

Financial Results Release

February 9, 2023

For the Nine Months Ended December 31, 2022

[IFRS]

Name of registrant : Nippon Telegraph and Telephone Corporation (“NTT”) / URL <https://group.ntt/en/ir/>
 Code No. : 9432
 Stock exchanges on which the Company's shares are listed : Tokyo
 Representative : Akira Shimada, President and Chief Executive Officer
 Contact : Takuro Hanaki, Head of IR, Finance and Accounting Department
 URL <https://group.ntt/en/ir/contact>
 Scheduled filing date of quarterly securities report : February 10, 2023
 Scheduled date of dividend payments : —
 Supplemental material on quarterly results : Yes
 Presentation on quarterly results : Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022 - December 31, 2022)

Amounts are rounded to the nearest million yen.

(1) Consolidated Results of Operations

(Millions of yen)

| | Operating Revenues | | Operating Profit | | Profit before Taxes | | Profit Attributable to NTT | |
|-------------------------------------|--------------------|------|------------------|--------|---------------------|--------|----------------------------|-------|
| Nine months ended December 31, 2022 | 9,572,594 | 7.3% | 1,520,829 | (1.2)% | 1,529,910 | (1.5)% | 1,032,527 | 0.2% |
| Nine months ended December 31, 2021 | 8,923,226 | 2.1% | 1,539,668 | 2.5% | 1,553,958 | 3.9% | 1,030,347 | 24.0% |

Notes: 1. Comprehensive income (loss) attributable to NTT: For the Nine months ended December 31, 2022: 991,576 million yen (9.1%)
 For the Nine months ended December 31, 2021: 1,090,787 million yen 7.5%

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

| | Basic Earnings per Share Attributable to NTT | Diluted Earnings per Share Attributable to NTT |
|-------------------------------------|--|--|
| Nine months ended December 31, 2022 | 294.50 (yen) | - (yen) |
| Nine months ended December 31, 2021 | 286.08 (yen) | - (yen) |

(2) Consolidated Financial Position

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

| | Total Assets | Total Equity (Net Assets) | Shareholders' Equity | Equity Ratio (Ratio of Shareholders' Equity to Total Assets) | Shareholders' Equity per Share |
|-------------------|--------------|---------------------------|----------------------|--|--------------------------------|
| December 31, 2022 | 25,156,070 | 9,201,371 | 8,425,230 | 33.5% | 2,447.28 (yen) |
| March 31, 2022 | 23,862,241 | 9,018,132 | 8,282,456 | 34.7% | 2,338.73 (yen) |

2. Dividends

| | Annual Dividends | | | | |
|--|--------------------------|---------------------------|--------------------------|-------------|--------------|
| | End of the first quarter | End of the second quarter | End of the third quarter | Year-end | Total |
| Year Ended March 31, 2022 | - | 55.00 (yen) | - | 60.00 (yen) | 115.00 (yen) |
| Year Ending March 31, 2023 | - | 60.00 (yen) | - | | |
| Year Ending March 31, 2023 (Forecasts) | | | | 60.00 (yen) | 120.00 (yen) |

Note: Revision to the dividend forecasts from the latest announcement: None

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(Millions of yen, except per share amount)

| | Operating Revenues | | Operating Profit | | Profit before Taxes | | Profit Attributable to NTT | | Basic Earnings per Share Attributable to NTT |
|----------------------------|--------------------|------|------------------|------|---------------------|------|----------------------------|------|--|
| Year Ending March 31, 2023 | 12,600,000 | 3.6% | 1,820,000 | 2.9% | 1,822,000 | 1.5% | 1,190,000 | 0.8% | 340.00 (yen) |

