

[Translation]

Quarterly Securities Report

(The Third Quarter of the 37th Business Term)
From October 1, 2021 to December 31, 2021

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

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[Note]

This document is an English translation of certain items that were disclosed in NTT's Quarterly Securities Report for the nine-month period ended December 31, 2021, which NTT filed on February 8, 2022 with the Financial Services Agency of Japan.

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

[Cover]

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[Company Name]	Nippon Denshin Denwa Kabushiki Kaisha
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Item 1. Overview of the Company

1. Selected Financial Data

IFRS

		Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021	Fiscal year ended March 31, 2021
Operating revenues	Millions of yen	8,738,006 [3,026,642]	8,923,226 [3,035,579]	11,943,966
Profit before taxes	Millions of yen	1,495,097	1,553,958	1,652,575
Profit attributable to NTT	Millions of yen	831,174 [289,663]	1,030,347 [354,514]	916,181
Comprehensive income (loss) attributable to NTT	Millions of yen	1,014,803	1,090,787	1,275,214
NTT shareholders' equity	Millions of yen	7,437,733	7,997,766	7,562,707
Total assets	Millions of yen	23,862,025	23,544,353	22,965,492
Basic earnings per share attributable to NTT	Yen	224.07 [78.21]	286.08 [99.36]	248.15
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	31.2	34.0	32.9
Cash flows from operating activities	Millions of yen	1,698,029	1,876,724	3,009,064
Cash flows from investing activities	Millions of yen	(1,510,135)	(1,411,720)	(1,424,532)
Cash flows from financing activities	Millions of yen	141,173	(584,510)	(1,689,548)
Cash and cash equivalents at end of period	Millions of yen	1,352,893	826,367	935,727

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

(2) As NTT prepares condensed consolidated financial statements, 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.

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, 2021, nor were there any material changes in its subsidiaries and affiliated companies.

Item 2. Business Overview

1. Risk Factors

There were no risks newly identified during the nine months ended December 31, 2021. There was no material change in risk factors which were described in NTT's Annual Securities Report for the fiscal year ended March 31, 2021.

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

(1) Consolidated Results

Nine-Month Period Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

	(Billions of yen)			
	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021	Change	Percent Change
Operating revenues	8,738.0	8,923.2	185.2	2.1%
Operating expenses	7,235.7	7,383.6	147.9	2.0%
Operating profit	1,502.3	1,539.7	37.3	2.5%
Profit before taxes	1,495.1	1,554.0	58.9	3.9%
Profit attributable to NTT	831.2	1,030.3	199.2	24.0%

During the nine months ended December 31, 2021, pursuant to the outline of NTT Group's Medium-Term Management Strategy "Your Value Partner 2025," which was announced in November 2018 (and revised in October 2021), NTT Group, in its role as "Your Value Partner," promoted initiatives through its business operation and worked with its partners to resolve social issues. As a result of these efforts, NTT Group's consolidated operating revenues for the nine-month period ended December 31, 2021 were ¥8,923.2 billion (an increase of 2.1% from the same period of the previous fiscal year), consolidated operating expenses were ¥7,383.6 billion (an increase of 2.0% from the same period of the previous fiscal year), consolidated operating profit was ¥1,539.7 billion (an increase of 2.5% from the same period of the previous fiscal year), profit before taxes was ¥1,554.0 billion (an increase of 3.9% from the same period of the previous fiscal year), and profit attributable to NTT was ¥1,030.3 billion (an increase of 24.0% from the same period of the previous fiscal year).

(2) Segment Results

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

The mobile communications business segment comprises mobile voice related services, IP/packet communications services, sales of telecommunications equipment and other services.

The regional communications business segment comprises fixed voice related services, IP/packet communications services, sales of telecommunications equipment, system integration services and other services.

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

The data communications business segment comprises system integration services.

The other business segment principally comprises services related to building maintenance, real estate rental, systems development, finance, energy, and other services related to research and development.

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

Mobile Communications Business Segment

Nine-Month Period Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

(Billions of yen)

	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021	Change	Percent Change
Operating revenues	3,513.1	3,517.5	4.3	0.1%
Mobile voice related services	839.9	836.0	(3.9)	(0.5)%
IP/packet communications services	1,480.2	1,448.3	(31.8)	(2.2)%
Sales of telecommunications equipment	420.7	441.2	20.5	4.9%
Other	772.4	792.0	19.6	2.5%
Operating expenses	2,691.4	2,747.8	56.5	2.1%
Operating profit	821.8	769.6	(52.1)	(6.3)%

Operating revenues for the mobile communications business segment for the nine-month period ended December 31, 2021 increased 0.1% from the same period of the previous fiscal year to ¥3,517.5 billion. This increase was due to, among other things, an increase in revenues from sales of telecommunications devices and an increase in revenues due to the expansion of the Smart Life business, including in finance and settlement.

On the other hand, operating expenses for the nine-month period ended December 31, 2021 increased 2.1% from the same period of the previous fiscal year to ¥2,747.8 billion. This increase was due to, among other things, increased network costs related to the expansion of the 5G area, in addition to an increase in equipment costs for devices resulting from an increase in the number of device sales.

As a result, segment operating profit for the nine-month period ended December 31, 2021 decreased 6.3% from the same period of the previous fiscal year to ¥769.6 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2021	As of December 31, 2021	Change	Percent Change
Mobile Telecommunications Services	82,632	83,846	1,213	1.5%
Telecommunications Services (5G)	3,091	8,952	5,861	189.6%
Telecommunications Services (LTE (Xi))	64,210	62,242	(1,968)	(3.1)%
Telecommunications Services (FOMA (3G))	15,331	12,651	(2,680)	(17.5)%
Plala (ISP)	3,946	3,896	(50)	(1.3)%
Hikari TV	2,947	2,951	3	0.1%

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, 2021 (April 1, 2021 – December 31, 2021)

(Billions of yen)

	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021	Change	Percent Change
Operating revenues	2,304.6	2,351.9	47.3	2.1%
Fixed voice related services	705.7	697.9	(7.8)	(1.1)%
IP/packet communications services	1,152.9	1,196.7	43.8	3.8%
Sales of telecommunications equipment	49.3	49.4	0.1	0.1%
System integration services	149.2	134.9	(14.3)	(9.6)%
Other	247.4	273.0	25.6	10.4%
Operating expenses	1,915.4	1,917.2	1.7	0.1%
Operating profit	389.2	434.7	45.5	11.7%

Operating revenues in the regional communications business segment for the nine-month period ended December 31, 2021 increased 2.1% from the same period of the previous fiscal year to ¥2,351.9 billion due to, among other things, an increase in IP/packet communications services revenues.

