

[Translation]

Quarterly Securities Report

(The Second Quarter of the 36th Business Term)
From July 1, 2020 to September 30, 2020

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, 2020, which NTT filed on November 9, 2020 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
[Company Name in English]	NIPPON TELEGRAPH AND TELEPHONE CORPORATION
[Title and Name of Representative]	Jun Sawada, President and Chief Executive Officer
[Address of Head Office]	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	+81-3-6838-5481
[Contact Person]	Natsuko Fujiki, Head of IR, Finance and Accounting Department
[Contact Address]	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	+81-3-6838-5481
[Contact Person]	Natsuko Fujiki, Head of IR, Finance and Accounting Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Item 1. Overview of the Company

1. Selected Financial Data

IFRS

		Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Fiscal year ended March 31, 2020
Operating revenues	Millions of yen	5,889,551 [2,974,113]	5,711,364 [2,944,907]	11,899,415
Profit before taxes	Millions of yen	1,001,859	1,005,067	1,570,141
Profit attributable to NTT	Millions of yen	547,670 [267,140]	541,511 [268,873]	855,306
Comprehensive income (loss) attributable to NTT	Millions of yen	485,368	639,420	154,052
NTT shareholders' equity	Millions of yen	9,036,550	9,729,338	9,061,103
Total assets	Millions of yen	22,233,561	22,856,011	23,014,133
Basic earnings per share attributable to NTT	Yen	145.53 [71.84]	145.86 [72.36]	231.21
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	40.6	42.6	39.4
Net cash provided by operating activities	Millions of yen	1,534,384	1,290,999	2,995,211
Net cash provided by investing activities	Millions of yen	(776,485)	(1,180,409)	(1,852,727)
Net cash provided by financing activities	Millions of yen	(764,151)	(134,953)	(1,041,261)
Cash and cash equivalents at end of period	Millions of yen	927,957	1,006,339	1,033,574

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) NTT conducted a two-for-one stock split of its common stock with an effective date of January 1, 2020. The figures for Basic Earnings per Share Attributable to NTT for the six months ended September 30, 2019, the three months ended September 30, 2019 and the fiscal year ended March 31, 2020 have been adjusted to reflect the impact of the stock split.

(6) 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, 2019 and 2020, 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, 2020, 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, 2020. There was no material change in risk factors which were described in NTT's Annual Securities Report for the fiscal year ended March 31, 2020.

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

(1) Consolidated Results

Six-Month Period Ended September 30, 2020 (April 1, 2020 – September 30, 2020)

(Billions of yen)

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Change	Percent Change
Operating revenues	5,889.6	5,711.4	(178.2)	(3.0)%
Operating expenses	4,906.7	4,702.8	(204.0)	(4.2)%
Operating profit	982.8	1,008.6	25.8	2.6%
Profit before taxes	1,001.9	1,005.1	3.2	0.3%
Profit attributable to NTT	547.7	541.5	(6.2)	(1.1)%

During the six months ended September 30, 2020, pursuant to the outline of NTT Group's Medium-Term Management Strategy "Your Value Partner 2025," which was announced in November 2018, 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, 2020 were ¥5,711.4 billion (a decrease of 3.0% from the same period of the previous fiscal year), consolidated operating expenses were ¥4,702.8 billion (a decrease of 4.2% from the same period of the previous fiscal year), consolidated operating profit was ¥1,008.6 billion (an increase of 2.6% from the same period of the previous fiscal year), profit before taxes was ¥1,005.1 billion (an increase of 0.3% from the same period of the previous fiscal year), and profit attributable to NTT was ¥541.5 billion (a decrease of 1.1% 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, leasing, 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)

Beginning in the three months ended September 30, 2019, certain subsidiary has moved from the long distance and international communications business segment to the mobile communications business segment. Operating revenues for such subsidiary have been recognized in their post-transfer segments beginning with that period. (See Note 6 to the Condensed Consolidated Financial Statements.)

Mobile Communications Business Segment

Six-Month Period Ended September 30, 2020 (April 1, 2020 – September 30, 2020)

(Billions of yen)

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Change	Percent Change
Operating revenues	2,330.0	2,282.5	(47.5)	(2.0)%
Mobile voice related services	471.2	553.4	82.2	17.4%
IP/packet communications services	1,079.9	990.5	(89.5)	(8.3)%
Sales of telecommunications equipment	317.8	223.9	(93.9)	(29.6)%
Other	461.1	514.8	53.7	11.7%
Operating expenses	1,789.7	1,718.9	(70.8)	(4.0)%
Operating profit	540.3	563.6	23.3	4.3%

Operating revenues for the mobile communications business segment for the six-month period ended September 30, 2020 decreased 2.0% from the same period of the previous fiscal year to ¥2,282.5 billion. This decrease was due to, among other things, a decrease in revenues from sales of telecommunications devices and a decrease in revenues resulting from enhanced returns to customers through the expansion of the Gigaho and Gigalight plans and other service plans, partially offset by an increase in revenues in the Smart Life business resulting from the expansion of financial and payment services and accounting system factor.

On the other hand, operating expenses for the six-month period ended September 30, 2020 decreased 4.0% from the same period of the previous fiscal year to ¥1,718.9 billion. This decrease was due to, among other things, a decrease in equipment costs for devices resulting from a decrease in the number of device sales.

As a result, segment operating profit for the six-month period ended September 30, 2020 increased 4.3% from the same period of the previous fiscal year to ¥563.6 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2020	As of September 30, 2020	Change	Percent Change
Mobile Telecommunications Services	80,326	80,987	661	0.8%
Telecommunications Services (5G)	14	376	361	2,495.5%
Telecommunications Services (LTE (Xi))	61,664	63,476	1,812	2.9%
Telecommunications Services (FOMA (3G))	18,648	17,135	(1,513)	(8.1)%
Plala (ISP)	3,938	3,950	12	0.3%
Hikari TV	2,983	2,957	(25)	(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, 2020 (April 1, 2020 – September 30, 2020)

(Billions of yen)

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Change	Percent Change
Operating revenues	1,509.8	1,503.3	(6.5)	(0.4)%
Fixed voice related services	501.1	465.3	(35.8)	(7.1)%
IP/packet communications services	743.1	765.1	22.0	3.0%
Sales of telecommunications equipment	39.7	31.2	(8.5)	(21.3)%
System integration services	82.6	87.1	4.5	5.4%
Other	143.3	154.6	11.3	7.9%
Operating expenses	1,239.0	1,247.4	8.4	0.7%
Operating profit	270.7	255.9	(14.9)	(5.5)%

Operating revenues in the regional communications business segment for the six-month period ended September 30, 2020 decreased 0.4% from the same period of the previous fiscal year to ¥1,503.3 billion due to, among other things, a decrease in fixed voice related services revenues.

