunications services as a public institution as designated by the Basic Act on Disaster Control Measures is becoming increasingly more important amid the current conditions. At the same time, we are pressed with our mission of generating ongoing profits as a private company.

We have also embraced the basic philosophy of “Self as We” to guide us in contributing to the realization of a sustainable society. Under this philosophy, people are encouraged to see that they themselves are supported by the connections between diverse people, goods, and technologies. Modern society is plagued by various opposing concepts, including global and local perspectives and the environment and the economy. Moreover, the perception and meaning of reality can change based on the viewer. The sustainable society envisioned by NTT is one achieved by promoting a paraconsistent society in which such opposing concepts and viewpoints are incorporated and in which mutual acceptance of diverse values is the norm. To help us realize such a society, we have established the new NTT Group Global Sustainability Charter, which prescribes three themes: ensuring the positive coexisting of nature and humanity, improving prosperity for all people and cultures, and maximizing well-being for all.

This is the course we have charted for NTT Group’s transformation, doing so based on our unchanging commitment to fulfilling the missions of both a public utility and a private company while pursuing self-transformation to resolve social issues through our business by working together with partners as “Your Value Partner.” This course also accounts for our new approach toward contributing to the realization of a sustainable society.

Based on the aforementioned course for NTT Group’s transformation, we announced a refinement to our medium-term management strategy in October 2021. The refined strategy has three major pillars. The first is the transition to a new management style based on remote work. The second pillar is to enhance domestic and global businesses through the growth and reinforcement of the new DOCOMO Group and the development and introduction of the “Innovative Optical and Wireless Network” (IOWN). The third and final pillar is the enhancement of corporate value through
environmental and disaster response initiatives coupled with the improvement of shareholder returns.

The refinement also entailed the revision of our medium-term financial targets, namely those for earnings per share (EPS) and for cost reductions. The EPS target was raised by ¥50 from the prior target of ¥320, making for an ambitious target that represents an increase of 75% from the EPS figure of ¥172 posted in the fiscal year ended March 31, 2018. We will look to achieve this lofty target through earnings growth of ¥100.0 billion accomplished by generating synergies at the new DOCOMO Group and reducing costs of over ¥200.0 billion via the promotion of digital transformation, factors which are expected to contribute to increases in earnings in the fiscal year ending March 31, 2024. As for cost reductions, we have put forth the new target of achieving cost reductions of more than ¥1 trillion by the fiscal year ending March 31, 2024, based on the fact that we are set to achieve our prior target two years ahead of schedule. The amount of ¥1 trillion was arrived at by adding the cost reductions expected to be achieved through the promotion of digital transformation to the prior target. Meanwhile, we will continue to work toward our targets of return on invested capital (ROIC) of 8% and an overseas operating profit margin of 7% in the fiscal year ending March 31, 2024, as well as a capital expenditure to sales ratio of 13.5% or less for our domestic network business to be achieved by the fiscal year ending March 31, 2022. We had previously set a target for overseas sales, but this target has since been canceled in reflection of changes in the accounting standards applied to overseas subsidiaries and the impacts of the COVID-19 pandemic.

We are faced with a need to accommodate the burgeoning remote world and decentralized society, and NTT will thus be unable to survive if it continues to cling to prior workstyles and management styles. Rather than clinging to the past, I believe that NTT, with its long history of providing telecommunications services, should be at the forefront of transforming workstyles and management styles. We must also team up with our partners and customers to help them transform their workstyles. This approach should enable us to contribute to the realization of a society that is conducive of well-being. What we pursue is a new management style that is compatible with a remote world and decentralized society. Accordingly, NTT will advance process reform, digital transformation, system revision, and workplace environment cultivation initiatives in order to promote remote work and facilitate work in life (health and productivity management) and thereby realize work processes that are more open, global, and innovative. By transforming ourselves, we look to support the digital transformation of customers, facilitate regional economic development, improve social resilience, and contribute to a remote world and decentralized society.

NTT plans to advance various process reform and digital transformation initiatives. The first of these initiatives will be to implement cloud-based and zero-trust systems. The installation of these systems is scheduled for completion by the fiscal year ending March 31, 2024, and their introduction will create an environment in which any employee is able to work in any location at any time. Our next step will be to automate and standardize sales, maintenance, development, and other processes. This undertaking will entail promoting the creation of a connected value chain that links NTT with its partners in order to automate more than 100 processes by the fiscal year ending March 31, 2026. At the same time, we will seek to expand the scope of our customer reach through digital marketing targeting small and medium-sized enterprises and thereby grow earnings via online sales. NTT also intends to install its high-precision 3D spacial information system, which uses underground facilities, in all ordinance-designated cities in Japan by January 2023 so that it can facilitate the digital transformation of society as a whole via means such as the development of smart infrastructure platforms. Alongside these initiatives, we will strengthen corporate governance systems in a manner that is mindful of conduct and other risks. In doing so, we hope to maintain appropriate relationships with stakeholders, accurately manage the life cycles of services and other offerings, improve crisis response capabilities, and implement other measures. We also aim to completely phase out paper, including that used for bills and order processing documents, by 2025 together with other proactive process reform and digital transformation initiatives.

These initiatives will be supported by system revision and workplace environment cultivation efforts. For example, we look to begin redeveloping information security

Transition to a New Management Style

- Process Reform
- Digital Transformation
- System Revision
- Workplace Environment Cultivation
Message from the CEO

systems and revising office environments to be suited to remote operations in the fiscal year ending March 31, 2023, while also fostering core digital transformation human resources. Diversity and inclusion will also be an area to which we devote significant effort. As part of these efforts, we are bolstering our career support programs to help female employees be promoted to managerial and corporate officer positions. We thereby look to raise the ratio of female managers to 15%, roughly double the current level, and increase the ratio of female officers from 25% to 30% by the fiscal year ending March 31, 2026. We will also actively recruit non-Japanese individuals as well as people currently working outside of the Group while bolstering efforts to cultivate global management personnel. In addition, our job-based personnel system will be extended to all managers as we seek to facilitate the optimal allocation of human resources, regardless of age or number of years of service, in order to promote autonomous career development.

Meanwhile, the Company will promote work in life (health and productivity management) and advance initiatives for realizing work processes that are more open, global, and innovative. Remote work will be the standard workstyle for employees going forward. By allowing employees freedom in choosing their work location, we will transition from a centralized organization to a decentralized and autonomous network-style organization. This transition will also help facilitate work in life by enabling employees to work close to home. As part of this transition, NTT will look to increase its number of satellite offices to more than 260 by the fiscal year ending March 31, 2023. Furthermore, our headquarters and back-office functions will be decentralized and spread among various regions. We thereby aim to contribute to regional economic development by taking a hands-on approach toward resolving the issues faced by local primary industries together with municipalities and partners. Another focus will be the development of information infrastructure. IOWN will be promoted as a game changer to contribute to the realization of a sustainable society by driving regional urban development as well as the development and introduction of social infrastructure. We also hope to help create resilient infrastructure and advance disaster preparedness initiatives in response to the intensification of natural disasters.

Enhancement of Domestic and Global Businesses

In December 2020, NTT DOCOMO was converted into a wholly owned subsidiary for the purpose of bolstering its competitiveness while contributing to its growth as well as to the growth of the entire NTT Group. With an eye to its medium-term growth and development, NTT Group is deploying and supplying new services that accommodate the remote world, promoting resource concentration and digital transformation, advancing global-scale R&D activities, and strengthening smart life and other new businesses. As we move forward with these activities, the strategic, Groupwide utilization of resources and assets will be crucial, as will swift decision-making. Going forward, the new DOCOMO Group will undertake new initiatives including the conversion of NTT Communications and NTT COMWARE into subsidiaries, the integration of functions, and the clarification of business responsibilities. NTT Group will lend its support to these initiatives. Specific efforts will include the expansion of businesses targeting corporations as well as the smart life business; the strengthening of communications businesses and international businesses, the reinforcement of IT and R&D activities, and the promotion of ESG. Looking ahead, we will target earnings of ¥100.0 billion in the fiscal year ending March 31, 2024, and more than ¥200.0 billion in the fiscal year ending March 31, 2026, to be generated through synergies between NTT DOCOMO, NTT Communications, and NTT COMWARE.

Efforts to enhance global businesses will include the reinforcement of digital business consulting capabilities as a united “One NTT.” We are currently moving ahead with joint sales and marketing activities based on the “One NTT” value proposition. One example of these activities would be the start of smart city solution provision in North America. We are also collaborating with NEC Corporation, Fujitsu Limited, and other partners in our global businesses promoting O-RAN and vRAN. Through this collaboration, we aim to launch a global RAN business late in the fiscal year ending March 31, 2023, through which we will offer multivendor integration, maintenance monitoring, intelligent control software, construction, maintenance, operation, and other services. After the fiscal year ending March 31, 2024, we will branch out from the RAN field into the network field as we seek to promote more open systems and grow businesses that will form the foundations for the future implementation of IOWN.
NTT Green Innovation toward 2040

In May 2020, NTT Group unveiled its Environment and Energy Vision. This vision was later updated with the formulation of our new environment and energy vision, NTT Green Innovation toward 2040, which was designed to accommodate recent developments such as the announcement of the Japanese government’s goal of achieving carbon neutrality by 2050. By reducing the environmental impact of our business activities and creating breakthrough innovation, we look to help society achieve zero environmental impacts while continuing economic growth.

We have set a target of reducing Groupwide greenhouse gas emissions by 80% from the level from the fiscal year ended March 31, 2014, by the fiscal year ending March 31, 2031. In addition, we will target carbon neutrality in our mobility communications (NTT DOCOMO) and data center business a step ahead of other businesses before striving to achieve carbon neutrality on a Groupwide basis by the fiscal year ending March 31, 2041.

We expect that the current trends will lead to an increase in electricity consumption, and consequently greenhouse gas emissions, as a result of rapid growth in data traffic. In response to these trends, we will take a three-pronged approach toward achieving carbon neutrality. First of all, we will target a 10% decrease in greenhouse gas emissions through the continuation of energy conservation initiatives. Second, we will cut emissions by 45% through increased use of renewable energy. Third and last, we will seek to reduce electricity consumption by 45% via the introduction of IOWN. Through these three initiatives, NTT will achieve carbon neutrality.

As we work to reduce our own emissions, NTT will also strive to contribute to the reduction of greenhouse gas emissions across society. By promoting the installation and popularization of IOWN in the communications fields and in a variety of other industrial fields, we hope to reduce emissions in Japan by at least 4% while lowering overseas emissions by 2% or more. We will also deploy new services that contribute to carbon neutrality, such as Green 5G and docomo Denki Green. At the same time, NTT will ramp up its development and introduction of renewable energy.

Going forward, NTT will advance concrete initiatives based on four objectives: reduction of environmental impact through business activities, creation of breakthrough innovation, greening of society by use of ICT (Green by ICT), and greening of NTT (Green of ICT).

Shareholder Returns

As we exercise consideration for our various stakeholders through an array of measures, we continue to recognize the enhancement of shareholder returns as one of our most important management responsibilities. This responsibility even formed the foundation based on which we refined the medium-term management strategy. Our basic policy for dividends is to continuously increase dividend payments. In addition, NTT takes a flexible stance toward treasury stock acquisitions based on its financial position with a view of improving capital efficiency. The planned dividend for the fiscal year ending March 31, 2022, is ¥110 per share, which will make for the 11th consecutive year of dividend increases. Meanwhile, in August 2021 we resolved to acquire ¥250 billion worth of treasury stock, or 100 million shares, in the fiscal year ending March 31, 2022, and we are moving forward with these acquisitions with the goal of completing them prior to the end of the fiscal year. Furthermore, 280 million shares of treasury stock, equivalent to 7% of the total number of shares issued, were canceled in November 2021 based on a resolution by the Board of Directors.

NTT Group will accelerate its transformation as “Your Value Partner,” aiming to continue being a reliable partner to its stakeholders, including customers, shareholders, and local communities. In doing so, we will focus all of our efforts on sustainably increasing our corporate value and contributing to the realization of a sustainable society.

I ask all of our shareholders and investors to continue supporting our efforts.

November 2021
With its refined medium-term management strategy, NTT has instituted an upward revision to its target for EPS, one of its main financial indicators, and is accelerating earnings growth.

**Message from the CFO**

Akira Shimada
Representative Member of the Board
Senior Executive Vice President and
Chief Financial Officer

**Medium-Term Financial Targets and Underlying Policies**

NTT has revised the financial targets put forth in the medium-term management strategy announced in November 2018.

NTT has consistently positioned EPS as one of its main financial indicators based on the recognition that growth in this indicator will help the Company to achieve steady profit growth and enhance shareholder returns. It became apparent that we were on course to achieve the prior EPS target for the fiscal year ending March 31, 2024, of ¥230, which represents growth of 50% from the fiscal year ended March 31, 2018, a year ahead of schedule. Accordingly, we chose to raise the target for the fiscal year ending March 31, 2024, by ¥50, to ¥380, which will make for an increase of roughly 75% from the level of ¥212 in the fiscal year ended March 31, 2018. To achieve this incredibly ambitious target, we will conduct flexible share buybacks while also pursuing earnings growth. Major factors projected to contribute to earnings growth under the refined medium-term management strategy include growth, reinforcement, and synergies at the new DOCOMO Group and reductions in costs through the promotion of digital transformation, which are anticipated to buoy earnings by approximately ¥100.0 billion and over ¥200.0 billion, respectively, in the fiscal year ending March 31, 2024. We have also revised our target for cost reductions. The prior target prescribed reductions of more than ¥800.0 billion to be achieved by the fiscal year ending March 31, 2024. However, our current position has allowed us to target cost reductions of over ¥1,000.0 billion in the fiscal year ending March 31, 2022, meaning that we will be able to achieve this target two years in advance. We have thus raised this target by ¥200.0 billion, the aforementioned amount of cost reductions to be achieved via digital transformation, to make for a target of cost reductions surpassing ¥1 trillion for the fiscal year ending March 31, 2024.

Meanwhile, NTT Group plans to aggressively develop its business in a manner oriented toward sustainable growth while maintaining financial discipline with an emphasis on capital efficiency. Accordingly, we continue to pursue our prior target for return on invested capital (ROIC) of 8% for the fiscal year ending March 31, 2024. Other financial targets include a capital expenditure to sales ratio of 13.5% or less for our domestic network business to be achieved by the fiscal year ending March 31, 2022, as well as an overseas operating profit margin of 7.0% for the fiscal year ending March 31, 2024. As for overseas sales, we had previously set a target of ¥25.0 billion for the fiscal year ending March 31, 2024. However, this target has since been canceled due to changes in the accounting standards applied to overseas subsidiaries and the impacts of the COVID-19 pandemic.

Our medium-term financial targets will, of course, be incorporated into the evaluation indicators for officers of NTT, the holding company. They will also be incorporated into the evaluation indicators for officers of the operating companies under the holding company to entrench these targets into Groupwide strategies in order to drive more effective initiatives.

### Medium-Term Financial Targets

<table>
<thead>
<tr>
<th>Medium-Term Financial Targets</th>
<th>Current Target</th>
<th>New Target</th>
<th>(Reference) FY2021 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>Approx ¥230</td>
<td>¥370</td>
<td>¥302</td>
</tr>
<tr>
<td>Overseas Sales†††</td>
<td>¥238</td>
<td>$250</td>
<td>$250</td>
</tr>
<tr>
<td>Overseas Operating Income Margin†††</td>
<td>7%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Cost Reductions (In Fixed-Line / Mobile Access Networks)††</td>
<td>At least ¥200.0 billion</td>
<td>At least ¥1,000.0 billion</td>
<td>¥40.0 billion</td>
</tr>
<tr>
<td>Capex to Sales (Domestic Network Business)††</td>
<td>13.5% or less</td>
<td>13.5% or less</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

| Capex to Sales (Domestic Network Business)†† | 13.5% or less | 13.5% or less | 13.5%                  |

††† Includes results from the global holding company, its subsidiaries and its affiliates.

Overseas Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

†† In addition to the change in accounting for some of this income, the impact of COVID-19 is also significant, so no target is set.

†* Excludes NTT Communications’ data centers and certain other items.

### Initiatives for Accomplishing the ¥370 EPS Target

**Effect of Synergies in the Newly Formed DOCOMO Group**

<table>
<thead>
<tr>
<th>FY2023 Profit Increase of ¥100.0 billion</th>
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</table>

**Transformation to a New Management Style (Further Promotion of DX)**

<table>
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<tr>
<th>FY2023 Cost Reductions over ¥200.0 billion</th>
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**New Environment and Energy Vision**

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<th>FY2023 Minimal Impact on Costs</th>
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NTT looks to grow earnings in order to accomplish the new EPS target of ¥370 for the fiscal year ending March 31, 2024. Specifically, we will pursue higher operating revenues and operating profit by strengthening domestic and global operations and generating synergies via the growth and reinforcement of the new DOCOMO Group, through which we aim to boost earnings by approximately ¥100.0 billion in the fiscal year ending March 31, 2024. In addition, we will promote digital transformation as part of our transition to a new management style in order to achieve ongoing cost reductions and thereby increase earnings by more than ¥200.0 billion in the aforementioned fiscal year.

Our efforts to boost earnings by ¥100.0 billion through synergies at the new DOCOMO Group will include coordinating sales targeting corporate clients. By merging the functions and assets of NTT DOCOMO, NTT Communications Corporation, and NTT COMMWARE CORPORATION, we will aim to increase sales from corporate clients for these entities from ¥1.6 trillion achieved in the fiscal year ended March 31, 2021, to above ¥2.0 trillion in the fiscal year ending March 31, 2026. In addition, we will target the swift creation of innovative services by ramping up intra-Group service and solution coordination in NTT DOCOMO’s smart-life business and merging the services and solutions of NTT Communications with the software development capabilities of NTT COMMWARE and the R&D capabilities of NTT DOCOMO. At the same time, we will work to streamline capital investment and operating costs by consolidating the network functions of NTT DOCOMO and NTT Communications in the telecommunications business. To cut costs by more than ¥200.0 billion through digital transformation, we will seek to increase efficiency across the value chain by digitizing sales, maintenance, development, and other Group processes to achieve automation and standardization. We will also target reductions in all types of costs, including personnel, equipment, and sales-related costs, going forward.

We will also advance an array of other initiatives aimed at accomplishing the ¥370 EPS target. For example, we will look to heighten earnings in the overseas businesses of NTT Ltd. and NTT DATA CORPORATION, grow real estate and energy businesses, and sell assets to transfer assets off of our balance sheet. Such efforts to grow revenue and profit will be continued even after the fiscal year ending March 31, 2024, the final year for our medium-term financial targets.
NTT has proceeded to maintain ownership and practice in-house operation of access networks, network equipment, and a vast amount of other communications equipment in order to establish a communications network that spreads to every corner of Japan and supply reliable, high-quality communications services. Our telecommunications business will continue to function as our core business foundation going forward. However, we aim to move away from business models that presume asset ownership and to transition to management emphasizing cash flows. NTT also intends to diversify its portfolio by proactively developing new businesses targeting future growth. Accordingly, we will be downsizing our overall asset portfolio while securing cash flows in order to improve invested capital efficiency. These efforts will take the form of disposal of inefficient Company assets and idle equipment and curtailment of investments through equipment sharing. We thereby aim to create an asset portfolio that will allow for the cash generated through business activities to be invested in new businesses.

As one example of these activities, we transferred our leasing businesses to NTT TC Leasing Co., Ltd., a joint venture between Tokyo Century Corporation and NTT. In the fiscal year ended March 31, 2021, thereby achieving a ¥1.1 trillion reduction in interest-bearing debt. In addition, we have been moving ahead with the liquidation of receivables, namely credit card receivables and installment payment receivables from sales of mobile phones, in NTT DOCOMO's finance business. We liquidated ¥50.0 billion worth of these receivables in the fiscal year ended March 31, 2020, ¥350.0 billion in the fiscal year ended March 31, 2021, and then ¥650.0 billion, including ¥300.0 billion in credit receivable roll over, in the six months ended September 30, 2021. We plan to continue liquidating such receivables based on funding needs going forward.

In addition, we commenced joint operation of data centers in India with Tokyo Century with the aim of improving efficiency and growing operations in our data center business. The first data center to be operated through this joint scheme was opened in Mumbai in August 2021. Data center business assets will be held jointly through an intermediate holding company established in Singapore in November 2021 in order to facilitate the growth of our data center operations in India. In the future, we will look to utilize third-party capital in order to develop operations efficiently while limiting capital investment.

ROIC
NTT's past performance clearly demonstrates that ROIC, a main performance indicator of the medium-term management strategy, has been adjusted to reflect the hundred-for-one stock split carried out on January 4, 2009, two-for-one stock split carried out on July 1, 2009, and 25-for-one stock split carried out on January 1, 2020. 

Shareholder Returns
The enhancement of shareholder returns is among NTT's most important management issues. NTT's past performance clearly demonstrates that ROIC, a main performance indicator of the medium-term management strategy. In addition, we canceled 280 million shares of treasury stock, equivalent to approximately 7% of the total number of shares issued, in November 2021. 

The Company's total shareholder return, which accounts for dividends and stock price fluctuations, over the past 10 years was 373%, outperforming the TOPIX/NET index, which is calculated post-tax and including dividends.

COLUMNS
Diversification of Funding Sources and Interest-Bearing Debt Target
In October 2021, NTT Group issued NTT Group Green Bonds. With an issue amount of ¥300.0 billion, these green bonds have one of the world's largest issue amounts for a first issue of green bonds through an operating company. These bonds are symbolic of our strong commitment to advancing Groupwide financial initiatives for contributing to the realization of a sustainable society. Through NTT Green Innovation toward 2040, the new environment and energy vision announced in September 2021, the Company's level of interest-bearing debt has risen temporarily to a high level following the conversion of NTT DOCOMO into a consolidated subsidiary in the fiscal year ended March 31, 2021. Nevertheless, we plan to maintain financial health by utilizing our Groupwide capacity to generate stable consistent profits and cash in order to lower financial leverage. The free cash flow produced through business activities will be used to enhance shareholder returns, to invest in growth, and to repay debt that exceeds funding needs going forward.

Operations in Review

Average Number of Shares Issued (Excluding treasury stock) (Thousands of shares)

Changes in Dividend

Total Dividends and Share Buybacks

* Dividends per share, outstanding shares, and EPS have been adjusted to reflect the hundred-for-one stock split carried out on January 4, 2009, two-for-one stock split carried out on July 1, 2009, and 25-for-one stock split carried out on January 1, 2020.

* U.S. GAAP were applied for fiscal years up to and including the fiscal year ended March 31, 2018, while International Financial Reporting Standards (IFRS) have been applied for fiscal years from and including the fiscal year ended March 31, 2019.

* The amount for total dividends for the fiscal year ending March 31, 2022, has been calculated in reflection of the share buybacks with an upper limit of 100 million shares approved at the meeting of the Board of Directors held in August 2021.
Financial Highlights (IFRS) (Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>11,879.8</td>
<td>11,999.4</td>
<td>11,944.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,693.8</td>
<td>1,562.2</td>
<td>1,671.4</td>
</tr>
<tr>
<td>Profit attributable to NTT</td>
<td>854.6</td>
<td>855.3</td>
<td>916.2</td>
</tr>
<tr>
<td>Total assets</td>
<td>22,295.1</td>
<td>23,014.1</td>
<td>22,965.5</td>
</tr>
<tr>
<td>NTT shareholders’ equity*1</td>
<td>9,264.9</td>
<td>9,061.1</td>
<td>7,562.7</td>
</tr>
<tr>
<td>Earnings per share (EPS) (yen)<em>2</em>3</td>
<td>220.13</td>
<td>231.21</td>
<td>248.15</td>
</tr>
<tr>
<td>Book-value per share (BPS) (yen)<em>2</em>3</td>
<td>2,416.01</td>
<td>2,492.60</td>
<td>2,087.98</td>
</tr>
<tr>
<td>Ratio of profit attributable to NTT (ROE) (%)</td>
<td>9.3%</td>
<td>9.3%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Cash flows from operating activities*4</td>
<td>2,397.9</td>
<td>2,771.5</td>
<td>3,009.1</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(1,774.1)</td>
<td>(1,852.7)</td>
<td>(1,424.5)</td>
</tr>
<tr>
<td>Free cash flows*5 (Cash flows from operating activities - Cash flows from investing activities)</td>
<td>623.8</td>
<td>918.8</td>
<td>1,584.5</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(584.3)</td>
<td>(1,041.3)</td>
<td>(1,689.5)</td>
</tr>
</tbody>
</table>

*1 NTT shareholders' equity does not include the portion attributable to non-controlling interests.
*2 EPS is calculated based on the average number of shares outstanding during the fiscal year, excluding treasury stock, and BPS is calculated based on the number of shares outstanding at the end of the fiscal year excluding treasury stock.
*3 NTT conducted a two-for-one stock split of its common stock with an effective date of January 1, 2020. The figures reflect the impact of this stock split.
*4 Amount excluding the impact of the last day of the previous fiscal year having been a non-business day.

