

## Report on the first half of 2023

April 1, 2023 to September 30, 2023



**NTT DATA Business Solutions**



## THE FIRST HALF OF 2023

- **Revenue** rises by 10.8% in first six months ended September 30, 2023, from MEUR 671.6 to MEUR 743.9
- Year-on-year **revenue development**: Consulting up by +14.7%; Licenses down by -29.2%; Cloud Subscription up by +37.3%; Managed Services up by +5.1%
- Year-on-year **revenue development by region**: DACH up by +16.9%; Western Europe up by +2.1%; Northern and Eastern Europe up by +28.3%; Americas down by -5.8%; APAC down by -8,2%
- **EBITA** amounts to MEUR 42.1 after MEUR 50.5 in first half of previous year, the decrease was largely due to the substantially higher level of expenditure in connection with the efficiency program
- **Orders on hand** amount to around BEUR 1.6 as of September 30, 2023, outperforming prior-year level of around BEUR 1.5 as of September 30, 2022

### KEY FIGURES

MEUR	April 1 – Sept. 30, 2023	April 1 – Sept. 30, 2022	July 1 – Sept. 30, 2023	July 1 – Sept. 30, 2022
<b>Total revenues</b>	<b>743.9</b>	671.6	<b>375.9</b>	339.3
Consulting	346.4	301.9	175.7	151.5
Licenses	14.3	20.2	6.7	10.1
Cloud Subscription	57.4	41.8	29.1	20.8
Managed Services	321.9	306.2	161.6	156.1
Other	3.9	1.5	2.8	0.8
<b>Revenues by segment</b>				
DACH (Germany/Austria/Switzerland)	327.9	280.4	165.2	143.3
Western Europe	97.1	95.1	48.4	47.7
North and Eastern Europe (NEE)	148.4	115.7	75.6	57.1
America	122.5	130.1	62.4	67.9
Asia	43.4	47.3	22.4	24.1
Other	4.6	3.0	1.9	-0.8
<b>EBIT</b>	<b>35.1</b>	43.9	<b>20.8</b>	25.7
EBIT margin	4.7%	6.5%	7.6%	7.6%
<b>EBITA</b>	<b>42.1</b>	50.5	<b>24.3</b>	28.9
EBITA margin	5.7%	7.5%	6.5%	8.5%
<b>EBITDA</b>	<b>64.0</b>	71.4	<b>35.5</b>	51.2
EBITDA margin	8.6%	10.6%	9.4%	15.1%
<b>Earnings IFRS</b>	<b>21.3</b>	32.8	<b>12.3</b>	19.3
Earnings per share in Euro/ Shareholders' interest NDBS AG	0.55	0.89	0.31	0.52
MEUR	Sept. 30, 2023	Sept. 30, 2022		
<b>Orders on hand</b>	<b>1,618.6</b>	1,487.3		

## FINANCIAL INFORMATION

### REVENUE DEVELOPMENT

NTT DATA Business Solutions AG again enjoyed a highly positive performance in the first half of 2023. Revenue climbed by +10.8% (adjusted for currency effects: +14.4%) from MEUR 671.6 to MEUR 743.9 in the first six months of the fiscal year. Revenue growth from existing companies (organic growth) amounted to +8.0%, while acquisitions in the reporting period increased revenue by +2.8%.

Consulting revenue rose by +14.7% (adjusted for currency effects: +18.4%) as against the first half of the previous year, from MEUR 301.9 to MEUR 346.4. Managed Services revenue increased by +5.1% (adjusted for currency effects: +8.2%) from MEUR 306.2 to MEUR 321.9. At MEUR 14.3, license revenue in the reporting period was down by -29.2% (adjusted for currency effects: -27.0%) or MEUR -5.9 on the prior-year figure of MEUR 20.2. Cloud Subscription revenue rose by +37.3% (adjusted for currency effects: +45.0%) year-on-year to MEUR 57.4 (previous year: MEUR 41.8). This segment includes the effect of CCP/CC Flex, the new SAP PartnerEdge Cloud Choice flex model, which again performed well as compared to the first half of the previous year.

In the regions, the DACH region's revenue grew by +16.9% (adjusted for currency effects: 15.4%) to MEUR 327.9 in the first half of the year (previous year: MEUR 280.4). Western Europe segment revenue rose by +2.1% (adjusted for currency effects: +3.1%) to MEUR 97.1 after MEUR 95.1 in the previous year. Revenue in the Northern and Eastern Europe segment increased by +28.3% (adjusted for currency effects: +42.4%), from MEUR 115.7 to MEUR 148.4. In the Americas, revenue declined by -5.8% (adjusted for currency effects: -1.4%) to MEUR 122.5 (previous year: MEUR 130.1). Revenue in the APAC segment fell by -8.2%, from MEUR 47.3 to MEUR 43.4. After adjustment for currency effects, revenue rose by +2.9%. The Other segment generated revenue of MEUR 4.6 (previous year: MEUR 3.0).

Orders on hand improved by +8.8% year-on-year from BEUR 1.5 to BEUR 1.6 as of the end of the first half of 2023.

