

Note; This document is in English translation of “Kessan Tanshin” for the First Quarter of the Fiscal Year Ending March 31, 2024, and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation of it, the Japanese version will govern.

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024 [IFRS]

August 8, 2023

Company name	: NTT DATA GROUP CORPORATION (“NTT DATA”)
Stock exchange on which the Company’s shares are listed	: Tokyo Stock Exchange Prime Segment
Code number	: 9613
URL	: https://www.nttdata.com/global/en/
Representative	: Yo Honma, President and Chief Executive Officer, Representative Director
Contact	: Sota Endo, Senior Executive Manager, Investor Relations Office Tel.:+81-3-5546-8119
Scheduled date of filing of Quarterly Business Report	: August 10, 2023
Scheduled date of dividend payment	: -
Supplemental material on quarterly results	: Yes
Presentation on quarterly results	: Yes (for institutional investors and financial analysts)

(Amounts are rounded to the nearest 1 million yen)

1. Consolidated Financial Results in Q1 of FY2023 (From April 1, 2023 to June 30, 2023)

(1) Consolidated Results of Operations (accumulated total)

(% of change from the corresponding quarterly period of the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income attributable to shareholders of NTT DATA		Comprehensive income attributable to shareholders of NTT DATA	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2023 Q1	1,014,955	49.8	58,302	1.4	48,238	(18.1)	27,661	(30.4)	122,916	10.4
FY2022 Q1	677,368	14.6	57,522	21.7	58,879	20.2	39,728	27.9	111,311	197.3

	Net income per share	Net income per share (diluted)
	¥	¥
FY2023 Q1	19.73	-
FY2022 Q1	28.33	-

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to shareholders of NTT DATA	Equity ratio attributable to shareholders of NTT DATA
	¥ million	¥ million	¥ million	%
FY2023 Q1	6,529,058	2,560,663	1,553,982	23.8
FY2022	6,158,194	2,396,365	1,452,367	23.6

2. Dividends

	Cash dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
FY2022	¥ -	¥ 10.50	¥ -	¥ 11.50	¥ 22.00
FY2023	-				
FY2023 (Forecast)		11.50	-	11.50	23.00

(Notes) • Revisions to the forecasts of dividends announced most recently: No

3. Forecasts of Consolidated Results for FY2023 (From April 1, 2023 to March 31, 2024)

(% of change from the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income attributable to shareholders of NTT DATA		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	4,100,000	17.5	292,000	12.7	240,000	(1.2)	144,000	(4.0)	102.70

(Notes) • Revisions to the forecasts of consolidated results announced most recently: No

* Notes:

(1) Changes in significant subsidiaries in Q1 of FY2023 (From April 1, 2023 to June 30, 2023) : No

(2) Changes in accounting policies, changes in accounting estimates

1) Changes in accounting policies required by IFRS : Yes

2) Changes in accounting policies other than 1) : No

3) Changes in accounting estimates : No

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding (inclusive of treasury stock)

FY2023 Q1 (June 30, 2023) 1,402,500,000 shares

FY2022 (March 31, 2023) 1,402,500,000 shares

2) Number of treasury stock

FY2023 Q1 (June 30, 2023) 507,571 shares

FY2022 (March 31, 2023) 507,571 shares

3) Average number of shares over the period (consolidated total for quarter)

FY2023 Q1 (From April 1, 2023 to June 30, 2023) 1,401,992,429 shares

FY2022 Q1 (From April 1, 2022 to June 30, 2022) 1,402,383,651 shares

Note: NTT DATA introduced a performance-based stock remuneration plan from the second quarter of FY2021.

The number of treasury stock at the end of the period and the number of treasury stock deducted when calculating average number of shares over the period include 496,900 treasury shares held by the stock delivery trust under the performance-based stock remuneration plan.

* “Kessan Tanshin” is an unaudited financial report.

* Explanations relating to the appropriate use of results forecasts, and other noteworthy items

1. The results forecasts contained in this document are based on certain premises derived from information available to the NTT DATA Group at this time. As a result of various factors that may arise in the future, actual results may differ from the Group’s forecasts.

2. Supplemental material on quarterly results will be uploaded on TDnet today, and will also be uploaded on our homepage. Presentation on quarterly results will be held today. This report will be uploaded on our homepage soon.

3. Products and services referred to on this report (including the attachment) are trademarks or registered trademarks of NTT DATA Group and its subsidiaries or other companies.

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1. Matters Related to Summary Information (Notes)

(1) Changes in Accounting Policies

Effective from the first quarter of the current fiscal year, NTT DATA Group has applied the revision of IAS 12 "Income Taxes," which clarifies the accounting treatment of deferred taxes on assets and liabilities arising from a single transaction. There is no material impact on the condensed quarterly consolidated financial statements due to the application of the amendment.