As “Your Value Partner”, we aim to work together with our partners to solve social issues through our business activities. We work to make the world a place where all people can enjoy the benefits of ICT so that they may be able to live and work more comfortably and happily.
Value Creation Process
—A Cycle of Sustainable Corporate Value Enhancement—

NTT’s attributes include a solid customer base in Japan and overseas, global brand power, human resource capabilities, and world-class research and development capabilities. We will leverage these to sustainably increase our corporate value in a manner unique to NTT through digital transformation together with our partners.

Social Issue Resolution through Business Operation
Digital Transformation x CSR

Directionality of NTT Group’s Transformation

During a COVID-19 and Post-COVID-19 Society

Enhance of Domestic and Global Business

Enhancement of Corporate Value through ESG Initiatives

Collaboration with Various Partners

EPS Growth
Approximately ¥370 per share (FY2023)

Overseas Operating Profit Margin *1
7% (FY2023)

Cost Reductions*2
at least ¥800 billion (FY2023)

ROIC
Return on invested capital 8% (FY2023)

Capex to Sales (Domestic Network Business)*3
Capital expenditure to sales ratio 13.5% or less (FY2021)

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

*2 Figures above show cumulative reductions since FY2017.

*3 Excludes NTT Communications’ data centers and certain other items.

As a Public Utility and a Private Company

As a Public Utility

As a Private Company

Financial Targets
Initial Targets
New Targets (announced October 2021)
NTT Group works together with its partners as “Your Value Partner” to resolve social issues through its business operations and thereby respond to future changes in the operating environment, such as the advancement of digitization and digital transformation.

To guide us in this pursuit, we refined the NTT Group Medium-Term Management Strategy announced in November 2018 in order to thereby respond to future changes in the operating environment, such as the advancement of digitization and digital transformation.

At the same time, the Company has revised its medium-term financial targets for earnings per share (EPS) and cost reductions. The target for EPS for the fiscal year ending March 31, 2024, has been raised to ¥50 from the prior target of ¥320 to ¥370. We will work to accomplish this target via earnings growth to be pursued by generating synergies at the new DOCOMO Group, which is expected to boost earnings by approximately ¥100 billion in the fiscal year ending March 31, 2024, and by reducing costs through the promotion of digital transformation, which is projected to contribute to an increase of more than ¥200 billion in earnings in the same fiscal year.

NTT Group’s Directionality New Strategic Frameworks

<p>| Directionality of NTT Group’s Transformation and New Strategic Frameworks |
|----------------------------------------|-----------------|---------------------|------------------|</p>
<table>
<thead>
<tr>
<th>EPS</th>
<th>Current Target</th>
<th>New Target (FY2022)</th>
<th>Reference FY2021 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>Approx. ¥320 (FY2023)</td>
<td>¥370 (FY2023)</td>
<td>¥302</td>
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- Overseas Sales*: ¥258 (FY2023) → ¥198 (FY2023)
- Overseas Operating Income Margin**: 7% (FY2023) → 6% (FY2023)
- Cost Reductions (In Fixed-Line / Mobile Access Networks)**: At least ¥800.0 billion (FY2023) → At least ¥(1,000.0) billion (FY2023) → ¥(840.0) billion
- ROIC: 8% (FY2023) → 8% (FY2023) → 7.4%
- Capex to Sales (Domestic Network Business)**: 13.5% or less (FY2023) → 13.5% or less (FY2023) → 13.5%

* Includes results from the global holding company, its subsidiaries and its affiliates.
** Overseas Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.
*** In addition to the change in accounting for some of the income, the impact of COVID-19 is also significant, so no target is set.
**** Figures above show cumulative reductions since FY2017.
***** Excludes NTT Communications’ data centers and certain other items.

Pluses and minuses of digitalization
- Advancement of digitalization / DX
- Increasing scale of natural disasters worldwide
- Co-existence with the threat of infectious diseases
- Social advancement of diverse kinds of personnel

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- EPS | Current Target | New Target (FY2022) | Reference FY2021 Plan |
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Refinement of Medium-Term Management Strategy

To transition to a new management style, NTT will advance process reform, digital transformation, system revision, and workplace environment cultivation initiatives in order to promote remote work and facilitate work in life (health and productivity management), and thereby realize work processes that are more open, global, and innovative. In terms of process reform and digital transformation initiatives, we will introduce a cloud-based system to install IT infrastructure that will enable any employee to work in any location at any time. At the same time, we will digitize processes to facilitate automation and standardization while expanding the application of digital marketing sales approaches. Through the promotion of such digital transformation, we will look to achieve cost reductions of more than ¥200.0 billion in the fiscal year ending March 31, 2024, which will make for an aggregate total of more than ¥1.0 trillion in cost reductions from the fiscal year ended March 31, 2018.

Process Automation and Standardization (Sales, Maintenance, Development, etc.)

We will digitize Group processes (sales, maintenance, development, etc.) in order to facilitate standardization and automation and thereby promote efficiency across the value chain, create new value through the use of data, and foster a workplace environment that is conducive to remote work.

### Initiatives to Achieve a Management Style Transformation

#### Transformation of Business / DX

- **Initiatives**
  - Development of an IT environment that enables employees to work from anywhere
  - Automation of Business Processes (Sales, Maintenance, Development, etc.)
  - Promotion of the Development of Information Infrastructure
  - Decentralization of the Organization (Including Head Officers and Back-Offices)
  - Introduction of Job-Based Personnel System (Released from Job Year-Based Placement)
  - Active Promotion of Women, External Personnel and Foreigners
  - Promotion of Paperless Operations (Including Invoices / Purchase Orders)
  - Enhancement of Governance in Consideration of Conduct Risks
  - Automation / Standardization of Business Processes (Sales, Maintenance, Development, etc.)

- **FY2025 Revenues**: ¥140 billion
- **Expand customer reach through digital marketing (SMEs)**
- **Contributing to the development of resilient infrastructure and disaster mitigation against increasingly large natural disasters**
- **Promote regional urban development and the introduction of new social infrastructure development (IOWN introduction plan, etc.)**
- **From FY2021**
  - Further acceleration of community-based regional revitalization businesses towards local primary industries
  - Decentralization of the organization from major metropolitan areas to regional areas (major urban areas)
  - Employees’ work will be premised on remote work, and they can choose their own workplace (no need for relocations and unaccompanied assignments, recruitment of remote-based employees, expansion of satellite offices, etc.)

- **FY2022**: 2,400 persons
  - Expansion of job-based personnel system for all managers
  - Promotion of autonomous career development (personnel self-selection)

- **From FY2022**
  - Automation of Helpdesk
  - Transitioning to a “highly至关重要” organization into an autonomous, decentralized and network-like organization
  - Further decentralization of business units in the global region (major urban areas)
  - Contribution to the development of resilient infrastructure and disaster mitigation against severe natural disasters

#### Transformation to a New Management Style

**Transformation to a New Management Style**

**Promotion of Remote Work**

**Re-examination of Systems / General Improvements**

**Promotion of ”work-in-life“ (health management)**

Open, global and innovative business operations

**Support Activities**

- **IT / AI Maintenance**
- **Digitization of Finance and Accounting**

**Approximately 100 automated processes for 10 DX initiatives**

- **Example Automated / Remote Inspections, etc.**
  - Previously, inspections and diagnoses of telephone poles needed to be conducted on-site. However, the introduction of a mobile mapping system that employs vehicle-mounted cameras has made it possible to use images from this system to conduct remote, AI-powered automatic detection of deterioration in poles. This approach has reduced labor requirements.

**Value Creation Process**

- **Procurement**
  - **Logistics**
  - **Construction**
    - **Digitalization of Procurement Processes**
    - **Optimization and Digitalization of Logistics**
    - **Automation / Flow Through Design and Construction Processes**
  - **Sales / Applications**
  - **Installation**
  - **Payments / Invoices**
  - **Maintenance**

**Examples of NTT Group’s Initiatives (as of FY2023)**

- **Automating Inspection Work**: On-site operations to be reduced by 50% (FY2023)
  - **Completion in FY2023**
  - **Approximately 100 automated processes**
  - **For 10 DX initiatives**
Growth and Reinforcement of New DOCOMO Group

Overview of Medium-Term Strategy for New DOCOMO Group

With 'Structural Reform' and 'Creation of New Lifestyles' we are... Changing worlds with you.

Synergies through Integration:
- NTT Communications and NTT COMWARE become subsidiaries of DOCOMO
- Develop global businesses through converging capabilities of DOCOMO and NTT Communications
- Strengthen the software development capability to quickly provide new services to customers, and to accelerate DX of the whole group
- Promote new enterprises through one stop — support all corporate customers through one stop

As the synergistic effect of integrating NTT DOCOMO, NTT Communications and NTT Comware, Create profits of ¥100.0 billion in FY2023, and over ¥200.0 billion in FY2025

Initiatives by Business Segments

Enterprise Business
- "Integrate enterprise business as the New DOCOMO Group"
- "Support all corporate customers with one stop through building up sales organization and enhancing FMC services / solutions"
- "Expand enterprise revenue to over ¥20 trillion in FY2025"

Smart Life Business
- "Through seamlessly linking membership base, data usage and services with a variety of handsets, co-create new values and lifestyles with partners"
- "Boosting existing businesses like finance / payment and video / entertainment, plus expansion into new domain will lead the growth of the new DOCOMO Group"
- "Make the majority of revenues of the new DOCOMO Group in FY2025 with smart life business and enterprise business"

Telecommunications Business
- "Quick expansion of 5G, and integration of network of DOCOMO and Communications realizes a higher quality, economical network, enabling inexpensive, easy-to-use fixed/mobile services"
- "We realize with partners sales / services that meet diverse needs as well as reform of sales channels, and create customer experience beyond their expectations"
- "Maintain mid-term profit in telecommunications business / Realize a shift to the growth trajectory"

Global Business
- "Develop global businesses through converging capabilities of DOCOMO and NTT Communications and linkage with NTT Data, and NTT Ltd."

IT
- "Strengthen the software development capability to quickly provide new services to customers, and to accelerate DX of the whole group"

R&D
- "Lead the open innovation, and change the world with partners"

ESG
- "Pursue business and ESG comprehensively, and contribute toward creation of sustainable society"
Research & Development

What NTT R&D Aims for

Message from the Head of Research and Development Planning

To help make people’s lives more rewarding and business activities more convenient, we have been enhancing the efficiency of information and communication technology through digitalization. However, we are now faced with unprecedented challenges such as pandemics, there is still walls to be broken though. For the solution to these problems and the development of a sustainable society in the future, it is imperative to create entirely new values not only by quantifying tangible information but also by incorporating and utilizing different ways of perceiving things and recognizing the diversity of all beings in the world.

To achieve the above, we need to have an even more powerful information processing infrastructure. The volume of traffic on the Internet continues to rise and will, in time, exceed the limit of the current processing capacity. Also, enormous energy consumption will become an unavoidable problem. What are required now to ensure advancement of humankind are innovations that will break through these limitations.

To provide a solution, NTT R&D has proposed the concept of Innovative Optical and Wireless Network (IONW), a future communication infrastructure that will enable environmentally friendly, sustainable and diverse-tolerant total optimization. This concept is characterized by ultra-high capacity, ultra-low latency, and ultra-low power consumption, which are made possible through adoption of photonic and other innovative technologies. Utilizing this innovation, we have formulated a new environment and energy vision “NTT Green Innovation Toward 2040” to simultaneously achieve zero environmental impact and economic growth. We aim to achieve carbon neutrality by 2040.

When processing power is boosted by IOWN, the computation required for interactions between digital twins and for long-term forecasting of their behavior will become available, leading to highly accurate future prediction and resolution of various social issues. We see happiness not as an instantaneous event but, rather, as an integral value that can be sustained from the past into the future. The aim is to ensure comprehensive and sustainable “well-being” for all members of society.

As it works to realize IOWN, NTT R&D will address social issues and will research and develop transformative technologies that will bring about a smart world in which everyone can benefit from technology without even noticing it.

Katsuhiro Kawaoze
Executive Vice President
Head of Research and Development Planning

Research and Development System

- Realization of a sustainable society by mapping the world with photoelectric merging technology
- NTT IOWN Integrated Innovation Center
- NTT Network Innovation Center
- NTT Software Innovation Center
- NTT Device Innovation Center
- NTT Information Network Laboratory Group
- NTT Network Service Systems Laboratories
- NTT Access Network Service Systems Laboratories
- NTT Space Environment and Energy Laboratories
- NTT Service Innovation Laboratory Group
- NTT Human Informatics Laboratories
- NTT Social Informatics Laboratories
- NTT Computer and Data Science Laboratories
- NTT Science & Core Technology Laboratory Group
- NTT Network Innovation Laboratories
- NTT Device Technology Laboratories
- NTT Communication Science Laboratories
- NTT Basic Research Laboratories
- NTT Research Centers in Specific Fields
- NTT Machine Learning and Data Science Center
- NTT Bio-Medical Informatics Research Center
- NTT Research Center for Theoretical Quantum Physics
- NTT Institute for Fundamental Mathematics
- NTT Digital Twin Computing Research Center
- NTT Nanophotonics Center
- NTT Innovative Photonics Network Center
- NTT Smart Data Science Center

Shaping a world in which everyone can be happy, healthy, safe, and secure

NTT R&D by the Numbers

<table>
<thead>
<tr>
<th>Category</th>
<th>NTT Laboratories</th>
<th>R&amp;D by the Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of papers and presentations</td>
<td>1,900 / year</td>
<td>1,093 person-days</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>2,300 papers</td>
<td>(excluding preparatory studies)</td>
</tr>
<tr>
<td>Number of patents</td>
<td>18,000 patents</td>
<td>NTT 1.8%</td>
</tr>
<tr>
<td>Number of IEEE Fellows</td>
<td>43 (including those retired)</td>
<td>Japan (excluding NTT)</td>
</tr>
<tr>
<td>Participation in domestic / international conferences</td>
<td>192 members of domestic committees</td>
<td>Other countries 94.4%</td>
</tr>
<tr>
<td>Participation in jure standardization organizations, such as ITU</td>
<td>NTT (2020)</td>
<td></td>
</tr>
<tr>
<td>Degree of participation in jure international standardization meetings (ITU)</td>
<td>1,093 person-days</td>
<td></td>
</tr>
</tbody>
</table>

NTT R&D Authority Team

NTT assembled researchers who are known authorities in their respective fields to form the NTT R&D Authority Team. These researchers take part in R&D activities at NTT to contribute to the realization of IOWN and help shape our vision after realizing this concept. Specifically, they are responsible for driving research in their fields of expertise by directing, providing guidance, and advising activities according to research themes.

As one facet of our efforts to accelerate research and development from a long-term perspective, NTT established the Institute for Fundamental Mathematics * This research center is overseen by Dr. Masato Wakayama, a member of the NTT R&D Authority Team who serves as the Fundamental Mathematics Research Principal. It will work on establishing a basic theoretical framework for modern mathematics and will accelerate research towards innovation in quantum technology by challenging to uncover the basic principles of quantum computing. It also seeks to contribute to NTT’s R&D aimed at realizing IOWN by proposing the use of modern mathematics in groundbreaking new approaches to addressing various research problems, including the elucidation of unknown diseases and the discovery of new drugs.

https://group.ntt/en/newsrelease/2021/10/01/211001a.html

For more information on awards, please refer to the NTT corporate website.

https://www.rd.ntt/e/news/?cat=Awards

NTT has established the Institute for Fundamental Mathematics: Advancing the pace of exploration into the unexplored principles of quantum computing

https://group.ntt/en/newsrelease/2021/10/01/211001a.html

Message from the CFO

Value Creation Process

Refinement of Medium-Term Management Strategy

Research & Development

Operations in Review

Data Section

NTT Group’s Sustainability
Current Environment and Challenges

The spread of the internet and smartphones has fundamentally transformed society. Today, IoT devices and various other articles encountered in our daily lives are linked to one another. These changes can be seen in a move away from standardized offices to diverse workstyles that are free of restrictions of location, allowing people to work at home or at shared offices. Moreover, the act of ordering products and services online, as opposed to making purchases at a physical store, has become commonplace. In this manner, the internet is now an integral part of our everyday lives. These changes have led to exponential growth in the amount of data traffic on the internet, and this increased data traffic has turned attention toward the issues surrounding the limits of the transmission and processing capabilities of existing telecommunications systems and of the rising amount of energy consumed by IT equipment. At the same time, it has become difficult to further increase the density of large-scale integrated circuits and other semiconductor devices, which have previously been increasing in density in line with Moore’s law. These limits mean that the information society will no longer be able to continue growing in the same manner as it has thus far.

Meanwhile, the impact of ICT infrastructure on global warming indicates a need to pursue carbon neutrality. Accomplishing this important goal, however, is not feasible with existing technologies, and we must therefore look for some type of breakthrough innovation. It could even be said that the technology required for the future development of humanity is the one that will allow us to achieve carbon neutrality while also achieving economic growth.

Technologies Underpinning Social Infrastructure

Against this backdrop, NTT is advocating its IOWN concept as a new form of communication infrastructure for shaping our future. IOWN prescribes a network and information processing infrastructure that utilizes optical and other innovative technologies to realize ultrahigh capacity, ultralow latency, and ultralow electricity consumption and thereby allow us to harness the various types of information from the physical world with digital models. By combining these three technology components, IOWN will be able to demonstrate its incredible effectiveness by increasing transmission capacity by 125 times, reducing latency to one-200th of its current level, and improving electricity efficiency by 100 times.

IOWN GLOBAL FORUM Linking Companies and Academic Institutions across the Globe

IOWN is garnering interest from various companies and academic institutions around the world. In response to the interest from such organizations, we established IOWN Global Forum, Inc., a new industry forum based in the United States, together with Intel Corporation and Sony Corporation in January 2020. This forum has grown to boast membership of 79 organizations as of October 31, 2021. IOWN Global Forum’s objective is to accelerate the adoption of a new communication infrastructure that will bring together all-optical network infrastructure including silicon photonics, edge computing, and wireless distributed computing to meet our future data and computing requirements through the development of new technologies, frameworks, specifications, and reference designs.
Smarter World Powered by IOWN
Five Kinds of Values That Support Our Lives

1. Future Predictions and Optimization Made Possible by Integration of Diverse Sensing Data with Highly Precise Spatiotemporal Information
Optimization of Cities and Mobility

Digitalization is rapidly progressing in many industries, including transportation, urban infrastructure, and manufacturing. Methodologies that entail the recreation and analysis of a variety of assets in digital spaces are expected to contribute to more efficient operations while helping address large social challenges, such as those indicated by the United Nations Sustainable Development Goals (SDGs). At the same time, services that create new value by linking data on a cross-industry basis still remain a work in progress.

4D digital platform™ is a solution to be provided through IOWN that can be used to unite and integrate 4D data, comprised of latitude, longitude, elevation, and time information, in a highly precise manner through the Advanced Geospatial Information Database, which is comprised of a wealth of highly precise semantic information. The platform can then compile this data in real-time. Through this process, the platform helps facilitate high-speed analysis and processing and highly accurate future prediction. By combining this platform with the IoT data of various industries, it is possible to more effectively direct road traffic, optimally utilize city assets, and reduce social infrastructure maintenance costs. NTT Group is working together with partners from multiple industries to contribute to the harmony between society and the natural environment.

Areas in Which Value Is Created
- Connected cars and automated driving, smart cities, Maas, smart infrastructure management, environment, disaster preparedness

2. Remote World
Creation of a Collaborative Space That Transcends All Constraints

In the wake of the global COVID-19 pandemic, many industries have undertaken a clear shift toward remote activities. In addition to remote work and online education, there is also an urgent need to develop telemedicine. Meanwhile, the entertainment and sports industries demand systems that can go beyond just watching or listening online to provide value similar to that experienced in the physical world without the need to gather.

Through IOWN, we aim to enhance social and economic activities, even amid the kind of limitations imposed by the pandemic, and offer the value of the remote world. This goes beyond simply implementing various remote activities; it also includes making possible activities that transcend barriers of people's abilities, cultures, and values. The field of entertainment and sports calls for bringing realism to online live events as well as for creating environments where people can come together regardless of time or place. There is also a need to create frameworks through which people can even experience sports and entertainment by becoming other people. These innovations will lead to a society that transcends the boundaries of space, people, and culture.

Areas in Which Value Is Created
- Telemedicine, sports and entertainment viewing, remote support, multimedia communication, emotion and thought communication

3. Well-Being
Fulfillment of Mind and Body through Integration of Past, Present, and Future

In the past, economic and health indicators have been used to measure human happiness and pleasure, but none of these figures can be said to reflect the multitude of human characteristics. The concept of well-being that has recently been garnering attention encompasses not only physical well-being but also mental and social well-being, and has spurred a growing number of initiatives that seek to understand human well-being through medical, hedonistic, sustainable, and other dimensions along with personal, social, and transcendental factors. Of course, this notion of well-being is deeply connected to NTT’s development of IOWN and other architectures and services.

We have long viewed people as belonging to different groups, but as new architectures make it possible to rapidly process enormous amounts of data, we will be able to respond minutely to the tastes and needs of each individual. Well-being requires that people first understand their own situation, then have the ability to choose and put into practice the best options for them. NTT aims to build the foundations that will allow each individual to achieve a state of well-being, the aggregate of experiences stretching from the past to the future, at their own pace.

Areas in Which Value Is Created
- Bio-digital twins, biometric sensing, distribution optimization, safe and secure value chains

4. Zero Environmental Impact
Revitalization of the Global Environment and Realization of a Sustainable Society

There is urgent need to create a society that can cope with global environmental changes such as climate change, major disasters, and pandemics. Developing next-generation energy technologies and technologies to enable resilient environmental adaptation will reduce the burden placed on the global environment and thereby prevent environmental destruction, opening the door to a sustainable society in which humans can continue to live in harmony with the environment.

One notable energy technology built on the IOWN platform makes possible operation of nuclear fusion reactors. In July 2020, NTT established NTT Space Environment and Energy Laboratories, and we are collaborating with the International Thermonuclear Experimental Reactor (ITER) Project and Japan’s National Institutes for Quantum and Radiative Science and Technology. Managing nuclear fusion reactions while minutely controlling the plasma and sharing experimental results requires innovations in computing and communications protocols to transmit massive amounts (petabyte level) of information to various locations at ultralow latency. A new communications platform like IOWN is essential to such innovation. We are also pursuing development of a more diverse energy network than ever before, including power generation from lightning and space-based solar power generation. Combining these energy technologies with weather forecasting will allow us to create a society that can respond more flexibly to changes in the environment.

Areas in Which Value Is Created
- Renewable smart cities, plasma digital twins, CD: negative technologies

5. Secure Value Chains
Realization of Safe and Secure Communication

The digitalization of society has made it possible for people to enjoy more convenient services. At the same time, the risk of cybercrime is increasing. As telemedicine becomes commonplace and digital twins make it possible for information and the human body to interact with each other, cybercrime could have life-and-death implications.

That is why NTT wants to create a platform that can support a safe and secure society. In order to exchange large amounts of information remotely and with peace of mind, we need to build trust in a different manner than before. Value chains that allow companies to share information across industries are required in order to further advance digitalization, and we will also need an environment that enables secure communication between public organizations and companies around the world. Safe and secure communication will only be achieved when we ensure stronger security that leverages the merits of IOWN’s high-capacity and high-speed communications platform.

Areas in Which Value Is Created
- Smart cities, remote work, supply and demand forecasting systems, value chain reforms
The creation and utilization of photonics-electronics convergence technology combines optical and electric signals to bring the latest innovations to market. To achieve this, the NTT IOWN Integrated Innovation Center was established on July 1, 2021, to focus on research and development of this technology. The IIC aims to revolutionize the industry by integrating optical and electric signals, leveraging their unique characteristics to create new possibilities.

Our journey through the IOWN Rollout Plan begins with the first generation: Optical Chiplet Intradata Center (IF for ASIC). It is a compact optical interface that enables seamless connectivity between devices, making it easier to integrate optical and electric signals. The implementation of this technology in IF for ASIC demonstrates the potential for significant advancements.

In the second generation, we see a further expansion of the optical interface capabilities. The Chip-to-chip interconnection (Terabit/mm²) is introduced, along with Photonics-in-Chip (PIC). These advancements enable higher data densities and improved signal processing, which are crucial for the next stage of our technological evolution.

The third generation introduces the Co-Package Optical Interconnection (Time-bandwidth product). This advancement signifies a significant step towards integrating optical and electric signals efficiently, paving the way for more complex and efficient data processing.

The fourth generation is marked by the development of Chip-in-chip interconnection (Tera bits/mm²). This step further enhances the integration capabilities, allowing for even more precise control over data flow and connectivity.

Finally, the fifth generation sees the culmination of these developments, with the Photonic-in-chip (5th Generation) technology. This innovative approach allows for comprehensive data management and signal processing, setting the stage for future technological advancements.

