

[Translation]

Quarterly Securities Report

(The Second Quarter of the 37th Business Term)
From July 1, 2021 to September 30, 2021

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, 2021, which NTT filed on November 11, 2021 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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[Company Name]	Nippon Denshin Denwa Kabushiki Kaisha
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Item 1. Overview of the Company

1. Selected Financial Data

IFRS

		Six Months Ended September 30, 2020	Six Months Ended September 30, 2021	Fiscal year ended March 31, 2021
Operating revenues	Millions of yen	5,711,364 [2,944,907]	5,887,647 [2,995,077]	11,943,966
Profit before taxes	Millions of yen	1,005,067	1,015,294	1,652,575
Profit attributable to NTT	Millions of yen	541,511 [268,873]	675,833 [335,846]	916,181
Comprehensive income (loss) attributable to NTT	Millions of yen	639,420	745,432	1,275,214
NTT shareholders' equity	Millions of yen	9,729,338	8,016,092	7,562,707
Total assets	Millions of yen	22,856,011	22,719,507	22,965,492
Basic earnings per share attributable to NTT	Yen	145.86 [72.36]	186.77 [92.90]	248.15
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	42.6	35.3	32.9
Net cash provided by operating activities	Millions of yen	1,290,999	1,489,466	3,009,064
Net cash provided by investing activities	Millions of yen	(1,180,409)	(976,738)	(1,424,532)
Net cash provided by financing activities	Millions of yen	(134,953)	(546,846)	(1,689,548)
Cash and cash equivalents at end of period	Millions of yen	1,006,339	905,220	935,727

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) Operating revenues do not include consumption taxes.
- (4) 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.
- (5) The figures of "Operating revenues," "Profit attributable to NTT," and "Basic earnings per share attributable to NTT" in square brackets are those for the three months ended September 30, 2020 and 2021, respectively.

2. Description of Business

The principal business segments of NTT Group (NTT and its affiliated companies) are its mobile communications business, regional communications business, long distance and international communications business, and data communications business.

There were no material changes in NTT Group's business during the six months ended September 30, 2021, 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, 2021. There was no material change in risk factors which were described in NTT's Annual Securities Report for the fiscal year ended March 31, 2021.

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

(1) Consolidated Results

Six-Month Period Ended September 30, 2021 (April 1, 2021 – September 30, 2021)

	(Billions of yen)			
	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021	Change	Percent Change
Operating revenues	5,711.4	5,887.6	176.3	3.1%
Operating expenses	4,702.8	4,878.4	175.6	3.7%
Operating profit	1,008.6	1,009.3	0.7	0.1%
Profit before taxes	1,005.1	1,015.3	10.2	1.0%
Profit attributable to NTT	541.5	675.8	134.3	24.8%

During the six months ended September 30, 2021, pursuant to the outline of NTT Group's Medium-Term Management Strategy "Your Value Partner 2025," which was announced in November 2018 (revised 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, 2021 were ¥5,887.6 billion (an increase of 3.1% from the same period of the previous fiscal year), consolidated operating expenses were ¥4,878.4 billion (an increase of 3.7% from the same period of the previous fiscal year), consolidated operating profit was ¥1,009.3 billion (an increase of 0.1% from the same period of the previous fiscal year), profit before taxes was ¥1,015.3 billion (an increase of 1.0% from the same period of the previous fiscal year), and profit attributable to NTT was ¥675.8 billion (an increase of 24.8% from the same period of the previous fiscal year).

(2) Segment Results

NTT Group has five business segments: mobile communications business, regional communications business, long distance and international communications business, data communications business and other business. (See "Note 6. Segment Information")

The mobile communications business segment comprises mobile voice related services, IP/packet communications services, sales of telecommunications equipment 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 long distance and international communications business segment comprises fixed voice related

services, IP/packet communications services, sales of telecommunications equipment, system integration services and other services.

The data communications business segment comprises system integration services.

The other business segment principally comprises services related to building maintenance, real estate rental, systems development, finance, 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)

Mobile Communications Business Segment

Six-Month Period Ended September 30, 2021 (April 1, 2021 – September 30, 2021)

(Billions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021	Change	Percent Change
Operating revenues	2,282.5	2,316.2	33.7	1.5%
Mobile voice related services	553.4	561.0	7.7	1.4%
IP/packet communications services	990.5	973.7	(16.7)	(1.7)%
Sales of telecommunications equipment	223.9	263.3	39.4	17.6%
Other	514.8	518.2	3.4	0.7%
Operating expenses	1,718.9	1,819.9	101.0	5.9%
Operating profit	563.6	496.3	(67.3)	(11.9)%

Operating revenues for the mobile communications business segment for the six-month period ended September 30, 2021 increased 1.5% from the same period of the previous fiscal year to ¥2,316.2 billion. This increase was due to, among other things, an increase in revenues from sales of telecommunications devices and an increase in revenues due to the expansion of the Smart Life business, including in finance and settlement.

On the other hand, operating expenses for the six-month period ended September 30, 2021 increased 5.9% from the same period of the previous fiscal year to ¥1,819.9 billion. This increase was due to, among other things, increased network costs related to increased investments in 5G equipment, in addition to an increase in equipment costs for devices resulting from an increase in the number of device sales.