On the other hand, operating expenses for the six-month period ended September 30, 2020 increased 0.7% from the same period of the previous fiscal year to ¥1,247.4 billion due to an increase in expenses, among other things.

As a result, segment operating profit for the six-month period ended September 30, 2020 decreased 5.5% from the same period of the previous fiscal year to ¥255.9 billion.

Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2020	As of September 30, 2020	Change	Percent Change
(NTT East)				
Telephone Subscriber Lines	7,528	7,286	(242)	(3.2)%
INS-Net	982	940	(42)	(4.3)%
FLET'S Hikari (including Hikari Collaboration Model)	12,240	12,520	281	2.3%
FLET'S ADSL	201	180	(21)	(10.4)%
Hikari Denwa (thousand channels)	9,940	9,982	42	0.4%
FLET'S TV Transmission Services	1,082	1,102	21	1.9%
(NTT West)				
Telephone Subscriber Lines	7,615	7,332	(283)	(3.7)%
INS-Net	960	918	(42)	(4.4)%
FLET'S Hikari (including Hikari Collaboration Model)	9,418	9,624	206	2.2%
FLET'S ADSL	282	248	(34)	(11.9)%
Hikari Denwa (thousand channels)	8,563	8,611	48	0.6%
FLET'S TV Transmission Services	747	769	22	3.0%

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," "B FLET'S," "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, 2020 (April 1, 2020 – September 30, 2020)

(Billions of yen)

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Change	Percent Change
Operating revenues	1,117.9	1,003.3	(114.5)	(10.2)%
Fixed voice related services	104.1	99.5	(4.6)	(4.4)%
IP/packet communications services	212.1	210.2	(1.9)	(0.9)%
Sales of telecommunications equipment	4.4	4.8	0.4	8.3%
System integration services	728.0	644.3	(83.8)	(11.5)%
Other	69.2	44.6	(24.6)	(35.5)%
Operating expenses	1,058.6	923.8	(134.8)	(12.7)%
Operating profit	59.3	79.5	20.2	34.1%

Operating revenues in the long distance and international communications business segment for the six-month period ended September 30, 2020 decreased 10.2% from the same period of the previous fiscal year to ¥1,003.3 billion. This decrease was due to, among other things, a decrease in revenues from system integration services, primarily overseas, resulting from the impact of COVID-19 and other factors.

On the other hand, operating expenses for the six-month period ended September 30, 2020 decreased 12.7% from the same period of the previous fiscal year to ¥923.8 billion due to cost reductions and other effects of the overseas structural reforms implemented in the prior fiscal year, among other things.

As a result, segment operating profit for the six-month period ended September 30, 2020 increased 34.1% from the same period of the previous fiscal year to ¥79.5 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2020	As of September 30, 2020	Change	Percent Change
OCN (ISP)	7,153	7,105	(48)	(0.7)%

Data Communications Business Segment

Six-Month Period Ended September 30, 2020 (April 1, 2020 – September 30, 2020)

(Billions of yen)

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Change	Percent Change
Operating revenues	1,077.8	1,080.1	2.3	0.2%
System integration services	1,077.8	1,080.1	2.3	0.2%
Operating expenses	1,014.1	1,016.3	2.2	0.2%
Operating profit	63.8	63.8	0.1	0.1%

Operating revenues in the data communications business segment for the six-month period ended September 30, 2020 increased 0.2% from the same period of the previous fiscal year to ¥1,080.1 billion due to, among other things, business expansion, primarily in the field of domestic public and social infrastructure.

On the other hand, operating expenses for the six-month period ended September 30, 2020 increased 0.2% from the same period of the previous fiscal year to ¥1,016.3 billion due to, among other things, the impact of an increase in revenue-linked expenses.

As a result, segment operating profit for the six-month period ended September 30, 2020 increased 0.1% from the same period of the previous fiscal year to ¥63.8 billion.

Other Business Segment

Six-Month Period Ended September 30, 2020 (April 1, 2020 – September 30, 2020)

(Billions of yen)

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Change	Percent Change
Operating revenues	720.9	705.7	(15.2)	(2.1)%
Operating expenses	664.9	652.3	(12.6)	(1.9)%
Operating profit	56.0	53.4	(2.5)	(4.5)%

In the other business segment for the six-month period ended September 30, 2020, due to, among other things, the impact of the spin-off of the leasing business, operating revenues decreased 2.1% from the same period of the previous fiscal year to ¥705.7 billion, and operating expenses for the six-month period ended September 30, 2020 decreased 1.9% from the same period of the previous fiscal year to ¥652.3 billion.

As a result, segment operating profit for the six-month period ended September 30, 2020 decreased 4.5% from the same period of the previous fiscal year to ¥53.4 billion.

(3) Cash Flows

Cash flows provided by operating activities for the six-month period ended September 30, 2020 was ¥1,291.0 billion, a decrease of ¥19.7 billion (1.5%) from the same period of the previous fiscal year excluding the impact of non-business days.

Cash flows used in investing activities, for the six-month period ended September 30, 2020 was ¥1,180.4 billion, an increase of ¥403.9 billion (52.0%) from the same period of the previous fiscal year. This increase was due to, among other factors, proceeds from sale of investments for the six-month period ended September 30, 2019 and 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, 2020 was ¥135.0 billion, a decrease of ¥629.2 billion (82.3%) from the same period of the previous fiscal year. This decrease was due to, among other factors, purchase of treasury stock for the six-month period ended September 30, 2019 and sale of treasury stock for the six-month period ended September 30, 2020.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of September 30, 2020 was ¥1,006.3 billion, a decrease of ¥27.2 billion (2.6%) from the end of the previous fiscal year.

	(Billions of yen)			
	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Change	Percent Change
Cash flows provided by operating activities ⁽²⁾	1,534.4	1,291.0	(243.4)	(15.9)%
Cash flows provided by operating activities (excluding the impact of non-business days ⁽¹⁾) (2)	1,310.7	1,291.0	(19.7)	(1.5)%
Cash flows used in investing activities	(776.5)	(1,180.4)	(403.9)	(52.0)%
Cash flows provided by (used in) financing activities ⁽²⁾	(764.2)	(135.0)	629.2	82.3%
Cash and cash equivalents	928.0	1,006.3	78.4	8.4%
Cash and cash equivalents (excluding the impact of non-business days ⁽¹⁾)	928.0	1,006.3	78.4	8.4%

Notes: (1) The impact in the amount of ¥223.7 billion, caused by the last days of the year ended March 31, 2019 falling on non-business days, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.

