

*Note: This document is the English translation of “Dai 30kai teiji kabunushisokai shoshu gotsuchi ni saishite no internet kaiji jouhou” (Internet Disclosure of the Notice of Convocation of the 30<sup>th</sup> 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 Our Shareholders

**INTERNET DISCLOSURE OF  
THE NOTICE OF CONVOCATION OF  
THE 30<sup>TH</sup> ORDINARY GENERAL MEETING OF  
SHAREHOLDERS**

**May 30, 2018  
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

Divisions:	Public Sector 1	(Tokyo)	Public Sector 2	(Tokyo)
	Telecom & Utility Business Sector	(Tokyo)	First Financial Sector	(Tokyo)
	Second Financial Sector	(Tokyo)	Third Financial Sector	(Tokyo)
	Fourth Financial Sector	(Tokyo)	IT Services & Payments Services Sector	(Tokyo)
	Manufacturing IT Innovation Sector	(Tokyo)	Business Solutions Sector	(Tokyo)
	China & APAC Sector	(Tokyo)	North America Sector	(Tokyo)
	EMEA & LATAM Sector	(Tokyo)		

### (2) Principal offices of principal subsidiaries

As listed in the “Location” column in (2) “Principal Subsidiaries” of Section 6 “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)

¥ 444 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.
2. The Board of Corporate Audits gives consent, pursuant to the provisions of Article 399, paragraph (1) of the Companies Act, to remunerations for accounting audits after confirming and examining the contents of the audit plans of accounting 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

¥ 625 million

Note: Among NTT DATA's principal subsidiaries, NTT Data International L.L.C., NTT DATA EMEA LTD., EVERIS PARTICIPACIONES, S.L.U., NTT DATA ASIA PACIFIC PTE. LTD., NTT DATA (CHINA) INVESTMENT Co., LTD., intelligence AG and NTT DATA EUROPE GmbH & CO. KG are audited by audit corporations other than the Company's independent audit.

### 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 guidance and advice concerning the International Financial Reporting Standards and the verification of the status of internal control systems pursuant to the JICPA Auditing and Assurance Practice Committee Practical Guideline No. 86, "Assurance Reports on Controls at a Service Organization"

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

In NTT DATA, if it is recognized that the independent audit falls under any of the items of Article 340 (1) of the Companies Act, the Board of Corporate Audits dismisses the independent audit by unanimous consent.

In addition to the above, if it is recognized that the independent audit is unable to properly conduct an audit, the Board of Corporate Audits decides the details of the proposal to dismiss, or not to reelect the independent audit to be submitted to the general meeting of shareholders; and the Board of Directors submits the proposal to the general meeting of shareholders based on such decision.

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

### 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 362 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 will establish an internal control promotion committee that will hold 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.

- (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 executive officers as responsible persons who specialize in the performance of duties and, by transferring substantial part of authority from directors to the executive officers, 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 with compliance with the laws to submit appropriate financial status reports.
- 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, in between with NTT, the parent company, there is the basic policy that either party will coordinate with the other, respecting the other party's independency and autonomy and the parties appropriately have dealings with the other in compliance with the laws.

- (6) Matters concerning employees who assist corporate audits' duties and independence of such employees from directors

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

- NTT DATA sets up the Corporate Audits' Office to appropriately assist the duties of its audits as an important organization under the Companies Act.
- Allocate the number of employees required for conducting audits according to the auditing standards determined by the audits.
- The Corporate Audits' Office shall be an organization independent from the directors and the employees assisting the audits' duties shall perform their duties under instructions and directions from the audits.
- Handle the matters concerning personnel changes and evaluation of the employees assisting the audits' duties respecting the audits' opinions.

- (7) Systems for directors and employees to report to audits and for ensuring effective auditing by audits

Having a basic policy to improve the systems for directors and employees to report material matters regarding the execution of business to corporate audits and other systems in order to ensure the effective audits by corporate audits, NTT DATA will proceed with the following activities:

- The directors and corporate audits shall determine after consultation the meetings that the corporate audits shall attend, materials that the corporate audits shall review, and the matters regarding NTT DATA and its Group companies that the corporate audits shall report to the directors regularly or when necessary and the corporate audits shall report to the directors from time to time as determined between the directors and corporate audits.
- Upon request of each audit for a report on the performance of duties, the directors and employees shall promptly report to the audit about their performance of duties.
- In addition to the above, the directors, independent audit, and Internal Audit Department shall respectively have an exchange of opinions with each audit regularly and when necessary upon request of the audit.
- The corporate audits may independently engage external experts and receive advice on audit operations.
- The corporate audits 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 is available on the in-house website.

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 48 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, 88 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.

Setting up the information security committee to report and discuss the company-wide security subjects under the Chief Information Security Officer and this committee held the meeting twice during the fiscal year and the members discussed the partial revision of the policy and measures to focus on in the next medium term period.

- (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 2

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.

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

The Company's duties are executed based on the organizational rules that specify jurisdictional tasks for each organ, and under the supervision of the Board of Directors, 25 executive officers are appointed and decision-making is made based on 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, the management of the NTT DATA Group, etc. In addition, the Board of Directors supervises the performance of duties by directors by having them report the state of performance of their duties on a regular basis and by other means. The Board of Directors comprises 12 directors including 2 independent outside directors, and held 16 meetings in the current business year. The Corporate Management Committee, which discusses important decision-making for NTT DATA, held 34 meetings in the current business year.

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

With regard to an important issues for the management of the NTT DATA Group, such as the occurrence of emergencies that could influence the whole group, NTT DATA establishes 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 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. In the rules for administering the whistle-blowing system, group companies, the same as NTT DATA, 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, and the rule is administered appropriately.