As a result, segment operating profit for the six-month period ended September 30, 2021 decreased 11.9% from the same period of the previous fiscal year to ¥496.3 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2021	As of September 30, 2021	Change	Percent Change
Mobile Telecommunications Services	82,632	83,454	822	1.0%
Telecommunications Services (5G)	3,091	6,942	3,850	124.6%
Telecommunications Services (LTE (Xi))	64,210	63,001	(1,209)	(1.9)%
Telecommunications Services (FOMA (3G))	15,331	13,511	(1,820)	(11.9)%
Plala (ISP)	3,946	3,907	(39)	(1.0)%
Hikari TV	2,947	2,925	(22)	(0.8)%

Note: Number of Mobile Telecommunications Services (including "Telecommunications Services (LTE (Xi))" and "Telecommunications Services (FOMA (3G))") includes MVNOs and Communication Module Services, and number of 5G Services includes MVNOs.

Regional Communications Business Segment

Six-Month Period Ended September 30, 2021 (April 1, 2021 – September 30, 2021)

(Billions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021	Change	Percent Change
Operating revenues	1,503.3	1,567.4	64.1	4.3%
Fixed voice related services	465.3	465.2	(0.1)	—%
IP/packet communications services	765.1	797.4	32.2	4.2%
Sales of telecommunications equipment	31.2	33.6	2.4	7.7%
System integration services	87.1	87.9	0.8	0.9%
Other	154.6	183.3	28.7	18.5%
Operating expenses	1,247.4	1,276.8	29.4	2.4%
Operating profit	255.9	290.5	34.7	13.5%

Operating revenues in the regional communications business segment for the six-month period ended September 30, 2021 increased 4.3% from the same period of the previous fiscal year to ¥1,567.4 billion due to, among other things, an increase in IP/packet communications services revenues.

On the other hand, operating expenses for the six-month period ended September 30, 2021 increased 2.4% from the same period of the previous fiscal year to ¥1,276.8 billion due to increases in costs, among other factors.

As a result, segment operating profit for the six-month period ended September 30, 2021 increased 13.5% from the same period of the previous fiscal year to ¥290.5 billion.

Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2021	As of September 30, 2021	Change	Percent Change
(NTT East)				
Telephone Subscriber Lines	7,051	6,821	(230)	(3.3)%
INS-Net	892	848	(43)	(4.9)%
FLET'S Hikari (including Hikari Collaboration Model)	12,727	13,034	306	2.4%
FLET'S ADSL	160	141	(19)	(12.0)%
Hikari Denwa (thousand channels)	10,018	10,064	46	0.5%
FLET'S TV Transmission Services	1,121	1,139	18	1.6%
(NTT West)				
Telephone Subscriber Lines	7,052	6,801	(251)	(3.6)%
INS-Net	875	842	(33)	(3.7)%
FLET'S Hikari (including Hikari Collaboration Model)	9,837	10,000	163	1.7%
FLET'S ADSL	221	199	(22)	(9.9)%
Hikari Denwa (thousand channels)	8,674	8,692	17	0.2%
FLET'S TV Transmission Services	795	815	20	2.5%

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," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" 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.

Long Distance and International Communications Business Segment

Six-Month Period Ended September 30, 2021 (April 1, 2021 – September 30, 2021)

(Billions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021	Change	Percent Change
Operating revenues	1,003.3	997.6	(5.7)	(0.6)%
Fixed voice related services	99.5	93.7	(5.8)	(5.8)%
IP/packet communications services	210.2	204.8	(5.4)	(2.6)%
Sales of telecommunications equipment	4.8	3.7	(1.0)	(21.7)%
System integration services	644.3	641.9	(2.4)	(0.4)%
Other	44.6	53.4	8.8	19.8%
Operating expenses	923.8	927.5	3.7	0.4%
Operating profit	79.5	70.1	(9.5)	(11.9)%

Operating revenues in the long distance and international communications business segment for the six-month period ended September 30, 2021 decreased 0.6% from the same period of the previous fiscal year to ¥997.6 billion. This decrease was due to, among other things, a decrease in revenues from fixed voice-related services.

On the other hand, operating expenses for the six-month period ended September 30, 2021 increased 0.4% from the same period of the previous fiscal year to ¥927.5 billion.

As a result, segment operating profit for the six-month period ended September 30, 2021 decreased 11.9% from the same period of the previous fiscal year to ¥70.1 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2021	As of September 30, 2021	Change	Percent Change
OCN (ISP)	7,040	7,015	(25)	(0.4)%

Data Communications Business Segment

Six-Month Period Ended September 30, 2021 (April 1, 2021 – September 30, 2021)

(Billions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021	Change	Percent Change
Operating revenues	1,080.1	1,212.1	132.0	12.2%
System integration services	1,080.1	1,212.1	132.0	12.2%
Operating expenses	1,016.3	1,102.9	86.6	8.5%
Operating profit	63.8	109.1	45.3	71.0%

Operating revenues in the data communications business segment for the six-month period ended September 30, 2021 increased 12.2% from the same period of the previous fiscal year to ¥1,212.1 billion due to, among other things, capture of the demand for digitalization.

On the other hand, operating expenses for the six-month period ended September 30, 2021 increased 8.5% from the same period of the previous fiscal year to ¥1,102.9 billion due to, among other things, an increase in revenue-linked expenses.

As a result, segment operating profit for the six-month period ended September 30, 2021 increased 71.0% from the same period of the previous fiscal year to ¥109.1 billion.

