Note: This document is the English translation of “Dai 33kai teiji kabunushisokai shoshu gotsuchi ni saishite no internet kaiji jouhou” (Internet Disclosure of the Notice of Convocation of the 33rd Ordinary General Meeting of Shareholders) 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 prevail.

To the Shareholders of NTT DATA CORPORATION

INTERNET DISCLOSURE OF THE NOTICE OF CONVOCATION OF THE 33rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

May 31, 2021

NTT DATA CORPORATION

Principal Centers of the Corporate Group

(1) Principal Offices of NTT DATA

Head Office : 3-3, Toyosu 3-chome, Koto-ku, Tokyo, Japan

Sectors :		
	Public Sector 1	Public Sector 2
	Telecom & Utility Business Sector	Social Infrastructure Solution Sector
	First Financial Sector	Second Financial Sector
	Third Financial Sector	Fourth Financial Sector
	Fifth Financial Sector	
	IT Services & Payments Services Sector	Manufacturing IT Innovation Sector
	Business Solutions Sector	China & APAC Sector
	North America Sector	EMEA & LATAM Sector

(2) Principal offices of principal subsidiaries

As listed in the “Location” column in (2) “Principal subsidiaries” of Section 7 “Parent Company and Principal Subsidiaries” of the Business Report.

Independent Audit

1. Name of Independent Audit of NTT DATA

KPMG AZSA LLC

2. Remuneration for Independent Audit Payable by NTT DATA for This Fiscal Year

Amount payable for the services set forth in Article 2 (1) of the Certified Public Accountants Act (1948 Act No. 103)

¥ 373 million

Note 1: The auditing agreement between NTT DATA and its independent audit does not segregate the amount of the remuneration to audits pursuant to the Companies Act and those pursuant to the Financial Instruments and Exchange Act. As these amounts cannot, as a practical matter, be calculated separately, the amount above is the total for both categories of remuneration as stated above.

Note 2: The Audit and Supervisory Committee gives consent, pursuant to the provisions of Article 399, paragraph (1) of the Companies Act, to remunerations for independent audits after confirming and examining the contents of the audit plans of independent audits, the state of the execution of accounting audit duties, the calculation basis of remuneration estimates, etc.

3. Total Amount Payable by NTT DATA and Its Subsidiaries to Independent Audit in Cash and Other Interest in Property

Total amount payable by NTT DATA and its subsidiaries to independent audit

¥ 635 million

Note: In addition to the above, among NTT DATA’s principal subsidiaries, the following are audited by KPMG member firms: NTT Data International LLC; NTT DATA EMEA LTD.; EVERIS PARTICIPACIONES, S.L.U.; NTT DATA ASIA PACIFIC PTE. LTD.; NTT DATA (CHINA) INVESTMENT Co., LTD.; itelligence AG; and NTT DATA EUROPE GmbH & CO. KG.

4. Non-Auditing Business

With regard to services other than those prescribed in Article 2, (1) of the Certified Public Accountants Act (non-auditing business), NTT DATA consigns to the independent audit such duties as the verification of the status of internal control systems pursuant to the Assurance Engagements Practical Guideline 3402 (practical guidelines for assurance reports on internal control of entrusted services) and the preparation of assurance reports based on IT Committee Practical Guidelines No. 7 (assurance reports for internal control over security, availability, processing integrity, confidentiality, and privacy of entrusted services).

5. Policy of Decision of Dismissal or Non-reelection of Independent Audit

The Audit and Supervisory Committee resolves the policy of decision of dismissal or non-reelection of independent audit at NTT DATA. Details of the resolution are as follows.

（1） Policy of Decision of Dismissal of Independent Audit

If any of the provisions of Article 340 (1) applies to the independent audit, and if the Audit and Supervisory Committee finds it considerably difficult for the independent audit to carry out proper audits, the Audit and Supervisory Committee shall dismiss the independent audit upon consent of all the Audit and Supervisory Committee Members.

In addition to the above, if the Committee finds it difficult for the independent audit to carry out proper audits, it decides on the resolution about the dismissal of the independent audit to be submitted to the General Meeting of Shareholders.

（2） Policy of Decision of Non-Reelection of Independent Audit

The Audit and Supervisory Committee evaluates the independent audit according to the criteria that it has established. If the Audit and Supervisory Committee judges the non-reelection of the independent audit to be appropriate on the ground that the Audit and Supervisory Committee finds it difficult for the independent audit to carry out proper audits, it decides on the resolution for the non-reelection of the independent audit to be submitted to the General Meeting of Shareholders.

Systems for ensuring appropriate operations and Overview of the State of Operation of the Systems

1. Overview of resolution for improvement of Systems for ensuring appropriate operations

NTT DATA is moving forward with efforts to ensure appropriate operations of internal control systems and its Board of Directors' meeting has adopted a resolution on the basic policy for establishing internal control systems for the NTT DATA Group in compliance with Article 399 (13) of the Companies Act. Details of the said resolution are as follows:

●Basic Policy for Establishing Internal Control Systems

(1) In building its internal control systems, NTT DATA will further the basic policy that it will take various measures to efficiently conduct fair and transparent business activities in compliance with applicable laws and its Articles of Incorporation, as a matter of course, and at all times being aware of risks increasing as its business expands.

(2) The president, as the chief executive officer, takes responsibility and improves and operates the internal control systems.

(3) In order to make its internal control systems function smoothly and efficiently, NTT DATA establishes an internal control promotion committee that holds meetings on a regular basis.

(4) NTT DATA sets up the Internal Audit Department, which verifies whether or not the activities of each Sector are performed in compliance with applicable laws, its Articles of Incorporation, internal rules, and management policies and plans and gives practical advice and recommendations from a position independent of operations of businesses for the purpose of sound performance of businesses.

(5) NTT DATA appoints an officer who supervises the risk management structure from the entire group's point of view and at the compliance division, conduct review for the purpose of ensuring the legality of business activities.

(6) NTT DATA is taking appropriate measures to realize high reliability of its internal control systems over financial reporting under the Financial Instruments and Exchange Act and other related laws.

●Individual Systems for Establishing Internal Control Systems

(1) Systems to ensure that the directors and employees are performing their duties in compliance with applicable laws and the Articles of Incorporation

Setting our sights on becoming a reliable company and raising the basic policy to conduct sound business activities by establishing corporate ethics, NTT DATA proceeds with the following activities:

- Establish the "Global Compliance Policy", which is the guideline for behaviors including compliance with applicable laws, for the directors and employees.
- Raise employees' consciousness of compliance through educational and training programs concerning the corporate ethics.
- Check the business activities by the compliance division and give advice, guidance, and other assistance to Sectors in order for legal and appropriate business activities.
- Have no relation or transaction with antisocial forces, and reject illegal demands in a resolute attitude.
- For sound management, establish a whistle-blowing system to receive information from the identified and anonymous employees and other parties to ensure a channel of communication which is different from the ordinary execution of business, and establish a system to ensure that employees and other parties who made those reports through the whistle-blowing system and will not receive disadvantageous treatment for having made such reports.
- Have the Internal Audit Department and submit an annual plan to the Board of Directors independently to the department for the internal audit and regularly report the results to the Board of Directors.

(2) Systems for storage and management of information concerning execution of duties by directors

While NTT DATA appropriately stores, manages, and willingly shares information for effective uses according to the policy that it will protect personal and confidential information from leakage or unauthorized use, it proceeds with the following activities:

- Record and store information concerning the performance of duties by directors in writing or electromagnetic media and appropriately manage them in compliance with applicable laws, the Articles of Incorporation and internal rules.
- Improve the internal information system in order to timely and properly use information arising out of business activities.
- Establish internal rules for the purpose of formulating rules required for the appropriate handling of information and efficient clerical work.
- Establish an information security committee to expedite measures for the entire group concerning the handling of information and hold a meeting regularly.

(3) Rules and other systems concerning risk management

Assuming various business risks, NTT DATA has a policy that each division shall improve its own voluntary risk management system by risk so that it may take the best measure upon occurrence of any of such risks and proceeds with the following activities:

- Organize a system to continuously monitor and supervise the situation of risk management in each Sector and evaluate the effectiveness to organize and promote the risk management from the entire group's point of view.
- Work on the business risks after the prioritization considering the frequency and the impact of occurrence.
- Organize a system in accordance with the internal rules based on our quality management point of view, etc. for the risks assumed to be related to our system development as our main business. Also, for projects that are assumed to have especially high risks, examine the appropriateness of its details in the committee under direct control of the President and CEO, and work to restrain emergence of a large scale unprofitable project that will impact the business.

(4) Systems to ensure efficient performance of duties by directors

Having the basic policy that it shall enhance each of the functions of making important decisions, supervision of performance of duties, and performance of operations, and that it shall work for vitalization of operations, NTT DATA proceeds with the following activities:

- In order for the Board of Directors to make important decisions and appropriately supervise the performance of duties, it will appoint Senior Vice President as responsible persons who specialize in the performance of duties and, by transferring substantial part of authority from directors to the Senior Vice President, expedite decision making to pursue speedy operations.
- Include outside directors who are in a position independent of the Board of Directors in order to strengthen the function to supervise the fairness of business execution.
- Establish a management meeting for the president to make appropriate decisions pertaining to the basic policy of a business or other important matters.
- For the purpose of appropriate and efficient performance of affairs, improve the systems to clarify the official authority and exercise appropriate restraints by setting internal rules pertaining to the decision making for, and performance of, business affairs.

(5) Systems to ensure appropriate operations of NTT DATA Group, etc.

