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NTT DATA Germany GmbH

Munich

Annual financial statements for the business year from April 1, 2019 to March 31, 2020

Balance sheet as of March 31, 2020

assets

	March 31, 2020	March 31, 2019
	€	€
A. Fixed assets		
I. Intangible Assets		
1. Self-developed software	4,877,010.04	3,902,523.57
2. Purchased software and licenses	299,402.71	325,305.88
3. Goodwill	2,038,734.51	2,329,982.30
	7,215,147.26	6,557,811.75
II. Tangible assets		
1. Land, land rights and buildings including buildings on third-party land	1,507,962.29	1,675,013.59
2. Technical systems and machines	155,967.24	174,061.07
3. Other equipment, factory and office equipment	2,992,530.58	3,472,857.22
4. Advance payments and assets under construction	150,970.39	49,764.80
	4,807,430.50	5,371,696.68
III Financial assets		
Shares in affiliated companies	500.00	500.00
	500.00	500.00
	12,023,077.76	11,930,008.43
B. Current Assets		
I. Inventories		
1. Work in progress	17,498,782.40	21,316,112.94
2. Advance payments made	137,125.00	0.00
	17,635,907.40	21,316,112.94
II. Receivables and other assets		
1. Trade accounts receivable	59,035,318.72	48,889,879.02
2. Receivables from affiliated companies	3,041,348.69	3,892,271.52
(of which from shareholders € 401,940.16; previous year € 816,906.19)		
3. Other assets	7,160,127.69	5,189,537.18
(thereof remaining term of more than one year € 6,361,970.26; previous year € 4,992,179.55)		
	69,236,795.10	57,971,687.72
III Cash in hand, bank balances	33,526,407.94	30,515,528.41
	120,399,110.44	109,803,329.07
C. Prepaid expenses	8,550,091.85	4,680,027.41
D. Active difference from asset offsetting	117,216.89	316,972.31
	141,089,496.94	126,730,337.22
liabilities		
	March 31, 2020	March 31, 2019
	€	€
A. Equity		
I. Drawn capital	11,504,067.33	11,504,067.33

	March 31, 2020	March 31, 2019
	€	€
Nominal amount own shares	-230,081.35	-230,081.35
	11,273,985.98	11,273,985.98
II. Capital reserve	32,294,495.99	7,294,495.99
III. Retained earnings		
Other retained earnings	306,775.13	306,775.13
IV. Balance sheet loss (previous year: balance sheet profit)	-11,991,420.67	11,605,327.33
	31,883,836.43	30,480,584.43
B. Provisions		
1. Provisions for pensions and similar obligations	12,466,368.40	9,861,542.40
2. Tax provisions	700,134.69	741,823.34
3. Other provisions	48,817,088.80	39,787,525.38
	61,983,591.89	50,390,891.12
C. Liabilities		
1. Advance payments received on orders (thereof with a remaining term of up to one year € 9,519,865.30 previous year € 6,786,587.92)	9,519,865.30	6,786,587.92
2. Trade payables (thereof with a remaining term of up to one year € 9,964,285.74; previous year € 11,649,205.13)	9,964,285.74	11,649,205.13
3. Liabilities to affiliated companies (thereof with a remaining term of up to one year € 13,471,354.67; previous year € 12,836,337.41; of which to shareholders € 12,891,983.97; Previous year 15,220,925.27; thereof from deliveries and services € 6,898,899.67; Previous year € 3,312,796.91)	18,471,354.67	17,836,337.41
4. Other Liabilities (of which from taxes € 2,734,313.29; previous year € 5,635,733.82; of which with a remaining term of up to one year € 5,273,665.98; Previous year € 9,355,914.45)	5,438,814.89	9,355,914.45
	43,394,320.60	45,628,044.91
D. Prepaid expenses	3,827,748.02	230,816.76
	141,089,496.94	126,730,337.22

Income statement for the period from April 1, 2019 to March 31, 2020

	2019/2020		2018/2019	
	€	€	€	€
1. Sales	354,731,629.23		351,417,600.48	
2. Increase (+) or decrease (-) in the inventory of services that have not yet been billed	-3,817,330.54		-9,903,767.04	
3. Other own work capitalized	2,250,438.73		2,483,369.26	
4. Other operating income	6,384,960.70		916,419.24	
of which from currency translation € 247,734.55 (previous year € 200,871.30)				
5. Cost of materials	-139,431,472.33		-134,528,302.08	
a). Expenses for purchased goods	-35,020,458.71	-23,062,463.32		
b). Expenses for purchased services	-104,411,013.62	-111,465,838.76		
6. Personnel expenses	-202,344,804.52		-169,986,637.70	
a). Wages and salaries	-176,848,842.96	-146,635,666.66		
b). Social security and pension and support expenses of which for pensions € 1,217,693.55 (previous year € 2,209,572.01)	-25,495,961.56	-23,350,971.04		
7. Depreciation on intangible fixed assets and	-4,227,068.45		-3,871,971.52	
8. Other operating expenses	-35,329,742.43		-26,806,875.36	
of which from currency translation € 327,223.74 (previous year € 130,329.11)				
9. Other Interest and Similar Income	21,028.96		12,667.06	
of which from affiliated companies € 0.00 (previous year € 0.00)				
of which from discounting € 0.00 (previous year € 0.00)				
10. Depreciation on financial assets and on securities held as current assets	0.00		-3,710,000.00	
11. Interest and Similar Expenses	-1,626,098.19		-537,884.42	
of which to affiliated companies € 133,923.83 (previous year € 128,429.50)				
of which from compounding € 1,463,821.35 (previous year € 407,372.91)				
12. Taxes on income and earnings	-192,919.98		-979,728.36	
13. Profit after tax	-23,581,378.82		4,504,889.56	
14. Other taxes	-15,369.18		-15,480.84	
15. Net loss for the year (previous year: net income)	-23,596,748.00		4,489,408.72	
16. Balance sheet profit from the previous year	11,605,327.33		7,115,918.61	
17. Balance sheet loss (previous year: balance sheet profit)	-11,991,420.67		11,605,327.33	

Appendix for the financial year from April 1, 2019 to March 31, 2020

of NTT DATA Deutschland GmbH, Munich

Accounting and valuation principles**1. General information**

The annual financial statements of NTT DATA Deutschland GmbH (NTT DATA Deutschland), registered at the Munich Register Court (HRB 51846), have been prepared in accordance with the provisions of the Commercial Code and the supplementary provisions of the GmbH Act. The company is based in Munich.

The total cost method in accordance with Section 275 (2) of the German Commercial Code (HGB) is selected for the income statement.

The annual financial statements are prepared in German and in euros in accordance with Section 244 of the German Commercial Code (HGB).

The values stated have been rounded to the nearest thousand euros (T €).

NTT DATA Deutschland GmbH is a large corporation within the meaning of Section 267 (3) HGB.

The business year of NTT DATA Deutschland GmbH extends from April 1st to March 31st. This corresponds to that of the ultimate parent company Nippon Telegraph and Telephone Corporation, Tokyo / Japan.

The former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Bem / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland were merged into NTT DATA Deutschland GmbH with retroactive effect from April 1, 2019. The acquisition of assets was accounted for using the continued book value in accordance with Section 24 UmwG.

As part of the merger, the following balance sheet values (before capital and debt consolidation) were taken over:

assets	T €
Capital assets	539
Current assets	10,045
Prepaid expenses	3,748
Active difference from asset allocation	0
	14,332
liabilities	T €
Equity	4,103
accruals	3,299
liabilities	2,688
Prepaid expenses	4,243
	14,332

The accounting and valuation methods are unchanged from the previous year.

2. Assets

Internally generated intangible fixed assets are capitalized at production cost. The straight-line depreciation takes place over a useful life of 3-5 years.

Purchased intangible assets are valued at cost less straight-line depreciation over 3-5 years.

