

[Translation]

Quarterly Securities Report

(The Second Quarter of the 39th Business Term)
From July 1, 2023 to September 30, 2023

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, 2023, which NTT filed on November 8, 2023 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, 2022	Six Months Ended September 30, 2023	Fiscal year ended March 31, 2023
Operating revenues	Millions of yen	6,286,177 [3,217,306]	6,364,570 [3,253,497]	13,136,194
Profit before taxes	Millions of yen	1,019,452	1,039,103	1,817,679
Profit attributable to NTT	Millions of yen	696,607 [328,037]	670,844 [295,069]	1,213,116
Comprehensive income (loss) attributable to NTT	Millions of yen	770,265	994,129	1,270,639
NTT shareholders' equity	Millions of yen	8,470,487	9,316,905	8,561,353
Total assets	Millions of yen	24,881,836	26,813,578	25,308,851
Basic earnings per share attributable to NTT	Yen	7.88 [3.72]	7.87 [3.46]	13.92
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	34.0	34.7	33.8
Net cash provided by operating activities	Millions of yen	806,594	825,910	2,261,013
Net cash provided by investing activities	Millions of yen	(820,981)	(1,076,720)	(1,736,912)
Net cash provided by financing activities	Millions of yen	85,030	137,854	(590,197)
Cash and cash equivalents at end of period	Millions of yen	948,817	715,008	793,920

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, 2023, excluding treasury stock. In addition, 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.
- (5) NTT conducted a 25-for-1 stock split of its common stock with an effective date of July 1, 2023. The

figures for Basic Earnings per Share Attributable to NTT for the six and three months ended September 30, 2022, the fiscal year ended March 31, 2023, the six and three months ended September 30, 2023 have been adjusted to reflect the impact of the stock split.

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, 2023.

NTT's publicly listed subsidiary, NTT DATA Corporation (NTT DATA), transitioned to a holding company structure on July 1, 2023, pursuant to an absorption-type company split agreement (the "Absorption-Type Company Split Agreement") regarding NTT DATA's domestic business, which was approved at NTT DATA's ordinary general meeting of shareholders on June 20, 2023, and the rights and obligations in the domestic business held by NTT DATA, as defined in the Absorption-Type Company Split Agreement, have been transferred to its wholly-owned subsidiary, NTT DATA Japan Preparation Corporation. As of the same date, the trade name of NTT DATA Corporation was changed to "NTT DATA Group Corporation" and the trade name of NTT DATA Japan Preparation Corporation was changed to "NTT DATA Japan Corporation." As a result, NTT DATA Japan Corporation became a significant affiliated company within the Global Solutions Business Segment.

Item 2. Business Overview

1. Risk Factors

There were no risks newly identified during the six months ended September 30, 2023. There was no material change in risk factors which were described in NTT's Annual Securities Report for the fiscal year ended March 31, 2023.

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

(1) Consolidated Results

Six-Month Period Ended September 30, 2023 (April 1, 2023 – September 30, 2023)

(Billions of yen)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Change	Percent Change
Operating revenues	6,286.2	6,364.6	78.4	1.2%
Fixed voice related services	440.7	404.3	(36.4)	(8.2)%
Mobile voice related services	528.8	495.2	(33.6)	(6.4)%
IP/packet communications services	1,709.9	1,726.5	16.6	1.0%
Sales of telecommunications equipment	333.6	370.9	37.3	11.2%
System integration services	2,156.0	2,278.0	122.0	5.7%
Other	1,117.2	1,089.7	(27.6)	(2.5)%
Operating expenses	5,289.6	5,413.6	124.0	2.3%
Personnel expenses	1,358.5	1,432.3	73.8	5.4%
Expenses for purchase of goods and services and other expenses	3,034.2	3,063.7	29.5	1.0%
Depreciation and amortization	781.3	794.8	13.5	1.7%
Others	115.6	122.8	7.2	6.2%
Operating profit	996.5	950.9	(45.6)	(4.6)%
Profit before taxes	1,019.5	1,039.1	19.7	1.9%
Profit attributable to NTT	696.6	670.8	(25.8)	(3.7)%

During the six months ended September 30, 2023, pursuant to the NTT Group Medium-Term Management Strategy “New Value Creation & Sustainability 2027 Powered by IOWN” announced in May 2023, NTT Group promoted initiatives to become a supporter of global sustainability by providing new value to customers and society and by shifting NTT’s business activities themselves toward the achievement of a sustainable society. As a result of these efforts, NTT Group's consolidated operating revenues for the six-month period ended September 30, 2023 were ¥6,364.6 billion (an increase of 1.2% from the same period of the previous fiscal year), consolidated operating expenses were ¥5,413.6 billion (an increase of 2.3% from the same period of the previous fiscal year), consolidated operating profit was ¥950.9 billion (a decrease of 4.6% from the same period of the previous fiscal year), profit before taxes was ¥1,039.1 billion (an increase of 1.9% from the same period of the previous fiscal year), and profit

attributable to NTT was ¥670.8 billion (a decrease of 3.7% from the same period of the previous fiscal year).

(2) Segment Results

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 transactions 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, 2023 (April 1, 2023 – September 30, 2023)

(Billions of yen)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Change	Percent Change
Operating revenues	2,899.8	2,946.4	46.5	1.6%
Fixed voice related services	87.6	74.1	(13.5)	(15.4)%
Mobile voice related services	532.8	498.9	(33.9)	(6.4)%
IP/packet communications services	1,136.0	1,154.3	18.3	1.6%
Sales of telecommunications equipment	304.0	335.3	31.3	10.3%
System integration services	267.6	291.9	24.4	9.1%
Other	571.8	591.8	20.0	3.5%
Operating expenses	2,323.4	2,365.6	42.2	1.8%
Personnel expenses	237.9	245.9	8.0	3.4%
Expenses for purchase of goods and services and other expenses	1,664.9	1,687.2	22.3	1.3%
Depreciation and amortization	387.6	398.9	11.3	2.9%
Others	32.9	33.6	0.6	1.9%
Operating profit	576.5	580.8	4.3	0.7%

Operating revenues for the Integrated ICT Business Segment for the six-month period ended September 30, 2023 increased 1.6% from the same period of the previous fiscal year to ¥2,946.4 billion. This increase was due to, among other factors, revenues from sales of telecommunications equipment and from system integration services.