The fiscal conditions of group companies are appropriately reported to NTT DATA on a monthly basis, in addition to quarterly financial reports. The results are also reported to the Board of Directors as a monthly monitoring status.

Financial conditions of the NTT DATA Group are reported to the Corporate Management Committee on a quarterly basis.

(6) Matters concerning employees who assist corporate audits' duties and independence of such employees from directors

As a system to assist corporate audits' duties, NTT DATA has the Corporate Audits' Office comprising 4 full-time employees and duties are performed appropriately based on the instructions and orders of corporate audits. Meanwhile, the transfer of employees at the Corporate Audits' Office, evaluations on the employees, etc. shall be conducted by making adjustments with corporate audits.



- (7) Systems for directors and employees to report to corporate audits and for ensuring effective auditing by corporate audits

Corporate audits attend important meetings such as the Board of Directors' meetings, view important documents, exchange opinions with the Representative Director on a regular basis and have discussions on specific topics with directors and other parties. On these occasions, the state of performance of duties shown in the basic policy is reported to corporate audits while they make recommendations as needed.

Moreover, corporate audits exchange opinions with accounting audits and the Internal Auditing Department on a regular basis. The explanation of an audit plan, the status of internal control systems and other matters are reported to corporate audits 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 Statements of Shareholders' Equity 30<sup>th</sup>FY (FY ended 31, March 2018)

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	142,520	141,048	497,922	(0)	781,490
Cumulative effects of changes in accounting policies			3,447		3,447
Restated balance	142,520	141,048	501,369	(0)	784,937
Changes of items during period					
Dividends of surplus (Note 1)			(11,219)		(11,219)
Dividends of surplus (Note 2)			(10,518)		(10,518)
Net income attributable to owners of parent			58,173		58,173
Change of scope of consolidation			(15)		(15)
Net changes in owning subsidiaries' stocks		(2)			(2)
Acquisition of treasury stock				(0)	(0)
Other		(68)	(419)		(488)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(71)	35,999	(0)	35,927
Balance at end of current period	142,520	140,977	537,368	(1)	820,864

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Other	Total accumulated other comprehensive income		
Balance at beginning of current period	39,881	(155)	23,889	(30,083)	(16,320)	17,211	31,567	830,268
Cumulative effects of changes in accounting policies								3,447
Restated balance	39,881	(155)	23,889	(30,083)	(16,320)	17,211	31,567	833,715
Changes of items during period								
Dividends of surplus (Note 1)								(11,219)
Dividends of surplus (Note 2)								(10,518)
Net income attributable to owners of parent								58,173
Change of scope of consolidation								(15)
Net changes in owning subsidiaries' stocks								(2)
Acquisition of treasury stock								(0)
Other								(488)
Net changes of items other than shareholders' equity	17,872	227	(25,052)	2,523	212	(4,216)	3,436	(779)
Total changes of items during period	17,872	227	(25,052)	2,523	212	(4,216)	3,436	35,147
Balance at end of current period	57,754	71	(1,163)	(27,560)	(16,107)	12,994	35,003	868,863

Notes:

1. This is the item of appropriation of retained earnings resolved at the ordinary general meeting of shareholders held in June 20, 2017.
2. This is the item resolved at the meeting of the Board of Directors held in November 7, 2017.
3. Amounts less than one million yen are rounded down.

## Notes to Consolidated Financial Statements

### (Important Basic Matters for Preparation of Consolidated Financial Statements)

#### 1. Matters related to the scope of consolidation

All of our 303 subsidiaries are included in the scope of consolidation.

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

In addition, due to new investments, the establishment of new companies, conversion of companies into subsidiaries after an increase of ownership due to the transfer of shares and satisfying the criteria for effective control, from the current consolidated fiscal year, 15 companies have been newly added to the consolidated subsidiaries.

Furthermore, due to the merger, selling off and liquidation of subsidiaries, 14 companies have been excluded from the scope of consolidation.

A major newly added consolidated subsidiary is as follows:

NTT DATA MHI Systems Corporation

#### 2. Matters related to application of the equity method

The equity method is applied to all of the 31 affiliated companies including KIRIN BUSINESS SYSTEM COMPANY, LIMITED.

In addition, due to the new establishment of a company and conversion of a subsidiary into a company to which the equity method is applied after the transfer of shares and satisfying the criteria for influence, the equity method has been extensively applied to 5 companies; and due to the sale of shares, a decrease of ownership, liquidation, and conversion of companies into consolidated subsidiaries after satisfying the criteria for effective control, 6 companies have been excluded from the scope to which the equity method is applied.

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

#### 3. Matters related to the fiscal year of the consolidated subsidiaries

115 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 for consolidated financial statements, among the companies whose account closing date is December 31st, for 75 companies, financial statements based on the temporary account closing implemented on the consolidated account closing date are used, and for other companies, financial statements as of the account closing date are used. 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.

During the current consolidated fiscal year, for 36 consolidated subsidiaries and other companies including NTT DATA Services Corporation whose account closing date was January 31, necessary adjustments were made for the purpose of consolidation. However, as the companies changed their account closing date to March 31, the financial statements for the 14 months from February 1, 2017 to March 31, 2018 were consolidated in the current fiscal year.

The subsidiaries recorded net sales of 44,145 million yen, operating income without goodwill amortization of 1,392 million yen and operating income with goodwill amortization of 13 million yen from February 1, 2017 to March 31, 2017.