The goodwill results from the merger of Nefos Deutschland GmbH in April 2017 and is amortized on a straight-line basis over a useful life of 10 years.

In the case of items of property, plant and equipment with temporary use, depreciation is made in accordance with the expected economic useful life.

Property, plant and equipment are depreciated using the straight-line method. The underlying useful lives are 3-13 years for fixtures, technical systems and machines, and operating and office equipment. Low-value assets with acquisition costs of € 250 to € 800 are written off in full in the year of acquisition.

The shares in affiliated companies included under financial assets are shown at acquisition cost or the lower fair value in the case of permanent impairment. If the reasons for the value adjustment no longer exist, the financial assets will be added to the extent of the increase in value, but no more than the acquisition cost.

The work in progress shown under inventories is capitalized taking into account the lower of cost or market principle, with direct costs plus an appropriate proportion of overhead costs. For projects that, when viewed as a whole, are likely to end with a loss, a devaluation is carried out for loss-free valuation to the lower fair value.

In the balance sheet, the down payments received on orders are posted as a liability.

Receivables and other assets are shown at their nominal value. For the receivables, recognizable individual risks are taken into account through appropriate valuation discounts. The general credit risk is adequately taken into account by means of a general bad debt allowance for receivables.

The valuations of the remaining current assets correspond to the lower of cost or market principle (nominal value taking into account any necessary discounts)

Liquid funds are reported at their nominal values.

The temporary concept with the company's individual tax rates is used to calculate deferred taxes. The option to account for the surplus of deferred taxes on temporary differences between commercial and tax law approaches as well as on loss carryforwards is not used.

Expenditures before the reporting date are shown as prepaid expenses on the assets side, insofar as they represent an expense for a certain period of time after this day.

Under the active difference from the offsetting of assets, the assets formed in accordance with § 8a ATZG for insolvency protection, which are not accessible to all other creditors, are netted with the obligation for partial retirement.

3. Liabilities

The subscribed capital is stated at the nominal amount.

The nominal amount of the own shares is openly deducted from the subscribed capital.

The pension provisions are calculated using the projected unit credit method based on the probability of death according to the 2018G mortality tables by Prof. Dr. Klaus Heubeck rated. The interest rate results from the application of the simplification rule of Section 253 (2) HGB new version and is 2.6% (previous year: 3.08%). As in the previous year, the salary trend is assumed to be 2.5% and the pension trend is 2.0%. The fluctuation is also constant compared to the previous year at 13.0%.

The settlement amount of the defined contribution pension commitments is based on the fair value of the existing reinsurance policies. The reinsurance policies, which are inaccessible to all other creditors and serve exclusively to meet debts from pension obligations, are offset against the associated pension obligations.

The tax provisions take sufficient account of all tax transactions up to the preparation of the balance sheet and are recognized at the settlement amount.

The provision for partial retirement is valued according to the following principles:

The top-up payments are valued using the actuarial present value, taking into account a possible loss of the obligation due to disability or death of the beneficiary.

Fulfillment arrears due to advance payments during the work phase, which only lead to payments in the release phase, are valued with the payment amounts discounted on the balance sheet date. Due to the average remaining term of less than one year, there was no discounting in the financial year. The biometric assessment assumptions are based on the 2018G mortality tables by Prof. Dr. Taken from Klaus Heubeck.

The other provisions take sufficient account of all risks and uncertain liabilities that were identifiable up until the balance sheet was drawn up. They cover obligations that are basically recognizable, but have not yet been determined in their final amount. The valuation is based on the settlement amount, taking into account future objectifiable price and cost increases. Provisions with a remaining term of more than one year are discounted using the average market interest rate for the past seven financial years that corresponds to their remaining term.

The liabilities are generally stated at their settlement amount.

Deferred income is created for income before the reporting date that can be allocated to later periods in terms of income. The dissolution takes place in accordance with the contractual agreements.

4. Profit and Loss Account

When realizing sales, a distinction must be made between contracts for work and services. Orders based on service contracts are billed after the service has been rendered, thus realizing sales. In the case of contracts for work and services, sales are recognized upon final or agreed partial acceptance of the work by the customer.

5. Principles of foreign currency conversion

Assets and liabilities denominated in foreign currencies are converted at the mean spot exchange rate on the reporting date. In the case of assets or liabilities with a remaining term of one year or less, Section 253 (1) sentence 1 HGB and Section 252 (1) no. 4 half-sentence 2 HGB are not applied.

Notes to the balance sheet

1. Fixed assets

Intangible assets include internally generated software € 4,877 thousand; (Previous year: € 3,903 thousand), goodwill of € 2,039 thousand (previous year: € 2,330 thousand) and purchased software / licenses of € 299 thousand (previous year: € 325 thousand).

Property, plant and equipment mainly includes operating and office equipment € 2,993 thousand; (Previous year: € 3,473 thousand), including notebooks and smartphones. Furthermore, leasehold improvements in connection with our office buildings € 1,508 thousand; (Previous year: € 1,675 thousand), as well as technical equipment and machines € 156 thousand; (Previous year: € 174 thousand), which mainly include access and door locking systems.

The financial assets amounted to € 1 thousand in the financial year (previous year: € 1 thousand) and include the shares in NTT DATA Romania Ltd, Cluj / Romania.

2. Inventories

Work in progress includes services from project management that have not yet been invoiced, amounting to € 17,499 thousand (previous year: € 21,316 thousand).

3. Receivables and other assets

The total receivables and other assets of € 69,237 thousand (previous year: € 57,972 thousand) have a remaining term of up to one year, with the exception of other assets of € 6,362 thousand (previous year: € 4,992 thousand).

The trade receivables in the amount of € 59,035 thousand (previous year: € 48,890 thousand) include receivables from project execution. Of which € 4,055 thousand from the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland with NTT DATA Deutschland GmbH.

The receivables from affiliated companies in the amount of € 3,041 thousand (previous year: € 3,892 thousand) essentially consist of trade receivables in the amount of € 3,029 thousand (previous year: € 3,183 thousand).

The other assets essentially include the asset values from reinsurance claims amounting to € 5,083 thousand (previous year: € 4,881 thousand).

4. Cash in hand, bank balances

The liquid funds consist entirely of cash in hand and bank balances.

5. Deferred tax assets

Deferred tax assets are not reported. For the existing surplus of assets, the balance sheet is not carried using the capitalization option of Section 274, Paragraph 1, Clause 2 of the German Commercial Code. The asset surplus results mainly from temporary differences in the area of pension provisions and other provisions as well as from tax loss carryforwards. The company-specific tax rate is used for the valuation. This amounts to 15.8% for corporation tax including the solidarity surcharge and 16.6% for trade tax.

6. Active prepaid expenses

The change is mainly due to the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Zurich / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland with NTT DATA Deutschland GmbH.

7. Active difference from asset offsetting

The assets formed in accordance with § 8a ATZG for insolvency protection have been withdrawn from access to all other creditors and offset against the obligation for partial retirement.

The fair value of the assets, which results from the market value on the balance sheet date, is € 394 thousand (previous year: € 396 thousand), the settlement amount of the offset liabilities is € 276 thousand (previous year: € 79 thousand). In the financial year, there is therefore an active difference from the offsetting of assets of € 117 thousand (previous year: € 317 thousand).

8. Equity

The subscribed capital remains unchanged at € 11,504 thousand. In the past financial year, the shareholder, NTT DATA EMEA Ltd., made an addition to the capital reserve in the amount of € 25,000 thousand.

The annual deficit of -23,597 T € was offset against the profit carried forward of 11,605 T € from the previous year.

9. Provisions

The pension obligations as of March 31, 2020 amounted to € 12,466 thousand (previous year: € 9,862 thousand). These include the pension obligations of NTT DATA Deutschland GmbH. Of which € 1,026 thousand from the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria.

