

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

February 4, 2022

Company name	: NTT DATA CORPORATION (“NTT DATA”)
Stock exchange that lists the Company’s shares	: 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	: February 8, 2022
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 Q3 of FY2021 (From April 1, 2021, to December 31, 2021)

(1) Consolidated Results of Operations (accumulated total)

(% represents changes 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 Q3	1,848,208	11.4	167,090	56.3	169,213	59.9	110,191	59.2	169,098	93.7
FY2020 Q3	1,658,396	1.0	106,910	14.3	105,818	14.6	69,227	19.6	87,320	35.8

	Net income per share	Net income per share (diluted)
FY2021 Q3	¥ 78.57	¥ -
FY2020 Q3	49.36	-

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to shareholders of NTT DATA	Equity ratio attributable to shareholders of NTT DATA
FY2021 Q3	¥ million 2,943,838	¥ million 1,268,702	¥ million 1,213,719	% 41.2
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	-	9.50			
FY2021 (Forecast)				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	2,540,000	9.5	215,000	54.5	212,000	62.5	130,000	69.2	92.69

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

* Notes:

(1) Changes in significant subsidiaries in Q3 of FY2021 (From April 1, 2021, to December 31, 2021): No
(Changes in specified subsidiaries resulting in the change in consolidation scope)

(2) Changes in accounting policies and 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 Q3 (December 31, 2021)	1,402,500,000 shares
FY2020 (March 31, 2021)	1,402,500,000 shares
- 2) Number of treasury stock

FY2021 Q3 (December 31, 2021)	116,315 shares
FY2020 (March 31, 2021)	1,065 shares
- 3) Average number of shares over the period (consolidated total for the quarter)

FY2021 Q3 (From April 1, 2021, to December 31, 2021)	1,402,441,957 shares
FY2020 Q3 (From April 1, 2020, to December 31, 2020)	1,402,499,018 shares

Note:

NTT DATA introduced performance-based stock compensation in the second quarter of the fiscal year 2021.

The number of treasury stock at the end of the period and the number of treasury stock deducted when calculating the average number of shares over the period include 115,200 treasury shares held by the stock delivery trust under the system.

* “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 uploaded on our homepage. A presentation on quarterly results will be held today. This report will be uploaded on our homepage soon.
3. Products and services referred to in this report (including the attachment) are trademarks or registered trademarks of NTT DATA or other companies.

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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 December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	287,058	234,827
Trade and other receivables	601,883	543,876
Contract asset	101,496	118,975
Inventories	14,476	29,550
Other financial assets	16,522	28,151
Other current assets	88,621	114,945
Total current assets	1,110,056	1,070,326
Non-current assets		
Property, plant, and equipment	339,158	333,513
Right-of-use assets	153,357	144,097
Goodwill	415,272	469,890
Intangible assets	477,495	487,001
Investment property	26,825	26,730
Investments accounted for using the equity method	5,756	5,657
Other financial assets	216,942	267,997
Deferred tax assets	86,182	71,719
Other non-current assets	65,973	66,907
Total non-current assets	1,786,959	1,873,512
Total assets	2,897,015	2,943,838

(Unit: ¥ million)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Trade and other payables	419,012	384,325
Contract liabilities	270,224	273,123
Bonds and borrowings	105,748	146,242
Lease liabilities	41,439	39,659
Other financial liabilities	4,075	4,430
Income taxes payable	39,602	24,186
Provisions	4,224	6,006
Other current liabilities	40,064	30,614
Total current liabilities	924,387	908,584
Non-current liabilities		
Bonds and borrowings	473,154	390,162
Lease liabilities	117,866	115,931
Other financial liabilities	13,631	13,568
Retirement benefit liability	202,323	211,775
Provisions	4,268	3,618
Deferred tax liabilities	16,366	18,811
Other non-current liabilities	18,472	12,687
Total non-current liabilities	846,080	766,552
Total liabilities	1,770,468	1,675,136
Equity		
Equity attributable to shareholders of NTT DATA		
Capital stock	142,520	142,520
Capital surplus	105,988	103,860
Retained earnings	721,565	805,761
Treasury shares	(1)	(205)
Other components of equity	102,827	161,783
Total equity attributable to shareholders of NTT DATA	1,072,899	1,213,719
Non-controlling interests	53,648	54,983
Total equity	1,126,548	1,268,702
Total liabilities and equity	2,897,015	2,943,838

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

Condensed Quarterly Consolidated Statement of Income

(Unit: ¥ million)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	1,658,396	1,848,208
Cost of sales	1,239,486	1,358,047
Gross profit	418,911	490,161
Selling, general and administrative expenses	312,001	323,071
Operating income	106,910	167,090
Financial income	5,382	6,495
Financial costs	6,789	4,379
Share of profit/loss of entities accounted for using the equity method	314	7
Income before income taxes	105,818	169,213
Income taxes	34,251	53,715
Net income	71,567	115,498
Net income attributable to		
Shareholders of NTT DATA	69,227	110,191
Non-controlling interests	2,340	5,307
Total	71,567	115,498
Net income per share attributable to shareholders of NTT DATA		
Net income per share (yen)	49.36	78.57

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Unit: ¥ million)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net income	71,567	115,498
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	33,014	31,900
Remeasurements of defined benefit plans	20	(29)
Share of other comprehensive income of entities accounted for using the equity method	0	(0)
Items that may be reclassified subsequently to profit/loss		
Effective portion of cash flow hedges	860	744
Hedge cost	(204)	99
Foreign currency translation adjustment	(16,177)	26,523
Share of other comprehensive income of entities accounted for using the equity method	127	41
Total other comprehensive income (after taxes)	17,641	59,279
Comprehensive income	89,208	174,777
Comprehensive income attributable to:		
Shareholders of NTT DATA	87,320	169,098
Non-controlling interests	1,888	5,679
Total	89,208	174,777

