

[Translation]

Quarterly Securities Report

(The Second Quarter of the 38th Business Term)
From July 1, 2022 to September 30, 2022

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

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[Note]

This document is an English translation of certain items that were disclosed in NTT's Quarterly Securities Report for the six-month period ended September 30, 2022, which NTT filed on November 9, 2022 with the Financial Services Agency of Japan.

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, as well as other risks included in NTT's most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its website.

[Cover]

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Item 1. Overview of the Company

1. Selected Financial Data

IFRS

		Six Months Ended September 30, 2021	Six Months Ended September 30, 2022	Fiscal year ended March 31, 2022
Operating revenues	Millions of yen	5,887,647 [2,995,077]	6,286,177 [3,217,306]	12,156,447
Profit before taxes	Millions of yen	1,015,294	1,019,452	1,795,525
Profit attributable to NTT	Millions of yen	675,833 [335,846]	696,607 [328,037]	1,181,083
Comprehensive income (loss) attributable to NTT	Millions of yen	745,432	770,265	1,373,364
NTT shareholders' equity	Millions of yen	8,016,092	8,470,487	8,282,456
Total assets	Millions of yen	22,719,507	24,881,836	23,862,241
Basic earnings per share attributable to NTT	Yen	186.77 [92.90]	197.04 [92.95]	329.29
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	35.3	34.0	34.7
Net cash provided by operating activities	Millions of yen	1,489,466	806,594	3,010,257
Net cash provided by investing activities	Millions of yen	(976,738)	(820,981)	(1,699,152)
Net cash provided by financing activities	Millions of yen	(546,846)	85,030	(1,438,130)
Cash and cash equivalents at end of period	Millions of yen	905,220	948,817	834,564

Notes: (1) NTT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

- (2) As NTT prepares condensed consolidated financial statements, changes in the non-consolidated financial data, are not provided.
- (3) Diluted earnings per share attributable to NTT is not stated because NTT did not have potentially dilutive common shares that were outstanding during the period.
- (4) Basic earnings per share attributable to NTT is calculated based on the average number of shares outstanding during the six months ended September 30, 2022, excluding treasury stock. In addition, beginning with the 37th business term, NTT adopted a BIP (Board Incentive Plan) trust stock compensation system for Members of the Board and Executive Officers. As a result, in calculating Basic earnings per share attributable to NTT, shares held by such trust are included in the amount of treasury stock to be deducted from the calculation.

2. Description of Business

The principal business segments of NTT Group (NTT and its affiliated companies) are its Integrated ICT Business, Regional Communications Business, and Global Solutions Business.

There were no material changes in NTT Group's business during the six months ended September 30, 2022, nor were there any material changes in its subsidiaries and affiliated companies.

Item 2. Business Overview

1. Risk Factors

There were no risks newly identified during the six months ended September 30, 2022. There was no material change in risk factors which were described in NTT's Annual Securities Report for the fiscal year ended March 31, 2022.

2. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flows

(1) Consolidated Results

Six-Month Period Ended September 30, 2022 (April 1, 2022 – September 30, 2022)

(Billions of yen)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022	Change	Percent Change
Operating revenues	5,887.6	6,286.2	398.5	6.8%
Fixed voice related services	456.3	440.7	(15.6)	(3.4)%
Mobile voice related services	556.5	528.8	(27.8)	(5.0)%
IP/packet communications services	1,741.3	1,709.9	(31.4)	(1.8)%
Sales of telecommunications equipment	300.3	333.6	33.3	11.1%
System integration services	1,882.5	2,155.3	272.8	14.5%
Other	950.6	1,118.0	167.4	17.6%
Operating expenses	4,878.4	5,289.6	411.3	8.4%
Personnel expenses	1,258.7	1,358.5	99.8	7.9%
Expenses for purchase of goods and services and other expenses	2,732.5	3,034.2	301.8	11.0%
Depreciation and amortization	769.6	781.3	11.7	1.5%
Others	117.6	115.6	(2.0)	(1.7)%
Operating profit	1,009.3	996.5	(12.7)	(1.3)%
Profit before taxes	1,015.3	1,019.5	4.2	0.4%
Profit attributable to NTT	675.8	696.6	20.8	3.1%

During the six months ended September 30, 2022, pursuant to the outline of NTT Group's Medium-Term Management Strategy "Your Value Partner 2025," which was announced in November 2018 (and revised in October 2021), NTT Group, in its role as "Your Value Partner," promoted initiatives through its business operation and worked with its partners to resolve social issues. As a result of these efforts, NTT Group's consolidated operating revenues for the six-month period ended September 30, 2022 were ¥6,286.2 billion (an increase of 6.8% from the same period of the previous fiscal year), consolidated operating expenses were ¥5,289.6 billion (an increase of 8.4% from the same period of the previous fiscal year), consolidated operating profit was ¥996.5 billion (a decrease of 1.3% from the same period of the previous fiscal year), profit before taxes was ¥1,019.5 billion (an increase of 0.4% from the same period of the previous fiscal year), and profit attributable to NTT was ¥696.6

billion (an increase of 3.1% from the same period of the previous fiscal year).

(2) Segment Results

Segment Revision

Effective from the fiscal year ended March 31, 2022, NTT 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) segments, from its previous five-segment structure that consisted of the Mobile Communications Business, Regional Communications Business, Long Distance and International Communications Business, Data Communications Business, and Other Business segments. Results presented for the consolidated fiscal period ended September 30, 2021 have been restated to align with the segment classifications subsequent to the change. (See “Note 6. Segment Information.”)

The Integrated ICT Business Segment comprises fixed voice related services, mobile voice related services, IP/packet communications services, sales of telecommunications equipment, system integration services and other services.

The Regional Communications Business Segment comprises fixed voice related services, IP/packet communications services, sales of telecommunications equipment, system integration services and other services.

The Global Solutions Business Segment principally comprises system integration services.

Others (Real Estate, Energy and Others) principally comprises building maintenance, real estate rentals, sales of energy and other services related to research and development.

Results by business segment are as follows (intersegment revenues are included in the operating revenues, operating expenses and operating profit of operational results for each business segment).

Integrated ICT Business Segment

Six-Month Period Ended September 30, 2022 (April 1, 2022 – September 30, 2022)

(Billions of yen)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022	Change	Percent Change
Operating revenues	2,880.7	2,899.8	19.1	0.7%
Fixed voice related services	89.3	87.6	(1.7)	(1.9)%
Mobile voice related services	559.8	532.8	(27.0)	(4.8)%
IP/packet communications services	1,169.9	1,136.0	(33.9)	(2.9)%
Sales of telecommunications equipment	267.0	304.0	37.1	13.9%
System integration services	241.4	267.6	26.2	10.9%
Other	553.4	571.8	18.4	3.3%
Operating expenses	2,304.8	2,323.4	18.6	0.8%
Personnel expenses	237.7	237.9	0.2	0.1%
Expenses for purchase of goods and services and other expenses	1,643.3	1,664.9	21.6	1.3%
Depreciation and amortization	386.8	387.6	0.8	0.2%
Others	37.0	32.9	(4.1)	(11.0)%
Operating profit	575.9	576.5	0.5	0.1%

Operating revenues for the Integrated ICT Business Segment for the six-month period ended September 30, 2022 increased 0.7% from the same period of the previous fiscal year to ¥2,899.8 billion. This increase was due to, among other factors, an increase in revenues from Sales of telecommunications equipment and System integration services revenues, partially offset by a decrease in IP/packet communications services revenues.

On the other hand, operating expenses for the six-month period ended September 30, 2022 increased 0.8% from the same period of the previous fiscal year to ¥2,323.4 billion due to increase in expenses, among other factors.

As a result, segment operating profit for the six-month period ended September 30, 2022 increased 0.1% from the same period of the previous fiscal year to ¥576.5 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2022	As of September 30, 2022	Change	Percent Change
Mobile Telecommunications Services	84,752	85,884	1,131	1.3%
Telecommunications Services (5G)	11,530	16,019	4,489	38.9%
Telecommunications Services (LTE (Xi))	61,396	59,474	(1,922)	(3.1)%
Telecommunications Services (FOMA (3G))	11,826	10,390	(1,436)	(12.1)%
Plala (ISP)	3,889	3,817	(72)	(1.9)%
OCN (ISP)	7,018	7,113	94	1.3%
Hikari TV	2,952	915	(2,037)	(69.0)%

Note: Number of Mobile Telecommunications Services (including "Telecommunications Services (LTE (Xi))" and "Telecommunications Services (FOMA)") includes MVNOs and Communication Module Services, and number of 5G services includes MVNOs.