Reinsurance policies that are not accessible to all other creditors and serve exclusively to meet debts from pension obligations are offset against these obligations. The fair values of the offset assets on the balance sheet date amounted to € 938 thousand (previous year: € 909 thousand). The settlement amount of the offset debts is € 2,103 thousand (previous year: € 2,183 thousand).

The interest expense from the pension obligation amounts to € 1,509 thousand (previous year: € 317 thousand). The interest income from the pension assets amounts to € 0 thousand (previous year: € 0 thousand). This results in a net interest expense of € 1,509 thousand in the income statement (previous year: € 317 thousand). The service cost is shown under personnel expenses.

The tax provision mainly relates to back payments for trade tax, corporation tax and solidarity surcharge of € 700 thousand (previous year: € 742 thousand).

The other provisions basically cover recognizable obligations, the final amount of which has not yet been determined. They include amounts for personnel costs € 26,717 thousand (previous year: € 17,276 thousand), outstanding invoices € 15,064 thousand (previous year: € 15,336 thousand), warranty claims € 4,554 thousand (previous year: € 4,411 thousand) and other other provisions € 2,483 thousand (previous year: € 15,336 thousand) : 2,765 T €). Of which € 1,906 thousand from the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland with NTT DATA Deutschland GmbH.

The provision for partial retirement as of March 31, 2020 amounts to € 276 thousand (previous year: € 79 thousand) and was offset against the assets for insolvency insurance in accordance with Section 8a ATZG and is reported as an active difference from the asset offset.

10. Liabilities

Statement of liabilities as of March 31, 2020

liabilities	March 31, 2020			March 31, 2019 (previous year)		
	total	thereof remaining term of up to 1 year	thereof remaining term of 1 to 5 years	total	thereof remaining term of up to 1 year	thereof remaining term of 1 to 5 years
	T €	T €	T €	T €	T €	T €
1. Advance payments received on orders	9,520	9,520	0	6,787	6,787	0
2. Trade payables	9,964	9,964	0	11,649	11,649	0
3. Liabilities to affiliated companies	18,471	13,471	5,000	17,836	12,836	5,000
- of which to shareholders	(12,892)	(7,892)	(5,000)	(15,221)	(10,221)	(5,000)
4. Other Liabilities	5,439	5,274	165	9,356	9,356	0
- of which from taxes	(2,734)	(2,734)	(0)	(5,636)	(5,636)	(0)
	43,394	38,229	5,165	45,628	40,628	5,000

The liabilities to affiliated companies in the amount of € 18,471 thousand (previous year: € 17,836 thousand) mainly include trade payables of € 6,899 thousand (previous year: € 3,313 thousand) and loan liabilities of € 11,572 thousand (Previous year: € 14,500 thousand) from NTT DATA EMEA Ltd., London / UK.

11. Other Financial Obligations

On the balance sheet date, there were other financial obligations with a remaining term of more than 5 years in the nominal amount of € 2,032 thousand (previous year: € 5,103 thousand).

The other financial obligations with a remaining term of up to 5 years amounted to a nominal € 31,877 thousand as of the reporting date (previous year: € 31,673 thousand), of which € 292 thousand (previous year: € 675 thousand) were due to affiliated companies.

The financial obligations mainly relate to rental and leasing contracts.

As of the balance sheet date, there are also guarantee obligations to various creditors totaling € 1,661 thousand (previous year: € 0 thousand). Essentially, these are rental guarantees. The risk of a claim from the guarantees is currently assessed as low due to the asset, financial and earnings position of the guarantee holders.

Notes on the income statement

1. Sales

The sales revenues amount to € 354,732 thousand (previous year: € 351,418 thousand). The change is mainly due to the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland with NTT DATA Deutschland GmbH.

Sales are broken down according to geographic markets as follows:

	01.04.2019-31.03.2020	01.04.2018-31.03.2019
	T €	T €
inland	312,424	327,972
foreign countries	42,782	24,060
Sales deductions	-474	-614
total	354,732	351,418

The breakdown of sales by type of service can be shown as follows:

	01.04.2019-31.03.2020	01.04.2018-31.03.2019
	T €	T €
Customer-specific developments, advice, service and maintenance	348,335	347,130
miscellaneous	6,871	4,902
Sales deductions	-474	-614
total	354,732	351,418

2. Increase (+) or decrease (-) in the inventory of services that have not yet been billed

The services not yet billed decreased by € 3,817 thousand as of March 31, 2020 (previous year: decrease by € 9,904 thousand), caused by an optimization of the invoicing process.

3. Other own work capitalized

The expenses capitalized in the course of the development of software for later marketing to customers as well as software for the purpose of own use were shown in the item Other own work capitalized in the amount of € 2,250 thousand (previous year: € 2,483 thousand).

4. Other operating income

The other operating income of € 6,385 thousand (previous year: € 916 thousand) includes income from other accounting periods of € 76 thousand (previous year: € 257 thousand). The income unrelated to the accounting period essentially results from the reversal of provisions.

The other operating income includes a profit from the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland, amounting to 4,103 T € included.

5. Cost of materials

	04/01/2019 - 03/31/2020	04/01/2018 - 03/31/2019
	T €	T €
Expenses for purchased services	104,411	111,466
Expenses for purchased goods	35,020	23,062
total	139,431	134,528

The increase in the cost of materials, at € 5,798 thousand, is mainly due to the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland NTT DATA Deutschland GmbH.

6. Personnel expenses

	04/01/2019 - 03/31/2020	04/01/2018 - 03/31/2019
	T €	T €
Wages and salaries	176,849	146,636
Social contributions and expenses for benefits	24,278	21,141
Pension expenses	1,218	2,210
total	202,345	169,987

The change in personnel costs is € 11,537 thousand from the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland with NTT DATA Germany GmbH.

7. Depreciation

	04/01/2019 - 03/31/2020	04/01/2018 - 03/31/2019
	T €	T €
Depreciation on property, plant and equipment	2,284	2,291
Depreciation of intangible assets	1,943	1,581
total	4,227	3,872

8. Other operating expenses

The other operating expenses of € 35,330 thousand (previous year: € 26,807 thousand) essentially include rent, travel and transport costs, vehicle costs, advertising costs, voluntary social expenses and recruitment costs, as well as costs for telephone, fax and postage. The other operating expenses include expenses unrelated to the accounting period in the amount of € 170 thousand (previous year: € 986 thousand); The former subsidiary NTT DATA Österreich GmbH, Vienna / Austria, which was merged on April 1, 2019, as well as the former sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland, contribute to NTT DATA Deutschland GmbH from 2.

9. Interest

The interest income of € 21 thousand (previous year: € 13 thousand) consists of interest income from banks.

The interest expenses of € 1,626 thousand (previous year: € 538 thousand) result mainly from the valuation of provisions of € 1,464 thousand (previous year: € 407 thousand) and loan interest to affiliated companies of € 134 thousand (previous year: € 128 thousand).

10. Taxes

Income taxes of € 193 thousand (previous year: € 980 thousand) result primarily from current taxation.

Other Information

1. Amount blocked from distribution in accordance with Section 268 (8) HGB

The amount blocked from distribution is determined as follows:

	01.04.2019-31.03.2020	01.04.2018-31.03.2019
	T €	T €
Internally generated intangible fixed assets	4,877	3,903
Change in pension provision due to application of Section 253 (2) HGB new version	1,857	2,934
Amount blocked for distribution	6,734	6,837

The difference between the recognition of the provisions based on the corresponding average market interest rate from the past ten financial years and the recognition of the provisions based on the corresponding average market interest rate from the past seven financial years is blocked from distribution in accordance with Section 253 (6) of the new version of the German Commercial Code (HGB).