### FINANCIAL PERFORMANCE

EBITA declined by -16.6% year-on-year, from MEUR 50.5 to MEUR 42.1. The EBITA margin amounted to 5.7% after 7.5% in the previous year. The change in earnings was largely due to the substantially higher level of expenditure (MEUR +7.6) in connection with the efficiency program.

### FINANCIAL POSITION

Net cash used in operating activities amounted to MEUR 16.9 in the first half of the current fiscal year (previous year: net cash generated of MEUR 10.7). The difference compared with the previous year was largely due to the higher level of contract assets in connection with the company's growth path. Days sales outstanding (DSO) were essentially unchanged at 58.4 days in the first half of the year (previous year: 58.9 days).

The cash flow used in investing activities amounted to MEUR 11.2 in the reporting period (previous year: MEUR 40.4). Investments in intangible assets and property, plant and equipment (less investment subsidies and grants) amounted to MEUR 10.8. This was down on the prior-year figure of MEUR 13.3 because planned investments were postponed until the second half of the year.

In addition, an amount of MEUR 7.1 was used for acquisitions, while revenue of MEUR 6.6 was generated from the sale of assets.

The cash flow from financing activities amounted to MEUR -14.6 in total (previous year: outflow of MEUR 10.9). At MEUR 13.1, the cash outflow for finance leases was down on the prior-year figure of MEUR 14.4. Purchase options amounting to MEUR 11.1 were exercised in the reporting period (previous year: MEUR -15.7). The reduction in restricted cash funds, the termination of a loan extended to the Group parent (MEUR 9.9) and the MEUR 1.9 increase in other financial liabilities positively impacted the cash flow from financing activities to the tune of MEUR 11.8. Dividend payments for minority interests amounted to MEUR 2.3, while no capital increase was implemented in the reporting period (previous year: capital increase of MEUR 20.1).

Cash funds amounted to MEUR 80.0 at the end of the first six months after MEUR 70.7 in the same period of the previous year.

## ACQUISITIONS

### **NTT DATA acquires Conexos in Brazil to expand its software product portfolio**

In September 2023, NTT DATA Business Solutions AG acquired Conexos, the Brazilian market leader for solutions for trading companies. Formed in 1998, Conexos supports customers in the retail, trading, logistics, industrial, and commodity exchange sectors. Its flagship product, the "Conexos Cloud" software for global trade management (GTM), is focused on the comprehensive management of foreign trade, from transparency in international logistics to the most complex control processes relating to customs clearance, special regimes, currency exchange, and taxation.

The logistics of importing and exporting goods and commodities in Brazil are complex and strictly regulated. In addition, the calculation of taxes and communication with Siscomex, the Brazilian government's foreign trade system, is unique compared with other countries. With the acquisition, the two companies are combining their expertise to create an exclusive offering: NTT DATA Business Solutions enables the transformation to SAP S/4HANA and has numerous tax solutions in its portfolio, while Conexos's GTM software facilitates the efficient and agile control of imports and exports and ensures targeted process optimization in order to make foreign trade transactions more transparent, more manageable, and more compliant with the relevant regulations.

## EMPLOYEES

NTT DATA Business Solutions AG had a total of 14,134 employees as of September 30, 2023 (September 30, 2022: 12,603), of whom 4,009 were in Germany (September 30, 2022: 3,727) and 10,125 outside Germany (September 30, 2022: 8,876). Headcount increased by 4.46% compared with the figure of 13,530 at the end of the previous fiscal year in March 2023 (March 31, 2022: 12,176) and by 12.15% compared with September 30, 2022.

In the current fiscal year, the Top Employers Institute recognized NTT DATA Business Solutions Germany as a "Top Employer" for the first time. The certification process is currently also underway for countries including India, Turkey, the UK, Malaysia, and Poland, making the Group highly optimistic that it can further expand its global positioning as a top employer by obtaining additional certifications.

Furthermore, a number of global training programs were continuously enhanced in the first half of the new fiscal year. One key objective is to provide the best possible development opportunities for female employees. For example, the Female Empowerment Program aims to provide targeted support for women at the start of their careers by enabling them to proactively take responsibility for their individual career planning. In addition to dealing with resistance and prejudice, this includes helping them to build up and expand a global network. A meeting at the headquarters in Bielefeld was organized as part of the recent visit by Kaz Nishihata (Representative Director, President and Chief Executive Officer of NTT DATA, Inc., Director and Senior Executive Vice President of NTT DATA Group Corporation), which provided an opportunity for an open discussion on the subject of career development for women.

## OUTLOOK

The Management Board of NTT DATA Business Solutions AG is forecasting further revenue and earnings growth in the fiscal year from April 1, 2023 to March 31, 2024, with revenue set to increase to between BEUR 1.485 and BEUR 1.520 and the operating EBITA margin forecast at around 7.5%.

