

[Translation]

Quarterly Securities Report

(The Third Quarter of the 36th Business Term)
From October 1, 2020 to December 31, 2020

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

Table of Contents

Item 1. Overview of the Company	4
1. Selected Financial Data	4
2. Description of Business	5
Item 2. Business Overview	6
1. Risk Factors	6
2. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flows	6
3. Material Contracts	13
Item 3. Information on NTT	14
1. Information on NTT's Shares	14
(1) Total Number of Shares	14
(2) Information on Share Acquisition Rights	14
(3) Information on Moving Strike Convertible Bonds	14
(4) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other	15
(5) Major Shareholders	15
(6) Information on Voting Rights	15
2. Changes in Directors and Senior Management	16
Item 4. Financial Information	17
1. Condensed Quarterly Consolidated Financial Statements	18
(1) Condensed Quarterly Consolidated Statements of Financial Position	18
(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income	20
(3) Condensed Quarterly Consolidated Statements of Changes in Equity	24
(4) Condensed Quarterly Consolidated Statements of Cash Flows	26
Notes to Condensed Quarterly Consolidated Financial Statements.....	28
1. Reporting Entity	28
2. Basis of Preparation.....	28
3. Significant Accounting Policies	29
4. Significant Accounting Estimates and Judgments Involving Estimates	29
5. New Standards Not Yet Applied	30
6. Segment Information	30
7. Impact on the condensed quarterly consolidated financial statements due to the non-business day for the fiscal year ended March 31, 2019 and third quarter ended December 31, 2020 and 2019.	34
8. Assets Held for Sale.....	35
9. Property, Plant and Equipment.....	38
10. Corporate Bonds.....	38
11. Equity and Other Equity Items	40
12. Operating Revenues	44
13. Fair Value of Financial Instruments	46
14. Subsequent Events	47

[Note]

This document is an English translation of certain items that were disclosed in NTT's Quarterly Securities Report for the nine-month period ended December 31, 2020, which NTT filed on February 8, 2021 with the Financial Services Agency of Japan.

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its website.

[Cover]

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Item 1. Overview of the Company

1. Selected Financial Data

IFRS

		Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Fiscal year ended March 31, 2020
Operating revenues	Millions of yen	8,862,691 [2,973,140]	8,738,006 [3,026,642]	11,899,415
Profit before taxes	Millions of yen	1,467,784	1,495,097	1,570,141
Profit attributable to NTT	Millions of yen	796,922 [249,252]	831,174 [289,663]	855,306
Comprehensive income (loss) attributable to NTT	Millions of yen	797,540	1,014,803	743,451
NTT shareholders' equity	Millions of yen	9,148,028	7,437,733	9,061,103
Total assets	Millions of yen	22,941,729	23,862,025	23,014,133
Basic earnings per share attributable to NTT	Yen	241.20 [68.57]	224.07 [78.21]	231.21
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	39.9	31.2	39.4
Cash flows from operating activities	Millions of yen	1,714,873	1,698,029	2,995,211
Cash flows from investing activities	Millions of yen	(1,301,761)	(1,510,135)	(1,852,727)
Cash flows from financing activities	Millions of yen	(478,541)	141,173	(1,041,261)
Cash and cash equivalents at end of period	Millions of yen	875,465	1,352,893	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, selected 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 nine and three months ended December 31, 2019, 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 December 31, 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 nine months ended December 31, 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 nine months ended December 31, 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

Nine-Month Period Ended December 31, 2020 (April 1, 2020 – December 31, 2020)

	(Billions of yen)			
	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Change	Percent Change
Operating revenues	8,862.7	8,738.0	(124.7)	(1.4)%
Operating expenses	7,412.3	7,235.7	(176.6)	(2.4)%
Operating profit	1,450.4	1,502.3	51.9	3.6%
Profit before taxes	1,467.8	1,495.1	27.3	1.9%
Profit attributable to NTT	796.9	831.2	34.3	4.3%

During the nine months ended December 31, 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 nine-month period ended December 31, 2020 were ¥8,738.0 billion (a decrease of 1.4% from the same period of the previous fiscal year), consolidated operating expenses were ¥7,235.7 billion (a decrease of 2.4% from the same period of the previous fiscal year), consolidated operating profit was ¥1,502.3 billion (an increase of 3.6% from the same period of the previous fiscal year), profit before taxes was ¥1,495.1 billion (an increase of 1.9% from the same period of the previous fiscal year), and profit attributable to NTT was ¥831.2 billion (an increase of 4.3% 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, 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, a 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

Nine-Month Period Ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(Billions of yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Change	Percent Change
Operating revenues	3,516.0	3,513.1	(2.9)	(0.1)%
Mobile voice related services	713.8	839.9	126.0	17.7%
IP/packet communications services	1,602.0	1,480.2	(121.8)	(7.6)%
Sales of telecommunications equipment	488.8	420.7	(68.1)	(13.9)%
Other	711.5	772.4	60.9	8.6%
Operating expenses	2,728.2	2,691.4	(36.8)	(1.4)%
Operating profit	787.9	821.8	33.9	4.3%

Operating revenues for the mobile communications business segment for the nine-month period ended December 31, 2020 decreased 0.1% from the same period of the previous fiscal year to ¥3,513.1 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-related factors.