Having the basic policy that it shall ensure appropriate operations of the entire NTT DATA Group through consultations, reports, instructions and requests concerning important matters, NTT DATA and its Group proceed with the following activities:

- Establish a division responsible for coordination with each group company and improve the coordination system including the related divisions.
- Monitor the activities by the Internal Audit Department for the purpose of ensuring the soundness of businesses of the group companies.
- Oversee and promote the situation of risk management of the entire group by the internal control promotion committee of NTT DATA and at the same time, each group company will appoint an officer in charge of risk management for the purpose of improvement of the risk management system.
- In order to prevent the occurrence of scandals, conduct employee education and training and establish a whistle-blowing system that receives information from identified and anonymous employees of the Group and other parties as well as establish a system to ensure that employees and other parties who have made reports using the whistle-blowing system and other channels will not receive disadvantageous treatment on account of having made such reports.
- Organize a system with Group companies to trade with Group companies and also to make sure the submission of appropriate financial status reports from Group companies, with compliance with the laws.
- Group companies conduct autonomous management by company-wise based on the basic policy of group business and at the same time the Corporate Management Committee of NTT DATA will monitor the management situation of the entire group in order to promote efficient and effective group management.

Furthermore, with NTT, Inc. and NIPPON TELEGRAPH and TELEPHONE CORPORATION, the parent companies, there is a basic policy that each party will coordinate with the others, respecting their independency and autonomy and the parties appropriately have dealings with each other in compliance with the laws.

(6) Matters concerning employees who assist the Audit and Supervisory Committee's duties and independence of such employees from the directors who are not Audit and Supervisory Committee Members

Having the basic policy to establish a system to assist the Audit and Supervisory Committee's duties in order to ensure the effective audits by the Audit and Supervisory Committee, NTT DATA will proceed with the following activities:

- NTT DATA sets up the Office for the Audit and Supervisory Committee to appropriately assist the Audit and Supervisory Committee's duties as an important organization under the Companies Act.
- For employees who assist the Audit and Supervisory Committee's duties, NTT DATA shall allocate the number of employees required for conducting audits according to the auditing standards determined by the Audit and Supervisory Committee.
- The Office for the Audit and Supervisory Committee shall be an organization independent from the directors who are not Audit and Supervisory Committee Members, and the employees assisting the Audit and Supervisory Committee's duties shall perform their duties under instructions and directions from the Audit and Supervisory Committee.
- NTT DATA shall handle the matters concerning personnel changes and evaluation of the employees assisting the Audit and Supervisory Committee's duties, respecting opinions of Audit and Supervisory Committee Members.

(7) Systems for the directors who are not Audit and Supervisory Committee Members and employees to report to the Audit and Supervisory Committee and for ensuring effective auditing by the Audit and Supervisory Committee

Having a basic policy to improve the systems for the directors who are not Audit and Supervisory Committee Members and employees to report material matters regarding the execution of business to the Audit and Supervisory Committee and other systems in order to ensure the effective audits by the Audit and Supervisory Committee, NTT DATA will proceed with the following activities:

- The directors who are not Audit and Supervisory Committee Members and the Audit and Supervisory Committee shall determine after consultation the meetings that the Audit and Supervisory Committee Members shall attend, materials that they shall review, and the matters regarding NTT DATA and its group companies to be reported regularly or when necessary. On the basis of this, reporting must be made as appropriate.
- Upon request of the Audit and Supervisory Committee for a report on the performance of duties, the directors who are not Audit and Supervisory Committee Members and employees shall promptly report to the Audit and Supervisory Committee about their performance of duties.
- In addition, the directors who are not Audit and Supervisory Committee Members, independent audit, and Internal Audit Department shall each have an exchange of opinions regularly and when necessary upon request of the Audit and Supervisory Committee.
- The Audit and Supervisory Committee may independently engage external experts and receive advice on audit operations.
- The Audit and Supervisory Committee Members may claim payment for expenses necessary for the execution of duties, and NTT DATA will make payments based on such claims.

2. Overview of the State of Operation of the System to Ensure Appropriate Business Operations

The following is the overview of the state of operation of the system to ensure appropriate business operations within the NTT DATA Group based on the basic policy concerning the establishment of internal control systems within the NTT DATA Group.

(1) Systems to ensure that the directors and employees are performing their duties in compliance with applicable laws and regulations and the Articles of Incorporation

NTT DATA makes efforts to maintain and improve the awareness of corporate ethics and compliance in order to operate businesses with a strong sense of ethics, let alone compliance with laws and regulations.

With regard to corporate ethics, the Global Compliance Policy and the Bribery and Corruption Prevention Regulations are available on the in-house website.

In addition, we have established an organization to address global compliance and are working to complete and reinforce compliance throughout the company on a global basis.

To maintain and improve the awareness of compliance, NTT DATA implements compliance training sessions for officers and employees and introduces cases that have problems in terms of corporate ethics on the in-house website to help officers and employees improve their understanding.

The Compliance Department conducted a preliminary check on 46 cases before being discussed by important organs such as the Board of Directors. With regard to transactions with antisocial forces, NTT DATA made it mandatory under the company's sales provisions and detailed purchase rules to conduct a credit investigation on business partners. In addition, when an organization subscribes to our services, NTT DATA thoroughly examines the state of activities of the organization, the purpose of the subscription, etc. to prevent us from engaging in any relations with antisocial forces.

The NTT DATA's Corporate Ethics Committee is held once in a business year to examine reports submitted to the section in charge of receiving reports made using the whistle-blowing system, and report the results of the examination to the Board of Directors, along with a report on how these reports were handled. In the current business year, 78 cases were reported to the section. Meanwhile, it is stipulated in the rules for administering the whistle-blowing system that employees should not receive disadvantageous treatment on account of having made such reports, and this rule is administered appropriately.

The Internal Auditing Department reports interim and annual audit results and the annual audit plan to the Board of Directors appropriately.

(2) Systems for storage and management of information concerning execution of duties by directors

With regard to the management of in-house information, including the handling of information concerning the execution of duties by directors, rules for the handling of documents and the information security policies are instituted, and they are available on the in-house website. Concerning the storage of documents (including those recorded electronically,) besides the storage based on types of documents specified by laws and regulations, they are stored for a term necessary for the completion of duties. In addition, NTT DATA appropriately administers the maintenance and storage of documents by appointing personnel in charge of promoting information security to each section and introducing a system to enable the management of documents (files) in accordance with applicable rules, among other measures.

The information security committee was set up to report and discuss the company-wide security subjects under the Chief Information Security Officer and held a meeting twice during the fiscal year. The committee members discussed enhancement of governance involved in global development and expansion and reinforcement of measures against assumed security infringement.

(3) Rules and other systems concerning risk management

For risk management, NTT DATA assumes and prevents the occurrence of familiar potential risks. NTT DATA has a risk management system to minimize the damage in the event of risks becoming obvious, and for other purposes. The Internal Control Promotion Committee, chaired by Senior Executive Vice President, plays a central role in establishing and administering the PDCA cycle for risk management. Meanwhile, the committee held two meetings in the business year and discussed measures to specify risks that could influence the whole Company and to reduce such risks. In addition, the committee also examined the levels of progress and achievement of goals and evaluated the effectiveness while reflecting the results of the examination in each measure.

NTT DATA appropriately handles risks concerning system developments and operational security, etc. within the quality management system (QMS) that was established based on the quality management rules. As well, the Project Review Committee examines the appropriateness of order-receiving plans for large projects which involve new customers, services, or technologies and makes an actual survey of projects until delivery.

(4) Systems to ensure efficient performance of duties by directors

The Company's duties are executed on the basis of the organizational rules that specify jurisdictional tasks for each organ. Under the supervision of the Board of Directors, 25 Senior Vice Presidents are appointed, and decisions are made on the basis of the authority regulations that stipulate the distribution of authorities.

The Board of Directors decides the issues prescribed in laws and regulations and important issues set forth in the rules for the Board of Directors such as those concerning management strategies, company management including investment, and the management of the NTT DATA Group. In addition, the Board of Directors supervises the performance of duties by directors by having them regularly report the state of performance of their duties and by other means. The Board of Directors comprises 15 directors, including five independent external directors (as of March 31, 2021), and held 14 meetings in the current business year. The Corporate Management Committee, which discusses important decision-making for NTT DATA, held 37 meetings in the current business year.

(5) Systems to ensure appropriate operations of NTT DATA Group, etc.

With regard to important issues for the management of the NTT DATA Group, such as the occurrence of emergencies that could influence the whole group, NTT DATA established an organization in the Company to promote businesses in cooperation with respective group companies and created systems to consult these matters with, and report them to, NTT DATA, and the systems are administered appropriately.

NTT DATA's Internal Auditing Department implemented an internal audit on group companies in a unified manner by reflecting important risks common to the whole group and risks specific to each group company in the audit.

Group companies set the important risks every year, and the Internal Control Promotion Committee confirms the state of implementation of risk management led by CRO and risk management promotion officers in each company.

To maintain and improve the awareness of compliance in the whole NTT DATA Group, NTT DATA instructs group companies to implement compliance training sessions and monitors the state of implementation of such training sessions. NTT DATA has established the reception desk for the internal whistle-blowing system in Japan. The rules for administering the whistle-blowing system stipulate that whistle-blowers will not receive disadvantageous treatment on account of their whistle-blowing, and the rules are administered appropriately. It has also set up the reception desks for the internal whistle-blowing systems abroad.

The fiscal conditions of group companies are appropriately reported every month to NTT DATA, in addition to quarterly financial reports. The results are reported not only to the Board of Directors quarterly but also to the Executive Committee monthly as a monitoring status.

Financial conditions of the NTT DATA Group are reported every quarter to the Corporate Management Committee.