On the other hand, operating expenses for the six-month period ended September 30, 2023 increased 1.8% from the same period of the previous fiscal year to ¥2,365.6 billion due to an increase in expenses, among other factors.

As a result, segment operating profit for the six-month period ended September 30, 2023 increased 0.7% from the same period of the previous fiscal year to ¥580.8 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2023	As of September 30, 2023	Change	Percent Change
Mobile Telecommunications Services	87,495	88,509	1,015	1.2%
Telecommunications Services (5G)	20,602	24,842	4,240	20.6%
Telecommunications Services (LTE (Xi))	57,771	55,604	(2,167)	(3.8)%
Telecommunications Services (FOMA (3G))	9,122	8,064	(1,058)	(11.6)%
Plala (ISP)	3,733	3,623	(111)	(3.0)%
OCN (ISP)	7,301	7,219	(83)	(1.1)%
Hikari TV	884	805	(80)	(9.0)%

Note: The number of Mobile Telecommunications Services includes mobile line subscriptions of MVNOs and Communication Module subscriptions.

Regional Communications Business Segment

Six-Month Period Ended September 30, 2023 (April 1, 2023 – September 30, 2023)

(Billions of yen)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Change	Percent Change
Operating revenues	1,547.5	1,527.0	(20.5)	(1.3)%
Fixed voice related services	438.7	420.5	(18.2)	(4.1)%
IP/packet communications services	801.5	792.5	(9.0)	(1.1)%
Sales of telecommunications equipment	29.7	36.1	6.5	21.8%
System integration services	83.1	87.4	4.2	5.1%
Other	194.5	190.5	(4.0)	(2.1)%
Operating expenses	1,283.4	1,310.9	27.4	2.1%
Personnel expenses	323.2	320.8	(2.4)	(0.7)%
Expenses for purchase of goods and services and other expenses	691.1	720.6	29.4	4.3%
Depreciation and amortization	206.5	200.9	(5.6)	(2.7)%
Others	62.6	68.6	6.0	9.6%
Operating profit	264.1	216.2	(48.0)	(18.2)%

Operating revenues in the Regional Communications Business Segment for the six-month period ended September 30, 2023 decreased 1.3% from the same period of the previous fiscal year to ¥1,527.0 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, 2023 increased 2.1% from the same period of the previous fiscal year to ¥1,310.9 billion due to an increase in expenses, among other factors.

As a result, segment operating profit for the six-month period ended September 30, 2023 decreased 18.2% from the same period of the previous fiscal year to ¥216.2 billion.

Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2023	As of September 30, 2023	Change	Percent Change
(NTT East)				
Telephone Subscriber Lines	6,142	5,936	(206)	(3.4)%
INS-Net	718	674	(44)	(6.1)%
FLET'S Hikari (including Hikari Collaboration Model)	13,326	13,360	34	0.3%
FLET'S ADSL	5	4	(1)	(25.7)%
Hikari Denwa (thousand channels)	10,058	9,956	(102)	(1.0)%
FLET'S TV Transmission Services	1,177	1,191	14	1.2%
(NTT West)				
Telephone Subscriber Lines	5,966	5,717	(249)	(4.2)%
INS-Net	716	670	(47)	(6.5)%
FLET'S Hikari (including Hikari Collaboration Model)	10,249	10,272	23	0.2%
FLET'S ADSL	53	46	(6)	(12.1)%
Hikari Denwa (thousand channels)	8,694	8,620	(74)	(0.8)%
FLET'S TV Transmission Services	888	908	20	2.2%

Notes: (1) The number of Telephone Subscriber Lines is the total of individual lines and central station lines (including the Subscriber Telephone Lite Plan).

(2) "INS-Net" includes "INS-Net 64" and "INS-Net 1500." In terms of the number of channels, transmission rate, and line use rate (base rate), "INS-Net 1500" is in all cases approximately 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) The number of "FLET'S Hikari (including Hikari Collaboration Model)" subscriptions includes subscriptions to "FLET'S Hikari Cross," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" "FLET'S Hikari WiFi Access" and "Hikari Denwa Next (Hikari IP Phone)" provided by NTT East, subscriptions to "FLET'S Hikari Cross," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "Hikari Denwa Next (IP Phone Services)" provided by NTT West and subscriptions 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, 2023 (April 1, 2023 – September 30, 2023)

(Billions of yen)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Change	Percent Change
Operating revenues	1,973.0	2,078.5	105.6	5.3%
System integration services	1,973.0	2,078.5	105.6	5.3%
Operating expenses	1,858.5	1,956.6	98.1	5.3%
Personnel expenses	705.6	770.4	64.8	9.2%
Expenses for purchase of goods and services and other expenses	986.7	1,009.3	22.6	2.3%
Depreciation and amortization	155.0	164.6	9.6	6.2%
Others	11.1	12.3	1.2	10.7%
Operating profit	114.4	121.9	7.4	6.5%

Operating revenues in the Global Solutions Business Segment for the six-month period ended September 30, 2023 increased 5.3% from the same period of the previous fiscal year to ¥2,078.5 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, 2023 increased 5.3% from the same period of the previous fiscal year to ¥1,956.6 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, 2023 increased 6.5% from the same period of the previous fiscal year to ¥121.9 billion.

