

Financial Results Release

For the Year Ended March 31, 2023

May 12, 2023

[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
 : Takuro Hanaki, Head of IR, Finance and Accounting Department
 Contact : URL <https://group.ntt/en/ir/contact/>
 Scheduled date of the ordinary general meeting of shareholders : June 22, 2023
 Scheduled date of dividend payments : June 23, 2023
 Scheduled filing date of securities report : June 23, 2023
 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, 2023 (April 1, 2022 - March 31, 2023)

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, 2023	13,136,194	8.1%	1,828,986	3.4%	1,817,679	1.2%	1,213,116	2.7%
Year Ended March 31, 2022	12,156,447	1.8%	1,768,593	5.8%	1,795,525	8.7%	1,181,083	28.9%

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, 2023: 1,270,639 million yen (7.5%)
 For the year ended March 31, 2022: 1,373,364 million yen 7.7%

	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, 2023	347.99 (yen)	- (yen)	14.4%	7.4%	13.9%
Year Ended March 31, 2022	329.29 (yen)	- (yen)	14.9%	7.7%	14.5%

(Reference) Equity in earnings (losses) of affiliated companies: For the year ended March 31, 2023: 14,012 million yen
 For the year ended March 31, 2022: 19,711 million 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
March 31, 2023	25,308,851	9,350,627	8,561,353	33.8%	2,511.06 (yen)
March 31, 2022	23,862,241	9,018,132	8,282,456	34.7%	2,338.73 (yen)

(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, 2023	2,261,013	(1,736,912)	(590,197)	793,920
Year Ended March 31, 2022	3,010,257	(1,699,152)	(1,438,130)	834,564

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, 2022	-	55.00 (yen)	-	60.00 (yen)	115.00 (yen)	410,303 ^(millions of yen)	34.9 %	4.9 %
Year Ended March 31, 2023	-	60.00 (yen)	-	60.00 (yen)	120.00 (yen)	411,603 ^(millions of yen)	34.5 %	4.8 %
Year Ending March 31, 2024 (Forecasts)	-	2.50 (yen)	-	2.50 (yen)	5.00 (yen)	-	33.8 %	-

Notes: At a Board of Directors meeting held on May 12, 2023, NTT resolved to split the shares at a ratio of 25 shares per common stock with July 1, 2023 as the effective date. The annual dividend per share for the fiscal year ending March 31 2024 (forecast) is the amount after taking into consideration the stock split. If the stock split is not taken into consideration, the annual dividend per share for the fiscal year ending March 31 2024 (forecast) would be ¥125.00.

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(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, 2024	13,060,000 (0.6)%	1,950,000 6.6%	1,880,000 3.4%	1,255,000 3.5%	14.80 (yen)

Notes: 1. Percentages above represent changes from the previous year.

2. Stated Basic Earnings per Share Attributable to NTT for the fiscal year ending March 31 2024 (forecast) is the amount after taking into consideration the stock split noted in “2. Dividends”. Not taking into consideration the stock split, Basic Earnings per Share Attributable to NTT for the fiscal year ending March 31 2024 (forecast) would be ¥370.00.

***Notes:**

- (1) Change in significant consolidated subsidiaries during the fiscal year ended March 31, 2023 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): None
 - iii. Changes in accounting estimates: None
- (3) Number of shares outstanding (common stock)
 - i. Number of shares outstanding (including treasury stock):

March 31, 2023	: 3,622,012,656 shares
March 31, 2022	: 3,622,012,656 shares
 - ii. Number of shares of treasury stock:

March 31, 2023	: 212,557,774 shares
March 31, 2022	: 80,580,190 shares
 - iii. Weighted average number of shares outstanding:

For the Year Ended March 31, 2023	: 3,486,085,670 shares
For the Year Ended March 31, 2022	: 3,586,788,697 shares

Note: The number of shares of treasury stock includes the Company's shares held by BIP(Board Incentive Plan) Trust (As of March 31, 2023: 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.

(Reference) Non-Consolidated Financial Results

For the Year Ended March 31, 2023

[Japanese GAAP]

1. Non-consolidated Financial Results for the Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

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		Ordinary Income		Net Income	
Year Ended March 31, 2023	1,324,225	103.7%	1,149,363	139.6%	1,131,632	138.5%	1,152,905	145.0%
Year Ended March 31, 2022	650,116	(18.1)%	479,806	(25.6)%	474,497	(25.8)%	470,502	(26.4)%

Note: Percentages above represent changes from the previous year.

	Earnings per Share	Diluted Earnings per Share
Year Ended March 31, 2023	330.72 (yen)	- (yen)
Year Ended March 31, 2022	131.18 (yen)	- (yen)

(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, 2023	11,805,898	5,194,125	44.0%	1,523.45 (yen)
March 31, 2022	11,664,291	5,012,166	43.0%	1,415.29 (yen)

(Reference) Shareholders' equity: For the year ended March 31, 2023: 5,194,125 million yen
For the year ended March 31, 2022: 5,012,166 million yen

2. Non-consolidated Financial Forecasts for the Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(Millions of yen, except per share amounts)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Earnings per Share
Year Ending March 31, 2024	1,286,000	(2.9)%	1,131,000	(1.6)%	1,116,000	(1.4)%	1,124,000	(2.5)%	13.28 (yen)

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

2. Stated Earnings per Share for the fiscal year ending March 31 2024 (forecast) is the amount after taking into consideration the stock split noted in "2. Dividends". Not taking into consideration the stock split, Earnings per Share for the fiscal year ending March 31 2024 (forecast) would be ¥332.00.