(2) The impact of the adoption of IFRS 16 is included.

(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, 2020, and no new additional issues arose during the period. In addition, during the six months ended September 30, 2020, 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, 2020 were ¥102.8 billion. There were no material changes in NTT's research and development activities during the six months ended September 30, 2020.

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, 2020.

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, 2020 (shares)	Number of Shares Issued as of the Filing Date (shares) (November 9, 2020)	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, 2020 - September 30, 2020	—	3,900,788,940	—	937,950	—	2,672,826

(5) Major Shareholders

As of September 30, 2020

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	1,260,902	33.93
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	226,388	6.09
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	164,010	4.41
Toyota Motor Corporation	1 Toyota-Cho, Toyota City, Aichi	80,775	2.17
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)	71,276	1.92
Custody Bank of Japan, Ltd. (Trust Account 5)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	54,686	1.47
Custody Bank of Japan, Ltd. (Trust Account 7)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	38,843	1.05
Custody Bank of Japan, Ltd. (Trust Account 9)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	33,544	0.90
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)	33,194	0.89
Custody Bank of Japan, Ltd. (Trust Account 6)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	29,355	0.79
Total	—	1,992,977	53.63

Notes: (1) Ownership Percentage of the Total Number of Issued Shares does not include treasury stock.

(2) Japan Trustee Services Bank, Ltd. merged with JTC Holdings, Ltd. and Trust & Custody Services Bank, Ltd. on July 27, 2020, forming Custody Bank of Japan, Ltd.

(6) Information on Voting Rights

Issued Shares

As of September 30, 2020

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.)	184,836,000 shares of common stock	—	—
Shares with Full Voting Rights (Others)	3,711,362,100 shares of common stock	37,113,609	—
Shares Representing Less than One Unit	4,590,840 shares of common stock	—	—
Number of Issued Shares	3,900,788,940 shares of common stock	—	—
Total Number of Voting Rights	—	37,113,609	—

Note: 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.

Treasury Stock

As of September 30, 2020

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	184,836,000	—	184,836,000	4.7%
Total	—	184,836,000	—	184,836,000	4.7%

Note: 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. 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, 2020 to September 30, 2020 and from April 1, 2020 to September 30, 2020) 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	March 31, 2020	September 30, 2020
ASSETS			
Current assets			
Cash and cash equivalents		1,033,574	1,006,339
Trade and other receivables		3,502,834	3,266,239
Other financial assets	13	32,384	755,349
Inventories		257,329	303,366
Other current assets		530,073	628,659
Subtotal		5,356,194	5,959,952
Assets held for sale	8	1,347,307	-
Total current assets		6,703,501	5,959,952
Non-current assets			
Property, plant and equipment	9	9,087,463	9,097,395
Right-of-use asset		446,828	582,823
Goodwill		980,841	967,565
Intangible assets		1,694,060	1,679,409
Investment property		1,106,145	1,131,352
Investments accounted for using equity method		283,291	413,350
Other financial assets	13	846,285	1,265,008
Deferred tax assets		1,153,042	1,041,589
Other non-current assets		712,677	717,568
Total non-current assets		16,310,632	16,896,059
Total assets		23,014,133	22,856,011

	Notes	March 31, 2020	September 30, 2020
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debt	10,13	2,054,506	2,152,863
Trade and other payables		2,142,752	1,740,541
Lease liabilities		154,126	168,124
Other financial liabilities	13	16,943	15,601
Accrued payroll		469,395	443,528
Accrued taxes on income		214,098	207,959
Other current liabilities		996,360	911,645
Sub Total		6,048,180	5,640,261
Liabilities directly associated with assets held for sale	8	559,432	–
Total current liabilities		6,607,612	5,640,261
Non-current liabilities			
Long-term debt	10,13	2,165,778	2,058,465
Lease liabilities		378,346	490,158
Other financial liabilities	13	129,229	130,671
Defined benefit liabilities		1,873,501	1,892,504
Deferred tax liabilities		70,249	75,232
Other non-current liabilities		326,791	336,405
Total non-current liabilities		4,943,894	4,983,435
Total liabilities		11,551,506	10,623,696
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”)			
shareholders’ equity			
Common stock	11	937,950	937,950
Additional paid-in capital	11	2,252,672	2,255,253
Retained earnings	11	6,499,942	6,867,601
Treasury stock	11	(653,369)	(453,416)
Other components of equity	11	23,908	121,950
Total NTT shareholders’ equity		9,061,103	9,729,338
Non-controlling interests		2,401,524	2,502,977
Total equity		11,462,627	12,232,315
Total liabilities and equity		23,014,133	22,856,011

(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, 2019	Six Months Ended September 30, 2020
Operating revenues	6, 12	5,889,551	5,711,364
Operating expenses			
Personnel expenses		1,201,738	1,215,339
Expenses for purchase of goods and services and other expenses		2,870,992	2,637,017
Depreciation and amortization		722,115	741,793
Loss on disposal of property, plant and equipment and intangible assets		48,731	46,049
Impairment losses		4,157	1,681
Taxes and dues		59,013	60,905
Total operating expenses		4,906,746	4,702,784
Operating profit	6	982,805	1,008,580
Finance income		35,814	13,343
Finance costs		22,554	23,543
Share of profit (loss) of entities accounted for using equity method		5,794	6,687
Profit before taxes		1,001,859	1,005,067
Income taxes		295,302	309,231
Profit		706,557	695,836
Profit attributable to NTT		547,670	541,511
Profit attributable to Non-controlling interests		158,887	154,325
Earnings per share attributable to NTT			
Basic earnings per share (yen)		145.53	145.86

* "Basic earnings per share" figures for the six months ended September 30, 2019 and 2020 have been adjusted to reflect the two-for-one stock split carried out on January 1, 2020.

