

# Trusted Global Innovator

NTT DATA ANNUAL REPORT 2019

**NTT DATA Corporation**

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# Trusted Global Innovator

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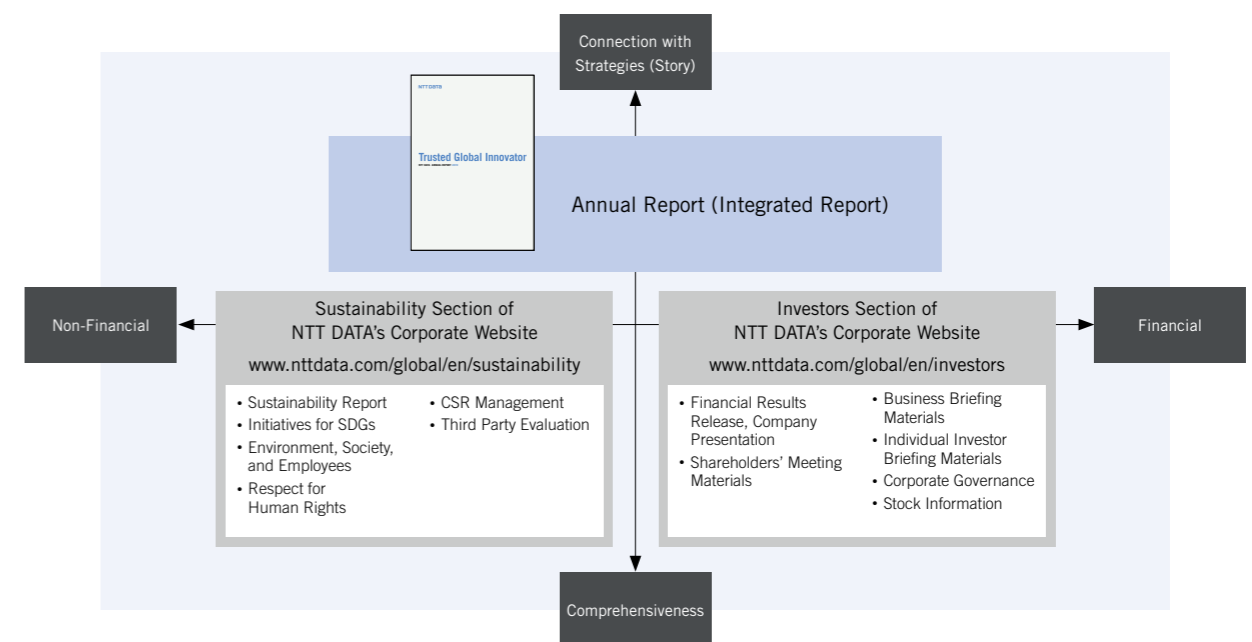
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### Editorial Policy for NTT DATA Annual Report 2019

NTT DATA Annual Report 2019 has been positioned as a medium for communicating with shareholders, investors, and a wide range of other stakeholders as part of NTT DATA's efforts to achieve ongoing improvements to corporate value through constructive dialogue. In preparing this annual report, the financial and non-financial information to be included was limited to that which is of particular importance in order to allow for more clear illustration of the logical causal relationships between information and to facilitate understanding with regard to the likelihood of the NTT DATA Group accomplishing its long-term vision and the targets of its Medium-Term Management Plan. More detailed information is available on the investors and sustainability sections of NTT DATA's corporate website.



The names of NTT DATA's products and services referred to in this annual report are trademarks or registered trademarks of NTT DATA in Japan and other countries. The names of other companies, products, services, etc., are the trade names, trademarks, or registered trademarks of the companies concerned.

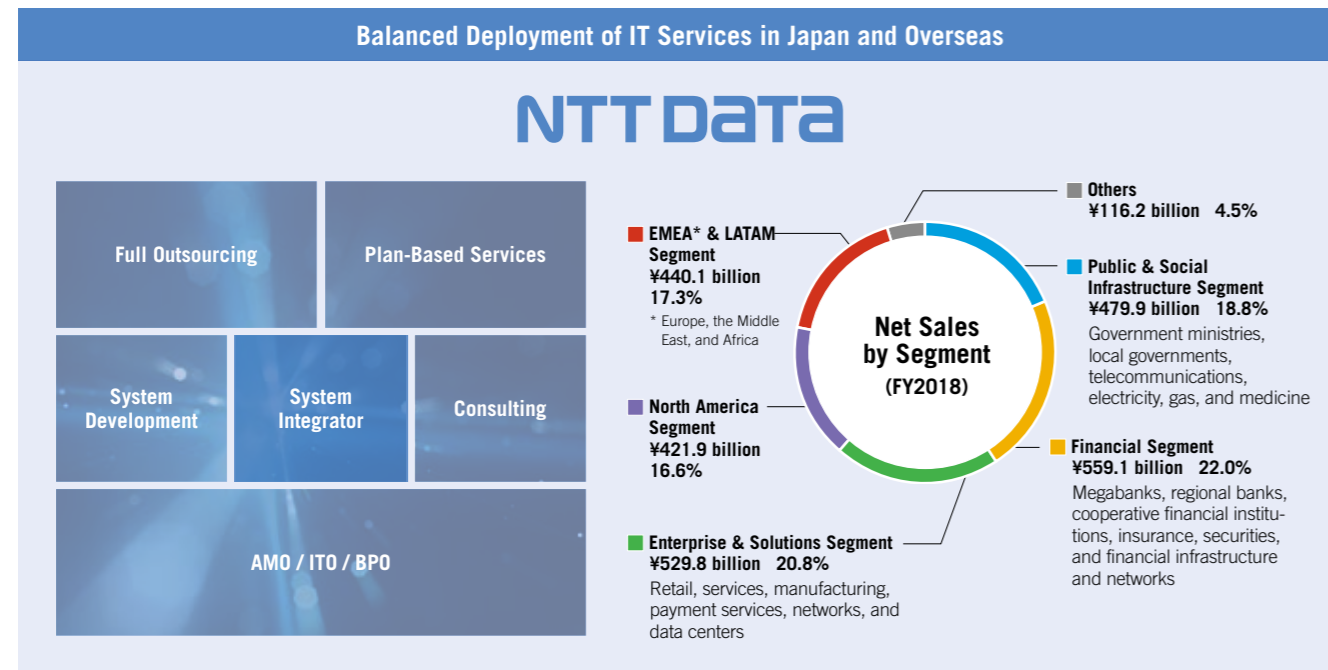
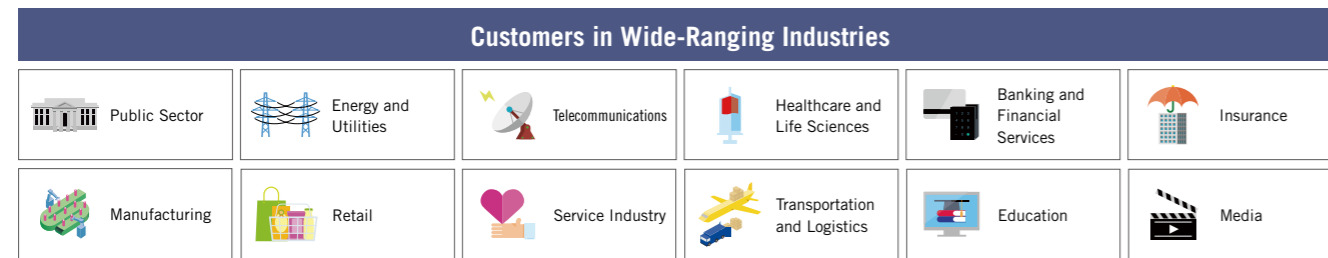
#### Cautionary Statement Regarding Forward-Looking Statements

This annual report contains forward-looking statements concerning the NTT DATA Group's future plans, strategies, and performance. These forward-looking statements are not historical facts; rather, they represent assumptions and beliefs based on economic, financial, and competitive data currently available. Forward-looking statements include information preceded by, followed by, or that include the words "predicts," "expects," "anticipates," "could," "may," or similar expressions. Furthermore, they are subject to a number of risks and uncertainties that without limitation, relate to economic conditions, fierce competition in the information service industry, client demand, tax rules, regulations, and other factors. Readers of this annual report are cautioned not to place undue reliance on these forward-looking statements. The NTT DATA Group therefore wishes to caution readers that actual results may differ materially.



# NTT DATA's Businesses

NTT DATA combines various IT services to deliver the optimal services to customers around the world.



## The NTT DATA Group's Performance (FY2018)

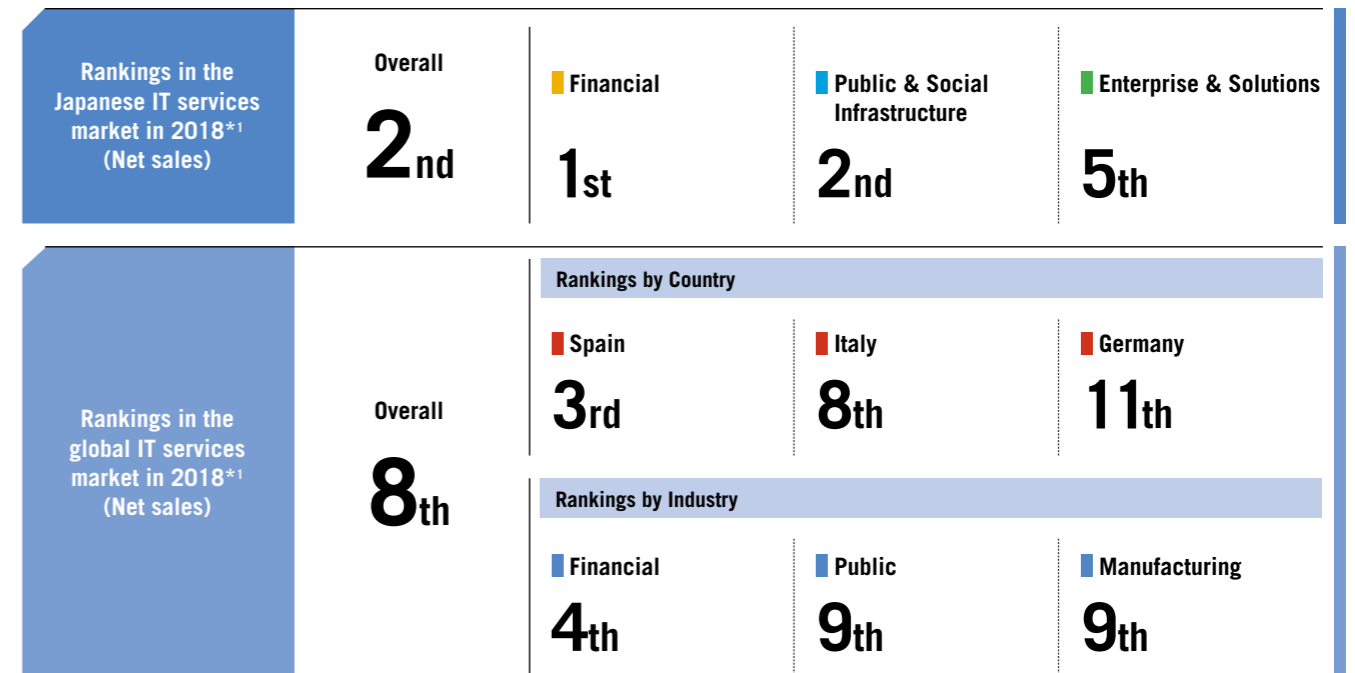
Net Sales: **¥2,163.6 billion**  
Operating Income: **¥147.7 billion**

Total Assets: **¥2,476.1 billion**  
Employees: **123,884 people**  
Consolidated Subsidiaries: **307 companies**

Net sales ranking among Japanese companies specializing in IT services

**1st**  
(Based on research by NTT DATA)

Revenue growth for **30** consecutive years since our founding



**External recognition**

ESG Index  
Dow Jones Sustainability World Index / Asia Pacific Index

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

Cutting-Edge Technologies (Blockchain, UX/UI design)  
Assessment by Leading Research & Analysis Firm\*2

**A Leader**

P54: NTT DATA's ESG Management

\*1 Graphs / charts are created by NTT DATA based on Gartner Research. Source: "Market Share: IT Services, 2018," Dean Blackmore et al., 8 April, 2019. Rankings in the Japanese IT services market: Financial = Banking & Securities, Insurance / Public & Social Infrastructure = Government, Education, Healthcare Providers, Utilities / Enterprise & Solutions = Transportation, Wholesale Trade, Communications, Media & Services, Manufacturing & Natural Resources, Retail based on vendor revenue. Rankings in the global IT services market: Financial = Banking & Securities / Public = Government / Manufacturing = Manufacturing & Natural Resources based on vendor revenue. \*2 Source: NelsonHall: Blockchain (Blockchain in Business Process Transformation NEAT Evaluation), UX/UI design (NEAT report for UX/UI Services 2019)

## Mission Statement

**NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society.**

**Group Vision – What we aim to become in 10 years –**

## Trusted Global Innovator

**A partner trusted by clients over the long term**

We realize the dreams of our clients around the world through Long-Term Relationships.

We develop evolving ecosystems with our clients through leading-edge technologies.

We enhance our creativity by respecting diversity.

## Values

### Clients First

First, and above all else, we place the needs of our clients. We work continuously to understand your business and we strive to resolve every concern to your satisfaction. We feel responsibility to ensure your success and we let this obligation set the direction of our work and guide our actions.

### Foresight

We never settle for the status quo. Instead, with speed and foresight, we anticipate challenges that lay ahead. We consider the future of IT as well as the future of your business, work to enhance our ability to picture the future, and with our ecosystems, adapt to the changing business environment. In this way, we help you to meet your goals and create a brighter future for society.

### Teamwork

We put great importance on enabling our employees to achieve their best through their work with each other. We believe that when a diverse group of individuals brings their unique world views together, shares their wisdom, and works toward a common goal, the results are extraordinary and far beyond what can be achieved by any one person.

## Long-Term Relationships—Unwavering Bonds of Trust—

On its quest to shape an affluent and harmonious society using information technology, NTT DATA has continued to adhere to its clients first principle, never becoming preoccupied with short-term gains or shying away from the challenges it faces. Today, the unwavering Long-Term Relationships with clients built upon this principle have become the cornerstone of NTT DATA's competitive advantage.

NTT DATA works side-by-side with its clients as a trusted partner, connecting their abundant ideas and social needs to cutting-edge technologies from throughout the world to create business innovations and address social issues. We support our clients to the very end in these undertakings.

This is the strength of the Long-Term Relationships NTT DATA has fostered.

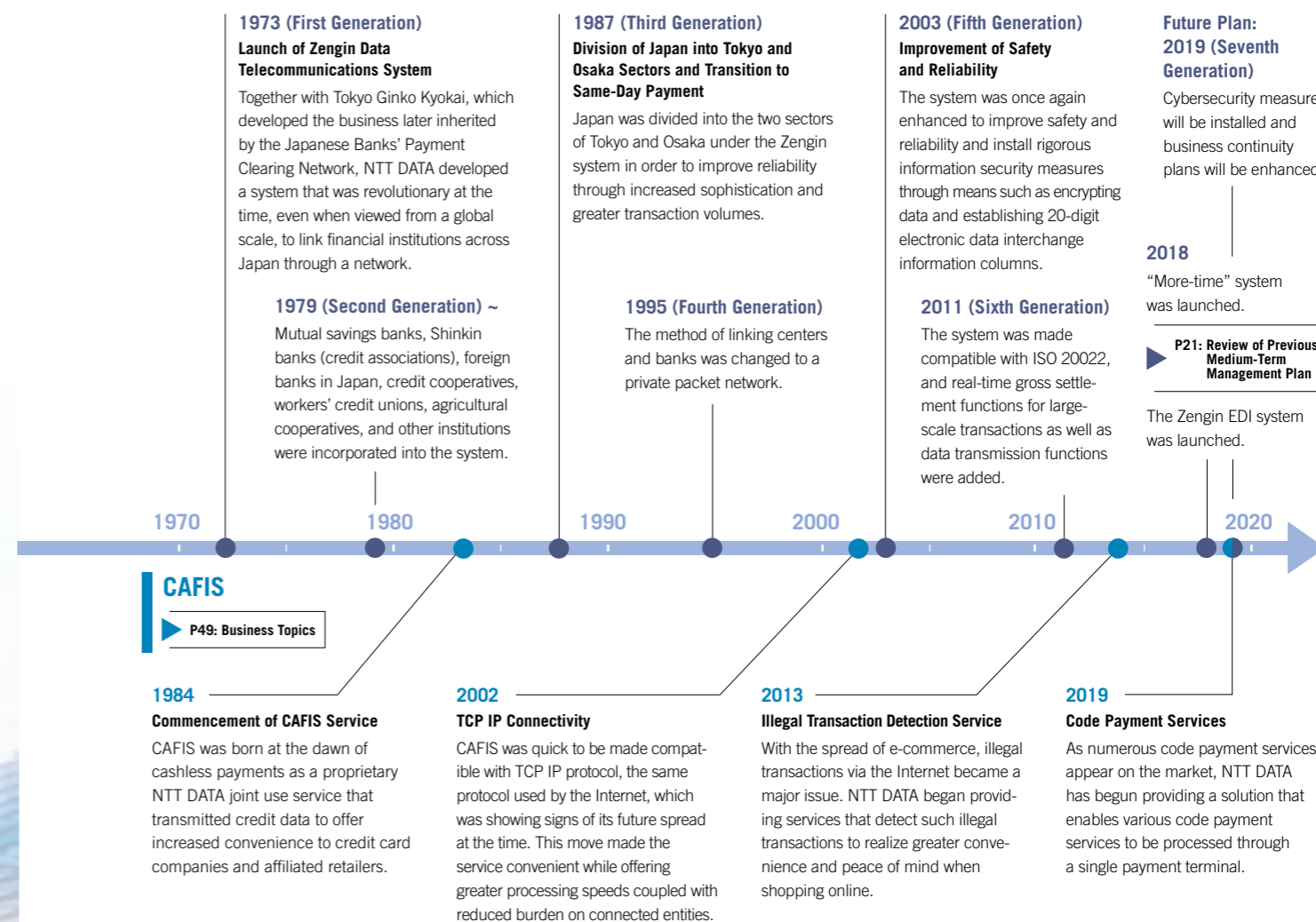
### Examples of Long-Term Relationships

Roughly half a century ago, NTT DATA partnered with its clients to develop the Zengin Data Telecommunications System, a payment infrastructure system that allowed for immediate transfers of money for transactions during business hours on weekdays. This innovation was realized a step ahead of the rest of the world. Supported by the trust of our clients, we have updated this system five times in the past, and we are currently preparing to make the sixth update.

CAFIS, a proprietarily developed NTT DATA business, is a platform for transmitting credit card and other cashless payment credit and transaction data. This platform has been used for years since its introduction in 1984 as credit card companies, financial institutions, and affiliated retailers and even individuals have embraced this payment infrastructure for its convenience.

### The Zengin Data Telecommunications System

P12: Message from the CEO



CAFIS

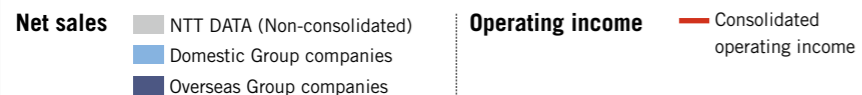
P49: Business Topics



# Value Creation and History of Self-Transformations

The NTT DATA Group has continued to undergo self-transformations in conjunction with changes in technologies and in customer needs. This ongoing process of transformation has led to us achieve revenue growth for 30 consecutive years since our founding.

## Major Indicators



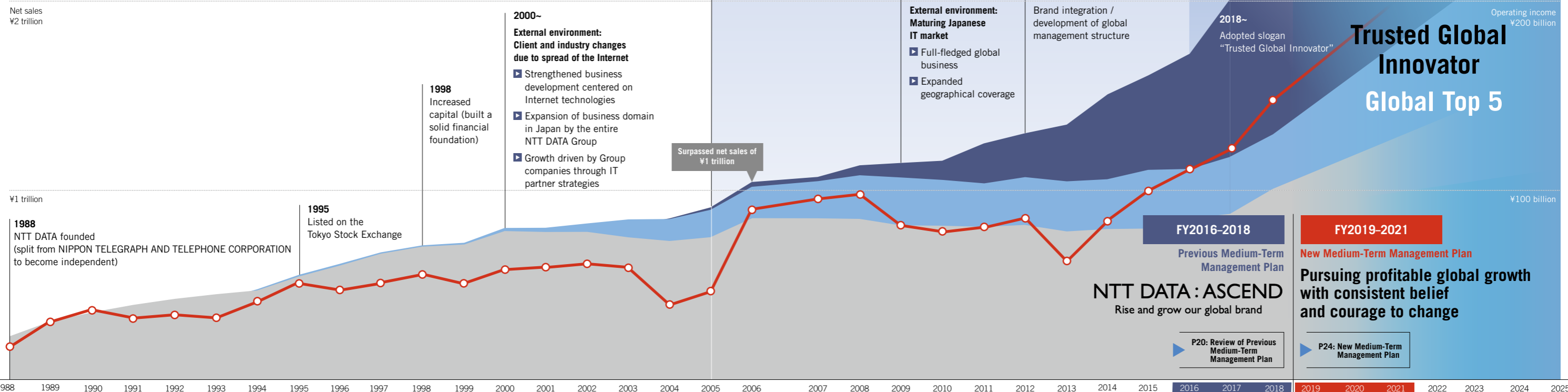
2005~  
**External environment: Overseas deployment by Japanese companies**  
 ▶ Launched direct support for Japanese companies operating overseas  
 ▶ Adopted slogan "Global IT Innovator"  
 ▶ Began proactive development of global business

2000~  
**External environment: Client and industry changes due to spread of the Internet**  
 ▶ Strengthened business development centered on Internet technologies  
 ▶ Expansion of business domain in Japan by the entire NTT DATA Group  
 ▶ Growth driven by Group companies through IT partner strategies

1998  
 Increased capital (built a solid financial foundation)

1995  
 Listed on the Tokyo Stock Exchange

1988  
 NTT DATA founded (split from NIPPON TELEGRAPH AND TELEPHONE CORPORATION to become independent)



**Global 1<sup>st</sup> Stage**  
FY2005-2015

**Increased Global Coverage**  
Expanded geographical coverage to 185 cities in 45 countries and regions  
The NTT DATA Group employed approximately 80,000 people

Overseas sales ratio: **30%**

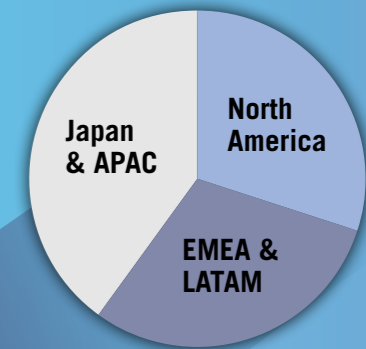
**Global 2<sup>nd</sup> Stage**  
FY2016-2018

**Recognized Global Brand**  
Established a global brand with an overseas sales ratio of approximately 50% and consolidated net sales in excess of ¥2 trillion

Overseas sales ratio: **Approx. 50%**

**Global 3<sup>rd</sup> Stage**  
FY2019-around 2025

**Aiming to become a company trusted by clients worldwide with Global Top 5 status**



Surpassed net sales of ¥2 trillion

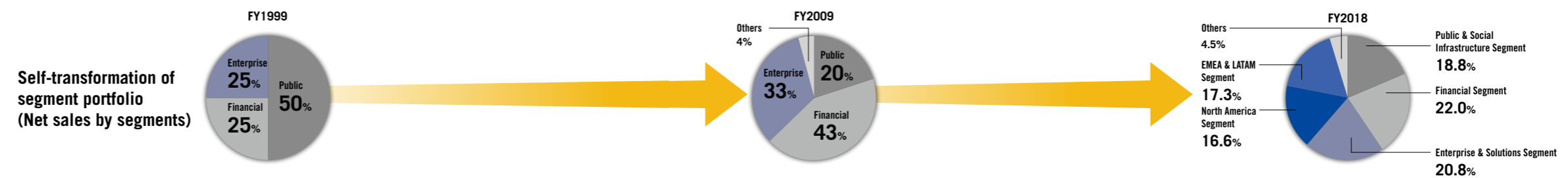
2018~  
 Adopted slogan "Trusted Global Innovator"

**Trusted Global Innovator**  
**Global Top 5**

**NTT DATA : ASCEND**  
 Rise and grow our global brand

**FY2019-2021**  
**New Medium-Term Management Plan**  
 Pursuing profitable global growth with consistent belief and courage to change

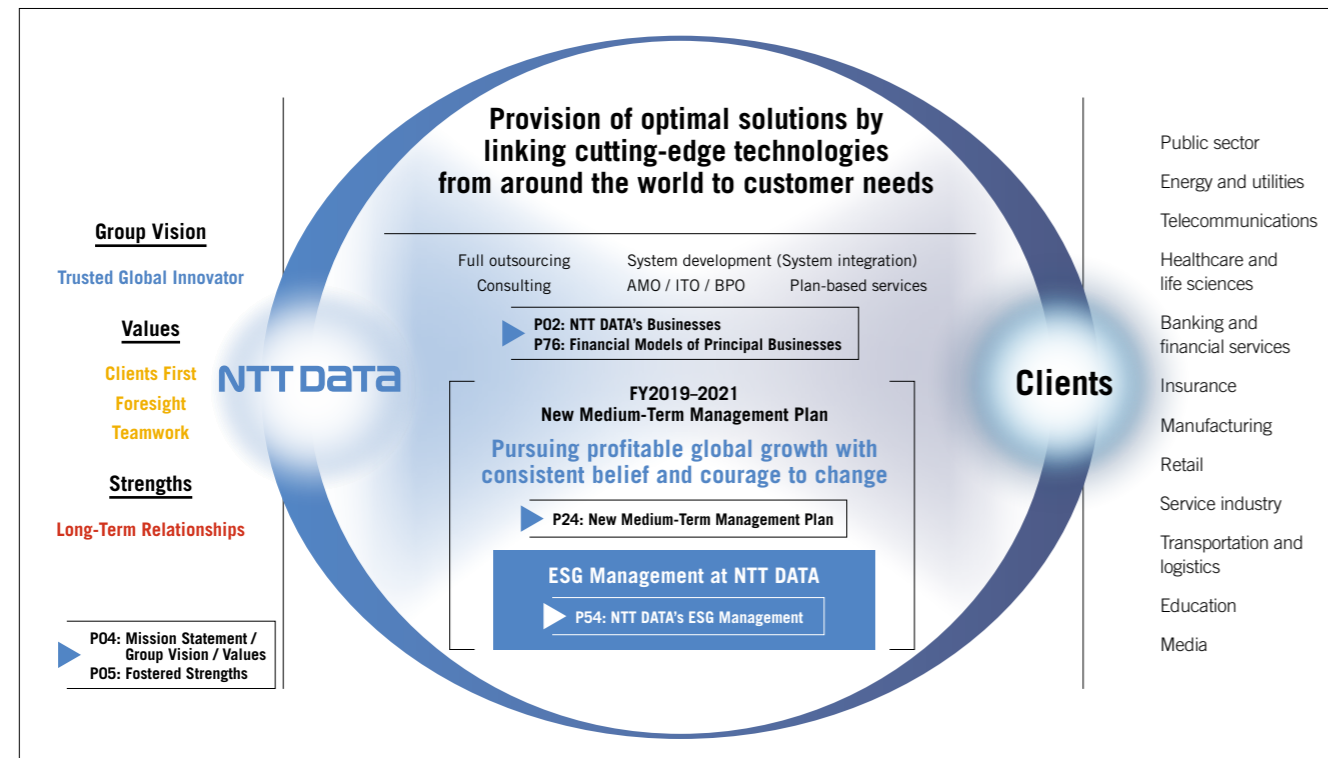
**Implementing Our Mission Statement** The NTT DATA Group uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society.



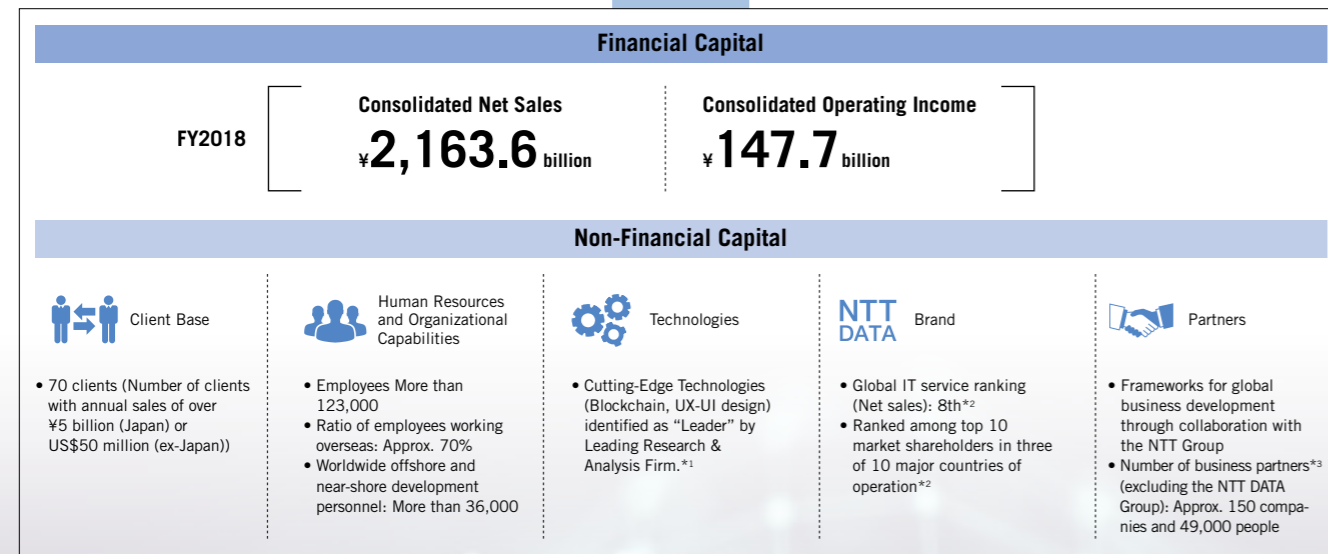
# NTT DATA's Value Creation Process

Using its refined strengths to propose optimal solutions to clients, NTT DATA will contribute to a more affluent and harmonious society and enhance corporate value by shaping the society of the future together with customers. This is the very embodiment of our mission statement.

## Value Co-Innovation Model

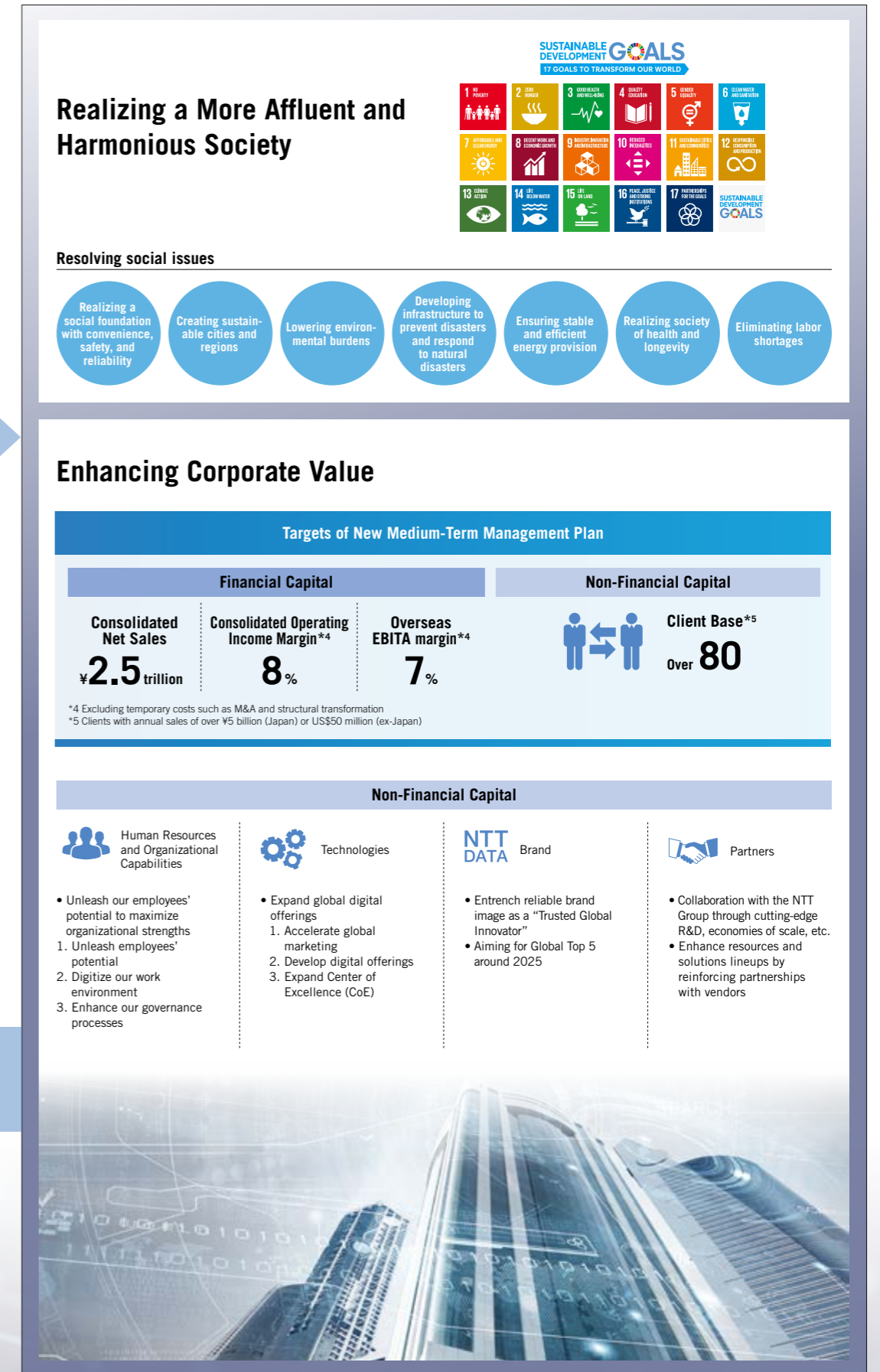


## Input



\*1 Source: NelsonHall: Blockchain (Blockchain in Business Process Transformation NEAT Evaluation), UX/UI design (NEAT report for UX/UI Services 2019)  
\*2 Source: Gartner "Market Share: IT Services, 2018", Dean Blackmore et al., 8 April 2019  
Within 10 major countries (United States, Japan, United Kingdom, Germany, China, France, Australia, Canada, Spain, Italy), Japan, Spain and Italy have the top 10 market shares.  
The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.  
\*3 A certification system NTT DATA employs to build positive relationships with external suppliers

## Outcome





# Financial / Non-Financial Highlights

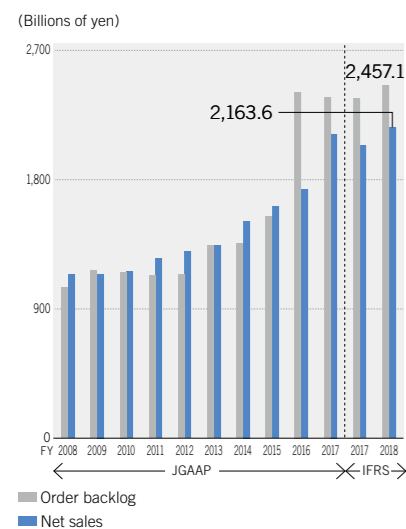
## Financial Highlights

P78: Financial Position and Business Performance Results Analysis

### Order Backlog / Net Sales

P32: Message from the CFO Business Performance Review

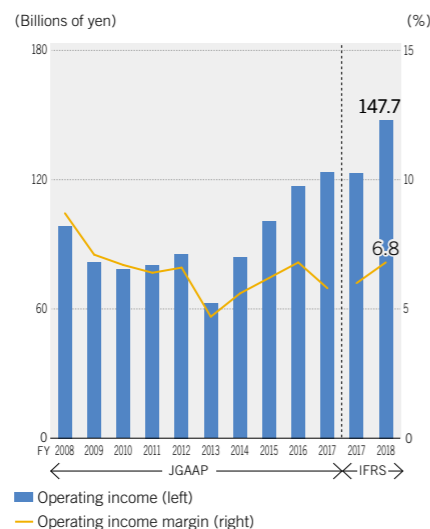
New orders received and net sales have grown steadily due to the robust domestic business and expansion of scale in the overseas business. As a result, net sales has grown for 30 consecutive fiscal years. Order backlog also increased due to the sales growth and remained at a high level.



### Operating Income / Operating Income Margin

P32: Message from the CFO Business Performance Review

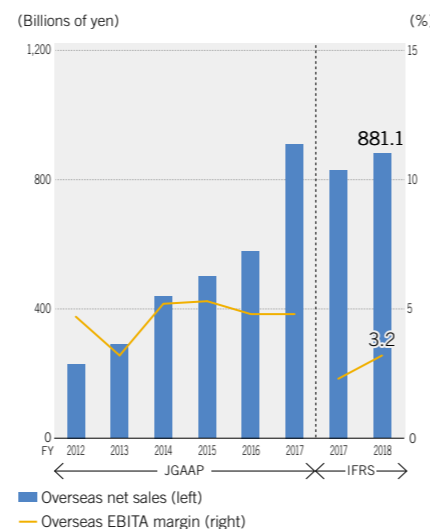
Operating income grew, offsetting the impact of unprofitable projects with additional profits from sales growth and steady cost control on a Companywide basis.



### Overseas Net Sales\*1 / Overseas EBITA Margin\*1,2

P23: Key Challenges to Address under the New Medium-Term Management Plan

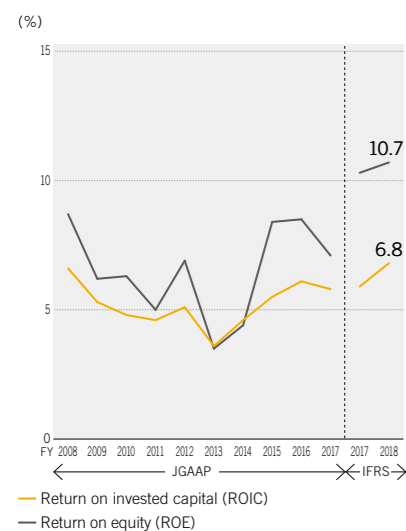
Overseas net sales grew mainly due to expansion of business scale in the EMEA & LATAM Segment. The overseas EBITA Margin improved mainly due to cost control efforts and reduced PMI expenses in the North America Segment.



### Return on Invested Capital (ROIC)\*3,4 / Return on Equity (ROE)\*5

P34: Message from the CFO Improving Capital Efficiency

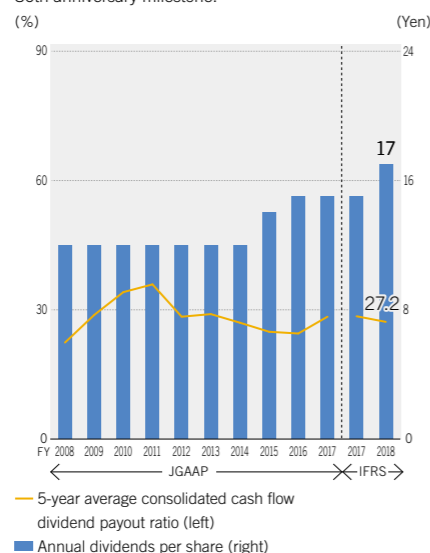
ROIC and ROE both improved due to an increase in operating income and net income attributable to shareholders of NTT DATA.



### 5-Year Average Consolidated Cash Flow Dividend Payout Ratio\*7,8 / Annual Dividends per Share\*6

P34: Message from the CFO Shareholder Return Policy

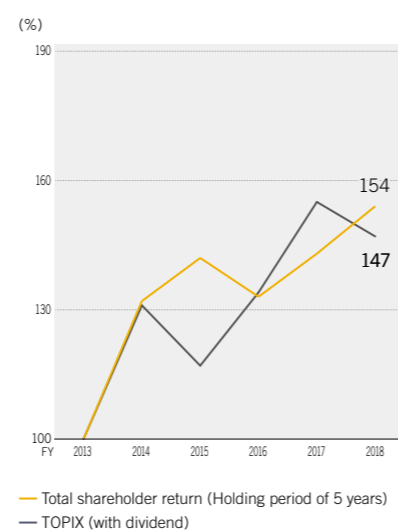
NTT DATA's basic policy is to pay stable dividends focusing on maintaining the consolidated cash flow dividend payout ratio over the medium- to long-term. For the annual dividends per share for FY2018, we increased the ordinary dividends by ¥2, based on the steady performance and due to the fiscal year marking the 30th anniversary milestone.



### Total Shareholder Return (TSR)

P34: Message from the CFO Shareholder Return Policy

The rate of return for holding our company's share for the most recent 5 years exceeded 150%, which is higher than TOPIX (with dividend).



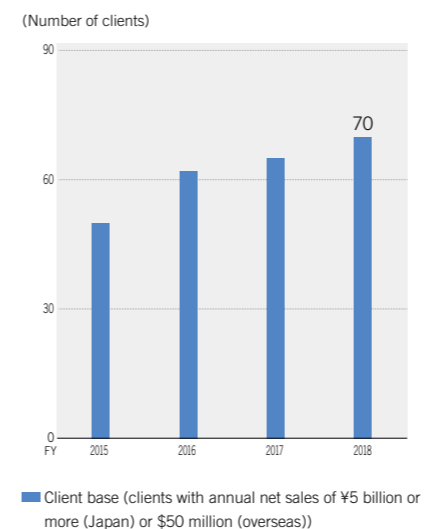
\*1 Net sales to clients outside the NTT DATA Group. The figures for the periods until FY2016 are those for the former Global Segment, and from FY2017 and later, are the total of North America/EMEA & LATAM Segments and China & APAC.  
 \*2 EBITA (JGAAP) = operating income (JGAAP) + amortization of goodwill and intangible assets subject to purchase price allocation (PPA) arising from acquisition and others  
 \*3 EBITA (IFRS) = operating income (IFRS) + amortization of intangible assets subject to purchase price allocation (PPA) arising from acquisition and others  
 \*4 ROIC = (operating income x (1 - effective tax rate)) / (average net assets during the period + average interest-bearing liabilities during the period)  
 \*5 The figures for the interest-bearing liabilities based on JGAAP are the total of loans, corporate bonds, and lease obligations. Figures based on IFRS are the total of loans and corporate bonds.  
 \*6 ROE = net income attributable to shareholders of NTT DATA average equity during the period  
 \*7 In October 2013, 100-for-1 stock split of common shares was conducted and the unit share system was adopted. Dividend per share is recorded with an amount considering this stock split. In July 2017, a 5-for-1 stock split was of common shares was conducted. Dividend per share is recorded with an amount considering this stock split.

## Non-Financial Highlights

### Client Base

P21: Review of Previous Medium-Term Management Plan Game-Changing Approach

As a result of our initiative of "Game-Changing Approach" in the previous Medium-Term Management Plan (FY2016-FY2018), we have 20 more clients with annual net sales of ¥5 billion or more (Japan) or US\$50 million (overseas) compared to 50 as of the end of FY2015.

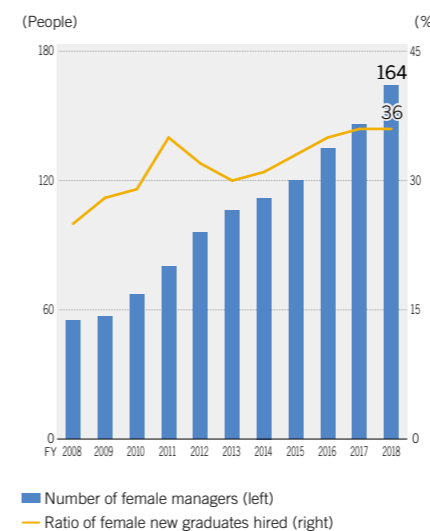


Client base (clients with annual net sales of ¥5 billion or more (Japan) or \$50 million (overseas))

### Number of Female Managers\*9 / Ratio of Female New Graduates Hired\*9

P60: Human Resource Management Active Participation of Diverse Human Resources

Considering diversity and inclusion as one of our key business strategies, we are focusing on promoting active participation of women. The number of female managers and the ratio of female new graduates hired are continuing to rise.

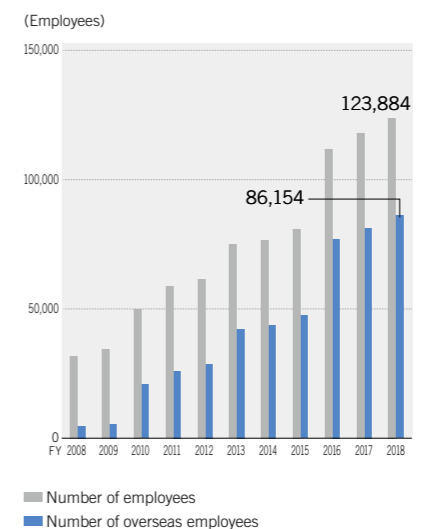


Number of female managers (left)  
 Ratio of female new graduates hired (right)

### Number of Employees / Number of Overseas Employees

P35: M&A Strategy

The number of employees increased significantly in the past 10 years mainly due to expansion of scale of business including M&A. Especially in FY2016, the number of overseas employees increased significantly due to acquisition of the former Dell Services.

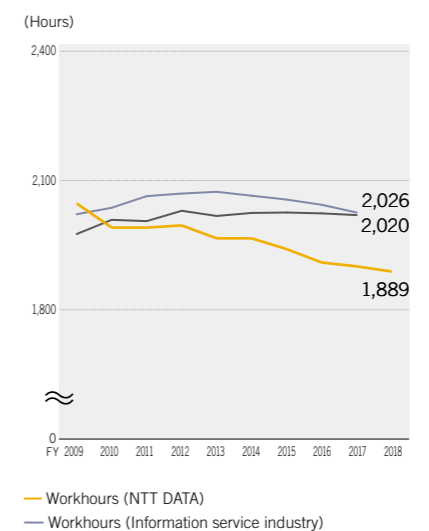


Number of employees  
 Number of overseas employees

### Workhours\*9

P61: Human Resource Management Workstyle Innovations

NTT DATA has been working to reduce the number of workhours as "workstyle innovation" before its importance has become widely recognized as a social issue. Workhours continued to decrease, and is now largely below the average of all industries and the information service industry in Japan.



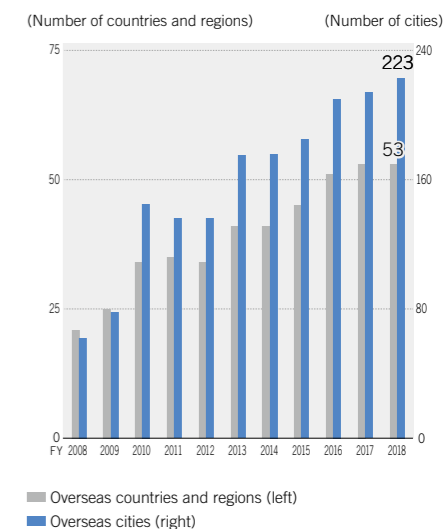
Workhours (NTT DATA)  
 Workhours (Information service industry)  
 Workhours (All industries in Japan)

Source: Proprietary data / Japan Information Technology Services Industry Association basic statistical survey report / Ministry of Health, Labour and Welfare Monthly Labour Statistical Survey

### Number of Countries and Regions / Cities Overseas

P35: M&A Strategy

The number of countries, regions, and cities increased as a result of especially focusing on increasing global coverage until FY2015 (Global 1<sup>st</sup> Stage). In FY2016, the number significantly increased due to acquisition of the former Dell Services.

