

Report on the first half of 2021
from April 1, 2021 to September 30, 2021



NTT DATA Business Solutions

NTT DATA
Trusted Global Innovator

KEY FIGURES NTT DATA BUSINESS SOLUTIONS

APRIL 1 TO SEPTEMBER 30, 2021 AND 2020

| MEUR | April 1 – Sept. 30, 2021 | April 1 – Sept. 30, 2020 | July 1 – Sept. 30, 2021 | July 1 – Sept. 30, 2020 |
|---|-----------------------------|-----------------------------|----------------------------|----------------------------|
| Total revenues | 584.2 | 505.6 | 293.5 | 250.1 |
| Consulting | 264.3 | 205.6 | 130.4 | 99.4 |
| Licenses | 23.1 | 24.7 | 11.0 | 13.3 |
| Cloud Subscription | 25.7 | 18.3 | 13.1 | 9.1 |
| Managed Services | 268.9 | 252.9 | 137.9 | 125.3 |
| Other | 2.2 | 4.1 | 1.1 | 3.0 |
| Revenues by segment | | | | |
| DACH (Germany/Austria/Switzerland) | 252.4 | 226.6 | 127.1 | 114.1 |
| Western Europe | 87.9 | 74.0 | 44.7 | 36.0 |
| North and Eastern Europe (NEE) | 101.3 | 88.7 | 50.9 | 42.3 |
| America | 107.3 | 82.8 | 53.6 | 40.1 |
| Asia | 31.2 | 29.9 | 15.1 | 15.4 |
| Other | 4.1 | 3.6 | 2.1 | 2.2 |
| EBIT | 24.7 | 2.0 | 15.7 | 5.7 |
| EBIT margin | 4.2% | 0.4% | 5.3% | 2.3% |
| EBITA | 30.6 | 6.2 | 18.6 | 7.6 |
| EBITA margin | 5.2% | 1.2% | 6.3% | 3.0% |
| EBITDA | 52.9 | 28.1 | 29.8 | 18.3 |
| EBITDA margin | 9.1% | 5.5% | 10.2% | 7.3% |
| Earnings IFRS | 14.5 | -3.4 | 10.9 | -0.8 |
| Earnings per share in Euro/ Shareholders' interest NDBS AG | 0.28 | -0.28 | 0.26 | -0.13 |
| Operating Cashflow | 50.3 | 23.1 | 37.4 | 0.1 |
| DSO (Days Sales Outstanding) | 56.7 | 66.5 | 56.5 | 67.3 |
| MEUR | | | | |
| | Sept. 30, 2021 | Sept. 30, 2020 | | |
| Orders on hand | 1,268.6 | 1,083.1 | | |

FINANCIAL INFORMATION FOR THE FIRST HALF OF 2021

- New fiscal year from April 1, 2021 to March 31, 2022
- Revenue rises by 15.5%, from MEUR 505.6 to MEUR 584.2 as of September 30, 2021 in the first six months
- Year-on-year revenue development: Consulting up 28.6%; Licenses down 6.5%; Cloud Subscription up 40.4%; Managed Services up 6.3%
- Year-on-year revenue development by region: DACH up 11.4%; Western Europe up 18.8%; Northern and Eastern Europe up 14.2%; Americas up 29.6%; Asia up 4.3%
- Significant and strong earnings growth: EBITA increases almost five-fold to MEUR 30.6 after MEUR 6.2 in first half of previous year
- Orders on hand amount to around BEUR 1.3 as of September 30, 2021, outperforming prior-year level of around BEUR 1.08 as of September 30, 2020

REVENUE DEVELOPMENT

NTT DATA Business Solutions AG enjoyed a highly positive performance in the first half of 2021. Revenue climbed by 15.5% (adjusted for currency effects: 14.0%) from MEUR 505.6 to MEUR 584.2 in the first six months. Revenue growth from existing companies (organic growth) amounted to 13.0%, while acquisitions in the reporting period increased revenue by 2.5%.

Consulting revenue rose by 28.6% as against the first half of the previous year from MEUR 205.6 to MEUR 264.3. Managed Services revenue increased by 6.3% from MEUR 252.9 to MEUR 268.9. At MEUR 23.1, license revenue was down by 6.5% or MEUR 1.6 on the prior-year figure of MEUR 24.7 in the reporting period. Cloud Subscription revenue rose by 40.4% year-on-year to MEUR 25.7 (previous year: MEUR 18.3).

In the regions, the DACH region's revenue grew by 11.4% to MEUR 252.4 in the first half of the year (previous year: MEUR

226.6). Western Europe segment revenue rose by 18.8% to MEUR 87.9 after MEUR 74.0 in the previous year. Revenue in the Northern and Eastern Europe segment increased by 14.2% from MEUR 88.7 to MEUR 101.3. In the Americas, revenue grew by 29.6% to MEUR 107.3 (previous year: MEUR 82.8). Revenue in the Asia segment rose by 4.3% from MEUR 29.9 to MEUR 31.2. The Other segment generated revenue of MEUR 4.1 (previous year: MEUR 3.6).