On the other hand, operating expenses for the nine-month period ended December 31, 2021 increased 0.1% from the same period of the previous fiscal year to ¥1,917.2 billion due to increases in costs, among other factors.

As a result, segment operating profit for the nine-month period ended December 31, 2021 increased 11.7% from the same period of the previous fiscal year to ¥434.7 billion.

Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2021	As of December 31, 2021	Change	Percent Change
(NTT East)				
Telephone Subscriber Lines	7,051	6,713	(338)	(4.8)%
INS-Net	892	827	(65)	(7.3)%
FLET'S Hikari (including Hikari Collaboration Model)	12,727	13,119	391	3.1%
FLET'S ADSL	160	130	(30)	(18.9)%
Hikari Denwa (thousand channels)	10,018	10,073	55	0.6%
FLET'S TV Transmission Services	1,121	1,147	26	2.4%
(NTT West)				
Telephone Subscriber Lines	7,052	6,669	(383)	(5.4)%
INS-Net	875	821	(54)	(6.1)%
FLET'S Hikari (including Hikari Collaboration Model)	9,837	10,075	239	2.4%
FLET'S ADSL	221	183	(38)	(17.0)%
Hikari Denwa (thousand channels)	8,674	8,703	29	0.3%
FLET'S TV Transmission Services	795	829	34	4.2%

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

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

(3) Number of FLET'S Hikari (including Hikari Collaboration Model) subscribers includes subscribers to "FLET'S Hikari Cross," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "FLET'S Hikari Cross," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West, and the subscribers to the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.

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

Long Distance and International Communications Business Segment

Nine-Month Period Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

(Billions of yen)

	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021	Change	Percent Change
Operating revenues	1,507.1	1,508.1	1.0	0.1%
Fixed voice related services	148.6	141.0	(7.6)	(5.1)%
IP/packet communications services	315.6	306.5	(9.1)	(2.9)%
Sales of telecommunications equipment	12.1	6.0	(6.1)	(50.6)%
System integration services	964.6	974.7	10.1	1.1%
Other	66.3	80.0	13.7	20.7%
Operating expenses	1,386.6	1,399.6	12.9	0.9%
Operating profit	120.4	108.5	(11.9)	(9.9)%

Operating revenues in the long distance and international communications business segment for the nine-month period ended December 31, 2021 increased 0.1% from the same period of the previous fiscal year to ¥1,508.1 billion. This decrease was due to, among other things, an increase in revenues from system integration services, partially offset by a decrease in revenues from IP/packet communications services and other factors.

On the other hand, operating expenses for the nine-month period ended December 31, 2021 increased 0.9% from the same period of the previous fiscal year to ¥1,399.6 billion due to, among other things, an increase in personnel expenses resulting from structural reforms.

As a result, segment operating profit for the nine-month period ended December 31, 2021 decreased 9.9% from the same period of the previous fiscal year to ¥108.5 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2021	As of December 31, 2021	Change	Percent Change
OCN (ISP)	7,040	7,036	(3)	(0.0)%

Data Communications Business Segment

Nine-Month Period Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

(Billions of yen)

	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021	Change	Percent Change
Operating revenues	1,658.4	1,848.2	189.8	11.4%
System integration services	1,658.4	1,848.2	189.8	11.4%
Operating expenses	1,551.5	1,681.1	129.6	8.4%
Operating profit	106.9	167.1	60.2	56.3%

Operating revenues in the data communications business segment for the nine-month period ended December 31, 2021 increased 11.4% from the same period of the previous fiscal year to ¥1,848.2 billion due to, among other things, capture of the demand for digitalization.

On the other hand, operating expenses for the nine-month period ended December 31, 2021 increased 8.4% from the same period of the previous fiscal year to ¥1,681.1 billion due to, among other things, an increase in revenue-linked expenses.

As a result, segment operating profit for the nine-month period ended December 31, 2021 increased 56.3% from the same period of the previous fiscal year to ¥167.1 billion.

Other Business Segment

Nine-Month Period Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

(Billions of yen)

	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021	Change	Percent Change
Operating revenues	1,080.4	1,086.4	6.0	0.6%
Operating expenses	999.6	1,002.8	3.2	0.3%
Operating profit	80.8	83.7	2.9	3.6%

Operating revenues in the other business segment for the nine-month period ended December 31, 2021 increased 0.6% from the same period of the previous fiscal year to ¥1,086.4 billion, and operating expenses for the nine-month period ended December 31, 2021 increased 0.3% from the same period of the previous fiscal year to ¥1,002.8 billion.

As a result, segment operating profit for the nine-month period ended December 31, 2021 increased 3.6% from the same period of the previous fiscal year to ¥83.7 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, 2021 was ¥2,105.5 billion, an increase of ¥170.9 billion (8.8%) from the same period of the previous fiscal year. This increase was due to, among other factors, working capital improvement. Cash flows provided by operating activities for the nine-month period ended December 31, 2021 was ¥1,876.7 billion.

Cash flows used in investing activities for the nine-month period ended December 31, 2021 was ¥1,411.7 billion, a decrease of ¥98.4 billion (6.5%) from the same period of the previous fiscal year. This decrease was due to, among other factors, payments for purchase of investments for the nine-month period ended December 31, 2020.

Cash flows used in financing activities for the nine-month period ended December 31, 2021 was ¥584.5 billion, a decrease of ¥725.7 billion from same period of the previous fiscal year. This decrease was due to, among other factors, a decrease in proceeds from the bank loans compared to the nine-month period ended December 31, 2020. The proceeds from the bank loans in the previous fiscal year were mainly used for payments for acquisitions of interests in subsidiaries from non-controlling interests.

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, 2021 was ¥1,055.1 billion, an increase of ¥119.4 billion (12.8%) from the end of the previous fiscal year. Cash and cash equivalents as of December 31, 2021 was ¥826.4 billion.