On the other hand, operating expenses for the nine-month period ended December 31, 2020 decreased 1.4% from the same period of the previous fiscal year to ¥2,691.4 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 nine-month period ended December 31, 2020 increased 4.3% from the same period of the previous fiscal year to ¥821.8 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2020	As of December 31, 2020	Change	Percent Change
Mobile Telecommunications Services	80,326	81,751	1,425	1.8%
Telecommunications Services (5G)	14	1,413	1,398	9,653.8%
Telecommunications Services (LTE (Xi))	61,664	64,012	2,348	3.8%
Telecommunications Services (FOMA (3G))	18,648	16,326	(2,322)	(12.4)%
Plala (ISP)	3,938	3,953	15	0.4%
Hikari TV	2,983	2,949	(33)	(1.1)%

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

Nine-Month Period Ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(Billions of yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Change	Percent Change
Operating revenues	2,276.2	2,304.6	28.4	1.2%
Fixed voice related services	753.3	705.7	(47.6)	(6.3)%
IP/packet communications services	1,117.2	1,152.9	35.7	3.2%
Sales of telecommunications equipment	56.8	49.3	(7.5)	(13.2)%
System integration services	131.2	149.2	18.0	13.7%
Other	217.7	247.4	29.7	13.6%
Operating expenses	1,878.6	1,915.4	36.8	2.0%
Operating profit	397.6	389.2	(8.5)	(2.1)%

Operating revenues in the regional communications business segment for the nine-month period ended December 31, 2020 increased 1.2% from the same period of the previous fiscal year to ¥2,304.6 billion. This increase was due to, among other things, an increase in revenues from IP/packet communications services resulting from a net increase in optical fiber lines, partially offset by a decrease in fixed voice related services revenues.

On the other hand, operating expenses for the nine-month period ended December 31, 2020 increased 2.0% from the same period of the previous fiscal year to ¥1,915.4 billion due to an increase in expenses, among other things.

As a result, segment operating profit for the nine-month period ended December 31, 2020 decreased 2.1% from the same period of the previous fiscal year to ¥389.2 billion.

Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2020	As of December 31, 2020	Change	Percent Change
(NTT East)				
Telephone Subscriber Lines	7,528	7,172	(356)	(4.7)%
INS-Net	982	916	(66)	(6.7)%
FLET'S Hikari (including Hikari Collaboration Model)	12,240	12,620	380	3.1%
FLET'S ADSL	201	170	(31)	(15.3)%
Hikari Denwa (thousand channels)	9,940	10,000	61	0.6%
FLET'S TV Transmission Services	1,082	1,113	31	2.9%
(NTT West)				
Telephone Subscriber Lines	7,615	7,193	(422)	(5.5)%
INS-Net	960	898	(62)	(6.5)%
FLET'S Hikari (including Hikari Collaboration Model)	9,418	9,718	300	3.2%
FLET'S ADSL	282	234	(48)	(17.2)%
Hikari Denwa (thousand channels)	8,563	8,639	76	0.9%
FLET'S TV Transmission Services	747	781	34	4.6%

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

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

(3) Number of FLET'S Hikari (including Hikari Collaboration Model) subscribers includes subscribers to "FLET'S Hikari Cross," "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

Nine-Month Period Ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(Billions of yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Change	Percent Change
Operating revenues	1,660.1	1,507.1	(153.0)	(9.2)%
Fixed voice related services	157.1	148.6	(8.5)	(5.4)%
IP/packet communications services	314.5	315.6	1.1	0.3%
Sales of telecommunications equipment	6.0	12.1	6.1	100.4%
System integration services	1,090.0	964.6	(125.5)	(11.5)%
Other	92.4	66.3	(26.1)	(28.3)%
Operating expenses	1,564.2	1,386.6	(177.6)	(11.4)%
Operating profit	95.9	120.4	24.6	25.7%

Operating revenues in the long distance and international communications business segment for the nine-month period ended December 31, 2020 decreased 9.2% from the same period of the previous fiscal year to ¥1,507.1 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 nine-month period ended December 31, 2020 decreased 11.4% from the same period of the previous fiscal year to ¥1,386.6 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 nine-month period ended December 31, 2020 increased 25.7% from the same period of the previous fiscal year to ¥120.4 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2020	As of December 31, 2020	Change	Percent Change
OCN (ISP)	7,153	7,097	(55)	(0.8)%

Data Communications Business Segment

Nine-Month Period Ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(Billions of yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Change	Percent Change
Operating revenues	1,642.0	1,658.4	16.4	1.0%
System integration services	1,642.0	1,658.4	16.4	1.0%
Operating expenses	1,548.5	1,551.5	3.0	0.2%
Operating profit	93.5	106.9	13.4	14.3%

Operating revenues in the data communications business segment for the nine-month period ended December 31, 2020 increased 1.0% from the same period of the previous fiscal year to ¥1,658.4 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 nine-month period ended December 31, 2020 increased 0.2% from the same period of the previous fiscal year to ¥1,551.5 billion due to, among other things, the impact of an increase in revenue-linked expenses.

As a result, segment operating profit for the nine-month period ended December 31, 2020 increased 14.3% from the same period of the previous fiscal year to ¥106.9 billion.

Other Business Segment

Nine-Month Period Ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(Billions of yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Change	Percent Change
Operating revenues	1,096.8	1,080.4	(16.4)	(1.5)%
Operating expenses	1,013.7	999.6	(14.1)	(1.4)%
Operating profit	83.1	80.8	(2.3)	(2.8)%

In the other business segment for the nine-month period ended December 31, 2020, due to, among other things, the impact of the spin-off of the leasing business, operating revenues decreased 1.5% from the same period of the previous fiscal year to ¥1,080.4 billion, and operating expenses for the nine-month period ended December 31, 2020 decreased 1.4% from the same period of the previous fiscal year to ¥999.6 billion.

As a result, segment operating profit for the nine-month period ended December 31, 2020 decreased 2.8% from the same period of the previous fiscal year to ¥80.8 billion.

(3) Cash Flows

Cash flows provided by operating activities, excluding the impact of non-business days, for the nine-month period ended December 31, 2020 increased ¥206.6 billion (12.0%) from the same period of the previous fiscal year to ¥1,934.6 billion. This increase was due to, among other factors, an increase in profit. Cash flows provided by operating activities for the nine-month period ended December 31, 2020 was ¥1,698.0 billion.