2. Exempting consolidated financial statements

With the merger of the former subsidiary, NTT DATA Österreich GmbH, Vienna / Austria, retrospectively as of April 1, 2019, NTT DATA Deutschland GmbH is no longer a parent company in accordance with Section 290 HGB, which requires the preparation of consolidated financial statements and a group management report is.

The annual financial statements of NTT DATA Deutschland GmbH will be included in the consolidated financial statements as of March 31, 2020 of Nippon Telegraph and Telephone Corporation, Tokyo / Japan.

3. Information on shareholdings

Name of the registered office of the company	Participation rate	Equity in T € according to IFRS	Completion as of	Annual result after taxes in T € according to IFRS
NTT DATA Romania, Cluj (ROU)	0.003%	21,060	March 31, 2020	1,709

4. Information on the number of employees

Number of employees, of which

	Status: March 31, 2020	Status: March 31, 2019	Annual average 2019/20	Annual average 2018/19
Employed permanent establishments in Germany	1,829	1,792	1,816	1,659
Employed permanent establishments abroad	82	0	88	0
total	1,911	1,792	1,904	1,659

5. Auditor's fee

The fee for the audit services performed by KPMG AG Wirtschaftsprüfungsgesellschaft (no further services provided) amounts to € 217 thousand (previous year: € 183 thousand).

6. Information on organs of the company

Managing directors:

Stefan Hansen, Hamburg

Chairman of the Management Board, CEO (since February 1, 2020)

Swen Rehders, Elmshorn

Chairman of the Management Board, CEO (until January 31, 2020)

Managing Director (since February 1, 2020)

Ilka Friese, Munich

Managing Director / CFO (since 01.07.2019 also CHRO)

Dieter Loewe, Kelkheim

Managing Director of Clients & Markets (until February 12, 2020)

Jens-Uwe Holz, Munich (until October 1st, 2019)

Managing Director Automotive & Manufacturing

Ralf Malter, Holzkirchen

Managing Director Digital Business Solutions

The members of the management received total remuneration of € 2,496 thousand in the period from April 1, 2019 to March 31, 2020 (previous year: € 2,522 thousand).

No payments were made to former members of the management or their surviving dependents between April 1, 2019 and March 31, 2020.

Supervisory Board:

The Supervisory Board is composed as follows:

- Shareholder representative:

Herbert Vogel, Bad Salzflen

Chairman of the Supervisory Board

Ken Tsuchihashi, London (UK) / Director and Chairman NTT DATA EMEA Ltd.

Deputy Chairman of the Supervisory Board

(until June 20th, 2019)

Koji Miyajima, London (UK) / Director and Chairman NTT DATA EMEA Ltd.

Deputy Chairman of the Supervisory Board

(from June 21st, 2019)

Benito Vazquez, Madrid (ESP) / CEO NTT DATA EMEA Ltd.

(04/20/2018 to 07/31/2019)

Giovanni Cerutti, Novara (I) / In-House Legal Counsel, Senior Vice President Legal & Compliance,

NTT DATA EMEA Ltd.

(from 01.09.2019)

Britta Döring, Forchheim / Head of Human Resources NTT DATA EMEA Ltd.

- Employee representatives:

Karin Ginzky, Karlsruhe / data processing clerk / graduate industrial engineer

(until July 3rd, 2019)

Diana Hauser, Munich / Managing Technical Consultant

(07/03/2019 to 09/30/2019)

José Alcalá-Toca, Germering / Senior Managing Consultant

(until 09/30/2019)

Robert Grabinski, Kerpen / Lead Technical Consultant

(from 09/30/2019)

Jakob Haugeneder, Vienna / Austria / Lead Technical Consultant

(09/30/2019 to 12/31/2019)

Lukas Ghezzi-Maté, Vienna / Austria / Architect / Lead Developer

(from 01/01/2020)

The employee representatives on the Supervisory Board receive total annual remuneration of € 7 thousand.

7. Proposal for the use of earnings

The management proposes to carry forward the net loss for the year of € 23,596,748.00 as of March 31, 2020 (previous year net income: € 4,489,408.72).

8. Supplementary report

No events occurred after the balance sheet date that could be of material importance for assessing the earnings, financial and asset position of the company.

Munich, June 17, 2020

The Board

Stefan Hansen

Ilka Friese

Ralf Malter

Swen Rehders

Fixed assets as of March 31, 2020

PURCHASE / MANUFACTURING COSTS

	Status before the merger April 1st, 2019	Additions from merger	As of April 1st, 2019
	Euro	Euro	Euro
I. Intangible Assets			
1. Self-developed software	5,203,916.57	0.00	5,203,916.57
2. Purchased software and licenses	1,082,343.51	59,946.03	1,142,289.54
3. Goodwill	3,323,021.55	102,272.69	3,425,294.24
	9,609,281.63	162,218.72	9,771,500.35
II. Tangible assets			
1. Land, land rights and buildings including buildings on third-party land	2,574,265.78	150,541.03	2,724,806.81
2. Technical systems and machines	301,725.66	31,271.40	332,997.06
3. Other equipment, factory and office equipment	7,910,761.36	274,581.37	8,185,342.73
4. Advance payments and assets under construction	49,764.80	6,148.44	55,913.24
	10,836,517.60	462,542.24	11,299,059.84
III. Financial assets			
Shares in affiliated companies	7,631,946.17	0.00	7,631,946.17
	7,631,946.17	0.00	7,631,946.17
total	28,077,745.40	624,760.96	28,702,506.36

PURCHASE / MANUFACTURING COSTS

	Accesses	Departures	As of March 31, 2020
	Euro	Euro	Euro
I. Intangible Assets			
1. Self-developed software	2,244,290.29	-816,803.49	6,631,403.37
2. Purchased software and licenses	197,640.27	-300,000.00	1,039,929.81
3. Goodwill	0.00	0.00	3,425,294.24
	2,441,930.56	-1,116,803.49	11,096,627.42
II. Tangible assets			
1. Land, land rights and buildings including buildings on third-party land	65,943.00	0.00	2,790,749.81
2. Technical systems and machines	11,149.01	0.00	344,146.07
3. Other equipment, factory and office equipment	1,296,191.17	-533,106.76	8,948,427.14
4. Advance payments and assets under construction	95,057.15	0.00	150,970.39
	1,468,340.33	-533,106.76	12,234,293.41
III. Financial assets			
Shares in affiliated companies	0.00	0.00	7,631,946.17
	0.00	0.00	7,631,946.17
total	3,910,270.89	-1,649,910.25	30,962,867.00

DEPRECIATION

	As of April 1st, 2019	Additions from merger	As of April 1st, 2019	Attributions
	Euro	Euro	Euro	Euro
I. Intangible Assets				
1. Self-developed software	-1,301,393.00	0.00	-1,301,393.00	0.00
2. Purchased software and licenses	-757,037.63	0.00	-757,037.63	0.00
3. Goodwill	-993,039.25	0.00	-993,039.25	0.00
	-3,051,469.88	0.00	-3,051,469.88	0.00
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land	-899,252.19	-78,692.90	-977,945.09	0.00
2. Technical systems and machines	-127,664.59	-16,067.63	-143,732.22	0.00
3. Other equipment, factory and office equipment	-4,437,904.14	-115,681.94	-4,553,586.08	1,531.01
4. Advance payments and assets under construction	0.00	0.00	0.00	0.00
	-5,464,820.92	-210,442.47	-5,675,263.39	1,531.01
III. Financial assets				
Shares in affiliated companies	-7,631,446.17	0.00	-7,631,446.17	0.00
	-7,631,446.17	0.00	-7,631,446.17	0.00
total	-16,147,736.97	-210,442.47	-16,358,179.44	1,531.01

DEPRECIATION

	Annual depreciation	Departures	As of March 31, 2020
	Euro	Euro	Euro
I. Intangible Assets			
1. Self-developed software	-1,266,024.85	813,024.52	-1,754,393.33
2. Purchased software and licenses	-283,489.47	300,000.00	-740,527.10
3. Goodwill	-393,520.48	0.00	-1,386,559.73
	-1,943,034.80	1,113,024.52	-3,881,480.16

