

Financial Results Release

May 12, 2021

For the Year Ended March 31, 2021

[IFRS]

Name of registrant : Nippon Telegraph and Telephone Corporation (“NTT”) / URL <https://group.ntt.jp/ir/>
 Code No. : 9432
 Stock exchanges on which the Company's shares are listed : Tokyo
 Representative : Jun Sawada, President and Chief Executive Officer
 Contact : Natsuko Fujiki, Head of IR, Finance and Accounting Department
 URL <https://group.ntt/en/ir/contact/>
 Scheduled date of the ordinary general meeting of shareholders : June 24, 2021
 Scheduled date of dividend payments : June 25, 2021
 Scheduled filing date of securities report : June 25, 2021
 Supplemental material on financial results : Yes
 Presentation on financial results : Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Year Ended March 31, 2021 (April 1, 2020 - March 31, 2021)

Amounts are rounded to the nearest million yen.

(1) Consolidated Results of Operations

(Millions of yen)

	Operating Revenues		Operating Profit		Profit before Taxes		Profit Attributable to NTT	
Year Ended March 31, 2021	11,943,966	0.4%	1,671,391	7.0%	1,652,575	5.3%	916,181	7.1%
Year Ended March 31, 2020	11,899,415	0.2%	1,562,151	(7.8)%	1,570,141	(6.1)%	855,306	0.1%

Notes: 1. Percentages above represent changes from the corresponding period of the previous fiscal year.

2. Comprehensive income (loss) attributable to NTT: For the year ended March 31, 2021: 1,275,214 million yen (71.5%)
 For the year ended March 31, 2020: 743,451 million yen ((10.0)%)

	Basic Earnings per Share Attributable to NTT	Diluted Earnings per Share Attributable to NTT	ROE (Ratio of Profit Attributable to NTT)	ROA (Ratio of Profit before Taxes to Total Assets)	Operating Profit Margin (Ratio of Operating Profit to Operating Revenues)
Year Ended March 31, 2021	248.15 (yen)	- (yen)	11.0%	7.2%	14.0%
Year Ended March 31, 2020	231.21 (yen)	- (yen)	9.3%	6.9%	13.1%

(Reference) Equity in earnings (losses) of affiliated companies: For the year ended March 31, 2021: 229 million yen
 For the year ended March 31, 2020: 11,257 million yen

Note: NTT conducted a two-for-one stock split of its common stock, with an effective date of January 1, 2020. The figures for Basic Earnings per Share Attributable to NTT have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

(2) Consolidated Financial Position

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

	Total Assets	Total Equity (Net Assets)	Shareholders' Equity	Equity Ratio (Ratio of Shareholders' Equity to Total Assets)	Shareholders' Equity per Share
March 31, 2021	22,965,492	8,203,043	7,562,707	32.9%	2,087.98 (yen)
March 31, 2020	23,014,133	11,462,627	9,061,103	39.4%	2,492.60 (yen)

Note: NTT conducted a two-for-one stock split of its common stock, with an effective date of January 1, 2020. The figures for Shareholders' Equity per Share have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year Ended March 31, 2021	3,009,064	(1,424,532)	(1,689,548)	935,727
Year Ended March 31, 2020	2,995,211	(1,852,727)	(1,041,261)	1,033,574

2. Dividends

	Annual Dividends					Total Annual Dividends	Payout Ratio (Consolidated)	Ratio of Dividends to Shareholders' Equity (Consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total			
Year Ended March 31, 2020	-	95.00 (yen)	-	47.50 (yen)	- (yen)	345,345 ^(millions of yen)	41.1 %	3.8 %
Year Ended March 31, 2021	-	50.00 (yen)	-	55.00 (yen)	105.00 (yen)	385,008 ^(millions of yen)	42.3 %	5.0 %
Year Ending March 31, 2022 (Forecasts)	-	55.00 (yen)	-	55.00 (yen)	110.00 (yen)	-	36.7 %	-

Note: NTT conducted a two-for-one stock split of its common stock, with an effective date of January 1, 2020. The year-end dividend amount presented for the year ended March 31, 2020, the dividend amounts presented for the year ended March 31, 2021 and the dividend forecast amounts presented for the year ending March 31, 2022 reflect the impact of the stock split. The dividend amounts presented for the end of the second quarter of the year ended March 31, 2020 reflects the actual dividend amounts without reflecting the impact of the stock split. The total annual dividend for the year ended March 31, 2020 has not been presented, as the dividend amounts from the end of the second quarter (on a pre-stock split basis) and from year-end (on a post-stock split basis) cannot be directly aggregated.

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

(Millions of yen)

	Operating Revenues	Operating Profit	Profit before Taxes	Profit Attributable to NTT	Basic Earnings per Share Attributable to NTT
Year Ending March 31, 2022	12,000,000 0.5%	1,730,000 3.5%	1,716,000 3.8%	1,085,000 18.4%	300.00 (yen)

Note: Percentages above represent changes from the previous year.

***Notes:**

- (1) Change in significant consolidated subsidiaries during the fiscal year ended March 31, 2021 that resulted in changes in the scope of consolidation: None
- (2) Change of accounting policy and accounting estimates
 - i. Changes in accounting policy required by IFRS: None
 - ii. Changes other than (i): Yes
 - iii. Changes in accounting estimates: None
- (3) Number of shares outstanding (common stock)
 - i. Number of shares outstanding (including treasury stock):

March 31, 2021	: 3,900,788,940 shares
March 31, 2020	: 3,900,788,940 shares
 - ii. Number of shares of treasury stock:

March 31, 2021	: 278,776,284 shares
March 31, 2020	: 265,592,712 shares
 - iii. Weighted average number of shares outstanding:

For the Year Ended March 31, 2021	: 3,691,993,269 shares
For the Year Ended March 31, 2020	: 3,699,278,775 shares

Note: NTT conducted a two-for-one stock split of its common stock, with an effective date of January 1, 2020. The figures for Number of shares outstanding (common stock) have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

(Reference) Non-Consolidated Financial Results

For the Year Ended March 31, 2021

[Japanese GAAP]

1. Non-consolidated Financial Results for the Year Ended March 31, 2021 (April 1, 2020 - March 31, 2021)

Amounts are rounded to the nearest million yen.

(1) Non-consolidated Results of Operations

(Millions of yen, except per share amounts)

	Operating Revenues		Operating Income		Recurring Profit		Net Income	
Year Ended March 31, 2021	794,074	22.2%	644,427	26.3%	639,759	25.7%	639,237	33.0%
Year Ended March 31, 2020	649,740	(13.5)%	510,317	(16.9)%	508,877	(17.0)%	480,769	(59.7)%

Note: Percentages above represent changes from the previous year.

	Earnings per Share	Diluted Earnings per Share
Year Ended March 31, 2021	173.14 (yen)	- (yen)
Year Ended March 31, 2020	129.96 (yen)	- (yen)

Notes: 1. NTT conducted a two-for-one stock split of its common stock, with an effective date of January 1, 2020. The figures for Earnings per Share have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

2. Previously, the amounts have been presented rounded down (truncated) to the nearest million yen. From the fiscal year under review, they are presented rounded to the nearest million yen. In line with this change, figures for the fiscal year ended March 31, 2020 have been restated to reflect the new rounding system.

