

Note; This document is in English translation of “Kessan Tanshin” for the Third Quarter of the Fiscal Year Ending March 31, 2020 and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation of it, the Japanese version will govern.

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2020 [IFRS]

February 4, 2020

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 : <https://www.nttdata.com/global/en/>
 Representative : Yo Honma, President and Chief Executive Officer
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Scheduled filing date of Quarterly Securities Report : February 7, 2020
 Scheduled date of dividend payment : -
 Supplemental material on quarterly results : Yes
 Presentation on quarterly results : Yes (for institutional investors and financial analysts)

(Amounts are rounded to the nearest 1 million yen)

1. Consolidated Financial Results in Q3 of FY2019 (From April 1, 2019 to December 31, 2019)

(1) Consolidated Results of Operations (accumulated total)

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

| | Net sales | | Operating income | | Income before income taxes | | Net income attributable to shareholders of NTT DATA | | Comprehensive income attributable to shareholders of NTT DATA | |
|------------------|-----------|-----|------------------|-------|----------------------------|-------|---|-------|---|--------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| FY2019 Q3 | 1,642,037 | 5.9 | 93,535 | (0.8) | 92,344 | (2.4) | 57,863 | (2.8) | 64,310 | (9.2) |
| FY2018 Q3 | 1,550,686 | 4.8 | 94,308 | 8.2 | 94,608 | 10.2 | 59,521 | 5.9 | 70,844 | (24.2) |

| | Net income per share | Net income per share (diluted) |
|------------------|----------------------|--------------------------------|
| FY2019 Q3 | ¥ 41.26 | - |
| FY2018 Q3 | 42.44 | - |

(2) Consolidated Financial Position

| | Total assets | Total equity | Equity attributable to shareholders of NTT DATA | Equity ratio attributable to shareholders of NTT DATA |
|------------------|------------------------|------------------------|---|---|
| FY2019 Q3 | ¥ million 2,704,435 | ¥ million 1,008,932 | ¥ million 959,983 | 35.5 |
| FY2018 | 2,476,062 | 966,809 | 925,667 | 37.4 |

2. Dividends

| | Cash dividends per share | | | | |
|-----------------------------|--------------------------|---------------------------|--------------------------|----------|---------|
| | End of the first quarter | End of the second quarter | End of the third quarter | Year-end | Total |
| FY2018 | ¥ — | ¥ 8.50 | ¥ — | ¥ 8.50 | ¥ 17.00 |
| FY2019 | — | 9.00 | — | | |
| FY2019 (Forecast) | | | | 9.00 | 18.00 |

Notes: Revisions to the forecasts of dividends announced most recently: No

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

(% of change from the previous fiscal year)

| | Net sales | | Operating income | | Income before income taxes | | Net income attributable to shareholders of NTT DATA | | Net income per share |
|------------------|-----------|-----|------------------|-----|----------------------------|-------|---|-------|----------------------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % | ¥ |
| Full year | 2,240,000 | 3.5 | 148,000 | 0.2 | 145,000 | (1.3) | 92,000 | (1.7) | 65.60 |

Notes: Revisions to the forecasts of consolidated results announced most recently: No

* Notes:

(1) Changes in significant subsidiaries in Q3 of FY2019 (From April 1, 2019 to December 31, 2019) : 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 (inclusive of treasury stock)
 FY2019 Q3 (December 31, 2019) 1,402,500,000 shares
 FY2018 (March 31, 2019) 1,402,500,000 shares
 2) Number of treasury stock
 FY2019 Q3 (December 31, 2019) 953 shares
 FY2018 (March 31, 2019) 953 shares
 3) Average number of shares over period
 FY2019 Q3 (From April 1, 2019 to December 31, 2019) 1,402,499,047 shares
 FY2018 Q3 (From April 1, 2018 to December 31, 2018) 1,402,499,047 shares

* “Kessan Tanshin” is an unaudited financial report.

