

Note; This document is in English translation of “Kessan Tanshin” for the final Quarter of the Fiscal Year Ended March 31, 2019 and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation of it, the Japanese version will govern.

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

May 9, 2019

Company name	: NTT DATA CORPORATION (“NTTDATA”)
Stock exchange on which the Company’s shares are listed	: Tokyo Stock Exchange 1st Section
Code number	: 9613
URL	: <a href="https://www.nttdata.com/global/en/">https://www.nttdata.com/global/en/</a>
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Scheduled date of the ordinary general meeting of shareholders	: June 20, 2019
Scheduled date of dividend payment	: June 21, 2019
Scheduled date of filing securities report	: June 21, 2019
Supplemental material on annual results	: Yes
Presentation on annual results	: Yes (for institutional investors and financial analysts)

(Amounts are rounded to the nearest 1 million yen)

### 1. Consolidated Financial Results for FY2018 (From April 1, 2018 to March 31, 2019)

#### (1) Consolidated Results of Operations

(% of change from the corresponding the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income attributable to shareholders of NTT DATA		Comprehensive income attributable to shareholders of NTT DATA	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>FY2018</b>	2,163,625	6.1	147,716	20.0	146,914	19.7	93,616	13.6	114,859	38.6
<b>FY2017</b>	2,039,690	—	123,120	—	122,704	—	82,392	—	82,877	—

	Net income per share	Net income per share (diluted)	ROE (Ratio of Net income to Equity attributable to shareholders of NTT DATA )	ROA (Ratio of Income before income taxes to Total assets )	Operating income margin (Ratio of Operating income to Net sales )
	¥	¥	%	%	%
<b>FY2018</b>	66.75	—	10.7	6.2	6.8
<b>FY2017</b>	58.75	—	10.3	5.4	6.0

Reference: Equity in net income (losses) of affiliates: FY2018 175 million yen FY2017 909 million yen

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as of the effective date of July 1, 2017.

Net income per share is calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to shareholders of NTT DATA	Equity ratio attributable to shareholders of NTT DATA	Equity attributable to shareholders of NTT DATA per share
	¥ million	¥ million	¥ million	%	¥
<b>FY2018</b>	2,476,062	966,809	925,667	37.4	660.01
<b>FY2017</b>	2,270,203	860,506	826,179	36.4	589.08

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as of the effective date of July 1, 2017.

Equity attributable to shareholders of NTT DATA per share is calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	¥ million	¥ million	¥ million	¥ million
<b>FY2018</b>	242,009	△186,879	5,451	251,309
<b>FY2017</b>	234,692	△203,998	△90,855	190,070

## 2. Dividends

	Cash dividends per share					Total amount of cash dividends for the year	Dividends payout ratio (consolidated)	Ratio of total amount of dividends to Equity attributable to shareholders of NTT DATA (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
<b>FY2017</b>	—	7.50	—	7.50	15.00	21,037	25.5	2.6
<b>FY2018</b>	—	8.50	—	8.50	17.00	23,842	25.5	2.7
<b>FY2019 (Forecasts)</b>	—	9.00	—	9.00	18.00		27.4	

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as of the effective date of July 1, 2017.

Ratio of total amount of dividends to Equity attributable to shareholders of NTT DATA is calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

## 3. Forecasts of Consolidated Results for FY2019 (From April 1, 2019 to March 31, 2020)

(% of change from the corresponding the previous fiscal year)

	Net sales		Operating income		Income before Income Taxes		Net income attributable to shareholders of NTT DATA		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY2019	2,240,000	3.5	148,000	0.2	145,000	△1.3	92,000	△1.7	65.60

\* Notes:

(1) Changes in significant subsidiaries during the current period: No

(Changes in specified subsidiaries resulting in the change in consolidation scope)

(2) Changes in accounting policies, changes in accounting estimates

1) Changes in accounting policies required by IFRS : Yes

2) Changes in accounting policies other than 1) : No

3) Changes in accounting estimates : Yes

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding FY2018 1,402,500,000 shares FY2017 1,402,500,000 shares (including treasury stock)

2) Number of treasury stock FY2018 953 shares FY2017 953 shares

3) Average number of shares over period FY2018 1,402,499,047 shares FY2017 1,402,499,177 shares

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017.

The number of the shares are calculated based on the assumption of that the stock split was conducted at the beginning of the previous consolidated fiscal year.

\* “Kessan Tanshin” is an unaudited financial report.

\* Explanations for the appropriate use of results forecasts, and other noteworthy items

1. NTT DATA has adopted the International Financial Reporting Standards (IFRS) since the first quarter of FY2018. Financial information for the date of transition to IFRS and the previous fiscal year is presented in accordance with IFRS. For differences between IFRS and JGAAP regarding financial figures, please refer to “4.Consolidated Financial Statements and major notes, (5) Notes to Consolidated Financial Statements (First-Time Adoption of IFRS)”.

2. The results forecasts contained in this document are based on certain premises derived from information available to the NTT DATA Group at this time. As a result of various factors that may arise in the future, actual results may differ from the Group's forecasts.
3. Supplemental material on quarterly results will be uploaded on TDnet today, and will also be uploaded on our homepage. Presentation on quarterly results will be held today. This report will be uploaded on our homepage soon.
4. Products and services referred to on this report (including the attachment) are trademarks or registered trademarks of NTT DATA or other companies.

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## **1. Overview of Business Results**

### (1) Business Results and Analysis on Financial Conditions and Cash Flow

#### [1] Business Results of current fiscal year

The economy and business environment for the information services industry in the current consolidated fiscal year are as follows.

The Japanese economy is moderately improving as capital investment is increasing though we have seen no progress in the improvement of corporate profitability and business conditions. The future economic trends are expected to continue this moderate improvement with the help of the effects of various policies where the employment/income environment continues to improve, although the impacts of trade issues on the global economy, the future trends of Chinese economy, uncertainty of the overseas economic trends and policies, and the influences of financial market fluctuations must be kept in mind.

In domestic information services industry, the market is improving gradually as IT investments moved on to respond to system reforms and enforcement of new laws and regulations, enhance touch points, and expand businesses by utilizing digital (Note 1) technologies including AI and IoT. Meanwhile, needs for reducing maintenance and operation costs and severity of price competition are expected to remain.

In general, the overseas economy is also improving moderately, despite the poor economies in some of the Asian and European countries. Regarding the future economic trends, risks resulting from uncertainty related to the future economic trends in China and its policies as well as the influences of financial market fluctuations must be kept in mind, but the economy is expected to continue this moderate improvement.

In the international information service industry, the digital-related investments is on the rise. Strong growth is expected to continue in the U.S. market. In Europe, we have seen robustness but we need to carefully watch over the impact of increasing uncertainty of the macro economy on IT investment. As for China, the demand for IT investments has remained stable.

#### Review of the Previous Medium-Term Management Plan

During the period of the previous Medium-Term Management Plan (FY2016–FY2018), with the establishment of a global brand through the “enhanced local presence” as the foundation of our strategy, the NTT DATA Group aimed to achieve the Medium-Term Management Target of “attaining consolidated net sales of over 2 trillion yen” and “increasing consolidated operating income after adjustment by 50% (Note 2).”

In particular, we took actions in accordance with the key principles of “Game-Changing Approach” and “Breakthrough Technology.”

As a result of “Game-Changing Approach,” we increased the number of clients, from which we earned net sales of 5 billion yen or more per year, from 50 at the end of FY2015 to 70 at the end of FY2018 and succeeded in building a trust relationship with many clients by pursuing the Clients First approach. As such, we have strengthened our customer base by building Long-Term Relationships with our clients and established a stable business foundation.

Regarding “Breakthrough Technology,” we made efforts globally on “production technology innovation” and “leading-edge technologies.” In terms of “production technology innovation,” we increased productivity by globally promoting the standardization and automation of software development method as well as the

standardization of the infrastructure technologies (integrated development cloud). As for “leading-edge technologies,” we developed “Center of Excellence (Note3),” a base to accumulate expertise of cutting-edge technologies globally and create business jointly with clients by encouraging the usage of the base in each region.

As a result of these initiatives, we successfully achieved the Medium-Term Management Target of “attaining consolidated net sales of over 2 trillion yen” and “increasing consolidated operating income after adjustment by 50% (Note2)” in FY2018.

Note 1: Digital (digital transformation)

Digital transformation is a concept wherein IT permeation will change citizens’ lives for the better in all respects. This concept is intended to realize a society where the social system is rebuilt to become user-friendly through cloud computing, as well as mobility and social technologies. With data growing exponentially due to IoT, by leveraging AI, this data will be converted to intelligence that is useful for living.

Note 2: Compared to FY2015 (After adjustment for incremental investments in new fields)

Note 3: Center of Excellence

A base which conducts advanced R&D activities and plays a central role in creating/developing human resources and businesses

#### Status of business activities and performance of each segment

We strove to expand businesses in the global market to respond to the acceleration of digital transformation initiatives on a global basis and meet diversified and sophisticated needs. We also made efforts to expand diverse IT services including digital offering (Note1) and system integration in response to market changes and to stably provide such services.

The following sections present descriptions of efforts made in each of the segments.

[Public & Social Infrastructure Segment]

We aimed for receiving system renewal orders for core businesses from governments and infrastructure companies, and made efforts to grow our business through the following methods: creating new domestic and overseas businesses by utilizing the results and know-how that our group has cultivated; and responding to new businesses including those utilizing “My Number” and realizing new public-private social infrastructure in accordance with the Society 5.0/Digital Government Plan.

<The Labor Standards Administration System services launched to realize efficient customer operation>

- We developed the Labor Standards Administration System, a core system for providing national services, including workers’ compensation insurance and supervising health and safety in Labor Offices and Labor Standards Supervision Offices across the country and launched the service in January 2019. To develop this system, we needed to integrate multiple existing subsystems for efficiency, which made the project highly difficult and enduring. By completing this project, we enabled efficient customer operations.

<Expanded business through public-private partnership and cross-industrial efforts >

We provided services for efficient information exchange between government agencies and financial institutions. We also promoted co-creation activities, working together with companies and associations, to solve social issues and create new added values. These facilitated our business expansion.