During the current consolidated fiscal year, for 45 consolidated subsidiaries and other companies including EVERIS PARTICIPACIONES, S.L.U. whose account closing date was December 31, necessary adjustments were made for the purpose of consolidation. However, as the companies changed their account closing date to March 31, the financial statements for 15 months from January 1, 2017 to March 31, 2018 were consolidated in the current fiscal year.

The subsidiaries recorded net sales of 35,693 million yen, operating income without goodwill amortization of 1,221 million yen and operating income with goodwill amortization of 871 million yen from January 1, 2017 to March 31, 2017.

#### 4. Matters related to accounting policy

##### (1) Basis and method of valuation of important assets

###### 1) Securities

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

Other securities:

###### a. Those with fair value:

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

###### b. Those without fair value:

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

###### 2) 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: Principally 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).

##### (2) Method of depreciation of important depreciable 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 3 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 5 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. Lease assets related to ownership-transfer finance lease transactions

The same depreciation method which is used for self-owned fixed assets is applied.

###### b. 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 is 0 is applied.

##### (3) 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 losses on contracts

In order to provide for possible future losses related to contracts of orders on hand at the end of the current consolidated 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 losses on contracts and presented by offsetting with corresponding work in process.

###### 3) Allowance for retirement benefits for directors

Some consolidated subsidiaries book the necessary amount for a year-end payment based on their internal rules to appropriate the payment for retirement benefits for their directors.

(4) 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 consolidated 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.

(5) Method of important 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 that meet the requirements for exceptional accounting ("tokurei-shori"), exceptional accounting is applied.

(6) Accounting policy for retirement benefits

In order to provide for retirement benefits for employees, the Company books the retirement benefit obligations based on the estimated amount at the end of the current consolidated fiscal year by deducting pension assets from the estimated retirement benefits. For consolidated subsidiaries, except for some companies, the simplified method is applied.

1) Period allocation of projected retirement benefits to be incurred

In calculating the retirement benefit obligations, the 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 consolidated fiscal year under review.

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

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

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

Unrecognized actuarial differences and unrecognized prior service costs are adjusted for tax effects, and then presented as the re-measurements of retirement benefits of other accumulated comprehensive income under net assets.

(7) Accounting for consumption tax, etc.

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

(Changes in Accounting Policy)

NTT DATA Corporation, the company preparing consolidated financial statements, and domestic consolidated subsidiaries had applied the method in which the sales and cost of sales are booked when lease expenses are received for finance lease transactions by lessors; however, since the current consolidated fiscal year, we have changed it to the method in which the sales and cost of sales are booked when lease transactions are commenced. NTT DATA Group conducted a system modification for lease transactions from the viewpoint of accounting policy integration in our active global development, which enabled us to use an accounting method that is more suitable to the actual situations. Since the current consolidated fiscal year, therefore, we have used the method in which the sales and cost of sales are booked when lease transactions are commenced. Due to the change, retained earnings at the beginning of the current consolidated fiscal year increased by 3,447 million yen.

(Notes to the Consolidated Balance Sheet)

1. Breakdown of inventories

Merchandise and manufactured goods	2,478million yen
Work in process	36,425million yen
Raw materials and supplies	2,261million yen

2. Assets offered as security and liabilities related to security

(1) Assets offered as security

Lease receivables and lease investment assets	1,338million yen
Buildings and structures	11,155million yen
Machinery, equipment and vehicles	681million yen
Furniture, fixtures and tools	73million yen
Land	25million yen
Investment securities	270million yen
Investments and other assets (long-term loan receivables)	540million yen

(2) Secured liabilities

Corporate bonds	100million yen
Long-term loans (including long-term loans due within one year)	2,520million yen

3. Accumulated depreciation of tangible fixed assets 530,046million yen

4. Guarantee obligations

Financial warranties for system development/operation contracts	
Prosimulador Tecnología de Tránsito, S.A.	1,559million yen

5. Others

For stock purchase options for minority interests in foreign consolidated subsidiaries possessed by non-controlling shareholders of such subsidiaries, expected exercise prices are recognized as a debt, and at the same time, the book values of the non-controlling interest for such interests are deducted from "Non-controlling interests" under net assets and the remaining amount is presented in "Others" in accumulated other comprehensive income under net assets.

6. In inventories related to construction contracts for which potential losses are expected, the amount is presented by offsetting with the corresponding allowance for losses on contracts, 8,146 million yen (all of them are an allowance for losses on contracts related to work in process).

(Notes to the Consolidated Statement of Income)

1. Transfer to allowance for loss on contracts included in cost of sales 9,640million yen

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

Employees' salary and allowance	142,886million yen
Retirement benefit expenses	9,420million yen
Subcontractor expenses	55,762million yen
Research and development expenses	14,569million yen

3. Losses on restructuring of subsidiaries and affiliates under extraordinary losses are costs incurred during the integration and restructuring of group companies in the global business and the breakdown is as follows.

	(Unit: million yen)
Labor costs for the integration of IT-related projects, etc.	7,414
Subcontractor expenses for consulting, etc. for the integration of IT-related projects, etc.	8,447
Restructuring costs	3,872
Others	15
<hr/>	
Total	19,750

4. As for impairment losses of fixed assets under extraordinary losses, mainly due to the superior deterioration of the profitability of the assets used by the Financial Segment, the Company can no longer expect to collect the invested amounts, so the Company decided to apply impairment accounting and reduced the book values of such assets to the future collectible level and the reduced amount is presented..

Breakdowns of impairment losses of fixed assets are 746 million yen for data communication facilities and 331 million yen for buildings and structures, etc.

The asset grouping for NTT DATA and NTT DATA Group was made mainly based on a minimum unit that can be united and function as a system.

