

[Translation]

# Quarterly Securities Report

(The First Quarter of the 38<sup>th</sup> Business Term)  
From April 1, 2022 to June 30, 2022

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

## Table of Contents

Item 1. Overview of the Company .....	4
1. Selected Financial Data .....	4
2. Description of Business .....	5
Item 2. Business Overview .....	6
1. Risk Factors .....	6
2. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flows .....	6
3. Material Contracts .....	16
Item 3. Information on NTT .....	17
1. Information on NTT's Shares .....	17
(1) Total Number of Shares .....	17
(2) Information on Share Acquisition Rights .....	17
(3) Information on Moving Strike Convertible Bonds .....	17
(4) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other .....	18
(5) Major Shareholders .....	18
(6) Information on Voting Rights .....	18
2. Changes in Directors and Senior Management .....	19
Item 4. Financial Information .....	20
Condensed Consolidated Financial Statements .....	21
(1) Condensed Consolidated Statement of Financial Position .....	21
(2) Condensed Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income .....	23
(3) Condensed Consolidated Statement of Changes in Equity .....	25
(4) Condensed Consolidated Statement of Cash Flows .....	27
Notes.....	28
1. Reporting Entity .....	28
2. Basis of Accounting.....	28
3. Significant Accounting Policies .....	29
4. Significant Accounting Estimates and Judgments Involving Estimates .....	29
5. New Standards Not Yet Applied .....	29
6. Segment Information .....	30
7. Assets Held for Sale.....	32
8. Property, Plant and Equipment.....	33
9. Corporate Bonds.....	33
10. Equity and Other Equity Items .....	34
11. Operating Revenues .....	37
12. Financial Instruments .....	38
13. Subsequent Events .....	40

[Note]

This document is an English translation of certain items that were disclosed in NTT's Quarterly Securities Report for the three-month period ended June 30, 2022, which NTT filed on August 9, 2022 with the Financial Services Agency of Japan.

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

[Cover]

[Document Filed]	Quarterly Securities Report (“Shihanki Hokokusho”)
[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	August 9, 2022
[Fiscal Year]	The First Quarter of the 38 <sup>th</sup> Business Term (From April 1, 2022 to June 30, 2022)
[Company Name]	Nippon Denshin Denwa Kabushiki Kaisha
[Company Name in English]	NIPPON TELEGRAPH AND TELEPHONE CORPORATION
[Title and Name of Representative]	Akira Shimada, President and Chief Executive Officer
[Address of Head Office]	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	+81-3-6838-5481
[Contact Person]	Takuro Hanaki, Head of IR, Finance and Accounting Department
[Contact Address]	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	+81-3-6838-5481
[Contact Person]	Takuro Hanaki, Head of IR, Finance and Accounting Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Item 1. Overview of the Company

### 1. Selected Financial Data

IFRS

		Three Months Ended June 30,2021	Three Months Ended June 30,2022	Fiscal year ended March 31, 2022
Operating revenues	Millions of yen	2,892,570	3,068,871	12,156,447
Profit before taxes	Millions of yen	496,282	525,537	1,795,525
Profit attributable to NTT	Millions of yen	339,987	368,570	1,181,083
Comprehensive income (loss) attributable to NTT	Millions of yen	379,089	452,072	1,373,364
NTT shareholders' equity	Millions of yen	7,735,109	8,514,340	8,282,456
Total assets	Millions of yen	23,082,532	24,403,316	23,862,241
Basic earnings per share attributable to NTT	Yen	93.87	104.07	329.29
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	33.5	34.9	34.7
Net cash provided by operating activities	Millions of yen	567,461	413,167	3,010,257
Net cash provided by investing activities	Millions of yen	(587,669)	(454,966)	(1,699,152)
Net cash provided by financing activities	Millions of yen	222,331	103,549	(1,438,130)
Cash and cash equivalents at end of period	Millions of yen	1,139,296	924,727	834,564

Notes: (1) NTT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

- (2) As NTT prepares condensed consolidated financial statements, changes in the non-consolidated financial data, are not provided.
- (3) Diluted earnings per share attributable to NTT is not stated because NTT did not have potentially dilutive common shares that were outstanding during the period.
- (4) Basic earnings per share attributable to NTT is calculated based on the average number of shares outstanding during the three months ended June 30, 2022, excluding treasury stock. In addition, beginning with the 37th business term, NTT adopted a BIP (Board Incentive Plan) trust stock compensation system for Members of the Board and Executive Officers. As a result, in calculating Basic earnings per share attributable to NTT, shares held by such trust are included in the amount of treasury stock to be deducted from the calculation.

## **2. Description of Business**

The principal business segments of NTT Group (NTT and its affiliated companies) are its Integrated ICT Business, Regional Communications Business, and Global Solutions Business.

There were no material changes in NTT Group's business during the three months ended June 30, 2022, nor were there any material changes in its subsidiaries and affiliated companies.

## Item 2. Business Overview

### 1. Risk Factors

There were no risks newly identified during the three months ended June 30, 2022. There was no material change in risk factors which were described in NTT's Annual Securities Report for the fiscal year ended March 31, 2022.

### 2. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flows

#### (1) Consolidated Results

Three-Month Period Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(Billions of yen)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2022	Change	Percent Change
Operating revenues	2,892.6	3,068.9	176.3	6.1%
Fixed voice related services	228.3	219.8	(8.5)	(3.7)%
Mobile voice related services	278.7	265.2	(13.5)	(4.8)%
IP/packet communications services	867.4	851.5	(15.9)	(1.8)%
Sales of telecommunications equipment	155.6	160.1	4.5	2.9%
System integration services	905.9	1,054.0	148.1	16.3%
Other	456.7	518.3	61.6	13.5%
Operating expenses	2,406.3	2,565.5	159.2	6.6%
Personnel expenses	633.4	674.7	41.3	6.5%
Expenses for purchase of goods and services and other expenses	1,329.6	1,443.7	114.0	8.6%
Depreciation and amortization	382.5	389.6	7.1	1.9%
Others	60.8	57.5	(3.2)	(5.3)%
Operating profit	486.3	503.4	17.1	3.5%
Profit before taxes	496.3	525.5	29.3	5.9%
Profit attributable to NTT	340.0	368.6	28.6	8.4%

During the three months ended June 30, 2022, pursuant to the outline of NTT Group's Medium-Term Management Strategy "Your Value Partner 2025," which was announced in November 2018 (and revised in October 2021), NTT Group, in its role as "Your Value Partner," promoted initiatives through its business operation and worked with its partners to resolve social issues. As a result of these efforts, NTT Group's consolidated operating revenues for the three-month period ended June 30, 2022 were ¥3,068.9 billion (an increase of 6.1% from the same period of the previous fiscal year), consolidated operating expenses were ¥2,565.5 billion (an increase of 6.6% from the same period of the previous fiscal year), consolidated operating profit was ¥503.4 billion (an increase of 3.5% from the same period of the previous fiscal year), profit before taxes was ¥525.5 billion (an increase of 5.9% from the same period of the previous fiscal year), and profit attributable to NTT was ¥368.6 billion

(an increase of 8.4% from the same period of the previous fiscal year).

## **(2) Segment Results**

### ***Segment Revision***

Effective from the fiscal year ended March 31, 2022, NTT Group has transitioned to a four-segment structure consisting of the Integrated ICT Business, Regional Communications Business, Global Solutions Business and Others (Real Estate, Energy and Others) segments, from its previous five-segment structure that consisted of the Mobile Communications Business, Regional Communications Business, Long Distance and International Communications Business, Data Communications Business, and Other Business segments. Operating revenues and operating profit for the consolidated fiscal year ended June 30, 2021 have been restated to align with the segment classifications subsequent to the change. (See “Note 6. Segment Information.”)