* This Financial Results Release is not subject to audit 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 forecasts for the six months ending September 30, 2023 have not been prepared.

At a Board of Directors meeting held on May 12, 2023, NTT resolved to split the shares at a ratio of 25 shares per common stock with July 1, 2023 as the effective date.

On Friday, May 12, 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. Business Results

(1) Summary of Business Results

Overview of Consolidated Business Results (April 1, 2022 – March 31, 2023)

(Billions of yen)

	Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Change	Percent Change
Operating revenues	12,156.4	13,136.2	979.7	8.1%
Operating expenses	10,387.9	11,307.2	919.4	8.9%
Operating profit	1,768.6	1,829.0	60.4	3.4%
Profit before taxes	1,795.5	1,817.7	22.2	1.2%
Profit attributable to NTT	1,181.1	1,213.1	32.0	2.7%

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

In the fiscal year ended March 31, 2023, the information and telecommunications market saw the expansion of cloud services and 5G services and the rapid advance of technologies such as AI, digital twin, and quantum computing. Furthermore, the progressing accumulation, analysis, and utilization of a wide range of data are driving a global digital transformation resulting in reforms that will be taken in a further positive direction, such as by improving the convenience of people's daily lives, creating new business models, and enhancing productivity. This trend is accelerating amid the ongoing transformation of workstyles and lifestyles in which both the real and online worlds coexist in response to COVID-19. Meanwhile, society needs 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.

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

In this business environment, NTT Group promoted initiatives aimed at contributing to the realization of a sustainable society through enhancement of domestic and global business, enhancement of corporate value, and transformation to a new management style under the Medium-Term Management Strategy "Your Value Partner 2025."

● Enhance Domestic and Global Business

We worked on growth and strengthening of the newly formed DOCOMO Group, enhancing competitiveness in global business, the start of provision of APN based on the IOWN concept, promoting B2B2X model, and strengthening of new businesses.

[Growth and Strengthening of the New DOCOMO Group]

- In July 2022, to create synergies through integration, NTT DOCOMO, NTT Communications, and NTT Comware launched a new DOCOMO Group structure. In the enterprise business, we integrated and strengthened the sales functions under NTT Communications. In the smart life business, we enhanced the contents through the integration of the video business and strengthened cost competitiveness. In the consumer communications business, we worked to create a high-quality, economical network through fixed and mobile convergence.

[Enhance the Competitiveness in Global Business]

- In October 2022, we moved our global business for business users within NTT DATA. To conduct business operations in a much more coordinated manner, we established NTT DATA, Inc. as an overseas operating company through the joint investment of NTT and NTT DATA. NTT DATA, Inc.'s abilities and results in providing services globally have been recognized, and the effects of sales activities through business consolidation are beginning to appear in the form of project orders received from a major household electronics manufacturer. We will continue to respond globally to diversifying and increasingly more sophisticated customer needs.

[Start of Provision of APN]

- In March 2023, as the first commercial service aimed at implementing IOWN (Innovative Optical and Wireless Network) concept, we began providing APN IOWN1.0 (All-Photonics Network), which introduces optics exclusively in all sections of the communication network.

[Promotion of the B2B2X Model]

- In October 2022, NTT AgriTechnology Corporation, which possesses knowhow in next-generation facility horticulture, completed work on a cutting-edge greenhouse that was ordered through a cooperative framework with Japan's National Federation of Agricultural Cooperative Associations (JA ZEN-NOH). By improving productivity and saving labor in the agricultural industry using ICT, we will contribute to the realization of future sustainable agriculture.

[Strengthening of New Businesses]

- In December 2022, focused on the field of human capital, we established NTT Human EX Corp. as a company to support the sustainable growth of both working employees and companies by providing value in a wide range of solutions and technologies.

● **Enhancement of Corporate Value**

The Company promoted initiatives to reduce environmental impact based on its new environment and energy vision, disaster countermeasure initiatives, and enhancement of returns to shareholders.

[New Environment and Energy Vision]

- To achieve carbon neutrality for the entire NTT Group by FY2040, we have worked to lower our own environmental burden by promoting energy saving and by expanding the introduction of renewable energy. Furthermore, to contribute to reducing the environmental burden of our customers, we provided services including a greenhouse gas emission visualization platform.

[Disaster Countermeasure Initiatives]

- In light of the increasing number of disasters that are becoming more intense, widespread, and prolonged in recent years, we have been working to harden our facilities and speed up our restoration response.

[Enhancement of Returns to Shareholders]

- We increased capital efficiency through continuous dividend increases and flexible share buybacks.

● **Transformation to a New Management Style**

We worked on transformation of business and digital transformation, re-examination of systems and general improvements, promotion of work-in-life (health management), and open, global, and innovative business operations.

[Business Transformation and Digital Transformation]

- To streamline operations, by transitioning systems for common tasks (finance, procurement, approval and billing) that had been built individually at each of our companies to a globally standardized system, we worked to bring the work processes of individual companies in line with common standards.

[Refinement of Systems and Improvement of the Environment]

- To realize systems that allow each and every employee to further increase their specializations and acquire, or maximize their skills while also allowing diverse personnel in a range of fields to build their careers autonomously and create high added value, we worked to introduce a new specialization-based personnel compensation system.

[Promotion of Work-in-Life (Health Management), Realization of Open, Global, and Innovative Business Operations]

- In July 2022, from the standpoint of increasing freedom in living places and further promoting work-in-life (health management), our major domestic Group companies introduced Remote Standard, a system that allows new workstyles based on remote work.