Also, the collectible amounts of the asset group are calculated based on values in use, and the discount rate used for such calculation is mainly 4%.

(Notes to the Consolidated Statement of Shareholder's 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 953 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 20, 2017	Common stock	11,219	40 (Note)	March 31, 2017	June 21, 2017
Board of Directors' Meeting on November 7, 2017	Common stock	10,518	7.5	September 30, 2017	December 1, 2017

(Note) The Company conducted a split of common stocks at 1:5 with an effective date of July 1, 2017. The cash dividend per share shown above does not take this stock split into account. If the stock split is taken into account, the cash dividend per share is 8 yen.

(2) Dividends whose record date is within the consolidated fiscal year ended March 31, 2018, but to be effective in the following consolidated fiscal year

Approval	Classes of Shares	Dividend Source	Total Amount of Dividends (million yen)	Dividend per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 19, 2018	Common stock	Retained earnings	10,518	7.5	March 31, 2018	June 20, 2018



(Notes related to Financial Instruments)

1. Matters related to the status of financial instruments

(1) Policy for handling financial instruments

For fund management, NTT DATA Group uses highly safe monetary assets and they are also used for NTT and NTT DATA Group finance. The necessary funds for running the business are procured by bank loans payable and the issuance of corporate bonds as well as commercial papers. Derivatives are used to hedge the fluctuation risks of future fair market value (foreign exchange rates and interest rates) (market risks) and the Group does not engage in derivatives for the purpose of speculative trading.

(2) Components and risks of financial instruments

Trade receivables, i.e., notes and accounts receivable, are exposed to customers' credit risk.

Investment securities are mostly corporate shares related to services or capital participation, etc. with customers and are exposed to fair market value fluctuation risk.

Most trade payables, i.e., accounts payable, are due within one year.

The main purpose of short-term loans is to procure the necessary operating funds. The main purpose of long-term loans and corporate bonds is to procure the necessary funds, etc. for capital investment and the maturity dates are for a maximum of 12 years from the closing date.

The derivative transactions are limited to forward exchange contracts and currency swap transactions, which are aimed at hedging the fluctuation risks of future fair market value (foreign exchange rates and interest rates) (market risks) for the payments of foreign currency payments, etc. and interest rate swap transactions, which is aimed at converting variable rate debts into fixed rate debts.

(3) Financial instrument-related risk control structure

1) Credit risk control (risk related to customers' default of contracts)

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 customers 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, believing there is little default risk (credit risk) of the counterparties.

The greatest credit risk amount as of the date of current consolidated settlement is presented in the balance sheet values of the financial assets which are exposed to credit risks.

2) Management of market risks (exchange and interest rate fluctuation risk)

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 investment securities, 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.

Additionally, the use of derivatives by consolidated subsidiaries is subject to prior discussion with the Company.

3) Fund procurement related liquidity risk management (risk of being unable to pay on the due date)

NTT DATA Group manages liquidity risks by certain means, for example, individual group companies formulate and update monthly funding plans.

(4) Supplementary explanation on items related to fair values of financial instruments

Amounts recorded as the fair values of financial instruments include values based on the fair market value, and when there are no fair market value, reasonably calculated values are included. Since variable factors are included in such calculations, sometimes the values fluctuate when different assumptions are applied.

## 2. Matters related to methods of calculating fair values of financial instruments, and securities and derivatives transactions

The amount recognized on the consolidated balance sheet, fair values and corresponding differences at the end of the current consolidated fiscal year are listed below. Items for which identifying the fair values have been deemed extremely difficult are not included in the table below. (See [Note 2])

(Unit: million yen)

	Amounts in Consolidated Balance Sheet	Fair Value	Differences
(1) Cash on hand and at banks	186,616	186,616	—
(2) Notes receivable and accounts receivable	504,632	504,632	—
(3) Securities	2,297	2,298	0
(4) Deposits	12,000	12,000	—
(5) Investment securities	100,166	100,181	14
Total assets	805,714	805,729	15
(1) Accounts payable	145,371	145,371	—
(2) Short-term borrowings	46,846	46,846	—
(3) Current portion of long-term debt	567	567	—
(4) Current portion of bonds	50,000	50,000	—
(5) Income taxes payable	26,212	26,212	—
(6) Corporate bonds	110,081	113,622	3,541
(7) Long-term borrowings	358,779	363,838	5,059
Total liabilities	737,857	746,458	8,601
Derivatives transactions (*1)	(6,052)	(6,052)	—

(\*1) Net claims and liabilities arising on derivatives transactions are stated as a single net amount. If the total is negative figure, the amount is shown in brackets.

(Note 1) Calculation method for the fair value of financial instruments

### Assets

#### (1) Cash on hand and at banks, (2) Notes receivable and accounts receivable, and (4) Deposits

Since these are settled in the short term, the fair value is almost equal to the book values. Therefore, the book values have been adopted.

#### (3) Securities and (5) Investment securities

For the fair values of these securities, stock exchange prices are used for shares and published base prices are used for investment funds.

Also since negotiable certificate of deposits are settled in the short term, the fair value is almost equal to the book values. Therefore, the book values have been adopted.

### Liabilities

#### (1) Accounts payable, (2) Short-term borrowings, (3) Current portion of long-term debt, (4) Current portion of bonds, and (5) Income taxes payable

Since these are settled in the short term, the fair value is almost equal to the book values. Therefore, the book values have been adopted.

#### (6) Corporate bonds

The fair market value of corporate bonds issued by the Company is based on the fair market value, and when there are no market value, it is based on the current value that is calculated by discounting the total of the principal and interest using an interest rate which reflects the corporate bond's remaining period.