The Integrated ICT Business Segment comprises fixed voice related services, mobile voice related services, IP/packet communications services, sales of telecommunications equipment, system integration services and other services.

The Regional Communications Business Segment comprises fixed voice related services, IP/packet communications services, sales of telecommunications equipment, system integration services and other services.

The Global Solutions Business Segment principally comprises system integration services.

Others (Real Estate, Energy and Others) principally comprises building maintenance, real estate rentals, sales of energy and other services related to research and development.

Results by business segment are as follows (intersegment revenues are included in the operating revenues, operating expenses and operating profit of operational results for each business segment).

Integrated ICT Business Segment

Three-Month Period Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(Billions of yen)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2022	Change	Percent Change
Operating revenues	1,435.5	1,421.8	(13.7)	(1.0)%
Fixed voice related services	45.5	42.8	(2.7)	(5.9)%
Mobile voice related services	280.3	267.2	(13.1)	(4.7)%
IP/packet communications services	582.7	565.1	(17.6)	(3.0)%
Sales of telecommunications equipment	139.2	145.3	6.1	4.3%
System integration services	115.0	127.2	12.2	10.6%
Other	272.7	274.2	1.5	0.5%
Operating expenses	1,152.6	1,138.1	(14.6)	(1.3)%
Personnel expenses	120.2	119.7	(0.5)	(0.4)%
Expenses for purchase of goods and services and other expenses	821.3	807.0	(14.4)	(1.7)%
Depreciation and amortization	192.1	193.8	1.7	0.9%
Others	19.0	17.6	(1.5)	(7.7)%
Operating profit	282.8	283.7	0.9	0.3%

Operating revenues for the Integrated ICT Business Segment for the three-month period ended June 30, 2022 decreased 1.0% from the same period of the previous fiscal year to ¥1,421.8 billion. This decrease was due to, among other factors, a reduction in IP/packet communications service revenues due to the impact of price reductions.

On the other hand, operating expenses for the three-month period ended June 30, 2022 decreased 1.3% from the same period of the previous fiscal year to ¥1,138.1 billion. This decrease was due to, among other factors, decrease in expenses due to cost efficiency.

As a result, segment operating profit for the three-month period ended June 30, 2022 increased 0.3% from the same period of the previous fiscal year to ¥283.7 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2022	As of June 30, 2022	Change	Percent Change
Mobile Telecommunications Services	84,752	85,245	493	0.6%
Telecommunications Services (5G)	11,530	13,785	2,254	19.6%
Telecommunications Services (LTE (Xi))	61,396	60,452	(944)	(1.5)%
Telecommunications Services (FOMA)	11,826	11,009	(817)	(6.9)%
Plala (ISP)	3,889	3,851	(39)	(1.0)%
OCN (ISP)	7,018	7,052	34	0.5%
Hikari TV	2,952	2,937	(15)	(0.5)%

Note: Number of Mobile Telecommunications Services (including "Telecommunications Services (LTE (Xi))" and "Telecommunications Services (FOMA)" includes MVNOs and Communication Module Services, and number of 5G services includes MVNOs.

## Regional Communications Business Segment

Three-Month Period Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(Billions of yen)

	<b>Three Months Ended June 30, 2021</b>	<b>Three Months Ended June 30, 2022</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	774.8	767.9	(6.9)	(0.9)%
Fixed voice related services	233.7	221.4	(12.3)	(5.3)%
IP/packet communications services	399.2	400.4	1.3	0.3%
Sales of telecommunications equipment	16.6	14.9	(1.7)	(10.0)%
System integration services	33.6	35.2	1.5	4.6%
Other	91.8	96.0	4.2	4.6%
Operating expenses	628.1	629.2	1.2	0.2%
Personnel expenses	167.1	163.8	(3.4)	(2.0)%
Expenses for purchase of goods and services and other expenses	324.7	331.4	6.8	2.1%
Depreciation and amortization	103.2	102.8	(0.4)	(0.3)%
Others	33.1	31.2	(1.9)	(5.6)%
Operating profit	146.8	138.7	(8.1)	(5.5)%

Operating revenues in the Regional Communications Business Segment for the three-month period ended June 30, 2022 decreased 0.9% from the same period of the previous fiscal year to ¥767.9 billion due to, among other factors, a decrease in Fixed voice related services revenues.

On the other hand, operating expenses for the three-month period ended June 30, 2022 increased 0.2% from the same period of the previous fiscal year to ¥629.2 billion.

As a result, segment operating profit for the three-month period ended June 30, 2022 decreased 5.5% from the same period of the previous fiscal year to ¥138.7 billion.

Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2022	As of June 30, 2022	Change	Percent Change
<b>(NTT East)</b>				
Telephone Subscriber Lines	6,597	6,482	(115)	(1.7)%
INS-Net	803	782	(21)	(2.6)%
FLET'S Hikari (including Hikari Collaboration Model)	13,156	13,240	84	0.6%
FLET'S ADSL	120	104	(16)	(13.1)%
Hikari Denwa (thousand channels)	10,075	10,076	1	0.0%
FLET'S TV Transmission Services	1,154	1,159	6	0.5%
<b>(NTT West)</b>				
Telephone Subscriber Lines	6,527	6,376	(151)	(2.3)%
INS-Net	801	782	(19)	(2.4)%
FLET'S Hikari (including Hikari Collaboration Model)	10,110	10,167	57	0.6%
FLET'S ADSL	166	143	(23)	(13.8)%
Hikari Denwa (thousand channels)	8,707	8,706	(1)	(0.0)%
FLET'S TV Transmission Services	841	852	11	1.3%

Notes: (1) Number of Telephone Subscriber Lines is the total of individual lines and central station lines (Subscriber Telephone Light Plan is included).

(2) "INS-Net" includes "INS-Net 64" and "INS-Net 1500." In terms of number of channels, transmission rate, and line use rate (base rate), "INS-Net 1500" is in all cases roughly ten times greater than "INS-Net 64." For this reason, one "INS-Net 1500" subscription is calculated as ten "INS-Net 64" subscriptions (including subscriptions to the "INS-Net 64 Lite Plan").

(3) Number of FLET'S Hikari (including Hikari Collaboration Model) subscribers includes subscribers to "FLET'S Hikari Cross," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "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 subscribers to the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.

(4) Numbers of subscribers for "Hikari Denwa" and "FLET'S TV Transmission Services" include wholesale services provided to service providers by NTT East and NTT West.

## Global Solutions Business Segment

Three-Month Period Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(Billions of yen)

	<b>Three Months Ended June 30, 2021</b>	<b>Three Months Ended June 30, 2022</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	842.2	969.0	126.8	15.1%
System integration services	841.0	967.9	126.9	15.1%
Other	1.2	1.1	(0.1)	(9.6)%
Operating expenses	801.4	905.5	104.2	13.0%
Personnel expenses	302.5	345.0	42.5	14.1%
Expenses for purchase of goods and services and other expenses	417.8	479.3	61.5	14.7%
Depreciation and amortization	76.1	77.2	1.1	1.4%
Others	5.0	4.0	(0.9)	(18.5)%
Operating profit	40.9	63.4	22.6	55.3%

Operating revenues in the Global Solutions Business Segment for the three-month period ended June 30, 2022 increased 15.1% from the same period of the previous fiscal year to ¥969.0 billion. This increase was due to, among other factors, capture of the demand for digitalization.

On the other hand, operating expenses for the three-month period ended June 30, 2022 increased 13.0% from the same period of the previous fiscal year to ¥905.5 billion due to, among other factors, an increase in revenue-linked expenses.

As a result, segment operating profit for the three-month period ended June 30, 2022 increased 55.3% from the same period of the previous fiscal year to ¥63.4 billion.