	DEPRECIATION		
	Annual depreciation	Departures	As of March 31, 2020
	Euro	Euro	Euro
II. Tangible assets			
1. Land, land rights and buildings including buildings on third-party land	-304,842.43	0.00	-1,282,787.52
2. Technical systems and machines	-44,446.61	0.00	-188,178.83
3. Other equipment, factory and office equipment	-1,934,744.61	530,903.12	-5,955,896.56
4. Advance payments and assets under construction	0.00	0.00	0.00
	-2,284,033.65	530,903.12	-7,426,862.91
III. Financial assets			
Shares in affiliated companies	0.00	0.00	-7,631,446.17
	0.00	0.00	-7,631,446.17
total	-4,227,068.45	1,643,927.64	-18,939,789.24
RESIDUAL CARRYING AMOUNTS			
	March 31, 2020		March 31, 2019
	Euro		Euro
I. Intangible Assets			
1. Self-developed software		4,877,010.04	3,902,523.57
2. Purchased software and licenses		299,402.71	325,305.88
3. Goodwill		2,038,734.51	2,329,982.30
		7,215,147.26	6,557,811.75
II. Tangible assets			
1. Land, land rights and buildings including buildings on third-party land		1,507,962.29	1,675,013.59
2. Technical systems and machines		155,967.24	174,061.07
3. Other equipment, factory and office equipment		2,992,530.58	3,472,857.22
4. Advance payments and assets under construction		150,970.39	49,764.80
		4,807,430.50	5,371,696.68
III. Financial assets			
Shares in affiliated companies		500.00	500.00
		500.00	500.00
total		12,023,077.76	11,930,008.43

Management report for the financial year from April 1, 2019 to March 31, 2020

of NTT DATA Deutschland GmbH, Munich

1) Company basics

The business model

NTT DATA Deutschland GmbH (hereinafter NTT DATA Deutschland) belongs to the globally operating group NTT DATA CORPORATION Ltd., Tokyo / Japan (hereinafter NTT DATA Group), whose parent company is Nippon Telegraph and Telephone Corporation, Tokyo / Japan (hereinafter NTT Group), one of the world's leading information and communication technology groups. NTT Group and NTT DATA Group are listed on the Tokyo Stock Exchange. The NTT Group has over 300,000 employees worldwide and generates sales of over USD 107 billion.

After the Japanese, the European market is the largest market for the NTT DATA Group. In Germany, too, NTT DATA Deutschland¹ is one of the leading companies in the industry and, in terms of turnover, is number 5 in the Lünendonk list of IT consulting companies.

NTT DATA Deutschland is a leading provider in business and IT consulting and offers end-to-end consulting, system development and integration through to outsourcing across the entire value and process chain of a company: from the overall strategic concept to sustainable design new, more efficient processes, their implementation in IT up to the secure operation of IT systems. This includes services from process consulting, product and service design, IT strategy and IT architecture consulting, system integration, application development and application management. NTT DATA Germany bundles industry expertise, advice and implementation under one roof. After the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland, retrospectively from April 1, 2019, NTT DATA Germany Establishments in Austria and Switzerland. This further strengthens growth in German-speaking countries.

A special focus is on accompanying digital transformation projects and accompanying the challenges of customers as a business innovation & transformation partner via co-innovation. The basis for the co-innovation and value creation based on partnership is the high level of industry expertise, including in the automotive, manufacturing, banking, insurance & public and telecommunications sectors. These industry lines, which are geared towards market segments, are supplemented by the service lines. They bundle cross-industry technological, professional and methodological competencies and are an incubator for new technologies and innovation processes. These include solutions for customer experience, intelligent automation,

¹ Includes sales from itelligence AG and NTT Data Deutschland GmbH; Sales of itelligence AG including Gisa AG

The high level of innovation competence is guaranteed by extensive research and development work within the NTT Group. With an annual research budget of over USD 3.6 billion in seven innovation centers, research is carried out scientifically and in specific use cases on topics such as artificial intelligence, mobility of the future and smart cities. This also includes cooperation with renowned universities such as the Massachusetts Institute of Technology (MIT).

The NTT Group holds over 16,000 patents, develops products such as the "Altemista" cloud platform and is regularly positioned by analysts, for example as "Leader" and "Star Performer" in the Everest Report "Blockchain Services PEAK Matrix Assessment 2020". In addition to the internal qualifications of its employees, NTT DATA Germany continues to work with external partners.

NTT DATA Germany uses the near- and offshore competence centers of the global group, in which more than 35,000 employees worldwide provide high-quality and attractively priced services.

The European innovation center of the NTT Group, "Ensō - The Space for Creators", is located in Munich, at the headquarters of NTT DATA Germany. From there, NTT DATA Deutschland promotes internal and external networks and forms of cooperation such as co-creation, hackathons and open innovation as well as numerous competitions and start-up platforms. In 2019, the regional preliminary decision of the Open Innovation Contest took place for the first time, the global startup competition

of NTT DATA Germany, which promotes new technologies and solutions with a contribution to social development. Both regional winners did extremely well at the global finals in Tokyo, including the award for special sustainability. In March 2020, NTT DATA Germany opened the design studio, also in Munich. In this, above all, new, digital ideas and prototypes for an excellent user experience are developed. The Design Studio is part of the worldwide NTT DATA Design Network, with over 400 designers in 15 studios.

In order to be close to the customer, we are represented at other locations in Erfurt, Ettlingen, Frankfurt am Main, Hamburg, Ingolstadt, Cologne, Stuttgart and Wolfsburg. In 2019, NTT DATA Germany opened another location in Erfurt due to its growth. With Erfurt, Germany-wide development work, especially for the Altemista platform, a cloud solution for digital transformation, is being strengthened. Since 2019, NTT DATA Germany has been managing a total of three locations in Vienna / Austria as well as in Bern and Zurich in Switzerland.

Chances and risks

As part of the NTT DATA Group, NTT DATA Germany is integrated into the group risk management system of the NTT Group. The risk and quality management of NTT DATA Germany is continuously developed, also in close coordination with the European sister companies within the NTT Group.

NTT DATA Germany is certified according to ISO 27001 (information security) and ISO 9001: 2015 (quality management). Their standards confirm the safeguarding of the confidentiality of the information collected and processed, compliance with legal, regulatory and contractual requirements, compliance with the agreements concluded with customers on the security and availability of high-quality services and the availability of the infrastructure and technology used.

In principle, the opportunities and risks of the past few years continue to determine the challenges for NTT DATA Germany. As an international IT consulting and service company, the company is exposed to the usual risks in these markets.

In particular, negative economic and political framework conditions pose an economic risk.

According to experts, German economic output will decline significantly in 2020 due to the corona pandemic. The further development is connected with great imponderables.

If, before the pandemic, the experts were forecasting a development similar to the previous year, with growth of 1.5%, according to the current status, the German economy could shrink by 1.5% this year. World trade is also badly affected, with global economic output expected to decline by 1.7%. It is likely that there will be a gradual catching-up process around the world from the summer, but the economy will continue to be very subdued. Almost 2% growth in the third and 1.7% in the fourth quarter is forecast.

According to the industry association for information technology and media (Bitkom) in January, the German ICT industry (information technology, telecommunications and entertainment electronics) is expected to grow by a total of 1.5% in 2020. The coronavirus crisis also had a short-term negative impact on the ICT industry, but similar to the overall economy, a gradual recovery is also expected from the summer. It is currently not possible to make a reliable estimate of the effects. However, an early return to pre-crisis levels is not very likely.

The ultimate parent company, Nippon Telegraph and Telephone Corporation, Tokyo / Japan, sees strong growth potential in NTT DATA Germany. Thanks to their support in the past financial year, extensive investments in strategic business areas and improved delivery capabilities were made, thus setting the course for further successful growth.