Regional Communications Business Segment

Six-Month Period Ended September 30, 2022 (April 1, 2022 – September 30, 2022)

(Billions of yen)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022	Change	Percent Change
Operating revenues	1,567.4	1,547.5	(19.8)	(1.3)%
Fixed voice related services	465.2	438.7	(26.5)	(5.7)%
IP/packet communications services	797.4	801.5	4.1	0.5%
Sales of telecommunications equipment	33.6	29.7	(4.0)	(11.7)%
System integration services	87.9	83.1	(4.8)	(5.4)%
Other	183.3	194.5	11.3	6.2%
Operating expenses	1,276.8	1,283.4	6.6	0.5%
Personnel expenses	331.5	323.2	(8.4)	(2.5)%
Expenses for purchase of goods and services and other expenses	671.9	691.1	19.2	2.9%
Depreciation and amortization	209.1	206.5	(2.6)	(1.3)%
Others	64.2	62.6	(1.6)	(2.5)%
Operating profit	290.5	264.1	(26.4)	(9.1)%

Operating revenues in the Regional Communications Business Segment for the six-month period ended September 30, 2022 decreased 1.3% from the same period of the previous fiscal year to ¥1,547.5 billion due to, among other factors, a decrease in Fixed voice related services revenues.

On the other hand, operating expenses for the six-month period ended September 30, 2022 increased 0.5% from the same period of the previous fiscal year to ¥1,283.4 billion due to increase in expenses, among other factors.

As a result, segment operating profit for the six-month period ended September 30, 2022 decreased 9.1% from the same period of the previous fiscal year to ¥264.1 billion.

Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2022	As of September 30, 2022	Change	Percent Change
(NTT East)				
Telephone Subscriber Lines	6,597	6,373	(224)	(3.4)%
INS-Net	803	762	(41)	(5.1)%
FLET'S Hikari (including Hikari Collaboration Model)	13,156	13,280	123	0.9%
FLET'S ADSL	120	87	(33)	(27.7)%
Hikari Denwa (thousand channels)	10,075	10,079	4	0.0%
FLET'S TV Transmission Services	1,154	1,164	11	0.9%
(NTT West)				
Telephone Subscriber Lines	6,527	6,238	(289)	(4.4)%
INS-Net	801	762	(38)	(4.8)%
FLET'S Hikari (including Hikari Collaboration Model)	10,110	10,207	97	1.0%
FLET'S ADSL	166	121	(45)	(26.9)%
Hikari Denwa (thousand channels)	8,707	8,708	1	0.0%
FLET'S TV Transmission Services	841	863	22	2.6%

Notes: (1) Number of Telephone Subscriber Lines is the total of individual lines and central station lines

(Subscriber Telephone Light Plan is included).

(2) “INS-Net” includes “INS-Net 64” and “INS-Net 1500.” In terms of number of channels, transmission rate, and line use rate (base rate), “INS-Net 1500” is in all cases roughly ten times greater than “INS-Net 64.” For this reason, one “INS-Net 1500” subscription is calculated as ten “INS-Net 64” subscriptions (including subscriptions to the “INS-Net 64 Lite Plan”).

(3) 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 the subscribers to the “Hikari Collaboration Model,” the wholesale provision of services to service providers by NTT East and NTT West.

(4) Numbers of subscribers for “Hikari Denwa” and “FLET'S TV Transmission Services” include wholesale services provided to service providers by NTT East and NTT West.

Global Solutions Business Segment

Six-Month Period Ended September 30, 2022 (April 1, 2022 – September 30, 2022)

(Billions of yen)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022	Change	Percent Change
Operating revenues	1,726.4	1,973.0	246.5	14.3%
System integration services	1,720.7	1,971.9	251.2	14.6%
Other	5.7	1.0	(4.7)	(81.8)%
Operating expenses	1,619.7	1,858.5	238.8	14.7%
Personnel expenses	601.9	705.6	103.8	17.2%
Expenses for purchase of goods and services and other expenses	856.1	986.7	130.6	15.3%
Depreciation and amortization	151.8	155.0	3.2	2.1%
Others	9.9	11.1	1.2	12.3%
Operating profit	106.7	114.4	7.7	7.3%

Operating revenues in the Global Solutions Business Segment for the six-month period ended September 30, 2022 increased 14.3% from the same period of the previous fiscal year to ¥1,973.0 billion. This increase was due to, among other factors, increased capture of the demand for digitalization.

On the other hand, operating expenses for the six-month period ended September 30, 2022 increased 14.7% from the same period of the previous fiscal year to ¥1,858.5 billion due to, among other factors, an increase in revenue-linked expenses.

As a result, segment operating profit for the six-month period ended September 30, 2022 increased 7.3% from the same period of the previous fiscal year to ¥114.4 billion.

Others (Real Estate, Energy and Others)

Six-Month Period Ended September 30, 2022 (April 1, 2022 – September 30, 2022)

(Billions of yen)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022	Change	Percent Change
Operating revenues	630.7	775.4	144.6	22.9%
System integration services	19.4	27.0	7.7	39.5%
Other	611.4	748.3	137.0	22.4%
Operating expenses	580.8	721.1	140.3	24.2%
Personnel expenses	120.4	128.7	8.3	6.9%
Expenses for purchase of goods and services and other expenses	393.4	516.8	123.4	31.4%
Depreciation and amortization	57.1	64.3	7.1	12.5%
Others	9.9	11.4	1.5	15.1%
Operating profit	49.9	54.2	4.3	8.6%

Operating revenues in Others (Real Estate, Energy and Others) for the six-month period ended September 30, 2022 increased 22.9% from the same period of the previous fiscal year to ¥775.4 billion due to, among other factors, an increase in revenues from electricity billings in the energy business.

On the other hand, operating expenses for the six-month period ended September 30, 2022 increased 24.2% from the same period of the previous fiscal year to ¥721.1 billion due to, among other factors, an increase in revenue-linked expenses.

As a result, segment operating profit for the six-month period ended September 30, 2022 increased 8.6% from the same period of the previous fiscal year to ¥54.2 billion.

(3) Analysis of Cash Flows and Financial Position

Cash Flows

	(Billions of yen)			
	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022	Change	Percent Change
Cash flows provided by operating activities	1,489.5	806.6	(682.9)	(45.8)%
Cash flows used in investing activities	(976.7)	(821.0)	155.8	15.9%
Cash flows provided by financing activities	(546.8)	85.0	631.9	—%
Cash and cash equivalents	905.2	948.8	43.6	4.8%

Cash flows provided by operating activities for the six-month period ended September 30, 2022 was ¥806.6 billion. This was primarily due to profit 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 ¥1,528.5 billion. In addition, this represented a decrease of ¥682.9 billion (45.8%) from the same period of the previous fiscal year due to, among other factors, an increase in the amount of corporate tax payments and an increase in working capital compared to the same period of the previous fiscal year.

Cash flows used in investing activities, for the six-month period ended September 30, 2022 was ¥821.0 billion. This was primarily due to payments for acquisitions of property, plant and equipment, intangible assets and investment properties reaching ¥884.2 billion. In addition, this represented a decrease of ¥155.8 billion (15.9%) in payments from the same period of the previous fiscal year. This decrease was due to, among other factors, a reduction in payments for the purchase of investments, in addition to an increase in income from sales of stock.

Cash flows provided by financing activities, for the six-month period ended September 30, 2022 was ¥85.0 billion, which included dividend payments of ¥224.2 billion and income from borrowings of ¥783.9 billion. This represented an increase of ¥631.9 billion in income from the same period of the previous fiscal year. This increase was 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 September 30, 2022 was ¥948.8 billion, an increase of ¥114.3 billion (13.7%) from the end of the previous fiscal year.