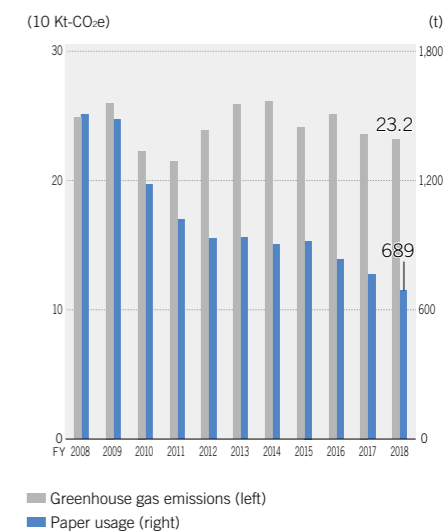


Overseas countries and regions (left)  
 Overseas cities (right)

### Greenhouse Gas Emissions\*10, 11 / Paper Usage\*10

P62: Environmental Management

Two-thirds of NTT DATA's greenhouse gas emissions are from data centers, which is now decreasing as a result of introducing data centers with cutting-edge facilities and other efforts. As for paper usage, it is also decreasing due mainly to promotion of paperless meetings.



Greenhouse gas emissions (left)  
 Paper usage (right)

\*7 Consolidated cash flow = net income attributable to shareholders of NTT DATA + depreciation cost + loss on retirement of fixed assets - capital investment  
 \*8 For "weighted average of past 5 yrs." In IFRS, figures based on JGAAP are used in FY2016 and earlier.  
 \*9 Figures for NTT DATA (non-consolidated)  
 \*10 Total of NTT DATA (non-consolidated) and group companies (in Japan only / FY18: 68 companies, FY17: 68 companies, FY16: 69 companies, FY15: 75 companies, FY14: 73 companies, FY13: 69 companies, FY12: 64 companies, FY11: 65 companies, FY10: 61 companies, FY09: 65 companies, FY08: 78 companies).  
 \*11 Total of direct gas emissions by use of fuels and indirect gas emissions by use of purchased electricity / heat is converted to CO<sub>2</sub>. The unit is CO<sub>2</sub>e (CO<sub>2</sub> equivalent).

## Message from the CEO

Fueled by consistent belief and courage to change, we aim for quality growth on a global scale.

We are moving resolutely ahead toward our "Global 3<sup>rd</sup> Stage" objectives, harnessing our global power to generate strengths unique to NTT DATA.



Yo Honma  
President and Chief Executive Officer,  
Representative Director



NTT DATA's Strengths  
and Raison d'être

### Through Long-Term Relationships with our clients, we create new value and take on social issues. This defines our raison d'être.

Established in 1988, for over 30 years NTT DATA has single-mindedly pursued the goals ingrained in its mission statement, "NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society."

One such paradigm involves the nationwide banking data communication system. The Zengin Data Telecommunications System (referred to below as the "the Zengin system") connects Japanese banks directly and indirectly, and is central to the ability to transfer funds between banks. Tracing our history back some 50 years, NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION (currently NIPPON TELEGRAPH AND TELEPHONE CORPORATION) set up DATA Communication Bureau, which was the predecessor to NTT DATA. This bureau was tasked by the Tokyo Bankers Association, the forerunner to the Japanese Banks' Payment Clearing Network, with building a payment infrastructure that would take the global lead in allowing same-day remittances on business days. This system has been upgraded five times since it first began. Operations of the seventh-generation Zengin system, which is the sixth upgrade, is scheduled for November 2019. We have been working on this system with our clients from the initial design stage to ensure systems are efficient on the maintenance, operational, and other fronts to maximize service value even after system configuration is complete. Making use of the understanding of client operations we gain through this set of processes sets up the cycle for the next stage of upgrades, which we will have repeated six times over approximately the past 50 years.

We have taken our business model a step beyond that of a traditional system integrator, which develops systems according to client's requests. As the example of the Zengin system illustrates, we believe in looking for ways to provide value by taking responsibility for the entire IT service life cycle. When I was head of the Public Relations Department, I worked with then-president Yamashita to solidify the concepts of the "3D Value Cycle": Design, Develop, and Drive. These concepts have taken root throughout the Company, and this cycle continues to be used for a variety of projects. Making full use of this cycle

Reflecting Back on Our  
Previous Medium-Term  
Management Plan  
(FY2016–2018)

requires, above all, that we maintain Long-Term Relationships with our clients. On the surface, NTT DATA is a provider of IT services, but what we are really building is trust. A company strength that derives from our Long-Term Relationships with clients. This was the thinking last year behind the formulation of our new Group Vision, "Trusted Global Innovator," to mark the 30th anniversary of our establishment.

Based on Long-Term Relationships, we work with clients to create new paradigms and generate new value for society, while taking on social issues. This essence describes NTT DATA's raison d'être, is a factor that differentiates us in the global market, and points to our path for achieving sustainable increases in corporate value.

P05: Fostered Strengths

### We achieved all the management objectives of our previous Medium-Term Management Plan. We are now beginning to move toward our Global 3<sup>rd</sup> Stage objectives.

In FY2018, the final year of our previous Medium-Term Management Plan, "NTT DATA: ASCEND Rise and grow our global brand," we experienced robust business in Japan and growth abroad. As a result, we achieved both of the plan's management objectives: consolidated net sales of over ¥2 trillion and a 50% or higher increase in adjusted operating income\*.

Under the previous Medium-Term Management Plan, we used the global coverage we had built to date to increase our local presence. We formulated "Game-Changing Approach" as a key policy for realizing this objective. We strengthened our client base by building Long-Term Relationships with our clients and established a stable business foundation. We achieved significant success as a result, heightening our presence in eight of the 10 countries representing the world's largest IT markets and expanding our customer base over three years by 20 companies, to 70. (We refer here to clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan).)

Under another of our key policies, "Breakthrough Technology," we pursued "production technology innovation" by standardizing and automating software development, and working to cut costs by boosting productivity. We have been developing and introducing tools for automating software development since around 2010. The number of projects that apply these tools has now reached around 90%. We also apply our integrated development cloud (a globally integrated and standardized development environment) on some 1,000 projects, including around 100 overseas projects. Furthermore, to leverage cutting-edge technologies, we established the Center of Excellence (CoE) to consolidate blockchain, design, artificial intelligence (AI), and other digital technologies and expertise and serve as a research base to drive global consistency. The center has facilitated the sharing of case studies of these technologies being applied, which has led to synergies between operations and across countries. We have earned particularly high marks for our blockchain and design initiatives. A leading research & analysis firm assessed us as "A Leader" in this area, pointing to our success in globalizing the application of technology.

NTT DATA aims to achieve Global Top 5 status by around 2025. We are positioning this as a Global 3<sup>rd</sup> Stage objective, under which we are pursuing global development. At the previous stage, our Global 2<sup>nd</sup> Stage objectives were consolidated net sales of more than ¥2 trillion and overseas business accounting for some 50% of net sales. Having achieved both goals during the period of the previous Medium-Term Management Plan, I believe we have reached the Global 2<sup>nd</sup> Stage.

The final fiscal year of the previous Medium-Term Management Plan thus came to an excellent conclusion. FY2019 marks the start of the three-year period that is the Global 3<sup>rd</sup> Stage. This will be an extremely important period. Based on the new Medium-Term Management Plan we have formulated by taking past successes and lessons into account, we look forward to making a leap ahead in the next three years.

\* Compared to FY2015 (adjusted item: incremental investment in new areas)

P20: Review of Previous Medium-Term Management Plan



Overview of Our New Medium-Term Management Plan (FY2019–2021)

By reinforcing four key factors, the “GETS,” we aim for growth with quality.

A core concept of our new Medium-Term Management Plan is increasing our strength with four key factors: growth, earnings, transformation, and synergy—collectively, “GETS.”

Under this plan, “Growth” refers to the ability to increase net sales and expand our customer base to enter the Global Top 5. By implementing the strategies outlined by the new Medium-Term Management Plan, we aim to generate consolidated net sales of ¥2.5 trillion and expand our client base from the 70 we reached in FY2018 to 80 or more. These are clients with annual sales over ¥5 billion (Japan) or US\$50 million (ex-Japan), in annual IT spend (net sales).



To enhance “Earnings,” we will work on a global basis to increase the proportion of our high added value, and highly profitable digital business. On the cost front, we will pursue further breakthroughs in production technologies and promote regional efficiencies, aiming for a consolidated operating income margin of 8%.\* We recognize improving the profitability of our overseas business as a particularly important management challenge. Through dialogue with our shareholders and investors, it has become clear that many people are concerned about the profitability of our overseas business. Under the new Medium-Term Management Plan, we will continue to increase net sales. At the same time, the plan clearly spells out an objective for improving profitability: an overseas EBITA margin of 7%\*—our first target of this sort. Along with the consolidated operating income margin and the overseas EBITA margin, we have set management objectives “continuing to increase the added value we provide clients” and “aiming for growth with quality” that clearly

emphasize profit margins rather than amounts.

Meanwhile, given that our operating environment is undergoing significant changes, I believe it is vital to maintain the “courage to change” things that need to be changed and continue to do so boldly. With digital transformation accelerating, the use of AI and other digital technologies to drive changes in business models is gaining momentum. In 2014, digital business accounted for around 10% of the IT market. This figure is forecast to grow to 35% by 2020, and to above 60% by 2025. Against this backdrop, in order to continue providing value to clients that are transforming their business models, and to society, we ourselves must continue to change.

To do so, we must maintain the “courage to change” as we embrace transformations that will strengthen our “Transformation” and “Synergy.” We will hone NTT DATA-specific strengths that will enable us to provide high added value. We have summarized the details for achieving these changes under three strategies, which I would like to explain next.

\* Excluding temporary costs such as M&A and structural transformation

P24: New Medium-Term Management Plan

Three Strategies of the New Medium-Term Management Plan

Armed with the “courage to change,” we will thoroughly enhance the value we provide to clients.

As we step up our “Transformation” and “Synergy,” I am convinced that by harnessing the power of our 123,000 employees working in 223 cities across 53 countries and regions, we can amass a formidable force that puts us head and shoulders above our competitors. We will implement three strategies to this end.

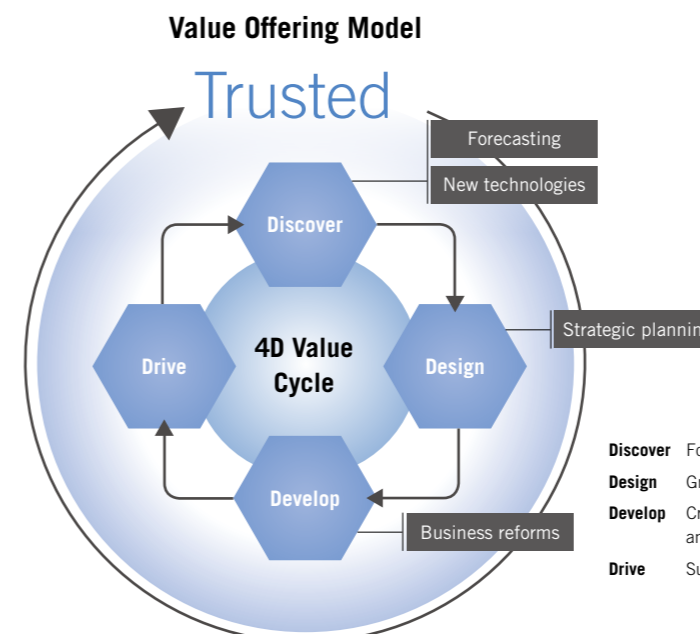
Our first strategy is to “expand global digital offerings.” To date, we have focused mainly on leveraging region-specific strengths. Going forward, we will augment this approach by creating globally consistent solutions that highlight our unique strengths, and differentiate us in the global market. We have a solid reputation with clients in the automotive sector, that are developing their businesses globally, for the way we develop a team comprising automotive sector specialists from each country. We are also strong in the healthcare, finance and insurance, telecoms, and retail sectors, among others.

Meanwhile, we are focusing on specific digital technologies, such as the use of AI for analysis and automation, customer experience enhancement, and IoT. We will create our offerings—globally consistent, superior solutions and platforms—in industries where we are strong, combining these digital technologies. Leveraging these tools, we plan to build global, industry-specific teams to provide offerings around the world. In R&D, we will further expand CoE to accelerate the consolidation of digital technologies and expertise and put them to work on a global scale. By aggregating the strength represented by our global workforce of more than 123,000 people, we will generate synergies to boost the sum of 1+1 to three or even four. We aim to take full advantage of all aspects of the strengths we are deploying globally.

Our second strategy, which is to “deliver greater value to clients based on regional needs,” calls for us to proceed in line with market characteristics, and our own strengths that differ by region. We will continue operating under a shared value offering model called the “4D Value Cycle,” and utilize this to increase the

value we provide to clients. The 4D Value Cycle adds the word “discover” to the previous 3D Value Cycle. This addition is because of the growing importance of forecasting and discovering new digital technologies as they continue to emerge. The 4D Value Cycle emphasizes discovering, designing, developing, and driving optimal technologies for clients, based on Long-Term Relationships. Through this cycle, we will move business forward by making new proposals for projects timed to coincide with the next stage of system upgrades.

Our third strategy is to “unleash our employees’ potential to maximize organizational strengths.” Here, we will promote a host of initiatives to augment our organizational



- Discover** Forecasting the market and clients’ needs, discovering new technology
- Design** Grand plan with a view to collaboration of various businesses and services
- Develop** Creating and offering solutions based on advanced system construction abilities and applicability
- Drive** Support for clients’ maximum utilization of solutions

capabilities. I view organizational capabilities as the product of employee skills (capabilities), rewarding work (vitality), and a good working environment (appeal). We aim to augment each of these components. Specifically, to unleash employees' potential we will put in place systems and create an environment to enhance the digital and global capabilities of all employees. Given the growing importance of recruiting and maintaining human resources capable of innovation, in December 2018 we introduced the Advanced Professional System. Under this arrangement, we recruit human resources from outside with developed skills in AI, IoT, cloud, and other advanced technology domains, compensating them according to market value. Also, to digitize our work environment, we will introduce a leading-edge framework for sharing information globally. (Specifically, information on what technologies we are using to provide what services to what clients in what regions, as well as information about who is an expert in what areas.) Under this framework, we will introduce initiatives to promote collaboration, transform workstyles by reviewing business processes, and encourage further increases in productivity through next-generation production technology. To enhance our governance processes, curtailing unprofitable projects is a topic of utmost importance, which I will speak about next.

P25: Three Strategies for Maximizing Value for Our Clients

Addressing Key Challenges

**We will address focused initiatives to restrain unprofitable projects and improve the profitability of overseas businesses.**

We see restraining unprofitable projects and improving the profitability of overseas businesses as essential to achieving our management objectives, so we will address these two challenges with focused efforts.

Most of the amount of loss from unprofitable projects we conducted in FY2017 and FY2018 stemmed from one specific project that required extremely sophisticated technological capabilities. No other project was significantly unprofitable, which suggests the Project Review Committee, which we established in FY2013, is proving effective. In the past, we have screened projects at the order acceptance stage. To stem major losses of the sort we are experiencing from this one project, we will start screening projects at the proposal-making stage, particularly for highly complex projects. By revising our order-acceptance standards, having specialists verify feasibility, and optimizing project manager assignments to match project complexity and characteristics, we should be able to curtail losses from unprofitable projects to below 0.3%–0.5% of consolidated net sales each fiscal year.

With regard to improving the profitability of overseas businesses, we are experiencing a recovery in sales in North America, which dipped temporarily due to our focus on the process of integrating the former Dell Services. For this reason, in addition to the three globally consistent strategies explained above, we plan to achieve higher levels of efficiency through selection and concentration on our existing offerings. By doing so, we aim to boost the overseas EBITA margin from 3.1% in FY2018 to 4.8% in FY2019, and target 7% for FY2021.

For the past several years, net sales in the EMEA & LATAM Segment have been growing at a significantly higher pace than other markets. However, boosting profitability in this area has been a challenge, due in part to structural inefficiencies, such as the fact that we are operating three companies, and developing business across more than 40 countries.

Against this backdrop, we will introduce business structure reforms aimed at unification. Through these efforts, we aim to boost our EBITA margin in the EMEA & LATAM Segment from 3.4% in FY2018 to 7% in FY2021. Specifically, we will shift toward a highly profitable structure by unleashing employees'

“Consistent Belief:”  
NTT DATA's ESG  
Management

potential to increase talent for digital disruption, and boosting operational efficiency by revamping our internal IT systems. The overseas EBITA margin of 7% was determined after thorough discussions with the top management of each operating company, including how we are going to achieve it, and we are beginning to see our way toward reaching this goal.

\* Excluding temporary costs such as M&A and structural transformation

P31: Strengthening Responses to Key Challenges under the New Medium-Term Management Plan  
P44: Business Strategies by Segment (North America Segment, EMEA & LATAM Segment)

**We will achieve ongoing increases in corporate value by working together with our clients to shape the future society.**

The Sustainable Development Goals (SDGs) are one example of how companies are being called on to tackle global social and environmental issues. Our business has traditionally involved using the power of IT to solve issues faced by clients and society. With today's rapid advances in technology, we are now being called on to do more than ever before.

Based on this understanding, in our new Medium-Term Management Plan we have clarified our perspective on NTT DATA's ESG management and formulated these ideas into strategies. By working to provide solutions to promote the sustainable development of clients and society, in addition to creating the society of the future, we will concentrate on corporate activities in line with the third strategy I have outlined. We will focus on measures that maximize employees' potential, such as cultivating human resources and introducing workstyle reforms. As environmental and social issues grow more important, tackling them becomes a greater priority. These increasing needs point to the potential expansion of our business of providing effective solutions. By engaging in corporate activities that maximize consideration for ESG, we can maximize the Company's potential and minimize risk. For this reason, in addition to contributing to clients and society, through ESG management we aim to achieve sustainable increases in NTT DATA's corporate value.

P54: NTT DATA's ESG Management

In Closing

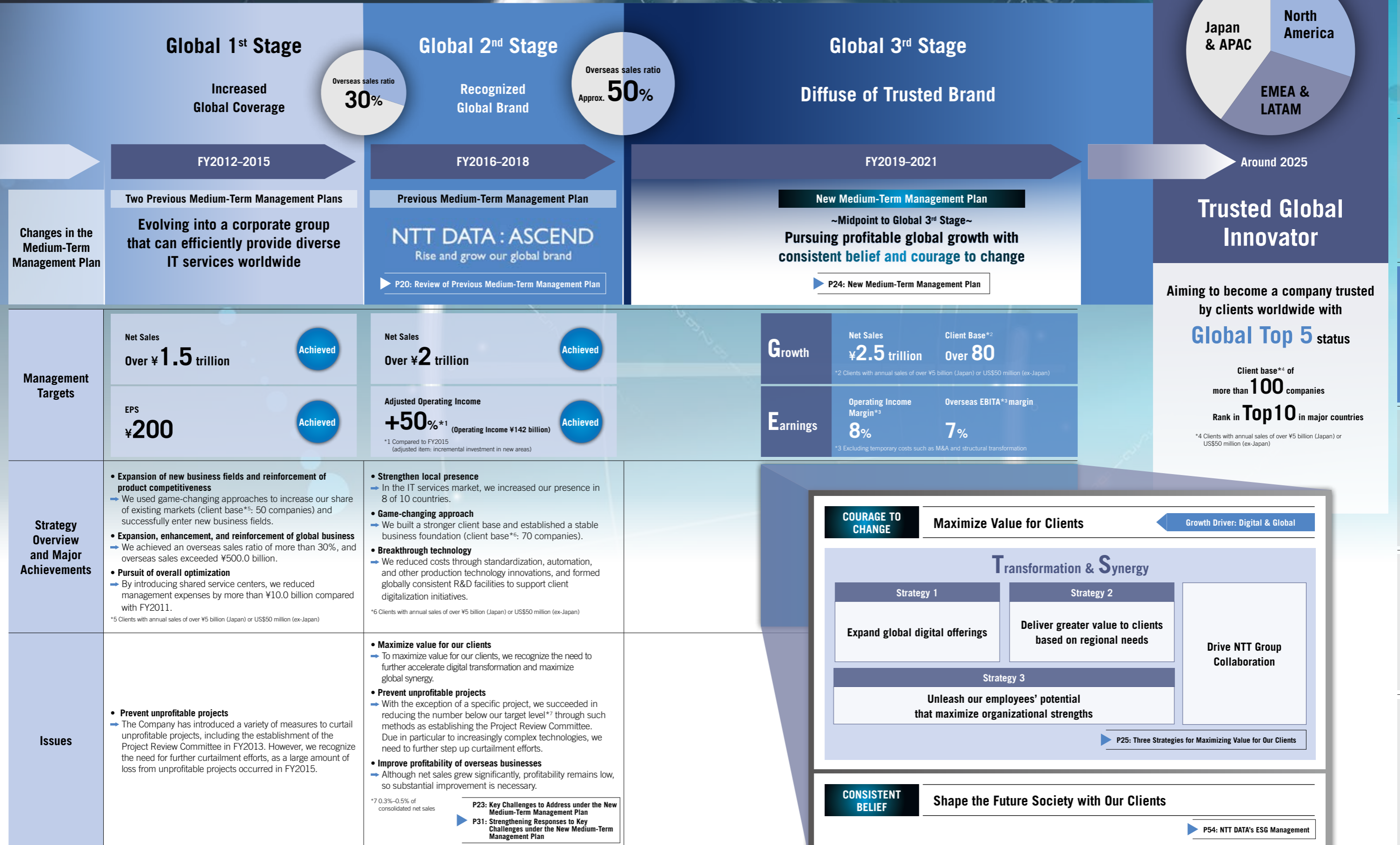
**Over the next three years, we will harness our global power to take the lead in the digital world.**

Through steady implementation of the strategies I have explained above, we will leverage NTT DATA's unique strengths to provide added value to clients and society. These efforts should lead naturally to the achievement of our management objectives. Over the next three years, we will harness our global power to take the lead in the digital world.

I ask our shareholders and investors for your continued understanding and support.



# Changes in the Growth Strategy and Positioning of the New Medium-Term Management Plan



# Review of Previous Medium-Term Management Plan (FY2016–2018)

Under the central theme of “strengthen local presence,” our previous Medium-Term Management Plan (FY2016–2018) set the targets of attaining more than ¥2 trillion in consolidated net sales and increasing consolidated operating income after adjustment by 50% (compared with fiscal 2015). We also undertook initiatives under two global strategies: “game-changing approach” and “breakthrough technology.”

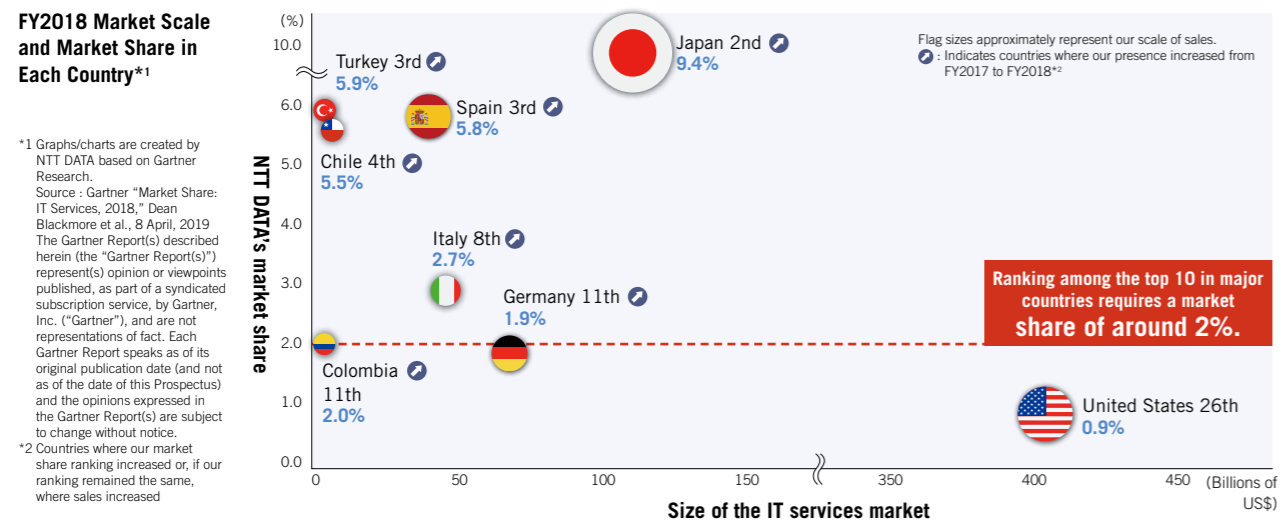


## Strategies and Major Achievements

### Strengthen Local Presence

#### Increasing Our Presence in Major Countries in the IT Services Market

We aim to increase the number of opportunities to propose IT services to a variety of key clients, including national governments and multinational corporations. To achieve this goal, we believe NTT DATA needs to gain a market share of 2% or higher, which we equate with a top-10 sales ranking, and we worked to augment our presence in major countries.

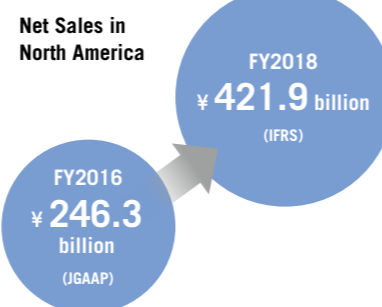


#### Initiatives to Enhance Our Local Presence in North America

##### Acquisition of the Former Dell Services in North America

In November 2016, we acquired an IT services business from Dell Systems Corporation (referred to below as the former Dell Services). We completed post-merger integration (PMI) in June 2018.

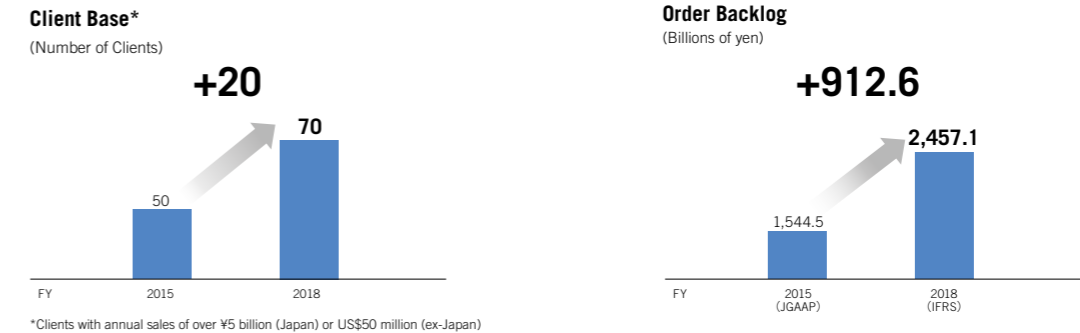
Concentrating on North America, the former Dell Services provides cloud, application-related, and BPO services. The company has a robust client base, mainly in the healthcare, manufacturing, and service sectors, including financial institutions and federal governments. In particular, the company has earned a strong reputation for the industry-specific digital solutions and BPO services it provides in the healthcare industry, notably to healthcare institutions and health insurers. Through this acquisition, we have increased the NTT DATA Group's local presence in North America.



## Game-Changing Approach

- We have strengthened our client base by building Long-Term Relationships with our clients and established a stable business client.
- We increased market share with existing clients and won in new markets.

We broadened and deepened existing businesses by taking advantage of changes in client needs and our strengths, enabling us to increase market share with existing clients. We also anticipated IT technological trends and created new business with growth strategies according to the characteristics of each country, which enabled us to win in new markets. Efforts on these two fronts enabled us to further expand our market.



#### Example of Increasing Our Market Share with Existing Clients

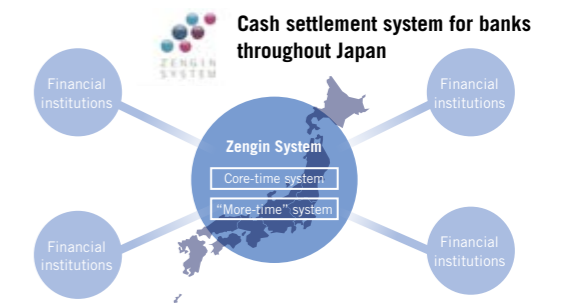
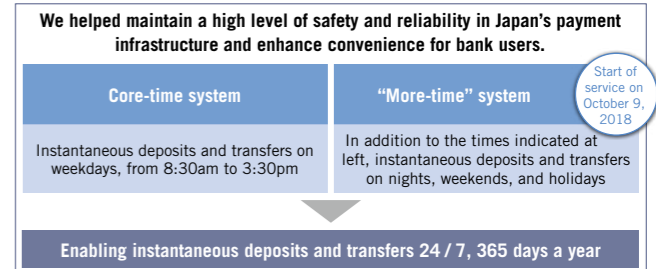
##### Launch of 24 / 7 Operation of the Zengin System

NTT DATA has been entrusted with operations related to the Zengin system, which connects financial institutions throughout Japan and handles cash settlements. We have built a trust-based relationship with our clients by providing service without a halt in transactions since the system commenced operations in 1973.

In addition to the core-time system (during weekdays), October 2018 marked the launch of the “more-time” system (nights, weekends, and holidays).\* The transition, which proceeded without mishap, made it possible to deposit and transfer funds instantaneously at participating financial institutions around the clock and throughout the year.

A deep understanding of client operations based on Long-Term Relationships made this large-scale project possible. The project also serves as an example of a framework for working with our clients to build the future society.

\* Financial institutions participate on a voluntary basis. (Participants currently number more than 500.)



#### Example of Winning in New Markets

##### Awarded New BPaaS Contract with U.S. Healthcare Payer

We entered into a new BPaaS agreement with a U.S. medical insurance company that includes using digital technology to transform customer operations. This seven-year agreement is substantial, having a total value of more than US\$200 million.

We won this contract on the back of NTT DATA Services' strengths in application management services, BPO, and infrastructure maintenance and management operations in the medical field, as well as an extensive service track record.





**Breakthrough Technology**

- Reducing costs through standardization, automation, and other production technology innovations
- Forming globally consistent research hubs and supporting client digitization initiatives

### Production Technology Innovation

Globally standardize software development methods

Development methodology

Software development automation tool  
Adoption rate 90%

Standardize and globally deploy basic technologies

Multi-vendor multi-cloud

Development environment Aggregation  
Adoption case 1,000 cases

► **Promoting Software Development Automation and Making Development Methodology Consistent**

We reduced development costs by increasing the use of tools to automate software development and making our development methodology globally consistent.

► **Moving the Development Environment onto the Cloud and Aggregating the Development Environment**

We expanded application to the development environment in Japan and overseas, and worked to increase application to clients' commercial environments. The development environment was used in around 1,000 cases, including some 100 overseas.

Status of NTT DATA Integrated Development Cloud Applications	EMEA & LATAM	China & APAC	Japan	North America
Expanding applications in global development environments	●	●	●	●
Rolling out to client commercial environments	●	●	●	●

### Utilization of Cutting-Edge Technology

Establish a mechanism to globally consolidate and utilize expertise on the latest technologies

Leader evaluation

80 use cases

Leader evaluation

Blockchain

Digital Design

CoE  
(Center of Excellence)

DevOps

AI

► **Established global common research base (CoE)**

In order to promote the concentration and utilization of technology and knowledge on a global level, we established a global common research base (CoE) to support the digitization of customers.

The efforts for Blockchain and Digital Design using CoE have earned the reputation of external research companies. The new Medium-Term Management Plan will further accelerate these efforts.

► **P26: New Medium-Term Management Plan Strategy 1. Expand global digital offerings (Expand CoE)**

**Initiatives of Investments in New Fields**

**Necessity of Investments in New Fields**

- Digitization is causing massive changes in market environments and client IT investment is also changing, from existing business areas to focusing on digital business areas.
- In response to these changes, we conducted proactive upfront investments in order to secure our presence and competitive advantage into the future in these newly created business areas.

**Major Investment Areas**

- Investments related to a game-changing approach and breakthrough technology based on previous Medium-Term Management Plan strategies
- Investments in digital business areas such as AI, IoT, and blockchain and emergent innovations aimed at the Global 3<sup>rd</sup> Stage

<b>Game-Changing Approach and Breakthrough Technology</b>	<ul style="list-style-type: none"> <li>• Next-generation core banking</li> </ul> <p>► <b>P41: Open Mission Critical Platform Initiatives</b></p>
<b>Enhanced Response to Digital Business</b>	<ul style="list-style-type: none"> <li>• Realization of a connected car society</li> <li>• Trade data sharing platforms using the blockchain</li> <li>• R&amp;D related to quality maintenance technology of prediction models using AI technology</li> <li>• R&amp;D aimed at turning brain information communications into a business</li> <li>• BPaaS business for the insurance industry (GIDP)</li> </ul> <p>► <b>P51: Blockchain Initiatives</b> ► <b>P28: Solution for AI Diagnostic Imaging Support</b> ► <b>P45: Global Insurance Digital Platform</b></p>
<b>Paradigm for Disruptive Innovation</b>	<ul style="list-style-type: none"> <li>• Business creation activities from open innovation "Toyosu no Minato kara"*</li> </ul>

\* Initiative to accelerate emergent innovation aimed at creating new business through monthly forums and global business contests between NTT DATA, our clients, and various venture capital firms.

# Key Challenges to Address under the New Medium-Term Management Plan

**Key Challenge 1: Maximize Value for Our Clients**

► P25: Three Strategies for Maximizing Value for Our Clients

To maximize the value we provide our clients amid ongoing digitization and globalization, we need to accelerate digital transformation and maximize global synergies. We aim to maximize value for our clients by enacting three strategies under the new Medium-Term Management Plan.

**Key Challenge 2: Prevent Unprofitable Projects**

► P31: Enhancing Efforts to Curtail Unprofitable Projects

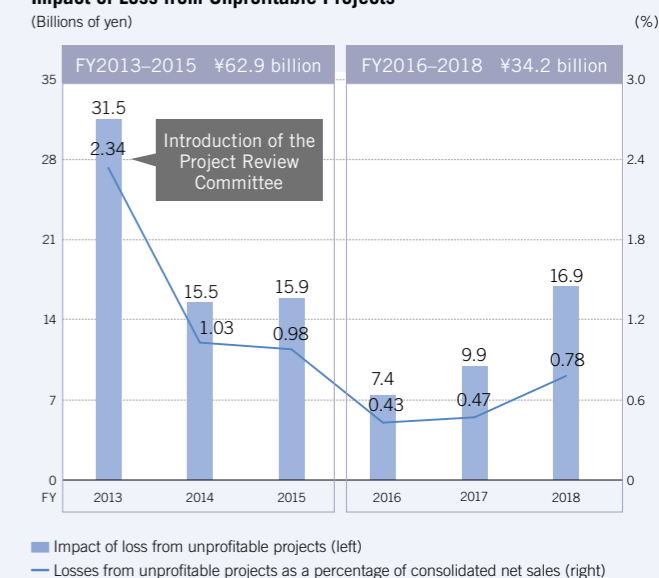
Where We Are	Controls in place to maintain annual losses from unprofitable projects below target level* through review committees, etc. except for some projects <small>* 0.3%–0.5% of consolidated net sales</small>
Challenge	Further control especially for complex projects

We recognized the prevention of unprofitable projects as a key management issue, which we addressed with a variety of initiatives, such as establishing the Project Review Committee in October 2013.

Amid efforts to acquire new projects, NTT DATA's management believes it is possible to control risks when losses from unprofitable projects equate to between 0.3% and 0.5% of consolidated net sales. In FY2018, we remained below our target level with the exception of one project, which required particularly sophisticated technological capabilities.

Few other projects were unprofitable, which suggests the Project Review Committee and other efforts to curtail unprofitable projects are having some effect. Going forward, however, we face the issue of remaining profitable on projects of a highly complicated technical nature.

**Impact of Loss from Unprofitable Projects**



**Key Challenge 3: Improve the Profitability of Overseas Businesses**

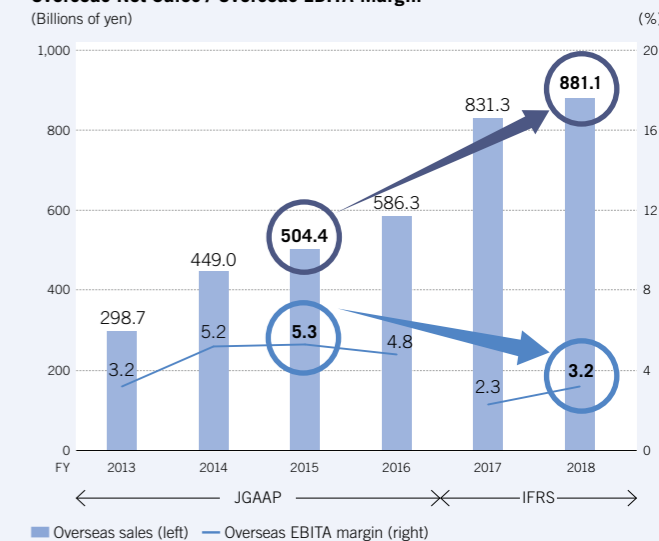
► P44: Business Strategies by Segment (North America and EMEA & LATAM Segment)

North America	
Where We Are	Completed integration with the former Dell Services as planned, resulting in stronger US market presence
Challenge	Further sales volume expansion with profitability
EMEA & LATAM	
Where We Are	A high rate of growth led to greater sales, strengthening our market presence
Challenge	Improve profitability through constant, rapid growth

In overseas business, we strengthened our market presence in North America by acquiring the former Dell Services and in EMEA & Latin America through robust organic growth.

Our overseas EBITA margin fell, however, due to PMI and restructuring costs associated with the acquisition of the former Dell Services in North America and up-front investments to augment technical capabilities in step with our rapid business expansion in EMEA & Latin America. Accordingly, improving the profitability of overseas businesses is a key management issue.

**Overseas Net Sales / Overseas EBITA Margin**



\*1 Net sales to clients outside the NTT DATA Group. Figures for the periods until FY2016 are those for the former Global Segment, and from FY2017 and later, are the total of North America / EMEA & LATAM Segments and China & APAC.  
\*2 EBITA (JGAAP) = operating income (JGAAP) + amortization of goodwill and intangible assets subject to purchase price allocation (PPA) arising from acquisition and others  
EBITA (IFRS) = operating income (IFRS) + amortization of intangible assets subject to purchase price allocation (PPA) arising from acquisition and others

## ~Midpoint to Global 3<sup>rd</sup> Stage~

# Pursuing profitable global growth with consistent belief and courage to change

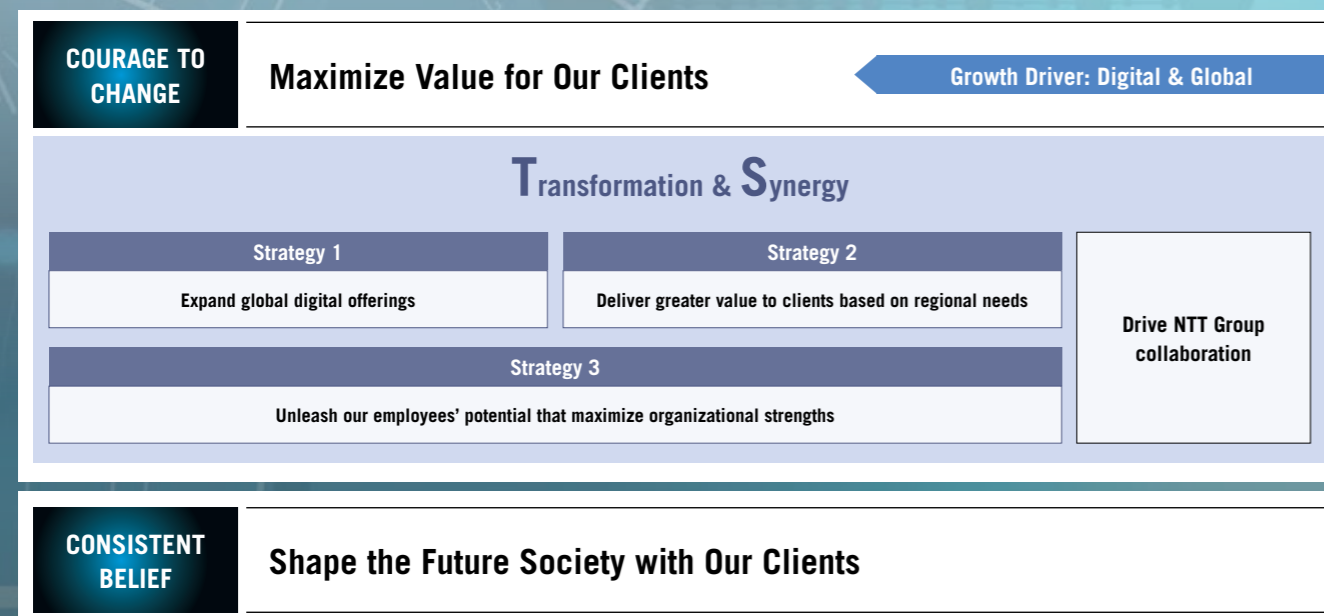
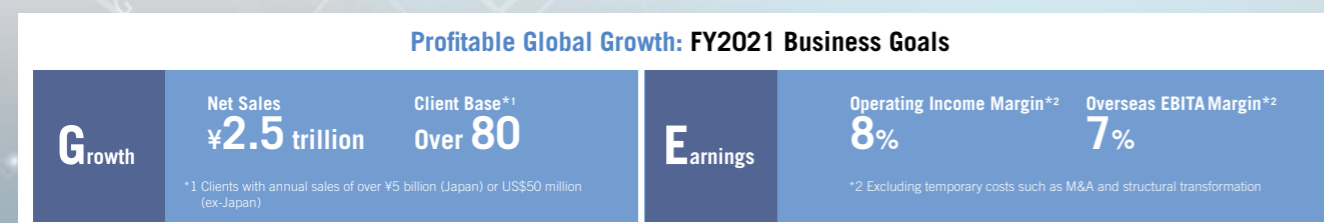
We reached the Global 2<sup>nd</sup> Stage under our previous Medium-Term Management Plan, which set the targets of consolidated net sales in excess of ¥2 trillion and an overseas sales ratio of around 50%. Our new Medium-Term Management plan is designed to propel us toward the Global 3<sup>rd</sup> Stage by around 2025. As such, this will be an extremely important three-year period.

Under the new Medium-Term Management plan, we aim to enhance our capabilities in four factors—growth, earnings, transformation, and synergy (GETS)—and promote profitable global growth. In the first area, growth, we aim to achieve consolidated net sales of ¥2.5 trillion and expand our client base\*<sup>1</sup> to 80 or more companies to meet our management target of achieving the Global Top 5 status.

To reinforce earnings, we are targeting a consolidated operating income margin\*<sup>2</sup> of 8% and an overseas EBITA margin\*<sup>2</sup> of 7%. In particular, we recognize the need to improve the profitability of overseas businesses as an important management issue. For this reason, we have set the overseas EBITA margin\*<sup>2</sup> at 7% to provide a clear indicator for improving profitability as we expand sales.

\*1 Clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan)  
\*2 Excluding temporary costs such as M&A and structural transformation

### Overview of the New Medium-Term Management Plan



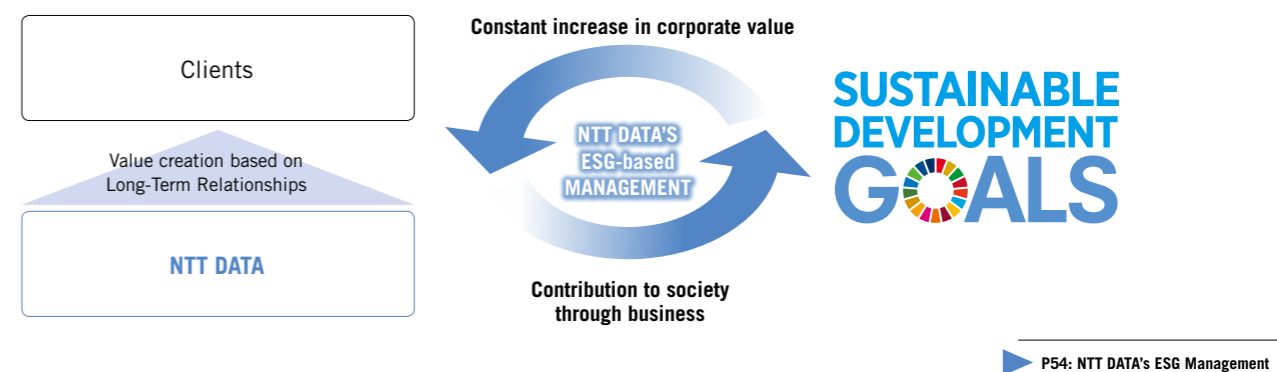
### CONSISTENT BELIEF

## Shape the Future Society with Our Clients

To “shape the future society with our clients,” we will contribute toward achieving the SDGs and cultivate ongoing increases in corporate value by creating value based on Long-Term Relationships with clients.

Specifically, we aim to contribute to society through our business by providing social infrastructure and business category-specific solutions in collaboration with our clients to help resolve social issues.

Furthermore, in our corporate activities we will embrace workstyle innovations, respect diversity, and promote other initiatives that give maximum consideration to social issues. As a result, we aim to minimize risk and maximize our employees' capabilities.