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

2. Revision to the consolidated financial results forecasts from the latest announcement: None

***Notes:**

- (1) Change in significant subsidiaries during the nine months ended December 31, 2022 (change in specific subsidiaries involving changes in the scope of consolidation): None
- (2) Change of accounting policy and accounting estimates
 - i. Changes in accounting policy required by IFRS: None
 - ii. Changes other than (i): None
 - iii. Changes in accounting estimates: None
- (3) Number of shares outstanding (common stock)
 - i. Number of shares outstanding (including treasury stock):

| | |
|-------------------|------------------------|
| December 31, 2022 | : 3,622,012,656 shares |
| March 31, 2022 | : 3,622,012,656 shares |
 - ii. Number of shares of treasury stock:

| | |
|-------------------|----------------------|
| December 31, 2022 | : 179,323,493 shares |
| March 31, 2022 | : 80,580,190 shares |
 - iii. Weighted average number of shares outstanding:

| | |
|---|------------------------|
| For the nine months ended December 31, 2022 | : 3,506,091,060 shares |
| For the nine months ended December 31, 2021 | : 3,601,626,894 shares |

Note: The number of shares of treasury stock includes the Company's shares held by BIP(Board Incentive Plan) Trust (As of December 31, 2022: 1,033,466 shares, As of March 31, 2022: 1,089,760 shares). In addition, these Company's shares are included in the treasury stock which is deducted from the number of shares outstanding when calculating the weighted average number of shares outstanding during the period.

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

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

This document is a translation of the authoritative Japanese original. The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein and in other materials being released on TDnet concurrently with these documents, are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein and in such other materials.

On Thursday, February 9, 2023, NTT will hold a presentation on its financial results for institutional investors and analysts. Shortly thereafter, NTT plans to post on its website explanatory details, along with the materials used at the presentation.

1. Summary Information (notes)

- (1) Change in significant consolidated subsidiaries during the nine months ended December 31, 2022, that resulted in changes in the scope of consolidation: None

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

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

| | Millions of yen | | |
|---|-------------------------|----------------------------|------------------------|
| | As of March 31, 2022 | As of December 31, 2022 | Increase (Decrease) |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | ¥834,564 | ¥821,832 | ¥(12,732) |
| Trade and other receivables | 3,604,959 | 4,093,871 | 488,912 |
| Other financial assets | 88,441 | 107,692 | 19,251 |
| Inventories | 408,362 | 495,818 | 87,456 |
| Other current assets | 574,922 | 947,277 | 372,355 |
| Subtotal | 5,511,248 | 6,466,490 | 955,242 |
| Assets held for sale | 205,344 | 208,879 | 3,535 |
| Total current assets | 5,716,592 | 6,675,369 | 958,777 |
| Non-current assets | | | |
| Property, plant and equipment | 9,326,888 | 9,411,821 | 84,933 |
| Right-of-use asset | 694,612 | 677,410 | (17,202) |
| Goodwill | 1,213,009 | 1,282,256 | 69,247 |
| Intangible assets | 1,951,824 | 2,053,743 | 101,919 |
| Investment property | 1,236,490 | 1,248,975 | 12,485 |
| Investments accounted for using the equity method | 429,806 | 458,892 | 29,086 |
| Other financial assets | 1,426,157 | 1,450,836 | 24,679 |
| Deferred tax assets | 970,432 | 979,008 | 8,576 |
| Other non-current assets | 896,431 | 917,760 | 21,329 |
| Total non-current assets | 18,145,649 | 18,480,701 | 335,052 |
| Total assets | ¥23,862,241 | ¥25,156,070 | ¥1,293,829 |