(6) Matters concerning employees who assist the Audit and Supervisory Committee's duties and independence of such employees from the directors who are not Audit and Supervisory Committee Members

As a system to assist the Audit and Supervisory Committee's auditing, NTT DATA has the Office for the Audit and Supervisory Committee comprising six full-time employees, and duties are carried out appropriately on the basis of the instructions and orders of the Audit and Supervisory Committee. Meanwhile, the transfer and evaluation of the employees at the Office for the Audit and Supervisory Committee shall be conducted by making adjustments with Audit and Supervisory Committee Members.

(7) Systems for the directors who are not Audit and Supervisory Committee Members and employees to report to the Audit and Supervisory Committee and for ensuring effective auditing by the Audit and Supervisory Committee

The Audit and Supervisory Committee Members attend important meetings including the Board of Directors, Corporate Management Committee, Internal Control Promotion Committee meetings and review important documents. In addition, regularly, they exchange opinions with the Representative Director and have discussions on specific topics with directors. On these occasions, they receive reports on the state of execution of duties specified in the basic policies and make recommendations as needed.

Moreover, the Audit and Supervisory Committee Members regularly exchange opinions with independent audits and the Internal Auditing Department. The explanation of an audit plan, the status of internal control systems, and other matters are reported to the Audit and Supervisory Committee Members while they make recommendations as needed.

In addition, NTT DATA uniquely contracts with outside experts such as lawyers to receive advice on auditing duties. Including the costs necessary for them, NTT DATA bears the costs needed to perform auditing duties.

Consolidated Statement of Changes in Equity 33rd FY (2020/4/1-2021/3/31)

(Unit: ¥ million)

	Equity attributable to shareholders of NTT DATA					
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total
Balance at beginning of current period	142,520	111,596	659,563	(1)	26,005	939,683
Comprehensive income						
Net income	–	–	76,843	–	–	76,843
Other comprehensive income	–	–	–	–	88,286	88,286
Comprehensive income	–	–	76,843	–	88,286	165,129
Transactions with shareholders						
Dividends of surplus (Note 1)	–	–	(25,245)	–	–	(25,245)
Transfer to retained earnings	–	–	11,464	–	(11,464)	–
Increase/decrease by business combination	–	–	–	(0)	–	(0)
Net changes in controlled subsidiaries' stocks	–	–	–	–	–	–
Put options written on non-controlling interests	–	(66)	–	–	–	(66)
Other	–	(4,638)	–	–	–	(4,638)
Total transactions with shareholders	–	(903)	(1,060)	–	–	(1,963)
Balance at end of current period	–	(5,608)	(14,841)	(0)	(11,464)	(31,913)
Balance at beginning of current period	142,520	105,988	721,565	(1)	102,827	1,072,899

	Non-controlling interests	Total equity
Balance at beginning of current period	47,732	987,415
Comprehensive income		
Net income	4,857	81,701
Other comprehensive income	729	89,015
Comprehensive income	5,586	170,715
Transactions with shareholders		
Dividends of surplus	(2,301)	(27,546)
Transfer to retained earnings	–	–
Acquisition and disposal of treasury stock	–	(0)
Increase/decrease by business combination	2,953	2,953
Net changes in controlled subsidiaries' stocks	(223)	(289)
Put options written on non-controlling interests	–	(4,638)
Other	(98)	(2,062)
Total transactions with shareholders	331	(31,582)
Balance at end of current period	53,648	1,126,548

Notes:

1. This is the item of appropriation of retained earnings resolved at the ordinary general meeting of shareholders held on June 17, 2020 and at the meeting of the Board of Directors held on November 2, 2020.
2. Amounts less than one million yen are rounded off.

Notes to Consolidated Financial Statements

(Important Basic Matters for Preparation of Consolidated Financial Statements)

1. Standard of preparation of the consolidated statements

NTT DATA Group uses the International Financial Reporting Standards (hereinafter referred to as "IFRS"), in the preparation of its consolidated financial statements pursuant to the first paragraph of Article 120 of the Ordinance on Accounting of Companies. Pursuant to the provisions of the latter part of the same paragraph, the consolidated financial statements omit some items required to be disclosed by IFRS.

2. Matters related to the scope of consolidation

NTT DATA's consolidated subsidiaries amount to 315 companies.

Major consolidated subsidiaries are NTT DATA, Inc., EVERIS PARTICIPACIONES, S.L.U., itelligence AG, and NTT DATA EMEA LTD. etc.

In addition, because of new acquisitions and establishment of new companies, from the current consolidated fiscal year, 12 companies have been newly added to the consolidated subsidiaries.

Furthermore, because of the merger, sell-off, and liquidation of subsidiaries, 15 companies have been excluded from the scope of consolidation.

3. Matters related to application of the equity method

The equity-method companies are 42, including KIRIN BUSINESS SYSTEM COMPANY, LIMITED.

In addition, because of the establishment of a new company, one company has been included in the scope of application of equity method, and because of the sell-off, four companies have been excluded from the scope of application of the equity method.

Also, among companies to which the equity method is applied, for those companies whose account closing date is different from the consolidated account closing date, financial statements based on each company's fiscal year are used.

4. Matters related to the fiscal years of consolidated subsidiaries

A total of 119 consolidated subsidiaries have set account closing dates that are different from the consolidated account closing date, and most of them set the date as December 31.

When preparing consolidated financial statements, 112 companies use financial statements based on the temporary account closing implemented as of the consolidated account closing date, and the other companies use financial statements as of the account closing date. However, for important transactions occurring between the account closing date and the consolidated account closing date, necessary adjustments have been made for the purpose of consolidation.

5. Matters related to accounting policy

(1) Financial assets

Financial assets are divided into financial assets measured at fair value through profit or loss upon initial recognition, debt instruments measured at fair value through other comprehensive income, and financial assets measured at amortized cost. In NTT DATA Group, trade and other receivables measured at amortized cost are initially recognized on the day when they occur and other financial assets are initially recognized on the day of transaction.

NTT DATA Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired, or when it has transferred the contractual rights to the cash flows from the financial asset and substantially all the risks and rewards of ownership of the said asset to another entity.

Financial assets measured at amortized cost

Financial assets which meet both of the following conditions are classified as financial assets measured at amortized cost:

- Assets are managed within a business model which aims to own assets to receive contractual cash flows from the said assets
- Contract terms of financial assets stipulate that cash flows which consist only of payments of principal and interest for the principal balance shall be generated on specific dates.

Financial assets measured at amortized cost are measured by adding transaction costs which are directly attributable to the acquisition of the said assets to their fair values at the time of the initial recognition. After the initial recognition, they are measured at amortized cost based on the effective interest method. However, trade receivables which do not include significant financial factors are measured at their transaction prices.

Debt instruments measured at fair value through other comprehensive income (FVOCI)

Financial assets which meet both of the following conditions are classified as financial assets measured at fair value through other comprehensive income:

・Assets are managed within a business model whose objective is both to collect contractual cash flows and to sell the said assets.

・Contract terms of financial assets stipulate that cash flows which consist only of payments of principal and interest for the principal balance shall be generated on specific dates.

Debt instruments measured at fair value through other comprehensive income are measured by adding transaction costs which are directly attributable to the acquisition of the said assets to their fair values at the time of the initial recognition. After the initial recognition, they are measured at fair value and subsequent changes in value are recognized as other comprehensive income. When value recognized as other comprehensive income is derecognized, the cumulative value is reclassified to profit or loss. However, Debt instruments measured at fair value through other comprehensive income do not exist in the reported fiscal year.

Equity instruments measured at fair value through other comprehensive income (FVOCI)

Some financial assets are decided to be measured at fair value through profit or loss as they are not classified as financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income. They include investments in equity instruments that are not held for trading. It is permitted to make an irrevocable election to present in other comprehensive income the subsequent changes in the fair value of an investment in an equity instrument that is not held for trading when the said investment is initially recognized. NTT DATA Group designates each financial instrument accordingly.

Equity instruments measured at fair value through other comprehensive income are measured by adding transaction costs which are directly attributable to the acquisition of the said assets to their fair values at the time of the initial recognition. After the initial recognition, they are measured at fair value and subsequent changes in value are recognized as other comprehensive income. When value recognized as other comprehensive income is derecognized, the cumulative value is reclassified to retained earnings and not profit or loss. With respect to dividends, they are recognized in profit or loss.

Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets other than the above are classified as financial assets measured at fair value thorough profit or loss.

Financial assets measured at fair value through profit or loss are measured at fair value at the time of the initial recognition and transaction costs which are directly attributable to the acquisition of the said assets are recognized in profit or loss when they occur. After the initial recognition, they are measured at fair value and subsequent changes in value are recognized in profit or loss.

"Financial assets at FVTPL – Net changes in fair value" includes changes in fair value, received interest, received dividends and foreign exchange gains or losses.

(2) Impairment of financial assets

Based on the expected credit loss, NTT DATA Group examines the impairment of financial assets which are measured at amortized cost, financial assets measured at fair value through other comprehensive income (except equity instruments), and contract assets.

When recognizing and measuring expected credit loss, the company uses information on the past events, the current situation, and the future economic forecast that is available and reasonable and can be corroborated as of the day of report. NTT DATA Group examines the availability of objective evidence concerning the existence of impairment through individual assessment in individually significant cases and collective assessment in the other case since the credit characteristics are the same, and objective evidence that shows impairment of the financial asset concerned includes the debtor's payment default or delinquency and indications that the debtor or the issuer may go bankrupt among others.

If credit risk of a financial instrument at the end of the term has not significantly grown from the initial recognition, the amount of provision for loss is calculated based on the expected credit loss (12-month expected credit loss) resulting from default in payment that could arise during the 12 month period after the day of report. On the other hand if credit risk of a financial instrument at the end of the term has significantly grown from the initial recognition, the amount of provision for loss is calculated based on the expected all credit loss (expected credit loss of the entire period) resulting from default in payment that could arise during the said financial instrument's expected period of existence. Despite the above, the amount of provision for loss is always calculated based on the expected credit loss of the entire period with regard to trade receivables not including significant financial factors, other receivables (lease receivables), and contract assets. There are no trade receivables and others with a significant financial component.