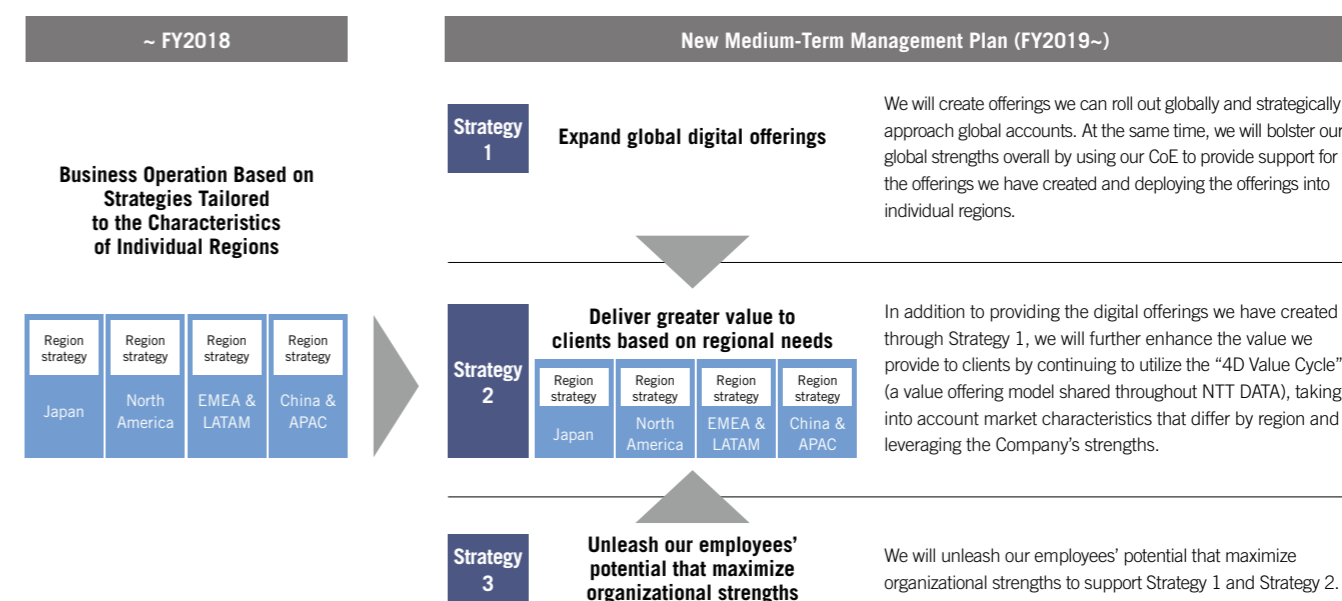
### COURAGE TO CHANGE

## Three Strategies for Maximizing Value for Our Clients

Amid the onward march of digitization and globalization, as well as the major changes taking place in our business environment, we recognize the need to change ourselves in order to maximize the value we provide to clients.

To this end, as we maintain the courage to change we will enact three strategies to step up our transformational and synergistic capabilities.

To date, we have operated our business based on strategies tailored to the characteristics of individual regions. In addition, going forward we will create offerings we can provide globally. We will approach global accounts strategically and unleash our employees' potential that maximize organizational strengths.





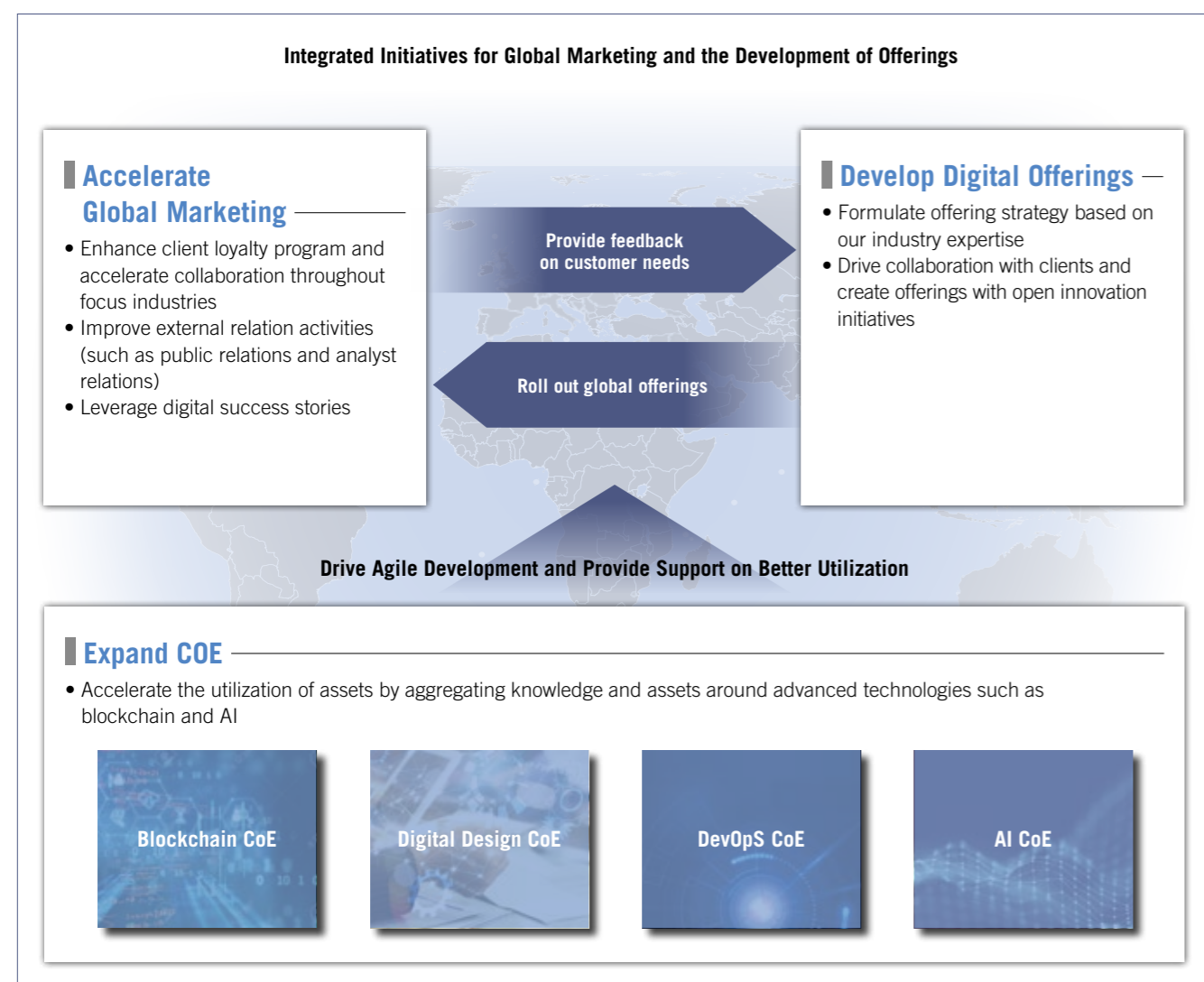
Strategy 1 | Expand global digital offerings

Enhancing our global digital offering is a strategy designed to strengthen our overall global capabilities, increasing the Company's sophistication and creating the tools it needs to compete globally.

The previous Medium-Term Management Plan concentrated on increasing our local presence, and under this plan we operated businesses on the basis of strategies tailored to individual regions. However, to achieve the further growth necessary to reach the Global 3<sup>rd</sup> Stage, we recognize the need to create globally consistent strengths. For this reason, the new Medium-Term Management Plan defines global industry and technology focus areas. We will make strategic investments and consolidate our resources around the world to provide sophisticated services to global clients.

We have three specific measures: accelerate global marketing, develop digital offerings, and expand COE.

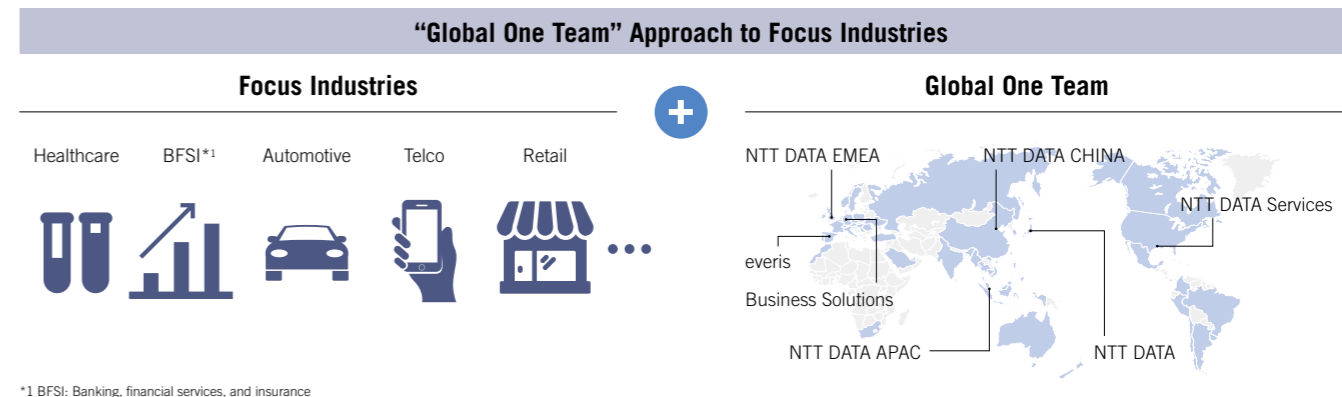
By defining the focus areas and investing proactively, we will create offerings that will be our strengths and accelerate the global synergies together with marketing and technology utilization.



Accelerate Global Marketing

Globally Accelerate Intra-Industry Synergies and Strategically Approach Global Accounts

We will foster collaboration around the world among members in charge of specific industries and accelerate our global accounts program, which strategically approaches key clients doing business on a global basis. By also sharing and making use of digital success stories, we will encourage organic efforts as a unified global team ("Global One Team").



Case Study: Global Automotive Initiative

"Global One Team" efforts refer to initiatives by Group companies in countries around the world to collaborate in the formulation and execution of strategies for expanding global business in the automotive industry.

Large Project Order Received from a Major German Automaker

Through regional alliances at a global level, we were able to provide high-quality services to 70,000 end users in 30 locations across 25 countries.

- Concluded a multiyear agreement as a strategic partner for the operation, maintenance, and development of SAP systems in recognition of NTT DATA's strengths, including global achievements in both SAP projects and the automotive industry
- Collaborated with three client shared service centers to provide IT services leveraging development base coverage mainly in India, global automotive industry know-how, and Japanese project management capabilities

Expand CoE

Consolidating Advanced Digital Technologies and Expertise to Help Create and Roll out Global Digital Offerings Swiftly

By consolidating expertise on various digital technologies and providing training, technical support, and assets (intellectual property), we are expanding our Center of Excellence (CoE), a base that underpins the expansion of our digital business globally. We are also supporting the rapid creation of global offerings and their rollout in individual regions.

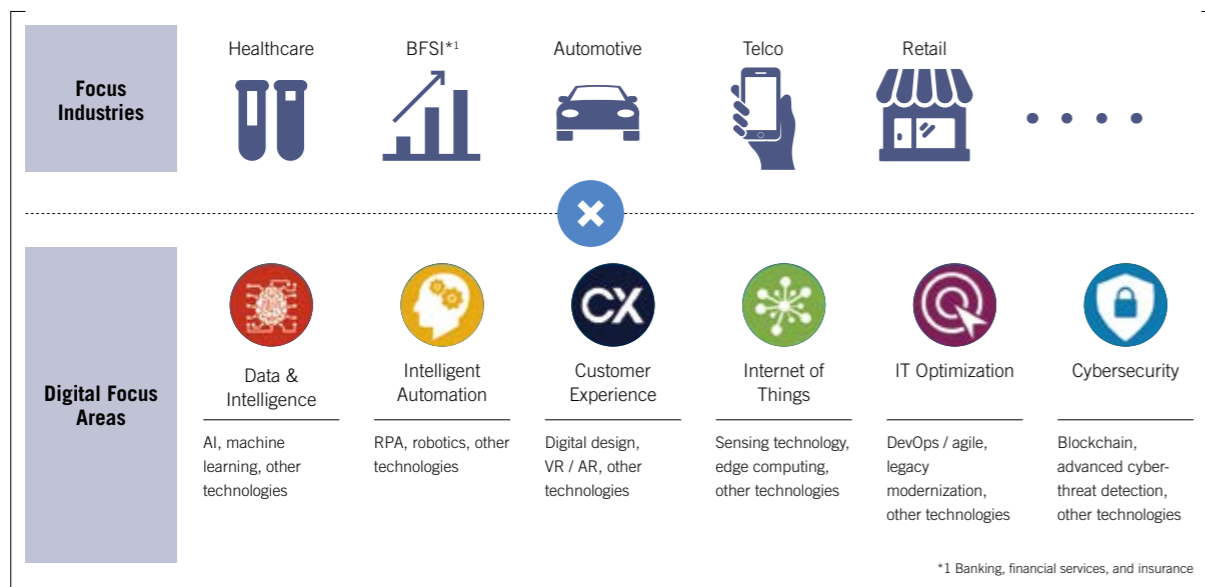




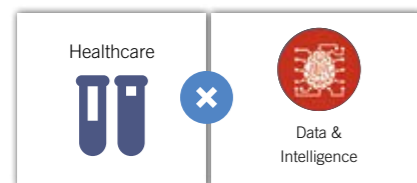
Develop Digital Offerings

Creating Tools to Compete at the Global Level by Combining Focus Industries and Digital Focus Areas

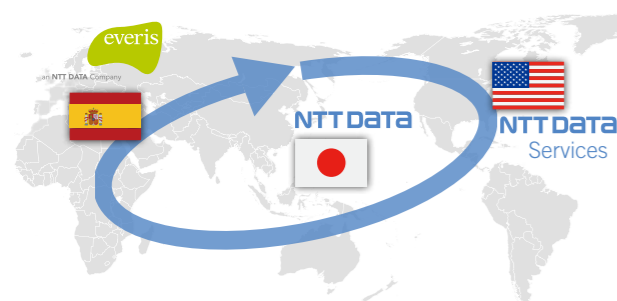
We are combining global focus industries and digital focus areas (six specific technology domains, including AI, customer experience, and IoT) to create solutions, platforms, and other offerings that will give us a globally consistent competitive advantage.



Case Study: Solution for AI Diagnostic Imaging Support

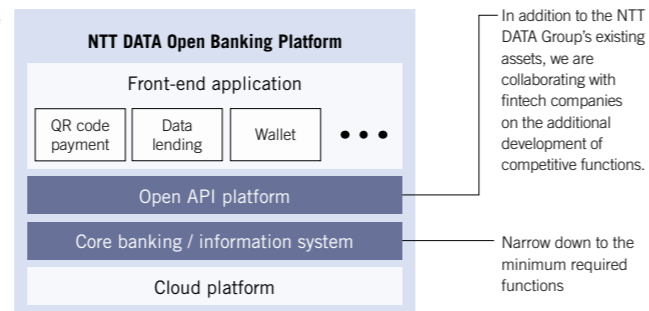


Case Study: Open Banking Platform



Our AI diagnostic imaging solution helps radiologists with diagnostics by using AI technology to analyze patients' medical images for serious disease. The solution can be used for 12 disease categories, including cerebral hemorrhage. During proof-of-concept (PoC) testing in India, we used CT images to target emphysema and confirmed the solution's ability to detect a greater number of cases.

We will conduct PoC testing in other countries (the United States and Japan) prior to the solution's global rollout. We expect the solution to generate sales of ¥10.0 billion by 2022.



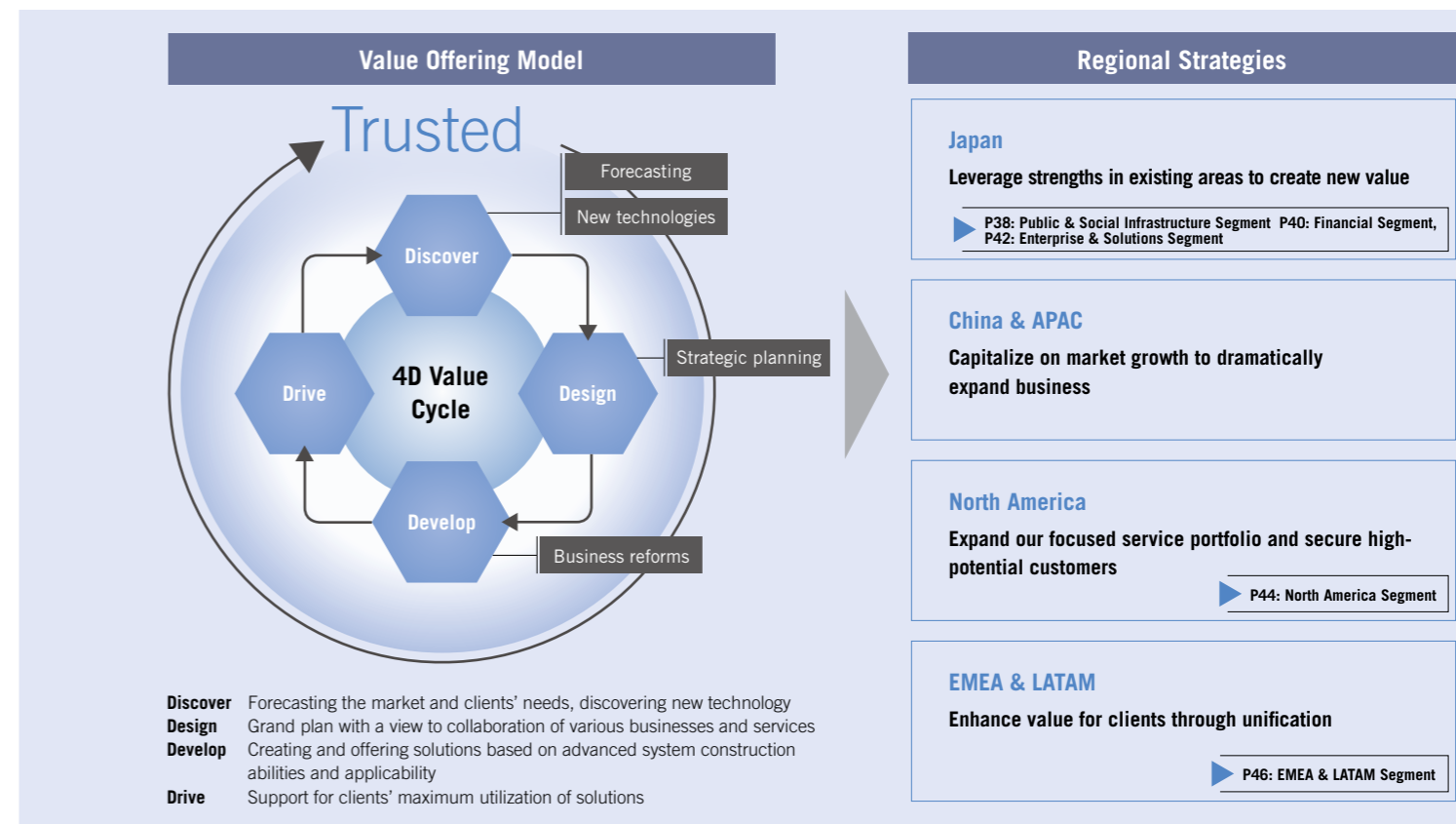
We are developing an SaaS-type platform that facilitates low-cost and rapid launch of banking function for companies that wish to provide simple financial services without having to acquire banking licenses and financial institutions that want to provide new financial services while minimizing their impact on existing systems.

In addition to the minimal functions required of accounting-type systems for deposits, loans, and remittances, this platform facilitates the ongoing addition of features, including QR code payment data renting and wallet functions. We plan to roll out the platform globally as a light cloud accounting service, providing a common platform for areas without regional color.

\*2 Banking, financial services, and insurance

Strategy 2 | Deliver greater value to clients based on regional needs

In addition to providing the digital offerings we have created through strategy 1, "Expand global digital offerings," we will further enhance the value we provide to clients by continuing to utilize the "4D Value Cycle" (a value offering model shared throughout NTT DATA), taking into account market characteristics that differ by region and leveraging the Company's strengths.



Strategy 3 | Unleash our employees' potential that maximize organizational strengths

To support the implementation of the first and second strategies, we will promote collaboration based on common values (clients first, foresight, and teamwork) and enhance organizational strengths to maximize global employee potential.

Unleash Employee Potential

- Enhance digital capabilities**  
With a view to the Global 3<sup>rd</sup> Stage, we aim for all employees to develop the ability to leverage digital capabilities. We will promote measures accounting to the level of our human resources.
- Ensure our workplace enhances the diversity of our professionals**  
By promoting flexible human resource systems and workstyles we aim to cultivate a workplace that helps diverse human resources develop themselves professionally.
- Improve employee engagement**  
We intend to maximize individual and organizational strengths by creating an environment that fosters a desire for diverse human resources to improve.

P58: Human Resource Management

Digitize Our Work Environment

- Share knowledge, promote collaboration, and transform business processes leveraging digital technologies**  
By accumulating "Know How" and "Know Who" information related to daily operations on a digital information platform, we will create a framework that anyone in the Company can use for quick access to necessary information and employees. By sharing knowledge and promoting collaboration in this way, we aim to cultivate our culture as a knowledge-driven company.
- Transform the system development process through next-generation production technology**  
To bolster productivity further, we are encouraging further concentration toward the integrated development cloud, a system development environment, and expanding the scope of applicability for the automation of software development.

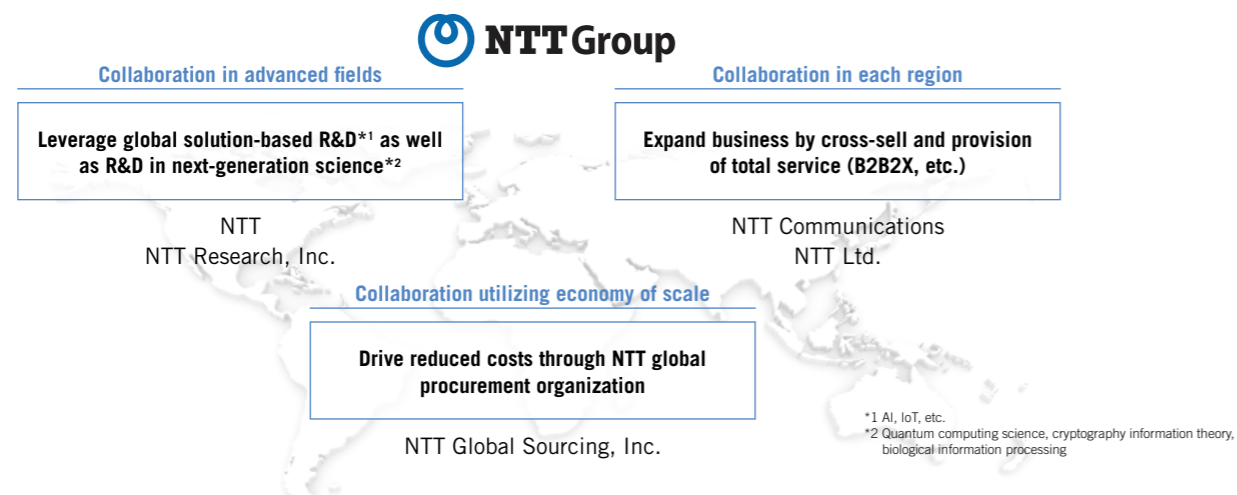
Enhance Our Governance Processes

- Enhance risk management**  
With a view toward sustainable growth, we will reinforce our overall risk management system globally.
- Advance project management**  
We aim to curtail unprofitable projects through initiatives such as strengthening our early response to risks, further enhancing on-site capabilities, and bolstering administrative processes.

P31: Enhancing Efforts to Curtail Unprofitable Projects  
P64: Corporate Governance

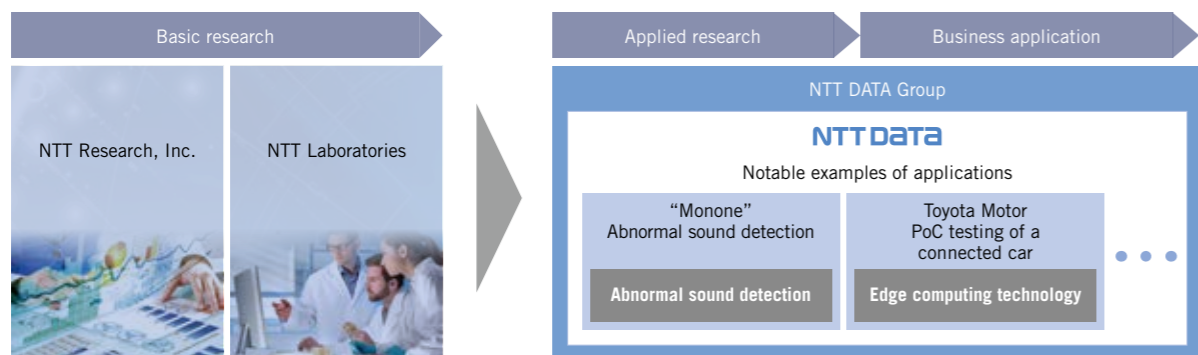
### Drive NTT Group Collaboration

While continuing to strengthen NTT DATA's own management and brand, we will enhance our presence in the global market by creating new value for the NTT Group as a whole.



### Collaboration in Advanced Fields

In advanced fields, we leverage the results of basic research conducted by NTT Research, Inc. and NTT Laboratories and take charge of efforts to transform those results into businesses. NTT Research and NTT Laboratories have an annual budget of around ¥100.0 billion. The privilege to utilize research institutions such as these is a major benefit of belonging to the NTT Group.



### Case Study

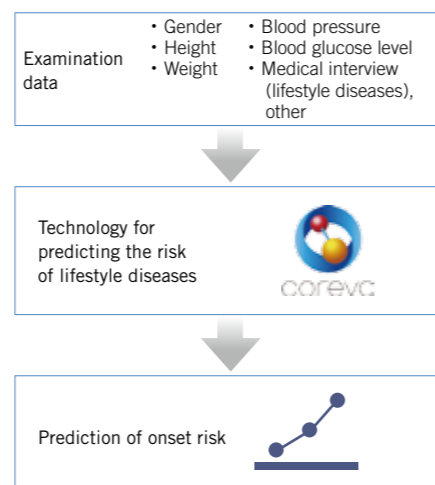
#### Tests Using NTT's "corevo" AI Technology to Predict Lifestyle Diseases for an Insurance Company

Lifestyle diseases are associated with rising medical expenses and other social problems, prompting the need to prevent such diseases by improving individual lifestyles and ascertaining health risks.

NTT's AI technology (corevo) facilitates highly precise analysis, even when data quality is non-uniform or sparse. We were able to use this technology to predict the likelihood of lifestyle diseases occurring in the future.

NTT DATA provides an environment for the trial use of this technology, and works with an insurance company to verify its effectiveness and implementation issues.

Based on this result and the needs, NTT and NTT DATA will accelerate research to expand target diseases.



## Strengthening Responses to Key Challenges under the New Medium-Term Management Plan

### Advance Projects Management

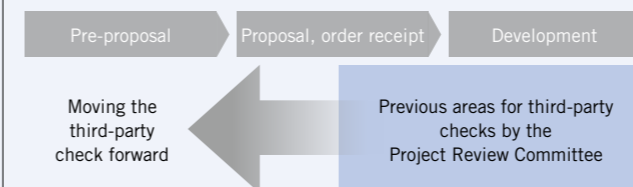
Learning from past projects that were unprofitable or highly complex, we are stepping up our early-stage response to risks, further enhancing on-site capabilities, and reinforcing administrative processes as part of our efforts to curtail unprofitable projects.

Where We Are	Controls in place to maintain annual losses from unprofitable projects below target level* through review committees, etc., except for some projects <small>* 0.3%–0.5% of consolidated net sales</small>
Challenge	Further control especially for complex projects

In FY2018, we controlled costs on unprofitable projects to below the target level, with the exception of one particularly complex project requiring an extremely high level of technological expertise. However, we generated substantial losses on that project. As that project was particularly complicated, even when viewed from a global perspective, we recognize the need to step up our efforts to curtail unprofitable projects that are extremely complicated.

#### Respond promptly to risks

On large-scale projects, we will move forward our response by conducting third-party checks at the early, pre-proposal stage and extending to the details of orders received (such as the construction period, estimates, and contract format).



#### Strengthen teams' capabilities

We will optimize the allocation of project managers according to project complexity and characteristics.

#### Enhance management process

We will review our standards for accepting projects that have a tendency to present issues and augment the Project Review Committee's effectiveness. In addition, we will provide early-stage, Companywide support for projects that are expected to generate additional losses.

#### Leverage past learnings

In addition to projects that were unprofitable in the past, we will step up our efforts to accumulate expertise and know-how on highly complicated projects. We aim to increase our ability to curtail unprofitable projects, regardless of type.

### Strategies for Improving the Profitability of Overseas Businesses

In the North America and EMEA & LATAM Segments, America, we will engage in a growth strategy aimed at improving profitability as we work to achieve one of the management targets of the new Medium-Term Management Plan: an overseas EBITA margin\* of 7%.

**Growth strategy in North America Segment**

We aim to expand sales profitably by creating new digital offerings, engaging in the selection and concentration of these offerings, and enhancing our digital response capabilities.

Where We Are	Completed integration with the former Dell Services as planned, resulting in stronger US market presence
Challenge	Further sales volume expansion with profitability

**Growth strategy in EMEA & LATAM Segment**

Dramatically improve profitability by investing in structural transformation

Where We Are	A high rate of growth led to greater sales, strengthening our market presence
Challenge	Improve profitability through constant, rapid growth

#### Expand our focused service portfolio and secure high-potential customers

\* Temporary costs related to M&A, structural transformation, etc., are excluded.

P44: Business Strategies by Segment (North America Segment)

#### Enhance value for clients through unification

P46: Business Strategies by Segment (EMEA & LATAM Segment)



# Message from the CFO

## (Business Performance Review, Financial and Capital Strategy)



We will maintain our sound financial base and accelerate investment aimed at meeting the objectives of our new Medium-Term Management Plan.

**Keiichiro Yanagi**  
Senior Executive Vice President and Representative Director

### Business Performance Review

#### Results for FY2018

In FY2018, the final year of the previous Medium-Term Management Plan (FY2016–2018), we steadily expanded new orders received and net sales, thanks to the scale of operations in Japan and overseas. FY2018 also marked the 30th consecutive year of an increase in net sales, dating back to our founding. Operating income absorbed the impact of unprofitable large-scale projects in the Public & Social Infrastructure Segment, rising 20% year on year thanks to profit accumulated on higher sales and steady cost control implemented Companywide. Furthermore, we booked record highs in new orders received, net sales, operating income, and net income attributable to shareholders of NTT DATA. New orders received in the North America Segment rose by more than ¥40 billion in FY2018, due primarily to the receipt of several large-scale orders in the fourth quarter. We view this development as a positive sign for FY2019.

Despite the impact of unprofitable large-scale projects, we were able to meet all targets in our full-year forecast due to our implementation of necessary measures, including our planned investment of approximately ¥10 billion in new fields. Our success leads us to the conclusion that we were able to wrap up the final year of our previous Medium-Term Management Plan in very good shape.

#### Forecasts for FY2019

In the Financial Segment, we project that new orders received will decline due mainly to less orders compared to the previous fiscal year such as for large-scale projects for banks, as well as the projected downward impact of exchange rates on overseas operations. Based on favorable overall performance in new orders received during FY2018, we forecast higher sales in all segments and will aim for our 31st consecutive year of an increase in net sales.

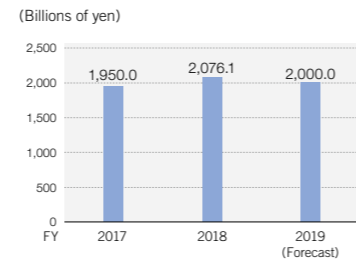
In pursuit of the management objectives in our new medium-term management plan, which ends at the conclusion of FY2021, we will raise growth investment (particularly investment in digital-related growth) by approximately ¥10 billion and conduct about ¥10 billion worth of concentrated investment aimed at structural transformation in the EMEA & LATAM Segment. Though this will raise costs by approximately ¥20 billion, we still expect to secure the same level of operating income as we did in FY2018, thanks to higher profits due to increasing sales, and efforts to curb unprofitable projects.

We also conducted digital-related growth investment of approximately ¥10 billion in FY2018. In contrast, in FY2019 we will invest about twice as much into focus areas after narrowing down our target technologies and sectors, and create digital offerings on a global level. We believe this type of digital-related investment will remain necessary in FY2020 and onward.

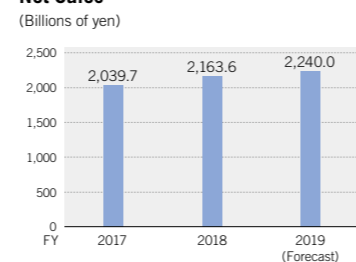
On the other hand, concentrated restructuring investment in the EMEA & LATAM Segment will have a mainly temporary financial impact. Our three subsidiaries in this area operate in more than 40 countries, and operational costs are expanding. As a result, the efficiency of these subsidiaries is a major issue. In FY2019, we will conduct concentrated investment in structural transformation aimed at increasing their efficiencies and profitability by implementing a variety of measures based on our goal of enhancing value for clients through unification.

Moving forward, we aim to meet all the management objectives of our new Medium-Term Management Plan by securing growth and quality through the appropriate implementation of this investment.

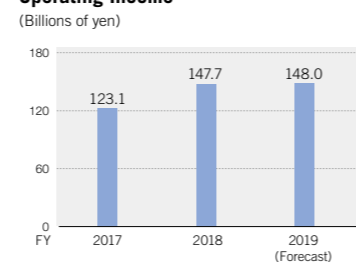
#### New Orders Received



#### Net Sales



#### Operating Income



### Financial and Capital Strategy

To achieve the objectives in our new Medium-Term Management Plan, our policy regarding the use of cash is to prioritize essential business investment that focuses on growth. We also proactively allot cash for use in M&A and other activities related to our objective of achieving growth and quality on a global scale.

In addition, we believe it is important to maintain a sound financial base to stably ensure the integrity of the information infrastructure supporting society, finance, and the economy. Our shareholder return policy is to enhance returns over the medium- to long-term while considering an overall balance between the factors indicated above. We aim to raise capital efficiency by expanding profit rather than reducing invested capital.

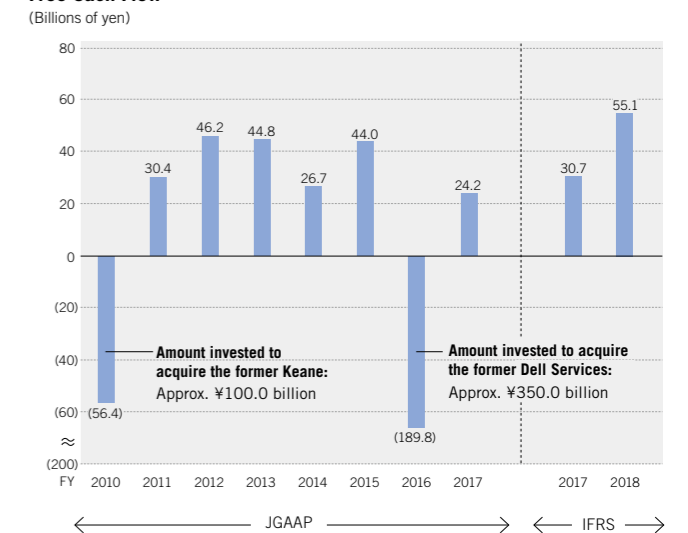
#### Essential Business Investment Targeting Growth Necessary for Achieving the Objectives in Our New Medium-Term Management Plan

Under our new Medium-Term Management Plan, we will allocate cash for growth investment in digital and related domains, structural transformation in the EMEA & LATAM Segment, and various business investment necessary for conducting M&A and complimentary activities.

Basically, we intend to keep this investment within the range allowed by free cash flow. However, if we encounter large-scale M&A opportunities that serve our strategies, we may raise the necessary extra funding by temporarily incurring debt while continuing to give due consideration to the maintenance of a sound financial base.

#### P35: M&A Strategy

#### Free Cash Flow



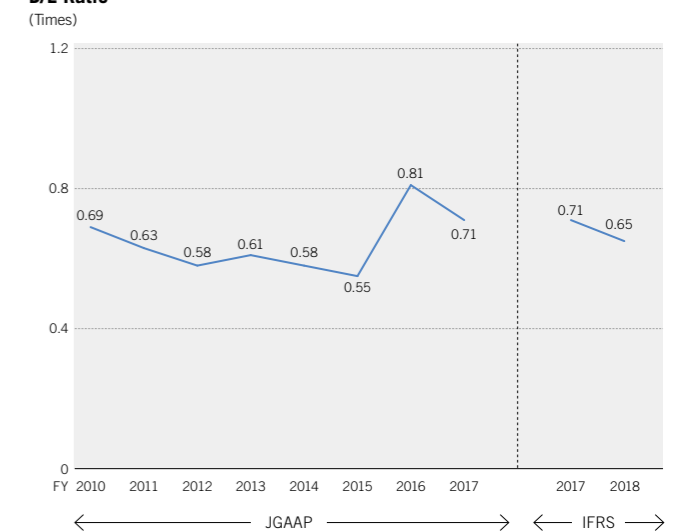
#### Maintaining a Sound Financial Base

Regarding the soundness of our financial base, we believe it is important to maintain a strong financial base to enhance corporate value over the medium- to long-term and stably continue business activities as a company tasked with the development and operation of large-scale systems that support society, finance, and the economy. Meanwhile, developing and operating information infrastructure supporting society requires large-scale prior investment. We position the debt-to-equity (D/E) ratio as an important indicator and closely monitor the soundness of our financial base, considering it our critical mission to secure funds for such purposes favorably, flexibly, and reliably. As a general guideline, we maintain an awareness regarding whether or not we are achieving levels that allow us to maintain an AA credit rating, while focusing on the soundness of our financial base.

When acquiring the former Dell Services in FY2016, we raised funds through long- and short-term borrowings. As a result, the D/E ratio temporarily rose to 0.81 but later improved to 0.65 in FY2018 thanks to repayment of debt.

We believe the FY2018 D/E ratio of 0.65 is within an appropriate range, and we have maintained our credit ratings (AA [R&I], AA+ [JCR]). While remaining aware of credit ratings, if the D/E ratio rises due to M&A or other activities, we will prioritize management activities targeting a healthier balance sheet.

#### D/E Ratio



\*1 Net interest-bearing liabilities = interest-bearing liabilities - cash and cash equivalents  
\*2 D/E ratio = interest-bearing liabilities / (net assets - non-controlling interests)



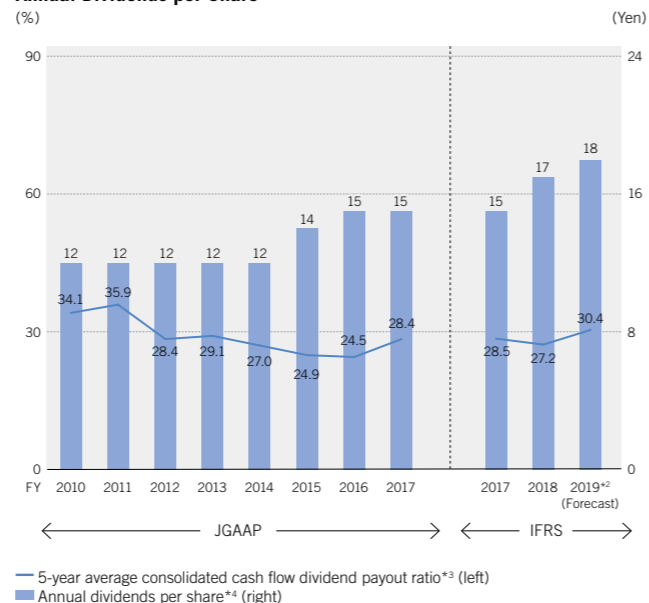
Shareholder Return Policy

Due to our policy of allotting cash for business investment necessary for growth, we are not currently considering share buy-backs. For the foreseeable future, we will conduct shareholder return primarily through the consistent issuance of dividends.

We issue dividends in light of overall consideration for business trends and financial conditions on a consolidated basis. Such consideration includes achieving a balance between business investments, technological developments, and the maintenance and strengthening of our financial structure. When determining the dividend amount, we place emphasis on maintaining the medium- to long-term consolidated cash flow dividend payout ratio.\*1 In FY2019, we plan to increase the dividend per share by ¥1 compared to the previous fiscal year.

Going forward, in the event of changes to the balance between the scales of free cash flow and growth investment, we will also consider changes to the shareholder return balance.

5-Year Average Consolidated Cash Flow Dividend Payout Ratio / Annual Dividends per Share

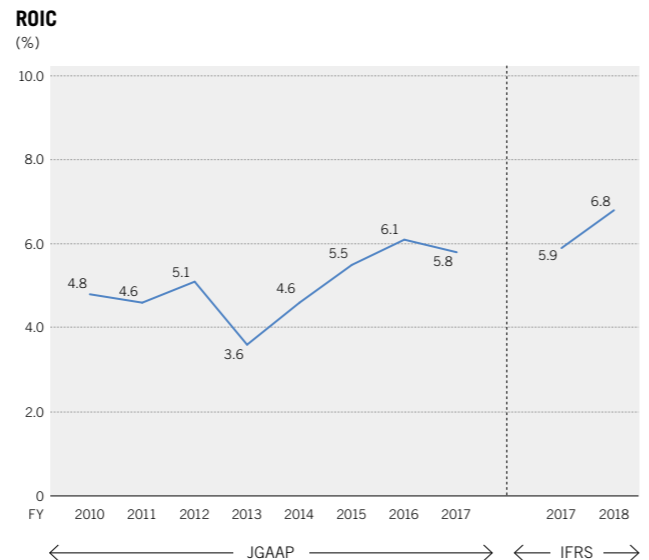


\*1 Consolidated cash flow payout ratio  
Total dividends / (net income attributable to shareholders of NTT DATA + depreciation cost + loss on retirement of fixed assets - capital investment)  
\*2 Figures for the forecasts for FY2019 were calculated excluding the impact amount of ¥34.5 billion (estimate) of IFRS No. 16 (new lease standard) which will be applied from April 2019.  
\*3 For "weighted average of past 5 yrs." in IFRS, figures based on JGAAP are used in FY2016 and earlier.  
\*4 In October 2013, 100-for-1 stock split of common shares was conducted and the unit share system was adopted. Dividend per share is recorded with an amount considering this stock split. In July 2017, 5-for-1 stock split was of common shares was conducted. Dividend per share is recorded with an amount considering this stock split.

Improving Capital Efficiency

We are facing higher demand for management that is conscious of capital efficiency due to revisions made to the Corporate Governance Code. Our policy concerning ROIC\*5,6 is to ensure a level that exceeds WACC over the medium- to long-term.

In terms of improving capital efficiency, we are currently in a growth stage and will allocate cash to business investment necessary for achieving growth as we move forward. For this reason, we will improve capital efficiency by expanding profit (the numerator in the ROIC equation) through the achievement of growth that accompanies quality, rather than by decreasing invested capital (the denominator in the ROIC equation). We are maintaining an awareness regarding profitability improvement under the new Medium-Term Management Plan and have set our target operating income margin\*7 to 8% and our target overseas EBITA margin\*7 to 7%, shifting our management targets from their focus on the amount of operating income under the previous Medium-Term Management Plan to a focus on operating income margin. NTT DATA will raise ROIC by expanding profit through the improvement of profitability.



\*5 ROIC = (operating income x (1 - effective tax rate)) / (average net assets during the period + average interest-bearing liabilities during the period)  
\*6 Figures for interest-bearing liabilities based on JGAAP are the total of loans, corporate bonds, and lease obligations. The figures based on IFRS are the total of loans and corporate bonds.  
\*7 Excluding temporary costs such as M&A and structural transformation

Up until now, M&A has been a growth driver for overseas business. Moving forward, we will continue to view M&A as an important tool as we aim to achieve our Global 3<sup>rd</sup> Stage.

The NTT DATA Group will utilize M&A as a driving force for global growth, placing the highest degree of importance on acquiring compatible companies that share its values.

**Focus Points**

**Geography (Priority regions)**

Expanding coverage and increasing local presence

- Regions where IT services have a large market scale
- Regions in which our market share is less than 2%.

**Offering (Service provision capability)**

Strengthening insufficient capabilities throughout the business cycle, from upstream to downstream

- Enhance our consulting abilities

Strengthening technical capabilities and solutions

- Augment our capability to provide digital business
- Enhance solutions for priority industries

**Example of Acquisition Scheme**

We will reduce acquisition risk implementing the following risk reduction measures:

- Implementation of long-term incentives (Compensation for a predetermined period of service)
- Utilizing earnout (Payment of acquisition price in installments)

**Acquisition price**

**Initial payment amount**  
Paid at the time of acquisition

**Earnout**  
Paid additionally in the event that the company to be acquired meets business performance targets

**Major Overseas Acquisitions**  
(Acquired company, year of acquisition, purpose of acquisition)

Legend: : Geography (Priority regions) : Offering (Service provision capability)

Country	Company	Year	Geography	Offering
United States	THE REVERE GROUP	2005	Yes	Yes
	INTELLIGROUP	2010	Yes	Yes
	Keane	2010	Yes	Yes
	optima	2013	Yes	Yes
	Carlisle & Gallagher Consulting Group	2015	Yes	Yes
	The former Dell Services	2016	Yes	Yes
Germany	itelligence	2008	Yes	Yes
	circquent	2008	Yes	Yes
Italy	VALUETEAM	2011	Yes	Yes
	everis	2014	Yes	Yes
Spain / LATAM				

# Business Strategies by Segment

## Ranking by Segment / NTT DATA's Market Share

## Business Overview by Segment (FY2018 Results)

### NTT DATA Group

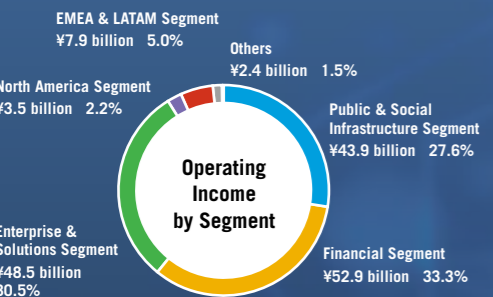
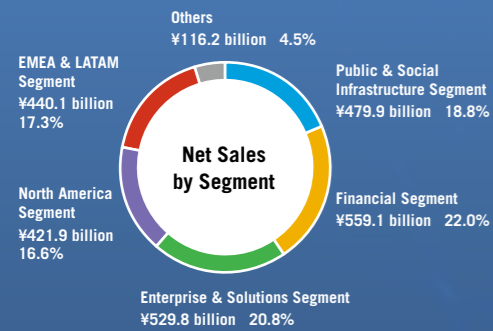
(Results for FY2018)

Net Sales

¥ 2,163.6 billion

Operating Income

¥ 147.7 billion



\* Graphs/charts are created by NTT DATA based on Gartner Research. Source: "Market Share: IT Services, 2018," Dean Blackmore et al., 8 April, 2019

(2018: 1\$= ¥110.42) Public & Social Infrastructure Market = Government, Education, Healthcare Providers, Utilities / Financial Market = Banking & Securities, Insurance / Enterprise & Solutions Market = Transportation, Wholesale Trade, Communications, Media & Services, Manufacturing & Natural Resources, Retail / North America Market = North America / EMEA & LATAM Market = Western Europe, Eastern Europe, Middle East and North Africa, Sub-Saharan Africa, Latin America based on vendor revenue

Entire Company

IT Services Vendor Ranking in Global IT Services Market\*:

8<sup>th</sup>

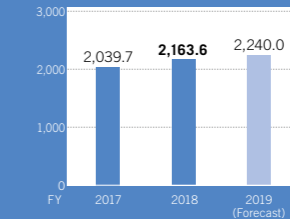
Global IT Services Market Size and NTT DATA's Market Share\*



Net sales has grown steadily due to the robust domestic business and expansion of scale in overseas businesses. As a result, net sales has grown for 30 consecutive years since the Company was founded. Operating income grew by ¥24.6 billion, offsetting the impact of unprofitable projects with additional profits from sales growth and steady cost control on a Companywide basis.