* Explanations relating to the appropriate use of results forecasts, and other noteworthy items

- 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.
- 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.
- Products and services referred to on this report (including the attachment) are trademarks or registered trademarks of NTT DATA or other companies.

Contents of Attachment

| | |
|--|----|
| 1. Matters on Summary Information (Notes) | 2 |
| (1) Changes in accounting policies | 2 |
| (2) Changes in accounting estimates | 2 |
| 2. Condensed Quarterly Consolidated Financial Statements and major notes | 3 |
| (1) Condensed Quarterly Statement of Financial Position | 3 |
| (2) Condensed Quarterly Statement of Income and Condensed Quarterly Statement of Comprehensive Income | 5 |
| (3) Condensed Quarterly Consolidated Statement of Changes in Equity | 7 |
| (4) Notes to Condensed Quarterly Consolidated Financial Statements | 8 |
| (5) Notes to Going Concern Assumptions | 11 |

1. Matters on Summary Information (Notes)

(1) Changes in accounting policies

From the first quarter of the current consolidated fiscal year, NTT DATA Group has adopted IFRS 16 “Leases” (hereinafter, IFRS 16).

When adopting IFRS 16, we newly recognized right-of-use assets of 127,223 million yen and lease liabilities of 127,187 million yen for the leases which were formerly classified as operating leases, at the beginning of the current consolidated fiscal year. The adoption did not have an impact on the balance of retained earnings at the beginning of the current term.

(2) Changes in accounting estimates

In the consolidated cumulative third quarter of the current fiscal year, a defect was found that could not have been anticipated at the time of the previous review of total costs. As a result, the possibility of outflow of economic benefits has increased, and we have changed the estimated costs. Accordingly, the additional provision for loss on order received which is within the “cost of sales” increased by 5,802 million yen in the Public & Social Infrastructure Segment and by 5,456 million yen in the Financial Segment.

2. Condensed Quarterly Consolidated Financial Statements and major notes

(1) Condensed Quarterly Statement of Financial Position

(Unit: ¥ million)

| | As of Mar 31, 2019 | As of Dec 31, 2019 |
|---|--------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 251,309 | 250,038 |
| Trade and other receivables | 549,126 | 483,717 |
| Contract asset | 81,929 | 115,205 |
| Inventories | 15,294 | 20,664 |
| Other financial assets | 9,440 | 11,822 |
| Other current assets | 67,369 | 70,300 |
| Total current assets | 974,467 | 951,746 |
| Non-current assets | | |
| Property, plant and equipment | 355,717 | 345,957 |
| Right-of-use assets | — | 162,115 |
| Goodwill | 357,014 | 398,682 |
| Intangible assets | 444,444 | 470,422 |
| Investment property | 27,331 | 27,007 |
| Investments accounted for using the equity method | 6,573 | 8,150 |
| Other financial assets | 168,803 | 190,276 |
| Deferred tax assets | 98,220 | 96,425 |
| Other non-current assets | 43,493 | 53,658 |
| Total non-current assets | 1,501,595 | 1,752,689 |
| Total assets | 2,476,062 | 2,704,435 |

(Unit: ¥ million)

| | As of Mar 31, 2019 | As of Dec 31, 2019 |
|--|--------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 359,013 | 346,360 |
| Contract liabilities | 218,774 | 269,818 |
| Bonds and borrowings | 134,586 | 110,159 |
| Lease liabilities | — | 37,772 |
| Other financial liabilities | 28,717 | 2,943 |
| Income taxes payable | 30,437 | 16,390 |
| Provisions | 12,434 | 10,355 |
| Other current liabilities | 32,898 | 17,872 |
| Total current liabilities | 816,859 | 811,669 |
| Non-current liabilities | | |
| Bonds and borrowings | 446,437 | 511,833 |
| Lease liabilities | — | 126,280 |
| Other financial liabilities | 21,908 | 13,383 |
| Defined benefit liabilities | 202,491 | 213,783 |
| Provisions | 3,562 | 3,910 |
| Deferred tax liabilities | 5,532 | 5,734 |
| Other non-current liabilities | 12,463 | 8,910 |
| Total non-current liabilities | 692,394 | 883,834 |
| Total liabilities | 1,509,253 | 1,695,503 |
| Equity | | |
| Equity attributable to shareholders of NTT DATA | | |
| Capital stock | 142,520 | 142,520 |
| Capital surplus | 115,740 | 111,130 |
| Retained earnings | 603,171 | 639,356 |
| Treasury shares | (1) | (1) |
| Other components of equity | 64,236 | 66,978 |
| Total equity attributable to shareholders of NTT DATA | 925,667 | 959,983 |
| Non-controlling interests | 41,143 | 48,949 |
| Total equity | 966,809 | 1,008,932 |
| Total liabilities and equity | 2,476,062 | 2,704,435 |