Cash flows used in investing activities, for the nine-month period ended December 31, 2020 was ¥1,510.1 billion, an increase of ¥208.4 billion (16.0%) from the same period of the previous fiscal year. This increase was due to, among other factors, proceeds from sale of investments for the nine-month period ended December 31, 2019 and payments for purchase of investments for the nine-month period ended December 31, 2020.

Cash flows provided by financing activities, for the nine-month period ended December 31, 2020 was ¥141.2 billion, an increase of ¥619.7 billion from the same period of the previous fiscal year. This increase was due to, among other factors, purchase of treasury stock for the nine-month period ended December 31, 2019 and sale of treasury stock for the nine-month period ended December 31, 2020.

As a result of the above, NTT Group's consolidated cash and cash equivalents, excluding the impact of non-business days, as of December 31, 2020 was ¥1,589.4 billion, an increase of ¥555.8 billion (53.8%) from the end of the previous fiscal year. Cash and cash equivalents as of December 31, 2020 was ¥1,352.9 billion.

	(Billions of yen)			
	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Change	Percent Change
Cash flows provided by operating activities ⁽⁴⁾	1,714.9	1,698.0	(16.8)	(1.0)%
Cash flows provided by operating activities (excluding the impact of non-business days ⁽¹⁾ (2)) ⁽⁴⁾	1,727.9	1,934.6	206.6	12.0%
Cash flows used in investing activities	(1,301.8)	(1,510.1)	(208.4)	(16.0)%
Cash flows provided by (used in) financing activities ⁽⁴⁾	(478.5)	141.2	619.7	—
Cash and cash equivalents	875.5	1,352.9	477.4	54.5%
Cash and cash equivalents (excluding the impact of non-business days ⁽²⁾ (3))	1,112.2	1,589.4	477.2	42.9%

Notes: (1) The impact in the amount of ¥13.1 billion, caused by the last days of the fiscal year ended March 31, 2019 and the nine months ended December 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 in the amount of ¥236.5 billion, caused by the last day of the nine months ended December 31, 2020 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.

(3) The impact in the amount of ¥236.7 billion, caused by the last day of the nine months ended December 31, 2019 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.

(4) 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 nine months ended December 31, 2020, and no new additional issues arose during the period. In addition, during the nine months ended December 31, 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 nine months ended December 31, 2020 were ¥155.8 billion. There were no material changes in NTT's research and development activities during the nine months ended December 31, 2020.

3. Material Contracts

There were no material contracts relating to NTT's operations that were agreed upon or entered into during the nine months ended December 31, 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 December 31, 2020 (shares)	Number of Shares Issued as of the Filing Date (shares) (February 8, 2021)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,900,788,940	3,900,788,940	Tokyo Stock Exchange (The First Section)	The number of shares per one unit of shares is 100 shares
Total	3,900,788,940	3,900,788,940	—	—

(2) Information on Share Acquisition Rights

(i) Description of Stock Option System

Not applicable.

(ii) Information on Shareholder Rights Plans

Not applicable.

(3) Information on Moving Strike Convertible Bonds

Not applicable.

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

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in Common Stock (millions of yen)	Balance of Common Stock (millions of yen)	Change in Capital Reserve (millions of yen)	Balance of Capital Reserve (millions of yen)
October 1, 2020 - December 31, 2020	—	3,900,788,940	—	937,950	—	2,672,826

(5) Major Shareholders

Not applicable for the nine months ended December 31, 2020.

(6) Information on Voting Rights

Issued Shares

As of December 31, 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.)	228,349,600 shares of common stock	—	—
Shares with Full Voting Rights (Others)	3,667,832,600 shares of common stock	36,678,314	—
Shares Representing Less than One Unit	4,606,740 shares of common stock	—	—
Number of Issued Shares	3,900,788,940 shares of common stock	—	—
Total Number of Voting Rights	—	36,678,314	—

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 December 31, 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	228,349,600	—	228,349,600	5.9%
Total	—	228,349,600	—	228,349,600	5.9%

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

(2) Pursuant to the Board of Directors' resolution on November 6, 2020, NTT acquired 43,500,000 shares of its outstanding common stock between November 12, 2020 and December 31, 2020. For details, please see "Note 11. Equity and Other Equity Items" under "Condensed Quarterly Consolidated Financial Statements" of "4. Financial Information".

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 third quarter of the consolidated accounting period (from October 1, 2020 to December 31, 2020 and from April 1, 2020 to December 31, 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	As of March 31, 2020	As of December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		1,033,574	1,352,893
Trade and other receivables		3,502,834	3,760,736
Other financial assets	13	32,384	605,334
Inventories		257,329	360,400
Other current assets		530,073	651,962
Subtotal		5,356,194	6,731,325
Assets held for sale	8	1,347,307	—
Total current assets		6,703,501	6,731,325
Non-current assets			
Property, plant and equipment	9	9,087,463	9,157,349
Right-of-use asset		446,828	570,681
Goodwill		980,841	978,620
Intangible assets		1,694,060	1,712,620
Investment property		1,106,145	1,140,795
Investments accounted for using the equity method		283,291	417,046
Other financial assets	13	846,285	1,431,250
Deferred tax assets		1,153,042	992,395
Other non-current assets		712,677	729,944
Total non-current assets		16,310,632	17,130,700
Total assets		23,014,133	23,862,025

Millions of yen

	Notes	As of March 31, 2020	As of December 31, 2020
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	10,13	2,054,506	5,083,386
Trade and other payables		2,142,752	3,094,211
Lease liabilities		154,126	155,813
Other financial liabilities	13	16,943	24,563
Accrued payroll		469,395	404,630
Income taxes payables		214,098	148,777
Other current liabilities		996,360	919,827
Subtotal		6,048,180	9,831,207
Liabilities directly associated with assets held for sale	8	559,432	—
Total current liabilities		6,607,612	9,831,207
Non-current liabilities			
Long-term borrowings	10,13	2,165,778	3,013,357
Lease liabilities		378,346	492,317
Other financial liabilities	13	129,229	136,376
Defined benefit liabilities		1,873,501	1,908,085
Deferred tax liabilities		70,249	77,908
Other non-current liabilities		326,791	356,402
Total non-current liabilities		4,943,894	5,984,445
Total liabilities		11,551,506	15,815,652
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	11	937,950	937,950
Additional paid-in capital	11	2,252,672	—
Retained earnings	11	6,499,942	6,859,805
Treasury stock	11	(653,369)	(564,628)
Other components of equity	11	23,908	204,606
Total NTT shareholders’ equity		9,061,103	7,437,733
Non-controlling interests		2,401,524	608,640
Total equity		11,462,627	8,046,373
Total liabilities and equity		23,014,133	23,862,025

*The accompanying notes are an integral part of the condensed quarterly consolidated financial statements.

