

# Interim Consolidated Financial Statements (Unaudited)

For the Three Months Ended June 30, 2022

<Under Japanese GAAP>

NTT FINANCE CORPORATION

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NTT FINANCE CORPORATION and Consolidated Subsidiaries

Interim Consolidated Balance Sheets  
June 30, 2022 as compared with March 31, 2022—Unaudited

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)	LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	June 30, 2022	March 31, 2022	June 30, 2022		June 30, 2022	March 31, 2022	June 30, 2022
<b>CURRENT ASSETS:</b>				<b>CURRENT LIABILITIES:</b>			
Cash and cash equivalents	¥ 403,253	¥ 364,567	\$ 2,950,351	Short-term bank loans	¥ 387,762	¥ 299,688	\$ 2,837,008
Trade accounts receivable:				Current portion of long-term borrowings	103,501	144,043	757,251
Loans	7,837,049	8,107,979	57,338,672	Current portion of bonds	233,436	179,188	1,707,904
Other loans	454	929	3,325	Commercial papers	737,607	404,726	5,396,602
Credit cards	63,049	58,990	461,291	Accounts payable - other	464,011	412,714	3,394,875
Billing	107,848	85,644	789,055	Accrued income taxes	1,348	205	9,862
Allowance for doubtful receivables	(15,849)	(15,748)	(115,962)	Deposits received	1,486,293	2,316,897	10,874,260
Investments in venture businesses	5,703	6,245	41,728	Deposits received from shareholders, directors or employees	72	85	529
Other	47,748	45,759	349,343	Asset retirement obligations	22	137	162
				Other	10,117	12,050	74,024
Total current assets	8,449,257	8,654,368	61,817,804	Total current liabilities	3,424,173	3,769,736	25,052,481
PROPERTY AND EQUIPMENT, NET:	5,868	6,205	42,937				
INTANGIBLE ASSETS—Assets held for own use	9,520	10,536	69,655	<b>LONG-TERM LIABILITIES:</b>			
INVESTMENTS AND OTHER ASSETS:				Bonds	2,764,615	2,816,633	20,226,921
Investment securities	15,796	19,037	115,575	Long-term borrowings	2,212,233	2,025,584	16,185,497
Other	19,919	19,374	145,738	Provision for loss on system use agreements	2,231	2,380	16,322
Allowance for doubtful receivables	(411)	(406)	(3,014)	Defined benefit liability	21,804	21,819	159,526
				Asset retirement obligations	1,338	1,333	9,792
Total investments and other assets	35,304	38,005	258,300	Other	337	999	2,465
DEFERRED ASSETS				Total long-term liabilities	5,002,559	4,868,750	36,600,526
Deferred charges	6,758	7,177	49,450	Total liabilities	8,426,733	8,638,487	61,653,008
Total deferred assets	6,758	7,177	49,450	<b>NET ASSETS:</b>			
				Shareholders' equity (Note 4):			
				Common stock—authorized, 80,000 shares; issued, 51,960 shares as of June 30 and March 31, 2022	16,770	16,770	122,702
				Capital surplus	15,950	15,950	116,699
				Retained earnings	41,611	39,877	304,443
				Treasury stock; 595 shares as of June 30 and March 31, 2022	(1,126)	(1,126)	(8,245)
				Total shareholders' equity	73,205	71,472	535,599
				Accumulated other comprehensive income/(loss):			
				Unrealized gain/(loss) on available-for-sale securities	2,133	2,762	15,609
				Foreign currency translation adjustments	2,113	989	15,465
				Remeasurements of defined benefit plans	2,523	2,582	18,466
				Total accumulated other comprehensive income/(loss)	6,771	6,334	49,540
				Total net assets	79,977	77,806	585,140
<b>TOTAL ASSETS</b>	<b>¥ 8,506,710</b>	<b>¥ 8,716,293</b>	<b>\$ 62,238,149</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>¥ 8,506,710</b>	<b>¥ 8,716,293</b>	<b>\$ 62,238,149</b>

See notes to interim consolidated financial statements.

NTT FINANCE CORPORATION and Consolidated Subsidiaries

Interim Consolidated Statements of Income  
Three-Month Periods Ended June 30, 2022 and 2021—Unaudited

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Three-Month Period Ended June 30		Three-Month Period Ended June 30
	2022	2021	2022
REVENUE	¥ 51,502	¥ 46,179	\$ 376,812
COST OF SALES	25,988	22,445	190,138
Gross profit/(loss)	25,514	23,733	186,673
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	21,730	20,773	158,990
Operating income/(loss)	3,783	2,960	27,683
OTHER INCOME:			
Interest income	-	0	-
Dividend income	19	21	140
Foreign exchange gain	1,740	-	12,733
Gain on bad debts recovered	-	150	-
Share of profit of equity-accounted investees	764	361	5,596
Other	1	0	9
Total other income	2,525	534	18,480
OTHER EXPENSES:			
Interest expense	3	14	26
Foreign exchange loss	-	87	-
Loss on retirement of long-lived assets held for own use	60	19	445
Other	0	1	0
Total other expenses	64	123	472
EXTRAORDINARY LOSSES:			
Restructuring expenses	-	64	-
Total extraordinary losses	-	64	-
PROFIT/(LOSS) BEFORE INCOME TAXES	6,245	3,306	45,691
INCOME TAXES	1,677	989	12,274
PROFIT/(LOSS)	4,567	2,317	33,416
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	¥ 4,567	¥ 2,317	\$ 33,416