#### (7) Long-term borrowings

The fair value of long-term borrowings is based on the current value calculated by discounting the total of the principal and interest using an interest rate which is reasonably estimated, should similar new borrowings be made.

### Derivatives transactions

The fair value of derivatives is based on the values presented by the financial institutions with which the Company has transactions. For the details of derivative transactions, see "Notes to Derivatives Transactions."

(Note 2) Unlisted shares (amount presented in the consolidated balance sheet, 12,636 million yen) have no fair market value and are deemed to require excessive cost to calculate their future cash flow. Therefore, identifying their fair value is deemed extremely difficult and they are not included in "Assets, (5) Investment securities."

(Note 3) Scheduled redemption amount of monetary receivables and securities with maturity dates after the consolidated fiscal year end date

	1 year or less (million yen)	More than 1 year to 5 years (million yen)	More than 5 years to 10 years (million yen)	More than 10 years (million yen)
Cash on hand and at banks	186,616	—	—	—
Notes and accounts receivable	504,632	—	—	—
Deposits	12,000	—	—	—
Securities and investment securities				
Negotiable certificate of deposit	2,000	—	—	—
Bonds held to maturity	200	1,981	1,006	400
Available-for-sale securities with maturity	97	—	—	74
Total	705,547	1,981	1,006	474

(Note 4) Amounts of corporate bonds, long-term borrowings and other interest-bearing liabilities due for repayment after the consolidated fiscal year end date

	1 year or less (million yen)	More than 1 year to 5 years (million yen)	More than 5 years to 10 years (million yen)	More than 10 years (million yen)
Short-term borrowings	46,846	—	—	—
Current portion of long-term debt	567	—	—	—
Current portion of bonds	50,000	—	—	—
Corporate bonds	—	85,086	24,994	—
Long-term borrowings	—	173,198	184,422	1,158
Total	97,413	258,284	209,417	1,158

## (Notes to Derivatives Transactions)

## 1. Derivatives transactions not subject to hedge accounting

## Currency-related

Category	Transaction type	Contract amounts (million yen)	Contracts for over 1 year (million yen)	Fair value (million yen)	Valuation gain/loss (million yen)
Transactions other than industry transactions	Forward exchange contract				
	Euro selling/ Swiss franc buying	52	0	(7)	(7)
	Euro selling/ US dollar buying	318	239	(36)	(36)
	Great Britain pound selling/ Japanese yen buying	1,927	—	0	0
	Euro selling/ Japanese yen buying	26,511	—	(8)	(8)
	AU dollar selling/ Japanese yen buying	559	—	(0)	(0)
	US dollar selling/ Japanese yen buying	270	—	0	0
	Swiss franc selling/ Japanese yen buying	112	—	0	0
	Taiwan dollar selling/ Japanese yen buying	336	—	(0)	(0)
	Thai baht selling/ Japanese yen buying	212	—	(0)	(0)
	Hong Kong dollar selling/ Japanese yen buying	332	—	0	0
Industry transactions	Currency swap transaction				
	Brazilian real selling/ Euro buying	151	—	3	3
	Forward exchange contract				
	US dollar selling/ Euro buying	6,787	—	(42)	(42)
	Great Britain pound selling/ Euro buying	522	—	24	24
	Chilean peso selling/ Euro buying	1,175	—	41	41
	Mexican peso selling/ Euro buying	1,874	—	(37)	(37)
	Argentine peso selling/ Euro buying	1,566	—	(11)	(11)
	Colombian peso selling/ Euro buying	1,762	—	(8)	(8)
	Euro selling/ US dollar buying	7,076	—	(3)	(3)
	Euro selling/ Chilean peso buying	1,175	—	(5)	(5)
US dollar selling/ Chilean peso buying	743	—	(8)	(8)	
Total	Currency swap transaction				
	Euro selling/ US dollar buying	6,787	—	24	24
	Romanian leu selling/ Euro buying	199	—	(0)	(0)
Total		60,456	239	(79)	(79)

(Note) Fair value is calculated on the basis of the values stated by the financial institutions involved in the transactions.

## 2. Derivatives transactions subject to hedge accounting

### Currency-related

Hedge accounting method	Transaction type	Main items hedged	Contract amounts (million yen)	Contracts for over 1 year (million yen)	Fair value (million yen)
Deferral method	Forward exchange contract	Foreign-currency-denominated forecast transactions			
	US dollars selling/ Indian rupee buying		6,695	—	(16)
	US dollar selling/ Euro buying		2,487	—	115
	Japanese yen selling/ Chinese yuan buying		7,500	—	330
Designated hedge accounting (“furiate-shori”)	Japanese yen selling/ Chinese yuan buying	Foreign-currency-denominated forecast transactions	1,322	66	(4)
Total			18,004	66	425

(Note) Fair value is calculated on the basis of the values stated by the financial institutions involved in the transactions.

### Currency-and-interest-rate-related

Hedge accounting method	Transaction type	Main items hedged	Contract amounts (million yen)	Contracts for over 1 year (million yen)	Fair value (million yen)
Integral accounting for currency and interest rate swap contracts	Currency and interest rate swap contracts	Long-term borrowings			
	Floating rate receiving/ Fixed rate paying		37,194	37,194	(5,478)
	US dollar receiving/ Euro paying				
	Floating rate receiving/ Fixed rate paying		70,138	70,138	(1,016)
	US dollar receiving/ Japanese yen paying				
Total			107,332	107,332	(6,494)

(Note) Fair value is calculated on the basis of the values stated by the financial institutions involved in the transactions.

