

Interim Consolidated Financial Statements (Unaudited)

For the Three Months Ended June 30, 2023

<Under Japanese GAAP>

NTT FINANCE CORPORATION

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NTT FINANCE CORPORATION and Consolidated Subsidiaries

Interim Consolidated Balance Sheets
June 30, 2023 as compared with March 31, 2023—Unaudited

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)	LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	June 30, 2023	March 31, 2023	June 30, 2023		June 30, 2023	March 31, 2023	June 30, 2023
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash and cash equivalents	¥ 431,730	¥ 290,025	\$ 2,977,657	Short-term bank loans	¥ 490,618	¥ 400,169	\$ 3,383,806
Trade accounts receivable:				Current portion of long-term borrowings	163,919	60,797	1,130,557
Loans	8,544,196	8,724,163	58,929,555	Current portion of bonds	279,588	329,601	1,928,332
Credit cards	58,940	59,295	406,517	Commercial papers	1,247,669	600,605	8,605,207
Billing	120,264	93,913	829,465	Accounts payable - other	476,176	427,968	3,284,202
Allowance for doubtful receivables	(23,783)	(21,072)	(164,033)	Accrued income taxes	2,583	230	17,815
Investments in venture businesses	7,852	6,912	54,160	Deposits received	1,033,130	1,811,338	7,125,526
Other	61,552	47,727	424,526	Deposits received from shareholders, directors or employees	44	106	304
				Other	18,983	11,845	130,932
Total current assets	9,200,753	9,200,965	63,457,849	Total current liabilities	3,712,713	3,642,663	25,606,686
PROPERTY AND EQUIPMENT, NET:	5,701	5,720	39,320				
INTANGIBLE ASSETS—Assets held for own use	6,045	6,869	41,694	LONG-TERM LIABILITIES:			
INVESTMENTS AND OTHER ASSETS:				Bonds	2,696,669	2,697,794	18,599,002
Investment securities	16,414	16,465	113,209	Long-term borrowings	2,735,226	2,805,261	18,864,928
Other	18,865	18,642	130,113	Provision for loss on system use agreements	1,581	1,752	10,904
Allowance for doubtful receivables	(448)	(467)	(3,095)	Defined benefit liability	18,497	18,346	127,578
				Asset retirement obligations	1,329	1,315	9,167
Total investments and other assets	34,830	34,641	240,227	Other	269	302	1,861
DEFERRED ASSETS				Total long-term liabilities	5,453,573	5,524,771	37,613,442
Deferred charges	5,871	6,316	40,498	Total liabilities	9,166,286	9,167,435	63,220,129
Total deferred assets	5,871	6,316	40,498	NET ASSETS:			
				Shareholders' equity (Note 4):			
				Common stock—authorized, 80,000 shares; issued, 51,960 shares as of June 30 and March 31, 2023	16,770	16,770	115,669
				Capital surplus	15,950	15,950	110,010
				Retained earnings	45,184	46,993	311,639
				Treasury stock; 595 shares as of June 30 and March 31, 2023	(1,126)	(1,126)	(7,772)
				Total shareholders' equity	76,779	78,588	529,547
				Accumulated other comprehensive income/(loss):			
				Unrealized gain/(loss) on available-for-sale securities	2,784	2,374	19,202
				Foreign currency translation adjustments	3,535	2,203	24,383
				Remeasurements of defined benefit plans	3,817	3,912	26,328
				Total accumulated other comprehensive income/(loss)	10,136	8,490	69,914
				Total net assets	86,915	87,078	599,461
TOTAL ASSETS	¥ 9,253,202	¥ 9,254,513	\$ 63,819,591	TOTAL LIABILITIES AND NET ASSETS	¥ 9,253,202	¥ 9,254,513	\$ 63,819,591

See notes to interim consolidated financial statements.