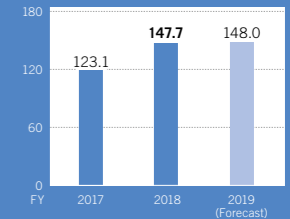
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)

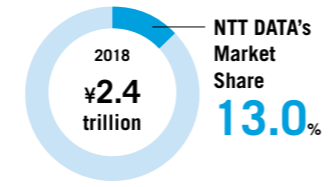


Public & Social Infrastructure

IT Services Vendor Ranking in Public & Social Infrastructure Market (Japan)\*:

2<sup>nd</sup>

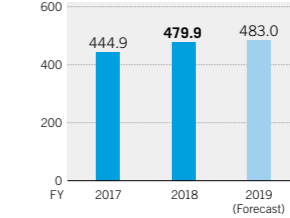
Public & Social Infrastructure Market (Japan) and NTT DATA's Market Share\*



Net sales was ¥479.9 billion (7.9% increase year-over-year) due to expansion of the scale of services provided to government ministries and the telecom industry. Operating income was ¥43.9 billion (14.6% increase year-over-year) due mainly to an increase attributable to sales growth, despite an increase in the amount of loss from unprofitable projects.

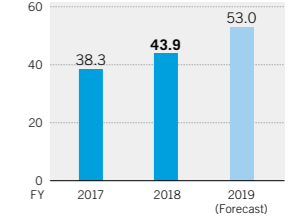
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)

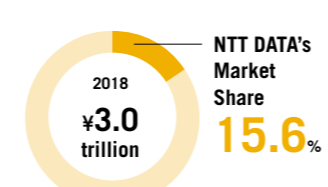


Financial

IT Services Vendor Ranking in Financial Market (Japan)\*:

1<sup>st</sup>

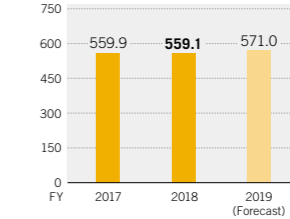
Financial Market (Japan) and NTT DATA's Market Share\*



Net sales and operating income were ¥559.1 billion (0.1% decrease year-over-year) and ¥52.9 billion (2.9% increase year-over-year), respectively, due mainly to the sales growth in services for the insurance industry despite less profits compared to the previous fiscal year from services provided to banks.

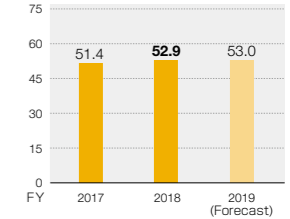
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)

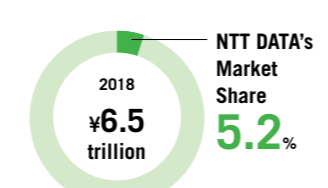


Enterprise & Solutions

IT Services Vendor Ranking in Enterprise & Solutions Market (Japan)\*:

5<sup>th</sup>

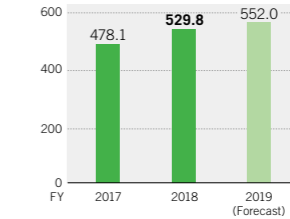
Enterprise & Solutions Market (Japan) and NTT DATA's Market Share\*



Net sales was ¥529.8 billion (10.8% increase year-over-year) due mainly to the expansion in the scale of services for the manufacturing industry including M&A in the previous fiscal year and retail industries. Operating income was ¥48.5 billion (19.7% increase year-over-year) due mainly to sales growth.

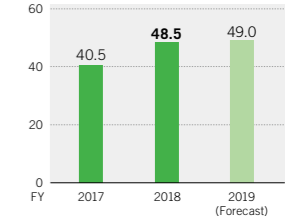
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)

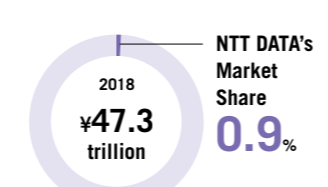


North America

IT Services Vendor Ranking in North America Market\*:

30<sup>th</sup>

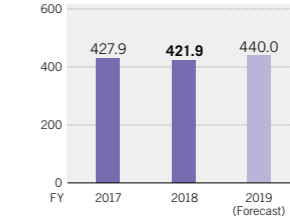
North America Market and NTT DATA's Market Share\*



Net sales was ¥421.9 billion (1.4% decrease year-over-year) due mainly to the decrease in services for the healthcare and financial industries, despite an increase in services for public and manufacturing sectors. Operating income was ¥3.5 billion (no comparison with the previous fiscal year) due mainly to cost improvement and decrease of PMI expenses, despite a decrease due to decline in sales.

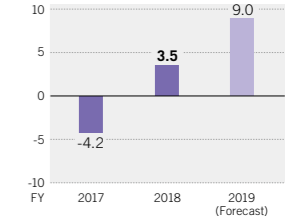
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)

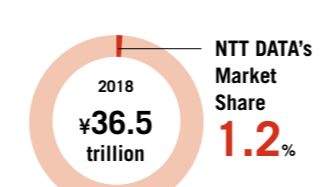


EMEA & LATAM

IT Services Vendor Ranking in EMEA & LATAM Market\*:

15<sup>th</sup>

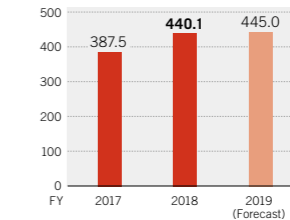
EMEA & LATAM Market and NTT DATA's Market Share\*



Net sales was ¥440.1 billion (13.6% increase year-over-year) due mainly the expansion of businesses in Europe, mainly in Spain and Italy. Operating income was ¥7.9 billion (62.4% increase year-over-year) due mainly to sales growth.

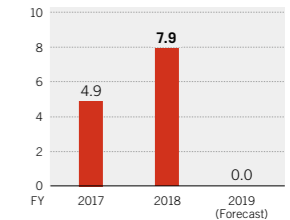
Net Sales

(Billions of yen)



Operating Income

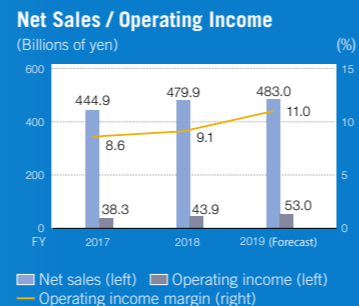
(Billions of yen)





## Public & Social Infrastructure Segment

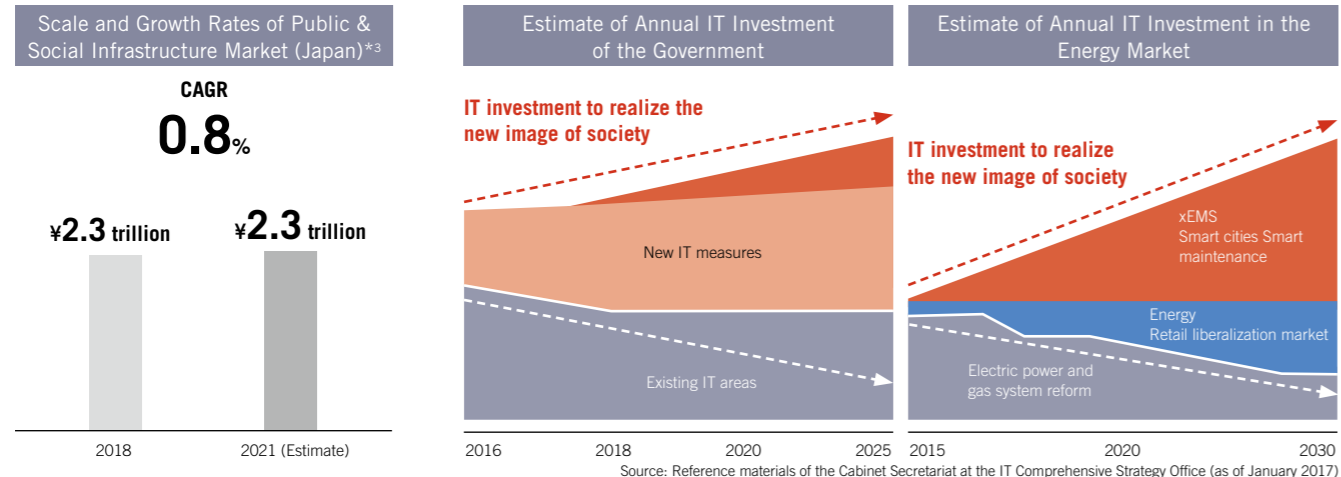
We provide high-value-added IT services that underpin government, medical, telecommunications, electric power, and other social infrastructure that invigorate regions, centered on Japan.



### Market Environment

Going forward, the Japanese government's IT investment will remain nearly unchanged for existing IT operations but is expected to increase slightly as a whole as a result of IT investments in new measures for digitizing government operations and for realizing "Society 5.0,"\*1 a concept advocating a new image for the future of society.

In addition, although IT investment in the energy market is on a downward trend for electric power and gas system innovations, it is expected to increase overall due to IT investments aimed at achieving xEMS\*2 and smart cities.



### Opportunities and Threats

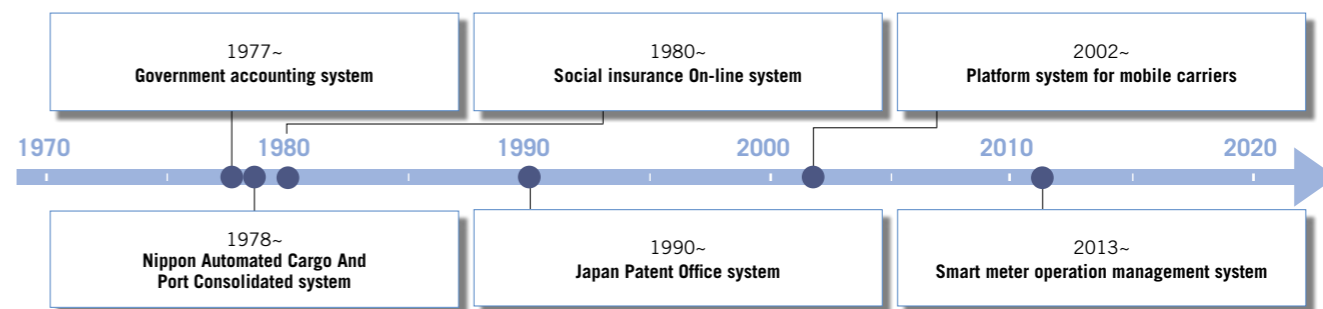
	Opportunities	Threats
<b>Government Ministries</b>	<ul style="list-style-type: none"> <li>Increased business opportunities stimulated by digital government action plans</li> <li>Growing business opportunities stemming from digital process regulations</li> <li>Investment targeting public infrastructure reforms and enhancements</li> </ul>	<ul style="list-style-type: none"> <li>Increasing demand to reduce cost of government information systems</li> </ul>
<b>Local Governments</b>	<ul style="list-style-type: none"> <li>Move to promote digital governments</li> <li>Transformation of government services to improve work process reforms and convenience improvements through coordination with government ministries</li> <li>Investment aimed at improving resident services focused on users and at realizing efficient government operation</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for cost reduction</li> <li>Intensified competition</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>Acceleration of trend toward ICT in medical and other fields and effective utilization of medical information</li> <li>Increased need to use AI, IoT, and other digital technologies</li> <li>Responses to practical application of nationwide medical information networks and other fields</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for cost reduction in existing system integration (SI) areas</li> </ul>
<b>Telecom</b>	<ul style="list-style-type: none"> <li>Business initiatives aimed at collaborations between non-communications businesses and other industries</li> <li>Shift from investment in infrastructure and network system equipment to IT investments in new services</li> </ul>	<ul style="list-style-type: none"> <li>Further cost reductions of IT investment in existing domains</li> </ul>
<b>Utilities</b>	<ul style="list-style-type: none"> <li>Legal unbundling, expansion of business for retail customers</li> <li>IT investment for boosting competitiveness in conjunction with market environment changes</li> <li>Shift toward IT investment in line with themes such as responses to regulations and reinforcement of facility safety</li> </ul>	<ul style="list-style-type: none"> <li>Return to normal level of IT investments following market changes such as electric power and gas system reforms</li> </ul>

\*1 A human-centered society that balances economic development with the resolution of social issues by highly integrated systems combining cyberspace with physical space. This refers to a new society following hunting society (Society 1.0), agricultural society (Society 2.0), industrial society (Society 3.0), and information society (Society 4.0), which was proposed for the first time as the ideal future society Japan should aim for under the 5th Science and Technology Basic Plan.  
 \*2 A new energy management system for electricity, gas, etc., using IT  
 \*3 Graphs / charts are created by NTT DATA based on Gartner Research. Source: Gartner "Prediction of 2019 1Q IT Service Market (Japan) Size by Industry," M. Sawai, 10 July 2019. Use "Moderated Case." Public & Social Infrastructure Market = Government Ministries / Local Governments, Medical Care / Welfare, Electric Power / Gas / Water Supply, Education based on vendor revenue. The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

### Strengths / Achievements

- Top-class technological and project management capabilities that facilitate development and operation of mission-critical systems supporting social infrastructure
- Deep understanding of client businesses and strong trusting relations built through years of operating clients' systems

### Long History of Developing and Operating Multiple Large-Scale Systems



### Growth Strategy

In the Public & Social Infrastructure Segment, we will maintain existing projects, through means such as consistently receiving upgrade orders for core processes from the government and infrastructure companies, while at the same time expanding regional businesses by branching out into digital fields through the leveraging of the achievements, know-how, and other strengths cultivated thus far. In addition, operations in this segment will be grown by creating new businesses for developing new social systems through public-private integration in accordance with future investment strategies and digital government action plans based on "Society 5.0."

We will aim for medium- to long-term growth by expanding businesses in new fields based on trends in government policy, customers, and markets.

### Focus Areas of the New Medium-Term Management Plan (FY2019-2021)

The new Medium-Term Management Plan focuses on the expansion of digital businesses that capitalize on existing strengths in order to facilitate the implementation of growth strategies for progressing to the Global 3<sup>rd</sup> Stage (around 2025).

#### Digital Business Initiatives 1

##### Compatibility with Digital Governments

Support the realization of digital governments based on government policy of revising government processes prefaced on digitization

- e.g.
- Promotion of digitization of safe and convenient authentication processes using My Number cards
  - Development of safe and secure personal data distribution platforms
  - Provision of governance services that can be shared among agencies based on agency structures

#### Digital Business Initiatives 2

##### Digital Services That Are Co-Creative with Clients

Provision of high-value-added services for various industries and business models that combine the digital data of existing clients with that of companies from different industries

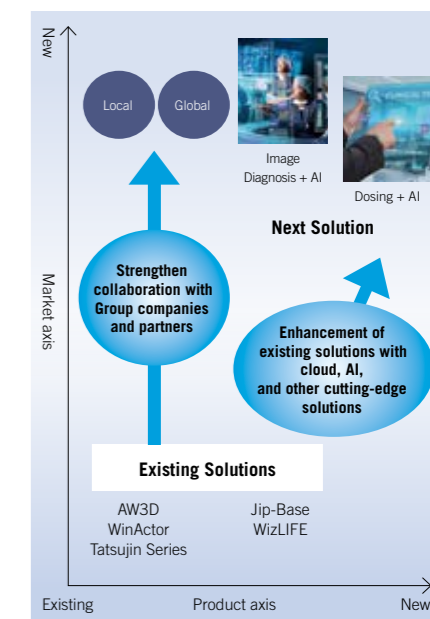
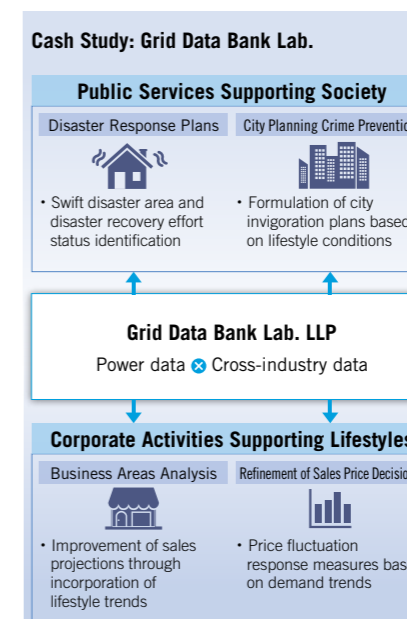
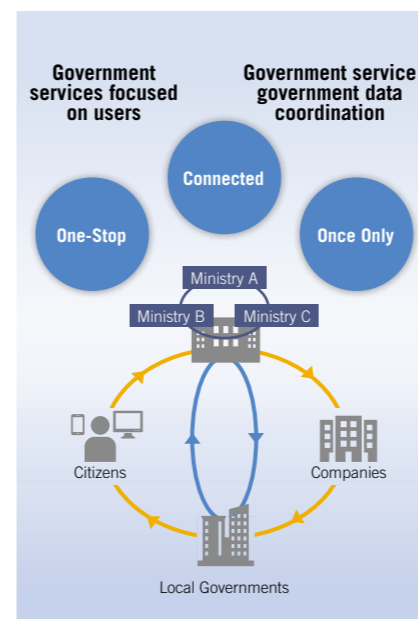
- e.g.
- Utilization of data to transform business processes
  - Promotion of co-creation with companies, organizations, and individuals to support creation of consumer services using data
  - Provision of governance services that can be shared among agencies based on agency structures

#### Digital Business Initiatives 3

##### Expansion of Solution Businesses Underpinning Digitization

Thoroughly reinforce competitive technologies to deploy solutions that drive digital transformation

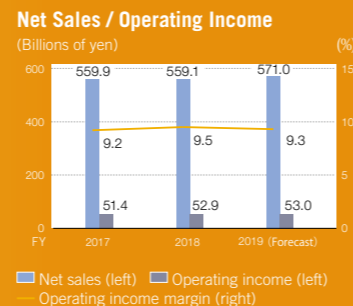
- e.g.
- Enhancement of products through proactive utilization of cloud technologies and services
  - Development of next-generation solutions by ensuring technological edge and aggressively employing digital technologies
  - Expansion of sales channels through alliances with various partners





## Financial Segment

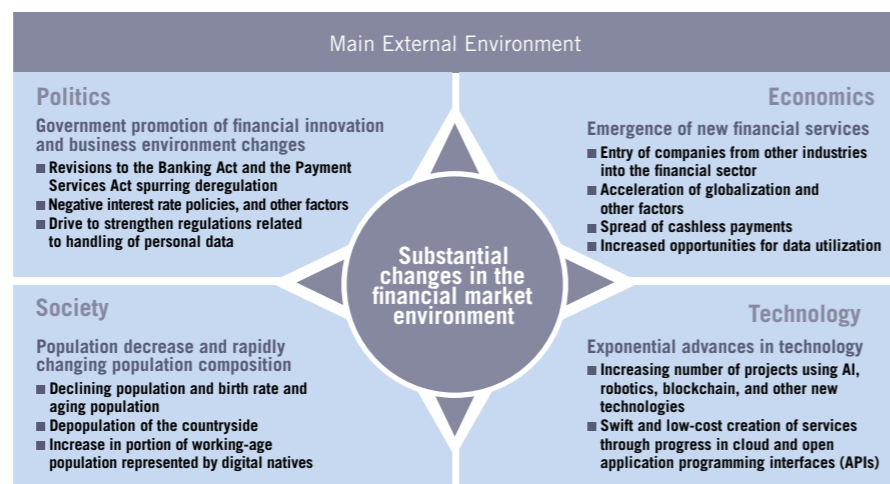
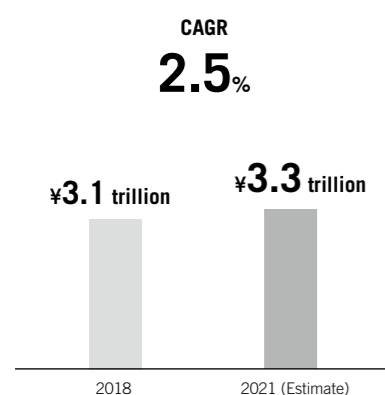
We provide high-value-added IT services that contribute to increased service and operational efficiency, centered on Japanese financial institutions.



### Market Environment

In Japan, the Financial Segment's market environment is undergoing substantial changes, including negative interest rate policies, legal reforms, deregulation, and other policy trends; the increasing need for financial institutions to globalize their businesses in conjunction with the overseas expansion of Japanese corporations; and the entry of new players from other industries into the financial industry.

Scale and Growth Rates of Financial Market (Japan)\*1



### Opportunities and Threats

	Opportunities	Threats
<b>Banking</b>	<ul style="list-style-type: none"> <li>Push for system revisions in light of rising need to provide services using digital technologies and Banking Act revision</li> <li>Brisk investment for promoting spread of cashless payments</li> <li>Increased need for operational efficiency, automation, and other cost reduction measures</li> <li>Aggressive promotion of globalization</li> <li>Active IT investment in light of business integration, restructuring, and alliances</li> </ul>	<ul style="list-style-type: none"> <li>Curbed IT investment to strengthen management foundations</li> <li>Decreasing need for investment in the conventional system domain</li> </ul>
<b>Insurance</b>	<ul style="list-style-type: none"> <li>Increased need for cost reductions through automation of back office processes, etc.</li> <li>Diversification of insurance sales channels</li> <li>Rise in IT investment for realizing more sophisticated information use</li> <li>Exploration of health improvement and other new businesses</li> </ul>	<ul style="list-style-type: none"> <li>Curbed IT investment in consideration of reduction in existing insurance products</li> </ul>
<b>Securities</b>	<ul style="list-style-type: none"> <li>Active IT investment in expanding business through asset formation in the retail sector (supporting shift from savings to investment)</li> <li>Investment motivation for addressing system changes</li> </ul>	<ul style="list-style-type: none"> <li>Concerns regarding curtailment of IT investment in response to business environment changes</li> </ul>
<b>Credit</b>	<ul style="list-style-type: none"> <li>Increased IT investment for promoting cashless payments</li> <li>Expanded IT investment aimed at strengthening security measures</li> </ul>	<ul style="list-style-type: none"> <li>Intensification of service competition due to diversification of payment methods</li> </ul>

\*1 Graphs / charts are created by NTT DATA based on Gartner Research. Source: Gartner "Prediction of 2019 1Q IT Service Market (Japan) Size by Industry," M. Sawai, 10 July 2019. Use "Moderated Case." Financial Market = Financial based on vendor revenue. The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

### Strengths / Achievements

"Integrated ATMs" connecting more than **1,200** financial institutions across Japan

"Zengin system" annual handling volume approximately **¥3,000** trillion

Share related to "OpenCanvas" API\*2  
For individuals: Approx. **54%**  
For companies: Approx. **73%**

Financial institutions connected to "ANSER"  
ParaSOL\*3 **833** institutions  
BizSOL\*4 **815** institutions

**Client Coverage Ratio (Core Banking Systems)**  
Maintaining stable market share for domestic banks' core banking systems

Major banks / Japan Post Bank (5)	<b>40%</b>
Regional banks (103)	<b>38%</b>
Shinkin (257)	<b>92%</b>
Credit unions (146)	<b>98%</b>
Labor banks (13)	<b>100%</b>
JA Bank (607)	<b>100%</b>

As of July 2019

\*2 According to NTT DATA's research as of July 2019: Banks that disclose the names of vendors that provide API infrastructure (ratios of megabanks, regional banks, and second-tier regional banks)

\*3 Internet banking for individuals

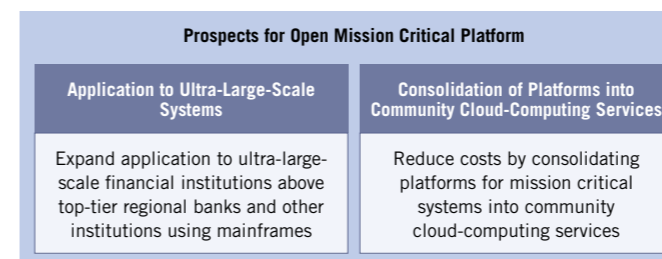
\*4 Internet banking for companies

### Growth Strategy

In the Financial Segment, we will continue to provide large-scale mission critical systems, an area of strength for NTT DATA, as well as high-quality systems based on strong relationships of trust with clients. In addition, we will leverage the NTT Group's state-of-the-art technologies to contribute to the promotion of clients' digital shifts and to expand businesses through the creation and deployment of new services together with clients.

### Focus Areas of the New Medium-Term Management Plan (FY2019-2021)

Contribute to the Promotion of Clients' Digital Shifts Open Mission Critical Platform Initiatives

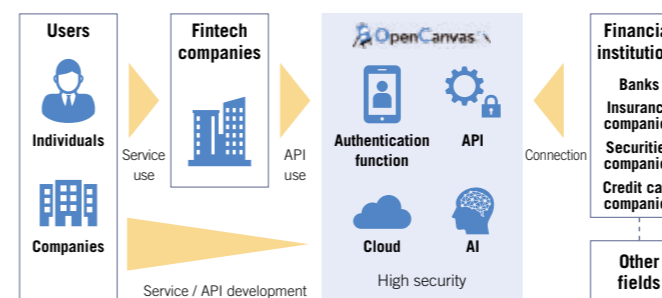


NTT DATA is currently moving ahead with efforts to achieve compatibility with open platforms for core banking systems in order to enhance its lineup of delivery platforms for core banking systems currently operating on mainframes.

By ensuring the same reliability as conventional mainframes while introducing open platforms that can utilize the applications currently operating on mainframes, NTT DATA aims to make it possible for financial institutions to choose the platform that best matches their specific strategies.

Going forward, we will look to propose options for clients other than financial institutions, which tend to prioritize reliability and therefore use mainframes, while also broadening the lineup of delivery platforms to include those that utilize cloud servers in the future.

### Creation and Deployment of New Services Together with Clients OpenCanvas Initiatives



OpenCanvas is a delivery platform for digital services created using the system platform for ANSER, which is employed by nearly every financial institution in Japan, and our related operational know-how.

OpenCanvas enables financial institutions to coordinate their financial services with those of external service providers possessing fintech technologies through APIs, thereby allowing for new digital services to be provided swiftly and efficiently.

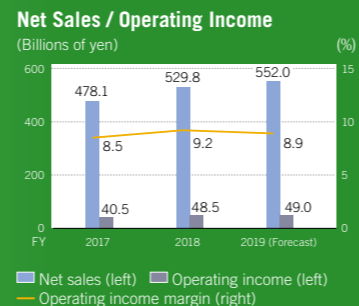
Since the launch of OpenCanvas in September 2017, we have proceeded to add new services to this platform. Example of these services have included highly secure authentication services that do not require documents to be sent to or from financial institutions via mail or other such venues and multi-cloud connection services that allow for various cloud services as well as an institution's in-house systems to be coordinated while maintaining high levels of safety and reliability.

We will continue to proactively expand the lineup of available services going forward in order to supply OpenCanvas as a systems of engagement (SoE) platform that promotes digitization throughout society.



## Enterprise & Solutions Segment

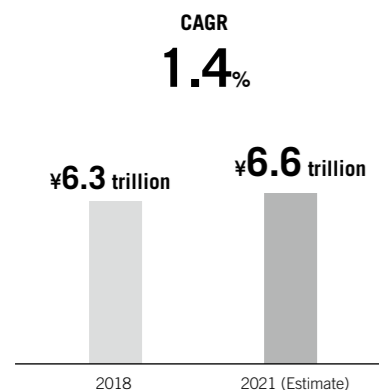
Centering on Japan, we provide high-value-added IT services that support business activities in the manufacturing, distribution, and services industries, as well as payment services and platform solutions linked with IT services in individual fields.



### Market Environment

In addition to those clients who use IT primarily for the purpose of improving efficiency, there has been a rise in the number of clients proactively using IT to strengthen competitiveness and innovate business models to increase sales. Such market changes are occurring at an increasingly rapid pace, and the enterprise market is growing against this backdrop.

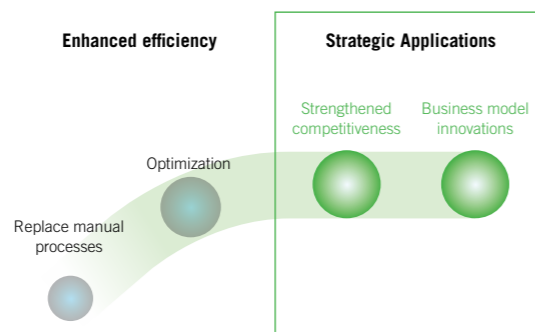
Scale and Growth Rates of Enterprise & Solutions Market (Japan)\*1



Client Expectations for NTT DATA

- Expectations for IT changing from increasing efficiency to strengthening competitiveness and innovating business models
- Substantial anticipations for NTT DATA to utilize sophisticated technologies

#### Changes in Client Expectations with Respect to IT



#### Expectations for NTT DATA

- Deployment of state-of-the-art technologies and services that are globally competitive
- Cooperation with clients from concept planning through to development, operation, and finally creation of business results
- Swift development and operation in conjunction with business growth

#### Areas of Expectation for NTT DATA

- Customer touchpoints
- Connected
- Marketing
- Smart value chains

### Opportunities and Threats

	Opportunities	Threats
<b>Retail, Services, and Payments</b>	<ul style="list-style-type: none"> <li>• Growth in IT investment aimed at expanding sales through the utilization of digitization to strengthen customer touchpoints</li> <li>• Diversifying needs related to expanding settlement methods and settlement functions supporting inbound tourism and spread of code payment services</li> <li>• Promotion of cashless payments by the Japanese government</li> <li>• Development of systems for addressing labor shortages (trend toward digital stores)</li> </ul>	<ul style="list-style-type: none"> <li>• Rapid changes in logistics and retail business models</li> <li>• Entry of new payment system players</li> <li>• Entry of players from other industries</li> </ul>
<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>• Expanding demand for core systems, ERP restructuring, and corporate group integration</li> <li>• Growing needs for visualization, improvement of efficiency, and advancement throughout the supply chain aimed at enhancing global competitiveness</li> <li>• Trend toward sharing and development of services driven by advent of connected cars</li> <li>• Increased demand for embedded software for controlling equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Constrained IT investment due to changes in business environment</li> <li>• Limited overseas investment due to trade disputes between the United States and China</li> </ul>
<b>AI / IoT</b>	<ul style="list-style-type: none"> <li>• Rising need for corporate transformations utilizing AI and data</li> </ul>	<ul style="list-style-type: none"> <li>• Rise of players with new technologies</li> </ul>
<b>Networks, Data Centers, and Cloud Services</b>	<ul style="list-style-type: none"> <li>• Streamlining of platforms through cloud computing and other approaches</li> <li>• Growth of businesses that reconstruct platforms for digital and global compatibility</li> </ul>	<ul style="list-style-type: none"> <li>• Network commoditization</li> <li>• Intensified competition among vendors providing cloud services</li> </ul>

\*1 Graphs / charts are created by NTT DATA based on Gartner Research. Source: Gartner "Prediction of 2019 1Q IT Service Market (Japan) Size by Industry," M. Sawai, 10 July 2019. Use "Moderated Case." Enterprise & Solutions Market = Manufacturing, Retail / Wholesale Trade, Transportation, Services, Construction / Agriculture Forestry and Fisheries Mining, Communications / Media based on vendor revenue. The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

### Strengths / Achievements

Offerings	Strengths	Achievements
<b>Digital Commerce / Digital Marketing</b>	<ul style="list-style-type: none"> <li>• Track record in developing digital commerce systems combining payment services with omnichannel systems</li> <li>• Experience supporting corporate transformations through user experience design</li> </ul>	<ul style="list-style-type: none"> <li>• Transformation of purchasing experience realized through aggressive promotion of omnichannel retailing from planning to execution phase (multiple major retailers)</li> <li>• Agreement to collaborate in promoting omnichannel retailing with Neteer Group Corporation</li> </ul>
<b>Payment</b>	<ul style="list-style-type: none"> <li>• Leading Japanese comprehensive cashless payment platform and compatibility with multiple payment methods</li> <li>• Five bases in APAC area for providing global payment services</li> </ul>	<ul style="list-style-type: none"> <li>• History of 36 years of operating CAFIS payment platform for promoting cashless payments that now processes more than 800 million transactions each month</li> <li>• Agreement to acquire Atom Technologies Limited of India</li> </ul>
<b>AI / IoT</b>	<ul style="list-style-type: none"> <li>• Human resources capable of using AI, IoT, and data to offer support from concept planning through to platform development and finally creation of business results and experience with this regard</li> <li>• Leading domestic embedded software engineer staff (1,500 people)</li> </ul>	<ul style="list-style-type: none"> <li>• Maximization of value of information in factories through use of production-related information (FIELD system / Data TransLoader of FANUC Corporation)</li> <li>• Realization of precise quality control in manufacturing processes (Mitsubishi Heavy Industries Aero Engines, Ltd.)</li> </ul>
<b>Global Operation Platform</b>	<ul style="list-style-type: none"> <li>• Around 1,000 SAP experts in Japan alone</li> <li>• Global SAP delivery capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt of SAP AWARD OF EXCELLENCE 2019</li> <li>• Global project for supporting integration and enhancement of worldwide management (major automotive partners' supplier)</li> </ul>
<b>Advanced Outsourcing • Cloud • Network</b>	<ul style="list-style-type: none"> <li>• Successful implementation of numerous integration and comprehensive outsourcing projects in the infrastructure domain</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of Mitaka Data Center EAST and receipt of overall grand prize in data center category of ASPIC IoT•AI•Cloud Award 2018</li> </ul>

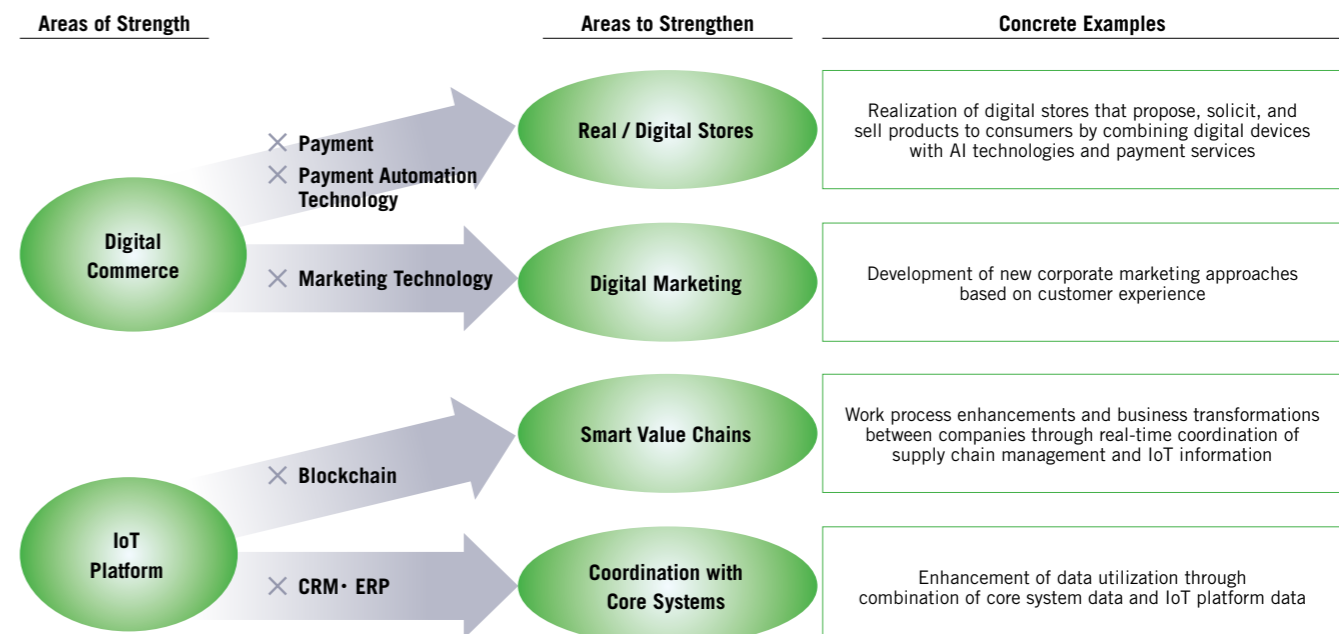
### Growth Strategy

In the Enterprise & Solutions Segment, we are promoting business enhancements and expansion based on the following policies.

- Focus on areas of clients' transformation and contribute to business growth
- Provide high levels of value by combining work process and cutting-edge technology expertise
- Cultivate mindset and culture of leading clients with the goal of becoming professionals in the areas of work processes and cutting-edge technology

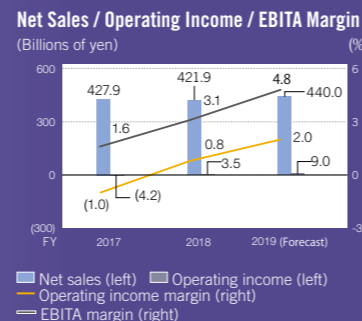
### Focus Areas of the New Medium-Term Management Plan (FY2019–2021)

In the Enterprise & Solutions Segment, we will combine its existing strengths with cutting-edge technologies to deliver greater levels of new value that contribute to client businesses.



## North America Segment

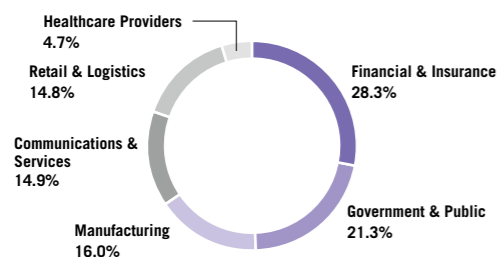
We provide high-value-added IT services centering on North America, taking market characteristics into account.



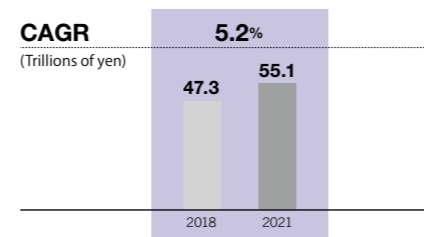
### Market Environment

The North America IT market is the world's largest, accounting for approximately 43% of the global IT market.\*1 In terms of the future outlook, this market is expected to grow by ¥8 trillion (CAGR of approximately 5.2%) over three years, from ¥47.3 trillion in 2018 to ¥55.1 trillion in 2021.

North America Market 2018 Industry Composition\*1



Scale and Growth Rates of North America Market\*2



### Opportunities and Threats

	Opportunities	Threats
North America	<ul style="list-style-type: none"> <li>The onward march of business innovation due to digitization</li> <li>Increased investment in AI / IoT, Big Data analytics, mobile technology, cloud computing, etc.</li> <li>Demand for updating IT environments at governmental and other institutions in response to the Modernizing Government Technology Act (the modernization of legacy systems and a heightened response to cybersecurity)</li> <li>Increased demand for investment contributing to labor saving, automation and operational efficiency improvement in accordance with the rise in personnel, expenses</li> <li>Increased demand for outsourcing using cutting-edge technologies</li> <li>Increased business opportunity in Canada</li> </ul>	<ul style="list-style-type: none"> <li>Trend toward insourcing aimed at enhancing high-value-added internal resources in line with rapid digitization</li> <li>Rapid vendor consolidation in attempt to thoroughly reduce cost in the outsourcing domain</li> <li>Contraction in the conventional infrastructure services market</li> <li>Impact on IT spending caused by U.S.–China trade dispute</li> </ul>

### Strength

We build long-term relationships of trust with clients in various industries by deploying competitive solutions based on our deep knowledge of their businesses.

<p><b>Healthcare and Life Sciences</b> (Clients) • Approx. 50% of U.S. hospitals • 10 of the top U.S. health insurers</p>	<p><b>Public Sector</b> (Clients) • More than 50 federal agencies and military branches • Approx. 25 states and municipalities</p>	<p><b>Financial Services and Insurance</b> (Clients) • Top 25 leading financial institutions in North America</p>	<p><b>Manufacturing</b> (Clients) • Top 10 automotive companies worldwide</p>
<p><b>Examples of orders received in Healthcare and Life Sciences field</b></p> <ul style="list-style-type: none"> <li>P21: Awarded New BPaaS Contract with US Healthcare payer</li> <li>P53: Awarded New Large-Scale IT Service Agreement with British Columbia Health Authorities</li> </ul>			

\*1 Graphs / charts are created by NTT DATA based on Gartner Research. Source: "Market Share: IT Services, 2018," Dean Blackmore et al., 8 April, 2019. North America Market = North America / Financial & Insurance = Banking & Securities, Insurance / Government & Public = Government, Utilities, Education / Manufacturing = Manufacturing & Nature Resources / Communications & Services = Communications, Media & Services / Retail & Logistics = Retail, Transportation, Wholesale Trade / Healthcare Providers = Healthcare Providers based on vendor revenue. The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.  
\*2 Graphs/charts are created by NTT DATA based on Gartner Research. Source: Gartner "Forecast: IT Services, Worldwide, 2017-2023, 2Q19 Update," Dean Blackmore et al., 26 June 2019 (2018: 1\$= ¥110.42 / 2021: 1\$= ¥111.29 / CAGR is calculated after converting to Japanese yen.) North America Market = North America based on vendor revenue. The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

### Growth Strategy

## Expand Our Focused Service Portfolio, and Secure High-Potential Customers

The North America Segment will increase high-potential clients by enhancing service delivery capabilities in the digital field and generating strength with a focused service portfolio through creation of new digital offerings by accelerating investment in innovation, improvement of efficiency by selecting focused offerings, and unleashing of employees' potential as a digital workforce for digital transformation, while taking advantage of our current business foundation.

Through this growth strategy, we aim to expand our business with profitability and achieve EBITA margin\* of 7% in FY2021.

\* Temporary costs such as M&A, structural reform, etc., are excluded.

### Create New Digital Offerings by Accelerating Investment in Innovation

North America Segment has been enhancing service delivery capabilities through growth investment in the digital field. For example, in the fields of Intelligent Automation and Data Intelligence, we not only achieved results on trial basis in PoC but are also starting to see actual results, receiving orders of a scale exceeding tens of billions of yen annually.

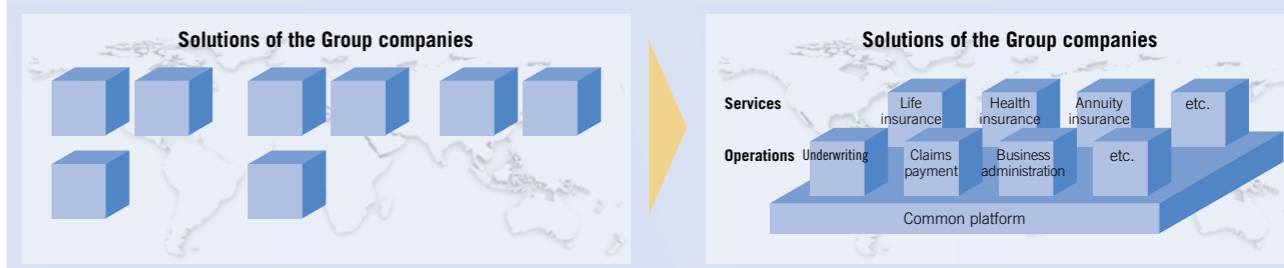
We intend to create competitive digital offerings by focused investment in areas narrowed down based on the three policies of: strengthening the core through digital optimization, creating next-gen advantage through digital transformation, and nurturing of future bets through digital innovation.

**Focus investment area of North America**

- Strengthen the core through digital optimization**
  - Global Insurance Digital Platform
  - Enhancement of applications using AI
  - Enhancement and automation of data center business, etc.
- Create next-gen advantage through digital transformation**
  - Promotion of cloud migration
  - Digitization of customer experiences
  - Self-driving technology, etc.
- Nurture future bets through digital innovation**
  - Blockchain business
  - Smart city business, etc.

#### Example of initiatives: Global Insurance Digital Platform

We aim to further increase orders by enabling speedy and low-cost service delivery by building a common platform for providing necessary functions according to various services and operations of life insurance, pensions, etc., and integrating solutions for insurance businesses of each Group companies on that platform.



### Improve Efficiency by Selecting Focused Offerings

In North America, we have narrowed the focus of our many existing offerings and have also developed new digital offerings that address the greatest areas of need for our clients. This sharper focus on the most intense areas of market demand, along with deep expertise in select vertical industries, is expected to help increase our sales and delivery efficiency.

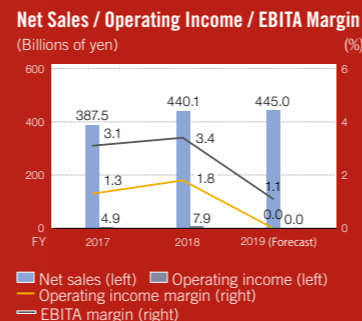
### Unleash Employees' Potential as a Digital Workforce for Digital Transformation

To become a partner who works alongside our clients to advance their digital strategy, we recruit and acquire talent and enrich our digital workforce in terms of both number and quality through trainings for enhancing digital capabilities of our non-digital workforce.



## EMEA & LATAM Segment

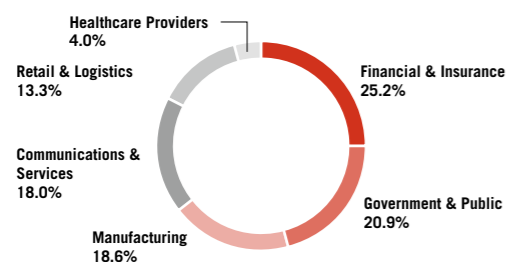
We provide high-value-added IT services centering on EMEA & Latin America, taking market characteristics into account.



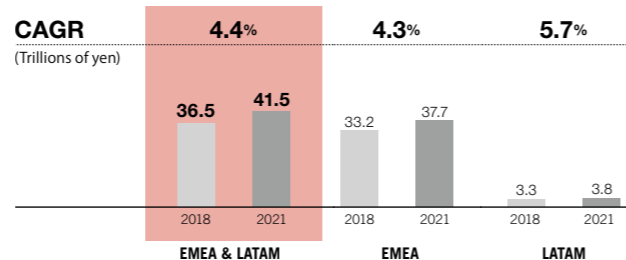
### Market Environment

The scale of the EMEA and Latin America IT market accounts for approximately 33% of the global IT market. \*1 In terms of the future outlook, the market is expected to grow by approximately ¥5 trillion (CAGR of approximately 4.4%) over three years, from ¥36.5 trillion in 2018 to ¥41.5 trillion in 2021.\*2

EMEA & LATAM Market 2018 Industry Composition\*1



Scale and Growth Rates of EMEA & LATAM Market\*2



### Opportunities and Threats

#### Opportunities

- The onward march of business innovation due to digitization
- Increased investment in AI / IoT, Big Data analytics, mobile technology, cloud computing, etc.
- Progress in digitization, mainly in the German automotive industry, in such areas as connected cars and autonomous driving
- Growing security consulting and other needs in response to personal information protection regulations and a growing number of cyberattacks
- Increased demand for outsourcing using cutting-edge technologies

#### Threats

- Impact of U.S.–China trade friction on overall economic activity
- Curtailed corporate and other investment due to future uncertainty over the United Kingdom's exit from the EU, mainly in the European market
- Increasingly robust regulation, including that of personal information protection
- Impact on clients' investment decisions of uncertainty surrounding the political and economic future in certain parts of Latin America
- Shortage of IT personnel and correspondingly sharp rise in human resource cost

### Strength

#### Industries and Domains of Strength

( ) shows IT Services Vendor Ranking in Each country\*1

##### Germany (11th)

We provide IT services globally for large companies, especially those in the German automotive industry, and have robust client relationships.