The NTT IOWN Rollout Plan is a testament to our commitment to innovation and technological leadership. As we continue to push the boundaries of what is possible, we remain dedicated to bringing cutting-edge solutions to market, driving progress and shaping the future.
Unified with Business Strategy and R&D Strategy
Based on Medium-Term Management Strategy

**Intellectual Property Strategy**

We believe that appropriately protecting our intellectual property, created in research and development, and rightfully using the intellectual property of others is an important step on the path to a sustainable society.

**Message**

Message from Head of NTT Intellectual Property Center

NTT is accelerating R&D for solving challenging problems in its Innovative Optical and Wireless Network (IOWN) while envisioning a world where IOWN is a reality. IOWN cannot be made a reality by the NTT Group acting alone, and requires global collaboration with trustworthy partners. Such collaboration will greatly augment the business activities of the NTT Group as it contributes to the realization of a sustainable society while advancing digital transformation (DX) and CSR. To this end, it has become more important to formulate and execute an intellectual property strategy in tune with the times, and appropriately protect the fruits of R&D as intellectual property, while respecting the intellectual property rights of others.

Kenshi Minami, Head of NTT Intellectual Property Center

**Formulate and Advance Intellectual Property Strategy**

The NTT Intellectual Property Center is the NTT Group’s core organization for managing intellectual property. The Center aims to secure competitive advantages by proactively and appropriately protecting and managing intellectual property rights (i.e., patents), or internal expertise, from the results of R&D, the source of all business activities. NTT aims to share the benefits of its R&D by broadly licensing out its technologies that help advance industry and technologies can be standardized and used throughout society. When deploying the results of R&D in their operations, each company in the NTT Group respects the intellectual property rights of other companies.

With our intellectual property strategy as the basis of these activities, we take a three-pronged approach to formulating and advancing our business strategies and R&D strategy, based on our medium-term business strategy and vision: (1) develop strategic intellectual property rights, (2) manage risks, and (3) deploying the intellectual property we own.

- **Strengthening our competitiveness with strategic rights creation (build an intellectual property portfolio)**
  - Build an intellectual property portfolio through the strategic development of intellectual property rights from fruits of R&D activities, based on technologies and anticipated business models

- **Risk management that protects our intellectual property rights and respects the rights of others**
  - When Group companies deploy the results of R&D in their operations, we examine the intellectual property rights of others inside and outside Japan and up until the stage where R&D results are applied in order to avoid infringing on the rights of third parties
  - Reduce business risk and comply with laws and regulations related to intellectual property rights, by sharing among Group companies information about intellectual property trends and their impact, due to risks to systems around the world, cases of conflict and court decisions

- **Develop business and partners through broad deployment of intellectual property rights**
  - Deploy intellectual property in business to help our customers and society, and to secure competitive advantages in business
  - Proactively engage in activities to standardize intellectual property

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**Intellectual Property Portfolio (Technology Field / Patent Ownership)**

The results of R&D, which plays a major role in the creation of intellectual property for the NTT Group, has translated into ownership of approximately 17,900 patents around the world in a wide range of technological fields. The NTT Intellectual Property Center is putting more effort into filing patent applications in foreign countries with the intention of reinforcing the global operations of the NTT Group.

Clarivate Analytics, which analyzes trends in intellectual property based on patent filings, has selected the NTT Group as a Clarivate Top 100 Global Innovator, which names the world’s most innovative companies and institutions, for ten consecutive years, in recognition of the NTT Group’s activities and track record on this front.

**Intellectual Property that Contributes to DX at Customers**

To advance DX projects outlined in the NTT Group’s vision, the NTT Group offers services that utilize the fruits of its R&D efforts that are protected by patents.

WinActor, which is offered by NTT Advanced Technology, is a software robot that can automate a large volume of work performed by people. Using technologies for generating and editing automation scenarios that was developed by NTT R&D, WinActor is an RPA tool made in Japan that boasts the top share of the domestic market with more than 6,700 companies using the tool, which enables DX regardless of sector type or business scale, such as client companies and local governments.

In recognition of this track record, WinActor has received awards including the 9th Technological Business Innovation Award (Screening Committee Special Prize) from the Japan Techno-Economics Society, and the 9th ICT Business Commendation Award from the Telecommunications Association.

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**Medium-term management strategy**

1. Transformation to a New Management Style
2. Enhance Domestic / Global Business
3. Enhancement of Corporate Value

**R&D strategy**

1) Strategic rights creation (build an intellectual property portfolio)
2) Risk management
3) Deploy intellectual property

**NTT Group’s Vision**

**Business strategy**

1. Medium-term management strategy
2. Intellectual property strategy
3. R&D strategy
Pursuit of a Sustainable Society

In November 2021, NTT Group announced its revision of the NTT Group CSR Charter, based on a resolution by the Board of Directors, to create the new global-level NTT Group Global Sustainability Charter, which infuses the prior charter with a wider range of concepts—including the United Nations Sustainable Development Goals (SDGs), ESG issues, and the creation of shared value. Guided by the new charter, the Board of Directors will make decisions regarding priority sustainability issues and indicators while also accelerating Groupwide sustainability initiatives. These initiatives will be advanced based on the enhanced oversight functions granted by placing the Sustainability Committee, previously positioned under the Executive Officers Meeting, under the direct control of the Board of Directors.

NTT’s Vision for a Sustainable Society

Modern society is plagued by a number of opposing concepts that cannot be properly assessed through traditional dualistic thinking, such as those pertaining to global and local perspectives, the environment and the economy, and human rights issues. It is also true that a single phenomenon can have a different meaning and significance based on the perspective. NTT believes that realizing a paraconsistently society, in which these opposing concepts and phenomenon are included and diverse values are accepted, will contribute to the realization of a sustainable society.

The concept of “Self as We” will form the basis of NTT Group’s efforts to contribute to the realization of such a sustainable society.

Through this concept, people are encouraged to find themselves within the “We” and to realize that we are supported by the connections between diverse people, things, and technologies. Based on this concept, we look to implement various initiatives founded on the principles of altruistic co-existence through which people will seek to increase their happiness along with the happiness of others.

The “Self as We” concept casts light on the need to contribute to the realization of a sustainable society through initiatives for ensuring the positive coexisting of nature and humanity, improving prosperity for all people and cultures, and maximizing well-being for all.

NTT Group Global Sustainability Charter

The NTT Group Global Sustainability Charter defines nine challenges and 30 activities based on three themes. Important indicators, designated with red boxes in the table below, will be reflected in the compensation of executive officers.

<table>
<thead>
<tr>
<th>Three Themes</th>
<th>Nine Challenges</th>
<th>30 Activities</th>
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<tbody>
<tr>
<td>Ensuring the positive coexisting of nature and humanity</td>
<td>Moving towards a decarbonized society</td>
<td>1) Promoting energy conservation</td>
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<td>2) Reducing power consumption by introducing IOT technologies</td>
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<td>3) Developing and expanding the use of renewable energy</td>
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<td>4) Providing new services that contribute to carbon neutrality</td>
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<td>5) Creating innovative environmental and energy technologies</td>
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<td></td>
<td>Addressing Environmental Challenges</td>
<td>6) Increasing the reuse and recycling of communications equipment, mobile terminals, and other technologies</td>
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<td>7) Reducing plastic use and promotion of recycling</td>
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<td>8) Proper treatment, storage and management of hazardous waste</td>
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<td>9) Appropriate and efficient management of water resources</td>
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<td>A commitment to a resource-recycling future</td>
<td>10) Thoroughly implementing environmental assessment</td>
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<td>11) Contributing to natural ecosystem conservation</td>
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<td>12) Establishing shared ethical standards</td>
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<td>13) Appropriately managing conduct risk</td>
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<td>14) Thoroughly reinforcing corporate governance and compliance</td>
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<td>15) Sharing high ethical standards with business partners</td>
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<td>Addressing Social issues</td>
<td>16) Promoting the B2B2X model</td>
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<td>17) Protection and respect for intellectual property</td>
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<td>18) Contribution to the revitalization of local communities and economies</td>
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<td>19) Ensuring the stability and reliability of services</td>
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<td>20) Strengthening information security and personal information protection</td>
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<td>21) Promoting a decentralized society based on remote work</td>
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<td>Moving towards a safe, secure, and resilient society</td>
<td>22) Compliance with the NTT Group Policy on Human Rights</td>
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<td>23) Encouraging society as a whole to respect human rights</td>
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<td>24) Promoting respect, training, and education of diverse human resources and women’s advancement in the workplace</td>
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<td>25) Encouraging of understanding of LGBTQ and promoting the advancement of disabled people</td>
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<td>26) Support for balancing work and life such as childcare and nursing care</td>
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<td>27) Promoting remote work and other workplace models</td>
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<td>28) Achieving zero fatal accidents as well as maintaining and promoting employee health</td>
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<td>29) Supporting autonomous capacity development</td>
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<td>30) Promoting paperless operations</td>
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Reducing Environmental Burden
—Realizing Carbon Neutrality

The NTT Group aims to simultaneously achieve zero environmental impact and economic growth by reducing the environmental impact of its business activities and coming up with breakthrough innovations. In September 2021, the NTT Group announced a new vision for the environment and energy, “NTT Green Innovation toward 2040,” with the aim of achieving zero environmental impact.

To achieve carbon neutrality, the NTT Group will strive to reduce electricity consumption through the introduction of IOWN, expand the use of renewable energy to reduce greenhouse gas emissions.

Illustration of NTT Group Greenhouse Gas Emission Reductions (Domestic + Overseas) *(1)
- Increased use of renewable energy: Reduce greenhouse gas emissions by 45% *(2)
- Lower energy consumption with IOWN technologies: Reduce greenhouse gas emissions by 45% *(3)

Illustration of Transition Trends in NTT Group’s Energy Consumption *(4) (Domestic + Overseas)
- Grid electricity: Energy Consumption Outcome: will be approximately doubled by FY2040
- Approximately half of energy consumption will be reduced by introducing IOWN
- Renewable energies will be introduced for the other approximate half

Key Initiatives toward Carbon Neutrality

In addition to the Green of ICT, which will curb the environmental impact of the NTT Group by introducing IOWN and expanding the use of renewable energy, we will also work on Green by ICT, which will contribute to reducing the environmental impact of society as a whole.

Specific Initiatives toward Carbon Neutrality

Reduction of Environmental Impact through Business Activities

- Further acceleration of DIK and promotion of Remote World
- Promotion of regional urban development and the introduction of new social infrastructure development
- Promotion of greenhouse gas reduction across the entire supply chain
- Provision of new services that contribute to carbon neutrality
- Contribute to local production and consumption of energy, through smart grids based on battery farms
- Expansion of green electricity retail

Creation of Breakthrough Innovation

- Use of 4D digital platform for future predictions / optimal use of urban assets *(5)
- Optimal operation of fusion reactors (ITER / QST)
- Lightning charging
- Applied genome-editing technology for ‘Green’ (Collaboration)
- Energy, transportation, logistics, etc.

Green by ICT

Contributions to Reducing Society’s Environmental Impact

- Introduction of IOWN and Expansion of Renewable Energy
- Reduction of energy consumption through the introduction of IOWN
- Expansion of the development and usage of renewable energy
- Introduction of an internal carbon pricing system
- Issuance of green bonds

Green of ICT

Reducing NTT’s Own Environmental Impact

- Strengthening development and expanding introduction of NTT Group’s Renewable Energy Plan
- By advancing these initiatives, the NTT Group aims to reduce its own GHG emissions and across the entirety of society

Expanding adoption of IOWN technologies from the telecommunications field into other industries

- Promote greenhouse gas reduction across the entire supply chain

Providing new services that contribute to carbon neutrality

Key Points

- Contribute to the reduction of greenhouse gases *(2) in Japan and the world
- Japan: Reductions: over 0.02 billion tons; Reduction Rate: over 45%
- World: Reductions: over 0.3 billion tons; Reduction Rate: over 2%

Strengthening development and expanding introduction of NTT Group’s Renewable Energy Plan

- Further accelerate DIK (e.g. of digital twin computing)
- Promote greenhouse gas reduction across the entire supply chain

NTT at a glance

Value Creation Process
Refinement of Medium- & Long-term Objective
Development of Medium- & Long-term Strategy
NTT Group’s Sustainability
Operations in Review
Data Section
Addressing Environmental Challenges

(1) Estimated introduction or renewable energy (projecting actual renewable energy through Navi-Fossil Fuel Certificate): * FY2023: 0.7 billion kWh; FY2028 to FY2034: around 3 billion kWh
(2) The introduction of renewable energy will have the optimal types of energy determined on the basis of each country’s energy composition, etc. Approximately half of the domestic renewable energy projects will come from energy source over Navi-Fossil Fuel Certificate.
(3) Grid electricity Consumption Outcome: will be approximately doubled by FY2040
(4) Approximately half of energy consumption will be reduced by introducing IOWN
(5) Renewable energies will be introduced for the other approximate half

NTT Sustainability
Message from the CEO
Message from the CFO
NTT at a glance
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Data Section
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(1) Estimated Introduction of Renewable Energy (Excluding actual renewable energy through Navi-Fossil Fuel Certificate): * FY2020: 3.0 billion kWh (FY2023 to FY2024: around 7 billion kWh)
(2) The introduction of renewable energy will have the optimal types of energy determined on the basis of each country’s energy composition, etc. Approximately half of the domestic renewable energy projects will come from energy source over Navi-Fossil Fuel Certificate.
(3) Energy consumption used in calculating greenhouse gas emissions on the left.
Addressing Environmental Challenges

**NTT DOCOMO’s Initiatives toward Carbon Neutrality**

- **Realize Carbon in 2030**
  - **Reduce GHS emissions in own business activities**
  - **Conserve energy in telecommunications networks**
  - **Provide green power through eco-friendly Green 5G and docomo Denki**
  - **Providing ‘Carbonue’ platform everyone can participate and contribute to reduction of CO2 in the world**

**Strengthening the Development and Expanding the Introduction of Renewable Energy by NTT Anode Energy**

- **Initiatives to develop renewable energy power plants**
  - The NTT Group uses approximately 1% of total electricity in Japan at its nationwide telecommunications facilities.

- **Towards the Local Generation for Local Consumption of Renewable Energies**
  - We aim to reduce social cost (reduce power transmission loss, etc.) by helping to expand renewable energy power plants that facilitate local production of electricity for local consumption, by utilizing NTT buildings around Japan as places to store electricity.

**Illustration of Usage of “Battery Farms”**

- **Renewable energy generation by NTT Group**

**Issuance of NTT Group Green Bond**

In June 2020, the NTT Group issues its first-ever green bond. Green bonds are bonds issued by companies and local governments to raise money for green projects (renewable energy, energy conservation and other projects that help improve the environment) around the world.

NTT Group places top-level priority on environmental issues. Accordingly, as a Group we are undertaking a host of measures to address these issues. One example is the issuance of NTT Group green bonds by NTT Finance, the Group’s core financial firm. The funds raised through this issuance will be used to fund projects that address environmental issues.

In conjunction with the September 2021 unveiling of the NTT Green Innovation toward 2040, our new vision for the environment and energy, we revised the framework for green bonds to make it easier to continue issuing green bonds by expanding the scope of applicable projects to 5G-related investments, FTTH-related investments, and R&D to realize IOWN, in addition to green buildings, highly efficient and electricity-conserving data centers, and renewable energy.

**State of Green Bond Issuance**

<table>
<thead>
<tr>
<th>October 2021</th>
<th>Amount issued: ¥300 billion</th>
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</thead>
<tbody>
<tr>
<td>Issuance period</td>
<td>3 years</td>
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<tr>
<td>Issuance amount</td>
<td>¥180 billion</td>
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<tr>
<td>Interest rate</td>
<td>0.00% / issue price ¥100.003</td>
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</tbody>
</table>

**Applicable projects:** To move the NTT Group closer to becoming carbon neutral, project scope included R&D for IOWN, key renewable energy projects, and investments in 5G and FTTH, the basis for realizing remote worlds.

**COLUMNS**

- **Issuance of NTT Group Green Bond**
- **Operations in Review**
- **Adapting to the Trend of Technological Innovation in the Telecommunications Industry**
- **NTT at a glance**
- **Message from the CEO**
- **Sustainability**
- **Impact reporting:** May 2022 (plan)
- **Impact reporting:** May 2022 (plan)

For details about conditions for this green bond and companies earmarked for investment, please see the following news release [Japanese only](https://www.ntt-finance.co.jp/new/210922.html)

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**Organization for Environmental Management**

To address climate change and other environmental issues, the Board of Directors decides policy after deliberating. Unveiled in September 2021, the NTT Green Innovation toward 2040 was deliberated upon and approved by the Board of Directors as its new vision for the environment and energy.

We also established the Green Innovation Committee as an internal unit under the Sustainability Committee, which reports directly to the Board of Directors, to discuss and determine the environmental activities policies for the entire Group.

We are planning the transfer of functions from the NTT Group Global Environmental Protection Promotion Committee, which was previously under the purview of the Executive Officers Meeting, to the Green Innovation Committee. NTT Group’s Green Innovation Committee, which met regularly throughout a year, was chaired by the general manager of the NTT Environmental Protection Office (Head of Research and Development Planning) with membership comprising heads of environmental departments at major Group companies. Also, this committee oversees the Climate Change Actions Committee, the Closed-loop Recycling Committee, and the Natural Harmony Working Group and drafts basic policies, manages targets, and addressed issues related to environmental protection.

Further, risks and opportunities identified as having a significant impact on business, such as laws, regulations, and systems related to the environment, are presented to the Business Risk Management Committee, which identifies Company-wide risks, and to the Board of Directors. In addition to working with the environmental departments, the committee cooperates with other departments to pursue related initiatives. Particularly with regard to electricity use, which accounts for more than 90% of NTT Group’s CO2 emissions, the committee collaborates with the High Performance Energy Use Promotion Committee, which is responsible for promoting the Total Power Revolution (TPR) campaign, NTT Group’s energy conservation activities. As for the risks and opportunities presented by environmental issues to our facilities and equipment, monitoring and assessment are conducted through a collaborative effort between staff in charge of environmental issues and those responsible for facilities, and these individuals are appointed for every Group company.

**Goals for the Reduction of Environmental Impact**

In addition to reducing environmental impact through its business activities, NTT Group prioritizes the reduction of environmental impact within society through the use of ICT. Based on our analysis of materiality issues related to environmental problems, we have set targets for environmental activities to undertake by the fiscal year ending March 31, 2031, and we are working to reduce environmental impact accordingly.

**TCFD**

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**Impact of Climate Change on Businesses**

Climate change has the potential to affect the cost of electricity for providing communications services and other purposes, and may lead to large-scale disasters causing enormous damage to communications infrastructure. NTT Group takes the following perspectives on the risks of climate change in terms of business operations, measures to deal with those risks, as well as opportunities.

**Potential Risks**

As society as a whole expands the use of renewable energies in an effort to decarbonize, the risk of increased costs due to renewable energy charges, and carbon pricing is expected. Charges on renewable energy are rising year by year, and there is a possibility that electricity prices will continue to rise. In addition, there is a risk that such natural disasters as torrential rain or typhoons could damage access networks, which could give rise to physical and economic losses. With respect to the aforementioned risks, we are implementing the following measures:

- Consolidating telecommunications equipment and facilities, which account for most of NTT Group’s power use and upgrading to equipment with higher levels of energy efficiency (including carrying out upgrades ahead of schedule)
- Installation of high-voltage direct current (HVDC) systems and systems for analyzing the status of electricity usage
- Our own use of renewable energy
- Investment in R&D for IOWN to help reduce electricity use
- Securing the stability and reliability of telecommunications services in anticipation of large-scale natural disasters

**Strategic Initiatives**

- Green business solutions business leveraging ICT and cloud technologies in line with the corporate migration to the cloud and digitalization
- Growing demand for ICT services as teleworking and remote working become more familiar and mainstream, and to support workstyle transformation due to digital transformation (DX), as well as to reduce environmental impact
- Increasing demand for BCP-oriented ICT services addressing such factors as natural disasters and system failures
- Development of Green 5G and DOCOMO Denki Green

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Reinforcement of Disaster Countermeasures
—Protection of Service Stability and Reliability

As well as ensuring the stability and reliability of telecommunications services by anticipating the potential damage resulting from large-scale disasters, NTT Group helps clients restore their operations and maintain business continuity in the event of disasters.

Stable and Reliable Telecommunications Services in Preparation for Large-Scale Disasters

NTT Group has defined three key themes for disaster countermeasures—improving the reliability of communications networks, securing critical communications systems, and promptly restoring telecommunications services. We have been strengthening efforts based on these themes since the Great East Japan Earthquake.

Specifically, we are taking measures to improve the reliability of our telecommunications infrastructure. To ensure that our telecommunications services operate without interruption at all times, we employ transmission trunk line multi-routing, have enacted blackout countermeasures for communications buildings and base stations, and are making communications buildings more disaster resistant. In addition, we are expanding the assortment of power supply vehicles and other disaster response equipment that we have positioned throughout Japan and are continuously conducting training to prepare for major natural disasters. Furthermore, we are making a daily effort to guarantee that, in the event of a disaster, we are able to immediately set up a Disaster Countermeasures Office, implement other emergency preparations, and make the necessary emergency and critical communications as a public institution designated by the Basic Act on Disaster Control Measures.

In recent years, natural disasters have become more frequent and causing wider, bigger, and more lasting damage. Recognizing the potential for natural disasters to have greater impacts on telecommunications facilities and services and for recovery efforts to be prolonged, NTT is increasing the resilience of its facilities and taking steps to expedite recovery efforts.

### Past initiatives

- **Secure Critical Communications**
  - Improve communications network reliability
  - Secure 100%, 99%, and other emergency services
  - Secure 100%, 99%, and other disaster-resistant facilities
  - Install large-zone base stations
  - Install disaster-resistant facilities

- **Operate critical communications equipment**
  - Establish offices to provide tools to check safety status

- **Promptly Restore**
  - Deploy disaster countermeasure equipment
  - Procure and convey materials and equipment (power supply vehicles, portable satellite equipment, etc.)
  - Use drones

- **Build disaster-resistant facilities**
  - Install large-zone base stations
  - Build disaster-resistant facilities

### Further efforts

#### Major Facility Resilience Initiatives

- Improvement of reliability of communications base stations with countermeasures for blackouts and natural disasters
- Blackout countermeasures at base stations using electric vehicles
- Integrated management and operation of NTT Group’s power supply vehicle fleet (approx. 400 vehicles)
- Examination of power quality of installation of underground cables or wireless fixed-line telephony systems for disaster areas

#### Major Initiatives for Expediting Recovery Efforts

- Pre-disaster establishment of recovery teams (nationwide support teams, MSUs through KBOA’s power supply vehicle fleet)
- Restoration of recovery teams and securing of staff through mobilization of retired NTT employees

#### Balanced Support for Affected Customers

- Provision of accurate, easy-to-understand information to support evacuation, etc. (information on communications disruptions, recovery status, charging points, emergency-use public telephones, support for non-Japanese visitors and residents of Japan, etc.)
- Establishment of local trouble support stations in disaster-stricken regions to respond to issues and consultations regarding communications services
- Coordination with municipal government agencies, etc., to secure communications capabilities in times of disaster through installation of Wi-Fi systems and storage batteries for public telephones

### Lessons from the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake

- Blackout countermeasures at communications buildings and base stations
- Buildings are equipped with storage batteries for disaster damage at the same time.

### Swift Restoration of Service

Should a disaster strike, swift action will be taken to restore service via the utilization of mobile disaster response equipment and the use of drones to confirm the situation.

### Disaster-Resilient Networks and Equipment

**Disasters causing wider, bigger, and more lasting damage**

- Damage from natural disasters is becoming increasingly common in recent years as climate change causes more frequent instances of heavy rains, frequent typhoons, and other natural disasters. As a result, there is a growing risk of water and lightning damage and power outages, which now threaten to cause extensive damage should they occur. NTT is committed to building disaster- resilient networks and equipment to ensure that it is able to provide reliable communications services even in the event of a large-scale natural disaster.

#### Flooding Countermeasures at Communications Buildings

NTT implements countermeasures to prevent flooding at communications buildings as a result of tsunamis, floods, or other natural disasters. These measures include replacing doors with more durable, water-resistant doors, sealing windows and other gaps, and reinforcing walls with concrete to ensure they can withstand the force of tsunamis.

#### Blackout Countermeasures at Communications Buildings and Base Stations

Communications buildings and wireless communications base stations are equipped with batteries, engines, and other auxiliary power supplies that can be used as a prolonged source of electricity in the event of a blackout. Moreover, we are enacting the lessons learned from the Great East Japan Earthquake by implementing blackout countermeasures for engine generators and having batteries available for use around the clock at its roughly 1,900 base stations in important areas, such as those where municipal disaster response headquarters or city offices are located.

#### Transmission Trunk Line Multi-Routing and Distributed Location of Important Communications Buildings

Our nationwide network of trunk lines has been designed to secure communications and prevent disruption of services over the network as a whole by automatically diverting transmission through other routes when a certain route is damaged. Meanwhile, if communications buildings (important communications buildings) fitted with transit switches suffer disaster damage, communications via such buildings may be severed. Distributing important communications buildings in different locations helps avoid the risk of multiple buildings suffering disaster damage at the same time.

