

# Interim Consolidated Financial Statements (Unaudited)

For the Nine Months Ended December 31, 2023

<Under Japanese GAAP>

NTT FINANCE CORPORATION

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NTT FINANCE CORPORATION and Consolidated Subsidiaries

Interim Consolidated Balance Sheets  
December 31, 2023 as compared with March 31, 2023—Unaudited

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)	LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	December 31, 2023	March 31, 2023	December 31, 2023		December 31, 2023	March 31, 2023	December 31, 2023
<b>CURRENT ASSETS:</b>				<b>CURRENT LIABILITIES:</b>			
Cash and cash equivalents	¥ 244,370	¥ 290,025	\$ 1,722,979	Short-term bank loans	¥ 471,786	¥ 400,169	\$ 3,326,420
Trade accounts receivable:				Current portion of long-term borrowings	341,773	60,797	2,409,741
Loans	9,216,931	8,724,163	64,985,771	Current portion of bonds	309,250	329,601	2,180,430
Credit cards	55,704	59,295	392,753	Commercial papers	1,330,341	600,605	9,379,831
Billing	301,902	93,913	2,128,619	Accounts payable - other	477,152	427,968	3,364,255
Allowance for doubtful receivables	(35,402)	(21,072)	(249,614)	Accrued income taxes	3,730	230	26,306
Investments in venture businesses	8,331	6,912	58,742	Deposits received	1,045,036	1,811,338	7,368,233
Other	66,028	47,727	465,549	Deposits received from shareholders, directors or employees	150	106	1,057
				Other	21,078	11,845	148,614
Total current assets	9,857,866	9,200,965	69,504,802	Total current liabilities	4,000,299	3,642,663	28,204,891
PROPERTY AND EQUIPMENT, NET:	5,677	5,720	40,031				
INTANGIBLE ASSETS—Assets held for own use	6,781	6,869	47,815	<b>LONG-TERM LIABILITIES:</b>			
INVESTMENTS AND OTHER ASSETS:				Bonds (Note 6)	3,097,230	2,697,794	21,837,625
Investment securities	17,017	16,465	119,986	Long-term borrowings	2,699,988	2,805,261	19,036,796
Other	19,408	18,642	136,840	Provision for loss on system use agreements	1,204	1,752	8,489
Allowance for doubtful receivables	(481)	(467)	(3,393)	Defined benefit liability	19,223	18,346	135,541
Total investments and other assets	35,944	34,641	253,433	Asset retirement obligations	1,318	1,315	9,298
DEFERRED ASSETS				Other	666	302	4,696
Deferred charges	6,384	6,316	45,016	Total long-term liabilities	5,819,631	5,524,771	41,032,446
Total deferred assets	6,384	6,316	45,016	Total liabilities	9,819,931	9,167,435	69,237,338
				<b>NET ASSETS:</b>			
TOTAL ASSETS	¥ 9,912,654	¥ 9,254,513	\$ 69,891,099	Shareholders' equity (Note 4):			
See notes to interim consolidated financial statements.				Common stock—authorized, 80,000 shares; issued, 51,960 shares as of December 31 and March 31, 2023	16,770	16,770	118,246
				Capital surplus	15,950	15,950	112,461
				Retained earnings	51,780	46,993	365,091
				Treasury stock; 595 shares as of December 31 and March 31, 2023	(1,126)	(1,126)	(7,946)
				Total shareholders' equity	83,375	78,588	587,854
				Accumulated other comprehensive income/(loss):			
				Unrealized gain/(loss) on available-for-sale securities	2,783	2,374	19,625
				Deferred gain/(loss) on hedges	(388)	-	(2,737)
				Foreign currency translation adjustments	3,323	2,203	23,434
				Remeasurements of defined benefit plans	3,628	3,912	25,582
				Total accumulated other comprehensive income/(loss)	9,347	8,490	65,906
				Total net assets	92,722	87,078	653,760
				TOTAL LIABILITIES AND NET ASSETS	¥ 9,912,654	¥ 9,254,513	\$ 69,891,099

NTT FINANCE CORPORATION and Consolidated Subsidiaries

Interim Consolidated Statements of Income  
 Nine-Month Periods Ended December 31, 2023 and 2022—Unaudited