For small and medium-sized German companies, we also provide consulting services for introduction of SAP software (SAP being the ERP market leader) and have a solid client base.

Our delivery capabilities take advantage of our development base in Romania, which has excellent German-speaking human resources.

##### Spain (3rd)

We provide broad-ranging IT services on a global scale, especially for Spanish banks and telecom companies, and have strong customer relationships. We respond to a wide range of needs for digitization with multiple design studios, strong consulting capabilities, and the application of advanced digital technologies. We have strong delivery capabilities that make use of our development bases in Europe and Latin America, with Spain as the main Spanish-speaking country.

##### Italy (8th)

We provide IT services that mainly target media, telecom, and utility companies headquartered in Italy and other parts of Europe, and have strong client relationships.

We respond to a wide range of needs for digitization with a design-oriented method, our strength, according to market trend and speed.

In addition, in response to demands for digitization for clients in banking and retail industries, we have human resources skilled in digital technologies and strong delivery capabilities.

\*1 Graphs / charts are created by NTT DATA based on Gartner Research. Source: "Market Share: IT Services, 2018," Dean Blackmore et al., 8 April, 2019. EMEA & LATAM Market = Western Europe, Eastern / Europe, Middle East and North Africa, Sub-Saharan Africa, Latin America / Financial & Insurance = Banking & Securities, Insurance / Government & Public = Government, Utilities, Education Manufacturing = Manufacturing & Nature Resources / Communications & Services = Communications & Services / Retail & Logistics = Retail, Transportation, Wholesale Trade / Healthcare Providers = Healthcare Providers based on vendor revenue. The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice. \*2 Graphs / charts are created by NTT DATA based on Gartner Research. Source: Gartner "Forecast: IT Services, Worldwide, 2017-2023, 2Q19 Update," Dean Blackmore et al., 26 June 2019. (2018: 1\$= ¥110.42 / 2021: 1\$= ¥111.29 / CAGR is calculated after converting to Japanese yen.) EMEA & LATAM Market = Western Europe, Eastern Europe, Middle East and North Africa, Sub-Saharan Africa, Latin America based on vendor revenue. The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

### Growth Strategy

## Enhance Value Toward Clients through Unification

#### Investment for Structural Transformation

EMEA & LATAM Segment consists of three companies (EMEA, everis, and Business Solutions), conducting business in approximately 40 countries. The efficiency of the segment is now the key to improving its profitability.

In order to improve efficiency, we will make concentrated investments to integrate business operations of the three companies, maximize synergies in both business enhancement and streamlining of indirect operations, and enhance value towards clients to achieve EBITA margin\* of 7% in FY2021.

\* Excluding temporary costs such as M&A and structural transformation

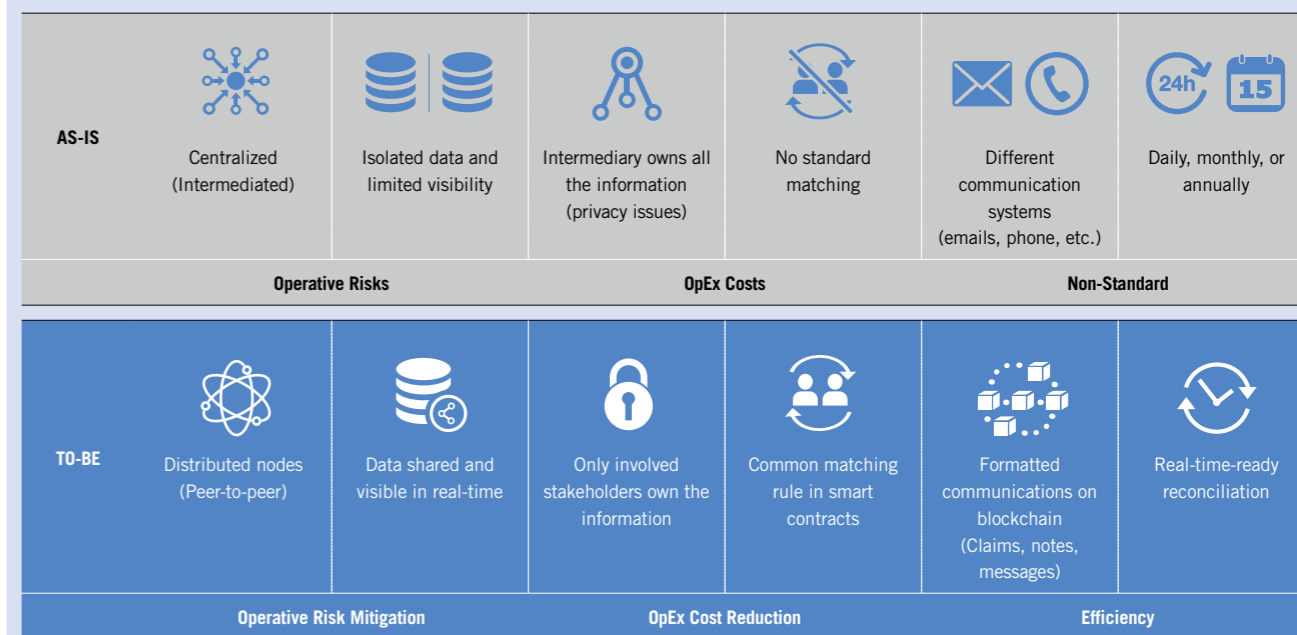
#### Create New Digital Offerings

In the EMEA & LATAM Segment, we have been making growth investments in the digital field. We will be making more investments in order to create competitive digital offerings.

#### Example of Our Initiatives: Interbank Transactions x Blockchain

NTT DATA Italy is working with ABI Lab (the Banking Research and Innovation Center founded and promoted by the Italian Banking Association) and 17 banks in Italy on a project to apply blockchain for inquiries in interbank transactions. This project is designed to automate most of the interbank transaction inquiries to expedite identification / resolution of transaction mismatches, improving efficiency and speed of transaction inquiry service.

The project is now in the test phase for the launch of commercial service in 2020. The project aims to involve all banks (over 200) in Italy going forward.



#### Enhance Delivery by Optimizing Resources and Promoting Automation

By sharing and optimizing development resources among the three companies, we will avoid opportunity loss from overlap in hiring and resource shortage. At the same time, we will expand the scope of application of software development automation tools to reduce development cost and period to enhance our delivery capability.

#### Unleash Employees' Potential as a Digital Workforce for Digital Transformation

To become a partner who works alongside our clients to advance their digital strategy, we recruit and acquire talent and enrich our digital workforce in terms of both number and quality through trainings for enhancing digital capabilities of our non-digital workforce.

#### Operational Efficiency by Revamping Own Internal IT Systems

We will streamline operations by integrating systems and business processes of indirect operations such as accounting, human resource, and general affairs that existed separately in each three companies.

# Message from the CEO of NTT DATA Services

## Growth Strategy in North America Segment (NTT DATA Services)

**Bob Pryor**  
Chief Executive Officer, NTT DATA Services

Bob Pryor has been serving as CEO of NTT DATA Services since 2018. From 2016 to 2018, he served as COO and CIO (Chief Integration Officer) of the Company, overseeing the 22-month integration of the former Dell Services into NTT DATA. Before joining NTT DATA Services, Bob was CEO of Fujitsu Americas, Inc. He has also held senior leadership positions at EY, Capgemini, HP, and Genpact.



### Looking Back on FY2018

FY2018 was pivotal for NTT DATA Services as we completed the intense work of recent years to achieve a strong competitive position that provides tremendous momentum for growth in the marketplace. In particular, the successful integration of the former Dell Services business, acquired in 2016, has added vital scale, scope, and market recognition for our business.

With this enhanced competitive position, we now present a more comprehensive portfolio to clients, especially with our industry focus and our strengths in cloud, BPO, infrastructure, and new digital offerings. As a result, we are being considered for more expansive and complex opportunities. We ended the last fiscal year with strong sales momentum, including one of the largest wins in our history.

We have built on this momentum by pursuing additional acquisitions. In 2018, we acquired Sierra Systems, which gives us an expansive reach across Canada, a large and fast-growing market with similar needs to the United States. The more recent acquisition of Cognosante Consulting has bolstered our presence in Public Sector healthcare. We intend to continue making acquisitions that align well strategically, operationally, and financially while accelerating our capabilities to serve our clients.

### Future Growth Drivers

The combination of our legacy capabilities coupled with new digital offerings creates a compelling differentiator for clients. This is especially true for clients acquiring or divesting businesses that rely upon our deep ERP expertise to modernize and adapt their critical systems for a rapidly changing marketplace. In addition, I am particularly excited by the increased demand for our services in digital, end user, cloud, and security.

The core building blocks we need for growth are well established, and I believe we are in a strong competitive position. We are increasingly perceived as a Trusted Global Innovator that leads and supports clients through transformation. We map their journey to the cloud, empower automation and digital intelligence, and enable superior customer and employee experiences while protecting our clients' security. We believe our investments in these digital domains, business platforms as a service\*, and others, will be substantial growth drivers for our business over the next few years.

\* A service model for building various solutions on a platform and delivering as a service to clients.

### For Achieving the Goal of the New Medium-Term Management Plan

I am confident about further enhancing our competitive position, creating differentiated strengths, and growing our profitability. I am also confident about achieving "an EBITA margin of 7% by FY2021" which is a target of the new Medium-Term Management Plan. We plan to achieve this through a combination of accretive growth and productivity gains from continued automation and optimization of our business systems, processes and global delivery model.

In short, I am optimistic about our strong market position, points of differentiation, and our capacity for profitable growth. I credit our success to the confidence and strong support of the leaders at our parent company as well as the talent and commitment of our people.

# Business Topics

## Pickup Spread of Cashless Payments and CAFIS



Since the dawn of cashless payments, NTT DATA has provided CAFIS (Credit And Finance Information Switching system), a comprehensive payment platform. This service continues to develop, even today, as we seek to evolve CAFIS as a platform that resolves business and social issues and that is indispensable to a cashless society.

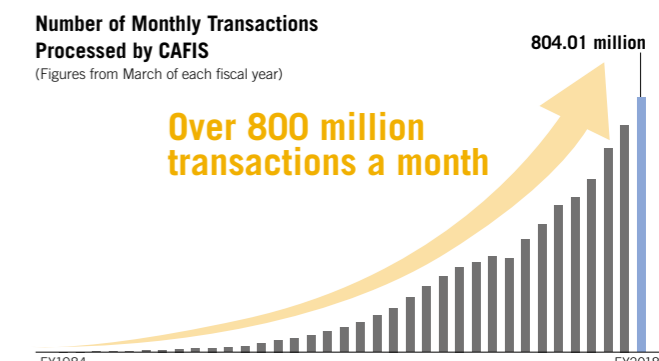
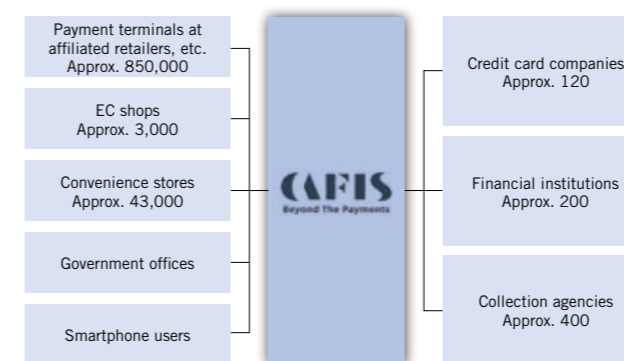
### Cashless Payment Operating Environment

In Japan, cashless payments represent a smaller portion of overall payments than in other countries. In 2018, the ratio of cashless payments was less than 30%, and this low level has prompted the Japanese government to announce a target of raising the ratio of cashless payments to above 40% by 2025. Promoting cashless payments is of the utmost importance as the population ages, the birth rate declines, the workforce shrinks, and society become ever more digital.

Meanwhile, there has been a recent rise in cashless service providers using QR codes and other forms of payment. And payment methods such as mobile wallet are growing more diverse.

### Strengths of CAFIS

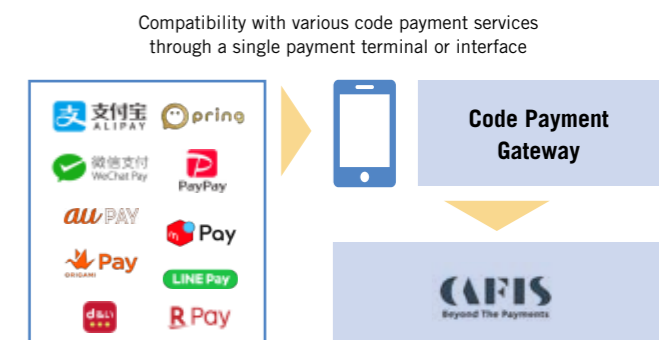
Launched in 1984, CAFIS has grown to become Japan's largest and most prominent comprehensive cashless payment platform, boasting a 35-year track record and processing more than 800 million transactions a month. One of CAFIS' greatest strengths is its connections with affiliated retailers in various industries and business models as well as with nearly every domestic credit card company and financial institution. These connections have enabled it to realize a payment ecosystem that offers both convenience and efficiency to participants. Investment and ownership of the infrastructure for CAFIS is conducted by NTT DATA, and ongoing investments are made in improving the performance and security of this infrastructure. The high levels of reliability and safety realized through our years of operational know-how and through ongoing improvements to quality have in turn become strengths of NTT DATA itself.



### Pursuit of Further Growth

#### Code Payment Gateway

There are currently a wide range of smartphone payment services on the market offered by several business operators. In response to this trend, NTT DATA launched a new solution in spring 2019 that has made it possible to process foreign and domestic code payment services through a single payment terminal or interface. We plan to develop this solution to be compatible with a broad spectrum of linear barcode and QR code payment services, including overseas code payment services like Alipay and WeChatPay as well as domestically used services such as au PAY, Origami Pay, D-Barai, pring, PayPay, Merpay, LINE PAY, and Rakuten Pay (smartphone app payment service).



## Q&A

- Q** Are new payment service providers a threat to CAFIS?
- A** Payment service providers and CAFIS are in a mutually complementary relationship, and we believe that the spread of cashless payments will be beneficial to CAFIS. For this reason, NTT DATA will continue contributing to the spread of cashless payments in Japan in the future.
- Q** What type of growth rates are anticipated in CAFIS-related businesses?
- A** In the favorable environment created by the spread of e-commerce and the promotion of cashless payments, CAFIS has been posting transaction number growth rates of more than 10% in recent years. NTT DATA is targeting higher levels of growth going forward.

For more information on CAFIS, please refer to NTT DATA's corporate website.  
December 2018 Payment Business Presentation <https://www.nttdata.com/global/en/investors/financials?year=2018&tab=IR-Events>



# FY2018 (First Half) (April to September 2018)

Each segment is operating by focusing on **Digital** & **Global** that are growth drivers for achieving the Global 3<sup>rd</sup> Stage. Here are some of the major initiatives the segments have worked on in FY2018 (1st half / 2nd half).

Enterprise & Solutions Segment
Digital

**Start of provision of full-scale professional services for AI / data usage**

In April 2018, NTT DATA started to provide in full scale, the following services for providing one-stop support for AI / data usage of client companies, from concept planning to infrastructure construction and execution support to results generation.

- One-stop support for AI / data usage from concept planning to results generation
- Development of strategy looking ahead into results generation in the actual operation from concept phase
- Consulting, system development, and support for analysis usage based on understanding of advanced technologies

We will continue to contribute to business transformation and new value creation for clients of various business types and in various industries by combining advanced digital technologies related to AI and data utilization with high industry and business expertise.

Business to IT

Concept / Strategy Development	Introduction / Construction	Analysis Usage / Results Generation
Business / Operation	Promotion of data driven digital transformation	
People / Organization	Fostering data scientists / establishing organization for analysis usage and operation support	
IT / Big Data	Data analysis infrastructure and IoT platform construction / data management	


Financial Segment
Digital

**Start of provision of ATM deposit / withdrawal and inter-account transfer functions using QR code as additional functions of "My Pallete," a smartphone app for financial institutions**


In May 2018, NTT DATA started to provide a function that allows a user to deposit and withdraw cash at an ATM using only a smartphone without a bank card, as an additional function of "My Pallete," a smartphone app for financial institutions offered by the Company. This enables users to deposit or withdraw cash from ATM by taking a photo of a QR code displayed on the screen, and is expected not only to improve the convenience of app users but also to reduce the number of unauthorized use of a bank card through skimming. It also allows financial institutions to save a significant amount of introduction and maintenance costs compared to solo development and ease the burden of bank card issuance procedures, etc.

In March 2019, NTT DATA started to provide a function that allows inter-account transfer with a QR code using read & write API for the first time in Japan, thus simplifying bank transfer procedure and improving the convenience of app users.

Deposit & withdrawal



Inter-account transfer



North America Segment
Digital
Global

**Successful completion of former Dell Services Post Merger Integration (PMI)**

NTT DATA Services successfully completed the PMI of the former Dell Services, acquired in November 2016.

The acquisition was not only the largest in the company's history, but it also took the form of "carve-out" from Dell Inc. rather than an acquisition of a standalone company, and required complicated procedures for the PMI. PMI is usually regarded as the biggest challenge in M&A, but this project had become one of extreme difficulty.

However, we were able to complete the PMI which was planned for 22 months in just 20 months in June 2018, and have completed business transfer in 40+ countries.

After the completion of PMI, NTT DATA Services has become one, both in name and substance, and intends to contribute to creating new values for our clients by continuously enhancing its services and solutions delivery capability.

(Main activities)

- Business transfer in 40+ countries
- Transfer of payroll procedure for over 30,000 employees
- Transfer of approximately 30,000 PCs / devices, 1,600 data lines, 700 systems, and 9 data centers
- Consolidation of 44 facilities
- Transfer of more than 6,000 employees

EMEA & LATAM Segment
Digital
Global

**everis installs automated border control systems using biometric recognition in Spain**

everis received an order from Aena SME, S.A. (hereafter called AENA), a Spanish airport operator, to install automated border control systems using biometric recognition at seven airports in Spain.

The system integrates advanced verification using ID readers for passports and Spanish national identity cards and biometric recognition, both facial and fingerprint, thereby improving efficiency of the immigration process with quick and accurate identification of an individual.

Following the installation and beginning of the service of 220 state-of-the-art automated border control gates at four airports including Barcelona and Mallorca by July 2018, everis will install and operate another 81 of these gates in three airports including Seville by December 2019.

Going forward, everis will continue to contribute to further enhancement of AENA operations and airport users' convenience and security by developing and offering highly reliable and advanced solution services.



Technology and Innovation General Headquarters

Digital

Global

Broad-Based Design for the User Experience of "ho," Vodafone's Second Brand

▶ P27

North America Segment

Digital

Global

Awarded New BPaaS Contract with U.S. Healthcare Payer

▶ P21



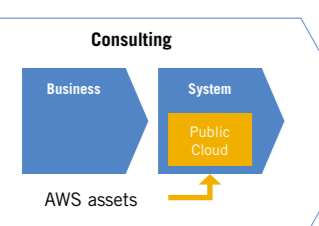
Technology and Innovation General Headquarters
Digital

**Transfer of the existing IT assets to Amazon Web Services (AWS) and promotion of making application cloud-native**

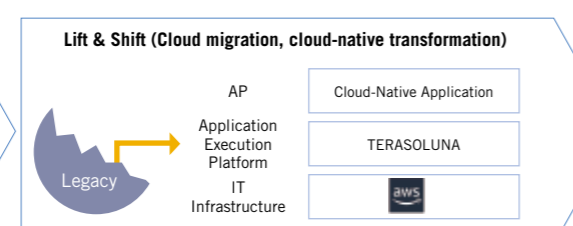
NTT DATA's "Cloud Promotion Office", established in April 2018 in cooperation with Amazon Web Services Japan K.K., aims to make NTT DATA's standard framework of application development and development environment compatible with AWS, develop a cloud consulting method including utilization of AWS, and foster cloud-specialized human resources who have expertise in AWS. Through this initiative, we will strengthen capabilities to transfer clients' existing IT assets to cloud and make applications cloud-native in a Companywide manner. We will expand the initiative into important systems of all segments including Financial Segment and aim to reach net sales of ¥30 billion for the AWS-related cloud business by 2020 based on our abundant achievements in AWS introduction in the communication, manufacturing, and distribution services areas.

**Lift & Shift Clients' Existing IT Assets to AWS and Achieve Digital Innovation**

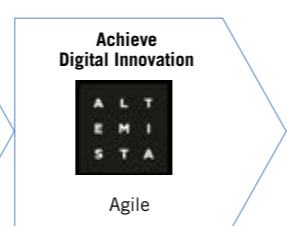
Consulting



Lift & Shift (Cloud migration, cloud-native transformation)



Achieve Digital Innovation



NTT DATA Enhancing Companywide Usage of AWS at NTT DATA

<p><b>Process</b></p> <p>Include AWS assets in NTT DATA's cloud consulting standard method</p>	<p><b>Things</b></p> <ul style="list-style-type: none"> <li>• Support AWS cloud-native services with TERASOLUNA</li> <li>• Use AWS from integrated development cloud</li> </ul>	<p><b>People</b></p> <p>Companywide training for nurturing employees to become AWS cloud experts</p>
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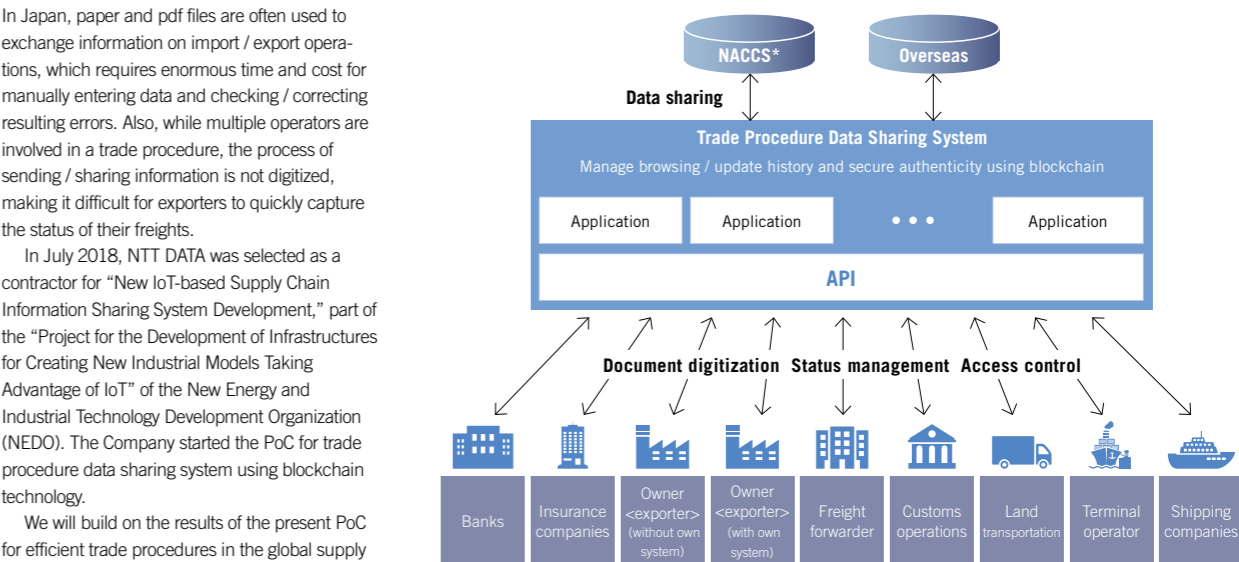
Public & Social Infrastructure Segment
Digital
Global

**NTT DATA launches the Proof of Concept (PoC) for trade procedure data sharing system using blockchain technology**

In Japan, paper and pdf files are often used to exchange information on import / export operations, which requires enormous time and cost for manually entering data and checking / correcting resulting errors. Also, while multiple operators are involved in a trade procedure, the process of sending / sharing information is not digitized, making it difficult for exporters to quickly capture the status of their freights.

In July 2018, NTT DATA was selected as a contractor for "New IoT-based Supply Chain Information Sharing System Development," part of the "Project for the Development of Infrastructures for Creating New Industrial Models Taking Advantage of IoT" of the New Energy and Industrial Technology Development Organization (NEDO). The Company started the PoC for trade procedure data sharing system using blockchain technology.

We will build on the results of the present PoC for efficient trade procedures in the global supply chain through public and private partnership. During FY2019, we will socially implement a trade procedure data sharing system.



\*Abbreviation of Nippon Automated Cargo and Port Consolidated System. A system for online processing of procedures taken with customs and other relevant administrative authorities or related private-sector services for arriving / departing ships and aircraft or import / export cargo.

Value Creation by NTT DATA  
Message from the CEO  
Management Strategies  
Business Strategies by Segment  
ESG Management  
Financials and Others

# FY2018 (Second Half) (October 2018 to March 2019)

**EMEA & LATAM Segment** Global

**Awarded a global SAP service contract for a leading Italian utilities company**

A joint venture led by everis Group was awarded a global SAP service contract for the next five years with one of the largest utilities companies in the world based in Italy. It started providing the service in October 2018. The scope of contract covers all business lines of the client, such as headquarters functions including administration, finance & controlling, procurement, etc., as well as generation, retail, and renewables. It will provide evolutionary services by globally deploying cutting edge SAP solutions and platforms representing a true flagship for this kind of solutions worldwide.

The roll-out plan covers the following countries: Italy, Spain, Morocco, Greece, Romania, Russia, Australia, Canada, South Africa, United States, Brazil, Argentina, Chile, Peru, Mexico, Columbia, etc. Once the program is fulfilled, the service will be used by approximately 40,000 users in over 30 countries. The contract was awarded because everis' proposal of the total solution on a global scale and its project management capability were appreciated. The company intends to contribute to the expansion of client businesses by further honing such strengths going forward.


**Financial Segment** Digital

**Starting to provide "A-gate," a solution that supports building of framework for public cloud utilization**

Since October 2018, NTT DATA has provided "A-gate," a solution that supports development and maintenance of security governance for financial institutions to utilize public cloud services (Amazon Web Service and Microsoft Azure) safely and securely. This solution enables financial institutions to enjoy flexibility and convenience of public cloud services without developing and maintaining an "organization having expertise" or a "platform for secure usage" that are necessary for public cloud utilization by themselves.


We intend to expand this service mainly for financial institutions and clients in various industries to support safe and secure public cloud utilization.

Support for Promotion of Public Cloud Utilization



- Supporting development of security governance for controlling public cloud security threats
- Continued support for following the rapid evolution of public cloud

Common Infrastructure of Shared Public Cloud



- Providing common infrastructure equipped with features required for safe public cloud utilization

**Technology and Innovation General Headquarters** Digital Global

**Collaboration with Tanium Inc. and Exabeam, Inc. for further enhancement of global security measures**

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

**NTT DATA Group's Initiative on Defense-in-Depth Security**

	Identify	Defend	Detect	Respond	Recover
EDR*1	Automation of device management	✓			✓
UEBA*2	Detection of suspicious behavior		✓	✓	
Global SOC / CSIRT	24 / 7 initial response		✓	✓	✓
Conventional security measures	✓	✓	✓	✓	✓

\*1 Abbreviation for Endpoint Detection and Response. An endpoint security solution used to take measures by detecting cyberattacks such as targeted attack  
\*2 Abbreviation for User and Entity Behavior Analytics. A method of analyzing each user's behavior by collecting logs from multiple security products and network devices

**Enterprise & Solutions Segment** Digital

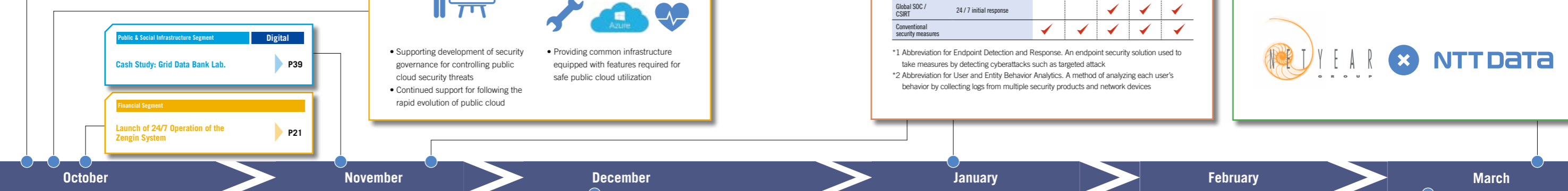
**Enhancement of digital marketing services delivery capabilities by acquiring shares of Netyear Group**

In March 2019, NTT DATA completed a tender offer for shares of Netyear Group Corporation.

Since its foundation in 1999, Netyear Group has been providing its clients with services such as digital marketing strategy development, user experience design, Web construction, data analysis, social media marketing planning, system development, advertising, and sales promotion, with an aim to support companies to create new customer experiences through the Internet, using its unique problem solving method.

By integrating the problem solving capabilities that Netyear Group has cultivated for many years and NTT DATA's experience in developing solutions and systems for digital commerce and payment services, as well as its capability to communicate with IT departments, providing a wider range of services has become possible. Thus, we can expect our presence to increase in the digital marketing market.

NTT DATA aims to become a top-class corporate group in Japan to provide comprehensive digital marketing services across clients' management, marketing, and IT through this tender offer.

**Public & Social Infrastructure Segment** Digital

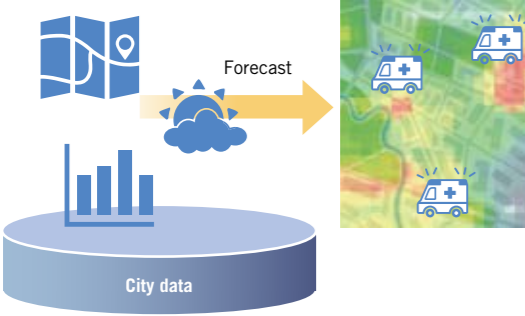
**Starting a Proof of Concept (PoC) of a system to optimize the operation of ambulances using emergency Big Data**

Since February 2018, with the aim of reducing the time required to transport an emergency patient to hospital by ambulance, NTT DATA has conducted joint research of a system to optimize the operation of ambulances using emergency Big Data together with the National Research Institute of Fire and Disaster and NIPPON TELEGRAPH AND TELEPHONE CORPORATION by utilizing our long-standing achievements and know-how of the development, operation, and maintenance of emergency medical information systems. As we confirmed the effectiveness of the following three themes in cooperation with multiple fire departments in the course of the research, we started a PoC in December 2018.

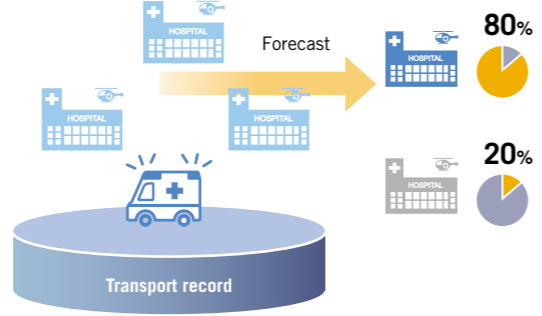
- Optimal allocation of emergency squads to locations with a high probability of having a sick or an injured person based on a forecast of demands for emergency care using previous cases of ambulance transport, weather condition data, dynamic demography data, etc.
- Real-time forecast of medical institutions' possibilities to accept a patient taken by ambulance based on information analysis of records of emergency squads dispatches and medical institutions' acceptance of emergency patients.
- Provision of a suitable route for a safe ambulance service based on traffic projections using driving information of ambulances, map information, and other data.

We will aim to increase the forecast accuracy of each theme and develop an operation system on the assumption of the actual use conditions.

Optimal allocation of emergency squads based on a forecast of emergency care demand



Forecast of hospitals' possibility to accept a patient and providing suitable route for transport



**North America Segment** Digital Global

**Awarded new large-scale IT service agreement with British Columbia Health Authorities\*3 leveraging healthcare experience and exceptional expertise to increase presence in Canada**

NTT DATA Canada signed an IT services contract with a new client, the Provincial Health Services Authority (PHSA)\*4, based in Canada, in March 2019. This contract is for a large-scale project with a period of 5 years and a total value of over CAD400 million.

We will provide a range of end-user IT support services including a clinical service desk provided by staff who are familiar with the usage of applications used in medical institutions and work flows in multiple health authorities throughout the province.

We received the order for our strong willingness to invest in the Canadian IT market proven by our acquisition of Sierra Systems in December 2018, in addition to our track record of success in providing clinical services, our capability in responding to large-scale outsourcing projects, and our flexible attitude toward requests from clients.

We will aim to further expand our healthcare business in North America and increase our presence in Canadian market using Sierra Systems' resources.






IT services  
Advanced IT support  
including clinical  
services

Contract value  
Over CAD  
**400 million**

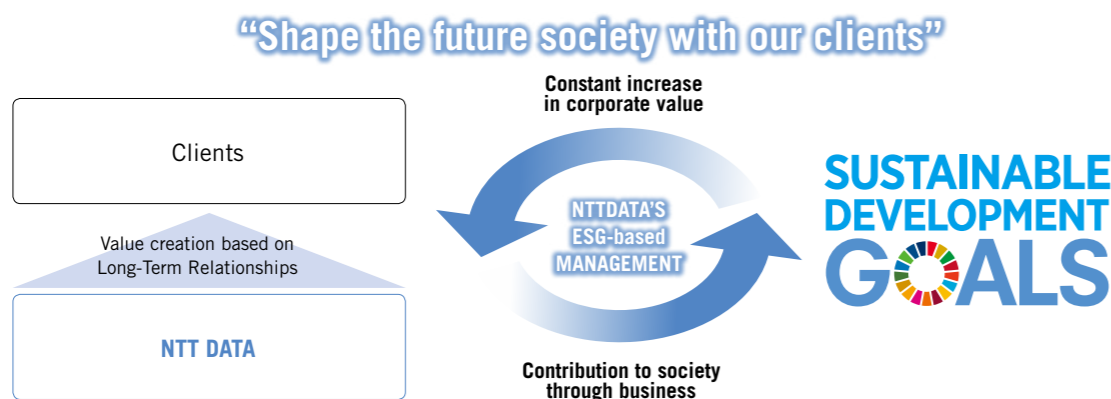
\*3 Health authorities  
Authorities that exists in 5 regions within the Province of British Columbia providing healthcare services according to characteristics of each region.  
\*4 Provincial Health Services Authority (PHSA)  
The Provincial Health Services Authority oversees the coordination and delivery of provincial programs and highly specialized healthcare services.



In recent years, there has been a growing movement to evaluate companies and their relationship with society in terms of environmental, social, and governance (ESG) factors that stems from a demand that companies make a global response to social and environmental issues as represented by the Sustainable Development Goals (SDGs).

In keeping with the mission statement of the Group, to “use information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society,” our business itself resolves issues faced by our clients and society, using the power of IT. With technology advancing in leaps and bounds, and digital transformation accelerating in kind, we sense a growing expectation upon us to fulfill this duty.

Bearing this in mind, we have clarified our stance on ESG under the title “NTT DATA'S ESG-based MANAGEMENT” and incorporated it into the management strategy of our new Medium-Term Management Plan (FY2019–2021). Based on our consistent belief and our basic concept of “shape the future society with our clients,” we will provide solutions for the sustainable development of our clients and society, while contributing to resolve social issues through our corporate activities, which take into account cultivating IT talent, implementing workstyle transformation, and respecting diversity, etc., and sustainably enhancing our corporate value.



## High Third-Party Evaluation (As of August 2019)

The ESG efforts of the NTT DATA Group has received positive reviews from research agencies in Japan and overseas, and has been selected as a constituent of numbers of indexes.



### Dow Jones Sustainability World Index Asia Pacific Index

NTT DATA was selected as a constituent of the Dow Jones Sustainability Index (DJSI) World and Asia Pacific indexes. The DJSI is managed cooperatively by S&P Dow Jones Indices and RobecoSAM and evaluates business sustainability from the three perspectives of economy, environment, and society.



### FTSE4Good Index

NTT DATA was selected as a constituent of the FTSE4Good Index, a socially responsible investment (SRI) index designed to promote investment in companies that meet global ESG standards.



### FTSE Blossom Japan

NTT DATA has been selected as a constituent of the FTSE Blossom Japan Index, which recognizes Japanese companies deemed exceptional by international ESG standards set by FTSE Russell.



### Oekom Prime

NTT DATA has been rated Prime by Germany-based oekom research AG, designating the Company as one of the top leaders for CSR in the Internet and software industry.



### RobecoSAM Sustainability Award

NTT DATA received the RobecoSAM Sustainability Award as a Gold Class Company by RobecoSAM, a Swiss SRI evaluation company and research agency. The award is given by evaluating sustainability and was awarded to NTT DATA for its exceptional CSR efforts.



### S&P / JPX Carbon Efficient Index

NTT DATA was selected as a constituent of the S&P / JPX Carbon Efficient Index, an environment-focused index managed by S&P Dow Jones Indices and the Japan Exchange Group.

## Key Themes and Initiatives

To realize sustainable growth, the Company is making efforts to contribute to society and improve corporate value through business on one hand, and contribute to society and improve corporate value through corporate activities.

Key themes from the social perspective are “Sustainable Solutions” that improve Company performance through resolving social issues, and “Human Resource Management,” a necessity for providing stable and high-quality services. The key environmental theme is “Environmental Management,” which refers to services and business management of NTT DATA with care given to reduce environmental impact. Furthermore, to support these efforts within these key themes we will build an effective corporate governance framework.

	Contributing to society and improving corporate value through business	Contributing to society and improving corporate value through corporate activities
Society	<p><b>Key themes Sustainable Solutions</b></p> <p>▶ P56: Sustainable Solutions</p> <p>■ We strive for a convenient, safe, and reliable social infrastructure by providing various IT services and solutions</p> <p>Principal SDGs: 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS</p>	<p><b>Key themes Human Resource Management</b></p> <p>▶ P58: Human Resource Management</p> <p>■ We are working to create an organization that can create value sustainably by recruiting and retaining exceptional human resources, developing a variety of training programs, and promoting active participation of diverse human resources and workstyle reforms.</p> <p>Principal SDGs: 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES</p>
Environment	<p><b>Key themes Environmental Management</b></p> <p>▶ P62: Environmental Management</p> <p>■ <b>Greening of Clients and Society (Green By IT)</b></p> <p>Green By IT comprises efforts to reduce environmental impact on society by promoting the creation and expansion of environmental solutions.</p> <p>Principal SDGs: 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 13 CLIMATE ACTION</p>	
Governance	<p>In addition to ensuring compliance, the Group is aimed at more effective corporate governance, and is making efforts to enhance its governance system and improve the effectiveness of the Board of Directors to that end. In addition, the Group is working to build a global ESG management base that includes overseas Group companies by strengthening ties across the entire Group, enhancing information security, and through thorough risk management.</p> <p>▶ P64: Corporate Governance</p>	

Sustainable Solutions



There are a variety of social issues that need to be resolved before a sustainable society, as represented by the SDGs, can be realized. NTT DATA believes that IT can help to resolve many of these issues while also showing great potential in the market.

The NTT DATA Group sensitively captures changes in the world to create new businesses and expand business domains, thereby contributing to the resolution of various social issues and working to enhance corporate value.

Moving forward, we will continue to create innovation together with customers and use IT to provide positive paradigms for society and the region.



Example of Social Issues That the NTT DATA Group Is Helping to Resolve through IT

Realizing a more affluent and harmonious society



Initiatives Example 1



The World's Most Accurate Global High-Resolution 3D Map, AW3D

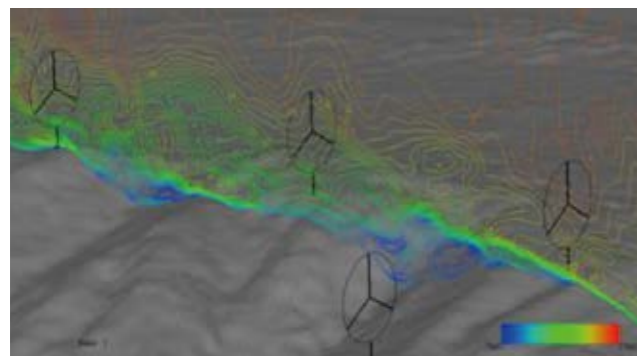
NTT DATA has worked with the Remote Sensing Technology Center of Japan (RESTEC) to develop and launch AW3D, which creates digital 3D maps displaying global topography, for sale.

This map allows consistently high-resolution analysis of terrain throughout the world, including mountainous regions, etc., where local surveys are difficult. In addition, NTT DATA has partnered with Digital Globe, a U.S. company operating some of the world's highest-performance satellites, to map at a resolution as high as 0.5 meters in urban areas. At this level of detail, it is possible to represent fine undulations at the building level.

AW3D is utilized to resolve social issues in a wide variety of sectors, including mapping, disaster prevention measures, power generation planning in the electricity sector, exploration of mining areas in the resources sector, preventative measures against epidemic in the sanitation sector, as well as urban and facility planning. AW3D's data of over 115 countries are utilized and it can be provided with short delivery times and low cost using AI and Big Data technologies.

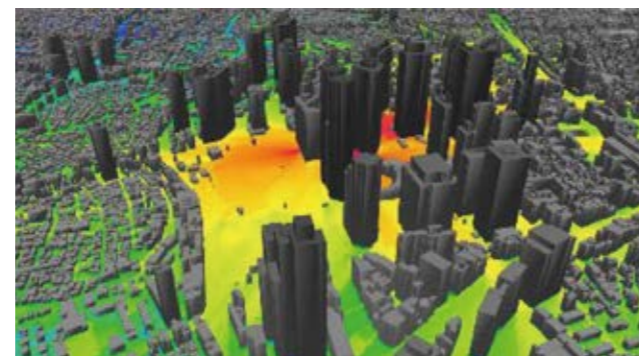
Example of use: Surveying for optimal wind power generation sites

Evaluate turbulence risk using wind analysis software and select potential locations



Example of use: Selecting wireless base stations

Select base stations by referencing signal strength simulations

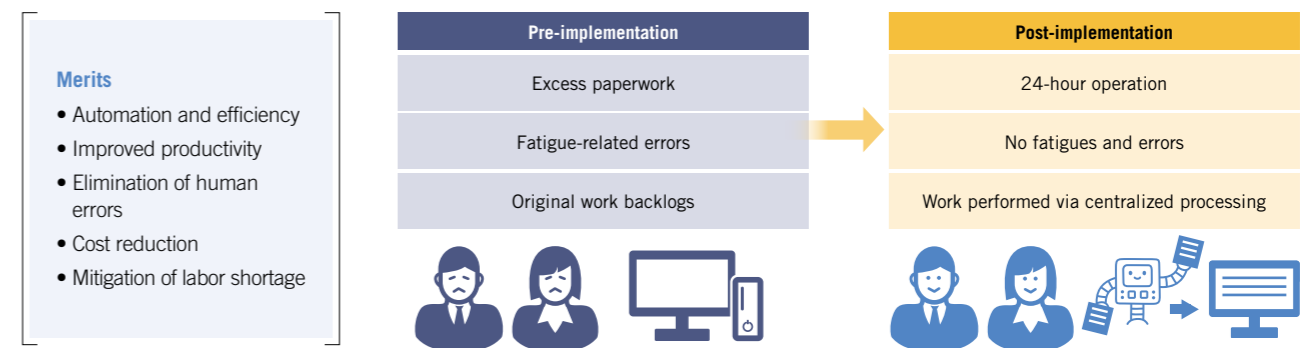


Initiatives Example 2



WinActor and WinDirector—Solutions for Automating Routine Tasks

WinActor and WinDirector are software robots that automate processes performed using Windows applications. These tools can handle a wide variety of tasks ranging from those related to Excel and web browsers to workflows and other business systems, making it easy to create scenarios without having to modify entire systems. In addition to tackling personnel shortages, which have become a social issue, these tools contribute to labor saving and labor effectiveness for routine tasks across a variety of industries and businesses, which will allow these businesses and industries to optimize their allocation of human resources to added value work. This in turn leads to higher praise from customers. Both tools are notable for being easy to implement and for being stable and easy to use post-introduction as well, which is why they are being used at over 2,300 companies as of June 31, 2019.



Initiatives Example 3



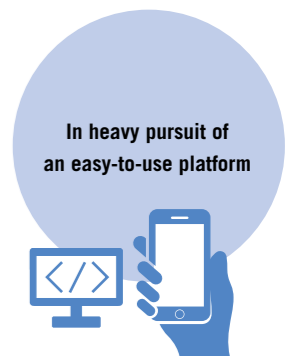
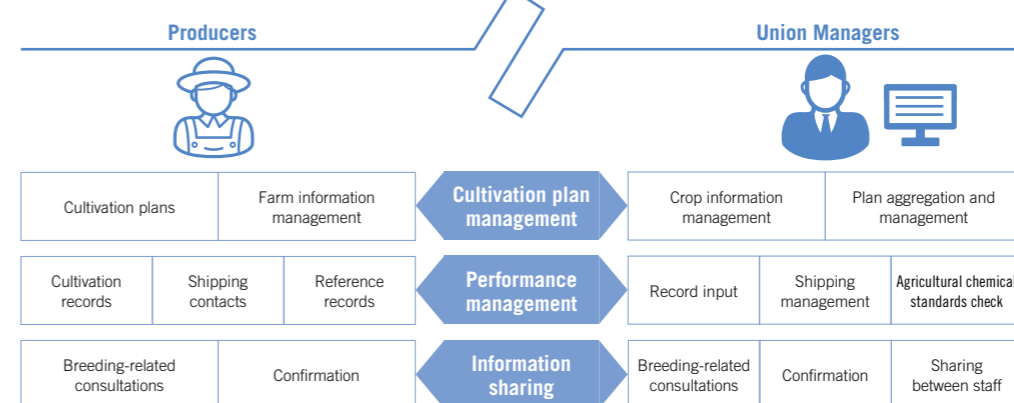
Aisaku—A Farming Support Platform

Agriculture has been marked as part of the Japanese government's growth strategy, and smart agriculture utilizing IT is being promoted as a way to address various issues, such as improving productivity and efficiency. However, IT use is limited to parts of the agricultural industry at the present time, and several issues are standing in the way of IT promulgating fully.

To overcome these issues, NTT DATA has leveraged its strengths in system construction and operation for a variety of industries and businesses to launch the Aisaku Farming Support Platform for agricultural cooperatives, agricultural producers' cooperative corporations and other union-type organizations. Aisaku allows producers to use their smartphones and tablets to submit cultivation plans and performance management schemes to the unions, a process that was previously done on paper. In addition, the union head can check the information entered in the system at any time, and confirm the agricultural chemical usage standards and access shipping times and estimated shipping volume.

Furthermore, the platform also supports communication between producers and union managers by providing a function for the interactive communicate and consult regardless of time and place, which serves to improve the quality and efficiency of farming activities.