Other Business Segment

Six-Month Period Ended September 30, 2021 (April 1, 2021 – September 30, 2021)

(Billions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021	Change	Percent Change
Operating revenues	705.7	710.0	4.2	0.6%
Operating expenses	652.3	653.6	1.3	0.2%
Operating profit	53.4	56.3	2.9	5.4%

Operating revenues in the other business segment for the six-month period ended September 30, 2021 increased 0.6% from the same period of the previous fiscal year to ¥710.0 billion, and operating expenses for the six-month period ended September 30, 2021 increased 0.2% from the same period of the previous fiscal year to ¥653.6 billion.

As a result, segment operating profit for the six-month period ended September 30, 2021 increased 5.4% from the same period of the previous fiscal year to ¥56.3 billion.

(3) Cash Flows

Cash flows provided by operating activities for the six-month period ended September 30, 2021 was ¥1,489.5 billion, an increase of ¥198.5 billion (15.4%) from the same period of the previous fiscal year.

This increase was due to, among other factors, working capital improvement.

Cash flows used in investing activities, for the six-month period ended September 30, 2021 was ¥976.7 billion, a decrease of ¥203.7 billion (17.3%) from the same period of the previous fiscal year. This decrease was due to, among other factors, payments for purchase of investments for the six-month period ended September 30, 2020.

Cash flows used in financing activities, for the six-month period ended September 30, 2021 was ¥546.8 billion, an increase of ¥411.9 billion (305.2%) from the same period of the previous fiscal year. This increase was due to, among other factors, sale of treasury stock for the six-month period ended September 30, 2020 and repayment of debt for the six-month period ended September 30, 2021.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of September 30, 2021 was ¥905.2 billion, a decrease of ¥30.5 billion (3.3%) from the end of the previous fiscal year.

	(Billions of yen)			
	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021	Change	Percent Change
Cash flows provided by operating activities(*)	1,291.0	1,489.5	198.5	15.4%
Cash flows used in investing activities	(1,180.4)	(976.7)	203.7	17.3%
Cash flows provided by (used in) financing activities(*)	(135.0)	(546.8)	(411.9)	(305.2)%
Cash and cash equivalents	1,006.3	905.2	(101.1)	(10.0)%

Note:(*)The impact of the adoption of IFRS 16 has been included since the fiscal year ended March 31, 2020.

(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, 2021, and no new additional issues arose during the period. In addition, during the six months ended September 30, 2021, 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, 2021 were ¥106.8 billion. There were no material changes in NTT's research and development activities during the six months ended September 30, 2021.

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, 2021.

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, 2021 (shares)	Number of Shares Issued as of the Filing Date (shares) (November 11, 2021)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,900,788,940	3,900,788,940	Tokyo Stock Exchange (The First Section)	The number of shares per one unit of shares is 100 shares
Total	3,900,788,940	3,900,788,940	—	—

(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, 2021 - September 30, 2021	—	3,900,788,940	—	937,950	—	2,672,826

(5) Major Shareholders

As of September 30, 2021

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	1,260,901	35.07
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	331,066	9.21
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	161,431	4.49
Toyota Motor Corporation	1 Toyota-Cho, Toyota City, Aichi	80,775	2.25
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)	36,064	1.00
Custody Bank of Japan, Ltd. (Trust Account 7)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	35,976	1.00
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	0.76
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)	26,543	0.74
Barclays Securities Japan Ltd.	10-1 Roppongi 6-chome, Minato-ku, Tokyo	25,909	0.72
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)	25,342	0.70
Total	—	2,011,211	55.94

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, 2021

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.)	305,305,000 shares of common stock	—	—
Shares with Full Voting Rights (Others)	3,590,838,300 shares of common stock	35,908,371	—
Shares Representing Less than One Unit	4,645,640 shares of common stock	—	—
Number of Issued Shares	3,900,788,940 shares of common stock	—	—
Total Number of Voting Rights	—	35,908,371	—

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 1,090,600 shares (10,906 voting rights) owned by BIP (Board Incentive Plan) Trust.

Treasury Stock

As of September 30, 2021

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
(Treasury Stock) Nippon Telegraph and Telephone Corporation	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	305,305,000	—	305,305,000	7.8%
Total	—	305,305,000	—	305,305,000	7.8%

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, 2021 to September 30, 2021 and from April 1, 2021 to September 30, 2021) 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】

	Notes	Millions of yen	
		As of March 31, 2021	As of September 30, 2021
ASSETS			
Current assets			
Cash and cash equivalents		935,727	905,220
Trade and other receivables	11	3,534,555	2,981,827
Other financial assets	11	41,732	52,920
Inventories		315,437	330,975
Other current assets		498,106	633,385
Subtotal		5,325,557	4,904,327
Assets held for sale		816	49,609
Total current assets		5,326,373	4,953,936
Non-current assets			
Property, plant and equipment	7	9,282,286	9,334,405
Right-of-use asset		639,627	608,247
Goodwill		1,056,187	1,106,173
Intangible assets		1,765,858	1,774,284
Investment property		1,182,713	1,217,365
Investments accounted for using the equity method		411,033	467,640
Other financial assets	11	1,515,922	1,531,995
Deferred tax assets		993,858	912,241
Other non-current assets		791,635	813,221
Total non-current assets		17,639,119	17,765,571
Total assets		22,965,492	22,719,507