	(Billions of yen)			
	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021	Change	Percent Change
Cash flows provided by operating activities	1,698.0	1,876.7	178.7	10.5%
Cash flows provided by operating activities (excluding the impact of non-business days ⁽¹⁾ ⁽²⁾)	1,934.6	2,105.5	170.9	8.8%
Cash flows provided by (used in) investing activities	(1,510.1)	(1,411.7)	98.4	6.5%
Cash flows provided by (used in) financing activities	141.2	(584.5)	(725.7)	—
Cash and cash equivalents	1,352.9	826.4	(526.5)	(38.9)%
Cash and cash equivalents (excluding the impact of non-business days ⁽¹⁾ ⁽²⁾)	1,589.4	1,055.1	(534.3)	(33.6)%

Notes:(1) 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.

(2) The impact in the amount of ¥228.8 billion, caused by the last day of the nine months ended December 31, 2021 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) 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, 2021, and no new additional issues arose during the period. In addition, during the nine months ended December 31, 2021, there were no material changes in NTT Group's management policies or strategies.

(5) Research and Development

NTT's research and development expenses for the nine months ended December 31, 2021 were ¥163.1 billion. There were no material changes in NTT's research and development activities during the nine months ended December 31, 2021.

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, 2021.

Item 3. Information on NTT

1. Information on NTT's Shares

(1) Total Number of Shares

Total Number of Shares

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

Issued Shares

Class	Number of Shares Issued as of December 31, 2021 (shares)	Number of Shares Issued as of the Filing Date (shares) (February 8, 2022)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,622,012,656	3,622,012,656	Tokyo Stock Exchange (The First Section)	The number of shares per one unit of shares is 100 shares
Total	3,622,012,656	3,622,012,656	—	—

(2) Information on Share Acquisition Rights

(i) Description of Stock Option System

Not applicable.

(ii) Information on Shareholder Rights Plans

Not applicable.

(3) Information on Moving Strike Convertible Bonds

Not applicable.

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

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in Common Stock (millions of yen)	Balance of Common Stock (millions of yen)	Change in Capital Reserve (millions of yen)	Balance of Capital Reserve (millions of yen)
October 1, 2021 - December 31, 2021	(278,776,284)	3,622,012,656	—	937,950	—	2,672,826

Note: Pursuant to the Board of Directors' resolution on November 10, 2021, NTT canceled 278,776,284 shares of its treasury stock on November 17, 2021.

(5) Major Shareholders

Not applicable for the nine months ended December 31, 2021.

(6) Information on Voting Rights

Issued Shares

As of December 31, 2021

Classification	Number of Shares (shares)	Number of Voting Rights	Description
Shares without Voting Rights	—	—	—
Shares with Restricted Voting Rights (Treasury Stock, etc.)	—	—	—
Shares with Restricted Voting Rights (Others)	—	—	—
Shares with Full Voting Rights (Treasury Stock, etc.)	79,447,600 shares of common stock	—	—
Shares with Full Voting Rights (Others)	3,537,954,400 shares of common stock	35,379,532	—
Shares Representing Less than One Unit	4,610,656 shares of common stock	—	—
Number of Issued Shares	3,622,012,656 shares of common stock	—	—
Total Number of Voting Rights	—	35,379,532	—

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

(2) The total number of shares in “Shares with Full Voting Rights (Others)” includes 1,089,760 shares

(10,897 voting rights) owned by BIP (Board Incentive Plan) Trust.

Treasury Stock

As of December 31, 2021

Name of Shareholder	Address	Number of Shares Held Under Own Name (shares)	Number of Shares Held Under the Names of Others (shares)	Total Shares Held (shares)	Ownership Percentage to the Total Number of Issued Shares
(Treasury Stock) Nippon Telegraph and Telephone Corporation	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	79,447,600	—	79,447,600	2.2%
Total	—	79,447,600	—	79,447,600	2.2%

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 August 6, 2021, NTT acquired 79,358,500 shares of its outstanding common stock between August 23, 2021 and December 23, 2021.

(3) Pursuant to the Board of Directors' resolution on November 10, 2021, NTT canceled 278,776,284 shares of its treasury stock on November 17, 2021.

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

2. Changes in Directors and Senior Management

Not applicable.

Item 4. Financial Information

1. Basis of Preparation of Condensed Quarterly Consolidated Financial Statements

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

2. Auditor’s Report

In accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, NTT Group’s condensed quarterly consolidated financial statements for the third quarter of the consolidated accounting period (from October 1, 2021 to December 31, 2021 and from April 1, 2021 to December 31, 2021) have been reviewed by KPMG AZSA LLC.

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

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

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

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

1. 【Condensed Quarterly Consolidated Financial Statements】

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

	Notes	Millions of yen	
		As of March 31, 2021	As of December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	7	¥935,727	¥826,367
Trade and other receivables	7,12	3,534,555	3,590,822
Other financial assets	12	41,732	51,241
Inventories		315,437	351,673
Other current assets		498,106	624,118
Subtotal		5,325,557	5,444,221
Assets held for sale		816	97,769
Total current assets		5,326,373	5,541,990
Non-current assets			
Property, plant and equipment	8	9,282,286	9,385,290
Right-of-use asset		639,627	625,277
Goodwill		1,056,187	1,214,464
Intangible assets		1,765,858	1,821,870
Investment property		1,182,713	1,225,090
Investments accounted for using the equity method		411,033	469,477
Other financial assets	12	1,515,922	1,505,106
Deferred tax assets		993,858	908,826
Other non-current assets		791,635	846,963
Total non-current assets		17,639,119	18,002,363
Total assets		¥22,965,492	¥23,544,353

Millions of yen

	Notes	As of March 31, 2021	As of December 31, 2021
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	9,12	¥3,168,613	¥1,976,744
Trade and other payables		2,356,705	2,121,551
Lease liabilities		193,915	166,462
Other financial liabilities	12	28,334	27,574
Accrued payroll		509,416	446,211
Income taxes payables		115,965	118,184
Other current liabilities		1,053,196	974,826
Sub Total		7,426,144	5,831,552
Liabilities directly associated with assets held for sale		18	20,855
Total current liabilities		7,426,162	5,852,407
Non-current liabilities			
Long-term borrowings	9,12	4,455,724	6,036,199
Lease liabilities		553,836	569,850
Other financial liabilities	12	137,620	137,749
Defined benefit liabilities		1,731,645	1,765,976
Deferred tax liabilities		81,420	110,689
Other non-current liabilities		376,042	370,513
Total non-current liabilities		7,336,287	8,990,976
Total liabilities		14,762,449	14,843,383
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	10	937,950	937,950
Retained earnings	10	7,068,008	6,973,861
Treasury stock	10	(704,793)	(226,311)
Other components of equity	10	261,542	312,266
Total NTT shareholders’ equity		7,562,707	7,997,766
Non-controlling interests		640,336	703,204
Total equity		8,203,043	8,700,970
Total liabilities and equity		¥22,965,492	¥23,544,353