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

We advanced initiatives to flesh out the IOWN concept and to roll out the technology and resolve issues in a range of industries.

- Research and Development in Preparation for Making the IOWN Concept a Reality
 - In addition to launching service for APN IOWN1.0 (for details on this initiative, please see [Start of Provision of APN]), we publicized our plans for the upcoming rollout.
 - Toward a prompt release of IOWN2.0 and later versions, we pursued the development and release of new semiconductor components and software. We will continue working to achieve our targets and promptly realize this concept.
- Developing Technologies and Resolving Issues in Various Industries
 - To resolve technological issues ahead of the rollout of the sixth-generation mobile communication system (6G), the Company and NTT DOCOMO are expanding our cooperative framework with major vendors, and have agreed with all five domestic and overseas companies to cooperate in implementing trials to realize 6G.
 - We worked to realize our space integrated computing network. Space Compass Corporation, a joint venture established by NTT and SKY Perfect JSAT Corporation, launched the business, and to begin providing data transmission service from space to earth using optical communication technologies (optical data relay service), Space Compass Corporation concluded a business partnership agreement with Skyloom Global Corporation (headquarters: U.S.).
 - To contribute to reducing the global environmental burden, we are researching algae that can reduce the amount of CO₂ dissolved in seawater. In our research, we have succeeded in identifying the genes that are expected to increase the amount of CO₂ absorbed by algae. We plan to use this technology in a joint venture related to the green food business, to be established under a memorandum of understanding concluded between the Company and Regional Fish Institute, Ltd. with the aim of resolving future food shortages and global environmental issues.

As a result of the above efforts, NTT Group's consolidated operating revenues for the fiscal year ended March 31, 2023 were 13,136.2 billion yen (an increase of 8.1% from the previous fiscal year), consolidated operating profit was 1,829.0 billion yen (an increase of 3.4% from the previous fiscal year), and consolidated profit attributable to NTT was 1,213.1 billion yen (an increase of 2.7% from the previous fiscal year).

The consolidated financial forecast for the fiscal year ending March 31, 2024 is as follows: operating revenues of 13,060.0 billion yen, operating profit of 1,950.0 billion yen, and profit attributable to NTT of 1,255.0 billion yen.

Effective from the fiscal year ended March 31, 2022, NTT Group has transitioned to a following four-segment structure, 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.

(1) Integrated ICT Business segment

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.

(Consolidated Subsidiaries)

NTT DOCOMO, NTT Communications, NTT Comware, etc.

(2) Regional Communications Business Segment

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

(Consolidated Subsidiaries)

NTT East, NTT West, etc.

(3) Global Solutions Business Segment

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

(Consolidated Subsidiaries)

NTT DATA CORPORATION, etc.

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

Others include the real estate business, energy business and others.

(Consolidated Subsidiaries)

NTT Urban Solutions, NTT Anode Energy, etc.

The business results for each segment for the consolidated fiscal year ended March 31, 2023 are as follows.

■ **Integrated ICT Business Segment**

Overview of Business Results by Business Segment (April 1, 2022 – March 31, 2023)

	(Billions of yen)			
	Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Change	Percent Change
Operating revenues	5,870.2	6,059.0	188.8	3.2%
Operating expenses	4,797.6	4,965.1	167.4	3.5%
Operating profit	1,072.5	1,093.9	21.3	2.0%

Number of Subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2022	As of March 31, 2023	Change	Percent Change
Mobile Telecommunications Services	84,752	87,495	2,742	3.2%
Telecommunications Services (5G)	11,530	20,602	9,072	78.7%
Telecommunications Services (LTE (Xi))	61,396	57,771	(3,625)	(5.9)%
Telecommunications Services (FOMA (3G))	11,826	9,122	(2,704)	(22.9)%

Note: Number of Mobile Telecommunications Services includes MVNOs and Communication Module Services.

In the Integrated ICT Business, with the start of a new structure as the newly formed DOCOMO Group, we advanced initiatives to create the three major synergies of expansion of the enterprise business, more competitive network, and strengthening the power of service creation and development and promoting DX, while also promoting sales of 5G services.

● Details of Main Initiatives

- In June 2022, to meet the needs of customers seeking affordable options for their main plan, we began providing “ahamo Omori” plan. In November 2022, we began making our network more energy efficient by improving the sleep function of our base stations, and in February 2023, we began providing environmentally friendly smartphones that use recycled materials.
- In July 2022, we launched the personal loan service “d Smartphone Loan,” and in September 2022, we launched the “Smart Anshin Hoshou,” which expanded the scope of coverage of our existing device protection services. Furthermore, to expand our business sectors in the smart life business, we promoted marketing solutions using big data.
- In September 2022, we launched “Anshin Manager NEXT,” a device management service that provides security measures for various lines and devices and enhances operational efficiency. Furthermore, in addition to our existing solutions in the enterprise business, we worked to provide integrated solutions combining mobile solutions and applications.

As a result of the above, consolidated operating revenues in the Integrated ICT Business Segment for the fiscal year ended March 31, 2023 were 6,059.0 billion yen (an increase of 3.2% from the previous fiscal year). On the other hand, consolidated operating expenses were 4,965.1 billion yen (an increase of 3.5% from the previous fiscal year). As a result, consolidated operating profit was 1,093.9 billion yen (an increase of 2.0% from the previous fiscal year).

