

Consolidated Financial Statements

NTT FINANCE CORPORATION AND CONSOLIDATED SUBSIDIARIES

For the Years Ended March 31, 2026 and 2025
Together with Independent Auditor's Report

NTT FINANCE CORPORATION and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2026 and 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)		Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026		2026	2025	2026
ASSETS				LIABILITIES AND NET ASSETS			
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash and deposits	¥ 256,776	¥ 263,129	\$ 1,606,057	Short-term bank loans (Note 7)	¥ 287,454	¥ 216,028	\$ 1,797,940
Trade accounts receivable:				Current portion of long-term borrowings (Notes 7 and 12)	627,981	591,546	3,927,828
Loans (Notes 12 and 18)	13,017,507	9,269,201	81,420,489	Current portion of bonds (Notes 7 and 12)	548,300	452,438	3,429,447
Credit cards	44,283	47,947	276,979	Commercial papers (Note 7)	1,740,167	1,225,816	10,884,211
Billing (Notes 15 and 18)	89,067	98,384	557,092	Lease obligations (Note 7)	15	8	96
Allowance for doubtful receivables	(15,768)	(28,350)	(98,626)	Accounts payable - other (Note 18)	459,415	445,522	2,873,502
Investments in venture businesses (Notes 4 and 12)	11,665	9,901	72,965	Accrued income taxes (Note 10)	2,057	104	12,866
Others (Note 15)	114,370	74,007	715,350	Deposits received (Notes 7 and 18)	456,581	550,334	2,855,776
Total current assets	13,517,903	9,734,221	84,550,308	Deposits received from shareholders, directors or employees (Note 7)	28	19	179
PROPERTY AND EQUIPMENT, NET (Note 5):	9,359	7,194	58,541	Asset retirement obligations	21	81	136
INTANGIBLE ASSETS	14,785	6,444	92,476	Others	73,291	26,891	458,413
INVESTMENTS AND OTHER ASSETS:				Total current liabilities	4,195,314	3,508,794	26,240,398
Investment securities (Notes 4, 6 and 12)	19,166	18,583	119,879	LONG-TERM LIABILITIES:			
Defined benefit asset (Note 8)	2,957	2,429	18,496	Bonds (Notes 7 and 12)	6,576,821	3,562,023	41,135,986
Deferred tax assets (Note 10)	4,605	6,611	28,808	Long-term borrowings (Notes 7 and 12)	2,693,389	2,573,976	16,846,316
Others (Notes 6 and 12)	9,160	8,181	57,298	Lease obligations (Note 7)	47	28	297
Allowance for doubtful receivables	(1,053)	(538)	(6,589)	Provision for loss on system use agreements	749	701	4,684
Total investments and other assets	34,836	35,267	217,891	Defined benefit liability (Note 8)	6,029	10,224	37,715
DEFERRED ASSETS				Asset retirement obligations	1,210	1,171	7,573
Deferred charges	19,431	7,643	121,536	Others (Note 7)	20,293	34,766	126,932
Total deferred assets	19,431	7,643	121,536	Total long-term liabilities	9,298,541	6,182,891	58,159,505
				Total liabilities	13,493,856	9,691,685	84,399,904
				NET ASSETS:			
				Shareholders' equity (Notes 9 and 19):			
				Common stock—authorized, 80,000 shares; issued, 51,960 shares in 2026 and 2025	16,770	16,770	104,897
				Capital surplus	15,950	15,950	99,765
				Retained earnings	53,929	55,748	337,315
				Treasury stock; 595 shares in 2026 and 2025	(1,126)	(1,126)	(7,049)
				Total shareholders' equity	85,524	87,342	534,928
				Accumulated other comprehensive income:			
				Unrealized gain/(loss) on available-for-sale securities	3,216	2,548	20,118
				Deferred gain/(loss) on hedges (Note 13)	-	(93)	-
				Foreign currency translation adjustments	6,459	4,526	40,402
				Remeasurements of defined benefit plans	7,258	4,762	45,400
				Total accumulated other comprehensive income	16,934	11,744	105,921
				Total net assets	102,459	99,086	640,849
TOTAL ASSETS	¥ 13,596,315	¥ 9,790,772	\$ 85,040,754	TOTAL LIABILITIES AND NET ASSETS	¥ 13,596,315	¥ 9,790,772	\$ 85,040,754

See notes to consolidated financial statements.

NTT FINANCE CORPORATION and Consolidated Subsidiaries

**Consolidated Statements of Income
Years Ended March 31, 2026 and 2025**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
REVENUE (Note 17):	¥ 356,831	¥ 322,813	\$ 2,231,873
COST OF SALES	258,338	209,895	1,615,829
Gross profit/(loss)	98,493	112,918	616,044
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	85,684	99,009	535,927
Operating income/(loss) (Note 17)	12,809	13,908	80,116
OTHER INCOME:			
Interest income	4,489	0	28,078
Dividend income	21	19	135
Share of profit of equity-accounted investees	1,898	1,603	11,873
Settlement fee received	-	177	-
Others	202	52	1,265
Total other income	6,611	1,852	41,353
OTHER EXPENSES:			
Interest expense	10,323	705	64,570
Foreign exchange loss	575	170	3,601
Loss on retirement of assets held for own use	126	112	793
Others	0	94	0
Total other expenses	11,026	1,082	68,966
EXTRAORDINARY INCOME:			
Gain on termination of card business service (Note 3)	35	-	219
Gain on sales of investment securities	937	-	5,863
Total extraordinary income	972	-	6,082
EXTRAORDINARY LOSSES:			
Loss on termination of card business service (Note 3)	146	207	918
Loss on valuation of investment securities	-	145	-
Provision for loss on system use agreements	436	-	2,727
Total extraordinary losses	582	352	3,645
PROFIT/(LOSS) BEFORE INCOME TAXES	8,784	14,325	54,942
INCOME TAXES (Note 10):			
Current	3,120	(2,080)	19,515
Deferred	731	5,698	4,576
Total income taxes	¥ 3,851	¥ 3,618	\$ 24,091

NTT FINANCE CORPORATION and Consolidated Subsidiaries

**Consolidated Statements of Income
Years Ended March 31, 2026 and 2025**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2026</u>	<u>2025</u>	<u>2026</u>
PROFIT/(LOSS)	¥ 4,932	¥ 10,707	\$ 30,850
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	<u>¥ 4,932</u>	<u>¥ 10,707</u>	<u>\$ 30,850</u>
	Yen		U.S. Dollars (Note 1)
	<u>2026</u>	<u>2025</u>	<u>2026</u>
PER SHARE OF COMMON STOCK (Note 19):			
Weighted average number of shares outstanding	51,365	51,365	
Basic earnings per share	¥ 96,024.58	¥ 208,457.55	\$ 600.60
Cash dividends applicable to the year (Note 9)	24,951.00	131,419.00	156.06

See notes to consolidated financial statements.

NTT FINANCE CORPORATION and Consolidated Subsidiaries

**Consolidated Statements of Comprehensive Income
Years Ended March 31, 2026 and 2025**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
PROFIT/(LOSS)	¥ 4,932	¥ 10,707	\$ 30,850
OTHER COMPREHENSIVE INCOME (Note 16):			
Unrealized gain/(loss) on available-for-sale securities	758	(126)	4,743
Deferred gain/(loss) on hedges	93	27	582
Foreign currency translation adjustments	1,692	(154)	10,588
Remeasurements of defined benefit plans	2,453	(691)	15,348
Share of other comprehensive income of affiliates accounted for using equity method	191	243	1,199
Total other comprehensive income	5,190	(701)	32,462
COMPREHENSIVE INCOME	¥ 10,122	¥ 10,006	\$ 63,312
Comprehensive income attributable to:			
Owners of parent	¥ 10,122	¥ 10,006	\$ 63,312

See notes to consolidated financial statements.

NTT FINANCE CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended March 31, 2026 and 2025

	Millions of Yen											
	Shareholders' Equity					Accumulated Other Comprehensive Income						Total Net Assets
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized Gain/(Loss) on Available-for- Sale Securities	Deferred Gain/(Loss) on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	
BALANCE, April 1, 2024	51,365	¥ 16,770	¥ 15,950	¥ 52,891	¥ (1,126)	¥ 84,486	¥ 2,803	¥ (120)	¥ 4,406	¥ 5,355	¥ 12,445	¥ 96,931
Cash dividends, ¥152,855.00 per share (Note 9)				(7,851)		(7,851)						(7,851)
Profit attributable to owners of parent				10,707		10,707						10,707
Net changes of items other than shareholders' equity							(255)	27	120	(592)	(701)	(701)
BALANCE, March 31, 2025	51,365	¥ 16,770	¥ 15,950	¥ 55,748	¥ (1,126)	¥ 87,342	¥ 2,548	¥ (93)	¥ 4,526	¥ 4,762	¥ 11,744	¥ 99,086
Cash dividends, ¥131,419.00 per share (Note 9)				(6,750)		(6,750)						(6,750)
Profit attributable to owners of parent				4,932		4,932						4,932
Net changes of items other than shareholders' equity							668	93	1,933	2,495	5,190	5,190
BALANCE, March 31, 2026	51,365	¥ 16,770	¥ 15,950	¥ 53,929	¥ (1,126)	¥ 85,524	¥ 3,216	¥ -	¥ 6,459	¥ 7,258	¥ 16,934	¥ 102,459

	Thousands of U.S. Dollars (Note 1)										
	Shareholders' Equity					Accumulated Other Comprehensive Income					Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized Gain/(Loss) on Available-for- Sale Securities	Deferred Gain/(Loss) on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	
BALANCE, April 1, 2025	\$ 104,897	\$ 99,765	\$ 348,686	\$ (7,049)	\$ 546,300	\$ 15,938	\$ (582)	\$ 28,311	\$ 29,790	\$ 73,458	\$ 619,758
Cash dividends, \$821.99 per share (Note 9)			(42,221)		(42,221)						(42,221)
Profit attributable to owners of parent			30,850		30,850						30,850
Net changes of items other than shareholders' equity						4,179	582	12,091	15,609	32,462	32,462
BALANCE, March 31, 2026	\$ 104,897	\$ 99,765	\$ 337,315	\$ (7,049)	\$ 534,928	\$ 20,118	\$ -	\$ 40,402	\$ 45,400	\$ 105,921	\$ 640,849

See notes to consolidated financial statements.