Like the entire industry, NTT DATA Germany is subject to changing customer requirements. The advancing digitization and the associated transformation tasks require a further flexibilization of the business models and organizational structures. Approaches that were previously hierarchically oriented will increasingly give way to agile methods. In the future, it will be important to be able to offer flexible, business-oriented and secure platforms and services worldwide from a single source.

To do this, NTT DATA Germany relies on the global group structure and meets these requirements with comprehensive solutions and technologies. As part of the NTT Group, NTT DATA Germany can offer its customers worldwide the mix of onshore, nearshore and offshore from a single source. The main reasons why our customers choose NTT DATA Germany will continue to determine the focus of development in the future: motivated employees, customer orientation, a high level of quality awareness as well as professional and technical expertise.

NTT DATA Germany's claim as a global partner for innovation requires a high level of competence and a reliable creative drive on the part of our employees, supported by a wide variety of personalities. On the other hand, there is increasing competition for workers on the market, which one would like to defeat by increasing brand awareness.

NTT DATA Germany therefore invests in a variety of initiatives for internal qualification and employee loyalty and in attracting applicants as a top employer. This includes comprehensive measures for executive qualification, for example the leadership program "Leadership Curriculum" and the continuous development of a comprehensive curriculum for various roles such as technical consulting or project management. NTT DATA Germany maintains an in-house academy with extensive training opportunities for technological, methodological and personal skills. In cooperation with renowned universities and technical colleges, NTT DATA Germany promotes student training.

In 2020, NTT DATA Germany received the German Innovation Award for innovation activities in the field of sports for the first time. NTT DATA Germany has repeatedly received the German Brand Award for its employer branding activities. In addition, the company was awarded the prestigious Top Employer certification for the fourth year in a row.

The management initiative "Women inspire NTT DATA" (WiN) in Germany stands for equal opportunities, employer attractiveness and innovation. As a first step, this included measures to increase the proportion of women in all areas of the company, especially when it comes to new hires and when filling management positions. In addition, specific projects are being implemented to improve the compatibility of family and work, to increase diversity and to design new work models.

In March 2020, for the third time in a row, NTT DATA Germany was awarded an excellent 6th place in the overall ranking by the Women's Career Index (FKi) for its continuous commitment in the area of women's advancement and compatibility.

In 2015, the Supervisory Board committed itself to achieving 33% women on the Supervisory Board and 20% in management by June 30, 2017. The proportion of women on the Supervisory Board in the financial year was 17% (due to a new appointment as a result of the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Zurich / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland to NTT Deutschland GmbH) and 25% for the management. For the top management of NTT DATA Germany (management and top management levels) the quota as of March 31, 2020 is 11.5%. To continue to increase this quota sustainably,

Despite the events of the last few weeks in connection with the global corona crisis, based on the information currently available and the previous statements, we believe that there are currently no significant individual risks that could endanger the continued existence of NTT DATA Germany. Even the total sum of the individual risks does not jeopardize the continuation of the company. Effective monitoring and mitigation mechanisms have been established for identified risks.

The order acceptance, as an example, is subject to an approval process, which is an efficient instrument for the early detection and avoidance of project risks. In addition, projects critical to success are discussed in internal steering groups, risk management measures initiated and continuously monitored.

The low risk of default in the area of accounts receivable is counteracted with targeted accounts receivable management. Credit checks are carried out for new customers in order to minimize the risk of default.

Sufficient provisions are set up to secure claims from warranties. The risk here is low.

NTT DATA Germany is financed by the direct parent company NTT DATA EMEA Ltd., London / Great Britain (NTT DATA EMEA). This provides additional security for the short-term provision of liquid funds. NTT DATA Deutschland is only exposed to a limited extent to currency and interest rate risks.

2) Economic report

Business development

In the past fiscal year, NTT DATA Germany made extensive investments in strategic business areas as well as improved delivery capabilities, thus paving the way for further successful growth.

In the financial year, sales in accordance with the German Commercial Code (HGB) increased by € 3.3 million to € 354.7 million compared to the same period in the previous year.

The total output according to HGB also improved to € 353.2 million (previous year: € 344.0 million).

The number of employees rose in the financial year by 119 to 1,911 (previous year: 1,792).

In accordance with IFRS, NTT DATA Deutschland was able to increase its sales revenue by € 17.1 million to € 351.7 million in the financial year. The former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland were merged retrospectively with NTT DATA Germany as of April 1, 2019. Together with sales of € 21.1 million and an annual deficit of € 2.8 million, these contribute to the result.

Due to the integration of NTT DATA Germany into the group-wide financial reporting of the NTT Group, the planning and control activities are based on the International Financial Reporting Standards (IFRS).

For this reason, for the purposes of management reporting under commercial law, the following presentation of the course of business at the level of the individual industry lines is based on these values determined in accordance with IFRS. The differences essentially result from the revenue recognition required under IFRS according to the degree of completion.

In the following, the values of the industry lines of NTT DATA Germany, determined according to IFRS, before the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland, explained.

a) Automotive & Manufacturing

The Automotive & Manufacturing division focuses on sales in the automotive original equipment manufacturer (OEM), tier 1 supplier and manufacturing company.

Business in the automotive sector came under pressure in the past fiscal year due to a number of major challenges. High regulatory requirements (CO₂ limit values), an unclear political environment (Brexit; trade discussion between China and the USA) and high investments in future-oriented topics such as autonomous driving and electric mobility had an impact on the order volume.

Accordingly, sales of € 174.0 million are down slightly by 2.6% compared to the same period in the previous year. It is encouraging that the operating result was nevertheless increased by 9% to € 27.1 million.

The automotive industry and its suppliers are faced with the challenge of developing an overall digital strategy for the mobility of tomorrow, in which the change from product to service provider is successful in the sense of value creation networks. In addition to the even greater individualization of products and services for customers, there is a need for integrated solutions for the future of autonomous driving, networked mobility offers, faster product developments and a secure infrastructure.

This also includes the trend topics intensively promoted by NTT DATA Germany, such as the connected car, networked mobility, alternative drives and autonomous driving.

Our customers in the automotive industry reflect that the projects with NTT DATA Germany are expanding their position as a quality and innovation leader. You rely on NTT DATA Germany as a strong partner for the implementation of new strategies and business models, the renewal of your IT systems and IT security.

b) banking

Industry Line Banking recorded sales growth of 1.9% in the current financial year and generated sales revenues of € 56.6 million. At the same time, the operating result increased by 6.9% to € 7.6 million compared to the same period in the previous year.

Regulatory dynamics, security and changed customer requirements are just a few influencing factors for the digital strategies of banks. Successful open banking strategies will be a key success factor in developing new services, forming cross-industry collaborations and integrating new market participants. Customer proximity and individualized offers remain the most important challenges for the successful future of German banks.

NTT DATA Deutschland accompanies financial service providers into the digital future and supports successful banking with promising solutions, e.g. in the areas of autonomous banking, blockchain, opti-channel banking, trusted blended payments and platforms for privacy preferences.

NTT DATA Germany was named Leader and Star Performer in the Blockchain Services Report 2020 by the Everest Group and also named Leader in the Avasant Blockchain Services RadarView 2019 Report.

c) Insurance & Public

In the period from April 1, 2019 to March 31, 2020, the Insurance & Public Industry Line achieved sales of € 45.9 million and thus recorded a sales increase of 1.4% compared to the previous year. The operating result is 14.0% higher than in the same period of the previous year at € 7.1 million.

Insurance companies are still faced with the task of making previously static insurance models more flexible and digitizing them, and thus above all of realizing profits from greater customer proximity and new business models. At the same time, the necessary IT infrastructures from older generations must be integrated and automation potential increased.