■ Regional Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2022 – March 31, 2023)

(Billions of yen)

	Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Change	Percent Change
Operating revenues	3,207.6	3,177.6	(30.0)	(0.9)%
Operating expenses	2,767.6	2,757.1	(10.5)	(0.4)%
Operating profit	440.0	420.5	(19.5)	(4.4)%

Number of Subscriptions

(Thousands of subscriptions)

	As of March 31, 2022	As of March 31, 2023	Change	Percent Change
FLET'S Hikari (including Hikari Collaboration Model) ⁽¹⁾	23,266	23,575	309	1.3%
NTT East	13,156	13,326	170	1.3%
NTT West	10,110	10,249	139	1.4%
Hikari Collaboration Model	16,292	16,809	517	3.2%
NTT East	9,573	9,871	297	3.1%
NTT West	6,719	6,938	219	3.3%
Hikari Denwa	18,782	18,752	(30)	(0.2)%
NTT East	10,075	10,058	(17)	(0.2)%
NTT West	8,707	8,694	(13)	(0.1)%

Notes:

1. 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," and "FLET'S Hikari Light" 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.
2. 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, in addition to strengthening our solutions business which

supports the digital transformation of companies, local governments, and societies to resolve regional social issues, we offered our “Hikari Collaboration Model,” which provides wholesale fiber-optic access services, among other things, to various service providers.

● Details of Main Initiatives

- In August 2022, NTT East and NTT West formed a business alliance with Shinkin Central Bank to respond in detail to the issues of regional customers and offer total support for the digital transformation of small to medium-sized enterprises nationwide, and promoted their initiative that digitally connects shinkin banks nationwide with regional small to medium-sized enterprises.
- In October 2022, NTT BUSINESS SOLUTIONS, a subsidiary of NTT West, began providing “N.mobi,” a solution that provides total support for the introduction of electric vehicles (EVs) and the optimal use of power utilizing EVs and EV batteries for regional government and enterprise customers.
- In November 2022, NTT East, Tokyo Gas Network Co., Ltd., and TEPCO Power Grid, Incorporated concluded a cooperative agreement to resolve social issues, agreeing to cooperate to continuously stabilize the infrastructure platform, enhance social value, and pursue innovation to create an abundant future.

As a result of the above, consolidated operating revenues in the Regional Communications Business Segment for the fiscal year ended March 31, 2023 were 3,177.6 billion yen (a decrease of 0.9% from the previous fiscal year). On the other hand, consolidated operating expenses were 2,757.1 billion yen (a decrease of 0.4% from the previous fiscal year). As a result, consolidated operating profit was 420.5 billion yen (a decrease of 4.4% from the previous fiscal year).

■ Global Solutions Business Segment

Overview of Business Results by Business Segment (April 1, 2022 – March 31, 2023)

(Billions of yen)

	Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Change	Percent Change
Operating revenues	3,615.2	4,091.7	476.5	13.2%
Operating expenses	3,404.7	3,826.1	421.4	12.4%
Operating profit	210.5	265.6	55.1	26.2%

In the Global Solutions Business, the Group worked 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, as well as to strengthen its ability to provide services in growth areas such as the datacenter business and managed services.

● Details of Main Initiatives

- In July 2022, partnering with SAP SE (headquarters: Germany), we developed “Connected Product” as a new solution to track fragile and sensitive cargo shipments with IoT sensors and to facilitate insurance procedures. We plan to incorporate the system into business operations, extending the solution to more international insurance and logistics.
- In February 2023, in a joint project with TOYOTA MOTOR CORPORATION which was enabled by the cooperation of Mitsui Fudosan Group, we began trials using connected car data with the aim of reducing traffic congestion in a parking lot and adjacent roads of a shopping mall. To alleviate traffic congestion around the shopping mall, reduce carbon dioxide (CO₂) emissions, and increase customer satisfaction, we aim to establish a method to use connected car data to resolve traffic congestion.
- We worked to expand various services that support corporate sustainability. In June 2022, we launched a DX support service to promote ESG management. In July 2022, we launched a service to support TCFD (Task Force on Climate Related Financial Disclosures) disclosures. Finally, in August 2022, we launched “C-Turtle®,” a service to visualize emissions of greenhouse gases using data owned by the international NGO CDP.

As a result of the above, consolidated operating revenues in the Global Solutions Business Segment for the fiscal year ended March 31, 2023 were 4,091.7 billion yen (an increase of 13.2% from the previous fiscal year). On the other hand, consolidated operating expenses were 3,826.1 billion yen (an increase of 12.4% from the previous fiscal year). As a result, consolidated operating profit was 265.6 billion yen (an increase of 26.2% from the previous fiscal year).

■ Others (Real Estate, Energy and Others)

Overview of Business Results by Others (April 1, 2022 – March 31, 2023)

(Billions of yen)

	Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Change	Percent Change
Operating revenues	1,396.0	1,807.0	411.1	29.4%
Operating expenses	1,323.5	1,717.9	394.4	29.8%
Operating profit	72.5	89.2	16.7	23.0%

We provided services related to real estate business and energy business, etc.

●Details of Main Initiatives

○ Real Estate Business

Primarily through NTT Urban Solutions, Inc., a company that centralizes the functions of NTT Group's real estate business, we promoted office and retail operations, residential operations, and the global business. In June 2022, we opened a next-generation advance office building in Nagoya, and to realize future urban development, we pursued the development and trials of a digital platform using technological elements from IOWN.