Others (Real Estate, Energy and Others)

Three-Month Period Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(Billions of yen)

	<b>Three Months Ended June 30, 2021</b>	<b>Three Months Ended June 30, 2022</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	298.6	362.3	63.7	21.3%
System integration services	9.3	13.8	4.5	48.2%
Other	289.3	348.5	59.2	20.5%
Operating expenses	275.4	338.1	62.8	22.8%
Personnel expenses	60.5	63.9	3.4	5.6%
Expenses for purchase of goods and services and other expenses	181.0	236.7	55.7	30.8%
Depreciation and amortization	28.8	31.9	3.1	10.7%
Others	5.1	5.7	0.6	12.0%
Operating profit	23.2	24.1	0.9	4.0%

Operating revenues in Others (Real Estate, Energy and Others) for the three-month period ended June 30, 2022 increased 21.3% from the same period of the previous fiscal year to ¥362.3 billion due to, among other factors, an increase in electricity revenue in the energy business.

On the other hand, operating expenses for the three-month period ended June 30, 2022 increased 22.8% from the same period of the previous fiscal year to ¥338.1 billion due to, among other factors, an increase in revenue-linked expenses.

As a result, segment operating profit for the three-month period ended June 30, 2022 increased 4.0% from the same period of the previous fiscal year to ¥24.1 billion.

### **(3) Analysis of Cash Flows and Financial Position**

#### **Cash Flows**

(Billions of yen)

	<b>Three Months Ended June 30, 2021</b>	<b>Three Months Ended June 30, 2022</b>	<b>Change</b>	<b>Percent Change</b>
Cash flows provided by operating activities	567.5	413.2	(154.3)	(27.2)%
Cash flows used in investing activities	(587.7)	(455.0)	132.7	22.6%
Cash flows provided by financing activities	222.3	103.5	(118.8)	(53.4)%
Cash and cash equivalents	1,139.3	924.7	(214.6)	(18.8)%

Cash flows provided by operating activities for the three-month period ended June 30, 2022 was ¥413.2 billion. This was primarily due to profit as adjusted for non-cash items (profit plus non-cash items such as depreciation and losses on retirement of fixed assets) reaching ¥781.7 billion. In addition, this represented a decrease of ¥154.3 billion (27.2%) from the same period of the previous fiscal year due to, among other factors, an increase in the amount of corporate tax payments and an increase in working capital compared to the same period of the previous fiscal year.

Cash flows used in investing activities for the three-month period ended June 30, 2022 was ¥455.0 billion. This was primarily due to payments for acquisitions of property, plant and equipment, intangible assets and investment properties reaching ¥526.7 billion. In addition, this represented a decrease of ¥132.7 billion (22.6%) in payments from the same period of the previous fiscal year due to, among other factors, a reduction in payments for investments and other items, in addition to an increase in income from sales of subsidiary stock.

Cash flows provided by financing activities for the three-month period ended June 30, 2022 was ¥103.5 billion, of which dividend payments amounted to ¥223.1 billion and income from borrowings amounted to ¥390.5 billion. This represented a decrease of ¥118.8 billion (53.4%) of income from the same period of the previous fiscal year due to, among other factors, a decrease in proceeds from borrowings during the three-month period ended June 30, 2022 compared to the same period of the previous fiscal year.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of June 30, 2022 was ¥924.7 billion, an increase of ¥90.2 billion (10.8%) from the end of the previous fiscal year.

## Financial Position

	(Billions of yen)		
	March 31, 2022	June 30, 2022	Change
Assets	23,862.2	24,403.3	541.1
Liabilities	14,844.1	15,108.9	264.8
(incl.) Interest-bearing debt	7,364.3	7,989.5	625.3
Equity	9,018.1	9,294.4	276.3
(incl.) Total NTT shareholders' equity	8,282.5	8,514.3	231.9

Assets as of June 30, 2022 increased by ¥541.1 billion from the end of the previous fiscal year to ¥24,403.3 billion, due to among other factors, an increase in other current assets and an increase in goodwill due to the impact of exchange rates, partially offset by the collection of trade receivables recorded at the end of the previous fiscal year.

Liabilities as of June 30, 2022 increased by ¥264.8 billion from the end of the previous fiscal year to ¥15,108.9 billion, due to, among other factors, an increase in borrowings due to dividends and tax payments and the impact of exchange rates on foreign currency-denominated debt, partially offset by payments of accounts payable, accrued income taxes and other items recorded at the end of the previous fiscal year. The balance of interest-bearing debt was ¥7,989.5 billion, an increase of ¥625.3 billion from ¥7,364.3 billion as of the end of the previous fiscal year.

Shareholders' equity as of June 30, 2022 increased by ¥231.9 billion from the end of the previous fiscal year to ¥8,514.3 billion, due to an increase in profit. The ratio of interest-bearing debt to shareholders' equity was 93.8% (compared to 88.9% at the end of the previous fiscal year). In addition, equity, which consists of the sum of shareholders' equity and non-controlling interests, increased by ¥276.3 billion from the end of the previous fiscal year to ¥9,294.4 billion.

#### **(4) Urgent Operational and Finance Issues Facing the Corporate Group**

There were no material changes in urgent operational and finance issues facing the corporate group for the three months ended June 30, 2022, and no new additional issues arose during the period. In addition, during the three months ended June 30, 2022, there were no material changes in NTT Group's management policies or strategies.

#### **(5) Research and Development**

NTT's group-wide research and development expenses for the three months ended June 30, 2022 were ¥53.8 billion. There were no material changes in NTT's research and development activities during the three months ended June 30, 2022.

### **3. Material Contracts**

There were no material contracts relating to NTT's operations that were agreed upon or entered into during the three months ended June 30, 2022.

### Item 3. Information on NTT

#### 1. Information on NTT's Shares

##### (1) Total Number of Shares

Total Number of Shares

Class	Total Number of Shares Authorized to be Issued (shares)
Common stock	6,192,920,900
Total	6,192,920,900

Issued Shares

Class	Number of Shares Issued as of June 30, 2022 (shares)	Number of Shares Issued as of the Filing Date (shares) (August 9, 2022)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,622,012,656	3,622,012,656	Tokyo Stock Exchange (Prime Market)	The number of shares per one unit of shares is 100 shares
Total	3,622,012,656	3,622,012,656	—	—

##### (2) Information on Share Acquisition Rights

###### (i) Description of Stock Option System

Not applicable.

###### (ii) Information on Shareholder Rights Plans

Not applicable.

##### (3) Information on Moving Strike Convertible Bonds

Not applicable.

## (4) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in Common Stock (millions of yen)	Balance of Common Stock (millions of yen)	Change in Capital Reserve (millions of yen)	Balance of Capital Reserve (millions of yen)
April 1, 2022 - June 30, 2022	—	3,622,012,656	—	937,950	—	2,672,826

## (5) Major Shareholders

Not applicable for the three months ended June 30, 2022.

## (6) Information on Voting Rights

## Issued Shares

As of June 30, 2022

Classification	Number of Shares (shares)	Number of Voting Rights	Description
Shares without Voting Rights	—	—	—
Shares with Restricted Voting Rights (Treasury Stock, etc.)	—	—	—
Shares with Restricted Voting Rights (Others)	—	—	—
Shares with Full Voting Rights (Treasury Stock, etc.)	79,508,500 shares of common stock	—	—
Shares with Full Voting Rights (Others)	3,537,933,500 shares of common stock	35,379,323	—
Shares Representing Less than One Unit	4,570,656 shares of common stock	—	—
Number of Issued Shares	3,622,012,656 shares of common stock	—	—
Total Number of Voting Rights	—	35,379,323	—

Note: 1. The total number of shares in “Shares with Full Voting Rights (others)” includes 57,400 shares held in the name of the Japan Securities Depository Center, and the number of shares in “Shares Representing Less Than One Unit” includes 88 shares held in the name of the Japan Securities Depository Center. “Number of Voting Rights” includes 574 voting rights associated with Shares with Full Voting Rights held in the name of the Japan Securities Depository Center, and does not include 12 voting rights associated with “Shares with Full Voting Rights” recorded on the shareholder register under NTT, but not actually owned by NTT.