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: ¥ million)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	415,359	531,103
Trade and other receivables	1,242,269	1,133,442
Contract asset	123,008	127,564
Inventories	76,221	77,111
Assets held for sale	48,712	57,875
Other financial assets	54,700	55,455
Other current assets	288,680	340,146
Total current assets	2,248,950	2,322,696
Non-current assets		
Property, plant and equipment	1,372,468	1,511,653
Right-of-use assets	234,813	245,532
Goodwill	1,133,559	1,227,505
Intangible assets	653,205	668,615
Investment property	26,953	26,938
Investments accounted for using the equity method	31,343	39,396
Other financial assets	136,882	152,317
Deferred tax assets	225,040	234,428
Other non-current assets	94,981	99,978
Total non-current assets	3,909,244	4,206,362
Total assets	6,158,194	6,529,058

(Unit: ¥ million)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Trade and other payables	857,632	845,440
Contract liabilities	417,940	453,211
Bonds and borrowings	278,843	393,585
Lease liabilities	64,280	67,698
Other financial liabilities	13,366	14,849
Income taxes payable	43,550	41,358
Provisions	23,098	20,009
Liabilities directly associated with assets held for sale	16,409	18,458
Other current liabilities	89,186	95,535
Total current liabilities	1,804,303	1,950,144
Non-current liabilities		
Bonds and borrowings	1,453,018	1,497,587
Lease liabilities	204,640	212,852
Other financial liabilities	17,167	16,583
Retirement benefit liability	183,404	186,603
Provisions	10,248	9,348
Deferred tax liabilities	45,466	49,779
Other non-current liabilities	43,583	45,500
Total non-current liabilities	1,957,526	2,018,251
Total liabilities	3,761,829	3,968,395
Equity		
Equity attributable to shareholders of NTT DATA		
Capital stock	142,520	142,520
Capital surplus	26,752	21,913
Retained earnings	1,091,214	1,102,543
Treasury shares	(1,034)	(1,034)
Other components of equity	192,915	288,040
Total equity attributable to shareholders of NTT DATA	1,452,367	1,553,982
Non-controlling interests	943,998	1,006,681
Total equity	2,396,365	2,560,663
Total liabilities and equity	6,158,194	6,529,058

(2) Condensed Quarterly Consolidated Statement of Income and
Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statement of Income

(Unit: ¥ million)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	677,368	1,014,955
Cost of sales	499,453	747,798
Gross profit	177,915	267,157
Selling, general and administrative expenses	120,393	208,855
Operating income	57,522	58,302
Financial income	3,986	9,721
Financial costs	2,684	19,814
Share of profit/loss of entities accounted for using equity method	55	29
Income before income taxes	58,879	48,238
Income taxes	17,201	21,736
Net income	41,678	26,502
Net income attributable to:		
Shareholders of NTT DATA	39,728	27,661
Non-controlling interests	1,950	(1,159)
Total	41,678	26,502
Net income per share attributable to shareholders of NTT DATA		
Net income per share (yen)	28.33	19.73

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Unit: ¥ million)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net income	41,678	26,502
Other comprehensive income (after taxes)		
Items that will not be reclassified to profit/loss		
Net change in fair value of financial assets measured at fair value through other comprehensive income	(8,264)	7,863
Remeasurements of defined benefit plans	(154)	(116)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Items that may be reclassified subsequently to profit/loss		
Effective portion of cash flow hedges	71	334
Hedge cost	(383)	(4)
Exchange differences on translation of foreign operations	81,178	156,046
Share of other comprehensive income of entities accounted for using equity method	171	1,602
Total other comprehensive income (after taxes)	72,619	165,725
Comprehensive income	114,297	192,226
Comprehensive income attributable to:		
Shareholders of NTT DATA	111,311	122,916
Non-controlling interests	2,986	69,311
Total	114,297	192,226

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Three months ended June 30, 2022)

(Unit: ¥ million)

	Equity attributable to shareholders of NTT DATA						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2022	142,520	102,340	915,853	(205)	110,365	1,270,874	57,393	1,328,267
Comprehensive income								
Net income	—	—	39,728	—	—	39,728	1,950	41,678
Other comprehensive income	—	—	—	—	71,583	71,583	1,036	72,619
Comprehensive income	—	—	39,728	—	71,583	111,311	2,986	114,297
Transactions with shareholders								
Dividends of surplus	—	—	(16,129)	—	—	(16,129)	(1,786)	(17,915)
Transfer to retained earnings	—	—	(196)	—	196	—	—	—
Net changes in controlled subsidiaries' stocks	—	(346)	—	—	—	(346)	(2,123)	(2,469)
Stock-based remuneration transaction	—	27	—	—	—	27	—	27
Put options written on non-controlling interests	—	2,393	—	—	—	2,393	—	2,393
Other	—	(879)	—	—	—	(879)	(94)	(973)
Total transactions with shareholders	—	1,195	(16,325)	—	196	(14,933)	(4,003)	(18,936)
As of June 30, 2022	142,520	103,535	939,256	(205)	182,144	1,367,251	56,377	1,423,628