(2) Non-consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Equity Ratio (Ratio of Shareholders' Equity to Total Assets)	Net Assets per Share
March 31, 2021	11,476,431	5,176,630	45.1%	1,429.21 (yen)
March 31, 2020	6,834,082	4,845,260	70.9%	1,332.87 (yen)

(Reference) Shareholders' equity: For the year ended March 31, 2021: 5,176,630 million yen

For the year ended March 31, 2020: 4,845,260 million yen

Notes: 1. NTT conducted a two-for-one stock split of its common stock, with an effective date of January 1, 2020. The figures for Net Assets per Share have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

2. Previously, the amounts have been presented rounded down (truncated) to the nearest million yen. From the fiscal year under review, they are presented rounded to the nearest million yen. In line with this change, figures for the fiscal year ended March 31, 2020 have been restated to reflect the new rounding system.

2. Non-consolidated Financial Forecasts for the Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(Millions of yen, except per share amounts)

	Operating Revenues	Operating Income	Recurring Profit	Net Income	Earnings per Share
Year Ending March 31, 2022	646,000 (18.6)%	480,000 (25.5)%	456,000 (28.7)%	461,000 (27.9)%	127.00 (yen)

Note: Percentages above represent changes from the previous year.

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

* Explanation of financial results forecasts and other notes:

This document is a translation of the authoritative Japanese original. The assumptions for the financial forecasts and cautionary matters to consider in using such financial forecasts are as follows. 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, and other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein.

As NTT evaluates its business performance on an annual basis, financial results forecasts for the six months ending September 30, 2021 have not been prepared.

On Wednesday, May 12, 2021, NTT will hold a presentation on its financial results for institutional investors and analysts. Shortly thereafter, NTT plans to post on its website explanatory details, along with the materials used at the presentation.

1. BUSINESS RESULTS

(1) Summary of Business Results

Overview of Consolidated Business Results (April 1, 2020 – March 31, 2021)

(Billions of yen)

	Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Change	Percent Change
Operating revenues	11,899.4	11,944.0	44.6	0.4%
Operating expenses	10,337.3	10,272.6	(64.7)	(0.6)%
Operating profit	1,562.2	1,671.4	109.2	7.0%
Profit before taxes	1,570.1	1,652.6	82.4	5.3%
Profit attributable to NTT	855.3	916.2	60.9	7.1%

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

In the fiscal year ended March 31, 2021, the information and telecommunications market continued to see an acceleration in digitalization initiatives as a result of advances in such areas as cloud services, IoT, big data and AI. In addition, there was growth in 5G services. The analysis and utilization (data management) of data accumulated through the use of such services are driving a global digital transformation resulting in reforms that will further take in a positive direction, such as by improving the convenience of people's daily lives, creating new business models and enhancing productivity. In addition, it is becoming increasingly necessary to take steps such as strengthening information security against increasingly sophisticated and complex cyberattacks, reinforcing anti-disaster measures, and contributing to the protection of the environment. Furthermore, given the spread of COVID-19, there is demand for initiatives that transform lifestyles, such as working from home, remote education, and remote medical care.

The role of information and telecommunications is becoming more important in terms of resolving these wide-ranging societal issues.

In light of these circumstances, based on the Medium-Term Management Strategy "Your Value Partner 2025," NTT Group promoted initiatives to resolve social issues in its role as "Your Value Partner" with all partners.

- **Transition of NTT DOCOMO to a Wholly Owned Subsidiary**

In December 2020, the Company made NTT DOCOMO a wholly owned subsidiary, in preparation for strengthening NTT DOCOMO's competitiveness and enhancing its growth potential and the growth potential of the NTT Group as a whole.

- In the information and telecommunications market, together with the end of boundaries between fixed-line communications and mobile communications, multifaceted and multilayered market competition, including global players, that transcends telecommunication layers is developing. In addition, looking ahead to the post-COVID society following the spread of COVID-19, there is likely to be major change such as a society based on Remote World vision (decentralized society) and transformation of globalism. NTT Group needs to respond to such dynamic environmental change at a global level.
- In this management environment, in order for the NTT Group to grow and develop over the medium term, we seek to strengthen new businesses such as 1) the development and provision of new services that take into account our Remote World vision, 2) the concentration of resources and the promotion of digital transformation, 3) the promotion of research and development at a global scale, and 4) smart life services.
- In addition, the Company made NTT DOCOMO a wholly owned subsidiary, believing this to be essential for the strategic group-wide utilization of resources and assets and for speeding up decision-making.

- Going forward, NTT DOCOMO will leverage the power of Group companies, such as NTT Communications and NTT Comware, aiming to strengthen corporate sales capabilities, enhance service creation capability, bolster cost competitiveness, and reinforce research and development capabilities. Moreover, we will propose an integration of mobile and fixed-line services for communications infrastructure installations with a focus on new services and solutions, as well as 6G, and with the aim of evolving into a comprehensive ICT company whose activities reach into the upper layers of business.

- **Implementing, Rolling Out, and Providing Increasingly Personalized 5G Services**

We have worked on initiatives to implement and roll out 5G services, and supported lifestyle changes through the promotion of increasingly personalized services.

- The area in which 5G services are provided was expanded across Japan at the end of June 2020, to 574 cities at the end of March 2021, including all ordinance-designated cities. In addition to the expansion of the service area, we worked on initiatives such as providing a fuller lineup of 5G-compatible terminals and rolling out new services, resulting in the number of 5G service subscribers reaching 3.09 million as of the end of March 2021.
- In March 2021 we began providing the new “ahamo” billing plan, which is tailored for the digital native generation. We began a campaign to take advance orders for this billing plan in December 2020, and received approximately 2.54 million applications before we began providing the service.

- **Promotion of the B2B2X Model**

We have worked to support the creation of new value through the promotion of the B2B2X model.

- In November 2020 we entered into a comprehensive cooperation agreement with Kindai University in preparation for 5G trials, the creation of smart cities and smart campuses, and the development of education, research and local communities.
- In cooperation with Hokkaido University and the City of Iwamizawa, we achieved stable and smooth unmanned operation of agricultural equipment over a wide area, including remote monitoring and control, using cutting-edge agricultural robotics, 5G, and IOWN-related technologies.

- **Strengthening the Competitiveness of Global Businesses**

We moved forward with such initiatives as the “One NTT” global growth strategy to enhance the competitiveness of the global business.

- In March 2021, we entered into a Memorandum of Understanding with the state government of New South Wales, in Australia, in relation to the implementation of safe and smart cities. Drawing on the smart solutions and ICT platforms of the NTT Group, we promote open co-creation and innovation in inner Sydney.
- In December 2020, we announced an expansion of our strategic alliance with SAP SE, a German software company, with the aim of constructing an omnidirectional partnership. We will provide solutions that lead to the realization of our Remote World vision through the building of a global, digitally connected value chain.

- **New Business, and Initiatives to Contribute to Local Communities and Economic Revitalization**

We worked to revitalize local communities and regional economies by creating new businesses in such areas as the utilization of real estate and supply of renewable energy.

- In February 2021, we began trials of the Urban DTC™ digital platform for linking the real and virtual worlds. By leveraging the ICT of the NTT Group, we will optimize the entire urban area by taking into account a whole range of indicators, such as low energy consumption and comfort, the efficiency of town management, and a lively atmosphere.