NTT FINANCE CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2026 and 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
OPERATING ACTIVITIES:			
Profit/(loss) before income taxes	¥ 8,784	¥ 14,325	\$ 54,942
Adjustments to reconcile profit before income taxes to net cash provided by/(used in) operating activities:			
Depreciation of assets held for own use	2,948	2,913	18,440
(Gain)/loss on retirement of assets held for own use	125	128	782
(Increase)/decrease in defined benefit asset	(232)	(331)	(1,456)
Increase/(decrease) in defined benefit liability	(1,173)	(5,547)	(7,338)
Increase/(decrease) in allowance for doubtful receivables	(12,066)	(11,614)	(75,472)
Increase/(decrease) in provision for loss on system use agreements	48	(876)	300
Interest and dividend income	(4,510)	(19)	(28,214)
Financing costs and interest expense	165,879	111,078	1,037,524
Foreign exchange (gain)/loss	24,634	(43,695)	154,082
Share of (profit)/loss of equity-accounted investees	(1,898)	(1,603)	(11,873)
(Gain)/loss on valuation of investment securities	-	145	-
(Gain)/loss on sales of investment securities	(937)	-	(5,863)
Bond issuance costs	3,840	2,212	24,018
(Increase)/decrease in lease receivables and investments in leases	697	657	4,365
(Increase)/decrease in trade accounts receivable - loans	(3,703,893)	(110,928)	(23,166,709)
(Increase)/decrease in trade accounts receivable - credit cards	3,664	4,922	22,918
(Increase)/decrease in trade accounts receivable - billing	9,316	166,386	58,270
(Increase)/decrease in investments in venture businesses	(163)	(1,417)	(1,025)
Increase/(decrease) in accounts payable - other	13,243	12,817	82,832
Increase/(decrease) in deposits received - billing	891	82,995	5,575
Others—net	(8,425)	(5,219)	(52,696)
Subtotal	(3,499,229)	217,330	(21,886,596)
Interest and dividend income received	5,172	773	32,349
Interest expense paid	(90,601)	(72,989)	(566,681)
Income taxes refund/(paid)	5,267	(10,309)	32,949
Net cash provided by/(used in) operating activities	¥ (3,579,390)	¥ 134,805	\$ (22,387,978)

NTT FINANCE CORPORATION and Consolidated Subsidiaries

**Consolidated Statements of Cash Flows
Years Ended March 31, 2026 and 2025**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
INVESTING ACTIVITIES:			
Proceeds from sale and redemption of investment securities	1,335	-	8,352
Payments for purchases of shares of affiliates	(389)	(420)	(2,436)
Payments for purchases of assets held for own use	(13,115)	(5,273)	(82,032)
Proceeds from sales of assets held for own use	-	1,082	-
Others—net	(1,041)	(143)	(6,516)
Net cash provided by/(used in) investing activities	<u>(13,211)</u>	<u>(4,754)</u>	<u>(82,632)</u>
FINANCING ACTIVITIES:			
Increase/(decrease) in short-term bank loans	63,714	(125,163)	398,513
Increase/(decrease) in commercial papers	477,564	183,816	2,987,017
Increase in long-term borrowings	2,150,386	472,863	13,450,001
Repayments of long-term borrowings	(2,036,192)	(405,861)	(12,735,754)
Proceeds from issuance of bonds	3,501,375	948,692	21,900,022
Redemption of bonds	(452,438)	(336,238)	(2,829,863)
Cash dividends paid	(6,750)	(7,851)	(42,221)
Increase/(decrease) in deposits received	(130,296)	(826,860)	(814,965)
Proceeds from long-term deposits received	20,000	34,400	125,093
Others—net	(11)	(5)	(72)
Net cash provided by/(used in) financing activities	<u>3,587,351</u>	<u>(62,208)</u>	<u>22,437,772</u>
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	<u>(1,103)</u>	<u>(7,958)</u>	<u>(6,899)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(6,353)	59,882	(39,738)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>263,129</u>	<u>203,247</u>	<u>1,645,796</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 256,776</u>	<u>¥ 263,129</u>	<u>\$ 1,606,057</u>

See notes to consolidated financial statements.

NTT FINANCE CORPORATION and Consolidated Subsidiaries

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

1. BASIS OF PRESENTATION OF 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 (the “Companies Act”) 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 consolidated financial statements have been compiled from the 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 consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the prior year’s consolidated financial statements to bring them into conformity with the current year’s presentation.

The accompanying 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 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 ¥159.88 to \$1.00, the approximate rate of exchange at March 31, 2026, and then the translated amounts have been rounded down to the nearest thousand. As a result, the totals shown in the accompanying 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Consolidation*—Entities over which the Company has, directly or indirectly, a controlling financial interest are fully consolidated, and entities over which the Company has the ability to exercise significant influence are accounted for by the equity method.

The consolidated financial statements as of March 31, 2026 include the accounts of the Company and its 4 significant subsidiaries, such as NTT Finance Americas Inc. (together, the “Group”).

Investments in 3 affiliates are accounted for by the equity method.

Investments in 5 non-consolidated subsidiaries and 1 affiliate are stated at cost and are excluded from the scope of applying the equity method of accounting due to their immaterial effect to the consolidated financial statements even if the equity method of accounting had been applied.

The fiscal year-end of 1 consolidated subsidiary, NTT Finance Israel L.P., is December 31. Pro forma financial statements as of March 31 are prepared in a manner that is substantially same as the fiscal year-end financial statements and used for consolidation. The fiscal year-end of other consolidated subsidiaries are the same as the balance sheet date.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

- b. Cash Equivalents*—Cash equivalents are short-term investments that are readily convertible into cash and that are not exposed to significant risk of changes in value. All cash equivalents mature or become due within three months from the date of acquisition.

- c. **Securities, Investment Securities and Investments in Venture Businesses**—Securities, investment securities and investments in venture businesses are classified and accounted for, depending on management’s intent, as follows: (i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost, (ii) available-for-sale securities, except for equity securities without market price, are stated at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets. Costs of securities sold are determined by the moving-average method and (iii) equity securities without market price are stated at cost determined by the moving-average method.
- d. **Property and Equipment**—Property and equipment are stated at cost less accumulated depreciation. Depreciation of assets held for own use is computed using the straight-line method. The range of useful lives is principally from 7 to 15 years for buildings and facilities attached to buildings, and from 2 to 20 years for furniture and fixtures.
- e. **Intangible Assets**—Assets held for own use are stated at cost less accumulated amortization, which is calculated by the straight-line method. Software for internal use is amortized using the straight-line method over an estimated useful life of 5 to 7 years.
- f. **Long-Lived Assets**—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss is measured at the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.
- g. **Bond Issuance Costs**—Bond issuance costs are amortized using the interest method over the bond redemption period.
- h. **Allowance for Doubtful Receivables**—Allowance for doubtful receivables is provided for at an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables such as due from debtors likely to become bankrupt and/or from debtors in bankruptcy and reorganization based on the examination on their financial conditions and the amount calculated based on the historical rate of losses for the other regular receivables.
- i. **Provision for Loss on System Use Agreements**—Provision for loss on system use agreements is recognized based on the estimated loss amount as of the balance sheet date to provide for the loss associated with unavoidable expenses incurring for remaining periods of system use agreements related to the telephone fee combined services.
- j. **Retirement Benefit Plans**—The Company has funded and unfunded defined benefit plans. In determining retirement benefit obligations, the benefit formula basis is used for the method of attributing expected benefit to periods. Past service costs are amortized by the straight-line method over the average remaining years of service of the employees when such past service costs occur. Actuarial gains or losses are amortized by the straight-line method over periods based on the average remaining years of service of the employees in the fiscal year when such gains or losses occur, commencing from the following fiscal year.

- k. *Asset Retirement Obligations***—Asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized in the period when a reasonable estimate of the asset retirement obligation can be made.

Upon initial recognition of liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

- l. *Revenue Recognition on Finance Lease Transactions***—Revenues from finance lease contracts and corresponding costs are recognized at the time of actual collection of the payments.
- m. *Revenue Arising from Contracts with Customers***—Major contents of performance obligations relating to revenue arising from contracts with customers of the Group and timing of the satisfaction of performance obligations (timing of revenue recognition) are as follows:

- (a) Billing business

The Group is contracted for billing and collection for telecommunication services mainly for NTT EAST, Inc., NTT WEST, Inc., NTT DOCOMO BUSINESS, Inc. and NTT DOCOMO, INC. Revenue is recognized, when the Group collected such telecommunication service charges as the performance obligation is determined to be satisfied at that time, in the amount to which the Group expects to be entitled in exchange for the transfer of goods or services.

