

Note; This document is in English translation of “Kessan Tanshin” for the First Quarter of the Fiscal Year Ending March 31, 2022 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, 2022 [IFRS]

August 5, 2021

Company name	: NTT DATA CORPORATION (“NTT DATA”)
Stock exchange on which the Company’s shares are listed	: Tokyo Stock Exchange 1st Section
Code number	: 9613
URL	: https://www.nttdata.com/global/en/
Representative	: Yo Honma, President and Chief Executive Officer
Contact	: Sota Endo, Senior Executive Manager, Investor Relations Office Tel.:+81-3-5546-8119
Scheduled date of filing of Quarterly Business Report	: August 10, 2021
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 FY2021 (From April 1, 2021 to June 30, 2021)

(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	%
FY2021 Q1	590,822	11.3	47,271	77.1	48,978	80.4	31,062	62.3	37,445	2.8
FY2020 Q1	530,936	0.7	26,687	(10.6)	27,143	(11.9)	19,143	(8.7)	36,412	229.6

	Net income per share	Net income per share (diluted)
FY2021 Q1	¥ 22.15	¥ -
FY2020 Q1	13.65	-

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to shareholders of NTT DATA	Equity ratio attributable to shareholders of NTT DATA
FY2021 Q1	¥ million 2,918,158	¥ million 1,147,354	¥ million 1,094,331	% 37.5
FY2020	2,897,015	1,126,548	1,072,899	37.0

2. Dividends

	Cash dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
FY2020	¥ -	¥ 9.00	¥ -	¥ 9.00	¥ 18.00
FY2021	-				
FY2021 (Forecast)		9.50	-	9.50	19.00

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

3. Forecasts of Consolidated Results for FY2021 (From April 1, 2021 to March 31, 2022)

(% 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	2,360,000	1.8	180,000	29.3	175,000	34.1	106,000	37.9	75.58

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

* Notes:

(1) Changes in significant subsidiaries in Q1 of FY2021 (From April 1, 2021 to June 30, 2021) : No
(Changes in specified subsidiaries resulting in the change in consolidation scope)

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

- 1) Changes in accounting policies required by IFRS : No
- 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)

FY2021 Q1 (June 30, 2021)	1,402,500,000 shares
FY2020 (March 31, 2021)	1,402,500,000 shares
- 2) Number of treasury stock

FY2021 Q1 (June 30, 2021)	1,065 shares
FY2020 (March 31, 2021)	1,065 shares
- 3) Average number of shares over period (consolidated total for quarter)

FY2021 Q1 (From April 1, 2021 to June 30, 2021)	1,402,498,935 shares
FY2020 Q1 (From April 1, 2020 to June 30, 2020)	1,402,499,046 shares

* “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 or other companies.

Contents of Attachment

1. Condensed Quarterly Consolidated Financial Statements and Major Notes	2
(1) Condensed Quarterly Consolidated Statement of Financial Position	2
(2) Condensed Quarterly Consolidated Statement of Income and Condensed Quarterly Consolidated Statement of Comprehensive Income	4
(3) Condensed Quarterly Consolidated Statement of Changes in Equity	6
(4) Notes to Condensed Quarterly Consolidated Financial Statements	7
(5) Notes to Going Concern Assumptions	9

1. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: ¥ million)

	As of March 31, 2021	As of June 30 2021
Assets		
Current assets		
Cash and cash equivalents	287,058	369,650
Trade and other receivables	601,883	466,143
Contract asset	101,496	92,782
Inventories	14,476	26,241
Other financial assets	16,522	26,379
Other current assets	88,621	117,864
Total current assets	1,110,056	1,099,059
Non-current assets		
Property, plant and equipment	339,158	333,805
Right-of-use assets	153,357	149,087
Goodwill	415,272	455,886
Intangible assets	477,495	480,212
Investment property	26,825	26,783
Investments accounted for using the equity method	5,756	5,727
Other financial assets	216,942	221,246
Deferred tax assets	86,182	83,142
Other non-current assets	65,973	63,212
Total non-current assets	1,786,959	1,819,099
Total assets	2,897,015	2,918,158