NTT DATA Deutschland successfully accompanies the German insurance industry. The portfolio ranges from the development of new solutions such as smart insurance, digital insurance platforms and process automation through Robotic Process Automation (RPA), the modernization of core systems to IT security.

In the public sector, too, customers rely on NTT DATA Deutschland as an experienced IT partner for the creation and implementation of new solutions, particularly in the areas of customer excellence, data-driven enterprise and IT security.

d) Telecommunications & Transportation & Services

The framework conditions in the Telecommunication segment proved to be challenging this financial year, but were offset by a positive development in the operating result at Transport & Services.

The Telecommunications & Transportation & Services industry line has thus recorded a decline in sales of 4.6% in the current fiscal year, with sales revenues of € 50.2 million. The operating result improved by 64% compared to the previous year and amounts to € 6.9 million.

In the strategic business field of telecommunications, NTT DATA Germany has implemented network projects such as 5G, FTTH and cloud / edge computing, also based on the Group's own telecommunications DNA. In addition, connected services were developed on the basis of digital technologies and thus the perception as a premium technology partner was further expanded.

Transportation is also one of the growth sectors in this area. In addition to the stabilization of existing commitments, a successful strategic positioning with new topics is also taking place in this segment, so that NTT DATA Germany is increasingly perceived as an innovation partner in this environment.

In the Services area, thanks to the focus on central growth markets, new customers were won and a position as an important partner for topics of digital transformation was achieved. For the first time, it was possible to achieve significant sales with well-known customers in the retail sector and to initiate long-term customer relationships.

Earnings, financial and asset position

a) Earnings position

In the current financial year, NTT DATA Germany achieved sales revenues according to HGB in the amount of € 354.7 million (previous year: € 351.4 million). Incoming orders in the financial year amounted to € 398.4 million (previous year: € 309.3 million).

The total output, consisting of sales, changes in the inventory of services not yet invoiced and other own work capitalized, amounted to € 353.2 million in the financial year (previous year: € 344.0 million).

The other operating income amounted to € 6.4 million in the financial year (previous year: € 0.9 million). This includes a profit from the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the two sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland.

The cost of materials reached € 139.4 million in the financial year (previous year: € 134.5 million). The increase is mainly due to the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and the sister companies NTT Data Switzerland AG, Zurich / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland with NTT DATA Deutschland GmbH.

Personnel expenses amount to € 202.3 million (previous year: € 170.0 million) and increase by around € 5 million each due to an increase in the number of employees and salary increases, as well as due to a one-off effect from special payments as a result of strategic initiatives for realignment with regard to stronger Portfolios and profiles in demand in the market around € 22 million.

The increase in other operating expenses of a total of € 8.5 million results mainly from advertising and marketing expenses in the current financial year as well as expenses already made but not cancellable for larger events, even if these could not take place due to Corona. Furthermore, this is also due to the contribution of other operating expenses from the merger of the former subsidiary NTT DATA Österreich GmbH, Vienna / Austria and sister companies NTT Data Switzerland AG, Bern / Switzerland and NTT DATA Nefos AG, Zurich / Switzerland with NTT Germany GmbH conditional.

The operating result without interest, taxes, depreciation and amortization (EBITDA), adjusted for expenses unrelated to the accounting period of € 0.1 million (previous year: expenses unrelated to the accounting period of € 0.7 million), amounted to -17.5 million in the financial year . € (previous year: € 14.3 million).

The depreciation of intangible assets and property, plant and equipment amounted to € 4.2 million in the financial year (previous year: € 3.9 million), the depreciation of financial assets and marketable securities to € 0 million (previous year: € 3.7 million) . €).

The interest result of € -1.6 million (previous year: € -0.5 million) results mainly from expenses from the valuation of provisions.

Income taxes of € 0.2 million (previous year: € 1.0 million) result mainly from corporate income tax plus the solidarity surcharge.

NTT DATA Deutschland closed the financial year with a net loss for the year of € 23.6 million, which is € 28.1 million below the previous year's figure (previous year: net income of € 4.5 million). The net loss for the year is mainly due to investments in strategic initiatives. The largest part of the investments in the past financial year was accounted for by a people program, which supports a stronger focus on portfolios and profiles in demand on the market and lays the foundation for further profitable growth of NTT DATA Germany in the German-speaking area. These were supported by an increase in the capital reserves by the shareholders.

b) Financial position

NTT DATA Deutschland currently holds interest-bearing loan liabilities of € 11.6 million from NTT DATA EMEA at customary market conditions, so that sufficient access to liquid funds is available at all times. There are no loan liabilities to banks.

Financial resources as of March 31, 2020 increased by € 3.0 million to € 33.5 million (previous year: € 30.5 million).

The cash flow from operating activities adjusted in accordance with Group guidelines amounts to € -7.8 million (previous year: € +19.0 million).

The cash flow from non-operating activities of € -7.3 million (previous year: € -4.3 million) is mainly influenced by group allocations.

The cash flow from financing activities in the amount of € +22.0 million (previous year: € -1.6 million) includes an addition of € 25.0 million to the capital reserve as well as the loan repayment to NTT DATA EMEA in the amount of - € 1.5 million.

The cash flow from investing activities amounts to € -3.9 million (previous year: € -4.4 million) and includes investments in fixed assets.

The total cash flow in the financial year was € 3.0 million (previous year: € 8.7 million).

c) Financial position

The balance sheet total of NTT DATA Deutschland amounts to € 141.1 million (previous year: € 126.7 million).

The assets side of the balance sheet contains fixed assets amounting to € 12.0 million (previous year: € 11.9 million) and current assets (including prepaid expenses and deferred income and positive difference from asset offsetting) amounting to € 129.1 million (previous year: : € 114.8 million).

The increase in fixed assets in the financial year is mainly due to additions from the merger. Current assets increased by € 14.3 million, mainly due to an increase in receivables and other assets.

The average outstanding period for trade receivables of € 59.0 million (previous year: € 48.9 million) was 34.99 days (previous year: 35.6 days). Receivables from affiliated companies amount to € 3.0 million (previous year: € 3.9 million).

The liabilities side of the balance sheet consists of equity of € 31.9 million (previous year: € 30.5 million) and debt (including deferred income) of € 109.2 million (previous year: 96, € 2 million) together. The equity ratio in the financial year was 22.6% (previous year: 24.1%).

The balance sheet total increased by a total of € 14.4 million to € 141.1 million. The increase in the liabilities side is mainly due to an increase in the capital reserve by € 25 million to € 32.3 million to support the above-mentioned strategic initiatives, as well as an increase in other provisions by € 9 million to € 48.8 million. € conditional.

3) Forecast report

For the financial year from April 1, 2020 to March 31, 2021, the management expects a moderate increase in sales in line with the growth of the IT services market.

The aim is to expand business in the focus industries with existing customers and to gain new customers and new industries. The focus is on solutions in the areas of customer experience, intelligent automation, IT optimization, cyber security and data intelligence. NTT DATA Deutschland plans to continue strategic investments in innovative technologies, improved digitization solutions and optimized delivery capabilities in the current financial year.

The proportion of major projects is also to be continuously expanded. This is further supported by the expansion of the shoring capacities available in the network (combination of near- and offshoring) as well as the methodical optimization of global project management.

In this context, the expansion and professionalization of cooperation with the companies affiliated with the NTT Group are of great importance.

The aim is to significantly increase the annual result compared to the previous year.

The coronavirus has been spreading worldwide since January 2020 (corona crisis).

According to current market studies, all key customer segments of NTT DATA Germany and in particular the automotive and manufacturing industries are affected by the Corona crisis. However, at the time this forecast was made, the extent of the respective effects cannot yet be reliably estimated. The management currently assumes that due to the corona pandemic, the targeted growth of the company cannot be achieved in full.