How Aisaku Works







## Human Resource Management

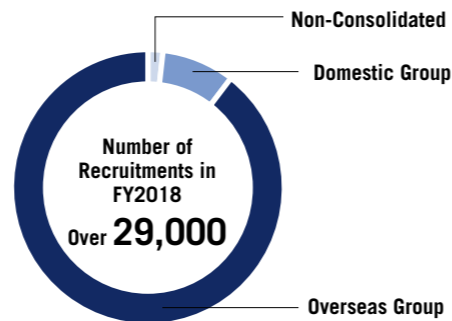


One of the growth strategies incorporated in our new Medium-Term Management Plan, geared toward achieving the Global 3<sup>rd</sup> Stage, is to “unleash our employees’ potential that maximize organizational strengths.” To maximize the professionalism of employees, we are mainly working to enhance digital capabilities, design framework to accommodate diverse human resources, and improve employee engagement, as well as strengthen our global capabilities and implement workstyle innovations.

### Employment and Recruitment

#### Achievements in Global Recruiting

- Over 29,000 hires Groupwide in FY2018
- Enhanced acquisitions of highly professional human resources needed for business growth as IT workforce is highly mobile
- Established a global career site that unifies overseas Group company recruitment sites in addition to advancing recruitment activities utilizing LinkedIn and other means
- Highly recognized from external parties, such as receiving awards and other laudations, as a company that utilizes LinkedIn for effective employer branding



#### NTT DATA's Non-Consolidated Achievements in Recruiting

- Newly Graduated Recruits**  
 20% increase in applicants through leveraging digital methods (second consecutive year)
  - Recruitment activities tailored to the interest of each individual student: Promoted One to One digital recruitment marketing, use of referral services and early-stage, year-round internships, etc.
  - Strengthened recruitment in AI and other advanced technology fields: When recruiting new graduates, our specialists in each technology field held interviews with the candidates to enhance efforts to acquire work-ready human resources.
  - Strengthened recruitment of human resources with a strong global aptitude: Enhanced acquisition of human resources by recruiting from London, Singapore, and Boston and other places.
- Experienced Recruits**  
 26 → 96 (FY2018)
  - Enhanced recruitment efforts for experienced hires (96 hires in FY2018, up 3.7 times year on year)
  - Established Advanced Professional (ADP) system for recruiting human resources with outstanding expertise in advanced technology fields. ADP is a system aimed at employing human resources with outstanding expertise in advanced technology fields with compensation that corresponds with market value with an annual salary plus additional compensation that is largely influenced by performance.

	FY2014	FY2015	FY2016	FY2017	FY2018
Number of newly graduated recruits	379	379	378	385	418
Number of experienced recruits	20	8	15	26	96

### Employee Skills Development

We are working to develop employee skills by enhancing digital capabilities and enhancing global capabilities, two components of our new Medium-Term Management Plan. Overseas and domestic Group companies also offer specialized skills improvement and other human resource development programs similar to the programs offered by NTT DATA (Non-consolidated).

#### Dedicated Training Time for Skills Improvement\*1

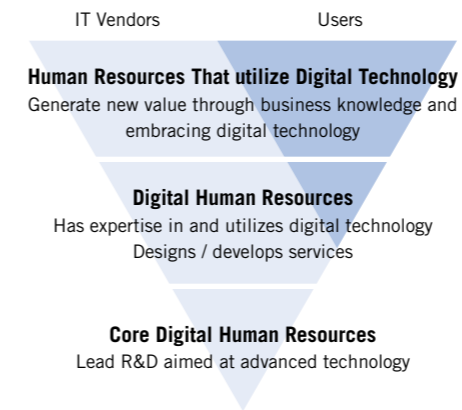
A variety of training systems and development programs have been established to support the cultivation of employee skills. Each employee receives 60 hours of training per year.



#### Enhance Digital Capabilities\*

\* Initiatives in Japan

As part of our new Medium-Term Management Plan, we are working to establish a variety of new systems focused on improving the digital capabilities of all employees.



#### Newly Established Self-Innovation Time

As a new initiative for FY2019, we will introduce self-innovation time, dedicating some of the working time to improve digital and global skills, workstyle innovations that utilize digital technology, and knowledge sharing within the Company and other organizations, with a target of 40 hours per person as a common KPI for FY2019 across all organizations.

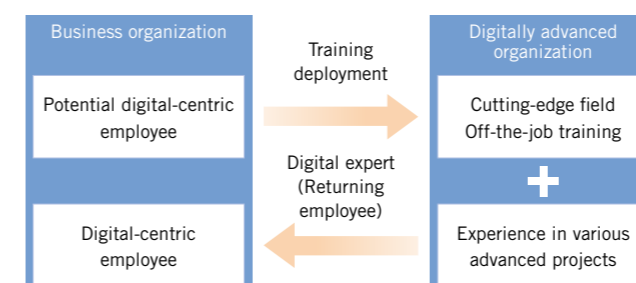


#### Training Program to Cultivate Human Resources That Utilize Digital Technology

In order to enhance digital capabilities among all employees, the Company has implemented training and seminars since FY2017 aimed at moving away from previous modes of thinking and perspectives and toward design-based thinking and idea creation. This program is implemented for all new employees, as well as mid-career and leadership-level employees.

#### Starting the Digital Acceleration Program

In order to nurture and strengthen digital-centric human resources throughout the Company, we have been implementing a series of training programs since fiscal 2019 that combine off-the-job training in advanced fields with actual experience in various cutting-edge projects.



#### Digital Boot Camp Training Program

We have developed a skills system and methodology for cultivating digital human resources, and are conducting training programs aimed at creating core digital human resources. From FY2017–FY2018, a total of approximately 6,000 employees were given opportunities to receive training in design, AI, the IoT, cloud technology, IT architecture, and information.

#### Evening Seminars

Short seminars are held at night as an opportunity for self-improvement. These seminars can be live-streamed or viewed on demand in addition to participation in person, and these additional options are popular among employees with childcare, nursing, or other obligations.

#### Major Seminar Themes

- Digital innovation
- Ask Value Creators! Developing a New Business Mindset
- Practical applications of data analysis and statistical methods
- AI and IoT—the Changes are Here
- A framework for creating ideas applicable to the field

#### Creating Digital Professionals

NTT DATA and its Group companies introduced the Professional Career Development Program (CDP), a unique human resource development program that in FY2018 certified 6,700 employees in Japan and overseas. This program has certified a cumulative total of more than 41,400 employees.

From FY2019, we will add “Human Resources Driving New Business Development” and “Human Resources Related to Businesses That Utilize Data Gained via AI and Other Technologies” as new human resource types in order to respond to changes in technology and business.

#### Human Resource Types at NTT DATA

System development	Project Managers
	Application Specialists
	IT Service Managers
Technology	IT Architects
	IT Specialists
	R&D Specialists
	Data Scientists <small>Added from FY2019</small>
Sales	Clients Sales
	Solution Sales
	Consultants
	Business Developers <small>Added from FY2019</small>
	Staff

Enhance Global Capabilities\*1

In order to cultivate global human resources, we provide opportunities for international business exchanges targeting employees from management to younger employees, as well as opportunities to improve global business skills. A cumulative total of 743 employees have participated in the Global Leadership Program, a discussion forum for executive trainees from around the world, etc. In addition, we provide a wealth of growth opportunities, including the Readiness Drive Program that is intended to nurture global response capabilities for young and mid-level employees (accepting 200 people a year), and deployment to overseas subsidiaries for training.

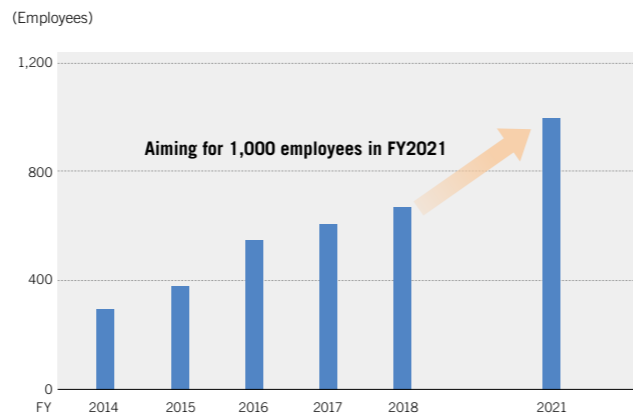


Global Leadership Program

Expanding the Circle of Globalization Drivers

We aim to grow the number of human resources at Company headquarters with long-term experience in global business to 1,000 in FY2021.

Number of Employees with Long-Term Experience in Global Business\*2



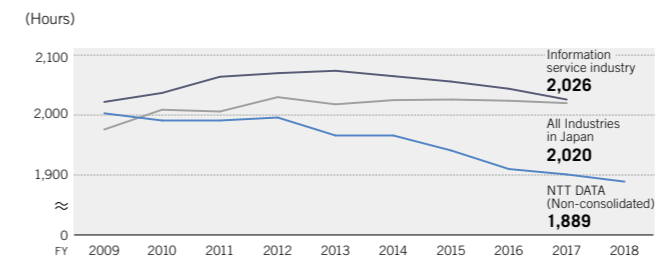
\*2 Number of employees with long-term experience in global business: Employees who have been engaged in global business work continuously for at least three months, etc.

Workstyle Innovations \*1

Initiatives to Reduce Total Hours Worked and the Results

As a result of promoting workstyle reforms Companywide, we were able to achieve our FY2018 goal of under 1,890 hours worked.

Trends in Annual Hours Worked per Employee



Source: Proprietary data / Japan Information Technology Services Industry Association basic statistical survey report / Ministry of Health, Labour and Welfare Monthly Labour Statistical Survey

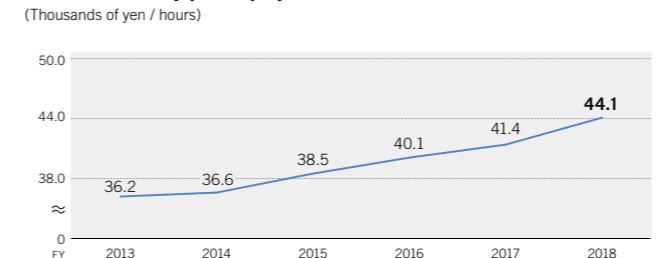
Initiatives to Improve Productivity

By switching to thin-client terminals for work use, and by utilizing an "NTT DATA Integrated Development Cloud" that integrates our system development environment into the cloud, we are able create the same working environments at the office, on business trips, and from home.

Moreover, our use of robotic process automation (RPA) and AI processes has led to increased work efficiency and quality.

As a result of these efforts to improve productivity, labor productivity per person has improved 22% from FY2013.

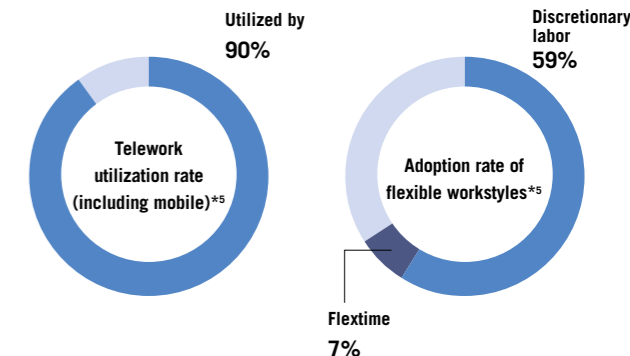
Labor Productivity per Employee\*4



\*4 Labor productivity per employee = Sales / (Total working hours per person x Number of employees) (Non-consolidated NTT DATA)

Promoting Flexible Workstyles

Telework has been introduced as a specific way to realize workstyle innovation, and is utilized by approximately 90% of employees. We are also pursuing flexible workstyles not limited by time and space through systems including discretionary labor and flextime, and infrastructure development that includes conversion to thin client terminals as well as video and telephone conferencing.



\*5 Non-consolidated NTT DATA, as of March 31, 2019

Initiative of Telework Campaign

In FY2018, 42,600 employees in total made use of Company measures to eliminate traffic congestion by teleworking, flextime, or taking a leave, over a five-day period. These measure include telework, commuting during off-peak hours, and taking paid leave.

In FY2019, a total of 75,000 employees will be participating in this initiative over a ten-day period.

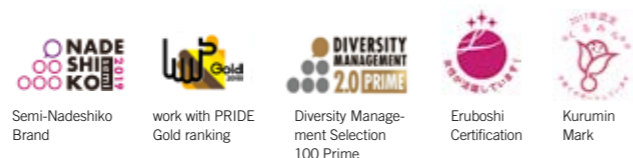
White 500 Certification Grows to a Groupwide Level

NTT DATA and its domestic Group companies strive for health managements. As a result of their efforts, NTT DATA and six of its domestic Group companies have been certified as a White 500 organization under the Health and Productivity Management Organization Recognition Program sponsored by Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. This distinction is granted to organizations for initiatives to address local health issues and for excellent health management.

Design Framework to Accommodate Diverse Human Resources—Diversity and Inclusion—

NTT DATA recognizes diversity and inclusion as an important management strategy for global competitiveness and promotes active participation of diverse human resources and workstyle innovations.

High Evaluations from External Parties



Active Participation of Diverse Human Resources

Accelerating Promotion of Diversity Worldwide

In solidarity with the goals of the Women's Empowerment Principles (WEPs), a series of guidelines aimed at actively promoting the success of women, we have signed a statement agreeing to act and uphold these principles. We also number among the global supporters of Catalyst, a non-profit organization with a corporate membership of global leaders in the promotion of women's careers and business development. Through these actions, we are actively working to promote diversity worldwide.

Initiatives Related to LGBT and Gender Minorities

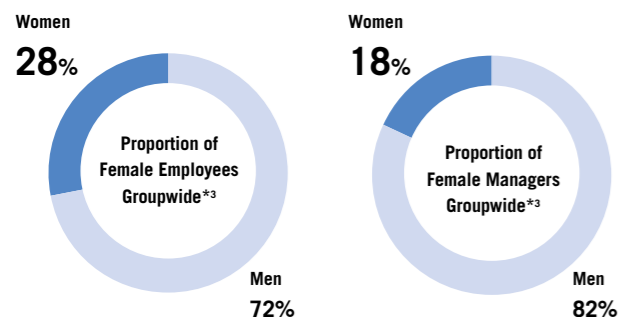
NTT DATA continues to promote efforts including employee seminars and development of system administration aimed at creating human rights awareness. In recognition, we received a Gold ranking in the PRIDE Index from private institution "work with Pride" in 2018, marking the second consecutive year to receive this distinction. In April 2019, we participated Tokyo Rainbow Pride 2019, Japan's largest LGBT event.



Enhancing Childcare and Nursing Care Systems\*1

To help employees balance childbearing and child-rearing, nursing care, and work responsibilities with a greater peace of mind, the NTT DATA Group is enhancing its leave systems and introducing short working hours while working to increase employee understanding of such systems and improving the workplace environment, making these systems easier to use. In FY2018, 100% of employees returned to work after taking childcare leave.

Rate of Employees who Return to Work after Childcare Leave  
**100%**  
(FY2018)



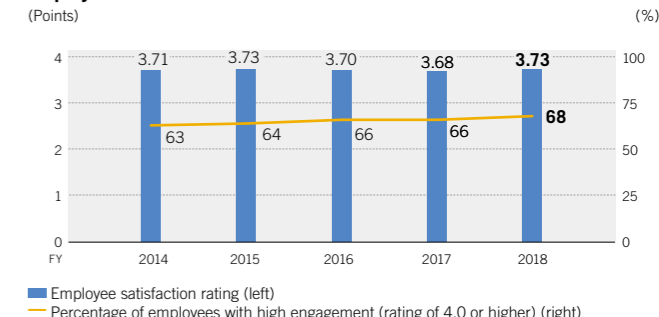
\*3 As of March 31, 2019

Improving Employee Engagement

In an effort to create a more motivating workplace, NTT DATA conducts the "One Voice" employee engagement survey targeting employees at overseas Group companies who have become part of the NTT DATA Group, many of whom have joined through M&A.

In addition, attitude surveys are given to all NTT DATA (non-consolidated) and domestic Group company employees on a regular basis in order to improve workplace conditions. In FY2018, 68% of employees of NTT DATA (non-consolidated) reported high levels of engagement (employee satisfaction of 4.0 or higher).

Employee Satisfaction (Non-Consolidated NTT DATA)





Environmental Management



In addressing global environmental issues, it is important to ensure sustainability from a wider perspective that includes responding to climate change and conserving biodiversity. The NTT DATA Group is working to resolve a range of environmental issues. In addition to “Greening the Group,” an approach that gives due consideration to the natural environment in every aspect of its corporate activities, the Group is continuing to promote progressive initiatives in the “Greening of Clients and Society” as a whole through its products and services. In order to achieve significant results in improving environmental issues, the Company is also aiming to enhance its environmental management while promoting Groupwide “environmental contribution and communication.”



NTT DATA Group's Action Plan

The NTT DATA Group promotes environmental management that helps resolve environmental issues directly facing the earth and society based on its three action plans, which are rooted in its Environmental Policies.

Contributing to the greening of our clients and society through IT

Greening of Clients and Society (Green By IT)

- Promote the visualization of environmental impact assessments of the systems and solutions provided by the NTT DATA Group
- Help to reduce society's environmental impact by promoting the creation and expansion of environmental solutions

Contributing to the global environment by promoting the greening of the NTT DATA Group

Greening the Group (Green Of IT)

- Steadily reduce CO<sub>2</sub> emissions by the Group by raising the efficiency of and implementing operational improvements to its data centers and by such work-style innovations as hot-desking
- Implement systematic cuts to paper usage and waste volumes

Engaging each employee in thinking about the environment and making his / her own active contribution

- Promote environmental social contribution activities across a range of fields both as an organization and individuals
- Promote proactive environmental communication, within and outside the Group

Quantitative Targets and Results

Items	Defined Target	Base Value: FY2013	FY2018 Results	Performance	Results	FY2019 Targets	FY2020 Targets	FY 2021 Targets
Reduce the environmental impact of society by promoting green IT*1	NTT DATA Group's contribution to reducing CO <sub>2</sub> emissions in society will exceed the Group's own emissions by a factor of X	-	Over 4 times (1,025,138 t / 256,285 t)	4.5 times (1,043,021 t / 229,439 t)	○	4 times or more	4 times or more	4 times or more
Reduce greenhouse gas (GHG) emissions*1	Volume of CO <sub>2</sub> emissions	244,081 t	5% increase or lower (within 256,285 t)	6% decrease (229,439 t)	○	5% increase or lower	0% reduction or higher	0% reduction or higher
Reduce the amount of copy paper purchased*2	Amount of copy paper purchased (Gross amount calculated on a number-of-sheets basis)	201.22 million sheets	4% reduction or higher (193.17 million sheets or fewer)	34.1% decrease (13,264 sheets)	○	4% reduction or higher	4% reduction or higher	4% reduction or higher
Reduce the amount of waste for final disposal*2,3	Amount of waste for final disposal (Gross amount)	207 t	80% reduction or higher (41 t or lower)	94% reduction (11.6 t)	○	80% reduction or higher	80% reduction or higher	80% reduction or higher
	Ratio of waste for final disposal (Final disposal amount / total amount of waste)	-	1.0% or lower	0.23%	○	1.0% or lower	1.0% or lower	1.0% or lower
Social and environmental contribution activities*2	Number of activity participants	-	4,600 or more	5,634	○	4,700 or more	4,800 or more	4,900 or more

\*1 Scope of data collection: Targets for NTT DATA, an integrated ISO 14001 group certification company, and a total of 29 group companies. NTT DATA and 69 group companies (Domestic only)  
 \*2 Scope of data collection: NTT DATA and 29 group companies that have acquired ISO 14001 group integrated certification for both targets and results.  
 \*3 Figures exclude the effective use of thermal energy (thermal recycling) generated by incineration at the time of final disposal.

Initiatives Example 1

Greening of Clients and Society (Green By IT)

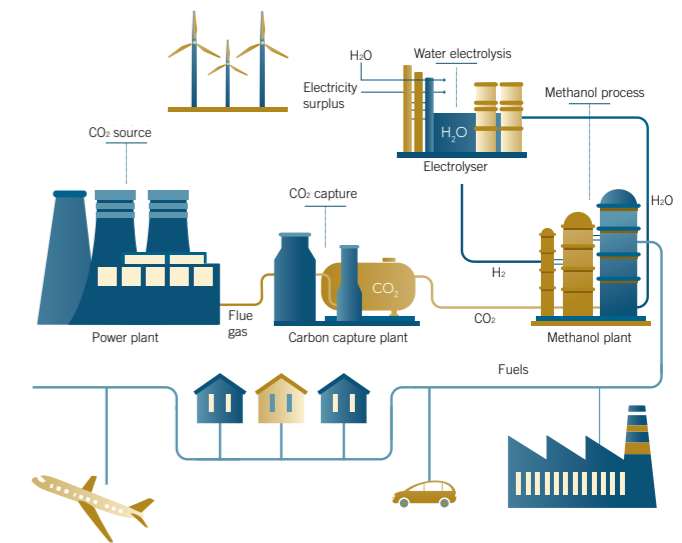


Contributing to the Project Funded by EU to Convert CO<sub>2</sub> into a Renewable Energy

i-deals, the technology broker of the everis Group, a subsidiary of NTT DATA Corporation, is participating in the MefCO<sub>2</sub> project funded by EU. MefCO<sub>2</sub> is a project conducting PoC of converting CO<sub>2</sub> into a renewable fuel and versatile platform chemical such as methanol using hydrogen produced from renewable energy surplus, seeking to demonstrate its economic feasibility.

i-deals is contributing to this project, expected to have the effect of reducing greenhouse gas emissions which is a global environmental issue, mainly through project management, business plan definition, and exploiting the state-of-the-art technology developed in the project. The project consortium has built a pilot plant in Germany with 400 t/y production volume of methanol, aiming to scale up to 50,000 t/y in the future.

- NTT DATA's role through its subsidiary i-deals (everis Group)**
- Project management and coordination
  - Business plan definition and follow-up
  - Support using state-of-the-art technology
  - Actions to exploit project results and IP
  - Guidance in administrative procedures, financial, and legal issues.
  - Communication with European Commission authorities
  - Definition and development of project's dissemination actions



Initiatives Example 2

Greening the Group (Green Of IT)



Responding to Increasingly Sophisticated Needs and Reducing Environmental Impact at Mitaka Data Center EAST, a Center with State-of-the-Art Equipment

Mitaka Data Center EAST, with total floor space of approximately 38,000 m<sup>2</sup>, accommodating approximately 5,600 server racks, is one of the largest dedicated data centers in Japan. While the building is capable of managing a heavy power load, it is also environmentally friendly and takes advantage of clean energy options which include wall-mounted air conditioning that enables outside-air cooling, natural lighting in common areas, and a solar panel power supply.

In September 2018, the center became the first in Japan to receive Gold certification under the Leadership in Energy and Environmental Design (LEED) rating system in its newest version of the data center category. The LEED rating system is an environmental performance evaluation system developed by the U.S Green Building Council for buildings and other sites.



Mitaka Data Center EAST exterior

Recipient of the 2018 ASPIC IoT, AI and Cloud Award (Data Center Division Grand Prix)

The ASPIC IoT, AI and Cloud Award recognizes excellent and socially beneficial services in Japan and was created to enliven domestic IoT, AI, and cloud-related industries, create markets, establish information infrastructure, improve corporate activities and support business expansion. We were the recipients of the 2018 Data Center Division Grand Prix Award, which is bestowed upon the data center with the highest score in terms of environment, safety, technology, customer contributions and, challenge-seeking mindset to take on new businesses. NTT DATA will continue to provide customers with high value using Mitaka Data Center EAST as its digital business base.

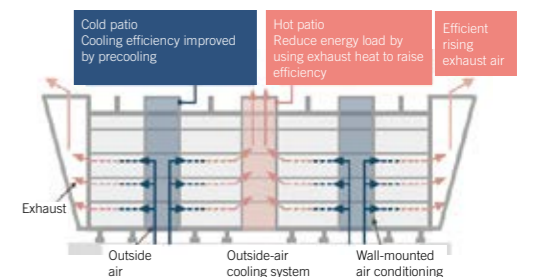


Image of the outside-air cooling system



# Corporate Governance

## Directors, Audit & Supervisory Board Members, and Senior Vice Presidents (As of June 21, 2019)

### Directors



#### 1 President and Chief Executive Officer, Representative Director

**Yo Honma**

1980 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2014 Executive Vice President and Director, and Company President of Enterprise IT Services Company of NTT DATA  
2015 Executive Vice President and Director of NTT DATA  
2016 Senior Executive Vice President and Representative Director of NTT DATA  
2018 President and Chief Executive Officer, Representative Director of NTT DATA (present post)

#### 2 Senior Executive Vice President and Representative Director

**Keiichiro Yanagi**

Head of HR Headquarters, Responsible for Corporate Strategy, Human Resource Management, Finance (CFO), Investor Relations, Risk Management (CRO), and Public Relations

1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2009 President and Representative Director of NTT DATA Geotronics Corporation  
2013 Senior Vice President, Head of Second Financial Sector of NTT DATA  
2016 Executive Vice President and Director, Head of General Affairs Department and Human Resources Department of NTT DATA  
2017 Executive Vice President and Director, Head of HR Headquarters and ESG Promotion Department of NTT DATA  
2018 Senior Executive Vice President and Representative Director, Head of HR Headquarters of NTT DATA (present post)

#### 3 Senior Executive Vice President and Representative Director

**Shigeki Yamaguchi**

Responsible for Public & Social Infrastructure Segment, Enterprise & Solutions Segment, and China & APAC Segment

1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2013 Senior Vice President, Head of Enterprise Business Consulting Marketing Division of NTT DATA  
2014 Senior Vice President, Head of Third Enterprise Sector of NTT DATA  
2015 Senior Vice President, Head of IT Services & Payments Services Sector of NTT DATA  
2016 Executive Vice President, Head of IT Services & Payments Services Sector of NTT DATA  
2017 Executive Vice President and Director of NTT DATA  
2018 Senior Executive Vice President and Representative Director of NTT DATA (present post)

#### 4 Senior Executive Vice President and Representative Director

**Toshi Fujiwara**

Responsible for Americas & Europe Segment, and Global Marketing

1985 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
2014 Senior Vice President, Deputy Head of First Financial Sector, Senior Vice President, Head of Fourth Financial Sector of NTT DATA  
2015 Senior Vice President, Head of First Financial Sector of NTT DATA  
2017 Executive Vice President and Director of NTT DATA  
2018 Senior Executive Vice President and Representative Director of NTT DATA (present post)

#### 5 Executive Vice President and Director

**Tsuyoshi Kitani**

Head of Technology and Innovation General Headquarters Responsible for Technology Strategy (CTO) and Information Security (CISO)

1983 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2014 Senior Vice President, concurrently serving as Head of System Platforms Sector and Head of Research and Development Headquarters of NTT DATA  
2015 Executive Vice President, concurrently serving as Head of System Platforms Sector and Head of Research and Development Headquarters of NTT DATA  
Executive Vice President, concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Platforms Sector in Technology and Innovation General Headquarters of NTT DATA  
2016 Executive Vice President, concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Engineering Headquarters in Technology and Innovation General Headquarters of NTT DATA  
Executive Vice President and Director, concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Engineering Headquarters in Technology and Innovation General Headquarters of NTT DATA  
2017 Executive Vice President and Director, Head of Technology and Innovation General Headquarters of NTT DATA (present post)

#### 6 Executive Vice President and Director

**Shunichi Takeuchi**

Deputy responsible for Public & Social Infrastructure Segment

1985 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
2014 Senior Vice President, Head of General Affairs Department of NTT DATA  
2015 Senior Vice President, Head of Public Sector 1 of NTT DATA  
2016 Senior Vice President, Head of Telecom & Utility Business Sector of NTT DATA  
2018 Executive Vice President and Director of NTT DATA (present post)

#### 7 Executive Vice President and Director

**Koji Ito**

Head of North America Sector, Head of EMEA & LATAM Sector Deputy responsible for Americas & Europe Segment

1986 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
2012 Vice President of Corporate Strategy Planning Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
2015 Senior Vice President, Head of Global Business Sector of NTT DATA  
2017 Senior Vice President, Head of North America Sector, Head of EMEA & LATAM Sector of NTT DATA  
2018 Executive Vice President and Director, Head of North America Sector, Head of EMEA & LATAM Sector of NTT DATA (present post)

#### 8 Executive Vice President and Director

**Hisashi Matsunaga**

Head of Third Financial Sector, Responsible for Financial Segment

1986 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
2014 Head of Insurance and Mutual Aid Division in First Financial Sector of NTT DATA  
2015 Senior Vice President, Head of Insurance and Mutual Aid Division in First Financial Sector of NTT DATA  
Senior Vice President, Head of Group Strategy Headquarters of NTT DATA  
2017 Senior Vice President, Head of First Financial Sector and Group Strategy Headquarters of NTT DATA  
Senior Vice President, Head of First Financial Sector of NTT DATA  
2018 Executive Vice President, Head of First Financial Sector of NTT DATA  
2019 Executive Vice President and Director, Head of Third Financial Sector of NTT DATA (present post)

#### 9 Director

**Yukio Okamoto**

Outside Director\*, Independent Director\*\*

1968 Joined the Ministry of Foreign Affairs  
1991 Representative Director of Okamoto Associates, Inc. (present post)  
1996 Special Advisor to the Prime Minister  
2000 Director of Mitsubishi Materials Corporation  
2003 Special Advisor to the Prime Minister  
2006 Auditor of Mitsubishi Motors Corporation  
2008 Director of Nippon Yusen Kabushiki Kaisha (NYK LINE)  
2014 Director of NTT DATA (present post)

#### 10 Director

**Eiji Hirano**

Outside Director\*, Independent Director\*\*

1973 Joined Bank of Japan  
2006 Vice President and Director of Toyota Financial Services Corporation  
2014 Special Advisor of Toyota Financial Services Corporation  
Vice Chairman and Director of MeLife, Insurance K.K.  
2015 Vice Chairman and Representative Executive Officer, Director of MeLife Insurance K.K.  
Director of RIKEN CORPORATION (present post)  
2016 Director of NTT DATA (present post)  
Advisor of Toyota Financial Services Corporation  
2017 Vice Chairman and Director of MeLife Insurance K.K. (present post)  
Chairperson of the Board of Governors, Government Pension Investment Fund (GPIF) (present post)

#### 11 Director

**Takashi Ebihara**

1990 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION

2010 Director and CEO of Keane International, Inc. (current NTT DATA, Inc.) (present post)  
2012 Senior Vice President of NTT DATA  
2018 Director of NTT DATA (present post)

#### 12 Director

**John McCain**

1986 Joined Electronic Data Systems

2010 Director and CEO of Keane International, Inc. (current NTT DATA, Inc.) (present post)  
2012 Senior Vice President of NTT DATA  
2018 Director of NTT DATA (present post)

### Audit & Supervisory Board Members



#### 1 Standing Audit & Supervisory Board Member

**Tetsuro Yamaguchi**

Outside Audit & Supervisory Board Member\*\*

1979 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2006 President & CEO of NTT America, Inc.  
2010 Director of Global Strategy Department, Global Business Division of NTT Communications Corporation  
2011 Director of the Board, Group Executive, Joint Business Development of Dimension Data Holdings plc  
2015 Standing Audit & Supervisory Board Member of NTT DATA (present post)

#### 2 Standing Audit & Supervisory Board Member

**Tetsuya Obata**

Outside Audit & Supervisory Board Member\*\*

1980 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2004 General Manager of Department IV (current Finance and Accounting Department) of NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
2010 Head of Kanagawa Branch of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION  
President and CEO of NTT EAST-KANAGAWA CORPORATION (current NTT EAST-MINAMIKANTO CORPORATION)  
2011 Director, Head of Kanagawa Branch of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION  
2013 Managing Director, Head of planning and general affairs department and Head of sales headquarters of NTT BUSINESS ASSOCIE CORPORATION  
Director of NTT BUSINESS ASSOCIE WEST Co., Ltd.  
2016 Representative Managing Director, Head of planning and general affairs department, Head of BPR promotion department of NTT BUSINESS ASSOCIE CORPORATION  
2017 Representative Managing Director, Head of planning and general affairs department and Head of business cooperation promotion department of NTT BUSINESS ASSOCIE CORPORATION  
Director of NTT LEARNING SYSTEMS CORPORATION  
2018 Standing Audit & Supervisory Board Member of NTT DATA (present post)

#### 3 Standing Audit & Supervisory Board Member

**Katsura Sakurada**

Outside Audit & Supervisory Board Member\*\*, Independent Director\*\*

1980 Joined the Board of Audit of Japan  
2014 Director General for Secretariat of General Executive Bureau of Board of Audit of Japan  
2015 Director General of 1st Bureau of Board of Audit of Japan  
2016 Deputy Secretary General of Board of Audit of Japan  
2017 Secretary General of Board of Audit of Japan  
2018 Standing Audit & Supervisory Board Member of NTT DATA (present post)

#### 4 Audit & Supervisory Board Member

**Rieko Sato**

Outside Audit & Supervisory Board Member\*\*, Independent Director\*\*

1984 Registered as an attorney at law (present post)  
1989 Shearman & Sterling LLP  
1998 Partner of Inui Law Office (present post)  
2004 Auditor of Ajinomoto Co., Inc.  
2008 Auditor of Gignosystem Japan, Inc. (present post)  
2012 Audit & Supervisory Board Member of NTT DATA (present post)  
2015 Director of The Dai-ichi Life Insurance Co., Ltd.  
2016 Director (audit and supervisory committee member) of Dai-ichi Life Holdings, Inc. (present post)  
2018 Director of J. FRONT RETAILING Co., Ltd. (present post)

### Senior Vice Presidents

#### Tadashi Uihira

Chair of the Board of NTT DATA (CHINA)  
Chair of the Board of NTT DATA (CHINA) INVESTMENT  
Chair of the Board of NTT DATA Taiwan

#### Yutaka Sasaki

Head of Manufacturing IT Innovation Sector

#### Hidegori Chihara

Head of Public Sector 2

#### Yoshiharu Kouno

Head of Telecom & Utility Business Sector

#### Naoyuki Mori

Head of First Financial Sector

#### Katsuichi Sonoda

Head of Social Infrastructure Solution Sector

#### Shinichiro Miyake

Head of Fourth Financial Sector

#### Masanori Suzuki

Head of Strategy Office

#### Isao Arima

Head of IT Services & Payments Services Sector

#### Tomoaki Kitamura

Head of Business Solutions Sector

#### Kazuko Inamura

Head of Second Financial Sector

#### Bob Pryor

CEO of NTT DATA Services

#### Takashi Nakamura

Head of Finance Department

#### Ken Tsuchihashi

Head of China & APAC Sector  
Chairman and CEO of NTT DATA Asia Pacific

#### Miwako Akahane

Head of ESG Promotion Department

#### Tomofumi Murayama

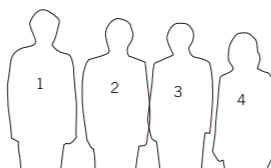
Head of Public Sector 1

#### Koji Miyajima

Director and Chair of NTT DATA EMEA

\*3 Tetsuro Yamaguchi, Tetsuya Obata, Katsura Sakurada, and Rieko Sato are outside Audit & Supervisory Board members pursuant to Article 2, Paragraph 16 of the Companies Act.

\*4 NTT DATA has designated Katsura Sakurada and Rieko Sato as independent directors in accordance with the listing regulations of the Tokyo Stock Exchange and notified it.



\*1 Yukio Okamoto, Eiji Hirano, and Mariko Fujii are outside directors pursuant to Article 2, Paragraph 15 of the Companies Act.  
\*2 NTT DATA has designated Yukio Okamoto, Eiji Hirano, and Mariko Fujii as independent directors in accordance with the listing regulations of the Tokyo Stock Exchange and notified it.

## Basic Policy

The NTT DATA Group aims to establish a business structure that produces stable profits through continuous growth by carrying out the mission to create new systems and values with information technology for a more affluent and harmonious society, and also by forecasting future trends to swiftly and accurately respond to the changing market environment, client needs, and cutting-edge technology trends.

Under this basic philosophy, NTT DATA is working on the following basic policies in accordance with the purpose of each principle of the Corporate Governance Code to ensure that corporate

governance will effectively function: (1) to endure transparency and soundness in business management, (2) to achieve appropriate and swift decision-making and business execution, and (3) to implement compliance thoroughly. The purpose of working on such basic policies is to meet the various expectations of stakeholders, including shareholders, investors, clients, business partners, and employees, and to maximize enterprise value.

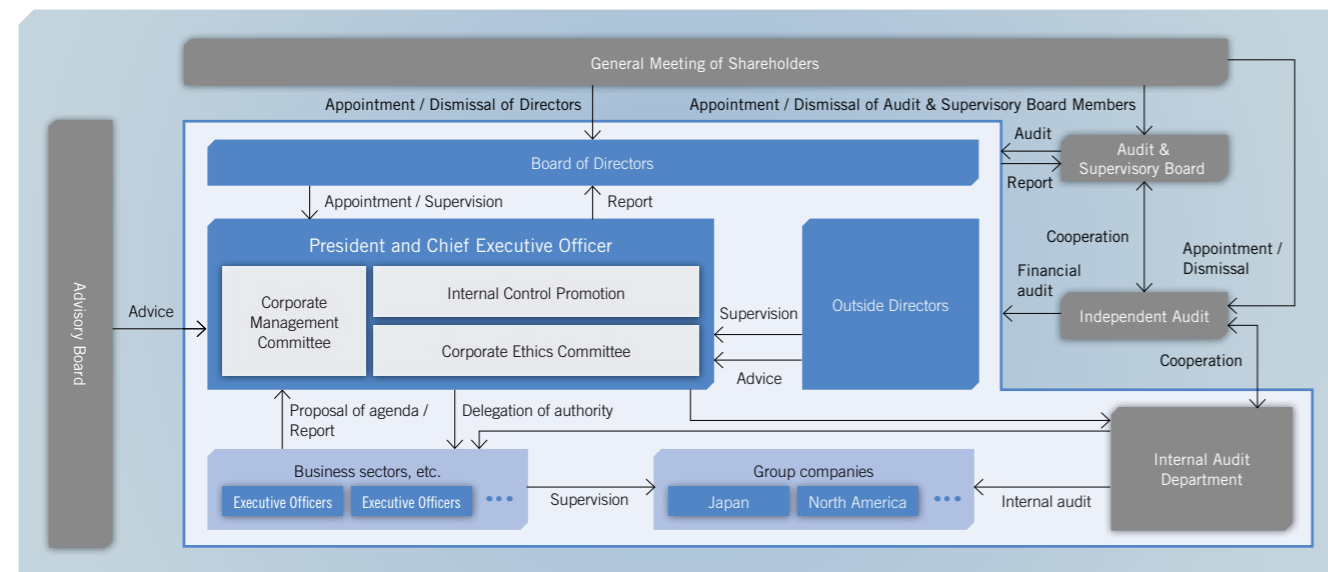
For details on our efforts, please see the Corporate Governance section of our web site. [www.nttdata.com/global/en/investors/corporate-governance](http://www.nttdata.com/global/en/investors/corporate-governance)

## Corporate Governance Systems

NTT DATA established the Audit & Supervisory Board determining the auditing system by outside audits is effective as a function to monitor its corporate management and therefore adopts the company with corporate auditors system. The General Meeting of Shareholders, the Board of Directors, and the Audit & Supervisory Board are established as the Company's organizations. We also established the Corporate Management Committee in an effort to make decision-making in our business execution as fast as possible.

Although NTT DATA has not set up an independent advisory committee such as a voluntary nomination committee or

remuneration committee, in advance of the resolution by the Board of Directors, we provide independent directors and the parent companies with explanations about the nomination of candidates for directors and remuneration for directors and receive appropriate advice from them. With the appropriate involvement and advice of independent directors for the nomination of candidates for directors and remuneration for directors, we believe that independence and objectivity of the functions and accountability of the Board of Directors concerning these matters is fully assured.



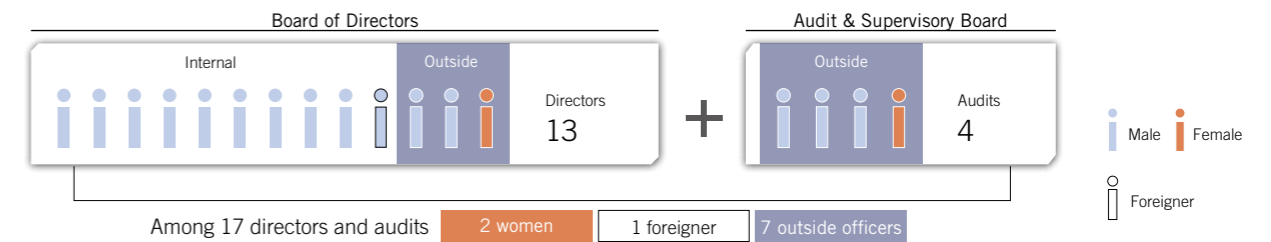
Institution	Overview	Number of Times Held in FY2018
<b>Board of Directors</b>	Made up of all 13 directors including 3 independent directors. There is one female director and a foreign director among these 13 directors. The Board meeting is held once every month in principle and can also be held as an extraordinary meeting, if necessary. Such meetings determine and supervise legal matters and other important matters relating to management.	18 times
<b>Audit &amp; Supervisory Board</b>	Made up of 4 outside audits, including a woman. It is held once every month in principle for decision making of policies, plans, methods of audit, and other important matters related to audit. Each audit attends important meetings including the Board meeting and audits the status of business execution from time to time. A dedicated organization (Office for Audit & Supervisory Board Members) to support this is in place.	17 times
<b>Corporate Management Committee</b>	Made up of the President and CEO, the Senior Executive Vice President, officers responsible for regions and segments and heads of each section or group. It is held once a week in principle for smooth and swift decision making and supervision relating to business operations. An audit also participates in such meeting to enhance the transparency of decision making.	37 times

## Initiatives to Strengthen Governance

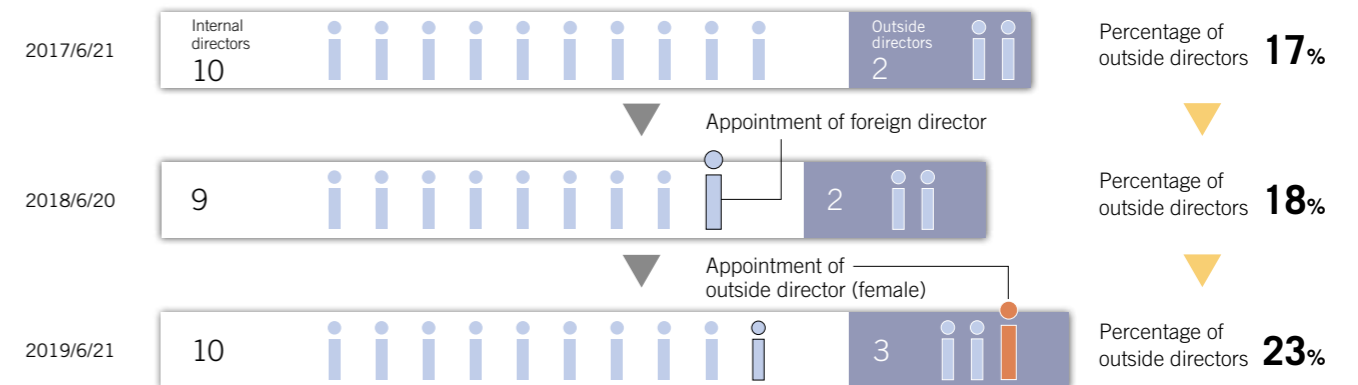
We have increased the number of outside directors to three in June 2019 in order to improve the monitoring of management. We also appoint human resources in line with the human resource policy of selecting candidates on the basis of superior

character, insight, and management ability regardless of age, gender, or nationality. At present, we have appointed one female director and one female Audit & Supervisory Board Member, as well as one foreign director. (As of June 21, 2019)

Composition of the Board of Directors / Audit & Supervisory Board (As of June 21, 2019)



### Changes in the Composition of the Board of Directors



## Appointment Policies / Procedures of Candidates for Directors and Candidates for Audit

### Matters Regarding Appointment and Nomination

**Appointment Policy for Candidates for Directors**

The candidates for directors have been appointed from personnel who have broad perspectives and experience and can contribute to the development of the entire Group, excel in management ability and leadership, and are sophisticated in business management and energetic, for improvement in the enterprise value of the entire NTT DATA Group. The size of the Board of Directors is in direct proportion to the scale of business, and it is composed with consideration of having diversity from various standpoints including internationality, and the balance of specializations.

To strengthen the supervising function of business execution, NTT DATA appoints and nominates as independent directors personnel who do not have any possibility of causing a conflict of interest with general shareholders. In principle, multiple independent directors are to be appointed.

**Appointment Policy for Candidates for Audits**

The candidates for audits are to be appointed from personnel NTT DATA can expect to conduct audits from the viewpoints of specialized experience and knowledge.

For fair audits of directors' business execution, NTT DATA appoints and nominates as outside personnel who do not have any possibility of causing a conflict of interest with general shareholders, and appoints half the number of audits or more in accordance with Companies Act.

**Procedures for Appointment**

The procedures for appointing candidates for directors are to be carried out as follows: the backgrounds of candidates are first explained to the parent companies and independent directors prior to the Board of Directors' meeting; then the parent companies and independent directors provide appropriate advice and the Board of Directors adopts the resolution, and such resolution is referred to a shareholders' meeting. The procedures for appointing candidates for audits are to be carried out as follows: the candidates for audits proposed by directors in accordance with the appointment policy for candidates for audits are deliberated at a meeting of the Audit & Supervisory Board that is made up of half the number of outside audits or more, and upon the agreement of the Audit & Supervisory Board, the Board of Directors adopts resolution, then such resolution is referred to a shareholders' meeting.



Independence Standards and Qualification

NTT DATA designates outside directors who satisfy the following conditions, in addition to the criteria for independence stipulated by Tokyo Stock Exchange, Inc., as its independent directors.

A person who does not fall under any of the following items for the most recent 3 financial years:

- ① A business executor of NTT DATA's business partner with a trading amount exceeding the standards set forth by NTT DATA\*1;
- ② A business executor of NTT DATA's lender with an amount of lending exceeding the standards set forth by NTT DATA\*2;
- ③ An individual providing specialized services, such as a consultant, accountant, or lawyer, who has received from NTT DATA any money or other property profit that is worth ¥10 million or more per year other than executive remuneration in any year of the most recent 3 financial years; or

- ④ A business executor of an organization that has received contributions exceeding NTT DATA's standards\*3. Even if a person falls under any of the conditions from ① through ④ as stipulated above, any reason for judging that such person still has independence is required to be explained and disclosed when such person is appointed as an independent director.

\*1 NTT DATA's business partner with a trading amount exceeding the standards set forth by NTT DATA refers to a business partner whose trading amount with NTT DATA is 2% of NTT DATA's non-consolidated annual sales or larger in any financial year out of the most recent 3 financial years.  
 \*2 NTT DATA's lender with an amount of lending exceeding the standards set forth by NTT DATA refers to a lender who lends to NTT DATA 2% or a larger percentage of NTT DATA's total assets in any financial year out of the most recent 3 financial years.  
 \*3 An organization that has received contributions exceeding the standards set forth by NTT DATA refers to an organization that has received contributions from NTT DATA that exceed ¥10 million per year or 2% of the total annual revenue of such organization, whichever is larger in amount, in any financial year out of the most recent 3 financial years.