Millions of yen

| | As of March 31, 2022 | As of December 31, 2022 | Increase (Decrease) |
|---|-------------------------|----------------------------|------------------------|
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Short-term borrowings | ¥ 1,646,806 | ¥ 2,623,480 | ¥ 976,674 |
| Trade and other payables | 2,500,341 | 2,486,210 | (14,131) |
| Lease liabilities | 189,495 | 174,374 | (15,121) |
| Other financial liabilities | 29,566 | 34,404 | 4,838 |
| Accrued payroll | 544,455 | 455,634 | (88,821) |
| Income taxes payables | 210,964 | 158,495 | (52,469) |
| Other current liabilities | 1,129,851 | 1,002,940 | (126,911) |
| Sub Total | 6,251,478 | 6,935,537 | 684,059 |
| Liabilities directly associated with assets held for sale | 7,161 | 11,152 | 3,991 |
| Total current liabilities | 6,258,639 | 6,946,689 | 688,050 |
| Non-current liabilities | | | |
| Long-term borrowings | 5,717,465 | 6,092,311 | 374,846 |
| Lease liabilities | 655,729 | 653,727 | (2,002) |
| Other financial liabilities | 135,686 | 156,460 | 20,774 |
| Defined benefit liabilities | 1,561,049 | 1,590,669 | 29,620 |
| Deferred tax liabilities | 137,474 | 134,914 | (2,560) |
| Other non-current liabilities | 378,067 | 379,929 | 1,862 |
| Total non-current liabilities | 8,585,470 | 9,008,010 | 422,540 |
| Total liabilities | 14,844,109 | 15,954,699 | 1,110,590 |
| Equity | | | |
| Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity | | | |
| Common stock | 937,950 | 937,950 | — |
| Retained earnings | 7,293,915 | 7,858,957 | 565,042 |
| Treasury stock | (226,459) | (608,629) | (382,170) |
| Other components of equity | 277,050 | 236,952 | (40,098) |
| Total NTT shareholders’ equity | 8,282,456 | 8,425,230 | 142,774 |
| Non-controlling interests | 735,676 | 776,141 | 40,465 |
| Total equity | 9,018,132 | 9,201,371 | 183,239 |
| Total liabilities and equity | ¥ 23,862,241 | ¥ 25,156,070 | ¥ 1,293,829 |

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

Condensed Quarterly Consolidated Statements of Profit or Loss

| | Millions of yen except per share data | | |
|--|--|--|------------------------|
| | Nine-month ended December 31, 2021 | Nine-month ended December 31, 2022 | Increase (Decrease) |
| Operating revenues | ¥8,923,226 | ¥9,572,594 | ¥649,368 |
| Operating expenses | | | |
| Personnel expenses | 1,906,671 | 2,061,605 | 154,934 |
| Expenses for purchase of goods and services and other expenses | 4,144,582 | 4,643,357 | 498,775 |
| Depreciation and amortization | 1,157,904 | 1,176,675 | 18,771 |
| Loss on disposal of property, plant and equipment and intangible assets | 76,838 | 68,783 | (8,055) |
| Impairment losses | 1,581 | 236 | (1,345) |
| Taxes and dues | 95,982 | 101,109 | 5,127 |
| Total operating expenses | 7,383,558 | 8,051,765 | 668,207 |
| Operating profit | 1,539,668 | 1,520,829 | (18,839) |
| Finance income | 42,960 | 45,670 | 2,710 |
| Finance costs | 41,585 | 61,857 | 20,272 |
| Share of profit (loss) of entities accounted for using the equity method | 12,915 | 25,268 | 12,353 |
| Profit before taxes | 1,553,958 | 1,529,910 | (24,048) |
| Income taxes | 468,266 | 431,804 | (36,462) |
| Profit | ¥1,085,692 | ¥1,098,106 | ¥12,414 |
| Profit attributable to NTT | 1,030,347 | 1,032,527 | 2,180 |
| Profit attributable to Non-controlling interests | 55,345 | 65,579 | 10,234 |
| Earnings per share attributable to NTT | | | |
| Basic earnings per share (yen) | 286.08 | 294.50 | |