- We moved ahead with initiatives aimed at establishing distributed energy infrastructure, which is the key element responsible for local energy production and consumption, such as supply of renewable energy through the installation of solar panels both inside and outside the grounds of the facilities of customers such as manufacturers and local government agencies.
- In December 2020 we established NTT ArtTechnology Corporation, which aims to drive fresh regional revitalization by linking local communities, cities and the outside world and by proposing the digitization and use of valuable regional arts and culture, thus enabling new ways to appreciate and protect culture and the arts.
- In preparation for regional revitalization and resolving issues through the maximal use of resources such as ICT, real estate, energy and environmental technology, NTT concluded an industry-government-academia-financial agreement with the City of Nagasaki and Fukuoka Financial Group, Inc., in October 2020.

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

We consider the continuous enhancement of corporate value and the return of profits to shareholders to be important management issues, and have worked to reduce our environmental impact, implement disaster countermeasures, reinforce information security, leverage diverse human resources, and enhance the returns of shareholders.

- In May 2020, we formulated our environment and energy vision, under which we will contribute to reducing the environmental impacts of customers, companies, and society. In addition to working to reduce the environmental impact on society through such measures as utilizing ICT and promoting renewable energy, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD), a framework for the disclosure of corporate information concerning climate change.
- In September 2020, NTT concluded a social contribution coordination agreement with KDDI CORPORATION for resolving societal issues. Under this agreement, in the event of a major natural disaster, the two companies will promote mutual utilization of their ships for transporting necessary supplies. In addition, the companies will work together to conduct disaster response drills and awareness-raising activities. In March 2021, we also began initiatives related to supporting those in the “recruitment ice age” generation in their attempts to find work.
- Since July 2020, the “OriHime-D” remote avatar robot developed by Ory Laboratories Inc. has been used by people with disabilities to perform operations at the reception desk of the Company. In October 2020, we entered into a capital and business alliance with Ory Laboratories Inc. with the aim of promoting the employment of people with disabilities, strengthening our business and technological cooperation in preparation for our Remote World vision, and growing businesses that depend on them.
- In terms of returns of shareholders, we increased dividends on a continuous basis and implemented flexible share buybacks. With the aim of raising the attractiveness of NTT’s shares and increasing the number of shareholders prepared to own the stock over the medium to long term, NTT began presenting “d POINTs” in proportion to the length of time shareholders have been holding the NTT’s shares.

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

In accordance with the “Your Value Partner 2025” Medium-Term Management Strategy, the NTT Group has promoted innovative research and development with the aim of effecting global change. In preparation for realizing the IOWN (Innovative Optical and Wireless Network) concept announced in May 2019, we engaged in research and development of component technologies and carried out initiatives for creating use-cases in various industries. Furthermore, to form wellsprings of new value creation in diverse areas, we have promoted initiatives together with parties in a wide range of industrial fields in Japan and overseas, with the goal of enhancing industrial competitiveness and resolving societal issues.

IOWN comprises three main technology components: “all-photonics network” that uses optical technology; “digital twin computing” that enables high-speed, real-time interaction between things and people in cyberspace; and “Cognitive Foundation”, in which these and various other ICT resources are efficiently managed.

- Research and Development in Preparation for Making the IOWN Concept a Reality
 - We succeeded in the world’s first low-loss, high-speed operation of a “Ψ (psi) gate,” high-performance optical logic gate for ultra-low latency processing, as a component technology for a new hybrid opto-electronic information processing platform.

- NTT developed, in collaboration with the Tokyo Institute of Technology, the world's fastest directly modulated laser, which has a bandwidth in excess of 100GHz. In the field of broadband optical transmission, by utilizing optical parametric amplifiers, we succeeded in another world first trunk-line transmission using broadband optical amplification. This response to the increase in traffic enables lower costs and power consumption, and contributes to the realization of the all-photon networks that support the IOWN concept.
- As part of its research and development into a 4D digital platform? able to weave sensing data from people, objects, and occurrences into high-precision spatial information in real time in order to integrate data with various industry platforms and make future predictions, NTT has established MMS point cloud data processing technology (geoNebula™), high-precision satellite positioning technology, and time and spatial data management technology.
- In November 2020, NTT announced its medical and health vision for contributing to the realization of a world in which healthy outcomes and a hopeful view of the future continue to be maintained for people and healthcare providers. Through digital twin computing, which is one of the components of IOWN, we will generate detailed representations of a person's body and psychology (bio-digital twin), and use it to make future predictions regarding their physical and mental state.
- As our research and development target for digital twin computing, we have set a grand challenge. Our goal is to implement technology that communicates via senses such as thoughts and feelings, technology for avatars that grow and coexist with people ("Another Me"), technology to explore the ideal future society, and technology to derive inclusive equilibrium solutions for the Earth and its socio-economic systems.
- Research and Development Aimed at Contributing to the Realization of a Carbon-Neutral Society
 - NTT concluded cooperation agreements in May 2020 with the ITER organization, and in November 2020 with the National Institutes for Quantum and Radiological Science and Technology in relation to the ITER project, respectively. In preparation for demonstrating fusion energy we are collaborating on opto-related research and development, and working on the development of innovative environmental and energy technologies.
 - In July 2020 we established the NTT Space Environment and Energy Laboratories. In preparation for regenerating the global environment and helping realize a sustainable and inclusive society, in addition to creating technologies that enable resilient adaptation to this environment through such next-generation energy technologies as fusion and solar power generation in space, the Laboratories will move forward with research that contributes to reducing environmental impacts to zero.
- R&D Conducted to Contribute to a Society Undergoing Dramatic Change due to COVID-19
 - NTT has developed "Window TalkR," which allows conversations through the closed window of a vehicle or building just as if the window did not exist. This technology enables communication while controlling the risk of infection by keeping the window closed.
 - We have begun research and development into a technology ("Fivery™") that inactivates viruses by using optical fiber to expose a remote object to ultraviolet irradiation. By leveraging the optical fiber technology developed by NTT in the field of communications, we seek the ability to prevent infections in a variety of locations and situations.
 - NTT has developed a wearable acoustic sensor array system by using multiple acoustic sensors to collect biological sounds and send them remotely over the network. It is expected to be utilized in remote medical applications, such as diagnosis.
- Strengthening and Globalizing of Research and Development
 - In June 2020, NTT and NEC Corporation (NEC) agreed to a capital and business alliance with the aim of conducting joint research and development into ICT products using innovative optical and wireless technologies, and of implementing the global rollout of the same. While collaborating with other vendors of communications equipment, we will work to strengthen Japan's industrial competitiveness, and to further ensure the safety and reliability of its communications infrastructure.
 - In the activities of the IOWN Global Forum, in which many global corporations from various industries participate, NTT has taken a lead role as the chair of the board and of the technology working group. In preparation for the earliest possible implementation of the IOWN concept, we have created and published white papers and other documents related to the 2030 vision, and conducted discussions via quarterly meetings in which more than 300 people participate.
 - At the Crypto 2020 conference, which is the most prestigious international event in the field of cryptologic research, researchers from NTT Secure Platform Laboratories and NTT Research, Inc. won the Best Paper Award. In addition, NTT Research, Inc. had more papers adopted at Crypto 2020 and Eurocrypt 2020 than any other research organization.

- At the highly selective NeurIPS conference for the field of AI and machine learning, we won the anonymization competition. Going forward we will seek to develop anonymization and privacy protection technology, and to automate such processing using artificial intelligence.