【Condensed Quarterly Consolidated Statements of Comprehensive Income】

【Six Months Ended September 30】

		Millions of yen	
	Notes	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020
Profit		706,557	695,836
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		(202)	124,048
Share of other comprehensive income of entities accounted for using the equity method		(664)	59
Remeasurements of defined benefit plans		(1,382)	(222)
Total of items that will not be reclassified to profit or loss		(2,248)	123,885
Items that may be reclassified to profit or loss			
Cash flow hedges		(233)	3,844
Foreign currency translation adjustments		(74,551)	(4,621)
Share of other comprehensive income of affiliated companies accounted for by the equity method		(1,418)	2,631
Total of items that may be reclassified to profit or loss		(76,202)	1,854
Total other comprehensive income (net of tax)		(78,450)	125,739
Total comprehensive income		628,107	821,575
Comprehensive income attributable to NTT	11	485,368	639,420
Comprehensive income attributable to Non-controlling interests	11	142,739	182,155

【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, 2019	Three Months Ended September 30, 2020
Operating revenues	6, 12	2,974,113	2,944,907
Operating expenses			
Personnel expenses		595,756	606,838
Expenses for purchase of goods and services and other expenses		1,480,678	1,398,069
Depreciation and amortization		361,598	373,561
Loss on disposal of property, plant and equipment and intangible assets		27,590	24,484
Impairment losses		2,610	1,651
Taxes and dues		28,270	29,310
Total operating expenses		2,496,502	2,433,913
Operating profit	6	477,611	510,994
Finance income		4,431	5,006
Finance costs		10,264	12,550
Share of profit (loss) of entities accounted for using equity method		3,298	4,998
Profit before taxes		475,076	508,448
Income taxes		132,477	160,054
Profit		342,599	348,394
Profit attributable to NTT		267,140	268,873
Profit attributable to Non-controlling interests		75,459	79,521
Earnings per share attributable to NTT			
Basic earnings per share (yen)		71.84	72.36

* "Basic earnings per share" figures for the three months ended September 30, 2019 and 2020 have been adjusted to reflect the two-for-one stock split carried out on January 1, 2020.

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

Millions of yen			
	Notes	Three Months Ended September 30, 2019	Three Months Ended September 30, 2020
Profit		342,599	348,394
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		(8,191)	53,239
Share of other comprehensive income of entities accounted for using the equity method		(72)	(48)
Remeasurements of defined benefit plans		(1,115)	(283)
Total of items that will not be reclassified to profit or loss		(9,378)	52,908
Items that may be reclassified to profit or loss			
Cash flow hedges		(325)	1,047
Foreign currency translation adjustments		(26,196)	(5,670)
Share of other comprehensive income of affiliated companies accounted for by the equity method		(429)	1,808
Total of items that may be reclassified to profit or loss		(26,950)	(2,815)
Total other comprehensive income (net of tax)		(36,328)	50,093
Total comprehensive income		306,271	398,487
Comprehensive income attributable to NTT	11	239,212	306,944
Comprehensive income attributable to Non-controlling interests	11	67,059	91,543

(3) [Condensed Quarterly Consolidated Statements of Changes in Equity]

【Six Months Ended September 30, 2019】

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
March 31 2019		937,950	2,341,206	5,954,305	(150,635)	182,087	9,264,913	2,539,877	11,804,790
Comprehensive income									
Profit		—	—	547,670	—	—	547,670	158,887	706,557
Other comprehensive income	11	—	—	—	—	(62,302)	(62,302)	(16,148)	(78,450)
Total comprehensive income		—	—	547,670	—	(62,302)	485,368	142,739	628,107
Value of transactions with shareholders etc.									
Dividends of surplus	11	—	—	(182,153)	—	—	(182,153)	(74,760)	(256,913)
Transfer to retained earnings	11	—	—	32,148	—	(32,148)	—	—	—
Purchase and disposal of treasury stock	11	—	0	—	(502,633)	—	(502,633)	—	(502,633)
Changes in ownership interest in subsidiaries	11	—	(53,650)	—	—	—	(53,650)	(88,329)	(141,979)
Share-based compensation transactions		—	4,512	—	—	—	4,512	—	4,512
Put options granted to non-controlling interests	11	—	20,956	—	—	—	20,956	(128)	20,828
Other		—	—	(763)	—	—	(763)	—	(763)
Total value of transactions with shareholders etc.		—	(28,182)	(150,768)	(502,633)	(32,148)	(713,731)	(163,217)	(876,948)
September 30, 2019		937,950	2,313,024	6,351,207	(653,268)	87,637	9,036,550	2,519,399	11,555,949

Millions of yen

	Notes	NTT Shareholders' Equity					Total	Non-controlling interests	Total equity
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other equity components			
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	11	—	—	—	—	97,909	97,909	27,830	125,739
Total comprehensive income		—	—	541,511	—	97,909	639,420	182,155	821,575
Value of transactions with shareholders etc.									
Dividends of surplus	11	—	—	(172,672)	—	—	(172,672)	(76,207)	(248,879)
Transfer to retained earnings	11	—	—	(133)	—	133	—	—	—
Purchase and disposal of treasury stock	11	—	0	—	199,953	—	199,953	—	199,953
Changes in ownership interest in subsidiaries		—	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	11	—	(284)	—	—	—	(284)	(168)	(452)
Other		—	1,816	(1,047)	—	—	769	885	1,654
Total value of transactions with shareholders etc.		—	2,581	(173,852)	199,953	133	28,815	(80,702)	(51,887)
September 30, 2020		937,950	2,255,253	6,867,601	(453,416)	121,950	9,729,338	2,502,977	12,232,315

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

		Millions of yen	
	Notes	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020
Cash flows from operating activities			
Profit		706,557	695,836
Depreciation and amortization		722,115	741,793
Impairment losses		4,157	1,681
Share of loss (profit) of entities accounted for using equity method		(5,794)	(6,687)
Losses on retirement of fixed assets		19,458	19,502
Gain on sales of fixed assets		(5,771)	(7,061)
Income taxes		295,302	309,231
Decrease (increase) in trade and other receivables	7	397,365	250,748
Decrease (increase) in inventories		60,414	(49,259)
Decrease (increase) in other current assets		(74,752)	(108,567)
Increase (decrease) in trade and other payables / accrued payroll		(284,939)	(236,093)
Increase (decrease) in other current liabilities		(91,062)	(83,549)
Increase (decrease) in defined benefit liabilities		17,090	19,306
Increase (decrease) in other non-current liabilities		9,973	10,931
Other		(16,492)	(43,154)
Sub-total		1,753,621	1,514,658
Interest and dividends received		53,539	44,040
Interest paid		(26,183)	(20,576)
Income taxes paid		(246,593)	(247,123)
Net cash provided by (used in) operating activities		1,534,384	1,290,999
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property		(929,640)	(913,918)
Purchase of investments		(72,557)	(357,198)
Proceeds from sale or redemption of investments		268,025	29,270
Proceeds from loss of control of subsidiaries	8	-	57,127
Expenses due to acquisition of control of subsidiaries		(68,405)	(1,072)
Other		26,092	5,382
Net cash provided by (used in) investing activities		(776,485)	(1,180,409)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		409,194	(72,692)
Proceeds from increases in long-term debt	10	79,049	188,144
Repayment of long-term debt	10	(231,897)	(95,344)
Repayment of lease liabilities		(88,947)	(102,991)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(176,883)	(3,512)
Dividends paid		(182,153)	(172,672)
Dividends paid to non-controlling interests		(74,689)	(75,997)
Purchase and sale of treasury stock		(501,238)	199,912
Other		3,413	199
Net cash provided by (used in) financing activities		(764,151)	(134,953)
Effect of exchange rate change on cash and cash equivalents		(11,925)	(2,872)
Net increase (decrease) in cash and cash equivalents		(18,177)	(27,235)
Cash and cash equivalents as of April 1	7	946,134	1,033,574
Cash and cash equivalents as of September 30	7	927,957	1,006,339