Others (Real Estate, Energy and Others)

Six-Month Period Ended September 30, 2023 (April 1, 2023 – September 30, 2023)

(Billions of yen)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Change	Percent Change
Operating revenues	775.4	748.1	(27.2)	(3.5)%
System integration services	27.0	29.8	2.8	10.4%
Other	748.3	718.3	(30.0)	(4.0)%
Operating expenses	727.6	713.9	(13.7)	(1.9)%
Personnel expenses	128.7	130.9	2.1	1.7%
Expenses for purchase of goods and services and other expenses	523.3	507.9	(15.4)	(2.9)%
Depreciation and amortization	64.3	62.8	(1.4)	(2.2)%
Others	11.4	12.3	0.9	8.3%
Operating profit	47.7	34.2	(13.5)	(28.3)%

Operating revenues in Others (Real Estate, Energy and Others) for the six-month period ended September 30, 2023 decreased 3.5% from the same period of the previous fiscal year to ¥748.1 billion due to, among other factors, a decrease in revenues from electricity billings in the energy business.

On the other hand, operating expenses for the six-month period ended September 30, 2023 decreased 1.9% from the same period of the previous fiscal year to ¥713.9 billion due to, among other factors, a decrease in revenue-linked expenses.

As a result, segment operating profit for the six-month period ended September 30, 2023 decreased 28.3% from the same period of the previous fiscal year to ¥34.2 billion.

The accounting method for certain expense-related line items under “Others (Real Estate, Energy and Others)” and “Elimination of inter-segment transactions” has been revised. In connection with this change, segment information for the six-month period ended September 30, 2022 has been restated. (See “Note 6. Segment Information.”)

(3) Analysis of Cash Flows and Financial Position

Cash Flows

	(Billions of yen)			
	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Change	Percent Change
Cash flows provided by operating activities	806.6	825.9	19.3	2.4%
Cash flows provided by operating activities (excluding the impact of non-business days)	806.6	1,025.8	219.3	27.2%
Cash flows used in investing activities	(821.0)	(1,076.7)	(255.7)	(31.2)%
Cash flows provided by financing activities	85.0	137.9	52.8	62.1%
Cash and cash equivalents	948.8	715.0	(233.8)	(24.6)%
Cash and cash equivalents (excluding the impact of non-business days)	948.8	914.9	(33.9)	(3.6)%

Note: Impact in the amount of ¥199.9 billion, caused by the last day of the six months ended September 30, 2023 falling on a non-business day, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.

Cash flows provided by operating activities, excluding the impact of non-business days, for the six-month period ended September 30, 2023 was ¥1,025.8 billion. This was primarily due to profit (loss) as adjusted for non-cash items (profit for the period, plus profit (loss) for non-cash items such as depreciation and losses on retirement of fixed assets) reaching ¥1,501.5 billion. In addition, this represented an increase of ¥219.3 billion (27.2%) from the same period of the previous fiscal year, primarily due to a decrease in payments for corporate taxes, among other factors. Cash flows provided by operating activities for the six-month period ended September 30, 2023 was ¥825.9 billion.

Cash flows used in investing activities for the six-month period ended September 30, 2023 was ¥1,076.7 billion. This was primarily due to payments for acquisitions of property, plant and equipment, intangible assets and investment properties reaching ¥942.2 billion. In addition, this represented an increase of ¥255.7 billion (31.2%) in payments from the same period of the previous fiscal year, primarily as a result of increased payments for investments and other items.

Cash flows provided by financing activities, for the six-month period ended September 30, 2023 was ¥137.9 billion, which included dividend payments of ¥216.1 billion and income from borrowings of ¥441.4 billion. This represented an increase of ¥52.8 billion (62.1%) in income from the same period of the previous fiscal year.

As a result of the above, NTT Group's consolidated cash and cash equivalents, excluding the impact of non-business days, as of September 30, 2023 was ¥914.9 billion, an increase of ¥121.0 billion (15.2%) from the end of the previous fiscal year. Cash and cash equivalents as of September 30, 2023 was ¥715.0 billion.

Financial Position

(Billions of yen)

	March 31, 2023	September 30, 2023	Change
Assets	25,308.9	26,813.6	1,504.7
Liabilities	15,958.2	16,593.4	635.2
(incl.) Interest-bearing debt	8,230.5	9,117.9	887.4
Equity	9,350.6	10,220.2	869.5
(incl.) Total NTT shareholders' equity	8,561.4	9,316.9	755.6

Assets as of September 30, 2023 increased by ¥1,504.7 billion from the end of the previous fiscal year to ¥26,813.6 billion, due to, among other factors, an increase in other financial assets and goodwill.

Liabilities as of September 30, 2023 increased by ¥635.2 billion from the end of the previous fiscal year to ¥16,593.4 billion, due to an increase in borrowings for dividends and the payment of taxes, partially offset by a decrease in trade and other receivables. The balance of interest-bearing debt was ¥9,117.9 billion, an increase of ¥887.4 billion from ¥8,230.5 billion as of the end of the previous fiscal year.

Shareholders' equity as of September 30, 2023 increased by ¥755.6 billion from the end of the previous fiscal year to ¥9,316.9 billion, due to an increase in profit for the quarter. The ratio of interest-bearing debt to shareholders' equity was 97.9% (compared to 96.1% 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 ¥869.5 billion from the end of the previous fiscal year to ¥10,220.2 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, 2023, and no new additional issues arose during the period. In addition, during the six months ended September 30, 2023, there were no material changes in NTT Group's management policies or strategies.

(5) Research and Development

NTT's group-wide research and development expenses for the six months ended September 30, 2023 were ¥112.5 billion. There were no material changes in NTT's research and development activities during the six months ended September 30, 2023.

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, 2023.

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	154,823,022,500
Total	154,823,022,500

Issued Shares

Class	Number of Shares Issued as of September 30, 2023 (shares)	Number of Shares Issued as of the Filing Date (shares) (November 8, 2023)	Stock Exchange on which the Company is Listed	Description
Common Stock	90,550,316,400	90,550,316,400	Tokyo Stock Exchange (Prime Market)	The number of shares per one unit of shares is 100 shares
Total	90,550,316,400	90,550,316,400	—	—

(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, 2023 ^{Note}	86,928,303,744	90,550,316,400	—	937,950	—	2,672,826

Note: The increase in the total number of issued shares is due to a 25-for-1 stock split of its common stock, with an effective date of July 1, 2023.