As a result of the above efforts, NTT Group's consolidated operating revenues for the fiscal year ended March 31, 2021 were 11,944.0 billion yen (an increase of 0.4% from the previous fiscal year) and consolidated operating expenses were 10,272.6 billion yen (a decrease of 0.6% from the previous fiscal year). As a result, consolidated operating profit was 1,671.4 billion yen (an increase of 7.0% from the previous fiscal year), consolidated profit before taxes was 1,652.6 billion yen (an increase of 5.3% from the previous fiscal year), and consolidated profit attributable to NTT was 916.2 billion yen (an increase of 7.1% from the previous fiscal year).

The consolidated financial forecast for the fiscal year ending March 31, 2022 is as follows: operating revenues of 12,000.0 billion yen, operating profit of 1,730.0 billion yen, profit before taxes of 1,716.0 billion yen, and profit attributable to NTT of 1,085.0 billion yen.

The business results for each business segment for the consolidated fiscal year ended March 31, 2021 are as follows.

■ Mobile Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2020 – March 31, 2021)

	(Billions of yen)			
	Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Change	Percent Change
Operating revenues	4,651.3	4,725.2	73.9	1.6%
Operating expenses	3,796.6	3,812.0	15.3	0.4%
Operating profit	854.7	913.2	58.6	6.9%

Number of Subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2020	As of March 31, 2021	Change	Percent Change
Mobile Telecommunications Services	80,326	82,632	2,306	2.9%
Telecommunications Services (5G)	14	3,091	3,077	21,242.9%
Telecommunications Services (LTE (Xi))	61,664	64,210	2,547	4.1%
Telecommunications Services (FOMA (3G))	18,648	15,331	(3,317)	(17.8)%

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

In the Mobile Communications Business, we promoted sales of mobile telecommunications services, including 5G services and the new "ahamo" billing plan, as well as "docomo Hikari," and in the smart life area we also collaborated with various business partners in an effort to provide new value-added services.

● Details of Main Initiatives

- We worked to expand the number of retail outlets using the "d Pay" smartphone payment service and "d POINT." As a result, the number of "d POINT CLUB" subscribers reached 81.95 million as of the end of March 2021, while the number of registered "d POINT CARD" came to 50.78 million.
- We also made efforts to expand services and solutions that leverage the strengths of 5G. In November 2020, we broadcast the whole of the opening matches of the T.League table tennis league over 5G, delivering a new spectator experience that gave an unprecedented sense of being there. In addition, NTT opened the "Smart Smile Factory" 5G smart factory as a collaboration between industry and academia, and added functions such as remote MR meetings, and virtual factory tours. We are implementing a "human-centric" digital transformation, and contributing to the reinvigoration of communication, both inside and outside the company, that has become an issue due to geographical factors and the COVID-19 pandemic.
- In December 2020, we began gradually rolling out "App Setting Support" at DOCOMO stores nationwide to help customers transfer account data to some third-party apps and perform the initial settings in those apps.

As a result of the above, consolidated operating revenues in the Mobile Communications Business Segment for the fiscal year ended March 31, 2021 were 4,725.2 billion yen (an increase of 1.6% from the previous fiscal year). On the other hand, consolidated operating expenses were 3,812.0 billion yen (an increase of 0.4% from the previous fiscal year). As a result, consolidated operating profit was 913.2 billion yen (an increase of 6.9% from the previous fiscal year).

■ Regional Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2020 – March 31, 2021)

(Billions of yen)

	Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Change	Percent Change
Operating revenues	3,079.9	3,207.4	127.5	4.1%
Operating expenses	2,691.6	2,787.2	95.6	3.6%
Operating profit	388.3	420.2	31.9	8.2%

Number of Subscriptions

(Thousands of subscriptions)

	As of March 31, 2020	As of March 31, 2021	Change	Percent Change
FLET'S Hikari (including Hikari Collaboration Model) ⁽¹⁾	21,658	22,564	906	4.2%
NTT East	12,240	12,727	488	4.0%
NTT West	9,418	9,837	418	4.4%
Hikari Collaboration Model	13,888	15,245	1,357	9.8%
NTT East	8,149	8,918	769	9.4%
NTT West	5,739	6,328	589	10.3%
Hikari Denwa	18,503	18,692	190	1.0%
NTT East	9,940	10,018	78	0.8%
NTT West	8,563	8,674	111	1.3%

Notes:

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

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

● Details of Main Initiatives

- In July 2020, NTT established Biostock, a company that aims to achieve sustainable livestock production and dairy farming, as well as revitalizing regional economies. It will work on initiatives for implementing and operating such projects as biogas plants that hold the promise of solving various issues relating to the processing of livestock animal waste through the utilization of ICT.
- NTT has been working on providing solutions related to e-sports, and making a contribution to local communities and economic revitalization. In addition to opening the eXeField Akiba facility in Akihabara, Tokyo for creating new culture and communities through the fusion of ICT and e-sports, the Company has concluded agreements with multiple local governments and universities, and has conducted trials and promotions to further the spread of e-sports.
- In November 2020 NTT began providing a "Special Fraud Countermeasures Service." We are working on initiatives to enable customers to use their phone safely, such as by making telephone calls and sending emails to warn the customer in cases where analysis of the content of a call by a special fraud countermeasures AI leads to the suspicion that it involves special fraud.

As a result of the above, consolidated operating revenues in the Regional Communications Business Segment for the fiscal year ended March 31, 2021 were 3,207.4 billion yen (an increase of 4.1% from the previous fiscal year). On the other hand, consolidated operating expenses were 2,787.2 billion yen (an increase of 3.6% from the previous fiscal year). As a result, consolidated operating profit was 420.2 billion yen (an increase of 8.2% from the previous fiscal year).

■ Long Distance and International Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2020 – March 31, 2021)

	(Billions of yen)			
	Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Change	Percent Change
Operating revenues	2,205.8	2,065.6	(140.1)	(6.4)%
Operating expenses	2,102.2	1,919.4	(182.8)	(8.7)%
Operating profit	103.6	146.2	42.6	41.2%

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

● Details of Main Initiatives

- In order to respond to global demand for cloud services and data centers, in countries where the market continues to expand we worked to enhance our service provision structure. NTT Communications began offering services at the Tokyo No.11 Data Center in September 2020, in order to maintain pace with customer demand. NTT Ltd., a global operating company, also opened new data centers, in India, the United Kingdom, the United States, Germany, and Malaysia. The NTT Group operates approximately 160 data centers in more than 20 countries and regions around the world, putting it in the top rank of data center operators globally.
- We began joint research with Chiba University Hospital into clinical data analysis using technologies such as deep learning with secure computation. Through this joint research, we will build a high-level information security environment for collecting and analyzing clinical research data, safely and securely.
- In August 2020, we began offering “NeWork” as an online workspace for reinvigorating remote work communication. This service is designed to encourage users to seek advice from and chat with each other, and contributes to enhanced productivity and communication for remote workers.

As a result of the above, consolidated operating revenues in the Long Distance and International Communications Business Segment for the fiscal year ended March 31, 2021 were 2,065.6 billion yen (a decrease of 6.4% from the previous fiscal year). On the other hand, consolidated operating expenses were 1,919.4 billion yen (a decrease of 8.7% from the previous fiscal year). As a result, consolidated operating profit was 146.2 billion yen (an increase of 41.2% from the previous fiscal year).

■ Data Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2020 – March 31, 2021)

(Billions of yen)

	Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Change	Percent Change
Operating revenues	2,266.8	2,318.7	51.8	2.3%
Operating expenses	2,135.9	2,179.5	43.6	2.0%
Operating profit	130.9	139.2	8.2	6.3%

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 offerings of digitalization and system integration, that are responsive to the changes in the market.