Financial Position

(Billions of yen)

	March 31, 2022	September 30, 2022	Change
Assets	23,862.2	24,881.8	1,019.6
Liabilities	14,844.1	15,587.3	743.2
(incl.) Interest-bearing debt	7,364.3	8,507.5	1,143.3
Equity	9,018.1	9,294.6	276.4
(incl.) Total NTT shareholders' equity	8,282.5	8,470.5	188.0

Assets as of September 30, 2022 increased by ¥1,019.6 billion from the end of the previous fiscal year to ¥24,881.8 billion, due to among other factors, an increase in other current assets and an increase in goodwill due to the impact of exchange rates, partially offset by the collection of trade receivables recorded at the end of the previous fiscal year.

Liabilities as of September 30, 2022 increased by ¥743.2 billion from the end of the previous fiscal year to ¥15,587.3 billion, due to, among other factors, an increase in borrowings due to share repurchases and tax payments and the impact of exchange rates on foreign currency-denominated debt, partially offset by payments of accounts payable, accrued labor costs and other items recorded at the end of the previous fiscal year. The balance of interest-bearing debt was ¥8,507.5 billion, an increase of ¥1,143.3 billion from ¥7,364.3 billion as of the end of the previous fiscal year.

Shareholders' equity as of September 30, 2022 increased by ¥188.0 billion from the end of the previous fiscal year to ¥8,470.5 billion, due to an increase in profit for the quarter. The ratio of interest-bearing debt to shareholders' equity was 100.4% (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 ¥276.4 billion from the end of the previous fiscal year to ¥9,294.6 billion.

(4) Urgent Operational and Finance Issues Facing the Corporate Group

There were no material changes in urgent operational and finance issues facing the corporate group for the six months ended September 30, 2022, and no new additional issues arose during the period. In addition, during the six months ended September 30, 2022, there were no material changes in NTT Group's management policies or strategies.

(5) Research and Development

NTT's research and development expenses for the six months ended September 30, 2022 were ¥110.9 billion. There were no material changes in NTT's research and development activities during the six months ended September 30, 2022.

3. Material Contracts

There were no material contracts relating to NTT's operations that were agreed upon or entered into during the six months ended September 30, 2022.

Item 3. Information on NTT

1. Information on NTT's Shares

(1) Total Number of Shares

Total Number of Shares

Class	Total Number of Shares Authorized to be Issued (shares)
Common stock	6,192,920,900
Total	6,192,920,900

Issued Shares

Class	Number of Shares Issued as of September 30, 2022 (shares)	Number of Shares Issued as of the Filing Date (shares) (November 9, 2022)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,622,012,656	3,622,012,656	Tokyo Stock Exchange (Prime Market)	The number of shares per one unit of shares is 100 shares
Total	3,622,012,656	3,622,012,656	—	—

(2) Information on Share Acquisition Rights

(i) Description of Stock Option System

Not applicable.

(ii) Information on Shareholder Rights Plans

Not applicable.

(3) Information on Moving Strike Convertible Bonds

Not applicable.

(4) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in Common Stock (millions of yen)	Balance of Common Stock (millions of yen)	Change in Capital Reserve (millions of yen)	Balance of Capital Reserve (millions of yen)
July 1, 2022 - September 30, 2022	—	3,622,012,656	—	937,950	—	2,672,826

(5) Major Shareholders

As of September 30, 2022

Name	Address	Number of Shares Held (thousands of shares)	Ownership Percentage of the Total Number of Issued Shares
The Minister of Finance	1-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	1,167,975	33.86
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	387,622	11.24
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	173,868	5.04
Toyota Motor Corporation	1 Toyota-Cho, Toyota City, Aichi	80,775	2.34
Moxley & Co. LLC (Standing proxy: MUFG Bank, Ltd.)	4 NEW YORK PLAZA, 13TH FLOOR, NEW YORK, NY 10004 U.S.A (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	40,791	1.18
JPMorgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (15-1, Konan 2-chome, Minato-ku, Tokyo)	32,806	0.95
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo)	27,200	0.79
State Street Bank West Client - Treaty 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171 U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	25,532	0.74
NTT Employee Share-Holding Association	5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo	23,760	0.69
JPMorgan Chase Bank 385635 (Standing proxy: Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (15-1, Konan 2-chome, Minato-ku, Tokyo)	22,797	0.66
Total	—	1,983,132	57.49

Notes: Ownership Percentage of the Total Number of Issued Shares does not include treasury stock.

(6) Information on Voting Rights

Issued Shares

As of September 30, 2022

Classification	Number of Shares (shares)	Number of Voting Rights	Description
Shares without Voting Rights	—	—	—
Shares with Restricted Voting Rights (Treasury Stock, etc.)	—	—	—
Shares with Restricted Voting Rights (Others)	—	—	—
Shares with Full Voting Rights (Treasury Stock, etc.)	172,453,200 shares of common stock	—	—
Shares with Full Voting Rights (Others)	3,444,940,300 shares of common stock	34,449,391	—
Shares Representing Less than One Unit	4,619,156 shares of common stock	—	—
Number of Issued Shares	3,622,012,656 shares of common stock	—	—
Total Number of Voting Rights	—	34,449,391	—

Note: (1) The total number of shares in “Shares with Full Voting Rights (Others)” includes 57,400 shares held in the name of the Japan Securities Depository Center, and the number of shares in “Shares Representing Less Than One Unit” includes 88 shares held in the name of the Japan Securities Depository Center. “Number of Voting Rights” includes 574 voting rights associated with “Shares with Full Voting Rights” held in the name of the Japan Securities Depository Center, and does not include 12 voting rights associated with “Shares with Full Voting Rights” recorded on the shareholder register under NTT, but not actually owned by NTT.

(2) The total number of shares in “Shares with Full Voting Rights (Others)” includes 1,033,400 shares owned by BIP (Board Incentive Plan) Trust, and the number of shares in “Shares Representing Less Than One Unit” includes 66 shares owned by BIP (Board Incentive Plan) Trust. “Number of Voting Rights” includes 10,334 voting rights associated with “Shares with Full Voting Rights” owned by BIP (Board Incentive Plan) Trust.

Treasury Stock

As of September 30, 2022

Name of Shareholder	Address	Number of Shares Held Under Own Name (shares)	Number of Shares Held Under the Names of Others (shares)	Total Shares Held (shares)	Ownership Percentage to the Total Number of Issued Shares
Nippon Telegraph and Telephone Corporation	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	172,453,200	—	172,453,200	4.8%
Total	—	172,453,200	—	172,453,200	4.8%

Note: (1) In addition to the above, there are 1,200 shares that are recorded on the shareholder register under NTT, but not actually owned by NTT. Such shares are included in “Shares with Full Voting Rights (Others)” under “Issued Shares”.

(2) Treasury Stock does not include shares owned by BIP (Board Incentive Plan) Trust.

2. Changes in Directors and Senior Management

Not applicable.

Item 4. Financial Information

1. Basis of Preparation of Condensed Quarterly Consolidated Financial Statements

In accordance with Article 93 of the “Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007) (the “Ordinance on Consolidated Financial Statements”), NTT Group prepares condensed quarterly consolidated financial statements pursuant to International Accounting Standard (“IAS”) No. 34, “Interim Financial Reporting.”

2. Auditor’s Report

In accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, NTT Group’s condensed quarterly consolidated financial statements for the second quarter of the consolidated accounting period (from July 1, 2022 to September 30, 2022 and from April 1, 2022 to September 30, 2022) have been reviewed by KPMG AZSA LLC.

3. Special Measures to Ensure the Appropriateness of the Consolidated Financial Statements

NTT Group undertakes special measures to ensure the appropriateness of its consolidated financial statements and put in place a structure to properly disclose consolidated financial statements in accordance with IFRS. The details of such measures are below:

(1) NTT Group participates in organizations such as the Financial Accounting Standards Foundation in order to put in place a system in which NTT Group can ensure it has an appropriate grasp on the contents of accounting standards and can accurately respond to changes in accounting standards. In addition, NTT Group periodically undertakes reviews of accounting standards, and maintains internal regulations.

(2) With respect to the application of IFRS, NTT Group obtains press releases and statements of accounting principles published by the International Accounting Standards Board from time to time in order to gain an understanding of most recent standards. Furthermore, in order to prepare appropriate consolidated financial statements in accordance with IFRS, NTT Group developed group accounting policies and accounting guidelines in compliance with IFRS, and conducts its accounting in accordance with those policies and guidelines.