**Swift Restoration of Service**

Should a disaster strike, swift action will be taken to restore service via the utilization of mobile disaster response equipment and the use of drones to confirm the situation.

#### Disaster Response Equipment

NTT has positioned mobile base stations and power supply vehicles across Japan that can be quickly deployed to disaster sites should a wireless communications base station be damaged by a disaster. Moreover, we have adopted offshore base stations comprised of mobile communications base stations mounted on ships. Should a tsunami or other disaster knock out service over a wide spread of coastal area, we can provide service by using entrance satellite lines to transmit signals to the coastal areas from anchored ships.

#### Disaster Site Confirmation with Drones

When damage to roads or other conditions prevent us from reaching base stations, drones will be deployed to confirm the status of the site and facilitate the quick restoration of service thereafter.
Addressing Social Issues

Enhancement of Security

—Preparation for the Zero-Trust, Cloud-Native Era

To resolve social issues through its business operations, NTT Group works together with its partners as “Your Value Partner.” Based on this approach, we are contributing to the healthy development of a digital economy and remote society by exercising our responsibility as a supplier of safe and secure ICT infrastructure to guarantee effective information security.

Message from the Chief Information Security Officer

NTT is transforming, and we must therefore move away from the customs and practices we have embraced thus far. Moreover, Group governance is imperative to promoting this transformation. The word “governance” does not necessarily refer to issuing orders, but rather can mean creating frameworks that allow all members of the Group to naturally arrive at the optimal course of action. I hope to lead NTT Group in developing governance systems that accommodate the security needs of the zero-trust, cloud-native environment.

We have issued a news release explaining the cybersecurity initiatives NTT implemented at the Olympic and Paralympic Games Tokyo 2020 as well as the success of these efforts.* Our experience with this event made it apparent that damages from cybersecurity incidents can be kept at a minimum, even in the increasingly challenging security environment, so long as effective measures are put in place.

There are three focuses to NTT’s security initiatives: 1) protecting the internal security of customers, 2) protecting the digital services provided to customers, and 3) protecting ourselves. We plan to further enhance these initiatives based on our experience with the Olympic Games.

Security Initiatives Supporting the Medium-Term Management Strategy

Security initiatives will be imperative to the transition to a new management style that has been defined as one of the pillars of the revised medium-term management strategy.


TOPICS 1

NTT Group’s Contributions to Global Measures for Combating Malware

Partnering with IT companies, global network providers, and law enforcement agencies, NTT helped roll out measures that look to the primary platform for TrickBot, a major botnet threat that has continued to cause damage in various IT systems, and was even thought to have had an impact on the U.S. presidential election.* NTT Group is promoting threat intelligence information research collaboration between the Global Threat Intelligence Center (GTIC) of NTT Ltd., Security Operation Centers (SOCs), and NTT R&D. These research efforts have involved the analysis of our global internet backbone traffic, and this ongoing collaboration contributed to the aforementioned measures.

Modern threats are without boundaries, so our approach to cybersecurity must also be borderless. Accordingly, we expect that cross-country and cross-company cybersecurity collaboration will continue to be evolved and pursued, even in regard to various global events.

Security Expert Training at NTT Group

NTT Group launched a security expert certification system in 2015 with the aim of increasing the quality and number of its security personnel. This system defines three levels based on human resource type and skill level. We must be constantly vigilant in our effort to remain abreast of the recent changes in cybersecurity technologies and circumstances (zero-trust, cloud native, digital transformation, teleworking, etc.). As such, the effective and consistent training of security experts is a matter of utmost importance.

Intermediate and Expert Level

Intermediate and expert level security staff members are core to our efforts for combating the ever-evolving threat of cyberattacks. Individuals certified as intermediate level under the certification system play a central role in strengthening security at NTT Group as principal members on the front lines of the Group’s cybersecurity efforts. Adapting to and preventing damages from the constantly emerging new threats requires staff to gain experience combating new forms of cyberattacks in a simulated environment. Our practical, hands-on security training programs are an effective means of endowing employees with such experience. Moreover, NTT partners with security training companies to shape its practical security training programs based on the latest trends. Intermediate level security staff members are required to undergo regular training in order to keep their skills up to date.

In order to be certified as expert level, an individual must have industry-leading cybersecurity experience in Japan and overseas, be highly trusted and have a strong reputation both inside and outside of the organization. Expert level certification represents that an individual is contributing to improved cybersecurity within NTT Group and throughout the business sphere in Japan and around the world. Moreover, we recognize that it is important to deploy the expertise of such high-level experts and to use this expertise to foster the next generation of employees. We also must create forums in which expert level and other security professionals can meet to share their experience and discuss. For these purposes, NTT Group holds an annual global conference. This internal conference provides an opportunity for exchanges between professionals active in various fields, including research and development, operations, consulting, and information provision, around the world. In the fiscal year ended March 31, 2021, the COVID-19 pandemic made it difficult for people to gather in person for this conference, as has been done traditionally. We therefore held the conference online for the first time, a move that proved beneficial as this conference drew a record-breaking number of around 700 participants.

Basic Level

NTT used to offer basic level certification. However, the rising number of certification holders coupled with the increase in awareness regarding the importance of security prompted us to reinvent our security training programs to target all employees worldwide.

People tend to shy away from security training due to the perceived complexity and limited applicability of the subjects covered. To address this issue, we positioned raising employee interest in these subjects as our top priority, which we went about doing with animated videos and other endearing content, including a humorous introductory message by the CISO structured like a dramatic performance. Through these programs, we hope to make all employees recognize the necessity of security awareness and instill in them the basic practice of reporting any suspicious activities in their daily work. We thereby aim to motivate employees to participate in and contribute to our organization-wide drive to quickly detect and address security issues.

Employee security training program


* International efforts in the fight against global cybercrime
Addressing Human Rights, Diversity and Inclusion

Maximizing Well-Being
—Advocating Work-in-Life with Work-Style Reforms

As work styles change, it is necessary to review work processes in order to accommodate diverse ways of working. Allowing diverse work styles leads to greater opportunities to employ people of diverse backgrounds, while improving their motivation to work and ease of working. This results in better employee engagement and sparks innovation.

The NTT Group engages in a variety of initiatives to promote diverse work styles. In particular, we are changing work styles while focusing on better treatment and environments for mainly remote work.

When changing work styles, it is important to ensure openness, globalization and innovative work management from a business perspective. From the standpoint of employees, we believe the first step is to promote work-in-life and their well-being.

Shift to new work styles premised on remote work

1. General Improvements
2. Promotion of DX
3. Re-examination of Systems

Promote Remote Work

Promote work-in-life (health management)  
Open, global and innovative business management

<table>
<thead>
<tr>
<th>Ratio of female managers **</th>
<th>Ratio of newly appointed female managers **</th>
<th>Ratio outside personnel**</th>
<th>Ratio of employees with disabilities **</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.3% (fiscal year ended March 31, 2021)</td>
<td>12.5% (fiscal year ended March 31, 2022)</td>
<td>27% (fiscal year ended March 31, 2024)</td>
<td>2.45% (June 2021)</td>
</tr>
</tbody>
</table>

Target: Male 25–50% by fiscal year ending March 31, 2026

Target: Female 15% by fiscal year ending March 31, 2026

Target: Male 30% from fiscal year ending March 31, 2021

Target: Female 30% by fiscal year ending March 31, 2024

Ratio of employees taking leave for childrearing **

<table>
<thead>
<tr>
<th>Remote work ratio** **</th>
<th>Male employees taking leave for childrearing ** **</th>
<th>Total work hours** **</th>
<th>Employee satisfaction** **</th>
</tr>
</thead>
<tbody>
<tr>
<td>65.5% (March 2021)</td>
<td>100% ratio of male employees taking time off for childrearing by the fiscal year ending March 2023</td>
<td>1,901 hours (fiscal year ended March 31, 2023)</td>
<td>3.9 (fiscal year ended March 31, 2023)</td>
</tr>
</tbody>
</table>

Target: Male 70% by fiscal year ending March 31, 2023

Target: Male 100% ratio of male employees taking time off for childrearing by the fiscal year ending March 2023

Target: Male Under 1,800 hours by fiscal year ending March 2023

Target: YoY improvement (5 points = perfect score)

Number of employees with children entering grammar school by the fiscal year ended March 31, 2021 and 2020, who took time off work for child rearing / number of employees who gave birth (or whose partners gave birth) in the fiscal year ended March 31, 2020 and 2021.

*6 Domestic Group companies (at least 43.5 employees)

*7 Six major domestic companies (NTT, NTT East, NTT West, NTT Communications, NTT DATA, NTT DOCOMO)

*8 NTT Group companies (at least 43.5 employees)

*9 NTT (holding company) only

*10 Work from home ratio (excluding essential workers)

*11 Percentage of total number of male workers using paternity leave or leave for purposes of child rearing (items disclosed by companies with "Minimum Karamu Certification")

Changes in Work Styles

The NTT Group intends to shift toward new work styles centered on remote work, by upgrading IT environments and reviewing various systems, in addition to advancing DX projects and work reforms with an eye on the post-pandemic world. In the fiscal year ended March 31, 2021, NTT introduced a super flex-time system, stopped subsidizing commuter passes, and created a allowance for employees working at home and other remote locations, in a bid to promote remote work styles.

To encourage more remote work, we will update systems and work environments and advance reforms toward a decentralized, self-disciplined work-style organization. We aim to create a work-from-anywhere environment that frees employees from time and location, allowing everyone to work anywhere and anytime.

Recommendations for Remote Work

Remote work (unlimited)

Commuting allowance (fixed payments)

No work-from-home stipends

New remote work stipends

Super flex (without Core Times)

Future Initiatives

No Need for Relocations and Unaccompanied Assignments Recruitment of Remote-Based Employees (From FY2022)

Decentralization of the Organization (Including Head Officers and Back-Offices) (From FY2021)

Expansion of Satellite Offices (FY2022 260 or more locations)

Re-examination of the Office Environment increase the amount of space per person in the office by 1.5x, and enhance the space for idea creation and co-creation (From FY2022)

Office

Satellite Office

Work-from-home (limited frequency)

Work-from-home (limited frequency)

Remote work (unlimited)

Commuting allowance (payment of actual costs)

No work-from-home stipends

New remote work stipends

Super flex (without Core Times)
Addressing Human Rights, Diversity and Inclusion

Employee Satisfaction, Turnover Rate

The NTT Group endeavors to identify issues in creating a company where it is easier to work, improving corporate systems and updating work environments. As a part of these efforts, we periodically conduct surveys of employee satisfaction to help improve work environments.

In the fiscal year ending March 31, 2021, the employee satisfaction survey for NTT Group employees came back with a score of 3.9 points out of 5.0 points, its highest level since the survey began in 2014. In particular, with remote work becoming the norm, questions about work styles saw marked improvement in scores versus the previous fiscal year, such as questions about easy-to-work environments, and ability to work efficiently. Moreover, on questions about satisfaction and pride about working at the Company, scores by female employees rose, narrowing the gap in workplace satisfaction between men and women. The turnover rate declined by 0.9 percentage points from the previous year. Remote work has helped to improve employee engagement.

<table>
<thead>
<tr>
<th>Employee Satisfaction</th>
<th>Turnover Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Points)</td>
<td>(%)</td>
</tr>
<tr>
<td>FY2019</td>
<td>3.79</td>
</tr>
<tr>
<td>FY2020</td>
<td>3.64</td>
</tr>
<tr>
<td>FY2019</td>
<td>3.96</td>
</tr>
<tr>
<td>FY2020</td>
<td>3.78</td>
</tr>
</tbody>
</table>

Empowerment of Women in the Workforce

New Targets for Empowering Women

The NTT Group has set a new target of 25-30% for the ratio of women in Board Member positions by the fiscal year ending March 31, 2026, in order to incorporate diverse opinions in decision-making. At the same time, we see the necessity of expanding the pipeline of female candidates in order to continue reflecting diverse opinions in decision-making. In the fiscal year ending March 31, 2022, we set a target of 30% for the ratio of women in new promotions to management positions. We also raised our target for the percentage of women in management positions from 10% to 15% in the fiscal year ending March 31, 2026.

With regard to hiring women, in the fiscal year ended March 31, 2014, NTT set a target of 30% or higher for the percentage of women in new hires straight out of college, and it has achieved at least 30% each year since then.

<table>
<thead>
<tr>
<th>Item</th>
<th>Target</th>
<th>Current conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Members (Members of the Board, Audit &amp; Supervisory Board Members, Executive Officers)</td>
<td>25–30%</td>
<td>July 2021: 11.4%</td>
</tr>
<tr>
<td>Managers</td>
<td>FY2021: 30% of new promotions to management positions</td>
<td>FY2020: 12.9%</td>
</tr>
<tr>
<td></td>
<td>FY2022: 15% managers (up from 10% previously)</td>
<td>FY2020: 7.3%</td>
</tr>
<tr>
<td>New hires</td>
<td>30% each year</td>
<td>Achieved each year since FY2013</td>
</tr>
</tbody>
</table>

* Targets and current conditions at six main companies (NTT, NTT DOCOMO, NTT East, NTT West, NTT Communications, NTT DATA)

Initiatives for Skills and Career Development

NTT is stepping up initiatives to groom more female employees for decision-making management positions and positions for providing guidance. Specifically, for female employees interested in management positions, we are implementing women career development training programs Groupwide and programs for building up necessary leadership skills and awareness through dialogues with upper management and exchanges with other companies.

Moreover, we will expand training opportunities with the aim of increasing the ratio of women participating in internal and external training programs, mainly for managers. The NTT Group also offers mentoring by female Board Members and a human network program for strengthening vertical and horizontal connections for women within the Group, spanning all positions and ranks. In addition to off-the-job training, we provide on-the-job training, including putting employees in tough assignments, with the intention of training women with the skills, mindset and experiences necessary for promotions.

NTT University has been established for the purpose of grooming candidates for upper management positions within the NTT Group, and it aims to have at least 30% women in the program.
Addressing Human Rights, Diversity and Inclusion

Balance between Work and Childcare or Nursing Care

NTT offers Life Plan Leave (up to 40 days) where up to three days of unused annual paid leave can be carried over each year, in addition to five days granted for every five years of continuous service. This leave can be taken for any reason, separately from annual paid leave.

NTT has set a target for having 100% of male employees take paid leave for childrearing by the fiscal year ending March 31, 2023, in a bid to create a more attractive workplace environment where employees feel free to take time off for childrearing. In the fiscal years ended March 31, 2020 and 2021, the ratio of male employees taking leave for childrearing was 80.4%.

Starting in the fiscal year ending March 31, 2022, NTT will hold seminars to encourage employees to participate in childrearing, and through panel discussions featuring explanations of the system and talks by employees who took time off, strive to create a workplace culture that encourages childrearing.

Initiatives for Employing People with Disabilities

Business Partnership with OriHime Inc.

NTT has formed a capital and business tie-up with OriHime Inc. for the purpose of strengthening its business responsiveness in remote environments while advancing the interests of people with disabilities. Through this partnership, the NTT Group’s R&D capabilities are combined with the advanced product development capability of OriHime, such as OriHime, a robot that can be controlled remotely, is being used by people with physical disabilities to offer employment opportunities and broaden their range of activity while maintaining physical distancing during the pandemic. In recognition of this achievement, OriHime-D was awarded the Special Prize in the Environment Creation Category of the 2020 ACE Awards, sponsored by the Accessibility Consortium of Enterprises (ACE).

Examples of work that are performed by people with disabilities include web accessibility diagnosis, lectures for better understanding people with disabilities (barrier-free mindset seminars), production of handmade paper from recycled paper, and office massages.

LGBTQ

Systems

With respect to the approximately 200,000 employees of NTT Group companies in Japan, in April 2018 we began the application, in principle, of all systems for spouses to same-gender partners who have the equivalent of spousal relationships with employees.

<table>
<thead>
<tr>
<th>Salary</th>
<th>Allowance for dependent, allowance for working away from home, relocation expenses (family relocation expenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work</td>
<td>Special leave (marriage, bereavement), life plan leave, nursing care leave, short-term leave for nursing care, childcare leave, short-term leave for provision of childcare or nursing care, limit on or exemption from overtime work, limit on nighttime work, shift work on an individual unit basis to provide childcare or nursing care, reemployment of employees who resigned due to childcare, nursing care, or the relocation of their spouse's job</td>
</tr>
<tr>
<td>Welfare</td>
<td>Congratulatory / condolence payments (special payments for marriage, condolence payments), company housing, NTT Benefits Package, M3PSP (health consultations with specialist physicians, “best doctor” referrals, and healthcare policy proposals)</td>
</tr>
<tr>
<td>Overseas Assignments</td>
<td>Family members included in the calculation of cost-of-living in their home country, spouses in receipt of empty home allowance, handling of relocation expenses of family members of employees working overseas</td>
</tr>
</tbody>
</table>

Major Initiatives

The NTT Group voices its approval of LGBTQ-related initiatives.

To deepen understanding of LGBTQ issues, the NTT Group stands with LGBTQ people by participating in the Tokyo Rainbow Pride parade and the Diversity Career Forum, one of the largest career fairs in Japan related to diversity.

This fiscal year, we held an online ALLY meeting twice for the entire NTT Group, inviting external lecturers to give presentations and lead discussions. Around 110 employees joined the ALLY meeting, discussing what they want to accomplish in future ALLY meetings and details about future ALLY initiatives.

Mid-Career Hiring Initiatives

The NTT Group proactively hires outside personnel for the purpose of incorporating diverse opinions in business operations. In the fiscal year ending March 31, 2021, the ratio of mid-career hires at the six main Group companies was 27%. We will continue to hire outside personnel in order to have diverse personnel on staff, and aim for a 30% ratio of mid-career hires by the fiscal year ending March 31, 2024.

New Personnel System for Self-Guided Career Formation and Assigning Right Person to Right Job

In October 2021, the NTT Group introduced a job-based system for all management positions, where people are assigned to jobs regardless of their seniority, age or years of experience. For general employees, we are encouraging self-guided career formation. By increasing the specialization of each employee, we aim to nurture professionals who decide their own careers by themselves.

Job-Based Personnel Compensation System

In July 2021, NTT introduced a job-based personnel compensation system for high-ranked managers at the main operating companies, where compensation varies according to the weight of the work at their assigned posts. NTT expanded this system to all management positions in October 2021. The job-based system defines the work for each post based on business plans and business operation policies of each company, and assigns the best-suited personnel to posts regardless of age. The ultimate aim is to increase corporate value over the longer term and sustain growth as a company, while ratcheting up the motivation of individuals to take on challenging new roles and change perceptions of one’s own post and the company’s earnings.

Self-Guided Career Formation

The system seeks to assign the best-suited person to the work and post, regardless of age, and stimulate growth by improving the motivation of individuals to take on challenges and acquire specialized knowledge and skills. We believe this system will lead to stronger earnings for the company. To realize this, it is important to clarify the types of specialization, skills and skill levels required to perform the work in various fields. We will create a framework where employees can enhance their careers by improving their specializations on their own.
Addressing Human Rights, Diversity and Inclusion

NTT Group Global Human Rights Policy

Background of NTT Group Global Human Rights Policy and Approach

NTT is committed to respecting global human rights and believes it is an important corporate social responsibility. The NTT Group will strive to correctly understand and recognize each country and region’s laws, cultures, religions, and values. We aim to create a safe, secure, prosperous and sustainable society by fulfilling this responsibility. We will also replace NTT Group’s existing Human Rights Charter with the new NTT Group Human Rights Policy. We will include the NTT Group’s Human Rights Policy, the Environmental Vision, and the New Management Style in the new NTT Group Global Sustainability Charter.

While supporting international covenants and treaties as a company with global operations, the NTT Group internally and externally discloses its global human rights policy. This policy applies to all employees and board members on the NTT Group, and we ask all of our suppliers and business partners to support this policy and respect human rights.

Due Diligence

Based on the UN Guiding Principles of Business and Human Rights, we will use the human rights due diligence process to identify, prevent, mitigate, and correct human rights issues globally. And we will strive to improve human rights awareness and human rights management throughout the NTT Group.

In addition, due diligence will be conducted among the stakeholders in the entire business value chain, and a direct dialogue will be the basis of our efforts, especially with major suppliers. The status will be disclosed on our website, in our Sustainability Report, and in our Human Rights Report to evaluate and improve the process continuously.

Addressing Human Rights Issues of Particular Importance

The NTT Group identifies serious human rights issues to monitor from the following perspectives:

<table>
<thead>
<tr>
<th>Theme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 1</td>
<td>Promotion of “Diversity &amp; Inclusion”</td>
</tr>
<tr>
<td>Theme 2</td>
<td>Promotion of “Technology that is based on high ethical standards.”</td>
</tr>
<tr>
<td>Theme 3</td>
<td>Promotion of “Healthy work in daily life (health management)”</td>
</tr>
<tr>
<td>Theme 4</td>
<td>Promotion of “appropriate expression, speech, and display”</td>
</tr>
</tbody>
</table>

Promotion of Global Diversity

Policy and Approach

Health management is an important part of our management strategy, based on the idea that helping employees maintain and improve their health will lead to greater motivation and productivity, and translate into growth in corporate earnings.

At the NTT Group, we firmly believe that in addition to employees, helping their families maintain and improve their health will result in greater motivation and vitality of all employees, and ultimately lead to the further growth and development of the Group.

Main Initiatives

Below, we introduce key initiatives being undertaken on various fronts to help employees maintain and improve their health.

Mental Healthcare

The NTT Group implements various measures from prevention to early discovery and treatment of mental health issues. While employees continue to work remotely, we endeavor to improve mental health measures by periodically scheduling simple inquiries about mental health to help employees better understand and manage their moods (self-care). We aim to enrich our ongoing initiatives by introducing pulse surveys and other ideas to facilitate communications between employees and their managers (line care).

Physical Healthcare

The NTT Group takes steps to help employees fortify their physical health by using ICT.

Specifically, we focus on the two measures below.

1. Encourage healthy activities with smartphone app (iHealthcare)
2. Guidance for specific health guidance via smartphones

To augment periodic health checkups, employees are eligible for an extensive health checkup every five years, from age 30 to age 60 (younger and older people can also receive these check-ups if they wish). We also support employees who wish to join sports gyms.

NTT has received certifications as a Health & Productivity Stock and Certified Health and Productivity Management Organization (White 500) from third parties. The Company will continue to enhance its initiatives for promoting health management.

Promotion of Health Management

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Physical Healthcare

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Nippon Telegraph and Telephone Corporation

Corporate Governance

Reinforcement of Governance for Sustained Growth

Nippon Telegraph and Telephone Corporation strives to meet the expectations of various stakeholders, including its shareholders and other investors as well as customers, business partners, and employees. The Company also recognizes the need to strengthen its corporate governance system based on the principles of Japan’s Corporate Governance Code. NTT is in conformity with all 83 principles of Japan’s Corporate Governance Code.

Members of the Board

Hiromichi Shinohara
Chairman of the Board
Years Served as Member of the Board: 12
Shares Owned: 49,003
1970: Joined Nippon Telegraph and Telephone Public Corporation
1980: Chairman of the Board of the Company
2021: Member of the Board of Yamaha Corporation

Jun Sawada
President and Chief Executive Officer
Years Served as Member of the Board: 7
Shares Owned: 36,000
1978: Joined Nippon Telegraph and Telephone Public Corporation
1998: President and Chief Executive Officer

Akira Shimada
Senior Executive Vice President
Years Served as Member of the Board: 9
Shares Owned: 24,003
1981: Joined Nippon Telegraph and Telephone Public Corporation
2010: Senior Executive Vice President

Naoki Shibutani
Senior Executive Vice President
Years Served as Member of the Board: 12
Shares Owned: 11,000
1988: Joined the Company
2020: Senior Executive Vice President

Katsuhiko Shirai
Outside Independent Member of the Board
Years Served as Member of the Board: 9
Shares Owned: 10,000
2013: Member of the Board of the Company
2016: Honorary Advisor of Waseda University

Sadauki Sakai
Outside Independent Member of the Board
Years Served as Member of the Board: 9
Shares Owned: 11,000
2012: Member of the Board of the Company
2014: Honorary Chairman of the Japan Business Federation
2019: Outside Director of SHIMAO INC.
2019: Outside Director of Nippon National Holdings Co., Ltd.
2019: Director and Chairman of the Board of Japan Development Corporation
2020: Chairman of the Board of the Kaneka Electric Power Co., Inc.