NTT FINANCE CORPORATION and Consolidated Subsidiaries

Interim Consolidated Statements of Income
Three-Month Periods Ended June 30, 2023 and 2022—Unaudited

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Three-Month Period Ended June 30		Three-Month Period Ended June 30
	2023	2022	2023
REVENUE (Note 10):	¥ 72,845	¥ 51,502	\$ 502,419
COST OF SALES	42,825	25,988	295,365
Gross profit/(loss)	30,020	25,514	207,054
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	23,718	21,730	163,585
Operating income/(loss) (Note 10)	6,302	3,783	43,468
OTHER INCOME:			
Dividend income	21	19	145
Foreign exchange gain	1,460	1,740	10,070
Share of profit of equity-accounted investees	407	764	2,810
Other	7	1	51
Total other income	1,896	2,525	13,078
OTHER EXPENSES:			
Interest expense	15	3	106
Loss on retirement of long-lived assets held for own use	24	60	166
Other	5	0	36
Total other expenses	44	64	310
PROFIT/(LOSS) BEFORE INCOME TAXES	8,153	6,245	56,236
INCOME TAXES	2,639	1,677	18,205
PROFIT/(LOSS)	5,514	4,567	38,031
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	¥ 5,514	¥ 4,567	\$ 38,031

NTT FINANCE CORPORATION and Consolidated Subsidiaries

**Interim Consolidated Statements of Income
Three-Month Periods Ended June 30, 2023 and 2022—Unaudited**

	Yen		U.S. Dollars (Note 1)
	Three-Month Period Ended June 30		Three-Month Period Ended June 30
	2023	2022	2023
PER SHARE OF COMMON STOCK:			
Weighted average number of shares outstanding	51,365	51,365	
Basic earnings per share	¥ 107,351.89	¥ 88,920.40	\$ 740.41

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, 2023 and 2022—Unaudited**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Three-Month Period Ended June 30		Three-Month Period Ended June 30
	2023	2022	2023
PROFIT/(LOSS)	¥ 5,514	¥ 4,567	\$ 38,031
OTHER COMPREHENSIVE INCOME/(LOSS):			
Unrealized gain/(loss) on available-for-sale securities	334	(581)	2,308
Foreign currency translation adjustments	1,201	867	8,285
Remeasurements of defined benefit plans	(95)	(58)	(656)
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	205	209	1,419
Total other comprehensive income/(loss)	1,646	437	11,357
COMPREHENSIVE INCOME/(LOSS)	¥ 7,160	¥ 5,004	\$ 49,388
Comprehensive income/(loss) attributable to:			
Owners of parent	¥ 7,160	¥ 5,004	\$ 49,388
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 ¥144.99 to \$1.00, the approximate rate of exchange at June 30, 2023, and then the translated amounts have been rounded down to the nearest thousand. As a result, the totals shown in the accompanying interim consolidated financial statements in U.S. dollar do not necessarily agree with the sums of the individual amounts. Such translation should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

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

3. SECURITIES, INVESTMENT SECURITIES AND INVESTMENTS IN VENTURE BUSINESSES

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

4. EQUITY

Dividends

The following dividends are paid during the three-month periods ended June 30, 2023 and 2022:

(1) Dividends paid in cash

Three-Month Period Ended June 30, 2023								
Resolution	Class of Shares	Total Dividends (Millions of Yen)	Total Dividends (Thousands of U.S. Dollars)	Dividends per Share (Yen)	Dividends per Share (U.S. Dollars)	Record Date	Effective Date	Source of Dividends
Annual shareholders' meeting held on June 16, 2023	Common stock	¥ 7,299	\$ 50,343	¥142,106	\$ 980.11	March 31, 2023	June 19, 2023	Retained earnings

Three-Month Period Ended June 30, 2022								
Resolution	Class of Shares	Total Dividends (Millions of Yen)	Dividends per Share (Yen)	Record Date	Effective Date	Source of Dividends		
Annual shareholders' meeting held on June 17, 2022	Common stock	¥ 2,814	¥54,798	March 31, 2022	June 20, 2022	Retained earnings		