○ Energy Business

Centering on the activities of NTT Anode Energy Corporation, which promotes smart energy business, we worked to promote initiatives including the development of renewable energy power plants, expanded utilization of NTT Group's assets, and deployment of decarbonization solutions. In July 2022, to expand the smart energy business, NTT Anode Energy Corporation integrated the electric power-related operations of NTT FACILITIES, INC.

As a result of the above, consolidated operating revenues by others (real estate, energy and others) for the fiscal year ended March 31, 2023 were 1,807.0 billion yen (an increase of 29.4% from the previous fiscal year). On the other hand, consolidated operating expenses were 1,717.9 billion yen (an increase of 29.8% from the previous fiscal year). As a result, consolidated operating profit was 89.2 billion yen (an increase of 23.0% from the previous fiscal year).

(2) Summary of the Consolidated Financial Position

Cash Flows

	(Billions of yen)			
	Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Change	Percent Change
Cash flows provided by operating activities	3,010.3	2,261.0	(749.2)	(24.9)%
Cash flows used in investing activities	(1,699.2)	(1,736.9)	(37.8)	(2.2)%
Cash flows used in financing activities	(1,438.1)	(590.2)	847.9	59.0%
Cash and cash equivalents at the end of year	834.6	793.9	(40.6)	(4.9)%

Cash flows provided by operating activities for the fiscal year ended March 31, 2023 ¥2,261.0 billion. This was primarily due to profit (loss) as adjusted for non-cash items (profit for the period, plus non-cash items such as depreciation and losses on retirement of fixed assets) reaching ¥2,925.9 billion. This represented a decrease of ¥749.2 billion (24.9%) from the previous fiscal year due to an increase in working capital compared to the previous fiscal year in addition to an increase in the amount of corporate tax payments, among other factors.

Cash flows used in investing activities for the fiscal year ended March 31, 2023 was ¥1,736.9 billion. This was primarily due to payments for acquisitions of property, plant and equipment, intangible assets and investment properties reaching ¥1,851.9 billion. This represented an increase of net payments by ¥37.8 billion (2.2%) from the previous fiscal year.

Cash flows used in financing activities for the fiscal year ended March 31, 2023 was ¥590.2 billion, which included dividend payments of ¥439.7 billion and net income from borrowings of ¥693.0 billion. This represented a decrease of net payments by ¥847.9 billion (59.0%) from the previous fiscal year due to, among other factors, an increase in proceeds from borrowings.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of March 31, 2023 was ¥793.9 billion, a decrease of ¥40.6 billion (4.9%) from the end of the previous fiscal year.

Financial Position

	(Billions of yen)		
	As of March 31, 2022	As of March 31, 2023	Change
Assets	23,862.2	25,308.9	1,446.6
Liabilities	14,844.1	15,958.2	1,114.1
(incl.)Interest-bearing debt	7,364.3	8,230.5	866.3
Equity	9,018.1	9,350.6	332.5
(incl.)Total NTT shareholders' equity	8,282.5	8,561.4	278.9

Assets as of the end of the fiscal year under review increased by ¥1,446.6 billion from the end of the previous fiscal year to ¥25,308.9 billion, due to among other factors, an increase in trade receivables and other current assets.

Liabilities as of the end of the fiscal year under review increased by ¥1,114.1 billion from the end of the previous fiscal year to ¥15,958.2 billion, due to, among other factors, an increase in borrowings due to the acquisition of treasury stock and payment of taxes, and an increase in liabilities due to the depreciation of the yen. The balance of interest-bearing debt was ¥8,230.5 billion, an increase of ¥866.3 billion from ¥7,364.3 billion as of the end of the previous fiscal year.

Shareholders' equity as of the end of the fiscal year under review increased by ¥278.9 billion from the end of the previous fiscal year to ¥8,561.4 billion, due to an increase in profit. The ratio of interest-bearing debt to shareholders' equity was 96.1% (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 ¥332.5 billion from the end of the previous fiscal year to ¥9,350.6 billion.

2. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

	Millions of yen		
	March 31, 2022	March 31, 2023	Increase (Decrease)
ASSETS			
Current assets			
Cash and cash equivalents	834,564	793,920	(40,644)
Trade and other receivables	3,604,959	4,186,375	581,416
Other financial assets	88,441	98,653	10,212
Inventories	408,362	517,409	109,047
Other current assets	574,922	919,016	344,094
Sub Total	5,511,248	6,515,373	1,004,125
Assets held for sale	205,344	139,495	(65,849)
Total current assets	5,716,592	6,654,868	938,276
Non-current assets			
Property, plant and equipment	9,326,888	9,717,103	390,215
Right-of-use asset	694,612	718,531	23,919
Goodwill	1,213,009	1,283,448	70,439
Intangible assets	1,951,824	2,122,874	171,050
Investment property	1,236,490	1,242,591	6,101
Investments accounted for using equity method	429,806	446,569	16,763
Other financial assets	1,426,157	1,241,331	(184,826)
Deferred tax assets	970,432	940,196	(30,236)
Other non-current assets	896,431	941,340	44,909
Total non-current assets	18,145,649	18,653,983	508,334
Total assets	23,862,241	25,308,851	1,446,610

