

Financial Results Release

For the Three Months Ended June 30, 2024

August 7, 2024

[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 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, 2024 (April 1, 2024 - June 30, 2024)

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, 2024	3,240,023	4.1%	435,817	(8.2)%	429,392	(25.7)%	274,136	(27.0)%
Three months ended June 30, 2023	3,111,073	1.4%	474,650	(5.7)%	577,536	9.9%	375,775	2.0%

Notes: 1. Comprehensive income (loss) attributable to NTT: For the three months ended June 30, 2024: 351,706 million yen (41.2)%
For the three months ended June 30, 2023: 597,851 million yen 32.2%

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, 2024	3.26 (yen)	— (yen)
Three months ended June 30, 2023	4.41 (yen)	— (yen)

Note: 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, 2024	29,989,405	11,068,578	9,968,123	33.2%	118.55 (yen)
March 31, 2024	29,604,223	10,893,059	9,844,160	33.3%	117.08 (yen)

Note: 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, 2024	—	2.50 (yen)	—	2.60 (yen)	5.10 (yen)
Year Ending March 31, 2025	—				
Year Ending March 31, 2025 (Forecasts)		2.60 (yen)	—	2.60 (yen)	5.20 (yen)

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

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(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, 2025	13,460,000	0.6%	1,810,000	(5.9)%	1,720,000	(13.2)%	1,100,000	(14.0)%	13.00	(yen)

Notes: 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) Significant changes in the scope of consolidation during the three months ended June 30, 2024: 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):

June 30, 2024	: 90,550,316,400 shares
March 31, 2024	: 90,550,316,400 shares

- ii. Number of shares of treasury stock:

June 30, 2024	: 6,467,282,494 shares
March 31, 2024	: 6,468,768,847 shares

- iii. Weighted average number of shares outstanding:

For the three months ended June 30, 2024	: 84,081,781,237 shares
For the three months ended June 30, 2023	: 85,235,489,679 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, 2024: 21,816,300 shares, As of March 31, 2024: 23,303,000 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.

* Review of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 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 7, 2024, 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. Overview of Results of Operations

Please refer to the following materials disclosed on TDnet and our website on Wednesday, August 7, 2024, for a summary of results of operations and financial condition during the three months ended June 30, 2024.

-Presentation Material

-Supplementary Data

Download the latest IR materials: <https://group.ntt/en/ir/library/latest/>

2. Summary Information (notes)

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: None

(2) Changes in Accounting Policies and Estimates: None

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Balance Sheets

	Millions of yen		
	March 31, 2024	June 30, 2024	Increase (Decrease)
ASSETS			
Current assets			
Cash and cash equivalents	¥ 982,874	¥ 1,114,248	¥ 131,374
Trade and other receivables	4,816,951	4,460,037	(356,914)
Other financial assets	972,278	1,027,020	54,742
Inventories	524,166	540,389	16,223
Other current assets	985,960	1,183,176	197,216
Sub Total	8,282,229	8,324,870	42,641
Assets held for sale	41,858	25,855	(16,003)
Total current assets	8,324,087	8,350,725	26,638
Non-current assets			
Property, plant and equipment	10,421,986	10,527,236	105,250
Right-of-use asset	914,911	933,620	18,709
Goodwill	1,698,851	1,822,714	123,863
Intangible assets	2,510,723	2,506,374	(4,349)
Investment property	1,305,219	1,318,123	12,904
Investments accounted for using equity method	410,782	424,839	14,057
Other financial assets	2,251,793	2,311,246	59,453
Deferred tax assets	714,276	723,840	9,564
Other non-current assets	1,051,595	1,070,688	19,093
Total non-current assets	21,280,136	21,638,680	358,544
Total assets	¥ 29,604,223	¥ 29,989,405	¥ 385,182