(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, 2020	Nine Months Ended December 31, 2021
Operating revenues	6, 11	¥8,738,006	¥8,923,226
Operating expenses			
Personnel expenses		1,825,801	1,906,671
Expenses for purchase of goods and services and other expenses		4,104,361	4,144,582
Depreciation and amortization		1,121,332	1,157,904
Loss on disposal of property, plant and equipment and intangible assets		90,470	76,838
Impairment losses		2,012	1,581
Taxes and dues		91,704	95,982
Total operating expenses		7,235,680	7,383,558
Operating profit	6	1,502,326	1,539,668
Finance income		21,396	42,960
Finance costs		34,914	41,585
Share of profit (loss) of entities accounted for using the equity method		6,289	12,915
Profit before taxes		1,495,097	1,553,958
Income taxes		453,204	468,266
Profit		¥1,041,893	¥1,085,692
Profit attributable to NTT		831,174	1,030,347
Profit attributable to Non-controlling interests		210,719	55,345
Earnings per share attributable to NTT			
Basic earnings per share (yen)		¥224.07	¥286.08

【Condensed Quarterly Consolidated Statements of Comprehensive Income】

【Nine Months Ended December 31】

		Millions of yen	
	Notes	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021
Profit		¥1,041,893	¥1,085,692
Other comprehensive income (net of tax)	10		
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets measured at fair value through other comprehensive income		215,847	22,623
Share of other comprehensive income of entities accounted for using the equity method		577	(487)
Remeasurements of defined benefit plans		53	(2)
Total of items that will not be reclassified to profit or loss		216,477	22,134
Items that may be reclassified to profit or loss			
Cash flow hedges		2,927	13,421
Hedges cost		1,076	7,962
Foreign currency translation adjustments		(2,541)	45,575
Share of other comprehensive income of entities accounted for using the equity method		6,216	184
Total of items that may be reclassified to profit or loss		7,678	67,142
Total other comprehensive income (net of tax)		224,155	89,276
Total comprehensive income		¥1,266,048	¥1,174,968
Comprehensive income attributable to NTT	10	1,014,803	1,090,787
Comprehensive income attributable to Non-controlling interests	10	251,245	84,181

【Condensed Quarterly Consolidated Statements of Profit or Loss】
【Three Months Ended December 31】

Millions of yen

	Notes	Three Months Ended December 31, 2020	Three Months Ended December 31, 2021
Operating revenues	6, 11	¥3,026,642	¥3,035,579
Operating expenses			
Personnel expenses		610,462	647,957
Expenses for purchase of goods and services and other expenses		1,467,344	1,412,132
Depreciation and amortization		379,539	388,304
Loss on disposal of property, plant and equipment and intangible assets		44,421	24,681
Impairment losses		331	330
Taxes and dues		30,799	31,783
Total operating expenses		2,532,896	2,505,187
Operating profit	6	493,746	530,392
Finance income		8,053	17,458
Finance costs		11,371	12,635
Share of profit (loss) of entities accounted for using the equity method		(398)	3,449
Profit before taxes		490,030	538,664
Income taxes		143,973	166,323
Profit		¥346,057	¥372,341
Profit attributable to NTT		289,663	354,514
Profit attributable to Non-controlling interests		56,394	17,827
Earnings per share attributable to NTT			
Basic earnings per share (yen)		¥78.21	¥99.36

【Condensed Quarterly Consolidated Statements of Comprehensive Income】
【Three Months Ended December 31】

				Millions of yen		
		Notes	Three Months Ended December 31, 2020	Three Months Ended December 31, 2021		
Profit			¥346,057		¥372,341	
Other comprehensive income (net of tax)		10				
Items that will not be reclassified to profit or loss						
Change in the fair value of financial assets measured at fair value through other comprehensive income						
			91,799		(39,131)	
Share of other comprehensive income of entities accounted for using the equity method						
			518		14	
Remeasurements of defined benefit plans						
			275		—	
Total of items that will not be reclassified to profit or loss			92,592		(39,117)	
Items that may be reclassified to profit or loss						
Cash flow hedges						
			8		14,789	
Hedges cost						
			151		(7,714)	
Foreign currency translation adjustments						
			2,080		38,433	
Share of other comprehensive income of entities accounted for using the equity method						
			3,585		(5,920)	
Total of items that may be reclassified to profit or loss			5,824		39,588	
Total other comprehensive income (net of tax)			98,416		471	
Total comprehensive income			¥444,473		¥372,812	
Comprehensive income attributable to NTT		10	375,383		345,355	
Comprehensive income attributable to Non-controlling interests		10	69,090		27,457	

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

【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	10	—	—	—	—	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	10	—	—	(358,470)	—	—	(358,470)	(151,571)	(510,041)
Transfer to retained earnings	10	—	114,715	(111,784)	—	(2,931)	—	—	—
Purchase and disposal of treasury stock	10	—	0	—	88,741	—	88,741	—	88,741
Changes in ownership interest in subsidiaries without loss of control	10	—	(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	10	—	(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