- We worked together with The Shizuoka Bank, Ltd. and Enshu Shinkin Bank as well as three municipalities to help them investigate the savings status of delinquent taxpayers. In this asset investigation operation, we used electronic data to reduce working hours and realize efficient operation. In October 2018, we completed the operational validation of this project. This resulted in “PipitLINQ,” launched in February 2019, which enables government agencies and financial institutions to mutually make inquiries about deposits and savings by using electronic data in a unified format.

- In November 2018, TEPCO Power Grid, Inc. and NTT DATA established the “Grid Data Bank Laboratory LLP” to solve social issues and create new added values by using various cross-industrial data. In March 2019, THE KANSAI ELECTRIC POWER CO., INC and CHUBU Electric Power Co., Inc. joined the Lab as members. We now have about 30 corporate and organizational sponsors and members (as of March 2019). Also in March 2019, we opened an office-cum-laboratory in Chiyoda-ku, Tokyo, equipped with an innovative environment, which would facilitate the promotion of co-creation in this initiative.

The following is a breakdown of business results for the period by business segment.

The net sales was 479.9 billion yen (7.9% increase compared to the previous year) due mainly to expansion of services for central government ministries and the telecommunication industry.

The operating income was 43.9 billion yen (14.6% increase compared to the previous year) due mainly to growth in sales in spite of the increase in the amount of loss from unprofitable projects.

#### [Financial Segment]

While the market environment such as the negative interest rate affects the management of financial institutions, the advancement of deregulation and technological innovation is accelerating the digitalization, bringing a great change to the business environment of the financial industry today. We continued to offer highly reliable and high-quality services to our clients and aimed to expand our business as a trusted financial IT platformer of the digital age by providing new values through combination of digital technologies and responding to changes in the business environment.

#### <We promoted various efforts to realize next-generation banking>

While new digital-technology-enabled services are being provided, we have made efforts to enable financial institutions’ business infrastructures to quickly respond to various digital needs. We have also promoted the construction of a platform to create new business, not only connected to financial institutions, but also bridging all industries with financial services.

- As a digital service platform, in October 2018, we launched “A-gate”, a solution which provides centralized support from implementation through operation of a public cloud (Note 2) such as “AWS” or “Azure”, in addition to “OpenCanvas”, our cloud service currently provided. It covers high security requirements by using OpenCanvas’ authentication function.

- For financial institutions’ core systems that we had provided on a mainframe, we completed major technical validation to enable application of an open platform (Note 3) that has high affinity with digital technologies in June 2018 and started on the technical development in full scale.

- As an effort to create new services through a combination of non-financial services with financial capabilities, we completed a proof of concept of Mambu’s globally acclaimed cloud-type accounting services for the first time in Japan in March 2019.

#### <We provided AI-enabled digital services>

We provided various digital-related services for financial institutions to enhance our financial services.

- In March 2019, we launched services to reduce workload on financing requests at financial institutions by using the NTT Group's AI technology called "corevo."
- We developed services to grade various factors of face-to-face communication with AI by analyzing images and voices. In April 2018, we launched trial services mainly for the insurance industry.
- "BeSTA FinTech Lab" is a site to create new businesses. To this we added a next-generation concept store, "Branch of the Future", where a customer journey (Note 4) can be experienced with applied cutting-edge technologies.

The following is a breakdown of business results for the period by business segment.

The net sales was 559.1 billion yen (0.1% decrease compared to the previous year) due mainly to growth in sales of services for the insurance industry in spite of less orders compared to the previous fiscal year such as for services for banks.

The operating income was 52.9 billion yen (2.9% increase compared to the previous year) due mainly to growth in sales of services for the insurance industry in spite of less orders compared to the previous fiscal year such as for services for banks.

[Enterprise & Solutions Segment]

We aimed for business expansion as a business partner who contributes to the digital transformation of clients, such as manufacturers, distributors, and service providers whose business environments are changing enormously as observed in further acceleration of trend in digital usage and rise in demand for global competitiveness enhancement. In responding to these changes, we leveraged our strengths such as our advanced technologies and know how in the digital field and experience of totally supporting many of our clients' systems.

<We promoted the provision of highly convenient and advanced payment-related services>

"CAFIS" (Note 5) celebrated its 35th anniversary. It had allowed us to obtain "achievements," "diversity," and "safety and security" as well as know-how, which served as the core of highly convenient and advanced payment-related services that we had promoted and provided. Thus, we contributed to the shift to cashless payments in Japan.

- In April 2018, TOKYU CORPORATION and NTT DATA launched ".pay (dot pay)," a solution that enables smartphone-based payment by adding the cardless in-house credit function to promotional apps by companies and stores.

- We added credit card payment functionality to our "Mobile Register" (Note 6), smartphone-based bar code payment service. In April 2018, we launched this as the Mobile Register Public Fund Credit Collection Service for local governments.

- We worked to launch the service of the code payment gateway, which will enable retailers to use a single payment terminal or interface for domestic and overseas 1D barcode or QR code payments.

<The use of production-related information realized the maximization of information value inside a plant>

- In January 2019, we launched "DaTa TransLoader", an application that runs on "FIELD system", which is an IoT platform (Note 7) provided by FANUC CORPORATION for manufacturers and also is what we have participated in developing for. This application enables important production-related information saved in the "FIELD system" connected to various machines and devices in a plant to be used in customers' systems or external tools, thereby realizing the maximization of information value inside the plant.

The following is a breakdown of business results for the period by business segment.

The net sales was 529.8 billion yen (10.8% increase compared to the previous year) due mainly to expansion



of services for the manufacturing and distribution industry including M&A in the previous fiscal year. The operating income was 48.5 billion yen (19.7% increase compared to the previous year) due mainly to growth in sales.

[North America Segment]

We completed the organizational and structural foundation in North America and improved our capacity to respond to the digital field that leads the growth of the IT service market. In particular, we expanded our business in the healthcare, public and financial segments through the utilization of our wealth of achievements and expertise in outsourcing, etc., and accelerated our growth.

<Awarded new large-scale IT Service Agreement with British Columbia Health Authorities, leveraging healthcare experience and exceptional expertise to increase presence in Canada>

- NTT DATA Canada, a subsidiary of NTT DATA Corporation, signed an IT services contract with a new client, the Provincial Health Services Authority (PHSA) (Note 8), based in Canada, in March 2019. This contract is for a large-scale project with a period of 5 years and a total value of over CAD \$400M. We will provide a range of end user IT support services including a clinical service desk provided by staff who are familiar with the usage of applications used in medical institutions and work flows in multiple health authorities (Note 9) throughout the province. We received the order for our strong willingness to invest in the Canadian IT market proven by our acquisition of Sierra Systems in December 2018, in addition to our track record of success in providing clinical services, our capability in responding to large-scale outsourcing projects, and our flexible attitude toward requests from clients.

<Negotiated the acquisition of Cognosante Consulting, LLC for strengthening industry specific consulting services for U.S. federal and state agencies>

- NTT DATA Services, a subsidiary of NTT DATA Corporation, negotiated to acquire Cognosante Consulting, LLC, which provides consulting services for U.S. federal and state health agencies with its strength particularly in services for supporting systems related to Medicaid, a public medical insurance system (the acquisition was completed in April 2019). The acquisition will enable us to obtain the knowledge of Cognosante Consulting, LLC, which is based on its approximately 30 years of rich experience in providing services to U.S. federal and state agencies, and provide highly professional and industry specific consulting services in the field of healthcare.

The following is a breakdown of business results for the period by business segment.

The net sales was 421.9 billion yen (1.4% decrease compared to the previous year) due mainly to a decline in sales of services for the healthcare and financial sectors in spite of growth in sales of services for the public and manufacturing sectors.

The operating income was 3.5 billion yen (- compared to the previous year) due mainly to cost improvement and the decrease in PMI spending in spite of a decline in sales.

[EMEA & LATAM Segment]

We gathered the strength and resources of group companies in EMEA & LATAM to promote integrated business management and increased profits through the synergy effect. We also increased our local presence further by strengthening the capacity to offer services in the digital field that is increasing in demand.

<everis Group won orders for large-scale projects in the public sector>

everis Group, a subsidiary of NTT DATA Corporation (hereafter called “everis”), received orders for the

following projects in the public sector where advanced security and reliability are especially required. This is due to the recognition of its track record of having provided high quality services over the long years and its capabilities in the digital domain.

- everis received an order from Aena SME, S.A., a Spanish airport operator, for the automated border control systems at seven airports in Spain. Following the installation and beginning of the service of 220 state-of-the-art automated border control gates at four airports including Barcelona and Mallorca, everis will be responsible for installing and operating another 81 of these gates in three airports including Seville in the future. The system integrates advanced verification of passports and other documents and biometric recognition, both facial and fingerprint, contributing to improving efficiency of the immigration process with quick and accurate identification of an individual.

- everis signed a comprehensive contract with the Directorates-General for Informatics, an administrative enforcement agency of European Union (EU), for providing IT services to more than 30 European Union institutions and related organizations. everis started providing services for 14 countries including Belgium from October 2018.

<Expansion of capability centered on digital domain through M&A >

Through subsidiaries, NTT DATA acquired companies with unique advantages centered on digital domain in an attempt to further enhance service delivery capability and generate synergy with the Group's strengths.

- In May 2018, NTT DATA EMEA LTD. turned MagenTys Holdings Limited in the U.K.—which provides consultancy and other services in the digital domain—into a subsidiary. Also, in June 2018, the Company turned gen-ius dms GmbH in Germany—which provides automotive dealer management system—into a subsidiary, with an aim to further enhance the presence in the automotive industry, which is the Group's strength.

- In August 2018, itelligence AG turned Sybit GmbH—a company with strengths in Customer Relationship Management (CRM) and e-commerce services using “SAP C4/HANA”(Note 10)—into a subsidiary, with an aim to enhance these services that are one of the strategic areas of SAP.

The following is a breakdown of business results for the period by business segment.

The net sales was 440.1 billion yen (13.6% increase compared to the previous year) due mainly to expansion of businesses in Europe, mainly in Spain and Italy.

The operating income was 7.9 billion yen (62.4% increase compared to the previous year) due mainly to growth in sales.

Note 1 : Digital offering

Products or services we provide to our clients by utilizing leading-edge technologies.

Note 2 : Public cloud

Shared cloud services provided to many and unspecified number of users via the Internet.