2. The total number of shares in “Shares with Full Voting Rights (Others)” includes 1,073,500 shares owned by BIP (Board Incentive Plan) Trust, and the number of shares in “Shares Representing Less Than One Unit” includes 66 shares owned by BIP (Board Incentive Plan) Trust. “Number of Voting Rights” includes 10,735 voting rights associated with “Shares with Full Voting Rights” owned by BIP (Board Incentive Plan) Trust.

Treasury Stock

As of June 30, 2022

Name of Shareholder	Address	Number of Shares Held Under Own Name (shares)	Number of Shares Held Under the Names of Others (shares)	Total Shares Held (shares)	Ownership Percentage to the Total Number of Issued Shares
(Treasury Stock) Nippon Telegraph and Telephone Corporation	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	79,508,500	—	79,508,500	2.2%
Total	—	79,508,500	—	79,508,500	2.2%

Notes: 1. In addition to the above, there are 1,200 shares that are recorded on the shareholder register under NTT, but not actually owned by NTT. Such shares are included in “Shares with Full Voting Rights (others)” under “Issued Shares” above.

2. Shares held by the BIP stock compensation trust are not included in the amounts of treasury stock listed above.

**2. Changes in Directors and Senior Management**

Not applicable.

## **Item 4. Financial Information**

### **1. Basis of Preparation of Condensed Quarterly Consolidated Financial Statements**

In accordance with Article 93 of the “Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007) (the “Ordinance on Consolidated Financial Statements”), NTT Group prepares condensed quarterly consolidated financial statements pursuant to International Accounting Standard (“IAS”) No. 34, “Interim Financial Reporting.”

### **2. Auditor’s Report**

In accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, NTT Group’s condensed quarterly consolidated financial statements for the first quarter of the consolidated accounting period (from April 1, 2022 to June 30, 2022) have been reviewed by KPMG AZSA LLC.

### **3. Special Measures to Ensure the Appropriateness of the Consolidated Financial Statements**

NTT Group undertakes special measures to ensure the appropriateness of its consolidated financial statements and put in place a structure to properly disclose consolidated financial statements in accordance with IFRS. The details of such measures are below:

(1) NTT Group participates in organizations such as the Financial Accounting Standards Foundation in order to put in place a system in which NTT Group can ensure it has an appropriate grasp on the contents of accounting standards and can accurately respond to changes in accounting standards. In addition, NTT Group periodically undertakes reviews of accounting standards, and maintains internal regulations.

(2) With respect to the application of IFRS, NTT Group obtains press releases and statements of accounting principles published by the International Accounting Standards Board from time to time in order to gain an understanding of most recent standards. Furthermore, in order to prepare appropriate consolidated financial statements in accordance with IFRS, NTT Group developed group accounting policies and accounting guidelines in compliance with IFRS, and conducts its accounting in accordance with those policies and guidelines.

1. 【Condensed Quarterly Consolidated Financial Statements】

(1) 【Condensed Quarterly Consolidated Statement of Financial Position】

	Notes	Millions of yen	
		As of March 31, 2022	As of June 30, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		834,564	924,727
Trade and other receivables	12	3,604,959	3,331,126
Other financial assets	12	88,441	112,207
Inventories		408,362	420,668
Other current assets		574,922	958,954
Subtotal		5,511,248	5,747,682
Assets held for sale	7	205,344	190,949
Total current assets		5,716,592	5,938,631
<b>Non-current assets</b>			
Property, plant and equipment	8	9,326,888	9,395,204
Right-of-use asset		694,612	692,492
Goodwill		1,213,009	1,282,281
Intangible assets		1,951,824	1,990,937
Investment property		1,236,490	1,241,827
Investments accounted for using the equity method		429,806	444,276
Other financial assets	12	1,426,157	1,505,528
Deferred tax assets		970,432	997,618
Other non-current assets		896,431	914,522
Total non-current assets		18,145,649	18,464,685
Total assets		23,862,241	24,403,316

Millions of yen

	Notes	As of March 31, 2022	As of June 30, 2022
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	9,12	1,646,806	2,053,953
Trade and other payables		2,500,341	2,389,637
Lease liabilities		189,495	187,838
Other financial liabilities	12	29,566	24,477
Accrued payroll		544,455	458,579
Income taxes payables		210,964	127,617
Other current liabilities		1,129,851	1,050,280
SubTotal		6,251,478	6,292,381
Liabilities directly associated with assets held for sale	7	7,161	11,783
Total current liabilities		6,258,639	6,304,164
<b>Non-current liabilities</b>			
Long-term borrowings	9,12	5,717,465	5,935,581
Lease liabilities		655,729	651,056
Other financial liabilities	12	135,686	138,700
Defined benefit liabilities		1,561,049	1,564,484
Deferred tax liabilities		137,474	148,679
Other non-current liabilities		378,067	366,203
Total non-current liabilities		8,585,470	8,804,703
Total liabilities		14,844,109	15,108,867
<b>Equity</b>			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	10	937,950	937,950
Retained earnings	10	7,293,915	7,442,780
Treasury stock	10	(226,459)	(226,482)
Other components of equity	10	277,050	360,092
Total NTT shareholders’ equity		8,282,456	8,514,340
Non-controlling interests		735,676	780,109
Total equity		9,018,132	9,294,449
Total liabilities and equity		23,862,241	24,403,316

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

【Condensed Quarterly Consolidated Statements of Profit or Loss】

Millions of yen except per share data

	Notes	Three Months Ended June 30, 2021	Three Months Ended June 30, 2022
<b>Operating revenues</b>	6,11	2,892,570	3,068,871
<b>Operating expenses</b>			
Personnel expenses		633,423	674,709
Expenses for purchase of goods and services and other expenses		1,329,620	1,443,663
Depreciation and amortization		382,502	389,642
Loss on disposal of property, plant and equipment and intangible assets		26,045	21,560
Impairment losses		1,246	311
Taxes and dues		33,460	35,634
Total operating expenses		2,406,296	2,565,519
<b>Operating profit</b>	6	486,274	503,352
Finance income		17,672	29,048
Finance costs		13,842	16,312
Share of profit (loss) of entities accounted for using the equity method		6,178	9,449
<b>Profit before taxes</b>		496,282	525,537
Income taxes		140,261	135,255
<b>Profit</b>		356,021	390,282
<b>Profit attributable to NTT</b>		339,987	368,570
Profit attributable to Non-controlling interests		16,034	21,712
Earnings per share attributable to NTT			
Basic earnings per share (yen)		93.87	104.07

【Condensed Quarterly Consolidated Statements of Comprehensive Income】

Millions of yen

	Notes	Three Months Ended June 30, 2021	Three Months Ended June 30, 2022
<b>Profit</b>		356,021	390,282
<b>Other comprehensive income (net of tax)</b>	10		
<b>Items that will not be reclassified to profit or loss</b>			
Change in the fair value of financial assets measured at fair value through other comprehensive income		20,262	(16,594)
Share of other comprehensive income of entities accounted for using the equity method		(722)	92
Remeasurements of defined benefit plans		(47)	(126)
<b>Total of items that will not be reclassified to profit or loss</b>		19,493	(16,628)
<b>Items that may be reclassified to profit or loss</b>			
Cash flow hedges		7,134	(21,557)
Hedges cost		4,921	(19,003)
Foreign currency translation adjustments		4,651	170,495
Share of other comprehensive income of entities accounted for using the equity method		6,952	6,223
<b>Total of items that may be reclassified to profit or loss</b>		23,658	136,158
<b>Total other comprehensive income (net of tax)</b>		43,151	119,530
<b>Total comprehensive income</b>		399,172	509,812
<b>Comprehensive income attributable to NTT</b>	10	379,089	452,072
Comprehensive income attributable to Non-controlling interests	10	20,083	57,740