- (b) Credit card business

The Group provides services relating to credit card settlement processing systems mainly to member stores. The performance obligation is determined to be satisfied over time as the customers receive benefit of facilitation of settlement through continuous usage of the credit card settlement solutions of the Group. Revenue is recognized in the amount to which the Group expects to be entitled in exchange for the transfer of service.

- (c) Accounting and finance business

The Group provides, maintains, and operates the uniform accounting system functions mainly to NTT Group companies. The performance obligation is determined to be satisfied over time as the customers receive benefit of improvements in operational efficiency and quality through stable system provided by the Group. Revenue is recognized in the amount to which the Group expects to be entitled in exchange for the transfer of service.

- n. *Income Taxes***—Provision for income taxes is computed based on taxable income and charged to income on an accrual basis. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.
- o. *Foreign Currency Transactions***—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by foreign exchange forward contracts.
- p. *Foreign Currency Financial Statements***—Assets and liabilities of major foreign subsidiaries are translated into Japanese yen at the exchange rates at the balance sheet date, and income and expenses of these subsidiaries are translated into Japanese yen using the average exchange rates during the year. Differences arising from such translation are shown as foreign currency translation adjustments in a separate component of net assets.

- q. Derivatives and Hedge Accounting**—All derivatives, except for certain contracts described below, are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income. For derivatives which qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until the gains or losses on the corresponding hedged items are recognized in income.

Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts which meet specific matching criteria are translated at the foreign exchange rate stipulated in the contracts. Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the net amount to be paid or received under the swap agreements are recognized and included in cost of sales.

- r. Per Share Information**—Basic earnings per share is computed by dividing profit attributable to owners of parent by the weighted-average number of common shares outstanding for the period.

Diluted earnings per share reflects the potential dilution that could occur if stock acquisition rights were exercised into common stock. Diluted earnings per share of common stock assumes full exercise of the outstanding stock acquisition rights at the beginning of the year (or at the time of grant).

Diluted earnings per share is not disclosed because no potentially dilutive securities are outstanding.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the respective year.

- s. Significant Accounting Estimates**

Accounting estimates recognized in the consolidated financial statements for the year ended March 31, 2026 could have a significant impact on the consolidated financial statements for the year ending March 31, 2027. The significant item of these estimates is allowance for doubtful receivables related to billing receivables provided mostly for general receivables. The detail of those estimate items are as follows:

- (a) Amounts recognized in the years ended March 31, 2026 and 2025

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Allowance for doubtful billing receivables	¥ 15,766	¥ 27,908	\$ 98,615

- (b) Information regarding the significant accounting estimates of the identified items

Allowance for doubtful billing receivables is recognized based on the historical rate of losses for the other regular billing receivables. The historical rate of credit losses is calculated based on the historical credit losses for each number of elapsed months of billing receivables according to the management's judgement that probable credit losses approximate the historical credit losses.

In addition, given the significant amounts of general receivables, the appropriateness of the historical rate of credit losses may have a significant effect on the determination of allowance for doubtful receivables for general receivables.

Since the respective estimates can be affected by the future events such as changes in uncertain economic conditions, the estimates could have a significant impact on the business results in the following fiscal year ending March 31, 2027 in case the actual defaults on billing receivables will differ from the estimates.

t. Accounting Standards Issued but not yet Adopted

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

(a) Overview

As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, ASBJ reviewed the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee, with international accounting standards taken into consideration. Accordingly, ASBJ issued the Accounting Standard for Leases and others that adopt only the key provisions of IFRS 16 that is based on the single accounting model. The revision aims to be simple and highly convenient, and to make it unnecessary to revise non-consolidated financial statements that apply IFRS 16 in the Accounting Standard for Leases and others.

Regarding the method for allocating the lease expenses in the lessee's accounting treatment, using the same approach as IFRS 16, a single accounting model is adopted for recording the depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

(b) Scheduled date of adoption

The above standard and guidance are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2028.

(c) Effects of adoption of the standards and others

The effects of the adoption on the consolidated financial statements are currently being assessed.

- Practical Guidelines on the Accounting for Financial Instruments (ASBJ Transferred Guidance No. 9, March 11, 2025)

(a) Overview

Under the revised practical guidelines, investors in certain qualifying partnerships or similar entities are allowed to measure at fair value all equity securities without market price (excluding the investors' shares in subsidiaries and affiliates) included in the constituent assets of such partnerships or entities, and to use them as the basis for their accounting treatment.

(b) Scheduled date of adoption

The above guidelines are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2027.

(c) Effects of adoption of the standards and others

The effects of the adoption on the consolidated financial statements are currently being assessed.

3. GAIN/LOSS ON TERMINATION OF CARD BUSINESS SERVICE

For the year ended March 31, 2026, revenue generated from termination of the NTT Group Card service was recorded as gain on termination of card business service under extraordinary income, and expenses incurred due to termination of the NTT Group Card service were recorded as loss on termination of card business service under extraordinary losses. For the year ended March 31, 2025, expenses incurred due to termination of the NTT Finance Biz Card service were recorded as loss on termination of card business service under extraordinary losses.

4. SECURITIES, INVESTMENT SECURITIES AND INVESTMENTS IN VENTURE BUSINESSES

Acquisition cost and fair value of available-for-sale securities as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		
	2026		
	Fair Value	Acquisition Cost/ Amortized Cost	Difference
Securities with fair values exceeding acquisition costs or amortized costs:			
Equity securities	¥ 3,493	¥ 248	¥ 3,244
Sub-total	3,493	248	3,244
Securities with fair values not exceeding acquisition costs or amortized costs:			
Total	¥ 3,493	¥ 248	¥ 3,244
	Thousands of U.S. Dollars		
	2026		
	Fair Value	Acquisition Cost/ Amortized Cost	Difference
Securities with fair values exceeding acquisition costs or amortized costs:			
Equity securities	\$ 21,851	\$ 1,557	\$ 20,294
Sub-total	21,851	1,557	20,294
Securities with fair values not exceeding acquisition costs or amortized costs:			
Total	\$ 21,851	\$ 1,557	\$ 20,294
	Millions of Yen		
	2025		
	Fair Value	Acquisition Cost/ Amortized Cost	Difference
Securities with fair values exceeding acquisition costs or amortized costs:			
Equity securities	¥ 3,188	¥ 355	¥ 2,832
Sub-total	3,188	355	2,832
Securities with fair values not exceeding acquisition costs or amortized costs:			
Total	¥ 3,188	¥ 355	¥ 2,832

As of March 31, 2026 and 2025, unlisted equity securities of ¥2,960 million (\$18,520 thousand) and ¥3,345 million and investments in partnerships of ¥5,236 million (\$32,749 thousand) and ¥4,245 million are excluded from the above table because they do not have readily determinable market values.

Securities sold during the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		
	2026		
	Sales Amounts	Gain on Sale	Loss on Sale
Available-for-sale equity securities	¥ 1,335	¥ 937	¥ -

	Thousands of U.S. Dollars		
	2026		
	Sales Amounts	Gain on Sale	Loss on Sale
Available-for-sale equity securities	\$ 8,352	\$ 5,863	\$ -

	Millions of Yen		
	2025		
	Sales Amounts	Gain on Sale	Loss on Sale
Available-for-sale equity securities	¥ 152	¥ 119	¥ -

If the fair value of a security other than an equity security without market price as of a fiscal year-end declines 50% or more from its acquisition cost, the difference between the fair value and the acquisition cost is recognized as loss on impairment.

In addition, if the fair value of a security as of a fiscal year-end declines 30% to 50% from its acquisition cost, the necessary amount based on the consideration of the recoverability is recognized as loss on impairment.

Losses on impairment of available-for-sale securities for the years ended March 31, 2026 and 2025 were ¥656 million (\$4,106 thousand) and ¥167 million, respectively.

5. PROPERTY AND EQUIPMENT, NET

Accumulated depreciation of assets held for own use as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
	Assets held for own use	¥ 6,152	¥ 5,419

6. INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATES

Investments in non-consolidated subsidiaries and affiliates as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
	Investment securities	¥ 19,141	¥ 17,705
Other under investments and other assets	4,236	3,853	26,496

Investment securities include investments in jointly controlled entities in the amount of ¥16,999 million (\$106,329 thousand) and ¥15,841 million for the years ended March 31, 2026 and 2025, respectively.

Other under investments and other assets includes investments in silent partnerships. Silent partnerships are Japanese bilateral contracts governed by the Commercial Code of Japan between silent partners and an operator.

Under a silent partnership agreement, silent partners provide funds for partnership business and are entitled to

be allocated all profits or losses arising from the business. However, the silent partners do not have any interest or right to the assets of the partnership business. Also, the silent partners have no authority, control over, or interest in the partnership business except participating in the allocated profits or losses.

The operator operates the partnership business for the benefit of the silent partners and makes distributions of profits and losses to the silent partners in accordance with the partnership agreement.