(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】

【Nine Months Ended December 31】

	Millions of yen		
	Notes	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020
Operating revenues	6, 12	8,862,691	8,738,006
Operating expenses			
Personnel expenses		1,813,857	1,825,801
Expenses for purchase of goods and services and other expenses		4,334,932	4,104,361
Depreciation and amortization		1,087,266	1,121,332
Loss on disposal of property, plant and equipment and intangible assets		80,539	90,470
Impairment losses		7,076	2,012
Taxes and dues		88,593	91,704
Total operating expenses		7,412,263	7,235,680
Operating profit	6	1,450,428	1,502,326
Finance income		37,682	21,396
Finance costs		29,711	34,914
Share of profit (loss) of entities accounted for using the equity method		9,385	6,289
Profit before taxes		1,467,784	1,495,097
Income taxes		441,535	453,204
Profit		1,026,249	1,041,893
Profit attributable to NTT		796,922	831,174
Profit attributable to Non-controlling interests		229,327	210,719
Earnings per share attributable to NTT			
Basic earnings per share (yen)		214.20	224.07

*The accompanying notes are an integral part of the condensed quarterly consolidated financial statements.

* "Basic earnings per share" for the nine months ended December 31, 2019 has been adjusted to reflect the two-for-one stock split carried out on January 1, 2020.

【Condensed Quarterly Consolidated Statements of Comprehensive Income】

【Nine Months Ended December 31】

Millions of yen			
	Notes	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020
Profit		1,026,249	1,041,893
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		38,501	215,847
Share of other comprehensive income of entities accounted for using the equity method		(329)	577
Remeasurements of defined benefit plans		(2,412)	53
Total of items that will not be reclassified to profit or loss		35,760	216,477
Items that may be reclassified to profit or loss			
Cash flow hedges		908	4,003
Foreign currency translation adjustments		(29,819)	(2,541)
Share of other comprehensive income of entities accounted for using the equity method		(2,125)	6,216
Total of items that may be reclassified to profit or loss		(31,036)	7,678
Total other comprehensive income (net of tax)		4,724	224,155
Total comprehensive income		1,030,973	1,266,048
Comprehensive income attributable to NTT	11	797,540	1,014,803
Comprehensive income attributable to Non-controlling interests	11	233,433	251,245

*The accompanying notes are an integral part of the condensed quarterly consolidated financial statements.

【Condensed Quarterly Consolidated Statements of Profit or Loss】

【Three Months Ended December 31】

Millions of yen

	Notes	Three Months Ended December 31, 2019	Three Months Ended December 31, 2020
Operating revenues	6, 12	2,973,140	3,026,642
Operating expenses			
Personnel expenses		612,119	610,462
Expenses for purchase of goods and services and other expenses		1,463,940	1,467,344
Depreciation and amortization		365,151	379,539
Loss on disposal of property, plant and equipment and intangible assets		31,808	44,421
Impairment losses		2,919	331
Taxes and dues		29,580	30,799
Total operating expenses		2,505,517	2,532,896
Operating profit	6	467,623	493,746
Finance income		1,868	8,053
Finance costs		7,157	11,371
Share of profit (loss) of entities accounted for using the equity method		3,591	(398)
Profit before taxes		465,925	490,030
Income taxes		146,233	143,973
Profit		319,692	346,057
Profit attributable to NTT		249,252	289,663
Profit attributable to Non-controlling interests		70,440	56,394
Earnings per share attributable to NTT			
Basic earnings per share (yen)		68.57	78.21

*The accompanying notes are an integral part of the condensed quarterly consolidated financial statements.

* "Basic earnings per share" for the three months ended December 31, 2019 has 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 December 31】

Millions of yen			
	Notes	Three Months Ended December 31, 2019	Three Months Ended December 31, 2020
Profit		319,692	346,057
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		38,703	91,799
Share of other comprehensive income of entities accounted for using the equity method		335	518
Remeasurements of defined benefit plans		(1,030)	275
Total of items that will not be reclassified to profit or loss		38,008	92,592
Items that may be reclassified to profit or loss			
Cash flow hedges		1,141	159
Foreign currency translation adjustments		44,732	2,080
Share of other comprehensive income of entities accounted for using the equity method		(707)	3,585
Total of items that may be reclassified to profit or loss		45,166	5,824
Total other comprehensive income (net of tax)		83,174	98,416
Total comprehensive income		402,866	444,473
Comprehensive income attributable to NTT	11	312,172	375,383
Comprehensive income attributable to Non-controlling interests	11	90,694	69,090

*The accompanying notes are an integral part of the condensed quarterly consolidated financial statements.