(5) Major Shareholders

As of September 30, 2023

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	29,199,392	34.30
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	9,556,383	11.23
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	4,183,543	4.91
Toyota Motor Corporation	1 Toyota-Cho, Toyota City, Aichi	2,019,385	2.37
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)	1,391,259	1.63
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)	901,332	1.06
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)	673,273	0.79
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)	646,768	0.76
NTT Employee Share-Holding Association	5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo	583,911	0.69
Barclays Securities Japan Ltd.	10-1 Roppongi 6-chome, Minato- ku, Tokyo	488,700	0.57
Total	—	49,643,948	58.32

Note: 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, 2023

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.)	5,426,807,700 shares of common stock	—	—
Shares with Full Voting Rights (Others)	85,120,164,200 shares of common stock	851,201,342	—
Shares Representing Less than One Unit	3,344,500 shares of common stock	—	—
Number of Issued Shares	90,550,316,400 shares of common stock	—	—
Total Number of Voting Rights	—	851,201,342	—

Notes: (1) The total number of shares in “Shares with Full Voting Rights (Others)” includes 1,437,200 shares held in the name of the Japan Securities Depository Center. “Number of Voting Rights” includes 14,372 voting rights associated with “Shares with Full Voting Rights” held in the name of the Japan Securities Depository Center, and does not include 300 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 23,303,000 shares owned by BIP (Board Incentive Plan) Trust. “Number of Voting Rights” includes 233,030 voting rights associated with “Shares with Full Voting Rights” owned by BIP (Board Incentive Plan) Trust.

Treasury Stock

As of September 30, 2023

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	5,426,807,700	—	5,426,807,700	6.0%
Total	—	5,426,807,700	—	5,426,807,700	6.0%

Notes: (1) In addition to the above, there are 30,000 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, 2023 to September 30, 2023 and from April 1, 2023 to September 30, 2023) 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, 2023	As of September 30, 2023
ASSETS			
Current assets			
Cash and cash equivalents	7	793,920	715,008
Trade and other receivables	7,14	4,186,375	4,315,150
Other financial assets	14	98,653	117,029
Inventories		517,409	561,380
Other current assets		919,016	1,014,692
Subtotal		6,515,373	6,723,259
Assets held for sale	8	139,495	202,379
Total current assets		6,654,868	6,925,638
Non-current assets			
Property, plant and equipment	9	9,717,103	9,945,446
Right-of-use asset		718,531	774,014
Goodwill		1,283,448	1,671,289
Intangible assets		2,122,874	2,150,568
Investment property		1,242,591	1,275,649
Investments accounted for using the equity method		446,569	432,587
Other financial assets	14	1,241,331	1,767,026
Deferred tax assets		940,196	894,765
Other non-current assets		941,340	976,596
Total non-current assets		18,653,983	19,887,940
Total assets		25,308,851	26,813,578

Millions of yen

	Notes	As of March 31, 2023	As of September 30, 2023
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	10,14	1,840,381	2,153,745
Trade and other payables		2,807,286	2,416,498
Lease liabilities		205,074	202,434
Other financial liabilities	14	30,200	44,135
Accrued payroll		567,166	499,576
Income taxes payables		243,306	282,233
Other current liabilities		1,143,518	1,126,934
Sub Total		6,836,931	6,725,555
Liabilities directly associated with assets held for sale	8	3,055	63,883
Total current liabilities		6,839,986	6,789,438
Non-current liabilities			
Long-term borrowings	10,14	6,390,155	6,964,203
Lease liabilities		714,923	775,310
Other financial liabilities	14	148,431	133,261
Defined benefit liabilities		1,362,262	1,377,669
Deferred tax liabilities		143,326	174,201
Other non-current liabilities		359,141	379,329
Total non-current liabilities		9,118,238	9,803,973
Total liabilities		15,958,224	16,593,411
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	11	937,950	937,950
Retained earnings	11	8,150,117	8,610,979
Treasury stock	11	(737,290)	(761,316)
Other components of equity	11	210,576	529,292
Total NTT shareholders’ equity		8,561,353	9,316,905
Non-controlling interests		789,274	903,262
Total equity		9,350,627	10,220,167
Total liabilities and equity		25,308,851	26,813,578

(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, 2022	Six Months Ended September 30, 2023
Operating revenues	6, 12	6,286,177	6,364,570
Operating expenses			
Personnel expenses		1,358,469	1,432,289
Expenses for purchase of goods and services and other expenses		3,034,238	3,063,696
Depreciation and amortization		781,312	794,807
Loss on disposal of property, plant and equipment and intangible assets		47,363	52,361
Impairment losses		235	391
Taxes and dues		68,021	70,080
Total operating expenses		5,289,638	5,413,624
Operating profit	6	996,539	950,946
Finance income	13	41,084	132,553
Finance costs		34,792	58,655
Share of profit (loss) of entities accounted for using the equity method		16,621	14,259
Profit before taxes		1,019,452	1,039,103
Income taxes		278,412	341,633
Profit		741,040	697,470
Profit attributable to NTT		696,607	670,844
Profit attributable to Non-controlling interests		44,433	26,626
Earnings per share attributable to NTT			
Basic earnings per share (yen) [※]		7.88	7.87

* "Basic earnings per share " figures for the six months ended September 30, 2022 and 2023 have been adjusted to reflect the 25-for-1 stock split carried out on July 1, 2023. Additional information for the stock split is described in “Note 11. Equity and Other Equity Items (1) Issued Shares and Treasury Stock.”.