Millions of yen

	March 31, 2024	June 30, 2024	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	¥ 2,542,999	¥ 3,450,429	¥ 907,430
Trade and other payables	2,940,928	2,495,881	(445,047)
Lease liabilities	223,473	221,757	(1,716)
Other financial liabilities	895,063	939,224	44,161
Accrued payroll	614,976	488,454	(126,522)
Accrued taxes on income	354,859	153,545	(201,314)
Other current liabilities	1,272,371	1,199,459	(72,912)
Sub Total	8,844,669	8,948,749	104,080
Liabilities directly associated with assets held for sale	976	—	(976)
Total current liabilities	8,845,645	8,948,749	103,104
Non-current liabilities			
Long-term borrowings	7,048,015	7,126,596	78,581
Lease liabilities	899,524	906,716	7,192
Other financial liabilities	162,765	181,574	18,809
Defined benefit liabilities	1,156,394	1,154,420	(1,974)
Deferred tax liabilities	222,331	223,469	1,138
Other non-current liabilities	376,490	379,303	2,813
Total non-current liabilities	9,865,519	9,972,078	106,559
Total liabilities	18,711,164	18,920,827	209,663
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	937,950	937,950	—
Retained earnings	9,078,084	9,131,973	53,889
Treasury stock	(937,291)	(937,119)	172
Other components of equity	765,417	835,319	69,902
Total NTT shareholders’ equity	9,844,160	9,968,123	123,963
Non-controlling interests	1,048,899	1,100,455	51,556
Total equity	10,893,059	11,068,578	175,519
Total liabilities and equity	¥ 29,604,223	¥ 29,989,405	¥ 385,182

(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, 2023	Three-month ended June 30, 2024	Increase (Decrease)
Operating revenues	¥ 3,111,073	¥ 3,240,023	¥ 128,950
Operating expenses			
Personnel expenses	705,114	779,863	74,749
Expenses for purchase of goods and services and other expenses	1,473,580	1,543,070	69,490
Depreciation and amortization	396,147	420,455	24,308
Loss on disposal of property, plant and equipment and intangible assets	25,393	21,987	(3,406)
Impairment losses	165	1	(164)
Taxes and dues	36,024	38,830	2,806
Total operating expenses	2,636,423	2,804,206	167,783
Operating profit	474,650	435,817	(38,833)
Finance income	126,795	26,587	(100,208)
Finance costs	31,074	42,415	11,341
Share of profit (loss) of entities accounted for using equity method	7,165	9,403	2,238
Profit before taxes	577,536	429,392	(148,144)
Income taxes	187,371	140,611	(46,760)
Profit	¥ 390,165	¥ 288,781	¥ (101,384)
Profit attributable to NTT	375,775	274,136	(101,639)
Profit attributable to Non-controlling interests	14,390	14,645	255
Earnings per share attributable to NTT			
Basic earnings per share (yen) [※]	¥ 4.41	¥ 3.26	

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

Consolidated Statements of Comprehensive Income

	Millions of yen		
	Three-month ended June 30, 2023	Three-month ended June 30, 2024	Increase (Decrease)
Profit	¥ 390,165	¥ 288,781	¥ (101,384)
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	97,003	(52,498)	(149,501)
Share of other comprehensive income of entities accounted for using the equity method	(1,758)	(1,279)	479
Remeasurements of defined benefit plans	463	661	198
Total of items that will not be reclassified to profit or loss	95,708	(53,116)	(148,824)
Items that may be reclassified to profit or loss			
Cash flow hedges	(21,863)	3,547	25,410
Hedges cost	3,887	(554)	(4,441)
Foreign currency translation adjustments	183,096	156,662	(26,434)
Share of other comprehensive income of entities accounted for using the equity method	5,459	8,827	3,368
Total of items that may be reclassified to profit or loss	170,579	168,482	(2,097)
Total other comprehensive income (net of tax)	266,287	115,366	(150,921)
Total comprehensive income	¥ 656,452	¥ 404,147	¥ (252,305)
Comprehensive income attributable to NTT	597,851	351,706	(246,145)
Comprehensive income attributable to Non-controlling interests	58,601	52,441	(6,160)

(3) Condensed Consolidated Statement of Changes in Equity

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

Three Months Ended June 30, 2024

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, 2024	¥937,950	¥—	¥9,078,084	¥(937,291)	¥765,417	¥9,844,160	¥1,048,899	¥10,893,059
Comprehensive income								
Profit	—	—	274,136	—	—	274,136	14,645	288,781
Other comprehensive income	—	—	—	—	77,570	77,570	37,796	115,366
Total comprehensive income	—	—	274,136	—	77,570	351,706	52,441	404,147
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(218,673)	—	—	(218,673)	(11,126)	(229,799)
Transfer to retained earnings	—	9,243	(1,575)	—	(7,668)	—	—	—
Purchase and disposal of treasury stock	—	—	—	172	—	172	—	172
Changes in ownership interest in subsidiaries without loss of control	—	(8)	—	—	—	(8)	12,586	12,578
Share-based compensation transactions	—	(5,742)	—	—	—	(5,742)	(1,758)	(7,500)
Put options granted to non-controlling interests	—	(2,157)	—	—	—	(2,157)	(653)	(2,810)
Other	—	(1,336)	1	—	—	(1,335)	66	(1,269)
Total value of transactions with shareholders etc.	—	—	(220,247)	172	(7,668)	(227,743)	(885)	(228,628)
June 30, 2024	¥937,950	¥—	¥9,131,973	¥(937,119)	¥835,319	¥9,968,123	¥1,100,455	¥11,068,578

