

Financial Results Release

For the Three Months Ended June 30, 2023

August 9, 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
 Contact : Takuro Hanaki, Head of IR, Finance and Accounting Department
 URL <https://group.ntt/en/ir/contact/>
 Scheduled filing date of quarterly securities report : August 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 Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 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	
Three months ended June 30, 2023	3,111,073	1.4%	474,650	(5.7)%	577,536	9.9%	375,775	2.0%
Three months ended June 30, 2022	3,068,871	6.1%	503,352	3.5%	525,537	5.9%	368,570	8.4%

Notes: 1. Comprehensive income (loss) attributable to NTT: For the three months ended June 30, 2023: 597,851 million yen 32.2%
 For the three months ended June 30, 2022: 452,072 million yen 19.3%

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
Three months ended June 30, 2023	4.41 (yen)	— (yen)
Three months ended June 30, 2022	4.16 (yen)	— (yen)

Notes: NTT conducted a 25-for-1 stock split of its common stock, with an effective date of July 1, 2023. 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
June 30, 2023	26,131,050	9,787,366	8,947,480	34.2%	104.97 (yen)
March 31, 2023	25,308,851	9,350,627	8,561,353	33.8%	100.44 (yen)

Notes: NTT conducted a 25-for-1 stock split of its common stock, with an effective date of July 1, 2023. 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.

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, 2023	—	60.00 (yen)	—	60.00 (yen)	120.00 (yen)
Year Ending March 31, 2024	—				
Year Ending March 31, 2024 (Forecasts)		2.50 (yen)	—	2.50 (yen)	5.00 (yen)

Notes: 1. Revision to the dividend forecasts from the latest announcement: None

2. NTT conducted a 25-for-1 stock split of its common stock with an effective date of July 1, 2023. Dividend forecast amounts presented for the year ending March 31, 2024 reflect the impact of the stock split.

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

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

3. The forecast for Basic Earnings per Share Attributable to NTT for the year ending March 31, 2024 is an amount that reflects the effect of the stock split described in the note under “1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023) (1) Consolidated Results of Operations” above.

***Notes:**

- (1) Change in significant subsidiaries during the three months ended June 30, 2023 (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: Yes
 - 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):

June 30, 2023	: 90,550,316,400 shares
March 31, 2023	: 90,550,316,400 shares
 - ii. Number of shares of treasury stock:

June 30, 2023	: 5,315,005,300 shares
March 31, 2023	: 5,313,944,350 shares
 - iii. Weighted average number of shares outstanding:

For the three months ended June 30, 2023	: 85,235,489,679 shares
For the three months ended June 30, 2022	: 88,535,617,738 shares

Notes: 1.NTT conducted a 25-for-1 stock split of its common stock, with an effective date of July 1, 2023. 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.

2.The number of shares of treasury stock includes the Company’s shares held by BIP(Board Incentive Plan) Trust (As of June 30, 2023: 25,143,000 shares, As of March 31, 2023: 25,836,650 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 Wednesday, August 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 three months ended June 30, 2023, that resulted in changes in the scope of consolidation: None

(2) Changes in Accounting Policies and Estimates: Yes

The accounting policies applied on the condensed quarterly consolidated financial statements are consistent with those applied on the consolidated financial statements for the year ended March 31, 2023, other than as described below.

Amendments to IAS 12 (Income Taxes)

Beginning with the three months ended June 30, 2023, NTT Group has adopted the amendments to IAS 12 (Income Taxes), which clarify the accounting treatment of deferred tax related to assets and liabilities arising from a single transaction. The adoption of this standard did not have a material effect on the condensed quarterly consolidated financial statements.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Balance Sheets