In principle, NTT DATA Group decides that credit risk of a financial asset has significantly grown from the time of initial recognition if payment is 30 days behind the due date as stipulated in contract and decides that default in payment has occurred if payment is 90 days overdue. If default in payment is the case or there is evidence of impairment including significant financial difficulties of issuers and debtors, we recognize credit impairment. If a financial asset is reasonably decided to be irrecoverable no matter what recovery measures are taken, we directly write off the carrying amount of the financial asset concerned.

(3) Financial liabilities

Financial liabilities are divided into those measured at fair value through profit or loss upon initial recognition and those measured at amortized cost. In NTT DATA Group, financial liabilities measured at amortized cost are initially recognized on the day of issuance and other financial liabilities are initially recognized on the day of transaction.

NTT DATA Group derecognizes financial liabilities when they are extinguished, i.e., when obligations specified under a contract are discharged, cancelled or expired.

Financial liabilities measured at amortized cost

Non-derivative financial liabilities are classified as financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost are measured by subtracting transaction costs which are directly attributable to the issuance of the said liabilities from their fair values when they are initially recognized. After the initial recognition, they are measured at amortized cost based on the effective interest method.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value when they are initially recognized. After the initial recognition, they are measured at fair value and subsequent changes in value are recognized in profit or loss. There were no non-derivative financial liabilities measured at fair value through profit or loss in this fiscal year.

(4) Derivatives and hedge accounting

NTT DATA Group uses derivatives and non-derivatives such as foreign currency deposits and others primarily for hedging foreign exchange risk and interest rate risk. NTT DATA Group shall not conduct derivative transactions for purposes other than hedging risk except in cases individually approved pursuant to the business objectives.

When initiating a hedge, NTT DATA Group formally designates and documents the hedging relationship and initiation of such hedge based on its risk management policy. Such documentation includes the hedging instrument, the hedged item, methods of assessing the hedging instrument's effectiveness, analysis of causes of ineffective portions, and methods of determining the hedge ratio among others.

After designating a hedge, NTT DATA Group assesses on an ongoing basis for the effectiveness of such hedging relationship for the future. Specifically, NTT DATA Group decides that a hedge is effective if all of the following items are applicable:

・There is an economic relationship between a hedged item and a hedging instrument.
・The impact of credit risk does not overwhelm the change in value resulting from the said economic relationship.
・The hedge ratio is the same as the ratio resulting from the volume of the actual hedged item and the hedge instrument.

Derivatives are initially recognized at fair value. After the initial recognition, they are measured at fair value and changes in fair value are accounted for as follows:

Cash flow hedges

With regard to hedges which meet the requirements concerning hedge accounting, effective portions of the change in fair value of derivatives which are hedge instruments are recognized as other comprehensive income and accumulate in other components of equity. Amounts accumulated in components of other equity are transferred to net income when the hedged transaction affects net income, but are included in the measurement of the purchase price of the hedged non-financial asset if the hedged item is a forecasted transaction. Changes in foreign exchange forward contracts are accumulated in other components of equity as hedging costs.

Derivatives not designated as hedging instruments

The changes in fair value of such derivatives are recognized in profit or loss.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in the bank that may be withdrawn at any time, and short-term investments with maturity of three months or less from the acquisition date that are readily convertible into cash and subject to only minor price fluctuation risk.

(6) Inventories

Inventories comprise products, work in process and stores and are measured at the lower of acquisition cost and net realizable value. Work in process is principally based on the cost of goods purchased concerning equipment sales, etc. and the specific identification method is adopted. Costs of products and stores are calculated mainly based on the first-in-first-out method.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost to completion and estimated selling expenses.

(7) Property, plant and equipment

Based on the cost model, property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses. The costs of property, plant and equipment include costs directly attributable to the acquisition of such assets, costs relating to scrap, removal/retirement, and restoration, and borrowing costs to be recognized as assets.

As for depreciation costs, amounts that can be depreciated are calculated under the straight-line method over the estimated useful life of each component. Amounts that can be depreciated are obtained by subtracting residual values from the assets' acquisition costs. Land or construction in progress is not depreciated.

The estimated useful lives of major items of property, plant and equipment are as follows:

Data communication facilities	3 - 8 years
Buildings and structures	10 - 60 years
Machinery, equipment and vehicles	4 - 15 years
Furniture, fixtures and tools	4 - 15 years

The depreciation methods, estimated useful lives and residual values of assets are reviewed at every reporting date and adjusted prospectively as a change in an accounting estimate when there is a change.

(8) Goodwill and intangible assets

(a) Goodwill

Goodwill generated from acquisition of subsidiaries is measured at cost less any accumulated impairment losses. Goodwill is not amortized but tested for impairment whenever there is an indication that a cash-generating unit may be impaired and at a certain time of each reporting period regardless of whether there is an indication of such impairment.

(b) Research and development expenses

Expenses concerning research activities are recognized in profit or loss when they occur. With regard to expenses concerning development activities, those which meet all requirements for being recognized as assets are measured at a total amount of expenses incurred during the period from the day when such expenses met requirements for being recognized as assets to the completion of development, and presented in the consolidated statements of financial position. NTT DATA Group primarily develops system operation software and computer software.

(c) Other intangible assets

Based on the cost model, intangible assets are recorded at cost less any accumulated depreciation and accumulated impairment losses.

At initial recognition, intangible assets acquired individually are measured at cost. Intangible assets acquired from business combinations are recognized separately from goodwill at initial recognition and measured at fair value at the date of acquisition.

Major intangible assets for which expected useful lives may be determined include software for communication services based on contracts with specific clients to provide NTT DATA Group's services and computer software for internal use. Depreciation costs for software for data communication services are calculated under the straight-line method over the period of fee payment based on contracts with clients whereas in-house computer software is depreciated under the same method over the estimated period of useful life.

Useful lives of each intangible asset is as follows;

Software	4 – 14 years
Other intangible assets	7 – 21 years

The depreciation methods, estimated useful lives and residual values of assets are reviewed at every reporting date and adjusted prospectively as a change in an accounting estimate when there is a change.

(9) Lease

NTT DATA Group determines whether a contract is of a lease, or contains a lease, based on the substance of the contract start date.

(a) Lease as a lessee

The Group recognizes a right-of-use asset and lease liability on the lease start date. The Group uses the cost method for measuring a right-of-use asset, and the book value is gained by deducting the accumulated depreciation and the accumulated impairment loss from the acquisition cost. The acquisition cost is initially measured by adjusting the initially-measured value of the lease liability with the initial direct cost owned by the lessee, prepaid lease fee, etc.

Depreciation is calculated using the straight-line method over a service life period from the lease start date or the lease term. Estimated useful lives for a right-of-use asset are determined in the same method applicable to the lessee's own tangible fixed assets.

A right-of-use asset is, if applicable, adjusted in re-measuring specific lease liability.

Lease liability is initially measured at the present value discounting the lease fee that has not been paid at the time of the lease start date based on the Group's incremental borrowing rate. The incremental borrowing rate is used as a discount rate because the interest rate of the lease cannot be easily calculated. The payment of the lease fee is accounted for as the payment of calculated interest and repayment of the lease liability based on the effective interest method, and on the consolidated income statement, interest payment is indicated as finance cost.

For short-term leases or leases of small assets, the Company uses an exemption that recognizes the total lease payments as a lease expense on a straight-line basis over the lease term.

(b) Lease as a lessor

At the Group, leases are classified as a finance lease transaction when the terms of the lease transfer almost all the risks and economic values of ownership to the lessee on the lease start date, and other lease transactions are classified as operating lease transactions. When the lease term is for the major part of the economic life of the asset or the present value of the minimum lease payments amounts to almost all of the fair value of the leased asset, it is judged that the Group has transferred almost all the risks and economic values of the ownership.

(10) Investment property

An investment property is a property held either to earn rental income or for capital appreciation or for both. An investment property does not include a property held for sale in the ordinary course of business or property used for the production or supply of goods or service or for other administrative purposes.

NTT DATA Group initially recognizes investment property at cost and then applies the cost model, in which investment property is measured at cost less any accumulated depreciation and accumulated impairment losses.

Depreciation of an investment property is computed under the straight-line method over the applicable estimated useful life. The estimated useful lives are between 10 years and 60 years. The depreciation methods, estimated useful lives and residual values are reviewed at every reporting date.

(11) Impairment

(a) Impairment of property, plant and equipment, intangible assets, and investment property

NTT DATA Group assesses at the end of each reporting period whether there is any indication of impairment in property, plant and equipment, intangible assets, or investment property. If any such indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful lives and intangible assets which are yet to be available for use are tested for impairment whenever there is an indication of impairment and at a certain time of each reporting period regardless of whether there is an indication of such impairment. If the recoverable amount of an asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of other assets or groups of assets. In NTT DATA Group, a cash-generating unit is usually a group of assets which function with each other in an integrated manner as a system.

A recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized in profit or loss.

At the end of a reporting period, NTT DATA Group determines whether there is an indication of decrease or non-existence of impairment losses of assets except goodwill which were recognized in prior fiscal years. If there is an indication of a reversal of an impairment loss, a recoverable amount of the asset or the cash-generating unit concerned is estimated. If the recoverable amount exceeds the carrying amount of the asset or the cash-generating unit concerned, the impairment loss is reversed up to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior fiscal years.