Reason for Appointment and Status of Independence

	Years Served	Attendance*	Independence	Reasons of Appointment	
Outside Directors	Yukio Okamoto	5	18/18	○	He has extensive knowledge and insight about the international situation as an expert. Since he is expected to contribute, as an outside director, to the enhancement of supervisory functions in executing management and the provision of opinions from his broad viewpoints, he has been appointed.
	Eiji Hirano	3	18/18	○	He has extensive experience in the financial sector, and wide perspectives concerning financial administration and international finance. He has been appointed based on the fact he is expected to contribute, as an outside director, to the enhancement of supervisory function of business execution as well as the provision of advice using his wide range of perspectives.
	Mariko Fujii	-	-	○	She has keen discernment and extensive experience accumulated through her career in public administration, research on economics, and foreign affairs. Based on this, she is expected to contribute to the enhancement of supervisory functions in executing management and the provision of opinions from broad viewpoints and has been appointed. Note that she has no experience of engagement in management of a company in any other manner than serving as an outside director. However, based on the above reasons, the Company judges that she can perform the duties of outside director properly.
Outside Audits	Tetsuro Yamaguchi	4	18/18 (17/17)	○	In the past, he acted as a business executor at NIPPON TELEGRAPH AND TELEPHONE CORPORATION and NTT Group companies. He is expected to ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits of business execution as an outside audit by utilizing his broad viewpoints and experience.
	Tetsuya Obata	1	14/14 (10/10)	○	He has experience in the finance and general affairs sectors as well as a tremendous track record in corporate management in the NTT Group. Since Mr. Obata, who had been a business executor at NIPPON TELEGRAPH AND TELEPHONE CORPORATION and NTT Group companies in the past, is expected to help the Company ensure the corporate soundness and establish a transparent and fair system to monitor management through the audits of business execution by utilizing his wide perspectives and experience, he has been appointed.
	Katsura Sakurada	1	14/14 (10/10)	○	He has extensive experience and wide perspectives concerning audits for finance, accounting, and business execution based on his long years of professional experience in the Board of Directors of Audit of Japan. Since he is expected to help the Company ensure the corporate soundness and establish a transparent and fair system to monitor management through the audits of business execution, he has been appointed. Although he has not been engaged in corporate management, the Company judged that he is able to fulfill the duties of an outside audit appropriately for the above reasons.
	Rieko Sato	7	17/18 (16/17)	○	She is expected to ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits of business execution as an outside audit by utilizing her broad viewpoints and experience. Taking into consideration that she had been involved in legal work for a long period of time, NTT DATA also expects her to conduct audits based on her experience and knowledge acquired through her career as a specialist in law.

\* Attendance at the Board meetings. Figures in ( ) indicate the number of times of attendance at the Audit & Supervisory Board meetings.

Board of Directors' Meeting Agendas

The Board of Directors determines any matter stipulated in the "Regulations of the Board of Directors," including matters stipulated by law and important matters relating to management of the Company and the Group, and supervises the performance of directors' duties by regularly receiving reports on the status of such performance from directors.

Additionally, since FY2017 the Board has been enhancing discussions on strategic management matters. In fiscal 2018, it held active discussions in formulating next Medium-Term Management Plan and improving effectiveness of the Board.

FY2018	Key Matters for Resolution / Reported	Matters to Be Discussed
1st Quarter	<ul style="list-style-type: none"> <li>• Matters related to financing</li> <li>• Result / Plan of efforts on internal control</li> <li>• Result / Plan of internal audit</li> <li>• Partial revision of executive remuneration system</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance report</li> <li>• Assessment of cross-shareholdings</li> <li>• Monitoring of key projects</li> <li>• Report on duties performance status</li> <li>• Report on IR activities / investor opinions</li> </ul>
2nd Quarter	<ul style="list-style-type: none"> <li>• Matters related to financing</li> <li>• Matters related to receiving orders</li> <li>• Global business promotion of NTT DATA Group</li> </ul>	<ul style="list-style-type: none"> <li>• Result of voting rights execution at ordinary general meetings of shareholders</li> <li>• Monitoring of key projects</li> <li>• Report on duties performance status</li> <li>• Report on IR activities / investor opinions</li> </ul>
3rd Quarter	<ul style="list-style-type: none"> <li>• Matters related to financing</li> <li>• Mid-term report on efforts related to internal control</li> <li>• Result of internal audit for the first half of FY2018</li> <li>• Audit plan and perspective</li> </ul>	<ul style="list-style-type: none"> <li>• Efforts on global security enhancement</li> <li>• Monitoring of key projects</li> <li>• Report on duties performance status</li> <li>• Report on IR activities / investor opinions</li> </ul>
4th Quarter	<ul style="list-style-type: none"> <li>• Matters related to financing</li> <li>• Matters related to receiving orders and on investments</li> <li>• Matters related to transactions with the parent companies</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of key projects</li> <li>• Report on duties performance status</li> <li>• Report on IR activities / investor opinions</li> </ul>

Evaluation of Effectiveness of the Board of Directors

With the purpose of enhancing the functions of the Board of Directors and to enhance corporate value, the Board of Directors has been implementing self-evaluation and analysis on the effectiveness of the Board of Directors since FY2016. As a result, we

have received mostly positive evaluation on the structure and operation of the Board of Directors and consider that effectiveness of the entire Board of Directors is secured.

Analysis / Evaluation Method



	Result of Measurement of Effectiveness of Measures in the Current Fiscal Year	Key Measures for the Next Fiscal Year
FY2016	-	<ul style="list-style-type: none"> <li>• Increase the weight of discussion on corporate strategy.</li> </ul>
FY2017	With regard to the Board's approach to increase the weight of discussion on corporate strategy at the Board meeting, we received a certain level of evaluation that improvements are being made such as a review of the standard to determine discussion matters at the Board of Directors and set-up of a place for discussion.	<ul style="list-style-type: none"> <li>• Enhanced discussions at the planning stage for corporate strategy, plans, etc.</li> <li>• Revision made to determine matters to report at the Board of Directors based on the importance and risks of each matter, even in cases where it is not applicable to the standard for discussion at the Board meeting.</li> <li>• With regard to the opinions of investors, further enhancement of details of the report based on requests to provide further detailed information to the Board of Directors and so on.</li> </ul>
FY2018	With regard to further deepening and enhancement of discussions concerning corporate strategy and further improvement of report details concerning investors' opinions, we had better evaluation scores and received a certain level of evaluation that improvements were being made.	<ul style="list-style-type: none"> <li>• Further deepening and enhancement of discussions on corporate strategy (continued).</li> <li>• Enhancement of information and opportunities toward acquisition of greater knowledge on latest technology trends, our businesses, etc.</li> <li>• Further enhancement of communication opportunities between outside directors and audits and so on.</li> </ul>



Policies Regarding Executive Remuneration

As for policies, composition, and standard of remuneration of our directors, NTT DATA explains the policy for determining the remuneration for directors to the parent companies and independent outside directors and, upon receiving appropriate advice from them, determines the amount of remuneration to such extent as resolved at a shareholders' meeting at the Board of Directors. In fiscal 2018, the amount of remuneration for the directors was also determined by the Board of Directors after explanation was made to the parent companies and independent outside directors.

- The remuneration for directors (excluding outside directors) is composed of monthly remuneration and bonuses. The amount of monthly remuneration is determined and provided in accordance with the responsibility and extent of the role of his or her position. Bonuses are determined and provided in consideration of the Company's achievement level of performance indicators such as operating income for a relevant period. As for standing directors residing in Japan, in order to reflect the medium- to long-term performance, each director is required to purchase the Company's stock through the officers' shareholding association by paying a

certain amount of money from each of their own monthly remuneration and bonuses. Each director is also required to retain all the shares purchased by himself or herself during his or her term of office. The remuneration composition, in a standard performance case, is approximately 70% for fixed remuneration and 30% for performance linked remuneration. Also, in aim of achieving both the Medium-Term Management Plan and sustainable growth and strongly aware of enhancing corporate value in medium-to long-term, we will consider increasing the percentage of performance linked remuneration, such as stock compensation, of total remuneration.

- Outside directors are paid only monthly remuneration, unrelated to business performance in order to ensure a high degree of independence.
- The remuneration for audits shall be determined by the audit after consultation. For the purpose of securing a high degree of independence of the audits, their remuneration is not linked to the business results and the audits receive monthly compensation only.

	Directors		Audits
	Inside	Outside	
<Performance-linked remuneration> Bonus	○	<div style="border: 1px solid black; padding: 2px;">                     In case of standard performance                      Performance-linked Approx. 30%                      Fixed Approx. 70%                 </div>	×
<Fixed remuneration> Monthly remuneration	○	○	○
<b>FY2018 Total amount of remuneration*1,2</b>	¥387 million (out of which ¥81 million was a bonus) (14 directors)		¥102 million (6 audits)

\*1 Standing directors residing in Japan purchase the Company's stock through the officers' shareholding association by paying a certain amount of money from each of their own monthly remuneration and bonuses, and retain all the shares purchased by himself or herself during his or her term of office.

\*2 The above includes four directors and two audits who retired at the conclusion of the 30th Ordinary General Meeting of Shareholders held on June 19, 2018.

Protection of Minority Shareholders

With regard to the relationship between NTT DATA and our parent companies, NTT DATA's basic policies shall respect each other's autonomy and independence while cooperating, and shall adequately conduct transactions, etc., between the companies complying with laws and regulations.

When conducting transactions with the parent companies and NTT Group companies, NTT DATA considers the maximization of profit for NTT DATA's entire shareholders. Specifically, NTT DATA confirms the rationality and adequacy of transactions, and gives approval in accordance with "Authority Rules" after preliminary

screening, with the Legal Sector considering the opinions of the third-party specialists when necessary. When NTT DATA conducts a business transaction with those companies, the transaction condition and its determination method are the same as those of other business partners.

Important agreements contracted with the parent companies shall be legally reviewed by the Legal Sector and audited by the audits. Especially important agreements require approval by the Board meeting that independent directors and independent audits attend.

Cross-Shareholdings

NTT DATA's purpose of cross-shareholdings is to maintain the medium- to long-term relationship, to expand trading volume and to create synergy with clients and business partners by holding shares issued by them. It is our policy to hold such shares if holding them is likely to enhance NTT DATA's enterprise value and lead to profit for our shareholders.

NTT DATA assesses the meaningfulness of cross-shareholdings for each share every year, in a comprehensive manner, from the viewpoint of whether benefits and risks from holding the shares are

commensurate with capital costs and in line with the purposes of holding: to maintain the medium- to long-term relationships, to expand trading volume, to create synergy with clients and business partners and so forth and reports to the Board of Directors, then decides whether to hold or sell such shares. In FY2018, as a result of this assessment, we have confirmed the adequacy of holding for all the listed shares held. If it proves to be inadequate to hold a share due to changes in situations, NTT DATA will take measures including reduction of the number of shares.

Group Governance

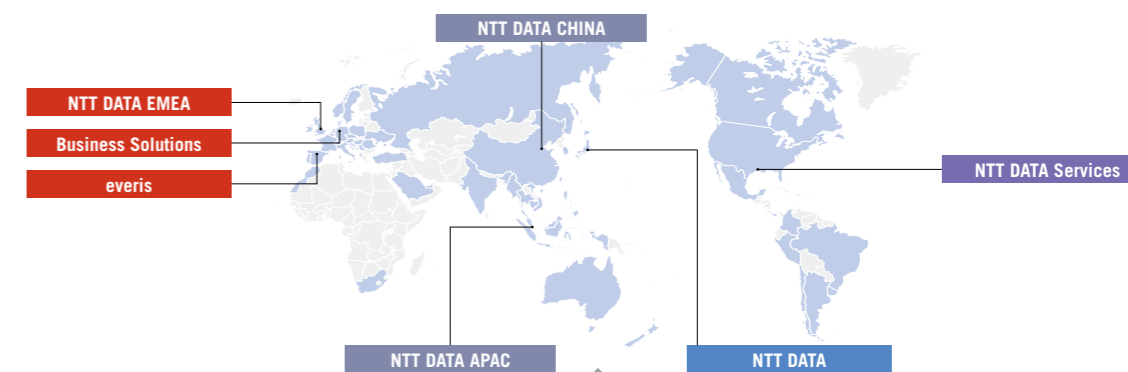
For important matters such as business planning, internal control, and compliance, NTT DATA's basic policy is to ensure appropriate business operations throughout the Group by instituting rules for consultation and reporting within each Group company. Based on this policy, the Company has established a cooperative system through the establishment of a liaison department in NTT DATA that connects to each Group company.

Particularly in recent years, Group governance has been reinforced in response to the rapid expansion of overseas operations through M&A and other measures. Specifically, the Company has established a rule to discuss and report on important matters such as business plans, large-scale projects, internal control, and compliance between the Head Office of NTT DATA (in Toyosu) and each of the two axes

including five operating regions—North America, EMEA (Europe, the Middle East, and Africa), APAC (Asia-Pacific), China, and Spain and Latin America—and business solutions.

Furthermore, NTT DATA has established nomination and compensation committees and audit committees within regional integrated companies' boards of directors to delegate responsibility for business management to each regional integrated company while building a governance system that enables the unified management of the Group.

Meanwhile, the Group is establishing a system that facilitates the appropriate and timely sharing of information about risks and other important matters of concern by building a comprehensive internal control system that includes overseas organizations.



Strengthen Collaboration with the Group Companies and Reinforce Group Governance

Governance Structure Established by the Following Methods

1. Participation of the board members in each region
2. Establishment of committees with directors dispatched from NTT DATA, local outside directors, etc.
3. Quarterly monitoring by Strategy Planning Division / Finance Division
4. Audit by Audit Division
5. Internal control promotion
6. Maintenance of compliance structure (appointment of officer in charge), training
7. Business plan hearings lead by the President and CEO
8. Conclusion of agreement for important projects requiring consultation with NTT DATA

Initiatives to Inculcate Our Group Vision "Values Week"

The NTT DATA Group strives to share the values that express the principles we cherish to realize our Group Vision. Specifically, these efforts include Values Week, held annually in May to commemorate our founding, and other events that facilitate discussions pertaining to our values. In FY2018, roughly 20,000 employees from over 100 cities in approximately 30 countries and regions participated in these activities



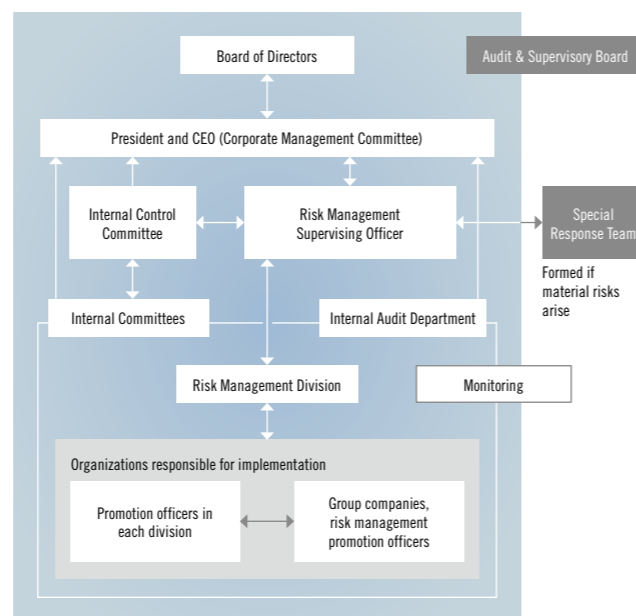
Internal Control / Risk Management

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.

The NTT DATA Group seeks to ascertain all risks associated with business activities to minimize the frequency of occurrence of these risks and limit their impact on operations should they materialize. To facilitate this effort, in 2002 we appointed an officer in charge of supervising and promoting risk management from a Companywide perspective. In addition, risk management promotion officers were appointed to the Risk Management Division as well as other divisions and Group companies to enable them to respond proactively and independently to various risks.

NTT DATA defines material risks, reviews progress toward addressing these and achieving related targets, and reflects the results of such reviews in various measures. The Internal Control Committee convenes twice a year to discuss measures pertaining to the reduction of risks and evaluate their effectiveness. The results of these evaluations are reported to the Board of Directors.

Risk Management Structure



Groupwide measure implementation status is analyzed, evaluated, and monitored by the Risk Management Division. In addition, risks determined to have the potential to impact the entire Group are defined as “global-control risks,” and are management on a Groupwide basis. Global-control risks are identified by the Internal Control Committee based on changes in social trends and opinions from outside specialists.

Global-Control Risks of NTT DATA

Material Risks	Major Improvements, etc.	Initiatives
<b>Information leakage (Personal / confidential information) Cyberattacks</b>	<ul style="list-style-type: none"> <li>Enhance countermeasures against increasing sophisticated cyberattacks</li> </ul>	<ul style="list-style-type: none"> <li>Stimulate awareness through training</li> <li>Revise rules for security measures globally</li> <li>Enhance organization to support minimization of damages when incidents occur</li> <li>Completely comply with General Data Protection Regulation</li> </ul>
<b>Accounting fraud (including window dressing)</b>	<ul style="list-style-type: none"> <li>Completely apply rules consistent with IFRS</li> <li>Expand scope for risk indication auditing</li> </ul>	<ul style="list-style-type: none"> <li>Promote introduction of consistent rules related to accounting, verify structure and use of financial processes (control activity)</li> <li>Stimulate awareness through training</li> <li>Expand the scope of illegal activities detected by risk indication auditing and promote risk indication auditing at the Group companies</li> </ul>
<b>Bribery</b>	<ul style="list-style-type: none"> <li>Continue strengthening compliance education</li> </ul>	<ul style="list-style-type: none"> <li>Stimulate awareness through training (Japan: Implement compliance IBT and position-based training Overseas: conduct training at individual locations)</li> </ul>

Compliance

NTT DATA is determined to operate its business in accordance with high ethical standards as well as compliance by setting up the Global Compliance Policy, targeted at all officers and employees of the NTT DATA Group, in order to clarify its basic policy and specific behavior guidelines relating to corporate ethics. To make such business operation effective, NTT DATA considers it necessary to implement a continuous educational campaign to promote the awareness of such ethics and compliance. Therefore, it has been holding training sessions on compliance targeted at

employees and conducting employees' attitude surveys. Aiming for more openness in its corporate culture, NTT DATA has placed an internal reporting system “the Whistle Line,” which is cross-sectional within the Group, as an internal and external point to receive any declaration, whether anonymous or named. NTT DATA ensures that any declarer to the reception desk through “the Whistle Line” is not unfavorably treated because of his or her declaration.

Information Security

The number of cyberthreats to information systems has increased dramatically in recent years, due to fraudulent access via the Internet and targeted attacks, which involve the insertion of malware. To remain a trusted partner for its clients, the NTT DATA Group has defined risks related to information security as a material risk affecting corporate management. Accordingly, we are focusing on information security measures.

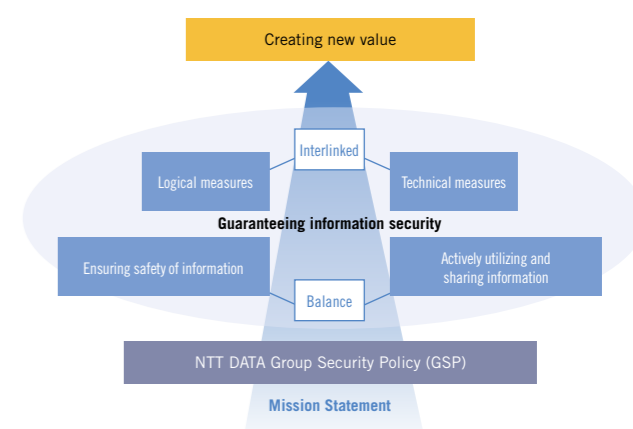
Specifically, we consider “various impacts of information security accidents posed by information outflows and leaks” to be risks. As a provider of information systems, we work to ensure information security and focus on personal information protection.

Basic Approach Regarding Information Security

The Information Security Policy was established in 1998 as guidance for appropriately handling information assets and protecting information security, and the Personal Information Protection Policy was formulated in 2001. These policies are revised and improved in response to information technology progress and societal changes. The NTT DATA Group Security Policy (GSP) was also formulated in an effort to ensure the secure distribution of information throughout the entire Group.

The objective of the GSP, ensuring both the safety of information and active use and sharing of information, is essential as a partner that supports customers' efforts to create new businesses. To realize these objectives, we are promoting initiatives including logical measures covering the formulation of rules and provision of training and other educational activities related to information security, and technical measures such as introduction of a solution to prevent information leakage as well as the introduction of thin-client PCs.

Safe Groupwide Application of Knowledge



Information Security Management System

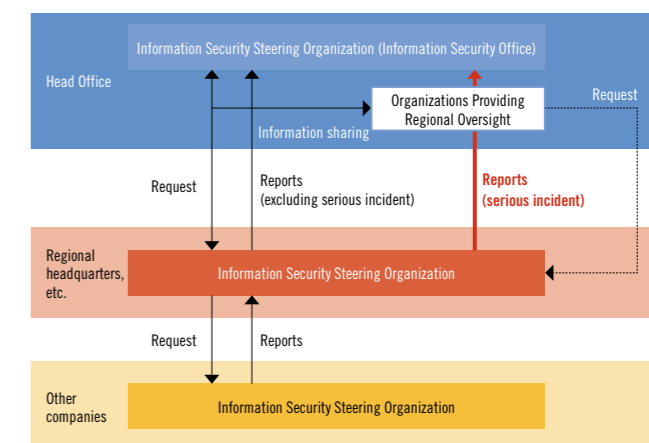
The Information Security Committee ascertains the Companywide status of information security activities and areas requiring improvement and formulates necessary initiatives. In addition, NTTDATA-CERT was established as a specialized organization for preventing information security incidents\*1 and responding to any incidents that might occur. NTT DATA also joined the Nippon CSIRT Association as well as Forum of Incident Response and Security Teams (FIRST)\*2, which is a global computer security incident response team (CSIRT)\*3 community. Through our participation in these organizations, we are collecting a wide range of information on security trends, which we then utilize to improve security.

The information security governance structure comprises three levels of information security steering organizations located at the Head Office, regional headquarters, and other companies on an individual basis to ensure thorough global information security governance. The information security steering organizations at each level cooperate closely to maintain and develop information security policies, monitor information security measures, respond to emergencies, and engage in preventive measure activities to prevent incidents.

Global Information Security Governance Points

- Created a structure to promote the establishment of three levels of information security steering organizations: Head Office, regional headquarters, and other companies
- Close cooperation among information security steering organizations
- Head Office conducts quarterly monitoring of control status at regional headquarters

Structure of Information Security Governance



\*1 The term information security incidents refers to the actualization events that pose security threats to information management and system operation, such as computer malware infection, unauthorized access, and information leakage.  
 \*2 FIRST is a global community consisting of approximately 380 CSIRTs from government agencies, educational institutions, companies, and other organizations.  
 \*3 A CSIRT is an incident response team comprised of security specialists. These teams collect and analyze information on security incidents, security-related technologies, and vulnerabilities, and conduct activities including implementing effective countermeasures and training.



Initiatives Aimed at Strengthening Information Security

To prepare against possible security risks, the NTT DATA Group formulates and promulgates necessary rules at the global level, promoting security training and awareness activities as well as the development of IT platforms.

Policy Development and Promulgation

We formulated the NTT DATA Group Security Policy (GSP) and promote the inculcation of this policy at Group companies worldwide. In particular, we developed and promulgate Security Measure Standards Related to Internet-connected Environments with the intention of preventing information leaks from cyberattacks and malware infections via the Internet.

Collecting and Sending Out Knowledge of Global Security Trends

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

IT Platform Development

We conduct initiatives in an attempt to raise the level of security throughout the entire Group, including the joint development and operation of IT platforms for safely connecting to the Internet.

Promulgation Education and Awareness Activities

We issue a multilingual information security handbook in six languages: Japanese, English, Chinese, Vietnamese, Portuguese, and Spanish (information security IBT is issued in three languages: Japanese, English, and Chinese).

In NTT DATA (Non-consolidated), information security and personal information protection training IBT is conducted for all employees. In addition, we conduct trainings each year to confirm that all employees are able to correctly identify and respond to targeted and distributed email attacks.

Information Security and Personal Information Protection Training IBT



Information Security Experts

With information security threats getting more diverse and sophisticated, there are concerns about the shortage of human resources in information security as expertise required.

Against this backdrop, the NTT DATA Group develops experts and improves skills actively. In FY2018, over 8,300 experts are active who have "Security Expert Qualification" driven by NTT Group.

Level	Title	Job Classification			As of March 31, 2019
		Security management consulting	Security operation	Security development	
Advanced	Security Master	Produce first-rate experts with the best performance in the industry			12
	Security Principal				
Intermediate	Security Professional	Reinforce the pool of specialists with deep experience and judgment			664
Beginner	Security Expert	Raise the level of workers who can do their work with the required knowledge			7,624



Yukio Okamoto  
Independent Outside Director

1968 Joined the Ministry of Foreign Affairs  
1991 Representative Director of Okamoto Associates, Inc. (present post)  
1996 Special Advisor to the Prime Minister  
2000 Director of Mitsubishi Materials Corporation  
2003 Special Advisor to the Prime Minister  
2006 Auditor of Mitsubishi Motors Corporation  
2008 Director of Nippon Yusen Kabushiki Kaisha (NYK LINE)  
2014 Director of NTT DATA (present post)

Kindness for Strangers

NTT DATA needs a new resolution as we advance toward the Global 3<sup>rd</sup> Stage. All employees, and not just those working in international divisions, must possess the qualities and talent to become competent globally as we proceed through our globalization strategy.

The most important quality of a global citizen is to have consideration and compassion for people who are living *outside his/her community*. It is the "kindness for strangers" that is most important. Those who can show it can reach out to the world, which will lead to subsuming diversity. Japanese people have a national character of being shy, and we are not very good at showing kindness to strangers. Therefore, we should first put ourselves in others' positions, which is actually the first step toward globalization. We should not hesitate to reach out our hands to those who are in trouble. People around you are watching it, then they'll accept us as one of them. We must always bear in mind that globalization of a country or an organization begins with an individual.

For Further Leveraging of the Board of Directors

The Japanese Corporate Governance Code, after four years of implementation, has entered a stage where its effectiveness is more valued than ever before.

Expectations are changing for the role of Board of Directors. We are now required not only to comply with formalities, such as the number of outside directors, but also to substantially and definitely reinforce its functions to enhance the long-term corporate value of the Company.

Against this background, it is more essential than anything else that directors themselves have the clear understanding of management issues for the Board to properly fulfill its responsibilities.

The world is indeed going through a grand transformation centered on technological innovation. Our main business operation has expanded worldwide, and in order to survive in it all parties concerned must work together as one. To this end, we must first build consensus between the members of the Board and executives to further leverage the Board of Directors.

Eiji Hirano  
Independent Outside Director

1973 Joined Bank of Japan  
2006 Vice President and Director of Toyota Financial Services Corporation  
2014 Special Advisor of Toyota Financial Services Corporation  
Vice Chairman and Director of MetLife Insurance K.K.  
2015 Vice Chairman and Representative Executive Officer, Director of MetLife Insurance K.K.  
Director of RIKEN CORPORATION (present post)  
2016 Director of NTT DATA (present post)  
Advisor of Toyota Financial Services Corporation  
2017 Vice Chairman and Director of MetLife Insurance K.K. (present post)  
Chairperson of the Board of Governors, Government Pension Investment Fund (GPIF) (present post)



Mariko Fujii  
Independent Outside Director

1977 Joined the Ministry of Finance  
2001 Professor of Research Center for Advanced Economic Engineering of The University of Tokyo  
2004 Professor of Research Center for Advanced Science and Technology of National University Corporation, The University of Tokyo  
2014 Director of Electric Power Development Co., Ltd.  
2015 Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia  
2016 Emeritus Professor of The University of Tokyo (present post)  
2019 Director of NTT DATA (present post)

For Further Enhancement of Our Corporate Value

I have built experiences mainly in the field of economy working for a government department and in places of university education / research. I was also engaged in diplomatic service in Europe from 2015, and was blessed with an opportunity to broaden my perspective. I intend to fulfill my duties as an independent outside director, taking advantage of the knowledge that I have gained from these experiences.

NTT DATA has set "Unleash our employee's potential that maximize organizational strengths" as one of the strategies in the new mid-term management plan. I have high expectations for this strategy, because it expresses the Company's approach of having each employee enhance their professional competence. For an individual power of approximately 120,000 employees working in 53 countries and regions to create value which is greater than what could be gained by a mere addition, it is essential that we understand and respect each other. Our society is significantly changing, moving toward diversity. I would like to make the best effort to value people to increase our corporate value.

# Financials and Others

## Financial Models of Principal Businesses

### Full Outsourcing

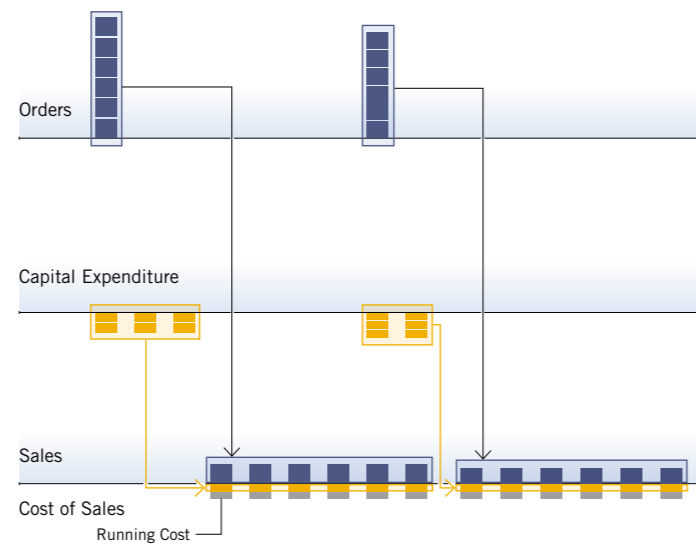
#### Business Model

- After receiving an order from a client, the Company makes capital expenditures, holding IT systems, etc., that we built as our company asset, and provides full-cycle services from requirements definition to maintenance and management.
- This model primarily targets Japanese central government offices and financial institutions.

#### Financial Model

- An order amount corresponding to several years of expected sales recorded once every few years as new orders received. Net sales is recorded over multiple years after the service starts.
- This model accounts for the largest portion of the Company's capital expenditure.
- Upfront investments are necessary, but the model ensures stable earnings.

#### Financial Model Image



### Consulting Service Outsourcing Service

(Application Management Outsourcing / Information Technology Outsourcing / Business Process Outsourcing)

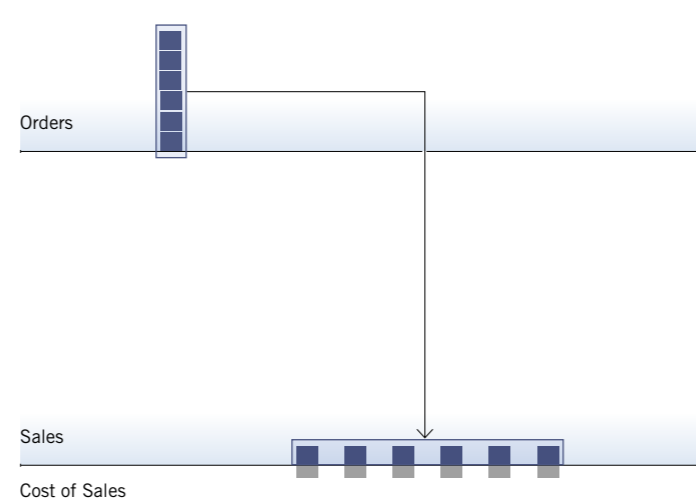
#### Business Model

- Consulting service: The Company defines the concept of IT system by considering client's business together with the client.
- Outsourcing service:
  - AMO: An outsourcing service in which the Company operates and provides maintenance on a client's custom applications
  - ITO: One-stop maintenance and operation services for client's IT system
  - BPO: An outsourcing service in which a client company outsources certain operations to achieve operational efficiency

#### Financial Model

- After receiving an order from a client, net sales and cost of sales are recorded according to the provision of services and operations,
- The period for outsourcing services contracts is often for multiple years.

#### Financial Model Image



#### Main Example: North America

##### Awarded a new large-scale outsourcing services contract with a medical insurance company

NTT DATA has awarded a contract for outsourcing services using digital technology with a medical insurance company based in United States. The contract covers services for overall IT operations including maintenance and operation of the infrastructure in addition to AMO and BPO. The project will involve BI, analytics, cloud, automation, and other technologies.



### System Development (System Integration)

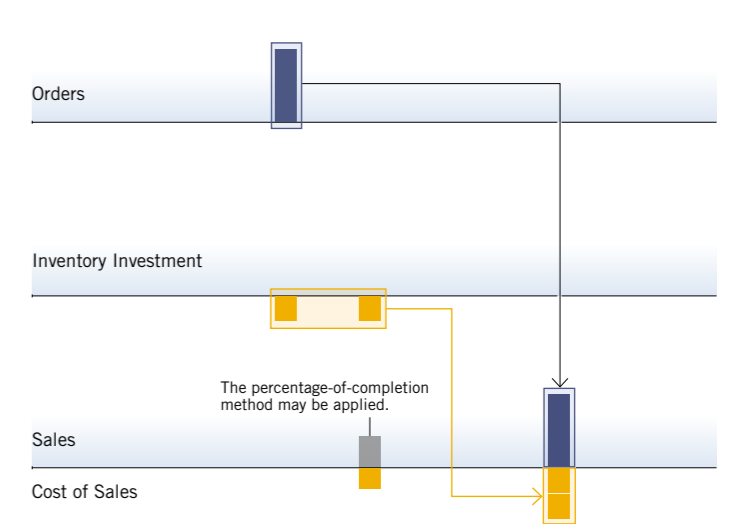
#### Business Model

- NTT DATA handles the planning, design, and development of a client's information systems, delivering these system to the client.
- After the systems are delivered, the Company usually handles the maintenance and operation of the client systems.

#### Financial Model

- Orders are recorded upon receipt.
- Sales and cost of sales are booked upon delivery. (Projects that meet certain criteria employ the percentage-of-completion method, with sales and cost of sales recorded according to development status.)

#### Financial Model Image



### Plan-Based Services

#### Business Model

- NTT DATA makes capital expenditure in anticipation of multiple clients using our services, holds IT systems, etc., that it built as assets, and receives commissions when the services are used.
- The services are mainly for domestic financial institutions and payments, such as systems shared among regional banks, ANSER, CAFIS, various package software, etc.

#### Financial Model

- Upfront investment is required, and although cost of sales does not vary greatly after service provision begins, sales fluctuate depending on client usage.
- Additional investment is made according to the status of business.

#### Financial Model Image

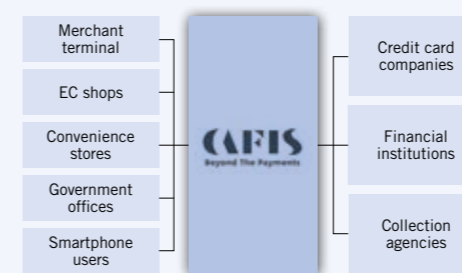


#### Main Example: Enterprise & Solutions Segment

##### Credit Card Payment System CAFIS

CAFIS is one of the major and largest integrated cashless payment platforms in Japan. Since it was launched in 1984, the platform has supported credit card payment services in Japan over 35 years. It is connected with various types of merchants and almost all the credit card companies and financial institutions in Japan, providing 24/7 service.

#### P49: Business Topics



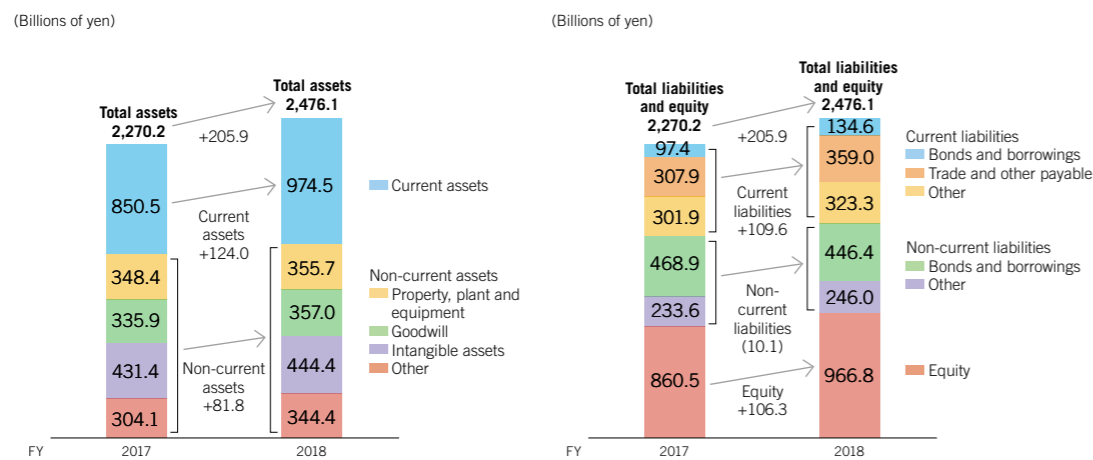


### Consolidated Statement of Financial Position

The total assets as of March 31, 2019 increased by ¥205.9 billion compared to the previous fiscal year to ¥2,476.1 billion. The current assets increased by ¥124.0 billion to ¥974.5 billion, primarily due to an increase in cash and cash equivalents (by ¥61.2 billion) and sales and other receivables (by ¥63.8 billion). The non-current assets increased by ¥81.8 billion to ¥1,501.6 billion, primarily due to an increase in other financial assets (by ¥30.6 billion), goodwill (by ¥21.1 billion), intangible assets (by ¥13.0 billion) and property, plant and equipment (by ¥7.3 billion).

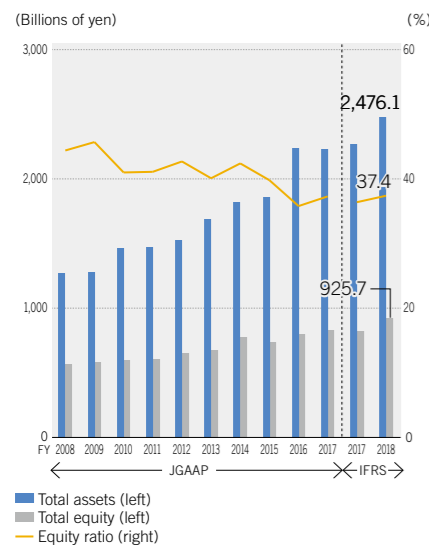
Liabilities increased by ¥99.6 billion compared to the previous fiscal year to ¥1,509.3 billion. The current liabilities increased by ¥109.6 billion to ¥323.3 billion primarily due to an increase in sales and other payables (by ¥51.1 billion) and bonds and borrowings (¥37.2 billion). Non-current liabilities decreased by ¥10.1 billion to ¥246.0 billion primarily due to a decrease in bonds and borrowings (by ¥22.4 billion) and increase in other financial liabilities (by ¥11.0 billion).

Equity increased by ¥106.3 billion compared to the previous fiscal year to ¥966.8 billion primarily due to an increase in retained earnings (by ¥74.6 billion).



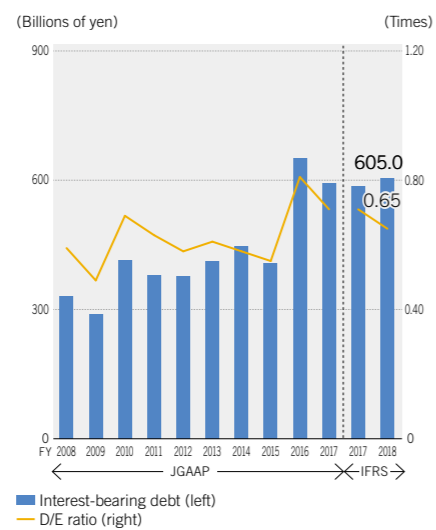
### Total Assets / Total Equity / Equity Ratio

Although total assets increased primarily due to an increase in cash and cash equivalents / trade and other receivables, the equity ratio increased due to an increase in total equity primarily due to an increase in retained earnings.



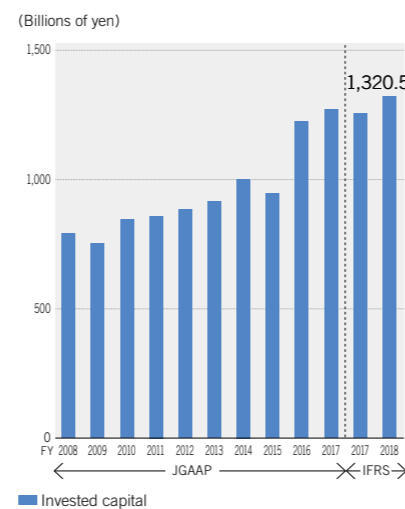
### Interest-Bearing Debt\*1 / D/E Ratio\*1,2

Although interest-bearing debt slightly increased, total equity increased primarily due to an increase in retained earnings, and the D/E ratio improved to 0.65.



### Invested Capital\*3,4

Recognizing that we are in a revenue growth stage based on medium- to long-term strategies, we will continue to increase invested capital to achieve sustainable growth going forward.



\*1 Figures for interest-bearing debt based on JGAAP are the total of loans, corporate bonds, and lease obligations. Figures based on IFRS are the total of loans and corporate bonds.  
 \*2 D/E ratio = interest-bearing debt / (net assets - non-controlling interests)  
 \*3 Invested capital = net assets + net interest-bearing debt  
 \*4 Net interest-bearing debt = interest-bearing debt - cash and cash equivalents

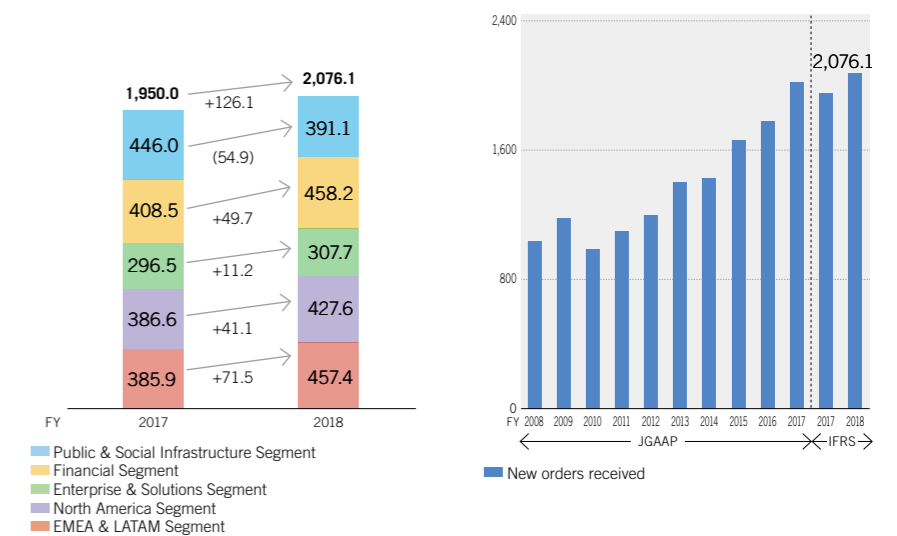
### (Consolidated) New Orders Received / Order Backlog

New orders received for FY2018 increased by ¥126.1 billion compared to the previous fiscal year to ¥2,076.1 billion.

The year-on-year decrease in the Public & Social Infrastructure Segment may seem significant, but this is due to receiving less orders compared to the previous fiscal year in which there were large orders. Nonetheless, we have won orders steadily. The Financial Segment saw a positive growth because it continued to win projects from banks steadily. In the Enterprise & Solutions Segment, we have been able to maintain the high level of orders as in the previous fiscal year, mainly from the manufacturing industry. The North America Segment won multiple large-scale projects and its new orders received grew by more than ¥40.0 billion compared to the previous fiscal year. The EMEA & LATAM Segment won more contracts especially in Europe, mainly in Spain and Italy.

#### New Orders Received

(Billions of yen)



### Changes in Order Backlog and Recognition Period of Net Sales (Forecast)

The order backlog as of March 31, 2019 increased by ¥87.9 billion to ¥2,457.1 billion primarily due to an increase in orders in each segment.

The order backlog is increasing steadily in accordance with expansion of scale of our business, and we have secured the size exceeding a year's net sales.

The size of the order backlog is growing in the order of the Financial Segment, North America Segment, and Public & Social Infrastructure Segment. This reflects the fact that most of the projects in each segment are large-scale and long-term.

As for when the order backlog as of March 31, 2018 will be recognized as net sales, a little less than half is expected to be recognized as net sales within a year. Then, we plan to recognize net sales sequentially, in FY2020, FY2021, FY2022, and FY2023 onward. However, as the fiscal year advances, the ratio of composition of net sales by segment will increase in the order of the Financial Segment, North America Segment, followed by Public & Social Infrastructure Segment. This also reflects the fact, as with the case of the order backlog, that projects in each segment are usually large-scale and long-term.

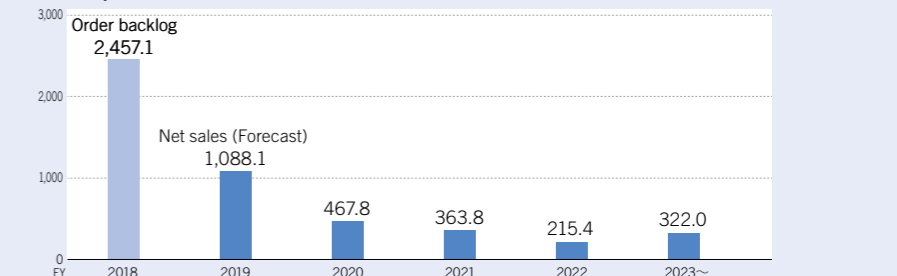
#### Order Backlog

(Billions of yen)



#### Recognition Period of Net Sales from Order Backlog (Forecast)

(Billions of yen)



# Financials and Others

## Financial Position and Business Results Analysis

### Consolidated Statement of Income

Net sales increased by ¥123.9 billion compared to the previous fiscal year due to robust domestic business and expansion in the scale of overseas business.

Selling, general and administrative expenses grew by ¥16.2 billion primarily due to expansion in the scale of business including M&A and sales activities for winning orders.

Operating income increased by ¥24.6 billion and the operating income margin improved by 0.8 points, offsetting the impact of unprofitable projects with additional profits from sales growth and steady cost control on a Companywide basis.

Income taxes and others increased by ¥13.0 billion primarily due to an increase in income before income taxes. Tax burden rate increased by 3.4 points primarily due to an increase from the previous fiscal year when tax expense decreased because of the reversal of deferred tax liability at a subsidiary in North America following U.S. tax system revision.