Ken Sakamaka
Outside Independent Member of the Board
Years Served as Member of the Board: 9
Shares Owned: 1,000
2002: Director of NTT IP Ubiquitous Networking Laboratory
2014: President of Visiting Local Economy Organization (The Odaiba District and Odaiba)
2017: Professor and Dean of Faculty of Information Networking for the Innovation and Design of Toin University
2017: President of the University of Tokyo
2019: Member of the Board of the Company
2019: President of Association for NTT Service Coordination

Keiko Takegawa
Outside Independent Member of the Board
Years Served as Member of the Board: 5
Shares Owned: 1,000
2019: Member of the Board of the Company
2019: Audit & Supervisory Board Member of MITSUI MINING & SMELTING CO., LTD.
2021: Special Appointment Professor and Dean of Faculty of Global Business and Director of the Institute of Women’s Culture of Showa Women’s University
2021: Director of Aoki-Kasai Ltd.
2021: Director of MITSUI MINING & SMELTING CO., LTD.

A History of Strengthening Corporate Governance

Corporate Governance System

Nippon Telegraph and Telephone Corporation aims to strengthen its corporate governance system to ensure transparency and openness in its operations. The Company aims to create a strong corporate governance system that is able to adapt to changes in global trends and to ensure that the Company is able to meet the expectations of its stakeholders. Nippon Telegraph and Telephone Corporation is committed to ensuring that its corporate governance system is in line with the principles of Japan’s Corporate Governance Code, and to continuously improving its corporate governance system to maintain a strong and transparent corporate governance system.
Board of Directors

The Board of Directors is sized according to the content of our business portfolio and is structured in consideration of balance and diversity of fields of specialization. The Board consists of eight directors, including four independent outside directors, who have been appointed in order to enhance the supervision of business execution. In addition, a regular Board meeting is held once a month, with extraordinary Board meetings held as necessary. The Board determines matters stipulated by the “Board of Directors Regulations,” which include matters stipulated by law and important matters pertaining to Company and Group management. It also supervises the execution of duties by directors and executive officers by regularly receiving reports on the status of duty execution from those directors and executive officers.

Breakdown of Agenda Items Presented to the Board of Directors

- **Corporate Governance** 46%
  - General Meeting of Shareholders-related
  - Evaluation of the effectiveness of internal control systems
  - Operational status of internal whistleblowing system
  - Human resources
  - Policy on even stronger governance, etc.

- **Capital Policy** 12%
  - Returns of Shareholders (share buybacks and dividends)
  - Financing and loans, etc.

Status of Activities of independent Outside Members of the Board (FY2020)

<table>
<thead>
<tr>
<th>Name</th>
<th>Statements made at Board of Directors’ Meetings</th>
<th>Rate of attendance at Board of Directors’ Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katsuhiko Shirai</td>
<td>Outside Member of the Board Katsuhiko Shirai made comments mainly concerning the circumstances of Group management and global strategies from his perspective as an operational director of an educational institution with extensive experience.</td>
<td>13/13 (100%)</td>
</tr>
<tr>
<td>Sadayuki Sakakibara</td>
<td>Outside Member of the Board Sadayuki Sakakibara made comments mainly concerning the circumstances of Group management and shareholder return from his perspective as a corporate executive with extensive experience.</td>
<td>13/13 (100%)</td>
</tr>
<tr>
<td>Ken Sakamura</td>
<td>Member of the Board Ken Sakamura made comments mainly concerning organizational operations and human resources strategies from his perspective as an administrator of universities and other research institutions with extensive experience.</td>
<td>13/13 (100%)</td>
</tr>
<tr>
<td>Keiko Takegawa</td>
<td>Member of the Board Keiko Takegawa made comments mainly concerning system design from his perspective with extensive experience in PR and diversity measures at government institutions.</td>
<td>13/13 (100%)</td>
</tr>
</tbody>
</table>

Further, with a view to deepening the understanding of outside independent Members of the Board in relation to NTT Group’s business, we implement a variety of measures.

- In addition to providing prior explanations of agenda items, explanations of near-term issues and the progress of examinations are provided by the Representative Member of the Board, and details to be focused on in execution and the aims of initiatives are clarified.
- We facilitate exchanges of opinion with Audit & Supervisory Board Members, the Representative Member of the Board, the senior management teams of major subsidiaries, and the outside independent Members of the Board of respective companies.
- NTT enables participation in exhibitions related to its R&D.

Evaluation of the Effectiveness of the Board of Directors

- **Overview of Evaluation**
  - Participants: All 8 directors and all 5 corporate auditors
  - Evaluation Implementation: April 2021
  - Questionnaire Format: Anonymous surveys comprised 26 questions involving 4-point to 5-point rankings as well as open-ended questions
  - Major Subjects: Roles and responsibilities of Members of the Board and of the Board of Directors itself, composition of the Board of Directors, operation of the Board of Directors, support systems for outside independent Members of the Board
  - Results Aggregation and Analysis Method: Aggregation by third-party organization, analysis by Board of Directors’ organizing office, and then sharing of results and discussion of issues and improvement measures at Board of Directors’ meeting

- **Evaluation Results**
  - In the evaluation of the fiscal year ended March 31, 2021, positive responses were received for all questions, indicating that the Board of Directors is effectively fulfilling its important expected roles and responsibilities. All Members of the Board positively noted that the effectiveness of the Board of Directors had improved as a result of a series of governance-related changes, such as creating opportunities to exchange opinions and the introduction of an executive officer system, implemented to invigorate strategic discussions. Therefore, we have evaluated that the effectiveness of the Board of Directors is being ensured.
  - However, a number of areas in need of improvement were noted in the compliance structure and supervision system. NTT is strengthening supervision functions and review the compliance structure, mainly by reviewing and strict application of internal rules, such as for dinner meetings and other matters.
  - Moreover, NTT will continue efforts to achieve improvements by aiming for more effective operation of the Board of Directors by further enhancing opportunities for exchanges of opinions with the executives of the major subsidiaries.

Executive Officers Meeting

In principle, important decisions are made by the Company after deliberation by the “Executive Officers Meeting” consisting of executive officers and other officers. The Meeting will convene approximately once a week. Moreover, to enhance the transparency of decision-making, one corporate auditor will also participate in the Executive Officers Meeting.

Various Committees

A number of committees have been established under the Executive Officers Meeting to discuss important matters related to business execution. Major committees include the Technology Strategy Committee, which deliberates on the Group’s R&D vision and technology development strategy; the Investment Strategy Committee, which examines investment projects that are larger than a certain scale; and the Finance Strategy Committee, which discusses basic financial strategies and financial issues. These committees, which are convened as necessary throughout the year, are, in principle, chaired by the president or a senior executive vice president and are attended by relevant executive officers and others.
Messages from Outside Independent Members of the Board

Based on my experience as a science and engineering educator and as manager of an educational institution, I make recommendations and participate in decision-making with a focus on confirming the competitiveness of NTT Group, the potential benefits and risks of new partnerships and collaboration projects, and the Group’s compliance system. Overseeing management is an important role of an outside member of the Board. I am also deeply concerned with issues regarding the development of a comfortable workplace environment or the provision of mental healthcare for employees. These tasks are crucial amidst the rise in teleworking seen in response to the COVID-19 pandemic. I also provide guidance regarding the need to continuously maintain the status of compliance with internal rules related to matters such as dining with colleagues and to ensure that appropriate pre-checks are performed.

When it comes to monitoring the business execution status of members of the Board, I mainly conduct checks related to the competitiveness of mobile service businesses, the future potential of global businesses, and other matters related to the pursuit of sustainable growth. Opportunities to discuss with Audit & Supervisory Board Members and outside members of the Board are invaluable for performing the monitoring duties of an outside member of the Board. In addition, I continuously support the implementation of the medium-term management strategy. The new management style of NTT Group will likely become more commonplace going forward. We can thus project that the needs and expectations for ICT will become greater and more diverse in the future. It will therefore be crucial for NTT to fulfill its social mission as an ICT company, specifically with regard to disaster preparedness and CO2 emissions reductions as well as the development of next-generation ICT, in order to achieve ongoing improvements in enterprise value.

Katsuhiko Shirai
Outside Independent Member of the Board
Assumed the position of Outside Member of the Board of the Company in June 2013

I have experience contributing to the realization of ubiquitous computing and the IoT. Specifically, I have been involved in an open architecture R&D project centered on a real-time OS called TRON (The Real-time Operating System Nucleus) for over 40 years, and we have released the fruits of those efforts openly and free of charge worldwide. As digital transformation is promoted with the aim of sculpting a new society based on our experience with COVID-19, global competition is spreading across regional and national boundaries and growing more intense. At the same time, we will need to defend against cyberattacks and ensure the protection of the intellectual property we create. New lifestyles and workstyles will likely become more commonplace going forward. We can thus project that the needs and expectations for ICT will become greater and more diverse in the future. It will therefore be crucial for NTT to fulfill its social mission as an ICT company, specifically with regard to disaster preparedness and CO2 emissions reductions as well as the development of next-generation ICT, in order to achieve ongoing improvements in enterprise value.

Ken Sakamura
Outside Independent Member of the Board
Assumed the position of Outside Member of the Board of the Company in June 2013

The global economy and society have been changing at breakneck speed since the start of the COVID-19 pandemic, and digital transformation has fundamentally altered the way we work and live. The role of the outside member of the Board is to support healthy risk-taking. Going forward, we will continue contributing to NTT’s sustainable growth and the medium- to long-term enhancement of enterprise value through the oversight of decision-making and business execution.

Sadyuki Sakakibara
Outside Independent Member of the Board
Assumed the position of Outside Member of the Board of the Company in June 2012

The global economy and society have been changing at breakneck speed since the start of the COVID-19 pandemic, and digital transformation has fundamentally altered the way we work and live. Taking advantage of my long experience in corporate management at Toray Industries, Inc. and Keidanren (Japan Business Federation), I work to supervise management from the perspective of resolving social issues through business activities and contributing to accomplishment of the Sustainable Development Goals (SDGs). I am also helping enhance governance. In the fiscal year ended March 31, 2021, NTT adopted an executive officer system and revised the membership of the Board of Directors to make outside members of the Board a majority. These changes represented a major step forward for NTT’s governance system. I believe one of the major roles of outside members of the Board is to help determine the ideal governance system for the company based on social trends.

Keiko Takegawa
Outside Independent Member of the Board
Assumed the position of Outside Member of the Board of the Company in June 2016

The role of an outside member of the Board is to support healthy risk-taking. Going forward, we will continue contributing to NTT’s sustainable growth and the medium- to long-term enhancement of enterprise value through the oversight of decision-making and business execution.
The Audit & Supervisory Board

The Audit & Supervisory Board comprises three outside independent Audit & Supervisory Board Members (one of whom is female) who have experience and knowledge in wide-ranging professions—as a lawyer, university professor, and certified public accountant—and one full-time Audit & Supervisory Board Member (one of whom is female). We conduct effective audits by combining the independent perspective of outside Audit & Supervisory Board Members with the superior information collection capabilities of inside Audit & Supervisory Board Members. Among the Board members, Audit & Supervisory Board Member Takao Maezawa has experience in the accounting division of NTT and its affiliated companies, Audit & Supervisory Board Member Hidenori Kanda, a Certified Public Accountant, has considerable knowledge in the areas of finance and accounting.

Activities of the Audit & Supervisory Board

For the fiscal year ended March 31, 2021, amid continued significant changes in management, including the global business realignment, expansions of areas of business and the conversion of NTT Docomo into a wholly owned subsidiary, the Audit & Supervisory Board conducted an efficient and effective audit in collaboration with the Internal Control Office, Independent Auditors and Group company corporate auditors on both audit matters required by law and on other matters such as the progress of the Medium-Term Management Strategy and initiatives to maintain and improve corporate governance, on the basis of the audit plan. Furthermore, despite the ongoing spread of the COVID-19 pandemic, through the cooperation of related audit organizations and the active utilization of web conferencing for site visits, the effectiveness of the audit was not impaired.

Takao Maezawa
Outside Independent Audit & Supervisory Board Member

Kanae Takahashi
Outside Independent Audit & Supervisory Board Member

Hideki Kanda
Outside Independent Audit & Supervisory Board Member

Kaoru Kashima
Outside Independent Audit & Supervisory Board Member

Message from the CEO

The effectiveness of the Audit & Supervisory Board has continued to be evaluated since the fiscal year ended March 31, 2019. We looked back at the audit activities of the fiscal year under review, reflecting such evaluation in the audit plan for the following fiscal year and improving the quality of audits. When conducting the evaluation of effectiveness for the fiscal year ended March 31, 2021, in addition to a questionnaire being given to each Audit & Supervisory Board Member, interviews of three independent outside Audit & Supervisory Board Members were conducted. To ensure anonymity and to introduce free expression, a questionnaire was established to implement the questionnaire and interviews and to analyze the collected results. The primary items of evaluation for the fiscal year ended March 31, 2021, were as follows: the audit plan, advice to the management and audits of business execution, the Group’s audit system, (b) cooperation between the three audits (audit by the Audit & Supervisory Board, audit by the Independent Auditor, and audit by the internal audit division), and operation of Audit & Supervisory Board meetings, among other matters. As a result of discussion and review of the Audit & Supervisory Board based on the above, the effectiveness of the Audit & Supervisory Board was evaluated as being secured.

NTT will continue to strengthen cooperation between the various bodies, such as the Internal Control Office and Group company representatives, to further strengthen the effectiveness of the Group’s audit system, based on NTT’s business development and reorganizations both in Japan and overseas. Also, going forward, in light of the internal and external management environment, NTT will work to further improve the effectiveness of the Audit & Supervisory Board by further strengthening cooperation with outside Members of the Board while conducting audits on executive management.
Composition and activities of Nomination Committee and Compensation Committee

For the purpose of improving objectivity and transparency in the decisions of nomination and compensation of Members of the Board, NTT has established a non-statutory basis the Nomination Committee and the Compensation Committee, which each consist of five Members of the Board, including three outside independent Members of the Board, as institutions to conduct preliminary reviews and other matters for the Board of Directors, and is increasing the effectiveness of governance.

Furthermore, from and after August 6, 2021, a majority of committee membership consisted of independent outside Members of the Board, increasing independence. Additionally, from and after November 10, 2021, NTT decided to separate and transfer the existing Appointment and Compensation Committee into the separate Nomination Committee and Compensation Committee based on their application functions, and further delineating the authority and role of each committee. Membership of each committee consists of Jun Sawada (Representative Member of the Board, President), Akira Shima (Representative Member of the Board, Senior Executive Vice President), Kazuhiro Hirose (Outside Member of the Board, Senior Executive Vice President), Katsumi Shiraishi (Outside Member of the Board), Sadayuki Sakakibara (Outside Member of the Board), and Ken Sakamura (Outside Member of the Board), with Jun Sawada (Representative Member of the Board, President) serving as chairman of each committee.

Resolutions of each committee are made by a majority of such committee’s members in attendance, at meetings in which a majority of committee members are present.

Nomination Policy

In terms of the composition of the Company’s Board of Directors, the nomination of executives is based on the “NTT Group Personnel Policy” and personnel with the skills to resolve issues recognized by NTT are nominated broadly from inside and outside of the Group. Outside Members of the Board and outside Audit & Supervisory Board Members are elected with the expectation that they can provide opinions based on a broad management perspective or an expert. Furthermore, both inside and outside Members of the Board are elected in line with NTT Group's promotion of diversity. The Board of Directors consists of eight directors, including four independent outside directors (one of whom is a woman), and the ratio of outside directors is 50%. Furthermore, appointments and dismissals of Members of the Board are made upon deliberation by the Nomination Committee, which consists of five Members of the Board, including three outside independent Members of the Board, and the Board of Directors in accordance with the Companies Act.

Compensation Policy

NTT Group strives to contribute to the resolution of social issues and the realization of a safer, more secure, and more affluent society. To accomplish this goal, the Group acts as a trusted “Your Value Partner” that customers continue to select in order to realize these goals on a global basis. NTT has established the policy of positioning individuals that share these ideals in the upper ranks of NTT Group’s management, and NTT is actively selecting candidates from both inside and outside the Group.

Reason for Nomination and Compensation Procedure for Outside Members of the Board and Outside Audit & Supervisory Board Members

From the perspectives of strengthening supervisory functions for execution and guaranteeing appropriate audits of the execution of duties by Members of the Board, NTT has a policy of selecting individuals to serve as outside Members of the Board and outside Audit & Supervisory Board Members who do not represent risks of conflicts of interest with general shareholders. NTT designates outside Members of the Board and Audit & Supervisory Board Members who fulfill both the independence criteria stipulated by Tokyo Stock Exchange, Inc., and NTT’s own independence standards as outside independent Members of the Board or outside independent Audit & Supervisory Board Members.

Succession Plan

With respect to successor candidates for the CEO position, NTT views it as important to succeed successor candidates who can respond to technological innovation, market trends, and the speed of changes in the business environment. By securing the diversity of candidates through offering experience of a broad range of jobs and appointments to important posts, NTT is cultivating personnel for promotion who, in addition to possessing integrity and insight, are exceptionally well-suited to the times. The decision regarding the appointment is made by the Board of Directors after it has been presented for deliberation to the Nomination Committee, which consists of five Members of the Board, including three outside independent Members of the Board.

Training for Members of the Board and Audit & Supervisory Board Members

NTT Group works to cultivate candidates suitable for top management who are able to respond to the rapidly changing management environment, by creating a range of training opportunities in areas including domestic and overseas economic and social issues, compliance, and risk management, and by allowing employees to accumulate new job experiences. Additionally, outside independent Members of the Board can gain a deeper understanding of NTT Group’s businesses through opportunities to deepen their understanding of the business trends of NTT Group companies and of the latest NTT Group news, which will be shared at the NTT Group Management Committee. NTT Group companies and of the latest R&D results at the research facilities of NTT.

Compensation for Board Members

Decision-Making Policy and Process for Board Member Compensation

With regard to compensation policy and the composition and levels of compensation of Members of the Board of NTT, in order to ensure objectivity and transparency, NTT established the Compensation Committee, comprised of five Members of the Board, including three outside independent Members of the Board. Compensation matters are decided by the Board of Directors after deliberation by this committee. Compensation ratios, calculation methods and individual compensation amounts are decided by the Compensation Committee at the direction of the Board of Directors.

Compensation Amounts, Calculation Methods

Maximum limits on total annual compensation of Members of the Board of NTT Group had previously been set at up to ¥750 million for Members of the Board at the 21st Ordinary General Meeting of Shareholders held on June 26, 2006. At the 36th Ordinary General Meeting of Shareholders held on June 24, 2021, however, it was resolved that compensation would be revised to comprise the following three types: (i) amount of monetary compensation: up to ¥600 million per year; (ii) amount to be paid to Members of the Board as funds to acquire company shares through the Board Members Shareholding Association: up to 500 million yen per year; and (iii) funds to be contributed to the performance-linked stock compensation system: up to ¥100 million per year. If all three types of compensation are aggregated, the resulting amount of up to ¥750 million per year would maintain the previous level of compensation.
Compensation of Members of the Board (excluding outside Members of the Board) consists of a monthly salary (base compensation), a bonus (short-term performance-linked compensation), and purchases of the Company’s stock through the Board Members Shareholding Association and stock compensation (medium- to long-term performance-linked compensation). In cases where earnings are at standard levels of achievement, the ratio of compensation types is 50% fixed compensation, 30% short-term performance-linked compensation and 20% medium- to long-term performance-linked compensation (before the composition of compensation, assuming standard levels of earnings, was 70% fixed compensation and 30% performance-linked compensation).

Monthly salary (base compensation): This fixed monthly compensation amount is based on the duties and responsibilities of each Member of the Board.

- Bonus (short-term performance-linked compensation): The bonus is paid in June each year, taking into account NTT’s business results for the current fiscal year. The amount of this bonus is based on the achievement of indicators on targets in the Medium-Term Management Strategy.

Purchases of the Company’s stock and stock compensation (medium- to long-term performance-linked compensation): Members of the Board make contributions of a certain defined amount or more every month through shares purchased through the Board Members Shareholding Association. The purchased stock must be held in its entirety during their terms of office. Stock compensation is made through a trust established by NTT. Members of the Board are granted points corresponding to their role in June of each year, and a performance-linked coefficient corresponding to the achievement of performance indicators is determined in June of the year following the fiscal year of the Medium-Term Management Strategy. The number of shares to be granted to each Member of the Board is calculated by multiplying the performance-linked coefficient by the number of accumulated points. Shares are granted upon retirement.

In order to maintain a high level of independence, compensation of outside Members of the Board consists of monthly fixed compensation only, and is not linked to NTT’s business results. Compensation of Audit & Supervisory Board Members is determined by resolution of the Audit & Supervisory Board. In order to maintain a high level of independence, compensation of Audit & Supervisory Board Members is paid monthly and is not linked to NTT’s business results.

Starting in the fiscal year ending March 31, 2023, NTT plans to link the compensation of Members of the Board to key ESG indicators, such as carbon neutrality, 30BZK earnings, and the ratio of women newly promoted to management positions.

### Performance indicators for bonuses

<table>
<thead>
<tr>
<th>Performance indicator*</th>
<th>Evaluation weight</th>
<th>Fiscal year ended March 31, 2021</th>
<th>Fiscal year ended March 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>35%</td>
<td>52.0</td>
<td>52.1</td>
</tr>
<tr>
<td>Monthly Remuneration</td>
<td>5%</td>
<td>3,984,000</td>
<td>3,984,000</td>
</tr>
<tr>
<td>Capex to Sales</td>
<td>6%</td>
<td>3.8%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Overseas sales</td>
<td>6%</td>
<td>15.3%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Overseas operating profit margin</td>
<td>5%</td>
<td>3.2%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

*In addition to the above, the degree of achievement for number of 30BZK projects is also evaluated.

### Total Compensation of Members of the Board and Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Members of the Board</th>
<th>Monthly Remuneration</th>
<th>Number of Persons Paid (person)</th>
<th>Board Member Bonuses (millions of yen)</th>
<th>Total Amount (millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of the Board</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(excluding outside Members of the Board)</td>
<td>10</td>
<td>290</td>
<td>87</td>
<td>387</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td></td>
<td>3</td>
<td>74</td>
<td>47</td>
</tr>
</tbody>
</table>

Total 13 164 97 471

*(1) The figures above include eight Members of the Board and one Audit & Supervisory Board Member who retired at the conclusion of the 35th General Meeting of Shareholders held on June 23, 2023.

*(2) Held on June 19, 2009, the 3rd General Meeting of Shareholders passed a resolution that capped the total amount of compensation paid to Members of the Board at ¥750 million per year. At the June 23, 2023, 35th General Meeting of Shareholders, a resolution was approved to change the boundaries of compensation into three tiers while (1) capping the maximum amount of monetary compensation at ¥500 million per year; (2) capping the maximum amount paid to Members of the Board as funds for acquiring the Company’s stock through the Board Members Shareholding Association at ¥200 million per year; and (2) capping the maximum amount of compensation from the former 30BZK-linked stock compensation system at ¥300 million per year. The total amount of all three types of compensation is no higher than ¥750 million per year, unchanged from before. The total amount of compensation paid out in the fiscal year ended March 31, 2023, was ¥577 million.

*(3) In addition to the above figure, a total of ¥2 million was paid for the salaries of assistants and secretaries to Members of the Board.

### Strategic Shareholdings

NTT does not hold any shares to create stable shareholders, and has no plans to hold them in the future.

In addition, NTT primarily holds shares for portfolio investment or future potential return of investment activities in interest rates and currencies and security market prices, or market disparities. However, we also pursue collaboration and open innovation with partners in various industries to contribute to medium- to long-term improvement in corporate value. Based on this policy, we own strategic shares of partner companies as necessary.

NTT’s policy on strategic shareholdings is to own shares of partner companies as necessary to pursue collaboration and open innovation with partners in various industries to contribute to medium- to long-term improvement in corporate value. With regard to the shares held pursuant to these policies, the Investment Strategy Committee evaluates the purpose of the holding or stake in companies and the strategy for the partner companies. NTT purchases or sells strategic shares of partner companies by comprehensively taking consideration into the contribution to the medium- to long-term results of NTT, the progress of business collaborations, future considerations concerning business collaborations, strategic business collaborations, and future business strategies of NTT. Moreover, regarding strategic shareholdings of NTT Group companies as well, we conduct annual reviews of the appropriateness of each individual stock and move to sell off those deemed unnecessary.

With respect to exercising voting rights of strategic shareholdings, NTT exercises voting rights acquired through share ownership, as it sees fit, from the perspective of sustainable growth of the companies NTT invests in and improving corporate value for both NTT and the companies.

### NTT at a glance

#### Value Creation Process

Refinement of Medium-Term Management Strategy

Research & Development

NTT Group’s Sustainability Operations in Review

Data Section

### Strategic Shareholdings

**More information on the Basic Policies Concerning the Maintenance of Internal Control Systems for NTT Group can be found on NTT’s corporate website.**

https://group.ntt.co.jp/en/corporate/intercontrol/
Promotion of Risk Management

With respect to business risk management, NTT has established Risk Management Rules stipulating basic policies on risk management with the aims of, among others, anticipating and preventing the materialization of potential risks and minimizing losses if any risk materializes. Chaired by a senior executive vice president, the Business Risk Management Committee spearheads efforts to develop and operate a PDCA cycle for managing risks. During the fiscal year ended March 31, 2021, the committee held one meeting during which discussions involved identifying risks that could potentially have a Companywide impact, policies for managing such risks, and other such matters.