7. SHORT-TERM AND LONG-TERM DEBT

Short-term and long-term debts as of March 31, 2026 and 2025 consisted of the following:

	Interest Rate (%) (Notes a, b, c and d)	Millions of Yen		Thousands of U.S. Dollars
		2026	2025	2026
Short-term debt:				
Short-term bank loans	2.639	¥ 287,454	¥ 216,028	\$ 1,797,940
Commercial papers	1.609	1,740,167	1,225,816	10,884,211
Short-term borrowings		2,027,622	1,441,845	12,682,151
Lease obligations, current portion	-	15	8	96
Deposits received from NTT Group companies, including current portion of long-term deposits received from NTT Group companies	0.615	300,033	430,330	1,876,616
Long-term debt:				
Long-term borrowings	1.297	3,321,370	3,165,522	20,774,145
Unsecured bonds	0.100 – 5.136	3,930,922	3,997,978	24,586,708
Bonds issued under Euro Medium Term Note Program	1.278 – 1.302	18,652	16,483	116,667
U.S. dollar-denominated bonds	4.392 – 5.502	1,734,550	-	10,849,074
Euro-denominated bonds	2.346 – 4.091	1,367,205	-	8,551,445
Pound-denominated bonds	4.763	73,790	-	461,536
Sub-total		10,446,491	7,179,985	65,339,578
Less current portion	0.875	1,176,281	1,043,985	7,357,275
Long-term debt		9,270,210	6,136,000	57,982,303
Lease obligations, excluding current portion	-	47	28	297
Long-term deposits received from NTT Group companies	0.326	20,000	-	125,093

- Notes:
- Interest rate represents a weighted-average rate of interest on the outstanding balance of debt (excluding bonds and finance lease obligations) as of March 31, 2026.
 - Interest rate for unsecured bonds represents the range of annual coupon rates rounded down to the nearest hundredth percent.
 - Interest rates for bonds issued under Euro Medium Term Note Program, U.S. dollar-denominated bonds, euro-denominated bonds and pound-denominated bonds represent the range of annual coupon rates rounded down to the nearest hundredth percent.
 - Interest rate for finance lease obligations is not disclosed since lease obligations are recorded on the consolidated balance sheets in the amount not deducting the amount equivalent to interest that is included in the total lease payment.

The annual maturities of long-term borrowings, bonds payable, and lease obligations over 1 year through 5 years as of March 31, 2026 are summarized as follows:

March 31, 2026	Millions of Yen			
	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years
Long-term borrowings	¥ 1,041,895	¥ 556,640	¥ 699,332	¥ 252,821
Bonds payable	971,206	981,292	543,057	1,307,325
Lease obligations	14	14	13	4
Long-term deposits received from NTT Group companies	-	20,000	-	-

March 31, 2026	Thousands of U.S. Dollars			
	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years
Long-term borrowings	\$ 6,516,731	\$ 3,481,612	\$ 4,374,105	\$ 1,581,322
Bonds payable	6,074,594	6,137,681	3,396,658	8,176,917
Lease obligations	91	91	84	29
Long-term deposits received from NTT Group companies	-	125,093	-	-

8. RETIREMENT BENEFITS

(1) Overview of Retirement Benefit Plans

The Company has funded and unfunded defined benefit plans (mainly NTT corporate pension fund plan, contract-type corporate pension plan and lump-sum payment plan) and defined contribution plans. The defined benefit corporate pension plans, all of which are funded, provide lump-sum or pension benefits based on salaries and the length of service. The lump-sum payment plan, which is unfunded, provides lump-sum benefits based on salaries and the length of service.

Contribution to the contract-type corporate pension plan made on or after April 1, 2014 has been transferred to a defined contribution pension plan.

(2) Defined Benefit Plans

(a) Reconciliation between retirement benefit obligations at beginning and end of year

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Retirement benefit obligations at beginning of year	¥ 29,354	¥ 37,809	\$ 183,602
Current service costs	708	780	4,429
Interest costs	694	476	4,346
Actuarial gains and losses arising during year	(2,832)	(737)	(17,718)
Retirement benefits paid	(2,851)	(2,646)	(17,833)
Succession due to transfer	413	(6,328)	2,589
Retirement benefit obligations at end of year	¥ 25,487	¥ 29,354	\$ 159,415

(b) *Reconciliation between plan assets at beginning and end of year*

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Plan assets at beginning of year	¥ 21,559	¥ 25,045	\$ 134,850
Expected return on plan assets	393	402	2,458
Actuarial gains and losses arising during year	1,026	(962)	6,419
Contribution from employer	202	204	1,264
Retirement benefits paid	(887)	(832)	(5,553)
Succession due to transfer	130	(2,289)	818
Other	(9)	(9)	(61)
Plan assets at end of year	¥ 22,414	¥ 21,559	\$ 140,195

(c) *Reconciliation between retirement benefit obligations and plan assets and defined benefit liability and defined benefit asset on the consolidated balance sheets*

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Retirement benefit obligations of funded plans	¥ 19,457	¥ 21,782	\$ 121,699
Plan assets	(22,414)	(21,559)	(140,195)
	(2,957)	222	(18,496)
Retirement benefit obligations of unfunded plans	6,029	7,572	37,715
Net balance of liability and asset recorded on the consolidated balance sheet	3,072	7,794	19,219
Defined benefit liability	6,029	10,224	37,715
Defined benefit asset	(2,957)	(2,429)	(18,496)
Net balance of liability and asset recorded on the consolidated balance sheet	¥ 3,072	¥ 7,794	\$ 19,219

(d) *Profit and loss related to retirement benefits*

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Current service costs	¥ 708	¥ 780	\$ 4,429
Interest costs	694	476	4,346
Expected return on plan assets	(393)	(402)	(2,458)
Amortization of actuarial gains and losses	(531)	(671)	(3,323)
Amortization of past service costs	(12)	(12)	(76)
Retirement benefit costs on defined benefit plans	¥ 466	¥ 169	\$ 2,917

(e) *Remeasurements of defined benefit plans recorded in other comprehensive income*

Breakdown of items recorded as remeasurements of defined benefit plans, before tax, recorded in other comprehensive income is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Past service costs	¥ (12)	¥ (12)	\$ (76)
Actuarial gains and losses	3,327	(897)	20,814
Total	¥ 3,315	¥ (909)	\$ 20,737

(f) *Remeasurements of defined benefit plans recorded in accumulated other comprehensive income*

Breakdown of items recorded as remeasurements of defined benefit plans, before tax, included in accumulated other comprehensive income is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Unrecognized past service costs	¥ 26	¥ 38	\$ 164
Unrecognized actuarial gains and losses	10,080	6,752	63,049
Total	¥ 10,106	¥ 6,791	\$ 63,214

(g) *Breakdown of plan assets*

Percentage to total plan assets by main category is as follows:

	2026	2025
Cash and cash equivalents	2.50%	3.20%
Debt securities	36.12	38.14
Equity securities	11.33	10.74
Beneficiary certificates of securities investment trust	18.35	17.93
Jointly managed money trust	14.17	12.03
General account of life insurance	10.61	12.12
Other	6.92	5.84
Total	100.00%	100.00%

(h) *Determination of long-term expected rate of return*

In determining long-term expected rate of return on plan assets, the Company considers current and future plan asset portfolio, and expected return and risks based on the analysis of past yields on various long-term investments.

(i) *Actuarial assumptions*

	2026	2025
Actuarial assumptions at end of year:		
Discount rate	2.7 – 3.5%	2.0 – 2.5%
Long-term expected rate of return:		
NTT corporate pension fund	3.0%	2.5%
Contract-type corporate pension	1.5%	1.0%

(3) Defined Contribution Plans

The required contributions to the defined contribution plans of the Company amounted to ¥227 million (\$1,425 thousand) and ¥212 million, for the years ended March 31, 2026 and 2025, respectively.

9. NET ASSETS

Japanese companies are subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also permits companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of net assets. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights.

The following dividends were paid during the years ended March 31, 2026 and 2025:

Dividends paid in cash

Year Ended March 31, 2026							
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
Annual shareholders' meeting held on June 13, 2025	Common stock	¥ 6,750	\$ 42,221	¥131,419.00	\$ 821.99	March 31, 2025	June 16, 2025

Year Ended March 31, 2025							
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
Annual shareholders' meeting held on June 14, 2024	Common stock	¥ 7,851	\$ 49,108	¥152,855.00	\$ 956.06	March 31, 2024	June 17, 2024

(2) Dividends that belong to the current consolidated reporting year but become effective in the subsequent consolidated reporting year

Year Ending March 31, 2027							
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
Annual shareholders' meeting held on June 12, 2026	Common stock	¥ 1,281	\$ 8,016	¥24,951.00	\$ 156.06	March 31, 2026	June 15, 2026

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences which resulted in net deferred tax assets as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Deferred tax assets:			
Accrued retirement benefits	¥ 1,285	¥ 2,815	\$ 8,038
Allowance for doubtful receivables	4,972	3,475	31,104
Accrued bonuses	460	448	2,878
Accrued enterprise taxes	170	-	1,066
Accounts payable - other	217	217	1,362
Loss on valuation of investment securities	683	548	4,272
Tax loss carryforwards (Note 2)	481	806	3,012
Provision for loss on system use agreements and other	301	289	1,887
Asset retirement obligations	400	394	2,503
Deferred consumption taxes	425	233	2,663
Others	257	433	1,610
Sub-total	9,656	9,663	60,399
Valuation allowance for tax loss carryforwards (Note 2)	(481)	-	(3,012)
Valuation allowance for total deductible temporary differences and other	(2,552)	(1,060)	(15,966)
Sub-total (Note 1)	(3,034)	(1,060)	(18,978)
Total deferred tax assets	6,622	8,603	41,420
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(1,646)	(1,259)	(10,301)
Assets adjusted for gain or loss on transfer	(219)	-	(1,371)
Others	(150)	(732)	(939)
Total deferred tax liabilities	(2,016)	(1,992)	(12,612)
Net deferred tax assets	¥ 4,605	¥ 6,611	\$ 28,808

Notes 1: A significant change in valuation allowance is due to the change in the classification of companies used for determining recoverability of deferred tax assets.