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Nine-Month Period Ended December 31		Nine-Month Period Ended December 31
	2023	2022	2023
REVENUE (Note 10):	¥ 225,290	¥ 166,688	\$ 1,588,455
COST OF SALES	128,791	87,215	908,067
Gross profit/(loss)	96,499	79,473	680,387
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	81,062	65,850	571,546
Operating income/(loss) (Note 10)	15,436	13,622	108,841
OTHER INCOME:			
Interest income	-	0	-
Dividend income	23	21	168
Foreign exchange gain	866	1,104	6,110
Share of profit of equity-accounted investees	1,176	1,466	8,296
Other	61	25	431
Total other income	2,128	2,617	15,007
OTHER EXPENSES:			
Interest expense	39	19	278
Loss on retirement of assets held for own use	60	111	428
Other	7	2	49
Total other expenses	107	134	757
EXTRAORDINARY LOSSES:			
Loss on termination of card business service	66	309	470
Total extraordinary losses	66	309	470
PROFIT/(LOSS) BEFORE INCOME TAXES	17,391	15,796	122,620
INCOME TAXES	5,280	4,397	37,233
PROFIT/(LOSS)	12,110	11,398	85,387
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	¥ 12,110	¥ 11,398	\$ 85,387

**NTT FINANCE CORPORATION and Consolidated Subsidiaries**

**Interim Consolidated Statements of Income**

**Nine-Month Periods Ended December 31, 2023 and 2022—Unaudited**

	Yen		U.S. Dollars (Note 1)
	Nine-Month Period Ended December 31		Nine-Month Period Ended December 31
	2023	2022	2023
<b>PER SHARE OF COMMON STOCK:</b>			
Weighted average number of shares outstanding	51,365	51,365	
Basic earnings per share	¥ 235,772.41	¥ 221,913.92	\$ 1,662.36

See notes to interim consolidated financial statements.

**NTT FINANCE CORPORATION and Consolidated Subsidiaries**

**Interim Consolidated Statements of Comprehensive Income  
Nine-Month Periods Ended December 31, 2023 and 2022—Unaudited**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Nine-Month Period Ended December 31		Nine-Month Period Ended December 31
	2023	2022	2023
PROFIT/(LOSS)	¥ 12,110	¥ 11,398	\$ 85,387
OTHER COMPREHENSIVE INCOME/(LOSS):			
Unrealized gain/(loss) on available-for-sale securities	367	(85)	2,588
Deferred gain/(loss) on hedges	(388)	-	(2,737)
Foreign currency translation adjustments	848	501	5,981
Remeasurements of defined benefit plans	(283)	(174)	(2,000)
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	313	128	2,210
Total other comprehensive income/(loss)	857	369	6,044
COMPREHENSIVE INCOME/(LOSS)	¥ 12,967	¥ 11,768	\$ 91,431
Comprehensive income/(loss) attributable to:			
Owners of parent	¥ 12,967	¥ 11,768	\$ 91,431
Non-controlling interests	-	-	-

See notes to interim consolidated financial statements.

# NTT FINANCE CORPORATION and Consolidated Subsidiaries

## Notes to Interim Consolidated Financial Statements—Unaudited

### 1. BASIS OF PRESENTATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NTT FINANCE CORPORATION (the “Company”) maintains its books of account in accordance with the provisions set forth in the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accompanying interim consolidated financial statements have been compiled from the interim consolidated financial statements that were filed with the Director of the Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Act of Japan. In preparing the accompanying interim consolidated financial statements, certain reclassifications and rearrangements have been made to the interim consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accounting standard for quarterly financial statements requires companies to prepare a set of interim consolidated financial statements for each quarter comprised of the consolidated balance sheet as of the current quarter-end and the consolidated statements of income, comprehensive income and cash flows for the year-to-date period. Consolidated statements of changes in net assets are not required.

Effective April 1, 2011, under the revised accounting standard for quarterly financial statements, the year-to-date consolidated statements of cash flows for the first quarter and the third quarter are not required but may be prepared at the company’s option. In addition, the consolidated statements of income and comprehensive income for the current quarter are not required but may be prepared at the company’s option.

The consolidated statements of cash flows and changes in net assets are not presented herein.