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

Millions of yen			
	Notes	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023
Profit		741,040	697,470
Other comprehensive income (net of tax)	11		
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets measured at fair value through other comprehensive income		(50,162)	144,325
Share of other comprehensive income of entities accounted for using the equity method		(58)	(406)
Remeasurements of defined benefit plans		(17)	468
Total of items that will not be reclassified to profit or loss		(50,237)	144,387
Items that may be reclassified to profit or loss			
Cash flow hedges		(52,574)	(12,661)
Hedges cost		(15,898)	(1,150)
Foreign currency translation adjustments		236,871	231,050
Share of other comprehensive income of entities accounted for using the equity method		13,311	15,731
Total of items that may be reclassified to profit or loss		181,710	232,970
Total other comprehensive income (net of tax)		131,473	377,357
Total comprehensive income		872,513	1,074,827
Comprehensive income attributable to NTT	11	770,265	994,129
Comprehensive income attributable to Non-controlling interests	11	102,248	80,698

【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, 2022	Three Months Ended September 30, 2023
Operating revenues	6, 12	3,217,306	3,253,497
Operating expenses			
Personnel expenses		683,760	727,175
Expenses for purchase of goods and services and other expenses		1,590,575	1,590,116
Depreciation and amortization		391,670	398,660
Loss on disposal of property, plant and equipment and intangible assets		25,803	26,968
Impairment losses		(76)	226
Taxes and dues		32,387	34,056
Total operating expenses		2,724,119	2,777,201
Operating profit	6	493,187	476,296
Finance income		12,036	5,758
Finance costs		18,480	27,581
Share of profit (loss) of entities accounted for using the equity method		7,172	7,094
Profit before taxes		493,915	461,567
Income taxes		143,157	154,262
Profit		350,758	307,305
Profit attributable to NTT		328,037	295,069
Profit attributable to Non-controlling interests		22,721	12,236
Earnings per share attributable to NTT			
Basic earnings per share (yen) [※]		3.72	3.46

* "Basic earnings per share " figures for the three months ended September 30, 2022 and 2023 have been adjusted to reflect the 25-for-1 stock split carried out on July 1, 2023. Additional information for the stock split is described in “Note 11. Equity and Other Equity Items (1) Issued Shares and Treasury Stock.”.

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

Millions of yen			
	Notes	Three Months Ended September 30, 2022	Three Months Ended September 30, 2023
Profit		350,758	307,305
Other comprehensive income (net of tax)	11		
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		(33,568)	47,322
Share of other comprehensive income of entities accounted for using the equity method		(150)	1,352
Remeasurements of defined benefit plans		109	5
Total of items that will not be reclassified to profit or loss		(33,609)	48,679
Items that may be reclassified to profit or loss			
Cash flow hedges		(31,017)	9,202
Hedges cost		3,105	(5,037)
Foreign currency translation adjustments		66,376	47,954
Share of other comprehensive income of entities accounted for using the equity method		7,088	10,272
Total of items that may be reclassified to profit or loss		45,552	62,391
Total other comprehensive income (net of tax)		11,943	111,070
Total comprehensive income		362,701	418,375
Comprehensive income attributable to NTT	11	318,193	396,278
Comprehensive income attributable to Non-controlling interests	11	44,508	22,097

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

【Six Months Ended September 30, 2022】

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 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	11	—	—	—	—	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	11	—	—	(212,551)	—	—	(212,551)	(11,792)	(224,343)
Transfer to retained earnings	11	—	8,839	(8,837)	—	(2)	—	—	—
Purchase and disposal of treasury stock	11	—	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	11	—	(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

【Six Months Ended September 30, 2023】

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

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

		Millions of yen	
	Notes	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023
Cash flows from operating activities			
Profit		741,040	697,470
Depreciation and amortization		781,312	794,807
Impairment losses		235	391
Share of loss (profit) of entities accounted for using the equity method		(16,621)	(14,259)
Losses on retirement of property, plant and equipment and intangible assets		22,569	23,088
Gain on sales of property, plant and equipment and intangible assets		(6,260)	(4,218)
Income taxes		278,412	341,633
Decrease (increase) in trade and other receivables	7	131,112	(25,569)
Decrease (increase) in inventories		(79,919)	(54,126)
Decrease (increase) in other current assets		(99,240)	(89,842)
Increase (decrease) in trade and other payables / accrued payroll		(259,281)	(345,418)
Increase (decrease) in other current liabilities		(149,546)	(48,565)
Increase (decrease) in defined benefit liabilities		16,418	14,216
Increase (decrease) in other non-current liabilities		(12,655)	(3,697)
Other, net		(92,081)	(239,029)
Sub-total		1,255,495	1,046,882
Interest and dividends received		58,345	61,602
Interest paid		(29,903)	(45,228)
Income taxes paid		(477,343)	(237,346)
Net cash provided by (used in) operating activities		806,594	825,910
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property		(884,234)	(942,181)
Proceeds from government grants		11,808	1,048
Purchase of investments		(43,711)	(38,464)
Proceeds from sale or redemption of investments		36,803	120,014
Proceeds from loss of control of subsidiaries		51,104	—
Acquisition of subsidiaries, net of cash acquired		(22,674)	(250,127)
Net decrease (increase) loan receivable		20,786	(643)
Other, net		9,137	33,633
Net cash provided by (used in) investing activities		(820,981)	(1,076,720)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		489,753	120,308
Proceeds from increases in long-term borrowings	10	489,631	590,240
Repayment of long-term borrowings	10	(195,513)	(269,174)
Repayment of lease liabilities		(109,674)	(115,100)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(5,467)	(6,224)
Dividends paid		(212,551)	(204,629)
Dividends paid to non-controlling interests		(11,698)	(11,512)
Purchase and sale of treasury stock		(360,373)	(24,213)
Other, net		922	58,158
Net cash provided by (used in) financing activities		85,030	137,854
Effect of exchange rate change on cash and cash equivalents		43,610	34,044
Net increase (decrease) in cash and cash equivalents		114,253	(78,912)
Cash and cash equivalents at the beginning of the year	7	834,564	793,920
Cash and cash equivalents at the end of the period	7	948,817	715,008

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

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 7, 2023.

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, 2023.

(2) 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. Material 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, 2023, other than as described below.

Amendments to IAS 12 (Income Taxes)

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

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, 2023.

