

Financial Results Release

For the Six Months Ended September 30, 2023

November 7, 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 : November 8, 2023
 Scheduled date of dividend payments : December 18, 2023
 Supplemental material on quarterly results : Yes
 Presentation on quarterly results : Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 - September 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	
Six months ended September 30, 2023	6,364,570	1.2%	950,946	(4.6)%	1,039,103	1.9%	670,844	(3.7)%
Six months ended September 30, 2022	6,286,177	6.8%	996,539	(1.3)%	1,019,452	0.4%	696,607	3.1%

Notes: 1. Comprehensive income (loss) attributable to NTT: For the Six months ended September 30, 2023: 994,129 million yen 29.1%
 For the Six months ended September 30, 2022: 770,265 million yen 3.3%

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
Six months ended September 30, 2023	7.87 (yen)	-- (yen)
Six months ended September 30, 2022	7.88 (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
September 30, 2023	26,813,578	10,220,167	9,316,905	34.7%	109.48 (yen)
March 31, 2023	25,308,851	9,350,627	8,561,353	33.8%	100.44 (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, 2023	-	60.00 (yen)	-	60.00 (yen)	120.00 (yen)
Year Ending March 31, 2024	-	2.50 (yen)			
Year Ending March 31, 2024 (Forecasts)			-	2.50 (yen)	5.00 (yen)

Notes: 1. Revision to the dividend forecast 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 amount and dividend forecast amounts presented for the year ending March 31, 2024 reflect the impact of the stock split. If the stock split is not taken into consideration, the annual dividend amount for the fiscal year ending March 31 2024 (forecast) would be ¥125.00 (¥62.50 at the end of the second quarter and ¥62.50 at the year-end (forecast)).

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 six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023) (1) Consolidated Results of Operations” above.

***Notes:**

- (1) Change in significant subsidiaries during the six months ended September 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):

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

September 30, 2023	: 5,450,110,706 shares
March 31, 2023	: 5,313,944,350 shares
 - iii. Weighted average number of shares outstanding:

For the six months ended September 30, 2023	: 85,225,873,505 shares
For the six months ended September 30, 2022	: 88,383,635,302 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 September 30, 2023: 23,303,000 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 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 Tuesday, November 7, 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 six months ended September 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)

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	September 30, 2023	Increase (Decrease)
ASSETS			
Current assets			
Cash and cash equivalents	793,920	715,008	(78,912)
Trade and other receivables	4,186,375	4,315,150	128,775
Other financial assets	98,653	117,029	18,376
Inventories	517,409	561,380	43,971
Other current assets	919,016	1,014,692	95,676
Sub Total	6,515,373	6,723,259	207,886
Assets held for sale	139,495	202,379	62,884
Total current assets	6,654,868	6,925,638	270,770
Non-current assets			
Property, plant and equipment	9,717,103	9,945,446	228,343
Right-of-use asset	718,531	774,014	55,483
Goodwill	1,283,448	1,671,289	387,841
Intangible assets	2,122,874	2,150,568	27,694
Investment property	1,242,591	1,275,649	33,058
Investments accounted for using equity method	446,569	432,587	(13,982)
Other financial assets	1,241,331	1,767,026	525,695
Deferred tax assets	940,196	894,765	(45,431)
Other non-current assets	941,340	976,596	35,256
Total non-current assets	18,653,983	19,887,940	1,233,957
Total assets	25,308,851	26,813,578	1,504,727

Millions of yen

	March 31, 2023	September 30, 2023	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	1,840,381	2,153,745	313,364
Trade and other payables	2,807,286	2,416,498	(390,788)
Lease liabilities	205,074	202,434	(2,640)
Other financial liabilities	30,200	44,135	13,935
Accrued payroll	567,166	499,576	(67,590)
Accrued taxes on income	243,306	282,233	38,927
Other current liabilities	1,143,518	1,126,934	(16,584)
Sub Total	6,836,931	6,725,555	(111,376)
Liabilities directly associated with assets held for sale	3,055	63,883	60,828
Total current liabilities	6,839,986	6,789,438	(50,548)
Non-current liabilities			
Long-term borrowings	6,390,155	6,964,203	574,048
Lease liabilities	714,923	775,310	60,387
Other financial liabilities	148,431	133,261	(15,170)
Defined benefit liabilities	1,362,262	1,377,669	15,407
Deferred tax liabilities	143,326	174,201	30,875
Other non-current liabilities	359,141	379,329	20,188
Total non-current liabilities	9,118,238	9,803,973	685,735
Total liabilities	15,958,224	16,593,411	635,187
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	937,950	937,950	—
Retained earnings	8,150,117	8,610,979	460,862
Treasury stock	(737,290)	(761,316)	(24,026)
Other components of equity	210,576	529,292	318,716
Total NTT shareholders’ equity	8,561,353	9,316,905	755,552
Non-controlling interests	789,274	903,262	113,988
Total equity	9,350,627	10,220,167	869,540
Total liabilities and equity	25,308,851	26,813,578	1,504,727