(b) Impairment of goodwill

Goodwill is allocated to a cash-generating unit or group of cash-generating units that is expected to benefit from the synergies of the business combination and NTT DATA Group performs an impairment test whenever there is an indication of impairment of such a cash-generating unit and at a certain time of each reporting period regardless of whether there is an indication of such impairment. NTT DATA Group assesses whether there is an indication that goodwill may be impaired at the end of every fiscal year. If the recoverable amount of a cash-generating unit falls below its carrying amount in an impairment test, the difference is reduced from the carrying amount of goodwill allocated to the cash-generating unit or group of cash-generating units and then from the carrying amounts of each assets according to the proportional ratio of the carrying amount of other assets in the cash-generating unit or group of cash-generating units.

An impairment loss for goodwill is recognized in profit or loss and is not reversed in a subsequent period.

(12) Allowances

Allowances are recognized when NTT DATA Group has a present obligation (legal or constructive) as a result of a past event, and is probable that it will be required to settle the obligation, and at the same time a reliable estimate can be made of the amount of the obligation.

In measuring an allowance, the estimated future cash flows which take into account the risks and uncertainties concerning the obligation at the end of a fiscal year are discounted to their present value using an interest rate that reflects the time value of money and the risks specific to the liability

NTT DATA Group recognize allowances, primarily for allowance for contract losses.

Allowance for contract losses

An estimated amount of loss related to a contract of an order as of the end of a fiscal year is calculated separately and recognized as an allowance for contract losses in order to prepare for future loss related to the contract of order.

(13) Revenues

With regard to transactions covered by IFRS 15 “Revenue from Contracts with Customers” (hereinafter IFRS 15), NTT DATA Group recognizes revenue at the amount which reflects the consideration to which NTT DATA Group expects to be entitled in exchange for transfer of goods or services to clients based on the following five-step approach.

Step 1: Identify the contract(s) with a client

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

With regard to the transaction concerned, NTT DATA Group determines at the start of a contract whether the performance obligation is to be satisfied over time and performance obligations that are not to be satisfied over time are considered as those to be satisfied at a point in time.

Performance obligations to be satisfied over time are recognized in earnings over the same period based on the progress concerning satisfaction of performance obligations measured at the end of a reporting period if their value of order or total cost incurred until completion can be reliably estimated. For measuring the progress, the input method based on cost incurred (cost-to-cost method) is used. If value of order or total cost incurred until completion cannot be reliably estimated, earnings are recognized at the same amount as portions of cost incurred that are deemed to be highly recoverable (cost recovery method).

Since the consideration for the transaction is received primarily within one year of satisfying the performance obligation, we have used practical expedients and have not adjusted for significant financial factors.

(14) Employee benefits

(a) Defined contribution plans

Contributions already paid under the defined contribution plans are recognized as expenses in the period in which the employees provided services and contributions to be paid in future are recognized as liabilities.

(b) Defined benefit plans

The liability recognized relating to defined benefit plans (defined benefit liability) is the present value of the defined benefit plan obligation at the end of a reporting period less the fair value of plan assets.

The defined benefit plan obligation is calculated by independent actuaries using the projected unit credit method. Expenses for defined benefit comprise service cost, net interest on the net defined benefit liability (asset) and remeasurements of the net defined benefit liability (asset). Service cost and net interest are recognized in profit or loss and net interest is calculated by multiplying the net defined benefit liability (asset) at the beginning of a reporting period by the discount rate used for measuring the defined benefit plan obligation at the beginning of the same period.

Remeasurements of the net defined benefit liability (asset) are recognized in other components of equity and when they are incurred, they are reclassified directly from other components of equity to retained earnings without going through profit or loss.

c) Short-term employee benefits

Short-term employee benefits are not discounted. Instead, they are recognized as expenses at the time related services are provided.

With regard to bonuses and paid leave expenses, NTT DATA Group has contractual obligations to pay them, and recognizes the amount estimated to be paid based on the systems concerned are recognized as liabilities.

(15) Accounting for consumption tax, etc.

Consumption tax, etc. is accounted for by the tax-excluded method.

(Notes to accounting estimates)

NTT DATA has posted the amounts of accounting estimates to the current consolidated financial statements for the fiscal year under review, of which the following may have a material impact on the consolidated financial statements for the next fiscal year.

1. Valuation of non-financial assets

NTT DATA has posted 339,158 million yen for property, plant and equipment, 153,357 million yen for right-of-use assets, 415,272 million yen for goodwill, 477,495 million yen for intangible assets, and 26,825 million yen for investment property to the Consolidated Statement of Financial Position for the current consolidated fiscal year.

The impairment test uses the higher of value in use and fair value less cost of disposal to calculate the recoverable amount. Some impairment tests use fair value less cost of disposal, as the recoverable amount, for which both the discounted cash flow method and the comparable company method are used as a valuation method. The discounted cash flow method is based on the future plan approved by management to estimate the future cash flow, which is discounted by the weighted average cost of capital. This calculation assumes the perpetual growth rate, the weighted average cost of capital, and other factors. If such assumptions change, impairment loss may be incurred.

2. Evaluation of total cost estimates related to the allowance for contract losses

An allowance for contract losses of 907 million yen (after offsetting against inventories) was recorded in the consolidated statement of financial position for the fiscal year ended March 31, 2021.

The total cost estimate related to the allowance for contract losses is highly individualized in terms of development due to the novelty of the customer or technology, and includes assumptions about the scale of development, productivity, development man-hours, and outsourcing monies, etc. If these assumptions change, the amount of the provision may be revised.

3. Deferred tax assets

Deferred tax assets of 86,182 million yen were recorded in the consolidated statement of financial position for the fiscal year ended March 31, 2021.

Deferred tax assets are recognized for temporary differences, net operating loss carryforwards, and tax credit carryforwards to the extent that it is probable that they will be recovered through future taxable income. However, the amount of deferred tax assets considered to be recoverable may change due to changes in assumptions about future taxable income.

4. Liabilities related to retirement benefits

In the consolidated statement of financial position for the fiscal year ended March 31, 2021, liabilities for retirement benefits of 202,323 million yen were recorded.

The liability for retirement benefits is calculated by deducting the fair value of plan assets from the present value of the defined benefit plan obligation at the end of the fiscal year. The measurement of the defined benefit plan obligation involves assumptions such as the discount rate, and the amount of the liability for retirement benefits may fluctuate due to changes in these assumptions.

(Notes Related to the Consolidated Statement of Financial Position)

1. Breakdown of inventories

Merchandise and manufactured goods	3,403 million yen
Work in process	8,604 million yen
Raw materials and supplies	2,469 million yen

2. Assets offered as security and liabilities related to security

(1) Assets offered as security

Cash and deposits	46 million yen
Accounts receivable	1,044 million yen
Buildings and structures	4,703 million yen
Machinery, equipment, and vehicles	507 million yen
Furniture, fixtures, and tools	210 million yen
Land	26 million yen
Investment property	5,038 million yen
Stock	270 million yen
Investments and other assets (long-term loan receivables)	690 million yen

(2) Secured liabilities

Corporate bonds (including those redeemable within one year)	100 million yen
Long-term loans (including long-term loans due within one year)	1,594 million yen

3. Accumulated depreciation of tangible fixed assets 618,510 million yen

4. In inventories related to construction contracts for which potential losses are expected, the amount is presented by offsetting with the corresponding allowance for contract losses, 6,055 million yen (all of them are an allowance for contract losses related to work in process).

(Notes related to Consolidated Statement of Income)

1. Transfer to allowance for contract losses included in cost of sales 993 million yen

2. Principal categories and amounts of selling and general administrative expenses

Employees' salary and allowance	198,062 million yen
Retirement benefit expenses	9,519 million yen
Subcontractor expenses	63,317 million yen
Research and development expenses	22,739 million yen

3. In EMEA and LATAM segment, NTT DATA posted impairment loss of 2,070 million yen on cost of sales; impairments of non-financial assets of 4,997 million yen, expected credit losses of 3,669 million yen due to loss valuation allowances for clients with deteriorating financial conditions, and losses of 4,138 million yen related to investments accounted for by the equity method were recorded.

These expenses were incurred in connection with the review of unprofitable businesses with the aim of improving future profitability, and were recorded in cost of sales, selling, general and administrative expenses, and equity in earnings (losses) of affiliates in the consolidated statements of income in the amount of 5,512 million yen, 2,521 million yen, and 4,073 million yen, respectively.

(Notes related to Consolidated Statement of Changes in Equity)

1. Class and number of shares outstanding at the consolidated fiscal year-end

Common stock 1,402,500,000 shares

2. Class and number of treasury stock at the consolidated fiscal year-end

Common stock 1,065 shares

3. Dividends

(1) Dividends paid

Approval	Classes of Shares	Total Amount of Dividends (million yen)	Dividend per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 17, 2020	Common stock	12,622	9.0	March 31, 2020	June 18, 2020
Board of Directors' Meeting on November 2, 2020	Common stock	12,622	9.0	September 30, 2020	December 1, 2020

(2) Dividends whose record date is within the consolidated fiscal year ended March 31, 2021, but to be effective in the following consolidated fiscal year

Approval	Classes of Share	Dividend Source	Total Amount of Dividends (million yen)	Dividend per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 17, 2021	Common stock	Retained earnings	12,622	9.0	March 31, 2021	June 18, 2021

(Notes related to Financial Instruments)

1. Matters related to the status of financial instruments

(1) Financial risks

NTT DATA Group is exposed to various financial risks (exchange risk, price risk, interest rate risk, credit risk, and liquidity risk) in the course of its business activities. To prevent and mitigate such financial risks, NTT DATA Group manages risks in accordance with certain policies.

With regard to derivative transactions, NTT DATA Group limits and performs them within the actual demand by taking specified procedures for trade execution in accordance with the derivative transaction management rules.

(2) Credit risks

In conducting business, NTT DATA Group is exposed to clients' credit risks in trade and other receivables and other financial assets (deposits, stocks, receivables and derivatives among others.)