**(3) [Condensed Quarterly Consolidated Statements of Changes in Equity]**

【Three Months Ended June 30, 2021】

Millions of yen

	NTT Shareholders' Equity						Non— controlling interests	Total equity	
	Notes	Common stock	Additional paid—in capital	Retained earnings	Treasury stock	Other equity components			Total
As of March 31, 2021		937,950	—	7,068,008	(704,793)	261,542	7,562,707	640,336	8,203,043
Comprehensive income									
Profit		—	—	339,987	—	—	339,987	16,034	356,021
Other comprehensive income	10	—	—	—	—	39,102	39,102	4,049	43,151
Total comprehensive income		—	—	339,987	—	39,102	379,089	20,083	399,172
Transactions with owners and other transactions									
Dividends of surplus	10	—	—	(199,211)	—	—	(199,211)	(8,834)	(208,045)
Transfer to retained earnings	10	—	7,444	812	—	(8,256)	—	—	—
Purchase and disposal of treasury stock	10	—	0	—	(32)	—	(32)	—	(32)
Changes in ownership interest in subsidiaries without loss of control		—	(876)	—	—	—	(876)	(2,644)	(3,520)
Share-based compensation transactions		—	(5,182)	—	—	—	(5,182)	—	(5,182)
Put options granted to non-controlling interests	10	—	(1,232)	—	—	—	(1,232)	(1,002)	(2,234)
Other		—	(154)	—	—	—	(154)	(130)	(284)
Total Transactions with owners and other transactions		—	—	(198,399)	(32)	(8,256)	(206,687)	(12,610)	(219,297)
As of June 30, 2021		937,950	—	7,209,596	(704,825)	292,388	7,735,109	647,809	8,382,918

【Three Months Ended June 30, 2022】

Millions of yen

	NTT Shareholders' Equity						Total	Non-controlling interests	Total equity
	Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other equity components			
As of March 31, 2022		937,950	—	7,293,915	(226,459)	277,050	8,282,456	735,676	9,018,132
Comprehensive income									
Profit		—	—	368,570	—	—	368,570	21,712	390,282
Other comprehensive income	10	—	—	—	—	83,502	83,502	36,028	119,530
Total comprehensive income		—	—	368,570	—	83,502	452,072	57,740	509,812
Transactions with owners and other transactions									
Dividends of surplus	10	—	—	(212,551)	—	—	(212,551)	(10,719)	(223,270)
Transfer to retained earnings	10	—	7,614	(7,154)	—	(460)	—	—	—
Purchase and disposal of treasury stock	10	—	1	—	(23)	—	(22)	—	(22)
Changes in ownership interest in subsidiaries without loss of control		—	(389)	—	—	—	(389)	(3,294)	(3,683)
Share-based compensation transactions		—	(8,072)	—	—	—	(8,072)	12	(8,060)
Put options granted to non-controlling interests	10	—	1,323	—	—	—	1,323	1,096	2,419
Other		—	(477)	—	—	—	(477)	(402)	(879)
Total Transactions with owners and other transactions		—	—	(219,705)	(23)	(460)	(220,188)	(13,307)	(233,495)
As of June 30, 2022		937,950	—	7,442,780	(226,482)	360,092	8,514,340	780,109	9,294,449

**(4) [Condensed Quarterly Consolidated Statements of Cash Flows]**

	Millions of yen		
	Notes	Three Months Ended June 30, 2021	Three Months Ended June 30, 2022
<b>Cash flows from operating activities</b>			
Profit		356,021	390,282
Depreciation and amortization		382,502	389,642
Impairment losses		1,246	311
Share of loss (profit) of entities accounted for using the equity method		(6,178)	(9,449)
Losses on retirement of property, plant and equipment and intangible assets		12,147	10,953
Gain on sales of property, plant and equipment and intangible assets		(3,517)	(4,655)
Income taxes		140,261	135,255
Decrease (increase) in trade and other receivables		422,903	311,561
Decrease (increase) in inventories		(16,055)	(16,613)
Decrease (increase) in other current assets		(75,953)	(102,318)
Increase (decrease) in trade and other payables / accrued payroll		(301,751)	(84,757)
Increase (decrease) in other current liabilities		(87,055)	(88,341)
Increase (decrease) in defined benefit liabilities		7,456	2,273
Increase (decrease) in other non-current liabilities		(6,136)	(10,918)
Other, net		(39,761)	(73,083)
Sub-total		786,130	850,143
Interest and dividends received		30,177	34,357
Interest paid		(12,367)	(15,431)
Income taxes paid		(236,479)	(455,902)
Net cash provided by (used in) operating activities		567,461	413,167
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment, intangible assets and investment property		(515,771)	(526,691)
Proceeds from government grants		-	6,695
Purchase of investments		(39,728)	(17,734)
Proceeds from sale or redemption of investments		20,799	20,154
Proceeds from loss of control of subsidiaries		4,966	49,465
Acquisition of subsidiaries, net of cash acquired		(61,471)	(14,652)
Net decrease (increase) loan receivable		(518)	20,295
Other, net		4,054	7,502
Net cash provided by (used in) investing activities		(587,669)	(454,966)
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings		473,125	398,489
Proceeds from increases in long-term borrowings	9	108,887	159,532
Repayment of long-term borrowings	9	(83,348)	(167,519)
Repayment of lease liabilities		(57,663)	(61,000)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(10,819)	(3,058)
Dividends paid		(199,211)	(212,551)
Dividends paid to non-controlling interests		(8,766)	(10,532)
Purchase and sale of treasury stock		(45)	(82)
Other, net		171	270
Net cash provided by (used in) financing activities		222,331	103,549
Effect of exchange rate change on cash and cash equivalents		1,446	28,413
Net increase (decrease) in cash and cash equivalents		203,569	90,163
Cash and cash equivalents at the beginning of the year		935,727	834,564
Cash and cash equivalents at the end of the period		1,139,296	924,727

## **【Notes to Condensed Consolidated Financial Statement】**

### **1. Reporting Entity**

NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) is a corporation domiciled in Japan. The address of NTT’s registered headquarters is disclosed on its website (<https://group.ntt/>). The condensed quarterly consolidated financial statements comprise NTT and its subsidiaries (“NTT Group” or “the Group”).

NTT Group’s business segments and major subsidiaries are as follows:

#### Integrated ICT Business

The principal services in the Integrated ICT Business are mobile phone services, domestic inter-prefectural communications services, international communications services, solutions services, and system development services and related services.

- NTT DOCOMO Corporation (“NTT DOCOMO”)
- NTT Communications Corporation (“NTT Communications”)

#### Regional Communications Business

The principal services in the Regional Communications Business are domestic intra-prefectural communications services and related ancillary services.

- NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (“NTT East”)
- NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (“NTT West”)

#### Global Solutions Business

The principal services in the Global Solutions Business are system integration services, network system services, cloud services, global data center services, and related services.