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

【Nine Months Ended December 31, 2019】

Millions of yen

	Notes	NTT Shareholders' Equity					Total	Non-controlling interests	Total equity
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity			
As of 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		—	—	796,922	—	—	796,922	229,327	1,026,249
Other comprehensive income	11	—	—	—	—	618	618	4,106	4,724
Total comprehensive income		—	—	796,922	—	618	797,540	233,433	1,030,973
Transactions with owners and other transactions									
Dividends of surplus	11	—	—	(354,827)	—	—	(354,827)	(150,660)	(505,487)
Transfer to retained earnings	11	—	—	35,157	—	(35,157)	—	—	—
Purchase and disposal of treasury stock	11	—	1	—	(502,691)	—	(502,690)	—	(502,690)
Changes in ownership interest in subsidiaries without loss of control	11	—	(73,163)	—	—	—	(73,163)	(134,481)	(207,644)
Share-based compensation transactions		—	(2,102)	—	—	—	(2,102)	—	(2,102)
Put options granted to non-controlling interests	11	—	18,928	—	—	—	18,928	(1,906)	17,022
Other		—	—	(571)	—	—	(571)	—	(571)
Total Transactions with owners and other transactions		—	(56,336)	(320,241)	(502,691)	(35,157)	(914,425)	(287,047)	(1,201,472)
As of December 31, 2019		937,950	2,284,870	6,430,986	(653,326)	147,548	9,148,028	2,486,263	11,634,291

*The accompanying notes are an integral part of the condensed quarterly consolidated financial statements.

【Nine Months Ended December 31, 2020】

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 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		–	–	831,174	–	–	831,174	210,719	1,041,893
Other comprehensive income	11	–	–	–	–	183,629	183,629	40,526	224,155
Total comprehensive income		–	–	831,174	–	183,629	1,014,803	251,245	1,266,048
Transactions with owners and other transactions									
Dividends of surplus	11	–	–	(358,470)	–	–	(358,470)	(151,571)	(510,041)
Transfer to retained earnings	11	–	114,715	(111,784)	–	(2,931)	–	–	–
Purchase and disposal of treasury stock	11	–	0	–	88,741	–	88,741	–	88,741
Changes in ownership interest in subsidiaries without loss of control	11	–	(2,367,543)	–	–	–	(2,367,543)	(1,891,270)	(4,258,813)
Share-based compensation transactions		–	409	–	–	–	409	–	409
Put options granted to non-controlling interests	11	–	(1,956)	–	–	–	(1,956)	(2,074)	(4,030)
Other		–	1,703	(1,057)	–	–	646	786	1,432
Total Transactions with owners and other transactions		–	(2,252,672)	(471,311)	88,741	(2,931)	(2,638,173)	(2,044,129)	(4,682,302)
As of December 31, 2020		937,950	–	6,859,805	(564,628)	204,606	7,437,733	608,640	8,046,373

*The accompanying notes are an integral part of the condensed quarterly consolidated financial statements.

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

	Notes	Millions of yen	
		Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020
Cash flows from operating activities			
Profit		1,026,249	1,041,893
Depreciation and amortization		1,087,266	1,121,332
Impairment losses		7,076	2,012
Share of loss (profit) of entities accounted for using the equity method		(9,385)	(6,289)
Losses on retirement of property, plant and equipment and intangible assets		32,935	43,140
Gain on sales of property, plant and equipment and intangible assets		(7,445)	(7,614)
Income taxes		441,535	453,204
Decrease (increase) in trade and other receivables	7	(34,174)	(251,903)
Decrease (increase) in inventories		16,866	(108,417)
Decrease (increase) in other current assets		(85,680)	(152,124)
Increase (decrease) in trade and other payables / accrued payroll		(284,272)	(14,114)
Increase (decrease) in other current liabilities		(42,104)	(70,502)
Increase (decrease) in defined benefit liabilities		30,144	34,994
Increase (decrease) in other non-current liabilities		7,085	29,384
Other		(32,577)	(16,662)
Sub-total		2,153,519	2,098,334
Interest and dividends received		71,428	59,451
Interest paid		(36,825)	(30,126)
Income taxes paid		(473,249)	(429,630)
Net cash provided by (used in) operating activities		1,714,873	1,698,029
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property		(1,364,102)	(1,328,114)
Purchase of investments		(117,151)	(365,151)
Proceeds from sale or redemption of investments		277,393	32,720
Proceeds from loss of control of subsidiaries	8	—	57,127
Acquisition of subsidiaries, net of cash acquired		(126,495)	(15,345)
Net decrease (increase) loan receivable		—	110,021
Other		28,594	(1,393)
Net cash provided by (used in) investing activities		(1,301,761)	(1,510,135)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		968,332	2,854,294
Proceeds from increases in long-term borrowings	10	244,557	1,254,321
Repayment of long-term borrowings	10	(303,435)	(211,767)
Repayment of lease liabilities		(134,873)	(148,470)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(251,736)	(3,187,577)
Dividends paid		(354,827)	(358,470)
Dividends paid to non-controlling interests		(150,159)	(150,946)
Purchase of treasury stock		(501,351)	(111,347)
Proceeds from sale of treasury stock		8	200,022
Other		4,943	1,113
Net cash provided by (used in) financing activities		(478,541)	141,173
Effect of exchange rate change on cash and cash equivalents		(5,240)	(9,748)
Net increase (decrease) in cash and cash equivalents		(70,669)	319,319

	Millions of yen		
	Notes	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020
Cash and cash equivalents at the beginning of the year	7	946,134	1,033,574
Cash and cash equivalents at the end of the period	7	875,465	1,352,893

*The accompanying notes are an integral part of the condensed quarterly consolidated financial statements.

【Notes to Condensed Quarterly Consolidated Financial Statements】

1. Reporting Entity

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

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

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

- NTT DOCOMO Corporation (“NTT DOCOMO”)

Regional communications business (domestic intra-prefectural communications services and related ancillary services)

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

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

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

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

- NTT DATA Corporation (“NTT DATA”)

2. Basis of Accounting

(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 February 5, 2021.

Since the statements do not include all the information and disclosures required for a complete set of financial statements, it should be read in conjunction with the consolidated financial statements for the year ended March 31, 2020.