1. 【Condensed Quarterly Consolidated Financial Statements】

(1) 【Condensed Quarterly Consolidated Statements of Financial Position】

	Millions of yen		
	Notes	As of March 31, 2022	As of September 30, 2022
ASSETS			
Current assets			
Cash and cash equivalents		834,564	948,817
Trade and other receivables	12	3,604,959	3,559,912
Other financial assets	12	88,441	126,915
Inventories		408,362	472,274
Other current assets		574,922	950,565
Subtotal		5,511,248	6,058,483
Assets held for sale	7	205,344	211,262
Total current assets		5,716,592	6,269,745
Non-current assets			
Property, plant and equipment	8	9,326,888	9,430,997
Right-of-use asset		694,612	694,140
Goodwill		1,213,009	1,314,589
Intangible assets		1,951,824	2,025,280
Investment property		1,236,490	1,245,352
Investments accounted for using the equity method		429,806	461,774
Other financial assets	12	1,426,157	1,521,409
Deferred tax assets		970,432	1,001,296
Other non-current assets		896,431	917,254
Total non-current assets		18,145,649	18,612,091
Total assets		23,862,241	24,881,836

Millions of yen

	Notes	As of March 31, 2022	As of September 30, 2022
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	9,12	1,646,806	2,290,639
Trade and other payables		2,500,341	2,224,638
Lease liabilities		189,495	188,401
Other financial liabilities	12	29,566	25,640
Accrued payroll		544,455	497,972
Income taxes payables		210,964	237,618
Other current liabilities		1,129,851	997,278
Sub Total		6,251,478	6,462,186
Liabilities directly associated with assets held for sale	7	7,161	13,829
Total current liabilities		6,258,639	6,476,015
Non-current liabilities			
Long-term borrowings	9,12	5,717,465	6,216,908
Lease liabilities		655,729	658,603
Other financial liabilities	12	135,686	153,467
Defined benefit liabilities		1,561,049	1,579,104
Deferred tax liabilities		137,474	133,821
Other non-current liabilities		378,067	369,356
Total non-current liabilities		8,585,470	9,111,259
Total liabilities		14,844,109	15,587,274
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	10	937,950	937,950
Retained earnings	10	7,293,915	7,768,544
Treasury stock	10	(226,459)	(586,713)
Other components of equity	10	277,050	350,706
Total NTT shareholders’ equity		8,282,456	8,470,487
Non-controlling interests		735,676	824,075
Total equity		9,018,132	9,294,562
Total liabilities and equity		23,862,241	24,881,836

(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】

【Six Months Ended September 30】

Millions of yen except per share data			
	Notes	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022
Operating revenues	6, 11	5,887,647	6,286,177
Operating expenses			
Personnel expenses		1,258,714	1,358,469
Expenses for purchase of goods and services and other expenses		2,732,450	3,034,238
Depreciation and amortization		769,600	781,312
Loss on disposal of property, plant and equipment and intangible assets		52,157	47,363
Impairment losses		1,251	235
Taxes and dues		64,199	68,021
Total operating expenses		4,878,371	5,289,638
Operating profit	6	1,009,276	996,539
Finance income		25,502	41,084
Finance costs		28,950	34,792
Share of profit (loss) of entities accounted for using the equity method		9,466	16,621
Profit before taxes		1,015,294	1,019,452
Income taxes		301,943	278,412
Profit		713,351	741,040
Profit attributable to NTT		675,833	696,607
Profit attributable to Non-controlling interests		37,518	44,433
Earnings per share attributable to NTT			
Basic earnings per share (yen)		186.77	197.04

【Condensed Quarterly Consolidated Statements of Comprehensive Income】
【Six Months Ended September 30】

Millions of yen			
	Notes	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022
Profit		713,351	741,040
Other comprehensive income (net of tax)	10		
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		61,754	(50,162)
Share of other comprehensive income of entities accounted for using the equity method		(501)	(58)
Remeasurements of defined benefit plans		(2)	(17)
Total of items that will not be reclassified to profit or loss		61,251	(50,237)
Items that may be reclassified to profit or loss			
Cash flow hedges		(1,368)	(52,574)
Hedges cost		15,676	(15,898)
Foreign currency translation adjustments		7,142	236,871
Share of other comprehensive income of entities accounted for using the equity method		6,104	13,311
Total of items that may be reclassified to profit or loss		27,554	181,710
Total other comprehensive income (net of tax)		88,805	131,473
Total comprehensive income		802,156	872,513
Comprehensive income attributable to NTT	10	745,432	770,265
Comprehensive income attributable to Non-controlling interests	10	56,724	102,248

【Condensed Quarterly Consolidated Statements of Profit or Loss】
【Three Months Ended September 30】

Millions of yen except per share data			
	Notes	Three Months Ended September 30, 2021	Three Months Ended September 30, 2022
Operating revenues	6, 11	2,995,077	3,217,306
Operating expenses			
Personnel expenses		625,291	683,760
Expenses for purchase of goods and services and other expenses		1,402,830	1,590,575
Depreciation and amortization		387,098	391,670
Loss on disposal of property, plant and equipment and intangible assets		26,112	25,803
Impairment losses		5	(76)
Taxes and dues		30,739	32,387
Total operating expenses		2,472,075	2,724,119
Operating profit	6	523,002	493,187
Finance income		7,830	12,036
Finance costs		15,108	18,480
Share of profit (loss) of entities accounted for using the equity method		3,288	7,172
Profit before taxes		519,012	493,915
Income taxes		161,682	143,157
Profit		357,330	350,758
Profit attributable to NTT		335,846	328,037
Profit attributable to Non-controlling interests		21,484	22,721
Earnings per share attributable to NTT			
Basic earnings per share (yen)		92.90	92.95

【Condensed Quarterly Consolidated Statements of Comprehensive Income】
【Three Months Ended September 30】

Millions of yen			
	Notes	Three Months Ended September 30, 2021	Three Months Ended September 30, 2022
Profit		357,330	350,758
Other comprehensive income (net of tax)	10		
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		41,492	(33,568)
Share of other comprehensive income of entities accounted for using the equity method		221	(150)
Remeasurements of defined benefit plans		45	109
Total of items that will not be reclassified to profit or loss		41,758	(33,609)
Items that may be reclassified to profit or loss			
Cash flow hedges		(8,502)	(31,017)
Hedges cost		10,755	3,105
Foreign currency translation adjustments		2,491	66,376
Share of other comprehensive income of entities accounted for using the equity method		(848)	7,088
Total of items that may be reclassified to profit or loss		3,896	45,552
Total other comprehensive income (net of tax)		45,654	11,943
Total comprehensive income		402,984	362,701
Comprehensive income attributable to NTT	10	366,343	318,193
Comprehensive income attributable to Non-controlling interests	10	36,641	44,508

(3) 【Condensed Quarterly Consolidated Statements of Changes in Equity】

【Six Months Ended September 30, 2021】

Millions of yen									
	Notes	NTT Shareholders' Equity					Non-controlling interests	Total equity	
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity			
As of March 31 2021		937,950	—	7,068,008	(704,793)	261,542	7,562,707	640,336	8,203,043
Comprehensive income									
Profit		—	—	675,833	—	—	675,833	37,518	713,351
Other comprehensive income	10	—	—	—	—	69,599	69,599	19,206	88,805
Total comprehensive income		—	—	675,833	—	69,599	745,432	56,724	802,156
Transactions with owners and other transactions									
Dividends of surplus	10	—	—	(199,211)	—	—	(199,211)	(9,728)	(208,939)
Transfer to retained earnings	10	—	7,315	1,608	—	(8,923)	—	—	—
Purchase and disposal of treasury stock	10	—	1	—	(85,521)	—	(85,520)	—	(85,520)
Changes in ownership interest in subsidiaries without loss of control		—	(1,644)	—	—	—	(1,644)	(2,961)	(4,605)
Share-based compensation transactions		—	(4,705)	—	—	—	(4,705)	15	(4,690)
Put options granted to non-controlling interests	10	—	(889)	—	—	—	(889)	(1,001)	(1,890)
Other		—	(78)	—	—	—	(78)	(66)	(144)
Total Transactions with owners and other transactions		—	—	(197,603)	(85,521)	(8,923)	(292,047)	(13,741)	(305,788)
As of September 30, 2021		937,950	—	7,546,238	(790,314)	322,218	8,016,092	683,319	8,699,411