- NTT, Inc.
- NTT DATA Corporation (“NTT DATA”)

### **2. Basis of Accounting**

#### **(1) Matters Regarding Compliance with IFRS**

NTT Group meets the requirements of the “Specified Company complying with Designated International Accounting Standards” pursuant to Article 1-2 of the “Order on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Order No. 64 of 2007) (the “Order on Consolidated Financial Statements”). Consequently, in accordance with Article 93 of the Order on Consolidated Financial Statements, NTT Group prepares condensed quarterly consolidated financial statements pursuant to International Accounting Standard (“IAS”) No. 34, “Interim Financial Reporting.” The condensed quarterly consolidated financial statements were approved by the President and Chief Executive Officer Akira Shimada and Senior Executive Vice President and Chief Financial Officer Takashi Hiroi on August 8, 2022.

Since the statements do not include all the information and disclosures required for a complete set of financial statements, it should be read in conjunction with the consolidated financial statements for the year ended March 31, 2022.

#### **(2) Basis for Measurement**

The condensed quarterly consolidated financial statements are prepared on the basis of cost, with the exception of certain items such as financial instruments measured at fair value, and assets and liabilities recognized in relation to defined benefit plans.

#### **(3) Functional Currency and Presentation Currency**

The currency used to present the condensed quarterly consolidated financial statements is the Japanese yen, which is the currency used in the primary economic environment where NTT conducts its business activities (hereinafter referred to as the “functional currency”). Amounts are rounded to the nearest million yen.

### **3. Significant Accounting Policies**

The accounting policies applied on the condensed quarterly consolidated financial statements are consistent with those applied on the consolidated financial statements for the year ended March 31, 2022.

### **4. Significant Accounting Estimates and Judgments Involving Estimates**

In preparing the condensed quarterly consolidated financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies as well as the amounts reported for assets, liabilities, revenue and expenses. These estimates and assumptions are based on management's best judgments taking into account various factors that are considered reasonable as of the period end, based on past experience and currently available information. However, due to the nature of such judgments, the actual results in the future may differ from these estimates or assumptions.

Estimates and their underlying assumptions are continuously reviewed. The effect of revisions to accounting estimates is recognized in the consolidated accounting period when the estimates were adjusted and in future consolidated accounting periods.

The significant accounting judgements, estimates, and assumptions made in preparing the condensed consolidated financial statements are consistent with those made in preparing the consolidated financial statements for the year ended March 31, 2022.

As for the spread of the COVID-19 pandemic, as described in the section entitled "Risk Factors" in NTT's Annual Securities Report for the fiscal year ended March 31, 2022, as a result of the prolonged spread of the pandemic, it is possible that NTT Group's business activities will be materially affected, including through the reduction of its customers' business activities which may cause reductions in systems integration orders and in sales of various services and delays in planned construction. Furthermore, even after the abatement of the pandemic, it is possible that people's daily lives and the workstyles of businesses will significantly change, which may, as a result, impact NTT Group's business results and financial position. However, there was no material impact on the company's accounting estimates and judgements involving estimates at the end of the three months ended June 30, 2022.

### **5. New Standards Not Yet Applied**

Standards and interpretations that were newly issued or revised prior to the date the condensed quarterly consolidated financial statements were approved, that NTT Group has not adopted earlier, and whose adoption may impact NTT Group significantly are not applicable.

## 6. Segment Information

For the strategic group-wide utilization of resources and assets and for speeding up decision-making, NTT Group has overhauled the corporate structure which has involved making NTT DOCOMO a wholly owned subsidiary in December 2020 and furthermore making NTT Communications and NTT Comware subsidiaries of NTT DOCOMO in January 2022. Accordingly, effective from the fiscal year ended March 31, 2022, the Group has transitioned to a four-segment structure consisting of the Integrated ICT Business, Regional Communications Business, Global Solutions Business, and Others (Real Estate, Energy and Others), from its previous five-segment structure consisting of the Mobile Communications Business, Regional Communications Business, Long Distance and International Communications Business, Data Communications Business, and Other Business. In accordance with this change, segment information for the fiscal year ended June 30, 2021 has been restated according to the segmentation after the change.

NTT Group's business segments are as follows, for which discrete financial information is available and whose operating results are utilized by NTT Group's management to make decisions about the allocation of resources and to assess business performance. Services included in each segment are as follows:

### Integrated ICT Business

Fixed voice-related services, Mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, System integration services, and other services

### Regional Communications Business

Fixed voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services

### Global Solutions Business

System integration services and other services

### Others (Real Estate, Energy and Others)

Services related to real estate business and energy business, etc.

## Operating Revenues:

(Millions of yen)

	Three Months Ended June 30, 2021 (April 1, 2021 - June 30, 2021)	Three Months Ended June 30, 2022 (April 1, 2022 - June 30, 2022)
Integrated ICT Business		
Transactions with external customers	1,368,127	1,354,975
Inter-segment transactions	67,330	66,816
Subtotal	1,435,457	1,421,791
Regional Communications Business		
Transactions with external customers	595,942	595,974
Inter-segment transactions	178,903	171,954
Subtotal	774,845	767,928
Global Solutions Business		
Transactions with external customers	796,163	925,632
Inter-segment transactions	46,055	43,350
Subtotal	842,218	968,982
Others (Real Estate, Energy and Others)		
Transactions with external customers	132,338	192,290
Inter-segment transactions	166,278	170,003
Subtotal	298,616	362,293
Elimination of inter-segment transactions	(458,566)	(452,123)
Total	2,892,570	3,068,871

## Segment profit or loss

(Millions of yen)

	Three Months Ended June 30, 2021 (April 1, 2021 - June 30, 2021)	Three Months Ended June 30, 2022 (April 1, 2022 - June 30, 2022)
Segment profit		
Integrated ICT Business	282,823	283,727
Regional Communications Business	146,785	138,707
Global Solutions Business	40,862	63,446
Others (Real Estate, Energy and Others)	23,223	24,148
Total	493,693	510,028
Elimination of inter-segment transactions	(7,419)	(6,676)
Operating profit	486,274	503,352
Finance income	17,672	29,048
Finance costs	13,842	16,312
Share of profit of entities accounted for using equity method	6,178	9,449
Profit before taxes	496,282	525,537

In the first three months of the previous fiscal year and of the current fiscal year, there are no operating revenues recorded from transactions with a single external customer that account for 10% or more of total revenue.

## 7. Assets Held for Sale

### Transfer of towers to JTOWER Inc.

#### Overview

NTT DOCOMO decided, at a meeting of its Board of Directors held on March 25, 2022, to enter a master transaction agreement with JTOWER Inc. (“JTOWER”), under which a maximum of 6,002 telecommunications towers owned by NTT DOCOMO are to be transferred to JTOWER for a maximum of ¥106.2 billion, and NTT DOCOMO will lease these towers from JTOWER (the “Transaction”). The master transaction agreement was entered into on March 31, 2022.

Under the master transaction agreement, NTT DOCOMO plans to sell the telecommunications towers to JTOWER during the fiscal year until March 31, 2023.

JTOWER positions the purchase of existing telecommunications towers owned by telecommunications companies and the promotion of infra-sharing by attracting new tenants to these towers (carve-out) to be one of its key growth strategies. The Transaction will greatly expand its business foundation as a tower sharing operator. NTT DOCOMO is working to build an economical 5G network by promoting infra-sharing, and the Transaction will enable further streamlining of facilities operations.

#### Impact on accounting treatment and on the condensed quarterly consolidated financial statements

The assets related to the transfer of the towers are included in the Integrated ICT Business Segment. The assets, which have not been transferred yet, are classified as assets held for sale as of June 30, 2022. The classes of these assets are mainly property, plant and equipment, and the carrying amounts are ¥106,142 million. The amount of these assets held for sale are measured at its carrying amounts or its fair values less costs of disposal, whichever is lower.