(2) Dividends paid other than in cash

Three-Month Period Ended June 30, 2023									
Resolution	Class of Shares	Class of Dividend Property	Carrying Amount of Dividend Property (Millions of Yen)	Carrying Amount of Dividend Property (Thousands of U.S. Dollars)	Dividends per Share (Yen)	Dividends per Share (U.S. Dollars)	Record Date	Effective Date	Source of Dividends
Extraordinary shareholders' meeting held on April 21, 2023	Common stock	Available-for-sale securities	¥ 24	\$ 165	¥ -	\$ -	April 21, 2023	May 12, 2023	Retained earnings

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

5. DEPRECIATION

Depreciation of assets held for own use for the three-month periods ended June 30, 2023 and 2022 are as follows:

	Millions of Yen		Thousands of
	Three-Month Period Ended		U.S. Dollars
	June 30		Three-Month
	2023	2022	Period Ended
			June 30
			2023
Assets held for own use	¥ 1,404	¥ 1,684	\$ 9,684

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, 2023 do not change significantly compared to those as of March 31, 2023.

7. DERIVATIVES

The amounts of derivatives including contract amounts as of June 30, 2023 do not change significantly compared to those as of March 31, 2023.

8. COMMITMENTS AND CONTINGENCIES

Contingent liabilities as of June 30, 2023 are as follows:

	Millions of Yen	Thousands of
	¥	U.S. Dollars
Guarantees in the ordinary course of business	¥ 57,024	\$ 393,298

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, 2023 and 2022.

	Millions of Yen					
	Three-Month Period Ended June 30, 2023					
	Reportable Segment					Total
Billing	Credit Card	Accounting and Finance	Total	Other (Note)		
Revenue:						
Revenue from contracts with customers	¥ 9,566	¥ 184	¥ 7,014	¥ 16,766	¥ 736	¥ 17,503
Other revenue	33,244	1,566	20,531	55,342	-	55,342
Revenue from external customers	42,811	1,751	27,546	72,109	736	72,845
Intersegment revenue or transfers	-	13,516	6	13,522	-	13,522
Total	¥ 42,811	¥ 15,267	¥ 27,553	¥ 85,632	¥ 736	¥ 86,368
Segment profit	¥ 2,594	¥ 1,305	¥ 3,768	¥ 7,668	¥ 36	¥ 7,705

	Thousands of U.S. Dollars					
	Three-Month Period Ended June 30, 2023					
	Reportable Segment					Total
Billing	Credit Card	Accounting and Finance	Total	Other (Note)		
Revenue:						
Revenue from contracts with customers	\$ 65,982	\$ 1,275	\$ 48,382	\$ 115,639	\$ 5,080	\$ 120,720
Other revenue	229,290	10,802	141,605	381,699	-	381,699
Revenue from external customers	295,273	12,078	189,988	497,339	5,080	502,419
Intersegment revenue or transfers	-	93,221	46	93,268	-	93,268
Total	\$ 295,273	\$ 105,300	\$ 190,034	\$ 590,607	\$ 5,080	\$ 595,688
Segment profit	\$ 17,895	\$ 9,003	\$ 25,993	\$ 52,892	\$ 252	\$ 53,144

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, 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

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
	2023	2022	2023
Segment profit:			
Reportable segments total	¥ 7,668	¥ 5,039	\$ 52,892
Profit in “Other”	36	5	252
Corporate expenses (Note)	(1,402)	(1,261)	(9,676)
Operating income in the interim consolidated statements of income	¥ 6,302	¥ 3,783	\$ 43,468

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

Information regarding changes in reportable segments

For the three-month periods ended June 30, 2023 and 2022, there is no applicable information to disclose.

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

For the three-month periods ended June 30, 2023 and 2022, 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, 2023 and 2022, there is no applicable information to disclose.

Significant gain on bargain purchase by reportable segment

For the three-month periods ended June 30, 2023 and 2022, there is no applicable information to disclose.

11. SUBSEQUENT EVENTS

There are no significant subsequent events to disclose.

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