【Nine Months Ended December 31, 2021】

Millions of yen

	NTT Shareholders' Equity						Non – controlling interests	Total equity	
	Notes	Common stock	Additional paid – in capital	Retained earnings	Treasury stock	Other components of equity			Total
As of March 31, 2021		¥937,950	¥–	¥7,068,008	¥(704,793)	¥261,542	¥7,562,707	¥640,336	¥8,203,043
Comprehensive income									
Profit		–	–	1,030,347	–	–	1,030,347	55,345	1,085,692
Other comprehensive income	10	–	–	–	–	60,440	60,440	28,836	89,276
Total comprehensive income		–	–	1,030,347	–	60,440	1,090,787	84,181	1,174,968
Transactions with owners and other transactions									
Dividends of surplus	10	–	–	(396,963)	–	–	(396,963)	(16,614)	(413,577)
Transfer to retained earnings	10	–	6,704	3,012	–	(9,716)	–	–	–
Purchase and disposal of treasury stock	10	–	1	–	(253,433)	–	(253,432)	–	(253,432)
Cancellation of treasury stock	10	–	(1,292)	(730,623)	731,915	–	–	–	–
Changes in ownership interest in subsidiaries without loss of control	10	–	(1,789)	–	–	–	(1,789)	(4,324)	(6,113)
Share-based compensation transactions		–	(3,403)	–	–	–	(3,403)	29	(3,374)
Put options granted to non-controlling interests	10	–	(65)	–	–	–	(65)	(272)	(337)
Other		–	(156)	80	–	–	(76)	(132)	(208)
Total Transactions with owners and other transactions		–	–	(1,124,494)	478,482	(9,716)	(655,728)	(21,313)	(677,041)
As of December 31, 2021		¥937,950	¥–	¥6,973,861	¥(226,311)	¥312,266	¥7,997,766	¥703,204	¥8,700,970

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

	Millions of yen	
Notes	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021
Cash flows from operating activities		
Profit	¥1,041,893	¥1,085,692
Depreciation and amortization	1,121,332	1,157,904
Impairment losses	2,012	1,581
Share of loss (profit) of entities accounted for using the equity method	(6,289)	(12,915)
Losses on retirement of property, plant and equipment and intangible assets	43,140	34,056
Gain on sales of property, plant and equipment and intangible assets	(7,614)	(14,729)
Income taxes	453,204	468,266
Decrease (increase) in trade and other receivables	7 (251,903)	(35,661)
Decrease (increase) in inventories	(108,417)	(35,528)
Decrease (increase) in other current assets	(152,124)	(79,450)
Increase (decrease) in trade and other payables / accrued payroll	(14,114)	(179,697)
Increase (decrease) in other current liabilities	(70,502)	(93,579)
Increase (decrease) in defined benefit liabilities	34,994	33,900
Increase (decrease) in other non-current liabilities	29,384	(8,671)
Other, net	(16,662)	(68,365)
Sub-total	2,098,334	2,252,804
Interest and dividends received	59,451	67,708
Interest paid	(30,126)	(36,700)
Income taxes paid	(429,630)	(407,088)
Net cash provided by (used in) operating activities	1,698,029	1,876,724
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(1,328,114)	(1,294,788)
Purchase of investments	(365,151)	(101,292)
Proceeds from sale or redemption of investments	32,720	41,941
Proceeds from loss of control of subsidiaries	57,127	15,808
Acquisition of subsidiaries, net of cash acquired	(15,345)	(111,692)
Net decrease (increase) loan receivable	110,021	7,375
Other, net	(1,393)	30,928
Net cash provided by (used in) investing activities	(1,510,135)	(1,411,720)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,854,294	(1,077,747)
Proceeds from increases in long-term borrowings	9 1,254,321	1,682,448
Repayment of long-term borrowings	9 (211,767)	(358,237)
Repayment of lease liabilities	(148,470)	(148,759)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(3,187,577)	(16,025)
Dividends paid	(358,470)	(396,963)
Dividends paid to non-controlling interests	(150,946)	(16,567)
Purchase of treasury stock	(111,347)	(253,487)
Proceeds from sale of treasury stock	200,022	9
Other, net	1,113	818
Net cash provided by (used in) financing activities	141,173	(584,510)
Effect of exchange rate change on cash and cash equivalents	(9,748)	10,146

Millions of yen

	Notes	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021
Net increase (decrease) in cash and cash equivalents		319,319	(109,360)
Cash and cash equivalents at the beginning of the year	7	1,033,574	935,727
Cash and cash equivalents at the end of the period	7	¥1,352,893	¥826,367

【Notes to Condensed Quarterly Consolidated Financial Statements】

1. Reporting Entity

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

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

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 President and Chief Executive Officer Jun Sawada and Senior Executive Vice President and Chief Financial Officer Akira Shimada on February 7, 2022.

Since the statements do not include all the information and disclosures required for a complete set of financial statements, it should be read in conjunction with the consolidated financial statements for the year ended March 31, 2021.

(2) Basis for Measurement

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

(3) Functional Currency and Presentation Currency

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

3. Significant Accounting Policies

The accounting policies applied on the condensed quarterly consolidated financial statements are consistent with those applied on the consolidated financial statements for the year ended March 31, 2021.

4. Significant Accounting Estimates and Judgments Involving Estimates

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

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

The significant accounting judgements, estimates, and assumptions made in preparing the condensed consolidated financial statements are consistent with those made in preparing the consolidated financial statements for the year ended March 31, 2021.

As for the spread of the COVID-19 pandemic, as described in the section entitled "Risk Factors" in NTT's Annual Securities Report for the fiscal year ended March 31, 2021, as a result of the prolonged spread of the pandemic, it is possible that NTT Group's business activities will be materially affected, including through the reduction of its customers' business activities which may cause reductions in systems integration orders and in sales of various services and delays in planned construction. Furthermore, even after the abatement of the pandemic, it is possible that people's daily lives and the workstyles of businesses will significantly change, which may, as a result, impact NTT Group's business results and financial position. However, there was no material impact on the company's accounting estimates and judgements involving estimates at the end of the nine months ended December 31, 2021.

5. New Standards Not Yet Applied

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

6. Segment Information

NTT Group's business segments are as follows, for which discrete financial information is available and whose operating results are utilized by NTT Group's management to make decisions about the allocation of resources and to assess business performance.