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Nine months ended December 31, 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	—	—	69,227	—	—	69,227	2,340	71,567
Other comprehensive income	—	—	—	—	18,093	18,093	(452)	17,641
Comprehensive income	—	—	69,227	—	18,093	87,320	1,888	89,208
Transactions with shareholders								
Dividends of surplus	—	—	(25,245)	—	—	(25,245)	(1,908)	(27,153)
Transfer to retained earnings	—	—	2,291	—	(2,291)	—	—	—
Purchase and disposal of treasury shares	—	—	—	(0)	—	(0)	—	(0)
Increase/decrease by business combination	—	—	—	—	—	—	3,256	3,256
Net changes in controlled subsidiaries' stocks	—	(30)	—	—	—	(30)	(223)	(253)
Put options written on non-controlling interests	—	(4,531)	—	—	—	(4,531)	—	(4,531)
Other	—	(446)	(1,056)	—	—	(1,502)	(105)	(1,607)
Total transactions with shareholders	—	(5,007)	(24,010)	(0)	(2,291)	(31,308)	1,021	(30,288)
As of December 31, 2020	142,520	106,589	704,780	(1)	41,807	995,695	50,640	1,046,335

(Nine months ended December 31, 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	—	—	110,191	—	—	110,191	5,307	115,498
Other comprehensive income	—	—	—	—	58,907	58,907	372	59,279
Comprehensive income	—	—	110,191	—	58,907	169,098	5,679	174,777
Transactions with shareholders								
Dividends of surplus	—	—	(25,946)	—	—	(25,946)	(1,639)	(27,585)
Transfer to retained earnings	—	—	(49)	—	49	—	—	—
Purchase and disposal of treasury shares	—	—	—	(204)	—	(204)	—	(204)
Net changes in controlled subsidiaries' stocks	—	(1,308)	—	—	—	(1,308)	(2,297)	(3,605)
Stock-based remuneration transaction	—	63	—	—	—	63	—	63
Put options written on non-controlling interests	—	(595)	—	—	—	(595)	—	(595)
Other	—	(288)	—	—	—	(288)	(409)	(698)
Total transactions with shareholders	—	(2,128)	(25,995)	(204)	49	(28,278)	(4,345)	(32,623)
As of December 31, 2021	142,520	103,860	805,761	(205)	161,783	1,213,719	54,983	1,268,702

(4) Notes to Condensed Quarterly Consolidated Financial Statements

Business combination

Nine months ended December 31, 2021 (From April 1, 2021, to December 31, 2021)

1) Outline of the 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, USA (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. Below, the outline of this deal is shown.

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 following table presents the fair value considering the transfer as of the date of acquisition:

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

(Note) The share transfer agreement comprises 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 following table shows the item and amount of acquisition-related costs:

(Unit: ¥ million)	
Item	Amount
Advisory expenses	2
Legal expenses	168
Others	116
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 following table shows the details and fair value of acquired assets and assumed liabilities and goodwill as of the date of acquisition:

(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

The value of goodwill and assets recorded at the end of this third quarter is provisionally based on the estimation with currently accessible information given that identifiable assets and liabilities are now under evaluation and acquisition cost allocation is not completed.

(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

The period of performance recognized in the third quarter of FY2021 is from July 1, 2021, to December 31, 2021, and the net sales are 8,519 million yen. The net income is 225 million yen.

According to the pro forma information, the net sales are 11,946 million yen, and the net income is 346 million yen, assuming that the business combination took place at the beginning of the current fiscal year.

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

(Post-balance Sheet Events)

On January 28, 2022, NTT DATA CORPORATION resolved to enter into a subscription agreement with Recruit Holdings Co., Ltd. ("RHC") concerning RHC's tender offer of treasury shares ("Tender Offer") at its board of directors meeting.

1) Reasons for subscribing to the Tender Offer

As part of its efforts to review its strategic shareholdings (cross-shareholdings), the Company and RHC have been internally discussing the partial sale of its RHC shares. While examining the optimal capital relationship between the two companies, the Company received a proposal from RHC for subscribing to the Tender Offer, and as a result of the examination of the contents of the proposal, the Company decided to subscribe to the Tender Offer, as the conditions, such as the tender offer price, are considered appropriate.

2) Status of shares held before and after the Tender Offer

Number of shares held before the Tender Offer	28,350,000 shares
Number of shares to be tendered through the Tender Offer	19,700,000 shares
Number of shares held after the Tender Offer	8,650,000 shares

(Note) Number of shares held after the Tender Offer indicates the number of shares held in the event that the Tender Offer is completed and all 19,700,000 shares of RHC common stock tendered by the Company are purchased by RHC. Since the maximum number of shares to be purchased by RHC is set at 34,000,000 shares in the Tender Offer, it is possible that all 19,700,000 shares to be tendered by the Company may not be purchased, depending on the tendering status of other shareholders of RHC.

3) Purchase Price of the Tender Offer

4,581 JPY per share

4) Schedule of the Tender Offer (Planned)

Public Notice of Commencement of Tender Offer	January 31, 2022
Tender Offer Period	From January 31, 2022 to March 1, 2022
Settlement Commencement Date	March 24, 2022

5) Impact on NTT DATA's performance

In the case the Tender Offer will be successfully closed and a portion of the shares of RHC will be transferred, as the Company classifies the shares as "Financial assets measured at fair value through other comprehensive income", the profit or loss on sale of the shares will not be recorded in a consolidated profit and loss statement. The effects of the Tender Offer will be recorded in a consolidated statement of comprehensive income statement in the account title of "Net change in fair value of financial assets measured at fair value through other comprehensive income."

(5) Notes to Going Concern Assumptions

N/A