**NTT FINANCE CORPORATION and Consolidated Subsidiaries**

**Interim Consolidated Statements of Income  
Three-Month Periods Ended June 30, 2022 and 2021—Unaudited**

	Yen		U.S. Dollars (Note 1)
	Three-Month Period Ended June 30		Three-Month Period Ended June 30
	2022	2021	2022
<b>PER SHARE OF COMMON STOCK:</b>			
Weighted average number of shares outstanding	51,365	51,365	
Basic earnings per share	¥ 88,920.40	¥ 45,116.40	\$ 650.57

See notes to interim consolidated financial statements.

**NTT FINANCE CORPORATION and Consolidated Subsidiaries**

**Interim Consolidated Statements of Comprehensive Income  
Three-Month Periods Ended June 30, 2022 and 2021—Unaudited**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Three-Month Period Ended June 30		Three-Month Period Ended June 30
	2022	2021	2022
PROFIT/(LOSS)	¥ 4,567	¥ 2,317	\$ 33,416
OTHER COMPREHENSIVE INCOME/(LOSS):			
Unrealized gain/(loss) on available-for-sale securities	(581)	2,624	(4,254)
Foreign currency translation adjustments	867	0	6,349
Remeasurements of defined benefit plans	(58)	8	(426)
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	209	174	1,529
Total other comprehensive income/(loss)	437	2,807	3,198
COMPREHENSIVE INCOME/(LOSS)	<u>¥ 5,004</u>	<u>¥ 5,125</u>	<u>\$ 36,615</u>
Comprehensive income/(loss) attributable to:			
Owners of parent	¥ 5,004	¥ 5,125	\$ 36,615
Non-controlling interests	-	-	-

See notes to interim consolidated financial statements.

# NTT FINANCE CORPORATION and Consolidated Subsidiaries

## Notes to Interim Consolidated Financial Statements—Unaudited

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

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

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

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

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

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

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, as a matter of arithmetic computation only, and has been made at the rate of ¥136.68 to \$1.00, the approximate rate of exchange at June 30, 2022, and then the translated amounts have been rounded down to the nearest thousand. As a result, the totals shown in the accompanying interim consolidated financial statements in U.S. dollar do not necessarily agree with the sums of the individual amounts. Such translation should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

### 2. SIGNIFICANT ACCOUNTING POLICIES

Substantially the same accounting policies have been followed in these interim consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended March 31, 2022.

From the first quarter of the year ending March 31, 2023, V Lease Ltd. was excluded from the scope of applying the equity method of accounting due to the liquidation.

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

The amounts of securities, investment securities and investments in venture businesses including carrying amounts on the accompanying interim consolidated balance sheet do not change significantly compared to those as of March 31, 2022.

#### 4. EQUITY

##### *Dividends*

The following dividends are paid during the three-month periods ended June 30, 2022 and 2021:

##### (1) Dividends paid in cash

Three-Month Period Ended June 30, 2022									
Resolution	Class of Shares	Total Dividends (Millions of Yen)	Total Dividends (Thousands of U.S. Dollars)	Dividends per Share (Yen)	Dividends per Share (U.S. Dollars)	Record Date	Effective Date	Source of Dividends	
Annual shareholders' meeting held on June 17, 2022	Common stock	¥ 2,814	\$ 20,593	¥54,798.00	\$ 400.92	March 31, 2022	June 20, 2022	Retained earnings	

Three-Month Period Ended June 30, 2021									
Resolution	Class of Shares	Total Dividends (Millions of Yen)	Dividends per Share (Yen)		Record Date	Effective Date	Source of Dividends		
Annual shareholders' meeting held on June 18, 2021	Common stock	¥ 8,048	¥156,698.00		March 31, 2021	June 21, 2021	Retained earnings		

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

Three-Month Period Ended June 30, 2022									
Resolution	Class of Shares	Class of Dividend Property	Carrying Amount of Dividend Property (Millions of Yen)	Carrying Amount of Dividend Property (Thousands of U.S. Dollars)	Dividends per Share (Yen)	Dividends per Share (U.S. Dollars)	Record Date	Effective Date	Source of Dividends
Annual shareholders' meeting held on June 17, 2022	Common stock	Available-for-sale securities	¥ 19	\$ 140	¥ -	\$ -	June 17, 2022	June 30, 2022	Retained earnings

#### 5. DEPRECIATION

Depreciation of assets held for own use for the three-month periods ended June 30, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Three-Month Period Ended June 30		Three-Month Period Ended June 30
	2022	2021	2022
Assets held for own use	¥ 1,684	¥ 645	\$ 12,327

## 6. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The amounts of financial instruments including carrying amounts on the accompanying interim consolidated balance sheets as of June 30, 2022 do not change significantly compared to those as of March 31, 2022.