2. Tax loss carryforwards and deferred tax assets by expiration date as of March 31, 2026 and 2025

	Millions of Yen						
	Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years	Total
March 31, 2026							
Tax loss carryforwards (Note a)	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 481	¥ 481
Valuation allowance	-	-	-	-	-	(481)	(481)
Deferred tax assets	-	-	-	-	-	-	-

March 31, 2026	Millions of Yen						Total
	Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years	
Tax loss carryforwards (Note a)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,012	\$ 3,012
Valuation allowance	-	-	-	-	-	(3,012)	(3,012)
Deferred tax assets	-	-	-	-	-	-	-

March 31, 2025	Millions of Yen						Total
	Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years	
Tax loss carryforwards (Note a)	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 806	¥ 806
Valuation allowance	-	-	-	-	-	-	-
Deferred tax assets (Note b)	-	-	-	-	-	806	806

- Notes:
- The amounts of tax loss carryforwards are calculated using local tax rates.
 - Deferred tax assets relating to tax loss carryforwards are assessed as recoverable after estimating the future taxable income.

Reconciliation between the statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2026 and 2025 is as follows:

	2026	2025
Statutory tax rate	30.6%	30.6%
Permanent non-taxable differences, such as dividend income	(0.1)	(1.4)
Income taxes of overseas branches	2.7	1.1
Per capita inhabitant tax	0.7	0.4
Changes in valuation allowance	23.2	0.2
Difference in tax rates of consolidated subsidiaries	(3.0)	(2.1)
Share of profit of equity-accounted investees	(6.6)	(3.4)
Tax credit for increases in salaries and other payments	(0.1)	-
Upward adjustment of deferred tax assets at end of year due to tax rate change	(3.4)	(1.0)
Others	(0.2)	0.9
Actual effective tax rate	<u>43.8%</u>	<u>25.3%</u>

The Company has applied the group tax sharing system. Corporate and local taxes and tax effect accounting are accounted for and disclosed in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021).

11. LEASES

Lease transactions as lessee

Future minimum lease payments under non-cancelable operating leases are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Due in 1 year or less	¥ 907	¥ 600	\$ 5,675
Due after 1 year	519	749	3,247
Total	¥ 1,426	¥ 1,349	\$ 8,922

12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group mainly engages in financial businesses such as loans to domestic and overseas NTT Group companies. In order to cover funds necessary for these businesses, the Group raises funds through bank borrowings, issuance of corporate bonds and commercial papers, and acceptance of excess funds from NTT Group companies. The Group periodically adjusts the balance between short-term and long-term products, taking market conditions into account, and intends to further diversify its financing methods and counterparties and obtains credit facilities from various financial institutions.

In order to quickly respond to changes in financial markets, the Group aims to optimize the relationship between sources and uses of funds, taking into account market trends in various interest rates and foreign exchange rates and implementing appropriate asset liability management (“ALM”). In line with this goal, the Group has various derivative transactions only for hedging purposes and not for trading purposes.

(2) Nature and Extent of Risks Arising from Financial Instruments

Loans receivable held by the Group are exposed to credit loss due to counterparties’ default and fluctuations in interest rates.

Investments in venture businesses and investment securities mainly consist of equity securities. These securities are held for capital gain or to promote business relationships, which are exposed to credit risk of issuers, interest rate risk and market risk, respectively.

Bank borrowings, corporate bonds and commercial papers are exposed to liquidity risk, i.e., the risk the Group cannot meet its contractual obligations in full on maturity dates for such reasons as the Group would be unable to access financial markets under certain circumstances. Furthermore, the Group uses funds based on variable rates, which are exposed to risk resulting from fluctuations in interest rates. In order to avoid such risk, the Group uses interest rate swaps for certain financing transactions.

Assets and liabilities denominated in foreign currencies are exposed to foreign currency risk. The Group manages each transaction to mitigate such risk by matching the amount of cash flows attributed to these assets and liabilities or by using currency swap contracts and forward foreign exchange contracts.

The Group uses hedging derivatives such as interest rate swaps, currency swaps and foreign exchange forward contracts. Moreover, credit derivatives could be used to avoid credit risk of assets held by the Group, if appropriate. Hedging derivatives are exposed to risk associated with fluctuations in market prices and risk attributable to counterparties’ default, but the Group considers that market risk and credit risk are extremely low because fair value of such derivatives is highly correlated with that of hedged item and the counterparty is limited to creditworthy financial institutions with limited risk of default.

(3) Risk Management for Financial Instruments

Credit risk management

The Group manages credit risk in accordance with internal rules. For each credit transaction, the Group implements such procedures as performing ex-ante evaluation and ex-post monitoring and reevaluation of customer credit, securing collateral or guarantees, and addressing troubled receivables, if any.

Liquidity risk management on financing

The Group manages its liquidity risk, taking market conditions into account, by adjusting the balance of financial products between long-term and short-term on a regular basis, using the ALM technique, by diversifying financing methods and counterparties and by obtaining credit facilities from various financial institutions.

Market risk management

Risks of interest rate fluctuations

The Group comprehensively monitors interest rates and terms of financial assets and liabilities on a continual basis, using the ALM technique and performing gap analysis and sensitivity analysis.

Risks of exchange rate fluctuations

Each transaction denominated in foreign currency is managed to avoid foreign currency risk by matching the amount of cash flows attributed to these assets and liabilities or by using currency swap contracts and forward foreign exchange contracts.

Risks of price fluctuations

Investment securities, which are exposed to risk of price fluctuations, are managed through periodic monitoring of their fair values and the financial positions of issuers.

Quantitative information on market risk

Loans receivable, long-term borrowings, corporate bonds and interest rate swaps are exposed to interest rate risk.

Effects of interest rate fluctuations on these financial instruments, which are measured based on the maximum interest rate change observed during a certain period after the zero-interest-rate policy ended, are used in quantitative analysis for managing interest rate risk. In measuring the effects, financial instruments subject to this analysis are classified into two kinds: those with fixed rates and with variable rates. Each of them is further broken down by maturity in order to apply relevant interest rate change corresponding to maturity. Increase in interest rate by one basis point (0.01%) as of March 31, 2026 and 2025 is estimated to decrease market value of the Group's net financial assets by ¥8 million (\$50 thousand) and ¥68 million, respectively, keeping all other parameters fixed. This analysis does not consider correlation between interest rate and other parameters.

Management of derivative transactions

The Group enters into derivative transactions in accordance with its internal "Derivative Transaction Rule," which stipulates purposes of use, authorization and management thereof in order to hedge risks such as fluctuation risks in interest rates and foreign currency exchange rates.

Moreover, the status of derivative transactions is reported to the Executive Committee periodically.

(4) Fair Values of Financial Instruments

Measurement of fair values of financial instruments reflects certain variable factors. The resulting fair values may differ if different assumptions are applied. Carrying amount of derivative transactions in the following table does not represent market risk.

(5) Fair Value of Financial Instruments and Breakdown by Level of Fair Values

The carrying amounts of financial instruments presented in the consolidated balance sheets, their fair values and the differences and their breakdown by the level of fair values as of March 31, 2026 and 2025 are as follows. Equity securities without market price and investments in partnerships are not included in the following table; information on such instruments is presented in the table (b) below.

Fair values of financial instruments are categorized into following three levels depending on observability and materiality of inputs used for the measurement of fair values.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

If multiple inputs that have significant impact on the fair value measurement are used, the fair value is categorized in the level of the lowest level input used in the fair value measurement.

(a) Financial assets and liabilities whose fair values are presented as carrying amounts in the consolidated balance sheets

March 31, 2026	Millions of Yen			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Investments in venture businesses and investment securities:				
Available-for-sale securities				
Equity securities	¥ 3,493	¥ -	¥ -	¥ 3,493
Debt securities	-	-	-	-
Other securities	-	-	-	-
Total assets	<u>¥ 3,493</u>	<u>¥ -</u>	<u>¥ -</u>	<u>¥ 3,493</u>
	Thousands of U.S. Dollars			
	Carrying Amount			
March 31, 2026	Level 1	Level 2	Level 3	Total
Investments in venture businesses and investment securities:				
Available-for-sale securities				
Equity securities	\$ 21,851	\$ -	\$ -	\$ 21,851
Debt securities	-	-	-	-
Other securities	-	-	-	-
Total assets	<u>\$ 21,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,851</u>

March 31, 2025	Millions of Yen			
	Carrying Amount			Total
	Level 1	Level 2	Level 3	
Investments in venture businesses and investment securities:				
Available-for-sale securities				
Equity securities	¥ 3,188	¥ -	¥ -	¥ 3,188
Debt securities	-	-	-	-
Other securities	-	-	-	-
Total assets	<u>¥ 3,188</u>	<u>¥ -</u>	<u>¥ -</u>	<u>¥ 3,188</u>
Derivative transactions (Notes a and b):				
Currency related	¥ -	¥ -	¥ -	¥ -
Interest related	-	(179)	-	(179)
Total derivative transactions	<u>¥ -</u>	<u>¥ (179)</u>	<u>¥ -</u>	<u>¥ (179)</u>

- Notes: a. Receivables and payables arising from derivative transactions are presented on a net basis.
b. Fair value of derivative transactions arising from interest rate swaps for which deferral hedge accounting is applied.