NTT has also formulated the NTT Group Risk Management Manual and distributed it to each Group company, in order to facilitate Groupwide risk management initiatives. On the basis of the manual, which stipulates matters that have proactive measures for potential risks, collaborative Groupwide approaches and policies for addressing risks that materialize, and pathways for communicating information, systems have been developed and implemented that enable swift action to be taken.

Identification of Risks and Specified Material Risks

From time to time, NTT reviews assumed risks and management policies based on changes in the social environment. In the identification of risks, the Business Risk Management Committee plays the central role. Analysis processes for the risks faced by NTT Group are formulated, and risk analyses are periodically implemented in accordance with these processes. In this way, Companywide risks are identified. In addition, correlation analyses are implemented for these risks. Those risks with the potential to have the greatest influence are specified as material risks, and countermeasures are formulated.

Designated Priority Risks

- **System failure, network failure, and related risks**
- **Risk of operating revenues decline due to changes in market structure and increased competition**
- **Environmental issue response-related risks**
- **Domestic and overseas investments not producing expected returns**
- **Domestic and overseas scandals, contractual issues, and related risks**
- **Risk of terrorism or similar incidents domestically or internationally**

**Material risks**
- Information security risks
- Disaster risks
- Investment risks
- Compliance risks

**Other risks that need to be considered**
- Financial risks
- Human resource and labor risks

For more information on risk factors, please refer to NTT’s corporate website: https://group.ntt/en/mgt/risks_factors.html
Mobile Communications Business

In the Mobile Communications Business Segment, we worked to promote sales of 5G services, the new ahamo billing plan and other mobile communications services, and docomo Nikari, and collaborated with various business partners in the smart life area, in an effort to provide new value-added services.

Competitive Advantages
- A stable communication network that can be used comfortably anytime, anywhere
- Top-notch research and development capabilities
- Large market share and stable customer base

Results for the Fiscal Year Ended March 31, 2021

<table>
<thead>
<tr>
<th>Category</th>
<th>Fiscal Year Ended March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>¥4,725.2 billion</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>¥913.2 billion</td>
</tr>
<tr>
<td>Capital Investment</td>
<td>¥569.1 billion</td>
</tr>
<tr>
<td>Number of Subscriptions (3G, 4G, 5G)</td>
<td>(Thousand subscriptions)</td>
</tr>
<tr>
<td>Churn Rate (%)</td>
<td></td>
</tr>
<tr>
<td>Financial / Payment Transaction Volume</td>
<td></td>
</tr>
</tbody>
</table>

Billing Plans Matched to Individual Lifestyles

NTT DOCOMO has continued to bolster its lineup of billing plans to accommodate the needs of individual lifestyles.

Our latest billing plan is ahamo. Launched in March 2021, this plan is focused on internet use and is thus a perfect match to the needs of the digital native generation, which tends to be in the middle range of data transfer usage.

Furthermore, DOCOMO revised its line of Premier billing plans in April 2021. This line is designed to meet the needs of customers wanting complete support at stores and features plans covering the full spectrum of data usage volumes, from small-volume to unlimited use. The revision included the launch of the new 5G Gigaho Premier plan. We later augmented our Premier line with the U15 Hajimete Sumaho Plan and U30 Long Wari to provide a more comprehensive lineup of convenient billing plans that offer savings while being easy to choose based on customer life stages.

DOCOMO also formed an alliance with a mobile virtual network operator (Economy MVNO) that utilizes d ACCOUNTs and d POINTS in October 2021. Through this alliance, we aim to accommodate the needs of customers seeking affordable options for their main plan.

The alliance with Economy MVNO will allow DOCOMO to expand its service menu to meet the needs of customers looking for billing plans that are even more affordable than its existing Premier small capacity plans.

These billing plans will be provided by Economy MVNO, but they will feature convenient and beneficial offerings that are made possible by its alliance with DOCOMO. For example, users will be able to receive d POINTS based on billing amounts,*1 access their user pages through their d ACCOUNTs, and allocate their accrued d POINTS to pay their communications bills. *2

DOCOMO is engaged in a project targeting the co-creation of a 5G open radio access network (RAN) ecosystem together with 12 companies: NVIDIA, Qualcomm Technologies, Inc., Wind River, Xilinx, Inc., Intel K.K., VMware K.K., Dell Technologies Japan Inc., NEC Corporation; Fujitsu Limited; Mavenir; Red Hat; and NTT DATA Corporation. This ecosystem will be oriented toward the overseas telecommunications carriers and companies in the 5G era.

Together with these 12 partners, DOCOMO is engaged in discussions for introducing open RANs at overseas telecommunications carriers. Specifically, we aim to supply carriers considering the adoption of open RANs with RAN packages that have been optimized based on their needs and to support these carriers in the introduction, operation, and maintenance of these networks. DOCOMO has long been promoting open RANs and boasts expertise as the first company in the world to realize practical allocation of a 5G open RAN. We expect to be able to provide flexible and highly augmentable networks by utilizing this expertise to fully leverage and combine the strengths of partners.

Co-Creation of a 5G Open RAN Ecosystem for Providing Optimal RAN Systems to Overseas Telecommunications Carriers

DOCOMO is engaged in a project targeting the co-creation of a 5G open radio access network (RAN) ecosystem together with 12 companies: NVIDIA, Qualcomm Technologies, Inc., Wind River, Xilinx, Inc., Intel K.K., VMware K.K., Dell Technologies Japan Inc., NEC Corporation; Fujitsu Limited; Mavenir; Red Hat; and NTT DATA Corporation. This ecosystem will be oriented toward the overseas deployment of open RANs that will allow for the development of flexible networks capable of accommodating the diverse needs of telecommunications carriers and companies in the 5G era.

Together with these 12 partners, DOCOMO is engaged in discussions for introducing open RANs at overseas telecommunications carriers. Specifically, we aim to supply carriers considering the adoption of open RANs with RAN packages that have been optimized based on their needs and to support these carriers in the introduction, operation, and maintenance of these networks. DOCOMO has long been promoting open RANs and boasts expertise as the first company in the world to realize practical allocation of a 5G open RAN. We expect to be able to provide flexible and highly augmentable networks by utilizing this expertise to fully leverage and combine the strengths of partners.
Regional Communications Business

In the Regional Communications Business Segment, we deployed the Nikai Collaboration Model, which provides wholesale fiber-optic access services to various service providers, while also strengthening our solutions business with the aim of revitalizing local communities and regional economies.

Competitive Advantages

- Secure, highly reliable, stable communication network
- Provision and support of ICT solutions with strong local ties
- Large market share and stable customer base

Results for the Fiscal Year Ended March 31, 2021

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>Operating Profit</th>
<th>Capital Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,207.4 billion</td>
<td>420.2 billion</td>
<td>527.4 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fixed-Line Broadband Services Subscriptions</th>
<th>Number and Share of Subscriptions for Fixed-Line Broadband Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Million subscriptions)</td>
<td>NTT East 12.89 million subscriptions NTT West 10.06 million subscriptions</td>
</tr>
<tr>
<td>2017</td>
<td>6.58 1.07</td>
</tr>
<tr>
<td>2018</td>
<td>6.58 1.07</td>
</tr>
<tr>
<td>2019</td>
<td>6.58 1.07</td>
</tr>
<tr>
<td>2020</td>
<td>6.58 1.07</td>
</tr>
</tbody>
</table>

**Alliance Between Obihiro University and NTT East for Developing Sustainable Smart Agriculture and Livestock Business Models**

An alliance agreement has been concluded between Obihiro University of Agriculture and Veterinary Medicine and NTT East for the purpose of developing sustainable smart agriculture and livestock business models. The agreement calls on the two parties to advance research and education related to sustainable smart agriculture and livestock businesses. The parties will also contribute to the development of the agriculture and livestock industry and the greater economy by facilitating the social implementation of sustainable models through inter-company coordination.

The population of agriculture and livestock industry workers is aging and declining in Hokkaido Prefecture. Meanwhile, the working environment in this prefecture is becoming more trying as the amounts of land needing to be farmed and livestock needing to be raised by a single person are increasing. Other of the numerous management issues faced in this industry include those related to the improvement of productivity and the transference of techniques to new workers.

ICT has a role to play in the resolution of these issues. However, the introduction of ICT in the agriculture and livestock industry as well as the education of individuals who can promote this introduction is lacking. This alliance was formed based on this background with the goal of combining the domestic-scale-leading farms and robust agriculture and livestock industry research experience of Obihiro University with the data analysis technologies that utilize the telecommunications infrastructure and ICT of NTT East.

Through this alliance, ICT will be installed at the testing field of Obihiro University in order to collect, integrate, and analyze data from all processes spanning from the farm to our tables. These processes include grazing area management, feed management and design, herd management, and food product processing and sale. This approach will be used to advance research for developing sustainable smart agriculture and livestock business models while fostering agriculture and livestock industry workers.

NTT East established Biostock, NTT Group’s first company combining livestock and ICT, in July 2020 and is also engaged in other initiatives for addressing the issues faced in the agriculture and livestock industry. By combining the strengths of NTT East with those of Obihiro University, NTT Group aims to enhance ICT research and education infrastructure, and thereby contribute to the development of the agriculture and livestock industry and the greater economy and ultimately invigorate regional economies.

**ELGANA Business Chat Service Users Surpass 1.2 Million**

NTT West is a social ICT pioneer seeking to resolve issues brought about by changes to the social climate with the power of ICT. As one facet of these efforts, NTT Business Solutions launched the ELGANA business chat service in April 2020 as a communication tool designed to be used by anyone with peace of mind. As of October 31, 2021, which is roughly 29 months since the launch of this service, the number of user IDs issued had surpassed 1.2 million.ii

Peace of mind is a major selling point of ELGANA. Based on this point, we will continue to improve the ease of use and increase the functionality of this service while incorporating customer feedback in order to support smooth communication between customers. We will also coordinate this service with those of various partner companies in order to assist customers in improving productivity and generating innovation.

ii ELGANA is a registered trademark of NTT Business Solutions. Please refer to the following website for details on the ELGANA service (in Japanese only).
https://elgana.jp/
iii Figure includes users within NTT Group.
### Long Distance and International Communications Business

In the Long Distance and International Communications Business Segment, in addition to enhancing our ability to provide ICT solutions that combine network, security, and other services, we worked to enhance our service provision in growth areas such as cloud and managed services.

**Competitive Advantages**
- Full-stack solutions from application to IT infrastructure
- Global coverage
- Strong customer engagement

### Results for the Fiscal Year Ended March 31, 2021

<table>
<thead>
<tr>
<th>Topic</th>
<th>FY 2021 (Billion ¥)</th>
<th>FY 2020 (Billion ¥)</th>
<th>FY 2019 (Billion ¥)</th>
<th>FY 2018 (Billion ¥)</th>
<th>FY 2017 (Billion ¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>¥2,065.6</td>
<td>¥2,005.8</td>
<td>¥2,045.2</td>
<td>¥2,065.6</td>
<td>¥2,065.6</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>¥146.2</td>
<td>¥103.6</td>
<td>¥103.6</td>
<td>¥93.1</td>
<td>¥90.6</td>
</tr>
<tr>
<td>Capital Investment</td>
<td>¥259.0</td>
<td>¥279.3</td>
<td>¥244.3</td>
<td>¥227.7</td>
<td>¥224.2</td>
</tr>
</tbody>
</table>

### Launch of SmartGo™ Staple Service for Automatically Calculating Transportation Fares and Other Expenses

On September 30, 2020, NTT Communications launched SmartGo™ Staple, a new service for achieving the digital transformation of expense calculation procedures through an expense calculation app that can be linked to Mobile Suica and corporate prepaid cards. SmartGo™ Staple can be used to transition to cashless options for paying employee transportation fares and other expenses and to automatically perform the troublesome task of calculating such expenses. Data collected by the expense calculation app can then be linked to accounting systems through an easy application and confirmation process, thereby massively streamlining corporate expense calculation procedures.

SmartGo™ Staple is an evolution of the SmartGo™ automatic transportation fare calculation service released by NTT Communications in 2019. This evolution was achieved by linking the prior service to the Staple business expense calculation service developed and supplied by Crowd Cast, Ltd., as well as to its Staple Card prepaid cards. This linkage allows the new service to automatically calculate a range of business expenses in addition to transportation fares.

NTT Communications is promoting digitization throughout work environments in order to achieve digital transformation of workstyles and realize smart workstyles.†

† Expenses data is presented as consensus-reported values.

† NTT Communications aims to realize a smart world through the resolution of social issues with ICT and smart workstyles as one area targeted in this quest. This company’s concept of smart workstyles entails changing how we think to create new social norms, and NTT Communications hopes to shape a world in which everyone can choose their ideal workstyle and contribute based on the concept. SmartGo™ Staple is one example of a service that contributes to smart workstyles.

### Data Communications Business

In the Data Communications Business Segment, we responded to the acceleration of our 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 digitalization and system integration offerings, that are responsive to the changes in the market.

**Competitive Advantages**
- High-level technology development and project management capabilities
- Large market share and stable customer base in Japan
- Powerful service delivery capabilities using development bases around the world

### Results for the Fiscal Year Ended March 31, 2021

<table>
<thead>
<tr>
<th>Topic</th>
<th>FY 2021 (Billion ¥)</th>
<th>FY 2020 (Billion ¥)</th>
<th>FY 2019 (Billion ¥)</th>
<th>FY 2018 (Billion ¥)</th>
<th>FY 2017 (Billion ¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>¥2,318.7</td>
<td>¥2,266.8</td>
<td>¥2,242.2</td>
<td>¥2,278.7</td>
<td>¥2,205.8</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>¥139.2</td>
<td>¥147.7</td>
<td>¥130.9</td>
<td>¥123.2</td>
<td>¥114.8</td>
</tr>
<tr>
<td>Capital Investment</td>
<td>¥169.5</td>
<td>¥193.8</td>
<td>¥179.2</td>
<td>¥194.8</td>
<td>¥170.2</td>
</tr>
</tbody>
</table>

### Mobility Service Business Alliance between TOYOTA Connected and NTT DATA

TOYOTA Connected Corporation and NTT DATA announced a new business alliance on April 1, 2020. The aim of this alliance is to increase the functions and services of the Mobility Service Platform (MSPF) offered globally by Toyota Motor Corporation in order to expand the number of countries in which connected cars are used, increase software development capabilities, and expand operation systems.

TOYOTA Connected brings its experience in the business of connected car services, as well as its know-how in service development and operations such as car sharing, which it has been developing in Japan and overseas. These strengths will be combined with NTT DATA’s global IT resources and know-how in utilizing technologies such as cloud and big data. At the same time, both companies will work to strengthen and advance their global development and operation capabilities through joint development and personnel exchanges in the MSPF and other mobility services businesses.

In the medium term, both companies will work to maximize synergies through cooperation by utilizing the customer contact points of TOYOTA Connected and the wide-ranging customer base of NTT DATA, which includes customers in industries such as distribution, retail, and finance. The companies will thereby seek to enhance the service capabilities of the MSPF with regard to the Smart City Initiative and further expand their platform businesses on a global scale.

Through this business alliance, TOYOTA Connected and NTT DATA will share their value to contribute to the creation of a rich and exciting mobility society through the provision of services created together.
Other Businesses
In the Other Businesses Segment, NTT Group mainly provided services related to the real estate business, finance business, electricity business, and system development business.

Results for the Fiscal Year Ended March 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>Operating Revenues</th>
<th>Operating Profit</th>
<th>Capital Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Billions of yen)</td>
<td>(Billions of yen)</td>
<td>(Billions of yen)</td>
<td>(Billions of yen)</td>
</tr>
<tr>
<td>2021</td>
<td>¥1,467.1 billion</td>
<td>¥64.8 billion</td>
<td>¥203.3 billion</td>
</tr>
<tr>
<td>2020</td>
<td>¥1,240.3</td>
<td>98.7</td>
<td>141.5</td>
</tr>
<tr>
<td>2019</td>
<td>¥1,601.7</td>
<td>85.6</td>
<td>139.7</td>
</tr>
<tr>
<td>2018</td>
<td>¥1,467.1</td>
<td>90.9</td>
<td>238.2</td>
</tr>
<tr>
<td>2017</td>
<td>¥1,346.6</td>
<td>64.8</td>
<td>203.3</td>
</tr>
<tr>
<td>2016</td>
<td>¥1,240.3</td>
<td>96.7</td>
<td>141.5</td>
</tr>
<tr>
<td>2015</td>
<td>¥1,601.7</td>
<td>83.3</td>
<td>139.7</td>
</tr>
<tr>
<td>2014</td>
<td>¥1,467.1</td>
<td>90.9</td>
<td>238.2</td>
</tr>
</tbody>
</table>

Major Initiatives

Real Estate Business
NTT Group promoted its office and commercial business, residential business, and global business through NTT Urban Solutions, a company managing its real estate business.

Electricity Business
Led by NTT Anode Energy, which promotes smart energy business, we promoted the greening of energy through expanded generation of renewable energy as well as the provision of new electricity supply solutions that utilize NTT Group’s assets.

Finance Business
We provided billing and collection services for telecommunication service bills, and credit card transaction settlement services centered on NTT FINANCE.

System Development Business
To promote digital transformation, we have begun developing and deploying a cluster of IT systems that will become the new service platform. We were also developing solutions for resolving social issues, such as those related to maintaining the efficiency of social infrastructure and invigorating regional economies.

TOPICS

Realization of Stores Powered Completely by Renewable Energy through Collaboration between Seven & i and NTT

Introduction of Green Power from Japan’s Off-Site PPA Scheme and Other Sources

NTT has teamed up with Seven & i Holdings Co., Ltd., in a project to power Seven & i stores completely with renewable energy. In this undertaking, we began introducing electricity procured through Japan’s first off-site power purchase agreement (PPA)* as well as from green power plants owned by NTT Group at certain stores in April 2021.

This joint project with Seven & i is aimed at powering 40 Seven-Eleven stores as well as the Ani Kameari shopping center completely with renewable energy. Specifically, NTT Anode Energy will provide electricity via the power grid from two solar power plants established through an off-site PPA.** This arrangement will represent Japan’s first off-site PPA scheme, an arrangement that entails business operators building renewable energy power plants in locations removed from users for use exclusively by specified consumers, such as companies or municipalities, and supplying these users with electricity via the power grid over the long term. When the off-site PPA scheme is insufficient for meeting the electricity demand of the stores, NTT Group’s green power plants will step in to help fill the gap to ensure that the stores are running on 100% renewable energy.

Of-Site PPA

Off-site PPA is a scheme in which electricity users conclude contracts with power generation business operators to procure renewable energy over the long term. Numerous on-site PPA arrangements are in place in Japan. These arrangements entail the construction of power generation facilities on roofs, idle land, or other locations adjacent to users to generate electricity to be supplied directly to the user. Conversely, off-site PPA arrangements involve the use of power generation facilities in locations removed from users to supply them with electricity through the power grid.

Acquisition of London Office Building

Through U.K. subsidiary of the Company UD EUROPE LIMITED, NTT Urban Development acquired a 100% stake in the 130 Wood Street office building in London.

This building boasts a convenient location near St Paul’s Cathedral in central London offering easy access from St. Paul’s station, Bank station, Mansion House station, and other train stations. In addition to office buildings as well as restaurants, cafes, and other dining options, the 130 Wood Street is also located nearby One New Change, the Museum of London, Barbican Centre, and other commercial and culture facilities in an area that is bustling with activity among office workers and tourists alike.

Moreover, 130 Wood Street is a rare office building in the St Paul’s Cathedral area as skyline regulations restrict the construction of skyscrapers in this area. Accordingly, we anticipate demand from a wide variety of clients.
## Financial Summary

**Nippon Telegraph and Telephone Corporation and its Subsidiaries**  
Fiscal Year ended March 31

### U.S. GAAP

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit and loss (For the year)</td>
<td>$10,507.4</td>
<td>$10,700.7</td>
<td>$10,925.2</td>
<td>$11,055.3</td>
<td>$11,541.0</td>
<td>$11,391.0</td>
<td>$11,799.6</td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$9,384.4</td>
<td>$9,498.6</td>
<td>$9,711.5</td>
<td>$10,010.8</td>
<td>$10,192.8</td>
<td>$9,851.2</td>
<td>$10,156.7</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$2,220.0</td>
<td>$2,302.0</td>
<td>$2,131.7</td>
<td>$1,984.6</td>
<td>$1,348.1</td>
<td>$1,539.8</td>
<td>$1,642.8</td>
</tr>
<tr>
<td>Operating income (After expenses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before income taxes and equity in earnings (losses) of affiliated companies</td>
<td>$1,239.3</td>
<td>$1,196.7</td>
<td>$1,294.2</td>
<td>$1,066.6</td>
<td>$1,293.3</td>
<td>$1,527.8</td>
<td>$1,755.6</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>$583.2</td>
<td>$474.0</td>
<td>$486.5</td>
<td>$397.3</td>
<td>$354.8</td>
<td>$486.4</td>
<td>$541.9</td>
</tr>
<tr>
<td>Equity in earnings (losses) of affiliated companies</td>
<td>(7.6)</td>
<td>(11.1)</td>
<td>(50.8)</td>
<td>(5.9)</td>
<td>(5.8)</td>
<td>(0.0)</td>
<td>5.6</td>
</tr>
<tr>
<td>Net income</td>
<td>$646.6</td>
<td>$707.6</td>
<td>$756.9</td>
<td>$675.2</td>
<td>$982.2</td>
<td>$1,059.4</td>
<td>$1,219.3</td>
</tr>
<tr>
<td>Less - Net income attributable to non-controlling interests</td>
<td>18.9</td>
<td>185.7</td>
<td>171.4</td>
<td>157.1</td>
<td>240.5</td>
<td>259.2</td>
<td>309.6</td>
</tr>
<tr>
<td>Net income attributable to NTT</td>
<td>$427.7</td>
<td>$521.9</td>
<td>$585.5</td>
<td>$518.1</td>
<td>$742.7</td>
<td>$801.1</td>
<td>$890.7</td>
</tr>
</tbody>
</table>

### Balance sheet (At year-end)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>¥19,389.7</td>
<td>¥19,549.1</td>
<td>¥20,284.9</td>
<td>¥20,702.4</td>
<td>¥21,035.9</td>
<td>¥21,250.3</td>
<td>¥21,675.8</td>
</tr>
<tr>
<td>Total shareholders' equity</td>
<td>¥7,882.6</td>
<td>¥8,231.4</td>
<td>¥8,511.4</td>
<td>¥8,681.9</td>
<td>¥8,833.8</td>
<td>¥9,052.5</td>
<td>¥9,486.0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>¥11,507.1</td>
<td>¥11,317.7</td>
<td>¥11,773.5</td>
<td>¥11,020.5</td>
<td>¥11,182.1</td>
<td>¥12,197.8</td>
<td>¥12,189.8</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>¥669.0</td>
<td>¥760.0</td>
<td>¥724.0</td>
<td>¥696.0</td>
<td>¥706.0</td>
<td>¥726.0</td>
<td>¥728.0</td>
</tr>
<tr>
<td>Capital stock</td>
<td>¥8,812.2</td>
<td>¥9,012.9</td>
<td>¥9,087.5</td>
<td>¥9,229.5</td>
<td>¥9,363.8</td>
<td>¥9,596.3</td>
<td>¥9,813.8</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>¥4,622.4</td>
<td>¥5,228.1</td>
<td>¥6,607.6</td>
<td>¥6,794.4</td>
<td>¥7,418.3</td>
<td>¥7,764.5</td>
<td>¥8,071.8</td>
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<td>Total current assets</td>
<td>¥11,467.6</td>
<td>¥14,321.0</td>
<td>¥13,677.4</td>
<td>¥14,908.0</td>
<td>¥13,047.6</td>
<td>¥13,485.8</td>
<td>¥13,084.0</td>
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<td>Total current liabilities</td>
<td>¥7,882.6</td>
<td>¥8,231.4</td>
<td>¥8,511.4</td>
<td>¥8,681.9</td>
<td>¥8,833.8</td>
<td>¥9,052.5</td>
<td>¥9,486.0</td>
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<tr>
<td>Total non-current assets</td>
<td>¥11,507.1</td>
<td>¥11,317.7</td>
<td>¥11,773.5</td>
<td>¥11,020.5</td>
<td>¥11,182.1</td>
<td>¥12,197.8</td>
<td>¥12,189.8</td>
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</table>