Millions of yen

	Notes	As of March 31, 2021	As of September 30, 2021
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	8,11	3,168,613	2,072,352
Trade and other payables		2,356,705	1,845,853
Lease liabilities		193,915	181,910
Other financial liabilities	11	28,334	37,897
Accrued payroll		509,416	472,618
Income taxes payables		115,965	136,937
Other current liabilities		1,053,196	938,828
Sub Total		7,426,144	5,686,395
Liabilities directly associated with assets held for sale		18	2,098
Total current liabilities		7,426,162	5,688,493
Non-current liabilities			
Long-term borrowings	8,11	4,455,724	5,439,587
Lease liabilities		553,836	544,216
Other financial liabilities	11	137,620	128,195
Defined benefit liabilities		1,731,645	1,752,380
Deferred tax liabilities		81,420	102,332
Other non-current liabilities		376,042	364,893
Total non-current liabilities		7,336,287	8,331,603
Total liabilities		14,762,449	14,020,096
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	9	937,950	937,950
Retained earnings	9	7,068,008	7,546,238
Treasury stock	9	(704,793)	(790,314)
Other components of equity	9	261,542	322,218
Total NTT shareholders’ equity		7,562,707	8,016,092
Non-controlling interests		640,336	683,319
Total equity		8,203,043	8,699,411
Total liabilities and equity		22,965,492	22,719,507

(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, 2020	Six Months Ended September 30, 2021
Operating revenues	6, 10	5,711,364	5,887,647
Operating expenses			
Personnel expenses		1,215,339	1,258,714
Expenses for purchase of goods and services and other expenses		2,637,017	2,732,450
Depreciation and amortization		741,793	769,600
Loss on disposal of property, plant and equipment and intangible assets		46,049	52,157
Impairment losses		1,681	1,251
Taxes and dues		60,905	64,199
Total operating expenses		4,702,784	4,878,371
Operating profit	6	1,008,580	1,009,276
Finance income		13,343	25,502
Finance costs		23,543	28,950
Share of profit (loss) of entities accounted for using the equity method		6,687	9,466
Profit before taxes		1,005,067	1,015,294
Income taxes		309,231	301,943
Profit		695,836	713,351
Profit attributable to NTT		541,511	675,833
Profit attributable to Non-controlling interests		154,325	37,518
Earnings per share attributable to NTT			
Basic earnings per share (yen)		145.86	186.77

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

	Millions of yen		
	Notes	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021
Profit		695,836	713,351
Other comprehensive income (net of tax)	9		
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		124,048	61,754
Share of other comprehensive income of entities accounted for using the equity method		59	(501)
Remeasurements of defined benefit plans		(222)	(2)
Total of items that will not be reclassified to profit or loss		123,885	61,251
Items that may be reclassified to profit or loss			
Cash flow hedges		2,919	(1,368)
Hedges cost		925	15,676
Foreign currency translation adjustments		(4,621)	7,142
Share of other comprehensive income of entities accounted for using the equity method		2,631	6,104
Total of items that may be reclassified to profit or loss		1,854	27,554
Total other comprehensive income (net of tax)		125,739	88,805
Total comprehensive income		821,575	802,156
Comprehensive income attributable to NTT	9	639,420	745,432
Comprehensive income attributable to Non-controlling interests	9	182,155	56,724

【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, 2020	Three Months Ended September 30, 2021
Operating revenues	6, 10	2,944,907	2,995,077
Operating expenses			
Personnel expenses		606,838	625,291
Expenses for purchase of goods and services and other expenses		1,398,069	1,402,830
Depreciation and amortization		373,561	387,098
Loss on disposal of property, plant and equipment and intangible assets		24,484	26,112
Impairment losses		1,651	5
Taxes and dues		29,310	30,739
Total operating expenses		2,433,913	2,472,075
Operating profit	6	510,994	523,002
Finance income		5,006	7,830
Finance costs		12,550	15,108
Share of profit (loss) of entities accounted for using the equity method		4,998	3,288
Profit before taxes		508,448	519,012
Income taxes		160,054	161,682
Profit		348,394	357,330
Profit attributable to NTT		268,873	335,846
Profit attributable to Non-controlling interests		79,521	21,484
Earnings per share attributable to NTT			
Basic earnings per share (yen)		72.36	92.90

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

				Millions of yen		
		Notes	Three Months Ended September 30, 2020	Three Months Ended September 30, 2021		
Profit			348,394	357,330		
Other comprehensive income (net of tax)		9				
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			53,239	41,492		
Share of other comprehensive income of entities accounted for using the equity method			(48)	221		
Remeasurements of defined benefit plans			(283)	45		
Total of items that will not be reclassified to profit or loss			52,908	41,758		
Items that may be reclassified to profit or loss						
Cash flow hedges			515	(8,502)		
Hedges cost			532	10,755		
Foreign currency translation adjustments			(5,670)	2,491		
Share of other comprehensive income of entities accounted for using the equity method			1,808	(848)		
Total of items that may be reclassified to profit or loss			(2,815)	3,896		
Total other comprehensive income (net of tax)			50,093	45,654		
Total comprehensive income			398,487	402,984		
Comprehensive income attributable to NTT		9	306,944	366,343		
Comprehensive income attributable to Non-controlling interests		9	91,543	36,641		