	Millions of yen		
	March 31, 2023	June 30, 2023	Increase (Decrease)
ASSETS			
Current assets			
Cash and cash equivalents	793,920	1,017,909	223,989
Trade and other receivables	4,186,375	3,876,566	(309,809)
Other financial assets	98,653	123,174	24,521
Inventories	517,409	558,601	41,192
Other current assets	919,016	1,270,627	351,611
Sub Total	6,515,373	6,846,877	331,504
Assets held for sale	139,495	121,109	(18,386)
Total current assets	6,654,868	6,967,986	313,118
Non-current assets			
Property, plant and equipment	9,717,103	9,782,134	65,031
Right-of-use asset	718,531	744,952	26,421
Goodwill	1,283,448	1,389,850	106,402
Intangible assets	2,122,874	2,133,680	10,806
Investment property	1,242,591	1,258,167	15,576
Investments accounted for using equity method	446,569	421,136	(25,433)
Other financial assets	1,241,331	1,571,377	330,046
Deferred tax assets	940,196	902,799	(37,397)
Other non-current assets	941,340	958,969	17,629
Total non-current assets	18,653,983	19,163,064	509,081
Total assets	25,308,851	26,131,050	822,199

Millions of yen

	March 31, 2023	June 30, 2023	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	1,840,381	2,620,975	780,594
Trade and other payables	2,807,286	2,512,625	(294,661)
Lease liabilities	205,074	205,177	103
Other financial liabilities	30,200	43,157	12,957
Accrued payroll	567,166	448,601	(118,565)
Accrued taxes on income	243,306	165,349	(77,957)
Other current liabilities	1,143,518	1,182,800	39,282
Sub Total	6,836,931	7,178,684	341,753
Liabilities directly associated with assets held for sale	3,055	3,959	904
Total current liabilities	6,839,986	7,182,643	342,657
Non-current liabilities			
Long-term borrowings	6,390,155	6,446,321	56,166
Lease liabilities	714,923	734,512	19,589
Other financial liabilities	148,431	129,505	(18,926)
Defined benefit liabilities	1,362,262	1,366,485	4,223
Deferred tax liabilities	143,326	153,199	9,873
Other non-current liabilities	359,141	331,019	(28,122)
Total non-current liabilities	9,118,238	9,161,041	42,803
Total liabilities	15,958,224	16,343,684	385,460
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	937,950	937,950	—
Retained earnings	8,150,117	8,316,304	166,187
Treasury stock	(737,290)	(737,504)	(214)
Other components of equity	210,576	430,730	220,154
Total NTT shareholders’ equity	8,561,353	8,947,480	386,127
Non-controlling interests	789,274	839,886	50,612
Total equity	9,350,627	9,787,366	436,739
Total liabilities and equity	25,308,851	26,131,050	822,199

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

Condensed Consolidated Statements of Profit or Loss

	Millions of yen except per share data		
	Three-month ended June 30, 2022	Three-month ended June 30, 2023	Increase (Decrease)
Operating revenues	3,068,871	3,111,073	42,202
Operating expenses			
Personnel expenses	674,709	705,114	30,405
Expenses for purchase of goods and services and other expenses	1,443,663	1,473,580	29,917
Depreciation and amortization	389,642	396,147	6,505
Loss on disposal of property, plant and equipment and intangible assets	21,560	25,393	3,833
Impairment losses	311	165	(146)
Taxes and dues	35,634	36,024	390
Total operating expenses	2,565,519	2,636,423	70,904
Operating profit	503,352	474,650	(28,702)
Finance income	29,048	126,795	97,747
Finance costs	16,312	31,074	14,762
Share of profit (loss) of entities accounted for using equity method	9,449	7,165	(2,284)
Profit before taxes	525,537	577,536	51,999
Income taxes	135,255	187,371	52,116
Profit	390,282	390,165	(117)
Profit attributable to NTT	368,570	375,775	7,205
Profit attributable to Non-controlling interests	21,712	14,390	(7,322)
Earnings per share attributable to NTT			
Basic earnings per share (yen)[※]	4.16	4.41	

* "Basic earnings per share" figures for the three months ended June 30, 2022 and 2023 have been adjusted to reflect the 25-for-1 stock split carried out on July 1.