### Cash flows (For the year)

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<tbody>
<tr>
<td>Operating activities</td>
<td>$2,508.3</td>
<td>$2,453.7</td>
<td>$2,727.9</td>
<td>$2,391.8</td>
<td>$2,711.8</td>
<td>$2,917.4</td>
<td>$3,637.5</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(1,971.2)</td>
<td>(1,776.3)</td>
<td>(2,106.8)</td>
<td>(1,686.6)</td>
<td>(1,709.8)</td>
<td>(2,086.9)</td>
<td>(2,841.8)</td>
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<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>($948.1)</td>
<td>($745.2)</td>
<td>($565.5)</td>
<td>($411.5)</td>
<td>($351.6)</td>
<td>($269.5)</td>
<td>($193.7)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$2,508.3</td>
<td>$2,453.7</td>
<td>$2,727.9</td>
<td>$2,391.8</td>
<td>$2,711.8</td>
<td>$2,917.4</td>
<td>$3,637.5</td>
</tr>
<tr>
<td>Net cash used by (provided by) investing activities</td>
<td>(1,971.2)</td>
<td>(1,776.3)</td>
<td>(2,106.8)</td>
<td>(1,686.6)</td>
<td>(1,709.8)</td>
<td>(2,086.9)</td>
<td>(2,841.8)</td>
</tr>
<tr>
<td>Net cash used by (provided by) financing activities</td>
<td>($948.1)</td>
<td>($745.2)</td>
<td>($565.5)</td>
<td>($411.5)</td>
<td>($351.6)</td>
<td>($269.5)</td>
<td>($193.7)</td>
</tr>
</tbody>
</table>
| Non-controlling interests | 224 227 240 242 241 275 283
| Weighted average number of shares outstanding (1) | 5,102,077,600 | 4,847,523,076 | 4,574,720,036 | 4,277,856,656 | 4,033,356,288 | 3,901,654,514 |
| EPS (Yen) (2) | 91.67 107.67 127.31 118.43 175.17 195.47 227.89
| EPS (Yen) (3) | 18.5% 18.4% 17.3% 16.4% 14.6% 14.9% 14.2% |

### Other financial data, performance indicators, etc.

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<tr>
<td>Interest-bearing liabilities</td>
<td>$4,374.0</td>
<td>$4,306.0</td>
<td>$4,200.0</td>
<td>$4,406.1</td>
<td>$4,463.8</td>
<td>$4,088.2</td>
<td>$3,968.4</td>
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<tr>
<td>EBITDA margin (1)</td>
<td>27.5%</td>
<td>27.3%</td>
<td>24.9%</td>
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<tr>
<td>Free cash flows</td>
<td>795.1</td>
<td>632.0</td>
<td>1,142.5</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Dividend payout ratio (%)</td>
<td>33.3%</td>
<td>40.9%</td>
<td>41.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE (%)</td>
<td>10.2%</td>
<td>9.3%</td>
<td>9.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| EPS (Yen) (1) | 91.67 | 107.67 | 127.31 | 118.43 | 175.17 | 195.47 | 227.89
| ROIC (%) | 9.9% | 9.9% | 9.9% |
| Cost reductions (Billions of yen) (6) | — | (220.0) | (500.0) |

### Additional notes

1. *Net cash provided by operating activities*
2. *Net cash used by (provided by) investing activities*
3. *Net cash used by (provided by) financing activities*
4. *Net cash provided by operating activities*
5. *Net cash used by (provided by) investing activities*
6. *Net cash used by (provided by) financing activities*
7. *Net cash provided by operating activities*
8. *Net cash used by (provided by) investing activities*
9. *Net cash used by (provided by) financing activities*
Financial Summary

Business Summary

Total Operating Segment Data

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<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total Operating Revenues</td>
<td>4,840.8</td>
<td>4,651.3</td>
<td>4,752.5</td>
<td>1,726.1</td>
<td>1,402.3</td>
<td>1,434.3</td>
<td>1,505.9</td>
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<tr>
<td>Operating expenses</td>
<td>3,827.2</td>
<td>3,796.6</td>
<td>3,812.0</td>
<td>1,421.1</td>
<td>1,344.0</td>
<td>1,301.2</td>
<td>1,351.0</td>
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<tr>
<td>Profit before taxes</td>
<td>1,026.2</td>
<td>868.0</td>
<td>915.6</td>
<td>276.1</td>
<td>233.3</td>
<td>220.2</td>
<td>215.8</td>
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<tr>
<td>Profit attributable to NTT</td>
<td>663.6</td>
<td>591.5</td>
<td>629.0</td>
<td>184.0</td>
<td>160.7</td>
<td>178.4</td>
<td>192.3</td>
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Capital Investment

<table>
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<tr>
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<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>4,426.8</td>
<td>4,337.8</td>
<td>4,053.7</td>
<td>1,049.6</td>
<td>686.4</td>
<td>933.1</td>
<td>2,015.9</td>
<td>2,135.9</td>
<td>2,179.5</td>
</tr>
<tr>
<td>Operating expenses / Selling, general and administrative expenses</td>
<td>4,132.2</td>
<td>4,053.7</td>
<td>919.1</td>
<td>1,049.6</td>
<td>686.4</td>
<td>933.1</td>
<td>2,015.9</td>
<td>2,135.9</td>
<td>2,179.5</td>
</tr>
<tr>
<td>Operating profit</td>
<td>233.5</td>
<td>284.1</td>
<td>(21.4)</td>
<td>9.2</td>
<td>96.2</td>
<td>137.3</td>
<td>147.7</td>
<td>130.9</td>
<td>139.2</td>
</tr>
<tr>
<td>Profit attributable to NTT</td>
<td>187.0</td>
<td>224.4</td>
<td>(24.0)</td>
<td>67.8</td>
<td>69.9</td>
<td>110.0</td>
<td>115.7</td>
<td>93.6</td>
<td>75.1</td>
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Group Data

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<tbody>
<tr>
<td>Operating revenues</td>
<td>4,426.8</td>
<td>4,337.8</td>
<td>4,053.7</td>
<td>1,049.6</td>
<td>686.4</td>
<td>933.1</td>
<td>2,015.9</td>
</tr>
<tr>
<td>Operating expenses / Selling, general and administrative expenses</td>
<td>4,132.2</td>
<td>4,053.7</td>
<td>919.1</td>
<td>1,049.6</td>
<td>686.4</td>
<td>933.1</td>
<td>2,015.9</td>
</tr>
<tr>
<td>Operating profit</td>
<td>233.5</td>
<td>284.1</td>
<td>(21.4)</td>
<td>9.2</td>
<td>96.2</td>
<td>137.3</td>
<td>147.7</td>
</tr>
<tr>
<td>Profit attributable to NTT</td>
<td>187.0</td>
<td>224.4</td>
<td>(24.0)</td>
<td>67.8</td>
<td>69.9</td>
<td>110.0</td>
<td>115.7</td>
</tr>
</tbody>
</table>

Notes:
1) The scope of aggregation for each of the figures presented for NTT Ltd. Group is internal management figures after eliminating internal transactions between NTT Ltd. and its subsidiaries. Such figures are not audited and are provided for reference only.
2) The scope of aggregation for each of the figures presented for NTT Ltd. Group is internal management figures after eliminating internal transactions between NTT Ltd. and its subsidiaries. Such figures are not audited and are provided for reference only.
3) The scope of aggregation for each of the figures presented for NTT Ltd. Group is internal management figures after eliminating internal transactions between NTT Ltd. and its subsidiaries. Such figures are not audited and are provided for reference only.
4) The scope of aggregation for each of the figures presented for NTT Ltd. Group is internal management figures after eliminating internal transactions between NTT Ltd. and its subsidiaries. Such figures are not audited and are provided for reference only.
5) The scope of aggregation for each of the figures presented for NTT Ltd. Group is internal management figures after eliminating internal transactions between NTT Communication and its subsidiaries. Such figures are not audited and are provided for reference only.
6) Overseas subsidiaries of NTT Communications Group were transferred to the NTT Ltd. Group as part of the global reorganization of NTT Group in July 2019.
7) The scope of aggregation for each of the figures presented for NTT Ltd. Group is internal management figures after eliminating internal transactions between NTT Urban Development (a consolidated basis) and NTT Ltd. and its subsidiaries. Such figures are not audited and are provided for reference only.
Financial Summary

Consolidated Data (IFRS)

<table>
<thead>
<tr>
<th>NTT Consolidated Financial Results</th>
<th>Billions of yen</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>11,879.8</td>
<td>11,894.4</td>
<td>11,944.0</td>
</tr>
<tr>
<td>(incl.) Trade and other receivables</td>
<td>22,295.1</td>
<td>23,014.1</td>
<td>23,272.6</td>
</tr>
<tr>
<td>Current assets</td>
<td>9,012.9</td>
<td>9,087.5</td>
<td>9,075.2</td>
</tr>
<tr>
<td>(incl.) Property, plant and equipment</td>
<td>935.7</td>
<td>935.7</td>
<td>935.7</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,693.8</td>
<td>1,562.2</td>
<td>1,671.4</td>
</tr>
<tr>
<td>(incl.) Trade and other payables</td>
<td>1,439.1</td>
<td>1,489.7</td>
<td>1,467.1</td>
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<tr>
<td>Taxes and dues</td>
<td>244.5</td>
<td>248.8</td>
<td>246.1</td>
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<tr>
<td>Operating profit</td>
<td>1,693.8</td>
<td>1,562.2</td>
<td>1,671.4</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>1,671.9</td>
<td>1,570.1</td>
<td>1,652.6</td>
</tr>
<tr>
<td>Profit attributable to NTT</td>
<td>954.6</td>
<td>855.3</td>
<td>854.6</td>
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</table>

<table>
<thead>
<tr>
<th>NTT Consolidated Financial Position</th>
<th>Billions of yen</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>22,295.1</td>
<td>23,014.1</td>
<td>23,272.6</td>
</tr>
<tr>
<td>(incl.) Trade and other receivables</td>
<td>22,295.1</td>
<td>23,014.1</td>
<td>23,272.6</td>
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<tr>
<td>Non-current assets</td>
<td>14,762.4</td>
<td>16,731.9</td>
<td>17,831.1</td>
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<td>(incl.) Property, plant and equipment</td>
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<td>935.7</td>
<td>935.7</td>
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<tr>
<td>Liabilities</td>
<td>10,490.4</td>
<td>11,515.1</td>
<td>12,440.5</td>
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<tr>
<td>Current liabilities</td>
<td>5,038.1</td>
<td>5,290.9</td>
<td>5,436.6</td>
</tr>
<tr>
<td>(incl.) Trade and other payables</td>
<td>2,092.5</td>
<td>2,142.8</td>
<td>2,156.7</td>
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<tr>
<td>Non-current liabilities</td>
<td>5,263.2</td>
<td>4,949.3</td>
<td>4,783.6</td>
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<td>(incl.) Long-term debt</td>
<td>2,865.2</td>
<td>2,165.8</td>
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<td>Equity</td>
<td>11,884.4</td>
<td>11,462.6</td>
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<td>Interest-Bearing Liabilities (Consolidated)</td>
<td>4,262.7</td>
<td>4,699.9</td>
<td>7,624.3</td>
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<td>Capital Investment</td>
<td>1,697.0</td>
<td>1,806.6</td>
<td>1,728.3</td>
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<tr>
<td>Mobile Communications Business</td>
<td>946.1</td>
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<td>Regional Communications Business</td>
<td>541.0</td>
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<td>Long Distance and International Communications Business</td>
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<td>273.9</td>
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<td>Data Communications Business</td>
<td>179.2</td>
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<td>169.5</td>
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<tr>
<td>Other businesses</td>
<td>138.7</td>
<td>238.2</td>
<td>202.3</td>
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Business Segment (IFRS)

<table>
<thead>
<tr>
<th>Mobile Communications Business</th>
<th>Billions of yen</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>4,843.8</td>
<td>4,651.3</td>
<td>4,725.2</td>
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<td>(incl.) Trade and other receivables</td>
<td>2,278.7</td>
<td>2,205.8</td>
<td>2,065.6</td>
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<tr>
<td>Current assets</td>
<td>3,588.0</td>
<td>3,455.5</td>
<td>3,368.6</td>
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<tr>
<td>(incl.) Property, plant and equipment</td>
<td>933.0</td>
<td>933.0</td>
<td>933.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,562.2</td>
<td>1,570.1</td>
<td>1,570.1</td>
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<tr>
<td>(incl.) Trade and other payables</td>
<td>1,393.6</td>
<td>1,425.3</td>
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<td>Taxes and dues</td>
<td>172.0</td>
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<td>171.4</td>
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<td>Operating profit</td>
<td>1,562.2</td>
<td>1,570.1</td>
<td>1,570.1</td>
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<tr>
<td>Profit before taxes</td>
<td>1,442.6</td>
<td>1,442.6</td>
<td>1,442.6</td>
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<tr>
<td>Profit attributable to NTT</td>
<td>856.6</td>
<td>854.7</td>
<td>854.7</td>
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Note: Figures for each segment include intersegment transactions.
### Financial Summary

#### Group Summary (IFRS)

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<th></th>
<th>Billions of yen</th>
<th>Years Ended March 31</th>
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<td></td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
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<tr>
<td>NTT DOCOMO Consolidated</td>
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<tr>
<td>Operating revenues</td>
<td>4,840.8</td>
<td>4,651.3</td>
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<td>Telecommunications services</td>
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<td>Operating profit</td>
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<td>Mobile communications services</td>
<td>2,644.4</td>
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<td>Optical-fibre broadband service and other telecommunications services</td>
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<td>306.4</td>
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<td>Equipment sales</td>
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<td>Other</td>
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<td>948.8</td>
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<td>Operating expenses</td>
<td>3,872.7</td>
<td>3,796.6</td>
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<td>Personnel expenses</td>
<td>289.9</td>
<td>288.2</td>
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<td>Expenses for purchase of goods and services and other expenses</td>
<td>2,533.7</td>
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<td>Depreciation and amortization</td>
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<td>Impairment losses</td>
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<td>Communication network charges</td>
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<td>Expenses on disposal of fixed assets</td>
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<tr>
<td>Operating profit</td>
<td>1,013.6</td>
<td>854.7</td>
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<tr>
<td>Profit before taxes</td>
<td>1,022.6</td>
<td>886.0</td>
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<tr>
<td>Profit attributable to NTT DOCOMO, INC</td>
<td>463.6</td>
<td>501.5</td>
</tr>
</tbody>
</table>

**NTT East Group**

Operating revenues 1,740.6 1,677.1 1,726.1  
Fixed voice related service 573.6 534.2 500.7  
IP/packet communications service 842.5 840.1 884.8  
Sales of telecommunications equipment 30.3 31.0 27.9  
System integration services 75.4 99.9 144.8  
Other 218.8 169.9 168.0  
Operating expenses 1,498.0 1,421.1 1,452.1  
Personnel expenses 372.6 356.9 353.3  
Expenses for purchase of goods and services and other expenses 733.3 713.0 755.2  
Depreciation and amortization 237.9 222.1 225.0  
Impairment losses — 13.8 —  
Expenses on disposal of fixed assets 43.5 52.1 39.9  
Taxes and duties 72.1 74.3 75.0  
Operating profit 240.7 256.0 263.3  
Profit before taxes 241.0 255.0 263.3  
Profit attributable to NTT East 166.0 178.4 180.4  

**NTT West Group**

Operating revenues — 1,463.3 1,505.9  
Fixed voice related service — 522.0 480.5 456.4  
IP/packet communications service — 658.6 648.1 660.3  
Sales of telecommunications equipment — 467.0 460.0 420.0  
System integration services — 95.4 108.3 149.7  
Other — 139.6 151.5 197.5  
Operating expenses — 1,344.0 1,302.1 (267.3) (263.7) (303.9)  
Personnel expenses — 336.8 323.6 322.1  
Expenses for purchase of goods and services and other expenses — 653.1 675.4 716.8  
Depreciation and amortization — 210.3 192.6 198.2  
Impairment losses — 31.0 0.9 0.5  
Expenses on disposal of fixed assets — 47.7 44.6 48.3  
Taxes and duties — 65.0 65.0 64.2  
Profit before operating profit — 118.3 122.2 155.8  
Profit before taxes — 113.7 129.3 154.4  
Profit attributable to NTT West — 65.0 80.7 81.0  

**Note:**
- The scope of aggregation for each of the figures presented for NTT East Group is internal management figures after eliminating internal transactions between NTT East and its subsidiaries. Such figures are not audited and are provided for reference only.
- The scope of aggregation for each of the figures presented for NTT West Group is internal management figures after eliminating internal transactions between NTT West and its subsidiaries. Such figures are not audited and are provided for reference only.

**Translation Notes**
- The Group Summary (IFRS) presented was calculated by applying the conversion rate of 1,082 yen per 1 dollar. The Year-End Financial Statements (IFRS) was prepared under the conversion rate of 110.5 yen per 1 dollar.
- The scope of aggregation for each of the figures presented for NTT, Inc. group is internal management figures after eliminating internal transactions between NTT, Inc. and its subsidiaries. Such figures are not audited and are provided for reference only.
- The scope of aggregation for each of the figures presented for NTT Ltd. group is internal management figures after eliminating internal transactions between NTT Ltd. and its subsidiaries. Such figures are not audited and are provided for reference only.
### Financial Summary

#### NTT Communications Group**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
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<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cloud computing platforms</td>
<td>207.5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Data networks</td>
<td>487.9</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Voice communications</td>
<td>266.6</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Applications &amp; content</td>
<td>134.5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Solution services</td>
<td>266.2</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Other</td>
<td>29.2</td>
<td>—</td>
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<tr>
<td>Operating expenses</td>
<td>1,299.8</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>202.8</td>
<td>—</td>
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</tr>
<tr>
<td>Expenses for purchase of goods and services and other expenses</td>
<td>879.4</td>
<td>—</td>
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</tr>
<tr>
<td>Depreciation and amortization</td>
<td>151.5</td>
<td>—</td>
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<tr>
<td>Impairment losses</td>
<td>2.7</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Expenses on disposal of fixed assets</td>
<td>7.9</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Taxes and dues</td>
<td>15.4</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Operating profit</td>
<td>132.1</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Profit before taxes</td>
<td>132.1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Profit attributable to NTT Communications</td>
<td>98.5</td>
<td>—</td>
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#### Dimension Data Consolidated**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>893.3</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>System integration services</td>
<td>893.3</td>
<td>—</td>
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<tr>
<td>Cost of sales</td>
<td>718.7</td>
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<tr>
<td>Gross profit</td>
<td>174.6</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>155.2</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Operating profit</td>
<td>19.4</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>11.8</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Profit attributable to Dimension Data</td>
<td>5.2</td>
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</tbody>
</table>

#### NTT Urban Solutions Group**

<table>
<thead>
<tr>
<th></th>
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<th>2021</th>
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<tbody>
<tr>
<td>Operating revenues</td>
<td>—</td>
<td>426.0</td>
<td>447.7</td>
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<tr>
<td>Operating expenses</td>
<td>—</td>
<td>384.2</td>
<td>410.3</td>
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<td>Personnel expenses</td>
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<td>70.1</td>
<td>88.5</td>
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<tr>
<td>Expenses for purchase of goods and services and other expenses</td>
<td>—</td>
<td>263.3</td>
<td>266.8</td>
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<tr>
<td>Depreciation and amortization</td>
<td>—</td>
<td>36.8</td>
<td>39.7</td>
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<tr>
<td>Impairment losses</td>
<td>—</td>
<td>0.5</td>
<td>—</td>
</tr>
<tr>
<td>Expenses on disposal of fixed assets</td>
<td>—</td>
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<td>—</td>
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<tr>
<td>Taxes and dues</td>
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<tr>
<td>Operating profit</td>
<td>—</td>
<td>48.8</td>
<td>45.1</td>
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<tr>
<td>Profit before taxes</td>
<td>—</td>
<td>41.5</td>
<td>40.4</td>
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<tr>
<td>Profit attributable to NTT Urban Solutions</td>
<td>—</td>
<td>27.4</td>
<td>26.2</td>
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</table>

#### NTT Urban Development Consolidated

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>168.0</td>
<td>147.9</td>
<td>143.9</td>
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<td>Operating expenses</td>
<td>140.4</td>
<td>122.1</td>
<td>122.0</td>
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<tr>
<td>Personnel expenses</td>
<td>10.8</td>
<td>10.2</td>
<td>12.0</td>
</tr>
<tr>
<td>Expenses for purchase of goods and services and other expenses</td>
<td>47.8</td>
<td>75.4</td>
<td>70.4</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>17.7</td>
<td>23.5</td>
<td>24.5</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>1.8</td>
<td>0.5</td>
<td>—</td>
</tr>
<tr>
<td>Expenses on disposal of fixed assets</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Taxes and dues</td>
<td>12.2</td>
<td>12.5</td>
<td>13.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>28.7</td>
<td>32.2</td>
<td>27.4</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>25.7</td>
<td>25.3</td>
<td>22.6</td>
</tr>
<tr>
<td>Profit attributable to NTT Urban Development</td>
<td>16.2</td>
<td>16.0</td>
<td>14.3</td>
</tr>
</tbody>
</table>

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

\*2 The following are the main services included in each line item:

- Cloud computing platforms: “Data center services” and “Private cloud services (Enterprise cloud, etc.)”
- Data networks: “Closed network services (Arcstar Universal One, etc.)” and “Open network services (OCN, etc.)”
- Voice communications: “Telephone services” and “VoIP services (050 plus, etc.)”
- Applications & content: “Application services (Mail services, etc.)”

\*3 These are figures from the United Kingdom statutory financial reports of Dimension Data. The quarterly financial results above are not audited and are provided for reference only.

\*4 The scope of aggregation for each of the figures presented for NTT Urban Solutions group is internal management figures after eliminating internal transactions among NTT Urban Development (on a consolidated basis), NTT FACILITIES and its subsidiaries. Such figures are not audited and are provided for reference only.
**Operational Data**

### Mobile Communications Services Subscriptions

<table>
<thead>
<tr>
<th>Phone call services</th>
<th>(Unit: thousand subscriptions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>NTT East</td>
<td>11,882</td>
</tr>
<tr>
<td>NTT West</td>
<td>18,692</td>
</tr>
</tbody>
</table>

### Fixed-Line Broadband Services Subscriptions

<table>
<thead>
<tr>
<th>Transmission services</th>
<th>(Unit: thousand subscriptions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>FLET'S Hikari</td>
<td>16,564</td>
</tr>
<tr>
<td>Hikari Denwa</td>
<td>13,950</td>
</tr>
<tr>
<td>INS-Net</td>
<td>27,521</td>
</tr>
<tr>
<td>FLET'S ADSL</td>
<td>2,225</td>
</tr>
<tr>
<td>Hikari TV</td>
<td>17,974</td>
</tr>
<tr>
<td>FLET'S ISDN</td>
<td>38,679</td>
</tr>
</tbody>
</table>

### Mobile Aggregate ARPU

<table>
<thead>
<tr>
<th>Phone call services</th>
<th>(Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>NTT Group Major ISPs</td>
<td>11,452</td>
</tr>
</tbody>
</table>

### Hikari TV / FLET'S TV Transmission Services

<table>
<thead>
<tr>
<th>Transmission services</th>
<th>(Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Hikari TV</td>
<td>2,004</td>
</tr>
</tbody>
</table>

### ARPU of FLET'S Hikari

<table>
<thead>
<tr>
<th>Phone call services</th>
<th>(Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>NTT East</td>
<td>5,920</td>
</tr>
<tr>
<td>NTT West</td>
<td>5,040</td>
</tr>
</tbody>
</table>

---

*1 The number of subscriptions for FLET’S Hikari, Hikari Denwa, and FLET’S TV transmission services includes wholesale services provided to service providers by NTT East and NTT West.

*2 The number of telephone subscriber lines and central station lines (including the Subscriber Telephone Line-Pair) "INS-Net" includes IDN Net (excluding IDN Net) and ISDN 1500 in terms of the number of channels, transmission rate, and the use rate (base rate) (base rate in ISDN 1500). ISDN 1500 is in all cases approximately 10 times greater than IDN Net. For this reason, one INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions (excluding subscriptions to the INS-Net 64 Lite Plan).

*3 "NTT Group Major ISPs" includes WAKWAK, InfoSphere, in addition to IDN and IDN Lite.

*4 Please see page 86 for the ARPU calculation method and other details.

*5 The ARPU calculation method was changed in the fiscal year ended March 31, 2016. Accompanying this change, the new method has been applied retrospectively to the ARPU figures for the fiscal year ended March 31, 2014, and the fiscal year ended March 31, 2015. A subsequent change to the ARPU calculation method was instituted in the fiscal year ended March 31, 2019, that entailed the integration of voice ARPU and Packet ARPU.
Reference Information

Average Monthly Revenue per Unit (ARPU)
Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues on a per subscriber (user) basis. In the case of the mobile communications business, ARPU is calculated by dividing communications services revenue items included in operating revenues from NTT Group’s mobile communications business segment, such as revenues from SO mobile phone services, LTE (X) mobile phone services, FOMA mobile phone services and docomo Hikari services (with certain exceptions), by the number of active users to the relevant services. In the case of NTT Group’s fixed-line business, ARPU is calculated by dividing revenue items included in operating revenues of NTT Group’s regional communications business segment (i.e., fixed-line (telephone subscriber lines plus INS-Net subscriber lines) and FLET’S Hikari) by the number of Active Subscribers to the relevant services. The calculation of these figures excludes revenues that are not representative of monthly average usage, such as telecommunications equipment sales, activation fees and universal service charges. NTT believes that its ARPU figures calculated in this way provide useful information regarding the monthly average usage of its subscribers. The revenue items included in the numerators of NTT Group’s ARPU figures are based on its financial results comprising its IFRS results of operations.