【Six Months Ended September 30, 2022】

Millions of yen

	Notes	NTT Shareholders' Equity						Non-controlling interests	Total equity
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
As of 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	10	—	—	—	—	73,658	73,658	57,815	131,473
Total comprehensive income		—	—	696,607	—	73,658	770,265	102,248	872,513
Transactions with owners and other transactions									
Dividends of surplus	10	—	—	(212,551)	—	—	(212,551)	(11,792)	(224,343)
Transfer to retained earnings	10	—	8,839	(8,837)	—	(2)	—	—	—
Purchase and disposal of treasury stock	10	—	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	10	—	(2,266)	—	—	—	(2,266)	(1,730)	(3,996)
Other		—	566	(590)	—	—	(24)	(470)	(494)
Total Transactions with owners and other transactions		—	—	(221,978)	(360,254)	(2)	(582,234)	(13,849)	(596,083)
As of September 30, 2022		937,950	—	7,768,544	(586,713)	350,706	8,470,487	824,075	9,294,562

(4) 【Condensed Quarterly Consolidated Statement of Cash Flows】

		Millions of yen	
	Notes	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022
Cash flows from operating activities			
Profit		713,351	741,040
Depreciation and amortization		769,600	781,312
Impairment losses		1,251	235
Share of loss (profit) of entities accounted for using the equity method		(9,466)	(16,621)
Losses on retirement of property, plant and equipment and intangible assets		23,823	22,569
Gain on sales of property, plant and equipment and intangible assets		(7,672)	(6,260)
Income taxes		301,943	278,412
Decrease (increase) in trade and other receivables		555,903	131,112
Decrease (increase) in inventories		(15,936)	(79,919)
Decrease (increase) in other current assets		(86,539)	(99,240)
Increase (decrease) in trade and other payables / accrued payroll		(420,035)	(259,281)
Increase (decrease) in other current liabilities		(123,464)	(149,546)
Increase (decrease) in defined benefit liabilities		20,532	16,418
Increase (decrease) in other non-current liabilities		(13,550)	(12,655)
Other, net		(12,195)	(92,081)
Sub-total		1,697,546	1,255,495
Interest and dividends received		49,282	58,345
Interest paid		(23,665)	(29,903)
Income taxes paid		(233,697)	(477,343)
Net cash provided by (used in) operating activities		1,489,466	806,594
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property		(894,612)	(884,234)
Proceeds from government grants		-	11,808
Purchase of investments		(77,002)	(43,711)
Proceeds from sale or redemption of investments		30,129	36,803
Proceeds from loss of control of subsidiaries		15,622	51,104
Acquisition of subsidiaries, net of cash acquired		(62,058)	(22,674)
Net decrease (increase) loan receivable		503	20,786
Other, net		10,680	9,137
Net cash provided by (used in) investing activities		(976,738)	(820,981)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		(1,024,056)	489,753
Proceeds from increases in long-term borrowings	9	1,152,149	489,631
Repayment of long-term borrowings	9	(263,694)	(195,513)
Repayment of lease liabilities		(103,709)	(109,674)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(13,598)	(5,467)
Dividends paid		(199,211)	(212,551)
Dividends paid to non-controlling interests		(9,859)	(11,698)
Purchase and sale of treasury stock		(85,547)	(360,373)
Other, net		679	922
Net cash provided by (used in) financing activities		(546,846)	85,030
Effect of exchange rate change on cash and cash equivalents		3,611	43,610
Net increase (decrease) in cash and cash equivalents		(30,507)	114,253
Cash and cash equivalents at the beginning of the year		935,727	834,564
Cash and cash equivalents at the end of the period		905,220	948,817

【Notes to Condensed Quarterly Consolidated Financial Statements】

1. Reporting Entity

NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) is a corporation domiciled in Japan. The address of NTT’s registered headquarters is disclosed on its website (<https://group.ntt/>). The condensed quarterly consolidated financial statements comprise NTT and its subsidiaries (“NTT Group” or “the Group”).

NTT Group’s business segments and major subsidiaries are as follows:

Integrated ICT Business

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.

- NTT DOCOMO Corporation (“NTT DOCOMO”)
- NTT Communications Corporation (“NTT Communications”)

Regional Communications Business

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

- NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (“NTT East”)
- NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (“NTT West”)

Global Solutions Business

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

- NTT, Inc.
- NTT DATA Corporation (“NTT DATA”)

2. Basis of Preparation

(1) Matters Regarding Compliance with IFRS

NTT Group meets the requirements of the “Specified Company complying with Designated International Accounting Standards” pursuant to Article 1-2 of the “Order on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Order No. 64 of 2007) (the “Order on Consolidated Financial Statements”). Consequently, in accordance with Article 93 of the Order on Consolidated Financial Statements, NTT Group prepares condensed quarterly consolidated financial statements pursuant to International Accounting Standard (“IAS”) No. 34, “Interim Financial Reporting.” The condensed quarterly consolidated financial statements were approved by the President and Chief Executive Officer Akira Shimada and Senior Executive Vice President and Chief Financial Officer Takashi Hiroi on November 8, 2022.

Since the statements do not include all the information and disclosures required for a complete set of financial statements, it should be read in conjunction with the consolidated financial statements for the year ended March 31, 2022.

(2) Basis for Measurement

The condensed quarterly consolidated financial statements are prepared on the basis of cost, with the exception of certain items such as financial instruments measured at fair value, and assets and liabilities recognized in relation to defined benefit plans.

(3) Functional Currency and Presentation Currency

The currency used to present the condensed quarterly consolidated financial statements is the Japanese yen, which is the currency used in the primary economic environment where NTT conducts its business activities (hereinafter referred to as the “functional currency”). Amounts are rounded to the nearest million yen.

3. Significant Accounting Policies

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, 2022.

4. Significant Accounting Estimates and Judgments Involving Estimates

In preparing the condensed quarterly consolidated financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies as well as the amounts reported for assets, liabilities, revenue and expenses. These estimates and assumptions are based on management's best judgments taking into account various factors that are considered reasonable as of the period end, based on past experience and currently available information. However, due to the nature of such judgments, the actual results in the future may differ from these estimates or assumptions.

Estimates and their underlying assumptions are continuously reviewed. The effect of revisions to accounting estimates is recognized in the consolidated accounting period when the estimates were adjusted and in future consolidated accounting periods.

The significant accounting judgements, estimates, and assumptions made in preparing the condensed consolidated financial statements are consistent with those made in preparing the consolidated financial statements for the year ended March 31, 2022.

As for the spread of the COVID-19 pandemic, as described in the section entitled "Risk Factors" in NTT's Annual Securities Report for the fiscal year ended March 31, 2022, as a result of the prolonged spread of the pandemic, it is possible that NTT Group's business activities will be materially affected, including through the reduction of its customers' business activities which may cause reductions in systems integration orders and in sales of various services and delays in planned construction. Furthermore, even after the abatement of the pandemic, it is possible that people's daily lives and the workstyles of businesses will significantly change, which may, as a result, impact NTT Group's business results and financial position. However, there was no material impact on the company's accounting estimates and judgements involving estimates at the end of the six months ended September 30, 2022.

5. New Standards Not Yet Applied

Standards and interpretations that were newly issued or revised prior to the date the condensed quarterly consolidated financial statements were approved, that NTT Group has not adopted earlier, and whose adoption may impact NTT Group significantly are not applicable.

6. Segment Information

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. In accordance with this change, segment information for the first six months and three months of the previous fiscal year has been restated according to the segmentation after the change.