Note 3 : Open platform

A platform (infrastructure of system or service) that does not depend on any specific hardware.

Note 4 : Customer journey

A process of actions, thoughts, and emotions that a user takes before reaching to service use or purchase.

Note 5 : “CAFIS”

Largest comprehensive payment platform in Japan supporting various payment methods provided by NTT DATA.

Note 6 : “Mobile Register”

A service in which an app on a smartphone reads the barcode for convenience store payment to withdraw money from a bank account through Internet banking.

Note 7 : “FIELD system”, which is an IoT platform

“FIELD system” is designed to further improve productivity and efficiency for manufacturers. Provided by FANUC CORPORATION, it is an IoT platform for manufacturers.

Note 8 : Provincial Health Services Authority (PHSA)

The Provincial Health Services Authority oversees the co-ordination and delivery of provincial programs and highly specialized health-care services.

Note 9 : Health Authorities

Authorities that exist in 5 regions within the Province of British Columbia providing healthcare services according to characteristics of each region.

Note 10 : “SAP C4/HANA”

A digital commerce solution for enterprises with an abundance of functions suitable for omnichannels (the realization of an environment where customers can purchase goods in a similar manner from any sales channel by integrating sales channels and distribution channels including physical (real) and online (digital) stores) and flexibility and scalability for customization and add-ons.

The following shows the status of overseas bases during the period under review.

Approx.85,300 employees deployed in 223 cities in 53 countries and regions outside of Japan.

(Approx.123,000 employees include Japan)

(AS of March 31, 2019)

### Progress of technical development

The Group’s main business, system integration (SI), is seeing some improvement with the gradual recovery of the Japanese economy. However, it is still exposed to a very tough competitive environment. In order to beat the competition in such environment, we are focusing our R&D efforts on “innovation technologies to deliver solutions”, for faster and higher quality system development. In addition, we are also working on the “utilization of advanced technologies” with which we proactively incorporate new technological trends. With these two initiatives, we combine a development capability which enables us to respond flexibly to circumstantial changes, and are working to strengthen our R&D so that we can propose and deliver attractive systems to our clients.

Through collaborative R&D with NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), we utilize the results of fundamental R&D themes from such R&D to focus our resources on applied R&D themes.

The R&D costs for the consolidated fiscal year under review were 15.1 billion yen. The results of the R&Ds, which are commonly applicable to the Public & Social Infrastructure, the Financial, the Enterprise & Solutions, the North America and the EMEA & LATAM segments, are not separately recorded by each segment.

[Innovation technologies to deliver solutions]

We have been working to achieve high speed and high quality development by automating software

development, which has given us a significant competitive edge. With this background, adding to further advancement in automation technology, we have undertaken legacy modernization (Note1) and accelerated innovation in our development processes so that we can respond with agility to changes in development environments, and in our clients' business environments. Additionally, we are promoting standardization initiatives on a global level.

<We enhanced information security measures inside and outside Japan as a leading IT company>

As a leading IT company, we have protected important infrastructures indispensable to everyday life with our solid security technologies since the advent of the Internet, ahead of our competitors. As cyberattacks on information systems are becoming fiercer, we have further enhanced our security measures.

- In September 2018, we signed a partnership agreement with Ierae Security, Inc. and Kobe Digital Labo Inc. that have advanced technology in security. This was to provide threat analysis services for controlling systems including monitoring control systems used in plants or electric power infrastructures and production line management systems used by manufacturers.

- We implemented “Tanium”, which is capable of detecting, dealing with, and recovering from threats, reacting to ever-changing end-point (Note 2) situations in our domestic and overseas Group sites. We also began gradually implementing “Exabeam” or the Group's security management platform, which can centrally collect and analyze logs from network and end-point equipment. These efforts helped to improve the Group's information security level. On the basis of the expertise we had garnered from these solutions implemented for the Group's sites, both NTT DATA and NTT DATA INTELLILINK Corporation began to collaborate with Tanium Inc. in November 2018 and with US Exabeam, Inc. in January 2019 to provide more advanced security consulting services to our clients.

- While there is a growing concern over human resource shortages in the security field due to the high level of expertise required, the Group made active efforts to develop security human resources and improve their skills. In FY2018, more than 8,300 employees obtained the “security human resources certification” promoted by the NTT Group to play an active role inside and outside Japan.

- To prevent growing security damages across the globe, we published a quarterly report on global trends in cyber security and their future outlook in both Japanese and English. We cooperated with TV broadcasters, newspapers, and journals for their coverage.

[Utilization of advanced technologies]

NTT DATA has particularly focused on the technology themes of AI, IoT and advanced technology of IT infrastructure (e.g., blockchain) and put priority on investment in PoCs for applicable research topics and clients. As a means of discerning research topics for the mid- to- long term, we try to grab the changes in the future with four perspectives such as politics, economy, society and technology in order to derive the “information society trends” and “technology trends” of near-future and formulate and publish these as NTTDATA Technology Foresight (Note3).

<We opened a design studio, AQUAIR in Roppongi and enhanced our global network to realize our customers' digital businesses>

- In June 2018, we opened a design studio, “Fluid Experience Design Studio: AQUAIR (hereafter the Studio)” to seamlessly realize our clients' digital businesses from planning through proof of concept (POC) to marketing. The Studio is a facility where clients can experience cutting-edge technologies and work style. It also has a temporary store to perform POC. In FY2018, more than 100 clients and partners visited the Studio, where they had various experiences and tried out technical validation to realize new services that would integrate digital and real spaces. Through our “NTT DATA Design Network” (Note 4) that coordinates the Group's international design studios, including this Studio (a total of 15 sites globally), we shared human

resources adept in UX/UI (Note 5) and various case studies and promoted cross-border projects.

Note 1 : Legacy Modernization

The entire operations realized by the current system, which has been maintained for a long period of time (legacy system), are becoming difficult to understand with the system becoming increasingly enlarged, complex, and dependent on individual skills from repeated additional developments. The aim of legacy modernization is to clear the specifications of such black-box systems, utilize existing assets, and renovate them into new systems.

Note 2 : End point

A terminal such as a PC, smartphone or server, connected to the network.

Note 3 : NTT DATA Technology Foresight

The near-future vision of the information society (information society trend) and IT-related technology trend. It is derived through comprehensive surveys of the trend relating to IT that are implemented from the perspectives of politics, economy, society and technology, as well as through hearings and discussions with domestic and foreign intellectuals. Trend information has been released since 2012, and is updated annually.

Note 4 : “NTT DATA Design Network”

The NTT DATA Group’s network to facilitate business designs from a wider perspective by enabling our 15 global design studios to share both case studies and know-how or to support projects.

Note 5 : UX (User Experience) – UI (User Interface)

UX (User Experience) is an experience and accompanying emotion that the user obtains when interacting with a product or a service. UI (User Interface) is an interface between a user and a service, and a mechanism through which information is exchanged between the two.

As a result of these activities, business performance during the period under review was as follows.

• New Orders Received	2,076.1billion yen	(up	6.5% year-on-year)
• Net Sales	2,163.6billion yen	(up	6.1% year-on-year)
• Operating Income	147.7 billion yen	(up	20.0% year-on-year)
• Income before income taxes	146.9 billion yen	(up	19.7% year-on-year)
• Net income attributable to shareholders of	93.6 billion yen	(up	13.6% year-on-year)

NTT DATA

<Year-on-Year Changes by Business Segment>

(Unit: billion yen)

Description		FY2017	Share (%)	FY2018	Share (%)	Change (%)
Net Sales	Public & Social Infrastructure Segment	444.9	18.6	479.9	18.8	7.9
	Financial Segment	559.9	23.4	559.1	22.0	(0.1)
	Enterprise & Solutions Segment	478.1	20.0	529.8	20.8	10.8
	North America Segment	427.9	17.9	421.9	16.6	(1.4)
	EMEA & LATAM Segment	387.5	16.2	440.1	17.3	13.6
	Others	96.4	4.0	116.2	4.6	20.6
	Adjustments	(355.1)	—	(383.5)	—	(8.0)
Total		2,039.7	—	2,163.6	—	6.1
Operating Income	Public & Social Infrastructure Segment	38.3	28.8	43.9	27.6	14.6
	Financial Segment	51.4	38.7	52.9	33.3	2.9
	Enterprise & Solutions Segment	40.5	30.5	48.5	30.5	19.7
	North America Segment	(4.2)	(3.2)	3.5	2.2	—
	EMEA & LATAM Segment	4.9	3.7	7.9	5.0	62.4
	Others	2.1	1.6	2.4	1.5	16.0
	Adjustments	(9.9)	—	(11.4)	—	(15.8)
Total		123.1	—	147.7	—	20.0

[2] Analysis on Financial Conditions

The assets at the end of this current term increased by 205.9 billion yen from the end of the previous term to 2,476.1 billion yen due mainly to the increase in cash and cash equivalents and trade receivables. The liabilities increased by 99.6 billion yen from the end of the previous term to 1,509.3 billion yen due mainly to the increase in trade payables and borrowings.

Equity increased by 106.3 billion yen from the end of the previous term to 966.8 billion yen due mainly to the increase of retained earnings.

[3] Analysis on Cash Flow

The cash flow from this term's operations is revenue of 242.0 billion yen (7.3 billion yen increase compared to the previous term) due mainly to the net income of 97.7 billion yen, the income of 158.0 billion yen of the depreciation cost, which is a non-cash expenditure, and payment including corporate tax of 55.2 billion yen.

The cash flow from investment activities resulted in a cash outflow of 186.9 billion yen (17.1 billion yen decrease compared to the previous term). This was due mainly to a capital investment expenditure of 180.0 billion yen. Overall, the free cash flow of this term was 55.1 billion yen in the black (24.4 billion yen

increase compared to the previous term).

The cash flow from financing activities resulted in a cash inflow of 5.5 billion yen (96.3 billion yen increase compared to the previous term). This was mainly attributable to the increase of interest-bearing liabilities due to financing for acquiring subsidiary stocks despite dividend payments.

The NTT DATA Group's cash flow indicators are summarized as follows.