Method of Calculating ARPU
(a) NTT DOCOMO

NTT computes ARPU for NTT DOCOMO as follows:
Aggregate ARPU = Mobile-ARPU + docomo Hikari ARPU
(1) Mobile ARPU: Mobile ARPU-related revenues (basic monthly charges, voice communication charges and packet communication charges) / Number of active users docomo Hikari ARPU: docomo Hikari ARPU-related revenues (basic monthly charges and voice communication charges) / Number of Active Users
(2) Number of Active Users used in the ARPU calculation of NTT DOCOMO is as follows:
Sum of number of Active Users for each month during the applicable period
Active Users = (number ofusers at end of previous month + number of users at end of current month) / 2.
(3) The number of “users” used to calculate ARPU is basically total number of subscriptions, excluding the subscriptions listed below:
Number of active users = subscriptions
a. Subscriptions of communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver” and wholesale telecommunications services and interconnecting communications facilities that are provided to MVNOs; and
b. Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for SO, Xi or FOMA services in his/her name.

Revenues from communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver,” and wholesale telecommunications services and interconnecting communications facilities that are provided to MVNOs, and the impact of d POINTs-related revenues, among others, are not included in NTT DOCOMO’s ARPU calculation.

(b) NTT East and NTT West

NTT separately computes the following two categories of ARPU for the fixed-line business conducted by each of NTT East and NTT West, using the following measures:
• Aggregate Fixed-line ARPU (Telephone Subscriber Lines + INS-Net Subscriber Lines): Calculated based on revenues from monthly charges and call charges for Telephone Subscriber Lines and INS-Net Subscriber Lines, which are included in operating revenues from Voice Transmission Services (excluding IP Services), and revenues from FLET’S 400 and FLET’S iDNS, 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 and Supplementary Business, revenues from monthly charges, call charges and device connection charges for Hikari Denwa, which are included in operating revenues from IP Services, and revenues from FLET’S Hikari optional services, which are included in Supplementary Business revenues.
(1) FLET’S Hikari includes FLET’S Hikari Cross, 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, FLET’S Hikari Cross, FLET’S Hikari Next, FLET’S Hikari Mytown Next, FLET’S Hikari Light and FLET’S Hikari WiFi Access provided by NTT West, and the Hikari Collaboration Model wholesale provision services of NTT East and NTT West to service providers. FLET’S Hikari optional services include wholesale services provided to service providers by NTT East and NTT West.
(2) Revenues from interconnection charges are excluded from the calculation of Aggregate Fixed-line ARPU (Telephone Subscriber lines + INS-Net Subscriber Lines) and FLET’S Hikari ARPU.
(3) For purposes of calculating Aggregate Fixed-line ARPU (Telephone Subscriber Lines + INS-Net Subscriber Lines), the number of subscribers is that for fixed-line services (telephone subscriber lines or INS Network subscriber lines).
(4) In terms of number of channels, transmission rate, and line use rate (base rate), INS/Net 150 is in all cases roughly ten times greater than INS/Net 64. For this reason, one INS/Net 1500 subscription is calculated as ten INS/Net 64 subscriptions.
(5) For purposes of calculating FLET’S Hikari ARPU, the number of subscribers is determined based on the number of FLET’S Hikari subscribers (including FLET’S Hikari Cross, 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, FLET’S Hikari Cross, FLET’S Hikari Next, FLET’S Hikari Mytown Next, FLET’S Hikari Light and FLET’S Hikari WiFi Access provided by NTT West), and Hikari Collaboration Model wholesale services provided by NTT East and NTT West to service providers.
(6) Number of Active Subscribers used in the ARPU calculation of NTT East and NTT West is as below:
    FY 2021: Number of Active Subscribers for each month from April to March Active Subscribers = (number of subscribers at end of previous month + number of subscribers at end of current month) / 2

Reconciliation of Capital Investment

<table>
<thead>
<tr>
<th>Fiscal years ended March 31</th>
<th>2017 (U.S. GAAP)</th>
<th>2018 (U.S. GAAP)</th>
<th>2019 (IFRS)</th>
<th>2020 (IFRS)</th>
<th>2021 (IFRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for property, plant and equipment</td>
<td>¥1,207.1</td>
<td>¥1,306.7</td>
<td>¥1,306.7</td>
<td>¥1,306.7</td>
<td>¥1,306.7</td>
</tr>
<tr>
<td>Payments for acquisition of intangible fixed assets</td>
<td>400.1</td>
<td>400.0</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment, intangible assets, and investment property</td>
<td>—</td>
<td>¥1,672.4</td>
<td>¥1,856.4</td>
<td>¥1,728.2</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>¥1,707.1</td>
<td>¥1,707.1</td>
<td>¥1,728.2</td>
<td>¥1,728.2</td>
<td>¥1,728.2</td>
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<tr>
<td>Differences between capital investment</td>
<td>1.8</td>
<td>39.6</td>
<td>(24.4)</td>
<td>47.7</td>
<td>56.6</td>
</tr>
</tbody>
</table>

Reconciliation of EBITDA Margin

<table>
<thead>
<tr>
<th>Fiscal years ended March 31</th>
<th>2017 (U.S. GAAP)</th>
<th>2018 (U.S. GAAP)</th>
<th>2019 (IFRS)</th>
<th>2020 (IFRS)</th>
<th>2021 (IFRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income / (operating profit)</td>
<td>¥1,339.8</td>
<td>¥1,642.8</td>
<td>¥1,641.1</td>
<td>¥1,693.8</td>
<td>¥1,662.2</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,462.2</td>
<td>1,359.4</td>
<td>1,346.9</td>
<td>1,333.6</td>
<td>1,332.5</td>
</tr>
<tr>
<td>Loss on sales and disposal of property, plant and equipment</td>
<td>107.4</td>
<td>71.4</td>
<td>71.2</td>
<td>87.5</td>
<td>83.9</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>73.9</td>
<td>162.2</td>
<td>177.9</td>
<td>136.4</td>
<td>16.7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>¥3,183.3</td>
<td>¥3,215.8</td>
<td>¥3,237.1</td>
<td>¥3,241.4</td>
<td>¥3,268.6</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥11,291.0</td>
<td>¥11,799.6</td>
<td>¥11,782.1</td>
<td>¥11,879.8</td>
<td>¥11,999.4</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>27.9%</td>
<td>27.3%</td>
<td>27.0%</td>
<td>26.9%</td>
<td>26.1%</td>
</tr>
</tbody>
</table>

Note: From April 1, 2021, depreciation and amortization associated with right-of-use assets is excluded from the calculation of EBITDA and depreciation and amortization. In conjunction with this change, the amounts of EBITDA and depreciation and amortization for the fiscal year ended March 31, 2021, were retroactively reduced by ¥10 billion.
Consolidated Statements of Financial Position

Nippon Telegraph and Telephone Corporation and its subsidiaries
March 31

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents ¥ 1,033,574 ¥ 935,727</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables 3,502,684 3,534,555</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial assets 32,984 41,722</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories 257,329 315,447</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other current assets 520,073 498,166</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current assets 5,766,194 5,325,537</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment 6,087,463 9,282,286</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Right-of-use assets 446,628 629,627</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill 980,841 1,056,187</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets 1,614,040 1,765,858</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment property 1,106,145 1,182,713</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments accounted for using the equity method 283,291 411,033</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial assets 486,285 1,515,022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax assets 1,153,042 993,858</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other non-current assets 712,677 715,435</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total non-current assets 16,310,632 17,026,119</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets 22,614,150 22,351,652</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Consolidated Statements of Comprehensive Income

Nippon Telegraph and Telephone Corporation and its subsidiaries
Year ended March 31

<table>
<thead>
<tr>
<th>Consolidated Statements of Profit or Loss</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>¥ 1,702,134</td>
<td>¥ 2,073,575</td>
</tr>
<tr>
<td>Finance income</td>
<td>¥ 469,886</td>
<td>¥ 31,785</td>
</tr>
<tr>
<td>Finance costs</td>
<td>¥ 50,253</td>
<td>¥ 50,830</td>
</tr>
<tr>
<td>Share of profit (loss) of entities accounted for using the equity method</td>
<td>¥ 11,257</td>
<td>¥ 229</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>¥ 1,774,146</td>
<td>¥ 2,094,495</td>
</tr>
<tr>
<td>Income taxes</td>
<td>¥ 916,181</td>
<td>¥ 211,675</td>
</tr>
<tr>
<td>Profit attributable to NTT</td>
<td>¥ 855,365</td>
<td>¥ 1,182,820</td>
</tr>
<tr>
<td>Profit attributable to non-controlling interests</td>
<td>¥ 256,040</td>
<td>¥ 1,211,675</td>
</tr>
<tr>
<td>Earnings per share attributable to NTT</td>
<td>¥ 231.15</td>
<td>¥ 248.15</td>
</tr>
</tbody>
</table>

Note: NTT conducted a 2-for-1 stock split of its common stock, with an effective date of January 1, 2020. Basic earnings per share has been adjusted to reflect the impact of these stock splits.

Consolidated Statements of Comprehensive Income

Nippon Telegraph and Telephone Corporation and its subsidiaries
Year ended March 31

<table>
<thead>
<tr>
<th>Consolidated Statements of Comprehensive Income</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td>¥ 1,111,346</td>
<td>¥ 1,127,556</td>
</tr>
<tr>
<td>Other comprehensive income (net of taxes)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in the fair value of financial assets measured at fair value through other comprehensive income (68,509) 241,404</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of other comprehensive income of entities accounted for using the equity method (2,246) (922)</td>
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<td></td>
</tr>
<tr>
<td>Remeasurements of the defined benefit plans 11,365 121,455</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total of items that will not be reclassified to profit or loss (59,440) 261,957</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that may be reclassified subsequently to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow hedges 1,689 (2,012)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedge cost (1,707) (16,585)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments (84,107) 81,356</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of other comprehensive income of entities accounted for using the equity method 1,774 7,029</td>
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<td></td>
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<tr>
<td>Total of items that may be reclassified to profit or loss (92,351) 69,818</td>
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<td></td>
</tr>
<tr>
<td>Total other comprehensive income (net of taxes) (141,755) 411,755</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income 968,591 1,599,811</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensve income attributable to NTT 743,451 1,275,214</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensve income attributable to non-controlling interests ¥ 234,140 ¥ 284,857</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: NTT conducted a 2-for-1 stock split of its common stock, with an effective date of January 1, 2020. Basic earnings per share has been adjusted to reflect the impact of these stock splits.
### Fiscal year ended March 31, 2020

<table>
<thead>
<tr>
<th>NTT shareholders’ equity</th>
<th>Millions of yen</th>
<th>Fiscal year ended March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>As of March 31, 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥337,930</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥2,241,206</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥3,954,305</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥(150,635)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥102,067</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥8,264,913</td>
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<tr>
<td></td>
<td></td>
<td>¥2,539,877</td>
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<td></td>
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<td>¥11,204,790</td>
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<tr>
<td>Comprehensive income</td>
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<tr>
<td>Profit</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Transactions with owners and other transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends of surplus</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Purchase and disposal of treasury stock</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Changes in ownership interest in subsidiaries without loss of control</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Share-based compensation transactions</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Put options granted to non-controlling interests</td>
<td></td>
<td>—</td>
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<tr>
<td>Other</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Total Transactions with owners and other transactions</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>As of March 31, 2020</td>
<td></td>
<td>¥337,930</td>
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<tr>
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<td></td>
<td>¥2,252,672</td>
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<tr>
<td></td>
<td></td>
<td>¥6,499,042</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥(553,369)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥22,008</td>
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<tr>
<td></td>
<td></td>
<td>¥9,061,103</td>
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<tr>
<td></td>
<td></td>
<td>¥2,401,524</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥11,462,627</td>
</tr>
</tbody>
</table>

### Fiscal year ended March 31, 2021

<table>
<thead>
<tr>
<th>NTT shareholders’ equity</th>
<th>Millions of yen</th>
<th>Fiscal year ended March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>As of March 31, 2020</td>
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<td></td>
<td>¥6,499,042</td>
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<td>¥(553,369)</td>
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<tr>
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<td></td>
<td>¥23,908</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥9,061,103</td>
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<tr>
<td></td>
<td></td>
<td>¥2,401,524</td>
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<tr>
<td></td>
<td></td>
<td>¥11,462,627</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Transactions with owners and other transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends of surplus</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Purchase and disposal of treasury stock</td>
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<tr>
<td>Changes in ownership interest in subsidiaries without loss of control</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Share-based compensation transactions</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Put options granted to non-controlling interests</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Total Transactions with owners and other transactions</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>As of March 31, 2021</td>
<td></td>
<td>¥337,930</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
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<td>¥6,499,042</td>
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<tr>
<td></td>
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<td>¥(553,369)</td>
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<tr>
<td></td>
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<td>¥23,908</td>
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<td></td>
<td></td>
<td>¥9,061,103</td>
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<tr>
<td></td>
<td></td>
<td>¥2,401,524</td>
</tr>
<tr>
<td></td>
<td></td>
<td>¥11,462,627</td>
</tr>
</tbody>
</table>
Fixed Voice Related Services

NTT Group’s fixed voice related services include a portion of the services it provides in the regional communications business segment, such as telephone subscriber lines, INS-Net, conventional leased circuits and high speed digital.

Operating Revenues

NTT Group’s operating revenues in the fiscal year ended March 31, 2021 increased 15.4% from the previous fiscal year to ¥1,115.8 billion, accounting for 9.3% of total operating revenues. This increase was mainly due to increased revenues in the mobile communications business segment due to the introduction of new billing plans, despite the continued increase in the number of docomo Hikari subscriptions and the revenue increasing effect associated with the termination of “Monthly Support” discounts in the mobile communications business segment.

Fixed Voice related services

In the fiscal year ended March 31, 2021, revenues from IP/packet communications services increased 2.0% from the previous fiscal year to ¥674.1 billion, accounting for 5.6% of total operating revenues. This increase was mainly due to an increase in revenues in Internet services and a decrease in revenues in system integration services due to the spread of COVID-19 and other factors, and the change in the accounting treatment of certain revenues for the global operating company, NTT Ltd.

Operating Expenses

Operating expenses in the fiscal year ended March 31, 2021 are summarized as follows:

- **Fixed Voice Related Services**
  - Mobile voice related services: ¥1,115.8 billion
  - IP/Packet communications services: ¥674.1 billion

- **Mobile Voice Related Services**
  - Mobile voice related services: ¥1,115.8 billion
  - IP/Packet communications services: ¥674.1 billion

- **System Integration**
  - NTG’s system integration services include its data communications business segment and a portion of the services it provides in the long distance and international communications business segment and the regional communications business segment.

Operating Profit

Operating profit for the fiscal year ended March 31, 2021 increased 7.0% from the previous fiscal year to ¥1,671.4 billion.

Finance Income and Costs

Finance income and costs for the fiscal year ended March 31, 2021 decreased ¥483.0 billion from the previous fiscal year to ¥1,178.4 billion. This decrease was mainly due to an increase in the NTT Group’s refinancing costs of ¥123.5 billion, offset by a decrease of ¥50.2 billion in finance costs due to the expansion of financial and settlement services in the mobile communications business area as a result of the expansion of financial and settlement services provided in the mobile communications business segment.

Depreciation and Amortization Expenses

NTT Group’s fixed voice related services include a portion of its mobile communications business segment. In the fiscal year ended March 31, 2021, revenues from system integration increased 1.9% from the previous fiscal year to ¥3,488.0 billion, accounting for 31.8% of total operating revenues. This increase was mainly due to factors such as the NTT Group’s expansion of its scope of business in Japan and in the data communications business segment and the regional communications business segment.

Other

Other services primarily comprise building maintenance, real estate rentals, systems development and the Smart Life area in the mobile communications business segment.

In the fiscal year ended March 31, 2021, revenues from other services increased 2.0% from the previous fiscal year to ¥1,929.3 billion, accounting for 16.2% of total operating revenues. This increase was mainly due to an increase in revenues in the smart life area as a result of the expansion of financial and settlement services and accounting system factors in the mobile communications business segment.

Operating Expenses

Operating expenses in the fiscal year ended March 31, 2021 decreased 0.6% from the previous fiscal year to ¥10,272.6 billion. The reasons for the decrease are discussed below.

Personnel Expenses

In the fiscal year ended March 31, 2021, revenues from IP/packet communications services decreased 3.6% from the previous fiscal year to ¥2,461.4 billion, accounting for 25.2% of total operating revenues. This decrease was due to a decrease in revenues in the mobile communications business segment due to the introduction of new billing plans, despite the continued increase in the number of docomo Hikari subscriptions and the revenue increasing effect associated with the termination of “Monthly Support” discounts in the mobile communications business segment.

Sales of Telecommunications Equipment

This category includes a portion of the services NTT Group provides in the mobile communications business segment and the regional communications business segment.

Research & Development

Research and Development

NTT Group’s research and development expenses for the fiscal year ended March 31, 2021 increased 15.4% from the previous fiscal year to ¥1,115.8 billion, accounting for 14.4% of total operating revenues. This increase was mainly due to an increase in research and development costs in the mobile communications business segment and a decrease in research and development costs in the regional communications business segment.

Operations in Review

NTT Group’s research and development expenses for the fiscal year ended March 31, 2021 resulted from, among other factors, a decrease in capital expenditures due to improved efficiency in investing in LTE in the mobile communications business and a decrease in capital expenditures due to urban solutions business in the other business.
the fiscal year ended March 31, 2021, capital investments amounted to ¥7,728.3 billion on an accrual basis, of which ¥689.5 billion was invested in the mobile communications business and ¥527.4 billion was invested in the regional communications business.

Cash flows used in financing activities during the fiscal year ended March 31, 2021, amounted to ¥1,689.0 billion, an increase in payments of ¥468.3 billion from ¥1,041.3 billion in the fiscal year ended March 31, 2020. This increase was due, among other factors, an increase of ¥3,384.8 billion in payments for acquisition of interests in subsidiaries from non-controlling interests, despite an increase of ¥2,905.4 billion in proceeds due to the capital raised from the issuance of long-term debt in the fiscal year ended March 31, 2021, including ¥2,146.9 billion in net proceeds from corporate bond offerings and an aggregate of ¥911.6 billion in loans from financial institutions.

As of March 31, 2021, the total balance of the interest-bearing debt of NTT Group was ¥7,622.3 billion, an increase of ¥2,922.4 billion from the balance of ¥4,699.9 billion as of March 31, 2020. The ratio of interest-bearing debt to shareholders’ equity stood at 100.8% as of March 31, 2021 (from 51.9% as of March 31, 2020).

NTT Group believes that the net cash it expects to generate from operating activities, financing from banks and other financial institutions and/or offerings of equity or debt securities in the capital markets will provide the requisite financial resources to meet NTT Group’s currently anticipated capital investment and other expenditure needs and payment of debt.

For the fiscal year ending March 31, 2022, NTT Group expects to make capital investments totaling ¥1,750.0 billion on an accrual basis, due to, among other factors, an increase in capital investments due to the promotion of new businesses for the urban solutions business and energy business in the other business, despite a decrease in capital investments related to improved efficiency in existing network investments in the mobile communications business and the regional communications business. The total amount of expected capital investments includes ¥550.0 billion in the mobile communications business and ¥510.0 billion in the regional 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, 2021, NTT Group had cash and cash equivalents balance at the end of the fiscal year of ¥955.7 billion, a decrease of ¥97.8 billion compared to the balance of ¥1,033.6 billion as of March 31, 2020. Cash equivalents represent a temporary cash surplus used to repay debts and make capital investments, among other factors, and are used as working capital. Accordingly, the balance of cash equivalents fluctuates each fiscal year depending on particular financing and working capital requirements.

Consolidated Subsidiaries (As of March 31, 2021)
Career Summaries of Members of the Board and Audit & Supervisory Board Members

As of June 30, 2023

Hiroshi Shinhara
Chairman of the Board of Directors

Hidenori Amano
Chairman of the Board of Directors

Kazuhiko Tanabe
Chairman of the Board of Directors

Executive Officers

JUN SAWADA
Representative Member of the Board

CEO (Chief Executive Officer)

Akira Shimada
Representative Member of the Board

Chief Compliance Officer (CHOI)

Takenshi Maegawa
Representative Member of the Board

CFO (Chief Financial Officer)

Keiko Takegawa
Member of the Board

Chief Officer (Chief Officer)

Ryota Kitamura
Senior Vice President

Head of Finance and Accounting

Atsuko Oka
Senior Vice President

Head of Compliance

Kazuhiko Nakayama
Senior Vice President

Head of Corporate Strategy Planning

Katsushi Sonoda
Senior Vice President

Head of Strategic Business Development

Akiko Kudo
Senior Vice President

Head of Public Relations

Takashi Taniyama
Senior Vice President

Head of Corporate Strategy Planning

Hiroki Kurimoto
Senior Vice President

Head of Business Collaboration

Takashi Iida
Director of Strategy and Supervisory Board Member

NTT at a glance

Value Creation Process

Refinement of Medium-Term Management Strategy

Research & Development

NTT Group’s Sustainability

Operations in Review

Data Section
### Corporate Information

**Company name:** NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
**Date of establishment:** April 1, 1985  
**Head office:** Otemachi First Square, East Tower, 5-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo 100-8116, Japan

Common stock: ¥937,950,000,000  
Total number of shares authorized to be issued by NTT: 6,192,920,900 shares  
Total number of shares issued: 3,900,788,940 shares*  
Aggregate voting rights: 36,306,767

*In November 2021, the Company canceled 278,776,284 shares of treasury stock. Total number of shares issued after cancellation is 3,622,012,656 shares.

Stock Exchange on Which the Company is Listed  
Tokyo (Stock Code: 9432)

### Investor Relations

https://group.ntt/en/ir/contact/

### Depositary for NTT American Depositary Receipts (ADRs)

J.P. Morgan Chase Bank, N.A.  
383 Madison Avenue, Floor 11  
New York, NY 10179, U.S.A.

### Principal Shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares held (Thousands)</th>
<th>Ratio of the number of shares held to the total number of shares issued (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Minister of Finance</td>
<td>1,260,943</td>
<td>34.81</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>211,111</td>
<td>5.83</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
<td>158,769</td>
<td>4.38</td>
</tr>
<tr>
<td>Toyota Motor Corporation</td>
<td>80,775</td>
<td>2.23</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
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<td>1.89</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
<td>25,184</td>
<td>0.67</td>
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<tr>
<td>Moxley &amp; Co. LLC</td>
<td>34,003</td>
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<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
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<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
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<td>0.54</td>
</tr>
<tr>
<td>J.P. Morgan Chase Bank</td>
<td>15,543</td>
<td>0.42</td>
</tr>
</tbody>
</table>

### Restrictions under the NTT Act

The NTT Act requires the government to own at least one-third of the total number of issued shares. Pursuant to the NTT Act, the proportion of voting rights of foreign nationals and foreign corporations is limited to less than one-third of the total voting rights.

If the proportion of voting rights of foreign nationals and foreign corporations should exceed one-third, pursuant to the NTT Act, NTT is prohibited from registering ownership of shareholders in excess of such limit.

As of the end of March 2021, 9,424,018 of the voting rights were owned by foreign nationals and foreign corporations.

*For the time being, pursuant to Article 13 of the NTT Act, any increase in the number of shares attributable to the issuance of new shares is not included in calculating the total number of issued shares for the purposes of the NTT Act.

### Breakdown of Shares by Shareholder

The breakdown of shares by shareholder is as follows:

- National and Local Governments: 1,260,943 (34.81%)
- Financial Institutions: 710,126 (19.61%)
- Financial Instruments Business Operators: 95,420 (2.63%)
- Other Corporations: 130,330 (3.60%)
- Foreign Corporations, etc.: 822,770 (22.72%)
- Individuals, etc.: 602,421 (16.63%)

### NTT's Share Price on the Tokyo Stock Exchange

#### (Yen)

<table>
<thead>
<tr>
<th>[NTT's share price (upper left scale)]</th>
<th>[TOPIX index (right scale)]</th>
<th>[NTT's trading volume (lower right scale)]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,200</td>
<td>2,000</td>
<td>3,000</td>
</tr>
<tr>
<td>1,000</td>
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<tr>
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<td>200</td>
</tr>
<tr>
<td>400</td>
<td>200</td>
<td>0</td>
</tr>
</tbody>
</table>

Notes:  
1. NTT's share price and TOPIX index are the simple average closing prices on the last trading day every month.  
2. NTT's trading volume refers to the number of NTT shares traded every month.  
3. NTT conducted a 100-for-1 stock split of its common stock, with an effective date of July 1, 2015, and a 2-for-1 stock split of its common stock, with an effective date of January 1, 2020. NTT share prices have been adjusted to reflect the impact of these stock splits.