(b) Financial assets and liabilities whose carrying amounts in the consolidated balance sheets are not based on fair values

Disclosure of "Cash and Deposits," "Credit Card Receivables," "Billing Receivables," "Short-term Bank Loans," "Commercial Papers," "Accounts Payable - Other," "Accrued Income Taxes," "Deposits Received," and "Deposits Received from Shareholders, Directors or Employees" are omitted since their carrying amounts approximate their fair values because of their short maturities.

March 31, 2026	Millions of Yen				Carrying Amount	Difference
	Fair Value			Total		
	Level 1	Level 2	Level 3		Total	
Loans receivable	¥ -	¥ -	¥ 12,695,786	¥ 12,695,786	¥ 13,017,507	¥ (321,721)
Total assets	<u>¥ -</u>	<u>¥ -</u>	<u>¥ 12,695,786</u>	<u>¥ 12,695,786</u>	<u>¥ 13,017,507</u>	<u>¥ (321,721)</u>
Bonds payable	¥ -	¥ 7,547,640	¥ -	¥ 7,547,640	¥ 7,125,121	¥ 422,519
Long-term borrowings	-	3,257,463	-	3,257,463	3,321,370	(63,906)
Total liabilities	<u>¥ -</u>	<u>¥ 10,805,104</u>	<u>¥ -</u>	<u>¥ 10,805,104</u>	<u>¥ 10,446,491</u>	<u>¥ 358,612</u>
Derivative transactions (Notes a and b):						
Currency related	¥ -	¥ 670,861	¥ -	¥ 670,861	¥ -	¥ 670,861
Interest related	-	(366)	-	(366)	-	(366)
Total derivative transactions	<u>¥ -</u>	<u>¥ 670,495</u>	<u>¥ -</u>	<u>¥ 670,495</u>	<u>¥ -</u>	<u>¥ 670,495</u>

Thousands of U.S. Dollars						
March 31, 2026	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Loans receivable	\$ -	\$ -	\$ 79,408,223	\$ 79,408,223	\$ 81,420,489	\$ (2,012,265)
Total assets	\$ -	\$ -	\$ 79,408,223	\$ 79,408,223	\$ 81,420,489	\$ (2,012,265)
Bonds payable	\$ -	\$ 47,208,160	\$ -	\$ 47,208,160	\$ 44,565,433	\$ 2,642,726
Long-term borrowings	-	20,374,430	-	20,374,430	20,774,145	(399,714)
Total liabilities	\$ -	\$ 67,582,590	\$ -	\$ 67,582,590	\$ 65,339,578	\$ 2,243,012
Derivative transactions (Notes a and b):						
Currency related	\$ -	\$ 4,196,033	\$ -	\$ 4,196,033	\$ -	\$ 4,196,033
Interest related	-	(2,293)	-	(2,293)	-	(2,293)
Total derivative transactions	\$ -	\$ 4,193,739	\$ -	\$ 4,193,739	\$ -	\$ 4,193,739

Millions of Yen						
March 31, 2025	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Loans receivable	¥ -	¥ -	¥ 9,112,375	¥ 9,112,375	¥ 9,269,201	¥ (156,825)
Total assets	¥ -	¥ -	¥ 9,112,375	¥ 9,112,375	¥ 9,269,201	¥ (156,825)
Bonds payable	¥ -	¥ 4,171,827	¥ -	¥ 4,171,827	¥ 4,014,462	¥ 157,365
Long-term borrowings	-	3,109,829	-	3,109,829	3,165,522	(55,693)
Total liabilities	¥ -	¥ 7,281,656	¥ -	¥ 7,281,656	¥ 7,179,985	¥ 101,671
Derivative transactions (Notes a and b):						
Currency related	¥ -	¥ 279,492	¥ -	¥ 279,492	¥ -	¥ 279,492
Interest related	-	(691)	-	(691)	-	(691)
Total derivative transactions	¥ -	¥ 278,800	¥ -	¥ 278,800	¥ -	¥ 278,800

- Notes: a. Receivables and payables arising from derivative transactions are presented on a net basis.
b. Fair value of derivative transactions arising from interest rate swaps that meet specific matching criteria and foreign exchange forward contracts which meet specific matching criteria for which hedge accounting is applied.

Assets

Loans Receivable

The carrying amounts of loans with variable interest rates approximate their fair values because such loans reflect market rates in the short term and credit conditions of counterparties do not significantly change after the loan executions. The fair value of loans with fixed interest rates is calculated by discounting contractual cash flows using interest rates currently available to the Group for similar transactions. The fair values of loans are categorized in Level 3 as credit risk information used for the measurement of their fair values are unobservable inputs.

Investments in Venture Businesses and Investment Securities

The fair values of listed stocks are determined based on quoted market prices and categorized in Level 1, and the fair values of debt securities are generally valued at the market quotes obtained from financial institutions, which are estimated taking into account relevant factors such as fluctuations in interest rates, credit rating, remaining maturity and the fair value of underlying assets in case of asset-backed securities and categorized in Level 2.

The Group does not hold trading purpose securities and held-to-maturity debt securities as of March 31, 2026 and 2025. The information on available-for-sale securities as of March 31, 2026 and 2025 is as follows:

Acquisition cost or amortized cost, fair value and difference by types of available-for-sale securities as of March 31, 2026 and 2025 are as follows. Total sales amount and gain on sale of available-for-sale securities for the year ended March 31, 2026 were ¥1,335 million (\$8,352 thousand) and ¥937 million (\$5,863 thousand), respectively. Total sales amount and gain on sale of available-for-sale securities for the year ended March 31, 2025 were ¥152 million and ¥119 million, respectively.

Millions of Yen			
2026			
	Acquisition Cost/ Amortized Cost	Fair Value	Difference
Securities with fair values exceeding acquisition costs or amortized costs:			
Equity securities	¥ 248	¥ 3,493	¥ 3,244
Sub-total	248	3,493	3,244
Securities with fair values not exceeding acquisition costs or amortized costs:	-	-	-
Total	¥ 248	¥ 3,493	¥ 3,244
Thousands of U.S. Dollars			
2026			
	Acquisition Cost/ Amortized Cost	Fair Value	Difference
Securities with fair values exceeding acquisition costs or amortized costs:			
Equity securities	\$ 1,557	\$ 21,851	\$ 20,294
Sub-total	1,557	21,851	20,294
Securities with fair values not exceeding acquisition costs or amortized costs:	-	-	-
Total	\$ 1,557	\$ 21,851	\$ 20,294
Millions of Yen			
2025			
	Acquisition Cost/ Amortized Cost	Fair Value	Difference
Securities with fair values exceeding acquisition costs or amortized costs:			
Equity securities	¥ 355	¥ 3,188	¥ 2,832
Sub-total	355	3,188	2,832
Securities with fair values not exceeding acquisition costs or amortized costs:	-	-	-
Total	¥ 355	¥ 3,188	¥ 2,832

There were no securities for which the holding purpose had been changed during the years ended March 31, 2026 and 2025.

Liabilities

Bonds Payable

The fair value of bonds is estimated based on the Reference Statistical Prices for OTC Bond Transactions and categorized in Level 2.

Long-term Borrowings

The carrying amounts of borrowings with variable interest rates approximate their fair values because such borrowings reflect market rates in the short term and credit condition of the Company does not significantly change after the borrowing executions. The fair values of borrowings with fixed interest rates are calculated by discounting contractual cash flows using interest rates currently available to the Group for similar transactions. These transactions are categorized in Level 2.

Derivative Transactions

The information on derivative transactions is presented in Note 13. DERIVATIVES.

Carrying amounts of equity securities without market price and investments in partnerships as of March 31, 2026 and 2025 are summarized as follows. These instruments are excluded from investments in venture businesses and investment securities in the above tables.

Classification	Type	Carrying Amount		
		Millions of Yen		Thousands of U.S. Dollars
		2026	2025	2026
Investments in affiliates	Unlisted equity securities	¥ 19,141	¥ 17,705	\$ 119,723
Available-for-sale securities	Unlisted equity securities	2,960	3,345	18,520
	Investments in partnerships	5,236	4,245	32,749
	Total available-for-sale securities	¥ 8,197	¥ 7,590	\$ 51,269

(6) Maturity Analysis for Monetary Claims

	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
March 31, 2026						
Loans receivable	¥ 3,979,448	¥1,808,084	¥1,434,009	¥1,298,828	¥1,560,350	¥2,936,785
	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
March 31, 2026						
Loans receivable	\$24,890,221	\$11,309,011	\$8,969,289	\$8,123,770	\$9,759,513	\$18,368,683
	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
March 31, 2025						
Loans receivable	¥ 2,648,085	¥1,255,334	¥1,339,630	¥932,200	¥1,274,596	¥1,819,353

(7) Maturity Analysis for Bonds Payable, Long-term Borrowings and Other Debts

The information on maturity analysis for bonds payable, long-term borrowings and other debts is presented in Note 7. SHORT-TERM AND LONG-TERM DEBT.