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

【Six Months Ended September 30, 2020】

Millions of yen

	NTT Shareholders' Equity						Non— controlling interests	Total equity	
	Notes	Common stock	Additional paid—in capital	Retained earnings	Treasury stock	Other equity components			Total
As of March 31 2020		937,950	2,252,672	6,499,942	(653,369)	23,908	9,061,103	2,401,524	11,462,627
Comprehensive income									
Profit		—	—	541,511	—	—	541,511	154,325	695,836
Other comprehensive income	9	—	—	—	—	97,909	97,909	27,830	125,739
Total comprehensive income		—	—	541,511	—	97,909	639,420	182,155	821,575
Transactions with owners and other transactions									
Dividends of surplus	9	—	—	(172,672)	—	—	(172,672)	(76,207)	(248,879)
Transfer to retained earnings	9	—	—	(133)	—	133	—	—	—
Purchase and disposal of treasury stock	9	—	0	—	199,953	—	199,953	—	199,953
Changes in ownership interest in subsidiaries without loss of control		—	2,621	—	—	—	2,621	(5,212)	(2,591)
Share-based compensation transactions		—	(1,572)	—	—	—	(1,572)	—	(1,572)
Put options granted to non-controlling interests	9	—	(284)	—	—	—	(284)	(168)	(452)
Other		—	1,816	(1,047)	—	—	769	885	1,654
Total Transactions with owners and other transactions		—	2,581	(173,852)	199,953	133	28,815	(80,702)	(51,887)
As of September 30, 2020		937,950	2,255,253	6,867,601	(453,416)	121,950	9,729,338	2,502,977	12,232,315

【Six Months Ended September 30, 2021】

Millions of yen

	NTT Shareholders' Equity						Non-controlling interests	Total equity	
	Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity			Total
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	9	—	—	—	—	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	9	—	—	(199,211)	—	—	(199,211)	(9,728)	(208,939)
Transfer to retained earnings	9	—	7,315	1,608	—	(8,923)	—	—	—
Purchase and disposal of treasury stock	9	—	1	—	(85,521)	—	(85,520)	—	(85,520)
Changes in ownership interest in subsidiaries without loss of control	9	—	(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	9	—	(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

(4) [Condensed Quarterly Consolidated Statement of Cash Flows]

	Millions of yen	
Notes	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021
Cash flows from operating activities		
Profit	695,836	713,351
Depreciation and amortization	741,793	769,600
Impairment losses	1,681	1,251
Share of loss (profit) of entities accounted for using the equity method	(6,687)	(9,466)
Losses on retirement of property, plant and equipment and intangible assets	19,502	23,823
Gain on sales of property, plant and equipment and intangible assets	(7,061)	(7,672)
Income taxes	309,231	301,943
Decrease (increase) in trade and other receivables	250,748	555,903
Decrease (increase) in inventories	(49,259)	(15,936)
Decrease (increase) in other current assets	(108,567)	(86,539)
Increase (decrease) in trade and other payables / accrued payroll	(236,093)	(420,035)
Increase (decrease) in other current liabilities	(83,549)	(123,464)
Increase (decrease) in defined benefit liabilities	19,306	20,532
Increase (decrease) in other non-current liabilities	10,931	(13,550)
Other, net	(43,154)	(12,195)
Sub-total	1,514,658	1,697,546
Interest and dividends received	44,040	49,282
Interest paid	(20,576)	(23,665)
Income taxes paid	(247,123)	(233,697)
Net cash provided by (used in) operating activities	1,290,999	1,489,466
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(913,918)	(894,612)
Purchase of investments	(357,198)	(77,002)
Proceeds from sale or redemption of investments	29,270	30,129
Proceeds from loss of control of subsidiaries	57,127	15,622
Acquisition of subsidiaries, net of cash acquired	(1,072)	(62,058)
Other, net	5,382	11,183
Net cash provided by (used in) investing activities	(1,180,409)	(976,738)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(72,692)	(1,024,056)
Proceeds from increases in long-term borrowings	8	1,152,149
Repayment of long-term borrowings	8	(263,694)
Repayment of lease liabilities	(102,991)	(103,709)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(3,512)	(13,598)
Dividends paid	(172,672)	(199,211)
Dividends paid to non-controlling interests	(75,997)	(9,859)
Purchase of treasury stock	(104)	(85,553)
Proceeds from sale of treasury stock	200,016	6
Other, net	199	679
Net cash provided by (used in) financing activities	(134,953)	(546,846)
Effect of exchange rate change on cash and cash equivalents	(2,872)	3,611
Net increase (decrease) in cash and cash equivalents	(27,235)	(30,507)
Cash and cash equivalents at the beginning of the year	1,033,574	935,727
Cash and cash equivalents at the end of the period	1,006,339	905,220

【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://www.ntt.co.jp/index.html>). 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:

Mobile communications business (mobile phone business and other related business)

- NTT DOCOMO Corporation (“NTT DOCOMO”)

Regional communications business (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”)

Long distance and international communications business (domestic inter-prefectural communications services, services related to the international communications business, services related to the solutions business and related services)

- NTT Communications Corporation (“NTT Communications”)
- NTT Ltd.

Data communications business (system integration services and network system services)

- 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 Jun Sawada and Senior Executive Vice President and Chief Financial Officer Akira Shimada on November 10, 2021.

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, 2021.

(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, 2021.

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, 2021.

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, 2021, 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, 2021.