(4) Condensed Quarterly Consolidated Statements of Cash Flows

	Millions of yen		
	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024	Increase (Decrease)
Cash flows from operating activities			
Profit	¥ 390,165	¥ 288,781	¥ (101,384)
Depreciation and amortization	396,147	420,455	24,308
Impairment losses	165	1	(164)
Share of loss (profit) of entities accounted for using the equity method	(7,165)	(9,403)	(2,238)
Losses on retirement of property, plant and equipment and intangible assets	15,104	7,527	(7,577)
Gain on sales of property, plant and equipment and intangible assets	(851)	(1,181)	(330)
Income taxes	187,371	140,611	(46,760)
Decrease (increase) in trade and other receivables ⁽¹⁾	377,886	426,040	48,154
Decrease (increase) in inventories	(44,427)	(18,180)	26,247
Decrease (increase) in other current assets	(76,497)	(151,372)	(74,875)
Increase (decrease) in trade and other payables / accrued payroll	(246,004)	(425,879)	(179,875)
Increase (decrease) in other current liabilities	14,260	(101,736)	(115,996)
Increase (decrease) in defined benefit liabilities	3,234	(2,245)	(5,479)
Decrease (increase) in non-current handset installment receivables ⁽²⁾	(54,086)	(62,974)	(8,888)
Increase (decrease) in other non-current liabilities	(32,366)	746	33,112
Other, net ⁽²⁾	(128,138)	(1,888)	126,250
Sub-total	794,798	509,303	(285,495)
Interest and dividends received	39,569	37,946	(1,623)
Interest paid	(23,129)	(24,392)	(1,263)
Income taxes paid	(470,362)	(327,723)	142,639
Net cash provided by (used in) operating activities	340,876	195,134	(145,742)
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property	(537,194)	(566,096)	(28,902)
Proceeds from sale of property, plant and equipment, intangible assets and investment property ⁽³⁾	20,878	13,269	(7,609)
Proceeds from government grants	1,048	1,462	414
Purchase of investments	(27,017)	(27,738)	(721)
Proceeds from sale or redemption of investments	96,641	43,461	(53,180)
Proceeds from loss of control of subsidiaries	—	5,397	5,397
Payments for acquisition of subsidiaries	(993)	(44,319)	(43,326)
Proceeds from acquisition of subsidiaries ⁽³⁾	167	—	(167)
Net decrease (increase) loan receivable	(569)	(240)	329
Other, net ⁽³⁾	(3,733)	(11,014)	(7,281)
Net cash provided by (used in) investing activities	(450,772)	(585,818)	(135,046)

	Millions of yen		
	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024	Increase (Decrease)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	685,931	676,086	(9,845)
Proceeds from increases in long-term borrowings	3,130	334,189	331,059
Repayment of long-term borrowings	(98,684)	(207,306)	(108,622)
Repayment of lease liabilities	(63,215)	(73,185)	(9,970)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(2,189)	(2,583)	(394)
Dividends paid	(204,629)	(218,673)	(14,044)
Dividends paid to non-controlling interests	(10,405)	(10,976)	(571)
Purchase of treasury stock	(356)	(15)	341
Other, net	1,482	7,509	6,027
Net cash provided by (used in) financing activities	311,065	505,046	193,981
Effect of exchange rate change on cash and cash equivalents	22,820	17,012	(5,808)
Net increase (decrease) in cash and cash equivalents	223,989	131,374	(92,615)
Cash and cash equivalents at the beginning of the year ⁽¹⁾	793,920	982,874	188,954
Cash and cash equivalents at the end of the period ⁽¹⁾	¥ 1,017,909	¥ 1,114,248	¥ 96,339

Notes:

- (1) The last days of the fiscal year ended March 31, 2024 and three months ended June 30, 2024 fell on non-business days, resulting in the due date of certain bills, including telecommunication service bills, being set to the first business day of the following month. Consequently, the impact on the condensed quarterly consolidated financial statements is as follows.