13. DERIVATIVES

The fair value of interest rate swaps and currency swaps are measured by discounting future cash flows to the present value using observable market condition such as swap rates and exchange rates and categorized in Level 2.

Derivative instruments which qualify as hedging instruments as of March 31, 2026 and 2025 are summarized as follows.

		Millions of Yen		
		Contract Amount		Fair Value
Hedged Item	Total	Due after 1 Year		
<u>March 31, 2026</u>				
Interest rate swaps (Note b) (Pay fixed rate, receive variable rate)	Long-term borrowings	¥ 424,384	¥ 424,384	¥ (366)
Currency swaps (Note c) (Pay fixed rate, receive variable rate)	Bonds payable	548,013	548,013	28,182
(Pay fixed rate, receive fixed rate)	Bonds payable	3,556,705	3,226,530	642,318
Foreign exchange forward contracts (Buy U.S. Dollars)	Commercial paper	39,908	-	427
(Buy Euro)		132,961	-	(67)
Total		<u>¥ 4,701,973</u>	<u>¥ 4,198,928</u>	<u>¥ 670,495</u>

		Thousands of U.S. Dollars		
<u>March 31, 2026</u>				
Interest rate swaps (Note b) (Pay fixed rate, receive variable rate)	Long-term borrowings	\$ 2,654,393	\$ 2,654,393	\$ (2,293)
Currency swaps (Note c) (Pay fixed rate, receive variable rate)	Bonds payable	3,427,653	3,427,653	176,275
(Pay fixed rate, receive fixed rate)	Bonds payable	22,246,096	20,180,954	4,017,505
Foreign exchange forward contracts (Buy U.S. Dollars)	Commercial paper	249,617	-	2,672
(Buy Euro)		831,632	-	(420)
Total		<u>\$ 29,409,393</u>	<u>\$ 26,263,001</u>	<u>\$ 4,193,739</u>

		Millions of Yen		
<u>March 31, 2025</u>				
Interest rate swaps (Note a) (Pay fixed rate, receive variable rate)	Long-term borrowings	¥ 46,351	¥ -	¥ (179)
Interest rate swaps (Note b) (Pay fixed rate, receive variable rate)	Long-term borrowings	213,609	191,977	(691)
Currency swaps (Note c) (Pay fixed rate, receive variable rate)	Long-term borrowings	47,417	26,490	2,966
(Pay fixed rate, receive fixed rate)	Bonds payable	1,321,750	1,156,575	275,204
Foreign exchange forward contracts (Buy U.S. Dollars)	Commercial paper	241,539	-	(6,024)
(Buy Euro)		273,685	-	7,345
Total		<u>¥ 2,144,353</u>	<u>¥ 1,375,042</u>	<u>¥ 278,621</u>

- Notes:
- Deferral hedge accounting is applied to these contracts.
 - These contracts are not remeasured at market value, but the net amount to be paid or received under the swap agreements are recognized and included in cost of sales.
 - Hedged items are translated at the foreign exchange rates stipulated in the contracts, and gains or losses on swap transactions are deferred until the gains or losses on the corresponding hedged items are recognized in income.

14. COMMITMENTS AND CONTINGENCIES

As of March 31, 2026 and 2025, the Group had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Guarantees in the ordinary course of business	¥ 42,404	¥ 41,069	\$ 265,224
Unexecuted loan commitments (Note)	6,872,877	6,142,220	42,987,722

Note: The Group enters into loan commitment agreements with customers. As of March 31, 2026 and 2025, loan commitments given to customers were ¥9,574,830 million (\$59,887,603 thousand) and ¥7,783,710 million, of which ¥2,701,953 million (\$16,899,881 thousand) and ¥1,641,489 million had been executed, respectively.

These credit lines are not necessarily executed to the maximum amount, because these agreements contain a clause to reject the loans or to lower the credit lines if there are reasonable grounds.

15. REVENUE ARISING FROM CONTRACTS WITH CUSTOMERS

The information on breakdown of revenue arising from contracts with customers is presented in Note 17. SEGMENT INFORMATION. The Group's accounting policy on revenue arising from contracts with customers is presented in Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, m. Revenue Arising from Contracts with Customers.

As of March 31, 2026 and 2025, the Group had the following receivables arising from contracts with customers:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Billing receivables	¥ 3,666	¥ 6,566	\$ 22,932
Current assets - Other	415	556	2,600
Receivables arising from contracts with customers	¥ 4,082	¥ 7,123	\$ 25,532

Disclosures about total amount allocated to the remaining performance obligations and the period in which related revenue recognition is expected are omitted, as initially scheduled contract period with customers of the Group is within one year.

16. COMPREHENSIVE INCOME

Reclassification adjustments and related income taxes and income tax effect on other comprehensive income for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Thousands of
	2026	2025	U.S. Dollars
			2026
Unrealized gain/(loss) on available-for-sale securities:			
Gains/(losses) arising during the year	¥ 1,955	¥ (248)	\$ 12,229
Reclassification adjustments	(809)	82	(5,065)
Amount before income taxes and income tax effect	1,145	(165)	7,164
Income taxes and income tax effect	(387)	39	(2,421)
Unrealized gain/(loss) on available-for-sale securities	758	(126)	4,743
Deferred gain/(loss) on hedges:			
Gains/(losses) arising during the year	(3)	14	(21)
Reclassification adjustments	121	19	759
Amount before income taxes and income tax effect	117	34	737
Income taxes and income tax effect	(24)	(7)	(154)
Deferred gain/(loss) on hedges	93	27	582
Foreign currency translation adjustments:			
Gains/(losses) arising during the year	1,692	(154)	10,588
Reclassification adjustments	-	-	-
Foreign currency translation adjustments	1,692	(154)	10,588
Remeasurements of defined benefit plans:			
Gains/(losses) arising during the year	3,859	(225)	24,137
Reclassification adjustments	(543)	(684)	(3,400)
Amount before income taxes and income tax effect	3,315	(909)	20,737
Income taxes and income tax effect	(861)	217	(5,388)
Remeasurements of defined benefit plans	2,453	(691)	15,348
Share of other comprehensive income of affiliates accounted for using equity method:			
Gains/(losses) arising during the year	191	243	1,199
Total other comprehensive income	¥ 5,190	¥ (701)	\$ 32,462

17. SEGMENT INFORMATION

Description of reportable segments

Reportable segments of the Group are defined as components of the Group whose financial information is separately available and evaluated periodically by the Board of Directors in order to determine the allocation of resources and assess business performance.

The Group is engaged in business activities mainly comprising financial settlement services. The reportable segments of the Group are composed of three segments: “Billing business,” “Credit card business” and “Accounting and finance business.”

“Billing business” includes billing and collection services for telecommunication service charges. “Credit card business” includes credit card settlement solutions and consumer loans. “Accounting and finance business” includes accounting and settlement services for NTT Group companies, loans for domestic and overseas NTT Group companies and investment services.

Method of measurement for the amounts of revenue, profit (loss), assets, and other items for each reportable segment

The accounting policies of the reportable segments are consistent to the description of the summary of significant accounting policies (see Note 2). The segment profit is based on the operating income of each reportable segment. The amounts of intersegment revenue and transfers are determined based on terms and conditions of general business practice reflecting the market prices.

The amounts of segment assets are not disclosed since the assets have not been allocated to the reportable segments after the absorption-type company split during the second quarter of the year ended March 31, 2021 where the rights and obligations of leasing business and part of international business of the Company were assumed by NTT TC Leasing Co., Ltd.

Information about revenue and profit (loss) by reportable segment

The following tables represent information about revenue and profit by reportable segment for the years ended March 31, 2026 and 2025.

	Millions of Yen				
	2026				
	Reportable Segment			Other (Note)	Total
Billing	Credit Card	Accounting and Finance			
Revenue:					
Revenue arising from contracts with customers	¥ 40,086	¥ 640	¥ 13,293	¥ 113	¥ 54,134
Other revenue	120,821	5,249	176,626	-	302,697
Revenue from external customers	160,907	5,889	189,920	113	356,831
Intersegment revenue or transfers	-	64,323	9	92	64,426
Total	¥ 160,907	¥ 70,213	¥ 189,930	¥ 206	¥ 421,258
Segment profit	¥ 4,528	¥ 4,706	¥ 13,536	¥ 1	¥ 22,771

	Thousands of U.S. Dollars				
	2026				
	Reportable Segment			Other (Note)	Total
Billing	Credit Card	Accounting and Finance			
Revenue:					
Revenue arising from contracts with customers	\$ 250,730	\$ 4,004	\$ 83,148	\$ 711	\$ 338,594
Other revenue	755,698	32,834	1,104,746	-	1,893,278
Revenue from external customers	1,006,428	36,838	1,187,894	711	2,231,873
Intersegment revenue or transfers	-	402,323	62	579	402,965
Total	\$ 1,006,428	\$ 439,162	\$ 1,187,956	\$ 1,291	\$ 2,634,839
Segment profit	\$ 28,322	\$ 29,434	\$ 84,664	\$ 7	\$ 142,429

Note: The segment "Other" represents the business segment not attributable to reportable segments and mainly includes revenue and profit arising from services under "System service agreement" concluded between the Company and NTT TC Leasing Co., Ltd.