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

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:

Mobile communications business segment

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

Regional communications business segment

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

Long distance and international communications business segment

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

Data communications business segment

System integration services

Other business segment

Principally building maintenance, real estate rentals, systems development, finance, energy, and other services related to research and development

Operating Revenues

Six Months Ended September 30,

(Millions of yen)

	Six Months Ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Six Months Ended September 30, 2021 (April 1, 2021 - September 30, 2021)
Mobile Communications Business		
Transactions with external customers	2,250,179	2,277,713
Inter-segment transactions	32,341	38,536
Subtotal	2,282,520	2,316,249
Regional Communications Business		
Transactions with external customers	1,160,320	1,216,574
Inter-segment transactions	342,987	350,783
Subtotal	1,503,307	1,567,357
Long Distance and International Communications Business		
Transactions with external customers	954,559	947,501
Inter-segment transactions	48,782	50,098
Subtotal	1,003,341	997,599
Data Communications Business		
Transactions with external customers	1,019,319	1,135,993
Inter-segment transactions	60,798	76,086
Subtotal	1,080,117	1,212,079
Other Business		
Transactions with external customers	326,987	309,866
Inter-segment transactions	378,736	400,101
Subtotal	705,723	709,967
Elimination of inter-segment transactions	(863,644)	(915,604)
Total	5,711,364	5,887,647

Three Months Ended September 30,

(Millions of yen)

	Three Months Ended September 30, 2020 (July 1, 2020 - September 30, 2020)	Three Months Ended September 30, 2021 (July 1, 2021 - September 30, 2021)
Mobile Communications Business		
Transactions with external customers	1,168,831	1,138,023
Inter-segment transactions	15,538	18,582
Subtotal	1,184,369	1,156,605
Regional Communications Business		
Transactions with external customers	597,443	620,632
Inter-segment transactions	169,567	171,880
Subtotal	767,010	792,512
Long Distance and International Communications Business		
Transactions with external customers	493,698	487,057
Inter-segment transactions	22,355	25,320
Subtotal	516,053	512,377
Data Communications Business		
Transactions with external customers	517,573	581,652
Inter-segment transactions	31,608	39,605
Subtotal	549,181	621,257
Other Business		
Transactions with external customers	167,362	167,713
Inter-segment transactions	194,122	202,227
Subtotal	361,484	369,940
Elimination of inter-segment transactions	(433,190)	(457,614)
Total	2,944,907	2,995,077

Segment profit or loss

Six Months Ended September 30,

(Millions of yen)

	Six Months Ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Six Months Ended September 30, 2021 (April 1, 2021 - September 30, 2021)
Segment profit		
Mobile Communications Business	563,603	496,328
Regional Communications Business	255,869	290,530
Long Distance and International Communications Business	79,521	70,064
Data Communications Business	63,821	109,137
Other Business	53,425	56,321
Total	1,016,239	1,022,380
Elimination of inter-segment transactions	(7,659)	(13,104)
Operating profit	1,008,580	1,009,276
Financial income	13,343	25,502
Financial costs	23,543	28,950
Share of profit of entities accounted for using equity method	6,687	9,466
Profit before taxes	1,005,067	1,015,294

Segment income is calculated by deducting Operating expenses from Operating revenues.

Three Months Ended September 30,

(Millions of yen)

	Three Months Ended September 30, 2020 (July 1, 2020 - September 30, 2020)	Three Months Ended September 30, 2021 (July 1, 2021 - September 30, 2021)
Segment profit		
Mobile Communications Business	283,067	251,928
Regional Communications Business	130,177	143,745
Long Distance and International Communications Business	38,996	41,070
Data Communications Business	37,134	61,864
Other Business	25,027	28,812
Total	514,401	527,419
Elimination of inter-segment transactions	(3,407)	(4,417)
Operating profit	510,994	523,002
Financial income	5,006	7,830
Financial costs	12,550	15,108
Share of profit of entities accounted for using equity method	4,998	3,288
Profit before taxes	508,448	519,012

Segment income is calculated by deducting Operating expenses from Operating revenues.

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. Property, Plant and Equipment

Component of Property, plant and equipment

	Millions of yen	
	As of March 31, 2021	As of September 30, 2021
Telecommunications equipment	10,962,442	11,067,522
Telecommunications service lines	16,658,931	16,728,581
Buildings and structures	5,707,173	5,759,344
Machinery, tools and fixtures	2,481,759	2,522,378
Land	710,991	728,653
Construction in progress	518,769	553,091
Subtotal	37,040,065	37,359,569
Accumulated depreciation and impairment losses	(27,757,779)	(28,025,164)
Property, plant and equipment - total	9,282,286	9,334,405

8. Corporate Bonds

Details of corporate bonds transactions

Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT Finance Corporation	7th series of Eurodollar bonds	U.S.\$500 million	Three-month U.S.\$ LIBOR + 0.53%	June 29, 2017	June 29, 2020
Redemption	NTT Finance Corporation	4th series of Eurodollar bonds	U.S.\$50 million	2.07%	August 28, 2015	August 28, 2020
Redemption	NTT Finance Corporation	6th series of bonds	¥10,000 million	1.03%	October 29, 2010	September 18, 2020
Issuance	NTT Finance Corporation	14th series of bonds	¥40,000 million	0.001%	June 25, 2020	June 20, 2023

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

Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)						
Redemption	NTT Finance Corporation	7th series of bonds (Former NTT Urban Development 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
Issuance	NTT Finance Corporation	5th series of bonds (Only for Qualified Institutional Investors)	¥20,000 million	0.24%	September 29, 2021	September 19, 2031

9. Equity and Other Equity Items

(1) Issued Shares and Treasury Stock

Reconciliation of the number of issued shares and treasury stock

	Issued Shares	Treasury Stock
As of April 1, 2020	3,900,788,940	265,592,712
Purchase of treasury stock under resolution of the board of directors	—	93,906,900
Repurchase of shares based on less-than-one-unit share purchase demand	—	62,528
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(10,456)
Disposal of treasury stock through third-party allotment	—	(80,775,400)
As of March 31, 2021	3,900,788,940	278,776,284
Purchase of treasury stock under resolution of the board of directors	—	26,498,100
Repurchase of shares based on less-than-one-unit share purchase demand	—	32,684
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(1,996)
As of September 30, 2021	3,900,788,940	305,305,072

In addition to the above, 1,090,600 shares held by the BIP trust are recorded as “treasury stock” in Condensed Consolidated Financial Statements.