【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 material subsidiaries are as follows:

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

- NTT DOCOMO Corporation (“NTT DOCOMO”)

Regional communications business (the provision of communications services within prefectures and other incidental business under the Group’s domestic telecommunications business)

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

Long distance and international communications business (the provision of communications services between prefectures under the Group’s domestic telecommunications business, the Group’s international communications business, solutions business, and other related business)

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

Data communications business (systems integration, network systems services, and other business)

- 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 Board of Directors on November 6, 2020.

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, 2020.

(2) Basis for Measurement

The condensed quarterly consolidated financial statements are prepared on the basis of acquisition cost, with the exception of 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, 2020, except for changes in accounting policies stated below.

Change of Revenue Recognition Method

NTT Group changed a revenue recognition method for revenue related to certain services provided by NTT Ltd Group belonging to Long Distance and International Communications Business Segment.

NTT Group launched NTT Ltd, a global technology services provider, in July 2019 to strengthen competitiveness and to improve profitability of its global business. Since then, NTT Ltd Group has been transforming its organization to make it possible to deliver high value services globally. From the six months ended September 30, 2020 under the new group formation, as NTT Ltd Group would further focus on high value services going forward NTT Ltd Group reassessed the revenue recognition method in conjunction with the development of new service model. NTT Ltd Group reassessed whether the new service model impacted on determination of principal or agent when providing goods or services and for the determination it weighed more on indicators such as whether NTT Ltd Group had primary performance obligation to perform a promise with a customer, with the result that it determined that NTT Ltd Group acted as an agent when it provided a certain support service and other services for its customers.

Although NTT Group recognized revenue for the certain support service and other services on a gross basis until the fiscal year ended March 31, 2020, we recognized revenue for it on a net basis deducting related expenses from the six months ended September 30, 2020. As a result of this change, the revenue for six months ended September 30, 2019 and three months ended September 30, 2019 would have decreased by ¥51,203 million and ¥31,340 million respectively, if such change had been applied. There was no impact on Operating Profit and Net Income. We have not restated the result of six months ended September 30, 2019 and three months ended September 30, 2019 of Condensed Quarterly Consolidated Statements of Profit or Loss, since the impact of the change was immaterial.

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 involve past experience and the collection of available data, and they are based on management's best judgment in consideration of various factors considered reasonable as of the reporting date. However, due to the nature of such judgments, future results may vary from these estimates and assumptions.

Estimates and their underlying assumptions are continuously reviewed. The effect of revisions to accounting estimates is recognized in the consolidated accounting period during which the estimates were reviewed 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, 2020.

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, 2020, 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, 2020.

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, system integration services, and other services

Data communications business segment

System integration services

Other business segment

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

Operating Revenues

Six Months Ended September 30,

(Millions of yen)

	Six Months Ended September 30, 2019 (April 1, 2019 - September 30, 2019)	Six Months Ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Effect of inter-segment transfers of certain subsidiaries *
Mobile Communications Business			
Transactions with external customers	2,299,140	2,250,179	23,601
Inter-segment transactions	30,863	32,341	189
Sub-total	2,330,003	2,282,520	23,790
Regional Communications Business			
Transactions with external customers	1,172,131	1,160,320	—
Inter-segment transactions	337,631	342,987	—
Sub-total	1,509,762	1,503,307	—
Long Distance and International Communications Business			
Transactions with external customers	1,065,549	954,559	(23,601)
Inter-segment transactions	52,321	48,782	756
Sub-total	1,117,870	1,003,341	(22,845)
Data Communications Business			
Transactions with external customers	1,017,721	1,019,319	—
Inter-segment transactions	60,098	60,798	—
Sub-total	1,077,819	1,080,117	—
Other Business			
Transactions with external customers	335,010	326,987	—
Inter-segment transactions	385,870	378,736	—
Sub-total	720,880	705,723	—
Elimination of inter-segment transactions	(866,783)	(863,644)	(945)
Total	5,889,551	5,711,364	—

* A certain subsidiary included in the reporting segment "Long Distance and International Communications Business" was transferred during the three months ended September 30, 2019, and it is included in "Mobile Communications Business". After this period, operating revenues of this subsidiary was recognized in the destination segment. The increased or decreased amounts of operating revenues compared to the status where this inter-segment transfer had occurred during the first quarter ended June 30, 2019 are presented as "Effect of inter-segment transfers of certain subsidiaries" in the table above.

As a result of the change of the revenue recognition method within NTT Ltd Group under Long Distance and International Communications Business, the revenue for six months ended September 30, 2019 would have decreased by ¥51,203 million if such change had been applied. We have not restated the result of six months ended September 30, 2019 of Condensed Consolidated Statements of Profit or Loss, since the impact of the change was immaterial. Details are described in "Note 3. Significant Accounting Policies".

	Three Months Ended September 30, 2019 (July 1, 2019 - September 30, 2019)	Three Months Ended September 30, 2020 (July 1, 2020 - September 30, 2020)
Mobile Communications Business		
Transactions with external customers	1,155,680	1,168,831
Inter-segment transactions	15,037	15,538
Sub-total	1,170,717	1,184,369
Regional Communications Business		
Transactions with external customers	590,998	597,443
Inter-segment transactions	172,273	169,567
Sub-total	763,271	767,010
Long Distance and International Communications Business		
Transactions with external customers	535,280	493,698
Inter-segment transactions	26,698	22,355
Sub-total	561,978	516,053
Data Communications Business		
Transactions with external customers	516,965	517,573
Inter-segment transactions	33,578	31,608
Sub-total	550,543	549,181
Other Business		
Transactions with external customers	175,190	167,362
Inter-segment transactions	207,158	194,122
Sub-total	382,348	361,484
Elimination of inter-segment transactions	(454,744)	(433,190)
Total	2,974,113	2,944,907

As a result of the change of the revenue recognition method within NTT Ltd Group under Long Distance and International Communications Business, the revenue for three months ended September 30, 2019 would have decreased by ¥31,340 million if such change had been applied. We have not restated the result of three months ended September 30, 2019 of Condensed Consolidated Statements of Profit or Loss, since the impact of the change was immaterial. Details are described in "Note 3. Significant Accounting Policies".