● Details of Main Initiatives

- In April 2020, NTT started a business alliance with TOYOTA Connected Corporation in the mobility service domain. Aiming to improve the functions of the mobility service platform with regard to the smart city concept and pursue the global development of connected cars, both companies will work to further strengthen software development capabilities and expand the platform business.
- NTT has been conducting business structural reform in North America, EMEA (Europe, Middle-East, and Africa) and Latin America. In North America, NTT has been working on digital transformation policies for human resources, including reskilling, resource optimization measures and elimination and consolidation measures for offices, etc. In EMEA and Latin America, NTT's efforts in business structural reforms have led to the acquisition of multiple digital transformation projects, including the signing of multiple agreements related to IT system development with the authority in charge of Europe's border control system.
- In February 2021, NTT started the provision of "Open Canvas for Government," a community cloud service for government, which is a cloud infrastructure that provides platforms that have been optimized to various needs. Through this service, NTT is contributing to the creation of appealing public and private services, such as the provision of new digital services like cashless services created through collaborations between governments and financial institutions.

As a result of the above, consolidated operating revenues in the Data Communications Business Segment for the fiscal year ended March 31, 2021 were 2,318.7 billion yen (an increase of 2.3% from the previous fiscal year). On the other hand, consolidated operating expenses were 2,179.5 billion yen (an increase of 2.0% from the previous fiscal year). As a result, consolidated operating profit was 139.2 billion yen (an increase of 6.3% from the previous fiscal year).

■ Other Business Segment

Overview of Business Results by Business Segment (April 1, 2020 – March 31, 2021)

(Billions of yen)

	Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Change	Percent Change
Operating revenues	1,601.7	1,467.1	(134.6)	(8.4)%
Operating expenses	1,510.8	1,402.3	(108.5)	(7.2)%
Operating profit	90.9	64.8	(26.1)	(28.7)%

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

●Details of Main Initiatives

○ Real Estate Business

NTT Urban Solutions, Inc., a company that centralizes the functions of the NTT Group's real estate business, promoted office and retail operations, residential operations, and the global business. In addition to opening mixed-use facilities in Harajuku and Kyoto in June 2020, we took steps to contribute to urban development in local communities, such as by concluding agreements in relation to the revitalization of the center of the City of Sendai.

○ Finance Business

We continued to provide billing and collection services for telecommunication service bills, as well as for settlement of credit card transactions, primarily through NTT FINANCE CORPORATION.

○ Electric Power Business

Centering on the activities of NTT Anode Energy Corporation, which promotes smart energy business, we worked to encourage the shift towards renewable energy by implementing initiatives such as expanding renewable energy power generation and providing new power supply solutions that leverage the assets of the NTT Group.

○ System Development Business

In preparation for implementing digital transformation, we have begun developing and deploying a cluster of IT systems that will become the new service platform. We were also engaged in the development of solutions for resolving societal issues, such as the efficient maintenance of social infrastructure and the revitalization of regions.

As a result of the above, consolidated operating revenues in the Other Business Segment for the fiscal year ended March 31, 2021 were 1,467.1 billion yen (a decrease of 8.4% from the previous fiscal year). On the other hand, consolidated operating expenses were 1,402.3 billion yen (a decrease of 7.2% from the previous fiscal year). As a result, consolidated operating profit was 64.8 billion yen (a decrease of 28.7% from the previous fiscal year).

(2) Summary of the Consolidated Financial Position

Cash flows provided by operating activities for the fiscal year ended March 31, 2021 increased ¥237.5 billion (8.6%) from the previous fiscal year to ¥3,009.1 billion excluding the impact of non-business days. This increase was due to, among other factors, an increase in profit.

Cash flows used in investing activities for the fiscal year ended March 31, 2021 was ¥1,425.5 billion a decrease of ¥428.2 billion (23.1%) from the previous fiscal year. This decrease was due to, among other factors, proceeds from collections of loan receivables for the fiscal year ended March 31, 2021, and proceeds from sale of investments for the previous fiscal year.

Cash flows used in financing activities for the fiscal year ended March 31, 2021 was 1,689.5 billion yen, an increase of 648.3 billion yen (62.3%) from the previous fiscal year. This increase was due to, among other factors, payments for acquisition of interests in subsidiaries from non-controlling interests, partially offset by an increase in debt.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of March 31, 2021 was ¥935.7 billion, a decrease of ¥97.8 billion (9.5%) from the end of the previous fiscal year.

	(Billions of yen)			
	Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Change	Percent Change
Cash flows provided by operating activities ⁽²⁾	2,995.2	3,009.1	13.9	0.5%
Cash flows provided by operating activities (Excluding the impact of non-business days ⁽¹⁾ ⁽²⁾)	2,771.5	3,009.1	237.5	8.6%
Cash flows used in investing activities	(1,852.7)	(1,424.5)	428.2	23.1%
Cash flows used in financing activities ⁽²⁾	(1,041.3)	(1,689.5)	(648.3)	(62.3)%
Cash and cash equivalents at the end of year	1,033.6	935.7	(97.8)	(9.5)%

Notes:

- (1) The impact in the amount of ¥223.7 billion, caused by the last days of the year ended March 31, 2019 falling on nonbusiness days, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.
- (2) The impact of the adoption of IFRS 16 is included.

2. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

	Millions of yen		
	March 31, 2020	March 31, 2021	Increase (Decrease)
ASSETS			
Current assets			
Cash and cash equivalents	1,033,574	935,727	(97,847)
Trade and other receivables	3,502,834	3,534,555	31,721
Other financial assets	32,384	41,732	9,348
Inventories	257,329	315,437	58,108
Other current assets	530,073	498,106	(31,967)
Sub Total	5,356,194	5,325,557	(30,637)
Assets held for sale	1,347,307	816	(1,346,491)
Total current assets	6,703,501	5,326,373	(1,377,128)
Non-current assets			
Property, plant and equipment	9,087,463	9,282,286	194,823
Right-of-use asset	446,828	639,627	192,799
Goodwill	980,841	1,056,187	75,346
Intangible assets	1,694,060	1,765,858	71,798
Investment property	1,106,145	1,182,713	76,568
Investments accounted for using equity method	283,291	411,033	127,742
Other financial assets	846,285	1,515,922	669,637
Deferred tax assets	1,153,042	993,858	(159,184)
Other non-current assets	712,677	791,635	78,958
Total non-current assets	16,310,632	17,639,119	1,328,487
Total assets	23,014,133	22,965,492	(48,641)