Millions of yen

	March 31, 2022	March 31, 2023	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	1,646,806	1,840,381	193,575
Trade and other payables	2,500,341	2,807,286	306,945
Lease liabilities	189,495	205,074	15,579
Other financial liabilities	29,566	30,200	634
Accrued payroll	544,455	567,166	22,711
Income taxes payables	210,964	243,306	32,342
Other current liabilities	1,129,851	1,143,518	13,667
Sub Total	6,251,478	6,836,931	585,453
Liabilities directly associated with assets held for sale	7,161	3,055	(4,106)
Total current liabilities	6,258,639	6,839,986	581,347
Non-current liabilities			
Long-term borrowings	5,717,465	6,390,155	672,690
Lease liabilities	655,729	714,923	59,194
Other financial liabilities	135,686	148,431	12,745
Defined benefit liabilities	1,561,049	1,362,262	(198,787)
Deferred tax liabilities	137,474	143,326	5,852
Other non-current liabilities	378,067	359,141	(18,926)
Total non-current liabilities	8,585,470	9,118,238	532,768
Total liabilities	14,844,109	15,958,224	1,114,115
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	937,950	937,950	—
Retained earnings	7,293,915	8,150,117	856,202
Treasury stock	(226,459)	(737,290)	(510,831)
Other components of equity	277,050	210,576	(66,474)
Total NTT shareholders’ equity	8,282,456	8,561,353	278,897
Non-controlling interests	735,676	789,274	53,598
Total equity	9,018,132	9,350,627	332,495
Total liabilities and equity	23,862,241	25,308,851	1,446,610

(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		
	2022	2023	Increase (Decrease)
Operating revenues	12,156,447	13,136,194	979,747
Operating expenses			
Personnel expenses	2,566,127	2,768,711	202,584
Expenses for purchase of goods and services and other expenses	5,839,441	6,563,282	723,841
Depreciation and amortization	1,561,183	1,582,625	21,442
Loss on disposal of property, plant and equipment and intangible assets	132,073	118,620	(13,453)
Impairment losses			
Goodwill	228	6,164	5,936
Other	37,824	9,803	(28,021)
Taxes and dues	250,978	258,003	7,025
Total operating expenses	10,387,854	11,307,208	919,354
Operating profit	1,768,593	1,828,986	60,393
Finance income	63,471	54,105	(9,366)
Finance costs	56,250	79,424	23,174
Share of profit (loss) of entities accounted for using equity method	19,711	14,012	(5,699)
Profit before taxes	1,795,525	1,817,679	22,154
Income taxes	539,531	524,923	(14,608)
Profit	1,255,994	1,292,756	36,762
Profit attributable to NTT	1,181,083	1,213,116	32,033
Profit attributable to Non-controlling interests	74,911	79,640	4,729
Earnings per share attributable to NTT			
Basic earnings per share (yen)	329.29	347.99	

Consolidated Statements of Comprehensive Income

Year Ended March 31

	Millions of yen		
	2022	2023	Increase (Decrease)
Profit	1,255,994	1,292,756	36,762
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	(25,482)	(83,650)	(58,168)
Share of other comprehensive income of entities accounted for using the equity method	(2)	(1,135)	(1,133)
Remeasurements of the defined benefit plans	131,032	112,672	(18,360)
Total of items that will not be reclassified to profit or loss	105,548	27,887	(77,661)
Items that may be reclassified to profit or loss			
Cash flow hedges	(50,748)	(33,249)	17,499
Hedges cost	14,434	(8,645)	(23,079)
Foreign currency translation adjustments	167,688	119,360	(48,328)
Share of other comprehensive income of entities accounted for using the equity method	(835)	7,875	8,710
Total of items that may be reclassified to profit or loss	130,539	85,341	(45,198)
Total other comprehensive income (net of taxes)	236,087	113,228	(122,859)
Total comprehensive income	1,492,081	1,405,984	(86,097)
Comprehensive income attributable to NTT	1,373,364	1,270,639	(102,725)
Comprehensive income attributable to Non-controlling interests	118,717	135,345	16,628

(3) Consolidated Statement of Changes in Equity

Year Ended March 31, 2022

	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	—	—	1,181,083	—	—	1,181,083	74,911	1,255,994
Other comprehensive income	—	—	—	—	192,281	192,281	43,806	236,087
Total comprehensive income	—	—	1,181,083	—	192,281	1,373,364	118,717	1,492,081
Transactions with owners and other transactions								
Dividends of surplus	—	—	(396,963)	—	—	(396,963)	(17,580)	(414,543)
Transfer to retained earnings	—	4,370	172,403	—	(176,773)	—	—	—
Purchase and disposal of treasury stock	—	8	—	(253,581)	—	(253,573)	—	(253,573)
Cancellation of treasury stock	—	(1,299)	(730,616)	731,915	—	—	—	—
Changes in ownership interest in subsidiaries without loss of control	—	(1,754)	—	—	—	(1,754)	(4,729)	(6,483)
Share-based compensation transactions	—	235	—	—	—	235	48	283
Put options granted to non-controlling interests	—	(943)	—	—	—	(943)	(595)	(1,538)
Other	—	(617)	—	—	—	(617)	(521)	(1,138)
Total transactions with owners and other transactions	—	—	(955,176)	478,334	(176,773)	(653,615)	(23,377)	(676,992)
March 31, 2022	¥937,950	¥—	¥7,293,915	¥(226,459)	¥277,050	¥8,282,456	¥735,676	¥9,018,132