Segment profit or loss

Six Months Ended September 30,

(Millions of yen)

	Six Months Ended September 30, 2019 (April 1, 2019 - September 30, 2019)	Six Months Ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Effect of inter-segment transfers of certain subsidiaries *
Segment income			
Mobile Communications Business	540,260	563,603	540
Regional Communications Business	270,725	255,869	—
Long Distance and International Communications Business	59,298	79,521	(541)
Data Communications Business	63,757	63,821	—
Other Business	55,969	53,425	—
Total	990,009	1,016,239	(1)
Elimination of inter-segment transactions	(7,204)	(7,659)	1
Operating profit	982,805	1,008,580	—
Financial income	35,814	13,343	—
Financial costs	22,554	23,543	—
Share of profit of entities accounted for using equity method	5,794	6,687	—
Profit before tax	1,001,859	1,005,067	—

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

* A certain subsidiary included in the reporting segment "Long Distance and International Communications Business" was transferred during the three months ended September 30, 2019, and it is included in "Mobile Communications Business". After this period, operating profit of this subsidiary was recognized in the destination segment. The increased or decreased amounts of operating profit compared to the status where this inter-segment transfer had occurred during the first quarter ended June 30, 2019 are presented as "Effect of inter-segment transfers of certain subsidiaries" in the table above.

	Three Months Ended September 30, 2019 (July 1, 2019 - September 30, 2019)	Three Months Ended September 30, 2020 (July 1, 2020 - September 30, 2020)
Segment income		
Mobile Communications Business	261,544	283,067
Regional Communications Business	126,130	130,177
Long Distance and International Communications Business	30,244	38,996
Data Communications Business	33,919	37,134
Other Business	27,109	25,027
Total	478,946	514,401
Elimination of inter-segment transactions	(1,335)	(3,407)
Operating profit	477,611	510,994
Financial income	4,431	5,006
Financial costs	10,264	12,550
Share of profit of entities accounted for using equity method	3,298	4,998
Profit before tax	475,076	508,448

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. Impact on the condensed quarterly consolidated financial statements due to the non-business day for the fiscal year ended March 31, 2019.

The last day of the fiscal year ended March 31, 2019 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.

	Six Months Ended September 30, 2019 (April 1, 2019 - September 30, 2019)	Six Months Ended September 30, 2020 (April 1, 2020 - September 30, 2020)
(Millions of yen)		
(Condensed Consolidated Statement of Cash Flows)		
Decrease (increase) in trade and other receivables	223,672	—
Cash and cash equivalents as of April 1	(223,672)	—
Cash and cash equivalents as of September 30	—	—

8. Assets Held for Sale

Capital and Business Tie-up Agreement with Tokyo Century Corporation

Overview

NTT resolved to form a capital and business tie-up (hereinafter referred to as “the capital and business tie-up”) with Tokyo Century Corporation (hereinafter referred to as “Tokyo Century”) at the meeting of the Board of Directors held on February 6, 2020, and entered into an agreement regarding the capital and business tie-up.

As a part of the capital and business tie-up, on July 1, 2020, the new company (NTT TC Leasing Co., Ltd.) established by NTT Finance Corporation (hereinafter referred to as “NTT Finance”) succeeded to a part of the leasing business and the global business of NTT Finance by the method of absorption-type split upon spin-off, and on July 8, 2020, NTT Group transformed the new company into a joint venture by selling shares equivalent to 50% of the total number of outstanding shares of the new company to Tokyo Century for cash consideration in order to bolster and augment leasing and financial businesses in Japan and other countries for NTT Group and Tokyo Century. NTT TC Leasing Co., Ltd. is accounted for using the equity method from the three months ended September 30, 2020 and onward.

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

Assets related to a part of the leasing business and global business of NTT Finance and liabilities directly associated with the assets, that were included in “Other Business” segment, were classified as assets held for sale and liabilities directly associated with assets held for sale, respectively, until the completion of the share transfer.

The impact on the condensed quarterly consolidated statement of profit or loss due to the share transfer is immaterial. The proceed from the share transfer is included in "Proceeds from loss of control of subsidiaries" in the Condensed Quarterly Consolidated Statement of Cash Flows.

Condensed Consolidated Statement of Financial Position of NTT TC Leasing Co., Ltd. at the Loss of Control

(Millions of yen)

Accounting item		Accounting item	
Assets		Liabilities	
Trade and other receivables	842,304	Short-term debt	972,778
Other financial assets (Current)	293,589	Trade and other payables	20,436
Property, plant and equipment	60,839	Lease liabilities (Current)	4,953
Other financial assets (Non-current)	122,879	Other current liabilities	14,273
Other	284,497	Long-term debt	426,407
		Lease liabilities (Non-current)	26,879
		Other financial liabilities (Non-current)	18,091
		Other	3,718
Total	1,604,108	Total	1,487,535

Amounts in the table above represent the figures before elimination of intercompany transactions. Main intercompany transactions with consolidated subsidiaries are Short-term debt amounted to ¥918,975 million and Deposit paid amounted to ¥241,982 million included in "Other" in Assets.

Component of disposal groups classified as assets held for sale or liabilities directly associated with assets held for sale

As of March 31, 2020

(Millions of yen)

Accounting item		Accounting item	
Assets		Liabilities	
Trade and other receivables	817,249	Short-term debt	32,148
Other financial assets (Current)	291,988	Trade and other payables	17,373
Property, plant and equipment	115,057	Lease liabilities (Current)	4,858
Other financial assets (Non-current)	114,678	Other current liabilities	11,348
Other	8,335	Long-term debt	447,503
		Lease liabilities (Non-current)	26,538
		Other financial liabilities (Non-current)	18,357
		Other	1,307
Total	1,347,307	Total	559,432

The impact on other components of equity related to “Assets held for sale” was immaterial.

Details of financial instruments measured at fair value in the above table of assets held for sale and liabilities directly associated with assets held for sale

① 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)

	As of March 31, 2020	
	Carrying amount	Fair value
Long-term borrowings (including current portion or balance due within 1 year)	479,651	478,696

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 were not included in the table, because their carrying amounts approximate their fair values.