Furthermore, the impact of the Transaction on NTT’s condensed quarterly consolidated statement of profit or loss is immaterial.

### Sale of shares of data center holding company

#### Overview

NTT Group and Macquarie Asset Management have agreed to enter into a strategic real estate partnership covering NTT Group’s wholesale facilities across Europe and North America on March 31, 2022. NTT Group will sell portions of its shares of its data center holding company based on this partnership and will classify such shares as assets held for sale at the timing of resolution of each individual sale.

NTT Group is one of the world’s largest data center operators, with over 1,300 MWs of data center capacity today, including a large development pipeline of a 25% increase in capacity across more than 20 countries and regions globally. This strategic real estate partnership will give Macquarie Asset Management the opportunity to invest real estate capital alongside NTT Group to support its expansion in Europe and North America. At the same time, this partnership provides NTT Group the opportunity to further accelerate its data center development to take advantage of unprecedented growth in the market as the move to digital continues to grow globally.

#### Impact on accounting treatment and on the condensed quarterly consolidated financial statements

As of June 30, 2022, assets related to sale of shares of data center holding company and liabilities directly associated with the assets, which were included in Global Solutions Business Segment, were classified as assets held for sale and liabilities directly associated with assets held for sale until the completion of the share transfer, and were ¥82,608 million and ¥25,433 million, respectively. The amount of these assets and liabilities are measured at its carrying amounts because their fair values less costs of disposal exceeded the carrying amounts.

The major classes of assets and liabilities classified as held for sale are as below.

(Millions of yen)

Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Cash and cash equivalents	¥ 3,683	Short-term borrowings	¥ 2,448
Property, plant and equipment	72,933	Trade and other payables	2,758
Right-of-use asset	4,338	Long-term borrowings	13,668
Other	1,654	Lease liabilities (Noncurrent)	4,429
		Other	2,130
Total	¥ 82,608	Total	¥ 25,433

Amounts in the table above represent the figures before elimination of intercompany transactions. Intercompany transactions with consolidated subsidiaries are Long-term borrowings amounted to ¥13,668 million.

## 8. Property, Plant and Equipment

### Component of Property, plant and equipment

	Millions of yen	
	As of March 31, 2022	As of June 30, 2022
Telecommunications equipment	¥10,908,428	¥10,931,506
Telecommunications service lines	16,813,435	16,846,222
Buildings and structures	5,716,825	5,742,148
Machinery, tools and fixtures	2,642,550	2,710,182
Land	723,645	765,789
Construction in progress	517,678	572,495
Subtotal	37,322,561	37,568,342
Accumulated depreciation and impairment losses	(27,995,673)	(28,173,138)
Property, plant and equipment - total	¥9,326,888	¥9,395,204

## 9. Corporate Bonds

### Details of corporate bonds transactions

Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Issuance	NTT Finance Corporation	1st series of bonds (Only for Qualified Institutional Investors)	¥50,000 million	0.10%	June, 28 2021	June, 19 2026
Issuance	NTT Finance Corporation	2nd series of bonds (Only for Qualified Institutional Investors)	¥30,000 million	0.22%	June, 28 2021	June, 20 2030
Issuance	NTT Finance Corporation	3rd series of bonds (Only for Qualified Institutional Investors)	¥20,000 million	0.25%	June, 28 2021	June, 20 2031

Three Months Ended June 30, 2022 (April 1, 2022 to June 30, 2022)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT DATA Corporation	26th series of bonds	¥25,000 million	0.95%	June, 15 2012	June, 20 2022

## 10. Equity and Other Equity Items

### (1) Issued Shares and Treasury Stock

#### Reconciliation of the number of issued shares and treasury stock

	Issued Shares	Treasury Stock
As of April 1, 2021	3,900,788,940	278,776,284
Purchase of treasury stock under resolution of the board of directors	—	79,358,500
Repurchase of shares based on less-than-one-unit share purchase demand	—	149,806
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(17,876)
Cancellation of treasury stock	(278,776,284)	(278,776,284)
As of March 31, 2022	3,622,012,656	79,490,430
Repurchase of shares based on less-than-one-unit share purchase demand	—	19,001
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(908)
As of June 30, 2022	3,622,012,656	79,508,523

In addition to the above, 1,073,566 shares held by the BIP trust are recorded as “treasury stock” in Condensed Quarterly Consolidated Statements of Financial Position.

On November 10, 2021, the Board of Directors resolved that NTT would cancel 278,776,284 of its shares on November 17, 2021, and as a result of NTT cancelling such shares on November 17, 2021, additional paid-in capital decreased by ¥1,292 million and retained earnings decreased by ¥730,623 million.

#### The resolution of repurchasing its outstanding common stock by NTT's Board of Directors and status

The date of resolution	Plan			Result			
	Period of repurchases	Total number of shares to be repurchased (million shares)	Aggregate repurchase amount (million yen)	Period for repurchases	Total number of shares repurchased (shares)	Aggregate repurchased amount (million yen)	Status of repurchase
August 6, 2021	From August 10, 2021 to March 31, 2022	100	250,000	From August 2021 to December 2021	79,358,500	250,000	Concluded
May 12, 2022	From May 13, 2022 to March 31, 2023	110	400,000	From May 2022 to June 2022	—	—	—

## **(2) Put Options Granted to Non-Controlling Interests**

With regard to written put options for subsidiary shares granted by NTT Group to the owners of non-controlling interests, the amounts deducted from additional paid-in capital were ¥15,664 million and ¥14,289 million, respectively, as at the end of the fiscal year ended March 31, 2022, and the three months ended June 30, 2022.

## **(3) Other Components of Equity**

The details and changes in other components of equity

Three Months Ended June 30, 2021

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Hedges cost	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
As of March 31, 2021	228,114	(8,668)	(16,135)	—	58,231	261,542
Other comprehensive income	19,523	6,759	5,011	(1,170)	8,979	39,102
Transfer to retained earnings	(9,426)	—	—	1,170	—	(8,256)
As of June 30, 2021	238,211	(1,909)	(11,124)	—	67,210	292,388

Three Months Ended June 30, 2022

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Hedges cost	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
As of March 31, 2022	152,701	(60,108)	(1,763)	—	186,220	277,050
Other comprehensive income	(12,858)	(21,768)	(18,828)	(7)	136,963	83,502
Transfer to retained earnings	(467)	—	—	7	—	(460)
As of June 30, 2022	139,376	(81,876)	(20,591)	—	323,183	360,092

#### **(4) Dividends**

##### Matters Concerning Dividends

The amount of dividends paid out in the three months ended June 30, 2021 and the three months ended June 30, 2022.

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
June 24, 2021 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	199,211	55	March 31, 2021	June 25, 2021
June 24, 2022 Ordinary General Meeting of Shareholders*	Common shares	Retained earnings	212,551	60	March 31, 2022	June 27, 2022

\*Total dividend includes the dividend of ¥65 million for the Company's shares held by the BIP trust.

#### **(5) Other**

According to the Act on Nippon Telegraph and Telephone Corporation, etc., NTT must obtain authorization from the Minister of Internal Affairs and Communications for certain financial matters, including the issuance of new shares, bonds with a right to subscribe for new shares, and disposal of surplus.