### Items related to interest rate

Hedge accounting method	Transaction type	Main items hedged	Contract amounts (million yen)	Contracts for over 1 year (million yen)	Fair value (million yen)
Exceptional accounting method for interest rate swap contracts	Interest rate swap contracts	Long-term borrowings			
	Floating rate receiving/ Fixed rate paying		8,501	8,501	97
Total			8,501	8,501	97

(Note) Fair value is calculated on the basis of the values stated by the financial institutions involved in the transactions.

(Notes related to Business Combination)

Finalization of preliminary accounting processing for business combination

With regard to the conversion of Dell Systems Corporation (current NTT DATA Services Corporation) and other companies into subsidiaries and the acceptance of transfer of IT service-related businesses conducted by NTT DATA Group on November 2, 2016 (U.S. time), the preliminary accounting processing used for the previous consolidated fiscal year was finalized in the current consolidated fiscal year.

Also, due to the adjustment of the consideration paid, the acquisition costs of the acquired companies and businesses were changed in the consolidated accounting period in the first quarter.

The details and amounts of initially allocated acquisition costs reviewed are as follows:

Goodwill (before the revision)	149,671 million yen
Revised amount of goodwill	
Change of acquisition costs due to the adjustment consideration paid	3,426 million yen
Increase/Decrease of intangible fixed assets	29,807 million yen
Increase/Decrease of tangible fixed assets (land and buildings)	6,393 million yen
Increase/Decrease of deferred tax assets/liabilities	(9,759 million yen)
Others	(539 million yen)
Total	29,327 million yen
Goodwill (after the revision)	178,999 million yen

Our subsidiaries, NTT DATA International L.L.C., NTT DATA, Inc. and NTT DATA Services International Holdings B.V. as the acquiring companies, comply with U.S. accounting standards and apply Accounting Standards Updates (hereinafter referred to as ASU) 2015-16. As ASU 2015-16 requires an acquiring company to recognize the revision of preliminary accounting processing, which is recognized during the calculation period, during the reporting period where the revised amount is determined, the comparative data does not take the review of the allocated amount of the acquisition costs into account.

As a result, operating income, ordinary income and net income before taxes and other adjustments increased by 515 million yen in the current consolidated fiscal year.

(Notes to Rental Real Estate)

The Company and some of our consolidated subsidiaries hold office buildings (including land) for rent in Tokyo and other areas.

Leasing and gain or loss on sale related to the real estate for lease assets in the current consolidated fiscal year was 128 million yen (mainly leasing profit and expenses are recorded in consolidated net sales and cost of goods sold, respectively).

The amount of real estate for lease assets recorded in the consolidated balance sheet, the amount of change during the period, and fair values are as follows:

(Unit: million yen)

Amount recorded in the consolidated balance sheet			Fair value at the end of the period
Beginning balance	Change during the period	Ending balance	
26,608	(1,037)	25,571	70,991

(Note 1) Amount recorded in the consolidated balance sheet refers to an amount with the amount of accumulated depreciation deducted from the acquisition cost.

(Note 2) Change during the period mainly includes the depreciation (- 1,146 million yen).

(Note 3) Fair value at the end of the period mainly includes the amount calculated by the Company based on "The Real Estate Appraisal Standards" (including the amount calculated and adjusted by the Company using indexes).

(Notes to the Per-Share Information)

1. Net assets per share	594.55 yen
2. Net income per share	41.48 yen

(Note)The Company conducted a split of common stocks at 1:5 with an effective date of July 1, 2017. The net income per share was calculated based on the assumption that the stock split was conducted at the beginning of the current consolidated fiscal year.

# Non-Consolidated Statements of Shareholders' Equity 30<sup>th</sup>FY (FY ended 31, March 2018)

(Unit: ¥ million)

	Net assets										Total	
	Shareholders' equity						Valuation and translation adjustments			Total		
	Capital stock	Capital surplus	Retained earnings			Treasury shares	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges			Total
		Legal capital surplus	Legal retained earnings	Other retained earnings	Total							
Balance at beginning of current period	142,520	139,300	2,287	499,120	501,408	(0)	783,227	39,519	(112)	39,407	822,635	
Cumulative effects of changes in accounting policies				3,447	3,447		3,447				3,447	
Restated balance	142,520	139,300	2,287	502,567	504,855	(0)	786,674	39,519	(112)	39,407	826,082	
Changes of items during period												
Dividends of surplus(Note 1)				(11,219)	(11,219)		(11,219)				(11,219)	
Dividends of surplus(Note 2)				(10,518)	(10,518)		(10,518)				(10,518)	
Net income				66,810	66,810		66,810				66,810	
Acquisition of treasury stock						(0)	(0)				(0)	
Net changes of items other than shareholders' equity								17,752	108	17,860	17,860	
Total changes of items during period	—	—	—	45,071	45,071	(0)	45,071	17,752	108	17,860	62,931	
Balance at end of current period	142,520	139,300	2,287	547,639	549,927	(1)	831,746	57,271	(3)	57,268	889,014	

## Breakdown of Other Retained Earnings

	Other retained earnings				Total
	Reserve for special depreciation	Reserve for reduction entry	General reserve	Retained earnings brought forward	
Balance at beginning of current period	64	166	288,000	210,888	499,120
Cumulative effects of changes in accounting policies				3,447	3,447
Restated balance	64	166	288,000	214,335	502,567
Changes of items during period					
Dividends of surplus(Note1)				(11,219)	(11,219)
Dividends of surplus(Note2)				(10,518)	(10,518)
Reversal of reserve for special depreciation	(32)			32	—
Reversal of reserve for reduction entry		(21)		21	—
Net income				66,810	66,810
Acquisition of treasury stock				—	—
Total changes of items during period	(32)	(21)	—	45,125	45,071
Balance at end of current period	32	145	288,000	259,461	547,639

Notes:

1. This is the item of appropriation of retained earnings resolved at the ordinary general meeting of shareholders held in June 20, 2017.
2. This is the item resolved at the meeting of the Board of Directors held in November 7, 2017.
3. Amounts less than one million yen are rounded down.