Indicator	FY2017	FY2018
Debt Equity Ratio (Times)	0.71	0.65

Notes: Debt Equity Ratio: Interest-bearing debt / Shareholders' equity (Total net assets – Non-controlling interests)  
Interest-bearing debt: Borrowings and Bonds

## (2) Forecast for the Next Term

[Outlook of the business environment]

As the trend of digital transformation accelerates due to the further advances in technology, our clients' needs including those for business expansion and new business creation through strategic IT utilization are increasingly diversified and sophisticated. For solving environmental/social challenges as typified by Sustainable Development Goals (SDGs) in addition to the further growth of clients' businesses, we believe that IT will play greater and more important roles globally.

[Challenges identified in the previous Medium-Term Management Plan]

Under the previous Medium-Term Management Plan (FY2016-FY2018), we considered the restraint on unprofitable projects and the improvement in the profitability of overseas businesses as a significant management subject. While there were some positive effects for restraining unprofitable projects thanks to the Project Review Committee and other initiatives, we will continue to work towards further restraint on such projects. With respect to the improvement in the profitability of overseas businesses, we also recognize that continued efforts for profitability improvement are necessary as we have made prior investment to expand the business scale and enhance technological capabilities.

Additionally, with a view to maximizing value we offer to our clients, we need to keep pace with their further accelerating needs for digital transformation and work towards maximizing our Group's global synergy in order to realize even greater sustainable growth.

[New Medium-Term Management Plan]

Given the business environment outlook and challenges mentioned above, the NTT DATA Group has set a Medium-Term Management Plan for years between FY2019 and FY2021 as follows:

<Key principles>

We will aim for growth which comes with quality in a global scale with our consistent belief and courage to change.

<Medium-term strategy>

With our "consistent belief," we will stick to our basic principle of "creating a future society together with our clients" and contribute to society through co-creation with our clients based on our Group's source of competitive advantage that is "Long-Term Relationships" with clients. At the same time, we will practice



ESG management for sustainable improvement of our corporate value by promoting work-style reforms and other initiatives in our corporate activities and thereby contributing to realization of a society where people feel rewarded by working.

As well, with our “courage to change,” we will implement three strategies through which we will further accelerate digital transformation and maximize our global synergy to offer maximized value to our clients.

#### Strategy 1. Enhancing global digital offering

By deciding priority industries and technologies and making aggressive investment in such fields, we will create “strength” (offering), accelerating global cooperation which is integrated with marketing/technology application support. Specifically, we will improve our loyalty programs to individual clients and accelerate cooperation in industries while advancing external relation and promoting sharing and increasing of best practices.

As well, by formulating a digital offering strategy which consolidates expertise in the industry and making aggressive investment in co-creation projects with clients while utilizing open innovation, we will create high-valued offering.

In addition, we will realize fast creation and rollout of offering by accelerating consolidation and utilization of assets (Note 1) through enhancement of Center of Excellence (Note 2).

Through these measures, we will promote expansion of digital business through integrated efforts of our Group companies across the globe.

#### Strategy 2. Advancing value we provide to clients according to their regional characteristics

By advancing value we provide to clients through promotion of 4D Value Cycle (Note 3) according to their regional characteristics, we will further grow our client base that was made up of 70 companies (Note 4) as of the end of FY2018. Specifically, we will promote the following: “Creation of new value by leveraging our strengths in existing fields” in Japan; “Rapid business expansion based on the strong market growth” in China and APAC; “Creation of strengths and increase of pillar clients by focusing on priority” in North America; and “Enhancement of value offered to clients through integrated management of three companies (Note 5)” in EMEA and Central and South America.

#### Strategy 3. Maximization of our organizational strength by boosting abilities of all employees across the globe

With globally-shared value, we will promote collaboration and strive to maximize the organizational strength while improving abilities of individuals. Specifically, we will increase digital capabilities of all employees to bring out their maximum professionalism while improving employee engagement by revising systems and designs according to their diverse forms of self-fulfillment.

As a work-style reform using digital technology, we will develop a platform through which expertise and knowhow can be shared globally and promote collaboration while further increasing productivity by continuing to improve production technology for the next generation.

As well, we will further enhance our risk management by, for example, restraining unprofitable projects that were challenges addressed under the previous Medium-Term Management Plan, with a view to developing an appropriate governance system.

In addition to the above, we will promote enhanced cooperation with other NTT Group companies, create new value as a result of the NTT Group’s efforts, and increase our presence in the global market. Specifically,



as cooperation in advanced fields, we will use results of fundamental R&D activities and the future-generation technological R&D activities globally and strive to provide advanced solutions and services.

As cooperation in each region, we will set out to grow our business even more by providing our clients total services which combine strengths of different NTT Group companies in infrastructure, security services, etc.

We will also promote cooperation to achieve economies of scale by consolidating procurement of the entire NTT Group and reducing costs.

<Medium-Term Management Target>

Net Sales	2.5 trillion yen
Client Base	Over 80 companies <sup>(Note 4)</sup>
Operating Income Margin	8% <sup>(Note 6)</sup>
Overseas EBITA margin	7% <sup>(Note 6)</sup>

Notes:

1. Assets: Constituents of a system including materials, software, license (right of use), etc.
- 2.Center of Excellence: A base which conducts advanced R&D activities and plays a central role in creating/developing human resources and businesses
3. 4D Value Cycle: Value provision model shared in NTT DATA, aiming to deepen relationships with clients by repeating the cycle of Discover, Design, Develop, and Drive.  
Discover: Forecasting the market and clients' needs, judging new technology  
Design: Grand plan with a view to collaboration of various businesses and services  
Develop: Creating and offering solutions based on advanced system construction abilities and applicability  
Drive: Support for clients' maximum utilization of solutions
4. Included are clients from which earn annual net sales of 5 billion yen or more (Japan) or 50 million US dollars (outside of Japan)
5. NTT DATA EMEA, everis, Business Solutions
6. Temporary costs related to M&A, structural reform, etc. are excluded.

Forecast for Fiscal Year Ending March 31, 2020

FY2019 is the first year of the next Medium-Term Management Plan to reach the halfway point of Global 3rd Stage. Under the basic principle of aiming for quality global growth with the abiding belief and courage to change, in the robust IT market environments around the world, we will strive to receive orders without fail by steadily identifying the investment needs of customers in and outside Japan, restrain unprofitable projects, and save cost of the entire Group. We will also continue to step up investments to achieve sustainable growth including investments in new fields for transformation into a digital society.

In light of the above, for the fiscal year ending March 31, 2020, net sales is forecasted at 2,240 billion yen, and operating income at 148.0 billion yen.

Our segment-by-segment outlook is as follows.

[Public & Social Infrastructure Segment]

We aim for receiving system renewal orders for core businesses from governments and infrastructure companies, and make efforts to grow our business through the following methods: creating new businesses by utilizing the results and know-how that our group has cultivated and realizing a new public-private social system in accordance with Growth Strategy based on Society 5.0 and the Digital Government Action Plan.

Net sales are forecast at 483.0 billion yen (net sales to external customers: 407.0 billion yen), and operating income at 53.0 billion yen.

[Financial Segment]

Deregulations and technological innovations are bringing a great change to the business environment of financial institutions. Financial services taking advantage of digital technologies are emerging, with diversified players joining the financial business. Under such circumstance, we will continue to offer highly reliable and high-quality services to our clients. We will also seek to expand our business as a trusted financial IT platformer in the digital age, anticipating changes of the times.

Net sales are forecast at 571.0 billion yen (net sales to external customers: 507.0 billion yen), and operating income at 53.0 billion yen.

[Enterprise & Solutions Segment]

The further acceleration of trends in digital usage and the rise in demand for enhanced global competitiveness have greatly changed the business environments of manufacturers, distributors, and service providers. While responding to these changes, we will continue to provide highly added values that bring business and advanced professional technology together and support growth in our clients' business domains, so that we can further expand our business.

Net sales are forecast at 552.0 billion yen (net sales to external customers: 406.0 billion yen), and operating income at 49.0 billion yen.

[North America Segment]

Towards sustainable growth in North America that is the world's largest IT services market, we will accelerate advanced-technology-enabled innovations and enhance offerings in the digital domain. These will help us to improve our capacity to respond to our clients' needs. We will also promote M&A to expand our business, increase our presence, and improve profitability.

Net sales are forecast at 440.0 billion yen (net sales to external customers: 435.0 billion yen), and operating income at 9.0 billion yen.

[EMEA & LATAM Segment]

While gathering the strengths of the group companies, we will optimize resources to further promote integrated business management and develop synergistic effects. To enhance our capacity to provide more services in the digital field, we will focus on investments in M&A and new solutions development.

Net sales are forecast at 445.0 billion yen (net sales to external customers: 439.0 billion yen), and operating income at 0.0 billion yen.

Moreover, capital investment in the next term is expected to reach 202.0 billion yen,

NTT DATA manages its business performance on an annual basis only, and therefore no results forecast for the period to the end of the second quarter have been included in this report.

Notes: This material contains descriptions of future plans and strategies and of forecasts and projections relating to business performance. These descriptions reflect certain assumptions derived from judgments based on information currently available to the NTT DATA Group.

The material also incorporates an unquantifiable degree of risk and uncertainty relating to factors such as economic trends, the fierce competition within the information service industry, market demand, and the tax and other systems. In view of this, excessive reliance should not be placed on these results or forecasts, and it should be noted that actual results may differ from the NTT DATA Group's forecasts.

## **2. The Basic Stance Concerning the Selection of Accounting Standards**

NTT DATA has adopted International Financial Reporting Standards (IFRS) since the 1<sup>st</sup> quarter of the fiscal year ended March 31, 2019. The figures on the financial statements of the day of transition and the previous fiscal year are presented in compliance with IFRS. Please refer to “4. Consolidated Financial Statements and Major Notes: (5) Notes to Consolidated Financial Statements (First-time adoption of IFRS)” for details on the difference between IFRS and JGAAP in relation to the financial statement figures.

### 3. Matters on Summary Information (Notes)

#### (1) Changes in accounting policies

From the beginning of the period (April 1, 2018), the NTT DATA Group has adopted IFRS 9 "Financial Instruments" issued in July 2014 (hereinafter referred to as IFRS 9). In accordance with the application of exemption provision of IFRS 7 "Financial Instruments: Disclosure" (hereinafter referred to as IFRS 7) based on IFRS 1 and IFRS 9, we do not restate past periods.