In the Company, with regard to trade receivables, the person in charge of the trade receivables of each sector, etc. conducts regular monitoring of the collection status of individual clients to manage due dates as well as the credit balance in accordance with credit management rules, etc., and at the same time, delays in trade receivables are reported to the Corporate Management Committee on a quarterly basis so that early and secured collections can be achieved. Consolidated subsidiaries also conduct credit risk control using similar methods to those of the Company.

When using derivatives, the Company conducts transactions only with highly rated financial institutions, judging that there is little default risk (credit risk) of the counterparties.

Through the above risk management procedures, NTT DATA Group aims to prevent or mitigate credit risks and is not exposed to any excessive credit risk.

During the year ended March 31, 2021, the amount of provision for loss was recorded as a result of an increase in the credit risk of certain financial assets held by customers in the EMEA and LATAM segment due to a significant deterioration in their financial conditions. For the impact of this change on expected credit losses, please refer to (Notes to Consolidated Statements of Income) 3.

(3) Liquidity risks

Liquidity risks refer to risks of NTT DATA Group facing difficulties in fulfilling obligations relating to financial liabilities to be settled with cash or other financial assets by NTT DATA Group. In raising funds to support its business activities, NTT DATA Group is committed to achieving a goal of securing funds at low cost in a stable manner.

NTT DATA Group manages liquidity risks by certain means, for example, formulating and updating monthly funding plans. The Company also makes use of bank loans and NTT Group Finance for financing and has received ratings of long-term bonds and commercial paper from two rating institutions in Japan for more stable financing. Accordingly, the Company has secured enough funding liquidity which could substitute cash and cash equivalents.

NTT DATA Group has introduced a group cash management system, which aims to improve the fund efficiency by letting the Company centrally manage the Group's funds and lend needed funds to each group company.

(4) Market risks

Market risks refer to risks concerning fluctuations in market prices, such as foreign exchange rates, interest rates and equity prices and affect NTT DATA Group's earnings or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

With regard to foreign currency denominated assets and liabilities, NTT DATA Group basically hedges foreign exchange risk by possessing foreign currency liability in the same currency or other currency which links with the currency in question, making forward exchange contracts, currency swap transactions, currency option transactions, or combinations of them. With regard to variable rate assets and liabilities, the Company basically hedges interest rate risk by possessing liabilities which are linked to the industry interest rate, interest rate swap transactions, interest rate option transactions, or combinations of them.

With regard to stocks, their market risk is managed by grasping their fair value and checking the financial position of the issuers regularly. Derivatives are used in accordance with risk control rules and the Finance Department of the Company manages them centrally. The use of derivatives by consolidated subsidiaries is subject to prior discussion with the Company.

(a) Foreign exchange risk management

NTT DATA Group conducts corporate activities globally and is subject to risk of foreign exchange fluctuations as the group companies based in various regions of the world conduct trade, financing, and investment in non-functional currencies. To maintain economic value of cash flows in non-functional currencies, NTT DATA Group manages foreign exchange fluctuation risks by using contracts such as forward exchange contracts. NTT DATA Group considers that these transactions effectively offset the impact of exchange fluctuations. Main hedged currencies are US dollars and Euros.

(b) Interest rate risk management

In conducting business activities, NTT DATA Group pays interest accrued by raising funds necessary for working capital and capital investment among others. With regard to borrowings with interest rate risks, NTT DATA Group usually hedges such interest rate risks by using an interest rate swap.

(c) Equity price fluctuation risk control

NTT DATA Group is exposed to equity price fluctuation risks as it holds marketable shares especially those of clients and affiliated companies at the end of the fiscal year under review. Based on its risk control strategy, NTT DATA Group manages equity price fluctuation risks by regularly monitoring fair value and unrealized profit and loss for each investee.

2. Matters related to fair values of financial assets and financial liabilities

Carrying amounts and fair values of major financial instruments at the end of the fiscal year under review are as follows. Other financial instruments are not included in the table as their carrying amounts are largely equivalent to their fair values. Fair values of long-term loans (including those to be repaid within a year) except for floating rate debts whose carrying amounts are considered almost the same as their fair values are measured by discounting future cash flows by a discount rate that is an interest rate of a new loan of the same type in NTT Group.

Assets and liabilities measured ordinarily at amortized costs

(Unit: million yen)

	End of the current consolidated fiscal year (March 31, 2021)	
	Carrying amount	Carrying amount
Long-term loans (incl. those to be repaid within a year)	485,874	490,271
Bonds (incl. those to be redeemed within a year)	50,096	50,800

Fair value is defined as “a price that is assumed to be paid to transfer a price that is assumed to be received for selling an asset or a liability in an ordinary transaction between market participants on the day of the measurement.” In IFRS, there are 3 levels of fair values. Inputs used for measuring fair values are prioritized according to observability. Each input are as described below:

Level 1: market price of the same asset and liability in an active market

Level 2: observable input other than the market price included in Level 1 regarding asset and liability

Level 3: unobservable input regarding asset and liability

Measurement method of fair values

Fair values of financial assets and financial liabilities are determined as follows. In case a market price could be obtained in estimating fair values of a financial instrument, the market price is used. For the fair value of a financial instrument whose market price cannot be obtained, estimation is made using a method of discounting future cash flow or other appropriate methods.

“Trade and other receivables”, “trade and other payables”, and “short-term loan”

Mainly because the payments are made over a short term, carrying amounts are largely equivalent to their fair values.

“Other financial assets (current)” and “other financial assets (non-current)”

Fair values of marketable securities are measured with a market price of the same asset in an active market.

Other financial assets include common stock issued by unlisted companies not accounted for by equity method such as clients. Fair values of unlisted common stocks are calculated using assessment model based on discount future cash flow, revenue, profitability, and net asset, similar industry comparison method, and other assessment methods.

Derivatives are interest rate swap contracts, currency option transactions and forward exchange contracts. Their fair values are assessed based on observable market data, and are classified as Level 2. Also, appraisal value is regularly verified using observable market data such as foreign exchange rate.

“Long-term loan” (including those to be repaid within a year) and “Bonds” (including those to be redeemed within a year)

Fair values of long-term loan (including those to be repaid within a year) and bonds (including those to be redeemed are estimated based on the future discount cash flow using interest rate used in case NTT DATA Group borrows an equivalent new loan.

Fair values are assessed and verified based on observable market data and is classified as Level 2.

“Other financial liabilities (current)” and “other financial liabilities (non-current)”

Derivatives are interest rate swap contracts, currency option transactions and forward exchange contracts. Their fair value is assessed based on observable market data, and is classified as Level 2. Also, appraisal value is regularly verified using observable market data such as foreign exchange rate.

Quantitative information concerning assets classified as Level 3

In NTT DATA Group, financial instruments classified as Level 3 are mainly comprised of unlisted stocks. The fair value of unlisted stocks is measured with available data using assessment methods and inputs that can most appropriately reflect the nature, characteristics, and risks of financial instruments concerned. The result of the measurement is reviewed and approved by an appropriately authorized person.

With regard to financial instruments classified as Level 3, increase and decrease of an important fair value in case unobservable input is changed to an alternative and reasonable assumption are not anticipated.

(Business combination)

The provisional treatment of business combination determined

On December 23, 2019, NTT DATA Group obtained the control of NET ESOLUTIONS CORPORATION (based in Virginia, U. S. A.; hereinafter referred to as “NETE”). The Group posted the provisional fair values of acquired assets and assumed liabilities as of the acquisition date in the consolidated financial statements as it had not completed their accounting treatment. In the current consolidated fiscal year, however, the Group completed the allocation of acquisition costs.

Details and amounts of the adjustments during the measurement period recognized in the current fiscal year as follows. Please note that the revisions had no material impact.

Goodwill (before revision)	14,269 million yen
Revised amount of goodwill	
Change in consideration of the transfer due to adjusted acquisition price	75 million yen
Change in intangible assets	3,687 million yen
Others	180 million yen
Total	3,942 million yen
Goodwill (after revision)	10,328 million yen

(Notes related to investment property)

1. Matters related to investment property

Increase/decrease in costs, accumulated depreciation and accumulated impairment losses, carrying amounts and fair values of investment property in the current consolidated fiscal year are as follows:

(1) Costs

(In millions of yen)

	Current consolidated fiscal year (April 1, 2020, to March 31, 2021)
Balance at beginning of year	49,214
Acquisitions	909
Acquisitions through business combination	—
Disposals	(259)
Reclassification	(347)
Exchange translation differences for foreign operations	17
Other changes	(5)
Balance at end of year	49,529

(2) Accumulated depreciation and accumulated impairment losses

(In millions of yen)

	Current consolidated fiscal year (April 1, 2020, to March 31, 2021)
Balance at beginning of year	(22,101)
Depreciation expenses	(873)
Disposals	164
Reclassification	118
Exchange translation differences for foreign operations	(7)
Other changes	(5)
Balance at end of year	(22,705)

Note: Depreciation expenses are recognized in “Cost of sales” on the consolidated statement of income.

(3) Carrying amounts and fair values

Fair values of investment property are mainly calculated on the basis of market transaction prices, etc., which reflect transaction prices of similar assets based on assessment by an independent external appraiser.

(In millions of yen)

	End of the current consolidated fiscal year (March 31, 2021)
Carrying amount	26,825
Fair value	76,133

2. Earnings and expenses concerning investment property

Earnings concerning investment property and direct sales expenses incurred are included in “Net sales” and “Cost of sales” on the consolidated statement of income.