(Unit: ¥ million)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Trade and other payables	419,012	386,624
Contract liabilities	270,224	279,597
Bonds and borrowings	105,748	197,511
Lease liabilities	41,439	39,506
Other financial liabilities	4,075	6,209
Income taxes payable	39,602	13,724
Provisions	4,224	4,851
Other current liabilities	40,064	39,223
Total current liabilities	924,387	967,245
Non-current liabilities		
Bonds and borrowings	473,154	427,698
Lease liabilities	117,866	116,721
Other financial liabilities	13,631	14,230
Retirement benefit liability	202,323	205,116
Provisions	4,268	4,214
Deferred tax liabilities	16,366	16,930
Other non-current liabilities	18,472	18,651
Total non-current liabilities	846,080	803,560
Total liabilities	1,770,468	1,770,805
Equity		
Equity attributable to shareholders of NTT DATA		
Capital stock	142,520	142,520
Capital surplus	105,988	102,598
Retained earnings	721,565	739,959
Treasury shares	(1)	(1)
Other components of equity	102,827	109,255
Total equity attributable to shareholders of NTT DATA	1,072,899	1,094,331
Non-controlling interests	53,648	53,023
Total equity	1,126,548	1,147,354
Total liabilities and equity	2,897,015	2,918,158

(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, 2020	Three months ended June 30, 2021
Net sales	530,936	590,822
Cost of sales	400,134	437,906
Gross profit	130,802	152,916
Selling, general and administrative expenses	104,115	105,645
Operating income	26,687	47,271
Financial income	2,748	3,019
Financial costs	2,219	1,276
Share of profit/loss of entities accounted for using equity method	(74)	(36)
Income before income taxes	27,143	48,978
Income taxes	8,176	16,394
Net income	18,967	32,584
Net income attributable to		
Shareholders of NTT DATA	19,143	31,062
Non-controlling interests	(176)	1,522
Total	18,967	32,584
Net income per share attributable to shareholders of NTT DATA		
Net income per share (yen)	13.65	22.15

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Unit: ¥ million)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net income	18,967	32,584
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	20,604	2,751
Remeasurements of defined benefit plans	61	(46)
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	887	600
Hedge cost	(396)	(197)
Foreign currency translation adjustment	(4,164)	3,655
Share of other comprehensive income of entities accounted for using equity method	(10)	43
Total other comprehensive income (after taxes)	16,983	6,806
Comprehensive income	35,949	39,390
Comprehensive income attributable to:		
Shareholders of NTT DATA	36,412	37,445
Non-controlling interests	(463)	1,945
Total	35,949	39,390

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Three months ended June 30, 2020)

(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, 2020	142,520	111,596	659,563	(1)	26,005	939,683	47,732	987,415
Comprehensive income								
Net income	—	—	19,143	—	—	19,143	(176)	18,967
Other comprehensive income	—	—	—	—	17,269	17,269	(287)	16,983
Comprehensive income	—	—	19,143	—	17,269	36,412	(463)	35,949
Transactions with shareholders								
Dividends of surplus	—	—	(12,622)	—	—	(12,622)	(1,490)	(14,113)
Transfer to retained earnings	—	—	62	—	(62)	—	—	—
Purchase and disposal of treasury shares	—	—	—	(0)	—	(0)	—	(0)
Increase/decrease by business combination	—	—	—	—	—	—	303	303
Net changes in controlled subsidiaries' stocks	—	—	—	—	—	—	(50)	(50)
Put options written on non-controlling interests	—	(56)	—	—	—	(56)	—	(56)
Other	—	82	(5)	—	—	76	42	118
Total transactions with shareholders	—	26	(12,566)	(0)	(62)	(12,602)	(1,195)	(13,797)
As of June 30, 2020	142,520	111,622	666,140	(1)	43,212	963,494	46,073	1,009,567

(Three months ended June 30, 2021)