(2) Basis for Measurement

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

(3) Functional Currency and Presentation Currency

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

3. Significant Accounting Policies

The accounting policies applied on the condensed quarterly consolidated financial statements are consistent with those applied on the consolidated financial statements for the year ended March 31, 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 nine months ended December 31, 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.

Until the fiscal year ended March 31, 2020, the revenue for the certain support service and other services was recognized on a gross basis. From the nine months ended December 31, 2020, the revenue is recognized on a net basis deducting related expenses. As a result of this change, the revenue for nine months ended December 31, 2019 and three months ended December 31, 2019 would have decreased by ¥70,817 million and ¥19,614 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 nine months ended December 31, 2019 and three months ended December 31, 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 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, 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 nine months ended December 31, 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, and other services related to research and development

Operating Revenues

Nine Months Ended December 31

(Millions of yen)

	Nine Months Ended December 31, 2019 (April 1, 2019 - December 31, 2019)	Nine Months Ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Effect of inter-segment transfers of certain subsidiaries *
Mobile Communications Business			
Transactions with external customers	3,468,866	3,466,129	23,601
Inter-segment transactions	47,172	46,989	189
Subtotal	3,516,038	3,513,118	23,790
Regional Communications Business			
Transactions with external customers	1,766,060	1,785,989	—
Inter-segment transactions	510,180	518,612	—
Subtotal	2,276,240	2,304,601	—
Long Distance and International Communications Business			
Transactions with external customers	1,579,978	1,433,161	(23,601)
Inter-segment transactions	80,073	73,906	756
Subtotal	1,660,051	1,507,067	(22,845)
Data Communications Business			
Transactions with external customers	1,548,791	1,561,016	—
Inter-segment transactions	93,246	97,380	—
Subtotal	1,642,037	1,658,396	—
Other Business			
Transactions with external customers	498,996	491,711	—
Inter-segment transactions	597,790	588,678	—
Subtotal	1,096,786	1,080,389	—
Elimination of inter-segment transactions	(1,328,461)	(1,325,565)	(945)
Total	8,862,691	8,738,006	—

* Certain subsidiaries included in the reporting segment "Long Distance and International Communications Business" were transferred during the three months ended September 30, 2019, and they are included in "Mobile Communications Business". After this period, operating revenues of these subsidiaries were recognized in the destination segment. The increased or decreased amounts of operating revenues compared to the status where this inter-segment transfer had occurred from the beginning of the year ended March 31, 2020 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 nine months ended December 31, 2019 would have decreased by ¥70,817 million if such change had been applied. We have not restated the result of nine months ended December 31, 2019 of operating revenues of "Segment Information", since the impact of the change was immaterial. Details are described in "Note 3. Significant Accounting Policies".

Three Months Ended December 31

(Millions of yen)

	Three Months Ended December 31, 2019 (October 1, 2019 - December 31, 2019)	Three Months Ended December 31, 2020 (October 1, 2020 - December 31, 2020)
Mobile Communications Business		
Transactions with external customers	1,169,726	1,215,950
Inter-segment transactions	16,309	14,648
Subtotal	1,186,035	1,230,598
Regional Communications Business		
Transactions with external customers	593,929	625,669
Inter-segment transactions	172,549	175,625
Subtotal	766,478	801,294
Long Distance and International Communications Business		
Transactions with external customers	514,429	478,602
Inter-segment transactions	27,752	25,124
Subtotal	542,181	503,726
Data Communications Business		
Transactions with external customers	531,070	541,697
Inter-segment transactions	33,148	36,582
Subtotal	564,218	578,279
Other Business		
Transactions with external customers	163,986	164,724
Inter-segment transactions	211,920	209,942
Subtotal	375,906	374,666
Elimination of inter-segment transactions	(461,678)	(461,921)
Total	2,973,140	3,026,642

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 December 31, 2019 would have decreased by ¥19,614 million if such change had been applied. We have not restated the result of three months ended December 31, 2019 of operating revenues of "Segment Information", since the impact of the change was immaterial. Details are described in "Note 3. Significant Accounting Policies".

Segment profit or loss

Nine Months Ended December 31

(Millions of yen)

	Nine Months Ended December 31, 2019 (April 1, 2019 - December 31, 2019)	Nine Months Ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Effect of inter-segment transfers of certain subsidiaries *
Segment profit			
Mobile Communications Business	787,852	821,764	540
Regional Communications Business	397,641	389,165	—
Long Distance and International Communications Business	95,852	120,442	(541)
Data Communications Business	93,535	106,911	—
Other Business	83,088	80,792	—
Total	1,457,968	1,519,074	(1)
Elimination of inter-segment transactions	(7,540)	(16,748)	1
Operating profit	1,450,428	1,502,326	—
Finance income	37,682	21,396	—
Finance costs	29,711	34,914	—
Share of profit of entities accounted for using the equity method	9,385	6,289	—
Profit before taxes	1,467,784	1,495,097	—

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

* Certain subsidiaries included in the reporting segment "Long Distance and International Communications Business" were transferred during the three months ended September 30, 2019, and they are included in "Mobile Communications Business". After this period, operating profit of these subsidiaries were recognized in the destination segment. The increased or decreased amounts of operating profit compared to the status where this inter-segment transfer had occurred from the beginning of the year ended March 31, 2020 are presented as "Effect of inter-segment transfers of certain subsidiaries" in the table above.

Three Months Ended December 31

(Millions of yen)

	Three Months Ended December 31, 2019 (October 1, 2019 - December 31, 2019)	Three Months Ended December 31, 2020 (October 1, 2020 - December 31, 2020)
Segment profit		
Mobile Communications Business	247,592	258,161
Regional Communications Business	126,916	133,296
Long Distance and International Communications Business	36,554	40,921
Data Communications Business	29,778	43,090
Other Business	27,119	27,367
Total	467,959	502,835
Elimination of inter-segment transactions	(336)	(9,089)
Operating profit(loss)	467,623	493,746
Finance income	1,868	8,053
Finance costs	7,157	11,371
Share of profit of entities accounted for using the equity method	3,591	(398)
Profit before taxes	465,925	490,030

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

In the first nine months and three months ended December 31, 2019 and December 31, 2020, there were 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 and third quarter ended December 31, 2020 and 2019.