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:

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, 2022 (April 1, 2022 - September 30, 2022)	Six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Integrated ICT Business		
Transactions with external customers	2,773,598	2,810,201
Inter-segment transactions	126,240	136,170
Subtotal	2,899,838	2,946,371
Regional Communications Business		
Transactions with external customers	1,204,183	1,193,353
Inter-segment transactions	343,355	333,655
Subtotal	1,547,538	1,527,008
Global Solutions Business		
Transactions with external customers	1,881,551	1,983,427
Inter-segment transactions	91,410	95,086
Subtotal	1,972,961	2,078,513
Others (Real Estate, Energy and Others)		
Transactions with external customers	426,845	377,589
Inter-segment transactions	348,509	370,542
Subtotal	775,354	748,131
Elimination of inter-segment transactions	(909,514)	(935,453)
Total	6,286,177	6,364,570

Three Months Ended September 30,

(Millions of yen)

	Three Months Ended September 30, 2022 (July 1, 2022 - September 30, 2022)	Three Months Ended September 30, 2023 (July 1, 2023 - September 30, 2023)
Integrated ICT Business		
Transactions with external customers	1,418,623	1,425,538
Inter-segment transactions	59,424	63,059
Subtotal	1,478,047	1,488,597
Regional Communications Business		
Transactions with external customers	608,209	605,709
Inter-segment transactions	171,401	166,837
Subtotal	779,610	772,546
Global Solutions Business		
Transactions with external customers	955,919	1,017,586
Inter-segment transactions	48,060	45,972
Subtotal	1,003,979	1,063,558
Others (Real Estate, Energy and Others)		
Transactions with external customers	234,555	204,664
Inter-segment transactions	178,506	186,853
Subtotal	413,061	391,517
Elimination of inter-segment transactions	(457,391)	(462,721)
Total	3,217,306	3,253,497

Segment profit or loss

Six Months Ended September 30,

(Millions of yen)

	Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)	Six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Segment profit		
Integrated ICT Business	576,454	580,775
Regional Communications Business	264,114	216,151
Global Solutions Business	114,449	121,871
Others (Real Estate, Energy and Others)	47,723	34,209
Total	1,002,740	953,006
Elimination of inter-segment transactions	(6,201)	(2,060)
Operating profit	996,539	950,946
Finance income	41,084	132,553
Finance costs	34,792	58,655
Share of profit of entities accounted for using equity method	16,621	14,259
Profit before taxes	1,019,452	1,039,103

Three Months Ended September 30,

(Millions of yen)

	Three Months Ended September 30, 2022 (July 1, 2022 - September 30, 2022)	Three Months Ended September 30, 2023 (July 1, 2023 - September 30, 2023)
Segment profit		
Integrated ICT Business	292,727	288,076
Regional Communications Business	125,407	104,590
Global Solutions Business	51,003	63,567
Others (Real Estate, Energy and Others)	25,831	21,046
Total	494,968	477,279
Elimination of inter-segment transactions	(1,781)	(983)
Operating profit	493,187	476,296
Finance income	12,036	5,758
Finance costs	18,480	27,581
Share of profit of entities accounted for using equity method	7,172	7,094
Profit before taxes	493,915	461,567

The accounting method for certain expense-related line items under “Others (Real Estate, Energy and Others)” and “Elimination of inter-segment transactions” has been revised for the purpose of managing business performance more appropriately. In connection with this change, segment information for the first six months and three months of the previous fiscal year has been restated.

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. Impact on the condensed quarterly consolidated financial statements due to the non-business day for the second quarter ended September 30, 2023.

The last days of six months ended September 30, 2023 fell on non-business days, resulting in the due date of certain bills, including telecommunication service bills, being set to the first business day of the following month. Consequently, the impact on the condensed quarterly consolidated financial statements is as follows.

	(Millions of yen)	
	As of March 31, 2023	As of September 30, 2023
(Condensed Quarterly Consolidated Statement of Financial Position)		
Cash and cash equivalents	¥—	¥(199,939)
Trade and other receivables	—	199,939
		(Millions of yen)
	Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)	Six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023)
(Condensed Quarterly Consolidated Statement of Cash Flows)		
Decrease (increase) in trade and other receivables	¥—	¥(199,939)
Cash and cash equivalents as of April 1	—	—
Cash and cash equivalents as of September 30	—	(199,939)

8. 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. In addition, in connection with the Transaction, NTT DOCOMO entered into a new master transaction agreement with JTOWER on September 26, 2023 under which a maximum of 1,552 telecommunications towers owned by NTT DOCOMO are similarly to be transferred to JTOWER for a maximum of ¥17.0 billion, and NTT DOCOMO will lease these towers from JTOWER.

Under the master transaction agreements, NTT DOCOMO is proceeding with the sale of the telecommunications towers to JTOWER during the fiscal years covering the period from April 1, 2022 to March 31, 2024.

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 the 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 network operations.

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

The assets related to the transfer of 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 March 31, 2023 and September 30, 2023. The classes of these assets are mainly property, plant and equipment, and the carrying amount of March 31, 2023 and September 30, 2023 was ¥89,688 million and ¥53,774 million. The amount of these assets held for sale is measured at its carrying amount or its fair value less costs of disposal, whichever is lower.

The impact of these accounting treatments on NTT’s condensed quarterly consolidated statements of profit or loss is immaterial.

Sale of shares of data center holding company

Overview

NTT Group plans to sell portions of its shares of its data center holding company across North America, and classified such shares as assets held for sale.

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

As of March 31, 2023 and September 30, 2023, assets related to the sale of shares of the data center holding company and liabilities directly associated with the assets, which were included in the Global Solutions Business Segment, were classified as assets held for sale and as liabilities directly associated with assets held for sale until the completion of the share transfer. The amounts of these assets and liabilities are measured at their 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.

As of March 31, 2023

(Millions of yen)

Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Cash and cash equivalents	¥ 1,697	Trade and other payables	¥ 1,883
Trade and other receivables	2,519	Long-term borrowings	13,354
Inventories	12	Other	1,156
Property, plant and equipment	40,626		
Other	188		
Total	¥ 45,042	Total	¥ 16,393

Amounts in the table above represent the figures before elimination of intercompany transactions. Intercompany transactions with consolidated subsidiaries consisted of Long-term borrowings that amounted to ¥13,354 million.