Year Ended March 31, 2023

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, 2022	¥937,950	¥—	¥7,293,915	¥(226,459)	¥277,050	¥8,282,456	¥735,676	¥9,018,132
Comprehensive income								
Profit	—	—	1,213,116	—	—	1,213,116	79,640	1,292,756
Other comprehensive income	—	—	—	—	57,523	57,523	55,705	113,228
Total comprehensive income	—	—	1,213,116	—	57,523	1,270,639	135,345	1,405,984
Transactions with owners and other transactions								
Dividends of surplus	—	—	(419,525)	—	—	(419,525)	(20,087)	(439,612)
Transfer to retained earnings	—	54,926	69,071	—	(123,997)	—	—	—
Purchase and disposal of treasury stock	—	6	—	(510,831)	—	(510,825)	—	(510,825)
Changes in ownership interest in subsidiaries without loss of control	—	(50,284)	—	—	—	(50,284)	(59,752)	(110,036)
Share-based compensation transactions	—	(2,751)	—	—	—	(2,751)	1,313	(1,438)
Put options granted to non-controlling interests	—	(4,805)	—	—	—	(4,805)	(4,129)	(8,934)
Other	—	2,908	(6,460)	—	—	(3,552)	908	(2,644)
Total transactions with owners and other transactions	—	—	(356,914)	(510,831)	(123,997)	(991,742)	(81,747)	(1,073,489)
March 31, 2023	¥937,950	¥—	¥8,150,117	¥(737,290)	¥210,576	¥8,561,353	¥789,274	¥9,350,627

(4) Consolidated Statement of Cash Flows

Year Ended March 31

	Millions of yen		
	2022	2023	Increase (Decrease)
Cash flows from operating activities			
Profit	1,255,994	1,292,756	36,762
Depreciation and amortization	1,561,183	1,582,625	21,442
Impairment losses	38,052	15,967	(22,085)
Share of loss (profit) of entities accounted for using the equity method	(19,711)	(14,012)	5,699
Losses on retirement of property, plant and equipment and intangible assets	60,936	48,518	(12,418)
Gain on sales of property, plant and equipment and intangible assets	(30,208)	(46,259)	(16,051)
Income taxes	539,531	524,923	(14,608)
Decrease (increase) in trade and other receivables	828	(525,313)	(526,141)
Decrease (increase) in inventories	(86,559)	(140,858)	(54,299)
Decrease (increase) in other current assets	(10,421)	(33,609)	(23,188)
Increase (decrease) in trade and other payables / accrued payroll	137,551	252,070	114,519
Increase (decrease) in other current liabilities	37,198	6,301	(30,897)
Increase (decrease) in defined benefit liabilities	(15,936)	(63,644)	(47,708)
Increase (decrease) in other non-current liabilities	5,304	(21,286)	(26,590)
Other, net	(61,066)	93,393	154,459
Sub-total	3,412,676	2,971,572	(441,104)
Interest and dividends received	79,703	95,023	15,320
Interest paid	(47,858)	(67,224)	(19,366)
Income taxes paid	(434,264)	(738,358)	(304,094)
Net cash provided by (used in) operating activities	3,010,257	2,261,013	(749,244)
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property	(1,758,045)	(1,851,879)	(93,834)
Proceeds from government grants	38,110	17,888	(20,222)
Purchase of investments	(125,838)	(76,504)	49,334
Proceeds from sale or redemption of investments	187,198	109,153	(78,045)
Proceeds from loss of control of subsidiaries	15,936	53,628	37,692
Acquisition of subsidiaries, net of cash acquired	(121,747)	(81,645)	40,102
Net decrease (increase) loan receivable	26,343	17,337	(9,006)
Other, net	38,891	75,110	36,219
Net cash provided by (used in) investing activities	(1,699,152)	(1,736,912)	(37,760)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(1,860,107)	295,564	2,155,671
Proceeds from increases in long-term borrowings	1,716,162	1,090,877	(625,285)
Repayments of long-term borrowings	(401,905)	(693,427)	(291,522)
Repayments of lease liabilities	(208,232)	(223,907)	(15,675)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(16,791)	(109,932)	(93,141)
Dividends paid	(396,963)	(419,525)	(22,562)
Dividends paid to non-controlling interests	(17,485)	(20,197)	(2,712)
Purchase and sale of treasury stock	(253,627)	(510,968)	(257,341)
Other, net	818	1,318	500
Net cash provided by (used in) financing activities	(1,438,130)	(590,197)	847,933
Effect of exchange rate change on cash and cash equivalents	25,862	25,452	(410)
Net increase (decrease) in cash and cash equivalents	(101,163)	(40,644)	60,519
Cash and cash equivalents as of April 1	935,727	834,564	(101,163)
Cash and cash equivalents as of March 31	834,564	793,920	(40,644)

(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 consolidated financial statements for the year ended March 31, 2022.

(7) Business Segments

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.

1. Operating revenues

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Integrated ICT Business		
External customers	¥5,581,895	¥5,777,806
Intersegment	288,288	281,174
Sub-total	5,870,183	6,058,980
Regional Communications Business		
External customers	2,498,908	2,482,087
Intersegment	708,711	695,505
Sub-total	3,207,619	3,177,592
Global Solutions Business		
External customers	3,415,856	3,896,991
Intersegment	199,318	194,729
Sub-total	3,615,174	4,091,720
Others (Real Estate, Energy and Others)		
External customers	659,788	979,310
Intersegment	736,173	827,715
Sub-total	1,395,961	1,807,025
Elimination	(1,932,490)	(1,999,123)
Consolidated total	¥12,156,447	¥13,136,194

2. Segment profit or loss

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Segment profit		
Integrated ICT Business	¥1,072,544	¥1,093,893
Regional Communications Business	440,013	420,478
Global Solutions Business	210,507	265,631
Others (Real Estate, Energy and Others)	72,505	89,170
Total Segment profit	1,795,569	1,869,172
Elimination	(26,976)	(40,186)
Consolidated total	¥1,768,593	¥1,828,986

Segment profit represents operating revenues less operating expenses.

