

Note; This document is in English translation of “Kessan Tanshin” for the Third 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 Third Quarter of the Fiscal Year Ending March 31, 2024 [IFRS]

February 7, 2024

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	: February 9, 2024
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 FY2023 (From April 1, 2023 to December 31, 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 Q3	3,176,162	32.0	197,060	7.4	150,150	(13.2)	83,736	(20.8)	167,794	4.3
FY2022 Q3	2,406,108	30.2	183,467	9.8	173,082	2.3	105,705	(4.1)	160,906	(4.8)

	Net income per share	Net income per share (diluted)
FY2023 Q3	¥ 59.73	¥ -
FY2022 Q3	75.39	-

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to shareholders of NTT DATA	Equity ratio attributable to shareholders of NTT DATA
FY2023 Q3	¥ million 6,661,012	¥ million 2,569,027	¥ million 1,581,823	% 23.7
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	-	11.50	-		
FY2023 (Forecast)				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 Q3 of FY2023 (From April 1, 2023 to December 31, 2023) : 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 : 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 Q3 (December 31, 2023)	1,402,500,000 shares
FY2022 (March 31, 2023)	1,402,500,000 shares
- 2) Number of treasury stock

FY2023 Q3 (December 31, 2023)	498,518 shares
FY2022 (March 31, 2023)	507,571 shares
- 3) Average number of shares over the period (consolidated total for quarter)

FY2023 Q3 (From April 1, 2023 to December 31, 2023)	1,401,992,871 shares
FY2022 Q3 (From April 1, 2022 to December 31, 2022)	1,402,201,055 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 487,300 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 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. 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” (amended in May 2021).

The amendments narrow the scope of the exemption from initial recognition of deferred taxes, making future additions and subtractions of temporary differences equal for leases and asset retirement obligations, and excluding offsetting transactions. For leases and asset retirement obligations, an entity is required to recognize the related deferred tax assets and deferred tax liabilities at the beginning of the earliest comparative period, with the cumulative effect recognized as an adjustment to the opening balance of retained earnings or other components of equity on that date.

As a result, deferred tax assets and deferred tax liabilities will increase, respectively. However, the deferred tax assets and deferred tax liabilities increased by the revision are offset in the consolidated statement of financial position because there is a legally enforceable right to offset current tax assets and current tax liabilities and the income taxes are imposed on the same taxpayer by the same tax authority. There is no material impact on the opening retained earnings as of April 1, 2022, and the disclosure of the condensed quarterly consolidated financial statements due to the application of the amendment. The main impact for the Group relates to the disclosure of recognized deferred tax assets and deferred tax liabilities, which will be made in the annual consolidated financial statements.

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 December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	415,359	443,771
Trade and other receivables	1,242,269	1,195,906
Contract asset	123,008	169,955
Inventories	76,221	72,302
Assets held for sale	48,712	67,413
Other financial assets	54,700	49,231
Other current assets	288,680	300,767
Total current assets	2,248,950	2,299,345
Non-current assets		
Property, plant and equipment	1,372,468	1,654,415
Right-of-use assets	234,813	232,617
Goodwill	1,133,559	1,243,203
Intangible assets	653,205	667,724
Investment property	26,953	26,382
Investments accounted for using equity method	31,343	40,052
Other financial assets	136,882	163,349
Deferred tax assets	225,040	230,203
Other non-current assets	94,981	103,721
Total non-current assets	3,909,244	4,361,667
Total assets	6,158,194	6,661,012

(Unit: ¥ million)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	857,632	837,446
Contract liabilities	417,940	455,053
Bonds and borrowings	278,843	698,483
Lease liabilities	64,280	64,938
Other financial liabilities	13,366	15,180
Income taxes payable	43,550	42,637
Provisions	23,098	19,668
Liabilities directly associated with assets held for sale	16,409	19,001
Other current liabilities	89,186	90,053
Total current liabilities	1,804,303	2,242,459
Non-current liabilities		
Bonds and borrowings	1,453,018	1,335,131
Lease liabilities	204,640	202,233
Other financial liabilities	17,167	22,023
Retirement benefit liability	183,404	193,296
Provisions	10,248	9,922
Deferred tax liabilities	45,466	44,152
Other non-current liabilities	43,583	42,769
Total non-current liabilities	1,957,526	1,849,526
Total liabilities	3,761,829	4,091,985
Equity		
Equity attributable to shareholders of NTT DATA		
Capital stock	142,520	142,520
Capital surplus	26,752	21,231
Retained earnings	1,091,214	1,143,597
Treasury shares	(1,034)	(1,035)
Other components of equity	192,915	275,509
Total equity attributable to shareholders of NTT DATA	1,452,367	1,581,823
Non-controlling interests	943,998	987,204
Total equity	2,396,365	2,569,027
Total liabilities and equity	6,158,194	6,661,012