As of September 30, 2023

(Millions of yen)

Accounting Item		Accounting Item	
(Assets)		(Liabilities)	
Cash and cash equivalents	¥ 1,850	Trade and other payables	¥ 2,759
Trade and other receivables	199	Long-term borrowings	14,958
Inventories	14	Other	1,212
Property, plant and equipment	57,675		
Right-of-use asset	1		
Other	1,009		
Total	¥ 60,748	Total	¥ 18,929

Amounts in the table above represent the figures before elimination of intercompany transactions. Intercompany transactions with consolidated subsidiaries consisted of Long-term borrowings that amounted to ¥14,958 million.

9. Property, Plant and Equipment

Component of Property, plant and equipment

	Millions of yen	
	As of March 31, 2023	As of September 30, 2023
Telecommunications equipment	¥11,081,055	¥11,094,760
Telecommunications service lines	16,962,569	17,022,756
Buildings and structures	5,880,467	5,982,209
Machinery, tools and fixtures	2,897,348	3,173,576
Land	779,210	793,354
Construction in progress	661,315	747,704
Subtotal	38,261,964	38,814,359
Accumulated depreciation and impairment losses	(28,544,861)	(28,868,913)
Property, plant and equipment - total	¥9,717,103	¥9,945,446

10. Corporate Bonds

Details of corporate bonds transactions

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	0.950%	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	0.910%	October 26, 2012	September 20, 2022
Redemption	NTT Finance Corporation	4th series of bonds	¥10,000 million	0.060%	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

Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT DATA Corporation	27th series of bonds	¥25,000 million	0.900%	June 14, 2013	June 20, 2023
Redemption	NTT Finance Corporation	14th series of bonds (Green Bond)	¥40,000 million	0.001%	June 25, 2020	June 20, 2023
Redemption	NTT Finance Corporation	13th series of Euro-denominated bonds	€ 100 million	0.260%	June 25, 2019	June 26, 2023
Redemption	NTT Finance Corporation	12th series of Euro-denominated bonds	€ 60 million	0.631%	August 9, 2018	August 9, 2023
Redemption	NTT Finance Corporation	10th series of bonds (Former NTT Urban Development Corporation 14th series of bonds)	¥10,000 million	0.750%	October 31, 2013	September 20, 2023
Redemption	NTT Finance Corporation	19th series of bonds (Former NTT DOCOMO 20th series of bonds)	¥50,000 million	0.730%	November 21, 2013	September 20, 2023
Issuance	minacolor, Inc.	3rd series of convertible-bonds (Subordinated bond)	¥217 million	–	June 16, 2023	October 29, 2031
Issuance	NTT Finance Corporation	23rd series of bonds (Green Bond)	¥30,000 million	0.230%	July 21, 2023	June 19, 2026
Issuance	NTT Finance Corporation	24th series of bonds (Green Bond)	¥110,000 million	0.395%	July 21, 2023	June 20, 2028
Issuance	NTT Finance Corporation	25th series of bonds (Green Bond)	¥50,000 million	0.648%	July 21, 2023	June 20, 2030
Issuance	NTT Finance Corporation	26th series of bonds (Green Bond)	¥190,000 million	0.838%	July 21, 2023	June 20, 2033

11. 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, 2022	3,622,012,656	79,490,430
Purchase of treasury stock under resolution of the board of directors	—	131,851,800
Repurchase of shares based on less-than-one-unit share purchase demand	—	192,326
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(10,248)
As of March 31, 2023	3,622,012,656	211,524,308
Purchase of treasury stock under resolution of the board of directors	—	136,944,600
Repurchase of shares based on less-than-one-unit share purchase demand	—	85,918
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(14,928)
Increase by stock split	86,928,303,744	5,078,267,808
As of September 30, 2023	90,550,316,400	5,426,807,706

In addition to the above, 23,303,000 shares held by the BIP trust are recorded as “treasury stock” in Condensed Consolidated Financial Statements.

Stock Split

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

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 repurchase amount (million yen)	Status of repurchase
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	From December 2022 to March 2023	38,926,400	150,000	Concluded
August 9, 2023	From August 10, 2023 to March 29, 2024	1,400	200,000	September 2023 (October 2023)	136,944,600 (326,622,500)	24,025 (56,856)	—

(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 ¥24,581 million and ¥27,117 million, respectively, as at the end of the fiscal year ended March 31, 2023 and the six months ended September 30, 2023

(3) Other Components of Equity

The details and changes in other components of equity

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

Six Months Ended September 30, 2023

(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, 2023	52,832	(94,019)	(10,339)	—	262,102	210,576
Other comprehensive income	142,678	(13,537)	(844)	(1,637)	196,625	323,285
Transfer to retained earnings	(6,206)	—	—	1,637	—	(4,569)
As of September 30, 2023	189,304	(107,556)	(11,183)	—	458,727	529,292

(4) Dividends

The amount of dividends paid out in the six months ended September 30, 2022 and 2023

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
June 24, 2022 Ordinary General Meeting of Shareholders ^{*1}	Common shares	Retained earnings	212,551	60	March 31, 2022	June 27, 2022
June 22, 2023 Ordinary General Meeting of Shareholders ^{*2}	Common shares	Retained earnings	204,629	60	March 31, 2023	June 23, 2023

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

*2 Total dividend includes the dividend of ¥62 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, 2023 and an effective date after the six months ended September 30, 2023

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
November 7, 2023 Board of Directors ^{※1,2}	Common shares	Retained earnings	212,809	2.5	September 30, 2023	December 18, 2023

*1 Total dividend includes the dividend of ¥58 million for the Company's shares held by the BIP trust.

*2 Dividend per Share reflects the impact of the “stock split”

(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.

12. Operating Revenues

Relationship between Components of Revenues and Segment Revenues

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	1,881,551	16,136	2,156,016
	Other services	550,319	156,219	—	410,709	1,117,247
	Total	¥2,773,598	¥1,204,183	¥1,881,551	¥426,845	¥6,286,177

For the Six Months Ended September 30,2023

(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	¥62,056	¥342,262	¥—	¥—	¥404,318
	Mobile voice related services	495,163	—	—	—	495,163
	IP/packet communications services	1,149,430	577,070	—	—	1,726,500
	Sales of telecommunications equipment	334,771	36,112	—	—	370,883
	System integration services	197,908	78,814	1,983,427	17,866	2,278,015
	Other services	570,873	159,095	—	359,723	1,089,691
	Total	¥2,810,201	¥1,193,353	¥1,983,427	¥377,589	¥6,364,570

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.