**(2) Condensed Quarterly Statement of Income and
Condensed Quarterly Statement of Comprehensive Income**

Condensed Quarterly Statement of Income

(Unit: ¥ million)

| | Nine months ended Dec 31, 2018 | Nine months ended Dec 31, 2019 |
|---|-----------------------------------|-----------------------------------|
| Net sales | 1,550,686 | 1,642,037 |
| Cost of sales | 1,168,034 | 1,232,731 |
| Gross profit | 382,652 | 409,306 |
| Selling, general and administrative expenses | 288,343 | 315,770 |
| Operating income | 94,308 | 93,535 |
| Financial income | 4,870 | 4,898 |
| Financial costs | 5,055 | 6,396 |
| Share of profit/loss of entities for using equity method | 485 | 307 |
| Income before income taxes | 94,608 | 92,344 |
| Income taxes | 32,743 | 31,154 |
| Net income | 61,865 | 61,190 |
| Net income attributable to | | |
| Shareholders of NTT DATA | 59,521 | 57,863 |
| Non-controlling interests | 2,344 | 3,327 |
| Total | 61,865 | 61,190 |
| Net income per share attributable to shareholders of NTT DATA | | |
| Net income per share (yen) | 42.44 | 41.26 |

Condensed Quarterly Statement of Comprehensive Income

(Unit: ¥ million)

| | Nine months ended Dec 31, 2018 | Nine months ended Dec 31, 2019 |
|--|-----------------------------------|-----------------------------------|
| Net income | 61,865 | 61,190 |
| Other comprehensive income (after taxes) | | |
| Items that will not be reclassified to profit/loss | | |
| Net change in fair value of financial assets measured at fair value through other comprehensive income | 84 | 18,831 |
| Remeasurements of defined benefit plans | 426 | (2,184) |
| 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 | (826) | (162) |
| Hedges cost | 242 | 317 |
| Foreign currency translation adjustment | 11,344 | (10,332) |
| Share of other comprehensive income of entities accounted for using equity method | (50) | (125) |
| Total other comprehensive income (after taxes) | 11,220 | 6,345 |
| Comprehensive income | 73,085 | 67,535 |
| Comprehensive income attributable to: | | |
| Shareholders of NTT DATA | 70,844 | 64,310 |
| Non-controlling interests | 2,241 | 3,225 |
| Total | 73,085 | 67,535 |

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Nine months ended Dec 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 components of equity | Total | | |
| As of Apr 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 Apr 1, 2018) | 142,520 | 116,193 | 532,018 | (1) | 42,220 | 832,949 | 34,656 | 867,605 |
| Comprehensive income | | | | | | | | |
| Net income | — | — | 59,521 | — | — | 59,521 | 2,344 | 61,865 |
| Other comprehensive income | — | — | — | — | 11,323 | 11,323 | (102) | 11,220 |
| Comprehensive income | — | — | 59,521 | — | 11,323 | 70,844 | 2,241 | 73,085 |
| Transactions with shareholders | | | | | | | | |
| Dividends of surplus | — | — | (22,440) | — | — | (22,440) | (751) | (23,191) |
| Transfer to retained earnings | — | — | 683 | — | (683) | — | — | — |
| Net changes in controlled subsidiaries' stocks | — | (1,218) | — | — | — | (1,218) | 308 | (910) |
| Put options written on non-controlling interests | — | 635 | — | — | — | 635 | — | 635 |
| Other | — | — | 1,225 | — | — | 1,225 | (209) | 1,016 |
| Total transactions with shareholders | — | (583) | (20,532) | — | (683) | (21,797) | (652) | (22,450) |
| As of Dec 31, 2018 | 142,520 | 115,611 | 571,007 | (1) | 52,859 | 881,996 | 36,244 | 918,240 |