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024
(Condensed Quarterly Consolidated Statement of Cash Flows)		
Decrease (increase) in trade and other receivables	—	(18,501)
Cash and cash equivalents as of April 1	—	(192,820)
Cash and cash equivalents as of June 30	—	(211,321)

- (2) “Decrease (increase) in non-current handset installment receivables,” which had previously been presented within “Other, net” in cash flows from operating activities for the three months ended June 30, 2023, is now presented separately for the three months ended June 30, 2024 due to an increase in the materiality of the amount of this item. As a result of this change, the ¥ (182,224) million amount that had previously been presented as “Other, net” in the consolidated statement of cash flows for the three months ended June 30, 2023 has been reclassified and presented as ¥ (54,086) million of “Decrease (increase) in non-current handset installment receivables” and ¥ (128,138) million of “Other, net.”
- (3) “Proceeds from sale of property, plant and equipment, intangible assets and investment property” and “Proceeds from acquisition of subsidiaries,” which had previously been presented within “Other, net” in cash flows from investing activities for the three months ended June 30, 2023, are now presented separately for the three months ended June 30, 2024 due to an increase in the materiality of the amount of such items. As a result of this change, the ¥17,312 million amount that had previously been presented as “Other, net” in the consolidated statement of cash flows for the three months ended June 30, 2023 has been reclassified and presented as ¥20,878 million of “Proceeds from sale of property, plant and equipment, intangible assets and investment property,” ¥167 million of “Proceeds from acquisition of subsidiaries” and ¥(3,733) million of “Other, net.”

(5) Going Concern Assumption

None

(6) Segment Information

NTT Group's business segments are as follows, for which discrete financial information is available and whose operating results are utilized by NTT Group's management to make decisions about the allocation of resources and to assess business performance. Services included in each segment are as follows:

Integrated ICT Business

Fixed voice-related services, Mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, System integration services, and other services

Regional Communications Business

Fixed voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services

Global Solutions Business

System integration services and other services

Others (Real Estate, Energy and Others)

Services related to real estate business and energy business, etc.

Operating Revenues:

(Millions of yen)

	Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)	Three Months Ended June 30, 2024 (April 1, 2024 - June 30, 2024)
Integrated ICT Business		
Transactions with external customers	¥ 1,384,663	¥ 1,414,829
Inter-segment transactions	73,111	62,029
Subtotal	1,457,774	1,476,858
Regional Communications Business		
Transactions with external customers	587,644	575,113
Inter-segment transactions	166,818	163,753
Subtotal	754,462	738,866
Global Solutions Business		
Transactions with external customers	965,841	1,068,459
Inter-segment transactions	49,114	43,639
Subtotal	1,014,955	1,112,098
Others (Real Estate, Energy and Others)		
Transactions with external customers	172,925	181,622
Inter-segment transactions	183,689	191,520
Subtotal	356,614	373,142
Elimination of inter-segment transactions	(472,732)	(460,941)
Total	¥ 3,111,073	¥ 3,240,023

Segment profit or loss

(Millions of yen)

	Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)	Three Months Ended June 30, 2024 (April 1, 2024 - June 30, 2024)
Segment profit		
Integrated ICT Business	¥ 292,699	¥ 275,367
Regional Communications Business	111,561	91,694
Global Solutions Business	58,304	58,624
Others (Real Estate, Energy and Others)	13,163	15,771
Total	475,727	441,456
Elimination of inter-segment transactions	(1,077)	(5,639)
Operating profit	474,650	435,817
Finance income	126,795	26,587
Finance costs	31,074	42,415
Share of profit of entities accounted for using equity method	7,165	9,403
Profit before taxes	¥ 577,536	¥ 429,392

In the first three months of the previous fiscal year and of the current fiscal year, there are no operating revenues recorded from transactions with a single external customer that account for 10% or more of total revenue.

(7) Subsequent Events

Issuance of corporate bonds

On July 2, 2024, NTT group issued corporate bonds totaling U.S.\$2,350 million in the overseas market.

NTT's repurchase of treasury stock and resolution

On August 7, 2024, 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 8, 2024 through March 31, 2025.