(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		
	Six-month ended September 30, 2022	Six-month ended September 30, 2023	Increase (Decrease)
Operating revenues	6,286,177	6,364,570	78,393
Operating expenses			
Personnel expenses	1,358,469	1,432,289	73,820
Expenses for purchase of goods and services and other expenses	3,034,238	3,063,696	29,458
Depreciation and amortization	781,312	794,807	13,495
Loss on disposal of property, plant and equipment and intangible assets	47,363	52,361	4,998
Impairment losses	235	391	156
Taxes and dues	68,021	70,080	2,059
Total operating expenses	5,289,638	5,413,624	123,986
Operating profit	996,539	950,946	(45,593)
Finance income	41,084	132,553	91,469
Finance costs	34,792	58,655	23,863
Share of profit (loss) of entities accounted for using equity method	16,621	14,259	(2,362)
Profit before taxes	1,019,452	1,039,103	19,651
Income taxes	278,412	341,633	63,221
Profit	741,040	697,470	(43,570)
Profit attributable to NTT	696,607	670,844	(25,763)
Profit attributable to Non-controlling interests	44,433	26,626	(17,807)
Earnings per share attributable to NTT			
Basic earnings per share (yen) [※]	7.88	7.87	

* "Basic earnings per share" figures for the six months ended September 30, 2022 and 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		
	Six-month ended September 30, 2022	Six-month ended September 30, 2023	Increase (Decrease)
Profit	741,040	697,470	(43,570)
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	(50,162)	144,325	194,487
Share of other comprehensive income of entities accounted for using the equity method	(58)	(406)	(348)
Remeasurements of defined benefit plans	(17)	468	485
Total of items that will not be reclassified to profit or loss	(50,237)	144,387	194,624
Items that may be reclassified to profit or loss			
Cash flow hedges	(52,574)	(12,661)	39,913
Hedges cost	(15,898)	(1,150)	14,748
Foreign currency translation adjustments	236,871	231,050	(5,821)
Share of other comprehensive income of entities accounted for using the equity method	13,311	15,731	2,420
Total of items that may be reclassified to profit or loss	181,710	232,970	51,260
Total other comprehensive income (net of tax)	131,473	377,357	245,884
Total comprehensive income	872,513	1,074,827	202,314
Comprehensive income attributable to NTT	770,265	994,129	223,864
Comprehensive income attributable to Non-controlling interests	102,248	80,698	(21,550)

(3) Condensed Consolidated Statement of Changes in Equity

Six Months Ended September 30, 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, 2022	937,950	—	7,293,915	(226,459)	277,050	8,282,456	735,676	9,018,132
Comprehensive income								
Profit	—	—	696,607	—	—	696,607	44,433	741,040
Other comprehensive income	—	—	—	—	73,658	73,658	57,815	131,473
Total comprehensive income	—	—	696,607	—	73,658	770,265	102,248	872,513
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(212,551)	—	—	(212,551)	(11,792)	(224,343)
Transfer to retained earnings	—	8,839	(8,837)	—	(2)	—	—	—
Purchase and disposal of treasury stock	—	3	—	(360,254)	—	(360,251)	—	(360,251)
Changes in ownership interest in subsidiaries without loss of control	—	(372)	—	—	—	(372)	116	(256)
Share-based compensation transactions	—	(6,770)	—	—	—	(6,770)	27	(6,743)
Put options granted to non-controlling interests	—	(2,266)	—	—	—	(2,266)	(1,730)	(3,996)
Other	—	566	(590)	—	—	(24)	(470)	(494)
Total value of transactions with shareholders etc.	—	—	(221,978)	(360,254)	(2)	(582,234)	(13,849)	(596,083)
September 30, 2022	937,950	—	7,768,544	(586,713)	350,706	8,470,487	824,075	9,294,562

Six Months Ended September 30, 2023

	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, 2023	937,950	—	8,150,117	(737,290)	210,576	8,561,353	789,274	9,350,627
Comprehensive income								
Profit	—	—	670,844	—	—	670,844	26,626	697,470
Other comprehensive income	—	—	—	—	323,285	323,285	54,072	377,357
Total comprehensive income	—	—	670,844	—	323,285	994,129	80,698	1,074,827
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(204,629)	—	—	(204,629)	(11,522)	(216,151)
Transfer to retained earnings	—	9,581	(5,012)	—	(4,569)	—	—	—
Purchase and disposal of treasury stock	—	8	—	(24,026)	—	(24,018)	—	(24,018)
Changes in ownership interest in subsidiaries without loss of control	—	(3,634)	—	—	—	(3,634)	47,658	44,024
Share-based compensation transactions	—	(3,726)	—	—	—	(3,726)	(1,237)	(4,963)
Put options granted to non-controlling interests	—	(1,194)	—	—	—	(1,194)	(871)	(2,065)
Other	—	(1,035)	(341)	—	—	(1,376)	(738)	(2,114)
Total value of transactions with shareholders etc.	—	—	(209,982)	(24,026)	(4,569)	(238,577)	33,290	(205,287)
September 30, 2023	937,950	—	8,610,979	(761,316)	529,292	9,316,905	903,262	10,220,167

(4) Going Concern Assumption

None

(5) Subsequent Events

Entry into Capital and Business Alliance Agreement with Monex Group and Monex Securities

On October 4, 2023, NTT DOCOMO entered into a capital and business alliance agreement (the “Agreement”) with Monex Group, Inc. (“Monex Group”) and Monex Group’s subsidiary, Monex, Inc. (“Monex Securities”), for the purpose of developing a new financial services model focused on asset building services for customers.

Pursuant to the Agreement, NTT DOCOMO will own 49% of the shares and voting rights of an intermediate holding company, to be established by Monex Securities via share transfer, through a share sale and third-party allotment. In addition, as NTT DOCOMO will have the right to appoint a majority of the intermediate holding company’s directors, the intermediate holding company and its subsidiary, Monex Securities, will become subsidiaries of NTT DOCOMO. The closing date for the share sale and third-party allotment is expected to be January 4, 2024, and the total acquisition price is expected to be ¥48.6 billion.