3. Segment assets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Segment assets		
Integrated ICT Business	¥10,356,616	¥10,200,385
Regional Communications Business	6,964,509	7,014,776
Global Solutions Business	5,647,556	6,239,150
Others (Real Estate, Energy and Others)	16,393,976	16,858,130
Total segment assets	39,362,657	40,312,441
Elimination	(15,500,416)	(15,003,590)
Consolidated total	¥23,862,241	¥25,308,851

4. Other significant items

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Depreciation and amortization		
Integrated ICT Business	¥779,906	¥785,851
Regional Communications Business	421,327	419,586
Global Solutions Business	309,058	314,432
Others (Real Estate, Energy and Others)	118,873	126,925
Total segment	1,629,164	1,646,794
Elimination	(67,981)	(64,169)
Consolidated total	¥1,561,183	¥1,582,625

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Capital investments for segment assets (*)		
Integrated ICT Business	¥698,609	¥706,263
Regional Communications Business	501,109	498,076
Global Solutions Business	347,204	500,386
Others (Real Estate, Energy and Others)	140,677	157,679
Consolidated total	¥1,687,599	¥1,862,404

*1. The figures for capital investments are the accrual-based amounts required for acquisition of property, plant and equipment, intangibles assets and investment property. The amount related to non-current assets classified as assets held for sale, government grants related to assets and other during the fiscal year ended March 31, 2022 and March 31, 2023 are deducted from the figures for capital investments. The differences from the figures for “Purchase of property, plant and equipment, intangible assets, and investment property” in the Consolidated Statements of Cash Flows are as follows
In addition, the increase in right-of-use assets, including those that meet the definition of investment property, is not included in the figures for capital investments.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Purchase of property, plant and equipment, intangibles assets and investment property	¥1,758,045	¥1,851,879
Difference from the total of capital investments	¥70,446	¥(10,525)

(8) Assets Held for Sale and Liabilities Directly Associated with 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 and March 31, 2024.

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 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 March 31, 2023. The classes of these assets are mainly property, plant and equipment, and the carrying amounts are ¥89,688 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.

The impact of the these accounting treatments on NTT’s consolidated statement of profit or loss is immaterial.

(9) Subsequent Events

Stock Split

NTT authorized a stock split of its common stock and a related amendment of its Articles of Incorporation, at a meeting of its board of directors held on May 12, 2023. This authorization is subject to the approval of the Minister of Internal Affairs and Communications regarding the amendment to the Articles of Incorporation.

1. Objective of the Stock Split

The objective of the stock split is to lower the minimum investment price per unit of NTT in light of the new NISA system that will be implemented beginning in 2024, thereby facilitating an environment where it is easier to invest in NTT's shares and expanding NTT's investor base across a wide range of generations who wish to support the sustainable growth of NTT Group.

Although the stock split will cause NTT's stock to diverge from the Tokyo Stock Exchange's desirable investment unit standard (between ¥50,000 and ¥500,000), given that the number of shareholders who hold less than one investment unit has been increasing, NTT is seeking to improve the investment environment so that more people can hold NTT shares as shareholders with voting rights. NTT will continue to consider the level of the investment unit in the future while comprehensively taking into consideration stock market trends, changes in shareholder composition following the implementation of the new NISA system and other factors.

2. Outline of the Stock Split

(1) Stock Split Method

The record date for the stock split will be Friday, June 30, 2023. Each share of NTT common stock held by shareholders as of the record date will be split into 25 shares.

(2) Increase in number of shares as a result of stock split

Number of shares outstanding prior to the stock split: 3,622,012,656 shares

Increase in total number of outstanding shares as a result of this stock split: 86,928,303,744 shares

Number of shares outstanding after the stock split: 90,550,316,400 shares

Number of shares authorized to be issued after the stock split: 154,823,022,500 shares

(3) Stock split schedule

Date of Public Notice of the record date: June 15, 2023 (Thursday)

Record date: June 30, 2023 (Friday)

Effective date: July 1, 2023 (Saturday) (effectively, July 3)

3. Effects per share of common stock

Per share information for the previous fiscal year and the current fiscal year, assuming the stock split had been carried out at the beginning of the previous fiscal year, is as follows:

	Year ended March 31, 2022	Year ended March 31, 2023
Weighted average number of shares outstanding (excluding treasury stock) (shares)	89,669,717,425	87,152,141,750
Basic Earnings per Share Attributable to NTT (yen)	13.17	13.92
Annual Dividends per Share (yen)	4.60	4.80

	March 31, 2022	March 31, 2023
Number of shares outstanding (excluding treasury stock) (shares)	88,535,811,650	85,236,372,050
Shareholders' Equity per Share (yen)	93.55	100.44

4. Amendment to Articles of Incorporation

(1) Reason for the amendment

In connection with the stock split described above, NTT will amend its Articles of Incorporation with an effective date of July 1, 2023, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act of Japan.

(2) Content of the amendment

The details of the amendment are as follows:

(Underlined sections indicate proposed amendments)

Pre-Stock Split Articles of Incorporation	Proposed Amendment
Article 6. (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>6,192,920,900</u> shares.	Article 6. (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>154,823,022,500</u> shares.

3. Other

Changes in Board of Directors

Scheduled appointment date: June 22, 2023

(1) Audit & Supervisory Board Member scheduled to resign from office

Takashi Iida