Munich, June 17, 2020

The Board

Stefan Hansen

Ilka Friese

Ralf Malter

Independent auditor's report

To NTT DATA Deutschland GmbH, Munich

Examination Opinions

We have the annual financial statements of NTT DATA Deutschland GmbH, Munich - consisting of the balance sheet as of March 31, 2020 and the income statement for the financial year from April 1, 2019 to March 31, 2020 as well as the notes, including the presentation of the accounting - and evaluation methods - checked. In addition, we have audited the management report of NTT DATA Deutschland GmbH for the financial year from April 1, 2019 to March 31, 2020. In accordance with German statutory provisions, we have not checked the content of the declaration on corporate governance pursuant to Section 289f (4) of the German Commercial Code (information on the quota of women), which is contained in Section 1 of the management report.

In our opinion, based on the knowledge gained during the audit

- the attached annual financial statements comply in all material respects with the German commercial law regulations applicable to corporations and, taking into account the German principles of proper accounting, give a true and fair view of the asset and financial position of the company as of March 31, 2020 as well as its earnings position for the financial year from April 1, 2019 to March 31, 2020 and
- the attached management report gives an overall accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Our audit opinion on the management report does not extend to the content of the above-mentioned corporate governance statement.

In accordance with Section 322, Paragraph 3, Clause 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the examination results

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institute of Auditors (IDW). Our responsibility in accordance with these regulations and principles is described in more detail in the section "Auditor's Responsibility for the Audit of the Annual Financial Statements and Management Report" of our auditor's report Compliance with these requirements. We believe

Other Information

The legal representatives are responsible for the other information. The other information includes the declaration on corporate governance in accordance with Section 289f (4) HGB (information on the quota of women).

Our audit opinions on the annual financial statements and the management report do not cover the other information, and accordingly we do not issue an audit opinion or any other form of audit conclusion thereon.

In connection with our audit, it is our responsibility to read the other information and, in doing so, to assess whether the other information

- have material inconsistencies with the annual financial statements, with the content of the audited management report information or our knowledge obtained during the audit, or
- otherwise appear materially misrepresented.

Responsibility of the legal representatives and the supervisory board for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply in all essential respects with the German commercial law regulations applicable to corporations, and for ensuring that the annual financial statements, in compliance with the German principles of proper bookkeeping, give a true and fair view of the assets and finance - and the company's earnings position. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German principles of proper accounting to enable the preparation of the annual financial statements,

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Furthermore, they are responsible for disclosing matters relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis of accounting, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides an accurate picture of the company's position, is consistent with the annual financial statements in all material respects, complies with German legal requirements and accurately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal regulations and to be able to provide sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the management report.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain sufficient certainty as to whether the annual financial statements as a whole are free from material - intended or unintentional - misrepresentation and whether the management report as a whole gives an accurate picture of the company's position and, in all material matters, with the annual financial statements as well is in line with the knowledge gained during the audit, complies with German legal requirements and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Adequate security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation.

Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions of the addressees made on the basis of these annual financial statements and management report.

During the examination, we exercise due discretion and maintain a critical attitude. Furthermore

- we identify and assess the risks of material - intentional or unintentional - misrepresentations in the annual financial statements and the management report, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, forgeries, intentional incompleteness, misleading representations or the overriding of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these Systems of society.
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and the related information.

- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue as a going concern can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.
- We assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the asset, financial and the company's earnings.
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient suitable audit evidence, we particularly review the significant assumptions on which the future-oriented information is based by the legal representatives and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a considerable unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

Munich, June 26, 2020

KPMG AG
auditing company
Rupprecht, auditor
Overbeck, auditor

Report of the Supervisory Board of NTT DATA Deutschland GmbH for the business year April 01, 2019 to March 31, 2020

In the financial year April 1, 2019 to March 31, 2020, the Supervisory Board performed the tasks incumbent on it according to the law, the Articles of Association and the rules of procedure. In particular, the Supervisory Board advised the management on the management of NTT DATA Deutschland GmbH and monitored their activities. He was involved in decisions of fundamental importance. The budget planning and medium-term planning were only finally checked after the end of the financial year and approved by the Supervisory Board on April 30, 2020. The management informed the supervisory board about corporate planning, the course of business and the situation of the company. The management coordinated the strategic direction of the company with the supervisory board. The business processes that are important for the company were presented and discussed in detail by the management. The main subjects of these presentations were the company's sales, earnings and employment development, its financial position and the main investment and divestment projects.

KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements and the management report of NTT DATA Deutschland GmbH from April 1, 2019 to March 31, 2020 in accordance with the provisions of the Commercial Code (HGB) and the supplementary provisions of the GmbH Act and issued an unqualified audit opinion. The auditor carried out the audit in compliance with the German principles of proper auditing established by the Institut der Wirtschaftsprüfer (IDW).

The annual financial statements, the management report, the auditor's report and the management's proposal for the appropriation of profits were distributed by the management to all members of the Supervisory Board and were the subject of deliberations at the Supervisory Board meeting on July 28, 2020. In particular, the audit report was dealt with comprehensively in the presence of the auditor, who reported on the main results of his audit. In addition, at this meeting the management explained the annual financial statements and the risk management system and presented the scope, focus and costs of the audit.

The Supervisory Board examined the annual financial statements and the management report and approved the results of the audit. After the examination of the supervisory board, no objections were raised.

The Supervisory Board approves the proposal of the management to offset the net loss of NTT DATA Deutschland GmbH in the amount of EUR -23,596,748.00 against the profit carried forward from the previous year in the amount of EUR 11,605,327.33.

Munich, July 28th, 2020 / Munich, July 28th, 2020

For the Supervisory Board
Herbert Vogel, Chairman of the Supervisory Board

Report of the Supervisory Board of NTT DATA Germany GmbH for the short fiscal year April 1st, 2019 to March 31st, 2020

During the fiscal year April 1st, 2019 to March 31st, 2020 the Supervisory Board of NTT DATA Deutschland GmbH performed the duties assigned to it by law, the articles of association of NTT DATA Deutschland GmbH and the bylaws of the Supervisory Board. In particular, the Supervisory Board advised the management on the management of NTT DATA Deutschland GmbH and monitored the management's activities. The Supervisory Board was directly involved in the major decisions of the management. The budget planning and medium term planning were only finally reviewed after the fiscal year end and were approved by the Supervisory Board on April 30th, 2020. The Management provided the Supervisory Board with information on company planning and business operations as well as the current state of the company. Together with the management, the Supervisory Board determined the company's strategic orientation. The business transactions of major significance to the company were presented by Management and discussed in detail. The topics of such presentations were, in particular, profit and employment developments at the company as well as the company's major investment and divestment projects.

The independent auditors KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements and the annual report of NTT DATA Germany GmbH from April 1st, 2019 to March 31st, 2020 in accordance with the requirements of the German Commercial Code (HGB) and the additional requirements of the Limited Liability Company Law and approved them without qualification. The audit was conducted in accordance with generally accepted German standards for the audit of financial statements promulgated by the Institute of German Auditors (Institut der Wirtschaftsprüfer, IDW).

The annual financial statements, the management report, the auditor's report and the management's proposal for the appropriation of the annual profits were submitted to all members of the Supervisory Board by the Management and were Examined during the meeting of the Supervisory Board on July 28th, 2020. In particular, the auditor's report was reviewed comprehensively in the presence of the independent auditors who reported on the main findings of their audit. In addition, at this meeting the management explained the annual financial statements as well as the company's risk management and provided a report on the scope, focal points and costs of the audit.

The Supervisory Board has examined the annual financial statements and the management report and concurs with the results of the audit. Following the examination of the Supervisory Board no objections were raised.

The Supervisory Board endorses the management's proposal that the annual loss of NTT DATA Deutschland GmbH in the amount of EUR -23,596,748.00 will be offset with the profit brought forward of the previous year in the amount of EUR 11,605,327.33.