The Group had complied with an accounting standard which is generally accepted as fair and valid in Japan (hereinafter referred to as JGAAP) in the previous fiscal year, and has processed the difference of book values as of the beginning of the current term under JGAAP and IFRS 9 as adjustments to retained earnings, other capital components and non-controlling interests.

In applying IFRS 9, there are provisions of exemption or prohibition of retrospective application of IFRS 9. The main details of the provisions are as described below:

- Prohibition of retrospective judgment regarding classification of financial assets
- Exemption of retrospective application regarding specification of financial assets recognized in the past
- Prohibition of retrospective application of provisions regarding cancelation of recognition of financial assets and financial liabilities
- Cancelation of hedge accounting based on JGAAP and fulfillment of hedge requirements under IFRS 9 upon application date of IFRS 9

#### Impact from the changes in accounting policies

The changes in accounting policies are applied to financial assets/liabilities held by the NTT DATA Group at the beginning of the current period.

Major cumulative impact amounts as of the beginning of the current period due to the application of IFRS 9 are as described below. Without these, the impact of the changes of accounting policies is minor. Also, the impact on "current net income" and "current net income per share" of the fiscal year under review is minor.

(Unit: million yen)

	Other financial assets	Deferred tax asset	Retained earnings	Other asset component
Hedge accounting	840	(77)	9	172
Fair value valuation of unlisted stocks	10,000	(3,083)	3,407	3,182
Total	10,840	(3,160)	3,416	3,354

#### (2) Changes in accounting estimates

In the current consolidated fiscal year, a defect was found in projects in the Public & Social Infrastructure Segment that could not have been anticipated at the time of the previous review of total costs. As a result, the possibility of outflow of further economic benefits has increased, we have changed the estimated total cost.

Accordingly, the additional provision for loss on order received which is within the "cost of sales" increased 13,239 million yen.

#### **4. Consolidated Financial Statements and major notes**

##### **(1) Consolidated Statement of Financial Position**

(Unit: ¥ million)

	As of April 1, 2017 (Date of transition to IFRS)	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	253,984	190,070	251,309
Trade and other receivables	450,081	485,363	549,126
Contract asset	73,612	81,948	81,929
Inventories	14,059	21,543	15,294
Other financial assets	13,588	11,895	9,440
Other current assets	57,302	59,631	67,369
<b>Total current assets</b>	<b>862,626</b>	<b>850,450</b>	<b>974,467</b>
<b>Non-current assets</b>			
Property, plant and equipment	316,843	348,398	355,717
Goodwill	342,378	335,887	357,014
Intangible fixed assets	430,348	431,412	444,444
Investment property	28,462	27,384	27,331
Investments accounted for using the equity method	6,591	6,831	6,573
Other financial assets	106,685	138,223	168,803
Deferred tax assets	114,171	95,757	98,220
Other non-current assets	33,439	35,860	43,493
<b>Total non-current assets</b>	<b>1,378,917</b>	<b>1,419,752</b>	<b>1,501,595</b>
<b>Total assets</b>	<b>2,241,543</b>	<b>2,270,203</b>	<b>2,476,062</b>

(Unit: ¥ million)

	As of April 1, 2017 (Date of transition to IFRS)	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	292,779	307,885	359,013
Advance received	185,847	213,791	218,774
Bonds and borrowings	318,254	97,413	134,586
Other financial liabilities	3,094	23,111	28,717
Income taxes payable	31,037	26,213	30,437
Provisions	6,072	7,935	12,434
Other current liabilities	38,741	30,870	32,898
<b>Total current liabilities</b>	<b>875,824</b>	<b>707,217</b>	<b>816,859</b>
<b>Non-current liabilities</b>			
Bonds and borrowings	328,591	468,860	446,437
Other financial liabilities	8,762	10,936	21,908
Defined benefit liabilities	189,193	199,849	202,491
Provisions	2,692	3,208	3,562
Deferred tax liabilities	27,921	7,710	5,532
Other non-current liabilities	9,257	11,916	12,463
<b>Total non-current liabilities</b>	<b>566,415</b>	<b>702,479</b>	<b>692,394</b>
<b>Total liabilities</b>	<b>1,442,239</b>	<b>1,409,696</b>	<b>1,509,253</b>
<b>Equity</b>			
<b>Equity attributable to shareholders of NTT DATA</b>			
Capital stock	142,520	142,520	142,520
Capital surplus	119,301	116,193	115,740
Retained earnings	466,950	528,601	603,171
Treasury shares	(1)	(1)	(1)
Other components of equity	39,779	38,865	64,236
<b>Total equity attributable to shareholders of NTT DATA</b>	<b>768,550</b>	<b>826,179</b>	<b>925,667</b>
Non-controlling interests	30,754	34,327	41,143
<b>Total equity</b>	<b>799,304</b>	<b>860,506</b>	<b>966,809</b>
<b>Total liabilities and equity</b>	<b>2,241,543</b>	<b>2,270,203</b>	<b>2,476,062</b>

**(2) Consolidated Statement of Income and  
Statement of Comprehensive Income**

<b>Consolidated Statement of Income</b>		(Unit: ¥ million)	
	<b>FY ended March 31, 2018</b>	<b>FY ended March 31, 2019</b>	
Net sales	2,039,690	2,163,625	
Cost of sales	1,535,535	1,618,636	
Gross profit	504,155	544,988	
Selling, general and administrative expenses	381,035	397,272	
Operating income	123,120	147,716	
Financial income	5,867	6,848	
Financial costs	7,193	7,825	
Share of profit/loss of entities for using equity method	909	175	
Income before income taxes	122,704	146,914	
Income taxes	37,013	49,210	
Net income	85,691	97,704	
<hr/>			
Net income attributable to			
Shareholders of NTT DATA	82,392	93,616	
Non-controlling interests	3,299	4,088	
Total	85,691	97,704	
<hr/>			
Net income per share attributable to shareholders of NTT DATA			
Net income per share (yen)	58.75	66.75	

**Consolidated Statement of Comprehensive Income**

(Unit: ¥ million)

	<b>FY ended March 31, 2018</b>	<b>FY ended March 31, 2019</b>
Net income	85,691	97,704
Other comprehensive income (after taxes)		
Items that will not be reclassified to profit/loss		
Profit/Loss from investments in equity instruments designated at fair value through other comprehensive income	17,733	11,756
Remeasurements of defined benefit plans	1,426	(1,271)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Items that may be reclassified subsequently to profit/loss		
Cash flow hedges	227	(731)
Hedges cost	—	100
Foreign currency translation adjustment	(18,941)	11,273
Share of other comprehensive income of entities accounted for using equity method	193	(213)
Total other comprehensive income (after taxes)	638	20,913
Comprehensive income	86,329	118,617
Comprehensive income attributable to:		
Shareholders of NTT DATA	82,877	114,859
Non-controlling interests	3,452	3,758
Total	86,329	118,617



**(3) Consolidated Statement of Changes in Equity  
(FY ended March 31, 2018)**

(Unit: ¥ million)

	Equity attributable to shareholders of NTT DATA						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other	Total		
As of April 1, 2017	142,520	119,301	466,950	(1)	39,779	768,550	30,754	799,304
Comprehensive income								
Net income	—	—	82,392	—	—	82,392	3,299	85,691
Other comprehensive income	—	—	—	—	485	485	153	638
Comprehensive income	—	—	82,392	—	485	82,877	3,452	86,329
Transactions with shareholders								
Dividends of surplus	—	—	(21,739)	—	—	(21,739)	(773)	(22,511)
Transfer to retained earnings	—	—	1,399	—	(1,399)	—	—	—
Acquisition and disposition of treasury shares	—	—	—	(1)	—	(1)	—	(1)
Increase/decrease by business combination	—	—	—	—	—	—	1,148	1,148
Net changes in controlled subsidiaries' stocks	—	24	—	—	—	24	16	40
Other	—	(3,132)	(401)	—	—	(3,533)	(270)	(3,803)
Total transactions with shareholders	—	(3,108)	(20,740)	(1)	(1,399)	(25,248)	121	(25,127)
As of March 31, 2018	142,520	116,193	528,601	(1)	38,865	826,179	34,327	860,506

**(FY ended March 31, 2019)**

(Unit: ¥ million)

	Equity attributable to shareholders of NTT DATA						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other	Total		
As of April 1, 2018	142,520	116,193	528,601	(1)	38,865	826,179	34,327	860,506
Cumulative effect of first-time adoption of IFRS 9	—	—	3,416	—	3,354	6,770	328	7,099
Restarted balance (As of April 1, 2018)	142,520	116,193	532,018	(1)	42,220	832,949	34,656	867,605
Comprehensive income								
Net income	—	—	93,616	—	—	93,616	4,088	97,704
Other comprehensive income	—	—	—	—	21,243	21,243	(330)	20,913
Comprehensive income	—	—	93,616	—	21,243	114,859	3,758	118,617
Transactions with shareholders								
Dividends of surplus	—	—	(22,440)	—	—	(22,440)	(751)	(23,191)
Transfer to retained earnings	—	—	(773)	—	773	—	—	—
Increase/decrease by business combination	—	—	—	—	—	—	3,379	3,379
Net changes in controlled subsidiaries' stocks	—	(1,114)	—	—	—	(1,114)	308	(807)
Other	—	661	751	—	—	1,412	(207)	1,205
Total transactions with shareholders	—	(453)	(22,462)	—	773	(22,142)	2,729	(19,413)
As of March 31, 2019	142,520	115,740	603,171	(1)	64,236	925,667	41,143	966,809

#### (4) Consolidated Statement of Cash Flows

(Unit: ¥ million)