## 7. DERIVATIVES

The amounts of derivatives including contract amounts as of June 30, 2022 do not change significantly compared to those as of March 31, 2022.

## 8. COMMITMENTS AND CONTINGENCIES

Contingent liabilities as of June 30, 2022 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees in the ordinary course of business	¥ 55,706	\$ 407,567

## 9. REVENUE RECOGNITION

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

## 10. SEGMENT INFORMATION

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

The following tables represent information about revenue and profit by reportable segment for the three-month periods ended June 30, 2022 and 2021.

	Millions of Yen					
	Three-Month Period Ended June 30, 2022					
	Reportable Segment			Total	Other (Note)	Total
Billing	Credit Card	Accounting and Finance				
Revenue:						
Revenue from contracts with customers	¥ 9,813	¥ 149	¥ 2,609	¥ 12,572	¥ 582	¥ 13,154
Other revenue	29,333	1,244	7,769	38,348	-	38,348
Revenue from external customers	39,147	1,394	10,378	50,920	582	51,502
Intersegment revenue or transfers	-	12,061	6	12,068	-	12,068
Total	¥ 39,147	¥ 13,456	¥ 10,385	¥ 62,989	¥ 582	¥ 63,571
Segment profit	¥ 2,112	¥ 1,027	¥ 1,900	¥ 5,039	¥ 5	¥ 5,045



Thousands of U.S. Dollars						
Three-Month Period Ended June 30, 2022						
Reportable Segment						
	Billing	Credit Card	Accounting and Finance	Total	Other (Note)	Total
Revenue:						
Revenue from contracts with customers	\$ 71,800	\$ 1,093	\$ 19,088	\$ 91,982	\$ 4,260	\$ 96,243
Other revenue	214,616	9,108	56,843	280,569	-	280,569
Revenue from external customers	286,417	10,201	75,932	372,552	4,260	376,812
Intersegment revenue or transfers	-	88,248	51	88,299	-	88,299
Total	\$ 286,417	\$ 98,450	\$ 75,983	\$ 460,852	\$ 4,260	\$ 465,112
Segment profit	\$ 15,455	\$ 7,514	\$ 13,902	\$ 36,872	\$ 41	\$ 36,914

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

Millions of Yen						
Three-Month Period Ended June 30, 2021						
Reportable Segment						
	Billing	Credit Card	Finance	Total	Other (Note)	Total
Revenue:						
Revenue from contracts with customers	¥ 9,622	¥ 242	¥ 82	¥ 9,946	¥ 565	¥ 10,512
Other revenue	28,676	1,049	5,941	35,666	-	35,666
Revenue from external customers	38,299	1,291	6,023	45,613	565	46,179
Intersegment revenue or transfers	-	11,411	-	11,411	-	11,411
Total	¥ 38,299	¥ 12,702	¥ 6,023	¥ 57,024	¥ 565	¥ 57,590
Segment profit	¥ 2,402	¥ 918	¥ 717	¥ 4,038	¥ 5	¥ 4,044

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

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

	Millions of Yen		Thousands of U.S. Dollars
	Three-Month Period Ended June 30		Three-Month Period Ended June 30
	2022	2021	2022
Segment profit:			
Reportable segments total	¥ 5,039	¥ 4,038	\$ 36,872
Profit in "Other"	5	5	41
Corporate expenses (Note)	(1,261)	(1,083)	(9,230)
Operating income in the interim consolidated statements of income	¥ 3,783	¥ 2,960	\$ 27,683

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

***Information regarding changes in reportable segments***

The Company received the accounting business of NTT BUSINESS ASSOCIE Corporation during the second quarter of the year ended March 31, 2022. Accordingly, the Company changed its business segments from the previous three segments ("Billing business," "Credit card business," and "Finance business") to the new three segments ("Billing business," "Credit card business," and "Accounting and finance business"). Segment information for the three-month period ended June 30, 2021 is presented using the reportable segment classification before the change because it is practically difficult to prepare segment information using the classification after the change.

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

For the three-month periods ended June 30, 2022 and 2021, there is no applicable information to disclose.

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

For the three-month periods ended June 30, 2022 and 2021, there is no applicable information to disclose.

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

For the three-month periods ended June 30, 2022 and 2021, there is no applicable information to disclose.

**11. SUBSEQUENT EVENTS**

There are no significant subsequent events to disclose.

**12. SUPPLEMENTAL INFORMATION**

***Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System***

The Company and some of its domestic consolidated subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system from the first quarter of the year ending March 31, 2023. Along with this transition, 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" (Practical Issues Task Force (PITF) No. 42, August 12, 2021; the "Practical Solution No. 42"). In addition, based on Paragraph 32 (1) of the Practical Solution No. 42, the Company deems that there is no effect of changes in accounting policies due to the application of the Practical Solution No. 42.

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