Condensed Quarterly Consolidated Statements of Comprehensive Income

| | Millions of yen | | |
|--|---------------------------------------|---------------------------------------|------------------------|
| | Nine-month ended December 31, 2021 | Nine-month ended December 31, 2022 | Increase (Decrease) |
| Profit | ¥1,085,692 | ¥1,098,106 | ¥12,414 |
| Other comprehensive income (net of tax) | | | |
| Items that will not be reclassified to profit or loss | | | |
| Change in the fair value of financial assets measured at fair value through other comprehensive income | 22,623 | (69,502) | (92,125) |
| Share of other comprehensive income of entities accounted for using the equity method | (487) | (58) | 429 |
| Remeasurements of defined benefit plans | (2) | (19) | (17) |
| Total of items that will not be reclassified to profit or loss | 22,134 | (69,579) | (91,713) |
| Items that may be reclassified to profit or loss | | | |
| Cash flow hedges | 13,421 | (43,689) | (57,110) |
| Hedges cost | 7,962 | 6,565 | (1,397) |
| Foreign currency translation adjustments | 45,575 | 104,912 | 59,337 |
| Share of other comprehensive income of entities accounted for using the equity method | 184 | 9,701 | 9,517 |
| Total of items that may be reclassified to profit or loss | 67,142 | 77,489 | 10,347 |
| Total other comprehensive income (net of tax) | 89,276 | 7,910 | (81,366) |
| Total comprehensive income | ¥1,174,968 | ¥1,106,016 | ¥(68,952) |
| Comprehensive income attributable to NTT | 1,090,787 | 991,576 | (99,211) |
| Comprehensive income attributable to Non-controlling interests | 84,181 | 114,440 | 30,259 |

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Nine Months Ended December 31, 2021

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

Nine Months Ended December 31, 2022

Millions of yen

| | NTT Shareholders' Equity | | | | | Total | Non-controlling interests | Total equity |
|---|--------------------------|----------------------------|-------------------|----------------|-------------------------|------------|---------------------------|--------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock | Other equity components | | | |
| March 31, 2022 | ¥937,950 | ¥— | ¥7,293,915 | ¥(226,459) | ¥277,050 | ¥8,282,456 | ¥735,676 | ¥9,018,132 |
| Comprehensive income | | | | | | | | |
| Profit | — | — | 1,032,527 | — | — | 1,032,527 | 65,579 | 1,098,106 |
| Other comprehensive income | — | — | — | — | (40,951) | (40,951) | 48,861 | 7,910 |
| Total comprehensive income | — | — | 1,032,527 | — | (40,951) | 991,576 | 114,440 | 1,106,016 |
| Transactions with owners and other transactions | | | | | | | | |
| Dividends of surplus | — | — | (419,525) | — | — | (419,525) | (19,171) | (438,696) |
| Transfer to retained earnings | — | 46,517 | (47,370) | — | 853 | — | — | — |
| Purchase and disposal of treasury stock | — | 3 | — | (382,170) | — | (382,167) | — | (382,167) |
| Changes in ownership interest in subsidiaries without loss of control | — | (37,854) | — | — | — | (37,854) | (52,277) | (90,131) |
| Share-based compensation transactions | — | (5,559) | — | — | — | (5,559) | (243) | (5,802) |
| Put options granted to non-controlling interests | — | (2,837) | — | — | — | (2,837) | (1,743) | (4,580) |
| Other | — | (270) | (590) | — | — | (860) | (541) | (1,401) |
| Total Transactions with owners and other transactions | — | — | (467,485) | (382,170) | 853 | (848,802) | (73,975) | (922,777) |
| December 31, 2022 | ¥937,950 | ¥— | ¥7,858,957 | ¥(608,629) | ¥236,952 | ¥8,425,230 | ¥776,141 | ¥9,201,371 |

(4) Going Concern Assumption

None

(5) Subsequent Events

The Company's repurchase of treasury stock

On November 8 2022, the Board of Directors resolved that NTT may repurchase up to 41 million shares of its outstanding common stock for an amount in total not exceeding ¥150,000 million from November 9, 2022 through March 31, 2023. Based on this resolution, NTT repurchased 5,820,600 shares of its common stock for ¥21,852 million to December 2022 and repurchased 13,827,300 shares of its common stock for ¥52,237 million in January 2023.