	FY2017	FY2018	YoY
Net Sales	2,039.7	2,163.6	+123.9
Cost of Sales	1,535.5	1,618.6	+83.1
Gross Profit	504.2	545.0	+40.8
SG&A Expenses	381.0	397.3	+16.2
Selling Expenses	145.4	146.7	+1.3
R&D Expenses	14.6	15.1	+0.5
Other Administrative Expenses	221.1	235.5	+14.4
Operating Income	123.1	147.7	+24.6
Operating Income Margin (%)	6.0	6.8	+0.8P
Financial Income and Costs / Share of Profit / Loss of Entities for Using Equity Method	(0.4)	(0.8)	(0.4)
Income Before Income Taxes	122.7	146.9	+24.2
Income Taxes and Others*1	40.3	53.3	+13.0
Net Income Attributable to Shareholders of NTT DATA	82.4	93.6	+11.2

\*1 "Income Taxes and Others" includes corporate income taxes and net income attributable to non-controlling interests.

### Impact of Loss from Unprofitable Projects

NTT DATA established the Project Review Committee in October 2013, and has been working to curtail unprofitable projects. While we have to make a challenge to acquire new projects, we consider that if the impact of loss from unprofitable projects is below 0.3%–0.5% of consolidated net sales, we are in control of risks in terms of management.

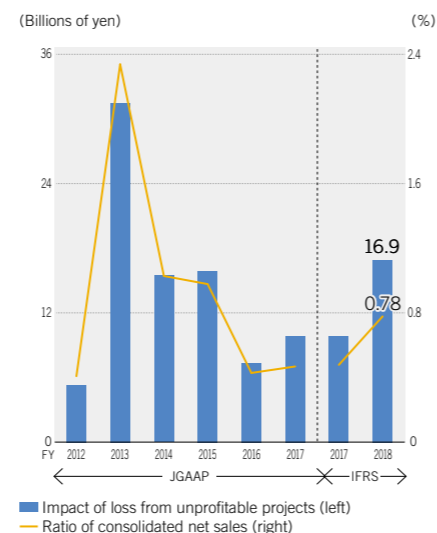
In FY2018, we have been able to control the loss from unprofitable projects below 0.3%–0.5% of consolidated net sales, except for one project which is highly difficult requiring extremely advanced technology. A large amount of loss occurred on this project.

However, almost no losses were incurred on other projects, from which we understand that efforts made by the Project Review Committee to curtail unprofitable projects achieved some positive results.

We will continue to make the effort our key business challenge, so that we could control risks of more difficult projects and others.

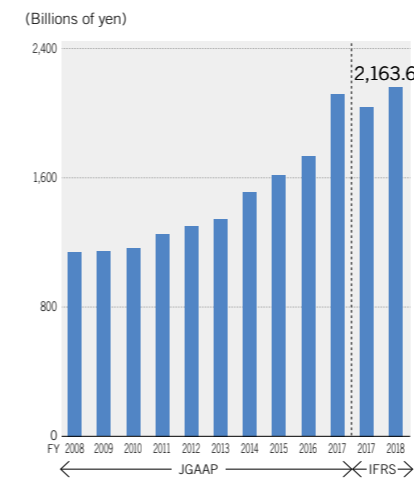
#### P31: Enhancing Efforts to Curtail Unprofitable Projects

### Impact of Loss from Unprofitable Projects and Changes in the Ratio of Consolidated Net Sales



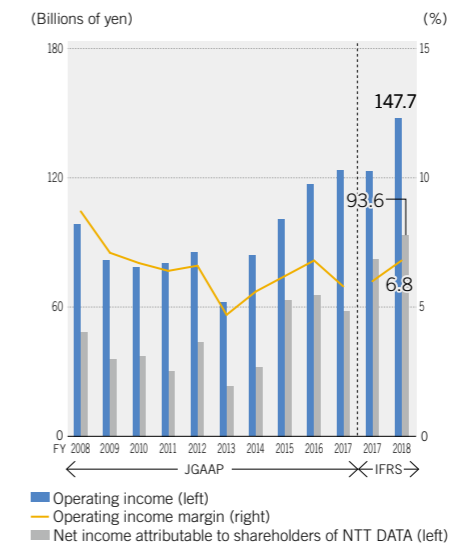
### Net Sales

Net sales grew steadily due to robust domestic business and expansion of scale in overseas business. As a result, net sales has grown for 30 consecutive years.



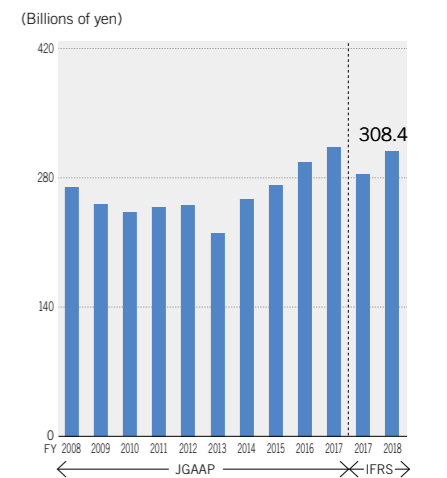
### Operating Income / Operating Income Margin / Net Income Attributable to Shareholders of NTT DATA

Both operating income and net income attributable to shareholders of NTT DATA increased, offsetting the impact of unprofitable projects with additional profits from sales growth and steady cost control on a Companywide basis.



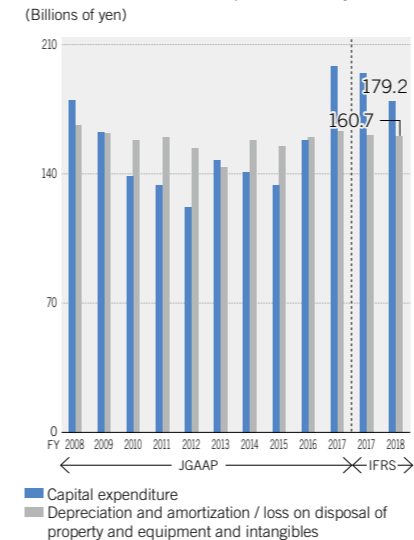
### EBITDA\*1,2

Increased due primarily to an increase in operating income.



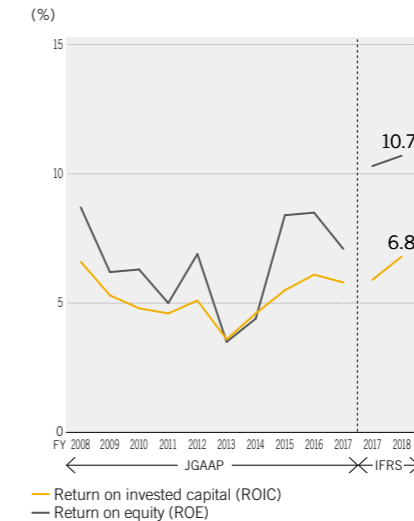
### Capital Expenditure / Depreciation and Amortization / Loss on Disposal of Property and Equipment and Intangibles

Capital expenditure decreased due to a decrease in investment in the Financial Segment and Enterprise & Solutions Segment. Depreciation and amortization / loss on disposal of property and equipment and intangibles are at the same level as the previous fiscal year.



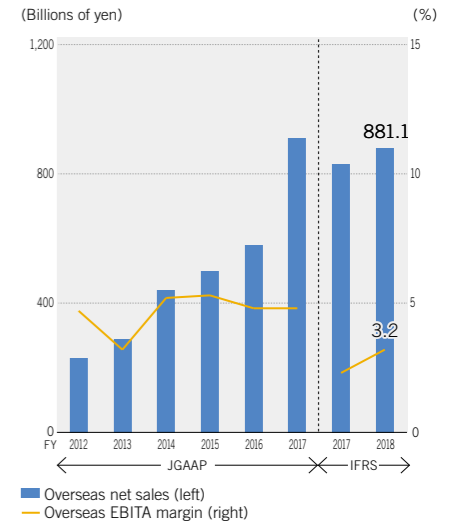
### Return on Invested Capital (ROIC)\*3,4 / Return on Equity (ROE)\*5

Both ROIC and ROE improved due to an increase in operating income and net income attributable to shareholders of NTT DATA.



### Overseas Net Sales\*6 / Overseas EBITA Margin\*6,7

Overseas net sales grew primarily due to expansion of business scale in the EMEA & LATAM Segment. The overseas EBITA margin improved primarily due to cost control efforts and reduced PMI expenses in the North America Segment.



\*1 EBITDA = operating income + depreciation and amortization + loss on retirement of fixed assets + goodwill amortization, etc.

\*2 Figures based on JGAAP include adjustments for goodwill amortization and others (including impairment loss).

\*3 ROIC = (operating income x (1 - effective tax rate)) / (average net assets during the period + average interest-bearing liabilities during the period)

\*4 Figures for interest bearing liabilities based on JGAAP are the total of loans, corporate bonds, and lease obligations. The figures based on IFRS are the total of loans and corporate bonds.

\*5 ROE = net income attributable to shareholders of NTT DATA / average equity during the period

\*6 Net sales to clients outside the NTT DATA Group. Figures for the periods until FYE 3/2017 are those for the former Global Segment, and from FYE 3/2018 and later, are the total of North America / EMEA & LATAM Segments and China & APAC.

\*7 EBITA (JGAAP) = operating income (JGAAP) + amortization of goodwill and intangible assets subject to purchase price allocation (PPA) arising from acquisition and others

EBITA (IFRS) = operating income (IFRS) + amortization of intangible assets subject to purchase price allocation (PPA) arising from acquisition and others



# Financials and Others

## Financial Position and Business Results Analysis

### Net Sales and Operating Income by Segment

In FY2018, net sales in Public & Social Infrastructure Segment increased primarily due to an expansion of the scale of services for government ministries and the telecom industry. The Financial Segment maintained the same level as the previous fiscal year despite less sales from banks, which was offset by growth in services for the insurance industry. The Enterprise & Solutions Segment saw a significant increase due to the growth in sales from a wide range of clients mainly in manufacturing and logistics industries in addition to the impact of the expanded scope of consolidation. The North America Segment saw a decrease for the year, but increased for the three months in the fourth quarter due to the growth in services for public and manufacturing sectors. In the EMEA & LATAM Segment, net sales continued to grow steadily especially in Europe, mainly in Spain and Italy.

Operating income in the Public & Social Infrastructure Segment increased despite an increase in the amount of loss from unprofitable projects, which was offset by an increase attributable to sales growth and cost control. The Financial Segment saw an increase primarily due to the sales growth in services for the insurance industry despite less profits compared to the previous fiscal year from services provided to banks. The Enterprise & Solutions Segment recorded an increase primarily due to sales growth. The North America Segment recorded an increase due to cost control efforts and reduced PMI expenses despite a decrease due to decline in net sales. The EMEA & LATAM Segment recorded an increase primarily due to sales growth.

		(Billions of yen)		
		FY2017	FY2018	YoY
Net Sales		2,039.7	2,163.6	+123.9
	Public & Social Infrastructure Segment	444.9	479.9	+35.0
	Financial Segment	559.9	559.1	(0.8)
	Enterprise & Solutions Segment	478.1	529.8	+51.7
	North America Segment	427.9	421.9	(6.0)
	EMEA & LATAM Segment	387.5	440.1	+52.6
Operating Income		123.1	147.7	+24.6
	(Operating Income Margin)	6.0%	6.8%	+0.8P
	Public & Social Infrastructure Segment	38.3	43.9	+5.6
	(Operating Income Margin)	8.6%	9.1%	+0.5P
	Financial Segment	51.4	52.9	+1.5
	(Operating Income Margin)	9.2%	9.5%	+0.3P
	Enterprise & Solutions Segment	40.5	48.5	+8.0
	(Operating Income Margin)	8.5%	9.2%	+0.7P
	North America Segment	(4.2)	3.5	+7.7
	(Operating Income Margin)	(1.0%)	0.8%	+1.8P
	EBITA	6.8	13.3	+6.4
	(EBITA margin)	1.6%	3.1%	+1.5P
	EMEA & LATAM Segment	4.9	7.9	+3.0
	(Operating Income Margin)	1.3%	1.8%	+0.5P
	EBITA	12.0	14.9	+2.9
	(EBITA margin)	3.1%	3.4%	+0.3P

### Net Sales by Product and Service

Regarding net sales by product and service in FY2018, integrated IT solutions saw an increase by ¥7.7 billion to ¥584.6 billion. Systems / software development recorded an increase by ¥37.4 billion to ¥581.5 billion, primarily due to an expansion of scale in the Public & Social Infrastructure Segment. Consulting / support saw an increase by ¥62.7 billion to ¥905.4 billion, primarily due to an expansion of scale in the EMEA & LATAM Segment.

		(Billions of yen)							
		Integrated IT Solutions		Systems / Software Development		Consulting / Support		Other Services	
		FY2018	YoY	FY2018	YoY	FY2018	YoY	FY2018	YoY
Entire Company		584.6	+7.7	581.5	+37.4	905.4	+62.7	92.2	+16.1
Public & Social Infrastructure Segment		69.0	(3.6)	180.8	+34.5	142.0	+6.7	7.7	+0.2
Financial Segment		271.3	+3.8	97.0	(10.7)	118.2	+2.3	5.1	(0.3)
Enterprise & Solutions Segment		85.3	+6.3	133.6	+16.9	119.2	+13.9	41.2	+2.0
North America Segment		1,14.0	(4.8)	56.9	(7.7)	232.9	+2.9	12.7	+3.8
EMEA & LATAM Segment		44.5	+5.8	87.9	+0.2	281.0	+34.3	20.5	+9.7

Item	Definition / Example of Projects
Integrated IT Solutions	NTT DATA Group holds the equipment assets (including software) and provides services to clients (Ex: Full outsourcing, plan-based services, etc.)
Systems / Software Development	NTT DATA is entrusted with and delivers planning, design, development, etc., of a client's information system (Ex: Outsourced development projects, sales of software that NTT DATA Group has planned and developed, etc.)
Consulting / Support	Service contract and provision other than "systems / software development" (Ex: Consulting and investigations, system maintenance, operation, AMO / ITO / BPO, etc.)
Other Services	Lease service for facilities other than information device, such as buildings, power equipment and line device, and fee collection service

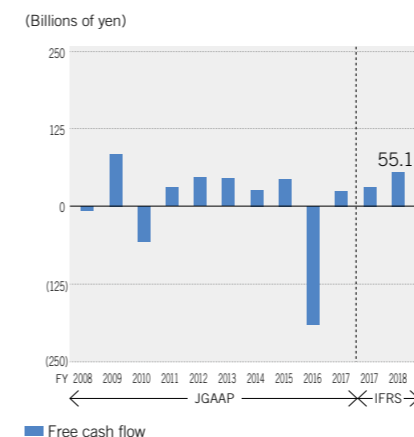
### Consolidated Cash Flow Statement

Cash flows from operating activities in the fiscal year was positive at ¥242.0 billion (¥7.3 billion increase compared to the previous fiscal year) primarily due to net income of ¥97.7 billion and depreciation and amortization of ¥158.0 billion, while there was a payment including corporate tax of ¥55.2 billion. Cash flows from investing activities was negative at ¥186.9 billion (¥17.1 billion decrease compared to the previous fiscal year). This was primarily due to a capital investment expenditure of ¥180.0 billion. Overall, the free cash flow of the fiscal year was positive at ¥55.1 billion (¥24.4 billion increase compared to the previous fiscal year).

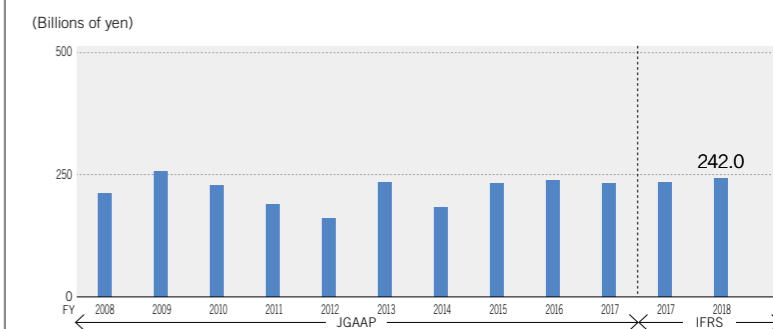
Cash flows from financing activities was positive at ¥5.5 billion (¥96.3 billion increase compared to the previous fiscal year). This was mainly attributable to the increase of interest-bearing liabilities due to financing for acquiring subsidiary stocks despite dividend payments.

		(Billions of yen)		
		FY2017	FY2018	YoY
Free Cash Flow	Cash Flows from Operating Activities	234.7	242.0	+7.3
	Cash Flows from Investing Activities	(204.0)	(186.9)	+17.1
		30.7	55.1	+24.4
Cash Flows from Financing Activities		(90.9)	5.5	+96.3
Cash Flow at End of the Year		190.1	251.3	+61.2

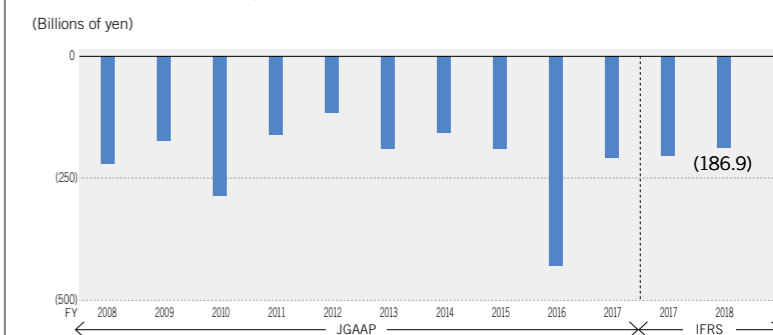
### Free Cash Flow



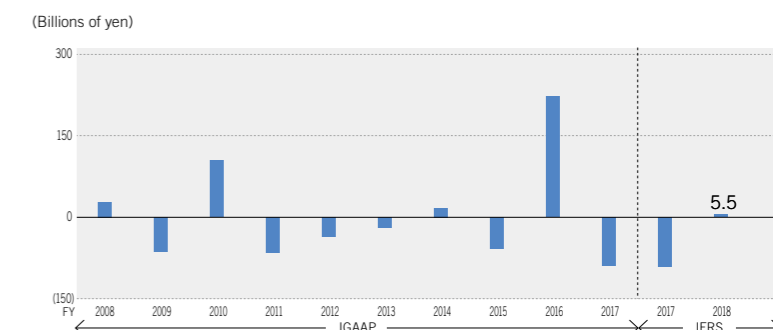
### Cash Flows from Operating Activities



### Cash Flows from Investing Activities



### Cash Flows from Financing Activities



# Financials and Others

## Financial and Non-Financial Values (Historical Changes)

NTT DATA Corporation and Subsidiaries

Units	JGAAP											IFRS	
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2017	FY2018	
<b>Financial</b>													
<b>Fiscal year</b>													
New orders received	Billions of yen	1,035.2	1,181.5	988.4	1,098.4	1,197.1	1,400.2	1,429.1	1,662.6	1,781.5	2,021.1	1,950.0	2,076.1
Net sales	Billions of yen	1,139.0	1,142.9	1,161.9	1,251.1	1,301.9	1,343.7	1,511.8	1,614.8	1,732.4	2,117.1	2,039.7	2,163.6
Cost of sales	Billions of yen	861.9	870.5	882.3	941.8	980.5	1,031.2	1,147.3	1,216.7	1,293.6	1,592.7	1,535.5	1,618.6
Cost of sales ratio	%	75.6	76.2	76.0	75.3	75.3	76.7	75.8	75.4	74.7	75.2	75.3	74.8
Selling, general and administrative expenses	Billions of yen	178.6	190.6	201.3	228.8	235.7	249.9	280.4	297.2	321.7	400.8	381.0	397.3
SG&A ratio	%	15.7	16.7	17.3	18.3	18.1	18.6	18.6	18.4	18.6	18.9	18.7	18.4
Operating income	Billions of yen	98.5	81.6	78.3	80.4	85.6	62.5	84.0	100.8	117.1	123.5	123.1	147.7
Operating income margin	%	8.7	7.1	6.7	6.4	6.6	4.7	5.6	6.2	6.8	5.8	6.0	6.8
Operating income (w/o goodwill amortization)*1	Billions of yen	101.5	85.9	82.2	87.5	96.4	75.2	98.5	112.9	134.3	150.4	—	—
Net income attributable to shareholders of NTT DATA*2	Billions of yen	48.3	35.6	37.3	30.4	43.5	23.2	32.1	63.3	65.6	58.1	82.4	93.6
Overseas net sales*3	Billions of yen					231.3	298.7	449.0	504.4	586.3	911.1	831.3	881.1
Overseas EBITA ratio*3, 4	%					4.7	3.2	5.2	5.3	4.8	4.8	2.3	3.2
Loss from unprofitable projects	Billions of yen					5.3	31.5	15.5	15.9	7.4	9.9	9.9	16.9
Loss from unprofitable projects to consolidated net sales ratio	%					0.41	2.34	1.03	0.98	0.43	0.47	0.49	0.78
Capital expenditure	Billions of yen	180.0	162.5	139.0	133.9	122.1	147.7	140.9	134.0	158.1	198.6	194.8	179.2
Depreciation and amortization / loss on disposal of property and equipment and intangibles	Billions of yen	166.6	161.9	158.5	159.7	153.8	143.6	158.5	155.2	160.0	163.2	161.1	160.7
Research and development expenses	Billions of yen	10.0	11.3	10.7	13.5	12.1	12.8	12.9	12.4	12.3	14.5	14.6	15.1
Free cash flow	Billions of yen	(6.9)	83.6	(56.4)	30.4	46.2	44.8	26.7	44.0	(189.8)	24.2	30.7	55.1
EBITDA*5	Billions of yen	270.3	251.1	242.6	248.5	250.3	220.2	257.3	272.1	297.1	313.7	284.2	308.4
<b>At year-end</b>													
Order backlog	Billions of yen	1,049.4	1,166.1	1,156.5	1,131.9	1,140.2	1,341.4	1,355.8	1,544.5	2,411.3	2,371.5	2,369.2	2,457.1
Total assets	Billions of yen	1,275.0	1,279.2	1,468.6	1,474.8	1,524.3	1,689.9	1,822.8	1,860.3	2,238.9	2,234.2	2,270.2	2,476.1
Interest-bearing debt*6	Billions of yen	331.5	289.1	414.4	380.2	378.3	412.9	446.9	407.0	650.8	592.0	586.3	605.0
Total equity	Billions of yen	566.3	584.5	601.6	605.7	651.3	676.8	773.4	740.9	802.1	833.8	826.2	925.7
Equity ratio	%	44.4	45.7	41.0	41.1	42.7	40.1	42.4	39.8	35.8	37.3	36.4	37.4
Invested capital	Billions of yen	791.7	752.1	846.1	858.8	885.6	915.5	1,002.3	947.1	1,224.5	1,270.8	1,256.7	1,320.5
D/E ratio	Times	0.59	0.49	0.69	0.63	0.58	0.61	0.58	0.55	0.81	0.71	0.71	0.65
<b>Other information</b>													
Return on invested capital (ROIC)*6, 7	%	6.6	5.3	4.8	4.6	5.1	3.6	4.6	5.5	6.1	5.8	5.9	6.8
Return on assets (ROA)*8	%	3.9	2.8	2.7	2.1	2.9	1.4	1.8	3.4	3.2	2.6	3.7	3.9
Return on equity (ROE)*9	%	8.7	6.2	6.3	5.0	6.9	3.5	4.4	8.4	8.5	7.1	10.3	10.7
Net income per share*10	Yen	34.5	25.4	26.6	21.7	31.0	16.6	22.9	45.2	46.8	41.5	58.8	66.8
Net asset per share*10	Yen	403.8	416.8	428.9	431.9	464.4	482.6	551.5	528.3	571.9	594.6	589.1	660.0
Net dividend per share*10	Yen	12	12	12	12	12	12	12	14	15	15	15	17
Consolidated cash flow payout ratio*11	%	41.9	39.5	26.9	26.1	19.6	50.6	26.1	19.5	24.0	42.3	43.2	31.7
5-year average consolidated cash flow dividend payout ratio*11, 12	%	22.4	28.8	34.1	35.9	28.4	29.1	27.0	24.9	24.5	28.4	28.5	27.2
Total shareholder return (holding period of 5 years)	%						100	132	142	133	143	143	154
<b>Non-Financial</b>													
Client base*13	Companies								50	62	65	65	70
Number of countries and regions	Countries / Regions	21	25	34	35	34	41	41	45	51	53	53	53
Number of cities	Cities	62	78	145	136	136	175	176	185	210	214	214	223
Number of employees	Employees	31,739	34,543	49,991	58,668	61,369	75,020	76,642	80,526	111,664	118,006	118,006	123,884
Number of overseas employees	Employees	4,792	5,622	20,855	26,007	28,820	42,241	43,781	47,541	77,123	81,362	81,362	86,154
Workhours*14	Hours	2,047	2,003	1,991	1,991	1,996	1,966	1,966	1,941	1,910	1,901	1,901	1,889
Percentage of employees who return to work after childcare leave*14	%		97.8	93.8	95.5	92.5	97.6	98.1	98.3	98.0	97.0	97.0	100.0
Purchased power*15	10,000 kWh	56,803	59,717	56,618	52,213	48,878	48,342	49,169	47,661	49,437	48,063	48,063	47,678
Water consumption*15	10,000 m <sup>3</sup>	68	63	59	57	59	50	61	34	55	58	58	62
Paper usage*15	t	1,506	1,485	1,181	1,019	932	936	905	920	845	765	765	689
Greenhouse gas emissions*15, 16	10 Kt-CO <sub>2</sub> e	24.9	26.0	22.3	21.5	23.9	25.9	26.1	24.1	25.1	23.6	23.6	23.2

\*1 Figures based on JGAAP include adjustments for goodwill amortization and others (including impairment loss).

\*2 The name of the item based on JGAAP is "net income attributable to owners of parent."

\*3 Net sales to clients outside the NTT DATA Group. Figures for the former Global Segment is used until FY2016, and the total of the North America Segment, EMEA & LATAM Segment, and China & APAC is used from FY2017 onward.

\*4 EBITA (JGAAP) = operating income (JGAAP) + amortization of goodwill and intangible assets subject to purchase price allocation (PPA) arising from acquisition and others

EBITA (IFRS) = operating income (IFRS) + amortization of intangible assets subject to purchase price allocation (PPA) arising from acquisition and others

\*5 EBITDA = operating income + depreciation and amortization + loss on retirement of fixed asset + goodwill amortization, etc.

\*6 Figures for the interest-bearing liabilities based on JGAAP are the total of loans, corporate bonds, and lease obligations. Figures based on IFRS are the total of loans and corporate bonds.

\*7 ROIC = (operating income x (1 - effective tax rate)) / (average net assets during the period + average interest-bearing liabilities during the period)

\*8 ROA = net income attributable to shareholders of NTT DATA / average total assets during the period

\*9 ROE = net income attributable to shareholders of NTT DATA / average equity during the period

\*10 In October 2013, a 100-for-1 stock split of common shares was conducted and the unit share system was adopted. Dividend per share is recorded with an amount considering this stock split. In July 2017, 5-for-1 stock split was of common shares was conducted. Dividend per share is recorded with an amount considering this stock split.

\*11 Total dividends/consolidated cash flow (consolidated cash flow = net sales attributable to shareholders of NTT DATA + depreciation and amortization + loss on retirement of fixed assets - capital expenditure)

\*12 For weighted average of past 5 years in IFRS, figures based on JGAAP are used in FYE 3/2017 and earlier.

\*13 Clients from which NTT DATA earns 5 billion yen or more per year (in Japan) or 50 million US dollars per year (outside Japan)

\*14 Figures for NTT DATA (unconsolidated)

\*15 Total of NTT DATA (unconsolidated) and Group companies (only in Japan / 68 companies in FY18, 68 companies in FY17, 69 companies in FY16, 75 companies in FY15, 73 companies in FY14, 69 companies in FY13, 64 companies in FY12, 65 companies in FY11, 61 companies in FY10, 65 companies in FY09, and 78 companies in FY08).

\*16 Total of direct gas emissions by use of fuels and indirect gas emissions by use of purchased electricity/heat is converted to CO<sub>2</sub>. The unit is CO<sub>2</sub>e (CO<sub>2</sub> equivalent).



# Financials and Others

## Comparison of Financial Statements of Two Years

### Consolidated Statement of Financial Position

	(Millions of yen)	
	FY2017	FY2018
<b>Assets</b>		
Current assets		
Cash and cash equivalents	190,070	251,309
Trade and other receivables	485,363	549,126
Contract assets	81,948	81,929
Inventories	21,543	15,294
Other financial assets	11,895	9,440
Other current assets	59,631	67,369
Total current assets	850,450	974,467
Non-current assets		
Property, plant and equipment	348,398	355,717
Goodwill	335,887	357,014
Intangible assets	431,412	444,444
Investment property	27,384	27,331
Investments accounted for using equity method	6,831	6,573
Other financial assets	138,223	168,803
Deferred tax assets	95,757	98,220
Other non-current assets	35,860	43,493
Total non-current assets	1,419,752	1,501,595
Total assets	2,270,203	2,476,062
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	307,885	359,013
Contract liabilities	213,791	218,774
Bonds and borrowings	97,413	134,586
Other financial liabilities	23,111	28,717
Income taxes payable	26,213	30,437
Provisions	7,935	12,434
Other current liabilities	30,870	32,898
Total current liabilities	707,217	816,859
Non-current liabilities		
Bonds and borrowings	468,860	446,437
Other financial liabilities	10,936	21,908
Defined benefit liabilities	199,849	202,491
Provisions	3,208	3,562
Deferred tax liabilities	7,710	5,532
Other non-current liabilities	11,916	12,463
Total non-current liabilities	702,479	692,394
Total liabilities	1,409,696	1,509,253
<b>Equity</b>		
Equity attributable to shareholders of NTT DATA		
Capital stock	142,520	142,520
Capital surplus	116,193	115,740
Retained earnings	528,601	603,171
Treasury shares	(1)	(1)
Other components of equity	38,865	64,236
Total equity attributable to shareholders of NTT DATA	826,179	925,667
Non-controlling interests	34,327	41,143
Total equity	860,506	966,809
Total liabilities and equity	2,270,203	2,476,062

### Consolidated Statement of Income

	(Millions of yen)	
	FY2017	FY2018
Net sales	2,039,690	2,163,625
Cost of sales	1,535,535	1,618,636
Gross profit	504,155	544,988
Selling, general and administrative expenses	381,035	397,272
Operating income	123,120	147,716
Financial income	5,867	6,848
Financial costs	7,193	7,825
Share of profit / loss of entities accounted for using equity method	909	175
Income before income taxes	122,704	146,914
Income taxes	37,013	49,210
Net income	85,691	97,704
Net income attributable to:		
Shareholders of NTT DATA	82,392	93,616
Non-controlling interests	3,299	4,088
Total	85,691	97,704
Net income per share attributable to shareholders of NTT DATA:		
Net income per share (Yen)	58.75	66.75

### Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	FY2017	FY2018
Net income	85,691	97,704
Other comprehensive income (after taxes)		
Items that will not be reclassified to profit / loss		
Net change in fair value of financial assets measured at fair value through other comprehensive income	17,733	11,756
Remeasurements of defined benefit plans	1,426	(1,271)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Items that may be reclassified subsequently to profit / loss		
Cash flow hedges	227	(731)
Hedges cost	—	100
Foreign currency translation adjustment	(18,941)	11,273
Share of other comprehensive income of entities accounted for using equity method	193	(213)
Total other comprehensive income (after taxes)	638	20,913
Comprehensive income	86,329	118,617
Comprehensive income attributable to:		
Shareholders of NTT DATA	82,877	114,859
Non-controlling interests	3,452	3,758
Total	86,329	118,617

# Financials and Others

## Comparison of Financial Statements of Two Years

### Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to shareholders of NTT DATA						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
<b>FY2017</b>								
As of April 1, 2017	142,520	119,301	466,950	(1)	39,779	768,550	30,754	799,304
Comprehensive income								
Net income	—	—	82,392	—	—	82,392	3,299	85,691
Other comprehensive income	—	—	—	—	485	485	153	638
Comprehensive income	—	—	82,392	—	485	82,877	3,452	86,329
Transactions with shareholders								
Dividends of surplus	—	—	(21,739)	—	—	(21,739)	(773)	(22,511)
Transfer to retained earnings	—	—	1,399	—	(1,399)	—	—	—
Acquisition and disposition of treasury shares	—	—	—	(1)	—	(1)	—	(1)
Increase / decrease by business combination	—	—	—	—	—	—	1,148	1,148
Net changes in controlled subsidiaries' stocks	—	24	—	—	—	24	16	40
Put options granted to non-controlling interests	—	(3,287)	—	—	—	(3,287)	—	(3,287)
Other	—	154	(401)	—	—	(246)	(270)	(516)
Total transaction with shareholders	—	(3,108)	(20,740)	(1)	(1,399)	(25,248)	121	(25,127)
As of March 31, 2018	142,520	116,193	528,601	(1)	38,865	826,179	34,327	860,506
<b>FY2018</b>								
As of April 1, 2018	142,520	116,193	528,601	(1)	38,865	826,179	34,327	860,506
Cumulative effect of adoption of IFRS 9	—	—	3,416	—	3,354	6,770	328	7,099
Restarted balance (As of April 1, 2018)	142,520	116,193	532,018	(1)	42,220	832,949	34,656	867,605
Comprehensive income								
Net income	—	—	93,616	—	—	93,616	4,088	97,704
Other comprehensive income	—	—	—	—	21,243	21,243	(330)	20,913
Comprehensive income	—	—	93,616	—	21,243	114,859	3,758	118,617
Transactions with shareholders								
Dividends of surplus	—	—	(22,440)	—	—	(22,440)	(751)	(23,191)
Transfer to retained earnings	—	—	(773)	—	773	—	—	—
Increase / decrease by business combination	—	—	—	—	—	—	3,379	3,379
Net changes in controlled subsidiaries' stocks	—	(1,369)	—	—	—	(1,369)	308	(1,062)
Put options granted to non-controlling interests	—	914	—	—	—	914	—	914
Other	—	2	751	—	—	753	(207)	546
Total transactions with shareholders	—	(453)	(22,462)	—	773	(22,142)	2,729	(19,413)
As of March 31, 2019	142,520	115,740	603,171	(1)	64,236	925,667	41,143	966,809

### Consolidated Statement of Cash Flows

(Millions of yen)

	FY2017	FY2018
<b>Cash Flows from Operating Activities</b>		
Net income	85,691	97,704
Depreciation and amortization	158,054	158,038
Financial income and financial costs ( ( ) shows profit)	(1,557)	836
Share of (profit) / loss of entities for using equity method	(909)	(175)
Income tax expenses	37,013	49,210
(Increase) / decrease in trade and other receivables	(32,547)	(43,290)
(Increase) / decrease in inventories	(7,125)	6,257
Increase / (decrease) in trade and other payables	43,116	32,765
Increase / (decrease) in allowance for contract losses	1,911	4,205
Other	13,904	(9,131)
Sub total	297,549	296,420
Interest and dividends received	4,263	4,992
Interest paid	(4,555)	(4,193)
Income taxes paid	(62,565)	(55,209)
Net cash provided by (used in) operating activities	234,692	242,009
<b>Cash Flows from Investing Activities</b>		
Payments for acquisition of property, plant, equipment, and intangible fixed assets	(199,142)	(179,986)
Payments from acquisition of other financial assets	(21,892)	(20,122)
Proceeds from sales and redemption of other financial assets ( ( ) shows redemption)	24,113	23,130
Payments for investments in subsidiaries	(4,832)	(9,257)
Other	(2,245)	(645)
Net cash provided by (used in) investing activities	(203,998)	(186,879)
<b>Cash Flows from Financing Activities</b>		
Net increase / (decrease) in short-term borrowings	(169,620)	27,674
Net increase / (decrease) in commercial papers	20,000	4,000
Proceeds from long-term debt and issuance of bonds	187,618	40,058
Repayments of long-term borrowings and redemption of bonds at maturity	(103,689)	(50,967)
Purchase of equity interests of subsidiaries from non-controlling interests	(114)	(1,312)
Proceeds from sale-and-leaseback	—	11,799
Cash dividends paid	(21,739)	(22,438)
Cash dividends paid to non-controlling interests	(773)	(751)
Payments for acquisition of treasury stock	(1)	—
Other	(2,536)	(2,612)
Net cash provided by (used in) financing activities	(90,855)	5,451
Net increase / (decrease) in cash and cash equivalents	(60,161)	60,581
Cash and cash equivalents at beginning of period	253,984	190,070
Effect of exchange rate changes on cash and cash equivalents	(3,753)	658
Effect of exchange rate changes on cash and cash equivalents ( ( ) shows decrease)	190,070	251,309

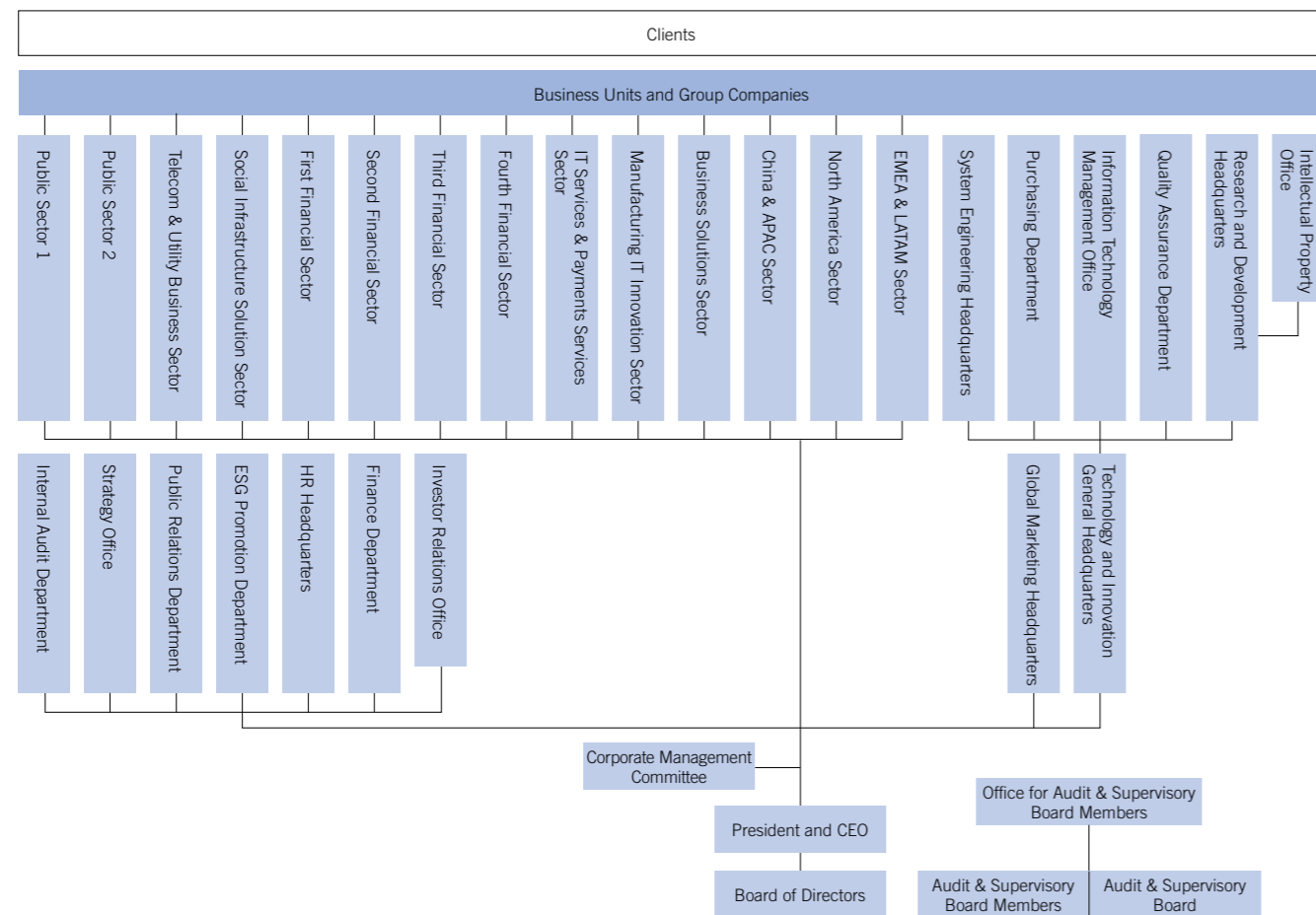


# Company Information

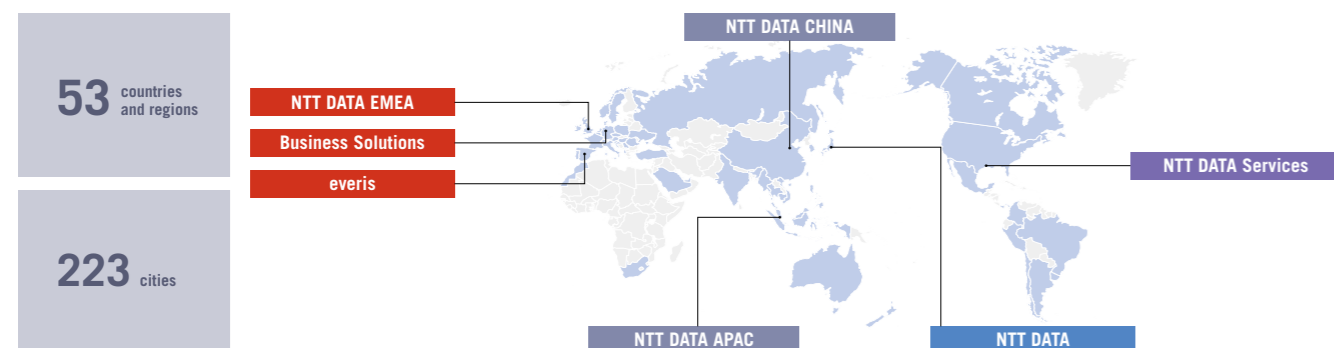
(As of March 31, 2019)

<b>Company Name</b> NTT DATA Corporation	<b>Date of Establishment</b> May 23, 1988	<b>Ordinary General Meeting of Shareholders</b> June
<b>Head Office</b> Toyosu Center Bldg., 3-3, Toyosu 3-chome, Koto-ku, Tokyo 135-6033, Japan Telephone: +81-3-5546-8202	<b>Common Stock</b> ¥142,520 million	<b>Stock Market</b> Tokyo Stock Exchange 1st Section Stock Code: 9613
	<b>Number of employees</b> Consolidated: 123,884 Non-consolidated: 11,310	<b>Administrator of Register of Shareholders</b> Sumitomo Mitsui Trust Bank, Limited
	<b>Fiscal Year</b> April 1 to March 31 of the following year	<b>Independent Auditors</b> KPMG AZSA LLC

## Organizational Structure (As of July 1, 2019)



## Offices (As of March 31, 2019)



# Stock / Credit Rating Information

(As of March 31, 2019)

## Number of Shares Issued and Number of Shareholders

Total Number of Shares Authorized to be Issued by the Company	5,610,000,000 shares
Total Number of Shares Issued	1,402,500,000 shares
Number of Share Units	100 shares
Number of Shareholders	76,698 people

## Principal Shareholders

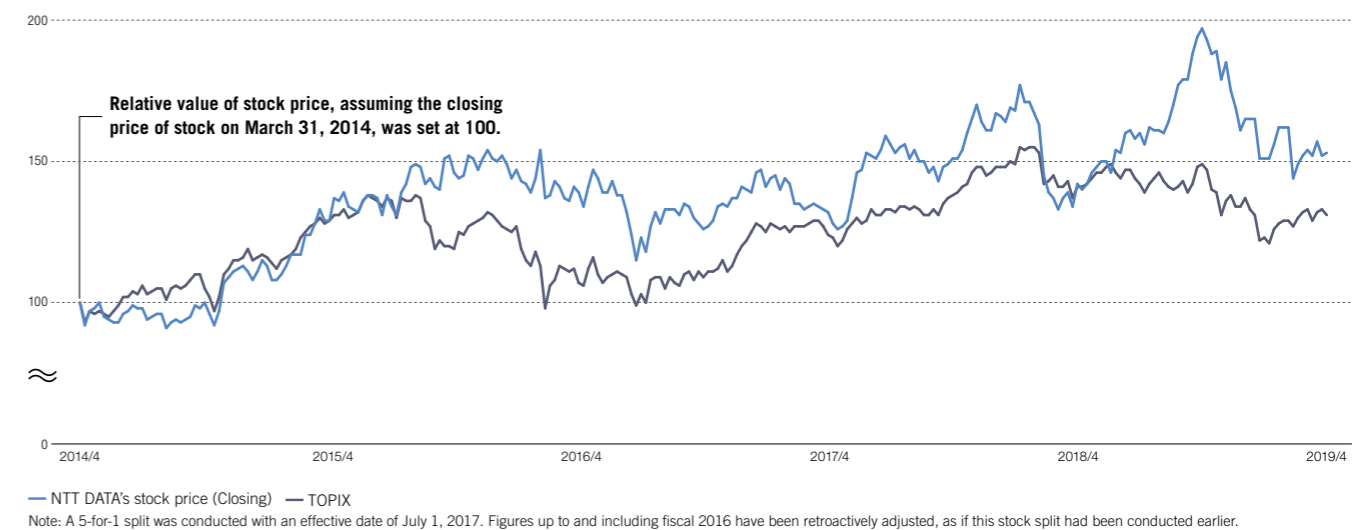
Name	Number of Shares Held	Ratio of Shareholding (%)
NTT, Inc.*	760,000,000	54.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	134,192,500	9.57
Japan Trustee Services Bank, Ltd. (Trust Account)	66,216,200	4.72
Japan Trustee Services Bank, Ltd. (Trust Account 9)	17,583,300	1.25
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	17,067,400	1.22
NTT DATA Employee Share-Holding Association	13,954,500	0.99
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing agent: Mizuho Bank, Ltd.)	10,312,672	0.74
Japan Trustee Services Bank, Ltd. (Trust Account 5)	10,274,600	0.73
JP MORGAN CHASE BANK 385151 (Standing agent: Mizuho Bank, Ltd.)	9,712,334	0.69
THE BANK OF NEW YORK MELLON 140042 (Standing agent: Mizuho Bank, Ltd.)	9,158,301	0.65

\* As of November 2, 2018, transfer of 760,000,000 shares of NTT DATA from the ultimate parent company and the largest shareholder of NTT DATA, NIPPON TELEGRAPH AND TELEPHONE CORPORATION, to its wholly owned subsidiary NTT, Inc. was completed. Accordingly, NTT, Inc. has become our direct parent company and our largest shareholder.

## Credit Rating Information

Name of Credit Rating Agencies	Long-Term Bond	Commercial Papers
Japan Credit Rating Agency, Ltd.	AA+	J-1+
Rating and Investment Information, Inc.	AA	a-1+

## Stock Price Chart



## Stock Split of NTT DATA

August 1998	10-for-1 stock split of common shares
October 2013	100-for-1 stock split of common shares and adoption of the unit share system
July 2017	5-for-1 stock split of common shares

## Composition of Shareholders (Percentage of Shares Held)