② Fair value measurement

Assets and liabilities measured at fair value

As of March 31, 2020

(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				
Debt securities	—	100,923	—	100,923
Investments in capital	—	—	6,990	6,990
Loans receivables	—	129,566	—	129,566
Financial assets measured at fair value through other comprehensive income				
Equity securities	—	—	434	434
Total	—	230,489	7,424	237,913
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	—	1,573	—	1,573
Total	—	1,573	—	1,573

In the fiscal year ended March 31, 2020, there was no material transfer between levels.

Reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis in the fiscal year

As of September 30, 2020

(Millions of yen)

Classification	Balance at the beginning of the period	Gain (losses)		Increase by purchases	Decrease by sales	Other changes	Balance at the end of the period	Gain (losses) for the period relating to assets held at the end of the period
		Profit	Other comprehensive income					Profit
Financial assets:								
Investments in capital	6,990	54	—	—	(7,044)	—	—	—
Equity securities	434	—	3	—	(437)	—	—	—

1. "Decrease by sales" include increases or decreases from new consolidations, deconsolidations, and transfers from (to) other accounts.

2. Gains or losses included in the "Profit" are included in the "Finance income" or "Finance costs" in the condensed quarterly consolidated statement of profit or loss.

9. Property, Plant and Equipment

Component of Property, plant and equipment

	Millions of yen	
	As of March 31, 2020	As of September 30, 2020
Telecommunications equipment	10,895,484	10,972,482
Telecommunications service lines	16,502,388	16,575,880
Buildings and structures	5,611,601	5,637,284
Machinery, vessels and tools	2,350,900	2,399,454
Land	705,456	701,420
Construction in progress	441,836	508,857
Sub-total	36,507,665	36,795,377
Accumulated depreciation and impairment losses	(27,420,202)	(27,697,982)
Property, plant and equipment - total	9,087,463	9,097,395

10. Corporate Bonds

Details of corporate bonds transactions

Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	Nippon Telegraph and Telephone Corporation	59th series of NTT bonds	¥100,000 million	1.69%	June 10, 2009	June 20, 2019
Redemption	NTT Finance Corporation	46th series of bonds	¥20,000 million	0.25%	May 27, 2014	June 20, 2019
Redemption	NTT Urban Development Corporation	9th series of bonds	¥10,000 million	1.50%	September 17, 2009	September 20, 2019
Redemption	NTT Urban Development Corporation	16th series of bonds	¥10,000 million	0.21%	October 31, 2014	September 20, 2019
Issuance	NTT Finance Corporation	13th series of Euro-denominated bonds	€ 100 million	0.26%	June 25, 2019	June 26, 2023
Issuance	NTT Finance Corporation	14th series of Euro-denominated bonds	€ 25 million	0.33%	June 25, 2019	June 25, 2024

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

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
April 1, 2019	1,950,394,470	32,997,746
Purchase of treasury stock under resolution of the board of directors	—	99,763,016
Repurchase of treasury stock based on less-than-one-unit share purchase demand	—	47,564
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(4,246)
Increase by stock split	1,950,394,470	132,788,632
March 31, 2020	3,900,788,940	265,592,712
Repurchase of shares based on less-than-one-unit share purchase demand	—	25,270
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(6,572)
Disposal of treasury stock through third-party allotment	—	(80,775,400)
September 30, 2020	3,900,788,940	184,836,010

Stock Split

NTT conducted a two-for-one stock split of its common stock, with a record date of December 31, 2019 and an effective date of January 1, 2020 based on the resolution at the meeting of board of directors on November 5, 2019.

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
May 10, 2019	From May 13, 2019 to July 31, 2019	53	250,000	From May 2019 to July 2019	50,480,100	250,000	Concluded
August 6, 2019	From August 7, 2019 to September 30, 2019	53	300,000	September 2019	48,980,000	251,071	Concluded
November 6, 2020	From November 11, 2020 to March 31, 2021	120	250,000	—	—	—	—

(2) Put Options Granted to Non-Controlling Interests

With regard to written put options for subsidiary shares granted by NTT Group to the owners of non-controlling interests, the amounts deducted from additional paid-in capital were ¥9,894 million and ¥9,678 million, respectively, at the end of the fiscal year ended March 31, 2020, and the six months ended September 30, 2020.

(3) Other Components of Equity

The details and changes in other components of equity

Six Months Ended September 30, 2019

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
March 31, 2019	138,290	(5,115)	—	48,912	182,087
Other comprehensive income	(807)	(143)	(1,035)	(60,317)	(62,302)
Transfer to retained earnings	(33,183)	—	1,035	—	(32,148)
Transfer to non-financial assets, etc.	—	—	—	—	—
September 30, 2019	104,300	(5,258)	—	(11,405)	87,637

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
March 31, 2020	48,103	(5,515)	–	(18,680)	23,908
Other comprehensive income	91,822	3,566	(447)	2,968	97,909
Transfer to retained earnings	(314)	–	447	–	133
September 30, 2020	139,611	(1,949)	–	(15,712)	121,950

(4) Dividends

The amount of dividends paid out in the six months ended September 30, 2019 and 2020

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen) *1, *2	Record Date	Effective Date
June 25, 2019 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	182,153	95	March 31, 2019	June 26, 2019
June 23, 2020 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	172,672	47.5	March 31, 2020	June 24, 2020

*1. The two-for-one stock split (hereinafter referred to as the "Stock Split") was conducted with the effective date of January 1, 2020, and the Dividend per Share resolved at Ordinary General Meeting of Shareholders on June 25, 2019 is shown by the amount before the Stock Split.

*2. Dividends per Share resolved at Ordinary General Meeting of Shareholders on June 23, 2020 reflects the impact of the Stock Split.

Amount of dividends declared with a record date during the six months ended September 30, 2020 and an effective date after the six months ended September 30, 2020

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
November 6, 2020 Board of Directors	Common shares	Retained earnings	185,798	50	September 30, 2020	December 8, 2020

(5) Equity Transactions with Non-controlling Interests

On April 26, 2019, the Board of Directors of NTT DOCOMO resolved that the company would repurchase up to 128.3 million outstanding shares of its common stock for ¥300,000 million during May 7, 2019 through April 30, 2020. Based on this resolution, NTT DOCOMO repurchased 106,601,600 shares of its common stock for ¥300,000 million from May 2019 through March 2020. As a result, NTT's ownership interest in NTT DOCOMO increased from 64.1% to 66.2% and "Additional paid-in capital" decreased by ¥82,061 million in the Consolidated Statement of Financial Position for the year ended in March 2020.