## 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:

##### 1) Marketable software:

Comparing the depreciated amount based on the estimated sales revenue over estimated sales period (within 3 years) and an equal distribution amount based on the length of the remaining period available for sale, the larger one is presented.

##### 2) Software for internal use:

Depreciated using the straight-line method based on its estimated usable period in the Company (within 5 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

##### 1) 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.

##### 2) 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 losses on contracts

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 losses on contracts 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.

#### 1) 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.

#### 2) 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.

### (Changes in Accounting Policy)

NTT DATA Corporation, the company preparing financial statements, had applied the method in which the sales and cost of sales are booked when lease expenses are received for finance lease transactions by lessors; however, since the current fiscal year, we have changed it to the method in which the sales and cost of sales are booked when lease transactions are commenced. NTT DATA Corporation conducted a system modification for lease transactions from the viewpoint of accounting policy integration in our active global development, which enabled us to use an accounting method that is more suitable to the actual situations. Since the current fiscal year, therefore, we have used the method in which the sales and cost of sales are booked when lease transactions are commenced. Due to the change, retained earnings at the beginning of the current fiscal year increased by 3,447 million yen.

(Notes to the Balance Sheet)

1. Breakdown of inventories

Merchandise	1,834million yen
Work in process	24,343million yen
Supplies	809million yen

2. Assets offered as security and liabilities related to security

(1) Assets offered as security

Notes receivable and accounts receivable	15million yen
Investment securities	270million yen
Stocks of subsidiaries and affiliates	12million yen
Other current assets, current assets (short-term loans receivable from subsidiaries and affiliates)	3million yen
Long-term loans receivable	540million yen
Long-term loans receivable from subsidiaries and affiliates	40million yen

(2) Secured liabilities

Long-term borrowings of subsidiaries (including those repayable within one year)	1,214million yen
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3. Accumulated depreciation of tangible fixed assets 462,428million yen

4. Guarantee obligations

Performance warranties for system development/operation contracts	
NTT DATA Services, LLC	139,422million yen
NTT DATA Payment Services Victoria Pty Ltd	44,423million yen
Others	9,485million yen

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

Short-term monetary claims	64,723million yen
Short-term monetary liabilities	151,943million yen
Long-term monetary liabilities	4,988million 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 losses on contracts (7,958 million yen [all of them are an allowance for losses on contracts related to work in process]).

(Notes to the Income Statement)

1. Transactions with subsidiaries and affiliated companies

Net sales	17,627million yen
Cost of sales, etc.	247,012million yen
Selling, general and administrative expenses	37,199million yen
Non-trade transactions	10,285million yen

2. Transfer to allowance for loss on contracts included in cost of sales 8,708million yen

(Notes to the Statement of Shareholders' Equity)

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

Common stock	953 shares
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(Notes to Tax Effect Accounting)

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

Deferred income taxes	
Provision for retirement benefits	27,112million yen
Accounts receivable	15,074million yen
Depreciation in excess of limit	10,273million yen
Long-term borrowings (Repurchase of noncurrent assets)	2,049million yen
Adjustment to the percentage-of-completion method	712million yen
Others	15,980million yen
<hr/>	
Deferred income taxes subtotal	71,203million yen
Valuation allowance	(8,092)million yen
<hr/>	
Total deferred income taxes	63,110million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(25,304)million yen
Fixed assets	(15,122)million yen
Difference on book value of affiliates' shares by restructuring	(3,400)million yen
Others	(4,080)million yen
<hr/>	
Total deferred tax liabilities	(47,907)million yen
<hr/>	
Net deferred income taxes	15,203million 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	30.86%
(Adjustments)	
Entertainment and other expenses that are permanently nondeductible	0.31%
Dividends income	(2.17)%
Per-capita inhabitant tax	0.09%
Tax credit by R&D tax reduction	(0.77)%
Valuation allowance increase/(decrease)	0.12%
Others	(0.86)%
<hr/>	
Income tax and other burden rates after tax effect accounting	27.58%

## (Notes to Related-Party Transactions)

## Directors and Principal Individual Shareholders, etc.

Attribute	Name of the related party	Address	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	Toshio Iwamoto	—	—	Representative Director, President and CEO of NTT DATA Corporation	(Owned) Direct 0.0	—	—	System development income	13	—	—
				Chairman of the Japan Electronic Payment Promotion Organization				Business revenue including building lease	28	—	—
				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.

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)
Affiliated company	NTT DATA, Inc.	(Held) Indirect 100.0	Entering into contract of term loan	Lending of funds	7,409	Other current assets, current assets (Short-term loans receivable from subsidiaries and affiliates)	33,900
				Repayment of funds	7,516		
	EVERIS PARTICIPACIONE S, S.L.U.	(Held) Direct 100.0	Entering into contract of term loan	Lending of funds	—	Long-term loans receivable from subsidiaries and affiliates	25,724
	NTT DATA EMEA LTD.	(Held) Direct 100.0	Entering into contract of term loan	Repayment of funds	2,547	Long-term loans receivable from subsidiaries and affiliates	20,024
	NTT DATA Services, LLC	(Held) Indirect 100.0	Performance warranties for system development/operation contracts, etc.	Debt guarantee	139,422	—	—
NTT DATA Payment Services Victoria Pty Ltd	(Held) Indirect 100.0	Performance warranties for system development/operation contracts, etc.	Debt guarantee	44,423	—	—	

(Note) 1. With regard to the lending of funds, interest rates are determined rationally by taking industry interest rates into consideration. No collateral is obtained.