(Nine months ended Dec 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 components of equity | Total | | |
| As of Apr 1, 2019 | 142,520 | 115,740 | 603,171 | (1) | 64,236 | 925,667 | 41,143 | 966,809 |
| Comprehensive income | | | | | | | | |
| Net income | — | — | 57,863 | — | — | 57,863 | 3,327 | 61,190 |
| Other comprehensive income | — | — | — | — | 6,447 | 6,447 | (102) | 6,345 |
| Comprehensive income | — | — | 57,863 | — | 6,447 | 64,310 | 3,225 | 67,535 |
| Transactions with shareholders | | | | | | | | |
| Dividends of surplus | — | — | (24,544) | — | — | (24,544) | (1,170) | (25,714) |
| Transfer to retained earnings | — | — | 3,705 | — | (3,705) | — | — | — |
| Increase/decrease by business combination | — | — | — | — | — | — | 5,768 | 5,768 |
| Net changes in controlled subsidiaries' stocks | — | (447) | — | — | — | (447) | 259 | (188) |
| Put options written on non-controlling interests | — | (4,163) | — | — | — | (4,163) | — | (4,163) |
| Other | — | (0) | (839) | — | — | (839) | (276) | (1,115) |
| Total transactions with shareholders | — | (4,610) | (21,678) | — | (3,705) | (29,994) | 4,581 | (25,412) |
| As of Dec 31, 2019 | 142,520 | 111,130 | 639,356 | (1) | 66,978 | 959,983 | 48,949 | 1,008,932 |

(4) Notes to Condensed Quarterly Consolidated Financial Statements

Business combination

Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)

Cognosante Consulting, LCC

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.

| | |
|--|--|
| Name of the acquired company | Cognosante Consulting, LLC |
| Name of the company after business combination | NTT DATA State Health 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.

| | |
|-------------------------|--|
| | (Unit: million yen) |
| | Date of acquisition (April 1, 2019) |
| Cash | 31,553 |
| Total acquisition price | 31,553 |

(Note) The share transfer agreement consists of a clause that requires the price to be adjusted when the transfer is completed. Under this agreement, NTT DATA Group will revise the acquisition price and the goodwill amount by deeming that such payment was made upon the acquisition.

3) Amount and item of acquisition-related costs

The item and amount of acquisition-related costs are as follows.

| | |
|--------------------------------|---------------------|
| | (Unit: million yen) |
| Item | Amount |
| Advisory expenses | 2 |
| Legal expenses | 176 |
| Others | 61 |
| Total acquisition-related cost | 239 |

(Note) The expenses are included and processed in "selling general and administrative expenses" on Condensed Quarterly Consolidated Statement of Income.

4) Fair value of acquired assets and assumed liabilities, and goodwill on the day of acquisition

The details and fair value of acquired assets and assumed liabilities, and goodwill on the day of acquisition is as follows.

| | (Unit: million yen) |
|--------------------------------------|--|
| | Date of acquisition (April 1, 2019) |
| <hr/> | |
| Assets | |
| Trade and other receivables (Note 1) | 1,748 |
| Intangible assets (Note 2) | 11,106 |
| Other | 148 |
| Liabilities | |
| Trade and other payables | 453 |
| Contract liabilities | 218 |
| Other | 46 |
| Net assets | 12,285 |
| Goodwill (Note 3) | 19,268 |
| <hr/> | |
| Total | 31,553 |
| <hr/> | |

Since identifiable assets and liabilities are now under evaluation and acquisition cost allocation is not completed, the value of goodwill and assets which were recorded at the end of this quarter is provisional based on the estimation with currently accessible information.