	Millions of Yen				
	2025				
	Reportable Segment				Total
Billing	Credit Card	Accounting and Finance	Other (Note)		
Revenue:					
Revenue arising from contracts with customers	¥ 38,226	¥ 528	¥ 14,681	¥ 1,380	¥ 54,817
Other revenue	134,510	5,686	127,799	-	267,996
Revenue from external customers	172,736	6,214	142,481	1,380	322,813
Intersegment revenue or transfers	-	60,890	11	90	60,991
Total	¥ 172,736	¥ 67,105	¥ 142,492	¥ 1,470	¥ 383,805
Segment profit	¥ 4,400	¥ 4,412	¥ 13,651	¥ 103	¥ 22,567

Note: The segment “Other” represents the business segment not attributable to reportable segments and mainly includes revenue and profit arising from services under “Common operation service agreement” and “System service agreement” concluded between the Company and NTT TC Leasing Co., Ltd.

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Revenue:			
Reportable segments total	¥ 421,051	¥ 382,334	\$ 2,633,548
Segment “Other”	206	1,470	1,291
Intersegment eliminations	(64,426)	(60,991)	(402,965)
Revenue in the consolidated statements of income	¥ 356,831	¥ 322,813	\$ 2,231,873
Segment profit:			
Reportable segments total	¥ 22,770	¥ 22,463	\$ 142,422
Segment “Other”	1	103	7
Corporate expenses (Note)	(9,962)	(8,658)	(62,312)
Operating income in the consolidated statements of income	¥ 12,809	¥ 13,908	\$ 80,116

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

Related information

Information about revenue from external customers by product and service for the years ended March 31, 2026 and 2025 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Revenue from external customers:			
Accounting and Finance	¥ 190,034	¥ 143,861	\$ 1,188,605
Credit Card	5,889	6,214	36,838
Billing	160,907	172,736	1,006,428
Total	¥ 356,831	¥ 322,813	\$ 2,231,873

Information about revenue by geographical area for the years ended March 31, 2026 and 2025 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Revenue:			
Japan	¥ 282,431	¥ 234,925	\$ 1,766,520
Overseas:			
Asia	3,355	3,653	20,988
North America	2,758	4,739	17,251
Europe	67,474	77,535	422,034
Other	811	1,959	5,078
Total	74,400	87,887	465,352
Consolidated total	¥ 356,831	¥ 322,813	\$ 2,231,873

- Notes: a. Revenue is classified by country or region based on the location of customers.
b. Revenue in the United Kingdom of ¥65,534 million (\$409,896 thousand) and ¥74,653 million is included in Europe for the years ended March 31, 2026 and 2025, respectively.

Disclosures on information about property and equipment by geographical area for the years ended March 31, 2026 and 2025 are omitted, as property and equipment in Japan exceeds 90% of consolidated property and equipment.

Information about revenue by major customer for the year ended March 31, 2026 is as follows:

	Revenue		Related Segments
	Millions of Yen	Thousands of U.S. Dollars	
NTT DOCOMO, INC.	¥ 109,426	\$ 684,428	Billing and Accounting and Finance
NTT, Inc.	70,054	438,168	Accounting and Finance
NTT Limited	65,304	408,456	Accounting and Finance
NTT EAST, Inc.	31,039	194,144	Billing and Accounting and Finance
NTT WEST, Inc	29,350	183,578	Billing and Accounting and Finance

Information about revenue by major customer for the year ended March 31, 2025 is as follows:

	Revenue		Related Segments
	Millions of Yen		
NTT DOCOMO, INC.	¥ 119,117		Billing and Accounting and Finance
NTT Limited	74,090		Accounting and Finance
NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION	29,469		Billing and Accounting and Finance
NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION	27,250		Billing and Accounting and Finance

- Notes: a. NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION changed its corporate name to NTT EAST, Inc. as of July 1, 2025.
b. NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION changed its corporate name to NTT WEST, Inc. as of July 1, 2025.

Loss on impairment of long-lived assets by reportable segment

For the years ended March 31, 2026 and 2025, there is no applicable information to disclose.

Goodwill by reportable segment

Disclosures on information about goodwill by reportable segment are omitted, as there is no applicable information to disclose.

18. RELATED PARTY TRANSACTIONS

Transactions and account balances of the Group with NTT, Inc. (“NTT”), which has 100% ownership share in the Company as of and for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Transactions:			
Execution of loans	¥6,865,086	¥5,105,423	\$42,938,993
Debt guarantee granted (Note 1)	2,112,590	2,412,590	13,213,597
Acceptance of excess funds	697,708	-	4,363,950
Receipt of interest	69,000	-	431,579
Sale of securities (Note 2)			
Sales amount	800	-	5,003
Gain on sale	695	-	4,350
Account balances:			
Deposits received	-	-	-
Loans receivable	7,456,899	4,984,575	46,640,603

- Notes: 1. Debt guarantee is granted from the parent company in connection with the issuance of bonds by the Company. No guarantee charge is paid for the debt guarantee.
2. For sale of securities, the Company tendered into the offer made by the parent company in accordance with the Financial Instruments and Exchange Act. The sales amount has been determined based on the tender offer price stated in the Tender Offer Statement.
3. Nippon Telegraph and Telephone Corporation changed its corporate name to NTT, Inc. as of July 1, 2025.

In addition to the above, the Group enters into several other transactions with related parties that are companies under common control. Specifically, significant transactions and related account balances with 8 other NTT Group companies as of and for the years ended March 31, 2026 and 2025 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Transactions:			
Execution of loans	¥ 4,347,482	¥ 3,463,666	\$27,192,161
Transactions related to transferred receivables	6,586,449	6,404,211	41,196,205
Billing-related revenue	148,762	161,612	930,461
Receipt of interest	41,500	48,348	259,572
Account balances:			
Billing receivables	17,839	22,129	111,580
Accounts payable - other	428,563	413,352	2,680,531
Deposits received	98,557	98,324	616,449
Loans receivable	4,476,310	3,127,703	27,997,937

19. PER SHARE INFORMATION

Net assets per share is as follows:

	Yen		U.S. Dollars
	2026	2025	2026
Net assets per share	¥ 1,994,725.56	¥ 1,929,075.29	\$ 12,476.39

Earnings per share and its basis for the calculation are as follows:

	Yen		U.S. Dollars
	2026	2025	2026
Basic earnings per share	¥ 96,024.58	¥ 208,457.55	\$ 600.60

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Basis for calculation:			
Profit/(loss) attributable to owners of parent	¥ 4,932	¥ 10,707	\$ 30,850
Amount not attributable to common shareholders	-	-	-
Profit/(loss) attributable to owners of parent related to common stock	4,932	10,707	30,850
Weighted-average number of shares outstanding	51,365	51,365	

Diluted earnings per share is not disclosed because no potentially dilutive securities are outstanding.

20. SUBSEQUENT EVENTS

There is no applicable information to disclose.

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Independent Auditor's Report

To the Board of Directors of NTT FINANCE CORPORATION:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of NTT FINANCE CORPORATION (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2026 and 2025, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

A Key Audit Matter

A Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Appropriateness of the historical rate of credit losses for general receivables	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of the Group as of March 31, 2026, billing receivables of ¥89,067 million (\$557,092 thousand) were recognized related to telecommunication service charges transferred from NTT Group companies. In addition, as described in Note “2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, s. Significant Accounting Estimates” to the consolidated financial statements, allowance for doubtful receivables related to billing receivables of ¥15,766 million (\$98,615 thousand) was provided mostly for general receivables.</p> <p>The Company recognizes allowance for doubtful receivables for general receivables based on the historical rate of credit losses to cover probable losses on collection.</p> <p>The historical rate of credit losses is calculated based on the historical credit losses for each</p>	<p>The primary procedures we performed to assess the appropriateness of the historical rate of credit losses for general receivables included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the accuracy of the aggregation of general receivables and historical credit losses and the calculation of the historical rate of credit losses.</p> <p>(2) Assessment of the appropriateness of the historical rate of credit losses for general receivables</p> <p>We inquired of the management regarding the basis for the judgment that probable credit losses approximate the historical credit losses. In</p>

<p>number of elapsed months of billing receivables according to the management’s judgment that probable credit losses approximate the historical credit losses. In addition, given the significant amounts of general receivables, the appropriateness of the historical rate of credit losses may have a significant effect on the determination of allowance for doubtful receivables for general receivables. We, therefore, determined that our assessment of the appropriateness of the historical rate of credit losses for general receivables was the most significant in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.</p>	<p>addition, we assessed the reasonableness of the management’s judgment by comparing the amounts recognized as allowance for doubtful receivables in the prior years with the corresponding actual amounts of credit losses and examining the causes of any variances between them.</p>
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Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor’s report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matter communicated with corporate auditors, we determine that matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 76 million yen and 40 million yen, respectively. Such fees for the previous year are 75 million yen and 32 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Atsunori Sadahiro
Designated Engagement Partner
Certified Public Accountant

Shinichiro Tozuka
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 11, 2026