	FY ended 31, March 2018	FY ended 31, March 2019
<b>Cash Flows from Operating Activities</b>		
Net income	85,691	97,704
Depreciation and amortization	158,054	158,038
Financial income and financial costs	(1,557)	836
Share of (profit)/loss of entities for using equity method	(909)	(175)
Income tax expenses	37,013	49,210
(Increase)/decrease in trade and other receivables	(32,547)	(43,290)
(Increase)/decrease in inventories	(7,125)	6,257
Increase/(decrease) in trade and other payables	43,116	32,765
Allowance for contract losses	1,911	4,205
Others	13,904	(9,131)
Sub Total	297,549	296,420
Interest and dividends received	4,263	4,992
Interest paid	(4,555)	(4,193)
Income taxes paid	(62,565)	(55,209)
Net cash provided by (used in) operating activities	234,692	242,009
<b>Cash Flows from Investing Activities</b>		
Payments for acquisition of property, plant, equipment, and intangible fixed asset	(199,142)	(179,986)
Payments for acquisition of other financial assets	(21,892)	(20,122)
Proceeds from sales and redemption of other financial assets	24,113	23,130
Payments for investments in subsidiaries	(4,832)	(9,257)
Others	(2,245)	(645)
Net cash provided by (used in) investing activities	(203,998)	(186,879)
<b>Cash Flows from Financing Activities</b>		
Net Increase/(decrease) in short-term borrowings	(169,620)	27,674
Proceeds from long-term debt and issuance of bonds	187,618	40,058
Repayments of long-term borrowings and redemption of bonds at maturity	(103,689)	(50,967)
Purchase of equity interests of subsidiaries from non-controlling interests	(114)	(1,312)
Proceeds from sale-and-leaseback	—	11,799
Cash dividends paid	(21,739)	(22,438)
Increase/(decrease) in commercial paper, net	20,000	4,000
Cash dividends paid to non-controlling interests	(773)	(751)
Payments for acquisition of treasury stock	(1)	—
Others	(2,536)	(2,612)
Net cash provided by (used in) financing activities	(90,855)	5,451
Net Increase/(Decrease) in Cash and Cash Equivalents	(60,161)	60,581
Cash and Cash Equivalents at Beginning of period	253,984	190,070
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3,753)	658
Cash and Cash Equivalents at End of period	190,070	251,309

## (5) Notes to Consolidated Financial Statement

(Notes to Going Concern Assumptions)

N/A

(Segment information)

For the year ended March 31, 2018

Information regarding net sales, income or loss by reportable segment

(Unit: ¥ million)

	Reportable segment						Others (Note 1)	Total	Adjustments (Note 2)	Consolidated financial statement amount (Note 3)
	Public & Social Infrastructure	Financial	Enterprise & Solutions	North America	EMEA & LATAM	Total				
Net sales										
Sales to outside clients	361,767	496,427	340,186	422,262	383,863	2,004,505	34,053	2,038,558	1,132	2,039,690
Intersegment sales and others	83,171	63,500	137,922	5,676	3,629	293,897	62,310	356,207	(356,207)	—
Total	444,938	559,927	478,107	427,938	387,492	2,298,403	96,362	2,394,765	(355,075)	2,039,690
Operating income or loss (the number shown in parentheses)	38,279	51,434	40,525	(4,219)	4,860	130,880	2,099	132,979	(9,859)	123,120
								Financial income		5,867
								Financial costs		7,193
								Share of profit/loss of entities for using equity method		909
								Income before income taxes		122,704

Information regarding other items by reportable segment

(Unit: ¥ million)

	Reportable segment						Others (Note 1)	Total	Adjustments (Note 2)	Consolidated financial statement amount (Note 3)
	Public & Social Infrastructure	Financial	Enterprise & Solutions	North America	EMEA & LATAM	Total				
Depreciation and amortization	22,145	75,726	19,877	19,691	12,670	150,110	1,377	151,487	1,440	152,926
Investments in non-current assets	18,321	100,396	45,853	14,035	12,157	190,762	1,102	191,864	2,950	194,814

(Note) 1. Classification of "Other" includes China & APAC regions and subsidiaries that mainly engage in supporting the business of our head office departments.

2. (1) Adjustment of operating income or loss totaling minus 9,859 million yen mainly consist of consolidated adjustments not appropriated to each reportable segment.

(2) Adjustment of depreciation and amortization totaling 1,440 million yen mainly consist of consolidated adjustments not appropriated to each reportable segment.

(3) Adjustment of investments in non-current assets totaling 2,950 million yen mainly consist of consolidated adjustments not appropriated to each reportable segment.

3. Operating income or loss is adjusted with current operating income under consolidated income statements.

For the year ended March 31, 2019

Information regarding net sales, income or loss by reportable segment

(Unit: ¥ million)

	Reportable segment						Others (Note 1)	Total	Adjustments (Note 2)	Consolidated financial statement amount (Note 3)
	Public & Social Infrastructure	Financial	Enterprise & Solutions	North America	EMEA & LATAM	Total				
Net sales										
Sales to outside clients	399,581	491,579	379,234	416,484	433,858	2,120,735	42,132	2,162,867	758	2,163,625
Intersegment sales and others	80,354	67,556	150,582	5,436	6,275	310,204	74,082	384,286	(384,286)	—
Total	479,935	559,135	529,816	421,920	440,133	2,430,939	116,214	2,547,153	(383,528)	2,163,625
Operating income or loss (the number shown in parentheses)	43,872	52,930	48,514	3,489	7,895	156,700	2,436	159,136	(11,420)	147,716
								Financial income		6,848
								Financial costs		7,825
								Share of profit/loss of entities for using equity method		175
								Income before Income taxes		146,914

Information regarding other items by reportable segment

(Unit: ¥ million)

	Reportable segment						Others (Note 1)	Total	Adjustments (Note 2)	Consolidated financial statement amount (Note 3)
	Public & Social Infrastructure	Financial	Enterprise & Solutions	North America	EMEA & LATAM	Total				
Depreciation and amortization	20,448	76,670	20,976	21,203	12,992	152,289	1,654	153,944	(367)	153,577
Investments in non-current assets	21,821	83,303	37,139	12,151	16,137	170,550	1,939	172,490	6,724	179,214

(Note) 1. Classification of "Other" includes China & APAC regions and subsidiaries that mainly engage in supporting the business of our head office departments.

2. (1) Adjustment of operating income or loss totaling minus 11,420 million yen mainly consist of consolidated adjustments not appropriated to each reportable segment.

(2) Adjustment of depreciation and amortization totaling minus 367 million yen mainly consist of consolidated adjustments not appropriated to each reportable segment.

(3) Adjustment of investments in non-current assets totaling 6,724 million yen mainly consist of consolidated adjustments not appropriated to each reportable segment.

3. Operating income or loss is adjusted with current operating income under consolidated income statements.

(Per share information)

	FY ended March 31, 2018	FY ended March 31, 2019
Equity attributable to shareholders of NTT DATA per share	589.08 yen	660.01 yen
Net income per share	58.75 yen	66.75 yen

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as of the effective date of July 1, 2017. Equity attributable to shareholders of NTT DATA per share and Net income per share are calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(Subsequent events)

(NTT DATA Group's conversion of Cognosante Consulting, LLC into a subsidiary)

(1) Outline of business combination

On April 1, 2019, NTT DATA, the company submitting consolidated financial statements, acquired equity interest of Cognosante Consulting, LLC, the consulting division of Cognosante based in Virginia, U.S.A., to obtain 100% of voting rights and control of the company through NTT DATA Services, the subsidiary in North America. The outline of this deal is shown below. While NTT DATA applied IFRS 3 "Business Combination," we do not disclose detailed information on accounting treatment because we have not completed the accounting process for the business combination at the time of writing.

Name of the acquired company	Cognosante Consulting, LLC
Main business	Providing healthcare-related agencies of the U.S. state governments with support for development of IT strategies and planning, quality assurance services, services to assist their project management, and others
Main reason for the business combination	The acquisition will enable NTT DATA Services to provide industry-focused professional consulting services in the healthcare-related field to which state governments allocate the largest portion of their budgets. Also, NTT DATA Services will accelerate its efforts to roll out services by acquiring the expertise of Cognosante Consulting, LLC based on their enriched experience of providing services for 48 state governments for nearly 30 years through the business combination.
Date of acquisition	April 1, 2019
Method adopted by the acquirer company to take control of the acquired company	Acquisition of equity interest in exchange for cash payment
Percentage of the voting rights acquired	100%

(2) Consideration of the transfer

The fair value in consideration of the transfer as of the day of acquisition is as follows.

Consideration of the transfer	Cash
The fair value in consideration of the transfer	31,555 million yen

(3) Amount and item of acquisition-related costs

They have not been determined yet.

(4) Goodwill and identifiable assets acquired and liabilities assumed

They have not been determined yet because we are still calculating the fair value of acquired assets and assumed liabilities as of the day of acquisition.

## (First-Time Adoption of IFRS)

### (1) Transition to financial reporting based on IFRS requirements

Beginning with the current consolidated fiscal year, the NTT DATA Group (hereafter, “the Group”) discloses its consolidated financial statements in compliance with the IFRS. Its most recent consolidated financial statements (for the period from April 1, 2017 to March 31, 2018) were issued in compliance with JGAAP, and the transition to IFRS was implemented as of the transition date of April 1, 2017.

IFRS 1 requires that companies adopting the IFRS for the first time apply new rules retrospectively, to periods before the transition. However, there are certain exceptions in retrospective application, either voluntary or mandatory. The Group adjusted for inconsistencies caused in complying with this requirement by modifying retained earnings and other capital components, as of the transition date.

The voluntary exemptions that NTT DATA availed itself of are as follows:

#### 1) Business combinations

Under IFRS 1, companies are allowed to apply IFRS 3 “Business Combinations” (hereinafter referred to as IFRS 3) retrospectively to all business combinations that took place before the transition date or apply IFRS 3 only to specific business combinations taking place on the transition date or prior dates.

NTT DATA has elected to apply IFRS 3 to business combinations taking place from the transition date.

#### 2) Foreign currency translation differences for foreign operation

Under IFRS 1, first-time adopters of the IFRS are allowed to elect to either deem cumulative translation adjustments from foreign operations as of the transition date as zero, or restate translation differences retrospectively to the date of establishment or acquisition of their foreign businesses. NTT DATA has elected to deem any previous foreign currency translation differences booked as of the transition date, as zero.

#### 3) Use of deemed cost

Under IFRS 1, first-time adopters have an option to use fair value as of the transition date, as current deemed cost for properties, plants and equipment. NTT DATA opted to use fair value as of the transition date, as current deemed cost for some of its properties, plants and equipment.

#### 4) Borrowing expenses

IFRS 1 allows first time adopters of the IFRS to choose not to apply IAS 23 “Borrowing Expenses” (hereinafter referred to as IAS 23) for borrowing expenses related to qualifying assets recognized before the transition date. The Group has elected not to apply IAS 23 for borrowing expenses related to qualifying assets recognized before the transition date.