(In millions of yen)

	Current consolidated fiscal year (April 1, 2020, to March 31, 2021)
Rental income	3,729
Direct sales expenses for earning rental income	3,571

(Note to per-share information)

1. Equity attributable to shareholders of NTT DATA per share 764.99 yen
2. Net income per share 54.79 yen

Non-Consolidated Statements of Shareholders' Equity 33rd FY (from April 1, 2020 to March 31, 2021)

(Unit: ¥ million)

	Net assets										
	Shareholders' equity							Shareholders' equity			Total
	Capital stock	Capital surplus	Retained earnings			Treasury shares	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedge	Total	
		Legal capital surplus	Legal retained earnings	Other retained earning	Total						
Balance at beginning of current period	142,520	139,300	2,288	647,831	650,118	(1)	931,937	54,866	(16)	54,850	986,787
Changes of items during period											
Dividends of surplus(Note 1)	–	–	–	(12,622)	(12,622)	–	(12,622)	–	–	–	(12,622)
Dividends of surplus(Note 2)	–	–	–	(12,622)	(12,622)	–	(12,622)	–	–	–	(12,622)
Net income	–	–	–	92,638	92,638	–	92,638	–	–	–	92,638
Acquisition of treasury stock	–	–	–	–	–	(0)	(0)	–	–	–	(0)
Net changes of items other than shareholders' equity	–	–	–	–	–	–	–	53,923	21	53,945	53,945
Total changes of items during period	–	–	–	67,393	67,393	(0)	67,393	53,923	21	53,945	121,338
Balance at end of current period	142,520	139,300	2,288	715,224	717,512	(1)	999,331	108,789	5	108,795	1,108,125

Breakdown of Other Retained Earnings

	Other retained earnings			
	Reserve for reduction entry	General reserve	Retained earnings brought forward	Total
Balance at beginning of current period	99	288,000	359,731	647,831
Changes of items during period				
Dividends of surplus(Note1)	–	–	(12,622)	(12,622)
Dividends of surplus(Note2)	–	–	(12,622)	(12,622)
Reversal of reserve for reduction entry	(17)	–	17	–
Net income	–	–	92,638	92,638
Total changes of items during period	(17)	–	67,410	67,393
Balance at end of current period	83	288,000	427,141	715,224

Notes:
1. This is the item of appropriation of retained earnings resolved at the ordinary general meeting of shareholders held in June 17, 2020.
2. This is the item resolved at the meeting of the Board of Directors held in November 2, 2020.
3. Amounts less than one million yen are rounded off.

Notes to Non-Consolidated Financial Statements

(Matters related to important accounting policy)

1. Basis and method of valuation of securities

Held-to-maturity debt bonds: Amortized cost method is used.

Shares of subsidiaries and affiliates: The cost method based on the moving average method is used.

Other securities:

(1) Those with fair value

The fair value method based on the fair market value, etc. at the end of the fiscal year is used (valuation difference is recognized directly as net assets in full and the cost of securities sold is computed using the moving average method).

(2) Those without fair value:

The cost method based on the moving average method is used.

2. Basis and method of valuation of inventories

Work in process: At cost based on the specific identification method (the balance sheet amount is calculated at the lowered book values reflecting a potential decline).

Stores: At cost based on the first-in-first-out method (the balance sheet amount is calculated at the lowered book values reflecting a potential decline).

3. Method of depreciation of fixed assets

(1) Property, plant and equipment (excluding lease assets)

The straight-line method is applied.

(2) Intangible fixed assets (excluding lease assets)

The straight-line method is applied for intangible fixed assets (excluding software).

The depreciation methods for software are as follows:

(a)Marketable software:

Comparing the depreciated amount based on the estimated sales revenue over estimated sales period (within three years) and an equal distribution amount based on the length of the remaining period available for sale, the larger one is presented.

(b)Software for internal use:

Depreciated using the straight-line method based on its estimated usable period in the Company (within five years).

However, among software for service provision purposes, for data communication service software based on a contract with specific customers, the equal installment method is used over the contracted fee payment period.

(3) Lease assets

(a) Tangible lease assets

For the lease assets related to finance lease transactions without the transfer of ownership, mainly the straight-line method of computing depreciation costs assuming the lease term is its useful life and the residual value of 0 is applied.

(b) Intangible lease assets

The straight-line method is used.

4. Valuation basis for superior allowances

(1) Allowance for doubtful receivables

In order to provide for possible losses due to the uncollectibility of general account receivables, such an allowance is calculated based on historical collection losses. There is an allowance for specific account receivables such as doubtful accounts receivables, a case-by-case review for collectability is conducted and an estimation of the uncollectible amount is booked.

(2) Allowance for contract losses

In order to provide for possible future losses related to contracts of orders on hand at the end of the current fiscal year, those with a high probability of generating losses and where it is possible to reasonably estimate the amount of such losses, the estimated amount of losses to be incurred in the future is provided as an allowance for contract losses and presented by offsetting with corresponding work in process.

(3) Allowance for retirement benefits

The Company books the necessary amount for a year-end payment based on the estimated amount of retirement benefit obligations and the pension assets at the end of the current fiscal year to appropriate the payment for retirement benefit for our employees.

(a)Period allocation of projected retirement benefits to be incurred

In calculating the retirement benefit obligations, a method based on the benefit formula is used to allocate the projected retirement benefits to the years of service up to the end of the current fiscal year under review.

(b)The recognition method for actuarial differences, and prior service cost

The actuarial gains and losses are recognized in the expenses of the proportionally divided amount calculated by the straight-line method over a period of the average remaining service years of employees at the time of recognition of each fiscal year, commencing with the year following their fiscal year.

The prior service cost is recognized in expenses by the straight-line method over the average remaining service years of employees at the time of recognition.

5. Valuation basis for superior revenues and expenses

(1) Valuation basis for contract revenue and the cost of completed work

The percentage-of-completion method has been applied for construction work for which the completion of a certain percentage of the entire work by the date of current fiscal year end is clearly recognizable (the percentage of completion is estimated by the cost proportion method) and the completed-contract method has been applied for other contracts.

(2) Valuation basis for revenues and expenses related to finance lease transactions by lessors

Revenues and expenses related to finance lease transactions are accounted for by a method in which the sales and cost of sales are booked when lease transactions are commenced.

6. Method of hedge accounting

Deferred hedge accounting is applied.

However, with regard to foreign currency monetary receivables and payables with forward exchange contracts, designated hedge accounting ("furiate-shori") is applied.

Also among the interest-rate swap transactions, for the transactions which meet the requirements for exceptional accounting ("tokurei-shori"), exceptional accounting is applied.

7. Accounting for consumption tax, etc.

Consumption tax, etc. is accounted for by the tax-excluded method.

8. Accounting method related to retirement benefits

In the financial statements, unrecognized actuarial gains and losses and the unprocessed amount of unrecognized prior services cost in the balance sheet are processed differently from the consolidated financial statements. In the non-consolidated balance sheet, the amount for which unrecognized actuarial gains and losses and the unprocessed amount of unrecognized prior services cost is added or deducted from the retirement benefit obligations, and the amount of pension asset is deducted, is presented as the allowance for retirement benefit.

(Change in presentation method)

Changes in accordance with the application of the "Accounting Standard for Disclosures about Accounting Estimates

The "Accounting Standard for Disclosures about Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied from the current fiscal year, and (Notes to Accounting Estimates) is included in the notes to the financial statements.

(Notes to Accounting Estimates)

Items for which the amount was recorded in the financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the financial statements for the following fiscal year, are as follows.

1. Evaluation of the estimate of total cost related to the allowance for contract losses

In the balance sheet for the current fiscal year, an allowance for contract losses of 193 million yen (amount after offsetting with inventories) is recorded.

Other information that contributes to an understanding of the content of the estimates is the same as that described in the notes to the consolidated financial statements (Notes on accounting estimates) 2. Evaluation of the estimate of total cost related to allowance for contract losses.

2. Deferred tax assets

Deferred tax assets of 1,535 million yen are recorded in the balance sheet for the current fiscal year.

Other information that contributes to an understanding of the content of the estimates is the same as that described in the notes to the consolidated financial statements (Notes on accounting estimates) 3. Deferred Tax Assets.

3. Allowance for retirement benefits

An allowance for retirement benefits of 104,290 million yen was recorded in the balance sheet for the current fiscal year.

Other information that contributes to the understanding of the content of estimates is the same as that described in the notes to the consolidated financial statements (Notes to accounting estimates) 4. Liabilities related to retirement benefits.

(Notes to the Balance Sheet)

1. Breakdown of inventories

Merchandise	2,637million yen
Work in process	15,349million yen
Supplies	572million yen

2. Assets offered as security and liabilities related to security

(1) Assets offered as security

Notes receivable and accounts receivable	17 million yen
Investment securities	270 million yen
Stocks of subsidiaries and affiliates	12 million yen
Other current assets, current assets (short-term loans receivable from subsidiaries and affiliates)	0 million yen
Long-term loans receivable	690 million yen
Long-term loans receivable from subsidiaries and affiliates	35 million yen

(2) Secured liabilities

Long-term borrowings of subsidiaries (including those repayable within one year)	912 million yen

3. Accumulated depreciation of tangible fixed assets 438,632 million yen

4. Guarantee obligations

Performance warranties for system development/operation contracts

NTT DATA Services, LLC	79,837 million yen
NTT DATA Payment Services Victoria Pty Ltd	22,455 million yen
NTT DATA Canada, Inc	52,836 million yen
NTT DATA Inc	4,030 million yen

5. Monetary claims/liabilities against affiliated companies (excluding those presented separately)

Short-term monetary claims	23,606 million yen
Short-term monetary liabilities	129,796 million yen
Long-term monetary liabilities	89,455 million yen

6. In inventories related to construction contracts for which potential losses are expected, the amount is presented by offsetting with the corresponding allowance for contract losses of 5,929 million yen (all of them are an allowance for contract losses related to work in process).