	Millions of yen		
	March 31, 2020	March 31, 2021	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debt	2,054,506	3,168,613	1,114,107
Trade and other payables	2,142,752	2,356,705	213,953
Lease liabilities	154,126	193,915	39,789
Other financial liabilities	16,943	28,334	11,391
Accrued payroll	469,395	509,416	40,021
Accrued taxes on income	214,098	115,965	(98,133)
Other current liabilities	996,360	1,053,196	56,836
Sub Total	6,048,180	7,426,144	1,377,964
Liabilities directly associated with assets held for sale	559,432	18	(559,414)
Total current liabilities	6,607,612	7,426,162	818,550
Non-current liabilities			
Long-term debt	2,165,778	4,455,724	2,289,946
Lease liabilities	378,346	553,836	175,490
Other financial liabilities	129,229	137,620	8,391
Defined benefit liabilities	1,873,501	1,731,645	(141,856)
Deferred tax liabilities	70,249	81,420	11,171
Other non-current liabilities	326,791	376,042	49,251
Total non-current liabilities	4,943,894	7,336,287	2,392,393
Total liabilities	11,551,506	14,762,449	3,210,943
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	937,950	937,950	–
Additional paid-in capital	2,252,672	–	(2,252,672)
Retained earnings	6,499,942	7,068,008	568,066
Treasury stock	(653,369)	(704,793)	(51,424)
Other components of equity	23,908	261,542	237,634
Total NTT shareholders’ equity	9,061,103	7,562,707	(1,498,396)
Non-controlling interests	2,401,524	640,336	(1,761,188)
Total equity	11,462,627	8,203,043	(3,259,584)
Total liabilities and equity	23,014,133	22,965,492	(48,641)

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

Consolidated Statements of Profit or Loss

Year Ended March 31

	Millions of yen except per share data		
	2020	2021	Increase (Decrease)
Operating revenues	11,899,415	11,943,966	44,551
Operating expenses			
Personnel expenses	2,428,484	2,461,410	32,926
Expenses for purchase of goods and services and other expenses	6,006,379	5,875,302	(131,077)
Depreciation and amortization	1,465,310	1,507,153	41,843
Expenses on disposal of fixed assets	171,597	156,869	(14,728)
Impairment losses			
Goodwill	2,933	2,702	(231)
Other	13,722	22,997	9,275
Taxes and dues	248,839	246,142	(2,697)
Total operating expenses	10,337,264	10,272,575	(64,689)
Operating profit	1,562,151	1,671,391	109,240
Finance income	46,986	31,785	(15,201)
Finance costs	50,253	50,830	577
Share of profit (loss) of entities accounted for using equity method	11,257	229	(11,028)
Profit before taxes	1,570,141	1,652,575	82,434
Income taxes	458,795	524,719	65,924
Profit	1,111,346	1,127,856	16,510
Profit attributable to NTT	855,306	916,181	60,875
Profit attributable to Non-controlling interests	256,040	211,675	(44,365)
Earnings per share attributable to NTT			
Basic earnings per share (yen)	231.21	248.15	

* "Basic earnings per share" figures for the fiscal year ended March 31, 2020 and 2021 have been adjusted to reflect the two-for-one stock split carried out on January 1, 2020.

Consolidated Statements of Comprehensive Income

Year Ended March 31

	Millions of yen		
	2020	2021	Increase (Decrease)
Profit	1,111,346	1,127,856	16,510
Other comprehensive income (net of taxes)			
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets measured at fair value through other comprehensive income	(68,503)	241,404	309,907
Share of other comprehensive income of entities accounted for using equity method	(2,266)	(922)	1,344
Remeasurements of defined benefit plans	11,365	121,455	110,090
Total of items that will not be reclassified to profit or loss	(59,404)	361,937	421,341
Items that may be reclassified to profit or loss			
Cash flow hedges	1,689	(2,012)	(3,701)
Hedges cost	(1,707)	(16,555)	(14,848)
Foreign currency translation adjustments	(84,107)	81,356	165,463
Share of other comprehensive income of entities accounted for using equity method	1,774	7,029	5,255
Total of items that may be reclassified to profit or loss	(82,351)	69,818	152,169
Total other comprehensive income (net of taxes)	(141,755)	431,755	573,510
Total comprehensive income	969,591	1,559,611	590,020
Comprehensive income attributable to NTT	743,451	1,275,214	531,763
Comprehensive income attributable to Non-controlling interests	226,140	284,397	58,257

(3) Consolidated Statement of Changes in Equity

Year Ended March 31, 2020

	Millions of yen							
	NTT Shareholders' Equity						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
March 31, 2019	¥937,950	¥2,341,206	¥5,954,305	¥(150,635)	¥182,087	¥9,264,913	¥2,539,877	¥11,804,790
Comprehensive income								
Profit	—	—	855,306	—	—	855,306	256,040	1,111,346
Other comprehensive income	—	—	—	—	(111,855)	(111,855)	(29,900)	(141,755)
Total comprehensive income	—	—	855,306	—	(111,855)	743,451	226,140	969,591
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(354,827)	—	—	(354,827)	(151,414)	(506,241)
Transfer to retained earnings	—	—	46,324	—	(46,324)	—	—	—
Purchase and disposal of treasury stock	—	1	—	(502,734)	—	(502,733)	—	(502,733)
Changes in ownership interest in subsidiaries	—	(104,613)	—	—	—	(104,613)	(210,163)	(314,776)
Share-based compensation transactions	—	(1,386)	—	—	—	(1,386)	7	(1,379)
Put options granted to non-controlling interests	—	19,392	—	—	—	19,392	(1,916)	17,476
Other	—	(1,928)	(1,166)	—	—	(3,094)	(1,007)	(4,101)
Total value of transactions with shareholders etc.	—	(88,534)	(309,669)	(502,734)	(46,324)	(947,261)	(364,493)	(1,311,754)
March 31, 2020	¥937,950	¥2,252,672	¥6,499,942	¥(653,369)	¥23,908	¥9,061,103	¥2,401,524	¥11,462,627

Year Ended March 31, 2021

Millions of yen

	NTT Shareholders' Equity					Total	Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity			
March 31, 2020	¥937,950	¥2,252,672	¥6,499,942	¥(653,369)	¥23,908	¥9,061,103	¥2,401,524	¥11,462,627
Comprehensive income								
Profit	—	—	916,181	—	—	916,181	211,675	1,127,856
Other comprehensive income	—	—	—	—	359,033	359,033	72,722	431,755
Total comprehensive income	—	—	916,181	—	359,033	1,275,214	284,397	1,559,611
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(358,470)	—	—	(358,470)	(152,543)	(511,013)
Transfer to retained earnings	—	109,983	11,416	—	(121,399)	—	—	—
Purchase and disposal of treasury stock	—	1,290	—	(51,424)	—	(50,134)	—	(50,134)
Changes in ownership interest in subsidiaries	—	(2,366,079)	—	—	—	(2,366,079)	(1,891,495)	(4,257,574)
Share-based compensation transactions	—	3,043	—	—	—	3,043	—	3,043
Put options granted to non-controlling interests	—	(2,364)	—	—	—	(2,364)	(2,124)	(4,488)
Other	—	1,455	(1,061)	—	—	394	577	971
Total value of transactions with shareholders etc.	—	(2,252,672)	(348,115)	(51,424)	(121,399)	(2,773,610)	(2,045,585)	(4,819,195)
March 31, 2021	¥937,950	¥—	¥7,068,008	¥(704,793)	¥261,542	¥7,562,707	¥640,336	¥8,203,043

