

Note; This document is in English translation of “Kessan Tanshin” for the First Quarter of the Fiscal Year Ending March 31, 2021 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, 2021 [IFRS]

August 7, 2020

Company name	: NTT DATA CORPORATION (“NTTDATA”)
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 13, 2020
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 FY2020 (From April 1, 2020 to June 30, 2020)

(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	%
FY2020 Q1	530,936	0.7	26,687	(10.6)	27,143	(11.9)	19,143	(8.7)	36,412	229.6
FY2019 Q1	527,276	4.4	29,838	2.4	30,802	2.0	20,975	0.8	11,048	(74.9)

	Net income per share	Net income per share (diluted)
	¥	¥
FY2020 Q1	13.65	-
FY2019 Q1	14.96	-

(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	%
FY2020 Q1	2,662,626	1,009,567	963,494	36.2
FY2019	2,686,008	987,415	939,683	35.0

2. Dividends

	Cash dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
	¥	¥	¥	¥	¥
FY2019	—	9.00	—	9.00	18.00
FY2020	—				
FY2020 (Forecast)		9.00	—	9.00	18.00

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

3. Forecasts of Consolidated Results for FY2020 (From April 1, 2020 to March 31, 2021)

(% 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	2,170,000	(4.3)	120,000	(8.4)	114,000	(5.1)	71,000	(5.5)	50.62

Notes: Revisions to the forecasts of consolidated results announced most recently: Yes

The forecast of consolidated results for the fiscal year ending March 31, 2021, which was undetermined in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2020" announced on May 14, 2020 due to the impact of the spread of COVID-19, has been announced as shown above. For details, please refer to the attached "1. Description of Information on Outlook, Including Forecasts of Consolidated Results" and "Company Presentation for the First Quarter of Fiscal Year Ending March 31, 2021" announced today.

* Notes:

(1) Changes in significant subsidiaries in Q1 of FY2020 (From April 1, 2020 to June 30, 2020) : 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)

FY2020 Q1 (June 30, 2020)	1,402,500,000 shares
FY2019 (March 31, 2020)	1,402,500,000 shares
- 2) Number of treasury stock

FY2020 Q1 (June 30, 2020)	957 shares
FY2019 (March 31, 2020)	953 shares
- 3) Average number of shares over period (consolidated total for quarter)

FY2020 Q1 (From April 1, 2020 to June 30, 2020)	1,402,499,046 shares
FY2019 Q1 (From April 1, 2019 to June 30, 2019)	1,402,499,047 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.

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1. Description of Information on Outlook, Including Forecasts of Consolidated Results

FY2020 is the second year of the Medium-Term Management Plan, which will end in FY2021. To achieve the “Global 3rd Stage,” under the key principle of “pursuing profitable global growth with consistent belief and courage to change,” we will aim to secure orders from Japanese and overseas clients by making sure that we meet their IT investment needs, restrain unprofitable projects and reduce the Group’s overall costs, and accelerate our effort for the shift to the digital society.

Regarding the impact of the spread of COVID-19 on the NTT DATA Group, negative impact is expected broadly, although the level varies by country and by industry, since investment appetite is likely to decline due to deterioration in business confidence and restrained investment on the side of clients who would strive to maintain and improve their businesses. On the other hand, in order to build back better in new normal with COVID-19 or in POST-COVID-19 era, businesses leveraging digital technologies to build new society are expected to accelerate, and NTT DATA intends to address such new business opportunities that we can contribute to. We expect that many of such businesses would be recognized in our business performance from FY2021 and onwards, since clients would start to consider and spend for such projects from FY2020.

The forecasts of consolidated results for the fiscal year ending March 31, 2021 has been undetermined as there were many uncertainties due to the impact of the spread of COVID-19, making it difficult to make a reasonable calculation. Since there are signs of resumption of economic activity, we have carefully assessed the impact on our business performance and have made calculations based on the information available to us at this time.

In light of the above, for the fiscal year ending March 31, 2021, net sales is forecasted at 2,170.0billion yen, and operating income at 120.0 billion yen.