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	955,950	7,736	1,101,511
	Other services	293,489	79,129	—	226,788	599,406
	Total	¥1,418,623	¥608,209	¥955,950	¥234,524	¥3,217,306

For the Three Months Ended September 30,2023

(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	¥30,616	¥168,648	¥—	¥—	¥199,264
	Mobile voice related services	246,443	—	—	—	246,443
	IP/packet communications services	579,421	288,865	—	—	868,286
	Sales of telecommunications equipment	181,737	18,867	—	—	200,604
	System integration services	100,636	45,463	1,017,586	8,758	1,172,443
	Other services	286,685	83,866	—	195,906	566,457
	Total	¥1,425,538	¥605,709	¥1,017,586	¥204,664	¥3,253,497

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.

13. Finance Income

Sale of a Portion of Internet Initiative Japan Inc. Common Stock

NTT sold a portion of its Internet Initiative Japan Inc. common stock for a total amount of ¥77.2 billion during the six months ended September 30, 2023. During the six months ended September 30, 2023, NTT Group recorded ¥55.2 billion of finance income as a result of this sale, and also recorded ¥43.9 billion of finance income as the fair value assessment of its remaining interest in the company due to the discontinuation of the application of the equity method for the company.

14. 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, 2024, and transferred such rights on June 29, 2023, and September 28, 2023 during the six months ended September 30, 2023.

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, 2023 and the six months ended September 30, 2023, 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, 2023 and September 30, 2023 was ¥58,920 million and ¥67,112 million, respectively.

The fair value of the derecognized assets as of March 31, 2023 and September 30, 2023 is same as its book value.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2023 and September 30, 2023 was ¥58,920 million and ¥67,112 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 the six months ended September 30, 2022 and the six months ended September 30, 2023 were immaterial.

The largest transfer transactions during the six months ended September 30, 2022 and the six months ended September 30, 2023 occurred on September 29, 2022 and September 28, 2023, respectively. The amounts of credit card receivables that were derecognized are ¥595,369 million and ¥677,900 million, respectively, and the consideration received for transferred assets was ¥535,827 million and ¥610,099 million.

No credit losses were incurred in the six months ended September 30, 2022 or in the six months ended September 30, 2023.

Telecommunications terminal equipment installment sales receivables

In the fiscal year ended March 31, 2023, 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 March 30, 2023.

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 2023, 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 the rights to receive cash flows for the mezzanine portion as of March 31, 2023 and September 30, 2023 were ¥51,945 million and ¥36,390 million, respectively. The fair value of the derecognized assets as of March 31, 2023 and September 30, 2023 is same as its book value.

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2023 and September 30, 2023 was ¥51,945 million and ¥36,390 million, respectively, which represents the total amount of the rights to receive cash flows for the mezzanine portion.

There were no transfers of financial assets to third parties during the six months ended September 30, 2022 or the six months ended September 30, 2023.

No credit losses were incurred in the six months ended September 30, 2022 or in the six months ended September 30, 2023.

(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, 2023		Six Months Ended September 30, 2023	
	Carrying amount	Fair Value	Carrying amount	Fair value
Long-term borrowings (including current portion or balance due within 1 year)	6,972,397	6,742,667	7,650,734	7,344,879

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, 2023.

(ii) Fair Value Measurement

Assets and liabilities measured at fair value

As of March 31, 2023

(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	—	11,604	56,654	68,258
Derivatives financial assets				
Applied hedge accounting	—	129,480	—	129,480
Not applied hedge accounting	—	1,394	—	1,394
Financial assets measured at fair value through other comprehensive income				
Equity securities	652,346	—	101,198	753,544
Total	652,346	142,478	157,852	952,676
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	—	24,949	—	24,949
Not applied hedge accounting	—	2,265	—	2,265
Total		27,214		27,214

As of September 30, 2023

(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	—	14,225	62,222	76,447
Derivatives financial assets				
Applied hedge accounting	—	251,988	—	251,988
Not applied hedge accounting	—	25,230	—	25,230
Financial assets measured at fair value through other comprehensive income				
Equity securities	902,515	—	108,697	1,011,212
Total	902,515	291,443	170,919	1,364,877
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	—	876	—	876
Not applied hedge accounting	—	4,833	—	4,833
Total	—	5,709	—	5,709

1. In the six months ended September 30, 2023, 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, 2023.

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, 2023.

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

15. Business Combinations

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

On August 3, 2023, NTT Anode Energy Corporation (“NTT Anode Energy”) acquired 80% of the equity of Green Power Investment Corporation and its group companies (collectively, “GPI Group”), and GPI Group became a subsidiary of NTT Anode Energy.

The purpose of the acquisition is to strengthen NTT Group’s wind power generation business by incorporating GPI Group’s wind power development, construction and operational know-how into the wind power generation projects of NTT Anode Energy.

The purchase price totaled ¥257.6 billion, and the form of consideration was cash.

The amounts of acquired assets, assumed liabilities, non-controlling interests and goodwill, each as of the acquisition date, are as set forth below. Goodwill arises from the ability to earn excess profits, synergies with existing businesses and other factors. In addition, as the allocation of the purchase price to acquired assets and assumed liabilities has not yet been completed at this time, provisional amounts have been recorded in the condensed quarterly consolidated statement of financial position.

(Millions of yen)	
	As of the Acquisition Date
Current assets	148,486
Non-current assets	129,558
Acquired assets Total	278,044
Current liabilities	109,466
Non-current liabilities	118,018
Assumed liabilities Total	227,484
Net assets acquired Total	50,560
Non-controlling interests	(40,463)
Goodwill	247,504
Total	257,601

16. Subsequent Events

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

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

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