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 3.1 (Owned) Direct 0.0	Fund settlement of transactions among NTT Group companies	Fund settlement of transactions among NTT Group companies	38,105	Accounts due	10,214
			Fund deposit, etc.	Fund deposit (Note 3)	43,429	Deposits paid	12,000
				Interest revenue accompanying the fund deposit	3		
			Fund borrowing	Fund borrowing	179,378	Long-term borrowing	219,378
				Fund borrowing (Note 3)	9,152	Short-term borrowing	12,752

(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 | 633.88 yen |
| 2. Net income per share | 47.64 yen  |

(Note) The Company conducted a split of common stocks at 1:5 with an effective date of July 1, 2017. The net income per share was calculated based on the assumption that the stock split was conducted at the beginning of the current fiscal year.

[Reference] Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	30 <sup>th</sup> FY (2017/4/1-2018/3/31)	29 <sup>th</sup> FY (2016/4/1-2017/3/31)
Net sales	2,117,167	1,732,473
Cost of sales	1,592,745	1,293,600
Gross profit	524,421	438,872
Selling, general and administrative expenses	400,899	321,763
Operating income	123,522	117,109
Non-operating income	10,161	7,542
Non-operating expenses	12,119	11,658
Ordinary income	121,563	112,993
Extraordinary income	—	18,325
Extraordinary losses	21,479	25,986
Income before income taxes	100,083	105,332
Income taxes - current	47,736	52,525
Income taxes - deferred	(9,020)	(15,705)
Total income taxes	38,716	36,820
Net income	61,367	68,512
Net income (loss) attributable to non-controlling interests	3,194	2,825
Net income attributable to owners of parent	58,173	65,686
Other comprehensive income		
Valuation difference on available-for-sale securities	17,786	7,323
Deferred gains or losses on hedges	227	7,373
Foreign currency translation adjustment	(24,993)	(12,525)
Remeasurements of defined benefit plans, net of tax	2,687	8,769
Share of other comprehensive income of entities accounted for using equity method	152	(243)
Other	212	(213)
Total other comprehensive income	(3,926)	10,485
Comprehensive income	57,441	78,997
Comprehensive income attributable to owners of parent	53,956	76,135
Comprehensive income attributable to non-controlling interests	3,484	2,862

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

## [Reference] Consolidated Statements of Cash Flows

(Unit: ¥ million)

	30 <sup>th</sup> FY (2017/4/1-2018/3/31)	29 <sup>th</sup> FY (2016/4/1-2017/3/31)
Cash flows from operating activities		
Income before income taxes	100,083	105,332
Depreciation	160,030	154,542
Loss on retirement of non-current assets	3,222	5,467
Increase (decrease) in net defined benefit liability	12,517	21,801
Interest expenses	6,051	5,372
Impairment loss of noncurrent assets	1,728	1,579
Decrease (increase) in notes and accounts receivable - trade	(40,133)	(9,032)
Decrease (increase) in inventories	(8,302)	(4,497)
Increase (decrease) in notes and accounts payable - trade	9,904	16,609
Increase (decrease) in advances received	27,637	14,908
Increase (decrease) in accrued consumption taxes	(7,044)	2,355
Other, net	32,458	(5,443)
Subtotal	298,155	308,995
Interest and dividend income received	4,383	3,131
Interest expenses paid	(6,164)	(5,377)
Income taxes (paid) refund	(64,091)	(68,197)
Net cash provided by (used in) operating activities	232,282	238,552
Cash flows from investing activities		
Purchase of property, plant and equipment	(99,266)	(67,141)
Purchase of intangible assets	(103,647)	(90,939)
Proceeds from sales of investment securities	2,240	22,036
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,832)	(6,930)
Purchase of equity interests of subsidiaries resulting in change in scope of consolidation	(3,543)	(348,431)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	161	—
Net decrease (increase) in time deposits	(126)	1,402
Net decrease (increase) in short-term deposits paid	—	50,000
Other, net	982	11,650
Net cash provided by (used in) investing activities	(208,030)	(428,354)

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

	30 <sup>th</sup> FY (2017/4/1-2018/3/31)	29 <sup>th</sup> FY (2016/4/1-2017/3/31)
Cash flows from financing activities		
Redemption of bonds	(50,000)	—
Proceeds from long-term loans payable	187,617	115,512
Repayments of long-term loans payable	(53,785)	(29,331)
Net increase (decrease) in commercial papers	20,000	—
Net increase (decrease) in short-term loans payable	(167,924)	163,145
Repayments of lease obligations	(2,684)	(3,129)
Cash dividends paid	(21,739)	(21,037)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(114)	(5,180)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	148	2,481
Proceeds from share issuance to non-controlling shareholders	359	—
Other, net	(773)	(383)
Net cash provided by (used in) financing activities	(88,896)	222,076
Effect of exchange rate change on cash and cash equivalents	(4,144)	(5,789)
Net increase (decrease) in cash and cash equivalents	(68,788)	26,485
Cash and cash equivalents at beginning of period	260,038	233,553
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,179)	—
Cash and cash equivalents at end of period	190,070	260,038

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