Although caution is still required in terms of the spread of the infection in Japan and abroad, it is assumed that economic and business activities would gradually start to recover from the second half of the fiscal year and onwards by and large, as the world start to resume economic activities. Assumptions do not incorporate events that have not yet become apparent, such as State of Emergency Declaration to be issued in Japan due to the outbreak of the second wave or countries around the world to re-enter lockdown at scale.

Our segment-by-segment outlook is as follows.

[Public & Social Infrastructure Segment]

We aim for receiving system renewal orders for core businesses from governments and infrastructure companies, and make efforts to grow our business through the following methods: creating new businesses by utilizing the results and know-how that our group has cultivated and realizing a new public-private social system in accordance with Growth Strategy based on Society 5.0 and the Digital Government Action Plan.

Net sales are forecast at 505.0 billion yen (net sales from external customers: 430.0 billion yen), and operating income at 57.0 billion yen.

[Financial Segment]

Deregulations and technological innovations are bringing a great change to the business environment of financial institutions. Financial services taking advantage of digital technologies are emerging, with diversified players joining the financial business. Under such circumstance, we continue to offer highly reliable and high-quality services to our clients. We also seek to expand our business in the digital age, anticipating changes of the times.

Net sales are forecast at 574.0 billion yen (net sales from external customers: 500.0 billion yen), and

operating income at 54.0 billion yen.

[Enterprise & Solutions Segment]

Further acceleration of trends in digital usage, the rise in demand for enhanced global competitiveness, drastic changes in the market environment due to the COVID-19 pandemic and other factors have greatly changed the business environments of manufacturers, distributors, and service providers. While responding to these changes, we continue to provide highly added values that bring business and advanced professional technology together and support growth in our clients' businesses, so that we can further expand our business.

Net sales are forecast at 563.0 billion yen (net sales from external customers: 413.0 billion yen), and operating income at 46.0 billion yen.

[North America Segment]

Amid drastic changes in the market environment, such as new growing needs during the COVID-19 pandemic, we aim to improve value to provide through the selection and concentration of offerings and M&A that enhance capabilities, respond to the changes by combining our existing advantages and digital technologies, and support clients' digital transformation.

Net sales are forecast at 368.0 billion yen (net sales from external customers: 363.0 billion yen), and operating income at minus 19.0 billion yen.

[EMEA & LATAM Segment]

Amid drastic changes in the market environment, such as new growing needs during the COVID-19 pandemic, we aim to manage businesses more efficiently through structural transformation, creating new offerings and enhancing capabilities in the digital field through proactive investments, and precisely addressing clients' needs for digital transformation by combining our existing advantages with such offerings and capabilities.

Net sales are forecast at 422.0 billion yen (net sales from external customers: 414.0 billion yen), and operating income at minus 3.0 billion yen.

Moreover, capital investment in the fiscal year ending March 31, 2021 is expected to reach 180.0 billion yen. NTT DATA manages its business performance on an annual basis only, and therefore no results forecast for the period to the end of the second quarter of the current fiscal year have been included in this report.

Notes: This material contains descriptions of future plans and strategies and of forecasts and projections relating to business performance. These descriptions reflect certain assumptions derived from judgments based on information currently available to the NTT DATA Group.

The material also incorporates an unquantifiable degree of risk and uncertainty relating to factors such as economic trends, the fierce competition within the information service industry, market demand, and the tax and other systems. In view of this, excessive reliance should not be placed on these results or forecasts, and it should be noted that actual results may differ from the NTT DATA Group's forecasts.

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: ¥ million)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	205,356	266,763
Trade and other receivables	572,175	439,555
Contract asset	74,828	86,587
Inventories	13,727	16,758
Other financial assets	13,296	14,448
Other current assets	87,509	106,614
Total current assets	966,890	930,725
Non-current assets		
Property, plant and equipment	344,922	341,093
Right-of-use assets	160,005	158,585
Goodwill	391,017	385,027
Intangible assets	477,716	478,083
Investment property	27,113	26,878
Investments accounted for using the equity method	8,366	8,480
Other financial assets	142,211	172,380
Deferred tax assets	110,946	102,112
Other non-current assets	56,823	59,264
Total non-current assets	1,719,118	1,731,902
Total assets	2,686,008	2,662,626