(4) Consolidated Statement of Cash Flows

Year Ended March 31

	Millions of yen		
	2020	2021	Increase (Decrease)
Cash flows from operating activities			
Profit	1,111,346	1,127,856	16,510
Depreciation and amortization	1,465,310	1,507,153	41,843
Impairment losses	16,655	25,699	9,044
Share of loss (profit) of entities accounted for using equity method	(11,257)	(229)	11,028
Losses on retirement of fixed assets	80,971	79,873	(1,098)
Gain on sales of fixed assets	(12,885)	(12,308)	577
Income taxes	458,795	524,719	65,924
Decrease (increase) in trade and other receivables (*)	210,566	24,097	(186,469)
Decrease (increase) in inventories	59,880	(64,263)	(124,143)
Decrease (increase) in other current assets	17,266	(48,086)	(65,352)
Increase (decrease) in trade and other payables / accrued payroll	22,736	270,146	247,410
Increase (decrease) in other current liabilities	18,922	50,690	31,768
Increase (decrease) in defined benefit liabilities	2,470	(17,727)	(20,197)
Increase (decrease) in other non-current liabilities	11,370	39,408	28,038
Other	(7,427)	(2,413)	5,014
Sub-total	3,444,718	3,504,615	59,897
Interest and dividends received	88,632	70,636	(17,996)
Interest paid	(49,829)	(41,856)	7,973
Income taxes paid	(488,310)	(524,331)	(36,021)
Net cash provided by (used in) operating activities	2,995,211	3,009,064	13,853

	Millions of yen		
	2020	2021	Increase (Decrease)
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property	(1,856,351)	(1,795,164)	61,187
Purchase of investments	(202,410)	(375,161)	(172,751)
Proceeds from sale or redemption of investments	294,153	41,974	(252,179)
Proceeds from loss of control of subsidiaries	—	57,127	57,127
Acquisition of subsidiaries, net of cash acquired	(126,915)	(30,755)	96,160
Net decrease (increase) loan receivable	—	672,683	672,683
Other	38,796	4,764	(34,032)
Net cash provided by (used in) investing activities	(1,852,727)	(1,424,532)	428,195
Cash flows from financing activities			
Net increase (decrease) in short-term debt	707,276	1,165,623	458,347
Proceeds from increases in long-term debt	315,549	2,674,593	2,359,044
Repayment of long-term debt	(512,882)	(524,880)	(11,998)
Repayment of lease liabilities	(184,384)	(195,783)	(11,399)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(364,643)	(4,249,407)	(3,884,764)
Dividends paid	(354,827)	(358,470)	(3,643)
Dividends paid to non-controlling interests	(151,058)	(152,275)	(1,217)
Payments for purchase of treasury stock	(501,446)	(250,244)	251,202
Proceeds from sale of treasury stock	15	200,026	200,011
Other	5,139	1,269	(3,870)
Net cash provided by (used in) financing activities	(1,041,261)	(1,689,548)	(648,287)
Effect of exchange rate change on cash and cash equivalents	(13,783)	7,169	20,952
Net increase (decrease) in cash and cash equivalents	87,440	(97,847)	(185,287)
Cash and cash equivalents as of April 1 (*)	946,134	1,033,574	87,440
Cash and cash equivalents as of March 31 (*)	1,033,574	935,727	(97,847)

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

(5) Going Concern Assumption

None

(6) Basis for the Preparation of Consolidated Financial Statements

1. Accounting standard for preparation of Consolidated Financial Statements

NTT Group has prepared the Consolidated Financial Statements pursuant to International Financial Reporting Standards (“IFRS”).

2. Principal Accounting Policies

The accounting policies applied on the Consolidated Financial Statements are consistent with those applied on the financial statements for the fiscal year ended March 31, 2020, except for changes in accounting policies stated in (7) Change in Accounting Policies.

(7) Change in Accounting Policies

Change of Revenue Recognition Method

NTT Group changed a revenue recognition method for revenue related to certain services provided by NTT Ltd Group belonging to Long Distance and International Communications Business Segment.

NTT Group launched NTT Ltd, a global technology services provider, in July 2019 to strengthen competitiveness and to improve profitability of its global business. Since then, NTT Ltd Group has been transforming its organization to make it possible to deliver high value services globally. From the fiscal year ended March 31, 2021 under the new group formation, as NTT Ltd Group would further focus on high value services going forward, NTT Ltd Group reassessed the revenue recognition method in conjunction with the development of new service model. NTT Ltd Group reassessed whether the new service model impacted on determination of principal or agent when providing goods or services and for the determination it weighed more on indicators such as whether NTT Ltd Group had primary performance obligation to perform a promise with a customer, with the result that it determined that NTT Ltd Group acted as an agent when it provided a certain support service and other services for its customers.

Until the fiscal year ended March 31, 2020, the revenue for the certain support service and other services was recognized on a gross basis. From the fiscal year ended March 31, 2021, the revenue is recognized on a net basis deducting related expenses. As a result of this change, the revenue for the fiscal year ended March 31, 2020 would have decreased by ¥90,805 million, if such change had been applied. There was no impact on Operating Profit and Net Income. We have not restated the result of the fiscal year ended March 31, 2020 of Consolidated Statements of Profit or Loss, since the impact of the change was immaterial.

(8) Business Segments

1. Operating revenues

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Effect of inter- segment transfers of certain subsidiaries *
Mobile Communications Business			
External customers	¥4,586,125	¥4,640,255	23,601
Intersegment	65,167	84,959	189
Sub-total	4,651,292	4,725,214	23,790
Regional Communications Business			
External customers	2,383,464	2,503,262	-
Intersegment	696,458	704,124	-
Sub-total	3,079,922	3,207,386	-
Long Distance and International Communications Business			
External customers	2,086,188	1,959,041	(23,601)
Intersegment	119,570	106,598	756
Sub-total	2,205,758	2,065,639	(22,845)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Effect of inter- segment transfers of certain subsidiaries *
Data Communications Business			
External customers	2,131,133	2,172,856	-
Intersegment	135,675	145,802	-
Sub-total	2,266,808	2,318,658	-
Other Business			
External customers	712,505	668,552	-
Intersegment	889,175	798,513	-
Sub-total	1,601,680	1,467,065	-
Elimination	(1,906,045)	(1,839,996)	(945)
Consolidated total	¥11,899,415	¥11,943,966	-

* During the three months ended September 30, 2019, certain subsidiaries included in "Long Distance and International Communications Business" were transferred and they are included in "Mobile Communications Business". After this period operating revenues of these subsidiaries were recognized in the destination segments. The increased or decreased amounts of operating revenue compared to the status where this inter-segment transfer had occurred from the beginning of the fiscal year ended March 31, 2020 are presented as "Effect of inter-segment transfers of certain subsidiaries" in the table above.

As a result of the change of the revenue recognition method within NTT Ltd Group under Long Distance and International Communications Business, the revenue for the fiscal year ended March 31, 2020 would have decreased by ¥90,805 million if such change had been applied. We have not restated the result of the fiscal year ended March 31, 2020 of operating revenues of "Segment Information", since the impact of the change was immaterial. Details are described in "(7) Change in Accounting Policies".

2. Segment profit or loss

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Effect of inter- segment transfers of certain subsidiaries *
Segment profit			
Mobile Communications Business	¥854,650	¥913,227	540
Regional Communications Business	388,279	420,178	-
Long Distance and International Communications Business	103,563	146,197	(541)
Data Communications Business	130,937	139,172	-
Other Business	90,919	64,807	-
Total Segment profit	1,568,348	1,683,581	(1)
Elimination	(6,197)	(12,190)	1
Consolidated total	¥1,562,151	¥1,671,391	-

Segment profit represents operating revenues less operating expenses.

* During the three months ended September 30, 2019, certain subsidiaries included in "Long Distance and International Communications Business" were transferred and they are included in "Mobile Communications Business". After this period segment profit or loss of these subsidiaries were recognized in the destination segments. The increased or decreased amounts of segment profit or loss compared to the status where this inter-segment transfer had occurred from the beginning of the fiscal year ended March 31, 2020 are presented as "Effect of inter-segment transfers of certain subsidiaries" in the table above.