The last days of the fiscal year ended March 31, 2019, Nine Months Ended December 31, 2019 and Nine Months Ended December 31, 2020 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, 2020	As of December 31, 2020
(Condensed Quarterly Consolidated Statement of Financial Position)		
Cash and cash equivalents	—	(236,530)
Trade and other receivables	—	236,530

(Millions of yen)

	Nine Months Ended December 31, 2019 (April 1, 2019 - December 31, 2019)	Nine Months Ended December 31, 2020 (April 1, 2020 - December 31, 2020)
(Condensed Quarterly Consolidated Statement of Cash Flows)		
Decrease (increase) in trade and other receivables	(13,076)	(236,530)
Cash and cash equivalents as of April 1	(223,672)	—
Cash and cash equivalents as of December 31	(236,749)	(236,530)

8. Assets Held for Sale

Transformation of NTT TC Leasing CO., Ltd. into a joint venture

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

As of March 31, 2020, 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 borrowings	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 borrowings	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 borrowings 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 borrowings	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 borrowings	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 fair value of financial instruments in the above table representing 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 December 31, 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)	—	—	—

- "Decrease by sales" include increases or decreases from new consolidations, deconsolidations, and transfers from (to) other accounts.
- 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 December 31, 2020
Telecommunications equipment	10,895,484	10,931,873
Telecommunications service lines	16,502,388	16,605,001
Buildings and structures	5,611,601	5,659,088
Machinery, tools and fixtures	2,350,900	2,428,708
Land	705,456	702,483
Construction in progress	441,836	558,855
Subtotal	36,507,665	36,886,008
Accumulated depreciation and impairment losses	(27,420,202)	(27,728,659)
Property, plant and equipment - total	9,087,463	9,157,349

10. Corporate Bonds

Details of corporate bonds transactions

Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 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
Redemption	NTT Finance Corporation	47th series of bonds	¥20,000 million	0.20%	October 10, 2014	December 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

Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 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
Redemption	Nippon Telegraph and Telephone Corporation	60th series of NTT bonds	¥70,000 million	1.31%	January 26, 2011	December 18, 2020
Issuance	NTT Finance Corporation	14th series of bonds	¥40,000 million	0.001%	June 25, 2020	June 20, 2023
Issuance	NTT Finance Corporation	15th series of bonds	¥100,000 million	0.05%	December 18, 2020	December 20, 2023
Issuance	NTT Finance Corporation	16th series of bonds	¥300,000 million	0.18%	December 18, 2020	December 19, 2025
Issuance	NTT Finance Corporation	17th series of bonds	¥200,000 million	0.28%	December 18, 2020	December 20, 2027
Issuance	NTT Finance Corporation	18th series of bonds	¥400,000 million	0.38%	December 18, 2020	September 20, 2030

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, 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
As of March 31, 2020	3,900,788,940	265,592,712
Purchase of treasury stock under resolution of the board of directors		43,500,000
Repurchase of shares based on less-than-one-unit share purchase demand	—	41,160
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(8,828)
Disposal of treasury stock through third-party allotment	—	(80,775,400)
As of December 31, 2020	3,900,788,940	228,349,644

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	From November 2020 to December 2020 (January, 2021)	43,500,000 (28,500,000)	111,178 (77,775)	—

* Results in January 2021 are shown in parentheses

(2) Put Options Granted to Non-Controlling Interests

With regard to written put options for subsidiary shares granted by NTT Group to the owners of non-controlling interests, the amounts deducted from additional paid-in capital were ¥9,894 million and ¥12,928 million, respectively, as at March 31, 2020 and December 31, 2020.

(3) Other Components of Equity

The details and changes in other components of equity

Nine Months Ended December 31, 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
As of March 31, 2019	138,290	(5,115)	—	48,912	182,087
Other comprehensive income	24,890	761	(1,632)	(23,401)	618
Transfer to retained earnings	(36,789)	—	1,632	—	(35,157)
As of December 31, 2019	126,391	(4,354)	—	25,511	147,548

	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
As of March 31, 2020	48,103	(5,515)	–	(18,680)	23,908
Other comprehensive income	168,319	3,540	(400)	12,170	183,629
Transfer to retained earnings	(3,331)	–	400	–	(2,931)
As of December 31, 2020	213,091	(1,975)	–	(6,510)	204,606

(4) Dividends

The amount of dividends paid out in the nine months ended December 31, 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
November 5, 2019 Board of Directors	Common shares	Retained earnings	172,674	95	September 30, 2019	December 5, 2019
June 23, 2020 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	172,672	47.5	March 31, 2020	June 24, 2020
November 6, 2020 Board of Directors	Common shares	Retained earnings	185,798	50	September 30, 2020	December 8, 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 and Board of Directors on November 5, 2019 are shown by the amount before the Stock Split.

*2. Dividends per Share resolved at Ordinary General Meeting of Shareholders on June 23, 2020 and Board of Directors on November 6, 2020 reflect the impact of the Stock Split.

(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 from May 7, 2019 to 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 to 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 as at March 31, 2020.

Transaction making NTT DOCOMO a wholly owned subsidiary of NTT

NTT conducted a tender offer under the Financial Instruments and Exchange Act and a subsequent demand for a share cash-out under the Companies Act, as 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’s 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 Corporation (the “Depository Bank”), each of which represents the ownership of one share of the Target Stock deposited with the Depository Bank.

Tender Offer

On September 29, 2020, NTT resolved to acquire all of the Target Stock through the tender offer, and purchased the Target Stock for a total purchase price of ¥3,178.6 billion from September 30, 2020 to November 16, 2020. As a result of the tender offer, NTT Group’s ownership interests in the Target increased from 66.2% to 91.5%.