#### 5) Designation of financial instruments

Under IFRS 1, the Group had an option to designate any changes in the fair value of its equity instruments as “fair value through other comprehensive income (FVTOCI)” financial assets, if deemed appropriate based on the facts and circumstances of these financial instruments as of the beginning of the current term (April 1, 2018). NTT DATA has elected to designate its equity

instruments as FVTOCI financial assets based on the facts and circumstances of these financial instruments as of the beginning of the current term (April 1, 2018).

#### 6) Revenue

Under IFRS 1, first-time adopters of the IFRS are eligible for transitional relief provided in the paragraph C5 of IFRS 15 “Revenue from Contracts with Customers” (hereinafter referred to as IFRS 15). NTT DATA has elected to apply IFRS 15 retrospectively, while resorting to the practical expedient provided for in IFRS 15.C5(d), which exempts an entity from 1) disclosing any information about the amount of transaction price allocated to the performance obligations that are not satisfied; and 2) providing an explanation of when it expects to recognize this amount as revenue, for reporting periods before the current consolidated fiscal year (i.e., the first IFRS reporting period for the Group).

#### 7) Exemption from restatement of comparative period financial statements in case of applying IFRS 9

Under IFRS 1, if the first reporting period of a first-time adopter of the IFRS begins before January 1, 2019, and if applying IFRS 9 (2014 version), such adopter is not required to restate comparative period financial statements regarding items mentioned in IFRS 9, in compliance with IFRS 7 and IFRS 9, and thus, is allowed to apply the previous accounting standards to these items.

Using this exemption, the Group applies the JGAAP in recognizing and measuring items mentioned in IFRS 9 in the consolidated financial statements for comparative periods.

#### (2) Adjustments in shifting from JGAAP to IFRS

In shifting to the IFRS, NTT DATA has adjusted values reported in consolidated financial statements based on the JGAAP. The effects that the Group’s shift to the IFRS may have on its financial position, business results, and cash flows are explained in the table below and in the notes to the table.

Included in the “reclassification” column of the table are items that are irrelevant to equity and comprehensive income, while “differences in recognition and measurement” represents items affecting equity and comprehensive income.

## Adjustments of equity at the date of transition to IFRS (April 1, 2017)

(Unit: ¥ million)

Japanese GAAP (line item)	Japanese GAAP	Reclassifications	Unification of reporting periods (a)(b)	Difference in recognition and measurement	IFRS	Notes	IFRS (line item)
Assets							Assets
Current assets							Current assets
Cash and deposits	212,459	47,580	(6,054)	—	253,984		Cash and cash equivalents
Notes and accounts receivable - trade	458,086	(3,494)	(5,683)	1,172	450,081		Trade and other receivables
Lease receivables and investment assets	28,085	(28,085)	—	—	—		
	—	49,444	8,419	15,748	73,612		Contract asset
Inventories	31,211	—	—	(17,152)	14,059		Inventories
Securities	4,303	8,871	414	—	13,588		Other financial assets
Allowance for doubtful accounts	(3,740)	3,740	—	—	—		
Deposits paid	55,809	(55,809)	—	—	—		
Other	79,636	(22,479)	104	42	57,302		Other current assets
Deferred tax assets	32,062	(32,062)	—	—	—		
Total current assets	897,910	(32,294)	(2,800)	(190)	862,626		Total current assets
Non-current assets							Non-current assets
Property, plant and equipment	356,860	(28,377)	(6,697)	(4,943)	316,843	(c)	Property, plant and equipment
Intangible assets (Goodwill)	315,261	—	29,648	(2,531)	342,378	(b)	Goodwill
Intangible assets (except for Goodwill)	462,022	—	(31,446)	(228)	430,348	(d)	Intangible fixed assets
Net defined benefit asset	5,604	(5,604)	—	—	—		
	—	28,377	84	—	28,462		Investment property
Investment securities	86,834	(80,243)	—	—	6,591		Investments accounted for using the equity method
	—	105,978	813	(106)	106,685		Other financial assets
Deferred tax assets	60,803	32,062	6,116	15,190	114,171	(e)	Deferred tax assets
Other	54,419	(20,885)	(94)	—	33,439		Other non-current assets
Allowance for doubtful accounts	(773)	773	—	—	—		
Total non-current assets	1,341,031	32,080	(1,577)	7,383	1,378,917		Total non-current assets
Total assets	2,238,941	(214)	(4,376)	7,192	2,241,543		Total assets



(Unit: ¥ million)

Japanese GAAP (line item)	Japanese GAAP	Reclassifications	Unification of reporting periods (a)(b)	Difference in recognition and measurement	IFRS	Notes	IFRS (line item)
Liabilities							Liabilities
Current liabilities							Current liabilities
Accounts payable – trade	138,453	115,555	4,245	34,526	292,779	(f)	Trade and other payables
Advances received	180,827	973	4,178	(132)	185,847		Advance received
Short-term loans payable	213,160	103,458	1,636	—	318,254		Bonds and borrowings
Current portion of long-term loans payable	53,462	(53,462)	—	—	—		
Current portion of bonds	49,997	(49,997)	—	—	—		
	—	3,037	56	—	3,094		Other financial liabilities
Income taxes payable	35,917	(367)	(4,512)	—	31,037		Income taxes payable
Provision for loss on order received	3,452	(3,452)	—	—	—		
	—	5,712	361	(1)	6,072		Provisions
Other	158,352	(121,706)	(2,142)	4,237	38,741	(g)	Other current liabilities
Total current liabilities	833,620	(247)	3,822	38,629	875,824		Total current liabilities
Non-current liabilities							Non-current liabilities
Bonds payable	160,075	168,618	(102)	—	328,591		Bonds and borrowings
Long-term loans payable	168,618	(168,618)	—	—	—		
	—	7,363	(12)	1,411	8,762		Other financial liabilities
Net defined benefit liability	186,788	—	199	2,205	189,193	(h)	Defined benefit liabilities
Provision for directors' retirement benefits	876	(876)	—	—	—		
	—	2,693	—	(1)	2,692		Provisions
Deferred tax liabilities	30,367	832	(3,258)	(21)	27,921		Deferred tax liabilities
Other	24,881	(9,979)	(2,915)	(2,730)	9,257		Other non-current liabilities
Total non-current liabilities	571,606	33	(6,088)	864	566,415		Total non-current liabilities
Total liabilities	1,405,225	(214)	(2,266)	39,494	1,442,239		Total liabilities
Net assets							Equity
Capital stock	142,520	—	—	—	142,520		Capital stock
Capital surplus	141,048	—	—	(21,747)	119,301		Capital surplus
Retained earnings	501,369	—	4,690	(39,109)	466,950	(k)	Retained earnings
Treasury shares	(1)	—	—	—	(1)		Treasury shares
Accumulated other comprehensive income	17,211	—	(6,801)	29,369	39,779		Other components of equity
Non-controlling interests	31,568	—	1	(815)	30,754		Non-controlling interests
Total net assets	833,716	—	(2,110)	(32,301)	799,304		Total equity
Total liabilities and net assets	2,238,941	(214)	(4,376)	7,192	2,241,543		Total liabilities and equity

## Adjustments of equity as of March 31, 2018

(Unit: ¥ million)

Japanese GAAP (line item)	Japanese GAAP	Reclassifications	Unification of reporting periods (a)(b)	Difference in recognition and measurement	IFRS	Notes	IFRS (line item)
Assets							Assets
Current assets							Current assets
Cash and deposits	186,616	3,454	—	—	190,070		Cash and cash equivalents
Notes and accounts receivable - trade	504,632	(15,640)	(1,111)	(2,518)	485,363		Trade and other receivables
Lease receivables and investment assets	26,525	(26,525)	—	—	—		
	—	62,479	1,191	18,279	81,948		Contract asset
Inventories	41,166	(32)	—	(19,591)	21,543		Inventories
Securities	2,298	9,597	—	—	11,895		Other financial assets
Allowance for doubtful accounts	(3,218)	3,218	—	—	—		
Deposits paid	12,001	(12,001)	—	—	—		
Other	85,194	(24,788)	—	(775)	59,631		Other current assets
Deferred tax assets	30,212	(30,212)	—	—	—		
Total current assets	885,426	(30,450)	80	(4,605)	850,450		Total current assets
Non-current assets							Non-current assets
Property, plant and equipment	380,350	(27,305)	(375)	(4,273)	348,398	(c)	Property, plant and equipment
Intangible assets (Goodwill)	311,658	—	—	24,229	335,887	(b)	Goodwill
Intangible assets (except for Goodwill)	430,423	—	295	694	431,412	(d)	Intangible fixed assets
Net defined benefit asset	6,932	(6,932)	—	—	—		
	—	27,305	80	—	27,384		Investment property
Investment securities	112,803	(105,972)	—	—	6,831		Investments accounted for using the equity method
	—	134,650	—	3,573	138,223		Other financial assets
Deferred tax assets	50,120	30,212	91	15,335	95,757	(e)	Deferred tax assets
Other	57,300	(22,480)	1,040	—	35,860		Other non-current assets
Allowance for doubtful accounts	(734)	734	—	—	—		
Total non-current assets	1,348,852	30,212	1,131	39,558	1,419,752		Total non-current assets
Total assets	2,234,278	(239)	1,210	34,953	2,270,203		Total assets