(Unit: ¥ million)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Trade and other payables	359,508	336,135
Contract liabilities	256,740	290,858
Bonds and borrowings	157,094	121,005
Lease liabilities	39,143	40,011
Other financial liabilities	4,604	5,115
Income taxes payable	32,002	12,838
Provisions	4,273	3,131
Other current liabilities	29,674	27,717
Total current liabilities	883,038	836,811
Non-current liabilities		
Bonds and borrowings	440,861	440,544
Lease liabilities	122,219	120,306
Other financial liabilities	12,155	11,277
Retirement benefit liability	207,854	210,156
Provisions	4,131	4,170
Deferred tax liabilities	18,868	18,087
Other non-current liabilities	9,466	11,709
Total non-current liabilities	815,555	816,248
Total liabilities	1,698,593	1,653,059
Equity		
Equity attributable to shareholders of NTT DATA		
Capital stock	142,520	142,520
Capital surplus	111,596	111,622
Retained earnings	659,563	666,140
Treasury shares	(1)	(1)
Other components of equity	26,005	43,212
Total equity attributable to shareholders of NTT DATA	939,683	963,494
Non-controlling interests	47,732	46,073
Total equity	987,415	1,009,567
Total liabilities and equity	2,686,008	2,662,626

(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, 2019	Three months ended June 30, 2020
Net sales	527,276	530,936
Cost of sales	395,106	400,134
Gross profit	132,169	130,802
Selling, general and administrative expenses	102,331	104,115
Operating income	29,838	26,687
Financial income	2,821	2,748
Financial costs	1,912	2,219
Share of profit of entities accounted for using equity method	55	(74)
Income before income taxes	30,802	27,143
Income taxes	9,198	8,176
Net income	21,604	18,967
Net income attributable to		
Shareholders of NTT DATA		
Non-controlling interests	20,975	19,143
Total	629	(176)
	21,604	18,967
Net income per share attributable to shareholders of NTT DATA		
Net income per share (yen)	14.96	13.65

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Unit: ¥ million)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net income	21,604	18,967
Other comprehensive income (after taxes)		
Items that will not be reclassified to profit/loss		
Profit/Loss from investments in equity instruments designated at fair value through other comprehensive income	9,162	20,604
Remeasurements of defined benefit plans	(1,196)	61
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	74	887
Hedge cost	(230)	(396)
Foreign currency translation adjustment	(17,790)	(4,164)
Share of other comprehensive income of entities accounted for using equity method	1	(10)
Total other comprehensive income (after taxes)	(9,980)	16,983
Comprehensive income	11,624	35,949
Comprehensive income attributable to:		
Shareholders of NTT DATA	11,048	36,412
Non-controlling interests	577	(463)
Total	11,624	35,949

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Three months ended June 30, 2019)

(Unit: ¥ million)

	Equity attributable to shareholders of NTT DATA						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other	Total		
As of April 1, 2019	142,520	115,740	603,171	(1)	64,236	925,667	41,143	966,809
Comprehensive income								
Net income	—	—	20,975	—	—	20,975	629	21,604
Other comprehensive income	—	—	—	—	(9,928)	(9,928)	(52)	(9,980)
Comprehensive income	—	—	20,975	—	(9,928)	11,048	577	11,624
Transactions with shareholders								
Dividends of surplus	—	—	(11,921)	—	—	(11,921)	(1,107)	(13,028)
Transfer to retained earnings	—	—	(1,196)	—	1,196	—	—	—
Increase/decrease by business combination	—	—	—	—	—	—	2,751	2,751
Net changes in controlled subsidiaries' stocks	—	201	—	—	—	201	(303)	(102)
Put options written on non-controlling interests	—	(815)	—	—	—	(815)	—	(815)
Other	—	(0)	176	—	—	176	(109)	67
Total transactions with shareholders	—	(614)	(12,942)	—	1,196	(12,360)	1,233	(11,127)
As of June 30, 2019	142,520	115,126	611,205	(1)	55,505	924,354	42,952	967,306

(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	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

(4) Notes to Going Concern Assumptions

N/A