(Three months ended June 30, 2023)

(Unit: ¥ million)

	Equity attributable to shareholders of NTT DATA						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2023	142,520	26,752	1,091,214	(1,034)	192,915	1,452,367	943,998	2,396,365
Comprehensive income								
Net income	—	—	27,661	—	—	27,661	(1,159)	26,502
Other comprehensive income	—	—	—	—	95,255	95,255	70,470	165,725
Comprehensive income	—	—	27,661	—	95,255	122,916	69,311	192,226
Transactions with shareholders								
Dividends of surplus	—	—	(16,129)	—	—	(16,129)	(2,199)	(18,328)
Transfer to retained earnings	—	—	129	—	(129)	—	—	—
Net changes in controlled subsidiaries' stocks	—	2	—	—	—	2	(17)	(15)
Stock-based remuneration transaction	—	(4,255)	—	—	—	(4,255)	(3,501)	(7,756)
Put options written on non-controlling interests	—	316	—	—	—	316	(636)	(320)
Other	—	(901)	(333)	—	—	(1,235)	(274)	(1,509)
Total transactions with shareholders	—	(4,839)	(16,332)	—	(129)	(21,301)	(6,628)	(27,929)
As of June 30, 2023	142,520	21,913	1,102,543	(1,034)	288,040	1,553,982	1,006,681	2,560,663

(4) Notes to Condensed Quarterly Consolidated Financial Statements

(Material subsequent events)

(Transition to a holding company structure)

NTT DATA transitioned to a holding company structure on July 1, 2023, pursuant to an absorption-type company split agreement (the “Absorption-Type Company Split Agreement”) regarding NTT DATA’s domestic business, which was approved at the Company’s ordinary general meeting of shareholders on June 20, 2023, and the rights and obligations in domestic business held by the Company, as defined in the Absorption-Type Company Split Agreement, have been transferred to its wholly-owned subsidiary, NTT DATA Japan Preparation Corporation (the “Domestic Business Split Preparation Corporation” or “Succeeding Company”). As of the same date, the trade name of the Company was changed to “NTT DATA Group Corporation” and the trade name of the Domestic Business Split Preparation Corporation was changed to “NTT DATA Japan Corporation.”

(1) Outline of the Business Combination

1. Companies related to the business combination and their business details

I. Splitting company

Name: NTT DATA Corporation

Business details: Consulting, integrated IT solutions, system and software development, maintenance and support, etc.

II. Succeeding company

Name: NTT DATA Japan Preparation Corporation

Business details: Preparation for the succession of the Company’s business by an absorption-type split, etc.

2. Date of the business combination

July 1, 2023

3. Legal form of the business combination

An absorption-type company split in which the Company is the splitting company and the Domestic Business Split Preparation Corporation, a wholly-owned subsidiary of the Company established on November 1, 2022, is the succeeding company

4. Allotment of shares to the splitting company

The Domestic Business Split Preparation Corporation allotted 999 shares of its common stock to the Company as consideration for this absorption-type split.

5. Rights and obligations succeeded by the succeeding company

The succeeding company succeeded the assets, liabilities, contractual status, rights and obligations, etc., in domestic operations held by the Company, as defined in the Absorption-Type Company Split Agreement, as of the effective date of the absorption-type split.

6. Names after the business combination

I. Splitting company

Name: NTT DATA Group Corporation (The trade name was changed from “NTT DATA Corporation” as of July 1, 2023.)

II. Succeeding company

Name: NTT DATA Japan Corporation (The trade name was changed from “NTT DATA Japan Preparation Corporation” as of July 1, 2023.)

7. Purpose and effects of the transition to a holding company structure

Given the overseas business combination against the backdrop of accelerating efforts towards digital transformation on a global scale and more complex and diverse customer needs, we consider it essential to reconstruct the group management structure and further strengthen governance through speedy decision-making in responding to changes in the external environment and local markets, improved mobility, flexible system designs, etc., and have decided to execute the transition to a holding company structure.

After transitioning to a holding company structure, NTT DATA, as a holding company, will specialize in the formulation and implementation of growth strategies from the perspective of optimizing the entire Group, business management, etc., in order to increase the corporate value of the entire Group.

(2) Outline of Accounting Procedures after the Transition

The transition to a holding company structure constitutes a business combination involving an entity or business under common control (a business combination in which all of the combining entities or businesses are ultimately controlled by the same party (or parties) both before and after the business combination and that control is not transitory). The Company accounts for transactions under common control based on book value.

(5) Notes to Going Concern Assumptions

N/A