The accompanying interim consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. As permitted by the regulations under the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying interim consolidated financial statements in yen do not necessarily agree with the sums of the individual amounts.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, as a matter of arithmetic computation only, and has been made at the rate of ¥141.83 to \$1.00, the approximate rate of exchange at December 31, 2023, and then the translated amounts have been rounded down to the nearest thousand. As a result, the totals shown in the accompanying interim consolidated financial statements in U.S. dollar do not necessarily agree with the sums of the individual amounts. Such translation should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

### 2. SIGNIFICANT ACCOUNTING POLICIES

Substantially the same accounting policies have been followed in these interim consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended March 31, 2023.

### 3. SECURITIES, INVESTMENT SECURITIES AND INVESTMENTS IN VENTURE BUSINESSES

The amounts of securities, investment securities and investments in venture businesses including carrying amounts on the accompanying interim consolidated balance sheet as of December 31, 2023 do not change significantly compared to those as of March 31, 2023.

### 4. EQUITY

#### Dividends

The following dividends are paid during the nine-month periods ended December 31, 2023 and 2022:

#### (1) Dividends paid in cash

Nine-Month Period Ended December 31, 2023								
Resolution	Class of Shares	Total Dividends (Millions of Yen)	Total Dividends (Thousands of U.S. Dollars)	Dividends per Share (Yen)	Dividends per Share (U.S. Dollars)	Record Date	Effective Date	Source of Dividends
Annual shareholders' meeting held on June 16, 2023	Common stock	¥ 7,299	\$ 51,464	¥ 142,106	\$ 1,001.95	March 31, 2023	June 19, 2023	Retained earnings

Nine-Month Period Ended December 31, 2022								
Resolution	Class of Shares	Total Dividends (Millions of Yen)	Dividends per Share (Yen)	Record Date	Effective Date	Source of Dividends		
Annual shareholders' meeting held on June 17, 2022	Common stock	¥ 2,814	¥ 54,798	March 31, 2022	June 20, 2022	Retained earnings		

#### (2) Dividends paid other than in cash

Nine-Month Period Ended December 31, 2023									
Resolution	Class of Shares	Class of Dividend Property	Carrying Amount of Dividend Property (Millions of Yen)	Carrying Amount of Dividend Property (Thousands of U.S. Dollars)	Dividends per Share (Yen)	Dividends per Share (U.S. Dollars)	Record Date	Effective Date	Source of Dividends
Extraordinary shareholders' meeting held on April 21, 2023	Common stock	Available-for-sale securities	¥ 24	\$ 169	¥ -	\$ -	April 21, 2023	May 12, 2023	Retained earnings

Nine-Month Period Ended December 31, 2022									
Resolution	Class of Shares	Class of Dividend Property	Carrying Amount of Dividend Property (Millions of Yen)	Dividends per Share (Yen)	Record Date	Effective Date	Source of Dividends		
Annual shareholders' meeting held on June 17, 2022	Common stock	Available-for-sale securities	¥ 19	¥ -	June 17, 2022	June 30, 2022	Retained earnings		

## 5. DEPRECIATION

Depreciation of assets held for own use for the nine-month periods ended December 31, 2023 and 2022 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Nine-Month Period Ended December 31		Nine-Month Period Ended December 31
	2023	2022	2023
Assets held for own use	¥ 2,933	¥ 5,177	\$ 20,685

## 6. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The amounts of financial instruments including carrying amounts on the accompanying interim consolidated balance sheet as of December 31, 2023 are critical to the business operation of the Company and its subsidiaries and do change significantly compared to those as of March 31, 2023. However, a disclosure is omitted except for bonds as the differences between the carrying amounts and their fair values are immaterial both as of December 31, 2023 and as of March 31, 2023.

December 31, 2023	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Bonds payable	¥ 3,406,480	¥ 3,586,357	¥ 179,876
December 31, 2023	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Bonds payable	\$ 24,018,056	\$25,286,311	\$ 1,268,255
March 31, 2023	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Bonds payable	¥ 3,027,395	¥ 3,049,352	¥ 21,956

### Bonds Payable

The fair value of bonds is estimated based on the Reference Statistical Prices for OTC Bond Transactions.

## 7. DERIVATIVES

The amounts of derivatives including contract amounts as of December 31, 2023 do not change significantly compared to those as of March 31, 2023.

## 8. COMMITMENTS AND CONTINGENCIES

Contingent liabilities as of December 31, 2023 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Guarantees in the ordinary course of business	¥ 59,115



## 9. REVENUE RECOGNITION

The information on disaggregated revenue from contracts with customers is presented in Note 10 on segment information.