Orders on hand were up 20.4% year-on-year from BEUR 1.08 to BEUR 1.3 as of the end of the first half of 2021.

FINANCIAL PERFORMANCE

EBITA significantly outperformed the prior-year figure by MEUR 24.4 at MEUR 30.6 (previous year: MEUR 6.2). The EBITA margin is 5.2% after 1.2% in the previous year. The factors behind this increase include the higher earnings contributions from the Consulting segment and the results of efficiency enhancement programs.

FINANCIAL POSITION

Cash flow from operating activities increased by MEUR 27.2 to MEUR 50.3 in the first half of the year. In addition to operating earnings, this is also thanks to a further improvement in working capital management: days sales outstanding (DSO) were 56.7 days in the first half of the year after 66.5 in the same period of the previous year.

The cash flow used in investing activities amounted to MEUR 20.0 (previous year: MEUR 9.6). Investments in intangible assets and property, plant and equipment, less investment subsidies and grants, totaled MEUR 14.9 in the reporting period after MEUR 8.7 in the previous year reflecting a significant increase in investing activity.

The cash flow from financing activities amounted to MEUR -48.9 in total (previous year: outflow of MEUR 8.4). The reduction of financial liabilities by MEUR 27.1 was a key factor in this. Cash outflows for finance leases are stable year-on-year.

Cash funds amounted to MEUR 93.0 as of the end of the first half-year after MEUR 97.3 in the same period of the previous year.

EMPLOYEES

NTT DATA Business Solutions AG had 11,707 employees in total as of September 30, 2021 (September 30, 2020: 10,030), 3,512 of whom in Germany (September 30, 2020: 3,375) and 8,195 outside Germany (September 30, 2020: 6,655). At 10,601 (March 31, 2020: 9,913), headcount is up by 10.4% as against the end of the previous fiscal year in March 2021, and by 16.7% as against September 30, 2020.

Throughout our own transformation, it was important for us to retain our established reputation on the market. A new global employer branding campaign was therefore initiated with the slogan "Empowering you!". Its primary objectives are a uniform international brand presence to raise global employer awareness and to boost applicant quality and quantity for NTT DATA Business Solutions.

To stay close to our employees even in times of remote working, we introduced Qualtrics worldwide in 2021 as a survey tool. Engagement pulse surveys have been conducted quarterly since June 1, 2021 to create transparency regarding employee wellbeing and to take action if necessary. We also used surveys to gather feedback on specific projects. One highlight in this context was the survey on new work/working world 4.0, the results of which have been used over the past few months to develop new concepts for workplace design and for how to handle remote work. Our global people strategy focuses solely on our employees: finding and hiring employees, inspiring loyalty and providing training and individual development prospects in exciting projects.

OUTLOOK

For the fiscal year from April 1, 2021 to March 31, 2022, the Management Board of NTT DATA Business Solutions AG is forecasting further increases in revenue and earnings figures with revenue growth to between BEUR 1.083 and BEUR 1.104 and an operating EBITA margin of more than 5%.

CONSOLIDATED INCOME STATEMENT

IFRS

| KEUR | April 1 – Sept. 30, 2021 | April 1 – Sept. 30, 2020 | July 1 – Sept. 30, 2021 | July 1 – Sept. 30, 2020 |
|--|-----------------------------|-----------------------------|----------------------------|----------------------------|
| Revenues | 584,207 | 505,631 | 293,472 | 250,029 |
| Cost of sales | -458,153 | -414,571 | -227,750 | -202,161 |
| Gross profit | 126,054 | 91,060 | 65,722 | 47,868 |
| Marketing and distribution expenses | -48,739 | -43,918 | -24,027 | -20,421 |
| Administrative expenses | -50,326 | -44,530 | -24,784 | -21,676 |
| Other operating income | 1,364 | 3,178 | 479 | 2,713 |
| Other operating expenses | -856 | -2,947 | -120 | -2,348 |
| Impairment of trade receivables | -2,751 | -826 | -1,531 | -370 |
| Total operating expenses | -101,308 | -89,043 | -49,983 | -42,102 |
| Operating earnings | 24,746 | 2,017 | 15,739 | 5,766 |
| Investment income | 0 | 0 | 0 | 0 |
| Measurement of derivatives and exercise of options | -375 | -2,294 | -107 | -3,727 |
| Exchange rate differences from financing activities | -7 | 24 | 4 | 50 |
| Financial income | 317 | 119 | 197 | 74 |
| Finance costs | -3,178 | -2,914 | -1,697 | -1,259 |
| Net finance costs | -3,243 | -5,065 | -1,603 | -4,862 |
| Earnings before tax | 21,503 | -3,048 | 14,136 | 904 |
| Tax expenses | -7,026 | -418 | -3,227 | -1,724 |
| Consolidated net profit | 14,477 | -3,466 | 10,909 | -820 |
| of which attributable to the shareholders of NDBS AG | 8,400 | -8,278 | 7,712 | -4,120 |
| of which attributable to non-controlling interests | 6,077 | 4,812 | 3,197 | 3,300 |
| Earnings per share (EUR) | 0.28 | -0.28 | 0.26 | -0.13 |
| Number of shares on the basis of which earnings per share were calculated: | 30,014,838 | 30,014,838 | 30,014,838 | 30,014,838 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021 AND MARCH 31, 2021 (IFRS)