Consolidated Statements of Comprehensive Income

	Millions of yen		
	Three-month ended June 30, 2022	Three-month ended June 30, 2023	Increase (Decrease)
Profit	390,282	390,165	(117)
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	(16,594)	97,003	113,597
Share of other comprehensive income of entities accounted for using the equity method	92	(1,758)	(1,850)
Remeasurements of defined benefit plans	(126)	463	589
Total of items that will not be reclassified to profit or loss	(16,628)	95,708	112,336
Items that may be reclassified to profit or loss			
Cash flow hedges	(21,557)	(21,863)	(306)
Hedges cost	(19,003)	3,887	22,890
Foreign currency translation adjustments	170,495	183,096	12,601
Share of other comprehensive income of entities accounted for using the equity method	6,223	5,459	(764)
Total of items that may be reclassified to profit or loss	136,158	170,579	34,421
Total other comprehensive income (net of tax)	119,530	266,287	146,757
Total comprehensive income	509,812	656,452	146,640
Comprehensive income attributable to NTT	452,072	597,851	145,779
Comprehensive income attributable to Non-controlling interests	57,740	58,601	861

(3) Condensed Consolidated Statement of Changes in Equity

Three Months Ended June 30, 2022

Millions of yen

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

Three Months Ended June 30, 2023

Millions of yen

	NTT Shareholders' Equity						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other equity components	Total		
March 31, 2023	937,950	—	8,150,117	(737,290)	210,576	8,561,353	789,274	9,350,627
Comprehensive income								
Profit	—	—	375,775	—	—	375,775	14,390	390,165
Other comprehensive income	—	—	—	—	222,076	222,076	44,211	266,287
Total comprehensive income	—	—	375,775	—	222,076	597,851	58,601	656,452
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(204,629)	—	—	(204,629)	(10,586)	(215,215)
Transfer to retained earnings	—	6,548	(4,626)	—	(1,922)	—	—	—
Purchase and disposal of treasury stock	—	8	—	(214)	—	(206)	—	(206)
Changes in ownership interest in subsidiaries without loss of control	—	(197)	—	—	—	(197)	4,878	4,681
Share-based compensation transactions	—	(5,778)	—	—	—	(5,778)	(1,797)	(7,575)
Put options granted to non-controlling interests	—	441	—	—	—	441	133	574
Other	—	(1,022)	(333)	—	—	(1,355)	(617)	(1,972)
Total value of transactions with shareholders etc.	—	—	(209,588)	(214)	(1,922)	(211,724)	(7,989)	(219,713)
June 30, 2023	937,950	—	8,316,304	(737,504)	430,730	8,947,480	839,886	9,787,366

(4) Going Concern Assumption

None

(5) Subsequent Events

Stock Split

NTT conducted a 25-for-1 stock split of its common stock, with a record date of June 30, 2023 and an effective date of July 1, 2023 based on the resolution at a meeting of board of directors on May 12, 2023. Per share information for the three months ended June 30, 2022 and 2023 reflects the impact of the stock split.

Issuance of corporate bonds (Green bond)

On July 21, 2023, NTT group issued corporate bonds (Green bond) totaling ¥380,000 million in the domestic market.

Completion of Acquisition of Shares of Green Power Investment Corporation, a renewable energy power generation company, and Other Businesses

In connection with the share purchase agreement executed on May 18, 2023, on August 3, 2023, NTT Anode Energy Corporation (“NTT Anode Energy”) and JERA Co., Inc. completed the acquisition of the shares of Green Power Investment Corporation (“GPI”) and other businesses held by American renewable energy company Pattern Energy Group LP, and GPI became a subsidiary of NTT Anode Energy. The purchase price totaled ¥256.0 billion, and the form of consideration was cash. Detailed information is not being disclosed as the initial accounting treatment for the business combination has not yet been completed at this time.

NTT’s repurchase of treasury stock and resolution

On August 9, 2023, the Board of Directors resolved that NTT may repurchase up to 1.4 billion shares of its outstanding common stock for an amount in total not exceeding ¥200,000 million from August 10, 2023 through March 29, 2024