Share Cash-out Demand

On November 27, 2020, pursuant to the Article 179-1 of the Companies Act, NTT made the demand to owners of non-controlling interests in the Target to sell all of their ownership interests in the Target (8.5%) to NTT (amounted to ¥1,075.8 billion in total). On the same day, the Board of Directors of the Target approved the demand. As a result, NTT’s ownership interests in the Target is accounted for as 100% since the day of the resolution and the approval. On December 29, 2020, as the Share Cash-out Demand became effective, NTT acquired all of the Target Stock and made the Target a wholly owned subsidiary. Consideration for the acquisition will be paid within a reasonable period of time after the acquisition date.

Details of the transaction with non-controlling interest (NCI) in the acquisition of the Target Stock

(Millions of yen)

	Nine Months Ended December 31, 2020
Carrying amount of NCI acquired	1,888,048
Consideration paid to NCI (*1 *2)	4,253,138
Decrease in Equity attributable to NTT shareholders(*3)	(2,365,090)

*1 Consideration paid to NCI does not include transaction costs.

2 As of December 31, 2020, payment for the share cash-out demand of ¥1,075,827million had yet to be completed, and is not included in “Payments for acquisition of interests in subsidiaries from non-controlling interests” in the Condensed Quarterly Consolidated Statement of Cash Flows.

3 As for a portion that additional paid-in capital becomes negative figure due to Consideration paid to NCI exceeding Carrying amount of NCI acquired, we deducted the portion from Retained earnings.

Funds for the acquisition

In order to secure the funds for the acquisition, NTT Group issued corporate bonds during three months ended December 31, 2020 that is described in “Note 10. Corporate Bonds”. In addition, based on the resolution by the Board of Directors of NTT on September 29, 2020, NTT Group made borrowings from financial institutions as necessary within a threshold of ¥4,300 billion.

(6) Other

According to the Act on Nippon Telegraph and Telephone Corporation, etc., 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

Nine Months Ended December 31

(Millions of yen)

		Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 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	–	616,872	130,879	–	–	747,751
	Mobile voice related services	706,720	–	–	–	–	706,720
	IP/packet communications services	1,585,077	842,532	309,797	–	3,774	2,741,180
	Sales of telecommunication s equipment	488,315	56,035	5,583	–	–	549,933
	System integration services	–	96,438	1,070,630	1,548,791	19,642	2,735,501
	Other services*	688,754	154,183	63,089	–	475,580	1,381,606
	Total	3,468,866	1,766,060	1,579,978	1,548,791	498,996	8,862,691

(Millions of yen)

		Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 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	–	574,986	121,983	–	–	696,969
	Mobile voice related services	831,850	–	–	–	–	831,850
	IP/packet communications services	1,463,100	844,483	310,595	–	–	2,618,178
	Sales of telecommunication s equipment	420,492	49,119	11,807	–	–	481,418
	System integration services	–	132,247	947,548	1,561,016	46,593	2,687,404
	Other services *	750,687	185,154	41,228	–	445,118	1,422,187
	Total	3,466,129	1,785,989	1,433,161	1,561,016	491,711	8,738,006

* Certain subsidiaries included in the reporting segment "Long Distance and International Communications Business" were transferred during the three months ended September 30, 2019, and there are 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 December 31

(Millions of yen)

		Three Months Ended December 31, 2019 (October 1, 2019 to December 31, 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	–	206,377	43,515	–	–	249,892
	Mobile voice related services	240,228	–	–	–	–	240,228
	IP/packet communications services	516,299	281,216	100,873	–	1,285	899,673
	Sales of telecommunication equipment	170,803	16,985	1,561	–	–	189,349
	System integration services	–	35,775	354,666	531,070	6,575	928,086
	Other services	242,396	53,576	13,814	–	156,126	465,912
	Total	1,169,726	593,929	514,429	531,070	163,986	2,973,140

(Millions of yen)

		Three Months Ended December 31, 2020 (October 1, 2020 to December 31, 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	–	195,545	40,313	–	–	235,858
	Mobile voice related services	283,866	–	–	–	–	283,866
	IP/packet communications services	484,138	282,611	103,711	–	–	870,460
	Sales of telecommunication equipment	196,749	18,072	7,224	–	–	222,045
	System integration services	–	58,951	313,957	541,697	16,220	930,825
	Other services	251,197	70,490	13,397	–	148,504	483,588
	Total	1,215,950	625,669	478,602	541,697	164,724	3,026,642

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 Estimated Fair Value of Financial Instruments Not Measured at Fair Value

(Millions of yen)

	As of March 31, 2020		As of December 31, 2020	
	Carrying amount	Fair Value	Carrying amount	Fair value
Long-term borrowings (including current portion or balance due within 1 year)	2,640,564	2,697,274	3,658,999	3,721,034

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, 2020.

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

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				
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

As of December 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/loss				
Investments in capital	–	4,012	39,550	43,562
Loans receivables	–	10,303	–	10,303
Derivatives financial assets				
Applied hedge accounting	–	1,086	–	1,086
Not applied hedge accounting	–	992	–	992
Financial assets measured at fair value through other comprehensive income				
Equity securities	945,486	–	61,031	1,006,517
Total	945,486	16,393	100,581	1,062,460
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	–	30,644	–	30,644
Not applied hedge accounting	–	5,448	–	5,448
Total	–	36,092	–	36,092

1. In the nine months ended December 31, 2020, there was no material transfer between levels.
2. Level 3 reconciliation is not disclosed, as there was no material fluctuation among financial instruments classified in Level 3 in the nine months ended December 31, 2020.

The valuation techniques to measure fair value of financial instruments are consistent with those applied in the consolidated financial statements for the fiscal 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

The Company's repurchase of treasury stock is described in (1) Issued Shares and Treasury Stock under Note 11. Equity and Other Components of Equity.