3. Segment assets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Segment assets		
Mobile Communications Business	¥7,535,922	¥7,926,272
Regional Communications Business	6,809,283	6,876,431
Long Distance and International Communications Business	3,125,597	3,367,418
Data Communications Business	2,756,539	2,969,975
Other Business	12,180,692	15,882,489
Total segment assets	32,408,033	37,022,585
Elimination	(9,393,900)	(14,057,093)
Consolidated total	¥23,014,133	¥22,965,492

4. Other significant items

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Depreciation and amortization		
Mobile Communications Business	¥580,838	¥606,127
Regional Communications Business	414,472	422,887
Long Distance and International Communications Business	210,690	203,953
Data Communications Business	196,269	208,965
Other Business	131,900	134,314
Total segment	1,534,169	1,576,246
Elimination	(68,859)	(69,093)
Consolidated total	¥1,465,310	¥1,507,153

* During the three months ended September 30, 2019, certain subsidiaries included in "Long Distance and International Communications Business" were transferred and they are included in "Mobile Communications Business". After this period depreciation and amortization of these subsidiaries were recognized in the destination segments. The increased or decreased amounts of depreciation and amortization compared to the status where this inter-segment transfer had occurred from the beginning of the fiscal year ended March 31, 2020 are immaterial.

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Capital investments for segment assets (*)		
Mobile Communications Business	¥572,765	¥569,075
Regional Communications Business	522,508	527,362
Long Distance and International Communications Business	279,310	259,037
Data Communications Business	193,843	169,502
Other Business	238,223	203,344
Consolidated total	¥1,806,649	¥1,728,320

*1. The figures for capital investments are the accrual-based amounts required for acquisition of property, plant and equipment, and intangibles. The differences from the figures for "Payments for property, plant and equipment" and "Payments for intangibles" in the Consolidated Statements of Cash Flows are as follows:

	Millions of yen	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Purchase of property, plant and equipment, intangible assets and investment property	¥1,856,351	¥1,795,164
Difference from the total of capital investments	¥49,702	¥66,844

*2. During the three months ended September 30, 2019, certain subsidiaries included in "Long Distance and International Communications Business" were transferred and they are included in "Mobile Communications Business". After this period capital investments of these subsidiaries were recognized in the destination segments. The increased or decreased amounts of capital investments compared to the status where this inter-segment transfer had occurred from the beginning of the fiscal year ended March 31, 2020 are immaterial.

(9) Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale

Transformation of NTT TC Leasing CO., Ltd. into a joint venture

Overview

NTT resolved to form a capital and business tie-up (hereinafter referred to as “the capital and business tie-up”) with Tokyo Century Corporation (hereinafter referred to as “Tokyo Century”) at the meeting of the Board of Directors held on February 6, 2020, and entered into an agreement regarding the capital and business tie-up.

As a part of the capital and business tie-up, on July 1, 2020, the new company (NTT TC Leasing Co., Ltd.) established by NTT Finance Corporation (hereinafter referred to as “NTT Finance”) succeeded to a part of the leasing business and the global business of NTT Finance by the method of absorption-type split upon spin-off, and on July 8, 2020, NTT Group transformed the new company into a joint venture by selling shares equivalent to 50% of the total number of outstanding shares of the new company to Tokyo Century for cash consideration in order to bolster and augment leasing and financial businesses in Japan and other countries for NTT Group and Tokyo Century. NTT TC Leasing Co., Ltd. is accounted for using the equity method from the three months ended September 30, 2020 and onward.

Impact on accounting treatment and on the consolidated financial statements

As of March 31, 2020, Assets related to a part of the leasing business and global business of NTT Finance and liabilities directly associated with the assets, that were included in “Other Business” segment, were classified as assets held for sale and liabilities directly associated with assets held for sale, respectively, until the completion of the share transfer.

The impact on the consolidated statement of profit or loss due to the share transfer is immaterial. The proceed from the share transfer is included in "Proceeds from loss of control of subsidiaries" in the consolidated statement of cash flows.

Condensed Consolidated Statement of Financial Position of NTT TC Leasing Co., Ltd. at the Loss of Control

(Millions of yen)

Accounting item		Accounting item	
Assets		Liabilities	
Trade and other receivables	¥842,304	Short-term borrowings	¥972,778
Other financial assets (Current)	293,589	Trade and other payables	20,436
Property, plant and equipment	60,839	Lease liabilities (Current)	4,953
Other financial assets (Non-current)	122,879	Other current liabilities	14,273
Other	284,497	Long-term borrowings	426,407
		Lease liabilities (Non-current)	26,879
		Other financial liabilities (Non-current)	18,091
		Other	3,718
Total	¥1,604,108	Total	¥1,487,535

Amounts in the table above represent the figures before elimination of intercompany transactions. Main intercompany transactions with consolidated subsidiaries are Short-term borrowings amounted to ¥918,975 million and Deposit paid amounted to ¥241,982 million included in "Other" in Assets.

(10) Equity Transactions with Non-controlling Interests

Transaction making NTT DOCOMO,INC. a wholly owned subsidiary of NTT

NTT conducted a tender offer under the Financial Instruments and Exchange Act and a subsequent demand for a share cash-out under the Companies Act, as a series of procedures for the purpose of making NTT DOCOMO,INC. (the “Target”) a wholly owned subsidiary of NTT by acquiring all of the common stock of the Target (excluding the Target’s stock owned by NTT and treasury shares that are owned by the Target, the “Target Stock”) and the American depositary shares (the “ADSs”) issued in the United States by The Bank of New York Mellon Corporation (the “Depository Bank”), each of which represents the ownership of one share of the Target Stock deposited with the Depository Bank.

Tender Offer

On September 29, 2020, NTT resolved to acquire all of the Target Stock through the tender offer, and purchased the Target Stock for a total purchase price of ¥3,178.6 billion from September 30, 2020 to November 16, 2020. As a result of the tender offer, NTT Group’s ownership interests in the Target increased from 66.2% to 91.5%.

Share Cash-out Demand

On November 27, 2020, pursuant to the Article 179-1 of the Companies Act, NTT made the demand to owners of non-controlling interests in the Target to sell all of their ownership interests in the Target (8.5%) to NTT (amounted to ¥1,075.8 billion in total). On the same day, the Board of Directors of the Target approved the demand. As a result, NTT’s ownership interests in the Target is accounted for as 100% since the day of the resolution and the approval. On December 29, 2020, as the Share Cash-out Demand became effective, NTT acquired all of the Target Stock and made the Target a wholly owned subsidiary.

Details of the transaction with non-controlling interest (NCI) in the acquisition of the Target Stock

(Millions of yen)

	Fiscal year Ended March 31,2021
Carrying amount of NCI acquired	¥1,888,048
Consideration paid to NCI (*1)	4,253,138
Decrease in Equity attributable to NTT shareholders(*2)	(2,365,090)

*1 Consideration paid to NCI does not include transaction costs.

2 As for a portion that additional paid-in capital becomes negative figure due to Consideration paid to NCI exceeding Carrying amount of NCI acquired, we deducted the portion from Retained earnings.

Funds for the acquisition

In order to secure the funds for the acquisition, NTT Group issued ¥2,106.9 billion corporate bonds in addition to borrowings from financial institutions.

(11) Subsequent Events

None