## 10. SEGMENT INFORMATION

### *Information about revenue and profit by reportable segment*

The following tables represent information about revenue and profit by reportable segment for the nine-month periods ended December 31, 2023 and 2022.

	Millions of Yen					
	Nine-Month Period Ended December 31, 2023					
	Reportable Segment				Other (Note)	Total
Billing	Credit Card	Accounting and Finance	Total			
Revenue:						
Revenue from contracts with customers	¥ 28,469	¥ 387	¥ 12,256	¥ 41,113	¥ 1,731	¥ 42,845
Other revenue	107,297	4,426	70,721	182,445	-	182,445
Revenue from external customers	135,767	4,813	82,978	223,559	1,731	225,290
Intersegment revenue or transfers	-	41,560	12	41,572	-	41,572
Total	¥ 135,767	¥ 46,374	¥ 82,990	¥ 265,132	¥ 1,731	¥ 266,863
Segment profit	¥ 6,237	¥ 3,019	¥ 11,545	¥ 20,803	¥ 32	¥ 20,836

	Thousands of U.S. Dollars					
	Nine-Month Period Ended December 31, 2023					
	Reportable Segment				Other (Note)	Total
Billing	Credit Card	Accounting and Finance	Total			
Revenue:						
Revenue from contracts with customers	\$ 200,731	\$ 2,731	\$ 86,418	\$ 289,881	\$ 12,205	\$ 302,087
Other revenue	756,521	31,209	498,637	1,286,368	-	1,286,368
Revenue from external customers	957,252	33,941	585,055	1,576,249	12,205	1,588,455
Intersegment revenue or transfers	-	293,032	85	293,117	-	293,117
Total	\$ 957,252	\$ 326,973	\$ 585,140	\$1,869,367	\$ 12,205	\$1,881,572
Segment profit	\$ 43,979	\$ 21,292	\$ 81,404	\$ 146,677	\$ 231	\$ 146,909

Note: “Other” mainly includes revenue and profit arising from services based on the “Outsourcing agreement for common operations” and “System service agreement” concluded between the Company and NTT TC Leasing Co., Ltd. other than reportable segments.

	Millions of Yen					
	Nine-Month Period Ended December 31, 2022					
	Reportable Segment			Total	Other (Note)	Total
Billing	Credit Card	Accounting and Finance				
Revenue:						
Revenue from contracts with customers	¥ 28,926	¥ 382	¥ 7,710	¥ 37,018	¥ 1,642	¥ 38,661
Other revenue	90,295	3,755	33,976	128,027	-	128,027
Revenue from external customers	119,221	4,138	41,686	165,046	1,642	166,688
Intersegment revenue or transfers	-	37,551	17	37,568	-	37,568
Total	¥ 119,221	¥ 41,689	¥ 41,703	¥ 202,615	¥ 1,642	¥ 204,257
Segment profit	¥ 6,745	¥ 3,036	¥ 7,815	¥ 17,596	¥ 16	¥ 17,613

Note: “Other” mainly includes revenue and profit arising from services based on the “Outsourcing agreement for common operations” and “System service agreement” concluded between the Company and NTT TC Leasing Co., Ltd. other than reportable segments.

***Differences between total amounts for reportable segments and amounts in the interim consolidated statements of income and main details of these differences***

	Millions of Yen		Thousands of U.S. Dollars
	Nine-Month Period Ended December 31		Nine-Month Period Ended December 31
	2023	2022	2023
Segment profit:			
Reportable segments total	¥ 20,803	¥ 17,596	\$ 146,677
Profit in “Other”	32	16	231
Corporate expenses (Note)	(5,399)	(3,990)	(38,068)
Operating income in the interim consolidated statements of income	¥ 15,436	¥ 13,622	\$ 108,841

Note: Corporate expenses mainly represent general and administrative expenses not attributable to reportable segments.

***Significant loss on impairment of long-lived assets by reportable segment***

For the nine-month periods ended December 31, 2023 and 2022, there is no applicable information to disclose.

***Significant change in the amount of goodwill by reportable segment***

For the nine-month periods ended December 31, 2023 and 2022, there is no applicable information to disclose.

***Significant gain on bargain purchase by reportable segment***

For the nine-month periods ended December 31, 2023 and 2022, there is no applicable information to disclose.

## 11. SUBSEQUENT EVENTS

There are no significant subsequent events to disclose.

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