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

Six Months Ended September 30,

(Millions of yen)

	Six Months Ended September 30, 2021 (April 1, 2021 - September 30, 2021)	Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)
Integrated ICT Business		
Transactions with external customers	2,749,502	2,773,598
Inter-segment transactions	131,219	126,240
Subtotal	2,880,721	2,899,838
Regional Communications Business		
Transactions with external customers	1,216,574	1,204,183
Inter-segment transactions	350,783	343,355
Subtotal	1,567,357	1,547,538
Global Solutions Business		
Transactions with external customers	1,631,135	1,881,551
Inter-segment transactions	95,306	91,410
Subtotal	1,726,441	1,972,961
Others (Real Estate, Energy and Others)		
Transactions with external customers	290,436	426,845
Inter-segment transactions	340,308	348,509
Subtotal	630,744	775,354
Elimination of inter-segment transactions	(917,616)	(909,514)
Total	5,887,647	6,286,177

Three Months Ended September 30,

(Millions of yen)

	Three Months Ended September 30, 2021 (July 1, 2021 - September 30, 2021)	Three Months Ended September 30, 2022 (July 1, 2022 - September 30, 2022)
Integrated ICT Business		
Transactions with external customers	1,381,375	1,418,623
Inter-segment transactions	63,889	59,424
Subtotal	1,445,264	1,478,047
Regional Communications Business		
Transactions with external customers	620,632	608,209
Inter-segment transactions	171,880	171,401
Subtotal	792,512	779,610
Global Solutions Business		
Transactions with external customers	834,972	955,919
Inter-segment transactions	49,251	48,060
Subtotal	884,223	1,003,979
Others (Real Estate, Energy and Others)		
Transactions with external customers	158,098	234,555
Inter-segment transactions	174,030	178,506
Subtotal	332,128	413,061
Elimination of inter-segment transactions	(459,050)	(457,391)
Total	2,995,077	3,217,306

Segment profit or loss

Six Months Ended September 30,

(Millions of yen)

	Six Months Ended September 30, 2021 (April 1, 2021 - September 30, 2021)	Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)
Segment profit		
Integrated ICT Business	575,910	576,454
Regional Communications Business	290,530	264,114
Global Solutions Business	106,700	114,449
Others (Real Estate, Energy and Others)	49,934	54,235
Total	1,023,074	1,009,252
Elimination of inter-segment transactions	(13,798)	(12,713)
Operating profit	1,009,276	996,539
Finance income	25,502	41,084
Finance costs	28,950	34,792
Share of profit of entities accounted for using equity method	9,466	16,621
Profit before taxes	1,015,294	1,019,452

Three Months Ended September 30,

(Millions of yen)

	Three Months Ended September 30, 2021 (July 1, 2021 - September 30, 2021)	Three Months Ended September 30, 2022 (July 1, 2022 - September 30, 2022)
Segment profit		
Integrated ICT Business	293,087	292,727
Regional Communications Business	143,745	125,407
Global Solutions Business	65,838	51,003
Others (Real Estate, Energy and Others)	26,711	30,087
Total	529,381	499,224
Elimination of inter-segment transactions	(6,379)	(6,037)
Operating profit	523,002	493,187
Finance income	7,830	12,036
Finance costs	15,108	18,480
Share of profit of entities accounted for using equity method	3,288	7,172
Profit before taxes	519,012	493,915

During the first six months and 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. 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.

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 condensed quarterly 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 September 30, 2022. The classes of these assets are mainly property, plant and equipment, and the carrying amounts are ¥106,110 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.

Furthermore, the impact of the Transaction on NTT’s condensed quarterly consolidated statement of profit or loss is immaterial.

Sale of shares of data center holding company

Overview

NTT Group and Macquarie Asset Management have agreed to enter into a strategic real estate partnership covering NTT Group's wholesale facilities across Europe and North America on March 31, 2022. NTT Group will sell portions of its shares of its data center holding company based on this partnership and will classify such shares as assets held for sale at the timing of resolution of each individual sale.

NTT Group is one of the world's largest data center operators, with over 1,300 MWs of data center capacity today, including a large development pipeline of a 25% increase in capacity across more than 20 countries and regions globally. This strategic real estate partnership will give Macquarie Asset Management the opportunity to invest real estate capital alongside NTT Group to support its expansion in Europe and North America. At the same time, this partnership provides NTT Group the opportunity to further accelerate its data center development to take advantage of unprecedented growth in the market as the move to digital continues to grow globally.

Impact on accounting treatment and on the condensed quarterly consolidated financial statements

As of September 30, 2022, assets related to sale of shares of data center holding company and liabilities directly associated with the assets, which were included in Global Solutions Business Segment, were classified as assets held for sale and liabilities directly associated with assets held for sale until the completion of the share transfer, and were ¥99,588 million and ¥28,296 million, respectively. The amount of these assets and liabilities are measured at its carrying amounts because their fair values less costs of disposal exceeded the carrying amounts.

The major classes of assets and liabilities classified as held for sale are as below.

(Millions of yen)

Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Cash and cash equivalents	¥ 1,173	Short-term borrowings	¥ 3,738
Trade and other receivables	2,735	Trade and other payables	3,019
Inventories	1,281	Long-term borrowings	14,481
Property, plant and equipment	88,624	Lease liabilities (Noncurrent)	4,323
Right-of-use asset	4,268	Other	2,735
Other	1,507		
Total	¥ 99,588	Total	¥ 28,296

Amounts in the table above represent the figures before elimination of intercompany transactions. Intercompany transactions with consolidated subsidiaries are Long-term borrowings amounted to ¥14,481 million.

8. Property, Plant and Equipment

Component of Property, plant and equipment

	Millions of yen	
	As of March 31, 2022	As of September 30, 2022
Telecommunications equipment	¥10,908,428	¥10,956,825
Telecommunications service lines	16,813,435	16,876,993
Buildings and structures	5,716,825	5,787,961
Machinery, tools and fixtures	2,642,550	2,776,639
Land	723,645	771,028
Construction in progress	517,678	602,082
Subtotal	37,322,561	37,771,528
Accumulated depreciation and impairment losses	(27,995,673)	(28,340,531)
Property, plant and equipment - total	¥9,326,888	¥9,430,997

9. Corporate Bonds

Details of corporate bonds transactions

Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT Finance Corporation	5th series of Eurodollar bonds	U.S.\$750 million	1.90%	July 21, 2016	July 21, 2021
Redemption	Nippon Telegraph and Telephone Corporation	62nd series of NTT bonds	¥70,000 million	1.02%	November 28, 2011	September 17, 2021
Redemption	NTT Finance Corporation	7th series of bonds (Former NTT Urban Development Corporation Corporation 11th series of bonds)	¥10,000 million	1.12%	March 31, 2020	September 17, 2021
Issuance	NTT Finance Corporation	1st series of bonds (Only for Qualified Institutional Investors)	¥50,000 million	0.10%	June 28, 2021	June 19, 2026
Issuance	NTT Finance Corporation	2nd series of bonds (Only for Qualified Institutional Investors)	¥30,000 million	0.22%	June 28, 2021	June 20, 2030
Issuance	NTT Finance Corporation	3rd series of bonds (Only for Qualified Institutional Investors)	¥20,000 million	0.25%	June 28, 2021	June 20, 2031
Issuance	NTT Finance Corporation	4th series of bonds (Only for Qualified Institutional Investors)	¥30,000 million	0.21%	September 29, 2021	September 20, 2030

Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)						
Issuance	NTT Finance Corporation	5th series of bonds (Only for Qualified Institutional Investors)	¥20,000 million	0.24%	September 29, 2021	September 19, 2031

Six Months Ended September 30, 2022 (April 1, 2022 to September 30, 2022)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT DATA Corporation	26th series of bonds	¥25,000 million	0.95%	June 15, 2012	June 20, 2022
Redemption	NTT Finance Corporation	9th series of bonds (Former NTT Urban Development Corporation 13th series of bonds)	¥10,000 million	0.91%	October 26, 2012	September 20, 2022
Redemption	NTT Finance Corporation	4th series of bonds	¥10,000 million	0.06%	October 13, 2017	September 20, 2022
Issuance	NTT Finance Corporation	24th series of USD bonds (Green Bond)	USD 500 million	4.142%	July 27, 2022	July 26, 2024
Issuance	NTT Finance Corporation	25th series of USD bonds (Green Bond)	USD 500 million	4.239%	July 27, 2022	July 25, 2025
Issuance	NTT Finance Corporation	26th series of USD bonds (Green Bond)	USD 500 million	4.372%	July 27, 2022	July 27, 2027

10. Equity and Other Equity Items

(1) Issued Shares and Treasury Stock

Reconciliation of the number of issued shares and treasury stock

(shares)

	Issued Shares	Treasury Stock
As of April 1, 2021	3,900,788,940	278,776,284
Purchase of treasury stock under resolution of the board of directors	—	79,358,500
Repurchase of shares based on less-than-one-unit share purchase demand	—	149,806
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(17,876)
Cancellation of treasury stock	(278,776,284)	(278,776,284)
As of March 31, 2022	3,622,012,656	79,490,430
Purchase of treasury stock under resolution of the board of directors	—	92,925,400
Repurchase of shares based on less-than-one-unit share purchase demand	—	40,206
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(2,788)
As of September 30, 2022	3,622,012,656	172,453,248

In addition to the above, 1,033,466 shares held by the BIP trust are recorded as “treasury stock” in Condensed Consolidated Financial Statements.