Services included in each segment are as follows:

Mobile communications business segment

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

Regional communications business segment

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

Long distance and international communications business segment

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

Data communications business segment

System integration services

Other business segment

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

Operating Revenues

Nine Months Ended December 31

(Millions of yen)

	Nine Months Ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 2021)
Mobile Communications Business		
Transactions with external customers	¥3,466,129	¥3,453,085
Inter-segment transactions	46,989	64,367
Subtotal	3,513,118	3,517,452
Regional Communications Business		
Transactions with external customers	1,785,989	1,826,736
Inter-segment transactions	518,612	525,140
Subtotal	2,304,601	2,351,876
Long Distance and International Communications Business		
Transactions with external customers	1,433,161	1,431,005
Inter-segment transactions	73,906	77,062
Subtotal	1,507,067	1,508,067
Data Communications Business		
Transactions with external customers	1,561,016	1,733,891
Inter-segment transactions	97,380	114,317
Subtotal	1,658,396	1,848,208
Other Business		
Transactions with external customers	491,711	478,509
Inter-segment transactions	588,678	607,929
Subtotal	1,080,389	1,086,438
Elimination of inter-segment transactions	(1,325,565)	(1,388,815)
Total	¥8,738,006	¥8,923,226

Three Months Ended December 31

(Millions of yen)

	Three Months Ended December 31, 2020 (October 1, 2020 - December 31, 2020)	Three Months Ended December 31, 2021 (October 1, 2021 - December 31, 2021)
Mobile Communications Business		
Transactions with external customers	¥1,215,950	¥1,175,372
Inter-segment transactions	14,648	25,831
Subtotal	1,230,598	1,201,203
Regional Communications Business		
Transactions with external customers	625,669	610,162
Inter-segment transactions	175,625	174,357
Subtotal	801,294	784,519
Long Distance and International Communications Business		
Transactions with external customers	478,602	483,504
Inter-segment transactions	25,124	26,964
Subtotal	503,726	510,468
Data Communications Business		
Transactions with external customers	541,697	597,898
Inter-segment transactions	36,582	38,231
Subtotal	578,279	636,129
Other Business		
Transactions with external customers	164,724	168,643
Inter-segment transactions	209,942	207,828
Subtotal	374,666	376,471
Elimination of inter-segment transactions	(461,921)	(473,211)
Total	¥3,026,642	¥3,035,579

Segment profit or loss

Nine Months Ended December 31

(Millions of yen)

	Nine Months Ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 2021)
Segment profit		
Mobile Communications Business	¥821,764	¥769,625
Regional Communications Business	389,165	434,707
Long Distance and International Communications Business	120,442	108,514
Data Communications Business	106,911	167,088
Other Business	80,792	83,687
Total	¥1,519,074	¥1,563,621
Elimination of inter-segment transactions	(16,748)	(23,953)
Operating profit	¥1,502,326	¥1,539,668
Finance income	21,396	42,960
Finance costs	34,914	41,585
Share of profit of entities accounted for using the equity method	6,289	12,915
Profit before taxes	¥1,495,097	¥1,553,958

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

Three Months Ended December 31

(Millions of yen)

	Three Months Ended December 31, 2020 (October 1, 2020 - December 31, 2020)	Three Months Ended December 31, 2021 (October 1, 2021 - December 31, 2021)
Segment profit		
Mobile Communications Business	¥258,161	¥273,297
Regional Communications Business	133,296	144,177
Long Distance and International Communications Business	40,921	38,450
Data Communications Business	43,090	57,951
Other Business	27,367	27,366
Total	¥502,835	¥541,241
Elimination of inter-segment transactions	(9,089)	(10,849)
Operating profit(loss)	¥493,746	¥530,392
Finance income	8,053	17,458
Finance costs	11,371	12,635
Share of profit of entities accounted for using the equity method	(398)	3,449
Profit before taxes	¥490,030	¥538,664

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

During the first nine 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 third quarter ended December 31, 2020 and 2021.

The last days of nine months ended December 31, 2020 and nine months ended December 31, 2021 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, 2021	As of December 31, 2021
(Condensed Quarterly Consolidated Statement of Financial Position)		
Cash and cash equivalents	¥—	¥(228,760)
Trade and other receivables	—	228,760

	(Millions of yen)	
	Nine Months Ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 2021)
(Condensed Quarterly Consolidated Statement of Cash Flows)		
Decrease (increase) in trade and other receivables	¥(236,530)	¥(228,760)
Cash and cash equivalents as of April 1	—	—
Cash and cash equivalents as of December 31	(236,530)	(228,760)

8. Property, Plant and Equipment

Component of Property, plant and equipment

	Millions of yen	
	As of March 31, 2021	As of December 31, 2021
Telecommunications equipment	¥10,962,442	¥11,106,559
Telecommunications service lines	16,658,931	16,765,086
Buildings and structures	5,707,173	5,775,375
Machinery, tools and fixtures	2,481,759	2,569,123
Land	710,991	731,190
Construction in progress	518,769	586,101
Subtotal	37,040,065	37,533,434
Accumulated depreciation and impairment losses	(27,757,779)	(28,148,144)
Property, plant and equipment - total	¥9,282,286	¥9,385,290

9. Corporate Bonds

Details of corporate bonds transactions

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

Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT Finance Corporation	5th series of Eurodollar bonds	U.S.\$750 million	1.90%	July 21, 2016	July 21, 2021
Redemption	Nippon Telegraph and Telephone Corporation	62nd series of NTT bonds	¥70,000 million	1.02%	November 28, 2011	September 17, 2021
Redemption	NTT Finance Corporation	7th series of bonds (Former NTT Urban Development Corporation 11th series of bonds)	¥10,000 million	1.12%	March 31, 2020	September 17, 2021
Redemption	NTT Finance Corporation	1st series of bonds	¥20,000 million	0.05%	March 1, 2017	December 20, 2021
Issuance	NTT Finance Corporation	1st series of bonds (Only for Qualified Institutional Investors)	¥50,000 million	0.10%	June 28, 2021	June 19, 2026
Issuance	NTT Finance Corporation	2nd series of bonds (Only for Qualified Institutional Investors)	¥30,000 million	0.22%	June 28, 2021	June 20, 2030
Issuance	NTT Finance Corporation	3rd series of bonds (Only for Qualified Institutional Investors)	¥20,000 million	0.25%	June 28, 2021	June 20, 2031
Issuance	NTT Finance Corporation	4th series of bonds (Only for Qualified Institutional Investors)	¥30,000 million	0.21%	September 29, 2021	September 20, 2030
Issuance	NTT Finance Corporation	5th series of bonds (Only for Qualified Institutional Investors)	¥20,000 million	0.24%	September 29, 2021	September 19, 2031
Issuance	NTT Finance Corporation	20th series of bonds (Green bond)	¥100,000 million	0.001%	October 28, 2021	October 28, 2024
Issuance	NTT Finance Corporation	21st series of bonds (Green bond)	¥100,000 million	0.10%	October 28, 2021	September 18, 2026
Issuance	NTT Finance Corporation	22nd series of bonds (Green bond)	¥100,000 million	0.27%	October 28, 2021	September 19, 2031
Issuance	minacolor, Inc.	1st series of convertible-bonds (Subordinated bond)	¥587 million	-	October 29, 2021	October 29, 2031
Issuance	NTT Finance Corporation	22nd series of Euro bonds (Green bond)	€ 650 million	0.082%	December 13, 2021	December 13, 2025

Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)						
Issuance	NTT Finance Corporation	23rd series of Euro bonds (Green bond)	€ 850 million	0.399%	December 13, 2021	December 13, 2028

10. Equity and Other Equity Items

(1) Issued Shares and Treasury Stock

Reconciliation of the number of issued shares and treasury stock

	Issued Shares	Treasury Stock
As of April 1, 2020	3,900,788,940	265,592,712
Purchase of treasury stock under resolution of the board of directors	—	93,906,900
Repurchase of treasury stock based on less-than-one-unit share purchase demand	—	62,528
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(10,456)
Disposal of treasury stock through third-party allotment	—	(80,775,400)
As of March 31, 2021	3,900,788,940	278,776,284
Purchase of treasury stock under resolution of the board of directors	—	79,358,500
Repurchase of shares based on less-than-one-unit share purchase demand	—	92,144
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	—	(3,032)
Cancellation of treasury stock	(278,776,284)	(278,776,284)
As of December 31, 2021	3,622,012,656	79,447,612

In addition to the above, 1,089,760 shares held by the BIP trust are recorded as “treasury stock” in Condensed Consolidated Financial Statements.

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

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 repurchase amount (million yen)	Status of repurchase
November 6, 2020	From November 11, 2020 to March 31, 2021	120	¥250,000	From November 2020 to February 2021	93,906,900	¥250,000	Concluded
August 6, 2021	From August 10, 2021 to March 31, 2022	100	¥250,000	From August 2021 to December 2021	79,358,500	¥250,000	Concluded

(2) Put Options Granted to Non-Controlling Interests

With regard to written put options for subsidiary shares granted by NTT Group to the owners of non-controlling interests, the amounts deducted from additional paid-in capital were ¥13,567 million and ¥13,749 million, respectively, as at March 31, 2021 and December 31, 2021.

(3) Other Components of Equity

The details and changes in other components of equity

Nine Months Ended December 31, 2020

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Hedges cost	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
As of March 31, 2020	¥48,103	¥(5,957)	¥442	¥—	¥(18,680)	¥23,908
Other comprehensive income	168,319	2,387	1,153	(400)	12,170	183,629
Transfer to retained earnings	(3,331)	—	—	400	—	(2,931)
As of December 31, 2020	¥213,091	¥(3,570)	1,595	¥—	¥(6,510)	¥204,606

Nine Months Ended December 31, 2021

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Hedges cost	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
As of March 31, 2021	¥228,114	¥(8,668)	¥(16,135)	¥—	¥58,231	¥261,542
Other comprehensive income	8,699	12,828	7,916	(1,155)	32,152	60,440
Transfer to retained earnings	(10,871)	—	—	1,155	—	(9,716)
As of December 31, 2021	¥225,942	¥4,160	¥(8,219)	¥—	¥90,383	¥312,266

(4) Dividends

The amount of dividends paid out in the nine months ended December 31, 2020 and 2021

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
June 23, 2020 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	¥172,672	¥47.5	March 31, 2020	June 24, 2020
November 6, 2020 Board of Directors	Common shares	Retained earnings	185,798	50	September 30, 2020	December 8, 2020
June 24, 2021 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	199,211	55	March 31, 2021	June 25, 2021
November 10, 2021 Board of Directors*	Common shares	Retained earnings	¥197,752	¥55	September 30, 2021	December 13, 2021

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

(5) Equity Transactions with Non-controlling Interests

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

(6) Other

According to the 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.

11. Operating Revenues

Relationship between Components of Revenues and Segment Revenues

Nine Months Ended December 31,2020

(Millions of yen)

		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	¥-	¥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

Nine Months Ended December 31,2021

(Millions of yen)

		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	¥-	¥571,637	¥115,388	¥-	¥-	¥687,025
	Mobile voice related services	826,083	-	-	-	-	826,083
	IP/packet communications services	1,427,966	870,315	300,659	-	-	2,598,940
	Sales of telecommunication s equipment	441,106	49,303	5,741	-	-	496,150
	System integration services	-	119,893	957,996	1,733,891	43,525	2,855,305
	Other services	757,930	215,588	51,221	-	434,984	1,459,723
	Total	¥3,453,085	¥1,826,736	¥1,431,005	¥1,733,891	¥478,509	¥8,923,226

Three Months Ended December 31,2020

(Millions of yen)

		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	¥—	¥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 s 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

Three Months Ended December 31,2021

(Millions of yen)

		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	¥—	¥191,709	¥38,759	¥—	¥—	¥230,468
	Mobile voice related services	271,451	—	—	—	—	271,451
	IP/packet communications services	466,682	290,059	99,199	—	—	855,940
	Sales of telecommunication s equipment	177,920	15,724	2,193	—	—	195,837
	System integration services	—	42,289	326,393	597,898	15,726	982,306
	Other services	259,319	70,381	16,960	—	152,917	499,577
	Total	¥1,175,372	¥610,162	¥483,504	¥597,898	¥168,643	¥3,035,579

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.

12. Financial Instruments

(1) Continuing Involvement in Derecognized Financial Asset

Credit card receivables

NTT group concluded an agreement for the transfer to third parties of the rights to receive cash flows from credit card receivables (Trade and other receivables) up to March 31, 2022, and transferred the rights on June 29, 2021, September 29 and December 27, 2021 during nine months ended December 31, 2021.

The credit card receivables subject to the transfer are separated into senior, mezzanine and sub-ordinated portions based on the risk of default. For the mezzanine portion, NTT group deposits cash for the third parties and bears the credit risk.

Although NTT group bears the credit risk for the mezzanine portion as stated above, the credit risk assumed by the NTT group is insignificant because the default risk is highly likely to be absorbed by the sub-ordinated portion. NTT group is also properly monitoring the default risk by tracking the actual collection of the transferred receivables as adequate. The rights to claim over the third parties for the portion of cash deposit are recognized as “Trade and other receivables” in the condensed quarterly consolidated statement of financial position. The fair value of the cash deposit portion is same as its book value.

