

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.