On November 10, 2021, the Board of Directors resolved that NTT would cancel 278,776,284 of its shares on November 17, 2021, and as a result of NTT cancelling such shares on November 17, 2021, additional paid-in capital decreased by ¥1,292 million and retained earnings decreased by ¥730,623 million.

The resolution of repurchasing its outstanding common stock by NTT's Board of Directors and status

The date of resolution	Plan			Result			
	Period of repurchases	Total number of shares to be repurchased (million shares)	Aggregate repurchase amount (million yen)	Period for repurchases	Total number of shares repurchased (shares)	Aggregate repurchased amount (million yen)	Status of repurchase
August 6, 2021	From August 10, 2021 to March 31, 2022	100	250,000	From August 2021 to December 2021	79,358,500	250,000	Concluded
May 12, 2022	From May 13, 2022 to March 31, 2023	110	400,000	September 2022	92,925,400	360,272	Concluded
November 8, 2022	From November 9, 2022 to March 31, 2023	41	150,000	—	—	—	—

(2) Put Options Granted to Non-Controlling Interests

With regard to written put options for subsidiary shares granted by NTT Group to the owners of non-controlling interests, the amounts deducted from additional paid-in capital were ¥15,664 million and ¥21,312 million, respectively, as at the end of the fiscal year ended March 31, 2022 and the six months ended September 30, 2022

(3) Other Components of Equity

The details and changes in other components of equity

Six Months Ended September 30, 2021

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Hedges cost	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
As of March 31, 2021	228,114	(8,668)	(16,135)	—	58,231	261,542
Other comprehensive income	48,708	(1,572)	15,476	(1,164)	8,151	69,599
Transfer to retained earnings	(10,087)	—	—	1,164	—	(8,923)
As of September 30, 2021	266,735	(10,240)	(659)	—	66,382	322,218

Six Months Ended September 30, 2022

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Hedges cost	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
As of March 31, 2022	152,701	(60,108)	(1,763)	—	186,220	277,050
Other comprehensive income	(47,444)	(53,355)	(15,734)	111	190,080	73,658
Transfer to retained earnings	109	—	—	(111)	—	(2)
As of September 30, 2022	105,366	(113,463)	(17,497)	—	376,300	350,706

(4) Dividends

The amount of dividends paid out in the six months ended September 30, 2021 and 2022

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
June 24, 2021 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	199,211	55	March 31, 2021	June 25, 2021
June 24, 2022 Ordinary General Meeting of Shareholders*	Common shares	Retained earnings	212,551	60	March 31, 2022	June 27, 2022

*Total dividend includes the dividend of ¥65 million for the Company's shares held by the BIP trust.

Amount of dividends declared with a record date during the six months ended September 30, 2022 and an effective date after the six months ended September 30, 2022

Resolution	Class of Shares	Source of Dividends	Total Dividend* (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
November 8, 2022 Board of Directors	Common shares	Retained earnings	206,974	60	September 30, 2022	December 15, 2022

*Total dividend includes the dividend of ¥62 million for the Company's shares held by the BIP trust.

(5) Other

According to the NTT Act, NTT must obtain authorization from the Minister of Internal Affairs and Communications for certain financial matters, including the issuance of new shares, bonds with a right to subscribe for new shares, and disposal of surplus.

11. Operating Revenues

Relationship between Components of Revenues and Segment Revenues

For the Six Months Ended September 30, 2021

(Millions of yen)

		Segment			Others (Real Estate, Energy and Others)	Total
		Integrated ICT Business Segment	Regional Communications Business	Global Solutions Business Segment		
Main Services	Fixed voice related services	¥76,374	¥379,928	¥—	¥—	¥456,302
	Mobile voice related services	556,547	—	—	—	556,547
	IP/packet communications services	1,161,084	580,256	—	—	1,741,340
	Sales of telecommunications equipment	266,734	33,579	—	—	300,313
	System integration services	165,367	77,604	1,626,706	12,863	1,882,540
	Other services	523,396	145,207	4,429	277,573	950,605
	Total	¥2,749,502	¥1,216,574	¥1,631,135	¥290,436	¥5,887,647

For the Six Months Ended September 30, 2022

(Millions of yen)

		Segment			Others (Real Estate, Energy and Others)	Total
		Integrated ICT Business Segment	Regional Communications Business	Global Solutions Business Segment		
Main Services	Fixed voice related services	¥76,428	¥364,242	¥—	¥—	¥440,670
	Mobile voice related services	528,774	—	—	—	528,774
	IP/packet communications services	1,129,653	580,246	—	—	1,709,899
	Sales of telecommunications equipment	303,923	29,648	—	—	333,571
	System integration services	184,501	73,828	1,880,842	16,136	2,155,307
	Other services	550,319	156,219	709	410,709	1,117,956
	Total	¥2,773,598	¥1,204,183	¥1,881,551	¥426,845	¥6,286,177

In its four-segment structure of Integrated ICT Business, Regional communications business, Global Solutions Business, and Others (Real Estate, Energy and Others), NTT Group provides the following six services: fixed voice-related services, mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services.

Effective from the fiscal year ended March 31, 2022, NTT Group has changed its segmentation. The details are presented in “Note 6. Segment Information.” In accordance with this change, segment information for the first six months of the previous fiscal year has been restated according to the segmentation after the change.

For the Three Months Ended September 30,2021

(Millions of yen)

		Segment			Others (Real Estate, Energy and Others)	Total
		Integrated ICT Business Segment	Regional Communications Business	Global Solutions Business Segment		
Main Services	Fixed voice related services	¥37,088	¥190,959	¥—	¥—	¥228,047
	Mobile voice related services	277,865	—	—	—	277,865
	IP/packet communications services	583,712	290,229	—	—	873,941
	Sales of telecommunications equipment	127,650	17,036	—	—	144,686
	System integration services	89,545	49,555	831,084	6,465	976,649
	Other services	265,515	72,853	3,888	151,633	493,889
	Total	¥1,381,375	¥620,632	¥834,972	¥158,098	¥2,995,077

For the Three Months Ended September 30,2022

(Millions of yen)

		Segment			Others (Real Estate, Energy and Others)	Total
		Integrated ICT Business Segment	Regional Communications Business	Global Solutions Business Segment		
Main Services	Fixed voice related services	¥39,963	¥180,908	¥—	¥—	¥220,871
	Mobile voice related services	263,578	—	—	—	263,578
	IP/packet communications services	568,081	290,366	—	—	858,447
	Sales of telecommunications equipment	158,759	14,734	—	—	173,493
	System integration services	94,753	43,072	955,742	7,736	1,101,303
	Other services	293,489	79,129	177	226,819	599,614
	Total	¥1,418,623	¥608,209	¥955,919	¥234,555	¥3,217,306

In its four-segment structure of Integrated ICT Business, Regional communications business, Global Solutions Business, and Others (Real Estate, Energy and Others), NTT Group provides the following six services: fixed voice-related services, mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services.

Effective from the fiscal year ended March 31, 2022, NTT Group has changed its segmentation. The details are presented in “Note 6. Segment Information.” In accordance with this change, segment information for the three months of the previous fiscal year has been restated according to the segmentation after the change.

12. Financial Instruments

(1) Continuing Involvement in Derecognized Financial Asset

Credit card receivables

NTT Group concluded an agreement for the transfer to third parties of the rights to receive cash flows from credit card receivables (trade and other receivables) for a period until March 31, 2023, and transferred such rights on June 29, 2022 and September 29, 2022 during the six months ended September 30, 2022.