In the fiscal year ended March 31, 2021 and nine months ended December 31, 2021, NTT group derecognized the transferred assets because substantially all the risks and rewards of ownership was transferred to third parties. The largest transaction was carried out on December 27, 2021, treated the transactions as sales transactions as below.

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Amount of credit card receivables derecognized	¥ 333,333	¥477,725
Amount of the portion with cash deposit	33,000	47,295
Considerations received for the transfer of asset	299,964	429,945

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

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

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2021 and December 31, 2021 are ¥33,000 million and ¥47,295 million, which represent the total amount of cash deposits provided by the NTT group to the third parties. No credit losses were incurred in the nine months of the previous fiscal year and of the current fiscal year.

Telecommunications terminal equipment installment sales receivables

During nine months ended December 31, 2021, NTT group concluded an agreement for the transfer to third parties of financial assets arising from telecommunications terminal equipment installment sales receivables (Trade and other receivables), and transferred them on September 17, 2021.

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

Although NTT group bears the credit risk for the mezzanine portion as stated above, the credit risk assumed by the NTT group is insignificant because the default risk is highly likely to be absorbed by the sub-ordinated portion. NTT group is also properly monitoring the default risk by tracking the actual collection of the transferred receivables as adequate. The rights to receive cash flows for the mezzanine portion are recognized as “Trade and other receivables” and “Other financial assets” in the condensed quarterly consolidated statement of financial position. The fair value of the rights to receive cash flows for the mezzanine portion is same as its book value.

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

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Amount of telecommunications terminal equipment installment sales receivables derecognized	¥ 56,020	¥247,721
Amount of the mezzanine portion NTT group holds	5,744	25,256
Considerations received for the transfer of asset	50,088	220,458

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

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

The maximum amount of exposure to losses pertaining to this matter as of March 31, 2021 and December 31, 2021 are ¥5,744 million and ¥26,898 million, which represents the total amount of the rights to receive cash flows for the mezzanine portion which NTT holds. No credit losses were incurred in the nine months of the previous fiscal year and of the current fiscal year.

(2) Fair Value of Financial Instruments

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

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

(Millions of yen)

	Year Ended March 31, 2021		Nine Months Ended December 31, 2021	
	Carrying amount	Fair Value	Carrying amount	Fair value
Long-term borrowings (including current portion or balance due within 1 year)	¥4,857,589	¥4,841,728	¥6,317,640	¥6,293,749

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

With the exception of the above-mentioned items, the financial instruments not measured at fair value are not included in the table, because their carrying amounts approximate their fair values. The measurement methods of fair value are consistent with those applied in the consolidated financial statements for the fiscal year ended March 31, 2021.

(ii) Fair Value Measurement

Assets and liabilities measured at fair value

As of March 31, 2021

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Investments in capital	¥-	¥4,852	¥44,650	¥49,502
Loans receivables	-	11,670	-	11,670
Derivatives financial assets				
Applied hedge accounting	-	23,068	-	23,068
Not applied hedge accounting	-	1,973	-	1,973
Financial assets measured at fair value through other comprehensive income				
Equity securities	982,619	-	60,762	1,043,381
Total	¥982,619	¥41,563	¥105,412	¥1,129,594
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	-	23,463	-	23,463
Not applied hedge accounting	-	2,729	-	2,729
Total	¥-	¥26,192	¥-	¥26,192

As of December 31, 2021

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit/loss				
Investments in capital	¥—	¥7,604	¥47,418	¥55,022
Derivatives financial assets				
Applied hedge accounting	—	62,809	—	62,809
Not applied hedge accounting	—	2,323	—	2,323
Financial assets measured at fair value through other comprehensive income				
Equity securities	960,790	—	67,176	1,027,966
Total	¥960,790	¥72,736	¥114,594	¥1,148,120
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	—	15,402	—	15,402
Not applied hedge accounting	—	2,662	—	2,662
Total	¥—	¥18,064	¥—	¥18,064

1. In the nine months ended December 31, 2021, 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, 2021.

The valuation techniques to measure fair value of financial instruments are consistent with those applied on the consolidated financial statements for the year ended March 31, 2021.

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

13. Subsequent Events

Subscribing to the tender offer of Recruit Holdings Co., Ltd.

On January 28, 2022, NTT DATA resolved to enter into a subscription agreement with Recruit Holdings Co., Ltd. ("RHC") concerning RHC's tender offer of treasury shares ("Tender Offer") at its board of directors meeting.

(1) Reasons for subscribing to the Tender Offer

As part of its efforts to review its strategic shareholdings (cross-shareholdings), NTT DATA and RHC have been internally discussing the partial sale of its RHC shares. While examining the optimal capital relationship between the two companies, NTT DATA received a proposal from RHC for subscribing to the Tender Offer, and as a result of the examination of the contents of the proposal, NTT DATA decided to subscribe to the Tender Offer, as the conditions, such as the tender offer price, are considered appropriate.

(2) Status of shares held before and after the Tender Offer

Number of shares held before the Tender Offer	28,350,000 shares
Number of shares to be tendered through the Tender Offer	19,700,000 shares
Number of shares held after the Tender Offer	8,650,000 shares

(Note) Number of shares held after the Tender Offer indicates the number of shares held in the event that the Tender Offer is completed and all 19,700,000 shares of RHC common stock tendered by NTT DATA are purchased by RHC. Since the maximum number of shares to be purchased by RHC is set at 34,000,000 shares in the Tender Offer, it is possible that all 19,700,000 shares to be tendered by NTT DATA may not be purchased, depending on the tendering status of other shareholders of RHC.

(3) Purchase Price of the Tender Offer

4,581 JPY per share

(4) Schedule of the Tender Offer (Planned)

Public Notice of Commencement of Tender Offer	January 31, 2022
Tender Offer Period	From January 31, 2022 to March 1, 2022
Settlement Commencement Date	March 24, 2022

(5) Impact on NTT group's performance

In the case the Tender Offer will be successfully closed and a portion of the shares of RHC will be transferred, as NTT group classifies the shares as "Financial assets measured at fair value through other comprehensive income", the profit or loss on sale of the shares will not be recorded in a consolidated profit and loss statement. The effects of the Tender Offer will be recorded in a consolidated statement of comprehensive income statement in the account title of "Change in the fair value of financial assets measured at fair value through other comprehensive income"