(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.

12. Operating Revenues

Relationship between Components of Revenues and Segment Revenues

For the Six Months Ended September 30

(Millions of yen)

		Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)					
		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	–	410,495	87,364	–	–	497,859
	Mobile voice related services	466,492	–	–	–	–	466,492
	IP/packet communications services	1,068,778	561,316	208,924	–	2,489	1,841,507
	Sales of telecommunication s equipment	317,512	39,050	4,022	–	–	360,584
	System integration services	–	60,663	715,964	1,017,721	13,067	1,807,415
	Other services*	446,358	100,607	49,275	–	319,454	915,694
	Total	2,299,140	1,172,131	1,065,549	1,017,721	335,010	5,889,551

(Millions of yen)

		Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)					
		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

* A certain subsidiary included in "Long distance and international communications business" was transferred during the three months ended September 30, 2019 and it is included in "Mobile communications business". After this period, operating revenues of this subsidiary was recognized in the destination segment. The effects are presented in "Note 6. Segment Information" and mainly included in "Other services".

		Three Months Ended September 30, 2019 (July 1, 2019 to September 30, 2019)					
		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	–	201,164	44,363	–	–	245,527
	Mobile voice related services	235,229	–	–	–	–	235,229
	IP/packet communications services	533,087	279,600	104,246	–	1,273	918,206
	Sales of telecommunication equipment	149,975	21,446	1,541	–	–	172,962
	System integration services	–	37,677	369,694	516,965	6,504	930,840
	Other services	237,389	51,111	15,436	–	167,413	471,349
	Total	1,155,680	590,998	535,280	516,965	175,190	2,974,113

(Millions of yen)

		Three Months Ended September 30, 2020 (July 1, 2020 to September 30, 2020)					
		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

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.

13. Fair Value of Financial Instruments

(1) Carrying Amount and Fair Value of Financial Instruments Not Measured at Fair Value

(Millions of yen)

	Year Ended March 31, 2020		Six Months Ended September 30, 2020	
	Carrying amount	Fair Value	Carrying amount	Fair value
Long-term debt (including current portion or balance due for repayment)	2,640,564	2,697,274	2,706,993	2,764,355

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. No changes have been made to the measurement method of fair value after the end of previous fiscal year.

Financial instruments classified as Liabilities directly associated with assets held for sale are not included in the table above and shown in "Note 8. Assets Held for Sale".

(2) Fair Value Measurement

Assets and liabilities measured at fair value

Fiscal Year Ended March 31, 2020

(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	–	1,387	38,338	39,725
Loans receivables	–	–	–	–
Derivatives financial assets				
Applied hedge accounting	–	5,009	–	5,009
Not applied hedge accounting	–	5,714	–	5,714
Financial assets measured at fair value through other comprehensive income				
Equity securities	378,607	–	56,175	434,782
Total	378,607	12,110	94,513	485,230
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	–	23,553	–	23,553
Not applied hedge accounting	–	1,646	–	1,646
Total	–	25,199	–	25,199

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit/loss				
Investments in capital	–	2,448	35,915	38,363
Loans receivable	–	9,838	–	9,838
Derivatives financial assets				
Applied hedge accounting	–	2,838	–	2,838
Not applied hedge accounting	–	1,697	–	1,697
Financial assets measured at fair value through other comprehensive income				
Equity securities	814,764	–	64,160	878,924
Total	814,764	16,821	100,075	931,660
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	–	25,792	–	25,792
Not applied hedge accounting	–	2,860	–	2,860
Total	–	28,652	–	28,652

1. In the six months ended September 30, 2020, 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, 2020.

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, 2020.

Financial instruments classified as Assets held for sale and Liabilities directly associated with assets held for sale are not included in the tables above and shown in "Note 8. Assets Held for Sale".

14. Subsequent Events

The Company's repurchase of treasury stock and resolution

The Company's acquisition of treasury stock is described in "Note 11. Equity and Other Components of Equity, (1) Issued Shares and treasury stock".

15. Additional Information

Tender Offer for Shares, Etc. of NTT DOCOMO

On September 29, 2020, NTT resolved at its Board of Directors to implement a tender offer (the "Tender Offer") as a part of a series of procedures for the purpose of making NTT DOCOMO (the "Target") a wholly-owned subsidiary of NTT by acquiring all of the common stock of the Target (excluding the Target Stock owned by NTT and treasury shares that are owned by the Target, the "Target Stock") and the American depositary shares (the "ADSs") issued in the United States by The Bank of New York Mellon (the "Depository Bank"), each of which represents the ownership of one share of the Target Stock deposited with the Depository Bank, through the Tender Offer under the Financial Instruments and Exchange Act and subsequent procedures described in "6. Policy of Restructuring, Etc. after the Tender Offer" (the "Transaction").

In addition, NTT decided to borrow funds up to JPY 4,300 billion in total from financial institutions, in order to secure the funds required for the Transaction.

1. Period of the Tender Offer

From September 30, 2020 (Wednesday) through November 16, 2020 (Monday) (33 Business Days)

2. Purchase Price per Share (the "Tender Offer Price")

JPY 3,900 per share of common stock

JPY 3,900 per ADS

3. Number of Share Certificates, Etc. to Be Purchased

Number of Share Certificates, Etc. to be Purchased 1,090,896,056 shares

Minimum Number of Share Certificates, Etc. to be Purchased 14,686,300 shares

Maximum Number of Share Certificates, Etc. to be Purchased – shares

(Note) If the total number of the tendered share certificates, etc. (a right pertaining to shares and depositary receipts for share certificates, etc, the "Share Certificates, Etc.") is less than the minimum number of Share Certificates, Etc. to be purchased (14,686,300 shares), NTT will not purchase any of the tendered Share Certificates, Etc. If the total number of the tendered Share Certificates, Etc. is equal to or exceeds the minimum number of Share Certificates, Etc. to be purchased, NTT will purchase all of the tendered Share Certificates, Etc.

4. Purchase Price

JPY 4,254,494,618,400

(Note) The purchase price is the amount obtained by multiplying the number of shares to be purchased (1,090,896,056 shares) by the Tender Offer Price (JPY 3,900 per share).

5. Commencement Date of the Settlement

November 24, 2020 (Tuesday)

6. Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)

NTT intends to make the Target a wholly-owned subsidiary of NTT, and if we are not able to acquire all of the Target Stock through the Tender Offer, we plan on conducting procedures for the purpose of owning all of the Target Stock by a method of a demand for a share cash-out or a consolidation of the Target Shares after the successful completion of the Tender Offer.