Acquisition of Toyota Motor Corporation's Shares and Disposal of Treasury Stock by Way of Third-party Allotment

On March 24, 2020, the Board of Directors resolved that NTT would enter into a memorandum of understanding for a business and capital alliance (the “Alliance”) with Toyota Motor Corporation (“Toyota”) and entered into the Alliance on the same day. On April 9, 2020, Toyota and NTT mutually executed a comprehensive underwriting agreement for a third-party allotment of treasury stock of both parties based on the memorandum of understanding. NTT acquired Toyota's shares and conducted a disposition of shares of the NTT's treasury stock through the third-party allotment with Toyota as the subscriber for the shares on the same day.

Overview of a disposition of shares of the NTT's treasury stock through the third-party allotment, with Toyota as the subscriber for the shares

(1) Disposition date	April 9, 2020
(2) Type and number of shares disposed	80,775,400 shares of the NTT's common stock
(3) Disposition price	¥2,476 per share
(4) Amount of funds raised	¥199,999,890,400
(5) Percentage to the total number of issued and outstanding shares held by Toyota	2.07% of the NTT's issued and outstanding common stock

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
November 6, 2020	From November 11, 2020 to March 31, 2021	120	250,000	From November 2020 to February 2021	93,906,900	250,000	Concluded
August 6, 2021	From August 10, 2021 to March 31, 2022	100	250,000	From August 2021 to September 2021 (October, 2021)	26,498,100 (17,312,300)	82,273 (54,456)	—

* Results in October 2021 are shown in parentheses

(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 ¥13,567 million and ¥15,517 million, respectively, as at the end of the fiscal year ended March 31, 2021, and the six months ended September 30, 2021.

(3) Other Components of Equity

The details and changes in other components of equity

Six Months Ended September 30, 2020

(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, 2020	48,103	(5,957)	442	—	(18,680)	23,908
Other comprehensive income	91,822	2,645	921	(447)	2,968	97,909
Transfer to retained earnings	(314)	—	—	447	—	133
As of September 30, 2020	139,611	(3,312)	1,363	—	(15,712)	121,950

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)
Transfer to non-financial assets, etc.	—	—	—	—	—	—
As of September 30, 2021	266,735	(10,240)	(659)	—	66,382	322,218

(4) Dividends

The amount of dividends paid out in the six months ended September 30, 2020 and 2021

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
June 23, 2020 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	172,672	47.5	March 31, 2020	June 24, 2020
June 24, 2021 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	199,211	55	March 31, 2021	June 25, 2021

Amount of dividends declared with a record date during the six months ended September 30, 2021 and an effective date after the six months ended September 30, 2021

Resolution	Class of Shares	Source of Dividends	Total Dividend* (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
November 10, 2021 Board of Directors	Common shares	Retained earnings	197,752	55	September 30, 2021	December 13, 2021

*Total dividend includes the dividend of ¥60 million for the Company's shares held by the BIP trust.

(5) Equity Transactions with Non-controlling Interests

During the three months ended December 31, 2020, NTT implemented a series of procedures for the purpose of making NTT DOCOMO (the "Target") a wholly owned subsidiary of NTT and made the Target a wholly owned subsidiary. As a result, NTT Group's ownership interests in the Target increased from 66.2% to 100.0%.

(6) 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.

10. Operating Revenues

Relationship between Components of Revenues and Segment Revenues

For the Six Months Ended September 30

(Millions of yen)

		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	—	379,441	81,670	—	—	461,111
	Mobile voice related services	547,984	—	—	—	—	547,984
	IP/packet communications services	978,962	561,872	206,884	—	—	1,747,718
	Sales of telecommunication s equipment	223,743	31,047	4,583	—	—	259,373
	System integration services	—	73,296	633,591	1,019,319	30,373	1,756,579
	Other services	499,490	114,664	27,831	—	296,614	938,599
	Total	2,250,179	1,160,320	954,559	1,019,319	326,987	5,711,364

(Millions of yen)

		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	—	379,928	76,629	—	—	456,557
	Mobile voice related services	554,632	—	—	—	—	554,632
	IP/packet communications services	961,284	580,256	201,460	—	—	1,743,000
	Sales of telecommunication s equipment	263,186	33,579	3,548	—	—	300,313
	System integration services	—	77,604	631,603	1,135,993	27,799	1,872,999
	Other services	498,611	145,207	34,261	—	282,067	960,146
	Total	2,277,713	1,216,574	947,501	1,135,993	309,866	5,887,647

For the Three Months Ended September 30

(Millions of yen)

		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	—	188,696	41,472	—	—	230,168
	Mobile voice related services	277,416	—	—	—	—	277,416
	IP/packet communications services	490,060	281,660	102,984	—	—	874,704
	Sales of telecommunication equipment	133,806	16,919	3,081	—	—	153,806
	System integration services	—	50,043	332,060	517,573	15,639	915,315
	Other services	267,549	60,125	14,101	—	151,723	493,498
	Total	1,168,831	597,443	493,698	517,573	167,362	2,944,907

(Millions of yen)

		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	—	190,959	37,208	—	—	228,167
	Mobile voice related services	276,902	—	—	—	—	276,902
	IP/packet communications services	482,622	290,229	101,933	—	—	874,784
	Sales of telecommunication equipment	125,598	17,036	2,052	—	—	144,686
	System integration services	—	49,555	324,775	581,652	15,758	971,740
	Other services	252,901	72,853	21,089	—	151,955	498,798
	Total	1,138,023	620,632	487,057	581,652	167,713	2,995,077

In its five business segments of Mobile Communications Business, Regional Communications Business, Long Distance and International Communications Business, Data Communications Business, and Other Business, NTT Group provides the following six services: fixed voice related services, mobile voice related services, IP/packet communications services, sales of telecommunications equipment, system integration service, and other services.