The credit card receivables subject to the transfer are classified into senior, mezzanine and subordinated portions based on the risk of default. For the mezzanine portion, NTT Group deposits cash for third parties and bears the credit risk.

Although NTT Group bears the credit risk for the mezzanine portion as stated above, the credit risk assumed by the NTT Group is insignificant because the default risk is highly likely to be absorbed by the subordinated portion. NTT Group is also properly monitoring the default risk by tracking that actual collections of the transferred receivables are adequate. Claim rights against the third parties for the cash deposit portions are recognized as “Trade and other receivables” in the condensed quarterly consolidated statement of financial position.

In the fiscal year ended March 31, 2022 and the six months ended September 30, 2022, NTT Group derecognized the transferred assets because substantially all the risks and rewards of ownership had been transferred to third parties.

Of the transferred assets, the total amount of cash deposits provided by NTT Group to third parties as of March 31, 2022 and September 30, 2022 was ¥47,859 million and ¥58,942 million, respectively.

The fair value of the derecognized assets as of March 31, 2022 and September 30, 2022 is same as its book value.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2022 and September 30, 2022 was ¥47,859 million and ¥58,924 million, respectively, which represents the total amount of cash deposits provided by NTT Group to the third parties.

The losses recognized in these transfer transactions during the six months ended September 30, 2021 and the six months ended September 30, 2022 were immaterial.

The largest transfer transactions during the six months ended September 30, 2021 and the six months ended September 30, 2022 occurred on September 29, 2021 and September 29, 2022, respectively.

The amounts of credit card receivables that were derecognized are ¥473,829 million and ¥595,369 million, respectively, and the considerations received for transferred assets were ¥426,393 million and ¥535,827 million.

No credit losses were incurred in the six months ended September 30, 2021 or in the six months ended September 30, 2022.

Telecommunications terminal equipment installment sales receivables

In the fiscal year ended March 31, 2022, NTT Group concluded an agreement for the transfer to third parties of financial assets related to telecommunications terminal equipment installment sales receivables (trade and other receivables), and transferred such assets on September 17, 2021 and March 30, 2022.

The telecommunications terminal equipment installment sales receivables subject to the transfer are classified into senior, mezzanine and subordinated portions based on the risk of default. For the mezzanine portion, NTT Group holds the rights to receive cash flows and bears the credit risk.

Although NTT Group bears the credit risk for the mezzanine portion as stated above, the credit risk assumed by the NTT Group is insignificant because the default risk is highly likely to be absorbed by the subordinated portion. NTT Group is also properly monitoring the default risk by tracking that actual collections of the transferred receivables are adequate. The rights to receive cash flows for the mezzanine portion are recognized as “Trade and other receivables” and “Other financial assets” in the condensed quarterly consolidated statement of financial position.

In the fiscal year ended March 31, 2022, NTT Group derecognized the transferred assets because substantially all the risks and rewards of ownership had been transferred to third parties.

Of the transferred assets, the total amounts of cash deposits provided by NTT Group to third parties as of March 31, 2022 and September 30, 2022 were ¥34,889 million and ¥34,820 million, respectively. The fair value of the derecognized assets as of March 31, 2022 and September 30, 2021 is same as its book value.

The maximum amounts of exposure to losses pertaining to this matter as of March 31, 2022 and September 30, 2022 were ¥34,889 million and ¥34,820 million, respectively, which represents the total amount of cash deposits provided by NTT Group to the third parties.

The losses recognized in these transfer transactions during the six months ended September 30, 2021 were immaterial. The largest transfer transactions during the six months ended September 30, 2021 occurred on September 17, 2021, respectively.

The amounts of the telecommunications terminal equipment installment sales receivables that were derecognized are ¥247,721 million and the consideration received for transferred assets was ¥220,458 million.

There were no transfers of financial assets to third parties during the six months ended September 30, 2022.

No credit losses were incurred in the six months ended September 30, 2021 or in the six months ended September 30, 2022.

(2) Fair Value of Financial Instruments

(i) The fair value of financial instruments not measured at fair value

The carrying amount and estimated fair value of financial instruments not measured at a fair value

(Millions of yen)

	Year Ended March 31, 2022		Six Months Ended September 30, 2022	
	Carrying amount	Fair Value	Carrying amount	Fair value
Long-term borrowings (including current portion or balance due within 1 year)	6,437,530	6,325,007	7,030,100	6,771,672

With regard to the above-mentioned items, the assumptions (inputs) used to measure fair value are classified as Level 2.

With the exception of the above-mentioned items, the financial instruments not measured at fair value are not included in the table, because their carrying amounts approximate their fair values. The measurement methods of fair value are consistent with those applied in the consolidated financial statements for the fiscal year ended March 31, 2022.

(ii) Fair Value Measurement

Assets and liabilities measured at fair value

As of March 31, 2022

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Investments in capital	—	8,314	53,575	61,889
Derivatives financial assets				
Applied hedge accounting	—	92,902	—	92,902
Not applied hedge accounting	—	4,054	—	4,054
Financial assets measured at fair value through other comprehensive income				
Equity securities	793,751	—	131,356	925,107
Total	793,751	105,270	184,931	1,083,952
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	—	11,440	—	11,440
Not applied hedge accounting	—	1,463	—	1,463
Total	—	12,903	—	12,903

As of September 30, 2022

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit/loss				
Investments in capital	—	9,569	55,469	65,038
Derivatives financial assets				
Applied hedge accounting	—	243,975	—	243,975
Not applied hedge accounting	—	5,406	—	5,406
Financial assets measured at fair value through other comprehensive income				
Equity securities	711,389	—	144,646	856,035
Total	711,389	258,950	200,115	1,170,454
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	—	23,646	—	23,646
Not applied hedge accounting	—	1,697	—	1,697
Total	—	25,343	—	25,343

1. In the six months ended September 30, 2022, there was no material switching between levels.
2. Level 3 reconciliation is not disclosed, as there was no material fluctuation among financial instruments classified as Level 3 in the six months ended September 30, 2022.

The valuation techniques to measure fair value of financial instruments are consistent with those applied on the consolidated financial statements for the year ended March 31, 2022.

Financial instruments classified as Assets held for sale are not included in the tables above.

13. Subsequent Events

Realignment of the Global Business

NTT has implemented the following realignment of NTT group's global business, which was based on the resolution at the Board of Directors meeting held on May 9, 2022.

(1) Dividend-in-Kind of NTT DATA Shares from NTT, Inc. to NTT

With an effective date of October 1, 2022, NTT, Inc. distributed all 760,000,000 of the NTT DATA common shares (voting rights ownership ratio: 54.2% of the total number of voting rights) that it held to NTT as dividends of surplus. As a result, NTT DATA has become a direct subsidiary of NTT.

(2) Absorption-type Company Split of NTT DATA's Global Business to NTT, Inc.

With an effective date of October 1, 2022, NTT DATA and NTT, Inc. conducted an absorption-type company split (the "Absorption-type Company Split") with NTT DATA as the splitting company and NTT, Inc. as the successor company, in which NTT, Inc. succeeded to the rights and obligations regarding NTT DATA's global business from NTT DATA. As consideration for the Absorption-type Company Split, NTT, Inc. issued 3,315 of its common shares and allocated such shares to NTT DATA. As a result, following the Absorption-type Company Split, 49% of the issued common shares of NTT, Inc. are held by NTT and 51% are held by NTT DATA, and NTT, Inc. has become a subsidiary of NTT DATA.

Furthermore, on October 1, 2022, NTT, Inc. changed its company name to NTT DATA, Inc.

(3) Transfer of NTT, Inc.'s Shares from NTT to NTT DATA

On October 1, 2022, NTT transferred 260 common shares of NTT, Inc. owned by NTT to NTT DATA, and received payment of 112.0 billion yen from NTT DATA as consideration therefor. As a result, 45% of the issued common shares of NTT, Inc. are held by NTT and 55% are held by NTT DATA.

NTT is currently investigating financial impacts on NTT Group.

The Company's repurchase of treasury stock and resolution

The Company's repurchase of treasury stock is described in "Note10. Equity and Other Equity Items, (1) Issued Shares and Treasury stock".