| ASSETS KEUR | Sept. 30, 2021 | March 31, 2021 |
|-------------------------------|----------------|----------------|
| Non-current assets | | |
| Goodwill | 242,230 | 240,660 |
| Intangible assets | 64,757 | 63,862 |
| Property, plant and equipment | 172,983 | 175,167 |
| Other financial assets | 3,143 | 3,663 |
| Trade receivables | 1,962 | 1,775 |
| Income tax receivables | 30 | 122 |
| Deferred tax assets | 7,825 | 6,606 |
| | 492,930 | 491,855 |
| Current assets | | |
| Inventories | 710 | 368 |
| Trade receivables | 176,931 | 184,667 |
| Contract assets | 51,281 | 51,183 |
| Income tax receivables | 10,881 | 10,505 |
| Other financial assets | 5,644 | 4,931 |
| Other non-financial assets | 4,455 | 3,805 |
| Cash and cash equivalents | 92,991 | 111,583 |
| Prepaid expenses | 29,441 | 44,769 |
| | 372,334 | 411,811 |
| | 865,264 | 903,666 |

| EQUITY AND LIABILITIES KEUR | Sept. 30, 2021 | March 31, 2021 |
|---------------------------------|----------------|----------------|
| Equity | | |
| Share capital | 30,015 | 30,015 |
| Capital reserves | 181,153 | 181,153 |
| Net accumulated profit | 133,159 | 124,759 |
| Other comprehensive income | -130,503 | -118,125 |
| | 213,824 | 217,802 |
| Non-controlling interests | 71,181 | 69,772 |
| | 285,005 | 287,574 |
| Non-current liabilities | | |
| Financial liabilities | 210,596 | 215,939 |
| Deferred tax liabilities | 14,477 | 14,450 |
| Other non-current provisions | 768 | 898 |
| Pension provisions | 8,494 | 8,451 |
| Government grants | 3,370 | 3,693 |
| Other non-financial liabilities | 2,037 | 2,258 |
| | 239,742 | 245,689 |
| Current liabilities | | |
| Trade payables | 69,122 | 69,300 |
| Contract liabilities | 44,663 | 78,398 |
| Financial liabilities | 76,112 | 90,819 |
| Other current provisions | 26,973 | 23,648 |
| Income tax liabilities | 7,741 | 4,096 |
| Income tax liabilities | 3,821 | 2,975 |
| Other non-financial liabilities | 112,085 | 101,167 |
| | 340,517 | 370,403 |
| | 865,264 | 903,666 |

CONSOLIDATED CASHFLOW STATEMENT

IFRS

| KEUR | April 1 – Sept. 30, 2021 | April 1 – Sept. 30, 2020 |
|--|-----------------------------|-----------------------------|
| Cashflows from operating activities | 50,323 | 23,056 |
| Cashflows from investing activities | -20,032 | -9,597 |
| Cashflows from financing activities | -48,883 | -8,385 |
| Increase / decrease in cash and cash equivalents | -18,592 | 5,074 |
| Cash and cash equivalents as of Sep 30 | 92,991 | 97,264 |

We Transform. SAP® Solutions into Value

Digital transformation helps companies reach their full potential – if the underlying technologies work for the people using them! At NTT DATA Business Solutions, we design, implement, manage and continuously enhance SAP solutions to make them work for companies – and for their people.

Aiming to transform, grow and become more successful? We provide you with more than in-depth expertise for SAP solutions: As your passionate partner, we connect your business opportunities with the latest technologies – and offer you a unique approach to get the job done as smoothly as possible. Our close ties to SAP and other partners give you access to innovative solutions and developments. Being part of the global NTT DATA group enables us to master any scope of project.

With operations in more than 30 countries, we have enabled thousands of companies become more efficient and effective during the last three decades. Our 10,000 experts around the world will also accompany you on your journey toward a truly intelligent enterprise – wherever you want to start!

You want to know more?

Visit www.nttdata-solutions.com



NTT DATA Business Solutions

Follow us on