11. 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) up to March 31, 2022, and transferred the rights on June 29, 2021 and September 29, 2021 during six months ended September 30, 2021.

The credit card receivables subject to the transfer are separated into senior, mezzanine and sub-ordinated portions based on the risk of default. For the mezzanine portion, NTT group deposits cash for the 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 sub-ordinated portion. NTT group is also properly monitoring the default risk by tracking the actual collection of the transferred receivables as adequate. The rights to claim over the third parties for the portion of cash deposit are recognized as “Trade and other receivables” in the condensed quarterly consolidated statement of financial position. The fair value of the cash deposit portion is same as its book value.

In the fiscal year ended March 31, 2021 and six months ended September 30, 2021, NTT group derecognized the transferred assets because substantially all the risks and rewards of ownership was transferred to third parties. The largest transaction was carried out on September 29, 2021, treated the transactions as sales transactions as below

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Amount of credit card receivables derecognized	¥ 333,333	¥ 473,829
Amount of the portion with cash deposit	33,000	46,909
Considerations received for the transfer of asset	299,964	426,393

The fair value of the derecognized assets is same as its book value as of March 31, 2021 and September 30, 2021.

The amount of losses recognized as a result of this transaction was immaterial.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2021 and September 30, 2021 are ¥33,000 million and ¥46,909 million, which represent the total amount of cash deposits provided by the NTT group to the third parties. No credit losses were incurred in the six months of the previous fiscal year and of the current fiscal year.

Telecommunications terminal equipment installment sales receivables

During six months ended September 30, 2021, NTT group concluded an agreement for the transfer to third parties of financial assets arising from telecommunications terminal equipment installment sales receivables (Trade and other receivables), and transferred them on September 17, 2021.

The telecommunications terminal equipment installment sales receivables subject to the transfer are separated into senior, mezzanine and sub-ordinated 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 sub-ordinated portion. NTT group is also properly monitoring the default risk by tracking the actual collection of the transferred receivables as 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. The fair value of the rights to receive cash flows for the mezzanine portion is same as its book value.

In the fiscal year ended March 31, 2021 and six months ended September 30, 2021, NTT group derecognized the transferred assets and treated the transactions as sales transactions as below, because substantially all the risks and rewards of ownership was transferred to third parties.

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Amount of telecommunications terminal equipment installment sales receivables derecognized	¥ 56,020	¥ 247,721
Amount of the mezzanine portion NTT group holds	5,744	25,281
Considerations received for the transfer of asset	50,088	220,458

The fair value of the derecognized assets is same as its book value.

The amount of losses recognized as a result of this transaction was immaterial.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2021 and September 30, 2021 are ¥5,744 million and ¥31,007 million, which represents the total amount of the rights to receive cash flows for the mezzanine portion which NTT holds. No credit losses were incurred in the six months of the previous fiscal year and of the current fiscal year.

(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, 2021		Six Months Ended September 30, 2021	
	Carrying amount	Fair Value	Carrying amount	Fair value
Long-term borrowings (including current portion or balance due within 1 year)	4,857,589	4,841,728	5,769,356	5,767,589

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, 2021.

(ii) Fair Value Measurement

Assets and liabilities measured at fair value

As of March 31, 2021

(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	—	4,852	44,650	49,502
Loans receivables	—	11,670	—	11,670
Derivatives financial assets				
Applied hedge accounting	—	23,068	—	23,068
Not applied hedge accounting	—	1,973	—	1,973
Financial assets measured at fair value through other comprehensive income				
Equity securities	982,619	—	60,762	1,043,381
Total	982,619	41,563	105,412	1,129,594
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	—	23,463	—	23,463
Not applied hedge accounting	—	2,729	—	2,729
Total	—	26,192	—	26,192

As of September 30, 2021

(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	—	6,278	46,608	52,886
Loans receivables	—	—	—	—
Derivatives financial assets				
Applied hedge accounting	—	45,578	—	45,578
Not applied hedge accounting	—	3,294	—	3,294
Financial assets measured at fair value through other comprehensive income				
Equity securities	1,058,555	—	58,185	1,116,740
Total	1,058,555	55,150	104,793	1,218,498
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	—	14,598	—	14,598
Not applied hedge accounting	—	2,487	—	2,487
Total	—	17,085	—	17,085

1. In the six months ended September 30, 2021, 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, 2021.

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, 2021.

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

12. Subsequent Events

Issuance of corporate bonds(Green bond)

On October 28, 2021, NTT group issued corporate bonds(Green bond) totaling ¥300,000 million in the domestic market.

The Company's repurchase of treasury stock

The Company's repurchase of treasury stock is described in (1) Issued Shares and Treasury Stock under Note 9. Equity and Other Components of Equity.

Cancellation of treasury stock

On November 10, 2021, the board of directors resolved that NTT would cancel 278,776,284 shares currently held as treasury stock on November 17, 2021.