**CONSOLIDATED INCOME STATEMENT**

IFRS

KEUR	April 1 – Sept. 30, 2023	April 1 – Sept. 30, 2022	July 1 – Sept. 30, 2023	July 1 – Sept. 30, 2022
Revenues	743,907	671,585	375,919	339,314
Cost of sales	-582,861	-531,107	-287,876	-266,359
<b>Gross profit</b>	<b>161,046</b>	<b>140,478</b>	<b>88,043</b>	<b>72,955</b>
Marketing and distribution expenses	-51,640	-46,092	-25,098	-22,530
Administrative expenses	-70,590	-48,858	-41,178	-24,149
Other operating income	4,815	4,486	1,156	1,466
Other operating expenses	-6,343	-4,457	-251	-1,268
Impairment of trade receivables	-2,147	-1,636	-1,855	-809
Total operating expenses	-125,905	-96,557	-67,226	-47,290
<b>Operating earnings</b>	<b>35,141</b>	<b>43,921</b>	<b>20,817</b>	<b>25,665</b>
Investment income	673	997	673	0
Measurement of derivatives and exercise of options	0	0	0	0
Exchange rate differences from financing activities	-24	218	-19	106
Financial income	2,455	2,041	1,208	963
Finance costs	-4,792	-2,060	-2,384	-786
Net finance costs	-1,688	1,196	-522	283
<b>Earnings before tax</b>	<b>33,453</b>	<b>45,117</b>	<b>20,295</b>	<b>25,948</b>
Tax expenses	-12,107	-12,275	-7,989	-6,651
<b>Consolidated net profit</b>	<b>21,346</b>	<b>32,842</b>	<b>12,306</b>	<b>19,297</b>
of which attributable to the shareholders of NTT DATA Business Solutions AG	16,366	26,740	9,079	15,586
of which attributable to non-controlling interests	4,980	6,102	3,227	3,711
Earnings per share (EUR)	0.55	0.89	0.31	0.52
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, 2023 AND MARCH 31, 2023 (IFRS)

ASSETS KEUR	Sept. 30, 2023	March 31, 2023
<b>Non-current assets</b>		
Goodwill	300,926	286,955
Intangible assets	78,283	72,757
Property, plant and equipment	148,856	154,856
Other financial assets	2,468	2,779
Other non-financial assets	6,737	6,535
Trade receivables	1,160	1,405
Income tax receivables	59	43
Prepaid expenses	1,694	1,368
Deferred tax assets	9,189	9,653
	<b>549,372</b>	<b>536,351</b>
<b>Current assets</b>		
Inventories	895	1,757
Trade receivables	227,618	229,353
Contract assets	81,650	58,745
Income tax receivables	13,879	14,153
Other financial assets	12,416	19,691
Other non-financial assets	9,217	5,771
Assets held for sale	9,251	9,011
Cash and cash equivalents	80,015	122,741
Prepaid expenses	44,779	50,350
	<b>479,720</b>	<b>511,572</b>
	<b>1,029,092</b>	<b>1,047,923</b>

EQUITY AND LIABILITIES KEUR	Sept. 30, 2023	March 31, 2023
<b>Equity</b>		
Share capital	30,015	30,015
Capital reserves	215,549	215,549
Net accumulated profit	214,842	198,476
Other comprehensive income	-147,902	-134,704
	<b>312,504</b>	<b>309,336</b>
Non-controlling interests	75,589	70,847
	<b>388,093</b>	<b>380,183</b>
<b>Non-current liabilities</b>		
Financial liabilities	240,090	227,489
Deferred tax liabilities	14,352	14,896
Other non-current provisions	3,817	4,376
Pension provisions	6,572	6,232
Government grants	2,754	2,849
Other non-financial liabilities	3,661	3,324
	<b>271,246</b>	<b>259,166</b>
<b>Current liabilities</b>		
Trade payables	76,827	79,337
Contract liabilities	65,728	96,668
Financial liabilities	52,919	43,999
Other current provisions	35,369	35,580
Liabilities associated with assets held for sale	0	0
Tax liabilities	17,211	14,935
Income tax liabilities	8,677	8,461
Other financial liabilities	3,319	3,010
Other non-financial liabilities	109,703	126,584
	<b>369,753</b>	<b>408,574</b>
	<b>1,029,092</b>	<b>1,047,923</b>

## CONSOLIDATED CASH FLOW STATEMENT

IFRS

KEUR	April 1 – Sept. 30, 2023	April 1 – Sept. 30, 2022
Cash flows from operating activities	-16,899	-10,664
Cash flows from investing activities	-11,243	-40,367
Cash flows from financing activities	-14,584	-10,858
Increase / decrease in cash and cash equivalents	-42,726	-61,889
Cash and cash equivalents as of Sep 30	<b>80,015</b>	<b>70,700</b>

## **We Transform. SAP® Solutions into Value**

We understand the business of our clients and know what it takes to transform it into the future. At NTT DATA Business Solutions, we drive innovation – from advisory and implementation, to managed services and beyond, we continuously improve SAP solutions and technology 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 more than 13,500 experts around the world will also accompany you on your journey toward a truly intelligent enterprise – wherever you want to start!

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