(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, 2021	142,520	105,988	721,565	(1)	102,827	1,072,899	53,648	1,126,548
Comprehensive income								
Net income	—	—	31,062	—	—	31,062	1,522	32,584
Other comprehensive income	—	—	—	—	6,383	6,383	423	6,806
Comprehensive income	—	—	31,062	—	6,383	37,445	1,945	39,390
Transactions with shareholders								
Dividends of surplus	—	—	(12,622)	—	—	(12,622)	(1,393)	(14,015)
Transfer to retained earnings	—	—	(46)	—	46	—	—	—
Purchase and disposal of treasury shares	—	—	—	—	—	—	—	—
Increase/decrease by business combination	—	—	—	—	—	—	—	—
Net changes in controlled subsidiaries' stocks	—	(918)	—	—	—	(918)	(768)	(1,686)
Put options written on non-controlling interests	—	(2,188)	—	—	—	(2,188)	—	(2,188)
Other	—	(284)	—	—	—	(284)	(411)	(695)
Total transactions with shareholders	—	(3,390)	(12,668)	—	46	(16,013)	(2,571)	(18,584)
As of June 30, 2021	142,520	102,598	739,959	(1)	109,255	1,094,331	53,023	1,147,354

(4) Notes to Condensed Quarterly Consolidated Financial Statements

Business combination

Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

1) Outline of business combination

On June 23, 2021, NTT DATA Corporation, the company submitting consolidated financial statements, acquired equity interest of Nexient, LLC, a company based in California, U.S.A. (hereinafter referred to as Nexient), to obtain 100% of voting rights and control of the company through NTT DATA Services, the subsidiary in North America. The outline of this deal is shown below.

Name of the acquired company	Nexient, LLC
Main business	Application development, etc.
Main reason for the business combination	The acquisition will enable NTT DATA not only to have talents capable of cloud-native application development and agile development but also to enhance capabilities in the field by acquiring the recruitment and training processes. Also, by combining Nexient's model of delivering the U.S. resources and NTT DATA's global delivery network, we will be able to provide solutions that will better satisfy clients' needs.
Date of acquisition	June 23, 2021
Method adopted by the acquirer company to take control of the acquired company	Acquisition of equity interest in exchange for cash payment
Percentage of the voting rights acquired	100%

2) Consideration of the transfer

The fair value in consideration of the transfer as of the date of acquisition is as follows.

	(Unit: ¥ million)
	Date of acquisition (June 23, 2021)
Cash	45,654
Total acquisition price	45,654

(Note) The share transfer agreement consists of a clause that requires the price to be adjusted when the transfer is completed. Under this agreement, NTT DATA Group will revise the acquisition price and the goodwill amount by deeming that such payment was made upon the acquisition.

3) Amount and item of acquisition-related costs

The item and amount of acquisition-related costs are as follows.

(Unit: ¥ million)	
Item	Amount
Advisory expenses	2
Legal expenses	175
Others	109
Total acquisition-related cost	286

(Note) The expenses are included and processed in “selling general and administrative expenses” on Condensed Quarterly Consolidated Statement of Income.

4) Fair value of acquired assets and assumed liabilities, and goodwill as of the date of acquisition

The details and fair value of acquired assets and assumed liabilities, and goodwill as of the date of acquisition are as follows.

(Unit: ¥ million)	
	Date of acquisition (June 23, 2021)
Assets	
Trade and other receivables (Note 1)	2,602
Property, plant and equipment	1,299
Intangible assets (Note 2)	5,958
Other	67
Liabilities	
Trade and other payables	1,375
Bonds and borrowings	814
Other	48
Net assets	7,690
Goodwill (Note 3)	37,963
Total	45,654

Since identifiable assets and liabilities are now under evaluation and acquisition cost allocation is not completed, the value of goodwill and assets which were recorded at the end of this quarter is provisional based on the estimation with currently accessible information.

- (Notes)1. They are all trade receivables, out of which nothing significant is estimated as unrecoverable.
2. They include identifiable assets of 5,813 million yen.
3. Goodwill mainly represents the synergy effect and excess earning power expected to be obtained by integrating with NTT DATA Group.

5) Impact on NTT DATA Group's performance

According to the pro forma information assuming that the business combination took place at the beginning of the current fiscal year, net sales is 3,378 million yen and net income is 115 million yen.

The pro forma information indicates the estimated amount that has not been audited.

(5) Notes to Going Concern Assumptions

N/A