(Note) 1. They are all accounts receivable, out of which nothing significant is estimated as unrecoverable.

2. They include identifiable assets of 11,081 million yen.

3. Goodwill mainly represents the synergy effect and excess earning power expected to be obtained by integrating with NTT DATA Group.

5) Impact on NTT DATA Group's performance

The period for which the performance is recognized in the nine months ended December 31, 2019, is from April 1, 2019 to December 31, 2019, with net sales of 7,051 million yen and net income of 1,819 million yen.

As the business combination took place at the beginning of a fiscal year, pro forma information does not exist.

NET ESOLUTIONS CORPORATION

1) Outline of business combination

On December 23, 2019, NTT DATA, the company submitting consolidated financial statements, acquired equity interest of NET ESOLUTIONS CORPORATION (“NETE”) 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.

| | |
|--|--|
| Name of the acquired company | NET ESOLUTIONS CORPORATION |
| Main business | Application development, Data analytics, Digital services, and others |
| Main reason for the business combination | With the acquisition, NTT DATA Services will add approximately 300 talents with specialized know-how in the federal healthcare field. Thus, the Company will enhance its advantage in the field which is expected to continue growing going forward, and accelerate its efforts to roll out services in North America. Also, the Company will help promote clients’ digital transformation by combining the strengths of both NTT DATA and NETE, such as specialized expertise and digital services in the U.S. public sector and healthcare field through the business combination. |
| Date of acquisition | December 23, 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.

| | |
|--------------------------|--|
| | (Unit: million yen) |
| | <u>Date of acquisition (December 23, 2019)</u> |
| Cash | 23,437 |
| Contingent consideration | 548 |
| Total acquisition price | <u>23,985</u> |

(Note) The share transfer agreement consists of a clause that requires the price to be adjusted when the transfer is completed. Under this agreement, NTT DATA Group will revise the acquisition price and the goodwill amount by deeming that such payment was made upon the acquisition.

3) Amount and item of acquisition-related costs

The item and amount of acquisition-related costs are as follows.

| | |
|--------------------------------|---------------------|
| | (Unit: million yen) |
| Item | Amount |
| Advisory expenses | 2 |
| Legal expenses | 121 |
| Others | 78 |
| Total acquisition-related cost | <u>201</u> |

(Note) The expenses are included and processed in “selling general and administrative expenses” on Condensed Quarterly Consolidated Statement of Income.

4) Fair value of acquired assets and assumed liabilities, and goodwill on the day of acquisition

The details and fair value of acquired assets and assumed liabilities, and goodwill on the day of acquisition is as follows.

| | (Unit: million yen) |
|--------------------------------------|--|
| | Date of acquisition (December 23, 2019) |
| <hr/> | |
| Assets | |
| Trade and other receivables (Note 1) | 2,033 |
| Intangible assets (Note 2) | 8,440 |
| Other | 1,568 |
| Liabilities | |
| Trade and other payables | 899 |
| Contract liabilities | 1,364 |
| Other | 62 |
| Net assets | 9,715 |
| Goodwill (Note 3) | 14,269 |
| <hr/> | |
| Total | 23,985 |
| <hr/> | |

Since identifiable assets and liabilities are now under evaluation and acquisition cost allocation is not completed, the value of goodwill and assets which were recorded at the end of this quarter is provisional based on the estimation with currently accessible information.

(Note) 1. They are all accounts receivable, out of which nothing significant is estimated as unrecoverable.

2. All identifiable.

3. Goodwill mainly represents the synergy effect and excess earning power expected to be obtained by integrating with NTT DATA Group.

5) Impact on NTT DATA Group's performance

According to the pro forma information assuming that the business combination took place at the beginning of the current fiscal year, net sales is 9,531 million yen and net income is 40 million yen.

The pro forma information indicates the estimated amounts that have not been audited.

(5) Notes to Going Concern Assumptions

N/A