## 11. Operating Revenues

### Relationship between Components of Revenues and Segment Revenues

Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(Millions of yen)

		Segment			Others (Real Estate, Energy and Others)	Total
		Integrated ICT Business Segment	Regional Communications Business	Global Solutions Business Segment		
Main Services	Fixed voice related services	¥39,286	¥188,969	¥—	¥—	¥228,255
	Mobile voice related services	278,682	—	—	—	278,682
	IP/packet communications services	577,372	290,027	—	—	867,399
	Sales of telecommunication s equipment	139,084	16,543	—	—	155,627
	System integration services	75,822	28,049	795,622	6,398	905,891
	Other services	257,881	72,354	541	125,940	456,716
	Total	¥1,368,127	¥595,942	¥796,163	¥132,338	¥2,892,570

Three Months Ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(Millions of yen)

		Segment			Others (Real Estate, Energy and Others)	Total
		Integrated ICT Business Segment	Regional Communications Business	Global Solutions Business Segment		
Main Services	Fixed voice related services	¥36,465	¥183,334	¥—	¥—	¥219,799
	Mobile voice related services	265,196	—	—	—	265,196
	IP/packet communications services	561,572	289,880	—	—	851,452
	Sales of telecommunication s equipment	145,164	14,914	—	—	160,078
	System integration services	89,748	30,756	925,100	8,400	1,054,004
	Other services	256,830	77,090	532	183,890	518,342
	Total	¥1,354,975	¥595,974	¥925,632	¥192,290	¥3,068,871

In its four-segment structure of Integrated ICT Business, Regional communications business, Global Solutions Business, and Others (Real Estate, Energy and Others), NTT Group provides the following six services: fixed voice-related services, mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services.

Effective from the fiscal year ended March 31, 2022, NTT Group has changed its segmentation. The details are presented in “Note 6. Segment Information.” In accordance with this change, segment information for the fiscal year ended June 30, 2021 has been restated according to the segmentation after the change.

## 12. Financial Instruments

### (1) Continuing Involvement in Derecognized Financial Asset

#### Credit card receivables

NTT Group concluded an agreement for the transfer to third parties of the rights to receive cash flows from credit card receivables (trade and other receivables) for a period until March 31, 2023, and transferred such rights on June 29, 2022, during the three months ended June 30, 2022.

The credit card receivables subject to the transfer are classified into senior, mezzanine and subordinated portions based on the risk of default. For the mezzanine portion, NTT Group deposits cash for third parties and bears the credit risk.

Although NTT Group bears the credit risk for the mezzanine portion as stated above, the credit risk assumed by the NTT Group is insignificant because the default risk is highly likely to be absorbed by the subordinated portion. NTT Group is also properly monitoring the default risk by tracking that actual collections of the transferred receivables are adequate. Claim rights against the third parties for the cash deposit portions are recognized as “Trade and other receivables” in the condensed quarterly consolidated statement of financial position.

In the fiscal year ended March 31, 2022 and the three months ended June 30, 2022, NTT Group derecognized the transferred assets because substantially all the risks and rewards of ownership had been transferred to third parties.

Of the transferred assets, the total amount of cash deposits provided by NTT Group to third parties as of March 31, 2022 and June 30, 2022 was ¥47,859 million and ¥53,355 million, respectively.

The fair value of the derecognized assets as of March 31, 2022 and June 30, 2022 is same as its book value.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2022 and June 30, 2022 was ¥47,859 million and ¥53,355 million, respectively, which represents the total amount of cash deposits provided by NTT Group to the third parties.

The largest transfer transactions during the three months ended June 30, 2021 and the three months ended June 30, 2022 occurred on June 29, 2021 and June 29, 2022, respectively.

The amounts of credit card receivables that were derecognized are ¥333,333 million and ¥538,940 million, respectively, and the consideration received for transferred assets was ¥299,963 million and ¥485,041 million.

The fair value of these financial assets is equal to their book value, and the losses recognized in these transfer transactions were immaterial.

No credit losses were incurred in the three months ended June 30, 2021 or in the three months ended June 30, 2022.

#### Telecommunications terminal equipment installment sales receivables

In the fiscal year ended March 31, 2022, NTT Group concluded an agreement for the transfer to third parties of financial assets related to telecommunications terminal equipment installment sales receivables (trade and other receivables), and transferred such assets on September 17, 2021 and March 30, 2022.

The telecommunications terminal equipment installment sales receivables subject to the transfer are classified into senior, mezzanine and subordinated portions based on the risk of default. For the mezzanine portion, NTT Group holds the rights to receive cash flows and bears the credit risk.

Although NTT Group bears the credit risk for the mezzanine portion as stated above, the credit risk assumed by the NTT Group is insignificant because the default risk is highly likely to be absorbed by the subordinated portion. NTT Group is also properly monitoring the default risk by tracking that actual collections of the transferred receivables are adequate. The rights to receive cash flows for the mezzanine portion are recognized as “Trade and other receivables” and “Other financial assets” in the condensed quarterly consolidated statement of financial position.

In the fiscal year ended March 31, 2022, NTT Group derecognized the transferred assets because substantially all the risks and rewards of ownership had been transferred to third parties.

Of the transferred assets, the total amounts of cash deposits provided by NTT Group to third parties as of March 31, 2022 and June 30, 2022 were ¥34,889 million and ¥34,855 million, respectively. The fair value of the derecognized assets as of March 31, 2022 and June 30, 2021 is same as its book value.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2022 and June 30, 2022 was ¥34,889 million and ¥34,855 million, respectively, which represents the total amount of cash deposits provided by NTT Group to the third parties.

There were no transfers of financial assets to third parties during the three months ended June 30, 2021 or the three months ended June 30, 2022.

No credit losses were incurred in the three months ended June 30, 2021 or in the three months ended June 30, 2022.

## (2) Fair Value of Financial Instruments

(i) The fair value of financial instruments not measured at fair value

(Millions of yen)

	As of March 31, 2022		As of June 30, 2022	
	Carrying amount	Fair Value	Carrying amount	Fair value
Long-term borrowings (including current portion or balance due within 1 year)	6,437,530	6,325,007	6,624,408	6,421,498

With regard to the above-mentioned items, the assumptions (inputs) used to measure fair value are classified as Level 2.

With the exception of the above-mentioned items, the financial instruments not measured at fair value are not included in the table, because their carrying amounts approximate their fair values. The measurement methods of fair value are consistent with those applied in the consolidated financial statements for the fiscal year ended March 31, 2022.

(ii) Fair Value Measurement

Assets and liabilities measured at fair value

As of March 31, 2022

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Investments in capital	—	8,314	53,575	61,889
Loans receivables	—	—	—	—
Derivatives financial assets				
Applied hedge accounting	—	92,902	—	92,902
Not applied hedge accounting	—	4,054	—	4,054
Financial assets measured at fair value through other comprehensive income				
Equity securities	793,751	—	131,356	925,107
Total	793,751	105,270	184,931	1,083,952
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	—	11,440	—	11,440
Not applied hedge accounting	—	1,463	—	1,463
Total	—	12,903	—	12,903

As of June 30, 2022

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit/loss				
Investments in capital	—	8,862	54,192	63,054
Loans receivables	—	2,700	—	2,700
Derivatives financial assets				
Applied hedge accounting	—	192,740	—	192,740
Not applied hedge accounting	—	6,010	—	6,010
Financial assets measured at fair value through other comprehensive income				
Equity securities	755,253	—	139,209	894,462
Total	755,253	210,312	193,401	1,158,966
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	—	14,955	—	14,955
Not applied hedge accounting	—	3,291	—	3,291
Total	—	18,246	—	18,246

1. In the three months ended June 30, 2022, there was no material transfer between levels.
2. Level 3 reconciliation is not disclosed, as there was no material fluctuation among financial instruments classified in Level 3 in the three months ended June 30, 2022.

The valuation techniques to measure fair value of financial instruments are consistent with those applied in the consolidated financial statements for the fiscal year ended March 31, 2022.

Financial instruments classified as Assets held for sale are not included in the tables above.

### 13. Subsequent Events

#### Issuance of corporate bonds(Green bond)

On July 27, 2022, NTT group issued corporate bonds(Green bond) totaling U.S.\$1,500 million in the overseas market.