(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, 2022	Nine months ended December 31, 2023	
Net sales	2,406,108	3,176,162	
Cost of sales	1,770,874	2,325,727	
Gross profit	635,234	850,435	
Selling, general and administrative expenses	451,767	653,375	
Operating income	183,467	197,060	
Financial income	10,822	18,340	
Financial costs	21,055	64,781	
Share of profit/loss of entities accounted for using equity method	(153)	(469)	
Income before income taxes	173,082	150,150	
Income taxes	58,549	66,808	
Net income	114,533	83,342	
Net income attributable to:			
Shareholders of NTT DATA	105,705	83,736	
Non-controlling interests	8,828	(394)	
Total	114,533	83,342	
Net income per share attributable to shareholders of NTT DATA			
Net income per share (yen)	75.39	59.73	

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Unit: ¥ million)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income	114,533	83,342
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	(5,559)	15,763
Remeasurements of defined benefit plans	(246)	(191)
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	(261)	287
Hedge cost	503	(199)
Exchange differences on translation of foreign operations	11,070	120,896
Share of other comprehensive income of entities accounted for using equity method	(519)	1,242
Total other comprehensive income (after taxes)	4,988	137,798
Comprehensive income	119,521	221,140
Comprehensive income attributable to:		
Shareholders of NTT DATA	160,906	167,794
Non-controlling interests	(41,385)	53,346
Total	119,521	221,140

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Nine months ended December 31, 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	—	—	105,705	—	—	105,705	8,828	114,533
Other comprehensive income	—	—	—	—	55,201	55,201	(50,212)	4,988
Comprehensive income	—	—	105,705	—	55,201	160,906	(41,385)	119,521
Transactions with shareholders								
Dividends of surplus	—	—	(30,855)	—	—	(30,855)	(19,131)	(49,986)
Transfer to retained earnings	—	—	(179)	—	179	—	—	—
Acquisition and disposal of treasury stocks	—	—	—	(829)	—	(829)	—	(829)
Changes due to business combinations	—	(72,439)	44,483	—	23,657	(4,299)	926,823	922,524
Changes in ownership interest in subsidiaries	—	(584)	—	—	—	(584)	2,129	1,545
Stock-based remuneration transaction	—	828	—	—	—	828	610	1,437
Put options written on non-controlling interests	—	(4,372)	—	—	—	(4,372)	(267)	(4,639)
Other	—	(832)	—	—	—	(832)	(94)	(926)
Total transactions with shareholders	—	(77,400)	13,449	(829)	23,836	(40,944)	910,070	869,126
As of December 31, 2022	142,520	24,940	1,035,007	(1,034)	189,402	1,390,836	926,079	2,316,914

(Nine months ended December 31, 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	—	—	83,736	—	—	83,736	(394)	83,342
Other comprehensive income	—	—	—	—	84,058	84,058	53,740	137,798
Comprehensive income	—	—	83,736	—	84,058	167,794	53,346	221,140
Transactions with shareholders								
Dividends of surplus	—	—	(32,257)	—	—	(32,257)	(3,264)	(35,522)
Transfer to retained earnings	—	—	1,464	—	(1,464)	—	—	—
Acquisition and disposal of treasury stocks	—	—	—	(1)	—	(1)	—	(1)
Changes due to business combinations	—	—	—	—	—	—	926	926
Changes in ownership interest in subsidiaries	—	(1,883)	—	—	—	(1,883)	195	(1,688)
Stock-based remuneration transaction	—	(1,735)	—	—	—	(1,735)	(1,501)	(3,236)
Put options written on non-controlling interests	—	(901)	—	—	—	(901)	(2,144)	(3,044)
Other	—	(1,002)	(560)	—	—	(1,562)	(4,351)	(5,913)
Total transactions with shareholders	—	(5,520)	(31,354)	(1)	(1,464)	(38,339)	(10,139)	(48,478)
As of December 31, 2023	142,520	21,231	1,143,597	(1,035)	275,509	1,581,823	987,204	2,569,027

(4) Notes to Condensed Quarterly Consolidated Financial Statements

(Business combinations)

Transition to 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

a) Splitting Company

Name: NTT DATA Corporation

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

b) Succeeding Company

Name: NTT DATA Japan Preparation Corporation

Business Details: Preparation for the succession of the Company’s business by an absorption-type company 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 company 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 company 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 effect of 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) Summary 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 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