Japanese GAAP (line item)	Japanese GAAP	Reclassifications	Unification of reporting periods (a)(b)	Difference in recognition and measurement	IFRS	Notes	IFRS (line item)
Liabilities							Liabilities
Current liabilities							Current liabilities
Accounts payable – trade	145,372	125,023	767	36,722	307,885	(f)	Trade and other payables
Advances received	209,747	5,251	248	(1,455)	213,791		Advance received
Short-term loans payable	46,846	50,567	—	—	97,413		Bonds and borrowings
Current portion of long-term loans payable	567	(567)	—	—	—		
Current portion of bonds	50,000	(50,000)	—	—	—		
Income taxes payable	—	23,111	—	—	23,111		Other financial liabilities
Provision for loss on order received	26,212	—	—	0	26,213		Income taxes payable
Other	5,760	(5,760)	—	—	—		
Other	—	7,935	—	—	7,935		Provisions
Other	181,468	(155,001)	(248)	4,651	30,870	(g)	Other current liabilities
Total current liabilities	665,972	559	767	39,919	707,217		Total current liabilities
Non-current liabilities							Non-current liabilities
Bonds payable	110,081	358,779	—	—	468,860		Bonds and borrowings
Long-term loans payable	358,779	(358,779)	—	—	—		
Net defined benefit liability	—	9,483	—	1,453	10,936		Other financial liabilities
Provision for directors' retirement benefits	197,924	—	—	1,925	199,849	(h)	Defined benefit liabilities
Deferred tax liabilities	909	(909)	—	—	—		
Other	—	3,208	—	—	3,208		Provisions
Other	7,142	112	712	(255)	7,710		Deferred tax liabilities
Other	24,607	(12,691)	—	—	11,916		Other non-current liabilities
Total non-current liabilities	699,442	(798)	712	3,123	702,479		Total non-current liabilities
Total liabilities	1,365,414	(239)	1,479	43,042	1,409,696		Total liabilities
Net assets							Equity
Capital stock	142,520	—	—	—	142,520		Capital stock
Capital surplus	140,977	—	—	(24,784)	116,193		Capital surplus
Retained earnings	537,369	—	317	(9,084)	528,601	(k)	Retained earnings
Treasury shares	(1)	—	—	—	(1)		Treasury shares
Accumulated other comprehensive income	12,995	—	(585)	26,456	38,865		Other components of equity
Non-controlling interests	35,004	—	—	(677)	34,327		Non-controlling interests
Total net assets	868,863	—	(268)	(8,089)	860,506		Total equity
Total liabilities and net assets	2,234,278	(239)	1,210	34,953	2,270,203		Total liabilities and equity

## Adjustments of profit/loss and comprehensive income for the year ended March 31, 2018

(Unit: ¥ million)

Japanese GAAP (line item)	Japanese GAAP	Reclassifications	Unification of reporting periods (a)(b)	Difference in recognition and measurement	IFRS	Notes	IFRS (line item)
Net sales	2,117,167	—	(79,775)	2,298	2,039,690	(b)	Net sales
Cost of sales	1,592,746	1,805	(61,076)	2,060	1,535,535		Cost of sales
Gross profit	524,422	(1,805)	(18,700)	238	504,155		Gross profit
Selling, general and administrative expenses	400,899	19,491	(13,178)	(26,177)	381,035		Selling, general and administrative expenses
Operating income	123,522	(21,296)	(5,522)	26,415	123,120		Operating income
Non-operating income	10,161	(10,161)	—	—	—		
Non-operating expenses	12,120	(12,120)	—	—	—		
Ordinary income	121,564	(121,564)	—	—	—		
Extraordinary losses	21,480	(21,480)	—	—	—		
	—	5,988	(121)	—	5,867		Financial income
	—	9,103	(438)	(1,473)	7,193		Financial costs
	—	1,027	(118)	—	909		Share of profit/loss of entities for using equity method
Income before income taxes	100,084	—	(5,323)	27,943	122,704		Income before income taxes
Total income taxes	38,716	—	(1,641)	(62)	37,013		Income taxes
Net income	61,368	—	(3,682)	28,005	85,691	Net income	
Net income attributable to owners of parent	58,173	—	(3,680)	27,899	82,392	Net income attributable to Shareholders of NTT DATA	
Net income attributable to non-controlling interests	3,195	—	(2)	106	3,299	Non-controlling interests	

(Unit: ¥ million)

Japanese GAAP (line item)	Japanese GAAP	Reclassifications	Unification of reporting periods (a)(b)	Difference in recognition and measurement	IFRS	Notes	IFRS (line item)
Net income	61,368	—	(3,682)	28,005	85,691		Net income
Other comprehensive income							Other comprehensive income (after taxes)
							Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	17,786	—	(53)	—	17,733		Profit/Loss from investments in equity instruments designated at fair value through other comprehensive income
Remeasurements of defined benefit plans, net of tax	2,688	—	—	(1,262)	1,426		Remeasurements of defined benefit plans
	—	0	—	0	0		Share of other comprehensive income of entities accounted for using equity method
Other	213	—	—	(213)	—		Items that may be reclassified subsequently to profit/loss
Deferred gains or losses on hedges	227	—	—	—	227		Cash flow hedges
Foreign currency translation adjustment	(24,993)	—	6,369	(317)	(18,941)		Foreign currency translation adjustment
Share of other comprehensive income of entities accounted for using equity method	152	(0)	(9)	50	193		Share of other comprehensive income of entities accounted for using equity method
Total other comprehensive income	(3,926)	—	6,307	(1,742)	638		Total other comprehensive income (after taxes)
Comprehensive income	57,442	—	2,625	26,263	86,329		Comprehensive income
Comprehensive income attributable to							Comprehensive income attributable to:
Comprehensive income attributable to owners of parent	53,957	—	2,626	26,294	82,877		Shareholders of NTT DATA
Comprehensive income attributable to non-controlling interests	3,485	—	(2)	(31)	3,452		Non-controlling interests

### (3) Notes on adjustments to equity, profit/loss and comprehensive income

#### 1) Reclassification

- Under the JGAAP, deferred tax assets are classified as either current assets or non-current assets, and deferred tax liabilities as current liabilities or non-current liabilities. As the IFRS does not permit deferred tax assets/liabilities to be classified as current assets/liabilities, they are classified as non-current assets or liabilities in the Group's financial statements.

- Whether an accounting item is disclosed separately or grouped into some broader category is indicated in accordance with IFRS items.

#### 2) Differences in recognition and measurement between JGAAP and IFRS

##### (a) Alignment of reporting periods

Some subsidiaries had different reporting periods from NTT DATA, but their accounting periods were aligned with NTT DATA's in fiscal year 2017. Under the JGAAP, any gains/losses resulting from aligning the reporting periods of NTT DATA and its subsidiaries were to be reported as net income/loss for the current fiscal year; under the IFRS, these gains/losses are not reflected in net income/loss but included in retained earnings.

##### (b) Business combinations

Under the JGAAP, goodwill was amortized consistently over periods in which ROI is reasonably estimated to occur. Under the IFRS, goodwill is not amortized.

Under the JGAAP, acquisition cost allocation was accounted for on the assumption that this revision was made in the fiscal year in which the provisional accounting treatment was confirmed (fiscal year 2017, to which the transition date belongs). Under the IFRS, the revisions related to acquisition cost allocation are accounted for retrospectively, by assuming that the provisional accounting treatment was confirmed in the fiscal year in which business combinations occurred (fiscal year 2016).

##### (c) Deemed cost

The Group has elected to apply the optional exemption to use the fair value as of the transition date as deemed cost for some of its properties, plants and equipment and investment properties.

##### (d) Intangible assets

Under the JGAAP, R&D costs are recognized as expense as incurred, except in cases where different accounting standards are applied.

Under the IFRS, expenditures relating to development activities can be measured by the total of expenditure that recognized in the period from the date on which these expenses meet the requirements all for recognition as intangible assets to the date on which the development process essentially ends. Also, it has been recorded in the Consolidated Statement of Financial Position. The Group are mainly developing system (System Integration) and providing services (Plan-Based Services).

##### (e) Deferred tax assets

Under the JGAAP, the Group recognized deferred tax assets by following the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26); under the IFRS, only the portions of deductible temporary differences, amount of loss carried forward and deductions of carryover tax that are highly likely to bring in tax benefits are recognized as deferred tax assets.

##### (f) Unused paid holidays

The JGAAP has no provisions for unused paid holidays. Under the IFRS, unused paid holidays are accounted for as liability.

##### (g) Levies

Under the JGAAP, property taxes and other levies that have become payable were accounted for over the fiscal year. Under the IFRS,

these levies are to be booked as they become payable.

(h) Employee benefits

Under the JGAAP, service costs, interest expenses, and expected return on plan assets related to defined benefit post retirement plans are recognized as retirement benefit expenses. In addition, the portions of actuarial differences arising from defined benefit post retirement plans and prior service costs that are not recognized as retirement benefit expenses for the current term are recognized as other cumulative comprehensive income, which shall be recognized as net income/loss for a certain period.

Under the IFRS, current service costs and prior service costs for plan assets related to defined benefit post retirement plans are recognized as net income/loss; for net interest gains/expenses, net defined benefit liabilities (assets) multiplied by a discount rate are recognized as net income/loss. In addition, actuarial differences arising from the re-measurement of net defined benefit liabilities (assets) are recognized as components of other capital, and are classified as retained earnings incurred without being recognized through profit or loss. Please note that the re-measurement of net defined benefit liabilities (assets) consists of actuarial differences related to defined benefit obligation and return on plan assets (excluding interest income on plan assets).

(i) Foreign currency translation differences for foreign operations

NTT DATA deems any previous foreign currency translation differences booked as on the transition date, as zero.

(j) Stock issuance cost

Under the JGAAP, the transaction costs of equity transaction spent directly for stock issuance are recognized as net income/loss. Under the IFRS, the transaction costs of equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(k) Adjustments to retained earnings

The effects that the adjustments mentioned above might have on retained earnings are as follows:

Items of adjustments	As of April 1, 2017 (Date of transition to IFRS)	As of March 31, 2018
Alignment of reporting periods (a)	4,690	317
Differences in recognition and Measurement		
Business combinations (b)	(2,987)	24,414
Deemed cost (c)	(3,453)	(3,453)
Intangible assets (d)	647	561
Deferred tax assets (e)	863	909
Unused paid holidays (f)	(21,170)	(22,553)
Levies (g)	(3,536)	(3,582)
Employee benefits (h)	(31,571)	(28,829)
Foreign currency translation differences for foreign operations (i)	16,605	16,605
Stock issuance cost (j)	5,708	5,708
Other	(215)	1,136
Total differences in recognition and measurement	(39,109)	(9,084)
Adjustments to retained earnings	(34,419)	(8,767)

(4) Adjustment to the consolidated statements of cash flows of the previous consolidated fiscal year  
Most of the differences between the consolidated statements of cash flows in compliance with JGAAP and those in compliance with IFRS are resulted from aligning the reporting periods of NTT DATA and some of its subsidiaries.