(Notes to the Income Statement)

1. Transactions with subsidiaries and affiliated companies

Net sales	22,071 million yen
Cost of sales, etc.	308,004 million yen
Selling, general and administrative expenses	47,541 million yen
Non-trade transactions	20,256 million yen

2. Transfer to allowance for contract losses included in cost of sales 314 million yen

(Notes to the Statement of Shareholders' Equity)

1. Class and number of treasury stock at the current fiscal year-end

Common stock	1,065 shares

(Notes to Tax Effect Accounting)

1. Breakdown of deferred income taxes and liabilities by major cause

Deferred income taxes		
Provision for retirement benefits	31,933	million yen
Accounts receivable	23,991	million yen
Depreciation in excess of limit	15,627	million yen
Long-term borrowings (Repurchase of noncurrent assets)	622	million yen
Adjustment to the percentage-of-completion method	1,754	million yen
Others	16,039	million yen
Deferred income taxes subtotal	89,966	million yen
Valuation allowance	(9,020)	million yen
Total deferred income taxes	80,946	million yen
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(48,013)	million yen
Fixed assets	(22,299)	million yen
Difference on book value of affiliates' shares by restructuring	(3,400)	million yen
Others	(5,699)	million yen
Total deferred tax liabilities	(79,411)	million yen
Net deferred income taxes	1,535	million yen

2. Breakdown of major items which caused differences between the statutory effective tax rate and the income tax and other burden rates after tax effect accounting

Statutory effective tax rate	30.62%
(Adjustments)	
Entertainment and other expenses that are permanently nondeductible	0.07%
Dividends income	(3.19)%
Per-capita inhabitant tax	0.06%
Tax credit by R&D tax reduction	(1.26)%
Valuation allowance increase/(decrease)	0.31%
Others	(0.61)%
Income tax and other burden rates after tax effect accounting	26.00%

(Notes to Related-Party Transactions)

Directors and Principal Individual Shareholders, etc.

Attri-bute	Name of the related party	Ad-dress	Capital (million yen)	Detail of business or occupation	% of held voting rights, etc. (owned)	Relationship between the related parties		Transaction details	Transaction amount (million yen)	Account items	Year-end balance (million yen)
						Additional posts held by the directors	Operating relation				
Officer	Yo Honma	—	—	President and Chief Executive Officer, Representative Director of NTT DATA Corporation Chairman of the Japan Electronic Payment Promotion Organization	(Owned) Direct 0.0	—	—	System development and service use income	96	—	—
								Business revenue including building lease	27	—	—
								Payment of an annual membership fee	3	—	—

Note 1: Transaction amounts do not include consumption taxes, etc.

Note 2: The terms and conditions of the transactions above and the determination policies for such conditions are the same as those for other business partners.

Affiliated companies, etc.

Attri-bute	Company name	% of held voting rights, etc. (owned)	Relationship between the related parties	Transaction details	Transaction amount (million yen)	Account items	Year-end balance (million yen)
Affiliated company	EVERIS SPAIN S.L.U.	(Held) Indirect 100.0	Entering into contract of term loan	Lending of funds	10,728	Other current assets, current assets (short-term loans receivable from subsidiaries and affiliates)	2,105
				Return of funds	35,562		
				Lending of funds	25,355	Long-term loans receivable from subsidiaries and affiliates	36,852
				Return of funds	5,190		
	NTT DATA EMEA LTD.	(Held) Direct 100.0	Entering into contract of term loan	Lending of funds	—	Long-term loans receivable from subsidiaries and affiliates	26,810
	NTT DATA Services, LLC	(Held) Indirect 100.0	Performance warranties for system development/ operation contracts, etc.	Debt guarantee	79,837	—	—
	NTT DATA Canada, Inc	(Held) Indirect 100.0	Performance warranties for system development/ operation contracts, etc.	Debt guarantee	52,836	—	—
	NTT DATA Payment Services Victoria Pty Ltd	(Held) Indirect 100.0	Performance warranties for system development/ operation contracts, etc.	Debt guarantee	22,455	—	—

Note 1: With regard to the lending of funds, interest rates are determined rationally by taking industry interest rates into consideration. There are no securities accepted.

Note 2: The terms and conditions of the above transactions and the method of determining the terms and conditions are the same as those of other business partners.

Parent company

Attribute	Company name	% of held voting rights, etc. (owned)	Relationship between the related parties	Transaction details	Transaction amount (million yen)	Account item	Year-end balance (million yen)
Parent company	NIPPON TELEGRAPH AND TELEPHONE CORPORATION	(Held) Direct 0.0 (Owned) Direct 0.0 Indirect 54.2	Sale of shares	Sale of shares	538	Investment securities	—
				Profit (loss) on sale of shares (extraordinary income (loss))	3,384		

Note 1: Transaction amounts do not include consumption taxes, but the amounts of the year-end balance include them.
Note 2: The terms and conditions of the transactions above and the determination policies for such conditions are the same as those for other business partners.

Group companies

Attribute	Company name	% of held voting rights, etc. (owned)	Relationship between the related parties	Transaction details	Transaction amount (million yen)	Account items	Year-end balance (million yen)
Subsidiary of parent company	NTT FINANCE CORPORATION	(Held) Direct 0.0 (Owned) Direct 0.0	Fund settlement of transactions among NTT Group companies	Fund settlement of transactions among NTT Group companies	69,224	Other (Accounts due)	22,504
			Fund deposit, etc.	Fund deposit (Note 3)	16,650	Other (Deposits paid)	43,257
				Interest revenue accompanying the fund deposit	0		
			Fund borrowing	Fund borrowing	90,000	Long-term borrowing (including the current portion of long-term debt)	432,354
				Fund borrowing (Note 3)	169	Short-term borrowing	24,557
				Interest paid for borrowing funds	533	Interest paid	—

Note 1: Transaction amounts do not include consumption taxes, but the amounts of the year-end balance include them.
Note 2: The terms and conditions of the transactions above and the determination policies for such conditions are the same as those for other business partners
Note 3: As the transaction amounts of fund deposits and borrowings, the average balances of the deposits paid and short-term borrowings are presented.

(Notes to the Per-Share Information)

1. Net assets per share 790.11 yen
2. Net income per share 66.05 yen

[Reference] Consolidated Statement of Comprehensive Income

(Unit: ¥ million)

Account item / By fiscal year	33rd FY 2020/4/1-2021/3/31	32nd FY 2019/4/1-2020/3/31
Net income	81,701	79,772
Other comprehensive income (net of taxes)		
Items that will not be reclassified to profit or loss		
Change in the fair value of financial assets measured at fair value through other comprehensive income	54,832	(8,328)
Remeasurements of net defined benefit liabilities	9,745	1,076
Share of other comprehensive income of investments accounted for using the equity method	0	(0)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	1,140	(142)
Hedging cost	13	18
Exchange translation differences for foreign operations	23,066	(23,723)
Share of other comprehensive income of investments accounted for using the equity method	218	(122)
Total other comprehensive income (net of taxes)	89,015	(31,222)
Total comprehensive income	170,715	48,550
Total comprehensive income attributable to:		
Shareholders of NTT DATA	165,129	44,140
Non-controlling interests	5,586	4,411
Total	170,715	48,550

Note: Amounts less than one million yen are rounded off.

[Reference] Consolidated Statement of Cash Flows

(Unit: ¥ million)

By fiscal year / Account item	33rd FY 2020/4/1-2021/3/31	32nd FY 2019/4/1-2020/3/31
Cash Flows from Operating Activities		
Net income	81,701	79,772
Depreciation and amortization	214,324	199,182
Interest and dividend income	(4,820)	(4,859)
Interest expenses	6,380	7,733
Share of (profit)/loss of entities for using equity method	6,299	(308)
Income tax expenses	48,751	40,383
(Increase)/decrease in trade and other receivables	(22,477)	(22,481)
(Increase)/decrease in contract assets	(24,602)	6,304
(Increase)/decrease in inventories	(855)	1,563
Increase/(decrease) in trade and other payables	50,358	4,469
Increase/(decrease) in contract liabilities	11,018	31,590
Increase/(decrease) in allowance for contract losses	(2,574)	(6,490)
Other	25,723	5,378
Sub total	389,225	342,235
Interest and dividends received	3,931	4,051
Interest paid	(5,752)	(7,057)
Income taxes paid	(34,911)	(59,200)
Net cash provided by (used in) operating activities	352,492	280,029
Cash Flows from Investing Activities		
Payments for acquisition of property, plant, equipment, and intangible fixed assets	(163,114)	(191,294)
Payments from acquisition of other financial assets	(20,425)	(20,849)
Proceeds from sales and redemption of other financial assets	19,290	21,052
Payments for investments in subsidiaries	(18,296)	(65,965)
Other	8,652	(184)
Net cash provided by (used in) investing activities	(173,893)	(257,240)
Cash Flows from Financing Activities		
Net increase/(decrease) in commercial paper	—	(24,000)
Net increase/(decrease) in short-term borrowings	(32,219)	(500)
Proceeds from long-term loans payable and issuance of bonds	92,363	83,466
Repayment of long-term loans payable and redemption of bonds	(89,030)	(61,686)
Repayments of lease liabilities	(43,182)	(35,702)
Purchase of equity interests of subsidiaries from non-controlling interests	(2,069)	(2,432)
Cash dividends paid	(25,241)	(24,549)
Cash dividends paid to non-controlling interests	(2,257)	(1,178)
Other	17	501
Net cash provided by (used in) financing activities	(101,618)	(66,081)
Net increase/(decrease) in cash and cash equivalents	76,980	(43,292)
Cash and cash equivalents at beginning of fiscal year	205,356	251,309
Effect of exchange rate changes on cash and cash equivalents (( ) shows decrease)	4,721	(2,661)
Cash and cash equivalents at end of fiscal year	287,058	205,356

Note: Amounts less than one million yen are rounded off.